



## Value-added Manufacturing Machinery Certification Application

CAB-4  
V2 3/2008

Please complete and send this application to the Montana Department of Revenue, Business Tax and Valuation Bureau, PO Box 7149, Helena, MT 59604-7149.

1. Name of Applicant \_\_\_\_\_

2. Applicant's FEIN \_\_\_\_\_

3. Address of Applicant's Principal Place of Business \_\_\_\_\_

\_\_\_\_\_

4. Legal Description of Plant Location \_\_\_\_\_

\_\_\_\_\_

5. Please attach a description of all machinery and equipment at the plant location that may qualify as value-added machinery. Include the original installed cost and the date of installation.

6. Explanation of the value-added process \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

7. What raw material or semi-finished product is used? \_\_\_\_\_

8. Where is the raw material or semi-finished product obtained? \_\_\_\_\_

\_\_\_\_\_

9. What product is produced? \_\_\_\_\_

10. Please list each employee of the original manufacturing plant, including position number name, identification number, annual hours worked and the annual wage or salary earned.

Position No.	Name	ID No.	Hours	Annual Wage

*Attach Additional Sheets if Necessary*

11. Please list each value-added manufacturing process employee position number by name, identification number, annual hours worked and the annual wage or salary earned.

Position No.	Name	ID No.	Hours	Annual Wage

*Attach Additional Sheets if Necessary*

12. Please list each value-added manufacturing process employee by responsibility.

Name	Position Title	Responsibility

*Attach Additional Sheets if Necessary*

13. Are the value-added employees listed above an addition to the existing work force of this industry?

☐ Yes      ☐ No

14. Has the machinery and equipment for which this application is made ever received a tax incentive under 15-24-1402 MCA, "New and Expanding Industry" or 5-6-MCA, "New Industry"?

☐ Yes      ☐ No

15. On what date is the qualifying property intended to be operational? \_\_\_\_\_

16. Are all the applicant's taxes paid in full?      ☐ Yes      ☐ No

### CERTIFICATION

It is my understanding that if the Department of Revenue determines that the property qualifies for a taxable value decrease, the governing body of the affected county, consolidated government, incorporated city or town, or school district shall give due notice as defined in MCA 76-15-103, and hold a public hearing. Each governing body may either approve or disapprove the granting of taxable value decrease. A governing body may not grant approval for the project until all the applicant's taxes have been paid in full. Taxes paid under protest do not preclude approval.

It is also my understanding that this application will be made a part of the resolution granting the taxable value decrease.

In consideration of the fact that the Department of Revenue shall evaluate the subject property for value-added manufacturing machinery and equipment, I, the applicant, promise to:

- Report to the department (on the appropriate form) by March 1 of each year, the wages of and the number of qualifying employees used in the operation of the property for which the taxable value decrease was granted.
- Furnish any other information that the Department of Revenue requests in writing.

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Please Print Name

## CONTROLLING STATUTE

- 15-1-201. Administration of revenue laws.** (1) (a) The department has general supervision over the administration of the assessment and tax laws of the state, except Title 15, chapters 70 and 71, and over any officers of municipal corporations having any duties to perform under the laws of this state relating to taxation to the end that all assessments of property are made relatively just and equal, at true value, and in substantial compliance with law. The department may make rules to supervise the administration of all revenue laws of the state and assist in their enforcement.
- (b) In the administration of any tax over which it has general supervision, the department may require all individuals subject to the tax laws of the state to provide to the department the individual's social security number, federal employee identification number, or taxpayer identification number.
- (c) The department may contract with the U.S. department of the interior or any other federal agency to perform federal royalty audits, collection services, and any other delegable functions related to mining operations on federal lands within the state pursuant to the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996.
- (d) The department shall adopt rules specifying which types of property within the several classes are considered comparable property as defined in 15-1-101.
- (e) The department shall also adopt rules for determining the value-weighted mean sales assessment ratio for all commercial and industrial real property and improvements.
- (2) The department shall confer with, advise, and direct officers of municipal corporations concerning their duties, with respect to taxation, under the laws of the state.
- (3) The department shall collect annually from the proper officers of the municipal corporations information, in a form prescribed by the department, about the assessment of property, collection of taxes, receipts from licenses and other sources, expenditure of public funds for all purposes, and other information as may be necessary and helpful in the work of the department. It is the duty of all public officers to fill out properly and return promptly to the department all forms and to aid the department in its work. The department shall examine the records of all municipal corporations for purposes considered necessary or helpful.

History: En. 84-708.1 by Sec. 53, Ch. 405, L. 1973; amd. Sec. 1, Ch. 134, L. 1975; amd. Sec. 1, Ch. 381, L. 1975; amd. Sec. 1, Ch. 465, L. 1975; amd. Sec. 9, Ch. 98, L. 1977; amd. Sec. 53, Ch. 566, L. 1977; R.C.M. 1947, 84-708.1(part); (1)(b), (1)(c)En. Sec. 10, Ch. 743, L. 1985; amd. Sec. 21, Ch. 10, L. 1993; amd. Sec. 34, Ch. 27, Sp. L. November 1993; amd. Sec. 2, Ch. 561, L. 1995; amd. Sec. 1, Ch. 314, L. 1999; amd. Sec. 4, Ch. 6, Sp. L. May 2007.

- 15-24-2401. Purpose.** The purpose of this part is to encourage value-added manufacturing in Montana by providing a taxable value decrease for a 7-year period for qualifying personal property of expanding industries that process Montana raw materials or use Montana semifinished products in manufacturing.

History: En. Sec. 1, Ch. 786, L. 1991.

- 15-24-2402. Definitions.** Unless the context requires otherwise, in this part, the following definitions apply:

- (1) "Expansion" means that after December 31, 1991, the industry has added qualifying property within the jurisdiction either in the first tax year in which the taxable value decrease provided for in 15-24-2403 is to be received or in the preceding tax year. Expansion does not include property that:
- (a) has qualified for the tax exemption under 15-24-1402; or
- (b) will create an adverse impact on existing state, county, or municipal services.
- (2) "Industry" is a firm that engages in the mechanical or chemical transformation of materials or substances into new products in the manner defined as manufacturing in the North American Industry Classification System Manual prepared by the United States office of management and budget and that engages in the:
- (a) processing of Montana raw materials, such as minerals, ore, oil, gas, coal, agricultural products, and forestry products; or
- (b) processing of semifinished products produced in Montana that are used by the industry as a raw material in further manufacturing.
- (3) "Qualifying employee" means a person:
- (a) whose job was created as a result of expansion; and
- (b) whose position pays not less than three-quarters of the amount of the average wage as determined by the quarterly statistical report published by the department of labor and industry.
- (4) "Qualifying property" means machinery and equipment that result in the hiring of qualifying employees used for the manufacture or processing of products described in subsection (2).

History: En. Sec. 2, Ch. 786, L. 1991; amd. Sec. 30, Ch. 51, L. 1999.

- 15-24-2403. Expanding industry taxable value decrease -- application -- approval -- reports.** (1) After December 31, 1991, an existing industry with qualifying property that represents an expansion of the industry is entitled to receive a decrease in the tax rate for class eight property if the property results in the hiring of full-time qualifying employees for each year in which the taxable value decrease is in effect.
- (2) A person, firm, or other group seeking to qualify its property for the taxable value decrease under subsection (1) shall apply to the department of revenue on a form provided by the department. The application must include:
- (a) the description of the personal property that may qualify for the taxable value decrease;

- (b) the date on which the qualifying property is intended to be operational;
  - (c) the rate of pay and number of existing employees and new employees to be used in the operation of the qualifying property;
  - (d) a statement that the new employees are in addition to the existing workforce of the industry and the specific responsibilities of each new employee; and
  - (e) a statement that all the applicant's taxes are paid in full.
- (3) The department shall make an initial determination as to whether the industry qualifies for the taxable value decrease.
- (4) (a) If the department determines that the property qualifies for a taxable value decrease, the governing body of the affected county, consolidated government, incorporated city or town, or school district shall give due notice as defined in 76-15-103 and hold a public hearing. Each governing body may either approve or disapprove the grant of taxable value decrease. A governing body may not grant approval for the project until all of the applicant's taxes have been paid in full. Taxes paid under protest do not preclude approval.
- (b) The resolution provided for in subsection (4)(a) must include the document that grants approval of the application that was submitted to the department by the taxpayer seeking the taxable value decrease.
- (5) The tax reduction described in subsection (1) applies to:
- (a) the number of mills levied and assessed by each governing body approving the benefit over which the governing body has sole discretion; and
  - (b) statewide levies if the governing body approving the tax reduction is a county, consolidated government, or incorporated city or town.
- (6) The number of new employees used by the department to calculate the taxable value decrease in subsection (7) must be determined by the wages paid to qualifying employees. A qualifying employee paid the amount of the average wage as determined by the quarterly statistical report published by the department of labor and industry is considered one new employee. Qualifying employees are considered equivalent new employees if they are paid three-quarters of the average wage or more. The qualifying employee is the equivalent of a new employee in the same fraction that his wages are to the average wage, but a qualifying employee may not be considered more than two new employees.
- (7) (a) Qualifying property is entitled to a decrease in the taxable rate of class eight property based upon a percentage difference between a possible low rate of 3% and a high rate of the existing class eight property tax rate. The reduced taxable value rate is determined by calculating the inverse of the number of equivalent new employees divided by the number of existing employees and multiplying the product of that calculation by the decimal equivalent of the tax rate for class eight property.
- (b) For each year that the taxable value decrease is in effect, the taxpayer shall report by March 1 to the department, on forms prescribed by the department, the wages of and the number of qualifying employees that are used in the operation of the qualifying property for which the taxable value decrease was granted.

History: En. Sec. 3, Ch. 786, L. 1991.

**15-24-2404. Exclusion from other property tax reductions or exemptions -- recapture.** (1) If a taxable value decrease is taken pursuant to this part, other property tax reductions or exemptions, including but not limited to those provided in 15-6-135, 15-24-1402, and 15-24-1501, are not allowed for the qualifying property.

- (2) Property taxes abated from the reduction in property taxes allowed by this section are subject to recapture by the local governing body if the ownership or use of the property does not meet the requirements of this part. The recapture is equal to the amount of taxes avoided, plus interest and penalties for nonpayment of property taxes provided in 15-16-102, during any period in which an abatement under the provisions of this section was in effect. The amount recaptured, including penalty and interest, must be distributed by the treasurer to funds and accounts subject to the abatement in the same ratio as the property tax was abated. A recapture of taxes abated by this section is not allowed with regard to property ceasing to qualify for the abatement by reason of an involuntary conversion. The recapture of abated taxes may be canceled, in whole or in part, if the local governing body determines that the taxpayer's failure to meet the requirements is a result of circumstances beyond the control of the taxpayer.

History: En. Sec. 4, Ch. 786, L. 1991; amd. Sec. 7, Ch. 597, L. 2005.

**15-24-2405. Rules.** The department of revenue shall prescribe rules necessary to carry out the purposes of this part.

History: En. Sec. 5, Ch. 786, L. 1991.

## ADMINISTRATIVE RULE

### 42.19.1235 TAX INCENTIVE FOR NEW OR EXPANDING INDUSTRY

- (1) The industrial plant owner must make application to the governing body of the affected taxing jurisdiction on a form provided by the department. The form shall include, among other information, a specific description of the improvement or modernized process for which specialized tax treatment is requested, the date when construction or installation is to commence or has commenced and the date when it is to be completed. In addition, the plant owner must provide a disclosure of other property tax benefits the property receives or for which application has been made. The governing body of the affected taxing jurisdiction must approve the application and pass an approving resolution before tax benefits under 15-24-1402 , MCA, can be received.
- (2) In order to be considered for the current tax year, an application must be filed on the form available from the department on or before January 1 of the tax year.
- (3) The plant owner must notify the department by sending a copy of the approved application described in (1) within 30 days after receiving approval from the affected taxing jurisdiction.
- (4) The preceding year and current year's additions and investments may be considered and included for purposes of determining whether the threshold investment levels specified in 15-24-1401 , MCA have been met.
- (5) The department shall appraise the industrial plant after expansion or modernization.
- (6) Only the increased value attributed to the expansion or modernization will receive tax incentives under 15-24-1402 , MCA.
- (7) An industrial plant which qualifies for classification as new industrial property under 15-6-135 , MCA, cannot qualify for a tax incentive pursuant to 15-24-1402 , MCA, as new or expanding industry property defined in 15-24-1401 , MCA.
- (8) Additional expansion or modernization of an industrial plant constructed in tax years subsequent to an expansion approved for tax incentives under 15-24-1402 , MCA, does not qualify for an additional tax incentive unless an additional application is filed and an approving resolution passed.
- (9) An applicant seeking to qualify pursuant to 15-24-1401 , MCA, shall include the same information and certifications as required by ARM 42.19.1222.

History: 15-1-201 , MCA; IMP , 15-6-135 , 15-24-1401 , 15-24-1402 , MCA; NEW , 1988 MAR p. 742, Eff. 4/14/88; TRANS , from ARM 42.19.1220, AMD , 1991 MAR p. 2638, Eff. 12/27/91; AMD , 1992 MAR p. 2559, Eff. 11/26/92; AMD , 1997 MAR p. 2297, Eff. 12/16/97; AMD , 2005 MAR p. 667, Eff. 4/29/05.