



ADMINISTRATIVE RULES OF MONTANA



42.22.101 DEFINITIONS

The following definitions apply to this chapter:

- (1) "Airline" means a company engaged in scheduled air commerce.
- (2) "Allocation" is the term used to describe the assignment of a part of the unit valuation to Montana.
- (3) "Apportionment" is the term used to describe the assignment of an allocated valuation to the proper taxing jurisdiction in this state.
- (4) "Beneficial use" as it relates to electric energy producers is defined as the use of tax exempt power transmission lines having a capacity of at least 500 kv. for bulk power transfers.
- (5) "Book depreciation" shall be determined by the department by using information that most accurately reflects the depreciation cost of the Montana property being assessed. This information may be gathered from documentation such as regulatory filings, independently audited financial statements, or other reliable and recognized sources.
- (6) "Bulk power transfers" means transfers made by taxable electrical energy producers.
- (7) "Correlate" as used in the unit method of valuation, is the blending of the indicator(s) of value that are available to the appraiser into one unit value with no specific weight applied to any indicator.
- (8) "Depreciation," when used in the unit method of valuation, shall represent a reduction in value of a property as a result of physical deterioration. In addition it may represent an increase or decrease in value resulting from economic conditions or changes in utility.
- (9) "Equivalent car count" is equal to the total number of miles a railcar travels in Montana annually, divided by the product of Montana miles per day, multiplied by the number of days in a year.
- (10) "Installed cost" is the original cost of operating property adjusted for any additions, changes, transfers, retirements, etc., excluding depreciation.
- (11) "Market value" is the exchange value of a property in a competitive market.
- (12) "Montana miles per day" equals the following for tax year 2004 and subsequent tax years:
 - (a) for flat, box, gondola, and coal gondola railcars, when reported by specific railcar type, 450 miles;
 - (b) for all other railcars, 250 miles; or
 - (c) the number established by means of a speed study as described in (25).

- (13) "New aircraft" means aircraft manufactured in the preceding calendar year, or aircraft which have not been previously registered except by the manufacturer of the aircraft.
- (14) "Nonoperating property" is all property owned or leased from others which is not a necessary part of a centrally assessed company's intercounty or interstate business.
- (15) "Operating property" is all real and personal property, owned, leased, or used, which is reasonable and necessary to the maintenance and operation of a centrally assessed company's interstate or inter-county business.
- (16) "Other associated property" includes appurtenant land and improvements and personal property that are normally operated together to produce electric power as defined in the code of federal regulations as published in Title 18, CFR, Ch. 1 (4-1-99), pt. 1.
- (17) "Property leased from others" is property leased by a centrally assessed company and used in the interstate or inter-county business operations.
- (18) "Property leased to others" is property owned by a centrally assessed company which is leased out.
- (19) "Related services" for property tax purposes, means the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing or making available information via telecommunications through, but not limited to operator and information services, directory assistance, call waiting, call forwarding, caller ID, call rejection, last call return, priority call, speed calling, three-way calling, voice messaging, continuous redial, and line blocking.
- (20) "Right-of-way" shall be the land beneath and adjacent to a continuous property which is needed for safe passage and maintenance of the property.
- (21) "Rolling stock" includes but is not limited to all locomotives, passenger cars, dining cars, express cars, mail cars, baggage cars, grain cars, box cars, cattle cars, coal cars, flat cars, wrecking cars, special purpose cars, track repair, and construction cars, and all other cars used by a railroad or railroad car company.
- (22) "Situs property for a centrally assessed company," other than a railroad, is operating property that is not part of a transmission or distribution system, rolling stock or airplanes, or by nature is immovable.
 - (a) Situs property includes but is not limited to:
 - (i) buildings;
 - (ii) dams;
 - (iii) powerhouses;
 - (iv) depots;
 - (v) stations;
 - (vi) shops;
 - (vii) furniture;
 - (viii) fixtures;
 - (ix) tools;

- (x) substations;
 - (xi) electronic switching equipment;
 - (xii) machinery;
 - (xiii) meters;
 - (xiv) transformers; and
 - (xv) operating lands not in the right-of-way.
- (b) Situs property does not include:
- (i) automobiles;
 - (ii) trucks; and
 - (iii) special mobile equipment (as defined in 61-1-104, MCA) upon which property taxes or fees in lieu of property tax have been assessed and paid.
- (23) "Situs property for a centrally assessed railroad" is all operating property used by the railroad that is by its nature located at a specific site, not part of the roadway, track structure, rails, roadbed or right-of-way, not rolling stock, and not signals or signal systems, such as computerized traffic control, and computerized traffic control (CTC) buildings.
- (a) By way of illustration but not limitation, situs property of a railroad includes:
- (i) all operating land located outside the right-of-way;
 - (ii) depots, stations, microwave and radio sites and towers;
 - (iii) telecommunications equipment not specifically excluded;
 - (iv) all shops and buildings not specifically identified elsewhere;
 - (v) permanent fixed improvements, such as parking lots and parking structures, and all associated costs of grading and improvements at the location;
 - (vi) construction work in progress associated with situs property; and
 - (vii) furniture and fixtures, materials and supplies, and machinery and equipment which are not moved or movable in the ordinary course of railroad operations.
- (b) By way of illustration but not limitation, situs property of a railroad does not include:
- (i) railroad signaling and switching structures, equipment, and devices;
 - (ii) ballast, grading, and construction work in progress associated with the track or roadbed;
 - (iii) machinery and equipment normally used to repair track; and
 - (iv) automobiles, trucks, and special mobile equipment (as defined in 61-1-104, MCA) upon which property taxes or fees in lieu of property tax have been assessed and paid.
- (c) Situs property for a railroad normally consists of property in the following accounts in Schedules 330 and 200 of the Annual Report R1 to the surface transportation board:
- (i) Schedule 330

Line No. Account No.

11 16 station and office buildings

12 17 roadway buildings

13 18 water station

14 19 fuel stations

15 20 shops and engine houses

16 22 storage warehouses

17 23 wharves and docks

18 24 coal and ore wharves

19 25 tofc/cofc terminals

22 29 power plants

24 35 miscellaneous structures

27 44 shop machinery

28 45 power plant machinery

38 59 comp. systems and word proc. equipment

(ii) Schedule 200

Line No. Account No.

12 712 materials and supplies

- (d) Situs property for a railroad normally consists of a portion of the property in the following accounts in Schedule 330 of the Annual Report R1 to the surface transportation board:

(i) Schedule 330

Line No. Account No.

1 2 land for transportation purposes

2 3 grading
10 13 fences, snowsheds, and signs
20 26 communication systems
23 31 power-transmission systems
25 37 roadway machines
26 39 public improvements-construction
29 other
37 58 miscellaneous equipment
42 90 construction work in progress

- (24) "Speed" means the Montana miles per day.
- (25) "Speed study" means a statistically valid sampling of railcar movement in Montana designed to establish the average number of miles that a railcar company's railcars travel in Montana per day for tax year 2004 and subsequent tax years.
- (26) "Taxable period" refers to the entire period of the immediate preceding calendar year. All operations of a centrally assessed company during a taxable period are assessed during the immediate following calendar year.
- (27) "Taxing units" are counties, municipalities, school districts, and other special districts.
- (28) "Telecommunications" means the transmission of information between or among points specified by the user.
- (29) "Telecommunications service provider" means a telecommunication services company or a person providing retail telecommunication services as provided in 15-53-129, MCA.
- (30) "Unit method of valuation" is a method for determining the market value of a centrally assessed company. This involves appraising, as a going concern and as a single entity, the entire unit, wherever located, then deducting the intangible personal property value and then ascertaining the part thereof in this state. The resulting value is referred to as the state allocated value.
- (31) "Unit or system value" is the value of all tangible and intangible property that is reasonable and necessary to the maintenance and operation of a centrally assessed company's interstate or inter-county business.
- (32) "Unit valuation or centrally assessed appraiser" means a person who has completed the necessary training and is certified to appraise centrally assessed properties in Montana.
- (33) "Wire miles" means, but is not limited to, route miles or fiber miles.

Implementing statute(s): 15-6-135, 15-6-137, 15-6-141, 15-6-156, 15-6-157, 15-6-158, 15-6-159, 15-23-101, 15-23-211, 15-23-213, MCA

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