

HOUSE JOINT RESOLUTION NO. 31

INTRODUCED BY G. HENDRICK

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A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING A STUDY OF THE PROPERTY REAPPRAISAL PROCESS FOR PROPERTY TAX PURPOSES AND OPTIONS TO IMPROVE THE REAPPRAISAL PROCESS.

WHEREAS, under Article VIII, section 3, of the 1972 Montana Constitution, the state is required to appraise, assess, and equalize the valuation of all property that is to be taxed in the manner provided by law; and

WHEREAS, the Montana Department of Revenue appraises property for property tax purposes; and

WHEREAS, the Department of Revenue has completed six reappraisal cycles since 1972;

WHEREAS, the Department of Revenue may have incorrectly reappraised a significant number of properties because of a lack of controls in the reappraisal process;

WHEREAS, a significant number of taxpayers may have borne a disproportionate share of the property tax burden because of mistakes in the reappraisal of their property; and

WHEREAS, many homeowners and business owners may not be able to afford their property taxes because of mistakes in the reappraisal of their property; and

WHEREAS, the informal review and appeals process related to cyclical reappraisal may cause property values to be unequalized; and

WHEREAS, the reappraisal of property for property tax purposes by a new state agency that is not involved in revenue collections may result in a more reliable and equitable reappraisal of property; and

WHEREAS, the current cyclical reappraisal process is complicated, confusing, and seemingly unfair.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the Legislative Council be requested to designate an appropriate interim committee or statutory committee, pursuant to section 5-5-217, MCA, to:

(1) study the Montana Department of Revenue's cyclical reappraisal processes and the property tax appeal process, including but not limited to:

(a) an evaluation of methods used by the Department of Revenue in reappraising class three agricultural



- 1 land, class four residential and commercial land and improvements, and class ten forest land;
- 2 (b) a determination of potential sources of error in the reappraisal processes;
- 3 (c) a comparison of the number of informal reviews, county tax appeal board appeals, and state tax  
4 appeal board appeals for the reappraisal cycle completed December 31, 2008, with the previous two reappraisal  
5 cycles;
- 6 (d) an analysis of the changes in market value and taxable value because of informal reviews or tax  
7 appeals under the reappraisal cycle completed December 31, 2008;
- 8 (e) an evaluation of the basis for making changes in market value because of informal reviews or tax  
9 appeals;
- 10 (f) a determination of the number of properties under class three, class four, and class ten that are  
11 subject to tax lien sales for the first time for tax years beginning after December 31, 2008;
- 12 (g) a determination of the number of properties referred to in subsection (1)(f) that have been sold for  
13 delinquent taxes;
- 14 (h) an evaluation of the appraisal certification standards used by the Department of Revenue to train its  
15 employees; and
- 16 (i) a consideration of the advantages and disadvantages of creating a new state agency to reappraise  
17 all property for property tax purposes; and
- 18 (2) consider options to revise the cyclical reappraisal of class three, class four, and class ten property,  
19 including but not limited to:
- 20 (a) revising valuation methods of property, including using valuation methods that do not rely on market  
21 value as the primary determinant of value for property tax purposes;
- 22 (b) revising the cyclical reappraisal process to make it more timely with changes in market value;
- 23 (c) improving the standards that a state employee must meet for conducting cyclical reappraisal of  
24 property for property tax purposes;
- 25 (d) creating a new department with the sole function of appraising and administering the reappraisal of  
26 all property for property tax purposes; and
- 27 (e) improving the method of informal review, the local property tax appeal process, and the state property  
28 tax appeal process.
- 29 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review  
30 requirements, be concluded before September 15, 2012.

