



ADMINISTRATIVE RULES OF MONTANA



42.20.120 GOLF COURSE VALUATION

- (1) The department will determine the market value of golf courses using one of the following three valuation methods: income approach to value, sales comparison approach to value, and cost approach to value. The method used will be dependent upon whether sufficient data is available.
- (2) When using the income approach, the department will determine market value using a gross income multiplier (GIM). For the purposes of this rule, GIM means the ratio between the sales price of similar properties with respect to location, golf course classification, condition, length of time the golf course is open, and the gross income of the subject property.
- (3) When using a GIM, market value is derived by multiplying the gross income (GI) by the GIM. For the purposes of this rule, GI means the anticipated income from all operations of the real property before subtracting vacancy and operating expenses. Golf course gross income is from all sources including, but not limited to, green fees, cart path fees, cart rentals, lease income, pro shop income, and food and beverage income.
- (4) Use of a GIM is preferred if:
 - (a) the highest and best use of the property will not change over the remaining economic life of the property;
 - (b) the subject property and comparable sales are similar; and
 - (c) enough sales and gross income data exists to determine an accurate market value.
- (5) A taxpayer owning or operating a golf course must submit yearly gross income from all aspects of the golf course operation, including, but not limited to: greens fees, cart rentals, and food and beverages.
- (6) If a taxpayer fails to provide yearly gross income information, the department will estimate the total gross income based on the potential number of rounds that can be played in a typical season, multiplied by the average cost per round, and adding an estimate of income generated by all other golf course operations.
- (7) The department will not reduce the estimated value of the property if the taxpayer fails to submit the information required by (5).
- (8) When using the sales comparison approach, the department will determine market value by comparing arm's-length sales of similar golf courses from realty transfer certificates, realtors, fee appraisers, multiple listing services and/or nationally recognized publications. The sales comparison approach is preferred if enough recent sales of similar properties exist to determine an accurate market value.

- (9) If the department uses the sales comparison approach in (8), the department will look for golf course sales from the subject's market area. If sufficient, relevant information does not exist within the market area the department will seek golf course sales statewide. If sufficient, relevant information does not exist statewide, the department will seek golf course sales in surrounding states and/or regional areas.
- (10) When using the cost approach, the department will determine the market value of the golf course improvements such as bunkers, tees, fairways, roughs, drainage and irrigation systems, and course design using the cost tables identified in the Marshall & Swift Valuation Service Manual for the year of reappraisal as well as industry-established guides such as National Golf Course Owners Association, Club Managers Association of America, or American Society of Golf Course Architects to establish the total replacement cost new less depreciation. The Marshall & Swift Valuation Service Manual is published by Marshall & Swift Valuation Service, 777 South Figueroa St., 12th Floor, Los Angeles, California 90017.
- (11) If the department uses the cost approach, land will be valued using the sales comparison approach to value. The department will analyze sales of similarly situated parcels, in the subject golf courses market area, that occur within a specific time frame.

Authorizing statute(s): 15-1-201, MCA

Implementing statute(s): 15-6-134, MCA

History: NEW, 2016 MAR p. 2188, Eff. 11/26/16.