

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax: 55 Mill

Statutory Reference:

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

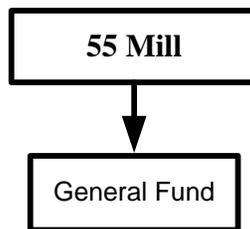
Tax Distribution (MCA) – 20-9-331(1), 20-9-333(1)

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:



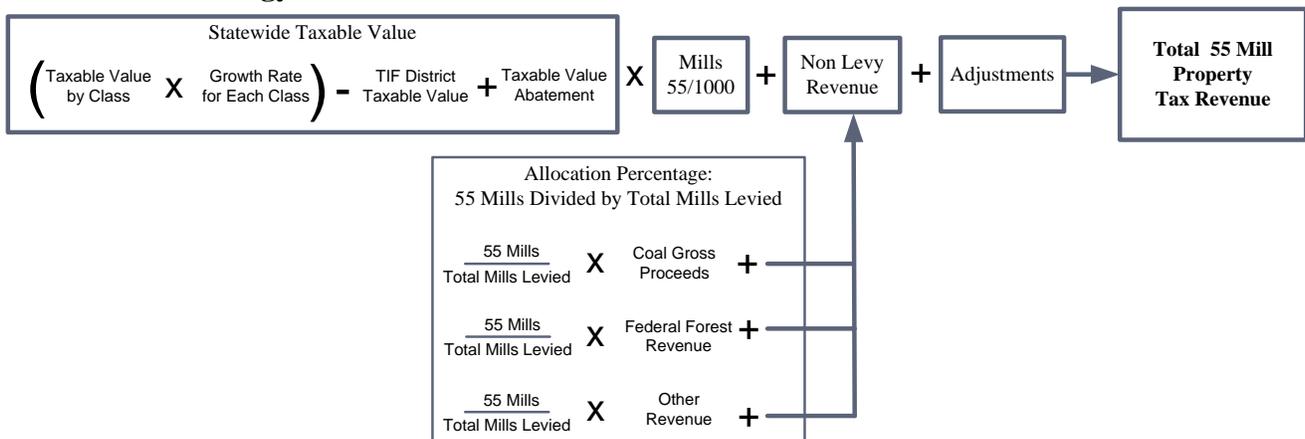
Collection Frequency: Monthly with significant state deposits in December and June.

% of Total General Fund Revenue:

FY 2004 – 7.54 %	FY 2007 – 6.37%	FY 2010 – 8.25%
FY 2005 – 6.69%	FY 2008 – 6.83%	FY 2011 – 7.65%
FY 2006 – 6.29%	FY 2009 – 7.19%	FY 2012 – 7.47%

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 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	2002	105.376	105.376	1,671.590	0.055	13.809	0.000
Actual	2003	106.029	106.029	1,691.720	0.055	11.424	0.000
Actual	2004	104.224	104.224	1,703.301	0.055	12.701	0.000
Actual	2005	104.184	102.416	1,756.251	0.055	0.000	0.000
Actual	2006	108.949	107.495	1,836.488	0.055	0.000	0.000
Actual	2007	115.230	113.285	1,940.709	0.055	0.000	0.000
Actual	2008	121.355	121.432	2,041.767	0.055	0.000	0.000
Actual	2009	129.080	129.949	2,117.330	0.055	13.051	0.000
Actual	2010	135.277	134.249	2,226.295	0.055	12.938	-2.148
Actual	2011	137.021	136.447	2,283.076	0.055	12.309	0.000
Actual	2012	140.144	139.813	2,370.852	0.055	13.027	0.000
Forecast	2013	145.901	144.590	2,422.804	0.055	12.647	0.000
Forecast	2014	147.136	145.825	2,512.787	0.055	8.933	0.000
Forecast	2015	152.055	150.744	2,589.604	0.055	9.627	0.000

	t	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7
	<u>Fiscal</u>	<u>Millions</u>						
Actual	2002	7.843	11.015	139.057	954.102	35.668	12.459	0.189
Actual	2003	8.691	10.669	138.900	1,002.874	35.382	6.167	0.216
Actual	2004	7.808	8.800	140.240	1,034.656	32.725	0.000	0.995
Actual	2005	8.032	10.428	139.902	1,076.985	34.024	0.000	0.974
Actual	2006	2.694	13.045	140.988	1,129.794	34.611	0.000	0.953
Actual	2007	3.252	21.106	141.002	1,183.821	35.078	0.000	1.068
Actual	2008	3.840	18.849	141.329	1,244.916	35.418	0.000	1.096
Actual	2009	4.013	24.540	142.099	1,296.595	35.155	0.000	1.214
Actual	2010	4.002	23.837	161.073	1,368.081	37.502	0.000	1.266
Actual	2011	3.181	18.291	153.566	1,396.074	38.994	0.000	1.298
Actual	2012	3.888	22.987	150.429	1,418.797	40.642	0.000	1.194
Forecast	2013	4.189	31.132	147.792	1,446.304	45.673	0.000	1.170
Forecast	2014	4.275	33.820	145.202	1,478.146	48.816	0.000	1.147
Forecast	2015	4.331	35.056	142.657	1,511.683	52.176	0.000	1.124

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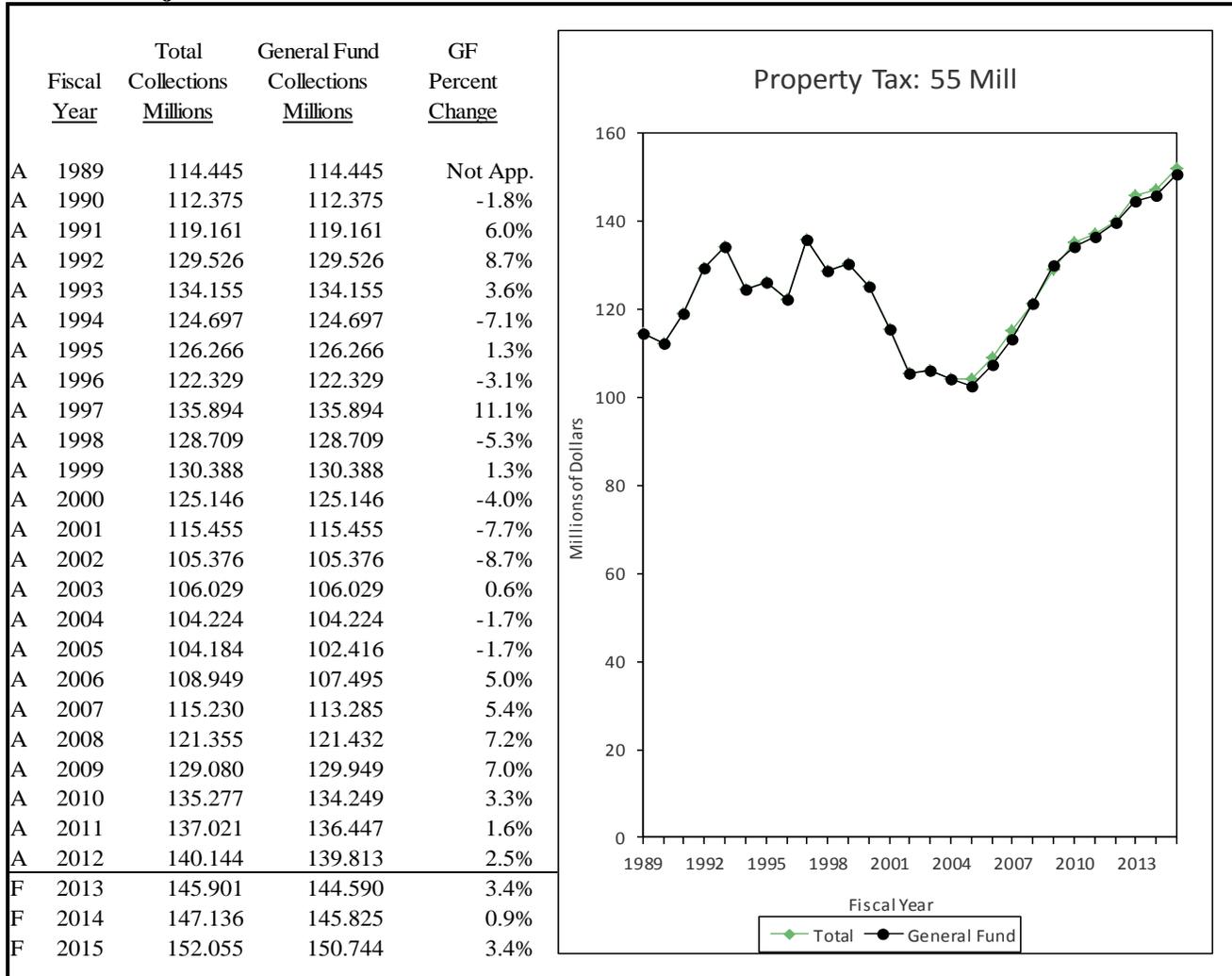
	t	Class 8	Class 9	Class 10	Class 12	Class 13	TIF's	Abatement
	<u>Fiscal</u>	<u>Millions</u>						
Actual	2002	116.605	219.956	8.199	48.658	144.488	30.530	3.880
Actual	2003	118.349	206.360	7.170	46.688	137.185	30.803	3.870
Actual	2004	118.297	212.111	6.789	45.630	125.623	33.562	3.188
Actual	2005	117.241	219.993	6.791	45.074	120.485	27.767	4.088
Actual	2006	123.055	238.767	6.794	44.267	122.846	25.464	4.137
Actual	2007	135.613	248.320	6.816	41.577	130.476	28.830	18.855
Actual	2008	138.658	264.324	6.822	43.004	152.942	30.120	18.099
Actual	2009	151.317	260.190	6.816	43.567	154.611	25.752	20.021
Actual	2010	169.606	254.253	6.988	46.901	154.314	32.014	23.706
Actual	2011	182.310	280.633	6.519	51.836	174.430	41.946	27.058
Actual	2012	186.854	304.226	6.390	71.336	193.267	46.300	25.369
Forecast	2013	179.237	322.490	6.349	72.349	197.605	47.037	20.225
Forecast	2014	180.358	345.727	6.308	76.657	208.267	47.037	20.877
Forecast	2015	179.206	370.637	6.268	81.222	219.505	45.359	21.539
Total Tax = Tax Value × Mills/1000 + Non-Levy + Adjustments								

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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 example, statewide 40 mill revenue includes a property tax portion and a non-levy portion. A description of each individual source follows below.

Federal Forest Receipts

Revenue Description: Federal forest receipts are payments from the federal government in lieu of revenues from the sale of forest products of federal land.

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).

Applicable Assumptions and/or Relevant Indicators:

Federal Forest Timber Prices, Federal Board Feet Harvested, Mill Levies for County Transportation and Retirement Accounts

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.**

Revenue Estimate Methodology: The federal government authorizes logging operations on forest lands located within the borders of Montana. Through federal FY 2000, the sale of timber generated revenue that the federal government shared with the state in the following year. The state received 25% 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% 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% but at least 15% must be used by county governments for projects on federal lands. Beginning in FY 2013, because the federal law will sunset, it is assumed that the old method of distributing these monies will prevail – 25% of the value of timber sold. As a result, the state share of federal forest receipts distributed to the 55 mills is expected to decline by around \$4 million per year.

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Coal Gross Proceeds Tax

Revenue Description: The state imposes a gross proceeds tax of 5% 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 in the following fiscal year. 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% 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. However, a new mine – Signal Peak in Musselshell County – which recently started production will be subject to the old distribution mechanism under HB 588, a bill passed by the 2009 legislature.

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.

Applicable Assumptions and/or Relevant Indicators:

Montana Coal Production, Montana Contract Sales Price, Statewide Average Mill Ratios

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.

Revenue Estimate Methodology: 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 FY 1990 for the counties in which mines are located.

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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

Applicable Assumptions and/or Relevant Indicators: Because these sources are fairly stable in total, the last known year of collections is usually used to forecast future collections.

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.

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

