

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 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."

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

1 47, Laws of 2023;

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

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

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

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

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

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

19 (6) For tax year 2025 and tax year 2026, a class four residential property that qualified for the  
20 property tax assistance program provided for in 15-6-305 or the disabled veteran program provided for in 15-6-  
21 311 in tax year 2024 automatically qualifies for the homestead reduced tax rate if the property remains the  
22 principal residence of the owner.

23  
24 **NEW SECTION. Section 3. Homestead reduced tax rate -- application -- limitations.** (1) Except  
25 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)  
26 for a principal residence as provided in this section.

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

(b) To receive the homestead reduced tax rate for the tax year in which the application is first made, the owner 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 homestead 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 owner no longer uses the dwelling as a principal residence; or
- (iii) the owner applies for a homestead reduced tax rate for a different principal residence.

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

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

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

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

(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

1 property or if the application was denied.

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

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

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

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

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

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

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

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

19 (iv) the owner fails to submit a complete reapplication to the department as required in subsection  
20 (4).

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

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

27 (a) a written declaration made under penalty of perjury that the applicant owns and maintains the  
28 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

1 reduced tax rate or the rental property reduced tax rate and notify the taxpayer of its determination by mail or  
2 electronically. In the notification, the department shall state its reasons for accepting or denying the application.

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

10  
11 **NEW SECTION. Section 7. Rulemaking authority.** The department shall adopt rules that are  
12 necessary to implement and administer [sections 1 through 7].

13  
14 **Section 8.** Section 15-6-134, MCA, is amended to read:

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

- 17 (a) ~~subject to subsection (1)(e),~~ all land, except that specifically included in another class;  
18 (b) ~~subject to subsection (1)(e):~~  
19 (i) all improvements, including single-family residences, trailers, manufactured homes, or mobile  
20 homes used as a residence, except those specifically included in another class;  
21 (ii) appurtenant improvements to the residences, including the parcels of land upon which the  
22 residences are located and any leasehold improvements;  
23 (iii) vacant residential lots; and  
24 (iv) rental multifamily dwelling units.  
25 (c) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural  
26 land under 15-7-202;  
27 (d) ~~\_\_\_\_\_, including 1 acre of real property beneath residential improvements on land described in 15-6-~~  
28 ~~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 class four property is taxed as provided in this subsection (3).

(a) Except as provided in subsections (3)(b) and (3)(c), class four residential property described in subsections (1)(a) through (1)(d) of this section is taxed at 4.35% 1.9% of market value.

(b) (i) Subject to subsection (3)(b)(iii), the THE tax rate for class four residential property described in subsections (1)(a), (1)(b)(i), (1)(b)(ii), and (1)(d) of this section that qualifies 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] is:

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

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

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

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

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

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

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

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

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

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

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

(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 for the county in which the property is located~~ 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 for the county in which the property is located~~ rounded to the nearest thousand dollars."

**Section 9.** 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

1 validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

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

7 (b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an  
8 appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in  
9 15-1-402.

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

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

20 (i) For property other than class three property described in 15-6-133, class four property  
21 described in 15-6-134, class ten property described in 15-6-143, and centrally assessed property described in  
22 15-23-101, the objection must be submitted within 30 days from the date on the notice.

23 (ii) For class three property described in 15-6-133, class four property described in 15-6-134, and  
24 class ten property described in 15-6-143, the objection may be made only once each valuation cycle. An  
25 objection must be made in writing or by checking a box on the notice within 30 days from the date on the  
26 classification and appraisal notice for a reduction in the appraised value to be considered for both years of the  
27 2-year valuation cycle. An objection made more than 30 days from the date of the classification and appraisal  
28 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 not determine an appraised value that is higher than the value that was the subject of the objection unless the reason for an increase was the result of a physical change in the property or caused by an error in the description of the property or data available for the property that is kept by the department and used for calculating the appraised value. In the notification, the department shall state its reasons for revising the classification or appraisal. When the proper appraisal and classification have been determined, the land must be classified and the improvements appraised in the manner ordered by the department.

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

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

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

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

(6) Except as provided in 15-2-302 and 15-23-102, if a property owner feels aggrieved by the classification or appraisal made by the department after the review provided for in subsection (3), 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. The 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. A county tax appeal board or the Montana tax appeal board may consider the actual selling price of the property, independent appraisals of the property, negative property features that differentiate the subject property from the department's comparable sales, and other relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the Montana tax appeal board determines that an adjustment should be made, the department shall adjust the base value of the property in accordance with the board's order."

**Section 10.** Section 15-15-101, MCA, is amended to read:

**"15-15-101. County tax appeal board -- meetings and compensation.** (1) The board of county commissioners of each county shall appoint a county tax appeal board, with a minimum of three members and with the members to serve staggered terms of 3 years each. The members of each county tax appeal board must be residents of the county in which they serve. A person may not be a member of a county tax appeal

board if the person was an employee of the department less than 36 months before the date of appointment.

(2) (a) The members receive compensation as provided in subsection (2)(b) and travel expenses, as provided for in 2-18-501 through 2-18-503, only when the county tax appeal board meets to hear taxpayers' 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



1 tax appeal board will be in session to hear scheduled protests concerning assessments and the latest date the  
2 county tax appeal board may take applications for the hearings. The notice must be published in a newspaper if  
3 any is printed in the county or, if none, then in the manner that the county tax appeal board directs. The notice  
4 must be published by May 15 of the current tax year.

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

8  
9 **Section 11.** Section 15-15-102, MCA, is amended to read:

10 **"15-15-102. Application for reduction in valuation -- reduced tax rate.** (1) The county tax appeal  
11 board may not reduce the valuation of property may not be reduced by the county tax appeal board or review  
12 eligibility for the homestead reduced tax rate provided for in [section 2 or 3] or the rental property reduced tax  
13 rate provided for in [section 4] unless either the taxpayer or the taxpayer's agent makes and files a written  
14 application ~~for reduction~~ with the county tax appeal board.

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

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

21 (4) A taxpayer who receives an informal review by the department of revenue as provided in 15-7-  
22 102(3)(a)(i) and (3)(a)(ii) or [section 6] may appeal the decision of the department of revenue to the county tax  
23 appeal board as provided in 15-7-102(6). The taxpayer may not file a subsequent application ~~for reduction~~ for  
24 the same property with the county tax appeal board during the same valuation cycle.

25 (5) If the department's determination after review is not made in time to allow the county tax appeal  
26 board to review the matter during the current tax year, the appeal must be reviewed during the next tax year,  
27 but the decision by the county tax appeal board is effective for the year in which the request for review was filed  
28 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 12.** Section 15-15-103, MCA, is amended to read:

**"15-15-103. Examination of applicant -- failure to hear application.** (1) Before the county tax appeal board grants any application or makes any reduction applied for, it shall examine on oath the person or agent making the application with regard to the value of the property of the person or 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]. A reduction may not be made unless the applicant makes an application, as provided in 15-15-102, and attends the county board hearing. An appeal of the county board's decision may not be made to the Montana tax appeal board unless the person or the person's agent has exhausted the remedies available through the county board. In order to exhaust the remedies, the person or the person's agent shall attend the county board hearing. On written request by the person or the person's agent and on the written concurrence of the department, the county board may waive the requirement that the person or the person's agent attend the hearing. The testimony of all witnesses at the hearing and the deliberation of the county tax appeal board in rendering a decision must be electronically recorded and preserved for 1 year. If the decision of the county board is appealed, the record of the proceedings, including the electronic recording of all testimony and the deliberation of the county tax appeal board, must be forwarded, together with all exhibits, to the Montana board. The date of the hearing, the proceedings before the county board, and the decision must be entered upon the minutes of the county board, and the county board shall notify the applicant of its decision by mail within 3 days. A copy of the minutes of the county board must be transmitted to the Montana board no later than 3 days after the county board holds its final hearing of the year.

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

(i) those listed in 15-2-302(1); and

(ii) if a taxpayer's appeal from the department's determination of classification or appraisal made

pursuant to 15-7-102 was not received in time, as provided for in 15-15-102, to be considered by the county board during its current session.

(b) The county board shall provide written notification of each application that was automatically 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 13.** 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 14.** 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 pursuant to 15-17-323.

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

(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

1 in [section 3], the rental property reduced tax rate provided for in [section 4], and the residential property tax  
2 credit for the elderly under 15-30-2337 through 15-30-2341. The notice must have been mailed at least 2 weeks  
3 prior to the date on which the county treasurer attaches the tax lien.

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

6 **NEW SECTION. Section 15. Codification instruction.** [Sections 1 through 7] are intended to be  
7 codified as an integral part of Title 15, chapter 6, and the provisions of Title 15, chapter 6, apply to [sections 1  
8 through 7].  
9

10 **NEW SECTION. Section 16. Effective date.** [This act] is effective on passage and approval.  
11

12 **NEW SECTION. Section 17. Applicability -- retroactive applicability.** (1) Except as provided in  
13 subsection (2), [this act] applies retroactively to property tax years beginning after December 31, 2024.

14 (2) [Sections 3 and 4] apply to property tax years beginning after December 31, 2026.  
15

16 **NEW SECTION. Section 18. Termination.** [Section 2] and the references to [section 2] in [section 5],  
17 15-6-134, 15-15-101, 15-15-102, and 15-15-103 terminate December 31, 2026.  
18

- END -