

1 HOUSE BILL NO. 912
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11
 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 EFFECTIVE DATES AND 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 2029, class nineteen property includes contiguous parcels of land totaling 160 acres or more under one

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1 ownership that does not qualify for valuation, assessment, and taxation as agricultural land each year under 15-
2 7-202 because of the failure of the owner to satisfy the criteria in subsection (2). Property that is classified
3 under this 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]~~ January 1, 2029, until after the
6 expiration of the contract.

7 (2) Class nineteen recreational property does not include property classified as forest land under
8 15-6-143 and property described in subsection (1) if:

9 (a) subject to subsection (5), the owner applies to the department requesting classification of the
10 parcel as agricultural under 15-7-202;

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

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

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

20 (a) information detailing actual climate conditions;

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

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

23 (ii) farm service agency materials; and

24 (iii) Montana agriculture statistics information; and

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

28 (4) Class nineteen property is taxed at the rate of tax for class three property in 15-6-133(2) of its

1 productive capacity value multiplied by 7.

2 ~~(5)~~ For the valuation cycle beginning January 1, 2029, and ending December 31, 2031, all class
3 ~~nineteen property must be valued as of January 1, 2028. The department shall begin accepting applications for~~
4 ~~classification of a parcel as agricultural pursuant to subsection (2) after June 30, 2027.~~

5 ~~(5)(6)~~ For the purposes of this section, the following definitions apply:

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

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

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

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

13 ~~(6)(7)~~ The department may adopt rules to implement the provisions of this section.

14

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

16 **"15-6-134. Class four property -- description -- taxable percentage.** (1) Class four property
17 includes:

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

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

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

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

24 (iii) vacant residential lots; and

25 (iv) rental multifamily dwelling units.

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

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

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

10
11 **NEW SECTION. Section 9. Codification instruction.** [Section 1] is intended to be codified as an
12 integral part of Title 15, chapter 6, part 1, and the provisions of Title 15, chapter 6, part 1, apply to [section 1].

13
14 **NEW SECTION. Section 10. Effective dates.** (1) Except as provided in subsection (2), [this act] is
15 effective July 1, 2027.

16 (2) [Sections 1, 9, and 11] and this section are effective October 1, 2023.

17
18 **NEW SECTION. Section 11. Applicability.** [This act] applies to property tax years beginning after
19 December 31, ~~2024~~ 2028.

20 - END -