

HOUSE BILL NO. 231

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A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING PROPERTY TAX LAWS; REVISING TAX RATES FOR CERTAIN CLASS FOUR RESIDENTIAL AND COMMERCIAL PROPERTY; PROVIDING A LOWER TAX RATE FOR CERTAIN OWNER-OCCUPIED RESIDENTIAL PROPERTY AND LONG-TERM RENTALS; PROVIDING A LOWER TAX RATE FOR A PORTION OF COMMERCIAL PROPERTY VALUE; PROVIDING ELIGIBILITY AND APPLICATION REQUIREMENTS; PROVIDING FOR AN APPEAL PROCESS; REVISING MILL LEVY ELECTION LAWS; LIMITING THE DURATION OF CERTAIN MILL LEVIES SUBMITTED TO VOTERS; LIMITING CERTAIN MILL LEVIES TO 10 YEARS WITHOUT VOTER REAPPROVAL; TERMINATING CERTAIN EXISTING VOTED MILL LEVIES UNLESS THEY ARE EXTENDED BEFORE THE TERMINATION DATE; PROVIDING DATES ON WHICH CERTAIN LEVIES TERMINATE; PROVIDING THAT THE RELEASE OF INCREMENTAL TAXABLE VALUE IS NOT CONSIDERED NEWLY TAXABLE PROPERTY FOR THE PURPOSE OF CALCULATING LOCAL GOVERNMENT LEVIES; PROVIDING DEFINITIONS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 7-15-4286, 15-6-134, 15-7-102, 15-10-420, 15-10-425, 15-15-101, 15-15-102, 15-15-103, 15-16-101, ~~AND 15-17-125~~, 20-9-336, AND 20-9-502, MCA; AND PROVIDING ~~AN IMMEDIATE~~ EFFECTIVE ~~DATE DATES~~, APPLICABILITY DATES, AND A TERMINATION DATE."

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

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

- (1) "Homestead reduced tax rate" means the tax rate provided for in 15-6-134(3)(b)(i).
- (2) "Long-term rental" means class four residential property:

(a) that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home and the parcel on which the long-term rental improvements are located but not including any contiguous or adjacent parcels;

(b) that an owner can demonstrate was rented for periods of 28 days or more for at least 9 7 months in each tax year for which the rental property reduced tax rate is claimed;

(c) that is occupied by tenants who use the dwelling as a residence during the year in which the reduced tax rate is claimed; and

(d) for which the owner is current on payment of the assessed Montana property taxes when claiming the reduced tax rate.

(3) "Owner" includes a purchaser under contract for deed as defined in 70-20-115, a grantor of a trust indenture as defined in 71-1-303, and the trustee of a grantor trust that is revocable as defined in 72-38-103.

(4) (a) "Principal residence" means class four residential property:

(i) that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home and the parcel on which the principal residence improvements are located but not including any contiguous or adjacent parcels;

(ii) in which an owner can demonstrate the owner owned and lived for at least 7 months of the year for which the homestead reduced tax rate for a principal residence is claimed;

(iii) that is the only residence for which the owner claims the homestead reduced tax rate for that year; and

(iv) for which the owner made payment of the assessed Montana property taxes.

(b) An owner who cannot meet the requirements of subsection (4)(a)(ii) because the owner's principal residence changed during the tax year to another principal residence may still qualify for the homestead reduced tax rate if the owner paid the Montana property taxes while residing in each principal residence for a total of at least 7 consecutive months for each tax year.

(5) "Rental property reduced tax rate" means the tax rate provided for in 15-6-134(3)(b)(i) ~~and (ii)~~.

(6) "Tax year 2025" means the period from January 1, 2025, through December 31, 2025.

(7) "Tax year 2026" means the period from January 1, 2026, through December 31, 2026.

(8) "Tax year 2027" means the period from January 1, 2027, through December 31, 2027.

NEW SECTION. Section 2. Homestead reduced tax rate transition period -- automatic

qualification -- application for other property. (1) For tax year 2025 and tax year 2026, a class four residential property that is a principal residence automatically qualifies for the homestead reduced tax rate provided for in 15-6-134(3)(b) if:

(a) the owner claimed and received a property tax rebate for tax year 2023 pursuant to Chapter 47, Laws of 2023;

(b) the property did not change ownership after July 31, 2023; and

(c) the property remains the principal residence of the owner.

(2) The department shall maintain a website for property owners to verify if their property automatically qualifies for the homestead reduced tax rate for a principal residence described in subsection (1).

(3) The automatic qualification for the homestead reduced tax rate for a principal residence expires after tax year 2026. Beginning in tax year 2027, the owner of a class four residential property that wishes to continue to receive the homestead reduced tax rate for a principal residence, regardless of whether the owner applied for and received a lower tax rate as provided in subsection (4), shall apply to the department as provided in [section 3].

(4) The owner of a class four residential property that does not meet the requirements for automatic qualification in subsection (1) for the homestead reduced tax rate for a principal residence but that would otherwise qualify under [section 3] may apply for a temporary homestead reduced tax rate for a principal residence as provided in [section 3] that is applicable to tax years 2025 and 2026.

(5) An application for qualifying property under subsection (4) must be made by March 1, 2025, to qualify for a reduced tax rate in tax years 2025 and 2026 and by March 1, 2026, to qualify for a reduced tax rate in tax year 2026. If a temporary homestead reduced tax rate is granted under subsection (4), it remains effective through the end of tax year 2026.

(6) For tax year 2025 and tax year 2026, a class four residential property that qualified for the property tax assistance program provided for in 15-6-305 or the disabled veteran program provided for in 15-6-311 in tax year 2024 automatically qualifies for the homestead reduced tax rate if the property remains the

1 principal residence of the owner.

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3 **NEW SECTION. Section 3. Homestead reduced tax rate -- application -- limitations.** (1) ~~Except~~
4 ~~as provided in 15-6-134(3)(b)(iii), there~~ THERE is a homestead reduced tax rate provided for in 15-6-134(3)(b)(i)
5 for a principal residence as provided in this section.

6 (2) (a) Beginning in tax year 2027, the owner of a principal residence may apply to the department
7 to receive the homestead reduced tax rate.

8 (b) To receive the homestead reduced tax rate for the tax year in which the application is first
9 made, the owner shall apply electronically or by mail on a form prescribed by the department and postmarked
10 by March 1. Approved applications received electronically or postmarked after March 1 apply to the following
11 tax year.

12 (c) Once approved, the homestead reduced tax rate remains effective until the end of the tax year
13 in which any of the following events occur:

14 (i) there is a change in ownership of the property;

15 (ii) the owner no longer uses the dwelling as a principal residence; or

16 (iii) the owner applies for a homestead reduced tax rate for a different principal residence.

17 (d) If a homestead reduced tax rate is terminated pursuant to subsection (2)(c) or [section 5], any
18 remaining property taxes due for the year in which the homestead reduced tax rate is terminated must be
19 based on the tax rate in effect on January 1 of the year in which the homestead reduced tax rate was
20 terminated.

21 (e) An application for a homestead reduced tax rate must be submitted on a form prescribed by the
22 department and must contain:

23 (i) a written declaration made under penalty of perjury that the applicant owns and maintains the
24 land and improvements as the principal residence as defined in [section 1]. The application must state the
25 penalty provided for in [section 4].

26 (ii) the geocode or other property identifier of the principal residence for which the applicant is
27 requesting the homestead reduced tax rate;

28 (iii) the social security number of the applicant; and

(iv) any other information required by the department that is relevant to the applicant's eligibility.

(3) (a) Except as provided in subsection (3)(b), class four residential property owned by an entity is not eligible to receive the homestead reduced tax rate.

(b) The trustee of a grantor revocable trust may apply for a homestead reduced tax rate for a principal residence on behalf of the trust if the dwelling meets the definition of a principal residence for the grantor.

(4) The department shall notify the owner if the homestead reduced tax rate is applied to the property or if the application was denied.

NEW SECTION. Section 4. Rental property reduced tax rate -- application -- limitations. (1)

There is a rental property reduced tax rate provided for in 15-6-134(3)(b) for a long-term rental as provided in this section.

(2) (a) The owner of a long-term rental may apply to the department to receive the rental property reduced tax rate. The application must be made by an individual owner or, for an entity owner, by an authorized representative of the entity.

(b) To receive the rental property reduced tax rate for the tax year in which the application is first made, the owner or authorized representative shall apply electronically or by mail on a form prescribed by the department and postmarked by March 1. Approved applications received electronically or postmarked after March 1 apply to the following tax year.

(c) Once approved, the rental property reduced tax rate remains effective until the end of the tax year in which any of the following events occur:

(i) there is a change in ownership of the property;

(ii) the property is no longer rented to tenants as a dwelling;

(iii) the terms of the lease change and the property no longer qualifies as a long-term rental as defined in [section 1]; and

(iv) the owner fails to submit a complete reapplication to the department as required in subsection (4).

(d) If a rental property reduced tax rate is terminated pursuant to subsection (2)(c) or [section 5],

any remaining property taxes due for the year in which the rental property reduced tax rate is terminated must be based on the tax rate in effect on January 1 of the year in which the rental property reduced tax rate was terminated.

(3) An application for a rental property reduced tax rate must be submitted on a form prescribed by the department and must contain:

(a) a written declaration made under penalty of perjury that the applicant owns and maintains the land and improvements as a long-term rental as defined in [section 1]. The application must state the penalty provided for in [section 4].

(b) the geocode or other property identifier for the long-term rental for which the applicant is requesting the rental property reduced tax rate;

(c) the social security number or taxpayer identification number of the applicant;

(d) the income and expense information for the long-term rental for the immediately preceding year, including the amount of rent charged each month; and

(e) any other information required by the department that is relevant to the applicant's eligibility.

(4) To continue receiving the rental property reduced tax rate, the owner of a qualifying long-term rental shall reapply annually as provided in subsection (3).

(5) Periods of short-term vacancy not exceeding 3 5 months in a 12-month period do not disqualify a long-term rental from receiving the rental property reduced tax rate.

(6) The department shall notify the owner if the rental property reduced tax rate is applied to the property or if the application was denied.

NEW SECTION. Section 5. Homestead and rental property reduced tax rates -- improper approval -- penalty for false or fraudulent application. (1) Except as provided in subsection (2), if the department determines that an application for a homestead reduced tax rate or a rental property reduced tax rate was improperly approved, the department shall revise the assessment for each year the homestead reduced tax rate or the rental property reduced tax rate was improperly granted subject to the assessment revision procedure established in 15-8-601.

(2) (a) A person who files a false or fraudulent application for a homestead reduced tax rate

provided for in [section 2 or 3] or for a rental property reduced tax rate provided for in [section 4] is subject to criminal prosecution under the provisions of 45-7-202.

(3) (a) If a person is determined to have filed a false or fraudulent application, the department shall revise the assessment of the property subject to the assessment revision procedure established in this section and 15-8-601 and assess a penalty as provided in this subsection (3). The penalty is equal to three times the base penalty amount calculated under subsection (3)(b) plus interest at the rate provided in 15-16-102 calculated from the original due date of the taxes, until paid.

(b) The base penalty amount is equal to the property tax due for each year the homestead reduced tax rate or the rental property reduced tax rate was improperly received, determined using the tax rate provided for in 15-6-134(3)(a), the appraised value, and the mill levies in effect for the year, less the actual property taxes paid in the year.

(c) The revised assessment and penalty must be assessed against a person who filed a false or fraudulent application even if the person no longer owns the property.

(4) If the person who filed a false or fraudulent application no longer owns the property associated with the false or fraudulent application, the penalty plus interest provided for in subsection (3) may be recovered as any other tax owed the state. If the penalty plus interest becomes due and owing, the department may issue a warrant for distraint as provided in Title 15, chapter 1, part 7.

(5) Except as provided in subsection (4), if the department determines that a false or fraudulent application was made, the department shall send the revised assessment with the additional penalty amount as determined under subsection (3) to the county treasurer in the county where the property is located.

(6) The county treasurer shall distribute property taxes, penalty, and interest collected under this section proportionally to the affected taxing jurisdictions.

(7) A revised assessment made under this section must be made within 10 years after the end of the calendar year in which the original application was made.

NEW SECTION. Section 6. Appeal of denial of reduced tax rate. (1) (a) If the department denies an application for a homestead reduced tax rate or a rental property reduced tax rate, the owner may request an informal review of the denial by submitting an objection on written or electronic forms provided by the

department for that purpose in a manner prescribed by the department. The objection must be made no later than 30 days after the date of the denial notification sent pursuant to [section 3(4) or 4(6)].

(b) The property owner may request that the department consider extenuating circumstances to grant an application for the homestead reduced tax rate or the rental property reduced tax rate. Extenuating circumstances include but are not limited to extraordinary, unusual, or infrequent events that are material in nature and of a character different from the typical or customary, and that are not expected to recur.

(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 7. Rulemaking authority. The department shall adopt rules that are necessary to implement and administer [sections 1 through 7].

Section 8. Section 7-15-4286, MCA, is amended to read:

"7-15-4286. Procedure to determine and disburse tax increment -- remittance of excess portion of tax increment for targeted economic development district. (1) (a) Except as provided in subsection (1)(b), mill rates of taxing bodies for taxes levied after the effective date of the tax increment provision must be calculated on the basis of the sum of the taxable value, as shown by the last equalized assessment roll, of all taxable property located outside the urban renewal area or targeted economic development district and the base taxable value of all taxable property located within the area or district. The mill rate determined must be levied against the sum of the actual taxable value of all taxable property located within as well as outside the

1 area or district.

2 (b) If a mill levy is excluded from the tax increment calculation pursuant to subsections (2)(b)
3 through (2)(d), the calculation pursuant to subsection (1)(a) must use the total taxable value of all property
4 located within the area or district.

5 (2) (a) Except as provided in subsections (2)(b) through (2)(d) and (3), the tax increment, if any,
6 received in each year from the levy of the combined mill rates of all the affected taxing bodies against the
7 incremental taxable value within the area or district must be paid into a special fund held by the treasurer of the
8 local government and used as provided in 7-15-4282 through 7-15-4294.

9 (b) For targeted economic development districts and urban renewal areas created before April 6,
10 2017, the combined mill rates used to calculate the tax increment may not include the mill rates for the
11 university system mills levied pursuant to 15-10-109 and 20-25-439.

12 (c) For targeted economic development districts created on or after April 6, 2017, and before July
13 1, 2022, and urban renewal areas created on or after April 6, 2017, the combined mill rates used to calculate
14 the tax increment may not include mill rates for:

15 (i) the university system mills levied pursuant to 15-10-109 and 20-25-439; and

16 (ii) a new mill levy approved by voters as provided in 15-10-425 after the adoption of a tax
17 increment provision.

18 (d) For targeted economic development districts created after June 30, 2022, the combined mill
19 rates used to calculate the tax increment may not include mill rates for:

20 (i) the university system mills levied pursuant to 15-10-109 and 20-25-439;

21 (ii) one-half of the elementary, high school, and state equalization mills levied pursuant to 20-9-
22 331, 20-9-333, and 20-9-360;

23 (iii) a new mill levy approved by voters as provided in 15-10-425 after the adoption of a tax
24 increment provision; and

25 (iv) any portion of an existing mill levy designated by the local government as excluded from the tax
26 increment.

27 (3) (a) Subject to 7-15-4287 and subsection (3)(b) of this section, a targeted economic
28 development district with a tax increment provision adopted after October 1, 2019, may expend or accumulate

tax increment for:

(i) the payment of the costs listed in 7-15-4288;

(ii) the cost of issuing bonds; or

(iii) any pledge to the payment of the principal of any premium, if any, and interest on the bonds issued pursuant to 7-15-4289 and sufficient to fund any reserve fund in respect of the bonds in an amount not to exceed 125% of the maximum principal and interest on the bonds in any year during the term of the bonds.

(b) Any excess tax increment remaining after the use or accumulation of funds as set forth in subsection (3)(a) must be:

(i) remitted to each taxing jurisdiction for which the mill rates are included in the calculation of the tax increment as provided in subsections (1) and (2); and

(ii) proportional to the taxing jurisdiction's share of the total mills levied.

(c) A targeted economic development district is not subject to the provisions of this subsection (3) if bonds have not been issued to finance the project.

(4) Any portion of the excess tax increment remitted to a school district pursuant to subsection (3) is subject to the provisions of 7-15-4291(2) through (5).

(5) The balance of the taxes collected in each year must be paid to each of the taxing bodies as otherwise provided by law.

(6) For the purposes of subsections (2)(c)(ii) and (2)(d)(iii), a mill levy reapproved as provided in 15-10-425(2)(c) is not considered a new mill levy."

Section 9. Section 15-6-134, MCA, is amended to read:

"15-6-134. Class four property -- description -- taxable percentage -- definitions. (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 land under 15-7-202;

~~(d) _____, including 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 Subject to 15-24-1402, 15-24-1501, and 15-24-1502, and subsection~~

1 class four property is taxed as provided in this subsection (3).

2 (a) Except as provided in subsections (3)(b) and (3)(c), class four residential property described in
3 subsections (1)(a) through (1)(d) of this section is taxed at 1.35% 1.9% of market value.

4 (b) (i) ~~Subject to subsection (3)(b)(iii), the~~ THE tax rate for class four residential property described
5 in subsections (1)(a), (1)(b)(i), (1)(b)(ii), and (1)(d) of this section that qualifies for the homestead reduced tax
6 rate provided for in [section 2 or 3] or the rental property reduced tax rate provided for in [section 4] is:

7 (A) 0.9% FOR THE MARKET VALUE THAT IS HALF OF 2 TIMES THE MEDIAN RESIDENTIAL VALUE OR LESS;

8 (B) 1.1% FOR THE MARKET VALUE GREATER THAN HALF OF 2 TIMES THE MEDIAN RESIDENTIAL VALUE AND
9 LESS THAN 3.5 4 TIMES THE MEDIAN RESIDENTIAL VALUE; AND

10 (C) 1.9% FOR THE MARKET VALUE THAT IS 3.5 4 TIMES THE MEDIAN RESIDENTIAL VALUE OR GREATER.

11 (ii) The tax rate for a rental multifamily dwelling unit described in subsection (1)(b)(iv) that qualifies
12 for the rental property reduced tax rate is 1.1%.

13 (b) (iii) The tax rate for the portion of the market value of a single-family residential dwelling that is a
14 principal residence or a single-family residence long-term rental in excess of \$1.5 million 4 times the median
15 residential value is the residential property tax rate in subsection (3)(a) multiplied by 1.4.

16 (c) The tax rate for a property described in subsection (1)(c) that does not qualify for the
17 homestead reduced tax rate or the rental property reduced tax rate is 1.35%.

18 (e)(d) The tax rate for commercial and industrial property described in subsections (1)(e) and (1)(f),
19 except property described in subsection (1)(f)(ii), is: the residential property tax rate in subsection (3)(a)
20 multiplied by 1.4

21 (i) for the market value less than 6 times the median commercial and industrial value, 1.5%; and

22 (ii) for the market value greater than 6 times the median commercial and industrial value OR
23 GREATER, 2.1% 1.9%.

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

26 (4) The department shall calculate the median residential value and median commercial and
27 industrial value every 2 years as part of the periodic reappraisal provided for in 15-7-111.

28 (5) As used in this section, the following definitions apply:

(a) "Median commercial and industrial value" means the median value of class four commercial and industrial property located in the state of Montana rounded to the nearest thousand dollars.

(b) "Median residential value" means the median value of a single-family residence located in the state of Montana rounded to the nearest thousand dollars."

Section 10. Section 15-7-102, MCA, is amended to read:

"15-7-102. Notice of classification, market value, and taxable value to owners -- appeals. (1) (a)

Except as provided in 15-7-138, the department shall mail or provide electronically to each owner or purchaser under contract for deed a notice that includes the land classification, market value, and taxable value of the land and improvements owned or being purchased. A notice must be mailed or, with property owner consent, provided electronically to the owner only if one or more of the following changes pertaining to the land or improvements have been made since the last notice:

- (i) change in ownership;
- (ii) change in classification;
- (iii) change in valuation; or
- (iv) addition or subtraction of personal property affixed to the land.

(b) The notice must include the following for the taxpayer's informational and informal classification and appraisal review purposes:

(i) a notice of the availability of all the property tax assistance programs available to property taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax assistance programs provided for in Title 15, chapter 6, part 3, the homestead reduced tax rate provided for in [section 3], the rental property reduced tax rate provided for in [section 4], and the residential property tax credit for the elderly provided for in 15-30-2337 through 15-30-2341;

(ii) the total amount of mills levied against the property in the prior year;

(iii) the market value for the prior reappraisal cycle;

(iv) if the market value has increased by more than 10%, an explanation for the increase in valuation;

(v) a statement that the notice is not a tax bill; and

(vi) a taxpayer option to request an informal classification and appraisal review by checking a box on the notice and returning it to the department.

(c) When the department uses an appraisal method that values land and improvements as a unit, including the sales comparison approach for residential condominiums or the income approach for commercial property, the notice must contain a combined appraised value of land and improvements.

(d) Any misinformation provided in the information required by subsection (1)(b) does not affect the validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

(2) (a) Except as provided in subsection (2)(c), the department shall assign each classification and appraisal to the correct owner or purchaser under contract for deed and mail or provide electronically the notice in written or electronic form, adopted by the department, containing sufficient information in a comprehensible manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over the prior tax year.

(b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.

(c) The department is not required to mail or provide electronically the notice to a new owner or purchaser under contract for deed unless the department has received the realty transfer certificate from the clerk and recorder as provided in 15-7-304 and has processed the certificate before the notices required by subsection (2)(a) are mailed or provided electronically. The department shall notify the county tax appeal board of the date of the mailing or the date when the taxpayer is informed the information is available electronically.

(3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the market value of the property as determined by the department or with the classification of the land or improvements, the owner may request an informal classification and appraisal review by submitting an objection on written or electronic forms provided by the department for that purpose or by checking a box on the notice and returning it to the department in a manner prescribed by the department.

(i) For property other than class three property described in 15-6-133, class four property described in 15-6-134, class ten property described in 15-6-143, and centrally assessed property described in 15-23-101, the objection must be submitted within 30 days from the date on the notice.

(ii) For class three property described in 15-6-133, class four property described in 15-6-134, and class ten property described in 15-6-143, the objection may be made only once each valuation cycle. An objection must be made in writing or by checking a box on the notice within 30 days from the date on the classification and appraisal notice for a reduction in the appraised value to be considered for both years of the 2-year valuation cycle. An objection made more than 30 days from the date of the classification and appraisal notice will be applicable only for the second year of the 2-year valuation cycle. For an objection to apply to the second year of the valuation cycle, the taxpayer shall make the objection in writing or by checking a box on the notice no later than June 1 of the second year of the valuation cycle or, if a classification and appraisal notice is received in the second year of the valuation cycle, within 30 days from the date on the notice.

(iii) For centrally assessed property described in 15-23-101(2)(a), the objection must be submitted within 20 days from the date on the notice. A taxpayer may submit an objection up to 10 days after this deadline on request to the department.

(iv) (A) For centrally assessed property described in 15-23-101(2)(b) and (2)(c), an objection to the valuation or classification may be made only once each valuation cycle. An objection must be made in writing within the time period specified in subsection (3)(a)(iii) for a reduction in the appraised value to be considered for both years of the 2-year valuation cycle. An objection made after the deadline specified in subsection (3)(a)(iii) will be applicable only for the second year of the 2-year valuation cycle. For an objection to apply to the second year of the valuation cycle, the taxpayer shall make the objection in writing no later than June 1 of the second year of the valuation cycle or, if a classification and appraisal notice is received in the second year of the valuation cycle, within the time period specified in subsection (3)(a)(iii).

(B) If a property owner has exhausted the right to object to a valuation, as provided for in subsection (3)(a)(iv)(A), the property owner may ask the department to consider extenuating circumstances to adjust the value of property described in 15-23-101(2)(b) or (2)(c). Occurrences that may result in an adjustment to the value include but are not limited to extraordinary, unusual, or infrequent events that are material in nature and of a character different from the typical or customary business operations, that are not expected to recur frequently, and that are not normally considered in the evaluation of the operating results of a business, including bankruptcies, acquisitions, sales of assets, or mergers.

(b) If the objection relates to residential or commercial property and the objector agrees to the

confidentiality requirements, the department shall provide to the objector, by posted mail or electronically, within 8 weeks of submission of the objection, the following information:

(i) the methodology and sources of data used by the department in the valuation of the property; and

(ii) if the department uses a blend of evaluations developed from various sources, the reasons that the methodology was used.

(c) At the request of the objector or a representative of the objector, and only if the objector or representative signs a written or electronic confidentiality agreement, the department shall provide in written or electronic form:

(i) comparable sales data used by the department to value the property;

(ii) sales data used by the department to value residential property in the property taxpayer's market model area; and

(iii) if the cost approach was used by the department to value residential property, the documentation required in 15-8-111(3) regarding why the comparable sales approach was not reliable.

(d) For properties valued using the income approach as one approximation of market value, notice must be provided that the taxpayer will be given a form to acknowledge confidentiality requirements for the receipt of all aggregate model output that the department used in the valuation model for the property.

(e) The review must be conducted informally and is not subject to the contested case procedures of the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual selling price of the property and other relevant information presented by the taxpayer in support of the taxpayer's opinion as to the market value of the property. The department shall consider an independent appraisal provided by the taxpayer if the appraisal meets standards set by the Montana board of real estate appraisers and the appraisal was completed within 6 months of the valuation date pursuant to 15-8-201. If the department does not use the appraisal provided by the taxpayer in conducting the appeal, the department shall provide to the taxpayer the reason for not using the appraisal. The department shall give reasonable notice to the taxpayer of the time and place of the review.

(f) After the review, the department shall determine the correct appraisal and classification of the land or improvements and notify the taxpayer of its determination by mail or electronically. The department may

1 not determine an appraised value that is higher than the value that was the subject of the objection unless the
2 reason for an increase was the result of a physical change in the property or caused by an error in the
3 description of the property or data available for the property that is kept by the department and used for
4 calculating the appraised value. In the notification, the department shall state its reasons for revising the
5 classification or appraisal. When the proper appraisal and classification have been determined, the land must
6 be classified and the improvements appraised in the manner ordered by the department.

7 (4) Whether a review as provided in subsection (3) is held or not, the department may not adjust
8 an appraisal or classification upon the taxpayer's objection unless:

9 (a) the taxpayer has submitted an objection on written or electronic forms provided by the
10 department or by checking a box on the notice; and

11 (b) the department has provided to the objector by mail or electronically its stated reason in writing
12 for making the adjustment.

13 (5) A taxpayer's written objection or objection made by checking a box on the notice and
14 supplemental information provided by a taxpayer that elects to check a box on the notice to a classification or
15 appraisal and the department's notification to the taxpayer of its determination and the reason for that
16 determination are public records. The department shall make the records available for inspection during regular
17 office hours.

18 (6) Except as provided in 15-2-302 and 15-23-102, if a property owner feels aggrieved by the
19 classification or appraisal made by the department after the review provided for in subsection (3), the property
20 owner has the right to first appeal to the county tax appeal board and then to the Montana tax appeal board,
21 whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board,
22 pursuant to 15-15-102, must be filed within 30 days from the date on the notice of the department's
23 determination. A county tax appeal board or the Montana tax appeal board may consider the actual selling price
24 of the property, independent appraisals of the property, negative property features that differentiate the subject
25 property from the department's comparable sales, and other relevant information presented by the taxpayer as
26 evidence of the market value of the property. If the county tax appeal board or the Montana tax appeal board
27 determines that an adjustment should be made, the department shall adjust the base value of the property in
28 accordance with the board's order."

1
2 **Section 11.** Section 15-10-420, MCA, is amended to read:

3 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a
4 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount
5 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3
6 years. The maximum number of mills that a governmental entity may impose is established by calculating the
7 number of mills required to generate the amount of property tax actually assessed in the governmental unit in
8 the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half
9 of the average rate of inflation for the prior 3 years.

10 (b) A governmental entity that does not impose the maximum number of mills authorized under
11 subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between
12 the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill
13 authority carried forward may be imposed in a subsequent tax year.

14 (c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average
15 rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers,
16 using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of
17 labor.

18 (2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any
19 additional levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit,
20 including newly taxable property.

21 (3) (a) For purposes of this section, newly taxable property includes:

- 22 (i) annexation of real property and improvements into a taxing unit;
23 (ii) construction, expansion, or remodeling of improvements;
24 (iii) transfer of property into a taxing unit;
25 (iv) subdivision of real property; and
26 (v) transfer of property from tax-exempt to taxable status.

27 (b) Newly taxable property does not include an increase in value that arises because of an
28 increase in the incremental taxable value within a district that uses tax increment financing district.or

(4) — (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the release of taxable value from the incremental taxable value of a district that uses tax increment financing ~~district~~ because of:

- (i) a change in the district boundary ~~of a tax increment financing district~~;
- (ii) an increase in the base taxable value of the ~~tax increment financing~~ district pursuant to 7-15-4287; or
- (iii) the termination of a district that uses tax increment financing ~~district~~.

~~(b) — If a tax increment financing district terminates prior to the certification of taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax increment financing district terminates. If a tax increment financing district terminates after the certification of taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the following tax year.~~

(c) For the purpose of subsection (3)(a)(ii), the value of newly taxable class four property that was constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current year market value of that property less the previous year market value of that property.

(d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of real property that results in the property being taxable as class four property under 15-6-134 or as nonqualified agricultural land as described in 15-6-133(1)(c).

~~(5)(4)~~ Subject to subsection ~~(8)(7)~~, subsection (1)(a) does not apply to:

- (a) school district levies established in Title 20; or
- (b) a mill levy imposed for a newly created regional resource authority.

~~(6)(5)~~ For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received under 15-6-131 and 15-6-132.

~~(7)(6)~~ In determining the maximum number of mills in subsection (1)(a), the governmental entity:

- (a) may increase the number of mills to account for a decrease in reimbursements; and
- (b) may not increase the number of mills to account for a loss of tax base because of legislative action that is reimbursed under the provisions of 15-1-121(7).

~~(8)(7)~~ The department shall calculate, on a statewide basis, the number of mills to be imposed for

purposes of 15-10-109, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated by the department may not exceed the mill levy limits established in those sections. The mill calculation must be established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the calculation must be rounded up to the nearest tenth of a mill.

~~(9)(8)~~ (a) The provisions of subsection (1) do not prevent or restrict:

(i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;

(ii) a levy to repay taxes paid under protest as provided in 15-1-402;

(iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;

(iv) a levy for the support of a study commission under 7-3-184;

(v) a levy for the support of a newly established regional resource authority;

(vi) the portion that is the amount in excess of the base contribution of a governmental entity's property tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703;

(vii) a levy for reimbursing a county for costs incurred in transferring property records to an adjoining county under 7-2-2807 upon relocation of a county boundary;

(viii) a levy used to fund the sheriffs' retirement system under 19-7-404(3)(b); or

(ix) a governmental entity from levying mills for the support of an airport authority in existence prior to May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past.

The levy under this subsection ~~(9)(a)(ix)(8)(a)(ix)~~ is limited to the amount in the resolution creating the authority.

(b) A levy authorized under subsection ~~(9)(a)-(8)(a)~~ may not be included in the amount of property taxes actually assessed in a subsequent year.

~~(40)(9)~~ A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating funds by a county or municipality during that time.

~~(11)(10)~~ The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable value in a governmental unit."

Section 12. Section 15-10-425, MCA, is amended to read:

"15-10-425. Mill levy election. (1) A Subject to subsection (6), a county, consolidated government, incorporated city, incorporated town, school district, or other taxing entity may impose a new mill levy, increase a mill levy that is required to be submitted to the electors, or exceed the mill levy limit provided for in 15-10-420 by conducting an election as provided in this section. This section does not apply to bond elections.

(2) An election pursuant to this section must be held in accordance with Title 13, chapter 1, part 4 or 5, or Title 20 for school elections, whichever is appropriate to the taxing entity. The governing body shall pass a resolution, shall amend its self-governing charter, or must receive a petition indicating an intent to impose a new levy, increase a mill levy, or exceed the current statutory mill levy provided for in 15-10-420 on the approval of a majority of the qualified electors voting in the election. The resolution, charter amendment, or petition must include:

(a) the specific purpose for which the additional money will be used;

(b) either:

(i) the specific amount of money to be raised and the approximate number of mills to be imposed;

or

(ii) the specific number of mills to be imposed and the approximate amount of money to be raised;

and

(c) whether the levy is permanent or the durational limit on of the levy, which may not exceed 10 years except for those levies authorized in 20-9-308, 20-9-353, 20-9-502, 20-9-533, 20-15-305, 20-15-314, and 20-15-316 and levies that support law enforcement, fire protection, and emergency medical services.

(3) Notice of the election must be prepared by the governing body and given as provided in 13-1-108. The form of the ballot must reflect the content of the resolution or charter amendment and must include:

(a) the statement that "an increase in property taxes may lead to an increase in rental costs"; and

(b) a statement of the impact of the election on homes valued at \$100,000, \$300,000, and \$600,000 in the district in terms of actual dollars in additional property taxes that would be imposed on residences with those values if the mill levy were to pass. The ballot may also include a statement of the impact of the election on homes of any other value in the district, if appropriate.

(4) If the majority voting on the question are in favor of the additional levy, the governing body is

1 authorized to impose the levy in either the amount or the number of mills specified in the resolution or charter
2 amendment.

3 (5) A governing body, as defined in 7-6-4002, may reduce an approved levy in any fiscal year
4 without losing the authority to impose in a subsequent fiscal year up to the maximum amount or number of mills
5 approved in the election. However, nothing in this subsection authorizes a governing body to impose more than
6 the approved levy in any fiscal year or to extend the duration of the approved levy.

7 (6) (a) Except as provided in subsections (6)(b) and (6)(c) and unless reapproved by voters before
8 the termination date, all mill levies approved pursuant to this section terminate on December 31, 10 years after
9 approval by the electorate and every 10 years afterward.

10 (b) (i) If a mill levy was last approved by voters more than 5 years ago, the mill levy terminates on
11 December 31, 2028, and every 10 years afterward.

12 (ii) If a mill levy was last approved by voters 5 years ago or less, the mill levy terminates on
13 December 31, 2030, and every 10 years afterward.

14 (c) Subsections (6)(a) and (6)(b) do not apply to levies authorized in 20-9-308, 20-9-353, 20-9-
15 502, 20-9-533, 20-15-305, 20-15-314, and 20-15-316 or levies that support law enforcement, fire protection,
16 and emergency medical services.

17 (7) Beginning in the year 3 years before the termination date, a governing body may submit once a
18 year to the qualified electors a terminating levy for reapproval."

19
20 **Section 13.** Section 15-15-101, MCA, is amended to read:

21 **"15-15-101. County tax appeal board -- meetings and compensation.** (1) The board of county
22 commissioners of each county shall appoint a county tax appeal board, with a minimum of three members and
23 with the members to serve staggered terms of 3 years each. The members of each county tax appeal board
24 must be residents of the county in which they serve. A person may not be a member of a county tax appeal
25 board if the person was an employee of the department less than 36 months before the date of appointment.

26 (2) (a) The members receive compensation as provided in subsection (2)(b) and travel expenses,
27 as provided for in 2-18-501 through 2-18-503, only when the county tax appeal board meets to hear taxpayers'
28 appeals from property tax assessments or when they are attending meetings called by the Montana tax appeal

board. Travel expenses and compensation must be paid from the appropriation to the Montana tax appeal

board.

(b) (i) The daily compensation for a member is as follows:

(A) \$45 for 4 hours of work or less; and

(B) \$90 for more than 4 hours of work.

(ii) For the purpose of calculating work hours in this subsection (2)(b), work includes hearing tax appeals, deliberating with other board members, and attending meetings called by the Montana tax appeal board.

(3) Office space and equipment for the county tax appeal boards must be furnished by the county. All other incidental expenses must be paid from the appropriation of the Montana tax appeal board.

(4) The county tax appeal board shall hold an organizational meeting each year on the date of its first scheduled hearing, immediately before conducting the business for which the hearing was otherwise scheduled. At the organizational meeting, the members shall choose one member as the presiding officer of the board. The county tax appeal board shall continue in session from July 1 of the current tax year until December 31 of the current tax year to hear protests concerning assessments made by the department until the business of hearing protests is disposed of and may meet after December 31 to hear an appeal at the discretion of the county tax appeal board.

(5) In counties that have appointed more than three members to the county tax appeal board, only three members shall hear each appeal. The presiding officer shall select the three members hearing each appeal.

(6) In connection with an appeal, the county tax appeal board may change any assessment or fix the assessment at some other level and determine eligibility for the homestead reduced tax rate provided for in [section 2 or 3] or the rental property reduced tax rate provided for in [section 4]. Upon notification by the county tax appeal board, the county clerk and recorder shall publish a notice to taxpayers, giving the time the county tax appeal board will be in session to hear scheduled protests concerning assessments and the latest date the county tax appeal board may take applications for the hearings. The notice must be published in a newspaper if any is printed in the county or, if none, then in the manner that the county tax appeal board directs. The notice must be published by May 15 of the current tax year.

(7) Challenges to a department rule governing the assessment of property or to an assessment procedure apply only to the taxpayer bringing the challenge and may not apply to all similarly situated taxpayers unless an action is brought in the district court as provided in 15-1-406."

Section 14. Section 15-15-102, MCA, is amended to read:

"15-15-102. Application for reduction in valuation -- reduced tax rate. (1) The county tax appeal board may not reduce the valuation of property ~~may not be reduced by the county tax appeal board or review~~ eligibility for the homestead reduced tax rate provided for in [section 2 or 3] or the rental property reduced tax rate provided for in [section 4] unless either the taxpayer or the taxpayer's agent makes and files a written application ~~for reduction~~ with the county tax appeal board.

(2) The application ~~for reduction~~ may be obtained at the local appraisal office or from the county tax appeal board. The completed application must be submitted to the county clerk and recorder. The date of receipt is the date stamped on the appeal form by the county clerk and recorder upon receipt of the form. The county tax appeal board is responsible for obtaining the applications from the county clerk and recorder.

(3) One application ~~for reduction~~ may be submitted during each valuation cycle. The application must be submitted within the time periods provided for in 15-7-102(3)(a) and [section 6].

(4) A taxpayer who receives an informal review by the department of revenue as provided in 15-7-102(3)(a)(i) and (3)(a)(ii) or [section 6] may appeal the decision of the department of revenue to the county tax appeal board as provided in 15-7-102(6). The taxpayer may not file a subsequent application ~~for reduction~~ for the same property with the county tax appeal board during the same valuation cycle.

(5) If the department's determination after review is not made in time to allow the county tax appeal board to review the matter during the current tax year, the appeal must be reviewed during the next tax year, but the decision by the county tax appeal board is effective for the year in which the request for review was filed with the department. The application must state the post-office address of the applicant, specifically describe the property involved, and state the facts upon which it is claimed the reduction should be made."

Section 15. Section 15-15-103, MCA, is amended to read:

"15-15-103. Examination of applicant -- failure to hear application. (1) Before the county tax

1 appeal board grants any application or makes any reduction applied for, it shall examine on oath the person or
2 agent making the application with regard to the value of the property of the person or eligibility for the
3 homestead reduced tax rate provided for in [section 2 or 3] or the rental property reduced tax rate provided for
4 in [section 4]. A reduction may not be made unless the applicant makes an application, as provided in 15-15-
5 102, and attends the county board hearing. An appeal of the county board's decision may not be made to the
6 Montana tax appeal board unless the person or the person's agent has exhausted the remedies available
7 through the county board. In order to exhaust the remedies, the person or the person's agent shall attend the
8 county board hearing. On written request by the person or the person's agent and on the written concurrence of
9 the department, the county board may waive the requirement that the person or the person's agent attend the
10 hearing. The testimony of all witnesses at the hearing and the deliberation of the county tax appeal board in
11 rendering a decision must be electronically recorded and preserved for 1 year. If the decision of the county
12 board is appealed, the record of the proceedings, including the electronic recording of all testimony and the
13 deliberation of the county tax appeal board, must be forwarded, together with all exhibits, to the Montana board.
14 The date of the hearing, the proceedings before the county board, and the decision must be entered upon the
15 minutes of the county board, and the county board shall notify the applicant of its decision by mail within 3 days.
16 A copy of the minutes of the county board must be transmitted to the Montana board no later than 3 days after
17 the county board holds its final hearing of the year.

18 (2) (a) Except as provided in 15-15-201, if a county board refuses or fails to hear a taxpayer's
19 timely application for a reduction in valuation of property or eligibility for a reduced tax rate, the taxpayer's
20 application is considered to be granted on the day following the county board's final meeting for that year. The
21 department shall enter the appraisal, or classification, or tax rate sought in the application in the property tax
22 record. An application is not automatically granted for the following appeals:

23 (i) those listed in 15-2-302(1); and
24 (ii) if a taxpayer's appeal from the department's determination of classification or appraisal made
25 pursuant to 15-7-102 was not received in time, as provided for in 15-15-102, to be considered by the county
26 board during its current session.

27 (b) The county board shall provide written notification of each application that was automatically
28 granted pursuant to subsection (2)(a) to the department, the Montana board, and any affected municipal

corporation. The notice must include the name of the taxpayer and a description of the subject property.

(3) The county tax appeal board shall consider an independent appraisal provided by the taxpayer if the appraisal meets standards set by the Montana board of real estate appraisers and the appraisal was conducted within 6 months of the valuation date. If the county tax appeal board does not use the appraisal provided by the taxpayer in conducting the appeal, the county board shall provide to the taxpayer the reason for not using the appraisal."

Section 16. Section 15-16-101, MCA, is amended to read:

"15-16-101. Treasurer to publish notice -- manner of publication. (1) Within 10 days after the receipt of the property tax record, the county treasurer shall publish a notice specifying:

(a) that one-half of all taxes levied and assessed will be due and payable before 5 p.m. on the next November 30 or within 30 days after the notice is postmarked and that unless paid prior to that time the amount then due will be delinquent and will draw interest at the rate of 5/6 of 1% a month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty;

(b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on the next May 31 and that unless paid prior to that time the taxes will be delinquent and will draw interest at the rate of 5/6 of 1% a month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty; and

(c) the time and place at which payment of taxes may be made.

(2) (a) The county treasurer shall send to the last-known address of each taxpayer a written notice, postage prepaid, showing the amount of taxes and assessments due for the current year and the amount due and delinquent for other years. The written notice must include:

(i) the taxable value of the property;

(ii) the total mill levy applied to that taxable value;

(iii) itemized city services and special improvement district assessments collected by the county;

(iv) the number of the school district in which the property is located;

(v) the amount of the total tax due itemized by mill levy that is levied as city tax, county tax, state tax, school district tax, and other tax;

(vi) an indication of which mill levies are voted levies, including voted levies to impose a new mill levy, to increase a mill levy that is required to be submitted to the electors, or to exceed the mill levy limit provided for in 15-10-420;

(vii) except as provided in subsection (2)(c), an itemization of the taxes due for each mill levy and a comparison to the amount due for each mill levy in the prior year; and

(viii) a notice of the availability of all the property tax assistance programs available to property taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax assistance programs under Title 15, chapter 6, part 3, the homestead reduced tax rate provided for in [section 3], the rental property reduced tax rate provided for in [section 4], and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341.

(b) If a tax lien is attached to the property, the notice must also include, in a manner calculated to draw attention, a statement that a tax lien is attached to the property, that failure to respond will result in loss of property, and that the taxpayer may contact the county treasurer for complete information.

(c) The information required in subsection (2)(a)(vii) may be posted on the county treasurer's website instead of being included on the written notice.

(3) The municipality shall, upon request of the county treasurer, provide the information to be included under subsection (2)(a)(iii) ready for mailing.

(4) The notice in every case must be given as provided in 7-1-2121. Failure to publish or post notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the current year or of delinquent tax will not affect the legality of the tax.

(5) If the department revises an assessment that results in an additional tax of \$5 or less, an additional tax is not owed and a new tax bill does not need to be prepared."

Section 17. Section 15-17-125, MCA, is amended to read:

"15-17-125. Attachment of tax lien and preparation of tax lien certificate. (1) (a) The county treasurer shall attach a tax lien no later than the first working day in August to properties on which the taxes are delinquent and for which proper notification was given as provided in 15-17-122 and subsection (4) of this section. Upon attachment of a tax lien, the county is the possessor of the tax lien unless the tax lien is assigned

1 pursuant to 15-17-323.

2 (b) The county treasurer may not attach a tax lien to a property on which taxes are delinquent but
3 for which proper notice was not given.

4 (2) After attaching a tax lien, the county treasurer shall prepare a tax lien certificate that must
5 contain:

6 (a) the date on which the property taxes became delinquent;

7 (b) the date on which a property tax lien was attached to the property;

8 (c) the name and address of record of the person to whom the taxes were assessed;

9 (d) a description of the property on which the taxes were assessed;

10 (e) a separate listing of the amount of the delinquent taxes, penalties, interest, and costs;

11 (f) a statement that the tax lien certificate represents a lien on the property that may lead to the
12 issuance of a tax deed for the property;

13 (g) a statement specifying the date on which the county or an assignee will be entitled to a tax
14 deed; and

15 (h) an identification number corresponding to the tax lien certificate.

16 (3) The tax lien certificate must be signed by the county treasurer. A copy of the tax lien certificate
17 must be filed by the treasurer in the office of the county clerk. A copy of the tax lien certificate must also be
18 mailed to the person to whom the taxes were assessed, at the address of record, together with a notice that the
19 person may contact the county treasurer for further information on property tax liens.

20 (4) Prior to attaching a tax lien to the property, the county treasurer shall send notice of the
21 pending attachment of a tax lien to the person to whom the property was assessed. The notice must include the
22 information listed in subsection (2), state that the tax lien may be assigned to a third party, and provide notice of
23 the availability of all the property tax assistance programs available to property taxpayers, including the
24 property tax assistance programs under Title 15, chapter 6, part 3, the homestead reduced tax rate provided for
25 in [section 3], the rental property reduced tax rate provided for in [section 4], and the residential property tax
26 credit for the elderly under 15-30-2337 through 15-30-2341. The notice must have been mailed at least 2 weeks
27 prior to the date on which the county treasurer attaches the tax lien.

28 (5) The county treasurer shall file the tax lien certificate with the county clerk and recorder."

Section 18. Section 20-9-336, MCA, is amended to read:

"20-9-336. School equalization and property tax reduction account -- uses. (1) There is a school equalization and property tax reduction account in the state special revenue fund. Contingent on appropriation by the legislature, money in the account is for distribution to school districts as the second source of funding for state equalization aid as provided in 20-9-343. At fiscal yearend, any fund balance in the account exceeding what was appropriated must be transferred to the guarantee account established in 20-9-622.

(2) The account receives revenue as described in 20-9-331, 20-9-333, and 20-9-360.

(3) Beginning in fiscal year 2025, each December the superintendent of public instruction shall forecast the amount of revenue the account will receive in that fiscal year by dividing the sum of the taxable value of all property in the state reported by the department of revenue pursuant to 20-9-369 by 1,000 to determine a statewide value mill and then multiplying that amount by 95 mills, or the number of mills calculated by the department of revenue under 15-10-420~~(8)~~(7) for the applicable fiscal year. If the forecasted amount differs from the amount determined through the same calculation in the prior fiscal year by \$2 million or more and is:

(a) less, then the superintendent shall:

(i) decrease the multiplier used to calculate the statewide elementary and high school guaranteed tax base ratios used for funding BASE budgets under 20-9-366 to the nearest whole number determined by the superintendent to result in a decrease in the amount of guaranteed tax base aid distributed to eligible school districts equal to 85% of the decrease in the calculated amount between the 2 years; and

(ii) decrease the multiplier used to calculate the statewide elementary and high school mill value per ANB for school retirement guaranteed tax base purposes under 20-9-366 to the nearest whole number determined by the superintendent to result in a decrease in the amount of retirement guaranteed tax base aid distributed to eligible school districts equal to 15% of the decrease in the calculated amount between the 2 years;

(b) more, then the superintendent shall increase the multipliers used in the guaranteed tax base formulas under 20-9-366 and in the formula for school major maintenance aid under 20-9-525 to the nearest whole number by an amount calculated by the superintendent to result in an increase in the amount of

1 guaranteed tax base aid and school major maintenance aid distributed to eligible counties and school districts
2 equal to 55% of the increase in the calculated amount between the 2 years in the following order, with any
3 amount exceeding the caps under subsections (3)(b)(i) through (3)(b)(iii) flowing to the next mechanism:

4 (i) first, the multiplier used in calculating the statewide mill value per elementary and high school
5 ANB for retirement purposes, not to exceed 305%;

6 (ii) second, the multiplier used in calculating the amount of state school major maintenance aid
7 support for each dollar of local effort, not to exceed 365%; and

8 (iii) third, the multiplier used in calculating the facility guaranteed mill value per ANB for school
9 facility entitlement guaranteed tax base purposes, not to exceed 300%.

10 (4) (a) The adjustments to the multipliers under subsection (3) are applicable to state equalization
11 aid distributions in the fiscal year following the adjustment.

12 (b) Adjustments to the multipliers made under subsection (3) remain in effect in subsequent years
13 unless further changed under 20-9-366 or subsection (3) of this section or as otherwise provided by law."

14
15 **Section 19.** Section 20-9-502, MCA, is amended to read:

16 **"20-9-502. Purpose and authorization of building reserve fund -- subfund structure.** (1) The
17 trustees of any district may establish a building reserve fund to budget for and expend funds for any of the
18 purposes set forth in this section. Appropriate subfunds must be created to ensure separate tracking of the
19 expenditure of funds from voted and nonvoted levies and transfers for school safety pursuant to 20-9-236.

20 (2) (a) A voted levy may be imposed and a subfund must be created with the approval of the
21 qualified electors of the district for the purpose of raising money for the future construction, equipping, or
22 enlarging of school buildings or for the purpose of purchasing land needed for school purposes in the district. In
23 order to submit to the qualified electors of the district a building reserve proposition for the establishment of or
24 addition to a building reserve, the trustees shall pass a resolution that specifies:

25 (i) the purpose or purposes for which the new or addition to the building reserve will be used;

26 (ii) the duration of time over which the new or addition to the building reserve will be raised in
27 annual, equal installments;

28 (iii) the total amount of money that will be raised during the duration of time specified for the levy;

1 and

2 (iv) any other requirements under 15-10-425 and 20-20-201 for the calling of an election.

3 (b) Except as provided in subsection (4)(b), a building reserve tax authorization may not be for
4 more than ~~20~~ 10 years.

5 (c) The election must be conducted in accordance with the school election laws of this title, and
6 the electors qualified to vote in the election must be qualified under the provisions of 20-20-301. The ballot for a
7 building reserve proposition must be substantially in compliance with 15-10-425.

8 (d) The building reserve proposition is approved if a majority of those electors voting at the election
9 approve the establishment of or addition to the building reserve. The annual budgeting and taxation authority of
10 the trustees for a building reserve is computed by dividing the total authorized amount by the specified number
11 of years. The authority of the trustees to budget and impose the taxation for the annual amount to be raised for
12 the building reserve lapses when, at a later time, a bond issue is approved by the qualified electors of the
13 district for the same purpose or purposes for which the building reserve fund of the district was established.
14 Whenever a subsequent bond issue is made for the same purpose or purposes of a building reserve, the
15 money in the building reserve must be used for the purpose or purposes before any money realized by the
16 bond issue is used.

17 (3) (a) A subfund must be created to account for revenue and expenditures for school major
18 maintenance and repairs authorized under this subsection (3). The trustees of a district may authorize and
19 impose a levy of no more than 10 mills on the taxable value of all taxable property within the district for that
20 school fiscal year for the purposes of raising revenue for identified improvements or projects meeting the
21 requirements of 20-9-525(2). The 10-mill limit under this subsection (3) must be calculated using the district's
22 total taxable valuation most recently certified by the department of revenue under 15-10-202. The amount of
23 money raised by the levy, the deposits and transfers authorized under subsection (3)(f) of this section, and
24 anticipated state aid pursuant to 20-9-525(3) may not exceed the district's school major maintenance amount.
25 For the purposes of this section, the term "school major maintenance amount" means the sum of \$15,000 and
26 the product of \$110 multiplied by the district's budgeted ANB for the prior fiscal year. To authorize and impose a
27 levy under this subsection (3), the trustees shall:

28 (i) following public notice requirements pursuant to 20-9-116, adopt no later than March 31 of

each fiscal year a resolution:

(A) identifying the anticipated improvements or projects for which the proceeds of the levy, the deposits and transfers authorized under subsection (3)(f) of this section, and anticipated state aid pursuant to 20-9-525(3) will be used; and

(B) estimating a total dollar amount of money to be raised by the levy, the deposits and transfers authorized under subsection (3)(f) of this section, anticipated state aid pursuant to 20-9-525(3), and the resulting estimated number of mills to be levied using the district's taxable valuation most recently certified by the department of revenue under 15-10-202; and

(ii) include the amount of any final levy to be imposed as part of its final budget meeting noticed in compliance with 20-9-131.

(b) Proceeds from the levy may be expended only for the purposes under 20-9-525(2), and the expenditure of the money must be reported in the annual trustees' report as required by 20-9-213.

(c) Whenever the trustees of a district impose a levy pursuant to this subsection (3) during the current school fiscal year, they shall budget for the proceeds of the levy, the deposits and transfers authorized under subsection (3)(f) of this section, and anticipated state aid pursuant to 20-9-525(3) in the district's building reserve fund budget. Any expenditures of the funds must be made in accordance with the financial administration provisions of this title for a budgeted fund.

(d) When a tax levy pursuant to this subsection (3) is included as a revenue item on the final building reserve fund budget, the county superintendent shall report the levy requirement to the county commissioners by the later of the first Tuesday in September or within 30 calendar days after receiving certified taxable values and a levy on the district must be made by the county commissioners in accordance with 20-9-142.

(e) A subfund in the building reserve fund must be created for the deposit of proceeds from the levy, the deposits and transfers authorized under subsection (3)(f) of this section, and anticipated state aid pursuant to 20-9-525(3).

(f) If the imposition of 10 mills pursuant to subsection (3)(a) is estimated by the trustees to generate an amount less than the maximum levy revenue specified in subsection (3)(a), the trustees may deposit additional funds from any lawfully available revenue source and may transfer additional funds from any

lawfully available fund of the district to the subfund provided for in subsection (3)(a), up to the difference between the revenue estimated to be raised by the imposition of 10 mills and the maximum levy revenue specified in subsection (3)(a). The district's local effort for purposes of calculating its eligibility for state school major maintenance aid pursuant to 20-9-525 consists of the combined total of funds raised from the imposition of 10 mills and additional funds raised from deposits and transfers in compliance with this subsection (3)(f).

(4) (a) A voted levy may be imposed and a subfund must be created with the approval of the qualified electors of the district to provide funding for transition costs incurred when the trustees:

- (i) open a new school under the provisions of Title 20, chapter 6;
- (ii) close a school;
- (iii) replace a school building;
- (iv) consolidate with or annex another district under the provisions of Title 20, chapter 6; or
- (v) receive approval from voters to expand an elementary district into a K-12 district pursuant to 20-6-326.

(b) Except as provided in subsection (4)(c), the total amount the trustees may submit to the electorate for transition costs may not exceed the number of years specified in the proposition times the greater of 5% of the district's maximum general fund budget for the current year or \$250 per ANB for the current year. The duration of the levy for transition costs may not exceed 6 years.

(c) If the levy for transition costs is for consolidation or annexation:

- (i) the limitation on the amount levied is calculated using the ANB and the maximum general fund budget for the districts that are being combined; and

- (ii) the proposition must be submitted to the qualified electors in the combined district.

(d) The levy for transition costs may not be considered as outstanding indebtedness for the purpose of calculating the limitation in 20-9-406.

(5) (a) A subfund in the building reserve fund must be created for:

- (i) the funds transferred to the building reserve fund for school safety and security pursuant to 20-9-236; and
- (ii) funds generated by a voter-approved levy for school and student safety and security pursuant to subsection (5)(b) of this section.

(b) A voted levy may be imposed with the approval of the qualified electors of the district to provide funding for improvements to school and student safety and security that meet any of the criteria set forth in 20-9-236(1)(a) through (1)(e). A voted levy for school and student safety and security may not be considered as outstanding indebtedness for the purpose of calculating the limitation in 20-9-406. The election for a voted levy for school and student safety and security must be conducted in accordance with the school election laws of this title, and the electors qualified to vote in the election must be qualified under the provisions of 20-20-301. The ballot for a building reserve proposition must be substantially in compliance with 15-10-425."

NEW SECTION. Section 20. Codification instruction. [Sections 1 through 7] are intended to be codified as an integral part of Title 15, chapter 6, and the provisions of Title 15, chapter 6, apply to [sections 1 through 7].

~~NEW SECTION. Section 16. Effective date. [This act] is effective on passage and approval.~~

COORDINATION SECTION. SECTION 21. 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:

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

NEW SECTION. Section 22. Effective dates. (1) Except as provided in subsection (2), [this act] is effective on passage and approval.

(2) [Sections 8, 11, 12, 18, and 19] are effective January 1, 2026.

NEW SECTION. Section 23. Applicability -- retroactive applicability. (1) Except as provided in ~~subsection-subsections (2) through (4)~~, [this act] applies retroactively to property tax years beginning after December 31, 2024.

(2) [Sections 3 and 4] apply to property tax years beginning after December 31, 2026.

- 2025

Drafter: Megan Moore,

(3) The durational limit provided for in [section 12(2)(c)] applies to mill levy elections held on or after [the effective date of section 12].

4

5 NEW SECTION. **Section 24. Termination.** [Section 2] and the references to [section 2] in [section 5],

6 15-6-134, 15-15-101, 15-15-102, and 15-15-103 terminate December 31, 2026.

7 - END -

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