

SENATE BILL NO. 94

INTRODUCED BY K. REGIER

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4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A PROPERTY TAX EXEMPTION FOR CERTAIN
5 RESIDENTIAL PROPERTY WHEN LAND VALUE IS DISPROPORTIONATELY HIGHER THAN THE VALUE OF
6 THE ASSOCIATED IMPROVEMENTS; RESTRICTING THE EXEMPTION TO PRIMARY RESIDENCES;
7 PROVIDING FOR A LAND VALUE THAT IS NO LESS THAN THE STATEWIDE AVERAGE VALUE OF CLASS
8 FOUR RESIDENTIAL LAND; CREATING APPLICATION CRITERIA; PROVIDING DEFINITIONS; PROVIDING
9 FOR NOTIFICATION TO THE PUBLIC REGARDING THE EXEMPTION; PROVIDING RULEMAKING
10 AUTHORITY; AMENDING SECTIONS 15-7-102 AND 15-16-101, MCA; AND PROVIDING AN APPLICABILITY
11 DATE."

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13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
14

15 **NEW SECTION. Section 1. Intangible land value property exemption -- application procedure.** (1)
16 There is an intangible land value assistance program that provides graduated levels of property tax exemptions
17 to assist owners of primary residences with land values that are disproportionate to the value of a primary
18 residence and improvements. To be eligible for the exemption, applicants must meet the requirements of this
19 section.

20 (2) If the total appraised value of the land is equal to or less than 75% of the appraised value of the
21 primary residence and improvements situated on the land, then the land exemption provided in this section does
22 not apply.

23 (3) Subject to subsection (6), if the total appraised value of the land is greater than 75% of the appraised
24 value of the primary residence and improvements situated on the land, then the land is valued at 75% of the
25 appraised value of the primary residence and improvements situated on the land, subject to the minimum
26 equalization of value requirement in subsection (4), and the remainder of the land value is exempt from taxation.

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

30 (5) This section does not provide an exemption for the primary residence and improvements situated

1 on the land.

2 (6) (a) A claim for assistance must be filed by March 1 of the tax year for which the exemption is sought,
3 on an application form provided by the department. After an exemption is approved, the applicant remains eligible
4 for the exemption for the remainder of the 2-year valuation cycle provided for in 15-7-111 as long as the property
5 is continually used as a primary residence by the applicant. An applicant who does not apply for assistance during
6 the first year of the valuation cycle may apply during the second year of the cycle.

7 (b) The application form must contain:

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

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

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

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

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

16 (7) As used in this section, the following definitions apply:

17 (a) "Land" means:

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

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

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

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

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

30 (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).
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6 **Section 2.** Section 15-7-102, MCA, is amended to read:

7 **"15-7-102. Notice of classification, market value, and taxable value to owners -- appeals.** (1) (a)
 8 Except as provided in 15-7-138, the department shall mail or provide electronically to each owner or purchaser
 9 under contract for deed a notice that includes the land classification, market value, and taxable value of the land
 10 and improvements owned or being purchased. A notice must be mailed to the owner only if one or more of the
 11 following changes pertaining to the land or improvements have been made since the last notice:

12 (i) change in ownership;

13 (ii) change in classification;

14 (iii) change in valuation; or

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

16 (b) The notice must include the following for the taxpayer's informational purposes:

17 (i) a notice of the availability of all the property tax assistance programs available to property taxpayers,
 18 including the intangible land value assistance program provided for in [section 1], the property tax assistance
 19 programs provided for in Title 15, chapter 6, part 3, and the residential property tax credit for the elderly provided
 20 for in 15-30-2337 through 15-30-2341;

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

22 (iii) a statement that the notice is not a tax bill.

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

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

28 (2) (a) Except as provided in subsection (2)(c), the department shall assign each assessment to the
 29 correct owner or purchaser under contract for deed and mail or provide electronically the notice in written or
 30 electronic form, adopted by the department, containing sufficient information in a comprehensible manner

1 designed to fully inform the taxpayer as to the classification and appraisal of the property and of changes over
2 the prior tax year.

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

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

10 (3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the
11 market value of the property as determined by the department or with the classification of the land or
12 improvements, the owner may request an assessment review by submitting an objection on written or electronic
13 forms provided by the department for that purpose.

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

17 (ii) For class three property described in 15-6-133 and class four property described in 15-6-134, the
18 objection may be made only once each valuation cycle. An objection must be made within 30 days from the date
19 on the assessment notice for a reduction in the appraised value to be considered for both years of the 2-year
20 appraisal cycle. Any reduction in value resulting from an objection made more than 30 days from the date of the
21 assessment notice will be applicable only for the second year of the 2-year reappraisal cycle.

22 (iii) For class ten property described in 15-6-143, the objection may be made at any time but only once
23 each valuation cycle. An objection must be made within 30 days from the date on the assessment notice for a
24 reduction in the appraised value to be considered for all years of the 6-year appraisal cycle. Any reduction in
25 value resulting from an objection made more than 30 days after the date of the assessment notice applies only
26 for the subsequent remaining years of the 6-year reappraisal cycle.

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
29 8 weeks of submission of the objection, the following information:

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

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

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

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

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

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

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

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

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

30 (a) the taxpayer has submitted an objection on written or electronic forms provided by the department;

1 and

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

4 (5) A taxpayer's written objection to a classification or appraisal and the department's notification to the
5 taxpayer of its determination and the reason for that determination are public records. The department shall make
6 the records available for inspection during regular office hours.

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

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17 **Section 3.** Section 15-16-101, MCA, is amended to read:

18 **"15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the receipt
19 of the property tax record, the county treasurer shall publish a notice specifying:

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

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

27 and

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

29 (2) (a) The county treasurer shall send to the last-known address of each taxpayer a written notice,
30 postage prepaid, showing the amount of taxes and assessments due for the current year and the amount due

1 and delinquent for other years. The written notice must include:

2 (i) the taxable value of the property;

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

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

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

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

8 (vi) a notice of the availability of all the property tax assistance programs available to property taxpayers,
9 including the intangible land value assistance program provided for in [section 1], the property tax assistance
10 programs under Title 15, chapter 6, part 3, and the residential property tax credit for the elderly under 15-30-2337
11 through 15-30-2341.

12 (b) If the property is the subject of a tax lien sale for which a tax lien sale certificate has been issued
13 under 15-17-212, the notice must also include, in a manner calculated to draw attention, a statement that the
14 property is the subject of a tax lien sale and that the taxpayer may contact the county treasurer for complete
15 information.

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

18 (4) The notice in every case must be published once a week for 2 weeks in a weekly or daily newspaper
19 published in the county, if there is one, or if there is not, then by posting it in three public places. Failure to publish
20 or post notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the
21 current year or of delinquent tax will not affect the legality of the tax.

22 (5) If the department revises an assessment that results in an additional tax of \$5 or less, an additional
23 tax is not owed and a new tax bill does not need to be prepared."
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25 NEW SECTION. Section 4. Codification instruction. [Section 1] is intended to be codified as an
26 integral part of Title 15, chapter 6, part 2, and the provisions of Title 15, chapter 6, part 2, apply to [section 1].
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28 NEW SECTION. Section 5. Applicability. [This act] applies to tax years beginning after December 31,
29 2017.
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