HOUSE BILL NO. 494

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

A BILL FOR AN ACT ENTITLED: “AN ACT REVISIGN PROPERTY TAX ASSISTANCE PROGRAMS; INCREASING INCOME LIMITS FOR THE PROPERTY TAX ASSISTANCE PROGRAM; REVISIGN THE APPRAISED VALUE LIMIT FOR THE PROPERTY TAX ASSISTANCE PROGRAM; REVISIGN 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.

(a) "Primary residence" is, subject to the provisions of subsection (4)(b), a dwelling:

(i) in which a taxpayer can demonstrate the taxpayer lived for at least 7 months of the year for
which benefits are claimed;

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

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

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

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

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

(b) if living:

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

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

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

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

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

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

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

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

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

"15-6-305. Property tax assistance program -- fixed or limited income. (1) There is a property tax assistance program that provides graduated levels of tax assistance for the purpose of assisting citizens with limited or fixed incomes. To be eligible for the program, an applicant must meet the requirements of
15-6-302 and have qualifying income of $75,000 or less.

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

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

(i) $225,000 in tax year 2024;
(ii) $250,000 in tax year 2025;
(iii) $275,000 in tax year 2026;
(iv) $300,000 in tax year 2027;
(v) $350,000 in tax year 2028;
(vi) $400,000 in tax year 2029; and
(vii) the amount determined pursuant to subsection (2)(c) in subsequent years.

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

(3) The percentage figure is:

(a) 20% for households with qualifying income of less than 175% of the federal poverty level; and
(b) 50% for households with qualifying income of more than 175% and less than 350% of the federal poverty level, determined from the following table:

<table>
<thead>
<tr>
<th>Income</th>
<th>Income</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Person</td>
<td>Married Couple</td>
<td>Multiplier</td>
</tr>
<tr>
<td>Head of Household</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$0 – $8,413</td>
<td>$0 – $11,217</td>
<td>20%</td>
</tr>
</tbody>
</table>
(3) The qualifying income levels contained in subsection (2) must be adjusted annually using the PCE inflation factor defined in 15-6-301, rounded to the nearest whole dollar amount. If the adjustment results in a decrease in qualifying income levels from the previous year, the qualifying income levels must remain the same for that year.

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

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

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

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

<table>
<thead>
<tr>
<th>Income</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Person</td>
<td>Multiplier</td>
</tr>
<tr>
<td>$0 – $37,404</td>
<td>0%</td>
</tr>
<tr>
<td>Married Couple</td>
<td></td>
</tr>
<tr>
<td>$0 – $44,885</td>
<td></td>
</tr>
<tr>
<td>Head of Household</td>
<td></td>
</tr>
</tbody>
</table>
$37,405 - $41,145  $44,886 - $48,626  20%

$41,146 - $44,885  $48,627 - $52,366  30%

$44,886 - $48,626  $52,367 - $56,107  50%

(3) For a surviving spouse who owns property qualifying under subsection (4), the property is taxed at the rate established by 15.6.134 multiplied by a percentage figure based on the spouse's qualifying income determined from the following table:

<table>
<thead>
<tr>
<th>Income Surviving Spouse Multiplier</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $31,170</td>
<td>0%</td>
</tr>
<tr>
<td>$31,171 - $34,911</td>
<td>20%</td>
</tr>
<tr>
<td>$34,912 - $38,651</td>
<td>30%</td>
</tr>
<tr>
<td>$38,652 - $42,392</td>
<td>50%</td>
</tr>
</tbody>
</table>

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

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

(5) The qualifying income levels contained in subsections (2) and (3) must be adjusted annually by using the PCE inflation factor defined in 15.6.301, rounded to the nearest whole dollar amount. If the adjustment results in a decrease in qualifying income levels from the previous year, the qualifying income levels must remain the same for that year."
Section 4. Section 15-6-312, MCA, is amended to read:

"15-6-312. Time period for property tax assistance. (1) A person who qualifies for assistance under 15-6-305 or 15-6-311 is entitled to assistance as provided for in this section.

(2) The property tax assistance is provided for the full tax year:

(a) in the first year in which the applicant qualifies for assistance if the applicant resides in the qualifying property for the remainder of the tax year;

(b) if the applicant resides in the qualifying property for the full tax year;

(c) for qualifying property owned by an applicant at the time the tax roll is provided to the county treasurer for billing if 15-6-301(4)(b) 15-6-301(5)(b) applies.

(3) If an applicant who qualifies for assistance sells the qualifying property and does not purchase a new residence during the tax year, the assistance is provided for the number of days the taxpayer owned the qualifying property during the tax year based on the date of sale.

(4) (a) Except as provided in subsection (4)(b), a person who purchases a qualifying property is not entitled to assistance for the partial tax year during which the person owns the property. The property must be assessed at the full tax rate for the portion of the year the person owns the property based on the date of sale.

(b) If the sale date is after the county treasurer sends the tax notice provided for in 15-16-101(2), the tax notice may not be revised based on the change in ownership."

NEW SECTION. Section 5. Applicability. [This act] applies to property tax years beginning on or after January 1, 2024.