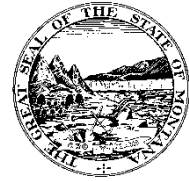




**Mike Kadas**  
Director

# Montana Department of Revenue



**Steve Bullock**  
Governor

## Memorandum

**To:** Director Kadas

**From:** Peter Kinyua

**Date:** July 19, 2017

**Subject:** Small Business Impact Statement for Property Tax Exemption for Non-fossil Energy Systems, and Taxable Rate Reduction for Value Added Property.

The proposed amendment of ARM 42.19.1104; property tax exemption for non-fossil energy system, follows the passage of HB 18. The department proposes amending ARM 42.19.1104(1) and (2) to better define the time period for filing an exemption request, by replacing the reference to "receipt of the notice" with language to make it clear that the 30 days begins from the date on the classification and assessment notice. By referencing the notice date, the starting point is clear for all involved. The department sends the notices out in advance of the date on them to allow for mailing time. The anticipated small business impact will arise from the latent shortening of the filing period. However, by FY 2017, only one business filed to claim this exemption. It is anticipated that no other business will be filing for this exemption for the remainder of the biennium; therefore, the small business impact resulting from this amendment is negligible.

The proposed repeal of ARM 42.19.1240, 42.19.1301, and 42.19.1302; the taxable rate reduction for value added property rule, also follows the passage of House Bill 18, L. 2017, which revised tax lien and tax deed laws. Reasons:

- i. The department proposes repealing ARM 42.19.1240 as a matter of housekeeping, because the value-added manufacturing tax rate reduction that had been provided for in 15-24-2401 through 15-24-2405, MCA, was repealed by the 2013 Legislature, rendering this rule outdated and unnecessary. The department identified this rule for repeal during a recent biennial rule review period. The anticipated small business impact arising from this action will be negligible.
- ii. The department proposes repealing ARM 42.19.1301 because the terms defined in the rule are exclusive to ARM 42.19.1302, which is proposed to be repealed in this same notice due to the enactment of House Bill 18, L. 2017, which removed

the department from the notification process for property tax liens. There are no anticipated impact on small businesses following the annulment of ARM 42.19.1301.

- iii. The department also proposes repealing ARM 42.19.1302 due to the enactment of House Bill 18, L. 2017, which revised tax lien and tax deed laws. Changes to 15-17-212 and 15-17-232, MCA, removed the department from the notification process for property tax liens and rendered the form and instructions provided for in this rule no longer necessary. There are no anticipated small business impact resulting from this change.