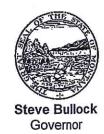


Montana Department of Revenue



Date:

November 19, 2018

To:

Revenue and Transportation Interim Committee

From:

Gene Walborn, Director

Subject:

2018 Reappraisal Cycle Update and Taxable Value Neutral Tax Rate

Calculation

Based on preliminary valuation modeling of the 2018 reappraisal cycle, the table below shows the estimated changes in property values.

Estimated Impact of Reappraisal Change in Market Value Relative to TY 18 Values				
Billions				
Tax Class	2018	2019	% Change	
Residential Prop.	\$101.6094	\$110.1374	8.39%	
Commercial Prop.	\$20.8639	\$23.2885	11.62%	
Agricultural	\$6.7534	\$6.9741	3.27%	
Total	\$129.2267	\$140.4000	<u>8.65</u> %	

Pursuant to 15-7-111, MCA, the department is required to provide a taxable value neutral tax rate for residential, commercial and agricultural property for the next two years. The table below shows the current law tax rate for these properties.

Current and Taxable Value Neutral Rates By Property Class				
Property Class	Current Rates	TV Neutra		
Residential Prop.	1.35%	1.26%		
Commercial Prop.*	1.89%	1.69%		
Agricultural	2.16%	2.09%		

^{*}Under current law, the commercial property tax rate is the class 4 residential rate is multiplied by 1.4. For the taxable value neutral tax rate commercial property requires a multiplier of 1.34.