

1 HOUSE BILL NO. 609

2 INTRODUCED BY E. LIESER

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING RESIDENTIAL PROPERTY TAX ASSISTANCE
5 PROGRAMS; IMPLEMENTING PROGRAMS BASED ON INCOME, DISABLED VETERAN STATUS, AND
6 EXTRAORDINARY MARKET VALUE INCREASES; PROVIDING UNIFORM DEFINITIONS; PROVIDING
7 RULEMAKING AUTHORITY; AMENDING SECTIONS 2-15-122, 5-2-301, 15-6-134, 15-6-222, 15-7-102,
8 15-16-101, AND 15-16-102, MCA; REPEALING SECTIONS 15-6-193 AND 15-6-211, MCA; AND PROVIDING
9 A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12
13 **Section 1.** Section 2-15-122, MCA, is amended to read:
14 **"2-15-122. Creation of advisory councils.** (1) (a) A department head or the governor may create
15 advisory councils.

16 (b) An agency or an official of the executive branch of state government other than a department head
17 or the governor, including the superintendents of the state's institutions and the presidents of the units of the
18 state's university system, may also create advisory councils but only if federal law or regulation requires that the
19 official or agency create the advisory council as a condition to the receipt of federal funds.

20 (c) The board of public education, the board of regents of higher education, the state board of education,
21 the attorney general, the state auditor, the secretary of state, and the superintendent of public instruction may
22 create advisory councils, which shall serve at their pleasure, without the approval of the governor. The creating
23 authority shall file a record of each council created by it in the office of the governor and the office of the secretary
24 of state in accordance with subsection (9).

25 (2) Each advisory council created under this section must be known as the "... advisory council".

26 (3) The creating authority shall:

27 (a) prescribe the composition and advisory functions of each advisory council created;

28 (b) appoint its members, who shall serve at the pleasure of the creating authority; and

29 (c) specify a date when the existence of each advisory council ends.

30 (4) Advisory councils may be created only for the purpose of acting in an advisory capacity, as defined

1 in 2-15-102.

2 (5) (a) Unless an advisory council member is a full-time salaried officer or employee of this state or of
3 any political subdivision of this state, the member is entitled to be paid in an amount to be determined by the
4 department head, not to exceed \$50 for each day in which the member is actually and necessarily engaged in
5 the performance of council duties and to be reimbursed for travel expenses, as provided for in 2-18-501 through
6 2-18-503, incurred while in the performance of council duties. The maximum daily pay rate must be adjusted for
7 inflation annually ~~using the formula provided in 15-6-134(2)(b)(ii) and (2)(b)(iii), except that the base income level~~
8 ~~and appropriate dollar amount must be \$50 a day~~ by multiplying the base income of \$50 by the ratio of the PCE
9 for the second quarter of the previous year to the PCE for the second quarter of 1995 and rounding the product
10 to the nearest whole dollar amount.

11 (b) Members who are full-time salaried officers or employees of this state or of any political subdivision
12 of this state are not entitled to be compensated for their service as members but are entitled to be reimbursed
13 for travel expenses, as provided for in 2-18-501 through 2-18-503.

14 (6) Unless otherwise specified by the creating authority, at its first meeting in each year, an advisory
15 council shall elect a presiding officer and other officers that it considers necessary.

16 (7) Unless otherwise specified by the creating authority, an advisory council shall meet at least annually
17 and shall also meet on the call of the creating authority or the governor and may meet at other times on the call
18 of the presiding officer or a majority of its members. An advisory council may not meet outside the city of Helena
19 without the express prior authorization of the creating authority.

20 (8) A majority of the membership of an advisory council constitutes a quorum to do business.

21 (9) Except as provided in subsection (1)(c), an advisory council may not be created or appointed by a
22 department head or any other official without the approval of the governor. In order for the creation or approval
23 of the creation of an advisory council to be effective, the governor shall file in the governor's office and in the
24 office of the secretary of state a record of the council created showing:

- 25 (a) the council's name, in accordance with subsection (2);
26 (b) the council's composition;
27 (c) the appointed members, including names and addresses;
28 (d) the council's purpose; and
29 (e) the council's term of existence, in accordance with subsection (10).

30 (10) An advisory council may not be created to remain in existence longer than 2 years after the date of

1 its creation or beyond the period required to receive federal or private funds, whichever occurs later, unless
 2 extended by the appointing authority in the manner set forth in subsection (1). If the existence of an advisory
 3 council is extended, the appointing authority shall specify a new date, not more than 2 years later, when the
 4 existence of the advisory council ends and file a record of the order in the office of the governor and the office
 5 of the secretary of state. The existence of any advisory council may be extended as many times as necessary.

6 (11) For the purposes of this section, "PCE" means the implicit price deflator for personal consumption
 7 expenditures as published quarterly in the survey of current business by the bureau of economic analysis of the
 8 U.S. department of commerce."

9

10 **Section 2.** Section 5-2-301, MCA, is amended to read:

11 **"5-2-301. Compensation and expenses for members while in session.** (1) Legislators are entitled
 12 to a salary commensurate to that of the daily rate for an employee earning \$10.33 an hour when the regular
 13 session of the legislature in which they serve is convened under 5-2-103 for those days during which the
 14 legislature is in session. The hourly rate must be adjusted by any statutorily required pay increase. The president
 15 of the senate and the speaker of the house must receive an additional \$5 a day in salary for those days during
 16 which the legislature is in session.

17 (2) Legislators may serve for no salary.

18 (3) Subject to subsection (4), legislators are entitled to a daily allowance, 7 days a week, during a
 19 legislative session, as reimbursement for expenses incurred in attending a session. Expense payments must stop
 20 when the legislature recesses for more than 3 days and resume when the legislature reconvenes.

21 (4) After November 15, and prior to December 15 of each even-numbered year, the department of
 22 administration shall conduct a survey of the allowance for daily expenses of legislators for the states of North
 23 Dakota, South Dakota, Wyoming, and Idaho. The department shall include the average daily expense allowance
 24 for Montana legislators in determining the average daily rate for legislators. The department shall include only
 25 states with specific daily allowances in the calculation of the average. If the average daily rate is greater than the
 26 daily rate for legislators in Montana, legislators are entitled to a new daily rate for those days during which the
 27 legislature is in session. The new daily rate is the daily rate for the prior legislative session, increased by the
 28 percentage rate increase as determined by the survey, a cost-of-living increase to reflect inflation that is
 29 calculated pursuant to ~~15-6-134~~ 2-15-122(5)(a), or 5%, whichever is less. The expense allowance is effective
 30 when the next regular session of the legislature in which the legislators serve is convened under 5-2-103.

1 (5) Legislators are entitled to a mileage allowance as provided in 2-18-503 for each mile of travel to the
2 place of the holding of the session and to return to their place of residence at the conclusion of the session.

3 (6) In addition to the mileage allowance provided for in subsection (5), legislators, upon submittal of an
4 appropriate claim for mileage reimbursement to the legislative services division, are entitled to:

5 (a) three additional round trips to their place of residence during each regular session; and

6 (b) additional round trips as authorized by the legislature during special session.

7 (7) Legislators are not entitled to any additional mileage allowance under subsection (5) for a special
8 session if it is convened within 7 days of a regular session."

9

10 **Section 3.** Section 15-6-134, MCA, is amended to read:

11 **"15-6-134. Class four property -- description -- taxable percentage.** (1) Class four property includes:

12 (a) subject to 15-6-222 and subsections ~~(1)(f)~~ (1)(e) and ~~(1)(g)~~ (1)(f) of this section, all land, except that
13 specifically included in another class;

14 (b) subject to 15-6-222 and subsections ~~(1)(f)~~ (1)(e) and ~~(1)(g)~~ (1)(f) of this section, all improvements,
15 including trailers, manufactured homes, or mobile homes used as a residence, except those specifically included
16 in another class;

17 ~~(c) the first \$100,000 or less of the taxable market value of any improvement on real property, including~~
18 ~~trailers, manufactured homes, or mobile homes, and appurtenant land not exceeding 5 acres owned or under~~
19 ~~contract for deed and actually occupied for at least 7 months a year as the primary residential dwelling of one or~~
20 ~~more qualified claimants:~~

21 ~~—— (i) for tax year 2009, whose federal adjusted gross income did not exceed the thresholds established~~
22 ~~in subsection (2)(b)(i); or~~

23 ~~(ii) for tax years after tax year 2009, whose total household income did not exceed the thresholds~~
24 ~~established in subsection (2)(b)(i);~~

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

27 ~~(e)(d)~~ subject to 15-6-222(1), all improvements on land that is eligible for valuation, assessment, and
28 taxation as agricultural land under 15-7-202, including 1 acre of real property beneath improvements on land
29 described in 15-6-133(1)(c). The 1 acre must be valued at market value.

30 ~~(f)(e)~~ (i) single-family residences, including trailers, manufactured homes, or mobile homes;

- 1 (ii) rental multifamily dwelling units;
- 2 (iii) appurtenant improvements to the residences or dwelling units, including the parcels of land upon
- 3 which the residences and dwelling units are located and any leasehold improvements; and
- 4 (iv) vacant residential lots; and
- 5 ~~(g)~~(f) (i) commercial buildings and the parcels of land upon which they are situated; and
- 6 (ii) vacant commercial lots.

7 (2) ~~Glass four property is taxed as follows:~~

8 (a) Except as provided in 15-24-1402, 15-24-1501, 15-24-1502, and 15-24-2101, property described in

9 subsections (1)(a), (1)(b), and ~~(1)(e)~~ (1)(d) through ~~(1)(g)~~ (1)(f) of this section is taxed at:

- 10 ~~(i) 2.93% of its taxable market value in tax year 2009;~~
- 11 ~~—— (ii) 2.82% of its taxable market value in tax year 2010;~~
- 12 ~~—— (iii) 2.72% of its taxable market value in tax year 2011;~~
- 13 ~~—— (iv) 2.63% of its taxable market value in tax year 2012;~~
- 14 ~~—— (v) 2.54% of its taxable market value in tax year 2013; and~~
- 15 ~~—— (vi) 2.47% of its taxable market value in tax years after 2013.~~

16 (b) (i) ~~Property qualifying under the property tax assistance program in subsection (1)(c) is taxed at the~~

17 ~~rate provided in subsection (2)(a) of its taxable market value multiplied by a percentage figure based on the~~

18 ~~income for the preceding calendar year of the owner or owners who occupied the property as their primary~~

19 ~~residence and determined from the following table:~~

20 Income Income Percentage

21 Single Person — Married Couple Multiplier

22 ~~—— Head of Household ——~~

23 ~~\$0 - \$6,000 —— \$0 - \$8,000 —— 20%~~

24 ~~\$6,001 - \$9,200 —— \$8,001 - \$14,000 —— 50%~~

25 ~~\$9,201 - \$15,000 —— \$14,001 - \$20,000 —— 70%~~

26 ~~—— (ii) The income levels contained in the table in subsection (2)(b)(i) must be adjusted for inflation annually~~

27 ~~by the department. The adjustment to the income levels is determined by:~~

- 28 ~~—— (A) multiplying the appropriate dollar amount from the table in subsection (2)(b)(i) by the ratio of the PCE~~
- 29 ~~for the second quarter of the year prior to the year of application to the PCE for the second quarter of 1995; and~~
- 30 ~~(B) rounding the product thus obtained to the nearest whole dollar amount.~~

1 ~~_____~~ (iii) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly
 2 in the Survey of Current Business by the bureau of economic analysis of the U.S. department of commerce.

3 ~~(e)(b)~~ Property described in subsection ~~(1)(d)~~ (1)(c) is taxed at one-half the taxable percentage rate
 4 established in subsection (2)(a).

5 (3) Within the meaning of comparable property, as defined in 15-1-101, property assessed as
 6 commercial property is comparable only to other property assessed as commercial property and property
 7 assessed as other than commercial property is comparable only to other property assessed as other than
 8 commercial property.

9 ~~(4) (a) As used in this section, "qualified claimants" means one or more owners who:~~

10 ~~_____ (i) occupied the residence as their primary residence for more than 7 months during the preceding~~
 11 ~~calendar year;~~

12 ~~_____ (ii) had combined income for the preceding calendar year that does not exceed the threshold provided~~
 13 ~~in subsection (2)(b); and~~

14 ~~_____ (iii) file a claim for assistance on a form that the department prescribes on or before April 15 of the year~~
 15 ~~for which the assistance is claimed.~~

16 ~~_____ (b) For the purposes of subsection (1)(c), total household income is the income as reported on the tax~~
 17 ~~return or returns required by chapter 30 or 31 for the year in which the assistance is being claimed excluding~~
 18 ~~losses, depletion, and depreciation and before any federal or state adjustments to income. In cases in which the~~
 19 ~~claimant is not required to file a tax return under chapter 30 or 31, household income means the household's total~~
 20 ~~income as it would have been calculated under this subsection (4)(b) if the claimant had been required to file a~~
 21 ~~return.~~

22 ~~_____ (c) The combined income of two or more owners who are qualified claimants:~~

23 ~~_____ (i) may not exceed the married couple and head of household thresholds provided in subsection (2)(b);~~
 24 ~~and~~

25 ~~_____ (ii) determines the amount of tax reduction under subsection (2)(b)."~~

26

27 **Section 4.** Section 15-6-222, MCA, is amended to read:

28 **"15-6-222. Residential and commercial improvements -- percentage of value exempt.** (1) (a) Except
 29 as provided in subsection (1)(b), ~~the following percentage~~ 47% of the market value of residential property
 30 described in ~~15-6-134(1)(e) and (1)(f)~~ 15-6-134(1)(d) and (1)(e) is exempt from property taxation:

- 1 ~~—— (i) 36.8% for tax year 2009;~~
 2 ~~—— (ii) 39.5% for tax year 2010;~~
 3 ~~—— (iii) 41.8% for tax year 2011;~~
 4 ~~—— (iv) 44% for tax year 2012;~~
 5 ~~—— (v) 45.5% for tax year 2013;~~
 6 ~~—— (vi) 47% for tax year 2014 and succeeding tax years.~~

7 (b) For single-family residential dwellings, the exemption provided under subsection (1)(a) is applied to
 8 the first \$1.5 million or less in market value.

9 (2) ~~The following percentage~~ There is a commercial property exemption of 21.5% of the market value
 10 ~~of commercial property for property described in 45-6-134(1)(g) 15-6-134(1)(f) is exempt from property taxation:~~

- 11 ~~—— (a) 14.2% for tax year 2009;~~
 12 ~~—— (b) 15.9% for tax year 2010;~~
 13 ~~—— (c) 17.5% for tax year 2011;~~
 14 ~~—— (d) 19% for tax year 2012;~~
 15 ~~—— (e) 20.3% for tax year 2013;~~
 16 ~~—— (f) 21.5% for tax year 2014 and succeeding tax years."~~

17
 18 NEW SECTION. Section 5. Definitions. As used in [sections 5 through 9], the following definitions
 19 apply:

- 20 (1) "Annual verification" means the use of a process to:
 21 (a) verify an applicant's income;
 22 (b) approve, renew, or deny benefits for the current year based upon the applicant's eligibility; and
 23 (c) terminate participation based upon death or loss of status as a qualified veteran or veteran's spouse.
 24 (2) "PCE" means the implicit price deflator for personal consumption expenditures as published quarterly
 25 in the survey of current business by the bureau of economic analysis of the U.S. department of commerce.
 26 (3) "PCE inflation factor" for a tax year means the PCE for April of the prior tax year before the tax year
 27 divided by the PCE for April 2015.
 28 (4) "Primary residence" is a dwelling:
 29 (a) in which a taxpayer can demonstrate the taxpayer lived for at least 7 months of the year for which
 30 benefits are claimed, including a taxpayer who is an existing applicant or participant who purchases a new

- 1 primary residence and has resided more than 7 months in a combination of the previous and new residence;
- 2 (b) that is the only residence for which property tax assistance is claimed; and
- 3 (c) determined using the indicators provided for in the rules authorized by [section 6(2)].
- 4 (5) "Qualified veteran" means a veteran:
- 5 (a) who was killed while on active duty or died as a result of a service-connected disability; or
- 6 (b) if living:
- 7 (i) was honorably discharged from active service in any branch of the armed services; and
- 8 (ii) is currently rated 100% disabled or is paid at the 100% disabled rate by the U.S. department of
- 9 veterans affairs for a service-connected disability, as verified by official documentation from the U.S. department
- 10 of veterans affairs.
- 11 (6) "Qualifying income" means:
- 12 (a) the federal adjusted gross income excluding capital and income losses of an applicant and the
- 13 applicant's spouse as calculated on the Montana income tax return for the prior tax year; or
- 14 (b) for an applicant who is not required to file a Montana income tax return, the income determined using
- 15 available income information.
- 16 (7) "Residential real property" means the land and improvements of a taxpayer's primary residence.
- 17
- 18 **NEW SECTION. Section 6. Property tax assistance -- rulemaking.** (1) The requirements of this
- 19 section must be met for a taxpayer to qualify for property tax assistance under [section 7], [section 8], or [section
- 20 9].
- 21 (2) For the property tax assistance programs provided for in [section 7] and [section 8] the residential
- 22 real property must be owned by the applicant or under contract for deed and be the primary residence as defined
- 23 in [section 5]. The department shall make rules specifying the indicators used for determining whether a residence
- 24 is a primary residence for purposes of property tax assistance programs.
- 25 (3) An applicant's qualifying income, as defined in [section 5], may not exceed the threshold established
- 26 in [section 7] or [section 8].
- 27 (4) (a) A claim for assistance must be submitted on a form prescribed by the department.
- 28 (b) The form must contain:
- 29 (i) the qualifying income of the applicant and the applicant's spouse, or in the case of the extended
- 30 property tax assistance program, the total household income as provided in [section 9];

- 1 (ii) an affirmation that the applicant owns and maintains the land and improvements as the primary
2 residence as defined in [section 5], or in the case of the extended property tax assistance program, an affirmation
3 that the property is a qualified residence as provided in [section 9];
- 4 (iii) the social security numbers of the applicant and the applicant's spouse; and
- 5 (iv) any other information required by the department that is relevant to the applicant's eligibility.
- 6 (5) (a) With exception of the extended property assistance program provided for in [section 9], an
7 application must be filed by April 15 of the year for which assistance is first claimed.
- 8 (b) Once assistance is approved, the applicant remains eligible for property tax assistance in subsequent
9 years through the annual verification process defined in [section 5] without the need to reapply.
- 10 (c) Applicants and participants in the property tax assistance program and the disabled or deceased
11 veterans program as those programs existed on December 31, 2014, must be included in the annual verification
12 process and are not required to submit a new application.
- 13 (d) A taxpayer shall inform the department of any change in eligibility occurring from one year to the next.
- 14 (6) The department may verify an applicant's and an applicant's spouse's social security numbers and
15 benefits with the social security administration and the U.S. department of veterans affairs.
- 16 (7) The department must annually verify an applicant's eligibility, including the applicant's and spouse's
17 income, and approve, renew, or deny benefits for the current year based upon the findings.
- 18 (8) (a) When providing information for property tax assistance under [section 7], [section 8], or [section
19 9], applicants are subject to the false swearing penalties established in 45-7-202.
- 20 (b) The department may investigate the information provided in an application and an applicant's
21 continued eligibility.
- 22 (c) The department may request applicant verification of the primary residence.
- 23 (9) The department may address unusual circumstances of ownership and income that arise in
24 administering taxpayer assistance programs provided for in [section 7], [section 8], or [section 9].
- 25 (10) A temporary stay in a nursing home or similar facility does not change a taxpayer's primary
26 residence for the purposes of taxpayer assistance programs provided for in [section 7], [section 8], or [section
27 9].
- 28 (11) The department shall award property assistance under the property tax assistance program or
29 programs that provide the greatest benefit to the taxpayer by reviewing applications and eligibility requirements
30 and notify the applicant of the department's decision.

1
 2 **NEW SECTION. Section 7. Property tax assistance program -- fixed or limited income.** (1) There
 3 is a property tax assistance program that provides graduated levels of tax assistance for the purpose of assisting
 4 citizens with limited or fixed incomes. To be eligible for the program, applicants must meet the requirements of
 5 [section 6].

6 (2) The first \$200,000 in appraisal value of residential real property qualifying for the property tax
 7 assistance program is taxed at the rates established by 15-6-134(2) multiplied by a percentage figure based on
 8 the applicant's qualifying income determined from the following table:

9	Income	Income	Percentage
10	Single Person	Married Couple	Multiplier
11		Head of Household	
12	\$0 - \$8,413	\$0 - \$11,217	20%
13	\$8,414 - \$12,900	\$11,218 - \$19,630	50%
14	\$12,901 - \$21,032	\$19,631 - \$28,043	70%

15 (3) The qualifying income levels contained in subsection (2) must be adjusted annually using the PCE
 16 inflation factor defined in [section 5], rounded to the nearest whole dollar amount.

17
 18 **NEW SECTION. Section 8. Disabled veteran program.** (1) The residential real property of a qualified
 19 veteran or a qualified veteran's spouse is eligible to receive a tax rate reduction as provided in this section and
 20 [section 6].

21 (2) Property qualifying under subsection (1) and owned by a qualified veteran is taxed at the rate
 22 provided in 15-6-134 multiplied by a percentage figure based on the applicant's qualifying income determined
 23 from the following table:

24	Income	Income	Percentage
25	Single Person	Married Couple	Multiplier
26		Head of Household	
27	\$0 - \$37,404	\$0 - \$44,885	0%
28	\$37,405 - \$41,145	\$44,886 - \$48,626	20%
29	\$41,146 - \$44,885	\$48,627 - \$52,366	30%
30	\$44,886 - \$48,626	\$52,367 - \$56,107	50%

1 (3) For a surviving spouse who owns property qualifying under subsection (4), the property is taxed at
 2 the rate established by 15-6-134 multiplied by a percentage figure based on the spouse's qualifying income
 3 determined from the following table:

4	Income	Percentage
5	Surviving Spouse	Multiplier
6	\$0 - \$31,170	0%
7	\$31,171 - \$34,911	20%
8	\$34,912 - \$38,651	30%
9	\$38,652 - \$42,392	50%

10 (4) The property tax exemption under this section remains in effect as long as the qualifying income
 11 requirements are met and the property is the primary residence owned and occupied by the veteran or, if the
 12 veteran is deceased, by the veteran's spouse and the spouse:

- 13 (a) is the owner and occupant of the house;
- 14 (b) is unmarried; and
- 15 (c) has obtained from the U.S. department of veterans affairs a letter indicating that the veteran was
 16 rated 100% disabled or was paid at the 100% disabled rate by the U.S. department of veterans affairs for a
 17 service-connected disability at the time of death or that the veteran died while on active duty or as a result of a
 18 service-connected disability.

19 (5) The qualifying income levels contained in subsections (2) and (3) must be adjusted annually by using
 20 the PCE inflation factor defined in [section 5], and rounded to the nearest whole dollar amount.

21
 22 **NEW SECTION. Section 9. Extended property tax assistance -- phasein.** (1) For the purpose of
 23 mitigating extraordinary market value increases during revaluation cycles that begin after December 31, 2014,
 24 the rate of taxation of qualified residences is adjusted in this section and prescribed in rules for properties with
 25 extraordinary increases in market value with owners that meet total household income requirements. To be
 26 eligible for the program, applicants must also meet the requirements of [section 6].

27 (2) The department will identify eligible participants and award the adjustments each year. Documents
 28 provided to the department to determine eligibility for a tax rate adjustment are subject to the confidentiality
 29 provisions in 15-30-2618. A tax rate adjustment may be granted only for the current tax year and may not be
 30 granted for a previous year.

1 (3) A rate adjustment may not be granted for:

2 (a) any property that was sold or for which the ownership was changed after December 31 of the last
3 year of the previous revaluation cycle unless the change in ownership is between spouses or parent and child
4 with only nominal actual consideration or the change is pursuant to a divorce decree;

5 (b) the value of new construction, including remodeling, on the property occurring after December 31
6 of the last year of the previous revaluation cycle that is greater than 25% of the market value of the improvements;
7 or

8 (c) a land use change occurring after December 31 of the last year of the previous revaluation cycle that
9 increases the market value of the land by more than 25%.

10 (4) For the purposes of determining the adjustment in the class four property tax rate in this section, the
11 following provisions apply for revaluation cycles beginning after December 31, 2014:

12 (a) The change in taxable value before reappraisal is the 2014 tax year value adjusted for any new
13 construction or destruction that occurred in the 2014 tax year. The taxable value before reappraisal for the 2015
14 tax year and subsequent years is the same as the 2014 tax year value if no new construction, destruction, land
15 splits, land use changes, land reclassifications, land productivity changes, improvement grade changes, or other
16 changes are made to the property during 2014 or subsequent tax years.

17 (b) The percentage increase in taxable value is measured as the percentage change in taxable value
18 before reappraisal to the taxable value after reappraisal. The taxable value before reappraisal is calculated by
19 multiplying the value before reappraisal in 2015 times 0.53 times 0.0247. The taxable value after reappraisal is
20 calculated by multiplying the 2015 market value after reappraisal times 0.53 times 0.0247.

21 (c) The dollar increase in tax liability is measured as the change in tax liability before reappraisal to the
22 tax liability after reappraisal. The tax liability before reappraisal is calculated by multiplying the value before
23 reappraisal in 2015 times 0.53 times 0.0247 times the tax year 2014 mill levy applied to the property. The tax
24 liability after reappraisal is calculated by multiplying the 2015 market value after reappraisal times 0.53 times
25 0.0247 times the tax year 2014 mill levy applied to the property. The tax year 2014 mill levy is the total of all mills
26 applied to the property for fiscal year 2015.

27 (d) Total household income is the sum of the federal adjusted gross income excluding capital and income
28 losses of all members of the household and all other persons who are owners of the property for the prior tax
29 year. For an entity, as defined in subsection (8), income also includes the income of any natural person or entity
30 that is a trustee of or controls 25% or more of the entity. A household is an association of persons who live in the

1 same dwelling, sharing its furnishings, facilities, accommodations, and expenses. For single-family rental
2 dwellings, total household income does not include the income of the tenant.

3 (e) The phase-in value is the valuation change made pursuant to 15-7-111(3) since the last reappraisal.

4 (5) (a) If total household income is \$25,000 or less, the percentage increase in taxable value is greater
5 than 24%, and the dollar increase in taxable liability is \$250 or greater, then the property qualifies for an adjusted
6 tax rate as follows:

7 (i) For tax year 2015, the tax rate is 0.02569 times the value before reappraisal divided by the 2015
8 phase-in value.

9 (ii) For tax year 2016, the tax rate is 0.02668 times the value before reappraisal divided by the 2016
10 phase-in value.

11 (iii) For tax year 2017, the tax rate is 0.02766 times the value before reappraisal divided by the 2017
12 phase-in value.

13 (iv) For tax year 2018, the tax rate is 0.02865 times the value before reappraisal divided by the 2018
14 phase-in value.

15 (v) For tax year 2019, the tax rate is 0.02964 times the value before reappraisal divided by the 2019
16 phase-in value.

17 (vi) For tax year 2020 and after, the tax rate is 0.03063 times the value before reappraisal divided by the
18 2020 phase-in value.

19 (b) If total household income is greater than \$25,000 but less than or equal to \$50,000, the percentage
20 increase in taxable value is greater than 30%, and the dollar increase in taxable liability is \$250 or greater, then
21 the property qualifies for an adjusted tax rate as follows:

22 (i) For tax year 2015, the tax rate is 0.02594 times the value before reappraisal divided by the 2015
23 phase-in value.

24 (ii) For tax year 2016, the tax rate is 0.02717 times the value before reappraisal divided by the 2016
25 phase-in value.

26 (iii) For tax year 2017, the tax rate is 0.02841 times the value before reappraisal divided by the 2017
27 phase-in value.

28 (iv) For tax year 2018, the tax rate is 0.02964 times the value before reappraisal divided by the 2018
29 phase-in value.

30 (v) For tax year 2019, the tax rate is 0.03088 times the value before reappraisal divided by the 2019

1 phase-in value.

2 (vi) For tax year 2020 and after, the tax rate is 0.03211 times the value before reappraisal divided by the
3 2020 phase-in value.

4 (c) If total household income is greater than \$50,000 but less than or equal to \$75,000, the percentage
5 increase in taxable value is greater than 36%, and the dollar increase in taxable liability is \$250 or greater, then
6 the property qualifies for an adjusted tax rate as follows:

7 (i) For tax year 2015, the tax rate is 0.02618 times the value before reappraisal divided by the 2015
8 phase-in value.

9 (ii) For tax year 2016, the tax rate is 0.02766 times the value before reappraisal divided by the 2016
10 phase-in value.

11 (iii) For tax year 2017, the tax rate is 0.02915 times the value before reappraisal divided by the 2017
12 phase-in value.

13 (iv) For tax year 2018, the tax rate is 0.03063 times the value before reappraisal divided by the 2018
14 phase-in value.

15 (v) For tax year 2019, the tax rate is 0.03211 times the value before reappraisal divided by the 2019
16 phase-in value.

17 (vi) For tax year 2020 and after, the tax rate is 0.03359 times the value before reappraisal divided by the
18 2020 phase-in value.

19 (d) The adjusted tax rate computed under this subsection (5) must be rounded to the nearest 1/100 of
20 1%.

21 (6) The department will verify the taxpayer social security number and income of the owners of qualified
22 property to confirm their eligibility before awarding a tax rate adjustment under this section and may request
23 income information as needed.

24 (7) (a) The department will notify taxpayers who have qualified for the tax rate adjustment as well as
25 those taxpayers who qualified the previous year but not in the current year.

26 (b) A taxpayer may appeal the termination of the taxpayer's tax rate adjustment.

27 (8) For the purposes of this section:

28 (a) "entity" means:

29 (i) a corporation, fiduciary, or pass-through entity, as those terms are defined in 15-30-2101; and

30 (ii) an association, joint-stock company, syndicate, trust or estate, or any other nonnatural person; and

1 (b) "qualified residence" means any class four residential dwelling in Montana that is a single-family
2 dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home and as much of the
3 surrounding land, not exceeding 1 acre, as is reasonably necessary for its use as a dwelling actually occupied
4 by itself or in combination with another class four residential dwelling in Montana for at least 7 months a year.
5

6 **Section 10.** Section 15-7-102, MCA, is amended to read:

7 **"15-7-102. Notice of classification and appraisal to owners -- appeals.** (1) (a) Except as provided
8 in 15-7-138, the department shall mail to each owner or purchaser under contract for deed a notice of the
9 classification of the land owned or being purchased and the appraisal of the improvements on the land only if one
10 or more of the following changes pertaining to the land or improvements have been made since the last notice:

- 11 (i) change in ownership;
12 (ii) change in classification;
13 (iii) except as provided in subsection (1)(b), change in valuation; or
14 (iv) addition or subtraction of personal property affixed to the land.

15 (b) After the first year, the department is not required to mail the notice provided for in subsection
16 (1)(a)(iii) if the change in valuation is the result of an annual incremental change in valuation caused by the
17 phasing in of a reappraisal under 15-7-111 or the application of the exemptions under 15-6-222 or caused by an
18 incremental change in the tax rate.

19 (c) The notice must include the following for the taxpayer's informational purposes:

20 (i) a notice of the availability of all the property tax assistance programs available to property taxpayers,
21 including the property tax assistance program under ~~15-6-134~~, the ~~extended property tax assistance program~~
22 ~~under 15-6-193~~, the ~~disabled or deceased veterans' residence exemption under 15-6-211~~, programs provided
23 for in [sections 5 through 9] and the residential property tax credit for the elderly under 15-30-2337 through
24 15-30-2341;

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

26 (iii) a statement that the notice is not a tax bill.

27 (d) When the department uses an appraisal method that values land and improvements as a unit,
28 including the comparable sales method for residential condominiums or the income method for commercial
29 property, the notice must contain a combined appraised value of land and improvements.

30 (e) Any misinformation provided in the information required by subsection (1)(c) does not affect the

1 validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

2 (2) (a) Except as provided in subsection (2)(c), the department shall assign each assessment to the
3 correct owner or purchaser under contract for deed and mail the notice of classification and appraisal on a
4 standardized form, adopted by the department, containing sufficient information in a comprehensible manner
5 designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over
6 the prior tax year.

7 (b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal
8 of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.

9 (c) The department is not required to mail the notice of classification and appraisal to a new owner or
10 purchaser under contract for deed unless the department has received the transfer certificate from the clerk and
11 recorder as provided in 15-7-304 and has processed the certificate before the notices required by subsection
12 (2)(a) are mailed. The department shall notify the county tax appeal board of the date of the mailing.

13 (3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the
14 market value of the property as determined by the department or with the classification of the land or
15 improvements, the owner may request an assessment review by submitting an objection in writing to the
16 department on forms provided by the department for that purpose. For property other than class three property
17 described in 15-6-133, class four property described in 15-6-134, and class ten property described in 15-6-143,
18 the objection must be submitted within 30 days after receiving the notice of classification and appraisal from the
19 department. For class three property described in 15-6-133, class four property described in 15-6-134, and class
20 ten property described in 15-6-143, the objection may be made at any time but only once each valuation cycle.

21 (b) For properties valued using sales price or the capitalization of net income method as an indication
22 of value, the form must include a provision that the objector agrees to confidentiality requirements for receipt of
23 comparable sales data from information received from realty transfer certificates under 15-7-308. Within 4 weeks
24 of submitting an objection, if the objection relates to residential and commercial property, the department shall
25 provide the objector by posted mail or e-mail, unless the objector waives receiving the information, with:

26 (i) data from comparable sales used by the department to value the property;
27 (ii) the methodology and sources of data used by the department in the valuation of the property; and
28 (iii) if the department uses a blend of evaluations developed from various sources, the reasons that the
29 methodology was used.

30 (c) For properties valued using the capitalization of net income method as one approximation of market

1 value, notice must be provided that the taxpayer will be given a form to acknowledge confidentiality requirements
2 for the receipt of all aggregate model output that the department used in the valuation model for the property.

3 (d) The review must be conducted informally and is not subject to the contested case procedures of the
4 Montana Administrative Procedure Act. As a part of the review, the department may consider the actual selling
5 price of the property, independent appraisals of the property, and other relevant information presented by the
6 taxpayer in support of the taxpayer's opinion as to the market value of the property. The department shall give
7 reasonable notice to the taxpayer of the time and place of the review.

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

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

18 (a) the taxpayer has submitted an objection in writing; and

19 (b) the department has stated its reason in writing for making the adjustment.

20 (5) A taxpayer's written objection to a classification or appraisal and the department's notification to the
21 taxpayer of its determination and the reason for that determination are public records. The department shall make
22 the records available for inspection during regular office hours.

23 (6) If any property owner feels aggrieved by the classification or appraisal made by the department after
24 the review provided for in subsection (3), the property owner has the right to first appeal to the county tax appeal
25 board and then to the state tax appeal board, whose findings are final subject to the right of review in the courts.
26 The appeal to the county tax appeal board must be filed within 30 days after notice of the department's
27 determination is mailed to the taxpayer. A county tax appeal board or the state tax appeal board may consider
28 the actual selling price of the property, independent appraisals of the property, and other relevant information
29 presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the
30 state tax appeal board determines that an adjustment should be made, the department shall adjust the base value

1 of the property in accordance with the board's order."
 2

3 **Section 11.** Section 15-16-101, MCA, is amended to read:

4 **"15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the receipt
 5 of the property tax record, the county treasurer shall publish a notice specifying:

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

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

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

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

18 (i) the taxable value of the property;

19 (ii) the total mill levy applied to that taxable value;

20 (iii) itemized city services and special improvement district assessments collected by the county;

21 (iv) the number of the school district in which the property is located;

22 (v) the amount of the total tax due that is levied as city tax, county tax, state tax, school district tax, and
 23 other tax; and

24 (vi) a notice of the availability of all the property tax assistance programs available to property taxpayers,
 25 including the property tax assistance program under ~~15-6-134~~, the extended property tax assistance program
 26 under ~~15-6-193~~, the disabled or deceased veterans' residence exemption under ~~15-6-211~~, programs under
 27 [sections 5 through 9] and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341.

28 (b) If the property is the subject of a tax lien sale for which a tax lien sale certificate has been issued
 29 under 15-17-212, the notice must also include, in a manner calculated to draw attention, a statement that the
 30 property is the subject of a tax lien sale and that the taxpayer may contact the county treasurer for complete

1 information.

2 (3) The municipality shall, upon request of the county treasurer, provide the information to be included
3 under subsection (2)(a)(iii) ready for mailing.

4 (4) The notice in every case must be published once a week for 2 weeks in a weekly or daily newspaper
5 published in the county, if there is one, or if there is not, then by posting it in three public places. Failure to publish
6 or post notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the
7 current year or of delinquent tax will not affect the legality of the tax.

8 (5) If the department revises an assessment that results in an additional tax of \$5 or less, an additional
9 tax is not owed and a new tax bill does not need to be prepared."

10

11 **Section 12.** Section 15-16-102, MCA, is amended to read:

12 **"15-16-102. Time for payment -- penalty for delinquency.** Unless suspended or canceled under the
13 provisions of 10-1-606 or Title 15, chapter 24, part 17, all taxes levied and assessed in the state of Montana,
14 except assessments made for special improvements in cities and towns payable under 15-16-103, are payable
15 as follows:

16 (1) One-half of the taxes are payable on or before 5 p.m. on November 30 of each year or within 30 days
17 after the tax notice is postmarked, whichever is later, and one-half are payable on or before 5 p.m. on May 31
18 of each year.

19 (2) Unless one-half of the taxes are paid on or before 5 p.m. on November 30 of each year or within 30
20 days after the tax notice is postmarked, whichever is later, the amount payable is delinquent and draws interest
21 at the rate of 5/6 of 1% a month from and after the delinquency until paid and 2% must be added to the delinquent
22 taxes as a penalty.

23 (3) All taxes due and not paid on or before 5 p.m. on May 31 of each year are delinquent and draw
24 interest at the rate of 5/6 of 1% a month from and after the delinquency until paid, and 2% must be added to the
25 delinquent taxes as a penalty.

26 (4) (a) If the date on which taxes are due falls on a holiday or Saturday, taxes may be paid without
27 penalty or interest on or before 5 p.m. of the next business day in accordance with 1-1-307.

28 (b) If taxes on property qualifying under the ~~low-income~~ property tax assistance provisions of
29 ~~15-6-134(1)(e)~~ program provided for in [section 7] are paid within 20 calendar days of the date on which the taxes
30 are due, the taxes may be paid without penalty or interest. If a tax payment is made later than 20 days after the

1 taxes were due, the penalty must be paid and interest accrues from the date on which the taxes were due.

2 (5) (a) A taxpayer may pay current year taxes without paying delinquent taxes. The county treasurer shall
3 accept a partial payment equal to the delinquent taxes, including penalty and interest, for one or more full tax
4 years if taxes for both halves of the current tax year have been paid. Payment of taxes for delinquent taxes must
5 be applied to the taxes that have been delinquent the longest. The payment of taxes for the current tax year is
6 not a redemption of the property tax lien for any delinquent tax year.

7 (b) A payment by a co-owner of an undivided ownership interest that is subject to a separate assessment
8 otherwise meeting the requirements of subsection (5)(a) is not a partial payment.

9 (6) The penalty and interest on delinquent assessment payments for specific parcels of land may be
10 waived by resolution of the city council. A copy of the resolution must be certified to the county treasurer.

11 (7) If the department revises an assessment that results in an additional tax of \$5 or less, an additional
12 tax is not owed and a new tax bill does not need to be prepared.

13 (8) The county treasurer may accept a partial payment of centrally assessed property taxes as provided
14 in 76-3-207."

15
16 **NEW SECTION. Section 13. Repealer.** The following sections of the Montana Code Annotated are
17 repealed:

18 15-6-193. Extended property tax assistance -- phasein.

19 15-6-211. Certain disabled or deceased veterans' residences exempt.

20
21 **NEW SECTION. Section 14. Codification instruction.** [Sections 5 through 9] are intended to be
22 codified as an integral part of Title 15, chapter 6, and the provisions of Title 15, chapter 6, apply to [sections 5
23 through 9].

24
25 **NEW SECTION. Section 15. Saving clause.** [This act] does not affect rights and duties that matured,
26 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

27
28 **NEW SECTION. Section 16. Effective date.** [This act] is effective January 1, 2016.

29
30 **NEW SECTION. Section 17. Applicability.** [This act] applies to tax years beginning after December

1 31, 2015.

2

- END -