SENATE TAXATION
EXHIBIT NO. 7
DATE 1-26-05
BILL NO. SB 48

Senate Bill 48

Impacts of Eliminating The Class 8 Business Equipment Trigger

And Increasing the Business Equipment Exemption from $5,000 to $20,000

Change in Revenue From Eliminating Class 8 Business Equipment Tax [1]

Components of Change		Change in Tax Paid
Class 8 Revenue Reduction	$	(59,452,613)
Tax Shift to Other Property Classes		40,832,836
Net Change in Revenue	**$**	**(18,619,777)**

Distribution of Net Revenue Change		
State General Fund (95 mills) [2]	$	(9,801,642)
University System (6 mills)		(709,777)
Tax Increment Financing Districts		(8,108,358)
Local Governments [3]		0
Total Reduction in Revenue	**$**	**(18,619,777)**

[1] Based on TY2003 Property Values and Mill Levies

[2] Does not include Impact to GTBA

[3] Local Governments Float Mill Levies to Hold Revenue Constant

Property Tax Shift From Eliminating Class 8 Business Equipment Tax [1]

Class 8 Revenue Reduction **($59,452,613)**

Property Tax Shift [2]

Property Type	Amount Shifted	% of Shift
Net/Gross Proceeds (Cls 1&2)	$ 841,390	2%
Ag & Forest Land (Cls 3 & 10)	5,126,519	13%
Residental Property (Cls 4)	14,989,605	37%
Commercial Property (Cls 4)	9,443,807	23%
Utility and Pollution Control (Cls 5,7,9,12,13)	10,431,516	26%
Total Shift in Revenue	**$ 40,832,836**	100%

Net Revenue Impact [3]

Revenue Reduction **$ (18,619,777)**

[1] Based on TY2003 Property Values and Mill Levies

[2] Local Governments Float Mill Levies to Hold Revenue Constant

[3] Does not include Impact to GTBA

State Business Equipment Tax
Tax on $100,000 Market Value of Business Equipment

State	Property Tax	Rank
Colorado	$2,173	1
Idaho	$1,707	2
Oregon	$1,496	3
Washington	$1,339	4
Wyoming	$904	6
North Dakota	$0	7
South Dakota	$0	7
Montana (low)	$481	5
Montana (ave.)	$1,286	
Montana (high)	$2,264	

Montana taxable valuation rate of 3%.

State Business Equipment Tax and State and Local Sales Tax
Tax on $100,000 of True Market Value of Business Equipment in First Year

State	Property Tax	Sales Tax	Total Tax	Rank
Colorado	$2,173	$7,900	$10,073	1
Washington	$1,339	$8,600	$9,939	2
Wyoming	$904	$6,000	$6,904	3
North Dakota	$0	$6,750	$6,750	4
Idaho	$1,707	$6,000	$7,707	5
South Dakota	$0	$5,000	$5,000	6
Oregon	$1,496	$0	$1,496	7
Montana (low)	$481	$0	$481	8
Montana (ave.)	$1,286	$0	$1,286	
Montana (high)	$2,264	$0	$2,264	

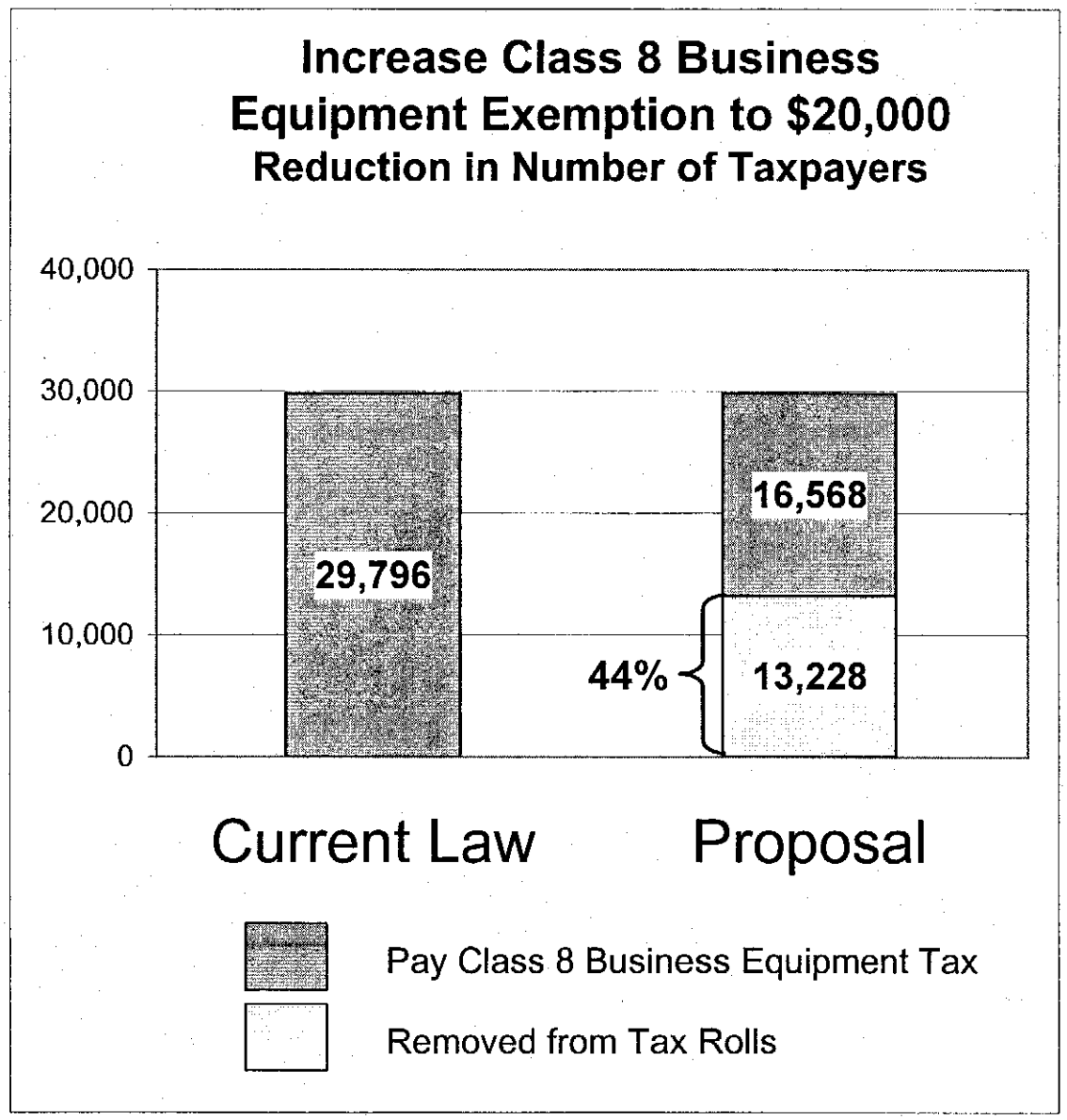
Montana taxable valuation rate of 3%.

Estimated Impact of Increasing the Current Law Exemption from $5,000 to $20,000

Class 8 Business Equipment

Class 8 Taxpayer Group	Current Number of Taxpayers	Taxable Value	Total Property Taxes Paid	Property Taxes Paid to the State	Taxes Paid to Local Govts and Schools
$20,000 of Equipment or Less	13,228	$4,221,795	$2,217,583	$426,401	$1,791,182
More than $20,000 of Equipment	16,568	$113,019,189	$57,081,699	$11,414,938	$45,666,761
All Class 8 Taxpayers	29,796	$117,240,984	$59,299,283	$11,841,339	$47,457,943

Based on TY2004 Values and Mill Levies



Based on TY2004 Values