

SENATE BILL 121

IN THE SENATE

January 16, 1979	Introduced and referred to Committee on Taxation.
January 17, 1979	Fiscal note requested.
January 23, 1979	Fiscal note returned.
April 20, 1979	Died in Committee.

1 Senate BILL NO. 121  
2 INTRODUCED BY Hager

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THAT ALL  
5 IMPROVEMENTS BE APPRAISED BASED ON 1972 MARKET VALUES;  
6 REQUIRING THAT THE DEPARTMENT OF REVENUE REAPPRAISE PROPERTY  
7 APPRAISED UNDER A DIFFERENT METHOD; PROVIDING FOR REFUNDS  
8 OF OVERPAYMENT OF 1978 PROPERTY TAXES BASED ON A DIFFERENT  
9 METHOD OF APPRAISAL; AND PROVIDING AN IMMEDIATE EFFECTIVE  
10 DATE."

11  
12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Method of appraising improvements. (1) In  
14 appraising all improvements, the department of revenue and  
15 its agents shall use an appraisal method based on market  
16 value in 1972.

17 (2) The appraised value of property determined under  
18 the method required in (1) shall be used to determine tax on  
19 the property due for taxable years beginning after December  
20 31, 1977, and ending when a new appraised value determined  
21 under a periodic revaluation, as provided in 15-7-111, is  
22 entered on assessment books.

23 Section 2. Department's duties to reappraise  
24 improvements -- refunds of overpayment. (1) The department  
25 of revenue and its agents shall:

1 (a) reappraise all improvements that were not  
2 appraised under the method required in [section 1], during  
3 the most recent revaluation of taxable property as required  
4 by 15-7-111;

5 (b) send notice of the new appraised value to owners  
6 of the property;

7 (c) revise assessment books as necessary; and

8 (d) certify to the governing body of each county the  
9 refunds to be made to owners in that county for overpayment  
10 of 1978 taxes on the property.

11 (2) The governing body of the county shall provide for  
12 refunds according to the procedure provided in 15-16-601.

13 Section 3. Effective date. This act is effective on  
14 passage and approval.

-End-

-2- SB 121  
INTRODUCED BILL

## STATE OF MONTANA

REQUEST NO. 24-79

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 17, 19 79, there is hereby submitted a Fiscal Note for Senate Bill 121 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION

This bill requires that all improvements be appraised based on 1972 market value; requiring that the Department of Revenue reappraise property appraised under a different method; providing for refunds of overpayment of 1978 property taxes based on a different method of appraisal; and providing an immediate effective date.

ASSUMPTIONS

- 1) The property not appraised using 1972 manuals is commercial property.
- 2) A sample of commercial property in Montana yields an average appraised value of \$50,000 for each parcel.
- 3) There are 26,757 parcels of commercial property in Montana.
- 4) The reduction in appraised value that results when 1972 manuals are used is equal to the 34% that was granted by the State Tax Appeal Board. (This is currently being litigated.)
- 5) The local levy to be refunded is equal to 200 mills.
- 6) The state levy to be refunded is equal to 9.2 mills.
- 7) Administrative costs
  - a. The values can be changed without field inspection.
  - b. The value can be recalculated, changed and refunds made in 1 man hour for each parcel.
  - c. The wage rate for the work will be \$3.75/hr.
- 8) The revaluation will not be completed until FY80.
- 9) The refunds will be for November 1978 and May 1978 payments.

FISCAL IMPACT

	Current Law FY80	Proposed Law FY80	Estimated Increase	FY81
Effect on Expenditures				
Costs in Assessors' offices	0	\$100,338	\$100,338	No Effect
Permissive Levy Refund		124,452	124,452	No Effect
University Levy Refund		233,348	233,348	No Effect
TOTAL EXPENDITURES	0	\$458,138	\$458,138	No Effect

AFFECT ON LOCAL GOVERNMENTS

Local governments will have to refund \$7.78 M in FY80, which will be accomplished by increasing mill levies on all property.

LONG-RANGE EFFECTS

The tax base will be eroded, so to maintain the same level of service mill levies will be higher than if the bill were not enacted.

*Richard L. Tracy*  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1/22/79

PREPARED BY DEPARTMENT OF REVENUE