

SENATE BILL NO. 1

INTRODUCED BY J. ESSMANN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING TAX INCENTIVES FOR THE DEVELOPMENT OF NEW

5 TECHNOLOGY ENERGY RESOURCES; PROVIDING PROPERTY TAX ABATEMENTS FOR NEW

6 ENERGY-RELATED PROPERTY; REVISING CLASS FOURTEEN PROPERTY TO INCLUDE TAXATION OF

7 CERTAIN NEW TECHNOLOGY FACILITIES AND TRANSMISSION LINES; CREATING A NEW CLASS OF

8 PROPERTY TAXES FOR CERTAIN PIPELINES; CREATING A NEW CLASS OF PROPERTY FOR CERTAIN

9 DIRECT-CURRENT CONVERTER STATION PROPERTY; ESTABLISHING A 20-YEAR PARTIAL TAX

10 ABATEMENT FOR COAL PRODUCED FOR CERTAIN NEW TECHNOLOGY FACILITIES; AMENDING

11 SECTIONS 15-6-141, 15-6-157, AND 15-35-103, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE

12 AND APPLICABILITY DATES."

13

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

15

16 NEW SECTION. **Section 1. Short title.** [Sections 1 through 6] may be cited as the "Generating Jobs

17 for Montana Act".

18

19 NEW SECTION. **Section 2. Policy.** It is the policy of the state of Montana that the tax classifications,

20 rates, and abatements in [sections 1 through 8] and amendments made by [this act in 15-6-141 and 15-6-157]

21 are to be strictly limited to new investments that qualify under the standards established in [sections 1 through

22 8] and amendments made by [this act in 15-6-141 and 15-6-157]. The provisions of [sections 1 through 8] and

23 amendments made by [this act in 15-6-141 and 15-6-157] do not apply to any previously existing properties or

24 to any new investments or property that does not qualify under [sections 1 through 8] and amendments made

25 by [this act in 15-6-141 and 15-6-157]. It is also the policy of the state of Montana that the classifications, rates,

26 and abatements in [sections 1 through 8] and amendments made by [this act in 15-6-141 and 15-6-157] are to

27 encourage investment in energy development that is consistent with maintaining a clean and healthful

28 environment and that may not otherwise occur without [sections 1 through 8] and amendments made by [this act

29 in 15-6-141 and 15-6-157]. [Sections 1 through 8] and amendments made by [this act in 15-6-141 and 15-6-157]

30 are not to be interpreted as a precedent for reducing the taxation of any other property in the state or for affecting

1 the use of any property valuation method for tax purposes established under law to meet the standards of the
2 Montana constitution and law. The department of environmental quality and the department of revenue are
3 directed to administer and interpret [sections 1 through 8] and amendments made by [this act in 15-6-141 and
4 15-6-157] strictly in accordance with this policy. Any ambiguities in [sections 1 through 8] and amendments made
5 by [this act in 15-6-141 and 15-6-157] are to be resolved in favor of the strict reading of this policy.

6
7 **NEW SECTION. Section 3. Definitions.** As used in [sections 1 through 6], unless the context requires
8 otherwise, the following definitions apply:

9 (1) "Biodiesel" has the meaning provided in 15-70-301.

10 (2) "Biodiesel production facility" means improvements and personal property used for the production
11 and onsite storage of biodiesel.

12 (3) "Biogas" means methane gas produced through controlled biochemical processes in which bacteria
13 digest animal, municipal, or other organic wastes in an oxygen-free environment. The term includes naturally
14 occurring methane gas formed underground in landfills.

15 (4) "Biogas production facility" means improvements and personal property used for the production of
16 biogas and the generation of electricity at the facility.

17 (5) "Biomass" means any renewable organic matter, including dedicated energy crops and trees,
18 agricultural food and feed crops, agricultural crop wastes and residues, wood wastes and residues, aquatic
19 plants, animal wastes, municipal wastes, and other organic waste materials.

20 (6) "Biomass gasification" means a technology that uses a thermochemical process to convert biomass
21 into a low-Btu or medium-Btu gas for the purpose of producing electricity, methane gas, transportation fuels, or
22 chemicals. The technology includes the pretreatment of biomass feedstock involving drying, pulverizing, and
23 screening.

24 (7) "Biomass gasification facility" means improvements and personal property used for the production
25 of fuel or chemicals and the generation of electricity from biomass at the facility.

26 (8) "Carbon sequestration" means the long-term storage of carbon dioxide in geologic formations,
27 including but not limited to deep saline formations, basalt or oil shale formations, depleted oil and gas reservoirs,
28 unmineable coal beds, and closed-loop enhanced oil recovery operations.

29 (9) "Clean advanced coal research and development equipment" means equipment used primarily for
30 research and development of emerging methods for pollution control, carbon capture, and carbon sequestration.

1 The term includes equipment used for research and development of effective and efficient removal of various
2 pollutants and the capture, storage, transportation, compression, and injection of carbon dioxide from coal
3 combustion utility and industrial facilities and advanced coal conversion facilities.

4 (10) "Coal gasification" means a process that converts coal into a synthesis gas composed of carbon
5 monoxide, hydrogen, and other gases. The coal gasification process includes the reaction of coal feedstock,
6 prepared in either a dry or slurried form, with steam and oxygen at high temperature and pressure in a reducing
7 atmosphere. The synthesis gas is then used to produce electricity, liquid fuels, methane gas, or chemicals.

8 (11) "Coal gasification facility" means improvements and personal property used for coal gasification that
9 is used for the production of fuel or chemicals or the generation of electricity, or any combination of those things,
10 at the facility. The term includes a coal-to-liquid facility or an integrated gasification combined cycle facility.

11 (12) (a) "Coal-to-liquid facility" means improvements and personal property used for the production of
12 synthetic liquid fuels from coal. The term includes a facility that may use the Fischer-Tropsch process, or other
13 processes, to convert synthesis gas produced by coal gasification into liquid fuel.

14 (b) For purposes of subsection (12)(a), "Fisher-Tropsch process" means the synthesis of hydrocarbons
15 and, to a lesser extent, of aliphatic oxygenated compounds by the catalytic hydrogenation of carbon monoxide.

16 (13) "Commencement of construction" means initiation of onsite fabrication, erection, or installation of,
17 but not limited to, the following:

18 (a) building supports or foundations;

19 (b) laying of underground pipework; or

20 (c) construction of storage structures.

21 (14) "Ethanol" means nominally anhydrous ethyl alcohol that has been denatured as specified in 27 CFR,
22 parts 20 and 21, and that meets the standards for ethanol adopted pursuant to 82-15-103.

23 (15) "Ethanol production facility" means improvements and personal property used for the production and
24 onsite storage of ethanol made from cellulose or other nonfoodstuff materials.

25 (16) "Geothermal facility" means improvements and personal property used for the production of
26 electricity from geothermal sources.

27 (17) (a) "Integrated gasification combined cycle facility" means improvements and personal property of
28 an electrical generation facility that uses a coal gasification process and routes synthesis gas to a combustion
29 turbine to generate electricity and captures the heat from the combustion to drive a steam turbine to produce
30 more electricity. The facility may also use incidental amounts of natural gas or other fuels in the combustion

1 turbine.

2 (b) The term does not include any facility for which a permit under Title 75, chapter 2, is applied for after
3 December 31, 2014.

4 (18) "Renewable energy" includes the following:

5 (a) solar energy;

6 (b) wind energy;

7 (c) geothermal energy;

8 (d) energy from the conversion of biomass;

9 (e) energy from biogas;

10 (f) energy from fuel cells that do not require a petroleum-based fuel;

11 (g) energy from waste heat; and

12 (h) cellulosic ethanol.

13 (19) (a) "Renewable energy manufacturing facility" means improvements and personal property used by
14 a facility with its principal business being the manufacturing of material, component parts, systems, or similar
15 equipment for use in facilities that produce renewable energy or that convert renewable energy into forms of
16 energy useful to people, including electricity. The term includes equipment used for manufacturing of electric
17 motor vehicles or hybrid electric motor vehicles.

18 (b) For purposes of subsection (19)(a), "principal business" means a renewable energy manufacturing
19 facility with annual production at least 50% of which is suitable for sale as renewable energy component parts,
20 material, or systems.

21 (20) "Renewable energy research and development equipment" means equipment used primarily for
22 research and development of the efficient use of renewable energy sources. The term includes equipment used
23 for research and development of electric motor vehicles or hybrid electric motor vehicles.

24
25 **NEW SECTION. Section 4. Energy production or development -- tax abatement -- eligibility.** (1)
26 A facility listed in subsection (3), clean advanced coal research and development equipment, and renewable
27 energy research and development equipment may qualify for an abatement of property tax liability pursuant to
28 [sections 1 through 6].

29 (2) (a) If the abatement is granted, the qualifying facility or equipment must be assessed at 50% of its
30 taxable value for the qualifying period.

- 1 (b) The abatement applies to all mills levied against the qualifying facility or equipment.
- 2 (3) Subject to subsection (4), the following facilities or property may qualify for the abatement allowed
3 under [sections 1 through 6]:
- 4 (a) biodiesel production facilities;
- 5 (b) biogas production facilities;
- 6 (c) biomass gasification facilities;
- 7 (d) coal gasification facilities that sequester at least 50% of the carbon dioxide from the coal gasification
8 process;
- 9 (e) ethanol production facilities;
- 10 (f) geothermal facilities;
- 11 (g) renewable energy manufacturing facilities;
- 12 (h) renewable energy research and development equipment and clean advanced coal research and
13 development equipment;
- 14 (i) a natural gas combined cycle facility;
- 15 (j) transmission lines classified in 15-6-157;
- 16 (k) pipelines as defined in [section 7];
- 17 (l) carbon sequestration equipment as defined in [section 7];
- 18 (m) high-voltage direct-current converter stations classified under [section 8].
- 19 (4) (a) In order to qualify for the abatement under [sections 1 through 6], a facility listed in subsection
20 (3) of this section must meet the following requirements:
- 21 (i) commencement of construction of the facility must occur after June 1, 2007; and
- 22 (ii) the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a), must
23 be paid during the construction phase of the facility.
- 24 (b) In order to qualify for the abatement under [sections 1 through 6], renewable energy research and
25 development equipment and clean advanced coal research and development equipment must be placed into
26 service after June 30, 2007. The abatement is limited to the first \$1 million of equipment.
- 27 (c) To qualify under subsection (3)(d), the facility shall sequester at least the percentage of the carbon
28 dioxide produced from the gasification process that is practically obtainable but may not be less than 50%.
- 29 (5) The facility or renewable energy research and development equipment and clean advanced coal
30 research and development equipment must be certified as provided in [section 5].

1 (6) Upon termination of the qualifying period, the abatement ceases and the property for which the
2 abatement had been granted must be assessed at 100% of its taxable value.

3 (7) For the purposes of this section, "qualifying period" means the construction period and the first 20
4 years after the facility commences operation or the renewable energy research and development equipment or
5 clean advanced coal research and development equipment is purchased. The total time of the qualifying period
6 may not exceed 24 years.

7
8 **NEW SECTION. Section 5. Certification.** (1) Requests for certification must be made on forms
9 available from the department of revenue. Certification may not be granted unless the applicant is in substantial
10 compliance with all applicable rules, laws, orders, or permit conditions. Certification remains in effect only as long
11 as substantial compliance continues.

12 (2) The department of environmental quality shall promulgate rules specifying procedures, including
13 timeframes for certification application, and definitions necessary to identify property for certification and
14 compliance. The department of revenue shall promulgate rules pertaining to the valuation of qualifying property.
15 The department of environmental quality shall identify and track compliance in the use of certified property and
16 report noncompliance to the department of revenue. Casual or isolated incidents of noncompliance do not affect
17 certification.

18 (3) A person may appeal the certification, classification, and valuation of the property to the state tax
19 appeal board. Appeals on the property certification must name the department of environmental quality as the
20 respondent, and appeals on the classification or valuation of the equipment must name the department of
21 revenue as the respondent.

22
23 **NEW SECTION. Section 6. Rules.** (1) The department of revenue shall adopt rules related to the
24 procedures for reviewing applications for the property tax abatement and the criteria for granting or denying an
25 application for abatement under [sections 1 through 6]. The rules must also include criteria for revoking a
26 certification under [section 5].

27 (2) The department of revenue shall adopt rules for the implementation, including the valuation of
28 qualifying property, and administration of [section 5].

29 (3) The department of environmental quality shall adopt rules necessary for certification and compliance
30 as provided in [section 5].

1
2 **NEW SECTION. Section 7. Class fifteen property -- description -- taxable percentage.** (1) Class
3 fifteen property includes:

4 (a) carbon dioxide pipelines certified by the department of environmental quality under [section 5] for the
5 transportation of carbon dioxide for the purposes of sequestration or for use in closed-loop enhanced oil recovery
6 operations;

7 (b) qualified liquid pipelines certified by the department of environmental quality under [section 5];

8 (c) carbon sequestration equipment;

9 (d) equipment used in closed-loop enhanced oil recovery operations; and

10 (e) all property of pipelines, including pumping and compression equipment, carrying products other than
11 carbon dioxide, that originate at facilities specified in 15-6-157(1), with at least 90% of the product carried by the
12 pipeline originating at facilities specified in 15-6-157(1) and terminating at an existing pipeline.

13 (2) For the purposes of this section, the following definitions apply:

14 (a) "Carbon dioxide pipeline" means a pipeline that transports carbon dioxide from a plant or facility that
15 produces or captures carbon dioxide to a carbon sequestration point or to a closed-loop enhanced oil recovery
16 operation.

17 (b) "Carbon sequestration" means the long-term storage of carbon dioxide in geologic formations,
18 including but not limited to deep saline formations, basalt or oil shale formations, depleted oil and gas reservoirs,
19 unmineable coal beds, and closed-loop enhanced oil recovery operations.

20 (c) "Carbon sequestration equipment" means the equipment used for carbon sequestration, including
21 equipment used to inject carbon dioxide at the carbon sequestration point and equipment used to restrain carbon
22 dioxide in the sequestration location.

23 (d) "Carbon sequestration point" means the location where the carbon dioxide is to be confined for
24 sequestration.

25 (e) "Closed-loop enhanced oil recovery operation" means an operation that, after construction,
26 installation, and testing has been completed and the full enhanced oil recovery process has been commenced,
27 injects carbon dioxide to increase the amount of crude oil that can be recovered from a well and retains as much
28 of the injected carbon dioxide as practicable, but not less than 85% of the carbon dioxide injected each year
29 absent catastrophic or unforeseen occurrences.

30 (f) "Liquid pipeline" means a pipeline that is dedicated to using 90% of its pipeline capacity for

1 transporting fuel or methane gas from a coal gasification facility, biodiesel production facility, biogas production
2 facility, or ethanol production facility.

3 (g) "Plant or facility that produces or captures carbon dioxide" means a facility that produces a flow of
4 carbon dioxide that can be sequestered or used in a closed-loop enhanced oil recovery operation. This does not
5 include wells from which the primary product is carbon dioxide.

6 (3) Class fifteen property does not include a carbon dioxide pipeline, liquid pipeline, or closed-loop
7 enhanced oil recovery operation for which, during construction, the standard prevailing wages for heavy
8 construction, as provided in 18-2-401(13)(a), were not paid during the construction phase.

9 (4) The addition of a carbon dioxide pipeline or closed-loop enhanced oil recovery operation equipment,
10 by themselves, does not subject the assets of any company to central assessment.

11 (5) Class fifteen property is taxed at 3% of its market value.

12
13 **NEW SECTION. Section 8. Class sixteen property -- description -- taxable percentage.** (1) Class
14 sixteen property includes high-voltage direct-current converter stations that are constructed in a location and
15 manner so that the converter station can direct power to two different regional power grids.

16 (2) Class sixteen property does not include property described in subsection (1) for which the standard
17 prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a), was not paid during the
18 construction phase.

19 (3) (a) The department shall determine whether to certify that a transmission line meets the criteria of
20 subsection (1).

21 (b) If the department finds that a certification previously granted was based on an application that the
22 applicant knew was false or fraudulent, the property must be placed in class nine under 15-6-141. If the
23 application was fraudulent, the applicant may be liable for additional taxes, penalty, and interest from the time
24 that the certification was in effect.

25 (4) Class sixteen property is taxed at 1.5% of its market value.

26
27 **Section 9.** Section 15-6-141, MCA, is amended to read:
28 **"15-6-141. Class nine property -- description -- taxable percentage.** (1) Class nine property includes:
29 (a) centrally assessed allocations of an electric power company or centrally assessed allocations of an
30 electric power company that owns or operates transmission or distribution facilities or both, including, if congress

1 passes legislation that allows the state to tax property owned by an agency created by congress to transmit or
 2 distribute electrical energy, allocations of properties constructed, owned, or operated by a public agency created
 3 by congress to transmit or distribute electrical energy produced at privately owned generating facilities, not
 4 including rural electric cooperatives. However, rural electric cooperatives' property, except wind generation
 5 facilities classified under 15-6-157, used for the sole purpose of serving customers representing less than 95%
 6 of the electric consumers located within the incorporated limits of a city or town of more than 3,500 persons in
 7 which a centrally assessed electric power company also owns property or serving an incorporated municipality
 8 with a population that is greater than 3,500 persons formerly served by a public utility that after January 1, 1998,
 9 received service from the facilities of an electric cooperative is included. For purposes of this subsection (1)(a),
 10 "property used for the sole purpose" does not include a headquarters, office, shop, or other similar facility.

11 (b) allocations for centrally assessed natural gas companies having a major distribution system in this
 12 state; and

13 (c) centrally assessed companies' allocations except:

14 (i) electrical generation facilities classified under 15-6-156 and ~~wind generation facilities~~ all properties
 15 classified under [sections 7 and 8] and 15-6-157;

16 (ii) property owned by cooperative rural electric and cooperative rural telephone associations and
 17 classified under 15-6-135;

18 (iii) property owned by organizations providing telephone communications to rural areas and classified
 19 under 15-6-135;

20 (iv) railroad transportation property included in 15-6-145;

21 (v) airline transportation property included in 15-6-145; and

22 (vi) telecommunications property included in 15-6-156.

23 (2) Class nine property is taxed at 12% of market value."
 24

25 **Section 10.** Section 15-6-157, MCA, is amended to read:

26 **"15-6-157. Class fourteen property -- description -- taxable percentage.** (1) Class fourteen property
 27 includes:

28 (a) wind generation facilities of a centrally assessed electric power company;

29 (b) wind generation facilities owned or operated by an exempt wholesale generator or an entity certified
 30 as an exempt wholesale generator pursuant to section 32 of the Public Utility Holding Company Act of 1935, 15

- 1 U.S.C. 79z-5a;
- 2 (c) noncentrally assessed wind generation facilities owned or operated by any electrical energy producer;
- 3 (d) wind generation facilities owned or operated by cooperative rural electric associations described
- 4 under 15-6-137;
- 5 (e) all property of a biodiesel production facility, as defined in [section 3];
- 6 (f) all property of a biogas production facility, as defined in [section 3];
- 7 (g) all property of a biomass gasification facility, as defined in [section 3];
- 8 (h) all property of a coal gasification facility, as defined in [section 3], that sequesters carbon dioxide;
- 9 (i) all property of an ethanol production facility, as defined in [section 3];
- 10 (j) all property of a geothermal facility, as defined in [section 3];
- 11 (k) all property of an integrated gasification combined cycle facility, as defined in [section 3], that
- 12 sequesters carbon dioxide;
- 13 (l) all property of a renewable energy manufacturing facility, as defined in [section 3];
- 14 (m) all property of a natural gas combined cycle facility;
- 15 (n) equipment that is used to capture and to prepare for transport carbon dioxide that will be sequestered
- 16 or injected for the purpose of enhancing the recovery of oil that is installed in a facility constructed before July
- 17 1, 2007;
- 18 (o) high-voltage direct-current transmission lines and associated equipment and structures, including
- 19 converter stations and interconnections that:
- 20 (i) originate in Montana with a converter station located in Montana east of the continental divide that is
- 21 constructed after July 1, 2007;
- 22 (ii) are certified under the Montana Major Facility Siting Act; and
- 23 (iii) provide access to energy markets for new Montana electrical generation facilities under [sections 1
- 24 through 6];
- 25 (p) all property of alternating current electric transmission lines, including substations, that originate at
- 26 facilities specified in this subsection (1), with at least 90% of electricity carried by the line originating at facilities
- 27 specified in this subsection (1) and terminating at an existing transmission line or substation;
- 28 (q) the qualified portion of an alternating current transmission line and its associated equipment and
- 29 structures, including interconnections built after June 1, 2007.
- 30 (2) (a) The qualified portion of an alternating current transmission line is that percentage of an electrical

1 transmission line used to transmit power from a generation facility specified in subsection (1) that is located in
 2 Montana.

3 (b) The department shall determine the portion of the value of an alternating current transmission line
 4 that is classified as class fourteen property when the line becomes operational and shall review the classification
 5 every 10 years. The classified portion of an electrical transmission line is that percentage of firm carrying capacity
 6 of the line to be used by buyers or sellers of electricity generated by facilities specified in subsection (1) that are
 7 located in Montana.

8 (c) The owner of property described under this subsection (2) shall apply for classification under this
 9 section. The owner shall disclose the location of the generation facilities specified in subsection (1) and
 10 information sufficient to demonstrate that there is a contract for firm carrying capacity available continuously
 11 throughout the year. The owner is not required to disclose financial terms and conditions of contracts.

12 (3) (a) The department shall determine whether to certify that a transmission line meets the criteria of
 13 subsection (1)(o) based on an application provided for in [section 5]. The department shall review the certification
 14 10 years after the line is operational, and if the property no longer meets the requirements of subsection (1)(o),
 15 the certification must be revoked.

16 (b) If the department finds that a certification previously granted was based on an application that the
 17 applicant knew was false or fraudulent, the property must be placed in class nine under 15-6-141. If the
 18 application was fraudulent, the applicant may be liable for additional taxes, penalty, and interest from the time
 19 that the certification was in effect.

20 ~~(2)~~(4) Class fourteen property does not include ~~wind generation~~ facilities:

21 (a) at which the standard prevailing rate of wages for heavy construction, as provided in 18-2-401(13)(a),
 22 was not paid during the construction phase; or

23 (b) that are exempt under 15-6-225.

24 ~~(3)~~(5) For the purposes of this section, "wind generation facilities" means any combination of a physically
 25 connected wind turbine or turbines, associated prime movers, and other associated property, including
 26 appurtenant land and improvements and personal property, that are normally operated together to produce
 27 electric power from wind.

28 ~~(4)~~(6) Class fourteen property is taxed at 3% of its market value."
 29

30 **Section 11.** Section 15-35-103, MCA, is amended to read:

1 **"15-35-103. Severance tax -- rates imposed.** (1) A severance tax is imposed on each ton of coal
 2 produced in the state, ~~in accordance with~~ Subject to subsection (4), the rate of the tax is determined according
 3 to the following schedule:

4 Heating quality	Surface	Underground
5 (Btu per pound of coal):	Mining	Mining
6 Under 7,000	10% of value	3% of value
7 7,000 and over	15% of value	4% of value

8 (2) "Value" means the contract sales price.

9 (3) A person is not liable for any severance tax upon 50,000 tons of the coal that the person produces
 10 in a calendar year, except that if more than 50,000 tons of coal are produced in a calendar year, the producer
 11 is liable for severance tax upon all coal produced in excess of the first 20,000 tons.

12 (4) (a) The following production is subject to taxation at a rate that is one-half of the applicable rate
 13 established in subsection (1):

14 (i) the first 20 years of production from a new mine if at least 50% of the production of the coal produced
 15 by the mine is used in facilities described in 15-6-157(1)(h) or (1)(k);

16 (ii) the first 20 years of increased production of coal produced by an existing mine if the production of coal
 17 is used in facilities described in 15-6-157(1)(h) or (1)(k).

18 (b) In order to qualify for the reduced rate under subsection (4)(a), the taxpayer shall apply for the
 19 exemption. In order to qualify under subsection (4)(a)(i), the taxpayer must have made an application for a coal
 20 mine under Title 82, chapter 4, part 1, by June 30, 2017.

21 (c) For the purposes of subsection (4)(a)(ii), increased production is production that is in excess of the
 22 average production of the mine in the previous 3 years.

23 (d) (i) An exemption under subsection (4)(a) is effective on the first day of the next fiscal quarter.

24 (ii) The exemptions under subsections (4)(a)(i) and (4)(a)(ii) continue for the full 20-year term if the
 25 number of tons of production necessary to qualify for the exemption in the first year does not decrease."

26
 27 **NEW SECTION. Section 12. Codification instruction.** (1) [Sections 1 through 6] are intended to be
 28 codified as an integral part of Title 15, and the provisions of Title 15 apply to [sections 1 through 6].

29 (2) [Sections 7 and 8] are intended to be codified as an integral part of Title 15, chapter 6, part 1, and
 30 the provisions of Title 15, chapter 6, part 1, apply to [sections 7 and 8].

