

1 SENATE BILL NO. 386

2 INTRODUCED BY P. FLOWERS

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING AN INCOME TAX BASED CREDIT FOR PROPERTY
5 TAXPAYERS AND RENTERS THAT IS FUNDED BY A TOP MARGINAL INCOME TAX RATE; CREATING A
6 CIRCUIT BREAKER INCOME TAX CREDIT; PROVIDING THAT A TAXPAYER MAY CLAIM EITHER THE
7 CIRCUIT BREAKER INCOME TAX CREDIT OR THE RESIDENTIAL PROPERTY TAX CREDIT FOR THE
8 ELDERLY AND PARTICIPATE IN THE PROPERTY TAX ASSISTANCE PROGRAM OR THE MONTANA
9 DISABLED VETERAN ASSISTANCE PROGRAM OR RECEIVE THE INTANGIBLE LAND VALUE PROPERTY
10 EXEMPTION; REVISING THE RATE STRUCTURE TO INCLUDE A TOP MARGINAL RATE OF 8.9% FOR
11 INCOME IN EXCESS OF \$500,000; PROVIDING RULEMAKING AUTHORITY; PROVIDING DEFINITIONS;
12 AMENDING SECTIONS 15-6-240, 15-6-302, 15-7-102, 15-16-101, 15-17-125, 15-30-2103, 15-30-2303, AND
13 15-30-2341, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND APPLICABILITY DATES."

14

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

16

17 NEW SECTION. **Section 1. Property tax and rent-equivalent property tax circuit breaker credit -**
18 **- definitions.** As used in [sections 1 through 4], the following definitions apply:

19 (1) "Claim period" means the tax year for claimants required to file a Montana tax return or returns
20 under chapter 30 and the calendar year for claimants not required to file returns.

21 (2) "Claimant" means a person who is eligible to file a claim for a credit under [sections 1 through 4].

22 (3) "Gross rent" means the total rent in cash or its equivalent actually paid during the claim period by
23 the renter or lessee for the right of occupancy of the qualified rental residence pursuant to an arm's-length
24 transaction with the landlord.

25 (4) (a) "Household" means an association of persons who live in the same dwelling, sharing its
26 furnishings, facilities, accommodations, and expenses.

27 (b) The term does not include bona fide lessees, tenants, or roomers and boarders on contract.

28 (5) "Household income" means all income received by all persons of a household in a tax year while

1 they are members of the household.

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

5 (i) the amount of any pension or annuity, including Railroad Retirement Act benefits and veterans'
6 disability benefits;

7 (ii) the amount of capital gains excluded from adjusted gross income;

8 (iii) alimony;

9 (iv) support money;

10 (v) nontaxable strike benefits;

11 (vi) cash public assistance and relief;

12 (vii) interest on federal, state, county, and municipal bonds; and

13 (viii) all payments received under federal social security except social security income paid directly to a
14 nursing home.

15 (b) For the purposes of this subsection (6), income is reduced by the taxpayer's basis.

16 (7) "Property tax billed" means taxes levied against the qualified residence, including special
17 assessments and fees, but excluding penalties or interest during the claim period.

18 (8) (a) (i) "Qualified rental residence" means any class four residential dwelling that is a single-family
19 dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home that is rented from a
20 third party, located in the state, and subject to property taxes, and as much of the surrounding land, not
21 exceeding 1 acre, as is reasonably necessary for its use as a dwelling.

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

24 (b) Except for dwellings rented from a county or municipal housing authority, the term does not
25 include rented dwellings or rented lands that are not subject to Montana property taxes during the claim period.

26 (9) "Qualified residence" means any owner-occupied class four residential dwelling that is a single-
27 family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home located in the
28 state that is subject to property taxes and as much of the surrounding land, not exceeding 1 acre, as is

1 reasonably necessary for its use as a dwelling.

2 (10) "Rent-equivalent property tax paid" means 15% of gross rent.

3 (11) "Tax year" means the property tax year preceding the current year in which a claim for a property
4 tax circuit breaker credit is made.

5 (12) "Threshold amount" means the amount determined based on household income as follows:

6 (a) on the first \$20,000 of household income, 3.1%;

7 (b) on the next \$20,000 of household income, 6.3%;

8 (c) on the next \$20,000 of household income, 9.5%;

9 (d) on the next \$20,000 of household income, 12.7%;

10 (e) on the next \$20,000 of household income, 15.9%; and

11 (f) on household income above \$100,000, 19.1%.

12

13 **NEW SECTION. Section 2. Property tax and rent-equivalent property tax circuit breaker credit -**

14 **- eligibility.** (1) In order to make a claim for a credit under [sections 1 through 4], the individual must have:

15 (a) resided in the state for at least 9 months of the tax year for which the claim is made; and

16 (b) occupied one or more qualified residences as an owner or one or more qualified rental residences
17 as a renter or lessee for at least 6 months of the tax year.

18 (2) A person is not disqualified from claiming the credit under [sections 1 through 4] because of a
19 change of residence during the claim period if the person occupies a qualified residence as an owner or a
20 qualified rental residence in the state as a renter or lessee for at least 7 months during the claim period.

21 (3) A taxpayer may not claim the credit provided for in [sections 1 through 4] and the residential
22 property tax credit for the elderly provided for in 15-30-2337 through 15-30-2341.

23 (4) Only one claim for a property tax circuit breaker credit or the residential tax credit for the elderly
24 provided for in 15-30-2337 through 15-30-2341 may be made with respect to any qualified residence.

25 (5) A claim for the credit may not be allowed for any portion of property tax billed or rent-equivalent
26 property tax paid that is derived from a public tax subsidy program or a public rent subsidy program.

27 (6) A claim is disallowed if the department finds that the claimant received title to the claimant's
28 qualified residence primarily for the purpose of receiving benefits under [sections 1 through 4].

1 (7) When the landlord and tenant have not dealt at arm's length and the department judges the gross
 2 rent charged to be excessive, the department may adjust the amount considered gross rent to a reasonable
 3 amount.

4
 5 **NEW SECTION. Section 3. Property tax and rent-equivalent property tax circuit breaker credit -**

6 **- credit amount.** (1) There is a credit against the taxes imposed by this chapter for a portion of property tax
 7 billed and rent-equivalent property tax paid by a claimant in the tax year as provided in this section.

8 (2) The amount of the credit allowed under this section is equal to the property tax billed or rent-
 9 equivalent property tax paid in the tax year times 0.75 minus the threshold amount.

10 (3) If the amount determined is equal to or less than zero, there is no credit.

11 (4) If two or more individuals share a qualified rental residence, each individual may claim the credit
 12 based on the proportional share that the individual pays of the gross rent.

13 (5) If the amount of the credit exceeds the claimant's liability under this chapter, the amount of the
 14 excess must be refunded to the claimant. The credit may be claimed even though the claimant has no taxable
 15 income under this chapter.

16
 17 **NEW SECTION. Section 4. Property tax and rent-equivalent property tax circuit breaker credit -**

18 **- filing date -- denial of claim.** (1) Except as provided in subsection (3), a claim for the credit must be
 19 submitted at the same time the claimant's tax return is due under chapter 30. For an individual not required to
 20 file a tax return, the claim must be submitted on or before April 15 of the year following the year for which the
 21 credit is sought.

22 (2) A receipt showing property taxes billed or gross rent paid must be filed with each claim. Each
 23 claimant shall, at the request of the department, supply all additional information necessary to support a claim.

24 (3) The department may grant a reasonable extension for filing a claim whenever, in its judgment,
 25 good cause exists.

26 (4) If an individual who would have a claim under [sections 1 through 4] dies before filing the claim,
 27 the personal representative of the estate of the decedent may file the claim.

28 (5) The department or an individual may revise a return and make a claim under [sections 1 through

1 4] within 3 years from the last day prescribed for filing a claim for relief.

2 (6) A person filing a false or fraudulent claim under the provisions of [sections 1 through 4] must be
3 charged with the offense of unsworn falsification to authorities pursuant to 45-7-203. If a false or fraudulent
4 claim has been paid, the amount paid, penalties, and interest may be recovered as provided in 15-1-216.

5

6 **Section 5.** Section 15-6-240, MCA, is amended to read:

7 **"15-6-240. Intangible land value property exemption -- application procedure.** (1) There is an
8 intangible land value assistance program that provides graduated levels of property tax exemptions to assist
9 owners of primary residences with land values that are disproportionate to the value of a primary residence and
10 improvements. To be eligible for the exemption, applicants must meet the requirements of this section.

11 (2) If the total appraised value of the land is equal to or less than 150% of the appraised value of the
12 primary residence and improvements situated on the land, then the land exemption provided in this section
13 does not apply.

14 (3) Subject to subsection ~~(6)~~ (7), if the total appraised value of the land is greater than 150% of the
15 appraised value of the primary residence and improvements situated on the land, then the land is valued at
16 150% of the appraised value of the primary residence and improvements situated on the land, subject to the
17 minimum equalization of value requirement in subsection (4), and the remainder of the land value is exempt
18 from taxation.

19 (4) If the calculation in subsection (3) creates a land value that is less than the statewide average
20 value of land, then the value of the land may not be reduced in an amount that is less than the statewide
21 average value of land multiplied by the acreage of land for the subject property.

22 (5) This section does not provide an exemption for the primary residence and improvements situated
23 on the land.

24 (6) Property eligible for the exemption provided for in this section is not eligible for the property
25 assistance programs provided for in Title 15, chapter 6, part 3.

26 ~~(6)~~(7) (a) A claim for assistance must be filed by March 1 of the tax year for which the exemption is
27 sought, on an application form provided by the department. After an exemption is approved, the applicant
28 remains eligible for the exemption for the remainder of the 2-year valuation cycle provided for in 15-7-111 as

1 long as the property is continually used as a primary residence by the applicant. An applicant who does not
2 apply for assistance during the first year of the valuation cycle may apply during the second year of the cycle.

3 (b) The application form must contain:

4 (i) an affirmation that the applicant owns and maintains the land and improvements as the primary
5 residence;

6 (ii) an affirmation that the land has been owned by the applicant or a family member of the applicant
7 within the third degree of consanguinity for at least 30 consecutive years; and

8 (iii) any other information required by the department that is relevant to the applicant's eligibility.

9 (c) When providing information to the department for qualification under this section, applicants are
10 subject to the false swearing penalties established in 45-7-202.

11 (d) The department may investigate the information provided in an application and an applicant's
12 continued eligibility.

13 (e) The department may request applicant verification of the primary residence.

14 ~~(7)(8)~~ As used in this section the following definitions apply:

15 (a) "Land" means:

16 (i) parcels of land or lots of not more than 5 acres under single ownership that support the primary
17 residential improvements. The term does not include parcels of land or lots that do not support the primary
18 residential improvements, regardless of whether those parcels or lots are contiguous with or adjacent to the
19 primary residential property.

20 (ii) subject to the limitations in subsection ~~(7)(a)(i)~~ (8)(a)(i), separately assessed land on which a
21 mobile or manufactured home is located, but only if the mobile or manufactured home and the land are both
22 owned by the applicant.

23 (b) "Primary residence" means a single-family dwelling:

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

26 (ii) that is the only residence for which the land exemption claimed in this section is claimed by the
27 applicant; and

28 (iii) that is owned or under contract for deed by the applicant.

1 (c) "Single-family dwelling" means a residential dwelling, manufactured home, trailer, or mobile home.
2 The term does not include a condominium unit or a unit of a multiple-unit dwelling.

3 (d) "Statewide average value of land" is a value calculated by the department that is equal to the
4 statewide average market value of 1 acre of class four real property described in 15-6-134(1)(a) through (1)(d)."
5

6 **Section 6.** Section 15-6-302, MCA, is amended to read:

7 **"15-6-302. Property tax assistance -- rulemaking.** (1) The requirements of this section must be met
8 for a taxpayer to qualify for property tax assistance under 15-6-305 or 15-6-311.

9 (2) For the property tax assistance programs provided for in 15-6-305 and 15-6-311, the residential
10 real property must be owned by the applicant or under contract for deed and be the primary residence as
11 defined in 15-6-301. The department shall make rules specifying the indicators used for determining whether a
12 residence is a primary residence for purposes of property tax assistance programs.

13 (3) An applicant's qualifying income, as defined in 15-6-301, may not exceed the threshold
14 established in 15-6-305 or 15-6-311 or in rules established pursuant to those sections.

15 (4) (a) A claim for assistance must be submitted on a form prescribed by the department.

16 (b) The form must contain:

17 (i) the qualifying income of the applicant and the applicant's spouse;

18 (ii) an affirmation that the applicant owns and maintains the land and improvements as the primary
19 residence as defined in 15-6-301;

20 (iii) the social security number of the applicant and of the applicant's spouse; and

21 (iv) any other information required by the department that is relevant to the applicant's eligibility.

22 (5) (a) An application must be filed by April 15 of the year for which assistance is first claimed.

23 (b) Once assistance is approved, the applicant remains eligible for property tax assistance in
24 subsequent years through the annual verification process defined in 15-6-301 without the need to reapply.

25 (c) A taxpayer shall inform the department of any change in eligibility occurring from one year to the
26 next.

27 (6) The department may verify an applicant's and an applicant's spouse's social security number and
28 benefits with the social security administration and the U.S. department of veterans affairs.

1 (7) The department must annually verify an applicant's eligibility, including the applicant's and
2 spouse's income, and approve, renew, or deny benefits for the current year based upon the findings.

3 (8) (a) When providing information for property tax assistance under 15-6-305 or 15-6-311,
4 applicants are subject to the false swearing penalties established in 45-7-202.

5 (b) The department may investigate the information provided in an application and an applicant's
6 continued eligibility.

7 (c) The department may request applicant verification of the primary residence.

8 (9) The department may address unusual circumstances of ownership and income that arise in
9 administering taxpayer assistance programs provided for in 15-6-305 and 15-6-311.

10 (10) A temporary stay in a nursing home or similar facility does not change a taxpayer's primary
11 residence for the purposes of taxpayer assistance programs provided for in 15-6-305 and 15-6-311.

12 (11) The department shall award property assistance under the property tax assistance program that
13 provides the greatest benefit to the taxpayer by reviewing applications and eligibility requirements, and notify
14 the applicant of the department's decision. Assistance may not be granted for property receiving the intangible
15 land value property exemption provided for in 15-6-240."

16

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

18 **"15-7-102. Notice of classification, market value, and taxable value to owners -- appeals.** (1) (a)

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

24 (i) change in ownership;

25 (ii) change in classification;

26 (iii) change in valuation; or

27 (iv) addition or subtraction of personal property affixed to the land.

28 (b) The notice must include the following for the taxpayer's informational and informal classification

1 and appraisal review purposes:

2 (i) a notice of the availability of all the property tax assistance programs available to property
3 taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax
4 assistance programs provided for in Title 15, chapter 6, part 3, ~~and~~ the residential property tax credit for the
5 elderly provided for in 15-30-2337 through 15-30-2341, and the property tax and rent-equivalent property tax
6 circuit breaker credit provided for in [sections 1 through 4];

7 (ii) the total amount of mills levied against the property in the prior year;

8 (iii) a statement that the notice is not a tax bill; and

9 (iv) a taxpayer option to request an informal classification and appraisal review by checking a box on
10 the notice and returning it to the department.

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

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

16 (2) (a) Except as provided in subsection (2)(c), the department shall assign each classification and
17 appraisal to the correct owner or purchaser under contract for deed and mail or provide electronically the notice
18 in written or electronic form, adopted by the department, containing sufficient information in a comprehensible
19 manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of
20 changes over the prior tax year.

21 (b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an
22 appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in
23 15-1-402.

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

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

6 (i) For property other than class three property described in 15-6-133, class four property described in
7 15-6-134, and class ten property described in 15-6-143, the objection must be submitted within 30 days from
8 the date on the notice.

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

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

27 (b) If the objection relates to residential or commercial property and the objector agrees to the
28 confidentiality requirements, the department shall provide to the objector, by posted mail or electronically, within

1 8 weeks of submission of the objection, the following information:

2 (i) the methodology and sources of data used by the department in the valuation of the property; and

3 (ii) if the department uses a blend of evaluations developed from various sources, the reasons that the
4 methodology was used.

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

7 (i) comparable sales data used by the department to value the property; and

8 (ii) sales data used by the department to value residential property in the property taxpayer's market
9 model area.

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

13 (e) The review must be conducted informally and is not subject to the contested case procedures of
14 the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual
15 selling price of the property and other relevant information presented by the taxpayer in support of the
16 taxpayer's opinion as to the market value of the property. The department shall consider an independent
17 appraisal provided by the taxpayer if the appraisal meets standards set by the Montana board of real estate
18 appraisers and the appraisal was completed within 6 months of the valuation date pursuant to 15-8-201. If the
19 department does not use the appraisal provided by the taxpayer in conducting the appeal, the department must
20 provide to the taxpayer the reason for not using the appraisal. The department shall give reasonable notice to
21 the taxpayer of the time and place of the review.

22 (f) After the review, the department shall determine the correct appraisal and classification of the land
23 or improvements and notify the taxpayer of its determination by mail or electronically. The department may not
24 determine an appraised value that is higher than the value that was the subject of the objection unless the
25 reason for an increase was the result of a physical change in the property or caused by an error in the
26 description of the property or data available for the property that is kept by the department and used for
27 calculating the appraised value. In the notification, the department shall state its reasons for revising the
28 classification or appraisal. When the proper appraisal and classification have been determined, the land must

1 be classified and the improvements appraised in the manner ordered by the department.

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

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

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

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

13 (6) If a property owner feels aggrieved by the classification or appraisal made by the department after
14 the review provided for in subsection (3), the property owner has the right to first appeal to the county tax
15 appeal board and then to the state tax appeal board, whose findings are final subject to the right of review in
16 the courts. The appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days from
17 the date on the notice of the department's determination. A county tax appeal board or the state tax appeal
18 board may consider the actual selling price of the property, independent appraisals of the property, and other
19 relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax
20 appeal board or the state tax appeal board determines that an adjustment should be made, the department
21 shall adjust the base value of the property in accordance with the board's order."

22

23 **Section 8.** Section 15-16-101, MCA, is amended to read:

24 **"15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the
25 receipt of the property tax record, the county treasurer shall publish a notice specifying:

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

1 until paid and 2% will be added to the delinquent taxes as a penalty;

2 (b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on the
3 next May 31 and that unless paid prior to that time the taxes will be delinquent and will draw interest at the rate
4 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
5 penalty; and

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

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

10 (i) the taxable value of the property;

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

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

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

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

16 (vi) a notice of the availability of all the property tax assistance programs available to property
17 taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax
18 assistance programs under Title 15, chapter 6, part 3, ~~and~~ the residential property tax credit for the elderly
19 under 15-30-2337 through 15-30-2341, and the property tax and rent-equivalent property tax circuit breaker
20 credit provided for in [sections 1 through 4].

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

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

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

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

3

4 **Section 9.** Section 15-17-125, MCA, is amended to read:

5 **"15-17-125. Attachment of tax lien and preparation of tax lien certificate.** (1) (a) The county
6 treasurer shall attach a tax lien no later than the first working day in August to properties on which the taxes are
7 delinquent and for which proper notification was given as provided in 15-17-122 and subsection (4) of this
8 section. Upon attachment of a tax lien, the county is the possessor of the tax lien unless the tax lien is assigned
9 pursuant to 15-17-323.

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

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

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

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

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

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

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

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

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

21 and

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

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

27 (4) Prior to attaching a tax lien to the property, the county treasurer shall send notice of the pending
28 attachment of a tax lien to the person to whom the property was assessed. The notice must include the

1 information listed in subsection (2), state that the tax lien may be assigned to a third party, and provide notice of
 2 the availability of all the property tax assistance programs available to property taxpayers, including the
 3 property tax assistance programs under Title 15, chapter 6, part 3, ~~and~~ the residential property tax credit for the
 4 elderly under 15-30-2337 through 15-30-2341, and the property tax and rent-equivalent property tax circuit
 5 breaker credit provided for in [sections 1 through 4]. The notice must have been mailed at least 2 weeks prior to
 6 the date on which the county treasurer attaches the tax lien.

7 (5) The county treasurer shall file the tax lien certificate with the county clerk and recorder."
 8

9 **Section 10.** Section 15-30-2103, MCA, is amended to read:

10 **"15-30-2103. Rate of tax.** (1) There must be levied, collected, and paid for each tax year upon the
 11 taxable income of each taxpayer subject to this tax, after making allowance for exemptions and deductions as
 12 provided in this chapter, a tax on the brackets of taxable income as follows:

13 (a) on the first \$2,900 of taxable income or any part of that income, 1%;

14 (b) on the next \$2,200 of taxable income or any part of that income, 2%;

15 (c) on the next \$2,700 of taxable income or any part of that income, 3%;

16 (d) on the next \$2,700 of taxable income or any part of that income, 4%;

17 (e) on the next \$3,000 of taxable income or any part of that income, 5%;

18 (f) on the next \$3,900 of taxable income or any part of that income, 6%

19 (g) on the next \$482,600 of taxable income or any part of that income, 6.9%; and

20 ~~(g)(h)~~ on any taxable income in excess of \$17,400 \$500,000 or any part of that income, 6.9% 8.9%.

21 (2) By November 1 of each year, the department shall multiply the bracket amount contained in
 22 subsection (1) by the inflation factor for the following tax year and round the cumulative brackets to the nearest
 23 \$100. The resulting adjusted brackets are effective for that following tax year and must be used as the basis for
 24 imposition of the tax in subsection (1) of this section."
 25

26 **Section 11.** Section 15-30-2303, MCA, is amended to read:

27 **"15-30-2303. Tax credits subject to review by interim committee.** (1) The following tax credits
 28 must be reviewed during the biennium commencing July 1, 2019:

- 1 (a) the credit for income taxes imposed by foreign states or countries provided for in 15-30-2302;
 2 (b) the credit for contractor's gross receipts provided for in 15-50-207;
 3 (c) the credit for new or expanded manufacturing provided for in 15-31-124 through 15-31-127;
 4 (d) the credit for installing an alternative energy system provided for in 15-32-201 through 15-32-203;
 5 (e) the credit for energy-conserving expenditures provided for in 15-30-2319 and 15-32-109; ~~and~~
 6 (f) the credit for elderly homeowners and renters provided for in 15-30-2337 through 15-30-2341; and
 7 (g) the property tax and rent-equivalent property tax circuit breaker credit provided for in [sections 1
 8 through 4].

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

- 10 (a) the credit for commercial or net metering system investment provided for in Title 15, chapter 32,
 11 part 4;
 12 (b) the credit for qualified elderly care expenses provided for in 15-30-2366;
 13 (c) the credit for dependent care assistance and referral services provided for in 15-30-2373 and 15-
 14 31-131;
 15 (d) the credit for contributions to a university or college foundation or endowment provided for in 15-
 16 30-2326, 15-31-135, and 15-31-136;
 17 (e) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-30-
 18 3110, and 15-31-158; and
 19 (f) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-30-
 20 3111, and 15-31-159.

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

- 22 (a) the credit for providing disability insurance for employees provided for in 15-30-2367 and 15-31-
 23 132;
 24 (b) the credit for installation of a geothermal system provided for in 15-32-115;
 25 (c) the credit for property to recycle or manufacture using recycled material provided for in Title 15,
 26 chapter 32, part 6;
 27 (d) the credit for converting a motor vehicle to alternative fuel provided for in 15-30-2320 and 15-31-
 28 137;

- 1 (e) the credit for infrastructure use fees provided for in 17-6-316; and
- 2 (f) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-
- 3 2329, 15-31-161, and 15-31-162.
- 4 (4) The following tax credits must be reviewed during the biennium commencing July 1, 2025:
- 5 (a) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151;
- 6 (b) the credit for mineral or coal exploration provided for in Title 15, chapter 32, part 5;
- 7 (c) the credit for capital gains provided for in 15-30-2301;
- 8 (d) the credit for a new employee in an empowerment zone provided for in 15-30-2356 and 15-31-
- 9 134;
- 10 (e) the credit for an oilseed crush facility provided for in 15-32-701; and
- 11 (f) the credit for unlocking state lands provided for in 15-30-2380.
- 12 (5) The following tax credits must be reviewed during the biennium commencing July 1, 2027:
- 13 (a) the biodiesel or biolubricant production facility credit provided for in 15-32-702;
- 14 (b) the biodiesel blending and storage credit provided for in 15-32-703;
- 15 (c) the adoption tax credit provided for in 15-30-2364;
- 16 (d) the credit for providing temporary emergency lodging provided for in 15-30-2381 and 15-31-171;
- 17 (e) the credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357 and
- 18 15-31-173;
- 19 (f) the earned income tax credit provided for in 15-30-2318; and
- 20 (g) the media production and postproduction credits provided for in 15-31-1007 and 15-31-1009.
- 21 (6) The revenue interim committee shall review the tax credits scheduled for review in the biennium of
- 22 the next regular legislative session, including any individual or corporate income tax credits with an expiration or
- 23 termination date that are not listed in this section, and make recommendations to the legislature about whether
- 24 to eliminate or revise the credits. The legislature may extend the review dates by amending this section. The
- 25 revenue interim committee shall review the credits using the following criteria:
- 26 (a) whether the credit changes taxpayer decisions, including whether the credit rewards decisions that
- 27 may have been made regardless of the existence of the tax credit;
- 28 (b) to what extent the credit benefits some taxpayers at the expense of other taxpayers;

- 1 (c) whether the credit has out-of-state beneficiaries;
- 2 (d) the timing of costs and benefits of the credit and how long the credit is effective;
- 3 (e) any adverse impacts of the credit or its elimination and whether the benefits of continuance or
4 elimination outweigh adverse impacts; and
- 5 (f) the extent to which benefits of the credit affect the larger economy."
- 6

7 **Section 12.** Section 15-30-2341, MCA, is amended to read:

8 **"15-30-2341. Residential property tax credit for elderly -- limitations -- denial of claim.** (1) Only
9 one claimant per household in a claim period under the provisions of 15-30-2337 through 15-30-2341 or
10 [sections 1 through 4] is entitled to relief.

11 (2) A taxpayer may not claim the credit provided for in [sections 1 through 4] and the residential
12 property tax credit for the elderly.

13 ~~(2)(3)~~ Except as provided in subsection ~~(3)(4)~~, a claim for relief may not be allowed for any portion of
14 property taxes billed or rent-equivalent taxes paid that is derived from a public rent or tax subsidy program.

15 ~~(3)(4)~~ Except for dwellings rented from a county or municipal housing authority, a claim for relief may
16 not be allowed on rented lands or rented dwellings that are not subject to Montana property taxes during the
17 claim period.

18 ~~(4)(5)~~ A person filing a false or fraudulent claim under the provisions of 15-30-2337 through 15-30-
19 2341 must be charged with the offense of unsworn falsification to authorities pursuant to 45-7-203. If a false or
20 fraudulent claim has been paid, the amount paid, penalties, and interest may be recovered as provided in 15-1-
21 216."

22

23 NEW SECTION. Section 13. Codification instruction. [Sections 1 through 4] are intended to be
24 codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [sections
25 1 through 4].

26

27 NEW SECTION. Section 14. Effective date. [This act] is effective on passage and approval.

28

