

HOUSE BILL NO. 391

INTRODUCED BY S. ESSMANN, C. KNUDSEN, B. MITCHELL, L. BREWSTER, S. HINEBAUCH, J.

KASSMIER

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING CITIES AND COUNTIES TO COLLECT A USER FEE  
ON CERTAIN EXEMPT PROPERTY; PROVIDING THE PROPERTY THAT IS SUBJECT TO THE FEE;  
PROVIDING THAT THE FEE MUST BE USED FOR PUBLIC SAFETY ~~AND ROAD MAINTENANCE~~;  
PROVIDING THAT THE FEE MUST BE BASED ON SQUARE FOOTAGE ~~OR A FLAT FEE IF THERE ARE~~  
~~NO IMPROVEMENTS~~; ~~AND PROVIDING A DEFINITION~~; AND PROVIDING AN APPLICABILITY DATE."

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

NEW SECTION. Section 1. Municipal user fee for exempt property. (1) An incorporated city or  
town shall collect a municipal user fee on the following ~~property that is exempt from taxation exempt~~  
improvements owned by the same entity that exceed 20,000 square feet in the aggregate:

- (a) ~~land and~~ improvements owned by a church and used for actual religious worship, for  
residences of the clergy, or for educational or youth recreational activities provided for in 15-6-201(1)(b);
- (b) property used exclusively for educational purposes provided for in 15-6-201(1)(e);
- (c) property used exclusively for nonprofit health care facilities provided for in 15-6-201(1)(g);
- (d) public museums, art galleries, zoos, and observatories that are not operated for gain or profit  
provided for in 15-6-201(1)(k) unless supported solely by public funds; The fee does not apply to the square  
footage of historical buildings that are part of a public museum display.
- (e) ~~land,~~ buildings, and improvements owned by a cooperative association or nonprofit corporation  
organized to furnish potable water to its members or customers provided for in 15-6-201(1)(l);
- (f) property that is owned and used by a corporation or association organized and operated  
exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with  
physical or mental impairments provided for in 15-6-201(1)(n)(i);
- (g) property owned by a nonprofit corporation that is organized to provide facilities primarily for

training and practice for or competition in international sports and athletic events provided for in 15-6-201(1)(o);

(h) ~~building and appurtenant land buildings~~ owned by a nonprofit community service organization provided for in 15-6-209;

(i) residential rental property that is dedicated to providing affordable housing for lower-income persons provided for in 15-6-221; ~~and~~

(j) ~~building and appurtenant land buildings~~ owned by a railroad and leased to a nonprofit organization provided for in 15-6-227; ~~and~~

~~(k) property owned by agricultural and horticultural societies provided for in 15-6-201(1)(d).~~

(2) (a) Except as provided in subsection (2)(b), the municipal user fee ~~must be based on is equal to~~ the square footage of improvements located on the exempt property multiplied by the mill rate for public safety.

~~(b) The city or town shall assess a flat user fee on an entity listed in subsection (1) with exempt real property but with no exempt improvements.~~

~~(b) A municipal user fee levied under this section may not exceed \$25,000.~~

(3) The city or town shall spend the municipal user fee on public safety ~~and road maintenance.~~ The revenue collected from the municipal user fee must be expended ~~proportionally between public safety and road maintenance~~ in the same proportion as property taxes are expended for public safety ~~and road maintenance.~~

(4) The city or town shall adopt an ordinance governing the collection of the municipal user fee.

~~(5) The department of revenue shall certify to the municipality the square footage of improvements owned by an entity listed in subsection (1).~~

~~(6) The municipality shall provide to the county treasurer information necessary to assess the municipal user fee provided for in this section. The county treasurer shall assess the municipal user fee with property taxes as provided in 15-16-101. The municipal user fee is due at the same time as property taxes and is subject to the provisions of 15-16-102, including penalty and interest provisions.~~

~~(5)(7)~~ For the purposes of this section, "public safety" means:

(a) fire protection;

(b) law enforcement, including detention centers;

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(c) emergency response systems;

~~(d) mental health treatment;~~

~~(d)(e)~~ animal control; and

~~(e)(f)~~ prosecutorial and judicial services, including diversion programs as described in 46-16-130;

~~and~~

~~(f) mental health treatment.~~

**NEW SECTION. Section 2. County user fee.** (1) A county shall collect a county user fee on the

following ~~property that is exempt from taxation~~ exempt improvements owned by the same entity that exceed

20,000 square feet in the aggregate:

(a) ~~land and~~ improvements owned by a church and used for actual religious worship, for residences of the clergy, or for educational or youth recreational activities provided for in 15-6-201(1)(b);

(b) property used exclusively for educational purposes provided for in 15-6-201(1)(e);

(c) property used exclusively for nonprofit health care facilities provided for in 15-6-201(1)(g);

(d) public museums, art galleries, zoos, and observatories that are not operated for gain or profit provided for in 15-6-201(1)(k) unless supported solely by public funds; The fee does not apply to the square footage of historical buildings that are part of a public museum display.

(e) ~~land,~~ buildings, and improvements owned by a cooperative association or nonprofit corporation organized to furnish potable water to its members or customers provided for in 15-6-201(1)(l);

(f) property that is owned and used by a corporation or association organized and operated exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental impairments provided for in 15-6-201(1)(n)(i);

(g) property owned by a nonprofit corporation that is organized to provide facilities primarily for training and practice for or competition in international sports and athletic events provided for in 15-6-201(1)(o);

(h) ~~building and appurtenant land~~ buildings owned by a nonprofit community service organization provided for in 15-6-209;

(i) residential rental property that is dedicated to providing affordable housing for lower-income persons provided for in 15-6-221; ~~and~~

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(j) ~~building and appurtenant land buildings~~ owned by a railroad and leased to a nonprofit organization provided for in 15-6-227; ~~and~~

~~(k) property owned by agricultural and horticultural societies provided for in 15-6-201(1)(d).~~

(2) (a) Except as provided in subsection (2)(b), the county user fee ~~must be based on~~ is equal to the square footage of improvements located on the exempt property multiplied by the mill rate for public safety.

~~(b) The county shall assess a flat user fee on an entity listed in subsection (1) with exempt real property but with no exempt improvements.~~

~~(b) A county user fee levied under this section may not exceed \$25,000.~~

(3) The county shall spend the county user fee for public safety ~~and road maintenance~~. The revenue collected from the county user fee must be expended ~~proportionally between public safety and road maintenance~~ in the same proportion as property taxes are expended for public safety ~~and road maintenance~~.

(4) The county shall adopt an ordinance governing the collection of the county user fee.

~~(5) The department of revenue shall certify to the county the square footage of improvements owned by an entity listed in subsection (1).~~

~~(6) The county treasurer shall assess the county user fee with property taxes as provided in 15-16-101. The county user fee is due at the same time as property taxes and is subject to the provisions of 15-16-102, including penalty and interest provisions.~~

~~(5)(7)~~ For the purposes of this section, "public safety" means:

(a) fire protection;

(b) law enforcement, including detention centers;

(c) emergency response systems;

~~(d) mental health treatment;~~

~~(d)(e)~~ animal control; and

~~(e)(f)~~ prosecutorial and judicial services, including diversion programs as described in 46-16-130;

~~and~~

~~(f) mental health treatment.~~

NEW SECTION. Section 3. Codification instruction. (1) [Section 1] is intended to be codified as an

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1 integral part of Title 7, chapter 6, part 44, and the provisions of Title 7, chapter 6, part 44, apply to [section 1].

2 (2) [Section 2] is intended to be codified as an integral part of Title 7, chapter 6, part 25, and the

3 provisions of Title 7, chapter 6, part 25, apply to [section 2].

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5 **NEW SECTION. Section 4. Applicability.** [This act] applies to property tax years beginning after

6 December 31, 2023.

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- END -