



GOVERNOR GREG GIANFORTE
DIRECTOR BRENDAN BEATTY

TO: Local Government Interim Committee

FROM: Derek Bell, Administrator, Business and Income Taxes Division

Date: January 18, 2024

Re: Senate Bill 332 and certified values

The Local Government Interim Committee has asked the Department to attend its January 23, 2024, meeting to discuss certified values. By way of background, Ms. Henneman forwarded the Department a question that arose at the Committee's November 9, 2023, meeting regarding Senate Bill 332. More specifically, local officials explained that implementing Senate Bill 332 is challenging because the Department certifies values after their preliminary budgets are due. Those officials, and the Committee, wondered if the Department could send its certified values earlier in the calendar year.

This memorandum provides a brief framework of how the valuation process for centrally assessed companies unfolds during a calendar year. As you will see, the existing valuation process—much of which is provided for in statute—occurs within a very compressed period of time. Without significant legislative changes altering both how and when the Department values these properties, the agency cannot certify centrally assessed property values any earlier.

- DOR values approximately 120-130 centrally assessed companies.
 - (3) Business and Income Taxes Division appraisers value this property.
 - Appraisal process starts with a taxpayer's submission of property reporting form to DOR.
 - For centrally assessed companies, usually these are tied to federal forms from the Federal Energy Regulatory Commission (FERC).
 - Each property type has a specific deadline (Table 1).

Table 1. Deadlines for Taxpayer’s Submission of Centrally Assessed Property Reports.

Property Type	Montana Deadline
Electric Utilities	March 31 st
Telephone, telecoms	March 31 st
Airlines	March 31 st
Gas Pipelines	April 15 th
Oil Pipelines	April 15 th
Railroads and Railcar	April 15 th

- Senate Bill 54 (2023):
 - Implemented a two-year appraisal cycle.
 - Some properties will be valued in odd years; the others valued in even years (Table 2).

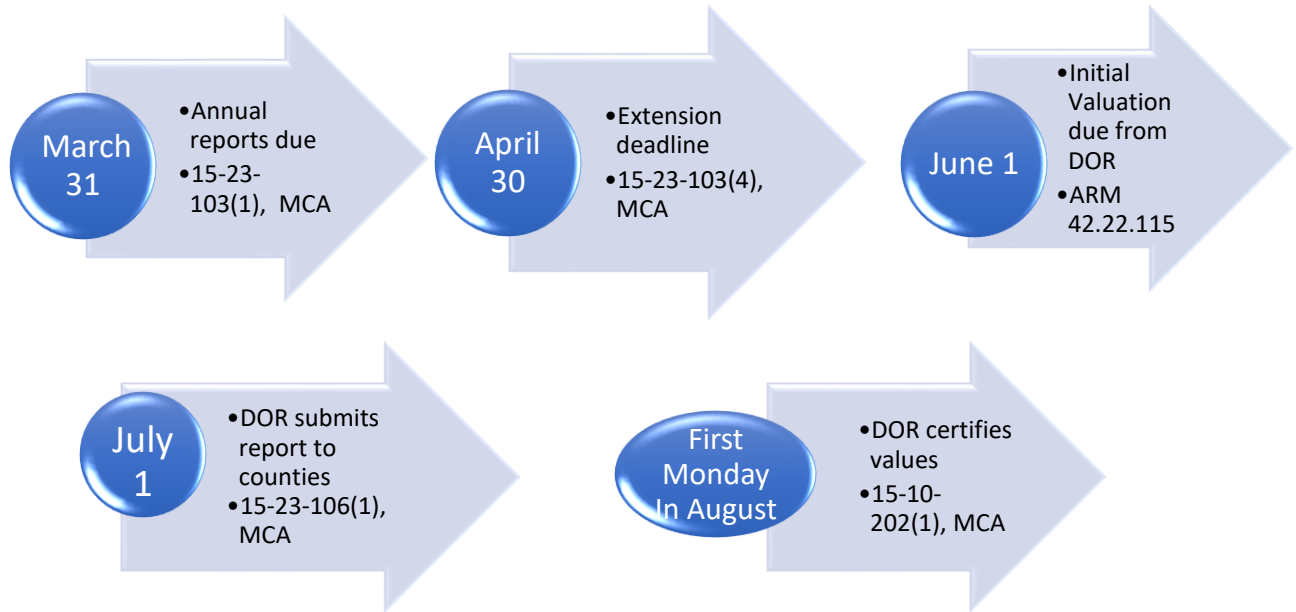
Table 2. Annual Appraisal Schedule.

Annual appraisal	Odd-year appraisal	Even-year appraisal
Railroad property	Telegraph, telephone, microwave	Electric power or transmission lines
Net proceeds of mines (except bentonite)	Telecommunications services companies	Natural gas distribution lines
Gross proceeds of coal mines	PSC or FERC regulated natural gas transmission or oil transmission pipelines	Scheduled airlines
Beneficial user of tax-exempt property	Common carrier pipelines	Everything else
	Gas gathering facilities identified in § 15-6-138(5), MCA.	
	Dedicated communications infrastructure defined in § 15-6-162(5), MCA.	

- How it will work in 2024:
 - Even year companies are valued
 - Odd-year companies’ 2023 values are carried over, but adjusted for additions and deletions
- Taxpayers now have 20 days to request informal review (was 15 days prior)

- May ask for an additional 10 days
- The Department has 15 days from the date the informal review is requested to conduct a review and issue a decision. ARM 42.22.511(5)

MOST CENTRALLY ASSESSED PROPERTY



RAILROADS; RAILCARS; PIPELINES

