

1 HOUSE JOINT RESOLUTION NO. 22

2 INTRODUCED BY J. ESSMANN

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4 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF
5 MONTANA REQUESTING A STUDY OF THE CLASSIFICATION AND VALUATION OF AGRICULTURAL
6 PROPERTY FOR PROPERTY TAX PURPOSES.

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8 WHEREAS, the Montana Legislature adopted a policy in 1973 of valuing agricultural property based upon
9 its productive use stating in 15-7-201(1), "Because the market value of many agricultural properties is based upon
10 speculative purchases that do not reflect the productive capability of agricultural land, it is the legislative intent
11 that bona fide agricultural properties be classified and assessed at a value that is exclusive of values attributed
12 to urban influences or speculative purposes"; and

13 WHEREAS, the market for agricultural property in Montana has evolved from one in which agricultural
14 property sales at prices higher than is justified by its productive value primarily occurred in the vicinity of growing
15 cities in 1973 to one in which speculative purchases are now occurring in many rural and remote areas due to
16 the parcels' desirability from a recreational or conservation standpoint; and

17 WHEREAS, some parcels formerly actively engaged in agricultural production are no longer being used
18 as farms or ranches to their highest beneficial production, and in some cases have been removed from active
19 agricultural operation altogether; and

20 WHEREAS, Title 15, chapter 7, part 2, contains many arbitrary classifications of lands as deserving of
21 agricultural classification without regard to whether the lands comprise a "bona fide agricultural property" either
22 by themselves or as part of a larger agricultural operation through lease or crop share; and

23 WHEREAS, the Legislature desires to review the system of agricultural appraisal set forth in Title 15,
24 chapter 7, part 2, to determine if a logical and equitable system of valuation of agricultural properties can be
25 developed that retains the system of valuation at productive value for "bona fide agricultural property" that
26 contributes to employment, economic activity of agribusiness, and production of agricultural products in Montana;
27 and

28 WHEREAS, the Legislature desires the study to evaluate an equitable method of valuing property that
29 is not being used as it was historically for the production of agricultural crops or products so as not to be
30 disruptive to the Montana real estate markets; and

1 WHEREAS, the currently existing Montana statutes have resulted in similarly situated parcels between
2 20 acres and 160 acres and the homes they contain receiving different classifications and valuations for tax
3 purposes, while they may have very similar market values.

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5 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE
6 STATE OF MONTANA:

7 That the Legislative Council be requested to designate an appropriate interim committee, pursuant to
8 section 5-5-217, MCA, to study the classification and valuation of agricultural property for property tax purposes.

9 BE IT FURTHER RESOLVED, that the study include:

- 10 (1) a review of property that currently qualifies for agricultural classification;
11 (2) consideration of how to determine whether property is part of a bona fide agricultural operation,
12 including consideration of whether the determination should vary based on:
13 (a) the acreage of the property;
14 (b) the type of agricultural operation, including what crops or animals are produced;
15 (c) the income derived from the property;
16 (d) the property's proximity to a city; and
17 (e) the services available to the property; and
18 (3) a review of how different types of agricultural property are valued.

19 BE IT FURTHER RESOLVED, that the study include a comparison to other states with similar valuation
20 and taxation of agricultural property.

21 BE IT FURTHER RESOLVED, that consideration be given to how to classify and value land previously
22 qualifying as agricultural if changes to agricultural property qualification are considered.

23 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review
24 requirements, be concluded prior to September 15, 2018.

25 BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions,
26 comments, or recommendations of the appropriate committee, be reported to the 66th Legislature.

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