

HOUSE BILL NO. 494

INTRODUCED BY J. HAMILTON, J. COHENOUR, D. FERN, J. KARLEN

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING PROPERTY TAX ASSISTANCE PROGRAMS; INCREASING INCOME LIMITS FOR THE PROPERTY TAX ASSISTANCE PROGRAM; REVISING THE APPRAISED VALUE LIMIT FOR THE PROPERTY TAX ASSISTANCE PROGRAM; REVISING INCOME LIMITS FOR THE DISABLED VETERAN ASSISTANCE PROGRAM; PROVIDING A DEFINITION; AMENDING SECTIONS 15-6-301, 15-6-305, 15-6-311, AND 15-6-312, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. Section 15-6-301, MCA, is amended to read:

"15-6-301. Definitions. As used in this part, the following definitions apply:

(1) "Annual verification" means the use of a process to:

- (a) verify an applicant's income;
(b) approve, renew, or deny benefits for the current year based upon the applicant's eligibility; and
(c) terminate participation based upon death or loss of status as a qualified veteran or veteran's spouse.

(2) "Federal poverty level" means the measure of indigence established annually by the U.S. office of management and budget as adjusted for family size.

(3) "PCE" means the implicit price deflator (price index) for personal consumption expenditures as published in the national income and product accounts by the bureau of economic analysis of the U.S. department of commerce.

(4) "PCE inflation factor" for a tax year means the PCE price index value for the first quarter of the prior tax year before the tax year divided by the PCE price index value for the first quarter of 2015 2029.

(5) (a) "Primary residence" is, subject to the provisions of subsection (b), a dwelling:

- (i) in which a taxpayer can demonstrate the taxpayer lived for at least 7 months of the year for

1 which benefits are claimed;

2 (ii) that is the only residence for which property tax assistance is claimed; and

3 (iii) determined using the indicators provided for in the rules authorized by 15-6-302(2).

4 (b) A primary residence may include more than one dwelling when the taxpayer's combined  
5 residence in the dwellings is at least 7 months of the tax year.

6 ~~(5)~~(6) "Qualified veteran" means a veteran:

7 (a) who was killed while on active duty or died as a result of a service-connected disability; or

8 (b) if living:

9 (i) was honorably discharged from active service in any branch of the armed services; and

10 (ii) is currently rated 100% disabled or is paid at the 100% disabled rate by the U.S. department of  
11 veterans affairs for a service-connected disability, as verified by official documentation from the U.S.  
12 department of veterans affairs.

13 ~~(6)~~(7) "Qualifying income" means:

14 (a) the federal adjusted gross income excluding capital and income losses of an applicant and the  
15 applicant's spouse as calculated on the Montana income tax return for the prior year;

16 (b) for assistance under 15-6-311, the federal adjusted gross income excluding capital and income  
17 losses of an applicant as calculated on the Montana income tax return for the prior tax year; or

18 (c) for an applicant who is not required to file a Montana income tax return, the income determined  
19 using available income information.

20 ~~(7)~~(8) "Qualifying property" means a primary residence that a qualified applicant owned and occupied  
21 for at least 7 months during the tax year.

22 ~~(8)~~(9) "Residential real property" means the land and improvements of a taxpayer's primary  
23 residence."  
24

25 **Section 2.** Section 15-6-305, MCA, is amended to read:

26 **"15-6-305. Property tax assistance program -- fixed or limited income.** (1) There is a property tax  
27 assistance program that provides graduated levels of tax assistance for the purpose of assisting citizens with  
28 limited or fixed incomes. To be eligible for the program, ~~applicants~~an applicant must meet the requirements of

1 15-6-302 and have qualifying income of \$75,000 or less.

2 (2) (a) The first \$200,000 in appraisal market value provided for in subsection (2)(b) of residential  
3 real property qualifying for the property tax assistance program is taxed at the ~~rates~~ rate established by 15-6-  
4 134 multiplied by a the percentage figure based on the applicant's qualifying income provided for in subsection  
5 (3).

6 (b) The market value to which the percentage figure applies is:

7 (i) \$225,000 in tax year 2024;

8 (ii) \$250,000 in tax year 2025;

9 (iii) \$275,000 in tax year 2026;

10 (iv) \$300,000 in tax year 2027;

11 (v) \$350,000 in tax year 2028;

12 (vi) \$400,000 in tax year 2029; and

13 (vii) the amount determined pursuant to subsection (2)(c) in subsequent years.

14 (c) In tax year 2030 and afterward, the market value to which the percentage figure must  
15 be adjusted annually using the PCE inflation factor defined in 15-6-301, rounded to the nearest whole dollar  
16 amount. If the adjustment results in a decrease in market value from the previous year, the market value must  
17 remain the same for that year.

18 (3) The percentage figure is:

19 (a) 20% for households with qualifying income of less than 175% of the federal poverty level; and

20 (b) 50% for households with qualifying income of more than 175% and less than 350% of the

21 federal poverty level, determined from the following table:

Income	Income	Percentage
Single Person	Married Couple	Multiplier
	Head of Household	
<del>\$0 - \$8,413</del>	<del>\$0 - \$11,217</del>	20%

~~\$8,414 -- \$12,900~~                      ~~\$11,218 -- \$19,630~~                      50%

~~\$12,901 -- \$21,032~~                      ~~\$19,631 -- \$28,043~~                      70%

1            ~~(3) The qualifying income levels contained in subsection (2) must be adjusted annually using the PCE~~  
2 ~~inflation factor defined in 15-6-301, rounded to the nearest whole dollar amount. If the adjustment results in a~~  
3 ~~decrease in qualifying income levels from the previous year, the qualifying income levels must remain the same~~  
4 ~~for that year."~~

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6            **Section 3.** Section 15-6-311, MCA, is amended to read:

7            **"15-6-311. Disabled veteran program.** (1) The residential real property of a qualified veteran or a  
8 qualified veteran's spouse with qualifying income of \$75,000 or less is eligible to receive a tax rate reduction as  
9 provided in 15-6-302 and this section.

10           (2) Property qualifying under subsection (1) and owned by a qualified veteran is taxed at the rate  
11 provided in 15-6-134 multiplied by a percentage figure based on the applicant's qualifying income determined  
12 from the following table:

<u>Income based on federal poverty</u>	<u>Income based on federal poverty</u>	<u>Percentage Figure</u>
<u>level -- Single-person household</u>	<u>level -- Multiple-person household</u>	
<u>or surviving spouse</u>		
<u>0% to 325%</u>	<u>0% to 385%</u>	<u>0%</u>
<u>326% to 385%</u>	<u>386% to 425%</u>	<u>20%</u>
<u>386% to 425%</u>	<u>426% to 485%</u>	<u>50%</u>

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<u>Income</u>	<u>Income</u>	<u>Percentage</u>
<u>Single Person</u>	<u>Married Couple</u>	<u>Multiplier</u>
	<u>Head of Household</u>	
<del>\$0 -- \$37,404</del>	<del>\$0 -- \$44,885</del>	0%

<del>\$37,405 – \$41,145</del>	<del>\$44,886 – \$48,626</del>	20%
<del>\$41,146 – \$44,885</del>	<del>\$48,627 – \$52,366</del>	30%
<del>\$44,886 – \$48,626</del>	<del>\$52,367 – \$56,107</del>	50%

1           ~~(3)~~ For a surviving spouse who owns property qualifying under subsection (4), the property is taxed  
2 at the rate established by 15-6-134 multiplied by a percentage figure based on the spouse's qualifying income  
3 determined from the following table:

Income	Percentage
Surviving Spouse	Multiplier
<del>\$0 – \$31,170</del>	0%
<del>\$31,171 – \$34,911</del>	20%
<del>\$34,912 – \$38,651</del>	30%
<del>\$38,652 – \$42,392</del>	50%

4           ~~(4)(3)~~ The property tax exemption under this section remains in effect as long as the qualifying  
5 income requirements are met and the property is the primary residence owned and occupied by the veteran or,  
6 if the veteran is deceased, by the veteran's spouse and the spouse:

- 7           (a) is the owner and occupant of the house;
- 8           (b) is unmarried; and
- 9           (c) has obtained from the U.S. department of veterans affairs a letter indicating that the veteran  
10 was rated 100% disabled or was paid at the 100% disabled rate by the U.S. department of veterans affairs for a  
11 service-connected disability at the time of death or that the veteran died while on active duty or as a result of a  
12 service-connected disability.

13           ~~(5)~~ The qualifying income levels contained in subsections (2) and (3) must be adjusted annually by  
14 using the PCE inflation factor defined in 15-6-301, rounded to the nearest whole dollar amount. If the  
15 adjustment results in a decrease in qualifying income levels from the previous year, the qualifying income levels  
16 must remain the same for that year."

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