

SENATE JOINT RESOLUTION NO. 17

INTRODUCED BY B. TUTVEDT

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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.

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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, THE LEGISLATURE HAS HEARD CONCERNS ABOUT CENTRALLY ASSESSED PROPERTY AND LARGE
30 INDUSTRIAL FACILITY TAXATION; AND

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

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

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

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

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

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

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

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

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

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

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

30 (5) analyze whether methods used in determining market value should differ based upon whether the

1 assessment is determined centrally or locally;

2 (6) analyze how exempt intangible personal property can and should be removed from a centrally
3 assessed unitary valuation;

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

6 (8) any other matter relating to central assessment, INCLUDING EQUALIZATION WITH OTHER CLASSES OF
7 PROPERTY, that the committee considers appropriate.

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

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

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