HOUSE BILL NO. 924

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A BILL FOR AN ACT ENTITLED: “AN ACT GENERALLY REVISING STATE FINANCE LAWS; CREATING THE MONTANA GROWTH AND OPPORTUNITY TRUST; PROVIDING FOR TRANSFERS OF VOLATILE REVENUES TO THE TRUST; PROVIDING FOR ANNUAL DISTRIBUTIONS OF INTEREST INCOME TO STATE SPECIAL REVENUE ACCOUNTS; PROVIDING FOR REINVESTMENT OF A PORTION OF THE TRUST FOR PENSIONS AND HOUSING; PROVIDING FOR CALCULATIONS RELATED TO VOLATILE REVENUE; ESTABLISHING A STATE PROPERTY RELIEF ACCOUNT; ESTABLISHING A MONTANA WATER DEVELOPMENT STATE SPECIAL REVENUE ACCOUNT; ESTABLISHING A BETTER LOCAL BRIDGE ACCOUNT; ESTABLISHING A MONTANA EARLY CHILDHOOD ACCOUNT; PROVIDING PROPERTY TAX ASSISTANCE THAT IS DISTRIBUTED TO COUNTIES TO BE DISTRIBUTED AS A CREDIT TO CERTAIN PRIMARY RESIDENCES; REQUIRING THE DEPARTMENT OF REVENUE TO CERTIFY PRIMARY RESIDENCES; PROVIDING A PENALTY FOR FALSE OR FRAUDULENT PRIMARY RESIDENCE APPLICATIONS; PROVIDING AN APPEALS PROCESS FOR CERTIFICATION OF A PRIMARY RESIDENCE; PROVIDING A DEFINITION; ESTABLISHING A MONTANA EARLY CHILDHOOD ACCOUNT BOARD AND PROVIDING GRANTS; TRANSFERRING AUTHORITY FOR CERTAIN HOUSING LOANS FROM THE COAL TAX TRUST FUND TO THE MONTANA GROWTH AND OPPORTUNITY TRUST; ESTABLISHING A PENSION FUND; REVISING USE OF THE MONTANA HOUSING INFRASTRUCTURE REVOLVING LOAN FUND; LIMITING THE TRANSFER OF VOLATILE REVENUE WHEN GENERAL FUND DEFICIT IS CERTIFIED OR OPERATING RESERVE IS ESTIMATED AT A CERTAIN AMOUNT; PROVIDING FOR TRANSFERS FROM THE PENSION FUND TO THE TEACHERS' RETIREMENT SYSTEM OR THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM ON CERTIFICATION OF THE RETIREMENT SYSTEM BOARD; PROVIDING FOR AN INCREASE TO THE EMPLOYER SUPPLEMENTAL CONTRIBUTION RATE; PROVIDING FOR FUND TRANSFERS; PROVIDING APPROPRIATIONS; ESTABLISHING REPORTING REQUIREMENTS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 15-7-102, 15-10-420, 15-15-101, 15-15-102, 15-15-103, 15-16-101, 15-17-125, 15-38-302, 17-6-308, 17-6-317, 17-6-801, 17-7-130, 17-7-133, 17-7-140, 19-3-316, 19-20-609, 85-1-631, 90-6-137, AND 90-6-603, MCA; AMENDING SECTION 5, CHAPTER 48, LAWS OF 2023, AND SECTION 24, CHAPTER 722, LAWS OF 2023; REPEALING SECTION 17-7-134, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

NEW SECTION. **Section 1. Montana growth and opportunity trust.** (1) There is a Montana growth and opportunity trust in the permanent fund type funded by annual transfers of volatile revenues as provided for in [section 4].

(2) Transfers into the trust are deposited as follows:

(a) one-half into the distribution portion of the trust; and

(b) one-half into the reinvestment portion of the trust.

(3) Money deposited in the account established in this section must be invested by the board of investments as provided by law.

(4) A bill appropriating funds from the corpus of the trust must be treated in the same manner as a bill creating state debt and requires a vote of two-thirds of the members of each house of the legislature for passage.

NEW SECTION. **Section 2. Distributions from Montana growth and opportunity trust.** (1) One-half of interest earnings from the Montana growth and opportunity trust established in [section 1] are allocated as follows:

(a) 20% to the Montana local disaster resiliency fund established in 17-7-133, up to $15 million a year;

(b) 20% to the state property tax ~~relief~~ assistance account established in ~~[section 6]~~ [section 13], up to $15 million a year;

(c) 20% to the Montana water development state special revenue account established in ~~[section 7]~~ [section 14], up to $15 million a year;

(d) 20% to the better local bridge state special revenue account established in ~~[section 8]~~ [section

15], up to $15 million a year; and

(e) 20% to the Montana early childhood state special revenue account established in ~~[section 9]~~ [section 16], up to $15 million a year.

(2) Any remaining interest earnings after the distribution in subsection (1) must be transferred into the capital developments long-range building program account established in 17-7-209.

NEW SECTION. **Section 3. Reinvestment of growth and opportunity trust.** One-half of interest earnings from the Montana growth and opportunity trust established in [section 1] are allocated as follows:

(1) 50% to the pension fund provided for in ~~[section 10]~~ [section 17]; and

(2) 50% to a Montana housing infrastructure revolving loan fund provided for in 17-6-801.

NEW SECTION. **Section 4. Volatile revenue -- transfer to Montana growth and opportunity trust.** (1) Starting in the fiscal year beginning July 1, 2027, and in each subsequent fiscal year by November 1, the state treasurer shall transfer one-half of the amount of volatile revenue from the general fund for that fiscal year to the Montana growth and opportunity trust established in [section 1].

(2) The amount of volatile revenue is an amount equal to:

(a) the sum of capital gains volatile revenue and partnership volatile revenue; and

(b) a portion of interest earnings from the treasury cash account in 17-6-202 as calculated pursuant to subsection (3).

(3) The amount of interest earnings from the treasury cash account in 17-6-202 to be transferred as volatile revenue pursuant to subsection (2) is the difference between:

(a) the estimate of interest earnings on the treasury cash account in 17-6-202 as provided in the most recent official revenue estimate provided for in 5-5-227; and

(b) the lowest actual amount of interest earnings on the treasury cash account in 17-6-202 within the most recent 10 years of available data as certified to the legislative fiscal analyst and the budget director by the department of administration.

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

(a) "Capital gains increment" is the difference between:

(i) the current calendar year's capital gains estimate as described in the most recent official revenue estimate provided for in 5-5-227; and

(ii) the lowest reported capital gains income from any year within the most recent 10 years of available data, as published in the department of revenue's biennial report provided for in 15-1-205.

(b) "Capital gains volatile revenue" is calculated by multiplying the capital gains increment by the rate established in 15-30-2103(2)(a)(ii).

(c) "Partnership increment" is the difference between:

(i) the current calendar year's rents, royalty, and partnership estimate as described in the most recent official revenue estimate provided for in 5-5-227; and

(ii) the lowest reported rents, royalty, and partnership income from any year within the most recent 10 years of available data, as published in the department of revenue's biennial report provided for in 15-1-205.

(d) "Partnership volatile revenue" is calculated by multiplying the partnership increment by the rate established in 15-30-2103(1)(a)(ii).

Section 5. Section 15-7-102, MCA, is amended to read:

"**15-7-102. Notice of classification, market value, and taxable value to owners -- appeals.** (1) (a) Except as provided in 15-7-138, the department shall mail or provide electronically to each owner or purchaser under contract for deed a notice that includes the land classification, market value, and taxable value of the land and improvements owned or being purchased. A notice must be mailed or, with property owner consent, provided electronically to the owner only if one or more of the following changes pertaining to the land or improvements have been made since the last notice:

(i) change in ownership;

(ii) change in classification;

(iii) change in valuation; or

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

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

(i) a notice of the availability of all the property tax assistance programs available to property taxpayers, including <u>the state property tax assistance provided for in [section 34],</u> the intangible land value assistance program provided for in 15-6-240, the property tax assistance programs provided for in Title 15, chapter 6, part 3, and the residential property tax credit for the elderly provided for in 15-30-2337 through 15-30-2341;

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

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

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

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

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

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

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

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

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

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

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

(i) For property other than class three property described in 15-6-133, class four property described in 15-6-134, class ten property described in 15-6-143, and centrally assessed property described in 15-23-101, the objection must be submitted within 30 days from the date on the notice.

(ii) For class three property described in 15-6-133, class four property described in 15-6-134, and class ten property described in 15-6-143, the objection may be made only once each valuation cycle. An objection must be made in writing or by checking a box on the notice within 30 days from the date on the classification and appraisal notice for a reduction in the appraised value to be considered for both years of the 2-year valuation cycle. An objection made more than 30 days from the date of the classification and appraisal notice will be applicable only for the second year of the 2-year valuation cycle. For an objection to apply to the second year of the valuation cycle, the taxpayer shall make the objection in writing or by checking a box on the notice no later than June 1 of the second year of the valuation cycle or, if a classification and appraisal notice is received in the second year of the valuation cycle, within 30 days from the date on the notice.

(iii) For centrally assessed property described in 15-23-101(2)(a), the objection must be submitted within 20 days from the date on the notice. A taxpayer may submit an objection up to 10 days after this deadline on request to the department.

(iv) (A) For centrally assessed property described in 15-23-101(2)(b) and (2)(c), an objection to the valuation or classification may be made only once each valuation cycle. An objection must be made in writing within the time period specified in subsection (3)(a)(iii) for a reduction in the appraised value to be considered for both years of the 2-year valuation cycle. An objection made after the deadline specified in subsection (3)(a)(iii) will be applicable only for the second year of the 2-year valuation cycle. For an objection to apply to the second year of the valuation cycle, the taxpayer shall make the objection in writing no later than June 1 of the second year of the valuation cycle or, if a classification and appraisal notice is received in the second year of the valuation cycle, within the time period specified in subsection (3)(a)(iii).

(B) If a property owner has exhausted the right to object to a valuation, as provided for in subsection (3)(a)(iv)(A), the property owner may ask the department to consider extenuating circumstances to adjust the value of property described in 15-23-101(2)(b) or (2)(c). Occurrences that may result in an adjustment to the value include but are not limited to extraordinary, unusual, or infrequent events that are material in nature and of a character different from the typical or customary business operations, that are not expected to recur frequently, and that are not normally considered in the evaluation of the operating results of a business, including bankruptcies, acquisitions, sales of assets, or mergers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Except as provided in 15-2-302 and 15-23-102, if a property owner feels aggrieved by the classification or appraisal made by the department after the review provided for in subsection (3), the property

owner has the right to first appeal to the county tax appeal board and then to the Montana tax appeal board, whose findings are final subject to the right of review in the courts. The appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days from the date on the notice of the department's determination. A county tax appeal board or the Montana tax appeal board may consider the actual selling price of the property, independent appraisals of the property, negative property features that differentiate the subject property from the department's comparable sales, and other relevant information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal board or the Montana tax appeal board determines that an adjustment should be made, the department shall adjust the base value of the property in accordance with the board's order."

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

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

including newly taxable property.

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

(i) annexation of real property and improvements into a taxing unit;

(ii) construction, expansion, or remodeling of improvements;

(iii) transfer of property into a taxing unit;

(iv) subdivision of real property; and

(v) transfer of property from tax-exempt to taxable status.

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

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

(i) a change in the boundary of a tax increment financing district;

(ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or

(iii) the termination of a tax increment financing district.

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

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

(d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of real property that results in the property being taxable as class four property under 15-6-134 or as nonqualified agricultural land as described in 15-6-133(1)(c).

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

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

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

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

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

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

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

(c) may not include revenue distributed to a county to provide state property tax assistance pursuant to [section 34].

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

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

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

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

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

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

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

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

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

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

(ix) a governmental entity from levying mills for the support of an airport authority in existence prior to May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past. The levy under this subsection (9)(a)(ix) is limited to the amount in the resolution creating the authority.

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

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

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

Section 7. Section 15-15-101, MCA, is amended to read:

"**15-15-101. County tax appeal board -- meetings and compensation.** (1) The board of county commissioners of each county shall appoint a county tax appeal board, with a minimum of three members and with the members to serve staggered terms of 3 years each. The members of each county tax appeal board must be residents of the county in which they serve. A person may not be a member of a county tax appeal board if the person was an employee of the department less than 36 months before the date of appointment.

(2) (a) The members receive compensation as provided in subsection (2)(b) and travel expenses, as provided for in 2-18-501 through 2-18-503, only when the county tax appeal board meets to hear taxpayers' appeals from property tax assessments or when they are attending meetings called by the Montana tax appeal board. Travel expenses and compensation must be paid from the appropriation to the Montana tax appeal board.

(b) (i) The daily compensation for a member is as follows:

(A) $45 for 4 hours of work or less; and

(B) $90 for more than 4 hours of work.

(ii) For the purpose of calculating work hours in this subsection (2)(b), work includes hearing tax appeals, deliberating with other board members, and attending meetings called by the Montana tax appeal board.

(3) Office space and equipment for the county tax appeal boards must be furnished by the county. All other incidental expenses must be paid from the appropriation of the Montana tax appeal board.

(4) The county tax appeal board shall hold an organizational meeting each year on the date of its first scheduled hearing, immediately before conducting the business for which the hearing was otherwise scheduled. At the organizational meeting, the members shall choose one member as the presiding officer of the board. The county tax appeal board shall continue in session from July 1 of the current tax year until December 31 of the current tax year to hear protests concerning assessments made by the department until the business of hearing protests is disposed of and may meet after December 31 to hear an appeal at the discretion of the county tax appeal board.

(5) In counties that have appointed more than three members to the county tax appeal board, only three members shall hear each appeal. The presiding officer shall select the three members hearing each appeal.

(6) In connection with an appeal, the county tax appeal board may change any assessment or fix the assessment at some other level or determine eligibility as a primary residence pursuant to [section 35]. Upon notification by the county tax appeal board, the county clerk and recorder shall publish a notice to taxpayers, giving the time the county tax appeal board will be in session to hear scheduled protests concerning assessments and the latest date the county tax appeal board may take applications for the hearings. The notice must be published in a newspaper if any is printed in the county or, if none, then in the manner that the county tax appeal board directs. The notice must be published by May 15 of the current tax year.

(7) Challenges to a department rule governing the assessment of property or to an assessment procedure apply only to the taxpayer bringing the challenge and may not apply to all similarly situated taxpayers unless an action is brought in the district court as provided in 15-1-406."

Section 8. Section 15-15-102, MCA, is amended to read:

"**15-15-102. Application for reduction in valuation-- certification as primary residence.** (1) The county tax appeal board may not reduce the valuation of property ~~may not be reduced by the county tax appeal board~~ or review eligibility as a primary residence under [section 35] unless either the taxpayer or the taxpayer's agent makes and files a written application ~~for reduction~~ with the county tax appeal board.

(2) The application ~~for reduction~~ may be obtained at the local appraisal office or from the county tax appeal board. The completed application must be submitted to the county clerk and recorder. The date of

receipt is the date stamped on the appeal form by the county clerk and recorder upon receipt of the form. The county tax appeal board is responsible for obtaining the applications from the county clerk and recorder.

(3) One application ~~for reduction~~ may be submitted during each valuation cycle. The application must be submitted within the time periods provided for in 15-7-102(3)(a) or [section 37].

(4) A taxpayer who receives an informal review by the department of revenue as provided in 15-7-102(3)(a)(i) and (3)(a)(ii) or [section 37] may appeal the decision of the department of revenue to the county tax appeal board as provided in [section 37(2)] and 15-7-102(6). The taxpayer may not file a subsequent application ~~for reduction~~ for the same property with the county tax appeal board during the same valuation cycle.

(5) If the department's determination after review is not made in time to allow the county tax appeal board to review the matter during the current tax year, the appeal must be reviewed during the next tax year, but the decision by the county tax appeal board is effective for the year in which the request for review was filed with the department. The application must state the post-office address of the applicant, specifically describe the property involved, and state the facts upon which it is claimed the reduction should be made or the property should be certified as a primary residence."

Section 9. Section 15-15-103, MCA, is amended to read:

"**15-15-103. Examination of applicant -- failure to hear application.** (1) Before the county tax appeal board grants any application or makes any reduction applied for, it shall examine on oath the person or agent making the application with regard to the value of the property of the person or eligibility as a primary residence pursuant to [section 35]. A reduction may not be made or a property certified as a primary residence unless the applicant makes an application, as provided in 15-15-102, and attends the county board hearing. An appeal of the county board's decision may not be made to the Montana tax appeal board unless the person or the person's agent has exhausted the remedies available through the county board. In order to exhaust the remedies, the person or the person's agent shall attend the county board hearing. On written request by the person or the person's agent and on the written concurrence of the department, the county board may waive the requirement that the person or the person's agent attend the hearing. The testimony of all witnesses at the hearing and the deliberation of the county tax appeal board in rendering a decision must be electronically recorded and preserved for 1 year. If the decision of the county board is appealed, the record of the proceedings, including the electronic recording of all testimony and the deliberation of the county tax appeal board, must be forwarded, together with all exhibits, to the Montana board. The date of the hearing, the proceedings before the county board, and the decision must be entered upon the minutes of the county board, and the county board shall notify the applicant of its decision by mail within 3 days. A copy of the minutes of the county board must be transmitted to the Montana board no later than 3 days after the county board holds its final hearing of the year.

(2) (a) Except as provided in 15-15-201, if a county board refuses or fails to hear a taxpayer's timely application for a reduction in valuation of property or eligibility as a primary residence, the taxpayer's application is considered to be granted on the day following the county board's final meeting for that year. The department shall enter the appraisal, ~~or~~ classification, or eligibility as a primary residence sought in the application in the property tax record. An application is not automatically granted for the following appeals:

(i) those listed in 15-2-302(1); and

(ii) if a taxpayer's appeal from the department's determination of classification or appraisal made pursuant to 15-7-102 was not received in time, as provided for in 15-15-102, to be considered by the county board during its current session.

(b) The county board shall provide written notification of each application that was automatically granted pursuant to subsection (2)(a) to the department, the Montana board, and any affected municipal corporation. The notice must include the name of the taxpayer and a description of the subject property.

(3) The county tax appeal board shall consider an independent appraisal provided by the taxpayer if the appraisal meets standards set by the Montana board of real estate appraisers and the appraisal was conducted within 6 months of the valuation date. If the county tax appeal board does not use the appraisal provided by the taxpayer in conducting the appeal, the county board shall provide to the taxpayer the reason for not using the appraisal."

Section 10. Section 15-16-101, MCA, is amended to read:

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

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

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

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

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

(i) the taxable value of the property;

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

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

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

(v) the amount of the total tax due itemized by mill levy that is levied as city tax, county tax, state tax, school district tax, and other tax and, for a primary residence, the total amount of state property tax assistance received under [section 34];

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

(vii) except as provided in subsection (2)(c), an itemization of the taxes due for each mill levy and a comparison to the amount due for each mill levy in the prior year; and

(viii) a notice of the availability of all the property tax assistance programs available to property taxpayers, including the state property tax assistance provided for in [section 34], the intangible land value assistance program provided for in 15-6-240, the property tax assistance programs under Title 15, chapter 6, part 3, and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341.

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

(c) The information required in subsection (2)(a)(vii) may be posted on the county treasurer's website instead of being included on the written notice.

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

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

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

Section 11. Section 15-17-125, MCA, is amended to read:

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

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

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

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

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

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

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

(e) a separate listing of the amount of the delinquent taxes, penalties, interest, and costs;

(f) a statement that the tax lien certificate represents a lien on the property that may lead to the issuance of a tax deed for the property;

(g) a statement specifying the date on which the county or an assignee will be entitled to a tax deed; and

(h) an identification number corresponding to the tax lien certificate.

(3) The tax lien certificate must be signed by the county treasurer. A copy of the tax lien certificate must be filed by the treasurer in the office of the county clerk. A copy of the tax lien certificate must also be mailed to the person to whom the taxes were assessed, at the address of record, together with a notice that the person may contact the county treasurer for further information on property tax liens.

(4) Prior to attaching a tax lien to the property, the county treasurer shall send notice of the pending attachment of a tax lien to the person to whom the property was assessed. The notice must include the information listed in subsection (2), state that the tax lien may be assigned to a third party, and provide notice of the availability of all the property tax assistance programs available to property taxpayers, including the state property tax assistance provided for in [section 34], the property tax assistance programs under Title 15, chapter 6, part 3, and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341. The notice must have been mailed at least 2 weeks prior to the date on which the county treasurer attaches the tax lien.

(5) The county treasurer shall file the tax lien certificate with the county clerk and recorder."

Section 12. Section 15-38-302, MCA, is amended to read:

"**15-38-302. Natural resources projects state special revenue account created -- revenue allocated -- limitations on appropriations from account.** (1) There is a natural resources projects state special revenue account within the state special revenue fund established in 17-2-102.

(2) There must be paid into the natural resources projects state special revenue ~~account money allocated from~~:

(a) the interest income of the resource indemnity trust fund under the provisions of 15-38-202;

(b) the resource indemnity and ground water assessment tax under the provisions of 15-38-106;

(c) the oil and natural gas production tax as provided in 15-36-331; ~~and~~

(d) the excess of the coal severance tax proceeds allocated by 85-1-603 to the renewable resource loan debt service fund above debt service requirements as provided in and subject to the conditions of 85-1-619; and

(e) 10% of the interest earned from the Montana water development state special revenue account established in ~~[section 7]~~ [section 14] to be used for water storage pilot projects and dam inspections required under 85-15-213.

(3) Appropriations may be made from the natural resources projects state special revenue account for grants and loans for designated projects and the activities authorized in 85-1-602 and 90-2-1102.

(4) The account retains its own interest."

NEW SECTION. **Section 13. State property tax ~~relief~~ assistance account.** ~~(1) There is a state property tax assistance account in the state special revenue fund established in 17-2-102 to the credit of the department of revenue. The revenue allocated to the account must be used to provide tax relief.~~

~~(2) The account retains its own interest.~~ (1) There is a state property tax assistance account in the state special revenue fund established in 17-2-102. The revenue allocated to the account as provided in [section 2] must be deposited in the account and distributed as provided in this section.

(2) (a) At the end of each fiscal year, the department shall determine the amount of property tax assistance per primary residence by subtracting the amounts listed in subsection (2)(c) and dividing the remainder by the total number of primary residences certified pursuant to [section 35].

(b) By August 31 of each year, the department shall distribute to each county the property tax assistance per primary residence multiplied by the number of primary residences within the county. The county shall deposit the money in the account in which property tax revenue is held and use the distribution to provide property tax assistance pursuant to [section 34].

(c) The department may retain 2% of the revenue allocated to the account for administering the certification of primary residences under [section 35] and shall retain $100,000 for appeals granted under [section 37].

(3) The department shall provide each county with a list of property in the county that the department certifies pursuant to [section 35] qualifies as a primary residence to enable the county treasurer to

administer the property tax assistance.

(4) A payment required pursuant to this section may be withheld if, for more than 90 days, a local government fails to:

(a) file a financial report required by 15-1-504;

(b) remit any amounts collected on behalf of the state as required by 15-1-504; or

(c) remit any other amounts owed to the state or another taxing jurisdiction.

NEW SECTION. **Section 14. Montana water development state special revenue account.** (1) (a) There is a Montana water development state special revenue fund as provided for in 17-2-102 to the credit of the department of natural resources and conservation.

(b) The fund retains its own interest.

(c) The account is composed of revenue gifted to the state or transferred to the account by the legislature and interest generated by the account.

(2) Ninety percent of the earnings from the investment must be distributed to the water storage state special revenue account established in 85-1-631.

(3) Ten percent of the earnings from the investment must be distributed to the natural resources projects state special revenue account established in 15-38-302 to be used for water storage pilot projects and dam inspections required under 85-15-213.

NEW SECTION. **Section 15. Better local bridge state special revenue account -- rulemaking.** (1) There is an account in the state special revenue fund provided for in 17-2-102 to be known as the better local bridge fund account to the credit of the department of transportation.

(2) There must be deposited in the account money received pursuant to [section 4].

(3) The account may be used for:

(a) grants to local government for the costs associated with engineering and construction of local, off-system bridges; and

(b) administrative costs for the department of transportation, not to exceed 5% of revenue received.

(4) Grants to local governments must include no less than 20% local matching funds.

(5) The department shall enact rules for distribution of annual grants to local governments.

(6) The account retains its own interest.

NEW SECTION. **Section 16. Montana early childhood account -- non supplantation of funds.** (1) There is a Montana early childhood account in the state special revenue fund in the state treasury to the credit of the department of public health and human services. The money in the account is allocated to the Montana early childhood account board established in ~~[section 11]~~ [section 18] for funding services and activities under and payment of administrative costs of the programs described in ~~[section 12]~~ [section 19].

(2) Funds deposited in the Montana early childhood account may only be used for the programs and grants authorized in ~~[section 12]~~ [section 19] and may not be used to pay the expenses of any other program or service administered in whole or in part by the department of public health and human services or any other state government entity.

(3) The account retains its own interest.

NEW SECTION. **Section 17. Pension fund.** There is a pension portion of the Montana growth and opportunity trust established [section 1].

(2) The account is funded by a distribution pursuant to 17-6-214, 17-7-130, and transfers made pursuant to [section 4].

(3) Funds in the account may only be used to transfer into a state-administered pension fund.

(4) In any 2-year period, no more than $300 million may be transferred from the pension section of the Montana growth and opportunity trust for the purposes outlined in 19-3-316 and 19-20-609.

(5) (a) On certification by the teachers' retirement board, the state treasurer shall transfer no more than 25% of the balance of this fund to the teachers' retirement system to ensure that the system meets its long-term rate of return assumption if the inception-to-date market rate of return as of June 30 in the previous 2 consecutive fiscal years is less than the current actuarially assumed rate of return set by the teachers' retirement board.

(b) The amount of a transfer authorized in subsection (5)(a) is limited to the amount necessary to bring the inception-to-date market rate of return as of June 30 in the previous fiscal year up to the actuarially assumed rate of return set by the teachers' retirement board.

(c) When applicable, the teachers' retirement board shall determine and shall certify to the state treasurer the amount of the transfer required under this section. The state treasurer shall transfer the certified amount to the pension trust fund within 30 days following receipt of certification from the teachers' retirement board.

(6) (a) On certification by the public employees' retirement board, the state treasurer shall transfer no more than 25% of the balance of this fund to the public employees' retirement system to ensure that the system meets its long-term rate of return assumption if the inception-to-date market rate of return as of June 30 in the previous 2 consecutive fiscal years is less than the current actuarially assumed rate of return set by the public employees' retirement board.

(b) The amount of a transfer authorized in subsection (6)(a) is limited to the amount necessary to bring the inception-to-date market rate of return as of June 30 in the previous fiscal year up to the actuarially assumed rate of return set by the public employees' retirement board.

(c) When applicable, the public employees' retirement board shall determine and shall certify to the state treasurer the amount of the transfer required under this section. The state treasurer shall transfer the certified amount to the pension trust fund within 30 days following receipt of certification from the public employees' retirement board.

NEW SECTION. **Section 18. Montana early childhood account board.** (1) There is a Montana early childhood account board consisting of seven members appointed by the governor as follows:

(a) two members who are employees of the department of public health and human services, including one employee of the early childhood and family support division and one employee of the division of the department that oversees American Indian health;

(b) one member who is an employee of the department of labor and industry;

(c) one member who is an employee of the office of public instruction;

(d) one member who is an employee of the department of commerce; and

(e) two members representing state and local community early childhood organizations.

(2) A member's term is 3 years. Initial appointments may specify a shorter length of the initial term to stagger the terms. Vacancies must be filled for the balance of an unexpired term. A member of the board may be reappointed.

(3) The board is allocated to the department of public health and human services for administrative purposes only, as provided in 2-15-121. The board may employ staff to carry out its duties as described in ~~[sections 11 through 14]~~ [sections 18 through 21].

(4) Unless otherwise provided by law, each member is entitled to be reimbursed for travel expenses incurred, as provided in 2-18-501 through 2-18-503, while performing board duties.

NEW SECTION. **Section 19. Eligible uses of Montana early childhood grants.** (1) The Montana early childhood account board established in ~~[section 11]~~ [section 18] shall use the money in the Montana early childhood account provided for in ~~[section 9]~~ [section 16] to fund services and activities related to a broad range of programs operated by nonprofit or public community-based educational or service organizations or early childhood coalitions.

(2) Eligible purposes for which the board may authorize grants include:

(a) early care and education provider support and workforce development, including:

(i) technical assistance grants that offer funding to start or expand child-care businesses, community-level partnerships, and program access strategies;

(ii) grants to support early childhood postsecondary education, certifications, apprenticeship, training, and continuing education to grow the workforce of early childhood professionals; and

(iii) recruitment and retention grants to provide workforce benefits, stipends, or supplements to retain qualified workers;

(b) quality improvement initiatives, including accreditation support, curriculum development, safety upgrades, and supports for infants, toddlers, and children with special needs;

(c) affordability initiatives, including expansion of licensed before-school and after-school care, the state child care subsidy program, and temporary child care assistance programs for families facing sudden financial hardship;

(d) innovation initiatives, including community child-care expansion programs and early learning and early childhood intervention access programs; and

(e) emergency assistance and disaster relief programs for impacted child-care facilities.

(3) In administering the early childhood grant program, the board shall:

(a) determine funding priorities for services and activities using the department of public health and human services' early childhood system strategic plan and comprehensive fiscal analysis;

(b) establish further criteria for the receipt of program funds;

(c) monitor the expenditure of funds by organizations receiving funds under this section;

(d) evaluate the efficacy of services and activities funded under this section; and

(e) adopt rules necessary to implement this section.

(4) By September 1 of each year, the board shall report to the education interim committee and the children, families, health, and human services interim committee in accordance with 5-11-210 on the services and activities funded under this section.

NEW SECTION. **Section 20. Gifts and grants to programs.** The Montana early childhood account board may accept contributions, gifts, and grants, of money or otherwise, to the programs described in ~~[section 12]~~ [section 19]. Monetary gifts, contributions, and grants earmarked for the Montana early childhood account must be paid into the account established in ~~[section 9]~~ [section 16].

NEW SECTION. **Section 21. Program costs -- annual report.** (1) The costs incurred by the Montana early childhood account board in administering the programs described in ~~[section 12]~~ [section 19] must be paid for with money from the Montana early childhood account provided for in ~~[section 9]~~ [section 16]. The board shall keep costs to a minimum and use existing office space, personnel, equipment, and supplies of the department of public health and human services to the extent possible.

(2) (a) By September 1 of each year, the department shall provide a written report to the children, families, health, and human services interim committee in accordance with 5-11-210.

(b) The report must include the following information for each grant:

(i) the project or activity for which it was awarded;

(ii) the amount of the grant;

(iii) proposed and actual uses of grant funds;

(iv) the duration; and

(v) its recipient.

Section 22. Section 17-6-308, MCA, is amended to read:

"**17-6-308. Authorized investments.** (1) Except as provided in subsections (2) through ~~(8)~~ (7) of this section and subject to the provisions of 17-6-201, the Montana permanent coal tax trust fund must be invested as authorized by rules adopted by the board.

(2) The board may make loans from the permanent coal tax trust fund to the capital reserve account created pursuant to 17-5-1515 to establish balances or restore deficiencies in the account. The board may agree in connection with the issuance of bonds or notes secured by the account or fund to make the loans. Loans must be on terms and conditions determined by the board and must be repaid from revenue realized from the exercise of the board's powers under 17-5-1501 through 17-5-1518 and 17-5-1521 through 17-5-1529, subject to the prior pledge of the revenue to the bonds and notes.

(3) The board shall manage the seed capital and research and development loan portfolios created by the former Montana board of science and technology development. The board shall establish an appropriate repayment schedule for all outstanding research and development loans made to the university system. The board is the successor in interest to all agreements, contracts, loans, notes, or other instruments entered into by the Montana board of science and technology development as part of the seed capital and research and development loan portfolios, except agreements, contracts, loans, notes, or other instruments funded with coal tax permanent trust funds. The board shall administer the agreements, contracts, loans, notes, or other instruments funded with coal tax permanent trust funds. As loans made by the former Montana board of science and technology development are repaid, the board shall deposit the proceeds or loans made from the coal severance tax trust fund in the coal severance tax permanent fund until all investments are paid back with 7% interest.

(4) The board shall allow the Montana facility finance authority to administer $15 million of the permanent coal tax trust fund for capital projects. Until the authority makes a loan pursuant to the provisions of Title 90, chapter 7, the funds under its administration must be invested by the board pursuant to the provisions

compensation to be contributed under subsection (1)(a) is 4%.

(c) The board may decrease the employer's supplemental contribution if:

(i) the average funded ratio of the system based on the last three actuarial valuations is equal to or greater than 90%;

(ii) the period necessary to amortize all liabilities of the system based on the most recent annual actuarial valuation is less than 15 years; and

(iii) the guaranteed annual benefit adjustment has been increased to the maximum allowed under 19-20-719.

(d) Following one or more decreases in the supplemental contribution rate pursuant to subsection (1)(c), the board may increase the supplemental contribution to a rate not to exceed 1% if:

(i) the average funded ratio of the system based on the last three annual actuarial valuations is equal to or less than 80%; and

(ii) the period necessary to amortize all liabilities of the system based on the most recent annual actuarial valuation is greater than 20 years.

(2) After the board has actuarially determined the need to impose, increase, or decrease a supplemental contribution rate under this section, the imposition, increase, or decrease is effective on the first day of July following the board's determination."

Section 30. Section 85-1-631, MCA, is amended to read:

"**85-1-631. Water storage state special revenue account created -- revenues allocated -- appropriations from account.** (1) There is a water storage state special revenue account within the state special revenue fund established in 17-2-102.

(2) There must be paid into the water storage state special revenue account:

(a) for the biennium beginning July 1, 2007, the proceeds of the resource indemnity and ground water assessment tax as provided in 15-38-106; ~~and~~

(b) money allocated from the resource indemnity trust fund interest earnings pursuant to 15-38-202 and all revenue of the works and other money as provided in 85-1-332; and

(c) 90% of the interest earned from the Montana water development state special revenue account established in ~~[section 7]~~ [section 14].

(3) All revenue provided from 85-1-332(1)(e) and (1)(f) deposited in the water storage state special revenue account must be appropriated solely for the construction, operation, rehabilitation, expansion, maintenance, and modification of state-owned water storage projects.

(4) Money that was not encumbered or expended from the water storage state special revenue account during the previous biennium must remain in the account.

(5) Deposits to the water storage state special revenue account must be placed in short-term investments and accrue interest, which must be deposited in the water storage state special revenue account.

(6) The purpose of the water storage state special revenue account is to provide money exclusively for construction, operation, rehabilitation, expansion, maintenance, and modification of state-owned water storage projects."

Section 31. Section 90-6-137, MCA, is amended to read:

"**90-6-137. Alternate funding source for housing loans -- use of ~~coal tax trust fund money~~ Montana housing infrastructure revolving loan fund within Montana growth and opportunity trust.** (1) The board of investments shall allow the board of housing to administer $65 million ~~of the coal tax trust fund~~ of funds from the Montana housing infrastructure revolving loan fund provided for in 17-6-801 for the purpose of providing loans for the development and preservation of homes and apartments to assist eligible low-income and moderate-income applicants. Until the board uses money in the ~~coal tax trust~~ Montana housing infrastructure revolving loan fund to loan to a qualified applicant pursuant to this part, the money under the administration of the board must remain invested by the board of investments.

(2) While a loan made from the ~~coal tax trust fund~~ Montana housing infrastructure revolving loan fund pursuant to this section is repaid, the principal payments on the loan must be deposited in the ~~coal tax trust fund~~ Montana housing infrastructure revolving loan fund until all of the principal of the loan is repaid. Interest received on a loan may be used by the board, in amounts determined by the board in accordance with 90-6-136, to pay for the servicing of a loan and for reasonable costs of the board for administering the program. After payment of associated expenses, interest received on the loan must be deposited into the coal tax trust fund.

investments. As a loan made pursuant to this part is repaid, the principal payments on the loan must be deposited in the ~~trust fund~~ Montana housing infrastructure revolving loan fund until all of the principal of the loan is repaid. Interest received on the loan may be used by a participating financial institution and the board, in amounts determined by the board in accordance with 90-6-605, to pay for the origination and servicing of a loan by a participating financial institution and to pay the reasonable costs of the board for the administration of the program. After payment of associated expenses, interest received on the loan must be deposited ~~into~~ in the ~~trust fund~~ Montana housing infrastructure revolving loan fund.

(3) Interest on a home mortgage loan made pursuant to this part must be charged at 1% less than the federal national mortgage association's delivery rate or 1% lower than the lowest interest rate charged by the board for the purposes of other home loan mortgage programs administered by the board, whichever is less. If the federal national mortgage association's rate becomes unavailable, the board shall use another similar rate for the purposes of this subsection. The board may not make a direct loan to an eligible veteran."

NEW SECTION. **Section 33. Reduction of volatile revenue transfer -- report.** If the budget director estimates a projected general fund ending fund balance at the end of the biennium that is less than the operating reserve as defined in 17-7-102, the budget director shall inform the legislative finance committee and the legislative fiscal analyst in writing of the financial forecast and recommended actions by September 15. The legislative finance committee may meet and comment by October 15. Then the governor may reduce the transfer of volatile revenue to the Montana growth and opportunity trust established in [section 1] by up to 40% of the volatile revenue transfer amount.

NEW SECTION. **Section 34. Property tax assistance for primary residences.** (1) A county shall provide property tax assistance to owners of primary residences certified by the department of revenue pursuant to [section 35]. The assistance is provided with funding from the state property tax assistance account distributed to the county as provided in [section 13].

(2) (a) Except as provided in subsection (2)(b), the county treasurer shall provide the property tax assistance distributed pursuant to [section 13] to each primary residence by listing the property tax assistance amount as a credit on the property tax bill as provided in 15-16-101(2)(a)(v).

(b) If the property tax assistance calculated pursuant to [section 13(2)] exceeds the property tax billed for an individual property, the county may retain the revenue that exceeds the property tax billed.

(3) The owner of a primary residence that receives property tax assistance under this section is not prohibited from receiving property tax assistance under another property tax assistance program.

(4) State property tax assistance provided to counties pursuant to this section may not affect the maximum mill calculation in 15-10-420.

NEW SECTION. **Section 35. Certification of primary residence for state property tax assistance -- rulemaking -- definition.** (1) To receive state property tax assistance pursuant to [section 34], the owner of a primary residence shall apply to the department for certification of the primary residence.

(2) (a) To receive state property tax assistance for the tax year in which the application is first made, the owner shall apply electronically or by mail on a form prescribed by the department and postmarked by March 1. Approved applications received electronically or postmarked after March 1 apply to the following tax year.

(b) Once approved, the certification remains effective until:

(i) there is a change in ownership of the property;

(ii) the owner no longer uses the dwelling as a primary residence; or

(iii) the owner applies for state property tax assistance for a different primary residence.

(c) If certification is terminated pursuant to subsection (2)(b), the owner shall submit a new application to the department to reestablish the certification.

(d) An application for state property tax assistance must be submitted on a form prescribed by the department and must contain:

(i) a written declaration made under penalty of perjury that the applicant owns and maintains the land and improvements as the primary residence. The application must state the penalty provided for in [section 36].

(ii) the geocode or other property identifier for the primary residence for which the applicant is requesting the state property tax assistance;

(iii) the social security number of the applicant; and

(iv) any other information required by the department that is relevant to the applicant's eligibility.

(3) (a) Except as provided in subsection (3)(b), class four residential property owned by an entity is not eligible to receive the state property tax assistance.

(b) The trustee of a grantor revocable trust may apply for state property tax assistance for a primary residence on behalf of the trust if the dwelling meets the definition of a primary residence for the grantor.

(4) The department may adopt rules, prepare forms, and maintain records that are necessary to implement this section.

(5) (a) For the purpose of this section and [sections 36 and 37], "primary residence" means a class four residential property:

(i) that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home;

(ii) in which an owner can demonstrate the owner owned and lived for at least 7 months of the year;

(iii) that is the owner's only primary residence;

(iv) for which the value of the residential dwelling is $1 million or less; and

(v) for which the owner made payment of the assessed Montana property taxes.

(b) An owner who cannot meet the requirements of subsection (5)(a)(ii) because the owner's primary residence changed during the tax year to another primary residence may still qualify if the owner paid the Montana property taxes while residing in each primary residence for a total of at least 7 consecutive months of the tax year. The department shall establish rules for determining the property tax assistance when the primary residences are in different counties.

<u>NEW SECTION.</u> **Section 36. State property tax assistance -- penalty for false or fraudulent application.** A person who files a false or fraudulent certification of primary residence for state property tax assistance under [section 35] is subject to criminal prosecution under the provisions of 45-7-202 and may be prohibited from claiming state property tax assistance for up to 10 years. If false or fraudulent property tax assistance has been issued by the county, the amount of assistance granted may be recovered as any other

tax owed the county. If property tax assistance becomes due and owing, the department may issue a warrant for distraint as provided in Title 15, chapter 1, part 7.

NEW SECTION. **Section 37. Appeal of denial of certification of primary residence.** (1) (a) If the department denies an application for certification of a primary residence, the owner may request an informal review of the denial by submitting an objection on written or electronic forms provided by the department for that purpose in a manner prescribed by the department. The objection must be made no later than 30 days after the date of the denial notification.

(b) The property owner may request that the department consider extenuating circumstances to grant an application for certification of a primary residence. Extenuating circumstances include but are not limited to extraordinary, unusual, or infrequent events that are material in nature and of a character different from the typical or customary, and that are not expected to recur.

(c) After the informal review, the department shall determine the correct status of the application and notify the taxpayer of its determination by mail or electronically. In the notification, the department shall state its reasons for accepting or denying the application.

(2) If a property owner is aggrieved by the determination made by the department after the review provided for in subsection (1), the property owner has the right to first appeal to the county tax appeal board and then to the Montana tax appeal board, whose findings are final subject to the right of review in the courts. An appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days from the date on the notice of the department's determination. If the county tax appeal board or the Montana tax appeal board determines that the residence should qualify as a primary residence, the department shall provide to the property owner the amount of property tax assistance due from the amount retained pursuant to [section 13].

Section 38. Section 5, Chapter 48, Laws of 2023, is amended to read:

"**Section 5. Transfer of funds.** (1) By June 30, 2023, the state treasurer shall transfer $125 million from the general fund to the account provided for in [section 1].

(2) By June 30, 2023, the state treasurer shall transfer $18.6 million from the general fund to the statewide public safety communications system account provided for in 44-4-1607.

~~(3) By June 30, 2027, the state treasurer shall transfer any unobligated funds in the account established in [section 1] as follows:~~

~~(a) 50% to the capital developments long-range building program account established in 17-7-209; and~~

~~(b) 50% to the general fund.~~"

Section 39. Section 24, Chapter 722, Laws of 2023, is amended to read:

"**Section 24. Termination.** ~~(1)~~ [Section 1 and section 7(3)] ~~terminates~~ terminate June 30, 2025.

~~(2) [Sections 6 and 7(3)] terminate June 30, 2027.~~"

NEW SECTION. **Section 40. Repealer.** The following section of the Montana Code Annotated is repealed:

17-7-134. Pension state special revenue account.

NEW SECTION. **Section 41. Transfer of funds.** (1) For the fiscal year beginning July 1, 2024, the state treasurer shall make the following transfers from the general fund:

(a) $10 million to the Montana local disaster resiliency fund established in 17-7-133;

(b) $10 million to the state property tax ~~relief~~ assistance account;

(c) $10 million to the Montana water development state special revenue account;

(d) $50 million to the better local bridge state special revenue account;

(e) $10 million to the Montana early childhood state special revenue account;

(f) $300 million to the pension fund established in ~~[section 10]~~ [section 17];

(g) $50 million to the Montana housing infrastructure revolving loan fund established in 17-6-801; and

(h) $239 million to the distribution portion of the trust of the Montana growth and opportunity trust provided for in [section 1].

(2) For the fiscal year beginning July 1, 2024, the state treasurer shall make the following transfers from the debt and liability free account established in 17-6-214:

(a) $33 million to the housing fund, for which $7 million is for HOMES and $26 million is for programs administered pursuant to 90-6-137 and 90-6-603; and

(b) $89 million to the permanent coal tax trust.

(3) (a) For the fiscal year beginning July 1, 2025, the state treasurer shall make the following transfers from the general fund by November 1, 2025:

(i) $309 million to the distribution portion of the trust of the Montana growth and opportunity trust provided for in [section 1];

(ii) $50 million to the pension fund established in ~~[section 10]~~ [section 17]; and

(iii) $50 million to the Montana housing infrastructure revolving loan fund established in 17-6-801.

(b) If the budget director estimates a projected general fund ending fund balance that is less than the operating reserve, the governor may reduce the transfers provided for in this subsection (3) to the Montana growth and opportunity trust established in [section 1] by up to 40% of the volatile revenue transfer amount.

(4) (a) For the fiscal year beginning July 1, 2026, the state treasurer shall make the following transfers from the general fund by November 1, 2025:

(i) $82,720,000 to the distribution portion of the trust of the Montana growth and opportunity trust provided for in [section 1];

(ii) $41,375,000 to the pension fund established in ~~[section 10]~~ [section 17]; and

(iii) $41,375,000 to the Montana housing infrastructure revolving loan fund established in 17-6-801.

(b) If the budget director estimates a projected general fund ending fund balance that is less than the operating reserve, the governor may reduce the transfers provided for in this subsection (4) to the Montana growth and opportunity trust established in [section 1] by up to 40% of the volatile revenue transfer amount.

NEW SECTION. **Section 42. Appropriations.** (1) There is appropriated the following amounts from the following accounts for the fiscal year beginning July 1, 2025, for the purposes outlined in those accounts:

(a) $10 million from the Montana water development state special revenue account to the department of natural resources and conservation;

(b) $10 million from the better local bridge state special revenue account to the department of transportation; ~~and~~

(c) $10 million from the Montana early childhood state special revenue account to the department of public health and human services; and

(d) $10 million from the state property tax assistance account to the department of revenue.

(2) There is appropriated the following amounts from the following accounts for the fiscal year beginning July 1, 2026, for the purposes outlined in those accounts:

(a) $15 million from the Montana water development state special revenue account to the department of natural resources and conservation;

(b) $15 million from the local bridge state special revenue account to the department of transportation;~~ and~~

(c) $15 million from the Montana early childhood state special revenue account to the department of public health and human services; and

(d) $15 million from the state property tax assistance account to the department of revenue.

(3) The legislature intends that the appropriations in subsection (2) be considered part of the ongoing base for the next legislative session.

NEW SECTION. **Section 43. Codification instruction.** (1) [Sections 1 through 4 and~~ 26~~ 33] are intended to be codified as an integral part of Title 17, and the provisions of Title 17 apply to [sections 1 through 4 and~~ 26~~ 33].

(2) ~~[Section 6]~~ [Sections 13 and 35 through 37] is intended to be codified as an integral part of Title 15, chapter 6, and the provisions of Title 15, chapter 6, apply to ~~[section 6]~~ [sections 13 and 35 through 37].

(3) ~~[Section 7]~~ [Section 14] is intended to be codified as an integral part of Title 85, chapter 1, part 3, and the provisions of Title 85, chapter 1, part 3, apply to ~~[section 7]~~ [Section 14].

(~~N~~4) ~~[Section 8]~~ [Section 15] is intended to be codified as an integral part of Title 60, chapter 2, part 2, and the provisions of Title 60, chapter 2, part 2, apply to ~~[section 8]~~ [Section 15].

(5) ~~[Sections 9 and 11 through 14]~~ [Sections 16 and 18 through 21] are intended to be codified as an integral part of Title 52, chapter 2, and the provisions of Title 52, chapter 2, apply to ~~[sections 9 and 11 through 14]~~ [Sections 16 and 18 through 21].

(6) ~~[Section 10]~~ [Section 17] is intended to be codified as an integral part of Title 17, chapter 7, and

the provisions of Title 17, chapter 7, apply to ~~[section 10]~~ [Section 17].

(7) [Section 34] is intended to be codified as an integral part of Title 7, chapter 6, part 25, and the provisions of Title 7, chapter 6, part 25, apply to [section 34].

NEW SECTION. **Section 44. Effective dates.** (1) Except as provided in subsection (2), [this act] is effective on passage and approval.

(2) ~~[Section 19]~~ [Section 26] is effective July 1, 2025.

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