

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; PROVIDING A PROPERTY TAX REBATE FOR CLASS FOUR RESIDENTIAL PROPERTY BASED ON PROPERTY TAXES PAID; PROVIDING DEFINITIONS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 15-6-134, 15-7-102, 15-15-101, 15-15-102, 15-15-103, 15-16-101, AND 15-17-125, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, APPLICABILITY DATES, AND A TERMINATION DATE DATES."

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;

1 nature and of a character different from the typical or customary, and that are not expected to recur.

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

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

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13 **NEW SECTION. Section 7. Rulemaking authority.** The department shall adopt rules that are  
14 necessary to implement and administer [sections 1 through 7].

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16 **NEW SECTION. Section 8. Definitions.** As used in [sections 8 and 9], the following definitions apply:

17 (1) "Montana property taxes" means the ad valorem property taxes, special assessments, and  
18 other fees imposed on property classified under 15-6-134 that is a single-family dwelling unit, unit of a multiple-  
19 unit dwelling, trailer, manufactured home, or mobile home and as much of the surrounding land, not exceeding  
20 1 acre, as is reasonably necessary for its use as a dwelling and that were assessed and paid by the taxpayer  
21 for tax year 2024. The amount of Montana property taxes assessed and paid is equal to the total amount billed  
22 by the local government for the dwelling as shown on the 2024 property tax bill received by the taxpayer with a  
23 first-half payment due in or around November 2024 and a second-half payment due in or around May 2025.

24 (2) "Owned" includes purchasing under a contract for deed and being the grantor or grantors under  
25 a revocable trust indenture.

26 (3) "Tax year 2024" means the period January 1, 2024, through December 31, 2024.

27  
28 **NEW SECTION. Section 9. Property tax rebate.** (1) There is a rebate of Montana property taxes in

the amount of \$250 or the amount of total property taxes paid, whichever is less, for tax year 2024.

(2) The rebate provided for in subsection (1) is for Montana property taxes assessed to and paid by a taxpayer or taxpayers on class four residential property owned during tax year 2024.

(3) The department shall mail rebates by August 15, 2025.

(4) If a debt is due and owing to the state, the department may offset the rebate in this section as provided in sections 15-30-2629, 15-30-2630, 17-4-105, or as otherwise provided by law.

**Section 10.** 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

- (2) After attaching a tax lien, the county treasurer shall prepare a tax lien certificate that must contain:
- (a) the date on which the property taxes became delinquent;
  - (b) the date on which a property tax lien was attached to the property;
  - (c) the name and address of record of the person to whom the taxes were assessed;
  - (d) a description of the property on which the taxes were assessed;
  - (e) a separate listing of the amount of the delinquent taxes, penalties, interest, and costs;
  - (f) a statement that the tax lien certificate represents a lien on the property that may lead to the issuance of a tax deed for the property;
  - (g) a statement specifying the date on which the county or an assignee will be entitled to a tax deed; and
  - (h) an identification number corresponding to the tax lien certificate.
- (3) The tax lien certificate must be signed by the county treasurer. A copy of the tax lien certificate must be filed by the treasurer in the office of the county clerk. A copy of the tax lien certificate must also be mailed to the person to whom the taxes were assessed, at the address of record, together with a notice that the person may contact the county treasurer for further information on property tax liens.
- (4) Prior to attaching a tax lien to the property, the county treasurer shall send notice of the pending attachment of a tax lien to the person to whom the property was assessed. The notice must include the information listed in subsection (2), state that the tax lien may be assigned to a third party, and provide notice of the availability of all the property tax assistance programs available to property taxpayers, including 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. The notice must have been mailed at least 2 weeks prior to the date on which the county treasurer attaches the tax lien.
- (5) The county treasurer shall file the tax lien certificate with the county clerk and recorder."

**NEW SECTION. Section 17. Codification instruction.** (1) [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].

(2) [Sections 8 and 9] are intended to be codified as an integral part of Title 15, chapter 1, and the provisions of Title 15, chapter 1, apply to [sections 8 and 9].

**NEW SECTION. Section 18. Effective date.** [This act] is effective on passage and approval.

**COORDINATION SECTION. SECTION 19. 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 20. Applicability -- retroactive applicability.** (1) Except as provided in subsection (2), [this act] applies retroactively to property tax years beginning after December 31, 2024.

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

**NEW SECTION. Section 21. Termination.** (1) [Section 2] and the references to [section 2] in [section 5], 15-6-134, 15-15-101, 15-15-102, and 15-15-103 terminate December 31, 2026.

(2) [Sections 8 and 9] terminate June 30, 2026.

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