



GOVERNOR GIANFORTE

## Montana Tax Appeal Board

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Date June 21, 2024  
TO Revenue Interim Committee  
FROM Dave McAlpin, Chairman  
Montana Tax Appeal Board  
RE **CTAB Per Diem Cost Estimates**

A handwritten signature in blue ink, appearing to read "Dave McAlpin".

Under current law, the commissioners in each county appoint at least three citizens in the county to rotating three-year terms on the county tax appeal board. The board meets each year between July and January to hear and decide tax appeals filed in the county with the Clerk and Recorder. A county tax appeal board secretary schedules and facilitates the hearings. That county is reimbursed by the MTAB general fund budget for the secretarial services. CTAB members are reimbursed directly by the MTAB general fund budget for their time attending tax appeal hearings where the case is decided at the conclusion of the hearing. In a busy tax appeal year like 2023, some county tax appeal board members have attended dozens of hearings. Some counties have more than three members and may conduct concurrent hearings with separate members to keep up with adjudicating the hundreds of appeals filed in 2023.

At the May 10, 2024 RIC meeting during my report to the committee on the tax appeal system, I suggested on behalf of the entire Board, legislation to increase the per diem reimbursement made to county tax appeal board members. Based on feedback from present county tax appeal board members and county commissioners, it is difficult to recruit the minimum three tax appeal board members required to hear and decide tax appeals at the county level. The Board believes a modest increase to the reimbursement would enhance the ability of commissioners to recruit and retain county tax appeal board members. We advocate that a competent county tax appeal board is the best function of government to show citizens that they can challenge the value or classification set by the state department of revenue. A fair and well-managed hearing

at the county level, as provided for in the Montana Constitution, instills faith in the system of taxation, whether the taxpayer prevails or not, and ensures that the DOR can defend their values and methods when challenged by a taxpayer and reviewed by a neutral board of local citizens.

#### History:

Per diem was increased to the present law by 2015 legislation. The bill raised the rates to \$45 for a half-day of work and \$90 for a full day. Several county tax appeal board members and the Montana Tax appeal board chair testified in support of the bill, and it passed by wide margins.

#### Present law:

A county tax appeal board member who sits for a hearing of four hours or less is reimbursed \$45 for that time, and if they sit for hearings in one day more than 4 hours, they are reimbursed \$90 for the day. They also receive mileage to attend the meeting and the reimbursement for lunch if they qualify under the state travel policy.

#### Potential RIC committee bill:

The MTAB suggested raising the rates after hearing feedback from members and commissioners that a higher rate would assist in recruiting and retaining CTAB members. We recommended a new rate of \$60 per half day and \$120. At the last RIC meeting the committee suggested two policy changes for a potential committee bill, first to shift from a “split” reimbursement rate to a single daily rate. Second, that the rate should be proposed at \$100/day to mirror the rate set for other quasi-judicial state boards.

After the discussion at RIC, MTAB offered to provide the potential cost to the general fund if a bill moves forward and is drafted with a particular rate with cost estimates for the various rates. This analysis below was based on county reimbursements for the most recent tax appeal year, 2023. We believe this will be the most accurate predictor of future reimbursements going forward. Our accounting technician, Lori Carroll, examined the present reimbursement for counties by accounting for all half-day “units” reimbursed through June 14, 2024. This should provide the best estimate of the cost to the general fund into the future if the rate is changed in the 2025 legislative session.

Present rate for statewide 2023 tax appeals at the county tax appeal board **\$45/\$90:**

Units:            506                    Cost: **\$22,770.00**

Projected annual future cost to the general fund if rate is increased to **\$100 per day:**

Units:            506                    Cost: **\$50,600.00**

Projected cost to the general fund if the rate is increased to **\$60/\$120:**

Units:            506                    Cost: **\$30,360.00**

Thank you for your consideration of this potential legislation.