

Fire-related Tax Relief and Assistance Available

Owners of fire-impacted property, forestlands may qualify for property tax relief

Montana property owners whose homes or forestlands burned in this summer's wildfires may be eligible for significant property tax relief, and are encouraged to contact their local Department of Revenue office for assistance.

A property owner whose home or outbuildings were partially or totally destroyed by wildfire, rendering the property unsuitable for its previous use, may be eligible for property tax relief. The tax relief is prorated based on the number of days in the tax year that the property was unusable. The relief is available for the current tax year. Property owners must complete Form AB-25 to apply for the property tax relief. The application should be completed by December 31, 2006.

A forestland owner whose standing timber has been destroyed by wildfire during 2006 will receive a 50% reduction in the assessed value for 20 years beginning with the 2007 tax year. The land impacted by the disaster must have been classified as commercial forestland by the Department of Revenue prior to the loss. Forestland owners must complete Form AB-26. The AB-26 can be completed at any time following the loss. However, to be eligible for a reduction on the 2007 tax bill, the forestland owner must complete and submit Form AB-26 by the first Monday in June of 2007, or within 30 days of receipt of the 2007 property tax assessment, whichever is later.

Both Form AB-25 and Form AB-26 are available at all Department of Revenue local offices. The forms also can be downloaded from the department's website at www.mt.gov/revenue/formsandresources/forms.asp, under the listing for "Property Tax Forms."

Deadline Nearing for Section 1031 Voluntary Disclosure Program

Only a few weeks of opportunity remain for taxpayers who want to participate in a section 1031 voluntary disclosure program being conducted by the Montana Department of Revenue.

Nonresidents who did not report to Montana the gain they recognized for federal income tax purposes on transfers of Montana property in like-kind exchanges have until August 31 to qualify for penalty and partial interest waiver. The program applies to exchanges that occurred and gains that were recognized for federal income tax purposes in 2002, 2003, 2004, and 2005.

Nonresidents are required to file Montana tax returns and pay Montana tax when they have "Montana source income." As recently clarified by administrative rule, Montana source income includes gain realized on the transfer of Montana real or tangible personal property in a section 1031 like-kind exchange after 2001, and the gain must be reported to Montana if and when it is recognized for federal income tax purposes.

The voluntary disclosure program applies only to nonresidents because residents each year report all of their federal income, including recognized 1031 gain, to Montana.

In order to participate, eligible nonresidents must file the appropriate tax returns and pay the tax due during the May 1 - August 31, 2006 program period. The Montana Department of Revenue and participants will enter into a final settlement agreement that, absent misrepresentation or other extenuating circumstances, will determine the participant's tax liability for the recognized section 1031 gain, penalty, and interest.

Complete details, including frequently asked questions, can be accessed at www.mt.gov/revenue. The form for electing to participate and a blank settlement agreement are available to download. The website

also has links to the department's administrative rules that describe the voluntary disclosure program and provide guidance in calculating the amount of realized and recognized Montana source income in section 1031 exchanges (ARM 42.2.304, 42.2.308, 42.2.309).

For further information about this program, visit the website or contact Brian Olsen, individual income tax specialist, at (406) 444-2994 or bolsen@mt.gov.

Department Completes Annual Certification of Taxable Values

Every year, the department's Property Assessment Division certifies the taxable value to each taxing jurisdiction in Montana.

"It's a job that's a year's worth of hard work," said division administrator Randy Wilke. "But, if local governments are going to collect the property taxes necessary to supply the services that taxpayers want and need, it must be done."

While the actual valuation of the majority of properties begins on January 1, the certification of value process is compressed into a three-week time frame beginning the end of July. By law, the information must be provided to each jurisdiction by the first Monday in August. This year that deadline was August 7.

The deadline was met in all 56 counties for 2006. "That's quite an accomplishment considering that Montana has nearly 1500 taxing jurisdictions," said Wilke.

Taxing jurisdictions can't set the mill levies used to calculate each taxpayer's property taxes without the taxable values certified by the Department of Revenue each year. A few examples of those jurisdictions include county government, cities, elementary school districts, high school districts, fire districts, mosquito districts, and soil conservation districts.

Many areas within the department must work smoothly together for this process to be successful. The Property Assessment Division is responsible for the valuation of all locally assessed property. The Business and Income Taxes Division is responsible for the valuation of industrial and centrally assessed properties. The Office of Tax, Policy and Research determines the newly taxable property component for each taxing jurisdiction.

On occasion, individual taxing jurisdictions may request a recertification of value. That typically occurs if it's determined that an event has occurred that significantly changes the overall taxable value from the initial certification of value. Examples might include an appeal decision that markedly changes the value of a property or properties, an accepted valuation settlement offer, or an error. Depending on the circumstance, the department may initiate a recertification of value without a formal request from the taxing jurisdiction. In any event, local staff work closely with the taxing jurisdiction to ensure they're aware of any impending changes, get the recertified values to them as quickly as possible, and respond to questions about the changes.

Once all information is available, local Property Assessment Division offices ensure the information is compiled for each of the taxing jurisdictions. That includes balancing or reconciling the values between the individual county computer systems and the division's Montana Ownership Database System (MODS). Information is used from both systems to report to the taxing jurisdictions since some of the special improvement district information is only contained on the county computer system. In the future, the department's Property Valuation and Assessment System (PVAS) will contain all of the information. That system is scheduled for implementation in August of 2007.

Meet Our Leadership

David Hunter, Deputy Director



David Hunter has been working as the deputy director of the Montana Department of Revenue since April. He brings extensive knowledge and experience in Montana's state and local government to his job.

David has 20 years of management experience in state and local government in Montana, having served as Deputy State Auditor under two State Auditors--John Morrison and Mark O'Keefe. He has served as the State Budget Director, Commissioner of Labor and Industry and Secretary of the State Senate. David also has worked as a budget analyst for the City of Helena and for the Montana League of Cities and Towns. He has served on the Board of Directors of the Montana Higher Education Student Assistance Corporation and currently serves on the Board of the Farmers Union Insurance Co.

David has a master's degree in public administration and bachelor's degrees in business administration and chemical engineering, all from the University of Colorado. He has climbed Granite Peak, run the Grand Canyon four times and worked his way through college as a ski instructor. He also is a cancer survivor.
