

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

- 2025

69th Legislature 2025

Drafter: Megan Moore,

HB0528.002.005

HOUSE BILL NO. 528

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

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

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

**Section 1.** 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

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

- 2025

69th Legislature 2025

Drafter: Megan Moore,

HB0528.002.005

1 agricultural grazing use.

2 (c) parcels of land of 20 acres or more but less than 160 acres under one ownership that are not  
3 eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(1), which are considered to  
4 be nonqualified agricultural land. Nonqualified agricultural land may not be devoted to a commercial or  
5 industrial purpose. Nonqualified agricultural land is valued at the average productive capacity value of grazing  
6 land.

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

9 (3) The taxable value of land described in subsection (1)(c) is computed by multiplying the value of  
10 the land by seven times the taxable percentage rate for agricultural land."  
11

12 **Section 2.** Section 15-6-134, MCA, is amended to read:

13 **"15-6-134. Class four property -- description -- taxable percentage -- definition.** (1) Class four  
14 property includes:

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

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

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

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

21 (iii) vacant residential lots; and

22 (iv) rental multifamily dwelling units.

23 (c) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural  
24 land under 15-7-202, including 1 acre of real property beneath improvements on land described in 15-6-  
25 133(1)(c). The 1 acre must be valued at market value.

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

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

- 2025

69th Legislature 2025

Drafter: Megan Moore,

HB0528.002.005

- (e) 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 ~~4.35%~~ 0.76% of market value.
- (b) The tax rate for the portion of the market value of a single-family residential dwelling in excess of \$1.5 million is ~~the residential property tax rate in subsection (3)(a) multiplied by 1.4~~ 1.35%.
- (c) The tax rate for commercial and industrial property described in subsection (1)(e), except property described in subsection (1)(e)(ii), is: ~~the residential property tax rate in subsection (3)(a) multiplied by 1.4~~ 1.35%
- (i) for the market value less than 6 times the median commercial and industrial value, 1.5%; and
- (ii) for the market value 6 times the median commercial and industrial value or greater, 1.9%.
- (4) Property described in subsection (1)(e)(ii) is taxed at one-half the tax rate established in subsection (3)(c).
- (5) The department shall calculate the median commercial and industrial value every 2 years as part of the periodic reappraisal provided for in 15-7-111.

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

- 2025

69th Legislature 2025

Drafter: Megan Moore,

HB0528.002.005

(6) As used in this section, "median commercial and industrial value" means the median value of class four commercial and industrial property located in the state of Montana rounded to the nearest thousand dollars."

**SECTION 3. SECTION 15-10-109, MCA, IS AMENDED TO READ:**

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

**SECTION 4. SECTION 15-10-420, MCA, IS AMENDED TO READ:**

**"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half of the average rate of inflation for the prior 3 years.

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

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