

Amendment - 2nd Reading/2nd House-tan - Requested by: Mary Caferro - (H) Committee of the Whole

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.002

SENATE BILL NO. 542

INTRODUCED BY W. GALT

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING TAX LAWS; ~~FREEZING CERTAIN~~
PROPERTY VALUES FOR PROPERTY TAX PURPOSES; PROVIDING THAT THE 2024 PROPERTY VALUE
IS USED FOR 2025 AND 2026 UNLESS THE DEPARTMENT OF REVENUE DETERMINES THE PROPERTY
VALUE HAS DECREASED; PROVIDING FOR A PROPERTY TAX REBATE ON A PRINCIPAL RESIDENCE
BASED ON A CERTAIN AMOUNT OF PROPERTY TAXES PAID FOR TAX YEAR 2024; REDUCING CLASS
THREE AGRICULTURAL PROPERTY TAX RATES; REVISING CLASS FOUR RESIDENTIAL AND
COMMERCIAL PROPERTY TAX RATES; PROVIDING A LOWER TAX RATE FOR CERTAIN OWNER-
OCCUPIED RESIDENTIAL PROPERTY AND LONG-TERM RENTALS; PROVIDING A LOWER TAX RATE
FOR A PORTION OF COMMERCIAL PROPERTY VALUE; PROVIDING ELIGIBILITY AND APPLICATION
REQUIREMENTS; PROVIDING FOR AN APPEAL PROCESS; PROVIDING A REFUND FOR FAILURE TO
CLAIM A HOMESTEAD REDUCED TAX RATE; PROVIDING STATUTORY APPROPRIATIONS; PROVIDING
DEFINITIONS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 15-7-111 SECTIONS 15-1-
121, 15-6-133, 15-6-134, 15-7-102, 15-15-101, 15-15-102, 15-15-103, 15-16-101, 15-17-125, 15-30-2120, AND
17-7-502, MCA; AND PROVIDING AN IMMEDIATE-EFFECTIVE DATE DATES, A RETROACTIVE
APPLICABILITY ~~DATE~~ DATES, AND A TERMINATION ~~DATE~~ DATES."

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

(Refer to 1st Reading/Second Chamber (Blue) Bill)

Strike everything after the enacting clause and insert:

NEW SECTION. Section 1. Definitions. As used in [sections 1 through 3], the following definitions
apply:

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

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1 1.4%.

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

4 (5) As used in this section, "fair market rent" means the fair market rent based on the size of the
5 dwelling as published annually by the U.S. department of housing and urban development."

6

7

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

9 **"15-6-134. Class four property -- description -- taxable percentage -- definitions.** (1) Class four
10 property includes:

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

12 (b) ~~subject to subsection (1)(e):~~

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

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

17 (iii) vacant residential lots; and

18 (iv) rental multifamily dwelling units.

19 (c) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural
20 land under 15-7-202;

21 ~~(d) —, including 1 acre of real property beneath residential improvements on land described in 15-6-~~
22 ~~133(1)(c). The 1 acre must be valued at market value.~~

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

25 (e) real property beneath commercial improvements and as much of the surrounding land that is
26 reasonably required to support the commercial improvements on land described in 15-6-133(1)(c) and real
27 property beneath commercial improvements and as much of the surrounding land that is reasonably required to

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1 support the commercial improvements on land eligible for valuation, assessment, and taxation as forest land
2 under 15-6-143. The land must be valued at market value.

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

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

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

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

10 (iv) vacant commercial lots.

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

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

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

16 (3) ~~(a) Except as provided in Subject to 15-24-1402, 15-24-1501, and 15-24-1502, and subsection~~
17 class four property is taxed as follows:

18 (a) Except as provided in subsections (3)(b) and (3)(c), class four residential property described in
19 subsections (1)(a) through (1)(d) of this section is taxed at 1.35%-1.9% of market value.

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

22 (b) (i) The tax rate for class four residential property described in subsections (1)(a), (1)(b)(i),
23 (1)(b)(ii), and (1)(d) of this section that qualifies for the homestead reduced tax rate provided for in [section 6] or
24 the rental property reduced tax rate provided for in [section 7] is:

25 (A) 0.76% for the market value that is ~~less than or equal to 2.5 times~~ the median residential value
26 or less;

27 ~~(B) — 0.9% for the market value that is greater than the median residential value and less than 2~~

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~~times the median residential value:~~

~~(C)(B)~~ 1.1% for the market value that is ~~2 times the median residential value or~~ greater than 2.5 times the median residential value and less than 4 times the median residential value; and

~~(D)(C)~~ 1.9% for the market value that is 4 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%.

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

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

(ii) for the market value 6 times the median commercial and industrial value or greater, 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)(e)~~ (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 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 16. 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