

Amendment - 2nd Reading-yellow - Requested by: John Fitzpatrick - (H) Committee of the Whole

- 2025

69th Legislature 2025

Drafter: Megan Moore,

HB0424.002.004

1 HOUSE BILL NO. 424

2 INTRODUCED BY K. ZOLNIKOV, M. BERTOGLIO, D. FERN, D. HARVEY, M. REGIER, S. FITZPATRICK, B.

3 LER, G. HERTZ, K. BOGNER

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5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROPERTY INCLUDED IN CLASS SEVENTEEN AS

6 DATA CENTER PROPERTY; EXTENDING THE TIMEFRAME IN WHICH THE DATA CENTER PROPERTY

7 MUST BE BUILT; REVISING OWNERSHIP REQUIREMENTS; PROVIDING REQUIREMENTS FOR THE

8 SALE OF POWER PRODUCED BY A DATA CENTER; PROVIDING A DEFINITION; AMENDING SECTIONS

9 15-6-156 AND 15-6-162, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE

10 APPLICABILITY DATE."

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

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14 NEW SECTION. Section 1. Sale of power produced by data center. (1) Electrical power produced

15 by a generator owned by a qualified data center must be sold to a public utility or an electric cooperative at a

16 price equal to the cost of production.

- 17 (2) The cost of production includes:
- 18 (a) the capital cost of constructing the generator;
- 19 (b) depreciation;
- 20 (c) wages, salaries, and employee benefits of personnel located at the generator who operate and
- 21 maintain the facility;
- 22 (d) fuel;
- 23 (e) operating supplies and materials;
- 24 (f) utilities; and
- 25 (g) contracted services necessary to operate and maintain the generator.
- 26 (3) The cost of the production does not include:
- 27 (a) any cost for corporation administration;

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(b) travel; or

(c) corporate legal services.

(4) The public utility or electric cooperative has the right to annually audit the operating costs of the generator at the utility's sole expense. The public utility or electric cooperative has the right to dispute costs included in the cost of production and to appeal the charges to the commission. The commission shall determine whether the costs are reasonable.

(5) As used in this section:

(a) "Electric cooperative" has the same meaning as "cooperative" as provided in 35-18-102.

(b) "Public utility" has the same meaning as provided in 69-3-101.

(c) "Qualified data center" has the same meaning as provided in 15-6-162.

Section 2. Section 15-6-156, MCA, is amended to read:

"15-6-156. Class thirteen property -- description -- taxable percentage. (1) Except as provided in subsections (2)(a) through (2)(i), class thirteen property includes:

(a) electrical generation facilities, except wind generation facilities, biomass generation facilities, and energy storage facilities classified under 15-6-157, of a centrally assessed electric power company;

(b) electrical generation facilities, except wind generation facilities, biomass generation facilities, and energy storage facilities classified under 15-6-157, owned or operated by an exempt wholesale generator or an entity certified as an exempt wholesale generator pursuant to 42 U.S.C. 16451;

(c) noncentrally assessed electrical generation facilities, except wind generation facilities, biomass generation facilities, and energy storage facilities classified under 15-6-157, owned or operated by any electrical energy producer;

(d) allocations of centrally assessed telecommunications services companies; and

(e) dedicated communications infrastructure described in 15-6-162(5) for which construction commenced after June 30, ~~2027~~ 2037, or for which the ~~15-year~~ 25-year period provided for in 15-6-162(5)(c) has expired.

(2) Class thirteen property does not include:

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1 ~~15-year~~ 25-year period, the dedicated communications infrastructure is taxed as class thirteen property at the
2 rate provided in 15-6-156.

3 (6) (a) Except as provided in subsection (6)(b), electrical generation and storage systems are
4 considered primarily used onsite if used at least 80% for onsite consumption as measured on an annualized
5 kilowatt hour basis as certified annually to the department.

6 (b) If the governor declares an electrical generation emergency, the 80% requirement in
7 subsection (6)(a) does not apply to a qualified data center that relies on backup power generation systems and
8 makes available electricity generated on the facility side of the utility meter to AVAILABLE TO THE UTILITY TO HELP
9 service residential and business customers during the emergency period.

10 ~~(6)(7)~~ Class Property identified as class seventeen property under this section, whether centrally or
11 locally assessed, is taxed at 0.9% of its market value."

13 NEW SECTION. Section 4. Codification instruction. [Section 1] is intended to be codified as an
14 integral part of Title 69, chapter 3, part 2, and the provisions of Title 69, chapter 3, part 2, apply to [section 1].

16 NEW SECTION. Section 5. Effective date. [This act] is effective on passage and approval.

18 NEW SECTION. Section 6. Retroactive applicability. [This act] applies retroactively, within the
19 meaning of 1-2-109, to property tax years beginning after December 31, 2024.

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