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Sponsor ORR BILL NO. 389 Burnett DENNY

INTRODUCED BY ORR Adams Molnar

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING TAX CREDITS TO OFFSET THE EFFECTS OF THE 1996 REAPPRAISAL ON CERTAIN REAL PROPERTY AND IMPROVEMENTS; ESTABLISHING A PROCESS FOR CALCULATING THE TAX CREDITS; REQUIRING A CREDIT CALCULATION FORM TO BE SENT TO TAXPAYERS; PROVIDING STATE RECOURSE FOR CREDITS CLAIMED INCORRECTLY OR FRAUDULENTLY; AND PROVIDING A RETROACTIVE APPLICABILITY DATE."

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

**NEW SECTION. Section 1. Reappraisal credit -- purpose.** (1) As provided in [sections 1 through 7], an individual is entitled to a credit against taxes due under this chapter.

(2) The purpose of the credit is to compensate certain property taxpayers for increased property taxes resulting from the effects of the 1996 reappraisal conducted pursuant to 15-7-111. The credit is available to eligible taxpayers whether or not the taxpayer's tax liability under this chapter exceeds the amount of the credit.

**NEW SECTION. Section 2. Reappraisal credit -- definitions.** As used in [sections 1 through 7], the following definitions apply:

(1) "Claimant" means an individual natural person who is eligible under [sections 1 through 7] to file a claim for the reappraisal credit.

(2) "Claim period" means the current property tax year that corresponds to the calendar year in which the property is assessed and the first property tax payment is due.

(3) "Household" means an association of individuals who live in the same dwelling and who share its furnishings, facilities, accommodations, and expenses. The term does not include bona fide lessees, tenants, or roomers and boarders on contract.

(4) "Owner-occupied residence" means a single-family residence, including a trailer or mobile home described in 15-6-134(1)(b), or a condominium unit that is subject to property taxes and that is owned by a claimant, individually or jointly. The residence includes all improvements used for residential purposes and



1 associated outbuildings. A taxpayer with a life estate is an owner for purposes of [sections 1 through 7].

2

3 **NEW SECTION. Section 3. Reappraisal credit -- eligibility.** (1) In order to be eligible to claim a credit  
4 under [sections 1 through 7], the claimant must:

5 (a) have occupied an owner-occupied residence in Montana as the owner or contractor for deed  
6 for at least 7 months of the claim period;

7 (b) be the owner on January 1 of the claim period of an owner-occupied residence that the claimant  
8 also owned on January 1, 1996; and

9 (c) be the owner of the owner-occupied residence described in subsection (1)(b) that has an  
10 assessed value for the current tax year that was greater than the assessed value on January 1 of the 1996  
11 tax year.

12 (2) A claimant may own and occupy more than one owner-occupied residence in this state during  
13 the year and still meet the occupancy requirement in subsection (1)(a) if the total occupancy is for 7  
14 months or more.

15 (3) In determining the increase in assessed value required by [section 5] and subsection (1)(c) of  
16 this section, new construction and any remodeling or additions to existing improvements may not be  
17 considered.

18 (4) If the claimant meets the requirements of subsection (1) on any one owner-occupied residence,  
19 all other owner-occupied residences owned by the claimant that meet the requirements of subsection (1)  
20 are eligible for the credit, whether or not the owner-occupied residence was occupied by the owner for the  
21 required time. However, a claimant may claim a credit only for a single owner-occupied residence and the  
22 credit may not be claimed for a residence that was leased or rented for more than 5 months during the  
23 claim period.

24

25 **NEW SECTION. Section 4. Reappraisal credit -- calculation form.** (1) The department shall mail  
26 a form for calculating the credit to each person owning residential property on January 1 of the claim period  
27 if the residential property, exclusive of new construction and remodeling or additions to existing  
28 improvements, increased in assessed value from the 1996 tax year to the current tax year. The form:

29 (a) must be mailed at approximately the same time as property tax notices required by 15-16-101  
30 are mailed;

1 (b) must include all information necessary for the owner of the residence to calculate the  
2 reappraisal credit; and

3 (c) may require information necessary for the department to verify the credit, if claimed.

4 (2) The department shall also include in the instructions for preparing a return under this chapter,  
5 instructions and a generic form that may be used to calculate the reappraisal credit.

6

7 **NEW SECTION. Section 5. Reappraisal credit -- amount.** (1) The amount of the credit is  
8 determined by multiplying:

9 (a) the amount of assessed value of the residence identified in [section 3(1)(b)], including land and  
10 improvements, for the current tax year that exceeds the assessed value for the 1996 tax year that is  
11 attributable to a reappraisal conducted pursuant to 15-7-111; multiplied by

12 (b) the tax rate that applied to the residence in the current tax year; multiplied by

13 (c) the mill levy that applied to the residence in the current tax year.

14 (2) The assessed value of improvements that were not part of the assessed value of the residence  
15 in the 1996 tax year may not be counted for the purposes of the credit provided in [sections 1 through 7].

16

17 **NEW SECTION. Section 6. Reappraisal credit -- limitations.** (1) A household may claim only one  
18 reappraisal credit in a claim period.

19 (2) A reappraisal credit is not allowed for an owner-occupied residence that is not subject to  
20 property taxes in Montana during the claim period or that was not subject to property taxes in the 1996  
21 tax year.

22

23 **NEW SECTION. Section 7. Reappraisal credit -- fraudulent claim -- penalty -- interest.** (1) (a) If  
24 the claimant has not paid the property taxes due on the residence for the claim period, has filed a false or  
25 fraudulent claim for the credit, or if a tax appeal renders the claimant ineligible for credit, the claimant may  
26 not claim the credit for the claim period.

27 (b) If a tax appeal is pending on property for which the claimant has claimed a credit, the credit  
28 may be claimed as if an appeal was not pending. When the appeal is decided, the department shall  
29 recalculate the amount of the credit and:

30 (i) if the amount is greater than the credit claimed, refund the difference; or

1 (ii) if the amount is less than the credit claimed, notify the claimant of the additional amount due.

2 (2) If a claim for the credit is disallowed or reduced under subsection (1), any excess amount  
3 claimed as a credit may be recovered in the same manner as any other debt owed to the state.

4 (3) If the credit claimed was fraudulent, an additional 10% may be added to the amount due as  
5 a penalty.

6 (4) The unpaid debt, excluding penalty, bears interest, at the rate of  $\frac{3}{4}$  of 1% a month or fraction  
7 of a month, from the date the credit was claimed until the disallowed credit, plus penalty and interest, is  
8 paid.

9

10 **NEW SECTION. Section 8. Reappraisal credit -- purpose.** (1) As provided in [sections 8 through  
11 14], a person, as defined in 1-1-201, is entitled to a credit against taxes due under this chapter.

12 (2) The purpose of the credit is to compensate certain property taxpayers for increased property  
13 taxes resulting from the effects of the 1996 reappraisal conducted pursuant to 15-7-111 and is available  
14 to eligible taxpayers whether or not the taxpayer's tax liability under this chapter exceeds the amount of  
15 the credit.

16

17 **NEW SECTION. Section 9. Reappraisal credit -- definitions.** As used in [sections 8 through 14],  
18 the following definitions apply:

19 (1) "Claimant" means a person who is eligible under [sections 8 through 14] to file a claim for the  
20 reappraisal credit.

21 (2) "Claim period" means the current property tax year that corresponds to the calendar year in  
22 which the property is assessed and the first property tax payment is due.

23 (3) "Commercial property" means land or improvements classified in Title 15, chapter 6, as class  
24 three, class four, or class ten property that is used or owned by a business, a trade, or a corporation as  
25 defined in 35-2-114 and used for the production of income that is taxable under this chapter or chapter 30  
26 of this title.

27

28 **NEW SECTION. Section 10. Reappraisal credit -- eligibility.** (1) In order to be eligible to claim a  
29 credit under [sections 8 through 14], the claimant must have possessed, as the owner or contractor for  
30 deed, the commercial property:

- 1 (a) for at least 7 months of the claim period;
- 2 (b) that the claimant also owned or was the contractor for deed on January 1, 1996; and
- 3 (c) described in subsection (1)(b) that has an assessed value for the current tax year that was
- 4 greater than the assessed value on January 1 of the 1996 tax year.

5 (2) In determining the increase in assessed value required by [section 12] and subsection (1)(c) of

6 this section, new construction and any remodeling or additions to existing improvements may not be

7 considered.

8 (3) If the claimant meets the requirements of subsection (1) on any one commercial property, all

9 other commercial properties owned by the claimant that meet the requirements of subsection (1) are eligible

10 for the credit, provided that the commercial property was possessed by the claimant, as owner or

11 contractor for deed, for the time required in subsection (1).

12

13 **NEW SECTION. Section 11. Reappraisal credit -- calculation form.** (1) The department shall mail

14 a form for calculating the credit to each person owning commercial property on January 1 of the claim

15 period if the commercial property, exclusive of new construction and remodeling or additions to existing

16 improvements, increased in assessed value from the 1996 tax year to the current tax year. The form:

17 (a) must be mailed at approximately the same time as property tax notices required by 15-16-101

18 are mailed;

19 (b) must include all information necessary for the owner of the commercial property to calculate

20 the reappraisal credit; and

21 (c) may require information necessary for the department to verify the credit, if claimed.

22 (2) The department shall also include in the instructions for preparing a return under this chapter,

23 instructions and a generic form that may be used to calculate the reappraisal credit.

24

25 **NEW SECTION. Section 12. Reappraisal credit -- amount.** (1) The amount of the credit is

26 determined by multiplying:

27 (a) the amount of assessed value of the commercial property identified in [section 10(1)(b)],

28 including land and improvements, for the current tax year that exceeds the assessed value for the 1996

29 tax year that is attributable to a reappraisal conducted pursuant to 15-7-111; multiplied by

30 (b) the tax rate that applied to the commercial property in the current tax year; multiplied by

1 (c) the mill levy that applied to the commercial property in the current tax year.

2 (2) The assessed value of improvements that were not part of the assessed value of the  
3 commercial property in the 1996 tax year may not be counted for the purposes of the credit provided in  
4 [sections 8 through 14].

5

6 **NEW SECTION. Section 13. Reappraisal credit -- limitations.** (1) The credit allowed under [sections  
7 8 through 14] may be claimed only once in a claim period.

8 (2) A reappraisal credit is not allowed for commercial property that is not subject to property taxes  
9 in Montana during the claim period or that was not subject to property taxes in tax year 1996.

10

11 **NEW SECTION. Section 14. Reappraisal credit -- fraudulent claim -- penalty -- interest.** (1) (a) If  
12 the claimant did not pay all of the property taxes due for the claim period on all property for which the  
13 claimant was required to pay property taxes in Montana, filed a false or fraudulent claim for the credit, or  
14 if a tax appeal rendered the claimant ineligible for the credit, the claimant may not claim the credit for the  
15 claim period.

16 (b) If a tax appeal is pending on property for which the claimant has claimed a credit, the credit  
17 may be claimed as if an appeal was not pending. When the appeal is decided, the department shall  
18 recalculate the amount of the credit and:

19 (i) if the amount is greater than the credit claimed, refund the difference; or

20 (ii) if the amount is less than the credit claimed, notify the claimant of the additional amount due.

21 (2) If a claim for the credit is disallowed or reduced under subsection (1), any excess amount  
22 claimed as a credit may be recovered in the same manner as any other debt owed the state.

23 (3) If the credit claimed was fraudulent, an additional 10% may be added to the amount due as  
24 a penalty.

25 (4) The unpaid debt, excluding penalty, bears interest, at the rate of 3/4 of 1% a month or fraction  
26 of a month, from the date the credit was claimed until the disallowed credit, plus penalty and interest, is  
27 paid.

28

29 **NEW SECTION. Section 15. Codification instruction.** (1) [Sections 1 through 7] are intended to  
30 be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to

1 [sections 1 through 7].

2 (2) [Sections 8 through 14] are intended to be codified as an integral part of Title 15, chapter 31,  
3 and the provisions of Title 15, chapter 31, apply to [sections 8 through 14].

4

5 NEW SECTION. **Section 16. Retroactive applicability.** [This act] applies retroactively, within the  
6 meaning of 1-2-109, to tax years beginning after December 31, 1996.

7

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0389, as introduced

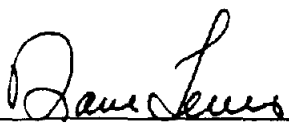
DESCRIPTION OF PROPOSED LEGISLATION:

An act establishing tax credits to offset the effects of the 1996 reappraisal on certain real property and improvements; establishing a process for calculating the tax credits; requiring a credit calculation form to be sent to taxpayers; providing state recourse for credits claimed incorrectly or fraudulently; and providing a retroactive applicability date.

ASSUMPTIONS:

1. The proposal applies retroactively to tax years beginning after December 31, 1996.
2. There are approximately 750,000 parcels of property in classes 3, 4, and 10. For each parcel, a tax credit form needs to be mailed.
3. The Property Assessment Division will develop the credit form, distribute the form, and answer questions regarding the property assessment portion of the form. The extra workload will require 7 additional FTE, one grade 15 and 6 FTE grade 8. Personal services expenses will be \$157,398 for each year of the biennium; operating expenses will be \$482,876 for FY98 and \$358,756 for FY99; and there will be a one time equipment cost of \$14,340 in FY98. The operating expenses include \$100,000 for a telephone help line and \$240,000 in mailing expenses in each year of the biennium; and \$100,000 in computer programming changes to the CAMA system in FY98.
4. The Income and Miscellaneous Tax Division and the Natural Resource and Corporation Tax Division, between them, will require 5.67 FTE; 1.17 FTE, grade 7 keypunch and 4.5 FTE, grade 10 to handle phone calls, taxpayer traffic, error sheets, problems and compliance. These positions will not be hired until January 1998. Personal services expenses will be \$64,274 in FY98 and \$128,584 in FY99; operating expenses will be \$185,990 for FY98 and \$17,153 for FY99; and there will be a one time equipment cost of \$35,305 in FY98. The operating expenses include \$176,226 for programming changes and adding an additional line on the tax forms in the first year of the biennium.
5. The income tax credit for owner-occupied residences is equal to the assessed value in the current year minus the assessed value in 1996 multiplied by the tax rate for the residence in the current year, multiplied by the mill levy applied to that residence in the current year.
6. There will be 218,080 owner-occupied residences which will see an increase in assessed value from 1996 to 1997. Each of these residences was owned by the same person on January 1, 1996 and on January 1, 1997. The average assessed value for these residences is \$58,013 on January 1, 1996 and \$84,818 on January 1, 1997. The tax rate for class 4 property is 3.86% for tax year 1997. The average mill levy for residential property for 1997 will be 342.41 mills. **The total tax credit for residential property for tax year 1997 is \$77,262,031. This will be claimed in FY98.**
7. The tax credit for commercial property is equal to the difference between the assessed value of the property in the current year and the assessed value of the property in tax year 1996 multiplied by the tax rate applied to that property in the current year, multiplied by the mill levy applied to that property in the current year. Commercial property is class 3, 4, or 10 property which meets certain qualifications.
8. It is assumed that all commercial property will qualify as being owned by the claimant for at least 7 months of the claim period.
9. The tax rate for class 3 property will be the same in tax year 1996 and tax year 1997 (3.86%). For those properties in Class 3 that will see an increase in assessed value from 1996 to 1997 the increase in taxable value will be \$12,940,257 and the average mill value in 1997 will be the same as in 1996, 343.76 mills. **The value of credit that could be claimed for class 3 is \$4,448,343 in FY98.**

(continued)

 3.14.97  
DAVE LEWIS, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

LARRY BAER, PRIMARY SPONSOR DATE

Fiscal Note for SB0389, as introduced

**SB 389**



ASSUMPTIONS: (continued)

10. The tax rate for class 10 property will be the same in tax year 1996 and tax year 1997 (0.79%). For those properties in Class 10 that will see an increase in assessed value from 1996 to 1997 the increase in taxable value will be \$9,186,245 and the average mill value in 1997 will be the same as in 1996, 343.76 mills. **The value of credit that could be claimed for class 10 is \$3,157,864 in FY98.**
11. The tax rate for class 4 commercial property will be the same in tax year 1996 and tax year 1997 (3.86%). For those properties in Class 4 that will see an increase in assessed value from 1996 to 1997 the increase in assessed value will be \$1,510,726,422. **The value of credit that could be claimed for class 4 commercial property is \$21,873,666 in FY98.**
12. Assuming that mill levies remain constant, the total value of tax credits for all three classes of property should decrease in FY99. This is because any property that sells between January 1, 1997 and January 1, 1998 would no longer qualify for the tax credit. So each year there would be fewer properties qualifying. The Department of Revenue has no data with which to estimate the impact of properties changing ownership.

FISCAL IMPACT:

Expenditures:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
Personal Services	221,672	285,946
Operating Expenses	668,866	375,909
<u>Equipment</u>	<u>49,645</u>	<u>0</u>
Total (General Fund)	940,183	661,855

Revenues:

The total cost to the general and the long range building funds is \$106,741,903 in FY98 for tax credits under the proposal for class 3, 4, and 10 property. The Department of Revenue does not have the data in the property tax system to differentiate between businesses which are corporate income tax filers and individual income tax filers, so the amount lost to each fund cannot be estimated. The total value of credits in FY99 would be smaller than FY98 due property ownership changes but we have no estimate of the impact of this.

TECHNICAL NOTES:

1. The proposal allows reappraisal to take effect. For many local governments reappraisal should result in the reduction of mill levies. For property owners whose taxable value increases from 1996 to 1997 and whose mill levies decrease from 1996 to 1997, the tax credit is larger than the increase in taxes on that property from 1996 to 1997. An example is the average valued residence of assumption #6. In 1996 its assessed value is \$58,013; with an average mill levy of 404.27 mills its taxes would be \$905. In 1997 its assessed value would be \$84,818; with an average mill levy of 342.41 mills its taxes would be \$1,121. The increase in taxes on this property would be \$216; however, the tax credit under the proposal would be \$354. Conversely, for property whose mill levies increased from 1996 to 1997 the tax credit would be smaller than the actual increase in taxes.
2. There appears to be little incentive for local governments to lower their mill levies from the 1996 level. If local governments retain the same mill levies in 1997 as they had in 1996 their budgets will increase due to reappraisal. However, commercial property owners and owner-occupied residence owners will be getting a tax credit to offset their increased taxable value. They will pay the same net taxes (getting a credit from the general fund) and the general fund will pay for the increase in local government budgets.
3. Section 13 of the proposal, pertaining to commercial properties, is unclear. It states that a credit under sections 8-14 may be claimed only once in a claim period. Is the intent to allow only one credit per business owner, or one credit per piece of property? There is a significant difference in the total benefit allowed under this credit depending upon the meaning of "one claim". For the purposes of this fiscal note it is assumed that there is one credit per piece of property, rather than one credit per property owner.

TECHNICAL NOTES: (continued)

4. In section 9(3) 'corporation' is defined as in MCA, 35-2-114; but the 35-2-114 definition refers to non-profit corporations, which contradicts the rest of the definition which states that the property must be used for the production of income taxable under Chapter 31 or Chapter 30 of Title Fifteen.
5. The commercial property credit is codified under Title 15, Chapter 31, the corporation tax section. Businesses file income taxes under Chapter 30 or under Chapter 31, so codification instructions for commercial property should cover both chapters. The way sections 8-14 are codified under the bill does not allow for a method for non-corporation tax filer businesses to obtain their credits.

## 1 SENATE BILL NO. 389

2 INTRODUCED BY BAER, ORR, ADAMS, CURTISS, MOLNAR, BURNETT, DENNY, DEPRATU,  
3 M. TAYLOR, SLITER, DEBRUYCKER, STANG, MOHL, DEVLIN, BOHARSKI, SOFT, GAGE, DEVANEY,  
4 BRAINARD, PROUSE, REHBEIN, STOVALL, MESAROS, AKLESTAD, THOMAS, JENKINS, BECK, JABS,  
5 HARP, HERTEL, SPRAGUE, HALLIGAN, CLARK, HOLDEN, BENEDICT, GROSFIELD, HARGROVE,  
6 VAN VALKENBURG, CRIPPEN, MCNUTT, KEATING, CRISMORE, MAHLUM, EMERSON, JORE,  
7 ESTRADA, BANKHEAD

8  
9 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING TAX CREDITS TO OFFSET THE EFFECTS OF THE  
10 1996 REAPPRAISAL ON CERTAIN REAL PROPERTY AND IMPROVEMENTS; ESTABLISHING A PROCESS  
11 FOR CALCULATING THE TAX CREDITS; REQUIRING A CREDIT CALCULATION FORM TO BE SENT TO  
12 TAXPAYERS; PROVIDING STATE RECOURSE FOR CREDITS CLAIMED INCORRECTLY OR FRAUDULENTLY;  
13 AND PROVIDING A RETROACTIVE APPLICABILITY DATE."

14  
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
16

17 **NEW SECTION. Section 1. Reappraisal credit -- purpose.** (1) As provided in [sections 1 through  
18 7], an individual is entitled to a credit against taxes due under this chapter.

19 (2) The purpose of the credit is to compensate certain property taxpayers for increased property  
20 taxes resulting from the effects of the 1996 reappraisal conducted pursuant to 15-7-111. The credit is  
21 available to eligible taxpayers, whether or not the taxpayer's tax liability under this chapter exceeds the  
22 amount of the credit.

23  
24 **NEW SECTION. Section 2. Reappraisal credit -- definitions.** As used in [sections 1 through 7], the  
25 following definitions apply:

26 (1) "Claimant" means an individual natural person who is eligible under [sections 1 through 7] to  
27 file a claim for the reappraisal credit.

28 (2) "Claim period" means the current property tax year that corresponds to the calendar year in  
29 which the property is assessed and the first property tax payment is due.

30 (3) "Household" means an association of individuals who live in the same dwelling and who share

1 its furnishings, facilities, accommodations, and expenses. The term does not include bona fide lessees,  
2 tenants, or roomers and boarders on contract.

3 (4) "Owner-occupied residence" means a single-family residence, including a trailer or mobile home  
4 described in 15-6-134(1)(b), or a condominium unit that is subject to property taxes and that is owned by  
5 a claimant, individually or jointly. The residence includes all improvements used for residential purposes and  
6 associated outbuildings. A taxpayer with a life estate is an owner for purposes of [sections 1 through 7].

7

8 **NEW SECTION. Section 3. Reappraisal credit -- eligibility.** (1) In order to be eligible to claim a credit  
9 under [sections 1 through 7], the claimant must:

10 (a) have occupied an owner-occupied residence in Montana as the owner or contractor for deed  
11 for at least 7 months of the claim period;

12 (b) be the owner on January 1 of the claim period of an owner-occupied residence that the claimant  
13 also owned on January 1, 1996; and

14 (c) be the owner of the owner-occupied residence described in subsection (1)(b) that has an  
15 assessed value for the current tax year that was greater than the assessed value on January 1 of the 1996  
16 tax year.

17 (2) A claimant may own and occupy more than one owner-occupied residence in this state during  
18 the year and still meet the occupancy requirement in subsection (1)(a) if the total occupancy is for 7  
19 months or more.

20 (3) In determining the increase in assessed value required by [section 5] and subsection (1)(c) of  
21 this section, new construction and any remodeling or additions to existing improvements may not be  
22 considered.

23 (4) If the claimant meets the requirements of subsection (1) on any one owner-occupied residence,  
24 all other owner-occupied residences owned by the claimant that meet the requirements of subsection (1)  
25 are eligible for the credit, whether or not the owner-occupied residence was occupied by the owner for the  
26 required time. ~~However, a claimant may claim a credit only for a single owner-occupied residence and the~~  
27 ~~credit may not be claimed for a residence that was leased or rented for more than 5 months during the~~  
28 ~~claim period.~~

29

30 **NEW SECTION. Section 4. Reappraisal credit -- calculation form.** (1) The department shall mail

1 a form for calculating the credit to each person owning residential property on January 1 of the claim period  
 2 if the residential property, exclusive of new construction and remodeling or additions to existing  
 3 improvements, increased in assessed value from the 1996 tax year to the current tax year. The form:

4 (a) must be mailed at approximately the same time as property tax notices required by 15-16-101  
 5 are mailed;

6 (b) must include all information necessary for the owner of the residence to calculate the  
 7 reappraisal credit; and

8 (c) may require information necessary for the department to verify the credit, if claimed.

9 (2) The department shall also include in the instructions for preparing a return under this chapter,  
 10 instructions and a generic form that may be used to calculate the reappraisal credit.

11  
 12 **NEW SECTION. Section 5. Reappraisal credit -- amount.** (1) The amount of the credit is  
 13 determined by multiplying:

14 (a) the amount of assessed value of the residence identified in [section 3(1)(b)], including land and  
 15 improvements, for the current tax year that exceeds the assessed value for the 1996 tax year that is  
 16 attributable to a reappraisal conducted pursuant to 15-7-111; multiplied by

17 (b) the tax rate that applied to the residence in the current tax year; multiplied by

18 (c) the mill levy that applied to the residence in the current tax year.

19 (2) The assessed value of improvements that were not part of the assessed value of the residence  
 20 in the 1996 tax year may not be counted for the purposes of the credit provided in [sections 1 through 7].

21  
 22 **NEW SECTION. Section 6. Reappraisal credit -- limitations.** ~~(1) A household may claim only one~~  
 23 ~~reappraisal credit in a claim period.~~

24 ~~(2)(1)~~ A reappraisal credit is not allowed for an owner-occupied residence that is not subject to  
 25 property taxes in Montana during the claim period or that was not subject to property taxes in the 1996  
 26 tax year.

27 **(2) THE REAPPRAISAL CREDIT MAY NOT EXCEED THE ACTUAL INCREASE IN PROPERTY TAXES**  
 28 **PAID FOR PROPERTY TAX YEARS BEGINNING AFTER DECEMBER 31, 1996.**

29  
 30 **NEW SECTION. Section 7. Reappraisal credit -- fraudulent claim -- penalty -- interest.** (1) (a) If

1 the claimant has not paid the property taxes due on the residence for the claim period, has filed a false or  
2 fraudulent claim for the credit, or if a tax appeal renders the claimant ineligible for credit, the claimant may  
3 not claim the credit for the claim period.

4 (b) If a tax appeal is pending on property for which the claimant has claimed a credit, the credit  
5 may be claimed as if an appeal was not pending. When the appeal is decided, the department shall  
6 recalculate the amount of the credit and:

7 (i) if the amount is greater than the credit claimed, refund the difference; or

8 (ii) if the amount is less than the credit claimed, notify the claimant of the additional amount due.

9 (2) If a claim for the credit is disallowed or reduced under subsection (1), any excess amount  
10 claimed as a credit may be recovered in the same manner as any other debt owed to the state.

11 (3) If the credit claimed was fraudulent, an additional 10% may be added to the amount due as  
12 a penalty.

13 (4) The unpaid debt, excluding penalty, bears interest, at the rate of 3/4 of 1% a month or fraction  
14 of a month, from the date the credit was claimed until the disallowed credit, plus penalty and interest, is  
15 paid.

16

17 **NEW SECTION. Section 8. Reappraisal credit -- purpose.** (1) As provided in [sections 8 through  
18 14], a person, as defined in 1-1-201, is entitled to a credit against taxes due under this chapter.

19 (2) The purpose of the credit is to compensate certain property taxpayers for increased property  
20 taxes resulting from the effects of the 1996 reappraisal conducted pursuant to 15-7-111 and is available  
21 to eligible taxpayers whether or not the taxpayer's tax liability under this chapter exceeds the amount of  
22 the credit.

23

24 **NEW SECTION. Section 9. Reappraisal credit -- definitions.** As used in [sections 8 through 14],  
25 the following definitions apply:

26 (1) "Claimant" means a person who is eligible under [sections 8 through 14] to file a claim for the  
27 reappraisal credit.

28 (2) "Claim period" means the current property tax year that corresponds to the calendar year in  
29 which the property is assessed and the first property tax payment is due.

30 (3) "Commercial property" means land or improvements classified in Title 15, chapter 6, as class

1 three, class four, or class ten property that is used or owned by a business, a trade, or a corporation as  
2 defined in 35-2-114 and used for the production of income that is taxable under this chapter or chapter 30  
3 of this title.

4  
5 **NEW SECTION. Section 10. Reappraisal credit -- eligibility.** (1) In order to be eligible to claim a  
6 credit under [sections 8 through 14], the claimant must have possessed, as the owner or contractor for  
7 deed, the commercial property:

8 (a) for at least 7 months of the claim period;

9 (b) that the claimant also owned or was the contractor for deed on January 1, 1996; and

10 (c) described in subsection (1)(b) that has an assessed value for the current tax year that was  
11 greater than the assessed value on January 1 of the 1996 tax year.

12 (2) In determining the increase in assessed value required by [section 12] and subsection (1)(c) of  
13 this section, new construction and any remodeling or additions to existing improvements may not be  
14 considered.

15 (3) If the claimant meets the requirements of subsection (1) on any one commercial property, all  
16 other commercial properties owned by the claimant that meet the requirements of subsection (1) are eligible  
17 for the credit, provided that the commercial property was possessed by the claimant, as owner or  
18 contractor for deed, for the time required in subsection (1).

19  
20 **NEW SECTION. Section 11. Reappraisal credit -- calculation form.** (1) The department shall mail  
21 a form for calculating the credit to each person owning commercial property on January 1 of the claim  
22 period if the commercial property, exclusive of new construction and remodeling or additions to existing  
23 improvements, increased in assessed value from the 1996 tax year to the current tax year. The form:

24 (a) must be mailed at approximately the same time as property tax notices required by 15-16-101  
25 are mailed;

26 (b) must include all information necessary for the owner of the commercial property to calculate  
27 the reappraisal credit; and

28 (c) may require information necessary for the department to verify the credit, if claimed.

29 (2) The department shall also include in the instructions for preparing a return under this chapter,  
30 instructions and a generic form that may be used to calculate the reappraisal credit.

1           **NEW SECTION. Section 12. Reappraisal credit -- amount.** (1) The amount of the credit is  
2 determined by multiplying:

3           (a) the amount of assessed value of the commercial property identified in [section 10(1)(b)],  
4 including land and improvements, for the current tax year that exceeds the assessed value for the 1996  
5 tax year that is attributable to a reappraisal conducted pursuant to 15-7-111; multiplied by

6           (b) the tax rate that applied to the commercial property in the current tax year; multiplied by

7           (c) the mill levy that applied to the commercial property in the current tax year.

8           (2) The assessed value of improvements that were not part of the assessed value of the  
9 commercial property in the 1996 tax year may not be counted for the purposes of the credit provided in  
10 [sections 8 through 14].

11

12           **NEW SECTION. Section 13. Reappraisal credit -- limitations.** (1) The credit allowed under [sections  
13 8 through 14] may be claimed only once in a claim period.

14           (2) A reappraisal credit is not allowed for commercial property that is not subject to property taxes  
15 in Montana during the claim period or that was not subject to property taxes in tax year 1996.

16           **(3) THE REAPPRAISAL CREDIT MAY NOT EXCEED THE ACTUAL INCREASE IN PROPERTY TAXES**  
17 **PAID FOR PROPERTY TAX YEARS BEGINNING AFTER DECEMBER 31, 1996.**

18

19           **NEW SECTION. Section 14. Reappraisal credit -- fraudulent claim -- penalty -- interest.** (1) (a) If  
20 the claimant did not pay all of the property taxes due for the claim period on all property for which the  
21 claimant was required to pay property taxes in Montana, filed a false or fraudulent claim for the credit, or  
22 if a tax appeal rendered the claimant ineligible for the credit, the claimant may not claim the credit for the  
23 claim period.

24           (b) If a tax appeal is pending on property for which the claimant has claimed a credit, the credit  
25 may be claimed as if an appeal was not pending. When the appeal is decided, the department shall  
26 recalculate the amount of the credit and:

27           (i) if the amount is greater than the credit claimed, refund the difference; or

28           (ii) if the amount is less than the credit claimed, notify the claimant of the additional amount due.

29           (2) If a claim for the credit is disallowed or reduced under subsection (1), any excess amount  
30 claimed as a credit may be recovered in the same manner as any other debt owed the state.



1 (3) If the credit claimed was fraudulent, an additional 10% may be added to the amount due as  
2 a penalty.

3 (4) The unpaid debt, excluding penalty, bears interest, at the rate of 3/4 of 1% a month or fraction  
4 of a month, from the date the credit was claimed until the disallowed credit, plus penalty and interest, is  
5 paid.

6  
7 **NEW SECTION. Section 15. Codification instruction.** (1) [Sections 1 through 7] are intended to  
8 be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to  
9 [sections 1 through 7].

10 (2) [Sections 8 through 14] are intended to be codified as an integral part of Title 15, chapter 31,  
11 and the provisions of Title 15, chapter 31, apply to [sections 8 through 14].

12  
13 **NEW SECTION. Section 16. Retroactive applicability.** [This act] applies retroactively, within the  
14 meaning of 1-2-109, to tax years beginning after December 31, 1996.

15 -END-

1 SENATE BILL NO. 389

2 INTRODUCED BY BAER, ORR, ADAMS, CURTISS, MOLNAR, BURNETT, DENNY, DEPRATU,  
 3 M. TAYLOR, SLITER, DEBRUYCKER, STANG, MOHL, DEVLIN, BOHARSKI, SOFT, GAGE, DEVANEY,  
 4 BRAINARD, PROUSE, REHBEIN, STOVALL, MESAROS, AKLESTAD, THOMAS, JENKINS, BECK, JABS,  
 5 HARP, HERTEL, SPRAGUE, HALLIGAN, CLARK, HOLDEN, BENEDICT, GROSFIELD, HARGROVE,  
 6 VAN VALKENBURG, CRIPPEN, MCNUTT, KEATING, CRISMORE, MAHLUM, EMERSON, JORE,  
 7 ESTRADA, BANKHEAD

8  
 9 A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING TAX CREDITS TO OFFSET THE EFFECTS OF THE  
 10 1996 REAPPRAISAL ON CERTAIN REAL PROPERTY AND IMPROVEMENTS; ESTABLISHING A PROCESS  
 11 FOR CALCULATING THE TAX CREDITS; REQUIRING A CREDIT CALCULATION FORM TO BE SENT TO  
 12 TAXPAYERS; PROVIDING STATE RECOURSE FOR CREDITS CLAIMED INCORRECTLY OR FRAUDULENTLY;  
 13 AND PROVIDING A RETROACTIVE APPLICABILITY DATE."  
 14

15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 16

17 **NEW SECTION. Section 1. Reappraisal credit -- purpose.** (1) As provided in [sections 1 through  
 18 7], an individual is entitled to a credit against taxes due under this chapter.

19 (2) The purpose of the credit is to compensate certain property taxpayers for increased property  
 20 taxes resulting from the effects of the 1996 reappraisal conducted pursuant to 15-7-111. The credit is  
 21 available to eligible taxpayers whether or not the taxpayer's tax liability under this chapter exceeds the  
 22 amount of the credit.  
 23

24 **NEW SECTION. Section 2. Reappraisal credit -- definitions.** As used in [sections 1 through 7], the  
 25 following definitions apply:

26 (1) "Claimant" means an individual natural person who is eligible under [sections 1 through 7] to  
 27 file a claim for the reappraisal credit.

28 (2) "Claim period" means the current property tax year that corresponds to the calendar year in  
 29 which the property is assessed and the first property tax payment is due.

30 (3) "Household" means an association of individuals who live in the same dwelling and who share

1 its furnishings, facilities, accommodations, and expenses. The term does not include bona fide lessees,  
 2 tenants, or roomers and boarders on contract.

3 (4) "Owner-occupied residence" means a single-family residence, including a trailer or mobile home  
 4 described in 15-6-134(1)(b), or a condominium unit that is subject to property taxes and that is owned by  
 5 a claimant, individually or jointly. The residence includes all improvements used for residential purposes and  
 6 associated outbuildings. A taxpayer with a life estate is an owner for purposes of [sections 1 through 7].

7

8 **NEW SECTION. Section 3. Reappraisal credit -- eligibility.** (1) In order to be eligible to claim a credit  
 9 under [sections 1 through 7], the claimant must:

10 (a) have occupied an owner-occupied residence in Montana as the owner or contractor for deed  
 11 for at least 7 months of the claim period;

12 (b) be the owner on January 1 of the claim period of an owner-occupied residence that the claimant  
 13 also owned on January 1, 1996; and

14 (c) be the owner of the owner-occupied residence described in subsection (1)(b) that has an  
 15 assessed value for the current tax year that was greater than the assessed value on January 1 of the 1996  
 16 tax year.

17 (2) A claimant may own and occupy more than one owner-occupied residence in this state during  
 18 the year and still meet the occupancy requirement in subsection (1)(a) if the total occupancy is for 7  
 19 months or more.

20 (3) In determining the increase in assessed value required by [section 5] and subsection (1)(c) of  
 21 this section, new construction and any remodeling or additions to existing improvements may not be  
 22 considered.

23 (4) If the claimant meets the requirements of subsection (1) on any one owner-occupied residence,  
 24 all other owner-occupied residences owned by the claimant that meet the requirements of subsection (1)  
 25 are eligible for the credit, whether or not the owner-occupied residence was occupied by the owner for the  
 26 required time. ~~However, a claimant may claim a credit only for a single owner-occupied residence and the~~  
 27 ~~credit may not be claimed for a residence that was leased or rented for more than 5 months during the~~  
 28 ~~claim period.~~

29

30 **NEW SECTION. Section 4. Reappraisal credit -- calculation form.** (1) The department shall mail

1 a form for calculating the credit to each person owning residential property on January 1 of the claim period  
 2 if the residential property, exclusive of new construction and remodeling or additions to existing  
 3 improvements, increased in assessed value from the 1996 tax year to the current tax year. The form:

4 (a) must be mailed at approximately the same time as property tax notices required by 15-16-101  
 5 are mailed;

6 (b) must include all information necessary for the owner of the residence to calculate the  
 7 reappraisal credit; and

8 (c) may require information necessary for the department to verify the credit, if claimed.

9 (2) The department shall also include in the instructions for preparing a return under this chapter,  
 10 instructions and a generic form that may be used to calculate the reappraisal credit.

11  
 12 **NEW SECTION. Section 5. Reappraisal credit -- amount.** (1) The amount of the credit is  
 13 determined by multiplying:

14 (a) the amount of assessed value of the residence identified in [section 3(1)(b)], including land and  
 15 improvements, for the current tax year that exceeds the assessed value for the 1996 tax year that is  
 16 attributable to a reappraisal conducted pursuant to 15-7-111; multiplied by

17 (b) the tax rate that applied to the residence in the current tax year; multiplied by

18 (c) the mill levy that applied to the residence in the current tax year.

19 (2) The assessed value of improvements that were not part of the assessed value of the residence  
 20 in the 1996 tax year may not be counted for the purposes of the credit provided in [sections 1 through 7].

21  
 22 **NEW SECTION. Section 6. Reappraisal credit -- limitations.** ~~(1) A household may claim only one~~  
 23 ~~reappraisal credit in a claim period.~~

24 ~~(2)(1)~~ (1) A reappraisal credit is not allowed for an owner-occupied residence that is not subject to  
 25 property taxes in Montana during the claim period or that was not subject to property taxes in the 1996  
 26 tax year.

27 **(2) THE REAPPRAISAL CREDIT MAY NOT EXCEED THE ACTUAL INCREASE IN PROPERTY TAXES**  
 28 **PAID FOR PROPERTY TAX YEARS BEGINNING AFTER DECEMBER 31, 1996.**

29  
 30 **NEW SECTION. Section 7. Reappraisal credit -- fraudulent claim -- penalty -- interest.** (1) (a) If

1 the claimant has not paid the property taxes due on the residence for the claim period, has filed a false or  
2 fraudulent claim for the credit, or if a tax appeal renders the claimant ineligible for credit, the claimant may  
3 not claim the credit for the claim period.

4 (b) If a tax appeal is pending on property for which the claimant has claimed a credit, the credit  
5 may be claimed as if an appeal was not pending. When the appeal is decided, the department shall  
6 recalculate the amount of the credit and:

7 (i) if the amount is greater than the credit claimed, refund the difference; or

8 (ii) if the amount is less than the credit claimed, notify the claimant of the additional amount due.

9 (2) If a claim for the credit is disallowed or reduced under subsection (1), any excess amount  
10 claimed as a credit may be recovered in the same manner as any other debt owed to the state.

11 (3) If the credit claimed was fraudulent, an additional 10% may be added to the amount due as  
12 a penalty.

13 (4) The unpaid debt, excluding penalty, bears interest, at the rate of 3/4 of 1% a month or fraction  
14 of a month, from the date the credit was claimed until the disallowed credit, plus penalty and interest, is  
15 paid.

16

17 **NEW SECTION. Section 8. Reappraisal credit -- purpose.** (1) As provided in [sections 8 through  
18 14], a person, as defined in 1-1-201, is entitled to a credit against taxes due under this chapter.

19 (2) The purpose of the credit is to compensate certain property taxpayers for increased property  
20 taxes resulting from the effects of the 1996 reappraisal conducted pursuant to 15-7-111 and is available  
21 to eligible taxpayers whether or not the taxpayer's tax liability under this chapter exceeds the amount of  
22 the credit.

23

24 **NEW SECTION. Section 9. Reappraisal credit -- definitions.** As used in [sections 8 through 14],  
25 the following definitions apply:

26 (1) "Claimant" means a person who is eligible under [sections 8 through 14] to file a claim for the  
27 reappraisal credit.

28 (2) "Claim period" means the current property tax year that corresponds to the calendar year in  
29 which the property is assessed and the first property tax payment is due.

30 (3) "Commercial property" means land or improvements classified in Title 15, chapter 6, as class

1 three, class four, or class ten property that is used or owned by a business, a trade, or a corporation as  
2 defined in ~~35-2-114~~ and used for the production of income that is taxable under this chapter or chapter 30  
3 of this title AND INCLUDES A NONPROFIT CORPORATION.

4  
5 NEW SECTION. Section 10. Reappraisal credit -- eligibility. (1) In order to be eligible to claim a  
6 credit under [sections 8 through 14], the claimant must have possessed, as the owner or contractor for  
7 deed, the commercial property:

8 (a) for at least 7 months of the claim period;

9 (b) that the claimant also owned or was the contractor for deed on January 1, 1996; and

10 (c) described in subsection (1)(b) that has an assessed value for the current tax year that was  
11 greater than the assessed value on January 1 of the 1996 tax year.

12 (2) In determining the increase in assessed value required by [section 12] and subsection (1)(c) of  
13 this section, new construction and any remodeling or additions to existing improvements may not be  
14 considered.

15 (3) If the claimant meets the requirements of subsection (1) on any one commercial property, all  
16 other commercial properties owned by the claimant that meet the requirements of subsection (1) are eligible  
17 for the credit, provided that the commercial property was possessed by the claimant, as owner or  
18 contractor for deed, for the time required in subsection (1).

19  
20 NEW SECTION. Section 11. Reappraisal credit -- calculation form. (1) The department shall mail  
21 a form for calculating the credit to each person owning commercial property on January 1 of the claim  
22 period if the commercial property, exclusive of new construction and remodeling or additions to existing  
23 improvements, increased in assessed value from the 1996 tax year to the current tax year. The form:

24 (a) must be mailed at approximately the same time as property tax notices required by 15-16-101  
25 are mailed;

26 (b) must include all information necessary for the owner of the commercial property to calculate  
27 the reappraisal credit; and

28 (c) may require information necessary for the department to verify the credit, if claimed.

29 (2) The department shall also include in the instructions for preparing a return under this chapter,  
30 instructions and a generic form that may be used to calculate the reappraisal credit.

1           **NEW SECTION. Section 12. Reappraisal credit -- amount.** (1) The amount of the credit is  
2 determined by multiplying:

3           (a) the amount of assessed value of the commercial property identified in [section 10(1)(b)],  
4 including land and improvements, for the current tax year that exceeds the assessed value for the 1996  
5 tax year that is attributable to a reappraisal conducted pursuant to 15-7-111; multiplied by

6           (b) the tax rate that applied to the commercial property in the current tax year; multiplied by

7           (c) the mill levy that applied to the commercial property in the current tax year.

8           (2) The assessed value of improvements that were not part of the assessed value of the  
9 commercial property in the 1996 tax year may not be counted for the purposes of the credit provided in  
10 [sections 8 through 14].

11  
12           **NEW SECTION. Section 13. Reappraisal credit -- limitations.** (1) The credit allowed under [sections  
13 8 through 14] may be claimed only once in a claim period.

14           (2) A reappraisal credit is not allowed for commercial property that is not subject to property taxes  
15 in Montana during the claim period or that was not subject to property taxes in tax year 1996.

16           **(3) THE REAPPRAISAL CREDIT MAY NOT EXCEED THE ACTUAL INCREASE IN PROPERTY TAXES**  
17 **PAID FOR PROPERTY TAX YEARS BEGINNING AFTER DECEMBER 31, 1996.**

18  
19           **NEW SECTION. Section 14. Reappraisal credit -- fraudulent claim -- penalty -- interest.** (1) (a) If  
20 the claimant did not pay all of the property taxes due for the claim period on all property for which the  
21 claimant was required to pay property taxes in Montana, filed a false or fraudulent claim for the credit, or  
22 if a tax appeal rendered the claimant ineligible for the credit, the claimant may not claim the credit for the  
23 claim period.

24           (b) If a tax appeal is pending on property for which the claimant has claimed a credit, the credit  
25 may be claimed as if an appeal was not pending. When the appeal is decided, the department shall  
26 recalculate the amount of the credit and:

27           (i) if the amount is greater than the credit claimed, refund the difference; or

28           (ii) if the amount is less than the credit claimed, notify the claimant of the additional amount due.

29           (2) If a claim for the credit is disallowed or reduced under subsection (1), any excess amount  
30 claimed as a credit may be recovered in the same manner as any other debt owed the state.

1 (3) If the credit claimed was fraudulent, an additional 10% may be added to the amount due as  
2 a penalty.

3 (4) The unpaid debt, excluding penalty, bears interest, at the rate of 3/4 of 1% a month or fraction  
4 of a month, from the date the credit was claimed until the disallowed credit, plus penalty and interest, is  
5 paid.

6  
7 **NEW SECTION. Section 15. Codification instruction.** (1) [Sections 1 through 7] are intended to  
8 be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to  
9 [sections 1 through 7].

10 (2) [Sections 8 through 14] are intended to be codified as an integral part of Title 15, chapter 31,  
11 and the provisions of Title 15, chapter 31, apply to [sections 8 through 14].

12  
13 **NEW SECTION. Section 16. Retroactive applicability.** [This act] applies retroactively, within the  
14 meaning of 1-2-109, to tax years beginning after December 31, 1996.

15 -END-



SENATE BILL NO. 389

INTRODUCED BY BAER, ORR, ADAMS, CURTISS, MOLNAR, BURNETT, DENNY, DEPRATU,  
M. TAYLOR, SLITER, DEBRUYCKER, STANG, MOHL, DEVLIN, BOHARSKI, SOFT, GAGE, DEVANEY,  
BRAINARD, PROUSE, REHBEIN, STOVALL, MESAROS, AKLESTAD, THOMAS, JENKINS, BECK, JABS,  
HARP, HERTEL, SPRAGUE, HALLIGAN, CLARK, HOLDEN, BENEDICT, GROSFIELD, HARGROVE,  
VAN VALKENBURG, CRIPPEN, MCNUTT, KEATING, CRISMORE, MAHLUM, EMERSON, JORE,  
ESTRADA, BANKHEAD

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING TAX CREDITS TO OFFSET THE EFFECTS OF THE  
1996 REAPPRAISAL ON CERTAIN REAL PROPERTY AND IMPROVEMENTS; ESTABLISHING A PROCESS  
FOR CALCULATING THE TAX CREDITS; REQUIRING A CREDIT CALCULATION FORM TO BE SENT TO  
TAXPAYERS; PROVIDING STATE RECOURSE FOR CREDITS CLAIMED INCORRECTLY OR FRAUDULENTLY;  
AND PROVIDING A RETROACTIVE APPLICABILITY DATE."

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

**NEW SECTION. Section 1. Reappraisal credit -- purpose.** (1) As provided in [sections 1 through  
7], an individual is entitled to a credit against taxes due under this chapter.

(2) The purpose of the credit is to compensate certain property taxpayers for increased property  
taxes resulting from the effects of the 1996 reappraisal conducted pursuant to 15-7-111. The credit is  
available to eligible taxpayers whether or not the taxpayer's tax liability under this chapter exceeds the  
amount of the credit.

**NEW SECTION. Section 2. Reappraisal credit -- definitions.** As used in [sections 1 through 7], the  
following definitions apply:

(1) "Claimant" means an individual natural person who is eligible under [sections 1 through 7] to  
file a claim for the reappraisal credit.

(2) "Claim period" means the current property tax year that corresponds to the calendar year in  
which the property is assessed and the first property tax payment is due.

(3) "Household" means an association of individuals who live in the same dwelling and who share

1 its furnishings, facilities, accommodations, and expenses. The term does not include bona fide lessees,  
2 tenants, or roomers and boarders on contract.

3 (4) "Owner-occupied residence" means a single-family residence, including a trailer or mobile home  
4 described in 15-6-134(1)(b), or a condominium unit that is subject to property taxes and that is owned by  
5 a claimant, individually or jointly. The residence includes all improvements used for residential purposes and  
6 associated outbuildings. A taxpayer with a life estate is an owner for purposes of [sections 1 through 7].

7

8 **NEW SECTION. Section 3. Reappraisal credit -- eligibility.** (1) In order to be eligible to claim a credit  
9 under [sections 1 through 7], the claimant must:

10 (a) have occupied an owner-occupied residence in Montana as the owner or contractor for deed  
11 for at least 7 months of the claim period;

12 (b) be the owner on January 1 of the claim period of an owner-occupied residence that the claimant  
13 also owned on January 1, 1996; and

14 (c) be the owner of the owner-occupied residence described in subsection (1)(b) that has an  
15 assessed value for the current tax year that was greater than the assessed value on January 1 of the 1996  
16 tax year.

17 (2) A claimant may own and occupy more than one owner-occupied residence in this state during  
18 the year and still meet the occupancy requirement in subsection (1)(a) if the total occupancy is for 7  
19 months or more.

20 (3) In determining the increase in assessed value required by [section 5] and subsection (1)(c) of  
21 this section, new construction and any remodeling or additions to existing improvements may not be  
22 considered.

23 (4) If the claimant meets the requirements of subsection (1) on any one owner-occupied residence,  
24 all other owner-occupied residences owned by the claimant that meet the requirements of subsection (1)  
25 are eligible for the credit, whether or not the owner-occupied residence was occupied by the owner for the  
26 required time. ~~However, a claimant may claim a credit only for a single owner-occupied residence and the~~  
27 ~~credit may not be claimed for a residence that was leased or rented for more than 5 months during the~~  
28 ~~claim period.~~

29

30 **NEW SECTION. Section 4. Reappraisal credit -- calculation form.** (1) The department shall mail

1 a form for calculating the credit to each person owning residential property on January 1 of the claim period  
 2 if the residential property, exclusive of new construction and remodeling or additions to existing  
 3 improvements, increased in assessed value from the 1996 tax year to the current tax year. The form:

4 (a) must be mailed at approximately the same time as property tax notices required by 15-16-101  
 5 are mailed;

6 (b) must include all information necessary for the owner of the residence to calculate the  
 7 reappraisal credit; and

8 (c) may require information necessary for the department to verify the credit, if claimed.

9 (2) The department shall also include in the instructions for preparing a return under this chapter,  
 10 instructions and a generic form that may be used to calculate the reappraisal credit.

11  
 12 **NEW SECTION. Section 5. Reappraisal credit -- amount.** (1) The amount of the credit is  
 13 determined by multiplying:

14 (a) the amount of assessed value of the residence identified in [section 3(1)(b)], including land and  
 15 improvements, for the current tax year that exceeds the assessed value for the 1996 tax year that is  
 16 attributable to a reappraisal conducted pursuant to 15-7-111; multiplied by

17 (b) the tax rate that applied to the residence in the current tax year; multiplied by

18 (c) the mill levy that applied to the residence in the current tax year.

19 (2) The assessed value of improvements that were not part of the assessed value of the residence  
 20 in the 1996 tax year may not be counted for the purposes of the credit provided in [sections 1 through 7].

21 **(3) THE MILL LEVY APPLIED TO A RESIDENCE FOR DETERMINING THE AMOUNT OF THE CREDIT**  
 22 **IN SUBSECTION (1) MAY NOT INCLUDE ANY MILL LEVY INCREASES IMPOSED AFTER DECEMBER 31,**  
 23 **1996.**

24  
 25 **NEW SECTION. Section 6. Reappraisal credit -- limitations.** ~~(1) A household may claim only one~~  
 26 ~~reappraisal credit in a claim period.~~

27 ~~(2)(1)~~ (1) A reappraisal credit is not allowed for an owner-occupied residence that is not subject to  
 28 property taxes in Montana during the claim period or that was not subject to property taxes in the 1996  
 29 tax year.

30 **(2) THE REAPPRAISAL CREDIT MAY NOT EXCEED THE ACTUAL INCREASE IN PROPERTY TAXES**

1 PAID FOR PROPERTY TAX YEARS BEGINNING AFTER DECEMBER 31, 1996.

2

3 NEW SECTION. Section 7. Reappraisal credit -- fraudulent claim -- penalty -- interest. (1) (a) If  
4 the claimant has not paid the property taxes due on the residence for the claim period, has filed a false or  
5 fraudulent claim for the credit, or if a tax appeal renders the claimant ineligible for credit, the claimant may  
6 not claim the credit for the claim period.

7 (b) If a tax appeal is pending on property for which the claimant has claimed a credit, the credit  
8 may be claimed as if an appeal was not pending. When the appeal is decided, the department shall  
9 recalculate the amount of the credit and:

10 (i) if the amount is greater than the credit claimed, refund the difference; or

11 (ii) if the amount is less than the credit claimed, notify the claimant of the additional amount due.

12 (2) If a claim for the credit is disallowed or reduced under subsection (1), any excess amount  
13 claimed as a credit may be recovered in the same manner as any other debt owed to the state.

14 (3) If the credit claimed was fraudulent, an additional 10% may be added to the amount due as  
15 a penalty.

16 (4) The unpaid debt, excluding penalty, bears interest, at the rate of 3/4 of 1% a month or fraction  
17 of a month, from the date the credit was claimed until the disallowed credit, plus penalty and interest, is  
18 paid.

19

20 NEW SECTION. Section 8. Reappraisal credit -- purpose. (1) As provided in [sections 8 through  
21 14], a person, as defined in 1-1-201, is entitled to a credit against taxes due under this chapter.

22 (2) The purpose of the credit is to compensate certain property taxpayers for increased property  
23 taxes resulting from the effects of the 1996 reappraisal conducted pursuant to 15-7-111 and is available  
24 to eligible taxpayers whether or not the taxpayer's tax liability under this chapter exceeds the amount of  
25 the credit.

26

27 NEW SECTION. Section 9. Reappraisal credit -- definitions. As used in [sections 8 through 14],  
28 the following definitions apply:

29 (1) "Claimant" means a person who is eligible under [sections 8 through 14] to file a claim for the  
30 reappraisal credit.

1 (2) "Claim period" means the current property tax year that corresponds to the calendar year in  
2 which the property is assessed and the first property tax payment is due.

3 (3) "Commercial property" means land or improvements classified in Title 15, chapter 6, as class  
4 three, class four, or class ten property that is used or owned by a business, a trade, or a corporation as  
5 defined in ~~35-2-114~~ and used for the production of income that is taxable under this chapter or chapter 30  
6 of this title AND INCLUDES A NONPROFIT CORPORATION.

7  
8 **NEW SECTION. Section 10. Reappraisal credit -- eligibility.** (1) In order to be eligible to claim a  
9 credit under [sections 8 through 14], the claimant must have possessed, as the owner or contractor for  
10 deed, the commercial property:

- 11 (a) for at least 7 months of the claim period;  
12 (b) that the claimant also owned or was the contractor for deed on January 1, 1996; and  
13 (c) described in subsection (1)(b) that has an assessed value for the current tax year that was  
14 greater than the assessed value on January 1 of the 1996 tax year.

15 (2) In determining the increase in assessed value required by [section 12] and subsection (1)(c) of  
16 this section, new construction and any remodeling or additions to existing improvements may not be  
17 considered.

18 (3) If the claimant meets the requirements of subsection (1) on any one commercial property, all  
19 other commercial properties owned by the claimant that meet the requirements of subsection (1) are eligible  
20 for the credit, provided that the commercial property was possessed by the claimant, as owner or  
21 contractor for deed, for the time required in subsection (1).

22  
23 **NEW SECTION. Section 11. Reappraisal credit -- calculation form.** (1) The department shall mail  
24 a form for calculating the credit to each person owning commercial property on January 1 of the claim  
25 period if the commercial property, exclusive of new construction and remodeling or additions to existing  
26 improvements, increased in assessed value from the 1996 tax year to the current tax year. The form:

- 27 (a) must be mailed at approximately the same time as property tax notices required by 15-16-101  
28 are mailed;  
29 (b) must include all information necessary for the owner of the commercial property to calculate  
30 the reappraisal credit; and

1 (c) may require information necessary for the department to verify the credit, if claimed.

2 (2) The department shall also include in the instructions for preparing a return under this chapter,  
3 instructions and a generic form that may be used to calculate the reappraisal credit.

4  
5 **NEW SECTION. Section 12. Reappraisal credit -- amount.** (1) The amount of the credit is  
6 determined by multiplying:

7 (a) the amount of assessed value of the commercial property identified in [section 10(1)(b)],  
8 including land and improvements, for the current tax year that exceeds the assessed value for the 1996  
9 tax year that is attributable to a reappraisal conducted pursuant to 15-7-111; multiplied by

10 (b) the tax rate that applied to the commercial property in the current tax year; multiplied by

11 (c) the mill levy that applied to the commercial property in the current tax year.

12 (2) The assessed value of improvements that were not part of the assessed value of the  
13 commercial property in the 1996 tax year may not be counted for the purposes of the credit provided in  
14 [sections 8 through 14].

15 **(3) THE MILL LEVY APPLIED TO COMMERCIAL PROPERTY FOR DETERMINING THE AMOUNT OF**  
16 **THE CREDIT IN SUBSECTION (1) MAY NOT INCLUDE ANY MILL LEVY INCREASES IMPOSED AFTER**  
17 **DECEMBER 31, 1996.**

18  
19 **NEW SECTION. Section 13. Reappraisal credit -- limitations.** (1) The credit allowed under [sections  
20 8 through 14] may be claimed only once in a claim period.

21 (2) A reappraisal credit is not allowed for commercial property that is not subject to property taxes  
22 in Montana during the claim period or that was not subject to property taxes in tax year 1996.

23 **(3) THE REAPPRAISAL CREDIT MAY NOT EXCEED THE ACTUAL INCREASE IN PROPERTY TAXES**  
24 **PAID FOR PROPERTY TAX YEARS BEGINNING AFTER DECEMBER 31, 1996.**

25  
26 **NEW SECTION. Section 14. Reappraisal credit -- fraudulent claim -- penalty -- interest.** (1) (a) If  
27 the claimant did not pay all of the property taxes due for the claim period on all property for which the  
28 claimant was required to pay property taxes in Montana, filed a false or fraudulent claim for the credit, or  
29 if a tax appeal rendered the claimant ineligible for the credit, the claimant may not claim the credit for the  
30 claim period.

1 (b) If a tax appeal is pending on property for which the claimant has claimed a credit, the credit  
2 may be claimed as if an appeal was not pending. When the appeal is decided, the department shall  
3 recalculate the amount of the credit and:

- 4 (i) if the amount is greater than the credit claimed, refund the difference; or
- 5 (ii) if the amount is less than the credit claimed, notify the claimant of the additional amount due.

6 (2) If a claim for the credit is disallowed or reduced under subsection (1), any excess amount  
7 claimed as a credit may be recovered in the same manner as any other debt owed the state.

8 (3) If the credit claimed was fraudulent, an additional 10% may be added to the amount due as  
9 a penalty.

10 (4) The unpaid debt, excluding penalty, bears interest, at the rate of 3/4 of 1% a month or fraction  
11 of a month, from the date the credit was claimed until the disallowed credit, plus penalty and interest, is  
12 paid.

13  
14 NEW SECTION. SECTION 15. BUSINESS REAPPRAISAL TAX CREDIT. THERE IS A CREDIT  
15 AGAINST THE TAXES OTHERWISE DUE UNDER THIS CHAPTER ALLOWABLE TO A PERSON FOR  
16 INCREASED PROPERTY TAXES ON COMMERCIAL PROPERTY RESULTING FROM THE EFFECTS OF THE  
17 1996 REAPPRAISAL. THE TAX CREDIT MUST BE COMPUTED IN ACCORDANCE WITH THE PROVISIONS  
18 OF [SECTIONS 8 THROUGH 14].

19  
20 NEW SECTION. Section 16. Codification instruction. (1) [Sections 1 through 7 AND 15] are  
21 intended to be codified as an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter  
22 30, apply to [sections 1 through 7 AND 15].

23 (2) [Sections 8 through 14] are intended to be codified as an integral part of Title 15, chapter 31,  
24 and the provisions of Title 15, chapter 31, apply to [sections 8 through 14].

25  
26 NEW SECTION. Section 17. Retroactive applicability. [This act] applies retroactively, within the  
27 meaning of 1-2-109, to tax years beginning after December 31, 1996.

28 -END-