



DEPARTMENT OF REVENUE

PROPERTY ASSESSMENT DIVISION UPDATE

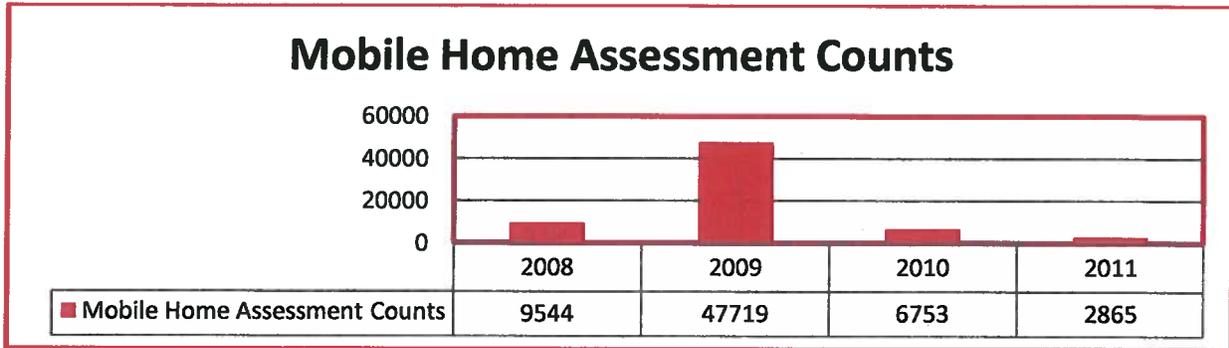
Advisory Council Working Group on Local
Government Issues

Wednesday May 11th

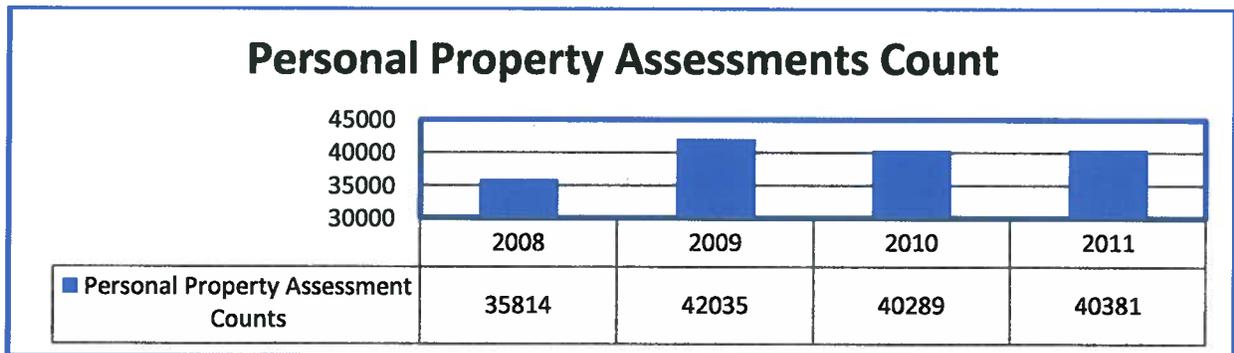
2011

MOBILE, REAL AND PERSONAL PROPERTY ASSESSMENTS

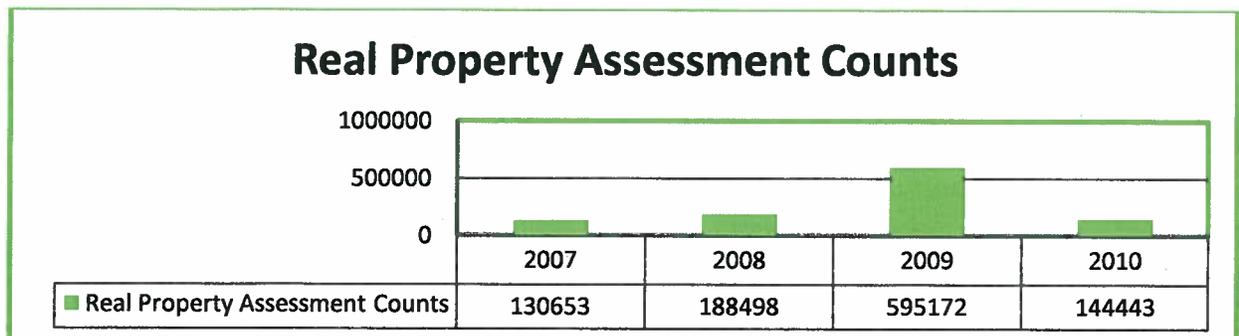
Mailing Date for 2011 Mobile Home - First week of April



Mailing Date for 2011 Personal Property - First week of May



Mailing Date for 2011 Real Property - Last week of May



Real Property Assessment Figures have not yet been correlated for 2011.

Property Tax Relief Program Marketing

An increased effort was made this year to increase awareness and provide information to the general public about our PTAP and DAV property tax relief programs.

Marketing strategies that were applied included the following:

Radio Ads	Newspaper Ads	Department Website	Informational Poster Distribution
<ul style="list-style-type: none">• A Radio Ad campaign was run providing details and deadlines.	<ul style="list-style-type: none">• Two weeks of newspaper ads were run.	<ul style="list-style-type: none">• Information and applications forms for both programs are available on the Department Website.	<ul style="list-style-type: none">• All County Offices• All County Libraries• Other Government Agencies• Welfare Offices• VA representative• Health & Human Services• Job Services

This has resulted in 4493 new applications being received for PTAP and 441 new applications being received for DAV for the 2011 programs.

No marketing was provided for EPTAP as this is an automatic selection of properties based on the % increase of their taxable market value. Properties that potentially qualify are mailed applications each year.

Property Tax Relief

APRIL 2011						
SUN	MON	TUES	WED	THURS	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Household Income of \$26,573 or Less

Are you a Montana property owner with a household income of \$26,573 or less? If so, you may be eligible for reduced property taxes on your home through the Property Tax Assistance program. **April 15** is the deadline to apply for this property tax relief.

Disabled American Veteran or Surviving Spouse

Are you a Montana property owner who is a disabled veteran or surviving spouse of a disabled veteran? If so, you may be eligible to claim a reduction, or even a full exemption, of your property taxes. **April 15** is the deadline to apply for this property tax relief.

For more information about these property tax relief programs, please visit our website at revenue.mt.gov, call us toll free at (866) 859-2254 (in Helena, 444-6900) or contact your local Department of Revenue office.

If you have previously qualified for property tax relief, you will receive an application in the mail. If you have not received an application in the mail, please contact your local Department of Revenue office.

Applications received after the April 15 deadline will not be considered for the 2011 tax year.



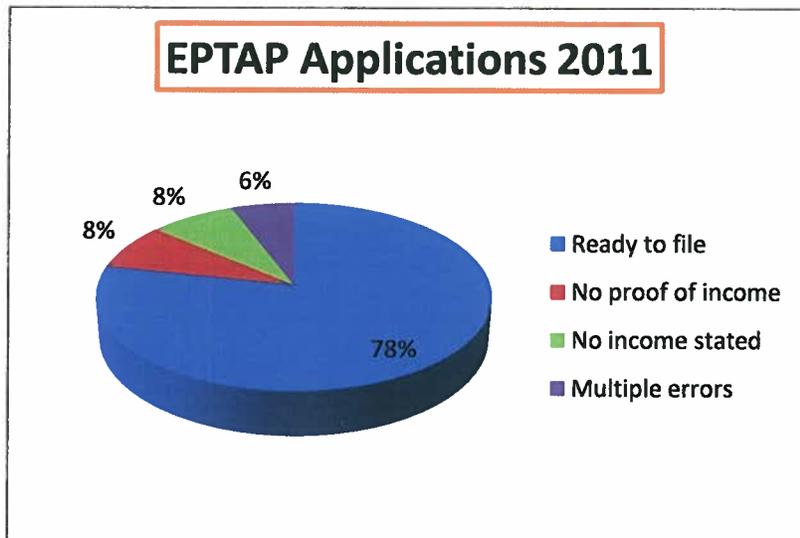
Extended Property Tax Assistance Program (EPTAP) 2011

<i>EPTAP Applications</i>	2011	2010	2009
Total number of applications mailed	30987	32227	35487
Total number of applications received	5663	6185	8005

For 2011 the procedures for processing incoming EPTAP applications have been remodeled to improve the receipt, processing and filing of applications for Taxpayers. This year saw the implementation of increased contact with the Taxpayer via numerous phone calls and emails in attempts to confirm errors on applications received and to assist them in any queries they may have had in relation to EPTAP. A concerted effort was made to contact Taxpayers who neglected to attach proof of income.

New implemented measures include:

- Daily counts of all applications received with assigned categories (see pie chart).
- Taxpayers who do not attach proof of income receive 3 phone calls and if we are unable to speak with them directly then we mail a letter to them requesting proof of income. Copy letters are attached to all applications.
- If a taxpayer does not sign their application, they are sent out a new one for signature, this will be attached to their processed application.
- If a taxpayer marks 'No' in the box for a 7 months residence in the property, a letter is sent asking them to contact us to confirm this. In 2010 a number of taxpayers were confused by the question.
- A call sheet is attached to every application detailing calls between the taxpayer and staff member of PAD.

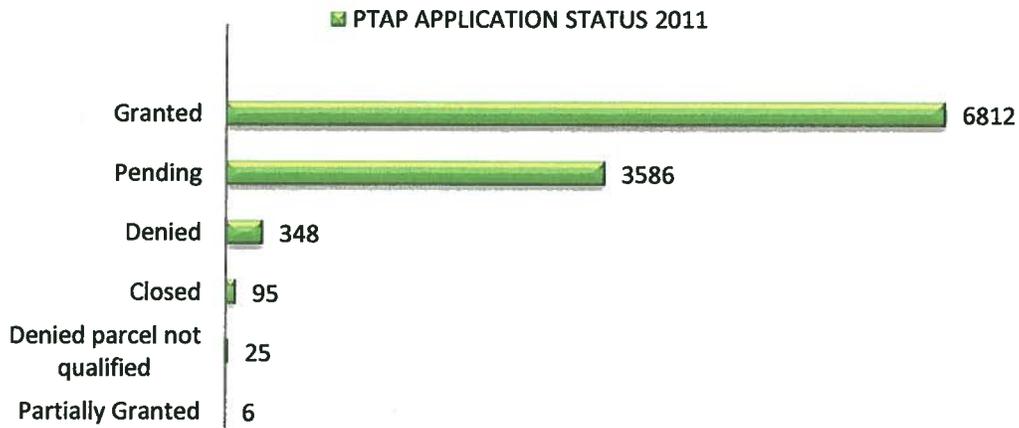


PROPERTY TAX ASSISTANCE PROGRAM (PTAP) APPLICATION PROCESSING STATUS 2011

Total number of applications mailed for 2011 15405

Total number of applications in processing for 2011 10872

PTAP APPLICATION PROCESSING STATUS 2011

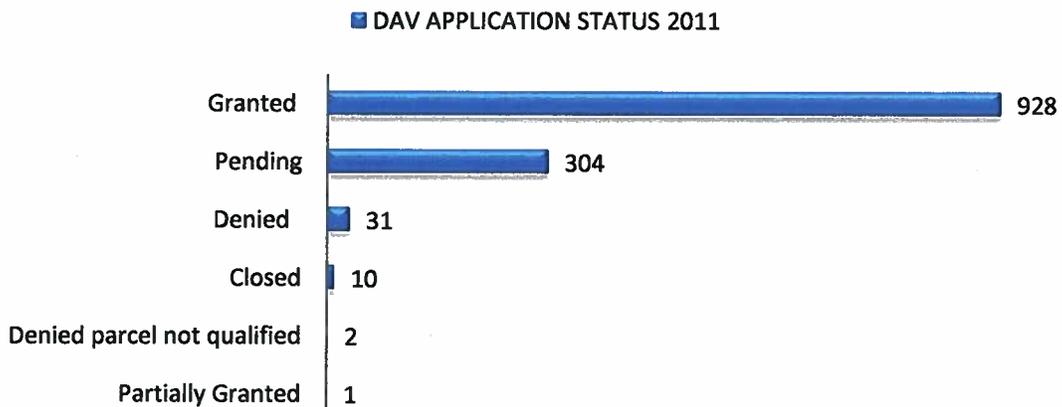


DISABLED AMERICAN VETERAN PROPERTY TAX RELIEF (DAV) APPLICATION PROCESSING STATUS 2011

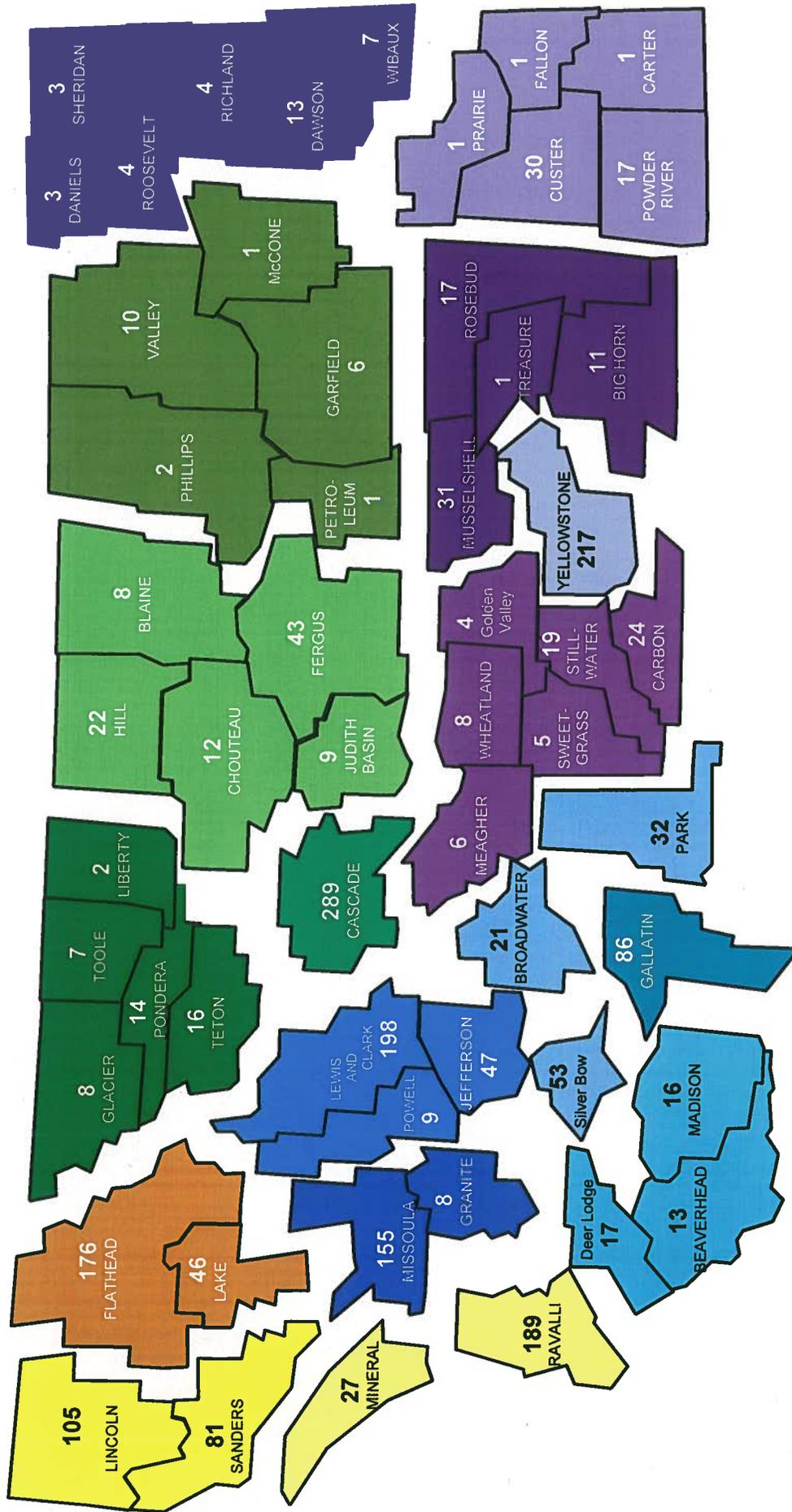
Total number of applications mailed for 2011 2126

Total number of applications in processing for 2011 1277

DAV APPLICATION PROCESSING STATUS 2011



DAV APPLICATIONS 2011 COUNTY NUMBERS



TOTAL NUMBER OF APPLICATIONS MAILED TO MONTANA VETERANS - 2,126

* Application numbers are based on prior applications received for 2010. New applications are then issued to existing applicants along with new applicant requests.

2011 LEGISLATION UPDATE

House Bill 123

AN ACT REVISING CERTAIN DEADLINES RELATIVE TO SCHOOL AND LOCAL GOVERNMENT FINANCING LAWS; AMENDING SECTIONS 7-6-4036, 15-10-305, 20-3-205, 20-3-209, 20-7-705, 20-9-115, 20-9-121, 20-9-131, 20-9-134, 20-9-141, 20-9-142, 20-9-151, 20-9-152, 20-9-213, 20-9-439, 20-9-501, 20-9-503, 20-9-506, 20-9-533, 20-9-534, 20-9-604, 20-10-144, 20-10-146, 20-10-147, AND 20-15-313, MCA; REPEALING SECTION 20-9-211, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Summary Impact on PAD:

- By 1st Mon in August - PAD delivers certified taxable values (CTV) to taxing jurisdictions (no change)
- By 1st Tue in Sept or within 30 calendar days of receiving CTV from PAD – county supt reports levies to county commissioners (changed from 4th Monday in August)
- By 1st Thursday in Sept or within 30 calendar days of receiving CTV from PAD - county commissioners fix levies (changed from 2nd Mon in Aug or within 45 calendar days of receiving CTV from PAD)
- By 2nd Mon in Sept or within 30 calendar days after receiving CTV from PAD – county clerk and recorder reports mill levy for each taxing jurisdiction to DOR-PAD (changed from 3rd Mon in Aug)
- By 2nd Mon in Oct (plus the number of days past the deadline for receiving mill levies from county C & R) – PAD completes computation of taxes, fees, assessments and transfers tax roll to county for billing (*changed from approximately 56 calendar days to 28 calendar days*)

Other impacts to local government, but not PAD, are detailed on the attachment which was prepared by OPI.

House Bill 103

AN ACT TO IMPROVE TAX ADMINISTRATION AND RECORDS MANAGEMENT BY AUTHORIZING THE DEPARTMENT OF REVENUE TO REPRODUCE ANY ORIGINAL TAX DOCUMENT AND TO MAINTAIN THE REPRODUCTION AS THE DEPARTMENT'S OFFICIAL RECORD; AUTHORIZING THE DEPARTMENT OF REVENUE TO DISPOSE OF ITS ORIGINAL TAX RECORDS THAT ARE REPRODUCED IN ACCORDANCE WITH RULES ADOPTED BY THE SECRETARY OF STATE IN CONSULTATION WITH THE STATE RECORDS COMMITTEE; AMENDING SECTIONS 2-6-110 AND 15-1-103, MCA; AND PROVIDING EFFECTIVE DATES AND A RETROACTIVE APPLICABILITY DATE.

Summary Impact on PAD:

- Allows electronic copies to be official record.
- Can dispose of old records working with SOS.
- Historical interest by county prior to destruction.

House Bill 293

AN ACT PROVIDING THAT THE PROPERTY TAX EXEMPTION FOR VETERANS' ORGANIZATIONS EXTENDS TO LAND OWNED BY THE ORGANIZATION CONTINUOUSLY SINCE 1960; AMENDING SECTION 15-6-203, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE.

Summary Impact on PAD:

- One in state – Ravalli County
- Effective date – after Dec 31, 2010 – CTAB for tax years 2009 & 2010

House Bill 295

AN ACT GENERALLY REVISING WIND EASEMENTS AND WIND ENERGY RIGHTS; DEFINING WIND ENERGY RIGHTS AS PROPERTY RIGHTS; PROVIDING WIND ENERGY RIGHTS ARE APPURTENANT TO THE SURFACE ESTATE; PROVIDING FOR WIND EASEMENTS; PROVIDING FOR WIND OPTION AGREEMENTS AND WIND ENERGY AGREEMENTS AND THEIR MINIMUM REQUIREMENTS; AFFIRMING THE DOMINANCE OF A MINERAL ESTATE; AMENDING SECTION 70-17-203, MCA; REPEALING SECTION 70-17-303, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Summary Impact on PAD:

- "Wind energy right" means an interest in real property on and over which the wind resource is located and flows that is appurtenant to the real property.
- Provisions ensuring that the owner of the real property is not liable for any property tax associated with the wind energy project or other equipment related to the development of the wind energy project during the term of the wind energy agreement; Sale Verification – DOR to consider payments for easement.
- Ensure assessed and billed to Wind Energy Company for real – Most likely Centrally Assessed – Kory Hofland, BIT with questions.

House Bill 132

AN ACT SIMPLIFYING CLASSIFICATION AND REPORTING OF VALUES ASSIGNED TO TAXABLE PROPERTY; UPDATING THE DEFINITION OF "ANIMAL UNIT MONTHS" TO COMPLY WITH CURRENT GRAZING PRACTICES; ELIMINATING OBSOLETE LANGUAGE RELATING TO AGRICULTURAL AND FOREST LAND; AND AMENDING SECTIONS 15-7-101, 15-7-102, 15-7-103, 15-7-139, 15-7-201, AND 15-44-103, MCA.

Summary Impact on PAD:

The changes in this bill will take effect at the beginning of the next reappraisal cycle in 2015.

- This bill updates language to reflect current practices of the department regarding its appraisal of agricultural land and forestland. It removes reference to "production categories" which referred to the previous grading system and inserts "productive capacity" and subclasses" which refers to our current use of soil surveys and GIS technology. This bill updates language regarding the departments' use of soil surveys in classification work for agricultural land and forestland.
- This bill will increase the animal unit weight used in calculating an animal unit month for the valuation of grazing land from the current 1000 pounds to 1,200 pounds. Since more herbage would be required to sustain the larger animal, this will result in an overall decrease in the carrying capacity of grazing land. Formulas will be updated in GIS and Orion to reflect the change in carrying capacity.
- This bill allows the Department to use an appraisal method that values land and improvements as a unit and to establish a combined value of land and improvements and to report a combined value on Assessment Notices. The department would be required to report this combined value on assessment notices.

Senate Bill 75

AN ACT ALLOWING THE DEPARTMENT OF REVENUE TO ESTABLISH ALTERNATIVE OFFICE HOURS; AMENDING SECTION 2-16-117, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

- 4 or fewer employees
- Public hearing prior in county
- County commissioner approval if outside normal operating hours 8-5
- Alternative hours adopted by Administrative Rule
- If adopted, publish in county newspaper hours twice a year in county(s) affected

Senate Bill 265

AN ACT PROVIDING FOR A TAX ABATEMENT FOR CERTAIN RESIDENTIAL GRAY WATER SYSTEMS AND COMMON GRAY WATER AND POTABLE WATER SYSTEMS; ESTABLISHING REQUIREMENTS FOR THE RESIDENCES AND FOR A MINIMUM NUMBER OF OCCUPANTS TO QUALIFY; PROVIDING FOR THE ABATEMENT DURING CONSTRUCTION AND FOR 10 YEARS FOLLOWING COMPLETION OF CONSTRUCTION; REQUIRING THE DEPARTMENT OF REVENUE TO REPORT TO THE REVENUE AND TRANSPORTATION INTERIM COMMITTEE ON THE USE OF THE ABATEMENT; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE.

Summary Impact to PAD: determine whether certain residential dwellings constructed after June 30, 2011 qualify for a reduced tax rate (91% of the normal rate) and ensure that the reduced tax rate is applied to the property for the duration of the 10 year qualifying period

- PAD will need to develop an application form
- PAD will need to develop procedures for evaluating applications and administering the abatement
- PAD will need to establish class code(s) to identify properties to which the abatement applies and for use in monitoring the 10 year abatement period
- DOR must provide a report on the use of this abatement to the Revenue and Transportation Interim Committee by Sept 15, 2014

Senate Bill 372

AN ACT REDUCING THE TAXATION FOR A PORTION OF THE TAXABLE MARKET VALUE OF CLASS EIGHT BUSINESS EQUIPMENT OWNED BY A TAXPAYER; PROVIDING FUTURE TAX REDUCTIONS CONTINGENT ON INCREASES IN STATE COLLECTIONS OF INDIVIDUAL INCOME TAX AND CORPORATION LICENSE TAX; CHANGING OTHER PROVISIONS RELATING TO TAXATION OF CLASS EIGHT PROPERTY; PROVIDING A REIMBURSEMENT TO LOCAL GOVERNMENTS AND TAX INCREMENT FINANCING DISTRICTS UNDER THE ENTITLEMENT SHARE PAYMENT, TO SCHOOL DISTRICTS THROUGH THE BLOCK GRANT PROGRAM, TO COUNTY SCHOOL RETIREMENT AND COUNTY TRANSPORTATION REIMBURSEMENT, AND TO THE MONTANA UNIVERSITY SYSTEM THROUGH SUPPORT OF PUBLIC EDUCATION INSTITUTIONS FOR THE LOSS OF CLASS EIGHT AND CLASS TWELVE PROPERTY TAX REVENUE; PROVIDING STATUTORY APPROPRIATIONS; AMENDING SECTIONS 15-1-121, 15-6-138, 15-6-141, 15-10-420, 15-23-101, 17-7-502, 20-9-501, 20-9-630, AND 20-10-146, MCA; AND PROVIDING AN EFFECTIVE DATE, AN APPLICABILITY DATE, AND A TERMINATION DATE.

Summary Impact to PAD: reduces the tax rate of class 8 personal property, the \$20,000 aggregate threshold remains intact

- Reduces tax rate from 3% to 2% on the first \$2 million of taxable market value of class 8 personal property effective July 1, 2011 (PAD tax year 2012)
- Reduces tax rate on the first \$3 million of taxable market value of class 8 personal property to 1.5% for years beginning after 2013 if certain income tax revenue collection criteria is met (to be certified by the Department of Administration)
- Changes the way entitlement is calculated in order to make reimbursement to local governments and schools for revenue lost due to these tax rate changes

LEGISLATION IMPACTING MONTANA TRIBAL GOVERNMENTS

Montana is only the second state to pass two pieces of this type of legislation in recognition of Tribal Governments!

Senate Bill 412

AN ACT PROVIDING A TEMPORARY TAX EXEMPTION FOR PROPERTY OWNED BY A FEDERALLY RECOGNIZED MONTANA INDIAN TRIBE WHEN THE PROPERTY HAS A FEDERAL TRUST APPLICATION PENDING; PROVIDING THAT EXISTING TAX LIENS ARE NOT EXTINGUISHED; PROVIDING RULEMAKING AUTHORITY; AND PROVIDING A DELAYED EFFECTIVE DATE.

Property owned in fee by a federally-recognized Indian tribe that has a pending application to receive trust status on January 1 of any given year will be exempt if the Bureau of Indian Affairs (BIA) has determined that the Tribe's exemption application is complete; and the Tribe has submitted an application for the State's exemption by March 1 of the year in which an exemption is sought

The exemption applies only while the application is pending a final determination by the BIA and for up to 5 years, unless the BIA denies the Tribe's pending trust application. The Tribe must maintain a current state exemption application by submitting an application by March 1 of each year in which the Tribe's trust application is pending. If the Tribe takes land out of trust, the property is subject to taxation as provided by federal and state law. This law applies to such property for tax years after December 31, 2011. It does not extinguish existing property taxes, including but not limited to taxes due and owing, delinquent taxes, tax liens, or tax deeds on the property.

House Bill 618

AN ACT ESTABLISHING PROPERTY TAX EXEMPTIONS FOR CERTAIN PROPERTY OWNED BY FEDERALLY RECOGNIZED INDIAN TRIBES; AMENDING SECTIONS 15-6-201, 41-3-201, 61-3-321, AND 61-10-214, MCA; AND PROVIDING AN APPLICABILITY DATE.

Tribal property located within the exterior boundaries of a federally-recognized tribe in Montana that is owned by the tribe and is used exclusively by the tribe for essential government services is exempt from taxation. The property may not be operated for gain or profit; held under contract to operate, lease, or sell by a taxable individual; used or possessed exclusively by a taxable individual or entity; or held by a tribal corporation except for educational purposes.

Land set aside by tribal resolution and designated as sacred land to be used exclusively for religious purposes, up to 15 acres is exempt from taxation.

Land created for the sole purpose of establishing schools, colleges, and universities is exempt from taxation if: it is not operated for gain or profit; it has an attendance policy; and it has a definable curriculum with systematic instruction.

Property owned by the tribe and set aside by tribal resolution that is devoted exclusively to use in connection with a cemetery or cemeteries for which a permanent care and improvement fund has been established as provided for in Title 35, chapter 20, part 3; and not maintained or operated for gain or profit is exempt from taxation.

Land that is set aside as park land, not to exceed 15 acres, or designated as a recreational facility and open to the general public is exempt from taxation.