



MONTANA
ADMINISTRATIVE
REGISTER



DEPARTMENT OF REVENUE

NOTICE OF PROPOSED RULEMAKING

MAR NOTICE NO. 2026-82.1

Summary

Amendment of ARM 42.21.155(4) and 42.22.1311(2) to correct the Industrial Machinery and Equipment Percent Good table (page 25) of the Personal Property Depreciation Schedules and Trend Tables adopted during the MAR Notice No. 2025-443 rulemaking process (effective January 1, 2026).

No Hearing Scheduled

If the agency receives requests for a public hearing on the proposed rulemaking from either 10 percent or 25, whichever is less, of the persons directly affected by the proposed rulemaking; from the appropriate administrative rule review committee of the Legislature; from a governmental subdivision or agency; or from an association having not less than 25 members who will be directly affected, a hearing will be held at a later date. Notice of the hearing will be published in the Montana Administrative Register.

The estimated number of persons directly affected by the proposed rulemaking is 350 based on the number of taxpayers who report the type of business equipment that the department values using the industrial table at issue. The number of hearing requests necessary for the department to conduct a public hearing shall be 25, which is less than ten percent of the number of persons affected.

Hearing Requests

If the persons directly affected by the proposed rulemaking wish to express their data, views, or arguments orally or in writing at a public hearing, they must make written request for a hearing

and submit this request to the department using the contact information below. Hearing requests must be received by Monday, May 11, 2026, at 5:00 p.m.

Comments

Comments may be submitted using the contact information below. Comments must be received by Monday, May 11, 2026, at 5:00 p.m.

Accommodations

The agency will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. Requests must be made by Friday, April 17, 2026, at 5:00 p.m.

Contact

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General Reasonable Necessity Statement

Shortly after the adoption of the rulemaking under MAR Notice No. 2025-443, the department became aware that a row of trended data (existing residual percent good for each economic life) in the Industrial Machinery and Equipment Percent Good Table, page 25 Personal Property Depreciation Schedules and Trend Table publication (page 26-27, of the proposed version)(the publication), was mistakenly replaced rather than being supplemented by an additional row of lesser percent good for the following year. The additional row was to be added to support increased functional obsolescence, as referenced in the second paragraph of the reasonable necessity statement for ARM 42.21.155 and 42.22.1311 in MAR Notice No. 2025-443.1. Accordingly, it is necessary for the department to correct the table in the publication.

Both the 2026 publication adopted under MAR No. 2025-443, and the proposed revised (i.e. v. 2) 2026 publication are available for review at <https://revenue.mt.gov/property/personal-property/#DepreciationSchedules>.

The department apologizes for the error and any confusion.

Rulemaking Actions

AMEND

The rules proposed to be amended are as follows, stricken matter interlined, new matter underlined:

42.21.155 PERSONAL PROPERTY CATEGORIES AND TRENDED DEPRECIATION METHODOLOGIES

- (1) The department has established eight categories of personal property for determination of trend factors and depreciation, and trended depreciation schedules of four, five, ten, fifteen, or twenty years have been assigned for each category based on its type and expected useful lifespan, as provided in (4). The equipment listings in (4) provide representative examples of property in a category and are not meant to be an exhaustive list.
- (2) Each trended depreciation schedule contains a residual trended percent good, designated as "older" in the final row of each schedule, which is applied to an item of personal property that exceeds the typical lifespan because personal property remains taxable until its disposal. The department may assign a lower residual trended percent good to reflect functional obsolescence for certain categories of equipment. The purpose of trended depreciation is to bring the cost of equipment acquired in a previous year to an approximate current cost before depreciating it.
- (3) Prior to January 1 of each year, the department will use cost index trends for equipment and depreciation percentages for furniture and fixtures from the previous July's edition of Marshall & Swift Valuation Service Guide (Marshall & Swift Guide) to calculate the trend factors and the trended percent good for the schedules in (4). The Marshall & Swift Guide is a widely recognized valuation authority which the department adopts and incorporates by reference. The Marshall & Swift Guide may be reviewed at the department's central office or purchased through Corelogic at <https://www.cotality.com/products/marshall-swift>.
 - (a) The trends from the Marshall & Swift Guide represent industry-wide national average changes in equipment costs - customarily increases - from the base year, 1926. Trends are typically greater than a value of one, but may be less than one.
 - (b) For trended depreciation schedules, the department calculates the year one trend for each schedule as the average trend of the first three quarters of the current year. The trend for each successive year is the final trend for that year.
 - (i) Using year one as the base year, the department calculates the changes in equipment costs - the trend factors - for each schedule in (4), as the quotient of the year one trend and any following year's trend.

- (ii) The department then uses the depreciation percentages from the Marshall & Swift Guide to calculate the "percent good" over the period of years that is typical for each property category. Trended percent good is then calculated as the product of the percent good and the trend factor for each year represented in a schedule.
- (4) The department shall post its trended depreciation schedules for the upcoming tax year for the categories of personal property described below on the department's website located at <https://www.revenue.mt.gov>. The department adopts and incorporates by reference its 2026 Personal Property Depreciation Schedules and Trend Tables publication (v. 2), effective ~~January 1, 2026~~ ([date of adoption]). The Depreciation Schedules and Trend Tables publication contains the detailed schedules and tables the department uses for valuing personal property and industrial machinery and equipment. The personal property categories and trended depreciation methodologies that apply to the Depreciation Schedules and Trend Tables publication are as follows:
 - (a) Computerized Equipment - a four-year depreciation and a residual percentage will be applied to computerized equipment such as computers, peripheral equipment that cannot function independently of a computer, computerized medical equipment, and gaming machines. The four-year depreciation schedule was developed and implemented after consultation with industry representatives; the trend factors are calculated from the office equipment category of the Marshall & Swift Guide.
 - (b) Office and Commercial Equipment - a five-year depreciation and a residual percentage will be applied to non-computerized equipment such as office equipment and furnishings, specialized medical equipment, janitorial equipment, coin-operated washers and dryers, beauty and barber shop equipment, tanning beds, furnishings for hotels, motels, rental apartments, rental homes, nursing home and other care facilities, and locally assessed cable tv dishes. The trend factors are calculated from the office equipment category of the Marshall & Swift Guide.
 - (c) Furniture, Fixtures, and Miscellaneous Equipment - a ten-year depreciation and a residual percentage will be applied to all other commercial furniture and fixtures such as handheld and non-handheld shop and construction tools and equipment, medical and dental chairs and tables, theater equipment, survey equipment, billboards and signage, garbage bins, coin-operated pool and other game tables, gas pumps, bar and restaurant equipment and furnishings, bowling alleys and equipment, excepting auto-scorers which have a four-year depreciation, photo and developing equipment, mortuary equipment, safes, security systems, port-a-potties, locally assessed cable tv towers, ski lift equipment including aerial lifts, surface lifts, portable lifts and tows including the towers, cables, ropes, sheave assemblies, the conveying

devices, power units, and all accessories. The trend factors are calculated from the average-of-all category of the Marshall & Swift Guide.

- (d) Seismograph Units and Allied Equipment - a five-year depreciation and a residual percentage will be applied to seismograph units and allied equipment. An 80 percent wholesale factor is used for wheeled seismograph units. The trend factors are calculated from the chemical industry category of the Marshall & Swift Guide.
- (e) Oil Drilling, Workover, and Service Rigs - a ten-year depreciation and a residual percentage will be applied to all oil drilling, workover, and service rigs. An 80 percent wholesale factor is applied to self-propelled wheeled workover and service rigs. The trend factors are calculated from the chemical industry category of the Marshall & Swift Guide.
- (f) Oil and Gas Field Machinery and Equipment - a fifteen-year depreciation and a residual percentage will be applied to oil and gas field machinery and equipment. The trend factors are calculated from the chemical industry category of the Marshall & Swift Guide.
- (g) Farm Machinery and Equipment - a twenty-year depreciation and a residual percentage will be applied to farm machinery and equipment. A 50 percent wholesale factor is applied. The trend factors are calculated from the average-of-all category of the Marshall & Swift Guide.
- (h) Heavy Equipment - a twenty-year depreciation and a residual percentage will be applied to heavy equipment. A 50 percent wholesale factor is applied. The trend factors are calculated from the contractor's equipment category of the Marshall & Swift Guide.

Authorizing statute(s): 15-1-201, 15-23-108, MCA

Implementing statute(s): 15-6-135, 15-6-138, 15-6-202, 15-6-207, 15-6-213, 15-6-219, 15-8-111, MCA

42.22.1311 INDUSTRIAL MACHINERY AND EQUIPMENT TREND FACTORS

- (1) Prior to January 1 of each year, the department calculates trend factors to value industrial machinery and equipment for ad valorem tax purposes pursuant to ARM 42.22.1306. The department uses annual cost indexes from the Marshall & Swift Guide described in ARM 42.21.155. The current index is divided by the annual index for each year to arrive at a trending factor. Each major industry has its own

trend factor table containing industry descriptions with the applicable trend table number and life expectancy. Where no index exists in the Marshall & Swift Guide for an industry, that industry is grouped with other industries using similar equipment. Industrial machinery and equipment remain taxable at the level of the final year of life expectancy until its disposal.

- (2) The department shall post its trend factor tables for industrial machinery and equipment for the upcoming tax year on the department's website located at <https://www.revenue.mt.gov>. The department adopts and incorporates by reference its 2026 Personal Property Depreciation Schedules and Trend Tables publication (v. 2), effective ~~January 1, 2026~~ ([date of adoption]). The Depreciation Schedules and Trend Tables publication contains the detailed schedules and tables the department uses for valuing personal property and industrial machinery and equipment.
- (3) Mining machinery and equipment is engaged in the extraction, excavation, burrowing, or otherwise freeing raw material from the earth. Mobile mining equipment moves under its own power or on its own wheels and chassis, including any attachments used with or attached to such equipment, but does not include equipment that requires a foundation for the performance of the function for which it was designed and built. Mobile mining equipment used for extraction is valued by using the procedures established for heavy equipment found in ARM 42.21.154 and 42.21.155.

Authorizing statute(s): 15-1-201, MCA

Implementing statute(s): 15-6-135, 15-6-138, 15-8-111, MCA

Small Business Impact

With regard to the small business impact analysis requirements of 2-4-111, MCA, as amended by HB 592 (2025), the department has analyzed the proposed rule amendments and the group or class of businesses directly affected by this rulemaking, and concludes no small businesses will be impacted by the correction described above. The department also refers property owners to the small business impact analysis in MAR Notice No. 2025-443 for additional information during this valuation cycle.

Documentation of the small business impact analysis is available upon request.

Bill Sponsor Notification

The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

Interested Persons

The Department of Revenue maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request, which includes the name and e-mail or mailing address of the person to receive notices and specifies that the person wishes to receive notice regarding particular subject matter or matters. Notices will be sent by e-mail unless a mailing preference is noted in the request. A written request may be sent to the contact person in this notice or may be made by completing a request form at any rules hearing held by the Department of Revenue.

Rule Reviewer

Todd Olson

Approval

Brendan Beatty, Director of Revenue