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Brian Schweitzer
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EXHIBIT 20
2.20.07
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Memorandum

To: Representative Bob Lake, Chairman House Taxation Committee
Evan Barrett, Chief Business Development Officer

From: *EC* Edmund Caplis, Director, Tax Policy and Research

Date: February 14, 2007

Subject: Corrected Tables for the HB529 Hearing

In this memo, I will walk through the changes made to the tables used by Evan Barrett in a recent hearing on House Bill 529. Copies of the revised tables are attached.

As Representative MacLaren pointed out during the HB529 hearing, there were in fact errors in the tables presented to the committee. It turned out that while the tables were being created, there was an undetected mistake on our original spreadsheet. The correction of this error is reflected in the attached, updated, tables I am providing to replace the tables that were used during the hearing.

I sincerely apologize to the House Taxation Committee and to Evan Barrett for our error, and appreciate this opportunity to submit these corrections.

Table of the Top Ten Owners of Class 8 Property

The table of the "Top Ten Owners of Class 8 Property" overstated the tax reduction by \$2,131, 245. I have provided two versions of this table, the original table presented to the committee and a table that shows more of the analysis. The expanded table provides the current market value of the class 8 property and the property tax under current and proposed law.

Table of Selected Owners of Class 8 Property

On the original table of "Selected Owners of Class 8 Property," Spring Creek Coal Co. was shown to have a 0 property tax liability under HB529. The proper property tax liability is \$410,053.

The table also showed Exxon/Mobil's property tax bill would be \$532,201 under HB529. The appropriate tax bill for Exxon/Mobil under HB529 is \$1,680,740.

Table of Class 8 Property Owners Grouped by Market Value

I have also attached a table that shows the distribution of class 8 property owners grouped by the market value of their class 8 properties. The "Cumulative All Revenue" column represents the amount of property tax reduction that would occur if certain amounts of class 8 property receive a threshold exemption. An across the board exemption of an amount of class 8 market value would have a higher reduction in property tax than a threshold exemption. This increased reduction is caused by providing all class 8 property owners an exemption, instead of those at or below the exemption amount.

If you have any questions, please feel free to call me at 444-3531.