

1 SENATE BILL NO. 15

2 INTRODUCED BY S. O'BRIEN

3 BY REQUEST OF THE REVENUE INTERIM COMMITTEE

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE RESIDENTIAL PROPERTY TAX CREDIT;
6 PROVIDING THAT THE CREDIT IS AVAILABLE TO TAXPAYERS OF ALL AGES; REQUIRING A
7 COPAYMENT FOR TAXPAYERS UNDER 62 YEARS OF AGE; INCREASING THE MAXIMUM CREDIT
8 AMOUNT; EXTENDING RULEMAKING AUTHORITY; AMENDING SECTIONS 15-6-201, 15-7-102, 15-16-101,
9 15-17-125, 15-30-2303, 15-30-2338, AND 15-30-2340, MCA; AMENDING SECTIONS 11, 12, AND 13,
10 CHAPTER 476, LAWS OF 2021; REPEALING SECTIONS 7, 8, AND 9, CHAPTER 476, LAWS OF 2021; AND
11 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

12

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

14

15 **Section 1.** Section 15-6-201, MCA, is amended to read:

16 **"15-6-201. Governmental, charitable, and educational categories -- exempt property.** (1) The
17 following categories of property are exempt from taxation:

18 (a) except as provided in 15-24-1203, the property of:

19 (i) the United States, except:

20 (A) if congress passes legislation that allows the state to tax property owned by the federal
21 government or an agency created by congress; or

22 (B) as provided in 15-24-1103;

23 (ii) the state, counties, cities, towns, and school districts;

24 (iii) irrigation districts organized under the laws of Montana and not operated for gain or profit;

25 (iv) municipal corporations;

26 (v) public libraries;

27 (vi) rural fire districts and other entities providing fire protection under Title 7, chapter 33;

28 (vii) special districts created pursuant to Title 7, chapter 11, part 10; and

1 (viii) subject to subsection (2), federally recognized Indian tribes in the state if the property is located
2 entirely within the exterior boundaries of the reservation of the tribe that owns the property and the property is
3 used exclusively by the tribe for essential government services. Essential government services are tribal
4 government administration, fire, police, public health, education, recreation, sewer, water, pollution control,
5 public transit, and public parks and recreational facilities.

6 (b) buildings and furnishings in the buildings that are owned by a church and used for actual
7 religious worship or for residences of the clergy, not to exceed one residence for each member of the clergy,
8 together with the land that the buildings occupy and adjacent land reasonably necessary for convenient use of
9 the buildings, which must be identified in the application, and all land and improvements used for educational or
10 youth recreational activities if the facilities are generally available for use by the general public but may not
11 exceed 15 acres for a church or 1 acre for a clergy residence after subtracting any area required by zoning,
12 building codes, or subdivision requirements;

13 (c) land and improvements upon the land, not to exceed 15 acres, owned by a federally
14 recognized Indian tribe when the land has been set aside by tribal resolution and designated as sacred land to
15 be used exclusively for religious purposes;

16 (d) property owned and used exclusively for agricultural and horticultural societies not operated for
17 gain or profit;

18 (e) property, not to exceed 80 acres, which must be legally described in the application for the
19 exemption, used exclusively for educational purposes, including dormitories and food service buildings for the
20 use of students in attendance and other structures necessary for the operation and maintenance of an
21 educational institution that:

22 (i) is not operated for gain or profit;

23 (ii) has an attendance policy; and

24 (iii) has a definable curriculum with systematic instruction;

25 (f) property, of any acreage, owned by a tribal corporation created for the sole purpose of
26 establishing schools, colleges, and universities if the property meets the requirements of subsection (1)(e);

27 (g) property used exclusively for nonprofit health care facilities, as defined in 50-5-101, licensed by
28 the department of public health and human services and organized under Title 35, chapter 2 or 3. A health care

1 facility that is not licensed by the department of public health and human services and organized under Title 35,
2 chapter 2 or 3, is not exempt.

3 (h) property that is:

4 (i) (A) owned and held by an association or corporation organized under Title 35, chapter 2, 3, 20,
5 or 21; or

6 (B) owned by a federally recognized Indian tribe within the state and set aside by tribal resolution;
7 and

8 (ii) devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent
9 care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and

10 (iii) not maintained and not operated for gain or profit;

11 (i) subject to subsection (2), property that is owned or property that is leased from a federal, state,
12 or local governmental entity by institutions of purely public charity if the property is directly used for purely
13 public charitable purposes;

14 (j) evidence of debt secured by mortgages of record upon real or personal property in the state of
15 Montana;

16 (k) public museums, art galleries, zoos, and observatories that are not operated for gain or profit;

17 (l) motor vehicles, land, fixtures, buildings, and improvements owned by a cooperative association
18 or nonprofit corporation organized to furnish potable water to its members or customers for uses other than the
19 irrigation of agricultural land;

20 (m) the right of entry that is a property right reserved in land or received by mesne conveyance
21 (exclusive of leasehold interests), devise, or succession to enter land with a surface title that is held by another
22 to explore, prospect, or dig for oil, gas, coal, or minerals;

23 (n) (i) property that is owned and used by a corporation or association organized and operated
24 exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with
25 physical or mental impairments that constitute or result in substantial impediments to employment and that is
26 not operated for gain or profit; and

27 (ii) subject to subsection (2)(e), property that is owned and used by an organization owning and
28 operating facilities that are for the care of the retired, aged, or chronically ill and that are not operated for gain or

1 profit;

2 (o) property owned by a nonprofit corporation that is organized to provide facilities primarily for
3 training and practice for or competition in international sports and athletic events and that is not held or used for
4 private or corporate gain or profit. For purposes of this subsection (1)(o), "nonprofit corporation" means an
5 organization that is exempt from taxation under section 501(c) of the Internal Revenue Code and incorporated
6 and admitted under the Montana Nonprofit Corporation Act.

7 (p) property rented or leased to a municipality or taxing unit for less than \$100 a year and that is
8 used for public park, recreation, or landscape beautification purposes. For the purposes of this subsection
9 (1)(p), "property" includes land but does not include buildings. The exemption must be applied for by the
10 municipality or taxing unit, and not more than 10 acres within the municipality or taxing unit may be exempted.

11 (2) (a) (i) For the purposes of tribal property under subsection (1)(a)(viii), the property subject to
12 exemption may not be:

13 (A) operated for gain or profit;

14 (B) held under contract to operate, lease, or sell by a taxable individual;

15 (C) used or possessed exclusively by a taxable individual or entity; or

16 (D) held by a tribal corporation except for educational purposes as provided in subsection (1)(f).

17 (ii) For the purposes of parks and recreational facilities under subsection (1)(a)(viii), the property
18 must be:

19 (A) set aside by tribal resolution and designated as park land, not to exceed 640 acres, or be
20 designated as a recreational facility; and

21 (B) open to the general public.

22 (b) For the purposes of subsection (1)(b), the term "clergy" means, as recognized under the
23 federal Internal Revenue Code:

24 (i) an ordained minister, priest, or rabbi;

25 (ii) a commissioned or licensed minister of a church or church denomination that ordains ministers
26 if the person has the authority to perform substantially all the religious duties of the church or denomination;

27 (iii) a member of a religious order who has taken a vow of poverty; or

28 (iv) a Christian Science practitioner.

1 (c) For the purposes of subsection (1)(i):

2 (i) the term "institutions of purely public charity" includes any organization that meets the following
3 requirements:

4 (A) The organization offers its charitable goods or services to persons without regard to race,
5 religion, creed, or gender and qualifies as a tax-exempt organization under the provisions of section 501(c)(3),
6 Internal Revenue Code, as amended.

7 (B) The organization accomplishes its activities through absolute gratuity or grants. However, the
8 organization may solicit or raise funds by the sale of merchandise, memberships, or tickets to public
9 performances or entertainment or by other similar types of fundraising activities.

10 (ii) agricultural property owned by a purely public charity is not exempt if the agricultural property is
11 used by the charity to produce unrelated business taxable income as that term is defined in section 512 of the
12 Internal Revenue Code, 26 U.S.C. 512. A public charity claiming an exemption for agricultural property shall file
13 annually with the department a copy of its federal tax return reporting any unrelated business taxable income
14 received by the charity during the tax year, together with a statement indicating whether the exempt property
15 was used to generate any unrelated business taxable income.

16 (iii) up to 15 acres of property owned by a purely public charity is exempt at the time of its purchase
17 even if the property must be improved before it can directly be used for its intended charitable purpose. If the
18 property is not directly used for the charitable purpose within 8 years of receiving an exemption under this
19 section or if the property is sold or transferred before it entered direct charitable use, the exemption is revoked
20 and the property is taxable. In addition to taxes due for the first year that the property becomes taxable, the
21 owner of the property shall pay an amount equal to the amount of the tax due that year times the number of
22 years that the property was tax-exempt under this section. The amount due is a lien upon the property and
23 when collected must be distributed by the treasurer to funds and accounts in the same ratio as property tax
24 collected on the property is distributed. At the time the exemption is granted, the department shall file a notice
25 with the clerk and recorder in the county in which the property is located. The notice must indicate that an
26 exemption pursuant to this section has been granted. The notice must describe the penalty for default under
27 this section and must specify that a default under this section will create a lien on the property by operation of
28 law. The notice must be on a form prescribed by the department.

1 (iv) not more than 160 acres may be exempted by a purely public charity under any exemption
 2 originally applied for after December 31, 2004. An application for exemption under this section must contain a
 3 legal description of the property for which the exemption is requested.

4 (d) For the purposes of subsection (1)(k), the term "public museums, art galleries, zoos, and
 5 observatories" means governmental entities or nonprofit organizations whose principal purpose is to hold
 6 property for public display or for use as a museum, art gallery, zoo, or observatory. The exempt property
 7 includes all real and personal property owned by the public museum, art gallery, zoo, or observatory that is
 8 reasonably necessary for use in connection with the public display or observatory use. Unless the property is
 9 leased for a profit to a governmental entity or nonprofit organization by an individual or for-profit organization,
 10 real and personal property owned by other persons is exempt if it is:

11 (i) actually used by the governmental entity or nonprofit organization as a part of its public display;

12 (ii) held for future display; or

13 (iii) used to house or store a public display.

14 (e) For the purposes of facilities for the care of the retired, aged, or chronically ill under subsection
 15 (1)(n)(ii), the terms "retired" and "aged" mean an individual who satisfies the ~~age and~~ gross household income
 16 limitations of 15-30-2338 and is 62 years of age or older. The property owner shall verify age and gross
 17 household income requirements on a form prescribed by the department. Applicants are subject to the false
 18 swearing penalties established in 45-7-202."

19

20 **Section 2.** Section 15-7-102, MCA, is amended to read:

21 **"15-7-102. Notice of classification, market value, and taxable value to owners – appeals.** (1) (a)

22 Except as provided in 15-7-138, the department shall mail or provide electronically to each owner or purchaser
 23 under contract for deed a notice that includes the land classification, market value, and taxable value of the
 24 land and improvements owned or being purchased. A notice must be mailed or, with property owner consent,
 25 provided electronically to the owner only if one or more of the following changes pertaining to the land or
 26 improvements have been made since the last notice:

27 (i) change in ownership;

28 (ii) change in classification;

1 (iii) change in valuation; or

2 (iv) addition or subtraction of personal property affixed to the land.

3 (b) The notice must include the following for the taxpayer's informational and informal classification
4 and appraisal review purposes:

5 (i) a notice of the availability of all the property tax assistance programs available to property
6 taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax
7 assistance programs provided for in Title 15, chapter 6, part 3, and the residential property tax credit ~~for the~~
8 ~~elderly~~ provided for in 15-30-2337 through 15-30-2341;

9 (ii) the total amount of mills levied against the property in the prior year;

10 (iii) the market value for the prior reappraisal cycle;

11 (iv) if the market value has increased by more than 10%, an explanation for the increase in
12 valuation;

13 (v) a statement that the notice is not a tax bill; and

14 (vi) a taxpayer option to request an informal classification and appraisal review by checking a box
15 on the notice and returning it to the department.

16 (c) When the department uses an appraisal method that values land and improvements as a unit,
17 including the sales comparison approach for residential condominiums or the income approach for commercial
18 property, the notice must contain a combined appraised value of land and improvements.

19 (d) Any misinformation provided in the information required by subsection (1)(b) does not affect the
20 validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

21 (2) (a) Except as provided in subsection (2)(c), the department shall assign each classification and
22 appraisal to the correct owner or purchaser under contract for deed and mail or provide electronically the notice
23 in written or electronic form, adopted by the department, containing sufficient information in a comprehensible
24 manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of
25 changes over the prior tax year.

26 (b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an
27 appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in
28 15-1-402.

1 (c) The department is not required to mail or provide electronically the notice to a new owner or
2 purchaser under contract for deed unless the department has received the realty transfer certificate from the
3 clerk and recorder as provided in 15-7-304 and has processed the certificate before the notices required by
4 subsection (2)(a) are mailed or provided electronically. The department shall notify the county tax appeal board
5 of the date of the mailing or the date when the taxpayer is informed the information is available electronically.

6 (3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the
7 market value of the property as determined by the department or with the classification of the land or
8 improvements, the owner may request an informal classification and appraisal review by submitting an
9 objection on written or electronic forms provided by the department for that purpose or by checking a box on the
10 notice and returning it to the department in a manner prescribed by the department.

11 (i) For property other than class three property described in 15-6-133, class four property
12 described in 15-6-134, and class ten property described in 15-6-143, the objection must be submitted within 30
13 days from the date on the notice.

14 (ii) For class three property described in 15-6-133 and class four property described in 15-6-134,
15 the objection may be made only once each valuation cycle. An objection must be made in writing or by
16 checking a box on the notice within 30 days from the date on the classification and appraisal notice for a
17 reduction in the appraised value to be considered for both years of the 2-year valuation cycle. An objection
18 made more than 30 days from the date of the classification and appraisal notice will be applicable only for the
19 second year of the 2-year valuation cycle. For an objection to apply to the second year of the valuation cycle,
20 the taxpayer shall make the objection in writing or by checking a box on the notice no later than June 1 of the
21 second year of the valuation cycle or, if a classification and appraisal notice is received in the second year of
22 the valuation cycle, within 30 days from the date on the notice.

23 (iii) For class ten property described in 15-6-143, the objection may be made at any time but only
24 once each valuation cycle. An objection must be made in writing or by checking a box on the notice within 30
25 days from the date on the classification and appraisal notice for a reduction in the appraised value to be
26 considered for all years of the 6-year appraisal cycle. An objection made more than 30 days after the date of
27 the classification and appraisal notice applies only for the subsequent remaining years of the 6-year reappraisal
28 cycle. For an objection to apply to any subsequent year of the valuation cycle, the taxpayer shall make the

1 objection in writing or by checking a box on the notice no later than June 1 of the year for which the value is
2 being appealed or, if a classification and appraisal notice is received after the first year of the valuation cycle,
3 within 30 days from the date on the notice.

4 (b) If the objection relates to residential or commercial property and the objector agrees to the
5 confidentiality requirements, the department shall provide to the objector, by posted mail or electronically, within
6 8 weeks of submission of the objection, the following information:

7 (i) the methodology and sources of data used by the department in the valuation of the property;
8 and

9 (ii) if the department uses a blend of evaluations developed from various sources, the reasons that
10 the methodology was used.

11 (c) At the request of the objector or a representative of the objector, and only if the objector or
12 representative signs a written or electronic confidentiality agreement, the department shall provide in written or
13 electronic form:

14 (i) comparable sales data used by the department to value the property;

15 (ii) sales data used by the department to value residential property in the property taxpayer's
16 market model area; and

17 (iii) if the cost approach was used by the department to value residential property, the
18 documentation required in 15-8-111(3) regarding why the comparable sales approach was not reliable.

19 (d) For properties valued using the income approach as one approximation of market value, notice
20 must be provided that the taxpayer will be given a form to acknowledge confidentiality requirements for the
21 receipt of all aggregate model output that the department used in the valuation model for the property.

22 (e) The review must be conducted informally and is not subject to the contested case procedures
23 of the Montana Administrative Procedure Act. As a part of the review, the department may consider the actual
24 selling price of the property and other relevant information presented by the taxpayer in support of the
25 taxpayer's opinion as to the market value of the property. The department shall consider an independent
26 appraisal provided by the taxpayer if the appraisal meets standards set by the Montana board of real estate
27 appraisers and the appraisal was completed within 6 months of the valuation date pursuant to 15-8-201. If the
28 department does not use the appraisal provided by the taxpayer in conducting the appeal, the department shall

1 provide to the taxpayer the reason for not using the appraisal. The department shall give reasonable notice to
2 the taxpayer of the time and place of the review.

3 (f) After the review, the department shall determine the correct appraisal and classification of the
4 land or improvements and notify the taxpayer of its determination by mail or electronically. The department may
5 not determine an appraised value that is higher than the value that was the subject of the objection unless the
6 reason for an increase was the result of a physical change in the property or caused by an error in the
7 description of the property or data available for the property that is kept by the department and used for
8 calculating the appraised value. In the notification, the department shall state its reasons for revising the
9 classification or appraisal. When the proper appraisal and classification have been determined, the land must
10 be classified and the improvements appraised in the manner ordered by the department.

11 (4) Whether a review as provided in subsection (3) is held or not, the department may not adjust
12 an appraisal or classification upon the taxpayer's objection unless:

13 (a) the taxpayer has submitted an objection on written or electronic forms provided by the
14 department or by checking a box on the notice; and

15 (b) the department has provided to the objector by mail or electronically its stated reason in writing
16 for making the adjustment.

17 (5) A taxpayer's written objection or objection made by checking a box on the notice and
18 supplemental information provided by a taxpayer that elects to check a box on the notice to a classification or
19 appraisal and the department's notification to the taxpayer of its determination and the reason for that
20 determination are public records. The department shall make the records available for inspection during regular
21 office hours.

22 (6) If a property owner feels aggrieved by the classification or appraisal made by the department
23 after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax
24 appeal board and then to the Montana tax appeal board, whose findings are final subject to the right of review
25 in the courts. The appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days
26 from the date on the notice of the department's determination. A county tax appeal board or the Montana tax
27 appeal board may consider the actual selling price of the property, independent appraisals of the property, and
28 other relevant information presented by the taxpayer as evidence of the market value of the property. If the

1 county tax appeal board or the Montana tax appeal board determines that an adjustment should be made, the
2 department shall adjust the base value of the property in accordance with the board's order."

3

4 **Section 3.** Section 15-16-101, MCA, is amended to read:

5 **"15-16-101. Treasurer to publish notice – manner of publication.** (1) Within 10 days after the
6 receipt of the property tax record, the county treasurer shall publish a notice specifying:

7 (a) that one-half of all taxes levied and assessed will be due and payable before 5 p.m. on the next
8 November 30 or within 30 days after the notice is postmarked and that unless paid prior to that time the amount
9 then due will be delinquent and will draw interest at the rate of 5/6 of 1% a month from the time of delinquency
10 until paid and 2% will be added to the delinquent taxes as a penalty;

11 (b) that one-half of all taxes levied and assessed will be due and payable on or before 5 p.m. on
12 the next May 31 and that unless paid prior to that time the taxes will be delinquent and will draw interest at the
13 rate of 5/6 of 1% a month from the time of delinquency until paid and 2% will be added to the delinquent taxes
14 as a penalty; and

15 (c) the time and place at which payment of taxes may be made.

16 (2) (a) The county treasurer shall send to the last-known address of each taxpayer a written notice,
17 postage prepaid, showing the amount of taxes and assessments due for the current year and the amount due
18 and delinquent for other years. The written notice must include:

19 (i) the taxable value of the property;

20 (ii) the total mill levy applied to that taxable value;

21 (iii) itemized city services and special improvement district assessments collected by the county;

22 (iv) the number of the school district in which the property is located;

23 (v) the amount of the total tax due itemized by mill levy that is levied as city tax, county tax, state
24 tax, school district tax, and other tax;

25 (vi) an indication of which mill levies are voted levies, including voted levies to impose a new mill
26 levy, to increase a mill levy that is required to be submitted to the electors, or to exceed the mill levy limit
27 provided for in 15-10-420; and

28 (vii) a notice of the availability of all the property tax assistance programs available to property

1 taxpayers, including the intangible land value assistance program provided for in 15-6-240, the property tax
2 assistance programs under Title 15, chapter 6, part 3, and the residential property tax credit ~~for the elderly~~
3 under 15-30-2337 through 15-30-2341.

4 (b) If a tax lien is attached to the property, the notice must also include, in a manner calculated to
5 draw attention, a statement that a tax lien is attached to the property, that failure to respond will result in loss of
6 property, and that the taxpayer may contact the county treasurer for complete information.

7 (3) The municipality shall, upon request of the county treasurer, provide the information to be
8 included under subsection (2)(a)(iii) ready for mailing.

9 (4) The notice in every case must be given as provided in 7-1-2121. Failure to publish or post
10 notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the
11 current year or of delinquent tax will not affect the legality of the tax.

12 (5) If the department revises an assessment that results in an additional tax of \$5 or less, an
13 additional tax is not owed and a new tax bill does not need to be prepared."
14

15 **Section 4.** Section 15-17-125, MCA, is amended to read:

16 **"15-17-125. Attachment of tax lien and preparation of tax lien certificate.** (1) (a) The county
17 treasurer shall attach a tax lien no later than the first working day in August to properties on which the taxes are
18 delinquent and for which proper notification was given as provided in 15-17-122 and subsection (4) of this
19 section. Upon attachment of a tax lien, the county is the possessor of the tax lien unless the tax lien is assigned
20 pursuant to 15-17-323.

21 (b) The county treasurer may not attach a tax lien to a property on which taxes are delinquent but
22 for which proper notice was not given.

23 (2) After attaching a tax lien, the county treasurer shall prepare a tax lien certificate that must
24 contain:

25 (a) the date on which the property taxes became delinquent;

26 (b) the date on which a property tax lien was attached to the property;

27 (c) the name and address of record of the person to whom the taxes were assessed;

28 (d) a description of the property on which the taxes were assessed;

- 1 (e) a separate listing of the amount of the delinquent taxes, penalties, interest, and costs;
- 2 (f) a statement that the tax lien certificate represents a lien on the property that may lead to the
3 issuance of a tax deed for the property;
- 4 (g) a statement specifying the date on which the county or an assignee will be entitled to a tax
5 deed; and
- 6 (h) an identification number corresponding to the tax lien certificate.
- 7 (3) The tax lien certificate must be signed by the county treasurer. A copy of the tax lien certificate
8 must be filed by the treasurer in the office of the county clerk. A copy of the tax lien certificate must also be
9 mailed to the person to whom the taxes were assessed, at the address of record, together with a notice that the
10 person may contact the county treasurer for further information on property tax liens.
- 11 (4) Prior to attaching a tax lien to the property, the county treasurer shall send notice of the
12 pending attachment of a tax lien to the person to whom the property was assessed. The notice must include the
13 information listed in subsection (2), state that the tax lien may be assigned to a third party, and provide notice of
14 the availability of all the property tax assistance programs available to property taxpayers, including the
15 property tax assistance programs under Title 15, chapter 6, part 3, and the residential property tax credit ~~for the~~
16 ~~elderly~~ under 15-30-2337 through 15-30-2341. The notice must have been mailed at least 2 weeks prior to the
17 date on which the county treasurer attaches the tax lien.
- 18 (5) The county treasurer shall file the tax lien certificate with the county clerk and recorder."
19

20 **Section 5.** Section 15-30-2303, MCA, is amended to read:

21 **"15-30-2303. Tax credits subject to review by interim committee.** (1) The following tax credits
22 must be reviewed during the biennium commencing July 1, 2019, and during each biennium commencing 10
23 years thereafter:

- 24 (a) the credit for contractor's gross receipts provided for in 15-50-207; and
- 25 (b) the residential property tax credit ~~for elderly homeowners and renters~~ provided for in 15-30-
26 2337 through 15-30-2341.

27 (2) The following tax credits must be reviewed during the biennium commencing July 1, 2021, and
28 during each biennium commencing 10 years thereafter:

1 (a) the credit for donations to an educational improvement account provided for in 15-30-2334, 15-
2 30-3110, and 15-31-158; and

3 (b) the credit for donations to a student scholarship organization provided for in 15-30-2335, 15-
4 30-3111, and 15-31-159.

5 (3) The following tax credits must be reviewed during the biennium commencing July 1, 2023, and
6 during each biennium commencing 10 years thereafter:

7 (a) the credit for infrastructure use fees provided for in 17-6-316;

8 (b) the credit for contributions to a qualified endowment provided for in 15-30-2327 through 15-30-
9 2329, 15-31-161, and 15-31-162; and

10 (c) the credit for property to recycle or manufacture using recycled material provided for in Title 15,
11 chapter 32, part 6.

12 (4) The following tax credits must be reviewed during the biennium commencing July 1, 2025, and
13 during each biennium commencing 10 years thereafter:

14 (a) the credit for preservation of historic buildings provided for in 15-30-2342 and 15-31-151;

15 (b) the credit for unlocking state lands provided for in 15-30-2380;

16 (c) the job growth incentive tax credit provided for in 15-30-2361 and 15-31-175; and

17 (d) the credit for trades education and training provided for in 15-30-2359 and 15-31-174.

18 (5) The following tax credits must be reviewed during the biennium commencing July 1, 2027, and
19 during each biennium commencing 10 years thereafter:

20 (a) the credit for hiring a registered apprentice or veteran apprentice provided for in 15-30-2357
21 and 15-31-173;

22 (b) the earned income tax credit provided for in 15-30-2318; and

23 (c) the media production and postproduction credits provided for in 15-31-1007 and 15-31-1009.

24 (6) The revenue interim committee shall review the tax credits scheduled for review and make
25 recommendations in accordance with 5-11-210 at the conclusion of the full review to the legislature about
26 whether to eliminate or revise the credits. The committee shall also review any tax credit with an expiration date
27 or termination date that is not listed in this section in the biennium before the credit is scheduled to expire or
28 terminate.

- 1 (7) The revenue interim committee shall review the credits using the following criteria:
- 2 (a) whether the credit changes taxpayer decisions, including whether the credit rewards decisions
- 3 that may have been made regardless of the existence of the tax credit;
- 4 (b) to what extent the credit benefits some taxpayers at the expense of other taxpayers;
- 5 (c) whether the credit has out-of-state beneficiaries;
- 6 (d) the timing of costs and benefits of the credit and how long the credit is effective;
- 7 (e) any adverse impacts of the credit or its elimination and whether the benefits of continuance or
- 8 elimination outweigh adverse impacts; and
- 9 (f) the extent to which benefits of the credit affect the larger economy. (Subsection (4)(d)
- 10 terminates December 31, 2026--sec. 7, Ch. 248, L. 2021; subsection (4)(c) terminates December 31, 2028--
- 11 sec. 24(1), Ch. 550, L. 2021.)"

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13 **Section 6.** Section 15-30-2338, MCA, is amended to read:

- 14 "**15-30-2338. Residential property tax credit for elderly-- eligibility -- disallowance or**
- 15 **adjustment.** (1) In order to be eligible to make a claim under 15-30-2337 through 15-30-2341, an individual:
- 16 ~~(a) must have reached age 62 or older during the claim period for which relief is sought;~~
- 17 ~~(b)(a)~~ must have resided in Montana for at least 9 months of ~~that~~ the claim period for which relief is
- 18 sought;
- 19 ~~(c)(b)~~ must have occupied one or more dwellings in Montana as an owner, renter, or lessee for at
- 20 least 6 months of the claim period; and
- 21 ~~(d)(c)~~ must have less than \$45,000 of gross household income.
- 22 (2) A person is not disqualified as a claimant if the person changes residences during the claim
- 23 period, provided that the person occupies one or more dwellings in Montana as an owner, renter, or lessee for
- 24 at least 6 months during the claim period.
- 25 (3) A claim is disallowed if the department finds that the claimant received title to the claimant's
- 26 homestead primarily for the purpose of receiving benefits under 15-30-2337 through 15-30-2341.
- 27 (4) When the landlord and tenant have not dealt at arm's length and the department judges the
- 28 gross rent charged to be excessive, the department may adjust the gross rent to a reasonable amount."

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Section 7. Section 15-30-2340, MCA, is amended to read:

"15-30-2340. Residential property tax credit for elderly-- computation of relief. The amount of the tax credit granted under the provisions of 15-30-2337 through 15-30-2341 is computed as follows:

(1) ~~Subject to subsections (5) and (6), in~~ the case of a claimant who owns the homestead for which a claim is made, the credit is the amount of property tax billed less the deduction specified in subsection (4).

(2) ~~Subject to subsections (5) and (6), in~~ the case of a claimant who rents the homestead for which a claim is made, the credit is the amount of rent-equivalent tax paid less the deduction specified in subsection (4).

(3) ~~Subject to subsections (5) and (6), in~~ the case of a claimant who both owns and rents the homestead for which a claim is made, the credit is:

(a) the amount of property tax billed on the owned portion of the homestead less the deduction specified in subsection (4); plus

(b) the amount of rent-equivalent tax paid on the rented portion of the homestead less the deduction specified in subsection (4).

(4) Property tax billed and rent-equivalent tax paid are reduced according to the following schedule:

Household income	Amount of reduction
\$0 - \$999	\$0
\$1,000 - \$1,999	\$0
\$2,000 - \$2,999	the product of .006 times the household income
\$3,000 - \$3,999	the product of .016 times the household income
\$4,000 - \$4,999	the product of .024 times the household income
\$5,000 - \$5,999	the product of .028 times the household income
\$6,000 - \$6,999	the product of .032 times the household income
\$7,000 - \$7,999	the product of .035 times the household income

\$8,000 - \$8,999	the product of .039 times the household income
\$9,000 - \$9,999	the product of .042 times the household income
\$10,000 - \$10,999	the product of .045 times the household income
\$11,000 - \$11,999	the product of .048 times the household income
\$12,000 & over	the product of .050 times the household income

1 (5) For a claimant whose household income is \$35,000 or more but less than \$45,000, the amount
2 of the credit is equal to the credit calculated under this section multiplied by the decimal equivalent of a
3 percentage figure according to the following table:

Gross household income	Percentage of credit allowed
\$35,000 - \$37,500	40%
\$37,501 - \$40,000	30%
\$40,001 - \$42,500	20%
\$42,501 - \$44,999	10%
\$45,000 or more	0%

4 (6) For a claimant who is under 62 years of age, the amount of the credit is equal to 80% of the
5 credit calculated under this section.

6 (7) The credit granted may not exceed ~~[\$1,150]~~ \$1,300.

7 ~~(7)(8)~~ Relief under 15-30-2337 through 15-30-2341 is a credit against the claimant's Montana
8 individual income tax liability for the claim period. If the amount of the credit exceeds the claimant's liability
9 under this chapter, the amount of the excess must be refunded to the claimant. The credit may be claimed even
10 though the claimant has no income taxable under this chapter. ~~(Bracketed language in subsection (6) is~~
11 ~~temporarily amended to "\$1,000" on occurrence of contingency for income tax years 2022, 2023, 2024, and~~
12 ~~2025 until December 31, 2025 -- sec. 13, Ch. 476, L. 2021.)"~~

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14 **Section 8.** Section 11, Chapter 476, Laws of 2021, is amended to read:

15 **"Section 11. Effective dates -- applicability** (1) Except as provided in subsections (2) through ~~(6)(7)~~,
16 [this act] is effective July 1, 2021.

17 (2) [Sections 1 and 6] are effective October 1, 2021, and apply to the income tax year beginning

1 after December 31, 2021.

2 (3) ~~[Sections 2 and 7] are~~ [Section 2] is effective October 1, 2022, and applies to the income tax
3 year beginning after December 31, 2022.

4 (4) ~~[Section 10] is effective on passage and approval of [this act] and applies to the income tax~~
5 year beginning after December 31, 2022.

6 ~~(4)(5)~~ ~~[Sections 3 and 8] are~~ [Section 3] is effective October 1, 2023, and applies to the income tax
7 year beginning after December 31, 2023.

8 ~~(5)(6)~~ ~~[Sections 4 and 9] are~~ [Section 4] is effective October 1, 2024, and applies to the income tax
9 year beginning after December 31, 2024.

10 ~~(6)(7)~~ ~~[Sections 5 and 10] are~~ [Section 5] is effective October 1, 2025, and applies to the income tax
11 years beginning after December 31, 2025."

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13 **Section 9.** Section 12, Chapter 476, Laws of 2021, is amended to read:

14 "**Section 12. Termination** (1) [Sections 1 and 6] terminate December 31, 2022.

15 (2) ~~[Sections 2 and 7] terminate~~ [Section 2] terminates December 31, 2023.

16 (3) ~~[Sections 3 and 8] terminate~~ [Section 3] terminates December 31, 2024.

17 (4) ~~[Sections 4 and 9] terminate~~ [Section 4] terminates December 31, 2025.

18 (5) [Section 13] terminates January 1, 2025."

19

20 **Section 10.** Section 13, Chapter 476, Laws of 2021, is amended to read:

21 "**Section 13. Contingent termination – legislative intent – specific findings – report to**

22 **legislative finance committee.** (1) The legislature intends to provide the tax relief provided by [this act] while
23 also preventing the loss of federal funds that are available to the state as part of the recently enacted American
24 Rescue Plan Act, Public Law 117-2. The contingent termination provisions in subsections (2) through (5) are
25 limited to the duration of time established by each subsection and are necessary based on the lack of
26 information available to the legislature from the federal government at the time of enactment of [this act].

27 (2) [Sections 1 and 6] terminate on the date that the budget director provides the certification
28 provided for in subsection (7). In order to be effective, the certification must be made in calendar year 2021.

1 (3) ~~[Sections 2 and 7] terminate~~ [Section 2] terminates on the date that the budget director
2 provides the certification provided for in subsection (7). In order to be effective, the certification must be made
3 between October 1, 2022, and December 31, 2022.

4 (4) ~~[Sections 3 and 8] terminate~~ [Section 3] terminates on the date that the budget director
5 provides the certification provided for in subsection (7). In order to be effective, the certification must be made
6 between October 1, 2023, and December 31, 2023.

7 (5) ~~[Sections 4 and 9] terminate~~ [Section 4] terminates on the date that the budget director
8 provides the certification provided for in subsection (7). In order to be effective, the certification must be made
9 between October 1, 2024, and December 31, 2024.

10 (6) (a) The budget director shall continually evaluate whether implementation of a section of [this
11 act] will:

12 (i) result in a reduction of funds from the American Rescue Plan Act; or

13 (ii) require the state of Montana to repay or refund to the federal government pursuant to the
14 American Rescue Plan Act.

15 (b) The budget director shall consider guidance from:

16 (i) the federal government about the American Rescue Plan Act, Public Law 117-2;

17 (ii) court decisions about the American Rescue Plan Act;

18 (iii) amendments to the American Rescue Plan Act;

19 (iv) any information provided by the attorney general; and

20 (v) other relevant information about the American Rescue Plan Act.

21 (c) If the budget director determines that the implementation of a section of this act may result in a
22 reduction of funds or require the state to repay or refund to the federal government funds based on the
23 guidance in subsection (6)(b), the budget director shall notify the legislative finance committee of the
24 preliminary determination. The budget director's notification of the preliminary determination may occur after
25 January 1 but no later than December 10 of each of the calendar years 2021, 2022, 2023, and 2024. Within 20
26 days of notification, the legislative finance committee shall provide the budget director with any
27 recommendations concerning the preliminary determination. The budget director shall consider any
28 recommendations of the legislative finance committee.

1 (7) If the budget director determines that the implementation of a section of this act would more
2 likely than not result in a reduction of funds or require the state to repay or refund to the federal government
3 funds based on the guidance in subsection (6)(b) and the recommendations of the legislative finance committee
4 in subsection (6)(c), the budget director shall provide certification in writing to the legislative finance committee
5 and the code commissioner of the occurrence of the relevant contingency provided for in subsections (2)
6 through (5)."

7

8 NEW SECTION. Section 11. Repealer. Sections 7, 8, and 9, Chapter 476, Laws of 2021, are
9 repealed.

10

11 NEW SECTION. Section 12. Effective date. [This act] is effective on passage and approval.

12

13 NEW SECTION. Section 13. Retroactive applicability. [This act] applies retroactively, within the
14 meaning of 1-2-109, to income tax years beginning after December 31, 2022.

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- END -