Exhibit No. 9
Date 2-20-07
Bill No.

"Historical Trends Of Property Tax"

February, 2008

Montana Department of
REVENUE

Historical Trends of Property Tax - Pertinent Legislation
(1995 – 2007)

54th Legislative Session – 1995

SB417 This bill reduced the taxable valuation rate applied to Class 8 business equipment as follows:

Tax Year	Tax Rate
1995	9%
1996	8%
1997	7%
1998+	6%

55th Legislative Session – 1997

SB26/SB57 These bills exempted from property tax, and implemented fees in lieu of tax on, truck canopy covers/toppers; campers; trailers, semitrailers, pole trailers and travel trailers (SB26); buses, heavy trucks, truck tractors, and the personal property attached to these vehicles; and quadricycles (SB57).

SB195 This bill addressed the impact of the 1997 reappraisal by:

- phasing in the change in class 4 residential and commercial properties at a rate of 2% per year (the Department adopted rules providing for the phase-in of new construction and remodeling);
- reducing the taxable valuation rate applied to Class 4 properties by 0.022 percentage points each year; and
- requiring local governments (other than school districts) to levy no more in property taxes (allowing for new construction) than the amount levied for tax year 1996, without a vote of the electorate.

56th Legislative Session – 1999

HB128 This bill moved centrally assessed telecommunications property from class 9 (taxed at 12%) to a newly created class 13 (taxed at 6%). In addition, telecom service provider property was moved from class 7 (taxed at 8%) to class 5 (taxed at 3%). Due to the federal 4R's Act, these reductions in taxable value for telecommunications property resulted in a

reduction in the taxable valuation rate applied to class 12 railroad and airline property.

HB 174 This bill moved electrical generation property, including coal fired generation plants and hydroelectric producing dams, from class 9 (taxed at 12%) to the new class 13 (taxed at 6%). These reductions in taxable value for electrical energy generation property resulted in an additional reduction in the taxable valuation rate applied to class 12 railroad and airline property.

SB111 This bill exempted all intangible personal property from property taxation. Historically the department only taxed intangible personal property through the unit valuation method that is associated with centrally assessed properties.

SB184 This bill addressed the 1997 reappraisal as follows:

The assessed values of class 3 (agricultural land), class 4 (residential and commercial real), and class 10 (forestland) properties were phased-in to the full 1997 reappraisal value over a four-year period, beginning with tax year 1999. Taxable valuation rates applied to property in classes 3, 4, and 10 were reduced each year of the phase-in to offset the increase in assessed value as follows:

Tax Year	Class 3 and 4 TV Rate	Class 10 TV Rate
1999	3.7105%	0.68%
2000	3.6270%	0.57%
2001	3.5435%	0.46%
2002	3.4600%	0.35%

For the first time in Montana residential properties were provided with a "homestead exemption" and commercial properties were provided with a "comstead exemption" as follows:

Tax Year	Homestead Exemption	Comstead Exemption
1999	16.0%	6.5%
2000	23.0%	9.0%
2001	27.5%	11.0%
2002	31.0%	13.0%

SB184 also included the following provisions affecting property taxes and local governments:

- provided a method for calculating maximum mill levies for local government taxing units;
- implemented a six-year reappraisal cycle; and
- provided reimbursements to local governments for certain losses in revenue.

SB200

SB200 reduced the taxable valuation percentage applied to class 8 business equipment from 6% to 3% beginning with tax year 2000. In addition, the bill contained a mechanism that would have triggered a phased out elimination of property taxes on business equipment following the first year in which inflation-adjusted growth in Montana wage and, salary income equaled or exceeded 2.85%. (See SB48, 2005 Session, below.)

SB200 phased out property taxes on livestock (class 6 property), with the phase out complete in tax year 2003.

SB200 also provided that the equipment at business locations where the market value of class 8 property is $5,000 or less is exempt from taxation (beginning with tax year 2000).

58th Legislative Session – 2003

SB 461

This bill addressed increases in assessed values stemming from the 2003 reappraisal cycle by reducing the class 4 taxable valuation rate, and increasing class 4 homestead and comstead exemptions as follows:

SB461 Tax Rates for Class 3 and 4 Property
Exemption Percentages for Class 4 Residential and Commercial

Tax Year	Class 3 & 4 Tax Rate	Class 4 Exemption Percentages Residential	Commercial
2002	3.46%	31.00%	13.00%
2003	3.40%	31.00%	13.00%
2004	3.30%	31.40%	13.30%
2005	3.22%	32.00%	13.80%
2006	3.14%	32.60%	14.20%
2007	3.07%	33.20%	14.60%
2008	3.01%	34.00%	15.00%

59th Legislative Session – 2005

SB 48 This bill repealed the class 8 property tax reduction mechanism provided for in SB200 (2001), and increased the class 8 property tax exemption to $20,000.

SB48 removes the "trigger" that could have phased-out the 3% tax rate on Class 8 business equipment. The reduction was contingent on an increase in inflation-adjusted Montana wage and salary income equal to or exceeding 2.85%. Under the prior law, this increase would have triggered a decrease in the taxable valuation percentage applied to Class 8 property by 1% per year for three years until the taxable percentage reached zero.

SB48 also increased the cap on the aggregate market value of Class 8 business equipment that is exempt from property taxation. Under prior law, entities that owned Class 8 property with an aggregate market value of $5,000 or less were exempt from taxation. Those with Class 8 property with a market value worth, in aggregate, more than $5,000 did not receive any exemption.

Under the new law, the cap for the exemption is raised from $5,000 to $20,000 in aggregate market value. Those entities with $20,000 or more in Class 8 property will be subject to the statutory taxable valuation rate of 3% of the equipment's market value on all their business equipment.

SB 524 This bill revised the completion date for the cyclical revaluation of certain types of property.

SB 524 extends by one year the statutory date for completing the cyclical revaluation of all taxable property within Class 3 (agricultural land), Class 4 (residential and commercial real property and improvements), and Class 10 (forestland). The law extends the due date for completion of the revaluation process and legislative submission of a reappraisal plan from January 1, 2008 to January 1, 2009.

The reappraisal of the 51 million acres of agricultural land in Class 3 is scheduled to begin July 1, 2005 and be completed December 31, 2008. The agricultural land reappraisal will be a "phased in approach" to ensure that all elements being incorporated are accurate and that the several new computer applications used in the processes are working properly.

Moving the date forward one year is consistent with the statutory requirement of a 6-year reappraisal cycle, and provides the Department of Revenue sufficient time to test the new systems and processes for

revaluing Class 3 property as well as complete the appraisals of Class 4 and Class 10 properties.

60th Legislative Session – 2007

SB549 This bill clarifies what agricultural land parcels qualify for favorable property tax treatment, consistent with current classification practices by the Department. This legislation arose in response to a recent STAB decision about the qualification process, which may have resulted in non-qualifying land receiving preferential tax treatment as agricultural land, therefore reducing taxable values and tax revenues. The fiscal impacts are estimates of the losses that are avoided by the clarifications in this bill.

Historical Trend of the Market Value of Property 1990 to 2007

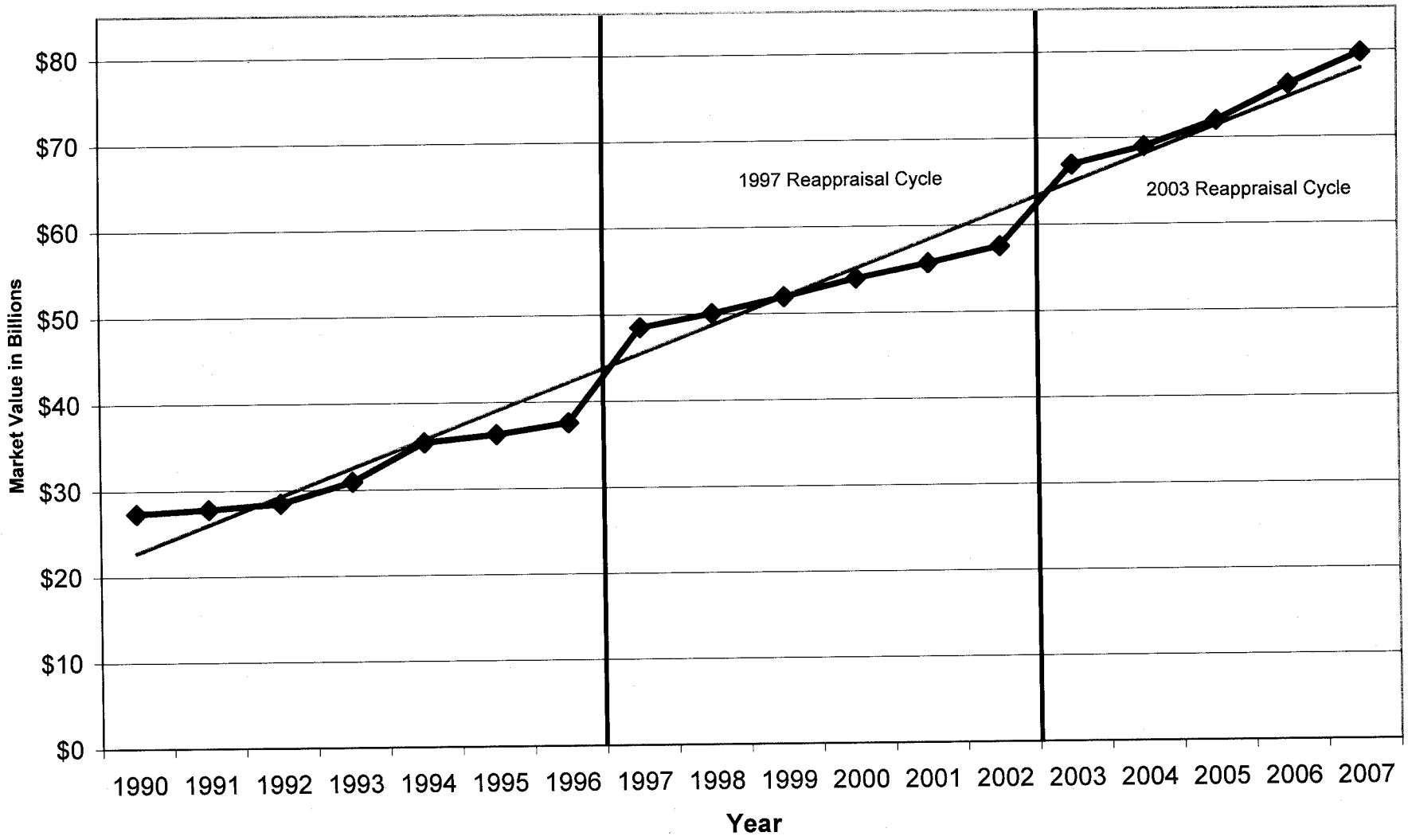

Table1

Historical Trend of the Market Value* of Property by Property Tax Class 1994 Through 2007

Tax Class	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Class 1	$ 3,953,607	$ 4,016,317	$ 4,558,295	$ 6,862,498	$ 7,625,083	$ 7,026,572	$ 5,178,965	$ 7,842,501	$ 8,691,402	$ 7,808,005	$ 8,032,414	$ 2,694,216	$ 3,252,295	$ 3,839,998
Class 2	322,297,094	307,840,829	406,479,575	301,453,333	292,694,914	276,068,509	282,032,558	367,167,353	355,644,076	293,201,174	347,610,017	434,839,824	703,537,964	835,619,869
Class 3	3,593,712,853	3,601,712,279	3,620,132,022	3,624,184,970	3,622,646,409	3,616,735,374	3,693,624,413	3,768,410,515	3,845,087,046	3,942,941,138	4,044,106,892	4,138,071,799	4,453,806,563	4,450,375,340
Class 4 Res	15,950,122,961	16,562,443,887	17,141,708,241	25,755,132,531	26,571,350,481	27,413,435,577	28,491,931,202	29,467,078,334	30,896,848,417	38,896,055,931	40,438,426,830	42,398,184,468	44,588,728,062	46,962,751,995
Class 4 Com	5,601,891,806	5,809,497,638	6,008,487,890	7,756,573,320	8,143,714,442	8,550,178,304	8,862,414,734	9,155,042,041	9,442,757,963	11,725,883,492	12,067,933,107	12,488,727,182	12,837,111,530	13,248,851,618
Class 5	867,286,156	997,832,131	1,080,500,187	1,155,932,959	1,151,307,080	1,247,614,156	1,254,480,622	1,190,985,469	1,180,181,662	1,090,984,237	1,134,276,891	1,154,283,917	1,170,570,899	1,176,427,883
Class 6	751,286,442	691,675,123	612,827,809	548,960,950	591,974,152	564,279,771	598,147,754	623,039,787	616,075,480	-	-	-	-	-
Class 7	10,872,814	20,881,717	21,885,241	20,197,150	22,263,389	23,520,270	1,948,344	2,363,014	2,705,175	12,439,363	12,178,960	11,917,964	13,354,476	13,697,816
Class 8	3,001,873,099	2,964,990,866	2,976,846,631	3,270,277,414	3,507,976,378	3,705,563,950	3,727,546,491	3,943,691,027	4,012,212,828	3,995,585,302	3,989,981,886	4,184,890,533	4,643,968,393	4,981,370,671
Class 9	3,509,267,495	3,567,368,045	3,720,837,580	4,016,758,208	4,121,533,082	4,150,706,200	1,923,996,519	1,833,281,826	1,719,851,111	1,767,716,825	1,833,334,211	1,990,999,093	2,070,804,959	2,191,553,078
Class 10	921,205,325	831,896,773	922,876,362	942,916,709	971,862,951	1,252,954,161	1,518,916,567	1,782,294,827	2,048,625,084	1,939,802,129	1,940,263,273	1,941,074,825	1,947,339,261	1,949,280,138
Class 12	852,409,662	877,088,896	1,022,487,417	1,078,114,897	1,057,796,998	1,121,329,900	1,162,046,050	1,155,780,944	1,161,404,952	1,176,037,585	1,183,046,155	1,183,615,589	1,171,178,046	1,221,759,306
Class 13	-	-	-	-	-	-	2,466,168,577	2,408,134,775	2,286,414,106	2,093,709,043	2,008,084,452	2,048,766,060	2,354,748,573	2,550,234,273
Class 14	-	-	-	-	-	-	-	-	-	-	-	-	170,378,800	172,663,900
Total MKT Value	**$35,386,179,314**	**$36,237,244,501**	**$37,539,627,250**	**$48,477,364,939**	**$50,062,745,360**	**$51,929,412,744**	**$53,988,432,796**	**$55,705,112,413**	**$57,576,499,302**	**$66,942,164,224**	**$69,007,275,088**	**$71,978,065,470**	**$76,128,779,821**	**$79,758,425,885**
Combined Class 7, 9, 13	$ 3,520,140,309	$ 3,588,249,762	$ 3,742,722,821	$ 4,036,955,358	$ 4,143,796,471	$ 4,174,226,470	$ 1,925,944,863	$ 1,835,644,840	$ 1,722,556,286	$ 1,780,156,188	$ 1,845,513,171	$ 2,002,917,057	$ 2,254,538,235	$ 2,377,914,794

H:\DO_RSCH\TPR-NEW\Staff\ED\Projects\Tax Base Analysis\[ty 89 to ty07 tv - taxes - Mills paid by class Reap.xls]Market Value Table

*With respect to Class 4 residential and commercial properties, "market value" reflects the full reappraisal values of those properties, rather than the phased-in values or the taxable market values after the homestead and comstead exemptions are taken into consideration.

Historical Trend of the Taxable Value of Property

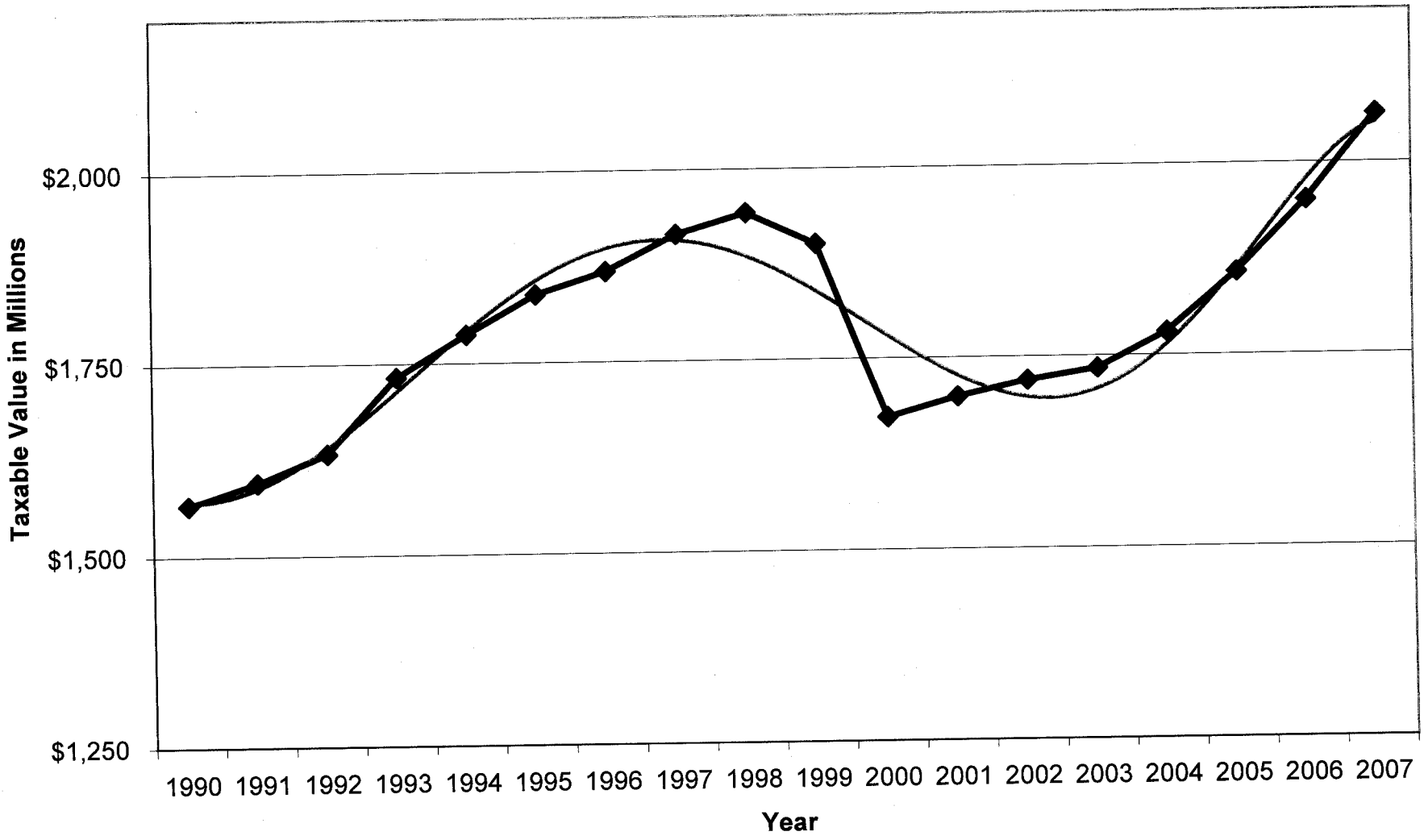

TABLE 2
Historical Trend of the Taxable Value of Property by Property Tax Class 1994 Through 2007

Tax Class	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Class 1	$ 3,953,607	$ 4,016,317	$ 4,558,295	$ 6,862,498	$ 7,625,083	$ 7,026,572	$ 5,178,965	$ 7,842,501	$ 8,691,402	$ 7,808,005	$ 8,032,414	$ 2,694,216	$ 3,252,295	$ 3,839,998
Class 2	9,668,914	9,235,225	12,194,387	9,043,600	8,780,846	8,282,057	8,460,975	11,015,353	10,669,321	8,799,575	10,428,301	13,045,195	21,106,138	25,068,597
Class 3	143,242,021	143,358,237	144,153,170	143,780,426	143,007,340	139,192,024	139,255,994	139,057,406	138,900,095	140,240,224	139,901,823	140,988,242	141,002,419	141,328,914
Class 4 Res	610,558,642	634,292,137	655,046,513	681,598,503	704,138,927	653,771,296	667,865,912	692,948,871	731,671,491	760,326,905	792,062,821	832,617,039	876,260,627	925,050,672
Class 4 Com	214,166,040	222,102,000	229,273,374	238,468,848	247,919,791	240,417,014	250,256,341	261,153,471	271,202,451	274,329,534	284,921,722	297,177,428	307,560,366	319,905,416
Class 5	25,755,360	29,395,172	31,732,438	34,033,540	34,068,495	37,015,035	37,449,236	35,631,826	35,382,198	32,725,014	34,024,273	34,611,220	35,077,724	35,253,088
Class 6	30,055,879	27,662,522	24,512,945	21,958,438	23,679,865	22,570,979	17,941,172	12,459,077	6,167,237	-	-	-	-	-
Class 7	869,825	1,670,427	1,750,823	1,615,772	1,781,069	1,881,621	155,867	189,041	216,414	995,149	974,316	953,438	1,068,358	1,095,826
Class 8	259,443,039	269,081,886	241,529,113	220,482,314	203,540,116	215,748,092	109,560,688	116,604,839	118,348,926	118,296,988	117,240,984	123,054,946	135,612,793	143,627,413
Class 9	421,112,094	427,834,515	446,457,343	481,958,252	494,534,742	498,030,237	230,832,978	219,955,767	206,360,123	212,110,930	219,992,824	238,766,675	248,320,188	262,812,447
Class 10	7,277,628	7,305,759	7,290,671	7,449,042	7,677,880	8,520,090	8,658,284	8,198,788	7,170,239	6,789,287	6,791,382	6,793,765	6,815,519	6,822,373
Class 12	60,961,506	62,382,767	69,120,140	68,029,050	65,266,087	68,192,588	49,557,929	48,658,380	46,688,479	45,630,257	45,074,061	44,267,220	41,576,814	43,005,938
Class 13	-	-	-	-	-	-	147,138,517	144,488,095	137,184,847	125,622,547	120,485,065	122,845,989	130,475,712	152,926,045
Class 14	-	-	-	-	-	-	-	-	-	-	-	-	2,555,683	2,589,959
TV of All	**$1,787,064,555**	**$1,838,336,965**	**$1,867,619,212**	**$1,915,280,283**	**$1,942,020,241**	**$1,900,647,605**	**$1,672,312,858**	**$1,698,203,415**	**$1,718,653,223**	**$1,733,674,415**	**$1,779,929,986**	**$1,857,815,373**	**$1,950,684,636**	**$2,063,326,686**
Combined Class 7, 9, 13	$ 421,981,919	$ 429,504,942	$ 448,208,166	$ 483,574,024	$ 496,315,811	$ 499,911,858	$ 230,988,845	$ 220,144,808	$ 206,576,537	$ 213,106,079	$ 220,967,140	$ 239,720,113	$ 251,944,229	$ 266,498,232
Effective Tax Rate Cls 4	3.83%	3.83%	3.82%	2.65%	2.65%	2.38%	2.34%	2.35%	2.37%	1.95%	1.96%	1.96%	1.97%	1.97%

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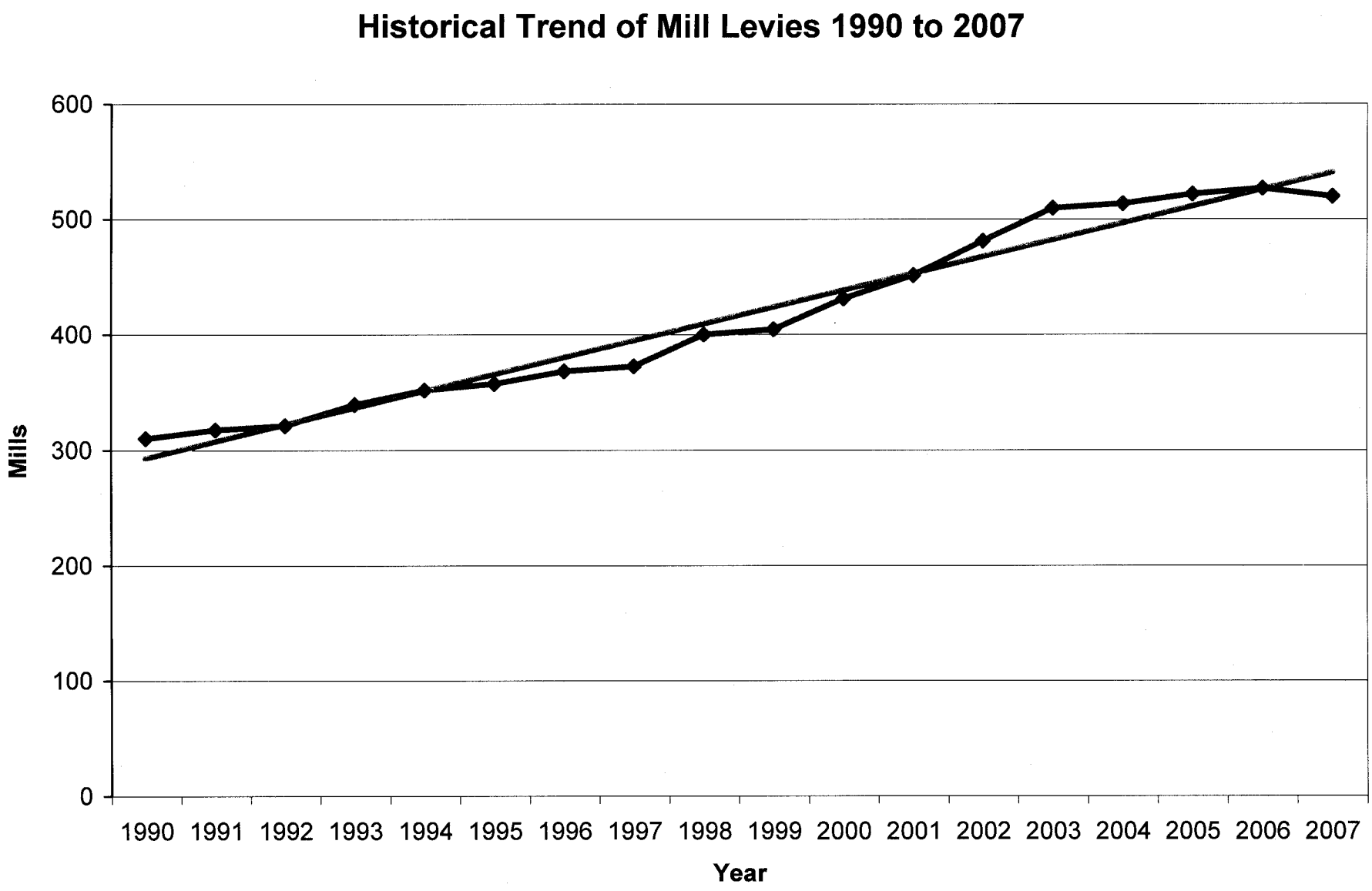
Historical Trend of Mill Levies 1990 to 2007
600
500
400
300
200
100
0
Mills
1990
1991
1992
1993
1994
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
Year

Table 4
Historical Trend of Mill Levies by Property Tax Class 1994 Through 2007

Tax Class	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Class 1	303.27	291.63	310.40	297.08	308.23	313.23	332.69	333.86	336.74	369.12	376.33	415.72	409.32	406.13
Class 2	338.09	358.32	380.05	384.92	434.41	383.19	380.12	368.14	381.77	418.95	424.97	519.22	568.95	546.90
Class 3	324.22	333.95	343.66	345.04	370.87	371.90	384.32	397.28	429.81	460.31	458.16	462.17	463.60	456.50
Class 4 Res	388.10	391.66	404.24	406.91	433.66	439.95	456.77	479.80	505.25	528.69	533.55	542.39	546.57	564.90
Class 4 Com	418.80	422.58	432.66	439.56	466.39	480.36	499.94	523.26	554.43	581.39	590.22	600.12	606.32	600.27
Class 5	278.57	285.90	298.05	306.71	333.77	348.67	365.12	381.17	408.98	441.56	439.24	438.26	443.81	440.05
Class 6	319.92	328.50	338.32	342.30	368.20	366.98	378.95	392.63	423.02	-	-	-	-	-
Class 7	539.96	302.72	315.52	327.18	356.19	369.56	512.08	532.39	559.63	587.73	593.28	624.36	629.61	626.88
Class 8	345.22	354.03	366.24	371.21	409.54	415.01	430.05	446.87	479.27	506.93	511.63	516.98	519.96	503.81
Class 9	287.34	291.91	299.94	307.59	331.95	336.55	406.68	418.33	447.78	480.94	478.13	489.57	492.03	492.16
Class 10	336.65	337.01	350.68	356.48	388.58	381.23	397.49	418.97	439.43	464.50	464.39	479.87	483.70	478.74
Class 11	-	-	-	-	-	-	-	-	-	-	-	-		
Class 12	339.33	343.40	355.72	363.31	391.89	388.68	407.11	424.24	454.65	481.84	485.21	495.52	-	-
Class 13	-	-	-	-	-	-	322.15	337.79	360.05	388.19	382.43	367.58	500.11	493.61
Class 14	-	-	-	-	-	-	-	-	-	-	-	-	379.62	224.47
Ave Mill All	**351.71**	**357.21**	**368.06**	**372.40**	**400.09**	**404.62**	**431.26**	**451.44**	**481.10**	**509.62**	**513.57**	**521.92**	**526.84**	**519.78**
Combined Class 7, 9, 13	287.86	291.95	300.01	307.65	332.04	336.68	406.75	418.43	447.90	481.44	478.64	440.86	491.44	493.03

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Historical Trend of Property Tax Revenue 1990 to 2007
$1,100
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
Property Tax Revenue in Millions
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007
Year

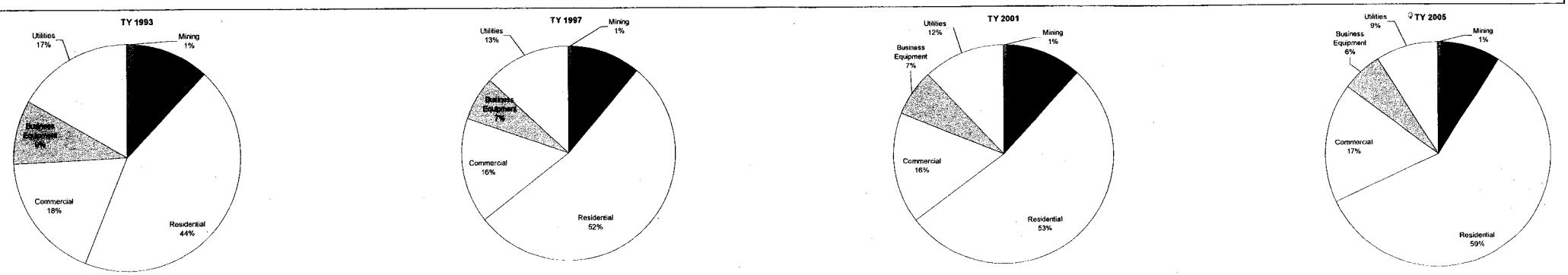
TABLE 3
Historical Trend of Property Tax Revenue by Property Tax Class 1994 Through 2007

Tax Class	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Class 1	$ 1,199,010	$ 1,171,284	$ 1,414,905	$ 2,038,708	$ 2,350,297	$ 2,200,900	$ 1,723,001	$ 2,618,325	$ 2,926,723	$ 2,882,114	$ 3,022,810	$ 1,120,030	$ 1,331,224	$ 1,559,545
Class 2	3,269,004	3,309,172	4,634,519	3,481,081	3,814,503	3,173,637	3,216,216	4,055,232	4,073,178	3,686,568	4,431,674	6,773,309	12,008,287	13,709,898
Class 3	46,442,021	47,874,847	49,540,084	49,610,380	53,037,614	51,765,870	53,518,598	55,245,257	59,701,015	64,554,033	64,096,755	65,160,304	65,368,209	64,516,617
Class 4 Res	236,959,159	248,426,769	264,795,838	277,348,510	305,357,644	287,626,895	305,064,295	332,476,547	369,678,764	401,975,438	422,605,537	451,604,969	478,357,528	522,564,278
Class 4 Com	89,692,253	93,855,350	99,196,382	104,820,831	115,627,571	115,487,539	125,112,177	136,651,764	150,364,069	159,492,353	168,167,095	178,341,203	187,121,820	192,028,651
Class 5	7,174,632	8,404,038	9,457,974	10,438,471	11,371,161	12,906,183	13,673,327	13,581,857	14,470,597	14,449,933	14,944,788	15,168,700	15,567,945	15,513,236
Class 6	9,615,488	9,087,251	8,293,114	7,516,339	8,718,855	8,283,086	6,798,816	4,891,816	2,608,870	-	-	-	-	-
Class 7	469,669	505,667	552,428	528,648	634,399	695,380	79,817	100,643	121,112	584,878	578,038	595,291	672,651	686,955
Class 8	89,565,166	95,263,363	88,457,821	81,845,613	83,357,551	89,537,211	47,116,259	52,107,577	56,720,962	59,967,711	59,983,543	63,616,577	70,512,620	72,361,217
Class 9	121,001,201	124,889,503	133,912,469	148,244,322	164,160,258	167,612,747	93,875,141	92,014,678	92,403,791	102,011,881	105,185,373	116,892,489	122,182,120	129,346,180
Class 10	2,450,008	2,462,117	2,556,699	2,655,400	2,983,486	3,248,077	3,441,593	3,435,066	3,150,842	3,153,644	3,153,869	3,260,154	3,296,659	3,266,164
Class 12	20,686,212	21,422,389	24,587,329	24,715,848	25,576,905	26,505,165	20,175,533	20,642,673	21,226,957	21,986,549	21,870,480	21,935,168	20,793,070	21,228,108
Class 13	-	-	-	-	-	-	47,401,309	48,807,208	49,393,358	48,765,253	46,076,982	45,155,231	49,531,434	34,327,844
Class 14	-	-	-	-	-	-	-	-	-	-	-	-	961,074	1,358,486
Total Revenue	**$ 628,523,821**	**$ 656,671,751**	**$ 687,399,563**	**$ 713,244,153**	**$ 776,990,245**	**$ 769,042,691**	**$ 721,196,083**	**$ 766,628,644**	**$ 826,840,237**	**$ 883,510,356**	**$ 914,116,943**	**$ 969,623,424**	**$ 1,027,704,640**	**$ 1,072,467,179**
Combined Class 7, 9, 13	$ 121,470,870	$ 125,395,170	$ 134,464,897	$ 148,772,970	$ 164,794,657	$ 168,308,127	$ 93,954,958	$ 92,115,321	$ 92,524,903	$ 102,596,760	$ 105,763,411	$ 117,487,779	$ 123,815,845	$ 131,391,621
Revenue From 95 Mills	$ 169,771,133	$ 174,642,012	$ 177,423,825	$ 181,951,627	$ 184,491,923	$ 180,561,522	$ 158,869,722	$ 161,329,324	$ 163,272,056	$ 164,699,069	$ 169,093,349	$ 176,492,460	$ 185,315,040	$ 196,016,035
Property Tax Revenue From 6 Mills	$ 10,722,387	$ 11,030,022	$ 11,205,715	$ 11,491,682	$ 11,652,121	$ 11,403,886	$ 10,033,877	$ 10,189,220	$ 10,311,919	$ 10,402,046	$ 10,679,580	$ 11,146,892	$ 11,704,108	$ 12,379,960

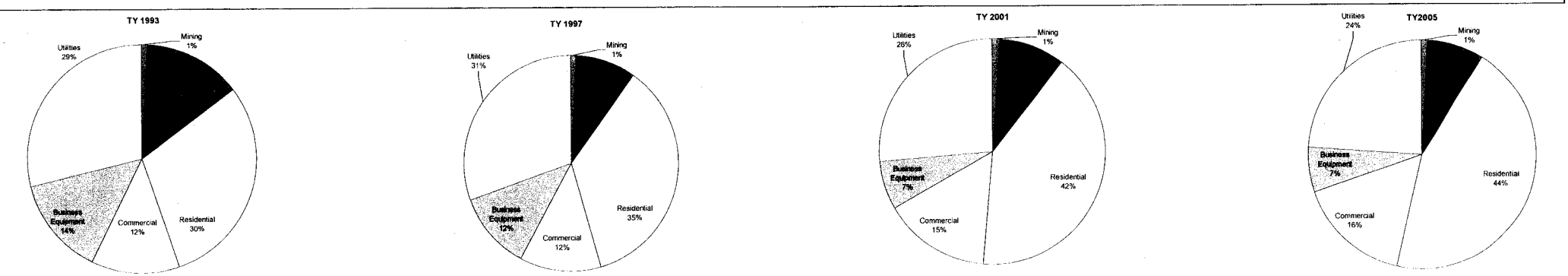
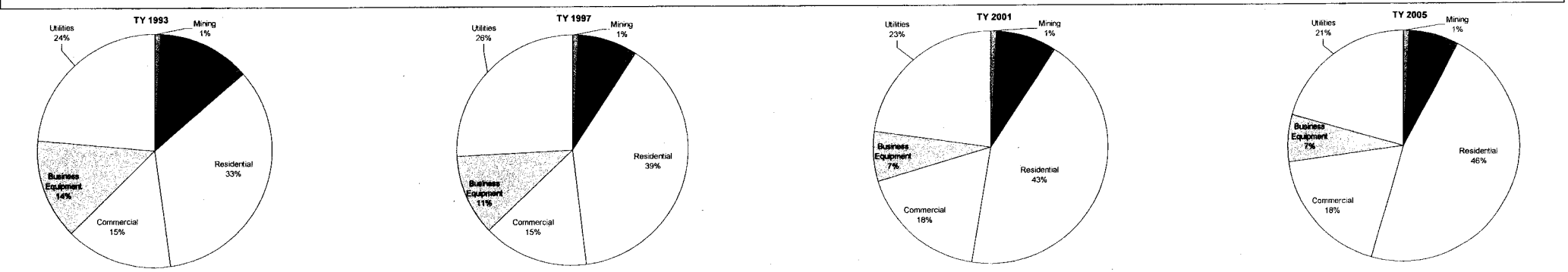
H:\DO_RSCH\TPR-NEW\Staff\ED\Projects\Tax Base Analysis\[ty 89 to ty07 tv - taxes - Mills paid by class Reap.xls]Property Tax Revenue Table

Montana Property Tax – Portion Of Market Value, Taxable Value, and Property Taxes Levied By Broad Property Class For Tax Years 1993, 1997, 2001, and 2005

Market Value



Taxable Value



Taxes Levied