

1 \_\_\_\_\_ BILL NO. \_\_\_\_\_

2 INTRODUCED BY \_\_\_\_\_  
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE INFLATIONARY ADJUSTMENT FOR INCOME  
5 USED TO DETERMINE ELIGIBILITY FOR PROPERTY TAX ASSISTANCE PROGRAMS; AMENDING  
6 SECTIONS 15-6-301, 15-6-305, AND 15-6-311, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE  
7 AND A RETROACTIVE APPLICABILITY DATE."

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

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11 **Section 1.** Section 15-6-301, MCA, is amended to read:

12 **"15-6-301. Definitions.** As used in this part, the following definitions apply:

13 (1) "Annual verification" means the use of a process to:

14 (a) verify an applicant's income;

15 (b) approve, renew, or deny benefits for the current year based upon the applicant's eligibility; and

16 (c) terminate participation based upon death or loss of status as a qualified veteran or veteran's  
17 spouse.

18 (2) "PCE" means the implicit price deflator for personal consumption expenditures as published  
19 quarterly in the survey of current business by the bureau of economic analysis of the U.S. department of  
20 commerce.

21 (3) "PCE inflation factor" for a tax year means the average PCE for ~~April~~ the first quarter of the prior  
22 tax year before the tax year divided by the average PCE for ~~April 2015~~ the first quarter of 2020.

23 (4) (a) "Primary residence" is, subject to the provisions of subsection (4)(b), a dwelling:

24 (i) in which a taxpayer can demonstrate the taxpayer lived for at least 7 months of the year for which  
25 benefits are claimed;

26 (ii) that is the only residence for which property tax assistance is claimed; and

27 (iii) determined using the indicators provided for in the rules authorized by 15-6-302(2).

28 (b) A primary residence may include more than one dwelling when the taxpayer's combined residence

1 in the dwellings is at least 7 months of the tax year.

2 (5) "Qualified veteran" means a veteran:

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

4 (b) if living:

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

6 (ii) is currently rated 100% disabled or is paid at the 100% disabled rate by the U.S. department of

7 veterans affairs for a service-connected disability, as verified by official documentation from the U.S.

8 department of veterans affairs.

9 (6) "Qualifying income" means:

10 (a) the federal adjusted gross income excluding capital and income losses of an applicant and the  
11 applicant's spouse as calculated on the Montana income tax return for the prior year;

12 (b) for assistance under 15-6-311, the federal adjusted gross income excluding capital and income  
13 losses of an applicant as calculated on the Montana income tax return for the prior tax year; or

14 (c) for an applicant who is not required to file a Montana income tax return, the income determined  
15 using available income information.

16 (7) "Qualifying property" means a primary residence that a qualified applicant owned and occupied for  
17 at least 7 months during the tax year.

18 (8) "Residential real property" means the land and improvements of a taxpayer's primary residence."  
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20 **Section 2.** Section 15-6-305, MCA, is amended to read:

21 **"15-6-305. Property tax assistance program -- fixed or limited income.** (1) There is a property tax  
22 assistance program that provides graduated levels of tax assistance for the purpose of assisting citizens with  
23 limited or fixed incomes. To be eligible for the program, applicants must meet the requirements of 15-6-302.

24 (2) The first \$200,000 in appraisal value of residential real property qualifying for the property tax  
25 assistance program is taxed at the rates established by 15-6-134 multiplied by a percentage figure based on  
26 the applicant's qualifying income determined from the following table:

| Income | Income | Percentage |
|--------|--------|------------|
|--------|--------|------------|

| Single Person                                    | Married Couple                                   | Multiplier |
|--|--|------------|
|  | Head of Household                                |            |
| \$0 - <del>\$8,413</del> <u>\$9,568</u>          | \$0 - <del>\$11,217</del> <u>\$12,757</u>        | 20%        |
| <del>\$8,414 - \$12,900</del> <u>\$9,569 -</u>   | <del>\$11,218 - \$19,630</del> <u>\$12,758 -</u> | 50%        |
| <u>\$14,672</u>                                  | <u>\$22,326</u>                                  |            |
| <del>\$12,901 - \$21,032</del> <u>\$14,673 -</u> | <del>\$19,631 - \$28,043</del> <u>\$22,327 -</u> | 70%        |
| <u>\$23,920</u>                                  | <u>\$31,894</u>                                  |            |

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2 (3) The qualifying income levels contained in subsection (2) must be adjusted annually using the PCE  
 3 inflation factor defined in 15-6-301, rounded to the nearest whole dollar amount."

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5 **Section 3.** Section 15-6-311, MCA, is amended to read:

6 **"15-6-311. Disabled veteran program.** (1) The residential real property of a qualified veteran or a  
 7 qualified veteran's spouse is eligible to receive a tax rate reduction as provided in 15-6-302 and this section.

8 (2) Property qualifying under subsection (1) and owned by a qualified veteran is taxed at the rate  
 9 provided in 15-6-134 multiplied by a percentage figure based on the applicant's qualifying income determined  
 10 from the following table:

| Income   | Income   | Percentage |
|--|--|------------|
| Single Person                                    | Married Couple                                   | Multiplier |
|  | Head of Household                                |            |
| \$0 - <del>\$37,404</del> <u>\$42,541</u>        | \$0 - <del>\$44,885</del> <u>\$51,049</u>        | 0%         |
| <del>\$37,405 - \$41,145</del> <u>\$42,542 -</u> | <del>\$44,886 - \$48,626</del> <u>\$51,050 -</u> | 20%        |
| <u>\$46,795</u>                                  | <u>\$55,304</u>                                  |            |
| <del>\$41,146 - \$44,885</del> <u>\$46,796 -</u> | <del>\$48,627 - \$52,366</del> <u>\$55,305 -</u> | 30%        |
| <u>\$51,049</u>                                  | <u>\$59,558</u>                                  |            |
| <del>\$44,886 - \$48,626</del> <u>\$51,050 -</u> | <del>\$52,367 - \$56,107</del> <u>\$59,559 -</u> | 50%        |
| <u>\$55,304</u>                                  | <u>\$63,812</u>                                  |            |

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1           (3) For a surviving spouse who owns property qualifying under subsection (4), the property is taxed at  
 2 the rate established by 15-6-134 multiplied by a percentage figure based on the spouse's qualifying income  
 3 determined from the following table:

| Income  | Percentage |
|---|------------|
| Surviving Spouse  | Multiplier |
| <del>\$0 - \$31,170</del> <u>\$35,451</u>                 | 0%         |
| <del>\$31,171 - \$34,911</del> <u>\$35,452 - \$39,705</u> | 20%        |
| <del>\$34,912 - \$38,651</del> <u>\$39,706 - \$43,959</u> | 30%        |
| <del>\$38,652 - \$42,392</del> <u>\$43,960 - \$48,214</u> | 50%        |

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 5           (4) The property tax exemption under this section remains in effect as long as the qualifying income  
 6 requirements are met and the property is the primary residence owned and occupied by the veteran or, if the  
 7 veteran is deceased, by the veteran's spouse and the spouse:

- 8           (a) is the owner and occupant of the house;
- 9           (b) is unmarried; and
- 10          (c) has obtained from the U.S. department of veterans affairs a letter indicating that the veteran was  
 11 rated 100% disabled or was paid at the 100% disabled rate by the U.S. department of veterans affairs for a  
 12 service-connected disability at the time of death or that the veteran died while on active duty or as a result of a  
 13 service-connected disability.

14           (5) The qualifying income levels contained in subsections (2) and (3) must be adjusted annually by  
 15 using the PCE inflation factor defined in 15-6-301, rounded to the nearest whole dollar amount."

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17           NEW SECTION. Section 4. Effective date. [This act] is effective on passage and approval.

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19           NEW SECTION. Section 5. Retroactive applicability. [This act] applies retroactively, within the  
 20 meaning of 1-2-109, to property tax years beginning after December 31, 2020.

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