

**42.20.107 VALUATION METHODS FOR COMMERCIAL PROPERTIES**

(1) When determining the market value of commercial properties, department appraisers will consider, if the necessary information is available, an income approach valuation.

(2) If the department is not able to develop an income model with a valid capitalization rate based on the stratified direct market analysis, the band-of-investment method, or another accepted method, or is not able to collect sound income and expense data, the final value chosen for ad valorem tax purposes will be based on the cost approach or, if appropriate, the market approach to value. The final valuation is that which most accurately estimates market value.

(3) The IAAO standards for choice of method guide appraisal decisions. The generally preferred method is the income method to valuation. The department will document in the official record the reason(s), for choosing an alternative method.

History: [15-1-201](#), MCA; [IMP, 15-7-111](#), MCA; [NEW](#), 1992 MAR p. 2780, Eff. 12/25/92; [AMD](#), 2002 MAR p. 3723, Eff. 12/27/02; [AMD](#), 2005 MAR p. 667, Eff. 4/29/05.