Property Tax 201

June 2026
Legislative Days

Eric Dietrich and Kurt Swimley, LFD
Megan Moore, LSD

MONTANA LEGISLATURE

LEGISLATIVE SERVICES DIVISION

Topics

- Impacts of 2026 tax rate changes
- Tax shifts
- Maximum levy calculation
- Fixed mill recalculation
- Voted levy changes

SB 542/HB 231 tax rate changes

2024
Longtime rates, e.g., 1.35% for most residential

→

2025
Interim rates

→

2026
New rates with homestead/ non-homestead distinction

Residential Property 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%

An example: How homestead qualification shifts a tax bill

A house in central Bozeman

$610,500 Market Value

QUALIFIED	NOT QUALIFIED
Taxed at lower Homestead/ Long-Term Rental rates	*Taxed at second-home/ vacation rental rates*
$4,965 2026 Taxable Value	**$11,600** 2026 Taxable Value
$2,531 Estimated 2026 tax bill	**$5,913** Estimated 2026 tax bill

x 509.79 mills

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

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**

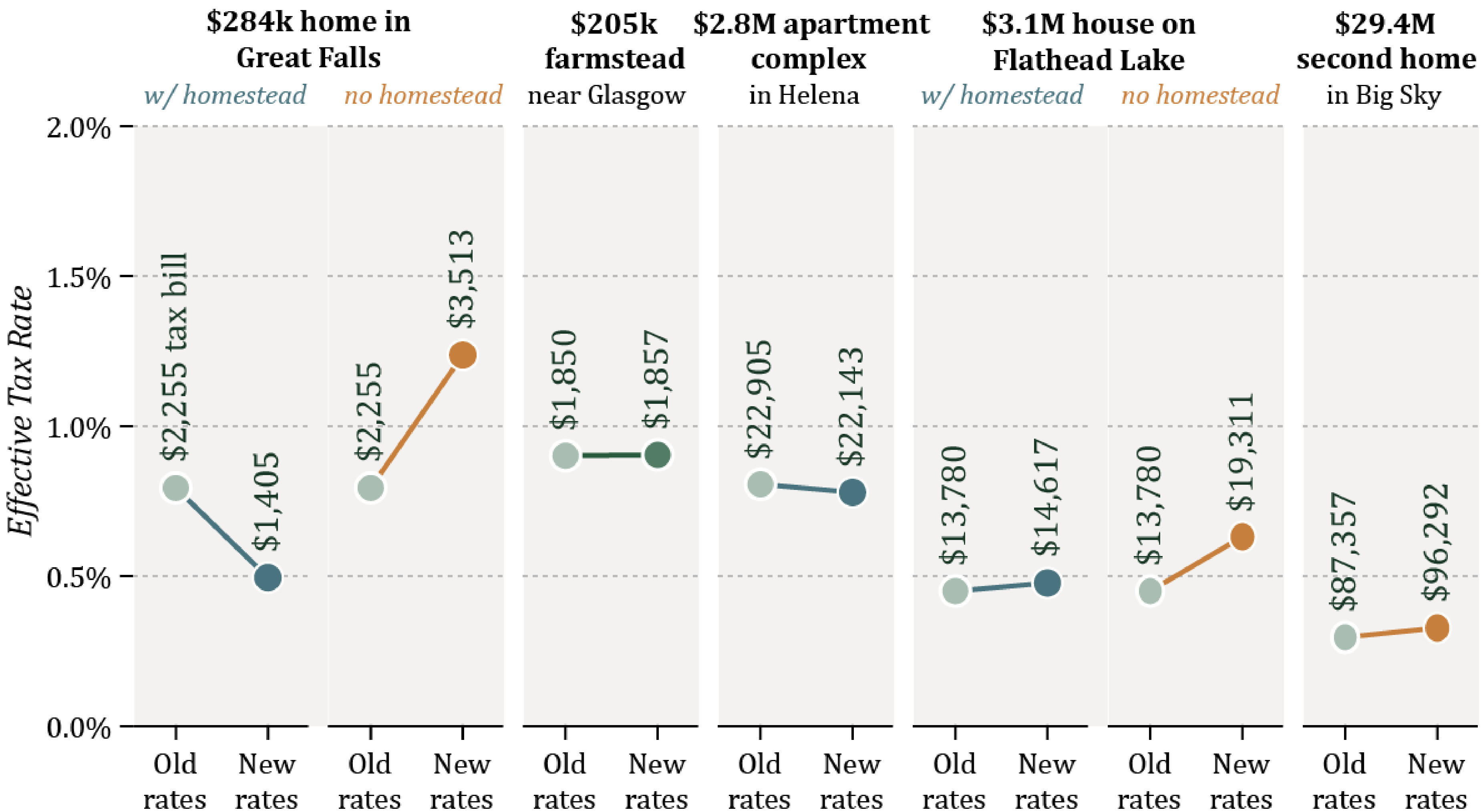
All market value is converted to taxable value at a higher rate

All $610,500 at 1.9%

= **$11,600**
Taxable Value

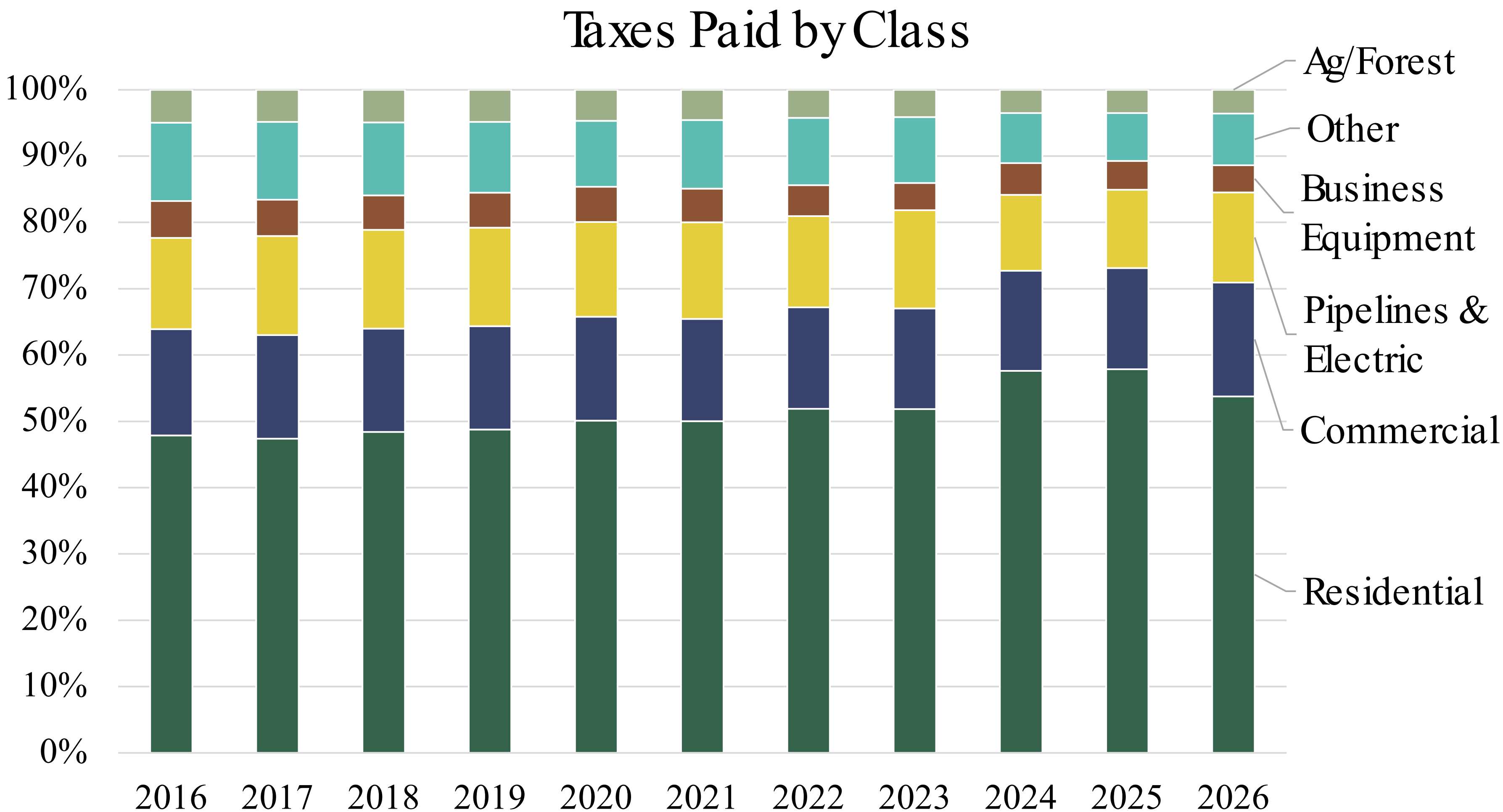
**Statewide median residential value; **2x statewide median*

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.

Tax Shift


Taxes Paid by Class
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
Ag/Forest
Other
Business Equipment
Pipelines & Electric
Commercial
Residential

2025 Legislation Impacts Local Levy Calculations

MAX LEVY CALCULATION

FIXED MILL RECALCULATION

NEW VOTED LEVY FORMAT

15-10-420: Maximum Levy

Overview

- Applies to city, counties, special districts
  - Not schools
- Max allowable levy without a vote
- Annual adjustment

2025 Changes

- Full inflation, 4% max
- Limits to newly taxable
- No longer applies to 95 mills and 1.5 mills

Overview of Calculation

- Determine authorized revenue
- Use taxable value to calculate maximum authorized levy
- Decision: Governing body sets levy
- Levy applies to all taxable property

CALCULATING THE MAXIMUM PROPERTY TAX MILL LEVY ACCCORDING TO 15-10-420, MCA

Applies to most levies of a city, county, or special district. Does not apply to school district, county school, state school, or state university levies.

<u>Newly taxable property</u> allowable amounts: 75% of class four; 40% of non-class one, class two, and class four (or 50% with large taxpayer reserve account); 100% of new or expanding industry, historic, and class eight abatements

<u>STEP</u>

1 DETERMINE AMOUNT OF AUTHORIZED PROPERTY TAX REVENUE

Prior Year Property Tax Amount x (<u>Inflation Rate</u>)

<u>Inflation Rate</u> = 3 year average Consumer Price Index, Max. 4%

2 DETERMINE ADJUSTED TAXABLE VALUE FOR JURISDICTION PER MILL

Current Year Taxable Value - (<u>Newly Taxable Property</u> + Total <u>TIFs</u> + <u>Proceed Taxes</u>)
÷ 1000

<u>TIFs</u> = Total incremental taxable value of TIFs

<u>Proceed Taxes</u> = gross, net taxes on metal and coal mines

3 CALCULATE CURRENT YEAR MAXIMUM AUTHORIZED MILL LEVY

AUTHORIZED PROPERTY TAX (step 1) ÷ ADJUSTED TAXABLE VALUE PER MILL (step 2) + Prior Year Carryover

Carryover Mills from Earlier Year

4 <u>DECISION</u>

Set Mill Levy

Max Authorized or Carryover Mills to Future Year?

5 DETERMINE TOTAL ASSESSED PROPERTY TAX REVENUE

ADOPTED MILL LEVY (step 4) x (Current Year Taxable Value - <u>Total TIFs</u>)

6 DETERMINE AMOUNT OF CARRYFOWARD MILL LEVY (IF ANY)

MAXIMUM AUTHORIZED MILL LEVY (step 3) - ADOPTED MILL LEVY (step 4)

Carryover Mills to Future Year

June 2026
Questions about this infographic?
Contact Megan Moore, Research Analyst
(406) 444-4496 | megan.moore@legmt.gov

MONTANA LEGISLATURE OFFICE OF RESEARCH & POLICY ANALYSIS

MONTANA LEGISLATURE

LEGISLATIVE SERVICES DIVISION

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

Voted Levies: Dollars Only

Ballot may subject levy to 15-10-420

Authority to levy less than voted amount

Expressed as dollars not mills

Dollar-based levies may raise less

Levies voted after Oct. 1, 2025

Questions?

Megan.Moore@legmt.gov
406-444-4496

Kurt.Swimley@legmt.gov
406-444-5380

Eric.Dietrich@legmt.gov
406-444-2619