

HOUSE BILL NO. 231

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A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING PROPERTY TAX LAWS; REVISING THE TAX RATE FOR CLASS THREE AGRICULTURAL PROPERTY; 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; PROVIDING FOR A PROPERTY TAX REBATE FOR CERTAIN PRINCIPAL RESIDENCES; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTIONS 15-1-2301, 15-1-2302, 15-1-2304, 15-6-133, AND 15-6-134, 15-7-102, 15-15-101, 15-15-102, 15-15-103, 15-16-101, AND 15-17-125, MCA; AMENDING SECTION 10, CHAPTER 47, LAWS OF 2023; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, AND A RETROACTIVE APPLICABILITY DATES, AND A TERMINATION DATE."

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

(Refer to Introduced Bill)

Strike everything after the enacting clause and insert:

**Section 1.** Section 15-1-2301, MCA, is amended to read:

**"15-1-2301. (Temporary) Definitions.** As used in this part, the following definitions apply:

(1) "Median residential value" has the same meaning as provided in 15-6-134.

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

other fees imposed on property classified under 15-6-134 that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home and as much of the surrounding land, not exceeding 1 acre, as is reasonably necessary for its use as a dwelling and that ~~were assessed and paid by the taxpayer as follows:~~

~~(a) — for tax year 2022, the amount of Montana property taxes assessed and paid is equal to the total amount billed by the local government for the dwelling as shown on the 2022 property tax bill received by the taxpayer; and~~

~~(b) — for tax year 2023, the amount of Montana property taxes assessed and paid is equal to the total amount billed by the local government for the dwelling as shown on the 2023 property tax bill received by the taxpayer.~~

~~(2)(3)~~ "Owned" includes purchasing under a contract for deed and being the grantor or grantors under a revocable trust indenture.

~~(3)(4)~~ (a) "Principal residence" is, subject to the provisions of subsection ~~(3)(b)(4)(b)~~, a dwelling:

(i) in which a taxpayer can demonstrate the taxpayer owned and lived in for at least 7 months of the year for which the rebate is claimed;

(ii) that is the only residence for which the property tax rebate is claimed; and

(iii) for which the taxpayer made payment of the assessed Montana property taxes during ~~the tax year 2022 and tax year 2023.~~

(b) A taxpayer that cannot meet the requirements of subsection ~~(3)(a)(i)-(4)(a)(i)~~ because the taxpayer's principal residence changes during the tax year to another principal residence may still claim a rebate if the taxpayer paid the Montana property taxes while residing in each principal residence for a total of at least 7 consecutive months for each tax year.

~~(4)(5)~~ "Tax year ~~2022~~" means the period January 1, ~~2022~~, through December 31, ~~2022~~.

~~(5) — "Tax year 2023" means the period January 1, 2023, through December 31, 2023. (Terminates June 30, 2025 2028 — sec. 10, Ch. 47, L. 2023, sec. 10, Ch. 764, L. 2023.)"~~

**Section 2.** Section 15-1-2302, MCA, is amended to read:

**"15-1-2302. (Temporary) Property tax rebate -- manner of claiming -- limitations --**

**appropriation.** (1) Subject to the conditions provided for in this part, there is a rebate of Montana property taxes ~~in the amount of:~~

~~(a) \$500 or the amount of total property taxes paid, whichever is less, for tax year 2022; and~~

~~(b) \$500 or the amount of total property taxes paid, whichever is less, for tax year 2023 billed for tax years 2024, 2025, and 2026 for a principal residence with a market value of less than 3 times the median residential value.~~

~~(2) Subject to subsection (1), the amount of the rebate for each year is equal to the greater of:~~

~~(a) \$180; or~~

~~(b) \$60 for every \$100,000 in market value up to a maximum of \$420.~~

~~(2)(3)~~ The rebate provided for in subsection (1) is for Montana property taxes assessed to and paid by a taxpayer or taxpayers on property they owned and occupied as a principal residence during the relevant tax year.

~~(3)(4)~~ The department shall mail a notice to potential claimants by June 30, ~~2023, for tax year 2022 and by June 30, 2024, for tax year 2023 of each year in which rebates may be claimed.~~ Receipt of a notice does not establish that a taxpayer or property owner is eligible for a rebate, and a taxpayer who does not receive a notice may still be eligible to claim a rebate. All taxpayers, regardless of the receipt of notice, shall claim a rebate as provided in subsection ~~(5)(6)~~.

~~(4)(5)~~ Except as provided in subsections ~~(5)(e)(6)(c)~~ and ~~(5)(d)(6)(d)~~, a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home and as much of the surrounding land, not exceeding 1 acre that is owned by an entity is not eligible to claim the rebate.

~~(5)(6)~~ (a) ~~(i)~~ All claims for this property tax rebate must be submitted to the department electronically or by mail for each tax year the rebate is claimed. A claim must be submitted the year after the tax year for which a rebate is claimed as provided in this subsection (6)(a)(i).

~~(i)(ii)~~ Electronic claims must be submitted between August 15 and October 1 each year through the department's website.

~~(ii)(iii)~~ Claims submitted by mail must be made on a form prescribed by the department and postmarked by October 1 each year.

(b) Subject to subsections ~~(5)(e)(6)(c)~~ and ~~(5)(d)(6)(d)~~, a claim for rebate must be submitted, under

penalty of false swearing and the penalties provided in 15-1-2303, on a form prescribed by the department and must contain:

(i) an affirmation that the claimant owns and maintains the land and improvements as the principal residence as defined in 15-1-2301;

(ii) the geocode or other property identifier for the principal residence that the claimant is requesting the rebate on;

(iii) the social security number of the claimant, the claimant's spouse, and any dependents; and

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

(c) The personal representative of the estate of a deceased taxpayer may execute and file the claim for rebate on behalf of a deceased taxpayer who qualifies for the rebate.

(d) The trustee of a grantor revocable trust may file a claim on behalf of the trust if the dwelling meets the definition of a principal residence for the grantor.

~~(6)(7)~~ Only one rebate for each tax year will be issued to a taxpayer for the Montana property taxes paid by the taxpayer for tax-year 2022 and tax-year 2023 years 2024, 2025, and 2026.

~~(7)(8)~~ If a debt is due and owing to the state, the department may offset the rebate in this section as provided in 15-30-2629, 15-30-2630, 17-4-105, or as otherwise provided by law.

~~(8)(9)~~ The payment of property tax rebates and administration costs related to paying property tax refunds under this section are statutorily appropriated, as provided in 17-7-502, from the general fund to the department of revenue for distribution to taxpayers and for related administration costs. (Terminates June 30, 2025 2028—sec. 10, Ch. 47, L. 2023.)"

**Section 3.** Section 15-1-2304, MCA, is amended to read:

**"15-1-2304. (Temporary) Property tax rebate.** (1) A taxpayer that is entitled to a rebate of Montana property taxes paid pursuant to 15-1-2301 through 15-1-2303 may increase the dollar amount limits of the rebates in the former 15-1-2302(1)(a) and (1)(b) before the amendments of [this act] by the bonus amounts provided in subsection (2). In administering the rebate, the department shall add the bonus to the dollar amount limitations for tax year 2022 and tax year 2023 and update any rebate forms to reflect the additional amount.

(2) (a) Subject to subsection (2)(d), the amount of the bonus for tax year 2022 is half of the amount

provided for in subsection (2)(c).

(b) Subject to subsection (2)(c), the amount of the bonus for tax year 2023 is half of the amount provided for in subsection (2)(c).

(c) The preliminary bonus amount is the quotient of the appropriation in section 6, Chapter 764, Laws of 2023, divided by 284,343.

(d) The department shall round the quotients provided for in subsections (2)(a) and (2)(b) downward to the nearest \$1.

(3) The bonus provided for in this section is administered as part of the property tax rebate provided for in Chapter 47, Laws of 2023. Any property tax rebate received that is based on this section is exempt from taxation under this chapter. (Terminates June 30, 2025--sec. 10, Ch. 764, L. 2023.)"

**Section 4.** 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 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) parcels of land of 20 acres or more but less than 160 acres under one ownership that are not

1 eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(1), which are considered to  
2 be nonqualified agricultural land. Nonqualified agricultural land may not be devoted to a commercial or  
3 industrial purpose. Nonqualified agricultural land is valued at the average productive capacity value of grazing  
4 land.

5 (2) Subject to subsection (3), class three property is taxed at ~~2.16%~~ 1.8% of its productive capacity  
6 value.

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

9  
10 **Section 5.** Section 15-6-134, MCA, is amended to read:

11 **"15-6-134. Class four property -- description -- taxable percentage.** (1) Class four property  
12 includes:

13 (a) subject to subsection (1)(e), all land, except that specifically included in another class;

14 (b) subject to subsection (1)(e):

15 (i) all improvements, including single-family residences, trailers, manufactured homes, or mobile  
16 homes used as a residence, except those specifically included in another class;

17 (ii) appurtenant improvements to the residences, including the parcels of land upon which the  
18 residences are located and any leasehold improvements;

19 (iii) vacant residential lots; and

20 (iv) rental multifamily dwelling units.

21 (c) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural  
22 land under 15-7-202, including 1 acre of real property beneath improvements on land described in 15-6-  
23 133(1)(c). The 1 acre must be valued at market value.

24 (d) 1 acre of real property beneath an improvement used as a residence on land eligible for  
25 valuation, assessment, and taxation as forest land under 15-6-143. The 1 acre must be valued at market value.

26 (e) all commercial and industrial property, as defined in 15-1-101, and including:

27 (i) all commercial and industrial property that is used or owned by an individual, a business, a  
28 trade, a corporation, a limited liability company, or a partnership and that is used primarily for the production of

1 income;

2 (ii) all golf courses, including land and improvements actually and necessarily used for that  
3 purpose, that consist of at least nine holes and not less than 700 lineal yards;

4 (iii) commercial buildings and parcels of land upon which the buildings are situated; and

5 (iv) vacant commercial lots.

6 (2) If a property includes both residential and commercial uses, the property is classified and  
7 appraised as follows:

8 (a) the land use with the highest percentage of total value is the use that is assigned to the  
9 property; and

10 (b) the improvements are apportioned according to the use of the improvements.

11 (3) (a) Except as provided in 15-24-1402, 15-24-1501, 15-24-1502, and subsection (3)(b), the tax  
12 rate for class four residential property described in subsections (1)(a) through (1)(d) of this section is: taxed at  
13 1.35% of market value.

14 (b) ~~— The tax rate for the portion of the market value of a single-family residential dwelling in excess~~  
15 ~~of \$1.5 million is the residential property tax rate in subsection (3)(a) multiplied by 1.4.~~

16 (i) 0.64% for the market value that is 2 times the median residential value or less;

17 (ii) 0.95% for the market value that is greater than 2 times the median residential value and less  
18 than 4 times the median residential value;

19 (iii) 1.55% for the market value that is 4 times the median residential value or greater and less than  
20 8 times the median residential value; and

21 (iv) 1.95% for the market value that is 8 times the median residential value or greater.

22 (b) The tax rate for a rental multifamily dwelling unit described in subsection (1)(b)(iv) is 1.1%.

23 (c) The tax rate for commercial and industrial property described in subsection (1)(e), except  
24 property described in subsection (1)(e)(ii), is: the residential property tax rate in subsection (3)(a) multiplied by  
25 1.4

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

27 (ii) for the market value 6 times the median commercial and industrial value or greater, 1.9%.

28 (4)(d) Property described in subsection (1)(e)(ii) is taxed at one-half the tax rate established in

subsection (3)(c).

(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 rounded to the nearest thousand dollars.

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

**Section 6.** Section 10, Chapter 47, Laws of 2023, is amended to read:

**"Section 10. Termination.** [This act] terminates June 30, ~~2025~~ 2028."

NEW SECTION. Section 7. Effective date. [This act] is effective on passage and approval.

NEW SECTION. Section 8. Retroactive applicability. [Sections 4 and 5] apply retroactively, within the meaning of 1-2-109, to property tax years beginning after December 31, 2024.

- END -