



# Revenue Interim Committee

68th Montana Legislature

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TO: Revenue Interim Committee  
  
FROM: Megan Moore, Research Analyst  
  
DATE: June 14, 2024  
  
RE: Requested Estimates for Homeowner & Renter Credit, Intangible Land Program

This memorandum responds to May meeting requests for additional information about property tax assistance programs.

**Extending Homeowner and Renter Credit to All Ages Costs Estimated \$33.2 Million**

The elderly homeowner and renter credit is currently available to homeowners and renters who are 62 or older with gross household income of \$45,000 or less and who occupy one or more dwellings as an owner or renter for 6 months of the year.

In tax year 2022, about 18,000 taxpayers who timely filed their returns claimed \$10.8 million in credits. If the credit is extended to taxpayers under 62, an estimated 42,000 additional taxpayers could claim \$33.2 million in credits.<sup>1</sup>

The Department of Revenue calculated the estimates for homeowners using 2023 property tax rebate data. Renters were estimated by dividing the Census estimated percentage of renters who are 62 or older by the current number and dollar amount of credits claimed.

	<i>Current Law (62+)<sup>2</sup></i>		<i>Estimated Additional Credits (&lt; 62)</i>	
	<b>Number</b>	<b>Total Credits</b>	<b>Number</b>	<b>Total Credits</b>
<b>Owners</b>	13,694	\$8,121,423	28,000	\$24,500,000
<b>Renters</b>	4,502	\$2,707,433	14,000	\$8,700,000
<b>Total</b>	<b>18,196</b>	<b>\$10,828,856</b>	<b>42,000</b>	<b>\$33,200,000</b>

**Intangible Land Program Eligibility Difficult to Estimate Because of Ownership Requirement**

The Intangible Land Value Exemption applies to up to 5 acres of land valued disproportionately higher than the primary residence located on the land. The value of land that is greater than 150% of the appraised value of the primary residence is exempt.

<sup>1</sup> Email from Dylan Cole, Department of Revenue, June 10, 2024.

<sup>2</sup> Numbers are for tax year 2022 timely filers and differ slightly from numbers provided in May.

The exemption requires ownership of the land by the applicant or a family member for at least 30 consecutive years.<sup>3</sup> A single-family dwelling occupied by the applicant for at least 7 months of the year qualifies as a primary residence.

For tax year 2023, the program had 197 participants that received an average benefit of \$3,028 on \$1.46 million of exempt land value. Tax shifts totaled \$448,612 and there was a loss in state revenue of \$147,903.

The Department of Revenue analyzed 2023 values for residences and land and determined that 19,891 properties have a land value of more than 150% of the residence value. Of these, 4,597 claimed the rebate so likely meet the 7-month primary residence requirement.<sup>4</sup>

The Department does not have data on whether the property meets the 30-year family ownership requirement. Matching owner names to 2008 data (only half of the 30-year requirement) shows 2,174 potentially eligible properties. However, this matching methodology is not a very accurate predictor as it only matches 43% of current program participants.

<b><i>Land Value &gt;150% of Residence Value and...</i></b>	<b><i>Number</i></b>	<b><i>Potentially Exempt Value</i></b>	<b><i>Potential Tax Savings</i></b>
<b><i>Claimed 2023 rebate</i></b>	4,597	\$464,861,000	\$2,826,000
<b><i>Claimed 2023 rebate and same owner in 2008</i></b>	2,174	\$241,644,000	\$1,462,000

<sup>3</sup> Family members must be within the third degree of consanguinity. Per [ARM 42.19.407](#), this includes an individual's parent, child, sibling, grandparent, grandchild, great-grandparent, great-grandchild, aunt, uncle, niece, or nephew.

<sup>4</sup> Email from Dylan Cole, Department of Revenue, May 24, 2024.