

HOUSE BILL NO. 155

INTRODUCED BY M. THANE, M. MARLER, P. FLOWERS, D. HAWK, M. CAFERRO, P. TUSS, S. HOWELL,
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SECKINGER, B. CLOSE, P. ELVERUM, S. FYANT, C. NEUMANN, M. DUNWELL, J. WEBER, D. POWERS, J.
MORIGEAU, M. CUNNINGHAM, D. HAYMAN, S. ROSENZWEIG, C. POPE, E. KERR-CARPENTER, C.
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A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING PROPERTY TAX LAWS; REVISING
CLASS FOUR RESIDENTIAL AND COMMERCIAL PROPERTY TAX RATES; PROVIDING AN EXEMPTION
FOR A PORTION OF CLASS FOUR RESIDENTIAL PROPERTY VALUE; ~~PROVIDING AN EXEMPTION FOR~~
~~A PORTION OF CLASS FOUR COMMERCIAL PROPERTY VALUE;~~ PROVIDING LEGISLATIVE INTENT FOR
PERMITTING A LOCAL GOVERNMENT ADJUSTMENT TO CERTAIN FIXED MILL LEVIES; PERMITTING A
LOCAL GOVERNMENT WITH A FIXED MILL LEVY TO SUPERSEDE A CHARTER OR FIXED MILL LEVY
LIMIT; AMENDING SECTION 15-6-134, 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 15-6-134, MCA, is amended to read:

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

- (a) subject to subsection ~~(4)(e)~~ (1)(f), all land, except that specifically included in another class;
- (b) subject to subsection ~~(4)(e)~~ (1)(f):
 - (i) all improvements, including single-family residences, trailers, manufactured homes, or mobile
homes used as a residence, except those specifically included in another class;
 - (ii) appurtenant improvements to the residences, including the parcels of land upon which the
residences are located and any leasehold improvements;

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NEW SECTION. Section 2. Legislative findings -- local government charters and fixed mill levy

limits superseded.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

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

(2) As a matter of policy, the legislature intends to supersede local government charters that fix mill levy limits for the limited purpose of exercising the power to tax while also maintaining local government revenue sources without raising taxes on residential taxpayers. Having considered all options on a statewide basis, the legislature finds the statutory structure of the property tax has evolved significantly since the passage of Initiative 105 on November 4, 1986, and the enactment of 15-10-420 by the legislature in 1999. Given the significant change in the structure of the property tax and the rising cost of residential property in the last 5 years, there is a compelling interest to all the citizens of the state to lower residential property tax rates for primary residences, which can only be accomplished by this section and 15-10-420.

(3) A local government with a charter form of government that includes a mill levy limit of a specific number of mills that may be imposed in the charter may levy the number of mills in fiscal year 2026 that will generate the amount of property taxes assessed in fiscal year 2025, as provided in 15-10-420, including the statutory increases allowed by 15-10-420, without amending or revising the charter. A local government that elects to transition to a mill levy calculation limit under 15-10-420 for fiscal year 2026 is limited to levying the number of mills allowed by 15-10-420, including statutory increases for subsequent fiscal years after fiscal year 2026, until the local government charter is amended, revised, or abandoned.

(4) A taxing entity with a local mill levy limit of a specific number of mills that may be imposed that was authorized by the voters after December 31, 2019, may levy the number of mills in fiscal year 2026 that will

Amendment - 1st Reading/2nd House-blue - Requested by: Mark Thane - (S) Taxation

- 2025

69th Legislature 2025

Drafter: Jaret Coles,

HB0155.003.001

1 generate the amount of property taxes assessed in fiscal year 2025 for the specific mill levy, as provided in 15-
2 10-420, including the statutory increases allowed by 15-10-420, without receiving voter authorization. A local
3 government that elects to transition to a revenue-based mill levy calculation limit under 15-10-420 for fiscal year
4 2026 is limited to levying the number of mills allowed by 15-10-420, including statutory increases for
5 subsequent fiscal years after fiscal year 2026, until the expiration of the specific levy or revisions through a mill
6 levy election under the provisions of 15-10-425.

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8 **NEW SECTION. Section 3. Codification instruction.** [Section 2] is intended to be codified as an
9 integral part of Title 15, chapter 10, part 4, and the provisions of Title 15, chapter 10, part 4, apply to [section 2].

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11 **NEW SECTION. Section 4. Effective date.** [This act] is effective on passage and approval.

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13 **NEW SECTION. Section 5. Retroactive applicability.** [This act] applies retroactively, within the
14 meaning of 1-2-109, to property tax years beginning after December 31, 2024.

15 - END -