

Proposed Outline LC 147 -- Senator Tutvedt  
Adjust Tax Rate on Property with Loss in Taxable Value  
August 2, 2010

1. Allows change in property tax rate based upon a loss in the base value after reappraisal.
2. Affects only class 4 residential property.
3. Limited to one time during the course of a reappraisal cycle.
4. Property owner hires an appraiser and provides result to Department of Revenue.
  - a. The value drop must exceed some value, i.e. 5% or \$50,000.
  - b. The Department must agree to the change in valuation, subject to appeal on rejection.
5. Upon approval (by the Department or on appeal) of the amount of drop in valuation, the base value is unchanged, but the taxable rate is reduced to generally compensate for the lower value.
  - a. The rate will be bracketed, i.e. 5% -10% drop = rate 5% lower; greater than 10% but less than 15% = rate 10% lower, etc. (This avoids having a computed rate for each residence and added administration costs.)
  - b. The rate reduced is based on the rate for that tax year, thus reflecting phase-in.
6. The rate change is effective for the next tax year and is not retroactive nor would it allow for any refund of taxes already paid.
7. Upon revaluation for the next cycle, the rate reverts to the standard rate.

Lee Heiman  
Montana Legislative Services  
406-444-4022