

1 HOUSE BILL NO. 870  
2 INTRODUCED BY B. LER, E. BUTTREY, J. READ, E. BUTCHER, J. FIELDER, S. HINEBAUCH, D. LOGE, R.  
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5 T. SMITH, R. MINER, G. OBLANDER, L. DEMING, J. BERGSTROM, P. GREEN

6  
7 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TAX RATE FOR AGRICULTURAL PROPERTY  
8 OWNED BY CERTAIN NONPROFIT CORPORATIONS; AMENDING SECTIONS 15-6-133, 15-6-134, 15-6-  
9 229, AND 15-18-219, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

12  
13 **Section 1.** Section 15-6-133, MCA, is amended to read:

14 **"15-6-133. Class three property -- description -- taxable percentage.** (1) Class three property  
15 includes:

16 (a) ~~— except as provided in subsection (1)(d),~~ agricultural land as defined in 15-7-202;

17 (b) nonproductive patented mining claims outside the limits of an incorporated city or town held by  
18 an owner for the ultimate purpose of developing the mineral interests on the property. For the purposes of this  
19 subsection (1)(b), the following provisions apply:

20 (i) The claim may not include any property that is used for residential purposes, recreational  
21 purposes as described in 70-16-301, or commercial purposes as defined in 15-1-101 or any property the  
22 surface of which is being used for other than mining purposes or has a separate and independent value for  
23 other purposes.

24 (ii) Improvements to the property that would not disqualify the parcel are taxed as otherwise  
25 provided in this title, including that portion of the land upon which the improvements are located and that is  
26 reasonably required for the use of the improvements.

27 (iii) Nonproductive patented mining claim property must be valued as if the land were devoted to

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1 agricultural grazing use.

2 (c) parcels of land of 20 acres or more but less than 160 acres under one ownership that are not  
3 eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(1), which are considered to  
4 be nonqualified agricultural land. Nonqualified agricultural land may not be devoted to a commercial or  
5 industrial purpose. Nonqualified agricultural land is valued at the average productive capacity value of grazing  
6 land.

7 (d) agricultural land acquired after [the effective date of this act] and owned by a nonprofit  
8 corporation except for:

9 (i) a church or religious corporation;

10 (ii) a school, college, or university;

11 (iii) a hospital, medical research organization, or facility that cares for the elderly or disabled;

12 (iv) an organization that provides low-income housing;

13 (v) a cemetery corporation;

14 (vi) an organization that operates a residential treatment center;

15 (vii) an organization that provides housing to military veterans; ~~or~~

16 (viii) a rural cooperative utility;

17 (ix) a corporation organized for the primary purpose of providing irrigation, including the entire  
18 works and property used for the purpose of irrigation, main ditches and canals, laterals, laterals, headgates,  
19 flumes, spillways, boxes, and all other appliances and means by which the waters of any entity are or may be  
20 apportioned or distributed for use; or

21 (x) a veterans service organization.

22 (2) Subject to ~~subsection~~ subsections (3) and (4), class three property is taxed at 2.16% of its  
23 productive capacity value.

24 (3) The taxable value of land described in subsection (1)(c) is computed by multiplying the value of  
25 the land by seven times the taxable percentage rate for agricultural land.

26 (4) The taxable value of land described in subsection (1)(d) is computed by multiplying the value of  
27 the land by 10 times the taxable percentage rate for agricultural land."

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

3       **"15-6-134. Class four property -- description -- taxable percentage.** (1) Class four property

4 includes:

5       (a) subject to subsection (1)(e), all land, except that specifically included in another class;

6       (b) subject to subsection (1)(e):

7       (i) all improvements, including single-family residences, trailers, manufactured homes, or mobile

8 homes used as a residence, except those specifically included in another class;

9       (ii) appurtenant improvements to the residences, including the parcels of land upon which the

10 residences are located and any leasehold improvements;

11       (iii) vacant residential lots; and

12       (iv) rental multifamily dwelling units.

13       (c) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural

14 land under 15-7-202, including 1 acre of real property beneath improvements on land described in 15-6-

15 133(1)(c) and (1)(d). The 1 acre must be valued at market value.

16       (d) 1 acre of real property beneath an improvement used as a residence on land eligible for

17 valuation, assessment, and taxation as forest land under 15-6-143. The 1 acre must be valued at market value.

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

19       (i) all commercial and industrial property that is used or owned by an individual, a business, a

20 trade, a corporation, a limited liability company, or a partnership and that is used primarily for the production of

21 income;

22       (ii) all golf courses, including land and improvements actually and necessarily used for that

23 purpose, that consist of at least nine holes and not less than 700 lineal yards;

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

25       (iv) vacant commercial lots.

26       (2) If a property includes both residential and commercial uses, the property is classified and

27 appraised as follows:

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

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

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

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

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

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

13

14 **Section 3.** Section 15-6-229, MCA, is amended to read:

15 **"15-6-229. Exemption for land adjacent to transmission line right-of-way easement --**

16 **application -- limitations.** (1) Subject to the conditions of this section, for tax years beginning after December  
17 31, 2007, there is allowed an exemption from property taxes for land that is within 660 feet on either side of the  
18 midpoint of a transmission line right-of-way or easement.

19 (2) (a) An owner or operator of a transmission line shall apply to the department for an exemption  
20 under this section on a form provided by the department. The application must include a legal description and a  
21 digitized certificate of survey prepared by a surveyor registered with the board of professional engineers and  
22 professional land surveyors provided for in 2-15-1763 of the property in the county for which the exemption is  
23 sought and other information required by the department. A separate application must be made for each county  
24 in which an exemption is sought.

25 (b) An application for an exemption that would be in effect for the tax year and subsequent tax  
26 years must be filed with the department by March 1 in the tax year that the exemption is sought.

27 (3) (a) The owner or operator of a transmission line shall inform the department of any change in

1 ownership of the land or other circumstances that may affect the eligibility of the land for the exemption. The  
2 department shall determine whether any changes have occurred that affect the eligibility of the land for the  
3 exemption.

4 (b) The exemption allowed under this section does not apply to:

5 (i) the boundaries of an incorporated or unincorporated city or town;

6 (ii) a platted and filed subdivision;

7 (iii) tracts of land used for residential, commercial, or industrial purposes; or

8 (iv) the 1 acre of land beneath improvements on land described in 15-6-133(1)(c) and (1)(d) and  
9 15-7-206(2).

10 (4) For the purposes of this section, "transmission line" means an electric line with a design  
11 capacity of 30 megavoltamperes or greater that is constructed after January 1, 2007."  
12

13 **Section 4.** Section 15-18-219, MCA, is amended to read:

14 **"15-18-219. Application for tax deed for residential property -- fee -- notice.** (1) (a) If a property  
15 tax lien attached to the property provided for in subsection (1)(b) is not redeemed in the time allowed under 15-  
16 18-111, the assignee may file an application after the redemption period has expired with the county treasurer  
17 for a tax deed for the property. The tax deed application must contain the same information as is required in 15-  
18 18-211(1). The county treasurer shall charge the assignee a \$25 application fee. The fee must be deposited in  
19 the county general fund.

20 (b) The following property is subject to the provisions of this section if it contains a dwelling that is  
21 currently occupied by the legal titleholder of record:

22 (i) land classified as residential pursuant to 15-6-134;

23 (ii) land classified as agricultural pursuant to 15-6-133(1)(a), ~~and (1)(c), and (1)(d)~~; and

24 (iii) land classified as forest property pursuant to 15-6-143.

25 (c) For the property provided for in subsection (1)(b)(ii) and (1)(b)(iii), the provisions of this section  
26 also apply to other property of the same class that is included on the same tax bill.

27 (2) An assignee who applies for a tax deed pursuant to this section shall pay the county treasurer

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1 at the time of the tax deed application:

2 (a) the amount required to redeem any unassigned tax liens or tax liens held by other assignees;

3 (b) any delinquent taxes, penalties, and interest; and

4 (c) current taxes due for the property.

5 (3) (a) The county treasurer shall have the county clerk and recorder file a notice of the tax deed  
6 application.

7 (b) A person acquiring an interest in the property after the tax deed application notice has been  
8 filed is considered to be on notice of the pending tax deed auction, and no additional notice is required. The  
9 sale at auction of the property automatically releases any filed notice of tax deed application for the property.

10 (c) If the property is redeemed, the county treasurer shall file a redemption certificate, which  
11 releases the notice of tax deed application.

12 (4) (a) Between May 1 and May 30 of the year in which the redemption period expires, an  
13 assignee applying for a tax deed shall notify the parties as required in subsection (4)(b) that a tax deed will be  
14 auctioned unless the property tax lien is redeemed before the date of the auction.

15 (b) The notice required under subsection (4)(a) must be made by certified mail, return receipt  
16 requested, in the form required by 15-18-215 and as provided in 7-1-2121, to the current occupant, if any, of the  
17 property and to each party, other than a utility, listed on a litigation guarantee, provided that the guarantee:

18 (i) has been approved by the insurance commissioner and issued by a licensed title insurance  
19 producer;

20 (ii) was ordered on the property by the person required to give notice; and

21 (iii) lists the identities and addresses of the parties of record that have an interest or possible claim  
22 of an interest in the property designed to disclose all parties of record that would otherwise be necessary to  
23 name in a quiet title action.

24 (c) The address to which the notice must be sent is, for each party, the address disclosed by the  
25 records in the office of the county clerk and recorder or in the litigation guarantee and, for the occupant, the  
26 street address or other known address of the subject property.

27 (5) The amount of interest and costs continues to accrue until the date of redemption. The total

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1 amount of interest and costs that must be paid for redemption must be calculated by the county treasurer as of  
2 the date of payment.

3 (6) (a) The county treasurer shall notify the assignee of the obligation to give notice under  
4 subsection (4) between January 1 and January 31 of the year in which the redemption period expires. The  
5 notice of obligation must be sent by certified mail, return receipt requested, to the assignee at the address  
6 contained on the assignment certificate provided for in 15-17-323.

7 (b) If the assignee fails to give notice as required by subsection (4), as evidenced by failure to file  
8 proof of notice with the county clerk and recorder as required in subsection (6)(c), the county treasurer shall  
9 cancel the property tax lien evidenced by the tax lien certificate and the assignment certificate. Upon  
10 cancellation of the property tax lien, the county treasurer shall file with the county clerk and recorder a notice of  
11 cancellation on a form provided for in 15-18-217.

12 (c) Proof of notice must be given as provided in 15-18-216 and must be filed with the county clerk  
13 and recorder. An assignee must file proof of notice with the county clerk and recorder within 30 days of the  
14 mailing or publishing of the notice. Once filed, the proof of notice is prima facie evidence of the sufficiency of  
15 the notice."

16

17 **NEW SECTION. Section 5. Effective date.** [This act] is effective on passage and approval.

18

- END -