BEFORE THE MONTANA TAX APPEAL BOARD

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Montana Tax Appeal Board

STEPHEN J. AND WILLIAM M. GILLESPIE, Appellants, v. STATE OF MONTANA, DEPARTMENT OF REVENUE, Respondent.	CASE №: PT-2026-18 **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 Cascade County Tax Appeal Board (CTAB) denying Stephen J. and William M. Gillespie (Taxpayers) a reduction in value on the subject property located at 2818 Old US Highway 91, Cascade, Montana (Subject Property). The Taxpayers appealed that outcome to the Montana Tax Appeal Board (MTAB) on March 23, 2026. Appeals PT-2026-18, PT-2026-19, and PT-2026-20 involve the same Taxpayers and were heard on the same record. This decision only addresses PT-2026-18. However, the Board took judicial notice of foundational information related to all three cases for judicial efficiency. 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:

Taxpayers' Exhibits:

1. Information Packet;
2. Tax Assessment; and
3. Complaint Email, dated November 6, 2025.

Department's Exhibits:

A. Property Record Card;

B. Land Model;

C. Market Value Calculation;

D. Comparable Sales Report;

E. Comparable Sales MRA Worksheet; and

F. Field Notes.

PROCEDURAL HISTORY

The Department of Revenue (Department) valued the Subject Property at $732,900, with the land valued at $376,891 and the improvements valued at $356,009 for the 2025-2026 appraisal cycle. *Ex. A; MTAB Dkt. 3.* The Taxpayers filed an AB-26, Request for Informal Classification and Appraisal Review, with the Department on August 12, 2025. *MTAB Dkt. 3.* The Department issued a Form AB-26 Determination Letter on December 22, 2025, which contained an incorrect valuation due to a clerical error in the Department's land model. *Id.* The Department issued a Revised Determination Letter on January 7, 2026, correcting the appraised value to $732,900. *Id.* The Taxpayers appealed the Department's valuation to CTAB on January 23, 2026. *MTAB Dkt. 3.* The CTAB hearing was held on February 26, 2026, and the CTAB's decision denying the Taxpayers' application for reduction was sent to the Taxpayers on February 26, 2026. *Id.* The Taxpayers appealed to MTAB on March 23, 2026, per Mont. Code Ann. § 15-2-301, requesting a total value of $510,000, with a land value of $345,000 and an improvements value of $165,000. *MTAB Dkt. 1, 3.* The MTAB hearing was conducted in Helena on July 23, 2026, at which the following were present:

a. Stephen J. Gillespie; and

b. Dave Burleigh, Department Counsel; Katie Kakalecik, Area Manager; Jim Card, Appraiser; Sam Burden, Business Analyst; Jason Boggess, Reappraisal Program Specialist; and Kandy Fleurisma, Paralegal.

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 an improved property owned by Stephen J. and William M. Gillespie. *Ex. A*. The Subject Property is located at 2818 Old US Highway 91 in Cascade, Montana, and is also identified by its assigned geocode 02-2555-10-3-01-05-0000. *Id.* The Subject Property is 1.580 acres in total size and contains a single-family residence with a garage, deck, and framed canopy. *Id.*

3. The Taxpayers filed an AB-26, Request for Informal Classification and Appraisal Review, with the Department on August 12, 2025. *MTAB Dkt. 3*. The Department issued a Form AB-26 Determination Letter on December 22, 2025, which contained an incorrect valuation due to an error in the Department's land model. *Id.* The error was caused by two parcels being assigned a single sales value, with each parcel being attributed half of the value. *Ex. B; MTAB Hr'g Tr. 37:15-38:22, 52:17-24*. The Department removed the two sales from the land model and issued a Revised Determination Letter on January 7, 2026, correcting the appraised value of the Subject Property to $732,900. *MTAB Hr'g Tr. 37:15-38:22, 52:17-24*.

4. The Taxpayers appealed the Department's valuation to CTAB on January 23, 2026. *MTAB Dkt. 3*. The CTAB denied the Taxpayers' request for reduction on February 26, 2026, and the Taxpayers appealed to MTAB on March 23, 2026. *Id.* The Taxpayers are requesting a total value of $510,000, with $345,000 being attributed to the land and $165,000 to the improvements. *MTAB Dkt. 1, 3*. The Department maintains that the most accurate value for the Subject Property is $732,900, with a land value of $376,891 and an improvements value of $356,009. *MTAB Hr'g Tr. 1:23-2:1*.

5. The Taxpayers contend that the Department's algorithms and models contain intrinsic errors which result in unfair values for taxpayers. *MTAB Hr'g Tr. 5:1-5*. Mr. Gillespie stated that the error contained in the Subject Property's land model, which the Department later corrected, affected 18 property owners within the Meadow Lane area, and 211 other property owners along the river. *MTAB Hr'g Tr. 7:19-8:3, 17:4-15*. The Department mailed out revised notices to the affected properties. *MTAB Hr'g Tr. 7:19-8:3, 17:4-15*. Mr. Gillespie further argued that there are no checks and balances in place within the Department's models and algorithms to prevent erroneous sales and other errors from being included. *MTAB Hr'g Tr. 15:1-9*. Mr. Gillespie contends that the Department's use of realty transfer certificates (RTCs) to gather potential sales for inclusion in the land models is improper because they do not indicate whether a sale was a valid market sale or a non-arm's-length transaction. *MTAB Hr'g Tr. 85:16-86:2, 88:5-9*.

6. Mr. Gillespie argues that the sales which were determined to be errors in the Department's land model were on the higher-valued properties in the model and removing them should have resulted in every affected property owner's value being reduced. *MTAB Hr'g Tr. 17:15-18:8*. Mr. Gillespie stated that the sales being removed instead caused some property owners' values to go up, while others went down. *Id.*

7. Mr. Gillespie acknowledged that during the AB-26 review process he did not permit Department appraisers to fully inspect every room of the Subject Property or take pictures, but disputed that he did not allow a complete inspection because the appraisers were allowed to enter the Subject Property's kitchen and look around. *MTAB Hr'g Tr. 8:4-24*.

8. The Taxpayers argue that the Department's value of the Subject Property does not take into account its significantly diminished condition. *MTAB Hr'g Tr. 8:25-9:17*. Mr. Gillespie stated that the Subject Property has a serious rodent problem which has resulted in holes along the interior walls and strong rodent

odors. *Id.* Mr. Gillespie also stated that the Subject Property contains old carpet and appliances, such as an original JennAir refrigerator and furnace. *Id.*

9. Mr. Gillespie argues that any potential buyer would want to tear down or remove the home and rebuild from scratch, so the Subject Property's value is solely in its land. *MTAB Hr'g Tr. 20:13-18.*

10. Mr. Gillespie stated that the Department determines comparable sales but does not account for the number of days a property was on the market before it sold, and argues that this information should be considered in the Department's models. *MTAB Hr'g Tr. 23:6-24:2.* Mr. Gillespie contends that a sale which was on the market for a significant period of time should be deemed irrelevant when valuing other properties. *Id.*

11. Mr. Gillespie pointed to a property included in the Subject Property's land model, referred to as the Dearborn River property, which sold for approximately $600,000 in 2021 and was assigned an adjusted sales price of $765,000. *Ex. 1; MTAB Hr'g Tr. 24:3-25:18.* Mr. Gillespie described the adjusted sales price as a "pretend sale." *Ex. 1; MTAB Hr'g Tr. 24:3-25:18.* Mr. Gillespie testified that while the Department's adjusted sales price is listed as $765,000, the value listed on Cadastral is $381,532. *Ex. 1; MTAB Hr'g Tr. 24:3-25:18.* Mr. Gillespie alleges that the Department is reassigning sales values to make taxpayers pay more. *Ex. 1; MTAB Hr'g Tr. 24:3-25:18.* Mr. Gillespie argues that a property located on the Dearborn River is irrelevant to the Subject Property and should not have been used in its valuation. *MTAB Hr'g Tr. 27:1-8.*

12. Mr. Gillespie argues that several of the properties included in the land model are irrelevant due to factors such as distance from the Subject Property, excessive property size, a sale which included a mobile home, and excessive time spent on the market. *MTAB Hr'g Tr. 26:1-27:19.*

13. Mr. Gillespie alleges that the Department is biased and aims to keep his property valuation as high as possible in retaliation for a complaint Mr. Gillespie made against a Department field agent. *MTAB Hr'g Tr. 28:1-6.* Mr. Gillespie argued that this is supported by the fact that his communications with the Department were required to go through Department Counsel, Dave Burleigh. *MTAB Hr'g Tr. 28:2-11.*

14. Department Area Manager, Katie Kakalecik, testified that by removing the two sales listed in error on the Subject Property's land model, some property owners' values increased, while others decreased. *MTAB Hr'g Tr. 38:15-39:15.* The change in value resulting from the removal of sales is due to the land model's base size and base rate being recalculated using regression analysis. *Id.*

15. Ms. Kakalecik testified that an adjusted sales price is calculated for any sale that occurs prior to the lien date and represents the Department's estimate of what the property would have sold for on the lien date based on the sales value. *MTAB Hr'g Tr. 39:19-40:6.* The lien date for the 2025-2026 tax cycle is January 1, 2024. *Id.*

16. Ms. Kakalecik testified that the Department determines which sales go into the land model by verifying incoming RTCs and ensuring that each sale included is a valid arm's-length transaction. *MTAB Hr'g Tr. 42:21-43:5.* This process includes sending out sales verification letters to property owners asking them to verify certain aspects of the sale such as whether it was a business transaction, a sale between family members, whether any improvements have been made to the property since the sale, and various other financial and property-related questions. *MTAB Hr'g Tr. 42:21-43:5, 58:6-19.* The information provided by property owners in response to the Department's sales verification letters is self-reported and not every letter is returned. *MTAB Hr'g Tr. 58:6-19.* Ms. Kakalecik stated that the Department attempts to contact the buyer and seller of every transaction to verify sales information. *Id.*

17. Ms. Kakalecik testified that the Subject Property's land model applies to the 202.062 neighborhood and encompasses the Missouri River Recreation Area which extends from the Cascade area to the Dearborn exit near the county line. *Ex. B; MTAB Hr'g Tr. 45:6-13.* The land model relies on sales data within the market area. *MTAB Hr'g Tr. 45:14-17.* The land model's base size is the typical lot size in the Department's neighborhood based on the available data. *MTAB Hr'g Tr. 42:10-20.* The land model's base size is one acre. *Ex. B; MTAB Hr'g Tr. 42:17-20.*

18. Ms. Kakalecik stated that the incremental rate is used to adjust the value of the land if a parcel's total size is larger than the model's base size and the decremental rate is used for parcels which are smaller than the base size. *Ex. B; MTAB Hr'g Tr. 44:17-45:3.* For the Subject Property's land model, the incremental and decremental rates are both $6,781. *Ex. B; MTAB Hr'g Tr. 44:17-45:3.*

19. Ms. Kakalecik testified that the Department used the sales comparison approach to value the Subject Property, which requires taking the multiple regression analysis (MRA) of the Subject Property, the weighted estimate, the adjusted sales prices of five comparable properties, removing the two highest and two lowest of the seven values, and then averaging the remaining three. *MTAB Hr'g Tr. 46:16-47:1.* The sales comparison approach resulted in a total value of $732,900 for the Subject Property. *Id.*

20. Ms. Kakalecik stated that comparable properties' adjusted sales prices are adjusted for many factors such as time from the lien date and bathroom count, among others. *Ex. D; MTAB Hr'g Tr. 47:17-48:11.* Ms. Kakalecik stated that the Department is also able to account for the difference in age of the Subject Property versus the comparable properties. *Ex. E; MTAB Hr'g Tr. 48:23-49:12.* The Subject Property was built in 1974, and newer properties, such as comparable #1 which was built in 1996, receive an adjustment to their value in proportion to the difference in age. *Ex. E; MTAB Hr'g Tr. 48:23-49:12.* Ms.

Kakalecik testified that comparable #1 received an adjustment of $38,312 due to its newer construction. *Ex. E; MTAB Hr'g Tr. 48:23-49:12.*

21. Ms. Kakalecik testified that the Department makes adjustments to comparable properties based on differences in overall condition, desirability, and utility (CDU) grade. *MTAB Hr'g Tr. 60:18-25.* Ms. Kakalecik stated that each property is assigned a CDU grade which is a combination of four different variables: condition, property desirability, location desirability, and utility. *Ex. A; MTAB Hr'g Tr. 49:16-50:2.* Ms. Kakalecik stated that deficiencies in a building's condition, such as a mice infestation, can be accounted for by making adjustments to the property's CDU score. *Ex. A; MTAB Hr'g Tr. 49:16-50:6.* The Subject Property was assigned a condition score of average. *Ex. A, E; MTAB Hr'g Tr. 59:18-60:3.* The location desirability was assigned a score of excellent due to the Subject Property being located on a river which, when averaged with the other scores, brought the overall CDU grade up to good. *Ex. A, E; MTAB Hr'g Tr. 59:18-60:3.*

22. Ms. Kakalecik testified that while dividing a single property's value into two separate property values was incorrect, the property removed from the land model was ultimately taken out because it was not an arm's-length transaction. *MTAB Hr'g Tr. 58:20-59:7.* Ms. Kakalecik verified that the purchaser made the previous owner an offer without obtaining an appraisal or the property being listed for sale on the open market. *Id.*

23. Ms. Kakalecik testified that the comparable properties used to value the Subject Property are also located on the river and are within the same Department neighborhood. *MTAB Hr'g Tr. 60:6-14.*

24. Department Appraiser, Jim Card, testified that the Department attempts to conduct a site visit for every new sale that it receives an RTC for. *MTAB Hr'g Tr. 62:1-3.*

25. Mr. Card testified that during the scheduled on-site visit as part of the AB-26 review process, Mr. Gillespie did not allow him to walk around the property, take pictures, or measure any buildings. *Ex. F; MTAB Hr'g Tr. 63:24-64:8.* Mr. Card stated that due to these restrictions, he did not consider the visit to be a complete review. *Ex. F; MTAB Hr'g Tr. 63:24-64:8.*

26. Mr. Card testified that during the on-site review, Mr. Gillespie showed him holes in the wall and indicated that they were due to a mice infestation. *MTAB Hr'g Tr. 65:9-22.* Mr. Card stated that he considered what Mr. Gillespie had shown him but did not see any indication of mice and ultimately decided that the reported infestation was not present and did not impact the fair market value of the Subject Property. *MTAB Hr'g Tr. 65:9-22, 70:11-71:4.* Mr. Card stated that he would need information regarding mice mitigation performed on the Subject Property to make adjustments to the property. *MTAB Hr'g Tr. 70:1-7.* Mr. Card acknowledged that a mice infestation would more than likely have a negative impact on the value of a property. *MTAB Hr'g Tr. 67:18-20.*

27. Mr. Card testified that the holes in the wall that he saw were isolated to the dishwasher area. *MTAB Hr'g Tr. 73:6-14.* Mr. Card stated that in order to lower the Subject Property's condition score, he would need to be able to inspect the property beyond the kitchen area to measure and visually inspect the entire premises. *Id.*

28. Mr. Card testified that when appraisers are not permitted to complete an on-site review, the Department's standard procedure is to not make changes to the previous record as any adjustments would be beyond the scope of their knowledge. *MTAB Hr'g Tr. 74:10-15.*

29. Department Reappraisal Program Specialist, Jason Boggess, acknowledged that removing the error from the land model caused some properties to increase in value and others to decrease. *MTAB Hr'g Tr. 76:24-77:5.* Mr. Boggess stated that removing the property from the regression land model altered the base rate,

incremental rate, and decremental rate which resulted in property values changing depending on their size. *Id.* The Department issued over 200 revised assessment notices to property owners affected by the error. *MTAB Hr'g Tr. 76:12-23.*

30. Mr. Boggess testified that based on market behavior, properties on the Dearborn River are selling for less than properties on the Missouri River. *MTAB Hr'g Tr. 77:10-23.* Mr. Boggess added that the Dearborn River property was properly included in the land model because it was an arm's-length transaction of a river property in the Missouri Corridor but clarified that an influence needed to be applied due to being located on a different river than the Subject Property. *MTAB Hr'g Tr. 77:10-78:11.* Mr. Boggess stated that if the Dearborn River property were removed, the assessed value of the Subject Property would increase by approximately $14,000. *MTAB Hr'g Tr. 78:2-5.*

31. Mr. Boggess testified that adjusted sales prices are calculated so that every property being compared is valued as of the same date and the adjustments are based on real-world data from verified sales. *MTAB Hr'g Tr. 80:7-14.*

32. Mr. Boggess testified that the land model used to value the Subject Property is a reliable indicator of value based on a number of statistical measures. *Ex. B; MTAB Hr'g Tr. 80:15-82:20.* Mr. Boggess explained that the coefficient of dispersion (COD) measures appraisal uniformity in ratio studies and a low COD indicates a good relationship in the model. *Ex. B; MTAB Hr'g Tr. 80:15-81:12.* The International Association of Assessing Officers (IAAO) standard for COD is between 5 and 30, and the COD for the land model in this case is 10.6, which indicates better uniformity. *Ex. B; MTAB Hr'g Tr. 80:15-81:12.* The coefficient of variation (COV) is preferably around or below 15, and the COV for the land model in this case is 15.15. *Ex. B; MTAB Hr'g Tr. 80:15-81:12.* The price-related differential (PRD) shows the regressivity of a model and the desired range for the PRD is between .98 and 1.03. *Ex. B; MTAB Hr'g Tr. 80:15-81:12.* The PRD for the Subject Property's land model is 1.02. *Ex. B;*

MTAB Hr'g Tr. 80:15-81:12. The t Stat measures the reliability of the land model's influences and a value above 2 or under -2 is desired. *Ex. B; MTAB Hr'g Tr. 80:15-81:24.* The t Stat for x variable 3, which is relevant to river properties such as the Subject Property, is 2.67. *Ex. B; MTAB Hr'g Tr. 82:4-15.* Mr. Boggess stated that the t Stat is a little low but shows the relationship between sizes. *Ex. B; MTAB Hr'g Tr. 82:4-15.* The R squared value indicates how well the regression model fits the data and the desired range for land models is above .7. *Ex. B; MTAB Hr'g Tr. 82:16-20.* The R squared value for the Subject Property's land model is .82. *Ex. B; MTAB Hr'g Tr. 82:16-20.*

33. Mr. Boggess stated that considering the days a property was listed on the market before sale is relevant and a potential way to consider properties according to industry standards, but the Department does not consider the factor because it does not have access to that data through the Multiple Listing Service (MLS). *MTAB Hr'g Tr. 85:1-5.*

JURISDICTION AND STANDARD OF REVIEW

34. 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 Taxpayers filed a timely appeal of the CTAB's decision to the MTAB. Therefore, this Board maintains jurisdiction to hear and decide this matter. Mont. Code Ann. § 15-2-301.

35. 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.

36. 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

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

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

39. "[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).

40. 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 its action. *Western Air Lines v. Michunovich*, 149 Mont. 347, 353, 428 P.2d 3, 7 (1967).

41. 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.

42. "'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).

43. 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).

44. 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).

DISCUSSION

45. The Taxpayers have made several arguments before this Board. First, the Taxpayers contend that the Department's algorithms and models contain intrinsic errors which result in unfair values for taxpayers. The Taxpayers argue that several of the properties included in the land model are irrelevant due to various factors such as distance from the Subject Property and days on the market. The Taxpayers also argue that the Department has not accounted for significant deterioration to the Subject Property resulting from a mice infestation. Lastly, the Taxpayers allege that the Department is biased and retaliating against them for a complaint Mr. Gillespie made against a Department field agent.

46. The Department maintains that its models utilize reliable data and produce accurate results. Furthermore, the Department contends that the properties used to value the Subject Property are the most comparable properties available. The Department disputes that the Subject Property has a significant mice problem and argues that the Subject Property's condition has been accurately accounted for. Lastly, the Department denies any bias or retaliatory actions against the Taxpayers.

47. We first address the Taxpayers' argument that the Department's algorithms and models contain intrinsic errors which result in unfair values for taxpayers. Taxpayers argue that there are no checks and balances in place within the Department's models and algorithms to prevent erroneous sales and other errors from being included. Mr. Gillespie referenced a sale originally included in the Subject Property's land model that was later removed in support of this argument. The Department acknowledged that the sale which was removed was determined not to be an arm's-length transaction and was incorrectly listed as two properties with separate values. The land model was corrected, and the Department subsequently issued over 200 revised assessment notices to property owners who were affected by the error.

48. While Department models can include errors, as is the case with any appraisal process, no evidence was presented showing that there are errors intrinsic to the Department's models or methods. In this instance, the sale referenced by Mr. Gillespie was indeed an error. The Department acknowledged that it was not an arm's-length transaction and that the value was incorrectly attributed as belonging to two parcels. The Department corrected this error by removing the property from the land model and issuing revised assessment notices which clarified the issue and notified property owners of valuation changes caused by the correction.

49. Mr. Gillespie also argued that the Department's use of RTCs to determine which properties are included in the land models is flawed. Mr. Gillespie stated that RTCs do not give an indication of whether a sale was an arm's-length transaction, which causes invalid properties to be included in land models. Ms. Kakalecik explained that while the Department does use RTCs as a starting point, it does not rely solely on RTCs to determine whether a sale is valid. The Department's process of determining which sales go into the land model also involves sending out sales verification letters to property owners asking them to verify whether the sale was a business transaction, a sale between family

members, whether any improvements have been made to the property since the sale, and various other financial and property-related questions. Ms. Kakalecik noted that the responses are voluntary and self-reported, so not every letter is returned. In instances where the Department requires additional verification, appraisers will contact the buyers and sellers to determine the validity of a sale.

50. Regarding Mr. Gillespie's contention that there are no checks and balances in place to prevent erroneous sales from being included in the Department's land models, the Board heard testimony describing the use of several statistical checks to ensure reliable and accurate models. Mr. Boggess explained that the Department utilizes COV, COD, PRD, R squared values, and t stats to determine whether a model is reliable. The statistical checks have standard acceptable ranges set forth by IAAO, and the land model used to value the Subject Property generally fit within these desired ranges. Mr. Boggess testified that based on these statistical checks, the land model is a reliable indicator of value.

51. The Department has shown that its algorithms and models are reliably producing accurate values based on acceptable mass appraisal parameters set forth by IAAO. The statistical measures generally fit within or near the desired ranges and support the Department's contention that its model is accurate. Properties included in the land models are verified to the best of the Department's ability based on RTCs and sales verification forms voluntarily provided by property owners. The Department's reliance on RTCs and voluntarily provided information means that occasionally, some properties which are not valid arm's-length transactions are included in land models. However, the Board views this as a limitation of sales verification forms being voluntary and self-reported, rather than a failing by the Department. Additionally, the Department will go beyond the sales verification form if needed by contacting property owners directly or performing site visits. When such errors do occur, the Department has shown that the models are quickly

corrected and property owners are notified of the resulting changes to their property values. The inputs in this particular land model were corrected to ensure that properties were receiving accurate values going forward. Ultimately, the Taxpayers have not shown that the Department's algorithms and models contain intrinsic errors which are producing inaccurate values.

52. Next, the Taxpayers argue that several of the properties included in the land model are irrelevant due to various factors such as distance from the Subject Property, excessive size, and days on the market. Mr. Gillespie noted one property in particular which is located on the Dearborn River and was used to value the Subject Property which he contends is too far away to be comparable. Mr. Boggess acknowledged that the Dearborn River property is located on a different river than the Subject Property but argued that it was properly included in the land model as it is an arm's-length transaction of a river property from the Missouri Corridor. Mr. Boggess clarified that because the property was located on the Dearborn River rather than the Missouri River, an influence was applied in order to bring the property in line with the Subject Property. Mr. Boggess testified that properties on the Dearborn River are selling for less than properties located on the Missouri River based on market data, and removing the Dearborn River property from the land model would actually increase the Subject Property's assessed value by approximately $14,000.

53. Additional adjustments are applied to properties in the land model, and those used as comparable properties in the sales comparison approach, to account for a variety of factors. Ms. Kakalecik testified that the incremental and decremental rates are used to adjust properties in the land model which are larger or smaller than the model's base size. Properties in the land model are also time trended to account for the difference in time between the sale of the property and the lien date. Furthermore, comparable properties used in the sales comparison approach receive an adjusted sales price which includes

adjustments for differences in bathroom count, age difference between the comparable property and the Subject Property, and difference in CDU score, among others. The Board finds that these adjustments adequately account for the differences between properties and ensure that properties used to value the Subject Property are relevant and comparable.

54. Mr. Boggess addressed the Taxpayers' argument that considering the number of days a property was listed on the market before it sold is an important factor to consider when deciding which properties to include in a land model. Mr. Boggess agreed that days on the market is relevant data and a potential way to consider properties according to industry standards, but explained that the Department does not have access to that data through MLS. The Department's inability to access the data is sufficient explanation for why it is not used in the appraisal process, and the Board does not believe that lacking this data results in inaccurate assessed values.

55. The Taxpayers also argue that the Department has not accounted for significant deterioration to the Subject Property, with much of it resulting from a mice infestation. Mr. Gillespie testified that rodents have created numerous holes along the interior walls and caused strong odors to emanate throughout the property. Mr. Gillespie also noted other deterioration separate from the mice problem, which he believes was not properly accounted for, including damaged carpet and aging appliances. Mr. Card testified that he was allowed access to the Subject Property's kitchen during the AB-26 on-site review but was not permitted to inspect the property further and therefore did not consider it to be a complete inspection. Mr. Card stated that he considered the holes which were present along portions of the kitchen walls, specifically behind the dishwasher area, but did not see or smell any indication of mice. Mr. Card also inquired whether any mice-mitigation efforts had been made that would allow the Department to re-evaluate the Subject Property but was not presented any by the Taxpayers. Mr. Card explained that he would need information regarding

mice-mitigation performed on the Subject Property to make adjustments to the property. However, Mr. Card acknowledged that a mice infestation would more than likely have a negative impact on the value of a property. Mr. Card testified that when appraisers are not permitted to complete an on-site review, the Department's standard procedure is to not make changes to the previous record as any adjustments would be beyond the scope of their knowledge. In order to lower the Subject Property's condition score, Mr. Card stated he would need to inspect the property beyond the kitchen area to measure and visually inspect the entire premises.

56. In this instance, Mr. Card's ability to completely inspect the Subject Property was limited. The testimony presented to the Board shows that Mr. Gillespie permitted Mr. Card to inspect the kitchen area but did not allow him to inspect the property beyond that point. While Mr. Gillespie is allowed to restrict the Department's ability to inspect his property, as is every property owner, this does limit the appraiser's ability to make informed changes to the property record. Mr. Card explained that the Department's standard procedure is to not adjust portions of a property which they have not been allowed to fully inspect as this would be beyond the scope of the appraiser's knowledge. Here, the Board is similarly limited. Mr. Gillespie has testified that the Subject Property has a significant mice infestation which has caused deterioration throughout the premises but has not provided additional evidence with which the Board could make a judgment, such as proof of mice-mitigation efforts or photographs of the Subject Property. Mr. Card acknowledged that holes are present in the kitchen area but stated that he could not verify the mice problem based on the limited portion of the property he was permitted to inspect. Without further evidence of a mice infestation causing deterioration, except for opposing party statements, the Board is left with insufficient justification to reduce the value of the Subject Property. Furthermore, the Subject Property is currently listed as having a condition score of seven, or average, and a percent good score .74. These scores already account for meaningful deterioration to the Subject

Property. Therefore, the Board considers the Subject Property's deterioration to be adequately accounted for based on the limited evidence before us.

57. Finally, the Taxpayers contend that the Department's valuation was influenced by bias or retaliation arising from Mr. Gillespie's complaint against a Department employee. The record reflects disagreements concerning scheduled inspections, communications with Department personnel, and the handling of Mr. Gillespie's complaint. Mr. Gillespie also testified that the Department directed him to route his communications through Department Counsel, Dave Burleigh, after the complaint was filed. Those circumstances explain the Taxpayers' dissatisfaction with the Department, but they do not establish that the Subject Property's valuation was retaliatory. The Board's role in this appeal is to determine whether the Department correctly valued the Subject Property, not to review the Department's handling of an employee complaint when bias has not been established. The record does not establish that the complaint or the decision to route communications through Department Counsel affected the appraisal methodology, model inputs, or resulting value. The Department valued the property using market-derived inputs and the same general methodology used for similarly situated properties. The Taxpayers did not identify a departure from that methodology or other valuation evidence demonstrating that personal bias affected the result.

ORDER

58. The Taxpayers' appeal is denied.

59. The Cascade County Tax Appeal Board decision is affirmed, and the Department's assessed value is upheld.

Dated this 20th day of October 2021.

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).*

BEFORE THE MONTANA TAX APPEAL BOARD

Certificate of Service

I certify that I caused a true and correct copy of the foregoing *Findings of Fact, Conclusions of Law, Order, and Opportunity for Judicial Review* to be sent by email and United States Mail via Print & Mail Services Bureau of the State of Montana on October 20, 2026, to:

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