

SENATE BILL NO. 542

INTRODUCED BY S. FITZPATRICK

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 THE~~  
~~CLASS THREE AGRICULTURAL PROPERTY TAX RATE; REVISING CLASS FOUR RESIDENTIAL AND~~  
~~COMMERCIAL PROPERTY TAX RATES; PROVIDING DEFINITIONS; AMENDING SECTION 15-7-111~~  
~~SECTIONS 15-1-121, 15-6-133, 15-6-134, 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 Introduced 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 other fees imposed on property classified under 15-6-134 that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home and as much of the surrounding land, not exceeding 1 acre, as is reasonably necessary for its use as a dwelling and that were assessed and paid by the taxpayer for tax year 2024. The amount of Montana property taxes assessed and paid is equal to the total amount billed by the local government for the dwelling as shown on the 2024 property tax bill received by the taxpayer with a first-half payment due in or around November 2024 and a second-half payment due in or around May 2025.

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

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

(i) in which an owner can demonstrate the owner owned and lived for at least 7 months of the year for which the property tax rebate is claimed;

(ii) that is the only residence for which the taxpayer claims the property tax rebate; and

(iii) for which the taxpayer made payment of the assessed Montana property taxes during tax year 2024.

(b) A taxpayer who cannot meet the requirements of subsection (3)(a)(i) because the owner's principal residence changed during the tax year to another principal residence may still claim the property tax rebate if the taxpayer paid the Montana property taxes while residing in each principal residence for a total of at least 7 consecutive months for the 2024 tax year.

(4) "Tax year 2024" means the period January 1, 2024, through December 31, 2024.

**NEW SECTION. Section 2. Property tax rebate -- penalty for false or fraudulent claim.** (1) Except as provided in subsection (2), if the department discovers that a rebate paid to a taxpayer exceeded the amount allowed by [sections 1 through 3], the department may, within 1 year from the date the rebate was transmitted to the taxpayer, assess the taxpayer for the difference. The assessment is subject to the uniform dispute review procedure established in 15-1-211.

(2) A person who files a false or fraudulent claim for a property tax rebate under [sections 1 through 3] is subject to criminal prosecution under the provisions of 45-7-202. If a false or fraudulent claim has been paid by the department, the amount paid may be recovered as any other tax owed the state, together with a penalty of 300% of the rebate claimed and interest on the amount of the rebate claimed plus penalty at the rate of 12% a year, until paid. If this rebate plus penalty becomes due and owing, the department may issue a warrant for distraint as provided in Title 15, chapter 1, part 7.

**NEW SECTION. Section 3. Property tax rebate -- manner of claiming -- limitations -- appeals -- statutory appropriation.** (1) Subject to the conditions provided for in [sections 1 through 3], there is a rebate of

Montana property taxes in the amount of \$400 or the amount of total property taxes paid, whichever is less, for tax year 2024.

(2) The rebate provided for in subsection (1) is for Montana property taxes assessed to and paid by a taxpayer or taxpayers on property they owned and occupied as a principal residence during tax year 2024.

(3) The department shall mail a notice to potential claimants by June 30, 2025, for tax year 2024. Receipt of a notice does not establish that a taxpayer or property owner is eligible for a rebate, and a taxpayer who does not receive a notice may still be eligible to claim a rebate. All taxpayers, regardless of the receipt of notice, shall claim a rebate as provided in subsection (5).

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

(5) (a) (i) All claims for this property tax rebate must be submitted to the department electronically or by mail.

(ii) Electronic claims must be submitted between August 15, 2025, and October 1, 2025, through the department's website.

(iii) Claims submitted by mail must be made on a form prescribed by the department and postmarked by October 1.

(iv) The department may grant an extension of time if the claimant establishes good cause for missing the October 1 deadline. The department's authority to consider an application terminates on December 1, 2025, and any applications or requests for extension received after that date may not be processed.

(b) Subject to subsections (5)(c) and (5)(d), a claim for rebate must be submitted, under penalty of false swearing and the penalties provided in [section 2], on a form prescribed by the department and must contain:

(i) an affirmation that the claimant owns and maintains the land and improvements as the principal residence as defined in [section 1];

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

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

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

(c) The personal representative of the estate of a deceased taxpayer may execute and file the claim for rebate on behalf of a deceased taxpayer who qualifies for the rebate.

(d) The trustee of a grantor revocable trust may file a claim on behalf of the trust if the dwelling meets the definition of a principal residence for the grantor.

(6) Only one rebate will be issued to a taxpayer for the Montana property taxes paid by the taxpayer for tax year 2024.

(7) If a debt is due and owing to the state, the department may offset the rebate in this section as provided in sections 15-30-2629, 15-30-2630, 17-4-105, or as otherwise provided by law.

(8) If a property tax rebate is denied by the department, the claimant is entitled to a written explanation why the application was denied. A claimant may make a written appeal of a denial to a management level employee of the department, who shall issue a final decision that is not appealable. Appeals occurring under this subsection (8) are not subject to the provisions contained in 15-1-211.

(9) The payment of property tax rebates and administration costs related to paying property tax rebates under this section are statutorily appropriated, as provided in 17-7-502, from the general fund to the department of revenue for distribution to taxpayers and for related administration costs.

**NEW SECTION. Section 4. Legislative findings -- local government charters and fixed mill levy**

**limits superseded.** (1) (a) The legislature finds that most local governments set mill levies that adjust downward when taxable value increases under 15-10-420. This floating mill levy concept automatically lowers the number of mills levied against a taxpayer when property values increase, which mitigates increases in property values. However, when mill levies are fixed, the opposite occurs when property values increase, and property taxes are not automatically mitigated for taxpayers that are levied based on a fixed mill levy.

(b) The legislature finds further that it is prohibited under Article VIII, section 2, of the Montana constitution, from suspending or contracting away the power to tax. The legislature also recognizes and respects the power of local governments under Article XI, section 5, of the Montana constitution to adopt, amend, revise, or abandon a charter.

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

levy limits for the limited purpose of exercising the power to tax while also maintaining local government revenue sources without raising taxes on residential taxpayers. Having considered all options on a statewide basis, the legislature finds the statutory structure of the property tax has evolved significantly since the passage of Initiative Measure No. 105 on November 4, 1986, and the enactment of 15-10-420 by the legislature in 1999. Given the significant change in the structure of the property tax and the rising cost of residential property in the last 5 years, there is a compelling interest to all the citizens of the state to lower residential property tax rates for primary residences, which can only be accomplished by this section and 15-10-420.

(3) 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 shall levy the number of mills in fiscal year 2026 and subsequent tax years that will generate the amount of property taxes assessed in fiscal year 2025, without amending or revising the charter. In fiscal years after 2026, the local government shall levy the number of mills levied in fiscal year 2026.

(4) A taxing entity with a local mill levy limit of a specific number of mills that may be imposed that was authorized by the voters before [the effective date of this section], may:

(a) elect to transition a voted mill levy to a dollar-based mill levy equal to the amount of property 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 5. 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).

**Section 6.** 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), Chapter 584, Laws of 1999;

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

- 1 (i) Title 23, chapter 2, part 5;
- 2 (ii) Title 23, chapter 2, part 6;
- 3 (iii) Title 23, chapter 2, part 8;
- 4 (iv) 61-3-317;
- 5 (v) 61-3-321;
- 6 (vi) Title 61, chapter 3, part 5, except for 61-3-509(3), as that subsection read prior to the
- 7 amendment of 61-3-509 in 2001;
- 8 (vii) Title 61, chapter 3, part 7;
- 9 (viii) 5% of the fees collected under 61-10-122;
- 10 (ix) 61-10-130;
- 11 (x) 61-10-148; and
- 12 (xi) 67-3-205;
- 13 (c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-
- 14 612(2)(a);
- 15 (d) district court fees pursuant to:
- 16 (i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);
- 17 (ii) 25-1-202;
- 18 (iii) 25-9-506; and
- 19 (iv) 27-9-103;
- 20 (e) certificate of title fees for manufactured homes pursuant to 15-1-116;
- 21 (f) financial institution taxes collected pursuant to the former provisions of Title 15, chapter 31, part
- 22 7;
- 23 (g) all beer, liquor, and wine taxes pursuant to:
- 24 (i) 16-1-404;
- 25 (ii) 16-1-406; and
- 26 (iii) 16-1-411;
- 27 (h) late filing fees pursuant to 61-3-220;
- 28 (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 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 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 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 5].

(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 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 7.** 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 ~~2.16%~~ 2.05% of its productive capacity value.

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

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

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

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

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

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

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

(iii) vacant residential lots; and

(iv) rental multifamily dwelling units.

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

~~(d) 1 acre of real property beneath residential improvements on land described in 15-6-133(1)(c).~~

~~The 1 acre must be valued at market value.~~

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

~~(e) real property beneath commercial improvements and as much of the surrounding land that is reasonably required to support the commercial improvements on land described in 15-6-133(1)(c) and real property beneath commercial improvements and as much of the surrounding land that is reasonably required to support the commercial improvements on land eligible for valuation, assessment, and taxation as forest land under 15-6-143. The land must be valued at market value.~~

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

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

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

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

(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% of market value.~~ a graduated rate as follows:

<u>Market Value</u>	<u>Tax Rate</u>
<u>first \$50,000</u>	<u>0.76%</u>
<u>\$50,001 to \$500,000</u>	<u>0.95%</u>
<u>\$500,001 to \$750,000</u>	<u>1.15%</u>
<u>\$750,001 to \$1 million</u>	<u>1.2%</u>
<u>\$1,000,001 to \$1.5 million</u>	<u>1.4%</u>
<u>\$1,500,001 to \$2 million</u>	<u>1.9%</u>
<u>greater than \$2 million</u>	<u>2.2%</u>

~~(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.~~

~~(b) The maximum graduated rate for multifamily dwelling units described in subsection (1)(b)(iv) with a market value of greater than \$2 million is 1.89% if the dwelling units are leased at 150% or less of the county fair market rent. The property owner must annually certify lease rates to the department of revenue.~~

~~(e)(4) The (a) Except as provided in subsection (4)(c), 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) in excess of \$400,000 is 1.89%.~~

~~(b) The tax rate for the first \$400,000 of market value for commercial and industrial property is 1.4%.~~

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

~~(5) As used in this section, "fair market rent" means the fair market rent based on the size of the~~

dwelling as published annually by the U.S. department of housing and urban development."

**Section 9.** Section 15-6-134, MCA, is amended to read:

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

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

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

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

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

(iii) vacant residential lots; ~~and~~

(iv) rental multifamily dwelling units; ~~and~~

(v) land and improvements used as a short-term rental.

(c) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202, ~~including:~~

~~(d) 1 acre of real property beneath residential improvements on land described in 15-6-133(1)(c).~~

~~The 1 acre must be valued at market value.~~

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

(e) real property beneath commercial improvements and as much of the surrounding land that is reasonably required to support the commercial improvements on land described in 15-6-133(1)(c) and real property beneath commercial improvements and as much of the surrounding land that is reasonably required to support the commercial improvements on land eligible for valuation, assessment, and taxation as forest land under 15-6-143. The land must be valued at market value.

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

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



income;

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

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

(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~~ subsections (3)(b) and (3)(c), class four residential property described in subsections (1)(a) through (1)(d) of this section is taxed at ~~1.35% of market value; a graduated rate as follows:~~

<u>Market Value</u>	<u>Tax Rate</u>
<u>first \$50,000</u>	<u>0.76%</u>
<u>\$50,001 to \$500,000</u>	<u>0.95%</u>
<u>\$500,001 to \$750,000</u>	<u>1.15%</u>
<u>\$750,001 to \$1 million</u>	<u>1.2%</u>
<u>\$1,000,001 to \$1.5 million</u>	<u>1.4%</u>
<u>\$1,500,001 to \$2 million</u>	<u>1.9%</u>
<u>greater than \$2 million</u>	<u>2.2%</u>

~~(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.~~

~~(b) The maximum graduated rate for multifamily dwelling units described in subsection (1)(b)(iv) with a market value of greater than \$2 million is 1.89% if the dwelling units are leased at 150% or less of the county fair market rent. The property owner must annually certify lease rates to the department of revenue.~~

~~(c) The tax rate for land and improvements used as a short-term rental described in subsection~~

(1)(b)(v) is 1.5%.

(e)(4) The (a) Except as provided in subsection (4)(c), 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) in excess of \$400,000 is 1.89%.

(b) The tax rate for the first \$400,000 of market value for commercial and industrial property is 1.4%.

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

(5) A short-term marketplace required to collect taxes under Title 15, chapters 65 or 68, shall annually provide by February 1 to the department a list of the geocodes of all properties for which the short-term marketplace collects taxes. The report must identify properties that are not considered short-term rentals because of the exception provided for in subsection (6)(b)(ii).

(6) As used in this section:

(a) "Fair market rent" means the fair market rent based on the size of the dwelling as published annually by the U.S. department of housing and urban development.

(b) (i) "Short-term rental" means any individually or collectively owned single-family house or dwelling unit, or any unit or group of units in a condominium, cooperative, or timeshare that is offered for a fee for 30 days or less.

(ii) The term does not include a primary residence occupied for at least 7 months of the year."

**Section 10.** Section 15-30-2120, MCA, is amended to read:

**"15-30-2120. Adjustments to federal taxable income to determine Montana taxable income. (1)**

The items in subsection (2) are added to and the items in subsection (3) are subtracted from federal taxable income to determine Montana taxable income.

(2) The following are added to federal taxable income:

(a) to the extent that it is not exempt from taxation by Montana under federal law, interest from obligations of a territory or another state or any political subdivision of a territory or another state and exempt-

1 interest dividends attributable to that interest except to the extent already included in federal taxable income;

2 (b) that portion of a shareholder's income under subchapter S. of Chapter 1 of the Internal  
3 Revenue Code that has been reduced by any federal taxes paid by the subchapter S. corporation on the  
4 income;

5 (c) depreciation or amortization taken on a title plant as defined in 33-25-105;

6 (d) the recovery during the tax year of an amount deducted in any prior tax year to the extent that  
7 the amount recovered reduced the taxpayer's Montana income tax in the year deducted;

8 (e) an item of income, deduction, or expense to the extent that it was used to calculate federal  
9 taxable income if the item was also used to calculate a credit against a Montana income tax liability;

10 (f) a deduction for an income distribution from an estate or trust to a beneficiary that was included  
11 in the federal taxable income of an estate or trust in accordance with sections 651 and 661 of the Internal  
12 Revenue Code, 26 U.S.C. 651 and 661;

13 (g) a withdrawal from a medical care savings account provided for in Title 15, chapter 61, used for  
14 a purpose other than an eligible medical expense or long-term care of the employee or account holder or a  
15 dependent of the employee or account holder;

16 (h) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63,  
17 used for a purpose other than for eligible costs for the purchase of a single-family residence;

18 (i) for a taxpayer that deducts the qualified business income deduction pursuant to section 199A  
19 of the Internal Revenue Code, 26 U.S.C. 199A, an amount equal to the qualified business income deduction  
20 claimed;

21 (j) for an individual taxpayer that deducts state income taxes pursuant to section 164(a)(3) of the  
22 Internal Revenue Code, 26 U.S.C. 164(a)(3), an additional amount equal to the state income tax deduction  
23 claimed, not to exceed the amount required to reduce the federal itemized amount computed under section 161  
24 of the Internal Revenue Code, 26 U.S.C. 161, to the amount of the federal standard deduction allowable under  
25 section 63(c) of the Internal Revenue Code, 26 U.S.C. 63(c); and

26 (k) for a pass-through entity, estate, or trust, the amount of state income taxes deducted pursuant  
27 to section 164(a)(3) of the Internal Revenue Code, 26 U.S.C. 164(a)(3).

28 (3) To the extent they are included as income or gain or not already excluded as a deduction or

expense in determining federal taxable income, the following are subtracted from federal taxable income:

(a) a deduction for an income distribution from an estate or trust to a beneficiary in accordance with sections 651 and 661 of the Internal Revenue Code, 26 U.S.C. 651 and 661, recalculated according to the additions and subtractions in subsections (2) and (3)(b) through ~~(3)(e)~~(3)(p);

(b) if exempt from taxation by Montana under federal law:

(i) interest from obligations of the United States government and exempt-interest dividends attributable to that interest; and

(ii) railroad retirement benefits;

(c) (i) salary received from the armed forces by residents of Montana who are serving on active duty in the regular armed forces and who entered into active duty from Montana;

(ii) the salary received by residents of Montana for active duty in the national guard. For the purposes of this subsection (3)(c)(ii), "active duty" means duty performed under an order issued to a national guard member pursuant to:

(A) Title 10, U.S.C.; or

(B) Title 32, U.S.C., for a homeland defense activity, as defined in 32 U.S.C. 901, or a contingency operation, as defined in 10 U.S.C. 101, and the person was a member of a unit engaged in a homeland defense activity or contingency operation.

(iii) the amount received by a beneficiary pursuant to 10-1-1201; and

(iv) all payments made under the World War I bonus law, the Korean bonus law, and the veterans' bonus law. Any income tax that has been or may be paid on income received from the World War I bonus law, Korean bonus law, and the veterans' bonus law is considered an overpayment and must be refunded upon the filing of an amended return and a verified claim for refund on forms prescribed by the department in the same manner as other income tax refund claims are paid.

(d) annual contributions and income in a medical care savings account provided for in Title 15, chapter 61, and any withdrawal for payment of eligible medical expenses or for the long-term care of the employee or account holder or a dependent of the employee or account holder;

(e) contributions or earnings withdrawn from a family education savings account provided for in Title 15, chapter 62, or from a qualified tuition program established and maintained by another state as

provided in section 529(b)(1)(A)(ii) of the Internal Revenue Code, 26 U.S.C. 529(b)(1)(A)(ii), for qualified education expenses, as defined in 15-62-103, of a designated beneficiary;

(f) interest and other income related to contributions that were made prior to January 1, 2024, that are retained in a first-time home buyer savings account provided for in Title 15, chapter 63, and any withdrawal for payment of eligible costs for the first-time purchase of a single-family residence;

(g) for each taxpayer that has attained the age of 65, an additional subtraction of \$5,500;

(h) the amount of a scholarship to an eligible student by a student scholarship organization pursuant to 15-30-3104;

(i) a payment received by a private landowner for providing public access to public land pursuant to Title 76, chapter 17, part 1;

(j) the amount of any refund or credit for overpayment of income taxes imposed by this state or any other taxing jurisdiction to the extent included in gross income for federal income tax purposes but not previously allowed as a deduction for Montana income tax purposes;

(k) the recovery during the tax year of any amount deducted in any prior tax year to the extent that the recovered amount did not reduce the taxpayer's Montana income tax in the year deducted;

(l) the amount of the gain recognized from the sale or exchange of a mobile home park as provided in 15-31-163;

(m) payments from the Montana end of watch trust as provided in 2-15-2041;

(n) (i) subject to subsection (9), a portion of military pensions or military retirement income as calculated pursuant to subsection (8) that is received by a retired member of:

(A) the armed forces of the United States, as defined in 10 U.S.C. 101;

(B) the Montana army national guard or the army national guard of other states;

(C) the Montana air national guard or the air national guard of other states; or

(D) a reserve component, as defined in 38 U.S.C. 101, of the United States armed forces; and

(ii) subject to subsection (9), up to 50% of all income received as survivor benefits for military service provided for in subsection (3)(n)(i)(A) through (3)(n)(i)(D); ~~and~~

(o) the amount of the property tax rebate received under 15-1-2302; and

(p) the amount of the property tax rebate received under [section 3].

(4) (a) A taxpayer who, in determining federal taxable income, has reduced the taxpayer's business deductions:

(i) by an amount for wages and salaries for which a federal tax credit was elected under sections 38 and 51(a) of the Internal Revenue Code, 26 U.S.C. 38 and 51(a), is allowed to deduct the amount of the wages and salaries paid regardless of the credit taken; or

(ii) for which a federal tax credit was elected under the Internal Revenue Code is allowed to deduct the amount of the business expense paid when there is no corresponding state income tax credit or deduction, regardless of the credit taken.

(b) The deductions in subsection (4)(a) must be made in the year that the wages, salaries, or business expenses were used to compute the credit. In the case of a partnership or small business corporation, the deductions in subsection (4)(a) must be made to determine the amount of income or loss of the partnership or small business corporation.

(5) (a) An individual who contributes to one or more accounts established under the Montana family education savings program or to a qualified tuition program established and maintained by another state as provided in section 529(b)(1)(A)(ii) of the Internal Revenue Code, 26 U.S.C. 529(b)(1)(A)(ii), may reduce taxable income by the lesser of \$3,000 or the amount of the contribution. In the case of married taxpayers, each spouse is entitled to a reduction, not in excess of \$3,000, for the spouses' contributions to the accounts. Spouses may jointly elect to treat half of the total contributions made by the spouses as being made by each spouse. The reduction in taxable income under this subsection (5)(a) applies only with respect to contributions to an account of which the account owner is the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the taxpayer's child or stepchild is a Montana resident. The provisions of subsection (2)(d) do not apply with respect to withdrawals of contributions that reduced federal taxable income.

(b) Contributions made pursuant to this subsection (5) are subject to the recapture tax provided for in 15-62-208.

(6) (a) An individual who contributes to one or more accounts established under the Montana achieving a better life experience program or to a qualified program established and maintained by another state may reduce taxable income by the lesser of \$3,000 or the amount of the contribution. In the case of married taxpayers, each spouse is entitled to a reduction, not to exceed \$3,000, for the spouses' contributions

to the accounts. Spouses may jointly elect to treat one-half of the total contributions made by the spouses as being made by each spouse. The reduction in taxable income under this subsection (6)(a) applies only with respect to contributions to an account for which the account owner is the taxpayer, the taxpayer's spouse, or the taxpayer's child or stepchild if the taxpayer's child or stepchild is a Montana resident. The provisions of subsection (2)(d) do not apply with respect to withdrawals of contributions that reduced taxable income.

(b) Contributions made pursuant to this subsection (6) are subject to the recapture tax provided in 53-25-118.

(7) By November 1 of each year, the department shall multiply the subtraction from federal taxable income for a taxpayer that has attained the age of 65 contained in subsection (3)(g) by the inflation factor for that tax year, rounding the result to the nearest \$10. The resulting amount is effective for that tax year and must be used as the basis for the subtraction from federal taxable income determined under subsection (3)(g).

(8) (a) Subject to subsection (9), the subtraction in subsection (3)(n)(i) is equal to the lesser of:

(i) the amount of Montana source wage income on the return; or

(ii) 50% of the taxpayer's military pension or military retirement income.

(b) For the purposes of subsection (8)(a)(i), "Montana source wage income" means:

(i) wages, salary, tips, and other compensation for services performed in the state;

(ii) net income from a trade, business, profession, or occupation carried on in the state; and

(iii) net income from farming activities carried on in the state.

(9) The subtractions in subsection (3)(n):

(a) may only be claimed by a person who:

(i) becomes a resident of the state after June 30, 2023; or

(ii) was a resident of the state before receiving military pension or military retirement income and remained a resident after receiving military pension or military retirement income;

(b) may only be claimed for 5 consecutive years after satisfying the provisions of subsection (9)(a); and

(c) are not available if a taxpayer claimed the exemption before becoming a nonresident.

(Subsection (3)(o) terminates June 30, 2025--sec. 10, Ch. 47, L. 2023; subsections (3)(n), (8), and (9) terminate December 31, 2033--sec. 4, Ch. 650, L. 2023.)"

**Section 11.** Section 17-7-502, MCA, is amended to read:

**"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-11-407; 5-13-403; 5-13-404; 7-4-2502; 7-4-2924; 7-32-236; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-807; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-3-316; 10-3-802; 10-3-1304; 10-4-304; 10-4-310; 15-1-121; 15-1-142; 15-1-143; 15-1-218; 15-1-2302; [\[section 3\]](#); 15-31-165; 15-31-1004; 15-31-1005; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-128; 15-70-131; 15-70-132; 15-70-433; 16-11-119; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-6-214; 17-7-133; 17-7-215; 18-11-112; 19-3-319; 19-3-320; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-3-369; 20-7-1709; 20-8-107; 20-9-250; 20-9-534; 20-9-622; [ 20-15-328]; 20-26-617; 20-26-1503; 22-1-327; 22-3-116; 22-3-117; [ 22-3-1004]; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 30-10-1004; 37-43-204; 37-50-209; 37-54-113; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-4-1506; 44-12-213; 44-13-102; 50-1-115; 53-1-109; 53-6-148; 53-9-113; 53-24-108; 53-24-206; 60-5-530; 60-11-115; 61-3-321; 61-3-415; 67-1-309; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 75-26-308; 76-13-150; 76-13-151; 76-13-417; 76-17-103; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 80-11-1006; 81-1-112; 81-1-113; 81-2-203; 81-7-106; 81-7-123; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; [ 85-25-102]; 87-1-603; 87-5-909; 90-1-115; 90-1-205; 90-1-504; 90-6-331; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and any costs or fees associated with issuing, paying, securing, redeeming, or defeasing all bonds, notes, or other obligations, as due in the ordinary course or when earlier called for redemption or defeased, that have been authorized and issued



pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117 terminates June 30, 2025; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates September 30, 2025; pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027; pursuant to sec. 10, Ch. 374, L. 2017, the inclusion of 76-17-103 terminates June 30, 2027; pursuant to secs. 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-108 terminates June 30, 2027; pursuant to sec. 1, Ch. 408, L. 2019, the inclusion of 17-7-215 terminates June 30, 2029; pursuant to secs. 1, 2, 3, Ch. 139, L. 2021, the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200, L. 2021, the inclusion of 10-4-310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the inclusion of 30-10-1004 terminates June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-115 terminates June 30, 2025; pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is effective July 1, 2027; pursuant to sec. 1, Ch. 20, L. 2023, sec. 2, Ch. 20, L. 2023, and sec. 3, Ch. 20, L. 2023, the inclusion of 81-1-112, 81-1-113, and 81-7-106 terminates June 30, 2029; pursuant to sec. 9, Ch. 44, L. 2023, the inclusion of 15-1-142 terminates December 31, 2025; pursuant to sec. 10, Ch. 47, L. 2023, the inclusion of 15-1-2302 terminates June 30, 2025; pursuant to sec. 2, Ch. 374, L. 2023, the inclusion of 10-3-802 terminates June 30, 2031; pursuant to sec. 12, Ch. 558, L. 2023, the inclusion of 20-9-250 terminates December 31, 2029; pursuant to sec. 4, Ch. 621, L. 2023, the inclusion of 22-1-327 terminates July 1, 2029; pursuant to sec. 24, Ch. 722, L. 2023, the inclusion of 17-7-133 terminates June 30, 2027; pursuant to sec. 10, Ch. 758, L. 2023, the inclusion of 44-4-1506 terminates June 30, 2027; and pursuant to sec. 10, Ch. 764, L. 2023, the inclusion of 15-1-143 terminates December 31, 2025.)"

**NEW SECTION. Section 12. Codification instruction.** (1) [Sections 1 through 3] are intended to be codified as an integral part of Title 15, chapter 1, and the provisions of Title 15, chapter 1, apply to [sections 1 through 3].

(2) [Section 4] 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 4].

(3) [Section 5] 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 5].

**NEW SECTION. Section 13. Effective dates -- contingency.** (1) Except as provided in subsections (2) and (3), [this act] is effective on passage and approval.

(2) [Section 9] is effective January 1, 2026.

(3) [Sections 5 and 6] are effective on the date that the department of revenue certifies to the code commissioner that a court of final disposition finds that [section 4] is invalid. The department of revenue shall submit certification within 30 days of the occurrence of the contingency.

**NEW SECTION. Section 14. Applicability -- retroactive applicability.** (1) Except as provided in subsection (2), [this act] applies retroactively, within the meaning of 1-2-109, to the property tax year beginning after December 31, 2024.

(2) [Section 9] applies to property tax years beginning after December 31, 2025.

**NEW SECTION. Section 15. Termination.** (1) [Section 8] terminates December 31, 2025.

(2) [Sections 1 through 3, 10, and 11] terminate June 30, 2026.

**NEW SECTION. Section 16. Contingent termination.** [Sections 5 and 6] terminate on the date that the department of revenue certifies to the code commissioner that reimbursements authorized pursuant to [section 5] have been completed. The department of revenue shall submit certification within 30 days of the occurrence of the contingency.

- END -