

**Amendment - 2nd Reading/2nd House-tan - Requested by: Josh Kassmier - (S) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

HB0528.002.003

HOUSE BILL NO. 528

INTRODUCED BY E. BYRNE, S. KELLY, S. KLAKKEN, K. LOVE, T. SHARP, T. MILLETT, M. DUNWELL

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROPERTY TAX RATES; REVISING THE PROPERTY TAX RATES FOR CLASS THREE AGRICULTURAL PROPERTY AND CLASS FOUR RESIDENTIAL AND COMMERCIAL PROPERTY; PROVIDING THAT THE RATE REDUCTIONS MAY NOT REDUCE SCHOOL EQUALIZATION OR UNIVERSITY REVENUE BY MORE THAN \$50 MILLION IN 2025; AMENDING SECTIONS 15-1-121, 15-6-133, ~~AND 15-6-134~~, 15-10-109, AND 15-10-420, MCA; AND PROVIDING ~~AN IMMEDIATE~~ EFFECTIVE ~~DATE AND DATES~~, A RETROACTIVE APPLICABILITY DATE, AND A CONTINGENT TERMINATION DATE."

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

**Section 1.** Section 15-1-121, MCA, is amended to read:

**"15-1-121. Entitlement share payment -- purpose -- appropriation.** (1) As described in 15-1-120(3), each local government is entitled to an annual amount that is the replacement for revenue received by local governments for diminishment of property tax base and various earmarked fees and other revenue that, pursuant to Chapter 574, Laws of 2001, amended by section 4, Chapter 13, Special Laws of August 2002, and later enactments, were consolidated to provide aggregation of certain reimbursements, fees, tax collections, and other revenue in the state treasury with each local government's share. The reimbursement under this section is provided by direct payment from the state treasury rather than the ad hoc system that offset certain state payments with local government collections due the state and reimbursements made by percentage splits, with a local government remitting a portion of collections to the state, retaining a portion, and in some cases sending a portion to other local governments.

(2) The sources of dedicated revenue that were relinquished by local governments in exchange for an entitlement share of the state general fund were:

(a) personal property tax reimbursements pursuant to sections 167(1) through (5) and 169(6),

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Chapter 584, Laws of 1999;

(b) vehicle, boat, and aircraft taxes and fees pursuant to:

(i) Title 23, chapter 2, part 5;

(ii) Title 23, chapter 2, part 6;

(iii) Title 23, chapter 2, part 8;

(iv) 61-3-317;

(v) 61-3-321;

(vi) Title 61, chapter 3, part 5, except for 61-3-509(3), as that subsection read prior to the amendment of 61-3-509 in 2001;

(vii) Title 61, chapter 3, part 7;

(viii) 5% of the fees collected under 61-10-122;

(ix) 61-10-130;

(x) 61-10-148; and

(xi) 67-3-205;

(c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);

(d) district court fees pursuant to:

(i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);

(ii) 25-1-202;

(iii) 25-9-506; and

(iv) 27-9-103;

(e) certificate of title fees for manufactured homes pursuant to 15-1-116;

(f) financial institution taxes collected pursuant to the former provisions of Title 15, chapter 31, part 7;

(g) all beer, liquor, and wine taxes pursuant to:

(i) 16-1-404;

(ii) 16-1-406; and

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(iii) 16-1-411;

(h) late filing fees pursuant to 61-3-220;

(i) title and registration fees pursuant to 61-3-203;

(j) veterans' cemetery license plate fees pursuant to 61-3-459;

(k) county personalized license plate fees pursuant to 61-3-406;

(l) special mobile equipment fees pursuant to 61-3-431;

(m) single movement permit fees pursuant to 61-4-310;

(n) state aeronautics fees pursuant to 67-3-101; and

(o) department of natural resources and conservation payments in lieu of taxes pursuant to former

Title 77, chapter 1, part 5.

(3) Except as provided in subsection (7)(b), the total amount received by each local government in the prior fiscal year as an entitlement share payment under this section is the base component for the subsequent fiscal year distribution, and in each subsequent year the prior year entitlement share payment, including any reimbursement payments received pursuant to subsection (7), is each local government's base component. The sum of all local governments' base components is the fiscal year entitlement share pool.

(4) (a) Except as provided in subsections (4)(b)(iv) and (7)(b), the base entitlement share pool must be increased annually by an entitlement share growth rate as provided for in this subsection (4). The amount determined through the application of annual growth rates is the entitlement share pool for each fiscal year.

(b) By October 1 of each year, the department shall calculate the growth rate of the entitlement share pool for the next fiscal year in the following manner:

(i) The department shall calculate the entitlement share growth rate based on the ratio of two factors of state revenue sources for the first, second, and third most recently completed fiscal years as recorded on the statewide accounting, budgeting, and human resource system. The first factor is the sum of the revenue for the first and second previous completed fiscal years received from the sources referred to in subsections (2)(b), (2)(c), and (2)(g) divided by the sum of the revenue for the second and third previous completed fiscal years received from the same sources multiplied by 0.75. The second factor is the sum of the

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revenue for the first and second previous completed fiscal years received from individual income tax as provided in Title 15, chapter 30, and corporate income tax as provided in Title 15, chapter 31, divided by the sum of the revenue for the second and third previous completed fiscal years received from the same sources multiplied by 0.25.

(ii) Except as provided in subsections (4)(b)(iii) and (4)(b)(iv), the entitlement share growth rate is the lesser of:

(A) the sum of the first factor plus the second factor; or

(B) 1.03 for counties, 1.0325 for consolidated local governments, and 1.035 for cities and towns.

(iii) In no instance can the entitlement growth factor be less than 1. Subject to subsection (4)(b)(iv), the entitlement share growth rate is applied to the most recently completed fiscal year entitlement payment to determine the subsequent fiscal year payment.

(iv) The entitlement share growth rate, as described in this subsection (4), is:

(A) for fiscal year 2018, 1.005;

(B) for fiscal year 2019, 1.0187;

(C) for fiscal year 2020 and thereafter, determined as provided in subsection (4)(b)(ii). The rate must be applied to the entitlement payment for the previous fiscal year as if the payment had been calculated using entitlement share growth rates for fiscal years 2018 and 2019 as provided in subsection (4)(b)(ii).

(5) As used in this section, "local government" means a county, a consolidated local government, an incorporated city, and an incorporated town. A local government does not include a tax increment financing district provided for in subsection (8). The county or consolidated local government is responsible for making an allocation from the county's or consolidated local government's share of the entitlement share pool to each special district within the county or consolidated local government in a manner that reasonably reflects each special district's loss of revenue sources for which reimbursement is provided in this section. The allocation for each special district that existed in 2002 must be based on the relative proportion of the loss of revenue in 2002.

(6) (a) The entitlement share pools calculated in this section, the amounts distributed under 15-1-123(4) for local governments, the funding provided for in subsection (8) of this section, and the amounts

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distributed under 15-1-123(5) for tax increment financing districts are statutorily appropriated, as provided in 17-7-502, from the general fund to the department for distribution to local governments.

(b) (i) The growth amount is the difference between the entitlement share pool in the current fiscal year and the entitlement share pool in the previous fiscal year. The growth factor in the entitlement share must be calculated separately for:

(A) counties;

(B) consolidated local governments; and

(C) incorporated cities and towns.

(ii) In each fiscal year, the growth amount for counties must be allocated as follows:

(A) 50% of the growth amount must be allocated based upon each county's percentage of the prior fiscal year entitlement share pool for all counties; and

(B) 50% of the growth amount must be allocated based upon the percentage that each county's population bears to the state population not residing within consolidated local governments as determined by the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

(iii) In each fiscal year, the growth amount for consolidated local governments must be allocated as follows:

(A) 50% of the growth amount must be allocated based upon each consolidated local government's percentage of the prior fiscal year entitlement share pool for all consolidated local governments; and

(B) 50% of the growth amount must be allocated based upon the percentage that each consolidated local government's population bears to the state's total population residing within consolidated local governments as determined by the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

(iv) In each fiscal year, the growth amount for incorporated cities and towns must be allocated as follows:

(A) 50% of the growth amount must be allocated based upon each incorporated city's or town's

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percentage of the prior fiscal year entitlement share pool for all incorporated cities and towns; and

(B) 50% of the growth amount must be allocated based upon the percentage that each city's or town's population bears to the state's total population residing within incorporated cities and towns as determined by the latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

(v) In each fiscal year, the amount of the entitlement share pool before the growth amount or adjustments made under subsection (7) are applied is to be distributed to each local government in the same manner as the entitlement share pool was distributed in the prior fiscal year.

(7) (a) If the legislature enacts a reimbursement provision that is to be distributed pursuant to this section, the department shall determine the reimbursement amount as provided in the enactment and add the appropriate amount to the entitlement share distribution under this section. The total entitlement share distributions in a fiscal year, including distributions made pursuant to this subsection, equal the local fiscal year entitlement share pool. The ratio of each local government's distribution from the entitlement share pool must be recomputed to determine each local government's ratio to be used in the subsequent year's distribution determination under subsections (6)(b)(ii)(A), (6)(b)(iii)(A), and (6)(b)(iv)(A).

(b) For fiscal year 2018 and thereafter, the growth rate provided for in subsection (4) does not apply to the portion of the entitlement share pool attributable to the reimbursement provided for in 15-1-123(1) and (2). The department shall calculate the portion of the entitlement share pool attributable to the reimbursement in 15-1-123(1) and (2), including the application of the growth rate in previous fiscal years, for counties, consolidated local governments, and cities and, for fiscal year 2018 and thereafter, apply the growth rate for that portion of the entitlement share pool as provided in 15-1-123(3).

(c) The growth amount resulting from the application of the growth rate in 15-1-123(3) must be allocated as provided in subsections (6)(b)(ii)(A), (6)(b)(iii)(A), and (6)(b)(iv)(A) of this section.

(d) The growth rate provided for in subsection (4) does not apply to the portion of the entitlement share pool attributable to the reimbursement provided for in [section 7].

(8) (a) Except for a tax increment financing district entitled to a reimbursement under 15-1-123(5), if a tax increment financing district was not in existence during the fiscal year ending June 30, 2000, then the

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tax increment financing district is not entitled to any funding. If a tax increment financing district referred to in subsection (8)(b) terminates, then the funding for the district provided for in subsection (8)(b) terminates.

(b) One-half of the payments provided for in this subsection (8)(b) must be made by November 30 and the other half by May 31 of each year. Subject to subsection (8)(a), the entitlement share for tax increment financing districts is as follows:

Flathead	Kalispell - District 2	\$4,638
Flathead	Kalispell - District 3	37,231
Flathead	Whitefish District	148,194
Gallatin	Bozeman - downtown	31,158
Missoula	Missoula - 1-1C	225,251
Missoula	Missoula - 4-1C	30,009

(9) The estimated fiscal year entitlement share pool and any subsequent entitlement share pool for local governments do not include revenue received from tax increment financing districts.

(10) When there has been an underpayment of a local government's share of the entitlement share pool, the department shall distribute the difference between the underpayment and the correct amount of the entitlement share. When there has been an overpayment of a local government's entitlement share, the local government shall remit the overpaid amount to the department.

(11) A local government may appeal the department's estimation of the base component, the entitlement share growth rate, or a local government's allocation of the entitlement share pool, according to the uniform dispute review procedure in 15-1-211.

(12) (a) Except as provided in 2-7-517, a payment required pursuant to this section may not be offset by a debt owed to a state agency by a local government in accordance with Title 17, chapter 4, part 1.

(b) A payment required pursuant to this section must be withheld if a local government:

(i) fails to meet a deadline established in 2-7-503(1), 7-6-611(2), 7-6-4024(3), or 7-6-4036(1); and

(ii) fails to remit any amounts collected on behalf of the state as required by 15-1-504 or as otherwise required by law within 45 days of the end of a month.

(c) A payment required pursuant to this section may be withheld if, for more than 90 days, a local

government fails to:

- (i) file a financial report required by 15-1-504;
- (ii) remit any amounts collected on behalf of the state as required by 15-1-504; or
- (iii) remit any other amounts owed to the state or another taxing jurisdiction."

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

(2) Subject to subsection (3), class three property is taxed at ~~2.46%~~ 1.7% of its productive capacity



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1 value.

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

4

5 **Section 3.** Section 15-6-134, MCA, is amended to read:

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

7 includes:

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

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

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

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

14 (iii) vacant residential lots; and

15 (iv) rental multifamily dwelling units.

16 (c) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural  
17 land under 15-7-202, including 1 acre of real property beneath improvements on land described in 15-6-  
18 133(1)(c). The 1 acre must be valued at market value.

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

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

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

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

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

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(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 15-24-1402, 15-24-1501, 15-24-1502, and subsection (3)(b), class four residential property described in subsections (1)(a) through (1)(d) of this section is taxed at 1.35% 0.76% of market value.

(b) The tax rate for the portion of the market value of a single-family residential dwelling in excess of \$1.5 million is ~~the residential property tax rate in subsection (3)(a) multiplied by 1.4~~ 1.35%.

(c) The tax rate for commercial property is ~~the residential property tax rate in subsection (3)(a) multiplied by 1.4~~ 1.35%.

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

**SECTION 4. SECTION 15-10-109, MCA, IS AMENDED TO READ:**

**"15-10-109. (Temporary) Tax levy for university system.** ~~There~~ Subject to 15-10-420, there is levied upon the taxable value of all real estate and personal property subject to taxation in the state of Montana 6 mills for the continued support, maintenance, and improvement of the Montana university system. The funds raised from the levy must be deposited in the state special revenue fund. (Terminates December 31, 2028--sec. 4, Ch. 73, L. 2017.)"

**SECTION 5. SECTION 15-10-420, MCA, IS AMENDED TO READ:**

**"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3

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1 years. The maximum number of mills that a governmental entity may impose is established by calculating the  
2 number of mills required to generate the amount of property tax actually assessed in the governmental unit in  
3 the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half  
4 of the average rate of inflation for the prior 3 years.

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

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

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

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

17 (i) annexation of real property and improvements into a taxing unit;

18 (ii) construction, expansion, or remodeling of improvements;

19 (iii) transfer of property into a taxing unit;

20 (iv) subdivision of real property; and

21 (v) transfer of property from tax-exempt to taxable status.

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

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

26 (i) a change in the boundary of a tax increment financing district;

27 (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or

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(iii) the termination of a tax increment financing district.

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

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

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

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

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

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

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

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

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

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

(8) (a) The Subject to subsection (8)(b), the department shall calculate, on a statewide basis, the number of mills to be imposed for purposes of 15-10-109, 20-9-331, 20-9-333, 20-9-360, and 20-25-439.

However, the number of mills calculated by the department may not exceed the mill levy limits established in those sections. The mill calculation must be established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the calculation must be rounded up to the nearest tenth of a mill.

(b) For the property tax year beginning January 1, 2025, the department shall calculate, on a

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statewide basis, the number of mills to be imposed for the purposes of 15-10-109, 20-9-331, 20-9-333, and 20-9-360 that result in a reduction in revenue to the school equalization and property tax reduction account in 20-9-336 and to the state special revenue fund of not more than \$50 million. The number of mills calculated by the department pursuant to this subsection (8)(b) must be used in subsequent tax years.

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

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

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

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

(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 purposes of determining the elimination of property, new improvements, or newly taxable value in a governmental unit."

1

2 **NEW SECTION. Section 6. Legislative findings -- local government charters and fixed mill levy**

3 **limits superseded.** (1) (a) The legislature finds that most local governments set mill levies that adjust

4 downward when taxable value increases under 15-10-420. This floating mill levy concept automatically lowers

5 the number of mills levied against a taxpayer when property values increase, which mitigates increases in

6 property values. However, when mill levies are fixed, the opposite occurs when property values increase, and

7 property taxes are not automatically mitigated for taxpayers that are levied based on a fixed mill levy.

8 (b) The legislature finds further that it is prohibited under Article VIII, section 2, of the Montana

9 constitution from suspending or contracting away the power to tax. The legislature also recognizes and

10 respects the power of local governments under Article XI, section 5, of the Montana constitution to adopt,

11 amend, revise, or abandon a charter.

12 (2) As a matter of policy, the legislature intends to supersede local government charters that fix mill

13 levy limits for the limited purpose of exercising the power to tax while also maintaining local government

14 revenue sources without raising taxes on residential taxpayers. Having considered all options on a statewide

15 basis, the legislature finds the statutory structure of the property tax has evolved significantly since the passage

16 of Initiative Measure No. 105 on November 4, 1986, and the enactment of 15-10-420 by the legislature in 1999.

17 Given the significant change in the structure of the property tax and the rising cost of residential property in the

18 last 5 years, there is a compelling interest to all the citizens of the state to lower residential property tax rates

19 for primary residences, which can only be accomplished by this section and 15-10-420.

20 (3) A local government with a charter form of government that includes a mill levy limit of a specific

21 number of mills that may be imposed in the charter shall levy the number of mills in fiscal year 2026 and

22 subsequent tax years that will generate the amount of property taxes assessed in fiscal year 2025, without

23 amending or revising the charter. In fiscal years after 2026, the local government shall levy the number of mills

24 levied in fiscal year 2026.

25 (4) A taxing entity with a local mill levy limit of a specific number of mills that may be imposed that

26 was authorized by the voters before [the effective date of this section] may:

27 (a) elect to transition a voted mill levy to a dollar-based mill levy equal to the amount of property

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taxes assessed in fiscal year 2025 and thereafter subject to the provisions of 15-10-420(1)(a); or

(b) levy the number of mills in fiscal year 2026 that will generate the amount of property taxes assessed in fiscal year 2025. In fiscal years after 2026, the local government shall levy the number of mills levied in fiscal year 2026.

**NEW SECTION. Section 7. Reimbursement for loss of revenue from certain fixed mill levies. (1)**

The department shall reimburse each taxing entity as provided in this section for the revenue loss resulting from the tax rate reductions in 15-6-134 as amended by [this act] for the following levies:

(a) levies of a local government with a charter form of government that includes a mill levy limit of a specific number of mills that may be imposed in the charter; and

(b) levies stated as a specific mill levy authorized by voters before [the effective date of this section].

(2) For fiscal year 2026, the reimbursement must be equal to the difference between the property tax revenue collected from the levies provided for in subsection (1) and the property tax revenue collected in fiscal year 2025. After fiscal year 2026, the reimbursement must be equal to the difference between the property tax revenue collected from the levies provided for in subsection (1) and the property tax revenue that would be collected in the current fiscal year using the mill levy that would raise the fiscal year 2025 tax revenue using the fiscal year 2026 taxable value.

(3) A taxing entity eligible to receive a reimbursement under this section shall report the loss in revenue from the tax rate reductions in 15-6-134 as amended by [this act] to the department of revenue.

(4) A reimbursement provided for in this section may only be made for 2 years after [the effective date of this section].

(5) The department shall distribute the reimbursements with the entitlement share payments under 15-1-121(7).

**NEW SECTION. Section 8. Codification instruction. (1)** [Section 6] is intended to be codified as an integral part of Title 15, chapter 6, and the provisions of Title 15, chapter 6, apply to [section 6].

**Amendment - 2nd Reading/2nd House-tan - Requested by: Josh Kassmier - (S) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

HB0528.002.003

(2) [Section 7] is intended to be codified as an integral part of Title 15, chapter 1, part 1, and the provisions of Title 15, chapter 1, part 1, apply to [section 7].

**NEW SECTION. Section 9. Effective date -- contingency.** (1) Except as provided in subsection (2), [This ~~this~~ act] is effective on passage and approval.

(2) [Sections 1 and 7] are effective on the date that the department of revenue certifies to the code commissioner that a court of final disposition finds that [section 6] is invalid. The department of revenue shall submit certification within 30 days of the occurrence of the contingency.

**NEW SECTION. Section 10. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to tax years beginning after December 31, 2024, and to the reappraisal cycle beginning January 1, 2025.

**NEW SECTION. Section 11. Contingent termination.** [Sections 1 and 7] terminate on the date that the department of revenue certifies to the code commissioner that reimbursements authorized pursuant to [section 7] have been completed. The department of revenue shall submit certification within 30 days of the occurrence of the contingency.

- END -