

1 SENATE BILL NO. 54
2 INTRODUCED BY G. HERTZ
3 BY REQUEST OF THE DEPARTMENT OF REVENUE
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE REAPPRAISAL CYCLE FOR CERTAIN
6 CENTRALLY ASSESSED PROPERTY; PROVIDING FOR A 2-YEAR REAPPRAISAL CYCLE FOR CERTAIN
7 CENTRALLY ASSESSED PROPERTY; AMENDING SECTIONS 15-1-210, 15-1-402, 15-7-102, 15-7-111, 15-
8 8-112, 15-10-420, 15-15-102, 15-23-101, 15-23-103, AND 15-23-212, MCA; AND PROVIDING AN
9 APPLICABILITY DATE."

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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
12

13 **Section 1.** Section 15-1-210, MCA, is amended to read:

14 **"15-1-210. Taxpayer right to know -- centrally assessed property.** (1) The department shall, in the
15 course of valuing properties, post on its website 30 days prior to the issuance of current year assessment
16 notices the capitalization rate or rates to be used by the department to determine the income indicators of value
17 for centrally assessed property, including supporting information on capitalization studies. The supporting
18 information must include the rationale for adding or deleting a company or property from those included in the
19 study in the prior year.

20 (2) The department shall display a statement on its website that it will accept comments on the
21 current year capitalization rates and information as provided in subsection (1) for 20 days after posting. The
22 department shall consider the comments prior to issuing the current year assessment notices and shall post a
23 response to each written comment within 20 days of the close of the comment period.

24 (3) The department shall include all underlying computations when providing a taxpayer with a
25 determination of valuation.

26 (4) If the department changes its reliance on any indicator of value by more than 15% from the
27 previous year valuation, the department shall provide the taxpayer with a written explanation of the rationale for
28 the change when issuing an initial or final determination of valuation to a taxpayer.

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

2 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a

3 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount

4 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3

5 years. The maximum number of mills that a governmental entity may impose is established by calculating the

6 number of mills required to generate the amount of property tax actually assessed in the governmental unit in

7 the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half

8 of the average rate of inflation for the prior 3 years.

9 (b) A governmental entity that does not impose the maximum number of mills authorized under

10 subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between

11 the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill

12 authority carried forward may be imposed in a subsequent tax year.

13 (c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average

14 rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers,

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

16 labor.

17 (2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any

18 additional levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit,

19 including newly taxable property.

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

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

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

23 (iii) transfer of property into a taxing unit;

24 (iv) subdivision of real property; and

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

26 (b) Newly taxable property does not include an increase in value:

27 (i) that arises because of an increase in the incremental value within a tax increment financing

28 district; or

1 (ii) caused by the termination of an exemption that occurs due to the American Rescue Plan Act,
2 Public Law 117-2, and section 14, Chapter 506, Laws of 2021.

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

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

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

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

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

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

- 20 (a) school district levies established in Title 20; or
- 21 (b) a mill levy imposed for a newly created regional resource authority.

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

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

25 (a) except as provided in subsection (7)(c), may increase the number of mills to account for a
26 decrease in reimbursements; ~~and~~

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

1 (c) may not increase the number of mills to account for a loss in tax base because of [this act].

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

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

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

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

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

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

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

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

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

17 (viii) a levy used to fund the sheriffs' retirement system under 19-7-404(2)(b); or

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

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

23 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-
24 11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport
25 authority in either of the previous 2 years and the airport or airport authority has not been appropriated
26 operating funds by a county or municipality during that time.

27 (11) The department may adopt rules to implement this section. The rules may include a method for
28 calculating the percentage of change in valuation for purposes of determining the elimination of property, new

1 improvements, or newly taxable value in a governmental unit. (Subsection (3)(b)(ii) terminates December 31,
2 2025--sec. 13(5), Ch. 506, L. 2021.)"

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

5 **"15-15-102. Application for reduction in valuation.** (1) The valuation of property may not be
6 reduced by the county tax appeal board unless either the taxpayer or the taxpayer's agent makes and files a
7 written application for reduction with the county tax appeal board.

8 (2) The application for reduction may be obtained at the local appraisal office or from the county
9 tax appeal board. The completed application must be submitted to the county clerk and recorder. The date of
10 receipt is the date stamped on the appeal form by the county clerk and recorder upon receipt of the form. The
11 county tax appeal board is responsible for obtaining the applications from the county clerk and recorder.

12 (3) One application for reduction may be submitted during each valuation cycle. The application
13 must be submitted within the time periods provided for in 15-7-102(3)(a).

14 (4) A taxpayer who receives an informal review by the department of revenue as provided in ~~15-7-~~
15 ~~402(3)~~ 15-7-102(3)(a)(i) through (3)(a)(iii) may appeal the decision of the department of revenue to the county
16 tax appeal board as provided in 15-7-102(6). The taxpayer may not file a subsequent application for reduction
17 for the same property with the county tax appeal board during the same valuation cycle.

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

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24 **Section 8.** Section 15-23-101, MCA, is amended to read:

25 **"15-23-101. Properties centrally assessed -- valuation cycles.** (1) The department shall centrally
26 assess ~~each year~~:

27 (4)(a) the railroad transportation property of railroads and railroad car companies operating in more
28 than one county in the state or more than one state;