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Date: November 18, 2024

To: Revenue Interim Committee

From: Jared Isom,
Tax Policy and Research
Montana Department of Revenue

Subject: Taxable Value Neutral Rates for TY 2025 Reappraisal Cycle

Preliminary modeling of the TY 2025 reappraisal cycle estimates the following changes in market value for residential, commercial, agricultural, and forest land property.

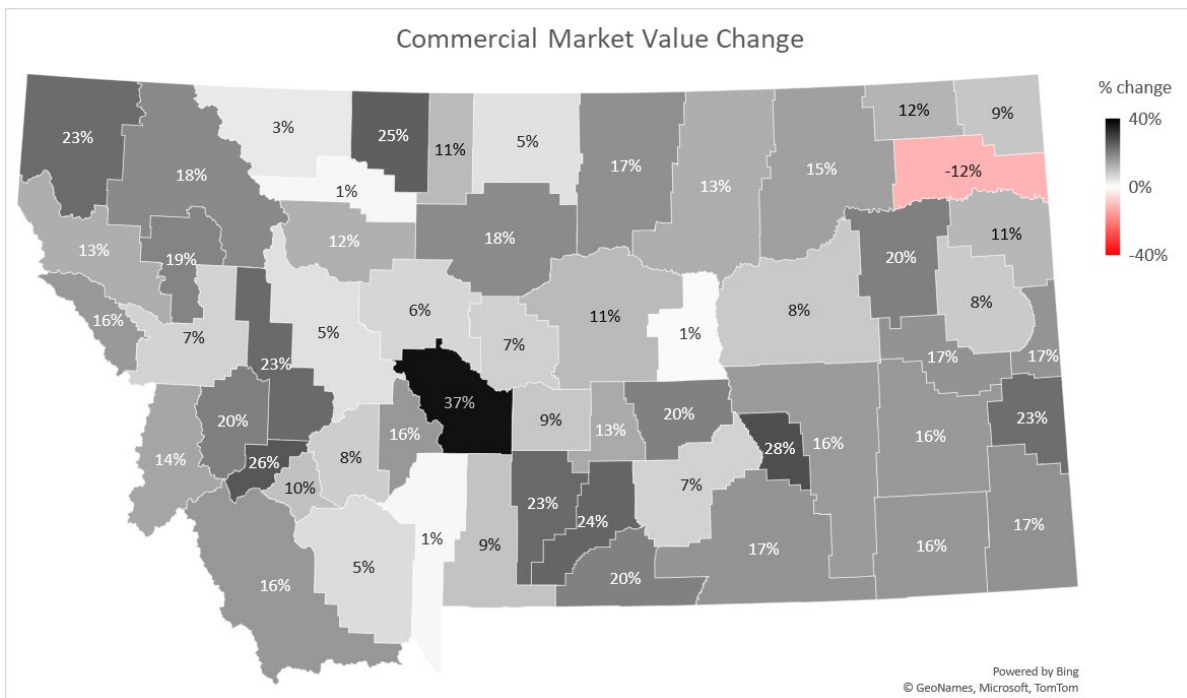
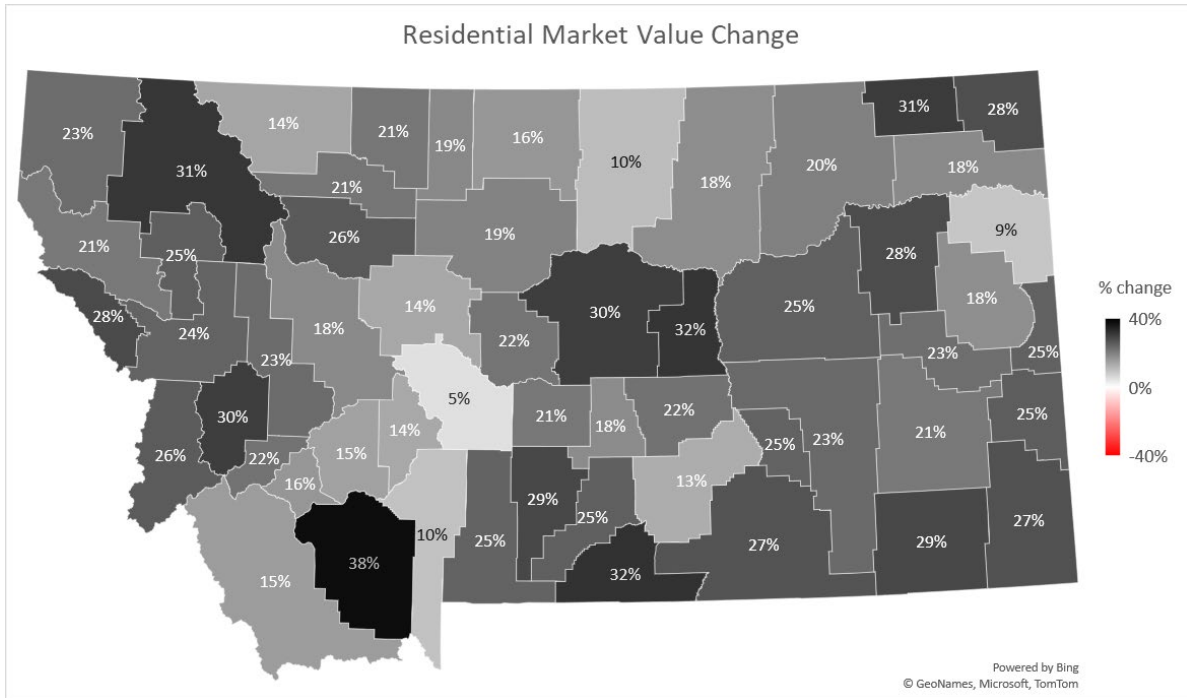
Estimated Changes in Market Value from Reappraisal			
	Billions		
Property Type	TY 2024	TY 2025	% Change
Residential	\$216.30	\$262.69	21.45%
Commercial	\$35.55	\$38.51	8.31%
Agricultural	\$6.63	\$6.98	5.39%
Forest Land*	\$1.67	\$1.27	-24.33%

Montana Code Annotated 15-7-111(4) directs the Department of Revenue to provide the revenue interim committee a report of tax rates for the upcoming reappraisal cycle that would result in taxable value neutrality. Below are the current rates and the estimated taxable value neutral rates.

Estimated Taxable Value Neutral Rates			
Property Type	Current Rates	TV Neutral Rates	
Residential	1.35%	1.11%	
Commercial	1.89%	1.75%	
Agricultural	2.16%	2.05%	
Forest Land*	0.37%	0.36%	

*Major changes are being made to the valuation and tax rate of forest lands in TY 2025. Market values are decreasing due to new stumpage values and the tax rate is reverting to 0.37% from 0.27%.

The maps below show the estimated average changes in market value from TY 2024 to TY 2025 for residential and commercial properties by county. Note that these are preliminary averages and are subject to change between now and when reappraisal values are finalized. Due to how values are calculated and where the Property Assessment Division is in the reappraisal process, commercial values may be more likely to see changes compared to residential, agricultural, and forest land values.



These tables contain the market value change by land use type for agricultural property from TY 2024 to TY 2025 and the stumpage value change by zone for forest land property from the 2021 reappraisal to the 2025 reappraisal. Forest land is currently four years into its six year phase-in period, which will be interrupted when it changes to a two year cycle with new stumpage values beginning TY 2025.

Agricultural Market Value Change	
Property Class	% change
1101 - Tillable Irrigated Land	11.81%
1401 - Tillable Non-Irrigated Land/Summer/Fallow	2.50%
1501 - Tillable, Non-Irrigated, Continuously Cropped	2.57%
1601 - Grazing Land	5.05%
1701 - Non-Qualified Ag Land 20-160 Acres	10.20%
1801 - Wild Hay Land	11.57%
2001 - 1 Acre Farmstead - Ag 15-7-202(1)(c)(ii), MCA	16.33%

Forest Land Stumpage Value Change	
Zone 1 (Northwest)	-23.29%
Zone 2 (Southwest)	-41.39%
Zone 3 (Central)	-28.47%
Zone 4 (East)	30.57%