

MAR Members

As you may know, the Montana Legislature recently passed legislation (House Bill 231 and Senate Bill 542) which raised the tax burdens on non-owner-occupied residential properties such as second homes, vacation homes, and short-term rentals. The bills, which were signed into law by Governor Gianforte on May 12, 2025:

- Established a \$400 tax rebate for residential property owners for tax year 2024.
- Implemented a temporary, graduated tax rate for tax year 2025.
- Raised residential property tax rates from 1.35% to 1.9% for tax year 2026 and after, unless the residential property qualifies as a “homestead” or a “long-term rental” (essentially, if was occupied for at least 7 months during the calendar year). Homes classified as homesteads or long-term rentals will be taxed at tiered rates ranging from 0.76% to 1.9%, depending on their value relative to the state’s median home value.

The new tax burdens will take full effect in tax year 2026 and will be reflected in tax bills sent out in the fall of 2026. The Montana Department of Revenue’s statewide property appraisal for the 2025-2026 biennium is also anticipated to raise the value of all residential properties beginning in tax year 2025. Therefore, property tax bills for 2024 and prior years may not reflect the future tax burdens on non-owners occupied residential properties. MAR members are encouraged to notify potential buyers of such properties about the possible future tax burdens.

MAR also recommends that MAR members begin to include the following language in their communications with clients, buy-sell agreements, and other appropriate documents, effective immediately:

RESIDENTIAL PROPERTY TAX INCREASE NOTICE:

Property tax bills for 2024 and prior years may not reflect the future tax burdens on non-owner-occupied residential properties such as second homes, vacation homes, and short-term rentals. Recent legislation passed by the Montana Legislature (House Bill 231 and Senate Bill 542) raised the tax burdens on such properties and will take full effect in tax year 2026 and reflected in tax bills sent out in the fall of 2026. Further, the Montana Department of Revenue’s statewide property appraisal for the 2025-2026 biennium is anticipated to raise the value of all residential properties beginning in tax year 2025. Buyers are encouraged to consult with a tax advisor or real estate attorney for further information concerning the impact these changes may have on the tax bills for any Montana

residential property they are considering. This notice is provided for informational purposes only and does not constitute legal or tax advice.