

## HOUSE BILL NO. 514

INTRODUCED BY K. DUDIK, M. DUNWELL, A. REDFIELD, C. SMITH, D. ZOLNIKOV

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE PROPERTY TAX APPEAL PROCESS; PROVIDING A TAXPAYER WITH THE OPTION TO REQUEST INFORMAL CLASSIFICATION AND APPRAISAL REVIEW FROM THE DEPARTMENT OF REVENUE BY CHECKING A BOX ON A CLASSIFICATION AND APPRAISAL NOTICE; AMENDING SECTION 15-7-102, MCA; AND PROVIDING AN APPLICABILITY 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 OR, WITH PROPERTY OWNER CONSENT, PROVIDED ELECTRONICALLY 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 and informal classification and appraisal review purposes:

(i) a notice of the availability of all the property tax assistance programs available to property taxpayers, including the intangible land value assistance program provided for in 15-6-240, 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; and

(iv) a taxpayer option to request an informal classification and appraisal review by checking a box on the

1 notice and returning it to the department.

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

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

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

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

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

19 (3) (a) If the owner of any land and improvements is dissatisfied with the appraisal as it reflects the  
20 market value of the property as determined by the department or with the classification of the land or  
21 improvements, the owner may request an informal classification and appraisal review by submitting an objection  
22 on written or electronic forms provided by the department for that purpose or by checking a box on the notice and  
23 returning it to the department in a manner prescribed by the department.

24 (i) For property other than class three property described in 15-6-133, class four property described in  
25 15-6-134, and class ten property described in 15-6-143, the objection must be submitted within 30 days from the  
26 date on the notice.

27 (ii) For class three property described in 15-6-133 and class four property described in 15-6-134, the  
28 objection may be made only once each valuation cycle. An objection must be made in writing or by checking a  
29 box on the notice within 30 days from the date on the classification and appraisal notice for a reduction in the  
30 appraised value to be considered for both years of the 2-year valuation cycle. An objection made more than 30

1 days from the date of the classification and appraisal notice will be applicable only for the second year of the  
2 2-year valuation cycle. For an objection to apply to the second year of the valuation cycle, the taxpayer must  
3 make the objection in writing or by checking a box on the notice no later than June 1 of the second year of the  
4 valuation cycle or, if a classification and appraisal notice is received in the second year of the valuation cycle,  
5 within 30 days from the date on the notice.

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

15 (b) If the objection relates to residential or commercial property and the objector agrees to the  
16 confidentiality requirements, the department shall provide to the objector, by posted mail or electronically, within  
17 8 weeks of submission of the objection, the following information:

18 (i) the methodology and sources of data used by the department in the valuation of the property; and

19 (ii) if the department uses a blend of evaluations developed from various sources, the reasons that the  
20 methodology was used.

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

23 (i) comparable sales data used by the department to value the property; and

24 (ii) sales data used by the department to value residential property in the property taxpayer's market  
25 model area.

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

29 (e) The review must be conducted informally and is not subject to the contested case procedures of the  
30 Montana Administrative Procedure Act. As a part of the review, the department may consider the actual selling

1 price of the property and other relevant information presented by the taxpayer in support of the taxpayer's opinion  
2 as to the market value of the property. The department shall consider an independent appraisal provided by the  
3 taxpayer if the appraisal meets standards set by the Montana board of real estate appraisers and the appraisal  
4 was completed within 6 months of the valuation date pursuant to 15-8-201. If the department does not use the  
5 appraisal provided by the taxpayer in conducting the appeal, the department must provide to the taxpayer the  
6 reason for not using the appraisal. The department shall give reasonable notice to the taxpayer of the time and  
7 place of the review.

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

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

18 (a) the taxpayer has submitted an objection on written or electronic forms provided by the department  
19 or by checking a box on the notice; and

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

22 (5) A taxpayer's written objection or objection made by checking a box on the notice and supplemental  
23 information provided by a taxpayer that elects to check a box on the notice to a classification or appraisal and  
24 the department's notification to the taxpayer of its determination and the reason for that determination are public  
25 records. The department shall make the records available for inspection during regular office hours.

26 (6) If a property owner feels aggrieved by the classification or appraisal made by the department after  
27 the review provided for in subsection (3), the property owner has the right to first appeal to the county tax appeal  
28 board and then to the state tax appeal board, whose findings are final subject to the right of review in the courts.  
29 The appeal to the county tax appeal board, pursuant to 15-15-102, must be filed within 30 days from the date on  
30 the notice of the department's determination. A county tax appeal board or the state tax appeal board may

1 consider the actual selling price of the property, independent appraisals of the property, and other relevant  
2 information presented by the taxpayer as evidence of the market value of the property. If the county tax appeal  
3 board or the state tax appeal board determines that an adjustment should be made, the department shall adjust  
4 the base value of the property in accordance with the board's order."

5  
6 NEW SECTION. **Section 2. Applicability.** [This act] applies to property tax years beginning after  
7 December 31, 2019.

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