

OFFICE OF THE GOVERNOR
STATE OF MONTANA

STEVE BULLOCK
GOVERNOR



MIKE COONEY
LT. GOVERNOR

May 10, 2019

The Honorable Corey Stapleton
Secretary of State
State Capitol
Helena, MT 59601

Dear Secretary Stapleton:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby veto House Bill 394 (HB 394), "AN ACT REVISING THE PROPERTY TAX APPRAISAL PROCESS AND PROPERTY TAX APPEALS; PROVIDING FOR THE ASSESSMENT OF ATTORNEY FEES AGAINST THE DEPARTMENT OF REVENUE WHEN CERTAIN TAXPAYERS PREVAIL IN A PROPERTY TAX DISPUTE; REQUIRING THE DEPARTMENT OF REVENUE TO JUSTIFY USAGE OF THE COST APPROACH WHEN VALUING RESIDENTIAL CLASS FOUR PROPERTY; CLARIFYING THAT A TAXPAYER MAY REFUSE TO ALLOW THE DEPARTMENT TO ENTER INTO CERTAIN STRUCTURES DURING AN APPRAISAL; AMENDING SECTIONS 15-1-222, 15-2-201, 15-2-306, 15-7-102, 15-7-139, AND 15-8-111, MCA; AND PROVIDING AN APPLICABILITY DATE."

House Bill 394 requires a "compelling reason" for the Department of Revenue (Department) to use more than one appraisal methodology. This upends Montana Supreme Court precedent and nationally accepted appraisal standards under the International Association of Assessing Officers and the Uniform Standards of Appraisal Practice.

Under existing law, if a taxpayer refuses the Department access to property for appraisal, the Department's estimated value is accepted by a tax appeal board. House Bill 394 shifts the burden of proof of market value, allowing the taxpayer to refuse the Department access into improvements or buildings for appraisal purposes without providing evidence of the market value. Furthermore, HB 394 compromises the requirement to equalize all values. This bill is unfair to Montana taxpayers who allow the Department access to their property and provide proof of its market value.

Finally, the inability of the Department to enter property and accurately appraise a property prohibits the Department from conducting a proper investigation of values, as required by Montana law and appraisal methodology practice. This will result in significant losses in taxable values for local governments.

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For these reasons, I veto HB 394.

Sincerely,



STEVE BULLOCK
Governor

cc: Legislative Services Division
Greg Hertz, Speaker of the House
Scott Sales, President of the Senate