

HOUSE BILL NO. 389

INTRODUCED BY J. ESSMANN

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING PERIODIC REAPPLICATION BY AN OWNER OF
5 CERTAIN TAX-EXEMPT REAL PROPERTY FOR THE PURPOSE OF MAINTAINING AN EXEMPTION FROM
6 PROPERTY TAXES; REQUIRING A PUBLIC LISTING OF CERTAIN PROPERTY THAT IS EXEMPT FROM
7 TAXATION; ESTABLISHING A DUTY FOR AN OWNER OF TAX-EXEMPT PROPERTY TO REPORT A CHANGE
8 IN USE; ESTABLISHING A STATE SPECIAL REVENUE ACCOUNT; REQUIRING THE DEPARTMENT OF
9 REVENUE TO ESTABLISH A FEE TO OFFSET REVIEW COSTS; WAIVING THE FEE FOR CERTAIN
10 NONPROFIT ORGANIZATIONS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 15-16-203,
11 MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."
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13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
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15 NEW SECTION. **Section 1. Periodic review of property tax exemption -- dispute resolution --**
16 **rulemaking.** (1) ~~Property owners or entities~~ OWNERS OF REAL PROPERTY shall apply to the department for a
17 property tax exemption under 15-6-201(1)(b), ~~(1)(e)~~; (1)(e) through (1)(g), (1)(i), (1)(k), (1)(l), (1)(n), and (1)(o),
18 15-6-203, 15-6-209, ~~15-6-217~~, 15-6-221, and 15-6-227.

19 (2) The department shall administer the provisions of subsection (1) by requiring REAL property owners
20 or entities to submit:

21 (a) a renewal application and the accompanying fee provided for in [section 3] for each REAL property
22 that is receiving tax-exempt status on [the effective date of this act]; and

23 (b) any further information deemed necessary by the department as established by rule for the purpose
24 of making a determination of continued eligibility for tax-exempt status.

25 (c) (i) The initial renewal application must be submitted to the department no later than March 1, 2016.
26 Subject to subsection (2)(c)(ii), the department shall require uniform renewal applications to be submitted on a
27 cyclical basis as established by rule, and cyclical review must occur at least every 6 years.

28 (ii) A REAL property owner or entity that received a new exemption within 2 calendar years of the uniform
29 renewal application deadline is not required to submit a renewal application during the property's first review
30 cycle.

1 (3) The department shall review the information provided and shall approve or deny the application for
 2 exemption. If the department determines that the REAL property or a portion of the REAL property is no longer
 3 eligible for a property tax exemption, it shall send the owner or entity claiming the exemption a notice of the REAL
 4 property or portion of the REAL property that is subject to loss of eligibility by posted mail, by e-mail, or
 5 electronically. The owner or entity may seek review of the department's final determination with the state tax
 6 appeal board.

7 (4) The department shall provide public notice to REAL property owners or entities for which it has a last
 8 known address of their obligation to reapply for tax-exempt status under the provisions of subsection (2) by:

9 (a) sending through posted mail, by e-mail, or electronically a notice to REAL property owners or entities
 10 for which it has a last known address; and

11 (b) publishing notices on its website and in publications of general circulation in Montana.

12 (5) The department shall establish uniform deadlines for owners or entities to reapply for tax-exempt
 13 status while maintaining consistency, uniform standards, and an orderly review process. The department shall
 14 consider the timeframe for certification of taxable value to taxing authorities under 15-10-202 when it establishes
 15 deadlines under this section.

16 (6) The department may grant a reasonable extension of time for a REAL property owner to comply with
 17 this section whenever, in its judgment, good cause exists.

18 (7) The department may adopt rules that are necessary to implement and administer the provisions of
 19 [section 3] and this section.

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21 **NEW SECTION. Section 2. Public listing of exempt property.** (1) The department shall maintain a
 22 public listing of REAL property that is exempt from property taxation under the provisions of 15-6-201(1)(b), ~~(1)(e)~~,
 23 (1)(e) through ~~(1)(g)~~, (1)(i), (1)(k), (1)(l), (1)(n), and (1)(o), 15-6-203, 15-6-209, ~~15-6-217~~, 15-6-221, and 15-6-227
 24 by utilizing information that is obtained during the application process in [section 1] and from new applications
 25 for property tax exemptions.

26 (2) The public listing must be a free internet database of tax-exempt parcels that is organized by county
 27 and type of exemption and includes the following information:

28 (a) the county in which the exempt real property is located;

29 (b) the name of the owner or entity utilizing the exemption;

30 (c) the mailing address of the owner or entity utilizing the exemption;

- 1 (d) the exempt real property's legal description and total exempt area, including the square footage or
 2 acreage of the parcel and the square footage of any buildings;
 3 (e) the property address of the exempt real property;
 4 (f) the type of exemption; and
 5 (g) any additional information considered relevant by the department.

6 (3) The department shall report biennially to the revenue and transportation interim committee with an
 7 update of the review and determination process under [section 1] and this section.

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 9 **NEW SECTION. Section 3. Exemption renewal application fee -- deposit to account.** (1) There is
 10 a property exemption review state special revenue account within the state special revenue fund established in
 11 17-2-102.

12 (2) ~~The~~ EXCEPT AS PROVIDED IN SUBSECTION (3), THE department is authorized and directed to impose a
 13 fee during the rulemaking process for the purpose of administering the provisions of [sections 1 and 2] and this
 14 section. The total amount of revenue generated by the fee must be deposited in the property exemption review
 15 account and be commensurate with administrative costs. When determining the amount of the fee charged to
 16 each owner or entity, the department shall consider the following factors:

- 17 (a) equality for similarly situated applicants;
 18 (b) the complexity of the review process by each category of property;
 19 (c) ~~if real property, the:~~
 20 ~~— (i) THE~~ square footage of the parcel;
 21 ~~(ii)(D) THE~~ square footage of the building; ~~and~~
 22 ~~(iii)(E) A~~ combination of the factors in subsections ~~(2)(e)(i) and (2)(e)(ii)~~ (2)(C) AND (2)(D); and
 23 ~~(d)(F)~~ the average amount of administrative costs associated with administering [sections 1 and 2] and
 24 this section by each category of property.

25 (3) THE DEPARTMENT MAY NOT IMPOSE A FEE FOR A NONPROFIT ORGANIZATION WITH ANNUAL GROSS RECEIPTS
 26 OF \$5,000 OR LESS.

27 ~~(3)(4)~~ Appropriations may be made from this account to the department for the activities authorized in
 28 [sections 1 and 2] and this section.

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 30 **NEW SECTION. SECTION 4. DUTY TO REPORT CHANGE IN USE. OWNERS OF PROPERTY THAT IS EXEMPT FROM**

1 PROPERTY TAXATION SHALL REPORT A CHANGE IN USE OF ALL OR PART OF THE PROPERTY TO THE DEPARTMENT WITHIN
2 30 DAYS OF THE CHANGE IN USE.

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4 **Section 5.** Section 15-16-203, MCA, is amended to read:
5 **"15-16-203. Assessment of property previously exempt.** (1) Subject to [section 1(3)] and 15-10-420,
6 real property or improvements exempt from taxation under Title 15, chapter 6, that during a tax year become ~~the~~
7 ~~property of a person~~ subject to taxation must be assessed and taxed from the date of change from a nontaxable
8 status to a taxable status.

9 (2) As provided in subsection (3), the county treasurer shall adjust the tax that would have been due and
10 payable for the current year on the property under 15-16-102 if the property was not exempt.

11 (3) To determine the amount of tax due for previously exempt property, the county treasurer shall multiply
12 the amount of tax levied and assessed on the original taxable value of the property for the year by the ratio that
13 the number of days in the year that the property will be in taxable status bears to 365.

14 (4) If the property has not been assessed and taxed during the taxable year because of exemption, the
15 department shall prepare a special assessment for the property and the county treasurer shall determine the
16 amount of taxes that would have been due under subsection (2).

17 (5) Upon determining the amount of tax due, the county treasurer shall notify the person to whom the
18 tax is assessed, in the same manner as notification is provided under 15-16-101(2), of the amount due and the
19 date or dates on which the taxes due are payable as provided in 15-16-102."

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21 NEW SECTION. Section 6. Codification instruction. [Sections 1 through 3 4] are intended to be
22 codified as an integral part of Title 15, chapter 6, part 2, and the provisions of Title 15, chapter 6, part 2, apply
23 to [sections 1 through 3 4].

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25 NEW SECTION. Section 7. Effective date. [This act] is effective on passage and approval.

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27 NEW SECTION. SECTION 8. TERMINATION. [SECTIONS 1 THROUGH 3 AND 5] TERMINATE DECEMBER 31, 2021.

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