

## **BALLOT LANGUAGE FOR CONSTITUTIONAL INITIATIVE NO. 121 (CI-121)**

### CONSTITUTIONAL INITIATIVE NO. 121

#### A CONSTITUTIONAL AMENDMENT PROPOSED BY INITIATIVE PETITION

CI-121 limits annual increases and decreases in valuations of residential property to either 2% or the inflation rate (whichever is lower) when assessing property taxes if the property is not newly constructed, significantly improved, or had a change of ownership since January 1, 2019. CI-121 establishes 2019 state valuations as the base year for the valuations of residential property and permits annual state reassessment. It requires the Legislature to limit total ad valorem property taxes on residential property to 1% or less of the assessed valuation. It requires the Legislature to define “residential property” and provide for the application and implementation of the initiative and permits the state to assess other real property based on acquisition value.

CI-121 reduces state property tax revenue by \$24 million in 2025, \$34 million in 2026, and \$29 million in 2027 by capping allowable increases in residential property valuations. CI-121 will also have an undetermined impact on local government and school district tax revenue, subject to legislative action.

YES on Constitutional Initiative CI-121

NO on Constitutional Initiative CI-121

## THE COMPLETE TEXT OF CONSTITUTIONAL INITIATIVE NO. 121 (CI-121)

BE IT ENACTED BY THE PEOPLE OF THE STATE OF MONTANA:

**Section 1.** Article VIII, section 3, of The Constitution of the State of Montana is amended to read:

**“Section 3. Property tax administration -- limitation.** (1) The Subject to this section, the state shall appraise, assess, and equalize the valuation of all property which is to be taxed in the manner provided by law.

(2) Except as provided in this section, the assessed valuation of residential property shall be the amount determined by the state in 2019.

(3) The value of residential property may be reassessed annually on January 1 of each year. If residential property is not newly constructed or significantly improved or did not have a change of ownership since January 1, 2019, the change in revised assessed valuation for a year may not exceed the lower of the following:

(a) two percent of the valuation for the prior year; or

(b) the percent change in the consumer price index, U.S. city average, all urban consumers, using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

(4) After January 1, 2019, whenever residential property is newly constructed or significantly improved or has a change of ownership, it must be assessed by the state at its fair market value with subsequent changes to that assessment made in accordance with the limits in subsections (3)(a), (3)(b), and this subsection (4).

(5) The legislature shall limit the total amount of ad valorem taxes assessed against residential property and such limit shall not exceed one percent of the valuation established by this section.

(6) The legislature shall define “residential property” and provide for the application and implementation of subsections (2) through (5), and it may provide for acquisition valuation of other real property.

NEW SECTION. Section 2. Severability. If a part of [this act] is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

NEW SECTION. Section 3. Applicability. [This act] applies to property tax years beginning after December 31, 2023.

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