

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

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.003

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 year; and

2 (iv) for which the owner made payment of the assessed Montana property taxes.

3 (b) An owner who cannot meet the requirements of subsection (4)(a)(ii) because the owner's
4 principal residence changed during the tax year to another principal residence may still qualify for the
5 homestead reduced tax rate if the owner paid the Montana property taxes while residing in each principal
6 residence for a total of at least 7 consecutive months for each tax year.

7 (5) "Rental property reduced tax rate" means the tax rate provided for in 15-6-134(3)(b).

8 (6) "Tax year 2026" means the period from January 1, 2026, through December 31, 2026.

9

10 **NEW SECTION. Section 6. Homestead reduced tax rate -- application -- limitations.** (1) There is
11 a homestead reduced tax rate provided for in 15-6-134(3)(b)(i) for a principal residence as provided in this
12 section.

13 (2) (a) Beginning in tax year 2026, the owner of a principal residence may apply to the department
14 to receive the homestead reduced tax rate. The owner of a principal residence who applied for and received the
15 rebate provided for in [sections 1 through 3] for tax year 2024 automatically qualifies for the homestead reduced
16 tax rate unless subsections (2)(c)(i) through (2)(c)(iii) apply to the principal residence for which the rebate was
17 claimed. The owner of a principal residence who did not receive a rebate under [sections 1 through 3], shall
18 apply as provided in this section to receive the homestead reduced tax rate in tax year 2026.

19 (b) To receive the homestead reduced tax rate for the tax year in which the application is first
20 made, the owner shall apply electronically through the department's website or by mail on a form prescribed by
21 the department between December 1 of the immediately preceding year and March 1. Applications submitted
22 by mail must be postmarked by March 1. Approved applications received electronically or postmarked after
23 March 1 apply to the following tax year.

24 (c) Once approved, the homestead reduced tax rate remains effective until the end of the tax year
25 in which any of the following events occur:

26 (i) there is a change in ownership of the property;

27 (ii) the owner no longer uses the dwelling as a principal residence; or

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(iii) the owner applies for a homestead reduced tax rate for a different principal residence.

(d) If a homestead reduced tax rate is terminated pursuant to subsection (2)(c) or [section 8], any remaining property taxes due for the year in which the homestead reduced tax rate is terminated must be based on the tax rate in effect on January 1 of the year in which the homestead reduced tax rate was terminated.

(e) An application for a homestead reduced tax rate must be submitted on a form prescribed by the department and must contain:

(i) a written declaration made under penalty of perjury that the applicant owns and maintains the land and improvements as the principal residence as defined in [section 5]. The application must state the penalty provided for in [section 8].

(ii) the geocode or other property identifier of the principal residence for which the applicant is requesting the homestead reduced tax rate;

(iii) the social security number of the applicant; and

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

(3) (a) Except as provided in subsection (3)(b), class four residential property owned by an entity is not eligible to receive the homestead reduced tax rate.

(b) The trustee of a grantor revocable trust may apply for a homestead reduced tax rate for a principal residence on behalf of the trust if the dwelling meets the definition of a principal residence for the grantor.

(c) Class four residential property located on fee land within the exterior boundaries of an Indian reservation within this state is automatically eligible for the homestead reduced tax rate provided for in this section and is not required to submit an application pursuant to subsection (2).

(4) The department shall notify the owner if the homestead reduced tax rate is applied to the property or if the application was denied.

NEW SECTION. Section 7. Rental property reduced tax rate -- application -- limitations. (1)

There is a rental property reduced tax rate provided for in 15-6-134(3)(b) for a long-term rental as provided in