



# INDUSTRIAL PROPERTY

Revenue Interim Committee

November 13, 2025

Jill Gallagher, Industrial Unit Manager

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# INDUSTRIAL PROPERTY APPRAISAL

- Industrial Unit Introduction
  - Industrial Property Description
  - Industrial Property Valuation
  - Refinery Valuation
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# Industrial Unit Introduction

## Mission

- Our mission is to provide consistent classification, valuation and equalized appraisals to our taxpayers throughout Montana.

## Appraisal

- Annually appraise over \$9 billion in market value of personal and real property comprised of 8 classes of property.

Industrial Property	Property Class	Tax Rate
Real Property	4	1.89%
Pollution Control Property	5	3%
Personal Property (Business Equipment)	8	1.5%, 3%
Electric Generation & Telecommunications	13	6%
Renewable Energy Generation	14	3%
Carbon Sequestration Property	15	3%
Qualified Data Center Stations	17	.9%
Green Hydrogen	18	3%

\*The tax rates do not take into consideration specific exemptions, incentive and abatements that taxpayers may qualify for.

# Industrial Unit Introduction (cont'd)

## Industries

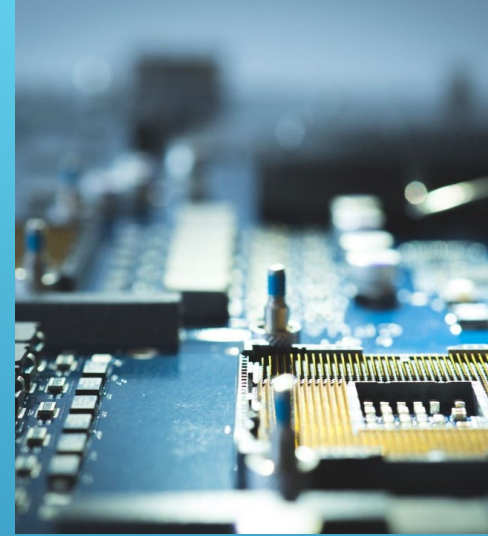
- Our appraisals include major industries such as refining, wood products, soft and hard rock mines, high tech firms, medical research, oil and gas, aeronautics, firearms/ammunitions, grain, malting, large scale breweries and many other niche markets and facilities throughout the state.

# INDUSTRIAL PROPERTY DESCRIPTION


MCA 15-1-101 (1)(J), ARM 42.22.1301

## WHAT IS INDUSTRIAL PROPERTY?

- Industrial Property is property used in:
  - the extraction of and/or changing the form of raw materials.
  - the production, distribution or assembling components and parts including the packing, warehousing and shipping of the finished products.
- Includes:
  - land used for industrial purposes.
  - improvements and buildings used to house the industrial process and storage facilities.
  - Other company holdings which are directly related to the industrial facility but not located on the same site.



# Industrial Property Determination

- A property is evaluated on the use, process complexity and capital investment by the department to determine if it is classified as industrial or commercial property.
  - Each plant or facility is valued as a single property and may include multiple geocodes or assessor codes.
  - The same appraiser values the real and personal property for a company's locations across Montana.
  - Industrial unit currently appraises 301 companies, consisting of 9,810 property records.
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# Industrial Property Valuation

- Real property is valued using the same methodology as used in the local offices and on the same cyclic schedule.

Appraisal Timeline	Residential/Commercial Real Property	Industrial Real Property
Assessed Every 2 Years	✓	✓
Appraised as of January 1st	✓	✓
Value Certified the 1 <sup>st</sup> Monday in August	✓	✓

- Equipment is valued by the same appraiser as the real property and is valued annually using trending and depreciation like the local office.

Appraisal Timeline	Personal Property	Industrial Personal Property
Assessed Annually	✓	✓
Appraised as of January 1st	✓	✓
March 1 <sup>st</sup> Reporting Deadline	✓	✓
Value Certified the 1 <sup>st</sup> Monday in August	✓	✓






# Industrial Property Valuation (cont'd)

## **Land Valuation:**

- Local land models are used on most parcels.
- Large acre model developed by modelers used for large sites.

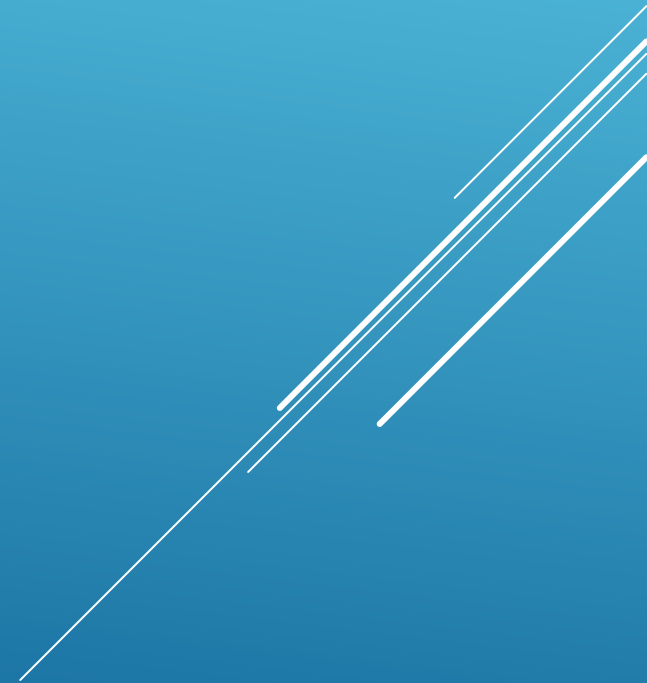
## **Cost Approach:**

- Real Property-Appraisal Cost Tables
  - Personal Property-Trending and Depreciation Tables
  - This approach is used in the majority of appraisals due to the lack of information provided to complete an income approach.
  - Data Sources: Property owner's balance sheets, fixed asset lists, site maps, engineering records.
  - Other audited information as needed: Security and Exchange Commission (SEC) 10-k, regulatory filings, fee appraisals, etc.
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# Industrial Property Valuation (cont'd)


## **Income Approach:**

- The income approach is considered the best approach for income producing properties.
- Yield Capitalization
  - Discounting an income stream
- Data Sources: Property owner's income statement and financial markets



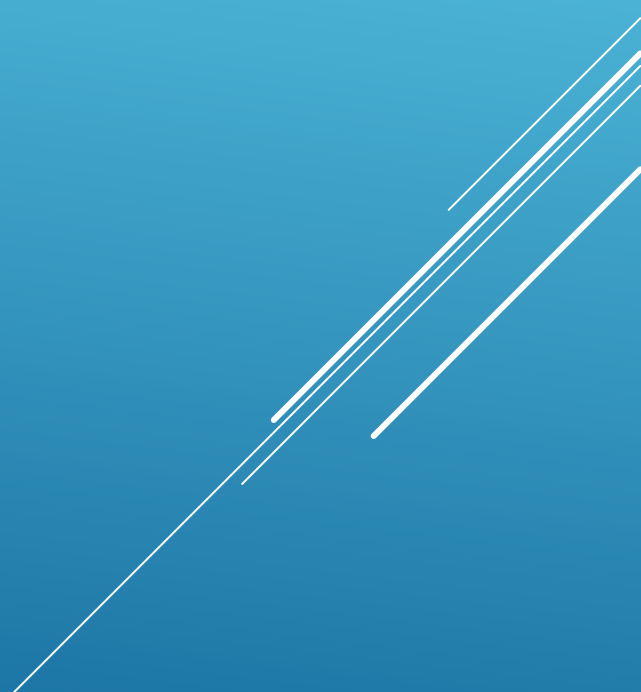
# Industrial Property Valuation (cont'd)

## **Market Approach:**

- Comparable sales of like property.
  - Generally, industrial facilities are special purpose properties. Finding and accurately adjusting comparables can be very difficult.
  - Data Sources: Comparable property sales price and data.
  - Data Sources: Property owner's income statement and financial markets
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# Refinery Appraisals

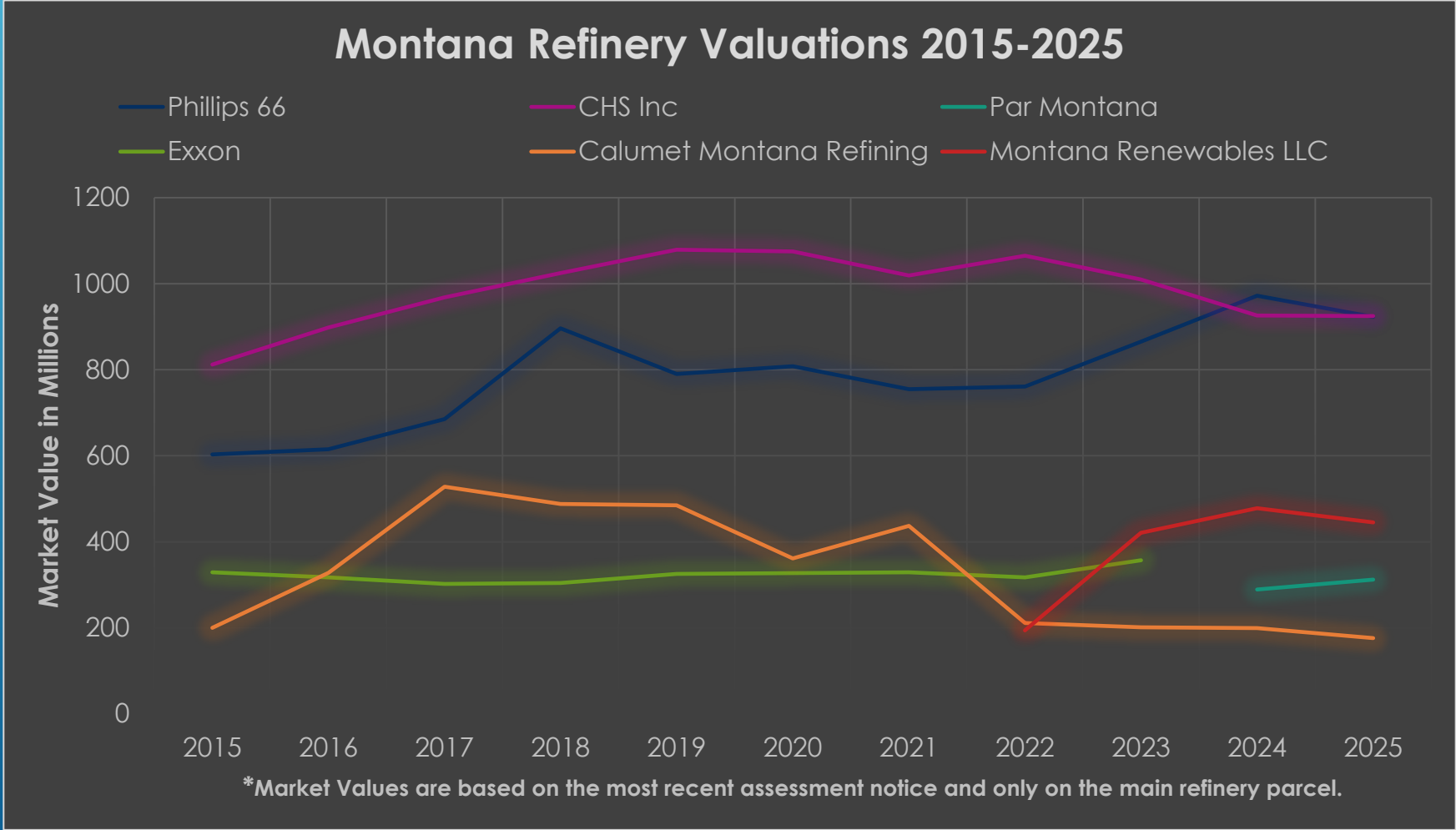
- Refineries Located in Montana
- Appraisal Process



## Fuel Production Refineries Located in Montana

- Phillips 66 – Yellowstone County
  - CHS Inc – Yellowstone County
  - Par Montana – Yellowstone County
  - Calumet Montana Refining – Cascade County
  - Montana Renewables LLC – Cascade County
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# Historical Appraisals







# Fuel Production Refinery Appraisal Process

- Refinery Appraiser's
    - Market Approach
    - Income Approach
  - Reconciliation of the Approaches
  - Issue Assessment Notice
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# Fuel Production Refinery Appraisal Process

- Informal Review (AB-26)
- Appeal
  - CTAB
  - MTAB

# Industrial Unit Contact Information

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