

HOUSE BILL NO. \_\_\_\_\_

INTRODUCED BY \_\_\_\_\_

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE TAXATION OF TELECOMMUNICATIONS SERVICES COMPANIES TAXED AS CLASS THIRTEEN PROPERTY; AMENDING SECTIONS 15-6-218 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

WHEREAS, Section 15-6-218, MCA, exempts intangible personal property from taxation;

WHEREAS, Section 15-6-218(2)(b), MCA, broadly exempts goodwill as a subclass of intangible personal property;

WHEREAS, clarification of the exemption for goodwill would benefit taxpayers and reduce the possibility of litigation between taxpayers and the Department of Revenue;

NOW THEREFORE, the Montana Legislature clarifies the application of the exemption from taxation as it applies to goodwill.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 15-6-218 is amended to read:

**"15-6-218. Intangible personal property exemption.** (1) Intangible personal property is exempt from taxation.

(2) For the purposes of this section, "intangible personal property" means personal property that is not tangible personal property and that:

(a) has no intrinsic value but is the representative or evidence of value, including but not limited to certificates of stock, bonds, promissory notes, licenses, copyrights, patents, trademarks, contracts, software, and franchises; or

(b) lacks physical existence, including but not limited to goodwill.

(3) To the extent that the unit value of centrally assessed property includes intangible personal property, that value must be removed from the unit value. For taxpayers that are United States Securities and Exchange Commission (SEC) registrants, the value of goodwill removed from the unit value of centrally assessed property shall equal the goodwill included in the annual report (Form 10-K) the taxpayer has most recently filed with the SEC.

NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

NEW SECTION. **Section 3. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to property tax years beginning after December 31, 2016.