**BEFORE THE MONTANA TAX APPEAL BOARD**

FILED
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Montana Tax Appeal Board

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| STEPHEN J. AND WILLIAM M. GILLESPIE,<br><br>Appellants,<br><br>v.<br><br>STATE OF MONTANA, DEPARTMENT OF REVENUE,<br><br>Respondent. | CASE №: PT-2026-20<br><br>**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 4208 Central Avenue, Great Falls, 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-2026-20. 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. Income Value Analysis; and
2. November 6, 2025, email exchange between the Taxpayers and the Department.

Department's Exhibits:

A. Property Record Card;
B. AB-26 Request for Informal Classification and Appraisal Review and AB-26 Determination Letter;
C. 2024 Land Model;
D. Taxpayer Income Value Analysis;
E. 2025 Apartment Income Model;
F. 2025 Gross Income Multiplier Model; and
G. IAAO Property Assessment Valuation Manual Excerpts.

## PROCEDURAL HISTORY

The Department of Revenue (Department) valued the Subject Property at $410,400, with the land valued at $115,266 and the improvements valued at $295,134 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, requesting a total value of $295,000 with the land valued at $55,000 and the improvements valued at $240,000. *Ex. B; MTAB Dkt. 3*. The Department issued a Form AB-26 Determination Letter on January 12, 2026, with no adjustments made to the Subject Property. *Ex. B; MTAB Dkt. 3*. The Taxpayers appealed the Department's valuation to CTAB on February 11, 2026, requesting a land value of $50,130 and an improvements value of $227,570. *MTAB Dkt. 3; MTAB Hr'g Tr. 158:17-159:6*. 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. *MTAB Dkt. 3*. The Taxpayers appealed to MTAB on March 23, 2026, pursuant to Mont. Code Ann. § 15-2-301, requesting that the Subject Property be valued using its actual income and expense information. *MTAB Dkt. 1*. The MTAB hearing was conducted in Helena on July 23, 2026, at which the following were present:

a. Stephen J. Gillespie, Taxpayer; and

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

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 commercial property owned by Stephen J. and William M. Gillespie. Ex. A. The Subject Property is located at 4208 Central Avenue, Great Falls, Montana, and is also identified by its assigned geocode 02-3016-09-2-04-30-0000. *Ex. A; MTAB Hr'g Tr. 158:11-13.* The Subject Property consists of a 12,960 square-foot parcel improved with a four-unit apartment building containing two-bedroom, one-bath units. *Ex. A; MTAB Hr'g Tr. 185:1-19, 189:16-17.*

3. The Department appraised the Subject Property's total value at $410,400 with the land valued at $115,266 and the improvements valued at $295,134 for the 2025-2026 appraisal cycle. *Ex. A; MTAB Hr'g Tr. 158:14-16.* The Taxpayers filed an AB-26, Request for Informal Classification and Appraisal Review, with the Department, requesting a total value of $295,000, with the land valued at $55,000 and the improvements valued at $240,000. *Ex. B; MTAB Dkt. 3.* The Department did not make any adjustments to the Subject Property, stating that no error had been made in its appraisal. *Ex. B.* The Taxpayers appealed the Department's valuation to CTAB, requesting a land value of $50,130 and an improvements value of $227,570 for a total value of $277,700. *MTAB Dkt. 3; MTAB Hr'g Tr. 158:17-18.* The CTAB

denied the Taxpayers' request and upheld the Department's valuation. *MTAB Dkt. 3*. The Taxpayers appealed to MTAB on March 23, 2026, and asserted that the Subject Property should be valued using their reported income and expense information. *MTAB Dkt. 1*. The Department requests that the Board affirm the CTAB determination and uphold the Subject Property's land value of $115,266 and its improvements value of $295,134, for a total value of $410,400. *MTAB Hr'g Tr. 158:14-16*.

4. Mr. Gillespie testified that he has been a property manager in the real estate business for 40 years and attended business school for six and a half years. *MTAB Hr'g Tr. 103:13-18*. Mr. Gillespie stated that he has owned the Subject Property for approximately 30 years. *MTAB Hr'g Tr. 103:13-18*.

5. Mr. Gillespie stated that the Subject Property is situated on the east side of Great Falls and is in what he considers a better location with greater square footage than his other property on the west side of town, which is the subject of PT-2026-19. *MTAB Hr'g Tr. 160:1-6*. Mr. Gillespie questioned why the Subject Property, which he approximated at 15,000 square feet, was valued lower than his other property, which he approximated at 5,200 square feet. *Id.*

6. Mr. Gillespie alleges that the Department did not use his actual income and expense information because doing so would generate a lower value for the Subject Property. *MTAB Hr'g Tr. 160:6-11*. Mr. Gillespie argued that if the Department has a property owner's actual numbers, it should use them instead of its market data. *MTAB Hr'g Tr. 162:21-163:11*. Mr. Gillespie argued the Department appraisers' choice of appropriate market-derived figures in place of his reported income and expense information is arbitrary. *Id.* Mr. Gillespie questioned the relevance of separately determining the land value when the Department ultimately used the gross income multiplier (GIM) method to value the Subject Property. *MTAB Hr'g Tr. 179:3-8*.

7. 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.*

8. Mr. Gillespie stated that charging low rent does not make his rental rates non-market rates. *MTAB Hr'g Tr. 163:6-8.* Mr. Gillespie also argues that income from the Subject Property was "tight" because repair expenses, such as plumbing costs, and the water bill had increased. *MTAB Hr'g Tr. 161:16-162:20.* Mr. Gillespie testified on cross-examination that he has never taken any mass appraisal courses. *MTAB Hr'g Tr. 165:14-16.*

9. Department Area Manager Katie Kakalecik testified that the Department did not adjust the value of the Subject Property during the AB-26 informal review or the CTAB process. *MTAB Hr'g Tr. 167:4-6.* Ms. Kakalecik stated that she believed the Department treated Mr. Gillespie fairly and equitably in comparison with other taxpayers. *MTAB Hr'g Tr. 167:10-13.* Ms. Kakalecik testified that the Taxpayers' complaint did not influence the Department's final value for the Subject Property. *MTAB Hr'g Tr. 182:18-20.*

10. Ms. Kakalecik testified that the Subject Property is included in Department neighborhood 202.002, located in East Great Falls. *Ex. A, C; MTAB Hr'g Tr. 169:14-17.* Ms. Kakalecik stated that properties on the east side of town experience different market behavior from properties located on the west side of town due to differing market conditions. *MTAB Hr'g Tr. 169:18-20.*
11. Ms. Kakalecik testified that Mr. Gillespie delivered the Subject Property's income and expense worksheet to her and indicated that he did not charge market rent.

*MTAB Hr'g Tr. 171:9-24*. Ms. Kakalecik stated that Mr. Gillespie also indicated on the AB-26 form that his rents were lower than market rates. *Ex. B; MTAB Hr'g Tr. 169:4-7*. Ms. Kakalecik explained that she did not use the Taxpayers' data to appraise the Subject Property because the Department must value property at 100% of market value and because Mr. Gillespie did not charge market rent. *Ex. D; MTAB Hr'g Tr. 171:9-24*. Ms. Kakalecik added that, because the Taxpayers' income data does not represent market value, it would not be a good indicator to include in the Department's model. *MTAB Hr'g Tr. 171:9-24*.

12. Ms. Kakalecik stated that she selected rent rate 5 for the Subject Property, which corresponds to a monthly rent of $855 per unit. MTAB Hr'g Tr. 185:23-25. Ms. Kakalecik added that she selected rent rate 5 based on similar properties and did not adjust the original valuation because she was unable to view the Subject Property. *MTAB Hr'g Tr. 172:23-173:10, 186:4-7*. Ms. Kakalecik stated that if the Subject Property's units had three bedrooms, the monthly rent value would increase to $955 per unit. *MTAB Hr'g Tr. 186:8-15*.

13. Ms. Kakalecik stated that the Department used the income approach to value the Subject Property. *Ex. A; MTAB Hr'g Tr. 177:13-15*. Ms. Kakalecik testified that the income approach is not the only valid method but is considered the preferred method for commercial properties. *MTAB Hr'g Tr. 184:9-13*. Ms. Kakalecik elaborated that the Department typically uses the income approach for income-producing properties but can use other approaches as well. *MTAB Hr'g Tr. 176:23-177:15, 184:9-13*. Ms. Kakalecik added that the Department may use a different approach in situations where it is warranted, such as for properties which are mixed-use. *MTAB Hr'g Tr. 176:23-177:15, 184:9-13*. Ms. Kakalecik explained that the Department does not use a property's actual income because doing so would constitute an individual appraisal, while the Department conducts mass appraisals. *MTAB Hr'g Tr. 177:19-24*. Ms. Kakalecik stated that, to treat similar properties fairly and equitably, the

Department used the same income approach to value all fourplexes. *MTAB Hr'g Tr. 184:21-24.*

14. Ms. Kakalecik testified that the first step in the modeling process is to determine the land values of all properties in the state. *MTAB Hr'g Tr. 178:13-23.* Ms. Kakalecik acknowledged that the Department's system automatically generates land values for all parcels in Montana, including commercial parcels valued using the income approach. *MTAB Hr'g Tr. 183:22-184:3.*

15. Ms. Kakalecik stated on cross-examination that the land value is a contributory value when considering the income approach. *MTAB Hr'g Tr. 178:13-23.* Ms. Kakalecik clarified that the land value is not part of the income approach but is part of the cost approach. *MTAB Hr'g Tr. 183:6-17.* Ms. Kakalecik defined the cost approach as the replacement cost new value less depreciation of the improvements, plus the land value. *Id.* Ms. Kakalecik stated that the Department also performed a cost approach valuation for the Subject Property, which resulted in a higher value of $498,596. *Id.*

16. Department Modeler Taylor Sandefur testified that the Department uses multiple statistical checks to evaluate the accuracy of its land models, including the coefficient of dispersion (COD), coefficient of variation (COV), price-related differential (PRD), R-squared value, and t-stat. *Ex. C; MTAB Hr'g Tr. 131:22-132:13.* Mr. Sandefur stated that a COD between 5 and 30 and an R-squared value above .70 are preferred, while a lower COV is desirable. *Ex. C; MTAB Hr'g Tr. 132:1-13.* Mr. Sandefur explained that the PRD measures the model's regressivity and progressivity and that the Department aims for a PRD between .98 and 1.03. *Ex. C; MTAB Hr'g Tr. 132:1-13.* Mr. Sandefur added that the t-stat measures the statistical significance of a regression variable and that a t-stat greater than 2 or less than negative 2 is preferred. *MTAB Hr'g Tr. 132:1-13, 188:14-24.* Mr. Sandefur

stated that, for the Subject Property's land model, the COD is 5.60, the COV is 8.15, the R-squared value is .97, the t-stat is 5.68, and the PRD is 1.00. *Ex. C; MTAB Hr'g Tr. 187:13-188:24.*

17. Mr. Sandefur stated that the formula used to determine land value is Base Rate × Base Size + [(Subject Size – Base Size) × Incremental/Decremental Rate] = Land Value. *MTAB Hr'g Tr. 189:7-190:8.* Mr. Sandefur explained that the calculation subtracts the applicable adjustment because the Subject Property is smaller than the model's standard base size. *Id.* Mr. Sandefur stated that, under the current land model, the base rate is $7.82, the base size is 15,000 square feet, and the Subject Property is 12,960 square feet. *Ex. C; MTAB Hr'g Tr. 189:7-190:8.* Mr. Sandefur stated that the land value shown on the property record card is $115,266 and explained that a manual calculation may produce a slightly different value because of rounding within the Department's Orion system. *Ex. A, C; MTAB Hr'g Tr. 189:7-190:8.*

18. Mr. Sandefur testified that his job includes checking the models for accuracy and that the statistical checks indicate the Department's land models are accurate. *MTAB Hr'g Tr. 193:1-3, 195:1-2.* Mr. Sandefur stated that, to validate the sales in the model, he reviews the realty transfer certificates and only includes sales in the model if they are valid arm's-length transactions. *MTAB Hr'g Tr. 193:4-194:2.* Mr. Sandefur added that an error in the model would affect all properties valued by the model. *Id.* Mr. Sandefur testified that the presence of outliers does not necessarily mean that the model is flawed. *Id.*

19. Mr. Sandefur testified that the Subject Property is assigned the 002.C land-type influence within the Residential East Great Falls land model and that the influence was developed using two sales. *Ex. C; MTAB Hr'g Tr. 195:6-22.* Mr. Sandefur stated that two sales were sufficient to accurately determine the influence applied to

the Subject Property's value because the t-stat was acceptable and the sales ratios were close to 100%. *MTAB Hr'g Tr. 195:6-196:7.* Mr. Sandefur explained that differences between the Taxpayers' two property values on the east and west sides of Great Falls resulted from the properties being in different market areas. *MTAB Hr'g Tr. 190:24-191:11.*

20. Department Business Analyst Sam Burden testified that the Department used 267 rental listings from Butte, Great Falls, and Helena to develop the rental-rate choices. *MTAB Hr'g Tr. 198:22-25.*

21. Mr. Burden testified that the income and expense model was developed using voluntarily submitted income and expense information for two-bedroom, one-bath apartments, and that he believed it predicted reliable market values. *Ex. E; MTAB Hr'g Tr. 199:1-9.* Mr. Burden explained that including the Taxpayers' income and expense information in the model would change the model slightly but would not change its final output. *MTAB Hr'g Tr. 199:13-18.*

22. Mr. Burden defined GIM as the relationship between a property's sale price and its annual gross income. *MTAB Hr'g Tr. 146:4-6.* Ms. Kakalecik testified that the GIM method of the income approach is an effective way to value properties and is supported by industry standards. *MTAB Hr'g Tr. 119:4-9.* Mr. Burden stated that the GIM for the Subject Property is 10, which is multiplied by the potential gross income (PGI) to determine the Subject Property's total market value. *MTAB Hr'g Tr. 146:16-17, 174:11-13.* Ms. Kakalecik stated that a GIM of 10 was also used to value the Subject Property the previous tax cycle and is still consistent with other similarly situated properties. *MTAB Hr'g Tr. 174:1-3, 174:17-18.* Mr. Burden testified that appraisers select a multiplier based on their knowledge of the market area and the prices of similar properties that have sold. *MTAB Hr'g Tr. 147:6-9.*

23. Mr. Burden stated that the GIM and a property's potential gross income are the only values needed under the GIM method of the income approach and that multiplying those values produces the estimated market value. *MTAB Hr'g Tr. 150:1-151:8.* Ms. Kakalecik explained that the Department multiplied the four units by the monthly rent of $855 and then multiplied that amount by 12 months to determine the PGI of $41,040. *MTAB Hr'g Tr. 174:4-13.* Ms. Kakalecik stated that the Department then multiplied the $41,040 PGI by a GIM of 10 to determine the Subject Property's total value of $410,400. *Id.*

24. Mr. Burden clarified that the GIM method does not separately account for operating expenses because it is used for smaller commercial properties, such as duplexes, triplexes, and fourplexes, which sell differently according to market data. *MTAB Hr'g Tr. 150:1-151:8.* Ms. Kakalecik stated that the Department uses the GIM for smaller commercial properties because their expense-to-income ratios differ from those of larger commercial properties. *MTAB Hr'g Tr. 116:10-15.* Mr. Burden added that larger commercial properties are valued using the capitalization method. *MTAB Hr'g Tr. 150:1-151:8.*

## JURISDICTION AND STANDARD OF REVIEW

25. 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 DOR's decision to the MTAB. Therefore, this Board maintains jurisdiction to hear and decide this matter. Mont. Code Ann. § 15-2-301.

26. 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.

27. 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

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

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

30. "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 sell and both having reasonable knowledge of relevant facts." Mont. Code Ann. § 15-8-111(2)(a).

31. In valuing class four residential and commercial property, the Department must follow the applicable uniform standards of professional appraisal practice for mass appraisal and may use information from any source it considers reliable. Mont. Code Ann. § 15-8-111(3)(a).

32. "[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).

33. 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).

34. The Taxpayers bear 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.

35. "'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). 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

36. The Taxpayers raise three principal arguments. First, the Taxpayers contend that the Department should have valued the Subject Property using its actual income and expenses rather than market-derived rental rates. Second, the Taxpayers question the Department's land value because the Subject Property's land was valued lower than the Taxpayers' smaller lot associated with PT-2026-19 located at 812 3rd Avenue Southwest. Finally, the Taxpayers allege that the Department is biased and treated them unfairly after Mr. Gillespie filed a complaint concerning a department field appraiser.

37. The Department maintains that the Subject Property must be valued at market value rather than according to the non-market rents the Taxpayers have chosen to charge. The Department contends that its gross income multiplier method appropriately estimates the market value of smaller income-producing properties and was applied to the Subject Property in the same manner as it was applied to similarly situated properties. The Department further maintains that the Subject Property is located in a different market area from the Taxpayers' other apartment property and denies that the Taxpayers' complaint influenced the appraisal.

38. We first address the Taxpayers' contention that the Department should have used the Subject Property's actual income and expenses. Mr. Gillespie explained that he prefers long-term tenants and has intentionally kept rental rates below market. The Board does not question the legitimacy of that business decision or the benefits it may provide to the Taxpayers and their tenants. Nevertheless, the relevant inquiry is the Subject Property's market value, not the income produced under the current owner's particular management practices. Actual income and expense information may be relevant evidence of market value, but it is not necessarily controlling when the property's existing rents do not reflect prevailing market conditions.

39. The record supports the Department's determination that the Subject Property's existing rents were not reliable as the sole measure of its potential market income. The Taxpayers' AB-26 form indicated that the rents were lower than market rents, and Mr. Gillespie acknowledged that the rents were low in comparison to other properties. Although this testimony demonstrates the Taxpayers' concern for their tenants, it does not establish that the existing rents reflect the amount the property could reasonably produce in the market.
40. The Department valued the fourplex Subject Property through the gross income multiplier method. Under that method, the Department estimated potential gross income for the four units using a monthly market rent of $855, resulting in an

annual potential gross income of $41,040. The Department then applied a gross income multiplier of 10, producing a total estimated market value of $410,400. The Department explained that the multiplier was derived from verified sales of smaller apartment properties and that the method is commonly used for duplexes, triplexes, and fourplexes.

41. The Taxpayers argue that the Department's failure to separately deduct their actual operating expenses caused the model to overstate the Subject Property's value. The Department explained, however, that operating expenses are reflected indirectly in the gross income multiplier derived from market sales and are not separately deducted from the potential gross income of each property. This distinguishes the gross income multiplier method from a direct capitalization analysis in which income and expenses are separately calculated. The Department also valued the Subject Property at $498,596 using the cost approach, which is higher than the value produced when using the income approach. The Department's selection of the lower income-approach value does not suggest that it was attempting to maximize the Subject Property's appraisal value, resulting in a higher tax due.

42. The Department adequately explained its selection of the model inputs. Ms. Kakalecik selected rent rate 5, corresponding to a monthly rent of $855, after reviewing similar properties and considering the Subject Property's characteristics. The Department selected a gross income multiplier of 10 to remain consistent with similarly situated properties. The Taxpayers questioned the discretion involved in selecting those inputs but did not present market rental data, comparable apartment sales, or another valuation analysis demonstrating that different inputs should have been selected.

43. The Taxpayers also question why the Subject Property's land was valued at $115,266 while the smaller lot associated with their other apartment property in PT-2026-19 was valued at $124,688. The difference in lot size alone does not demonstrate an appraisal error. The two properties are located in separate Department neighborhoods on opposite sides of Great Falls and are subject to different land models based on the market behavior within their respective areas. The Department's land model for the Subject Property produced a coefficient of dispersion of 5.60, a coefficient of variation of 8.15, an R-squared value of 0.97, a t-stat of 5.68, and a price-related differential of 1.00. These statistical measures support the Department's conclusion that the land model reliably estimated market value.

44. The Department also explained that the land formula accounted for the Subject Property's size through the applicable base size and incremental or decremental rate. Using a base rate of $7.82, a base size of 15,000 square feet, the Subject Property's size of 12,960 square feet, and an incremental or decremental rate of $0.84 produced a value close to the $115,266 shown on the property record card. The minor difference between the formula calculation and the recorded value was attributed to rounding within the Department's Orion system. The Taxpayers did not present comparable land sales or an alternative land analysis demonstrating that the Department's calculation was erroneous.

45. 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 four-unit apartment properties. The Taxpayers did not identify a departure from that methodology or other valuation evidence demonstrating that personal considerations affected the result.

46. The Department presented sufficient evidence explaining its appraisal methodology, the market data underlying the models, and their application to the Subject Property. The Taxpayers raised legitimate questions about the use of market-derived income rather than their actual income and expenses, but they did not demonstrate that the Department's methodology was unlawful or that its selected inputs produced an inaccurate estimate of market value. The Taxpayers therefore failed to meet their burden of proving error in the Department's valuation. Accordingly, the Board affirms the CTAB's determination and the Department's total market value of $410,400, consisting of $115,266 in land value and $295,134 in improvement value.

## ORDER

47. The Taxpayers' appeal is denied.

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

Dated this 20th day of October 2026.

Travis Brown, Chairman

TAX APPEAL BOARD SEAL OF THE STATE OF MONTANA

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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