

## **Montana Tax Appeal Board Procedures & Suggestions for Property Tax Appeals**

The Montana Tax Appeal Board is an administrative board tasked with providing an independent and neutral review of the Montana Department of Revenue's valuation of real property for tax purposes. The Board may set a hearing in person in Helena, allow for a telephone hearing, or make a decision "on the record." For an in-person or telephone hearing you will be expected to testify and present evidence in support of your appeal. If the case is heard on the record, that is, based only on the written materials, you will have an opportunity to submit written materials.

In order to prepare for the hearing, both you and the Department of Revenue will have the opportunity to conduct Discovery. Discovery is the formal process where you can ask the Department of Revenue to answer your questions or to produce documents that establish how the Department of Revenue determined the value of your property. Similarly, during Discovery, the Department of Revenue can ask you to answer questions and produce any documents that you may want to use to help you prove your case that the Department of Revenue's assessment or methods were inaccurate and your assessment of value is more accurate.

### **During Discovery**

You may want to consider asking the Department of Revenue what method it used to determine the value of your property and then ask for the following documents:

- If the Sales/Market Approach was used:
  - The Property Record Card for your property. Ask the Department of Revenue to explain the information listed on the Property Record Card and how the calculations are made.
  - The Department of Revenue's Comparable Sales Report.
  - Property Record Cards and the associated Realty Transfer Certificates and Sales Verification forms for each property used as a comparable to support the Department of Revenue's valuation of your property.
  - A map of the applicable neighborhood with your property and all comparable properties identified.
  - The CALP information used to establish the base size and per unit costs for the base and residual land value.

- If the Cost Approach was used:
  - The Property Record Card for your property. Ask the Department of Revenue to explain each factor and how those are used to arrive at the final value.
  - Ask the Department of Revenue if they have any photos of the property and improvements.
  - The CALP information used to establish the base size and per unit costs for the base and residual land value.
  - A map of the applicable neighborhood with the subject property identified.
  - The source used to develop the cost figures and the data for the assessment.
  
- For commercial or rental property valued according to an Income Model:
  - The Property Record Card for your property. Ask the Department of Revenue to explain what property category (retail, hotel/motel, etc.) they used and why.
  - Ask the Department of Revenue for the number of businesses providing income information used in the model.
  - Ask the Department of Revenue for the number of sales that made up the data base for the cap rate used in your property category.
  - Ask the Department of Revenue for information on the geographic area from which information was collected to produce the income model used (e.g., city of Billings, Yellowstone County, statewide) and ask for a map of the area used.
  - The CALP information used to establish the base size and per unit costs for the base and residual land value.
  
- For agricultural property:
  - Ask the Department of Revenue to describe the process they used to classify your property and estimate the productivity that produced the appraised value.

## To Prepare for the Hearing

- Familiarize yourself with the data and information that the Department of Revenue used to establish how they valued your property. Make sure the comparable properties used are in fact comparable to your property. If you do not believe they are comparable, be prepared to explain why you think they are not comparable. Understand how the Department of Revenue uses the data and information in any calculations it does in order to determine an appraised value for your property.
- The Montana Department of Revenue uses a computer model to value land called a Computer Assisted Land Pricing model (CALP). The Department of Revenue collects all the sale prices of land that have occurred since the last reappraisal cycles and groups all real property parcels into “neighborhoods” with similar locations and characteristics. The CALP calculates a monthly rate of change for land prices so that each of the actual sales prices can be “time trended” to the price the model predicts the land would have sold for on the valuation date of January 1, 2014. This CALP model is how the Department of Revenue determines the appraised value for every parcel of land on each reappraisal cycle’s valuation date.
- The Department of Revenue uses actual sales prices to develop their CALP models for land valuation. They create these models using sales data reported on Realty Transfer Certificates which are documents filed with the County Clerk & Recorder’s office every time a parcel of real property is transferred. Realty Transfer Certificates report the sales price and other information about the nature of the sale, i.e. whether it is between related parties. Actual sale prices are more reliable indicators of value than other evidence of land value, such as a realtor’s listing price of property which does not reflect an actual sales price. The sales prices of the properties which the DOR used as comparables to determine a value for your property will be made available to you if you request the CALP model for your appeal. However, sales prices are not public records under Montana law and the Department of Revenue will require you to sign a confidentiality agreement in order to obtain this information.
- Certain information about all parcels of land is available at [www.svc.mt.gov.dor.property](http://www.svc.mt.gov.dor.property). While this is a helpful site to begin your

analysis of comparable properties, the information is not an official tax record, and is not guaranteed to be accurate. To ensure the most accurate information, you should get the property record cards or other information about the comparable properties directly from the Department of Revenue.

- Consider having a certified appraiser perform a fee appraisal showing the value of the property as of the statutory valuation date of January 1, 2014. Real estate values after that date are not relevant to the question of a proper appraised value for tax purposes. Montana law specifically requires that all property be valued on the same day every two years so that tax burdens are equally distributed among all taxpayers across the state. The most recent valuation date was January 1, 2014. Appraisals should be time trended to this date.
- You may represent yourself or be represented by an attorney. Corporations must be represented by a corporate officer or an attorney. You may present witnesses, such as an appraiser or an accountant, who may present evidence and testify on your behalf.
- You will have the opportunity to ask questions of the Department of Revenue witnesses during the hearing. At the end of the hearing you will be permitted to make a short statement summarizing your appeal.