

Amendment - 2nd Reading/2nd House-tan - Requested by: Katie Zolnikov - (H) Committee of the Whole

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.004

1 SENATE BILL NO. 542
2 INTRODUCED BY W. GALT
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING TAX LAWS; ~~FREEZING CERTAIN~~
5 ~~PROPERTY VALUES FOR PROPERTY TAX PURPOSES; PROVIDING THAT THE 2024 PROPERTY VALUE~~
6 ~~IS USED FOR 2025 AND 2026 UNLESS THE DEPARTMENT OF REVENUE DETERMINES THE PROPERTY~~
7 ~~VALUE HAS DECREASED; PROVIDING FOR A PROPERTY TAX REBATE ON A PRINCIPAL RESIDENCE~~
8 ~~BASED ON A CERTAIN AMOUNT OF PROPERTY TAXES PAID FOR TAX YEAR 2024; REDUCING CLASS~~
9 ~~THREE AGRICULTURAL PROPERTY TAX RATES; REVISING CLASS FOUR RESIDENTIAL AND~~
10 ~~COMMERCIAL PROPERTY TAX RATES; PROVIDING A LOWER TAX RATE FOR CERTAIN OWNER-~~
11 ~~OCCUPIED RESIDENTIAL PROPERTY AND LONG-TERM RENTALS; PROVIDING A LOWER TAX RATE~~
12 ~~FOR A PORTION OF COMMERCIAL PROPERTY VALUE; PROVIDING ELIGIBILITY AND APPLICATION~~
13 ~~REQUIREMENTS; PROVIDING FOR AN APPEAL PROCESS; PROVIDING A REFUND FOR FAILURE TO~~
14 ~~CLAIM A HOMESTEAD REDUCED TAX RATE; PROVIDING STATUTORY APPROPRIATIONS; PROVIDING~~
15 ~~DEFINITIONS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 15-7-111 SECTIONS 15-1-~~
16 ~~121, 15-6-133, 15-6-134, 15-7-102, 15-15-101, 15-15-102, 15-15-103, 15-16-101, 15-17-125, 15-30-2120, AND~~
17 ~~17-7-502, MCA; AND PROVIDING AN IMMEDIATE-EFFECTIVE DATE DATES, A RETROACTIVE~~
18 ~~APPLICABILITY DATE DATES, AND A TERMINATION DATE DATES."~~

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

21
22 (Refer to 1st Reading/Second Chamber (Blue) Bill)

23 Strike everything after the enacting clause and insert:

24
25 NEW SECTION. Section 1. Definitions. As used in [sections 1 through 3], the following definitions
26 apply:

27 (1) "Montana property taxes" means the ad valorem property taxes, special assessments, and

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(c) After the informal review, the department shall determine the correct status of the homestead reduced tax rate or the rental property reduced tax rate and notify the taxpayer of its determination by mail or electronically. In the notification, the department shall state its reasons for accepting or denying the application.

(2) If a property owner is aggrieved by the determination made by the department after the review provided for in subsection (1), the property owner has the right to first appeal to the county tax appeal board and then to the Montana tax appeal board, whose findings are final subject to the right of review in the courts. An appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days from the date on the notice of the department's determination. If the county tax appeal board or the Montana tax appeal board determines that the homestead reduced tax rate or the rental property reduced tax rate should apply, the department shall adjust the taxable value of the property in accordance with the board's order.

NEW SECTION. Section 10. Rulemaking authority. The department shall adopt rules that are necessary to implement and administer [sections 5 through 10].

NEW SECTION. Section 11. Reimbursement for loss of revenue from certain fixed mill levies.

(1) The department shall reimburse each taxing entity as provided in this section for the revenue loss resulting from the tax rate reductions in 15-6-134 as amended by [this act] for the following levies:

(a) levies of a local government with a charter form of government that includes a mill levy limit of a specific number of mills that may be imposed in the charter; and

(b) levies stated as a specific mill levy authorized by voters before [the effective date of this section].

(2) (a) For fiscal year 2026, the reimbursement must be equal to the difference between the property tax revenue collected from the levies provided for in subsection (1) and the property tax revenue collected in fiscal year 2025. After fiscal year 2026, the reimbursement must be equal to the difference between the property tax revenue collected from the levies provided for in subsection (1) and the property tax revenue that would be collected in the current fiscal year using the mill levy that would raise the fiscal year 2025 tax revenue using the fiscal year 2026 taxable value.

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(b) A reimbursement pursuant to this section must include any fines, penalties, or damages resulting from a judgment levy against the taxing entity in levying property taxes in accordance with [section 4].

(3) A taxing entity eligible to receive a reimbursement under this section shall report the loss in revenue from the tax rate reductions in 15-6-134 as amended by [this act] and any amount reimbursable under subsection (2)(b) to the department of revenue.

(4) A reimbursement provided for in this section may only be made for 4 years after [the effective date of this section].

(5) The department shall distribute the reimbursements with the entitlement share payments under 15-1-121(7).

Section 12. Section 15-1-121, MCA, is amended to read:

"15-1-121. Entitlement share payment -- purpose -- appropriation. (1) As described in 15-1-120(3), each local government is entitled to an annual amount that is the replacement for revenue received by local governments for diminishment of property tax base and various earmarked fees and other revenue that, pursuant to Chapter 574, Laws of 2001, amended by section 4, Chapter 13, Special Laws of August 2002, and later enactments, were consolidated to provide aggregation of certain reimbursements, fees, tax collections, and other revenue in the state treasury with each local government's share. The reimbursement under this section is provided by direct payment from the state treasury rather than the ad hoc system that offset certain state payments with local government collections due the state and reimbursements made by percentage splits, with a local government remitting a portion of collections to the state, retaining a portion, and in some cases sending a portion to other local governments.

(2) The sources of dedicated revenue that were relinquished by local governments in exchange for an entitlement share of the state general fund were:

(a) personal property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999;

(b) vehicle, boat, and aircraft taxes and fees pursuant to:

(i) Title 23, chapter 2, part 5;