

Verizon Wireless testimony in support of SJ17  
(Interim Study to analyze the system of valuing centrally assessed properties and  
industrial companies assessed annually by the Department of Revenue)

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Appraisal techniques currently employed by the MT DOR have been the subject of significant controversy and ongoing litigation in recent years.

Existing controversies are exacerbated by rules (42-2-846 notice) recently adopted by the DOR that significantly change procedures that have existed for the past ten years.

Significant opposition to the proposed rules was effectively disregarded.

ARM 42.22.111 restricts the use of appraisal methods to those which are 'commonly accepted' but the recently adopted rules reference methods (in WSATA manual and NCUVS standards) that are not commonly accepted.

The DOR's current practice and new rules are in conflict with MT statutes.

Restriction of the exemption for intangible personal property is contrary to the legislative intent and clear meaning of MCA 15-6-218.

Reliance on a value indicator that does not remove intangible value is contrary to ARM 42.22.110.

ARM 42.22.110 dictates that DOR must give full and fair consideration to information provided by a taxpayer to establish higher intangible value.

The default (guideline) intangible percentages established for each industry have not been reviewed since they were initially adopted over 10 years ago despite ARM 42.22.110 requiring a biennial review.

The default intangible percentage established for the telecommunications industry was established well before the DOR began centrally assessing wireless companies.

More than 15% of a wireless company's assets are intangible.

MT DOR began classifying wireless property as Class 13 property (rather than the historic Class 8 classification) in 2007 without any change in statutory or administrative authority.

VZW has a petition pending in district court to appeal the decision of the Montana State Tax Appeal Board in the 2007 classification matter.

The fair market value of taxable property should be consistent regardless of the appraisal methodology (i.e. central vs. local assessment).

The DORs appraised value for Verizon Wireless property has **increased 25 times more** than the actual investment (based on net book cost) between 2006 (the last year of local assessment) and 2010.

VZW has pending valuation disputes for 2008-2010 tax years.