

**Amendment - 1st Reading/2nd House-blue - Requested by: Llew Jones - Conference
Committee on HB 231**

- 2025

69th Legislature 2025

Drafter: Megan Moore,

HB0231.005.003

1 HOUSE BILL NO. 231
2 INTRODUCED BY L. JONES, B. LER, S. ESSMANN, R. MINER, W. MCKAMEY, D. FERN, J. KASSMIER, M.
3 BERTOGLIO, C. SPRUNGER, S. MORIGEAU, G. HUNTER, C. COCHRAN, S. FITZPATRICK, M.
4 NIKOLAKAKOS, G. HERTZ, C. SCHOMER, E. TILLEMANN, R. TEMPEL, J. DARLING, G. PARRY, K. WALSH,
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6
7 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING PROPERTY TAX LAWS; PROVIDING
8 FOR A PROPERTY TAX REBATE ON A PRINCIPAL RESIDENCE BASED ON A CERTAIN AMOUNT OF
9 PROPERTY TAXES PAID FOR TAX YEAR 2024; TEMPORARILY REDUCING CLASS FOUR RESIDENTIAL
10 PROPERTY TAX RATES; REVISING TAX RATES FOR CERTAIN CLASS FOUR RESIDENTIAL AND
11 COMMERCIAL PROPERTY; PROVIDING A LOWER TAX RATE FOR CERTAIN OWNER-OCCUPIED
12 RESIDENTIAL PROPERTY AND LONG-TERM RENTALS; PROVIDING A LOWER TAX RATE FOR A
13 PORTION OF COMMERCIAL PROPERTY VALUE; PROVIDING ELIGIBILITY AND APPLICATION
14 REQUIREMENTS; PROVIDING FOR AN APPEAL PROCESS; PROVIDING FOR THE ADJUSTMENT OF
15 CERTAIN LOCAL GOVERNMENT FIXED MILL LEVIES; PROVIDING DEFINITIONS; PROVIDING
16 RULEMAKING AUTHORITY; AMENDING SECTIONS 15-1-121, 15-6-134, 15-7-102, 15-15-101, 15-15-102,
17 15-15-103, 15-16-101, AND 15-17-125, AND 15-30-2120, MCA; AND PROVIDING AN IMMEDIATE
18 EFFECTIVE DATE DATES, APPLICABILITY DATES, AND A-TERMINATION DATE DATES."

19
20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

21
22 NEW SECTION. Section 1. Definitions. As used in [sections 1 through 7 6] and 15-6-134, the
23 following definitions apply:

- 24 (1) "Homestead reduced tax rate" means the tax rate provided for in 15-6-134(3)(b)(i).
25 (2) "Long-term rental" means class four residential property:
26 (a) that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home,
27 or mobile home and the parcel on which the long-term rental improvements are located but not including any

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~~COORDINATION SECTION. SECTION 17. COORDINATION INSTRUCTION. IF HOUSE BILL NO. 154 IS NOT PASSED BY THE LEGISLATURE AND IF [THIS ACT] IS PASSED BY THE LEGISLATURE AND CONTAINS A SECTION THAT AMENDS 15-6-134, THEN SUBSECTION (3)(B)(I)(A) OF 15-6-134 IN [THIS ACT] MUST BE REPLACED WITH THE FOLLOWING~~

⋮

~~"(A) 0.74% FOR THE MARKET VALUE THAT IS 2 TIMES THE MEDIAN RESIDENTIAL VALUE OR LESS;"~~

NEW SECTION. SECTION 26. SEVERABILITY. IF A PART OF [THIS ACT] IS INVALID, ALL VALID PARTS THAT ARE SEVERABLE FROM THE INVALID PART REMAIN IN EFFECT. IF A PART OF [THIS ACT] IS INVALID IN ONE OR MORE OF ITS APPLICATIONS, THE PART REMAINS IN EFFECT IN ALL VALID APPLICATIONS THAT ARE SEVERABLE FROM THE INVALID APPLICATIONS.

COORDINATION SECTION. Section 27. Coordination instruction. If both Senate Bill No. 542 and [this act] are passed and approved, then [sections 1 through 23 and 25 of this act] are void and [section 4 of Senate Bill No. 542] must be amended as follows:

"NEW SECTION. Section 4. Legislative findings -- local government charters and fixed mill levy limits superseded. (1) (a) The legislature finds that most local governments set mill levies that adjust downward when taxable value increases under 15-10-420. This floating mill levy concept automatically lowers the number of mills levied against a taxpayer when property values increase, which mitigates increases in property values. However, when mill levies are fixed, the opposite occurs when property values increase, and property taxes are not automatically mitigated for taxpayers that are levied based on a fixed mill levy.

(b) The legislature finds further that it is prohibited under Article VIII, section 2, of the Montana constitution, from suspending or contracting away the power to tax. The legislature also recognizes and respects the power of local governments under Article XI, section 5, of the Montana constitution to adopt, amend, revise, or abandon a charter.

(2) As a matter of policy, the legislature intends to supersede local government charters that fix mill

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1 levy limits for the limited purpose of exercising the power to tax while also maintaining local government
2 revenue sources without raising taxes on residential taxpayers. Having considered all options on a statewide
3 basis, the legislature finds the statutory structure of the property tax has evolved significantly since the passage
4 of Initiative Measure No. 105 on November 4, 1986, and the enactment of 15-10-420 by the legislature in 1999.
5 Given the significant change in the structure of the property tax and the rising cost of residential property in the
6 last 5 years, there is a compelling interest to all the citizens of the state to lower residential property tax rates
7 for primary residences, which can only be accomplished by this section and 15-10-420.

8 (3) A local government with a charter form of government that includes a mill levy limit of a specific
9 number of mills that may be imposed in the charter shall levy the number of mills in fiscal year 2026 and
10 subsequent tax years that will generate the amount of property taxes assessed in fiscal year 2025, without
11 amending or revising the charter. In fiscal years after 2026, the local government ~~shall~~ may levy an amount not
12 to exceed the number of mills levied in fiscal year 2026.

13 (4) A taxing entity with a local mill levy limit of a specific number of mills that may be imposed that
14 was authorized by the voters before [the effective date of this section], shall:

15 (a) elect to transition a voted mill levy to a dollar-based mill levy equal to the amount of property
16 taxes assessed in fiscal year 2025 and thereafter subject to the provisions of 15-10-420(1)(a); or

17 (b) levy the number of mills in fiscal year 2026 that will generate the amount of property taxes
18 assessed in fiscal year 2025. In fiscal years after 2026, the local government ~~shall~~ may levy an amount not to
19 exceed the number of mills levied in fiscal year 2026."

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21 NEW SECTION. Section 28. Applicability -- retroactive applicability. (1) Except as provided in
22 subsection (2), [this act] applies retroactively to property tax years beginning after December 31, 2024.

23 (2) [Sections ~~3 and 4~~ 1 THROUGH 6, 13, AND 15 THROUGH 20] apply to property tax years beginning
24 after December 31, ~~2026~~ 2025.

25
26 NEW SECTION. Section 19. Termination. [~~Section 2~~] and the references to [~~section 2~~] in [~~section 5~~
27 ~~], 15-6-134, 15-15-101, 15-15-102, and 15-15-103 terminate December 31, 2026.~~