BEFORE THE MONTANA TAX APPEAL BOARD

ROBERT J. AND PATRICIA A. THUL, Appellants, v. STATE OF MONTANA, DEPARTMENT OF REVENUE, Respondent.	CASE №: PT-2025-20 **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 100 3rd Avenue South, in 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-2025-20. 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.

Department 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 $201,400 for the 2025/2026 appraisal cycle, with the land valued at $56,157 and the improvements valued at $145,243. *MTAB Dkt 12.* The Taxpayers did not file an AB-26, Request for Informal Classification and Appraisal Review, with the Department. *Id.* The Taxpayers appealed the Department's valuation to the CTAB on July 2, 2025, requesting a combined land and improvements value of $89,919, making no distinction between what portion of the value should be allocated towards the land versus improvements. *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 $89,919. *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 owned by Robert J. and Patricia A. Thul and is located at 100 3rd Avenue South, in Belt, Montana. *Ex. A; MTAB Hr'g Tr. 36:9-12.* The Subject Property is also identified by its assigned geocode 02-2895-26-1-03-42-0000. *Ex. A.* The Subject Property is an improved property with a lot size of 6,568

square feet containing an 832 square-foot single-family residence with a framed porch. *Id.* The Subject Property also contains a 792 square-foot pole framed building. *Id.*

3. The Department assigned the Subject Property a market value of $201,400, consisting of a land value of $56,157 and an improvements value of $145,243. *Ex. A; MTAB Hr'g Tr. 36:15-19.* Taxpayers requested a total market value of $89,919. *MTAB Dkt. 1.*

4. The Taxpayer testified that the Subject Property is adjacent to the property at issue in case PT-2025-19, and that the same arguments apply to both properties. *MTAB Hr'g Tr. 37:10-38:5.* Taxpayer contends that the Subject Property is in a worse location than the adjacent property at issue in case PT-2025-19 because it is in a FEMA designated floodway and receives a different designation. *Id.* The Taxpayer testified that because the Subject Property is located within a FEMA designated floodway, construction of substantial improvements is restricted. *MTAB Hr'g Tr. 37:10-38:6.* The Taxpayer testified that floodways and floodplains have similar restrictions according to FEMA. *MTAB Hr'g Tr. 39:5-20.*

5. Taxpayer testified that the Department raised the value of the Subject Property by 18.6% from the previous cycle even though nothing about the property has changed other than further deterioration. *MTAB Hr'g Tr. 37:10-38:5.*

6. The Taxpayer testified that the Subject Property was put up for sale for a period of six months at a listing price of $150,000 and that there were no interested buyers. *MTAB Hr'g Tr. 37:10-38:5.* The Taxpayer argued that the Subject Property did not sell because the house is too small and is not conducive to first time home buyers and those looking to start a family. *Id.* On cross-examination, the Taxpayer stated that the Subject Property was not listed on the multiple listing service and

was only advertised with a sign in the yard and by word of mouth. *MTAB Hr'g Tr. 40:16-21*. The Taxpayer stated that the Subject Property's dwelling was constructed in 1947. *Ex. A; MTAB Hr'g Tr. 38:3-5*. The Taxpayer testified that he purchased the Subject Property in 2019 for $70,000 from an estate. *MTAB Hr'g Tr. 40:22-41:9*.

7. The Taxpayer testified that half of the Subject Property sits on a concrete slab and half sits on what the Department refers to as rubble. *Ex. 5, 6; MTAB Hr'g Tr. 38:16-39:3*.

8. The Taxpayer testified that houses in the area which have been restored tend to increase in value but argues that there is not a market for older, unrestored homes such as the Subject Property. *MTAB Hr'g Tr. 39:21-40:*13. The Taxpayer testified that he relied on a Federal Reserve Economic Data (FRED) Zillow Home Value Index showing an average statewide increase in Montana home values of approximately 28.5% since March of 2022. *Ex. 1.A; MTAB Hr'g Tr. 50:3-10*. The Taxpayer applied that percentage increase to the Subject Property's $70,000 purchase price to establish his proposed value of $89,919. *Ex. 1.A; MTAB Hr'g Tr. 50:3-10*.

9. Department Appraiser, Curtis Tracy, testified that the Subject Property was appraised using the sales comparison approach. *MTAB Hr'g Tr. 42:17-19*.

10. Mr. Tracy testified that the land value was derived from the Department's Rural Cascade County & Small Towns land model. *Ex. B; MTAB Hr'g Tr. 43:14-44:12*. Mr. Tracy testified that the land model utilizes a 10,000 square-foot base lot and a base rate of $5.65 per square foot. *Id.* Mr. Tracy also stated that a decremental rate of $0.10 per square foot was used to adjust the Subject Property's value to account for its smaller lot size of 6,568 square feet, resulting in a land value of $56,157. *Id.*

11. Mr. Tracy testified that the Department used five residential sales within the Department's sales model which were deemed comparable based on attributes such as style, bedroom and bathroom count, grade, and proximity to the Subject Property. *Ex. C; MTAB Hr'g Tr. 45:10-22.* Mr. Tracy testified that the comparable properties had adjustments applied to them to make them more aligned with the Subject Property. *MTAB Hr'g Tr. 45:16-25.*

12. Department Regional Manager, Katie Kakalecik, testified that when valuing a property using the sales comparison method, the Department selects seven values consisting of five comparable sales, a weighted estimate, and an MRA estimate. *MTAB Hr'g Tr. 49:5-24.* Ms. Kakalecik explained that the MRA value is the sum of all the improvement parts. *Id.* The Department removes the two highest and two lowest values among the seven values listed above and averages the remaining three to calculate a property's estimated value. *MTAB Hr'g Tr. 49:8-13.* Ms. Kakalecik testified that the Subject Property was valued using comparable property number five, the MRA estimate, and the weighted average. *Id.* The weighted estimate is $214,714, the MRA estimate is $211,632, and comparable property five has an adjusted sales value of $177,721, which when averaged, resulted in estimated value of $201,400 for the Subject Property. *Ex. C.*

13. Ms. Kakalecik testified that the Department did not identify sufficient market data within the Belt market area to support a separate adjustment attributable to floodway location. *MTAB Hr'g Tr. 48:2- 49:17.*

14. 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

15. 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.

16. 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.

17. 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

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

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

20. 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).

21. 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).

22. 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.

23. "'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).

24. The Legislature intended the Department to utilize a number of different approaches or combinations 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. The Taxpayers argue the Department's valuation is excessive because the residence is older, exhibits foundation and settlement issues, and is located within a FEMA-designated floodway. The Taxpayers further contend that those conditions negatively affect the property's marketability and utility.

28. The Taxpayers presented photographs of the Subject Property depicting deteriorated concrete, stacked stone foundation components, settlement concerns, and floodway mapping information. The Board finds that this evidence sufficiently establishes the existence of the conditions identified by the Taxpayers, but does not, by itself, establish that the Department's valuation is incorrect. For the reasons described below, the Board believes the Department accurately accounted for the Subject Property's condition in its valuation.

29. Mr. Tracy testified that the Subject Property was valued using the same mass appraisal methodologies applied to other residential properties within the neighborhood. The Department's sales comparison analysis utilized five residential sales from the Belt market area and produced an estimated value of $201,400 for the Subject Property. Ms. Kakalecik testified that the Department did not identify sufficient market data indicating that properties within the market area were selling differently to support a separate adjustment attributable to floodway location. The Board finds this methodology consistent with accepted mass appraisal practices recognized by Montana law.

30. The Board finds that the Taxpayers credibly described the physical condition of the Subject Property and its location within the floodway. However, evidence of conditions alone does not establish market value. The Taxpayers did not present persuasive evidence demonstrating that the Department's value exceeded market value. The Board is further unconvinced by the Taxpayers' argument that the Department failed to account for those characteristics in its valuation. The Department presented testimony explaining that the Subject Property was valued using comparable market sales and mass appraisal methodologies, and the Taxpayers did not present persuasive evidence demonstrating that the Department's analysis failed to account for the property's overall condition.

31. The Taxpayers also testified that the Subject Property was offered for sale by owner at approximately $150,000 but did not sell. However, just because a property does not sell at a given price does not mean that its value is necessarily below that price. Although the listing did not result in a sale, the Board cannot determine from the evidence presented whether the absence of offers was attributable to price, marketing, exposure, financing, or other market conditions. Additionally, the Taxpayer's listing price of the Subject Property is above what the Department valued the property. Accordingly, the listing alone is insufficient to establish market value.

32. The Board finds that the Department presented sufficient evidence supporting its valuation and valuation methodology. Ultimately, the Taxpayers did not meet the burden of proving the Department made an error or that its valuation was incorrect. 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

1. The Taxpayers' appeal is denied.

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

Dated this 30th day of June 2026.

Travis Brown, Chairman

TAX APPEAL BOARD OF THE STATE OF MONTANA SEAL

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 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 June 30th, 2026, to:

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