

1 SENATE JOINT RESOLUTION NO. 17

2 INTRODUCED BY B. TUTVEDT

3

4 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF
5 MONTANA REQUESTING AN INTERIM STUDY TO ANALYZE THE SYSTEM OF VALUING CENTRALLY
6 ASSESSED PROPERTIES AND INDUSTRIAL COMPANIES ASSESSED ANNUALLY BY THE DEPARTMENT
7 OF REVENUE; AND REQUIRING THAT THE FINAL RESULTS OF THE STUDY BE REPORTED TO THE 63RD
8 LEGISLATURE.

9

10 WHEREAS, the Department of Revenue has undertaken appraisals in recent years that caused the tax
11 assessments and tax bills of a large number of taxpayers to increase disproportionately compared to locally
12 assessed businesses and residential properties as well as assessments of similar property in neighboring states;
13 and

14 WHEREAS, as a result, the number, size, and complexity of tax appeals being litigated in Montana has
15 grown significantly since 2003; and

16 WHEREAS, many of the decisions of the State Tax Appeal Board regarding centrally assessed property
17 and industrial companies that are assessed on an annual basis have been appealed to the District Court;

18 WHEREAS, it has become routine for matters covered through the direct appeals to the State Tax Appeal
19 Board pursuant to section 15-2-302, MCA, to be appealed to or filed directly in District Court;

20 WHEREAS, the requirement that the State Tax Appeal Board consider valuation issues has created an
21 artificial distinction between issues triable in District Courts and issues triable by the State Tax Appeal Board; and

22 WHEREAS, that distinction results in unnecessary delay and cost for taxpayers, the Department of
23 Revenue, and local governments, and the extra step of an appeal to the State Tax Appeal Board results in
24 unnecessary delay that ties up large sums of protested taxes and creates a hardship for local governments and
25 schools; and

26 WHEREAS, the number of centrally assessed companies has expanded significantly in recent years with
27 no changes to the statutory definitions of what does and does not constitute a centrally assessed company; and

28 WHEREAS, the Department uses one of three valuation methodologies subjectively; and

29 WHEREAS, predictability and stability of property valuation will improve the business investment climate
30 for Montana businesses; and

1 WHEREAS, there is disagreement surrounding the Department of Revenue's interpretation of statutory
2 authority for central assessment classification and regarding valuation of large industrial companies assessed
3 on an annual basis; and

4 WHEREAS, there is disagreement surrounding the Department of Revenue's interpretation of the
5 legislative intent behind the statutory mandate that intangible personal property, including goodwill, is exempt from
6 taxation and that to the extent that the unit value of centrally assessed property includes intangible personal
7 property, that value must be removed from the unit value.

8
9 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE
10 STATE OF MONTANA:

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

13 (1) review the statutory authority identifying the type of properties that should be assessed by the central
14 office of the department of revenue and not by local county employees of the department. The following must be
15 reviewed:

16 (a) the history and changes in the industry for properties that are currently designated as being centrally
17 assessed; and

18 (b) the statutory authority regarding assessment of large industrial properties, properties that may involve
19 characteristics or complexity that require specialized assessment but are not classic unitary businesses, and
20 other types of property that different taxing jurisdictions have considered appropriate for being assessed centrally
21 and locally;

22 (2) analyze whether there should be a relationship between a property's tax classification and the method
23 used for assessment of that property;

24 (3) analyze whether property owned by a particular type of business should be centrally or locally
25 assessed;

26 (4) analyze whether assessment directly by the state or local assessment should be based on separate
27 types of property being assessed;

28 (5) analyze whether methods used in determining market value should differ based upon whether the
29 assessment is determined centrally or locally;

30 (6) analyze how exempt intangible personal property can and should be removed from a centrally

1 assessed unitary valuation;

2 (7) review the appropriateness of the percentages to deduct intangible personal property from the cost,
3 income, and market indicators of value specified in the Administrative Rules of Montana; and

4 (8) any other matter relating to central assessment that the committee considers appropriate.

5 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation, review requirements,
6 and recommendations, be concluded before September 15, 2012.

7 BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions,
8 comments, or recommendations of the committee, be reported to the 63rd Legislature.

9 - END -