



Jopek Will Oppose His Own Bill if Republicans Don't Restore Certain Provisions

Showdown over Property Tax Mitigation Comes to a Head

By Dan Testa, 4-19-09

It is the nature of the Montana Legislature that issues which simmered throughout the session heat up to a boil in the final days. Such is the case for property tax reappraisal mitigation, an issue that, while complicated, holds the potential to profoundly affect the property tax rates of Flathead Valley residents.

Lawmakers in Helena this week are hammering out a final compromise on the reappraisal mitigation bill – which basically means they are trying to figure out a way to adjust property taxes so that they don't go through the roof in Montana's high-growth areas, and cause residents' rates to increase so much they may no longer be able to afford to stay in their homes. The challenge for lawmakers is to agree on a policy that works across the state, such that neither residents of Flathead nor Liberty County are hit too hard by tax increases.



Caption: Homes near Lone Pine State Park. - File Photo by Lido Vizzutti/Flathead Beacon

The appraisal of property values by the state Department of Revenue occurs every six years, and since 2002, the value of residential property in Montana has increased 55 percent on average. At 73 percent, residential property in Flathead County has increased at the fourth highest rate in the state, behind Lake County at 74 percent, and two energy-producing counties in eastern Montana, Dawson and Garfield.

For nearly the entire session, the Joint Select Committee on Reappraisal met twice a week to come up with a bill to ease the pain of increased property valuation. Throughout the first part of the Legislature, Whitefish Democratic Rep. Mike Jopek, whose House Bill 658 has become the vehicle for the appraisal mitigation, repeatedly praised the process by which the committee debated easing property taxes as one of the most honest and open in Helena's history.

But Jopek was decidedly less satisfied last week after the Republican-controlled Senate passed out a version of his HB 658 that looked quite different from the bill as it was originally drafted.

"If the bill stays the way it is, I'm not voting for it," Jopek said shortly after the Senate passed the bill, 30-20. "It's bad for all the growth counties."

However, Sen. Bruce Tutvedt, a Kalispell Republican who helped rewrite the bill as a member of the

Senate Taxation Committee, said the legislation achieves the directives Gov. Brian Schweitzer set forth before the session began: design the reappraisal mitigation so the state collects no more money from property owners under the new values than it already does.

"We did exactly what the governor asked," Tutvedt said. "This is a very good bill, very fair."

The bill the Senate passed largely continues the way the state has mitigated property reappraisals in the past. In Flathead County, property taxes will increase, on average, 7 percent over the next six years. The portion of a property's value exempt from taxation will rise from 37 percent this year to 47 percent in 2014. These so-called "homestead exemptions" are capped at the first \$1.5 million of a home's market value. Residential property tax rates phase down from 2.9 percent to 2.5 percent. Land in subdivisions for roadways and parks are exempt from taxation, and the Revenue Department will assess home values every two years so subsequent Legislature's can adjust for inaccuracies or changes.

Programs providing tax assistance to the elderly, disabled vets, renters and those whose property taxes increased drastically remain the same. But the original version of Jopek's bill would have increased assistance to these elderly, low-income and disabled residents – a provision the Senate Taxation Committee removed. During the Senate floor debate over the bill, Sen. Christine Kaufmann, D-Helena, tried to amend the bill to reinsert the increased funding for those programs and simplify their criteria, so more homeowners could determine whether they qualify for the assistance. This would have been paid for with funds raised by removing the homestead exemption on vacant land.

Tutvedt opposed the amendment, which failed 27-23, saying money raised by eliminating the exemption on vacant land did not compensate for what the expanded programs would cost, and in areas like Flathead County, adding taxes to these lands would put additional stress on platted subdivisions already on the verge of bankruptcy.

But Jopek doesn't buy that reasoning.

"They took that funding and they gave it to developers," Jopek said. "I just think that's wrong; I think it breaks our promise."

In what is already likely a contentious week as lawmakers negotiate the final state budget, Jopek is sitting on the conference committee to iron out differences between the House and Senate versions of the reappraisal mitigation bill. If the Senate bill remains unchanged, Jopek said he will stand firm in his opposition to it, and if necessary, ask the governor to call a special session in order to get all 150 lawmakers focused on the issue of reappraisal mitigation.

"I'm willing to stand with older homeowners, even if it means coming back for four or five days to do it right," Jopek said. **[End of article]**

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