

BEFORE THE MONTANA TAX APPEAL BOARD

FILED

NOV 18 2024

Montana Tax Appeal Board

STATE OF MONTANA,
DEPARTMENT OF REVENUE,

Appellant,

v.

MATTHEW J. and KIM D. KRSUL,

Respondents.

CASE №: PT-2024-23

**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 Butte-Silver Bow County Tax Appeal Board (CTAB) partially granting Matthew and Kim Krsul (Taxpayers) a reduction in value on the subject property located at 276 Majestic View, Butte, Montana (Subject Property). The Department of Revenue (DOR) appealed that outcome to Montana Tax Appeal Board (MTAB) on February 21, 2024. We reverse the CTAB's determination.

ISSUE TO BE DECIDED

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

EXHIBIT LIST

The following evidence was submitted at the hearing:

Taxpayer Exhibits:

1. AB-26 Determination Letter, 2023 Classification and Appraisal Notice, and 2023 Real Estate Tax Bill;
2. Packet of Nine Property Sales;
3. Packet of DOR Valuation Comparisons of the Fifteen Currently Built Properties in Homestake Meadows Phase One; and

BEFORE THE MONTANA TAX APPEAL BOARD
STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

4. Packet of DOR Valuation Comparisons of Twelve Similar Properties in Homestake Meadows Phase Two and McGuinness Tracts.

DOR Exhibits:

- A. Property Record Card;
- B. 2023-2024 Montana Residential, Commercial, and Industrial Classification and Appraisal Manual;
- C. MDOR Procedure 2-3-001.1 Final Determination of Value – Residential Property;
- D. 2022 Land Valuation Model;
- E. Land Sales Map;
- F. Photographs of Subject Property;
- G. List of Property Changes for Subject Property Following AB-26;
- H. Comparable Sales Report.

PROCEDURAL HISTORY

The DOR valued the Subject Property at \$1,026,331 for the 2023/2024 appraisal cycle, with the land valued at \$132,801 and the improvements valued at \$893,530. *Ex. A.* The Taxpayers filed an AB-26, Request for Informal Classification and Appraisal Review, with the DOR on July 25, 2023. *MTAB Dkt. 3.* The DOR sent a Form AB-26 Determination Letter to the Taxpayers dated November 22, 2023, partially granting the Taxpayers' request by lowering the Subject Property's value from \$1,076,441 to \$1,026,331. *Ex. 1.* The Taxpayers appealed the DOR's valuation to the CTAB on November 27, 2023, requesting a land value of \$110,620 and an improvements value of \$660,540. *MTAB Dkt. 3.* The CTAB hearing was held on January 16, 2024, and the CTAB's decision partially granting the Taxpayers' application for reduction was sent to the parties on January 22, 2024. *Id.* The DOR appealed to MTAB on February 21, 2024, per Mont. Code Ann. § 15-2-301, requesting a land value of \$132,801 and an improvements value of \$893,530, for a total of \$1,026,331. *MTAB Hr'g Tr. 3:1-4.* The MTAB hearing was conducted in Helena on August 20, 2024, at which the following were present:

- a. Matthew J. Krsul, Taxpayer; and Kim D. Krsul, Taxpayer.

BEFORE THE MONTANA TAX APPEAL BOARD

STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

- b. Dave Burleigh, DOR Counsel; Brandon Whitaker, Lead Appraiser; Rian Kraus, Appraiser; Timothy Skop, Modeler; 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 a residential home owned by Matthew and Kim Krsul in Butte-Silver Bow County. *MTAB Dkt. 1*. The Subject Property is located at 276 Majestic View in Butte, Montana, and is also identified by its geocode 01-1095-22-1-03-15-0000. *Ex. A*. The Subject Property is located within the Homestake Meadows Phase One subdivision and is 4.66 acres in total size. *Id.*
3. The DOR valued the Subject Property at \$1,076,441 prior to the Taxpayers' AB-26 Informal Review. *Ex. 1*. At the conclusion of the AB-26 review, the DOR lowered the Subject Property's valuation to \$1,026,331 which is the value the DOR has maintained and requested at both the CTAB and MTAB hearings. *Ex. 1; MTAB Hr'g Tr. 3:1-4*. At the January 16, 2024, CTAB hearing, Taxpayers requested the value of the Subject Property be reduced to \$593,200, allocating \$85,092 to the land and \$508,108 to the improvements. *MTAB Dkt. 3*. The CTAB partially granted Taxpayers' request and set the Subject Property's value to \$800,820. *Id.* The DOR appealed to MTAB on February 21, 2024, and reasserted that the market value of the Subject Property should be \$1,026,331. *MTAB Dkt. 1*. Taxpayers stated that their requested market value was the value the CTAB had assigned to the Subject Property of \$800,820. *MTAB Hr'g Tr. 3:5-18*.

BEFORE THE MONTANA TAX APPEAL BOARD

STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

4. At the MTAB hearing, Taxpayer presented a list of sales prepared by Airika Lakkala, a Realtor at Berkshire Hathaway in Butte Montana. *Ex. 2; MTAB Hr'g Tr. 7:24-8:4*. The Taxpayer stated that she asked Ms. Lakkala to prepare a list of sales of properties that were similar to the Subject Property in Ms. Lakkala's opinion. *Id.* The Taxpayer did not ask Ms. Lakkala to perform a market analysis. *Id.* Taxpayer presented the sales data and property tax information for the list of similar properties which was compiled from Multiple Listing Service, Montana Cadastral, and Tyler Technologies. *Ex. 2; MTAB Hr'g Tr. 8:11-23, 10:6-20*. Taxpayer stated that the property tax value of the comparable properties increased by an average of 36% while the Subject Property's value increased by 73%, which the Taxpayer argued was inequitable. *Ex. 2; MTAB Hr'g Tr. 10:24-11:12*.
5. Taxpayer then presented a list comparing the increase in DOR valuations and property tax assessments to a different set of properties in the Homestake Meadows Phase 1 subdivision over the previous cycle the Taxpayers believed were similar to the Subject Property. *Ex. 3; MTAB Hr'g Tr. 12:2-13:2*. This list was comprised solely of properties located in the Subject Property's Homestake Meadows Phase 1 subdivision. *Id.* The subdivision contains twenty-five total parcels, of which ten are currently vacant land. *Id.* Taxpayer compared the average property tax value and tax assessment increase of the remaining fifteen properties with homes built on them to the Subject Property's. *Id.* The average property tax value increase for those fifteen properties was 37% compared to the Subject Property's increase of 73%. *Id.* Taxpayer stated that she removed one of the fifteen properties from the average calculation as she felt it had become incomparable to the Subject Property due to large additions that were built which nearly doubled its size. *Id.* All of the properties included in Taxpayer's comparison are similar in size and range from roughly two-and-a-half to five acres. *Id.*
6. Taxpayer stated there are several detrimental factors affecting the Subject Property which should have led to a lower land value. *MTAB Hr'g Tr. 13:4-*

BEFORE THE MONTANA TAX APPEAL BOARD

STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

15:16, 16:1-17:11. First, the subdivision contains a quarter mile stretch of road that has a steep 12% grade to it and requires substantial repairs due to weather damage. *Id.* The road is owned in part by each of the twenty-five property owners in the subdivision, not the county, and as such the county does not maintain the road or plow it during the winter. *Id.* Second, the road leads to a popular trailhead, and because each property owner owns a portion of the road, they can be held liable for any accidents which occur on it and are therefore required to purchase liability insurance. *Id.* Lastly, Taxpayer testified that large portions of the Subject Property are unbuildable due to a large drop off on the property, prominent boulders throughout the parcel, underground electrical lines, and the location of the Subject Property's well and septic system as regulated by the State. *MTAB Hr'g Tr. 13:4-15:16, 16:1-17:11, 25:8-18.*

7. Taxpayer testified that they made attempts but were ultimately unable to subdivide the Subject Property due to restrictions in the covenants. *MTAB Hr'g Tr. 15:17-21.*

8. Taxpayer presented an additional comparison of DOR valuations of twelve different properties they deemed comparable which were located outside of the Subject Property's subdivision and solely in the neighboring subdivisions of Homestake Meadows Phase Two and McGinnis Tracts. *Ex. 4; MTAB Hr'g Tr. 18:21-20:10.* Of the twelve properties included in this list, four of them were properties the Taxpayer felt were more valuable than the Subject Property but were included anyway to prevent the data from being skewed in their favor. *Id.* Taxpayer stated that she felt the properties were more valuable than the Subject Property because they had more square footage, more premium construction materials, and other amenities, including elevators in one instance. *Id.* The tax value of the twelve properties increased by an average of 33% compared to the Subject Property's 73%. *Id.*

BEFORE THE MONTANA TAX APPEAL BOARD

STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

9. Taxpayer agreed with the six changes made to the Subject Property's characteristics listed in the AB-26 determination letter. *Ex. 1; MTAB Hr'g Tr. 21:5-12.*
10. DOR presented the land model used to value the Subject Property's land which was based on vacant land sales in the Butte area. *Ex. D; MTAB Hr'g Tr. 29:21-31:2.* DOR Modeler, Tim Skop, testified that the sales prices used, which occurred between 2019 and 2021, were all time trended to the DOR lien date of January 1, 2022, for tax years 2023 and 2024. *Id.* Furthermore, the model contains statistical metrics that allow the DOR to determine whether the model is producing values which are consistent with existing sale prices in the area. *Ex. D; MTAB Hr'g Tr. 32:9-34:7.* These statistical metrics include the coefficient of dispersion (COD), coefficient of variation (COV), price related differential (PRD), R squared value, and T-stat. *Id.*
11. Mr. Skop testified that the COD and COV values help explain how much variance there is in the model. *Ex. D; MTAB Hr'g Tr. 32:21-34:10.* The PRD tells the modeler whether the model is over or under-valuing the properties, and the goal is to have a PRD of one hundred, or 1.0. *Id.* The Subject Property's land model had a PRD of 1.02 which means the predicted values were within two percent of the sales prices and fell within the acceptable range for the DOR. *Id.* The R squared value is a statistical metric which informs the modeler of how well the model is explaining the data that went into it. *Id.* The land model had an R squared value of 67%, which Mr. Skop stated is lower than the DOR typically looks for. *Id.* The low R squared value informs the modeler that there may be something which is not being accounted for in the model. *Id.* The T-stat determines whether statistics such as the 158% influence on the Subject Property are accurate and viable. *Id.* Mr. Skop stated that the 158% influence applied to properties on Majestic View Road, including the Subject Property, was developed using only two sales. *Id.* A T-stat either above two or below negative two would indicate an influence which is legitimate and that the

BEFORE THE MONTANA TAX APPEAL BOARD

STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

properties on Majestic View Road are indeed selling for 58% more than the rest of the properties contained in the land model. *Id.* The T-stat for this model was 3.59. *Id.* Overall, Mr. Skop stated that the metrics indicated the model was reliably producing accurate estimates of land value. *Id.*

12. Mr. Skop testified that there is an influence for restrictions or inferior properties in the 2022 Land Valuation Model. *Ex. D; MTAB Hr'g Tr. 34:18-35:10.* This influence for restrictions and inferior property characteristics relate to oddly shaped properties contained in the land model, including one which had steep lot access. *Ex. D; MTAB Hr'g Tr. 35:21-36:6.* However, the sales in the Subject Property's subdivision indicated that homes were actually selling for more than the base properties in the model despite any perceived flaws in the terrain, so additional adjustments were not necessary. *Ex. D; MTAB Hr'g Tr. 34:18-35:10.*
13. DOR Appraiser, Rian Kraus, stated that she believed the cost method was the most relevant appraisal method to use for the Subject Property. *MTAB Hr'g Tr. 42:13-19.* Ms. Kraus further stated that while the comparable sales method is the preferred methodology to appraise residential property, she chose the cost method in this case because there were very few comparable sales in the area available to use, and the sales that were available had excessive adjustments. *MTAB Hr'g Tr. 42:13-19, 45:19-46:4.* The three comparable sales contained in the DOR's comparable sales report all had comparability points over 200 and DOR procedure instructs appraisers to use the cost approach in such cases. *Ex. H; MTAB Hr'g Tr. 46:21-25, 61:15-62:6, 66:19-23.*
14. Ms. Kraus testified that the Subject Property's land value was calculated using the multiplicative model. *MTAB Hr'g Tr. 44:14-16.*
15. For the current valuation cycle, Ms. Kraus made several updates to the DOR's records for the Subject Property, including adjusting the total basement living

BEFORE THE MONTANA TAX APPEAL BOARD

STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

area from 1,711 square feet to 1,885 to account for a utility room and updating the number of plumbing fixtures from six to eight. *Ex. C; MTAB Hr'g Tr. 48:20-49:16*. Ms. Kraus also listed multiple porches and an attached garage which were previously unaccounted for. *Id.*

16. Ms. Kraus testified that grade factor represents the overall quality of workmanship and materials assigned to each residential dwelling. *Ex. A; MTAB Hr'g Tr. 49:21-50:11*. The Subject Property was assigned a grade of 7 and a grade factor of 1.57. *Id.* Ms. Kraus stated that grade 7 homes are high quality construction homes with custom craftsmanship. *Id.* Furthermore, they are often individually designed and are built with high quality materials. *Id.*
17. Ms. Kraus testified that a residential structure's CDU refers to its condition, desirability, and utility. *Ex. A; MTAB Hr'g Tr. 50:12-52:2*. The Subject Property was assigned a condition of good, a property desirability of good, a location desirability of very good, and a utility of average. *Id.* Ms. Kraus stated that she made several changes to the Subject Property's CDU score during the AB-26 informal review process. *Id.* The condition score was originally very good and was lowered to good, the property desirability score was originally very good and was lowered to good, the location desirability was originally excellent and was lowered to very good, and the utility score was originally very good and was lowered to good.¹ *Id.* The condition score was lowered because despite being a well-maintained home, the very good score is more suitable for a newly constructed home. *Id.* The utility score was lowered because the Subject Property has three bedrooms, and a home of that size may often accommodate more, so a score of average was more fitting. *Id.* Lastly, the desirability score was lowered due to the aforementioned issues with the road, and the desirability score of every home located along Majestic View Road was lowered to account for those issues. *Id.* Ms. Kraus testified that lowering the

¹ The Property Record Card indicates the utility of the Subject Property is average.

BEFORE THE MONTANA TAX APPEAL BOARD

STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

Subject Property's CDU score resulted in a lower value using the cost approach. *Id.*

18. Ms. Kraus testified that the Subject Property's percent good is listed as 86% good, or alternatively stated, it is 14% depreciated. *Ex. A; MTAB Hr'g Tr. 52:5-12.*
19. Ms. Kraus defined OBYs as outbuildings, such as a sheds, concrete pads, or garages. *Ex. A; MTAB Hr'g Tr. 53:11-54:4.* An adjustment was made to the Subject Property's OBYs for having a concrete pad. *Id.* Ms. Kraus testified that she used aerial measurements from Google Maps to measure the concrete pad and assign it a value of \$9,730. *Id.*
20. Ms. Kraus defined base size as a typical lot size in the land model which is determined by lot sales. *Ex. D; MTAB Hr'g Tr. 55:5-56:12.* The base size for residential property in the Subject Property's land model is one acre. *Id.* The base rate is the value of the base size in the model and is determined by land sales. *Id.* The base rate for residential property in the Subject Property's neighborhood is \$67,988. *Id.* However, the 158% influence applied to the homes on Majestic View Road based on sales prices raised the base rate to \$107,268. *Id.*
21. Ms. Kraus stated that the incremental rate allows the DOR to adjust the value of lots that are either larger or smaller than the base size of one acre. *Ex. D; MTAB Hr'g Tr. 56:13-19.* The land model had an incremental rate of 0.1377 which was applied to the Subject Property due to it being 4.66 acres, or 3.66 acres larger than the base size of one acre. *Id.*
22. Ms. Kraus stated that in her opinion, the sales of comparable properties Taxpayers presented in Exhibit 2 were not truly comparable as they all sold after the DOR lien date of January 1, 2022. *Ex. H; MTAB Hr'g Tr. 63:1-9.*

BEFORE THE MONTANA TAX APPEAL BOARD

STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

While those properties might make it into the DOR's comparable sales model for the next tax cycle, the DOR was unable to consider them for the current tax cycle. *Id.*

23. In response to the Taxpayers' Exhibits 3 and 4 comparing DOR valuation increases, Ms. Kraus testified that the DOR is not permitted to value properties based on tax appraisal percentage increases or tax percentage increase that other property owners experienced. *MTAB Hr'g Tr. 63:10-17.*
24. DOR Lead Appraiser, Brandon Whitaker, testified that the DOR can take into account whether a property has deficiencies that would prevent the owner from building further structures on the property, such as gas or water lines. *MTAB Hr'g Tr. 78:16-79:5.* However, the DOR rarely deems difficult terrain features enough to make a property unbuildable as it more often correct to say that the terrain features make building on a property cost prohibitive, rather than impossible. *Id.* Mr. Whitaker stated that no part of the Subject Property's appraisal was dependent on whether another structure could be built on the land. *Id.*

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 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.*
26. This Board may hear appeals de novo. *Dept. of Revenue v. Burlington N.*, 169 Mont. 202, 213-14, 545 P.2d 1083 (1976). "A trial de novo means trying the matter anew, the same as if it had not been heard before and as if no decision had been previously rendered." *McDunn v. Arnold*, 2013 MT 138, ¶ 22, 370 Mont. 270, 275, 303 P.3d 1279, 1282.

BEFORE THE MONTANA TAX APPEAL BOARD
STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

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. "[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)*.
31. 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).
32. 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.
33. "'Assessment formulations' by [the Montana Tax Appeal Board] should be upheld unless there is a clear showing of an abuse of discretion." *Peretti v.*

BEFORE THE MONTANA TAX APPEAL BOARD

STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

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) (overruled on other grounds by *DeVoe v. Dep't of Revenue*, 263 Mont. 100, 866 P.2d 228 (1993)).

34. When construing a statute, it is the Board's role to "determine what in terms or substance is contained in it, and not to insert what has been omitted or to omit what has been inserted." *State v. Minett*, 2014 MT 225, ¶ 12, 376 Mont. 260, 263, 332 P.3d 235, 238; *Mont. Code Ann. § 1-2-101*.
35. 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)*.
36. 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

37. In this case, the Board is tasked with determining the market value of the Subject Property. Based on the testimony and evidence presented, we uphold the DOR's valuation of the Subject Property for the reasons stated herein.
38. The Taxpayer presented evidence of sales prices for properties a local Realtor deemed to be similar to hers. However, these sales occurred after the lien date of January 1, 2022, so the DOR did not consider them for the 2023/2024 valuation cycle. If the DOR deems these sales to be valid, they will use them in

BEFORE THE MONTANA TAX APPEAL BOARD

STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

the development of their models for the 2025/2026 valuation cycle. We note, however, that even if these properties are used in the next valuation cycle, that does not automatically mean that any or all of them will be deemed comparable to the Subject Property. The DOR will need to perform that analysis in the next valuation cycle. Because the selected sales were outside of the parameters for 2023/2024 valuations, the DOR does not deem them comparable sales for purposes of valuing property during the current valuation cycle. We agree with the DOR that these sales will be more appropriately used to develop the models for the next cycle.

39. For the current cycle, the DOR presented testimony and evidence that there were no valid sales that were comparable enough to the Subject Property to value it using the sales comparison method. All of the sales the DOR deemed most comparable to the Subject Property required significant adjustments to make them comparable to the Subject Property. In their comparable sales report, the DOR adjusts the comparable properties, such as adjusting the square footage, number of bedrooms and bathrooms, grade, etc. so that those features of the comparable properties match the actual features of the Subject Property. This allows the DOR to calculate what the sales prices of those comparable properties would likely have been if they had the same features as the Subject Property and were sold on the lien date of January 1, 2022. Those adjusted sales prices are then used to determine a value for Subject Property under the sales comparison method. In this case, the DOR had to make so many adjustments that the comparability points for the most comparable properties were all over 200. Per DOR policy, when this happens, the DOR defaults to using the cost approach rather than the comparable sales approach. In summary, there were not enough sales of properties that were similar enough to the Subject Property during the time period required for the 2023/2024 valuation cycle to determine an accurate valuation under the sales comparison approach.

BEFORE THE MONTANA TAX APPEAL BOARD

STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

40. The Taxpayers' Property Classification and Appraisal Notice stated that the increase in the Subject Property's valuation was due to market appreciation. The Taxpayer testified that they did not make any changes to their property in 18 years. We would point out that market appreciation can occur for a variety of reasons. Although the Taxpayers did not make changes to their property, sales prices of real property increased since the last cycle. Additionally, the cost of building materials increased as well, which will affect the value under the cost approach. The DOR presented evidence and testimony to convince this Board that they correctly valued the property under the cost approach.
41. The Taxpayers also presented comparisons of DOR's valuation increases for other properties near the Subject Property. The Board understands the Taxpayers' concerns about the percentage difference in the value of their property since the last cycle versus the percentage increase of other properties. However, there are many reasons property values fluctuate from one property to another over time, and we do not believe that a straight percentage increase or decrease of the values of different properties is a credible indicator of the market value of another property. For this reason, the Board declines to adopt a straight percentage increase in value from the prior cycle and instead looks to the specific characteristics of the Subject Property to determine the market value of the property as of the statewide lien date of January 1, 2022. We believe the DOR correctly valued the Subject Property at \$1,026,331 for the 2023/2024 valuation cycle.

BEFORE THE MONTANA TAX APPEAL BOARD
STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

ORDER

42. The DOR's appeal is granted, and the CTAB decision is reversed.
43. The DOR shall set the value of the Subject Property at \$132,801 for the land and \$893,530 for the improvements, for a total value of \$1,026,331.

Dated this 15th day of November 2024.



A handwritten signature in blue ink, appearing to read "Travis Brown", written over a horizontal line.

Travis Brown, Chairman

A handwritten signature in blue ink, appearing to read "Amie Zendron", written over a horizontal line.

Amie Zendron, 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
STATE OF MONTANA, DEPARTMENT OF REVENUE v. MATTHEW J. and KIM D. KRSUL

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 November 18, 2024, to:

Dave Burleigh
State of Montana, Department of Revenue
Legal Services Office
P.O. Box 7701
Helena, MT 59604-7701

Matthew J. and Kim D. Krsul
276 Majestic View
Butte, MT 59701

Paula Gilbert
Department of Revenue, Property Assessment Division
P.O. Box 8018
Helena, MT 59604-8108

Jessica Cunneen
Butte-Silver Bow County Tax Appeal Board
3619 Wynne Ave
Butte, MT 59701


Adam Millinoff, Law Clerk