

## HOUSE BILL NO. 826

INTRODUCED BY B. MCCHESENEY, GILLAN, ANKNEY, THOMAS, KOTTEL, O'HARA, GEBHARDT,  
OLSON

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A PROPERTY TAX PROTEST STUDY COMMITTEE;  
PROVIDING AN APPROPRIATION; AND PROVIDING EFFECTIVE DATES."

WHEREAS, several large, centrally assessed property taxpayers have paid property taxes under protest because the taxpayers have disputed the department of revenue's valuation of their property; and

WHEREAS, according to figures from the department of revenue, outstanding property taxes paid under protest by owners of centrally assessed property amounted to a little over \$84 million as of December 18, 2006; and

WHEREAS, property taxes paid under protest by other types of taxpayers may become more significant in the future; and

WHEREAS, taxpayer property tax disputes with the department of revenue may last for several years; and

WHEREAS, some centrally assessed taxpayers enter into property tax settlement agreements with the department of revenue for the payment of property taxes initially paid under protest; and

WHEREAS, the payment of property taxes under protest may have significant financial implications not only for local taxing jurisdictions in which the property is located but for the state as well; and

WHEREAS, little progress has been made in recent years to develop a process by which property tax disputes may be resolved in a timely and appropriate manner; and

WHEREAS, the untimely and often inconsistent resolution of property tax disputes may be indicative of a process that requires reform.

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

**NEW SECTION. Section 1. Interim property tax protest study committee.** (1) There is an interim property tax protest study committee created to study the issues related to property tax disputes and the payment of property taxes under protest. The members must include:

(a) two senators, one appointed by the president and one appointed by the minority leader;

(b) two representatives, one appointed by the speaker of the house and one appointed by the minority leader; and

(c) ~~six~~ 13 at-large members appointed as follows:

(i) one member appointed by the Montana association of counties;

(ii) one member appointed by the Montana association of oil, gas, and coal counties;

(iii) ~~one county treasurer~~ TWO COUNTY TREASURERS, ONE REPRESENTING EASTERN MONTANA AND ONE REPRESENTING WESTERN MONTANA, appointed by the Montana association of county treasurers;

(iv) one member appointed by the Montana taxpayers association;

(v) the administrator of the business and income taxes division of the department of revenue; and

(vi) one member of the state tax appeal board appointed by the state tax appeal board;

(VII) TWO MEMBERS WHO ARE RESIDENTIAL PROPERTY TAXPAYERS APPOINTED BY THE GOVERNOR FROM A LIST PROVIDED BY THE MONTANA ASSOCIATION OF COUNTY TREASURERS;

(VIII) ONE MEMBER TO REPRESENT SCHOOLS IMPACTED BY CENTRALLY ASSESSED PROPERTY TAX PROTESTS APPOINTED BY THE MONTANA SCHOOL BOARDS ASSOCIATION;

(IX) ONE MEMBER APPOINTED BY THE MONTANA EDUCATION ASSOCIATION-MONTANA FEDERATION OF TEACHERS;

(X) ONE MEMBER APPOINTED BY THE MONTANA LEAGUE OF CITIES AND TOWNS; AND

(XI) ONE MEMBER REPRESENTING AN IMPACTED CENTRALLY ASSESSED CLASS OF TAXPAYERS APPOINTED BY THE MONTANA ASSOCIATION OF COUNTIES.

(2) Property tax protest study committee members must be appointed by July 1, 2007.

(3) In case of a vacancy, a replacement must be selected in the manner of the original appointment.

(4) (a) The committee is attached for administrative purposes only to the legislative services division.

(b) The legislative services division, legislative fiscal division, and appropriate state agencies shall provide staff assistance as requested by the committee.

(5) The members of the committee shall select a presiding officer and may appoint other officers as considered necessary.

(6) The committee shall adopt rules of procedure for conducting meetings.

(7) The purpose of the committee is to conduct a comprehensive study of the issues related to property tax disputes and the payment of property taxes under protest WITH DUE REGARD NOT TO PREJUDICE THE OUTCOME OF PENDING LITIGATION. The committee shall:

(a) inventory the types of taxpayers paying property taxes under protest and determine the frequency and magnitude by property class of property taxes paid under protest;

(b) determine the amount of property taxes paid under protest by taxpayers identified under subsection (7)(a) during a period of time considered appropriate by the committee and analyze the amount of taxes paid under protest in the state, in each county, and in each taxing jurisdiction within the county;

(c) evaluate historical trends in property tax disputes and the payment of property taxes under protest and ascertain whether there is an underlying pattern leading to property tax disputes;

(d) review the appraisal methods used by the department of revenue to value property;

(e) review legislation and legislative proposals that have attempted to mitigate the impact of the payment of property taxes under protest; and

(f) consider options that may improve the process for the valuation of property and options that would resolve property tax disputes in a more timely and appropriate manner.

(8) Based on the analyses conducted under subsection (7), the committee shall submit a written report to ~~the governor and~~ the legislature not later than September 15, 2008, that must include options, if options are considered necessary, and shall prepare proposed legislation necessary to implement any proposals dealing with property tax disputes and the payment of property taxes under protest.

(9) Legislators serving on the committee must be reimbursed and compensated, as provided for in 5-2-302, for actual and necessary expenses incurred in attending meetings or conducting committee business. ~~At-large~~ COMMITTEE members WHO ARE NOT LEGISLATORS must be compensated in the same manner as legislators on the committee.

**NEW SECTION. Section 2. Appropriation.** There is appropriated \$70,000 from the general fund to the legislative services division for the biennium beginning July 1, 2007, for the operating expenses and personnel expenses for the committee created in [section 1].

**NEW SECTION. Section 3. Effective dates.** (1) Except as provided in subsection (2), [this act] is effective on passage and approval.

(2) [Section 2] is effective July 1, 2007.

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