

**Property Tax Formula:**

Appraised Value - homestead exemption x tax rate = Taxable Value (and Taxable Value x mil levy = property taxes)

**2008 Reappraisal:**

The 2008 reappraisal is the first reappraisal in 6 years. No one will know what their own reappraised value is until tax notices are mailed this summer. The Montana Department of Revenue has said the average statewide increase is 55%... huge by historical standards.

**How HB658 works:**

Governor Schweitzer has committed to "no increase in property taxes." The problem is: *how do you accomplish that fairly in light of such diverse appreciations throughout the state.* HB658 that made it out of committee (and is the only property tax bill alive at this point) is an east-side solution. It increases the homestead exemption and reduces the tax rate to "mitigate the average" 55% increase in appraised value from the 2008 appraisal. If passed, there will be no increase in statewide tax revenue from property taxes.

**Here's the problem:**

While there is no increase in overall property taxes, there will be a HUGE shift in the tax burden. For example, a property that has increase by 150% in value since 2002 (i.e. like many in the Flathead Valley) will see a 95% increase in property taxes under HB658 (phased in over the next 6 years). Obviously, soaring property taxes at the same time as property values are falling will have a very negative impact on real estate in the Flathead Valley and other similar western counties. This recession will likely turn into a long, cold winter for the construction industry.

**Here's where the Montana Constitution is likely being violated – in equitable treatment and in “equalization of property values”:**

All those inevitable, big increases in property taxes in the Flathead Valley are not going to schools, local government, or the state coffers. Remember – HB658 is mitigating the average for everyone, regardless of what happened to their property values. Consequently, an east-side property owner whose home only went up 20% in value since the 2002 reappraisal, will benefit from a 35% reduction in Taxable Value and property taxes (55% - 20%). To show how ridiculous this solution is... a resident on the east side who didn't see ANY increase in appraised value, would still receive a 55% reduction in taxable value (and taxes). All paid for by the pocketbooks of highly appreciated, highly impacted west-side property owners.

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