

SB 192 INTRODUCED BY BOYLAN
REDUCE PROPERTY VALUATION TO PRICE OFFERED FOR SALE
AND EQUALIZE ACCORDINGLY

1/21 INTRODUCED
1/21 REFERRED TO TAXATION
1/21 FISCAL NOTE REQUESTED
1/27 FISCAL NOTE RECEIVED
2/04 HEARING
2/12 ADVERSE COMMITTEE REPORT ADOPTED 33 13

1 Senate BILL NO. 192
2 INTRODUCED BY Boyer
3

4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR A
5 REDUCTION IN PROPERTY VALUATION TO THE PRICE AT WHICH
6 PROPERTY IS OFFERED FOR SALE; REQUIRING THE DEPARTMENT OF
7 REVENUE TO ADJUST AND EQUALIZE SIMILAR PROPERTY BASED ON
8 SUCH REDUCTIONS; AMENDING SECTION 15-7-102, MCA; AND
9 PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE
10 APPLICABILITY DATE."
11

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

13 Section 1. Section 15-7-102, MCA, is amended to read:

14 "15-7-102. Notice of classification and appraisal to
15 owners -- appeals. (1) It shall be the duty of the
16 department of revenue to cause to be mailed to each owner
17 and purchaser under contract for deed a notice of the
18 classification of the land owned or being purchased by him
19 and the appraisal of the improvements thereon only if one or
20 more of the following changes pertaining to the land or
21 improvements have been made since the last notice:

- 22 (a) change in ownership;
- 23 (b) change in classification;
- 24 (c) change in valuation; or
- 25 (d) addition or subtraction of personal property

1 affixed to the land.

2 (2) The notice of classification and appraisal
3 provided by the department under subsection (1) must be on
4 a standardized form adopted by the department containing
5 sufficient information in a comprehensible manner designed
6 to fully inform the taxpayer as to the classification and
7 appraisal of his property and of changes over the prior tax
8 year.

9 (3) If the owner of any land and improvements is
10 dissatisfied with the appraisal or classification of his
11 land or improvements, he may submit his objection in writing
12 to the department's agent. The department shall give
13 reasonable notice to such taxpayer of the time and place of
14 hearing and hear any testimony or other evidence which the
15 taxpayer may desire to produce at such time and afford the
16 opportunity to other interested persons to produce evidence
17 at such hearing. Thereafter, the department shall determine
18 the true and correct appraisal and classification of such
19 land or improvements and forthwith notify the taxpayer of
20 its determination. In the notification, the department must
21 state its reasons for revising the classification or
22 appraisal. When so determined, the land shall be classified
23 and improvements appraised in the manner ordered by the
24 department, except as provided in [section 2].

25 (4) Whether a hearing as provided in subsection (3) is



1 held or not, the department or its agent may not adjust an
2 appraisal or classification upon taxpayer's objection
3 unless:

4 (a) the taxpayer has submitted his objection in
5 writing; and

6 (b) the department or its agent has stated its reason
7 in writing for making the adjustment.

8 (5) A taxpayer's written objection to a classification
9 or appraisal and the department's notification to the
10 taxpayer of its determination and the reason for that
11 determination are public records. Each county appraiser
12 shall make such records available for inspection during
13 regular office hours.

14 (6) If any property owner shall feel aggrieved at the
15 classification and/or the appraisal so made by the
16 department, he shall have the right to appeal to the county
17 tax appeal board and then to the state tax appeal board,
18 whose findings shall be final subject to the right of review
19 in the proper court or courts."

20 NEW SECTION. Section 2. Reduction in valuation to
21 price at which property offered for sale. (1) Except as
22 provided in subsection (2), the department shall reduce the
23 appraised value of a taxpayer's property to the value at
24 which the taxpayer offers it for sale on the local real
25 estate market if:

1 (a) the taxpayer notifies the department in writing on
2 or before the date of the hearing set by the department
3 under 15-7-102 that the taxpayer intends to offer the
4 property for sale at a stated figure that is lower than the
5 amount in the notice of classification and appraisal;

6 (b) within 10 days after receiving the department's
7 determination of the issues heard under 15-7-102, the
8 taxpayer lists the property with a licensed real estate
9 broker in the county where the property is situated for the
10 sale price indicated by the taxpayer in subsection (1)(a);

11 (c) the real estate broker advertises the property for
12 sale at the stated price in a newspaper of general
13 circulation in the county for not less than 20 days;

14 (d) the real estate broker executes an affidavit
15 identifying the newspaper publisher, indicating the content
16 of the advertisement and number of days published, and
17 declaring that no written offer, if any, received by the
18 broker or his agents for the stated sale price as of the
19 date of execution of the affidavit was rejected by the
20 taxpayer; and

21 (e) within 45 days of receiving the department's
22 determination of the issues heard under 15-7-102, the
23 taxpayer applies to the department for a reduction in
24 valuation to the stated sale price and provides the
25 affidavit of the real estate broker to the department.

1 (2) If the department believes that the taxpayer or
 2 real estate broker did not engage in a good faith effort to
 3 offer the taxpayer's property for sale under subsection (1),
 4 the burden is on the department to prove that fact by a
 5 preponderance of the evidence in an appeal by the department
 6 to the county tax appeal board. If the department fails to
 7 carry its burden, the county tax appeal board shall order
 8 the department to value the property at the advertised sale
 9 price.

1 1986.

-End-

10 (3) The department shall adjust and equalize values of
 11 property in accordance with 15-9-101, based on reductions
 12 made to similar property under subsection (1).

13 NEW SECTION. Section 3. Extension of authority. Any
 14 existing authority of the department of revenue to make
 15 rules on the subject of the provisions of this act is
 16 extended to the provisions of this act.

17 NEW SECTION. Section 4. Codification instruction.
 18 Section 2 is intended to be codified as an integral part of
 19 Title 15, chapter 7, part 1, and the provisions of Title 15
 20 apply to section 2.

21 NEW SECTION. Section 5. Effective date --
 22 applicability. (1) This act is effective on passage and
 23 approval.

24 (2) This act applies retroactively, within the meaning
 25 of 1-2-109, to taxable years beginning after December 31,

STATE OF MONTANA - FISCAL NOTE

Form BD-15

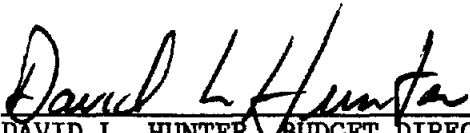
In compliance with a written request, there is hereby submitted a Fiscal Note for SB192, as introduced.


DESCRIPTION OF PROPOSED LEGISLATION:

An act providing for a reduction in property valuation to the price at which property is offered for sale; requiring the Department of Revenue to adjust and equalize similar property based on such reductions; and providing an immediate effective date.

FISCAL IMPACT:

It is impossible to estimate the impact of the proposal. It is not known how many taxpayers will follow the procedures contained in the proposal, nor is the possible reduction in their taxable values known. However, the proposal could have a significant impact on the revenue of some taxing jurisdictions where values have declined significantly since 1982 -- the base year for reappraisal. In these "slow housing market" areas, property could be offered for sale for 20 days without any written offers; allowing the taxpayer to place whatever value he wishes on his property.

 DATE 1/24/87
DAVID L. HUNTER, BUDGET DIRECTOR
Office of Budget and Program Planning

 DATE 27 Jan 87
PAUL BOYLAN, PRIMARY SPONSOR
Fiscal Note for SB192, as introduced.

SB 192