

SENATE BILL NO. 239

INTRODUCED BY J. ELLSWORTH

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A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING CERTAIN FIBER OPTIC FACILITIES FROM PROPERTY TAXATION; PROVIDING A DEFINITION; AMENDING SECTIONS 15-6-156 AND 15-6-219, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. 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)(h), 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, or for which the 15-year period provided for in 15-6-162(5)(c) has expired.

(2) Class thirteen property does not include:

(a) property owned by cooperative rural electric cooperative associations classified under 15-6-135;

(b) property owned by cooperative rural electric cooperative associations classified under 15-6-137 or 15-6-157;

(c) allocations of electric power company property under 15-6-141;

(d) electrical generation facilities included in another class of property;

(e) property owned by cooperative rural telephone associations and classified under 15-6-135;



1 (f) property owned by organizations providing telecommunications services and classified under
2 15-6-135;

3 (g) generation facilities that are exempt under 15-6-225; and

4 (h) qualified data centers classified under 15-6-162.

5 (3) ~~(a)~~ For the purposes of this section, the following definitions apply:

6 ~~(a)~~ (i) ~~"electrical~~ Electrical generation facilities" means any combination of a physically connected
7 generator or generators, associated prime movers, and other associated property, including appurtenant land
8 and improvements and personal property, that are normally operated together to produce electric power. The
9 term includes but is not limited to generating facilities that produce electricity from coal-fired steam turbines, oil
10 or gas turbines, or turbine generators that are driven by falling water.

11 ~~(b)~~(ii) The term does not include electrical generation facilities used for noncommercial purposes or
12 exclusively for agricultural purposes.

13 ~~(c)~~(iii) The term also does not include a qualifying small power production facility, as that term is defined
14 in 16 U.S.C. 796(17), that is owned and operated by a person not primarily engaged in the generation or sale of
15 electricity other than electric power from a small power production facility and classified under 15-6-134 and
16 15-6-138.

17 (b) "Fiber optic facilities" means any fiber optic cable, including all capitalized costs associated with
18 construction and deployment of the fiber optic cable, and other property that is normally operated in the
19 installation and deployment of fiber optic facilities to deliver digital communication and access to the internet.

20 ~~(4)~~ Class (a) Except as provided in subsection (4)(b), class thirteen property is taxed at 6% of its market
21 value.

22 (b) Fiber optic facilities installed and placed in service on or after [the effective date of this act] are
23 exempt from taxation during installation and for a period of 5 years starting from the date of deployment, after
24 which the property exemption is phased out at a rate of 20% per year, with the property being assessed at 100%
25 of its taxable value after a 10-year period."

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27 **Section 2.** Section 15-6-219, MCA, is amended to read:

28 **"15-6-219. Personal and other property exemptions.** The following categories of property are exempt
29 from taxation:

30 (1) harness, saddlery, and other tack equipment;

- 1 (2) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily
2 hand-held and that are used to:
- 3 (a) construct, repair, and maintain improvements to real property; or
4 (b) repair and maintain machinery, equipment, appliances, or other personal property;
- 5 (3) all household goods and furniture, including but not limited to clocks, musical instruments, sewing
6 machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes
7 or for furnishing or equipping the family residence;
- 8 (4) a bicycle or a moped, as defined in 61-8-102, used by the owner for personal transportation
9 purposes;
- 10 (5) items of personal property intended for rent or lease in the ordinary course of business if each item
11 of personal property satisfies all of the following:
- 12 (a) the acquired cost of the personal property is less than \$15,000;
13 (b) the personal property is owned by a business whose primary business income is from rental or lease
14 of personal property to individuals and no one customer of the business accounts for more than 10% of the total
15 rentals or leases during a calendar year; and
16 (c) the lease of the personal property is generally on an hourly, daily, weekly, semimonthly, or monthly
17 basis;
- 18 (6) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture,
19 launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and
20 launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that
21 are directly used for space vehicle design, manufacture, launch, repair, and maintenance;
- 22 (7) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in
23 33-25-105;
- 24 (8) air and water pollution control and carbon capture equipment, as defined in 15-6-135, placed in
25 service after January 1, 2014; ~~and~~
- 26 (9) fiber optic facilities, as defined in 15-6-156, installed and placed in service on or after [the effective
27 date of this act], during installation and for a period of time starting from the date of deployment as provided in
28 15-6-156; and
- 29 ~~(9)~~(10) personal property used in the manufacture of ammunition components as provided in 30-20-204.
30 (Subsection ~~(9)~~(10) terminates December 31, 2024--sec. 16, Ch. 440, L. 2015.)"

