



ADMINISTRATIVE RULES OF MONTANA



42.20.107 VALUATION METHODS FOR COMMERCIAL PROPERTIES

- (1) When determining the market value of commercial properties, department appraisers will consider, if the necessary information is available, an income approach valuation.
- (2) When the department uses an appraisal method that values land and improvements as a single unit, the department shall establish a combined appraised value of land and improvements. The single unit value method includes, but is not limited to, the comparable sales method for residential condominiums and the income method for commercial property. The assessment notice must contain a single combined appraised value of the land and improvements.
- (3) If the department is not able to develop an income model with a valid capitalization rate based on the stratified direct market analysis, the band-of-investment method, or another accepted method, or is not able to collect sound income and expense data, the final value chosen for ad valorem tax purposes will be based on the cost approach or, if appropriate, the market approach to value. The final valuation is that which most accurately estimates market value.
- (4) The International Association of Assessing Officers' (IAAO) standards for choice of method guide the department's appraisal decisions. The generally preferred method is the income method to valuation. The department will document in the official record the reason(s) for choosing an alternative method.

Authorizing statute(s): 15-1-201, 15-7-139, MCA

Implementing statute(s): 15-7-101, 15-7-102, 15-7-103, 15-7-111, 15-7-139, 15-7-201, 15-44-103, MCA

History: NEW, 1992 MAR p. 2780, Eff. 12/25/92; AMD, 2002 MAR p. 3723, Eff. 12/27/02; AMD, 2005 MAR p. 667, Eff. 4/29/05; AMD, 2011 MAR p. 334, Eff. 3/11/11; AMD, 2012 MAR p. 1679, Eff. 8/24/12.