

HOUSE BILL NO. 25

INTRODUCED BY S. ESSMANN

BY REQUEST OF THE REVENUE INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING EXEMPT ENTITIES TO REPORT BENEFICIAL USE OF PROPERTY TO THE DEPARTMENT OF REVENUE; PROVIDING FOR A REVISED ASSESSMENT WHEN BENEFICIAL USE IS NOT PROPERLY REPORTED; PROVIDING AN EXEMPTION FROM THE PRIVILEGE TAX FOR CERTAIN PROPERTY; PROVIDING RULEMAKING AUTHORITY; AND AMENDING SECTION 15-6-201, SECTIONS 15-24-1203 AND 15-24-1207, MCA."

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

(Refer to Introduced Bill)

Strike everything after the enacting clause and insert:

Section 1. Section 15-24-1203, MCA, is amended to read:

"15-24-1203. Privilege tax on industrial, trade, or other business use of tax-exempt property -- exceptions. (1) There is imposed and must be collected a tax upon the possession or other beneficial use for industrial, trade, or other business purposes enjoyed by any private individual, association, or corporation of any property, real or personal, that for any reason is exempt from taxation. The tax is imposed upon the possession or other beneficial use of an electric transmission line and associated facilities, except that lines and facilities of a design capacity of less than 500 kilovolts are not subject to the tax.

(2) The tax may not be imposed upon:

(a) the possession or other beneficial use of railroad right-of-way or track owned by the United States or acquired by the state pursuant to Title 60, chapter 11, part 1, as long as the state or the United States retains ownership and the right-of-way or track is used exclusively for rail transportation;

(b) the beneficial use by a person of property held by a port authority, created under Title 7, chapter 14, part 11, or by a port authority owned by the United States or an agency of the United States unless

the port authority provides for the exclusive use of the property by the person;

(c) the possession or other beneficial use of public lands occupied under the terms of recreational, mineral, timber, or grazing leases or permits issued by the United States or the state of Montana or upon any easement unless the lease, permit, or easement entitles the lessee or permittee to exclusive possession of the premises to which the lease, permit, or easement relates; ~~or~~

(d) the possession or other beneficial use of land and buildings owned by a municipality, consolidated city-county, or county and used as a golf course or as an athletic facility for a sports team; or

~~(d)(e)~~ the possession or other beneficial use of buildings owned by public entities and located upon public airports. However, privately owned buildings located on public airport property are subject to taxation."

Section 2. Section 15-24-1207, MCA, is amended to read:

"15-24-1207. Reporting requirements -- penalty -- rules. (1) Each private person who is a possessor or a beneficial user of tax-exempt property for industrial, trade, or other business purposes subject to tax pursuant to 15-24-1203 shall, on or before March 1 each year, file with the department a statement of the possession or other beneficial use of tax-exempt property in the preceding calendar year and the value of the property. The statement must be in the form prescribed by the department and must be verified by the possessor or beneficial user or, in the case of an association or corporation, by an officer of the association or corporation. The statement must include:

(a) the name and address of the person, association, or corporation;

(b) the location of the tax-exempt property; and

(c) the market value in dollars and cents of the tax-exempt property.

(2) Entities listed in 15-6-201(1)(a) that lease or otherwise allow the possession or beneficial use of tax-exempt property for industrial, trade, or other business purposes shall file an annual report with the department. The report must include the following information for each lease or agreement:

(a) the name and address of the lessee or user;

(b) the location of the leased property; and

(c) the lease terms, including the duration and payment amounts.

~~(2)(3)~~ A person who fails to file the statement required by subsection (1) must be assessed the

Amendment - 1st Reading-white - Requested by: George Nikolakakos - (H) Taxation

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Drafter: Megan Moore,

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penalty provided in 15-8-309.

(4) Failure to file the statement required by subsection (1) or the report required by subsection (2) may result in the department determining or revising the tax assessment for the possessor or user of the tax-exempt property pursuant to 15-8-601. Any additional tax resulting from a revised assessment is the responsibility of the possessor or user of the tax-exempt property.

(3)(5) The department may adopt any reasonable rules necessary to insure that the possessor or other beneficial user of tax-exempt property complies with the provisions of this part implement this section."

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