

MAY 15 2025

Montana Tax Appeal Board

ZIEGLER, STEVEN DEAN
REVOCABLE LIVING TRUST,

Appellant,

v.

STATE OF MONTANA,
DEPARTMENT OF REVENUE,

Respondent.

CASE No: PT-2024-78

**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 Gallatin County Tax Appeal Board (CTAB) denying Ziegler, Steven Dean Revocable Living Trust, (Taxpayer) a reduction in value on the subject property located at 2531 Whitetail Road, Bozeman, Montana (Subject Property). The Taxpayer appealed that outcome to the Montana Tax Appeal Board (MTAB) on August 28, 2025. We affirm CTAB's determination.

ISSUE TO BE DECIDED

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

EXHIBIT LIST

The following evidence was submitted at the hearing:

Taxpayer Exhibits:

1. Introduction Exhibit 1;
2. Appeal Form MTAB-801;
3. AB-26 Determination Letter, Dated 3/27/2024;
4. 2017 through 2023 Appraisal Notices and Property Tax Bills;
5. Exhibit A to the Construction Contract for the Home and Floor Plans;
6. Comparable Property Listing from Adjoining Property;

BEFORE THE MONTANA TAX APPEAL BOARD
*ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT
OF REVENUE*

7. Letters to Governor Gianforte and Senator Daines; and
8. Interrogatories Response, Dated 12/20/2024.

DOR Exhibits:

- A. Taxpayer's AB-26 Informal Review Request;
- B. MDOR's AB-26 Determination Letter, Dated 3/27/2024;
- C. Gallatin CTAB's Final Decision;
- D. Property Record Card;
- E. Land Model Sales Information;
- F. Land Model Data Form; and
- G. Photographs from 2018 and 2024 DOR Onsite Visits.

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.

PROCEDURAL HISTORY

The DOR valued the Subject Property at \$5,000,921 for the 2023/2024 appraisal cycle, with the land valued at \$543,211 and the improvements valued at \$4,457,710. *Ex. A.* The Taxpayer filed an AB-26, Request for Informal Classification and Appraisal Review, with the DOR on July 26, 2023, requesting a land value of \$127,999 and an improvement value of \$1,531,900. *Id.* The DOR sent a Form AB-26 Determination Letter to the Taxpayer dated March 27, 2024, adjusting the total value to \$4,309,731. *Ex. B.* The Taxpayer appealed the DOR's valuation to the CTAB on April 30, 2024, requesting a land value of \$127,999 and an improvement value of \$1,283,306. *MTAB Dkt 3.* The CTAB hearing was held on July 31, 2024, and the CTAB's decision denying the Taxpayer's application for reduction was sent to the parties on July 31, 2024. *Id.* The Taxpayer appealed to MTAB on August 28, 2024, per Mont. Code Ann § 15-2-301, requesting \$1,055 for the 19.16 rural acres of non-qualified agricultural land, \$442,156 for the one acre building site on non-qualified agricultural land, and \$1,283,306 for the home improvements value, for a total value of \$1,726,517. *MTAB*

BEFORE THE MONTANA TAX APPEAL BOARD

ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT OF REVENUE

Dkt 1. The MTAB hearing was conducted in Helena on February 25, 2025, at which the following were present:

- a. Steven Ziegler, Taxpayer; and
- b. Teresa G. Whitney, DOR Counsel; Randall Whitt, Appraiser; Katelyn Thornton, Modeler; and Colton Parker, Area Manager.

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. The Board allowed the DOR to submit supplemental exhibits, the Taxpayer responded to the supplemental exhibits and the DOR replied. The supplemental exhibits, the Taxpayer's response and the DOR replies are all included in the record.

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 20.160-acre improved property owned by Ziegler, Steven Dean Revocable Trust. *Ex. A.* The Subject Property is located at 2531 Whitetail Road, Bozeman, Montana and is also identified by its geocode 06-0905-29-1-01-10-0000. *Id.* The Subject Property includes an unfinished 6,402 square foot house, and a 977 square foot additional dwelling unit situated above the unattached garage. *Id.*
3. The DOR valued the Subject Property at \$5,000,921 for tax years 2023 and 2024, allocating \$543,211 to the land and \$4,457,710 for the improvements. *Ex. A.* The Taxpayer filed an AB-26, Request for Informal Classification and Appraisal Review, with the DOR on July 26, 2023, requesting a land value of \$127,999 and an improvement value of \$1,531,900. *Ex. A.* The DOR sent a Form AB-26 Determination Letter to the Taxpayer dated March 27, 2024, adjusting the total value to \$4,309,731 *Ex. B.* At the July 31, 2024, CTAB hearing, the Taxpayer requested a land value of \$127,999 and an improvement value of

BEFORE THE MONTANA TAX APPEAL BOARD
*ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT
OF REVENUE*

\$1,283,306. *Ex. A.* The CTAB denied the Taxpayer's request and maintained the DOR's valuation of \$4,039,731. *Id.* The Taxpayer appealed to MTAB on August 28, 2024, asserting that the market value of the Subject Property should be \$1,055 for the 19.16 rural acres of non-qualified agricultural land, \$442,156 for the one acre building site on non-qualified agricultural land, and \$1,283,306 for the home improvements value, for a total value of \$1,726,517. *MTAB Dkt 1.* The DOR maintained that the market value for the Subject Property was \$4,309,731. *MTAB Hr'g Tr. 2:19-23.*

4. The Taxpayer claimed that because his house is incomplete, currently unmarketable, and customized, the valuation system used by the DOR cannot accurately appraise his property. *MTAB Hr'g Tr. 10:21-13:6.* The Taxpayer stated that in 2017, while still constructing the Subject Property, the valuation was \$1,659,000. *Ex. 4; MTAB Hr'g Tr. 6:6-7.* The Taxpayer then testified that in 2022, while the Subject Property was still under construction, the valuation rose to \$3,099,000 before rising again to \$5,000,921 in 2023. *Ex. 4; MTAB Hr'g Tr. 6:6-16.* The Taxpayer stated that the valuation system in Montana needs to be changed, including the tax code. *Ex. 7; MTAB Hr'g Tr. 5:4-11.*
5. The Taxpayer stated that he is not contesting the land valuation but is instead focused on the value of the improvements. *MTAB Hr'g Tr. 21:23-22:12.* While examining DOR Exhibit E, the Taxpayer testified that most of the parcels surrounding the Subject Property were valued closer to \$400,000 for the one-acre building site and that the Subject Property's building site is overvalued by \$100,000. *Ex. E; MTAB Hr'g Tr. 23:1-22.* DOR Appraiser, Randy Whitt, testified that all properties in Exhibit E, including the Subject Property, are valued using the same formula and land model. *MTAB Hr'g Tr. 31:11-23.* DOR's Modeler for region four, Katelyn Thornton, testified that the land is valued using land model 206.003 and is based on sales of vacant land. *MTAB Hr'g Tr. 41:6-8, 44:1-4.* Ms. Thornton testified that the land model is statistically sound and comports with uniform appraisal methods. *MTAB Hr'g Tr. 44:16-*

BEFORE THE MONTANA TAX APPEAL BOARD
*ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT
OF REVENUE*

45:22. The DOR valued the one-acre building site at \$326,600 and applied a positive influence of 166% to get the final land value. *Ex. F; MTAB Hr'g Tr. 46:8-13, 47:20-23.*

6. The Taxpayer testified that he purchased the Subject Property in 2003, and the original improvements burned down in 2012. *Ex. 5; MTAB Hr'g Tr. 5:17-20.* The Taxpayer stated that he began rebuilding the improvements in 2014. *MTAB Hr'g Tr. 10:6-12.*
7. The Taxpayer presented the contracts for rebuilding the Subject Property which showed a total construction cost of \$1,283,306. *Ex. 5; MTAB Hr'g Tr. 9:15, 14:11-15:7.* The Taxpayer estimated that the house was roughly 75% complete because about 75% of the construction contracts have been completed. *MTAB Hr'g Tr. 18:13-24.* The Taxpayer has only paid for the labor that has been completed thus far and has not paid the contracts in full. *MTAB Hr'g Tr. 19:1-3.*
8. The Taxpayer outlined the actual cost of the materials, further stating that he purchased most of his construction materials before 2017 and stored them inside the Subject Property. *MTAB Hr'g Tr. 10:6-19.* The Taxpayer stated that he is aware the cost of materials has increased, but he does not believe the costs have increased enough to warrant such a large increase in property valuation. *MTAB Hr'g Tr. 24:8-17.*
9. The Taxpayer claimed that after receiving the 2023 valuation, he decided to file an AB-26 Request for Informal Review and requested an appraisal because the DOR had not completed an in-person appraisal of the Subject Property since 2018. *MTAB Hr'g Tr. 6:20-21.* At the AB-26 meeting, the Taxpayer presented the Subject Property's construction costs to the DOR appraiser, and both agreed that the Subject Property's main dwelling was 75% complete. *MTAB Hr'g Tr. 6:21-25, 8:20-9:14.* The DOR adjusted the total value of the Subject Property's main dwelling from \$5,000,921 to \$4,309,731 to reflect the 75% complete. *Ex. 3.*

BEFORE THE MONTANA TAX APPEAL BOARD
*ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT
OF REVENUE*

The Taxpayer stated the reduction reflects a 14% reduction, not a 25% reduction.
MTAB Hr'g Tr. 9:2-14.

10. The Taxpayer testified to his experience as an architect and explained that in designing the Subject Property, he used his skills to create a nice looking, simple space that did not require high construction costs. *MTAB Hr'g Tr. 16:11-18.* The Taxpayer stated that the walls are very thick with stone battered in and tapered, so while the square footage of the house measured from the outside is 6,402 square feet, much of that is not usable space. *Ex. D; MTAB Hr'g Tr. 16:18-24.*
11. The Taxpayer explained that the detached building is a garage with two bedrooms and is approximately 800-900 square feet in total size. *MTAB Hr'g Tr. 19:19-20:16.* The additional structure was constructed simultaneously with the main house. *Id.* The Taxpayer claimed that the detached building is likely 98% complete. *MTAB Hr'g Tr. 21:1-12.*
12. The Taxpayer presented evidence and testimony relating to an adjacent property he considers comparable to the Subject Property. *MTAB Hr'g Tr. 15:9-16:2.* The Taxpayer testified that the adjacent property is larger, not under construction, and has a more desirable lot with better views. *Id.* The Taxpayer further testified that the adjacent property's interior had been remodeled twice, and the exterior had been remodeled once. *Ex. 6; MTAB Hr'g Tr. 15:9-16:2.* Additionally, the adjacent property was in the parade of homes and includes several custom finishes that are unique to the property. *MTAB Hr'g Tr. 17:12-18.* The Taxpayer presented evidence that the adjacent property had been listed for sale at \$3,499,000 and testified that it had no sales interest, even when interest rates for financing were low. *MTAB Hr'g Tr. 15:9-15.* Since the adjacent property was unmarketable at \$3,499,000, the Taxpayer argues that the Subject Property should have a lower value because it is inferior to the adjacent property. *MTAB Hr'g Tr. 15:9-17:5.*

BEFORE THE MONTANA TAX APPEAL BOARD

ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT OF REVENUE

13. The Taxpayer stated that he has not had an independent appraisal conducted on the Subject Property because he found it unnecessary due to already knowing the cost of materials and labor. *MTAB Hr'g Tr. 24:18-20.*
14. Mr. Whitt testified that the Subject Property was valued using the cost approach. *MTAB Hr'g Tr. 28:16-33:3.* Mr. Whitt testified that the cost approach to valuation is required for properties over 20 acres or with more than one dwelling. *MTAB Hr'g Tr. 33:1-3.* Mr. Whitt stated that the additional dwelling unit (ADU) must be classified as a second dwelling because it has an independent living area and is not attached to the main dwelling. *MTAB Hr'g Tr. 30:7-8.*
15. Mr. Whitt testified he assigned the main dwelling a grade of nine and the garage/ADU a grade of seven due to building quality and the construction finishes. *Ex. D; MTAB Hr'g Tr. 30:2-11.* Mr. Whitt also explained that the DOR uses a property's condition, the improvement's utility, and the property's location to determine the grade of a property. *MTAB Hr'g Tr. 35:17-36:2.* Mr. Whitt explained that the Taxpayer's house was graded highly because of the quality of the craftsmanship and materials used in construction, the ratio between bedrooms and bathrooms, the flow of the house, and the proximity to downtown Bozeman and the Bridger Range. *Id.* Mr. Whitt further explained that the DOR uses a mass appraisal system that uses a grading scale based on quality. *MTAB Hr'g Tr. 55:11-56:8.* The DOR computer system utilizes square footage and quality to determine the value for each level of a home. *Id.*
16. Mr. Whitt testified that the DOR uses Marshall & Swift cost tables to determine a base value for the improvements. *MTAB Hr'g Tr. 52:24-54:3.* DOR Area Manager, Colton Parker, explained that the Marshall & Swift cost tables apply grades to the components of a house and assign a price per square foot value to determine a replacement cost new for the Subject Property improvements. *MTAB Hr'g Tr. 58:5-58:17.* Mr. Whitt stated that materials are built into the initial cost,

BEFORE THE MONTANA TAX APPEAL BOARD
*ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT
OF REVENUE*

and the cost tables used by the DOR are adjusted every two years based on market value. *MTAB Hr'g Tr. 53:18-54:17.*

17. The DOR used an economic condition factor (ECF) of 1.5 to account for regional factors and costs. *MTAB Hr'g Tr. 53:18-54:2.* Mr. Parker expanded on the explanation of the ECF, stating that the DOR develops homogenous neighborhoods to determine what materials cost locally. *MTAB Hr'g Tr. 58:24-59:9.* The DOR calculates the difference in price for materials and labor in the DOR created neighborhoods and compares the actual projected cost of materials and labor to determine the ECF. *Id.* Once the EFC is determined, the DOR multiplies the replacement cost new by the ECF to account for local factors in valuing the Subject Property. *Id.*
18. Next, the DOR subtracts the depreciation from the Subject Property. *MTAB Hr'g Tr. 58:17-20.* Mr. Parker explained that because the Taxpayer started construction in 2014, the DOR assigned the Subject Property a percentage good of .96 as it is still under construction and does not have an effective year. *Id.* Mr. Parker then testified that a property's percentage good is based on a standard 70-year effective life for improvements. *MTAB Hr'g Tr. 58:18-20.* Depreciation is then applied to the Subject Property to arrive at the replacement cost new less depreciation. *MTAB Hr'g Tr. 53:16-23.*
19. Mr. Whitt testified that the property adjacent to the Subject Property was incomparable and that the only similarity between the two is that they are both located on tracts over 20 acres. *MTAB Hr'g Tr. 33:8-13.* Mr. Whitt also testified that because the house on the adjacent property was built twelve years before the Subject Property, twelve additional years of depreciation are attributable to the adjacent property. *Id.* Mr. Whitt testified that the adjacent property would only appeal to a specific buyer because it is a unique home for the area due to its style and color. *MTAB Hr'g Tr. 34:7-18.* Mr. Parker also stated that the DOR does not collect data on houses listed for sale that have not been sold, and the DOR only

BEFORE THE MONTANA TAX APPEAL BOARD

ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT OF REVENUE

values properties using actual sales of similar properties. *MTAB Hr'g Tr. 61:15-23.*

20. Ms. Thornton testified that she used statistical measurements to ensure the accuracy of the acre model used to value the Subject Property's land. *MTAB Hr'g Tr. 42:11-17, 43:10-13.* Ms. Thornton stated that the data for the model is fairly uniform and has a good coefficient of variation. *MTAB Hr'g Tr. 44:16-45:3.* Ms. Thornton further stated that the land model is defensible. *MTAB Hr'g Tr. 45:18-22.*
21. Ms. Thornton testified that the DOR puts all land into DOR neighborhoods using physical, economic, governmental, and social factors. *MTAB Hr'g Tr. 42:18-43:2.* The Subject Property is in neighborhood 206.031, Bozeman North Donut Area. *MTAB Hr'g Tr. 52:3-13.* Ms. Thorton testified that to create the land model, the DOR used several different neighborhoods that were similar, but the majority of sales used to value the Subject Property came from neighborhood 206.031. *MTAB Hr'g Tr. 42:11-43:9, 52:3-13.*
22. Ms. Thornton testified that the influence placed on the Subject Property's land was developed using six sales which are about a third of a mile from the Subject Property. *MTAB Hr'g Tr. 46:6-15.* Four of the sales were located to the northeast of the Subject Property, while the other three were located to the southwest. *Id.*
23. Mr. Parker testified that one-acre homesites on non-qualified agricultural land are valued at 100% market value, and the remaining acres are valued at the state average grazing price. *MTAB Hr'g Tr. 59:18-60:8.* Mr. Parker stated that the one-acre home site is valued using the land model based on the property sales in the Subject Property's neighborhood. *MTAB Hr'g Tr. 60:17-61:11.*
24. Mr. Whitt testified that the 25% reduction to the Subject Property's percentage complete only applied to the main dwelling and not the entire property or

BEFORE THE MONTANA TAX APPEAL BOARD
*ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT
OF REVENUE*

additional dwelling units, which is why the overall reduction was 14%. *MTAB Hr'g Tr.* 37:6-19.

25. Mr. Whitt stated that throughout Montana, every home is measured from the exterior to calculate square footage, regardless of the usable space. *MTAB Hr'g Tr.* 35:1-10, 39:6-10.
26. The DOR stated that property values have increased in several counties throughout Montana since 2020 due to the number of out-of-state buyers. *MTAB Hr'g Tr.* 31:16-23. The DOR argued that the cost approach used to value the Subject Property is the valuation method the DOR is statutorily required to use and is the most accurate value. *MTAB Hr'g Tr.* 32:21-33:2; 59:18-60:8.

JURISDICTION AND STANDARD OF REVIEW

27. 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*.
28. 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.
29. 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

30. To whatever extent the following conclusions of law may be construed as findings of fact, they are incorporated accordingly.
31. “All taxable property must be appraised at 100% of its market value....” *Mont. Code Ann. § 15-8-111*.
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 their action. *Western Air Lines v. Michunovich*, 149 Mont. 347, 353, 428 P.2d 3, 7 (1967).
34. 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.
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) (overruled on other grounds by *DeVoe v. Dep’t of Revenue*, 263 Mont. 100, 866 P.2d 228 (1993)).

BEFORE THE MONTANA TAX APPEAL BOARD
*ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT
OF REVENUE*

36. 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)*.
37. 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

38. We uphold the DOR’s value of the Subject Property. While the Taxpayer presented several arguments relating to the value DOR placed on the Subject Property, the Taxpayer did not overcome the burden to show that the DOR made a mistake in its appraisal. Therefore, we must uphold the CTAB.
39. The Taxpayer first argued that the materials used to complete the reconstruction of the Subject Property’s improvements were purchased in 2017 at a lower cost than the DOR’s calculated cost estimate. The Taxpayer argued that he should receive a reduction because his materials were less than the DOR cost estimate. While the Board understands the Taxpayer’s material costs were less than the DOR’s estimate, the DOR is prevented from using actual costs when valuing a property. The DOR uses a mass appraisal system and must value the property as of the lien date of January 1, 2022. The DOR must also value the cost of materials at the price they were on the lien date. The DOR uses nationally recognized cost manuals to value the cost of the materials as of the lien date. Using cost manuals when valuing a property is standard practice in mass appraisal. Additionally, the DOR used four factors to calculate the Subject

BEFORE THE MONTANA TAX APPEAL BOARD
*ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT
OF REVENUE*

Property's depreciation. The DOR, also, used an ECF to adjust the price of the materials to the local market. The Taxpayer did not contest the use of depreciation or the ECFs and did not time trend his material costs to the lien date. Using the actual costs of the materials purchased in 2017 does not comport with the standards of mass appraisal.

40. The Taxpayer submitted construction contracts showing the actual costs of reconstructing the Subject Property's improvements. While the Board found the Taxpayer's estimate of the building cost credible, the Taxpayer did not include several factors in the price estimate. As the DOR points out, the Taxpayer began construction of the Subject property in 2014, and since then, the Bozeman area's housing market has greatly appreciated. Additionally, as far as the Board can tell, the price estimates provided by the Taxpayer do not take into account other factors such as inflation. Lastly, the DOR is tasked with using mass appraisal to value all properties in Montana. While the Board acknowledges the actual costs to build the Subject Property, the Taxpayer did not present a valid illustration of the cost of replacing the current structure as of the lien date.

41. The Taxpayer also argued that he did most of the design work himself based on his background as an architect. The Taxpayer argues that while his house has a unique design, this does not always equate to more expensive construction costs. The Taxpayer argues that, for the most part, the Subject Property is a square with open space and has a relatively low cost to achieve the look of the Subject Property. The DOR testified that the property was a grade nine because the Subject property is a quality custom-built home. The additional structure located on the property is grade seven because it does not include the design features of the house. The DOR presented pictures of the Subject Property, showing that the property is indeed a custom home with above-average design and finishes. Additionally, the DOR testified that the grade nine assigned to the home was also due to the above average utility of the house and the desirable location. The

BEFORE THE MONTANA TAX APPEAL BOARD
*ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT
OF REVENUE*

Subject Property's location is close to Bozeman and at the base of the Bridger Mountains and includes a large amount of acreage. The Taxpayer did not present enough evidence to convince this Board that the grade of the house or additional dwelling should be lowered.

42. The Taxpayer testified that the Subject Property was incomplete and was, therefore, not worth the appraised value. The Taxpayer presented a list of items that have not been completed and pictures showing the unfinished interior of the house. The Board agrees that the Subject Property is unfinished. The DOR adjusted the percentage of Subject Property completed during the AB-26 process to 75%. At the hearing, the Taxpayer agreed with the 75% complete placed on the Subject Property's improvements by the DOR.

43. The Taxpayer compared his property to the adjacent property and provided a sales listing. The adjacent property was listed for sale in July of 2022. The Taxpayer argues that the adjacent property is on a superior lot with better views and did not sell when it was listed for sale. The Taxpayer argues that if the adjacent property cannot sell for the listing price which was below the Subject Property's appraised value, the Subject Property is being overvalued by the DOR. The DOR responded that the adjacent house was built well before the Subject Property and is a very unique property that does not fit the traditional Bozeman-style home. The Taxpayer testified that the adjacent home had been remodeled several times and includes custom furniture and built ins. Additionally, the DOR stated it is only allowed to use valid sales to value property, and since the adjacent property did not sell, the DOR could not consider the adjacent property when valuing the Subject Property. The Board does not want to speculate on why the adjacent property did not sell and wants to point out that the DOR valued the Subject Property using the cost approach and not the sales comparison method. Since the DOR did not use comparative sales to value the Subject Property, the Board did not find the sales listing of the

BEFORE THE MONTANA TAX APPEAL BOARD
*ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT
OF REVENUE*

adjacent property convincing enough to overcome the Taxpayer's burden to prove that the DOR made a mistake in its appraisal.

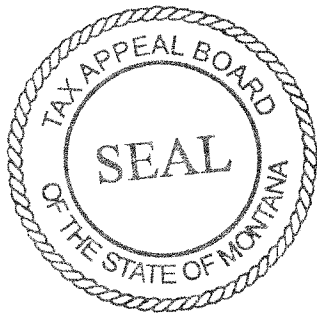
44. The Taxpayer argued that the walls of the main house are very thick at the base. While this would create unusable space in the square foot measurements, there is not enough evidence for the Board to reduce the square footage of the house. Additionally, the DOR's policy mandates that appraisers always measure square footage from the exterior of a structure, not from the interior.
45. The DOR valued the Subject Property's improvements using the cost approach. The DOR used the cost approach because any property that is over twenty acres or has additional dwellings must be valued using the cost approach. Using the cost approach, the DOR first determined the replacement cost new using nationally published cost manuals that are updated every tax cycle. Using the grade of the improvements assigned by the DOR, the square footage, and the cost manuals, the DOR calculated the replacement cost for the Subject Property's improvements. Next, the DOR accounted for depreciation and used an economic condition factor of 1.5 to get the replacement cost new less depreciation value. Lastly, the DOR added the ADU value and additional features to arrive at a final value.
46. The Taxpayer did not overcome their burden to prove the DOR made a mistake when valuing the Subject Property. While the Taxpayer made valid arguments, the DOR followed all Montana statutes and regulations when valuing the Subject Property. The Board understands the Taxpayer's concerns, but the Subject Property must be valued at 100% of market value, and the best-estimated value, considering all factors, is the DOR's appraised value using the cost approach. The Board upholds the Gallatin County Tax Appeal Board's decision.

BEFORE THE MONTANA TAX APPEAL BOARD
*ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT
OF REVENUE*

ORDER

47. The Board denies the Taxpayer's appeal and affirms the Gallatin County Tax Appeal Board decision.

Dated 15th day of May, 2025.




Travis Brown, Chairman


Adam Millinoff, 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
*ZIEGLER, STEVEN DEAN REVOCABLE LIVING TRUST v. STATE OF MONTANA, DEPARTMENT
OF REVENUE*

Certificate of Service

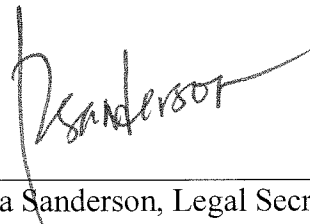
I certify that I caused a true and correct copy of the foregoing Findings of Facts and Conclusions of Law to be sent by email and United States Mail via Print & Mail Services Bureau of the State of Montana on May 15, 2025, to:

Steven Dean Ziegler
Ziegler, Steven Dean Revocable Living Trust
2531 Whitetail Rd.
Bozeman, MT 59715

Teresa G. Whitney
State of Montana, Department of Revenue
Legal Services Office
P.O. Box 7701
Helena, MT 59604-7701

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

Katie Farr, Secretary
Gallatin County Tax Appeal Board
P.O. Box 160088
Big Sky, MT 59716



Rina Sanderson, Legal Secretary