

BEFORE THE STATE TAX APPEAL BOARD  
OF THE STATE OF MONTANA

-----

SHANNON WADSWORTH,	)	DOCKET NO.: PT-2003-119
	)	
Appellant,	)	
	)	
-vs-	)	FACTUAL BACKGROUND,
	)	CONCLUSIONS OF LAW
THE DEPARTMENT OF REVENUE	)	ORDER and OPPORTUNITY
OF THE STATE OF MONTANA,	)	FOR JUDICIAL REVIEW
	)	
Respondent.	)	

-----

The above-entitled appeal was heard on May 31, 2005, in Great Falls, Montana, in accordance with an order of the State Tax Appeal Board of the State of Montana (Board). The notice of the hearing was given as required by law. The taxpayer, Shannon Wadsworth (Taxpayer), presented evidence and testimony in support of the appeal. Appraiser Jason Boggess and Region 2 Manager Chuck Pankratz represented the Department of Revenue (DOR). DOR presented evidence and testimony in opposition to the appeal. The appeal involves the valuation of a single-family dwelling located in Cascade County.

The duty of this Board is to determine the appropriate market value for the property based on a preponderance of the evidence. Testimony was taken from both the Taxpayer and the Department of Revenue, and exhibits from both parties were

received. The Board allowed the record to remain open for a period of time for the purpose of receiving post-hearing submissions from both parties.

Based on the evidence and testimony, the Board upholds the decision of the Cascade County Tax Appeal Board.

**FACTUAL BACKGROUND**

1. Due, proper, and sufficient notice was given of this matter, of the hearing, and of the time and place of the hearing. All parties were afforded opportunity to present evidence, oral and documentary.

2. The subject property is residential in character and is described as follows:

**Lot 11, Block 31 of the Fairview Addition, City of Great Falls, County of Cascade, State of Montana, Geocode #02-3016-18-2-12-04-0000**

3. The DOR's 2003 value is \$16,830 for the land and \$76,770 for the improvements (Appeal Form).

4. The Taxpayer filed an appeal with the Cascade County Tax Appeal Board (County Board) on October 2, 2003, requesting a land value of \$10,000 and an improvement value of \$40,804.

5. On March 4, 2004, the county board denied any reduction in value, stating:

**After hearing testimony and reviewing exhibits, the Board finds the land value of \$16,830.00 and the building value of \$76,770.00 as set by the**

**Dept. of Revenue reflect the true market value of the property. This appeal is disapproved.**

6. The Taxpayer appealed that decision to this Board on April 2, 2004, stating:

**Dept of Revenue denied access to market approach and all information. Effective Age information**

7. At the May 31, 2005, hearing before this Board, the Taxpayer modified his requested values for the subject property to a total value of \$55,000.
8. The Board allowed the record to remain open after the hearing for the DOR to supplement the record with additional evidence that was requested by the Taxpayer. The Taxpayer was also given the opportunity to respond to the additional evidence.

**TAXPAYER'S CONTENTIONS**

The Taxpayer maintains that the DOR had a predetermined value for the subject property. The Taxpayer is looking for equal property value for tax purposes. (Testimony of Taxpayer)

Taxpayer Exhibit #1 is the Property Record Card (PRC) for the subject property. The Taxpayer disagrees with the DOR's use of a 110-depth factor in the land computations. He states that the land is a standard size lot. Also, the DOR has appraised three additional plumbing fixtures for this property. The Taxpayer disagrees with the additional \$2106 value for the extra plumbing fixtures. He also disagrees with the \$800 for

additions to the property. According to the Taxpayer, the addition is just a wide sidewalk and DOR does not assess everyone for that.

The Taxpayer challenges the DOR's determination of the effective age for this property. The house was built in 1961 but DOR has put a 1980 effective age on it. DOR also shows the subject as 82% good (Exhibit 1) or, as the Taxpayer stated, 18% depreciated. In effect, that would mean the property has a 228-year life. The Taxpayer checked the city records and they show no maintenance on this property.

The Taxpayer used the State's appraisal manual and depreciated the subject property 43%, as shown on the depreciation sheet in the manual. That approach results in a value for the house of \$49,619. With the land valued at \$16,830, the total value for the subject would be \$66,449. Similarly, the Taxpayer used the depreciation schedules from Marshall-Swift and derived a value of \$54,262 for the subject. (Taxpayer's Testimony).

Taxpayer Exhibit #2 is the DOR's sales comparison approach for the subject property; Exhibit #3 is photographs of the comparable properties. The Taxpayer disputes the comparability of the properties the DOR has used to establish the value of the subject property through the sales comparison approach. The

Taxpayer also stressed that the DOR refused him the data sheet on adjustments made to the comparables. Exhibit #4 lists a number of issues raised by the Taxpayer.

After the appraisal date, the Taxpayer sold the subject property but was unable to recall the price he received for it.

**DOR CONTENTIONS**

DOR Exhibit A is a photograph of the subject property; Exhibit B is the Property Record Card (PRC). The DOR explained the information in the PRC, including the additional plumbing fixtures and the addition, a concrete deck according to DOR.

The DOR relied upon the sales comparison approach to establish the market value for the subject property. Exhibit C is the actual sales comparison approach that illustrates the five comparable properties selected to establish a value of \$93,600 for the subject property. Summarized, this exhibit depicts the following:

//  
  
//  
  
//  
  
//  
  
//  
  
//  
  
//

11/1/2002	MONTANA COMPARABLE SALES					
	SUBJECT	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5
Neighborhood ID	15th Ave S	15th Ave S	16th St S	14th St S	Mountain View Dr	15th Ave S
Land Description						
Total Acres	0.17	0.17	0.13	0.13	0.18	0.17
Dwelling Description						
# Stories	1	1	1	1	1	1
Style	Conventional	Conventional	Conventional	Conventional	Conventional	Conventional
Year Built/Effective Age	1961/1980	1960/1980	1956/1980	1958/1980	1967/1980	1960/1980
Basement	884	864	910	936	823	864
Bed/Tot/Bath/	4/2/7	3/2/6	3/1/5	3/2/6	2/1/4	3/2/6
Heat	Central	Central	Central	Central	Central	Central
Finished Basement	884	800	820	468	300	800
Grade	5	5	5	5	5	5
CDU1	GD	GD	GD	GD	GD	GD
First Floor Area	884	864	910	936	823	864
Total Living Area	884	864	910	936	823	864
Attached Garage					528	
Detached Garage	624	240	0	624	0	240
Valuation						
Sale Date		11/2001	6/2000	7/2001	5/2000	3/1999
Sale Price[1]		\$87,500	\$78,300	\$99,900	\$88,000	\$79,500
MRA Estimate[2]	\$92,126	\$84,470	\$76,557	\$93,579	\$92,139	\$78,507
Adjusted Sale		\$95,156	\$93,869	\$98,446	\$87,987	\$93,119
Comparability[3]	8	21	22	33	34	
Weighted Estimate	93,799					
Market Value	\$93,600					
Field Control Code Indicator	1					

DOR Exhibit D is a table showing the method and sales used to develop support for the effective age and depreciation DOR assigned to the subject property. Exhibit E is a copy of the

- 
- 1 Actual sales price was obtained from the Realty Transfer Certificate (RTC).
  - 2 Multiple Regression Analysis – A statistical calculation.
  - 3 A numerical comparability indicator.

Realty Transfer Certificate for the Taxpayer's sale of the subject in July 2004.

#### BOARD DISCUSSION

After the hearing, the Board allowed the record to remain open and extended the period of time for the DOR to provide the Taxpayer with additional information with respect to the adjustments the DOR made to the comparable properties in the sales comparison approach to value. When the DOR did not reply by the original deadline, the Taxpayer requested that this Board enter a "default judgment" and adopt his requested value. The Taxpayer's request for a default judgment is denied.

Section 15-8-111, Montana Code Annotated, provides in part:

(1) All taxable property must be assessed at 100% of its market value except as otherwise provided.

(2)(a) 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.

In Albright v. Montana Department of Revenue, 281 Mont. 196, 933 P.2d 815 (1997), the Montana Supreme Court held:

We conclude that when the Legislature defined "market value" as the price at which property would change hands in an arms-length sale, it evidenced its intent that the market data approach to value--and not just the cost approach--can and should be utilized by the Department when it appraises and assesses property.

Clearly, market value is the value at which DOR is required to assess property and the sales comparison (i.e., market data) approach to determining market value is an acceptable method for setting the assessment on property. Although the Taxpayer disagrees with the properties selected as comparables for the subject, he did not introduce any evidence that would cause the Board to question the appropriateness of the comparables or the DOR's methodology for setting the value of the subject property using these comparables.

This Board must evaluate the evidence that it has been presented and issue an opinion of value based upon that evidence. The preponderance of the evidence supports a value of \$93,600 for the subject property, as indicated by the DOR's sales comparison approach to value. (Exhibit C). In addition, the reported sales price on the Realty Transfer Certificate (Exhibit E) **exceeds** the DOR's value indication.

#### CONCLUSIONS OF LAW

1. The State Tax Appeal Board has jurisdiction over this matter. §15-2-301, MCA.
2. §15-8-111 MCA. Assessment - market value standard - exceptions. (1) All taxable property must be assessed at 100% of its market value except as otherwise provided.

3. Albright v. Montana Department of Revenue, 281 Mont. 196,  
933 P.2d 815 (1997).

4. The appeal of the Taxpayer is hereby denied and the  
decision of the Cascade County Tax Appeal Board is upheld

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

//

**ORDER**

IT IS THEREFORE ORDERED by the State Tax Appeal Board of the State of Montana that the subject property shall be entered on the tax rolls of Cascade County by the local Department of Revenue office at the value of \$93,600. The decision of the Cascade County Tax Appeal Board is upheld.

Dated this 11th day of August 2005.

BY ORDER OF THE  
STATE TAX APPEAL BOARD

( S E A L )

---

GREGORY A. THORNQUIST, Chairman

---

JOE R. ROBERTS, Member

---

SUE BARTLETT, Member

NOTICE: You are entitled to judicial review of this Order in accordance with Section 15-2-303(2), MCA. Judicial review may be obtained by filing a petition in district court within 60 days following the service of this Order.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on this 11th day of August, 2005, the foregoing Order of the Board was served on the parties hereto by depositing a copy thereof in the U.S. Mails, postage prepaid, addressed to the parties as follows:

Shannon Wadsworth  
3303 Upper River Road  
Great Falls MT 59405

Office of Legal Affairs  
Department of Revenue  
Mitchell Building  
Helena, Montana 59620

Appraisal Office  
Cascade County  
300 Central Avenue  
Suite 520  
Great Falls, Montana 59401

Nick Lazanas  
Cascade County Tax Appeal Board  
Courthouse Annex  
Great Falls, Montana 59401

---

DONNA EUBANK  
Paralegal