

HOUSE BILL NO. 154

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A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A HOUSING FAIRNESS INCOME TAX CREDIT FOR
PROPERTY TAXES PAID AND RENT-EQUIVALENT PROPERTY TAXES PAID; PROVIDING THAT A
TAXPAYER MAY ~~CLAIM EITHER THE HOUSING FAIRNESS PROPERTY TAX CREDIT OR THE~~
~~RESIDENTIAL PROPERTY TAX CREDIT FOR THE ELDERLY AND~~ PARTICIPATE IN THE PROPERTY TAX
ASSISTANCE PROGRAM OR THE DISABLED VETERAN ASSISTANCE PROGRAM OR RECEIVE THE
INTANGIBLE LAND VALUE PROPERTY EXEMPTION; REPEALING THE RESIDENTIAL PROPERTY TAX
CREDIT FOR THE ELDERLY; PROVIDING DEFINITIONS; AMENDING SECTIONS 15-6-201, 15-6-240, 15-6-
302, 15-7-102, 15-16-101, 15-17-125, 15-30-2303, AND 15-30-2341, 53-4-1103, MCA; REPEALING
SECTIONS 15-30-2337, 15-30-2338, 15-30-2339, 15-30-2340, AND 15-30-2341, MCA; AND PROVIDING A
DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

NEW SECTION. **Section 1. Housing fairness property tax credit -- definitions.** As used in
[sections 1 through 4], the following definitions apply:

(1) "Claim period" means the tax year for claimants required to file a Montana tax return or returns
under chapter 30 of this title and the calendar year for claimants not required to file returns.

(2) "Claimant" means a person who is eligible to file a claim for a credit under [sections 1 through
4].

(3) "Gross rent" means the total rent in cash or its equivalent actually paid during the claim period

1 by the renter or lessee for the right of occupancy of the qualified rental residence pursuant to an arm's-length
2 transaction with the landlord.

3 (4) (a) "Household" means an association of persons who live in the same dwelling, sharing its
4 furnishings, facilities, accommodations, and expenses.

5 (b) The term does not include bona fide lessees, tenants, or roomers and boarders on contract.

6 (5) "Household income" means all income received by all persons of a household in a tax year
7 while they are members of the household.

8 (6) (a) "Income" means, except as provided in subsection (6)(b), federal adjusted gross income,
9 without regard to loss, as that quantity is defined in the Internal Revenue Code, plus all nontaxable income,
10 including but not limited to:

11 (i) the amount of any pension or annuity, including Railroad Retirement Act benefits and veterans'
12 disability benefits;

13 (ii) the amount of capital gains excluded from adjusted gross income;

14 (iii) alimony;

15 (iv) support money;

16 (v) nontaxable strike benefits;

17 (vi) cash public assistance and relief;

18 (vii) interest on federal, state, county, and municipal bonds; and

19 (viii) all payments received under federal social security, except social security income paid directly
20 to a nursing home.

21 (b) For the purposes of this subsection (6), income is reduced by the taxpayer's basis.

22 (7) "Property tax billed" means the lesser of taxes levied against the qualified residence, including
23 special assessments and fees but excluding penalties or interest during the claim period or \$5,000.

24 (8) (a) (i) "Qualified rental residence" means any class four residential dwelling that is a single-
25 family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home that is rented
26 from a third party, located in Montana, and subject to property taxes and as much of the surrounding land, not
27 exceeding 1 acre, as is reasonably necessary for its use as a dwelling.

28 (ii) The term includes a single-family dwelling unit or unit of a multiple-unit dwelling that is rented

from a county or municipal housing authority as provided in Title 7, chapter 15.

(b) Except for dwellings rented from a county or municipal housing authority, the term does not include rented dwellings or rented lands that are not subject to Montana property taxes during the claim period.

(9) "Qualified residence" means any owner-occupied class four residential dwelling that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home located in Montana that is subject to property taxes and as much of the surrounding land, not exceeding 1 acre, as is reasonably necessary for its use as a dwelling.

(10) "Rent-equivalent property tax paid" means 15% of gross rent.

(11) "Tax year" means the property tax year preceding the current year in which a claim for a housing fairness property tax credit is made.

(12) "Threshold amount" means the amount determined based on household income as follows:

(a) on the first \$20,000 of household income, ~~1%~~ 1.5%;

(b) on \$20,001 to \$40,000 of household income, 2.5%;

(c) on \$40,001 to \$60,000 of household income, 3.5%;

(d) on \$60,001 to \$80,000 of household income, 5.5%;

(e) on \$80,001 to \$100,000 of household income, 7.5%; and

(f) on household income above \$100,000, 9.5%.

NEW SECTION. Section 2. Housing fairness property tax credit -- eligibility. (1) In order to make a claim for a credit under [sections 1 through 4], the individual must have:

(a) resided in Montana for at least 9 months of the tax year for which the claim is made;

(b) occupied one or more qualified residences as an owner or one or more qualified rental residences as a renter or lessee for at least ~~6~~ 7 months of the tax year; and

(c) a household income of less than \$150,000.

(2) A person is not disqualified from claiming the credit under [sections 1 through 4] because of a change of residence during the claim period if the person occupies a qualified residence as an owner or a qualified rental residence as a renter or lessee in Montana for at least 7 months during the claim period.

~~(3) A taxpayer may not claim the credit provided for in [sections 1 through 4] and the residential~~

~~property tax credit for the elderly provided for in 15-30-2337 through 15-30-2341.~~

~~(4)(3)~~ Except as provided in [section 3(4)], only one claim for a housing fairness property tax credit ~~or~~
~~a residential property tax credit for the elderly provided for in 15-30-2337 through 15-30-2341~~ may be made
with respect to any qualified residence.

~~(5)(4)~~ A claim for the credit may not be allowed for any portion of property tax billed or rent-equivalent
property tax paid that is derived from a public tax subsidy program or a public rent subsidy program.

~~(6)(5)~~ A claim is disallowed if the department finds that the claimant received title to the claimant's
qualified residence primarily for the purpose of receiving benefits under [sections 1 through 4].

~~(7)(6)~~ When the landlord and tenant have not dealt at arm's length and the department judges the
gross rent charged to be excessive, the department may adjust the amount considered gross rent to a
reasonable amount.

NEW SECTION. Section 3. Housing fairness property tax credit -- credit amount. (1) There is a
credit against the taxes imposed by this chapter for a portion of property tax billed or rent-equivalent property
tax paid by a claimant in the tax year as provided in this section.

(2) The amount of the credit allowed under this section is equal to the lesser of the property tax
billed or rent-equivalent property tax paid in the tax year times 0.75-0.7 minus the threshold amount or \$2,500.

(3) If the amount determined is equal to or less than zero, there is no credit.

(4) If two or more individuals share a qualified rental residence, each individual may claim the
credit based on the proportional share that the individual pays of the gross rent.

(5) If the amount of the credit exceeds the claimant's liability under this chapter, the amount of the
excess must be refunded to the claimant. The credit may be claimed even though the claimant has no taxable
income under this chapter.

NEW SECTION. Section 4. Housing fairness property tax credit -- filing date -- denial of claim.
(1) Except as provided in subsection (3), a claim for the credit must be submitted at the same time the
claimant's tax return is due under chapter 30 of this title. For an individual not required to file a tax return, the
claim must be submitted on or before April 15 of the year following the year for which the credit is sought.

(2) A receipt showing property taxes billed or gross rent paid must be filed with each claim. Each claimant shall, at the request of the department, supply all additional information necessary to support a claim.

(3) The department may grant a reasonable extension for filing a claim whenever, in its judgment, good cause exists.

(4) If an individual who would have a claim under [sections 1 through 4] dies before filing the claim, the personal representative of the estate of the decedent may file the claim.

(5) The department or an individual may revise a return and make a claim under [sections 1 through 4] within 3 years from the last day prescribed for filing a claim for relief.

(6) A person filing a false or fraudulent claim under the provisions of [sections 1 through 4] must be charged with the offense of unsworn falsification to authorities pursuant to 45-7-203. If a false or fraudulent claim has been paid, the amount paid, penalties, and interest may be recovered as provided in 15-1-216.

Section 5. Section 15-6-201, MCA, is amended to read:

"15-6-201. Governmental, charitable, and educational categories -- exempt property. (1) The following categories of property are exempt from taxation:

(a) except as provided in 15-24-1203, the property of:

(i) the United States, except:

(A) if congress passes legislation that allows the state to tax property owned by the federal government or an agency created by congress; or

(B) as provided in 15-24-1103;

(ii) the state, counties, cities, towns, and school districts;

(iii) irrigation districts organized under the laws of Montana and not operated for gain or profit;

(iv) municipal corporations;

(v) public libraries;

(vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

(vii) special districts created pursuant to Title 7, chapter 11, part 10; and

(viii) subject to subsection (2), federally recognized Indian tribes in the state if the property is located entirely within the exterior boundaries of the reservation of the tribe that owns the property and the property is

1 used exclusively by the tribe for essential government services. Essential government services are tribal
2 government administration, fire, police, public health, education, recreation, sewer, water, pollution control,
3 public transit, and public parks and recreational facilities.

4 (b) buildings and furnishings in the buildings that are owned by a church and used for actual
5 religious worship or for residences of the clergy, not to exceed one residence for each member of the clergy,
6 together with the land that the buildings occupy and adjacent land reasonably necessary for convenient use of
7 the buildings, which must be identified in the application, and all land and improvements used for educational or
8 youth recreational activities if the facilities are generally available for use by the general public but may not
9 exceed 15 acres for a church or 1 acre for a clergy residence after subtracting any area required by zoning,
10 building codes, or subdivision requirements;

11 (c) land and improvements upon the land, not to exceed 15 acres, owned by a federally
12 recognized Indian tribe when the land has been set aside by tribal resolution and designated as sacred land to
13 be used exclusively for religious purposes;

14 (d) property owned and used exclusively for agricultural and horticultural societies not operated for
15 gain or profit;

16 (e) property, not to exceed 80 acres, which must be legally described in the application for the
17 exemption, used exclusively for educational purposes, including dormitories and food service buildings for the
18 use of students in attendance and other structures necessary for the operation and maintenance of an
19 educational institution that:

20 (i) is not operated for gain or profit;

21 (ii) has an attendance policy; and

22 (iii) has a definable curriculum with systematic instruction;

23 (f) property, of any acreage, owned by a tribal corporation created for the sole purpose of
24 establishing schools, colleges, and universities if the property meets the requirements of subsection (1)(e);

25 (g) property used exclusively for nonprofit health care facilities, as defined in 50-5-101, licensed by
26 the department of public health and human services and organized under Title 35, chapter 2 or 3. A health care
27 facility that is not licensed by the department of public health and human services and organized under Title 35,
28 chapter 2 or 3, is not exempt.

(h) property that is:

(i) (A) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20, or 21; or

(B) owned by a federally recognized Indian tribe within the state and set aside by tribal resolution; and

(ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

(iii) not maintained and not operated for gain or profit;

(i) subject to subsection (2), property that is owned or property that is leased from a federal, state, or local governmental entity by institutions of purely public charity if the property is directly used for purely public charitable purposes;

(j) evidence of debt secured by mortgages of record upon real or personal property in the state of Montana;

(k) public museums, art galleries, zoos, and observatories that are not operated for gain or profit;

(l) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the irrigation of agricultural land;

(m) the right of entry that is a property right reserved in land or received by mesne conveyance (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by another to explore, prospect, or dig for oil, gas, coal, or minerals;

(n) (i) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental impairments that constitute or result in substantial impediments to employment and that is not operated for gain or profit; and

(ii) subject to subsection (2)(e), property that is owned and used by an organization owning and operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or profit;

(o) property owned by a nonprofit corporation that is organized to provide facilities primarily for

1 training and practice for or competition in international sports and athletic events and that is not held or used for
2 private or corporate gain or profit. For purposes of this subsection (1)(o), "nonprofit corporation" means an
3 organization that is exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated
4 and admitted under the Montana Nonprofit Corporation Act.

5 (p) property rented or leased to a municipality or taxing unit for less than \$100 a year and that is
6 used for public park, recreation, or landscape beautification purposes. For the purposes of this subsection
7 (1)(p), "property" includes land but does not include buildings. The exemption must be applied for by the
8 municipality or taxing unit, and not more than 10 acres within the municipality or taxing unit may be exempted.

9 (2) (a) (i) For the purposes of tribal property under subsection (1)(a)(viii), the property subject to
10 exemption may not be:

11 (A) operated for gain or profit;

12 (B) held under contract to operate, lease, or sell by a taxable individual;

13 (C) used or possessed exclusively by a taxable individual or entity; or

14 (D) held by a tribal corporation except for educational purposes as provided in subsection (1)(f).

15 (ii) For the purposes of parks and recreational facilities under subsection (1)(a)(viii), the property
16 must be:

17 (A) set aside by tribal resolution and designated as park land, not to exceed 640 acres, or be
18 designated as a recreational facility; and

19 (B) open to the general public.

20 (b) For the purposes of subsection (1)(b), the term "clergy" means, as recognized under the
21 federal Internal Revenue Code:

22 (i) an ordained minister, priest, or rabbi;

23 (ii) a commissioned or licensed minister of a church or church denomination that ordains ministers
24 if the person has the authority to perform substantially all the religious duties of the church or denomination;

25 (iii) a member of a religious order who has taken a vow of poverty; or

26 (iv) a Christian Science practitioner.

27 (c) For the purposes of subsection (1)(i):

28 (i) the term "institutions of purely public charity" includes any organization that meets the following

requirements:

(A) The organization offers its charitable goods or services to persons without regard to race, religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section 501(c)(3), Internal Revenue Code, as amended.

(B) The organization accomplishes its activities through absolute gratuity or grants. However, the organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public performances or entertainment or by other similar types of fundraising activities.

(ii) agricultural property owned by a purely public charity is not exempt if the agricultural property is used by the charity to produce unrelated business taxable income as that term is defined in section 512 of the Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural property shall file annually with the department a copy of its federal tax return reporting any unrelated business taxable income received by the charity during the tax year, together with a statement indicating whether the exempt property was used to generate any unrelated business taxable income.

(iii) up to 15 acres of property owned by a purely public charity is exempt at the time of its purchase even if the property must be improved before it can directly be used for its intended charitable purpose. If the property is not directly used for the charitable purpose within 8 years of receiving an exemption under this section or if the property is sold or transferred before it entered direct charitable use, the exemption is revoked and the property is taxable. In addition to taxes due for the first year that the property becomes taxable, the owner of the property shall pay an amount equal to the amount of the tax due that year times the number of years that the property was tax-exempt under this section. The amount due is a lien upon the property and when collected must be distributed by the treasurer to funds and accounts in the same ratio as property tax collected on the property is distributed. At the time the exemption is granted, the department shall file a notice with the clerk and recorder in the county in which the property is located. The notice must indicate that an exemption pursuant to this section has been granted. The notice must describe the penalty for default under this section and must specify that a default under this section will create a lien on the property by operation of law. The notice must be on a form prescribed by the department.

(iv) not more than 160 acres may be exempted by a purely public charity under any exemption originally applied for after December 31, 2004. An application for exemption under this section must contain a

1 legal description of the property for which the exemption is requested.

2 (d) For the purposes of subsection (1)(k), the term "public museums, art galleries, zoos, and
3 observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold
4 property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property
5 includes all real and personal property owned by the public museum, art gallery, zoo, or observatory that is
6 reasonably necessary for use in connection with the public display or observatory use. Unless the property is
7 leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization,
8 real and personal property owned by other persons is exempt if it is:

9 (i) actually used by the governmental entity or nonprofit organization as a part of its public display;

10 (ii) held for future display; or

11 (iii) used to house or store a public display.

12 (e) For the purposes of facilities for the care of the retired, aged, or chronically ill under subsection
13 (1)(n)(ii), the terms "retired" and "aged" mean an individual who ~~satisfies the age and gross household income~~
14 ~~limitations of 15-30-2338~~ has a gross household income of less than \$45,000 and is 62 years of age or older.

15 The property owner shall verify age and gross household income requirements on a form prescribed by the
16 department. Applicants are subject to the false swearing penalties established in 45-7-202."

17
18 **Section 6.** Section 15-6-240, MCA, is amended to read:

19 **"15-6-240. Intangible land value property exemption -- application procedure.** (1) There is an
20 intangible land value assistance program that provides graduated levels of property tax exemptions to assist
21 owners of primary residences with land values that are disproportionate to the value of a primary residence and
22 improvements. To be eligible for the exemption, applicants must meet the requirements of this section.

23 (2) If the total appraised value of the land is equal to or less than 150% of the appraised value of
24 the primary residence and improvements situated on the land, then the land exemption provided in this section
25 does not apply.

26 (3) Subject to subsection ~~(6)~~ (7), if the total appraised value of the land is greater than 150% of the
27 appraised value of the primary residence and improvements situated on the land, then the land is valued at
28 150% of the appraised value of the primary residence and improvements situated on the land, subject to the

1 minimum equalization of value requirement in subsection (4), and the remainder of the land value is exempt
2 from taxation.

3 (4) If the calculation in subsection (3) creates a land value that is less than the statewide average
4 value of land, then the value of the land may not be reduced in an amount that is less than the statewide
5 average value of land multiplied by the acreage of land for the subject property.

6 (5) This section does not provide an exemption for the primary residence and improvements
7 situated on the land.

8 (6) Property eligible for the exemption provided for in this section is not eligible for the property tax
9 assistance programs provided for in Title 15, chapter 6, part 3.

10 ~~(6)~~(7) (a) A claim for assistance must be filed on a form provided by the department within 30 days
11 from the date on the classification and appraisal notice, as provided for in 15-7-102, for the exemption to be
12 considered for both years of the 2-year valuation cycle provided for in 15-7-111. An application made more than
13 30 days from the date of the classification and appraisal notice will be applicable only for the second year of the
14 2-year valuation cycle. After an exemption is approved, the applicant remains eligible for the exemption for the
15 remainder of the 2-year valuation cycle as long as the property is continually used as a primary residence by
16 the applicant. An applicant who does not apply for assistance during the first year of the valuation cycle may
17 apply no later than March 1 of the second year of the cycle.

18 (b) The application form must contain:

19 (i) an affirmation that the applicant owns and maintains the land and improvements as the primary
20 residence;

21 (ii) an affirmation that the land has been owned by the applicant or a family member of the
22 applicant within the third degree of consanguinity for at least 30 consecutive years; and

23 (iii) any other information required by the department that is relevant to the applicant's eligibility.

24 (c) When providing information to the department for qualification under this section, applicants are
25 subject to the false swearing penalties established in 45-7-202.

26 (d) The department may investigate the information provided in an application and an applicant's
27 continued eligibility.

28 (e) The department may request applicant verification of the primary residence.

(7)(8) As used in this section the following definitions apply:

(a) "Land" means:

(i) parcels of land or lots of not more than 5 acres under single ownership that support the primary residential improvements. The term does not include parcels of land or lots that do not support the primary residential improvements, regardless of whether those parcels or lots are contiguous with or adjacent to the primary residential property.

(ii) subject to the limitations in subsection (7)(a)(i) (8)(a)(i), separately assessed land on which a mobile or manufactured home is located, but only if the mobile or manufactured home and the land are both owned by the applicant.

(b) "Primary residence" means a single-family dwelling:

(i) in which an applicant can demonstrate the applicant lived for at least 7 months of the year for which benefits are claimed;

(ii) that is the only residence for which the land exemption claimed in this section is claimed by the applicant; and

(iii) that is owned or under contract for deed by the applicant.

(c) "Single-family dwelling" means a residential dwelling, manufactured home, trailer, or mobile home. The term does not include a condominium unit or a unit of a multiple-unit dwelling.

(d) "Statewide average value of land" is a value calculated by the department that is equal to the statewide average market value of 1 acre of class four real property described in 15-6-134(1)(a) through (1)(d)."

Section 7. Section 15-6-302, MCA, is amended to read:

"15-6-302. Property tax assistance -- rulemaking. (1) The requirements of this section must be met for a taxpayer to qualify for property tax assistance under 15-6-305 or 15-6-311.

(2) For the property tax assistance programs provided for in 15-6-305 and 15-6-311, the residential real property must be owned by the applicant or under contract for deed and be the primary residence as defined in 15-6-301. The department shall make rules specifying the indicators used for determining whether a residence is a primary residence for purposes of property tax assistance programs.

(3) An applicant's qualifying income, as defined in 15-6-301, may not exceed the threshold

1 established in 15-6-305 or 15-6-311 or in rules established pursuant to those sections.

2 (4) (a) A claim for assistance must be submitted on a form prescribed by the department.

3 (b) The form must contain:

4 (i) the qualifying income of the applicant and the applicant's spouse;

5 (ii) an affirmation that the applicant owns and maintains the land and improvements as the primary
6 residence as defined in 15-6-301;

7 (iii) the social security number of the applicant and of the applicant's spouse; and

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

9 (5) (a) An application must be filed by April 15 of the year for which assistance is first claimed.

10 (b) Once assistance is approved, the applicant remains eligible for property tax assistance in
11 subsequent years through the annual verification process defined in 15-6-301 without the need to reapply.

12 (c) A taxpayer shall inform the department of any change in eligibility occurring from one year to
13 the next.

14 (6) The department may verify an applicant's and an applicant's spouse's social security number
15 and benefits with the social security administration and the U.S. department of veterans affairs.

16 (7) The department ~~must annually~~ shall verify annually an applicant's eligibility, including the
17 applicant's and spouse's income, and approve, renew, or deny benefits for the current year based ~~upon~~ on the
18 findings.

19 (8) (a) When providing information for property tax assistance under 15-6-305 or 15-6-311,
20 applicants are subject to the false swearing penalties established in 45-7-202.

21 (b) The department may investigate the information provided in an application and an applicant's
22 continued eligibility.

23 (c) The department may request applicant verification of the primary residence.

24 (9) The department may address unusual circumstances of ownership and income that arise in
25 administering taxpayer assistance programs provided for in 15-6-305 and 15-6-311. For the disabled veteran
26 program provided for in 15-6-311, "unusual circumstances" includes:

27 (a) living expenses and income above normal and typical annual income used for funeral
28 expenses or medical expenses, including medical expenses related to rehabilitation expenses, nontypical

- 1 medical expenses, or major medical expenses of an immediate family member;
- 2 (b) unusual expenditures for necessary home and living expenses, such as major home repairs,
- 3 vehicle replacement, and education or career training; and
- 4 (c) any other unusual factual circumstances regarding ownership and income.
- 5 (10) A temporary stay in a nursing home or similar facility does not change a taxpayer's primary
- 6 residence for the purposes of taxpayer assistance programs provided for in 15-6-305 and 15-6-311.
- 7 (11) The department shall award property assistance under the property tax assistance program
- 8 that provides the greatest benefit to the taxpayer by reviewing applications and eligibility requirements, and
- 9 notify the applicant of the department's decision. Assistance may not be granted for property receiving the
- 10 intangible land value property exemption provided for in 15-6-240."
- 11

12 **Section 8.** Section 15-7-102, MCA, is amended to read:

13 **"15-7-102. Notice of classification, market value, and taxable value to owners -- appeals.** (1) (a)

14 Except as provided in 15-7-138, the department shall mail or provide electronically to each owner or purchaser

15 under contract for deed a notice that includes the land classification, market value, and taxable value of the

16 land and improvements owned or being purchased. A notice must be mailed or, with property owner consent,

17 provided electronically to the owner only if one or more of the following changes pertaining to the land or

18 improvements have been made since the last notice:

- 19 (i) change in ownership;
- 20 (ii) change in classification;
- 21 (iii) change in valuation; or
- 22 (iv) addition or subtraction of personal property affixed to the land.

23 (b) The notice must include the following for the taxpayer's informational and informal classification

24 and appraisal review purposes:

- 25 (i) a notice of the availability of all the property tax assistance programs available to property
- 26 taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax
- 27 assistance programs provided for in Title 15, chapter 6, part 3, ~~and the residential property tax credit for the~~
- 28 ~~elderly provided for in 15-30-2337 through 15-30-2341,~~ and the housing fairness property tax credit provided for

1 in [sections 1 through 4];

2 (ii) the total amount of mills levied against the property in the prior year;

3 (iii) the market value for the prior reappraisal cycle;

4 (iv) if the market value has increased by more than 10%, an explanation for the increase in
5 valuation;

6 (v) a statement that the notice is not a tax bill; and

7 (vi) a taxpayer option to request an informal classification and appraisal review by checking a box
8 on the notice and returning it to the department.

9 (c) When the department uses an appraisal method that values land and improvements as a unit,
10 including the sales comparison approach for residential condominiums or the income approach for commercial
11 property, the notice must contain a combined appraised value of land and improvements.

12 (d) Any misinformation provided in the information required by subsection (1)(b) does not affect the
13 validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

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

19 (b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an
20 appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in
21 15-1-402.

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

27 (3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the
28 market value of the property as determined by the department or with the classification of the land or

1 improvements, the owner may request an informal classification and appraisal review by submitting an
2 objection on written or electronic forms provided by the department for that purpose or by checking a box on the
3 notice and returning it to the department in a manner prescribed by the department.

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

7 (ii) For class three property described in 15-6-133, class four property described in 15-6-134, and
8 class ten property described in 15-6-143, the objection may be made only once each valuation cycle. An
9 objection must be made in writing or by checking a box on the notice within 30 days from the date on the
10 classification and appraisal notice for a reduction in the appraised value to be considered for both years of the
11 2-year valuation cycle. An objection made more than 30 days from the date of the classification and appraisal
12 notice will be applicable only for the second year of the 2-year valuation cycle. For an objection to apply to the
13 second year of the valuation cycle, the taxpayer shall make the objection in writing or by checking a box on the
14 notice no later than June 1 of the second year of the valuation cycle or, if a classification and appraisal notice is
15 received in the second year of the valuation cycle, within 30 days from the date on the notice.

16 (iii) For centrally assessed property described in 15-23-101(2)(a), the objection must be submitted
17 within 20 days from the date on the notice. A taxpayer may submit an objection up to 10 days after this deadline
18 on request to the department.

19 (iv) (A) For centrally assessed property described in 15-23-101(2)(b) and (2)(c), an objection to the
20 valuation or classification may be made only once each valuation cycle. An objection must be made in writing
21 within the time period specified in subsection (3)(a)(iii) for a reduction in the appraised value to be considered
22 for both years of the 2-year valuation cycle. An objection made after the deadline specified in subsection
23 (3)(a)(iii) will be applicable only for the second year of the 2-year valuation cycle. For an objection to apply to
24 the second year of the valuation cycle, the taxpayer shall make the objection in writing no later than June 1 of
25 the second year of the valuation cycle or, if a classification and appraisal notice is received in the second year
26 of the valuation cycle, within the time period specified in subsection (3)(a)(iii).

27 (B) If a property owner has exhausted the right to object to a valuation, as provided for in
28 subsection (3)(a)(iv)(A), the property owner may ask the department to consider extenuating circumstances to

1 adjust the value of property described in 15-23-101(2)(b) or (2)(c). Occurrences that may result in an
2 adjustment to the value include but are not limited to extraordinary, unusual, or infrequent events that are
3 material in nature and of a character different from the typical or customary business operations, that are not
4 expected to recur frequently, and that are not normally considered in the evaluation of the operating results of a
5 business, including bankruptcies, acquisitions, sales of assets, or mergers.

6 (b) If the objection relates to residential or commercial property and the objector agrees to the
7 confidentiality requirements, the department shall provide to the objector, by posted mail or electronically, within
8 8 weeks of submission of the objection, the following information:

9 (i) the methodology and sources of data used by the department in the valuation of the property;
10 and

11 (ii) if the department uses a blend of evaluations developed from various sources, the reasons that
12 the methodology was used.

13 (c) At the request of the objector or a representative of the objector, and only if the objector or
14 representative signs a written or electronic confidentiality agreement, the department shall provide in written or
15 electronic form:

16 (i) comparable sales data used by the department to value the property;

17 (ii) sales data used by the department to value residential property in the property taxpayer's
18 market model area; and

19 (iii) if the cost approach was used by the department to value residential property, the
20 documentation required in 15-8-111(3) regarding why the comparable sales approach was not reliable.

21 (d) For properties valued using the income approach as one approximation of market value, notice
22 must be provided that the taxpayer will be given a form to acknowledge confidentiality requirements for the
23 receipt of all aggregate model output that the department used in the valuation model for the property.

24 (e) The review must be conducted informally and is not subject to the contested case procedures
25 of the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual
26 selling price of the property and other relevant information presented by the taxpayer in support of the
27 taxpayer's opinion as to the market value of the property. The department shall consider an independent
28 appraisal provided by the taxpayer if the appraisal meets standards set by the Montana board of real estate

1 appraisers and the appraisal was completed within 6 months of the valuation date pursuant to 15-8-201. If the
2 department does not use the appraisal provided by the taxpayer in conducting the appeal, the department shall
3 provide to the taxpayer the reason for not using the appraisal. The department shall give reasonable notice to
4 the taxpayer of the time and place of the review.

5 (f) After the review, the department shall determine the correct appraisal and classification of the
6 land or improvements and notify the taxpayer of its determination by mail or electronically. The department may
7 not determine an appraised value that is higher than the value that was the subject of the objection unless the
8 reason for an increase was the result of a physical change in the property or caused by an error in the
9 description of the property or data available for the property that is kept by the department and used for
10 calculating the appraised value. In the notification, the department shall state its reasons for revising the
11 classification or appraisal. When the proper appraisal and classification have been determined, the land must
12 be classified and the improvements appraised in the manner ordered by the department.

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

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

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

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

24 (6) Except as provided in 15-2-302 and 15-23-102, if a property owner feels aggrieved by the
25 classification or appraisal made by the department after the review provided for in subsection (3), the property
26 owner has the right to first appeal to the county tax appeal board and then to the Montana tax appeal board,
27 whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board,
28 pursuant to 15-15-102, must be filed within 30 days from the date on the notice of the department's

1 determination. A county tax appeal board or the Montana tax appeal board may consider the actual selling price
2 of the property, independent appraisals of the property, negative property features that differentiate the subject
3 property from the department's comparable sales, and other relevant information presented by the taxpayer as
4 evidence of the market value of the property. If the county tax appeal board or the Montana tax appeal board
5 determines that an adjustment should be made, the department shall adjust the base value of the property in
6 accordance with the board's order."

7
8 **Section 9.** Section 15-16-101, MCA, is amended to read:

9 **"15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the
10 receipt of the property tax record, the county treasurer shall publish a notice specifying:

11 (a) that one-half of all taxes levied and assessed will be due and payable before 5 p.m. on the next
12 November 30 or within 30 days after the notice is postmarked and that unless paid prior to that time the amount
13 then due will be delinquent and will draw interest at the rate of 5/6 of 1% a month from the time of delinquency
14 until paid and 2% will be added to the delinquent taxes as a penalty;

15 (b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on
16 the next May 31 and that unless paid prior to that time the taxes will be delinquent and will draw interest at the
17 rate of 5/6 of 1% a month from the time of delinquency until paid and 2% will be added to the delinquent taxes
18 as a penalty; and

19 (c) the time and place at which payment of taxes may be made.

20 (2) (a) The county treasurer shall send to the last-known address of each taxpayer a written notice,
21 postage prepaid, showing the amount of taxes and assessments due for the current year and the amount due
22 and delinquent for other years. The written notice must include:

23 (i) the taxable value of the property;

24 (ii) the total mill levy applied to that taxable value;

25 (iii) itemized city services and special improvement district assessments collected by the county;

26 (iv) the number of the school district in which the property is located;

27 (v) the amount of the total tax due itemized by mill levy that is levied as city tax, county tax, state
28 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, and ~~the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341,~~ and the housing fairness property tax credit provided for in [sections 1 through 4].

(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 10. 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

1 pursuant to 15-17-323.

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

4 (2) After attaching a tax lien, the county treasurer shall prepare a tax lien certificate that must
5 contain:

6 (a) the date on which the property taxes became delinquent;

7 (b) the date on which a property tax lien was attached to the property;

8 (c) the name and address of record of the person to whom the taxes were assessed;

9 (d) a description of the property on which the taxes were assessed;

10 (e) a separate listing of the amount of the delinquent taxes, penalties, interest, and costs;

11 (f) a statement that the tax lien certificate represents a lien on the property that may lead to the
12 issuance of a tax deed for the property;

13 (g) a statement specifying the date on which the county or an assignee will be entitled to a tax
14 deed; and

15 (h) an identification number corresponding to the tax lien certificate.

16 (3) The tax lien certificate must be signed by the county treasurer. A copy of the tax lien certificate
17 must be filed by the treasurer in the office of the county clerk. A copy of the tax lien certificate must also be
18 mailed to the person to whom the taxes were assessed, at the address of record, together with a notice that the
19 person may contact the county treasurer for further information on property tax liens.

20 (4) Prior to attaching a tax lien to the property, the county treasurer shall send notice of the
21 pending attachment of a tax lien to the person to whom the property was assessed. The notice must include the
22 information listed in subsection (2), state that the tax lien may be assigned to a third party, and provide notice of
23 the availability of all the property tax assistance programs available to property taxpayers, including the
24 property tax assistance programs under Title 15, chapter 6, part 3, ~~and the residential property tax credit for the~~
25 ~~elderly under 15-30-2337 through 15-30-2341,~~ and the housing fairness property tax credit provided for in
26 [sections 1 through 4]. The notice must have been mailed at least 2 weeks prior to the date on which the county
27 treasurer attaches the tax lien.

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

1

2 **Section 11.** Section 15-30-2303, MCA, is amended to read:

3 **"15-30-2303. Tax credits subject to review by interim committee.** (1) The following tax credits
4 must be reviewed during the biennium commencing July 1, 2021, and during each biennium commencing 8
5 years thereafter:

6 (a) the credit for donations to innovative educational programs provided for in 15-30-2334, 15-30-
7 3110, and 15-31-158;

8 (b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-
9 30-3111, and 15-31-159; and

10 (c) the adoption tax credit provided for in 15-30-2321.

11 (2) The following tax credits must be reviewed during the biennium commencing July 1, 2023, and
12 during each biennium commencing 8 years thereafter:

13 (a) the credit for infrastructure use fees provided for in 17-6-316;

14 (b) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-
15 2329, 15-31-161, and 15-31-162;

16 (c) the credit for property to recycle or manufacture using recycled material provided for in Title 15,
17 chapter 32, part 6; and

18 (d) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151.

19 (3) The following tax credits must be reviewed during the biennium commencing July 1, 2025, and
20 during each biennium commencing 8 years thereafter:

21 ~~(a) the residential property tax credit for the elderly provided for in 15-30-2337 through 15-30-~~
22 ~~2341;~~

23 ~~(b)~~(a) the housing fairness property tax credit provided for in [sections 1 through 4];

24 ~~(b)~~(c)(b) the credit for unlocking state lands provided for in 15-30-2380;

25 ~~(c)~~(d)(c) the job growth incentive tax credit provided for in 15-30-2361 and 15-31-175; and

26 ~~(d)~~(e)(d) the credit for trades education and training provided for in 15-30-2359 and 15-31-174.

27 (4) The following tax credits must be reviewed during the biennium commencing July 1, 2027, and
28 during each biennium commencing 8 years thereafter:

- (a) the credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357 and 15-31-173;
- (b) the earned income tax credit provided for in 15-30-2318;
- (c) the media production and postproduction credits provided for in 15-31-1007 and 15-31-1009; and
- (d) the credit for contractor's gross receipts provided for in 15-50-207.
- (5) The revenue interim committee shall review the tax credits scheduled for review and make recommendations in accordance with 5-11-210 at the conclusion of the full review to the legislature about whether to eliminate or revise the credits. The committee shall also review any tax credit with an expiration date or termination date that is not listed in this section in the biennium before the credit is scheduled to expire or terminate.
- (6) The revenue interim committee shall review the credits using the following criteria:
- (a) whether the credit changes taxpayer decisions, including whether the credit rewards decisions that may have been made regardless of the existence of the tax credit;
- (b) to what extent the credit benefits some taxpayers at the expense of other taxpayers;
- (c) whether the credit has out-of-state beneficiaries;
- (d) the timing of costs and benefits of the credit and how long the credit is effective;
- (e) any adverse impacts of the credit or its elimination and whether the benefits of continuance or elimination outweigh adverse impacts; and
- (f) the extent to which benefits of the credit affect the larger economy. (Subsection (3)(c) terminates December 31, 2028--sec. 4, Ch. 391, L. 2023; subsection (3)(d) terminates December 31, 2028--sec. 2, Ch. 576, L. 2023; subsection (1)(c) terminates December 31, 2031--sec. 6, Ch. 493, L. 2023.)"

Section 11. Section 15-30-2341, MCA, is amended to read:

"15-30-2341. Residential property tax credit for elderly -- limitations -- denial of claim. (1) Only one claimant per household in a claim period under the provisions of 15-30-2337 through 15-30-2341 is entitled to relief.

(2) A taxpayer may not claim the housing fairness property tax credit provided for in [sections 1

~~through 4] and the residential property tax credit for the elderly.~~

~~(2)(3) Except as provided in subsection (3)(4), a claim for relief may not be allowed for any portion of property taxes billed or rent-equivalent taxes paid that is derived from a public rent or tax subsidy program.~~

~~(3)(4) Except for dwellings rented from a county or municipal housing authority, a claim for relief may not be allowed on rented lands or rented dwellings that are not subject to Montana property taxes during the claim period.~~

~~(4)(5) A person filing a false or fraudulent claim under the provisions of 15-30-2337 through 15-30-2341 must be charged with the offense of unsworn falsification to authorities pursuant to 45-7-203. If a false or fraudulent claim has been paid, the amount paid, penalties, and interest may be recovered as provided in 15-1-216."~~

Section 12. Section 53-4-1103, MCA, is amended to read:

"53-4-1103. Definitions. For purposes of part 10 and this part, the following definitions apply:

(1) "Comprehensive" means health insurance having benefits at least as extensive as those provided under the children's health insurance program.

(2) "Department" means the department of public health and human services provided for in 2-15-2201.

(3) "Enrollee" means a child who is enrolled or in the process of being enrolled in the plan, including children already enrolled in the programs described in 53-4-1104(2).

(4) (a) "Enrollment partner" means an organization or individual approved by the department to assist in enrolling eligible children in the plan.

(b) An enrollment partner may be but is not limited to:

(i) a licensed health care provider;

(ii) a school;

(iii) a community-based organization; or

(iv) a government agency.

(5) "Habilitative services" means services to help a child maintain, learn, or improve skills and functioning for daily living or to prevent deterioration of skills and that may be offered in a variety of settings.

The services include but are not limited to:

- (a) physical therapy;
- (b) occupational therapy;
- (c) speech-language pathology; and
- (d) behavioral health treatment, including applied behavior analysis provided by a board-certified behavior analyst.

(6) "Health coverage" means a program administered by the department or a disability insurance plan, referred to in 33-1-207(1)(b), that provides public or private health insurance for children.

(7) (a) "Income" ~~has the meaning provided in 15-30-2337(9)(a)~~ means, except as provided in subsection (7)(b), federal adjusted gross income, without regard to loss, as that quantity is defined in the Internal Revenue Code of the United States, plus all nontaxable income, including but not limited to:

(i) the amount of any pension or annuity, including Railroad Retirement Act benefits and veterans' disability benefits;

(ii) the amount of capital gains excluded from adjusted gross income;

(iii) alimony;

(iv) support money;

(v) nontaxable strike benefits;

(vi) cash public assistance and relief;

(vii) interest on federal, state, county, and municipal bonds; and

(viii) all payments received under federal social security except social security income paid directly to a nursing home.

(b) For the purposes of this subsection (7), income is reduced by the taxpayer's basis.

(8) "Plan" means the healthy Montana kids plan established in 53-4-1104.

(9) "Premium" means the amount of money charged to provide coverage under a public or private health coverage plan.

(10) "Presumptive eligibility" has the meaning provided in 42 CFR 457.355."

NEW SECTION. Section 13. Repealer. The following sections of the Montana Code Annotated are

repealed:

15-30-2337. Residential property tax credit for elderly -- definitions.

15-30-2338. Residential property tax credit for elderly -- eligibility -- disallowance or adjustment.

15-30-2339. Residential property tax credit for elderly -- filing date.

15-30-2340. Residential property tax credit for elderly -- computation of relief.

15-30-2341. Residential property tax credit for elderly -- limitations -- denial of claim.

NEW SECTION. Section 14. Codification instruction. [Sections 1 through 4] are intended to be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [sections 1 through 4].

NEW SECTION. Section 15. Effective date. [This act] is effective January 1, 2026.

NEW SECTION. Section 16. Applicability. [Sections 1 through 4] apply to housing fairness property tax credits claimed in income tax years beginning on or after January 1, 2026, for property taxes billed after December 31, 2025.

- END -