



ADMINISTRATIVE RULES OF MONTANA



42.22.111 VALUATION METHOD

- (1) The unit method of valuation will be used to appraise centrally assessed companies whenever appropriate. When applying this method, the department will use commonly accepted methods and techniques of appraisal to determine market value. The application of the unit method may include a cost indicator, capitalized income indicator, and a market indicator of value when sufficient information is available. If the department determines that an individual indicator, the unit method of valuation or other method of valuation does not reflect a company's market value or that information is unavailable, it may adopt a different method or methods of valuation, including but not limited to net scrap, net salvage, corridor value in the case of railroads, comparative market sales, or any combination of methods of valuation which reflect the company's market value.
- (2) When the unit method of valuation is used with multiple indices of value, they will be combined into one (system or unit) value. Combining of the indices shall require the department to review all available information including:
 - (a) reliability of the cost data;
 - (b) sufficiency of the depreciation allowed;
 - (c) frequency of full audit by a regulatory agency;
 - (d) quality of the income to be capitalized;
 - (e) level of income to be capitalized;
 - (f) accuracy of information used to set a capitalization rate;
 - (g) accounting principles used to report data from which the valuation is made;
 - (h) fluctuations in the stock market;
 - (i) methods used by other taxing authorities; and
 - (j) all other pertinent information.
- (3) After examination of the above information the department shall correlate the indices into one system or unit value.
- (4) Railroad transportation property in 15-6-145, MCA, are assessed based on the valuation formula described in 15-23-205, MCA.
- (5) The valuation determined appropriate by the department shall be supported by a written explanation per 15-1-210, MCA.

(6) This rule shall be effective for all reporting years ending December 31, 1999, and thereafter.

Authorizing statute(s): 15-23-108, MCA

Implementing statute(s): 15-1-210, 15-8-111, MCA

History: NEW, Eff. 12/4/76; AMD, 1982 MAR p. 705, Eff. 4/16/82; AMD, 1984 MAR p. 2041, Eff. 12/28/84; AMD, 1992 MAR p. 2560, Eff. 11/26/92; AMD, 1999 MAR p. 2914, Eff. 12/17/99; AMD, 2015 MAR p. 2149, Eff. 12/11/15.