



AN ACT REVISING PROPERTY TAXES FOR SUBDIVISION DEVELOPMENT PROJECTS; PROVIDING A TEMPORARY TAX EXEMPTION FOR PROPERTY THAT IS PART OF A RESIDENTIAL SUBDIVISION DEVELOPMENT PROJECT; PROVIDING FOR PREPAYMENT OF PROPERTY TAXES THAT WOULD HAVE BEEN COLLECTED IF THE SUBJECT PROPERTY WAS NOT UNDERGOING RESIDENTIAL SUBDIVISION DEVELOPMENT; PROVIDING FOR TERMINATION OF THE EXEMPTION FOR CERTAIN EVENTS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 15-10-305, MCA; AND PROVIDING AN APPLICABILITY DATE.

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

**Section 1. Temporary exemption for residential subdivision development -- rulemaking. (1)**

Subject to the provisions of this section, property that is undergoing residential subdivision development is temporarily exempt from taxation at the start of the property tax year beginning January 1 after the following conditions are met:

(a) the developer has submitted a timely property tax exemption application to the department and the department has approved the exemption application; and

(b) within 30 days after approval of the exemption application and before January 1 of the property tax year in which the exemption is sought, the developer has submitted a property tax prepayment equal to five times the amount of property taxes and assessments due on the property in the most recent property tax year. The payment is payable to the county treasurer and must be distributed by the treasurer to funds and accounts in the same ratio as property tax collected on the property is distributed.

(2) At the time the exemption is granted, the department shall provide a notice to the clerk and recorder in the county in which the property is located. The clerk shall file the notice when the payment provided for in subsection (1)(b) is made. The notice must indicate that an exemption pursuant to this section

has been granted on a form prescribed by the department.

(3) The developer or an interested party shall pay the amount provided for in subsection (1)(b) plus a fee of 5% before January 1 of the property tax year in which the exemption is sought. The payment is payable to the county treasurer and must be distributed by the treasurer to funds and accounts in the same ratio as property tax collected on the property is distributed.

(4) (a) Subject to subsection (4)(b), the temporary exemption applies to all real property in the subdivision that was granted the exemption, including new construction of residential property for a period not to exceed 5 years, regardless of the number of conveyances from the land split, the value of real property and residential real property during the construction process, or a change in ownership.

(b) The exemption expires on any lot that was part of the land split at the start of the property tax year beginning on January 1 after a habitable residential structure has been constructed on the lot.

(5) If subdivision development is complete before the expiration of the period provided for in subsection (4)(a), the temporary exemption expires on December 31 of the year in which the subdivision development is complete. For the purposes of this subsection, subdivision development is complete when at least 95% of the lots that are part of the land split contain a habitable residential structure.

(6) The department may adopt rules to implement the provisions of this section.

**Section 2.** Section 15-10-305, MCA, is amended to read:

**"15-10-305. Clerk and recorder to report mill levy -- department to compute and enter taxes. (1)**

(a) The county clerk and recorder shall by the second Monday in September or within 30 calendar days after receiving certified taxable values notify the department of the number of mills needed to be levied for each taxing jurisdiction in the county. Except as provided in subsection (1)(b), the department shall compute the taxes by multiplying the number of mills times the taxable value of the property to be taxed and shall add any fees or assessments required to be levied against a person owning property. All taxes, fees, and assessments must be itemized for the property listed in the property tax record.

(b) ~~In~~ Except as provided in [section 1] regarding property that has been granted a residential subdivision property tax exemption, in conveyances that result in a land split, the taxes must be based on the property as assessed on January 1 preceding the conveyance. The department is not required to include the

name of the new owner in the computation of the amount of taxes, fees, and assessments to be levied against property that is part of a land conveyance if including the new owner's name would cause the department to violate the deadline provided in subsection (2).

(2) The department shall complete the computation of the amount of taxes, fees, and assessments to be levied against the property and shall notify the county clerk and recorder and the county treasurer by the second Monday in October. Notwithstanding the provisions of 15-10-321, if a county clerk and recorder fails to timely notify the department of the number of mills needed to be levied for each taxing jurisdiction in that county in accordance with subsection (1)(a), the department must have additional time to meet the notification requirement of this subsection (2) equal to the number of days that the notification required in subsection (1)(a) was received late by the department."

**Section 3. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 6, part 2, and the provisions of Title 15, chapter 6, part 2, apply to [section 1].

**Section 4. Applicability.** [This act] applies to property tax years beginning after December 31, 2025.

- END -

I hereby certify that the within bill,  
SB 337, originated in the Senate.

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Secretary of the Senate

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President of the Senate

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2025.

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Speaker of the House

Signed this \_\_\_\_\_ day  
of \_\_\_\_\_, 2025.

SENATE BILL NO. 337

INTRODUCED BY G. HERTZ

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