

HOUSE BILL NO. 27

INTRODUCED BY S. ESSMANN

BY REQUEST OF THE REVENUE INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE ELIGIBILITY FOR CLASSIFICATION OF PROPERTY AS AGRICULTURAL FOR PROPERTY VALUATION PURPOSES; REQUIRING AN APPLICATION PROCESS FOR AGRICULTURAL PROPERTY; PROVIDING FOR A REVIEW PROCESS FOR PROPERTIES CLASSIFIED AS AGRICULTURAL PROPERTY; REVISING INCOME REQUIREMENTS FOR CERTAIN PROPERTY TO QUALIFY AS AGRICULTURAL PROPERTY; REMOVING THE NONQUALIFIED AGRICULTURAL PROPERTY CLASSIFICATION; PROVIDING FOR AN IDLE LAND PROPERTY CLASSIFICATION AND TAX RATE; PROVIDING FOR A NONPRODUCTIVE FOREST LAND CLASSIFICATION AND TAX RATE; REQUIRING A REALTY TRANSFER CERTIFICATE TO INCLUDE THE SALES PRICE FOR CERTAIN AGRICULTURAL AND TIMBER PROPERTY; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 15-6-133, 15-6-143, 15-7-202, 15-7-206, 15-7-307, 15-10-420, ~~AND~~ 15-30-2660, AND 15-44-102, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 15-6-133, MCA, is amended to read:

"15-6-133. Class three property -- description -- taxable percentage. (1) Class three property includes:

(a) agricultural land as defined in 15-7-202;

(b) nonproductive patented mining claims outside the limits of an incorporated city or town held by an owner for the ultimate purpose of developing the mineral interests on the property. For the purposes of this subsection (1)(b), the following provisions apply:

(i) The claim may not include any property that is used for residential purposes, recreational purposes as described in 70-16-301, or commercial purposes as defined in 15-1-101 or any property the

surface of which is being used for other than mining purposes or has a separate and independent value for other purposes.

(ii) Improvements to the property that would not disqualify the parcel are taxed as otherwise provided in this title, including that portion of the land ~~upon~~on which the improvements are located and that is reasonably required for the use of the improvements.

(iii) Nonproductive patented mining claim property must be valued as if the land were devoted to agricultural grazing use.

(c) contiguous parcels of land of ~~20~~ 640 acres or more ~~but less than 160 acres~~ under one ownership that are not eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(1), which are considered to be ~~nonqualified agricultural idle~~ land. ~~Nonqualified agricultural idle~~ land may not be devoted to a commercial or industrial purpose. ~~Nonqualified agricultural idle~~ land is valued at the average productive capacity value of grazing land.

(2) Subject to subsection (3), class three property is taxed at 2.16% of its productive capacity value.

(3) The taxable value of idle land described in subsection (1)(c) is computed by multiplying the value of the land by ~~seven~~ 20 seven times the taxable percentage rate for agricultural land."

Section 2. Section 15-6-143, MCA, is amended to read:

"15-6-143. Class ten property -- description -- taxable percentage. (1) Class ten property includes:

(a) all forest lands, as defined in 15-44-102, and;

(b) property described in subsection (2); and

(c) nonproductive forest land as defined in 15-44-102. Nonproductive forest land must be valued at the statewide average productivity value of forest land.

(2) Any parcel of growing timber totaling less than 15 acres qualifies as class ten property if, in a prior year, the parcel totaled 15 acres or more and qualified as forest land but the number of acres was reduced to less than 15 acres for a public use described in 70-30-102 by the federal government, the state, a county, or a municipality and, since that reduction in acres, the parcel has not been further divided.

(3) ~~Class~~ Subject to subsection (4), class ten property is taxed at:

- (a) ~~0.29% of its forest productivity value in tax year 2023;~~
(b) ~~0.27% of its forest productivity value in tax year 2024; and~~
(c) ~~0.37% of its forest productivity value in tax years after 2024.~~
(4) ~~Land described in subsection (2)(c) is taxed at three times the rate provided in subsection (3)."~~

Section 3. Section 15-7-202, MCA, is amended to read:

"15-7-202. Eligibility of land for valuation as agricultural -- exclusions -- rulemaking. (1) (a)

Contiguous parcels of land totaling 160 acres or more under one ownership are eligible for valuation, assessment, and taxation as agricultural land each year that none of the parcels is devoted to a residential, commercial, or industrial use.

(b) (i) Contiguous parcels of land of 20 acres or more but less than 160 acres under one ownership that are actively devoted to agricultural use are eligible for valuation, assessment, and taxation as agricultural land if:

(A)(i) the land is used primarily for raising and marketing, as defined in subsection (1)(c), products that meet the definition of agricultural provided in 15-1-101 and if, except as for grazing land as provided in subsection (3) (4), the owner or the owner's immediate family members, agent, employee, or lessee markets not less than \$1,500 in annual gross income from the raising of agricultural products produced by the land not less than ~~\$4,000~~ \$1,500 in annual gross income for contiguous parcels of less than 640 acres or ~~\$4,000~~ \$1,500 plus \$6 an acre for each acre above 640 acres in annual gross income for contiguous parcels of 640 acres or more; or

(B)(ii) the parcels would have met the qualification set out in subsection (1)(b)(i)(A) (1)(a)(i) were it not for independent, intervening causes of production failure beyond the control of the producer or a marketing delay for economic advantage, in which case proof of qualification in a prior year will suffice suffices.

(ii) Noncontiguous parcels of land that meet the income requirement of subsection (1)(b)(i) are eligible for valuation, assessment, and taxation as agricultural land under subsection (1)(b)(i) if:

(A) the land is an integral part of a bona fide agricultural operation undertaken by the persons set forth in subsection (1)(b)(i) as defined in this section; and

(B) the land is not devoted to a residential, commercial, or industrial use.

(b) Noncontiguous parcels of land under one ownership that are actively devoted to agricultural use are eligible for valuation, assessment, and taxation as agricultural land if each noncontiguous parcel is actively devoted to agricultural use and the noncontiguous parcels collectively meet the annual gross income requirements for contiguous parcels in subsection (1)(a).

(c) For the purposes of determining annual gross income under this subsection (1), "marketing":

(i) means the selling of agricultural products produced by the land; and

(ii) for parcels of land of 20 acres or more, includes:

(A) rental or lease of the land if the land is actively used for grazing livestock or for other agricultural purposes; and

(B) rental payments made under the federal conservation reserve program or a successor to that program.

(iii)(2) Parcels of land that are part of a family-operated farm, family corporation, family partnership, family limited liability company, sole proprietorship, or family trust that is involved in Montana agricultural production consisting of 20 acres or more but less than 160 acres that do not meet the income requirement of subsection (1)(b)(i) may also be valued, assessed, and taxed as agricultural land (1)(a)(i) are eligible for valuation, assessment, and taxation as agricultural land if the owner:

(A)(a) applies to the department requesting classification of the parcel as agricultural;

(B)(b) verifies that the parcel of land is greater than 20 acres but less than 160 acres and that the parcel is located within 15 air miles of the family-operated farming entity referred to in subsection (1)(b)(iii)(C) (2)(c); and

(C)(c) verifies that:

(H)(i) the owner of the parcel is involved in agricultural production by submitting proof that 51% or more of the owner's Montana annual gross income is derived from agricultural production; and

(H)(ii) (A) property taxes on the property are paid by a family corporation, family partnership, family limited liability company, sole proprietorship, or family trust that is involved in Montana agricultural production and 51% of the entity's Montana annual gross income is derived from agricultural production; or

(H)(B) the owner is a shareholder, partner, owner, or member of the family corporation, family partnership, family limited liability company, sole proprietorship, or family trust that is involved in Montana

1 agricultural production and 51% of the person's or entity's Montana annual gross income is derived from
2 agricultural production.

3 (c) ~~For the purposes of this subsection (1):~~

4 (i) ~~"marketing" means the selling of agricultural products produced by the land and includes but is~~
5 ~~not limited to:~~

6 (A) ~~rental or lease of the land as long as the land is actively used for grazing livestock or for other~~
7 ~~agricultural purposes; and~~

8 (B) ~~rental payments made under the federal conservation reserve program or a successor to that~~
9 ~~program;~~

10 (ii)(3) ~~land~~ Land that is devoted to residential use or that is used for agricultural buildings and is
11 included in or is contiguous to land under the same ownership that is classified as agricultural land, other than
12 ~~nonqualified agricultural~~ idle land described in 15-6-133(1)(c), must be classified as agricultural land, and the
13 land must be valued as provided in 15-7-206.

14 (2) ~~Contiguous or noncontiguous parcels of land totaling less than 20 acres under one ownership~~
15 ~~that are actively devoted to agricultural use are eligible for valuation, assessment, and taxation as agricultural~~
16 ~~each year that the parcels meet any of the following qualifications:~~

17 (a) ~~except as provided in subsection (3), the parcels produce and the owner or the owner's agent,~~
18 ~~employee, or lessee markets not less than \$1,500 in annual gross income from the raising of agricultural~~
19 ~~products as defined in 15-1-101 ;~~

20 (b) ~~the parcels would have met the qualification set out in subsection (2)(a) were it not for~~
21 ~~independent, intervening causes of production failure beyond the control of the producer or marketing delay for~~
22 ~~economic advantage, in which case proof of qualification in a prior year will suffice; or~~

23 (c) ~~in a prior year, the parcels totaled 20 acres or more and qualified as agricultural land under this~~
24 ~~section, but the number of acres was reduced to less than 20 acres for a public use described in 70-30-102 by~~
25 ~~the federal government, the state, a county, or a municipality, and since that reduction in acres, the parcels~~
26 ~~have not been further divided.~~

27 (3)(4) For grazing land of less than 640 acres to be eligible for classification as agricultural land under
28 subsections (1)(b) and (2) subsection (1), the land must be capable of sustaining a minimum number of animal

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unit months of carrying capacity. The minimum number of animal unit months of carrying capacity must equate to \$1,500 in annual gross income as determined by the Montana state university-Bozeman college of agriculture. Grazing land of more than 640 acres must be capable of sustaining a minimum number of animal unit months of carrying capacity equal to \$1,500 in annual gross income plus \$6 an acre for each acre above 640 acres.

~~(4) The grazing on land by a horse or other animals kept as a hobby and not as a part of a bona fide agricultural enterprise is not considered a bona fide agricultural operation.~~

(5) (a) Upon application by the property owner, the following parcels of land are eligible for provisional agricultural classification for 5 years to allow crops to reach salable maturity:

(i) a fruit orchard consisting of a minimum of 100 live fruit trees maintained using accepted fruit tree husbandry practices, including pest and disease management, fencing, and a watering system;

(ii) a vineyard containing a minimum of 120 live vines maintained using accepted husbandry practices, including weed and grass maintenance, pest and disease management, pruning, and trellising and staking; and

(iii) property containing a minimum of 2,000 live Christmas trees cultivated according to accepted husbandry practices, including regular shearing.

(b) Following the 5th year of provisional agricultural classification, the property owner shall submit an application for agricultural classification. The application must include documentation proving that the property continues to meet the requirements of subsection (5)(a) and that the income requirements of subsection ~~(2)(a)~~ (1)(a)(i) have been met.

(6) The department may not classify land ~~less than 160 acres~~ as agricultural unless the owner has applied to have land classified as agricultural land. The owner shall periodically reapply for agricultural classification as provided in subsection (7). Land of ~~20 640~~ acres or more ~~but less than 160 acres~~ for which no application for agricultural classification has been made is idle land and is valued as provided in 15-6-133(1)(c) and is taxed as provided in 15-6-133(3). If land has been valued, assessed, and taxed as agricultural land in any year, it must continue to be valued, assessed, and taxed as agricultural until the department reclassifies the property. A reclassification does not mean revaluation pursuant to 15-7-111.

(7) The department shall administer a program for the periodic review of property classified as

1 agricultural land under this section. The department may require reapplication to determine whether land is still
2 actively devoted to agricultural use and shall notify a property owner who is required to reapply. A property
3 owner who fails to reapply in the required timeframe may provide the application within 30 days following the
4 date on the classification and appraisal notice.

5 ~~(7)(8)~~ For the purposes of this part, ~~growing timber is not an agricultural use~~ "agricultural use"
6 excludes activities related to agriculture that are not generally considered agricultural use, including activities
7 conducted for commercial purposes as defined in subsection (10) or otherwise conducted for the production of
8 income. Excluded activities include but are not limited to:

9 (a) hobby farms and personal gardens that involve growing crops or raising animals for personal
10 enjoyment or consumption;

11 (b) agritourism, including corn mazes, pumpkin patches, farm tours, and petting zoos;

12 (c) equestrian activities, such as keeping horses to ride for personal pleasure or competition.

13 However, the primary use of land for breeding or training horses for sale may be considered agricultural use.

14 (d) commercial activities unrelated to agriculture, such as operating a store, restaurant, or other
15 business on agricultural land if the business is not directly related to the production of agricultural products;

16 (e) recreational use primarily for leisure, enjoyment, and outdoor activities, including but not limited
17 to:

18 (i) hiking, nature walks, birdwatching, picnicking, camping, photography, stargazing, fishing,
19 hunting, boating, swimming, horseback riding, off-road vehicle use, snowmobiling, skiing, and snowboarding;

20 (ii) team sports on designated fields, courts, or facilities; and

21 (iii) commercial recreation opportunities, such as privately operated campgrounds, dude ranches,
22 resorts, theme parks, or other facilities offering recreational amenities;

23 (f) growing timber; and

24 (g) (i) except as provided in subsection (8)(g)(ii), conservation activities involving the use of land
25 primarily for protecting and preserving nature, biodiversity, and ecological functions of land. Conservation
26 activities include but are not limited to:

27 (A) maintaining or restoring diverse ecosystems to support native plants, animals, and
28 microorganisms;

(B) protecting habitats for endangered or threatened species;

(C) implementing measures to enhance biodiversity and ecological connectivity, such as creating wildlife corridors, managing forests for diverse habitats, and restoring wetlands;

(D) protecting open space, maintaining large, undeveloped tracts of land for their aesthetic and ecological value, and preserving scenic viewsheds and natural landscapes;

(E) protecting water resources, such as rivers, streams, and watersheds; and

(F) acquiring land for public parks or preserves.

(ii) Land enrolled in the federal conservation reserve program is eligible for agricultural classification.

(9) The department may adopt rules to implement the periodic review of property receiving agricultural classification provided for in this section.

(10) For the purposes of this section, "commercial purposes", when used in reference to "agriculture" as defined in 15-1-101, means the use of land primarily for the production, cultivation, and harvesting of agricultural products with the primary intent of generating income. This includes activities undertaken on a scale and with a business model that aims to produce agricultural goods for sale."

Section 4. Section 15-7-206, MCA, is amended to read:

"15-7-206. Improvements on agricultural land. (1) In determining the total area of land actively devoted to agricultural use, there is included the area of all land under barns, sheds, silos, cribs, greenhouses, and like structures, lakes, dams, ponds, streams, irrigation ditches, and like facilities.

(2) One acre of land beneath residential improvements on agricultural land, as described in 15-7-202(1)(e)(ii)(3), is valued at the class with the highest productive value and production capacity of agricultural land."

Section 5. Section 15-7-307, MCA, is amended to read:

"15-7-307. Certificate -- exceptions. The certificate required by this part applies to all transfers. However, the certificate filed for the following transfers need not disclose the consideration paid or to be paid for the real estate transferred:

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- 1 (1) an instrument recorded prior to July 1, 1975;
- 2 (2) the sale of agricultural land totaling 640 acres or more when the land is used for agricultural
- 3 purposes;
- 4 (3) the sale of timberland totaling 640 acres or more when the land is used for producing timber;
- 5 (4) a transfer by the United States, this state, or any instrumentality, agency, or subdivision of the
- 6 United States or this state;
- 7 (5) an instrument that (without added consideration) confirms, corrects, modifies, or supplements a
- 8 previously recorded instrument;
- 9 (6) a transfer pursuant to a court decree;
- 10 (7) a transfer pursuant to mergers, consolidations, or reorganizations of corporations, partnerships,
- 11 or other business entities;
- 12 (8) a transfer by a subsidiary corporation to its parent corporation without actual consideration or in
- 13 sole consideration of the cancellation or surrender of subsidiary stock;
- 14 (9) a transfer of decedents' estates;
- 15 (10) a transfer of a gift;
- 16 (11) a transfer between husband and wife or parent and child with only nominal actual consideration
- 17 for the transfer;
- 18 (12) an instrument the effect of which is to transfer the property to the same party or parties;
- 19 (13) a sale for delinquent taxes or assessments, a sheriff's sale, or a sale pursuant to a bankruptcy
- 20 court order;
- 21 (14) a transfer made in contemplation of death."

22
23 **Section 6.** Section 15-10-420, MCA, is amended to read:

24 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a
25 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount
26 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3
27 years. The maximum number of mills that a governmental entity may impose is established by calculating the
28 number of mills required to generate the amount of property tax actually assessed in the governmental unit in

1 the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half
2 of the average rate of inflation for the prior 3 years.

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

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

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

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

- 15 (i) annexation of real property and improvements into a taxing unit;
- 16 (ii) construction, expansion, or remodeling of improvements;
- 17 (iii) transfer of property into a taxing unit;
- 18 (iv) subdivision of real property; and
- 19 (v) transfer of property from tax-exempt to taxable status.

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

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

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

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

1 increment financing district terminates. If a tax increment financing district terminates after the certification of
2 taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the
3 following tax year.

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

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

10 (5) Subject to subsection (8), subsection (1)(a) does not apply to:

11 (a) school district levies established in Title 20; or

12 (b) a mill levy imposed for a newly created regional resource authority.

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

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

16 (a) may increase the number of mills to account for a decrease in reimbursements; and

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

19 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for the
20 purposes of 15-10-109, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated
21 by the department may not exceed the mill levy limits established in those sections. The mill calculation must
22 be established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the
23 calculation must be rounded up to the nearest tenth of a mill.

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

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

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

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

28 (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) is limited to the amount in the resolution creating the authority.
- (b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes actually assessed in a subsequent year.
- (10) 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) The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for the purposes of determining the elimination of property, new improvements, or newly taxable value in a governmental unit."

Section 7. Section 15-30-2660, MCA, is amended to read:

"15-30-2660. (Temporary) Taxpayer integrity fees. (1) (a) The department shall assess a fee as provided in subsection (2) for a taxpayer who is a participant in the Montana Health and Economic Livelihood Partnership Act provided for in Title 53, chapter 6, part 13, and Title 39, chapter 12, and owns:

- (i) equity in real property or improvements to real property, or both, that exceeds the limit established for homesteads under 70-32-104 by \$5,000 or more, if the real property is not agricultural land;
- (ii) more than one light vehicle when the combined depreciated value of the manufacturer's suggested retail price totals \$20,000 or more and the participant's equity in the vehicles exceeds that combined depreciated value by \$5,000 or more; or

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(iii) agricultural land with a taxable value in excess of \$1,500 a year.

(b) For the purposes of subsection (1)(a):

(i) "real property or improvements to real property" does not include property held in trust by the United States for the benefit of a Montana federally recognized Indian tribe; and

(ii) the depreciated value of the manufacturer's suggested retail price must be computed as provided in 61-3-503(2).

(2) The fee is \$100 a month plus an amount equal to an additional \$4 a month for:

(a) each \$1,000 in equity value above the limits established in subsections (1)(a)(i) and (1)(a)(ii); and

(b) each \$100 of taxable value in agricultural land above \$1,500.

(3) (a) The department shall assess a fee for an entity organized under 26 U.S.C. 501(d) and subject to taxes as provided in Title 15, chapter 31, if the entity has members who are receiving medicaid coverage under Title 53, chapter 6, part 13.

(b) The fee is equal to the state's share of the average annual cost per program participant, as defined in 53-6-1303, multiplied by the number of individuals in the 26 U.S.C. 501(d) organization who are receiving medicaid coverage because they are eligible under 53-6-1304, less the total annual amount the entity's members have paid in premiums.

(4) (a) For the purposes of calculating the fee required under subsection (3), the department of public health and human services shall provide the department of revenue by February 1 of each year with:

(i) the percentage of medicaid claims costs of program participants for which the state was responsible in the previous calendar year; and

(ii) the average annual cost of medical claims for program participants in the previous calendar year.

(b) The department of public health and human services shall post the average annual cost for a program participant on the department's website by February 15 of each year.

(5) An organization shall pay the fee provided for in subsection (3) as follows:

(a) on or before the last day of each month, the organization shall pay an estimated fee equal to one-twelfth of the most recently published annual cost per program participant; and

(b) on or before April 15 of each year, the organization shall report and pay any additional amount owed for the prior year or request a refund of any overpayment made in the prior year.

(6) (a) The department of public health and human services shall provide the department of revenue with the names of program participants and other necessary information to assist the department of revenue in administering and enforcing this section.

(b) The department of justice shall provide the department of revenue with vehicle registration information for the administration of this section.

(7) Fees collected pursuant to this section must be deposited in the Montana HELP Act special revenue account provided for in 53-6-1315.

(8) A fee remains until paid and may be collected through assessments against future income tax returns or through a civil action initiated by the state.

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

(a) (i) "Agricultural land" means agricultural land as described in 15-7-202 that is taxed as class three property at the rate provided in 15-6-133.

(ii) The term does not include:

(A) parcels of land that are considered ~~nonqualified agricultural~~ idle land as provided in 15-6-133(1)(c);

(B) improvements to real property; or

(C) land held in trust by the United States for the benefit of a Montana federally recognized Indian tribe.

(b) "Light vehicle" has the meaning provided in 61-1-101.

(c) "Manufacturer's suggested retail price" has the meaning provided in 61-3-503(3). (Terminates June 30, 2025--secs. 38, 48, Ch. 415, L. 2019.)"

Section 8. Section 15-44-102, MCA, is amended to read:

"15-44-102. Definitions. For the purposes of this part, unless the context requires otherwise, the following definitions apply:

(1) "Culmination of mean annual increment" means the point of optimum net wood production on

an acre of forest land.

(2) "Cultivated Christmas trees" means Christmas trees that are grown on land prepared by intensive cultivation and tilling, such as by plowing or turning over the soil, and on which all unwanted plant growth is controlled for the exclusive purpose of raising Christmas trees.

(3) "Department" means the department of revenue.

(4) "Forest" means forest land and the timber on the land.

(5) "Forest land" means contiguous land of 15 acres or more in one ownership that is capable of producing timber that can be harvested in commercial quantity and is producing timber unless the trees have been removed through harvest, including clearcuts, or by natural disaster, including but not limited to fire.

Forest land includes land:

(a) that has not been converted to another use; and

(b) on which the annual net wood production equals or exceeds 25 cubic feet an acre at the culmination of mean annual increment.

(6) "Forest productivity value" means the value of forest land for assessment purposes, which value is determined only on the basis of its potential to produce timber, other forest products, and associated agricultural products through an income approach provided for in 15-44-103.

(7) "Harvest" means an activity related to the cutting or removal of timber for use or sale as a forest product.

(8) "Landowner" means an individual, corporation, association, company, firm, joint venture, syndicate, or trust.

(9) "Mean annual net wood production" means the average net usable volume of wood that 1 acre of forest land will grow in 1 year under average current and actual forest conditions and under current and reasonable management practices for each forest valuation zone established under 15-44-103.

(10) "Nonproductive forest land" means land that:

(a) does not meet the definition of forest land in subsection (5);

(b) is not devoted to a commercial, industrial, or residential use;

(c) is not eligible for valuation as agricultural land pursuant to 15-7-202; and

(d) for which at least 70% of the total acreage of the parcel or contiguous parcels under one

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Drafter: Megan Moore,

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ownership is classified as forest land.

~~(10)(11)~~"Stumpage value" means the amount that timber would sell for under an arm's-length transaction made in the ordinary course of business, expressed in terms of dollars per unit of measure.

~~(11)(12)~~(a) "Timber" means all wood growth on privately owned land, mature or immature, alive or dead, standing or down, that is capable of furnishing raw material used in the manufacture of lumber or other forest products.

(b) The term does not include cultivated Christmas trees."

NEW SECTION. Section 9. Effective date. [This act] is effective January 1, 2027.

NEW SECTION. Section 10. Applicability. [This act] applies to property tax years beginning after December 31, 2026.

- END -