

HOUSE BILL NO. 583

INTRODUCED BY K. WHITE

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A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR ASSESSMENT, CLASSIFICATION, AND VALUATION OF CERTAIN LAND THAT IS NOT USED AS FOREST LAND; REQUIRING ANY SEPARATION OF PROPERTY FROM FOREST LAND FOR OTHER PURPOSES TO BE CLASSIFIED ACCORDING TO USE; CLASSIFYING THE 1 ACRE BENEATH A RESIDENCE ON FOREST LAND AS CLASS FOUR PROPERTY THAT IS VALUED AT MARKET VALUE; AMENDING SECTION 15-6-134, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

NEW SECTION. Section 1. Tax on change of use of part of tract. (1) Land that is valued, assessed, and taxed under this part that is separated or split from forest land, either by conveyance or other action of the owner, for a use other than forest land must be reclassified by the department according to its use.

(2) Reclassification under subsection (1) does not impair the right of the remaining forest land that was not reclassified based on use as long as the land meets the minimum requirements of this part.

Section 2. Section 15-6-134, MCA, is amended to read:

"15-6-134. Class four property -- description -- taxable percentage. (1) Class four property includes:

- (a) subject to subsection ~~(1)(d)~~ (1)(e), all land, except that specifically included in another class;
- (b) subject to subsection ~~(1)(d)~~ (1)(e):
 - (i) all improvements, including single-family residences, trailers, manufactured homes, or mobile homes used as a residence, except those specifically included in another class;
 - (ii) appurtenant improvements to the residences, including the parcels of land upon which the residences are located and any leasehold improvements;
 - (iii) vacant residential lots; and
 - (iv) rental multifamily dwelling units.
- (c) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural land under 15-7-202, including 1 acre of real property beneath improvements on land described in 15-6-133(1)(c). The

1 1 acre must be valued at market value.

2 (d) 1 acre of real property beneath an improvement used as a residence on land eligible for valuation,
3 assessment, and taxation as forest land under 15-6-143. The 1 acre must be valued at market value.

4 ~~(e)~~ all commercial and industrial property, as defined in 15-1-101, and including:

5 (i) all commercial and industrial property that is used or owned by an individual, a business, a trade, a
6 corporation, a limited liability company, or a partnership and that is used primarily for the production of income;

7 (ii) all golf courses, including land and improvements actually and necessarily used for that purpose, that
8 consist of at least nine holes and not less than 700 lineal yards;

9 (iii) commercial buildings and parcels of land upon which the buildings are situated; and

10 (iv) vacant commercial lots.

11 (2) If a property includes both residential and commercial uses, the property is classified and appraised
12 as follows:

13 (a) the land use with the highest percentage of total value is the use that is assigned to the property; and

14 (b) the improvements are apportioned according to the use of the improvements.

15 (3) (a) Except as provided in 15-24-1402, 15-24-1501, 15-24-1502, and subsection (3)(b), class four
16 residential property described in subsections (1)(a) through ~~(1)(e)~~ (1)(d) of this section is taxed at 1.35% of market
17 value.

18 (b) The tax rate for the portion of the market value of a single-family residential dwelling in excess of \$1.5
19 million is the residential property tax rate in subsection (3)(a) multiplied by 1.4.

20 (c) The tax rate for commercial property is the residential property tax rate in subsection (3)(a) multiplied
21 by 1.4.

22 (4) Property described in subsection ~~(1)(e)(ii)~~ (1)(e)(ii) is taxed at one-half the tax rate established in
23 subsection (3)(c)."

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25 NEW SECTION. Section 3. Codification instruction. [Section 1] is intended to be codified as an
26 integral part of Title 15, chapter 44, part 1, and the provisions of Title 15, chapter 44, part 1, apply to [section 1].

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

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30 NEW SECTION. Section 5. Retroactive applicability. [This act] applies retroactively, within the

1 meaning of 1-2-109, to tax years beginning after December 31, 2016, and to the reappraisal cycle beginning
2 January 1, 2017.

3 - END -