

BEFORE THE DEPARTMENT OF REVENUE  
OF THE STATE OF MONTANA

In the matter of the amendment of	)	NOTICE OF AMENDMENT AND
ARM 42.19.1104 pertaining to tax	)	REPEAL
exemptions for nonfossil energy	)	
systems, the repeal of ARM	)	
42.19.1240 pertaining to taxable rate	)	
reductions for value-added property,	)	
and the repeal of ARM 42.19.1301	)	
and 42.19.1302 pertaining to the	)	
department's notification of property	)	
tax liens	)	

TO: All Concerned Persons

1. On August 4, 2017, the Department of Revenue published MAR Notice No. 42-2-972 pertaining to the public hearing on the proposed amendment and repeal of the above-stated rules at page 1280 of the 2017 Montana Administrative Register, Issue Number 15.

2. On August 24, 2017, a public hearing was held to consider the proposed amendment and repeal. Bob Story, Montana Taxpayers Association, appeared and testified at the hearing. No written comments were received.

3. The department repeals ARM 42.19.1240, 42.19.1301, and 42.19.1302 as proposed.

4. Based upon the comments received, the department amends ARM 42.19.1104, as proposed, but with the following changes from the original proposal, new matter underlined, deleted matter interlined:

42.19.1104 PROPERTY TAX EXEMPTION FOR NONFOSSIL ENERGY SYSTEM (1) The property owner of record, or the property owner's agent, must make application to the local department office for classification as a nonfossil form of energy generation on a form available on the department's website or from the local department office before March 1 ~~or within 30 days from the date on the classification and appraisal notice, whichever is later~~, to be considered for exemption for the current tax year.

(2) and (2)(a) remain as proposed.

(b) If the energy system is completed prior to March 1 of a year, the application must be filed by March 1 ~~or within 30 days from the date on the classification and appraisal notice, whichever is later~~, of that year in order for an exemption to apply for the full ten-year period.

(c) If the energy system is completed after March 1 of a year, the application must be filed by March 1 ~~or within 30 days from the date on the classification and appraisal notice, whichever is later~~, of the next year in order for an exemption to

apply for the full ten-year period.

(d) If an applicant misses the deadlines outlined above, they will lose one year of exemption potential for every deadline date that passes. For example:

(i) If an individual completes installation of an energy system in August of the current year, but does not apply for an exemption ~~within 30 days from the date on the classification and appraisal notice~~ by March 1 of the next year, the exemption would ~~start on January 1 of the following year~~ and be allowed for a total of nine years.

(ii) through (3) remain as proposed.

5. A summary of the comments received and the department's response is as follows:

COMMENT 1: Bob Story, Executive Director of the Montana Taxpayers Association, testified that the theme throughout the rule about the date of March 1 or 30 days from the receipt of the appraisal notice, which comes out in June or May, is confusing to him and would likely be confusing to the average citizen too. He questioned whether the 30 day language is necessary to include in the rule.

RESPONSE 1: The department appreciates Mr. Story's input on the rule and understands how it could be confusing. Therefore, the department is further amending the rule to remove the 30 day language from (1) and (2)(b), (c), and (d)(i). Removing this language will also align the rule with language in other rules pertaining to property tax exemptions.

/s/ Laurie Logan  
Laurie Logan  
Rule Reviewer

/s/ Mike Kadas  
Mike Kadas  
Director of Revenue

Certified to the Secretary of State September 11, 2017.