

HOUSE BILL NO. 43

INTRODUCED BY D. FERN

BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING PROPERTY VALUATION INFORMAL REVIEW AND APPEAL DEADLINES; PROVIDING DEADLINES FOR INFORMAL REVIEWS AND APPEALS IN THE SECOND OR SUBSEQUENT YEAR OF THE VALUATION CYCLE; AMENDING SECTIONS 15-7-102 AND 15-15-102, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**Section 1.** Section 15-7-102, MCA, is amended to read:

**"15-7-102. Notice of classification, market value, and taxable value to owners -- appeals.** (1) (a)

Except as provided in 15-7-138, the department shall mail or provide electronically to each owner or purchaser under contract for deed a notice that includes the land classification, market value, and taxable value of the land and improvements owned or being purchased. A notice must be mailed to the owner only if one or more of the following changes pertaining to the land or improvements have been made since the last notice:

- (i) change in ownership;
- (ii) change in classification;
- (iii) change in valuation; or
- (iv) addition or subtraction of personal property affixed to the land.

(b) The notice must include the following for the taxpayer's informational purposes:

(i) a notice of the availability of all the property tax assistance programs available to property taxpayers, including the property tax assistance programs provided for in Title 15, chapter 6, part 3, and the residential property tax credit for the elderly provided for in 15-30-2337 through 15-30-2341;

(ii) the total amount of mills levied against the property in the prior year; and

(iii) a statement that the notice is not a tax bill.

(c) When the department uses an appraisal method that values land and improvements as a unit, including the sales comparison approach for residential condominiums or the income approach for commercial property, the notice must contain a combined appraised value of land and improvements.



1 (d) Any misinformation provided in the information required by subsection (1)(b) does not affect the  
2 validity of the notice and may not be used as a basis for a challenge of the legality of the notice.

3 (2) (a) Except as provided in subsection (2)(c), the department shall assign each ~~assessment~~  
4 classification and appraisal to the correct owner or purchaser under contract for deed and mail or provide  
5 electronically the notice in written or electronic form, adopted by the department, containing sufficient information  
6 in a comprehensible manner designed to fully inform the taxpayer as to the classification and appraisal of the  
7 property and of changes over the prior tax year.

8 (b) The notice must advise the taxpayer that in order to be eligible for a refund of taxes from an appeal  
9 of the classification or appraisal, the taxpayer is required to pay the taxes under protest as provided in 15-1-402.

10 (c) The department is not required to mail or provide electronically the notice to a new owner or  
11 purchaser under contract for deed unless the department has received the realty transfer certificate from the clerk  
12 and recorder as provided in 15-7-304 and has processed the certificate before the notices required by subsection  
13 (2)(a) are mailed or provided electronically. The department shall notify the county tax appeal board of the date  
14 of the mailing or the date when the taxpayer is informed the information is available electronically.

15 (3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the  
16 market value of the property as determined by the department or with the classification of the land or  
17 improvements, the owner may request an ~~assessment~~ informal classification and appraisal review by submitting  
18 an objection on written or electronic forms provided by the department for that purpose.

19 (i) For property other than class three property described in 15-6-133, class four property described in  
20 15-6-134, and class ten property described in 15-6-143, the objection must be submitted within 30 days from the  
21 date on the notice.

22 (ii) For class three property described in 15-6-133 and class four property described in 15-6-134, the  
23 objection may be made only once each valuation cycle. An objection must be made in writing within 30 days from  
24 the date on the ~~assessment~~ classification and appraisal notice for a reduction in the appraised value to be  
25 considered for both years of the 2-year ~~appraisal~~ valuation cycle. ~~Any reduction in value resulting from an~~ An  
26 objection made more than 30 days from the date of the ~~assessment~~ classification and appraisal notice will be  
27 applicable only for the second year of the 2-year ~~reappraisal~~ valuation cycle. For an objection to apply to the  
28 second year of the valuation cycle, the taxpayer must make the objection in writing no later than June 1 of the  
29 second year of the valuation cycle or, if a classification and appraisal notice is received in the second year of the  
30 valuation cycle, within 30 days from the date on the notice.

1 (iii) For class ten property described in 15-6-143, the objection may be made at any time but only once  
2 each valuation cycle. An objection must be made in writing within 30 days from the date on the ~~assessment~~  
3 classification and appraisal notice for a reduction in the appraised value to be considered for all years of the  
4 6-year appraisal cycle. ~~Any reduction in value resulting from an~~ An objection made more than 30 days after the  
5 date of the ~~assessment~~ classification and appraisal notice applies only for the subsequent remaining years of the  
6 6-year reappraisal cycle. For an objection to apply to any subsequent year of the valuation cycle, the taxpayer  
7 must make the objection in writing no later than June 1 of the year for which the value is being appealed or, if a  
8 classification and appraisal notice is received after the first year of the valuation cycle, within 30 days from the  
9 date on the notice.

10 (b) If the objection relates to residential or commercial property and the objector agrees to the  
11 confidentiality requirements, the department shall provide to the objector, by posted mail or electronically, within  
12 8 weeks of submission of the objection, the following information:

13 (i) the methodology and sources of data used by the department in the valuation of the property; and  
14 (ii) if the department uses a blend of evaluations developed from various sources, the reasons that the  
15 methodology was used.

16 (c) At the request of the objector, and only if the objector signs a written or electronic confidentiality  
17 agreement, the department shall provide in written or electronic form:

18 (i) comparable sales data used by the department to value the property; and  
19 (ii) sales data used by the department to value residential property in the property taxpayer's market  
20 model area.

21 (d) For properties valued using the income approach as one approximation of market value, notice must  
22 be provided that the taxpayer will be given a form to acknowledge confidentiality requirements for the receipt of  
23 all aggregate model output that the department used in the valuation model for the property.

24 (e) The review must be conducted informally and is not subject to the contested case procedures of the  
25 Montana Administrative Procedure Act. As a part of the review, the department may consider the actual selling  
26 price of the property and other relevant information presented by the taxpayer in support of the taxpayer's opinion  
27 as to the market value of the property. The ~~county tax appeal board [department]~~ department shall consider an  
28 independent appraisal provided by the taxpayer if the appraisal meets standards set by the Montana board of  
29 real estate appraisers and the appraisal was ~~conducted~~ completed within 6 months of the valuation date pursuant  
30 to 15-8-201. If the department does not use the appraisal provided by the taxpayer in conducting the appeal, the

1 department must provide to the taxpayer the reason for not using the appraisal. The department shall give  
2 reasonable notice to the taxpayer of the time and place of the review.

3 (f) After the review, the department shall determine the correct appraisal and classification of the land  
4 or improvements and notify the taxpayer of its determination by mail or electronically. The department may not  
5 determine an appraised value that is higher than the value that was the subject of the objection unless the reason  
6 for an increase was the result of a physical change in the property or caused by an error in the description of the  
7 property or data available for the property that is kept by the department and used for calculating the appraised  
8 value. In the notification, the department shall state its reasons for revising the classification or appraisal. When  
9 the proper appraisal and classification have been determined, the land must be classified and the improvements  
10 appraised in the manner ordered by the department.

11 (4) Whether a review as provided in subsection (3) is held or not, the department may not adjust an  
12 appraisal or classification upon the taxpayer's objection unless:

13 (a) the taxpayer has submitted an objection on written or electronic forms provided by the department;  
14 and

15 (b) the department has provided to the objector by mail or electronically its stated reason in writing for  
16 making the adjustment.

17 (5) A taxpayer's written objection to a classification or appraisal and the department's notification to the  
18 taxpayer of its determination and the reason for that determination are public records. The department shall make  
19 the records available for inspection during regular office hours.

20 (6) If a property owner feels aggrieved by the classification or appraisal made by the department after  
21 the review provided for in subsection (3), the property owner has the right to first appeal to the county tax appeal  
22 board and then to the state tax appeal board, whose findings are final subject to the right of review in the courts.  
23 The appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days from the date on  
24 the notice of the department's determination. A county tax appeal board or the state tax appeal board may  
25 consider the actual selling price of the property, independent appraisals of the property, and other relevant  
26 information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal  
27 board or the state tax appeal board determines that an adjustment should be made, the department shall adjust  
28 the base value of the property in accordance with the board's order."

29

30 **Section 2.** Section 15-15-102, MCA, is amended to read:

1           **"15-15-102. Application for reduction in valuation.** (1) The valuation of property may not be reduced  
2 by the county tax appeal board unless either the taxpayer or the taxpayer's agent makes and files a written  
3 application for reduction with the county tax appeal board.

4           (2) The application for reduction may be obtained at the local appraisal office or from the county tax  
5 appeal board. The completed application must be submitted to the county clerk and recorder. The date of receipt  
6 is the date stamped on the appeal form by the county clerk and recorder upon receipt of the form. The county  
7 tax appeal board is responsible for obtaining the applications from the county clerk and recorder.

8           (3) One application for reduction may be submitted during each ~~2-year reappraisal~~ valuation cycle. The  
9 application must be submitted within ~~30 days from the date on the notice required under~~ the time periods provided  
10 for in 15-7-102(3)(a).

11           (4) A taxpayer who receives an informal review by the department of revenue as provided in 15-7-102(3)  
12 may appeal the decision of the department of revenue to the county tax appeal board as provided in 15-7-102(6).  
13 The taxpayer may not file a subsequent application for reduction for the same property with the county tax appeal  
14 board.

15           (5) If the department's determination after review is not made in time to allow the county tax appeal board  
16 to review the matter during the current tax year, the appeal must be reviewed during the next tax year, but the  
17 decision by the county tax appeal board is effective for the year in which the request for review was filed with the  
18 department. The application must state the post-office address of the applicant, specifically describe the property  
19 involved, and state the facts upon which it is claimed the reduction should be made."

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21           NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval.

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