

HOUSE BILL NO. 231

INTRODUCED BY L. JONES, B. LER, S. ESSMANN, R. MINER, W. MCKAMEY, D. FERN, J. KASSMIER, M. BERTOGLIO, C. SPRUNGER, S. MORIGEAU, G. HUNTER, C. COCHRAN, S. FITZPATRICK, M. NIKOLAKAKOS, G. HERTZ, C. SCHOMER, E. TILLEMANN, R. TEMPEL, J. DARLING, G. PARRY, K. WALSH, G. NIKOLAKAKOS, B. BARKER, M. CUFFE, T. MCGILLVRAY, B. GILLESPIE, D. BEDEY

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 FOR A PROPERTY TAX REBATE FOR CERTAIN PRINCIPAL RESIDENCES; PROVIDING DEFINITIONS; PROVIDING RULEMAKING AUTHORITY; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTION 10, CHAPTER 47, LAWS OF 2023; AMENDING SECTIONS 15-1-2301, 15-1-2302, 15-1-2304, 15-6-134, AND 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;

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.

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

15
16 **Section 8.** Section 15-1-2301, MCA, is amended to read:

17 **"15-1-2301. (Temporary) Definitions.** As used in this part, the following definitions apply:

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

19 (2) "Montana property taxes" means the ad valorem property taxes, special assessments, and
20 other fees imposed on property classified under 15-6-134 that is a single-family dwelling unit, unit of a multiple-
21 unit dwelling, trailer, manufactured home, or mobile home and as much of the surrounding land, not exceeding
22 1 acre, as is reasonably necessary for its use as a dwelling and that ~~were assessed and paid by the taxpayer~~
23 as follows:

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

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

1 ~~the taxpayer.~~

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

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

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

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

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

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

14 ~~(4)(5)~~ "Tax year 2022" means the period January 1, ~~2022~~, through December 31, ~~2022~~.

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

17
18 **Section 9.** Section 15-1-2302, MCA, is amended to read:

19 **"15-1-2302. (Temporary) Property tax rebate -- manner of claiming -- limitations --**
20 **appropriation.** (1) Subject to the conditions provided for in this part, there is a rebate of Montana property
21 taxes ~~in the amount of:~~

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

23 ~~(b) \$500 or the amount of total property taxes paid, whichever is less, for tax year 2023 billed for~~
24 ~~tax years 2024, 2025, and 2026 with a market value of less than 5 times the median residential value.~~

25 ~~(2) The amount of the rebate for each year is equal to the greater of:~~

26 ~~(a) \$200; or~~

27 ~~(b) \$125 for every \$100,000 in market value up to a maximum of \$1,000.~~

28 ~~(2)(3)~~ The rebate provided for in subsection (1) is for Montana property taxes assessed to and paid

1 by a taxpayer or taxpayers on property they owned and occupied as a principal residence during the relevant
2 tax year.

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

8 ~~(4)(5)~~ Except as provided in subsections ~~(5)(e)(6)(c)~~ and ~~(5)(d)(6)(d)~~, a single-family dwelling unit, unit
9 of a multiple-unit dwelling, trailer, manufactured home, or mobile home and as much of the surrounding land,
10 not exceeding 1 acre that is owned by an entity is not eligible to claim the rebate.

11 ~~(5)(6)~~ (a) (i) All claims for this property tax rebate must be submitted to the department electronically
12 or by mail for each tax year the rebate is claimed. A claim must be submitted the year after the tax year for
13 which a rebate is claimed as provided in this subsection (6)(a)(i).

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

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

18 (b) Subject to subsections ~~(5)(e)(6)(c)~~ and ~~(5)(d)(6)(d)~~, a claim for rebate must be submitted, under
19 penalty of false swearing and the penalties provided in 15-1-2303, on a form prescribed by the department and
20 must contain:

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

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

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

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

27 (c) The personal representative of the estate of a deceased taxpayer may execute and file the
28 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 10. 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.)"

Amendment - 2nd Reading-yellow - Requested by: Terry Falk - (H) Committee of the Whole

- 2025

69th Legislature 2025

Drafter: Megan Moore,

HB0231.003.002

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 21. Applicability -- retroactive applicability. (1) Except as provided in

~~subsection-subsections~~ (2) and (3), [this act] applies retroactively to property tax years beginning after December 31, 2024.

(2) [Sections 8 through 10] apply to property taxes paid for property tax years beginning after December 31, 2023.

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

Section 22. Section 10, Chapter 47, Laws of 2023, is amended to read:

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

NEW SECTION. Section 23. Termination. [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.

- END -