

Sent: Thursday, April 09, 2009 9:33 AM
To: 'Jopek, Rep Mike'

Mike,

The whole concept of "mitigating the average" was passed as a temporary band-aid in a special session in the mid-90s in anticipation of the Supreme Court striking down the 2% phase-in legislation that had been passed into law (however, the court ended up ONLY striking down the phase-in of "depreciating" values. If only the legislature had waited for the decision!). Allowing someone's property taxes to soar 60%, 100% or more in a "revenue neutral" bill --just to give it to someone whose house didn't appreciate as much as the "average"-- is a travesty! Doing it in a recession is a recipe for disaster. It IS an east-side solution because farmland and east side homes are never hit.

Unfortunately, you have NO idea how hard HB658 is going to hit the economy of the Flathead Valley in this cycle! I do. It is my business, and I'm extraordinarily good at it -- we're not one of the "Top-100 Independent Financial Firms" in the country for nothing.

Look at Kelly's latest numbers just released yesterday:

<http://kelleyappraisal.net/MarketUpdate/2009-April%20Update.pdf>

The Flathead Valley is now in the early stages of a bust cycle, and this bill will pull the rug out from under a real estate and construction industry that is already crashing --unemployment just hit 12.2%. Look at the first table on page one -- real estate sales have plummeted 44% (down 80% from the peak year '06). And then look at the foreclosure (Trustee's Sales) figures at the bottom of page 11 - - up 150% from last year, and 400% from two years ago!

Table 1 shows that both median and average home prices have already collapsed 21.5% in the past 12 months. The 2008 appraisal, based on trailing 12-36 month sales figures, is already out-of-date and meaningless. Owners of highly-appreciated properties are already distressed by their crashing values... sending them a "bill" for a huge tax increase will only increase the 4-year supply of homes already on the market. And that means more lost construction jobs!!

PLEASE put this bill (and any phase in of the new appraisal) on hold until the next session. Appoint a special committee and wait for an updated study from the DOR in 2010. This is about more than just property taxes... it is about a recession that could go much deeper and last much longer if this bill is passed.

Jim Stack

InvesTech Research & Stack Financial Management