



Dan Bucks
Director

EXHIBIT 5
DATE 4.13.05
SB 520
Montana Department of Revenue



Brian Schweitzer
Governor

DATE: April 7, 2005
TO: Senator Jim Elliott, Senate District #7
FROM: Larry Finch, Administrator
Tax Policy and Research
SUBJECT: Average Tax Reduction Under SB520 and SB407 (2003 Session)

Attached you will find four charts and a table showing the difference in the amount of tax reduction provided for in SB407 (2003) relative to SB520.

The first two charts pertain to tax year 2005, for which SB520 provides a property tax rebate of \$155 for each renter household and single-family resident dwelling. Both charts show the difference in the amount of tax reduction under both bills, with the first chart showing the difference in tax reduction for households/taxpayers with incomes between \$0 and \$100,000; and the second chart showing the difference in tax reduction for households/taxpayers with incomes over \$100,000.

The second two charts pertain to tax year 2006 and show the same information for that year.

For tax year **2005**, households and taxpayers with incomes up to \$100,000 – *which make up about 96% of all taxpayers and households* – fare better under SB520 than they do under SB407.

For tax year **2006**, households and taxpayers with incomes up to \$80,000 – *which make up about 93% of all taxpayers and households* – fare better under SB520 than they do under SB407.

A final chart provides an update of the number of winning taxpayers and households under SB520 after controlling for the number of single filer taxpayers who are actually dependents living in another taxpayer's household.

Let me know if you need further detail or additional information pertaining to these bills.

**Average Reduction in Tax Liability Under SB407 (2003 Session) and SB520
(SB520 - Property Tax Rebate of \$155 in TY2005 and \$135 in TY2006)**

Income Bracket	Total Number of Households	TY2005		TY2006	
		Average Reduction in Tax Liability Under:		Average Reduction in Tax Liability Under:	
		SB407*	SB520	SB407*	SB520
\$ 0 - \$ 1,999	14,936	(1)	(122)	(1)	(106)
\$ 2,000 - \$ 3,999	18,898	(2)	(125)	(2)	(109)
\$ 4,000 - \$ 5,999	18,809	(14)	(144)	(15)	(127)
\$ 6,000 - \$ 7,999	17,793	(24)	(162)	(25)	(144)
\$ 8,000 - \$ 9,999	16,990	(31)	(172)	(33)	(154)
\$ 10,000 - \$ 11,999	16,480	(35)	(180)	(36)	(160)
\$ 12,000 - \$ 13,999	15,700	(36)	(183)	(38)	(162)
\$ 14,000 - \$ 15,999	15,702	(34)	(186)	(36)	(165)
\$ 16,000 - \$ 17,999	14,984	(29)	(183)	(30)	(160)
\$ 18,000 - \$ 19,999	13,601	(22)	(181)	(23)	(158)
\$ 20,000 - \$ 24,999	29,983	(12)	(176)	(14)	(151)
\$ 25,000 - \$ 29,999	24,474	(8)	(175)	(12)	(149)
\$ 30,000 - \$ 34,999	21,147	(16)	(178)	(22)	(150)
\$ 35,000 - \$ 39,999	18,158	(28)	(185)	(36)	(156)
\$ 40,000 - \$ 44,999	16,292	(35)	(185)	(48)	(159)
\$ 45,000 - \$ 49,999	14,524	(39)	(182)	(57)	(161)
\$ 50,000 - \$ 54,999	13,116	(46)	(183)	(71)	(162)
\$ 55,000 - \$ 59,999	11,883	(58)	(185)	(88)	(164)
\$ 60,000 - \$ 64,999	10,492	(71)	(189)	(108)	(169)
\$ 65,000 - \$ 69,999	9,127	(81)	(192)	(127)	(174)
\$ 70,000 - \$ 74,999	7,620	(87)	(195)	(145)	(182)
\$ 75,000 - \$ 79,999	6,412	(110)	(202)	(180)	(189)
\$ 80,000 - \$ 89,999	9,658	(123)	(185)	(213)	(184)
\$ 90,000 - \$ 99,999	6,370	(128)	(160)	(246)	(174)
\$100,000 - \$109,999	4,306	(142)	(140)	(286)	(173)
\$110,000 - \$119,999	3,088	(154)	(124)	(323)	(192)
\$120,000 - \$129,999	2,108	(230)	(132)	(427)	(220)
\$130,000 - \$139,999	1,632	(284)	(147)	(521)	(249)
\$140,000 - \$149,999	1,179	(338)	(160)	(602)	(287)
\$150,000 - \$174,999	2,137	(468)	(207)	(780)	(364)
\$175,000 - \$199,999	1,347	(619)	(212)	(1,002)	(440)
\$200,000 - \$299,999	2,535	(872)	(345)	(1,421)	(638)
\$300,000 - \$399,999	931	(1,668)	(525)	(2,506)	(908)
\$400,000 - \$499,999	456	(2,179)	(790)	(3,292)	(1,238)
\$500,000+	856	(7,610)	(2,426)	(12,117)	(3,923)
TOTALS/AVERAGE	383,724	(69)	(180)	(105)	(172)

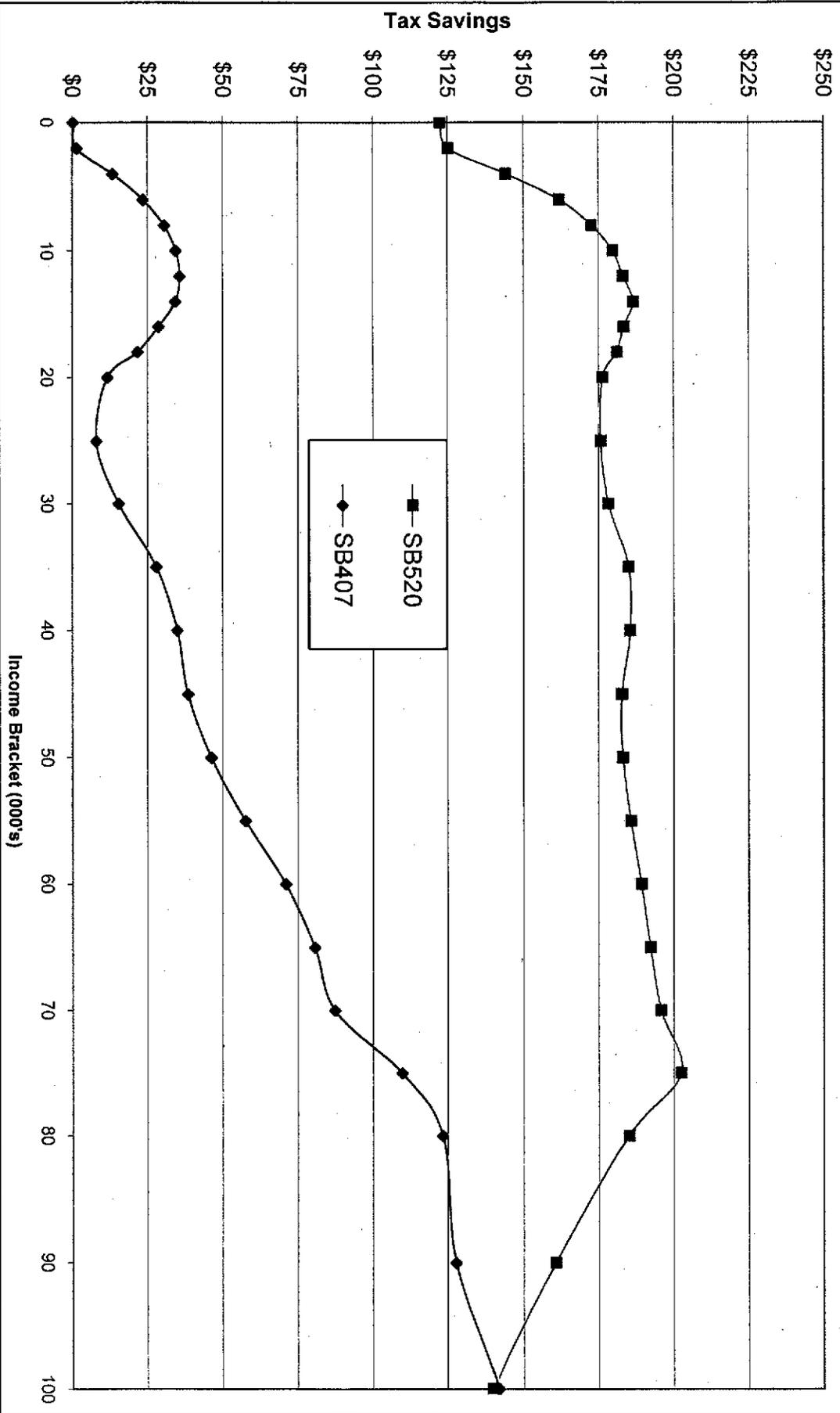
*SB407 average reduction from analysis done in 2003 Legislative Session.

SB 520 - Impact by Income Bracket
Includes: Income Tax Rate Structure Changes, Capital Gains Credit Maintained at 1%, and Property Tax Rebate
Tax Year 2005: All Full-Year Resident Households

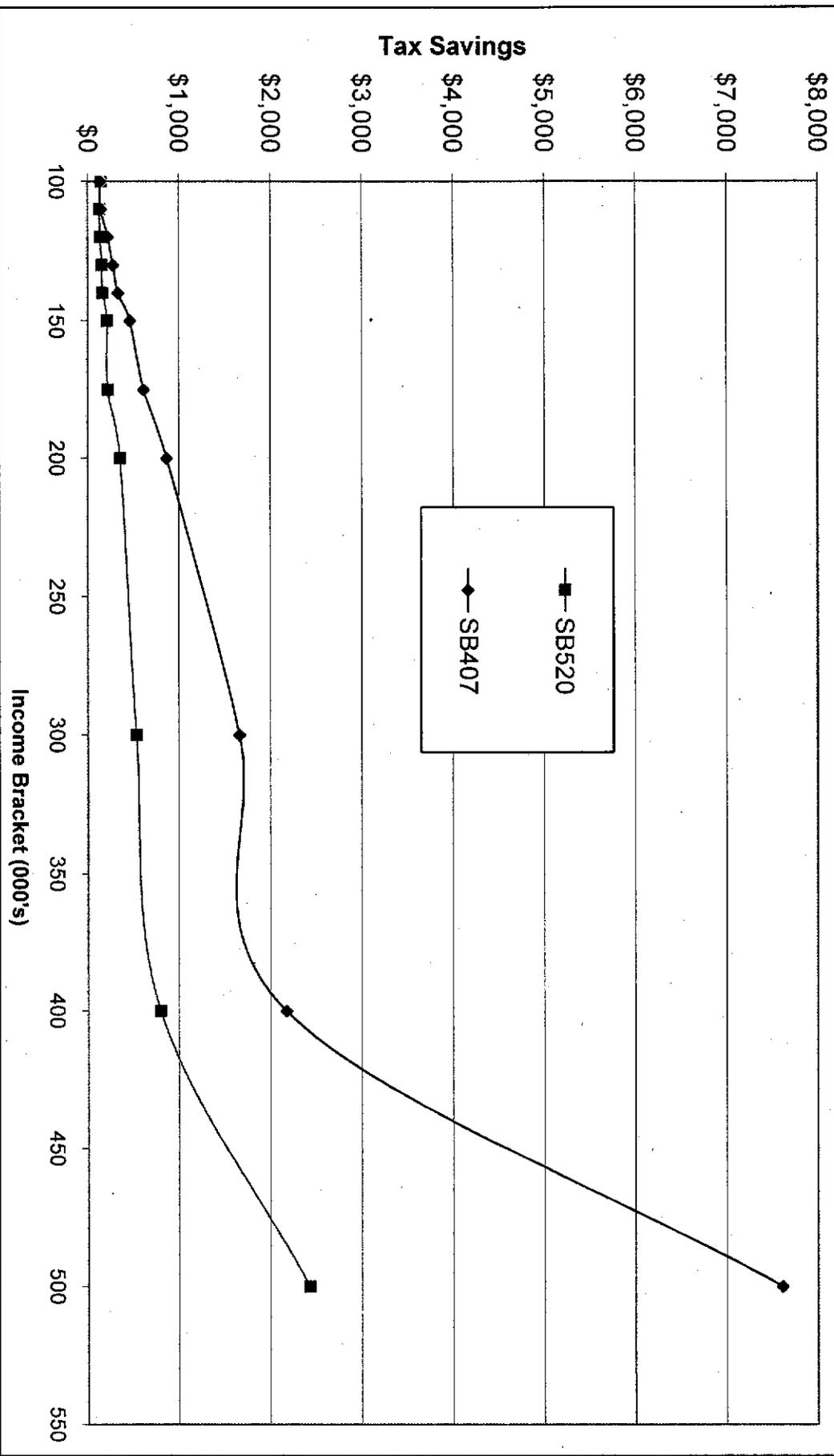
Income Bracket	Income Tax Changes							Net Result: Income Tax Changes and Property Tax Rebate			
	Number of Households	Total Income	Current Law Tax	Proposed Law Tax	Difference	Average Change	# Winners	% Winner Households	# Losers	% Loser Households	
\$ 0 - \$ 1,999	14,936	16,288,198	294	294	0	0	11,620	77.80%	0	0.00%	
\$ 2,000 - \$ 3,999	18,898	57,043,487	22,033	22,031	(2)	(0)	14,921	78.96%	0	0.00%	
\$ 4,000 - \$ 5,999	18,809	93,871,443	229,635	229,633	(2)	(0)	15,825	84.14%	0	0.00%	
\$ 6,000 - \$ 7,999	17,793	124,623,328	607,550	611,439	3,889	0	15,720	88.35%	1	0.01%	
\$ 8,000 - \$ 9,999	16,990	152,712,974	966,777	966,771	(6)	(0)	15,424	90.79%	0	0.00%	
\$ 10,000 - \$ 11,999	16,480	181,144,912	1,425,811	1,425,802	(9)	(0)	15,250	92.54%	0	0.00%	
\$ 12,000 - \$ 13,999	15,700	203,914,666	2,040,531	2,040,369	(162)	(0)	14,666	93.41%	0	0.00%	
\$ 14,000 - \$ 15,999	15,702	235,492,277	2,885,001	2,878,739	(6,262)	(0)	14,843	94.53%	0	0.00%	
\$ 16,000 - \$ 17,999	14,984	254,555,783	3,659,171	3,646,671	(12,500)	(1)	14,268	95.22%	0	0.00%	
\$ 18,000 - \$ 19,999	13,601	258,226,192	4,295,012	4,241,305	(53,707)	(4)	13,006	95.63%	0	0.00%	
\$ 20,000 - \$ 24,999	29,983	671,583,691	13,572,921	13,335,942	(236,979)	(8)	28,883	96.33%	0	0.00%	
\$ 25,000 - \$ 29,999	24,474	671,151,212	15,887,412	15,685,125	(202,287)	(8)	23,766	97.11%	0	0.00%	
\$ 30,000 - \$ 34,999	21,147	685,776,251	18,273,196	18,229,201	(43,995)	(2)	20,665	97.72%	0	0.00%	
\$ 35,000 - \$ 39,999	18,158	680,334,523	19,187,943	19,327,757	139,814	8	17,500	96.38%	2	0.01%	
\$ 40,000 - \$ 44,999	16,292	691,507,729	20,742,222	21,083,070	340,848	21	14,137	86.77%	2	0.01%	
\$ 45,000 - \$ 49,999	14,524	688,996,435	21,679,347	22,154,422	475,075	33	11,150	76.77%	96	0.66%	
\$ 50,000 - \$ 54,999	13,116	688,030,959	22,346,295	22,921,950	575,655	44	9,185	70.03%	669	5.10%	
\$ 55,000 - \$ 59,999	11,883	682,849,922	22,937,674	23,602,974	665,300	56	7,713	64.91%	1,269	10.68%	
\$ 60,000 - \$ 64,999	10,492	655,031,891	22,800,818	23,545,776	744,958	71	6,387	60.87%	1,756	16.74%	
\$ 65,000 - \$ 69,999	9,127	615,571,919	22,170,169	22,987,313	817,144	90	5,149	56.41%	1,997	21.88%	
\$ 70,000 - \$ 74,999	7,620	551,868,407	20,561,571	21,431,335	869,764	114	3,753	49.26%	2,089	27.41%	
\$ 75,000 - \$ 79,999	6,412	496,253,379	19,105,766	20,016,662	910,896	142	2,431	37.91%	2,108	32.88%	
\$ 80,000 - \$ 89,999	9,658	817,742,628	32,654,473	34,441,670	1,787,197	185	2,080	21.53%	4,224	43.74%	
\$ 90,000 - \$ 99,999	6,370	602,741,667	25,169,790	26,790,768	1,620,978	254	596	9.35%	4,369	68.59%	
\$ 100,000 - \$ 109,999	4,306	450,716,087	19,433,450	20,842,902	1,409,452	327	247	5.74%	3,643	84.60%	
\$ 110,000 - \$ 119,999	3,088	354,104,542	15,683,122	16,929,843	1,246,721	404	101	3.26%	2,829	91.61%	
\$ 120,000 - \$ 129,999	2,108	262,815,716	12,037,369	13,073,613	1,036,244	492	70	3.34%	1,975	93.69%	
\$ 130,000 - \$ 139,999	1,632	219,814,388	10,398,980	11,344,344	945,364	579	33	2.04%	1,565	95.89%	
\$ 140,000 - \$ 149,999	1,179	170,670,232	8,141,318	8,917,826	776,508	659	14	1.21%	1,137	96.44%	
\$ 150,000 - \$ 174,999	2,137	345,064,867	17,048,950	18,778,410	1,729,460	809		0.00%	2,081	97.38%	
\$ 175,000 - \$ 199,999	1,347	251,180,272	13,019,938	14,405,413	1,385,475	1,029		0.00%	1,323	98.22%	
\$ 200,000 - \$ 299,999	2,535	611,229,963	33,339,201	37,147,716	3,808,515	1,502		0.00%	2,511	99.05%	
\$ 300,000 - \$ 399,999	931	320,098,000	18,642,760	20,901,281	2,258,521	2,426		0.00%	927	99.57%	
\$ 400,000 - \$ 499,999	456	202,322,461	12,270,038	13,805,689	1,535,651	3,368		0.00%	454	99.56%	
\$ 500,000+	856	1,037,786,579	65,280,435	73,963,970	8,683,535	10,144		0.00%	856	100.00%	
TOTALS	383,724	15,003,116,980	538,516,973	571,728,026	33,211,053		299,403		37,883		

¹ Number of winners and losers based on change in income tax liability, less \$135 rebate, where result is a gain/loss greater than \$50. Number of winners is adjusted to remove estimated number of single filers living in households owned by another.

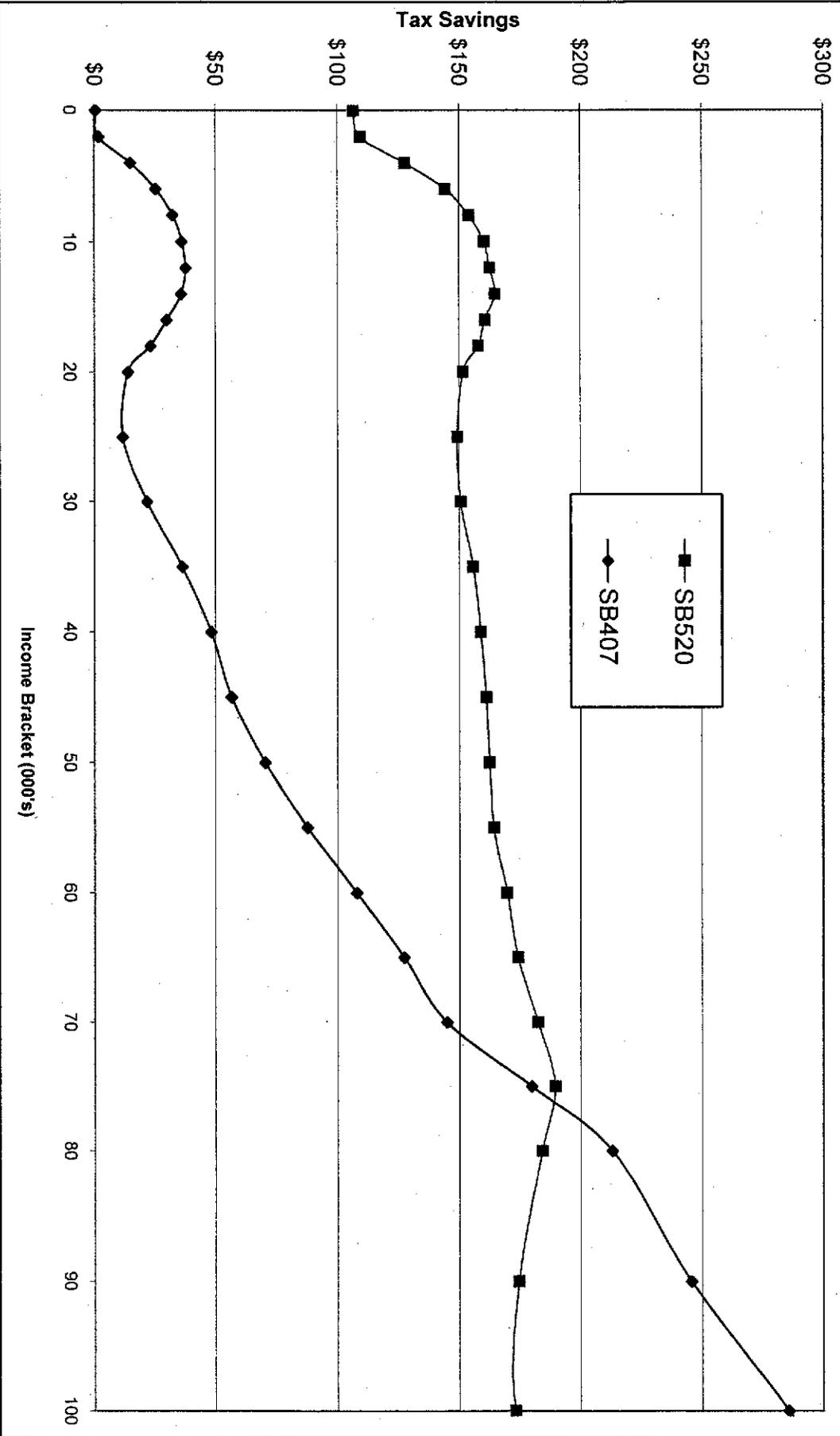
Average Savings per Household/Taxpayer - SB520 v. SB407 (2003)
Includes \$155 Property Tax Rebate - TY2005



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