

HOUSE BILL NO. 223

INTRODUCED BY S. KERNS, E. BUTTREY, D. LENZ, S. HINEBAUCH, R. FITZGERALD, F. ANDERSON, J. TREBAS, C. KNUDSEN, J. SMALL, N. DURAM, J. DOOLING, J. KASSMIER, B. PHALEN, K. ZOLNIKOV, B. MITCHELL, J. SCHILLINGER, M. STROMSWOLD, C. HINKLE, G. FRAZER, M. BINKLEY, S. ESSMANN, T. BROCKMAN, T. SMITH, G. PARRY, C. SPRUNGER, G. NIKOLAKAKOS, P. GREEN, B. BARKER

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE DISABLED VETERAN PROPERTY TAX ASSISTANCE PROGRAM; REMOVING THE INCOME LIMIT FOR THE PROGRAM; PROVIDING ASSISTANCE FOR DISABLED VETERANS WHO ARE RATED ~~60% TO 80%~~ OR 90% DISABLED; AMENDING SECTIONS 15-6-301, 15-6-302, AND 15-6-311, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND ~~A RETROACTIVE AN~~ 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~~ on the applicant's eligibility;

and

(c) terminate participation based ~~upon~~ on 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.

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

- 1 (i) in which a taxpayer can demonstrate the taxpayer lived for at least 7 months of the year for
- 2 which benefits are claimed;
- 3 (ii) that is the only residence for which property tax assistance is claimed; and
- 4 (iii) determined using the indicators provided for in the rules authorized by 15-6-302(2).
- 5 (b) A primary residence may include more than one dwelling when the taxpayer's combined
- 6 residence in the dwellings is at least 7 months of the tax year.
- 7 (5) "Qualified veteran" means a veteran:
- 8 (a) who was killed while on active duty or died as a result of a service-connected disability; or
- 9 (b) if living:
- 10 (i) was honorably discharged from active service in any branch of the armed services; and
- 11 (ii) is currently rated ~~100% 60% 80%~~ disabled or higher or is paid at the ~~100% 60% 80%~~ disabled
- 12 rate or higher by the U.S. department of veterans affairs for a service-connected disability, as verified by official
- 13 documentation from the U.S. department of veterans affairs.
- 14 (6) "Qualifying income" means:
- 15 (a) the federal adjusted gross income excluding capital and income losses of an applicant and the
- 16 applicant's spouse as calculated on the Montana income tax return for the prior year;
- 17 (b) for assistance under 15-6-311, the federal adjusted gross income excluding capital and income
- 18 losses of an applicant as calculated on the Montana income tax return for the prior tax year; or
- 19 (c) for an applicant who is not required to file a Montana income tax return, the income determined
- 20 using available income information.
- 21 (7) "Qualifying property" means a primary residence that a qualified applicant owned and occupied
- 22 for at least 7 months during the tax year.
- 23 (8) "Residential real property" means the land and improvements of a taxpayer's primary
- 24 residence."

25

26 **Section 2.** Section 15-6-302, MCA, is amended to read:

27 **"15-6-302. Property tax assistance -- rulemaking.** (1) The requirements of this section must be met

28 for a taxpayer to qualify for property tax assistance under 15-6-305 or 15-6-311.

1           (2)     For the property tax assistance programs provided for in 15-6-305 and 15-6-311, the residential  
2 real property must be owned by the applicant or under contract for deed and be the primary residence as  
3 defined in 15-6-301. The department shall make rules specifying the indicators used for determining whether a  
4 residence is a primary residence for purposes of property tax assistance programs.

5           (3)     An applicant's qualifying income, as defined in 15-6-301, may not exceed the threshold  
6 established in 15-6-305 ~~or 15-6-311~~ or in rules established pursuant to ~~those sections~~ that section.

7           (4)     (a) A claim for assistance must be submitted on a form prescribed by the department.

8           (b)     The form must contain:

9           (i)     the qualifying income of the applicant and the applicant's spouse;

10          (ii)    an affirmation that the applicant owns and maintains the land and improvements as the primary  
11 residence as defined in 15-6-301;

12          (iii)   the social security number of the applicant and of the applicant's spouse; and

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

14          (5)     (a) An application must be filed by April 15 of the year for which assistance is first claimed.

15          (b)     Once assistance is approved, the applicant remains eligible for property tax assistance in  
16 subsequent years through the annual verification process defined in 15-6-301 without the need to reapply.

17          (c)     A taxpayer shall inform the department of any change in eligibility occurring from one year to  
18 the next.

19          (6)     The department may verify an applicant's and an applicant's spouse's social security number  
20 and benefits with the social security administration and the U.S. department of veterans affairs.

21          (7)     The department must annually verify an applicant's eligibility, including the applicant's and  
22 spouse's income, and approve, renew, or deny benefits for the current year based ~~upon~~ on the findings.

23          (8)     (a) When providing information for property tax assistance under 15-6-305 or 15-6-311,  
24 applicants are subject to the false swearing penalties established in 45-7-202.

25          (b)     The department may investigate the information provided in an application and an applicant's  
26 continued eligibility.

27          (c)     The department may request applicant verification of the primary residence.

28          (9)     The department may address unusual circumstances of ownership and income that arise in

1 administering taxpayer assistance programs provided for in 15-6-305 and 15-6-311.

2 (10) A temporary stay in a nursing home or similar facility does not change a taxpayer's primary  
3 residence for the purposes of taxpayer assistance programs provided for in 15-6-305 and 15-6-311.

4 (11) The department shall award property assistance under the property tax assistance program  
5 that provides the greatest benefit to the taxpayer by reviewing applications and eligibility requirements, and  
6 notify the applicant of the department's decision."  
7

8 **Section 3.** Section 15-6-311, MCA, is amended to read:

9 **"15-6-311. Disabled veteran program.** (1) The residential real property of a qualified veteran or a  
10 qualified veteran's spouse is eligible to receive a tax rate reduction as provided in 15-6-302 and this section.

11 (2) Property qualifying under subsection (1) and owned by a qualified veteran is taxed at the rate  
12 provided in 15-6-134 multiplied by a percentage figure based on the applicant's qualifying income and disability  
13 rating determined 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%

<u>Income - Single Person</u>	<u>Income - Married Couple or</u> <u>Head of Household</u>	<u>Percentage</u> <u>Multiplier - 100%</u> <u>Disabled</u>	<u>Percentage</u> <u>Multiplier - 60% to</u> <u>80% OR 90%</u> <u>Disabled</u>
<u>\$0 - \$37,404</u>	<u>\$0 - \$44,885</u>	<u>0%</u>	<u>50%</u>
<u>\$37,405 - \$41,145</u>	<u>\$44,886 - \$48,626</u>	<u>20%</u>	<u>60%</u>
<u>\$41,146 - \$44,885</u>	<u>\$48,627 - \$52,366</u>	<u>30%</u>	<u>65%</u>

<del>\$44,886 or more to</del>	<del>\$52,367 or more to \$150,000</del>	50%	70%
<del>\$150,000 - \$60,000</del>	<del>- \$75,000</del>		

1  
2 (3) For a surviving spouse who owns property qualifying under subsection (4), the property is  
3 taxed at the rate established by 15-6-134 multiplied by a percentage figure based on the spouse's qualifying  
4 income and the veteran's disability rating determined from the following table:

Income	Percentage
Surviving Spouse	Multiplier
<del>\$0 - \$31,170</del>	0%
<del>\$31,171 - \$34,911</del>	20%
<del>\$34,912 - \$38,651</del>	30%
<del>\$38,652 - \$42,392</del>	50%

<u>Income - Surviving Spouse</u>	<u>Percentage Multiplier -</u> <u>100% Disabled</u>	<u>Percentage Multiplier -</u> <u>60% to 80% OR 90%</u> <u>Disabled</u>
<u>\$0 - \$31,170</u>	<u>0%</u>	<u>50%</u>
<u>\$31,171 - \$34,911</u>	<u>20%</u>	<u>60%</u>
<u>\$34,912 - \$38,651</u>	<u>30%</u>	<u>65%</u>
<u><del>\$38,652 or more to \$150,000 -</del></u> <u>\$60,000</u>	<u>50%</u>	<u>70%</u>

5  
6 (4) The property tax exemption under this section remains in effect as long as the qualifying  
7 income requirements are met and the property is the primary residence owned and occupied by the veteran or,  
8 if the veteran is deceased, by the veteran's spouse and the spouse:

- 9 (a) is the owner and occupant of the house;  
10 (b) is unmarried; and  
11 (c) has obtained from the U.S. department of veterans affairs a letter indicating that the veteran  
12 was rated ~~100% 60% 80%~~ disabled or higher or was paid at the ~~100% 60% 80%~~ disabled rate or higher by the

1 U.S. department of veterans affairs for a service-connected disability at the time of death or that the veteran  
2 died while on active duty or as a result of a service-connected disability.

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

7  
8 COORDINATION SECTION. SECTION 4. COORDINATION INSTRUCTION. IF BOTH HOUSE BILL NO. 189 AND  
9 [THIS ACT] ARE PASSED AND APPROVED AND IF BOTH CONTAIN A SECTION THAT AMENDS 15-6-311, THEN THE SECTIONS  
10 AMENDING 15-6-311 ARE VOID AND 15-6-311 MUST BE AMENDED AS FOLLOWS:

11 "**15-6-311. Disabled veteran program.** (1) The residential real property of a qualified veteran or a  
12 qualified veteran's spouse is eligible to receive a tax rate reduction as provided in 15-6-302 and this section.

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

<u>Income</u>	<u>Income</u>	<u>Percentage</u>	
<u>Single Person</u>	<u>Married Couple</u>	<u>Multiplier</u>	
	<u>Head of Household</u>		
<del>\$0 - \$37,404</del>	<del>\$0 - \$44,885</del>	0%	
<del>\$37,405 - \$41,145</del>	<del>\$44,886 - \$48,626</del>	20%	
<del>\$41,146 - \$44,885</del>	<del>\$48,627 - \$52,366</del>	30%	
<del>\$44,886 - \$48,626</del>	<del>\$52,367 - \$56,107</del>	50%	
<u>Income - Single Person</u>	<u>Income - Married Couple or</u>	<u>Percentage</u>	<u>Percentage</u>
	<u>Head of Household</u>	<u>Multiplier - 100%</u>	<u>Multiplier - 80% or</u>
		<u>Disabled</u>	<u>90% Disabled</u>
<u>\$0 - \$45,803</u>	<u>\$0 - \$54,963</u>	<u>0%</u>	<u>50%</u>
<u>\$45-804 - \$50,384</u>	<u>\$54,964 - \$59,544</u>	<u>20%</u>	<u>60%</u>

<u>\$50,385 - \$54,963</u>	<u>\$59,545 - \$64,124</u>	<u>30%</u>	<u>65%</u>
<u>\$54,964 - \$73,470</u>	<u>\$64,125 - \$91,838</u>	<u>50%</u>	<u>70%</u>

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

<u>Income</u>	<u>Percentage</u>	
<u>Surviving Spouse</u>	<u>Multiplier</u>	
<del>\$0 - \$31,170</del>	<del>0%</del>	
<del>\$31,171 - \$34,911</del>	<del>20%</del>	
<del>\$34,912 - \$38,651</del>	<del>30%</del>	
<del>\$38,652 - \$42,392</del>	<del>50%</del>	
<u>Income - Surviving Spouse</u>	<u>Percentage Multiplier - 100%</u>	<u>Percentage Multiplier - 80%</u>
	<u>Disabled</u>	<u>or 90% Disabled</u>
<u>\$0 - \$38,169</u>	<u>0%</u>	<u>50%</u>
<u>\$38,170 - \$42,750</u>	<u>20%</u>	<u>60%</u>
<u>\$42,751 - \$47,330</u>	<u>30%</u>	<u>65%</u>
<u>\$47,331 - \$73,470</u>	<u>50%</u>	<u>70%</u>

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

- 7           (a)     is the owner and occupant of the house;
- 8           (b)     is unmarried; and
- 9           (c)     has obtained from the U.S. department of veterans affairs a letter indicating that the veteran  
10 was rated ~~400%~~ 80% disabled or higher or was paid at the ~~400%~~ 80% disabled rate or higher by the U.S.  
11 department of veterans affairs for a service-connected disability at the time of death or that the veteran died  
12 while on active duty or as a result of a service-connected disability.

13           (5)     The qualifying income levels contained in subsections (2) and (3) must be adjusted annually by

1 using the PCE inflation factor defined in 15-6-301, rounded to the nearest whole dollar amount. If the  
2 adjustment results in a decrease in qualifying income levels from the previous year, the qualifying income levels  
3 must remain the same for that year."

4

5 NEW SECTION. Section 5. Effective date. [This act] is effective on passage and approval.

6

7 NEW SECTION. Section 5. — Retroactive applicability. [This act] applies retroactively, within the  
8 meaning of 1-2-109, to property tax years beginning on January 1, 2023.

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10 NEW SECTION. Section 6. APPLICABILITY. [THIS ACT] APPLIES TO PROPERTY TAX YEARS BEGINNING  
11 AFTER DECEMBER 31, 2023.

12

- END -