

2025
LEGISLATURE
PROPERTY TAX
ACTION

BOB STORY

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2025 LEGISLATURE PROPERTY TAX ACTION

What caused the 2025 Legislature to change the property tax system

What were the changes

What are the long-term effects of the changes

What caused
the Legislature
to change the
property tax
system?

- Reappraisal of residential and commercial property in 2023
- 2023 Legislature not addressing increasing values
- Tax increases for homeowners in double digits
- 2025 reappraisal showing continued value increase in residential property
- Concern of another round of property tax increase for homeowners

Actions leading up to 2025 Legislature

- Governor appoints property tax task force
- Task Force told to develop a plan to provide homeowner property tax relief
- Task Force instructed to not look at sales tax for revenue
- Task Force develops a plan to lower taxes on owner-occupied residences and long-term rentals
- Task Force recommends raising taxes on short-term rentals, second homes, and large commercial property to offset tax cuts

Actions leading up to 2025 Legislature

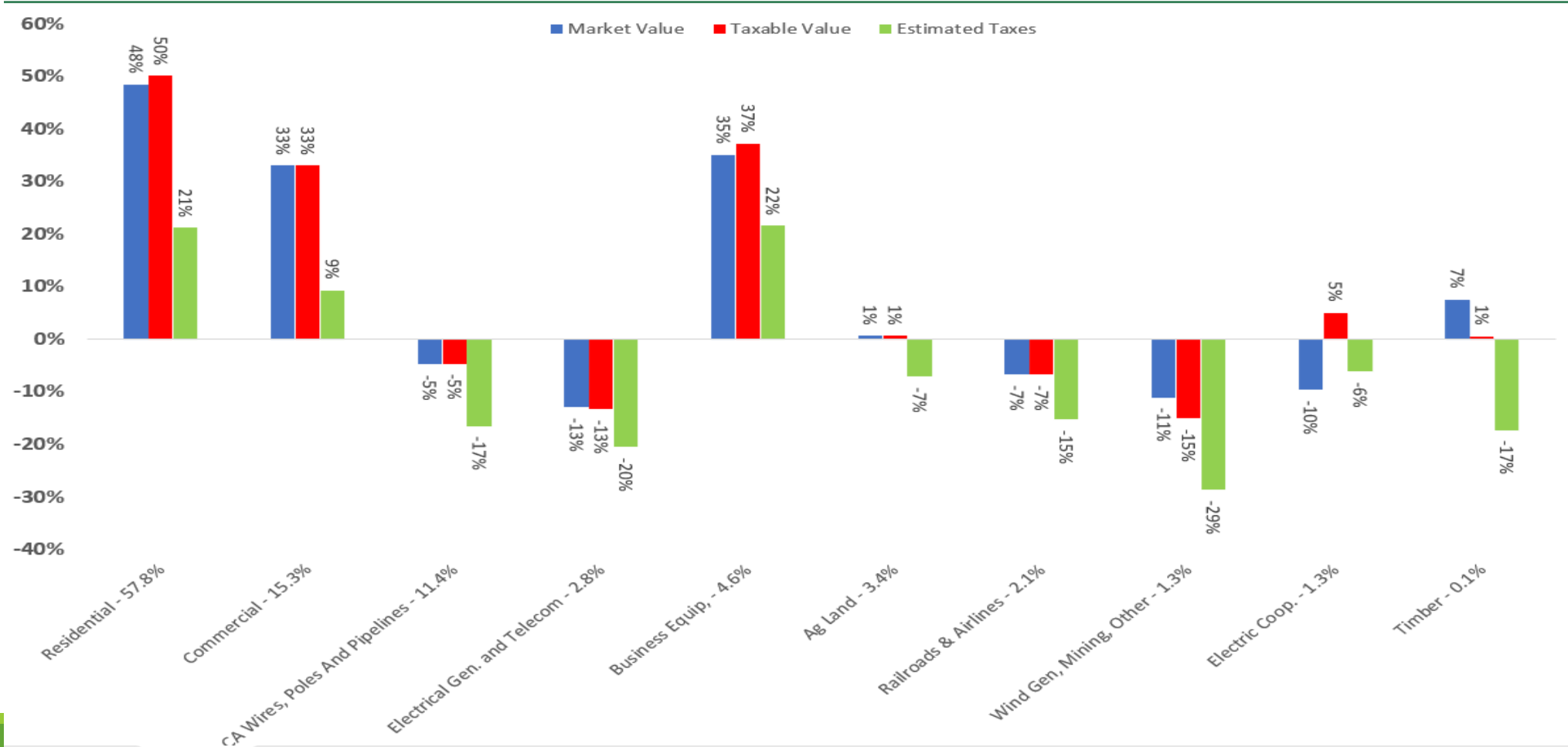
- Legislators and caucuses develop other legislation to address reappraisal
- Recommendations from Governor's task force developed into HB 231
- Revenue Interim Committee receives projections of impacts of 2025 reappraisal
- Many Legislators run on the promise to “fix” the property tax system.

Residential Change in Market Value



2023 REAPPRAISAL

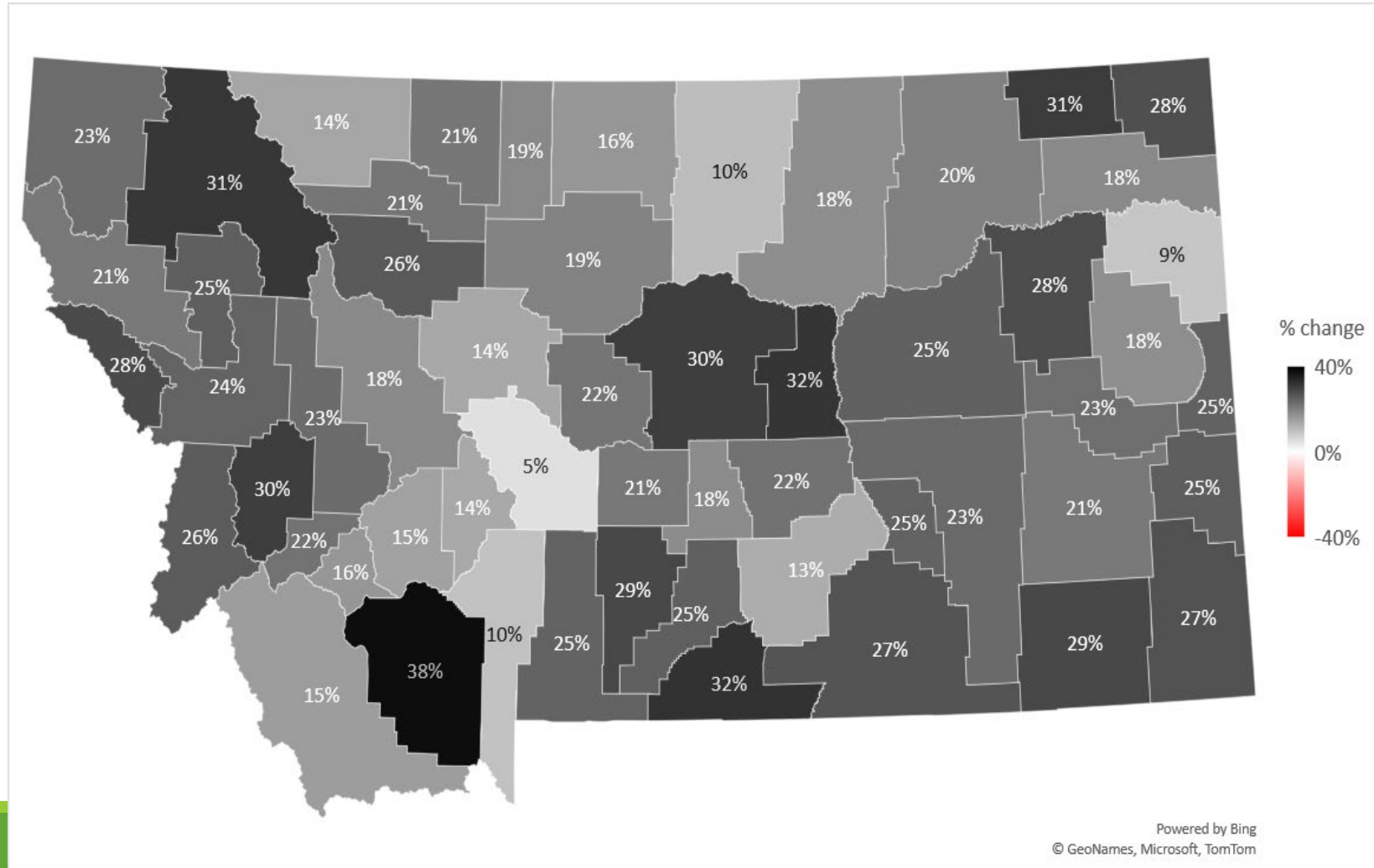
Percent Change in Montana Property, 2022 - 2023
Market Value, Taxable Value, and Taxes Paid, By Class



MILL LEVY ADJUSTMENTS 2023

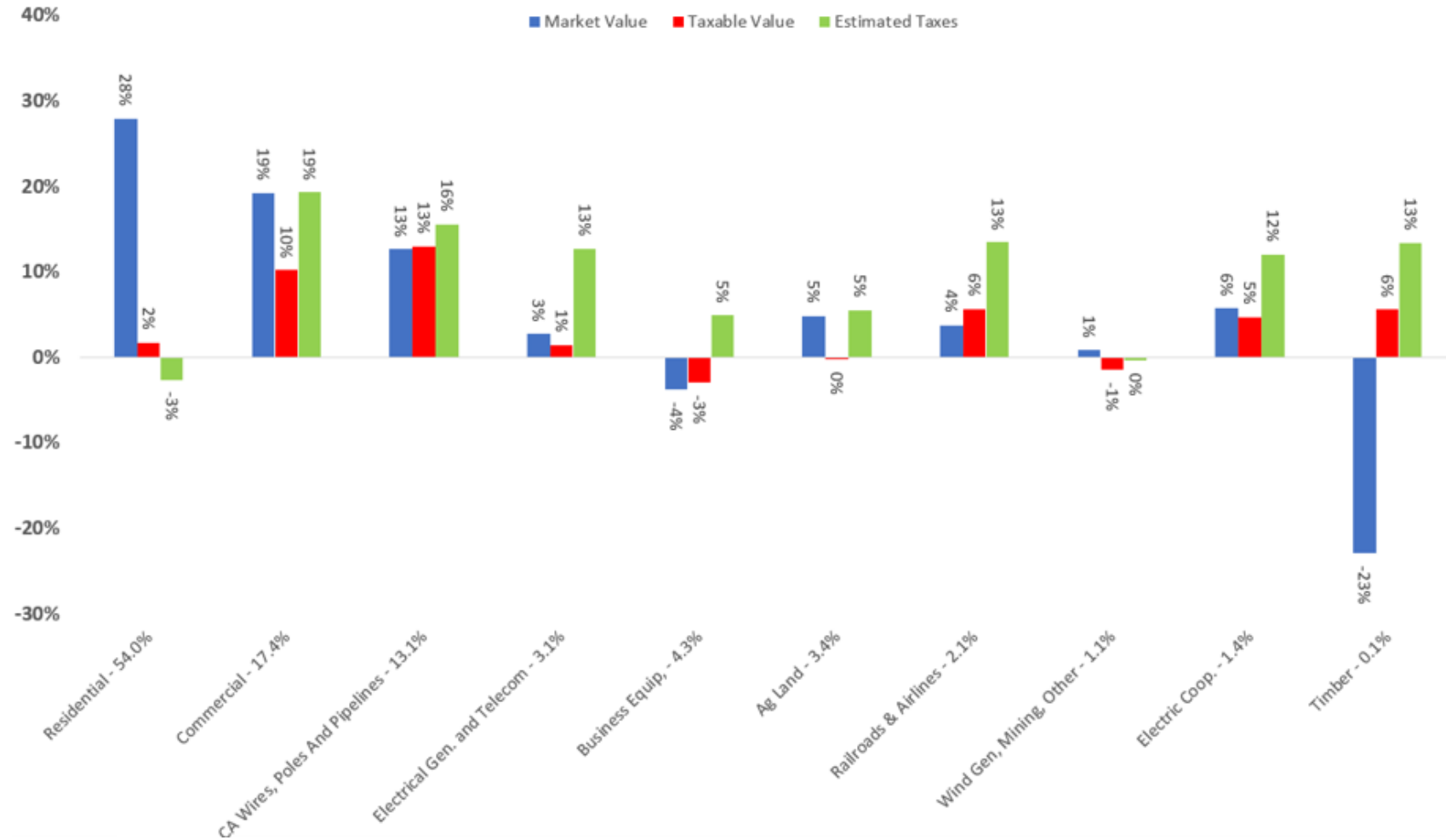
County	2022 mill levy	2023 mill levy	Difference
Beaverhead	169.01	133.87	-35.14
Custer	245.75	233.71	-12.04
Daniels	253.4	253.85	0.45
Flathead	134.59	97.06	-37.53
Gallatin	114.43	88.89	-25.54
Lake	156.13	115.46	-40.67
Missoula	232.57	194.01	-38.56
Toole	283.66	297.27	13.61
Yellowstone	170.03	152.07	-17.96

2025 REAPPRAISAL



2025 REAPPRAISAL

Percent Change in Montana Property, 2024 - 2025 Market Value, Taxable Value, and Taxes Paid, By Class



2025 Legislature Property Tax Changes

PROPOSED LEGISLATION

HB 231—Modeled after the Governor's Task Force recommendations

- Lowered tax rate on owner-occupied residences and long-term rentals from 1.35% to 1.1%
- Raised tax rate on short-term rentals and second homes to 1.9%
- Split tax rate on commercial property
 - Small commercial dropped from 1.89% to 1.5%
 - Large commercial rate increased from 1.89% to 2.1%

2025 Legislature Property Tax Changes

PROPOSED LEGISLATION

HB 155—Democrat Caucus Proposal

- Exempted \$50,000 of residential value from taxation
- Exempted \$200,000 of commercial property value.
- Set seven levels of tax rates for residential property from 0% to 2%
- Left tax rate on commercial property at 1.89%

2025 Legislature Property Tax Changes

PROPOSED LEGISLATION

HB 528

- Lowered tax rate on all residential property from 1.35% to .76%
- Lowered tax rate on all commercial property from 1.89% to 1.35%
- Lowered tax rate on ag. land from 2.16% to 1.70%

SB 98

- Created a rebate program at county level for owner-occupied residences
- Paid for rebate by diverting a variety of State revenue sources

PROPOSED LEGISLATION



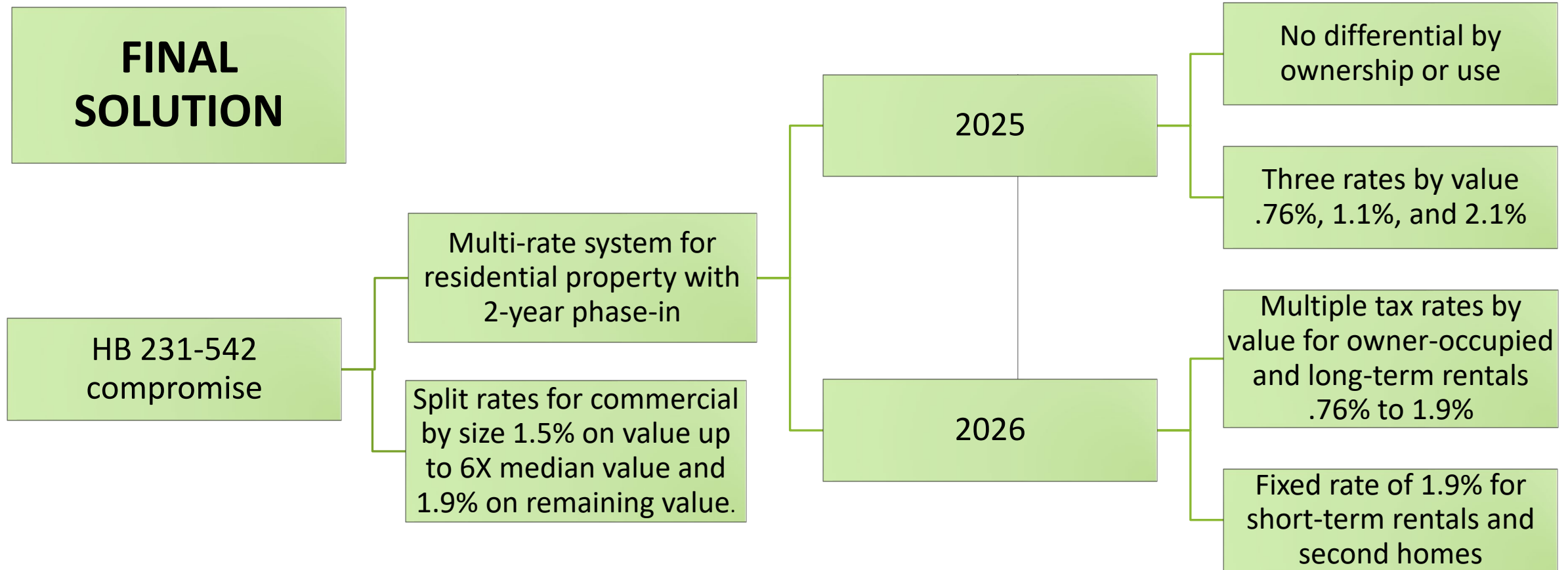
SB 542—Freeze Property values for 2 years

SB 117—Revised growth limitations on local governments

SB 32—Replaced the current system of 16 classes with varying rates to a single tax rate system.

2025 LEGISLATURE PROPERTY TAX CHANGES

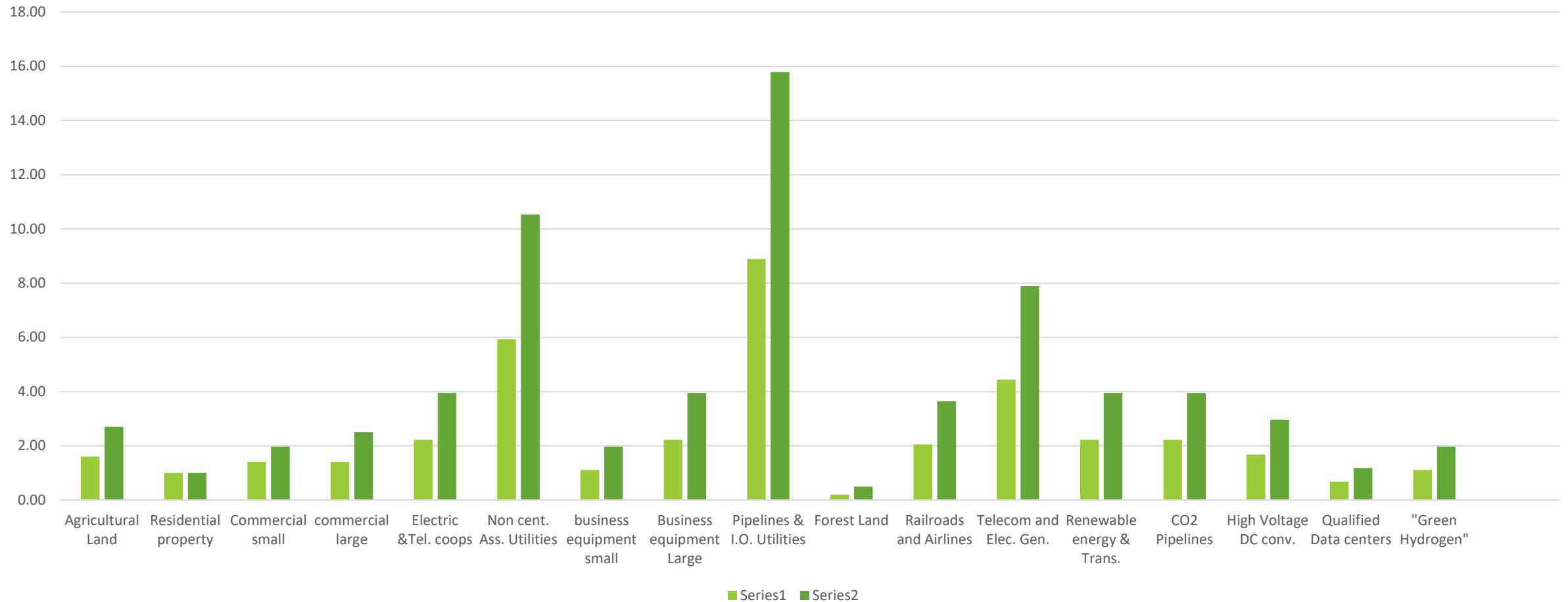
2025 LEGISLATURE PROPERTY TAX CHANGES



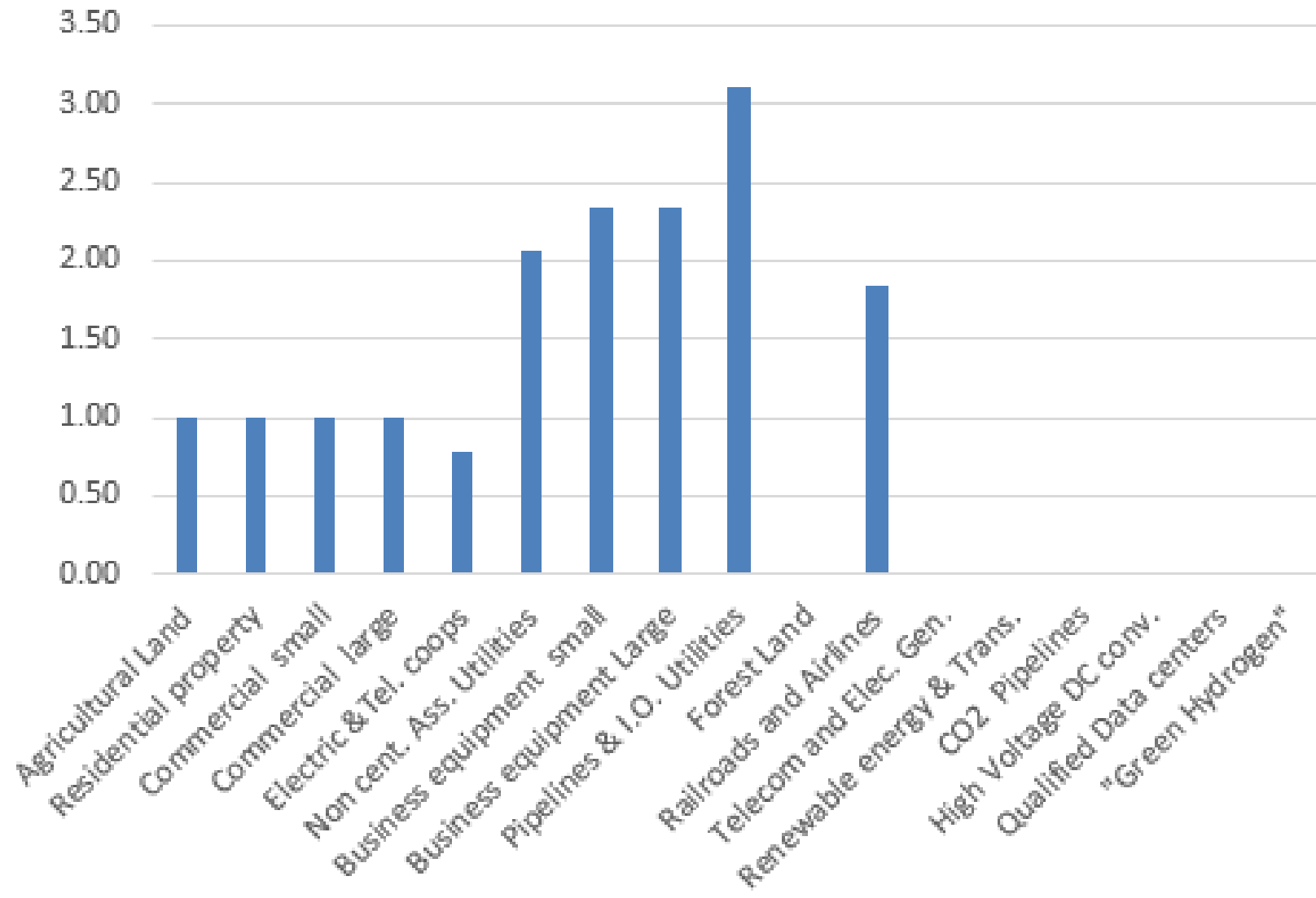
Long-term Effects of 2025 Property Tax Legislation

- Created a more complex residential and commercial system
- Created a Progressive Residential and Commercial property tax system
- Doubled the comparative tax rates for most classes compared to residential property
- Increases the share of future mill levy increases for all classes of property compared to owner-occupied residential property

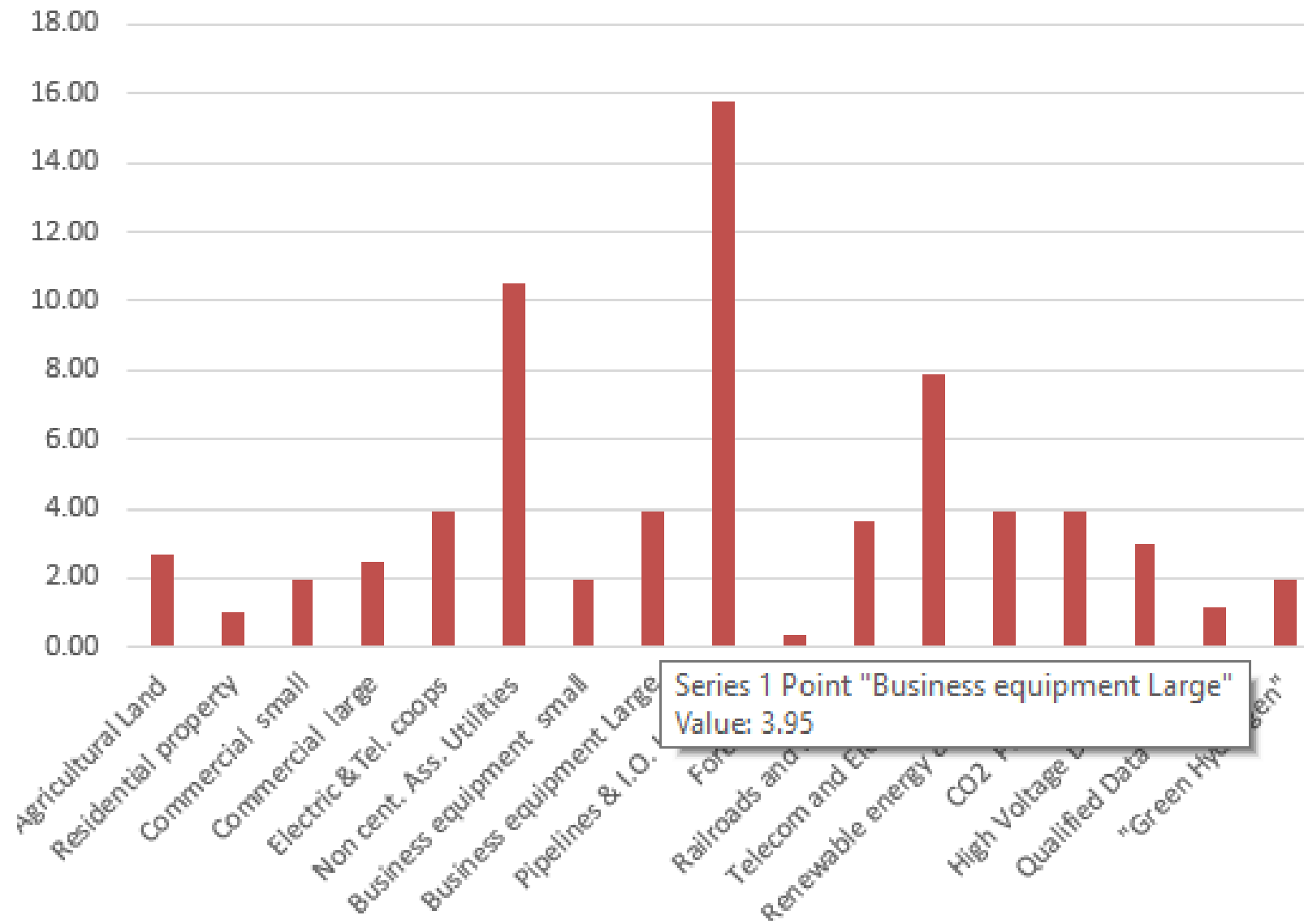
Tax rates 2024 and 2026 compared to residential



Tax rate multiple of Class 4 Residential 1996



Tax rate multiple of Class 4 Residential 2026



STATUTORY TAX RATES OVER TIME

