PRE -

Committee Bill (ircuit Breaker)

Current Law

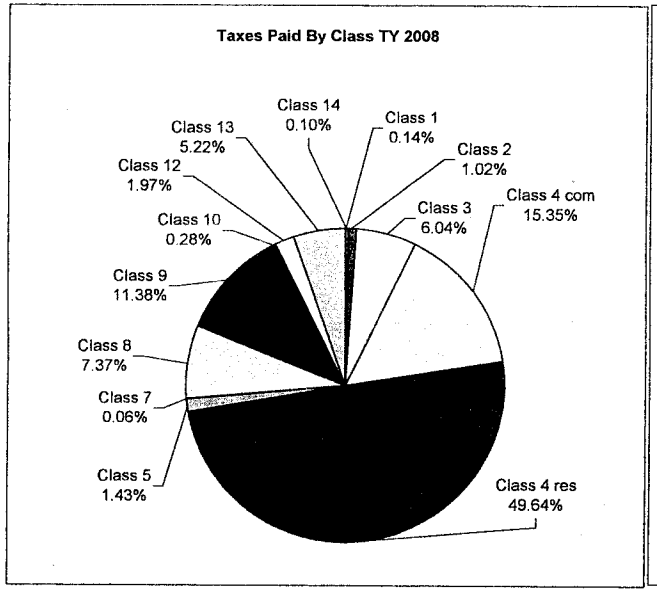
Class 3 Agricultural Tax Rate	Class 4 Residential Tax Rate	Class 4 Commercial Tax Rate	Class 10 Forestland Tax Rate	Class 4 Homestead	Class 4 Comstead
3.01%	3.01%	3.01%	0.35%	34.00%	15.00%

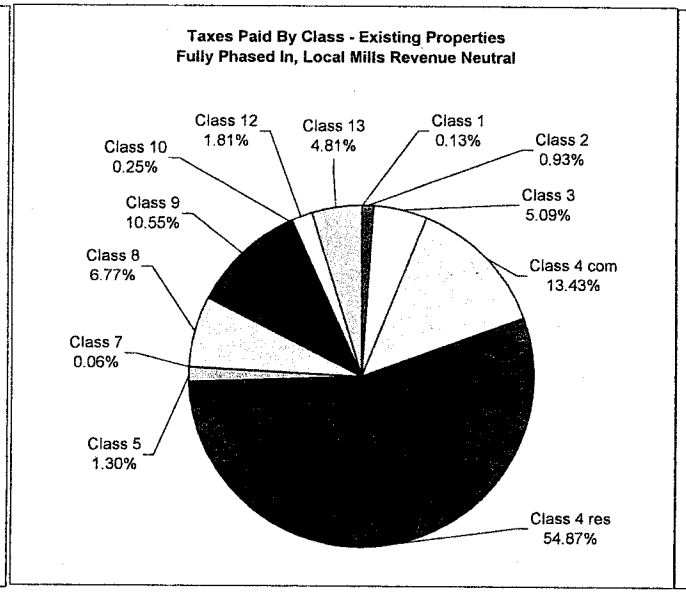
Proposed Mitigation

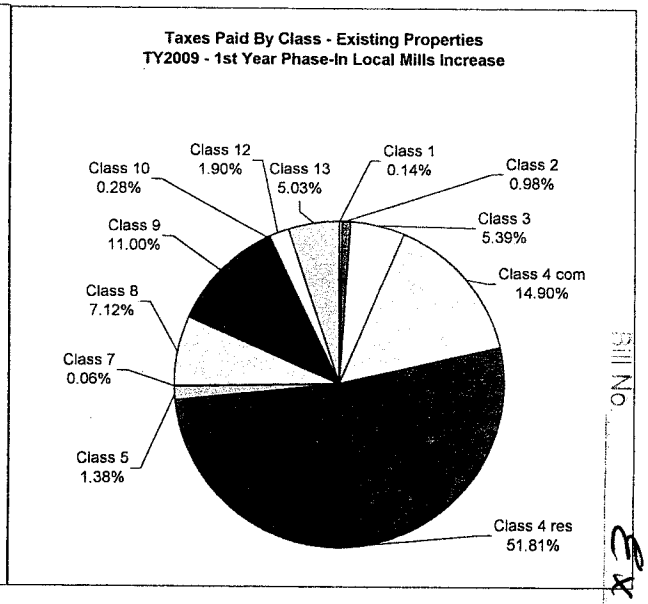
Class 3 Agricultural Tax Rate	Class 4 Residential Tax Rate	Class 4 Commercial Tax Rate	Class 10 Forestland Tax Rate	Class 4 Homestead	Class 4 Comstead
Variable	3.00%	3.00%	Variable	34.00%	Variable

		TY 2008		Fully Phased In - Existing Properties				TY 2009 Existing Properties NO GROWTH*			
Tax Class	Description	Taxable Value	Taxes Paid	Taxable Value	Taxes Paid	% Change in Taxes Paid	$ Change in Taxes Paid	Taxable Value	Taxes Paid	% Change in Taxes Paid From TY 2008	$ Change in Taxes Paid From TY 2008
Class 1	Mine Net Proceeds	4,013,187	1,651,471	4,013,187	1,542,923	-6.57%	(108,548)	4,013,187	1,663,724	0.74%	12,253
Class 2	Gross Proceeds	24,540,432	11,627,140	24,540,432	10,872,613	-6.49%	(754,527)	24,540,432	11,716,987	0.77%	89,847
Class 3	Agricultural Land	142,098,658	68,908,193	126,812,707	59,618,899	-13.48%	(9,289,293)	131,876,997	64,219,869	-7.30%	(4,688,324)
Class 4 com	Commercial Property	289,796,019	175,206,000	289,584,367	157,342,576	-10.20%	(17,863,424)	291,552,870	177,460,776	1.27%	2,254,776
Class 4 res	Residential Property	1,006,798,601	566,619,077	1,331,331,034	642,884,581	13.46%	76,265,504	1,089,759,164	617,108,595	8.18%	50,489,518
Class 5	Pollution Control Equipment	35,154,576	16,275,932	35,195,889	15,203,331	-6.59%	(1,072,601)	35,195,889	16,420,683	0.88%	144,751
Class 7	Non-Centrally Assessed Utilities	1,214,360	734,443	1,214,360	748,190	1.87%	13,747	1,214,360	740,441	0.81%	5,998
Class 8	Business Personal Property	163,140,404	84,149,499	163,140,404	79,283,677	-5.78%	(4,865,822)	163,140,404	84,813,911	0.78%	664,411
Class 9	Non-Electrical Generating Property of Electrical Utilities	263,086,175	129,940,878	263,086,175	123,609,913	-4.87%	(6,330,965)	263,086,175	130,956,248	0.78%	1,015,369
Class 10	Forestland	6,815,620	3,241,315	6,899,675	2,948,736	-9.03%	(292,579)	6,852,434	3,287,118	1.39%	45,803
Class 12	Railroad and Airline Property	43,567,384	22,475,586	43,567,378	21,229,672	-5.54%	(1,245,914)	43,567,378	22,653,146	0.78%	177,560
Class 13	Telecommunications & Electric Property	154,611,156	59,531,164	154,611,156	56,333,384	-5.37%	(3,197,780)	154,611,156	59,962,405	0.72%	431,240
Class 14	Commercial Wind Generation Facilities	2,943,785	1,175,095	2,943,785	1,163,759	-0.96%	(11,336)	2,943,785	1,183,726	0.73%	8,631
Total		2,137,780,357	1,141,535,793	2,446,940,549	1,172,782,253	2.74%	31,246,460	2,212,354,230	1,192,187,629	4.25%	50,651,835

*Only includes inflation growth allowed by 15-10-420, MCA







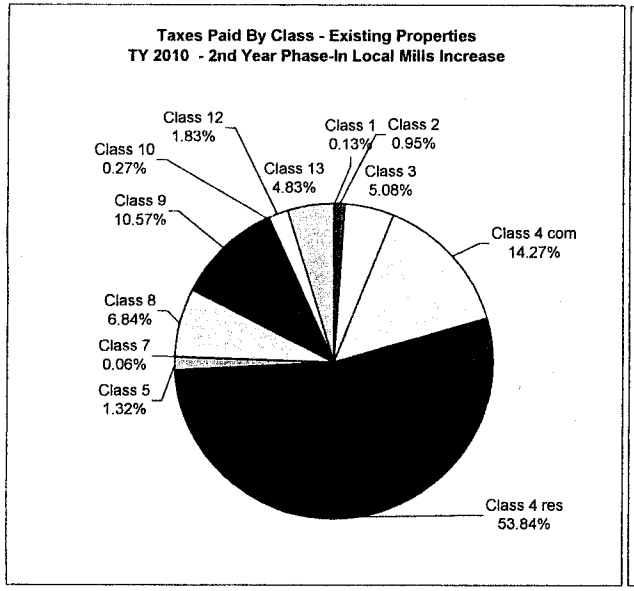
Date 3-17-09

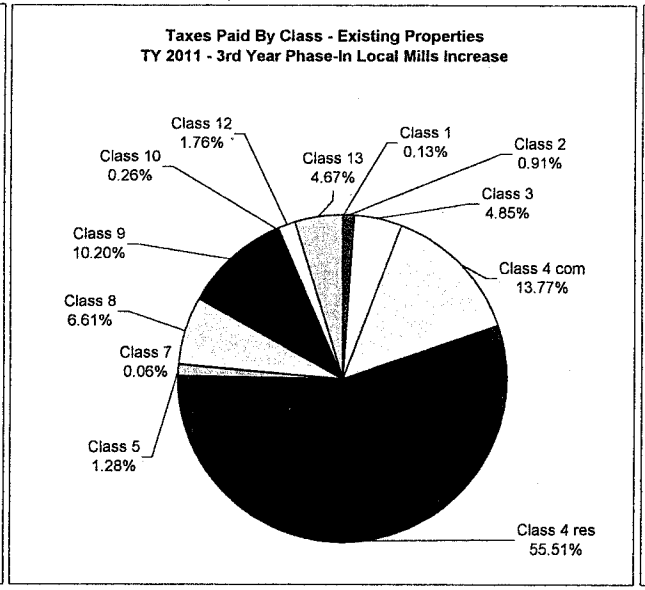
Bill No. Ex 1

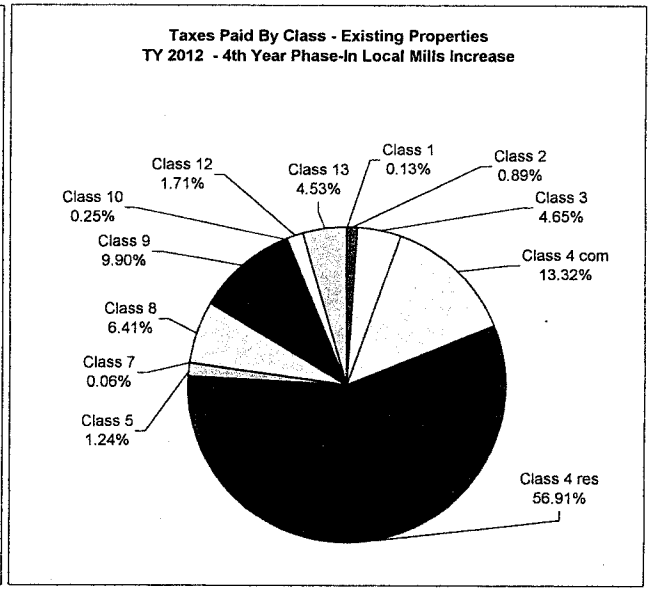
Current Law					
Class 3 Agricultural Tax Rate 3.01%	Class 4 Residential Tax Rate 3.01%	Class 4 Commercial Tax Rate 3.01%	Class 10 Forestland Tax Rate 0.35%	Class 4 Homestead 34.00%	Class 4 Comstead 15.00%

Proposed Mitigation					
Class 3 Agricultural Tax Rate Variable	Class 4 Residential Tax Rate 3.00%	Class 4 Commercial Tax Rate 3.00%	Class 10 Forestland Tax Rate Variable	Class 4 Homestead 34.00%	Class 4 Comstead Variable

TY 2010 Existing Properties NO GROWTH*				TY 2011 Existing Properties NO GROWTH*				TY 2012 Existing Properties NO GROWTH*			
Taxable Value	Taxes Paid	% Change in Taxes Paid From TY 2008	$ Change in Taxes Paid From TY 2008	Taxable Value	Taxes Paid	% Change in Taxes Paid From TY 2008	$ Change in Taxes Paid From TY 2008	Taxable Value	Taxes Paid	% Change in Taxes Paid From TY 2008	$ Change in Taxes Paid From TY 2008
4,013,187	1,675,260	1.42%	23,789	4,013,187	1,684,569	1.96%	33,098	4,013,187	1,701,199	3.01%	49,728
24,540,432	11,801,573	1.48%	174,433	24,540,432	11,869,828	2.04%	242,688	24,540,432	11,991,768	3.14%	364,629
129,559,474	63,474,878	-8.56%	(5,433,315)	128,128,140	63,072,673	-9.25%	(5,835,520)	126,812,707	63,010,685	-8.56%	(5,897,507)
290,617,547	178,160,772	1.66%	2,954,772	290,435,107	179,066,977	2.16%	3,860,977	289,584,367	180,418,574	2.98%	5,212,574
1,179,006,493	672,287,243	15.72%	105,668,166	1,259,530,449	722,036,116	21.52%	155,417,039	1,331,331,034	770,749,434	36.03%	204,130,357
35,195,889	16,538,536	1.59%	262,605	35,195,889	16,633,636	2.15%	357,705	35,195,889	16,803,536	3.24%	527,604
1,214,360	746,087	1.56%	11,645	1,214,360	750,644	2.16%	16,201	1,214,360	758,784	3.31%	24,342
163,140,404	85,439,412	1.51%	1,289,912	163,140,404	85,944,152	2.09%	1,794,652	163,140,404	86,845,886	3.20%	2,696,387
263,086,175	131,912,153	1.49%	1,971,274	263,086,175	132,683,508	2.07%	2,742,630	263,086,175	134,061,560	3.17%	4,120,682
6,926,065	3,348,936	3.21%	107,621	6,841,817	3,329,354	2.64%	88,039	6,899,675	3,393,743	4.70%	152,428
43,567,378	22,820,309	1.51%	344,723	43,567,378	22,955,200	2.09%	479,614	43,567,378	23,196,186	3.21%	720,600
154,611,156	60,368,390	1.39%	837,225	154,611,156	60,695,994	1.92%	1,164,830	154,611,156	61,281,271	2.94%	1,750,106
2,943,785	1,191,852	1.41%	16,757	2,943,785	1,198,409	1.95%	23,314	2,943,785	1,210,123	2.98%	35,028
2,298,422,345	1,249,765,400	8.66%	108,229,607	2,377,248,279	1,301,921,059	12.32%	160,385,266	2,446,940,549	1,355,422,749	18.74%	213,886,956







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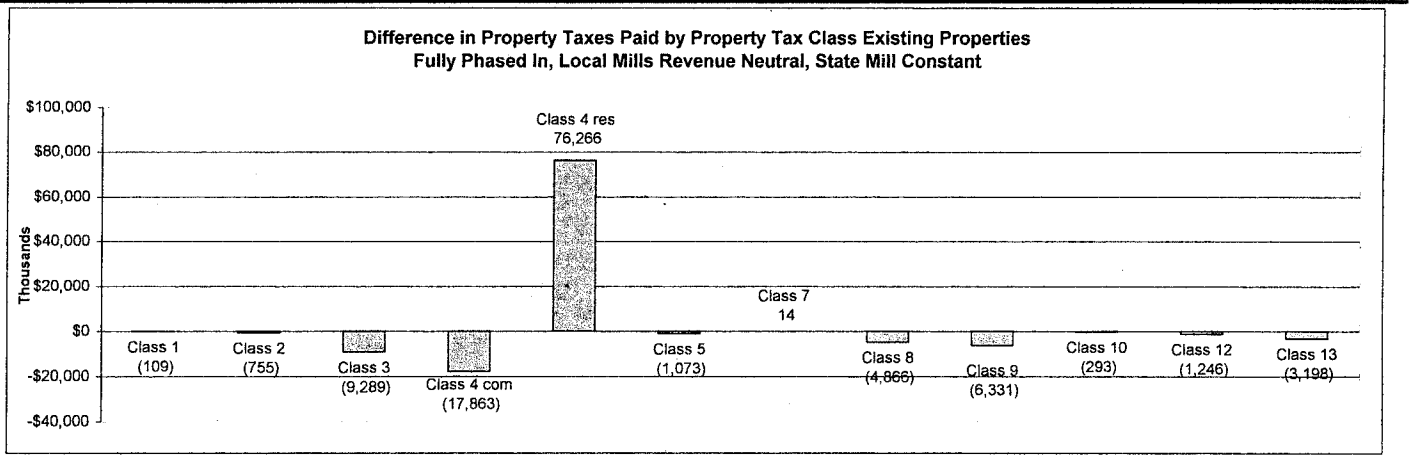
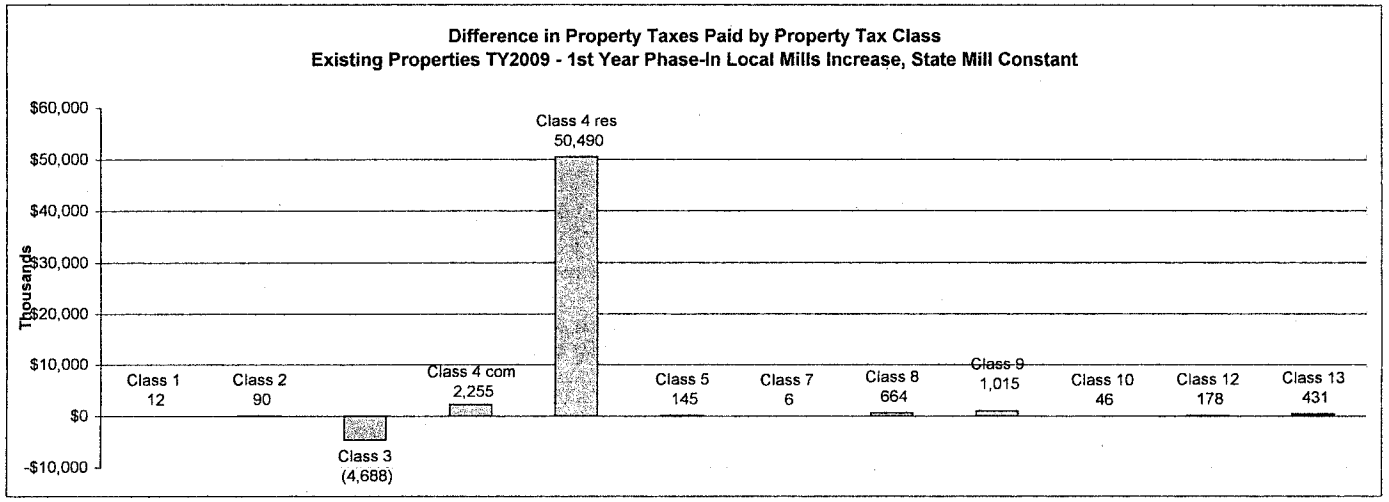
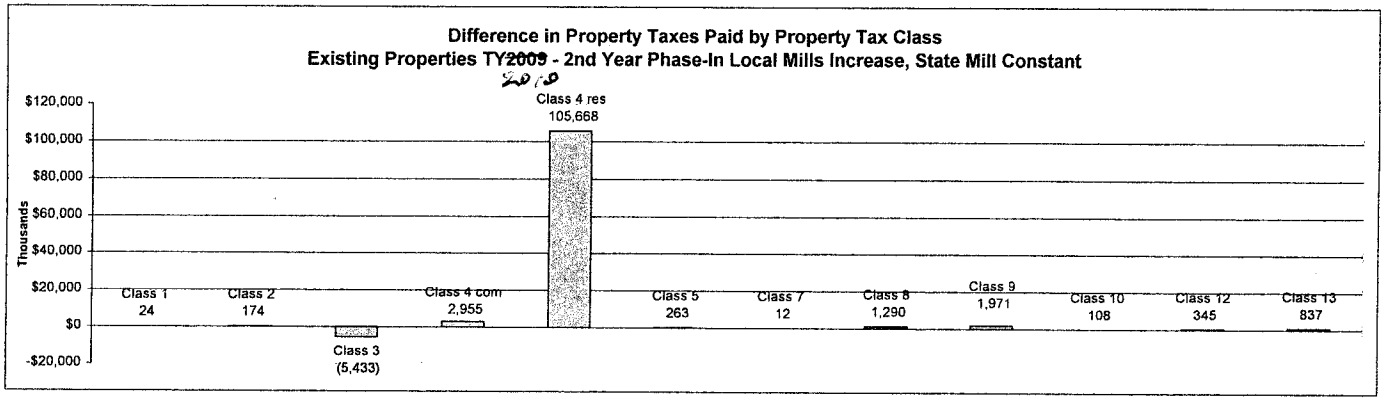
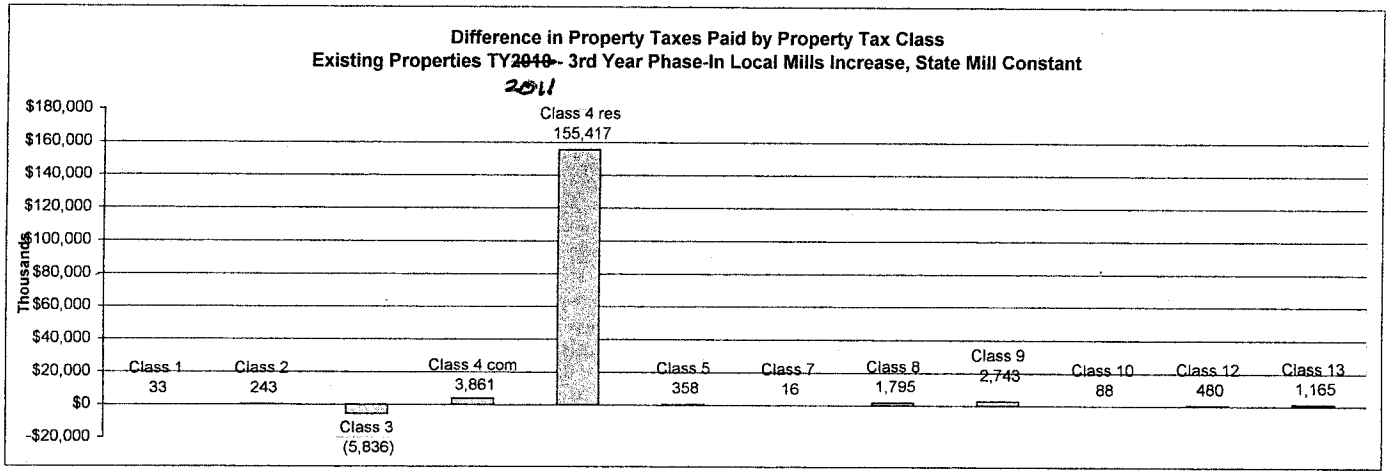
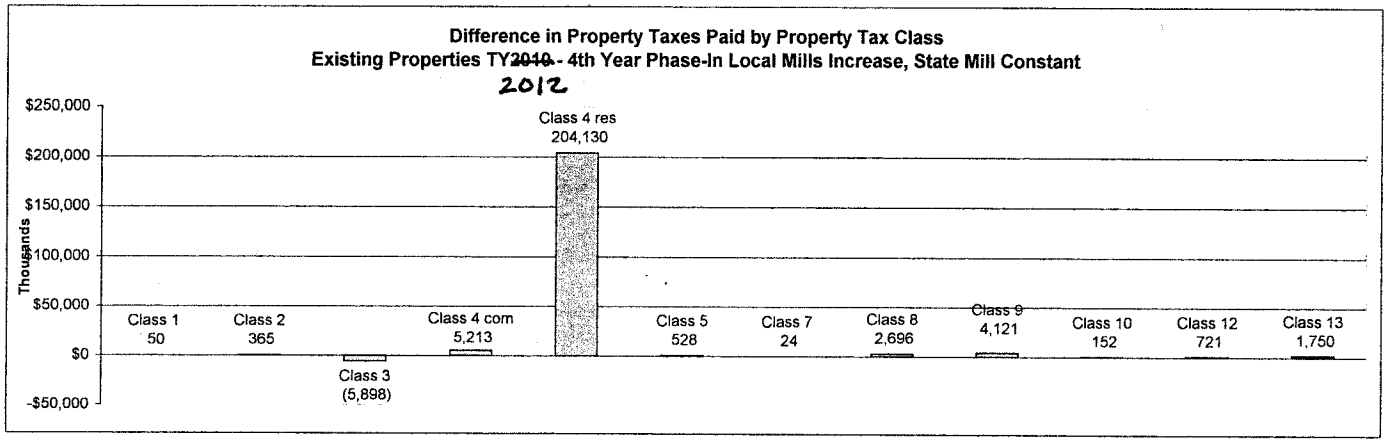
Class 3 Agricultural Tax Rate 3.01%	Class 4 Residential Tax Rate 3.01%	Class 4 Commercial Tax Rate 3.01%	Class 10 Forestland Tax Rate 0.35%	Class 4 Homestead 34.00%	Class 4 Comstead 15.00%
Proposed Mitigation					
Class 3 Agricultural Tax Rate Variable	Class 4 Residential Tax Rate 3.00%	Class 4 Commercial Tax Rate 3.00%	Class 10 Forestland Tax Rate Variable	Class 4 Homestead 34.00%	Class 4 Comstead Variable






Difference in Property Taxes Paid by Property Tax Class
Existing Properties TY~~2009~~ 2010 - 2nd Year Phase-In Local Mills Increase, State Mill Constant
Thousands
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
-$20,000
Class 1 24
Class 2 174
Class 3 (5,433)
Class 4 com 2,955
Class 4 res 105,668
Class 5 263
Class 7 12
Class 8 1,290
Class 9 1,971
Class 10 108
Class 12 345
Class 13 837

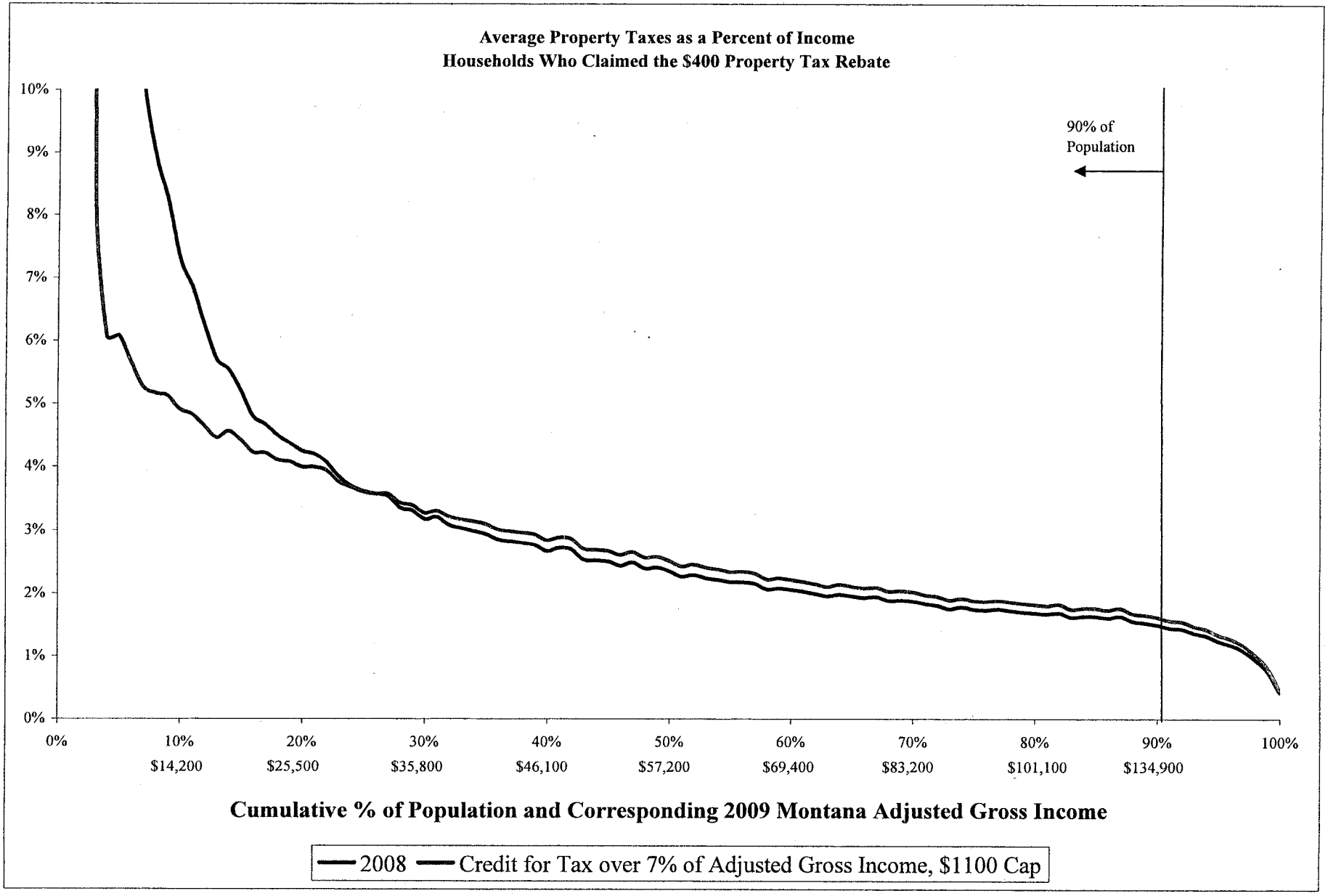

Difference in Property Taxes Paid by Property Tax Class
Existing Properties TY~~2010~~ 2011 - 3rd Year Phase-In Local Mills Increase, State Mill Constant
Thousands
$180,000
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
-$20,000
Class 1 33
Class 2 243
Class 3 (5,836)
Class 4 com 3,861
Class 4 res 155,417
Class 5 358
Class 7 16
Class 8 1,795
Class 9 2,743
Class 10 88
Class 12 480
Class 13 1,165

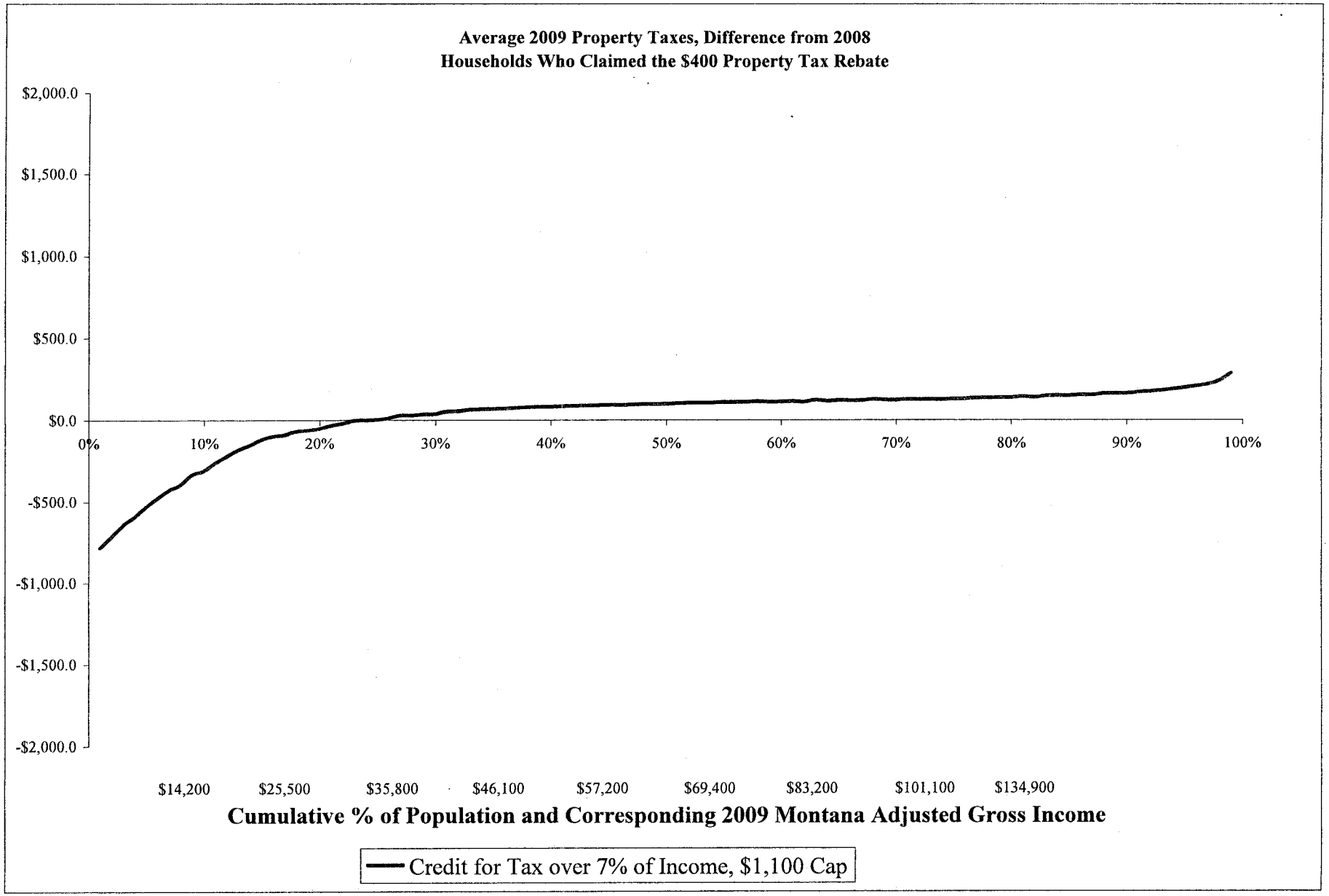

Difference in Property Taxes Paid by Property Tax Class
Existing Properties TY~~2010~~ 2012 - 4th Year Phase-In Local Mills Increase, State Mill Constant
Thousands
$250,000
$200,000
$150,000
$100,000
$50,000
$0
-$50,000
Class 1 50
Class 2 365
Class 3 (5,898)
Class 4 com 5,213
Class 4 res 204,130
Class 5 528
Class 7 24
Class 8 2,696
Class 9 4,121
Class 10 152
Class 12 721
Class 13 1,750

Circuit Breaker - 2012
Credit for Tax over 7% of Income, $1,100 Cap

Additional Credit for Low Income and Elderly

Credit for Property Tax More Than This Percent of Income		7%
Maximum Credit		$1,100
Credit Begins to Phase-Out at This Income		n/a
Credit is Completely Phased-Out at This Income		n/a
	Number	Amount
Credits to Homeowners	35,738	$27,106,427
Credits to Renters	6,441	$3,031,063
Total	42,179	$30,137,490
Additional Mills to Fund Circuit Breaker		?


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
Credit for Tax over 7% of Adjusted Gross Income, $1100 Cap


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
Credit for Tax over 7% of Income, $1,100 Cap

Committee Bill

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 on Primary and Associated Residences	Comstead
Variable	3.00%	3.00%	Variable	**34.00%**	Variable

Assumptions: Homestead Exemption = 34% Homestead, 22% Comstead — Taxable Value Exemption: Variable

Example of the Median Value Home

MV Before Reappraisal	$98,400
MV After Reappraisal	$152,000

Tax Year	**2008**	**2009**	**2010**	**2011**	**2012**
Market Value	$98,400	$111,800	$125,200	$138,600	$152,000
Homestead	34.00%	34.00%	34.00%	34.00%	34.00%
Amount Exempt	$33,456	$38,012	$42,568	$47,124	$51,680
Taxable Market Value	$64,944	$73,788	$82,632	$91,476	$100,320
Tax Rate	3.01%	3.00%	3.00%	3.00%	3.00%
Gross Taxable Value	$1,955	$2,214	$2,479	$2,744	$3,010
Taxable Value Exemption	0%	5.8%	9.6%	13.4%	17.2%
Amount Exempt	$0	$128	$238	$368	$518
Net Taxable Value	$1,955	$2,085	$2,241	$2,377	$2,492
Average Mills	538.19	538.07	542.92	545.94	551.27
Tax Liability Before Credit	**$1,052**	**$1,122**	**$1,217**	**$1,297**	**$1,374**
2009 Income (FAGI)	$65,140	$65,140	$65,140	$65,140	$65,140
% of Income Paid Before CB	1.62%	1.72%	1.87%	1.99%	2.11%
Circuit Breaker Credit	$0	$0	$0	$0	$0
Final Property Tax	**$1,052**	**$1,122**	**$1,217**	**$1,297**	**$1,374**
% of Income Paid After CB	1.62%	1.72%	1.87%	1.99%	2.11%

Example of an Average Value Home

MV Before Reappraisal	$116,900
MV After Reappraisal	$178,920

Tax Year	**2008**	**2009**	**2010**	**2011**	**2012**
Market Value	$116,900	$132,405	$147,910	$163,415	$178,920
Homestead	34.00%	34.00%	34.00%	34.00%	34.00%
Amount Exempt	$39,746	$45,018	$50,289	$55,561	$60,833
Taxable Market Value	$77,154	$87,387	$97,621	$107,854	$118,087
Tax Rate	3.01%	3.00%	3.00%	3.00%	3.00%
Gross Taxable Value	$2,322	$2,622	$2,929	$3,236	$3,543
Taxable Value Exemption	0%	5.8%	9.6%	13.4%	17.2%
Amount Exempt	$0	$152	$281	$434	$609
Net Taxable Value	$2,322	$2,470	$2,647	$2,802	$2,933
Average Mills	538.19	538.07	542.92	545.94	551.27
Tax Liability Before Credit	**$1,250**	**$1,329**	**$1,437**	**$1,530**	**$1,617**
2009 Income (FAGI)	$74,759	$74,759	$74,759	$74,759	$74,759
% of Income Paid Before CB	1.67%	1.78%	1.92%	2.05%	2.16%
Circuit Breaker Credit	$0	$0	$0	$0	$0
Final Property Tax	**$1,250**	**$1,329**	**$1,437**	**$1,530**	**$1,617**
% of Income Paid After CB	1.67%	1.78%	1.92%	2.05%	2.16%

Example of a Median Value Resort Home

MV Before Reappraisal	$150,450				
MV After Reappraisal	$326,600				
Tax Year	**2008**	**2009**	**2010**	**2011**	**2012**
Market Value	$150,450	$194,488	$238,525	$282,563	$326,600
Homestead	34.00%	34.00%	34.00%	34.00%	34.00%
Amount Exempt	$51,153	$66,126	$81,099	$96,071	$111,044
Taxable Market Value	$99,297	$128,362	$157,427	$186,491	$215,556
Tax Rate	3.01%	3.00%	3.00%	3.00%	3.00%
Gross Taxable Value	$2,989	$3,851	$4,723	$5,595	$6,467
Taxable Value Exemption	0%	5.8%	9.6%	13.4%	17.2%
Amount Exempt	$0	$223	$453	$750	$1,112
Net Taxable Value	$2,989	$3,628	$4,269	$4,845	$5,354
Average Mills	538.19	538.07	542.92	545.94	551.27
Tax Liability Before Credit	**$1,609**	**$1,952**	**$2,318**	**$2,645**	**$2,952**
2009 Income (FAGI)	$59,297	$59,297	$59,297	$59,297	$59,297
% of Income Paid Before CB	2.71%	3.29%	3.91%	4.46%	4.98%
Circuit Breaker Credit	$0	$0	$0	$0	$0
Final Property Tax	**$1,609**	**$1,952**	**$2,318**	**$2,645**	**$2,952**
% of Income Paid After CB	2.71%	3.29%	3.91%	4.46%	4.98%

Example of a $500,000 Home

MV Before Reappraisal	$300,000				
MV After Reappraisal	$500,000				
Tax Year	**2008**	**2009**	**2010**	**2011**	**2012**
Market Value	$300,000	$350,000	$400,000	$450,000	$500,000
Homestead	34.00%	34.00%	34.00%	34.00%	34.00%
Amount Exempt	$102,000	$119,000	$136,000	$153,000	$170,000
Taxable Market Value	$198,000	$231,000	$264,000	$297,000	$330,000
Tax Rate	3.01%	3.00%	3.00%	3.00%	3.00%
Gross Taxable Value	$5,960	$6,930	$7,920	$8,910	$9,900
Taxable Value Exemption	0%	0.0%	0.0%	0.0%	0.0%
Amount Exempt	$0	$0	$0	$0	$0
Net Taxable Value	$5,960	$6,930	$7,920	$8,910	$9,900
Average Mills	538.19	538.07	542.92	545.94	551.27
Tax Liability Before Credit	**$3,207**	**$3,729**	**$4,300**	**$4,864**	**$5,458**
2009 Income (FAGI)	$200,547	$200,547	$200,547	$200,547	$200,547
% of Income Paid Before CB	1.60%	1.86%	2.14%	2.43%	2.72%
Circuit Breaker Credit	$0	$0	$0	$0	$0
Final Property Tax	**$3,207**	**$3,729**	**$4,300**	**$4,864**	**$5,458**
% of Income Paid After CB	1.60%	1.86%	2.14%	2.43%	2.72%

Example of a $1,000,000 Home

MV Before Reappraisal	$650,000				
MV After Reappraisal	$1,000,000				
Tax Year	**2008**	**2009**	**2010**	**2011**	**2012**
Market Value	$650,000	$737,500	$825,000	$912,500	$1,000,000
Homestead	34.00%	34.00%	34.00%	34.00%	34.00%
Amount Exempt	$221,000	$250,750	$280,500	$310,250	$340,000
Taxable Market Value	$429,000	$486,750	$544,500	$602,250	$660,000
Tax Rate	3.01%	3.00%	3.00%	3.00%	3.00%
Gross Taxable Value	$12,913	$14,603	$16,335	$18,068	$19,800
Taxable Value Exemption	0%	5.8%	9.6%	13.4%	17.2%
Amount Exempt	$0	$847	$1,568	$2,421	$3,406
Net Taxable Value	$12,913	$13,756	$14,767	$15,646	$16,394
Average Mills	538.19	538.07	542.92	545.94	551.27
Tax Liability Before Credit	**$6,950**	**$7,401**	**$8,017**	**$8,542**	**$9,038**
2009 Income (FAGI)	$477,527	$477,527	$477,527	$477,527	$477,527
% of Income Paid Before CB	1.46%	1.55%	1.68%	1.79%	1.89%
Circuit Breaker Credit	$0	$0	$0	$0	$0
Final Property Tax	**$6,950**	**$7,401**	**$8,017**	**$8,542**	**$9,038**
% of Income Paid After CB	1.46%	1.55%	1.68%	1.79%	1.89%

Example of a 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	2010	2011	2012
Class 4					
Market Value	$150,000	$162,500	$175,000	$187,500	$200,000
Comstead	15.00%	22.00%	28.00%	33.00%	37.50%
Amount Exempt	$22,500	$35,750	$49,000	$61,875	$75,000
Taxable Market Value	$127,500	$126,750	$126,000	$125,625	$125,000
Tax Rate	3.01%	3.00%	3.00%	3.00%	3.00%
Taxable Value	$3,838	$3,803	$3,780	$3,769	$3,750
Average Mills	538.19	538.07	542.92	545.94	551.27
Tax Liability	**$2,065**	**$2,046**	**$2,052**	**$2,058**	**$2,067**
Class 8					
Market Value	$100,000	$100,000	$100,000	$100,000	$100,000
Tax Rate	3.00%	3.00%	3.00%	3.00%	3.00%
Taxable Value	$3,000	$3,000	$3,000	$3,000	$3,000
Mills	538.19	538.07	542.92	545.94	551.27
Tax Liability	$1,615	$1,614	$1,629	$1,638	$1,654
Total Tax Liability	**$3,680**	**$3,660**	**$3,681**	**$3,695**	**$3,721**

Example of a 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	2010	2011	2012
Class 4					
Market Value	$300,000	$325,000	$350,000	$375,000	$400,000
Comstead	15.00%	22.00%	28.00%	33.00%	37.50%
Amount Exempt	$45,000	$71,500	$98,000	$123,750	$150,000
Taxable Market Value	$255,000	$253,500	$252,000	$251,250	$250,000
Tax Rate	3.01%	3.00%	3.00%	3.00%	3.00%
Taxable Value	$7,676	$7,605	$7,560	$7,538	$7,500
Average Mills	538.19	538.07	542.92	545.94	551.27
Tax Liability	**$4,131**	**$4,092**	**$4,104**	**$4,115**	**$4,135**
Class 8					
Market Value	$100,000	$100,000	$100,000	$100,000	$100,000
Tax Rate	3.00%	3.00%	3.00%	3.00%	3.00%
Taxable Value	$3,000	$3,000	$3,000	$3,000	$3,000
Mills	538.19	538.07	542.92	545.94	551.27
Tax Liability	$1,615	$1,614	$1,629	$1,638	$1,654
Total Tax Liability	**$5,745**	**$5,706**	**$5,733**	**$5,753**	**$5,788**

Deconstruction of Tax Relief - by Type of Relief

	Current Law	Proposed Law						
	TY08	TY09	TY10	2011 Biennium	TY11	TY12	2013 Biennium	4 year total
Proposed Tax Relief								
Unmitigated 95 Mill Revenue, without 34 percent Homestead	144,917,980	163,889,051	182,860,121	346,749,171	201,831,191	220,802,261	422,633,451	769,382,622
Unmitigated 95 Mill Revenue, with 34 percent Homestead	95,645,867	108,166,773	120,687,680	228,854,453	133,208,586	145,729,492	278,938,078	507,792,531
Increase in 95 mill revenue due to reappraisal, without 34 % Homestead	49,272,113	18,971,070	37,942,140	56,913,210	56,913,210	75,884,280	132,797,490	189,710,701
Increase in 95 mill revenue due to reappraisal, with 34 % Homestead		12,520,906	25,041,812	37,562,719	37,562,719	50,083,625	87,646,344	125,209,062
Impact of 34 percent on Residential Taxes during Reappraisal		6,450,164	12,900,328	19,350,491	19,350,491	25,800,655	45,151,147	64,501,638
Impact of New Taxable Value Exemption		6,612,188	11,948,481	18,560,669	18,233,202	25,466,350	43,699,552	62,260,221
Impact of Circuit Breaker	10,500,000	5,908,718	13,093,331	19,002,049	19,329,517	24,617,275	43,946,792	62,948,841
Total 95 Mill Tax Relief	49,272,113	31,491,976	62,983,953	94,475,929	94,475,929	125,967,905	220,443,834	189,710,701
Current Tax Relief								
Homeowner Renter Credit	9,810,000	9,810,000	9,810,000	19,620,000	9,810,000	9,810,000	19,620,000	39,240,000
PTAP	350,000	350,000	350,000	700,000	350,000	350,000	700,000	1,400,000
DAV Property Tax Relief	232,750	232,750	232,750	465,500	232,750	232,750	465,500	931,000
Existing Property Tax Relief	10,392,750	10,392,750	10,392,750	20,785,500	10,392,750	10,392,750	20,785,500	41,571,000
Unmititgated 6 mill Revenue		790,794	1,581,588	2,372,382	2,372,382	3,163,176	5,535,559	7,907,941
6-Mill Revenue under the proposal		417,612	754,641	1,172,253	1,151,571	1,608,401	2,759,972	3,932,224

Exhibit No. 2
Date 3/17/09
Bill No.