

Daily Interlake

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As conservative legislators from the Flathead, we went to Helena to fight for real property tax relief — relief that's fair, easy to understand. After all, your state government started this last legislative session with a yearly structural surplus balance of over half a billion dollars.

What passed during the session, in spite of ardent opposition by your conservative Flathead delegation, wasn't tax relief at all. It was a complicated tax shift that leaves too many Montanans paying more and getting less.

Your conservative Flathead delegation did have a simple plan for property tax relief: Take the tourist taxes, paid for by those that visit our state and use our infrastructure (i.e. hotel room tax, rental car tax, etc.) that are currently going to a bloated state general fund, and give it back to Montana residents, year after year in perpetuity, as a credit on their property tax bill.

However, Democrats and a handful of moderate Republicans thought it better to protect the state government surplus instead of delivering it back to you.

Let's be honest: This new property tax law, passed at the last minute by Democrats and a handful of moderate Republicans, doesn't cut property taxes at all. It just moves the bill around. The new law simply shifts the burden from one tax column to another and calls it reform. This year residential will get a break and business and ag will pay significantly more. In 2026, businesses get a break while residential boomerangs back up to the top. That's not relief — it's misdirection.

Worse, this new property tax law sends a troubling message to Montanans who are trying to plan for the future. If you work hard, buy a cabin and now rent it part-time to help pay it off, you're being punished — not because you're doing harm, but because you're not using your property the way Helena says you should. That's not a conservative value nor is it fair. It's the government telling you what you're allowed to do with what you've earned. Government favoring one use of your property over another and setting punitive tax rates.

This new property tax law hits Montana property owners, young families trying to invest in their future, and seniors trying to hold onto what they have. These aren't loopholes — it's how Montanans have always made ends meet: through saving, self-reliance, and using what they have. When this all shakes out in 2026, ag land, businesses and any part of your property that doesn't qualify for an exemption (outbuildings, etc.) will see significant tax increases. If you don't qualify, the Department of Revenue has estimated your property tax liability here in the Flathead will jump a whopping 67%.

We, the undersigned, are as angry as you. Your conservative Flathead delegation fought against this during the session, and we'll keep fighting for tax policy that respects Montana values. Values that Democrats and a handful of moderate Republicans don't seem to understand. And we'll keep working for real property tax relief — not games, not gimmicks, and not government overreach.

Sen. Matt Regier, Sen. Mark Noland, Rep. Terry Falk, Rep. Steve Kelly, Sen. John Fuller, Rep. Amy Regier, Rep. Braxton Mitchell, Sen. Carl Glimm, Rep. Ed Byrne, Rep. Tracy Sharp and Rep. Tom Millett.

The Montana homeowner property tax shell game

BY BILL LOMBARDI

Montana homeowners' property taxes were complicated before the 2025 Legislature convened in January.

Now they're, according to one state senator, the "most complicated" in the nation.

Yep, you read that right: More — not less — complicated. (With taxes, most people prefer less.)

To determine your residential property taxes, you'll now need a compass, protractor, sextant and slide rule to connect the dots to decipher what lawmakers did. And suppose you do unlock that Da Vinci Code: Then you'll need a lawyer and accountant to challenge your home's rising taxable value and tax liability, a cardiologist to place a stent to prop open your coronary artery and a priest to impose penance to absolve your state sins.

Welcome to this edition of the Homeowner Property Tax Shell Game, hosted by Gov. Greg Gianforte and most of your legislators, and led by the Pied Piper of Complicated Legislative Legerdemain, Rep. Llew Jones, the Conrad Republican who serves as de-facto director of much of the Republican and Democratic caucuses in the state House and Senate.

First, some background: In 2023, the Legislature and Gianforte raised the state portion of homeowners' property taxes by about \$219 million over two fiscal years. Then they proceeded to spend your hard-earned money.

Montanans expressed outrage, and county commissioners sued Gianforte over a state tax hike as he tried to blame elected county officials for raising state property taxes.

Democrats and Republicans waited until the very end of the 2025 Legislature to pass an even more complicated residential property tax system that requires more — not fewer — taxpayer dollars to hire new state employees to administer the program.

Yep, they cobbled together a more complicated tax system and added bureaucracy under a Republican administration.

Some lawmakers — Democrats and Republicans — have been crowing about this so-called residential property tax "relief." Don't believe them. It's a way of saying, "We picked lots of cash out of your pocket in 2023, passed complicated legislation this year that gives you some dough back, and raises taxes on select Montana homeowners."

Right-wing Republicans and some Democrats tried to call out the hypocrisy of the last-minute legislation, which includes rebates that don't necessarily pay you back for the built-in 2023 residential property tax hike.

The new law, meanwhile, creates a tiered tax-rate system for residential property that generally will result in urban homeowners in high-growth areas paying more property taxes in coming years. Families that own a second home, like a family cabin, will pay even more in property taxes (an estimated 68% more by 2026) because so-called "second homes" are exempt from "relief."

"The new law doesn't distinguish between family cabins owned by Montana residents and luxury real estate owned by out-of-state residents," the Montana Free Press noted.

The 2023 property tax hike socked homeowners while big corporations, railroads and utilities got tax breaks. Now, some lawmakers are complaining that some commercial and industrial businesses will see property tax hikes under the new system. But one lawmaker noted these business entities will just pass their tax increases on to consumers. (Utilities, for instance, didn't cut consumer rates when they got property tax breaks in 2023.)

Montana voters didn't think the 2025 Legislature addressed this issue well: In a May 2025 poll, 64% of Montanans told Middle Fork Strategies that lawmakers did "not well" in addressing property taxes; 25% said they did "well" — a negative 39-percentage point difference.

Couple that with the biennial reappraisals that raise your home's taxable value (national surveys rank Montana poorly in housing affordability). Consequently, the 2025 Legislature gets low marks in addressing that issue. To wit: 74% of Montana voters polled said legislators performed "not well" in addressing housing affordability; 14% said lawmakers did "well" — a negative 61-percentage point difference!

If lawmakers won't fix the complicated property tax system, citizens can act and pass a ballot initiative like the constitutional amendment (CI-130) being proposed by a former Bozeman legislator that would cap increases in residential property assessed valuations to 2% annually.

It's time for legislators to overhaul this complicated property tax system, bring it into the 21st century, and provide real tax relief to Montana homeowners. Leave code breaking to Da Vinci — or Morse.

Bill Lombardi lives in Seeley Lake.

Property tax relief measures a work in progress

BY MARK THANE

The 2023 Montana property tax appraisal notices and subsequent property tax bills sent shockwaves through the state. Homeowners saw appraised values skyrocket due to a shortage of available properties as a result of the influx of new residents spurred by the remote work phenomenon and the "Yellowstone effect."

As the Montana Legislature convened in January, the imperative communicated by constituents was to address the property tax issue.

Montana currently has 16 classes of property, each paying a different property tax rate. The 2023 appraisals shifted much of the burden onto residential property and away from the other classes of property as residential valuations increased significantly while the valuations in the other classes remained largely static.

In the 2025 legislative session, both political parties introduced legislation intended to address the problem.

The Republican proposal coming from the governor's property tax task force sought to solve the problem solely within the residential classification by lowering the tax rate on an individual's primary residence while making up the lost revenue through a tax increase on non-primary residences (second homes).

The Democrats proposal was to "rebalance" the property tax burden among the 16 classes of property to proportional shares similar to those found prior to the 2023 reappraisal. The Democrats planned to accomplish this through implementation of a progressive tax schedule (similar to the income tax schedules) where a lower tax rate is applied to an initial portion of a home's value with the tax rate increasing incrementally as the value of the home increases.

While neither party achieved all they wanted in the final solution, elements of both proposals were negotiated into a bill which passed on the final day of the legislative session and was ultimately signed by the governor.

ers should have received their 2025 property tax appraisal notices. Please note these are not your tax bills, but represent the current market value of your home as determined through a comparable sales model used by the Montana Department of Revenue.

While the average residential property in Montana saw another 22% increase in value, the important numbers on which you should focus are the prior taxable value and current taxable value, found on the right side of the appraisal matrix.

In 2023 and 2024 a tax rate of 1.35% was applied to the residence's value to determine the taxable value listed in the prior taxable value column. In 2025, the new progressive tax rate (starting with the first \$400,000 taxed at 0.76%) is used to calculate the current taxable value.

In most cases homeowners will find that, despite an increase in the home's appraised value, the taxable value decreases. This new taxable value will be multiplied by the number of mills levied by local governments and local schools (in addition to the statewide school mills) to determine the amount of tax. Those tax bills will be mailed in late October.

In addition to a reduction in the tax rate, the Legislature passed a rebate of up to \$400 for homes occupied by the owner for a minimum of seven months in 2024. The rebate application will go live on the Department of Revenue website (revenue.mt.gov) on Aug. 15 and the application window will close on Oct. 1.

If a homeowner believes the new appraised value of the residence is not accurate, the homeowner may complete form AB26, available on the Montana Department of Revenue website. AB26 appeals must be completed within thirty days of the date the new assessment notice was mailed.

In 2026, owner-occupied primary residences will see another reduction in property tax rates. However, beginning in 2026 second homes will no longer benefit from the reduced tax rates and will see an increase in property taxes.

While not a perfect solution, most Montanans will see property tax relief as a result of legislative action. Know that as Democratic legislators serving on the House Taxation Committee we will be seeking feedback from constituents to determine what additional adjustments merit consideration during the 2027 session.

Rep. Mark Thane, D-Missoula; co-signers: Rep. Jane Weber, Rep. James Reavis, Rep. Brian Close, Rep. Melissa Romano, Rep. Pete Elverum, Rep. Jill Cohenour and Rep. Jonathan Karlen.

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Property tax increase for Montana farmers and ranchers

BY KEN BOGNER

You've likely heard that instead of real property tax relief, the Legislature passed a property tax shift this legislative session. Some of that shift is starting to go into effect now, but the biggest changes, including massive tax hikes on thousands of Montanans' properties, will come next year. A lot has been said about the huge hit coming to family cabins and similar properties, but many agricultural producers are in for a rude surprise as well.

That surprise will be especially jarring for farmers and ranchers, because the initial phase of the tax shift is going to lower most of their taxes this year; only to be followed by a larger increase next year.

Also concerning, it appears some legislators who passed this tax shift will be surprised as well. Take Democratic Rep. Jonathan Karlen, who has been one of the loudest and proudest promoters of this legislation, for example.

On May 22, shortly after the session concluded, Karlen confidently said on the Montana Talks radio show that "I'm very comfortable that we did not pass a bill that would increase taxes on our farmers and ranchers."

That's certainly not true in my area — the "Cow Capital of the World," Miles City. After the Legislature concluded, the Montana Department of Revenue released its county-by-county analysis of how the tax shift is projected to play out. Here in Custer County, the projection is a nearly 8% property tax increase on production agriculture land from 2024 to 2026.

Karlen's misunderstanding is even more apparent in his home county of Missoula, where projections show an over 15% tax hike on agricultural and timber lands. A good legislative salesman, I'd expect Karlen to counter that the projected 9% decrease on primary residences in Missoula County will counterbalance farmers' tax increase. But note that Missoula County is proposing a 7% property tax increase this year alone. The end result? The minimal residential tax cut immediately vanishes while the agricultural tax increase grows even higher.

Karlen also can't retreat to the statewide averages. The Department of Revenue projects a 2% increase on agricultural and timber production land statewide, with the average tax hike on agricultural "residential" buildings that aren't primary homes clocking in at a massive 24.5%.

I, along with the majority of conservative Republicans, opposed this tax shift passed by Democrats and a minority of Republicans. There were other bipartisan solutions to property taxes that wouldn't have caused these tax hikes.

Unfortunately, many of those who voted for this tax shift didn't fully understand the ramifications of what they were doing. They forced the complex bills through in the final days of the session with barely any public hearing or scrutiny.

Just like U.S. Rep. Nancy Pelosi once infamously said, some legislators like Democratic Karlen have adopted the approach of "We have to pass the bill to find out what's in the bill."

He and others are now learning that, yes, you did pass a bill that raises taxes on farmers and ranchers.

Sen. Ken Bogner, R-Miles City,
is Senate president pro tempore.

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Tax shift *Daily Interlake - Aug. 24 2025*

The rise in property taxes across the state are a real problem the 69th Legislature attempted to address. As the dust settles on policies passed and signed into law, effects on taxpayers are becoming more clear.

Simply put, the new legislation shifted the tax burden. House Bill 231 and Senate Bill 542 work in concert to bring about these changes to your tax bill. One must ask if decreasing the tax on primary residential homes is equitable given the drastic increases it creates for agriculture and business property taxes, which will shift to the consumer.

These bills also fail to take into account workarounds to avoid taxation. Will those holding prime agriculture land opt to sell to developers building primary residences? Will those owning an inherited cabin on the lake "rent" to a family member in order to avoid a second home tax increase of 68%? As the tax burden was merely shifted, these bills do nothing to limit government spending — the crux of the real problem.

When you open your tax bill, be cognizant of those conservative legislators who voted against these tax shifts in favor of legislation to lower property taxes for everyone while limiting government spending. There were better proposals that truly support all taxpayers. How did your legislator represent you in property tax reform? Keep that in mind at the ballot box. You can see how your legislator voted by looking up bills on legmt.gov (specifically HB 231 and SB 542).

— *Rep. Amy Regier, R-Kalispell*