

SENATE BILL NO. 237

INTRODUCED BY D. FERN

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE REVENUE INTERIM COMMITTEE TO MAKE A RECOMMENDATION TO THE LEGISLATURE ABOUT WHETHER TO REVISE PROPERTY TAX RATES BASED ON THE TAXABLE VALUE NEUTRALITY REPORT; AND AMENDING SECTIONS 5-5-227 AND 15-7-111, MCA."

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

Section 1. Section 5-5-227, MCA, is amended to read:

"5-5-227. Revenue interim committee -- powers and duties -- revenue estimating and use of estimates. (1) The revenue interim committee has administrative rule review, draft legislation review, program evaluation, and monitoring functions for the Montana tax appeal board established in 2-15-1015 and for the department of revenue and the entities attached to the department for administrative purposes, except the divisions of the department that administer the Montana Alcoholic Beverage Code and the Montana Marijuana Regulation and Taxation Act.

(2) (a) The committee must have prepared by December 1 for introduction during each regular session of the legislature in which a revenue bill is under consideration an estimate of the amount of revenue projected to be available for legislative appropriation.

(b) The committee may prepare for introduction during a special session of the legislature in which a revenue bill or an appropriation bill is under consideration an estimate of the amount of projected revenue. The revenue estimate is considered a subject specified in the call of a special session under 5-3-101.

(3) The committee's estimate, as introduced in the legislature, constitutes the legislature's current revenue estimate until amended or until final adoption of the estimate by both houses. It is intended that the legislature's estimates and the assumptions underlying the estimates will be used by all agencies with responsibilities for estimating revenue or costs, including the preparation of fiscal notes.

(4) The legislative services division shall provide staff assistance to the committee. The committee

1 may request the assistance of the staffs of the office of the legislative fiscal analyst, the legislative auditor, the
2 department of revenue, and any other agency that has information regarding any of the tax or revenue bases of
3 the state.

4 (5) The committee shall review tax credits as provided in 15-30-2303.

5 (6) The committee shall make a recommendation to the next legislature about whether to revise
6 property tax rates based on the report provided in 15-7-111. ~~The committee may evaluate the impact of the tax~~
7 ~~rates on property taxes, the maximum levy authorized under 15-10-420, and levies voted pursuant to 15-10-~~
8 ~~425.~~"

10 **Section 2.** Section 15-7-111, MCA, is amended to read:

11 **"15-7-111. Periodic reappraisal of certain taxable property.** (1) (a) The department shall
12 administer and supervise a program for the reappraisal of all taxable property within class three under 15-6-
13 133, class four under 15-6-134, and class ten under 15-6-143 as provided in this section. All property within
14 class three, class four, and class ten must be revalued every 2 years. Except as provided in subsection (1)(b),
15 all other property must be revalued annually.

16 (b) Beginning January 1, 2024, all centrally assessed property must be revalued in the time
17 periods provided for in 15-23-101(2).

18 (2) The department shall value newly constructed, remodeled, or reclassified property in a manner
19 consistent with the valuation within the same class and the values established pursuant to subsection (1). The
20 department shall adopt rules for determining the assessed valuation of new, remodeled, or reclassified property
21 within the same class.

22 (3) The reappraisal of class three, class four, and class ten property is complete on December 31
23 of every second year of the reappraisal cycle.

24 (4) During the second year of each reappraisal cycle, the department shall provide the revenue
25 interim committee with a report, in accordance with 5-11-210, of tax rates for the upcoming reappraisal cycle
26 that will result in taxable value neutrality for each property class. The revenue interim committee shall make a
27 recommendation to the next legislature about whether to revise property tax rates based on the report.

28 (5) The department shall administer and supervise a program for the reappraisal of all taxable

Amendment - 1st Reading-white - Requested by: Dave Fern - (S) Taxation

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0237.001.001

property within class three, class four, and class ten. The department shall adopt a reappraisal plan by rule.

The reappraisal plan adopted must provide that all class three, class four, and class ten property in each county is revalued by January 1 of the second year of the reappraisal cycle, effective for January 1 of the following year, and each succeeding 2 years.

(6) (a) In completing the appraisal or adjustments under subsection (5), the department shall, as provided in the reappraisal plan, conduct individual property inspections, building permit reviews, sales data verification reviews, and electronic data reviews. The department may adopt new technologies for recognizing changes to property.

(b) The department shall conduct a field inspection of a sufficient number of taxable properties to meet the requirements of subsection (5).

(7) (a) In each notice of reappraisal sent to a taxpayer, the department, with the support of the department of administration, shall provide to the taxpayer information on:

(i) the consumer price index adjusted for population and the average annual growth rate of Montana personal income; and

(ii) the estimated annualized change in property taxes levied over the previous 10 years by the state, county, and any incorporated cities or towns within the county and local school average mills by county.

(b) In every even-numbered year, the department shall publish in a newspaper of general circulation in each county the information required pursuant to subsection (7)(a) by the second Monday in October."

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