



DEPARTMENT OF REVENUE

NOTICE OF PROPOSED RULEMAKING

MAR NOTICE NO. 2026-476.1

Summary

Proposed amendment of ARM 42.5.201 and the proposed repeal of ARM 42.5.213 regarding electronic payments to the department

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 1,151 based on the number of taxpayers who paid their tax liability with cash or check in 2024. 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, February 23, 2026, at 5:00 p.m.

Comments

Comments may be submitted using the contact information below. Comments must be received by Monday, February 23, 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, January 30, 2026, at 5:00 p.m.

Contact

Todd Olson, Rule Reviewer - Department of Revenue, Legal Services Office
(406) 444-7905
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Rulemaking Actions

AMEND

The rule proposed to be amended is as follows, stricken matter interlined, new matter underlined:

42.5.201 ELECTRONIC PAYMENT

- (1) The department's ability to accept electronic payments is evolving. Taxpayers should check the department's web site at www.revenue.mt.gov to determine which types of electronic payments the department will accept and the electronic submission options available.
- (2) A taxpayer with a tax liability of ~~\$500,000~~\$50,000 or greater must make payment to the department by electronic funds transfer. If a check, draft, or similar paper instrument is received in the amount of ~~\$500,000~~\$50,000 or greater, it shall constitute nonpayment and be returned to the taxpayer. Applicable late payment penalties and interest shall be applied until such time as the payment is remitted by electronic funds transfer, as required by 15-1-802, MCA.
- (3) If the department does not receive the funds submitted via an electronic funds transfer by the payment submission due date, the department shall assess any applicable penalties and interest as required by 15-1-216, MCA.

(4) The following information must be included with any electronic payment:

- (a) name and tax identification number of the taxpayer;
- (b) type of tax or taxes being paid;
- (c) amount of each type of tax being paid; and
- (d) any additional information necessary to process the type of electronic payment being made and to identify the taxpayer and account to which the payment is to be applied.

(5) ~~In cases of an emergency, a taxpayer that would be required to transmit funds electronically may apply for an exception as provided in ARM 42.5.213. The department may, in its discretion, allow a taxpayer with a tax liability of \$50,000 or greater to submit payment in an alternative form of a check, draft, or similar paper instrument.~~

- (a) Requests for an alternative payment method must be submitted to the department in writing at least 30 days prior to the payment due date and include substantiation in support of the request.
- (b) If a taxpayer makes multiple payments to the department within a tax year, the department may approve a single request that will apply to all payments for that tax year.
- (c) An approved alternative payment method may be renewed for subsequent tax years if the taxpayer and the request continue to comply with (5).

(6) Alternative payment exception requests may be mailed to the department at P.O. Box 5805 Helena, Montana 59604-5805 or submitted via email to DORCPM@mt.gov.

Authorizing statute(s): 15-1-803, MCA

Implementing statute(s): 15-1-216, 15-1-231, 15-1-801, 15-1-802, 15-1-803, 15-30-2510, 30-18-117, 32-6-103, MCA

Reasonable Necessity Statement

The department proposes to amend ARM 42.5.201 primarily to align Montana's tax payment regulations with SB 54 amendments to 15-1-802 and 15-1-803, MCA. SB 54 was requested by the department and enacted by the 2025 Montana Legislature. SB 54 lowered the threshold for mandatory electronic funds transfers (EFTs) from \$500,000 to \$50,000, improved clarity of the

law, and supports the department's continued efforts to streamline electronic payment processes with flexibility for taxpayers.

Other proposed amendments to ARM 42.5.201 reflect the department's review of ARM 42.5.213 and the desire to consolidate ARM 42.5.213(3) and (4) into ARM 42.5.201, and repeal ARM 42.5.213 because the content does not support two independent rules and ARM 42.5.213(1) and (2) are contradictory, confusing to taxpayers, and have been superseded by SB 54.

In proposed ARM 42.5.201(5) and (6), the department also provides a basic process and criteria for electronic submission of alternate payment requests which is consistent with SB 54 and other electronic payment processing efforts in this rulemaking. The department believes this framework provides necessary oversight without creating an administrative burden for taxpayers.

REPEAL

The rule proposed to be repealed is as follows:

42.5.213 BACKUP SITUATION

Authorizing statute(s): 15-30-2620, MCA

Implementing statute(s): 15-1-802, 15-30-2510, MCA

Reasonable Necessity Statement

The department incorporates the statement of reasonable necessity for the proposed amendments to ARM 42.5.201 as the statement of reasonable necessity for the repeal of ARM 42.5.213.

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 rulemaking and the groups or class of businesses directly affected by this rulemaking if they meet the definition of a small business under 2-4-102(13), MCA.

The department contends that any direct small business impact does not arise from the proposed rulemaking but from the legislature's enactment of SB 54 and the transfer of rule content from ARM 42.5.213 to ARM 42.5.201 does not create any new requirements.

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

Bill Sponsor Notification

The primary bill sponsor of Senate Bill 54 was contacted by electronic mail on October 21, 2025, and again on January 6, 2026. The department received no comments from the bill sponsor to incorporate into the proposal notice.

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 mailed or delivered 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