



AN ACT PROVIDING FOR A TAX ABATEMENT FOR CERTAIN RESIDENTIAL GRAY WATER SYSTEMS AND COMMON GRAY WATER AND POTABLE WATER SYSTEMS; ESTABLISHING REQUIREMENTS FOR THE RESIDENCES AND FOR A MINIMUM NUMBER OF OCCUPANTS TO QUALIFY; PROVIDING FOR THE ABATEMENT DURING CONSTRUCTION AND FOR 10 YEARS FOLLOWING COMPLETION OF CONSTRUCTION; REQUIRING THE DEPARTMENT OF REVENUE TO REPORT TO THE REVENUE AND TRANSPORTATION INTERIM COMMITTEE ON THE USE OF THE ABATEMENT; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

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

**Section 1. Definitions.** As used in [sections 1 through 4], the following definitions apply:

(1) "Common gray water and potable water system" means a gray water system and a potable water system that are common elements of a multiple dwelling project.

(2) (a) "Gray water system" means a system to treat and distribute untreated household wastewater that meets the requirements of 75-5-305(2), 75-5-325 through 75-5-327, and all administrative rules and local government regulations conforming with those provisions.

(b) Household wastewater does not include water that is or has come into contact with toilet water; wastewater from kitchen sinks, water softeners, and dishwashers; or laundry water used for washing infectious garments, including diapers.

(3) "Multiple dwelling project" means:

(a) a residential condominium on common land consisting of residential units in single or multiunit structures for at least 25 occupants; or

(b) a class four residential building as described in 15-6-134, or that portion of a class four building that is used for residential purposes, that has multiple residential units for at least 25 occupants and includes as much of the surrounding land, not exceeding 5 acres, as is reasonably necessary for its residential use.

(4) "Potable water system" means a privately owned public water supply system as defined in 75-6-102

that is used in common by all the dwellings of a multiple dwelling project.

(5) "Residential dwelling" means any class four residential dwelling described in 15-6-134 that is a single-family dwelling unit, including a trailer, manufactured home, or mobile home and as much of the surrounding land, not exceeding 5 acres, as is reasonably necessary for its use as a dwelling.

**Section 2. Gray water system for newly constructed residence -- tax abatement.** (1) A residential dwelling that is under construction or that is newly constructed with a residential gray water system is taxed at 91% of its taxable market value during the course of the construction and for 10 years after completion of construction as provided in this section.

(2) To receive a tax abatement under this section, a taxpayer shall apply, on a form provided by the department, to the department on or before April 15 of the year for which the first abatement is claimed for property under construction and for the first year of the completion of construction but not later than 1 year after the completion of the construction. The claimant shall provide a certification from the local board of health pursuant to 50-2-116 that the residential dwelling is under construction or was constructed with a gray water system that meets the requirements of this section. The department may require other information that it considers necessary to determine the eligibility of the residential dwelling for a property tax abatement.

(3) An abatement granted under this section remains in effect through the 10th year following the year construction was completed.

**Section 3. Common gray water and potable water systems for newly constructed multiple dwelling projects -- tax abatement.** (1) A multiple dwelling project that is under construction or that is constructed with a common gray water and potable water system is taxed at 91% of the taxable market value of the project or taxable market value of each residential condominium unit during the course of the construction and for 10 years after completion of construction as provided in this section.

(2) To receive a tax abatement, a taxpayer shall apply, on a form provided by the department, to the department on or before April 15 of the year for which the first abatement is claimed for property under construction and for the first year of the completion of construction but not later than 1 year after the completion of the construction of the residential units or, if construction is to occur over a multiyear period, after the completion of the first residential unit. The claimant shall provide a certification from the local board of health

pursuant to 50-2-116 that the residential dwelling is under construction or was constructed with a common gray water and potable water system that meets the requirements of this section. The department may require other information that it considers necessary to determine the eligibility of the residential dwelling for a property tax abatement.

(3) An abatement granted under this section remains in effect through the 10th year following the year construction was completed.

(4) Only property with a common gray water and potable water system is eligible for the property tax abatement provided in this section.

**Section 4. Change in property -- fraudulent application.** (1) A taxpayer qualifying for a property tax abatement under [section 2 or 3] shall report to the department any change to the subject property or to the gray water system under [section 2] or common gray water and potable water system under [section 3] that may affect the property's qualification for the tax abatement.

(2) A taxpayer who applies for a tax abatement under [section 2 or 3] and submits a false or fraudulent application for a property tax abatement is guilty of false swearing under 45-7-202.

**Section 5. Report to interim committee.** By September 15, 2014, the department shall provide a report to the revenue and transportation interim committee on the use of property tax abatement under [sections 2 and 3]. The committee shall, based on information contained in the report, make recommendations to the next legislature on the continuation or structure of the abatement.

**Section 6. Codification instruction.** [Sections 1 through 5] are intended to be codified as an integral part of Title 15, chapter 24, and the provisions of Title 15, chapter 24, apply to [sections 1 through 5].

**Section 7. Effective date.** [This act] is effective July 1, 2011.

**Section 8. Applicability.** [This act] applies to residential dwellings and multiple dwelling projects constructed after June 30, 2011.

- END -

I hereby certify that the within bill,  
SB 0265, originated in the Senate.

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Secretary of the Senate

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President of the Senate

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2011.

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Speaker of the House

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2011.

SENATE BILL NO. 265

INTRODUCED BY B. HAMLETT, MURPHY, JONES, MCNUTT, LARSEN, BROWN, MCCHESENEY, WILMER

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