

**** Bill No. ****

Introduced By *****

By Request of the *****

A Bill for an Act entitled: "An Act creating a commercial property reappraisal advisory committee."

Be it enacted by the Legislature of the State of Montana:

NEW SECTION. **Section 1. Commercial property reappraisal advisory committee.** (1) The governor shall appoint a commercial property reappraisal advisory committee of persons knowledgeable in the management or valuation of commercial property described in 15-6-134. The advisory committee shall consist of:

(a) six members who own or operate more than one commercial property and who have knowledge of market rental rates in the area in which they own or operate the properties, as follows:

(i) two members from the most populous city in the county that has the largest assessed value of commercial property in the state;

(ii) one member from the most populous city in the county that has the second largest assessed value of commercial property in the state;

(iii) one member from the most populous city in the county that has the third largest assessed value of commercial property in the state; and

(iv) one member from the most populous city in the county

that has the fourth largest assessed value of commercial property in the state; and

(v) one member from the most populous city or town in the county that has the median assessed value of commercial property in the state; and

(b) three members from different cities in the state who are brokers of commercial property and who have knowledge of and expertise in different types of commercial property in different communities in the state.

(2) The advisory committee shall recommend to the department:

(a) the delineation of neighborhood areas for the valuation of different types of commercial property when appropriate:

(b) the use of appropriate expense ratios for different types of commercial property, based on industry standards for the specific type of commercial property or based on department surveys and modeling of the specific type of commercial property;

(c) capitalization rates for different types of commercial property when the income approach is used to value property;

(d) the design of surveys to ascertain market rental rates for different types of commercial property; and

(e) criteria for determining whether the income approach or the cost approach is the appropriate method for valuing commercial property.

NEW SECTION. Section 2. {standard} Codification instruction. [Section 1] is intended to be codified as an

integral part of Title 15, chapter 6, part 1, and the provisions of Title 15, chapter 6, part 1, apply to [section 1].

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