

Property Taxes

**Non Levy Revenue
Property Tax**



Legislative Fiscal Division



www.leg.state.mt.us/fiscal/

Legislative Fiscal Division

Revenue Estimate Profile

Non Levy Revenue

Non levy revenue includes federal forest receipts, vehicle revenue, oil and gas revenue, coal gross proceeds revenue, reimbursements from the state, and other revenue which is distributed to statewide and local mills in each county. The mills to which non levy revenue is distributed is 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.

Beginning November 2000, HR 2389 (federal legislation) fixes the allocation to the state at the average of the highest three years of forest receipts in the state. Not more than 20 percent and not less than 15 percent may be used by county governments for special projects on federal lands. The remainder is distributed under state law as described 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 current year:
county equalization accounts (55 mills)
county transportation account
county retirement accounts

Statute: Title 17, Chapter 3, MCA

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

FINANCIAL CORPORATION TAX

Revenue Description: The corporation income tax is levied against a corporation's net income earned in Montana. Some of these corporations are banks, savings and loans, and financial corporations. Factors that affect financial corporation license tax receipts include the health of the state economy, the spread between interest rates, and loan default rates. Additional factors that affect corporation license tax receipts include tax credits and the audit efforts by the Department of Revenue.

Applicable Tax Rate(s): The tax rate is 6.75%, except for corporations making a "water's edge" election (see 15-31-322, MCA), who pay a 7.0% tax on their net income

Distribution: The corporation tax on financial institutions is collected by the state. Of this amount twenty percent is distributed to the general fund. The remaining 80.0 percent is sent to the county treasurer in the county in which the financial institution is located. The county treasurer distributes this amount of tax based on the relative proportions of mill levies for counties, school districts, and municipalities as these exist for the current fiscal year. For purposes of this distribution, the county equalization levy (55 mills), the welfare levy (9 mills) and the vo-tech levy (1.5 mills) are considered county levies and receive a portion of this revenue. The state equalization levy (40 mills) and the university levy (6 mills) do not receive distributions from this revenue source.

Statute: Title 15, Chapter 31, MCA

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

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Revenue Estimate Profile

Non Levy Revenue

COAL GROSS PROCEEDS TAX

Revenue Description: The state imposes a gross proceeds tax of 5.0 percent of 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.

Statute: Title 15, Chapter 23, Part 7, MCA

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

OIL & NATURAL GAS PRODUCTION TAXES

Revenue Description: The oil production tax is imposed on the production of petroleum and other mineral or crude oil in the state. The natural gas production tax is imposed on the production of natural gas in the state. The revenue from these taxes is submitted to the state, from which the state draws its share for distribution to the general fund, the resource indemnity trust and the Oil and Gas Conservation Board (See *Oil Production Tax* and *Natural Gas Production Tax*). The remaining share is for local distribution and is sent to the county treasurer in the counties in which the production occurred. A portion of the local share is distributed to the statewide mill levies.

Applicable Tax Rate(s): The oil and natural gas production taxes have numerous tax rates and distribution percentages depending on several factors. These factors include whether the oil or natural gas is produced from a stripper well, a horizontal well, an incentive well, from a well initially drilled before July 1, 1999 or after, from a well newly drilled within the last year or 18 months, and whether the interest being taxed is the working interest or the royalty interest.

Distribution: The local share of the oil and gas production tax is distributed by the county treasurer based on the relative proportions of mill levies for the state, counties, and school districts. The distribution of 5 percent of the revenue from pre-99 wells is based on the mill ratios that existed in fiscal 1990 (which did not include the 40 mills). The distribution of the remaining revenue from pre-99 wells and all the revenue from post-99 wells is distributed on mill ratios that existed in the previous fiscal year.

Statute: Title 15, Chapter 36, MCA

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

PERSONAL PROPERTY TAX REIMBURSEMENT

Revenue Description: The 6 mill university levy account, the 9 mill welfare levy account, and the 1.5 mill levy account (general fund), in addition to local governments and school districts, receive personal property reimbursements which were enacted during the June 1989 special legislative session in HB 20. These reimbursements are statutorily appropriated by the legislature and are designed to offset the revenue impacts of the reduction in personal property tax rates enacted in HB 20. The amount distributed to local jurisdictions and to the state accounts are fixed at levels which existed in fiscal 1994. These amounts will be reduced by 10.0 percent per year beginning in fiscal 2000 through fiscal 2009.

Applicable Tax Rate(s): N/A

Distribution: Half of the reimbursements are distributed in November and half in May of each fiscal year.

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Revenue Estimate Profile

Non Levy Revenue

Statute: Title 15, Chapter 1, MCA

% of Total FY 2000 General Fund Revenue: Factored into total property tax contributions.

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

Statute: Various

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

VEHICLE TAX

Revenue Description: Before January 1, 2001, light vehicles (including vans and sport utility vehicles) are taxed at 1.4 percent of the depreciated value of the manufacturer's suggested retail price (MSRP). In addition, buses, trucks, truck tractor's having a manufacturer's rated capacity of more than 1 ton, and certain trailers, are be taxed under a fee schedule which varies by age and weight.

Effective January 1, 2001, light vehicles will be charged a registration fee as a result of the passage of LR 115 (HB540) by the electorate in November 2000. The fee is \$195 for light vehicles of age between zero and four years, \$65 for vehicles between five and ten years of age, and \$6 for vehicles over ten years old. LR 115 also lowered the registration fees charged on motorcycles and quadricycles. Under the law before LR 115, motorcycles were charged a fee based on four age categories and three engine size categories. Under LR 115 and beginning January 1, 2001, the number of age categories is reduced to three and the number of engine size categories remains the same. The new motorcycles registration fees are reduced relative to those in existence before LR 115.

Applicable Tax Rate(s): Varies

Distribution: All registration fees from newly titled light vehicles are deposited into the highway restricted state special revenue account. Ten percent of the registration collected on light vehicles is distributed to a state special revenue account to fund certain district court expenses. The remaining 90 percent of light vehicle registrations fees and fees in lieu of taxes for motorcycles and quadricycles are distributed in the relative proportions required by the levies for county, school district, and municipal purposes in the same manner as personal property taxes are distributed. No registration fee revenue from light vehicles and motorcycles and quadricycles is distributed to state mills, nor to the 9 mill welfare levy. The vo-tech levy (1.5 mills) continues to receive a share of this revenue. All other registration fees and fees in lieu of taxes (on large trucks, trailers, motor homes, campers etc.) are distributed in the relative proportions required by the levies for state, county, school district, and municipal purposes based on prior year mills. This revenue source represents one component used to calculate total non levy property tax revenue.

Statute: Title 61, Chapter 3, MCA

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

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Revenue Estimate Profile

Non Levy Revenue

Revenue Estimate Assumptions:

	t	Total Tax	40 Mill	55 Mill	6 Mill	9 Mill	1.5 Mill	Total State
	Fiscal	Millions	Millions	Millions	Millions	Millions	Millions	Millions
Actual	2000	146.490030	10.568508	23.088655	2.544886	0.860822	0.121110	37.183981
Forecast	2001	148.762756	5.316907	18.030536	1.760509	0.318788	0.151804	25.578544
Forecast	2002	146.683456	4.812048	17.719979	1.626815	0.296452	0.146608	24.601902
Forecast	2003	143.355353	4.442486	17.351473	1.545886	0.273771	0.141578	23.755194

	t	Corporate	Vehicle	Oil	Gas	Coal
	Fiscal	Millions	Millions	Millions	Millions	Millions
Actual	2000	8.406195	68.580047	21.496634	12.037218	10.785058
Forecast	2001	8.523000	61.724014	23.077766	15.942124	11.330157
Forecast	2002	8.652000	61.724903	19.694756	15.559839	11.016935
Forecast	2003	8.745000	61.726647	19.374031	13.176032	11.263531

	t	Other	PPR	Forest	Other
	Fiscal	Millions	Millions	Millions	Millions
Actual	2000	4.770112	11.559045	6.283122	2.572599
Forecast	2001	6.821031	10.274706	7.436753	2.823148
Forecast	2002	6.923347	8.990368	10.713780	2.697874
Forecast	2003	7.027197	7.706030	10.856075	2.760511

	t	40 Mill	55 Mill	6 Mill	9 Mill	1.5 Mill
Corporate	Fiscal	Millions	Millions	Millions	Millions	Millions
Actual	2000	0.000000	1.148824	0.000000	0.072211	0.010388
Forecast	2001	0.000000	1.185277	0.000000	0.079514	0.011279
Forecast	2002	0.000000	1.182850	0.000000	0.079349	0.011256
Forecast	2003	0.000000	1.175258	0.000000	0.078839	0.011182

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Revenue Estimate Profile

Non Levy Revenue

<u>Vehicle</u>	<u>t</u> <u>Fiscal</u>	<u>40 Mill</u> <u>Millions</u>	<u>55 Mill</u> <u>Millions</u>	<u>6 Mill</u> <u>Millions</u>	<u>9 Mill</u> <u>Millions</u>	<u>1.5 Mill</u> <u>Millions</u>
Actual	2000	6.816308	9.372424	1.022460	0.589115	0.084749
Forecast	2001	0.000000	0.000000	0.000000	0.000000	0.108652
Forecast	2002	0.000000	0.000000	0.000000	0.000000	0.106366
Forecast	2003	0.000000	0.000000	0.000000	0.000000	0.104296

<u>Other</u> <u>Vehicle</u>	<u>t</u> <u>Fiscal</u>	<u>40 Mill</u> <u>Millions</u>	<u>55 Mill</u> <u>Millions</u>	<u>6 Mill</u> <u>Millions</u>	<u>9 Mill</u> <u>Millions</u>	<u>1.5 Mill</u> <u>Millions</u>
Actual	2000	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2001	0.671544	0.923370	0.100733	0.061944	0.008786
Forecast	2002	0.671516	0.923339	0.100728	0.061940	0.008785
Forecast	2003	0.671449	0.923240	0.100714	0.061935	0.008785

<u>Oil & Gas</u>	<u>t</u> <u>Fiscal</u>	<u>40 Mill</u> <u>Millions</u>	<u>55 Mill</u> <u>Millions</u>	<u>6 Mill</u> <u>Millions</u>	<u>9 Mill</u> <u>Millions</u>	<u>1.5 Mill</u> <u>Millions</u>
Actual	2000	3.752200	5.540622	0.613667	0.000000	0.000000
Forecast	2001	4.645363	6.831122	0.755987	0.000000	0.000000
Forecast	2002	4.140532	6.094173	0.674530	0.000000	0.000000
Forecast	2003	3.771037	5.555355	0.615022	0.000000	0.000000

<u>Coal</u>	<u>t</u> <u>Fiscal</u>	<u>40 Mill</u> <u>Millions</u>	<u>55 Mill</u> <u>Millions</u>	<u>6 Mill</u> <u>Millions</u>	<u>9 Mill</u> <u>Millions</u>	<u>1.5 Mill</u> <u>Millions</u>
Actual	2000	0.000000	4.454186	0.593890	0.000000	0.000000
Forecast	2001	0.000000	4.679310	0.623906	0.000000	0.000000
Forecast	2002	0.000000	4.549950	0.606659	0.000000	0.000000
Forecast	2003	0.000000	4.651793	0.620238	0.000000	0.000000

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Revenue Estimate Profile

Non Levy Revenue

Pers. Property	t Fiscal	40 Mill Millions	55 Mill Millions	6 Mill Millions	9 Mill Millions	1.5 Mill Millions
Actual	2000	0.000000	0.000000	0.314869	0.199496	0.025973
Forecast	2001	0.000000	0.000000	0.279883	0.177330	0.023087
Forecast	2002	0.000000	0.000000	0.244898	0.155163	0.020201
Forecast	2003	0.000000	0.000000	0.209912	0.132997	0.017315

Forest	t Fiscal	40 Mill Millions	55 Mill Millions	6 Mill Millions	9 Mill Millions	1.5 Mill Millions
Actual	2000	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2001	0.000000	1.588309	0.000000	0.000000	0.000000
Forecast	2002	0.000000	2.271793	0.000000	0.000000	0.000000
Forecast	2003	0.000000	2.285316	0.000000	0.000000	0.000000

Other	t Fiscal	40 Mill Millions	55 Mill Millions	6 Mill Millions	9 Mill Millions	1.5 Mill Millions
Actual	2000	0.000000	2.572599	0.000000	0.000000	0.000000
Forecast	2001	0.000000	2.823148	0.000000	0.000000	0.000000
Forecast	2002	0.000000	2.697874	0.000000	0.000000	0.000000
Forecast	2003	0.000000	2.760511	0.000000	0.000000	0.000000

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Revenue Estimate Profile

Property Taxes

Revenue Description: Montana law requires counties to levy a county equalization levy of 55 mills against all taxable value in a county. The state levies a statewide equalization levy of 40 mills against taxable value of all property in the state.

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, livestock, and mineral net and gross proceeds. Property valued at assessed value includes residential and commercial real estate, agricultural land and timberland.

Residential and commercial real estate, agricultural land and timberland were reappraised in tax year 1997. SB184, passed during the 1999 session, required that appraised values be phased-in over four years. At the same time, a homestead exemption was created and phased-in for residential real estate, and a comstead exemption was phased-in for commercial real estate. In addition, the tax rates for residential and commercial real estate, agricultural and timberland are being phased-in. Agricultural land and timberland are valued on a productivity basis.

The revenue from the property tax depends on the underlying value of the property, legislated tax rates, as well as state and local mill levies. Prior to fiscal 1996, revenue from the county equalization levy and the statewide levy was deposited in the school equalization account (SEA) and used exclusively for support of public schools. Senate Bill 83, passed by the 1995 legislature, revised laws concerning dedicated revenue and appropriations. Beginning in fiscal 1996 property tax receipts, while still to be used for support of public schools, are deposited in the general fund.

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. 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 local share of the oil and gas production tax (formerly the local government severance tax and net proceeds tax), vehicle fees, coal gross proceeds taxes, the local share of the state corporation license taxes, and other smaller revenue sources.

There are two additional property tax assessments, however they do not contribute to general fund income: 1) a statewide 6 mill university levy used to provide university system funding, and 2) a twelve-county 9 mill welfare levy.

Applicable Tax Rate(s): Varies according to property classification.

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

Statute: Title 15, Chapter 6, MCA

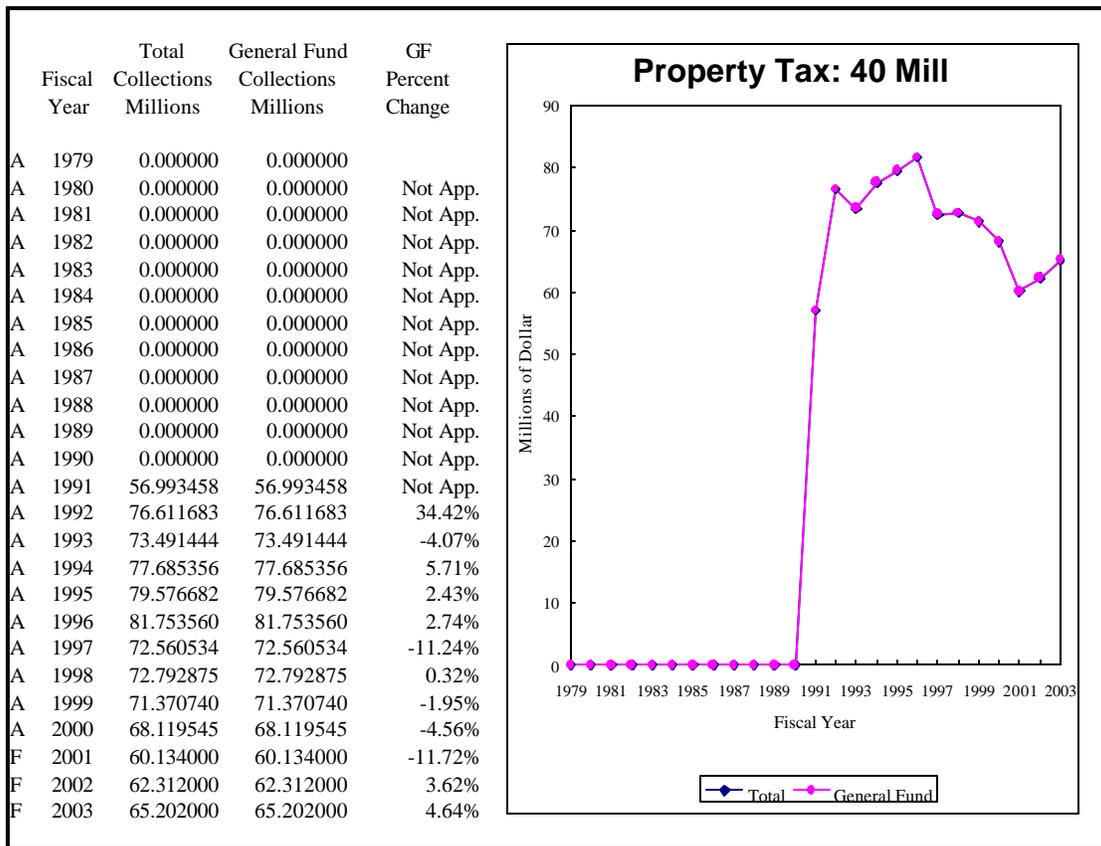
% of Total FY 2000 General Fund Revenue: 16.69%

Legislative Fiscal Division

Revenue Estimate Profile

Property Taxes

Revenue Projection:



Revenue Estimate Assumptions:

t	Total Tax Millions	GF Tax Millions	Tax. Value Millions	Mills/1000 Applied	Non-Levy Millions	Adjustments Millions
Actual 2000	68.119545	68.119545	1863.986815	0.040000	10.568508	-12.712919
Actual 2001	60.134000	60.134000	1652.914459	0.040000	5.317000	-11.300000
Forecast 2002	62.312000	62.312000	1684.706087	0.040000	4.812000	-9.888000
Forecast 2003	65.202000	65.202000	1730.881675	0.040000	4.442000	-8.475000

t	Class 1 Millions	Class 2 Millions	Class 3 Millions	Class 4 Millions	Class 5 Millions	Class 6 Millions	Class 7 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
Forecast 2002	5.178970	12.707624	139.250055	966.097204	39.774452	9.704690	0.151428
Forecast 2003	5.178970	14.719711	138.863636	1019.147534	41.120595	3.714140	0.148817

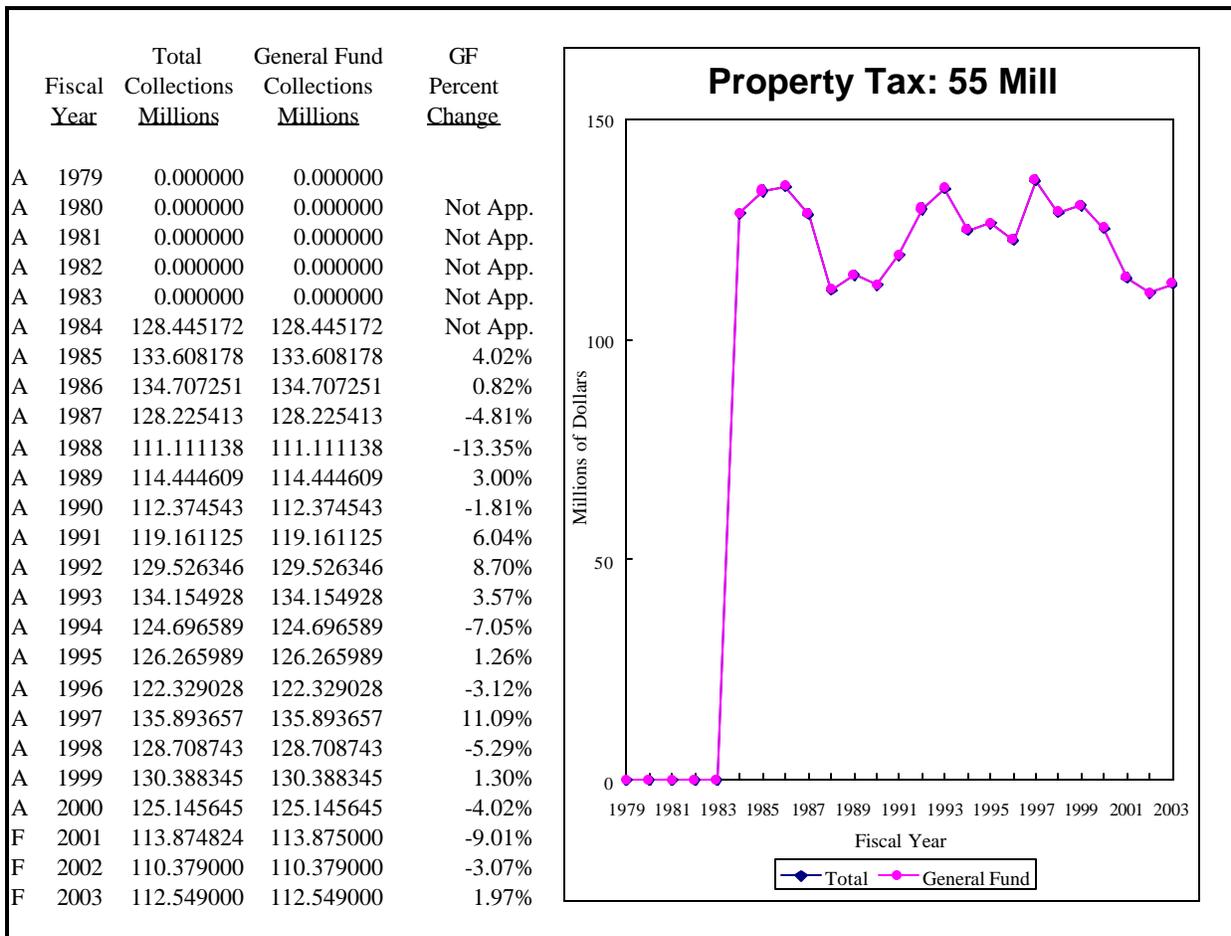
Legislative Fiscal Division

Revenue Estimate Profile

Property Taxes

	t Fiscal	Class 8 Millions	Class 9 Millions	Class 10 Millions	Class 12 Millions	Class 13 Millions	TIF's Millions	Abatement Millions
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	3.8798300
Forecast	2002	117.1812610	223.7815800	8.3125960	49.1420080	139.0819540	29.5375650	3.8798300
Forecast	2003	121.7513300	221.0989970	7.3006620	49.4745740	135.1724090	30.6895300	3.8798300

Revenue Projection:



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Revenue Estimate Profile

Property Taxes

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	23.088655	0.274000
Actual	2001	113.874824	113.875000	1652.914459	0.055000	18.031000	4.933824
Forecast	2002	110.379000	110.379000	1684.706087	0.055000	17.720000	0.000000
Forecast	2003	112.549000	112.549000	1730.881675	0.055000	17.351000	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
Forecast	2002	5.178970	12.707624	139.250055	966.097204	39.774452	9.704690	0.151428
Forecast	2003	5.178970	14.719711	138.863636	1019.147534	41.120595	3.714140	0.148817

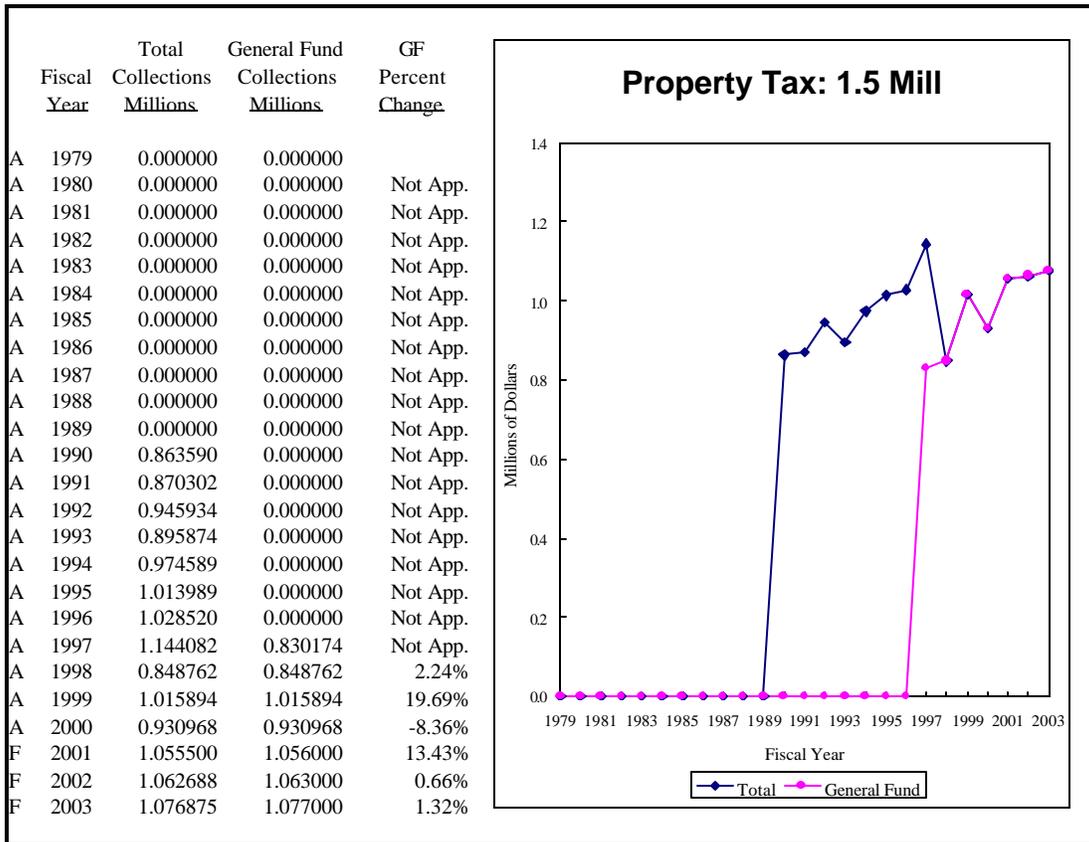
	<u>t</u>	<u>Class 8</u>	<u>Class 9</u>	<u>Class 10</u>	<u>Class 12</u>	<u>Class 13</u>	<u>TIF's</u>	<u>Abatement</u>
	<u>Fiscal</u>	<u>Millions</u>						
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	3.879830
Forecast	2002	117.181261	223.781580	8.312596	49.142008	139.081954	29.537565	3.879830
Forecast	2003	121.751330	221.098997	7.300662	49.474574	135.172409	30.689530	3.879830

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Revenue Projection:



Revenue Estimate Assumptions:

t	Total Tax Millions	GF Tax Millions	Tax. Value Millions	Mills/1000 Applied	Non-Levy Millions	Adjustments Millions
Actual 2000	0.930968	0.930968	618.047161	0.001500	0.121110	0.000000
Forecast 2001	1.055500	1.056000	576.691092	0.001500	0.152000	0.038500
Forecast 2002	1.062688	1.063000	587.782984	0.001500	0.147000	0.033688
Forecast 2003	1.076875	1.077000	603.893346	0.001500	0.142000	0.028875

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	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
Forecast	2002	5.178970	12.707624	139.250055	966.097204	39.774452	9.704690	0.151428
Forecast	2003	5.178970	14.719711	138.863636	1019.147534	41.120595	3.714140	0.148817

	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	3.879830
Forecast	2002	117.181261	223.781580	8.312596	49.142008	139.081954	29.537565	3.879830
Forecast	2003	121.751330	221.098997	7.300662	49.474574	135.172409	30.689530	3.879830