

1 HOUSE BILL NO. 390
2 INTRODUCED BY S. ESSMANN, C. KNUDSEN, G. NIKOLAKAKOS, B. MITCHELL, J. ETCHART, R. MINER,
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4

5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A HOMESTEAD EXEMPTION FOR A
6 DWELLING USED AS A PRIMARY RESIDENCE; PROVIDING THAT A PORTION OF THE HOMESTEAD
7 EXEMPTION IS NOT APPLICABLE TO THE STATEWIDE SCHOOL EQUALIZATION MILLS; PROVIDING
8 ELIGIBILITY REQUIREMENTS; PROVIDING DEFINITIONS; AMENDING SECTIONS 15-7-102, 15-16-101,
9 AND 15-17-125, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY
10 DATE."

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

13
14 NEW SECTION. **Section 1. Homestead exemption -- eligibility -- recapture -- definitions.** (1)

15 Except as provided in subsection ~~(10)~~ (11), there is a homestead exemption ~~of \$50,000 of appraised value~~ for
16 class four residential property owned and used as a primary residence. To be eligible for the exemption, the
17 applicant must meet the requirements of this section.

18 (2) The homestead exemption is determined as follows:

19 (a) the first \$25,000 of assessed value is fully exempt; and

20 (b) an additional \$25,000 of assessed value is exempt from all property taxes except for those
21 provided for in 20-9-331, 20-9-333, and 20-9-360.

22 ~~(2)(3)~~ The residential property must be owned or under contract for deed by the applicant and be
23 used by the applicant as a primary residence in the tax year for which the exemption is claimed.

24 ~~(3)(4)~~ The applicant must apply for the homestead exemption by March 1 of the year in which the
25 exemption is first claimed on forms provided by the department. The application form must contain:

26 (a) an affirmation that the applicant owns and uses the property as a primary residence; and

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

28 ~~(4)(5)~~ When providing information to the department for qualification under this section, applicants

1 are subject to the false swearing penalties established in 45-7-202. Any person who knowingly and willfully
2 gives false information for the purpose of claiming a homestead exemption as provided in this section is guilty
3 of a misdemeanor, punishable by a fine not to exceed \$5,000 or imprisonment in the county jail for a term not to
4 exceed 1 year, or both.

5 ~~(5)~~(6) (a) On application for the homestead exemption, the department shall determine whether the
6 property qualifies as a primary residence.

7 (b) The department shall verify at least two of the following:

8 (i) a valid Montana driver's license, Montana state identification card, or tribal identification card;

9 (ii) a Montana motor vehicle registration;

10 (iii) resident filing status listed on the Montana income tax return filed by applicant.

11 (c) The department may also consider but is not limited to the following:

12 (i) the place of employment of the applicant;

13 (ii) proof of voter registration in Montana;

14 (iii) evidence of the location where the applicant's dependent children are registered for school;

15 (iv) the address listed on the federal income tax return filed by the applicant;

16 (v) the location where the applicant's bank statements and checking accounts are registered; and

17 (vi) proof of payment of utilities at the property for which primary residency is being claimed.

18 ~~(6)~~(7) The department may investigate the information provided in an application and an applicant's
19 continued eligibility.

20 ~~(7)~~(8) Following approval for the homestead exemption, the applicant remains eligible for the
21 exemption in subsequent years as long as the applicant continues to use the property as a primary residence.

22 The department may request verification that a property granted a homestead exemption is being used as a
23 primary residence.

24 ~~(8)~~(9) (a) Except as provided in subsection ~~(8)(b)~~(9)(b), the rental of all or substantially all of a single-
25 family dwelling previously eligible for a homestead exemption constitutes the abandonment of the dwelling as a
26 primary residence, and the abandonment continues until the dwelling is physically occupied by the applicant.
27 The abandonment of the primary residence after January 1 of any year does not affect the homestead
28 exemption for that year unless the property is rented for more than 30 days.

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1 (b) Subsection ~~(8)(a)~~(9)(a) does not apply to a member of the armed forces of the United States on
2 active duty. Valid military orders transferring a member of the armed forces are sufficient to maintain a primary
3 residence for the purpose of the homestead exemption.

4 ~~(9)(10)~~ An applicant may only receive the homestead exemption for one property at a time. If the
5 applicant sells a property for which a homestead exemption is granted and purchases a new property eligible
6 for the homestead exemption, the applicant shall reapply for the homestead exemption.

7 ~~(10)(11)~~ (a) A taxpayer may not claim the homestead exemption if the taxpayer receives benefits from
8 any of the following:

9 ~~(a)~~(i) the intangible land value assistance program provided for in 15-6-240;

10 ~~(b)~~(ii) the property tax assistance program provided for in 15-6-305;

11 ~~(c)~~(iii) the disabled veteran program provided for in 15-6-311; or

12 ~~(d)~~(iv) the mobile home exemption provided for in 15-6-241.

13 (b) Upon application for the homestead exemption, the department shall determine which of the
14 programs provided for in subsection (11)(a) provides the greatest benefit to the taxpayer by reviewing the
15 application and eligibility requirements, enroll the taxpayer in that program, and notify the applicant.

16 ~~(11)(12)~~ The department shall mail a notice of the availability of the homestead exemption to all
17 residential property owners by July 1, 2023.

18 ~~(12)(13)~~ As used in this section, the following definitions apply:

19 (a) "Primary residence" means a single-family dwelling owned and occupied for at least 7 months
20 of the year in which a person has a true, fixed, and permanent home and principal establishment to which,
21 whenever absent, the person has the intention of returning. A person may have only one primary residence at a
22 time and, when a primary residence is established in a foreign state or country, it is presumed to continue until
23 the person shows that a change has occurred.

24 (b) "Single-family dwelling" means a residential dwelling, manufactured home, trailer, mobile
25 home, condominium unit, or a unit of a multiple-unit dwelling.

26

27 **Section 2.** Section 15-7-102, MCA, is amended to read:

28 **"15-7-102. Notice of classification, market value, and taxable value to owners -- appeals.** (1) (a)

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

- 6 (i) change in ownership;
- 7 (ii) change in classification;
- 8 (iii) change in valuation; or
- 9 (iv) addition or subtraction of personal property affixed to the land.

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

12 (i) a notice of the availability of all the property tax assistance programs available to property
13 taxpayers, including the intangible land value assistance program provided for in 15-6-240, the homestead
14 exemption provided for in [section 1], the property tax assistance programs provided for in Title 15, chapter 6,
15 part 3, and the residential property tax credit for the elderly provided for in 15-30-2337 through 15-30-2341;

- 16 (ii) the total amount of mills levied against the property in the prior year;
- 17 (iii) the market value for the prior reappraisal cycle;
- 18 (iv) if the market value has increased by more than 10%, an explanation for the increase in
19 valuation;

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

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

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

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

28 (2) (a) Except as provided in subsection (2)(c), the department shall assign each classification and

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1 appraisal to the correct owner or purchaser under contract for deed and mail or provide electronically the notice
2 in written or electronic form, adopted by the department, containing sufficient information in a comprehensible
3 manner designed to fully inform the taxpayer as to the classification and appraisal of the property and of
4 changes over the prior tax year.

5 (b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an
6 appeal of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in
7 15-1-402.

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

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

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

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

1 the valuation cycle, within 30 days from the date on the notice.

2 (iii) For class ten property described in 15-6-143, the objection may be made at any time but only
3 once each valuation cycle. An objection must be made in writing or by checking a box on the notice within 30
4 days from the date on the classification and appraisal notice for a reduction in the appraised value to be
5 considered for all years of the 6-year appraisal cycle. An objection made more than 30 days after the date of
6 the classification and appraisal notice applies only for the subsequent remaining years of the 6-year reappraisal
7 cycle. For an objection to apply to any subsequent year of the valuation cycle, the taxpayer shall make the
8 objection in writing or by checking a box on the notice no later than June 1 of the year for which the value is
9 being appealed or, if a classification and appraisal notice is received after the first year of the valuation cycle,
10 within 30 days from the date on the notice.

11 (b) If the objection relates to residential or commercial property and the objector agrees to the
12 confidentiality requirements, the department shall provide to the objector, by posted mail or electronically, within
13 8 weeks of submission of the objection, the following information:

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (6) If a property owner feels aggrieved by the classification or appraisal made by the department
2 after the review provided for in subsection (3), the property owner has the right to first appeal to the county tax
3 appeal board and then to the Montana tax appeal board, whose findings are final subject to the right of review
4 in the courts. The appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days
5 from the date on the notice of the department's determination. A county tax appeal board or the Montana tax
6 appeal board may consider the actual selling price of the property, independent appraisals of the property, and
7 other relevant information presented by the taxpayer as evidence of the market value of the property. If the
8 county tax appeal board or the Montana tax appeal board determines that an adjustment should be made, the
9 department shall adjust the base value of the property in accordance with the board's order."

10

11 **Section 3.** Section 15-16-101, MCA, is amended to read:

12 **"15-16-101. Treasurer to publish notice -- manner of publication.** (1) Within 10 days after the
13 receipt of the property tax record, the county treasurer shall publish a notice specifying:

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

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

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

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

26 (i) the taxable value of the property;

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

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

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- 1 (iv) the number of the school district in which the property is located;
- 2 (v) the amount of the total tax due itemized by mill levy that is levied as city tax, county tax, state
3 tax, school district tax, and other tax;
- 4 (vi) an indication of which mill levies are voted levies, including voted levies to impose a new mill
5 levy, to increase a mill levy that is required to be submitted to the electors, or to exceed the mill levy limit
6 provided for in 15-10-420; and
- 7 (vii) a notice of the availability of all the property tax assistance programs available to property
8 taxpayers, including the intangible land value assistance program provided for in 15-6-240, the homestead
9 exemption provided for in [section 1], the property tax assistance programs under Title 15, chapter 6, part 3,
10 and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341.
- 11 (b) If a tax lien is attached to the property, the notice must also include, in a manner calculated to
12 draw attention, a statement that a tax lien is attached to the property, that failure to respond will result in loss of
13 property, and that the taxpayer may contact the county treasurer for complete information.
- 14 (3) The municipality shall, upon request of the county treasurer, provide the information to be
15 included under subsection (2)(a)(iii) ready for mailing.
- 16 (4) The notice in every case must be given as provided in 7-1-2121. Failure to publish or post
17 notices does not relieve the taxpayer from any tax liability. Any failure to give notice of the tax due for the
18 current year or of delinquent tax will not affect the legality of the tax.
- 19 (5) If the department revises an assessment that results in an additional tax of \$5 or less, an
20 additional tax is not owed and a new tax bill does not need to be prepared."

21
22 **Section 4.** Section 15-17-125, MCA, is amended to read:

23 **"15-17-125. Attachment of tax lien and preparation of tax lien certificate.** (1) (a) The county
24 treasurer shall attach a tax lien no later than the first working day in August to properties on which the taxes are
25 delinquent and for which proper notification was given as provided in 15-17-122 and subsection (4) of this
26 section. Upon attachment of a tax lien, the county is the possessor of the tax lien unless the tax lien is assigned
27 pursuant to 15-17-323.

28 (b) The county treasurer may not attach a tax lien to a property on which taxes are delinquent but

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1 for which proper notice was not given.

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

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

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

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

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

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

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

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

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

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

18 (4) Prior to attaching a tax lien to the property, the county treasurer shall send notice of the
19 pending attachment of a tax lien to the person to whom the property was assessed. The notice must include the
20 information listed in subsection (2), state that the tax lien may be assigned to a third party, and provide notice of
21 the availability of all the property tax assistance programs available to property taxpayers, including the
22 homestead exemption provided for in [section 1], the property tax assistance programs under Title 15, chapter
23 6, part 3, and the residential property tax credit for the elderly under 15-30-2337 through 15-30-2341. The
24 notice must have been mailed at least 2 weeks prior to the date on which the county treasurer attaches the tax
25 lien.

26 (5) The county treasurer shall file the tax lien certificate with the county clerk and recorder."
27

28 NEW SECTION. Section 5. Codification instruction. [Section 1] is intended to be codified as an

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1 integral part of Title 15, chapter 6, part 2, and the provisions of Title 15, chapter 6, part 2, apply to [section 1].

2

3 NEW SECTION. **Section 6. Effective date.** [This act] is effective on passage and approval.

4

5 NEW SECTION. **Section 7. Applicability.** [This act] applies to property tax years beginning after

6 December 31, 2023.

7

- END -

AMENDED