



Mike Kadas
Director

Montana Department of Revenue



Steve Bullock
Governor

MEMORANDUM

REVENUE & TRANSPORTATION
JULY 9, 2015
EXHIBIT 16

To: Montana State Legislature

From: Mike Kadas, Director

Date: July 8, 2015

Re: 2015 Reappraisal - Informal Reviews, Formal Appeals, and Valuation Adjustments

The department is currently mailing approximately 600,000 classification and appraisal notices for the 2015 Reappraisal of all taxable agricultural, forest land, residential, commercial, and industrial real property. As you know, changes in property values increase the likelihood that a property owner will disagree with the new value. Because of this, you are likely to receive inquiries from your constituents regarding how to contest the department's values. The department seeks to ensure that the property values are correct; we definitely want to hear from property owners if we have erred. We strongly urge property owners to contact their local revenue office, in the county in which the property is located, to utilize the informal review process described below.

The law provides property owners with a couple of options if they object to the department's valuation of their property, either through an informal review process with the department or through a formal appeal process with the local county tax appeal board (CTAB).

Informal Classification and Appraisal Review (Form AB-26)

A property owner choosing this option is required to complete the Form AB-26 and file it with the local revenue office in the county in which the property is located. Filing the AB-26 must occur within 30 days from the date on the classification and appraisal notice.

The department will mail a post card notifying the property owner that the Form AB-26 has been received and that an appraiser will be contacting the property owner to schedule a meeting to conduct an onsite inspection of the property. The purpose of the onsite inspection is to ensure the accuracy of the property information that the department used to classify and value the property.

The property owner, however, may decline an onsite inspection and only ask the department to review the additional documentation provided with the Form AB-26 for the department's consideration in adjusting the property's value. Following the onsite inspection and/or the documentation review, the department will mail the property owner a determination letter. If the property owner disagrees with the department's informal

review determination, the property owner may formally appeal to their local CTAB by completing a property tax appeal form and filing it with the county clerk and recorder within 30 days from the date on the department's final determination letter.

Formal Appeal (Property Tax Appeal Form)

A property owner who disagrees with the department's classification and/or property value may choose to file a formal appeal directly to their local CTAB, rather than filing a Form AB-26 with the department. If so, the property owner must complete a property tax appeal form and file it with the county clerk and recorder's office in the county in which the property is located for a hearing by the local CTAB. Filing the property tax appeal form must occur within 30 days from the date on the classification and appraisal notice.

Filing both an Informal Review and a Formal Appeal

Please note that the county's formal appeal process and the department's informal review process are completely separate and independent processes. There is no statutory requirement that a property owner is required to first file an informal review with the department before filing an appeal with the local CTAB. If timely filed, the property owner may file both an Appeal Form and a Form AB-26. Once CTAB makes a decision, however, the department's informal review process is no longer an option. A property owner who does not agree with the local CTAB's decision must file an appeal to the Montana Tax Appeal Board within 30 days of the CTAB's decision.

Valuation Adjustments

The timeliness of filing informal reviews and formal appeals is imperative for the property owner to reserve their right to object to the department's valuation.

Tax Year 2015 – first year of reappraisal

A classification or valuation adjustment resulting from an informal review or formal appeal, filed within 30 days from the date on the notice will apply to tax years 2015 and 2016.

A classification or valuation adjustment resulting from an informal review or formal appeal, filed after 30 days from the date on the notice will apply only to tax year 2016.

Tax Year 2016 – second year of reappraisal

A property owner will receive a notice in the second year of the reappraisal only if an ownership, valuation, or classification change occurred.

If a property owner chooses to file an informal review or formal appeal within 30 days from the date on the notice that results in a classification or valuation adjustment; the adjustment will apply only to tax year 2016. An informal review or formal appeal filed after 30 days from the date on the notice will not be accepted for the two-year reappraisal.

If you have any questions, please feel free to visit our website at <http://revenue.mt.gov/appeal-process> or contact me at 406-444-1900/866-859-2254 (outside Helena).