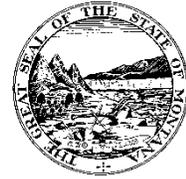




**Mike Kadas**  
Director

# Montana Department of Revenue



**Steve Bullock**  
Governor

## Memorandum

To: Revenue and Transportation Interim Committee

From: Mike Kadas, Director

Date: June 12, 2017

Subject: HB0389 Summary

### **64th Legislature HB0389**

An Act requiring periodic reapplication by an owner of certain tax-exempt real property for the purpose of maintaining an exemption from property taxes; requiring a public listing of certain property that is exempt from taxation; and establishing a duty for an owner of tax-exempt property to report a change in use.

### **Summary of Requirements**

- Application Process
  - The initial renewal application must be submitted to the department, and must include
    - articles of incorporation, a copy of the applicant's constitution or by-laws, and a copy of the applicant's tax-exempt status letter (501 determination)
    - deed evidencing ownership, parcel geocode, assessor code, legal description, or physical address.
    - explaining how the organization, or society, qualifies for the property tax exemption
    - specific use of the real property.
  - Renewal applications to be submitted at least every 6 years; law sunsets in 2021.
  - Initial fee of \$15 – \$25 was collected based on complexity of property.
  - Owners must report change in use or ownership.

*Status:*

- Over 8,000 applications mailed.
    - Originally there were roughly 2,400 non-responders.
    - After staff call backs and mailings, the non-responders were reduced to 300.
    - Those 300 have been returned to taxable status. (3%)
  - The department has conducted a preliminary review to verify all supporting documentation and fees were submitted for applications in all counties.
  - A determination has been made on 2,849 (35%) with 5,111 applications remaining (65%).
    - Of the 2,849 application reviewed only 22 applications changed classification.
  - We are now in the process of working the 184 “New” applications for tax year 2017 so that those can be addressed before tax bills go out.
- Public listing of exempt property
    - The department shall maintain a free public listing of real property that is exempt from property taxation with the following information:
      - the county in which the exempt real property is located;
      - the name of the owner or entity utilizing the exemption;
      - the mailing address of the owner or entity utilizing the exemption;
      - the exempt real property's legal description and total exempt area, including the square footage or acreage of the parcel and the square footage of any buildings;
      - the property address of the exempt real property;
      - the type of exemption; and
      - any additional information considered relevant by the department.

*Status:* The listing will be added to our website when all determinations are completed.