

Amendment - 1st Reading/2nd House-blue - Requested by: Llew Jones - Conference Committee on HB 231

- 2025

69th Legislature 2025

Drafter: Megan Moore,

HB0231.005.002

1 HOUSE BILL NO. 231
2 INTRODUCED BY L. JONES, B. LER, S. ESSMANN, R. MINER, W. MCKAMEY, D. FERN, J. KASSMIER, M.
3 BERTOGLIO, C. SPRUNGER, S. MORIGEAU, G. HUNTER, C. COCHRAN, S. FITZPATRICK, M.
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6

7 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING PROPERTY TAX LAWS; PROVIDING
8 FOR A PROPERTY TAX REBATE ON A PRINCIPAL RESIDENCE BASED ON A CERTAIN AMOUNT OF
9 PROPERTY TAXES PAID FOR TAX YEAR 2024; TEMPORARILY REDUCING CLASS FOUR RESIDENTIAL
10 PROPERTY TAX RATES; REVISING TAX RATES FOR CERTAIN CLASS FOUR RESIDENTIAL AND
11 COMMERCIAL PROPERTY; PROVIDING A LOWER TAX RATE FOR CERTAIN OWNER-OCCUPIED
12 RESIDENTIAL PROPERTY AND LONG-TERM RENTALS; PROVIDING A LOWER TAX RATE FOR A
13 PORTION OF COMMERCIAL PROPERTY VALUE; PROVIDING ELIGIBILITY AND APPLICATION
14 REQUIREMENTS; PROVIDING FOR AN APPEAL PROCESS; PROVIDING FOR THE ADJUSTMENT OF
15 CERTAIN LOCAL GOVERNMENT FIXED MILL LEVIES; PROVIDING DEFINITIONS; PROVIDING
16 RULEMAKING AUTHORITY; AMENDING SECTIONS 15-1-121, 15-6-134, 15-7-102, 15-15-101, 15-15-102,
17 15-15-103, 15-16-101, AND 15-17-125, AND 15-30-2120, MCA; AND PROVIDING AN IMMEDIATE
18 EFFECTIVE DATE DATES, APPLICABILITY DATES, AND A TERMINATION DATE DATES."

19
20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
21

22 NEW SECTION. **Section 1. Definitions.** As used in [sections 1 through 7 6] and 15-6-134, the
23 following definitions apply:

- 24 (1) "Homestead reduced tax rate" means the tax rate provided for in 15-6-134(3)(b)(i).
25 (2) "Long-term rental" means class four residential property:
26 (a) that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home,
27 or mobile home and the parcel on which the long-term rental improvements are located but not including any

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COORDINATION SECTION. SECTION 17. COORDINATION INSTRUCTION. IF HOUSE BILL NO. 154 IS NOT PASSED BY THE LEGISLATURE AND IF [THIS ACT] IS PASSED BY THE LEGISLATURE AND CONTAINS A SECTION THAT AMENDS 15-6-134, THEN SUBSECTION (3)(B)(i)(A) OF 15-6-134 IN [THIS ACT] MUST BE REPLACED WITH THE FOLLOWING

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"(A) — 0.74% FOR THE MARKET VALUE THAT IS 2 TIMES THE MEDIAN RESIDENTIAL VALUE OR LESS;"

NEW SECTION. SECTION 26. SEVERABILITY. IF A PART OF [THIS ACT] IS INVALID, ALL VALID PARTS THAT ARE SEVERABLE FROM THE INVALID PART REMAIN IN EFFECT. IF A PART OF [THIS ACT] IS INVALID IN ONE OR MORE OF ITS APPLICATIONS, THE PART REMAINS IN EFFECT IN ALL VALID APPLICATIONS THAT ARE SEVERABLE FROM THE INVALID APPLICATIONS.

COORDINATION SECTION. Section 27. Coordination instruction. If both Senate Bill No. 542 and [this act] are passed and approved, then [sections 1 through 23 and 25, 30, and 31 of this act] are void and [section 14 of Senate Bill No. 542] must be amended as follows:

"15-6-134. Class four property -- description -- taxable percentage -- definition. (1) Class four property includes:

- (a) ~~subject to subsection (1)(e)~~, all land, except that specifically included in another class;
- (b) ~~subject to subsection (1)(e)~~:
 - (i) all improvements, including single-family residences, trailers, manufactured homes, or mobile homes used as a residence, except those specifically included in another class;
 - (ii) appurtenant improvements to the residences, including the parcels of land upon which the residences are located and any leasehold improvements;
 - (iii) vacant residential lots; and
 - (iv) rental multifamily dwelling units.
- (c) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural

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land under 15-7-202, ~~including:~~

(d) 1 acre of real property beneath residential improvements on land described in 15-6-133(1)(c)-
~~The 1 acre must be valued at market value.~~

~~(d) — and~~ 1 acre of real property beneath an improvement used as a residence on land eligible for valuation, assessment, and taxation as forest land under 15-6-143. The 1 acre must be valued at market value.

(e) real property beneath commercial improvements and as much of the surrounding land that is reasonably required to support the commercial improvements on land described in 15-6-133(1)(c) and real property beneath commercial improvements and as much of the surrounding land that is reasonably required to support the commercial improvements on land eligible for valuation, assessment, and taxation as forest land under 15-6-143. The land must be valued at market value.

~~(e)(f)~~ all commercial and industrial property, as defined in 15-1-101, and including:

(i) all commercial and industrial property that is used or owned by an individual, a business, a trade, a corporation, a limited liability company, or a partnership and that is used primarily for the production of income;

(ii) all golf courses, including land and improvements actually and necessarily used for that purpose, that consist of at least nine holes and not less than 700 lineal yards;

(iii) commercial buildings and parcels of land upon which the buildings are situated; and

(iv) vacant commercial lots.

(2) If a property includes both residential and commercial uses, the property is classified and appraised as follows:

(a) the land use with the highest percentage of total value is the use that is assigned to the property; and

(b) the improvements are apportioned according to the use of the improvements.

(3) (a) Except as provided in 15-24-1402, 15-24-1501, 15-24-1502, and subsection (3)(b), class four residential property described in subsections (1)(a) through (1)(d) of this section is taxed at ~~1.35% of market value~~ a graduated rate as follows:

(i) 0.76% for the first \$400,000 of market value;

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(ii) 1.1% for the market value that is greater than \$400,000 and up to \$1.5 million; and

(iii) 2.2% for the market value that is greater than \$1.5 million.

~~(b) The tax rate for the portion of the market value of a single-family residential dwelling in excess of \$1.5 million is the residential property tax rate in subsection (3)(a) multiplied by 1.4.~~

~~(b) The maximum graduated rate for multifamily dwelling units described in subsection (1)(b)(iv) with a market value of greater than \$2 million is 1.89% if the dwelling units are leased at 150% or less of the county fair market rent. The property owner must certify lease rates to the department of revenue.~~

~~(e)(4) (a) The Except as provided in subsection (4)(c), the tax rate for commercial and industrial property is the residential property tax rate in subsection (3)(a) multiplied by 1.4 described in subsections (1)(e) and (1)(f) in excess of \$400,000 is 1.89%.~~

~~(b) The tax rate for the first \$400,000 of market value for commercial and industrial property is 1.4%.~~

~~(4)(c) Property described in subsection ~~(1)(e)(ii)~~(1)(f)(ii) is taxed at one-half the tax rate established in subsection ~~(3)(e)(4)~~.~~

~~(5) As used in this section, "fair market rent" means the fair market rent based on the size of the dwelling as published annually by the U.S. department of housing and urban development."~~

COORDINATION SECTION. Section 28. Coordination instruction. If Senate Bill No. 542, House Bill No. 863, and [this act] are passed and approved, then the section in House Bill No. 863 that coordinates with [this act] is void.

NEW SECTION. Section 29. Applicability -- retroactive applicability. (1) Except as provided in subsection (2), [this act] applies retroactively to property tax years beginning after December 31, 2024.

(2) ~~[Sections 3 and 4 1 THROUGH 6, 13, AND 15 THROUGH 20]~~ apply to property tax years beginning after December 31, ~~2026~~ 2025.