



## MONTANA STATE TAX APPEAL BOARD

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To: DOR Advisory Council Working Group on Local Government Issues

From: Montana State Tax Appeal Board  
*on behalf of all tax appeal boards*  
Karen Powell, Chairwoman

May 2011

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### **Constitutional and Statutory History of the Board**

The Montana Constitution requires that:

*The legislature shall provide independent appeal procedures for taxpayer grievances about appraisals, assessments, equalization, and taxes. The legislature shall include a review procedure at the local government unit level.” (Article VIII, Section 7).*

The State Tax Appeal Board, which oversees 56 County Tax Appeal Boards, is the mechanism the legislature chose to implement this Constitutional requirement. The State Tax Appeal Board (STAB) is a three member Board, funded through the general fund. Current members are Karen Powell (Chairwoman), Douglas Kaercher, and Samantha Sanchez. We have two administrative staff. The Board oversees and hears appeals from decisions of the 56 county tax appeal boards (discussed below). The State Board also takes original jurisdiction in matters involving income taxes, corporate taxes, severance taxes, centrally assessed property, new industry, cabin site lease valuations, motor fuels, and tobacco taxes. Appeals are generally handled through an administrative hearing, which establishes the complete record of the case. The district courts do not hold another hearing but must rely on the record set by the state board.

The State Board is administratively attached to the Department of Administration (DOA), not the Department of Revenue (DOR). We provide an independent review of the decisions of the DOR. In our hearings, the Taxpayer is on an equal footing with the DOR. We hear cases ranging from multi-billion dollar valuations (centrally assessed properties such as telecommunication and utility companies) to value of properties under \$100,000 (individual residences and agricultural property.) We have two separate types of appeals – those that come directly to us from the Department of Revenue (centrally assessed properties, corporate income tax, individual income tax) and those which are first heard by the county tax appeal board (residential, agricultural and industrial properties.)

There are 56 county tax appeal boards (CTAB) authorized by the legislature to fulfill the Constitutional requirement for a local review procedure. By law, each county board has three members, appointed by the County Commission, and a secretary. (In October, new law will allow for additional county tax appeal board members.) The State Board trains and oversees the county boards and pays all the costs of their work. Traditionally, the State Board provides in-person trainings every two years. There is also written materials, including a board handbook and a secretarial handbook, to assist county boards with their hearings. Training typically includes how to run a hearing, avoiding ex parte communication, ethical considerations, sample DOR materials, and a legislative update.

### **2009 Reappraisal Cycle:**

The Legislature, by statute, determines when each property is valued for tax purposes. For residential, commercial and agricultural properties, the Legislature has set valuation to occur every six years. That



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value set is then “phased-in” over the six year cycle. The majority of other property is valued on an annual basis.

- Reappraisal of residential, commercial and agricultural property stimulates the largest number of appeals to the county and state boards. In 2009, the Department of Revenue performed the first comprehensive review of agricultural land since 1963. Residential, commercial and forestland property values were also reappraised, so all class 3, 4 and 10 property received an assessment notice with a new valuation (and an opportunity to appeal.)
- Both the state and county tax appeal boards saw a substantial increase in cases during the last biennium. The State Tax Appeal Board used to travel throughout the state to hear appeals and to train the county boards. However, we reallocated our travel budget to cover the costs of county tax appeal board operations, and no longer travel to hear appeals. The State Board pays the county tax appeal board member costs, the county tax appeal board salaries, and expenses for all 56 county tax appeal boards.

While there is a large volume of reappraisal appeals, the direct appeals typically require a significantly larger amount of work per case by the State Tax Appeal Board and staff.

The table provides case information for the 1993 through 2009 statewide reappraisals:

Calendar year	County Tax Appeal Boards Appeals	State Board Appeals from the County	Direct Appeals
1993 (reappraisal year)	4,072	2,537	
1994	694	109	
1995	173	53	
1996 (reappraisal year) – 1 <sup>st</sup> year with phase-in	105	22	
1997	571	170	
1998	156	37	
1999	165	51	
2000-2002	174	39	
2003 (reappraisal year)	341	128	12
2004	67	18	10
2005	35	15	11
2006-2008	46	16	126
2009 (reappraisal year)	2,879	159	33
2010	713	22	13

*\*the above table does not address the remaining AB-26's still in process with the DOR.*



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### County Appeal Deadlines

1<sup>st</sup> Monday in June OR  
30 days after receiving  
an assessment notice or  
DOR decision in the  
informal review process  
(AB-26). §15-15-102.

Property tax appeal must be submitted to CTAB. Form available on the web or from the County Clerk and Recorder.

July 1 to December 31

CTAB meets and hears appeals. §15-15-101(2). The CTAB must notify the taxpayer of its decision by mail within 3 days. §15-15-103(1). For good cause, STAB may grant the CTAB permission to meet beyond December 31. §15-2-201(1)(b).

Within 30 calendar days  
after receiving the  
CTAB decision.  
§15-2-301(1).

Aggrieved party may appeal CTAB decision to STAB, if the appearance provisions of §15-15-103(1) are met.

No specified timelines,  
except that STAB must  
give the parties at least  
15 calendar days' notice  
of a hearing. §15-2-301(1).

STAB holds hearing and issues decision.

Within 60 days after  
service of STAB's  
final decision.  
§15-2-303(2).

Any party to the appeal who is aggrieved by STAB's final decision may appeal to district court in the county in which the taxable property or some portion of it is located; the taxpayer has the option to file in the first judicial district. DOR is to notify STAB, in writing, of any judicial review. On request, DOR is to submit to STAB a copy of all pleadings and documents.