



ADMINISTRATIVE RULES OF MONTANA



42.22.110 DEDUCTIONS FOR INTANGIBLE PERSONAL PROPERTY

- (1) Cost, income, and market indicators can generally be expected to include the value of intangible personal property. To the extent that each unit valuation indicator includes the value of intangible personal property it shall not be relied upon unless such value of the intangible personal property is excluded or removed.
- (2) The department recognizes that the following percentages may not necessarily provide a taxpayer-specific measurement of intangible personal property. However, accurately quantifying the value of intangible personal property is difficult and subject to controversy and litigation which would not clarify the issues for future appraisals. The percentages are a good faith effort to comply with the rulemaking requirements of 15-6-218, MCA, in a manner that is timely and efficient for both the taxpayers and the department.
 - (a) Subject to the provisions of (3), intangible personal property shall be removed from the cost indicator by using the following percentages:
 - (i) Airlines 10%
 - (ii) Pipelines 5%
 - (iii) Electric cooperatives 5%
 - (iv) Telephone cooperatives 5%
 - (v) Electric utilities 10%
 - (vi) Telecommunications 15%
 - (b) Subject to the provisions of (3), intangible personal property shall be removed from the income indicator by using the following percentages:
 - (i) Airlines 10%
 - (ii) Pipelines 5%
 - (iii) Electric cooperatives 5%
 - (iv) Telephone cooperatives 5%
 - (v) Electric utilities 10%
 - (vi) Telecommunications 15%
 - (c) Subject to the provisions of (3), intangible personal property shall be removed from the market indicator by using the following percentages:

- (i) Airlines 10%
 - (ii) Pipelines 5%
 - (iii) Electric cooperatives 5%
 - (iv) Telephone cooperatives 5%
 - (v) Electric utilities 10%
 - (vi) Telecommunications 15%
- (d) For railroads assessed according to the provisions of 15-23-205, MCA, exempt intangible personal property, which shall be deducted from the railroad system value, is equal to 5 percent of the system value. If a railroad is not assessed pursuant to 15-23-205, MCA, but assessed using cost, income and market indicators to value, 5 percent of the value determined by each indicator shall be removed to reflect the value of intangible personal property in each indicator subject to the provisions of (3).
- (3) If any taxpayer believes that the value of its intangible personal property is greater than that allowed under (2), the taxpayer may propose alternative methodology or information at any time during the appraisal process and the department will give it full and fair consideration. If the department concludes that the value of intangible personal property is greater than that allowed in (2), the unit value will be decreased accordingly. In no event, however, will the value of intangible personal property be less than that allowed in (2).
- (4) A taxpayer may, at any time, make recommendations to the department, regarding the percentages in (2)(a), (b), or (c).

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

Implementing statute(s): 15-6-218, 15-23-205, 15-23-303, MCA

History: NEW, 2000 MAR p. 872, Eff. 3/31/00; AMD, 2010 MAR p. 2993, Eff. 12/24/10; AMD, 2014 MAR p. 2175, Eff. 9/19/14.