

HOUSE BILL NO. 222

INTRODUCED BY T. WELCH, C. KNUDSEN, J. DOOLING, D. LOGE, R. FITZGERALD, J. ELLSWORTH, D.

ZOLNIKOV, J. KASSMIER

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A PROPERTY TAX REBATE ON A PRINCIPAL RESIDENCE BASED ON A CERTAIN AMOUNT OF PROPERTY TAXES PAID; PROVIDING A REBATE OF PROPERTY TAXES UP TO ~~\$1,000~~ \$500 A YEAR FOR TAX YEARS 2022 AND 2023 \$1,000 FOR THE TOTAL AMOUNT OF TAXES PAID IN TAX YEARS 2021 AND 2022 FOR A PRINCIPAL RESIDENCE THAT WAS OCCUPIED BY THE TAXPAYER; PROVIDING A PENALTY FOR FALSE OR FRAUDULENT CLAIMS; PROVIDING DEFINITIONS; PROVIDING THAT THE PROPERTY TAX REBATE IS NOT SUBJECT TO THE MONTANA INDIVIDUAL INCOME TAX; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTIONS 15-30-2110, 15-30-2120, AND 17-7-502, MCA; AND PROVIDING EFFECTIVE DATES AND A TERMINATION DATE."

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

NEW SECTION. Section 1. Definitions. As used in [sections 1 through 3], the following definitions apply:

(1) "Montana property taxes" means the ad valorem property taxes, special assessments, and other fees imposed on property classified under 15-6-134 that is a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home and as much of the surrounding land, not exceeding 1 acre, as is reasonably necessary for its use as a dwelling and that were assessed and paid by the taxpayer as follows:

(a) for tax year ~~2022~~ 2021, the amount of Montana property taxes assessed and paid is equal to the total amount billed by the local government for the dwelling as shown on the ~~2022~~ 2021 property tax bill received by the taxpayer with a first-half payment due in or around November ~~2022~~ 2021 and a second-half payment due in or around May ~~2023~~ 2022; and

(b) for tax year ~~2023~~ 2022, the amount of Montana property taxes assessed and paid is equal to

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the total amount billed by the local government for the dwelling as shown on the ~~2023~~ 2022 property tax bill received by the taxpayer with a first-half payment due in or around November ~~2023~~ 2022 and a second-half payment due in or around May ~~2024~~ 2023.

(2) "Owned" includes purchasing under a contract for deed and being the grantor or grantors under a revocable trust indenture.

(3) (a) "Principal residence" is, subject to the provisions of subsection (3)(b), a dwelling:

(i) in which a taxpayer can demonstrate the taxpayer owned and lived in for at least 7 months of the year for which the rebate is claimed;

(ii) that is the only residence for which the property tax rebate is claimed; and

(iii) for which the taxpayer made payment of the assessed Montana property taxes during tax year ~~2022~~ 2021 and tax year ~~2023~~ 2022.

(b) A taxpayer that cannot meet the requirements of subsection (3)(a)(i) because the taxpayer's principal residence changes during the tax year to another principal residence may still claim a rebate if the taxpayer paid the Montana property taxes while residing in each principal residence for a total of at least 7 consecutive months for each tax year.

~~(4)~~ "Tax year 2021" means the period January 1, 2021, through December 31, 2021.

~~(4)(5)~~ "Tax year 2022" means the period January 1, 2022, through December 31, 2022.

~~(5)~~ "Tax year 2023" means the period January 1, 2023, through December 31, 2023.

NEW SECTION. **Section 2. Property tax rebate -- manner of claiming -- limitations --**

appropriation. (1) Subject to the conditions provided for in [sections 1 through 3], there is a rebate of Montana property taxes in the amount of:

~~(a) — \$1,000~~ \$500 ~~\$1,000~~ or the amount of total combined property taxes paid for tax year 2021 and tax year 2022, whichever is less, ~~for tax year 2022; and~~

~~(b) — \$1,000~~ \$500 ~~or the amount of total property taxes paid, whichever is less, for tax year 2023.~~

(2) The rebate provided for in subsection (1) is for Montana property taxes assessed to and paid by a taxpayer or taxpayers on property they owned and occupied as a principal residence during the relevant tax year.

(3) The department shall mail a notice to potential claimants by June 30, 2023, for tax year 2021 ~~and tax year 2022~~ ~~and by June 30, 2024, for tax year 2023~~. Receipt of a notice does not establish that a taxpayer or property owner is eligible for a rebate, and a taxpayer who does not receive a notice may still be eligible to claim a rebate. All taxpayers, regardless of the receipt of notice, shall claim a rebate as provided in subsection (5).

(4) Except as provided in subsections (5)(c) and (5)(d), a single-family dwelling unit, unit of a multiple-unit dwelling, trailer, manufactured home, or mobile home and as much of the surrounding land, not exceeding 1 acre that is owned by an entity is not eligible to claim the rebate.

(5) (a) All claims for this property tax rebate must be submitted to the department electronically or by mail for each tax year the rebate is claimed.

(i) Electronic claims must be submitted between August 15, 2023, and October 1, ~~each year~~ 2023, through the department's website.

(ii) Claims submitted by mail must be made on a form prescribed by the department and postmarked by October 1, ~~each year~~ 2023.

(b) Subject to subsections (5)(c) and (5)(d), a claim for rebate must be submitted, under penalty of false swearing and the penalties provided in [section 3], on a form prescribed by the department and must contain:

(i) an affirmation that the claimant owns and maintains the land and improvements as the principal residence as defined in [section 1];

(ii) the geocode or other property identifier for the principal residence that the claimant is requesting the rebate on;

(iii) the social security number of the claimant, the claimant's spouse, and any dependents; and

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

(c) The personal representative of the estate of a deceased taxpayer may execute and file the claim for rebate on behalf of a deceased taxpayer who qualifies for the rebate.

(d) The trustee of a grantor revocable trust may file a claim on behalf of the trust if the dwelling meets the definition of a principal residence for the grantor.

(6) Only one rebate ~~for each tax year~~ will be issued to a taxpayer for the Montana property taxes

paid by the taxpayer for combined taxes paid during tax year 2021 and tax year 2022 ~~and tax year 2023~~.

(7) If a debt is due and owing to the state, the department may offset the rebate in this section as provided in sections 15-30-2629, 15-30-2630, 17-4-105, or as otherwise provided by law.

(8) The payment of property tax rebates and administration costs related to paying property tax refunds under this section are statutorily appropriated, as provided in 17-7-502, from the general fund to the department of revenue for distribution to taxpayers and for related administration costs.

NEW SECTION. Section 3. Property tax rebate -- penalty for false or fraudulent claim. (1) Except as provided in subsection (2), if the department discovers that a rebate paid to a taxpayer exceeded the amount allowed by [sections 1 through 3], the department may, within 1 year from the date the rebate was transmitted to the taxpayer, assess the taxpayer for the difference. The assessment is subject to the uniform dispute review procedure established in 15-1-211.

(2) A person who files a false or fraudulent claim for a property tax rebate under [sections 1 through 3] is subject to criminal prosecution under the provisions of 45-7-202. If a false or fraudulent claim has been paid by the department, the amount paid may be recovered as any other tax owed the state, together with a penalty of 300% of the rebate claimed and interest on the amount of the rebate claimed plus penalty at the rate of 12% a year, until paid. If this rebate plus penalty becomes due and owing, the department may issue a warrant for distraint as provided in Title 15, chapter 1, part 7.

Section 4. Section 15-30-2110, MCA, is amended to read:

"15-30-2110. (Temporary) Adjusted gross income. (1) Subject to subsection (15), adjusted gross income is the taxpayer's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, 26 U.S.C. 62, and in addition includes the following:

(a) (i) interest received on obligations of another state or territory or county, municipality, district, or other political subdivision of another state, except to the extent that the interest is exempt from taxation by Montana under federal law;

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, 26 U.S.C. 852(b)(5), that are attributable to the interest referred to in subsection (1)(a)(i);

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1 NEW SECTION. Section 7. Codification instruction. [Sections 1 through 3] are intended to be
2 codified as a new part of Title 15, chapter 1, and the provisions of Title 15, chapter 1, apply to [sections 1
3 through 3].

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5 NEW SECTION. Section 8. Effective dates. (1) Except as provided in subsection (2), [this act] is
6 effective on passage and approval.

7 (2) [Section 5] is effective January 1, 2024.

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9 NEW SECTION. Section 9. Termination. [This act] terminates June 30, ~~2025~~ 2024.

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