

BEFORE THE DEPARTMENT OF REVENUE
OF THE STATE OF MONTANA

In the matter of the adoption of New Rule I) NOTICE OF PUBLIC
relating to value before reappraisal for 2009) HEARING ON PROPOSED
agricultural land) ADOPTION

TO: All Concerned Persons

1. On May 10, 2010, at 11:00 a.m., a public hearing will be held in the Third Floor Reception Area Conference Room of the Sam W. Mitchell Building, at Helena, Montana, to consider the adoption of the above-stated rule.

Individuals planning to attend the hearing shall enter the building through the east doors of the Sam W. Mitchell Building, 125 North Roberts, Helena, Montana.

2. The Department of Revenue will make reasonable accommodations for persons with disabilities who wish to participate in this public hearing or need an alternative accessible format of this notice. If you require an accommodation, contact the Department of Revenue no later than 5:00 p.m., May 3, 2010, to advise us of the nature of the accommodation that you need. Please contact Cleo Anderson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-5828; fax (406) 444-3696; or e-mail canderson@mt.gov.

3. The proposed new rule does not replace or modify any section currently found in the Administrative Rules of Montana. The proposed new rule provides as follows:

**NEW RULE I CORRECTION OF VALUE BEFORE REAPPRAISAL (VBR)
FOR 2009 AGRICULTURAL LAND** (1) For those properties that experienced productivity only changes for tax year 2009, the department will correct the VBR as follows:

(a) If the taxpayer timely filed an AB-26, County Tax Appeal Board (CTAB) appeal, State Tax Appeal Board (STAB) appeal, or District Court action relating to the 2009 assessment the department will:

(i) replace the calculated VBR with the prior year VBR of the prior grade;
(ii) issue a revised assessment notice for 2009 showing the correct VBR; and
(iii) provide the county the information necessary to allow the county to issue a new tax bill.

(b) If the taxpayer did not timely file an AB-26, CTAB appeal, STAB appeal, or District Court action relating to the 2009 assessment the department will correct the VBR calculation beginning in tax year 2010.

(c) The department will correct the VBR and adjust the taxable values each year for the subsequent five years of this reappraisal cycle by one-fifth of the difference in taxable value.

(i) The difference in taxable value is the amount that the department either under or over assessed in 2009.

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MAR Notice No. 42-2-828

EXHIBIT 2

(ii) The adjusted taxable value will be used by the counties to apply mill levies to determine taxes owed.

AUTH: 15-1-201, 15-7-111, MCA
IMP: 15-7-111, 15-7-201, MCA

REASONABLE NECESSITY: The department is proposing to adopt New Rule I because the department adopted ARM 42.20.502 in 1997, and amended it in 2002. ARM 42.20.502 directed the department to use the prior year VBR for the current year VBR during 2002 or subsequent tax years. ARM 42.20.502 specified the VBR for class three property. For class three property that contains a productivity or grade change, the current year VBR will be the prior year VBR of the prior grade.

The new reappraisal cycle began January 1, 2009, pursuant to 15-7-111, MCA. The department updated its agricultural manual for this new reappraisal cycle. The department did not timely update ARM 42.20.502. The updated agricultural manual required a calculated VBR rather than the 2008 full reappraisal value. The calculated VBR resulted in an incorrect application of phase-in for properties with productivity only changes. By adopting New Rule I, the department is correcting the phase-in for these properties to comport to the requirements of ARM 42.20.502, as amended in 2002.

4. Concerned persons may submit their data, views, or arguments, either orally or in writing, at the hearing. Written data, views, or arguments may also be submitted to: Cleo Anderson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-5828; fax (406) 444-4375; or e-mail canderson@mt.gov and must be received no later than May 14, 2010.

5. Cleo Anderson, Department of Revenue, Director's Office, has been designated to preside over and conduct the hearing.

6. An electronic copy of this Notice of Public Hearing is available through the department's site on the World Wide Web at www.mt.gov/revenue, under "for your reference"; "DOR administrative rules"; and "upcoming events and proposed rule changes." The department strives to make the electronic copy of this Notice of Public Hearing conform to the official version of the notice, as printed in the Montana Administrative Register, but advises all concerned persons that in the event of a discrepancy between the official printed text of the notice and the electronic version of the notice, only the official printed text will be considered. In addition, although the department strives to keep its web site accessible at all times, concerned persons should be aware that the web site may be unavailable during some periods, due to system maintenance or technical problems.

7. The Department of Revenue maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request, which includes the name and e-mail or mailing address of the person to receive notices

and specifies that the person wishes to receive notices regarding particular subject matter or matters. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be mailed or delivered to the person in 4 above or faxed to the office at (406) 444-4375, or may be made by completing a request form at any rules hearing held by the Department of Revenue.

8. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

/s/ Cleo Anderson
CLEO ANDERSON
Rule Reviewer

/s/ Dan R. Bucks
DAN R. BUCKS
Director of Revenue

Certified to Secretary of State April 5, 2010