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## Local Government Interim Committee

69th Montana Legislature

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JOLANDA SONGER, Secretary

November 20, 2025

The Honorable Steven R. Daines, U.S. Senator  
320 Hart Senate Office Building  
Washington, D.C. 205120-2604

The Honorable Ryan Zinke, Congressman  
512 Cannon House Office Building  
Washington, D.C. 20515-2601

The Honorable Tim Sheehy, U.S. Senator  
G55 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Troy Downing, Congressman  
1529 Longworth House Office Building  
Washington, D.C. 20515

Dear Montana Federal Delegation,

As state legislators serving on the local government committees, we are especially in tune with Montana's ongoing high-cost of housing crisis. We are writing to urge you to support long-needed reforms to the capital gains exclusion on home sales. The current limits—\$250,000 for single filers and \$500,000 for married couples—were established in the late 1990s and have not been updated to reflect nearly three decades of home-price appreciation.

Many longtime homeowners—particularly older Montanans living on fixed incomes—now face steep tax penalties if they consider selling a home they have lived in for decades. These are not luxury properties; in many Montana communities, even modest homes have appreciated far beyond the original exclusion thresholds. As a result, people are financially trapped in homes that may be too large, difficult to maintain or afford, or no longer compatible with their health or lifestyle.

This has ripple effects throughout the state. When older Montanans cannot afford to downsize or relocate, fewer homes become available for young families looking for their first house, for workers moving into the state, and for residents trying to remain in their own communities despite rising prices. In a market as supply-constrained as Montana's, this bottleneck worsens affordability challenges and slows normal housing turnover.

Updating these exclusion thresholds would help restore fairness and functionality to the tax code. As Montana Legislators, we respectfully urge you to consider the following reforms:

- **Update the exclusion amounts** so that they reflect current home price, including those rapidly growing and appreciating states like Montana.
- **Index the thresholds to inflation or home-price growth** to prevent them from becoming outdated again and to better reflect the intent of the law.

- **Ensure reforms benefit middle-income homeowners**, who make up the backbone of Montana's economy and are severely impacted by the cost of high housing in Montana.

Updating the exclusion cap would help older Montanans right-size their housing without facing punitive tax penalties. It would also free up much-needed housing stock for families, workers, and first-time buyers—supporting healthier Montana communities and a more functional housing market statewide.

Thank you for your time, attention, and service. We hope you will prioritize these reforms and look forward to hearing from your offices.

Sincerely,

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Senator Forrest Mandeville  
Local Government Interim Committee Presiding Officer

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