

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

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 PROPERTY TAX ASSISTANCE FOR  
PRINCIPAL RESIDENCES FUNDED WITH LODGING TAX REVENUE AND RENTAL CAR TAX REVENUE;  
PROVIDING THAT THE PROPERTY TAX ASSISTANCE IS DISTRIBUTED TO COUNTIES TO BE  
DISTRIBUTED AS A CREDIT TO CERTAIN PRINCIPAL RESIDENCES; PROVIDING STATUTORY  
APPROPRIATIONS; PROVIDING DEFINITIONS; PROVIDING RULEMAKING AUTHORITY; AMENDING  
SECTION 15-7-114 SECTIONS 15-1-121, 15-6-133, 15-6-134, 15-7-102, 15-10-420, 15-15-101, 15-15-102,  
15-15-103, 15-16-101, 15-17-125, 15-30-2120, 15-65-121, 15-68-820, AND 17-7-502, 22-3-1303, 22-3-1304,  
AND 22-3-1307, 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:

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

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(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. Definitions.** As used in [sections 5 through 10] and 15-6-134, the following definitions apply:

(1) "Homestead reduced tax rate" means the tax rate provided for in 15-6-134(3)(b)(i).

(2) "Long-term rental" means class four residential property:

(a) that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home and the parcel on which the long-term rental improvements are located but not including any contiguous or adjacent parcels;

(b) that an owner can demonstrate was:

(i) rented for periods of 28 days or more for at least 7 months in each tax year for which the rental property reduced tax rate is claimed; or

(ii) vacant for not more than 5 months to complete documented property repairs;

(c) that is occupied by tenants who use the dwelling as a residence during the year in which the reduced tax rate is claimed; and

(d) for which the owner is current on payment of the assessed Montana property taxes when claiming the reduced tax rate.

(3) "Owner" includes a purchaser under contract for deed as defined in 70-20-115, a grantor of a trust indenture as defined in 71-1-303, and the trustee of a grantor trust that is revocable as defined in 72-38-103.

(4) (a) "Principal residence" means class four residential property:

(i) that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home and the parcel on which the principal residence improvements are located but not including any

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

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69th Legislature 2025

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SB0542.002.005

1 contiguous or adjacent parcels;

2 (ii) in which an owner can demonstrate the owner owned and lived for at least 7 months of the  
3 year for which the homestead reduced tax rate for a principal residence is claimed;

4 (iii) that is the only residence for which the owner claims the homestead reduced tax rate for that  
5 year; and

6 (iv) for which the owner made payment of the assessed Montana property taxes; and

7 (v) for the state property tax assistance provided pursuant to [section 28], for which the value of  
8 the residential dwelling is \$1 million or less.

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

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

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

15

16 NEW SECTION. Section 6. Homestead reduced tax rate and state property tax assistance--  
17 application -- limitations. (1) There is a homestead reduced tax rate provided for in 15-6-134(3)(b)(i) and state  
18 property tax assistance provided for in [section 28] for a principal residence as provided in this section.

19 (2) (a) Beginning in tax year 2026, the owner of a principal residence may apply to the department  
20 to receive the homestead reduced tax rate and state property tax assistance. The owner of a principal  
21 residence who applied for and received the rebate provided for in [sections 1 through 3] for tax year 2024  
22 automatically qualifies for the homestead reduced tax rate and state property tax assistance unless subsections  
23 (2)(c)(i) through (2)(c)(iii) apply to the principal residence for which the rebate was claimed. The owner of a  
24 principal residence who did not receive a rebate under [sections 1 through 3], shall apply as provided in this  
25 section to receive the homestead reduced tax rate and state property tax assistance in tax year 2026.

26 (b) To receive the homestead reduced tax rate and state property tax assistance for the tax year in  
27 which the application is first made, the owner shall apply electronically through the department's website or by

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

mail on a form prescribed by the department between December 1 of the immediately preceding year and March 1. Applications submitted by mail must be postmarked by March 1. Approved applications received electronically or postmarked after March 1 apply to the following tax year.

(c) Once approved, the homestead reduced tax rate ~~remains and state property tax assistance~~ remain effective until the end of the tax year in which any of the following events occur:

- (i) there is a change in ownership of the property;
- (ii) the owner no longer uses the dwelling as a principal residence; or
- (iii) the owner applies for a homestead reduced tax rate or state property tax assistance for a different principal residence.

(d) If a homestead reduced tax rate or state property tax assistance 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 or state property tax assistance is terminated must be based on the tax rate in effect on January 1 of the year in which the homestead reduced tax rate or state property tax assistance was terminated.

(e) An application for a homestead reduced tax rate and state property tax assistance 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~~ sections 8 and 29.

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

(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 or state property tax assistance.

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

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

(4) The department shall notify the owner if the homestead reduced tax rate and state property tax assistance is-are 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 this section.

(2) (a) Beginning in tax year 2026, the owner of a long-term rental may apply to the department to receive the rental property reduced tax rate. The application must be made by an individual owner or, for an entity owner, by an authorized representative of the entity.

(b) The department shall mail a notice to potential claimants by October 30, 2025, for tax year 2026. Receipt of a notice does not establish that a taxpayer or property owner is eligible to receive the rental property reduced tax rate, and a taxpayer who does not receive a notice may still be eligible to claim the rental property reduced tax rate. All taxpayers, regardless of the receipt of notice, shall apply for a reduced rate as provided in this subsection (2).

(c) To receive the rental property reduced tax rate for the tax year in which the application is first made, the owner or authorized representative shall apply electronically through the department's website or by mail on a form prescribed by the department between December 1 of the immediately preceding year and March 1. Applications received electronically or postmarked after March 1 apply to the following tax year.

(d) Once approved, the rental property reduced tax rate remains effective until the end of the tax year in which any of the following events occur:

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

(ii) the property is no longer rented to tenants as a dwelling;

(iii) the terms of the lease change and the property no longer qualifies as a long-term rental as defined in [section 5]; or

(iv) the owner fails to submit a reapplication to the department as required in subsection (4).

(e) If a rental property reduced tax rate is terminated pursuant to subsection (2)(d) or [section 8], any remaining property taxes due for the year in which the rental property reduced tax rate is terminated must

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

(2) (a) A person who files a false or fraudulent application for a homestead reduced tax rate provided for in [section 6] or for a rental property reduced tax rate provided for in [section 7] is subject to criminal prosecution under the provisions of 45-7-202.

(3) (a) If a person is determined to have filed a false or fraudulent application, the department shall revise the assessment of the property subject to the assessment revision procedure established in this section and 15-8-601 and assess a penalty as provided in this subsection (3). The penalty is equal to three times the base penalty amount calculated under subsection (3)(b) plus interest at the rate provided in 15-16-102 calculated from the original due date of the taxes, until paid.

(b) The base penalty amount is equal to the property tax due for each year the homestead reduced tax rate or the rental property reduced tax rate was improperly received, determined using the tax rate provided for in 15-6-134(3)(a), the appraised value, and the mill levies in effect for the year, less the actual property taxes paid in the year.

(c) The revised assessment and penalty must be assessed against a person who filed a false or fraudulent application even if the person no longer owns the property.

(4) If the person who filed a false or fraudulent application no longer owns the property associated with the false or fraudulent application, the penalty plus interest provided for in subsection (3) may be recovered as any other tax owed the state. If the penalty plus interest becomes due and owing, the department may issue a warrant for distraint as provided in Title 15, chapter 1, part 7.

(5) Except as provided in subsection (4), if the department determines that a false or fraudulent application was made, the department shall send the revised assessment with the additional penalty amount as determined under subsection (3) to the county treasurer in the county where the property is located.

(6) The county treasurer shall distribute property taxes, penalty, and interest collected under this section proportionally to the affected taxing jurisdictions.

(7) A revised assessment made under this section must be made within 10 years after the end of the calendar year in which the original application was made.

**NEW SECTION. Section 9. Appeal or denial of reduced tax rate.**(1) (a) If the department denies

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

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SB0542.002.005

1 an application for a homestead reduced tax rate, state property tax assistance, or a rental property reduced tax  
2 rate, the owner may request an informal review of the denial by submitting an objection on written or electronic  
3 forms provided by the department for that purpose in a manner prescribed by the department. The objection  
4 must be made no later than 30 days after the date of the denial notification sent pursuant to [section 6(4) or  
5 7(6)].

6 (b) The property owner may request that the department consider extenuating circumstances to  
7 grant an application for the homestead reduced tax rate, state property tax assistance, or the rental property  
8 reduced tax rate. Extenuating circumstances include but are not limited to extraordinary, unusual, or infrequent  
9 events that are material in nature and of a character different from the typical or customary, and that are not  
10 expected to recur.

11 (c) After the informal review, the department shall determine the correct status of the homestead  
12 reduced tax rate, state property tax assistance, or the rental property reduced tax rate and notify the taxpayer of  
13 its determination by mail or electronically. In the notification, the department shall state its reasons for accepting  
14 or denying the application.

15 (2) If a property owner is aggrieved by the determination made by the department after the review  
16 provided for in subsection (1), the property owner has the right to first appeal to the county tax appeal board  
17 and then to the Montana tax appeal board, whose findings are final subject to the right of review in the courts.  
18 An appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days from the date on  
19 the notice of the department's determination. If the county tax appeal board or the Montana tax appeal board  
20 determines that the homestead reduced tax rate, state property tax assistance, or the rental property reduced  
21 tax rate should apply, the department shall adjust the taxable value of the property and taxes in accordance  
22 with the board's order.

23  
24 NEW SECTION. **Section 10. Rulemaking authority.** The department shall adopt rules that are  
25 necessary to implement and administer [sections 5 through 10].

26  
27 NEW SECTION. **Section 11. Reimbursement for loss of revenue from certain fixed mill levies.**



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69th Legislature 2025

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SB0542.002.005

1 industrial value every 2 years as part of the periodic reappraisal provided for in 15-7-111.

2 (5) As used in this section, the following definitions apply:

3 (a) "Median commercial and industrial value" means the median value of class four commercial  
4 and industrial property located in the state of Montana rounded to the nearest thousand dollars.

5 (b) "Median residential value" means the median value of a single-family residence located in the  
6 state of Montana rounded to the nearest thousand dollars."

7

8 **Section 16.** Section 15-7-102, MCA, is amended to read:

9 **"15-7-102. Notice of classification, market value, and taxable value to owners -- appeals. (1) (a)**

10 Except as provided in 15-7-138, the department shall mail or provide electronically to each owner or purchaser  
11 under contract for deed a notice that includes the land classification, market value, and taxable value of the  
12 land and improvements owned or being purchased. A notice must be mailed or, with property owner consent,  
13 provided electronically to the owner only if one or more of the following changes pertaining to the land or  
14 improvements have been made since the last notice:

- 15 (i) change in ownership;  
16 (ii) change in classification;  
17 (iii) change in valuation; or  
18 (iv) addition or subtraction of personal property affixed to the land.

19 (b) The notice must include the following for the taxpayer's informational and informal classification  
20 and appraisal review purposes:

21 (i) a notice of the availability of all the property tax assistance programs available to property  
22 taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax  
23 assistance programs provided for in Title 15, chapter 6, part 3, the homestead reduced tax rate provided for in  
24 [section 6], the rental property reduced tax rate provided for in [section 7], [state property tax assistance](#)  
25 [provided for in \[section 28\]](#), and the residential property tax credit for the elderly provided for in 15-30-2337  
26 through 15-30-2341;

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



**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

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SB0542.002.005

- 1 (iii) the market value for the prior reappraisal cycle;
- 2 (iv) if the market value has increased by more than 10%, an explanation for the increase in
- 3 valuation;
- 4 (v) a statement that the notice is not a tax bill; and
- 5 (vi) a taxpayer option to request an informal classification and appraisal review by checking a box
- 6 on the notice and returning it to the department.
- 7 (c) When the department uses an appraisal method that values land and improvements as a unit,
- 8 including the sales comparison approach for residential condominiums or the income approach for commercial
- 9 property, the notice must contain a combined appraised value of land and improvements.
- 10 (d) Any misinformation provided in the information required by subsection (1)(b) does not affect the
- 11 validity of the notice and may not be used as a basis for a challenge of the legality of the notice.
- 12 (2) (a) Except as provided in subsection (2)(c), the department shall assign each classification and
- 13 appraisal to the correct owner or purchaser under contract for deed and mail or provide electronically the notice
- 14 in written or electronic form, adopted by the department, containing sufficient information in a comprehensible
- 15 manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of
- 16 changes over the prior tax year.
- 17 (b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an
- 18 appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in
- 19 15-1-402.
- 20 (c) The department is not required to mail or provide electronically the notice to a new owner or
- 21 purchaser under contract for deed unless the department has received the realty transfer certificate from the
- 22 clerk and recorder as provided in 15-7-304 and has processed the certificate before the notices required by
- 23 subsection (2)(a) are mailed or provided electronically. The department shall notify the county tax appeal board
- 24 of the date of the mailing or the date when the taxpayer is informed the information is available electronically.
- 25 (3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the
- 26 market value of the property as determined by the department or with the classification of the land or
- 27 improvements, the owner may request an informal classification and appraisal review by submitting an

1 objection on written or electronic forms provided by the department for that purpose or by checking a box on the  
2 notice and returning it to the department in a manner prescribed by the department.

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

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

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

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

26 (B) If a property owner has exhausted the right to object to a valuation, as provided for in  
27 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

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

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

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

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

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

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

25 (6) Except as provided in 15-2-302 and 15-23-102, if a property owner feels aggrieved by the  
26 classification or appraisal made by the department after the review provided for in subsection (3), the property  
27 owner has the right to first appeal to the county tax appeal board and then to the Montana tax appeal board,

1 whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board,  
2 pursuant to 15-15-102, must be filed within 30 days from the date on the notice of the department's  
3 determination. A county tax appeal board or the Montana tax appeal board may consider the actual selling price  
4 of the property, independent appraisals of the property, negative property features that differentiate the subject  
5 property from the department's comparable sales, and other relevant information presented by the taxpayer as  
6 evidence of the market value of the property. If the county tax appeal board or the Montana tax appeal board  
7 determines that an adjustment should be made, the department shall adjust the base value of the property in  
8 accordance with the board's order."

9  
10 **Section 17.** Section 15-10-420, MCA, is amended to read:

11 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a  
12 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount  
13 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3  
14 years. The maximum number of mills that a governmental entity may impose is established by calculating the  
15 number of mills required to generate the amount of property tax actually assessed in the governmental unit in  
16 the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half  
17 of the average rate of inflation for the prior 3 years.

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

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

26 (2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any  
27 additional levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit,

including newly taxable property.

(3) (a) For purposes of this section, newly taxable property includes:

(i) annexation of real property and improvements into a taxing unit;

(ii) construction, expansion, or remodeling of improvements;

(iii) transfer of property into a taxing unit;

(iv) subdivision of real property; and

(v) transfer of property from tax-exempt to taxable status.

(b) Newly taxable property does not include an increase in value that arises because of an increase in the incremental value within a tax increment financing district.

(4) (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the release of taxable value from the incremental taxable value of a tax increment financing district because of:

(i) a change in the boundary of a tax increment financing district;

(ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or

(iii) the termination of a tax increment financing district.

(b) If a tax increment financing district terminates prior to the certification of taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax increment financing district terminates. If a tax increment financing district terminates after the certification of taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the following tax year.

(c) For the purpose of subsection (3)(a)(ii), the value of newly taxable class four property that was constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current year market value of that property less the previous year market value of that property.

(d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of real property that results in the property being taxable as class four property under 15-6-134 or as nonqualified agricultural land as described in 15-6-133(1)(c).

(5) Subject to subsection (8), subsection (1)(a) does not apply to:

(a) school district levies established in Title 20; or

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

(b) a mill levy imposed for a newly created regional resource authority.

(6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received under 15-6-131 and 15-6-132.

(7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:

(a) may increase the number of mills to account for a decrease in reimbursements; ~~and~~

(b) may not increase the number of mills to account for a loss of tax base because of legislative action that is reimbursed under the provisions of 15-1-121(7); and

(c) may not include revenue distributed to a county to provide state property tax assistance pursuant to [section 28].

(8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes of 15-10-109, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated by the department may not exceed the mill levy limits established in those sections. The mill calculation must be established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the calculation must be rounded up to the nearest tenth of a mill.

(9) (a) The provisions of subsection (1) do not prevent or restrict:

(i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;

(ii) a levy to repay taxes paid under protest as provided in 15-1-402;

(iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;

(iv) a levy for the support of a study commission under 7-3-184;

(v) a levy for the support of a newly established regional resource authority;

(vi) the portion that is the amount in excess of the base contribution of a governmental entity's property tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703;

(vii) a levy for reimbursing a county for costs incurred in transferring property records to an adjoining county under 7-2-2807 upon relocation of a county boundary;

(viii) a levy used to fund the sheriffs' retirement system under 19-7-404(3)(b); or

(ix) a governmental entity from levying mills for the support of an airport authority in existence prior to May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past.



The levy under this subsection (9)(a)(ix) is limited to the amount in the resolution creating the authority.

(b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes actually assessed in a subsequent year.

(10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating funds by a county or municipality during that time.

(11) The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable value in a governmental unit."

**Section 18.** Section 15-15-101, MCA, is amended to read:

**"15-15-101. County tax appeal board -- meetings and compensation.** (1) The board of county commissioners of each county shall appoint a county tax appeal board, with a minimum of three members and with the members to serve staggered terms of 3 years each. The members of each county tax appeal board must be residents of the county in which they serve. A person may not be a member of a county tax appeal board if the person was an employee of the department less than 36 months before the date of appointment.

(2) (a) The members receive compensation as provided in subsection (2)(b) and travel expenses, as provided for in 2-18-501 through 2-18-503, only when the county tax appeal board meets to hear taxpayers' appeals from property tax assessments or when they are attending meetings called by the Montana tax appeal board. Travel expenses and compensation must be paid from the appropriation to the Montana tax appeal board.

(b) (i) The daily compensation for a member is as follows:

(A) \$45 for 4 hours of work or less; and

(B) \$90 for more than 4 hours of work.

(ii) For the purpose of calculating work hours in this subsection (2)(b), work includes hearing tax appeals, deliberating with other board members, and attending meetings called by the Montana tax appeal

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

1 board.

2 (3) Office space and equipment for the county tax appeal boards must be furnished by the county.

3 All other incidental expenses must be paid from the appropriation of the Montana tax appeal board.

4 (4) The county tax appeal board shall hold an organizational meeting each year on the date of its  
5 first scheduled hearing, immediately before conducting the business for which the hearing was otherwise  
6 scheduled. At the organizational meeting, the members shall choose one member as the presiding officer of the  
7 board. The county tax appeal board shall continue in session from July 1 of the current tax year until December  
8 31 of the current tax year to hear protests concerning assessments made by the department until the business  
9 of hearing protests is disposed of and may meet after December 31 to hear an appeal at the discretion of the  
10 county tax appeal board.

11 (5) In counties that have appointed more than three members to the county tax appeal board, only  
12 three members shall hear each appeal. The presiding officer shall select the three members hearing each  
13 appeal.

14 (6) In connection with an appeal, the county tax appeal board may change any assessment or fix  
15 the assessment at some other level and determine eligibility for the homestead reduced tax rate provided for in  
16 [section 6], state property tax assistance pursuant to [section 28], or the rental property reduced tax rate  
17 provided for in [section 7]. Upon notification by the county tax appeal board, the county clerk and recorder shall  
18 publish a notice to taxpayers, giving the time the county tax appeal board will be in session to hear scheduled  
19 protests concerning assessments and the latest date the county tax appeal board may take applications for the  
20 hearings. The notice must be published in a newspaper if any is printed in the county or, if none, then in the  
21 manner that the county tax appeal board directs. The notice must be published by May 15 of the current tax  
22 year.

23 (7) Challenges to a department rule governing the assessment of property or to an assessment  
24 procedure apply only to the taxpayer bringing the challenge and may not apply to all similarly situated taxpayers  
25 unless an action is brought in the district court as provided in 15-1-406."

26

27 **Section 19.** Section 15-15-102, MCA, is amended to read:

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

1           **"15-15-102. Application for reduction in valuation -- reduced tax rate.** (1) The county tax appeal  
2 board may not reduce the valuation of property may not be reduced by the county tax appeal board or review  
3 eligibility for the homestead reduced tax rate provided for in [section 6], state property tax assistance pursuant  
4 to [section 28], or the rental property reduced tax rate provided for in [section 7] unless either the taxpayer or  
5 the taxpayer's agent makes and files a written application for reduction with the county tax appeal board.

6           (2) The application ~~for reduction~~ may be obtained at the local appraisal office or from the county  
7 tax appeal board. The completed application must be submitted to the county clerk and recorder. The date of  
8 receipt is the date stamped on the appeal form by the county clerk and recorder upon receipt of the form. The  
9 county tax appeal board is responsible for obtaining the applications from the county clerk and recorder.

10           (3) One application ~~for reduction~~ may be submitted during each valuation cycle. The application  
11 must be submitted within the time periods provided for in 15-7-102(3)(a) and [section 9].

12           (4) A taxpayer who receives an informal review by the department of revenue as provided in 15-7-  
13 102(3)(a)(i) and (3)(a)(ii) or [section 9] may appeal the decision of the department of revenue to the county tax  
14 appeal board as provided in 15-7-102(6). The taxpayer may not file a subsequent application for reduction for  
15 the same property with the county tax appeal board during the same valuation cycle.

16           (5) If the department's determination after review is not made in time to allow the county tax appeal  
17 board to review the matter during the current tax year, the appeal must be reviewed during the next tax year,  
18 but the decision by the county tax appeal board is effective for the year in which the request for review was filed  
19 with the department. The application must state the post-office address of the applicant, specifically describe  
20 the property involved, and state the facts upon which it is claimed the reduction should be made."  
21

22           **Section 20.** Section 15-15-103, MCA, is amended to read:

23           **"15-15-103. Examination of applicant -- failure to hear application.** (1) Before the county tax  
24 appeal board grants any application or makes any reduction applied for, it shall examine on oath the person or  
25 agent making the application with regard to the value of the property of the person or eligibility for the  
26 homestead reduced tax rate provided for in [section 6], state property tax assistance pursuant to [section 28], or  
27 the rental property reduced tax rate provided for in [section 7]. A reduction may not be made unless the

1 applicant makes an application, as provided in 15-15-102, and attends the county board hearing. An appeal of  
2 the county board's decision may not be made to the Montana tax appeal board unless the person or the  
3 person's agent has exhausted the remedies available through the county board. In order to exhaust the  
4 remedies, the person or the person's agent shall attend the county board hearing. On written request by the  
5 person or the person's agent and on the written concurrence of the department, the county board may waive  
6 the requirement that the person or the person's agent attend the hearing. The testimony of all witnesses at the  
7 hearing and the deliberation of the county tax appeal board in rendering a decision must be electronically  
8 recorded and preserved for 1 year. If the decision of the county board is appealed, the record of the  
9 proceedings, including the electronic recording of all testimony and the deliberation of the county tax appeal  
10 board, must be forwarded, together with all exhibits, to the Montana board. The date of the hearing, the  
11 proceedings before the county board, and the decision must be entered upon the minutes of the county board,  
12 and the county board shall notify the applicant of its decision by mail within 3 days. A copy of the minutes of the  
13 county board must be transmitted to the Montana board no later than 3 days after the county board holds its  
14 final hearing of the year.

15 (2) (a) Except as provided in 15-15-201, if a county board refuses or fails to hear a taxpayer's  
16 timely application for a reduction in valuation of property or eligibility for a reduced tax rate or state property tax  
17 assistance, the taxpayer's application is considered to be granted on the day following the county board's final  
18 meeting for that year. The department shall enter the appraisal, ~~or~~ classification, or tax rate sought in the  
19 application in the property tax record. An application is not automatically granted for the following appeals:

20 (i) those listed in 15-2-302(1); and  
21 (ii) if a taxpayer's appeal from the department's determination of classification or appraisal made  
22 pursuant to 15-7-102 was not received in time, as provided for in 15-15-102, to be considered by the county  
23 board during its current session.

24 (b) The county board shall provide written notification of each application that was automatically  
25 granted pursuant to subsection (2)(a) to the department, the Montana board, and any affected municipal  
26 corporation. The notice must include the name of the taxpayer and a description of the subject property.

27 (3) The county tax appeal board shall consider an independent appraisal provided by the taxpayer

1 if the appraisal meets standards set by the Montana board of real estate appraisers and the appraisal was  
2 conducted within 6 months of the valuation date. If the county tax appeal board does not use the appraisal  
3 provided by the taxpayer in conducting the appeal, the county board shall provide to the taxpayer the reason for  
4 not using the appraisal."

5  
6 **Section 21.** Section 15-16-101, MCA, is amended to read:

7 **"15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the  
8 receipt of the property tax record, the county treasurer shall publish a notice specifying:

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

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

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

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

- 21 (i) the taxable value of the property;  
22 (ii) the total mill levy applied to that taxable value;  
23 (iii) itemized city services and special improvement district assessments collected by the county;  
24 (iv) the number of the school district in which the property is located;  
25 (v) the amount of the total tax due itemized by mill levy that is levied as city tax, county tax, state

26 tax, school district tax, and other tax and, for a principal residence, the total amount of state property tax  
27 assistance received under [section 28];

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

(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, the homestead reduced tax rate provided for in [section 6], the rental property reduced tax rate provided for in [section 7], [state property tax assistance pursuant to \[section 28\]](#), and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341.

(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 22.** 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

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

section. Upon attachment of a tax lien, the county is the possessor of the tax lien unless the tax lien is assigned pursuant to 15-17-323.

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

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

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

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

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

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

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

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

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

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

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

(4) Prior to attaching a tax lien to the property, the county treasurer shall send notice of the pending attachment of a tax lien to the person to whom the property was assessed. The notice must include the information listed in subsection (2), state that the tax lien may be assigned to a third party, and provide notice of the availability of all the property tax assistance programs available to property taxpayers, including the property tax assistance programs under Title 15, chapter 6, part 3, the homestead reduced tax rate provided for in [section 6], the rental property reduced tax rate provided for in [section 7], state property tax assistance pursuant to [section 28], and the residential property tax credit for the elderly under 15-30-2337 through 15-30-



1 2341. The notice must have been mailed at least 2 weeks prior to the date on which the county treasurer  
2 attaches the tax lien.

3 (5) The county treasurer shall file the tax lien certificate with the county clerk and recorder."  
4

5 **Section 23.** Section 15-30-2120, MCA, is amended to read:

6 **"15-30-2120. Adjustments to federal taxable income to determine Montana taxable income. (1)**

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

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

10 (a) to the extent that it is not exempt from taxation by Montana under federal law, interest from  
11 obligations of a territory or another state or any political subdivision of a territory or another state and exempt-  
12 interest dividends attributable to that interest except to the extent already included in federal taxable income;

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

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

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

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

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

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

27 (h) a withdrawal from a first-time home buyer savings account provided for in Title 15, chapter 63,

- 1 (i) the amount of Montana source wage income on the return; or
- 2 (ii) 50% of the taxpayer's military pension or military retirement income.
- 3 (b) For the purposes of subsection (8)(a)(i), "Montana source wage income" means:
- 4 (i) wages, salary, tips, and other compensation for services performed in the state;
- 5 (ii) net income from a trade, business, profession, or occupation carried on in the state; and
- 6 (iii) net income from farming activities carried on in the state.
- 7 (9) The subtractions in subsection (3)(n):
- 8 (a) may only be claimed by a person who:
- 9 (i) becomes a resident of the state after June 30, 2023; or
- 10 (ii) was a resident of the state before receiving military pension or military retirement income and
- 11 remained a resident after receiving military pension or military retirement income;
- 12 (b) may only be claimed for 5 consecutive years after satisfying the provisions of subsection (9)(a);
- 13 and
- 14 (c) are not available if a taxpayer claimed the exemption before becoming a nonresident.
- 15 (Subsection (3)(o) terminates June 30, 2025--sec. 10, Ch. 47, L. 2023; subsections (3)(n), (8), and (9) terminate
- 16 December 31, 2033--sec. 4, Ch. 650, L. 2023.)"
- 17

18 **Section 24.** Section 15-65-121, MCA, is amended to read:

19 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-

20 65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special

21 revenue fund to the credit of the department. The department may spend from that account in accordance with

22 an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing

23 the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of

24 17-2-124 and as provided in subsections (2)(a) through (2)(j) of this section, the department shall determine the

25 expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from

26 the tax proceeds received each reporting period. The department shall distribute the portion of the 4% that was

27 paid with federal funds to the department of administration for return to the federal government and deposit

30% of the amount deducted less the portion paid with federal funds in the state general fund.

(2) The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with federal funds, or deposited in the heritage preservation and development account must be transferred to an account in the state special revenue fund to the credit of the department of commerce for the purposes designated under 90-1-122, to the emergency lodging for victims of domestic violence or human trafficking account, to the Montana historical interpretation state special revenue account, to the Montana historical society, to the university system, to the state-tribal economic development commission, and to the department of fish, wildlife, and parks, as follows:

(a) 1% to the Montana historical society to be used for the installation or maintenance of roadside historical signs and historic sites;

(b) 2.5% to the university system for the establishment and maintenance of a Montana travel research program;

(c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that have both resident and nonresident use;

(d) 1.4% to the invasive species state special revenue account established in 80-7-1004;

(e) 60.2% to be used directly by the department of commerce as provided in 90-1-122[, and in part to renovate the Miles City train depot];

(f) 0.1% to the emergency lodging for victims of domestic violence or human trafficking account established in 44-4-1506;

(g) (i) except as provided in subsection (2)(g)(ii), 22.5% to be distributed by the department to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds collected statewide; and

(ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county, resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-

county, resort area, or resort area district;

(h) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal economic development commission established in 90-1-131 for activities in the Indian tourism region;

(i) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-115; and

(j) 2.7% or \$1 million, whichever is less, to the Montana heritage preservation and development account provided for in 22-3-1004. The Montana heritage preservation and development commission shall report on the use of funds received pursuant to this subsection (2)(j) to the legislative finance committee on a semiannual basis, in accordance with 5-11-210.

(3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-820 ~~(5)(b)(iii)~~ (4)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district is located.

(4) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism corporation may be used by the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.

(5) The tax proceeds received that are transferred to a state special revenue account pursuant to subsections (2)(a) through (2)(c), (2)(e), and (2)(g) are statutorily appropriated to the entities as provided in 17-7-502. The tax proceeds received that are transferred to the emergency lodging for victims of domestic violence or human trafficking account pursuant to subsection (2)(f) are subject to the appropriation provisions in 44-4-1506.

(6) The tax proceeds received that are transferred to the invasive species state special revenue account pursuant to subsection (2)(d), to the Montana historical interpretation state special revenue account pursuant to subsection (2)(i), and to the Montana heritage preservation and development account pursuant to subsection (2)(j) are subject to appropriation by the legislature. (Terminates June 30, 2027--sec. 12, Ch. 563, L.

2021; sec. 10, Ch. 758, L. 2023; bracketed language in subsection (1)(e) terminates June 30, 2025--sec. 34, Ch. 763, L. 2023.)

**15-65-121. (Effective July 1, 2027) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special revenue fund to the credit of the department. The department may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-124 and as provided in subsections (2)(a) through (2)(h) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from the tax proceeds received each reporting period. The department shall distribute the portion of the 4% that was paid with federal funds to the department of administration for return to the federal government and deposit 30% of the amount deducted less the portion paid with federal funds in the state general fund. The amount of \$400,000 each year must be deposited in the Montana heritage preservation and development account provided for in 22-3-1004.

(2) The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with federal funds, or deposited in the heritage preservation and development account must be transferred to an account in the state special revenue fund to the credit of the department of commerce for the purposes designated under 90-1-122, to the Montana historical interpretation state special revenue account, to the Montana historical society, to the university system, to the state-tribal economic development commission, and to the department of fish, wildlife, and parks, as follows:

(a) 1% to the Montana historical society to be used for the installation or maintenance of roadside historical signs and historic sites;

(b) 2.5% to the university system for the establishment and maintenance of a Montana travel research program;

(c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that have both resident and nonresident use;

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

(d) 1.4% to the invasive species state special revenue account established in 80-7-1004;

(e) 63% to be used directly by the department of commerce as provided in 90-1-122;

(f) (i) except as provided in subsection (2)(f)(ii), 22.5% to be distributed by the department to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds collected statewide; and

(ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county, resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-county, resort area, or resort area district;

(g) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal economic development commission established in 90-1-131 for activities in the Indian tourism region; and

(h) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-115.

(3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-820 ~~(5)(b)(iii)~~ (4)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district is located.

(4) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism corporation may be used by the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.

(5) The tax proceeds received that are transferred to a state special revenue account pursuant to subsections (2)(a) through (2)(c), (2)(e), and (2)(f) are statutorily appropriated to the entities as provided in 17-7-502.

(6) The tax proceeds received that are transferred to the invasive species state special revenue

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

account pursuant to subsection (2)(d) and to the Montana historical interpretation state special revenue account pursuant to subsection (2)(h) are subject to appropriation by the legislature."

**Section 25.** Section 15-68-820, MCA, is amended to read:

**"15-68-820. Sales tax and use tax proceeds.** (1) ~~Except as provided in subsections (2) through (6),~~ all All money collected under this chapter must, in accordance with the provisions of 17-2-124, be deposited by the department ~~into the general fund as provided in subsections (2) through (4).~~

(2) ~~Twenty-five percent of the~~ The revenue collected on the base rental charge for rental vehicles under 15-68-102(1)(b) and ~~15-68-102(3)(a)(ii)~~ must be deposited as follows:

(a) 75% in the state property tax assistance account provided for in [section 29]; and

(b) 25% in the state special revenue fund to the credit of the senior citizen and persons with disabilities transportation services account provided for in 7-14-112.

(3) ~~Until December 31, 2024, a portion of the~~ The revenue collected on the sale or use of accommodations and campgrounds under 15-68-102(1)(a) and (3)(a)(i) must be deposited as follows:

~~(a) 20% in the account established in 22-3-1303 for construction of the Montana heritage center;~~  
~~and~~

~~(b) 5% in the account established in 22-3-1307 for historic preservation grants.~~

~~(4) Starting January 1, 2025, a portion of the revenue collected on the sale or use of accommodations and campgrounds under 15-68-102(1)(a) and (3)(a)(i) must be deposited or distributed as follows:~~

(a) 75% in the state property tax assistance account provided for in [section 29];

~~(a)(b)~~ (b) 6% in the account established in 22-3-1304 for operation and maintenance of the Montana heritage center;

~~(b)(c)~~ (c) 6% distributed as provided in subsection ~~(5)~~ (4);

~~(c)(d)~~ (d) 6% in the account established in 22-3-1307 for historic preservation grants; and

~~(d)(e)~~ (e) 7% in the account established in 17-7-209.

~~(5)(4)~~ (4) (a) Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-



**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

124 and as provided in subsection ~~(5)(b)~~ (4)(b) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 1% of that amount from the tax proceeds received each reporting period. The department shall distribute the portion of the 1% that was paid with federal funds to the department of administration for return to the federal government and deposit 30% of the amount deducted less the portion paid with federal funds in the state general fund.

(b) The balance of the tax proceeds received each reporting period and not distributed to agencies that paid the tax with federal funds must be transferred to an account in the state special revenue fund to the credit of the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials, to the department of fish, wildlife, and parks, and to the state-tribal economic development commission as follows:

(i) 7% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that have both resident and nonresident use;

(ii) 68.5% to be used directly by the department of commerce;

(iii) (A) except as provided in subsection ~~(5)(b)(iii)(B)~~ (4)(b)(iii)(B), 24% to be distributed by the department of commerce to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds collected statewide; and

(B) if 24% of the proceeds collected annually within the limits of a city, consolidated city-county, resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area district is located to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-county, resort area, or resort area district; and

(iv) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal economic development commission established in 90-1-131 for activities in the Indian tourism region.

~~(6)(5)~~ The tax proceeds received that are transferred to a state special revenue account pursuant to subsection ~~(5)(b)~~ (4)(b) are allocated to the entities."

**Section 26.** 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]; [section 24 27]; [section 29]; 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

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

1 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined  
2 by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have  
3 statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the  
4 inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement  
5 system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410  
6 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental  
7 benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on  
8 occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117  
9 terminates June 30, 2025; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates  
10 September 30, 2025; pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027;  
11 pursuant to sec. 10, Ch. 374, L. 2017, the inclusion of 76-17-103 terminates June 30, 2027; pursuant to secs.  
12 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-108 terminates June 30, 2027; pursuant to sec. 1, Ch.  
13 408, L. 2019, the inclusion of 17-7-215 terminates June 30, 2029; pursuant to secs. 1, 2, 3, Ch. 139, L. 2021,  
14 the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200, L. 2021, the inclusion of 10-4-  
15 310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the inclusion of 30-10-1004 terminates  
16 June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-115 terminates June 30, 2025;  
17 pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is effective July 1, 2027; pursuant to  
18 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-  
19 113, and 81-7-106 terminates June 30, 2029; pursuant to sec. 9, Ch. 44, L. 2023, the inclusion of 15-1-142  
20 terminates December 31, 2025; pursuant to sec. 10, Ch. 47, L. 2023, the inclusion of 15-1-2302 terminates  
21 June 30, 2025; pursuant to sec. 2, Ch. 374, L. 2023, the inclusion of 10-3-802 terminates June 30, 2031;  
22 pursuant to sec. 12, Ch. 558, L. 2023, the inclusion of 20-9-250 terminates December 31, 2029; pursuant to  
23 sec. 4, Ch. 621, L. 2023, the inclusion of 22-1-327 terminates July 1, 2029; pursuant to sec. 24, Ch. 722, L.  
24 2023, the inclusion of 17-7-133 terminates June 30, 2027; pursuant to sec. 10, Ch. 758, L. 2023, the inclusion  
25 of 44-4-1506 terminates June 30, 2027; and pursuant to sec. 10, Ch. 764, L. 2023, the inclusion of 15-1-143  
26 terminates December 31, 2025.)"

27

**NEW SECTION. Section 27. Refund for failure to claim homestead reduced tax rate -- statutory**

**appropriation.** (1) A property owner who was eligible for the homestead reduced tax rate provided for in [section 6], but who failed to file an application to claim the homestead reduced tax rate may receive a refund as provided in this section.

(2) To claim a refund under this section, a property owner shall file an informal appeal with the department of revenue by May 31 of the year after the property owner did not receive the homestead reduced tax rate. The refund may only be claimed for 1 year.

(3) If the department determines the property owner is eligible for a refund under this section, the department shall calculate the difference between property taxes paid and property taxes that would have been due if the property owner received the homestead reduced tax rate in the prior year.

(4) The department shall issue a refund to the property owner of the amount calculated pursuant to subsection (3).

(5) The payment of property tax refunds under this section is statutorily appropriated, as provided in 17-7-502, from the general fund to the department of revenue for distribution to taxpayers.

**NEW SECTION. Section 28. Property tax assistance for principal residences -- appropriation.**

(1) A county shall provide property tax assistance to owners of principal residences as provided in this section. For tax year 2025, a person who applied for and received the rebate provided for in [sections 1 through 3] for tax year 2024 is eligible for state property tax assistance. For tax year 2026 and after, a principal residence must be certified by the department of revenue pursuant to [section 6]. The assistance is provided with funding from the state property tax assistance account distributed to the county as provided in [section 29].

(2) (a) Except as provided in subsection (2)(b), the county treasurer shall provide the property tax assistance distributed pursuant to [section 29] to each principal residence by listing the property tax assistance amount as a credit on the property tax bill as provided in 15-16-101(2)(a)(v).

(b) If the property tax assistance calculated pursuant to [section 29(2)] exceeds the property tax billed for an individual property, the county may retain the revenue that exceeds the property tax billed.

(3) The owner of a principal residence that receives property tax assistance under this section is

not prohibited from receiving property tax assistance under another property tax assistance program.

(4) State property tax assistance provided to counties pursuant to this section may not affect the maximum mill calculation in 15-10-420.

**NEW SECTION. Section 29. State property tax assistance account.** (1) There is a state property tax assistance account in the state special revenue fund established in 17-2-102. The revenue allocated to the account as provided in 15-68-820 must be deposited in the account and distributed as provided in this section.

(2) (a) At the end of each fiscal year, the department shall determine the amount of property tax assistance per principal residence by subtracting the amounts listed in subsection (2)(c) and dividing the remainder by the total number of principal residences certified pursuant to [sections 6 and 28].

(b) By August 31 of each year, the department shall distribute to each county the property tax assistance per principal residence multiplied by the number of principal residences within the county. The county shall deposit the money in the account in which property tax revenue is held and use the distribution to provide property tax assistance pursuant to [section 28].

(c) The department may retain 2% of the revenue allocated to the account for administering the certification of principal residences under [section 6] and shall retain \$100,000 for appeals granted under [section 9].

(3) The department shall provide each county with a list of property in the county that the department certifies pursuant to [section 6] qualifies as a principal residence to enable the county treasurer to administer the property tax assistance.

(4) A payment required pursuant to this section may be withheld if, for more than 90 days, a local government fails to:

(a) file a financial report required by 15-1-504;

(b) remit any amounts collected on behalf of the state as required by 15-1-504; or

(c) remit any other amounts owed to the state or another taxing jurisdiction.

(5) The distributions to counties pursuant to subsection (2)(b) are statutorily appropriated, as provided in 17-7-502, to the department of revenue for distribution to taxpayers and for related administration

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

costs.

**NEW SECTION. Section 30. State property tax assistance -- penalty for false or fraudulent**

**application.** A person who files a false or fraudulent certification of principal residence for state property tax assistance under [section 6] is subject to criminal prosecution under the provisions of 45-7-202 and may be prohibited from claiming state property tax assistance for up to 10 years. If false or fraudulent property tax assistance has been issued by the county, the amount of assistance granted may be recovered as any other tax owed the county. If property tax assistance becomes due and owing, the department may issue a warrant for distraint as provided in Title 15, chapter 1, part 7.

**Section 31.** Section 22-3-1303, MCA, is amended to read:

**"22-3-1303. Account -- Montana heritage center construction.** There is an account in the capital projects fund established in 17-2-102 known as the Montana heritage center construction account. The tax collections allocated in the former 15-68-820(3)(a) before the amendments of [this act] must be deposited in the account until December 31, 2024. The money in the account is authorized to the department of administration and may be used only for capital construction of the Montana heritage center."

**Section 32.** Section 22-3-1304, MCA, is amended to read:

**"22-3-1304. Account -- Montana heritage center operations.** There is an account in the state special revenue fund established in 17-2-102 known as the Montana heritage center operations account. The tax collections allocated in 15-68-820~~(4)(a)~~ must be deposited in the account. The money in the account may be used only for expenses incurred in the operation and maintenance of the Montana heritage center, which may include the veterans' and pioneer memorial building."

**Section 33.** Section 22-3-1307, MCA, is amended to read:

**"22-3-1307. Historic preservation grant program account.** (1) There is an account in the state special revenue fund established in 17-2-102 known as the historic preservation grant program account. The

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

1 tax collections allocated in 15-68-820 ~~(3)(b) and (4)(c)~~ must be deposited in the account.

2 (2) Money deposited in the account is subject to appropriation by the legislature and may be used  
3 only for historic preservation grants to be administered by the department of commerce.

4 (3) The department shall allocate and disburse historic preservation account funds as appropriated  
5 by the legislature."

6  
7 NEW SECTION. Section 34. Transition. The first distribution to counties pursuant to [section 29]  
8 must be made by August 31, 2025, for taxes collected in fiscal year 2025.

9  
10 NEW SECTION. Section 35. Transfer of funds. By August 1, 2025, the state treasurer shall transfer  
11 to the state property tax assistance account provided for in [section 29] the amount of revenue collected  
12 pursuant to 15-68-820 and deposited in the general fund for fiscal year 2025.

13  
14 NEW SECTION. Section 36. Codification instruction. (1) [Sections 1 through 3] are intended to be  
15 codified as an integral part of Title 15, chapter 1, and the provisions of Title 15, chapter 1, apply to [sections 1  
16 through 3].

17 (2) [Sections 4 through 10, ~~and 24 27, 29, and 30~~] are intended to be codified as an integral part of  
18 Title 15, chapter 6, and the provisions of Title 15, chapter 6, apply to [sections 4 through 10, ~~and 24 27, 29, and~~  
19 ~~30~~].

20 (3) [Section 11] is intended to be codified as an integral part of Title 15, chapter 1, part 1, and the  
21 provisions of Title 15, chapter 1, part 1, apply to [section 11].

22 ~~(4) [Section 28] is intended to be codified as an integral part of Title 7, chapter 6, part 25, and the~~  
23 ~~provisions of Title 7, chapter, 6, part 25, apply to [section 28].~~

24  
25 NEW SECTION. Section 37. Severability. If a part of [this act] is invalid, all valid parts that are  
26 severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications,  
27 the part remains in effect in all valid applications that are severable from the invalid applications.



**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

**NEW SECTION. Section 38. Effective dates -- contingency.** (1) Except as provided in subsections (2) ~~and (3) through (4)~~, [this act] is effective on passage and approval.

~~(2)~~ [Sections 17, 24, 25, and 28 through 33] are effective July 1, 2025.

~~(2)(3)~~ [Sections 5 through 10, 15 ~~through 21, and 24~~, 16, 18 through 20, 22, and 27] are effective January 1, 2026.

~~(3)(4)~~ [Sections 11 and 12] 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 39. 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) [Sections 5 through 10, 15 ~~through 21, and 24~~, 16, 18 through 20, 22, and 27] apply to property tax years beginning after December 31, 2025.

**NEW SECTION. Section 40. Termination.** (1) [Section 14] terminates December 31, 2025.

(2) [Sections 1 through 3 and ~~22 23~~] and the inclusion of "[section 3]" in [section ~~23 26~~] terminate June 30, 2026.

**COORDINATION SECTION. Section 41. Coordination instruction.** If House Bill No. 528 and [this act] are both passed and approved, then House Bill No. 528 is void.

**NEW SECTION. Section 42. Contingent termination.** [Sections 11 and 12] terminate on the date that the department of revenue certifies to the code commissioner that the reimbursements authorized pursuant to [section 11] have been completed. The department of revenue shall submit certification within 30 days of the occurrence of the contingency.

**Amendment - 2nd Reading/2nd House-tan - Requested by: Jane Gillette - (H) Committee of the Whole**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

SB0542.002.005

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