

BEFORE THE DEPARTMENT OF REVENUE
OF THE STATE OF MONTANA

In the matter of the amendment of) NOTICE OF PUBLIC HEARING ON
ARM 42.18.121 pertaining to updates) PROPOSED AMENDMENT
to the Montana Reappraisal Plan and)
Classification and Valuation Manuals)

TO: All Concerned Persons

1. On October 30, 2020, at 10:00 a.m., the Department of Revenue will hold a public hearing via remote conferencing to consider the proposed amendment of the above-stated rule. Interested persons may access the public hearing in the following ways:

- (a) Join Zoom Meeting: <https://mt-gov.zoom.us/j/95685200660>, Meeting ID: 956 8520 0660;
- (b) Dial by Telephone: +1.406.444.9999 or +1.646.558.8656, Meeting ID: 956 8520 0660;
- (c) Join by SIP: 95685200660@zoomcrc.com;
- (d) Join by H.323 (Polycom): 162.255.37.11## 95685200660; or
- (e) Join by Skype for Business: <https://mt-gov.zoom.us/skype/95685200660>.

2. The Department of Revenue will make reasonable accommodations for persons with disabilities who wish to participate in this public hearing or need an alternative accessible format of this notice. If you require an accommodation, please advise the department of the nature of the accommodation needed, no later than 5 p.m. on October 16, 2020. Please contact Todd Olson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or todd.olson@mt.gov.

3. The rule as proposed to be amended provides as follows, new matter underlined, deleted matter interlined:

42.18.121 PURPOSE; ADOPTION OF MONTANA REAPPRAISAL PLAN AND MANUALS; VALUATION CYCLES (1) and (2) remain the same.

(3) The department adopts and incorporates by reference the Plan, the Montana Residential, Commercial, and Industrial Property Classification and Valuation Manual, and the Montana Agricultural Land Classification and Valuation Manual, all dated January 1, ~~2019~~ 2021. The department also adopts and incorporates by reference the Montana Forest Land Classification and Valuation Manual dated ~~October 10, 2014 (revised October 4, 2018)~~ January 1, 2021. Each manual explains how the department classifies and values subject property types. A copy of the Plan and the manuals may be obtained from the Department of Revenue, Property Assessment Division, P.O. Box 8018, Helena, MT 59604-8018, and on the department's web site at <https://mtrevenue.gov/publications/property-reappraisal-plan-manuals>.

(4) Class four residential, commercial, and industrial property is appraised at

its market value as of January 1, 2018 2020, for the ~~2019-2020~~ 2021-2022 valuation cycle.

(5) Class three agricultural land is appraised at its productivity value as of January 1, 2018 2020, for the ~~2019-2020~~ 2021-2022 valuation cycle. Agricultural land values reflect productivity values in accordance with 15-7-201 and ~~15-44-103~~, MCA.

(6) Class ten forest land is appraised at its productivity value as of January 1, 2014 2020, for the ~~2015-2020~~ 2021-2026 valuation cycle. Forest land values reflect productivity values in accordance with ~~15-7-201~~ and 15-44-103, MCA.

(7) For the purposes of these rules, the terms "reappraisal cycle" and "valuation cycle" are considered synonymous and interchangeable.

AUTH: 15-1-201, 15-7-111, 15-7-201, MCA

IMP: 15-7-101, 15-7-103, 15-7-111, 15-7-112, 15-7-201, 15-44-103, MCA

REASONABLE NECESSITY: The department proposes to amend ARM 42.18.121 which is necessary to adopt the department's proposed revisions to the Plan and manuals, adopted and incorporated by reference in (3), and to amend the valuation cycle dates for each property class in (4) through (6) - all of which begin on January 1, 2021.

Generally, the department's proposed Plan and manual updates, which are available for review at the website address for the current Plan and manuals described in (3), improve grammar and formatting of content from the current documents; improve descriptions of the department's business practices and classification and valuation processes; and update cross-references to supporting rules or amended statutes.

In the Montana Residential, Commercial, and Industrial Property Classification and Valuation Manual, the department proposes specific revisions to the income models development and income approach sections and a necessary update to the definition for "commercial property" for consistency with statute.

In the Agricultural Land Classification and Valuation Manual, the department proposes updates to the irrigated land valuation section to reflect legislative changes to 15-7-201, MCA, implemented under House Bill 24 (2019). HB 24 revised the water cost variable in the valuation formula for irrigated land and the department's implementation of HB 24 is pending under MAR Notice No. 42-1023 as of the publication of this notice. Other proposed changes include updates to commodity prices used for class three valuation and incorporating language from ARM 42.20.171, which is currently proposed for repeal in MAR Notice No. 42-1021, and other former rule text describing more procedurally based classification requirements.

The Forest Land Classification and Valuation Manual's (Forest Manual) current content is very technical and contains a large amount of historic forest land taxation information which makes it a difficult reference for laypeople. The department proposes a substantively new version of the Forest Manual with less technical and background information. The proposed Forest Manual is a more reader-friendly, non-technical resource with improved explanations regarding forest land classification and valuation, including a natural disaster section to describe

current department business practices.

Lastly, the department proposes removing the reference to 15-44-103, MCA, from (5), because it pertains to forest land valuation and not agricultural land valuation. Likewise, in (6), the department proposes removing the reference to 15-7-201, MCA, because it pertains to agricultural land valuation and not forest land valuation.

4. Concerned persons may submit their data, views, or arguments, either orally or in writing, at the hearing. Written data, views, or arguments may also be submitted to: Todd Olson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-7905; fax (406) 444-3696; or e-mail todd.olson@mt.gov and must be received no later than November 9, 2020.

5. Todd Olson, Department of Revenue, Director's Office, has been designated to preside over and conduct the hearing.

6. The Department of Revenue maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request, which includes the name and e-mail or mailing address of the person to receive notices and specifies that the person wishes to receive notice regarding particular subject matter or matters. Notices will be sent by e-mail unless a mailing preference is noted in the request. A written request may be mailed or delivered to the person in number 4 above or faxed to the office at (406) 444-3696 or may be made by completing a request form at any rules hearing held by the Department of Revenue.

7. An electronic copy of this notice is available on the department's web site at www.mtrevenue.gov, or through the Secretary of State's web site at sosmt.gov/ARM/register.

8. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

9. With regard to the requirements of 2-4-111, MCA, the department has determined that the amendment of the above-referenced rule will not significantly and directly impact small businesses.

/s/ Todd Olson
Todd Olson
Rule Reviewer

/s/ Gene Walborn
Gene Walborn
Director of Revenue

Certified to the Secretary of State September 29, 2020.