SENATE BILL NO. 11

INTRODUCED BY M. YAKAWICH

BY REQUEST OF THE REVENUE INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROPERTY TAX RELIEF PROVIDED BY THE GROWTH AND OPPORTUNITY TRUST TO BASE ELIGIBILITY ON HOMESTEAD REDUCED TAX RATE ELIGIBILITY; PROVIDING THAT APPLICATION, LIMITATION, AND APPEAL PROVISIONS FOR THE HOMESTEAD REDUCED TAX RATE APPLY; REVISING PENALTY PROVISIONS FOR FALSE OR FRAUDULENT CLAIMS; AMENDING SECTIONS 15-6-415, 15-6-701, 15-6-702, 15-6-703, 15-7-102, 15-10-420, 15-15-101, 15-15-102, 15-15-103, 15-16-101, 15-17-125, AND 17-1-402, MCA; REPEALING SECTIONS 15-6-704 AND 15-6-705, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 15-6-415, MCA, is amended to read:

"**15-6-415. Homestead and rental property reduced tax rates -- improper approval -- penalty for false or fraudulent application.** (1) Except as provided in subsection (2), if the department determines that an application for a homestead reduced tax rate or a rental property reduced tax rate was improperly approved or that the property no longer qualifies for the reduced rate, the department shall revise the assessment for each year the homestead reduced tax rate or the rental property reduced tax rate was improperly granted subject to the assessment revision procedure established in 15-8-601.

(2) A person who files a false or fraudulent application for a homestead reduced tax rate provided for in 15-6-405 or for a rental property reduced tax rate provided for in 15-6-411 is subject to criminal prosecution under the provisions of 45-7-202.

(3) (a) If a person is determined to have filed a false or fraudulent application, the department shall revise the assessment of the property subject to the assessment revision procedure established in 15-8-601 and this section ~~and 15-8-601~~ and assess a penalty as provided in this subsection (3). The penalty is equal to

three times the base penalty amount calculated under subsection (3)(b) plus interest at the rate provided in 15-16-102 calculated from the original due date of the taxes, until paid.

(b) The base penalty amount is equal to the property tax due for each year the homestead reduced tax rate or the rental property reduced tax rate was improperly received, determined using the tax rate provided for in 15-6-134(3)(a), the appraised value, and the mill levies in effect for the year, less the actual property taxes paid in the year, plus any principal residence property tax relief received pursuant to 15-6-701.

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

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

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

(6) (a) ~~The~~ Except as provided in subsection (6)(b), the county treasurer shall distribute property taxes, penalty, and interest collected under this section proportionally to the affected taxing jurisdictions.

(b) Principal residence property tax relief received pursuant to 15-6-701, and associated penalty and interest, must be distributed to the department for deposit in the principal residence property tax relief account provided for in 15-6-702.

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

Section 2. Section 15-6-701, MCA, is amended to read:

"**15-6-701. ~~Property tax assistance for primary residences~~Principal residence property tax relief.** (1) A county shall provide ~~property tax assistance to owners of primary~~ principal residence property tax relief to principal residences ~~certified~~ qualified by the department of revenue pursuant to 15-6-703. The assistance is provided with funding from the ~~state property tax assistance~~ principal residence property tax relief

account distributed to the county as provided in 15-6-702.

(2) (a) Except as provided in subsection (2)(b), the county treasurer shall provide the ~~property tax assistance~~ principal residence property tax relief distributed pursuant to 15-6-702 to each ~~primary~~ principal residence by listing the ~~property tax assistance~~ principal residence property tax relief amount as a credit on the property tax bill as provided in 15-16-101(2)(a)(v).

(b) If the ~~property tax assistance~~ principal residence property tax relief calculated pursuant to 15-6-702(2)~~.~~ exceeds the property tax billed for an individual property, the county may retain the revenue that exceeds the property tax billed.

(3) The owner of a ~~primary~~ principal residence that receives ~~property tax assistance~~ principal residence property tax relief under this section is not prohibited from receiving property tax assistance under ~~another~~ a property tax assistance program.

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

Section 3. Section 15-6-702, MCA, is amended to read:

"**15-6-702. ~~State property tax assistance~~Principal residence property tax relief account.** (1) There is a ~~state property tax assistance~~ principal residence property tax relief account in the state special revenue fund established in 17-2-102. The revenue allocated to the account as provided in 17-1-402 must be deposited in the account and distributed as provided in this section.

(2) (a) At the end of each fiscal year, if the balance in the account exceeds $50 million, the department shall determine the amount of ~~property tax assistance~~ principal residence property tax relief per ~~primary~~ principal residence by subtracting the amounts listed in subsection (2)(c) and dividing the remainder by the total number of ~~primary~~ principal residences ~~certified~~ qualified pursuant to 15-6-703.

(b) By August 31 of each year, the department shall distribute to each county the ~~property tax assistance per primary~~ principal residence property tax relief per principal residence multiplied by the number of ~~primary~~ principal residences within the county. The county shall deposit the money in the account in which property tax revenue is held and use the distribution to provide ~~property tax assistance~~ principal residence property tax relief pursuant to 15-6-701.

(c) The department may retain 2% of the revenue allocated to the account for administering the ~~certification~~ qualification of ~~primary~~ principal residences under 15-6-703 and shall retain $100,000 for appeals granted under ~~15-6-705~~ 15-6-418.

(3) The department shall provide each county with a list of property in the county that the department ~~certifies~~ qualifies pursuant to 15-6-703 ~~qualifies~~ as a ~~primary~~ principal residence to enable the county treasurer to administer the ~~property tax assistance~~ principal residence property tax relief.

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

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

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

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

Section 4. Section 15-6-703, MCA, is amended to read:

"**15-6-703. ~~Certification of primary residence for state property tax assistance~~Eligibility for principal residence property tax relief -- rulemaking ~~-- definition~~.** ~~(1) To receive state property tax assistance pursuant to 15-6-701, the owner of a primary residence shall apply to the department for certification of the primary residence.~~

~~(2) (a) To receive state property tax assistance for the tax year in which the application is first made, the owner shall apply electronically or by mail on a form prescribed by the department and postmarked by March 1. Approved applications received electronically or postmarked after March 1 apply to the following tax year.~~

~~(b) Once approved, the certification remains effective until:~~

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

~~(ii) the owner no longer uses the dwelling as a primary residence; or~~

~~(iii) the owner applies for state property tax assistance for a different primary residence.~~

~~(c) If certification is terminated pursuant to subsection (2)(b), the owner shall submit a new application to the department to reestablish the certification.~~

~~(d) An application for state property tax assistance must be submitted on a form prescribed by the~~

~~department and must contain:~~

~~(i) a written declaration made under penalty of perjury that the applicant owns and maintains the land and improvements as the primary residence. The application must state the penalty provided for in 15-6-704.~~

~~(ii) the geocode or other property identifier for the primary residence for which the applicant is requesting the state property tax assistance;~~

~~(iii) the social security number of the applicant; and~~

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

~~(3) (a) Except as provided in subsection (3)(b), class four residential property owned by an entity is not eligible to receive the state property tax assistance.~~

~~(b) The trustee of a grantor revocable trust may apply for state property tax assistance for a primary residence on behalf of the trust if the dwelling meets the definition of a primary residence for the grantor.~~

(1) To qualify for principal residence property tax relief under 15-6-701:

(a) a property must be a principal residence taxed at the homestead reduced tax rate pursuant to Title 15, chapter 6, part 4; and

(b) have a market value of less than $1 million.

(2) The application, limitation, appeal, and penalty provisions that apply to the homestead reduced tax rate also apply to principal residence property tax relief under this part.

~~(4)~~ (3) The department may adopt rules, prepare forms, and maintain records that are necessary to implement this section.

~~(5) (a) For the purposes of 15-6-704, 15-6-705, and this section, "primary residence" means a class four residential property:~~

~~(i) that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home;~~

~~(ii) in which an owner can demonstrate the owner owned and lived for at least 7 months of the year;~~

~~(iii) that is the owner's only primary residence;~~

~~(iv) for which the value of the residential dwelling is $1 million or less; and~~

~~(v) for which the owner made payment of the assessed Montana property taxes.~~

~~(b) An owner who cannot meet the requirements of subsection (5)(a)(ii) because the owner's primary residence changed during the tax year to another primary residence may still qualify if the owner paid the Montana property taxes while residing in each primary residence for a total of at least 7 consecutive months of the tax year. The department shall establish rules for determining the property tax assistance when the primary residences are in different counties.~~"

Section 5. Section 15-7-102, MCA, is amended to read:

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

(i) change in ownership;

(ii) change in classification;

(iii) change in valuation; or

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

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

(i) a notice of the availability of all the property tax assistance programs available to property taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax assistance programs provided for in Title 15, chapter 6, part 3, the homestead reduced tax rate provided for in 15-6-405, the rental property reduced tax rate provided for in 15-6-411, the ~~state property tax assistance~~ principal residence property tax relief provided for in 15-6-701, and the residential property tax credit for the elderly provided for in 15-30-2337 through 15-30-2341;

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

(iii) the market value for the prior reappraisal cycle;

(iv) if the market value has increased by more than 10%, an explanation for the increase in valuation;

(v) a statement that the notice is not a tax bill; and

(vi) a taxpayer option to request an informal classification and appraisal review by checking a box on the notice and returning it to the department.

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

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

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

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

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

(3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the market value of the property as determined by the department or with the classification of the land or improvements, the owner may request an informal classification and appraisal review by submitting an objection on written or electronic forms provided by the department for that purpose or by checking a box on the

notice and returning it to the department in a manner prescribed by the department.

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

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

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

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

(B) If a property owner has exhausted the right to object to a valuation, as provided for in subsection (3)(a)(iv)(A), the property owner may ask the department to consider extenuating circumstances to adjust the value of property described in 15-23-101(2)(b) or (2)(c). Occurrences that may result in an adjustment to the value include but are not limited to extraordinary, unusual, or infrequent events that are

material in nature and of a character different from the typical or customary business operations, that are not expected to recur frequently, and that are not normally considered in the evaluation of the operating results of a business, including bankruptcies, acquisitions, sales of assets, or mergers.

(b) If the objection relates to residential or commercial property and the objector agrees to the confidentiality requirements, the department shall provide to the objector, by posted mail or electronically, within 8 weeks of submission of the objection, the following information:

(i) the methodology and sources of data used by the department in the valuation of the property; and

(ii) if the department uses a blend of evaluations developed from various sources, the reasons that the methodology was used.

(c) At the request of the objector or a representative of the objector, and only if the objector or representative signs a written or electronic confidentiality agreement, the department shall provide in written or electronic form:

(i) comparable sales data used by the department to value the property;

(ii) sales data used by the department to value residential property in the property taxpayer's market model area; and

(iii) if the cost approach was used by the department to value residential property, the documentation required in 15-8-111(3) regarding why the comparable sales approach was not reliable.

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

(e) The review must be conducted informally and is not subject to the contested case procedures of the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual selling price of the property and other relevant information presented by the taxpayer in support of the taxpayer's opinion as to the market value of the property. The department shall consider an independent appraisal provided by the taxpayer if the appraisal meets standards set by the Montana board of real estate appraisers and the appraisal was completed within 6 months of the valuation date pursuant to 15-8-201. If the department does not use the appraisal provided by the taxpayer in conducting the appeal, the department shall

provide to the taxpayer the reason for not using the appraisal. The department shall give reasonable notice to the taxpayer of the time and place of the review.

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

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

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

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

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

(6) Except as provided in 15-2-302 and 15-23-102, if a property owner feels aggrieved by the classification or appraisal made by the department after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax appeal board and then to the Montana tax appeal board, whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days from the date on the notice of the department's determination. A county tax appeal board or the Montana tax appeal board may consider the actual selling price of the property, independent appraisals of the property, negative property features that differentiate the subject

property from the department's comparable sales, and other relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the Montana tax appeal board determines that an adjustment should be made, the department shall adjust the base value of the property in accordance with the board's order."

Section 6. Section 15-10-420, MCA, is amended to read:

"**15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of 15-10-425(2)(b) and this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus the average rate of inflation for the prior 3 years, not to exceed 4%. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less 75% of the current year's newly taxable value from class four property and the applicable amount pursuant to subsection (1)(b) of newly taxable value from classes other than class one, class two, and class four, plus the average rate of inflation for the prior 3 years.

(b) For the purposes of subsection (1)(a), the governmental entity may include the following percentages of newly taxable value from classes other than class one, class two, and class four:

(i) 100% of the taxable value of class eight property that receives an abatement under 15-6-138(4)(b);

(ii) 100% of the taxable value of property that receives a new or expanding industry abatement under 15-24-1402 or a historic property abatement under 15-24-1603 from the time the abatement is granted through completion of construction; and

(iii) 50% if the governmental entity creates a large taxpayer reserve account and meets the deposit requirement of 7-6-620(2); or

(iv) 40% if the governmental entity does not create a large taxpayer reserve account or does not meet the deposit requirement of 7-6-620(2).

(c) A governmental entity that does not impose the maximum number of mills authorized under subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between

the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill authority carried forward may be imposed in a subsequent tax year.

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

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

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

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

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

(iii) transfer of property into a taxing unit;

(iv) subdivision of real property; and

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

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

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

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

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

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

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

(c) For the purposes of subsection (3)(a)(ii), the value of newly taxable class four property that was

constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current year market value of that property less the previous year market value of that property.

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

(5) This section does not apply to:

(a) mills imposed under 15-10-109, 20-9-331, 20-9-333, 20-9-360, or 20-25-439;

(b) school district levies established in Title 20 or any other title of the Montana Code Annotated; or

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

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

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

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

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

(c) may not include revenue distributed to a county to provide ~~state property tax assistance~~ principal residence property tax relief pursuant to 15-6-701.

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

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

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

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

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

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

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

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

(viii) a levy used to fund the sheriffs' retirement system under 19-7-404(2)(b); or

(ix) a governmental entity from levying mills for the support of an airport authority in existence prior to May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past. The levy under this subsection (8)(a)(ix) is limited to the amount in the resolution creating the authority.

(b) A levy authorized under subsection (8)(a) may not be included in the amount of property taxes actually assessed in a subsequent year.

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

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

Section 7. Section 15-15-101, MCA, is amended to read:

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

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

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

(A) $60 for 4 hours of work or less; and

(B) $120 for more than 4 hours of work.

(ii) For the purpose of calculating work hours in this subsection (2)(b), work includes hearing tax

appeals, deliberating with other board members, and attending meetings called by the Montana tax appeal board.

(3) Office space and equipment for the county tax appeal boards must be furnished by the county. All other incidental expenses must be paid from the appropriation of the Montana tax appeal board.

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

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

(6) In connection with an appeal, the county tax appeal board may change any assessment or fix the assessment at some other level or ~~determine eligibility as a primary residence pursuant to 15-6-703 and~~ determine eligibility for the homestead reduced tax rate provided for in 15-6-405 or the rental property reduced tax rate provided for in 15-6-411. Upon notification by the county tax appeal board, the county clerk and recorder shall publish a notice to taxpayers, giving the time the county tax appeal board will be in session to hear scheduled protests concerning assessments and the latest date the county tax appeal board may take applications for the hearings. The notice must be published in a newspaper if any is printed in the county or, if none, then in the manner that the county tax appeal board directs. The notice must be published by May 15 of the current tax year.

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

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

"**15-15-102. Application for reduction in valuation -- reduced tax rate ~~-- certification as primary residence~~.** (1) The county tax appeal board may not reduce the valuation of property or review eligibility for the homestead reduced tax rate provided for in 15-6-405 or the rental property reduced tax rate provided for in 15-6-411~~, or review eligibility as a primary residence under 15-6-703~~ unless either the taxpayer or the taxpayer's agent makes and files a written application with the county tax appeal board.

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

(3) One application may be submitted during each valuation cycle. The application must be submitted within the time periods provided for in 15-6-418~~, 15-6-705,~~ or 15-7-102(3)(a).

(4) A taxpayer who receives an informal review by the department of revenue as provided in 15-6-418~~, 15-6-705,~~ or 15-7-102(3)(a)(i) and (3)(a)(ii) may appeal the decision of the department of revenue to the county tax appeal board as provided in ~~15-6-705(2) and~~ 15-7-102(6). The taxpayer may not file a subsequent application for the same property with the county tax appeal board during the same valuation cycle.

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

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

"**15-15-103. Examination of applicant -- failure to hear application.** (1) Before the county tax appeal board grants any application or makes any reduction applied for, it shall examine on oath the person or agent making the application with regard to the value of the property of the person or eligibility for the homestead reduced tax rate provided for in 15-6-405 or the rental property reduced tax rate provided for in 15-6-411 ~~or eligibility as a primary residence pursuant to 15-6-703~~. A reduction may not be made ~~or a property~~

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

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

(i) those listed in 15-2-302(1); and

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

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

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

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

Section 10. Section 15-16-101, MCA, is amended to read:

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

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

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

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

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

(i) the taxable value of the property;

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

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

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

(v) the amount of the total tax due itemized by mill levy that is levied as city tax, county tax, state tax, school district tax, and other tax and, for a ~~primary~~ principal residence, the total amount of ~~state property tax assistance~~ principal residence property tax relief received under 15-6-701;

(vi) an indication of which mill levies are voted levies, including voted levies to impose a new mill

levy, to increase a mill levy that is required to be submitted to the electors, or to exceed the mill levy limit provided for in 15-10-420;

(vii) except as provided in subsection (2)(c), an itemization of the taxes due for each mill levy and a comparison to the amount due for each mill levy in the prior year; and

(viii) a notice of the availability of all the property tax assistance programs available to property taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax assistance programs under Title 15, chapter 6, part 3, the homestead reduced tax rate provided for in 15-6-405, the rental property reduced tax rate provided for in 15-6-411, the ~~state property tax assistance~~ principal residence property tax relief provided for in 15-6-701, and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341.

(b) If a tax lien is attached to the property, the notice must also include, in a manner calculated to draw attention, a statement that a tax lien is attached to the property, that failure to respond will result in loss of property, and that the taxpayer may contact the county treasurer for complete information.

(c) The information required in subsection (2)(a)(vii) may be posted on the county treasurer's website instead of being included on the written notice.

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

(4) The notice in every case must be given as provided in 7-1-2121. Failure to publish or post notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the current year or of delinquent tax will not affect the legality of the tax.

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

Section 11. Section 15-17-125, MCA, is amended to read:

"**15-17-125. Attachment of tax lien and preparation of tax lien certificate.** (1) (a) The county treasurer shall attach a tax lien no later than the first working day in August to properties on which the taxes are delinquent and for which proper notification was given as provided in 15-17-122 and subsection (4) of this section. Upon attachment of a tax lien, the county is the possessor of the tax lien unless the tax lien is assigned

pursuant to 15-17-323.

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

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

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

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

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

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

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

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

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

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

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

(4) Prior to attaching a tax lien to the property, the county treasurer shall send notice of the pending attachment of a tax lien to the person to whom the property was assessed. The notice must include the information listed in subsection (2), state that the tax lien may be assigned to a third party, and provide notice of the availability of all the property tax assistance programs available to property taxpayers, including the property tax assistance programs under Title 15, chapter 6, part 3, the homestead reduced tax rate provided for in 15-6-405, the rental property reduced tax rate provided for in 15-6-411, the ~~state property tax assistance~~ principal residence property tax relief provided for in 15-6-701, and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341. The notice must have been mailed at least 2 weeks prior to the date on which the county treasurer attaches the tax lien.

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

Section 12. Section 17-1-402, MCA, is amended to read:

"**17-1-402. Distributions from Montana growth and opportunity trust.** (1) Except as provided in subsection (3), interest earnings from the transfers into the distribution portion of the Montana growth and opportunity trust established in 17-1-401 are allocated as follows:

(a) 40% to the ~~state property tax assistance~~ principal residence property tax relief account established in 15-6-702, up to $20 million a year;

(b) 20% to the Montana water development state special revenue account established in 85-1-320, up to $10 million a year;

(c) 20% to the better local bridge state special revenue account established in 60-2-212, up to $10 million a year; and

(d) 20% to the Montana early childhood state special revenue account established in 52-2-1002, up to $10 million a year.

(2) Any remaining interest earnings after the distribution in subsection (1) must be transferred into the Montana growth and opportunity trust established in 17-1-401.

(3) (a) By August 15 of each year, the state treasurer shall determine whether the previous fiscal year ending fund balance of an account referenced in subsection (1) is greater than the appropriation to the same account for the current year. If the account's ending fund balance exceeds the appropriation, the difference remains in the distribution portion of the trust and is not transferred into that account.

(b) This subsection (3) does not apply to transfers into the ~~state property tax assistance~~ principal residence property tax relief account."

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

15-6-704. State property tax assistance -- penalty for false or fraudulent application.

15-6-705. Appeal of denial of certification of primary residence.

NEW SECTION. **Section 14. Effective date.** [This act] is effective on passage and approval.

NEW SECTION. **Section 15. Retroactive applicability.** [This act] applies retroactively, within the meaning of 1-2-109, to property tax years beginning after December 31, 2026.

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