



GOVERNOR GREG GIANFORTE  
DIRECTOR BRENDAN BEATTY

## Memorandum

TO: Revenue Interim Committee  
FROM: Property Assessment Division  
DATE: September 18, 2023  
SUBJECT: Determination of Newly Taxable Property

The following is a high-level overview of the calculation of newly taxable property.

15-10-420 subsections (3) and (4) identify what property is to be included in the department's determination of newly taxable property which is certified annually to each taxing jurisdiction.

Newly taxable property is most commonly associated with newly constructed Class 4 residential and commercial property but includes taxable value from other property as well, such as:

- The transfer of annexation of existing property into a taxing jurisdiction.
- The subdivision of real property.
- The release of incremental taxable value of a Tax Increment Financing (TIF) district from its termination, a boundary adjustment, or an increase in base value pursuant to 7-15-4287, MCA

Newly taxable value does not include any increase in taxable value of an existing property that resulted from the departments biennial reappraisal. It also does not include any new construction that occurs within a TIF district and is included in the incremental value of the TIF district.

In addition to Class 4 property, newly taxable value includes any increase in taxable value that has occurred from the prior years for Class 5, 7, 8, 9, 12, 13, 14, 15, 16, 17, and 18 properties.

The total newly taxable value for a taxing jurisdiction is calculated by each tax class with no one class of property negatively impacting another class of property. Any negative value amongst a tax class would be considered having a zero newly taxable value for the purpose of calculating a taxing jurisdiction total newly taxable value.

The following example illustrates how newly taxable value would be calculated for a city/municipality taxing jurisdiction.

Class 4 Newly Taxable

- \$400,000 residential/commercial new construction
- \$100,000 property annexed into the city
- \$50,000 subdivision of existing property
- \$50,000 incremental value from termination of a TIF district

Tax Class	Change in TV	Newly Taxable
4	\$2,600,000	\$600,000
8	\$75,000	\$75,000
9	(\$50,000)	\$0
12	\$10,000	\$10,000
13	\$100,000	\$100,000
14	(\$200,000)	\$0
Total	\$2,535,000	\$785,000