

HOUSE BILL NO. 155

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A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING PROPERTY TAX LAWS; REVISING
CLASS FOUR RESIDENTIAL AND COMMERCIAL PROPERTY TAX RATES; PROVIDING AN EXEMPTION
FOR A PORTION OF CLASS FOUR RESIDENTIAL PROPERTY VALUE; ~~PROVIDING AN EXEMPTION FOR~~
~~A PORTION OF CLASS FOUR COMMERCIAL PROPERTY VALUE;~~ AMENDING SECTION 15-6-134, MCA;
AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 15-6-134, MCA, is amended to read:

"15-6-134. Class four property -- description -- taxable percentage. (1) Class four property
includes:

(a) subject to subsection ~~(4)(e)~~ (1)(f), all land, except that specifically included in another class;

(b) subject to subsection ~~(4)(e)~~ (1)(f):

(i) all improvements, including single-family residences, trailers, manufactured homes, or mobile
homes used as a residence, except those specifically included in another class;

(ii) appurtenant improvements to the residences, including the parcels of land upon which the
residences are located and any leasehold improvements;

(iii) vacant residential lots; and

(iv) rental multifamily dwelling units.

(c) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural

1 land under 15-7-202, including:

2 (d) 1 acre of real property beneath residential improvements on land described in 15-6-133(1)(c);

3 ~~The 1 acre must be valued at market value.~~

4 (d) ~~and~~ 1 acre of real property beneath an improvement used as a residence on land eligible for
5 valuation, assessment, and taxation as forest land under 15-6-143. The 1 acre must be valued at market value.

6 (e) real property beneath commercial improvements and as much of the surrounding land that is
7 reasonably required to support the commercial improvements on land described in 15-6-133(1)(c) and real
8 property beneath commercial improvements and as much of the surrounding land that is reasonably required to
9 support the commercial improvements on land eligible for valuation, assessment, and taxation as forest land
10 under 15-6-143. The land must be valued at market value.

11 (e)(f) all commercial and industrial property, as defined in 15-1-101, and including:

12 (i) all commercial and industrial property that is used or owned by an individual, a business, a
13 trade, a corporation, a limited liability company, or a partnership and that is used primarily for the production of
14 income;

15 (ii) all golf courses, including land and improvements actually and necessarily used for that
16 purpose, that consist of at least nine holes and not less than 700 lineal yards;

17 (iii) commercial buildings and parcels of land upon which the buildings are situated; and

18 (iv) vacant commercial lots.

19 (2) If a property includes both residential and commercial uses, the property is classified and
20 appraised as follows:

21 (a) the land use with the highest percentage of total value is the use that is assigned to the
22 property; and

23 (b) the improvements are apportioned according to the use of the improvements.

24 (3) (a) Except as provided in 15-24-1402, 15-24-1501, 15-24-1502, and ~~subsection~~ subsections
25 (3)(b) and (3)(c), class four residential property described in subsections (1)(a) through (1)(d) of this section is
26 ~~taxed at 4.35% of market value.~~ a graduated rate as follows:

Market Value

Tax Rate

| | |
|-------------------------------------|--------------|
| <u>first \$50,000</u> | <u>0%</u> |
| <u>\$50,001 to \$500,000</u> | <u>1%</u> |
| <u>\$500,001 to \$750,000</u> | <u>1.25%</u> |
| <u>\$750,001 to \$1 million</u> | <u>1.3%</u> |
| <u>\$1,000,001 to \$1.5 million</u> | <u>1.4%</u> |
| <u>\$1,500,001 to \$2 million</u> | <u>1.89%</u> |
| <u>greater than \$2 million</u> | <u>2%</u> |

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2 (b) ~~_____ The tax rate for the portion of the market value of a single-family residential dwelling in excess~~
3 ~~of \$1.5 million is the residential property tax rate in subsection (3)(a) multiplied by 1.4.~~

4 (b) ~~Vacant~~ THE MARKET VALUE OF VACANT residential lots described in subsection (1)(b)(iii) with a
5 ~~market value of \$50,000 or less are taxed at 1% of market value THAT IS LESS THAN \$500,000 IS TAXED AT 1% OF~~
6 MARKET VALUE.

7 (c) ~~Rental~~ THE MAXIMUM GRADUATED RATE FOR multifamily dwelling units described in subsection
8 (1)(b)(iv) with a market value of GREATER THAN \$2 million or more are taxed at IS 1.89% of market value if the
9 dwelling units are leased at 150% or less of the county fair market rent. The property owner must annually
10 certify lease rates to the department of revenue.

11 (e)(4) ~~The (a) Except as provided in subsection (4)(c), the tax rate for commercial and industrial~~
12 ~~property described in subsections (1)(e) and (1)(f) in excess of the exemption amount in subsection~~
13 ~~(4)(b) \$200,000 \$400,000 is 1.89% the residential property tax rate in subsection (3)(a) multiplied by 1.4.~~

14 (b) ~~The TAX RATE FOR THE first \$200,000 \$400,000 of market value for commercial and industrial~~
15 ~~property of a person or business entity is exempt from taxation IS 1.4%.~~

16 (4)(c) ~~Property described in subsection (1)(e)(ii) (1)(f)(ii) is taxed at one-half the tax rate established~~
17 ~~in subsection (3)(c) (4)(a).~~

18 (5) ~~As used in this section, "fair market rent" means the fair market rent based on the size of the~~
19 ~~dwelling as published annually by the U.S. department of housing and urban development."~~

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21 NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

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2 NEW SECTION. Section 3. Retroactive applicability. [This act] applies retroactively, within the
3 meaning of 1-2-109, to property tax years beginning after December 31, 2024.

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