BEFORE THE MONTANA TAX APPEAL BOARD

FILED
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Montana Tax Appeal Board

ROBERT J. AND PATRICIA A. THUL, Appellants, v. STATE OF MONTANA, DEPARTMENT OF REVENUE, Respondent.	CASE №: PT-2025-19 **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 Robert J. and Patricia A. Thul (Taxpayers) a reduction in value on the subject property located at 108 3rd Avenue South, Belt, Montana (Subject Property). The Taxpayers appealed that outcome to the Montana Tax Appeal Board (MTAB) on November 26, 2025. Appeals PT-2025-19 and PT-2025-20 both involve the Taxpayers and were heard on a single record. This decision addresses only Case No. PT-2025-19. However, the Board has taken judicial notice of foundational information relating to both cases. We affirm the CTAB's determination.

ISSUE TO BE DECIDED

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

EXHIBIT LIST

The following evidence was submitted at the hearing:

Taxpayer Exhibits:

1. Mont. Code Ann. § 15-8-111;

   1.A. FRED Zillow Home Value Index March of 2022 to January of 2024;

2. FEMA Flood Map;
3. 100 Property Concrete Deterioration Photo;
4. 100 Property Concrete Deterioration Photo;
5. 100 Property Stacked Stone Foundation photo;
6. 100 Property Stacked Stone Foundation photo;
7. Crane Advertisement for Kitchen from 1949;
8. Kitchen in the 108 Property with Crane Emblem;
9. Kitchen in the 108 Property;
10. Drawing of Modern Style Foundation;
11. NW Corner of the 108 Property Photo;
12. SW Corner of the 108 Property Photo;
13. SE Side of the 108 Property Photo;
14. Displaced and Sagging Footing on the 106 Property Photo;
15. Sagging Footing on the 108 Property Photo;
16. Sagging Footing on the 108 Property Photo;
17. East Side of 108 Property Stacked Stone Foundation Photo;
18. Stacked Stone Foundation of the 108 Property Photo;
19. Stacked Stone Foundation of the 108 Property Photo;
20. Stacked Stone Foundation of the 108 Property Photo;
21. Foundation Repair Estimate for the 100 Property;
22. Foundation Repair Estimate for the 108 Property; and
23. Photograph of Foundation Construction.

DOR Exhibits:

A. Property Record Card;
B. Land Model; and
C. Comparable Sales Report.

PROCEDURAL HISTORY

The Department of Revenue (Department) valued the Subject Property at $230,800 for the 2025/2026 appraisal cycle, with the land valued at $56,400 and the improvements valued at $174,400. *MTAB Dkt. 12*. The Taxpayers appealed the Department's valuation to the CTAB on July 2, 2025, requesting a combined land and improvements value of $105,369. *MTAB Dkt 6*. The CTAB hearing was held on November 12, 2025, and the CTAB's decision denying the Taxpayers' application for reduction was sent to the parties on November 14, 2025. *Id.* The Taxpayers appealed to MTAB on November 26, 2025, per Mont. Code Ann. § 15-2-301, requesting a combined land and improvements value of $105,369. *MTAB Dkt 1*. The MTAB hearing was conducted in Helena on April 2, 2026, at which the following were present:

a. Robert J. Thul, Taxpayer (via Zoom).
b. Dave Burleigh, Department Counsel; Curtis Tracy, Appraiser; Katie Kakalecik, Regional Manager; 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 residential parcel owned by Robert and Patricia Thul and is located at 108 3rd Avenue South, in Belt, Montana. *Ex. A; MTAB Hr'g Tr. 1:17-19*. The Subject Property's land is approximately 9,000 square feet in total size. *Ex. A; MTAB Hr'g 30:7-16*. The Subject Property is also identified by its assigned geocode 02-2895-26-1-03-38-0000. *Ex. A.*

3. The Subject Property's dwelling is a single-family residence originally constructed in 1889 and assigned an effective year of 1980. *Ex. A*. The dwelling contains approximately 1,346 square feet of living area and consists of three bedrooms, one full bath, and one-half bath. *Id.* Additional site improvements include a detached frame garage and concrete improvements. *Id.*

4. The Department assigned the Subject Property a market value of $230,800, consisting of land value of $56,400 and improvements value of $174,400. *Ex. A*. Taxpayers requested a total market value of $105,369. *MTAB Hr'g Tr. 2:4-6.*

5. Taxpayers contend that the Department's value overstates fair market value because of the dwelling's age, deterioration, foundation issues, floodplain limitations, and the alleged lack of comparability to the Department's comparable sales. *MTAB Hr'g Tr. 7:3-8:18.*

6. Taxpayer testified that the value of the Subject Property rose over 21.6% from the previous valuation cycle. *MTAB Hr'g Tr. 7:3-22.* The Taxpayer stated that the Subject Property had not been remodeled, improved, or otherwise changed since the previous appraisal cycle to warrant the 21.6% increase in value. *Id.* Taxpayer stated that the Subject Property has continued to deteriorate with age. *Id.* Taxpayer testified that he is unable to improve the Subject Property because it lies within a FEMA-designated floodplain and he therefore cannot obtain a building permit. *MTAB Hr'g Tr. 7:3-22, 10:22-11:1.* Taxpayer stated that he had been informed by a DNRC representative that any improvements would require elevating the structure approximately 43 inches above the current grade. *MTAB Hr'g Tr. 7:3-22.*

7. To meet the floodplain requirements, the Taxpayer obtained a bid from MP Foundation and Concrete Repair to raise and install a foundation under the Subject Property for $59,366. *Ex. 22*; *MTAB Hr'g Tr. 7:17-8:2.*

8. Taxpayer testified that portions of the Subject Property's dwelling rest on stacked stone while others rest on a 10-inch concrete slab rather than a full footing foundation. *Ex. 15, 16, 17, 18, 19, 20; MTAB Hr'g Tr. 8:21-9:22.* Taxpayer stated that the Subject Property's foundation has significant structural damage and is cracked and sagging. *Ex. 11, 12, 22; MTAB Hr'g Tr.10:4-19.* The Taxpayer testified that the damaged foundation is causing the Subject Property's dwelling to sink and has resulted in portions of the siding being displaced. *Ex. 10, 11; MTAB Hr'g Tr. 10:4-18.*

9. Department Appraiser, Curtis Tracy, testified that the Subject Property was last visited by the Department in 2023. *MTAB Hr'g Tr. 12:14-23.* The Department did not perform an on-site review of the Subject Property for the current tax cycle because the Taxpayers filed their appeal directly with the CTAB and did not request an AB-26 informal review. *Id.*

10. Mr. Tracy testified that he identified the home as a conventional style, grade 5 dwelling in fair condition with fair utility. *MTAB Hr'g Tr.17:23-18:2.*

11. Mr. Tracy testified that he believes the Subject Property contains more of a concrete foundation than a stone foundation. *MTAB Hr'g Tr. 15:17-16:7, 18:21-19:5.* Mr. Tracy stated that the Department does not put a value difference between a stone foundation versus a concrete foundation because market data has not shown that properties sell differently based on foundation type. *MTAB Hr'g Tr. 15:17-16:7.*

12. Mr. Tracy testified that the Department does not apply adjustments for properties located in the flood plain because market data has not shown that properties in the flood zone are selling differently. *MTAB Hr'g Tr. 16:8-24, 17:16-18:2.* One of the

comparable sales used by the Department to value the Subject Property is also located in the flood zone. *Ex. C*; *MTAB Hr'g Tr. 16:8-24, 17:16-18:2.*

13. Mr. Tracy testified that the Department valued the Subject Property using the sales comparison approach. *MTAB Hr'g Tr. 13:24-14:17.* Mr. Tracy testified that the five residential sales in the Department's model were selected as the most comparable properties based on their similarity to the Subject Property. *Ex. C; MTAB Hr'g Tr. 14:22-15:17.* Mr. Tracy testified that the comparable sales were adjusted to account for differences between them and the Subject Property. *Id.* The Department's comparable sales report reflected an MRA estimate of $242,211, and a weighted estimate of $241,894 for the Subject Property. *MTAB Hr'g 24:16-20.*

14. Department Area Manager, Katie Kakalecik, testified that the comparable sales used to value the Subject Property were generated through the Department's computer-assisted mass appraisal system rather than being manually selected on an individual parcel basis. *MTAB Hr'g Tr. 23:22-24:15.* To ensure the accuracy of the comparable properties, the Department uses a comparability points system. *Id.* A comparable property with comparability points over 200 is typically deemed to be not comparable. *Id.* Of the five comparable properties used to value the Subject Property, the lowest has a score of 86 and the highest has a score of 143. *Ex. C; MTAB Hr'g Tr. 24:3-15.* Ms. Kakalecik testified that when valuing a property using the sales comparison approach, the Department uses five comparable sales, the weighted estimate, and the MRA estimate. *MTAB Hr'g Tr. 24:16-25:18.* The Department drops the two highest values and the two lowest values and then averages the remaining three values to calculate the market value of the Subject Property. *Id.* The Department used the weighted estimate, the MRA value, and Department comparable property number four when valuing the Subject Property. *Id.*

15. Ms. Kakalecik testified that the Subject Property's land value was determined using a land model with a base lot size of 10,000 square feet, and a base rate of $5.65 per square foot. *Ex. B*; *MTAB Hr'g Tr. 26:14-30:16.* Ms. Kakalecik testified that to account for lot sizes smaller than 10,000 square feet, such as the Subject Property, the Department used a decremental rate of $0.10 per square foot. *MTAB Hr'g Tr. 28:13-15; 30:7-31:11.* Applying the decremental rate to the Subject Property's 9,000 square-foot lot resulted in a land value of $56,400. *Id.*

16. Ms. Kakalecik testified that the Department uses several statistical checks to ensure that its land models are reliable including the R-squared value, T stat, coefficient of variation, and coefficient of dispersion. *MTAB Hr'g Tr. 29:6-14.* Ms. Kakalecik stated that the majority of the land model's statistical checks were within acceptable ranges and indicate that the model produces reliable results. *Id.* Ms. Kakalecik testified that the price differential should typically be between .98 and 1.03, but because this model covered a rural area, a price differential of 1.04 was acceptable. *Id.*

JURISDICTION AND STANDARD OF REVIEW

17. 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.

18. 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.

19. 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

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

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

22. Market Value is the value at which property would change hands between a 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).

23. 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).

24. 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.

25. "'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).

26. 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

27. Taxpayers contend the Department overstates the market value of the Subject Property because of the residence's age, deterioration, foundation condition, and location within a FEMA-designated floodplain. Taxpayers further contend the Department relied too heavily on a mathematical model and used sales that are not comparable to the Subject Property. Taxpayer testified that portions of the Subject Property's residence rest on stacked-stone foundation components and a cracked or sagging concrete slab and submitted photographs and contractor estimates relating to potential foundation work. Taxpayer also testified that floodplain restrictions limit the ability to substantially improve the property.

28. The Department presented testimony explaining that the Subject Property was valued using the Department's mass appraisal system and the comparable sales approach. Department witnesses testified that the computer-assisted mass appraisal system generated comparable sales using neighborhood models and market sales data to select the most comparable properties rather than being individually hand selected. Ms. Kakalecik further testified that the final value was derived by removing the two highest and two lowest indicators and averaging the remaining three indicators. For the Subject Property, the three values used in the

final calculation were the weighted estimate, MRA value, and comparable property number four.

29. The Board finds the Department presented competent and credible evidence through the Property Record Card, Comparable Sales Report, Land Model, and testimony of Mr. Tracy and Ms. Kakalecik explaining the Department's mass appraisal methodology and its application to the Subject Property. The Board further finds the Department's methodology was uniformly applied to similarly situated residential properties within the neighborhood. The comparable sales report reflected multiple residential sales from the relevant market area, and Ms. Kakalecik testified that the comparability scores for the selected sales fell within acceptable ranges for the model. Although the price-related differential measured 1.04 rather than the preferred range of .98 to 1.03, the Board finds Ms. Kakalecik's testimony that the statistic remained acceptable for a rural valuation model and did not undermine the overall reliability of the model to be credible.

30. The Board recognizes the Taxpayers' concerns regarding the condition of the residence, including testimony concerning deterioration, sagging, foundation issues, and floodplain limitations. However, the issue before the Board is whether the evidence demonstrates that the Department's market value was incorrect under Montana law. While the Taxpayers dispute the Department's valuation, the Taxpayers did not submit sufficient valuation evidence establishing a different market value for the Subject Property.

31. The Board finds persuasive the Department's testimony that available Belt market data did not demonstrate measurable market resistance attributable to floodplain location or the presence of stacked-stone foundations. Department witnesses testified that the Department had not observed sufficient sales evidence within the Belt market to support a separate floodplain influence adjustment. The Board

further notes that one of the Department's comparable sales was located within the same floodplain area, supporting the Department's conclusion that available market data did not demonstrate a measurable floodplain influence.

32. The Board is not persuaded that the contractor estimates submitted by the Taxpayers establish that the Department's valuation was incorrect. The contractor estimates demonstrate the Taxpayers' belief that significant foundation work may be necessary. However, the estimates standing alone, do not establish how those costs affected the Subject Property's market value on the lien date or demonstrate that the Department's comparable-sales analysis failed to account for the property's overall condition. The Board recognizes that the Subject Property exhibits deterioration and foundation concerns; however, the Department presented credible testimony that the property was valued using a mass appraisal model based upon comparable market sales, and the Taxpayers did not present persuasive valuation evidence demonstrating that the Department's valuation failed to reflect those characteristics.

33. The Board therefore concludes that Taxpayers did not meet the burden of proving that the Department's valuation was erroneous. Accordingly, the Board affirms the CTAB's determination and upholds the Department's valuation of the Subject Property for tax years 2025 and 2026.

ORDER

34. The Taxpayers' appeal is denied.

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

Dated this 30th day of June 2026.

TAX APPEAL BOARD
SEAL
OF THE STATE OF MONTANA

Travis Brown, Chairman

Adam Millinoff, Member

Christopher Murphy, Member

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

Certificate of Service

I certify that I caused a true and correct copy of the foregoing *Findings of Facts, 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 June 30th, 2026, to:

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