

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

HOUSE BILL NO. 912

INTRODUCED BY E. BUTCHER, E. BUTTREY, J. READ, J. ESP, K. REGIER, B. KEENAN, C. GLIMM, G. HERTZ, M. LANG, D. ZOLNIKOV, D. LENZ, R. LYNCH, B. BROWN, J. HINKLE, F. MANDEVILLE, M. NOLAND, S. HINEBAUCH, D. LOGE, F. ANDERSON, J. TREBAS, D. BARTEL, C. KNUDSEN, B. USHER, S. VINTON, N. DURAM, J. FULLER, J. DOOLING, K. BOGNER, J. KASSMIER, D. BEDEY, B. PHALEN, L. BREWSTER, K. ZOLNIKOV, B. MITCHELL, A. REGIER, L. REKSTEN, P. FIELDER, S. KERNS, S. GALLOWAY, S. GIST, J. SCHILLINGER, K. SEEKINS-CROWE, J. GILLETTE, C. HINKLE, R. MARSHALL, C. FRIEDEL, M. YAKAWICH, T. SMITH, N. NICOL, D. EMRICH, C. SPRUNGER, T. FALK, G. NIKOLAKAKOS, J. BERGSTROM, G. KMETZ, P. GREEN, J. ETCHART, J. FITZPATRICK, N. HASTINGS

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE CLASSIFICATION AND TAXATION OF CERTAIN LAND AS RECREATIONAL LAND FOR PROPERTY TAX PURPOSES; PROVIDING THAT CERTAIN CONTIGUOUS PARCELS ARE TAXED AS RECREATIONAL LAND UNLESS THE LAND IS BEING UTILIZED FOR AGRICULTURAL PRODUCTION IN A MANNER THAT GENERATES AT LEAST THE PRODUCTIVE CAPACITY THAT THE AVERAGE MONTANA FARMER OR RANCHER COULD ACHIEVE; PROVIDING THAT A PROPERTY OWNER MAY PROVE THAT THE LAND IS BEING UTILIZED FOR AGRICULTURAL PRODUCTION BY SUBMITTING SITE-SPECIFIC AND PERTINENT AVAILABLE INFORMATION; PROVIDING FOR A RATE OF TAX THAT IS HIGHER THAN THE RATE OF TAX FOR AGRICULTURAL LAND; PROVIDING EXEMPTIONS; PROVIDING DEFINITIONS; PROVIDING RULEMAKING AUTHORITY; AMENDING 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 PROVIDING EFFECTIVE DATES AND AN APPLICABILITY DATE."

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

NEW SECTION. **Section 1. Class nineteen property -- description of undeveloped recreational property -- taxable percentage.** (1) (a) Except as provided in subsection (1)(b), beginning January 1, ~~2025~~ 2029, class nineteen property includes contiguous parcels of land totaling 160 acres or more under one ownership that does not qualify for valuation, assessment, and taxation as agricultural land each year under 15-



1 7-202 because of the failure of the owner to satisfy the criteria in subsection (2). Property that is classified
2 under this section is referred to as undeveloped recreational property.

3 (b) Subsection (1)(a) does not apply to land that:

4 (i) was placed in a land conservation program administered by the United States before ~~the~~
5 ~~effective date of this act~~ JANUARY 1, 2029, until after the expiration of the contract; or

6 (ii) subject to subsection (4), has not had a change in ownership.

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)~~ (6), the owner applies to the department requesting classification of
10 the 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) A local government taxing entity may file a request with the department to verify that land in the

1 taxing entity that is exempt from the application process pursuant to subsection (1)(b)(ii) is used for agricultural
2 production as provided in subsections (2)(b), (2)(c), and (3). On receiving a request, the department shall
3 investigate whether the land satisfies the criteria in subsections (2)(b), (2)(c), and (3) and may require that the
4 owner submit an application pursuant to subsection (2)(a).

5 ~~(4)(5)~~ Class nineteen property is taxed at the rate of tax for class three property in 15-6-133(2) of its
6 productive capacity value multiplied by 7.

7 ~~(5)(6)~~ FOR THE VALUATION CYCLE BEGINNING JANUARY 1, 2029, AND ENDING DECEMBER 31, 2031, ALL
8 CLASS NINETEEN PROPERTY MUST BE VALUED AS OF JANUARY 1, 2028. THE DEPARTMENT SHALL BEGIN ACCEPTING
9 APPLICATIONS FOR CLASSIFICATION OF A PARCEL AS AGRICULTURAL PURSUANT TO SUBSECTION (2) AFTER JUNE 30,
10 2027.

11 ~~(5)(6)(7)~~ For the purposes of this section, the following definitions apply:

12 (a) (i) "Agricultural production" means the business of agricultural production, as agriculture is
13 defined in this section, including silviculture, FOOD, FIBER COMMODITIES, AND FUEL that is reported on net farm
14 income reports for tax purposes as required by the United States internal revenue service.

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

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

18 ~~(c)~~ "Change in ownership" means transfer of ownership to someone other than a parent, spouse,
19 or child.

20 ~~(e)(d)~~ "Marketing" has the same meaning as provided in 15-7-202(1)(c).

21 ~~(6)(7)(8)~~ The department may adopt rules to implement the provisions of this section.

22
23 **Section 2.** Section 15-6-134, MCA, is amended to read:

24 **"15-6-134. Class four property -- description -- taxable percentage.** (1) Class four property
25 includes:

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

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

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