

SENATE BILL NO. 157

INTRODUCED BY B. TUTVEDT

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4 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING PROPERTY TAX LAWS; REVISING THE
5 PROPERTY REAPPRAISAL PROCESS AND THE TAXATION OF PROPERTY; ~~CREATING A CLASS~~
6 ~~SEVENTEEN FOR COMMERCIAL LAND AND IMPROVEMENTS~~; PROVIDING FOR A 2-YEAR REAPPRAISAL
7 CYCLE FOR CLASS THREE AGRICULTURAL LAND; AND CLASS FOUR RESIDENTIAL AND COMMERCIAL
8 PROPERTY, AND CLASS TEN FOREST LAND, AND CLASS SEVENTEEN COMMERCIAL PROPERTY;
9 REVISING PROPERTY TAX ASSISTANCE PROGRAMS, INCLUDING FOR DISABLED VETERANS;
10 PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 2-15-122, 5-2-301, 15-1-101,
11 15-2-301, 15-6-133, 15-6-134, 15-6-138, 15-6-143, ~~15-6-156~~, 15-7-102, 15-7-103, 15-7-111, 15-7-112, 15-7-131,
12 15-7-139, 15-7-201, 15-8-111, 15-10-420, 15-15-102, 15-15-103, 15-16-101, 15-16-102, ~~15-24-3001, 15-24-3201,~~
13 15-24-3202, 15-24-3203, 15-44-103, AND 77-1-208, MCA; REPEALING SECTIONS 15-6-193, 15-6-211,
14 15-6-222, 15-24-2101, 15-24-2102, AND 15-24-2103, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
15 DATE AND A RETROACTIVE APPLICABILITY DATE."

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18
19 **NEW SECTION. Section 1. Purpose.** It is in the best interest of the state of Montana to mitigate the
20 fluctuations in market value for class three; AND class four; ~~AND class ten, and class seventeen~~ properties that
21 occur during a 6-year reappraisal cycle. The amendment of 15-7-111 in [section ~~17~~ 15 ~~16~~] mitigates the market's
22 fluctuations in value by implementing a 2-year reappraisal cycle. The intent of [section ~~10~~] and the amendments
23 in [sections ~~5, AND 6 AND 7, and 8~~] is for the statewide taxable value for all residential, commercial, industrial,
24 AND agricultural, ~~and timber~~ property for the reappraisal cycle beginning January 1, 2015, to remain the same as
25 in the reappraisal cycle beginning January 1, 2009, and to adjust the tax rates as needed to accomplish this
26 intent.

27
28 **Section 2.** Section 2-15-122, MCA, is amended to read:
29 **"2-15-122. Creation of advisory councils.** (1) (a) A department head or the governor may create
30 advisory councils.

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

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

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

11 (3) The creating authority shall:

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

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

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

15 (4) Advisory councils may be created only for the purpose of acting in an advisory capacity, as defined
16 in 2-15-102.

17 (5) (a) Unless an advisory council member is a full-time salaried officer or employee of this state or of
18 any political subdivision of this state, the member is entitled to be paid in an amount to be determined by the
19 department head, not to exceed \$50 for each day in which the member is actually and necessarily engaged in
20 the performance of council duties and to be reimbursed for travel expenses, as provided for in 2-18-501 through
21 2-18-503, incurred while in the performance of council duties. The maximum daily pay rate must be adjusted for
22 inflation annually using the formula provided in 15-6-134(2)(b)(ii) and (2)(b)(iii), ~~except that the base income level~~
23 ~~and appropriate dollar amount must be \$50 a day~~ by multiplying the base income of \$50 by the ratio of the PCE
24 for the second quarter of the previous year to the PCE for the second quarter of 1995 and rounding the product
25 to the nearest whole dollar amount.

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

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

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

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

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

- 10 (a) the council's name, in accordance with subsection (2);
11 (b) the council's composition;
12 (c) the appointed members, including names and addresses;
13 (d) the council's purpose; and
14 (e) the council's term of existence, in accordance with subsection (10).

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

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

24

25 **Section 3.** Section 5-2-301, MCA, is amended to read:

26 **"5-2-301. Compensation and expenses for members while in session.** (1) Legislators are entitled
27 to a salary commensurate to that of the daily rate for an employee earning \$10.33 an hour when the regular
28 session of the legislature in which they serve is convened under 5-2-103 for those days during which the
29 legislature is in session. The hourly rate must be adjusted by any statutorily required pay increase. The president
30 of the senate and the speaker of the house must receive an additional \$5 a day in salary for those days during

1 which the legislature is in session.

2 (2) Legislators may serve for no salary.

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

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

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

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

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

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

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

24

25 **Section 4.** Section 15-1-101, MCA, is amended to read:

26 **"15-1-101. Definitions.** (1) Except as otherwise specifically provided, when terms mentioned in this
27 section are used in connection with taxation, they are defined in the following manner:

28 (a) The term "agricultural" refers to:

29 (i) the production of food, feed, and fiber commodities, livestock and poultry, bees, biological control
30 insects, fruits and vegetables, and sod, ornamental, nursery, and horticultural crops that are raised, grown, or

- 1 produced for commercial purposes; and
- 2 (ii) the raising of domestic animals and wildlife in domestication or a captive environment.
- 3 (b) The term "assessed value" means the value of property as defined in 15-8-111.
- 4 (c) The term "average wholesale value" means the value to a dealer prior to reconditioning and the profit
- 5 margin shown in national appraisal guides and manuals or the valuation schedules of the department.
- 6 (d) (i) The term "commercial", when used to describe property, means property used or owned by a
- 7 business, a trade, or a corporation as defined in 35-2-114 or used for the production of income, including
- 8 industrial property defined in ~~section 10~~ SUBSECTION (1)(J), and excluding ~~except~~ property described in
- 9 subsection (1)(d)(ii).
- 10 (ii) The following types of property are not commercial:
- 11 (A) agricultural lands;
- 12 (B) timberlands and forest lands;
- 13 (C) single-family residences and ancillary improvements and improvements necessary to the function
- 14 of a bona fide farm, ranch, or stock operation;
- 15 (D) mobile homes and manufactured homes used exclusively as a residence except when held by a
- 16 distributor or dealer as stock in trade; and
- 17 (E) all property described in 15-6-135.
- 18 (e) The term "comparable property" means property that:
- 19 (i) has similar use, function, and utility;
- 20 (ii) is influenced by the same set of economic trends and physical, governmental, and social factors; and
- 21 (iii) has the potential of a similar highest and best use.
- 22 (f) The term "credit" means solvent debts, secured or unsecured, owing to a person.
- 23 (g) (i) "Department", except as provided in subsection (1)(g)(ii), means the department of revenue
- 24 provided for in 2-15-1301.
- 25 (ii) In chapters 70 and 71, department means the department of transportation provided for in 2-15-2501.
- 26 (h) The terms "gas" and "natural gas" are synonymous and mean gas as defined in 82-1-111(2). The
- 27 terms include all natural gases and all other fluid hydrocarbons, including methane gas or any other natural gas
- 28 found in any coal formation.
- 29 (i) The term "improvements" includes all buildings, structures, fences, and improvements situated upon,
- 30 erected upon, or affixed to land. When the department determines that the permanency of location of a mobile

1 home, manufactured home, or housetrailer has been established, the mobile home, manufactured home, or
 2 housetrailer is presumed to be an improvement to real property. A mobile home, manufactured home, or
 3 housetrailer may be determined to be permanently located only when it is attached to a foundation that cannot
 4 feasibly be relocated and only when the wheels are removed.

5 (J) "INDUSTRIAL PROPERTY" FOR PURPOSES OF THIS SECTION INCLUDES ALL LAND USED FOR INDUSTRIAL
 6 PURPOSES, IMPROVEMENTS, AND BUILDINGS USED TO HOUSE THE INDUSTRIAL PROCESS AND ALL STORAGE FACILITIES.
 7 UNDER THIS SECTION, INDUSTRIAL PROPERTY DOES NOT INCLUDE PERSONAL PROPERTY CLASSIFIED AND TAXED UNDER
 8 15-6-135 OR 15-6-138.

9 ~~(j)~~(K) The term "leasehold improvements" means improvements to mobile homes and mobile homes
 10 located on land owned by another person. This property is assessed under the appropriate classification, and
 11 the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes on leasehold
 12 improvements are a lien only on the leasehold improvements.

13 ~~(k)~~(L) The term "livestock" means cattle, sheep, swine, goats, horses, mules, asses, llamas, alpacas,
 14 bison, ostriches, rheas, emus, and domestic ungulates.

15 ~~(h)~~(M) (i) The term "manufactured home" means a residential dwelling built in a factory in accordance with
 16 the United States department of housing and urban development code and the federal Manufactured Home
 17 Construction and Safety Standards.

18 (ii) A manufactured home does not include a mobile home, as defined in subsection ~~(4)~~~~(m)~~ (1)~~(o)~~, or a
 19 mobile home or housetrailer constructed before the federal Manufactured Home Construction and Safety
 20 Standards went into effect on June 15, 1976.

21 ~~(m)~~(N) The term "market value" means the value of property as provided in 15-8-111.

22 ~~(m)~~~~(n)~~(O) The term "mobile home" means forms of housing known as "trailers", "housetrailer", or "trailer
 23 coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an
 24 independent power connected to them, or any trailer, housetrailer, or trailer coach up to 8 feet in width or 45 feet
 25 in length used as a principal residence.

26 ~~(n)~~~~(o)~~(P) The term "personal property" includes everything that is the subject of ownership but that is not
 27 included within the meaning of the terms "real estate" and "improvements" and "intangible personal property" as
 28 that term is defined in 15-6-218.

29 ~~(o)~~~~(p)~~(Q) The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in
 30 domestication to produce food or feathers.

1 ~~(p)(q)(R)~~ The term "property" includes money, credits, bonds, stocks, franchises, and all other matters
 2 and things, real, personal, and mixed, capable of private ownership. This definition may not be construed to
 3 authorize the taxation of the stocks of a company or corporation when the property of the company or corporation
 4 represented by the stocks is within the state and has been taxed.

5 ~~(q)(r)(S)~~ The term "real estate" includes:

6 (i) the possession of, claim to, ownership of, or right to the possession of land;

7 (ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and Title
 8 15, chapter 23, part 8;

9 (iii) all timber belonging to individuals or corporations growing or being on the lands of the United States;
 10 and

11 (iv) all rights and privileges appertaining to mines, minerals, quarries, and timber.

12 ~~(r)(s)(T)~~ "Recreational" means hunting, fishing, swimming, boating, waterskiing, camping, biking, hiking,
 13 and winter sports, including but not limited to skiing, skating, and snowmobiling.

14 ~~(s)(t)(U)~~ "Research and development firm" means an entity incorporated under the laws of this state or
 15 a foreign corporation authorized to do business in this state whose principal purpose is to engage in theoretical
 16 analysis, exploration, and experimentation and the extension of investigative findings and theories of a scientific
 17 and technical nature into practical application for experimental and demonstration purposes, including the
 18 experimental production and testing of models, devices, equipment, materials, and processes.

19 ~~(t)(u)(V)~~ The term "stock in trade" means any mobile home, manufactured home, or housetrailer that is
 20 listed by the dealer as inventory and that is offered for sale, is unoccupied, and is not located on a permanent
 21 foundation. Inventory does not have to be located at the business location of a dealer or a distributor.

22 ~~(u)(v)(W)~~ The term "taxable value" means the ~~percentage of market or assessed value~~ multiplied by the
 23 classification tax rate as provided for in Title 15, chapter 6, part 1.

24 ~~(w)(x)~~ The term "taxes" in relation to property under 15-6-133, 15-6-134, OR 15-6-143, or ~~section 10~~
 25 is the amount owed by a taxpayer that is the market value multiplied by the tax rate multiplied by the applicable
 26 mills, exclusive of local fees and assessments.

27 (2) The phrase "municipal corporation" or "municipality" or "taxing unit" includes a county, city,
 28 incorporated town, township, school district, irrigation district, or drainage district or a person, persons, or
 29 organized body authorized by law to establish tax levies for the purpose of raising public revenue.

30 (3) The term "state board" or "board" when used without other qualification means the state tax appeal

1 board."

2

3 **SECTION 5. SECTION 15-2-301, MCA, IS AMENDED TO READ:**

4 **"15-2-301. Appeal of county tax appeal board decisions.** (1) The county tax appeal board shall mail
5 a copy of its decision to the taxpayer and to the property assessment division of the department of revenue. If
6 the appearance provisions of 15-15-103 have been complied with, a person or the department on behalf of the
7 state or any municipal corporation aggrieved by the action of the county tax appeal board may appeal to the state
8 board by filing with the state tax appeal board a notice of appeal within 30 calendar days after the receipt of the
9 decision of the county board. The notice must specify the action complained of and the reasons assigned for the
10 complaint. Notice of acceptance of an appeal must be given to the county tax appeal board by the state tax
11 appeal board. The state board shall set the appeal for hearing either in its office in the capital or the county seat
12 as the board considers advisable to facilitate the performance of its duties or to accommodate parties in interest.
13 The board shall give to the appellant and to the respondent at least 15 calendar days' notice of the time and place
14 of the hearing.

15 (2) At the time of giving notice of acceptance of an appeal, the state board may require the county board
16 to certify to it the minutes of the proceedings resulting in the action and all testimony taken in connection with its
17 proceedings. The state board may, in its discretion, determine the appeal on the record if all parties receive a
18 copy of the transcript and are permitted to submit additional sworn statements, or the state board may hear
19 further testimony. For the purpose of expediting its work, the state board may refer any appeal to one of its
20 members or to a designated hearings officer. The board member or hearings officer may exercise all the powers
21 of the board in conducting a hearing and shall, as soon as possible after the hearing, report the proceedings,
22 together with a transcript or a tape recording of the hearing, to the board. The state board shall determine the
23 appeal on the record.

24 (3) The state tax appeal board must consider an independent appraisal provided by the taxpayer if the
25 appraisal meets standards set by the Montana board of real estate appraisers and the appraisal was conducted
26 within 6 months of the valuation date. If the state board does not use the appraisal provided by the taxpayer in
27 conducting the appeal, the state board must provide to the taxpayer the reason for not using the appraisal.

28 ~~(3)~~(4) On all hearings at county seats throughout the state, the state board or the member or hearings
29 officer designated to conduct a hearing may employ a competent person to electronically record the testimony
30 received. The cost of electronically recording testimony may be paid out of the general appropriation for the

1 board.

2 ~~(4)~~(5) In connection with any appeal under this section, the state board is not bound by common law and
3 statutory rules of evidence or rules of discovery and may affirm, reverse, or modify any decision. To the extent
4 that this section is in conflict with the Montana Administrative Procedure Act, this section supersedes that act.
5 The state tax appeal board may not amend or repeal any administrative rule of the department. The state tax
6 appeal board shall give an administrative rule full effect unless the board finds a rule arbitrary, capricious, or
7 otherwise unlawful.

8 ~~(5)~~(6) The decision of the state tax appeal board is final and binding upon all interested parties unless
9 reversed or modified by judicial review. Proceedings for judicial review of a decision of the state tax appeal board
10 under this section are subject to the provisions of 15-2-303 and the Montana Administrative Procedure Act to the
11 extent that it does not conflict with 15-2-303.

12 ~~(6)~~(7) Sections 15-6-134 and 15-7-111 may not be construed to prevent the department from
13 implementing an order to change the valuation of property."
14

15 **Section 6.** Section 15-6-133, MCA, is amended to read:

16 **"15-6-133. Class three property -- description -- taxable percentage.** (1) Class three property
17 includes:

18 (a) agricultural land as defined in 15-7-202;

19 (b) nonproductive patented mining claims outside the limits of an incorporated city or town held by an
20 owner for the ultimate purpose of developing the mineral interests on the property. For the purposes of this
21 subsection (1)(b), the following provisions apply:

22 (i) The claim may not include any property that is used for residential purposes, recreational purposes
23 as described in 70-16-301, or commercial purposes as defined in 15-1-101 or any property the surface of which
24 is being used for other than mining purposes or has a separate and independent value for other purposes.

25 (ii) Improvements to the property that would not disqualify the parcel are taxed as otherwise provided in
26 this title, including that portion of the land upon which the improvements are located and that is reasonably
27 required for the use of the improvements.

28 (iii) Nonproductive patented mining claim property must be valued as if the land were devoted to
29 agricultural grazing use.

30 (c) parcels of land of 20 acres or more but less than 160 acres under one ownership that are not eligible

1 for valuation, assessment, and taxation as agricultural land under 15-7-202(1), which are considered to be
 2 nonqualified agricultural land. Nonqualified agricultural land may not be devoted to a commercial or industrial
 3 purpose. Nonqualified agricultural land is valued at the average productive capacity value of grazing land, ~~at the~~
 4 ~~average grade of grazing land.~~

5 (2) Subject to subsection (3), class three property is taxed at ~~the taxable percentage rate applicable to~~
 6 ~~class four property, as provided in 15-6-134(2)(a)~~ 2.16% of its productive capacity value.

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

10 **Section 7.** 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) and (1)(g) of this section; SUBJECT TO SUBSECTION (1)(D),~~
 13 all land, except that specifically included in another class;

14 (b) ~~subject to 15-6-222 and subsections (1)(f) and (1)(g) of this section; SUBJECT TO SUBSECTION (1)(D);~~

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

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

19 (iii) vacant residential lots; AND

20 (IV) RENTAL MULTIFAMILY DWELLING UNITS.

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

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

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

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

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

4 (D) ALL COMMERCIAL AND INDUSTRIAL PROPERTY, AS DEFINED IN 15-1-101, AND INCLUDING:

5 (I) ALL COMMERCIAL AND INDUSTRIAL PROPERTY THAT IS USED OR OWNED BY AN INDIVIDUAL, A BUSINESS, A
 6 TRADE, A CORPORATION, A LIMITED LIABILITY COMPANY, OR A PARTNERSHIP AND THAT IS USED PRIMARILY FOR THE
 7 PRODUCTION OF INCOME;

8 (II) ALL GOLF COURSES, INCLUDING LAND AND IMPROVEMENTS ACTUALLY AND NECESSARILY USED FOR THAT
 9 PURPOSE, THAT CONSIST OF AT LEAST NINE HOLES AND NOT LESS THAN 700 LINEAL YARDS;

10 (III) COMMERCIAL BUILDINGS AND PARCELS OF LAND UPON WHICH THE BUILDINGS ARE SITUATED; AND

11 (IV) VACANT COMMERCIAL LOTS.

12 (2) IF A PROPERTY INCLUDES BOTH RESIDENTIAL AND COMMERCIAL USES, THE PROPERTY IS CLASSIFIED AND
 13 APPRAISED AS FOLLOWS:

14 (A) THE LAND USE WITH THE HIGHEST PERCENTAGE OF TOTAL VALUE IS THE USE THAT IS ASSIGNED TO THE
 15 PROPERTY; AND

16 (B) THE IMPROVEMENTS ARE APPORTIONED ACCORDING TO THE USE OF THE IMPROVEMENTS.

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

18 ~~—— (ii) rental multifamily dwelling units;~~

19 ~~—— (iii) appurtenant improvements to the residences or dwelling units, including the parcels of land upon~~
 20 ~~which the residences and dwelling units are located and any leasehold improvements; and~~

21 ~~—— (iv) vacant residential lots; and~~

22 ~~—— (g) (i) commercial buildings and the parcels of land upon which they are situated; and~~

23 ~~—— (ii) vacant commercial lots.~~

24 ~~(2) Class four property is taxed as follows:~~

25 ~~(3) (a) Except as provided in 15-24-1402, 15-24-1501, 15-24-1502, and 15-24-2101, subsection (2)(b);~~

26 ~~(3)(B), CLASS FOUR RESIDENTIAL~~ property described in subsections (1)(a), (1)(b), and (1)(c) through (1)(g) through
 27 ~~(1)(c)~~ of this section is taxed at:

28 ~~—— (i) 2.93% of its taxable market value in tax year 2009;~~

29 ~~—— (ii) 2.82% of its taxable market value in tax year 2010;~~

30 ~~—— (iii) 2.72% of its taxable market value in tax year 2011;~~

- 1 ~~_____ (iv) 2.63% of its taxable market value in tax year 2012;~~
- 2 ~~_____ (v) 2.54% of its taxable market value in tax year 2013; and~~
- 3 ~~_____ (vi) 2.47% 1.35% of its taxable market value in tax years after 2013.~~

4 (b) The tax rate for the portion of the market value of a single-family residential dwelling in excess of \$1.5
 5 million is ~~2.17%~~ THE RESIDENTIAL PROPERTY TAX RATE IN SUBSECTION (3)(A) MULTIPLIED BY ~~1.44~~ 1.4.

6 (c) THE TAX RATE FOR COMMERCIAL PROPERTY IS THE RESIDENTIAL PROPERTY TAX RATE IN SUBSECTION (3)(A)
 7 MULTIPLIED BY ~~1.44~~ 1.4.

8 (4) PROPERTY DESCRIBED IN SUBSECTION (1)(D)(III) (1)(D)(II) IS TAXED AT ONE-HALF THE TAX RATE ESTABLISHED
 9 IN SUBSECTION (3)(C).

10 (b) (i) Property qualifying under the property tax assistance program in subsection (1)(c) is taxed at the
 11 rate provided in subsection (2)(a) of its taxable market value multiplied by a percentage figure based on the
 12 income for the preceding calendar year of the owner or owners who occupied the property as their primary
 13 residence and determined from the following table:

Income	Income	Percentage
Single Person	Married Couple	Multiplier
Head of Household		
\$0 - \$6,000	\$0 - \$8,000	20%
\$6,001 - \$9,200	\$8,001 - \$14,000	50%
\$9,201 - \$15,000	\$14,001 - \$20,000	70%

20 (ii) The income levels contained in the table in subsection (2)(b)(i) must be adjusted for inflation annually
 21 by the department. The adjustment to the income levels is determined by:

22 _____ (A) multiplying the appropriate dollar amount from the table in subsection (2)(b)(i) by the ratio of the PCE
 23 for the second quarter of the year prior to the year of application to the PCE for the second quarter of 1995; and

24 _____ (B) rounding the product thus obtained to the nearest whole dollar amount.

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

27 (c) Property described in subsection (1)(d) is taxed at one-half the taxable percentage rate established
 28 in subsection (2)(a).

29 (3) Within the meaning of comparable property, as defined in 15-1-101, property assessed as
 30 commercial property is comparable only to other property assessed as commercial property and property

1 ~~assessed as other than commercial property is comparable only to other property assessed as other than~~
 2 ~~commercial property:~~

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

4 ~~—— (i) occupied the residence as their primary residence for more than 7 months during the preceding~~
 5 ~~calendar year;~~

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

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

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

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

17 ~~—— (i) may not exceed the married couple and head of household thresholds provided in subsection (2)(b);~~
 18 ~~and~~

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

20

21 **Section 8.** Section 15-6-138, MCA, is amended to read:

22 **"15-6-138. Class eight property -- description -- taxable percentage.** (1) Class eight property
 23 includes:

24 (a) all agricultural implements and equipment that are not exempt under 15-6-207 or 15-6-220;

25 (b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-219, and supplies
 26 except those included in class five under 15-6-135;

27 (c) for oil and gas production, all:

28 (i) machinery;

29 (ii) fixtures;

30 (iii) equipment, including flow lines and gathering lines, pumping units, oil field storage tanks, water

1 storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas
2 metering shacks, treaters, gas separators, water flood units, and gas boosters, together with equipment that is
3 skidable, portable, or movable;

4 (iv) tools that are not exempt under 15-6-219; and

5 (v) supplies except those included in class five;

6 (d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools and
7 personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk processors
8 as provided in 15-6-220, and supplies except those included in class five;

9 (e) all goods and equipment that are intended for rent or lease, except goods and equipment that are
10 specifically included and taxed in another class or that are rented under a purchase incentive rental program as
11 defined in 15-6-202(4);

12 (f) special mobile equipment as defined in 61-1-101;

13 (g) furniture, fixtures, and equipment, except that specifically included in another class, used in
14 commercial establishments as defined in this section;

15 (h) x-ray and medical and dental equipment;

16 (i) citizens' band radios and mobile telephones;

17 (j) radio and television broadcasting and transmitting equipment;

18 (k) cable television systems;

19 (l) coal and ore haulers;

20 (m) theater projectors and sound equipment; and

21 (n) all other property that is not included in any other class in this part, except that property that is subject
22 to a fee in lieu of a property tax.

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

24 (a) "Coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that are
25 primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

26 (b) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or service,
27 wholesale, retail, or food-handling business.

28 (c) "Flow lines and gathering lines" means pipelines used to transport all or part of the oil or gas
29 production from an oil or gas well to an interconnection with a common carrier pipeline as defined in 69-13-101,
30 a pipeline carrier as defined in 49 U.S.C. 15102(2), or a rate-regulated natural gas transmission or oil

1 transmission pipeline regulated by the public service commission or the federal energy regulatory commission.

2 (3) Except as provided in 15-24-1402 and ~~15-24-2102~~, class eight property is taxed at:

3 (a) for the first \$6 million of taxable market value in excess of the exemption amount in subsection (4),
4 1.5%; and

5 (b) for all taxable market value in excess of \$6 million, 3%.

6 (4) The first \$100,000 of market value of class eight property of a person or business entity is exempt
7 from taxation.

8 (5) The gas gathering facilities of a stand-alone gas gathering company providing gas gathering services
9 to third parties on a contractual basis, owning more than 500 miles of gas gathering lines in Montana, and
10 centrally assessed in tax years prior to 2009 must be treated as a natural gas transmission pipeline subject to
11 central assessment under 15-23-101. For purposes of this subsection, the gas gathering line ownership of all
12 affiliated companies, as defined in section 1504(a) of the Internal Revenue Code, 26 U.S.C. 1504(a), must be
13 aggregated for purposes of determining the 500-mile threshold."
14

15 **Section 9.** Section 15-6-143, MCA, is amended to read:

16 **"15-6-143. Class ten property -- description -- taxable percentage.** (1) Class ten property includes
17 all forest lands, as defined in 15-44-102, and property described in subsection (2).

18 (2) Any parcel of growing timber totaling less than 15 acres qualifies as class ten property if, in a prior
19 year, the parcel totaled 15 acres or more and qualified as forest land but the number of acres was reduced to less
20 than 15 acres for a public use described in 70-30-102 by the federal government, the state, a county, or a
21 municipality and, since that reduction in acres, the parcel has not been further divided.

22 (3) Class ten property is taxed at:

23 ~~—— (a) for tax year 2009, 0.34% of its forest productivity value;~~

24 ~~—— (b) for tax year 2010, 0.33% of its forest productivity value;~~

25 ~~—— (c) for tax year 2011, 0.32% of its forest productivity value;~~

26 ~~—— (d) for tax year 2012, 0.31% of its forest productivity value;~~

27 ~~—— (e) for tax year 2013, 0.3% of its forest productivity value; and~~

28 ~~—— (f) for tax years after 2013, 0.29% 0.59% 0.37% of its forest productivity value."~~

29

30 ~~**Section 9.** Section 15-6-156, MCA, is amended to read:~~

1 ~~—————"15-6-156. Class thirteen property -- description -- taxable percentage. (1) Except as provided in~~
2 ~~subsections (2)(a) through (2)(g), class thirteen property includes:~~

3 ~~————(a) electrical generation facilities, except wind generation facilities, biomass generation facilities, and~~
4 ~~energy storage facilities classified under 15-6-157, of a centrally assessed electric power company;~~

5 ~~————(b) electrical generation facilities, except wind generation facilities, biomass generation facilities, and~~
6 ~~energy storage facilities classified under 15-6-157, owned or operated by an exempt wholesale generator or an~~
7 ~~entity certified as an exempt wholesale generator pursuant to 42 U.S.C. 16451;~~

8 ~~————(c) noncentrally assessed electrical generation facilities, except wind generation facilities, biomass~~
9 ~~generation facilities, and energy storage facilities classified under 15-6-157, owned or operated by any electrical~~
10 ~~energy producer; and~~

11 ~~————(d) allocations of centrally assessed telecommunications services companies.~~

12 ~~————(2) Class thirteen property does not include:~~

13 ~~————(a) property owned by cooperative rural electric cooperative associations classified under 15-6-135;~~
14 ~~————(b) property owned by cooperative rural electric cooperative associations classified under 15-6-137 or~~
15 ~~15-6-157;~~

16 ~~————(c) allocations of electric power company property under 15-6-141;~~

17 ~~————(d) electrical generation facilities included in another class of property;~~

18 ~~————(e) property owned by cooperative rural telephone associations and classified under 15-6-135;~~

19 ~~————(f) property owned by organizations providing telecommunications services and classified under~~
20 ~~15-6-135; and~~

21 ~~————(g) generation facilities that are exempt under 15-6-225.~~

22 ~~————(3) (a) For the purposes of this section, "electrical generation facilities" means any combination of a~~
23 ~~physically connected generator or generators, associated prime movers, and other associated property, including~~
24 ~~appurtenant land and improvements and personal property, that are normally operated together to produce~~
25 ~~electric power. The term includes but is not limited to generating facilities that produce electricity from coal-fired~~
26 ~~steam turbines, oil or gas turbines, or turbine generators that are driven by falling water.~~

27 ~~————(b) The term does not include electrical generation facilities used for noncommercial purposes or~~
28 ~~exclusively for agricultural purposes:~~

29 ~~————(c) The term also does not include a qualifying small power production facility, as that term is defined~~
30 ~~in 16 U.S.C. 796(17), that is owned and operated by a person not primarily engaged in the generation or sale of~~

- 1 ~~electricity other than electric power from a small power production facility and classified under 15-6-134₁ and~~
 2 ~~15-6-138, or [section 10].~~
- 3 ~~—— (4) Class thirteen property is taxed at 6% of its market value."~~
 4
- 5 ~~—— **NEW SECTION. Section 10. Class seventeen property -- description -- taxable percentage.** (1)~~
 6 ~~Class seventeen property is commercial and industrial property, as defined in 15-1-101 and this section, and~~
 7 ~~includes:~~
- 8 ~~—— (a) all commercial and industrial property that is used or owned by an individual, a business, a trade,~~
 9 ~~a corporation, a limited liability company, or a partnership and that is used primarily for the production of income;~~
 10 ~~—— (b) rental multifamily dwelling units;~~
 11 ~~—— (c) all golf courses, including land and improvements actually and necessarily used for that purpose,~~
 12 ~~that consist of at least nine holes and not less than 700 lineal yards;~~
 13 ~~—— (d) commercial buildings and parcels of land upon which the buildings are situated; and~~
 14 ~~—— (e) vacant commercial lots.~~
- 15 ~~—— (2) Class seventeen property does not include property of a railroad car company classified under~~
 16 ~~15-6-145.~~
- 17 ~~—— (3) If a property includes both residential and commercial uses, the property is classified and appraised~~
 18 ~~as follows:~~
- 19 ~~—— (a) the land use with the highest percentage of total value is the use that is assigned to the property; and~~
 20 ~~—— (b) the improvements are apportioned according to the use of the improvements.~~
- 21 ~~—— (4) Within the meaning of comparable property, as defined in 15-1-101, property assessed as~~
 22 ~~commercial property is comparable only to other property assessed as commercial property and property~~
 23 ~~assessed as other than commercial property is comparable only to other property assessed as other than~~
 24 ~~commercial property.~~
- 25 ~~—— (5) "Industrial property" for purposes of this section includes all land used for industrial purposes,~~
 26 ~~improvements, and buildings used to house the industrial process and all storage facilities. Under this section,~~
 27 ~~industrial property does not include personal property classified and taxed under 15-6-135 or 15-6-138.~~
- 28 ~~—— (6) (a) Except as provided in 15-24-1402, 15-24-1501, 15-24-1502, and subsection (6)(b) of this section,~~
 29 ~~class seventeen property is taxed at 1.9% of its market value.~~
- 30 ~~—— (b) Property described in subsection (1)(c) is taxed at one-half the taxable percentage rate established~~

1 ~~in subsection (6)(a):~~

2

3 NEW SECTION. Section 10. Definitions. As used in this part, the following definitions apply:

4 (1) "Annual verification" means the use of a process to:

5 (a) verify an applicant's income;

6 (b) approve, renew, or deny benefits for the current year based upon the applicant's eligibility; and

7 (c) terminate participation based upon death or loss of status as a qualified veteran or veteran's spouse.

8 (2) "PCE" MEANS THE IMPLICIT PRICE DEFLATOR FOR PERSONAL CONSUMPTION EXPENDITURES AS PUBLISHED

9 QUARTERLY IN THE SURVEY OF CURRENT BUSINESS BY THE BUREAU OF ECONOMIC ANALYSIS OF THE U.S. DEPARTMENT

10 OF COMMERCE.

11 (3) "PCE INFLATION FACTOR" FOR A TAX YEAR MEANS THE PCE FOR APRIL OF THE PRIOR TAX YEAR BEFORE THE

12 TAX YEAR DIVIDED BY THE PCE FOR APRIL 2015.

13 ~~(2)(4)~~ (A) "Primary residence" is, SUBJECT TO THE PROVISIONS OF SUBSECTION (4)(B), a dwelling:

14 ~~(a)(i)~~ in which a taxpayer can demonstrate the taxpayer lived for at least 7 months of the year for which
15 benefits are claimed;

16 ~~(b)(ii)~~ that is the only residence for which property tax assistance is claimed; and

17 ~~(c)(iii)~~ determined using the indicators provided for in the rules authorized by [section ~~42(2)~~ 40(2) 11(2)].

18 (B) A PRIMARY RESIDENCE MAY INCLUDE MORE THAN ONE DWELLING WHEN THE TAXPAYER RESIDES IN ONE

19 DWELLING FOR LESS THAN 7 MONTHS DURING THE TAX YEAR AND ANOTHER DWELLING FOR LESS THAN 7 MONTHS OF THE

20 SAME TAX YEAR, BUT LIVES IN THE DWELLINGS FOR MORE THAN 7 MONTHS OF THE TAX YEAR.

21 ~~(3)(5)~~ "Qualified veteran" means a veteran:

22 (a) who was killed while on active duty or died as a result of a service-connected disability; or

23 (b) if living:

24 (i) was honorably discharged from active service in any branch of the armed services; and

25 (ii) is currently rated 100% disabled or is paid at the 100% disabled rate by the U.S. department of
26 veterans affairs for a service-connected disability, as verified by official documentation from the U.S. department
27 of veterans affairs.

28 ~~(4)(6)~~ "Qualifying income" means:

29 (a) the federal adjusted gross income excluding capital and income losses of an applicant and the
30 applicant's spouse as calculated on the Montana income tax return for the prior year; ~~or~~

1 (b) FOR ASSISTANCE UNDER [SECTION 12], THE FEDERAL ADJUSTED GROSS INCOME EXCLUDING CAPITAL AND
2 INCOME LOSSES OF AN APPLICANT AS CALCULATED ON THE MONTANA INCOME TAX RETURN FOR THE PRIOR TAX YEAR; OR

3 (c) for an applicant who is not required to file a Montana income tax return, the income determined using
4 available income information.

5 ~~(5)~~(7) "Residential real property" means the land and improvements of a taxpayer's primary residence.

6
7 **NEW SECTION. Section 11. Property tax assistance -- rulemaking.** (1) The requirements of this
8 section must be met for a taxpayer to qualify for property tax assistance under [section ~~43~~ 44 ~~12~~] or [section ~~44~~
9 ~~12~~ 13].

10 (2) For the property tax assistance programs provided for in [section ~~43~~ 44 ~~12~~] and [section ~~44~~ 42 ~~13~~],
11 the residential real property must be owned by the applicant or under contract for deed and be the primary
12 residence as defined in [section ~~44~~ 9 ~~10~~]. The department shall make rules specifying the indicators used for
13 determining whether a residence is a primary residence for purposes of property tax assistance programs.

14 (3) An applicant's qualifying income, as defined in [section ~~44~~ 9 ~~10~~], may not exceed the threshold
15 established in [section ~~43~~ 44 ~~12~~] or [section ~~44~~ 42 ~~13~~] or in rules established pursuant to those sections.

16 (4) (a) A claim for assistance must be submitted on a form prescribed by the department.

17 (b) The form must contain:

18 (i) the qualifying income of the applicant and the applicant's spouse;

19 (ii) an affirmation that the applicant owns and maintains the land and improvements as the primary
20 residence as defined in [section ~~44~~ 9 ~~10~~];

21 (iii) the social security number of the applicant AND OF THE APPLICANT'S SPOUSE; and

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

23 (5) (a) An application must be filed by April 15 of the year for which assistance is first claimed.

24 (b) Once assistance is approved, the applicant remains eligible for property tax assistance in subsequent
25 years through the annual verification process defined in [section ~~44~~ 9 ~~10~~] without the need to reapply.

26 (c) Applicants and participants in the property tax assistance program provided for in 15-6-134(1)(c) and
27 the disabled or deceased veterans program provided for in 15-6-211 as those sections existed on December 31,
28 2014, must be included in the annual verification process and are not required to submit a new application.

29 (d) A taxpayer shall inform the department of any change in eligibility occurring from one year to the next.

30 (6) The department may verify an applicant's and an applicant's spouse's social security number and

1 benefits with the social security administration and the U.S. department of veterans affairs.

2 (7) The department must annually verify an applicant's eligibility, including the applicant's and spouse's
3 income, and approve, renew, or deny benefits for the current year based upon the findings.

4 (8) (a) When providing information for property tax assistance under [section ~~43 44~~ 12] or [section ~~44 42~~
5 ~~13~~], applicants are subject to the false swearing penalties established in 45-7-202.

6 (b) The department may investigate the information provided in an application and an applicant's
7 continued eligibility.

8 (c) The department may request applicant verification of the primary residence.

9 (9) The department may address unusual circumstances of ownership and income that arise in
10 administering taxpayer assistance programs provided for in [section ~~43 44~~ 12] and [section ~~44 42~~ 13].

11 (10) A temporary stay in a nursing home or similar facility does not change a taxpayer's primary residence
12 for the purposes of taxpayer assistance programs provided for in [section ~~43 44~~ 12] and [section ~~44 42~~ 13].

13 (11) ~~A qualified applicant is eligible for only one of the property tax assistance programs provided for in~~
14 ~~[section ~~43 44~~ 12] and [section ~~44 42~~ 13].~~ The department shall award property assistance under the property tax
15 assistance program that provides the greatest benefit to the taxpayer by reviewing applications and eligibility
16 requirements, and notify the applicant of the department's decision.

17
18 ~~NEW SECTION. Section 11. Property tax assistance program -- fixed or limited income --~~
19 ~~rulemaking.~~ (1) ~~There is a property tax assistance program that provides graduated levels of tax assistance for~~
20 ~~the purpose of assisting citizens with limited or fixed incomes. To be eligible for the program, applicants must~~
21 ~~meet the requirements of [section ~~42 10~~].~~

22 ~~(2) The department shall prescribe by rule a formula that reduces the tax rate for a qualified applicant~~
23 ~~by not less than 20% and not more than 80%. The formula must be based on the appraised value of the real~~
24 ~~property qualifying for the property tax assistance program and the income of the qualifying applicant.~~

25 ~~(3) The tax rate reduction provided by the formula applies to the first \$170,000 in appraised value.~~

26 ~~(4) The formula must provide tax assistance for a single person with qualifying income of \$17,139 or less~~
27 ~~and for a married couple or head of household with qualifying income of \$22,853 or less.~~

28 ~~(5) The income levels contained in subsection (4) and in rule must be adjusted by the inflation factor~~
29 ~~defined in 15-30-2101, and rounded to the nearest whole dollar amount.~~

30

1 ~~NEW SECTION. Section 12. Disabled veteran program -- rulemaking.~~ (1) The residential real
 2 property of a qualified veteran or a qualified veteran's spouse is eligible to receive a tax rate reduction as provided
 3 in this section and ~~[section 12 10].~~

4 ~~(2) Property qualifying under subsection (1) and owned by a qualified veteran is taxed at the rate~~
 5 ~~provided in this section and as prescribed in rule.~~

6 ~~(3) The department shall prescribe by rule a formula that reduces the tax rate for a qualified veteran by~~
 7 ~~not less than 50% and not more than 100% based on the appraised value of the real property qualifying for the~~
 8 ~~disabled veteran program and the income of the qualifying applicant.~~

9 ~~(4) The formula must provide tax assistance for:~~

10 ~~(a) a single person with qualifying income of \$39,626 or less;~~

11 ~~(b) a married couple or head of household with qualifying income of \$45,723 or less; and~~

12 ~~(c) a surviving spouse who owns property qualifying under subsection (5) with qualifying income of~~
 13 ~~\$34,564 or less.~~

14 ~~(5) The property tax exemption under this section remains in effect as long as the income requirements~~
 15 ~~are met, the property is the primary residence owned and occupied by the veteran or, if the veteran is deceased,~~
 16 ~~by the veteran's spouse and the spouse:~~

17 ~~(a) is the owner and occupant of the house;~~

18 ~~(b) is unmarried; and~~

19 ~~(c) has obtained from the U.S. department of veterans affairs a letter indicating that the veteran was~~
 20 ~~rated 100% disabled or was paid at the 100% disabled rate by the U.S. department of veterans affairs for a~~
 21 ~~service-connected disability at the time of death or that the veteran died while on active duty or as a result of a~~
 22 ~~service-connected disability.~~

23 ~~(6) The income levels contained in subsection (4) and in rule must be adjusted by the inflation factor~~
 24 ~~defined in 15-30-2101, and rounded to the nearest whole dollar amount.~~

25

26 NEW SECTION. SECTION 12. PROPERTY TAX ASSISTANCE PROGRAM -- FIXED OR LIMITED INCOME. (1) THERE
 27 IS A PROPERTY TAX ASSISTANCE PROGRAM THAT PROVIDES GRADUATED LEVELS OF TAX ASSISTANCE FOR THE PURPOSE
 28 OF ASSISTING CITIZENS WITH LIMITED OR FIXED INCOMES. TO BE ELIGIBLE FOR THE PROGRAM, APPLICANTS MUST MEET
 29 THE REQUIREMENTS OF [SECTION 11].

30 (2) THE FIRST \$200,000 IN APPRAISAL VALUE OF RESIDENTIAL REAL PROPERTY QUALIFYING FOR THE PROPERTY

1 TAX ASSISTANCE PROGRAM IS TAXED AT THE RATES ESTABLISHED BY 15-6-134(2) MULTIPLIED BY A PERCENTAGE FIGURE
 2 BASED ON THE APPLICANT'S QUALIFYING INCOME DETERMINED FROM THE FOLLOWING TABLE:

3	<u>INCOME</u>	<u>INCOME</u>	<u>PERCENTAGE</u>
4	<u>SINGLE PERSON</u>	<u>MARRIED COUPLE</u>	<u>MULTIPLIER</u>
5		<u>HEAD OF HOUSEHOLD</u>	
6	<u>\$0 - \$8,413</u>	<u>\$0 - \$11,217</u>	<u>20%</u>
7	<u>\$8,414 - \$12,900</u>	<u>\$11,218 - \$19,630</u>	<u>50%</u>
8	<u>\$12,901 - \$21,032</u>	<u>\$19,631 - \$28,043</u>	<u>70%</u>

9 (3) THE QUALIFYING INCOME LEVELS CONTAINED IN SUBSECTION (2) MUST BE ADJUSTED ANNUALLY USING THE
 10 PCE INFLATION FACTOR DEFINED IN [SECTION 10], ROUNDED TO THE NEAREST WHOLE DOLLAR AMOUNT.

12 NEW SECTION. SECTION 13. DISABLED VETERAN PROGRAM. (1) THE RESIDENTIAL REAL PROPERTY OF A
 13 QUALIFIED VETERAN OR A QUALIFIED VETERAN'S SPOUSE IS ELIGIBLE TO RECEIVE A TAX RATE REDUCTION AS PROVIDED
 14 IN [SECTION 12] AND THIS SECTION.

15 (2) PROPERTY QUALIFYING UNDER SUBSECTION (1) AND OWNED BY A QUALIFIED VETERAN IS TAXED AT THE RATE
 16 PROVIDED IN 15-6-134 MULTIPLIED BY A PERCENTAGE FIGURE BASED ON THE APPLICANT'S QUALIFYING INCOME
 17 DETERMINED FROM THE FOLLOWING TABLE:

18	<u>INCOME</u>	<u>INCOME</u>	<u>PERCENTAGE</u>
19	<u>SINGLE PERSON</u>	<u>MARRIED COUPLE</u>	<u>MULTIPLIER</u>
20		<u>HEAD OF HOUSEHOLD</u>	
21	<u>\$0 - \$37,404</u>	<u>\$0 - \$44,885</u>	<u>0%</u>
22	<u>\$37,405 - \$41,145</u>	<u>\$44,886 - \$48,626</u>	<u>20%</u>
23	<u>\$41,146 - \$44,885</u>	<u>\$48,627 - \$52,366</u>	<u>30%</u>
24	<u>\$44,886 - \$48,626</u>	<u>\$52,367 - \$56,107</u>	<u>50%</u>

25 (3) FOR A SURVIVING SPOUSE WHO OWNS PROPERTY QUALIFYING UNDER SUBSECTION (4), THE PROPERTY IS
 26 TAXED AT THE RATE ESTABLISHED BY 15-6-134 MULTIPLIED BY A PERCENTAGE FIGURE BASED ON THE SPOUSE'S
 27 QUALIFYING INCOME DETERMINED FROM THE FOLLOWING TABLE:

28	<u>INCOME</u>	<u>PERCENTAGE</u>
29	<u>SURVIVING SPOUSE</u>	<u>MULTIPLIER</u>
30	<u>\$0 - \$31,170</u>	<u>0%</u>

1 \$31,171 - \$34,911 20%

2 \$34,912 - \$38,651 30%

3 \$38,652 - \$42,392 50%

4 (4) THE PROPERTY TAX EXEMPTION UNDER THIS SECTION REMAINS IN EFFECT AS LONG AS THE QUALIFYING
 5 INCOME REQUIREMENTS ARE MET AND THE PROPERTY IS THE PRIMARY RESIDENCE OWNED AND OCCUPIED BY THE
 6 VETERAN OR, IF THE VETERAN IS DECEASED, BY THE VETERAN'S SPOUSE AND THE SPOUSE:

7 (A) IS THE OWNER AND OCCUPANT OF THE HOUSE;

8 (B) IS UNMARRIED; AND

9 (C) HAS OBTAINED FROM THE U.S. DEPARTMENT OF VETERANS AFFAIRS A LETTER INDICATING THAT THE VETERAN
 10 WAS RATED 100% DISABLED OR WAS PAID AT THE 100% DISABLED RATE BY THE U.S. DEPARTMENT OF VETERANS AFFAIRS
 11 FOR A SERVICE-CONNECTED DISABILITY AT THE TIME OF DEATH OR THAT THE VETERAN DIED WHILE ON ACTIVE DUTY OR
 12 AS A RESULT OF A SERVICE-CONNECTED DISABILITY.

13 (5) THE QUALIFYING INCOME LEVELS CONTAINED IN SUBSECTIONS (2) AND (3) MUST BE ADJUSTED ANNUALLY BY
 14 USING THE PCE INFLATION FACTOR DEFINED IN [SECTION 10], ROUNDED TO THE NEAREST WHOLE DOLLAR AMOUNT.

15

16 **Section 14.** Section 15-7-102, MCA, is amended to read:

17 **"15-7-102. Notice of classification, market value, and taxable value and appraisal to owners --**
 18 **appeals.** (1) (a) Except as provided in 15-7-138, the department shall mail or provide electronically to each owner
 19 or purchaser under contract for deed a notice ~~of the~~ that includes the land classification, market value, and
 20 taxable value of the land and improvements owned or being purchased ~~and the appraisal of the improvements~~
 21 ~~on the land.~~ A notice must be mailed to the owner only if one or more of the following changes pertaining to the
 22 land or improvements have been made since the last notice:

23 (i) change in ownership;

24 (ii) change in classification;

25 (iii) ~~except as provided in subsection (1)(b),~~ change in valuation; or

26 (iv) addition or subtraction of personal property affixed to the land.

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

1 ~~(e)~~(b) The notice must include the following for the taxpayer's informational purposes:

2 (i) a notice of the availability of all the property tax assistance programs available to property taxpayers,
3 including the property tax assistance ~~program under 15-6-134, the extended property tax assistance program~~
4 ~~under 15-6-193, the disabled or deceased veterans' residence exemption under 15-6-214~~ programs provided for
5 in [section 14 9 10 through section 14 12 13], and the residential property tax credit for the elderly under provided
6 for in 15-30-2337 through 15-30-2341;

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

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

9 ~~(d)~~(c) When the department uses an appraisal method that values land and improvements as a unit,
10 including the ~~comparable sales method~~ sales comparison approach for residential condominiums or the income
11 ~~method approach~~ for commercial property, the notice must contain a combined appraised value of land and
12 improvements.

13 ~~(e)~~(d) Any misinformation provided in the information required by subsection ~~(4)(c)~~ (1)(b) does not affect
14 the validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

15 (2) (a) Except as provided in subsection (2)(c), the department shall assign each assessment to the
16 correct owner or purchaser under contract for deed and mail or provide electronically the notice ~~of classification~~
17 ~~and appraisal on a standardized~~ in written or electronic form, adopted by the department, containing sufficient
18 information in a comprehensible manner designed to fully inform the taxpayer as to the classification and
19 appraisal of the property and of changes over the prior tax year.

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

22 (c) The department is not required to mail or provide electronically the notice ~~of classification and~~
23 ~~appraisal~~ to a new owner or purchaser under contract for deed unless the department has received the realty
24 transfer certificate from the clerk and recorder as provided in 15-7-304 and has processed the certificate before
25 the notices required by subsection (2)(a) are mailed or provided electronically. The department shall notify the
26 county tax appeal board of the date of the mailing or the date when the taxpayer is informed the information is
27 available electronically.

28 (3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the
29 market value of the property as determined by the department or with the classification of the land or
30 improvements, the owner may request an assessment review by submitting an objection ~~in writing to the~~

1 department on on written or electronic forms provided by the department for that purpose.

2 (i) For property other than class three property described in 15-6-133, class four property described in
3 15-6-134, and AND class ten property described in 15-6-143, and class seventeen property described in [section
4 10], the objection must be submitted within 30 days after receiving from the date on the notice of classification
5 and appraisal from the department.

6 (ii) For class three property described in 15-6-133; AND class four property described in 15-6-134, and
7 AND class ten property described in 15-6-143, and class seventeen property described in [section 10], the
8 objection may be made at any time but only once each valuation cycle. An objection must be made within 30 days
9 from the date on the assessment notice for a reduction in the appraised value to be considered for both years
10 of the 2-year appraisal cycle. Any reduction in value resulting from an objection made more than 30 days from
11 the date of the assessment notice will be applicable only for the second year of the 2-year reappraisal cycle.

12 (iii) FOR CLASS TEN PROPERTY DESCRIBED IN 15-6-143, THE OBJECTION MAY BE MADE AT ANY TIME BUT ONLY
13 ONCE EACH VALUATION CYCLE. AN OBJECTION MUST BE MADE WITHIN 30 DAYS FROM THE DATE ON THE ASSESSMENT
14 NOTICE FOR A REDUCTION IN THE APPRAISED VALUE TO BE CONSIDERED FOR ALL YEARS OF THE 6-YEAR APPRAISAL CYCLE.
15 ANY REDUCTION IN VALUE RESULTING FROM AN OBJECTION MADE MORE THAN 30 DAYS AFTER THE DATE OF THE
16 ASSESSMENT NOTICE APPLIES ONLY FOR THE SUBSEQUENT REMAINING YEARS OF THE 6-YEAR REAPPRAISAL CYCLE.

17 (b) For properties valued using the sales price comparison approach or the capitalization of net income
18 method income approach as an indication of value, the form must include a provision that allows the objector
19 agrees to agree to confidentiality requirements for receipt of comparable sales data from information received
20 from realty transfer certificates under 15-7-308. Within 4 weeks of submitting an objection, if the objection relates
21 to residential and commercial property, the department shall provide the objector by posted mail or e-mail, unless
22 the objector waives receiving the information, with If the objection relates to residential or commercial property
23 and the objector agrees to the confidentiality requirements, the department shall provide to the objector, by
24 posted mail or electronically, within 8 weeks of submission of the objection, the following information:

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

29 (c) For properties valued using the capitalization of net income method approach as one approximation
30 of market value, notice must be provided that the taxpayer will be given a form to acknowledge confidentiality

1 requirements for the receipt of all aggregate model output that the department used in the valuation model for
2 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 COUNTY TAX APPEAL
7 BOARD MUST CONSIDER AN INDEPENDENT APPRAISAL PROVIDED BY THE TAXPAYER IF THE APPRAISAL MEETS STANDARDS
8 SET BY THE MONTANA BOARD OF REAL ESTATE APPRAISERS AND THE APPRAISAL WAS CONDUCTED WITHIN 6 MONTHS OF
9 THE VALUATION DATE. IF THE DEPARTMENT DOES NOT USE THE APPRAISAL PROVIDED BY THE TAXPAYER IN CONDUCTING
10 THE APPEAL, THE DEPARTMENT MUST PROVIDE TO THE TAXPAYER THE REASON FOR NOT USING THE APPRAISAL. The
11 department shall give reasonable notice to the taxpayer of the time and place of the review.

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

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

22 (a) the taxpayer has submitted an objection ~~in writing~~ on written or electronic forms provided by the
23 department; and

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

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

29 (6) If ~~any~~ a property owner feels aggrieved by the classification or appraisal made by the department
30 after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax

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

8

9 **Section 15.** Section 15-7-103, MCA, is amended to read:

10 **"15-7-103. Classification and appraisal -- general and uniform methods.** (1) The department shall
 11 implement the provisions of 15-7-101, 15-7-102, and this section by providing:

12 (a) for a general and uniform method of classifying lands in the state for the purpose of securing an
 13 equitable and uniform basis of assessment of lands for taxation purposes;

14 (b) for a general and uniform method of appraising city and town lots;

15 (c) for a general and uniform method of appraising rural and urban improvements;

16 (d) for a general and uniform method of appraising timberlands.

17 (2) All lands must be classified according to their use or uses.

18 (3) Land classified as agricultural land or forest land must be subclassified according to soil type and
 19 productive capacity. In the classification work, use must be made of soil surveys and maps and all other
 20 site-specific and pertinent available information, including any information provided by the taxpayer such as:

21 (a) information detailing actual climate conditions;

22 (b) information from the United States department of agriculture, including but not limited to:

23 (i) natural resources conservation service rangeland inventory materials;

24 (ii) farm service agency materials; and

25 (iii) Montana agriculture statistics information; and

26 (c) any other documents or publicly available information that will assist in reaching a value that
 27 accurately approximates the productive capacity that the average Montana farmer or rancher could achieve.

28 (4) All lands must be classified by parcels or subdivisions not exceeding 1 section each, by the sections,
 29 fractional sections, or lots of all tracts of land that have been sectionized by the United States government, or by
 30 metes and bounds, whichever yields a true description of the land.

1 (5) All agricultural lands must be classified and appraised as agricultural lands without regard to the best
2 and highest value use of adjacent or neighboring lands.

3 (6) In ~~any periodic revaluation~~ the reappraisal of taxable property ~~completed under the provisions of~~
4 ~~15-7-114~~, all property classified in 15-6-134 ~~and [section 10]~~ must be ~~appraised on the taxable portion of~~ valued
5 as provided in 15-7-111 on its market value ~~in the same year~~. The department shall publish a rule specifying the
6 ~~year~~ valuation date used in the appraisal.

7 (7) All sewage disposal systems and domestic use water supply systems of all dwellings may not be
8 appraised, assessed, and taxed separately from the land or from the house or other improvements in which they
9 are located. ~~The sewage disposal or domestic water supply systems may not be included twice by including either~~
10 ~~of them in the valuation and assessing them separately."~~

11

12 **Section 16.** Section 15-7-111, MCA, is amended to read:

13 **"15-7-111. Periodic revaluation reappraisal of certain taxable property.** (1) The department shall
14 administer and supervise a program for the ~~revaluation~~ reappraisal of all taxable property within class three under
15 15-6-133, class four under 15-6-134, ~~and~~ AND class ten under 15-6-143, ~~and class seventeen under [section 10]~~
16 as provided in this section. All other property must be revalued annually. Beginning January 1, 2015, all property
17 within class three; AND class four; AND class ten; and class seventeen must be revalued every 2 years, AND ALL
18 PROPERTY WITHIN CLASS TEN MUST BE REVALUED EVERY 6 YEARS.

19 (2) The department shall value ~~and phase in the value of~~ newly constructed, remodeled, or reclassified
20 property in a manner consistent with the valuation within the same class and the values established pursuant to
21 subsection (1) AND SHALL PHASE IN THE VALUE OF CLASS TEN PROPERTY. The department shall adopt rules for
22 determining the assessed valuation ~~and phased-in value~~ of new, remodeled, or reclassified property within the
23 same class AND THE PHASED-IN VALUE OF CLASS TEN PROPERTY.

24 (3) The ~~revaluation~~ reappraisal of class three; AND class four; and ~~AND class ten; and class seventeen~~
25 property is complete on December 31, ~~2008~~ of every second year of the reappraisal cycle, AND THE REAPPRAISAL
26 OF CLASS TEN PROPERTY IS COMPLETE ON DECEMBER 31 OF THE SIXTH YEAR OF THE REAPPRAISAL CYCLE. THE AMOUNT
27 OF THE CHANGE IN VALUATION FROM THE BASE YEAR FOR CLASS TEN PROPERTY MUST BE PHASED IN EACH YEAR AT THE
28 RATE OF 16.66% OF THE CHANGE IN VALUATION. The amount of the change in valuation from the 2002 base year
29 for each property in classes three, four, and ten must be phased in each year at the rate of 16.66% of the change
30 in valuation.

1 (4) During the ~~end of the second and fourth~~ year of each ~~reevaluation~~ reappraisal cycle, the department
 2 shall provide the revenue and transportation interim committee with a ~~sales assessment ratio study of residences~~
 3 ~~to be used to allow the committee to be apprised of the housing market and value trends~~ report of tax rates for
 4 the upcoming reappraisal cycle that will result in taxable value neutrality for each property class.

5 (5) The department shall administer and supervise a program for the ~~reevaluation~~ reappraisal of all taxable
 6 property within classes three; ~~AND four; and AND ten, and seventeen.~~ A comprehensive written reappraisal plan
 7 must be promulgated by the department. The department shall adopt a reappraisal plan by rule. The reappraisal
 8 plan adopted must provide that all class three; AND CLASS four; and AND ten, and seventeen property in each
 9 county is revalued by January 1, 2015 of the second year of the reappraisal cycle, effective for January 1, 2015
 10 of the following year, and each succeeding 6 2 years, AND MUST PROVIDE THAT ALL CLASS TEN PROPERTY IN EACH
 11 COUNTY IS REVALUED BY JANUARY 1, 2015, EFFECTIVE FOR JANUARY 1, 2015, AND EACH SUCCEEDING 6 YEARS. THE
 12 RESULTING VALUATION CHANGES FOR CLASS TEN PROPERTY MUST BE PHASED IN FOR EACH YEAR UNTIL THE NEXT
 13 REAPPRAISAL. IF A PERCENTAGE OF CHANGE FOR EACH YEAR IS NOT ESTABLISHED, THEN THE PERCENTAGE OF PHASEIN
 14 FOR CLASS TEN PROPERTY EACH YEAR IS 16.66%. The resulting valuation changes must be phased in for each year
 15 until the next reappraisal. If a percentage of change for each year is not established, then the percentage of
 16 phasein for each year is 16.66%.

17 (6) (a) In completing the appraisal or adjustments under subsection (5), the department shall, as
 18 provided in the reappraisal plan, conduct individual property inspections, building permit reviews, sales data
 19 verification reviews, and electronic data reviews. The department may adopt new technologies for recognizing
 20 changes to property.

21 (b) The department shall conduct a field inspection of a sufficient number of taxable properties to meet
 22 the requirements of subsection (5)."

23
 24 **Section 17.** Section 15-7-112, MCA, is amended to read:

25 **"15-7-112. Equalization of valuations.** ~~The same~~ The same method of appraisal and assessment ~~shall provided~~
 26 for in 15-7-111 must be used in each county of the state to the end so that comparable property properties with
 27 similar true full market values and subject to taxation in Montana shall have substantially equal taxable values
 28 at the end of each cyclical revaluation program hereinbefore provided in the tax year AND, FOR CLASS TEN
 29 PROPERTY, SUBSTANTIALLY EQUAL TAXABLE VALUES AT THE END OF EACH CYCLICAL REVALUATION CYCLE."

1 **Section 18.** Section 15-7-131, MCA, is amended to read:

2 **"15-7-131. Policy.** It is the policy of the state of Montana to provide for equitable assessment of taxable
3 property in the state and to provide for ~~periodic revaluation~~ the reappraisal of taxable property in a manner that
4 is fair to all taxpayers."

5

6 **Section 19.** Section 15-7-139, MCA, is amended to read:

7 **"15-7-139. Requirements for entry on property by property valuation staff employed by**
8 **department -- authority to estimate value of property not entered -- rules.** (1) Subject to the conditions and
9 restriction of this section, the provisions of 45-6-203 do not apply to property valuation staff employed by the
10 department and acting within the course and scope of the employees' official duties.

11 (2) A person qualified under subsection (1) may enter private land to appraise or audit property for
12 property tax purposes.

13 (3) (a) No later than November 30 of each year, the department shall publish in a newspaper of general
14 circulation in each county a notice that the department may enter property for the purpose of appraising or
15 auditing property.

16 (b) The published notice must indicate:

17 (i) that a landowner may require that the landowner or the landowner's agent be present when the person
18 qualified in subsection (1) enters the land to appraise or audit property;

19 (ii) that the landowner shall notify the department in writing of the landowner's requirement that the
20 landowner or landowner's agent be present; and

21 (iii) that the landowner's written notice must be mailed to the department at an address specified and be
22 postmarked not more than 30 days following the date of publication of the notice. The department may grant a
23 reasonable extension of time for returning the written notice.

24 (4) The written notice described in subsection (3)(b)(ii) must be legible and include:

25 (a) the landowner's full name;

26 (b) the mailing address and property address; and

27 (c) a telephone number at which an appraiser may contact the landowner during normal business hours.

28 (5) When the department receives a written notice as described in subsection (4), the department shall
29 contact the landowner or the landowner's agent to establish a date and time for entering the land to appraise or
30 audit the property.

1 (6) If a landowner or the landowner's agent prevents a person qualified under subsection (1) from
 2 entering land to appraise or audit property or fails or refuses to establish a date and time for entering the land
 3 pursuant to subsection (5), the department shall estimate the value of the real and personal property located on
 4 the land.

5 (7) A county tax appeal board and the state tax appeal board may not adjust the estimated value of the
 6 real or personal property determined under subsection (6) unless the landowner or the landowner's agent:

7 (a) gives permission to the department to enter the land to appraise or audit the property; or

8 (b) provides to the department and files with the county tax appeal board or the state tax appeal board
 9 an appraisal of the property conducted by an appraiser who is certified by the Montana board of real estate
 10 appraisers. The appraisal must be conducted in accordance with current uniform standards of professional
 11 appraisal practice established for certified real estate appraisers under 37-54-403. The appraisal must be
 12 conducted within 1 year of the reappraisal ~~base-year~~ valuation date provided for in 15-7-103(6) and must
 13 establish a separate market value for each improvement and the land.

14 (8) A person qualified under subsection (1) who enters land pursuant to this section shall carry on the
 15 person identification sufficient to identify the person and the person's employer and shall present the identification
 16 upon request.

17 (9) The authority granted by this section does not authorize entry into improvements, personal property,
 18 or buildings or structures without the permission of the owner or the owner's agent.

19 (10) Vehicular access to perform appraisals and audits is limited to established roads and trails, unless
 20 approval for other vehicular access is granted by the landowner.

21 (11) The department shall adopt rules that are necessary to implement 15-7-140 and this section. The
 22 rules must, at a minimum, establish procedures for granting a reasonable extension of time for landowners to
 23 respond to notices from the department."
 24

25 **Section 20.** Section 15-7-201, MCA, is amended to read:

26 **"15-7-201. Legislative intent -- value of agricultural property.** (1) Because the market value of many
 27 agricultural properties is based upon speculative purchases that do not reflect the productive capability of
 28 agricultural land, it is the legislative intent that bona fide agricultural properties be classified and assessed at a
 29 value that is exclusive of values attributed to urban influences or speculative purposes.

30 (2) Agricultural land must be classified according to its use, which classifications include but are not

1 limited to irrigated use, nonirrigated use, and grazing use.

2 (3) Within each class, land must be subclassified by productive capacity. Productive capacity is
3 determined based on yield.

4 (4) In computing the agricultural land valuation schedules to take effect on the date when each
5 revaluation cycle takes effect pursuant to 15-7-111, the department of revenue shall determine the productive
6 capacity value of all agricultural lands using the formula $V = I/R$ where:

7 (a) V is the per-acre productive capacity value of agricultural land in each subclass;

8 (b) I is the per-acre net income of agricultural land in each subclass and is to be determined as provided
9 in subsection (5); and

10 (c) R is the capitalization rate and, unless the advisory committee recommends a different rate and the
11 department adopts the recommended capitalization rate by rule, is equal to 6.4%. This capitalization rate must
12 remain in effect until the next revaluation cycle.

13 (5) (a) Net income must be determined separately for each subclass.

14 (b) Net income must be based on commodity price data, which may include grazing fees, crop and
15 livestock share arrangements, cost of production data, and water cost data for the base period using the best
16 available data.

17 (i) Commodity price data and cost of production data for the base period must be obtained from the
18 Montana Agricultural Statistics, the Montana crop and livestock reporting service, and other sources of publicly
19 available information if considered appropriate by the advisory committee.

20 (ii) Crop share and livestock share arrangements are based on typical agricultural business practices and
21 average landowner costs.

22 (iii) Allowable water costs consist only of the per-acre labor costs, energy costs of irrigation, and, unless
23 the advisory committee recommends otherwise and the department adopts the recommended cost by rule, a
24 base water cost of \$15 for each acre of irrigated land. Total allowable water costs may not exceed \$50 for each
25 acre of irrigated land. Labor and energy costs must be determined as follows:

26 (A) Labor costs are \$5 an acre for pivot sprinkler irrigation systems; \$10 an acre for tow lines, side roll,
27 and lateral sprinkler irrigation systems; and \$15 an acre for hand-moved and flood irrigation systems.

28 (B) Energy costs must be based on per-acre energy costs incurred in the energy cost base year, which
29 is the calendar year immediately preceding the year valuation date specified by the department in 15-7-103(6).
30 By July 1 of the year following the energy cost base year, an owner of irrigated land shall provide the department,

1 on a form prescribed by the department, with energy costs incurred in that energy cost base year. In the event
2 that no energy costs were incurred in the energy cost base year, the owner of irrigated land shall provide the
3 department with energy costs from the most recent year available. The department shall adjust the most recent
4 year's energy costs to reflect costs in the energy cost base year.

5 (c) The base crop for valuation of irrigated land is alfalfa hay adjusted to 80% of the sales price, and the
6 base crop for valuation of nonirrigated land is spring wheat. The base unit for valuation of grazing lands is animal
7 unit months, defined as the average monthly requirement of pasture forage to support a 1,200-pound cow with
8 a calf or its equivalent.

9 (d) Unless the advisory committee recommends a different base period and the department adopts the
10 recommended base period by rule, the base period used to determine net income must be the most recent ~~7~~ 10
11 years for which data is available prior to the date the revaluation cycle ends. Unless the advisory committee
12 recommends a different averaging method and the department adopts the recommended averaging method by
13 rule, data referred to in subsection (5)(b) must be averaged, but the average must exclude the lowest and highest
14 yearly data in the period.

15 (6) The department shall compile data and develop valuation manuals adopted by rule to implement the
16 valuation method established by subsections (4) and (5).

17 (7) The governor shall appoint an advisory committee of persons knowledgeable in agriculture and
18 agricultural economics. The advisory committee shall include one member of the Montana state
19 university-Bozeman, college of agriculture, staff. The advisory committee shall:

20 (a) compile and review data required by subsections (4) and (5);

21 (b) recommend to the department any adjustments to data or to landowners' share percentages if
22 required by changes in government agricultural programs, market conditions, or prevailing agricultural practices;

23 (c) recommend appropriate base periods and averaging methods to the department;

24 (d) evaluate the appropriateness of the capitalization rate and recommend a rate to the department;

25 (e) verify for each class and subclass of land that the income determined in subsection (5) reasonably
26 approximates that which the average Montana farmer or rancher could have attained;

27 (f) recommend agricultural land valuation schedules to the department. With respect to irrigated land,
28 the recommended value of irrigated land may not be below the value that the land would have if it were not
29 irrigated.

30 (g) provide methods for adjusting agricultural land productivity values when more site-specific data is

1 available and pertinent; and

2 (h) recommend to the department definitions for "site-specific" and "pertinent".

3

4 **Section 21.** Section 15-8-111, MCA, is amended to read:

5 **"15-8-111. Assessment Appraisal -- market value standard -- exceptions.** (1) All taxable property
6 must be ~~assessed~~ appraised at 100% of its market value except as otherwise provided.

7 (2) (a) Market value is the value at which property would change hands between a willing buyer and a
8 willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of
9 relevant facts.

10 (b) If the department uses ~~construction~~ the cost approach as one approximation of market value, the
11 department shall fully consider reduction in value caused by depreciation, whether through physical depreciation,
12 functional obsolescence, or economic obsolescence.

13 (c) If the department uses the ~~capitalization-of-net-income-method~~ income approach as one
14 approximation of market value and sufficient, relevant information on comparable sales and construction cost
15 exists, the department shall rely upon the two methods that provide a similar market value as the better indicators
16 of market value.

17 (d) Except as provided in subsection (4), the market value of special mobile equipment and agricultural
18 tools, implements, and machinery is the average wholesale value shown in national appraisal guides and
19 manuals or the value before reconditioning and profit margin. The department shall prepare valuation schedules
20 showing the average wholesale value when a national appraisal guide does not exist.

21 (3) In valuing class four residential ~~and commercial~~ AND COMMERCIAL property described in 15-6-134 ~~and~~
22 ~~class seventeen property described in [section 10]~~, the department shall conduct the appraisal following the
23 appropriate uniform standards of professional appraisal practice for mass appraisal promulgated by the appraisal
24 standards board of the appraisal foundation. In valuing the property, the department shall use information
25 available from any source considered reliable. Comparable properties used for valuation must represent similar
26 properties within an acceptable proximity of the property being valued.

27 (4) The department may not adopt a lower or different standard of value from market value in making
28 the official assessment and appraisal of the value of property, except:

29 (a) the wholesale value for agricultural implements and machinery is the average wholesale value
30 category as shown in Guides 2000, Northwest Region Official Guide, published by the North American equipment

1 dealers association, St. Louis, Missouri. If the guide or the average wholesale value category is unavailable, the
2 department shall use a comparable publication or wholesale value category.

3 (b) for agricultural implements and machinery not listed in an official guide, the department shall prepare
4 a supplemental manual in which the values reflect the same depreciation as those found in the official guide;

5 (c) (i) for condominium property, the department shall establish the value as provided in subsection (5);
6 and

7 (ii) for a townhome or townhouse, as defined in 70-23-102, the department shall determine the value in
8 a manner established by the department by rule; and

9 (d) as otherwise authorized in Titles 15 and 61.

10 (5) (a) Subject to subsection (5)(c), if sufficient, relevant information on comparable sales is available,
11 the department shall use the ~~comparable sales method~~ sales comparison approach to appraise residential
12 condominium units. Because the undivided interest in common elements is included in the sales price of the
13 condominium units, the department is not required to separately allocate the value of the common elements to
14 the individual units being valued.

15 (b) Subject to subsection (5)(c), if sufficient, relevant information on income is made available to the
16 department, the department shall use the ~~capitalization-of-net-income method~~ income approach to appraise
17 commercial condominium units. Because the undivided interest in common elements contributes directly to the
18 income-producing capability of the individual units, the department is not required to separately allocate the value
19 of the common elements to the individual units being valued.

20 (c) If sufficient, relevant information on comparable sales is not available for residential condominium
21 units or if sufficient, relevant information on income is not made available for commercial condominium units, the
22 department shall value condominiums using the ~~construction-cost method~~ cost approach. When using the
23 ~~construction-cost method~~ cost approach, the department shall determine the value of the entire condominium
24 project and allocate a percentage of the total value to each individual unit. The allocation is equal to the
25 percentage of undivided interest in the common elements for the unit as expressed in the declaration made
26 pursuant to 70-23-403, regardless of whether the percentage expressed in the declaration conforms to market
27 value.

28 (6) For purposes of taxation, assessed value is the same as appraised value.

29 (7) The taxable value for all property is the ~~percentage of market or assessed value established~~
30 multiplied by the tax rate for each class of property.

1 (8) The ~~assessed market~~ value of properties in 15-6-131 through 15-6-134, 15-6-143, ~~and~~ AND 15-6-145;
2 ~~and [section 10]~~ is as follows:

3 (a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after
4 deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515,
5 15-23-516, 15-23-517, or 15-23-518.

6 (b) Properties in 15-6-132, under class two, are assessed at 100% of the annual gross proceeds.

7 (c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the
8 lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as
9 agricultural lands for tax purposes.

10 (d) Properties in 15-6-134, under class four, ~~and [section 10], under class seventeen,~~ are assessed at
11 ~~the applicable percentage~~ 100% of market value ~~minus any portion of market value that is exempt from taxation~~
12 ~~under 15-6-222.~~

13 (e) Properties in 15-6-143, under class ten, are assessed at 100% of the forest productivity value of the
14 land when valued as forest land.

15 (f) Railroad transportation properties in 15-6-145 are assessed based on the valuation formula described
16 in 15-23-205.

17 (9) Land and the improvements on the land are separately assessed when any of the following
18 conditions occur:

19 (a) ownership of the improvements is different from ownership of the land;

20 (b) the taxpayer makes a written request; or

21 (c) the land is outside an incorporated city or town."
22

23 **Section 22.** Section 15-10-420, MCA, is amended to read:

24 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a
25 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount
26 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3
27 years. The maximum number of mills that a governmental entity may impose is established by calculating the
28 number of mills required to generate the amount of property tax actually assessed in the governmental unit in the
29 prior year based on the current year taxable value, less the current year's newly taxable value ~~of newly taxable~~
30 ~~property~~, plus one-half of the average rate of inflation for the prior 3 years.

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

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

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

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

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

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

14 (iii) transfer of property into a taxing unit;

15 (iv) subdivision of real property; and

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

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

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

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

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

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

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

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

1 (d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of real
2 property that results in the property being taxable as class four property under 15-6-134, ~~as class seventeen~~
3 ~~property under [section 10]~~, or as nonqualified agricultural land as described in 15-6-133(1)(c).

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

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

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

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

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

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

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

13 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes
14 of 15-10-108, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated by the
15 department may not exceed the mill levy limits established in those sections. The mill calculation must be
16 established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the
17 calculation must be rounded up to the nearest tenth of a mill.

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

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

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

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

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

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

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

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

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

30 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402,

1 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport
 2 authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating
 3 funds by a county or municipality during that time.

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

7

8 **Section 23.** Section 15-15-102, MCA, is amended to read:

9 **"15-15-102. Application for reduction in valuation.** (1) The valuation of property may not be reduced
 10 by the county tax appeal board unless either the taxpayer or the taxpayer's agent makes and files a written
 11 application for reduction with the county tax appeal board.

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

16 (3) One application for reduction may be submitted during each 2-year reappraisal cycle. The application
 17 must be submitted ~~on or before the first Monday in June or within 30 days after receiving either a~~ from the date
 18 on the notice of classification and appraisal or determination after review required under 15-7-102(3) ~~from the~~
 19 ~~department, whichever is later.~~ If the department's determination after review is not made in time to allow the
 20 county tax appeal board to review the matter during the current tax year, the appeal must be reviewed during the
 21 next tax year, but the decision by the county tax appeal board is effective for the year in which the request for
 22 review was filed with the department. The application must state the post-office address of the applicant,
 23 specifically describe the property involved, and state the facts upon which it is claimed the reduction should be
 24 made."

25

26 **SECTION 24. SECTION 15-15-103, MCA, IS AMENDED TO READ:**

27 **"15-15-103. Examination of applicant -- failure to hear application.** (1) Before the county tax appeal
 28 board grants any application or makes any reduction applied for, it shall examine on oath the person or agent
 29 making the application with regard to the value of the property of the person. A reduction may not be made unless
 30 the applicant makes an application, as provided in 15-15-102, and attends the county tax appeal board hearing.

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

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

18 (i) those listed in 15-2-302; and

19 (ii) if a taxpayer's appeal from the department's determination of classification or appraisal made pursuant
20 to 15-7-102 was not received in time, as provided for in 15-15-102, to be considered by the board during its
21 current session.

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

26 (3) The county tax appeal board must consider an independent appraisal provided by the taxpayer if the
27 appraisal meets standards set by the Montana board of real estate appraisers and the appraisal was conducted
28 within 6 months of the valuation date. If the county tax appeal board does not use the appraisal provided by the
29 taxpayer in conducting the appeal, the county board must provide to the taxpayer the reason for not using the
30 appraisal."

1
2 **Section 25.** Section 15-16-101, MCA, is amended to read:

3 **"15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the receipt
4 of the property tax record, the county treasurer shall publish a notice specifying:

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

9 (b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on the next
10 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
11 of 1% a month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty;
12 and

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

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

17 (i) the taxable value of the property;

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

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

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

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

23 (vi) a notice of the availability of all the property tax assistance programs available to property taxpayers,
24 including the property tax assistance program under 15-6-134, the extended property tax assistance program
25 under 15-6-193, the disabled or deceased veterans' residence exemption under 15-6-211 programs under
26 [section 11-9-10 through section 14-12-13], and the residential property tax credit for the elderly under 15-30-2337
27 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 26.** 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 13-44-12] are paid within 20 calendar days of the date on which
30 the taxes are due, the taxes may be paid without penalty or interest. If a tax payment is made later than 20 days

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

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

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

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

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

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

16

17 ~~Section 27. Section 15-24-3001, MCA, is amended to read:~~

18 ~~"15-24-3001. Electrical generation and transmission facility exemption -- definitions. (1) (a) Except~~
19 ~~as provided in subsections (1)(b) and (3), an electrical generation facility and related delivery facilities constructed~~
20 ~~in the state of Montana after May 5, 2001, and before January 1, 2006, may be exempt from property taxation~~
21 ~~for a 10-year period beginning on the date that an owner or operator of an electrical generation facility and related~~
22 ~~delivery facilities commences to construct the facility as defined in 75-20-104(6)(a) and (6)(b). In order to be~~
23 ~~exempt from property taxation, an owner and operator of an electrical generation facility and related delivery~~
24 ~~facilities shall offer contracts to sell 50% of that facility's net generating output at a cost-based rate, which includes~~
25 ~~a rate of return not to exceed 12%, to customers for a 20-year period from the date of the facility's completion.~~

26 ~~(b) The property tax exemption allowed under subsection (1)(a) is limited to a 5-year period for~~
27 ~~generation facilities powered by oil or gas turbines.~~

28 ~~(2) To the extent that 50% of the net generating output of the facility is not contracted for delivery to~~
29 ~~consumers for a contract term extending 5 years to 20 years from the completion of the facility, as determined~~
30 ~~by the owner, surplus capacity must be offered on a declining contract term basis for the remainder of the contract~~

1 period at a cost-based rate that includes a rate of return not to exceed 12%. Surplus capacity that is not
2 contracted for in this fashion may be sold at market rates:

3 ~~———— (3) (a) Except as provided in subsection (3)(c), if an owner or operator of property exempt from taxation
4 under subsection (1)(a) signs a contract to sell power as required in subsection (1) and then fails to perform the
5 contract during the first 10-year period, the 10-year property tax exemption in subsection (1) is void and the
6 property is subject to a rollback tax as provided in 15-24-3002.~~

7 ~~———— (b) Except as provided in subsection (3)(c), if an owner or operator of property exempt from taxation
8 under subsection (1)(b) signs a contract to sell power as required in subsection (1) and then fails to perform the
9 contract during the first 5-year period, the 5-year property tax exemption in subsection (1) is void and the property
10 is subject to a rollback tax as provided in 15-24-3002.~~

11 ~~———— (c) If an owner or operator fails to perform the contract due to earthquakes or other acts of God, theft,
12 sabotage, acts of war, other social instabilities, or equipment failure, the property tax exemption in subsection
13 (1)(a) or (1)(b) is not void and the owner or operator is not subject to the rollback tax as provided in 15-24-3002.~~

14 ~~———— (4) For the purposes of this section, the following definitions apply:~~

15 ~~———— (a) (i) "Electrical generation facility" means any combination of a physically connected generator or
16 generators, associated prime movers, and other associated property, including appurtenant land and
17 improvements and personal property, that are normally operated together to produce 20 average megawatts or
18 more of electric power. The term is limited to generating facilities that produce electricity from coal-fired steam
19 turbines, oil or gas turbines, or turbine generators that are driven by falling water.~~

20 ~~———— (ii) The term does not include:~~

21 ~~———— (A) electrical generation facilities used for noncommercial purposes or exclusively for agricultural
22 purposes; or~~

23 ~~———— (B) a qualifying small power production facility, as that term is defined in 16 U.S.C. 796(17), that is owned
24 and operated by a person not primarily engaged in the generation or sale of electricity other than electric power
25 from a small power production facility and that is classified under 15-6-134, and 15-6-138, or [section 10].~~

26 ~~———— (b) "Related delivery facilities" means transmission facilities necessary to deliver the energy from the
27 electrical generation facility to the existing network transmission system.~~

28 ~~———— (c) "Surplus capacity" means that portion of the 50% of net generating output not contracted for use.~~

29 ~~———— (5) The department shall appraise exempt electrical generation facilities for each year that the property
30 is exempt and determine the taxable value of the property as if it were subject to property taxation."~~

1
2 ~~Section 28.~~ Section 15-24-3201, MCA, is amended to read:

3 ~~"15-24-3201. Definitions.~~ As used in this part, the following definitions apply:

4 ~~(1) "Common gray water and potable water system" means a gray water system and a potable water~~
5 ~~system that are common elements of a multiple dwelling project.~~

6 ~~(2) (a) "Gray water system" means a system to treat and distribute untreated household wastewater that~~
7 ~~meets the requirements of 75-5-305(2), 75-5-325 through 75-5-327, and all administrative rules and local~~
8 ~~government regulations conforming with those provisions.~~

9 ~~(b) Household wastewater does not include water that is or has come into contact with toilet water;~~
10 ~~wastewater from kitchen sinks, water softeners, and dishwashers; or laundry water used for washing infectious~~
11 ~~garments, including diapers.~~

12 ~~(3) "Multiple dwelling project" means:~~

13 ~~(a) a residential condominium on common land consisting of residential units in single or multiunit~~
14 ~~structures for at least 25 occupants; or~~

15 ~~(b) a class four residential building as described in 15-6-134 or a class seventeen commercial building~~
16 ~~as described in [section 10], or that portion of a class four or class seventeen building that is used for residential~~
17 ~~purposes, that has multiple residential units for at least 25 occupants and includes as much of the surrounding~~
18 ~~land, not exceeding 5 acres, as is reasonably necessary for its residential use.~~

19 ~~(4) "Potable water system" means a privately owned public water supply system as defined in 75-6-102~~
20 ~~that is used in common by all the dwellings of a multiple dwelling project.~~

21 ~~(5) "Residential dwelling" means any class four residential dwelling described in 15-6-134 that is a~~
22 ~~single-family dwelling unit, including a trailer, manufactured home, or mobile home and as much of the~~
23 ~~surrounding land, not exceeding 5 acres, as is reasonably necessary for its use as a dwelling."~~

24
25 **Section 27.** Section 15-24-3202, MCA, is amended to read:

26 **"15-24-3202. Gray water system for newly constructed residence -- tax abatement.** (1) A residential
27 dwelling that is under construction or that is newly constructed with a residential gray water system is taxed at
28 91% of its ~~taxable~~ market value during the course of the construction and for 10 years after completion of
29 construction as provided in this section.

30 (2) To receive a tax abatement under this section, a taxpayer shall apply, on a form provided by the

1 department, to the department on or before April 15 of the year for which the first abatement is claimed for
 2 property under construction and for the first year of the completion of construction but not later than 1 year after
 3 the completion of the construction. The claimant shall provide a certification from the local board of health
 4 pursuant to 50-2-116 that the residential dwelling is under construction or was constructed with a gray water
 5 system that meets the requirements of this section. The department may require other information that it
 6 considers necessary to determine the eligibility of the residential dwelling for a property tax abatement.

7 (3) An abatement granted under this section remains in effect through the 10th year following the year
 8 construction was completed."

9

10 **Section 28.** Section 15-24-3203, MCA, is amended to read:

11 **"15-24-3203. Common gray water and potable water systems for newly constructed multiple**
 12 **dwelling projects -- tax abatement.** (1) A multiple dwelling project that is under construction or that is
 13 constructed with a common gray water and potable water system is taxed at 91% of the ~~taxable~~ market value of
 14 the project or ~~taxable~~ market value of each residential condominium unit during the course of the construction
 15 and for 10 years after completion of construction as provided in this section.

16 (2) To receive a tax abatement, a taxpayer shall apply, on a form provided by the department, to the
 17 department on or before April 15 of the year for which the first abatement is claimed for property under
 18 construction and for the first year of the completion of construction but not later than 1 year after the completion
 19 of the construction of the residential units or, if construction is to occur over a multiyear period, after the
 20 completion of the first residential unit. The claimant shall provide a certification from the local board of health
 21 pursuant to 50-2-116 that the residential dwelling is under construction or was constructed with a common gray
 22 water and potable water system that meets the requirements of this section. The department may require other
 23 information that it considers necessary to determine the eligibility of the residential dwelling for a property tax
 24 abatement.

25 (3) An abatement granted under this section remains in effect through the 10th year following the year
 26 construction was completed.

27 (4) Only property with a common gray water and potable water system is eligible for the property tax
 28 abatement provided in this section."

29

30 **SECTION 29. SECTION 15-44-103, MCA, IS AMENDED TO READ:**

1 **"15-44-103. Legislative intent -- value of forest lands -- valuation zones.** (1) In order to encourage
 2 landowners of private forest lands to retain and improve their holdings of forest lands, to promote better forest
 3 practices, and to encourage the investment of capital in reforestation, forest lands must be classified and
 4 assessed under the provisions of this section.

5 (2) The forest productivity value of forest land must be determined by:

6 (a) capitalizing the value of the mean annual net wood production at the culmination of mean annual
 7 increment plus other agriculture-related income, if any; less

8 (b) annualized expenses, including but not limited to the establishment, protection, maintenance,
 9 improvement, and management of the crop over the rotation period.

10 (3) To determine the forest productivity value of forest lands, the department shall:

11 (a) divide the state into appropriate forest valuation zones, with each zone designated so as to recognize
 12 the uniqueness of marketing areas, timber types, growth rates, access, operability, and other pertinent factors
 13 of that zone; and

14 (b) establish a uniform system of forest land classification that takes into consideration the productive
 15 capacity of the site to grow forest products and furnish other associated agricultural uses.

16 (4) In computing the forest land productivity valuation for each forest valuation zone, the department shall
 17 determine the productive capacity value of all forest lands in each forest valuation zone using the formula $V = I/R$,
 18 where:

19 (a) V is the per-acre forest productivity value of the forest land;

20 (b) I is the per-acre net income of forest lands in each valuation zone and is determined by the
 21 department using the formula $I = (M \times SV) + AI - C$, where:

22 (i) I is the per-acre net income;

23 (ii) M is the mean annual net wood production;

24 (iii) SV is the stumpage value;

25 (iv) AI is the per-acre agriculture-related income; and

26 (v) C is the per-unit cost of the forest product and agricultural product produced, if any; and

27 (c) R is the capitalization rate determined by the department as provided in subsection (6).

28 (5) Net income must:

29 (a) be calculated for each year of a base period, which is the most recent ~~5-year~~ 10-year period for which
 30 data is available; prior to the date the revaluation cycle ends. Data referred to in subsection (4)(b) must be

1 averaged.

2 (b) be based on a rolling average of stumpage value of timber harvested within the forest valuation zone
3 and on the associated production cost data for the base period from sources considered appropriate by the
4 department; and

5 (c) include agriculture-related net income for the same time period as the period used to determine
6 average stumpage values.

7 (6) The capitalization rate must be calculated for each year of the base period; and ~~for the reappraisal~~
8 ~~cycle beginning January 1, 2015, it is 6.4%. For subsequent tax years the base period~~ is the average
9 capitalization rate determined by the department after consultation with the forest lands taxation advisory
10 committee, plus the effective tax rate. The capitalization rate must be adopted by rule. ~~However, the capitalization~~
11 ~~rate for each year of the base period for tax years 2009 through 2014 may not be less than 8%. HOWEVER, THE~~
12 ~~CAPITALIZATION RATE FOR EACH YEAR OF THE BASE PERIOD FOR TAX YEARS 2015 THROUGH 2020 MAY NOT BE LESS THAN~~
13 8%.

14 (7) The effective tax rate must be calculated for each year of the base period by dividing the total
15 estimated tax due on forest lands subject to the provisions of this section by the total forest value of those lands.

16 (8) For the purposes of this section, if forest service sales are used in the determination of stumpage
17 values, the department shall take into account purchaser road credits.

18 (9) In determining the forest productivity value of forest lands and in computing the forest land valuation,
19 the department shall use information and data provided by the university of Montana-Missoula.

20 (10) (a) There is a forest lands taxation advisory committee consisting of:

21 (i) four members with expertise in forest matters, one appointed by the majority leader of the senate, one
22 by the minority leader of the senate, one by the majority leader of the house of representatives, and one by the
23 minority leader of the house of representatives; and

24 (ii) three members appointed by the governor, one who is an industrial forest landowner, one who is a
25 nonindustrial forest landowner, and one who is a county commissioner.

26 (b) The terms of the members expire on June 30 of the first year of each reappraisal cycle.

27 (c) The advisory committee shall:

28 (i) review data required by subsections (2) through (6), (8), and (9), including data on productivity value,
29 stumpage value, wood production, capitalization rate, net income, and agriculture-related income;

30 (ii) recommend to the department any adjustments to data if required by changes in government forest

- 1 land programs, market conditions, or prevailing forest lands practices;
- 2 (iii) recommend appropriate base periods and averaging methods to the department;
- 3 (iv) verify for each forest valuation zone and forest land classification and subclassification under
- 4 subsection (3) that the income determined in subsection (5) reasonably approximates that which the average
- 5 Montana forest landowner could have attained; and
- 6 (v) recommend forest land valuation techniques to the department."

7

8 **Section 30.** Section 77-1-208, MCA, is amended to read:

9 **"77-1-208. Cabin site licenses and leases -- method of establishing value.** (1) The board shall set

10 the annual fee based on full market value for each cabin site and for each licensee or lessee who at any time

11 wishes to continue or assign the license or lease. The fee must attain full market value based on one of the

12 following methods:

13 (a) appraisal of the cabin site value as determined by the department of revenue. The licensee or lessee

14 has the option to pay the entire fee on March 1 or to divide the fee into two equal payments due March 1 and

15 September 1. The value may be increased or decreased as a result of the statewide ~~periodic revaluation~~

16 reappraisal of property pursuant to 15-7-111 ~~without any adjustments as a result of phasing in values~~. An appeal

17 of a cabin site value determined by the department of revenue must be conducted pursuant to Title 15, chapter

18 15.

19 (b) establishing full rental market value through the use of an open competitive bidding process as

20 provided in 77-1-235.

21 (2) A current licensee or lessee may complete or renew the licensee's or lessee's current lease based

22 on valuation methods provided in subsection (1)(a), or at the end of the lease or license contract, the licensee

23 or lessee may choose to proceed with the valuation option provided in subsection (1)(b).

24 (3) The board shall set the fee of each initial cabin site license or lease or each current cabin site license

25 or lease of a person who does not choose to retain the license or lease. The initial fee must be based upon a

26 system of competitive bidding. The fee for a person who wishes to retain that license or lease must be determined

27 under the method provided for in subsection (1).

28 (4) (a) Subject to subsection (4)(b), the board shall follow the procedures set forth in 77-6-302, 77-6-303,

29 and 77-6-306 for the disposal or valuation of any fixtures or improvements placed upon the property by the

30 then-current licensee or lessee and shall require the subsequent licensee or lessee whose bid is accepted by

1 the board to purchase those fixtures or improvements in the manner required by the board.

2 (b) (i) A subsequent licensee or lessee may not take occupancy unless the license or lease contract and
3 the sale of improvements have been finalized. If a winning bidder has been identified and the transaction for the
4 sale of the improvements is in process, the current lessee shall pay a prorated lease fee based on the current
5 lease until the date that the sale of the improvements is finalized.

6 (ii) The valuation of improvements must be applicable to residential property inclusive of all
7 improvements.

8 (iii) A licensee or lessee may assign or rent any improvements.

9 (iv) Within 3 years of canceling, terminating, or abandoning a cabin site lease, the owner of the
10 improvements shall sell the improvements, remove the improvements, or transfer ownership of the improvements
11 to the state. If ownership is transferred to the state, proceeds from the sale of the improvements must be paid
12 to the owner who transferred the improvements. The board shall set the conditions of the sale of transferred
13 improvements in order to sell the improvements in an expedient manner."

14
15 **NEW SECTION. Section 31. Repealer.** The following sections of the Montana Code Annotated are
16 repealed:

17 15-6-193. Extended property tax assistance -- phasein.

18 15-6-211. Certain disabled or deceased veterans' residences exempt.

19 15-6-222. Residential and commercial improvements -- percentage of value exempt.

20 15-24-2101. Purpose.

21 15-24-2102. Reduction in assessment of taxable value of commercial and industrial property -- application
22 -- approval.

23 15-24-2103. Exclusions from other property tax reductions -- recapture.

24
25 **NEW SECTION. Section 32. Codification instruction.** (1) [Section 1] is intended to be codified as
26 an integral part of Title 15, chapter 7, part 1, and the provisions of Title 15, chapter 7, part 1, apply to [section 1].

27 ~~(2) [Section 10] is intended to be codified as an integral part of Title 15, chapter 6, part 1, and the~~
28 ~~provisions of Title 15, chapter 6, part 1, apply to [section 10].~~

29 ~~(3)(2)~~ [Sections 44 9 10 through 44 12 13] are intended to be codified as an integral part of Title 15,
30 chapter 6, and the provisions of Title 15, chapter 6, apply to [sections 44 9 10 through 44 12 13].

