

HOUSE BILL NO. 52

INTRODUCED BY COHEN
BY REQUEST OF THE DEPARTMENT OF REVENUE

IN THE HOUSE

JULY 11, 1992 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

FIRST READING.

JULY 16, 1992 COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

PRINTING REPORT.

SECOND READING, DO PASS AS AMENDED.

THIRD READING, PASSED.
AYES, 83; NOES, 11.

JULY 17, 1992 ENGROSSING REPORT.

TRANSMITTED TO SENATE.

IN THE SENATE

JULY 17, 1992 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

FIRST READING.

COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

JULY 18, 1992 SECOND READING, CONCURRED IN.

THIRD READING, CONCURRED IN.
AYES, 49; NOES, 0.

RETURNED TO HOUSE.

IN THE HOUSE

JULY 18, 1992 RECEIVED FROM SENATE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 House BILL NO. 52
2 INTRODUCED BY _____
3 BY REQUEST OF THE DEPARTMENT OF REVENUE
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT PLACING THE NEW
6 PROPERTY TAX VALUES DETERMINED DURING THE RECENT REAPPRAISAL
7 CYCLE ON THE TAX ROLLS FOR THE 1993 TAX YEAR INSTEAD OF THE
8 1994 TAX YEAR; AMENDING SECTIONS 15-7-111, 15-7-132, AND
9 15-7-133, MCA, AND SECTIONS 13, 14, AND 15, CHAPTER 680,
10 LAWS OF 1991; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."
11

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

13 **Section 1.** Section 13, Chapter 680, Laws of 1991, is
14 amended to read:

15 "Section 13. **Applicability dates.** (1) [Section 2]
16 applies retroactively, within the meaning of 1-2-109, to
17 property tax year 1991 and is applicable to taxable years
18 1992 and 1993.

19 (2) [Sections Section 6 through-9] apply applies to all
20 taxable years beginning after December 31, 1993.

21 (3) [Section 5] applies retroactively, within the
22 meaning of 1-2-109, to taxable years beginning after
23 December 31, 1990.

24 (4) [Sections 7 through 9] apply to all taxable years
25 beginning after December 31, 1992."

1 **Section 2.** Section 14, Chapter 680, Laws of 1991, is
2 amended to read:

3 "Section 14. **Termination.** [Sections 1 and 2] terminate
4 December 31, ~~1993~~ 1992."

5 **Section 3.** Section 15, Chapter 680, Laws of 1991, is
6 amended to read:

7 "Section 15. **Effective dates.** (1) Except as provided in
8 subsection subsections (2) and (3), [this act] is effective
9 on passage and approval.

10 (2) [Sections 6 through and 10] are effective July 1,
11 1993.

12 (3) [Sections 7 through 9] are effective January 1,
13 1993."

14 **Section 4.** Section 15-7-111, MCA, is amended to read:

15 "15-7-111. (Temporary) **Periodic revaluation of taxable**
16 **property -- publication of sales assessment ratio studies --**
17 **appeal of revaluations -- public hearing.** (1) The department
18 of revenue shall administer and supervise a program for the
19 revaluation of all taxable property within the state at
20 least every 5 years. A comprehensive written reappraisal
21 plan shall be promulgated by the department. The reappraisal
22 plan adopted shall provide that all property in each county
23 shall be revalued at least every 5 years. The department
24 shall furnish a copy of the plan and all amendments to the
25 plan to the board of county commissioners in each county.

1 (2) The new values determined during a revaluation
2 cycle must be provided to the taxpayers at the end of the
3 revaluation cycle but may not be placed on the tax rolls
4 until 1 year following the completion of the revaluation
5 cycle.

6 (3) A taxpayer shall appeal the new value in advance of
7 its placement on the tax rolls by filing an appeal pursuant
8 to 15-15-102 before the first Monday in June or 15 days
9 after receiving notice of the new valuation amount,
10 whichever is later, or be barred from appealing for
11 untimeliness.

12 (4) (a) For the taxable year beginning January 1, 1990,
13 and for every taxable year thereafter, the department shall
14 conduct a stratified sales assessment ratio study of all
15 residential land and improvements, agricultural 1-acre
16 homesites and improvements, and commercial land and
17 improvements. Residential improvements include condominiums
18 but do not include mobile homes or housetrailer that are
19 not taxed as an improvement as defined in 15-1-101. The
20 sales assessment ratio based on property sales finalized and
21 recorded by no later than November 1 must be used to
22 determine appraisals for the immediately succeeding tax
23 year.

24 (b) (i) For tax year 1991, if the result of the
25 stratified sales assessment ratio study performed pursuant

1 to subsection (4)(a) on residential property for tax year
2 1990 shows for any area an assessment level of less than
3 80%, the department shall perform a reappraisal of the
4 residential property in the area. The reappraisal must be
5 performed using a computer-assisted mass appraisal system
6 based on the market approach to value, using comparable
7 sales of similar property. If insufficient sales are
8 available for market modeling, the department shall
9 reappraise the property using the cost approach to value.

10 (ii) For tax year 1992, if the result of the stratified
11 sales assessment ratio study performed pursuant to
12 subsection (4)(a) on residential property for tax year 1991
13 shows for any area an assessment level of less than 80% or a
14 coefficient of dispersion with respect to the value weighted
15 mean ratio of more than 20%, rounded to the nearest 0.1%,
16 and an adjustment multiplier of 1.01 or greater, the
17 department shall perform a reappraisal of the residential
18 property in the area. The reappraisal must be performed
19 using the same criteria provided in subsection (4)(b)(i).

20 (iii) For tax year 1993, if the result of the stratified
21 sales assessment ratio study performed pursuant to
22 subsection (4)(a) on residential property for tax year 1992
23 shows for any area an adjustment multiplier of 1.01 or
24 greater, the department shall perform a reappraisal of the
25 residential property in the area. The reappraisal must be

1 performed using the same criteria provided in subsection
2 (4)(b)(i).

3 (iv) For those areas subject to reappraisal under the
4 provisions of subsection (4)(b)(i) for tax year 1992, the
5 department shall compare the stratified sales assessment
6 ratio study performed in 1991 to the 1991 assessed value to
7 determine whether the area will be subject to further
8 appraisal. If that comparison of residential property shows
9 for the area a coefficient of dispersion with respect to the
10 value weighted mean ratio of more than 20%, rounded to the
11 nearest 0.1%, and an adjustment multiplier of 1.01 or
12 greater, the department shall reappraise the area. The
13 reappraisal must be performed using the same criteria
14 provided in subsection (4)(b)(i).

15 (5) The study required in subsection (4) must be based
16 on:

17 (a) commonly accepted statistical standards and
18 methodology;

19 (b) a statistically valid sample of sales, using data
20 from realty transfer certificates filed for up to 3 taxable
21 years prior to the year the study is made, taking into
22 account the dates of the included sales in the statistical
23 analysis; and

24 (c) the assessments and sales for areas of the state
25 that are economically, demographically, and geographically

1 similar in order to determine the sales assessment ratios
2 for a specific area.

3 (6) For purposes of conducting the study required by
4 subsection (4), the department shall partition the state
5 into as many as 100 areas for residential property and as
6 many as 20 areas for commercial property. The areas must
7 contain statistically sufficient numbers of sales and be as
8 economically and demographically homogeneous as reasonably
9 practicable.

10 (7) The department shall use the following procedure to
11 validate sales information:

12 (a) Department staff who did not participate in the
13 determination of appraised values are required to review the
14 sales transactions evidenced by a realty transfer
15 certificate. The review must be conducted to determine
16 whether each sale used in the study was a valid,
17 arm's-length transaction. Only valid, arm's-length sales may
18 be used in the sales assessment ratio study.

19 (b) The sales information entered in the
20 computer-assisted appraisal system is considered
21 confidential, as provided in 15-7-308. However, the
22 department shall annually publish a report containing the
23 results of all sales assessment ratio studies done in each
24 of the areas described in subsection (6). The report
25 containing the results of the study must be made available

1 to the public by request or by general disclosure.

2 (c) The department shall exclude from the sales
3 assessment ratio study any parcels in which the improvements
4 have been remodeled, reconstructed, or expanded between the
5 time of the assessment and the time of the sales.

6 (d) The department shall exclude sales assessment
7 ratios of less than 50% or greater than 200%.

8 (8) (a) The department shall have equalized property
9 values throughout the state and may not make further
10 adjustments to values under this section when the
11 assessments for each stratum within each area identified in
12 subsection (6) are rescaled to bring all ratios to within
13 plus or minus 5% of common value 1 and when the sample size
14 produces a standard error of less than 5%.

15 (b) Under the method described in subsection (8)(a),
16 taxable property in each area is considered revalued for
17 each tax year, based on the results of the sales assessment
18 ratio study and the adjustments required by that study.

19 (c) Assessments in an area are considered equalized
20 under subsection (8)(a) if the ratio for the area is within
21 plus or minus 5% of common value 1.

22 (9) If the results of the stratified sales assessment
23 ratio study required under this section show an increase in
24 the percentage adjustment in excess of 10% in an area
25 designation, the department shall conduct a public hearing

1 in that area designation to present information showing the
2 reasons for the increase.

3 ~~15-7-111--(Effective-July-17-1993)-Periodic-revaluation~~
4 ~~of-taxable-property---public-hearing--(1)-The-department-of~~
5 ~~revenue--shall--administer--and--supervise-a-program-for-the~~
6 ~~revaluation-of-all-taxable--property--within--the--state--at~~
7 ~~least--every--3--years--A-comprehensive-written-reappraisal~~
8 ~~plan-shall-be-promulgated-by-the-department--The-reappraisal~~
9 ~~plan-adopted-shall-provide-that-all-property-in-each--county~~
10 ~~shall--be--revalued--at--least-every-3-years--The-department~~
11 ~~shall-furnish-a-copy-of-the-plan-and-all-amendments--to--the~~
12 ~~plan-to-the-board-of-county-commissioners-in-each-county--~~

13 ~~(2)--(a)-Residential--improvements--include-condominiums~~
14 ~~but-do-not-include-mobile-homes-or--housetrailers--that--are~~
15 ~~not-taxed-as-an-improvement-as-defined-in-15-1-101--~~

16 ~~(b)--(1)-For--tax--year--1991--if--the--result--of--the~~
17 ~~stratified---sales---assessment--ratio--study--performed--on~~
18 ~~residential-property-for-tax-year-1990-shows-for-any-area-an~~
19 ~~assessment-level-of-less--than--80%--the--department--shall~~
20 ~~perform--a--reappraisal--of--the-residential-property-in-the~~
21 ~~area--The--reappraisal--must--be--performed--using--a~~
22 ~~computer-assisted--mass-appraisal-system-based-on-the-market~~
23 ~~approach--to--value--using--comparable--sales--of--similar~~
24 ~~property--if--insufficient--sales--are--available--for-market~~
25 ~~modeling--the-department-shall-reappraise-the-property-using~~

1 the-cost-approach-to-value:

2 (ii) For tax year 1992, if the result of the stratified
3 sales assessment ratio study performed on residential
4 property for tax year 1991 shows for any area an assessment
5 level of less than 80% or a coefficient of dispersion with
6 respect to the value-weighted mean ratio of more than 20%,
7 rounded to the nearest 0.1%, and an adjustment multiplier of
8 1.01 or greater, the department shall perform a reappraisal
9 of the residential property in the area. The reappraisal
10 must be performed using the same criteria provided in
11 subsection (2)(b)(i):

12 (iii) For tax year 1993, if the result of the stratified
13 sales assessment ratio study performed on residential
14 property for tax year 1992 shows for any area an adjustment
15 multiplier of 1.01 or greater, the department shall perform
16 a reappraisal of the residential property in the area. The
17 reappraisal must be performed using the same criteria
18 provided in subsection (2)(b)(i):

19 (iv) For those areas subject to reappraisal under the
20 provisions of subsection (2)(b)(i) for tax year 1992, the
21 department shall compare the stratified sales assessment
22 ratio study performed in 1991 to the 1991 assessed value to
23 determine whether the area will be subject to further
24 appraisal. If that comparison of residential property shows
25 for the area a coefficient of dispersion with respect to the

1 value-weighted mean ratio of more than 20%, rounded to the
2 nearest 0.1%, and an adjustment multiplier of 1.01 or
3 greater, the department shall reappraise the area. The
4 reappraisal must be performed using the same criteria
5 provided in subsection (2)(b)(i):

6 (3) If the results of the stratified sales assessment
7 ratio study required under this section show an increase in
8 the percentage adjustment in excess of 10% in an area
9 designation, the department shall conduct a public hearing
10 in that area designation to present information showing the
11 reasons for the increase:

12 15-7-111. (Effective January 1, 1994 1993) Periodic
13 revaluation of taxable property. The (1) The department of
14 revenue shall administer and supervise a program for the
15 revaluation of all taxable property within the state. The
16 department shall complete this revaluation program by
17 December 31, 1996. A comprehensive written reappraisal plan
18 must be promulgated by the department. The reappraisal plan
19 adopted must provide that all property in each county be
20 revalued by December 31, 1996. The department shall furnish
21 a copy of the plan and all amendments to the plan to the
22 board of county commissioners of each county.

23 (2) Beginning January 1, 1997, the department of
24 revenue shall administer and supervise a program for the
25 revaluation of all taxable property within the state at

1 least every 3 years. A comprehensive written reappraisal
 2 plan ~~shall~~ must be promulgated by the department. The
 3 reappraisal plan adopted ~~shall~~ must provide that all
 4 property in each county ~~shall~~ be revalued at least every 3
 5 years. The department shall furnish a copy of the plan and
 6 all amendments to the plan to the board of county
 7 commissioners in of each county."

8 **Section 5.** Section 15-7-132, MCA, is amended to read:

9 "15-7-132. (Temporary) Purpose. (1) It is the purpose
 10 of 5-18-115 and 15-7-131 through 15-7-133 to provide an
 11 additional 2 years for completion of the current revaluation
 12 cycle, implemented pursuant to 15-7-111 through 15-7-114, in
 13 order to permit the department of revenue to comply with the
 14 revaluation requirements of 15-7-111 through 15-7-114 in a
 15 manner that implements the policy provided for in 15-7-131.

16 (2) It is not necessary for the department to commence
 17 another 5-year revaluation cycle ~~pursuant to 15-7-111~~ until
 18 January 1, 1993. (Repealed effective July 1, 1993--sec. 10,
 19 Ch. 680, L. 1991.)"

20 **Section 6.** Section 15-7-133, MCA, is amended to read:

21 "15-7-133. (Temporary) Extension of current revaluation
 22 cycle. (1) Notwithstanding the provisions of 15-7-111
 23 through 15-7-114, the current revaluation cycle,
 24 implementing 15-7-111, scheduled to end on December 31,
 25 1990, and representing a 5-year period commencing January 1,

1 1986, is hereby extended for an additional 2 years, ending
 2 December 31, 1992. The new values determined during this
 3 period must be placed on the tax rolls in ~~accordance--with~~
 4 15-7-111(2) the year immediately following the completion of
 5 the revaluation cycle.

6 (2) It is not necessary for the department to commence
 7 another 5-year revaluation cycle pursuant to 15-7-111 until
 8 January 1, 1993.

9 (3) The extension provided for in subsection (1) does
 10 not affect the validity of any assessment made or any taxes
 11 levied during the period from January 1, 1986, to December
 12 31, 1992. (Repealed effective July 1, 1993--sec. 10, Ch.
 13 680, L. 1991.)"

14 NEW SECTION. **Section 7.** Effective date. [This act] is
 15 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0052, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:


An act placing the new property tax values determined during the recent reappraisal cycle on the tax rolls for the 1993 tax year instead of the 1994 tax year; and providing an immediate effective date.

1) New property values determined during the recent reappraisal cycle.

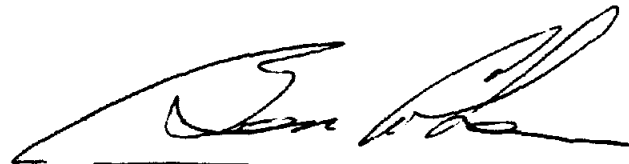
- a) Under current law the new property values would be placed on the tax rolls on Jan. 1, 1994. The proposal would expedite this process and place the new property values on the tax rolls on Jan. 1, 1993.
- b) Under current law, for tax year 1993, some areas of the state will receive the new reappraised property values (due to results of the previous years sales ratio study), while the remainder of the state will not receive the new reappraised property values until tax year 1994. The bill would apply the new reappraised property values to all taxpayers at the same time.
- c) Under current law it is required that each taxpayer be notified (by mail) as to the new reappraised value of their property for tax year 1994. However, this notification of new reappraised value would be sent in 1993 and is in addition to the regular 1993 assessment value notification. Receiving two differing valuations for the same property in the same year could cause confusion for the taxpayer. By placing the reappraised values on the tax rolls on Jan. 1, 1993, the proposal would eliminate the situation of two tax notices being mailed out. Thus, expenditures are reduced. This would also allow property assessment staff and assessors offices to allocate resources to meet other statutory obligations.

2) Sales ratio study adjustments of property values.

- a) Under current law a sales ratio study would be conducted for tax year 1993 and it is likely that some areas of the state would require a sales ratio adjustment to be implemented to determine tax year 1993 assessment values. An assessment notice containing a sales ratio adjusted assessment, accompanied with another with another notification of the new reappraised property value for tax year 1994, has the potential for taxpayer confusion. The proposal would eliminate confusing sales ratio study adjustments.



STEVE YEAKEL, BUDGET DIRECTOR 7/16/92 DATE
Office of Budget and Program Planning



BEN COHEN, PRIMARY SPONSOR DATE
Fiscal Note for HB0052, as introduced

HB52

(continued)

- b) The State Tax Appeal Board has ruled that the current use of sales ratio study adjustments may be unconstitutional. Under current law a sales ratio study would again be conducted and sales ratio adjustments implemented for tax year 1993. There is a possibility, due to future court rulings, that all sales ratio adjustments to property values may have to be "rolled back". The proposal would minimize the potential difficult administrative task of rolling back sales ratio adjustments and eliminate additional lawsuits for tax year 1993.
- c) By eliminating the mandated sales ratio study for tax year 1993, the proposal will allow property assessment staff and local assessors offices to allocate resources to meet other statutory obligations.

FISCAL IMPACT:

The proposal will impact each real residential and commercial property taxpayer in the state. The proposal addresses new property values resulting from the recent reappraisal cycle and the sales ratio study adjustments of property values.

The proposal should have little impact on the total statewide taxable valuation. This is due to previous annual sales ratio study adjustments to assessed valuations. The purpose of the annual adjustments was to maintain the assessment level of each area close to 100% of true market value.

APPROVED BY COMMITTEE
ON TAXATION

1 House BILL NO. 52
2 INTRODUCED BY _____
3 BY REQUEST OF THE DEPARTMENT OF REVENUE
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT PLACING THE NEW
6 PROPERTY TAX VALUES DETERMINED DURING THE RECENT REAPPRAISAL
7 CYCLE ON THE TAX ROLLS FOR THE 1993 TAX YEAR INSTEAD OF THE
8 1994 TAX YEAR; AMENDING SECTIONS 15-7-111, 15-7-132, AND
9 15-7-133, MCA, AND SECTIONS 13, 14, AND 15, CHAPTER 680,
10 LAWS OF 1991; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."
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12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 13, Chapter 680, Laws of 1991, is
14 amended to read:

15 "Section 13. **Applicability dates.** (1) [Section 2]
16 applies retroactively, within the meaning of 1-2-109, to
17 property tax year 1991 and is applicable to taxable years
18 1992 and 1993.

19 (2) [Sections Section 6 through-9] apply applies to all
20 taxable years beginning after December 31, 1993.

21 (3) [Section 5] applies retroactively, within the
22 meaning of 1-2-109, to taxable years beginning after
23 December 31, 1990.

24 (4) [Sections 7 through 9] apply to all taxable years
25 beginning after December 31, 1992."

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2 amended to read:

3 "Section 14. **Termination.** [Sections 1 and 2] terminate
4 December 31, ~~1993~~ 1992."

5 **Section 3.** Section 15, Chapter 680, Laws of 1991, is
6 amended to read:

7 "Section 15. **Effective dates.** (1) Except as provided in
8 subsection subsections (2) and (3), [this act] is effective
9 on passage and approval.

10 (2) [Sections 6 through and 10] are effective July 1,
11 1993.

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13 1993."

14 **Section 4.** Section 15-7-111, MCA, is amended to read:

15 "15-7-111. (**Temporary**) **Periodic revaluation of taxable**
16 **property -- publication of sales assessment ratio studies --**
17 **appeal of revaluations -- public hearing.** (1) The department
18 of revenue shall administer and supervise a program for the
19 revaluation of all taxable property within the state at
20 least every 5 years. A comprehensive written reappraisal
21 plan shall be promulgated by the department. The reappraisal
22 plan adopted shall provide that all property in each county
23 shall be revalued at least every 5 years. The department
24 shall furnish a copy of the plan and all amendments to the
25 plan to the board of county commissioners in each county.



1 (2) The new values determined during a revaluation
2 cycle must be provided to the taxpayers at the end of the
3 revaluation cycle but may not be placed on the tax rolls
4 until 1 year following the completion of the revaluation
5 cycle.

6 (3) A taxpayer shall appeal the new value in advance of
7 its placement on the tax rolls by filing an appeal pursuant
8 to 15-15-102 before the first Monday in June or 15 days
9 after receiving notice of the new valuation amount,
10 whichever is later, or be barred from appealing for
11 untimeliness.

12 (4) (a) For the taxable year beginning January 1, 1990,
13 and for every taxable year thereafter, the department shall
14 conduct a stratified sales assessment ratio study of all
15 residential land and improvements, agricultural 1-acre
16 homesites and improvements, and commercial land and
17 improvements. Residential improvements include condominiums
18 but do not include mobile homes or housetrailer that are
19 not taxed as an improvement as defined in 15-1-101. The
20 sales assessment ratio based on property sales finalized and
21 recorded by no later than November 1 must be used to
22 determine appraisals for the immediately succeeding tax
23 year.

24 (b) (i) For tax year 1991, if the result of the
25 stratified sales assessment ratio study performed pursuant

1 to subsection (4)(a) on residential property for tax year
2 1990 shows for any area an assessment level of less than
3 80%, the department shall perform a reappraisal of the
4 residential property in the area. The reappraisal must be
5 performed using a computer-assisted mass appraisal system
6 based on the market approach to value, using comparable
7 sales of similar property. If insufficient sales are
8 available for market modeling, the department shall
9 reappraise the property using the cost approach to value.

10 (ii) For tax year 1992, if the result of the stratified
11 sales assessment ratio study performed pursuant to
12 subsection (4)(a) on residential property for tax year 1991
13 shows for any area an assessment level of less than 80% or a
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15 mean ratio of more than 20%, rounded to the nearest 0.1%,
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1 performed using the same criteria provided in subsection
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4 provisions of subsection (4)(b)(i) for tax year 1992, the
5 department shall compare the stratified sales assessment
6 ratio study performed in 1991 to the 1991 assessed value to
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8 appraisal. If that comparison of residential property shows
9 for the area a coefficient of dispersion with respect to the
10 value weighted mean ratio of more than 20%, rounded to the
11 nearest 0.1%, and an adjustment multiplier of 1.01 or
12 greater, the department shall reappraise the area. The
13 reappraisal must be performed using the same criteria
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15 (5) The study required in subsection (4) must be based
16 on:

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18 methodology;

19 (b) a statistically valid sample of sales, using data
20 from realty transfer certificates filed for up to 3 taxable
21 years prior to the year the study is made, taking into
22 account the dates of the included sales in the statistical
23 analysis; and

24 (c) the assessments and sales for areas of the state
25 that are economically, demographically, and geographically

1 similar in order to determine the sales assessment ratios
2 for a specific area.

3 (6) For purposes of conducting the study required by
4 subsection (4), the department shall partition the state
5 into as many as 100 areas for residential property and as
6 many as 20 areas for commercial property. The areas must
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11 validate sales information:

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16 whether each sale used in the study was a valid,
17 arm's-length transaction. Only valid, arm's-length sales may
18 be used in the sales assessment ratio study.

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20 computer-assisted appraisal system is considered
21 confidential, as provided in 15-7-308. However, the
22 department shall annually publish a report containing the
23 results of all sales assessment ratio studies done in each
24 of the areas described in subsection (6). The report
25 containing the results of the study must be made available

1 to the public by request or by general disclosure.

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3 assessment ratio study any parcels in which the improvements
4 have been remodeled, reconstructed, or expanded between the
5 time of the assessment and the time of the sales.

6 (d) The department shall exclude sales assessment
7 ratios of less than 50% or greater than 200%.

8 (8) (a) The department shall have equalized property
9 values throughout the state and may not make further
10 adjustments to values under this section when the
11 assessments for each stratum within each area identified in
12 subsection (6) are rescaled to bring all ratios to within
13 plus or minus 5% of common value 1 and when the sample size
14 produces a standard error of less than 5%.

15 (b) Under the method described in subsection (8)(a),
16 taxable property in each area is considered revalued for
17 each tax year, based on the results of the sales assessment
18 ratio study and the adjustments required by that study.

19 (c) Assessments in an area are considered equalized
20 under subsection (8)(a) if the ratio for the area is within
21 plus or minus 5% of common value 1.

22 (9) If the results of the stratified sales assessment
23 ratio study required under this section show an increase in
24 the percentage adjustment in excess of 10% in an area
25 designation, the department shall conduct a public hearing

1 in that area designation to present information showing the
2 reasons for the increase.

3 ~~15-7-111--(Effective-July-17-1993)-Periodic-revaluation~~
4 ~~of-taxable-property---public-hearing--(1)-The-department-of~~
5 ~~revenue--shall-administer--and-supervise-a-program-for-the~~
6 ~~revaluation-of-all-taxable-property--within--the--state--at~~
7 ~~least--every--3--years--A-comprehensive-written-reappraisal~~
8 ~~plan-shall-be-promulgated-by-the-department--The-reappraisal~~
9 ~~plan-adopted-shall-provide-that-all-property-in-each--county~~
10 ~~shall--be--revalued--at--least-every-3-years--The-department~~
11 ~~shall-furnish-a-copy-of-the-plan-and-all-amendments--to--the~~
12 ~~plan-to-the-board-of-county-commissioners-in-each-county--~~

13 ~~(2)--(a)-Residential--improvements--include-condominiums~~
14 ~~but-do-not-include-mobile-homes-or--housetrailers--that--are~~
15 ~~not-taxed-as-an-improvement-as-defined-in-15-1-101--~~

16 ~~(b)--(1)-For--tax--year--1991--if--the--result--of--the~~
17 ~~stratified---sales---assessment--ratio--study--performed--on~~
18 ~~residential-property-for-tax-year-1990-shows-for-any-area-an~~
19 ~~assessment-level-of-less--than--80%--the--department--shall~~
20 ~~perform--a--reappraisal--of--the-residential-property-in-the~~
21 ~~area--The---reappraisal---must---be---performed---using---a~~
22 ~~computer-assisted--mass-appraisal-system-based-on-the-market~~
23 ~~approach--to--value--using--comparable--sales--of--similar~~
24 ~~property--If--insufficient--sales--are--available-for-market~~
25 ~~modeling--the-department-shall-reappraise-the-property-using~~

1 the-cost-approach-to-value:

2 (ii)-For-tax-year-1992,if-the-result-of-the-stratified
3 sales-assessment-ratio-study-performed-on-residential
4 property-for-tax-year-1991-shows-for-any-area-an-assessment
5 level-of-less-than-80%or-a-coefficient-of-dispersion-with
6 respect-to-the-value-weighted-mean-ratio-of-more-than-20%,
7 rounded-to-the-nearest-0.1%,and-an-adjustment-multiplier-of
8 1.01-or-greater,the-department-shall-perform-a-reappraisal
9 of-the-residential-property-in-the-area.The-reappraisal
10 must-be-performed-using-the-same-criteria-provided-in
11 subsection-(2)(b)(i):

12 (iii)-For-tax-year-1993,if-the-result-of-the-stratified
13 sales-assessment-ratio-study-performed-on-residential
14 property-for-tax-year-1992-shows-for-any-area-an-adjustment
15 multiplier-of-1.01-or-greater,the-department-shall-perform
16 a-reappraisal-of-the-residential-property-in-the-area.The
17 reappraisal-must-be-performed-using-the-same-criteria
18 provided-in-subsection-(2)(b)(i):

19 (iv)-For-those-areas-subject-to-reappraisal-under-the
20 provisions-of-subsection-(2)(b)(i)-for-tax-year-1992,the
21 department-shall-compare-the-stratified-sales-assessment
22 ratio-study-performed-in-1991-to-the-1991-assessed-value-to
23 determine-whether-the-area-will-be-subject-to-further
24 appraisal--if-that-comparison-of-residential-property-shows
25 for-the-area-a-coefficient-of-dispersion-with-respect-to-the

1 value-weighted-mean-ratio-of-more-than-20%,rounded-to-the
2 nearest-0.1%,and-an-adjustment-multiplier-of-1.01-or
3 greater,the-department-shall-reappraise-the-area.The
4 reappraisal-must-be-performed-using-the-same-criteria
5 provided-in-subsection-(2)(b)(i):

6 (3)-if-the-results-of-the-stratified-sales-assessment
7 ratio-study-required-under-this-section-show-an-increase-in
8 the-percentage-adjustment-in-excess-of-10%in-an-area
9 designation,the-department-shall-conduct-a-public-hearing
10 in-that-area-designation-to-present-information-showing-the
11 reasons-for-the-increase:

12 15-7-111. (Effective January 1, 1994 1993) Periodic
13 revaluation of taxable property. The (1) The department of
14 revenue shall administer and supervise a program for the
15 revaluation of all taxable property within the state. The
16 department shall complete this revaluation program by
17 December 31, 1996. A comprehensive written reappraisal plan
18 must be promulgated by the department. The reappraisal plan
19 adopted must provide that all property in each county be
20 revalued by December 31, 1996. The department shall furnish
21 a copy of the plan and all amendments to the plan to the
22 board of county commissioners of each county.

23 (2) Beginning January 1, 1997, the department of
24 revenue shall administer and supervise a program for the
25 revaluation of all taxable property within the state at

1 least every 3 years. A comprehensive written reappraisal
 2 plan ~~shall~~ must be promulgated by the department. The
 3 reappraisal plan adopted ~~shall~~ must provide that all
 4 property in each county ~~shall~~ be revalued at least every 3
 5 years. The department shall furnish a copy of the plan and
 6 all amendments to the plan to the board of county
 7 commissioners ~~in~~ of each county."

8 **Section 5.** Section 15-7-132, MCA, is amended to read:

9 "15-7-132. (Temporary) Purpose. (1) It is the purpose
 10 of 5-18-115 and 15-7-131 through 15-7-133 to provide an
 11 additional 2 years for completion of the current revaluation
 12 cycle, implemented pursuant to 15-7-111 through 15-7-114, in
 13 order to permit the department of revenue to comply with the
 14 revaluation requirements of 15-7-111 through 15-7-114 in a
 15 manner that implements the policy provided for in 15-7-131.

16 (2) It is not necessary for the department to commence
 17 another 5-year revaluation cycle pursuant to ~~15-7-111~~ until
 18 January 1, 1993. (Repealed effective July 1, 1993--sec. 10,
 19 Ch. 680, L. 1991.)"

20 **Section 6.** Section 15-7-133, MCA, is amended to read:

21 "15-7-133. (Temporary) Extension of current revaluation
 22 cycle. (1) Notwithstanding the provisions of 15-7-111
 23 through 15-7-114, the current revaluation cycle,
 24 implementing 15-7-111, scheduled to end on December 31,
 25 1990, and representing a 5-year period commencing January 1,

1 1986, is hereby extended for an additional 2 years, ending
 2 December 31, 1992. The new values determined during this
 3 period must be placed on the tax rolls in accordance--with
 4 ~~15-7-111(2)~~ the year immediately following the completion of
 5 the revaluation cycle.

6 (2) It is not necessary for the department to commence
 7 another 5-year revaluation cycle pursuant to 15-7-111 until
 8 January 1, 1993.

9 (3) The extension provided for in subsection (1) does
 10 not affect the validity of any assessment made or any taxes
 11 levied during the period from January 1, 1986, to December
 12 31, 1992. (Repealed effective July 1, 1993--sec. 10, Ch.
 13 680, L. 1991.)"

14 NEW SECTION. **Section 7.** Effective date. [This act] is
 15 effective on passage and approval.

-End-

1 HOUSE BILL NO. 52
2 INTRODUCED BY COHEN
3 BY REQUEST OF THE DEPARTMENT OF REVENUE
4
5 A BILL FOR AN ACT ENTITLED: "AN ACT PLACING THE NEW
6 PROPERTY TAX VALUES DETERMINED DURING THE RECENT REAPPRAISAL
7 CYCLE ON THE TAX ROLLS FOR THE 1993 TAX YEAR INSTEAD OF THE
8 1994 TAX YEAR; PROVIDING AN EXTENSION OF THE REAPPRAISAL
9 CYCLE FOR CLASS THREE AGRICULTURAL LAND, WHICH REAPPRAISED
10 VALUES MUST BE PLACED ON THE TAX ROLLS IN THE YEAR FOLLOWING
11 COMPLETION OF THE REAPPRAISAL CYCLE; AMENDING SECTIONS
12 15-7-111, 15-7-132, AND 15-7-133, MCA, AND SECTIONS 13, 14,
13 AND 15, CHAPTER 680, LAWS OF 1991; AND PROVIDING AN
14 IMMEDIATE EFFECTIVE DATE."

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17 **Section 1.** Section 13, Chapter 680, Laws of 1991, is
18 amended to read:

19 "Section 13. **Applicability dates.** (1) [Section 2]
20 applies retroactively, within the meaning of 1-2-109, to
21 property tax year 1991 and is applicable to taxable years
22 1992 and 1993.

23 (2) [Sections Section 6 through-9] apply applies to all
24 taxable years beginning after December 31, 1993.

25 (3) [Section 5] applies retroactively, within the

1 meaning of 1-2-109, to taxable years beginning after
2 December 31, 1990.

3 (4) [Sections 7 through 9] apply to all taxable years
4 beginning after December 31, 1992."

5 **Section 2.** Section 14, Chapter 680, Laws of 1991, is
6 amended to read:

7 "Section 14. **Termination.** [Sections 1 and 2] terminate
8 December 31, ~~1993~~ 1992."

9 **Section 3.** Section 15, Chapter 680, Laws of 1991, is
10 amended to read:

11 "Section 15. **Effective dates.** (1) Except as provided in
12 subsection subsections (2) and (3), [this act] is effective
13 on passage and approval.

14 (2) [Sections 6 through and 10] are effective July 1,
15 1993.

16 (3) [Sections 7 through 9] are effective January 1,
17 1993."

18 **Section 4.** Section 15-7-111, MCA, is amended to read:

19 "15-7-111. (**Temporary**) Periodic revaluation of taxable
20 property -- publication of sales assessment ratio studies --
21 appeal of revaluations -- public hearing. (1) The department
22 of revenue shall administer and supervise a program for the
23 revaluation of all taxable property within the state at
24 least every 5 years. A comprehensive written reappraisal
25 plan shall be promulgated by the department. The reappraisal

1 plan adopted shall provide that all property in each county
2 shall be revalued at least every 5 years. The department
3 shall furnish a copy of the plan and all amendments to the
4 plan to the board of county commissioners in each county.

5 (2) The new values determined during a revaluation
6 cycle must be provided to the taxpayers at the end of the
7 revaluation cycle but may not be placed on the tax rolls
8 until 1 year following the completion of the revaluation
9 cycle.

10 (3) A taxpayer shall appeal the new value in advance of
11 its placement on the tax rolls by filing an appeal pursuant
12 to 15-15-102 before the first Monday in June or 15 days
13 after receiving notice of the new valuation amount,
14 whichever is later, or be barred from appealing for
15 untimeliness.

16 (4) (a) For the taxable year beginning January 1, 1990,
17 and for every taxable year thereafter, the department shall
18 conduct a stratified sales assessment ratio study of all
19 residential land and improvements, agricultural 1-acre
20 homesites and improvements, and commercial land and
21 improvements. Residential improvements include condominiums
22 but do not include mobile homes or housetrailers that are
23 not taxed as an improvement as defined in 15-1-101. The
24 sales assessment ratio based on property sales finalized and
25 recorded by no later than November 1 must be used to

1 determine appraisals for the immediately succeeding tax
2 year.

3 (b) (i) For tax year 1991, if the result of the
4 stratified sales assessment ratio study performed pursuant
5 to subsection (4)(a) on residential property for tax year
6 1990 shows for any area an assessment level of less than
7 80%, the department shall perform a reappraisal of the
8 residential property in the area. The reappraisal must be
9 performed using a computer-assisted mass appraisal system
10 based on the market approach to value, using comparable
11 sales of similar property. If insufficient sales are
12 available for market modeling, the department shall
13 reappraise the property using the cost approach to value.

14 (ii) For tax year 1992, if the result of the stratified
15 sales assessment ratio study performed pursuant to
16 subsection (4)(a) on residential property for tax year 1991
17 shows for any area an assessment level of less than 80% or a
18 coefficient of dispersion with respect to the value weighted
19 mean ratio of more than 20%, rounded to the nearest 0.1%,
20 and an adjustment multiplier of 1.01 or greater, the
21 department shall perform a reappraisal of the residential
22 property in the area. The reappraisal must be performed
23 using the same criteria provided in subsection (4)(b)(i).

24 (iii) For tax year 1993, if the result of the stratified
25 sales assessment ratio study performed pursuant to

1 subsection (4)(a) on residential property for tax year 1992
 2 shows for any area an adjustment multiplier of 1.01 or
 3 greater, the department shall perform a reappraisal of the
 4 residential property in the area. The reappraisal must be
 5 performed using the same criteria provided in subsection
 6 (4)(b)(i).

7 (iv) For those areas subject to reappraisal under the
 8 provisions of subsection (4)(b)(i) for tax year 1992, the
 9 department shall compare the stratified sales assessment
 10 ratio study performed in 1991 to the 1991 assessed value to
 11 determine whether the area will be subject to further
 12 appraisal. If that comparison of residential property shows
 13 for the area a coefficient of dispersion with respect to the
 14 value weighted mean ratio of more than 20%, rounded to the
 15 nearest 0.1%, and an adjustment multiplier of 1.01 or
 16 greater, the department shall reappraise the area. The
 17 reappraisal must be performed using the same criteria
 18 provided in subsection (4)(b)(i).

19 (5) The study required in subsection (4) must be based
 20 on:

21 (a) commonly accepted statistical standards and
 22 methodology;

23 (b) a statistically valid sample of sales, using data
 24 from realty transfer certificates filed for up to 3 taxable
 25 years prior to the year the study is made, taking into

1 account the dates of the included sales in the statistical
 2 analysis; and

3 (c) the assessments and sales for areas of the state
 4 that are economically, demographically, and geographically
 5 similar in order to determine the sales assessment ratios
 6 for a specific area.

7 (6) For purposes of conducting the study required by
 8 subsection (4), the department shall partition the state
 9 into as many as 100 areas for residential property and as
 10 many as 20 areas for commercial property. The areas must
 11 contain statistically sufficient numbers of sales and be as
 12 economically and demographically homogeneous as reasonably
 13 practicable.

14 (7) The department shall use the following procedure to
 15 validate sales information:

16 (a) Department staff who did not participate in the
 17 determination of appraised values are required to review the
 18 sales transactions evidenced by a realty transfer
 19 certificate. The review must be conducted to determine
 20 whether each sale used in the study was a valid,
 21 arm's-length transaction. Only valid, arm's-length sales may
 22 be used in the sales assessment ratio study.

23 (b) The sales information entered in the
 24 computer-assisted appraisal system is considered
 25 confidential, as provided in 15-7-308. However, the

1 department shall annually publish a report containing the
 2 results of all sales assessment ratio studies done in each
 3 of the areas described in subsection (6). The report
 4 containing the results of the study must be made available
 5 to the public by request or by general disclosure.

6 (c) The department shall exclude from the sales
 7 assessment ratio study any parcels in which the improvements
 8 have been remodeled, reconstructed, or expanded between the
 9 time of the assessment and the time of the sales.

10 (d) The department shall exclude sales assessment
 11 ratios of less than 50% or greater than 200%.

12 (8) (a) The department shall have equalized property
 13 values throughout the state and may not make further
 14 adjustments to values under this section when the
 15 assessments for each stratum within each area identified in
 16 subsection (6) are rescaled to bring all ratios to within
 17 plus or minus 5% of common value 1 and when the sample size
 18 produces a standard error of less than 5%.

19 (b) Under the method described in subsection (8)(a),
 20 taxable property in each area is considered revalued for
 21 each tax year, based on the results of the sales assessment
 22 ratio study and the adjustments required by that study.

23 (c) Assessments in an area are considered equalized
 24 under subsection (8)(a) if the ratio for the area is within
 25 plus or minus 5% of common value 1.

1 (9) If the results of the stratified sales assessment
 2 ratio study required under this section show an increase in
 3 the percentage adjustment in excess of 10% in an area
 4 designation, the department shall conduct a public hearing
 5 in that area designation to present information showing the
 6 reasons for the increase.

7 ~~15-7-111--(Effective-July-17-1993)-Periodic-revaluation~~
 8 ~~of-taxable-property---public-hearing--(1)-The-department-of~~
 9 ~~revenue-shall-administer-and-supervise--a-program--for--the~~
 10 ~~revaluation--of--all--taxable--property--within--the--state--at~~
 11 ~~least--every--3--years--A--comprehensive--written--reappraisal~~
 12 ~~plan--shall--be--promulgated--by--the--department--The--reappraisal~~
 13 ~~plan--adopted--shall--provide--that--all--property--in--each--county~~
 14 ~~shall--be--revalued--at--least--every--3--years--The--department~~
 15 ~~shall--furnish--a--copy--of--the--plan--and--all--amendments--to--the~~
 16 ~~plan--to--the--board--of--county--commissioners--in--each--county--~~

17 ~~(2)--(a)--Residential-improvements--include--condominiums~~
 18 ~~but--do--not--include--mobile--homes--or--housetrailers--that--are~~
 19 ~~not--taxed--as--an--improvement--as--defined--in--15-1-101--~~

20 ~~(b)--(1)--For--tax--year--1991--if--the--result--of--the~~
 21 ~~stratified--sales--assessment--ratio--study--performed--on~~
 22 ~~residential--property--for--tax--year--1990--shows--for--any--area--an~~
 23 ~~assessment--level--of--less--than--80%--the--department--shall~~
 24 ~~perform--a--reappraisal--of--the--residential--property--in--the~~
 25 ~~area--The--reappraisal--must--be--performed--using--a~~

1 computer-assisted mass appraisal system based on the market
2 approach to value, using comparable sales of similar
3 property. If insufficient sales are available for market
4 modeling, the department shall reappraise the property using
5 the cost approach to value.

6 (ii) For tax year 1992, if the result of the stratified
7 sales assessment ratio study performed on residential
8 property for tax year 1991 shows for any area an assessment
9 level of less than 80% or a coefficient of dispersion with
10 respect to the value-weighted mean ratio of more than 20%,
11 rounded to the nearest 0.1%, and an adjustment multiplier of
12 1.01 or greater, the department shall perform a reappraisal
13 of the residential property in the area. The reappraisal
14 must be performed using the same criteria provided in
15 subsection (2)(b)(i).

16 (iii) For tax year 1993, if the result of the stratified
17 sales assessment ratio study performed on residential
18 property for tax year 1992 shows for any area an adjustment
19 multiplier of 1.01 or greater, the department shall perform
20 a reappraisal of the residential property in the area. The
21 reappraisal must be performed using the same criteria
22 provided in subsection (2)(b)(i).

23 (iv) For those areas subject to reappraisal under the
24 provisions of subsection (2)(b)(i) for tax year 1992, the
25 department shall compare the stratified sales assessment

1 ratio study performed in 1991 to the 1991 assessed value to
2 determine whether the area will be subject to further
3 appraisal. If that comparison of residential property shows
4 for the area a coefficient of dispersion with respect to the
5 value-weighted mean ratio of more than 20%, rounded to the
6 nearest 0.1%, and an adjustment multiplier of 1.01 or
7 greater, the department shall reappraise the area. The
8 reappraisal must be performed using the same criteria
9 provided in subsection (2)(b)(i).

10 (3) If the results of the stratified sales assessment
11 ratio study required under this section show an increase in
12 the percentage adjustment in excess of 10% in an area
13 designation, the department shall conduct a public hearing
14 in that area designation to present information showing the
15 reasons for the increase.

16 15-7-111. (Effective January 1, 1994 1993) Periodic
17 revaluation of taxable property. The (1) The department of
18 revenue shall administer and supervise a program for the
19 revaluation of all taxable property within the state. The
20 department shall complete this revaluation program by
21 December 31, 1996. A comprehensive written reappraisal plan
22 must be promulgated by the department. The reappraisal plan
23 adopted must provide that all property in each county be
24 revalued by December 31, 1996. The department shall furnish
25 a copy of the plan and all amendments to the plan to the

1 board of county commissioners of each county.

2 (2) Beginning January 1, 1997, the department of
 3 revenue shall administer and supervise a program for the
 4 revaluation of all taxable property within the state at
 5 least every 3 years. A comprehensive written reappraisal
 6 plan ~~shall~~ must be promulgated by the department. The
 7 reappraisal plan adopted ~~shall~~ must provide that all
 8 property in each county ~~shall~~ be revalued at least every 3
 9 years. The department shall furnish a copy of the plan and
 10 all amendments to the plan to the board of county
 11 commissioners in of each county."

12 **Section 5.** Section 15-7-132, MCA, is amended to read:

13 "15-7-132. (Temporary) Purpose. (1) It is the purpose
 14 of 5-18-115 and 15-7-131 through 15-7-133 to provide an
 15 additional 2 years for completion of the current revaluation
 16 cycle, implemented pursuant to 15-7-111 through 15-7-114, in
 17 order to permit the department of revenue to comply with the
 18 revaluation requirements of 15-7-111 through 15-7-114 in a
 19 manner that implements the policy provided for in 15-7-131.

20 (2) It is not necessary for the department to commence
 21 another 5-year revaluation cycle ~~pursuant to 15-7-111~~ until
 22 January 1, 1993. (Repealed effective July 1, 1993--sec. 10,
 23 Ch. 680, L. 1991.)"

24 **Section 6.** Section 15-7-133, MCA, is amended to read:

25 "15-7-133. (Temporary) Extension of current revaluation

1 cycle. (1) Notwithstanding the provisions of 15-7-111
 2 through 15-7-114, the current revaluation cycle,
 3 implementing 15-7-111, scheduled to end on December 31,
 4 1990, and representing a 5-year period commencing January 1,
 5 1986, is hereby extended for an additional 2 years, ending
 6 December 31, 1992. The new values determined during this
 7 period must be placed on the tax rolls in ~~accordance with~~
 8 15-7-111(2) the year immediately following the completion of
 9 the revaluation cycle.

10 (2) It is not necessary for the department to commence
 11 another 5-year revaluation cycle pursuant to 15-7-111 until
 12 January 1, 1993.

13 (3) The extension provided for in subsection (1) does
 14 not affect the validity of any assessment made or any taxes
 15 levied during the period from January 1, 1986, to December
 16 31, 1992. (Repealed effective July 1, 1993--sec. 10, Ch.
 17 680, L. 1991.)"

18 **NEW SECTION. SECTION 7. EXTENSION OF REAPPRAISAL CYCLE**
 19 **FOR CLASS THREE LAND. NOTWITHSTANDING ANY OTHER PROVISIONS**
 20 **OF THIS CODE, THE REAPPRAISAL CYCLE FOR CLASS THREE LAND**
 21 **COMMENCING JANUARY 1, 1986, MUST BE EXTENDED TO DECEMBER 31,**
 22 **1993. THE NEW VALUES DETERMINED DURING THIS PERIOD MUST BE**
 23 **PLACED ON THE TAX ROLLS IN THE YEAR IMMEDIATELY FOLLOWING**
 24 **THE COMPLETION OF THE REVALUATION CYCLE FOR CLASS THREE**
 25 **LAND.**

HB 0052/02

1 NEW SECTION. **Section 8.** **Effective date.** [This act] is
2 effective on passage and approval.

-End-

1 HOUSE BILL NO. 52

2 INTRODUCED BY COHEN

3 BY REQUEST OF THE DEPARTMENT OF REVENUE

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT PLACING THE NEW
6 PROPERTY TAX VALUES DETERMINED DURING THE RECENT REAPPRAISAL
7 CYCLE ON THE TAX ROLLS FOR THE 1993 TAX YEAR INSTEAD OF THE
8 1994 TAX YEAR; PROVIDING AN EXTENSION OF THE REAPPRAISAL
9 CYCLE FOR CLASS THREE AGRICULTURAL LAND, WHICH REAPPRAISED
10 VALUES MUST BE PLACED ON THE TAX ROLLS IN THE YEAR FOLLOWING
11 COMPLETION OF THE REAPPRAISAL CYCLE; AMENDING SECTIONS
12 15-7-111, 15-7-132, AND 15-7-133, MCA, AND SECTIONS 13, 14,
13 AND 15, CHAPTER 680, LAWS OF 1991; AND PROVIDING AN
14 IMMEDIATE EFFECTIVE DATE."

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17 **Section 1.** Section 13, Chapter 680, Laws of 1991, is
18 amended to read:

19 "Section 13. **Applicability dates.** (1) [Section 2]
20 applies retroactively, within the meaning of 1-2-109, to
21 property tax year 1991 and is applicable to taxable years
22 1992 and 1993.

23 (2) [Sections Section 6 through-9] apply applies to all
24 taxable years beginning after December 31, 1993.

25 (3) [Section 5] applies retroactively, within the

1 meaning of 1-2-109, to taxable years beginning after
2 December 31, 1990.

3 (4) [Sections 7 through 9] apply to all taxable years
4 beginning after December 31, 1992."

5 **Section 2.** Section 14, Chapter 680, Laws of 1991, is
6 amended to read:

7 "Section 14. **Termination.** [Sections 1 and 2] terminate
8 December 31, ~~1993~~ 1992."

9 **Section 3.** Section 15, Chapter 680, Laws of 1991, is
10 amended to read:

11 "Section 15. **Effective dates.** (1) Except as provided in
12 subsection subsections (2) and (3), [this act] is effective
13 on passage and approval.

14 (2) [Sections 6 through and 10] are effective July 1,
15 1993.

16 (3) [Sections 7 through 9] are effective January 1,
17 1993."

18 **Section 4.** Section 15-7-111, MCA, is amended to read:

19 "15-7-111. **(Temporary) Periodic revaluation of taxable**
20 **property -- publication of sales assessment ratio studies --**
21 **appeal of revaluations -- public hearing.** (1) The department
22 of revenue shall administer and supervise a program for the
23 revaluation of all taxable property within the state at
24 least every 5 years. A comprehensive written reappraisal
25 plan shall be promulgated by the department. The reappraisal

1 plan adopted shall provide that all property in each county
2 shall be revalued at least every 5 years. The department
3 shall furnish a copy of the plan and all amendments to the
4 plan to the board of county commissioners in each county.

5 (2) The new values determined during a revaluation
6 cycle must be provided to the taxpayers at the end of the
7 revaluation cycle but may not be placed on the tax rolls
8 until 1 year following the completion of the revaluation
9 cycle.

10 (3) A taxpayer shall appeal the new value in advance of
11 its placement on the tax rolls by filing an appeal pursuant
12 to 15-15-102 before the first Monday in June or 15 days
13 after receiving notice of the new valuation amount,
14 whichever is later, or be barred from appealing for
15 untimeliness.

16 (a) For the taxable year beginning January 1, 1990,
17 and for every taxable year thereafter, the department shall
18 conduct a stratified sales assessment ratio study of all
19 residential land and improvements, agricultural 1-acre
20 homesites and improvements, and commercial land and
21 improvements. Residential improvements include condominiums
22 but do not include mobile homes or house trailers that are
23 not taxed as an improvement as defined in 15-1-101. The
24 sales assessment ratio based on property sales finalized and
25 recorded by no later than November 1 must be used to

1 determine appraisals for the immediately succeeding tax
2 year.

3 (b) (i) For tax year 1991, if the result of the
4 stratified sales assessment ratio study performed pursuant
5 to subsection (4)(a) on residential property for tax year
6 1990 shows for any area an assessment level of less than
7 80%, the department shall perform a reappraisal of the
8 residential property in the area. The reappraisal must be
9 performed using a computer-assisted mass appraisal system
10 based on the market approach to value, using comparable
11 sales of similar property. If insufficient sales are
12 available for market modeling, the department shall
13 reappraise the property using the cost approach to value.

14 (ii) For tax year 1992, if the result of the stratified
15 sales assessment ratio study performed pursuant to
16 subsection (4)(a) on residential property for tax year 1991
17 shows for any area an assessment level of less than 80% or a
18 coefficient of dispersion with respect to the value weighted
19 mean ratio of more than 20%, rounded to the nearest 0.1%,
20 and an adjustment multiplier of 1.01 or greater, the
21 department shall perform a reappraisal of the residential
22 property in the area. The reappraisal must be performed
23 using the same criteria provided in subsection (4)(b)(i).

24 (iii) For tax year 1993, if the result of the stratified
25 sales assessment ratio study performed pursuant to

1 subsection (4)(a) on residential property for tax year 1992
 2 shows for any area an adjustment multiplier of 1.01 or
 3 greater, the department shall perform a reappraisal of the
 4 residential property in the area. The reappraisal must be
 5 performed using the same criteria provided in subsection
 6 (4)(b)(i).

7 (iv) For those areas subject to reappraisal under the
 8 provisions of subsection (4)(b)(i) for tax year 1992, the
 9 department shall compare the stratified sales assessment
 10 ratio study performed in 1991 to the 1991 assessed value to
 11 determine whether the area will be subject to further
 12 appraisal. If that comparison of residential property shows
 13 for the area a coefficient of dispersion with respect to the
 14 value weighted mean ratio of more than 20%, rounded to the
 15 nearest 0.1%, and an adjustment multiplier of 1.01 or
 16 greater, the department shall reappraise the area. The
 17 reappraisal must be performed using the same criteria
 18 provided in subsection (4)(b)(i).

19 (5) The study required in subsection (4) must be based
 20 on:

21 (a) commonly accepted statistical standards and
 22 methodology;

23 (b) a statistically valid sample of sales, using data
 24 from realty transfer certificates filed for up to 3 taxable
 25 years prior to the year the study is made, taking into

1 account the dates of the included sales in the statistical
 2 analysis; and

3 (c) the assessments and sales for areas of the state
 4 that are economically, demographically, and geographically
 5 similar in order to determine the sales assessment ratios
 6 for a specific area.

7 (6) For purposes of conducting the study required by
 8 subsection (4), the department shall partition the state
 9 into as many as 100 areas for residential property and as
 10 many as 20 areas for commercial property. The areas must
 11 contain statistically sufficient numbers of sales and be as
 12 economically and demographically homogeneous as reasonably
 13 practicable.

14 (7) The department shall use the following procedure to
 15 validate sales information:

16 (a) Department staff who did not participate in the
 17 determination of appraised values are required to review the
 18 sales transactions evidenced by a realty transfer
 19 certificate. The review must be conducted to determine
 20 whether each sale used in the study was a valid,
 21 arm's-length transaction. Only valid, arm's-length sales may
 22 be used in the sales assessment ratio study.

23 (b) The sales information entered in the
 24 computer-assisted appraisal system is considered
 25 confidential, as provided in 15-7-308. However, the

1 department shall annually publish a report containing the
 2 results of all sales assessment ratio studies done in each
 3 of the areas described in subsection (6). The report
 4 containing the results of the study must be made available
 5 to the public by request or by general disclosure.

6 (c) The department shall exclude from the sales
 7 assessment ratio study any parcels in which the improvements
 8 have been remodeled, reconstructed, or expanded between the
 9 time of the assessment and the time of the sales.

10 (d) The department shall exclude sales assessment
 11 ratios of less than 50% or greater than 200%.

12 (8) (a) The department shall have equalized property
 13 values throughout the state and may not make further
 14 adjustments to values under this section when the
 15 assessments for each stratum within each area identified in
 16 subsection (6) are rescaled to bring all ratios to within
 17 plus or minus 5% of common value 1 and when the sample size
 18 produces a standard error of less than 5%.

19 (b) Under the method described in subsection (8)(a),
 20 taxable property in each area is considered revalued for
 21 each tax year, based on the results of the sales assessment
 22 ratio study and the adjustments required by that study.

23 (c) Assessments in an area are considered equalized
 24 under subsection (8)(a) if the ratio for the area is within
 25 plus or minus 5% of common value 1.

1 (9) If the results of the stratified sales assessment
 2 ratio study required under this section show an increase in
 3 the percentage adjustment in excess of 10% in an area
 4 designation, the department shall conduct a public hearing
 5 in that area designation to present information showing the
 6 reasons for the increase.

7 ~~§5-7-1117--(Effective July 1, 1993) Periodic revaluation~~
 8 ~~of taxable property---public hearing;--(1) The department of~~
 9 ~~revenue shall administer and supervise a program for the~~
 10 ~~revaluation of all taxable property within the state at~~
 11 ~~least every 3 years. A comprehensive written reappraisal~~
 12 ~~plan shall be promulgated by the department. The reappraisal~~
 13 ~~plan adopted shall provide that all property in each county~~
 14 ~~shall be revalued at least every 3 years. The department~~
 15 ~~shall furnish a copy of the plan and all amendments to the~~
 16 ~~plan to the board of county commissioners in each county.~~

17 ~~(2) (a) Residential improvements include condominiums~~
 18 ~~but do not include mobile homes or house trailers that are~~
 19 ~~not taxed as an improvement as defined in §5-1-101.~~

20 ~~(b) (i) For tax year 1991, if the result of the~~
 21 ~~stratified sales assessment ratio study performed on~~
 22 ~~residential property for tax year 1990 shows for any area an~~
 23 ~~assessment level of less than 80%, the department shall~~
 24 ~~perform a reappraisal of the residential property in the~~
 25 ~~area. The reappraisal must be performed using a~~

1 computer-assisted mass appraisal system based on the market
 2 approach to value, using comparable sales of similar
 3 property. If insufficient sales are available for market
 4 modeling, the department shall reappraise the property using
 5 the cost approach to value.

6 (ii) For tax year 1992, if the result of the stratified
 7 sales assessment ratio study performed on residential
 8 property for tax year 1991 shows for any area an assessment
 9 level of less than 88% or a coefficient of dispersion with
 10 respect to the value-weighted mean ratio of more than 20%,
 11 rounded to the nearest 0.1%, and an adjustment multiplier of
 12 1.01 or greater, the department shall perform a reappraisal
 13 of the residential property in the area. The reappraisal
 14 must be performed using the same criteria provided in
 15 subsection (2)(b)(i).

16 (iii) For tax year 1993, if the result of the stratified
 17 sales assessment ratio study performed on residential
 18 property for tax year 1992 shows for any area an adjustment
 19 multiplier of 1.01 or greater, the department shall perform
 20 a reappraisal of the residential property in the area. The
 21 reappraisal must be performed using the same criteria
 22 provided in subsection (2)(b)(i).

23 (iv) For those areas subject to reappraisal under the
 24 provisions of subsection (2)(b)(i) for tax year 1992, the
 25 department shall compare the stratified sales assessment

1 ratio study performed in 1991 to the 1991 assessed value to
 2 determine whether the area will be subject to further
 3 appraisal. If that comparison of residential property shows
 4 for the area a coefficient of dispersion with respect to the
 5 value-weighted mean ratio of more than 20%, rounded to the
 6 nearest 0.1%, and an adjustment multiplier of 1.01 or
 7 greater, the department shall reappraise the area. The
 8 reappraisal must be performed using the same criteria
 9 provided in subsection (2)(b)(i).

10 (3) If the results of the stratified sales assessment
 11 ratio study required under this section show an increase in
 12 the percentage adjustment in excess of 10% in an area
 13 designation, the department shall conduct a public hearing
 14 in that area designation to present information showing the
 15 reasons for the increase.

16 15-7-111. (Effective January 1, 1994 1993) Periodic
 17 revaluation of taxable property. The (1) The department of
 18 revenue shall administer and supervise a program for the
 19 revaluation of all taxable property within the state. The
 20 department shall complete this revaluation program by
 21 December 31, 1996. A comprehensive written reappraisal plan
 22 must be promulgated by the department. The reappraisal plan
 23 adopted must provide that all property in each county be
 24 revalued by December 31, 1996. The department shall furnish
 25 a copy of the plan and all amendments to the plan to the

1 board of county commissioners of each county.

2 (2) Beginning January 1, 1997, the department of
3 revenue shall administer and supervise a program for the
4 revaluation of all taxable property within the state at
5 least every 3 years. A comprehensive written reappraisal
6 plan shall must be promulgated by the department. The
7 reappraisal plan adopted shall must provide that all
8 property in each county shall be revalued at least every 3
9 years. The department shall furnish a copy of the plan and
10 all amendments to the plan to the board of county
11 commissioners in of each county."

12 **Section 5.** Section 15-7-132, MCA, is amended to read:

13 "15-7-132. **(Temporary) Purpose.** (1) It is the purpose
14 of 5-18-115 and 15-7-131 through 15-7-133 to provide an
15 additional 2 years for completion of the current revaluation
16 cycle, implemented pursuant to 15-7-111 through 15-7-114, in
17 order to permit the department of revenue to comply with the
18 revaluation requirements of 15-7-111 through 15-7-114 in a
19 manner that implements the policy provided for in 15-7-131.

20 (2) It is not necessary for the department to commence
21 another 5-year revaluation cycle pursuant to 15-7-111 until
22 January 1, 1993. (Repealed effective July 1, 1993--sec. 10,
23 Ch. 680, L. 1991.)"

24 **Section 6.** Section 15-7-133, MCA, is amended to read:

25 "15-7-133. **(Temporary) Extension of current revaluation**

1 cycle. (1) Notwithstanding the provisions of 15-7-111
2 through 15-7-114, the current revaluation cycle,
3 implementing 15-7-111, scheduled to end on December 31,
4 1990, and representing a 5-year period commencing January 1,
5 1986, is hereby extended for an additional 2 years, ending
6 December 31, 1992. The new values determined during this
7 period must be placed on the tax rolls in accordance with
8 15-7-111(2) the year immediately following the completion of
9 the revaluation cycle.

10 (2) It is not necessary for the department to commence
11 another 5-year revaluation cycle pursuant to 15-7-111 until
12 January 1, 1993.

13 (3) The extension provided for in subsection (1) does
14 not affect the validity of any assessment made or any taxes
15 levied during the period from January 1, 1986, to December
16 31, 1992. (Repealed effective July 1, 1993--sec. 10, Ch.
17 680, L. 1991.)"

18 NEW SECTION. SECTION 7. EXTENSION OF REAPPRAISAL CYCLE
19 FOR CLASS THREE LAND. NOTWITHSTANDING ANY OTHER PROVISIONS
20 OF THIS CODE, THE REAPPRAISAL CYCLE FOR CLASS THREE LAND
21 COMMENCING JANUARY 1, 1986, MUST BE EXTENDED TO DECEMBER 31,
22 1993. THE NEW VALUES DETERMINED DURING THIS PERIOD MUST BE
23 PLACED ON THE TAX ROLLS IN THE YEAR IMMEDIATELY FOLLOWING
24 THE COMPLETION OF THE REVALUATION CYCLE FOR CLASS THREE
25 LAND.

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- 1 NEW SECTION. **Section 8. Effective date.** [This act] is
- 2 effective on passage and approval.

-End-