



ADMINISTRATIVE RULES OF MONTANA

42.20.103 TAX BENEFITS FOR THE REMODELING, RECONSTRUCTION, OR EXPANSION OF EXISTING BUILDINGS OR STRUCTURES

- (1) The property owner of record or the property owner's agent must make application to the appropriate governing body in order to be eligible for tax benefits for remodeling, reconstruction, or expansion of existing buildings or structures which are available pursuant to [15-24-1501](#), MCA. Application will be made on a form available from the county commissioners of the affected county or, if the construction will occur within an incorporated city or town, on a form available from the city commission or the local governing body. The application to the affected governing body must be made prior to completion of a building permit or prior to commencement of construction. Failure to make application prior to completion of a building permit or prior to commencement of construction will result in the waiver of all construction period tax benefits. Additionally, all subsequent tax benefits, if approved, will be calculated as of the date the building permit was completed or as of the date construction began, whichever is earlier.
- (2) Applications from the local governing body must be received by the department for review before April 1 of the tax year for which the benefits are sought. The department will attempt to perform a field evaluation within 30 days of receipt of the application and provide that information to advise the local governing body whether the remodeling, reconstruction, or expansion of the existing building or structure increases the taxable value of that structure or building by at least 2.5%.
- (3) The local governing body shall review the application and information from the department to determine whether to approve or to deny the application. A copy of the processed application form reflecting the governing body's decision shall be sent to the local department office in the county in which the property is located.
- (4) Sufficient quantities of application forms (AB-56) will be provided to all local governing bodies by the department. Additional application forms will be made available upon request. The application form shall require the submission of the following information by the applicant:
 - (a) property owner's name;
 - (b) description of property;
 - (c) location of property;
 - (d) legal description of property;
 - (e) mailing address of owner of property, including:
 - (i) city;
 - (ii) state; and

- (iii) zip code;
 - (f) taxable value increase due to remodeling;
 - (g) starting date of the remodeling, reconstruction, or expansion; and
 - (h) owner's signature.
- (5) For purposes of determining the eligibility for tax benefits, the construction period for a specific project may not exceed 12 months with the following exception. If it is determined to the satisfaction of all affected local governing bodies that the construction period for a specific project will exceed 12 months, an extension may be granted, at the time of application, by approval of all affected local governing bodies. The length of the extension granted must be indicated on the application form.
- (6) The computation of tax benefits will be dependent upon the approval of the application by all affected governing bodies.
- (7) For projects that are entirely, physically located outside the boundaries of incorporated cities or towns, the governing body of the affected county has sole authority to approve the tax benefits for the project. If approved, the tax benefits will apply only to the number of mills levied and assessed for high school district and elementary school district purposes and to the number of mills levied and assessed by the county governing body. The tax benefits do not apply to statewide levies.
- (8) If the project is entirely, physically located within an incorporated city or town, both the governing body of the affected county and the governing body of the incorporated city or town must approve the application by resolution before all available tax benefits may be extended to the project. If the city approves the application and the county rejects the application, the tax benefits will apply only to the number of mills levied and assessed for high school district and elementary school district purposes within the incorporated city or town and to the number of mills levied and assessed by the incorporated city or town. The number of mills levied and assessed by the county governing body will not be affected nor will any tax benefits be extended by the county to the project.
- (9) Tax benefits will never include any relief from statewide levies.
- (10) Except as provided in (1) , only additional value created after an application has been filed may be considered for tax benefits according to this rule.

Authorizing statute(s): 15-1-201, MCA

Implementing statute(s): 15-24-1501, MCA

History: NEW, 1985 MAR p. 2019, Eff. 12/27/85; AMD, 2002 MAR p. 3723, Eff. 12/27/02.