

1 HOUSE BILL NO. 638

2 INTRODUCED BY D. FERN

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A PROPERTY TAX FAIRNESS CREDIT;
5 PROVIDING THAT THE CREDIT IS A REFUNDABLE INCOME TAX CREDIT FOR PROPERTY TAX BILLED
6 OR RENT-EQUIVALENT TAX PAID; PROVIDING THAT THE CREDIT IS FUNDED WITH LODGING SALES
7 TAX REVENUE AND REVENUE FROM SALES OF UNCLAIMED PROPERTY; PROVIDING DEFINITIONS;
8 AMENDING SECTIONS 15-7-102, 15-16-101, 15-17-125, 15-30-2303, 15-30-2341, 15-68-820, 22-3-1303, 22-
9 3-1304, 22-3-1307, AND 70-9-813, MCA; AND PROVIDING AN APPLICABILITY DATE."

10
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12
13 NEW SECTION. **Section 1. Property tax fairness credit -- definitions.** As used in [sections 1
14 through 3], the following definitions apply:

15 (1) (a) "Benefit base" means property tax billed during the tax year on the individual's homestead or
16 rent-equivalent tax paid by the individual during the tax year on a homestead not exceeding the following
17 amounts:

18 (i) for persons filing as single individuals, \$2,050;

19 (ii) for persons that claim the federal child tax credit provided for in 26 U.S.C. 24 for no more than one
20 qualifying child or dependent or for persons filing joint returns, \$2,650; and

21 (iii) for persons that claim the federal child tax credit provided for in 26 U.S.C. 24 for more than one
22 qualifying child or dependent or for persons filing joint returns that claim the federal child tax credit provided for
23 in 26 U.S.C. 24 for at least one qualifying child or dependent, \$3,250.

24 (b) By November 1 of each year, the department shall multiply the amounts contained in subsection
25 (1)(a) by the inflation factor for the following tax year and round the amounts to the nearest \$100. The resulting
26 amounts are effective for the following tax year.

27 (2) For the purposes of [sections 1 through 3], the following definitions apply:

28 (a) "Homestead" means:

1 (i) a single-family dwelling or unit of a multiple-unit dwelling that is subject to property taxes in the
 2 state and as much of the surrounding land, but not in excess of 1 acre, as is reasonably necessary for its use
 3 as a dwelling; or

4 (ii) a single-family dwelling or unit of a multiple-unit dwelling that is rented from a county or municipal
 5 housing authority as provided in Title 7, chapter 15.

6 (b) (i) "Income" means, except as provided in subsection (2)(b)(ii), federal adjusted gross income,
 7 without regard to loss, as that quantity is defined in the Internal Revenue Code, plus all nontaxable income,
 8 including but not limited to:

9 (A) the amount of any pension or annuity, including Railroad Retirement Act benefits and veterans'
 10 disability benefits;

11 (B) the amount of capital gains excluded from adjusted gross income;

12 (C) alimony;

13 (D) support money;

14 (E) nontaxable strike benefits;

15 (F) cash public assistance and relief;

16 (G) interest on federal, state, county, and municipal bonds; and

17 (H) all payments received under federal social security except social security income paid directly to a
 18 nursing home.

19 (ii) For the purposes of this subsection (2)(b), income is reduced by the taxpayer's basis.

20 (c) "Property tax billed" means taxes levied against the homestead, including special assessments
 21 and fees, but excluding penalties or interest during the claim period.

22 (d) "Rent-equivalent tax paid" means 15% of the gross rent.

23

24 **NEW SECTION. Section 2. Property tax fairness credit amount.** (1) A resident individual is
 25 allowed a credit against the taxes imposed by this chapter equal to 50% of the amount by which the benefit
 26 base for the individual exceeds 6% of the individual's income.

27 (2) The credit may not exceed \$750 for individuals under 62 years of age or \$1,150 for individuals 62
 28 years of age or older. In the case of married individuals filing a joint return, only one spouse is required to be 62

1 years of age or older to qualify for the \$1,150 credit limitation.

2 (3) If the amount of the credit exceeds the tax liability under this chapter, the amount of the excess
3 must be refunded.

4 (4) Only one individual in each household may claim the credit. To claim the credit, the individual
5 must have resided in the state for at least 9 months of the tax year and must have occupied one or more
6 dwellings in the state as an owner, renter, or lessee for at least 6 months of the tax year.

7 (5) Except as provided in subsection (6), a credit may not be claimed for any portion of property taxes
8 billed or rent-equivalent taxes paid that is derived from a public rent or tax subsidy program.

9 (6) Except for dwellings rented from a county or municipal housing authority, a credit may not be
10 claimed on rented lands or rented dwellings that are not subject to Montana property taxes.

11 (7) A taxpayer may not claim the credit provided for in this section and the residential property tax
12 credit for the elderly provided for in 15-30-2337 through 15-30-2341.

13

14 **NEW SECTION. Section 3. Property tax fairness account.** (1) There is a property tax fairness
15 account in the state special revenue fund. The revenue allocated to the account as provided in 15-68-820(3)
16 and 70-9-813 must be deposited in the account and used as provided in this section.

17 (2) There is transferred from the general fund to the property tax fairness fund:

18 (a) lodging sales tax revenue distributed pursuant to 15-68-820(3)(a)(i) that exceeds \$30,589,000 in
19 fiscal year 2022 and \$36,575,000 in fiscal year 2023; and

20 (b) proceeds from the sale of abandoned property that exceed \$12 million in fiscal years 2022 and
21 2023.

22 (3) (a) Except as provided in subsection (3)(b), the funds in the account must be used to pay for
23 property tax fairness credits claimed. If the funds are not sufficient to cover the cost of the credits claimed, the
24 remainder of credits must be paid from the general fund.

25 (b) A \$1 million balance must remain in the account.

26 (4) The department of revenue shall report biennially, in accordance with 5-11-210, to the revenue
27 interim committee provided for in 5-5-227 whether the funds in the account are expected to cover the costs of
28 the credits to be claimed in the upcoming biennium.

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Section 4. Section 15-7-102, MCA, is amended to read:

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

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

- (i) change in ownership;
- (ii) change in classification;
- (iii) change in valuation; or
- (iv) addition or subtraction of personal property affixed to the land.

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

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

- (ii) the total amount of mills levied against the property in the prior year;
- (iii) a statement that the notice is not a tax bill; and
- (iv) a taxpayer option to request an informal classification and appraisal review by checking a box on the notice and returning it to the department.

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

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

(2) (a) Except as provided in subsection (2)(c), the department shall assign each classification and

1 appraisal to the correct owner or purchaser under contract for deed and mail or provide electronically the notice
2 in written or electronic form, adopted by the department, containing sufficient information in a comprehensible
3 manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of
4 changes over the prior tax year.

5 (b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an
6 appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in
7 15-1-402.

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

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

18 (i) For property other than class three property described in 15-6-133, class four property described in
19 15-6-134, and class ten property described in 15-6-143, the objection must be submitted within 30 days from
20 the date on the notice.

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

1 within 30 days from the date on the notice.

2 (iii) For class ten property described in 15-6-143, the objection may be made at any time but only once
3 each valuation cycle. An objection must be made in writing or by checking a box on the notice within 30 days
4 from the date on the classification and appraisal notice for a reduction in the appraised value to be considered
5 for all years of the 6-year appraisal cycle. An objection made more than 30 days after the date of the
6 classification and appraisal notice applies only for the subsequent remaining years of the 6-year reappraisal
7 cycle. For an objection to apply to any subsequent year of the valuation cycle, the taxpayer ~~must~~ shall make the
8 objection in writing or by checking a box on the notice no later than June 1 of the year for which the value is
9 being appealed or, if a classification and appraisal notice is received after the first year of the valuation cycle,
10 within 30 days from the date on the notice.

11 (b) If the objection relates to residential or commercial property and the objector agrees to the
12 confidentiality requirements, the department shall provide to the objector, by posted mail or electronically, within
13 8 weeks of submission of the objection, the following information:

14 (i) the methodology and sources of data used by the department in the valuation of the property; and
15 (ii) if the department uses a blend of evaluations developed from various sources, the reasons that the
16 methodology was used.

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

19 (i) comparable sales data used by the department to value the property; and
20 (ii) sales data used by the department to value residential property in the property taxpayer's market
21 model area.

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

25 (e) The review must be conducted informally and is not subject to the contested case procedures of
26 the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual
27 selling price of the property and other relevant information presented by the taxpayer in support of the
28 taxpayer's opinion as to the market value of the property. The department shall consider an independent

1 appraisal provided by the taxpayer if the appraisal meets standards set by the Montana board of real estate
2 appraisers and the appraisal was completed within 6 months of the valuation date pursuant to 15-8-201. If the
3 department does not use the appraisal provided by the taxpayer in conducting the appeal, the department ~~must~~
4 shall provide to the taxpayer the reason for not using the appraisal. The department shall give reasonable
5 notice to the taxpayer of the time and place of the review.

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

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

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

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

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

25 (6) If a property owner feels aggrieved by the classification or appraisal made by the department after
26 the review provided for in subsection (3), the property owner has the right to first appeal to the county tax
27 appeal board and then to the state tax appeal board, whose findings are final subject to the right of review in
28 the courts. The appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days from

1 the date on the notice of the department's determination. A county tax appeal board or the state tax appeal
2 board may consider the actual selling price of the property, independent appraisals of the property, and other
3 relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax
4 appeal board or the state tax appeal board determines that an adjustment should be made, the department
5 shall adjust the base value of the property in accordance with the board's order."

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7 **Section 5.** Section 15-16-101, MCA, is amended to read:

8 **"15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the
9 receipt of the property tax record, the county treasurer shall publish a notice specifying:

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

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

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

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

22 (i) the taxable value of the property;

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

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

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

26 (v) the amount of the total tax due that is levied as city tax, county tax, state tax, school district tax,
27 and other tax; and

28 (vi) a notice of the availability of all the property tax assistance programs available to property

1 taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax
2 assistance programs under Title 15, chapter 6, part 3, the property tax fairness credit provided for in [section 2],
3 and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341.

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

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

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

12 (5) If the department revises an assessment that results in an additional tax of \$5 or less, an
13 additional tax is not owed and a new tax bill does not need to be prepared."
14

15 **Section 6.** Section 15-17-125, MCA, is amended to read:

16 **"15-17-125. Attachment of tax lien and preparation of tax lien certificate.** (1) (a) The county
17 treasurer shall attach a tax lien no later than the first working day in August to properties on which the taxes are
18 delinquent and for which proper notification was given as provided in 15-17-122 and subsection (4) of this
19 section. Upon attachment of a tax lien, the county is the possessor of the tax lien unless the tax lien is assigned
20 pursuant to 15-17-323.

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

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

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

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

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

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

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

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

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

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

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

10 (4) Prior to attaching a tax lien to the property, the county treasurer shall send notice of the pending
11 attachment of a tax lien to the person to whom the property was assessed. The notice must include the
12 information listed in subsection (2), state that the tax lien may be assigned to a third party, and provide notice of
13 the availability of all the property tax assistance programs available to property taxpayers, including the
14 property tax assistance programs under Title 15, chapter 6, part 3, the property tax fairness credit provided for
15 in [section 2], and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341. The
16 notice must have been mailed at least 2 weeks prior to the date on which the county treasurer attaches the tax
17 lien.

18 (5) The county treasurer shall file the tax lien certificate with the county clerk and recorder."
19

20 **Section 7.** Section 15-30-2303, MCA, is amended to read:

21 **"15-30-2303. Tax credits subject to review by interim committee.** (1) The following tax credits
22 must be reviewed during the biennium commencing July 1, 2019:

23 (a) the credit for income taxes imposed by foreign states or countries provided for in 15-30-2302;

24 (b) the credit for contractor's gross receipts provided for in 15-50-207;

25 (c) the credit for new or expanded manufacturing provided for in 15-31-124 through 15-31-127;

26 (d) the credit for installing an alternative energy system provided for in 15-32-201 through 15-32-203;

27 (e) the credit for energy-conserving expenditures provided for in 15-30-2319 and 15-32-109; and

28 (f) the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341.

1 (2) The following tax credits must be reviewed during the biennium commencing July 1, 2021:

2 (a) the credit for commercial or net metering system investment provided for in Title 15, chapter 32,
3 part 4;

4 (b) the credit for qualified elderly care expenses provided for in 15-30-2366;

5 (c) the credit for dependent care assistance and referral services provided for in 15-30-2373 and 15-
6 31-131;

7 (d) the credit for contributions to a university or college foundation or endowment provided for in 15-
8 30-2326, 15-31-135, and 15-31-136;

9 (e) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-30-
10 3110, and 15-31-158; and

11 (f) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-30-
12 3111, and 15-31-159.

13 (3) The following tax credits must be reviewed during the biennium commencing July 1, 2023:

14 (a) the credit for providing disability insurance for employees provided for in 15-30-2367 and 15-31-
15 132;

16 (b) the credit for installation of a geothermal system provided for in 15-32-115;

17 (c) the credit for property to recycle or manufacture using recycled material provided for in Title 15,
18 chapter 32, part 6;

19 (d) the credit for converting a motor vehicle to alternative fuel provided for in 15-30-2320 and 15-31-
20 137;

21 (e) the credit for infrastructure use fees provided for in 17-6-316; and

22 (f) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-
23 2329, 15-31-161, and 15-31-162.

24 (4) The following tax credits must be reviewed during the biennium commencing July 1, 2025:

25 (a) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151;

26 (b) the credit for mineral or coal exploration provided for in Title 15, chapter 32, part 5;

27 (c) the credit for capital gains provided for in 15-30-2301;

28 (d) the credit for a new employee in an empowerment zone provided for in 15-30-2356 and 15-31-

1 134;

2 (e) the credit for an oilseed crush facility provided for in 15-32-701; and

3 (f) the credit for unlocking state lands provided for in 15-30-2380.

4 (5) The following tax credits must be reviewed during the biennium commencing July 1, 2027:

5 (a) the biodiesel or biolubricant production facility credit provided for in 15-32-702;

6 (b) the biodiesel blending and storage credit provided for in 15-32-703;

7 (c) the adoption tax credit provided for in 15-30-2364;

8 (d) the credit for providing temporary emergency lodging provided for in 15-30-2381 and 15-31-171;

9 (e) the credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357 and

10 15-31-173;

11 (f) the earned income tax credit provided for in 15-30-2318; ~~and~~

12 (g) the media production and postproduction credits provided for in 15-31-1007 and 15-31-1009; and

13 (h) the property tax fairness credit provided for in [section 2].

14 (6) The revenue interim committee shall review the tax credits scheduled for review in the biennium of
 15 the next regular legislative session, including any individual or corporate income tax credits with an expiration or
 16 termination date that are not listed in this section, and make recommendations to the legislature about whether
 17 to eliminate or revise the credits. The legislature may extend the review dates by amending this section. The
 18 revenue interim committee shall review the credits using the following criteria:

19 (a) whether the credit changes taxpayer decisions, including whether the credit rewards decisions that
 20 may have been made regardless of the existence of the tax credit;

21 (b) to what extent the credit benefits some taxpayers at the expense of other taxpayers;

22 (c) whether the credit has out-of-state beneficiaries;

23 (d) the timing of costs and benefits of the credit and how long the credit is effective;

24 (e) any adverse impacts of the credit or its elimination and whether the benefits of continuance or
 25 elimination outweigh adverse impacts; and

26 (f) the extent to which benefits of the credit affect the larger economy."

27

28 **Section 8.** Section 15-30-2341, MCA, is amended to read:

1 **"15-30-2341. Residential property tax credit for elderly -- limitations -- denial of claim.** (1) Only
 2 one claimant per household in a claim period under the provisions of 15-30-2337 through 15-30-2341 is entitled
 3 to relief.

4 (2) A taxpayer may not claim the credit provided for in [section 2] and the residential property tax
 5 credit for the elderly.

6 ~~(2)(3)~~ Except as provided in subsection ~~(3)~~ (4), a claim for relief may not be allowed for any portion of
 7 property taxes billed or rent-equivalent taxes paid that is derived from a public rent or tax subsidy program.

8 ~~(3)(4)~~ Except for dwellings rented from a county or municipal housing authority, a claim for relief may
 9 not be allowed on rented lands or rented dwellings that are not subject to Montana property taxes during the
 10 claim period.

11 ~~(4)(5)~~ A person filing a false or fraudulent claim under the provisions of 15-30-2337 through 15-30-
 12 2341 must be charged with the offense of unsworn falsification to authorities pursuant to 45-7-203. If a false or
 13 fraudulent claim has been paid, the amount paid, penalties, and interest may be recovered as provided in 15-1-
 14 216."

15

16 **Section 9.** Section 15-68-820, MCA, is amended to read:

17 **"15-68-820. Sales tax and use tax proceeds.** (1) ~~Except as provided in subsections (2) through (6),~~
 18 ~~all~~ All money collected under this chapter must, in accordance with the provisions of 17-2-124, be deposited by
 19 the department ~~into the general fund~~ as provided in subsections (2) through (6).

20 (2) ~~Twenty-five percent of the~~ The revenue collected on the base rental charge for rental vehicles
 21 under 15-68-102(1)(b) and 15-68-102(3)(a)(ii) must be deposited as follows:

22 (a) 75% in the general fund; and

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

25 (3) (a) Until December 30, 2024 ~~31, 2023~~, a ~~portion of~~ the revenue collected on the sale or use of
 26 accommodations and campgrounds under 15-68-102 (1)(a) and (3)(a)(i) must be deposited as follows:

27 (i) 75% in the general fund, subject to the transfers provided for in [section 3]; and

28 (ii) 25% as provided in subsection (4).

1 **(b) Beginning January 1, 2024, the revenue collected on the sale or use of accommodations and**
 2 **campgrounds under 15-68-102(1)(a) and (3)(a)(i) must be deposited as follows:**

3 **(i) 50% in the property tax fairness account provided for in [section 3];**

4 **(ii) 25% in the general fund; and**

5 **(iii) 25% as provided in subsection (4).**

6 **(4) (a) Through December 31, 2024, the revenue deposited pursuant to subsections (3)(a)(ii) and**
 7 **(3)(b)(iii) must be deposited as follows:**

8 **(i) 20%80%** in the account established in 22-3-1303 for construction of the Montana heritage center;
 9 and

10 **(ii) 5% 20%** in the account established in 22-3-1307 for historic preservation grants.

11 **(b) Starting January 1, 2025, a portion of the revenue collected on the sale or use of accommodations**
 12 **and campgrounds under 15-68-102(1)(a) and (3)(a)(i) the revenue deposited pursuant to subsections (3)(a)(ii)**
 13 **and (3)(b)(iii) must be deposited or distributed as follows:**

14 **(a)(i) 6% 24%** in the account established in 22-3-1304 for operation and maintenance of the Montana
 15 heritage center;

16 **(b)(ii) 6%24%** distributed as provided in subsection (5);

17 **(c)(iii) 6% 24%** in the account established in 22-3-1307 for historic preservation grants; and

18 **(d)(iv) 7%28%** in the account established in 17-7-209.

19 **(5) (a) Before allocating the balance of the tax proceeds in accordance with the provisions of 17-2-**
 20 **124 and as provided in subsection (5)(b) of this section, the department shall determine the expenditures by**
 21 **state agencies for in-state lodging for each reporting period and deduct 1% of that amount from the tax**
 22 **proceeds received each reporting period. The department shall distribute the portion of the 1% that was paid**
 23 **with federal funds to the agency that made the in-state lodging expenditure and deposit 30% of the amount**
 24 **deducted less the portion paid with federal funds in the state general fund.**

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

1 the state-tribal economic development commission as follows:

2 (i) 7% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that
3 have both resident and nonresident use;

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

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

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

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

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

17

18 **Section 10.** Section 22-3-1303, MCA, is amended to read:

19 **"22-3-1303. Account -- Montana heritage center construction.** There is an account in the capital
20 projects fund established in 17-2-102 known as the Montana heritage center construction account. The tax
21 collections allocated in 15-68-820(3)(a) must be deposited in the account until December 30, 2024. The money
22 in the account is authorized to the department of administration and may be used only for capital construction of
23 the Montana heritage center."

24

25 **Section 11.** Section 22-3-1304, MCA, is amended to read:

26 **"22-3-1304. Account -- Montana heritage center operations.** There is an account in the state
27 special revenue fund established in 17-2-102 known as the Montana heritage center operations account. The
28 tax collections allocated in 15-68-820(4)(a) must be deposited in the account. The money in the account may

1 be used only for expenses incurred in the operation and maintenance of the Montana heritage center, which
 2 may include the veterans' and pioneer memorial building."

3

4 **Section 12.** Section 22-3-1307, MCA, is amended to read:

5 **"22-3-1307. Historic preservation grant program account.** (1) There is an account in the state
 6 special revenue fund established in 17-2-102 known as the historic preservation grant program account. The
 7 tax collections allocated in 15-68-820~~(3)(b)~~ and ~~(4)(c)~~ must be deposited in the account.

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

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

12

13 **Section 13.** Section 70-9-813, MCA, is amended to read:

14 **"70-9-813. Deposit of funds.** (1) Except as otherwise provided by this section, the administrator shall
 15 promptly deposit ~~in the general fund of this state~~ all funds received under this part, including the proceeds from
 16 the sale of abandoned property under 70-9-812, as follows:

17 (a) through December 31, 2023, and subject to the transfers provided for in [section 3], in the general
 18 fund; and

19 (b) beginning January 1, 2024, in the property tax fairness account provided for in [section 3].

20 (2) The administrator shall retain in a separate trust fund at least \$100,000 from which the
 21 administrator shall pay claims allowed.

22 (3) The administrator shall record the name and last-known address of each person appearing from
 23 the holders' reports to be entitled to the property and the name and last-known address of each insured person
 24 or annuitant and beneficiary and, with respect to each policy or annuity listed in the report of an insurance
 25 company, its number, the name of the company, and the amount due.

26 ~~(2)(4)~~ Before making a deposit to the credit of the general fund, the administrator may deduct:

27 (a) expenses of sale of abandoned property;

28 (b) costs of mailing and publication in connection with abandoned property;

1 (c) reasonable service charges; and

2 (d) expenses incurred in examining records of holders of property and in collecting the property from
3 those holders."

4
5 **NEW SECTION. Section 14. Codification instruction.** [Sections 1 through 3] are intended to be
6 codified as an integral part of Title 15, chapter 30, part 23, and the provisions of Title 15, chapter 30, part 23,
7 apply to [sections 1 through 3].

8
9 **NEW SECTION. Section 15. Applicability.** [This act] applies to income tax years beginning after
10 December 31, 2022.

11 - END -