

COUNTY TAX APPEAL BOARD

Resource Manual



Montana Tax Appeal Board

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CHAPTER I

Tax Appeals in Montana



Welcome and Mission

Appeal Details

General Standards

Welcome and Mission

Welcome and thank you for your willingness to provide a valuable service to the citizens of Montana.

The 56 County Tax Appeal Boards (CTABs) were created in Article VIII, Section 7 of the 1972 Montana Constitution to hear appeals relating to taxpayer grievances concerning appraisals and assessments of property. The CTABs are functions of county government and are entirely separate from the Department of Revenue (DOR). The CTABs are funded through and assisted by the Montana Tax Appeal Board (MTAB) per §§ 15-2-201 and 15-15-101. It is MTAB's duty to provide training, resources, and assistance to help you perform your duties as a member of a CTAB. MTAB strives to provide useful training and support, so do not hesitate to let us know if you would like more detailed information from MTAB to help you perform your duties.

Mission: The CTABs fulfill the constitutional mandate of a review of property valuation "at the local government unit level." *Mont. Const., Art. VIII § 7*. The CTAB is designed to provide a neutral and independent review of property values in each county. Both MTAB and CTAB seek to determine the proper classification and market value in their review. Each CTAB is comprised of at least three members appointed by the County Commissioners, serving staggered three-year terms. *Mont. Code Ann. § 15-15-101(1)*.

The CTAB secretary will be assisting the members and will be responsible for organizational, audio, and written record-keeping duties for hearings of the CTAB. As the front-line person in the tax appeal process, the secretary is the first person the taxpayer encounters in resolving their dissatisfaction with their

property appraisal. The secretary sets the tone for the entire experience and facilitates the communications and relationship between the DOR, Taxpayer and the CTAB during the appeal. Secretaries represent the CTAB and have a duty to remain loyal to the CTAB.

It is important for CTAB members to recognize any conflicts of interest and to understand that the meeting and activities of the CTAB are a balance of the public's right to know and the legal duty to protect confidential taxpayer information. The Legislature has determined that any CTAB member that has been employed by the DOR in the last 36 months is a conflict.

If a secretary or a member has a question about the ethics of a specific situation, please contact MTAB for guidance. MTAB relies upon the CTAB appeal record, and if an MTAB decision is appealed, that CTAB record may be transmitted on appeal to Montana District Court or the Montana Supreme Court. All of these reviews depend on the clarity and completeness of the CTAB record.

The CTABs play a critical role in demonstrating to the taxpayers that boards listen to their concerns and provide a fair and independent review when it comes to Montana taxation.

More information is also available on the MTAB website at: www.mtab.mt.gov, including reference materials and forms pertinent to the appeal process, as well as more information on current MTAB cases.

Appeal Details

Taxpayers must file their appeal form, Form 401, with the county clerk & recorder's office. When communicating with the clerk about the required notice of CTAB meetings published in the local newspaper (see "Preparation for Appeals with Public Notification" below), remind the clerk and recorder staff that the tax appeal form is submitted through their office. Be sure to ask the clerk and office staff to date stamp the appeal on the day it is received. A date stamp is required by § 15-15-102(2), MCA. After the appeal form is filed with the clerk and recorder's office, the next steps in the appeal process shift to the CTAB. The CTAB secretary should check back frequently with the clerk & recorder's office to see if any appeals have been submitted. **The CTAB, not the clerk & recorder, is responsible for obtaining the appeal forms from the county clerk & recorder.** *Mont. Code Ann. § 15-15-102(2).*

Taxpayers may appeal within 30 days from the date on the classification and appraisal notice and/or the decision of the DOR during the AB-26 informal review process (see "Informal Appeal with Department of Revenue – Form AB-26" below). Any reduction in value through the CTAB process **will only be applicable for the second year of the two-year appraisal cycle if the appeal is not received within the 30-day timeframe in the first year** (see "Overview of the Appraisal Process" below).

If a taxpayer or their designated representative fails to appear at the scheduled hearing before the CTAB, the CTAB cannot grant that taxpayer a reduction in value and that taxpayer cannot appeal that decision to MTAB. *Mont. Code Ann. § 15-15-103(1).*

We encourage CTAB secretaries to accommodate people by arranging for them to “appear” by telephone or Zoom/Teams platforms when they would otherwise be unable to participate. This is especially important for taxpayers making any Americans with Disabilities Act requests for accommodation.

If the CTAB is unable to hear all the appeals filed during a current calendar year, the CTAB may grant itself an extension of time for the hearing session. If a CTAB fails to hear and decide a case, this could result in a default judgment in favor of the taxpayer, meaning the taxpayer would be granted whatever value they requested. To avoid this, the CTAB must send a letter to both parties before year end informing the Taxpayer of the extension of the hearing session.

CTAB hearings are open to the public. CTABs generally review evidence of market value and only have the authority to adjust market value and/or classification. CTABs do **not** have the authority to adjust tax rates or mill levies. **CTABs also do not have the authority to grant legal motions that may be requested by either party.** For example, formal legal motions for exclusion of evidence or other petitions are not appropriate due to the informal nature of a CTAB hearing.

General Standards

The general rule is that the appraisal of the DOR is presumed to be correct, and the taxpayer must overcome this presumption to prevail. Higher courts have decided that the **DOR should, however, bear a certain burden of providing documented evidence to support its assessed values.**

Western Airlines, Inc. v. Catherine Michunovich et al., 149 Mont.347, 428 P.2d 3, (1967).

A taxpayer bears the burden of proving the DOR's classification of property is incorrect. *Western Airlines* 149 Mont. 347, 353; *Farmers Union v. DOR*, (1995); 272 Mont. 471 and *Western Airlines, Inc. v. Michunovich* (1967).

The CTAB must provide a brief written explanation of its decision after the hearing. What is the basis for your decision? The taxpayer and the DOR are more likely to feel they have had a fair hearing if your decisions appear to be based upon the facts presented. Is the decision in accordance with statutes, administrative rules, and generally accepted appraisal principles? Avoid deciding because you like or dislike the DOR or the taxpayer and their representatives. Be sure your reasoning, even if brief, and is included with the outcome on Form 401 and be sure the **chairperson** signs the form.

CHAPTER II

Board Information



Hearing Best Practices

How to Manage an Effective Meeting

“Hearing” the Hearing

Failure to Hear Appeal

Ethical Matters

Confidential Information

Communication with the Parties

Recusal

Statement Language Used for the Decision

Hearing Best Practices

To assure a fair hearing for all parties before the CTAB, the following procedures should be followed:

- Allow equal time for both parties. The board may give the parties a time limit, such as 20 to 30 minutes for each party, to keep the testimony focused. It is best practice to inform the parties of the time limits in writing or by phone before the hearing and remind them when the hearing commences. This allows them to prepare their case presentation accordingly.
- The taxpayer is challenging the DOR's value and therefore presents their case first. The taxpayer may be referred to as the Complainant, the Appellant, or the Taxpayer.
- To succeed, the burden of proof is on the taxpayer to demonstrate that the DOR's appraised value or classification is incorrect.
- The DOR is defending its appraised value or classification and presents its case after the taxpayer. The DOR may be referred to as the Respondent, the Department, or the DOR.
- ALL TESTIMONY is taken under oath, audio recorded, and all who testify must be sworn in. It is the responsibility of the chairperson to administer the oath to the witnesses on the record at the beginning of the hearing.
- Those who testify should identify themselves for the record and spell their names the first time they speak. Be sure to pretest the recording equipment to assure the audio is clear. The taxpayer may question the witnesses he or she calls.
- The taxpayer may also make any statement he or she wishes to make or present any information relevant to the value of the subject property.

- At the conclusion of the testimony of each witness, the other party may ask questions of that witness.
- After the DOR finishes questioning a witness, the taxpayer may ask further questions to clarify or emphasize any portion of the evidence.

DOR presents its case at the conclusion of the taxpayer case.

- The DOR has the same rights as the taxpayer to call witnesses and to make statements or arguments.
- The taxpayer may question the DOR's witnesses.
- The taxpayer may present rebuttal testimony and arguments after the DOR has finished presenting its case if time allows.
- We recommend the board members hold their questions until the conclusion of the presentation and cross examination of the witness. This helps keep the hearing on time and allows the hearing to be accurately transcribed. If clarifying questions are needed, keep it brief.

In fairness, be careful to allow both parties approximately the same amount of time for presentation and questions. It is the responsibility of the chairperson to control the process and timing of the hearing and to make sure each party has equal presentation time.

Guidelines for Managing an Effective Hearing

Fairness is important, regardless of the outcome. Give both sides equal time. Make sure the secretary includes the time limits in the letter from CTAB setting the hearing date. Inform the parties if they go past their time limit. The chairperson or the CTAB secretary may keep the time for presentations.

Be professional and respectful. Pay attention to both parties equally. Avoid the appearance of disrespect **either verbally or through inattention.**

Hold any questions until the party has finished presenting their case. If necessary, questions may be answered after the time of the presentation. Questions asked during the testimony should be clarifying questions (i.e., “what page are you on?”). All the written materials are part of the record, so parties do not need to read them into the record, and members do not need to comment on all of it except where clarification is necessary.

In deciding a case, members are limited to using **ONLY** the information received in the hearing as the basis for your decision. Do not drive by the property, or use information gained outside the hearing process, such as searching the web or talking to others familiar with the subject property.

“Hearing” the Hearing

It is the duty of the chairperson to maintain order during the hearing. In the interest of clarity of the audio recording, the chairperson should prevent more than one person from speaking at one time and ask each participant to identify themselves and spell their name the first time they speak. It is important to allow only one person to speak at a time so that an accurate and audible recording can be made. The hearing recording may be transcribed on appeal, so the record and deliberations must be audible.

The chairperson is busy during the hearing listening to the testimony, formulating questions, dealing with procedural issues, etc., therefore, it is also up to the secretary, or hearing reporter, to prevent people from speaking on top of one another. The chairperson and secretary may ask people to refrain from moving microphones, or shuffling papers near the microphones. If something is interfering with the recording, the hearing reporter/secretary should ask people to stop speaking for a moment, (for example until a train passes, etc.).

While it is the responsibility of the chairperson to run the hearing, **it is up to the secretary/hearing reporter to ensure an accurate and audible record of the hearing and deliberations is created.** Proper procedures for running the hearing include using a standardized opening statement, swearing in the witnesses, noting the confidentiality requirement, and using the standardized closing statement.

Failure to Hear Appeal

Once the taxpayer's appeal is received, the CTAB must hear the case during that calendar year, unless the CTAB grants itself an extension to continue hearings into the early part of the next calendar year. If a case is not heard before the end of the CTAB term and the CTAB does not grant itself an extension (including notifying the taxpayer of the extension), **the taxpayer wins by default** and the property value is set at their requested value. *Mont. Code Ann. § 15-15-103(2)*.

If the secretary anticipates the CTAB will not be able to complete its work within the statutory CTAB hearing session of July 1st through December 31st, CTAB may grant itself an extension under § 15-15-101(4), MCA allowing the CTAB to hear an appeal after December 31st. The CTAB must send an email or letter well before December 31st informing the Taxpayer of an extension of their appeal. The CTAB should state a new time frame within which the hearings will be completed. The CTAB should send a copy of this extension to the DOR's local and state offices and notify MTAB Secretary.

Should your CTAB fail to hear any appeal filed or grant itself an extension within the current tax year, the **secretary is responsible** for providing a written notification to the DOR, MTAB, and any affected municipal corporation for each application that was automatically granted. *Mont. Code Ann. §15-15-103(2)(b)*. "The phrase "municipal corporation" includes a county, city, incorporated town, township, school district, irrigation district, or drainage district or a person, persons, or organized body authorized by law to establish tax levies for the purpose of raising public revenue." *Mont. Code Ann. § 15-1-101(2)*.

Tax Appeal Extension

In accordance with MCA 15-15-101 the _____ County Tax Appeal Board will continue holding tax appeal hearings for the _____ appraisal cycle through _____.

For further information, contact the _____ County Tax Appeal Board secretary _____ at _____.

Ethical Matters

CTABs are public entities. As a CTAB member, you represent the board and have a duty of loyalty to the CTAB. Members have a legal and ethical duty to protect and maintain the integrity of the CTAB in all cases.

Confidential Information

CTABs are public boards and subject to Montana's open meeting laws. This means most exhibits presented to the CTAB are open to public inspection. However, certain exhibits may contain non-public or *confidential information*. Realty Transfer Certificates (RTCs), comparable sales data, Computer Assisted Land Pricing (CALP) materials, any materials with social security numbers or tax identifiers, taxpayers' income and expense data, and tax returns are considered confidential under Montana law.

If a party requests the material be held confidential, mark the material confidential for the file. **CTAB members and secretaries must hold this information confidential. You may not publicly disclose the information or use the information for any purpose other than for use during the specific hearing in which it is introduced as evidence.**

If confidential material is provided that is not needed for the hearing (such as social security numbers), redact (black out) such information. MTAB recommends the CTAB's secretary place confidential information in a sealed envelope marked as confidential and attach it to the case file.

Taxpayers who have signed a DOR confidentiality agreement have the right to review relevant confidential sales information for purposes of their property tax appeals, and they may do so prior to the hearing (not only on the day of the hearing). The CTAB is not required to assist the DOR in negotiating how a taxpayer may get confidential information.

The CTAB should insist that both parties make a reasonable effort to provide the materials to each other one to two weeks before the hearing. Please call MTAB for assistance if you encounter difficulties.

Communication with the Parties

For purposes of CTAB hearings, an *ex parte* conversation is a conversation a CTAB member or members have with a party or witness on one side of a case when the other side is not present. It is prohibited. Part of the CTAB member's duty is to be impartial about the case before the CTAB. Do not communicate with a taxpayer or the DOR outside of the hearing or when only one party is present for any case the CTAB hears. Any communication between a party and the CTAB should be directed to the CTAB secretary and not to the CTAB members.

Recusal

Avoid the appearance of a conflict of interest. Always remain neutral and independent. If a CTAB member has a close personal or business relationship with one of the parties (the taxpayer or the DOR), the member should not sit on the case. For example, if your child, parent, or business partner is a party or the member has their own appeal, the member should recuse himself or herself (meaning excuse himself or herself from hearing the case). If a member must recuse himself or herself from a case, notify the chairperson and the secretary, so they can inform the parties well in advance of the hearing and seat another member for the hearing, if possible or proceed with a two-person CTAB board. Having a hearing with two members is discouraged but is sometimes necessary to avoid the implication of personal bias.

If a member recuses themselves, they cannot participate in any way. Do not attend the hearing, do not sit with the other board members, and do not ask questions. The member should not be in the hearing room. Do not participate in

or listen to the board discussion. MTAB is happy to advise you on these matters. The outcome is always better when we consult on issues and concerns prior to taking action.

Statement Language used for the Decision

There are standards for decisions by the CTAB and MTAB. The following are some example statements of statutes and standards to keep in mind when hearing evidence and writing the decisions, for example:

1. The Taxpayer failed to provide evidence to meet their burden to show the DOR's valuation was incorrect.
2. The values requested by the Taxpayer were not substantiated by the Taxpayer's testimony. The value set by the DOR is upheld.
3. The value of land remains at \$X. The value of improvements is reduced to \$Y due to _____ (provide specific evidence or testimony that demonstrates a reduction is warranted).
4. In the absence of any evidence supporting the Appellant's land and improvement values, the Appellant has not met its burden of proof. Thus, this Board denies the appeal.
5. The Appellant bears the burden of proving the Department's classification of the property is incorrect. The Appellant presented no evidence supporting this value. Accordingly, this Board must deny this appeal.

6. The Taxpayer showed that DOR's appraisal was incorrect. The Taxpayer's value is granted.
7. The appeal was untimely, and the Taxpayer was not present for the hearing. The appeal is denied.
8. The CTAB believed the DOR used information outside of the normal appraisal time frame and the Taxpayer's value is adjusted to \$X.
9. The CTAB does not believe the DOR's appraisal is an appropriate market value for this property. The value is adjusted to \$X.
10. The CTAB agreed the taxpayer representative provided enough evidence to warrant an adjustment in the assessment. Value is adjusted to \$X.

CHAPTER III

Hearing Process



Overview of Appraisal Process

Income Model for Class 4 Commercial Appraisals

AB-26 Informal Appeal with Dept. of Revenue

Compilation of Comparable Sales

Realty Transfer Certificates

Property Record Card with Key Codes

Opening Statement

Administering the Oath

County Tax Appeal Board Closing Statement

Open Meeting

After the Hearing

Terms Used by the Department of Revenue

Overview of the Appraisal Process

Class Four: Residential and Commercial

The DOR appraises all residential and commercial property for tax purposes as directed by § 15-7-111, MCA. Residential, commercial, and agricultural property is appraised on a two-year cycle. The date of valuation (lien date) is January 1, 2024, for the two-year cycle beginning January 1, 2025, and ending December 31, 2026.

In late June or early July of 2025, all residential, commercial, and agricultural landowners will receive an assessment notice. These notices are sent only in the summer of the first year and should not be confused with the tax bills mailed in October.¹

If the taxpayer files a Form AB-26 to request an informal review with the DOR within 30 days of the date of the classification and appraisal notice, any adjustment in value will apply to both years of the cycle. If the taxpayer disagrees with the DOR's decision on informal review, they have 30 days to appeal to the CTAB. If the taxpayer files either an AB-26 or an appeal with the CTAB after the 30-day deadline but before June 1, 2026, any adjustment in value will apply only to the second year of the reappraisal cycle.

The CTABs and MTAB must consider independent fee appraisals if the appraisals are conducted within six months of the valuation date and are otherwise compliant with appraisal industry guidelines. If a fee appraisal that meets these

¹ In some instances, such as when there is a change of ownership or for new construction, notices may be sent in the second year of the appraisal cycle.

requirements is not used in the outcome of the appeal, then the reasons must be stated in the decision of the CTAB. *Mont. Code Ann. §§ 15-15-103(3), 15-2-301(3).*

If a taxpayer refuses to allow DOR valuation staff to enter the **land** to appraise a subject property, the DOR is required to estimate the value of the property. *Mont. Code Ann. § 15-7-139(7)(b).* In that case, neither the CTABs, nor MTAB may adjust the DOR's estimated value unless the taxpayer provides an appraisal from a Montana appraiser that meets the requirements set forth by statute. *Mont. Code Ann. § 15-7-139(7)(b).*

Income Model for Class 4 Commercial Property Appraisals Models

The fair market value of commercial (income-producing) property is usually based on income. The DOR develops income models for the following types of Commercial properties: Apartments, Hotels/Motels, Mini Warehouses, Offices, Restaurants, Retail, Warehouses, and other units, such as Boat Storage/Marina, Mobile Home RV Park, and Parking Lot or Garage.

Income based models for commercial property have been developed for the larger populated areas of Billings, Bozeman*, Butte, Great Falls*, Helena*, Kalispell, and Missoula*. The state-wide income areas include the county areas for the cities marked with an asterisk and all other counties in the state. For example, the Kalispell area includes all of Flathead County, the Bozeman area includes all of Gallatin County, and the Billings area includes all of Yellowstone County.

Informal Appeal with Department of Revenue – Form AB-26

Before a CTAB appeal, taxpayers may initially request an informal review of their valuation from the DOR by filing Form AB-26, Request for Informal Classification and Appraisal Review, within 30 days of the date on the appraisal notice. *Mont. Code Ann. § 15-7-102 (3); Mont. Admin. R. 42.20.505*. The AB-26 form is available at the local appraiser's office or on the DOR's website, www.revenue.mt.gov. The completed form is submitted to the local DOR assessment office or online. The DOR is required to review the informal appeal and state **in writing** if they made any adjustment to the property valuation or classification. *Mont. Code Ann. § 15-7-102 (4)*. **Filing an AB-26 preserves the deadline for filing an appeal with the CTAB until 30 days after the DOR provides a written response.** *Mont. Code Ann. § 15-15-102, 15-7-102(6)*.

Taxpayers may skip the DOR AB-26 informal review and **file an appeal with the CTAB directly**. Any appeal filed with the CTAB must be submitted within 30 days of the date on the notice of classification and appraisal from the DOR or 30 days after the AB-26 determination letter is received. As noted above, the receipt of an assessment notice in late June or early July of odd years triggers the right of appeal.² Ordinarily, by the time the tax bill is received in October it is too late to appeal the property valuation for that year. If the AB-26 is filed **after 30 days from the date on the notice but before June 1st of the second year and results in a classification or valuation adjustment, the adjustment will only apply to the second year of the two-year appraisal cycle.**

² Notices may be sent in an even year for instances such as change of ownership or new construction.

The CTAB's secretary sets a hearing date, which is held in the county where the property is located. *Mont. Code Ann. § 15-15-103*. A CTAB's job is to hold impartial hearings to determine if the DOR has properly determined the market value and classification for a property. Current law allows the county commissioner to appoint more than three members, but only three sit for any single hearing. If a CTAB has more than three members, the presiding officer selects the three members that hear each appeal. *Mont. Code Ann. § 15-15-101(5)*. All property tax appeals relating to agricultural, commercial, residential and forest land property must go through the CTAB hearing process before any appeal may be filed with MTAB.

Compilation of Comparable Sales

To be read into and as part of the official recording for the transcript of a CTAB hearing (after swearing/affirming oath):

_____ (Taxpayer name(s)), you have been given a copy of a compilation of comparable sales used to value your property for property tax purposes. By law, this document must be held in strict confidence and must not be disclosed directly or indirectly except at this hearing. By accepting and using this document, you agree to be bound by this agreement.

Realty Transfer Certificates

In developing its sales database, the DOR relies on sales data taken from RTCs which must be filed with the state when real estate is transferred. RTCs contain information not available publicly in listings from real estate brokers about the nature of the transaction and relationship of the parties that enable the DOR to select only arm's length, open market sales for establishing fair market values.

Montana Code Annotated § 15-7-308 states that RTCs and the information contained therein are not public documents and must be held confidential. However, the DOR may distribute the data it used to value residential property in the taxpayer's market model area if the taxpayer signs a confidentiality agreement.

In contested tax appeal proceedings, relevant information from the RTCs shall be disclosed to the taxpayer party who has signed a confidentiality agreement, tax boards, and reviewing courts. However, the RTC information shall not be available to the public. At the conclusion of the proceeding, any portion of the record which contains the disclosed RTC information shall be sealed and will not be available for public inspection.

When this confidential information is presented at a hearing, the chair should ask anyone in the room other than the taxpayer or their representative, the DOR, and the board members and secretary to leave the room. When the presentation and discussion of confidential RTC information is concluded, those who were asked to leave the hearing can return.

During deliberations, board members may refer to comparable sales in a way that does not disclose confidential data. For example, board members may use such language as, “Refer to comparable sale #3 which sold for less than the subject property value.” This allows the deliberations to remain open to the public without divulging confidential information.

Property Record Card

The culmination of the tax appraisal process is the preparation of the Property Record Card (PRC). The PRC includes all information from the appraisal process including the DOR’s final tax appraisal, measurements, values, and activity for each parcel of taxable property. Each PRC has a section entitled “Appraisal Inspection Information,” which displays the times the DOR’s appraisers were physically present at the subject property, the type of inspections, and the I.D. number of the DOR employee who was at the premises. In addition, each PRC has a section entitled “Summary of Values.” This section shows the final appraised land value, the final appraised building value, the final adjusted appraised market value for the property, and the appraisal approach used in arriving at the final property valuation. If the cost approach to value is used, the details of that approach, as well as the applicable Economic Condition Factor (defined below), are detailed on the reverse side of the card. If the market value approach was used, a separate “Montana Comparable Sales Sheet” is generated. Electronic and paper versions exist.

Decoding the Property Record Card

Parcel Identification: The DOR identifies the physical location of the subject property and the properties it deems comparable to the subject parcel using a numeric identifier called the “geocode.”

Land Description: The dimensions and size of the subject land and the comparable properties.

Dwelling Description: This section will describe the number of stories, attics, exterior construction, house style, year built, effective year built (if the house has been remodeled), basement type, number of rooms, heating type, presence of fireplace and finished basement size if applicable.

Grade: This is the quality grade of the property’s improvements assigned by the DOR appraiser. Quality applies to both workmanship and the type of material used in the construction of the improvements.

The DOR uses ten basic grades of residences:

- | | |
|-------------|-------------------|
| 1. Cheap | 6. Good |
| 2. Poor | 7. Very good |
| 3. Low cost | 8. Excellent |
| 4. Fair | 9. Superior |
| 5. Average | 10. Extraordinary |

Condition, Desirability, and Utility (CDU): This is a measure of the depreciation of the structure. The following categories denote the composite

rating of the overall condition, desirability, and usefulness of the dwelling. The number after the category indicates its weighting factor in the overall determination of the value for a structure.

UN UNSOUND (Given a value of 1)

VP VERY POOR (Given a value of 3)

PR POOR (Given a value of 5)

FR FAIR (Given a value of 6)

AV AVERAGE (Given a value of 7)

GD GOOD (Given a value of 8)

VG VERY GOOD (Given a value of 9)

EX EXCELLENT (Given a value of 10)

The DOR averages the four components' numerical values to arrive at a total CDU rating.³

The Property Record Card also notes the total living area, and an attached/detached garage area and porch area measured from the outside of the structure.

³ See Montana Department of Revenue, Montana Residential, Commercial, and Industrial Property Classification and Valuation Manual 2025-2026 (Effective January 1, 2023) at Appendix B for a description of each category.

Economic Condition Factor (ECF): The DOR adjusts property values based upon an ECF for both residential and commercial property when the cost approach is used. The ECF is a market adjustment that is uniformly applied to all properties in a particular market area. The purpose of the ECF is to adjust the cost approach to take local market influences, such as a depressed or very active market area into account. An ECF of less than one lowers values, and greater than one increases values.

Market Value: Refers to the value as of a set lien date when all property is valued. A lien date is one-year before the beginning year of a two-year tax cycle (January 1, 2024, for tax years 2025 and 2026). Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. *Mont. Code Ann. § 15-8-111(2)(a)*. The DOR will consider fee appraisals from taxpayers for values six months before or after the lien date. The other sales in the subject property's neighborhood at the lien date set the subject parcel's value. Accurate sales verification is critical for reliable and defensible property values.

Highest and Best Use: An explanation for highest and best use is in Residential and Commercial Appraisal Manual. It helps to define how the property is valued according to the best use. The purpose of determining the highest and best use for property is to give a basis for estimating market value. Highest and best use is a broad appraisal concept that is determined through consideration and analysis of the competitive forces that exist in any market that shapes a property's value. To value the property's highest and best use, such use must be legally permissible, physically possible, appropriately supported and financially feasible to result in the highest value. When appraisers estimate

market values for any given parcel, they must consider all the competing uses and decide which is the highest and best use. A careful and thoughtful analysis must be done before any approaches to value can be completed. *IAAO Property Assessment Valuation Chapter 3.*

Opening Statement

The statement is given by the Presiding Officer after confirming the secretary is ready to record the hearing.

I will call this hearing to order. This is a hearing before the _____ County Tax Appeal Board, pursuant to §15-15-103 of the Montana Code Annotated, and is an appeal brought to the Board by _____ (Taxpayer's name) from the decision of the Montana Department of Revenue.

Introductions: I am _____ (chairperson). I am here with my fellow members, _____, and _____, and our secretary, _____. Will the parties please introduce themselves for the record?

The property involved in this appeal is _____ (legal description). *[Verify with the DOR agent that the legal description cited from the appeal form is correct.]*

The DOR has appraised the subject property as a total value of _____, comprising an improvement value of _____

and a land value of _____ (*Both the land and/or improvement values from the appeal form*).

[Verify the amounts with the DOR.]

The Taxpayer is asking for a total value of _____, comprising an improvement value of _____ and a land value of _____ (*use the Taxpayer's requested value from the appeal form*).

[Verify the amount with the taxpayer.]

If applicable:

The DOR has appraised the property as tract land (or non-qualified agricultural land) at a value of _____; the taxpayer contends it should be classified as agricultural land.

The following documents are hereby made a part of the record for the hearing:

- The application to the CTAB signed by _____ (taxpayer and/or agent cited on the appeal form).
- The letter from this board acknowledging receipt and acceptance of the appeal, and
- The notice from this board setting the time and place of this hearing.

The procedures followed by this Board under state law and the Montana Administrative Procedures Act (MAPA) are as follows:

The Taxpayer(s) will present his/her/their case first. At the conclusion of the Taxpayer's testimony the opposing party may ask questions. The DOR then

presents its case, and the Taxpayer may then ask questions of DOR. Both parties will be allowed time for brief closing statements.

Please silence your cell phones.

The Board reserves the right to interrupt the proceedings at any time with clarifying questions, but generally will ask its questions after testimony and cross examination of each witness. Because this hearing is being recorded, and may have to be transcribed, we will not allow either party to interrupt the other during testimony. You must reserve your questions until the conclusion of the testimony of each witness. Are there any questions on this procedure? If not, will all those planning to testify please rise, and be placed under oath.

Administering the Oath

Giving the oath is an important aspect of the hearing. It is a reminder a witness must testify truthfully. If a party or witness refuses to swear or affirm the oath, proceed with the hearing. The secretary should note whether the party or witness swore or affirmed the oath on the attendance sheet.

After the opening statement, please ask all people who are testifying to stand and raise their right hand. They must answer audibly in the affirmative. The chairperson also stands and says:

Do you solemnly swear (or affirm) that the evidence and testimony you shall give in this matter be the truth, the whole truth, and nothing but the truth?

County Tax Appeal Board Closing Statement

(Given by the Presiding Officer at the end of the hearing)

This concludes the hearing before the _____ County Tax Appeal Board. You will receive a written decision from this board within three business days. If either party is aggrieved by our decision you may appeal to the Montana Tax Appeal Board within 30 days upon receipt of the county board decision. Further instructions concerning an appeal to MTAB can be found on the appeal form.

We will now deliberate the issue and make our decision. The parties may stay but **may not** participate.

The CTAB must record their deliberations and store them for one year. 15-15-103 MCA.

Open Meetings

The Montana Constitution favors open meetings. Thus, the CTAB meetings must be open to the public. Some material used by the DOR for property tax valuation is public information. For example, PRCs are public information. However, RTCs used to show comparable sales in valuing property are deemed confidential by law. *Mont. Code Ann. § 15-7-308*. Additionally, all income and expense information provided by the Taxpayer to the DOR for income valuation purposes is deemed confidential. *Mont. Code Ann. § 15-8-120*.

Members must protect any materials with social security numbers, tax ID numbers, or other confidential sales price information. It is not necessary to close the entire hearing, only the portion where confidential information is discussed will need to be closed and the room cleared. After the hearing, redact (black out) this sensitive information from extra copies. Documents containing this confidential information should be placed in a sealed envelope in the case file and marked confidential.

The DOR must provide the information it used in valuing the taxpayer's property to the taxpayer, including confidential sales data, when the taxpayer has signed a confidentiality agreement. *Mont. Code Ann. § 15-7-308*. The taxpayer should have the opportunity to view this information **before the hearing, and with enough time for review**. Consequently, the CTAB may make sure the DOR has given all appropriate information to the taxpayer in advance of the hearing.

CTAB deliberations are deemed public. At the end of the hearing, the chairperson shall state the hearing has concluded, and deliberation will follow. According to the Montana Attorney General opinion, *1988 Mont. AG LEXIS 12, 42 Op. Atty*

Gen. Mont. No. 61, your deliberations after a hearing are a public meeting, which must be conducted in the open, unless the discussion relates to a matter of individual privacy which the presiding officer determines exceeds the public's right to know. The taxpayer and the DOR are entitled to be present during deliberations but may not speak. Make sure the members' conversation and decision relate only to the evidence, and not to the personalities or behavior of the parties during the hearing. Lastly, all deliberations must be recorded and stored for 1 year after the hearing.

After the Hearing

The CTAB should deliberate and make their decision on the record immediately after the hearing and **not** deliberate later by email or phone. The board needs to decide and give the reasons behind its decision. The board members are not confined to the three or four lines available on the appeal form. If the board needs more space, simply attach a separate sheet of paper. Nobody is going to criticize a CTAB for being too thorough. Decisions that are too brief or poorly worded have caused appeals to MTAB simply because no one could understand the effect of the decision. It is the secretary's duty to record and send out the decision.

The deliberation process is a public process, and members of the public must be able to observe. Thus, the board must decide immediately after the hearing and on the date they hear the appeal without deliberating further after the fact.

Once the decision is reached and signed by the chairperson, the secretary will make five copies. The law requires that the decision be sent by USPS first class mail to the taxpayer or their representative, Property Assessment Division of the

State (P.O. Box 8018, Helena, MT 59604-8018), and Legal Services of the Montana DOR in Helena (P.O. Box 7701) along with the local DOR field office **within three days.** *Mont. Code Ann. § 15-15-103(1)*. Mail copies of the final decision to the taxpayer using the address in the appeal file. Remember to keep the original for the CTAB file. The secretary will mail the decision(s) to the taxpayer and the DOR, along with a form for each party to sign, date, and return, acknowledging receipt of the decision(s).⁴ The taxpayer and the DOR should **complete the acknowledgment and return it to the secretary.**

If questions arise about the decision being received, go to the file, and retrieve the signed acknowledgment. If the signed acknowledgment was never received, follow up with the appropriate party to confirm receipt. Always include the acknowledgement for each decision and keep copies for the CTAB file.

To submit the travel expense vouchers, the acting secretary will collect them for the board members and submit the expense forms with the CTAB hearing minutes for each day/month of hearings. Make sure they are signed by the board member submitting the expense voucher. The CTAB minutes should be completed and sent to the MTAB office with the travel expense forms. MTAB prefers these forms be submitted monthly rather than at the end of the CTAB's appeal session. Please note the attached special CTAB Travel Expense Voucher for reimbursement that MTAB hopes is easier to read and use.

⁴ See Appendix C.

Terms Used by the Department of Revenue

Computer Assisted Mass Appraisal System (CAMA): The computer assisted mass appraisal system is used by the DOR to administer and value real and personal property. This system uses data processing to compare parcels, calculate values, and maintain property characteristics to increase efficiency and accuracy in the appraisal process.

Computer Assisted Land Pricing System (CALP): CALP is a DOR system within the costing program of the CAMA system, which gives the appraiser the ability to input the various land-pricing parameters for use in cost valuation of residential and commercial property. Land must be valued separately from any improvements. Agricultural and timber tables are maintained by central office staff. Sales information is analyzed by the DOR appraiser to determine current land values, who then enters the values into the CALP database. The land valuation information is in the foot or acreage basis. Once the land valuation information is in the CALP table, the appraiser codes the PRC with the correct neighborhood code and land valuation type (front foot, square foot, or acreage basis) on each parcel and the cost program prices the land.

ORION: ORION is the DOR's computer assisted mass appraisal software system. This system assists the DOR with the valuation of real property using three approaches to value: the cost approach, income approach, and sales comparison approach.

ORION also assists the DOR with the valuation of personal property such as "business equipment", using valuation methodologies such as acquired cost,

Greenbook Guide value, and Iron Works for heavy equipment for property tax purposes.

The DOR is charged with appraising over 900,000 Montana properties every two years. ORION is necessary for the DOR to be able to appraise its volume of properties, while still being able to identify the characteristics of each individual property to ensure a fair market value of individual property. The system also tracks ownership of both real and personal property for taxation.

Approaches to Value: For the **cost approach**, the system uses cost tables to generate a “replacement cost new” (RCN) figure for each component of a structure. The replacement cost new is then applied to a depreciation table based upon grade, condition, desirability, and utility of the property to arrive at “replacement cost new less depreciation” (RCNLD). The RCNLD is factored by the local index of ECF to yield a market value for each structure from the cost approach to value.

For the **sales comparison approach**, the system has the capability to take validated sales, remove the land value, run a multiple regression analysis (MRA), and develop a model. The MRA analysis statistically balances and tells the modeler the driving characteristics of the market and what kind of adjustment value to use. It then selects for each subject property the five most comparable valid sales, adjusts them to make the characteristics the same as the subject property, and using a mathematical algorithm, arrives at the most probable sale price of each subject property.

For the **income approach**, income and expense data is collected on all commercial properties reported to the DOR to arrive at market rent and expenses. The resulting net income is then divided by the sale price of those

commercial properties that have sold in the market to arrive at a capitalization rate that is normalized for the different types of commercial properties such as a retail, office, warehouse, etc.

CHAPTER IV

Secretarial Matters



Overview of County Tax Appeal Board Matters

Preparation for Appeal with Public Notification

Appeal Process

Prep for Hearings, Recording, Distributing the Decision, General
Administrative Duties

Secretarial Duties

Hearing: Attendance Sheet, Minutes, and Acknowledgements

Records Retention

Exhibits

Overview of County Tax Appeal Board Duties

Your CTAB secretary is a key member of your team. The secretary will very likely be able to answer any procedural questions, manage the board's operations and get the information the CTAB needs.

Although the secretary's duties are different from yours, members should work closely with the secretary to make sure your CTAB is providing a neutral, independent review of the taxpayer's appeal.

To prevent any appearance of unfairness because of *ex parte* communications by CTAB members, it is best practice if the secretary is the only contact person for both the taxpayer and the DOR prior to the hearing.

Preparation for Appeals with Public Notification

The CTAB secretary should make sure the Clerk & Recorder has published a notice of the CTAB's meetings in the local newspaper by May 15th as required in § 15-15-101(6), MCA (see example in Appendix D).

The CTAB is responsible for obtaining the written appeals from the clerk & recorder, and the CTAB secretary should check weekly for new appeals and collect them during the appeal session.

The Appeal Process for CTAB Secretaries

For each appeal, assign a docket number for each geocode, meaning that each separate parcel should have its own docket number. Send a letter to the taxpayer and to the DOR acknowledging receipt of the appeal by the CTAB. The state office will provide an electronic version of this letter, just fill in the blanks with the appropriate information.

Hearing Notices

After acknowledging receipt and acceptance of an appeal, the next order of business will be setting the date, time, and location of the hearing within the calendar year. The CTAB should typically give the parties at least ten days' notice of a hearing. The secretary will send out the hearing notices. MTAB will provide the electronic forms to use for sending hearing notices. Make two copies: send the original to the taxpayer, send one copy to the DOR, and keep one copy for the permanent CTAB file. At the bottom of the hearing notice there is an acknowledgement of receipt. The taxpayer is to cut that portion from the notice and return the acknowledgement of the receipt. The acknowledgement is designed to assure that the taxpayer received the hearing notice. Set a calendar reminder of when the form is expected, so timely reminder calls or emails can be sent to the participants.

Review the appeal files about a week before each hearing to be sure the taxpayer(s) have returned their hearing notice receipts. If anyone has not acknowledged the hearing, call that person to be sure they know the hearing date, time, and location and document the call. This procedure should cut down considerably on the number of 'no show' taxpayers. Anyone who does not attend the hearing (or have their agent attend the hearing) may not have the value of

their property reduced by the CTAB and may not appeal to MTAB. *Mont. Code Ann. § 15-15-103(1)*. If the taxpayer does not appear at the scheduled hearing, conclude the hearing, and render a decision in favor of the DOR. Document the outcome in the minutes noting that the taxpayer failed to appear. Include the taxpayer's signed acknowledgement form with the minutes.

If there is a hardship, such as health concerns, or if the property owner lives out of state, a taxpayer can "appear" by telephone or teleconference at the discretion of the CTAB. We discourage other exceptions from appearing in person for the hearing. The board should determine how much notice of a hearing is required to be reasonable. Send out the hearing schedule well in advance and send out the notice of the hearing at least three weeks in advance. Most people would appreciate as much prior notice as possible.

Schedule as many appeals as possible per meeting and do not schedule the organizational meeting if no appeals have been filed. CTAB members can only be paid for meetings held to hear appeals or for meetings and trainings called by MTAB. *Mont. Code Ann. § 15-15-101(2) (a)*.

If the secretary or a member has an emergency and cannot attend a hearing, please let the CTAB and/or county commissioners know so they can make other arrangements. If the hearing must be cancelled on short notice, contact all parties immediately. Communicate with the board and taxpayer to make other arrangements and reschedule the hearing.

Preparation for the Hearing

The secretary will create a case file, compose and mail the acceptance letter, arrange the hearing schedule with the board members, compose and mail the hearing notice, and maintain an up-to-date hearing calendar for the board. The secretary will notify the taxpayer and the DOR of hearings dates, locations, and times. The CTAB should set more than one hearing for the same day whenever possible. The secretary will prepare the attendance sheet, materials, and technology to record hearings for transcription and label the exhibits. A **digital recorder** should be used for recording the hearing and deliberations so the digital recording can easily be emailed to MTAB should the taxpayer appeal to the state. The secretary will be taking brief minutes of the CTAB sessions, including the decision. **The minutes are used to track the hearings as well as to correlate expenses and reimbursements paid to the CTAB.**

Hearing Recorder Duties

The Hearing Recorder, usually the secretary, will record a digital audio of the proceedings and deliberations. Attendance at the hearing will be tracked and the secretary will organize the exhibits for the hearing. Limit interruptions to help guarantee a clear and accurate recording by not allowing more than one person to speak at a time during the hearing.

Distribute the Decision

After the board has reached a decision and reported it to the parties after the hearing deliberations, it must be mailed to the taxpayer within **three days of the hearing**. *Mont. Code Ann. § 15-15-103(1)*. The CTAB secretary mails out the decision including an acknowledgment of receipt of the decision to the taxpayer

and other parties. If an acknowledgment form is not returned, the secretary should follow up with the taxpayer.

General Administration

The secretary will serve as board representative and sole contact regarding any questions on procedure from the taxpayer or the DOR to the CTAB. Schedule and forward information regarding the organizational meeting of the CTAB to MTAB. Transmit and complete the travel expense vouchers for the members and claims for any secretarial expenses through the county timesheets and invoices. All requests for reimbursement must be received by MTAB in a timely manner.

Submitting member travel expense vouchers and invoices monthly as the expenses occur is preferred.

Other Secretarial Duties

CTAB secretaries may be county employees, and they may be eligible for such benefits as worker's compensation and unemployment insurance. Check with MTAB if there is a question about your employment status. For information concerning current rates of pay, contact MTAB. Typically, MTAB and the county sign an inter-local agreement regarding salaries and benefits as MTAB reimburses counties for the secretarial functions.

Required office equipment (personal computer, filing cabinets, telephone, etc.) is the responsibility of the county. The county must also furnish space for the CTAB to hold hearings, to work and to keep public records accessible to the public.

Mont. Code Ann. § 15-15-101(3).

MTAB can reimburse counties for secretarial training time, hearing preparation time, supplies such as paper, envelopes, printing cartridges, etc. and for postage,

copying and long-distance calls for board-related business. **These expenses must be submitted on the Secretary Services and Supplies Invoice, accompanied by receipts, and approved by your board chair.** The documents are then sent to the MTAB office, and the state accounting department will send payment to your county. Send us the original of all receipts.

A county employee can serve as a member of the CTAB, but not in their capacity as a county employee. They should use their leave time to serve in that voluntary capacity and seek reimbursement as a regular volunteer with per diem. The county employee should be treated as a citizen when acting in their capacity as CTAB board member and not a county employee.

If a CTAB member is serving as a member and as the CTAB's secretary, that member who performs functions of both roles needs to record their time on the Services & Supplies Invoice for hearing preparation and then document their hearing time separately on the Travel Expenditure Voucher. All claims for reimbursement and supplies must be accompanied by receipts and pay sheets for hearing preparation and the CTAB travel expense voucher for time in the hearing session (CTAB Reimbursement Policy).

Statistics: Report the hearing proceedings at the end of the season to MTAB by mail or email containing: 1) type of appeals filed; 2) number of appeals heard; 3) members sitting on each case; and 4) your board's decision on each appeal filed and heard. Send this report to MTAB within two weeks of the close of your hearing session or December 31st. This allows MTAB to maintain statistics and report the information to the Legislature.

Secretarial Hearing Duties

Secretaries are required to attend all hearings and record all testimony and deliberations before the CTAB. A critical part of the secretary's job is to "make the record" of the hearing. It is best to use a digital recorder and **test it before the hearing** to be sure it is recording properly. Make sure the conditions in the hearing room allow all the voices from the testimony to be intelligible when played back. **Be sure that participants are close enough to the microphone to be heard.** Also, check the record during a break or in between hearings to be sure you are getting an audible recording, as well as making sure that no one is rustling papers or making other noises which impact the recording.

Attendance Sheet

Prepare an attendance sheet before each hearing using the example in Appendix E. Have the parties sign in, and if you find the signatures illegible, have them print their names. Be sure to have the proper spelling on the sheet or in the hearing notes. Have each person designate his or her title or affiliation so that they can be identified correctly in the transcript, i.e., taxpayer or taxpayer's witness, agent, or representative. If a party to the hearing offers any exhibits (photographs, maps, sketches, letters, documents, etc.) note them on the attendance sheet and be sure to keep a copy in the case file. Also indicate on the attendance sheet that the witnesses were sworn in during the hearing. Retain the attendance sheet and the appeal exhibits and documents in the case file. The attendance sheet will be helpful to prepare the minutes of each hearing session. **The minutes must be submitted to MTAB monthly during the appeal session.** MTAB's address is P.O. Box 200138, Helena, MT 59620-0138.

Records Retention

The CTABs are required to keep their appeal records and audio recordings for one year. *Mont. Code Ann. § 15-15-103 (1)*. MTAB will need your records and audio files if, **and only if**, the CTAB's decision is appealed to MTAB. At that time, the office will need the entire record: the audio recording(s) of the hearing, the attendance sheet, all exhibits, a copy of the original appeal form, the CTAB decision, and any secretarial notes taken in the hearing. **The documents will not be returned.**

Remember, if the DOR submits something to your board as evidence, and their case is appealed to MTAB, we will not have the DOR materials unless the county sends them to us. We are not part of the DOR, and neither are the CTABs.

Always remember, we are just a telephone call away! Please call. 406-444-9570 with any questions or concerns.

Exhibits

Exhibits in the form of documents, photographs, maps, and other documentary evidence that will help the board to reach a decision may be presented by either party during the hearing. Original exhibits must be kept by the CTAB as part of the official case record.

Exhibits should be marked by the secretary or hearing reporter in numerical and alphabetical order during the hearing. The label should show whether the exhibit was presented by the taxpayer (numerical) or the DOR (alphabetical).

Using the exhibit stickers provided by MTAB, clearly mark the exhibit number or letter on the bottom right-hand corner of each document whenever possible.

Exhibits, correspondence, etc. can be two-hole punched at the top of the page for inclusion in the appeal file. Confidential documents should be placed in a manilla envelope and marked as such after the hearing ends.

The CTAB chairperson should state, for the record, that the exhibit was accepted as evidence, and note whether the opposing party had any objections. Typically, the chair should admit exhibits objected to but note the nature of the objection on the record in case the decision is appealed.

CHAPTER V

Fiscal Matters and Reimbursements



Fiscal Matters:
Reimbursement
Travel Expense Vouchers
Transcription
Frequently Asked Questions

Fiscal Matters

CTAB members are paid through the MTAB budget, as set by the Legislature. CTAB members should work with their secretaries who will send travel expense vouchers for the honorarium and travel expenses to:

Montana Tax Appeal Board
P.O. Box 200138
Helena, MT 59620-0138

Montana statute §15-15-101 (2)(a), MCA provides that CTAB members are only paid for:

- Meetings called by MTAB, typically for education and training.
- Full or half day in session **hearing appeals**.

When authorizing payment for travel expense vouchers, MTAB will refer to the minutes showing which hearings were heard and to verify recorded attendance. All this information must correlate according to accounting best practices.

- The honorarium is **\$45 per day** for each day the CTAB members meet **four hours or less** to hear tax appeals. *Mont. Code Ann. § 15-15-101(2)(b)(i)(A)*.⁵
- The honorarium is **\$90 per day** for **more than four** hours to hear taxpayer appeals. *Mont. Code Ann. § 15-15-101(2)(b)(i)(B)*.

⁵ May change to \$60 for a half day and \$120 for a full day if SB5 passes

- The mileage reimbursement rate is 0.70 cents per mile. *Mont. Code Ann. § 15-15-101(2)(a)*. To claim any mileage allowance, any board member must travel 30 or more miles round-trip from home to the location of the meeting to be reimbursed for mileage. If a member travels less than 30 miles round-trip, they are not entitled to claim any reimbursement for mileage expense. Board members must state the time they left home and the time they arrived back home after the hearings or training called by MTAB. The form utilized by the board member to receive reimbursement for their work is **the County Tax Appeal Board Per Diem Reimbursement Form**, located in the appendix.
- Meal allowances are: \$11.20 for breakfast, \$13.30 for lunch and \$19.60 for dinner. *Mont. Code Ann. § 15-15-101(2)(a), 2-18-501*. Meals are allowed during the hearings or meetings with MTAB from:
 - 12:01 a.m. and 10:00 a.m. to claim breakfast allowance
 - 10:01 to 3:00 p.m. to claim lunch allowance
 - 3:01 p.m. to 12:00 midnight to claim dinner allowance.

Receipts for meals are not required since it is a flat reimbursement amount. If board members spend money on supplies, postage, copies, phone calls, etc., for board business, that expense should be submitted on the travel expense voucher accompanied **by receipts of the items**.

All Services & Supplies Invoice forms must be submitted for reimbursement by the CTAB secretary for supplies, postage, copying, pay, etc. (with receipts and time sheet) and must be signed and approved by a board member, preferably the chairperson on the invoice form. Forward the signed invoice with receipts for county expenses to MTAB office for reimbursement.

We will review claims for accuracy, and against the accompanying meeting minutes submitted by the secretary and strive to have a check issued to members and the county as soon as possible.

MTAB needs your permanent mailing address, phone number, and email address for correspondence and other important training materials. **Please let us know if a CTAB member declines to use email. If a member moves or leaves the board, we need to know immediately.** This is important between appeal sessions as well so we can know where to send the IRS Form 1099 form for taxes and other critical information.

Transcripts and Audio Recordings

The appeal file and transcripts of the CTAB hearings will be required on appeal to MTAB. Audio recordings of CTAB hearings will be transcribed in Helena if the MTAB determines a transcript is necessary. When the secretary/member is notified by MTAB that one of your board's decisions is on appeal, you must send the audio recording and the hearing file to MTAB. Please have the digital recording, or flash drive ready to send along with the attendance sheet, all exhibits, and other documents related to the hearing. We will contact you if a CTAB case is appealed to MTAB. **It is important to send the exhibits to MTAB when a CTAB's decision is appealed. In some instances, the only copy of an exhibit that a taxpayer has is the one given to the county at their hearing.**

If a recording is transcribed in Helena, we will not return the audio CD or flash drive to you. If you anticipate that the county may need a transcript for any

reason, please let us know and we will provide you with a copy. If the county receives a request for a copy of the transcript, refer the requesting party to MTAB.

We are only a telephone call away for help at 406-444-9570.

Frequently Asked Questions

Question: Will CTABs be hearing disputes related to medical marijuana?

Answer: No. Tax matters related to marijuana will not go through the CTABs. They will go to the DOR Office of Dispute Resolution then directly to the District Court. MTAB may get related cases if they have to do with income tax matters.

Question: Are CTAB minutes required to be kept and submitted to MTAB?

Answer: Yes. The CTABs are reimbursed for their services through MTAB's general fund budget. Per § 15-15-103(1), MCA, the CTABs are required to submit basic minutes to MTAB. This can be as simple as the name of the taxpayer and the DOR participants, the CTAB members present, the nature of the dispute, and the outcome. Minutes are essential for good record keeping but are also required for fiscal transparency when MTAB reimburses the CTABs for their services. State accounting rules require random auditing of accounting for state budgets. The CTAB's financial reimbursement for CTAB functions is linked to the hearing process. If audited, MTAB needs to account for the work product related to any CTAB reimbursement. This is best supported by providing a copy of the minutes related to the reimbursements.

Question: Can a CTAB member speak with a taxpayer about the case after the hearing has been held and the decision rendered?

Answer: No, a CTAB member should not be discussing the hearing with parties even after the hearing is over and the decision is rendered. CTAB members must be impartial, and even the appearance otherwise can diminish the credibility of the CTAB's decision(s). If a taxpayer has questions, the taxpayer should be directed toward the resources below.

A taxpayer has the right to seek tax advice from the DOR under the Taxpayer Bill of Rights, so specific questions about tax matters can be directed to the DOR. If you are answering a taxpayer's questions about strategy or law, you may be inadvertently giving legal advice, which is prohibited by law. In addition to potential legal issues, offering legal or strategic advice could lead to an expectation that if the taxpayer appeals the following valuation cycle, they will prevail by following the advice. Procedural questions about the process (i.e., what happens next) may be more appropriately directed to the CTAB's secretary, and questions relating to the appeal of that decision may be more appropriately directed to MTAB.

Essentially, CTAB members should avoid discussing the hearing with ANY party. CTAB members can still be engaged with their communities, so you are not prohibited from talking with parties from past hearings about other unrelated matters.

Question: Does a CTAB have to have a hearing to determine timeliness?

Answer: Yes. The CTAB secretaries are not legally authorized to interpret the law as to whether an appeal is untimely. The best outcome is for the CTAB to hear the arguments for or against timeliness in a hearing setting. If the appeal is found to be untimely, the CTAB does not need to move on to the merits, but they do

need to issue that decision with reasoning and provide the right of appeal to MTAB.

If the appeal is timely, the merits should be heard and an outcome with reasoning and right of appeal provided.

Question: Are CTAB members allowed to meet before a hearing?

Answer: Yes. According to § 15-15-101(4), MCA, a CTAB may hold an organizational meeting each year on the day of the first hearing of the year, prior to the hearing, to choose a presiding officer and conduct other organizational tasks. The CTAB is not allowed to meet before a hearing to discuss the substance of an upcoming hearing.

Question: Is a digital recording of the hearing and deliberations sufficient for a record to MTAB?

Answer: Yes, § 15-15-103(1), MCA requires the CTAB to electronically record the hearing and keep the record for at least one year. Additionally, recording the CTAB deliberations is also required under § 15-15-103. To facilitate this requirement, MTAB will provide digital recorders upon request. The recorders generate a digital audio file to be submitted to MTAB.

Question: Will the Taxpayer get an appraisal notice in the second year?

Answer: No, unless there has been new construction or a change of ownership. If there is a new appraisal notice sent out in the second year, the Taxpayer can appeal.

Question: Does the CTAB have to give public notice for hearings?

Answer: No, CTABs just need to post a sign on the door that says the CTAB is meeting. The meeting is public and anyone can observe. The only mandatory public is found in 15-15-101(5) and must be published in the local newspaper by May 15th of the current tax year. See page 42.

Question: Should the CTAB accept incomplete 401 appeals?

Answer: Yes, you can request that the Taxpayer complete the 401-appeal form, but you should hold a hearing regardless.

Question: Can the parties request the appeal record?

Answer: Yes, if the requesting party is a party to the CTAB appeal you may make a copy of the record and provide it to the party. If the record has been transmitted to MTAB, have the party request the record from MTAB.

Question: Can CTABs request exhibits prior to the hearing?

Answer: Yes, but the deadline to submit exhibits must apply to both parties.

Additional Suggestions:

- Make sure to include both parties when sending communications. Try to avoid all ex parte communications.
- Do not ask the DOR for advice related to the appeal. The DOR is a party to the case, and this could create the appearance of bias. We are happy to assist with any questions you might have. If the question is related to a legal issue, we may refer you to your county attorney.

Appendices⁶

Appendix A: Update for Legislation

Appendix B: Acknowledgement

Appendix C: Required Newspaper Notice per MCA § 15-15-101(6)

Appendix D: Attendance Sheet

Appendix E: CTAB Per Diem Reimbursement Form

Appendix F: Montana Residential Commercial and Industrial Classification and Valuation Manual

⁶ Appendices B-E can be provided in Microsoft word format by contacting MTAB.

Appendix A – Legislative Update

1. SB 5 - Revised the compensation for County Tax Appeal Boards
 - \$60 for 4 hours of work - \$120 for more than 4 hours of work
 - **Pg. 52**
2. SB 328 – Revising deadlines for appeal of County Tax Appeal Board decisions
 - Either 45 calendar days after the date of the County Board hearing **or** 30 calendar days after the date the county board mails its decision, whichever is later.
 - **Pg. 34 – sample closing statement**

Appendix B: Acknowledgement

Include these acknowledgments with each decision mailed:

Instruction: Please sign and return to County Tax Appeal Board

ACKNOWLEDGEMENT (TAXPAYER)

MUST BE RETURNED WITHIN 5 DAYS TO:

_____ COUNTY TAX APPEAL BOARD,
_____(address)_____

I hereby acknowledge that I have received the official decision of the _____
County Tax Appeal Board concerning the following appeal (s):

Signature of taxpayer

Date

ACKNOWLEDGEMENT (DOR)

MUST BE RETURNED WITHIN 5 DAYS TO:

_____ COUNTY TAX APPEAL BOARD
_____(address)_____

I hereby acknowledge that I have received the official decision of the _____
County Tax Appeal Board concerning the following appeal (s):

Signature for Dept. of Revenue

Date

Appendix C: Required Newspaper Notice per MCA § 15-15-101(6)

(County Name) COUNTY TAX APPEAL BOARD IN SESSION

In accordance with 15-15-101(6) MCA, the _____ County Tax Appeal Board will be in session from July 1st through December 31st, 2025, for the business of hearing appeals of property valuations set by the Montana Department of Revenue.

Any taxpayer who disagrees with the appraised value of his or her property may file an appeal with the _____ County Tax Appeal Board within 30 days of the date on the Notice of Classification and Appraisal or Notice to Change Valuation (assessment notice).

Appeal forms are available at the _____ County Clerk & Recorder's Office, or at the website of the Montana Tax Appeal Board, www.mtab.mt.gov.

Any appeal must be filed with the Office of the County Clerk and Recorder.

Upon receipt of the appeal, the County Tax Appeal Board Secretary will notify the appellant and schedule a County hearing.

The _____ County Tax Appeal Board members are, _____, _____, and _____. For further information, contact the _____ County Tax Appeal Board's secretary at _____-_____, email@.

Dated this _____ day of May 2025.

_____ County Clerk & Recorder

Published _____, _____, 2025.

Appendix C: Required Newspaper Notice per MCA § 15-15-101(6)

GALLATIN COUNTY TAX APPEAL BOARD IN SESSION

In accordance with 15-15-101(6) MCA, the Gallatin County Tax Appeal Board will be in session from July 1st through December 31st, 2025, for the business of hearing appeals of property valuations set by the Montana Department of Revenue.

Any taxpayer who disagrees with the appraised value of his or her property may file an appeal with the Gallatin County Tax Appeal Board within 30 days of the date on the Notice of Classification and Appraisal or Notice to Change Valuation (assessment notice) established by the Montana Department of Revenue. Appeal forms 401 are available at the Gallatin County Tax Appeal Board, the Gallatin County Clerk & Recorder's Office, or at www.mtab.mt.gov. Appeal must be filed with the Gallatin County Clerk and Recorder Office, 311 W Main St, Room 203, Bozeman MT, who will notify the County Tax Appeal Board to schedule a hearing.

The Gallatin County Tax Appeal Board consists of 6 members, Becky Pape, Eric Ossorio, Daniel Treinen, Bill Jacobs, James Tobin, and Jeff Green. For further information, contact the Gallatin County Tax Appeal Board's secretary at 406-582-3269.

Dated this 15th day of April 2025.

Eric Semerad, Gallatin County Clerk & Recorder

Appendix D: Attendance Sheet

CASE NAME

v.

MT DEPARTMENT OF REVENUE

CASE NUMBER

Tuesday 1/14/2025 Hearing, 1:00 p.m.

Montana Tax Appeal Board Conference Rm

560 North Park Avenue, Suite 201

Helena, MT 59601

PRESENT FOR THE TAXPAYER:

(Include name and title, if any)

NAME (Please print) TITLE

NAME (Please print) TITLE

NAME (Please print) TITLE

NAME (Please print) TITLE

PRESENT FOR THE MDOR:

(Include name and title, if any)

NAME (Please print) TITLE

NAME (Please print) TITLE

NAME (Please print) TITLE

NAME (Please print) TITLE

EXHIBITS

	Adm.	Obj.	Conf.
1. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

EXHIBITS

	Adm.	Obj.	Conf.
A. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Present for CTAB:

Name, chairperson

Name, member

Name, member

Name, secretary

Appendix E: CTAB Per Diem Reimbursement Form

County Tax Appeal Board Per Diem Reimbursement Form (Updated 2025)								For MTAB Use Only	
CTAB Member Name:								Vendor #:	
								County	
Mailing Address:		Street Address			City		State	Zipcode	
Date of Hearing	Hearing Start Time	Hearing End Time	Taxpayer hearing or Training location	If traveled more than 15 miles enter mileage driven (70 cent/mile)			Per Diem-Pay (\$45 if worked 4 hours or less, \$90 if worked more than 4 hours)	Per Diem-Meals (\$8.25 Breakfast, \$9.25 Lunch, \$16.00 Dinner)	Total
				Miles	Rate (\$)	Subtotal (\$)			
9/27/2023	9:00 AM	11:30 AM	Example: (Hearing: please list the Taxpayer's name) Training: please enter the location of the training						
Total Reimbursement									
CTAB Member Signature & Date				MTAB Chairman Approval & Date					
I hereby certify this is a valid travel claim to the State of Montana in accordance with all Statutes and Administrative Rules and Procedures.				I approve, and certify this is a valid travel claim to the State of Montana in accordance with all Statutes and Administrative Rules and Procedures.					
NOTE: This form must be completed and filed within three months after incurring the travel expenses.									

Appendix E: CTAB Per Diem Reimbursement Form

Invoice for Services/Supplies (Updated 2025)

Montana Tax Appeal Board
560 N. Park.
PO Box 200138
Helena, MT 59620-0138

Pay To: _____ County

Date: _____

Client: _____ County Tax Appeal Board

Address: _____

Secretaries Name: _____

Item Description	Estimated Time	Estimated Cost
Secretarial Services: Hearing (Taxpayer's name) \$18.15/hour		\$.00
+ 30% Tax/Benefits		\$.00
Office Supplies/Postage (please attach the receipt)		\$.00
Mileage (\$.70/mile) submit only if travelled more than 15 miles)		\$.00
	Subtotal	\$
Signature of Board Secretary:	Taxes/Benefits	\$
TOTAL		\$

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Montana Residential, Commercial, and Industrial Property Classification and Valuation Manual

2025-2026



PROPERTY
ASSESSMENT
DIVISION
MONTANA



Department of Revenue

2025-2026

Montana Residential, Commercial, and
Industrial Property Classification and Valuation Manual

January 1, 2025 - December 31, 2026

Compiled By

Property Assessment Division

Mitchell Building

125 N. Roberts Street

PO Box 8018

Helena, Montana 59601

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INTRODUCTION

Montana's Constitution and laws require the Department of Revenue to reappraise all property periodically and value similar property across the state in the same manner.

This manual provides a general overview of the mass appraisal process the department uses to determine the market value of residential, commercial, and industrial property.

Market value is the value at which property would change hands between a willing buyer and a willing seller, with neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

[15-8-111, MCA.](#)

Steps in the valuation process are:

1. Identification of property to be appraised
2. Collection of data-
3. Valuation of land
4. Development of valuation models and application of the three approaches to value when appropriate
5. Reconciliation and determination of final value

1. IDENTIFICATION OF THE PROPERTY TO BE APPRAISED

The department identifies all residential, commercial, and industrial land and improvements as of January 1 of each year, as required for certification of taxable values, to every taxing and special jurisdiction in local governments for property tax purposes. [15-8-201, MCA.](#)

January 1, 2024 is the mass appraisal valuation date for the 2025-2026 valuation cycle. [15-7-111, MCA.](#)

2. COLLECTION OF DATA

Property Characteristics Data

The department conducts property inspections and electronic desk audits to collect property characteristics data needed to complete a mass appraisal. A mass appraisal's quality is incumbent on the accuracy of the data collected on each property.

Department appraisers conduct property reviews each year. Common reasons why a property inspection or electronic desk audit are completed include:

- Property sales verification
- New construction discovery through building and electrical permit reviews
- New construction percent complete reviews

- New construction reported with personal property
- Remodeling and demolition reviews
- New subdivisions and land splits reviews
- Comprehensive field reviews
- Reappraisal site reviews
- Requests for informal classification and appraisal reviews
- Appeal reviews
- Natural disaster reviews
- Agricultural land classification reviews
- Exemption application reviews

Department field staff update property characteristics and add new construction data to the computer assisted mass appraisal (CAMA) system to reflect a property's status as of January 1 of the current tax year. The web application property.mt.gov provides public access to the ownership and property characteristics maintained in the CAMA system.

Residential Property Characteristics Collected

- Property Site Characteristics
 - Property type
 - Number of living units
 - Site size – square feet, acreage, front feet
 - Site topography, access, location, and fronting
 - Parking type, quantity, and proximity
- Residential Dwelling Characteristics
 - Residential dwelling type
 - Architectural style
 - Class code
 - Quality grade
 - Year built
 - Effective year
 - Year remodeled
 - Story height
 - Attic
 - Square footage of living area
 - Exterior wall type and finish

- Roof type and materials
- Foundation
- Basement type, quality and finished square footage
- Heating/cooling system and fuel type
- Number of bedrooms
- Number of baths
- Number of additional plumbing fixtures
- Number of fireplace stacks, stories, openings and/or prefabricated fireplaces and stoves
- Car capacity of garages
- Percent complete if structure is under construction
- View
- Access to ski terrain or water access
- Manufactured home make, model, length, and width
- Condominium level, unit type, and complex amenities
- Additions (areas attached to but not included in the square foot living area of the dwelling)
- Miscellaneous features
- Other building and yard improvements (OBY) located on the property
 - OBY type
 - Quality grade
 - Year built
 - Quantity
 - Physical condition

See Appendix A for more detail on the residential property characteristics collected by the department.

Commercial and Industrial Property Characteristics Collected

- Site Information
 - Property type
 - Number of living units (if applicable)
 - Site size – square feet, acreage, front feet
 - Site topography, access, location, and fronting
 - Parking type, quantity, and proximity
- General building information

- Structure type
- Class code
- Quality grade
- Year built
- Effective year
- Year remodeled
- Number of units per building
- Number of identical buildings
- Interior/exterior characteristics per building
 - Use type
 - Wall height
 - Exterior wall material
 - Construction class
 - Area
 - Interior finish percentage
 - Partitions
 - Heating system type
 - Air conditioning type
 - Plumbing
 - Physical condition
 - Functional utility
- Building other features
- Elevators/escalators
- Other building and yard improvements (OBY) located on the property
 - OBY type
 - Year built
 - Quality grade
 - Physical condition
 - Functional utility

See Appendix B for more detail on the commercial and industrial property characteristics collected by the department.

Geographic Data

A market area is the broadest area from which comparable sales are selected in the sales comparison approach.

Market areas may be broken up into various subsets of properties called clusters, neighborhood groups, neighborhoods, and sub-neighborhoods. Neighborhoods within a cluster or neighborhood group do not need to be highly homogenous but do need to have similar factors that affect their values (e.g., urban neighborhoods, recreational neighborhoods, and farming communities).

A neighborhood is a collection of properties defined by natural, man-made or political boundaries which share locational and physical similarities. Physical, economic, governmental, and social influences directly affect a property's value.

Department staff review and analyze existing market areas' neighborhood boundaries and characteristics during the timeframe leading up to a valuation cycle. This ensures the boundaries are accurately established and the properties within the market area boundaries are affected by similar influences. New market areas, clusters, neighborhood groups or neighborhoods may be added, as necessary.

Sales Verification Data

Accurate sales verification is crucial for reliable and defensible property values.

Department field staff obtain sales price data on all transfers of real property from Realty Transfer Certificates (RTC) collected by the local county clerk and recorder and provided to the department. Sales verification forms (see Appendices C-F) are mailed to the buyers of real estate identified by department staff as potential market sales. All potentially valid sales are verified to confirm whether they are valid arms-length transactions, meaning the sales were not affected by unreasonable or unusual personal influence, control, or motivation by either party. [ARM 42.20.432](#)

Sales verification includes confirmation of:

- sales price
- sale was an open market arm's length transaction
- date of sale or the date the price was agreed upon
- terms of the sale
- buyers and sellers were knowledgeable about the market
- buyers were aware of the property's condition
- property characteristics are accurate
- any additions or improvement that were made to the property after the sale

Verification can be obtained on-site, by mail, by telephone, or using multiple listing services (if available) and internet listings to ensure accuracy of information on the RTC and the property characteristics. Potential additional sources of verification information

for commercial and industrial property may include the buyer's and seller's websites, financial documents, press releases, industry publications, and news articles.

The department is required to review and track distressed sales. Foreclosure related transactions must be used in the mass appraisal's model calibration and sales ratio studies if the distressed sales comprise more than 20 percent of the sales in a specific market area. [ARM 42.20.432](#)

Construction Cost Data

Local construction cost data is collected statewide on all property types for the development of cost tables used in calculating accurate estimates of replacement cost new.

Department staff collect labor costs from the Montana Department of Labor and Industry. Localized costs are obtained from building contractors, lumber yards and retail outlets that provide materials, such as lumber, plumbing fixtures, and electrical components to contractors. New construction cost information is gathered during on-site reviews and from the collection of sales data of newly constructed properties.

The department also uses nationally accepted appraisal cost manuals such as Marshall & Swift Residential Cost Handbook, Marshall & Swift Valuation Service Cost Manual, RSMeans Building Construction Cost Manual, Cost Data Online, and Mining Cost Service to estimate comparative and unit-in-place costs for the development of base cost tables.

The cost approach requires using total construction costs, so both direct and indirect construction costs are collected. Direct costs consist of materials, labor, all sub-contracts, equipment rental, utilities costs, survey and building permits, and contractors profit and overhead. Indirect costs include architectural and engineering fees, accounting and appraisal fees, title and legal expenses, real estate taxes during construction, insurance, marketing, advertising and sale expenses, construction loan fees, and the cost of interim financing.¹

Income and Expense Data

The department collects income and expense data from commercial property owners statewide to apply the income approach to value for commercial property. Commercial property includes property used or owned by a business, a trade, or a corporation (public benefit, mutual benefit or religious), or used for the production of income, and includes industrial property. [15-1-101, MCA](#). Industrial property includes all land used for industrial purposes, improvements, and buildings used to house the industrial process and all storage facilities. [15-1-101, MCA](#). Some examples of commercial property are

¹ Property Assessment Valuation, Third Edition, International Association of Assessing Officers (IAAO), 2010.

office buildings, restaurants, shopping centers, apartments, hotels and motels, industrial parks, warehouses, factories, light manufacturing, golf courses, and nursing homes.

Every valuation cycle, the department requests commercial property owners to voluntarily provide their income and expense data for the previous two years. The department analyzes the data to determine typical market rents, expense percentages, and capitalization rates of similar commercial properties. This data is used to develop property type income models. Income and expense data is also gathered during the sales verification process and when department appraisers are on-site to complete a new construction property inspection or a property review for an informal review or appeal. During the sales verification process, department staff request income and expense data along with the sales verification information.

The department also utilizes national commercial property publications, databases, and commercial real estate listing services, as references for sales information, income and expense data, and capitalization rates.

For industrial property, income and expense data is also requested annually as part of the personal property reporting requirements and during site inspections.

All income and expense information furnished by a property owner, or a property owner's agent, is kept confidential, as required by [15-8-120, MCA](#).

3. VALUATION OF LAND

Credible market land valuation is dependent on statistically supported land models created from vacant and improved sales data. Land values must reflect market value in each neighborhood or market area.

Land Valuation Methods

The sales comparison approach is the primary land valuation method used by the department.

Sales Comparison Approach

The sales verification process described on page four is the initial step in the sales comparison approach to determine land value. Next, department staff analyze vacant land sales and make time of sale adjustments to the land sales prices to indicate a value as of January 1, 2024 to reflect either inflationary or recessionary trends in the market. January 1, 2024 is the valuation date for the 2025-2026 valuation cycle. Department staff may use valid vacant or improved sales in the time trend analysis for the creation of land models to produce reliable and predictive land values as of the valuation date. Sales data up to six years prior to the valuation date can be considered and used if there is insufficient valid sales data available for the past two years.

When there is not an acceptable number of vacant land sales in a neighborhood or market area, improved sales can be used to determine land value using the following methods:

Abstraction/Extraction Method

In the abstraction/extraction method, improvement values obtained from a cost estimation model are subtracted from the sales prices of improved parcels to arrive at a land value estimate. The method is particularly useful in highly developed areas where there are insufficient vacant land sales.

Allocation Method

The allocation method is also known as the land ratio method. For a given type of property and area, there tends to be a consistent overall relationship between land and improvement values. When there are insufficient vacant land sales in a given area, department appraisers look to other comparable areas with sufficient land sales, determine the typical ratio of land value to total property value, and apply the ratio to sales of improved parcels in the subject area.

Development of Land Valuation Models

Land valuation models are built from the data gathered by one or more of the land valuation methods just described. The first step to building land models is to stratify the valid land sales into neighborhoods with similar highest and best use, location, and market conditions.

Further analysis is then conducted to determine which valid sales will make up each model. Units of comparison such as square feet, acreage, and front feet are determined for each market area. Once completed, a base-lot size representative of the typical-sized lot in the land model area is used for valuation analysis when a subject-land-size-to- base-land-size ratio is used. This is the base lot method and may consist of an actual or hypothetical subject lot. Sales are reviewed for possible influence adjustments, such as location desirability, view, water frontage, size, and topography that could impact land market value.

Once sales have been collected, adjusted, neighborhood stratified, units of comparison determined, and influential characteristics identified, a land valuation model can be built. The models may be built using regression analysis, a statistical technique for estimating unknown data based on known available data. A regression model is composed of one dependent variable and one or more independent variables. The dependent variable is what is being estimated, such as land market value. An independent variable, such as square footage or acreage, is used to predict or explain the dependent variable.

Regression analysis predicts estimated land market value through either an additive or multiplicative model. The resulting variables become site adjustment factors within the base lot model. Other adjustment factors, or independent variables, could be water frontage, size and shape, topography, or other unique characteristics that should be adjusted for outside of the base. Regression analysis allows department staff to know if the independent variable is statistically supported, and how to adjust for the circumstance.

An additive model results in a straight-line equation to predict land market value while a multiplicative model results in a curved-line equation. Both types of models account for economies of scale. The prediction line resulting from either type of model allows for the

valuation of similar neighborhoods within a market area. Based on analysis of both model types, department staff can determine whether the additive or multiplicative model best describes the model area.

Basic Additive Model

$$Y = B + MX$$

Where:

- Y = regression value/market value
- M = land size adjustment factor
- X = subject land size
- B = base value

Basic Multiplicative Model

$$Y = B \times \left(\frac{X}{K}\right)^M \text{ or } Y = B \times X^M$$

Where:

- Y = regression value/market value
- M = land size adjustment factor
- X = subject land size
- B = base value
- K = model base size

Final review and testing of the land valuation models is completed to ensure land values per square foot, acre or front foot are equalized. Ratio studies are conducted comparing sales price versus regressed model value. The IAAO standard for an acceptable median assessment ratio is between 0.90 and 1.10.

Once the land valuation models have been built and reviewed, they are loaded into the CAMA system. No changes are made to the land models once they are finalized for the valuation cycle.

4. DEVELOPMENT OF VALUATION MODELS AND APPLICATION OF THE THREE APPROACHES TO VALUE FOR IMPROVED PROPERTY

A. Residential Property

Residential properties are valued using either the sales comparison approach or cost approach. The sales comparison approach is the preferred valuation method. The income approach is usually not an applicable or relevant approach to value as the highest and best use of residential properties is, in most cases, as a residence.

Sales Comparison Models - Development

Processes completed to develop the residential sales comparison models include:

- Verification of sales – refer to the data collection section for details on the sales verification process.
- Analysis of market areas – refer to the geographic data collection section for details on the identification of market areas.
- Review of verified valid improved sales data stored in a sales history extract file in the CAMA system – to look for anomalies that should be excluded.
 - Development of market condition (time of sale) adjustments – these reflect either inflationary or recessionary trends in the market from the time of sale to January 1, 2024, the valuation date for the 2025-2026 valuation cycle.
 - Extraction of sales by market area – sales comparison models should contain a sufficient number of sales depending on available data for that area.
 - Calibration of models – use of multiple regression analysis (MRA), a statistical tool which calculates the sale adjustment factors of various property characteristics such as living area square footage, age, and quality grade. These factors are then used to adjust the comparable sales to the subject property.
 - Application of selection rules and adjustments – these rules and adjustments are added to variables in the model to select the most comparable properties.
 - Testing and finalization of sales comparison models in the CAMA system – model results are reviewed by appraisal staff and sales ratio studies are performed, comparing sales prices to regressed model values. IAAO standard on ratio results are between .90 and 1.10.
- No changes are made to the models once they are finalized in the CAMA system's production environment for the valuation cycle.

Sales Comparison Approach to Value

The sales comparison approach estimates the value of a property by statistically analyzing the sale prices of similar properties. Typically, three to five comparable sales selected by the CAMA system as most statistically comparable to the subject property

are adjusted for differences such as square feet of living area, condition, desirability, and utility (CDU), age, quality grade, basement, etc., through the multiple regression analysis (MRA).

The sale price of each comparable property is adjusted through the MRA process for these differences including the adjustment of the sale date to the valuation date. The highest and lowest adjusted comparable sales values are thrown out and the remaining values averaged. The result is an estimate of value for the subject property based on the adjusted sale prices of the comparable properties.

Cost Tables - Development

Processes completed to develop the residential cost tables include:

- Collection of construction cost data - refer to collection of data section for details on the cost data collection process.
- Development of base cost tables for replacement cost new (RCN) calculations of:
 - living areas – first story, second story, each additional story, and half story
 - adjustments – such as foundation type, basement characteristics, attic, heating and air conditioning, and plumbing fixtures
 - additions – areas attached to but not included in the square foot living area base cost. Additions include porches, attached garages, attached carports, and mobile home additions, etc. Refer to property characteristics in the collection of data section for a complete list of additions.
 - miscellaneous features – basement garages, central vacuum system, spa bathtub, miscellaneous built-ins, etc. Refer to property characteristics in the collection of data section for a complete list of miscellaneous features
 - other building and yard improvements (OBYs)

The base cost tables are developed from new construction costs gathered from nationally accepted appraisal cost manuals, such as Marshall & Swift Valuation Service Cost Handbook, and are tested against local cost data gathered by the department. The base cost tables represent average cost figures.

- Application of quality grade factors.

Residential dwellings – Quality grade factors represent the overall quality of workmanship and materials assigned to each residential dwelling. Each grade is assigned a grade factor multiplier that is applied to determine replacement cost new. Grade 5 (average) is the base with a factor multiplier of 1.00.

Grade Number	Construction Description	Grade Factor Multiplier
1	Cheap	0.45
2	Poor	0.60
3	Low Cost	0.75
4	Fair	0.87
5	Average	1.00
6	Good	1.34
7	Very Good	1.61
8	Excellent	2.36
9	Superior	3.14
10	Extraordinary	4.92

Mobile/manufactured home quality grades are alphabetical.

Alphabetical Grade	Construction Description	Grade Factor Multiplier
C	Cheap	0.32
L	Low Cost	0.77
A	Average	1.00
G	Good	1.26
E	Excellent	1.57

- Development of condition, desirability, and utility (CDU) rating and review of depreciation tables for calculation of percent good of the structure.

Depreciation or percent good tables for residential dwellings, mobile/manufactured homes, and OBYs are used to determine a percent good. The tables are used to maintain uniformity in the mass appraisal process for tax equalization purposes and reflect typical loss in value from physical deterioration, functional and economic obsolescence based on the year built, or effective year of the dwelling.

Depreciation is divided into three categories: physical deterioration, functional obsolescence, and economic obsolescence. The department uses a composite rating of condition, desirability, and utility (CDU) for a uniform method of estimating the depreciation of a dwelling. Each component of the CDU rating is examined individually. Below are the definitions for each component of CDU.

- Condition - overall physical deterioration due to condition.
 - Excellent – The residential dwelling is in better than new condition; very attractive and highly desirable. There are no deficiencies in material or construction and no signs of deferred maintenance.
 - Very Good – The residential dwelling is in new or like new condition. There are no deficiencies in material or construction and no signs of deferred maintenance.

- Good – The residential dwelling has little to no wear and tear and the structure is slightly more attractive and desirable than average.
- Average – The residential dwelling exhibits normal wear and tear. There are few indications of deferred maintenance, and no significant repairs or replacements are necessary.
- Fair – The residential dwelling has some deterioration but is usable. The exterior and interior show wear and deterioration but the property is suitable for use. The structure could be characterized as needing work.
- Poor – The residential dwelling has definite obvious deterioration and is barely usable. Structural elements may require replacement. The exterior and interior are in poor condition and the structure appears barely suitable for use.
- Very Poor – The residential dwelling is in very poor condition and practically unusable. Most structural elements require replacement. The exterior and interior are in dilapidated condition and not suitable for use.
- Unsound – The residential dwelling is unsound and unfit for use. All major structural elements require replacement. The exterior and interior are in a dilapidated condition. The structure is not suitable for use.
- Desirability - location desirability in terms of economic obsolescence
 - Excellent – The residential dwelling is in a premium location and may have excellent views, water frontage, golf course frontage, ski access, or other unique features.
 - Very Good – The residential dwelling's location is highly desirable and has popular amenities. The residential dwelling may be located in a superior subdivision or in a historical or entertainment area.
 - Good – The residential dwelling's location is in a popular area with above average amenities.
 - Average – The residential dwelling's location is typical of other residential neighborhoods with average amenities.
 - Fair – The residential dwelling's location is inferior to other residential neighborhoods and may be impacted by surrounding properties (a commercial or industrial area, for example).
 - Poor – The residential dwelling's location is inferior in multiple ways and may have access and/or utility issues and unattractive surroundings.
 - Very Poor – The residential dwelling's location is in an undesirable area with potential environmental issues.
 - Unsound – Used only when the residential dwelling is uninhabitable.
- Desirability of the subject property itself, regardless of the location of the property.
 - Excellent - The residential dwelling has superior design, quality, and curb appeal.
 - Very Good – The residential dwelling's style is desirable in design, quality,

and curb appeal.

- Good – The residential dwelling is attractive in design and curb appeal.
 - Average – The residential dwelling is typical and of common design and curb appeal.
 - Fair – The residential dwelling is of simple design and low curb appeal.
 - Poor – The residential dwelling has very little appeal and desirability.
 - Very Poor – The residential dwelling has little to no appeal or desirability.
 - Unsound – The residential dwelling has no appeal or desirability. It is unlivable.
- Utility - functional utility or amount of functional obsolescence associated with the subject property.
- Excellent – The residential dwelling's functional utility is excellent, and no utility deficiencies exist.
 - Very Good – The residential dwelling is very functional. Few utility deficiencies exist for the residential structure, and it is well suited to aid the utility of the property to perform the function for which it is intended.
 - Good – The residential dwelling has above average utility with minor functional deficiencies. The residential structure is well suited to aid the utility of the property to perform the function for which it is intended.
 - Average – The residential dwelling is adequately functional and performs the function for which it is intended.
 - Fair – The residential dwelling adds to the utility of the property to perform the function for which it is intended, but the effect is minimal. Renovation is necessary to allow the residential dwelling to make an adequate contribution.
 - Poor – The residential dwelling adds little to the utility of the property to perform the function for which it is intended. Major renovation is necessary to allow the residential dwelling to make an adequate contribution.
 - Very Poor – The residential dwelling provides little to no utility as it was intended. Significant renovation and redesign of the improvements are necessary to allow the residential dwelling to make an adequate contribution.
 - Unsound – The residential dwelling adds nothing to the utility of the property to perform the function for which it is intended. The improvements have no functional utility.

For residential dwellings, each component of CDU is assigned one of the following numerical values.

10	Excellent
9	Very Good
8	Good
7	Average
6	Fair
5	Poor
3	Very Poor
1	Unsound

A dwelling's total CDU rating is calculated by averaging the four component's numerical values. The CDU rating is a part of the CAMA system's overall depreciation factor.

For mobile/manufactured homes, the department uses the same CDU rating system for depreciation.

- Other building and yard improvements (OBYs) – Application of quality grade factors and physical condition ratings.

Two quality grading systems are used for OBYs. The same numerical quality grade system (1-10) is used for some residential dwelling related structures. For other structures, including all agricultural buildings, an alphabetical grading scale is used. The grade factor is applied to the base cost of each OBY. Grade A and grade 5 (average) is the base with a grade factor of 1.00.

Numerical Grade	Construction Description	Grade Factor
1	Cheap	0.45
2	Poor	0.60
3	Low Cost	0.75
4	Fair	0.87
5	Average	1.00
6	Good	1.34
7	Very Good	1.61
8	Excellent	2.36
9	Superior	3.14
10	Extraordinary	4.92

Alphabetical Grade	Construction Description	Grade Factor
C	Cheap	0.55
L	Low Cost	0.73
A	Average	1.00
G	Good	1.40
E	Excellent	2.14

Modification codes are used to adjust the property characteristics not included in the base cost, such as plumbing, interior finish and wall height.

For residential OBYs, the physical condition of an OBY bears a direct relationship to the desirability and usefulness of that improvement. The OBY condition rating guide is used to generate a percent good estimate for different types of OBYs.

Residential OBY condition ratings	
Res Excellent	Residential OBY structure is in better than new condition; very attractive and highly desirable.
Res Good	Residential OBY structure has minor deterioration that is visible; slightly more attractive and desirable, but useful.
Res Average	Residential OBY structure exhibits normal wear and tear; average attractiveness and desirability.
Res Fair	Residential OBY structure has marked deterioration but still usable.
Res Poor	Residential OBY structure has definite deterioration which is obvious; undesirable and barely usable.
Res Unsound	Residential OBY structure is unsound and practically unfit for use.

- Review of properties under construction.

For unfinished construction of new structures, remodels and additions, department appraisers estimate the dwelling's level of finished construction as of January 1 of the current tax year. A percent complete table with numerical percentage values for specific construction items is used to estimate the completion percentage.

Construction items included in the percent complete table	
Excavation – footings, foundation, basement, columns	Heating – roughed in
Joist, subfloor, floor	Insulation, walls, and ceiling
Wall framing (thru top plates)	Drywall or plaster
Wall sheathing	Interior carpentry
Roof framing, ceiling joists, sheathing felt	Interior finish – paint, trim and wall cover
Roof cover	Floor covering
Exterior felt, siding, exterior trim	Cabinets and countertops
Windows, exterior doors	Plumbing – finish
Exterior prime and paint	Electric – finish
Plumbing – roughed in	Mechanical/heating – finish
Electric – roughed in	Hardware – finish

- Development of local county indexes.

When local construction cost data is collected, department staff analyze the data to develop local indexes for use in the cost approach. The department also utilizes local cost indexes from national accepted cost manuals referenced in the collection of data section of this manual. A local cost index factor is applied to a dwelling's replacement cost new less depreciation (RCNLD) value to adjust for local construction costs.

- Development of cost and design factor.

A cost and design factor can be applied for residential dwellings with extraordinary architectural designs or structures of very poor quality. If these structures vary significantly from base specifications in the residential cost tables, a cost and design factor extracted from the market is applied to RCNLD.

- Calculation of economic condition factors (ECF).

Economic condition factors (ECF) are market adjustments used to adjust cost approach values to the local market. Residential and manufactured home ECFs are calculated by comparing the average sale prices to average cost values for each market model, cluster, neighborhood group, or neighborhood. The uniform formula for calculating ECF is:

$$ECF = 1 + \frac{(Average\ Sale\ Price \div Average\ Cost\ Value) - 1}{1 - (Total\ Land\ Value \div Total\ Cost\ Value)}$$

- Testing and finalization of cost models.

Cost tables are tested and finalized in the CAMA system. No changes are made to the tables once they are finalized in the CAMA system's production environment for the valuation cycle.

Cost Approach to Value

The cost approach can be used to appraise all types of improved property and is frequently used to value unique properties.

The cost approach is used for parcels with non-typical circumstances and when there is insufficient sales data and a reliable market model cannot be developed. Examples include properties with:

- more than one dwelling unit
- mixed-use properties (residential and commercial improvements)
- a high number of out buildings whose combined value significantly affects the overall property value
- structures under construction or partially complete
- land and improvements which are sold separately and typically under different ownership
- mobile/manufactured homes classified as personal property when no market model exists
- non-qualified agricultural parcels with land 20 to less than 160 acres that does not meet agricultural qualifications

- qualified agricultural parcels

The department uses the steps below to develop an estimate of value using the cost approach:

1. Value land as if vacant.
2. Estimate replacement cost new (RCN) of dwelling unit:
 - a. Calculate RCN for living area square footage. The formula for RCN for each level of living area is *base cost + (square foot x per square foot cost)*.
 - b. Make positive or negative base price adjustments to RCN to account for variation in base specifications.
 - c. Add additions costs to RCN.
 - d. Add miscellaneous features costs to RCN.
 - e. Apply quality grade factor to total residential dwelling, adjustments, additions, and miscellaneous features value to determine RCN.
3. Deduct total accrued depreciation from RCN to determine replacement cost new less depreciation (RCNLD):
 - a. Accrued depreciation is expressed as a percent good derived from the dwelling's CDU rating and effective age.
4. Apply multipliers to RCNLD:
 - a. Percent complete factor
 - b. Cost and design factor
 - c. Local county index factor
 - d. Economic condition factor
5. For other building and yard improvements (OBY) located on the land, calculate adjusted RCNLD for all OBYs.
6. Add OBYs adjusted RCNLD to dwelling unit's adjusted RCNLD.
7. Add land value to total adjusted RCNLD to determine cost approach value.

Income Models - Development

The department does not build income models for residential property valuation due to the lack of income data for single family residences. In most cases, the highest and best use of a residential property is as a single-family residence.

B. Commercial and Industrial Property

Commercial and industrial properties are typically valued using either the income or cost approach. The income approach is the preferred approach to value if sufficient relevant data is available.

Sales Comparison Models - Development

The department generally does not develop sales comparison market models for commercial property due to the lack of similar sales data.

Sales Comparison Approach to Value

As stated, due to the lack of similar sales data, the department does not consider the sales comparison approach to be a reliable approach to value commercial property.

For industrial property, the department does track industrial property sales and allows property owners to submit comparable sales data for the department's use in completing a sales comparison approach to value when appropriate.

Cost Tables - Development

Processes completed to develop the commercial and industrial property cost tables include:

- Collection of construction cost data – refer to the collection of data section for details on the cost data collection process.

Development of the base building construction type cost tables for the ten basic structure types. (Refer to Appendix B in the commercial and industrial property characteristics for structure types.)

The base cost tables are used for the calculation of replacement cost new (RCN) for a building's basement, first floor, and upper floor levels and include costs for:

- framing – the frame cost rate (dollars per square foot of floor area excluding basement area) as a function of construction class and basic structure type.
- roofing – the cost rates for the roof framing and roofing materials (dollars per square foot of floor area covered) as a function of basic structure type. Insulation costs have been included in the roofing materials.
- floor structure - the structural floor cost (dollars per square foot of the floor area) as a function of the basic structure type.
- exterior wall material – the exterior wall material cost (dollars per square foot of wall area) as a function of material type code and the basic structure type. All wall material costs include insulation, normal openings and appropriate back-up materials when required.
- ceiling and floor finish – the ceiling and floor finish cost (dollars per square foot of floor area) as a function of the basic structure type or multi-use type code.
- basement – the basement wall cost rate (dollars per square foot of wall area) as

a function of the construction class and basic structure type. The basement cost includes the cost of waterproofing.

- Development of cost tables for exterior wall materials.
- Development of interior cost tables for specific use type codes. Adjustments are made for:
 - Interior finish percentage
 - Partitions
 - Heating
 - Air conditioning
 - Plumbing

Use type codes indicate how the structure is utilized. Refer to appendix B for a complete list of use type codes for commercial and industrial property.

- Development of cost tables for building other features (BOFs), attached improvements not included in the building area base cost, and other building and yard improvements (OBYs). Refer to appendix B for a complete list of commercial and industrial property BOFs, attached improvements, and OBYs.

The base cost tables are developed from new construction costs gathered locally and from nationally accepted appraisal cost manuals referenced in the collection of data section of this manual. The base cost tables represent average cost figures.

- Application of quality grade factor.

Commercial buildings - Quality grade factors representative of the overall quality grade of workmanship and materials are assigned to each commercial/industrial building. The commercial CAMA system uses an alphabetic grading scale with "A" as average quality of construction.

Grade Letter	Construction Description	Grade Factor
L	Low Cost	0.75
F	Fair	0.86
A	Average	1.00
G	Good	1.32
V	Very Good	1.67
E	Excellent	1.82

- Development of physical condition/functional utility ratings and review of depreciation tables for calculation of percent good of the structure. The percent good of a structure is a function of:
 - observed age of the structure (effective age or actual age)
 - physical condition of the structure

- functional utility of the structure
- expected normal economic life of the structure (based on structure type and construction class codes)

The depreciation tables are used to maintain uniformity in the mass appraisal for tax equalization purposes and reflect typical loss in value from physical deterioration and ordinary functional obsolescence based on the year built or effective year of the structure. Extraordinary functional obsolescence and economic obsolescence are considered on a case-by-case basis.

Commercial and industrial interior/exterior line physical condition ratings. A one-digit numeric code is selected denoting the physical condition of the interior/exterior line in relation to its age. Consideration is given to the foundation, frame, exterior walls, roof, heating, air conditioning, lighting and electrical systems, plumbing, internal walls, and floor finish.	
1 - Poor	Interior/exterior line is structurally unsound. Major structural elements require replacement. The interior is in a dilapidated condition and does not appear suitable for use.
2 - Fair	Interior/exterior line shows marked wear and deterioration, but the property is usable for commercial or industrial purposes. The structure could be characterized as needing work.
3 - Normal	Interior/exterior line shows only minor signs of physical deterioration due to wear and tear. There are a few indications of deferred maintenance, and no significant repairs or replacements are necessary.
4 - Good	Interior/exterior line is in new or like new condition. There are no deficiencies in material or construction and no signs of deferred maintenance.
5 - Excellent	A new or a major renovation or rehabilitation of the interior/exterior line has taken place. The major renovation or rehabilitation has altered the condition of the interior/exterior area to that of a much newer building in good condition. The amount of work done to enhance the appearance and structural soundness of the interior/exterior line is far in excess of that required for normal maintenance.

Commercial and industrial interior/exterior line functional utility ratings. A one-digit numeric code is selected denoting the functional utility of the interior/exterior line. Functional utility is defined as the ability of the interior/exterior line to perform the function for which it is intended. It is the combined effect on marketability of the condition, utility, and desirability of the property. Consideration is given to architecture, design, layout, sizes and types of rooms and performance standards.

0 - None	The interior/exterior line adds nothing to the ability to perform the function for which the improvements are intended. The improvements can in no way be considered serviceable.
1 - Poor	The interior/exterior line adds little to the ability to perform the function for which the improvements are intended. Major renovation is necessary to allow the improvements to make an adequate contribution to service. There is no off-street parking available in the immediate area.
2 - Fair	The interior/exterior line adds to the ability to perform the function for which the improvements are intended, but the effect is minimal. There is still proper ingress and egress, but minimal off-street parking is available in the area.
3 - Normal	The interior/exterior line adds an adequate amount to the ability to perform the function for which the improvements are intended. There is adequate off-street parking available in the immediate area.
4 - Good	The interior/exterior line has no functional deficiencies, and the improvements are well suited to aid the ability to perform the function for which improvements are intended. There is more than adequate off-street parking available in the immediate area.

- Other building and yard improvements (OBYs) – Application of functionality and condition ratings to reflect the overall contribution of each OBY.

Commercial and industrial OBYs physical condition ratings.	
Com 1 Poor	Commercial OBY structure is in a dilapidated condition. It would be characterized as beyond repair.
Com 2 Fair	Commercial OBY structure shows signs of deferred maintenance, but the improvement does contribute to the commercial or industrial operation. The improvement could be characterized as needing work.
Com 3 Normal	Commercial OBY structure shows only minor signs of physical deterioration due to wear and tear. There are few indications of deferred maintenance.
Com 4 Good	Commercial OBY structure shows no signs of deferred maintenance. It could be characterized as in new or like new condition.
Com 5 Excellent	Commercial OBY structure has undergone major renovation or rehabilitation. Despite the actual age of the improvement, the effective age has been altered to a much newer improvement in good condition. The amount of work done to enhance the appearance and/or structural soundness of the improvement is more than what is required for normal maintenance.

Commercial and industrial OBYs functional utility ratings.	
0 - None	The OBY adds nothing to the ability of the property to perform the function for which it is intended. It can in no way be considered serviceable.
1 - Poor	The OBY adds little to the ability of the property to perform the function for which it is intended. Major renovation is necessary to allow the improvement to make an adequate contribution to service.
2 - Fair	The OBY adds to the ability of the property to perform the function for which it is intended, but the effect is minimal.
3 - Normal	The OBY adds an adequate amount to the ability of the property to perform the function for which it is intended.
4 - Good	The OBY has no functional deficiencies, and the improvement is well suited to aid the ability of the property to perform the function for which it was intended.

The physical condition and functional utility ratings described above are determined by department appraisers for each interior/exterior line of a commercial or industrial structure and each OBY. The ratings are used in the table below to determine the overall physical condition/functional utility rating of each interior/exterior line and OBY. This rate is then used to establish the percent good of an interior/exterior line or OBY.

Commercial Depreciation - Physical Condition/Functional Utility Rating Table					
Physical Condition	Functional Utility				
	0-None	1-Poor	2-Fair	3-Normal	4-Good
1-Poor	10	9	8	7	6
2-Fair	10	8	6	5	4
3-Normal	8	6	5	3	2
4-Good	7	6	4	2	1
5-Excellent	6	5	3	2	1

- Development of local county indexes.

When local construction cost data is collected, department staff analyze the data to develop local indexes for use in the cost approach. The department also utilizes local cost indexes from nationally accepted cost manuals referenced in the collection of data section of this manual. A local county index factor is applied to the replacement cost new less depreciation (RCNLD) value to adjust for local construction costs.

For Industrial property, the department uses a local cost index factor of 1.00 or 100 percent.

- Calculation of economic condition factors (ECF).

Economic condition factors (ECF) are market adjustments used to adjust cost approach values to the local market. The commercial ECF calculation is the same as the residential calculation, by comparing average sale prices to average cost values by income model area for commercial and multi-family commercial properties. The uniform formula for calculating ECF is:

$$ECF = 1 + \frac{(Average\ Sale\ Price \div Average\ Cost\ Value) - 1}{1 - (Total\ Land\ Value \div Total\ Cost\ Value)}$$

An ECF of 1.00 is used for industrial properties. The department does not include an ECF adjustment on industrial properties because of limited valid sales or income data on industrial properties to compare to cost estimates.

- Testing and finalization of cost models.

Cost models are tested and finalized in the CAMA system. No changes are made to the models once they are finalized in the CAMA system's production environment for the valuation cycle.

Cost Approach to Value

The cost approach can be used to value all types of improved property and is frequently used to value unique properties.

In the CAMA system, the application of the cost approach for a commercial or industrial building is organized by building sections. The sections are separated due to differing physical characteristics or use. A section can share a common wall or part of a common wall with another section or several sections.

Building sections are divided into exterior/interior lines. An exterior/interior line is defined as that portion of a building section having the following identical characteristics:

Dimensions	Exterior Wall Material	Heating System Type
Perimeter	Construction Type	Air Conditions Type
Use Type Code	Interior Finish Percent	Plumbing
Wall Height	Partitions	Physical Condition
Building Level		Functional Utility

The steps the department uses to develop an indication of value for commercial and industrial property by the cost approach are:

1. Value land as if vacant.
2. Estimate the total exterior wall cost for each exterior/interior line of a building based on the structure and use type:
 - a. Estimate building base rate by utilizing the building construction type cost table (based on the basic structure code, construction type and floor level).
 - b. Make exterior wall rate adjustment to account for variation in exterior wall material base specification.

- i. Determine perimeter area ratio (PAR) (perimeter of the building ÷ area of the building).
 - ii. Determine the adjusted wall rate (exterior wall rate x PAR x wall height).
 - c. Estimate total exterior wall cost (building base rate + adjusted wall rate).
3. Estimate the total interior wall cost for each exterior/interior line of a building based on the structure and use type:
 - a. Estimate interior base rate by utilizing the interior cost schedule (based on use code).
 - b. Make adjustments for interior finish percentage, partitions, heating and air conditioning system type and plumbing.
 - c. Determine total interior rate (interior base rate + any adjustments).
4. Estimate total square foot rate (total exterior wall cost + total interior rate).
5. Estimate total exterior and interior wall cost (total square foot rate x area of interior/exterior lines).
6. Estimate the cost of building other features (BOFs) and attached improvements utilizing the cost table based on the BOF type code, unit of measure, and rate per unit.

Rate per unit x unit of measure = BOF value.

7. Estimate total building cost (total exterior and interior wall costs + BOF values).
 - a. Apply quality grade factor to total building cost to determine replacement cost new (RCN).
8. Deduct total accrued depreciation from RCN to determine replacement cost new less depreciation (RCNLD):
 - a. Accrued depreciation is expressed as a percent good derived from the physical condition/functional utility rating and effective age.
9. Apply multipliers to RCNLD:
 - a. Percent complete factor
 - b. Local county index factor
 - c. Economic condition factor
10. For other building and yard improvements (OBYs) located on the land, calculate RCNLD for all OBYs.
11. Add OBYs RCNLD to total adjusted RCNLD.
12. Add land value to total improvement RCNLD to determine cost approach value.

Income Models – Development

The department creates income models for the following primary building types:

- Apartment

- Hotel/Motel
- Mini warehouse
- Office
- Restaurant
- Retail
- Warehouse
- Other Units:
 - Boat Storage/Marina
 - Mobile Home RV Park
 - Parking Lot or Garage

Additional models may be developed when sufficient income and expense data and sales information is available for other property types.

The primary building type identifies the predominant use of the property, primary source of income, and the capitalization rate that will be used in calculating the property value.

Processes completed to develop the income models for commercial property valuation:

- Collection of income and expense data – refer to collection of data section for details on the income and expensed data collection process
- Stratification of income properties by:
 - primary building type
 - location
 - other property characteristics may be considered such as effective age, size, condition, and quality grade

Individual income models for all primary building types are created for each of the seven largest urban centers in the state: Butte, Great Falls, Billings, Missoula, Helena, Bozeman, and Kalispell. In addition, three rural models are built for each primary building type.

- State A rural model – includes cities/towns that have defined local government, police and fire department paid or partly paid, established regional medical facility such as a hospital and nursing home, and generally a class A school.
- State B rural model – includes smaller city/towns than found in State A model. Typically, an incorporated town with established police protection, volunteer fire protection service, small hospital, or nursing home and generally a class B school.
- State C rural model – includes very small towns and all areas not defined in another model. Towns may be incorporated with limited or no police protection and volunteer fire protection service. Typically, no medical services and generally has a class C school.

Alternative grouping of models maybe used when there is a limited amount of income and expense information and commercial sales data available.

- Calibration of income and expense data

Department staff analyze and normalize income and expense data collected to develop typical rent ranges and expense percentages for each primary building type through an analysis of similar properties.

- Calculation of potential gross income (PGI):

PGI is the total annual rent a property would produce at 100 percent occupancy.

Rent ranges are developed using reported rents by primary building type and are localized by income model groups. A minimum and maximum market rent for each primary building type is determined and applied to each model type.

- Calculation of other income:

Many properties may produce additional income from coin-operated laundries, parking, concessions, recreational facilities, etc.

- Calculation of effective gross income (EGI):

Effective gross income is equal to the sum of market rent less vacancy and collection loss plus other income.

- Analysis of expenses:

Normal expenses are those that are necessary under typical management to operate and maintain a property and provide for replacement reserves.

Allowable expenses used in the income models	
Advertising	Payroll and Benefits
Management	Supplies
Repairs	Other
Fees and Commissions	Insurance
Legal/Accounting	Ground Rent Paid
Utilities	Reserves for Replacement
Cleaning and Maintenance	

Expenses collected but not allowed for appraisal purposes include capital expenses, depreciation, debt service, mortgage expenses, and property taxes. These expenses are collected to accurately calculate net operation income and to ensure they are not duplicated or included in an allowed expense category.

When department staff develop the expense percentages to be used in a model, only properties that have a positive net operating income (NOI) calculated from reported income and expense data are used.

Expense percentages are determined by using the median percent of all occurrences within the expense being analyzed. The median is the midpoint of an arrayed

distribution of values and less affected by extreme high or low observations than average. Expenses per square foot are calculated as a percentage of the effective gross income (EGI).

Anomalies for non-recurring revenues and atypical expenses are stabilized by using the median modeled operating expenses to reflect typical operating expense percentages.

- Normalization of net operating income (NOI):

$$NOI = EGI - Expense$$

- Development of capitalization rates:

Capitalization rates express the relationship between net income and value where value is represented by properties that have sold and income is represented by properties that reported a positive net operation income.

$$Capitalization\ Rate = Income \div Value$$

The department develops capitalization rates using income and expense data from valid commercial property sales.

In the CAMA system, appraisers assign a primary building type to every commercial property, and assign an investment class, which identifies the degree of investment risk associated with a property's commercial use and location. Each primary building type has a unique set of capitalization rates for the urban property income models and rural property income models.

- Calculation of effective tax rate (ETR):

The capitalization rates developed by the department are overall rates and inclusive of an ETR. The ETR is expressed as a portion of the overall capitalization rate and is calculated by multiplying a property's assessment level (mill levies) by its nominal tax rate (taxable percentage).

An urban and rural median ETR is developed to express an estimate of the portion of the overall rate for taxes.

- Determination of income multiplier:

Properties that have sold and have a positive gross income can be used to calculate an income multiplier. Gross income multiplier (GIM) is used with annualized income and gross rent multiplier (GRM) is used with monthly income.

$$Income\ Multiplier = Sales\ Price \div Gross\ Income\ (annual\ or\ monthly)$$

- Testing and finalization of income models:

Income models are analyzed to ensure data is entered correctly in CAMA system and, when applied to income properties, the models produce accurate results when compared to properties that have sold. No changes are made to the models once they are finalized in the CAMA system's production environment for the valuation cycle.

Income Approach to Value

Income producing property is typically bought and sold on its ability to generate and maintain an income stream. The income approach converts future benefits of property ownership into an indication of present worth (market value). Present worth, which is the result of capitalizing net income, is the amount a prudent investor would be willing to pay now for the right to receive the future income stream.

The income approach is based on the theory that the market value of income producing property is related to the amount, duration and certainty of its income producing capacity.

Using the income approach, the department values all commercial properties by using income and expense data collected from similar properties.

The steps used to value commercial property by the income approach are:

1. Estimate potential gross income (PGI).
2. Deduct vacancy and collection loss.
3. Add miscellaneous income to arrive at effective gross income (EGI).
4. Deduct expenses from EGI to determine the net operating income (NOI).
5. Determination of market value with development of a:
 - capitalization rate; $\text{net operating income} \div \text{capitalization rate} = \text{market value}$; or
 - gross income multiplier (GIM); $\text{gross income} \times \text{factor (GIM)} = \text{market value}$.

The department may use a gross income multiplier for apartment complexes with eight units or less.

The steps used to value industrial property by the income approach are:

1. Develop a discount rate for the industry being valued.
2. Utilize company provided income and expense information to project net cash flows and a terminal value.
3. Convert the sum of net cash flows and terminal value into an indication of present value through the yield capitalization, direct capitalization, or other approaches, as necessary.
4. Reconcile the income approach conclusion of value with the cost approach and sales approach (if applicable) to determine an industrial site's market value.

5. RECONCILIATION AND DETERMINATION OF FINAL VALUE

Department appraisers use their experience, expertise, and professional judgment to reconcile differences among the value estimates derived from the application of the approaches to value. The greatest weight is given to the approach to value that is most credible, given the available data.

Residential Property

The sales comparison approach is the preferred approach to value for most residential properties and is given greatest weight when adjustments for differences between the subject property and its comparable sales are within an acceptable range.

Comparability is quantified by a point system, where different levels of acceptance can vary by neighborhood and available sales data. The multiple regression analysis (MRA) calculation of value which is generated through the sales comparison approach can also be selected as a final value for a property.

The cost approach is used for residential parcels with non-typical circumstances described in the residential cost approach section of this manual, when the comparability adjustment points are too high, or if the appraiser feels that the comparable properties are not similar.

Commercial Property

The income approach is the preferred approach to value for commercial property. The cost approach is used to value unique properties or when an income model does not exist for a property's use type. The cost approach will be considered the appropriate approach to value when the department appraiser determines a property's land value is the predominate factor of its overall land and building value.

Industrial Property

The cost approach is typically used to value industrial property. The department does invite industrial property owners to provide comparable sales data and income and expense data to aid in the department's development of a sales comparison and/or income approach to value.

APPENDICES

Here is an example of a property record card provided in property.mt.gov. Users can search for a property by entering the property owner's name, address, geocode, or assessment code.

[illegible]

Most of the property characteristics on the property record card are self-explanatory as to the “type” and “number of.” Other characteristics need more explanation as only a number code is provided.

Note – many of the fields on the property record card are informational only and do not affect value. There may or may not be a value or description in some of the fields on the property record card.

Key for residential property characteristics displayed on property record card.

Property Site Characteristics

Property Type

EP	Exempt Property
EP_Part	Partial Exempt Property
IMP_U	Improved Property
KU	Condominium
Lease_U	On Leased Land
TP	Tribal Property
TU	Townhouse
VAC_U	Vacant Land

Living Units

A structure designed or occupied as the living quarters of one or more households; usually equipped with cooking, bathing, toilet, and heating facilities, where necessary. The term living unit is interchangeable with dwelling, dwelling unit, and residence.

Site Size

Square Footage, Acres, or Front Foot

Topography

1	Level
2	Above Street
3	Below Street
4	Rolling
5	Steep
6	Low
7	Swampy
8	Agricultural/Forest Land

Utilities

0	None
1	All Public
2	All Underground
3	Public Water
4	Public Sewer
5	Community Water
6	Community Sewer
7	Well
8	Septic
9	Gas

Access

0	Landlocked/None
1	Paved Road
2	Semi-improved Road
3	Dirt Road
4	Proposed Road
5	Seasonal Access
6	Sidewalk
7	Alley
8	Railroad
9	River or Waterway

Location

0	Rural Land
5	Neighborhood or Spot
8	Apartment/Condominium Complex
9	Golf Course

Fronting

0	None
1	Major Strip or Central Business District
2	Secondary Artery
3	Secondary Street
4	Residential Street
5	Residential Lane
6	Cul-De-Sac
7	Dead End
8	Frontage Road
9	Private Road

Parking

0	None
1	Off Street
2	On Street
3	Off and On Street
4	Parking Garage

Parking Quantity

0	None
1	Minimum
2	Adequate
3	Abundant

Parking Proximity

0	Far
1	Near
2	Adjacent
3	On Site

Residential Dwelling Characteristics

Residential Type

Single Family Residence (SFR)
Condominium
Townhouse

Architectural Style

01	Bi-Level	13	A-Frame
02	Split-Level	14	Other
03	Ranch	18	Shotgun
04	Modern	19	Foursquare
05	Traditional/Victorian	20	Condo – Patio Home
06	Early American	21	Condo – Duplex
07	Earth Sheltered	22	Condo – Rowhouse
08	Conventional	23	Condo – Multi Level
09	Bungalow	24	Townhouse – Patio Home
10	Old Style	25	Townhouse – Duplex
11	Log	26	Townhouse – Row

Class Code

A complete list of the different property class codes is available at MTRevenue.gov.

Quality Grade – Residential Dwellings

There are ten grades for residential dwellings. Grade represents quality and applies to architectural design, workmanship, and type of materials. The combination of quality workmanship and materials reflects increased cost and value.

The grading of structures is used to distinguish between variations in value and to identify the full range of conventional single-family residential construction. The value of a dwelling constructed of high-quality materials and with the best of workmanship throughout may be considerably more than that of one built from the same floor plan with inferior materials and workmanship.

The residential system uses a numerical grading scale with 5 being the average quality of construction and a range of grades from a low of 1 (cheap construction) to a high of 10 (extraordinary construction). A brief description of each residential grade is provided below. Refer to appendix A for detailed construction specifications within each grade.

Grade 1 - Cheap Quality Residences are of very low-cost construction built with low quality materials and substandard workmanship. These residential structures will not meet minimum building code requirements. Exterior and interior finishes are very plain. These structures are built for minimal habitation and are distinguished by the absence of a perimeter foundation, plumbing, and heating system.

Grade 2 - Poor Quality Residences are of substandard construction built with low-cost materials and below average workmanship. These residential structures will not meet most minimum building code requirements. Exterior and interior finishes are plain with little or no trim. These houses are built for function, with little attention to design.

Grade 3 - Low Cost Quality Residences are of low-cost construction built with low-cost materials and average workmanship but will meet most minimum building code requirements. Exterior and interior finishes are plain, minimum fenestration with inexpensive sash and little or no trim. These homes are built for function, not appearance.

Grade 4 – Fair Quality Residences are of fair quality construction built with average materials and workmanship. These houses will meet minimum building codes and construction requirements of lending institutions and mortgage insuring agencies. Exterior ornamentation is usually limited to the front elevation and with a minimum amount of inexpensive fenestration. Interior finishes are plain with few refinements. These homes are usually designed from stock plans for speculative residential developments.

Grade 5 – Average Quality Residences are of average construction built with average quality materials and acceptable workmanship. These houses will meet or exceed minimum building codes and the construction requirements of lending institutions and mortgage insuring agencies. Exterior ornamentation is frequently limited to the front elevation but with an adequate amount of standard quality aluminum or wood sash fenestration. Interior finishes and trim are simple. Doors are medium grade, hollow core with stock hardware. These homes are frequently designed for mass production.

Grade 6 – Good Quality Residences are of good quality construction built with good quality materials and workmanship and will have some custom craftsmanship. These houses will exceed minimum building codes and construction requirements for lending institutions and mortgage insuring agencies. Exterior ornamentation reflects some attention to detail with ample and good quality fenestration throughout. Interiors are well finished usually with good quality wall treatments and trim, doors are good quality hollow core with attractive hardware. These homes are frequently custom built but may be mass produced in above average residential developments.

Grade 7 – Very Good Quality Residences are of high-quality construction built with high-quality materials, workmanship, and custom craftsmanship. Exterior ornamentation shows refinements with good quality fenestration throughout. Interiors are well finished with good quality wall coverings or wood paneling and hardware. These homes are usually individually designed.

Grade 8 – Excellent Quality Residences are of highest quality construction built with best quality materials and workmanship with custom craftsmanship throughout. Exterior ornamentation reflects considerable attention to detail with well-designed high-quality fenestration. Interiors are well finished with highest quality wall coverings or hardwood paneling. These homes are individually designed and are usually unique; however, the base specifications do not represent the highest costs in residential construction.

Grade 9 – Superior Quality Residences are of superior quality construction built with best quality materials and workmanship with custom craftsmanship throughout with considerable attention to detail and are typically unique in design. Exterior ornamentation reflects considerable attention to detail with well-designed superior quality fenestration. Interiors are superbly finished with superior quality wall coverings or hardwood paneling; however, the base specifications do not represent the highest costs in residential construction.

Grade 10 – Extraordinary Quality Residences are of superior quality construction built with best quality materials and workmanship with custom craftsmanship throughout with considerable attention to detail. Exterior ornamentation reflects considerable attention to detail with well-designed superior quality fenestration. Interiors are superbly finished with superior quality wall coverings or hardwood paneling. These homes are individually designed and are usually unique; however, the base specifications do not represent the highest costs in residential construction.

Quality Grade – Mobile/Manufactured Homes

For mobile/manufactured homes, the residential grade system uses an alphabetic grading scale.

Grade C- Cheap quality mobile/ manufactured homes are generally built prior to June 15, 1976, and do not meet the Federal Manufactured Home Construction and Safety Standards as outlined in Title VI, Housing and Development Act of 1974. These mobile homes are built for minimal habitation. Workmanship and materials are of the cheapest quality, with no attention to design. Ceiling height is typically 7'-7'6".

Grade L – Low-Cost Quality mobile/manufactured homes are generally built to minimum construction standards established by the industry and most states.

Workmanship and materials are of below average quality, with little or no attention to design. Ceiling height is typically 7'-7'6". Roofs may be arched or a low gable.

Grade A – Average quality mobile/manufactured homes will usually meet or exceed mobile home code and manufactured home construction standards requirements. Materials and workmanship are of average quality. Interior finishes are simple. Ceiling height is typically 7'6" – 8' With a gable roof.

Grade G – Good quality mobile/manufactured homes will generally exceed minimum mobile home code and manufactured home construction standard requirements. With these mobile/manufactured homes some detail and ornamentation are given to interior finishes and exterior design. These mobile/manufactured homes typically have a gable roof with an 8'0" ceiling height with some vaulted areas.

Grade E – Excellent quality mobile/manufactured homes will exceed minimum requirements of mobile home codes and manufactured home construction standards. Exterior and interior finishes are similar to the quality of those found in site-built residences, with attention given to ornamentation and trim. Ceiling heights are typically 8'0" with some vaulted areas.

Story Height

1	One story
1.5	One and one-half story
2	Two stories
2.5	Two and one-half stories
3	Three stories
3.5	Three and one-half stories

Attic Type

0	None
1	Unfinished
2	Partly Finished –Approximately 20 percent of total square footage has 6 foot or taller wall height (usable area).
3	Fully Finished –Approximately 40 percent of total square footage has 6 foot or taller wall height (usable area).
4	Fully Finished with Dormers –Approximately 55 percent of total square footage has 6 foot or taller wall height (usable area).

Square Foot Living Area (SFLA)

The square footage of the total above grade finished living area based on external measurements.

Year Built

Year built refers to the original date of construction.

Effective Year

Effective year, when used, will determine effective age and is the age of a structure with respect to condition and utility, as of the valuation date. Effective year is an optional entry on the property record card. If effective year is determined by the department appraiser, it will override the year of construction in determining the depreciation for the structure. If the condition of a structure is better than average, the effective year will be more recent than the actual year built. If the condition is worse than average, the effective year may be prior to the actual year built. Even in the same markets, similar

structures do not necessarily depreciate at the same rate. The maintenance standards of owners or occupants can influence the pace of depreciation.

Year Remodeled

Year remodeled refers to the date of the last extensive remodeling. This field is descriptive only and does not affect depreciation calculations. Appraisers use this information to help determine the correct effective year for the structure.

Exterior Wall

Predominate type of wall construction	
1	Frame
2	Masonry/Frame
3	Masonry
4	Log (not log over frame)

Exterior Wall Finish

Predominate type of exterior wall finish	
0	Other
1	Stucco
2	Shingle
3	Masonite
4	Asbestos
5	Maintenance free aluminum/vinyl/steel siding
6	Wood siding or sheathing
7	Stone
8	Brick
9	Block

Roof Type

0	Other
1	Flat
2	Hip
3	Gable
4	Gambrel
5	Shed
6	Mansard
7	Arched
8	A-Frame

9	Broken Gable
---	--------------

Roof Material

1	Wood Shingle
2	Slate
3	Tile
4	Copper
5	Metal
6	Wood Shake
7	Composition Roll
8	Built Up Tar and Gravel
9	Asbestos
10	Asphalt Shingle
11	Other

Foundation

0	None
1	Wooden or Masonry Piers/Posts
2	Concrete
3	Slab
4	Wood
5	Block
6	Stone
7	Other
8	Concrete with helical pier

Basement Type

0	None
1	Crawlspace
2	Partial
3	Full

Daylight Basement

Yes or No entry. To qualify as a daylight basement, one or both of the following conditions must be met:

- The major portion of at least one wall must be exposed and the outside entrance must be at ground level.
- Residential dwellings with four feet or more of the basement above grade are considered to have daylight basements.

Finished Basement Area

Square footage of finished basement area.

Basement Finish Quality

1	Minimal –refers to a relatively open undivided area finished with a cheap quality of materials and workmanship inconsistent with the main living area of the dwelling.
2	Fair –refers to an area with minimal partitioning finished with low-quality materials and workmanship that is below the quality of the main living area of the dwelling.
3	Typical –refers to a divided area finished with a quality of materials and workmanship consistent with the main living area of the dwelling.
4	Good –refers to a divided basement area finished with a quality of materials and workmanship higher than that of the main living area of the dwelling.

Heating/Cooling System

None
Non-Central
Central
Central/AC

Heating Fuel Type

0	None
1	Coal
2	Oil
3	Gas
4	Electricity
5	Solar
6	Wood
7	Geothermal

Heating System Type

1	Floor/Wall/Space
2	Hot Water/Water Radiant
3	Steam
4	Gravity Hot Air
5	Forced Air
6	Heat Pump
7	Electric Baseboard/Electric Radiant
8	Package Air Conditioning
9	Hot/Cool Air

Bedrooms

Independent living areas with a privacy door and a reach-in or walk-in closet for clothes storage and a window are counted as bedrooms. Rooms in a basement are counted as bedrooms if the room has a privacy door, reach-in or walk-in closet, and a window. The window does not have to be an egress window (four feet by four feet). If a room meets the above criteria but is being utilized for some other purpose (such as a den), it is included in the bedroom count.

Full Baths

Number of three fixture bathrooms which include a sink, toilet, and bathtub or shower stall. A bathtub with a shower head is considered one fixture.

Half Baths

Number of two fixture bathrooms which include a sink and toilet.

Fireplace Stacks

Number of chimneys for wood burning fireplaces constructed of masonry.

Fireplace Stories

For each chimney stack, department staff count the number of stories of the portion of the building where the chimney stack is attached. The story heights of all chimney stacks are added to together.

Fireplace Openings

Number of fireplace openings for each chimney. All openings from all chimney stacks are added together.

Prefabricated Fireplace and Stove

Number of prefabricated fireplaces and stoves.

Additional Fixtures

Individual plumbing fixtures are those not counted in full baths or half bath counts. Additional fixtures can include water heaters, kitchen sinks, wet bars, sinks in recreation areas, laundry tubs and automatic washer hookup.

Garage Car Capacity

Number of garage stalls associated with the dwelling. (For informational use only.)

Percent Complete

For unfinished construction – new structures, remodels, and additions. An overall percentage is based on the level of finished construction as of January 1 of the current tax year.

View

Golf course, lake, or mountain views.

Access Amenities

Ski, golf course, or water access.

Manufactured Home Make, Model Length and Width

Exterior measurements are used to determine width and length of mobile homes.

Additions

Residential additions are areas attached to but not included in the square foot living area of the dwelling. Additions are reported according to their floor level (lower level or basement, first floor, second floor or third [any floor above second floor]).

Addition Codes and Descriptions

11	Porch, Frame, Open	39	Deck, Vinyl/Finished
12	Porch, Frame, Screened	40	Carport, Masonry, Finished
14	Porch, Frame, Enclosed	41	Garage Extension, Masonry, Finished
15	Utility Area, Frame, Finished	43	Deck, Wood, Polymer
19	Garage, Frame, Finished	50	Basement, Unfinished
21	Porch, Masonry, Open	51	Garage Extension, Frame, Unfinished
22	Porch, Masonry, Screened	61	Garage Extension, Masonry, Unfinished
24	Porch, Masonry, Enclosed	65	Utility Area, Masonry, Unfinished
25	Utility Area, Masonry, Finished	68	Attic, Unfinished
29	Garage, Masonry, Finished	69	Garage, Frame, Unfinished
30	Carport, Frame, Finished	75	Utility Area, Masonry, Unfinished
31	Garage Extension, Frame, Finished	79	Built-In Basement Garage
32	Canopy, Frame, Finished	80	Carport, Frame, Unfinished
33	Deck, Wood	82	Canopy, Frame, Unfinished
34	Deck, Concrete	91	Mobile Home Addition
35	Deck, Stone or Tile	92	Expandos and Tip Outs
37	Greenhouse, Attached	97	Solar Collector Area
38	Solar Room, Attached	98	Mobile Home Enclosed Porch

Miscellaneous Features

Basement Garage, 1-5 Cars
Central Vacuum System
Residential Elevator, 2 or 3 stops
Home Entertainment System
Home Theater System
Residential Lap Pool
Miscellaneous Built-Ins
Spa Bathtub
Stair Lift
Sauna

Other Buildings & Yard Improvements (OBYs)

OBYs are detached structures and yard improvements located on a property. Each OBY is coded with a grade specification for quality and rating for physical condition.

Boat Houses and Docks	Miscellaneous Outbuildings
Carports	Decks, Patios, Stoops and Gazebos
Detached Garages	Residential Coolers and Freezers
Garages, Attached on Outbuildings	Fencings
Greenhouses	Swimming Pools
Living Areas in Outbuildings	Tennis Courts
Sheds and Utility Buildings	Paving (asphalt and concrete)
Yurt	

Appendix B – Commercial and Industrial Property Characteristics

Here is an example of a property record card provided in property.mt.gov. Users can search for a property by entering the property owner's name, address, geocode, or assessment code.

MONTANA.GOV
OFFICIAL STATE WEBSITE

PROPERTY RECORD CARD

General Information

Property Number: 0000000000
Assessment Code: 0000000000
County: 0000000000
Levy District: 0000000000
Neighborhood: 0000000000
Site Address: 0000000000 0000000000 0000000000
Legal Description: 0000000000 0000000000 0000000000
Owner Name: 0000000000
Property Last Updated: 0000000000

Value History

Year	Market Value	Taxable Value
2000	0000000000	0000000000
2001	0000000000	0000000000
2002	0000000000	0000000000
2003	0000000000	0000000000
2004	0000000000	0000000000

Property Characteristics

Type: 0000000000
Living Units: 0000000000
Topography: 0000000000
Access: 0000000000
Location: 0000000000
Fronting: 0000000000
Parking: 0000000000
Parking Proximity: 0000000000

Market Land

Type	Value
1 - Primary Use	0000000000
Method	0000000000
Sq. Ft.	0000000000

Other Buildings & Improvements

Type	Value
0000000000	0000000000
Type	0000000000
Year Built	0000000000
Condition	0000000000

Commercial Structures

Type	RCNLD
0000000000	0000000000
Class	0000000000
Grade	0000000000
Units	0000000000
Identical Units	0000000000

Interior Exterior

1	2	3	4	5
Wall Height	0000000000	Area	0000000000	
Wall Type	0000000000			
Construction Class	0000000000			
Heat Type	0000000000			
AC Type	0000000000	Plumbing	0000000000	
Phys. Condition	0000000000	Functional	0000000000	
2	0000000000	Area	0000000000	
Wall Height	0000000000			
Wall Type	0000000000			
Construction Class	0000000000			
Heat Type	0000000000			
AC Type	0000000000	Plumbing	0000000000	
Phys. Condition	0000000000	Functional	0000000000	
3	0000000000	Area	0000000000	
Wall Height	0000000000			
Wall Type	0000000000			
Construction Class	0000000000			
Heat Type	0000000000			
AC Type	0000000000	Plumbing	0000000000	
Phys. Condition	0000000000	Functional	0000000000	
4	0000000000	Area	0000000000	
Wall Height	0000000000			
Wall Type	0000000000			
Construction Class	0000000000			
Heat Type	0000000000			
AC Type	0000000000	Plumbing	0000000000	
Phys. Condition	0000000000	Functional	0000000000	
5	0000000000	Area	0000000000	
Wall Height	0000000000			
Wall Type	0000000000			
Construction Class	0000000000			
Heat Type	0000000000			
AC Type	0000000000	Plumbing	0000000000	
Phys. Condition	0000000000	Functional	0000000000	

MONTANA.GOV
OFFICIAL STATE WEBSITE
Montana Department of Revenue
Privacy & Security Policy

Most of the property characteristics on the card are self-explanatory as to the “type” and “number of.” Other characteristics need more explanation as only a number code is provided online.

Note – many of the fields on the property record card are informational only and do not affect value. There may or may not be a value or description in some of the fields on the property record card.

Key for commercial/industrial property characteristics displayed on property record card.

Property Site Characteristics

Property Type

APT_U	Apartment
EP	Exempt Property
EP_Part	Partial Exempt Property
Golf	Golf Course
Gravel	Gravel Pit
IMP_U	Improved Property
IU	Industrial Property
KU	Condominium
LA	Locally Assessed Utility
Lease_U	On Leased Land
Oil_IMP	Oilfield Improvements
RV MOBPark-COML	Mobile/RV Parks
TU	Townhouse
TP	Tribal Property
VAC_U	Vacant Land

Living Units

A structure designed or occupied as the living quarters of one or more household; usually equipped with cooking, bathing, toilet, and heating facilities, where necessary. The term living unit is interchangeable with dwelling, dwelling unit, and residence.

Site Size

Square Footage, Acres, or Front Foot

Topography

1	Level
2	Above Street
3	Below Street
4	Rolling
5	Steep
6	Low
7	Swampy
8	Agricultural/Forest Land

Utilities

0	None
1	All Public
2	All Underground
3	Public Water
4	Public Sewer
5	Community Water
6	Community Sewer
7	Well
8	Septic
9	Gas

Access

0	Landlocked/None
1	Paved Road
2	Semi-improved Road
3	Dirt Road
4	Proposed Road
5	Seasonal Access
6	Sidewalk
7	Alley
8	Railroad
9	River or Waterway

Location

0	Rural Land
5	Neighborhood or Spot
8	Apartment/Condominium Complex
9	Golf Course

Fronting

0	None
1	Major Strip or Central Business District
2	Secondary Artery
3	Secondary Street
4	Residential Street
5	Residential Lane
6	Cul-De-Sac
7	Dead End
8	Frontage Road
9	Private Road

Parking

0		None
1		Off Street
2		On Street
3		Off and On Street
4		Parking Garage

Parking Quantity

0	None
1	Minimum
2	Adequate
3	Abundant

Parking Proximity

0	Far
1	Near
2	Adjacent
3	On Site

Commercial and Industrial Structures Characteristics

Commercial/Industrial Structure Type

The structure type code describes the primary purpose of the commercial/industry building as a whole. A building may have been constructed for multiple purposes, but only one structure type code is used to describe the building as a whole. Individual areas within the building will be defined by their use type. The complete list of all commercial/industrial structure types is not provided in this manual. The structure type description is displayed on the property record card found in property.mt.gov.

Class Code

A complete list of the different property class codes is available at MTRevenue.gov.

Quality Grade

L	Low Cost
F	Fair
A	Average
G	Good
V	Very Good
E	Excellent

Year Built

Year structure was built. If owner or tenant does not know the actual year, department appraisers enter the best estimate possible.

Effective Year

Effective year, when used, will determine effective age and is the age of a structure with respect to condition and utility, as of the valuation date. Effective year is an optional entry on the property record card. If effective year is determined by the department appraiser, it will override the year of construction in determining the depreciation for the structure. If the condition of a structure is better than average, the effective year will be more recent than the actual year built. If the condition is worse than average, the effective year may be prior to the actual year built. Even in the same markets, similar structures do not necessarily depreciate at the same rate. The maintenance standards of owners or occupants can influence the pace of depreciation.

Year Remodeled

Year remodeled refers to the date of the last extensive remodeling. This field is descriptive only and does not affect depreciation calculations. Appraisers use this information to help determine the correct effective year for the structure.

Number of units per building

Number of measurable units applicable for the building structure type coded.

Number of identical buildings

Number of identical buildings located on the parcel.

Interior/Exterior Characteristics Per Building

Use Type

Use type code describes the current use of the interior/exterior line.

Use Code	Use Description
000	None
011	Apartment
012	Hotel
013	Motel
014	Assisted Living
021	Dormitory
024	Dwelling, Conversion – Multiple
025	Dwelling, Conversion – Office
026	Dwelling, Conversion – Sales
027	Dwelling
030	Laundromat/Dry Cleaners
031	Restaurant
032	Department Store
033	Discount Store/Market
034	Retail
035	Tavern/Bar
036	Lounge
037	Cafeteria
038	Convenience Store
039	Dairy Sales
040	Barber/Beauty Shop
041	Mini Warehouse
042	Hanger
043	Manufacturing
044	Light Manufacturing
045	Warehouse
046	Auto Showroom/Office
047	Auto Parts/Service
048	Tennis Club
049	Racquetball Court
050	Skating Rink (Ice or Roller)
051	Bank/Savings Institution
052	Medical Center
053	Office
054	Nursing Home

Use Code	Use Description
055	School
056	Hospital
057	Library
058	Funeral Home
059	Post Office
061	Auditorium/Theater
062	Theater
063	Religious Institution
064	Social/Fraternal Hall
070	Service Station with Bays
071	Service Station, Conversion Rental
072	Service Station, Conversion Storage
073	Service Station Without Bays
074	Car Wash Manual
075	Car Wash Automatic
077	Truck Terminal
078	Distribution Warehouse
079	Cold Storage Warehouse
080	Flex Warehouse
081	Multi-Use Apartment
082	Multi-Use Apartment
083	Multi-Use Sales
084	Multi-Use Storage
085	Enclosure
086	Support Area
088	Restroom/Locker Facility
090	Parking Garage
091	Basement, Residential Unfinished
095	Covered/Enclosed Mall
096	Slaughterhouse
100	Franchise Restaurant
199	Local Fast Food
419	AG Production Facility
990	Parking, Upper Deck

Wall Height

Height of wall described in the interior/exterior line. Measurement is made from floor to floor.

Exterior Wall Material

Type of exterior wall material of an interior/exterior line.

00	None
01	Brick or Stone
02	Frame
03	Concrete Block
04	Brick and Concrete Block
05	Tile
06	Masonry and Frame
07	Metal, Light
08	Metal, Sandwich
09	Concrete Load Bearing
10	Concrete Non-Load Bearing
11	Glass
12	Glass/Masonry
13	Enclosure
14	Concrete Tilt Up
15	Solar Glass
16	Asbestos Corrugated Rigid
17	Native Stone
18	Log

Construction Class

Class of construction of the interior/exterior line.

1	Wood Frame/Joist Beam
2	Fire Resistant
3	Fireproof
4	Pre-Engineered Steel

Area

Gross square foot area of the interior/exterior line.

Interior finish percentage

Extent of interior finish based on structure type code and use type of interior/exterior line.

Partitions

Partitions describe the extent of interior partition walls within the interior/exterior line.

0	None	Indicates there are no interior partitions in structure.
1	Below Normal	Indicates most similar structures typically have more partitions than the subject structure.
2	Normal	Indicates the interior has about the same extent of partitioning that is typically found in similar structures used for the same purpose.
3	Above Normal	Indicates structure has extensive interior partitioning when compared to similar structures used for the same purpose.

Heating System Type

Predominant heating system type utilized within the interior/exterior line.

0	None
1	Hot Air
2	Hot Water or Steam
3	Unit Heaters or Space Heaters
4	Electric
5	Heat Pump
6	Solar

Plumbing

Describes the extent and adequacy of the plumbing and piping system within the interior/exterior line in comparison to similar structures.

0	None
1	Below Normal
2	Normal
3	Above Normal

Air Conditioning Type

Type of air conditioning within the interior/exterior line.

0	None
1	Central
2	Unit – Air conditioning to the structure provided by individual units that are valued as real property.

Physical Condition

Description of the physical condition of the interior/exterior line in relation to its age. Consideration is given to the foundation, frame, exterior walls, roof, heating, air conditioning, lighting and electrical systems, plumbing, internal walls, and floor finish.

1	Poor
2	Fair
3	Normal
4	Good
5	Excellent

Functional Utility

Description of the functional utility of the interior/exterior line in relation to current market expectations. Consideration is given to architecture, design, layout, sizes, and types of rooms.

0	None
1	Poor
2	Fair
3	Normal
4	Good

Building Other Features

The type, number of, and value of all miscellaneous features are displayed on the property record card in property.mt.gov.

Elevators/Escalators

The type, number of, and value of all elevators/escalators are displayed on the property record card in property.mt.gov.

Other Buildings & Yard Improvements (OBYs)

OBYs are additional structures or site improvements that are not part of the principal structure located on a property. Each OBY is evaluated as to its function and condition. The list of all commercial and industrial OBYs is not provided in this manual. The description of each OBY is displayed on a property record card provided in property.mt.gov.

Improvement Information

Note: If your property is vacant land, skip this section and fill out the signature section below.

Room Identification – Indicate the number of rooms for each category below.

Primary Residence	Additional Residence(s)
Bedroom(s) (a window, closet, door) _____	Bedroom(s) (a window, closet, door) _____
Kitchen(s) _____	Kitchen(s) _____
Full and 3/4 Bath(s) _____	Full and 3/4 Bath(s) _____
Half Bath(s) _____	Half Bath(s) _____

Basement

☐ full ☐ partial ☐ crawlspace ☐ slab ☐ none

If you have a full or partial basement, what is the square footage or percentage that is finished? _____

If you have a basement that is unfinished (exposed framing throughout), is plumbing roughed in without fixtures? ☐ Yes ☐ No

Attic

If you have an attic with a permanent staircase, what is the square footage or percentage that is finished? _____

Heating/Cooling Systems

Heating source ☐ electric ☐ gas ☐ oil ☐ wood ☐ geothermal ☐ solar ☐ none

Heating System ☐ hot water baseboard ☐ hot water radiant ☐ forced air ☐ heat pump ☐ electric baseboard
☐ electric radiant ☐ steam ☐ gravity hot air ☐ floor or wall unit

Central air-cooling system ☐ Yes ☐ No

Miscellaneous Features

☐ wet bar ☐ utility sink ☐ extra kitchen sink ☐ separate tub/shower ☐ sauna ☐ laundry hookups
☐ pet bathtub ☐ lap pool

Provide the number of hot water heaters _____ wood/gas stoves _____ chimney fireplaces _____

Other Improvements and Outbuildings

☐ attached garage heated ☐ Yes ☐ No Insulated ☐ Yes ☐ No
☐ detached garage heated ☐ Yes ☐ No Insulated ☐ Yes ☐ No
☐ framed construction – number of buildings _____
☐ pole construction – number of buildings _____
☐ other _____

Other Information

Is your house a manufactured home? ☐ Yes ☐ No

If yes, do you have an FHA/HUD engineer's report for the foundation? ☐ Yes ☐ No

Signature (of the person completing this form)

Signature _____ Date _____
Printed Name _____ Phone _____
Email Address _____

Appendix D – Mobile Home and Manufactured Home Sale Verification Form



Mobile Home and Manufactured Home Sale Verification Form

V1-11/2023

[< _CurrentDate_]]

[< _BuyerName_]]

[< _BuyerDefaultAddress_]]

Property ID [< _PropertyID_]]
 Assessment Code [< _AssessmentCode_]]
 Property Address [< _SitusAddress_]]
 Legal Description [< _LegalDesc_]]
 Sale Date [< _SaleDate_]]
 Neighborhood Code [< _NeighborhoodCode_]]

The Department of Revenue shares Montana taxpayers' concerns about fair and equitable valuation of all property statewide. An analysis of property sales is an important component of determining accurate market values.

We want to ensure that our information about the property sale referenced above is correct. Please assist us by completing this form and returning it to us in the envelope provided within 30 days. The information you provide is kept confidential.

An appraiser from our office may visit your property to verify property record data and sales information. If you have any questions, please call your local Department of Revenue field office at [< _OfficeTelephoneNo_]] or visit the field office at [< _OfficeSitusAddr1_]], [< _OfficeSitusAddr2_]], [< _OfficeSitusAddr3_]]

Please answer the following questions

1. Sale Type (Check One)

- ☐ Typical market sale
☐ Sale between immediate family members or between corporate affiliates
☐ Auction sale
☐ Deed transfer in lieu of foreclosure or repossession
☐ Forced sale or sheriff's sale
☐ Sale by judicial order (guardian, executor, conservator)
☐ Sale to a government agency, charitable, religious, or educational institution
☐ Contract for deed
☐ Sale of only a partial interest in the real estate
☐ Sale involving a trade or exchange of properties
☐ Other _____

2. How was the property marketed? (Mark all that apply)

- ☐ Listed with real estate agent
☐ For sale by owner (FSBO)
☐ Offered by word of mouth
☐ Internet listing
☐ Private offer
☐ Other _____

3. Provide date the sale price was agreed upon.

4. What was the Total Sale Price? \$ _____

5. Were there any concessions included in the total sale price (closing cost assistance or other expenses paid by the seller)?

- ☐ Yes ☐ No
 If yes, dollar amount \$ _____

6. Was an appraisal made on the property?

- ☐ Yes, appraised value \$ _____
 appraisal's effective date _____
☐ No

7. Was the property made available to other potential purchasers?

- ☐ Yes ☐ No
 If No, explain _____

8. Do you hold title to any adjoining property?

- ☐ Yes ☐ No

9. Was any personal property (such as furniture, equipment, machinery, livestock, crops, etc.) included in the total sales price?

- ☐ Yes ☐ No
 If yes, estimated value \$ _____
 Personal property description _____

10. Has there been any recent changes to the property since the sale date?

- ☐ Yes ☐ No
☐ remodeling ☐ demolition ☐ additions
 Date completed _____
 Estimated cost of labor and materials \$ _____

11. Was more than one property included in the purchase?

- ☐ Yes ☐ No
 If available, what were the individual sale prices?

12. Provide any additional information regarding the sale, such as negotiations in sale price, repairs, unusual circumstances, etc.

13. Home was purchased:

- ☐ off a dealer's lot ☐ already setup on land
☐ other _____

14. Is the home permanently attached to the land (running gear, hitch, and wheels have been removed)?

- ☐ Yes ☐ No
 If Yes, do you have an FHA/HUD engineer's report for the foundation?
☐ Yes ☐ No

15. Has the home been de-titled?

☐ Yes ☐ No

16. Do you own the land the home sits on?

☐ Yes ☐ No

17. Was the home sold with the land?

☐ Yes ☐ No

If Yes, what value was attributed to the home, _____

and how was that value determined?

Improvement Information

Foundation Type

☐ concrete block ☐ wood block or piers ☐ concrete slab ☐ none

If you have a full or partial basement, what is the square footage or percentage that is finished? _____

If you have a basement that is unfinished (exposed framing throughout), is plumbing roughed in without fixtures? ☐ Yes ☐ No

Mobile Home or Manufactured Home Description

Make _____ Model _____ Year _____

Length (without hitch) _____ Width _____

Serial Number _____ Title Number _____

If known, provide date home was brought into the county _____

Room Identification – Indicate the number of rooms for each category below.

Bedroom(s) with a window, closet, and door _____

Full and 3/4 Bath(s) _____

Half Bath(s) _____

Heating/Cooling Systems

Heating source ☐ electric ☐ gas ☐ oil ☐ wood ☐ geothermal ☐ solar ☐ none

Heating System ☐ hot water baseboard ☐ hot water radiant ☐ forced air ☐ heat pump ☐ electric baseboard

☐ electric radiant ☐ steam ☐ gravity hot air ☐ floor or wall unit ☐ mini-split

Central air-cooling system ☐ Yes ☐ No

Miscellaneous Features

☐ utility sink ☐ separate tub/shower ☐ laundry hookups ☐ double vanity

Provide the number of hot water heaters _____ wood/gas stoves _____

Other Improvements and Outbuildings

☐ attached garage heated ☐ Yes ☐ No Insulated ☐ Yes ☐ No

☐ detached garage heated ☐ Yes ☐ No Insulated ☐ Yes ☐ No

☐ framed construction – number of buildings _____

☐ pole construction – number of buildings _____

☐ other _____

Signature (of the person completing this form)

Signature _____ Date _____

Printed Name _____ Phone _____

Email Address _____

Appendix E – Commercial Property Sale Verification Form



Commercial Property Sale Verification Form

V2 10/2023

[K_CurrentDate_]

[K_BuyerName_]

[K_BuyerDefaultAddress_]

Property ID [E_PropertyID_]

Assessment Code [E_AssessmentCode_]

Property Address [E_SitusAddress_]

Legal Description

[E_LegalDesc_]

Sale Date [E_SaleDate_]

Neighborhood [E_NeighborhoodCode_]

The Department of Revenue shares Montana taxpayers' concerns about fair and equitable valuation of all property statewide. An analysis of property sales is an important component of determining accurate market values.

We want to ensure that our information about the property sale referenced above is correct. Please assist us by completing this form and returning it to us in the envelope provided within 30 days. The information you provide is kept confidential.

An appraiser from our office may visit your property to verify property record data and sales information. If you have any questions, please call your local Department of Revenue office at [K_OfficeTelephoneNo_] or visit the field office at [K_OfficeSitusAddr1_] [K_OfficeSitusAddr2_] [K_OfficeSitusAddr3_].

Answer the following questions

Sale Information

1. Sale Date _____

2. Total Sale Price \$ _____

3. Describe any personal property (such as business equipment, inventory, licenses, blue sky, etc.) included in the total sales price and give an estimate of value.

Estimated value \$ _____

4. Was the property advertised for sale? ☐ Yes ☐ No If yes, list price \$ _____

5. Was there an appraisal done? ☐ Yes ☐ No

If yes, appraised value \$ _____ appraisal effective date _____

6. Was a trade involved in the sale?

(real estate, personal property, business equipment, etc.)? ☐ Yes ☐ No

If Yes, explain _____

Estimated value \$ _____

7. Is this sale part of a merger, between related business entities/partners, or between family members?

☐ Yes ☐ No

8. Was the seller forced to sell this property? ☐ Yes ☐ No

If Yes, explain _____

9. Was the total sale price a fair indication of market value? ☐ Yes ☐ No

If No, explain _____

Financing

Loan amount \$ _____ Interest rate _____ % Term _____ years

Loan amount \$ _____ Interest rate _____ % Term _____ years

Financing comments _____

Property Information

1. Buyer's plans: ☐ no changes ☐ owner occupancy ☐ offer for rent ☐ remodel
☐ change use ☐ other
2. Any deferred maintenance at the time of sale? ☐ Yes ☐ No
If Yes, describe _____

3. Was the property leased at the time of the sale? ☐ Yes ☐ No
If leased: occupancy rate _____ %
current tenant(s) _____
4. What type of leases are in place? _____
5. Remaining lease term(s) _____
6. Actual/typical lease rate(s) \$ _____
7. Are contract rent(s) at market? ☐ Yes ☐ No Market rent estimate(s) \$ _____
8. If any income and expense information was provided by the seller, please provide the following:
annual income \$ _____
annual expense percentage _____ %
capitalization rate _____ %
If you have any additional information that you wish to provide regarding this ownership transfer, please describe.

Signature (of the person completing this form)

Signature	Date
Printed Name	Phone
Email Address _____	

Appendix F – Industrial Property Sale Verification Form



Industrial Property Sale Verification Form

V2 10/2023

[<_CurrentDate_]]

[<_BuyerName_]]

[<_BuyerDefaultAddress_]]

Property ID [<_PropertyID_]]

Assessment Code [<_AssessmentCode_]]

Property Address [<_SitusAddress_]]

Legal Description

[<_LegalDesc_]]

The department's analysis of property sales is an important component of determining accurate market values. We want to ensure that our information about the property sale referenced above is correct. ARM 42.20.432.

Please assist us by completing this form and returning it to us in the envelope provided within 30 days. The information you provide is kept confidential.

Mail the form to Montana Department of Revenue, PO Box 8018, Helena MT 59604-8018.

Answer the following questions (Attach additional pages as needed to fully respond to each question.)

Sale Information

1. Sale Date _____

2. Total Sale Price \$ _____

3. Describe any personal property (such as business equipment, inventory, licenses, good will, etc.) included in the total sales price and give an estimate of value.

Estimated value \$ _____

4. Was the property marketed for sale? ☐ Yes ☐ No

If Yes, days on market _____ Original list price \$ _____

5. Was an appraisal made on the property?

☐ Yes Appraised value \$ _____ Appraisal's effective date _____

Appraiser's name _____

☐ No

6. If any income and expense information was provided by the seller, please provide the following:

annual income \$ _____ annual expense percentage _____ % capitalization rate _____ %

7. Were there any environmental or remediation issues that affected the sales price?

☐ Yes ☐ No

If Yes, explain _____

8. Was a trade involved in the sale? (real estate, personal property, business equipment, etc.)?

☐ Yes ☐ No

If Yes, explain _____

Estimated value \$ _____

9. Is this sale part of a merger, between related business entities/partners, or between family members? ☐ Yes ☐ No

If Yes, describe circumstances _____

10. Was the seller compelled to sell this property? ☐ Yes ☐ No

If Yes, explain _____

11. Was the total sale price a fair indication of market value? ☐ Yes ☐ No

If No, explain _____

12. Was there any deferred maintenance at the time of the sale? ☐ Yes ☐ No

If Yes, explain and provide the dollar value of the deferred maintenance

13. Buyer's plans: ☐ no changes ☐ owner occupancy ☐ offer for rent ☐ remodel
☐ change use ☐ other

Provide any additional information you wish to provide regarding this ownership transfer.

Financing

Loan amount \$ _____ Interest rate _____ % Term _____ years

Was this a cash sale? ☐ Yes ☐ No

If Yes, was the purchase price affected? ☐ Yes ☐ No

If Yes, please describe the consideration _____

Financing comments _____

Signature (of the person completing this form)

Signature _____ Date _____

Printed Name _____ Phone _____

Email Address _____

Appendix G - Montana Code Annotated (MCA) References

- [15-1-201, MCA](#) – Administration of revenue laws
- [15-6-101, MCA](#) – Property subject to taxation
- [15-6-134, MCA](#) – Class four property – description – taxable percentage
- [15-7-101, MCA](#) – Classification and appraisal – duties of Department of Revenue
- [15-7-102, MCA](#) – Notice of classification, market value and taxable values – appeals
- [15-7-103, MCA](#) – Classification and appraisal – general and uniform methods
- [15-7-111, MCA](#) – Periodic reappraisal of certain taxable property
- [15-7-112, MCA](#) – Equalization of valuations
- [15-7-139, MCA](#) – Requirements for entry on property by property valuation staff employed by department – authority to estimate value of property not entered.
- [15-8-111, MCA](#) – Appraisal – Market value standard – exceptions
- [15-8-120, MCA](#) – Restricted access to income and expense information submitted to department for property tax purposes.
- [15-8-201, MCA](#) – General assessment day
- [15-8-306, MCA](#) – Property concealed or misrepresented
- [15-10-202, MCA](#) – Certification of taxable values

Appendix H - Administrative Rules of Montana (ARM) References

- [ARM 42.18.121](#) – Purpose; Adoption of Montana Reappraisal Plan and Manuals; Valuation Cycles
- [ARM 42.18.127](#) – Property Tax Fee Appraisal Requirements When Taxpayer Denies the Department Access to Property to Conduct an Appraisal and/or Audit
- [ARM 42.20.105](#) – Condominiums and Townhomes
- [ARM 42.20.107](#) – Valuation Methods for Commercial Properties
- [ARM 42.20.108](#) – Income Approach
- [ARM 42.20.109](#) – Capitalization Rates
- [ARM 42.20.432](#) – Validating Sales Information
- [ARM 42.20.504](#) – New Construction Determination
- [ARM 42.22.1301](#) – Definitions
- [ARM 42.22.1306](#) – Valuation of Industrial Property Other Than Land
- [ARM 42.22.1309](#) – Valuation Methods for Industrial Properties
- [ARM 42.22.1313](#) – Assessment of Grain, Seed, and Fertilizer Storage Facilities
- [ARM 42.18.206](#) – Residential Property Appraiser Certification
- [ARM 42.18.207](#) – Agricultural Property Appraiser Certification
- [ARM 42.18.208](#) – Commercial Property Appraiser Certification
- [ARM 42.18.210](#) – Certification Sequence
- [ARM 42.22.1316](#) – Industrial Property Certification Requirements