SENATE TAXATION
EXHIBIT NO. 17
DATE 4.23.09
BILL NO. HB658

Amendments to House Bill No. 658
Reference Copy

Requested by Representative Mike Jopek

For the House Free Conference Committee

Prepared by Lee Heiman
April 23, 2009 (4:55pm)

1. Title, page 1, line 10.
Following: "PROPERTY;"
Insert: "REVISING THE PROPERTY TAX ASSISTANCE PROGRAM, THE EXTENDED PROPERTY TAX ASSISTANCE PROGRAM, THE DISABLED OR DECEASED VETERANS' RESIDENCE PROGRAM, AND THE RESIDENTIAL PROPERTY TAX CREDIT FOR ELDERLY PROGRAM;"

2. Title, page 2, line 7.
Following: "~~15-6-211,~~"
Insert: "15-6-193, 15-6-211,"

3. Title, page 2, line 8.
Following: "15-16-101,"
Insert: "15-30-176,"

4. Page 2, line 30.
Strike: "$100,000"
Insert: "$120,000"

5. Page 9, line 18.
Insert: "Section 4. Section 15-6-193, MCA, is amended to read:
"15-6-193. Extended property tax assistance -- phasein. (1) For the purpose of mitigating extraordinary market value increases during revaluation cycles that begin after December 31, 2008, the rate of taxation of class four residential dwellings and appurtenant land not to exceed 5 acres otherwise set in 15-6-134(2)(a) is adjusted in this section for properties with extraordinary increases in market value with owners that meet income requirements.

(2) An annual application on a form provided by the department is required to receive a tax rate adjustment under this section. The application must be signed under oath. A tax rate adjustment may be granted only for the current tax year and may not be granted for a previous year.

(3) A rate adjustment may not be granted for:

(a) any property that was sold or for which the ownership was changed after December 31 of the last year of the previous revaluation cycle unless the change in ownership is between husband and wife or parent and child with only nominal actual consideration or the change is pursuant to a divorce decree;

(b) the value of new construction, including remodeling, on the property occurring after December 31 of the last year of the previous revaluation cycle that is greater than 25% of the market value of the improvements; or

(c) a land use change occurring after December 31 of the last year of the previous revaluation cycle that increases the market value of the land by more than 25%.

(4) For the purposes of determining the adjustment in the class four property tax rate in this section, the following provisions apply for revaluation cycles beginning after December 31, 2008:

(a) (i) The percentage increase in taxable value is measured as the percentage change in taxable value before reappraisal to the taxable value after reappraisal. The taxable value before reappraisal is calculated by multiplying the value before reappraisal times the result of 1.00 minus the homestead exemption before reappraisal times the tax rate before reappraisal. The taxable value after reappraisal is calculated by multiplying the market value after reappraisal times the result of 1.00 minus the homestead exemption after reappraisal times the tax rate after reappraisal.

(ii) The tax rate before reappraisal is the tax rate that was in effect during the last year of the previous reappraisal cycle.

(iii) The tax rate after reappraisal is the tax rate that will be in effect during the last year of the current reappraisal cycle.

(iv) The homestead exemption before reappraisal is the homestead exemption that was in effect during the last year of the previous reappraisal cycle.

(v) The homestead exemption after reappraisal is the homestead exemption that will be in effect during the last year of the current reappraisal cycle.

(b) The dollar increase in tax liability is measured as the ~~percentage~~ dollar change in tax liability before reappraisal to the tax liability after reappraisal. The tax liability before reappraisal is calculated by multiplying the value before reappraisal times the result of 1.00 minus the homestead exemption before reappraisal times the tax rate before reappraisal times the mill levy applied to the property before reappraisal. The tax liability after reappraisal is calculated by multiplying the market value after reappraisal times the result of 1.00 minus the homestead exemption after reappraisal times the tax rate after reappraisal times the mill levy applied to the property before reappraisal. The mill levy applied to the property before reappraisal is the total of all mills applied to the property in the last year of the previous reappraisal cycle.

(c) Total household income is the sum of the income of all members of the household and all other persons who are owners of the property. Income, as used in this section, includes income

from all sources, including net business income and otherwise tax-exempt income of all types but not including social security income paid directly to a nursing home. Net business income is gross income less ordinary expenses but before deducting depreciation or depletion allowance, or both. For an entity, as defined in subsection (8), income also includes the income of any natural person or entity that is a trustee of or controls 25% or more of the entity. A household is an association of persons who live in the same dwelling, sharing its furnishings, facilities, accommodations, and expenses. For single-family rental dwellings, total household income does not include the income of the tenant.

(d) The phase-in value is the valuation change made pursuant to 15-7-111(3) since the last reappraisal.

(5) (a) If total household income is $25,000 or less, the percentage increase in taxable value is greater than 24%, and the dollar increase in taxable liability is ~~$250~~ $150 or greater, then the property qualifies for an adjusted tax rate. The adjusted tax rate must be calculated such that the total increase in taxable value over the reappraisal cycle is 24% and such that the change in taxable value is phased in over the reappraisal cycle in equal increments.

(b) If total household income is greater than $25,000 but less than or equal to $50,000, the percentage increase in taxable value is greater than 30%, and the dollar increase in taxable liability is ~~$250~~ $200 or greater, then the property qualifies for an adjusted tax rate. The adjusted tax rate must be calculated such that the total increase in taxable value over the reappraisal cycle is 30% and such that the change in taxable value is phased in over the reappraisal cycle in equal increments.

(c) If total household income is greater than $50,000 but less than or equal to $75,000, the percentage increase in taxable value is greater than 30%, and the dollar increase in taxable liability is $250 or greater, then the property qualifies for an adjusted tax rate. The adjusted tax rate will be calculated such that the total increase in taxable value over the reappraisal cycle is 36% and such that the change in taxable value is phased in over the reappraisal cycle in equal increments.

(d) The adjusted tax rate computed under this subsection (5) must be rounded to the nearest 1/100 of 1%.

(6) A person who applies for a tax rate adjustment under this section shall provide the department with documentation of total household income and other information that the department considers necessary to determine the person's eligibility for the tax rate adjustment. Documents provided to the department to determine eligibility for a tax rate adjustment are subject to the confidentiality provisions in 15-30-303.

(7) A person who applies for a tax rate adjustment and submits a false or fraudulent application for a tax rate adjustment is guilty of false swearing under 45-7-202.

(8) For the purposes of this section, "entity" means:

(a) a corporation, fiduciary, or pass-through entity, as those terms are defined in 15-30-101; and

(b) an association, joint-stock company, syndicate, trust or estate, or any other nonnatural person."

{*Internal References to 15-6-193: None.*}"

Insert: "Section 5. Section 15-6-211, MCA, is amended to read:

"15-6-211. Certain disabled or deceased veterans' residences exempt. (1) A residence and appurtenant land, not to exceed 5 acres, on which it is built that is owned and occupied by a veteran or a veteran's spouse is exempt from property taxation if the veteran:

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

(b) if living:

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

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

(2) Property qualifying under subsection (1) is taxed at the rate provided in 15-6-134(2)(a) multiplied by a percentage figure based on income and determined from the following table:

Income Single Person	Income Married Couple	Percentage Multiplier
$0 - $30,000	$0 - $36,000	0%
$30,001 - $33,000	$36,001 - $39,000	20%
$33,001 - $36,000	$39,001 - $42,000	30%
$36,001 - $39,000	$42,001 - $45,000	~~50%~~ 40%

(3) The property tax exemption under this section remains in effect as long as the property is the primary residence owned and occupied by the veteran or, if the veteran is deceased, by the veteran's spouse and the spouse:

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

(b) is unmarried; and

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

(4) Property qualifying under subsection (3) is taxed at the rate provided in 15-6-134(2)(a) multiplied by a percentage figure based on income and determined from the following table:

Income Surviving Spouse	Percentage Multiplier
$0 - $25,000	0%
$25,001 - $28,000	20%
$28,001 - $31,000	30%

$31,001 - $34,000 50%

(5) For the purposes of the exemption under this section, the income referred to in subsections (2) and (4) is the taxpayer's federal adjusted gross income, as reported on the latest federal income tax return.

(6) (a) The income levels contained in the tables in subsections (2) and (4) must be adjusted for inflation annually by the department. The adjustment to the income levels is determined by:

(i) multiplying the appropriate dollar amount from the table by the ratio of the PCE for the second quarter of the year prior to the year of application to the PCE for the second quarter of 2002; and

(ii) rounding the product obtained in subsection (6)(a)(i) to the nearest dollar amount.

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

{*Internal References to 15-6-211: None.*}"

Renumber: subsequent sections

6. Page 9, line 23.
Strike: "36.8%"
Insert: "38.8%"

7. Page 9, line 24.
Strike: "39.5%"
Insert: "41.1%"

8. Page 22, line 6.
Insert: "Section 13. Section 15-30-176, MCA, is amended to read:

"15-30-176. Residential property tax credit for elderly -- computation of relief. The amount of the tax credit granted under the provisions of 15-30-171 through 15-30-179 is computed as follows:

(1) In the case of a claimant who owns the homestead for which a claim is made, the credit is the amount of property tax billed less the deduction specified in subsection (4).

(2) In the case of a claimant who rents the homestead for which a claim is made, the credit is the amount of rent-equivalent tax paid less the deduction specified in subsection (4).

(3) In the case of a claimant who both owns and rents the homestead for which a claim is made, the credit is:

(a) the amount of property tax billed on the owned portion of the homestead less the deduction specified in subsection (4); plus

(b) the amount of rent-equivalent tax paid on the rented portion of the homestead less the deduction specified in

subsection (4).

(4) Property tax billed and rent-equivalent tax paid are reduced according to the following schedule:

Household income	Amount of reduction
$0 - $999	$0
$1,000 - $1,999	$0
$2,000 - $2,999	the product of .006 times the household income
$3,000 - $3,999	the product of .016 times the household income
$4,000 - $4,999	the product of .024 times the household income
$5,000 - $5,999	the product of .028 times the household income
$6,000 - $6,999	the product of .032 times the household income
$7,000 - $7,999	the product of .035 times the household income
$8,000 - $8,999	the product of .039 times the household income
$9,000 - $9,999	the product of .042 times the household income
$10,000 - $10,999	the product of .045 times the household income
$11,000 - $11,999	the product of .048 times the household income
$12,000 & over	the product of .050 times the household income

(5) For a claimant whose household income is $35,000 or more but less than $45,000, the amount of the credit is equal to the credit calculated under this section multiplied by the decimal equivalent of a percentage figure according to the following table:

Gross household income	Percentage of credit allowed
$35,000 - $37,500	~~40%~~ 80%
$37,501 - $40,000	~~30%~~ 60%
$40,001 - $42,500	~~20%~~ 40%
$42,501 - $44,999	~~10%~~ 20%
$45,000 or more	0%

(6) The credit granted may not exceed ~~$1,000~~ $1,750."

{*Internal References to 15-30-176:*
*15-30-171** *15-30-172** *15-30-173** *15-30-174**
*15-30-174** *15-30-175** *15-30-176** *15-30-177**
*15-30-179** }"

Renumber: subsequent sections

9. Page 25, line 8
Strike: "5"
Insert: "7"