

BEFORE THE DEPARTMENT OF REVENUE  
OF THE STATE OF MONTANA

In the matter of the amendment of	)	NOTICE OF PUBLIC HEARING ON
ARM 42.21.155, 42.22.1311, and	)	PROPOSED AMENDMENT AND
42.22.1313, and the repeal of ARM	)	REPEAL
42.22.1304, 42.22.1307, 42.22.1308,	)	
42.22.1310, 42.22.1312, and	)	
42.22.1315 pertaining to trended	)	
depreciation schedules for valuing	)	
personal property	)	

TO: All Concerned Persons

1. On November 16, 2020, at 10:00 a.m., the Department of Revenue will hold a public hearing via remote conferencing to consider the proposed amendment and repeal of the above-stated rules. Interested persons may access the public hearing in the following ways:

- (a) Join Zoom Meeting: <https://mt-gov.zoom.us/j/91862320173>, Meeting ID: 918 6232 0173;
- (b) Dial by Telephone: +1.406.444.9999 or +1.646.558.8656, Meeting ID: 918 6232 0173;
- (c) Join by SIP: [91862320173@zoomcrc.com](mailto:91862320173@zoomcrc.com);
- (d) Join by H.323 (Polycom): 162.255.37.11## 91862320173; or
- (e) Join by Skype for Business: <https://mt-gov.zoom.us/skype/91862320173>.

2. The Department of Revenue will make reasonable accommodations for persons with disabilities who wish to participate in this public hearing or need an alternative accessible format of this notice. If you require an accommodation, please advise the department of the nature of the accommodation needed, no later than 5 p.m. on October 30, 2020. Please contact Todd Olson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or [todd.olson@mt.gov](mailto:todd.olson@mt.gov).

3. GENERAL STATEMENT OF REASONABLE NECESSITY. The department adopted rulemaking under MAR Notice Nos. 42-2-999 and 42-1007, which consolidated rules and made other improvements to the rules regarding valuing personal property and industrial machinery and equipment: ARM 42.21.154, 42.21.155, and 42.22.1311. At the same time, the department transferred several pages of depreciation schedules and trend tables from the administrative rules to a web-based Personal Property Depreciation Schedules and Trend Tables publication (publication), which is adopted and incorporated by reference in ARM 42.21.155 and 42.22.1311. The publication, located within the department's website at <http://www.mtrevenue.gov>, is updated annually effective January 1 and is subject to the agency's public rulemaking process governed by the Montana Administrative Procedure Act.

In this notice, the department proposes to amend ARM 42.21.155 and ARM

42.22.1311 to update the publication authority to the 2021 version because personal property and industrial machinery and equipment depreciation and trend factoring data in the department's valuation manuals and guides have changed since last year and it is necessary to update the publication. The department also proposes to make corrections to the table headings for the "Trend-Up Chart for all Personal Property except Heavy Equipment" and the "Trend-Down Chart for all Personal Property except Heavy Equipment," found on pages 7 through 12, because they are only applicable to farm machinery and equipment.

Both the 2020 publication and the department's proposed 2021 publication are available for review at the department's website listed above.

The department also proposes additional amendments to ARM 42.22.1313 to remove all Montana Appraisal Manual references as the department determined the manual's content is outdated and the practices referenced in the manual are obsolete. The Montana Appraisal Manual is no longer used by the department.

Lastly, the department proposes to repeal the above-described Chapter 22, subchapter 13 rules because the rule content has either been transferred to other rules or rendered obsolete as a part of the department's rulemaking efforts described in the first paragraph of this General Statement of Reasonable Necessity.

4. The rules as proposed to be amended provide as follows, new matter underlined, deleted matter interlined:

42.21.155 PERSONAL PROPERTY CATEGORIES AND TRENDED DEPRECIATION METHODOLOGIES (1) through (3) remain the same.

(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 internet website located at <http://www.mtrevenue.gov>. The department adopts and incorporates by reference its ~~2020~~ 2021 Personal Property Depreciation Schedules and Trend Tables publication, effective January 1, ~~2020~~ 2021. 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) through (h) remain the same.

AUTH: 15-1-201, 15-23-108, MCA

IMP: 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) remains the same.

(2) The department shall post its trend factor tables for industrial machinery and equipment for the upcoming tax year on the department's internet website located at <http://www.mtrevenue.gov>. The department adopts and incorporates by reference its ~~2020~~ 2021 Personal Property Depreciation Schedules and Trend Tables publication, effective January 1, ~~2020~~ 2021. 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) remains the same.

AUTH: 15-1-201, MCA

IMP: 15-6-135, 15-6-138, 15-8-111, MCA

42.22.1313 ASSESSMENT OF GRAIN, SEED, AND FERTILIZER STORAGE FACILITIES (1) through (4) remain the same.

(5) All property described in (1) and (2) shall be valued according to the reappraisal cycle established for other class four property in 15-7-103, MCA. The department will determine market value considering the cost approach, sales comparison approach, and income approach. When using the cost approach, a separate age/life schedule will be applied to the product handling portion of the facility to reflect physical depreciation and functional obsolescence. Economic obsolescence will be addressed on a case by case basis. Cost data used in developing the cost approach for property included in this rule is found in the Marshall & Swift Valuation Service Guide, adopted and incorporated by reference in ARM 42.21.155 and/or Montana Appraisal Manual.

~~(6) Mobile equipment used in conjunction with the facilities described in this rule shall be valued in accordance with ARM 42.21.131.~~

~~(7) Other equipment not meeting the requirements of (2) shall be valued and assessed in accordance with ARM 42.22.1306.~~

AUTH: 15-1-201, MCA

IMP: 15-6-134, 15-6-138, 15-7-103, 15-8-111, MCA

5. The department proposes to repeal the following rules:

42.22.1304 VALUATION OF INDUSTRIAL IMPROVEMENTS

AUTH: 15-1-201, MCA

IMP: 15-6-134, MCA

42.22.1307 TREND FACTORS

AUTH: 15-1-201, MCA

IMP: 15-8-111, MCA

42.22.1308 DEPRECIATION SCHEDULES

AUTH: 15-1-201, MCA

IMP: 15-8-111, MCA

42.22.1310 ISSUANCE OF DEPRECIATION AND TRENDING SCHEDULES

AUTH: 15-1-201, MCA  
IMP: 15-8-111, MCA

42.22.1312 INDUSTRIAL MACHINERY AND EQUIPMENT DEPRECIATION  
SCHEDULE

AUTH: 15-1-201, MCA  
IMP: 15-6-135, 15-6-138, 15-6-156, 15-6-157, 15-6-158, 15-8-111, MCA

42.22.1315 INDUSTRIAL PROPERTY REAPPRAISAL

AUTH: 15-1-201, 15-7-111, MCA  
IMP: 15-7-111, MCA

6. Concerned persons may submit their data, views, or arguments, either orally or in writing, at the hearing. Written data, views, or arguments may also be submitted to: Todd Olson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or e-mail [todd.olson@mt.gov](mailto:todd.olson@mt.gov) and must be received no later than 5:00 p.m., November 23, 2020.

7. Todd Olson, Department of Revenue, Director's Office, has been designated to preside over and conduct the hearing.

8. 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 person in number 6 above or faxed to the office at (406) 444-3696, or may be made by completing a request form at any rules hearing held by the Department of Revenue.

9. An electronic copy of this notice is available on the department's web site at [www.mtrevenue.gov](http://www.mtrevenue.gov), or through the Secretary of State's web site at [sosmt.gov/ARM/register](http://sosmt.gov/ARM/register).

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

11. With regard to the requirements of 2-4-111, MCA, the department has determined that the amendment and repeal of the above-referenced rules will not significantly and directly impact small businesses.

/s/ Todd Olson  
Todd Olson  
Rule Reviewer

/s/ Gene Walborn  
Gene Walborn  
Director of Revenue

Certified to the Secretary of State October 13, 2020.