



MONTANA  
ADMINISTRATIVE  
REGISTER



## DEPARTMENT OF REVENUE

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### NOTICE OF PROPOSED RULEMAKING

#### MAR NOTICE NO. 2026-9.1

#### Summary

Proposed Amendment of ARM 42.19.401, 42.19.402, and 42.19.405 to implement House Bill 140 (HB 140) which created the Disabled First Responder (DFR) Property Tax Assistance Program

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#### Hearing Date and Time

Monday, March 16, 2026, at 10:30 a.m.

#### Hearing Information

Third Floor Reception Area Conference Room, Sam W. Mitchell Building, 125 North Roberts, Helena, Montana

#### Comments

Comments may be submitted using the contact information below. Comments must be received by Monday, March 23, 2026, at 5:00 p.m.

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#### Accommodations

The agency will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. Requests must be made by Friday, February 27, 2026, at 5:00 p.m.

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## Contact

Todd Olson, Rule Reviewer - Department of Revenue, Legal Services Office  
(406) 444-7905  
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## General Reasonable Necessity Statement

The department proposes to amend ARM 42.19.401, 42.19.402, and 42.19.405 to implement House Bill 140 (2025) (HB 140) which created a property tax assistance program for disabled first responders (DFR) injured in the line of duty and surviving spouses of first responders killed in the line of duty. HB 140 enacted a new statute (Section 1, codified at 15-6-314, MCA) and amended 15-6-301, 15-6-302, and 15-6-312, MCA.

Because the DFR Property Tax Assistance Program is a permanent program that is similar in process and requirement to the existing Property Tax Assistance Program (PTAP) and Montana Disabled Veteran (MDV) Property Tax Assistance Program, the department believes the most efficient implementation is to amend the above-described rules and provide an application and process that has proven success and familiarity to department staff who will interact with applicants, determine eligibility, and approve applications.

The department also notes that phrasing in the current rules lacks brevity or is grammatically deficient. So amendments are proposed, where indicated, to improve clarity, grammar, or content.

Finally, the department will amend the implementing citations for each of the rules to comply with the requirements of 2-4-305, MCA.

While this general statement of reasonable necessity covers the basis for the proposed rule amendments, it is supplemented below to explain rule-specific proposals.

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## Rulemaking Actions

### AMEND

The rules proposed to be amended are as follows, stricken matter interlined, new matter underlined:

**42.19.401 PROPERTY TAX ASSISTANCE PROGRAM (PTAP) ~~AND~~, MONTANA DISABLED VETERAN (MDV) PROPERTY TAX ASSISTANCE PROGRAM, AND DISABLED FIRST RESPONDER**

**(DFR) PROPERTY TAX ASSISTANCE PROGRAM; APPLICATION PROCESS; DETERMINATIONS; PROGRAM COMPLIANCE**

- (1) A qualifying applicant, as defined in ARM 42.19.405, must apply to the department in accordance with, and subject to the eligibility requirements of 15-6-302, MCA, and this rule to receive the PTAP benefit provided in 15-6-305, MCA, ~~or~~ the MDV benefit provided in 15-6-311, MCA, or the DFR benefit provided in 15-6-314, MCA.
- (2) The PTAP benefit is administered as a reduced property tax rate that applies up to the appraised market value limit authorized by and adjusted under 15-6-305, MCA, of the qualifying applicant's primary residence.
  - (a) A primary residence is defined in 15-6-301, MCA, as a dwelling where the qualifying applicant lived for at least seven months of the tax year for which benefits are claimed. Provided, a primary residence may include more than one dwelling and the time of residency in each may be combined to meet the seven-month requirement.
  - (b) When the appraised market value of a primary residence exceeds the statutory limit, as adjusted, the department will apply the reduced tax rate up to that limit and then apply the standard tax rate to the difference between the limit and the residence's appraised value.
- (3) The MDV benefit is administered as a reduced property tax rate for the primary residence of a qualified veteran or qualified veteran's surviving spouse as provided in 15-6-301 and 15-6-311, MCA, and is based on a statutory schedule of qualifying income for ~~an~~ qualified applicant or an applicant's their surviving spouse.
- ~~(4)~~ The DFR benefit is administered as a reduced property tax rate for the primary residence of a qualified disabled first responder or qualified surviving spouse, as provided in 15-6-301 and 15-6-314, MCA, and is based on a statutory schedule of qualifying income for a qualified applicant or their surviving spouse.
- ~~(4)~~(5) The department will accept an application, in the form provided by the department, submitted through U.S. mail or electronic mail, the department's website at <https://revenue.mt.gov/>, in person, or by telephone. If a qualifying applicant applies by telephone, the department may assist the applicant in its completion and note telephonic submission of the application in the property assessment records.
  - (a) Mailed applications must be postmarked by April 15 of the year first claimed. ~~Mailed~~All other applications received after April 15 will be processed for the following tax year.

- (i) The application deadline does not apply for a first-time applicant submission occurring within 30 days from the date on their classification and appraisal notice.
  - (ii) The department may waive the application deadline when a substantiated hardship case exists. The department must document its justification for a deadline waiver.
- (b) A qualifying applicant is not required to reapply for each succeeding year but is subject to the annual verification process described in 15-6-301, MCA, and in ~~(7)(8)~~, ~~(10)(11)~~, and ~~(11)(12)~~.

~~(5)(6)~~ Except as provided in ~~(6)(7)~~, PTAP ~~and~~, MDV, and DFR benefits may not apply to separately described or assessed parcels of land that do not support the primary residential improvements.

~~(6)(7)~~ If the primary residence is a mobile home or manufactured home that is assessed separately from the land, the mobile home or manufactured home and the land may qualify for a benefit if they are both owned by the qualifying applicant. If the land is not owned by the qualifying applicant, a benefit applies only to the mobile home or manufactured home.

~~(7)(8)~~ A qualifying applicant must attest to property ownership upon initial application and in connection with an annual verification. The department may request proof of residency to ensure the property applied for under the PTAP ~~or~~, MDV, or DFR programs qualifies as a primary residence under (2).

- (a) Examples of acceptable proof of residency include:
  - (i) federal or state tax returns, a driver's license, car registrations, hunting or fishing licenses, or a voter registration that lists the address of the primary residence;
  - (ii) employment records listing the primary residence as the place of residence; or
  - (iii) copies of bills and correspondence sent to the primary residence address.
- (b) Temporary residency changes, such as admission to a hospital, nursing home, or similar facilities do not change an applicant's primary residence for the purposes of PTAP ~~or~~, MDV, or DFR benefits.

~~(8)(9)~~ The department will apply a benefit to the primary residence for the entire tax year when:

- (a) a qualifying applicant owns and lives in the primary residence when the department provides the tax roll to the county treasurer for billing.

If ownership changes between that time and the end of the calendar year, the benefit remains on the primary residence for the entire tax year; or

- (b) in the case of a separately assessed mobile home or manufactured home, a qualifying first-time applicant receives a classification and appraisal notice from the department, applies for a benefit pursuant to the requirements of 15-6-302, MCA, and this rule, and receives written approval from the department.

~~(9)~~(10) When a change in ownership of the primary residence occurs before the department provides the tax roll to the county treasurer for billing, the department will apply a benefit as follows:

- (a) if a qualifying applicant lived in a primary residence for less than seven months of the tax year, the department will remove the benefit from the tax rolls. However, a benefit may be combined as described in (2) and transferred to another primary residence; or
- (b) if a qualifying applicant lived in the primary residence for at least seven months of the tax year, the department will apply the benefit on a per-day basis using the date of sale. Once the qualifying applicant no longer owns the primary residence, the property will be assessed at the full tax rate for the remaining portion of the tax year from the date of sale.

~~(10)~~(11) Each year after the application deadline, the department will:

- (a) verify the qualifying income and eligibility of PTAP ~~and~~, MDV, and DFR program participants;
- (b) approve, renew, or deny applicant benefits, in writing; and
- (c) notify PTAP ~~and~~, MDV, and DFR program participants of their right to appeal the department's determination to the Montana Tax Appeal Board within 30 days of receiving a determination letter.

~~(11)~~(12) In accordance with 15-6-302, MCA, the department may:

- (a) investigate the information provided in an application and an applicant's continued eligibility;
- (b) request an applicant to verify occupancy of their primary residence; and
- (c) review, on a case-by-case basis, any applicant or program participant for whom the verification process finds no source of income and document the same.

~~(12)~~(13) The department may address unusual circumstances of ownership and income that arise in administering the PTAP ~~and~~, MDV, and DFR programs such as:

- (a) property ownership issues when a person dies and title to the property has not yet been transferred to their spouse; or
- (b) one-time increases in income used for funeral or medical expenses.

~~(13)~~(14) The department may also consider the additional unusual circumstances for MDV program eligibility described in 15-6-302, MCA.

**Authorizing statute(s):** 15-1-201, 15-6-302, MCA

**Implementing statute(s):** 15-6-301, 15-6-302, 15-6-305, 15-6-311, 15-6-312, 15-6-314, MCA

### **Reasonable Necessity Statement**

In addition to the department's general statement of reasonable necessity, the department proposes to amend ARM 42.19.401 to incorporate DFR Property Tax Assistance Program references into the rule title and rule sections with the PTAP and MDV programs (see (1), (6), (8), (11), and (13)). The department also proposes new (4), which is consistent with (2) and (3) to provide a brief overview of the DFR benefit and the department's administration of the assistance program.

The department also proposes necessary edits to (3) and (5) for improved consistency with statutory terms and sentence structure. Based on all of the proposed amendments, rule sections will be renumbered.

### **42.19.402 INFLATION ADJUSTMENT FOR THE PROPERTY TAX ASSISTANCE PROGRAM (PTAP) AND FOR MONTANA DISABLED VETERAN (MDV) PROPERTY TAX ASSISTANCE PROGRAM, AND DISABLED FIRST RESPONDER (DFR) PROPERTY TAX ASSISTANCE PROGRAM**

- (1) Sections 15-6-301, 15-6-302, 15-6-305, 15-6-311, ~~and 15-6-312, and 15-6-314~~, MCA, provide property tax relief to fixed or limited income homeowners, qualified disabled veterans, and qualified veterans' their spouses, and qualified disabled first responders or their surviving spouses.
- (2) The department annually adjusts the ~~PTAP and MDV~~ respective programs' base year qualifying income levels ~~provided in 15-6-305 and 15-6-311, MCA, respectively,~~ for the effects of inflation.
  - (a) ~~Sections 15-6-301, 15-6-305, and 15-6-311, MCA, Statute~~ specify that the ~~implicit~~ price deflator (price index) for personal consumption expenditures (PCE), published in the national income and product accounts by the Bureau

of Economic Analysis of the U.S. Department of Commerce, is to be used in the calculation of the inflation factor.

- (b) Each income figure in the base year income schedule is multiplied by the inflation factor calculated for the tax year in question in order to update the schedule. The product is then rounded to the nearest whole dollar amount. If the adjustment results in a decrease in qualifying income levels from the previous year, the qualifying income levels must remain the same for that year.
- (3) The department shall adjust the market value limit for residential real property for inflation after each two-year reappraisal cycle in accordance with 15-6-305, MCA. The department will finalize the market value limit by rounding it to the nearest \$1,000.
- (4) The department will publish PTAP and MDV qualifying income levels and market value limits annually on the department's website at <http://www.mtrevenue.gov> <https://revenue.mt.gov/>.

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

**Implementing statute(s):** 15-6-191, 15-6-301, 15-6-302, 15-6-305, 15-6-311, 15-6-312, 15-6-314, MCA

### **Reasonable Necessity Statement**

In addition to the department's general statement of reasonable necessity, the department proposes to amend ARM 42.19.402 for the same reasons and in the same manner as ARM 42.19.401. The department proposes necessary amendments to the rule title and incorporating DFR Property Tax Assistance Program statutory references into rule sections with the PTAP and MDV programs (see (1) and (2)).

The department also proposes a necessary update to the website URL in (4).

### **42.19.405 DEFINITIONS**

The following definitions apply to rules in this subchapter.

- (1) "Head of household" means a taxpayer who meets the head of household standard for federal income tax purposes.

- (2) "Percentage reduction" means the amount by which the property tax rate is reduced based on the income schedules for the Property Tax Assistance Program (PTAP) ~~and for~~, the Montana Disabled Veteran (MDV) Property Tax Assistance Program, and the Disabled First Responder (DFR) Property Tax Assistance Program. Those schedules are located in ARM 42.19.402.
- (3) "Qualifying applicant" means:
- (a) an individual who is the record owner of the land and improvements that are the primary residence of the individual or who is purchasing the property under a contract for deed; or
  - (b) a revocable trust if the land and improvements are the primary residence of the grantor.
  - (c) ~~Ownership interests that are not a~~ Qualifying applicants do not include entities, but are not limited to, such as partnerships, corporations, limited liability corporations, transferrable revocable trusts, and irrevocable trusts.
- (4) "Qualifying income" means the federal adjusted gross income of an applicant and an applicant's spouse, excluding capital and income losses as they appear on their Montana income tax return for the prior tax year.
- (a) If the applicant did not file a Montana income tax return for the applicable year, qualifying income means the federal adjusted gross income of the applicant and the applicant's spouse, excluding capital income losses as they appear on their federal income tax return, for the applicable year.
  - (b) If the applicant does not have an income tax filing requirement, the applicant's qualifying income is considered to be zero.

**Authorizing statute(s):** 15-1-201, 15-6-302, MCA

**Implementing statute(s):** 15-6-134, 15-6-240, 15-6-301, 15-6-302, 15-6-305, 15-6-311, 15-6-312, 15-6-314, MCA

### **Reasonable Necessity Statement**

In addition to the department's general statement of reasonable necessity, the department proposes to amend ARM 42.19.405 for the same reasons and in the same manner as ARM 42.19.401 and 42.19.402. The department proposes to incorporate DFR Property Tax Assistance Program references with the PTAP and MDV programs in the definition in (2).

The department also proposes a necessary revision to (3)(c) for improved clarity without changing the substance of what is excluded from the definition of “qualifying applicant.”

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### **Small Business Impact**

With regard to the small business impact analysis requirements of 2-4-111, MCA, as amended by HB 592 (2025), the department has analyzed the proposed rulemaking and the groups or class of businesses directly affected by this rulemaking if they meet the definition of a small business under 2-4-102(13), MCA.

There is no small business impact directly related to the proposed rulemaking because the rules affect individuals only and any impacts or requirements arise from either the department’s implementation of HB 140 or the non-substantive amendments to the rules.

Documentation of the small business impact analysis is available upon request.

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### **Bill Sponsor Notification**

The primary bill sponsor of House Bill 140 was contacted by electronic mail on January 9, 2026, and again on February 6, 2026. The department received no comments from the bill sponsor to incorporate into the proposal notice.

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### **Interested Persons**

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 contact person in this notice or may be made by completing a request form at any rules hearing held by the Department of Revenue.

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### **Rule Reviewer**

Todd Olson

### **Approval**

Brendan Beatty, Director of Revenue