

Property Taxes

Property Tax

55 Mill Property Tax

40 Mill Property Tax

6 Mill Property Tax

1.5 Mill Property Tax



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Legislative Fiscal Division

Revenue Estimate Profile

Property Tax

Revenue Description: Montana law requires counties to levy a county equalization levy of 55 mills, a state equalization levy of 40 mills, and 6 mills for the university system against all taxable value in each county. A mill levy of 1.5 mills is also applied against all property in the five counties with a vo-tech college. Taxable value is defined as the market value of statutorily defined property times a statutory tax rate. Property valued at market value includes personal property, utility property, railroad and airline property, and mineral net and gross proceeds. The assessed value of residential and commercial real estate is the market value phased in over the reappraisal cycle. Agricultural land and timberland are valued on a productivity basis and their values are also phased in over the reappraisal cycle. The last reappraisal cycle took effect January 1, 2003 and the next reappraisal will take effect January 1, 2009.

Beginning January 1, 2003, residential and commercial property as well as agricultural land and timberland reflect the impact of a new reappraisal on market values. The current reappraisal cycle is 6 years, during which increases in property values will be phased in by 1/6th per year. Property that declines in value will be assessed immediately at its new reappraised value. The impact of the 2003 reappraisal on assessed values increased the market value of the average residence by 20.2 percent. The equivalent increases for commercial property were 18.5 percent and for agricultural land by 15.3 percent.

The 2003 legislature passed a reappraisal mitigation bill - SB 461. Beginning in tax year 2003, reappraisal values were phased in over the next six years. The new tax rates and the new homestead and comstead exemptions are shown in the accompanying table.

Beginning January 1, 2009, a new reappraisal of residential and commercial real estate, agricultural land and timberland will be available. As of this writing, the data on the new reappraisal are not available, although the revenue estimate for property tax includes an estimate of the change in market values for the relevant classes of property. The revenue estimate will be updated when the actual information becomes available.

SB 461 Tax Rates and Exemption Percentages for Class 4 Residential and Commercial Property				
Fiscal Year	Tax Rate	Class 4	Class 3	Class 4
		Residential Exemption	Multi Family Housing Exemption	Commercial Exemption
2003 (prior law)	3.46%	31.0%	31.0%	13.0%
2004	3.40%	31.0%	31.0%	13.0%
2005	3.30%	31.4%	31.4%	13.3%
2006	3.22%	32.0%	32.0%	13.8%
2007	3.14%	32.6%	32.6%	14.2%
2008	3.07%	33.2%	33.2%	14.6%
2009	3.01%	34.0%	34.0%	15.0%

The new reappraised values will be phased in over the next six years, FY 2010 through FY 2015. Unless changed by the legislature the tax rates and exemptions will be constant at the levels shown for FY 2009 in the accompanying table.

In addition to the tax on property, this revenue component includes collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. These non-levy sources include the state share of coal gross proceeds taxes, federal forest revenues, and other smaller revenue sources.

This source also includes the state's share of protested taxes paid by centrally assessed companies. Should the state fail in its defense of the taxation of these companies, the protested taxes must be returned to the taxpayer.

Homeowners whose homesteads have increased above certain thresholds and whose income falls below certain levels will face lower tax rates.

Revenue Estimate Methodology:

Data

The property tax received by the state is composed of two kinds of revenue. First there is property tax proper, i.e. each property has a taxable value which is multiplied by a mill levy (a tax rate per thousand dollars of taxable value) set by the government, in this case the state. The second kind of revenue is "nonlevy" revenue that is distributed to the mill levy and is included as property tax revenue.

The state imposes five types of mill levies. These are the 33-mill elementary county equalization levy, the 22-mill high school county equalization levy, the 40-mill state equalization levy, the 6-mill university levy, and the 1.5-mill vocational technical college (vo-tech) levy. The first three (most often called the 95 mills for education) are applied to all property in the state and are deposited in the general fund. The 6-mill levy is applied to all property in the state and is deposited in a special account for

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university operations. The 1.5-mill levy is applied to all property in the counties in which the five vo-tech colleges are located, i.e. Butte-Silver Bow, Cascade, Yellowstone, Missoula, and Lewis and Clark.

The data required to produce forecasts of property tax received by the state are historical data on assessed and taxable value by class of property, the amount of property in tax increment financing (TIF) districts, the amount of local abatements conferred by local governments, and future growth rates for these variables. Also required is historical and future data on the nonlevy components of property tax. These are gross proceeds revenue, federal forest revenue, and miscellaneous revenue allocated to the various state mill levies. The latest taxable value data is for tax year 2008 which began January 1, 2008, and the latest data for the nonlevy revenue is fiscal 2008.

The historical data on assessed and taxable value by property tax class, TIF taxable value, and abated taxable value are provided to the LFD and OBPP by the Department of Revenue on an annual basis, usually in October. TIF taxable value is required because state law allows a TIF district to apply the state 95 mills and 1.5 vo-tech mills to the increment in property value that occurred since the TIF was created, but allows the TIF district to keep the revenue associated with these mill levies. The state does not receive its share of the mill levies applied to incremental TIF property. Thus the taxable value of the state must be adjusted downward by the value of TIF property for the 95 mills and the 1.5-mill levy. The 6-mill levy revenue derived from incremental TIF property does flow to the special account for university operations, and thus the tax base for the 6-mill levy is not adjusted for the incremental taxable value in a TIF.

Montana law allows local governments (usually counties) to temporarily reduce the tax rate applied to the assessed value of property. This is called abated property. For instance, in tax year 2006, an electrical generation plant outside Hardin and another in Silver Bow County were granted a 10 year exemption on all personal and real estate property. The abatement applies to all local mills for those jurisdictions in which the properties are located. However, the exemption from property taxes does not apply to state mills. The taxable value data received by the department does not include the exempted property and thus for state property tax revenue purposes this property must be added back to the statewide taxable value.

Analysis

The latest year for which taxable value by class is available is the base from which future taxable values are derived. Growth rates are applied to the taxable value in each class of property. The table below shows growth rates for each class of property, for TIF and abated values and the resulting growth rates in net taxable value.

For the most part, growth rates are based on historical growth since fiscal 2001 and on expected changes in tax rates in fiscal 2010 and 2011.

The growth rate for class 4 – residential and commercial real estate – is an estimate of the amount of new property expected to be added but does not contain an estimate of the effects of the new reappraisal for fiscal years 2010 and 2011. The amount of new class 4 property is assumed to be 3.5 percent, the average since 2000. The increase in the market value of class 4 property as a result of reappraisal is not yet known although the Department of Revenue has provided very preliminary estimates. In approving the forecast for property tax, the Revenue and Transportation Interim Committee on November 18th declined to recognize the preliminary estimated impacts of reappraisal on agricultural land, timberland, and residential and commercial real property.

Class of Property	Statewide Taxable Values by Class					
	Taxable Value (Millions)			Growth Rates		
	2009	2010	2011	2009	2010	2011
Net Proceeds	\$ 4.01	\$ 4.01	4.01	4.5%	0.0%	0.0%
Gross Proceeds	24.54	56.31	25.21	30.2%	129.5%	-55.2%
Agricultural Land	142.10	142.10	142.10	0.5%	0.0%	0.0%
Residential and Commercial Real Estate	1,296.59	1,341.98	1,388.94	4.2%	3.5%	3.5%
Rural Coops and Pollution Control	35.15	35.86	36.57	-0.7%	2.0%	2.0%
Non-Centrally Assessed Public Utilities	1.21	1.24	1.27	10.8%	2.4%	2.4%
Business Equipment	151.32	158.84	166.73	9.1%	5.0%	5.0%
Centrally Assessed Public Utilities	260.19	274.91	290.45	-1.6%	5.7%	5.7%
Timberland	6.82	6.82	6.82	-0.1%	0.0%	0.0%
Railroad and Airline Property	43.57	43.62	43.52	1.3%	0.1%	-0.2%
Electrical Generating and Telecommunications	154.61	162.41	170.60	1.1%	5.0%	5.0%
Electrical Generation by Wind	2.94	3.18	3.43	13.7%	8.0%	8.0%
C02/Qualifying Liquid Pipeline	-	-	-	NA	NA	NA
High Voltage DC Converter	-	-	-	NA	NA	NA
Total Taxable Value	2,123.06	2,231.26	2,279.66	3.0%	5.1%	2.2%
Tax Increment Financing Values	(25.75)	(24.82)	(24.74)	-14.5%	-3.6%	-0.3%
Abatement Values	20.02	20.02	20.02	10.6%	0.0%	0.0%
Net Taxable Value	2,117.33	2,226.46	2,274.94	3.7%	5.2%	2.2%
Net Vo-tech Value	743.92	774.68	798.99	4.9%	4.1%	3.1%
Net 6 mill Taxable Value	2,143.08	2,251.28	2,299.68	3.1%	5.0%	2.1%

Fiscal 2009 taxable values are tax year 2008 taxable values. The property was valued on January 1, 2008, and the revenue from these values is deposited in state coffers in November and May of the following fiscal year. Fiscal 2009 values are known, although preliminary.

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Class of Property	Tax Rates and Exemptions By Property Tax Class		
	Tax Rates		
	Fiscal Year		
	2009	2010	2011
Net Proceeds	100.00%	100.00%	100.00%
Gross Proceeds	3.00%	3.00%	3.00%
Agricultural Land	3.01%	3.01%	3.01%
Residential & Commercial Real Estate	3.01%	3.01%	3.01%
Rural Coops and Pollution Control	3.00%	3.00%	3.00%
Non-Centrally Assessed Public Utilities	3.00%	3.00%	3.00%
Business Equipment	3.00%	3.00%	3.00%
Centrally Assessed Public Utilities	12.00%	12.00%	12.00%
Timberland	0.35%	0.35%	0.35%
Railroad and Airline Property	3.44%	3.42%	3.40%
Electrical Generating and Telecommunications	6.00%	6.00%	6.00%
Electrical Generation by Wind	3.00%	3.00%	3.00%
C02/Qualifying Liquid Pipeline	3.00%	3.00%	3.00%
High Voltage DC Converter	2.25%	2.25%	2.25%
	Exemptions		
Homestead Exemption for Residential Property	34.0%	34.0%	34.0%

Almost all classes of property will experience constant tax rates through 2011. An exception is railroad and airline property. Under the federal 4R act, the tax rate on railroads and airlines is a weighted average of the tax rates of all commercial and industrial property in the state. This includes business equipment, centrally assessed property and commercial real estate.

The growth in net proceeds and gross proceeds taxable value is based on the projected growth in the mineral values. Net proceeds growth is based on the growth in taxable value of metals as derived from the metal mines tax base. Gross proceeds growth is based on growth rate for miscellaneous metals tax base.

There are two new classes of property that have been added to the property tax base beginning in FY 2009. These are class 15, property associated with carbon sequestration, and class 16, property associated with the Montana-Alberta Transmission line. Neither of these properties is expected to be complete before the end of FY 2011.

The following table shows the projected property tax revenue from the property tax base and nonlevy revenue.

Property Tax Revenue in General Fund and University Account			
General Fund Property Tax Revenue	FY 2009	FY 2010	FY 2011
95 mill Revenue	\$ 201.15	\$ 211.51	\$ 216.12
1.5 Mill Revenue	1.12	1.16	1.20
Property Tax in the General Fund	\$ 202.26	\$ 212.68	\$ 217.32
Nonlevy Revenue associated with 95 mills	\$ 13.04	\$ 15.27	\$ 14.61
Protested Taxes - 95 mills and 1.5 mills	(0.69)	(1.57)	(1.57)
Net Property Taxes in General Fund	\$ 214.61	\$ 226.38	\$ 230.36
Percent Growth	4.7%	5.5%	1.8%
6 mills Property Tax Revenue (University Account)	\$ 12.86	\$ 13.51	\$ 13.80
Nonlevy Revenue associated with 6 mills	0.84	1.21	1.19
Protested Taxes - 6 mills	(0.04)	(0.10)	(0.10)
Net Property Taxes in University Account	\$ 13.66	\$ 14.62	\$ 14.88

Once net taxable values are determined, the mill levies are applied. To this is added forecasts of nonlevy revenue. Nonlevy revenues come from coal gross proceeds, federal forest receipts and miscellaneous revenue (interest on investments, penalty and interest on delinquent taxes, etc). The tax on the gross proceeds for coal is 5 percent of gross value and is estimated in conjunction with the coal severance tax. Of this total, 41.3 percent is distributed to the elementary and high school county equalization levies.

Federal forest receipts are receipts from the federal government in lieu of revenues from the sale of forest products on federal land. By state law, two-thirds of this revenue is distributed to the county road fund in the counties with federal forestland and the

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remaining one-third is distributed to the county equalization mills and the county retirement and transportation mills. The share distributed to the 55 mills is the proportion that 55 mills is to all countywide mills in the prior year. This is assumed constant over the forecast period. The proportion that the 55 mills is to all countywide mills is multiplied times 1/3 of the federal forest receipts.

The previous formula for distributing federal forest payments to counties sunset in FY 2008. In the Emergency Economic Stabilization Act of 2008 (I.e. the Bailout Bill), a new formula for the distribution of forest receipts was enacted. The new formula for FY 2009 through 2012 considers acres of Federal land within an eligible county, the average 3 highest 25-percent payments made to each eligible State for each eligible county, and an income adjustment based on the per capita personal income for each county. As before, not more than 20 percent but at least 15 percent must be used by county governments for projects on federal lands. The amount of federal forest receipts in total is expected to be around 2.5 times greater than the amount available previously. Thus the amount distributed to the 55 mills will also increase substantially.

Miscellaneous receipts distributed to the 95 mills are such things as investment earnings, tax title sales, and penalties and interest on delinquent taxes. In fiscal 2007, the latest year for which data are available, miscellaneous nonlevy revenue was \$1.5 million, which is expected to remain constant in the future.

Once property tax revenue adjusted for nonlevy revenue is determined, one more adjustment is made. This adjustment is for centrally assessed protested taxes. In fiscal 2008, companies such as Northwestern Energy, Puget Sound and Energy, PacificCorp, Verizon, Qwest, and Omimex protested a portion of their property taxes. Under state law, half of the protested taxes from these companies is deposited in a special account and half in the general fund. Recently, the Northwestern Energy and Omimex cases were settled and the amounts of protested taxes were adjusted accordingly.

Property tax revenue in the general fund is expected to increase at a rate greater than in the recent past mainly due to reappraisal. The legislature may accept this revenue by doing nothing, or may reduce this revenue by applying mitigation strategies yet to be determined.

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Revenue Estimate Profile

Property Tax: 55 Mill

Statutory Reference:

Tax Rate (MCA) – 20-9-331(1), 20-9-333(1)

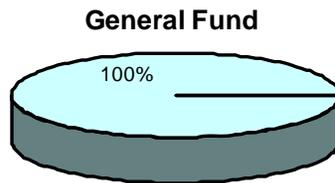
Tax Distribution (MCA) – 20-9-331(1), 20-9-333(1)

Date Due – one-half of taxes due November 30th and one-half due May 31st (15-16-102(1)), county treasurers must remit to the Department of Revenue within the first 20 days of each month money received in the previous month (15-1-504(1))

Applicable Tax Rate(s): Each property class has its own tax rate, which is applied to the assessed value to produce a taxable value. For every \$1,000 in taxable value, 55 mills generate \$55 in state property taxes.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the 6-mill university levy.

Distribution Chart:



Collection Frequency: Monthly with significant state deposits in December and June.

% of Total General Fund Revenue:

FY 2004 – 7.54 %

FY 2007 – 6.37%

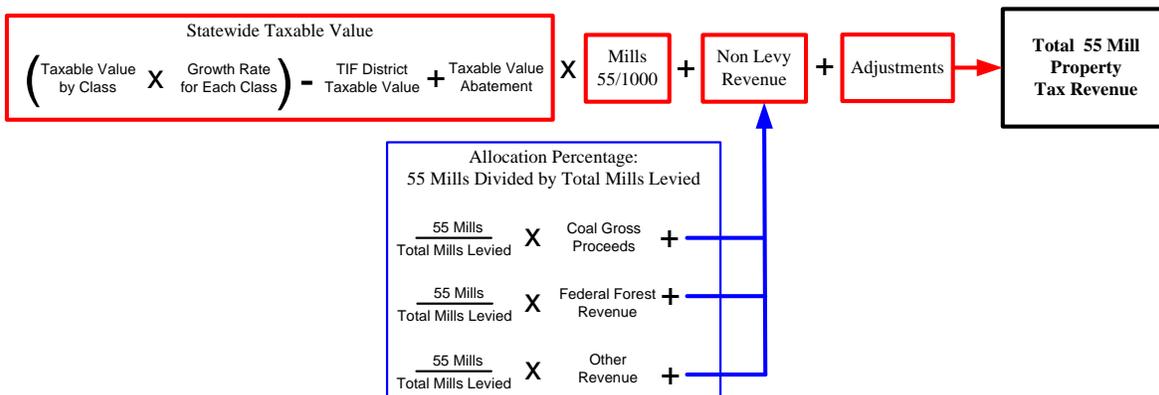
FY 2005 – 6.69%

FY 2008 – 6.83%

FY 2006 – 6.29%

Revenue Estimate Methodology: The methodology used to derive revenue from this source is explained in the methodology section under “Property Tax”.

Forecast Methodology:



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Revenue Estimate Profile

Property Tax: 55 Mill

Revenue Estimate Assumptions:

<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Tax. Value</u>	<u>Mills/1000</u>	<u>Non-Levy</u>	<u>Adjustments</u>	
<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Applied</u>	<u>Millions</u>	<u>Millions</u>	
Actual	2000	125.145645	125.145645	1863.986815	0.055000	23.445540	0.274000
Actual	2001	115.454627	115.454627	1656.909416	0.055000	16.482000	4.933824
Actual	2002	105.375801	105.375801	1671.589714	0.055000	13.809000	0.000000
Actual	2003	106.028709	106.028709	1691.720391	0.055000	11.424000	0.000000
Actual	2004	104.223809	104.223809	1703.300593	0.055000	12.701000	0.000000
Actual	2005	104.183789	102.415859	1756.251400	0.055000	0.000000	0.000000
Actual	2006	108.949260	107.494822	1836.487799	0.055000	0.000000	0.000000
Actual	2007	115.230438	113.285362	1940.708962	0.055000	0.000000	0.000000
Actual	2008	121.354911	121.432143	2041.767032	0.055000	0.000000	0.000000
Forecast	2009	129.493000	129.095000	2117.329701	0.055000	13.040000	0.000000
Forecast	2010	137.728000	136.825000	2226.463034	0.055000	15.273000	0.000000
Forecast	2011	139.734000	138.831000	2274.943517	0.055000	14.612000	0.000000

<u>t</u>	<u>Class 1</u>	<u>Class 2</u>	<u>Class 3</u>	<u>Class 4</u>	<u>Class 5</u>	<u>Class 6</u>	<u>Class 7</u>	
<u>Fiscal</u>	<u>Millions</u>							
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Actual	2002	7.842501	11.014983	139.057406	954.102342	35.667858	12.459077	0.189041
Actual	2003	8.691402	10.669321	138.900095	1002.873942	35.382198	6.167237	0.216414
Actual	2004	7.808005	8.799575	140.240224	1034.656439	32.725014	0.000000	0.995149
Actual	2005	8.032414	10.428300	139.901823	1076.984542	34.024275	0.000000	0.974316
Actual	2006	2.694216	13.045195	140.988242	1129.794467	34.611220	0.000000	0.953438
Actual	2007	3.252295	21.106138	141.002419	1183.820993	35.077724	0.000000	1.068358
Actual	2008	3.839998	18.849252	141.328914	1244.916482	35.418055	0.000000	1.095826
Forecast	2009	4.013187	24.540432	142.098658	1296.594619	35.154576	0.000000	1.214360
Forecast	2010	4.013187	56.314328	142.098658	1341.975431	35.856515	0.000000	1.243973
Forecast	2011	4.013187	25.208715	142.098658	1388.944571	36.572470	0.000000	1.274308

<u>t</u>	<u>Class 8</u>	<u>Class 9</u>	<u>Class 10</u>	<u>Class 12</u>	<u>Class 13</u>	<u>TIF's</u>	<u>Abatement</u>	
<u>Fiscal</u>	<u>Millions</u>							
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	7.874787
Actual	2002	116.605209	219.955767	8.198788	48.658380	144.488095	30.529563	3.879830
Actual	2003	118.348926	206.360123	7.170239	46.688479	137.184847	30.802832	3.870000
Actual	2004	118.296988	212.110930	6.789287	45.630257	125.622547	33.562140	3.188318
Actual	2005	117.240984	219.992824	6.791382	45.074061	120.485065	27.766903	4.088317
Actual	2006	123.054946	238.766675	6.793765	44.267220	122.845989	25.464420	4.136846
Actual	2007	135.612793	248.320188	6.815519	41.576814	130.475712	28.830201	18.854527
Actual	2008	138.658349	264.323803	6.822373	43.003619	152.941911	30.120363	18.098854
Forecast	2009	151.317488	260.189982	6.815620	43.567384	154.611156	25.752150	20.020604
Forecast	2010	158.838229	274.905784	6.815620	43.615233	162.407304	24.821120	20.020604
Forecast	2011	166.732764	290.453881	6.815620	43.516001	170.596567	24.737460	20.020604

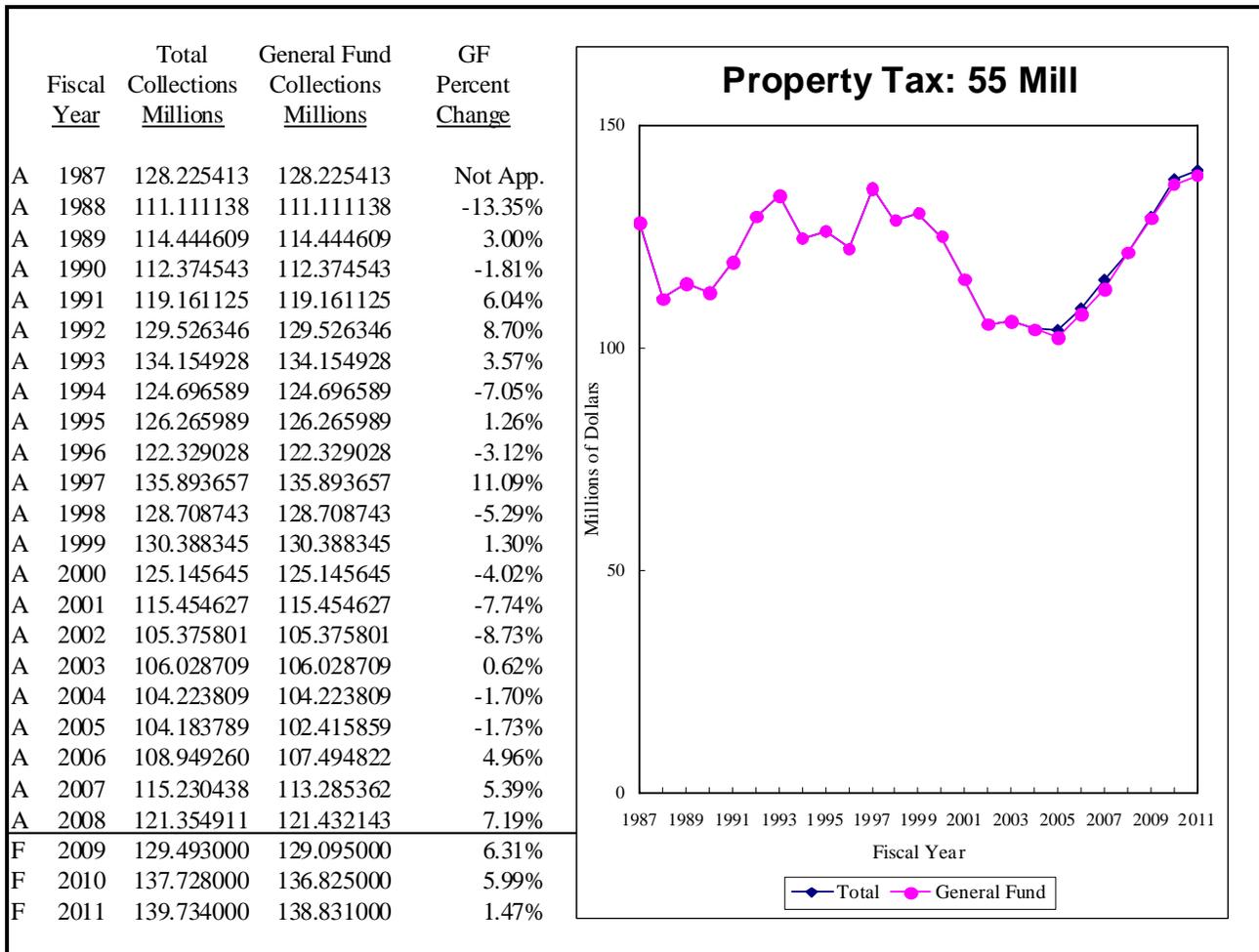
Total Tax = Tax Value * Mills/1000 + Non-Levy + Adjustments

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Property Tax: 55 Mill

Revenue Projection:



Data Source(s): Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

Contacts: Department of Revenue

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Non Levy Revenue includes federal forest receipts, coal gross proceeds revenue, and other revenue which is distributed to statewide and local mills in each county. Before July 1, 2001, vehicle fees in lieu of taxes, financial institution taxes, and reimbursements from the state were non levy revenue. Before January 1, 2003, oil and natural gas receipts were treated as non-levy revenue. The mills to which non levy revenue is distributed are unique for each county and each non levy revenue source. The state's portion of non-levy revenue is remitted to the state as a portion of the appropriate property tax. For instance, statewide 40 mill revenue includes a property tax portion and a non levy portion.

A description for each individual source follows below.

Federal Forest Receipts

Revenue Description: The federal government authorizes logging operations on forest lands located within the borders of Montana. Through federal fiscal year 2000, the sale of timber generated revenue that the federal government shared with the state in the following year. The state received 25 percent of the federal forest receipts and sent the money to the county treasurer of the county in which the receipts were generated. Within thirty days, the county treasurer distributes the money to various county and state accounts.

The previous formula for distributing federal forest payments sunset in FY 2008. In the Emergency Economic Stabilization Act of 2008 (I.e. the Bailout Bill), a new formula for the distribution of forest receipts was enacted. The new formula for FY 2009 through 2012 considers acres of Federal land within an eligible county, the average 3 highest 25-percent payments made to each eligible State for each eligible county, and an income adjustment based on the per capita personal income for each county. As before, not more than 20 percent but at least 15 percent must be used by county governments for projects on federal lands. The remainder is distributed as below.

Applicable Tax Rate(s): N/A

Distribution: The county treasurer apportions federal forest receipts in the following manner. Not more than 20% and not less than 15% is distributed to county government for special projects on federal land. Of the remainder:

- 66 2/3% goes to the general fund of the county
- 33 1/3% goes to the following countywide accounts, based on the mill ratios of each to total mills in the prior year: county equalization accounts (55 mills), county transportation account, county retirement accounts

Collection Frequency: Twice annually (usually October and December).

Data Source(s): U.S. Forest Service survey, SABHRS

Contacts: U.S. Forest Service

Statutory References:

Tax Rate – NA

Distribution (MCA) – 17-3-211, 17-3-212

Date Due - the state treasurer distributes the funds within 30 days after receiving full payment

% of Total General Fund Revenue: Included in total property tax contribution.

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Property Tax: 55 Mill

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source.

The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the “Revenue Estimate Assumptions” section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The previous formula for distributing federal forest payments sunset in FY 2008. In the Emergency Economic Stabilization Act of 2008 (I.e. the Bailout Bill), a new formula for the distribution of forest receipts was enacted. The new formula for FY 2009 through 2012 considers acres of Federal land within an eligible county, the average 3 highest 25-percent payments made to each eligible State for each eligible county, and an income adjustment based on the per capita personal income for each county. As before, not more than 20 percent but at least 15 percent must be used by county governments for projects on federal lands. The remained is distributed as below.

Coal Gross Proceeds Tax

Revenue Description: The state imposes a gross proceeds tax of 5.0 percent on the gross value of coal produced by all the coal mines in the state. The gross value of coal is computed as the tonnage of coal produced and sold times the contract sales price. This is the same gross value as used in the calculation of the state coal severance tax.

The tax is applied to one year’s worth of production and the producer is billed in the following year. The producer pays the tax to the county treasurer in which the mine is located in two equal installments. One is in November of the notice year and the other is in May of the following year. Once received by the county treasurer, the tax revenue is distributed one month after receipt.

Applicable Tax Rate(s): The amount of tax due is 5.0 percent of the value of production as measured by the contract sales price for production in the preceding calendar year.

Distribution: The county treasurer distributes the coal gross proceeds tax based on the relative proportions of mill levies for the state, counties, and school districts as these existed in tax year 1989. At that time the county equalization mill levy was 45 mills. However, coal gross proceeds from new mines (starting business after December 31, 1988) are distributed across mill levies in the previous fiscal year.

Collection Frequency: The coal gross proceeds tax is collected twice annually in November and May. The state receives the tax revenue in December and June.

Data Source(s): Coal Company Surveys, Department of Revenue, County Treasurers

Contacts: Coal Company Representatives, Department of Revenue, County Treasurers

Statutory References:

Tax Rate (MCA) – 15-23-703(1)

Tax Distribution (MCA) – 15-23-703(3)

% of Total General Fund Revenue: Included in total property tax contribution.

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 55 Mill

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the "Revenue Estimate Assumptions" section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The major coal companies are surveyed for anticipated production levels and general indications of coal prices. In addition, a review is performed of historical trends and current literature on coal prices. The taxable value is then computed for each company by taking anticipated production, and multiplying that number by the contract sales price. Taxable value is then multiplied by the applicable tax rate to determine tax revenue. The final step involves applying the mill ratio for the state county equalization levy to the average statewide levy for tax year 1989 for the counties in which mines are located.

Other Revenue

Revenue Description:

The county equalization account receives other revenue in addition to the types listed elsewhere. These include penalties and interest, back taxes, investment earnings, recreational fees, tax title and property sales, various state grants and fees, district court fines, county rents and lease income, and various revenue from federal sources such as PILT, Taylor Grazing and Bankhead Jones payments.

Applicable Tax Rate(s): N/A

Distribution: Varies

Collection Frequency: Varies

Data Source(s): County Collection Reports

Contacts: Office of Public Instruction

Statutory References: Various

% of Total General Fund Revenue: Included in total property tax contribution.

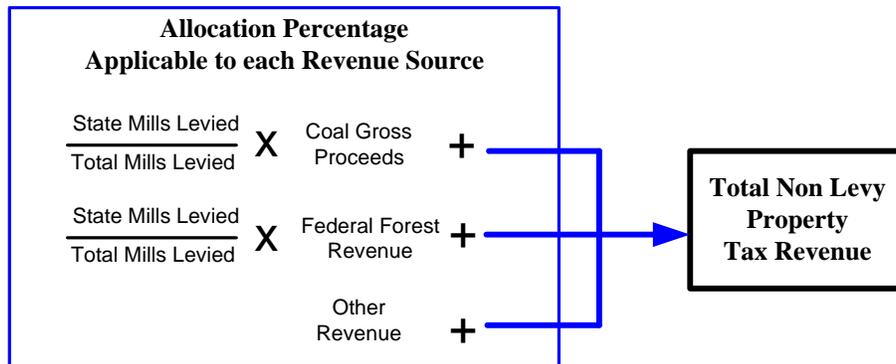
Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 55 Mill

Revenue Estimate Methodology: Because these sources are fairly stable in total, the last known year of collections is usually used to forecast future collections. Data for the last known year are obtained from data provided to the Office of Public Instruction by the county treasurers.

Forecast and Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 40 Mill

Statutory Reference:

Tax Rate (MCA) – 20-9-360

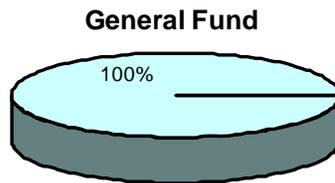
Tax Distribution (MCA) – 20-9-360

Date Due – one-half of taxes due November 30th and one-half due May 31st (15-16-102(1)), county treasurers must remit to the Department of Revenue within the first 20 days of each month money received in the previous month (15-1-504(1))

Applicable Tax Rate(s): Each property class has its own tax rate, which is applied to the assessed value to produce a taxable value. For every \$1,000 in taxable value, 40 mills generate \$40 in state property taxes.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the 6-mill university levy.

Distribution Chart:



Collection Frequency: Monthly with significant state deposits in December and June.

% of Total General Fund Revenue:

FY 2004 – 4.66 %

FY 2007 – 4.31%

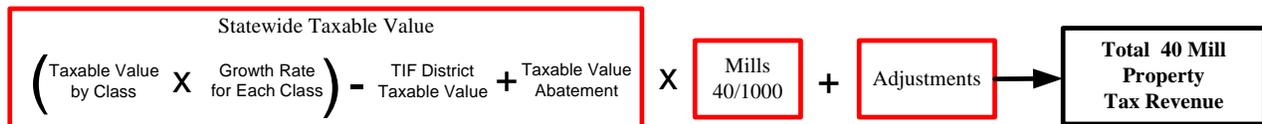
FY 2005 – 4.18%

FY 2008 – 4.64%

FY 2006 – 4.05%

Revenue Estimate Methodology: The methodology used to derive revenue from this source is explained in the methodology section under “Property Tax”.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 40 Mill

Revenue Estimate Assumptions:

t	Total Tax	GF Tax	Tax. Value	Mills/1000	Non-Levy	Adjustments	
<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Applied</u>	<u>Millions</u>	<u>Millions</u>	
Actual	2000	68.119545	68.119545	1863.986815	0.040000	10.810197	-12.712919
Actual	2001	63.423977	63.423977	1656.909416	0.040000	5.251000	-11.300000
Actual	2002	63.044975	63.044975	1671.589714	0.040000	4.705000	-9.888000
Actual	2003	64.767167	64.767167	1691.720391	0.040000	2.983000	-8.475000
Actual	2004	64.339197	64.339197	1703.300593	0.040000	3.889000	-7.063000
Actual	2005	65.236575	63.950808	1756.251400	0.040000	0.000000	-5.650000
Actual	2006	70.257071	69.199414	1836.487799	0.040000	0.000000	-4.238000
Actual	2007	78.129591	76.712447	1940.708962	0.040000	0.000000	-2.825000
Actual	2008	82.458974	82.517881	2041.767032	0.040000	0.000000	-1.413000
Forecast	2009	84.693000	84.405000	2117.329701	0.040000	0.000000	0.000000
Forecast	2010	89.059000	88.403000	2226.463034	0.040000	0.000000	0.000000
Forecast	2011	90.998000	90.342000	2274.943517	0.040000	0.000000	0.000000

t	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7	
<u>Fiscal</u>	<u>Millions</u>							
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Actual	2002	7.842501	11.014983	139.057406	954.102342	35.667858	12.459077	0.189041
Actual	2003	8.691402	10.669321	138.900095	1002.873942	35.382198	6.167237	0.216414
Actual	2004	7.808005	8.799575	140.240224	1034.656439	32.725014	0.000000	0.995149
Actual	2005	8.032414	10.428300	139.901823	1076.984542	34.024275	0.000000	0.974316
Actual	2006	2.694216	13.045195	140.988242	1129.794467	34.611220	0.000000	0.953438
Actual	2007	3.252295	21.106138	141.002419	1183.820993	35.077724	0.000000	1.068358
Actual	2008	3.839998	18.849252	141.328914	1244.916482	35.418055	0.000000	1.095826
Forecast	2009	4.013187	24.540432	142.098658	1296.594619	35.154576	0.000000	1.214360
Forecast	2010	4.013187	56.314328	142.098658	1341.975431	35.856515	0.000000	1.243973
Forecast	2011	4.013187	25.208715	142.098658	1388.944571	36.572470	0.000000	1.274308

t	Class 8	Class 9	Class 10	Class 12	Class 13	TIF's	Abatement	
<u>Fiscal</u>	<u>Millions</u>							
Actual	2000	215.7480920	498.0302370	8.5200900	68.1925880	0.0000000	44.5355770	7.8747870
Actual	2001	112.7827340	230.8329780	8.7088490	49.6414440	147.1427500	28.4288400	7.8747870
Actual	2002	116.6052090	219.9557670	8.1987880	48.6583800	144.4880950	30.5295630	3.8798300
Actual	2003	118.3489260	206.3601230	7.1702390	46.6884790	137.1848470	30.8028320	3.8700000
Actual	2004	118.2969880	212.1109300	6.7892870	45.6302570	125.6225470	33.5621400	3.1883180
Actual	2005	117.2409840	219.9928240	6.7913820	45.0740610	120.4850650	27.7669030	4.0883170
Actual	2006	123.0549460	238.7666750	6.7937650	44.2672200	122.8459890	25.4644200	4.1368460
Actual	2007	135.6127930	248.3201880	6.8155190	41.5768140	130.4757120	28.8302010	18.8545270
Actual	2008	138.6583487	264.3238030	6.8223730	43.0036190	152.9419110	30.1203630	18.0988540
Forecast	2009	151.3174882	260.1899820	6.8156200	43.5673840	154.6111560	25.7521500	20.0206040
Forecast	2010	158.8382290	274.9057840	6.8156200	43.6152330	162.4073040	24.8211200	20.0206040
Forecast	2011	166.7327640	290.4538810	6.8156200	43.5160010	170.5965670	24.7374600	20.0206040

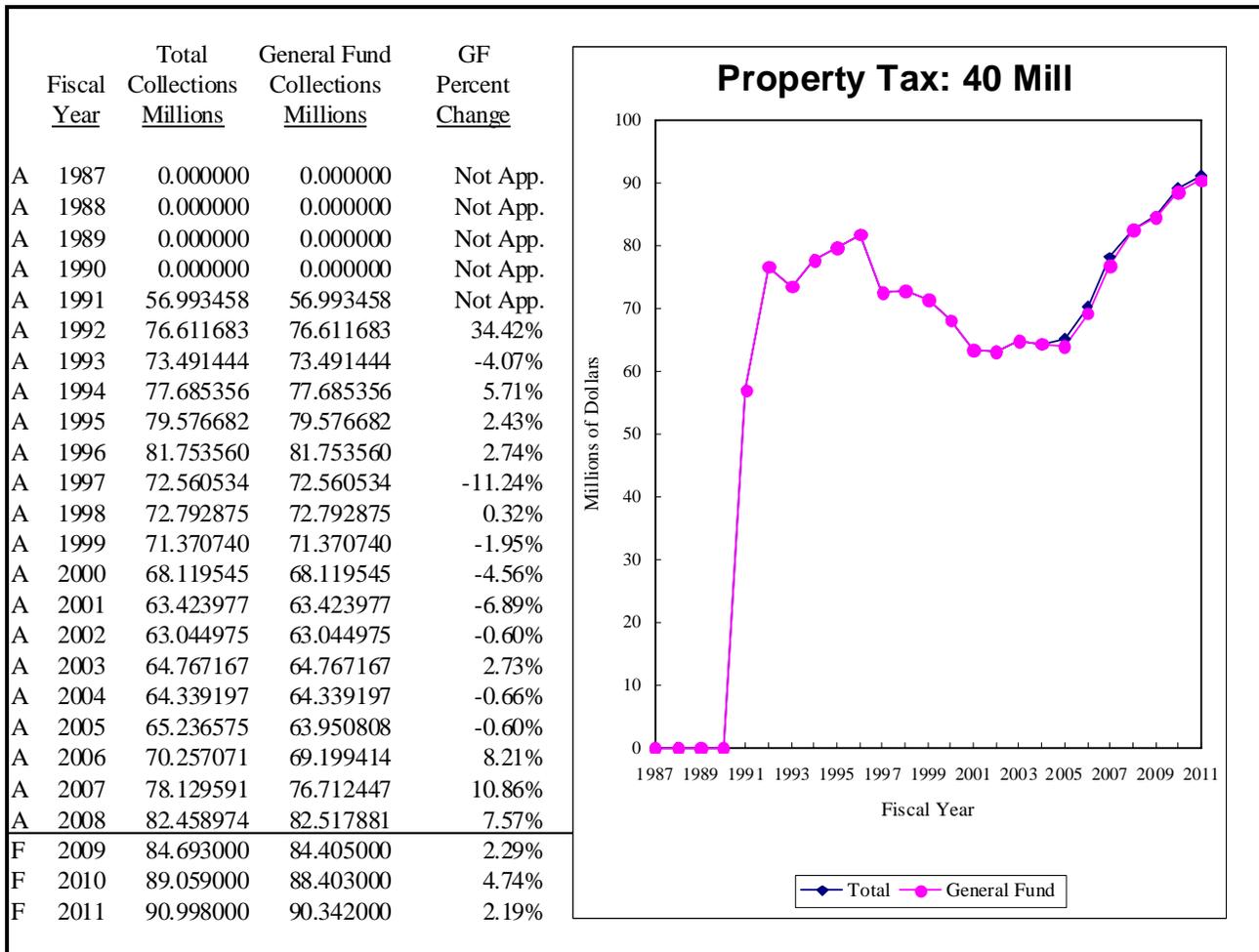
Total Tax = Tax Value * Mills/1000 + Non-Levy + Adjustments

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 40 Mill

Revenue Projection:



Data Source(s): Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

Contacts: Department of Revenue

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 6 Mill

Statutory Reference:

Tax Rate (MCA) – 15-10-107

Tax Distribution (MCA) – 15-10-107

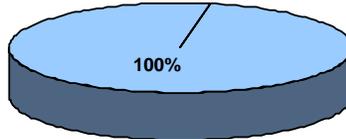
Date Due – one-half of taxes due November 30th and one-half due May 31st (15-16-102(1)), county treasurers must remit to the Department of Revenue within the first 20 days of each month money received in the previous month (15-1-504(1))

Applicable Tax Rate(s): Each property class has its own tax rate, which is applied to the assessed value to produce a taxable value. For every \$1,000 in taxable value, 6 mills generate \$6 in state property taxes.

Distribution: All tax receipts are deposited into the university system 6 mill levy state special revenue account.

Distribution Chart:

State Special Revenue Fund



Collection Frequency: Monthly with significant state deposits in December and June.

% of Total General Fund Revenue: NA

Revenue Estimate Methodology: The methodology used to derive revenue from this source is explained in the methodology section under “Property Tax”.

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 6 Mill

Revenue Estimate Assumptions:

t	Total Tax	GF Tax	Tax. Value	Mills/1000	Non-Levy	Adjustments	
Fiscal	Millions	Millions	Millions	Applied	Millions	Millions	
Actual	2000	13.189138	0.000000	1900.647605	0.006000	2.584415	0.000000
Actual	2001	13.837616	0.000000	1677.463469	0.006000	1.758000	0.657843
Actual	2002	12.298211	0.000000	1698.239447	0.006000	1.588000	0.000000
Actual	2003	12.010924	0.000000	1722.523223	0.006000	1.082000	0.000000
Actual	2004	11.374292	0.000000	1736.862733	0.006000	0.000000	0.000000
Actual	2005	12.244984	0.000000	1784.018303	0.006000	0.000000	0.000000
Actual	2006	11.952119	0.000000	1861.952219	0.006000	0.000000	0.000000
Actual	2007	12.516793	0.000000	1969.539163	0.006000	0.000000	0.000000
Actual	2008	13.312517	0.000000	2071.887395	0.006000	0.000000	0.000000
Forecast	2009	13.702000	0.000000	2143.081851	0.006000	0.844000	0.000000
Forecast	2010	14.719000	0.000000	2251.284154	0.006000	1.211000	0.000000
Forecast	2011	14.983000	0.000000	2299.680977	0.006000	1.185000	0.000000

t	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7	
Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions	
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Actual	2002	7.842501	11.014983	139.057406	954.102342	35.667858	12.459077	0.189041
Actual	2003	8.691402	10.669321	138.900095	1002.873942	35.382198	6.167237	0.216414
Actual	2004	7.808005	8.799575	140.240224	1034.656439	32.725014	0.000000	0.995149
Actual	2005	8.032414	10.428300	139.901823	1076.984542	34.024275	0.000000	0.974316
Actual	2006	2.694216	13.045195	140.988242	1129.794467	34.611220	0.000000	0.953438
Actual	2007	3.252295	21.106138	141.002419	1183.820993	35.077724	0.000000	1.068358
Actual	2008	3.839998	18.849252	141.328914	1244.916482	35.418055	0.000000	1.095826
Forecast	2009	4.013187	24.540432	142.098658	1296.594619	35.154576	0.000000	1.214360
Forecast	2010	4.013187	56.314328	142.098658	1341.975431	35.856515	0.000000	1.243973
Forecast	2011	4.013187	25.208715	142.098658	1388.944571	36.572470	0.000000	1.274308

t	Class 8	Class 9	Class 10	Class 12	Class 13	TIF's	Abatement	
Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions	
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	7.874787
Actual	2002	116.605209	219.955767	8.198788	48.658380	144.488095	30.529563	3.879830
Actual	2003	118.348926	206.360123	7.170239	46.688479	137.184847	30.802832	3.870000
Actual	2004	118.296988	212.110930	6.789287	45.630257	125.622547	33.562140	3.188318
Actual	2005	117.240984	219.992824	6.791382	45.074061	120.485065	27.766903	4.088317
Actual	2006	123.054946	238.766675	6.793765	44.267220	122.845989	25.464420	4.136846
Actual	2007	135.612793	248.320188	6.815519	41.576814	130.475712	28.830201	18.854527
Actual	2008	138.658349	264.323803	6.822373	43.003619	152.941911	30.120363	18.098854
Forecast	2009	151.317488	260.189982	6.815620	43.567384	154.611156	25.752150	20.020604
Forecast	2010	158.838229	274.905784	6.815620	43.615233	162.407304	24.821120	20.020604
Forecast	2011	166.732764	290.453881	6.815620	43.516001	170.596567	24.737460	20.020604

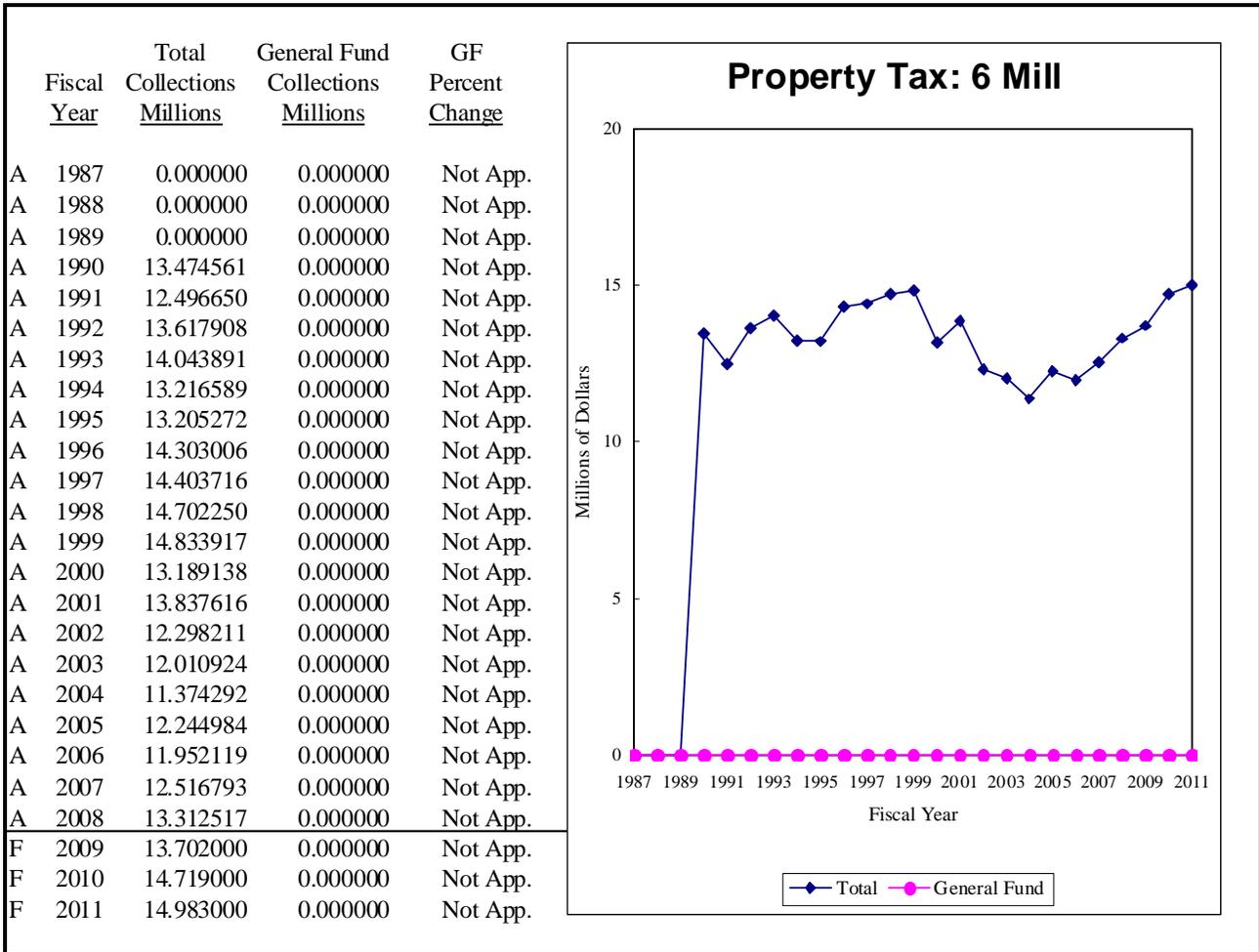
Total Tax = Tax Value * Mills/1000 + Non-Levy + Adjustments

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 6 Mill

Revenue Projection:



Data Source(s): Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

Contacts: Department of Revenue

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 1.5 Mill

Revenue Description: Beginning in fiscal 1997, statute requires the boards of county commissioners in the five counties where colleges of technology reside, to levy 1.5 mills for deposit in the state general fund. This revenue component used to include collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. HB 124, passed during the 2001 legislative session, eliminated distribution of non-levy sources to the 1.5 mill levy.

Statutory Reference:

Tax Rate (MCA) – 20-25-439(1)

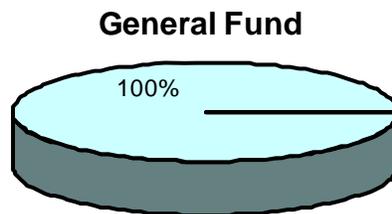
Tax Distribution (MCA) – 20-25-439(2)

Date Due – one-half of taxes due November 30th and one-half due May 31st (15-16-102(1)), county treasurers must remit to the Department of Revenue within the first 20 days of each month money received in the previous month (15-1-504(1))

Applicable Tax Rate(s): Each property class has its own tax rate which is applied to assessed value to produce a taxable value. For every \$1,000 in taxable value, 1.5 mills generate \$1.50 in state property taxes.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the 6-mill university levy.

Distribution Chart:



Collection Frequency: Monthly with significant state deposits in December and June.

% of Total General Fund Revenue:

FY 2004 – 0.07 %

FY 2007 – 0.06%

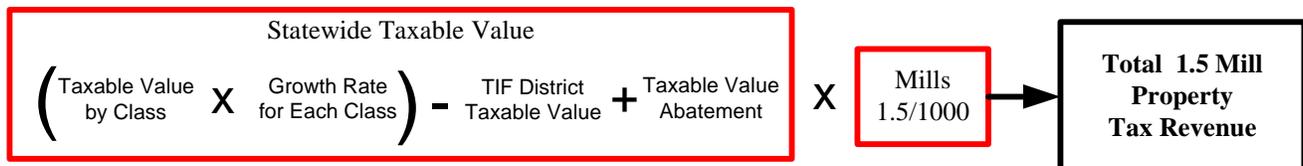
FY 2005 – 0.06%

FY 2008 – 0.06%

FY 2006 – 0.06%

Revenue Estimate Methodology: The methodology used to derive revenue from this source is explained in the methodology section under "Property Tax".

Forecast Methodology:



Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 1.5 Mill

Revenue Estimate Assumptions:

t	Total Tax	GF Tax	Tax. Value	Mills/1000	Non-Levy	Adjustments	
<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Applied</u>	<u>Millions</u>	<u>Millions</u>	
Actual	2000	0.930968	0.930968	618.047161	0.001500	0.121110	0.000000
Actual	2001	1.171643	1.171643	552.853841	0.001500	0.126000	0.038500
Actual	2002	0.918612	0.918612	563.452494	0.001500	0.020000	0.033688
Actual	2003	0.883986	0.883986	586.588275	0.001500	0.000000	0.000000
Actual	2004	0.967988	0.967988	596.512999	0.001500	0.000000	0.000000
Actual	2005	0.922474	0.903683	608.056452	0.001500	0.000000	0.000000
Actual	2006	0.959592	0.944963	662.811261	0.001500	0.000000	0.000000
Actual	2007	0.995605	0.984130	693.488490	0.001500	0.000000	0.000000
Actual	2008	1.096579	1.093727	721.234291	0.001500	0.000000	0.000000
Forecast	2009	1.116000	1.115000	743.920985	0.001500	0.000000	0.000000
Forecast	2010	1.162000	1.154000	774.678861	0.001500	0.000000	0.000000
Forecast	2011	1.198000	1.190000	798.988264	0.001500	0.000000	0.000000

t	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7	
<u>Fiscal</u>	<u>Millions</u>							
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Actual	2002	7.842501	11.014983	139.057406	954.102342	35.667858	12.459077	0.189041
Actual	2003	8.691402	10.669321	138.900095	1002.873942	35.382198	6.167237	0.216414
Actual	2004	7.808005	8.799575	140.240224	1034.656439	32.725014	0.000000	0.995149
Actual	2005	8.032414	10.428300	139.901823	1076.984542	34.024275	0.000000	0.974316
Actual	2006	2.694216	13.045195	140.988242	1129.794467	34.611220	0.000000	0.953438
Actual	2007	3.252295	21.106138	141.002419	1183.820993	35.077724	0.000000	1.068358
Actual	2008	3.839998	18.849252	141.328914	1244.916482	35.418055	0.000000	1.095826
Forecast	2009	4.013187	24.540432	142.098658	1296.594619	35.154576	0.000000	1.214360
Forecast	2010	4.013187	56.314328	142.098658	1341.975431	35.856515	0.000000	1.243973
Forecast	2011	4.013187	25.208715	142.098658	1388.944571	36.572470	0.000000	1.274308

t	Class 8	Class 9	Class 10	Class 12	Class 13	TIF's	Abatement	
<u>Fiscal</u>	<u>Millions</u>							
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	7.874787
Actual	2002	116.605209	219.955767	8.198788	48.658380	144.488095	30.529563	3.879830
Actual	2003	118.348926	206.360123	7.170239	46.688479	137.184847	30.802832	3.870000
Actual	2004	118.296988	212.110930	6.789287	45.630257	125.622547	33.562140	3.188318
Actual	2005	117.240984	219.992824	6.791382	45.074061	120.485065	27.766903	4.088317
Actual	2006	123.054946	238.766675	6.793765	44.267220	122.845989	25.464420	4.136846
Actual	2007	135.612793	248.320188	6.815519	41.576814	130.475712	28.830201	18.854527
Actual	2008	138.658349	264.323803	6.822373	43.003619	152.941911	30.120363	18.098854
Forecast	2009	151.317488	260.189982	6.815620	43.567384	154.611156	25.752150	20.020604
Forecast	2010	158.838229	274.905784	6.815620	43.615233	162.407304	24.821120	20.020604
Forecast	2011	166.732764	290.453881	6.815620	43.516001	170.596567	24.737460	20.020604

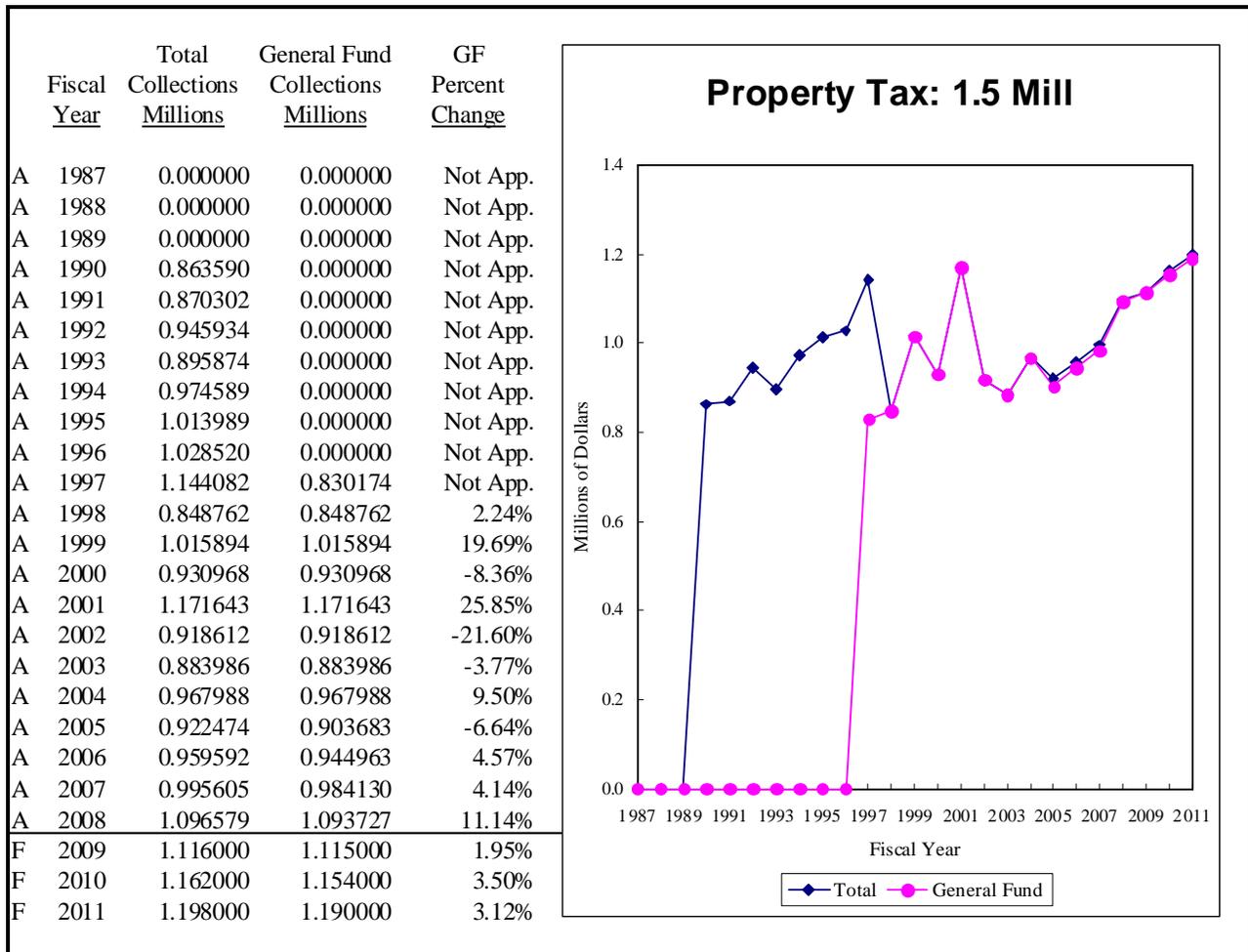
Total Tax = Tax Value * Mills/1000 + Non-Levy + Adjustments

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 1.5 Mill

Revenue Projection:



Data Source(s): Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

Contacts: Department of Revenue