Appendix A

RELEVANT STATUTES

15-7-101. Classification and appraisal -- duties of the department of revenue. (1) It is the duty of the department of revenue to accomplish the following:
(a) the classification of all taxable lands;
(b) the appraisal of all taxable city and town lots;
(c) the appraisal of all taxable rural and urban improvements.
(2) A record thereof must be kept upon such maps, plats, and forms and entered in such books of record as may be prescribed by the department. Such maps, plats, forms, and books of record shall be official records of the state. A certified copy of all such records as may be desired shall be furnished to the department.
(3) It shall be the duty of the department to maintain current the classification of all taxable lands and appraisal of city and town lots and rural and urban improvements, as provided for herein.
History: En. Sec. 1, Ch. 191, L. 1957; amd. Sec. 14, Ch. 405, L. 1973; amd. Sec. 1, Ch. 353, L. 1975; amd. Sec. 1, Ch. 123, L. 1977; R.C.M. 1947, 84-429.7(1).

15-7-103. Classification and appraisal -- general and uniform methods. (1) It is the duty of the department of revenue to implement the provisions of 15-7-101 through 15-7-103 by providing:
(a) for a general and uniform method of classifying lands in the state for the purpose of securing an equitable and uniform basis of assessment of lands for taxation purposes;
(b) for a general and uniform method of appraising city and town lots;
(c) for a general and uniform method of appraising rural and urban improvements;
(d) for a general and uniform method of appraising timberlands.
(2) All lands must be classified according to their use or uses and graded within each class according to soil and productive capacity. In the classification work, use must be made of soil surveys and maps and all other pertinent available information.
(3) All lands must be classified by parcels or subdivisions not exceeding 1 section each, by the sections, fractional sections, or lots of all tracts of land that have been sectionized by the United States government, or by metes and bounds, whichever yields a true description of the land.
(4) All agricultural lands must be classified and appraised as agricultural lands without regard to the best and highest value use of adjacent or neighboring lands.
(5) In any periodic revaluation of taxable property completed under the provisions of 15-7-111, all property classified in 15-6-134 must be appraised on the taxable portion of its market value in the same year. The department shall publish a rule specifying the year used in the appraisal.
(6) All sewage disposal systems and domestic use water supply systems of all dwellings may not be appraised, assessed, and taxed separately from the land, house, or other improvements in which they are located. In no event may the sewage disposal or domestic water supply systems be included twice by including them in the valuation and assessing them separately.
History: En. Sec. 6, Ch. 191, L. 1957; amd. Sec. 3, Ch. 512, L. 1973; amd. Sec. 5, Ch. 516, L. 1973; R.C.M. 1947, 84-429.12; amd. Sec. 1, Ch. 710, L. 1979; amd. Sec. 1, Ch. 32, L. 1983; amd. Sec. 4, Ch. 20, L. 1985; (6)En. Sec. 1, Ch. 583, L. 1985; amd. Sec. 3, Ch. 613, L. 1987; amd. Sec. 86, Ch. 584, L. 1999.

15-7-111. Periodic revaluation of certain taxable property. (1) The department shall administer and supervise a program for the revaluation of all taxable property within class

three under 15-6-133, class four under 15-6-134, and class ten under 15-6-143. All other property must be revalued annually.
(2) The department shall value and phase in the value of newly constructed, remodeled, or reclassified property in a manner consistent with the valuation within the same class and the values established pursuant to subsection (1). The department shall adopt rules for determining the assessed valuation and phased-in value of new, remodeled, or reclassified property within the same class.
(3) The revaluation of class three, four, and ten property is complete on December 31, 2008. The amount of the change in valuation from the 2002 base year for each property in classes three, four, and ten must be phased in each year at the rate of 16.66% of the change in valuation.
(4) During the end of the second and fourth year of each revaluation cycle, the department shall provide the revenue and transportation interim committee with a sales assessment ratio study of residences to be used to allow the committee to be apprised of the housing market and value trends.
(5) The department shall administer and supervise a program for the revaluation of all taxable property within classes three, four, and ten. A comprehensive written reappraisal plan must be promulgated by the department. The reappraisal plan adopted must provide that all class three, four, and ten property in each county is revalued by January 1, 2015, effective for January 1, 2015, and each succeeding 6 years. The resulting valuation changes must be phased in for each year until the next reappraisal. If a percentage of change for each year is not established, then the percentage of phasein for each year is 16.66%.
History: En. 84-429.14 by Sec. 1, Ch. 294, L. 1975; R.C.M. 1947, 84-429.14; amd. Sec. 1, Ch. 596, L. 1987; amd. Sec. 4, Ch. 613, L. 1987; amd. Sec. 2, Ch. 636, L. 1989; amd. Secs. 2, 8, Ch. 680, L. 1991; amd. Sec. 4, Ch. 13, Sp. L. July 1992; amd. Sec. 4, Ch. 463, L. 1997; amd. Sec. 87, Ch. 584, L. 1999; amd. Sec. 4, Ch. 11, Sp. L. May 2000; amd. Sec. 5, Ch. 606, L. 2003; amd. Sec. 1, Ch. 554, L. 2005; amd. Sec. 23, Ch. 2, L. 2009; amd. Sec. 7, Ch. 483, L. 2009.

15-7-201. Legislative intent -- value of agricultural property. (1) Because the market value of many agricultural properties is based upon speculative purchases that do not reflect the productive capability of agricultural land, it is the legislative intent that bona fide agricultural properties be classified and assessed at a value that is exclusive of values attributed to urban influences or speculative purposes.
(2) Agricultural land must be classified according to its use, which classifications include but are not limited to irrigated use, nonirrigated use, and grazing use.
(3) Within each class, land must be subclassified by production categories. Production categories are determined from the productive capacity of the land based on yield.
(4) In computing the agricultural land valuation schedules to take effect on the date when each revaluation cycle takes effect pursuant to 15-7-111, the department of revenue shall determine the productive capacity value of all agricultural lands using the formula V = I/R where:
(a) V is the per-acre productive capacity value of agricultural land in each land use and production category;
(b) I is the per-acre net income of agricultural land in each land use and production category and is to be determined as provided in subsection (5); and
(c) R is the capitalization rate and, unless the advisory committee recommends a different rate and the department adopts the recommended capitalization rate by rule, is equal to 6.4%. This capitalization rate must remain in effect until the next revaluation cycle.
(5) (a) Net income must be determined separately in each land use based on production categories.

(b) Net income must be based on commodity price data, which may include grazing fees, crop and livestock share arrangements, cost of production data, and water cost data for the base period using the best available data.

(i) Commodity price data and cost of production data for the base period must be obtained from the Montana Agricultural Statistics, the Montana crop and livestock reporting service, and other sources of publicly available information if considered appropriate by the advisory committee.

(ii) Crop share and livestock share arrangements are based on typical agricultural business practices and average landowner costs.

(iii) Allowable water costs consist only of the per-acre labor costs, energy costs of irrigation, and, unless the advisory committee recommends otherwise and the department adopts the recommended cost by rule, a base water cost of $15 for each acre of irrigated land. Total allowable water costs may not exceed $50 for each acre of irrigated land. Labor and energy costs must be determined as follows:

(A) Labor costs are $5 an acre for pivot sprinkler irrigation systems; $10 an acre for tow lines, side roll, and lateral sprinkler irrigation systems; and $15 an acre for hand-moved and flood irrigation systems.

(B) Energy costs must be based on per-acre energy costs incurred in the energy cost base year, which is the calendar year immediately preceding the year specified by the department in 15-7-103(5). By July 1 of the year following the energy cost base year, an owner of irrigated land shall provide the department, on a form prescribed by the department, with energy costs incurred in that energy cost base year. In the event that no energy costs were incurred in the energy cost base year, the owner of irrigated land shall provide the department with energy costs from the most recent year available. The department shall adjust the most recent year's energy costs to reflect costs in the energy cost base year.

(c) The base crop for valuation of irrigated land is alfalfa hay adjusted to 80% of the sales price, and the base crop for valuation of nonirrigated land is spring wheat. The base unit for valuation of grazing lands is animal unit months (AUM), defined as the average monthly requirement of pasture forage to support a 1,000-pound cow with a calf or its equivalent.

(d) Unless the advisory committee recommends a different base period and the department adopts the recommended base period by rule, the base period used to determine net income must be the most recent 7 years for which data is available prior to the date the revaluation cycle ends. Unless the advisory committee recommends a different averaging method and the department adopts the recommended averaging method by rule, data referred to in subsection (5)(b) must be averaged, but the average must exclude the lowest and highest yearly data in the period.

(6) The department shall compile data and develop valuation manuals adopted by rule to implement the valuation method established by subsections (4) and (5).

(7) The governor shall appoint an advisory committee of persons knowledgeable in agriculture and agricultural economics. The advisory committee shall include one member of the Montana state university-Bozeman, college of agriculture, staff. The advisory committee shall:

(a) compile and review data required by subsections (4) and (5);

(b) recommend to the department any adjustments to data or to landowners' share percentages if required by changes in government agricultural programs, market conditions, or prevailing agricultural practices;

(c) recommend appropriate base periods and averaging methods to the department;

(d) evaluate the appropriateness of the capitalization rate and recommend a rate to the department;

(e) verify for each class of land that the income determined in subsection (5) reasonably approximates that which the average Montana farmer or rancher could have attained; and

(f) recommend agricultural land valuation schedules to the department. With respect to irrigated land, the recommended value of irrigated land may not be below the value that the land would have if it were not irrigated.

History: En. Sec. 1, Ch. 512, L. 1973; R.C.M. 1947, 84-437.1; amd. Sec. 1, Ch. 644, L. 1983; amd. Sec. 1, Ch. 681, L. 1985; amd. Sec. 1, Ch. 705, L. 1985; amd. Sec. 1, Ch. 172, L. 1991; amd. Sec. 3, Ch. 680, L. 1991; amd. Sec. 2, Ch. 267, L. 1993; amd. Secs. 1, 2, Ch. 563, L. 1995; amd. sec. 36, Ch. 308, L. 1995; amd. Sec. 1, Ch. 459, L. 2001; amd. Sec. 8, Ch. 483, L. 2009.

Department Rules

Subchapter 5

Phase-In Valuation

42.20.501 DEFINITIONS The following definitions apply to this subchapter:

(1) "2002 tax year value" means the market value of a property which appears on the 2002 property tax record of that property.

(2) "Annual appraisal trend factor class five" means a factor used to annually reappraise class five qualifying air and water pollution control property, new industrial property, gasohol facilities, qualifying research and development firms, and electrolytic reduction facilities real property by trending their cost values up or down based on accepted cost indices.

(3) "CDU rating" means a composite rating of the overall condition, desirability, and usefulness of a structure, used nationally as a simple, direct, and uniform method of estimating accrued depreciation.

(4) "Comstead exemption" means the percentage of phase-in value of commercial property that is exempt from taxation pursuant to 15-6-222, MCA.

(5) "Current year phase-in value" is the difference between the reappraisal value and the value before reappraisal (VBR) times the phase-in percentage, added to the VBR. The current year phase-in value is the amount subject to tax each year, and is determined by the following formula:

Current year phase-in value =
[(Reappraisal (REAP) value - VBR) x phase-in %] + VBR

(6) "Destruction" means the removal or deletion of improvements, buildings, living areas, garages, and out-buildings caused by burning, razing, or natural disaster.

(7) "Dwelling unit" is defined as a building or portion of a building that contains living facilities with provision for sleeping, eating, cooking, and sanitation for one or more persons.

(8) "Full reappraisal to taxable value conversion factor for class four commercial property" is the total taxable value of class four commercial property divided by the total reappraisal value of the same class four commercial property.

(9) "Full reappraisal to taxable value conversion factor for class four residential" is the total taxable value of class four residential property divided by the total reappraisal value of the same class four residential property.

(10) "Homestead exemption" means the percentage of phase-in value of residential property that is exempt from taxation pursuant to 15-6-222, MCA.

(11) "Improvement grade change" means a change in the quality of construction of an improvement. Each improvement grade signifies a different level of construction quality. Examples of improvement grades include, but are not limited to, the following:

(a) 1F-1 = cheap construction;
(b) 1F-5 = average construction; and
(c) 1F-9 = superior construction.

(12) "Land productivity change (grade change)" means a change in the productive capacity or yield of agricultural or forest land. In a land productivity change, the land use does not change; rather, the land as currently used simply becomes more or less productive. For example, a productivity change in grazing land may occur when it is discovered that the productivity potential has decreased due to a new saline seep on the land. Because the land continues to be used as grazing land, the department shall continue to classify the land as agricultural grazing land, but the grade of the grazing land may be changed to reflect its lessened productivity.

(13) "Land reclassification" means changing the use of land from one type of agricultural use to a different type of agricultural use. For example, a land reclassification occurs when agricultural land that was previously used as grazing land is converted to irrigated land. In a land reclassification, the land is dedicated to agricultural purposes both before and after the change in land use. It is this characteristic that distinguishes a land reclassification from the more general land use change.

(14) "Land split" means the division of a single property into two or more properties for the ultimate purpose of conveying one or more of the properties to a new owner or owners.

(15) "Land use change" means the conversion of a current use of land to a different, alternate use. Land splits shall be considered land use changes. Examples of land use changes contained in this definition include, but are not limited to, the following:

(a) agricultural land converted to tract land;
(b) forest land converted to tract land;
(c) forest land converted to agricultural land; or
(d) land that is converted to another use due to a subdivision of real property.

(16) "Living area" means any room or group of rooms designed as the living quarters of one family or household, equipped with cooking and toilet facilities, and having an independent entrance from a public hall or from the outside.

(17) "Neighborhood (NBHD) group percentage" means the percent of change in value from the total 2002 tax year value to the total 2003 reappraisal value, excluding properties with new construction, for those homogeneous areas within each county or between counties that have been defined as a neighborhood group. The neighborhood group percentage is determined by using the following formula:

$$\text{Neighborhood Group Percentage} = \frac{\text{(Total 2003 NBHD REAP Value - Total 2002 NBHD Tax Year Value)}}{\text{Total 2002 NBHD Tax Year Value}}$$

(a) Individual neighborhood group percentages will be determined for residential land, commercial land, residential improvements, and commercial improvements.

(18) "New construction" means the construction, addition, or substitution of improvements, buildings, living areas, garages, and outbuildings; or the extensive remodeling of existing improvements, buildings, living areas, garages, outbuildings, land reclassification, and land use changes.

(19) "New construction trend factor for industrial property" means a factor used to adjust reappraisal values and VBRs (values before reappraisal) in instances where the property has new construction or destruction. The factor will be derived from nationally accepted cost indices.

(20) "Phase-in percentage" for tax years 2003 through 2008 is 16.6% per year. The phase-in percentage accumulates annually.

(21) The "previous year tax revenue" means the product of multiplying the previous tax year total taxable value for each taxing jurisdiction by the previous year mill levy for that taxing jurisdiction.

(22) "Reappraisal (REAP) value" means the full 2003 value determined for the current reappraisal cycle pursuant to 15-7-111, MCA, adjusted annually for new construction or destruction. The 2003 reappraisal value reflects a market value of the property on January 1, 2002. A current year REAP value is the same as the 2003 reappraisal value of the property if there is no new construction, destruction, land splits, land use changes, land reclassifications, land productivity changes, improvement grade changes, or other changes made to the property during 2003 or subsequent tax years.

(23) "Subdivision of real property" means the first sale of a land parcel that results in the land being taxable as class four as described in 15-6-134, MCA, or nonagricultural land as described in 15-6-133(1)(c), MCA.

(24) "Taxable market value" means that portion of the total market value subject to taxation after the total market value has been adjusted, if applicable, for the phase-in of value, and the homestead/comstead exemption.

(25) "Value before reappraisal (VBR)" means the 2002 tax year value adjusted for any new construction or destruction that occurred in the prior year. The VBR for the 2003 tax year and subsequent years is the same as the 2002 tax year value if there is no new construction, destruction, land splits, land use changes, land reclassifications, land productivity changes, improvement grade changes, or other changes made to the property during 2002 or subsequent tax years. (History: 15-1-201, 15-7-111, MCA; IMP, 15-6-222, 15-7-111, 15-10-420, MCA; TEMP, NEW, 1997 MAR p. 1593, Eff. 9/9/97; AMD, 1999 MAR p. 2905, Eff. 12/17/99; AMD, 2003 MAR p. 315, Eff. 2/28/03; AMD, 2006 MAR p. 3103, Eff. 12/22/06.)

42.20.502 DETERMINATION OF VALUE BEFORE REAPPRAISAL (VBR), EXCLUDING INDUSTRIAL PROPERTIES (1) For property that contains no new construction, destruction, land splits, land use changes, land reclassifications, land productivity changes, improvement grade changes, or other changes made to the property during 2002 or subsequent tax years, the current year VBR will be the same as the prior year VBR.

(2) For class three property that contains a land reclassification or a land use change, the current year VBR will be the prior year VBR of the new classification or land use change.

(3) For class three property that contains a productivity or grade change, the current year VBR will be the prior year VBR of the prior grade.

(4) For class four property (excluding industrial property) that contains new construction, the current year VBR is determined by dividing the reappraisal value by one plus the percent of neighborhood group change. The following formula illustrates that calculation:

VBR = Reappraisal value /(1 + NBHD group percentage)

(5) Land which has been reclassified as residential or commercial land after January 1, 2002, will have the VBR determined by comparing other 2002 market values of similar residential or commercial land, and determining a comparable VBR for the new residential or commercial land.

(6) For class four property (excluding industrial property) that has been either partially or wholly destroyed, the current year VBR is calculated by first determining what percent of the property has been destroyed. That percent is multiplied by the prior year improvement VBR to determine a value amount that is attributed to the destruction. The current year VBR is then the difference between the prior year VBR and the value attributed to the destruction. The following formula illustrates that calculation:

Current year VBR =
Prior year VBR -
(Percent of property destroyed x prior year improvement VBR)

(7) For class ten property that contains a land reclassification or a land use change, the current year VBR will be the prior year VBR of the new classification or land use change.

(8) For class ten property that contains a productivity or grade change, the current year VBR will be the prior year VBR of the prior grade.

(9) The only instances when the current year VBR will be less than the prior year VBR are:

(a) in the case of class four improvements that have been partially or wholly destroyed;

(b) when the neighborhood group percentage change is negative and there is new construction; or

(c) when land use changes have occurred.

(10) In all other situations, the current year VBR will be the greater of the value determined through application of the formula in (4) or the prior year VBR.
(History: 15-1-201, 15-7-111, MCA; IMP, 15-7-111, MCA; TEMP, NEW, 1997 MAR p. 1593, Eff. 9/9/97; AMD, 2002 MAR p. 3424, Eff. 12/13/02.)

42.20.503 DETERMINATION OF CURRENT YEAR PHASE-IN VALUE FOR CLASS THREE, CLASS FOUR, AND CLASS TEN PROPERTY (1) For tax years 2003 through 2008, the department is required to determine the current year phase-in value for each property in class three, class four, and class ten annually. The current year phase-in value is determined by subtracting the 2002 VBR from the 2003 reappraisal value multiplied by the applicable phase-in percentage, the product of which is added to the 2002 VBR value. The calculations of the phase-in values are represented by the following formula:

2003 Phase-in =
[(2003 reappraisal value - 2002 VBR value) x 16.66%]
+ 2002 VBR

2004 Phase-in =
[(2003 reappraisal value - 2002 VBR value) x 33.32%]
+ 2002 VBR

2005 Phase-in =
[(2003 reappraisal value - 2002 VBR value) x 49.98%]
+ 2002 VBR

2006 Phase-in =
[(2003 reappraisal value - 2002 VBR value) x 66.64%]
+ 2002 VBR value

2007 Phase-in =
[(2003 reappraisal value - 2002 VBR value) x 83.30%]
+ 2002 VBR value

2008 Phase-in =
2003 reappraisal value

(History: 15-1-201, 15-7-111, MCA; IMP, 15-7-111, MCA; TEMP, NEW, 1997 MAR p. 1593, Eff. 9/9/97; AMD, 1999 MAR p. 2905, Eff. 12/17/99; AMD, 2002 MAR p. 3424, Eff. 12/13/02; AMD, 2007 MAR p. 119, Eff. 12/22/06.)

42.20.504 NEW CONSTRUCTION DETERMINATION (1) The following criteria will be used to identify new construction and destruction:

(a) all residential or commercial structures, out-buildings, and mobile homes that were built, remodeled, or destroyed in the preceding year;

(b) properties with new, attached garages built in the preceding year;

(c) properties which had any land reclassification or land use changes; or

(d) properties with out-buildings built in the preceding year.

(2) The following will not be considered new construction or destruction:

(a) properties with square footage changes due to correction of measurements or sketch vectoring, or due to coding corrections for story heights, such as story with full finished attic to 1.5 stories;

(b) properties with improvement grade changes;

(c) properties with condition, desirability, and usefulness (CDU rating) changes;

(d) properties with changes in heat or air conditioning;

(e) residential dwelling units with changes in square footage of living area of 100 square feet or less;

(f) properties with changes in effective year; or

(g) properties with changes in finished basement areas. (History: 15-1-201, 15-7-111, MCA; IMP, 15-7-111, MCA; TEMP, NEW, 1997 MAR p. 1593, Eff. 9/9/97; AMD, 2002 MAR p. 3424, Eff. 12/13/02.)

42.20.505 ASSESSMENT NOTICES AND VALUATION REVIEWS (1) As required by 15-7-102, MCA, the assessment notice shall include:

(a) reappraisal value;

(b) current year phase-in value;

(c) total amount of mills levied against the property in the prior year;

(d) statement that the notice is not a tax bill; and

(e) amount of appraised value exempt from taxation under 15-6-222, MCA.

(2) A taxpayer may seek a department review of any of the required valuation items set forth in (1)(a), (b), and (e) of this rule. Additionally, a taxpayer may request a review of any of the methods used to determine those values which are shown in (1)(a), (b), and (e). (History: 15-1-201, 15-7-111, MCA; IMP, 15-6-201, 15-7-102, 15-7-111, MCA, and Sec. 11, Ch. 463, L. 1997; TEMP, NEW, 1997 MAR p. 1593, Eff. 9/9/97; AMD, 1999 MAR p. 2905, Eff. 12/17/99; AMD, 2002 MAR p. 3424, Eff. 12/13/02; AMD, 2006 MAR p. 3103, Eff. 12/22/06.)

42.20.506 CERTIFIED MILL LEVY DETERMINATION (REPEALED) (History: 15-1-201, 15-7-111, MCA; IMP, 15-6-134, 15-7-111, MCA; TEMP, NEW, 1997 MAR p. 1593, Eff. 9/9/97; AMD, 1999 MAR p. 2905, Eff. 12/17/99; REP, 2002 MAR p. 3424, Eff. 12/13/02.)

42.20.507 PROPERTY TAX ASSISTANCE AND TAX RELIEF PROGRAMS

(1) All valuation reductions allowed for under the property tax assistance program or other property tax relief programs will be applied against the current year taxable market value. (History: 15-1-201, 15-7-111, MCA; IMP, 15-7-111, MCA; TEMP, NEW, 1997 MAR p. 1593, Eff. 9/9/97; AMD, 1999 MAR p. 2905, Eff. 12/17/99.)

42.20.508 DEFINITIONS - INDUSTRIAL PROPERTY (REPEALED) (History: 15-1-201, 15-7-111, MCA; IMP, 15-7-111, MCA; TEMP, NEW, 1997 MAR p. 1593, Eff. 9/9/97; REP, 1999 MAR p. 2905, Eff. 12/17/99.)

42.20.509 DETERMINATION OF VALUE BEFORE REAPPRAISAL (VBR) FOR INDUSTRIAL PROPERTIES (CLASS FOUR) (1) For property that contains no new construction, destruction, land use changes, land splits, or other changes to the property, the current year VBR will be the same as the prior year VBR.

(2) The reappraisal value of new construction will be trended back to a VBR. The trend used to arrive at the VBR shall be calculated using cost indices from "Marshall Valuation Service." The trend used shall be called the new construction trend factor. The new construction trend factor for industrial properties is .84. The VBR will be adjusted to reflect the new construction as if it were in place in 2002. The same method will be used in subsequent tax years.

For purposes of illustration, assume the following:

Reappraisal New Construction Value	=	$100,000
New Construction Trend Factor	=	.84

(a) Given these assigned values, the trend factor is applied as follows:

New construction VBR =
REAP new construction value x new construction trend factor

Example: $84,000 = $100,000 x .84

(3) Property destroyed after January 1, 2002, will be removed from the VBR of the industrial site. The destroyed property also will be deducted from the reappraised value at its reappraised cost.

(4) Land which has been reclassified as industrial land after January 1, 2002, will have the VBR determined by comparing other 2002 market values of similar industrial land, and determining a comparable VBR for the new industrial land. (History: 15-1-201, 15-7-111, MCA; IMP, 15-7-111, MCA; TEMP, NEW, 1997 MAR p. 1593, Eff. 9/9/97; AMD, 2002 MAR p. 3424, Eff. 12/13/02.)

42.20.510 BASIC DETERMINATION OF PHASE-IN VALUE FOR CLASS FOUR INDUSTRIAL PROPERTY (1) The phase-in value is the difference between the reappraisal (REAP) value and the VBR, times the phase-in percentage, added to the VBR.

Formula: Phase-in value =
[(REAP value - VBR) x phase-in %]
+ VBR

(History: 15-1-201, 15-7-111, MCA; IMP, 15-7-111, MCA; TEMP, NEW, 1997 MAR p. 1593, Eff. 9/9/97.)

42.20.511 VALUATION OF CLASS FIVE REAL PROPERTY FOR QUALIFYING AIR AND WATER POLLUTION CONTROL PROPERTY, NEW INDUSTRIAL PROPERTY, GASOHOL FACILITIES, QUALIFYING RESEARCH AND DEVELOPMENT FIRMS, AND ELECTROLYTIC REDUCTION FACILITIES

(1) Qualifying air and water pollution control property, new industrial property, gasohol facilities, qualifying research and development firms, and electrolytic reduction facilities real property included in class five will be revalued annually. The department will apply an annual appraisal trending factor to the qualifying property to arrive at the market value. An annual appraisal trend factor will be calculated, using the January cost indices from Marshall Valuation Service, for the current tax year. If Marshall Valuation Service is not available, other accepted cost manuals or indices may be used.

(2) The annual appraisal trend factor will be applied to the previous year's market value to arrive at the current year's market value. (History: 15-1-201, 15-7-111, MCA; IMP, 15-7-111, MCA; TEMP, NEW, 1997 MAR p. 1593, Eff. 9/9/97; AMD, 2002 MAR p. 3424, Eff. 12/13/02.)

42.20.512 VALUATION OF CLASS FIVE LOCALLY ASSESSED ELECTRIC AND TELEPHONE COOPERATIVES AND TELECOMMUNICATIONS COMPANIES

(1) The department shall annually appraise locally assessed electric and telephone cooperatives' and locally assessed telecommunications companies' property using the methods described in ARM Title 42, chapter 22. The methods described are used in appraising other property with similar characteristics. (History: 15-1-201, 15-7-111, MCA; IMP, 15-6-135, 15-7-111, MCA; TEMP, NEW, 1997 MAR p. 1593, Eff. 9/9/97; AMD, 2002 MAR p. 3424, Eff. 12/13/02.)

42.20.513 VALUATION OF CLASS SEVEN PROPERTY (1) The department shall annually appraise class seven property using the methods described in ARM Title 42, chapter 22. The methods described are used in appraising other property with similar characteristics. (History: 15-1-201, 15-7-111, MCA; IMP, 15-7-111, MCA; TEMP, NEW, 1997 MAR p. 1593, Eff. 9/9/97.)

42.20.514 DETERMINATION OF TOTAL TAXABLE VALUE OF ELIMINATED PROPERTY (1) The total taxable value of eliminated property is determined by compiling the actual total value of properties that have been eliminated from a particular taxing jurisdiction. In cases where the actual values have not been compiled, the department will use a statewide average rate of 0.12% (.0012) to multiply by the previous year total taxable value in the taxing jurisdiction, to calculate an estimated value of eliminated property. (History: 15-1-201, 15-7-111, MCA; IMP, 15-10-420, MCA; NEW, 1999 MAR p. 2905, Eff. 12/17/99.)

42.20.515 DETERMINATION OF TOTAL TAXABLE VALUE OF NEWLY TAXABLE PROPERTY (1) For the 2009 tax year and subsequent tax years, the department will calculate for each taxing jurisdiction the total taxable value of class four newly taxable property as follows:

(a) For tax years 2009 and subsequent years, the department shall determine the market value of class four newly taxable property in a taxing jurisdiction. Class four newly taxable property in a taxing jurisdiction will include the total market value of class four property for any tax increment financing district which has been dissolved or terminated.

(b) The current year total market value is determined by valuing each current year parcel with the current cycle valuation schedules and models. These values for current year parcels are then added together to arrive at the current year total market value. The previous year total market value is determined by valuing each previous year parcel with the current cycle valuation schedules and models. These values for previous year parcels are then added together to arrive at the previous year total market value. The difference between the current year total market value and the previous year total market value is the total market value of class four newly taxable property.

(c) The newly taxable property value for class four property for the current tax year is determined by multiplying the current year total class four market value by the appropriate current year exemption percentage and the current year class four tax rate.

(2) For tax year 2009 and subsequent tax years, the department will calculate for each taxing jurisdiction the total taxable value of newly taxable property that is classified as class five, seven, eight, nine, twelve, thirteen, fourteen, fifteen, and sixteen property. The taxable value of newly taxable property of class five, seven, eight, nine, twelve, thirteen, fourteen, fifteen, and sixteen property shall be determined as follows:

(a) The department shall determine the total market value of newly taxable property in a taxing jurisdiction. The total market value of newly taxable property is calculated as the difference between the current year total market value for each class of property and the previous year total market value of the same class of property.

(b) For each class of property, the total taxable value of newly taxable property for the current tax year is determined by multiplying the current year total market value of newly taxable property by the current year tax rate for that class of property.

(3) The total taxable value of newly taxable class three and class ten property shall be determined in the same manner as set forth in (2) to the extent that land is transferred into a taxing jurisdiction (e.g., a change from exempt status to taxable status) and identified as newly taxable property. For jurisdictions in which land transfers have not been specifically identified, a value for newly taxable class three and ten property will not be calculated.

(4) The total taxable value of all newly taxable property in a taxing jurisdiction shall be determined by adding together the separate taxable values as determined above for class three, four, five, seven, eight, nine, ten, twelve, thirteen, fourteen, fifteen, and sixteen property for that taxing jurisdiction.

(5) If the newly taxable value, as calculated according to (1) through (4), for any class of property in any taxing jurisdiction is less than zero, then the newly taxable value for that class of property in that taxing jurisdiction is zero. (History: 15-1-201, 15-7-111, MCA; IMP, 15-10-420, MCA; NEW, 1999 MAR p. 2905, Eff. 12/17/99; AMD, 2003 MAR p. 315, Eff. 2/28/03; AMD, 2006 MAR p. 3103, Eff. 12/22/06; AMD, 2009 MAR p. 1263, Eff. 7/31/09.)

42.20.516 APPLICATION OF PHASE-IN PROVISIONS FOR CLASS THREE, CLASS FOUR, AND CLASS TEN PROPERTIES THAT DECREASE IN VALUE DUE TO REAPPRAISAL (1) The department will not apply a phase-in percentage calculation to class three, class four and class ten properties when the reappraisal value decreased as a result of the reappraisal of those properties. The value to be used for assessment purposes for those properties will be the reappraisal value.

(2) The reappraisal value is subject to any applicable homestead and comstead exemptions. (History: 15-1-201, MCA; IMP, 15-6-134, 15-7-111, MCA; NEW, 1999 MAR p. 2905, Eff. 12/17/99; AMD, 2002 MAR p. 3424, Eff. 12/13/02.)

42.20.517 APPLICATION OF HOMESTEAD OR COMSTEAD EXEMPTION TO MIXED USE PROPERTIES (1) Properties with mixed commercial and residential use where more than 50% of total square footage of the structure is dedicated to use as a residential dwelling will receive the residential homestead exemption.

(2) Properties with mixed commercial and residential use where more than 50% of the total square footage of the structure is dedicated to a commercial use, as defined in 15-1-101, MCA, will receive the comstead exemption.

(3) If the use of the property, based on square feet, is equal between commercial and residential, the property will receive the homestead exemption. (History: 15-1-201, MCA; IMP, 15-6-134, 15-7-111, MCA; NEW, 1999 MAR p. 2905, Eff. 12/17/99; AMD, 2006 MAR p. 3103, Eff. 12/22/06.)

42.20.518 LAND CAP ELIGIBILITY AND APPLICATION (REPEALED) (History: 15-1-201, MCA; IMP, 15-7-111, MCA; NEW, 1999 MAR p. 2905, Eff. 12/17/99; REP, 2002 MAR p. 3424, Eff. 12/13/02.)

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