BEFORE THE MONTANA TAX APPEAL BOARD

DAVID M. AND WENDY L. ELIAS Appellants, v. STATE OF MONTANA, DEPARTMENT OF REVENUE, Respondent.	CASE №: PT-2026-3 **FINDINGS OF FACT, CONCLUSIONS OF LAW, ORDER, AND OPPORTUNITY FOR JUDICIAL REVIEW**

STATEMENT OF THE CASE

This is an appeal of a final decision by the Anaconda-Deer Lodge County Tax Appeal Board (CTAB) denying David M. and Wendy L. Elias (Taxpayers) a reduction in value on the subject property located at 937 Pauline Drive in Anaconda, Montana (Subject Property). The Taxpayers appealed that outcome to the Montana Tax Appeal Board (MTAB) on January 28, 2026. The Board affirms the CTAB's determination.

ISSUE TO BE DECIDED

Whether the CTAB erred in denying the Taxpayers' request for a value reduction on the Subject Property.

EXHIBIT LIST

The following evidence was submitted at the hearing:

Taxpayer Exhibits:

1. Department Comparables Sales Map;
2. Certificate of Survey #475-A;
3. Department Aerial Photo with Property Outline;
4. Department Photo Showing Electric Service Pedestal;
5. Cost Estimate for Electrical Service Pedestal;
6. Scaled Drawing of Easement;
7. Department 2025 Revised Assessments of Elias Property;
8. Cadastral Entry for Lot 9 Old Works Estate; and
9. Cadastral Entry for Common Area 2 Old Works Estates.

DOR Exhibits:

A. Anaconda City Land Model;
B. Land Model Aerial Map;
C. Four Nearby Sales Aerial;
D. Withdrawn;
E. AB-26 Determination Letter;
F. Certificate of Survey 195A;
G. Aerial of Area Around Certificate of Survey 195A;
H. Screenshot of Diggers Contracting DM; and
I. Email: Anaconda Deer-Lodge County Municipal Water.

PROCEDURAL HISTORY

The Department of Revenue (Department) valued the Subject Property at $79,118 for the 2025/2026 appraisal cycle, with the land valued at $75,748 and the improvements valued at $3,370. *MTAB Dkt. 3.* The Taxpayers filed an AB-26, Request for Informal Classification and Appraisal Review, with the Department on July 28, 2025, requesting a reduced value because the Subject Property has no water and cannot be developed. *Id.* The Department sent a Form AB-26 Determination Letter to the Taxpayers dated October 28, 2025, denying the Taxpayers' request and increasing the Subject Property's value from $42,419 to $79,118. *Id.* The Taxpayers appealed the Department's valuation to the CTAB on August 18, 2025, requesting a land value of $16,892 and an improvements value of $0. *Id.* The CTAB hearing was held on January 6, 2026, and the CTAB's decision denying the Taxpayers' application for reduction was sent to the parties on January 6, 2026. *Id.* The Taxpayers appealed to MTAB on January 28, 2026, per Mont. Code Ann § 15-2-301, requesting a total value of $17,327. *MTAB Dkt. 1.* The MTAB hearing was conducted in Helena on April 29, 2026, at which the following were present:

a. Edward G. Beaudette, Taxpayer Counsel; David M. Elias, Taxpayer; and
b. Dave Burleigh, DOR Counsel; Cindy McGinnis, Paralegal; Rain Kraus, Appraiser; and Tedd Weldon, Area Manger.

The record includes all materials submitted to CTAB, a recording of the CTAB hearing, all materials submitted to MTAB with the appeal, additional exhibits submitted by the parties prior to and at the MTAB hearing, and a transcript of the MTAB hearing.

FINDINGS OF FACT

1. To whatever extent the following findings of fact may be construed as conclusions of law, they are incorporated accordingly.

2. The Subject Property is a residential home owned by David M. and Wendy L. Elias located at 937 Pauline Drive, Anaconda, Montana, in the Teresa Ann Terrace subdivision. *MTAB Dkt. 3.* The Subject Property is also identified by its assigned geocode 30-1285-02-2-01-02-0000. *Id.* The site is 12,371 square feet in total size and contains a roughly 12 x 16-foot shed. *Id.* The Taxpayers also own neighboring lot 8, located north of the Subject Property, where the Taxpayers' primary residence is located. *MTAB Hr'g Tr. 9:17-20.*

3. The Department initially appraised the Subject Property's land value at $42,419. *Ex. E.* During the AB-26 review, the Department raised the Subject Property's land value to $75,748 due to changing the Subject Property's designation from secondary site to primary site and adding improvements valued at $3,370 for a total value of $79,118. *Ex. E; MTAB Dkt. 3.* At the January 6, 2026, CTAB hearing, the Taxpayers requested a total market value of $16,812. *MTAB Dkt. 3*. The CTAB denied the Taxpayers' request and upheld the Department's value. *Id.* The Taxpayers appealed to MTAB on January 28, 2026, and asserted that the total market value of the Subject Property should be $17,327. *MTAB Dkt. 1.* The Department requests a total value of $79,118 for the Subject Property. *MTAB Hr'g Tr. 2:15-19.*

4. Mr. Elias holds a master's degree in civil engineering and is professionally licensed as both an engineer and a land surveyor. *MTAB Hr'g Tr. 5:13–6:8.* Mr. Elias was employed by Anaconda-Deer Lodge County as an engineer and is familiar with the utility infrastructure of Anaconda Deer Lodge County. *Id.*

5. Mr. Elias testified that when the Old Works Subdivision and thirteen lots on Pennsylvania Street adjacent to Teresa Ann Terrace were developed, the city utility main lines were upgraded within the street and service lines were extended into the lots. *Ex. 1; MTAB Hr'g Tr. 7:1–8:18*. Mr. Elias further testified that the Teresa Ann Terrace subdivision, where the Subject Property is located, went bankrupt during development, resulting in incomplete records regarding the installation of utilities in the western half of the subdivision. *Id.* Additionally, Mr. Elias testified that the records for the Teresa Ann Terrace subdivision are unclear regarding which lots received utility "stub-outs".[1] *MTAB Hr'g Tr. 35:23–36:14*. Mr. Elias stated that the utility connections were stubbed in on a case-by-case basis. *MTAB Hr'g Tr. 8:4–14*. Mr. Elias also testified that the Subject Property was originally designated as "subdivision park" property and that no utility services were stubbed into the property. *MTAB Hr'g Tr. 8:17–9:24, 48:17–49:10*. Subsequent surveys and property line reconfigurations, left the Subject Property it without utility access.

6. Mr. Elias testified that he had Lot 1, referred to here as the Subject Property, resurveyed because the 85.03-foot-long section situated in northeast portion of the lot connecting the Subject Property to Christine Court, which can also be described as the crosshatched area on Exhibit 2 (Flag Strip), was inadvertently left off the last survey. *Ex. 2; MTAB Hr'g Tr. 11:18-12:10*. Mr. Elias shared his updated survey with the Department and the Department appraisers' determined that valuing the Subject Property as a secondary site rather than a primary site was still correct. *MTAB Hr'g Tr. 12:16-13:6*. Mr. Elias stated that due to uncertainty regarding the Subject Property's survey when purchasing the property, he reserved an easement from the cul-de-sac on Christine Court, via warranty deed. *MTAB Hr'g Tr. 15:24-16:15, 19:9-13, 20:8-23*.

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[1] A utility stub-outs are a pre-installed, capped-off branch of a utility line that runs from a main line up to the edge of a property. stub-outs allows a property to connect to city services in the future.

7. Mr. Elias testified that the Subject Property is not connected to water and is not connected to the sewer system. *MTAB Hr'g Tr. 14:13–25*. Mr. Elias testified that the Subject Property does have electrical and natural gas services. *MTAB Hr'g Tr. 34:1–11*. Mr. Elias also testified that there are two potential routes for connecting the Subject Property to municipal water. *MTAB Hr'g Tr. 18:12–19*. The first route would require crossing county-owned property. *Id.* Mr. Elias testified that a request for a physical access easement across the county property had previously been denied. *Id.* On cross-examination, Mr. Elias acknowledged that the County stated it would consider granting a utility easement, but Mr. Elias has not submitted an application for one. *MTAB Hr'g Tr. 63:9–14*. The second potential route to connect to municipal water would follow the Subject Property's legal access along the Flag Strip. *MTAB Hr'g Tr. 18:12–19*. Mr. Elias testified that an electrical utility representative discouraged installation of a water line along the second route because a seven-foot-deep water trench would need to be dug in close proximity to existing electrical infrastructure. *Id.*

8. Mr. Elias testified that the electrical, natural gas, and telephone utilities were installed virtually on top of an active sanitary sewer line. *MTAB Hr'g Tr. 18:20–19:18*. Mr. Elias further testified that a storm drain is also located in the area, although it was not installed as deep as the other utilities. *Id.* Mr. Elias testified that extending water service to the Subject Property would be difficult due to the required depth of the water line and physical obstacles, such as an electrical pedestal and the paved roadway within Christine Court. *Id.* Mr. Elias estimated that the cost of relocating the water utility would be approximately $8,000. *MTAB Hr'g Tr. 25:7–8*.

9. Mr. Elias testified that extending sewer service to the Subject Property would present difficulties similar to those associated with extending water service, including conflicts with existing utilities and infrastructure. *MTAB Hr'g Tr. 19:21-20:3*. Mr. Elias further testified that the cost of installing sewer service

would also be similar to the estimated cost for installing water service. *MTAB Hr'g Tr. 19:21–20:3, 25:7–11.*

10. Mr. Elias testified that relocating the water and sewer utilities would be difficult because county regulations require a minimum separation of ten feet between the utilities, necessitating a larger trench and the relocation of multiple existing utilities. *Ex. 5; MTAB Hr'g Tr. 25:9–21, 37:14–23, 64:15–17.* Mr. Elias estimated that relocating the utilities would cost approximately $35,000. *Ex. 5; MTAB Hr'g Tr. 25:9–21, 37:14–23.* Mr. Elias further testified that, if the Subject Property were sold separately, structures that currently straddle the boundary between the Taxpayers' two lots would either need to be relocated or the property boundaries would need to be adjusted. *MTAB Hr'g Tr. 26:19–27:19.* Mr. Elias testified that a boundary line adjustment would be difficult and would further complicate the utility relocation issues. *Id.*

11. Mr. Elias testified that an electrical pedestal was installed on the Flag Strip serving as access to the Subject Property. *MTAB Hr'g Tr. 16:23–17:19.* Mr. Elias testified that the placement of the electrical pedestal obstructs physical access to the Subject Property. *MTAB Hr'g Tr. 16:23–17:19, 20:18–21:1.* Mr. Elias testified that relocating the electrical pedestal would be difficult and would be subject to the discretion of NorthWestern Energy, who would determine the scope and cost of any relocation. *MTAB Hr'g Tr. 21:2–13.* Mr. Elias testified that he was unable to obtain a relocation estimate from NorthWestern Energy. *Id.* Mr. Elias prepared his own cost estimate for relocation of the electrical pedestal which he determined would cost approximately $27,000. *Ex. 5; MTAB Hr'g Tr. 24:7–25:6.* On cross-examination, Mr. Elias testified that, although he had conducted some research regarding the estimated relocation costs, he had never previously estimated the cost of relocating an electrical pedestal and had not consulted NorthWestern Energy regarding those costs in his estimate. *Ex. 5; MTAB Hr'g Tr. 44:2–15.*

12. Mr. Elias testified that, based on a drawing he prepared from personal knowledge, the electrical pedestal is located 3.68 feet inside the Flag Strip providing access to the Subject Property. *Ex. 6; MTAB Hr'g Tr. 30:11–21, 42:6–10.* Mr. Elias testified that the location of the electrical pedestal renders the southern portion of the Flag Strip unsuitable for trenching. *Id.* On cross-examination, Mr. Elias testified that relocating the electrical pedestal would require moving it approximately 350 feet and would necessitate temporarily disconnecting electrical service to three residences. *MTAB Hr'g Tr. 43:5–25.* Mr. Elias further testified that he had no involvement in determining the location of the electrical pedestal when it was originally installed. *Id.*

13. Department Area Manager, Tedd Weldon, testified that the Subject Property was valued using the cost approach and that land values under the cost approach are derived from the sales comparison approach. *MTAB Hr'g Tr. 72:17–73:10.* Mr. Weldon further testified that he believes the Subject Property is a buildable lot after discussing the issue with the Anaconda-Deer Lodge County sanitarian. *MTAB Hr'g Tr. 73:20–74:10.* Mr. Weldon testified that the Anaconda Deer Lodge County sanitarian informed the Department that the Teresa Ann Subdivision has full access to water and sewer utilities. *MTAB Hr'g Tr. 75:5–22.* Utility access is also evident from the developed properties in the subdivision. *Ex. B, C, F.*

14. Department Appraiser, Rian Kraus, testified that in 2023 she changed the classification of the Subject Property from a primary site to a secondary site because the Department's GIS system had not been updated to show the Flag Strip portion of the Subject Property, leading to the determination that the Subject Property was landlocked. *MTAB Hr'g Tr. 153:10–154:8.* Ms. Kraus testified that the Department was also unaware of the Flag Strip's utility easement at that time. *Id.* Ms. Kraus further testified that the property was later

reclassified as a primary site after additional research showed the Subject Property has legal access. *Id.*

15. Mr. Weldon testified that in 2023 the Subject Property was reclassified from a secondary site to a primary site after his review of GIS data indicated that the Subject Property had access from the Christine Court cul-de-sac and a utility easement. *Ex. I; MTAB Hr'g Tr. 77:14–78:13, 91:11–15, 119:4–120:9, 126:15–25.* Mr. Weldon further testified that the Department relied on Certificate of Survey 475-A, which indicated that the Subject Property has legal access and that the recorded deed included an easement. *Id.*

16. Mr. Weldon testified that the Department uses a multiplicative model to value properties in Region 4C. *MTAB Hr'g Tr. 93:1–12.* Mr. Weldon testified that the model establishes a base rate and applies incremental adjustments depending on whether a lot is smaller or larger than the model's base size of 10,000 square feet. *MTAB Hr'g Tr. 93:7–17.* Mr. Weldon further testified that, to ensure market value, the Department evaluates market influences that may increase or decrease the value of properties that are selling differently in the market. *MTAB Hr'g Tr. 94:4–15, 115:17–116:19.*

17. Mr. Weldon testified that he used the Anaconda City 2024 Land Valuation model to value the Subject Property. *Ex. A; MTAB Hr'g Tr. 112:11–113:25.* Mr. Weldon testified that statistical measures, including the coefficient of dispersion (COD), coefficient of variation (COV), and R-squared value are used to evaluate the reliability of the land model. *Id.* Mr. Weldon testified that an acceptable COD ranges from five to fifteen percent, a COV should be less than twenty percent, and an R-squared value of 100 percent indicates a perfect fit. *Id.* Mr. Weldon testified that the model applied to the Subject Property produced a COD of 9.05%, a COV of 12.22%, and an R-squared value of 90%, which indicates a reliable land model. *Id.* Mr. Weldon further testified that the multiplicative model uses a base size of 10,000 square feet at a base rate of

$79,902, and the Department applied an incremental rate of 0.18 to account for the Subject Property's larger 12,371-square-foot size. *MTAB Hr'g Tr. 114:4–115:16.*

18. Mr. Weldon testified that the Subject Property was valued using vacant land sales of comparable size and that market sales in the area did not indicate that properties without utility stub-outs sold differently. *MTAB Hr'g Tr. 117:5–118:2.* Mr. Weldon further testified regarding "Sale 4," in the land model, which is not located in the Teresa Ann Subdivision, was understood not to have utility stub-outs, and did not sell differently from other comparable properties. *Id.* Mr. Weldon stated that the absence of utility stub-outs does not disqualify a property from inclusion in the Department's land model. *MTAB Hr'g Tr. 109:1–10.*

19. Mr. Weldon testified that the Flag Strip providing access to the Subject Property is approximately twenty feet wide, with an electrical pedestal located approximately 3.68 feet from the property boundary. *Ex. 6; MTAB Hr'g Tr. 120:10–121:7.* Mr. Weldon estimated that the electrical pedestal is three to four feet wide, leaving approximately a 12-foot clearance between the pedestal and the opposite property boundary. *Id.* Mr. Weldon testified that a vehicle could pass through a 12-foot-wide opening and that most parking garages are designed to accommodate vehicles with similar clearance. *Id.* Mr. Weldon further testified, using, that comparable properties in the area have driveways approximately 10.46 feet wide that provide access to garages located at the rear of the lots. *Ex. G; MTAB Hr'g Tr. 129:17–130:7.*

20. Mr. Weldon testified that, based on aerial photographs, similar lots used in the land model required excavation into the street to access utilities. *MTAB Hr'g Tr. 128:9–129:3, 129:17–130:7.* Mr. Weldon showed on, COS 195-A, that similar properties, selling at market value have storm drains and easements

crossing the properties and maintain the ability to connect to city utilities and construct improvements. *Ex. F, G; MTAB Hr'g Tr. 130:8–21.*

21. Mr. Weldon testified that if stub-outs existed, the Subject Property's prior designation as park land would not affect utility access because, over time, some lots in Cristine Court were consolidated, likely leaving unused stub-outs. *MTAB Hr'g Tr. 139:24–140:4, 142:13–145:3*. Mr. Weldon further testified that, under municipal code, new construction must connect from the structure to available stub-outs where present, meaning property owners would incur at least some cost to connect to city utilities. *Id.* Mr. Weldon further testified that municipal code provides that stub-outs extend only to the curb line of a property. *MTAB Hr'g Tr. 146:12–17, 147:5–11*. Additionally, the neighboring property owned by the Taxpayers was connected to city utilities when the improvements were constructed. *MTAB Hr'g Tr. 150:15–23.*

JURISDICTION AND STANDARD OF REVIEW

22. The Montana Tax Appeal Board is an independent agency not affiliated with the Montana Department of Revenue. *Mont. Const., Art. VIII § 7;* Mont. Code Ann. § 15-2-101. The Taxpayer filed a timely appeal of the DOR's decision to the MTAB. Therefore, this Board maintains jurisdiction to hear and decide this matter. Mont. Code Ann. § 15-2-301.

23. When reviewing a county tax appeal board decision under Mont. Code Ann. § 15-2-301, MTAB acts as a quasi-appellate body with authority to supplement the record and is limited to issues properly preserved for appellate review. *O'Brien v. Mont. Dep't of Revenue*, 2026 MT 132, ¶72.

24. The Board's order is final and binding upon all parties unless changed by judicial review. Mont. Code Ann. § 15-2-301(6).

CONCLUSIONS OF LAW

25. To whatever extent the following conclusions of law may be construed as findings of fact, they are incorporated accordingly.

26. "All taxable property must be appraised at 100% of its market value…." Mont. Code Ann. § 15-8-111.

27. Market value is the value at which property would change hands between a willing buyer and a willing seller, neither being under compulsion to buy or to sell and both having reasonable knowledge of relevant facts. Mont. Code Ann. § 15-8-111(2)(a).

28. "[I]n connection with any appeal under [Mont. Code Ann. § 15-2-301], the Montana board is not bound by common law and statutory rules of evidence or rules of discovery and may affirm, reverse, or modify any decision. To the extent that this section is in conflict with the Montana Administrative Procedure Act, this section supersedes that act." Mont. Code Ann. § 15-2-301(5).

29. DOR is entitled to a "presumption of correctness if its decisions are pursuant to an administrative rule or regulation, and the rule or regulation is not arbitrary, capricious or otherwise unlawful." *Burlington N.,* 169 Mont. at 214, 545 P.2d at 1090. However, DOR cannot rely entirely on the presumption in its favor and must present a modicum of evidence showing the propriety of their action. *Western Air Lines v. Michunovich*, 149 Mont. 347, 353, 428 P.2d 3, 7 (1967).

30. The Taxpayer bears the burden of proving the error of DOR's decision. *Farmers Union Cent. Exch. v. Dep't of Revenue*, 272 Mont. 471, 476, 901 P.2d 561, 564 (1995); *Western Air Lines*, 149 Mont. at 353, 428 P.2d at 7.

31. "'Assessment formulations' by [the Montana Tax Appeal Board] should be upheld unless there is a clear showing of an abuse of discretion." *Peretti v. Dep't of Revenue*, 2016 MT 105, ¶ 15, 383 Mont. 340, 344, 372 P.3d 447, 450 (citing *O'Neill v. Dep't of Revenue*, 2002 MT 130, ¶ 23, 310 Mont. 148, 155, 49 P.3d 43, 47); see *Northwest Land & Dev. v. State Tax Appeal Bd.*, 203 Mont. 313, 317, 661 P.2d 44, 47 (1983).

32. The Board "may not amend or repeal any administrative rule of the department," but may enjoin its application if the Board concludes the rule is "arbitrary, capricious, or otherwise unlawful." Mont. Code Ann. § 15-2-301(5).

33. The term "improvements" includes all buildings, structures, fences, and improvements situated upon, erected upon, or affixed to land. Mont. Code Ann. § 15-1-101(1)(i).

34. The Legislature intended the Department to utilize a number of different approaches or combination of approaches, including the income approach, sales comparison approach, and cost less depreciation approach, depending on the market where the appraisals take place, when it assesses property and estimates market value. *Albright v. State,* 281 Mont. 196, 208-09, 933 P.2d 815, 823 (1997).

35. "(a) Subject to subsection (7)(b), a county tax appeal board and the Montana tax appeal board may not adjust the estimated value of the real or personal property determined under subsection (6) unless the landowner or the landowner's agent:
    (i) gives permission to the department to enter the land to appraise or audit the property; or
    (ii) provides to the department and files with the county tax appeal board or the Montana tax appeal board an appraisal of the property conducted by an appraiser who is certified by the Montana board of real estate

appraisers. The appraisal must be conducted in accordance with current uniform standards of professional appraisal practice established for certified real estate appraisers under 37-54-403. The appraisal must be conducted within 1 year of the reappraisal valuation date provided for in 15-7-103(6) and must establish a separate market value for each improvement and the land.

(b) If a landowner or the landowner's agent prevents a person qualified under subsection (1) from entering land to appraise or audit property or fails or refuses to establish a date and time for entering the land pursuant to subsection (5), the department shall estimate the value of the real and personal property located on the land." Mont. Code Ann. § 15-7-139(7).

DISCUSSION

36. The duty of the Board is to determine the Subject Property's market value. Based on the evidence in the record, the Board finds that the Subject Property should be valued by the Department as a primary building site. The record does not contain sufficient evidence demonstrating that the Subject Property cannot be connected to municipal services or that it lacks legal access. Accordingly, the Board concludes that a willing buyer and willing seller would consider the property a primary site when determining its market value.

37. The Taxpayer testified that the Tracy Ann Terrace subdivision went bankrupt and that no records could be located establishing whether utility stub-outs were installed along Christine Court. The Taxpayer further testified that utility stub-outs were installed on a case-by-case basis and was unsure whether any stub-outs currently exist for the Subject Property. The Department, likewise, could not confirm the existence of utility stub-outs but testified that, where present, stub outs generally extend only to the curb line and that it is the property owner's responsibility to connect to those utilities. Since the existence and location of any utility stub-outs have not been established, the Board cannot reduce the Subject Property's value based on speculation that substantial utility

extension costs may be incurred. Mr. Elias presented an estimate for connecting the Subject Property to municipal utilities. However, some or all of the work reflected in that estimate may be unnecessary if utility stub-outs are present within the Christine Court cul-de-sac. Although the Board recognizes that the property owner will incur some expenses to connect the Subject Property to municipal services, the amount of that expense cannot be determined from the evidence in the record because the status and location of the utilities themselves and of any utility stub-outs remain unknown. The Board also considers Lot 25A, which the Taxpayer successfully connected his primary residence to municipal utilities, as evidence that utility services are available.

38. The Taxpayer argues that, because the Subject Property was originally platted as a park, utility stub-outs were never installed for the property. The Department argues that many of the original lots along Christine Court were subsequently consolidated, leaving unused utility stub outs available to serve other parcels. The Board agrees with the Department that several lots within the subdivision were consolidated and that such consolidations could have resulted in unused utility stub-outs. Mr. Elias testified that lot consolidations occurred and that a survey of the Subject Property was necessary as a result. However, as the existence, location, and associated connection costs of any utility stub-outs remain unknown, the Board cannot determine whether the Subject Property would sell for less than comparable buildable lots due to utility connection expenses. The Department also introduced Sale 4, of its land model, which was understood to be a property without utility stub-outs and sold at market price. Accordingly, the Board finds insufficient evidence to conclude that the potential absence of utility stub-outs affects the market value of the Subject Property.

39. The Department testified that it found no evidence indicating that properties sold for less because of the cost of connecting to municipal utilities. Mr. Elias

testified and presented an estimate, which he prepared himself, showing that connecting the Subject Property to municipal utilities would likely be a substantial expense. The Board agrees that the cost of connecting the Subject Property to municipal utilities may be greater than that of a typical lot because the Subject Property is separated from Christine Court and existing utilities by the Flag Strip. However, the record indicates that the Subject Property has two potential routes for utility service. The Subject Property benefits from legal access across the Flag Strip and a potential utility easement located west of the Subject Property. Although each route presents potential challenges, both indicate that connection to municipal water and sewer services is feasible.

40. First, extending utilities through the Flag Strip may be complicated by existing utility infrastructure and could require additional excavation or construction. However, if utility stub-outs exist within the Christine Court cul-de-sac, some, or all of those additional costs may be avoided. Since the existence and location of county utilities and any stub-out connections remain unknown, the Board finds that the ultimate cost of utility connection remains speculative.

41. Second, while the Subject Property does not presently have a utility easement providing access from the west, testimony established that the County may be willing to grant such an easement, although the Taxpayer has not applied for one. The Board does not rely on the assumption that such an easement would be granted. Rather, the testimony demonstrates that an additional potential avenue for utility service may exist.

42. Although records from the Treasa Ann Terrace Subdivision are incomplete and the Subject Property was originally designated as a park, the evidence does not establish that the property is incapable of receiving county municipal service. The Board finds that the Subject Property has potential routes for connection to water and sewer services and that the evidence presented does not support a reduction in value based on utility-access limitations. The Board further notes that the Department presented evidence of comparable properties that required

excavation or other utility-extension work to obtain service and nevertheless sold at market price. This evidence supports the conclusion that additional utility connection costs, alone, do not always diminish market value.

43. Next, the Taxpayer argues that physical access to the Subject Property is impeded by an electrical pedestal located within the Flag Strip and that the Subject Property's value should be reduced by the cost of relocating the pedestal. The Department argues that, although the electrical pedestal is located on the Flag Strip, it does not prevent access to the Subject Property and the Flag Strip can still function as a driveway. The record shows that the Flag Strip is approximately 20 feet wide and that the electrical pedestal is located approximately 3.68 feet from the property line. The Department presented uncontroverted testimony that approximately 12 feet of clearance exists between the electrical pedestal and the opposing property line. The Department further presented evidence of several properties within the Teresa Ann Terrace Subdivision that utilize driveways approximately 10 feet in width. The Board agrees with the Department that the electrical pedestal does not block access to the Subject Property. Although the placement of the pedestal is not ideal, sufficient space remains within the Flag Strip to provide vehicular access to the property. The testimony indicates that similar or narrower clearances are commonly used for residential driveways and garage access.

44. While the presence of the electrical pedestal may make access less convenient, the Board finds insufficient evidence that the pedestal prevents reasonable physical access to the Subject Property or that relocation of the pedestal is necessary for development of the property. Accordingly, the Board concludes that the Subject Property has reasonable routes for physical access, and the Taxpayers have not proven that the presence of the electrical pedestal warrants a reduction in the Subject Property's value.

45. Even if the Board were to conclude that the electrical pedestal materially impaired access to the Subject Property, the Board would be hesitant to rely upon Mr. Elias' estimate of the cost to relocate the pedestal. While the Board found Mr. Elias to be a credible witness regarding the facts of the property, the record does not establish that he possesses specialized knowledge or experience regarding the relocation of electrical infrastructure or the costs associated with such work. Mr. Elias testified that relocation of the electrical pedestal would be subject to the approval of and performed at the direction of Northwest Energy. Mr. Elias further acknowledged that the ultimate cost of relocation would be determined by Northwest Energy rather than by himself. Although Mr. Elias made a good-faith effort to estimate the potential costs associated with relocating the pedestal, the Department identified several components of the estimate that called its accuracy into question.

46. The Department testified that, when developing a land valuation model, it analyzes market sales to identify factors or influences that cause properties to sell differently from one another. The Subject Property was valued using a land model based on vacant land sales of comparable properties. According to the Department's testimony, the model was statistically reliable and applied a base land value that was adjusted using an incremental rate to account for differences in lot size. Mr. Weldon testified that the Department's analysis did not reveal any market evidence indicating that properties lacking utility stub-outs sold for less than otherwise comparable properties. Likewise, Mr. Weldon testified that properties believed to be without utility stub-outs sold at prices consistent with other properties included in the land model. The Board finds this testimony more persuasive because it is based on actual market transactions rather than speculative estimates of potential development costs. Accordingly, the Board finds that the Department's land model appropriately reflects the market and supports the valuation assigned to the Subject Property.

47. The record establishes that the Department previously valued the Subject Property as a secondary site based on incomplete information regarding access to the property. Ms. Kraus testified that the Department was unaware of the utility easement and the existence of the Flag Strip when the Subject Property was classified during the prior appraisal cycle. Ms. Kraus further testified that additional research, including review of a subsequent survey, provided information regarding legal access to the Subject Property.

48. Mr. Weldon testified that, after reviewing Certificate of Survey 475-A, the Department determined that the Subject Property possessed legal access and should be classified as a primary site rather than a secondary site. Mr. Weldon further testified that the Department's records had not been updated to reflect this information during the prior appraisal cycle, resulting in the Subject Property being incorrectly valued as a secondary site. The Board finds that the Department's prior classification of the Subject Property as a secondary site was based on incomplete information. The evidence presented at hearing demonstrates that the Subject Property has legal access and supports the Department's current classification of the Subject Property as a primary site.

49. The Taxpayer did not present evidence of any specific improvement costs to be deducted from the Subject Property's market value.

50. Although the electrical pedestal located within the Flag Strip may make access less convenient, the evidence demonstrates that sufficient space remains within the Flag Strip to provide practical vehicular access to the Subject Property without relocating the pedestal. The Board further recognizes that the Subject Property may incur additional costs to connect to municipal utilities. However, the amount of any such costs is uncertain as of the lien date. The evidence indicates that utility service may be available through existing stub-outs within the Christine Court cul-de-sac. Since the necessity and extent of future utility-connection expenses remain unknown, and the status of the utilities is

unknown, the Board declines to reduce the Subject Property's value based on speculative costs that may or may not be incurred.

51. The Board understands the Taxpayers' concerns regarding the substantial increase in the Subject Property's assessed value from the prior appraisal cycle. The evidence presented at hearing demonstrates that the increase is largely attributable to the Department's classification of the Subject Property as a primary site rather than a secondary site. The Board also notes testimony and photographic evidence indicating that the Subject Property is currently used in conjunction with the adjoining property, including the placement of sheds and other improvements near or across the common property line. However, the Board's duty is to determine the market value of the Subject Property as it exists on the lien date and not to evaluate potential future changes to property boundaries or ownership. For the reasons stated above, the Board finds that the Taxpayer has not met the burden of proving the Department's valuation is incorrect.

ORDER

52. The Board denies the Taxpayer's appeal and affirms the determination of the Anaconda-Deer Lodge County Tax Appeal Board.

Dated this 10th day of July 2026.

TAX APPEAL BOARD OF THE STATE OF MONTANA SEAL

Travis Brown, Chairman

Adam Millinoff, Member

Christopher Murphy, Member

Notice: You are entitled to judicial review of this Order by filing a petition in district court within 60 days of the service of this Order. The Department of Revenue shall promptly notify this Board of any judicial review to facilitate the timely transmission of the record to the reviewing court. *Mont. Code Ann. §15-2-303(2).*

Certificate of Service

I certify that I caused a true and correct copy of the foregoing Findings of Facts and Conclusions of Law to be sent by email and United States Mail via Print & Mail Services Bureau of the State of Montana on July 10, 2026, to:

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