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68th Legislature 2023

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\*\*\*\* BILL NO. \*\*\*\*

INTRODUCED BY \*\*\*\*

BY REQUEST OF THE \*\*\*\*

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE ELIGIBILITY FOR CLASSIFICATION OF PROPERTY AS AGRICULTURAL FOR PROPERTY VALUATION PURPOSES; AMENDING SECTIONS 15-1-101, 15-6-133, 15-7-202, 15-7-206, 15-7-307, 15-10-420, AND 15-30-2660, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

**Section 1.** Section 15-1-101, MCA, is amended to read:

**"15-1-101. Definitions.** (1) Except as otherwise specifically provided, when terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" refers to:

(i) the production of food, feed, and fiber commodities, livestock and poultry, bees, biological control insects, fruits and vegetables, and sod, ornamental, nursery, and horticultural crops that are raised, grown, or produced for commercial purposes; and

(ii) the raising of domestic animals and wildlife in domestication or a captive environment.

(b) The term "assessed value" means the value of property as defined in 15-8-111.

(c) The term "average wholesale value" means the value to a dealer prior to reconditioning and the profit margin shown in national appraisal guides and manuals or the valuation schedules of the department.

(d)(i) The term "commercial", when used to describe property, means property used or owned by a business, a trade, or a corporation as defined in 35-2-114 or used for the production of income, including industrial property defined in subsection (1)(j), and excluding property described in subsection (1)(d)(ii).

(ii) The following types of property are not commercial:

(A) agricultural lands;

(B) timberlands and forest lands;

1 (C) single-family residences and ancillary improvements and improvements necessary to the  
2 function of a bona fide farm, ranch, or stock operation;

3 (D) mobile homes and manufactured homes used exclusively as a residence except when held by  
4 a distributor or dealer as stock in trade; and

5 (E) all property described in 15-6-135.

6 (e) The term "commercial purposes" when used in reference to the term "agricultural" refers to the  
7 use of land primarily for the production, cultivation, and harvesting of agricultural products with the primary  
8 intent of generating income. This includes activities undertaken on a scale and with a business model that aims  
9 to produce agricultural goods for sale.

10 ~~(e)(f)~~ The term "comparable property" means property that:

11 (i) has similar use, function, and utility;

12 (ii) is influenced by the same set of economic trends and physical, governmental, and social  
13 factors; and

14 (iii) has the potential of a similar highest and best use.

15 ~~(f)(g)~~ The term "credit" means solvent debts, secured or unsecured, owing to a person.

16 ~~(g)(h)(i)~~ "Department", except as provided in subsection ~~(1)(g)(ii)~~ ~~(1)(h)(ii)~~, means the  
17 department of revenue provided for in 2-15-1301.

18 (ii) In chapters 70 and 71, department means the department of transportation provided for in 2-  
19 15-2501.

20 ~~(h)(i)~~ The term "digital assets" means cryptocurrencies, natively electronic assets, including stable  
21 coins and nonfungible tokens, and other digital-only assets that confer economic, proprietary, or access rights  
22 or powers.

23 ~~(i)(j)~~ The terms "gas" and "natural gas" are synonymous and mean gas as defined in 82-1-111(2).  
24 The terms include all natural gases and all other fluid hydrocarbons, including methane gas or any other natural  
25 gas found in any coal formation.

26 ~~(j)(k)~~ The term "improvements" includes all buildings, structures, fences, and improvements situated  
27 upon, erected upon, or affixed to land. When the department determines that the permanency of location of a  
28 mobile home, manufactured home, or house trailer has been established, the mobile home, manufactured

1 home, or housetrailer is presumed to be an improvement to real property. A mobile home, manufactured home,  
 2 or housetrailer may be determined to be permanently located only when it is attached to a foundation that  
 3 cannot feasibly be relocated and only when the wheels are removed.

4 ~~(k)(l)~~ "Industrial property" for purposes of this section includes all land used for industrial purposes,  
 5 improvements, and buildings used to house the industrial process and all storage facilities. Under this section,  
 6 industrial property does not include personal property classified and taxed under 15-6-135 or 15-6-138.

7 ~~(h)(m)~~ The term "leasehold improvements" means improvements to mobile homes and mobile homes  
 8 located on land owned by another person. This property is assessed under the appropriate classification, and  
 9 the taxes are due and payable in two payments as provided in 15-24-202. Delinquent taxes on leasehold  
 10 improvements are a lien only on the leasehold improvements.

11 ~~(m)(n)~~ The term "livestock" means cattle, sheep, swine, goats, horses, mules, asses, llamas, alpacas,  
 12 bison, ostriches, rheas, emus, and domestic ungulates.

13 ~~(n)(o)(i)~~ The term "manufactured home" means a residential dwelling built in a factory in  
 14 accordance with the United States department of housing and urban development code and the federal  
 15 Manufactured Home Construction and Safety Standards.

16 (ii) A manufactured home does not include a mobile home, as defined in subsection ~~(1)(p)(1)(q)~~, or  
 17 a mobile home or housetrailer constructed before the federal Manufactured Home Construction and Safety  
 18 Standards went into effect on June 15, 1976.

19 ~~(o)(p)~~ The term "market value" means the value of property as provided in 15-8-111.

20 ~~(p)(q)~~ The term "mobile home" means forms of housing known as "trailers", "housetrailers", or "trailer  
 21 coaches" exceeding 8 feet in width or 45 feet in length, designed to be moved from one place to another by an  
 22 independent power connected to them, or any trailer, housetrailer, or trailer coach up to 8 feet in width or 45  
 23 feet in length used as a principal residence.

24 ~~(q)(r)~~ The term "personal property" includes everything that is the subject of ownership but that is not  
 25 included within the meaning of the terms "real estate" and "improvements" and "intangible personal property" as  
 26 that term is defined in 15-6-218.

27 ~~(r)(s)~~ The term "poultry" includes all chickens, turkeys, geese, ducks, and other birds raised in  
 28 domestication to produce food or feathers.

1           ~~(s)~~(t) The term "property" includes money, credits, bonds, stocks, franchises, and all other matters  
 2 and things, real, personal, and mixed, capable of private ownership. This definition may not be construed to  
 3 authorize the taxation of the stocks of a company or corporation when the property of the company or  
 4 corporation represented by the stocks is within the state and has been taxed.

5           ~~(t)~~(u) The term "real estate" includes:

6           (i) the possession of, claim to, ownership of, or right to the possession of land;  
 7           (ii) all mines, minerals, and quarries in and under the land subject to the provisions of 15-23-501  
 8 and Title 15, chapter 23, part 8;

9           (iii) all timber belonging to individuals or corporations growing or being on the lands of the United  
 10 States; and

11           (iv) all rights and privileges appertaining to mines, minerals, quarries, and timber.

12           ~~(u)~~(v) "Recreational" means hunting, fishing, swimming, boating, waterskiing, camping, biking, hiking,  
 13 and winter sports, including but not limited to skiing, skating, and snowmobiling.

14           ~~(v)~~(w) "Research and development firm" means an entity incorporated under the laws of this state or  
 15 a foreign corporation authorized to do business in this state whose principal purpose is to engage in theoretical  
 16 analysis, exploration, and experimentation and the extension of investigative findings and theories of a scientific  
 17 and technical nature into practical application for experimental and demonstration purposes, including the  
 18 experimental production and testing of models, devices, equipment, materials, and processes.

19           ~~(w)~~(x) The term "stock in trade" means any mobile home, manufactured home, or houstrailer that is  
 20 listed by the dealer as inventory and that is offered for sale, is unoccupied, and is not located on a permanent  
 21 foundation. Inventory does not have to be located at the business location of a dealer or a distributor.

22           ~~(x)~~(y) The term "taxable value" means the market value multiplied by the classification tax rate as  
 23 provided for in Title 15, chapter 6, part 1.

24           ~~(y)~~(z) The term "taxes" in relation to property under 15-6-133, 15-6-134, or 15-6-143 is the amount  
 25 owed by a taxpayer that is the market value multiplied by the tax rate multiplied by the applicable mills,  
 26 exclusive of local fees and assessments.

27           (2) The phrase "municipal corporation" or "municipality" or "taxing unit" includes a county, city,  
 28 incorporated town, township, school district, irrigation district, or drainage district or a person, persons, or

1 organized body authorized by law to establish tax levies for the purpose of raising public revenue.

2 (3) The term "state board", "Montana board", or "board" when used without other qualification  
3 means the Montana tax appeal board."  
4

5 **Section 2.** Section 15-6-133, MCA, is amended to read:

6 **"15-6-133. Class three property -- description -- taxable percentage.** (1) Class three property  
7 includes:

8 (a) agricultural land as defined in 15-7-202;

9 (b) nonproductive patented mining claims outside the limits of an incorporated city or town held by  
10 an owner for the ultimate purpose of developing the mineral interests on the property. For the purposes of this  
11 subsection (1)(b), the following provisions apply:

12 (i) The claim may not include any property that is used for residential purposes, recreational  
13 purposes as described in 70-16-301, or commercial purposes as defined in 15-1-101 or any property the  
14 surface of which is being used for other than mining purposes or has a separate and independent value for  
15 other purposes.

16 (ii) Improvements to the property that would not disqualify the parcel are taxed as otherwise  
17 provided in this title, including that portion of the land upon which the improvements are located and that is  
18 reasonably required for the use of the improvements.

19 (iii) Nonproductive patented mining claim property must be valued as if the land were devoted to  
20 agricultural grazing use.

21 (c) contiguous parcels of land of 20 640 acres or more ~~but less than 160 acres~~ under one  
22 ownership that are not eligible for valuation, assessment, and taxation as agricultural land under 15-7-202(1),  
23 which are considered to be ~~nonqualified agricultural idle~~ land as provided in 15-7-202(8). ~~Nonqualified~~  
24 ~~agricultural idle~~ land may not be devoted to a commercial or industrial purpose. ~~Nonqualified agricultural idle~~  
25 land is valued at the average productive capacity value of grazing land.

26 (2) Subject to subsection (3), class three property is taxed at 2.16% of its productive capacity  
27 value.

28 (3) The taxable value of idle land described in subsection (1)(c) is computed by multiplying the

1 value of the land by ~~seven~~20 times the taxable percentage rate for agricultural land."

2

3 **Section 3.** Section 15-7-202, MCA, is amended to read:

4 **"15-7-202. Eligibility of land for valuation as agricultural -- rulemaking.** (1) ~~(a) Contiguous parcels~~  
5 ~~of land totaling 160 acres or more under one ownership are eligible for valuation, assessment, and taxation as~~  
6 ~~agricultural land each year that none of the parcels is devoted to a residential, commercial, or industrial use.~~

7 ~~(b)(i)~~ Contiguous parcels of land ~~of 20 acres or more but less than 160 acres~~ under one ownership  
8 that are actively devoted to agricultural use are eligible for valuation, assessment, and taxation as agricultural  
9 land if:

10 ~~(A)(a)~~ the land is used primarily for raising and marketing, ~~as defined in subsection (1)(c),~~ products  
11 that meet the definition of agricultural in 15-1-101 and if, except as provided in subsection ~~(3)(4),~~ the owner or  
12 the owner's immediate family members, agent, employee, or lessee markets not less than ~~\$1,500~~ \$4,000 in  
13 annual gross income on contiguous parcels of less than 640 acres or \$6 per acre in annual gross income on  
14 contiguous parcels of 640 acres or more from the raising of agricultural products produced by the land; ~~or. For~~  
15 the purposes of determining annual gross income under this subsection:

16 (i) marketing means the selling of agricultural products produced by the land; and

17 (ii) for parcels of land of 20 acres or more, includes:

18 (A) rental or lease of the land if the land is actively used for grazing livestock or for other  
19 agricultural purposes; and

20 (B) rental payments made under the federal conservation reserve program or a successor to that  
21 program.

22 ~~(B)(b)~~ the parcels would have met the qualification set out in subsection ~~(1)(b)(i)(A)~~ (1)(a) were it not  
23 for independent, intervening causes of production failure beyond the control of the producer or a marketing  
24 delay for economic advantage, in which case proof of qualification in a prior year will suffice.

25 ~~(ii) Noncontiguous parcels of land that meet the income requirement of subsection (1)(b)(i) are~~  
26 ~~eligible for valuation, assessment, and taxation as agricultural land under subsection (1)(b)(i) if:~~

27 ~~(A) the land is an integral part of a bona fide agricultural operation undertaken by the persons set~~  
28 ~~forth in subsection (1)(b)(i) as defined in this section; and~~

1 ~~(B) — the land is not devoted to a residential, commercial, or industrial use.~~

2 ~~(iii)(2)~~ Parcels of land that are part of a family-operated farm, family corporation, family partnership,  
3 sole proprietorship, or family trust that is involved in Montana agricultural production consisting of 20 acres or  
4 more ~~but less than 160 acres~~ that do not meet the income requirement of subsection ~~(1)(b)(i) may also be~~  
5 ~~valued, assessed, and taxed as agricultural land (1)(a) are eligible for valuation, assessment, and taxation as~~  
6 agricultural land if the owner:

7 ~~(A)(a)~~ applies to the department requesting classification of the parcel as agricultural;

8 ~~(B)(b)~~ verifies that the parcel of land is greater than 20 acres ~~but less than 160 acres~~ and that the  
9 parcel is located within 15 air miles of the family-operated farming entity referred to in this subsection

10 ~~(1)(b)(iii)(C)(2)(b)~~; and

11 ~~(C)(c)~~ verifies that:

12 ~~(1)(i)~~ the owner of the parcel is involved in agricultural production by submitting proof that 51% or  
13 more of the owner's Montana annual gross income is derived from agricultural production; and

14 ~~(1)(ii)~~ property taxes on the property are paid by a family corporation, family partnership, sole  
15 proprietorship, or family trust that is involved in Montana agricultural production and 51% of the entity's  
16 Montana annual gross income is derived from agricultural production; or

17 ~~(1)(iii)~~ the owner is a shareholder, partner, owner, or member of the family corporation, family  
18 partnership, family limited liability company, sole proprietorship, or family trust that is involved in Montana  
19 agricultural production and 51% of the person's or entity's Montana annual gross income is derived from  
20 agricultural production.

21 ~~(c) — For the purposes of this subsection (1):~~

22 ~~(i) — "marketing" means the selling of agricultural products produced by the land and includes but is~~  
23 ~~not limited to:~~

24 ~~(A) — rental or lease of the land as long as the land is actively used for grazing livestock or for other~~  
25 ~~agricultural purposes; and~~

26 ~~(B) — rental payments made under the federal conservation reserve program or a successor to that~~  
27 ~~program;~~

28 ~~(ii)(3)~~ land Land that is devoted to residential use or that is used for agricultural buildings and is

1 included in or is contiguous to land under the same ownership that is classified as agricultural land, other than  
2 ~~nonqualified agricultural idle~~ land described in 15-6-133(1)(c), must be classified as agricultural land, and the  
3 land must be valued as provided in 15-7-206.

4 ~~(2) — Contiguous or noncontiguous parcels of land totaling less than 20 acres under one ownership~~  
5 ~~that are actively devoted to agricultural use are eligible for valuation, assessment, and taxation as agricultural~~  
6 ~~each year that the parcels meet any of the following qualifications:~~

7 ~~(a) — except as provided in subsection (3), the parcels produce and the owner or the owner's agent,~~  
8 ~~employee, or lessee markets not less than \$1,500 in annual gross income from the raising of agricultural~~  
9 ~~products as defined in 15-1-101;~~

10 ~~(b) — the parcels would have met the qualification set out in subsection (2)(a) were it not for~~  
11 ~~independent, intervening causes of production failure beyond the control of the producer or marketing delay for~~  
12 ~~economic advantage, in which case proof of qualification in a prior year will suffice; or~~

13 ~~(c) — in a prior year, the parcels totaled 20 acres or more and qualified as agricultural land under this~~  
14 ~~section, but the number of acres was reduced to less than 20 acres for a public use described in 70-30-102 by~~  
15 ~~the federal government, the state, a county, or a municipality, and since that reduction in acres, the parcels~~  
16 ~~have not been further divided.~~

17 ~~(3)(4)~~ For grazing land to be eligible for classification as agricultural land under ~~subsections (1)(b)~~  
18 ~~and (2) subsection (1)~~, the land must be capable of sustaining a minimum number of animal unit months of  
19 carrying capacity. The minimum number of animal unit months of carrying capacity must equate to \$1,500 in  
20 annual gross income as determined by the Montana state university-Bozeman college of agriculture.

21 ~~(4) — The grazing on land by a horse or other animals kept as a hobby and not as a part of a bona~~  
22 ~~fide agricultural enterprise is not considered a bona fide agricultural operation.~~

23 (5)(a) Upon application by the property owner, the following parcels of land are eligible for provisional  
24 agricultural classification for 5 years to allow crops to reach salable maturity:

25 (i) a fruit orchard consisting of a minimum of 100 live fruit trees maintained using accepted fruit  
26 tree husbandry practices, including pest and disease management, fencing, and a watering system;

27 (ii) a vineyard containing a minimum of 120 live vines maintained using accepted husbandry  
28 practices, including weed and grass maintenance, pest and disease management, pruning, and trellising and



1 staking; and

2 (iii) property containing a minimum of 2,000 live Christmas trees cultivated according to accepted  
3 husbandry practices, including regular shearing.

4 (b) Following the 5th year of provisional agricultural classification, the property owner shall submit  
5 an application for agricultural classification. The application must include documentation proving that the  
6 property continues to meet the requirements of subsection (5)(a) and that the income requirements of  
7 subsection ~~(2)(a)(1)(a)~~ have been met.

8 (6) The department may not classify land ~~less than 160 acres~~ as agricultural unless the owner has  
9 applied to have land classified as agricultural land. The owner shall periodically reapply for agricultural  
10 classification as provided in subsection (7). Land of ~~20 acres or more but less than 160~~ 640 acres for which no  
11 application for agricultural classification has been made is valued as provided in 15-6-133(1)(c) and is taxed as  
12 provided in 15-6-133(3). If land has been valued, assessed, and taxed as agricultural land in any year, it must  
13 continue to be valued, assessed, and taxed as agricultural until the department reclassifies the property. A  
14 reclassification does not mean revaluation pursuant to 15-7-111.

15 (7) The department shall administer a program for the periodic review of property classified as  
16 agricultural property under this section. The department may require reapplication to determine whether  
17 property is still actively devoted to agricultural use and shall notify a property owner required to reapply. A  
18 property owner who fails to reapply in the required timeframe may provide the application within 30 days of the  
19 date on the classification and appraisal notice.

20 ~~(7)(8)~~ For the purposes of this part, ~~growing timber is not an agricultural use~~ agricultural use does not  
21 include activities related to agriculture that are not generally considered agricultural use. Excluded activities  
22 include, but are not limited to:

23 (a) hobby farms and personal gardens. Growing crops or raising animals for non-commercial  
24 purposes does not constitute agricultural use. The use is presumed to be for personal enjoyment or  
25 consumption, and not for production of income.

26 (b) agritourism. Activities such as corn mazes, pumpkin patches, farm tours, and petting zoos are  
27 agritourism and do not constitute agricultural use. These activities may be related to agriculture but are  
28 presumed to be primarily recreational or educational in nature, not the agricultural use of the land to produce

1 income.

2 (c) equestrian activities. Keeping horses for personal pleasure riding or competition does not  
3 constitute agricultural use and is presumed to no be agricultural use of the land. The primary use of land for  
4 breeding or training horses for sale may be considered agricultural use.

5 (d) commercial activities unrelated to agriculture. Operating a store, restaurant, or other business  
6 on agricultural land does not constitute agricultural use of the land if the business is not directly related to the  
7 production of agricultural products.

8 (e) recreational use. Land used primarily for leisure, enjoyment, and outdoor activities and not  
9 primarily used for commercial production of agricultural goods does not constitute agricultural use. This  
10 includes, but is not limited to:

11 (i) hiking, nature walks, birdwatching, picnicking, camping, photography, stargazing, fishing,  
12 hunting, boating, swimming, horseback riding, off-road vehicle use, snowmobiling, skiing, snowboarding;

13 (ii) team sports on designated fields, courts, or facilities; and

14 (iii) commercial recreation such as privately operated campgrounds, dude ranches, resorts, theme  
15 parks, or other facilities offering recreational amenities.

16 (f)(i) except as provided in subsection (8)(f)(ii), conservation. Land used primarily for protecting and  
17 preserving nature, biodiversity, and ecological functions of land and not primarily used for the commercial  
18 production of agricultural goods does not constitute agricultural use. Conservation includes, but is not limited to:

19 (A) maintaining or restoring diverse ecosystems to support native plants, animals, and  
20 microorganisms;

21 (B) protecting habitats for endangered or threatened species;

22 (C) implementing measures to enhance biodiversity and ecological connectivity such as creating  
23 wildlife corridors, managing forests for diverse habitats, and restoring wetlands;

24 (D) open space and scenic protection, maintaining large, undeveloped tracts of land for their  
25 aesthetic and ecological value, and preserving scenic viewsheds and natural landscapes;

26 (E) protecting water resources, such as rivers, streams, and watersheds; and

27 (F) acquiring land for public parks or preserves.

28 (ii) Land enrolled in the federal conservation reserve program is eligible for agricultural

1 classification.

2 (g) growing timber.

3 (9) The department may adopt rules to implement the periodic review of property receiving  
4 agricultural classification provided for in this section.

5 (10) For the purposes of this section, "idle land" means parcels of land of 640 acres or more under  
6 one ownership that did not apply for or is not eligible for valuation, assessment, and taxation as agricultural  
7 land."

8

9 **Section 4.** Section 15-7-206, MCA, is amended to read:

10 **"15-7-206. Improvements on agricultural land.** (1) In determining the total area of land actively  
11 devoted to agricultural use, there is included the area of all land under barns, sheds, silos, cribs, greenhouses,  
12 and like structures, lakes, dams, ponds, streams, irrigation ditches, and like facilities.

13 (2) One acre of land beneath residential improvements on agricultural land, as described in 15-7-  
14 202~~(1)(e)(ii)~~(3), is valued at the class with the highest productive value and production capacity of agricultural  
15 land."

16

17 **Section 5.** Section 15-7-307, MCA, is amended to read:

18 **"15-7-307. Certificate -- exceptions.** The certificate required by this part applies to all transfers.  
19 However, the certificate filed for the following transfers need not disclose the consideration paid or to be paid  
20 for the real estate transferred:

21 (1) an instrument recorded prior to July 1, 1975;

22 (2) the sale of agricultural land totaling 640 acres or more when the land is used for agricultural  
23 purposes;

24 (3) the sale of timberland totaling 640 acres or more when the land is used for producing timber;

25 (4) a transfer by the United States, this state, or any instrumentality, agency, or subdivision of the  
26 United States or this state;

27 (5) an instrument that (without added consideration) confirms, corrects, modifies, or supplements a  
28 previously recorded instrument;

- 1 (6) a transfer pursuant to a court decree;
- 2 (7) a transfer pursuant to mergers, consolidations, or reorganizations of corporations, partnerships,
- 3 or other business entities;
- 4 (8) a transfer by a subsidiary corporation to its parent corporation without actual consideration or in
- 5 sole consideration of the cancellation or surrender of subsidiary stock;
- 6 (9) a transfer of decedents' estates;
- 7 (10) a transfer of a gift;
- 8 (11) a transfer between husband and wife or parent and child with only nominal actual consideration
- 9 for the transfer;
- 10 (12) an instrument the effect of which is to transfer the property to the same party or parties;
- 11 (13) a sale for delinquent taxes or assessments, a sheriff's sale, or a sale pursuant to a bankruptcy
- 12 court order;
- 13 (14) a transfer made in contemplation of death."

**Section 6.** Section 15-10-420, MCA, is amended to read:

**"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half of the average rate of inflation for the prior 3 years.

(b) A governmental entity that does not impose the maximum number of mills authorized under subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill authority carried forward may be imposed in a subsequent tax year.

(c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers,

1 using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of  
2 labor.

3 (2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any  
4 additional levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit,  
5 including newly taxable property.

6 (3)(a) For purposes of this section, newly taxable property includes:

- 7 (i) annexation of real property and improvements into a taxing unit;
- 8 (ii) construction, expansion, or remodeling of improvements;
- 9 (iii) transfer of property into a taxing unit;
- 10 (iv) subdivision of real property; and
- 11 (v) transfer of property from tax-exempt to taxable status.

12 (b) Newly taxable property does not include an increase in value that arises because of an  
13 increase in the incremental value within a tax increment financing district.

14 (4)(a) For the purposes of subsection (1), the taxable value of newly taxable property includes the  
15 release of taxable value from the incremental taxable value of a tax increment financing district because of:

- 16 (i) a change in the boundary of a tax increment financing district;
- 17 (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or
- 18 (iii) the termination of a tax increment financing district.

19 (b) If a tax increment financing district terminates prior to the certification of taxable values as  
20 required in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax  
21 increment financing district terminates. If a tax increment financing district terminates after the certification of  
22 taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the  
23 following tax year.

24 (c) For the purpose of subsection (3)(a)(ii), the value of newly taxable class four property that was  
25 constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current  
26 year market value of that property less the previous year market value of that property.

27 (d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale  
28 of real property that results in the property being taxable as class four property under 15-6-134-~~or as~~

1 ~~nonqualified agricultural land as described in 15-6-133(1)(c).~~

2 (5) Subject to subsection (8), subsection (1)(a) does not apply to:

3 (a) school district levies established in Title 20; or

4 (b) a mill levy imposed for a newly created regional resource authority.

5 (6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes  
6 received under 15-6-131 and 15-6-132.

7 (7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:

8 (a) may increase the number of mills to account for a decrease in reimbursements; and

9 (b) may not increase the number of mills to account for a loss of tax base because of legislative  
10 action that is reimbursed under the provisions of 15-1-121(7).

11 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for  
12 purposes of 15-10-109, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated  
13 by the department may not exceed the mill levy limits established in those sections. The mill calculation must  
14 be established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the  
15 calculation must be rounded up to the nearest tenth of a mill.

16 (9)(a) The provisions of subsection (1) do not prevent or restrict:

17 (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;

18 (ii) a levy to repay taxes paid under protest as provided in 15-1-402;

19 (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;

20 (iv) a levy for the support of a study commission under 7-3-184;

21 (v) a levy for the support of a newly established regional resource authority;

22 (vi) the portion that is the amount in excess of the base contribution of a governmental entity's  
23 property tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703;

24 (vii) a levy for reimbursing a county for costs incurred in transferring property records to an  
25 adjoining county under 7-2-2807 upon relocation of a county boundary;

26 (viii) a levy used to fund the sheriffs' retirement system under 19-7-404(3)(b); or

27 (ix) a governmental entity from levying mills for the support of an airport authority in existence prior  
28 to May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past.

1 The levy under this subsection (9)(a)(ix) is limited to the amount in the resolution creating the authority.

2 (b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes  
3 actually assessed in a subsequent year.

4 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-  
5 11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport  
6 authority in either of the previous 2 years and the airport or airport authority has not been appropriated  
7 operating funds by a county or municipality during that time.

8 (11) The department may adopt rules to implement this section. The rules may include a method for  
9 calculating the percentage of change in valuation for purposes of determining the elimination of property, new  
10 improvements, or newly taxable value in a governmental unit."  
11

12 **Section 7.** Section 15-30-2660, MCA, is amended to read:

13 **"15-30-2660. (Temporary) Taxpayer integrity fees.** (1) (a) The department shall assess a fee as  
14 provided in subsection (2) for a taxpayer who is a participant in the Montana Health and Economic Livelihood  
15 Partnership Act provided for in Title 53, chapter 6, part 13, and Title 39, chapter 12, and owns:

16 (i) equity in real property or improvements to real property, or both, that exceeds the limit  
17 established for homesteads under 70-32-104 by \$5,000 or more, if the real property is not agricultural land;

18 (ii) more than one light vehicle when the combined depreciated value of the manufacturer's  
19 suggested retail price totals \$20,000 or more and the participant's equity in the vehicles exceeds that combined  
20 depreciated value by \$5,000 or more; or

21 (iii) agricultural land with a taxable value in excess of \$1,500 a year.

22 (b) For the purposes of subsection (1)(a):

23 (i) "real property or improvements to real property" does not include property held in trust by the  
24 United States for the benefit of a Montana federally recognized Indian tribe; and

25 (ii) the depreciated value of the manufacturer's suggested retail price must be computed as  
26 provided in 61-3-503(2).

27 (2) The fee is \$100 a month plus an amount equal to an additional \$4 a month for:

28 (a) each \$1,000 in equity value above the limits established in subsections (1)(a)(i) and (1)(a)(ii);

1 and

2 (b) each \$100 of taxable value in agricultural land above \$1,500.

3 (3)(a) The department shall assess a fee for an entity organized under 26 U.S.C. 501(d) and subject  
4 to taxes as provided in Title 15, chapter 31, if the entity has members who are receiving medicaid coverage  
5 under Title 53, chapter 6, part 13.

6 (b) The fee is equal to the state's share of the average annual cost per program participant, as  
7 defined in 53-6-1303, multiplied by the number of individuals in the 26 U.S.C. 501(d) organization who are  
8 receiving medicaid coverage because they are eligible under 53-6-1304, less the total annual amount the  
9 entity's members have paid in premiums.

10 (4)(a) For the purposes of calculating the fee required under subsection (3), the department of public  
11 health and human services shall provide the department of revenue by February 1 of each year with:

12 (i) the percentage of medicaid claims costs of program participants for which the state was  
13 responsible in the previous calendar year; and

14 (ii) the average annual cost of medical claims for program participants in the previous calendar  
15 year.

16 (b) The department of public health and human services shall post the average annual cost for a  
17 program participant on the department's website by February 15 of each year.

18 (5) An organization shall pay the fee provided for in subsection (3) as follows:

19 (a) on or before the last day of each month, the organization shall pay an estimated fee equal to  
20 one-twelfth of the most recently published annual cost per program participant; and

21 (b) on or before April 15 of each year, the organization shall report and pay any additional amount  
22 owed for the prior year or request a refund of any overpayment made in the prior year.

23 (6)(a) The department of public health and human services shall provide the department of revenue  
24 with the names of program participants and other necessary information to assist the department of revenue in  
25 administering and enforcing this section.

26 (b) The department of justice shall provide the department of revenue with vehicle registration  
27 information for the administration of this section.

28 (7) Fees collected pursuant to this section must be deposited in the Montana HELP Act special



1 revenue account provided for in 53-6-1315.

2 (8) A fee remains until paid and may be collected through assessments against future income tax  
3 returns or through a civil action initiated by the state.

4 (9) For the purposes of this section, the following definitions apply:

5 (a)(i) "Agricultural land" means agricultural land as described in 15-7-202 that is taxed as class three  
6 property at the rate provided in 15-6-133.

7 (ii) The term does not include:

8 ~~(A) parcels of land that are considered nonqualified agricultural land as provided in 15-6-133(1)(c);~~

9 ~~(B)(A)~~ improvements to real property; or

10 ~~(C)(B)~~ land held in trust by the United States for the benefit of a Montana federally recognized Indian  
11 tribe.

12 (b) "Light vehicle" has the meaning provided in 61-1-101.

13 (c) "Manufacturer's suggested retail price" has the meaning provided in 61-3-503(3). (Terminates  
14 June 30, 2025--secs. 38, 48, Ch. 415, L. 2019.)"

15

16 NEW SECTION. Section 8. Effective date. [This act] is effective January 1, 2027.

17

18 NEW SECTION. Section 9. Applicability. [This act] applies to property tax years beginning after  
19 December 31, 2026.

20

- END -