House Bill 539

In The House

January 28, 1981	Introduced and referred to Committee on Taxation.
January 31, 1981	Fiscal note requested.
February 7, 1981	Fiscal note returned.
February 13, 1981	Committee recommend bill do not pass. Objection.
February 16, 1981	Bill printed and placed on members' desks.
February 17, 1981	Second reading do pass as amended.
February 20, 1981	Correctly engrossed.
February 24, 1981	Third reading passed.

In The Senate

March 2, 1981	Introduced and referred to Committee on Taxation.
March 19, 1981	Committee recommend bill not concurred.

In The House

March 29, 1981	Returned from Senate not concurred.

HOUSE BILL NO. 539

INTRODUCED BY

A BILL FOR AN ACT ENTITLED: "AN ACT TO LIMIT TAXABLE VALUE ON RESIDENTIAL PROPERTY; AMENDING SECTION 15-8-111, MCA."

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

NEW SECTION. Section 1. Limit on taxable value -- appeal. (1) When a county tax appeal board finds, upon appeal, that the taxable value on a residence exceeds 5% of the current year true market value, it shall require the department of revenue to reduce the taxable value on the residence to 5% of the current year true market value.

(2) For the purposes of subsection (1), "current year true market value" means the market value of the residence as of the year of the appeal, based upon an actual appraisal by a qualified appraiser acceptable to the county tax appeal board.

(3) (a) Appeals to the state tax appeal board under the provisions of subsections (1) and (2) may be made by either party to an appeal.

(b) The state tax appeal board may require an additional appraisal to be made on the residence.

(4) The cost of all appraisals shall be the responsibility of the owner of the residence for which the

taxable valuation is being appealed.

Section 2. Section 15-8-111, MCA, is amended to read:

"15-8-111. Assessment -- market value standard -- exceptions. (1) All taxable property must be assessed at 100% of its market value except as provided in subsection (5) of this section, ~~and~~ in 15-7-111 through 15-7-114, and in [section 1].

(2) 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 to sell and both having reasonable knowledge of relevant facts.

(3) The department of revenue or its agents may not adopt a lower or different standard of value from market value in making the official assessment and appraisal of the value of property in subsection (1)(a) of 15-6-131 and 15-6-134 through 15-6-140. For purposes of taxation, assessed value is the same as appraised value.

(4) The taxable value for all property in subsection (1)(a) of 15-6-131 and classes four through ten [class twenty, and class twenty-one] is the percentage of market value established for each class of property in subsection (2)(a) of 15-6-131 and 15-6-134 through 15-6-141 [and 15-6-121].

(5) The assessed value of properties in subsection (1)(b) of 15-6-131, 15-6-132, and 15-6-133 is as follows:

INTRODUCED BILL

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(a) Properties in subsection (1)(b) of 15-6-131, under class one, are assessed at 100% of the annual net proceeds after deducting the expenses specified and allowed by 15-23-503.

(b) Properties in 15-6-132 under class two are assessed at 100% of the annual gross proceeds.

(c) Properties in 15-6-133, under class three, are assessed at 100% of the productive capacity of the lands when valued for agricultural purposes. All lands that meet the qualifications of 15-7-202 are valued as agricultural lands for tax purposes.

(6) Land and the improvements thereon are separately assessed when any of the following conditions occur:

(a) ownership of the improvements is different from ownership of the land;

(b) the taxpayer makes a written request; or

(c) the land is outside an incorporated city or town.

(7) The taxable value of all property in subsection (1)(b) of 15-6-131 and classes two and three is the percentage of assessed value established in 15-6-131(2)(b), 15-6-132, and 15-6-133 [and 15-6-120] for each class of property."

-End-

STATE OF MONTANA

REQUEST NO. 267-81

FISCAL NOTE

Form BD-15

In compliance with a written request received February 3, 1981, there is hereby submitted a Fiscal Note for House Bill 539 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). 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

An act to limit taxable value on residential property.

EFFECT ON STATE REVENUE

It is not known what the total taxable value of property used for residences is or how many residences have a taxable value in excess of 5% of market value. A taxable value in excess of 5% of market value would imply an appraised value greater than 58.5% of market. Department of Revenue sales ratio studies indicate that the appraised value of residential property is on average about 50%-55% of market value. Thus, it is conceivable that perhaps forty percent of the residences in the state would be eligible to be revalued under this proposal. It is impossible to give an estimate of what the decrease in statewide taxable value might be since the distribution of appraised values which are greater than 58.5% of market value has not been analyzed.

EFFECT ON LOCAL GOVERNMENT

The residential property tax base of local government units would be decreased. The effect might be large in some units. This would cause a proportionate shift of the tax to other real property and personal property.

TECHNICAL NOTE

It is suggested that some qualifications be set for the "qualified appraiser acceptable to the county tax appeal board".

David M Lewis

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-6-81

PREPARED BY THE DEPARTMENT OF REVENUE

Objection by Committee
on Taxation
Motion to place
on second reading

HOUSE BILL NO. 539

INTRODUCED BY [illegible]

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(2) For the purposes of subsection (1), "current year true market value" means the market value of the residence as of the year of the appeal, based upon an actual appraisal by a qualified appraiser acceptable to the county tax appeal board.

(3) (a) Appeals to the state tax appeal board under the provisions of subsections (1) and (2) may be made by either party to an appeal.

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(6) Land and the improvements thereon are separately assessed when any of the following conditions occur:

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INTRODUCED BY HUENNEKENS

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(2) For the purposes of subsection (1), "current year true market value" means the market value of the residence as of the year of the appeal, based upon an actual appraisal by a qualified appraiser acceptable to the county tax appeal board.

(3) (a) Appeals to the state tax appeal board under the provisions of subsections (1) and (2) may be made by either party to an appeal.

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(5) The assessed value of properties in subsection

THIRD READING

(1)(b) of 15-6-131, 15-6-132, and 15-6-133 is as follows:

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-End-