



GOVERNOR GREG GIANFORTE
DIRECTOR BRENDAN BEATTY

MEMORANDUM

TO: Revenue Interim Committee

FROM: Brittany Mari, Tax Policy and Research

DATE: November 17, 2022

SUBJECT: Update on Taxable Value Neutral Rates of TY 2023 Reappraisal Cycle

Based on preliminary modeling of the 2023 reappraisal cycle, the table below shows the estimated changes in property values.

| Estimated Changes in Market Value as a Result of Reappraisal | | | |
|---|----------|----------|----------|
| ----- Billions ----- | | | |
| Property Type | TY 2022 | TY 2023 | % Change |
| Residential | \$137.75 | \$197.13 | 43.11% |
| Commercial | \$25.31 | \$29.53 | 16.70% |
| Agricultural | \$6.68 | \$6.70 | 0.41% |

Under the Montana Code Annotated, the department is required to provide a taxable value neutral rate for residential, commercial, and agricultural property on a state-wide basis. The table below shows the current law tax rate for these properties and the estimated taxable value neutral rates using the estimated growth rates for each class of property.

| Estimated Taxable Value Neutral Tax Rates | | |
|--|---------------|------------------|
| Property Type | Current Rates | TV Neutral Rates |
| Residential | 1.35% | 0.94% |
| Commercial | 1.89% | 1.62% |
| Agricultural | 2.16% | 2.15% |

The maps below show the estimated changes in market value for residential, commercial, and agricultural properties by county. Please note these are estimated average changes and are subject to change between now and when reappraisal values are finalized. Due to how values are calculated and where the Property Assessment Division is in the reappraisal process, commercial values may be more likely to see changes compared to residential and agricultural values.



