Montana Department of Revenue

Dan Bucks
Director

Brian Schweitzer
Governor

MEMORANDUM

To: Revenue and Transportation Interim Committee (RTIC)

From: Dan Bucks, Director of Revenue

Date: June 16, 2011

Subject: Implementation of Selected 2011 Legislation

The following are among some of the key bills that the Department of Revenue (DOR) is working to implement following the 2011 session of the legislature:

SB372 Reduce business equipment tax

- (Effective date - 7/1/2011)

This bill reduces the tax rate on the first $2 million of class 8 property from 3% to 2%. The Department will develop rules that define how the tax rate reduction will apply to class 8 property situated in multiple counties but owned by a single owner. The Property Assessment Division and Information Technology Unit will work with the property valuation system's software vendor to develop a method to distribute the rate reduction proportionally to class 8 property in multiple counties. The Tax Policy and Research Unit will work with local governments and OPI to determine the amount of property tax reimbursements required to make up property tax losses due to the implementation of this legislation.

SB295 Revise manner of appraising certain property for tax purposes

- (Effective date - 7/1/2012)

The Property Assessment Division has started making the arrangements with the Orion computer system vendor to implement the automated, standardized appeals packet that this bill requires be provided to taxpayers starting July 1, 2012. In addition, the department will begin work on an administrative rule to address the use of foreclosure and other distressed real estate sales data in property valuation modeling, consistent with mass appraisal standards. This bill requires that the distressed sales price data be reported on the Realty Transfer Certificate. The department will also review current rules to determine if there are other technical issues that need to be addressed.

SB215 Reduce state mark up on liquor based upon percent of Montana ingredients

- (Effective date - 5/6/2011)

The department will draft rules in line with the direction in the Governor's Signing Statement.

HB123 Revise county and school district budgeting timelines

- (Effective date - 4/8/2011)

The changes to the local government and school district budget timelines will reduce the amount of time the department will have to calculate tax bills for 1,160 taxing jurisdictions across Montana. These taxing jurisdictions include some 1,237 levy districts and 1.6 million parcels of property that all come together in some 877,000 tax bills. The department will have from 21 to 28 fewer days to make these calculations. Implementation has already begun through efforts to create computer operating efficiencies as well as ongoing staff and other operational efficiencies. These involve staff in the Property Assessment Division, including both the central office and the local offices, together with staff in Tax Policy and Research. The new timelines are effective immediately so that the department will be delivering the tax calculation data to the local governments on the second Monday in October in 2011.

SB29 Responsible Alcohol Sales and Services Act

- (Effective date - 10/1/2011)

This law places the implementation and enforcement of mandatory server and sales training programs in Montana under the exclusive authority and jurisdiction of the department of revenue. To comply with and implement the law, the department will specify the training curriculum and update it on an annual basis, approve, regulate and monitor the outside training providers; and enforce the compliance and penalty structures as provided in the bill.