

Local Property Tax Appeal Process

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2015 is the first year of a new property tax reappraisal cycle across Montana, and property tax assessments are expected out in mid to late June. Taxpayers have 30 days from those initial assessments to challenge their values.

In the previous six-year cycle, values were based on July 1, 2008, values. Values for the new cycle are based on January 1, 2014, values. Despite the market turmoil between those dates, the Department has projected relatively stable values for most owners. However, taxpayers should carefully review each of their assessment notices, because values did not change uniformly across the state, or even among classes of property. Taxpayers should review their assessments as soon as they receive them. Challenging within 30 days of the notice date is the most cost effective for taxpayers, because the results of the appeal will apply to both years of the reappraisal cycle.

During the 2015 session, the Montana Legislature made a number of changes that affect the appeal of tax values for locally assessed real property (except timber, which remained under the six year cycle and phase-in system). Property is now revalued every two years (instead of every six). Increases in value are no longer phased in over the reappraisal cycle.

The tax appeal process has also been modified. Taxpayers no longer have the option of appealing directly to the County Tax Appeal Board (“County Board”), but instead must file for informal review (on the proper form) with the Department of Revenue. If the taxpayer files for informal review within 30 days of the date of the assessment notice, any reduction in value will apply to both years of the cycle. If the taxpayer files after the 30 day deadline, any reduction of value will apply only to the second year of reappraisal cycle. Once the Department makes a decision, it must issue notice to the taxpayer.

If the taxpayer disagrees with the Department’s decision on informal review, it has 30 days to appeal to the County Board. The County Board holds a hearing, which the taxpayer must attend. The County Board must consider any independent appraisal the taxpayer submits, which was conducted within 6 months of the valuation date and meets the standards of the Montana Board of Real Estate Appraisers. If the County Board does not use the independent appraisal, it must explain why. The County Board must notify the taxpayer of its decision by mail within 3 days. In most cases, the County Board provides its decision immediately after the hearing.

If the taxpayer disagrees with the County Board’s decision, the taxpayer may appeal to the Montana State Tax Appeal Board (“State Board”) within 30 days. The Department will be represented by attorneys at the State Board. The State Board will only allow corporations to be represented by a corporate officer or an attorney. The State Board will then hold a formal

hearing and issue a decision. The State Board is under the same obligation to consider qualifying appraisals and provide an explanation if the appraisal is not used.

The losing party at the State Board has 60 days to file a petition for judicial review with a district court. In court, business entities will be required to be represented by attorneys. The district court reviews the State Board's decision according to the Montana Administrative Procedures Act. It is important to remember, under a petition for judicial review, the district court does not generally allow additional facts to be presented, with limited exceptions. Therefore, it is important for the taxpayer to make a full record of all relevant information for the appeal during the State Board hearing. Finally, the losing party at the district court can appeal to the Montana Supreme Court.

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