

HOUSE BILL NO. 155

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A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING PROPERTY TAX LAWS; REVISING
CLASS FOUR RESIDENTIAL AND COMMERCIAL PROPERTY TAX RATES; PROVIDING AN EXEMPTION
FOR A PORTION OF CLASS FOUR RESIDENTIAL PROPERTY VALUE; ~~PROVIDING AN EXEMPTION FOR~~
~~A PORTION OF CLASS FOUR COMMERCIAL PROPERTY VALUE~~; AMENDING SECTION 15-6-134, MCA;
AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 15-6-134, MCA, is amended to read:

"15-6-134. Class four property -- description -- taxable percentage. (1) Class four property
includes:

- (a) subject to subsection ~~(1)(e)~~ (1)(f), all land, except that specifically included in another class;
- (b) subject to subsection ~~(1)(e)~~ (1)(f):
 - (i) all improvements, including single-family residences, trailers, manufactured homes, or mobile homes used as a residence, except those specifically included in another class;
 - (ii) appurtenant improvements to the residences, including the parcels of land upon which the residences are located and any leasehold improvements;
 - (iii) vacant residential lots; and
 - (iv) rental multifamily dwelling units.
- (c) all improvements on land that is eligible for valuation, assessment, and taxation as agricultural

1 land under 15-7-202, including:

2 (d) 1 acre of real property beneath residential improvements on land described in 15-6-133(1)(c);

3 ~~The 1 acre must be valued at market value.~~

4 (d) ~~and~~ 1 acre of real property beneath an improvement used as a residence on land eligible for
5 valuation, assessment, and taxation as forest land under 15-6-143. The 1 acre must be valued at market value.

6 (e) real property beneath commercial improvements and as much of the surrounding land that is
7 reasonably required to support the commercial improvements on land described in 15-6-133(1)(c) and real
8 property beneath commercial improvements and as much of the surrounding land that is reasonably required to
9 support the commercial improvements on land eligible for valuation, assessment, and taxation as forest land
10 under 15-6-143. The land must be valued at market value.

11 ~~(e)(f)~~ all commercial and industrial property, as defined in 15-1-101, and including:

12 (i) all commercial and industrial property that is used or owned by an individual, a business, a
13 trade, a corporation, a limited liability company, or a partnership and that is used primarily for the production of
14 income;

15 (ii) all golf courses, including land and improvements actually and necessarily used for that
16 purpose, that consist of at least nine holes and not less than 700 lineal yards;

17 (iii) commercial buildings and parcels of land upon which the buildings are situated; and

18 (iv) vacant commercial lots.

19 (2) If a property includes both residential and commercial uses, the property is classified and
20 appraised as follows:

21 (a) the land use with the highest percentage of total value is the use that is assigned to the
22 property; and

23 (b) the improvements are apportioned according to the use of the improvements.

24 (3) (a) Except as provided in 15-24-1402, 15-24-1501, 15-24-1502, and ~~subsection~~ subsections
25 (3)(b) and (3)(c), class four residential property described in subsections (1)(a) through (1)(d) of this section is
26 ~~taxed at 1.35% of market value.~~ a graduated rate as follows:

Market Value

Tax Rate

<u>first \$50,000</u>	<u>0%</u>
<u>\$50,001 to \$500,000</u>	<u>1%</u>
<u>\$500,001 to \$750,000</u>	<u>1.25%</u>
<u>\$750,001 to \$1 million</u>	<u>1.3%</u>
<u>\$1,000,001 to \$1.5 million</u>	<u>1.4%</u>
<u>\$1,500,001 to \$2 million</u>	<u>1.89%</u>
<u>greater than \$2 million</u>	<u>2%</u>

(b) ~~_____ The tax rate for the portion of the market value of a single-family residential dwelling in excess of \$1.5 million is the residential property tax rate in subsection (3)(a) multiplied by 1.4.~~

(b) ~~Vacant THE MARKET VALUE OF VACANT residential lots described in subsection (1)(b)(iii) with a market value of \$50,000 or less are taxed at 1% of market value THAT IS LESS THAN \$500,000 IS TAXED AT 1% OF MARKET VALUE.~~

(c) ~~Rental THE MAXIMUM GRADUATED RATE FOR multifamily dwelling units described in subsection (1)(b)(iv) with a market value of GREATER THAN \$2 million or more are taxed at IS 1.89% of market value if the dwelling units are leased at 150% or less of the county fair market rent. The property owner must annually certify lease rates to the department of revenue.~~

(e)(4) ~~The (a) Except as provided in subsection (4)(c), the tax rate for commercial and industrial property described in subsections (1)(e) and (1)(f) in excess of the exemption amount in subsection (4)(b) \$200,000 \$400,000 is 1.89% the residential property tax rate in subsection (3)(a) multiplied by 1.4.~~

(b) ~~The TAX RATE FOR THE first \$200,000 \$400,000 of market value for commercial and industrial property of a person or business entity is exempt from taxation IS 1.4%.~~

(4)(c) ~~Property described in subsection (1)(e)(ii) (1)(f)(ii) is taxed at one-half the tax rate established in subsection (3)(c) (4)(a).~~

(5) ~~As used in this section, "fair market rent" means the fair market rent based on the size of the dwelling as published annually by the U.S. department of housing and urban development."~~

NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

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2 NEW SECTION. **Section 3. Retroactive applicability.** [This act] applies retroactively, within the

3 meaning of 1-2-109, to property tax years beginning after December 31, 2024.

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