

1 SENATE BILL NO. 157

2 INTRODUCED BY B. TUTVEDT

3
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, CLASS FOUR RESIDENTIAL PROPERTY, CLASS TEN
8 FOREST LAND, AND CLASS SEVENTEEN COMMERCIAL PROPERTY; REVISING PROPERTY TAX
9 ASSISTANCE PROGRAMS, INCLUDING FOR DISABLED VETERANS; PROVIDING RULEMAKING
10 AUTHORITY; AMENDING SECTIONS 2-15-122, 5-2-301, 15-1-101, 15-6-133, 15-6-134, 15-6-138, 15-6-143,
11 15-6-156, 15-7-102, 15-7-103, 15-7-111, 15-7-112, 15-7-131, 15-7-139, 15-7-201, 15-8-111, 15-10-420,
12 15-15-102, 15-16-101, 15-16-102, 15-24-3001, 15-24-3201, 15-24-3202, 15-24-3203, AND 77-1-208, MCA;
13 REPEALING SECTIONS 15-6-193, 15-6-211, 15-6-222, 15-24-2101, 15-24-2102, AND 15-24-2103, MCA; AND
14 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

15

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

17

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

25

26 **Section 2.** Section 2-15-122, MCA, is amended to read:

27 **"2-15-122. Creation of advisory councils.** (1) (a) A department head or the governor may create
28 advisory councils.

29 (b) An agency or an official of the executive branch of state government other than a department head
30 or the governor, including the superintendents of the state's institutions and the presidents of the units of the

1 state's university system, may also create advisory councils but only if federal law or regulation requires that the
2 official or agency create the advisory council as a condition to the receipt of federal funds.

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

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

9 (3) The creating authority shall:

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

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

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

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

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

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

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

29 (7) Unless otherwise specified by the creating authority, an advisory council shall meet at least annually
30 and shall also meet on the call of the creating authority or the governor and may meet at other times on the call

1 of the presiding officer or a majority of its members. An advisory council may not meet outside the city of Helena
2 without the express prior authorization of the creating authority.

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

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

8 (a) the council's name, in accordance with subsection (2);

9 (b) the council's composition;

10 (c) the appointed members, including names and addresses;

11 (d) the council's purpose; and

12 (e) the council's term of existence, in accordance with subsection (10).

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

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

22

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

24 **"5-2-301. Compensation and expenses for members while in session.** (1) Legislators are entitled
25 to a salary commensurate to that of the daily rate for an employee earning \$10.33 an hour when the regular
26 session of the legislature in which they serve is convened under 5-2-103 for those days during which the
27 legislature is in session. The hourly rate must be adjusted by any statutorily required pay increase. The president
28 of the senate and the speaker of the house must receive an additional \$5 a day in salary for those days during
29 which the legislature is in session.

30 (2) Legislators may serve for no salary.

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

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

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

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

- 18 (a) three additional round trips to their place of residence during each regular session; and
19 (b) additional round trips as authorized by the legislature during special session.

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

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

24 "**15-1-101. Definitions.** (1) Except as otherwise specifically provided, when terms mentioned in this
25 section are used in connection with taxation, they are defined in the following manner:

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

- 27 (i) the production of food, feed, and fiber commodities, livestock and poultry, bees, biological control
28 insects, fruits and vegetables, and sod, ornamental, nursery, and horticultural crops that are raised, grown, or
29 produced for commercial purposes; and
30 (ii) the raising of domestic animals and wildlife in domestication or a captive environment.

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

1 feasibly be relocated and only when the wheels are removed.

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

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

8 (l) (i) The term "manufactured home" means a residential dwelling built in a factory in accordance with
9 the United States department of housing and urban development code and the federal Manufactured Home
10 Construction and Safety Standards.

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

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

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

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

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

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

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

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

30 (ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501 and Title

1 15, chapter 23, part 8;

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

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

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

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

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

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

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

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

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

25

26 **Section 5.** Section 15-6-133, MCA, is amended to read:

27 **"15-6-133. Class three property -- description -- taxable percentage.** (1) Class three property
28 includes:

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

30 (b) nonproductive patented mining claims outside the limits of an incorporated city or town held by an

1 owner for the ultimate purpose of developing the mineral interests on the property. For the purposes of this
 2 subsection (1)(b), the following provisions apply:

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

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

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

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

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

18 (3) The taxable value of land described in subsection (1)(c) is computed by multiplying the value of the
 19 land by seven times the taxable percentage rate for agricultural land."
 20

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

22 **"15-6-134. Class four property -- description -- taxable percentage.** (1) Class four property includes:

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

25 (b) ~~subject to 15-6-222 and subsections (1)(f) and (1)(g) of this section;~~ (i) all improvements, including
 26 single-family residences, trailers, manufactured homes, or mobile homes used as a residence, except those
 27 specifically included in another class;

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

30 (iii) vacant residential lots.

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

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

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

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

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

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

15 ——— (ii) rental multifamily dwelling units;

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

18 ——— (iv) vacant residential lots; and

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

20 ——— (ii) vacant commercial lots.

21 (2) Class four property is taxed as follows:

22 (a) Except as provided in 15-24-1402, 15-24-1501, 15-24-1502, and ~~15-24-2101~~, subsection (2)(b),
 23 property described in subsections (1)(a), ~~(1)(b)~~, and ~~(1)(e) through (1)(g)~~ through (1)(c) of this section is taxed
 24 at:

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

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

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

28 ——— (iv) ~~2.63%~~ of its taxable market value in tax year 2012;

29 ——— (v) ~~2.54%~~ of its taxable market value in tax year 2013; and

30 ——— (vi) ~~2.47%~~ 1.35% of its taxable market value in tax years after 2013.

1 (b) The tax rate for the portion of the market value of a single-family residential dwelling in excess of \$1.5
 2 million is 2.17%.

3 ~~(b) (i) Property qualifying under the property tax assistance program in subsection (1)(c) is taxed at the~~
 4 ~~rate provided in subsection (2)(a) of its taxable market value multiplied by a percentage figure based on the~~
 5 ~~income for the preceding calendar year of the owner or owners who occupied the property as their primary~~
 6 ~~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%

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

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

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

20 ~~(c) Property described in subsection (1)(d) is taxed at one-half the taxable percentage rate established~~
 21 ~~in subsection (2)(a):~~

22 ~~(3) Within the meaning of comparable property, as defined in 15-1-101, property assessed as~~
 23 ~~commercial property is comparable only to other property assessed as commercial property and property~~
 24 ~~assessed as other than commercial property is comparable only to other property assessed as other than~~
 25 ~~commercial property.~~

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

- 27 ~~—— (i) occupied the residence as their primary residence for more than 7 months during the preceding~~
 28 ~~calendar year;~~
- 29 ~~—— (ii) had combined income for the preceding calendar year that does not exceed the threshold provided~~
 30 ~~in subsection (2)(b); and~~

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

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

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

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

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

13

14 **Section 7.** Section 15-6-138, MCA, is amended to read:

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

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

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

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

21 (i) machinery;

22 (ii) fixtures;

23 (iii) equipment, including flow lines and gathering lines, pumping units, oil field storage tanks, water
 24 storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas
 25 metering shacks, treaters, gas separators, water flood units, and gas boosters, together with equipment that is
 26 skidable, portable, or movable;

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

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

29 (d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools and
 30 personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk processors

1 as provided in 15-6-220, and supplies except those included in class five;

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

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

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

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

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

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

11 (k) cable television systems;

12 (l) coal and ore haulers;

13 (m) theater projectors and sound equipment; and

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

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

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

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

21 (c) "Flow lines and gathering lines" means pipelines used to transport all or part of the oil or gas
22 production from an oil or gas well to an interconnection with a common carrier pipeline as defined in 69-13-101,
23 a pipeline carrier as defined in 49 U.S.C. 15102(2), or a rate-regulated natural gas transmission or oil
24 transmission pipeline regulated by the public service commission or the federal energy regulatory commission.

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

26 (a) for the first \$6 million of taxable market value in excess of the exemption amount in subsection (4),
27 1.5%; and

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

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

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

7

8 **Section 8.** Section 15-6-143, MCA, is amended to read:

9 **"15-6-143. Class ten property -- description -- taxable percentage.** (1) Class ten property includes
 10 all forest lands, as defined in 15-44-102, and property described in subsection (2).

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

15 (3) Class ten property is taxed at:

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

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

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

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

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

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

22

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

24 **"15-6-156. Class thirteen property -- description -- taxable percentage.** (1) Except as provided in
 25 subsections (2)(a) through (2)(g), class thirteen property includes:

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

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

1 (c) noncentrally assessed electrical generation facilities, except wind generation facilities, biomass
 2 generation facilities, and energy storage facilities classified under 15-6-157, owned or operated by any electrical
 3 energy producer; and

4 (d) allocations of centrally assessed telecommunications services companies.

5 (2) Class thirteen property does not include:

6 (a) property owned by cooperative rural electric cooperative associations classified under 15-6-135;

7 (b) property owned by cooperative rural electric cooperative associations classified under 15-6-137 or
 8 15-6-157;

9 (c) allocations of electric power company property under 15-6-141;

10 (d) electrical generation facilities included in another class of property;

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

12 (f) property owned by organizations providing telecommunications services and classified under
 13 15-6-135; and

14 (g) generation facilities that are exempt under 15-6-225.

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

20 (b) The term does not include electrical generation facilities used for noncommercial purposes or
 21 exclusively for agricultural purposes.

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

26 (4) Class thirteen property is taxed at 6% of its market value."
 27

28 **NEW SECTION. Section 10. Class seventeen property -- description -- taxable percentage.** (1)
 29 Class seventeen property is commercial and industrial property, as defined in 15-1-101 and this section, and
 30 includes:

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

25

26 **NEW SECTION. Section 11. Definitions.** As used in this part, the following definitions apply:

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

28 (a) verify an applicant's income;

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

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

1 (2) "Primary residence" is a dwelling:

2 (a) in which a taxpayer can demonstrate the taxpayer lived for at least 7 months of the year for which
3 benefits are claimed;

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

5 (c) determined using the indicators provided for in the rules authorized by [section 12(2)].

6 (3) "Qualified veteran" means a veteran:

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

8 (b) if living:

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

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

13 (4) "Qualifying income" means:

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

16 (b) for an applicant who is not required to file a Montana income tax return, the income determined using
17 available income information.

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

19

20 **NEW SECTION. Section 12. Property tax assistance -- rulemaking.** (1) The requirements of this
21 section must be met for a taxpayer to qualify for property tax assistance under [section 13] or [section 14].

22 (2) For the property tax assistance programs provided for in [section 13] and [section 14], the residential
23 real property must be owned by the applicant or under contract for deed and be the primary residence as defined
24 in [section 11]. The department shall make rules specifying the indicators used for determining whether a
25 residence is a primary residence for purposes of property tax assistance programs.

26 (3) An applicant's qualifying income, as defined in [section 11], may not exceed the threshold established
27 in [section 13] or [section 14] or in rules established pursuant to those sections.

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

29 (b) The form must contain:

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

- 1 (ii) an affirmation that the applicant owns and maintains the land and improvements as the primary
2 residence as defined in [section 11];
- 3 (iii) the social security number of the applicant; and
- 4 (iv) any other information required by the department that is relevant to the applicant's eligibility.
- 5 (5) (a) An application must be filed by April 15 of the year for which assistance is first claimed.
- 6 (b) Once assistance is approved, the applicant remains eligible for property tax assistance in subsequent
7 years through the annual verification process defined in [section 11] without the need to reapply.
- 8 (c) Applicants and participants in the property tax assistance program provided for in 15-6-134(1)(c) and
9 the disabled or deceased veterans program provided for in 15-6-211 as those sections existed on December 31,
10 2014, must be included in the annual verification process and are not required to submit a new application.
- 11 (d) A taxpayer shall inform the department of any change in eligibility occurring from one year to the next.
- 12 (6) The department may verify an applicant's and an applicant's spouse's social security number and
13 benefits with the social security administration and the U.S. department of veterans affairs.
- 14 (7) The department must annually verify an applicant's eligibility, including the applicant's and spouse's
15 income, and approve, renew, or deny benefits for the current year based upon the findings.
- 16 (8) (a) When providing information for property tax assistance under [section 13] or [section 14],
17 applicants are subject to the false swearing penalties established in 45-7-202.
- 18 (b) The department may investigate the information provided in an application and an applicant's
19 continued eligibility.
- 20 (c) The department may request applicant verification of the primary residence.
- 21 (9) The department may address unusual circumstances of ownership and income that arise in
22 administering taxpayer assistance programs provided for in [section 13] and [section 14].
- 23 (10) A temporary stay in a nursing home or similar facility does not change a taxpayer's primary residence
24 for the purposes of taxpayer assistance programs provided for in [section 13] and [section 14].
- 25 (11) A qualified applicant is eligible for only one of the property tax assistance programs provided for in
26 [section 13] and [section 14]. The department shall award property assistance under the property tax assistance
27 program that provides the greatest benefit to the taxpayer by reviewing applications and eligibility requirements,
28 and notify the applicant of the department's decision.

29

30 NEW SECTION. **Section 13. Property tax assistance program -- fixed or limited income --**

1 **rulemaking.** (1) There is a property tax assistance program that provides graduated levels of tax assistance for
2 the purpose of assisting citizens with limited or fixed incomes. To be eligible for the program, applicants must
3 meet the requirements of [section 12].

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

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

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

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

12

13 **NEW SECTION. Section 14. Disabled veteran program -- rulemaking.** (1) The residential real
14 property of a qualified veteran or a qualified veteran's spouse is eligible to receive a tax rate reduction as provided
15 in this section and [section 12].

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

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

21 (4) The formula must provide tax assistance for:

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

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

24 (c) a surviving spouse who owns property qualifying under subsection (5) with qualifying income of
25 \$34,564 or less.

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

29 (a) is the owner and occupant of the house;

30 (b) is unmarried; and

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

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

7

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

9 **"15-7-102. Notice of classification, market value, and taxable value and ~~appraisal~~ to owners --**

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

- 15 (i) change in ownership;
- 16 (ii) change in classification;
- 17 (iii) ~~except as provided in subsection (1)(b);~~ change in valuation; or
- 18 (iv) addition or subtraction of personal property affixed to the land.

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

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

24 (i) a notice of the availability of all the property tax assistance programs available to property taxpayers,
 25 including the property tax assistance program under 15-6-134, ~~the extended property tax assistance program~~
 26 ~~under 15-6-193, the disabled or deceased veterans' residence exemption under 15-6-214~~ programs provided for
 27 in [section 11 through section 14], and the residential property tax credit for the elderly ~~under~~ provided for in
 28 15-30-2337 through 15-30-2341;

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

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

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

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

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

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

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

20 (3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the
 21 market value of the property as determined by the department or with the classification of the land or
 22 improvements, the owner may request an assessment review by submitting an objection ~~in writing to the~~
 23 ~~department on~~ on written or electronic forms provided by the department for that purpose.

24 (i) For property other than class three property described in 15-6-133, class four property described in
 25 15-6-134, ~~and~~ class ten property described in 15-6-143, and class seventeen property described in [section 10],
 26 the objection must be submitted within 30 days ~~after receiving from the date on~~ the notice ~~of classification and~~
 27 ~~appraisal from the department~~.

28 (ii) For class three property described in 15-6-133, class four property described in 15-6-134, ~~and~~ class
 29 ten property described in 15-6-143, and class seventeen property described in [section 10], the objection may
 30 be made ~~at any time but~~ only once each valuation cycle. An objection must be made within 30 days from the date

1 on the assessment notice for a reduction in the appraised value to be considered for both years of the 2-year
2 appraisal cycle. Any reduction in value resulting from an objection made more than 30 days from the date of the
3 assessment notice will be applicable only for the second year of the 2-year reappraisal cycle.

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

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

16 (c) For properties valued using the ~~capitalization of net income method~~ income approach as one approximation
17 of market value, notice must be provided that the taxpayer will be given a form to acknowledge confidentiality
18 requirements for the receipt of all aggregate model output that the department used in the valuation model for
19 the property.

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

25 (e) After the review, the department shall determine the correct appraisal and classification of the land
26 or improvements and notify the taxpayer of its determination by mail or electronically. The department may not
27 determine an appraised value that is higher than the value that was the subject of the objection unless the reason
28 for an increase was the result of a physical change in the property or caused by an error in the description of the
29 property or data available for the property that is kept by the department and used for calculating the appraised
30 value. In the notification, the department shall state its reasons for revising the classification or appraisal. When

1 the proper appraisal and classification have been determined, the land must be classified and the improvements
2 appraised in the manner ordered by the department.

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

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

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

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

12 (6) If ~~any~~ a property owner feels aggrieved by the classification or appraisal made by the department
13 after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax
14 appeal board and then to the state tax appeal board, whose findings are final subject to the right of review in the
15 courts. The appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days ~~after~~ from
16 the date on the notice of the department's determination ~~is mailed to the taxpayer~~. A county tax appeal board or
17 the state tax appeal board may consider the actual selling price of the property, independent appraisals of the
18 property, and other relevant information presented by the taxpayer as evidence of the market value of the
19 property. If the county tax appeal board or the state tax appeal board determines that an adjustment should be
20 made, the department shall adjust the base value of the property in accordance with the board's order."
21

22 **Section 16.** Section 15-7-103, MCA, is amended to read:

23 **"15-7-103. Classification and appraisal -- general and uniform methods.** (1) The department shall
24 implement the provisions of 15-7-101, 15-7-102, and this section by providing:

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

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

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

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

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

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

- 4 (a) information detailing actual climate conditions;
 5 (b) information from the United States department of agriculture, including but not limited to:
 6 (i) natural resources conservation service rangeland inventory materials;
 7 (ii) farm service agency materials; and
 8 (iii) Montana agriculture statistics information; and
 9 (c) any other documents or publicly available information that will assist in reaching a value that
 10 accurately approximates the productive capacity that the average Montana farmer or rancher could achieve.

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

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

16 (6) In ~~any periodic revaluation~~ the reappraisal of taxable property ~~completed under the provisions of~~
 17 ~~15-7-111~~, all property classified in 15-6-134 and [section 10] must be ~~appraised on the taxable portion of~~ valued
 18 as provided in 15-7-111 on its market value in the same year. The department shall publish a rule specifying the
 19 year valuation date used in the appraisal.

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

24
 25 **Section 17.** Section 15-7-111, MCA, is amended to read:

26 **"15-7-111. Periodic ~~revaluation~~ reappraisal of certain taxable property.** (1) The department shall
 27 administer and supervise a program for the ~~revaluation~~ reappraisal of all taxable property within class three under
 28 15-6-133, class four under 15-6-134, ~~and~~ class ten under 15-6-143, and class seventeen under [section 10] as
 29 provided in this section. All other property must be revalued annually. Beginning January 1, 2015, all property
 30 within class three, class four, class ten, and class seventeen must be revalued every 2 years.

1 (2) The department shall value ~~and phase in the value of~~ newly constructed, remodeled, or reclassified
 2 property in a manner consistent with the valuation within the same class and the values established pursuant to
 3 subsection (1). The department shall adopt rules for determining the assessed valuation ~~and phased-in value of~~
 4 new, remodeled, or reclassified property within the same class.

5 (3) The ~~reevaluation~~ reappraisal of class three, class four, ~~and class ten, and class seventeen~~ property
 6 is complete on December 31, ~~2008~~ of every second year of the reappraisal cycle. ~~The amount of the change in~~
 7 ~~valuation from the 2002 base year for each property in classes three, four, and ten must be phased in each year~~
 8 ~~at the rate of 16.66% of the change in valuation.~~

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

13 (5) The department shall administer and supervise a program for the ~~reevaluation~~ reappraisal of all taxable
 14 property within classes three, four, ~~and ten, and seventeen~~. ~~A comprehensive written reappraisal plan must be~~
 15 ~~promulgated by the department.~~ The department shall adopt a reappraisal plan by rule. The reappraisal plan
 16 adopted must provide that all class three, four, ~~and ten, and seventeen~~ property in each county is revalued by
 17 January 1, ~~2015~~ of the second year of the reappraisal cycle, effective for January 1, ~~2015~~ of the following year,
 18 and each succeeding 6 ~~2~~ years. ~~The resulting valuation changes must be phased in for each year until the next~~
 19 ~~reappraisal. If a percentage of change for each year is not established, then the percentage of phase in for each~~
 20 ~~year is 16.66%.~~

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

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

27

28 **Section 18.** Section 15-7-112, MCA, is amended to read:

29 **"15-7-112. Equalization of valuations.** ~~The same method of appraisal and assessment shall provided~~
 30 for in 15-7-111 must be used in each county of the state to the end so that comparable property properties with

1 similar ~~the~~ full market values and subject to taxation in Montana ~~shall~~ have substantially equal taxable values
 2 ~~at the end of each cyclical revaluation program hereinbefore provided~~ in the tax year."

3

4 **Section 19.** Section 15-7-131, MCA, is amended to read:

5 **"15-7-131. Policy.** It is the policy of the state of Montana to provide for equitable assessment of taxable
 6 property in the state and to provide for ~~periodic revaluation~~ the reappraisal of taxable property in a manner that
 7 is fair to all taxpayers."

8

9 **Section 20.** Section 15-7-139, MCA, is amended to read:

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

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

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

19 (b) The published notice must indicate:

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

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

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

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

28 (a) the landowner's full name;

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

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

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

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

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

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

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

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

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

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

24 (11) The department shall adopt rules that are necessary to implement 15-7-140 and this section. The
25 rules must, at a minimum, establish procedures for granting a reasonable extension of time for landowners to
26 respond to notices from the department."
27

28 **Section 21.** Section 15-7-201, MCA, is amended to read:

29 **"15-7-201. Legislative intent -- value of agricultural property.** (1) Because the market value of many
30 agricultural properties is based upon speculative purchases that do not reflect the productive capability of

1 agricultural land, it is the legislative intent that bona fide agricultural properties be classified and assessed at a
2 value that is exclusive of values attributed to urban influences or speculative purposes.

3 (2) Agricultural land must be classified according to its use, which classifications include but are not
4 limited to irrigated use, nonirrigated use, and grazing use.

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

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

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

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

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

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

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

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

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

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

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

1 (B) Energy costs must be based on per-acre energy costs incurred in the energy cost base year, which
2 is the calendar year immediately preceding the year valuation date specified by the department in 15-7-103(6).
3 By July 1 of the year following the energy cost base year, an owner of irrigated land shall provide the department,
4 on a form prescribed by the department, with energy costs incurred in that energy cost base year. In the event
5 that no energy costs were incurred in the energy cost base year, the owner of irrigated land shall provide the
6 department with energy costs from the most recent year available. The department shall adjust the most recent
7 year's energy costs to reflect costs in the energy cost base year.

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

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

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

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

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

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

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

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

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

30 (f) recommend agricultural land valuation schedules to the department. With respect to irrigated land,

1 the recommended value of irrigated land may not be below the value that the land would have if it were not
2 irrigated.

3 (g) provide methods for adjusting agricultural land productivity values when more site-specific data is
4 available and pertinent; and

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

6

7 **Section 22.** Section 15-8-111, MCA, is amended to read:

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

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

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

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

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

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

30 (4) The department may not adopt a lower or different standard of value from market value in making

1 the official assessment and appraisal of the value of property, except:

2 (a) the wholesale value for agricultural implements and machinery is the average wholesale value
3 category as shown in Guides 2000, Northwest Region Official Guide, published by the North American equipment
4 dealers association, St. Louis, Missouri. If the guide or the average wholesale value category is unavailable, the
5 department shall use a comparable publication or wholesale value category.

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

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

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

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

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

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

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

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

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

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

6 (a) Properties in 15-6-131, under class one, are assessed at 100% of the annual net proceeds after
7 deducting the expenses specified and allowed by 15-23-503 or, if applicable, as provided in 15-23-515,
8 15-23-516, 15-23-517, or 15-23-518.

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

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

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

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

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

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

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

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

24 (c) the land is outside an incorporated city or town."
25

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

27 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a
28 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount
29 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3
30 years. The maximum number of mills that a governmental entity may impose is established by calculating the

1 number of mills required to generate the amount of property tax actually assessed in the governmental unit in the
2 prior year based on the current year taxable value, less the current year's newly taxable value of ~~newly taxable~~
3 ~~property~~, plus one-half of the average rate of inflation for the prior 3 years.

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

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

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

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

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

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

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

18 (iv) subdivision of real property; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes
17 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
18 department may not exceed the mill levy limits established in those sections. The mill calculation must be
19 established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the
20 calculation must be rounded up to the nearest tenth of a mill.

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

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

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

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

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

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

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

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

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

3 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402,
4 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport
5 authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating
6 funds by a county or municipality during that time.

7 (11) The department may adopt rules to implement this section. The rules may include a method for
8 calculating the percentage of change in valuation for purposes of determining the elimination of property, new
9 improvements, or newly taxable property value in a governmental unit."
10

11 **Section 24.** Section 15-15-102, MCA, is amended to read:

12 **"15-15-102. Application for reduction in valuation.** (1) The valuation of property may not be reduced
13 by the county tax appeal board unless either the taxpayer or the taxpayer's agent makes and files a written
14 application for reduction with the county tax appeal board.

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

19 (3) One application for reduction may be submitted during each 2-year reappraisal cycle. The application
20 must be submitted ~~on or before the first Monday in June or~~ within 30 days after receiving either a ~~from the date~~
21 ~~on the notice of classification and appraisal or determination after review~~ required under 15-7-102(3) ~~from the~~
22 ~~department, whichever is later.~~ If the department's determination after review is not made in time to allow the
23 county tax appeal board to review the matter during the current tax year, the appeal must be reviewed during the
24 next tax year, but the decision by the county tax appeal board is effective for the year in which the request for
25 review was filed with the department. The application must state the post-office address of the applicant,
26 specifically describe the property involved, and state the facts upon which it is claimed the reduction should be
27 made."
28

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

30 **"15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the receipt

1 of the property tax record, the county treasurer shall publish a notice specifying:

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

6 (b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on the next
7 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
8 of 1% a month from the time of delinquency until paid and 2% will be added to the delinquent taxes as a penalty;
9 and

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

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

14 (i) the taxable value of the property;

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

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

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

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

20 (vi) a notice of the availability of all the property tax assistance programs available to property taxpayers,
21 including the property tax assistance program under 15-6-134, the extended property tax assistance program
22 under 15-6-193, the disabled or deceased veterans' residence exemption under 15-6-214 programs under
23 [section 11 through section 14], and the residential property tax credit for the elderly under 15-30-2337 through
24 15-30-2341.

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

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

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

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

7

8 **Section 26.** Section 15-16-102, MCA, is amended to read:

9 **"15-16-102. Time for payment -- penalty for delinquency.** Unless suspended or canceled under the
 10 provisions of 10-1-606 or Title 15, chapter 24, part 17, all taxes levied and assessed in the state of Montana,
 11 except assessments made for special improvements in cities and towns payable under 15-16-103, are payable
 12 as follows:

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

16 (2) Unless one-half of the taxes are paid on or before 5 p.m. on November 30 of each year or within 30
 17 days after the tax notice is postmarked, whichever is later, the amount payable is delinquent and draws interest
 18 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
 19 taxes as a penalty.

20 (3) All taxes due and not paid on or before 5 p.m. on May 31 of each year are delinquent and draw
 21 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
 22 delinquent taxes as a penalty.

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

25 (b) If taxes on property qualifying under the ~~low-income~~ property tax assistance provisions of
 26 ~~15-6-134(1)(c)~~ program provided for in [section 13] are paid within 20 calendar days of the date on which the
 27 taxes are due, the taxes may be paid without penalty or interest. If a tax payment is made later than 20 days after
 28 the taxes were due, the penalty must be paid and interest accrues from the date on which the taxes were due.

29 (5) (a) A taxpayer may pay current year taxes without paying delinquent taxes. The county treasurer shall
 30 accept a partial payment equal to the delinquent taxes, including penalty and interest, for one or more full tax

1 years if taxes for both halves of the current tax year have been paid. Payment of taxes for delinquent taxes must
2 be applied to the taxes that have been delinquent the longest. The payment of taxes for the current tax year is
3 not a redemption of the property tax lien for any delinquent tax year.

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

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

8 (7) 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 (8) The county treasurer may accept a partial payment of centrally assessed property taxes as provided
11 in 76-3-207."

12

13 **Section 27.** Section 15-24-3001, MCA, is amended to read:

14 **"15-24-3001. Electrical generation and transmission facility exemption -- definitions.** (1) (a) Except
15 as provided in subsections (1)(b) and (3), an electrical generation facility and related delivery facilities constructed
16 in the state of Montana after May 5, 2001, and before January 1, 2006, may be exempt from property taxation
17 for a 10-year period beginning on the date that an owner or operator of an electrical generation facility and related
18 delivery facilities commences to construct the facility as defined in 75-20-104(6)(a) and (6)(b). In order to be
19 exempt from property taxation, an owner and operator of an electrical generation facility and related delivery
20 facilities shall offer contracts to sell 50% of that facility's net generating output at a cost-based rate, which includes
21 a rate of return not to exceed 12%, to customers for a 20-year period from the date of the facility's completion.

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

24 (2) To the extent that 50% of the net generating output of the facility is not contracted for delivery to
25 consumers for a contract term extending 5 years to 20 years from the completion of the facility, as determined
26 by the owner, surplus capacity must be offered on a declining contract term basis for the remainder of the contract
27 period at a cost-based rate that includes a rate of return not to exceed 12%. Surplus capacity that is not
28 contracted for in this fashion may be sold at market rates.

29 (3) (a) Except as provided in subsection (3)(c), if an owner or operator of property exempt from taxation
30 under subsection (1)(a) signs a contract to sell power as required in subsection (1) and then fails to perform the

1 contract during the first 10-year period, the 10-year property tax exemption in subsection (1) is void and the
2 property is subject to a rollback tax as provided in 15-24-3002.

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

7 (c) If an owner or operator fails to perform the contract due to earthquakes or other acts of God, theft,
8 sabotage, acts of war, other social instabilities, or equipment failure, the property tax exemption in subsection
9 (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.

10 (4) For the purposes of this section, the following definitions apply:

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

16 (ii) The term does not include:

17 (A) electrical generation facilities used for noncommercial purposes or exclusively for agricultural
18 purposes; or

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

22 (b) "Related delivery facilities" means transmission facilities necessary to deliver the energy from the
23 electrical generation facility to the existing network transmission system.

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

25 (5) The department shall appraise exempt electrical generation facilities for each year that the property
26 is exempt and determine the taxable value of the property as if it were subject to property taxation."
27

28 **Section 28.** Section 15-24-3201, MCA, is amended to read:

29 **"15-24-3201. Definitions.** As used in this part, the following definitions apply:

30 (1) "Common gray water and potable water system" means a gray water system and a potable water

1 system that are common elements of a multiple dwelling project.

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

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

8 (3) "Multiple dwelling project" means:

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

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

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

17 (5) "Residential dwelling" means any class four residential dwelling described in 15-6-134 that is a
18 single-family dwelling unit, including a trailer, manufactured home, or mobile home and as much of the
19 surrounding land, not exceeding 5 acres, as is reasonably necessary for its use as a dwelling."
20

21 **Section 29.** Section 15-24-3202, MCA, is amended to read:

22 **"15-24-3202. Gray water system for newly constructed residence -- tax abatement.** (1) A residential
23 dwelling that is under construction or that is newly constructed with a residential gray water system is taxed at
24 91% of its ~~taxable~~ market value during the course of the construction and for 10 years after completion of
25 construction as provided in this section.

26 (2) To receive a tax abatement under this section, a taxpayer shall apply, on a form provided by the
27 department, to the department on or before April 15 of the year for which the first abatement is claimed for
28 property under construction and for the first year of the completion of construction but not later than 1 year after
29 the completion of the construction. The claimant shall provide a certification from the local board of health
30 pursuant to 50-2-116 that the residential dwelling is under construction or was constructed with a gray water

1 system that meets the requirements of this section. The department may require other information that it
2 considers necessary to determine the eligibility of the residential dwelling for a property tax abatement.

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

5

6 **Section 30.** Section 15-24-3203, MCA, is amended to read:

7 **"15-24-3203. Common gray water and potable water systems for newly constructed multiple**
8 **dwelling projects -- tax abatement.** (1) A multiple dwelling project that is under construction or that is
9 constructed with a common gray water and potable water system is taxed at 91% of the ~~taxable~~ market value of
10 the project or ~~taxable~~ market value of each residential condominium unit during the course of the construction
11 and for 10 years after completion of construction as provided in this section.

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

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

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

25

26 **Section 31.** Section 77-1-208, MCA, is amended to read:

27 **"77-1-208. Cabin site licenses and leases -- method of establishing value.** (1) The board shall set
28 the annual fee based on full market value for each cabin site and for each licensee or lessee who at any time
29 wishes to continue or assign the license or lease. The fee must attain full market value based on one of the
30 following methods:

1 (a) appraisal of the cabin site value as determined by the department of revenue. The licensee or lessee
2 has the option to pay the entire fee on March 1 or to divide the fee into two equal payments due March 1 and
3 September 1. The value may be increased or decreased as a result of the statewide ~~periodic revaluation~~
4 reappraisal of property pursuant to 15-7-111 ~~without any adjustments as a result of phasing in values~~. An appeal
5 of a cabin site value determined by the department of revenue must be conducted pursuant to Title 15, chapter
6 15.

7 (b) establishing full rental market value through the use of an open competitive bidding process as
8 provided in 77-1-235.

9 (2) A current licensee or lessee may complete or renew the licensee's or lessee's current lease based
10 on valuation methods provided in subsection (1)(a), or at the end of the lease or license contract, the licensee
11 or lessee may choose to proceed with the valuation option provided in subsection (1)(b).

12 (3) The board shall set the fee of each initial cabin site license or lease or each current cabin site license
13 or lease of a person who does not choose to retain the license or lease. The initial fee must be based upon a
14 system of competitive bidding. The fee for a person who wishes to retain that license or lease must be determined
15 under the method provided for in subsection (1).

16 (4) (a) Subject to subsection (4)(b), the board shall follow the procedures set forth in 77-6-302, 77-6-303,
17 and 77-6-306 for the disposal or valuation of any fixtures or improvements placed upon the property by the
18 then-current licensee or lessee and shall require the subsequent licensee or lessee whose bid is accepted by
19 the board to purchase those fixtures or improvements in the manner required by the board.

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

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

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

27 (iv) Within 3 years of canceling, terminating, or abandoning a cabin site lease, the owner of the
28 improvements shall sell the improvements, remove the improvements, or transfer ownership of the improvements
29 to the state. If ownership is transferred to the state, proceeds from the sale of the improvements must be paid
30 to the owner who transferred the improvements. The board shall set the conditions of the sale of transferred

1 improvements in order to sell the improvements in an expedient manner."
2

3 **NEW SECTION. Section 32. Repealer.** The following sections of the Montana Code Annotated are
4 repealed:

5 15-6-193. Extended property tax assistance -- phasein.

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

7 15-6-222. Residential and commercial improvements -- percentage of value exempt.

8 15-24-2101. Purpose.

9 15-24-2102. Reduction in assessment of taxable value of commercial and industrial property -- application
10 -- approval.

11 15-24-2103. Exclusions from other property tax reductions -- recapture.
12

13 **NEW SECTION. Section 33. Codification instruction.** (1) [Section 1] is intended to be codified as
14 an integral part of Title 15, chapter 7, part 1, and the provisions of Title 15, chapter 7, part 1, apply to [section 1].

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

17 (3) [Sections 11 through 14] are intended to be codified as an integral part of Title 15, chapter 6, and the
18 provisions of Title 15, chapter 6, apply to [sections 11 through 14].
19

20 **NEW SECTION. Section 34. Effective date.** [This act] is effective on passage and approval.
21

22 **NEW SECTION. Section 35. Retroactive applicability.** [This act] applies retroactively, within the
23 meaning of 1-2-109, to tax years beginning after December 31, 2014, and to the reappraisal cycle beginning
24 January 1, 2015.
25

- END -