Property Tax: 2025 Legislative Changes

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Lunch and Learn

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MONTANA LEGISLATURE

LEGISLATIVE FISCAL DIVISION

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Two Bills Change Rates

- SB 542: many of the changes
- HB 231: coordination amends SB 542

- HB 231 & SB 542: Property Tax Changes Summary

Tax Rate Changes Overview

2025

All residential property: tiered rate, lower value taxed at lower rate

Principal residences: $400 rebate

Commercial property: lower rate for first $400,000

Agricultural land: rate reduction

2026

Principal residences: tax rate reductions for most

Non-principal residences: higher, flat rate

Commercial property: lower rate for < 6 times median

Agricultural land: 2025 rate continues

Residential Tax Rates

	Property Type/Value	Tax Rate
2026 and later	Default rate	1.90%
	Principal residence or long-term rental	
	≤ median ($378,000)	0.76%
	>median to <2 times median ($378,001 to $756,000)	0.90%
	2 times median to <4 times median ($756,001 to $1,511,999)	1.10%
	4 times median or greater ($1,512,000)	1.90%
	Rental multifamily dwelling w/ qualified long-term rentals	1.10%
	Residence on qualified agricultural property	1.35%
2025	First $400,000	0.76%
	>$400,000 to $1.5 million	1.10%
	>$1.5 million	2.20%
	Rental multifamily dwelling >$2 million	Max. rate 1.89%
2024	All land, dwelling: first $1.5 million	1.35%
	Dwelling: > $1.5 million	1.89%

Commercial Tax Rates

	Property Value	Tax Rate
2026 and later	Less than 6 times median (<$2,274,000)	1.50%
	6 times median or greater (≥$2,274,000)	1.90%
2025	$400,000 or less	1.40%
	Greater than $400,000	1.89%
2024	All	1.89%

Agricultural Tax Rates

	Qualified agricultural land	Non-qualified agricultural land
2025/2026	2.05%	14.35%
2024	2.16%	15.12%

Locals Must Recalculate Fixed Mills

2025

Set mills to raise 2024 revenue

2026

Other fixed mill levy

2025 mills are new max

Charter

or

Convert to dollar-based levy subject to 15-10-420

An example: How homestead qualification shifts a tax bill

A house in central Bozeman

$610,500 Market Value

QUALIFIED

Taxed at lower Homestead/ Long-Term Rental rates

$4,965

2026 Taxable Value

NOT QUALIFIED

Taxed at second-home/ vacation rental rates

$11,600

2026 Taxable Value

x 509.79 mills

(1 mill = $1 tax per $1,000 taxable value)

$2,531

Estimated 2026 tax bill

$5,913

Estimated 2026 tax bill

MONTANA LEGISLATURE

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How the Taxable Value conversion math works

$610,500
Market Value

Residential taxable value with **homestead rate bracket**

1st $378,000* of value converted at **0.76%**
($378k x 0.76% = $2,873 taxable value)

+ **2nd $378,000*** of value at **0.9%**
(Remaining $232,500 x 0.9% = $2,092)

+ **Next $756,000**** of value at **1.1%**
($0 for $610k example)

+ **Any remaining** value at **1.9%**
($0 for $610k example)

= $4,965
Taxable Value

Residential taxable value at **non-homestead rate**

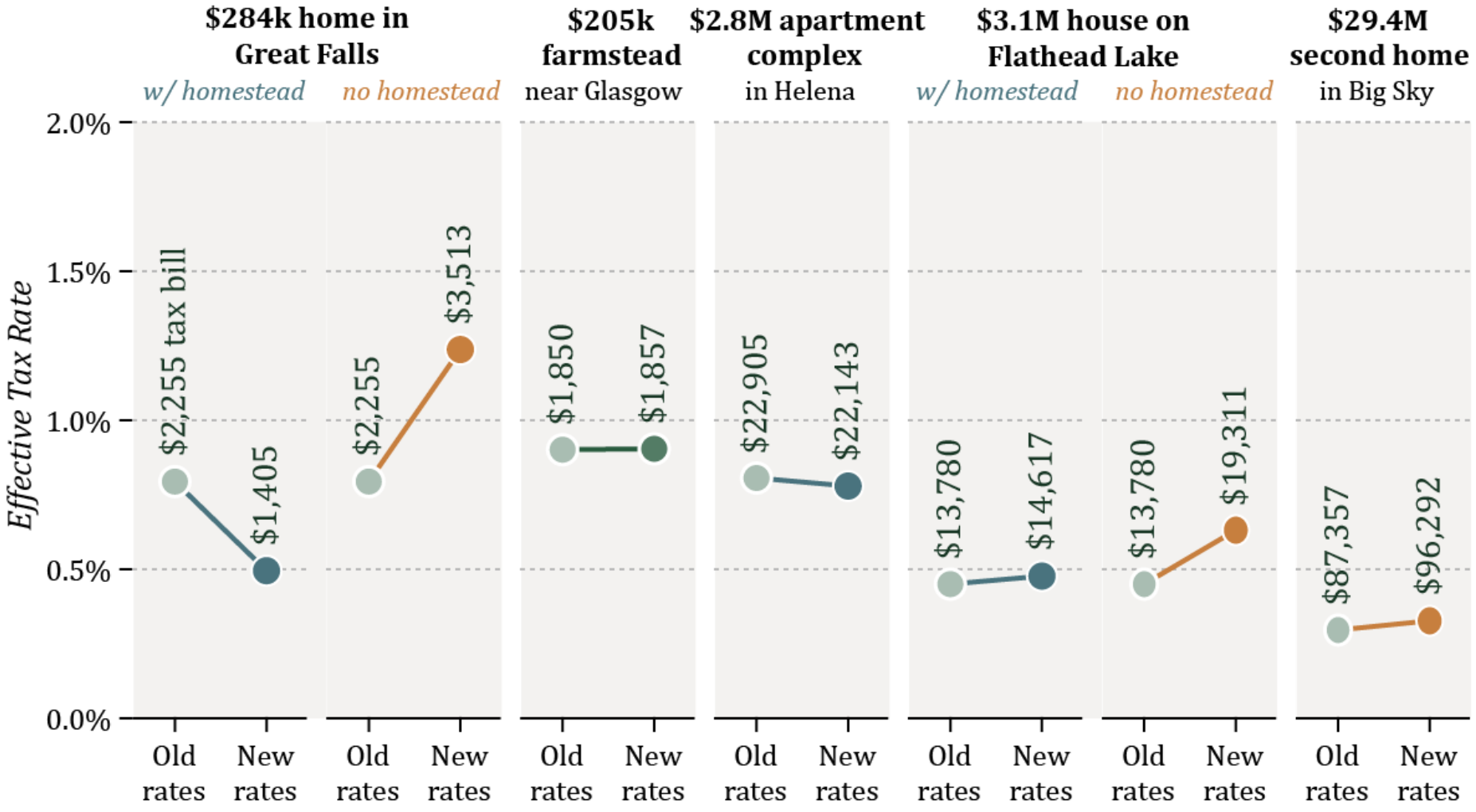
All market value is converted to taxable value at a higher rate

All $610,500 at 1.9%

= $11,600
Taxable Value

**Statewide median residential value; **2x statewide median*

Estimated 2026 tax bills with and without rate changes adopted in 2025



Source: Legislative Fiscal Division analysis of Montana Dept. of Revenue property tax data.

All non-exempt Residential Property

Rate	Assessed Value	Taxable Value	Count
Primary Residence	$ 133,993,373,903	1,105,153,051	267,124
Long-Term Rental	$ 23,685,503,677	227,697,791	42,434
Agriculture-Related	$ 7,035,717,872	94,982,298	28,220
Other (Default 1.9% rate)	$ 103,708,357,797	1,968,908,980	230,827

Residential property **with a residential structure**

Rate		Assessed Value	Taxable Value	Count
Primary Residence	$	133,723,336,304	1,103,193,305	265,146
Long-Term Rental	$	23,559,978,876	226,582,196	41,643
Agriculture-Related	$	7,035,717,872	94,982,298	28,220
Other (Default 1.9% rate)	$	93,377,595,486	1,772,624,197	163,644