

# SUMMARY OF TAX LEGISLATION ENACTED DURING THE 2013 LEGISLATIVE SESSION

Prepared for the Revenue and Transportation Interim Committee  
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## INTRODUCTION

This draft document is a summary of tax-related legislation enacted during the 2013 legislative session. The summary is presented by the following categories: individual income and corporation license taxes, property taxes, property tax administration, tax increment financing districts, administration, and miscellaneous.

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 Sections amended, sections enacted, sections repealed, effective dates, applicability dates, and termination dates are noted at the end of each bill summary.

The following tax-related bills were vetoed by the governor but are being polled for possible veto overrides: House Bill No. 19, House Bill No. 408, and Senate Bill No. 240. The polls close on June 10, and this document will be updated to reflect the results once they are available.

## INDIVIDUAL INCOME AND CORPORATION LICENSE TAXES

1. House Bill No. 444 (Ch. 346). Creates the Unlocking State Lands Program. Provides an individual or corporate income tax credit for allowing access to state lands not previously accessible, provides criteria for participating, and grants rulemaking authority.
  - a. Enacts sections.
  - b. Effective January 1, 2014.
  - c. Applies to tax years beginning after December 31, 2013.
  - d. Terminates December 31, 2018.
2. Senate Bill No. 15 (Ch. 21). Allows the disclosure of information related to a taxpayer's tax return to the taxpayer's spouse if the taxpayers are married filing separately on the same form.
  - a. Amends sections 15-30-2618 and 53-2-211, MCA.
  - b. Effective October 1, 2013.
  - c. Applies to tax reporting periods beginning after December 31, 2012.
3. Senate Bill No. 108 (Ch. 317). Extends the termination of the qualified endowment tax credit, specifies the minimum annuity rate and required timing for deferred charitable gift annuities, and applies the provisions of the Uniform Prudent Management of Institutional Funds Act to the definition of "permanent, irrevocable fund."

- a. Amends section 15-30-2327, MCA, and session law.
  - b. Effective April 26, 2013.
  - c. Applies to charitable contributions made on or after April 26, 2013.
  - d. Terminates December 31, 2019.
4. Senate Bill No. 117 (Ch. 398). Provides that a federally qualified higher education savings plan of another state has the same tax advantages as allowed for a Montana family education savings plan.
- a. Amends section 15-30-2110, MCA.
  - b. Effective May 6, 2013.
  - c. Applies to tax years beginning after December 31, 2012.
5. Senate Bill No. 179 (Ch. 289). Requires partnerships with more than 100 members to file returns and reports electronically, provides for penalty payments for failure to file electronically, and grants rulemaking authority to the Department of Revenue to administer and enforce the electronic filing requirement.
- a. Enacts section.
  - b. Effective July 1, 2013.
  - c. Applies to tax years beginning after July 1, 2013.
6. Senate Bill No. 361 (Ch. 268). Changes the name of the "corporation license tax" to the "corporate income tax" and the name of the "corporation income tax" to the "alternative corporate income tax."
- a. Amends sections 5-4-104, 15-1-121, 15-1-205, 15-6-138, 15-30-2110, 15-30-2328, 15-30-3301, 15-30-3312, 15-30-3313, 15-31-101, 15-31-102, 15-31-111, 15-31-112, 15-31-113, 15-31-114, 15-31-115, 15-31-117, 15-31-125, 15-31-143, 15-31-161, 15-31-401, 15-31-402, 15-31-404, 15-31-406, 15-31-511, 15-31-522, 15-31-523, 15-31-531, 15-31-543, 15-31-551, 15-32-107, 15-50-207, 15-68-815, 20-9-630, 33-17-407, and 33-27-103, MCA.
  - b. Effective October 1, 2013.
  - c. Applies to tax years beginning after December 31, 2013.

## PROPERTY TAXES

1. House Bill No. 111 (Ch. 37). Repeals the taxable value decrease for expanding industries that process raw materials or use Montana semifinished products in manufacturing.
- a. Repeals sections 15-24-2401, 15-24-2402, 15-24-2403, 15-24-2404, and 15-24-2405, MCA.
  - b. Effective October 1, 2013.
2. House Bill No. 195 (Ch. 243). Classifies parcels of growing timber totaling less than 15 acres as class ten property for property tax purposes if the parcels previously totaled more than 15 acres but the number was reduced for a public use.
- a. Amends section 15-6-143, MCA.

- b. Effective October 1, 2013.
3. House Bill No. 593 (Ch. 357). Revises the site-specific information that is considered in the classification and appraisal of agricultural and forest land, requires the agricultural advisory committee to provide methods for adjusting productivity values, and grants rulemaking authority.
    - a. Amends sections 15-7-103 and 15-7-201, MCA.
    - b. Effective October 1, 2013.
    - c. Applies to tax years beginning after December 31, 2013.
  4. Senate Bill No. 96 (Ch. 396). Revises the taxation of class eight business equipment by providing for an exemption for the first \$100,000 of business equipment, enacts a 1.5% rate for the first \$6 million of market value in excess of the exemption and a 3% rate for all market value in excess of \$6 million, provides a reimbursement for loss of revenue to local governments, tax increment financing districts, school districts, county school retirement and transportation accounts, and the Montana university system, and provides contingent increases and decreases to appropriations.
    - a. Amends sections 15-1-123, 15-6-138, and 15-23-101, MCA.
    - b. Effective May 6, 2013.
    - c. Applies to property tax years beginning after December 31, 2013.
  5. Senate Bill No. 231 (Ch. 405). Revises the limitation on the number of acres that are eligible for exemption from property tax if owned by an Indian tribe and designated as park land.
    - a. Amends section 15-6-201, MCA.
    - b. Effective October 1, 2013.
    - c. Applies to tax years beginning after December 31, 2013.
  6. Senate Bill No. 280 (Ch. 419). Allows a property taxpayer that objects to the assessed valuation of property to have the objection resolved through mediation, requires payment of a fee, and provides procedures for mediation.
    - a. Amends sections 15-1-211, 15-1-402, 15-8-601, 15-23-102, 15-23-104, and 15-24-3112, MCA.
    - b. Enacts sections.
    - c. Effective May 7, 2013, for centrally assessed property and industrial property valued annually.
    - d. Effective January 1, 2015, for other property.

#### PROPERTY TAX ADMINISTRATION

1. House Bill No. 35 (Ch. 11). Clarifies that certain class eight property tax adjustments are based on corporation license tax collections rather than corporation income tax collections.
  - a. Amends section 15-6-138, MCA.
  - b. Effective February 13, 2013.
  - c. This bill is void once Senate Bill No. 361 goes into effect on October 1, 2013 and

the names of the two taxes are changed to "corporate income tax" and "alternative corporate income tax."

2. House Bill No. 152 (Ch. 57). Establishes deadlines for governing bodies to review applications, notice public meetings, conduct public hearings, and issue decisions approving or disapproving property tax abatements and property tax exemptions.
  - a. Amends sections 15-24-1402, 15-24-1501, 15-24-1502, 15-24-1603, 15-24-1605, 15-24-1802, 15-24-1902, and 15-24-2002, MCA.
  - b. Effective February 28, 2013.
  - c. Applies to applications for tax benefits submitted to a governing body on or after February 28, 2013.
3. House Bill No. 192 (Ch. 50). Requires the payment or cancellation of property taxes prior to the transfer of interest in a mobile home or housetrailer and allows a board of county commissioners to cancel delinquent property taxes on a mobile home or housetrailer to be moved for the purposes of destruction or recycling.
  - a. Enacts sections.
  - b. Amends section 15-24-202, MCA.
  - c. Effective February 27, 2013.

#### TAX INCREMENT FINANCING DISTRICTS

1. Senate Bill No. 16 (Ch. 22). Amends the entitlement share payment for Missoula tax increment financing district 1-1C.
  - a. Amends section 15-1-121, MCA.
  - b. Effective October 1, 2013.
2. Senate Bill No. 239 (Ch. 214). Provides for the creation of targeted economic development districts using tax increment financing and removes provisions for creation of and bonding in technology districts, aerospace transportation and technology districts, and industrial districts.
  - a. Amends sections 7-15-4282, 7-15-4283, 7-15-4284, 7-15-4285, 7-15-4286, 7-15-4287, 7-15-4288, 7-15-4289, 7-15-4290, 7-15-4291, 7-15-4292, 7-15-4293, 7-15-4294, 7-15-4301, 7-15-4302, 7-15-4304, 7-15-4305, 7-15-4306, 7-15-4322, and 7-15-4324, MCA.
  - b. Repeals sections 7-15-4295, 7-15-4296, 7-15-4297, 7-15-4298, 7-15-4299, and 17-5-820, MCA.
  - c. Enacts sections.
  - d. Effective July 1, 2013.

#### ADMINISTRATION

1. House Bill No. 32 (Ch. 32). Requires that the portion of the lodging facility use tax paid with federal funds by state agencies be paid back to the agency that made the in-state lodging expenditure.

- a. Amends sections 15-65-121 and 15-65-131, MCA.
  - b. Effective October 1, 2013.
2. House Bill No. 36 (Ch. 46). Removes obsolete references to the repealed local government severance tax.
  - a. Amends sections 15-16-603, 15-36-315, 20-9-507, 20-10-144, and 20-10-146, MCA.
  - b. Effective October 1, 2013.
3. House Bill No. 66 (Ch. 200). Allows the Department of Revenue to serve and consent to service of notices of levy by electronic means and provides for Department rulemaking authority.
  - a. Amends sections 15-1-706 and 25-13-402, MCA.
  - b. Enacts section.
  - c. Effective October 1, 2013.

#### MISCELLANEOUS

1. Senate Bill No. 136 (Ch. 213). Increases the amount of funds available from the permanent coal tax trust fund for the Montana Veterans' Home Loan Mortgage Program.
  - a. Amends sections 17-6-308 and 90-6-603, MCA.
  - b. Effective July 1, 2013.

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