



EXHIBIT 5  
DATE 2/12/15  
Info

# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

Room 110 Capitol Building \* P.O. Box 201711 \* Helena, MT 59620-1711 \* (406) 444-2986 \* FAX (406) 444-3036

Director  
AMY CARLSON

DATE: February 12, 2015  
TO: Representative Williams & Members of House Tax  
FROM: Stephanie Morrison, Revenue Analyst  
RE: Property Tax Deduction Analysis Information Request

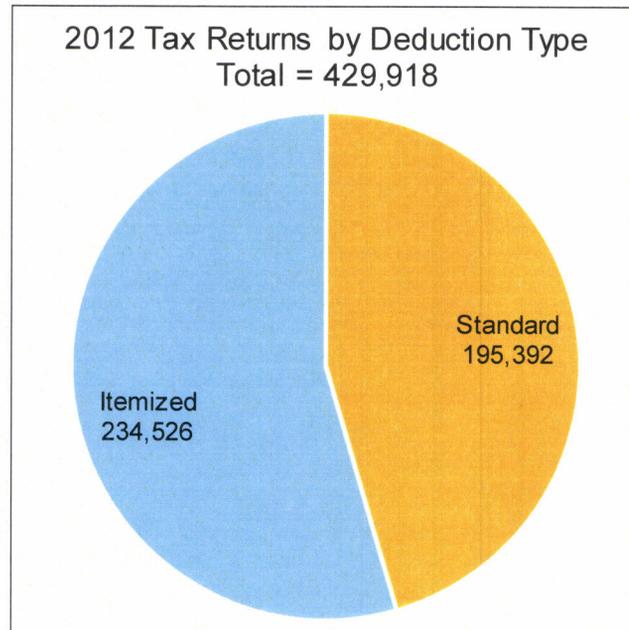
This memo is in response to a request last week for an income decile analysis of the property tax deductions claimed by itemizers on individual income tax returns.

### Data & Limitations

All data in the memo is from the 2012 individual income returns, and it is limited to full-year-resident tax returns whose total Federal Adjusted Gross Income (FAGI) is greater than or equal to \$0; i.e., no negative total FAGIs.

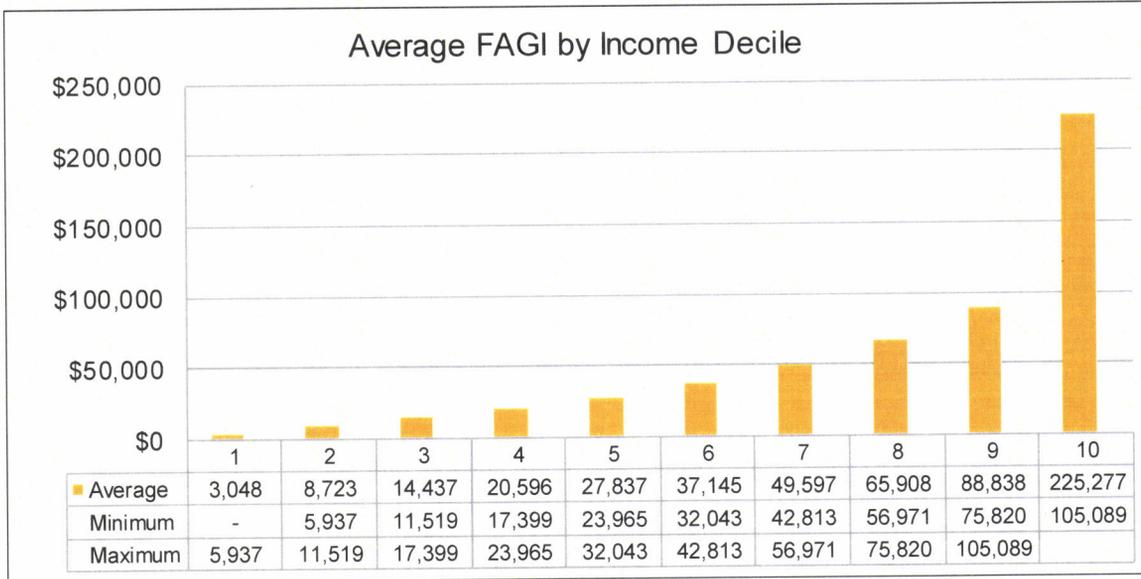
### Tax Return Characteristics

In 2012, there were 437,865 full-year-resident tax returns; of this group, 429,918 had total FAGI greater than or equal to \$0. This subset of 429,918 returns is the data used in this analysis. The pie graph below shows the breakout of returns by deduction type.



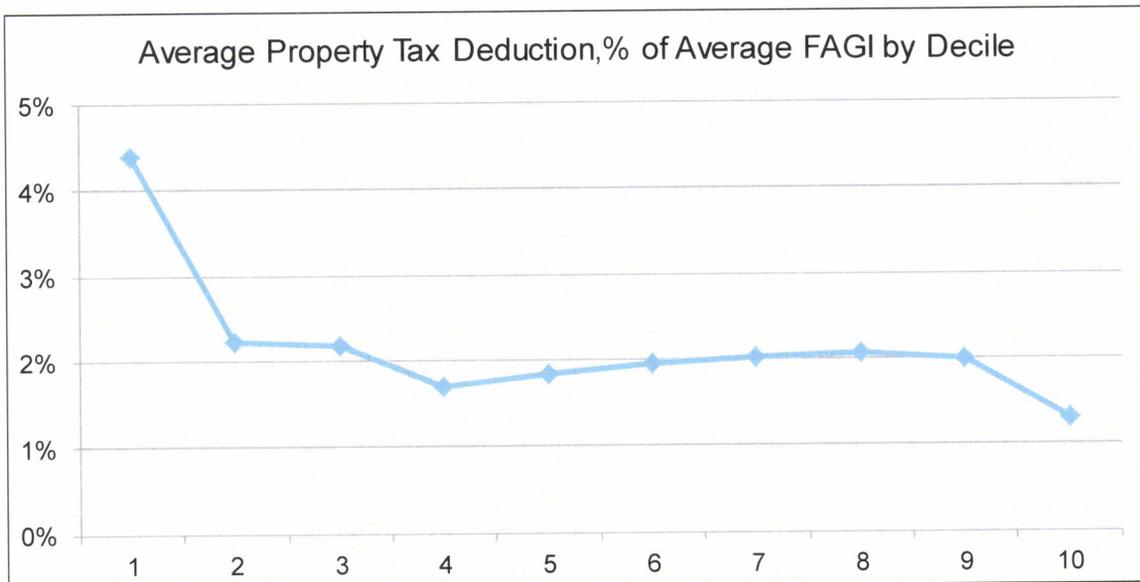
Income Deciles

Most of the distributional analysis of this memo is portrayed by income decile—groups of 42,992 tax returns. The chart below shows the average FAGI by decile, with the upper and lower bounds of the decile ranges included in the table.



Property Tax Deduction

The property tax deduction was claimed on 185,277 returns in 2012; the total value of the deduction was \$400 million.



The share of returns claiming a property tax deduction increases smoothly by income level, as shown below:

