

HOUSE BILL NO. 946

INTRODUCED BY T. FALK

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LODGING AND RENTAL CAR TAXES TO PROVIDE PROPERTY TAX ASSISTANCE FOR PRINCIPAL RESIDENCES; PROVIDING FOR AN INCREASE OF LODGING AND RENTAL CAR TAXES; PROVIDING FOR A TEMPORARY PROPERTY TAX CREDIT ON A PRINCIPAL RESIDENCE FOR TAX YEAR 2025; PROVIDING FOR PERMANENT PROPERTY TAX ASSISTANCE STARTING IN TAX YEAR 2026; PROVIDING THAT PROPERTY TAX ASSISTANCE IS FUNDED WITH LODGING TAX REVENUE AND RENTAL CAR TAX REVENUE; PROVIDING THAT THE PROPERTY TAX ASSISTANCE IS DISTRIBUTED TO COUNTIES TO BE DISTRIBUTED AS A CREDIT TO CERTAIN PRINCIPAL RESIDENCES; REQUIRING THE DEPARTMENT OF REVENUE TO CERTIFY PRINCIPAL RESIDENCES; PROVIDING A PENALTY FOR FALSE OR FRAUDULENT PRINCIPAL RESIDENCE APPLICATIONS; PROVIDING AN APPEALS PROCESS FOR CERTIFICATION OF A PRINCIPAL RESIDENCE; PROVIDING STATUTORY APPROPRIATIONS; PROVIDING RULEMAKING AUTHORITY; PROVIDING DEFINITIONS; AMENDING SECTIONS 15-7-102, 15-10-420, 15-15-101, 15-15-102, 15-15-103, 15-16-101, 15-17-125, 15-65-121, 15-68-102, 15-68-820, 17-7-502, 22-3-1303, 22-3-1304, AND 22-3-1307, MCA; AND PROVIDING EFFECTIVE DATES, AN APPLICABILITY DATE, AND A TERMINATION DATE."

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

NEW SECTION. Section 1. Definitions -- tax year 2025 credit for 2024 payments. As used in [sections 1 through 4], the following definitions apply:

(1) "Montana property taxes" means the ad valorem property taxes, special assessments, and other fees imposed on property classified under 15-6-134 that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home and as much of the surrounding land, not exceeding 1 acre, as is reasonably necessary for its use as a dwelling and that were assessed and paid by the taxpayer for tax year 2024. The amount of Montana property taxes assessed and paid is equal to the total amount billed

1 by the local government for the dwelling as shown on the 2024 property tax bill received by the taxpayer with a
2 first-half payment due in or around November 2024 and a second-half payment due in or around May 2025.

3 (2) "Owned" includes purchasing under a contract for deed and being the grantor or grantors under
4 a revocable trust indenture.

5 (3) (a) "Principal residence" is, subject to the provisions of subsection (3)(b), a dwelling:

6 (i) in which a taxpayer can demonstrate the taxpayer owned and lived in for at least 7 months of
7 the year for which the credit is claimed;

8 (ii) that is the only residence for which the property tax credit is claimed; and

9 (iii) for which the taxpayer made payment of the assessed Montana property taxes during tax year
10 2024.

11 (b) A taxpayer that cannot meet the requirements of subsection (3)(a)(i) because the taxpayer's
12 principal residence changes during the tax year to another principal residence may still claim a credit if the
13 taxpayer paid the Montana property taxes while residing in each principal residence for a total of at least 7
14 consecutive months for each tax year.

15 (4) "Tax year 2024" means the period January 1, 2024, through December 31, 2024.
16

17 **NEW SECTION. Section 2. Property tax credit in 2025 for 2024 payments -- manner of claiming**
18 **-- limitations -- appeals.** (1) Subject to the conditions provided for in [sections 1 through 4], there is a state
19 property tax assistance credit for Montana property taxes in the amount of \$400 or the amount of total property
20 taxes paid, whichever is less, for tax year 2024.

21 (2) The property tax assistance provided for in subsection (1) is for Montana property taxes
22 assessed to and paid by a taxpayer or taxpayers on property they owned and occupied as a principal residence
23 during the 2024 tax year. The county treasurer shall provide the property tax assistance distributed pursuant to
24 [section 3] to each principal residence by listing the property tax assistance amount as a credit on the property
25 tax bill as provided in 15-16-101(2)(a)(v). State property tax assistance provided to counties pursuant to this
26 section may not affect the maximum mill calculation in 15-10-420. The owner of a principal residence that
27 receives property tax assistance under this section is not prohibited from receiving property tax assistance
28 under another property tax assistance program.

1 (3) The department shall mail a notice to potential claimants by June 30, 2025, for tax year 2024.

2 Receipt of a notice does not establish that a taxpayer or property owner is eligible for a credit on the taxpayers
3 2025 property tax, and a taxpayer who does not receive a notice may still be eligible to claim property tax
4 assistance. All taxpayers, regardless of the receipt of notice, shall claim the property tax assistance as provided
5 in subsection (5).

6 (4) Except as provided in subsections (5)(c) and (5)(d), a single-family dwelling unit, unit of a
7 multiple-unit dwelling, trailer, manufactured home, or mobile home and as much of the surrounding land, not
8 exceeding 1 acre, that is owned by an entity is not eligible to claim the property tax assistance.

9 (5) (a) All claims for this property tax assistance must be submitted to the department electronically
10 or by mail for each tax year the credit is claimed.

11 (i) Electronic claims must be submitted between July 15, 2025, and August 15, 2025, through the
12 department's website.

13 (ii) Claims submitted by mail must be made on a form prescribed by the department and
14 postmarked by August 15, 2025.

15 (iii) The department may not grant an extension of time if a taxpayer misses the August 15
16 deadline. The department's authority to consider an application terminates on August 15, 2025, and any
17 applications or requests for extension received after that date may not be processed.

18 (b) Subject to subsections (5)(c) and (5)(d), a claim for property tax assistance must be submitted,
19 under penalty of false swearing and the penalties provided in [section 4], on a form prescribed by the
20 department and must contain:

21 (i) an affirmation that the claimant owns and maintains the land and improvements as the principal
22 residence as defined in [section 1];

23 (ii) the geocode or other property identifier for the principal residence that the claimant is
24 requesting the property tax assistance on;

25 (iii) the social security number of the claimant and the claimant's spouse; and

26 (iv) any other information as required by the department that is relevant to the claimant's eligibility.

27 (c) The personal representative of the estate of a deceased taxpayer may execute and file the
28 claim for property tax assistance on behalf of a deceased taxpayer who qualifies for the property tax

1 assistance.

2 (d) The trustee of a grantor revocable trust may file a claim on behalf of the trust if the dwelling
3 meets the definition of a principal residence for the grantor.

4 (6) Only one credit on a tax bill for each tax year will be issued to a taxpayer for the Montana
5 property taxes paid by the taxpayer for tax year 2024. A credit is not available to a taxpayer that does not have
6 a principal residence in tax year 2025.

7 (7) If a debt is due and owing to the state, the department may offset the property tax assistance in
8 this section as provided in sections 15-30-2629, 15-30-2630, 17-4-105, or as otherwise provided by law.

9 (8) If property tax assistance is denied by the department, the claimant is entitled to a written
10 explanation why the application was denied. A claimant may make a written appeal of a denial to a
11 management level employee of the department who shall issue a final decision that is not appealable. Appeals
12 occurring under this subsection (8) are not subject to the provisions contained in 15-1-211. The department
13 may issue a refund to a taxpayer that appeals a decision of the department as opposed to a credit on the
14 taxpayer's 2025 property tax bill.

15

16 NEW SECTION. **Section 3. State property tax assistance in 2025 -- appropriation.** (1) (a) By
17 August 25, 2025, the department shall determine the amount of property tax assistance per principal residence
18 by multiplying the total number of principal residences approved for the credit by \$400 for each principal
19 residence.

20 (b) By September 1, 2025, the department shall distribute to each county the property tax
21 assistance per principal residence multiplied by the number of principal residences within the county from the
22 state property tax assistance account provided for in [section 6]. The county shall deposit the money in the
23 account in which property tax revenue is held and use the distribution to provide property tax assistance
24 pursuant to [section 2].

25 (3) The department shall provide each county with a list of property in the county that qualifies as a
26 principal residence to enable the county treasurer to administer the property tax assistance.

27 (4) The payment of property tax credits and administration costs related to paying property tax
28 credits provided in [section 6] and this section are statutorily appropriated, as provided in 17-7-502, from the

1 state property tax assistance account established in [section 6] to the department of revenue for distribution to
2 counties, taxpayers that pursue an appeal, and for related administration costs.

3
4 **NEW SECTION. Section 4. Property tax credit in 2025 -- penalty for false or fraudulent claim. (1)**

5 Except as provided in subsection (2), if the department discovers that property tax assistance granted to a
6 taxpayer exceeded the amount allowed by [sections 1 through 4], the department may, within 1 year from the
7 date the credit was listed on the property tax bill, assess the taxpayer for the difference. The assessment is
8 subject to the uniform dispute review procedure established in 15-1-211.

9 (2) A person who files a false or fraudulent claim for property tax assistance under [sections 1
10 through 4] is subject to criminal prosecution under the provisions of 45-7-202. If a false or fraudulent claim has
11 been credited by the department, the amount credited to the taxpayer may be recovered as any other tax owed
12 the state, together with a penalty of 300% of the property tax assistance and interest on the amount of the
13 property tax assistance claimed plus penalty at the rate of 12% a year, until paid. If this credit plus penalty
14 becomes due and owing, the department may issue a warrant for distraint as provided in Title 15, chapter 1,
15 part 7.

16
17 **NEW SECTION. Section 5. Property tax assistance for principal residences. (1)** A county shall
18 provide property tax assistance to owners of principal residences certified by the department of revenue
19 pursuant to [section 7]. The assistance is provided with funding from the state property tax assistance account
20 distributed to the county as provided in [section 6].

21 (2) (a) Except as provided in subsection (2)(b), the county treasurer shall provide the property tax
22 assistance distributed pursuant to [section 6] to each principal residence by listing the property tax assistance
23 amount as a credit on the property tax bill as provided in 15-16-101(2)(a)(v).

24 (b) If the property tax assistance calculated pursuant to [section 6(2)] exceeds the property tax
25 billed for an individual property, the county may retain the revenue that exceeds the property tax billed.

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

28 (4) State property tax assistance provided to counties pursuant to this section may not affect the

1 maximum mill calculation in 15-10-420.

2

3 **NEW SECTION. Section 6. State property tax assistance account -- appropriation.** (1) There is a
4 state property tax assistance account in the state special revenue fund established in 17-2-102. The revenue
5 allocated to the account, as provided in 15-68-820, and any legislative transfers must be deposited in the
6 account and distributed as provided in this section.

7 (2) (a) Beginning in 2026, at the end of each fiscal year the department shall determine the
8 amount of property tax assistance per principal residence by subtracting the amounts listed in subsection (2)(c)
9 and dividing 50% of the remainder by the total number of principal residences certified pursuant to [section 7].

10 (b) Beginning in 2026, on August 31, the department shall distribute to each county the property
11 tax assistance per principal residence multiplied by the number of principal residences within the county. The
12 county shall deposit the money in the account in which property tax revenue is held and use the distribution to
13 provide property tax assistance pursuant to [section 5].

14 (c) The department may retain revenue allocated to the account that is necessary for administering
15 the certification of principal residences under [section 7], not to exceed \$1.5 million for each fiscal year and
16 shall retain \$100,000 for each fiscal year for appeals granted under [section 9].

17 (3) The department shall provide each county with a list of property in the county that the
18 department certifies pursuant to [section 7] as a principal residence to enable the county treasurer to administer
19 the property tax assistance.

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

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

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

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

25 (5) The payment of property tax credits and administration costs related to paying property tax
26 credits provided in this section are statutorily appropriated, as provided in 17-7-502, from the state property tax
27 assistance account established in this section to the department of revenue for distribution to counties and for
28 related administration costs.

1

2 **NEW SECTION. Section 7. Certification of principal residence for state property tax assistance**

3 **-- rulemaking -- definition.** (1) To receive state property tax assistance pursuant to [section 5], the owner of a
4 principal residence shall apply to the department for certification of the principal residence.

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

9 (b) After the application is approved, the certification remains effective until:

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

11 (ii) the owner no longer uses the dwelling as a principal residence; or

12 (iii) the owner applies for state property tax assistance for a different principal residence.

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

15 (d) An application for state property tax assistance must be submitted on a form prescribed by the
16 department and must contain:

17 (i) a written declaration made under penalty of perjury that the applicant owns and maintains the
18 land and improvements as the principal residence. The application must state the penalty provided for in
19 [section 8].

20 (ii) the geocode or other property identifier for the principal residence for which the applicant is
21 requesting the state property tax assistance;

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

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

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

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

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

(5) (a) For the purpose of [sections 8 and 9] and this section, "principal residence" means a class of 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 principal residence;

(iv) that does not exceed 4.5 times the median residential value; 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 principal residence changed during the tax year to another principal residence may still qualify if the owner paid the Montana property taxes while residing in each principal 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 principal residences are in different counties.

(6) As used in this section, "median residential value" means the median value of a single-family residence located in the state rounded to the nearest thousand dollars.

NEW SECTION. Section 8. State property tax assistance -- penalty for false or fraudulent application. A person who files a false or fraudulent certification of principal residence for state property tax assistance under [section 7] is subject to criminal prosecution under the provisions of 45-7-202 and may be prohibited from claiming state property tax assistance for up to 10 years. If false or fraudulent property tax assistance has been issued by the county, the amount of assistance granted may be recovered as any other tax owed the county. If property tax assistance becomes due and owing, the department may issue a warrant for distraint as provided in Title 15, chapter 1, part 7.

NEW SECTION. Section 9. Appeal of denial of certification of principal residence. (1) (a) If the

1 department denies an application for certification of a principal residence, the owner may request an informal
2 review of the denial by submitting an objection on written or electronic forms provided by the department for
3 that purpose in a manner prescribed by the department. The objection must be made no later than 30 days
4 after the date of the denial notification.

5 (b) The property owner may request that the department consider extenuating circumstances to
6 grant an application for certification of a principal residence. Extenuating circumstances include but are not
7 limited to extraordinary, unusual, or infrequent events that are material in nature and of a character different
8 from the typical or customary and that are not expected to recur.

9 (c) After the informal review, the department shall determine the correct status of the application
10 and notify the taxpayer of its determination by mail or electronically. In the notification, the department shall
11 state its reasons for accepting or denying the application.

12 (2) If a property owner is aggrieved by the determination made by the department after the review
13 provided for in subsection (1), the property owner has the right to first appeal to the county tax appeal board
14 and then to the Montana tax appeal board, whose findings are final subject to the right of review in the courts.
15 An appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days from the date on
16 the notice of the department's determination. If the county tax appeal board or the Montana tax appeal board
17 determines that the residence should qualify as a principal residence, the department shall provide to the
18 property owner the amount of property tax assistance due from the amount retained pursuant to [section 6].
19

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

21 **"15-7-102. Notice of classification, market value, and taxable value to owners -- appeals.** (1) (a)

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

27 (i) change in ownership;

28 (ii) change in classification;

1 (iii) change in valuation; or

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

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

5 (i) a notice of the availability of all the property tax assistance programs available to property
6 taxpayers, including the state property tax assistance provided for in [section 5], the intangible land value
7 assistance program provided for in 15-6-240, the property tax assistance programs provided for in Title 15,
8 chapter 6, part 3, and the residential property tax credit for the elderly provided for in 15-30-2337 through 15-
9 30-2341;

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

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

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

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

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

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

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

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

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

1 15-1-402.

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

7 (3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the
8 market value of the property as determined by the department or with the classification of the land or
9 improvements, the owner may request an informal classification and appraisal review by submitting an
10 objection on written or electronic forms provided by the department for that purpose or by checking a box on the
11 notice and returning it to the department in a manner prescribed by the department.

12 (i) For property other than class three property described in 15-6-133, class four property
13 described in 15-6-134, class ten property described in 15-6-143, and centrally assessed property described in
14 15-23-101, the objection must be submitted within 30 days from the date on the notice.

15 (ii) For class three property described in 15-6-133, class four property described in 15-6-134, and
16 class ten property described in 15-6-143, the objection may be made only once each valuation cycle. An
17 objection must be made in writing or by checking a box on the notice within 30 days from the date on the
18 classification and appraisal notice for a reduction in the appraised value to be considered for both years of the
19 2-year valuation cycle. An objection made more than 30 days from the date of the classification and appraisal
20 notice will be applicable only for the second year of the 2-year valuation cycle. For an objection to apply to the
21 second year of the valuation cycle, the taxpayer shall make the objection in writing or by checking a box on the
22 notice no later than June 1 of the second year of the valuation cycle or, if a classification and appraisal notice is
23 received in the second year of the valuation cycle, within 30 days from the date on the notice.

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

27 (iv) (A) For centrally assessed property described in 15-23-101(2)(b) and (2)(c), an objection to the
28 valuation or classification may be made only once each valuation cycle. An objection must be made in writing

1 within the time period specified in subsection (3)(a)(iii) for a reduction in the appraised value to be considered
2 for both years of the 2-year valuation cycle. An objection made after the deadline specified in subsection
3 (3)(a)(iii) will be applicable only for the second year of the 2-year valuation cycle. For an objection to apply to
4 the second year of the valuation cycle, the taxpayer shall make the objection in writing no later than June 1 of
5 the second year of the valuation cycle or, if a classification and appraisal notice is received in the second year
6 of the valuation cycle, within the time period specified in subsection (3)(a)(iii).

7 (B) If a property owner has exhausted the right to object to a valuation, as provided for in
8 subsection (3)(a)(iv)(A), the property owner may ask the department to consider extenuating circumstances to
9 adjust the value of property described in 15-23-101(2)(b) or (2)(c). Occurrences that may result in an
10 adjustment to the value include but are not limited to extraordinary, unusual, or infrequent events that are
11 material in nature and of a character different from the typical or customary business operations, that are not
12 expected to recur frequently, and that are not normally considered in the evaluation of the operating results of a
13 business, including bankruptcies, acquisitions, sales of assets, or mergers.

14 (b) If the objection relates to residential or commercial property and the objector agrees to the
15 confidentiality requirements, the department shall provide to the objector, by posted mail or electronically, within
16 8 weeks of submission of the objection, the following information:

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

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

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

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

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

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

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

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

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

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

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

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

27 (5) A taxpayer's written objection or objection made by checking a box on the notice and
28 supplemental information provided by a taxpayer that elects to check a box on the notice to a classification or

1 appraisal and the department's notification to the taxpayer of its determination and the reason for that
2 determination are public records. The department shall make the records available for inspection during regular
3 office hours.

4 (6) Except as provided in 15-2-302 and 15-23-102, if a property owner feels aggrieved by the
5 classification or appraisal made by the department after the review provided for in subsection (3), the property
6 owner has the right to first appeal to the county tax appeal board and then to the Montana tax appeal board,
7 whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board,
8 pursuant to 15-15-102, must be filed within 30 days from the date on the notice of the department's
9 determination. A county tax appeal board or the Montana tax appeal board may consider the actual selling price
10 of the property, independent appraisals of the property, negative property features that differentiate the subject
11 property from the department's comparable sales, and other relevant information presented by the taxpayer as
12 evidence of the market value of the property. If the county tax appeal board or the Montana tax appeal board
13 determines that an adjustment should be made, the department shall adjust the base value of the property in
14 accordance with the board's order."

15
16 **Section 11.** Section 15-10-420, MCA, is amended to read:

17 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a
18 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount
19 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3
20 years. The maximum number of mills that a governmental entity may impose is established by calculating the
21 number of mills required to generate the amount of property tax actually assessed in the governmental unit in
22 the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half
23 of the average rate of inflation for the prior 3 years.

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

28 (c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average

1 rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers,
2 using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of
3 labor.

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

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

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

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

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

11 (iv) subdivision of real property; and

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

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

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

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

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

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

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

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

28 (d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale

1 of real property that results in the property being taxable as class four property under 15-6-134 or as
2 nonqualified agricultural land as described in 15-6-133(1)(c).

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

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

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

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

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

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

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

12 (c) may not include revenue distributed to a county to provide state property tax assistance
13 pursuant to [sections 2 and 5].

14 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for
15 purposes of 15-10-109, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated
16 by the department may not exceed the mill levy limits established in those sections. The mill calculation must
17 be established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the
18 calculation must be rounded up to the nearest tenth of a mill.

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

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

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

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

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

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

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

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

1 (viii) a levy used to fund the sheriffs' retirement system under 19-7-404(3)(b); or

2 (ix) a governmental entity from levying mills for the support of an airport authority in existence prior
3 to May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past.
4 The levy under this subsection (9)(a)(ix) is limited to the amount in the resolution creating the authority.

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

7 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-
8 11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport
9 authority in either of the previous 2 years and the airport or airport authority has not been appropriated
10 operating funds by a county or municipality during that time.

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

14
15 **Section 12.** Section 15-15-101, MCA, is amended to read:

16 **"15-15-101. County tax appeal board -- meetings and compensation.** (1) The board of county
17 commissioners of each county shall appoint a county tax appeal board, with a minimum of three members and
18 with the members to serve staggered terms of 3 years each. The members of each county tax appeal board
19 must be residents of the county in which they serve. A person may not be a member of a county tax appeal
20 board if the person was an employee of the department less than 36 months before the date of appointment.

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

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

27 (A) \$45 for 4 hours of work or less; and

28 (B) \$90 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 principal residence pursuant to [section 7]. 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 13. Section 15-15-102, MCA, is amended to read:

"15-15-102. Application for reduction in valuation -- certification as principal residence. (1) The

1 ~~county tax appeal board may not reduce the valuation of property may not be reduced by the county tax appeal~~
2 ~~board or review eligibility as a principal residence under [section 7]~~ unless either the taxpayer or the taxpayer's
3 agent makes and files a written application ~~for reduction~~ with the county tax appeal board.

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

8 (3) One application ~~for reduction~~ may be submitted during each valuation cycle. The application
9 must be submitted within the time periods provided for in [section 9] or 15-7-102(3)(a).

10 (4) A taxpayer who receives an informal review by the department of revenue as provided in
11 [section 9] or 15-7-102(3)(a)(i) and (3)(a)(ii) may appeal the decision of the department of revenue to the county
12 tax appeal board as provided in [section 9(2)] and 15-7-102(6). The taxpayer may not file a subsequent
13 application ~~for reduction~~ for the same property with the county tax appeal board during the same valuation
14 cycle.

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

21
22 **Section 14.** Section 15-15-103, MCA, is amended to read:

23 **"15-15-103. Examination of applicant -- failure to hear application.** (1) Before the county tax
24 appeal board grants any application or makes any reduction applied for, it shall examine on oath the person or
25 agent making the application with regard to the value of the property of the person or eligibility as a principal
26 residence pursuant to [section 7]. A reduction may not be made or a property certified as a principal residence
27 unless the applicant makes an application, as provided in 15-15-102, and attends the county board hearing. An
28 appeal of the county board's decision may not be made to the Montana tax appeal board unless the person or

1 the person's agent has exhausted the remedies available through the county board. In order to exhaust the
2 remedies, the person or the person's agent shall attend the county board hearing. On written request by the
3 person or the person's agent and on the written concurrence of the department, the county board may waive
4 the requirement that the person or the person's agent attend the hearing. The testimony of all witnesses at the
5 hearing and the deliberation of the county tax appeal board in rendering a decision must be electronically
6 recorded and preserved for 1 year. If the decision of the county board is appealed, the record of the
7 proceedings, including the electronic recording of all testimony and the deliberation of the county tax appeal
8 board, must be forwarded, together with all exhibits, to the Montana board. The date of the hearing, the
9 proceedings before the county board, and the decision must be entered upon the minutes of the county board,
10 and the county board shall notify the applicant of its decision by mail within 3 days. A copy of the minutes of the
11 county board must be transmitted to the Montana board no later than 3 days after the county board holds its
12 final hearing of the year.

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

18 (i) those listed in 15-2-302(1); and
19 (ii) if a taxpayer's appeal from the department's determination of classification or appraisal made
20 pursuant to 15-7-102 was not received in time, as provided for in 15-15-102, to be considered by the county
21 board during its current session.

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

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

1 not using the appraisal."

2

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

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

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

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

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

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

18 (i) the taxable value of the property;

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

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

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

22 (v) the amount of the total tax due itemized by mill levy that is levied as city tax, county tax, state
23 tax, school district tax, and other tax and, for a principal residence, the total amount of state property tax
24 assistance received under [section 5];

25 (vi) an indication of which mill levies are voted levies, including voted levies to impose a new mill
26 levy, to increase a mill levy that is required to be submitted to the electors, or to exceed the mill levy limit
27 provided for in 15-10-420;

28 (vii) except as provided in subsection (2)(c), an itemization of the taxes due for each mill levy and a

1 comparison to the amount due for each mill levy in the prior year; and

2 (viii) a notice of the availability of all the property tax assistance programs available to property
3 taxpayers, including the state property tax assistance provided for in [section 5], the intangible land value
4 assistance program provided for in 15-6-240, the property tax assistance programs under Title 15, chapter 6,
5 part 3, and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341.

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

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

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

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

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

18
19 **Section 16.** Section 15-17-125, MCA, is amended to read:

20 **"15-17-125. Attachment of tax lien and preparation of tax lien certificate.** (1) (a) The county
21 treasurer shall attach a tax lien no later than the first working day in August to properties on which the taxes are
22 delinquent and for which proper notification was given as provided in 15-17-122 and subsection (4) of this
23 section. Upon attachment of a tax lien, the county is the possessor of the tax lien unless the tax lien is assigned
24 pursuant to 15-17-323.

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

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

- 1 (a) the date on which the property taxes became delinquent;
- 2 (b) the date on which a property tax lien was attached to the property;
- 3 (c) the name and address of record of the person to whom the taxes were assessed;
- 4 (d) a description of the property on which the taxes were assessed;
- 5 (e) a separate listing of the amount of the delinquent taxes, penalties, interest, and costs;
- 6 (f) a statement that the tax lien certificate represents a lien on the property that may lead to the
- 7 issuance of a tax deed for the property;
- 8 (g) a statement specifying the date on which the county or an assignee will be entitled to a tax
- 9 deed; and
- 10 (h) an identification number corresponding to the tax lien certificate.
- 11 (3) The tax lien certificate must be signed by the county treasurer. A copy of the tax lien certificate
- 12 must be filed by the treasurer in the office of the county clerk. A copy of the tax lien certificate must also be
- 13 mailed to the person to whom the taxes were assessed, at the address of record, together with a notice that the
- 14 person may contact the county treasurer for further information on property tax liens.
- 15 (4) Prior to attaching a tax lien to the property, the county treasurer shall send notice of the
- 16 pending attachment of a tax lien to the person to whom the property was assessed. The notice must include the
- 17 information listed in subsection (2), state that the tax lien may be assigned to a third party, and provide notice of
- 18 the availability of all the property tax assistance programs available to property taxpayers, including the state
- 19 property tax assistance provided for in [section 5], the property tax assistance programs under Title 15, chapter
- 20 6, part 3, and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341. The
- 21 notice must have been mailed at least 2 weeks prior to the date on which the county treasurer attaches the tax
- 22 lien.
- 23 (5) The county treasurer shall file the tax lien certificate with the county clerk and recorder."
- 24

25 **Section 17.** Section 15-65-121, MCA, is amended to read:

26 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by 15-

27 65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special

28 revenue fund to the credit of the department. The department may spend from that account in accordance with

1 an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing
2 the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of
3 17-2-124 and as provided in subsections (2)(a) through (2)(j) of this section, the department shall determine the
4 expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from
5 the tax proceeds received each reporting period. The department shall distribute the portion of the 4% that was
6 paid with federal funds to the department of administration for return to the federal government and deposit
7 30% of the amount deducted less the portion paid with federal funds in the state general fund.

8 (2) The balance of the tax proceeds received each reporting period and not deducted pursuant to
9 the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with
10 federal funds, or deposited in the heritage preservation and development account must be transferred to an
11 account in the state special revenue fund to the credit of the department of commerce for the purposes
12 designated under 90-1-122, to the emergency lodging for victims of domestic violence or human trafficking
13 account, to the Montana historical interpretation state special revenue account, to the Montana historical
14 society, to the university system, to the state-tribal economic development commission, and to the department
15 of fish, wildlife, and parks, as follows:

16 (a) 1% to the Montana historical society to be used for the installation or maintenance of roadside
17 historical signs and historic sites;

18 (b) 2.5% to the university system for the establishment and maintenance of a Montana travel
19 research program;

20 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks
21 that have both resident and nonresident use;

22 (d) 1.4% to the invasive species state special revenue account established in 80-7-1004;

23 (e) 60.2% to be used directly by the department of commerce as provided in 90-1-122[, and in part
24 to renovate the Miles City train depot];

25 (f) 0.1% to the emergency lodging for victims of domestic violence or human trafficking account
26 established in 44-4-1506;

27 (g) (i) except as provided in subsection (2)(g)(ii), 22.5% to be distributed by the department to
28 regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total

proceeds collected statewide; and

(ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county, resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-county, resort area, or resort area district;

(h) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal economic development commission established in 90-1-131 for activities in the Indian tourism region;

(i) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-115; and

(j) 2.7% or \$1 million, whichever is less, to the Montana heritage preservation and development account provided for in 22-3-1004. The Montana heritage preservation and development commission shall report on the use of funds received pursuant to this subsection (2)(j) to the legislative finance committee on a semiannual basis, in accordance with 5-11-210.

(3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-820~~(5)(b)(iii)~~ (4)(b)(iii) or this section for funds but fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district is located.

(4) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism corporation may be used by the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials.

(5) The tax proceeds received that are transferred to a state special revenue account pursuant to subsections (2)(a) through (2)(c), (2)(e), and (2)(g) are statutorily appropriated to the entities as provided in 17-7-502. The tax proceeds received that are transferred to the emergency lodging for victims of domestic violence or human trafficking account pursuant to subsection (2)(f) are subject to the appropriation provisions in 44-4-1506.

(6) The tax proceeds received that are transferred to the invasive species state special revenue account pursuant to subsection (2)(d), to the Montana historical interpretation state special revenue account pursuant to subsection (2)(i), and to the Montana heritage preservation and development account pursuant to subsection (2)(j) are subject to appropriation by the legislature. (Terminates June 30, 2027--sec. 12, Ch. 563, L. 2021; sec. 10, Ch. 758, L. 2023; bracketed language in subsection (1)(e) terminates June 30, 2025--sec. 34, Ch. 763, L. 2023.)

15-65-121. (Effective July 1, 2027) Distribution of tax proceeds. (1) The proceeds of the tax imposed by 15-65-111 must, in accordance with the provisions of 17-2-124, be deposited in an account in the state special revenue fund to the credit of the department. The department may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-124 and as provided in subsections (2)(a) through (2)(h) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 4% of that amount from the tax proceeds received each reporting period. The department shall distribute the portion of the 4% that was paid with federal funds to the department of administration for return to the federal government and deposit 30% of the amount deducted less the portion paid with federal funds in the state general fund. The amount of \$400,000 each year must be deposited in the Montana heritage preservation and development account provided for in 22-3-1004.

(2) The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation, deposited in the state general fund, distributed to agencies that paid the tax with federal funds, or deposited in the heritage preservation and development account must be transferred to an account in the state special revenue fund to the credit of the department of commerce for the purposes designated under 90-1-122, to the Montana historical interpretation state special revenue account, to the Montana historical society, to the university system, to the state-tribal economic development commission, and to the department of fish, wildlife, and parks, as follows:

(a) 1% to the Montana historical society to be used for the installation or maintenance of roadside historical signs and historic sites;

(b) 2.5% to the university system for the establishment and maintenance of a Montana travel

1 research program;

2 (c) 6.5% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks
3 that have both resident and nonresident use;

4 (d) 1.4% to the invasive species state special revenue account established in 80-7-1004;

5 (e) 63% to be used directly by the department of commerce as provided in 90-1-122;

6 (f) (i) except as provided in subsection (2)(f)(ii), 22.5% to be distributed by the department to
7 regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total
8 proceeds collected statewide; and

9 (ii) if 22.5% of the proceeds collected annually within the limits of a city, consolidated city-county,
10 resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional
11 nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area
12 district is located, to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-
13 county, resort area, or resort area district;

14 (g) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal
15 economic development commission established in 90-1-131 for activities in the Indian tourism region; and

16 (h) 2.6% to the Montana historical interpretation state special revenue account established in 22-3-
17 115.

18 (3) If a city, consolidated city-county, resort area, or resort area district qualifies under 15-68-
19 820(5)(b)(iii) ~~(4)(b)(iii)~~ or this section for funds but fails to either recognize a nonprofit convention and visitors
20 bureau or submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds
21 must be allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-
22 county, resort area, or resort area district is located.

23 (4) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual
24 marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism
25 corporation may be used by the department of commerce for tourism promotion and promotion of the state as a
26 location for the production of motion pictures and television commercials.

27 (5) The tax proceeds received that are transferred to a state special revenue account pursuant to
28 subsections (2)(a) through (2)(c), (2)(e), and (2)(f) are statutorily appropriated to the entities as provided in 17-

1 7-502.

2 (6) The tax proceeds received that are transferred to the invasive species state special revenue
3 account pursuant to subsection (2)(d) and to the Montana historical interpretation state special revenue account
4 pursuant to subsection (2)(h) are subject to appropriation by the legislature."
5

6

6 **Section 18.** Section 15-68-102, MCA, is amended to read:

7 **"15-68-102. Imposition and rate of sales tax and use tax -- exceptions.** (1) A sales tax of the
8 following percentages is imposed on sales of the following property or services:

9 (a) 4% on accommodations and campgrounds;

10 (b) 4% on the base rental charge for rental vehicles;

11 (c) 1% on accommodations and campgrounds in addition to the imposition in subsection (1)(a);

12 and

13 (d) 1% on the base rental charge for rental vehicles in addition to the imposition in subsection

14 (1)(b).

15 (2) The sales tax is imposed on the purchaser and must be collected by the seller and paid to the
16 department by the seller. The seller holds all sales taxes collected in trust for the state. The sales tax must be
17 applied to the sales price.

18 (3) (a) For the privilege of using property or services within this state, there is imposed on the
19 person using the following property or services a use tax equal to the following percentages of the value of the
20 property or services:

21 (i) 4% on accommodations and campgrounds;

22 (ii) 4% on the base rental charge for rental vehicles;

23 (iii) 1% on accommodations and campgrounds in addition to the imposition in subsection (3)(a)(i);

24 and

25 (iv) 1% on the base rental charge for rental vehicles in addition to the imposition in subsection

26 (3)(a)(ii).

27 (b) The use tax is imposed on property or services that were:

28 (i) acquired outside this state as the result of a transaction that would have been subject to the

- 1 sales tax had it occurred within this state;
- 2 (ii) acquired within the exterior boundaries of an Indian reservation within this state as a result of a
3 transaction that would have been subject to the sales tax had it occurred outside the exterior boundaries of an
4 Indian reservation within this state;
- 5 (iii) acquired as the result of a transaction that was not initially subject to the sales tax imposed by
6 subsection (1) or the use tax imposed by subsection (3)(a) but which transaction, because of the buyer's
7 subsequent use of the property, is subject to the sales tax or use tax; or
- 8 (iv) rendered as the result of a transaction that was not initially subject to the sales tax or use tax
9 but that because of the buyer's subsequent use of the services is subject to the sales tax or use tax.
- 10 (4) For purposes of this section, the value of property must be determined as of the time of
11 acquisition, introduction into this state, or conversion to use, whichever is latest.
- 12 (5) The sale of property or services exempt or nontaxable under this chapter is exempt from the
13 tax imposed in subsections (1) and (3).
- 14 (6) ~~Lodging facilities and campgrounds are exempt from the tax imposed in subsections (1)(a) and~~
15 ~~(3)(a)(i) until October 1, 2003, for contracts entered into prior to April 30, 2003, that provide for a guaranteed~~
16 ~~charge for accommodations or campgrounds."~~

17

18 **Section 19.** Section 15-68-820, MCA, is amended to read:

- 19 **"15-68-820. Sales tax and use tax proceeds.** (1) (a) Except as provided in subsections (2) through
20 (6), all All money collected under this chapter 15-68-102(1)(a), (1)(b), (3)(a)(i), and (3)(a)(ii) must, in
21 accordance with the provisions of 17-2-124, be deposited by the department into the general fund as provided
22 in subsections (2) through (4).
- 23 (b) All money collected under 15-68-102(1)(c), (1)(d), (3)(a)(iii) and (3)(a)(iv) must, in accordance
24 with the provisions of 17-2-124, be deposited by the department into the state property tax assistance account
25 provided for in [section 6].
- 26 (2) ~~Twenty-five percent of the~~ The revenue collected on the base rental charge for rental vehicles
27 under 15-68-102(1)(b) and ~~15-68-102(3)(a)(ii)~~ must be deposited as follows:
- 28 (a) 75% in the state property tax assistance account provided for in [section 6]; and

(b) 25% in the state special revenue fund to the credit of the senior citizen and persons with disabilities transportation services account provided for in 7-14-112.

(3) ~~Until December 31, 2024, a portion of the~~ The revenue collected on the sale or use of accommodations and campgrounds under 15-68-102(1)(a) and (3)(a)(i) must be deposited as follows:

(a) ~~20% in the account established in 22-3-1303 for construction of the Montana heritage center;~~
and

(b) ~~5% in the account established in 22-3-1307 for historic preservation grants.~~

(4) ~~Starting January 1, 2025, a portion of the revenue collected on the sale or use of accommodations and campgrounds under 15-68-102 (1)(a) and (3)(a)(i) must be deposited or distributed as follows:~~

(a) 75% in the state property tax assistance account provided for in [section 6];

(a) (b) 6% in the account established in 22-3-1304 for operation and maintenance of the Montana heritage center;

(b) (c) 6% distributed as provided in subsection (5) (4);

(e) (d) 6% in the account established in 22-3-1307 for historic preservation grants; and

(d) (e) 7% in the account established in 17-7-209.

(5) (4) (a) Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-124 and as provided in subsection (5)(b) (4)(b) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct 1% of that amount from the tax proceeds received each reporting period. The department shall distribute the portion of the 1% that was paid with federal funds to the department of administration for return to the federal government and deposit 30% of the amount deducted less the portion paid with federal funds in the state general fund.

(b) The balance of the tax proceeds received each reporting period and not distributed to agencies that paid the tax with federal funds must be transferred to an account in the state special revenue fund to the credit of the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials, to the department of fish, wildlife, and parks, and to the state-tribal economic development commission as follows:

(i) 7% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks

that have both resident and nonresident use;

(ii) 68.5% to be used directly by the department of commerce;

(iii) (A) except as provided in subsection ~~(5)(b)(iii)(B)~~ (4)(b)(iii)(B), 24% to be distributed by the department of commerce to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to the total proceeds collected statewide; and

(B) if 24% of the proceeds collected annually within the limits of a city, consolidated city-county, resort area, or resort area district exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit tourism corporation in the region where the city, consolidated city-county, resort area, or resort area district is located to be distributed to the nonprofit convention and visitors bureau in that city, consolidated city-county, resort area, or resort area district; and

(iv) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal economic development commission established in 90-1-131 for activities in the Indian tourism region.

~~(6)~~ (5) The tax proceeds received that are transferred to a state special revenue account pursuant to subsection ~~(5)(b)~~ (4)(b) are allocated to the entities."

Section 20. Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the need for a biennial legislative appropriation or budget amendment.

(2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both of the following provisions:

(a) The law containing the statutory authority must be listed in subsection (3).

(b) The law or portion of the law making a statutory appropriation must specifically state that a statutory appropriation is made as provided in this section.

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120; 5-11-407; 5-13-403; 5-13-404; 7-4-2502; 7-4-2924; 7-32-236; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-2-807; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-3-316; 10-3-802; 10-3-1304; 10-4-304; 10-4-310; [section 3]; 15-1-121; 15-1-142; 15-1-143; 15-1-218; 15-1-2302; [section 6]; 15-31-165; 15-31-1004; 15-31-1005; 15-35-

1 108; 15-36-332; 15-37-117; 15-39-110; 15-65-121; 15-70-128; 15-70-131; 15-70-132; 15-70-433; 16-11-119;
 2 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-6-214; 17-7-133; 17-7-215; 18-11-112; 19-3-
 3 319; 19-3-320; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 19-
 4 20-607; 19-21-203; 20-3-369; 20-7-1709; 20-8-107; 20-9-250; 20-9-534; 20-9-622; [20-15-328]; 20-26-617; 20-
 5 26-1503; 22-1-327; 22-3-116; 22-3-117; [22-3-1004]; 23-4-105; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-
 6 402; 30-10-1004; 37-43-204; 37-50-209; 37-54-113; 39-71-503; 41-5-2011; 42-2-105; 44-4-1101; 44-4-1506;
 7 44-12-213; 44-13-102; 50-1-115; 53-1-109; 53-6-148; 53-9-113; 53-24-108; 53-24-206; 60-5-530; 60-11-115;
 8 61-3-321; 61-3-415; 67-1-309; 69-3-870; 69-4-527; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 75-26-308; 76-
 9 13-150; 76-13-151; 76-13-417; 76-17-103; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518; 80-11-1006;
 10 81-1-112; 81-1-113; 81-2-203; 81-7-106; 81-7-123; 81-10-103; 82-11-161; 85-20-1504; 85-20-1505; [85-25-
 11 102]; 87-1-603; 87-5-909; 90-1-115; 90-1-205; 90-1-504; 90-6-331; and 90-9-306.

12 (4) There is a statutory appropriation to pay the principal, interest, premiums, and any costs or fees
 13 associated with issuing, paying, securing, redeeming, or defeasing all bonds, notes, or other obligations, as due
 14 in the ordinary course or when earlier called for redemption or defeased, that have been authorized and issued
 15 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of
 16 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined
 17 by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have
 18 statutory appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the
 19 inclusion of 19-20-604 terminates contingently when the amortization period for the teachers' retirement
 20 system's unfunded liability is 10 years or less; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410
 21 terminates contingently upon the death of the last recipient eligible under 19-6-709(2) for the supplemental
 22 benefit provided by 19-6-709; pursuant to sec. 5, Ch. 383, L. 2015, the inclusion of 85-25-102 is effective on
 23 occurrence of contingency; pursuant to sec. 6, Ch. 423, L. 2015, the inclusion of 22-3-116 and 22-3-117
 24 terminates June 30, 2025; pursuant to sec. 4, Ch. 122, L. 2017, the inclusion of 10-3-1304 terminates
 25 September 30, 2025; pursuant to sec. 1, Ch. 213, L. 2017, the inclusion of 90-6-331 terminates June 30, 2027;
 26 pursuant to sec. 10, Ch. 374, L. 2017, the inclusion of 76-17-103 terminates June 30, 2027; pursuant to secs.
 27 11, 12, and 14, Ch. 343, L. 2019, the inclusion of 15-35-108 terminates June 30, 2027; pursuant to sec. 1, Ch.
 28 408, L. 2019, the inclusion of 17-7-215 terminates June 30, 2029; pursuant to secs. 1, 2, 3, Ch. 139, L. 2021,

1 the inclusion of 53-9-113 terminates June 30, 2027; pursuant to sec. 8, Ch. 200, L. 2021, the inclusion of 10-4-
2 310 terminates July 1, 2031; pursuant to secs. 3, 4, Ch. 404, L. 2021, the inclusion of 30-10-1004 terminates
3 June 30, 2027; pursuant to sec. 5, Ch. 548, L. 2021, the inclusion of 50-1-115 terminates June 30, 2025;
4 pursuant to secs. 5 and 12, Ch. 563, L. 2021, the inclusion of 22-3-1004 is effective July 1, 2027; pursuant to
5 sec. 1, Ch. 20, L. 2023, sec. 2, Ch. 20, L. 2023, and sec. 3, Ch. 20, L. 2023, the inclusion of 81-1-112, 81-1-
6 113, and 81-7-106 terminates June 30, 2029; pursuant to sec. 9, Ch. 44, L. 2023, the inclusion of 15-1-142
7 terminates December 31, 2025; pursuant to sec. 10, Ch. 47, L. 2023, the inclusion of 15-1-2302 terminates
8 June 30, 2025; pursuant to sec. 2, Ch. 374, L. 2023, the inclusion of 10-3-802 terminates June 30, 2031;
9 pursuant to sec. 12, Ch. 558, L. 2023, the inclusion of 20-9-250 terminates December 31, 2029; pursuant to
10 sec. 4, Ch. 621, L. 2023, the inclusion of 22-1-327 terminates July 1, 2029; pursuant to sec. 24, Ch. 722, L.
11 2023, the inclusion of 17-7-133 terminates June 30, 2027; pursuant to sec. 10, Ch. 758, L. 2023, the inclusion
12 of 44-4-1506 terminates June 30, 2027; and pursuant to sec. 10, Ch. 764, L. 2023, the inclusion of 15-1-143
13 terminates December 31, 2025.)"

14
15 **Section 21.** Section 22-3-1303, MCA, is amended to read:

16 **"22-3-1303. Account -- Montana heritage center construction.** There is an account in the capital
17 projects fund established in 17-2-102 known as the Montana heritage center construction account. The tax
18 collections allocated in the former 15-68-820(3)(a) before the amendments of [this act] must be deposited in the
19 account until December 31, 2024. The money in the account is authorized to the department of administration
20 and may be used only for capital construction of the Montana heritage center."

21
22 **Section 22.** Section 22-3-1304, MCA, is amended to read:

23 **"22-3-1304. Account -- Montana heritage center operations.** There is an account in the state
24 special revenue fund established in 17-2-102 known as the Montana heritage center operations account. The
25 tax collections allocated in 15-68-820(4)(a) must be deposited in the account. The money in the account may
26 be used only for expenses incurred in the operation and maintenance of the Montana heritage center, which
27 may include the veterans' and pioneer memorial building."

1 **Section 23.** Section 22-3-1307, MCA, is amended to read:

2 **"22-3-1307. Historic preservation grant program account.** (1) There is an account in the state
3 special revenue fund established in 17-2-102 known as the historic preservation grant program account. The
4 tax collections allocated in 15-68-820(3)(b) and (4)(e) must be deposited in the account.

5 (2) Money deposited in the account is subject to appropriation by the legislature and may be used
6 only for historic preservation grants to be administered by the department of commerce.

7 (3) The department shall allocate and disburse historic preservation account funds as appropriated
8 by the legislature."

9
10 NEW SECTION. **Section 24. Transfer of funds.** (1) The state treasurer shall transfer the total
11 amount of unobligated funds as of [the effective date of this section] in the debt and liability free account
12 established in 17-6-214, not to exceed \$300 million, to the state property tax assistance account as provided for
13 in [section 6].

14 (2) The state treasurer shall transfer all general fund reversions from Chapter 47, Laws of 2023
15 and Chapter 764, Laws of 2023 for the biennium ending June 30, 2025, that were not expended on property tax
16 rebates and administration costs pursuant to 15-1-2301 through 15-1-2304 to the state property tax assistance
17 account provided for in [section 6].

18
19 NEW SECTION. **Section 25. Transition.** The distribution to counties pursuant to [section 6] must be
20 made by August 31, 2026, for taxes collected in fiscal year 2026.

21
22 NEW SECTION. **Section 26. Codification instruction.** (1) [Section 5] is intended to be codified as
23 an integral part of Title 7, chapter 6, part 25, and the provisions of Title 7, chapter 6, part 25, apply to [section
24 5].

25 (2) [Sections 6 through 9] are intended to be codified as an integral part of Title 15, chapter 6, and
26 the provisions of Title 15, chapter 6, apply to [sections 6 through 9].

27
28 NEW SECTION. **Section 27. Effective dates.** (1) Except as provided in subsection (2), [this act] is

1 effective July 1, 2025.

2 (2) [Sections 1 through 4, 6, 24] and this section are effective on passage and approval.

3

4 COORDINATION SECTION. **Section 28. Coordination instruction.** If both Senate Bill No. 90 and
5 [this act] are passed and approved, then:

6 (1) [sections 5 through 17, 21 through 23, and 25 of this act] are void;

7 (2) the amendments to 15-68-820(2) through (5) in [section 19 of this act] are void; and

8 (3) all references to the state property tax assistance account provided for in [section 6 of this act]
9 must be changed to references to the state property tax assistance account in [section 2 of Senate Bill No. 90].

10

11 NEW SECTION. **Section 29. Applicability.** [This act] applies to sales of accommodations or
12 campgrounds and sales of rental cars that occur on or after July 1, 2025.

13

14 NEW SECTION. **Section 30. Termination.** [Sections 1 through 4] terminate December 31, 2025.

15 - END -