

HOUSE BILL NO. 189

INTRODUCED BY G. NIKOLAKAKOS, S. FITZPATRICK, J. ESP, L. JONES, G. HERTZ, D. ZOLNIKOV, J. TREBAS, B. BEARD, J. ELLSWORTH, N. DURAM, K. BOGNER, B. MITCHELL, S. KERNS, C. FRIEDEL, M. YAKAWICH, T. BROCKMAN, J. KASSMIER, C. SPRUNGER

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE PROPERTY TAX ASSISTANCE PROGRAM; INCREASING THE MARKET VALUE TO WHICH THE PROGRAM APPLIES; AMENDING ~~SECTION~~ SECTIONS 15-6-301, 15-6-305, AND 15-6-311, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

SECTION 1. SECTION 15-6-301, MCA, IS AMENDED TO READ:

"15-6-301. Definitions. As used in this part, the following definitions apply:

(1) "Annual verification" means the use of a process to:

(a) verify an applicant's income;

(b) approve, renew, or deny benefits for the current year based upon the applicant's eligibility; and

(c) terminate participation based upon death or loss of status as a qualified veteran or veteran's spouse.

(2) "PCE" means the implicit price deflator (price index) for personal consumption expenditures as published in the national income and product accounts by the bureau of economic analysis of the U.S. department of commerce.

(3) "PCE inflation factor" for a tax year means the PCE price index value for the first quarter of the prior tax year before the tax year divided by the PCE price index value for the first quarter of ~~2015~~ 2023.

(4) (a) "Primary residence" is, subject to the provisions of subsection (4)(b), a dwelling:

(i) in which a taxpayer can demonstrate the taxpayer lived for at least 7 months of the year for which benefits are claimed;

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

(iii) determined using the indicators provided for in the rules authorized by 15-6-302(2).

- 1 (b) A primary residence may include more than one dwelling when the taxpayer's combined
- 2 residence in the dwellings is at least 7 months of the tax year.
- 3 (5) "Qualified veteran" means a veteran:
- 4 (a) who was killed while on active duty or died as a result of a service-connected disability; or
- 5 (b) if living:
- 6 (i) was honorably discharged from active service in any branch of the armed services; and
- 7 (ii) is currently rated 100% disabled or is paid at the 100% disabled rate by the U.S. department of
- 8 veterans affairs for a service-connected disability, as verified by official documentation from the U.S.
- 9 department of veterans affairs.
- 10 (6) "Qualifying income" means:
- 11 (a) the federal adjusted gross income excluding capital and income losses of an applicant and the
- 12 applicant's spouse as calculated on the Montana income tax return for the prior year;
- 13 (b) for assistance under 15-6-311, the federal adjusted gross income excluding capital and income
- 14 losses of an applicant as calculated on the Montana income tax return for the prior tax year; or
- 15 (c) for an applicant who is not required to file a Montana income tax return, the income determined
- 16 using available income information.
- 17 (7) "Qualifying property" means a primary residence that a qualified applicant owned and occupied
- 18 for at least 7 months during the tax year.
- 19 (8) "Residential real property" means the land and improvements of a taxpayer's primary
- 20 residence."

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22 **Section 2.** Section 15-6-305, MCA, is amended to read:

23 **"15-6-305. Property tax assistance program -- fixed or limited income -- inflation adjustments.**

- 24 (1) There is a property tax assistance program that provides graduated levels of tax assistance for the purpose
- 25 of assisting citizens with limited or fixed incomes. To be eligible for the program, applicants must meet the
- 26 requirements of 15-6-302.
- 27 (2) The first ~~\$200,000~~ ~~\$350,000~~ ~~\$300,000~~ \$350,000 in appraisal market value of residential real
- 28 property qualifying for the property tax assistance program is taxed at the rates established by 15-6-134



1 multiplied by a percentage figure based on the applicant's qualifying income determined from the following
2 table:

Income	Income	Percentage
Single Person	Married Couple	Multiplier
	Head of Household	
\$0 - \$8,413	\$0 - \$11,217	20%
\$8,414 - \$12,900	\$11,218 - \$19,630	50%
\$12,901 - \$21,032	\$19,631 - \$28,043	70%
<u>\$0 - \$13,590</u>	<u>\$0 - \$18,310</u>	<u>20%</u>
<u>\$13,591 - \$18,580</u>	<u>\$18,311 - \$27,667</u>	<u>50%</u>
<u>\$18,581 - \$27,621</u>	<u>\$27,668 - \$37,019</u>	<u>70%</u>

3 (3) The market value in subsection (2) must be adjusted after each reappraisal cycle provided for
4 in 15-7-111 using an inflation index based on the change in appraised value of a median value of residential
5 real property participating in the property tax assistance program.

6 ~~(3)~~(4) The qualifying income levels contained in subsection (2) must be adjusted annually using the
7 PCE inflation factor defined in 15-6-301, rounded to the nearest whole dollar amount. If the adjustment results
8 in a decrease in qualifying income levels from the previous year, the qualifying income levels must remain the
9 same for that year."

11 **SECTION 3. SECTION 15-6-311, MCA, IS AMENDED TO READ:**

12 **"15-6-311. Disabled veteran program.** (1) The residential real property of a qualified veteran or a
13 qualified veteran's spouse is eligible to receive a tax rate reduction as provided in 15-6-302 and this section.

14 (2) Property qualifying under subsection (1) and owned by a qualified veteran is taxed at the rate
15 provided in 15-6-134 multiplied by a percentage figure based on the applicant's qualifying income determined
16 from the following table:

Income	Income	Percentage
Single Person	Married Couple	Multiplier

Head of Household

	\$0 - \$37,404	\$0 - \$44,885	0%
	\$37,405 - \$41,145	\$44,886 - \$48,626	20%
	\$41,146 - \$44,885	\$48,627 - \$52,366	30%
	\$44,886 - \$48,626	\$52,367 - \$56,107	50%
1	<u>\$0 - \$45,803</u>	<u>\$0 - \$54,963</u>	0%
2	<u>\$45,804 - \$50,384</u>	<u>\$54,964 - \$59,544</u>	20%
3	<u>\$50,385 - \$54,963</u>	<u>\$59,545 - \$64,124</u>	30%
4	<u>\$54,964 - \$59,554</u>	<u>\$64,125 - \$68,705</u>	50%

5 (3) For a surviving spouse who owns property qualifying under subsection (4), the property is
6 taxed at the rate established by 15-6-134 multiplied by a percentage figure based on the spouse's qualifying
7 income determined from the following table:

Income	Percentage
Surviving Spouse	Multiplier
\$0 - \$31,170	0%
\$31,171 - \$34,911	20%
\$34,912 - \$38,651	30%
\$38,652 - \$42,392	50%
8 <u>\$0 - \$38,169</u>	0%
9 <u>\$38,170 - \$42,750</u>	20%
10 <u>\$42,751 - \$47,330</u>	30%
11 <u>\$47,331 - \$51,911</u>	50%

12 (4) The property tax exemption under this section remains in effect as long as the qualifying
13 income requirements are met and the property is the primary residence owned and occupied by the veteran or,
14 if the veteran is deceased, by the veteran's spouse and the spouse:

- 15 (a) is the owner and occupant of the house;
- 16 (b) is unmarried; and
- 17 (c) has obtained from the U.S. department of veterans affairs a letter indicating that the veteran

1 was rated 100% disabled or was paid at the 100% disabled rate by the U.S. department of veterans affairs for a
2 service-connected disability at the time of death or that the veteran died while on active duty or as a result of a
3 service-connected disability.

4 (5) The qualifying income levels contained in subsections (2) and (3) must be adjusted annually by
5 using the PCE inflation factor defined in 15-6-301, rounded to the nearest whole dollar amount. If the
6 adjustment results in a decrease in qualifying income levels from the previous year, the qualifying income levels
7 must remain the same for that year."

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9 NEW SECTION. **Section 4. Applicability.** [This act] applies to property tax years beginning after
10 December 31, 2023.

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