

# REVALUATION CYCLES IN MONTANA AND THE U.S.

REVENUE INTERIM COMMITTEE  
MEGAN MOORE - MARCH 2024

## MONTANA USES 1-YEAR AND 2-YEAR REVALUATION CYCLES

Section [15-7-111](#), MCA, provides for the length of Montana's revaluation cycles. By 2025, all property in Montana will be revalued annually or every 2 years. Class ten forest property is the last class of property to shift from a 6-year revaluation cycle to a 2-year revaluation cycle.

### 1-year revaluation cycle

- Railroad property operating across county or state lines
- Net proceeds of mines, except bentonite mines
- All non-centrally assessed property not specified has having a 2-year revaluation cycle

### 2-year revaluation cycle

- Residential and commercial
- Agricultural
- Forest (beginning in 2025)
- Most centrally assessed property including telecom, electric power and transmission, pipelines, natural gas gathering and distribution, canals and ditches, and scheduled airlines

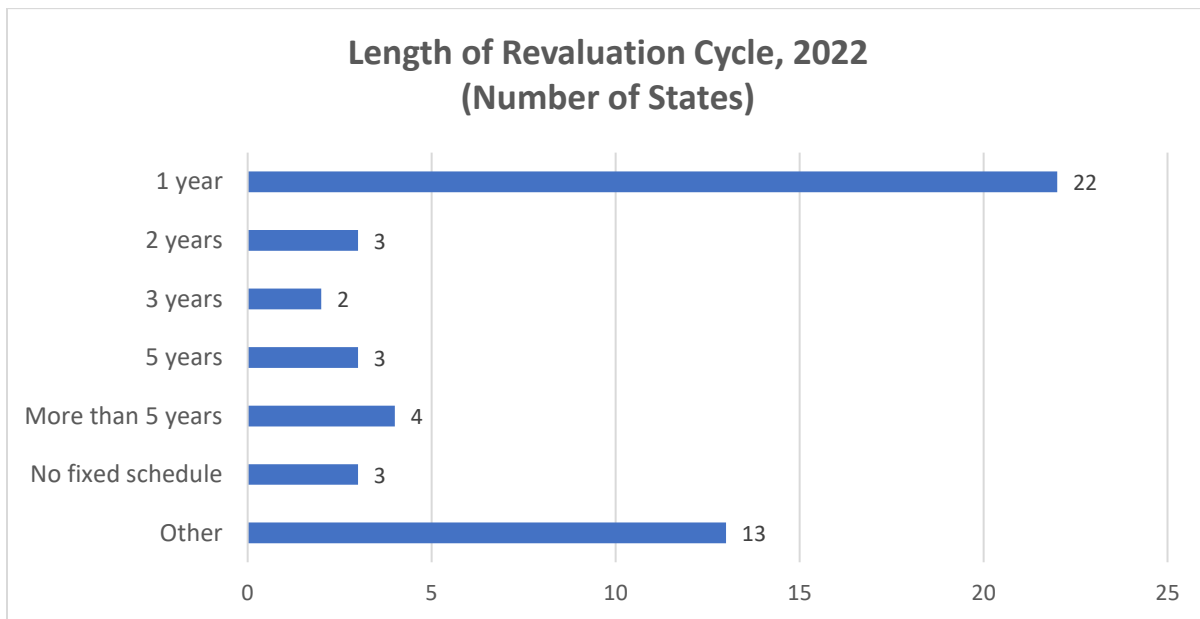
## ANNUAL REVALUATION CYCLE MOST COMMON ACROSS U.S.

Data gathered by the Lincoln Institute of Land Policy and George Washington Institute of Public Policy shows that 22 states revalued property annually in 2022.<sup>1</sup>

The other states are roughly split between those that use a period other than one year (2 years, 3 years, 5 years, or more than 5 years) and those that fall into a catchall "other" category. Montana is included in the "other" group because the revaluation cycle varies by property type.

Notably, 3 states do not have a fixed schedule for revaluation.

<sup>1</sup> Significant Features of the Property Tax. <https://www.lincolnst.edu/research-data/data-toolkits/significant-features-property-tax/access-property-tax-database/assessment-administration>, Lincoln Institute of Land Policy and George Washington Institute of Public Policy. (Assessment Administration; accessed: 02/20/2024 10:53:24 AM).



### PHYSICAL REINSPECTION NOT REQUIRED IN MOST STATES

Separate from, but related to, revaluation of property is whether property is physically reinspected. Twenty-eight states do not require physical reinspection of property. Among the 22 states that do require reinspection, 15 states have a fixed schedule and 7 states do not use a fixed schedule.<sup>2</sup>

Montana is among the majority of states that do not require physical reinspection. Section [15-7-111\(6\)](#) provides the Department of Revenue (DOR) with various options for gathering property information for residential, commercial, agricultural, and forest property, including conducting individual property inspections, reviewing building permits, and reviewing sales verification data and electronic data.

The section also directs DOR in [15-7-111\(6\)\(b\)](#) to “conduct a field inspection of a sufficient number of taxable properties” to complete the reappraisal of residential, commercial, agricultural, and forest property.

### MONTANA VALUATION CYCLES MOSTLY SHORTENED SINCE 1972

The adoption of the new [Montana Constitution](#) in 1972 required the state to appraise property.

Article VIII, Section 3: The state shall appraise, assess, and equalize the valuation of all property which is to be taxed in the manner provided by law.

<sup>2</sup> Ibid.

Though 1975 legislation required property to be revalued every 5 years,<sup>3</sup> the Legislature extended both the second reappraisal cycle and the third reappraisal cycle by 2 years. By 1991, the Legislature moved in the opposite direction and shortened the revaluation cycle from 5 years to 3 years.<sup>4</sup>

After legislation in a 1992 special session extended the first 3-year reappraisal cycle to 4 years, the 1997 Legislature planned to delay the next revaluation until 2007 for residential, commercial, agricultural, and forest property.<sup>5</sup> The legislation also marked the first use of phased-in property values: 2% of changed value would be phased in each year for residential, commercial, agricultural, and forest property.

### MONTANA REVALUATION CYCLE LENGTHS



\*For residential, commercial, and agricultural

The 1999 Legislature scrapped the 3-year revaluation cycle, replacing it with a 6-year cycle for residential, commercial, agricultural, and forest property and providing for a 25% per year phase in of value for the cycle ending December 31, 2002.<sup>6</sup> The legislation provided for a 16.66% phase in for subsequent reappraisal cycles.

The 6-year revaluation cycle and 16.66% phase in for residential, commercial, agricultural, and forest property remained in place until 2015, when the Legislature adopted a 2-year revaluation cycle for residential, commercial, and agricultural property.<sup>7</sup> Forest property remained on a 6-year revaluation cycle. With a shorter reappraisal cycle, the phase in for residential, commercial, and agricultural property was repealed.

The 2023 Legislature made two changes to revaluation cycles: moving forest property to a 2-year revaluation cycle beginning in 2025<sup>8</sup> and moving most centrally assessed property from annual valuation to a 2-year cycle.<sup>9</sup>

<sup>3</sup> Ch. 294, L. 1975.

<sup>4</sup> Ch. 680, L. 1991.

<sup>5</sup> All other property would be valued annually. Ch. 463, L. 1997.

<sup>6</sup> Ch. 584, L. 1999.

<sup>7</sup> Ch. 361, L. 2015.

<sup>8</sup> Ch. 638, L. 2023.

<sup>9</sup> Ch. 424, L. 2023.