



A *Different*
LEGAL
PERSPECTIVE

parsonsbehle.com

**PARSONS
BEHLE &
LATIMER**

A Professional
Law Corporation

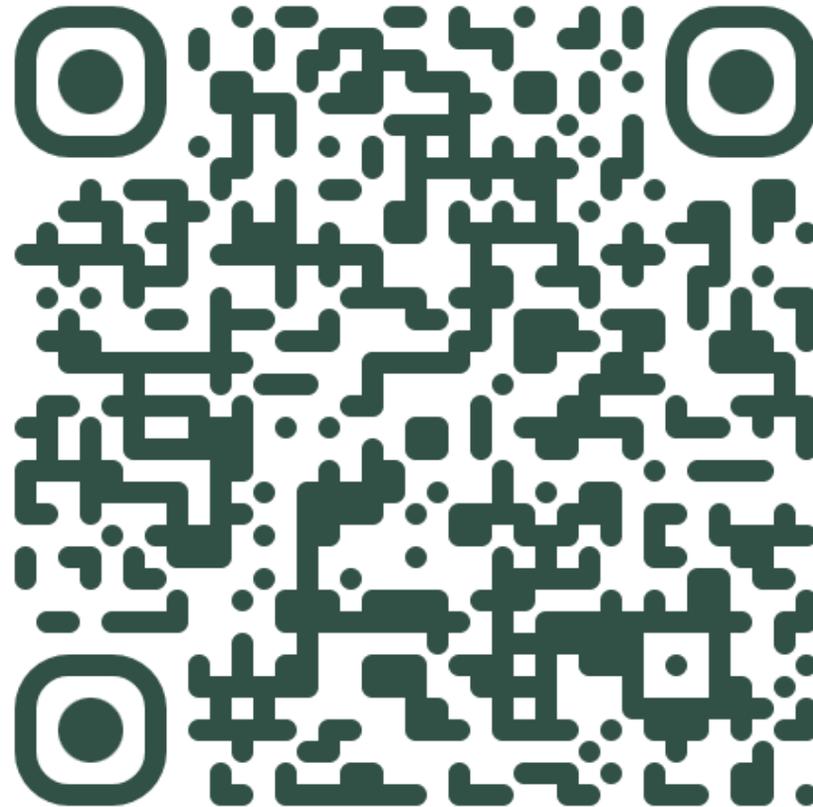
2025 Legislative Briefing: What Montana Businesses Need to Know

THURSDAY, JUNE 5, 2025 | HOLIDAY INN DOWNTOWN

Legal Disclaimer

This presentation is based on available information as of June 5, 2025, but everyone must understand that the information provided is not a substitute for legal advice. This presentation is not intended and will not serve as a substitute for legal counsel on these issues.

Scan the QR code below to download a PDF copy of today's presentation slides.





A Different
LEGAL
PERSPECTIVE

With more than 210 attorneys and offices throughout the Intermountain West, Parsons has provided a broad range of legal expertise in various practices and industries since 1882.



Missoula



Liz M. Mellem
Director & Vice
President



Ross P. Keogh
Office Managing
Shareholder



Jesse C. Kodadek
Shareholder



Jeffrey R. Kuchel
Shareholder



Diana J. Abbott
Associate



Mathew T. Bain
Associate



William T. Casey III
Associate



Emma B. Dugenske
Associate



McKenna R. Ford
Associate



Elliott D. McGill
Associate



Leah Trahan
Associate

Helena



Abigail R. Brown
Office Managing
Shareholder



Tara Rice
Shareholder



John E. Bloomquist
Of Counsel



Betsy Story
Associate

Today's Presenters



Liz M. Mellem
Director & Vice President
amellem@parsonsbehle.com
406.317.7240



Jeffrey R. Kuchel
Shareholder
jkuchel@parsonsbehle.com
406.317.7250



Jazmynn B. Pok
Associate
jpok@parsonsbehle.com
801.536.6792



Mathew T. Bain
Associate
mbain@parsonsbehle.com
406.317.7246



Leah Trahan
Associate
ltrahan@parsonsbehle.com
406.317.7244



Ross P. Keogh
Missoula Office
Managing Shareholder
rkeogh@parsonsbehle.com
406.317.7241

Legislative Overview

Liz M. Mellem



PARSONS
BEHLE &
LATIMER

2025 Montana Legislature by the Numbers



Montana is one of only four states with a biannual session.



Montana has the second shortest session (90-days) behind North Dakota (80 days).

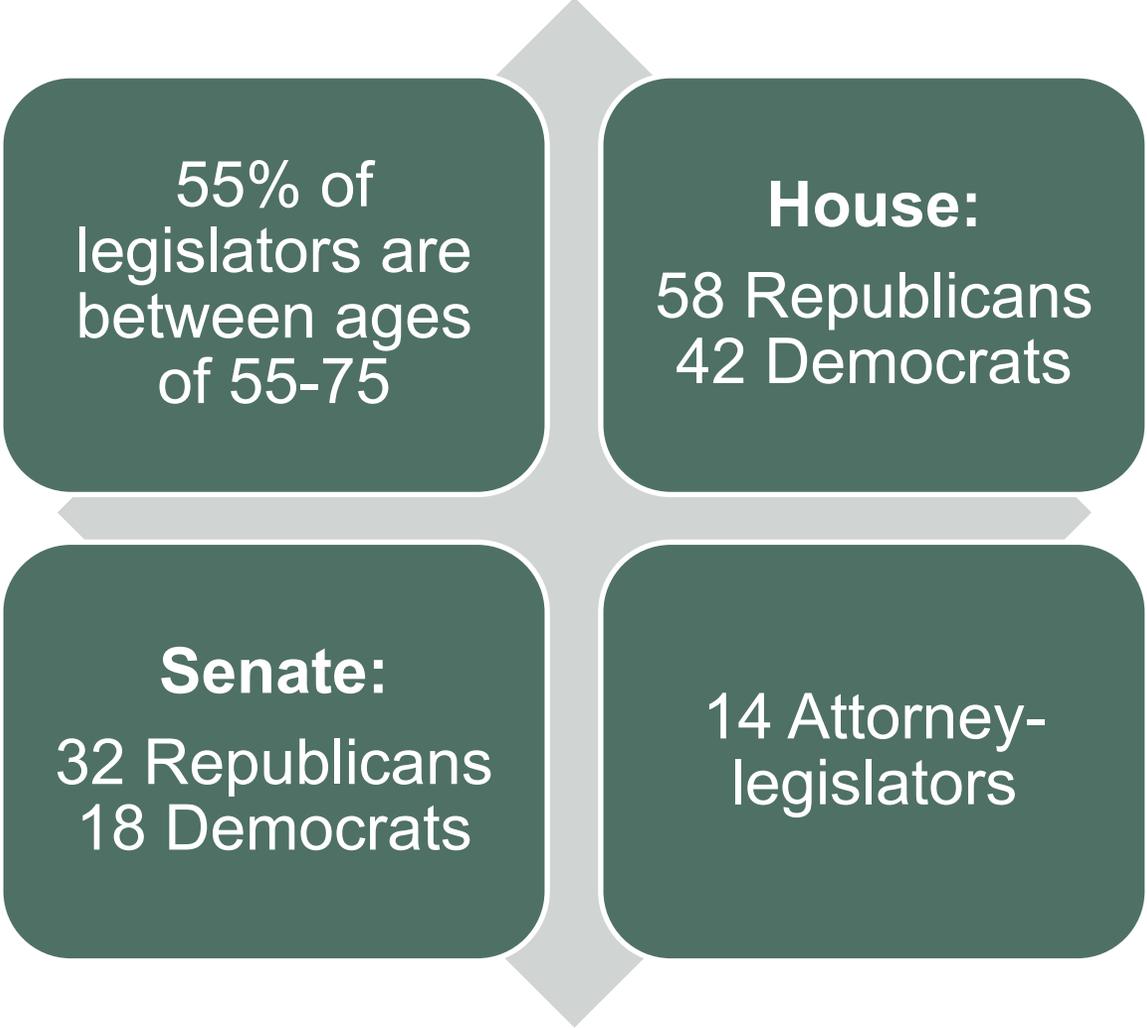


What Happened in 90-days?

1,759 bills made it to a committee vote (record number).

844 bills passed the legislature and were sent to the Governor.

Montana Legislature Demographics



A Bipartisan Majority Delivers for Montana



15% increase in state budget to fund essential programs

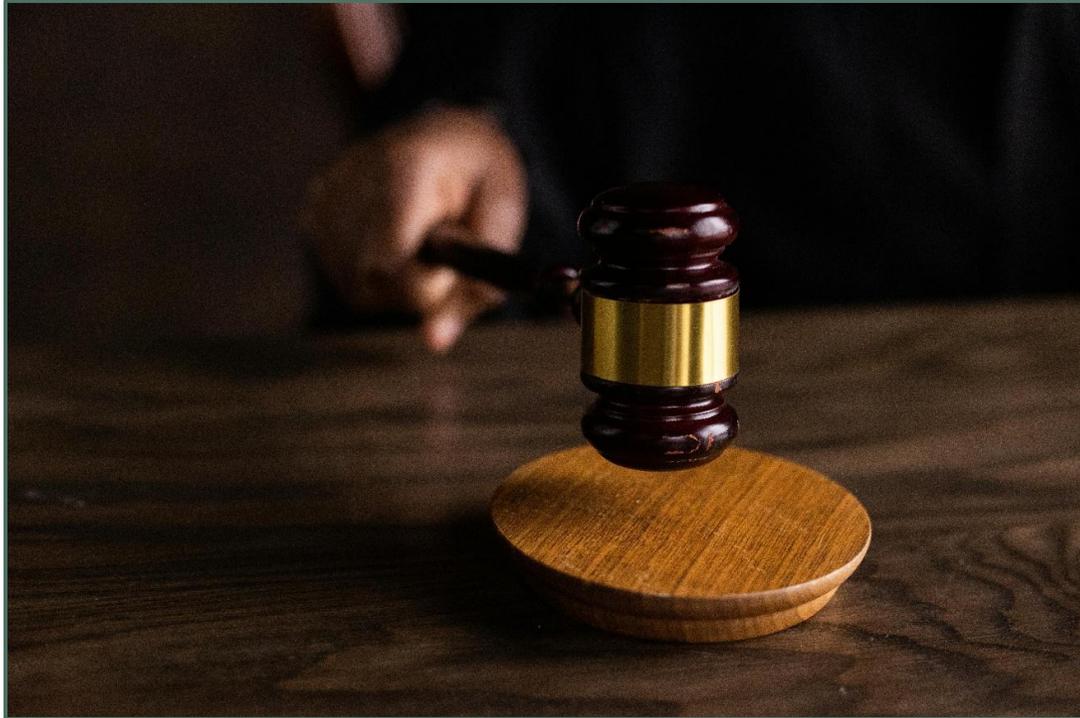


Record investments in Education; \$100M investment in teacher pay



Making Medicaid Expansion Permanent for 79,000 Montanans

Friction with Judiciary Continues



27 bills introduced to modify the state judiciary

Incremental reforms advanced but many big-ticket items failed (e.g., partisan judicial races, open judicial deliberations, special courts, and jurisdictional changes)

Why it Matters: Continued tensions influence bill drafting decisions, which may lead to highly restrictive legislation limiting judicial deference.

Civil Liability, Remedies, and Damages

Jeffrey R. Kuchel



PARSONS
BEHLE &
LATIMER

SB 143: Reduce Statute of Limitations

- Reduces length of time to bring a lawsuit after an event or occurrence
 - Contracts: reduced from 8 to 6 years (amends § 27-2-202, MCA)
 - Real property improvements: reduced from 10 to 6 years (amends § 27-2-208, MCA)
- **HB 135:** Provides 5-year statute of repose from date of appraisal and 8-year statute of repose for claims arising from real-estate appraisals where statute of limitations applies. (codified in Title 27, chapter 2)
- Applicable to lawsuits filed on or after October 1, 2025

HB 791: Amend Public & Private Nuisance Law

▪ **Before HB 791:**

- Public nuisance defined through case law
- Private nuisance defined as “injurious to health, indecent or offensive to the senses, or an obstruction to the free use of property (amends § 27-30-101)

▪ **After HB 791:** Two separate statutory definitions for nuisance

- Public nuisance: narrow statutory definition may make claims more difficult (amends § 27-30-101).
- Private nuisance: Original definition largely unchanged.

Why it Matters: Public nuisance laws are often used as a blunt means of addressing environmental and land use challenges.

HB 409: Preliminary Injunction Standards

- Requires Plaintiff to independently satisfy each element of a four-part test to obtain a preliminary injunction (amends § 27-19-201)
 - Applicant is likely to succeed on the merits;
 - Applicant is likely to suffer irreparable harm in the absence of preliminary relief
 - Balance of equities tips in the applicant's favor, and
 - The order is in the public interest.
- Overrides *Stensvad v. Ayers Ranch, Inc.* to explicitly reject the Ninth Circuit sliding scale test

HB 324: Voluntary Partial Payment of Claims

- Amends § 26-1-701 to clarify voluntary partial payment of ANY claim is not:
 - An admission of fault or liability; OR
 - A waiver or release of the claim by the person to whom payment is made
- Section previously applied only to claims related to injury, death, or damage to property
- Not applicable to unfair settlement practice claims (§ 33-18-201, 242)

SB 511: Litigation Financing Amendments

- Builds on work of 2023 Legislature to further constrain influence of 3rd parties who finance lawsuits (amends § 31-4-104)
- A litigation financier may not influence decisions about counsel, expert witnesses, litigation strategy, and settlement or other resolutions.
- Creates the Foreign Investment in Litigation Act
 - Prohibits foreign adversaries or foreign persons of concern from financing litigation

Claims Against the Government



SB 39: Attorney awards in civil claims must be reasonable (§ 25-10-711)

Fees must be reasonable and certain activities presumed unreasonable.



HB 365: Legislative conduct not admissible for bad faith analysis (amends § 25-10-711)



HB 480: Right to jury for factual questions in ballot issue challenges (amends § 27-8-302)



SB 97: New legislation must be challenged in county where bill sponsor lives

Applies to laws passed within 2-years of the last session

SB 488: False or Deceptive Consumer Reviews

- Amends the Montana Consumer Protection Act
 - Adds provision clarifying that it is a violation of the MCPA to provide “consumer reviews or testimonials that are false, misleading, or otherwise unfair or deceptive.”
 - Adds a 5-year statute of limitations for the Montana DOJ to bring a claim for violations of the Consumer Protection Act.
 - Creates limitation on who may bring a claim for a violation of § 30-14-159 to only individuals who claim to have been damaged by a commercial entity that publishes or distributes materials harmful to minors from a website if no age verification was performed.

HB 521: Claims Related to Criminal Conduct

- States that a person who is convicted of a crime and is injured or suffers other damages during the commission of the crime does not have a right to recover damages UNLESS the victim used unjustified force
- Codified as part of Title 27, chapter 1, part 5

Property, Planning, and Zoning

Jazmynn B. Pok



PARSONS
BEHLE &
LATIMER

Homeowner Associations

HB 325: Modifying covenant enforcement

- Broadens and specifies who is a “party with an interest” in land subject to covenants, and can therefore bring an enforcement action.
- **HB 325:**
 - Party to an agreement containing real property covenants, conditions, or restrictions.
 - **Owner of an interest in real property burdened or benefited by a covenant or restriction.**
 - A **homeowner’s association** or other governing body of a real property development subject to covenants, conditions, or restrictions.

HB 416: HOA Permission to Enter Private Property

- Generally, HOA must provide specific notice and have permission to enter private property.
- HB 416 makes exception for **condominium HOAs** if:
 - Entry into or onto private property is necessary to access common elements that benefit the homeowners (*not benefit the HOA*), AND
 - The declaration or bylaws sets forth the terms of HOA access to the property

HB 233: Transfer of Title to Open Spaces

- Grants right to homeowners' association (HOA) to petition land for transfer of title to any open spaces, parks, or common use areas to the HOA.
- **CONDITIONS:**
 - HOA is organized in accordance with covenants
 - Covenants require HOA to repair and maintain common areas
 - Governing body finds subdivider intended for the HOA to own the open spaces and parks
 - Property subject to transfer is not owned by an individual.

HB 147: Clarification Re: Abandonment of Covenants

- Specifies that to defend against a claim that covenants were abandoned, the association had to have “equally and consistently enforced” the covenants for over at least a two-year period.

Zoning

Building on 2023 Zoning Reform

Background: In 2023 a suite of bills intended to expand housing through zoning and land use reform.

- **SB 175:** Adopts the same public notice and hearing process for county commissioners evaluating applications to amend zoning that are required for new zoning requests.
- **SB 121:** Clarify public notice requirements & expands public participation opportunity related to development applications, expressly grants extraterritorial zoning authority, defines “substantial compliance” under Montana Land Use Planning Act.

Building on 2023 Zoning Reform

- **SB 532:** Provides 15-day expedited review period for county certificate of subdivision approval for Accessory Dwelling Units on a lot with existing sewer and water service & capacity
 - Terminates September 30, 2029.

New 2025 Zoning Changes

- **SB 213:** Permit residential apartment buildings with one stairwell in certain zones & with conditions/qualifications
- **SB 252:** Provide that local zoning must treat manufactured and factory-built housing the same as other residential property
- **SB 214:** Require that ambiguity in zoning be construed in favor of non-conforming uses.

New 2025 Zoning Changes

- **HB 492:** Prohibits zoning from requiring*:
 - more than one parking space per residential dwelling unit;
 - **any min. parking** for:
 - existing buildings
 - daycares
 - Public health & human services
 - Deed-restricted affordable housing
 - More than one-half space for a residential unit under 1,200 sq. ft.

*subject to ADA

HB 614: Termination of Zoning Districts

- Grants right to property owners to submit a referendum to terminate an existing zoning district, IF:
 - County commissioners hold public hearing
 - The land subject to referendum is subject to different zoning regulations pursuant to Mont. Land Use Planning Act or another larger zoning district.

Development

Housing & Infrastructure Incentives

- **HB 162:** Allowing use of resort tax levies for infrastructure to fund “workforce and community housing projects.”
- **HB 505:** Expanding Montana Housing Infrastructure Fund.
 - Requires the fund to keep interest and income in the fund.
 - Authorizes the use of funds for certain residential projects with min. gross density of 3 units/acre.
 - Authorizes the use of public infrastructure bonds for housing development and to finance ownership of certain mobile home park and multifamily housing units.

Property Owner Rights

New Enforcement for Property Rights

- **SB 101:** Provides process for removal and misdemeanor offense of unlawful squatting
 - Creates criminal offense of squatting
 - Grants right to property owner to request law enforcement to:
 - remove unauthorized person or trespasser
 - Standby by and keep the peace while owner changes locks and removes squatter's property
 - Provides that property owner who provides false information to law enforcement required to indemnify the law enforcement agency against claims by alleged squatter

New Enforcement for Property Rights

- **SB 493:** Creating the offense of trespass for drones flying below 200ft.
 - Exceptions: government entities, utility employees and contractors, operators with an active FAA license.

Changes in Landlord Tenant Law

- **HB 444:** Allowing email notices and electronic delivery of security deposits.
- **SB 149:** Requires tenant to provide documentation for an emotional support animal; and such documentation may not necessarily require landlord to permit ESA animal.
- **HB 311:** Requiring refund of rental application fees
 - Applies to property managers with four or more dwelling units
 - Deductions for specific services, actually performed, permitted with notice at time of application

HB 136: Incentives for Property Risk Reduction

Property insurers may offer premium reductions for risk prevention activities



Fire

- Ignition resistant materials
- Outside water source
- Defensible land scaping
- Fire alarm or emergency system
- Compliance with international Wildland/ Urban Interface codes



- Wind/ hail prevention
- Wind resistant shingles
- Anchoring outdoor furniture
- Pruning trees
- Installing protective coverings

Environment, Energy, and Water

Mathew T. Bain



PARSONS
BEHLE &
LATIMER

Wildfire Liability

- **HB 490:** Providing electric utilities with enhanced liability protection in exchange for execution of proactive wildfire mitigation plans
 - An approved wildfire mitigation plan creates a presumption that the utility acted reasonably if it substantially followed its plan and a fire occurs
 - Punitive damages are unavailable unless injured party can demonstrate gross negligence on the part of the utility
- **HB 84:** Clarifying liability standard for prescribed fire and creating a prescribed fire management training program
 - A certified prescribed fire manager may not be held liable absent showing of negligence.

Revisions to MEPA

- **SB 221:** Provides for greenhouse gas assessments to satisfy Montana Environmental Policy Act (MEPA)
 - Required for “Fossil Fuel Activity”
 - Nex steps, DEQ Rulemaking
 - No consideration of upstream and downstream effects
- **HB 285:** Revises policy and purpose statements to clarify that MEPA is procedural, not substantive
- **HB 270:** Clarifies the standard for vacatur on remand

Other MEPA Related Legislation

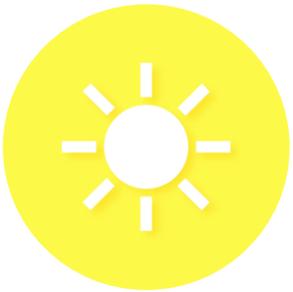
- **HB 466:** Provide for categorical exclusions to Montana Environmental Policy Act (MEPA)
 - A categorical exclusion creates a rebuttable presumption that a permitted activity does not require in-depth environmental review.
- **SB 262:** Exempt review of subdivision applications and water or sewer plans from MEPA
- **HB 291:** Prohibit state or local air quality standards that are more stringent than the Clean Air Act

Water Right Permit & Change Modifications

- **SB 190:** Allows water right holders to waive adverse effects analysis when another party files a permit or change application.
- **HB 432:** Expands exceptions for when an appropriator may change an appropriation right without prior DNRC approval
 - Applies to redundant wells, replacement wells, replacement diversion points, adding or removing stock tanks
- **SB 178:** Authorizes temporary lease of a water right.
 - May not be leased for more than 40-days per year
 - Many not be leased for more than 5-years of any 10-year period
- **HB 681:** A person seeking an exempt well must first file a notice of intent to appropriate groundwater with the DNRC.

New Opportunity: Shared Solar

- **SB 188:** Authorizes a subscription-based ownership model whereby utility customers can purchase shares of an independent renewable energy projects.



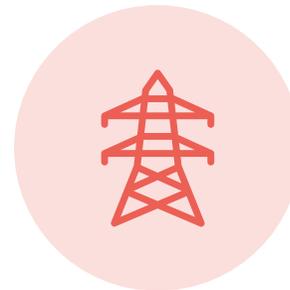
1. A developer or utility elects to build a shared solar project of at least 50 KW.



2. Individual energy users sign up for a subscription. The subscription entitles customers to a certain portion of generation from the facility.



3. Customers receive on-bill credit relative to the proportion of generation purchased from the shared solar facility.



4. A utility customer's entire bill won't be offset by shared solar. Utility customers pay for more than just electricity generation through their monthly bills.

Employment & Emerging Issues

Leah Trahan



PARSONS
BEHLE &
LATIMER

HB 226: Verification of Legal Employment

- An employer must request and make a copy of:
 - Citizenship or work authorization status verified by E-Verify program; OR
 - Completed I-9 with corresponding documents
- Books, records, payrolls must be open to inspection.
- Refusal to submit records for inspection subject to escalating penalties
 - First violation: \$500 per wrongfully employed individual
 - Second Violation: \$1,000 per wrongfully employed individual
 - Third Violation: \$2,500 + 6 month suspension of government licenses

Enhanced Protections for Public Service

- **HB 667:** Prohibiting employers from restricting employees from seeking election or appointment to city, county, or state office
 - Employer may not require employee to use leave or perform work while serving
 - Applies retroactively to January 1, 2025
- **HB 128:** Protecting volunteer emergency service providers from termination.
 - May not terminate an employee who is late or absent
 - Employer may request written statement from EMS supervisor

HB 292: Uniform Public Expression Act

- Protects individuals from lawsuits concerning communications about public issues or exercise of First Amendment Rights
 - Public issues mean legislative, executive, or judicial proceedings
- Defendant may file motion for expedited relief within 60-days of service
- All proceedings will be stayed pending resolution of the motion.
- Court must hear motion for expedited relief within 60-days and rule on the motion 60-days after the hearing.

HB 121: Restricting Access to Public Facilities

- Public facilities must designate each multi-occupancy restroom, changing room, or sleeping quarters for exclusive male or female use.
- Public facilities must take reasonable steps to provide individuals with privacy from members of the opposite sex.
- Provides a private right of action for individuals who encounter an individual of the opposite sex in a restroom, changing room, or sleeping quarters
- Subject to preliminary injunction, pending legal challenge

SB 437: Revise Definition of Sex

- “Sex means whether someone is male, or female based on
 - The type of gamete, sperm, or eggs they are capable of or expected to produce as dictated by their primary sexual anatomy
 - There are only two sexes
 - Sex is rooted in reproductive anatomy and is in no way influenced or defined by one’s psychological state.

Making the connection: the Montana Human Rights Act uses this definition of sex, but Title VII still applies.

Workers' Compensation & Unemployment

- **HB 197:** Revise workers compensation laws related to return to work.
- **SB 109 & HB 143:** Add physician assistants and physical therapists to definition of treating physician.
- **SB 394:** Provide for workers compensation coverage of PTSD for first responders.
- **HB 516:** Relocate workers compensation court to the judicial branch
- **HB 210:** Revise unemployment insurance rates and uses

Emerging Issues

- **SB 426:** Modernize UCC to provide enhanced clarity for secured transactions involving digital assets
- **SB 265:** Revise crypto laws to prohibit use or testing of central bank digital currency and protect self-hosting of digital assets
- **SB 212:** Establish a fundamental right to own and make use of technological tools and computational resources
- **SB 297:** Amend Montana Consumer Data Privacy Act to provide enhanced protection for minors

Taxes & Economic Development

Ross P. Keogh



PARSONS
BEHLE &
LATIMER

Bringing Taxes into the 21st Century

- **HB 91:** Allows taxpayers to elect to receive electronic correspondence from the Montana Department of Revenue
- **SB 54:** Require tax payments more than \$50,000 to be paid electronically
- **HB 20:** Requiring voted levies to be stated in dollars rather than mills

Tax Increment Financing Modernization

- **SB 1:** Limits use of blight as a TIF justification to areas determined to be detrimental to public health, safety, and welfare
 - Removes aesthetics and open spaces from definition of blight
- **HB 19:** Requires a public hearing to pledge tax increment financing for bond payments that extend a TIF district beyond 15-years

New Development Incentives

- **SB 337:** Allows subdivision developers to lock-in pre-development tax rate through prepayment of property tax obligations plus a 5% fee.
 - 5-year prepayment exemption terminates when subdivision is complete.
 - Each lot where a residential structure is completed expires the following year.
- **HB 424:** Reduces tax rate on communications and energy infrastructure that powers data centers.
 - First 10-years: .9% of market value.
 - Next 10-years: 3% of market value THEN 6% of market value thereafter.
 - Encourages data centers to co-locate energy infrastructure behind the meter.

Other Notable Tax Law Changes

- **HB 411:** Exempts agricultural and forest land from open space property tax levies
 - Applies to all open space levies and bonds, regardless of approval date
 - Effective January 1, 2026
- **HB 845:** Increases the income tax deduction for family education savings accounts
 - Individual: \$4,500 for contributions
 - Married filing jointly: \$9,000 for contributions
- **SB 117:** changes automatic adjustments to revenue authority

Property Tax Reallocation: HB 231, SB 542

- **Big Idea:** Property taxes largely controlled at local level leaving little opportunity for state-level relief
- **The Next Best Thing:** HB 231 and SB 542 attempt to reallocate tax burdens among different types of property through rate adjustments
- **What to Expect:** Reduced tax bills for primary residences higher taxes on second-homes, short-term rentals, agricultural property, and commercial/ industrial property.

Residential Property Effect

- Beginning in 2026 a flat 1.9% rate will apply UNLESS the property is a “principal residence” or “long-term” rental.
- Previously, a 1.35% rate applied for below \$1.5 million, and then 1.89%.
- Principal residences and long-term rentals follow a tiered-rate structure.

Median Residential Value	Tax Rate
0-1x median residential value (est. \$395,000)	0.76%
1x-2x median residential value (est. \$395,000 to \$790,000)	0.9%
2x-4x median residential value (est. \$790,000 to \$1,580,000)	1.1%
4x+ median residential value (est. > \$1,580,000)	1.9%

*Multi-family long-term rental properties can apply for a flat 1.1% tax rate.

Principle Residence & Long-term Rental

■ Principle Residence:

- Owner must demonstrate residence for at least 7 months of the year;
- Only one principal residence;
- Owner must pay property taxes; and
- Can be owned by a grantor trust; but not an entity.

■ Long-term rental:

- Single-family, multiple unit, trailer, manufacture home or mobile home
- Rented for 28 days or more for at least 7 months, or vacant for 5 months to repair,
- Occupied by tenants who use the dwelling as a residence,
- Owner is current on taxes.

Commercial and Industrial Effect

- New tiered Commercial and Industrial rates based on “median” value.
- Applies starting in the 2026 tax year.
- 1.5% for value below 6x the “median” (est. \$2,136,000) and 1.9% above.
- Previously, a flat 1.89% rate.

Business Property Effect

Beware the Yo-Yo: Changes will be phased in throughout 2025. Expect higher tax bills in 2025 followed by modest decreases as second-homes and short-term rentals pick up more of the burden.

Property Type	2025 Change	2026 Change	Overall Change
Commercial	11%	-7%	3%
Agricultural	7%	-5%	2%
Industrial	13%	-2%	10%

Your Tax Action Items



August 15 to October 1: Claim your \$400 primary residence rebate



December 2025: Claim your homestead tax rate for the property where you live 7-months out of the year

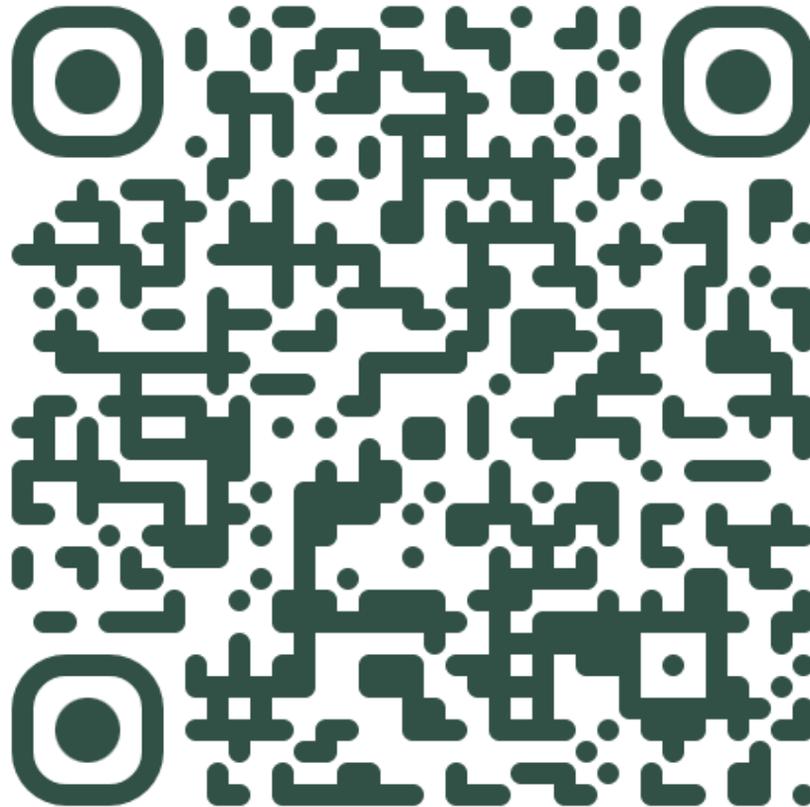
Those receiving rebates for 2025 are expected to automatically qualify

HB 337: Income Tax Reduction

- Reduces top income tax rate from 5.9% to 5.65% in 2026
 - Top marginal rate further reduced to 5.4% in 2027
- Doubles the income threshold for the 4.7% bracket
- \$190 million cost in 2027 to budget

Filing Status	2025 4.7% then 5.9%	2026 4.7% then 5.65%	2027 4.7% then 5.4%
Married Filing Jointly Surviving Spouse	\$0-\$41,000	\$0-95,000	\$0-\$130,000
Single Married Filing Separately	\$0-\$20,500	\$0-\$47,500	\$0-\$65,000
Head of Household	\$0-\$30,750	\$0-\$71,250	\$0-\$97,500

Scan the QR code below to download a PDF copy of today's presentation slides.



Thank You



Liz M. Mellem
Director & Vice President
amellem@parsonsbehle.com
406.317.7240



Jeffrey R. Kuchel
Shareholder
jkuchel@parsonsbehle.com
406.317.7250



Jazmynn B. Pok
Associate
jpok@parsonsbehle.com
801.536.6792



Mathew T. Bain
Associate
mbain@parsonsbehle.com
406.317.7246



Leah Trahan
Associate
ltrahan@parsonsbehle.com
406.317.7244



Ross P. Keogh
Missoula Office
Managing Shareholder
rkeogh@parsonsbehle.com
406.317.7241