

BEFORE THE DEPARTMENT OF REVENUE
OF THE STATE OF MONTANA

In the matter of the adoption of New Rule I and the amendment of ARM 42.20.102 pertaining to property tax exemption process revisions) NOTICE OF PUBLIC HEARING ON PROPOSED ADOPTION AND AMENDMENT)

TO: All Concerned Persons

1. On August 15, 2022, at 11:00 a.m., the Department of Revenue will hold a public hearing in the Third Floor Reception Area Conference Room of the Sam W. Mitchell Building, located at 125 North Roberts, Helena, Montana, to consider the proposed adoption and amendment of the above-stated rules. The conference room is most readily accessed by entering through the east doors of the building.

2. The Department of Revenue will make reasonable accommodations for persons with disabilities who wish to participate in this public hearing or need an alternative accessible format of this notice. If you require an accommodation, please advise the department of the nature of the accommodation needed, no later than 5 p.m. on July 29, 2022. Please contact Todd Olson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or todd.olson@mt.gov.

3. GENERAL STATEMENT OF REASONABLE NECESSITY. ARM 42.20.102 is the department's sole rule regarding the property tax exemption application process and supporting documentation requirements. In the department's review of its administrative rules for the Governor's Red Tape Relief Initiative, the department observes that as a result of prior rulemaking efforts, some of the rule's content has become redundant to statute, lacks a desired level of cohesion, and may be difficult for the public to understand. Based on these observations, the department believes it is necessary to propose the separation of the additional documentation requirements of ARM 42.20.102(9)(a) through (b)(i), (10)(a) through (d), (11)(a), (12)(a) and (b), (13)(a), (13)(b)(iii), (14), (15), and (16) and transfer them into New Rule I. The proposed amendments to ARM 42.20.102 incorporate and clarify the statutory exemptions that are subject to the requirements of the exemption application process and provide a clearer description of the process itself because the rule will focus on the application process.

While this general statement of reasonable necessity covers the basis for the following proposed rulemaking, it is supplemented below, where necessary, to explain rule-specific changes.

4. The rule as proposed to be adopted provides as follows:

NEW RULE I ADDITIONAL DOCUMENTATION REQUIREMENTS FOR PROPERTY TAX EXEMPTION APPLICATIONS (1) In addition to the property tax exemption application requirements of ARM 42.20.102, a property owner of record,

the property owner's agent, or a federally recognized tribe must submit with its application the additional documentation provided in (2) through (17), as applicable, based on the specific use of the property.

(2) For property used for religious purposes:

(a) proof that the buildings and furnishings are owned by a church and are used for actual religious worship or for the residences of the clergy;

(b) proof that the church's land parcel does not exceed 15 acres or one acre for a clergy residence when the land and improvements are used for educational or youth recreational activities, and are available for public use; and

(c) proof the resident of the parsonage is a member of the clergy, such as a certificate of ordination or license.

(3) For property owned by a federally recognized tribe and used for religious purposes, a copy of the tribal resolution that designates the land and the improvements upon the land, not to exceed 15 acres, as sacred land to be used exclusively for religious purposes.

(4) For property owned and used exclusively for agricultural and horticultural societies, documentation verifying the property is not operated for gain or profit.

(5) For property used exclusively for educational purposes, including dormitories and food service buildings for the use of students in attendance and other structures necessary for the operation and maintenance of an educational institution:

(a) proof the property does not exceed 80 acres;

(b) verification that the organization is not operated for gain or profit;

(c) a copy of the applicant's attendance policy and curriculum with systematic instruction; and

(d) a copy of the lease agreement if the property is not owned by the educational organization.

(6) For property of any acreage used for educational purposes and owned by a tribal corporation created for the sole purpose of establishing schools, colleges, and universities, the documentation stated in (5).

(7) For property used exclusively for nonprofit healthcare facilities:

(a) a copy of the healthcare facility's license from the Department of Public Health and Human Services; and

(b) a copy of the lease agreement if the property is not owned by the non-profit organization.

(8) For property used solely in connection with cemeteries:

(a) documentation of a permanent care and improvement fund as provided in Title 35, chapter 20, part 3, MCA; and

(b) verification that the property is not maintained or operated for gain or profit.

(9) For property owned by a purely public charity with acreage not exceeding 160 acres, or where the applicant is requesting an 8-year exemption for up to 15 acres:

(a) a copy of the lease agreement if leasing the property from a governmental organization; and

(b) verification the property is directly used for purely public charitable purposes.

(10) For property owned by public museums, art galleries, zoos, and observatories:

- (a) verification that the property is not operated for gain or profit;
- (b) verification that the real and personal property is reasonably necessary for use in connection with the public display or observatory use; and
- (c) if the property is owned by individuals, documentation verifying the property is actually used by the governmental entity or nonprofit organization as a part of its public display, held for future display, or used to house or store a public display.

(11) For property owned by an organization that operates facilities exclusively for the care of persons with developmental disabilities, persons with mental illness, or persons with physical or mental impairments that constitute or result in substantial impediments to employment, verification that the organization is not operated for gain or profit.

(12) For property owned by an organization that operates facilities for the care of retired, aged, or chronically ill:

- (a) verification that the organization is not operated for gain or profit; and
- (b) verification that the residents meet the age and gross household income requirements provided in 15-30-2338, MCA.

(13) For property used for parks and recreational facilities:

- (a) verification that the park or recreational facility is open to the public;
- (b) verification that the property consists only of land - with no buildings - and is leased to a municipality or taxing unit for less than \$100 a year;
- (c) verification that the property, not to exceed 10 acres, is used exclusively as a public park, for recreation, or for landscape beautification purposes; and
- (d) if the applicant is a federally recognized tribe, a copy of a tribal resolution that designates the property as park land, not to exceed 640 acres, or to be used exclusively for recreational facilities.

(14) For property used by a veterans' society or organization, as provided in 15-6-203, MCA, and the applicant is other than the society or organization, the applicant must provide a copy of the lease verifying the savings from the property tax exemption is realized by the society or organization.

(15) For property owned by a nonprofit community service organization, the applicant must provide verification that the organization has been an active community service continuously from January 1, 1981, in accordance with 15-6-209(2), MCA.

(16) For property used for low-income housing, as provided in 15-6-221, MCA:

- (a) verification that the property is dedicated to providing affordable housing to low-income tenants; and
- (b) a copy of the hearing minutes or newspaper notification, that a public hearing was held to consider whether the property meets a community housing need.

(17) For property used for low-income housing and is owned and operated by an entity with the ownership structure described in 15-6-221(1)(a)(i), MCA:

- (a) a copy of the IRS tax exemption status letter, if a limited partnership, stating the general partner is a nonprofit corporation with an IRS 501(c)(3)

exemption;

(b) a copy of the Montana Board of Housing letter allocating low-income tax credits;

(c) a copy of the deed or other legally binding document that restricts the property's usage;

(d) verification that at least 20 percent of the residential units are rent-restricted and rented to tenants whose household incomes do not exceed 50 percent of the median family income for the county, or at least 40 percent of the residential units are rent-restricted to persons whose household incomes do not exceed 60 percent of the median income for the county;

(e) a letter stating that the property meets a public purpose in providing housing to an underserved population; and

(f) a copy of the owner's partnership or operating agreement, or other documentation, that provides that at the end of the compliance period, as that term is defined in 26 U.S.C. 42, the ownership of the property may be transferred to the nonprofit corporation or housing authority general partner.

(18) For property used for low-income housing and owned and operated by a nonprofit corporation, as described in 15-6-221(1)(b), MCA, the applicant must provide verification that the property was constructed using a home investment partnership program grant.

AUTH: 15-1-201, MCA

IMP: 15-6-201, 15-6-203, 15-6-209, 15-6-221, 15-6-235, MCA

REASONABLE NECESSITY: In addition to the general statement of reasonable necessity, the department proposes to adopt New Rule I to specify additional documentation requirements from those general requirements provided in ARM 42.20.102 for taxpayers seeking property tax exemptions authorized under 15-6-201, MCA. New Rule I will also clarify the department's interpretation of 15-6-201, MCA, in its review of exemption applications. The department also anticipates New Rule I will increase exemption application review efficiency and decrease procedural "red tape" because more clearly stated requirements improve applicant understanding of processes and application requirements.

The department also proposes to include additional documentation requirements in (18) which are necessary to implement statutory changes made under House Bill 432 (2021) (HB 432). HB 432 provides for a property tax exemption for affordable housing owned and operated by a nonprofit corporation constructed using federal grants, and the rule section states a necessary applicant requirement of documentation to verify the property qualifies for the exemption.

5. The rule as proposed to be amended provides as follows, new matter underlined, deleted matter interlined:

42.20.102 PROPERTY TAX EXEMPTION APPLICATIONS PROCESS AND REQUIREMENTS FOR PROPERTY TAX EXEMPTIONS ~~(1) The property owner of record, the property owner's agent, or a federally recognized tribe must file an application for a property tax exemption on a form available from the local~~

department office before March 1, except as provided in ARM 42.20.118, of the year for which the exemption is sought. Applications postmarked after March 1 will be considered for the following tax year only, unless the department determines any of the following conditions are met:

(a) the taxpayer receives notice by way of an AB-34 (Removal of Property Tax Exemption) that the property will be placed on the tax roll. The taxpayer shall have 30 days after receipt of the notice to submit an application for exemption; or

(b) the applicant was unable to apply for the current year due to hospitalization, physical illness, infirmity, or mental illness; and

(c) the applicant can demonstrate, while not necessarily continuous, the impediment(s) existed at sufficient levels in the period of January 1 to March 1, of the tax year in which the applicant is applying, to prevent timely filing of the application.

(1) A property owner of record, their agent, or a federally recognized tribe who seeks a property tax exemption authorized under 15-6-201, 15-6-203, 15-6-209, 15-6-221, and 15-6-227, MCA, must submit a department property exemption application form (application) and provide the department with the documents and information specific to the property type and the exemption sought, as required by this rule and [NEW RULE I].

(2) All applications submitted to the department for property owned by an applicant as of January 1 must be postmarked no later than March 1 of the year in which the exemption is sought.

(3) All applications postmarked after March 1 will be considered for the following tax year only, except as provided in (a) and (b).

(a) If an applicant acquires ownership of the property after January 1 but before March 1, the application must be submitted and postmarked no later than 30 days after the acquisition date. For example, an applicant who acquires ownership of property on February 15, must submit an application postmarked no later than March 17.

(b) If an applicant is applying for an exemption in response to the department's written notification that the property will be placed on the tax roll for the current tax year, the application must be postmarked no later than 30 days after the date of the department's notice. For example, an applicant who is notified by the department on February 15 of the property's placement on the tax roll, must submit an application postmarked no later than March 17.

~~(2) (4) The department may extend the March 1 deadline to June 1, if:~~

~~(a) if the applicant was unable to apply for the current year before March 1 due to an physical or mental infirmity that existed between January 1 and June 1 of the tax year in which the applicant is applying that prevented timely filing of the application.; or~~

~~(3) (b) The department may extend the March 1 deadline to June 1, on a case by case basis, if there is new construction on the property, on the application which was exempt in a prior year, and in which case the applicant must:~~

~~(a) (i) submits a written statement, plus any supporting documentation, explaining any circumstances that prevented timely filing of the application; and~~

~~(b) (ii) provides a completed application, including all applicable supporting documentation, postmarked no later than June 1 of the year for which benefit is sought in accordance with this rule.~~

~~(4) (5) For each application submitted, the applicant must:~~

~~(a) remains the same.~~

~~(b) explain how the applicant qualifies for the property tax exemption; and~~

~~(c) (b) state the specific and actual use of the real or personal property;~~

~~(c) provide a copy of a recorded deed, or a contract for deed, or other legally sufficient document identifying ownership if the application is for a real property exemption;~~

~~(d) provide a photograph of the property;~~

~~(e) provide a copy of the title of motor vehicle or mobile home, or, if title is not applicable, a letter identifying ownership, if the application is for a personal property exemption; and~~

~~(f) include the additional documents required for the specific property type described in [New Rule I].~~

~~(5) (6) The following documents must accompany all applications, unless the applicant is a federally recognized tribe. If, the applicant must also provide:~~

~~(a) is incorporated, a copy of the applicant's articles of incorporation in the case of an entity applicant, a copy of the applicant's organizational documents, such as articles of incorporation, articles of organization, or partnership agreement;~~

~~(b) is not incorporated, a copy of the applicant's constitution or by laws;~~

~~(c) (b) has been granted verification of tax-exempt status by the Internal Revenue Service (IRS), a copy of the applicant's tax-exempt status letter (501 determination); or~~

~~(d) has not been granted tax-exempt status by the IRS, the applicant must provide a written statement explaining why such the exemption does not exist verification is not available.~~

~~(6) (7) A federally recognized tribe must include a tribal resolution must accompany all applications submitted by a federally recognized tribe that:~~

~~(a) remains the same.~~

~~(b) states the type of exemption the tribe is requesting; and~~

~~(c) states how the property qualifies for the exemption; and~~

~~(d) remains the same but is renumbered (c).~~

~~(7) For personal property exemption applications, the following documents must accompany all applications:~~

~~(a) a copy of the title of motor vehicle or mobile home; or a letter identifying ownership, if title is not applicable; and~~

~~(b) a photograph of the property.~~

~~(8) For real property exemption applications, the following documents must accompany the applications:~~

~~(a) a copy of a fully executed deed, or a contract for deed, or a notice of purchaser's interest, or a security agreement identifying ownership.~~

~~(9) For real property exemption applications where the applicant is requesting exemption of property used for religious purposes, the following documents must accompany the application:~~

- ~~(a) if the application seeks exemption for parsonage, proof that the resident of the building identified as a parsonage is a member of the clergy; or~~
- ~~(b) if the applicant is a federally recognized tribe, a copy of the tribal resolution:
 - ~~(i) identifying the fee land by legal description, not to exceed 15 acres, as sacred land to be used exclusively for religious purposes;~~
 - ~~(ii) stating the type of exemption the tribe is requesting; and~~
 - ~~(iii) stating how the property qualifies for this type of exemption.~~~~
- ~~(10) For real property exemption applications where the applicant is requesting exemption of property used for educational purposes, the following documents must accompany the application:
 - ~~(a) documentation verifying the entity is not operated for gain or profit;~~
 - ~~(b) a copy of the applicant's attendance policy;~~
 - ~~(c) a copy of the applicant's curriculum which identifies the applicant's systematic course of instruction;~~
 - ~~(d) for property, of any acreage, owned by a tribal corporation created for the sole purpose of establishing schools, colleges, and universities (a) through (c) must accompany the tribe's application; and~~
 - ~~(e) if the applicant is a federally recognized tribe, a copy of the tribal resolution:
 - ~~(i) identifying the fee land, by legal description, to be used exclusively for educational purposes;~~
 - ~~(ii) stating the type of exemption the tribe is requesting; and~~
 - ~~(iii) stating how the property qualifies for this type of exemption.~~~~~~
- ~~(11) For real property exemption applications where the applicant is requesting exemption of property used for nonprofit healthcare facilities, the following documents must accompany the application:
 - ~~(a) a copy of the health care facility's license from the Department of Public Health and Human Services; or~~
 - ~~(b) if the applicant is a federally recognized tribe, a copy of the tribal resolution:
 - ~~(i) identifying the fee land, by legal description, to be used exclusively for health care services;~~
 - ~~(ii) stating the type of exemption the tribe is requesting; and~~
 - ~~(iii) stating how the property qualifies for this type of exemption.~~~~~~
- ~~(12) For real property exemption applications where the applicant is requesting exemption of property used solely in connection with a cemetery or cemeteries, the following documents must accompany the application:
 - ~~(a) proof of a permanent care and improvement fund;~~
 - ~~(b) verification that the entity is not operated for gain or profit; and~~
 - ~~(c) if the applicant is a federally recognized tribe, a copy of the tribal resolution:
 - ~~(i) identifying the fee land, by legal description, to be used exclusively as a cemetery or cemeteries;~~
 - ~~(ii) stating the type of exemption the tribe is requesting; and~~
 - ~~(iii) stating how the property qualifies for this type of exemption.~~~~~~

- ~~(13) For real property exemption applications submitting use for parks and recreational facilities, the following documents must accompany the applications:~~
- ~~(a) documentation verifying the park and/or recreational facility is open to the general public; or~~
 - ~~(b) if a federally recognized tribe, a tribal resolution:~~
 - ~~(i) identifying the fee land, by legal description, to be used exclusively for parks and recreational facilities;~~
 - ~~(ii) including language stating the type of exemption the tribe is requesting;~~
 - ~~and~~
 - ~~(iii) including language stating how the property qualifies for this type of exemption, not to exceed 640 acres.~~
- ~~(14) For real property exemption applications where the applicant is requesting an 8-year exemption for up to 15 acres of property owned by a purely public charity, as set forth in 15-6-201, MCA, the following apply:~~
- ~~(a) all documents in (4), (5), and (8) must be submitted with the application;~~
 - ~~(b) the exemption applies to only the general taxes, not the special fees and assessment charges imposed by the local governments;~~
 - ~~(c) upon the department's approval of the 8-year exemption, the department will file a notice of exemption with the clerk and recorder in the county where the property is located. The notice shall:~~
 - ~~(i) indicate that the exemption has been granted;~~
 - ~~(ii) describe the penalty for default; and~~
 - ~~(iii) specify that default will create a lien on the property by operation of law;~~
 - ~~(d) the department shall notify the applying entity that the application has been approved and a notice of exemption on the property has been filed with the county clerk and recorder;~~
 - ~~(e) an organization granted an 8-year exemption must notify the department on an annual basis by March 1 whether the property has been placed into a public charitable use;~~
 - ~~(f) if an organization has been granted the 8-year exemption the application stated in (1) does not extend the 8-year timeline;~~
 - ~~(g) for property not used directly for the charitable purpose intended within the 8-year exemption period, or for property sold or transferred before it is entered into direct charitable use, the exemption is revoked and the property is taxable as follows. If the property:~~
 - ~~(i) has completed the 8 years without being placed into a public charitable purpose, the tax will be calculated using the current year's ad valorem tax multiplied by 8 years; or~~
 - ~~(ii) has been sold or the exemption status is revoked prior to the end of the 8-year period, the tax will be calculated using the current year's ad valorem tax multiplied by the number of years the property was exempt before the date of sale or revocation. For example, if the property was exempt for 4 years of the approved 8-year period, the tax will be the current year's ad valorem tax multiplied by 4; and~~
 - ~~(h) upon default and removal of the 8-year exemption, the department will inform the county clerk and recorder that a lien was created on the property by operation of law, and inform the county treasurer that the lien on the property is being executed and that taxes will be due.~~

~~(15) For real property exemption applications where the applicant is requesting exemption for property used for low-income housing, as set forth in 15-6-221, MCA, all documents in (4), (5), and (8) must be submitted with the application and also include:~~

- ~~(a) documentation that the property is dedicated to providing affordable housing to low-income tenants;~~
- ~~(b) a copy of the IRS tax exemption status letter (if a limited partnership-general partner is a nonprofit corporation with an IRS 501(c)3 exemption);~~
- ~~(c) a copy of the Board of Housing letter allocating low-income tax credits;~~
- ~~(d) documentation that at least 20 percent of the residential units are rent-restricted and rented to tenants whose household incomes do not exceed 50 percent of the median family income for the county, and at least 40 percent of the residential units are rent-restricted to persons whose household incomes do not exceed 60 percent of the median income for the county;~~
- ~~(e) a copy of the deed or other legally binding document that restricts the property's usage;~~
- ~~(f) a letter stating that the property meets a public purpose in providing housing to an underserved population and provides a minimum of 50 percent of the units in the property to tenants at 50 percent of the median family income for the area, with rents restricted to a maximum of 30 percent of 50 percent of median family income;~~
- ~~(g) a copy of the owner's partnership or operating agreement or accompanying document providing that at the end of the compliance period, the ownership of the property may be transferred to the nonprofit corporation or housing authority general partner; and~~
- ~~(h) documentation, such as the hearing minutes or newspaper notification, that a public hearing was held to consider whether the property meets a community housing need.~~

~~(16) For real property exemption applications where the applicant is requesting exemption for property used by a veterans' society or organization, as set forth in 15-6-203, MCA, and the applicant is someone other than the society or organization, the applicant must include a copy of the lease that verifies the savings from the property tax exemption is realized by the society or organization. For tax year 2017 only, the deadline to submit an exemption application is December 31, 2017.~~

~~(17) (8) Upon receipt of the application and supporting the documents and information required by this rule and [NEW RULE I], the local department office will perform a field evaluation. The department will approve or deny the application and notify the applicant, the local department office, and the county treasurer of its decision, in writing, as provided in 15-6-235, MCA.~~

~~(9) Approved exemptions apply to ad valorem (general) taxes only; organizations are responsible for any special fees or assessments charged by local taxing jurisdictions.~~

~~(18) (10) If the property is owned by a governmental entity (such as city, county, or state), the federal government (unless Congress has passed legislation allowing the state to tax property owned by a federal entity), tribal government, nonprofit irrigation districts organized under Montana law, municipal corporations,~~

public libraries, or rural fire districts and other entities providing fire protection under Title 7, chapter 33, MCA, ~~the department will employ~~ the following exemption criteria apply for real property when considering exemption claims based upon 15-6-201, MCA:

(a) ~~the properties will be tax-exempt as of the purchase date that is reflected on the deed or security agreement~~ property must be assessed and taxed from the date of change from a nontaxable status to a taxable status, as required under 15-16-203, MCA;

(b) if a the property is tax-exempt as of January 1 of the current tax year and is sold to a nonqualifying purchaser after January 1 of the current tax year, it becomes taxable upon the date of transfer of the property to the nonqualifying purchaser. The tax is prorated according to 15-16-203, MCA;

(c) if a property is tax-exempt, as ~~stated in (14)(b)~~, and is sold as tax-deed property to a nonqualifying purchaser after January 1 of the current tax year, it becomes taxable on January 1 following the execution of such contract or deed as provided in 7-8-2307, MCA; and

(d) if a tribal government is requesting an exemption of an essential government service, as provided by statute in 15-6-201, MCA, that service must be identified in the application.

AUTH: 15-1-201, MCA

IMP: 7-8-2307, 15-6-201, 15-6-203, 15-6-209, ~~15-6-216~~, 15-6-221, ~~15-6-233~~, 15-6-235, ~~15-6-311~~, ~~15-7-102~~, MCA

REASONABLE NECESSITY: In addition to the general statement of reasonable necessity provided above, the department proposes to amend ARM 42.20.102 which is necessary to incorporate the statutory exemptions that are subject to the requirements of the rule and clarify the exemption application process.

Section (1), as amended, clarifies that only those exemptions in the cross-referenced statutes are subject to the application process in the rule. All other statutory exemptions are granted by operation of law or a different approval process. Proposed (1) defines the scope of property tax exemption application requirements and cross-references New Rule I authority for additional documentation requirements which are based on the type of exemption sought.

Proposed (2) is proposed to clearly state January 1 is the date the department uses to determine a property's ownership for assessment purposes and March 1 is the standard deadline for the submission of an exemption application for the current year.

Proposed (3) is proposed to reflect application submission situations that may not occur before March 1, such as when a taxpayer's exemption application is in direct response to the department's notice that the subject property will return to the tax rolls. Section (3) also reflects the discontinuation of the AB-34 form as a means of correspondence with the taxpayer from stricken (1)(a) and provides an alternate application deadline in these cases.

The department's amendments to proposed (4) are necessary for brevity and clarity regarding application extensions for delays based on applicant infirmity which are in current (1)(b) and (c) and the current text of the section, or when new

construction is added to property that was exempt in the prior year. Since the department has discretion in extending exemption application deadlines, removing the case-by-case basis text minimizes confusion and eliminates potentially inconsistent discretionary decisions.

The department proposes several amendments in proposed (5) for improved subject matter organization through the relocation of content from (7)(a) and (b), and (8)(a). The department also proposes a necessary amendment to proposed (5)(b) for consistency with ARM 42.19.506, which requires a use test for certain property tax exemptions. The insertion of proposed (5)(f) is necessary to address potential documentation requirements for submission of a property tax exemption application under the rule, for internal consistency, and to include a necessary cross-reference to New Rule I due to the relocation of content.

Sections (6) and (7) are proposed as a general restatements, or clarifications, of application requirements that apply to entities and federally recognized tribes, respectively, because the existing text is disjointed and should be improved through a change in the writing style.

In connection with the transfer of content for (9) through (15) to New Rule I, as described in the statement of general necessity, the department also proposes to remove current (9)(b)(ii), (10)(e)(i) through (iii), (11)(b)(i) through (iii), (12)(c)(i) through (iii), and (13)(b)(i) and (ii) as the requirements are provided elsewhere in the rule, such as for federally recognized tribes in proposed (7).

In current (16), the department proposes to remove a portion of the text and the year reference to tax year 2017 as it is obsolete and unnecessary. The relevant, remaining substance of (16) is proposed for transfer to (13) of New Rule I.

The department has amended proposed (8) because the local department office no longer needs a separate notification as they have access to the department's computer assisted mass appraisal (CAMA) system that is updated when an exemption application is approved or denied. The department has also amended the section to reflect current business processes and add a cross-reference to 15-6-235, MCA, as support for the rule.

In proposed (9), the department proposes the transfer of text from (14)(b) for improved organization and to improve clarity that only the ad valorem (general) taxes are exempt if a property tax exemption application is approved and any special fees or assessments at the local county level are the responsibility of the property owner.

The department also proposes amending text and a cross-reference to statute in proposed (10) because the governmental organizations identified in the section are not subject to the property tax exemption process. The department also proposes minor amendments to improve general readability of the rule.

Finally, it is necessary for the department to propose striking implementing citations for 15-6-216, 15-6-233, 15-6-311, and 15-7-102, MCA, because they are obsolete or are unrelated references to this rule.

6. Concerned persons may submit their data, views, or arguments, either orally or in writing, at the hearing. Written data, views, or arguments may also be submitted to: Todd Olson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696;

or e-mail todd.olson@mt.gov and must be received no later than 5:00 p.m., August 22, 2022

7. Todd Olson, Department of Revenue, Director's Office, has been designated to preside over and conduct the hearing.

8. The Department of Revenue maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request, which includes the name and e-mail or mailing address of the person to receive notices and specifies that the person wishes to receive notice regarding particular subject matter or matters. Notices will be sent by e-mail unless a mailing preference is noted in the request. A written request may be mailed or delivered to the person in number 6 above or faxed to the office at (406) 444-3696, or may be made by completing a request form at any rules hearing held by the Department of Revenue.

9. An electronic copy of this notice is available on the department's web site at www.mtrevenue.gov, or through the Secretary of State's web site at sosmt.gov/ARM/register.

10. The bill sponsor contact requirements of 2-4-302, MCA, apply and have been fulfilled. The primary bill sponsor, Representative Gunderson, was contacted by email on February 3, 2022, and again on July 11, 2022.

11. With regard to the requirements of 2-4-111, MCA, the department has determined that the adoption and amendment of the above-referenced rules will not significantly and directly impact small businesses.

/s/ Todd Olson
Todd Olson
Rule Reviewer

/s/ Brendan Beatty
Brendan Beatty
Director of Revenue

Certified to the Secretary of State July 12, 2022.