



Montana Department of Revenue



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Director

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To: Revenue and Transportation Interim Committee

From: *[Signature]* Gene Walborn, Director

Subject: 2018 Reappraisal Cycle Update and Taxable Value Neutral Tax Rate Calculation

Based on preliminary valuation modeling of the 2018 reappraisal cycle, the table below shows the estimated changes in property values.

Estimated Impact of Reappraisal Change in Market Value Relative to TY 18 Values			
	----- Billions -----		
<u>Tax Class</u>	<u>2018</u>	<u>2019</u>	<u>% Change</u>
Residential Prop.	\$101.6094	\$110.1374	8.39%
Commercial Prop.	\$20.8639	\$23.2885	11.62%
<u>Agricultural</u>	<u>\$6.7534</u>	<u>\$6.9741</u>	<u>3.27%</u>
<u>Total</u>	<u>\$129.2267</u>	<u>\$140.4000</u>	<u>8.65%</u>

Pursuant to 15-7-111, MCA, the department is required to provide a taxable value neutral tax rate for residential, commercial and agricultural property for the next two years. The table below shows the current law tax rate for these properties.

Current and Taxable Value Neutral Rates By Property Class		
<u>Property Class</u>	<u>Current Rates</u>	<u>TV Neutral</u>
Residential Prop.	1.35%	1.26%
Commercial Prop.*	1.89%	1.69%
Agricultural	2.16%	2.09%

*Under current law, the commercial property tax rate is the class 4 residential rate is multiplied by 1.4. For the taxable value neutral tax rate commercial property requires a multiplier of 1.34.