

Property Reappraisal		Agency/Program #: 5801-08-11
		Division: Property Assessment
		Program: Property Assessment
Agency Name:	Department of Revenue	
Agency Contact:	Cynthia Moore / Larry Finch	7968 / 3526
LFC Contact:	Rep. Sesso and Rep. Taylor	
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Program or Project Description:
 Complete Current Reappraisal Cycle in Uniform and Equitable Fashion

Appropriation, Expenditure and Source					
Fund Name:	2010		2011		Approp & Expenditure numbers are as of April 30, 2010
	Approp.	Expended	Approp.	Expended	
General Fund					
State Special					
Federal Funds					
Total:	\$0	\$0	\$0	\$0	

Legislative Goal(s):
 Complete Current Reappraisal Cycle in a Uniform and Equitable Fashion by January 1, 2009

Complete in a timely and accurate fashion the uniform and equitable reappraisal and valuation of all properties subject to the current 6-year reappraisal cycle (Class 4 residential, commercial, and industrial properties, Class 3 agricultural land, and Class 10 forest land). Specifically:

Objective I: By January 1, 2009 complete the discovery of, and establish new appraisal (current market) values for, all Class 4 residential, commercial and industrial properties in a manner that meets or exceeds the uniformity and equalization reappraisal standards inherent in Montana's Constitution, the Montana Code Annotated, and generally recognized reappraisal standards.

Objective II: By January 1, 2009 complete the valuation and reappraisal of all Class 3 agricultural and Class 10 forestland properties by establishing uniform and equitable values that accurately reflect current land use and productivity in a manner that meets or exceeds the reappraisal standards inherent in Montana's Constitution, the Montana Code Annotated, and generally recognized reappraisal standards. Class 3 agricultural land has not undergone classification review, yield updates, and valuation schedule updates - that is, a complete statewide reappraisal - since 1963.

Legislative Performance Measures :

- 1) Based on a comprehensive quality of reappraisal study, and measured against widely-recognized national standards, verify by the end of fiscal year 2009 that the overall sales/assessment ratio of Class 4 residential property lies between 0.9 and 1.1; that the coefficient of dispersion is less than 15%; and that the price-related differential lies between 0.98 and 1.03.
- 2) By the end of the 1st quarter of 2010, verify that the statewide number of Class 4 residential property appeals, excluding any statewide class-action appeals, to County Tax Appeal Boards is 2% or less of the number of statewide parcels, and that 80% of those appeals are either withdrawn by the appellant, adjusted by no more than 10% by the department or the appeal board, or have the original department value sustained in a final appeals decision.
- 3) By the end of the 1st quarter of 2010, verify for agricultural parcels of 160 acres or more that no more than 2% of those parcels have their agricultural land use type (classification) appealed.
- 4) By mid-year 2009, verify that the statewide productivity or yield of agricultural lands as determined by the Department of Revenue is within 10% of the productivity or yield determination made by the Natural Resource and Conservation Service (NRCS) for each land use type as defined by the Department of Revenue. (To our knowledge, the external information used to make the comparison for this performance measure is the best comparative information available.)

2009 Biennium Significant Milestones:		Completion Dates	
		Target	Actual
1	Major target dates for completion of the reappraisal process are included in the performance measures, above.		
2			
3			
4			

Agency Performance Report:

Measure 1: In November, 2009 the department provided information showing that a preliminary sales/assessment ratio study indicated that the department's reappraisal efforts successfully achieved the ratio standards included in this measure. Since that time, a comprehensive study of the department's reappraisal efforts was completed by the firm of Almy, Gloudehans, Jacobs & Denne. That study, presented to the Revenue and Transportation Interim Committee on April 29, 2010, has fully confirmed the findings of the preliminary study by also showing that the department's reappraisal efforts have successfully achieved all of the ratio standards included in this measure. Having met the standards inherent in this goal, the Department considers the review for this measure and the 2009 reappraisal to be complete.

Measure 2: There are 490,887 parcels of residential land, including vacant lots, in the state. Two percent (2%) of this number is 9,818 parcels. To date there have been a total of 1,323 residential property appeals to County Tax Appeals Boards statewide, which represents about 0.26% of all residential parcels. The Department believes that the first part of this measure - that no more than 2% of all residential parcels be appealed to CTABs - clearly has been met.

Of the 1,323 appeals to CTABs, a total of 389 remain unresolved. However, of the 934 appeals that have been resolved a total of 734 appeals (79%) have either been cancelled, denied, dismissed, processed with no change, or withdrawn. The remaining 200 (21%) have had their values adjusted. The percentage changes (up or down) for each of these parcels with valuation adjustments is not known, but if just 13 of these 200 parcels had their values either reduced or increased by less than 10%, then the second requirement of this measure would be met as well.

Hence, the Department believes that all of the criteria listed for this measure have been met, and that the performance review for this measure is complete.

Measure 3: There are 113,814 agricultural parcels of 160 acres or more in the state. Two percent (2%) of this number is 2,276 parcels. To date there have been a total 384 appeals related to agricultural land to County Tax Appeals Boards statewide, which represents about 0.33% of all agricultural parcels of 160 acres or more. Furthermore, of these appeals the Department is certain that very few of these appeals are appealing an error in agricultural land use type. This is because the Department carried out a series of map mailings to, and worked very hard with, ag producers over the period December, 2008 to March, 2009 to ensure that producers had the opportunity to clarify their ag land use patterns prior to completing the reappraisal cycle. Nearly all of the appeals that went to CTABs were for reasons other than land use (e.g., appeals of valuation or productivity changes).

Hence, the Department believes that the criterion listed for this measure clearly has been met, and that the performance review for this measure is complete.

Measure 4: Given that the source information used to make the determination of productivity or yield of agricultural lands was derived from the Natural Resource and Conservation Service, the department believes that measure 4 has been successfully completed.

LFD Narrative:

LFD Concern - No appropriation or expenditure information was provided to allow formulating a determination of effectiveness of fiscal policy for this activity.

Progress - On track

Version	Date	Author
LFD June 2010	5/24/2010	G. DeWitt

Change Description
Copied agency provided status from OBPP form. LFD Narrative