

HOUSE BILL NO. 156

INTRODUCED BY M. MILLER

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4 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING CERTAIN AIR AND WATER POLLUTION CONTROL
5 EQUIPMENT AND CARBON CAPTURE, TRANSPORTATION, EQUIPMENT FROM PROPERTY TAXATION
6 AND REDUCING PROPERTY TAXES FOR CARBON TRANSPORTATION AND SEQUESTRATION
7 EQUIPMENT FROM PROPERTY TAXES; PROVIDING FOR THE CERTIFICATION OF EXEMPT CARBON
8 SEQUESTRATION EQUIPMENT; ALLOWING A CARRY FORWARD OF AN EXEMPTION OR RATE REDUCTION
9 AFTER TAX YEAR 2025 FOR CERTAIN QUALIFYING PROPERTY; PROVIDING RULEMAKING AUTHORITY;
10 AMENDING SECTIONS 15-6-135, 15-6-158, AND 15-6-219, ~~AND 15-24-3111~~, MCA; AND PROVIDING AN
11 IMMEDIATE EFFECTIVE DATE, ~~AND A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE.~~"

12
13 WHEREAS, MONTANA INDUSTRIES ARE REQUIRED TO INSTALL CERTAIN AIR AND WATER POLLUTION CONTROL
14 AND CARBON CAPTURE EQUIPMENT TO COMPLY WITH STATE AND FEDERAL STANDARDS AS A RESULT OF RECENT AND
15 ANTICIPATED REGULATORY ACTION, INCLUDING BUT NOT LIMITED TO:

- 16 (1) THE CLEAN AIR MERCURY RULE THE UTILITY MERCURY AND AIR TOXICS RULE;
- 17 (2) THE REVISED OZONE NATIONAL AMBIENT AIR QUALITY STANDARDS REGIONAL HAZE RULE;
- 18 (3) THE CLEAN AIR INTERSTATE RULE POWER PLAN RULE;
- 19 (4) THE NITROGEN OXIDE PRIMARY NATIONAL AMBIENT AIR QUALITY STANDARDS;
- 20 (5) THE SULFUR DIOXIDE PRIMARY NATIONAL AMBIENT AIR QUALITY STANDARDS;
- 21 (6) COAL COMBUSTION BYPRODUCTS MANAGEMENT;
- 22 (7)(6) THE COOLING WATER INTAKES 316(B) RULE;
- 23 (8) THE HAZARDOUS AIR POLLUTANTS MAXIMUM ACHIEVABLE CONTROL TECHNOLOGY RULE;
- 24 (9)(7) THE PARTICULATE MATTER 2.5 NATIONAL AMBIENT AIR QUALITY STANDARDS;
- 25 (10)(8) THE EFFLUENT GUIDELINES FOR COAL-FIRED ELECTRICAL GENERATING UNITS;
- 26 (11) THE SULFUR DIOXIDE/NITROGEN OXIDE SECONDARY NATIONAL AMBIENT AIR QUALITY STANDARDS;
- 27 ~~———— (12) THE PARTICULATE MATTER 2.5 NATIONAL AMBIENT AIR QUALITY STANDARDS DESIGNATIONS;~~
- 28 ~~———— (13) THE RESOURCE CONSERVATION AND RECOVERY ACT STANDARDS FOR MANAGEMENT OF COAL COMBUSTION~~
29 ~~RESIDUALS;~~
- 30 (14)(9) THE MAXIMUM ACHIEVABLE CONTROL TECHNOLOGY STANDARDS FOR INDUSTRIAL BOILERS;



1 ~~(15) THE NEW SOURCE PERFORMANCE STANDARDS AND EMISSION GUIDELINES FOR LARGE MUNICIPAL WASTE~~
2 ~~COMBUSTORS;~~
3 ~~(16) THE STANDARDS OF PERFORMANCE FOR GRAIN ELEVATORS NATIONAL EMISSION STANDARDS FOR~~
4 ~~HAZARDOUS AIR POLLUTANTS; PRIMARY ALUMINUM REDUCTION PLANTS;~~
5 ~~(17) THE OZONE NATIONAL AMBIENT AIR QUALITY STANDARDS REVISION FINAL COAL COMBUSTION~~
6 ~~BYPRODUCTS RULE;~~
7 ~~(18) THE CLEAN AIR INTERSTATE REPLACEMENT RULE;~~
8 ~~(19) THE STATIONARY COMPRESSION IGNITION ENGINE NEW SOURCE PERFORMANCE STANDARDS;~~
9 ~~(20) THE CLEAN POWER RULE;~~
10 ~~(21) THE COOLING WATER INTAKES 316(B) COMPLIANCE;~~
11 ~~(22)(10) THE NUMERIC NUTRIENT CRITERIA;~~
12 ~~(23) THE HAZARDOUS AIR POLLUTANTS MAXIMUM ACHIEVABLE CONTROL TECHNOLOGY COMPLIANCE;~~
13 ~~(24) CLEAN AIR INTERSTATE RULE PHASE II FOR SULFUR DIOXIDE AND NITROGEN OXIDE;~~
14 ~~(25)(11) THE NATIONAL EMISSION STANDARDS FOR HAZARDOUS AIR POLLUTANTS FOR THE PORTLAND CEMENT~~
15 ~~MANUFACTURING INDUSTRY RENEWABLE FUELS MAXIMUM ACHIEVABLE CONTROL TECHNOLOGY STANDARDS;~~
16 ~~(26) THE TIER 3 VEHICLE EMISSION AND FUEL STANDARDS;~~
17 ~~(27) THE OZONE NATIONAL AMBIENT AIR QUALITY STANDARDS TO 65 PARTS PER BILLION;~~
18 ~~(28) THE PLANNED ENVIRONMENTAL PROTECTION AGENCY REGULATION OF METHANE EMISSIONS FOR OIL AND~~
19 ~~NATURAL GAS INDUSTRY;~~
20 ~~(29)(12) TOTAL MAXIMUM DAILY LOADS; AND~~
21 ~~(30)(13) NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM, INCLUDING STORMWATER DISCHARGE; AND~~
22 ~~(14) ADDITIONAL NEW OR FUTURE REGULATORY ACTIONS REQUIRING THE CONTROL OF AIR OR WATER POLLUTION.~~
23 ~~WHEREAS, COMPLIANCE WITH THESE REGULATIONS REQUIRES INVESTMENTS OF HUNDREDS OF MILLIONS OF~~
24 ~~DOLLARS AND ULTIMATELY IMPACTS CONSUMERS; AND~~
25 ~~WHEREAS, TECHNOLOGIES TO COMPLY WITH THESE REGULATIONS ARE OFTEN UNPROVEN OR NOT~~
26 ~~COMMERCIALY OR ECONOMICALLY AVAILABLE; AND~~
27 ~~WHEREAS, MANY OF THESE REGULATIONS ADDRESS IMPORTANT PROTECTIONS FOR PUBLIC HEALTH, YET~~
28 ~~OTHERS, SUCH AS THE REGIONAL HAZE RULE, ADDRESS ISSUES SUCH AS VISIBILITY; AND~~
29 ~~WHEREAS, MANY OF THESE REGULATIONS REQUIRE INSTALLATION OF POLLUTION CONTROL TECHNOLOGIES~~
30 ~~THAT DECREASE THE EFFICIENCY OF EXISTING EQUIPMENT AT INDUSTRIAL FACILITIES; AND~~

1 WHEREAS, REDUCED TAX RATES FOR POLLUTION CONTROL EQUIPMENT WILL IMPROVE PUBLIC HEALTH BY
 2 PROVIDING AN INCENTIVE FOR EARLY COMPLIANCE WHEN POSSIBLE AND ULTIMATELY MAKING REGULATORY COMPLIANCE
 3 MORE AFFORDABLE; AND

4 WHEREAS, INCENTIVIZING ADVANCEMENTS AND INVESTMENTS IN CARBON SEQUESTRATION IS IMPORTANT TO
 5 THE FUTURE OF MONTANA'S ECONOMY AND CONSISTENT WITH THE GOALS IN MONTANA'S STATE ENERGY POLICY,
 6 INCLUDING EXPANDED TECHNOLOGICAL INNOVATION THROUGH ENHANCED OIL RECOVERY; AND

7 WHEREAS, THE LEGISLATURE OF THE STATE OF MONTANA FINDS THAT IT IS APPROPRIATE TO EXEMPT CERTAIN
 8 AIR AND WATER POLLUTION CONTROL AND CARBON CAPTURE EQUIPMENT FROM PROPERTY TAXATION AND REDUCE
 9 PROPERTY TAXES FOR CARBON TRANSPORTATION AND SEQUESTRATION EQUIPMENT FROM PROPERTY TAXES.

10

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

12

13 **Section 1.** Section 15-6-135, MCA, is amended to read:

14 **"15-6-135. Class five property -- description -- taxable percentage.** (1) Class five property includes:

15 (a) all property used and owned by cooperative rural electrical and cooperative rural telephone
 16 associations organized under the laws of Montana, except property owned by cooperative organizations
 17 described in 15-6-137(1)(a);

18 (b) air and water pollution control AND CARBON CAPTURE equipment as defined in this section;

19 (c) new industrial property as defined in this section;

20 (d) any personal or real property used primarily in the production of ethanol-blended gasoline during
 21 construction and for the first 3 years of its operation;

22 (e) all land and improvements and all personal property owned by a research and development firm,
 23 provided that the property is actively devoted to research and development;

24 (f) machinery and equipment used in electrolytic reduction facilities;

25 (g) all property used and owned by persons, firms, corporations, or other organizations that are engaged
 26 in the business of furnishing telecommunications services exclusively to rural areas or to rural areas and cities
 27 and towns of 1,200 permanent residents or less.

28 (2) (a) "Air and water pollution control AND CARBON CAPTURE equipment" means that portion of identifiable
 29 property, facilities, machinery, devices, or equipment certified as provided in subsections (2)(b) and (2)(c) and
 30 designed, constructed, under construction, or operated for removing, disposing, abating, treating, eliminating,

1 destroying, neutralizing, stabilizing, rendering inert, storing, or preventing the creation of air or water pollutants
 2 that, except for the use of the item, would be released to the environment. THIS INCLUDES MACHINERY, DEVICES,
 3 OR EQUIPMENT USED TO CAPTURE CARBON DIOXIDE OR OTHER GREENHOUSE GASES. Reduction in pollutants obtained
 4 through operational techniques without specific facilities, machinery, devices, or equipment is not eligible for
 5 certification under this section.

6 (b) Requests for certification must be made on forms available from the department of revenue.
 7 Certification may not be granted unless the applicant is in substantial compliance with all applicable rules, laws,
 8 orders, or permit conditions. Certification remains in effect only as long as substantial compliance continues.

9 (c) The department of environmental quality shall promulgate rules specifying procedures, including
 10 timeframes for certification application, and definitions necessary to identify air and water pollution control AND
 11 CARBON CAPTURE equipment for certification and compliance. The department of revenue shall promulgate rules
 12 pertaining to the valuation of qualifying air and water pollution control AND CARBON CAPTURE equipment. The
 13 department of environmental quality shall identify and track compliance in the use of certified air and water
 14 pollution control AND CARBON CAPTURE equipment and report continuous acts or patterns of noncompliance at a
 15 facility to the department of revenue. Casual or isolated incidents of noncompliance at a facility do not affect
 16 certification.

17 (D) TO QUALIFY FOR THE EXEMPTION UNDER SUBSECTION (5)(B), THE AIR AND WATER POLLUTION CONTROL AND
 18 CARBON CAPTURE EQUIPMENT MUST BE PLACED INTO SERVICE AFTER JANUARY 1, 2014, FOR THE PURPOSES OF
 19 ENVIRONMENTAL BENEFIT OR TO COMPLY WITH STATE OR FEDERAL POLLUTION CONTROL REGULATIONS. IF THE AIR OR
 20 WATER POLLUTION CONTROL AND CARBON CAPTURE EQUIPMENT ENHANCES THE PERFORMANCE OF EXISTING AIR AND
 21 WATER POLLUTION CONTROL AND CARBON CAPTURE EQUIPMENT, ONLY THE MARKET VALUE OF THE ENHANCEMENT IS
 22 SUBJECT TO THE EXEMPTION UNDER SUBSECTION (5)(B).

23 (E) EXCEPT AS PROVIDED IN SUBSECTION (2)(D), EQUIPMENT THAT DOES NOT QUALIFY FOR THE EXEMPTION
 24 UNDER SUBSECTION (5)(B) INCLUDES BUT IS NOT LIMITED TO EQUIPMENT PLACED INTO SERVICE TO MAINTAIN, REPLACE,
 25 OR REPAIR EQUIPMENT INSTALLED ON OR BEFORE JANUARY 1, 2014.

26 ~~(d)~~(F) A person may appeal the certification, classification, and valuation of the property to the state tax
 27 appeal board. Appeals on the property certification must name the department of environmental quality as the
 28 respondent, and appeals on the classification or valuation of the equipment must name the department of
 29 revenue as the respondent.

30 (3) (a) "New industrial property" means any new industrial plant, including land, buildings, machinery,

1 and fixtures, used by new industries during the first 3 years of their operation. The property may not have been
2 assessed within the state of Montana prior to July 1, 1961.

3 (b) New industrial property does not include:

4 (i) property used by retail or wholesale merchants, commercial services of any type, agriculture, trades,
5 or professions unless the business or profession meets the requirements of subsection (4)(b)(v);

6 (ii) a plant that will create adverse impact on existing state, county, or municipal services; or

7 (iii) property used or employed in an industrial plant that has been in operation in this state for 3 years
8 or longer.

9 (4) (a) "New industry" means any person, corporation, firm, partnership, association, or other group that
10 establishes a new plant in Montana for the operation of a new industrial endeavor, as distinguished from a mere
11 expansion, reorganization, or merger of an existing industry.

12 (b) New industry includes only those industries that:

13 (i) manufacture, mill, mine, produce, process, or fabricate materials;

14 (ii) do similar work, employing capital and labor, in which materials unserviceable in their natural state
15 are extracted, processed, or made fit for use or are substantially altered or treated so as to create commercial
16 products or materials;

17 (iii) engage in the mechanical or chemical transformation of materials or substances into new products
18 in the manner defined as manufacturing in the North American Industry Classification System Manual prepared
19 by the United States office of management and budget;

20 (iv) engage in the transportation, warehousing, or distribution of commercial products or materials if 50%
21 or more of an industry's gross sales or receipts are earned from outside the state; or

22 (v) earn 50% or more of their annual gross income from out-of-state sales.

23 (5) ~~Class (a) Except as provided in subsection (5)(b), class five property is taxed at 3% of its market~~
24 value.

25 (b) Air and water pollution control AND CARBON CAPTURE equipment placed in service after ~~December 31~~
26 JANUARY 1, 2014, AND THAT SATISFIES THE CRITERIA IN SUBSECTION (2)(D) is exempt from taxation FOR A PERIOD OF
27 10 YEARS FROM THE DATE OF CERTIFICATION, AFTER WHICH THE PROPERTY IS ASSESSED AT 100% OF ITS TAXABLE
28 VALUE."

29

30 **Section 2.** Section 15-6-158, MCA, is amended to read:

1 **"15-6-158. Class fifteen property -- description -- taxable percentage.** (1) Class fifteen property
2 includes:

3 (a) carbon dioxide pipelines certified by the department of environmental quality under 15-24-3112 for
4 the transportation of carbon dioxide for the purposes of sequestration or for use in closed-loop enhanced oil
5 recovery operations;

6 (b) qualified liquid pipelines certified by the department of environmental quality under 15-24-3112;

7 (c) carbon sequestration equipment;

8 (d) equipment used in closed-loop enhanced oil recovery operations; and

9 (e) all property of pipelines, including pumping and compression equipment, carrying products other than
10 carbon dioxide, that originate at facilities specified in 15-6-157(1), with at least 90% of the product carried by the
11 pipeline originating at facilities specified in 15-6-157(1) and terminating at an existing pipeline or facility.

12 (2) For the purposes of this section, the following definitions apply:

13 (a) "Carbon dioxide pipeline" means a pipeline that transports carbon dioxide from a plant or facility that
14 produces or captures carbon dioxide to a carbon sequestration point, including a closed-loop enhanced oil
15 recovery operation.

16 (b) "Carbon sequestration" means the long-term storage of carbon dioxide from a carbon dioxide pipeline
17 in geologic formations, including but not limited to deep saline formations, basalt or oil shale formations, depleted
18 oil and gas reservoirs, unminable coal beds, and closed-loop enhanced oil recovery operations.

19 (c) "Carbon sequestration equipment" means the equipment used for carbon ~~CAPTURE, TRANSPORTATION,~~
20 ~~AND~~ sequestration, including equipment used to inject carbon dioxide at the carbon sequestration point and
21 equipment used to retain carbon dioxide in the sequestration location.

22 (d) "Carbon sequestration point" means the location where the carbon dioxide is to be confined for
23 sequestration.

24 (e) "Closed-loop enhanced oil recovery operation" means all oil production equipment, as described in
25 15-6-138(1)(c), owned by an entity that owns or operates an operation that, after construction, installation, and
26 testing has been completed and the full enhanced oil recovery process has been commenced, injects carbon
27 dioxide to increase the amount of crude oil that can be recovered from a well and retains as much of the injected
28 carbon dioxide as practicable, but not less than 85% of the carbon dioxide injected each year absent catastrophic
29 or unforeseen occurrences.

30 (f) "Liquid pipeline" means a pipeline that is dedicated to using 90% of its pipeline capacity for

1 transporting fuel or methane gas from a coal gasification facility, biodiesel production facility, biogas production
2 facility, or ethanol production facility.

3 (g) "Plant or facility that produces or captures carbon dioxide" means a facility that produces a flow of
4 carbon dioxide that can be sequestered or used in a closed-loop enhanced oil recovery operation. This does not
5 include wells from which the primary product is carbon dioxide.

6 (3) Class fifteen property does not include a carbon dioxide pipeline, liquid pipeline, or closed-loop
7 enhanced oil recovery operation for which, during construction, the standard prevailing wages for heavy
8 construction, as provided in 18-2-414, were not paid during the construction phase.

9 (4) ~~Class (a) Except as provided in subsection (4)(b), class fifteen property is taxed at 3% of its market~~
10 ~~value.~~

11 ~~(b) Carbon sequestration equipment placed in service after December 31, 2013, is exempt~~
12 ~~from taxation if certified as provided in subsection (5):~~

13 ~~(B) CARBON SEQUESTRATION EQUIPMENT PLACED IN SERVICE AFTER JANUARY 1, 2014, THAT IS CERTIFIED AS~~
14 ~~PROVIDED IN SUBSECTION (5) AND THAT HAS A CURRENT GRANTED TAX ABATEMENT UNDER 15-24-3111 IS TAXED AT 1.5%~~
15 ~~OF ITS REDUCED MARKET VALUE DURING THE QUALIFYING PERIOD PROVIDED FOR IN 15-24-3111(7).~~

16 ~~(5) (A) REQUESTS FOR CERTIFICATION MUST BE MADE ON FORMS AVAILABLE FROM THE DEPARTMENT OF~~
17 ~~REVENUE. CERTIFICATION MAY NOT BE GRANTED UNLESS THE APPLICANT IS IN SUBSTANTIAL COMPLIANCE WITH ALL~~
18 ~~APPLICABLE RULES, LAWS, ORDERS, OR PERMIT CONDITIONS. CERTIFICATION REMAINS IN EFFECT ONLY AS LONG AS~~
19 ~~SUBSTANTIAL COMPLIANCE CONTINUES.~~

20 ~~(B) THE DEPARTMENT OF ENVIRONMENTAL QUALITY BOARD OF OIL AND GAS CONSERVATION SHALL PROMULGATE~~
21 ~~RULES SPECIFYING PROCEDURES, INCLUDING TIMEFRAMES FOR CERTIFICATION APPLICATION, AND DEFINITIONS~~
22 ~~NECESSARY TO IDENTIFY CARBON SEQUESTRATION EQUIPMENT FOR CERTIFICATION AND COMPLIANCE. THE DEPARTMENT~~
23 ~~OF REVENUE SHALL PROMULGATE RULES PERTAINING TO THE VALUATION OF CARBON SEQUESTRATION EQUIPMENT. THE~~
24 ~~DEPARTMENT OF ENVIRONMENTAL QUALITY BOARD OF OIL AND GAS CONSERVATION SHALL IDENTIFY AND TRACK~~
25 ~~COMPLIANCE IN THE USE OF CARBON SEQUESTRATION EQUIPMENT AND REPORT CONTINUOUS ACTS OR PATTERNS OF~~
26 ~~NONCOMPLIANCE AT A FACILITY TO THE DEPARTMENT OF REVENUE. CASUAL OR ISOLATED INCIDENTS OF NONCOMPLIANCE~~
27 ~~AT A FACILITY DO NOT AFFECT CERTIFICATION.~~

28 ~~(C) A PERSON MAY APPEAL THE CERTIFICATION, CLASSIFICATION, AND VALUATION OF THE PROPERTY TO THE~~
29 ~~STATE TAX APPEAL BOARD. APPEALS ON THE PROPERTY CERTIFICATION MUST NAME THE DEPARTMENT OF~~
30 ~~ENVIRONMENTAL QUALITY BOARD OF OIL AND GAS CONSERVATION AS THE RESPONDENT, AND APPEALS ON THE~~

1 CLASSIFICATION OR VALUATION OF THE EQUIPMENT MUST NAME THE DEPARTMENT OF REVENUE AS THE RESPONDENT."

2

3 **Section 3.** Section 15-6-219, MCA, is amended to read:

4 **"15-6-219. Personal and other property exemptions.** The following categories of property are exempt
5 from taxation:

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

7 (2) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily
8 hand-held and that are used to:

9 (a) construct, repair, and maintain improvements to real property; or

10 (b) repair and maintain machinery, equipment, appliances, or other personal property;

11 (3) all household goods and furniture, including but not limited to clocks, musical instruments, sewing
12 machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes
13 or for furnishing or equipping the family residence;

14 (4) a bicycle, as defined in 61-8-102, used by the owner for personal transportation purposes;

15 (5) items of personal property intended for rent or lease in the ordinary course of business if each item
16 of personal property satisfies all of the following:

17 (a) the acquired cost of the personal property is less than \$15,000;

18 (b) the personal property is owned by a business whose primary business income is from rental or lease
19 of personal property to individuals and no one customer of the business accounts for more than 10% of the total
20 rentals or leases during a calendar year; and

21 (c) the lease of the personal property is generally on an hourly, daily, weekly, semimonthly, or monthly
22 basis;

23 (6) space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture,
24 launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and
25 launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that
26 are directly used for space vehicle design, manufacture, launch, repair, and maintenance; ~~and~~

27 (7) a title plant owned by a title insurer or a title insurance producer, as those terms are defined in
28 33-25-105; AND

29 (8) air and water pollution control AND CARBON CAPTURE equipment, as defined in 15-6-135, placed in
30 service after ~~December 31~~ JANUARY 1, 2014; and

1 ~~_____ (9) carbon sequestration equipment, as defined in 15-6-158, placed in service after December 31~~
 2 ~~JANUARY 1, 2014."~~

3
 4 ~~_____ **Section 4.** Section 15-24-3111, MCA, is amended to read:~~

5 ~~_____ **"15-24-3111. Energy production or development -- tax abatement -- eligibility.** (1) A facility listed~~
 6 ~~in subsection (3), clean advanced coal research and development equipment, and renewable energy research~~
 7 ~~and development equipment may qualify for an abatement of property tax liability pursuant to this part.~~

8 ~~_____ (2) (a) If the abatement is granted for a facility listed in subsection (3), the qualifying facility must be~~
 9 ~~assessed at 50% of its taxable value for the qualifying period.~~

10 ~~_____ (b) If the abatement is granted for clean advanced coal research and development equipment or~~
 11 ~~renewable energy research and development equipment, the qualifying equipment, up to the first \$1 million of~~
 12 ~~the value of equipment at a facility, must be assessed at 50% of its taxable value for the qualifying period. There~~
 13 ~~is no abatement for any portion of the value of equipment at a facility in excess of \$1 million.~~

14 ~~_____ (c) The abatement applies to all mills levied against the qualifying facility or equipment.~~

15 ~~_____ (3) Subject to subsections (4) and (5), the following facilities or property may qualify for the abatement~~
 16 ~~allowed under this part:~~

17 ~~_____ (a) biodiesel production facilities;~~

18 ~~_____ (b) biogas production facilities;~~

19 ~~_____ (c) biomass gasification facilities;~~

20 ~~_____ (d) coal gasification facilities for which carbon dioxide from the coal gasification process is sequestered;~~

21 ~~_____ (e) ethanol production facilities;~~

22 ~~_____ (f) geothermal facilities;~~

23 ~~_____ (g) renewable energy manufacturing facilities;~~

24 ~~_____ (h) clean advanced coal research and development equipment and renewable energy research and~~
 25 ~~development equipment;~~

26 ~~_____ (i) a natural gas combined cycle facility that offsets a portion of the carbon dioxide produced through~~
 27 ~~carbon credit offsets;~~

28 ~~_____ (j) transmission lines and associated equipment and structures classified in 15-6-157;~~

29 ~~_____ (k) converter stations classified under 15-6-159;~~

30 ~~_____ (l) carbon sequestration equipment, as defined in 15-6-158, placed in service ON OR before January 1,~~

- 1 ~~2015-2014; and~~
- 2 ~~—— (m) pipelines classified under 15-6-158.~~
- 3 ~~—— (4) (a) In order to qualify for the abatement under this part, a facility listed in subsection (3) must meet~~
- 4 ~~the following requirements:~~
- 5 ~~—— (i) commencement of construction of the facility must occur after June 1, 2007; and~~
- 6 ~~—— (ii) the standard prevailing rate of wages for heavy construction, as provided in 18-2-414, must be paid~~
- 7 ~~during the construction phase of the facility.~~
- 8 ~~—— (b) In order to qualify for the abatement under this part, clean advanced coal research and development~~
- 9 ~~equipment and renewable energy research and development equipment must be placed into service after June~~
- 10 ~~30, 2007.~~
- 11 ~~—— (c) For the facility to qualify under subsection (3)(d), the carbon dioxide produced from the gasification~~
- 12 ~~process must be sequestered at a rate that is practically obtainable but may not be less than 65%.~~
- 13 ~~—— (d) Integrated gasification combined cycle facilities for which a permit under Title 75, chapter 2, is applied~~
- 14 ~~for after December 31, 2014, do not qualify under subsection (3)(d).~~
- 15 ~~—— (e) To qualify under subsection (3)(i), the facility shall offset carbon dioxide emissions by the percentage~~
- 16 ~~determined in 15-24-3116.~~
- 17 ~~—— (5) To qualify for an abatement, the facility or clean advanced coal research and development equipment~~
- 18 ~~and renewable energy research and development equipment must be certified as provided in 15-24-3112.~~
- 19 ~~—— (6) Upon termination of the qualifying period, the abatement ceases and the property for which the~~
- 20 ~~abatement had been granted must be assessed at 100% of its taxable value.~~
- 21 ~~—— (7) For the purposes of this section, "qualifying period" means the construction period and the first 15~~
- 22 ~~years after the facility commences operation or the clean advanced coal research and development equipment~~
- 23 ~~or renewable energy research and development equipment is purchased. The total time of the qualifying period~~
- 24 ~~may not exceed 19 years."~~

25

26 **NEW SECTION. SECTION 4. TRANSITION AFTER TERMINATION -- CARRYOVER OF ABATEMENT. (1) (A) AN**

27 **EXEMPTION OR PROPERTY TAX RATE REDUCTION THAT A TAXPAYER RECEIVES UNDER THE PROVISIONS OF LAW IN EFFECT**

28 **IN 15-6-135, 15-6-158, OR 15-6-219, PRIOR TO THE TERMINATION DATE IN [SECTION 7]:**

29 **(I) MAY BE CARRIED FORWARD FOR THE REMAINING NUMBER OF YEARS LEFT UNDER THE CERTIFICATION; AND**

30 **(II) IS NOT IMPAIRED BY [THIS ACT].**

1 (B) A TAXPAYER IS ENTITLED TO THE EXEMPTION OR PROPERTY TAX RATE REDUCTION FOR THE PERIOD OF TIME
2 ESTABLISHED IN THE SECTION AT THE TIME THE EXEMPTION OR PROPERTY TAX RATE REDUCTION WAS FIRST ALLOWED.

3 (2) THIS SECTION APPLIES TO ALL EXEMPTIONS AND PROPERTY TAX RATE REDUCTIONS THAT ARE REMOVED OR
4 REPEALED BY [SECTION 7], INCLUDING 15-6-135 FOR POLLUTION CONTROL EQUIPMENT AND 15-6-158 FOR CARBON
5 SEQUESTRATION.

6

7 NEW SECTION. Section 5. Effective date. [This act] is effective on passage and approval.

8

9 NEW SECTION. Section 6. Retroactive applicability. [This act] applies retroactively, within the
10 meaning of 1-2-109, to air and water pollution control AND CARBON CAPTURE equipment and carbon sequestration
11 equipment placed in service after ~~December 31~~ JANUARY 1, 2014.

12

13 NEW SECTION. SECTION 7. TERMINATION. [SECTIONS 1 THROUGH 3] TERMINATE DECEMBER 31, 2025.

14

- END -