

HOUSE BILL NO. 488
INTRODUCED BY M. JOPEK

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE REVENUE AND TRANSPORTATION INTERIM COMMITTEE TO CONDUCT A STUDY ON THE REVALUATION OF CLASS THREE AGRICULTURAL LAND, CLASS FOUR RESIDENTIAL AND COMMERCIAL PROPERTY, AND CLASS TEN FOREST LANDS; PROVIDING AN APPROPRIATION; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

WHEREAS, section 15-7-111, MCA, requires the periodic revaluation of class three agricultural land, class four residential and commercial property, and class ten forest lands; and

WHEREAS, class three, class four, and class ten property in each county must be revalued by January 1, 2009; and

WHEREAS, recent periodic revaluations have resulted in disparate changes in assessed valuations across the state; and

WHEREAS, these disparate changes in assessed valuations have a significant effect on property taxpayers, local governments, and school districts; and

WHEREAS, Article VIII, section 3, of the Montana Constitution requires that the state equalize the valuation of all property that is to be taxed in the manner provided by law; and

WHEREAS, the Legislature has not developed a prospective method for dealing with the periodic revaluation of property; and

WHEREAS, some responses to periodic revaluations have been constitutionally suspect; and

WHEREAS, the 60th Legislature desires to respond to the new revaluation of property in a systematic and rational way.

THEREFORE, it is the purpose of this bill to require the Revenue and Transportation Interim Committee to conduct a study of periodic revaluation of property and to make recommendations to the next Legislature and the Governor.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Interim study on property reappraisal cycle.** (1) The revenue and transportation interim committee, provided for in 5-5-227, shall conduct an interim study of the periodic revaluation

of taxable property that is required by 15-7-111. In the study, the committee shall:

(a) evaluate, using the best data available for the revaluation of property that goes into effect January 1, 2009:

(i) changes in the productivity value of class three agricultural land and nonqualifying agricultural land by county;

(ii) changes in market value of class four residential and commercial property by county; and

(iii) changes in the productivity value of class ten forest lands by county;

(b) consider strategies to mitigate the effects of changes in revaluation, including strategies to maintain:

(i) equity among property taxpayers; and

(ii) the financial integrity of local governments and school districts;

(c) review the department of revenue's methods for revaluing class three, class four, and class ten property and consider procedures that would improve the periodic revaluation process;

(d) review other matters that the committee considers relevant in the conduct of the study; and

(e) make recommendations to the 61st legislature.

(2) The committee may request the assistance of the legislative services division, the legislative fiscal division, the department of revenue, other state agencies, the general public, and other interested parties in the conduct of the study.

(3) The committee shall complete the study by September 15, 2008, and report to the 61st legislature its findings and recommendations, including recommendations for legislation.

NEW SECTION. Section 2. Appropriation. There is appropriated \$25,000 to the legislative services division for the 2009 biennium for the operating expenses and personnel expenses related to the study required by [section 1].

NEW SECTION. Section 3. Effective date. [This act] is effective July 1, 2007.

NEW SECTION. Section 4. Termination. [This act] terminates September 15, 2008.

- END -