



Revenue and Transportation Interim Committee

Overview of Case Law of Centrally Assessed Property Taxes SJR17 Study

December 9, 2011

1. Is unit valuation the proper method for achieving market value in Montana for centrally assessed properties?

Yes, as confirmed in these decisions:

- a. *Western Union Telegraph Co. v. State Bd of Equalization*, 91 Mont. 310, 7 P.2d 551 (decided January 22, 1932); citing *Adams Express v. Ohio St Auditor*, 165 US 194, 17 S.Ct. 305 (decided February 1, 1897)
- b. *Yellowstone Pipe Line Co. v. State Bd of Equalization*, 138 Mont. 603, 358 P.2d 55 (decided July 26, 1960)
- c. *Western Airlines v. Michunovich*, 149 Mont. 347, 428 P.2d 3 (decided April 24, 1967)
- d. *Dep't of Revenue v. Pacific Power & Light Co.*, 171 Mont. 334, 558 P.2d 454 (decided December 29, 1976)
- e. *Dep't of Revenue v. Soo Lines, Inc.*, 172 Mont. 1, 520 P.2d 512 (decided February 8, 1977)
- f. *PPL Montana, LLC v. The Dep't of Revenue of the State of Montana*, STAB Cause No. SPT-2002-4; 2002-6 (Order issued February 15, 2005)
- g. *Dep't of Revenue v. PPL Montana, Inc.*, 2006 Mont. Dist. LEXIS 524 (Eight Judicial District Court of Montana, Cascade County) (decided April 28, 2006)
- h. *Dep't of Revenue v. PPL Montana*, 2007 MT 310, 340 Mont. 124, 172 P.3d 1241 (decided December 4, 2007)
- i. *Pacificorp v. Dep't of Revenue of the State of Montana*, STAB Cause No. CT-2005-3 (decided July 31, 2007)
- j. *Northwestern Corp. v. Dep't of Revenue of the State of Montana*, STAB Cause No. SPT-2006-1 (decided September 13, 2007)
- k. *Northwestern Corp. v. Dep't of Revenue*, 2008 Mont. Dist. LEXIS 360 (First Judicial District Court, Lewis and Clark County) (decided September 5, 2008)
- l. *Qwest Corp v. Dep't of Revenue of the State of Montana*, STAB Cause No. SPT-2008-2 (decided November 30, 2009)
- m. *Pacificorp v. State of Montana, Dep't of Revenue*, STAB Cause No. CT-2006-5; 2007-7 (decided January 1, 2011)
- n. *Pacificorp v. Dept' of Revenue*, 2011 MT 93, 360 Mont. 259, 253 P.3d 847 (decided May 4, 2011)

2. Do the three approaches to value (market, cost, and income) achieve market value for centrally assessed properties?

Yes, as confirmed in these decisions:

- a. *Yellowstone Pipe Line Co. v. State Bd of Equalization*, 138 Mont. 603, 358 P.2d 55 (decided July 26, 1960)
- b. *Dep't of Revenue v. Pacific Power & Light Co.*, 171 Mont. 334, 558 P.2d 454 (decided December 29, 1976)
- c. *Albright v. Dep't of Revenue*, 281 Mont. 196, 933 P.2d 815 (decided February 27, 1997)¹
- d. *PPL Montana, LLC v. The Dep't of Revenue of the State of Montana*, STAB Cause No. SPT-2002-4; 2002-6 (Order issued February 15, 2005)
- e. *Dep't of Revenue v. PPL Montana, Inc.*, 2006 Mont. Dist. LEXIS 524 (Eight Judicial District Court of Montana, Cascade County) (decided April 28, 2006)
- f. *PacifiCorp v. Dep't of Revenue of the State of Montana*, STAB Cause No. CT-2005-3 (decided July 31, 2007)
- g. *PacifiCorp v. State of Montana, Dep't of Revenue*, STAB Cause No. CT-2006-5; 2007-7 (decided January 1, 2011)
- h. *PacifiCorp v. State of Montana, Dep't of Revenue*, STAB Cause No. CT-2006-5; 2007-7 (decided January 1, 2011)

3. Does the Department of Revenue use the correct data source, including financial data, the correct calculations, and the correct detailed valuation methods to achieve market value?

Yes, as confirmed in these decisions:

- a. *Qwest v. Department of Revenue*, STAB Cause No. SPT 2008-2. (Decision issued November 30, 2009)
- b. *PacifiCorp v. Department of Revenue*, STAB Cause No.'s 2006-5/2007-7. (Decision issued January 13, 2011)
- c. *PacifiCorp v. Department of Revenue*, 2011 MT 93, 360 Mont. 259, 253 P.3d 847 (Decision issued May 4, 2011)

¹ *Albright* dealt with residential property, not centrally assessed property. The Court held that equalization of values under § 15-7-112 (requiring the "same method of appraisal and assessment" in each county) did not limit the Department to consideration of only one approach to value.

4. Has the Department properly applied the intangible personal property exemption?

Yes, as confirmed in these decisions:

- a. *Qwest v. Department of Revenue*, STAB Cause No. SPT 2008-2. (Decision issued November 30, 2009)
- b. *PacifiCorp v. Department of Revenue*, STAB Cause No.'s 2006-5/2007-7. (Decision issued January 13, 2011)
- c. *PacifiCorp v. Department of Revenue*, 2011 MT 93, 360 Mont. 259, 253 P.3d 847 (Decision issued May 4, 2011)