

1 HOUSE BILL NO. 912

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12 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE CLASSIFICATION AND TAXATION OF

13 CERTAIN LAND AS RECREATIONAL LAND FOR PROPERTY TAX PURPOSES; PROVIDING THAT

14 CERTAIN CONTIGUOUS PARCELS ARE TAXED AS RECREATIONAL LAND UNLESS THE LAND IS BEING

15 UTILIZED FOR AGRICULTURAL PRODUCTION IN A MANNER THAT GENERATES AT LEAST THE

16 PRODUCTIVE CAPACITY THAT THE AVERAGE MONTANA FARMER OR RANCHER COULD ACHIEVE;

17 PROVIDING THAT A PROPERTY OWNER MAY PROVE THAT THE LAND IS BEING UTILIZED FOR

18 AGRICULTURAL PRODUCTION BY SUBMITTING SITE-SPECIFIC AND PERTINENT AVAILABLE

19 INFORMATION; PROVIDING FOR A RATE OF TAX THAT IS HIGHER THAN THE RATE OF TAX FOR

20 AGRICULTURAL LAND; PROVIDING DEFINITIONS; PROVIDING RULEMAKING AUTHORITY; AMENDING

21 SECTIONS 15-6-134, 15-6-229, 15-7-102, 15-7-111, 15-7-202, 15-8-111, AND 15-18-219, MCA; AND

22 PROVIDING AN APPLICABILITY DATE."

23

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

25

26 NEW SECTION. **Section 1. Class nineteen property -- description of undeveloped recreational**

27 **property -- taxable percentage.** (1) (a) Except as provided in subsection (1)(b), beginning January 1, 2025,

28 class nineteen property includes contiguous parcels of land totaling 160 acres or more under one ownership

Amendment - 1st Reading-white - Requested by: Edward Butcher - (H) Taxation

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Drafter: Jaret Coles, 406-444-4022

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1 that does not qualify for valuation, assessment, and taxation as agricultural land each year under 15-7-202
2 because of the failure of the owner to satisfy the criteria in subsection (2). Property that is classified under this
3 section is referred to as undeveloped recreational property.

4 (b) Subsection (1)(a) does not apply to land that was placed in a land conservation program
5 administered by the United States before [the effective date of this act] until after the expiration of the contract.

6 (2) Class nineteen recreational property does not include property classified as forest land under
7 15-6-143 and property described in subsection (1) if:

8 (a) the owner applies to the department requesting classification of the parcel as agricultural under
9 15-7-202;

10 (b) the land and any contiguous leased land of the owner is used primarily for raising and
11 marketing food, fiber commodities, and fuel products that are agricultural by the owner or a lessee; and

12 (c) the department verifies that the land is being utilized for agricultural production in a manner that
13 generates at least the productive capacity that the average Montana farmer or rancher could achieve.

14 (3) In determining whether subsection (2)(c) is satisfied, the department shall consider soil type,
15 historic productive capacity in the surrounding area with similar property features, any available historical
16 productive capacity information for the subject property, soil surveys and maps, livestock per capita fees paid
17 by property owners in the county based on a per acreage basis, and all other site-specific and pertinent
18 available information, including any information provided by the taxpayer such as:

19 (a) information detailing actual climate conditions;

20 (b) information from the United States department of agriculture, including but not limited to:

21 (i) natural resources conservation service rangeland inventory materials;

22 (ii) farm service agency materials; and

23 (iii) Montana agriculture statistics information; and

24 (c) any other relevant documents or publicly available information that will assist the department in
25 reaching a determination that the land is being utilized for agricultural production in a manner that generates at
26 least the productive capacity that the average Montana farmer or rancher could achieve.

27 (4) Class nineteen property is taxed at the rate of tax for class three property in 15-6-133(2) of its
28 productive capacity value multiplied by 7.

1 (5) For the purposes of this section, the following definitions apply:

2 (a) (i) "Agricultural production" means the business of agricultural production, as agriculture is
3 defined in this section, including silviculture, food, fiber commodities, and fuel that is reported on net farm
4 income reports for tax purposes as required by the United States internal revenue service.

5 (ii) The term does not mean the business of processing, transporting, or marketing agricultural
6 products.

7 (b) "Agriculture" has the same meaning as "agricultural" as defined in 15-1-101.

8 (c) "Marketing" has the same meaning as provided in 15-7-202(1)(c).

9 (6) The department may adopt rules to implement the provisions of this section.

10

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

12 **"15-6-134. Class four property -- description -- taxable percentage.** (1) Class four property
13 includes:

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

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

16 (i) all improvements, including single-family residences, trailers, manufactured homes, or mobile
17 homes used as a residence, except those specifically included in another class;

18 (ii) appurtenant improvements to the residences, including the parcels of land upon which the
19 residences are located and any leasehold improvements;

20 (iii) vacant residential lots; and

21 (iv) rental multifamily dwelling units.

22 (c) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural
23 land under 15-7-202 or recreational property under [section 1], including 1 acre of real property beneath
24 improvements on land described in 15-6-133(1)(c) or [section 1]. The 1 acre must be valued at market value.

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

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

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