

SENATE JOINT RESOLUTION NO. 23
INTRODUCED BY F. THOMAS, R. EHLI

A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING AN INTERIM STUDY TO REVIEW THE FAIRNESS AND SUSTAINABILITY OF THE CURRENT CLASSIFICATION AND TAXATION OF UTILITY, CENTRALLY ASSESSED, AND INDUSTRIAL PROPERTY IN MONTANA AND THE APPRAISAL METHODS USED TO ESTABLISH TAXABLE VALUE FOR UTILITY AND INDUSTRIAL PROPERTY.

WHEREAS, ~~class nine property in Montana is primarily the centrally assessed property of public utilities~~ CENTRALLY ASSESSED PROPERTY IS INCLUDED IN CLASS FIVE, CLASS NINE, CLASS TWELVE, CLASS THIRTEEN, CLASS FOURTEEN, CLASS FIFTEEN, AND CLASS SIXTEEN; and

WHEREAS, INDUSTRIAL PROPERTY IS INCLUDED IN CLASS FOUR AND CLASS EIGHT; AND

WHEREAS, the Montana Department of Revenue reported that in ~~2015, class nine~~ 2016, CENTRALLY ASSESSED property constituted ~~about 2.66%~~ APPROXIMATELY 9.2% of market value of all taxable property in Montana but paid ~~13.78%~~ APPROXIMATELY 25.8% of all property taxes; and

WHEREAS, THE LEGISLATURE DESIRES TO REVIEW THE TAX RATES, VALUATION METHODOLOGY, AND TAXES PAID BY CENTRALLY ASSESSED AND INDUSTRIAL PROPERTY IN COMPARISON TO OTHER CLASSES OF PROPERTY AND PROPERTY OWNERSHIP.

~~WHEREAS, the annual Montana property tax liability of Montana's largest property taxpayer, NorthWestern Energy, increased from approximately \$121.9 million in 2015 to approximately \$136.2 million in 2016; and~~

~~WHEREAS, the Legislature has heard from the Montana Public Service Commission that the State of Montana is unreasonably burdening utility customers with excessively high property taxes; and~~

~~WHEREAS, complaints have been made about the appraisal methods used by the Montana Department of Revenue to establish market value for both centrally assessed and industrial property.~~

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA:

That the Legislative Council be requested to designate an appropriate interim committee, pursuant to



1 section 5-5-217, MCA, to:

2 (1) review the fairness, ~~and sustainability,~~ AND LEGAL BASIS of the current classification and taxation of
3 ~~utility~~ CENTRALLY ASSESSED AND INDUSTRIAL property in Montana, ~~including the 12% tax rate on class nine property;~~

4 (2) compare the ~~property~~ TOTAL STATE tax burdens imposed on utility customers in Montana with the
5 ~~property~~ TOTAL STATE tax burdens imposed on utility customers in other states;

6 (3) review the ~~fairness and predictability of the~~ appraisal methods used by the Montana Department of
7 Revenue to establish the market value, AS REQUIRED BY THE MONTANA CONSTITUTION AND STATUTORY LAW, of utility
8 and industrial property;

9 (4) review dispute review procedures with specific attention to the timeline for resolving disputes
10 informally; and

11 (5) consider any other matters relating to central assessment or ~~appraisal~~ INDUSTRIAL PROPERTY, such
12 as equalization with other classes of property, THE EXEMPTION OF INTANGIBLE PERSONAL PROPERTY, AND POTENTIAL
13 IMPACTS ON SCHOOLS, LOCAL GOVERNMENTS, AND OTHER PROPERTY TAXPAYERS, that the committee considers
14 appropriate.

15 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review
16 requirements, be concluded prior to September 15, 2018.

17 BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions,
18 comments, or recommendations of the appropriate committee, be reported to the 66th Legislature.

19 - END -