EXHIBIT NO. 6
DATE 3-10-2009
BILL NO.

Narrow Circuit Breaker

Assumptions (as per decision point mapping document):

Phase In: No

Class 3 Tax Rate: 2.23%
Class 4 Residential Tax Rate: 3.01%
Class 4 Commercial Tax Rate: 3.01%
Class 10 Tax Rate: 0.28%

Homestead Exemption: 34%
Comstead Exemption: Revenue Neutral

Keep the statewide mills at their current level of 101 mills by adding a state mill of the difference. The state mills will float down, so the circuit breaker mill will be equal to approximately 20 mills. The additional revenue raised by the new state mills will be used to fund a circuit breaker aimed at mitigating property taxes paid on primary residences and by renters. The limited circuit breaker is aimed at low income, resident taxpayers.

The tax rates are decoupled.

There is not a staggered homestead exemption.

Secondary and associated residences are treated the same as primary residences in terms of the homestead. Only property taxes paid on primary residences are eligible for the credit.

The reappraisal cycle is immaterial for this analysis.

Parameters used by Dept. of Revenue – Tax Policy and Research in Analysis

All mills float. The individual home examples and individual business examples use the average consolidated mills. This includes the 6 university mills, the 95 school mills, all mills levied by local jurisdictions and schools. This would add additional statewide mills to raise revenue for the circuit breaker.

The analysis uses the OBPP growth rates for each class of property to estimate the growth in newly taxable property.

The cost of this mitigation strategy is assumed to be the difference between what class 4 residential property paid in FY 2008 and what they will pay in this mitigation strategy.

The reappraisal impact on class 4 property is calculated with the percentages that comply with the International Association of Assessing Officers standards. All class 4 properties are included in the base, but the percentage change of the outliers is not incorporated into the analysis.

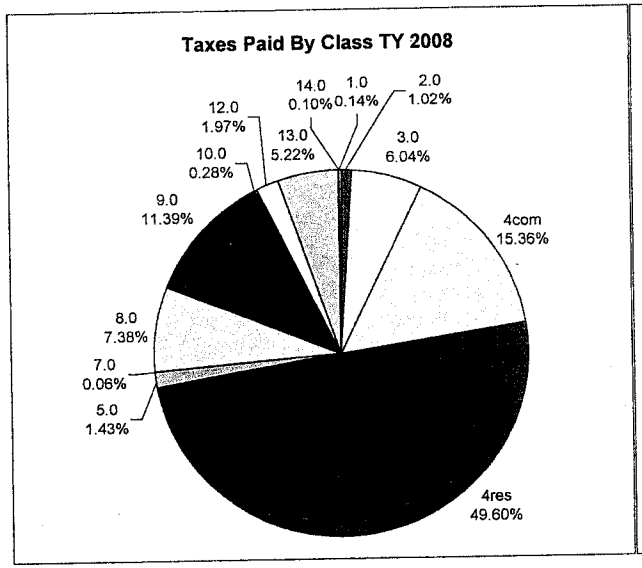
Narrow Circuit Breaker

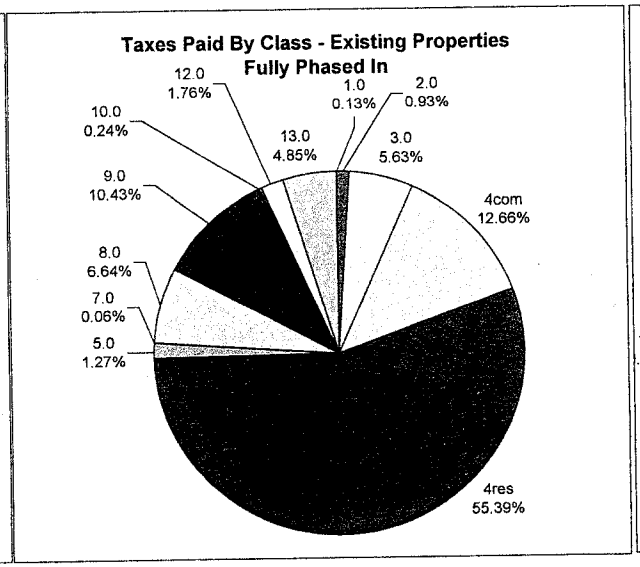
Current Law	Class 3 Agricultural Tax Rate	Class 4 Residential Tax Rate	Class 4 Commercial Tax Rate	Class 10 Forestland Tax Rate	Class 4 Homestead	Class 4 Comstead
	3.01%	3.01%	3.01%	0.35%	34.00%	15.00%

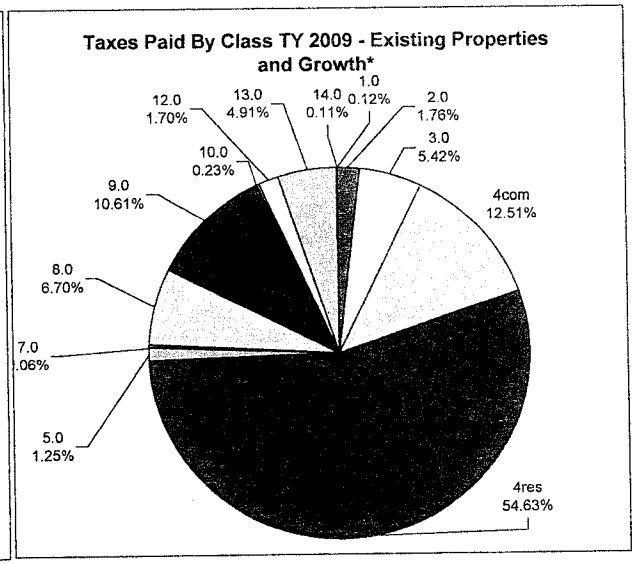
Proposed Mitigation	Class 3 Agricultural Tax Rate	Class 4 Residential Tax Rate	Class 4 Commercial Tax Rate	Class 10 Forestland Tax Rate	Class 4 Homestead	Class 4 Comstead
	2.28%	3.01%	3.01%	0.23%	34.00%	37.62%

		TY 2008		Fully Phased In - Existing Properties				TY 2009 Existing Properties and Growth*			
Tax Class	Description	Taxable Value	Taxes Paid	Taxable Value	Net Taxes Paid	% Change in Taxes Paid	$ Change in Taxes Paid	Taxable Value	Net Taxes Paid	% Change in Taxes Paid From TY 2008	$ Change in Taxes Paid From TY 2008
1.0	Mine Net Proceeds	4,013,187	1,651,471	4,013,187	1,474,989	-10.69%	(176,482)	4,013,187	1,488,703	-9.86%	(162,768)
2.0	Gross Proceeds	24,540,432	11,627,140	24,540,432	10,718,690	-7.81%	(908,450)	48,379,008	21,329,090	83.44%	9,701,951
3.0	Agricultural Land	142,098,658	68,908,193	144,186,193	64,966,339	-5.72%	(3,941,854)	144,186,193	65,576,797	-4.83%	(3,331,395)
4com	Commercial Property	289,796,019	175,206,000	289,991,793	146,199,693	-16.56%	(29,006,307)	297,525,978	151,439,013	-13.57%	(23,766,987)
4res	Residential Property	1,006,798,601	565,830,038	2,359,991,774	639,488,193	13.02%	73,658,155	2,413,597,514	661,499,856	16.91%	95,669,818
5.0	Pollution Control Equipment	35,154,576	16,275,932	35,154,576	14,653,068	-9.97%	(1,622,863)	35,899,806	15,104,558	-7.20%	(1,171,374)
7.0	Non-Centrally Assessed Utilities	1,214,360	734,443	1,214,360	731,518	-0.40%	(2,925)	1,244,355	756,712	3.03%	22,269
8.0	Business Personal Property	163,140,404	84,149,499	163,140,404	76,618,285	-8.95%	(7,531,214)	171,248,482	81,183,367	-3.52%	(2,966,132)
9.0	Non-Electrical Generating Property of Electrical Utilities	263,086,175	129,940,878	263,086,175	120,456,271	-7.30%	(9,484,607)	277,976,853	128,470,915	-1.13%	(1,469,963)
10.0	Forestland	6,815,620	3,241,315	6,899,675	2,753,072	-15.06%	(488,243)	6,899,675	2,778,786	-14.27%	(462,529)
12.0	Railroad and Airline Property	43,567,384	22,475,586	43,567,384	20,345,706	-9.48%	(2,129,880)	43,615,302	20,559,786	-8.52%	(1,915,800)
13.0	Telecommunications & Electric Property	154,611,156	59,531,164	154,611,156	56,023,709	-5.89%	(3,507,455)	162,403,558	59,394,011	-0.23%	(137,153)
14.0	Commercial Wind Generation Facilities	2,943,785	1,175,095	2,943,785	1,175,134	0.00%	38	3,179,877	1,281,236	9.03%	106,140
Total		2,137,780,357	1,140,746,754	3,493,340,894	1,155,604,666	1.30%	14,857,912	3,610,169,788	1,210,862,831	6.15%	70,116,076

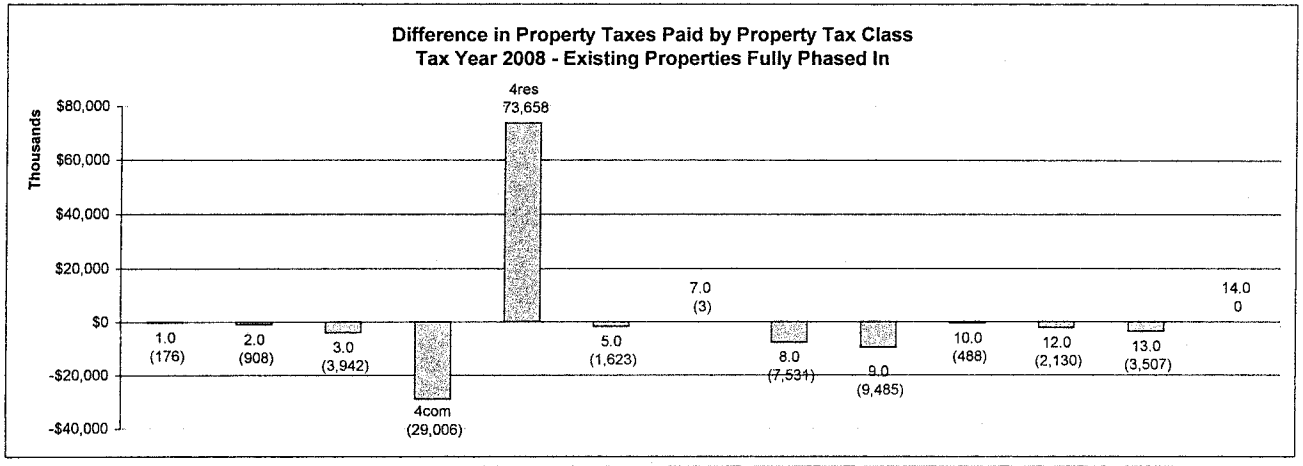
*Growth includes both new property and the inflation growth allowed by 15-10-420, MCA

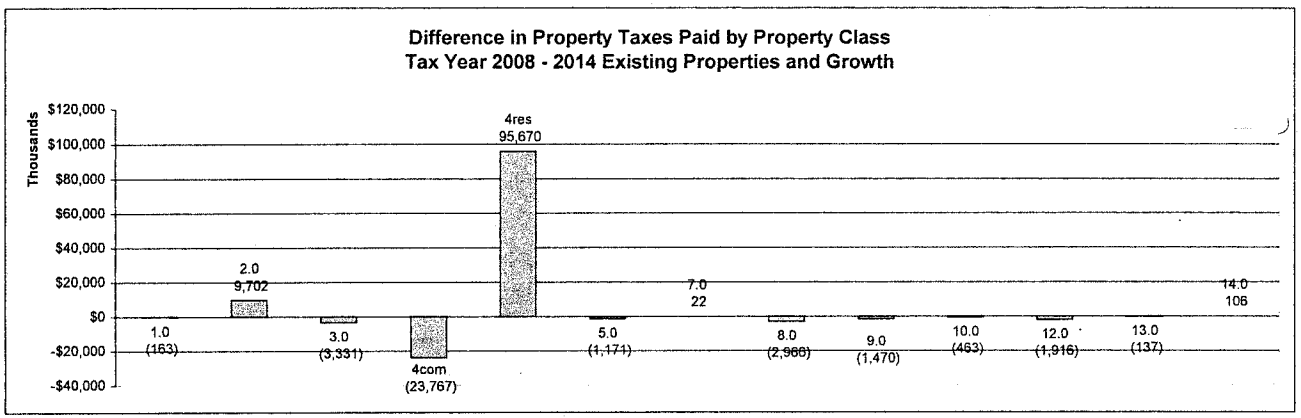






Current Law					
Class 3 Agricultural Tax Rate 3.01%	Class 4 Residential Tax Rate 3.01%	Class 4 Commercial Tax Rate 3.01%	Class 10 Forestland Tax Rate 0.35%	Class 4 Homestead 34.00%	Class 4 Comstead 15.00%
Proposed Mitigation					
Class 3 Agricultural Tax Rate 2.28%	Class 4 Residential Tax Rate 3.01%	Class 4 Commercial Tax Rate 3.01%	Class 10 Forestland Tax Rate 0.23%	Class 4 Homestead 34.00%	Class 4 Comstead 37.62%





Balance Sheet of Tax Changes Caused by This Mitigation Proposal (Tax Year 2008 - Existing Properties Fully Phased In)

Transfer to Class 4 Residential	$73,658,155
Amount in Circuit Breaker	$38,960,962
Transfer to Class 4 Commercial	-$29,006,307
Transfer from All Other Classes	$29,793,936
Total	**$33,909,564**

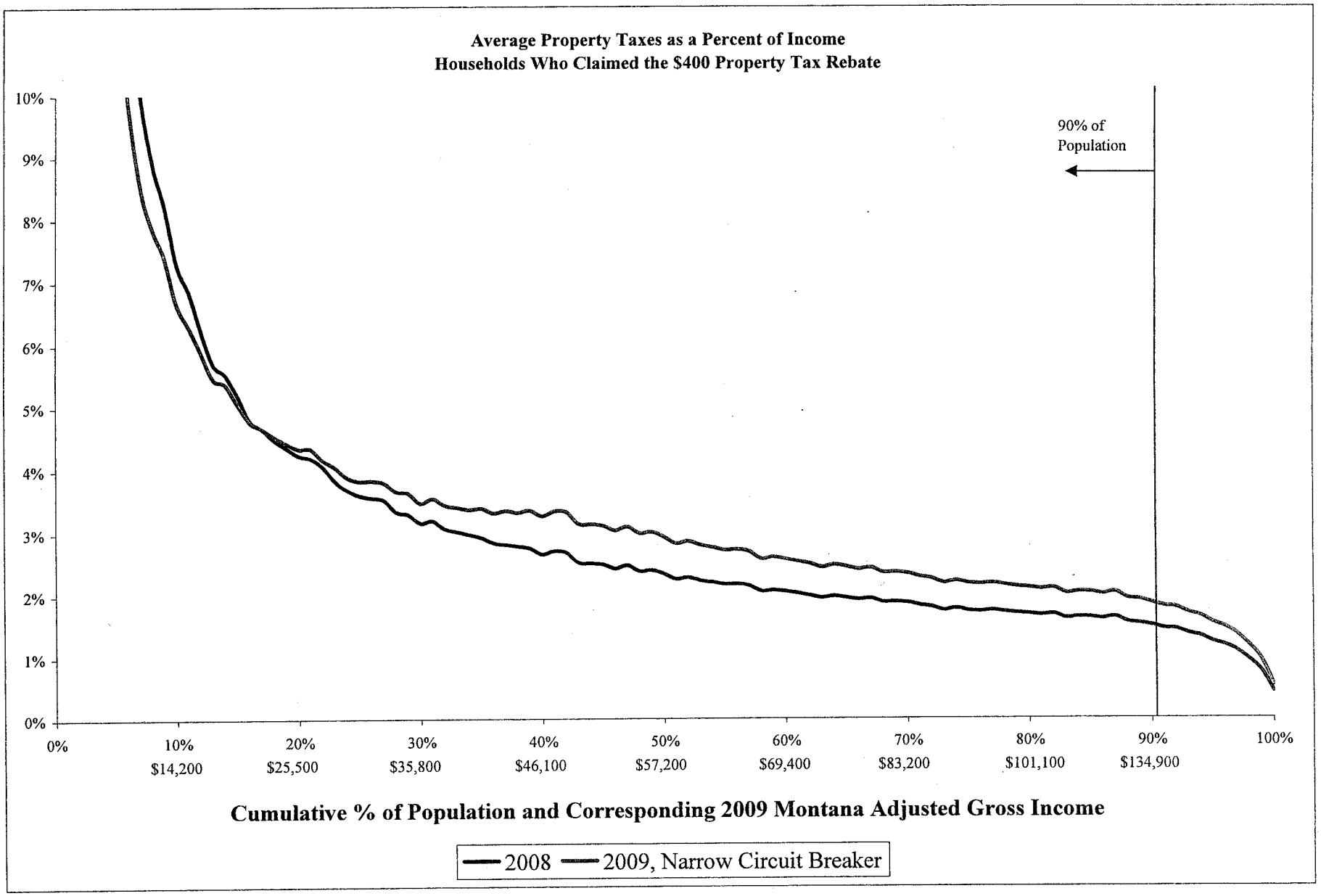
'is balance sheet is calculated using the difference between the taxes paid in FY 2008 and the calc' amounts that existing
perties will pay when fully phased in. Circuit breakers are included in the calculation, reducing the r to Class 4 r

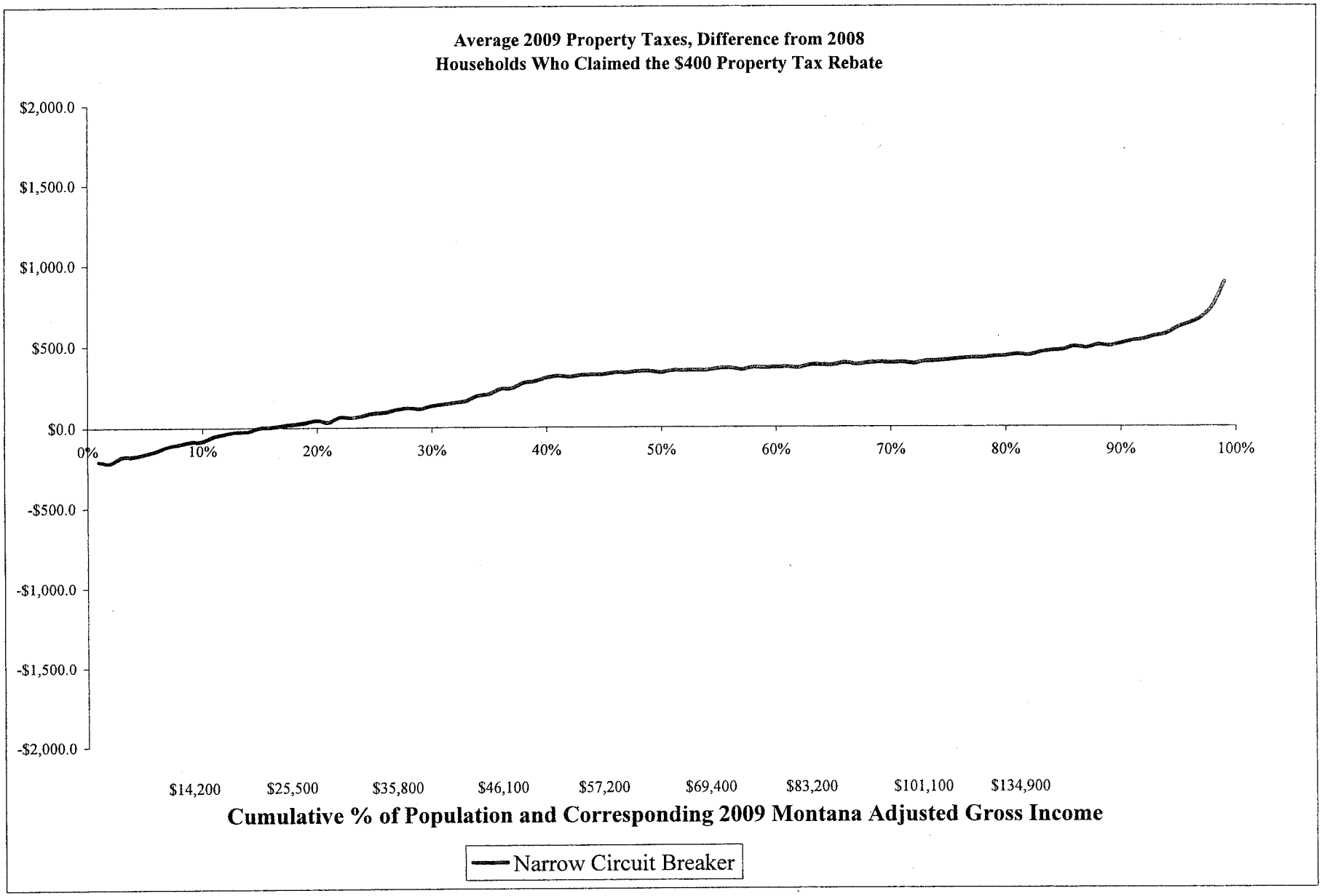
Narrow Circuit Breaker

Circuit Breaker
Narrow Circuit Breaker

Narrower Circuit Breaker

Credit for Property Tax More Than This Percent of Income		4%
Maximum Credit		$1,000
Credit Begins to Phase-Out at This Income		$40,000
Credit is Completely Phased-Out at This Income		$50,000
	Number	Amount
Credits to Homeowners	45,059	$27,900,013
Credits to Renters	24,013	$11,060,949
Total	69,071	$38,960,962
Additional Mills to Fund Circuit Breaker		19.20


Average Property Taxes as a Percent of Income
Households Who Claimed the $400 Property Tax Rebate
10%
9%
8%
7%
6%
5%
4%
3%
2%
1%
0%
90% of Population
0%
10% $14,200
20% $25,500
30% $35,800
40% $46,100
50% $57,200
60% $69,400
70% $83,200
80% $101,100
90% $134,900
100%
Cumulative % of Population and Corresponding 2009 Montana Adjusted Gross Income
2008
2009, Narrow Circuit Breaker


Average 2009 Property Taxes, Difference from 2008
Households Who Claimed the $400 Property Tax Rebate
$2,000.0
$1,500.0
$1,000.0
$500.0
$0.0
-$500.0
-$1,000.0
-$1,500.0
-$2,000.0
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
$14,200
$25,500
$35,800
$46,100
$57,200
$69,400
$83,200
$101,100
$134,900
Cumulative % of Population and Corresponding 2009 Montana Adjusted Gross Income
Narrow Circuit Breaker

Narrow Circuit Breaker

Current Law					
Class 3 Agricultural Tax Rate	Class 4 Residential Tax Rate	Class 4 Commercial Tax Rate	Class 10 Forestland Tax Rate	Homestead	Comstead
3.01%	3.01%	3.01%	0.35%	34.00%	15.00%
Proposed Mitigation					
Class 3 Agricultural Tax Rate	Class 4 Residential Tax Rate	Class 4 Commercial Tax Rate	Class 10 Forestland Tax Rate	Homestead	Comstead
2.28%	3.01%	3.01%	0.23%	**34.00%**	37.62%

Assumptions: Homestead Exemption = 34.00% Homestead
37.62% Comstead

Calculation of Tax Liability

1. Market Value = 2008 Market Value + Phase In Amount
2. Market Value x (1 - Homestead) = Taxable Market Value
3. Taxable Market Value x Tax Rate = Taxable Value
4. Taxable Value x Mills / 1000 = Tax Liability

Example of the TY 2009 Median Value Home

MV Before Reappraisal	$98,400	
MV After Reappraisal	$152,000	
Tax Year	**2008**	**2009**
Market Value	$98,400	$152,000
Homestead	34.00%	34.00%
Amount Exempt	$33,456	$51,680
Taxable Market Value	$64,944	$100,320
Tax Rate	3.01%	3.01%
Taxable Value	$1,955	$3,020
Average Mills	538.19	448.04
Tax Liability	$1,052	$1,353
2009 Income (MAGI)		$65,140
Percent of Income Paid		2.08%
Credit Amount		$0

Example of a TY 2009 Average Value Home

MV Before Reappraisal	$116,900	
MV After Reappraisal	$178,920	
Tax Year	**2008**	**2009**
Market Value	$116,900	$178,920
Homestead	34.00%	34.00%
Amount Exempt	$39,746	$60,833
Taxable Market Value	$77,154	$118,087
Tax Rate	3.01%	3.01%
Taxable Value	$2,322	$3,554
Average Mills	538.19	448.04
Tax Liability	$1,250	$1,593
2009 Income (MAGI)		$74,759
Percent of Income Paid		2.13%
Credit Amount		$0

Example of a TY 2009 Median Value Resort Home		
MV Before Reappraisal	$150,450	
MV After Reappraisal	$326,600	
Tax Year	**2008**	**2009**
Market Value	$150,450	$326,600
Homestead	34.00%	34.00%
Amount Exempt	$51,153	$111,044
Taxable Market Value	$99,297	$215,556
Tax Rate	3.01%	3.01%
Taxable Value	$2,989	$6,488
Average Mills	538.19	448.04
Tax Liability	$1,609	$2,907
2009 Income (MAGI)		$59,297
Percent of Income Paid		4.90%
Credit Amount		$535

Example of a TY 2009 $500,000 Home		
MV Before Reappraisal	$300,000	
MV After Reappraisal	$500,000	
Tax Year	**2008**	**2009**
Market Value	$300,000	$500,000
Homestead	34.00%	34.00%
Amount Exempt	$102,000	$170,000
Taxable Market Value	$198,000	$330,000
Tax Rate	3.01%	3.01%
Taxable Value	$5,960	$9,933
Average Mills	538.19	448.04
Tax Liability	$3,207	$4,450
2009 Income (MAGI)		$200,547
Percent of Income Paid		2.22%
Credit Amount		$0

Example of a TY 2009 $1,000,000 Home		
MV Before Reappraisal	$650,000	
MV After Reappraisal	$1,000,000	
Tax Year	**2008**	**2009**
Market Value	$650,000	$1,000,000
Homestead	34.00%	34.00%
Amount Exempt	$221,000	$340,000
Taxable Market Value	$429,000	$660,000
Tax Rate	3.01%	3.01%
Taxable Value	$12,913	$19,866
Average Mills	538.19	448.04
Tax Liability	$6,950	$8,901
2009 Income (MAGI)		$477,527
Percent of Income Paid		1.86%
Credit Amount		$0

Example of a TY 2009 Business with $200,000 in Class 4 and $100,000 in Class 8		
MV Before Reappraisal	$150,000	
MV After Reappraisal	$200,000	
MV of Class 8	$100,000	
Tax Year	**2008**	**2009**
Class 4		
Market Value	$150,000	$200,000
Homestead	15.00%	37.62%
Amount Exempt	$22,500	$75,240
Taxable Market Value	$127,500	$124,760
Tax Rate	3.01%	3.01%
Taxable Value	$3,838	$3,755
Average Mills	538.19	448.04
Tax Liability	$2,065	$1,683
Class 8		
Market Value	$100,000	$100,000
Taxable Value	$3,000	$3,000
Mills	538.19	448.04
Tax Liability	$1,615	$1,344
Total Tax Liability	$3,680	$3,027

Example of a TY 2009 Business with $400,000 in Class 4 and $100,000 in Class 8		
MV Before Reappraisal	$300,000	
MV After Reappraisal	$400,000	
MV of Class 8	$100,000	
Tax Year	**2008**	**2009**
Class 4		
Market Value	$300,000	$400,000
Homestead	15.00%	37.62%
Amount Exempt	$45,000	$150,480
Taxable Market Value	$255,000	$249,520
Tax Rate	3.01%	3.01%
Taxable Value	$7,676	$7,511
Average Mills	538.19	448.04
Tax Liability	$4,131	$3,365
Class 8		
Market Value	$100,000	$100,000
Taxable Value	$3,000	$3,000
Mills	538.19	448.04
Tax Liability	$1,615	$1,344
Total Tax Liability	$5,745	$4,709