

# MONTANA DEPARTMENT OF REVENUE

## BIENNIAL REPORT

JULY 1, 2012 - JUNE 30, 2014





**Mike Kadas**  
Director

# Montana Department of Revenue



**Steve Bullock**  
Governor

December 15, 2014

## Letter of Transmittal

Governor Steve Bullock  
Members of the Sixty Fourth Montana Legislature:

With this letter I am transmitting the Biennial Report of the Department of Revenue for the period July 1, 2012 through June 30, 2014, as required in 15-1-205, MCA. This report provides detailed information on taxes administered by the department and related collections activity for the above specific biennium.

The Biennial Report has two primary sections. The first section of the report focuses on an overview of the Department of Revenue and the makeup of Montana's tax base. The second section focuses on the individual taxes that provide the framework of Montana's tax base. In addition, there is a new subsection detailing revenue transferred to local governments.

We hope you find this report an effective tool for understanding the Department of Revenue and the tax base of the State of Montana.

As always, the department appreciates any comments you may wish to make regarding this report and any additional ideas you may have as to how the report could be improved in future editions.

Respectfully submitted,

Mike Kadas, Director  
Department of Revenue

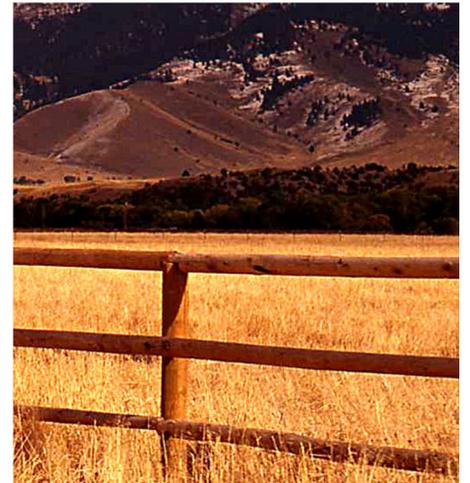
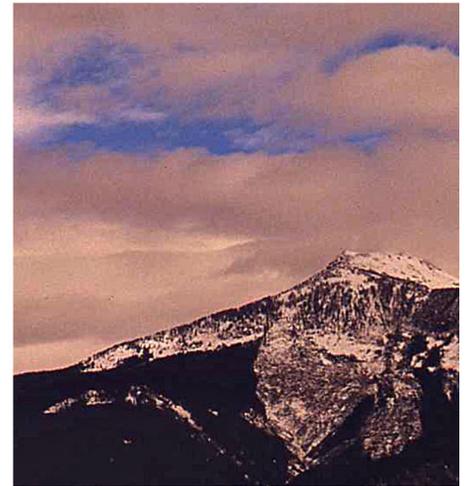
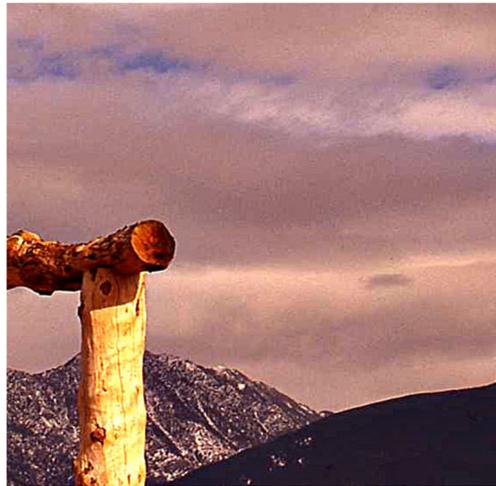
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# ABOUT THE AGENCY

## BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



## What is the Department of the Revenue?

### A department with many parts

As part of Montana's 1972 constitutional reorganization of state government, the legislature created the Montana Department of Revenue. It combined the administration of liquor control and property valuation with the assessment and collection of taxes into one agency. Today, the department

- Administers more than 38 state taxes and fees including income taxes, natural resource taxes, corporation taxes, and miscellaneous taxes
- Establishes values for all taxable property including agricultural land, residential real estate, commercial real estate, forest land, business equipment, railroads and public utilities
- Administers agency liquor store franchise agreements, manages the state wholesale liquor operations, and administers laws governing the sale, taxation, and licensing of alcoholic beverages
- Returns unclaimed property to its rightful owners.

### The Department is committed to

- Providing effective and responsive service to citizens, businesses, and nonresidents who contribute to Montana's economy
- Expanding cooperation and involvement of Montanans in making their tax system work well
- Supporting equity and integrity in taxation through effective and uniform enforcement, while protecting taxpayer rights and thanking those citizens and businesses who pay their fair share of taxes
- Protecting the public health, safety, and order in the administration of liquor laws
- Advising the Governor, legislature, and the public on tax issues based on sound study and analysis
- Cooperating with public officials and agencies in local, state, tribal, and federal governments to achieve the public good.

### Tax Compliance and Tax Fairness

Tax compliance efforts, administered reasonably and with respect for taxpayer rights, ensure that tax laws are equitably implemented and applied, providing that the standards of tax equity embodied in the Montana Constitution and in the tax laws enacted by the Montana Legislature are not undermined. Without an effective tax compliance program, underlying fairness principles are likely to erode, regardless of whether noncompliance arises simply because of a lack of taxpayer understanding or unintentional error, through intentional avoidance, or outright fraud.

The Department of Revenue remains committed to ensuring the highest level of tax compliance possible, while protecting the rights of taxpayers and serving them with respect and professionalism. The department continually adapts its work to changing circumstances, which allows us to perform our work fairly, effectively and efficiently.

# TAX STRUCTURE AND TRENDS

## BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



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## Tax Structure and Trends

### Introduction

The Department of Revenue collects state taxes and values property for state and local property taxes. These taxes provide funding for state and local governments, local schools, and the state university system. This section puts the department's tax-related activities in context by giving an overview of state and local government finance in Montana and by comparing Montana's tax system to other states' tax systems.

This section starts with a brief introduction to state and local government finance in Montana. It gives a breakdown of spending by state and local governments in Montana, including school districts, and it shows the sources of funds for that spending. Next, it gives a summary of all the taxes the Department of Revenue collects or administers. This is followed by a history of tax collections, with taxes combined into four broad groups. The section ends with information comparing Montana's state and local taxes to state and local taxes in other states.

### Government Functions and Revenue Sources

Governments provide several types of services to individuals, businesses, and other entities in their jurisdictions. Governments raise the revenue to pay for those services in a variety of ways.

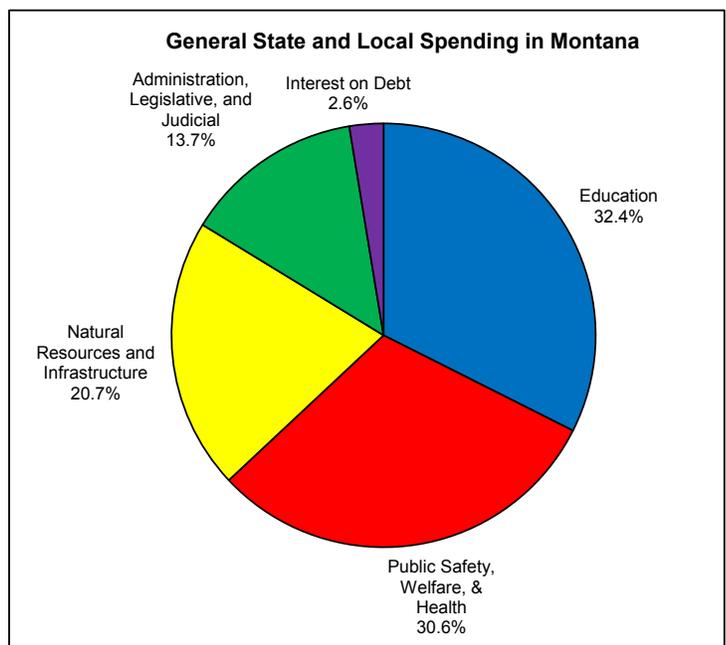
In the United States, private businesses and nonprofit groups provide many of the goods and services that people want. Businesses provide goods and services that can be sold to their customers at a profit. Non-profit groups provide goods and services that donors are willing to pay for or volunteers are willing to provide. Governments provide other services that lawmakers have concluded their constituents want and are willing to finance. Governments provide services, like police and fire protection, that benefit the entire community rather than just individuals. Governments also provide services like road systems where the costs of charging individual users and excluding those who don't pay are prohibitive. In other cases, governments provide services like sewer systems where benefits - in this case public health - are obtained only if everyone participates. In some cases, governments provide services like public education of children to ensure that they are available to everyone regardless of their ability to pay.

Governments pay for these services by raising revenue in several ways: they collect taxes, they charge fees, they earn interest, they sell property, and they receive transfers from other governments.

Taxes are payments to a government that are not made in exchange for a particular good or service. Examples are income and property taxes. The amount of the tax generally depends on characteristics of the taxpayer, such as the taxpayer's income or the value of the taxpayer's property. Tax revenue may be earmarked for specific uses or deposited in the government's general fund.

Fees are payments that are made in exchange for particular goods or services. Tuition at a state college and charges for filing legal documents are fees. The amount of the fee generally depends on the service received, not on the taxpayer. Some payments, such as for vehicle licenses, could be considered either taxes or fees.

Governments also receive revenue from normal business transactions. For example, governments earn interest on investments and sell surplus property. Local governments operate utilities that may sell water, electricity, or natural gas. State and local governments also receive intergovernmental transfers from the federal government, and local governments receive transfers from state governments. These transfers include federal payments to states for Medicaid and state support for local school districts. In Montana, transfers include the HB124 entitlement share payments to local governments, which have replaced local taxes brought to the state since 2001.

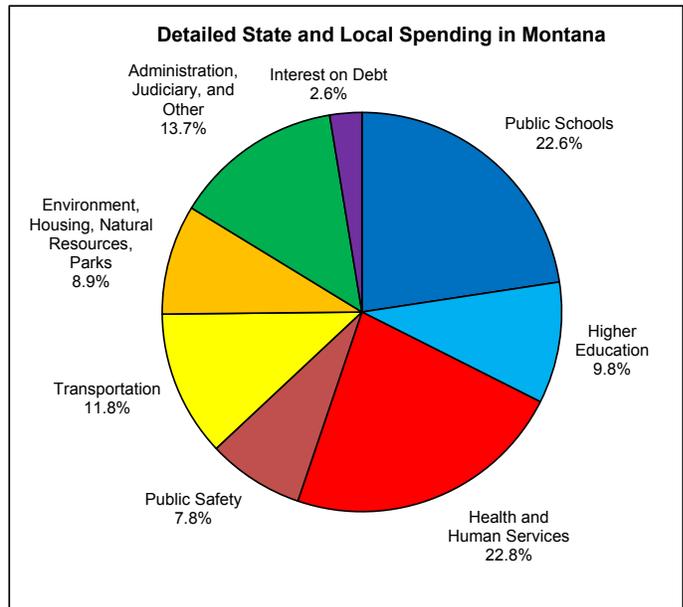


# State and Local Government Finance in Montana

## State and Local Spending

The chart on the right shows the percentage of state and local spending in Montana in each of eight general categories for the fiscal year ending June 30, 2011.<sup>1</sup> Education, including public schools and the university system, accounted for a little more than one-third of total spending. Health and human services accounted for about one-fifth of total spending. This includes Medicaid, public health programs, and income support programs. Other categories account for smaller shares of total spending.

A little over half of total state and local government spending occurs at the state level, and a little less than half at the local level. The next table shows the breakdown for fiscal year 2011. It shows direct spending to provide government services, and excludes state transfers of funds to local governments and school districts.



### State and Local Government Direct Expenditures on Government Services, FY 2011 (Excludes Local Government Utilities and State Liquor Enterprise)

|                                                                                             | <u>\$ million</u> | <u>% of Total</u> |
|---------------------------------------------------------------------------------------------|-------------------|-------------------|
| State Direct Expenditures<br>(Excludes Transfers to Local Governments and School Districts) | \$4,729           | 58%               |
| Local Expenditures                                                                          | \$3,377           | 42%               |
| <b>Total</b>                                                                                | <b>\$8,106</b>    | <b>100%</b>       |

The two graphs on the following page show state and local spending separately. The left-hand chart shows state spending, including transfers to local governments and school districts as well as direct spending. The right-hand chart shows

local spending. Almost one-quarter of state spending is transfers to local governments and school districts.

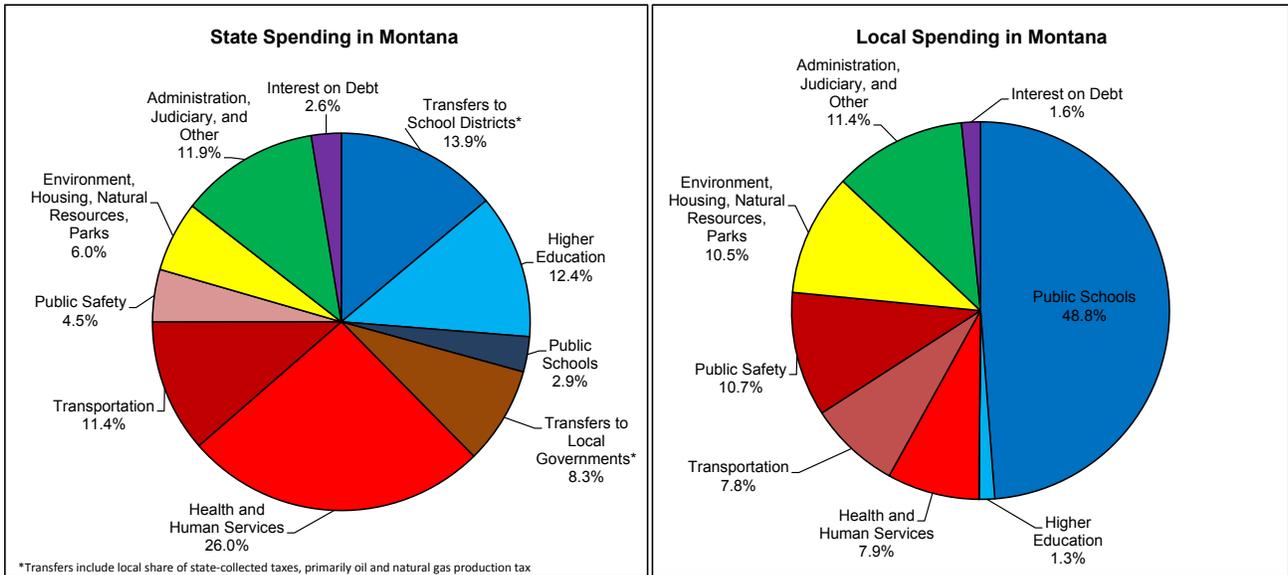
The transfers to local governments include the local share of state-collected taxes, primarily the oil and gas production tax and Entitlement Share payments. The local share of oil and gas tax was originally a local tax. In the 1990s, the legislature combined state and local taxes on oil and gas production into a single state-collected tax with revenue split between the state and local taxing jurisdictions. Before 2001, a large number of revenue sources, including gambling taxes and motor vehicle license fees, were split between the state and local governments. HB 124, passed by the 2001 Legislature, moved collection of almost all these taxes and fees to the state and replaced the local revenue with formula-based Entitlement Share payments.

The transfers to school districts include direct state payments for education along with school districts' shares of state-collected taxes and Entitlement Share payments.

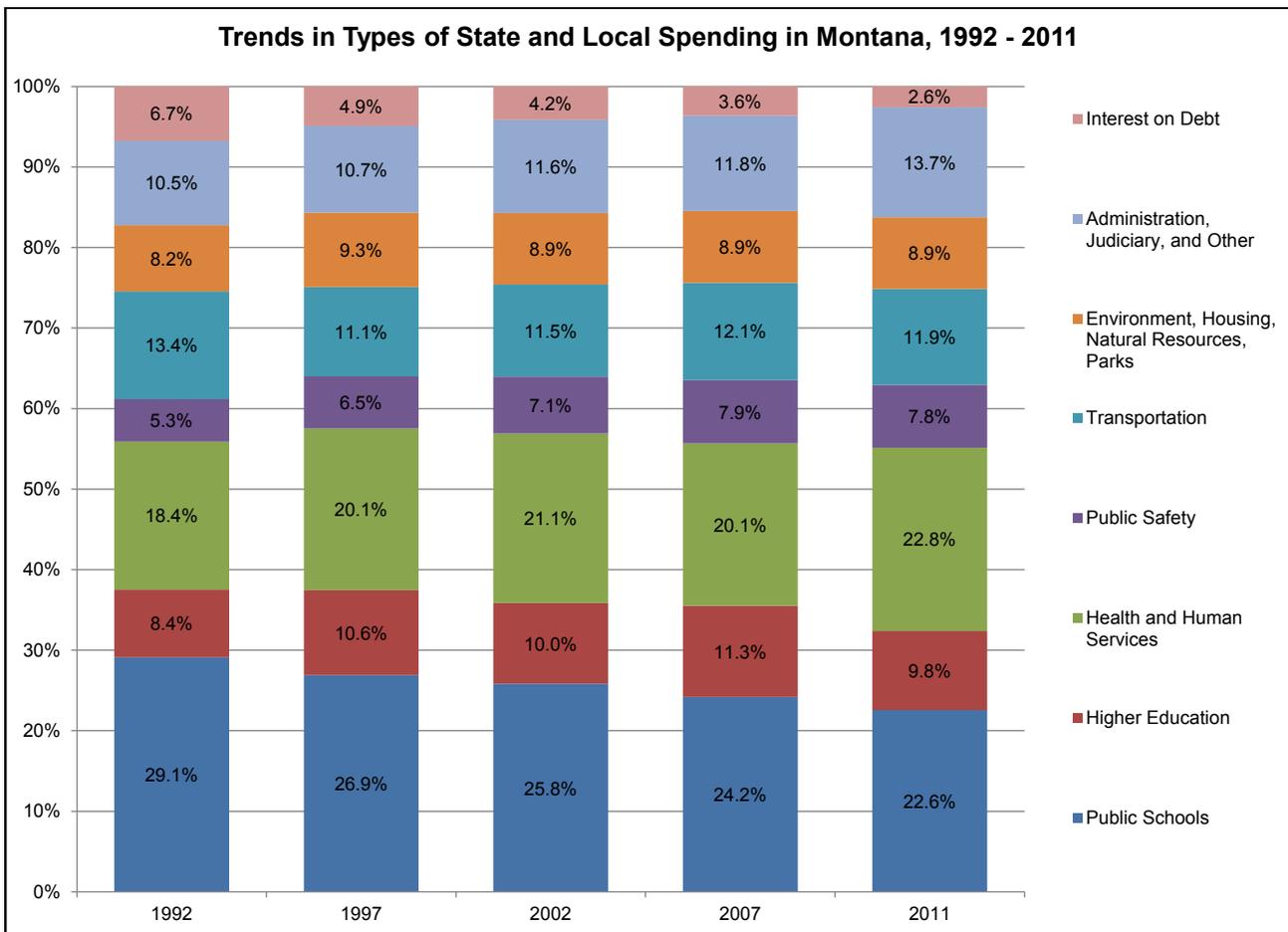
Direct spending for public schools is primarily local, accounting for almost half of local spending. Higher education spending is almost all at the state level, accounting for about 12 percent of state spending. Health and human services spending is significant at both the state and local level, accounting for 26 percent of state spending and 8 percent of local spending. Spending on other functions also occurs at both levels. This includes transportation, public safety and general government administration.

<sup>1</sup> In this section, information on combined state and local spending and state and local revenue from all sources is from the U.S. Census Bureau's annual survey of state and local governments. This is the only source for combined state and local data that is collected consistently across states. For comparisons between states, it is important to use combined state and local data because taxing and spending are divided between state and local governments differently in different states. The most recent fiscal year for which the Census Bureau has compiled data is 2011. Information on Montana state and local tax collections through fiscal year 2011 is from the state accounting system and Department of Revenue records.

# State and Local Government Finance in Montana



Over the past 20 years, the types of spending at the state and local levels has shifted in several areas. The share of spending on public schools has declined, from 29 percent in fiscal year 1992, to 26 percent in fiscal 2002 and to 22.6 percent in fiscal 2011. At the same time, the share of state and local government spending on public safety, and health and human services had increased from 23.7 percent in fiscal 1992 to 30.6 percent in fiscal 2011. The chart below shows the percentage of state and local spending in Montana for each of the eight general spending categories for fiscal years 1992, 1997, 2002, 2007 and 2011.



### State and Local Revenue

The charts on the following page show the sources of funds to pay for state and local spending. The top left-hand chart shows state government revenue, and the top right-hand chart shows revenue for local governments and school districts.

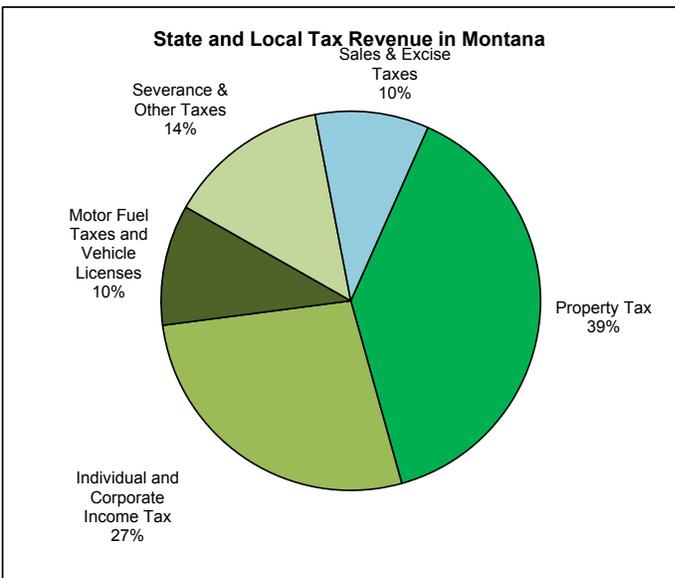
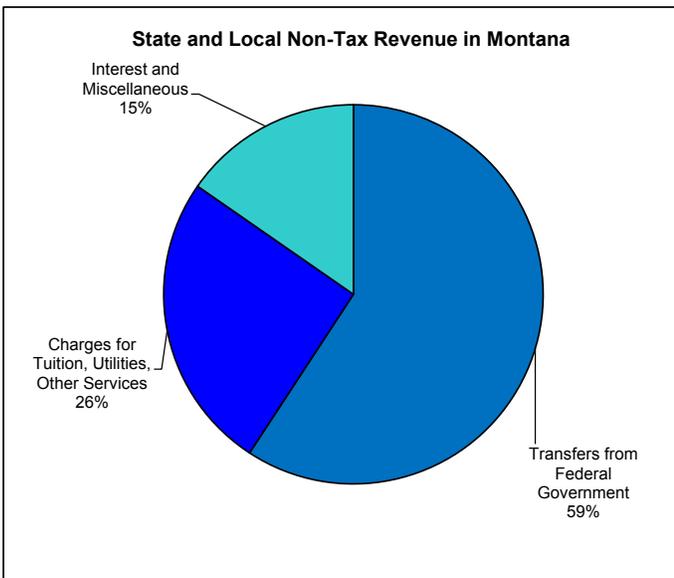
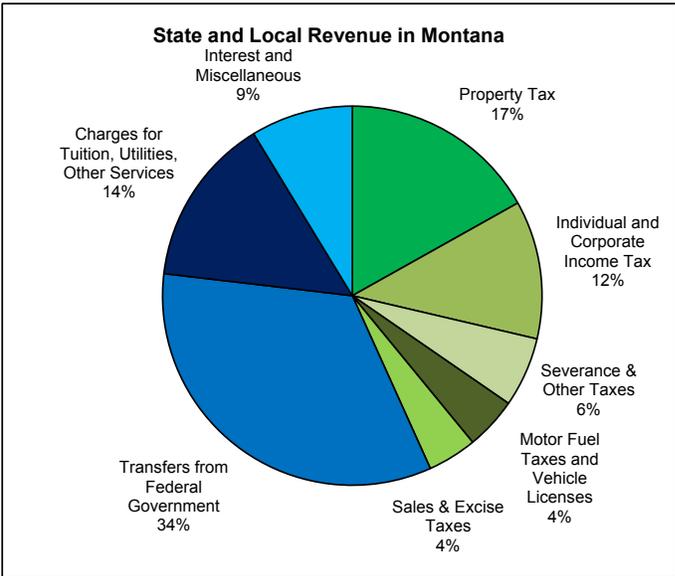
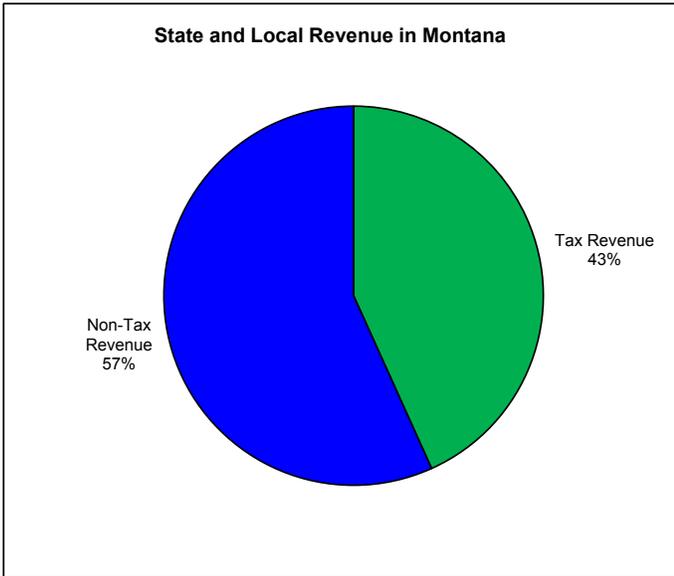
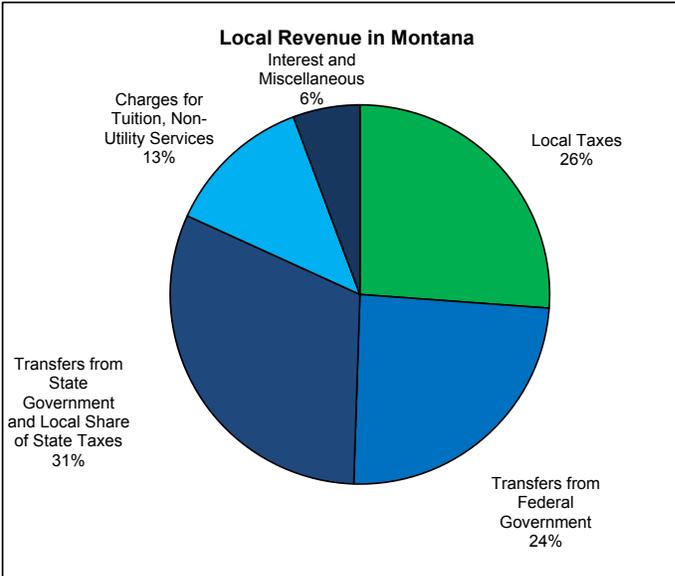
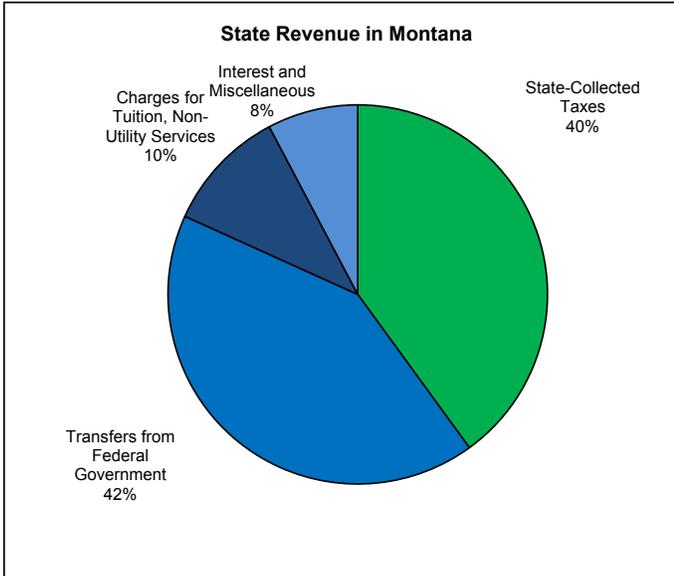
Transfers from the federal government are the largest source of state revenue, making up 42 percent of the total. This includes federal funding for Medicaid and other state programs and federal education funds that are passed on to school districts. Taxes, at 40 percent of the total, are the next largest source of state revenue.

Charges and fees make up 10 percent of state revenue. Four-fifths of the charges and fees are university system tuition and fees. This category also includes income from state lands. Interest earnings on trust funds and other state accounts are about 4 percent of state revenue and about 4 percent is from miscellaneous sources.

Transfers from the state and federal government, including the local share of state-collected taxes, are slightly more than half of local revenue. Local taxes are a little more than one-fourth of local revenue. Charges for local services make up 13 percent of local revenue. Revenue from miscellaneous sources, including interest, account for the remaining 6 percent.

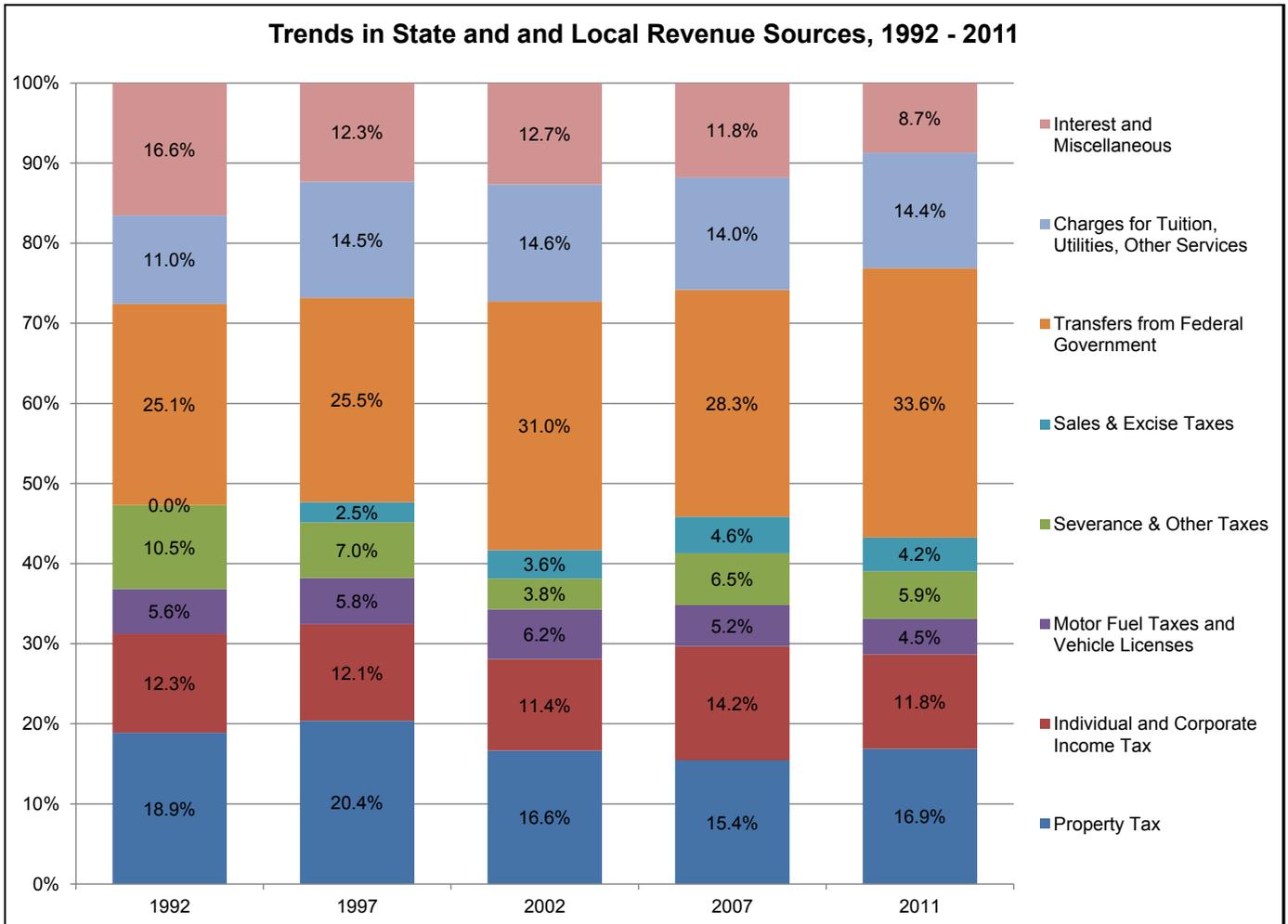
The remaining four charts on the next page show combined state and local revenue, with taxes broken down into five categories. Because state and local governments and school districts are combined in these charts, transfers from the state to local governments and school districts cancel out each other. State and local government taxes are 43 percent of revenue and transfers from the federal government are 34 percent. Charges for tuition and other services are 14 percent of state and local revenue, and interest earnings and miscellaneous are 9 percent.

# State and Local Government Finance in Montana



## State and Local Government Finance in Montana

The sources of state and local revenue have changed in relative importance over time. This is shown in the following graph. Transfers from the federal government have become a larger share of state and local revenue. In fiscal year 2011, transfers from the federal government accounted for 33.6 percent of Montana's state and local revenue. In fiscal years 1992 and 1997 transfers from the federal government only comprised 25.1 percent and 25.5 percent of state and local revenue, approximately 8 percentage points below the fiscal year 2011 levels. At the same time, interest and miscellaneous revenue sources comprised 8.7 percent of state and local government revenues in Montana during fiscal year 2011, below their 1992 and 2002 levels of 16.6 percent and 12.7 percent.

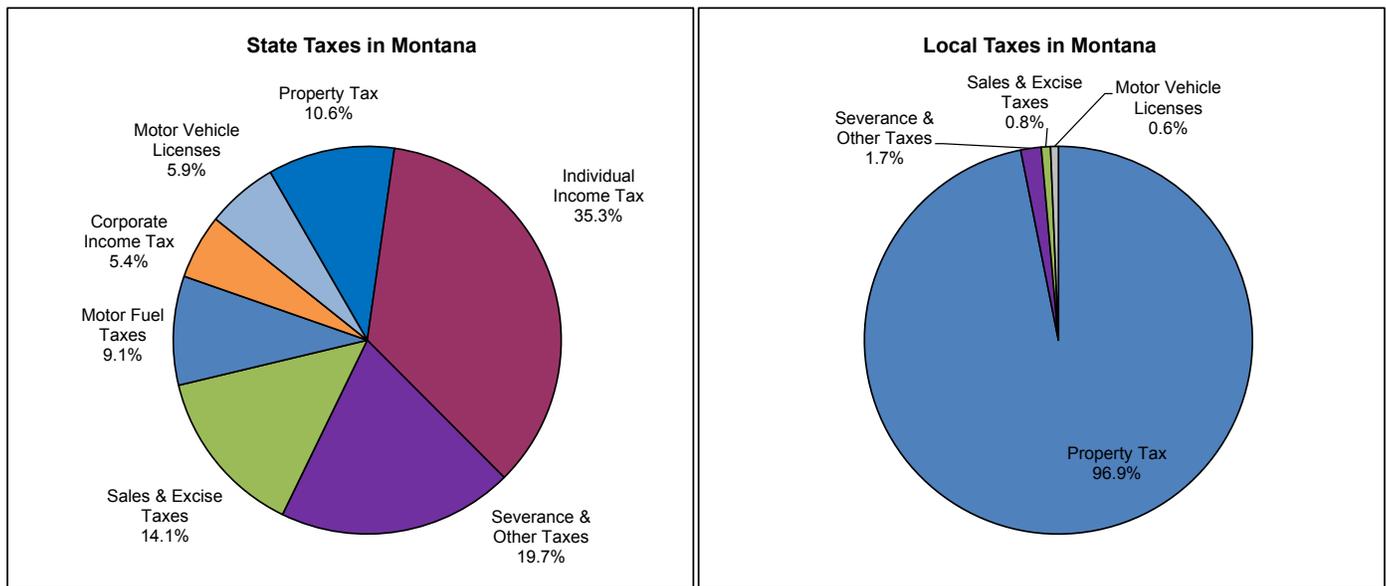


### State and Local Taxes

The two pie graphs on the next page show state and local tax revenue. The state collects a wide variety of taxes. The largest source of state tax revenue is the individual income tax. The second largest category is severance and other taxes. The oil and gas production tax is about two-thirds of this second category, with the remainder composed of mining taxes and other miscellaneous taxes. While it is collected at the state level, about half of the oil and gas tax is distributed to local governments and school districts. Montana does not have a general sales tax, but selective sales taxes account for about 14 percent of state tax revenue. Statewide property taxes are earmarked for public schools and the university system. Revenue from the 95 mills levied for schools is deposited in the state general fund, where it covers about one-third of state funds transferred to school districts. Motor fuel taxes are earmarked for the highway system and a few, small, related uses.

Local government and school district tax collections come almost entirely from property taxes. The coal gross proceeds tax, which is the locally collected severance tax, was originally a property tax, but the

# Department of Revenue Tax Collections



legislature changed it to a flat rate tax on the value of production in 1975 so that all mines would pay the same rate. Local option sales taxes collected by resort communities and local option vehicle taxes are each less than 1 percent of local tax collections.

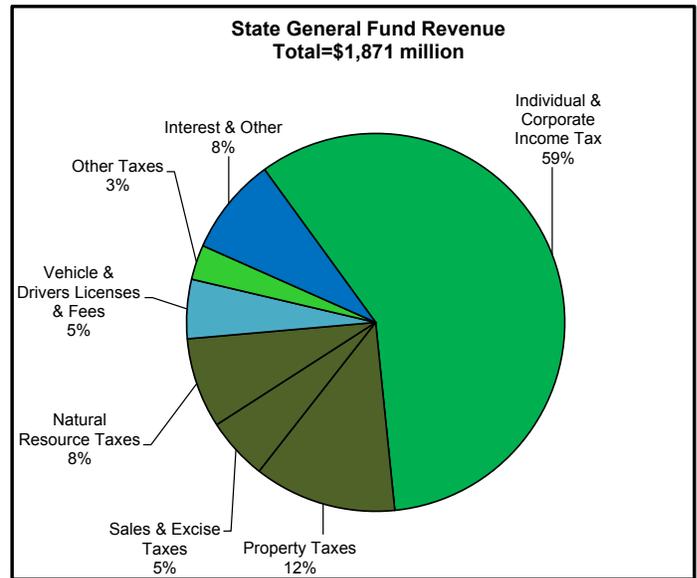
The following table shows how each type of tax was allocated between state and local governments in the fiscal year ending June 30, 2014. For the state share, it shows the allocation between the state general fund and earmarked uses. Each column shows the allocation of one type of tax. The bottom row shows the percentage of total state and local tax revenue from each type of tax. The rest of each column shows the percentage of collections of each type of tax that went to local governments, school districts, the state general fund, and various earmarked state funds in fiscal year 2014.

For taxes that are collected by the state, the table shows the share that is distributed to local governments and school districts. However, it does not reflect the fact that half of revenue going into the state general fund is distributed to local governments and school districts.

| Allocation of Montana State and Local Taxes, FY 2014 |                    |                       |                         |                      |                  |                      |                        |
|------------------------------------------------------|--------------------|-----------------------|-------------------------|----------------------|------------------|----------------------|------------------------|
|                                                      | Property Tax       | Individual Income Tax | Severance & Other Taxes | Sales & Excise Taxes | Motor Fuel Taxes | Corporate Income Tax | Motor Vehicle Licenses |
| <b>Local</b>                                         |                    |                       |                         |                      |                  |                      |                        |
| Governments & Special Districts                      | 41.61%             | -                     | 16.98%                  | 0.97%                | -                | -                    | -                      |
| Schools                                              | 39.07%             | -                     | 19.70%                  | -                    | -                | -                    | -                      |
| <b>State</b>                                         |                    |                       |                         |                      |                  |                      |                        |
| General Fund                                         | 18.16%             | 100.00%               | 43.68%                  | 45.12%               | -                | 100.00%              | 67.84%                 |
| University System                                    | 1.16%              | -                     | 1.06%                   | 1.19%                | -                | -                    | -                      |
| Health & Human Services                              | -                  | -                     | -                       | 22.10%               | -                | -                    | -                      |
| Regulation & Agency Operations                       | -                  | -                     | 0.83%                   | 14.03%               | -                | -                    | 4.45%                  |
| Public Safety                                        | -                  | -                     | 1.22%                   | 1.77%                | 0.04%            | -                    | -                      |
| Transportation                                       | -                  | -                     | -                       | 0.02%                | 96.71%           | -                    | 24.62%                 |
| Environment                                          | -                  | -                     | 4.23%                   | 0.32%                | 3.25%            | -                    | -                      |
| State Buildings                                      | -                  | -                     | 2.31%                   | 0.35%                | -                | -                    | -                      |
| Trust Funds (inc. Retirement)                        | -                  | -                     | 9.98%                   | 0.28%                | -                | -                    | 0.18%                  |
| Parks, Recreation, Tourism                           | -                  | -                     | -                       | 13.85%               | -                | -                    | 2.91%                  |
| <b>Total</b>                                         | <b>100.00%</b>     | <b>100.00%</b>        | <b>100.00%</b>          | <b>100.00%</b>       | <b>100.00%</b>   | <b>100.00%</b>       | <b>100.00%</b>         |
| <b>% of Total from Each Tax</b>                      | <b>37.15%</b>      | <b>28.12%</b>         | <b>7.81%</b>            | <b>13.41%</b>        | <b>5.73%</b>     | <b>3.93%</b>         | <b>3.85%</b>           |
| <b>Total From Each Tax (\$ millions)</b>             | <b>\$1,405.252</b> | <b>\$1,063.630</b>    | <b>\$295.250</b>        | <b>\$507.233</b>     | <b>\$216.720</b> | <b>\$148.471</b>     | <b>\$145.759</b>       |

# Department of Revenue Tax Collections

The table below shows Department of Revenue collections of state taxes for fiscal years 2008 through 2014. For taxes where revenue is split between the state and local governments, this table shows only the state share. Details on each tax can be found in later sections of this report. The Department of Revenue collects about 80 percent of state tax revenue. Other agencies that collect at least 1 percent of state tax revenue are the Department of Transportation (motor fuel taxes), the Commissioner of Securities and Insurance (insurance taxes), and the Department of Justice (gambling taxes).

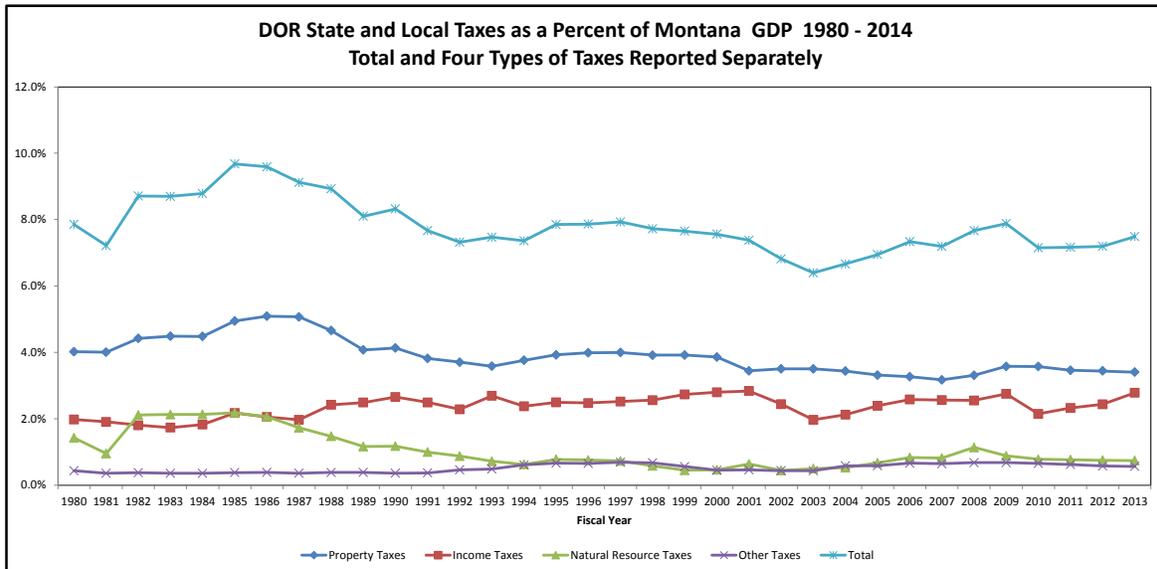
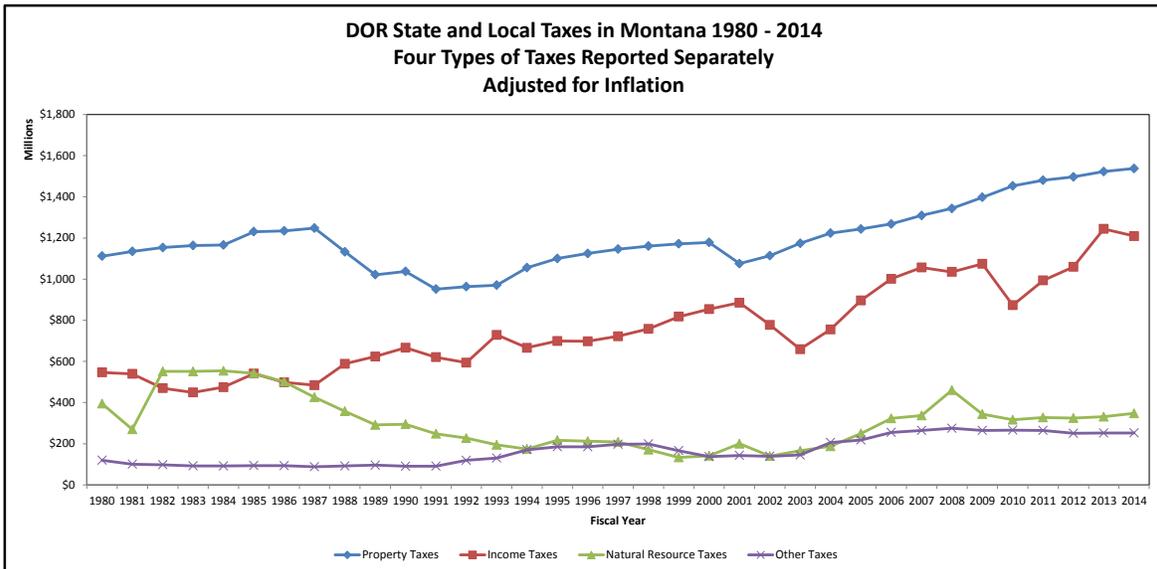
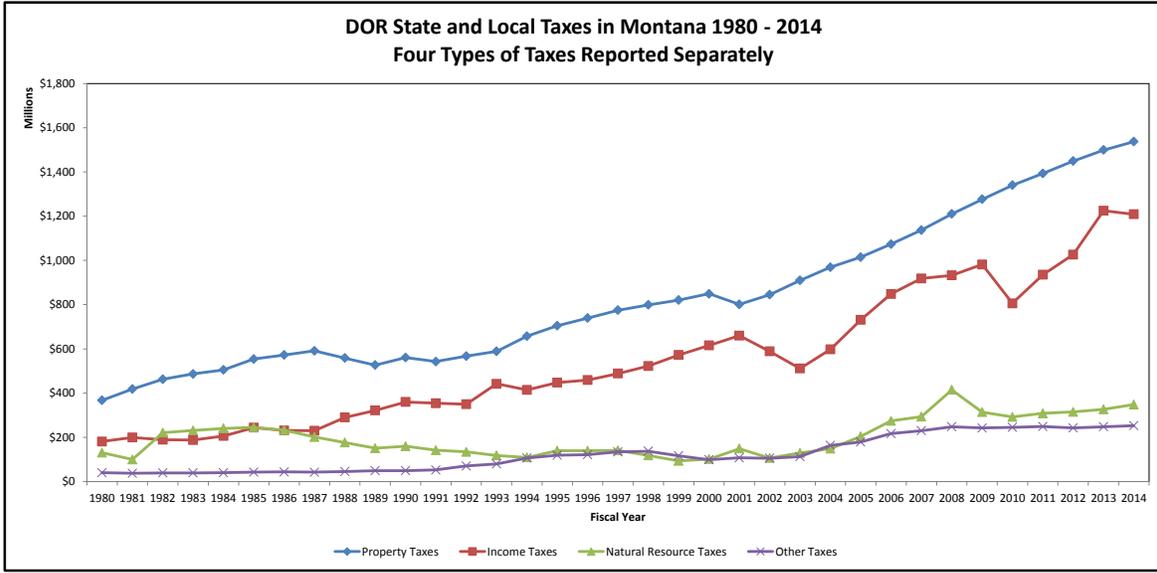


## Department of Revenue State Collections - Fiscal Years 2008 - 2014

|                                                | 2008                    | 2009                    | 2010                    | 2011                    | 2012                    | 2013                    | 2014                    |
|------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Individual Income Tax</b>                   |                         |                         |                         |                         |                         |                         |                         |
| Income Tax Withheld                            | \$ 657,958,558          | \$ 646,910,709          | \$ 644,991,064          | \$ 685,192,810          | \$ 734,240,351          | \$ 783,631,123          | \$ 816,681,159          |
| Income Tax All Other                           | 208,679,564             | 168,227,484             | 72,843,307              | 130,897,162             | 164,610,850             | 264,158,862             | 246,603,249             |
| Subtotal                                       | 866,638,122             | 815,138,193             | 717,834,371             | 816,089,973             | 898,851,201             | 1,047,789,985           | 1,063,284,408           |
| <b>Corporation License Tax</b>                 | 160,341,787             | 166,357,514             | 87,906,411              | 119,045,890             | 127,774,092             | 176,985,849             | 145,709,288             |
| <b>Natural Resources Taxes (State Portion)</b> |                         |                         |                         |                         |                         |                         |                         |
| Bentonite Tax                                  | 626,262                 | 532,575                 | 267,113                 | 410,025                 | 494,248                 | 352,050                 | 172,039                 |
| Coal Severance Tax                             | 45,331,870              | 49,564,120              | 44,529,619              | 54,970,717              | 52,742,627              | 56,573,818              | 57,676,184              |
| Oil and Gas Production Tax                     | 169,447,392             | 113,398,654             | 107,641,181             | 112,529,043             | 110,123,693             | 120,794,398             | 135,766,496             |
| Resource Indemnity Trust Tax                   | 1,925,990               | 2,053,954               | 1,711,844               | 2,146,960               | 2,343,678               | 2,112,327               | 2,278,971               |
| Metalliferous Mines License Tax                | 14,176,634              | 7,885,424               | 8,606,371               | 10,653,330              | 9,936,518               | 13,222,539              | 10,457,348              |
| Subtotal                                       | 230,881,886             | 172,902,152             | 162,489,015             | 180,300,050             | 175,146,517             | 192,703,082             | 206,178,999             |
| <b>Other Taxes, Licenses and Services</b>      |                         |                         |                         |                         |                         |                         |                         |
| Cigarette Tax                                  | 83,882,748              | 79,905,894              | 77,071,487              | 74,090,938              | 75,533,075              | 74,790,040              | 73,839,772              |
| Telecommunications Excise Tax                  | 22,350,323              | 22,250,383              | 23,523,474              | 22,049,967              | 21,459,017              | 20,651,872              | 19,656,770              |
| Lodging Facility Use Tax                       | 18,562,141              | 17,103,638              | 17,132,174              | 19,718,227              | 22,257,882              | 23,332,178              | 24,486,047              |
| Inheritance/Estate Tax (Net)                   | 122,148                 | 217,097                 | 90,544                  | 43,165                  | 59,718                  | 1,676                   | 3,741                   |
| Sales Tax - Accommodations                     | 13,389,534              | 12,477,461              | 12,330,846              | 14,240,586              | 15,606,496              | 16,719,931              | 17,725,159              |
| Nursing Facility Bed Tax                       | 15,868,028              | 15,308,973              | 14,928,685              | 14,609,167              | 14,294,205              | 13,719,662              | 13,929,619              |
| Hospital Utilization Fee                       | 16,671,570              | 19,582,981              | 21,290,112              | 21,819,469              | 21,238,158              | 21,703,642              | 22,179,418              |
| Emergency Telephone 911 System                 | 12,986,143              | 13,249,845              | 13,801,647              | 13,376,568              | 13,212,111              | 13,062,990              | 13,009,356              |
| Electrical Energy Production Tax               | 5,179,013               | 4,824,659               | 4,713,429               | 4,332,363               | 4,481,361               | 5,066,602               | 4,279,845               |
| Abandoned Property                             | 5,858,281               | 4,541,077               | 12,491,906              | 7,276,154               | 7,188,318               | 8,827,032               | 12,882,668              |
| Tobacco Products Tax                           | 9,872,434               | 10,479,063              | 11,210,117              | 11,492,465              | 12,024,144              | 12,386,794              | 12,562,721              |
| Wholesale Energy Transaction Tax               | 3,856,112               | 3,864,771               | 3,556,056               | 3,945,547               | 3,427,411               | 3,558,221               | 3,112,284               |
| Public Service Commission Tax                  | 3,520,803               | 3,521,894               | 2,493,209               | 4,739,380               | 2,461,936               | 2,608,068               | 4,910,861               |
| Sales Tax - Rental Vehicles Tax                | 3,157,239               | 2,904,340               | 2,807,415               | 3,149,201               | 3,419,763               | 3,523,211               | 3,521,324               |
| Contractor's Gross Receipts Tax                | 5,062,659               | 5,929,999               | 6,969,395               | 6,803,285               | (3,041,921)             | (137,587)               | 887,078                 |
| Rail Car Tax                                   | 2,063,981               | 2,099,454               | 2,579,263               | 2,130,192               | 2,273,412               | 2,178,957               | 2,418,072               |
| Consumer Counsel Tax                           | 1,696,840               | 1,355,530               | 530,981                 | 1,243,187               | 1,523,517               | 1,063,563               | 1,444,344               |
| TDD Telecommunications Service Fee             | 1,320,796               | 1,389,821               | 1,361,947               | 1,350,111               | 1,325,236               | 1,317,336               | 1,430,128               |
| Intermediate Care Utilization Fee              | 890,691                 | 907,764                 | 913,971                 | 931,535                 | 882,024                 | 951,767                 | 906,220                 |
| Other Taxes and Licenses                       | 173,384                 | 148,865                 | 120,069                 | 122,424                 | 127,592                 | 152,681                 | 151,784                 |
| Subtotal                                       | 226,484,868             | 222,063,508             | 229,916,727             | 227,463,929             | 219,753,456             | 225,478,635             | 233,337,211             |
| <b>Liquor Taxes, Profits, and Licenses</b>     |                         |                         |                         |                         |                         |                         |                         |
| Liquor Profits and License Fees (to GF)        | 10,182,218              | 7,649,280               | 9,322,967               | 9,363,108               | 9,559,079               | 10,584,631              | 10,560,209              |
| Liquor, Beer, and Wine Taxes                   | 27,187,202              | 24,326,002              | 28,196,405              | 28,699,909              | 30,266,107              | 31,438,970              | 32,471,220              |
| Subtotal                                       | 37,369,419              | 31,975,283              | 37,519,372              | 38,063,017              | 39,825,185              | 42,023,600              | 43,031,429              |
| <b>TOTAL COLLECTIONS</b>                       | <b>\$ 1,521,716,082</b> | <b>\$ 1,408,436,650</b> | <b>\$ 1,235,665,896</b> | <b>\$ 1,380,962,859</b> | <b>\$ 1,461,350,452</b> | <b>\$ 1,684,981,151</b> | <b>\$ 1,691,541,335</b> |

The three graphs on the next page show total collections of taxes, divided into four categories, for fiscal years 1980 through 2014. The first shows the actual amount of collections each year. The second shows collections adjusted for inflation, with each year's collections shown in terms of their value in 2014. The third shows taxes as a percent of Montana GDP.

# Montana Tax Trends



## Montana Tax Trends

The following table shows how taxes are grouped in the previous three graphs:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b><u>Property Tax</u></b></p> <ul style="list-style-type: none"> <li>● Taxes Based on Mill Levies</li> <li>● Special Improvement Districts (SID)</li> <li>● Rural Improvement Districts (RID)</li> <li>● Other Fees</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p><b><u>Income Taxes</u></b></p> <ul style="list-style-type: none"> <li>● Individual Income Taxes</li> <li>● Corporate Income Taxes</li> </ul> |
| <p><b><u>Natural Resource Taxes</u></b></p> <ul style="list-style-type: none"> <li>● Coal Severance Tax</li> <li>● Coal Gross Proceeds Tax</li> <li>● Metal Mines License Tax</li> <li>● Metal Mines Gross Proceeds Tax</li> <li>● Resource Indemnity and Groundwater Assessment Tax</li> <li>● Miscellaneous Mines Net Proceeds Tax</li> <li>● Bentonite Tax</li> <li>● Oil and Natural Gas Severance Tax</li> <li>● Cement and Gypsum Taxes</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                 |
| <p><b><u>Other Taxes</u></b></p> <ul style="list-style-type: none"> <li>● Lodging Facility Use Tax</li> <li>● Accommodations Sales Tax</li> <li>● Rental Vehicle Tax</li> <li>● Cigarette Tax</li> <li>● Tobacco Product Tax</li> <li>● Cigarette Seller Licenses</li> <li>● Liquor License Tax</li> <li>● Liquor Excise Tax</li> <li>● Beer Tax</li> <li>● Wine Tax</li> <li>● Alcoholic Beverage License Fees</li> <li>● Telephone Company Tax and Retail Telecommunication Tax</li> <li>● Emergency Telephone System Fee</li> <li>● TDD Telecommunications Fee</li> <li>● Electrical Energy Producers' Tax</li> <li>● Wholesale Energy Transaction Tax</li> <li>● Consumer Council Tax</li> <li>● Public Service Commission Tax</li> <li>● Unclaimed Property</li> <li>● Public Contactor's Gross Receipts Tax</li> <li>● Inheritance and Estate Tax</li> <li>● Nursing Facility Bed Tax</li> <li>● Intermediate Care Facility Utilization Fee</li> <li>● Hospital Facility Utilization Fee</li> <li>● Rail Car Tax</li> </ul> |                                                                                                                                                 |

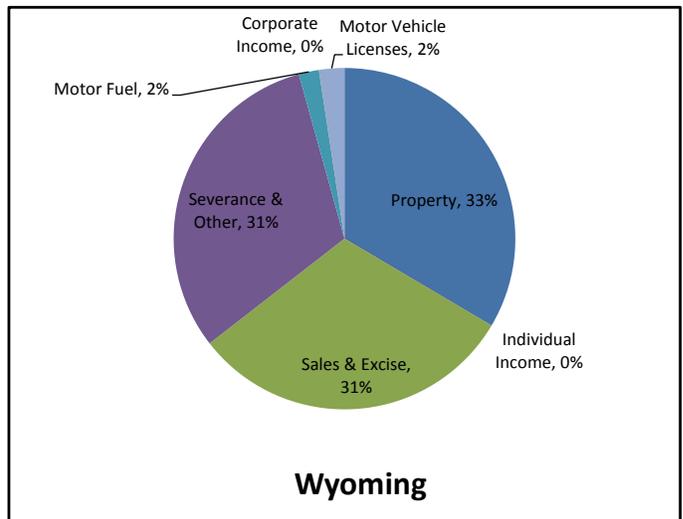
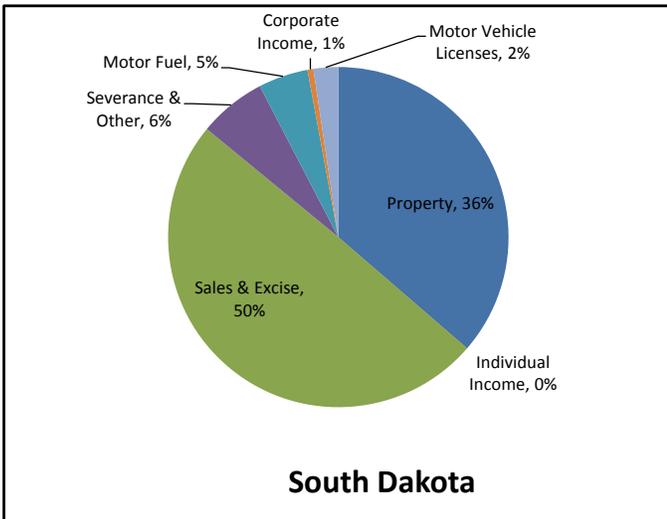
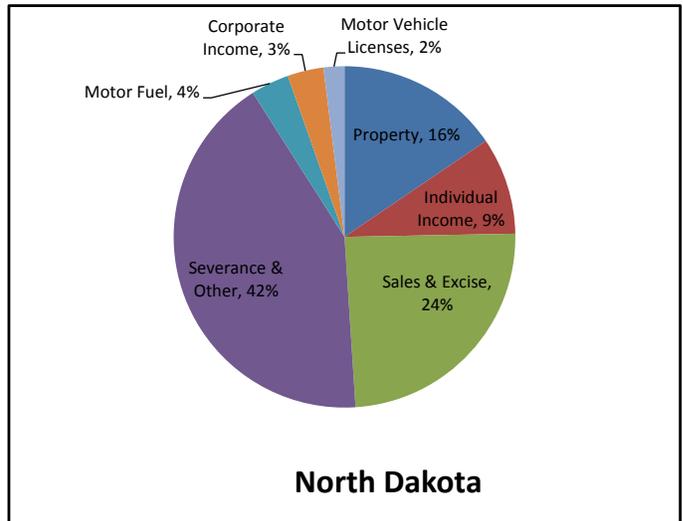
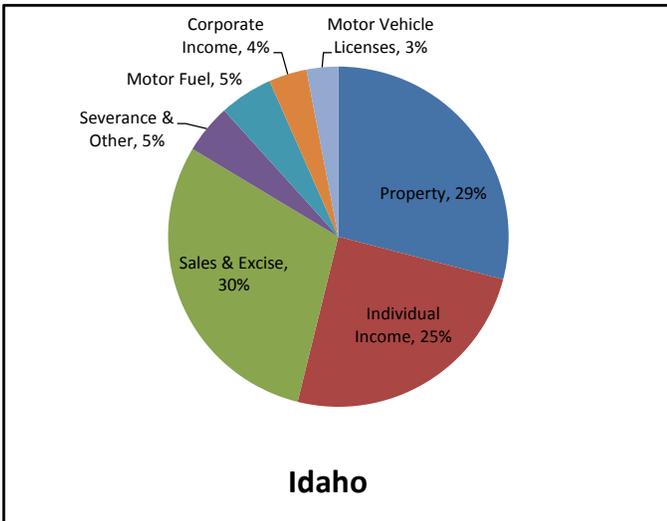
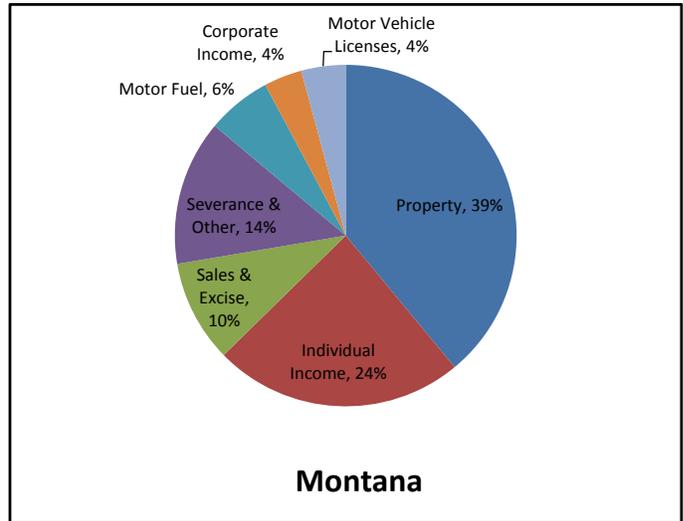
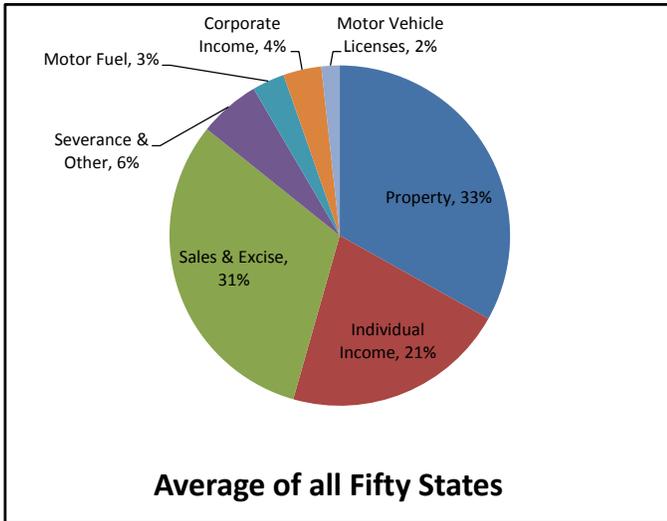
The charts on the next page show the mix of taxes in fiscal year 2011 for Montana, the average of all 50 states, Idaho, North Dakota, South Dakota, and Wyoming. The charts on the following page show the mix of state and local spending for the same states.

The chart in the upper left corner of the next page shows the average percentage of tax revenue from each type of tax for all states. Property taxes, sales taxes, and individual income taxes together account for 84 percent of state and local tax revenue. This combination of taxes is often referred to as the “three legged stool” of state and local taxation.

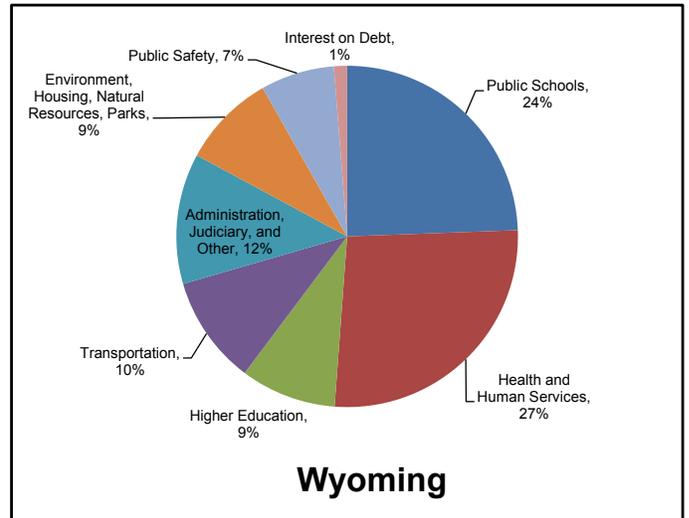
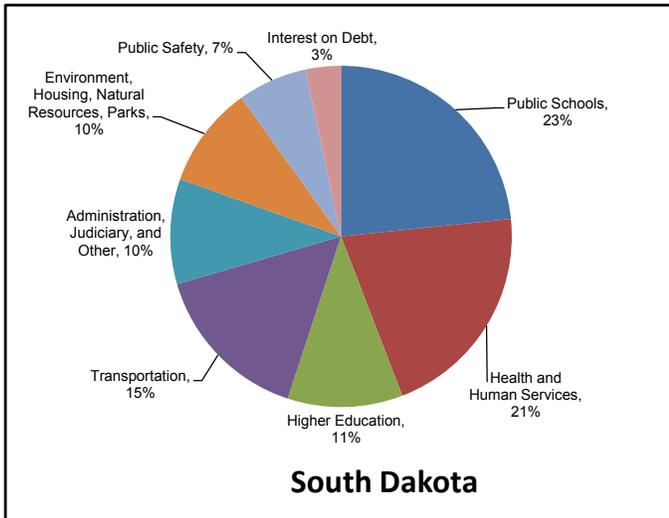
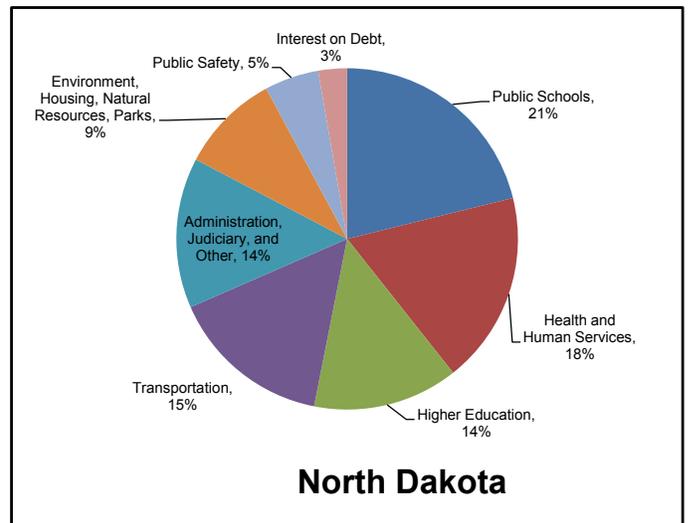
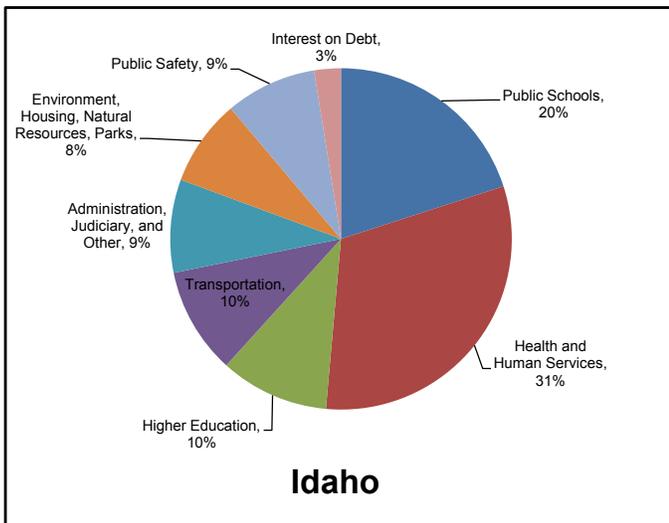
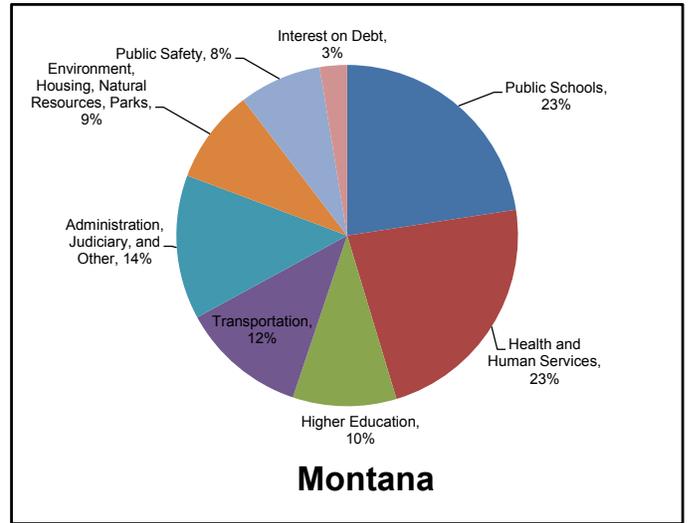
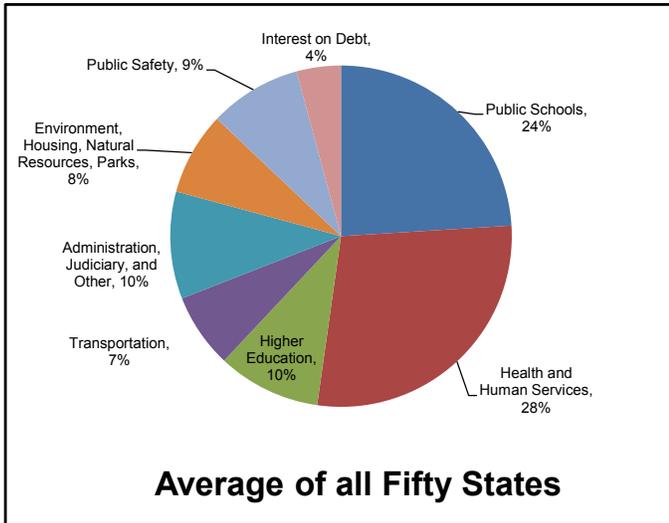
Compared to the average, Montana gets a much smaller share of tax revenue from sales and excise taxes and a somewhat larger share from each of the other types. Of the four neighboring states, only Idaho looks like the average state. North Dakota receives about average proportions from property taxes and sales taxes but a much smaller than average proportion from the income tax. This is offset by a much higher than average proportion from the severance and other taxes category. South Dakota and Wyoming do not have individual income taxes and Wyoming does not have a corporate income tax. South Dakota compensates by receiving a somewhat higher proportion of tax revenue from property taxes and a much higher proportion from the sales tax. Wyoming receives a much higher-than-average proportion of tax revenue from the severance and other category.

The mix of spending shows much smaller differences between states. All of the states in the region devote a slightly smaller-than-average share of spending to public schools. Except for Wyoming, the states in the region devote a larger-than-average share of spending to higher education. Montana and the Dakotas devote a smaller-than-average share of spending to health and human services while Idaho and Wyoming are slightly higher than average. Transportation's share of spending is slightly higher than average in all the states in the region.

## State and Local Taxes



## State and Local Spending



### How Does Montana's State and Local Revenue System Measure Up?

There are many ways to evaluate state and local revenue systems. People and businesses care about different aspects of revenue systems because state and local taxes affect them differently: A tax system that is attractive to one person or business may be unattractive to another. For example, a family with a large mortgage may benefit from itemized deductions for property taxes and home mortgage interest while a family that lives in an apartment would not. A business with large investment in buildings and fixed equipment may prefer a location with low property taxes even if it has a high sales tax while a business with few fixed assets but large expenses for supplies may prefer the opposite.

This section presents an analysis of Montana taxes based on the ideas in the National Conference of State Legislatures' (NCSL) Principles of a High Quality State Revenue System. The NCSL first published this document in 1992 and has updated it several times since then.<sup>2</sup> The NCSL's nine principles can be stated as follows:

1. The elements are complementary rather than contradictory. Individual state taxes should harmonize with each other, and state and local taxes should complement each other rather than conflict.
2. Revenue should be reliable for both government and taxpayers. Revenue should be adequate to fund state and local government functions, and there should not be wide fluctuations in revenue from one year to the next. Taxpayers should not face frequent and significant changes in tax rates and structures.
3. There should be a balanced mix of revenue sources. All taxes have strengths and weaknesses, and a system with multiple taxes is more likely to be able to offset the weaknesses of one with the strengths of another. Multiple taxes also allow lower rates for individual taxes.
4. The revenue system should be fair. While there are many disagreements about tax fairness, there are a few widely accepted principles: Taxpayers in similar circumstances should pay similar taxes. The ratio of taxes to income should not be higher for low income taxpayers than for higher income taxpayers. And, taxes on low-income people should be low.
5. Taxes should be easy to understand and easy to comply with.
6. Taxes should be easy to administer in a fair, efficient, and effective manner.
7. A state's taxes should be competitive with taxes in other states and countries while financing a competitive level of infrastructure and public services. Competitiveness should be measured by the state's entire package of taxes and public services, not by the special treatment given to specific groups of taxpayers.
8. A high quality revenue system minimizes its impacts on taxpayer decisions and state budgeting decisions, and any such impacts should be explicit. Tax systems affect taxpayer decisions by imposing higher taxes on some activities than on others. Sometimes this is intentional, as with targeted tax credits, and sometimes it is a consequence of adopting certain types of taxes. Tax systems affect budgeting decisions primarily through earmarking of particular taxes.
9. A high quality revenue system is accountable to taxpayers. The processes for setting and changing taxes should be public and accessible. Taxpayers should be aware of the taxes they pay, and special provisions of the tax code should be reviewed regularly.

For each of the NCSL's principles, the rest of this section presents information on ways that Montana either conforms to or differs from the principle. Where possible, it also compares Montana to the other states.<sup>3</sup>

<sup>2</sup> The latest version, updated in 2007, can be found on the NCSL website at <http://www.ncsl.org/research/fiscal-policy/principles-of-a-high-quality-state-revenue-system.aspx>.

<sup>3</sup> A number of organizations publish state tax comparisons that reflect the particular interests of that organization. For example, The Tax Foundation ([www.taxfoundation.org](http://www.taxfoundation.org)) publishes an annual "State Business Tax Climate Index," The Institute on Taxation and Economic Policy ([www.itepnet.org](http://www.itepnet.org)) periodically publishes "Who Pays? A Distributional Analysis of the Tax Systems in All 50 States," The Council on State Taxation ([www.cost.org](http://www.cost.org)) produces an annual report "Total State and Local Business Taxes," and the Office of the Chief Financial Officer of the District of Columbia ([cfo.dc.gov](http://cfo.dc.gov)) publishes an annual report "Tax Rates and Tax Burdens in the District of Columbia – A Nationwide Comparison."

## Comparison of State Taxes

### Complementary

The Principles document lists several ways that state and local taxes can fail to be complementary: State and local governments may compete for the same tax base, the state may impose spending mandates on local governments, and the state may impose limits on local governments' ability to raise revenue.

In Montana, both the state and local governments levy property taxes, so there is some degree of competition for tax base. In the past, the state and local governments shared a variety of taxes. The 2001 Legislature replaced this with a system where these taxes are paid to the state, and local governments and school districts receive fixed Entitlement Share Payments. The oil and natural gas production tax continues to be shared. Before 2003, the state and local shares were partly determined by property tax mill levies, but the 2003 Legislature made state and local shares fixed percentages.

The state mandates minimum and maximum spending levels for school districts, but also provides state funding.

The state imposes a limit on annual property tax revenue growth, but allows voter-approved levies to exceed the limit.

The state limits local government taxing authority to property taxes, a local sales tax in communities that qualify as resort areas, a local option gasoline tax, and a local option vehicle registration fee.

### Reliable

The Principles document gives three aspects of reliability: revenue does not fluctuate too much, taxpayers are not subject to frequent rate and base changes, and revenue grows at about the same rate as desired spending.

The graph on the following page compares states on the variability of state and local tax revenue. It shows states and the District of Columbia ranked by a measure of the relative variability<sup>4</sup> of revenue growth over the period 1993 to 2011. Montana is highlighted in blue, and the four surrounding states and the U.S. average<sup>5</sup> have darker shading than other states.

Montana ranks 39th, with somewhat higher-than-average relative variability. The stability of a state's revenue depends on its tax structure and how that structure interacts with the state's economy. In general, states with the most volatile taxes tend to have less diverse tax structures and to be more dependent on volatile taxes such as corporation tax and severance taxes.

### Balance

The Principles document states that "All taxes have their advantages and disadvantages, but reliance on a diverse assortment can cancel out their biases." An unbalanced tax system relies on one or two taxes for most of its revenue. The next two graphs compare states on their share of taxes from the largest tax type and from the two largest tax types.

The conventional view is that a balanced tax system would get most of its revenue from the "three-legged stool" of income, property, and sales taxes, but balance can be achieved in other ways. Despite not having a general sales tax, Montana has one of the more balanced tax systems, as measured by the percent of revenue from one or two taxes, with 40 percent from one tax and 62 percent from two taxes. For Montana, selective sales and excises taxes and severance taxes together make up about the same share of revenue as general sales taxes do for other states.

### Equity

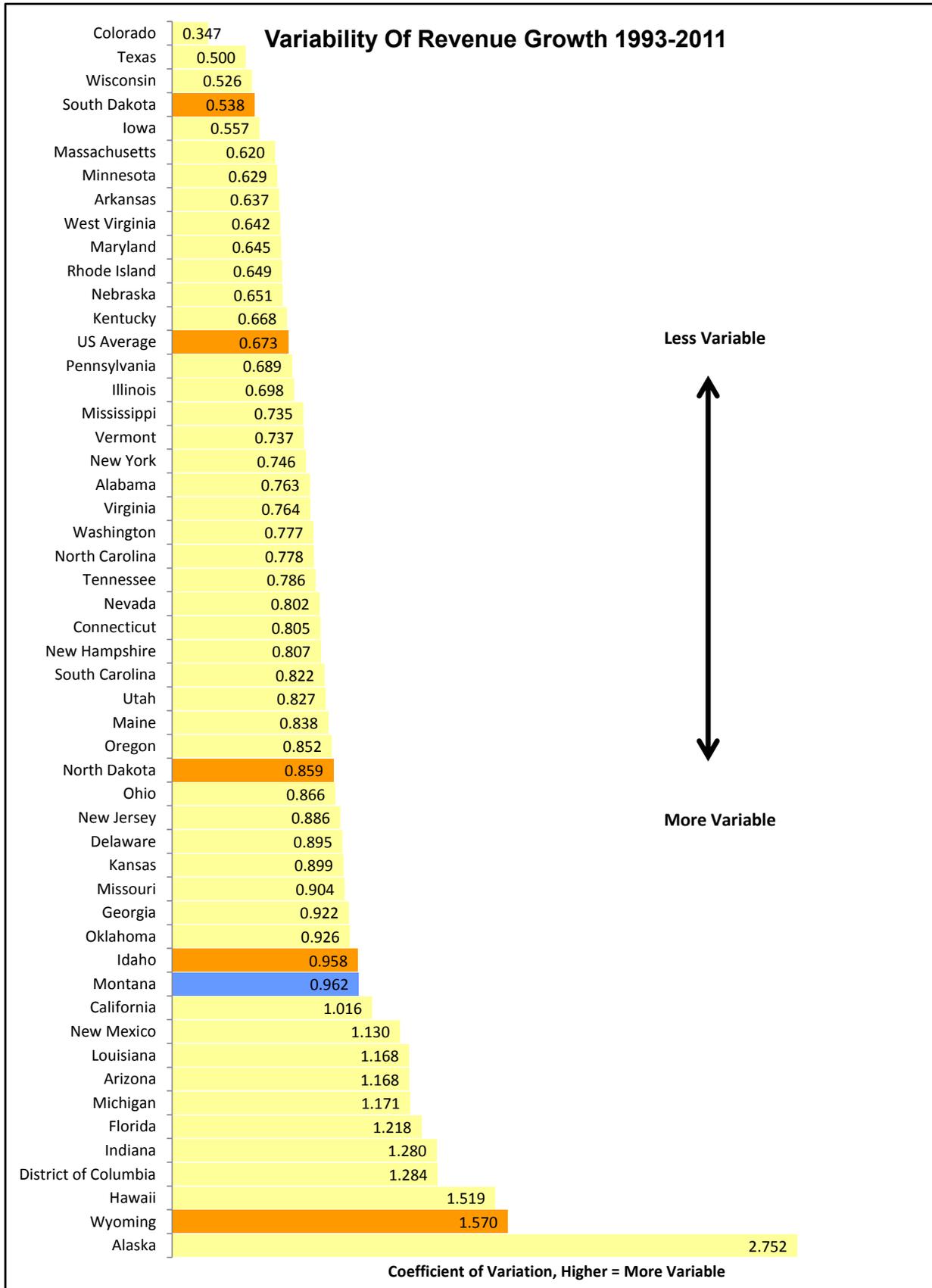
The Principles document recognizes that views on equity differ, but gives three minimal principles of tax equity: taxpayers in similar circumstances should pay similar taxes, regressivity should be minimized, and taxes on low-income individuals should be minimized.

A tax system is defined to be proportional if the ratio of taxes to income is the same for taxpayers with

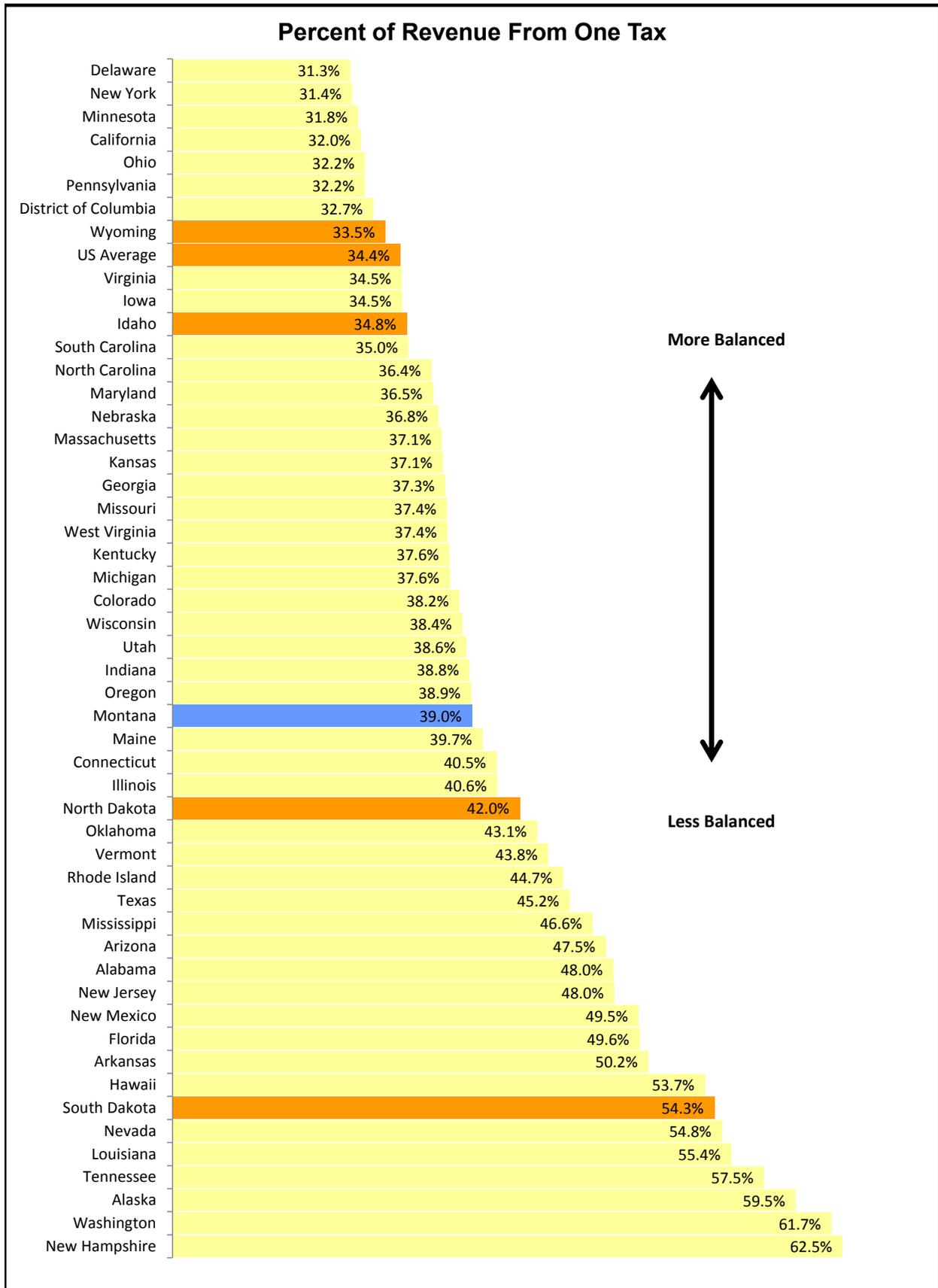
<sup>4</sup> The coefficient of variation is a measure of relative variability. A higher CV indicates that the variation in annual growth rates is a larger percentage of the average growth rate.

<sup>5</sup> In this section, U.S. averages are calculated from total revenue for all fifty states. They are not the average of the fifty state numbers.

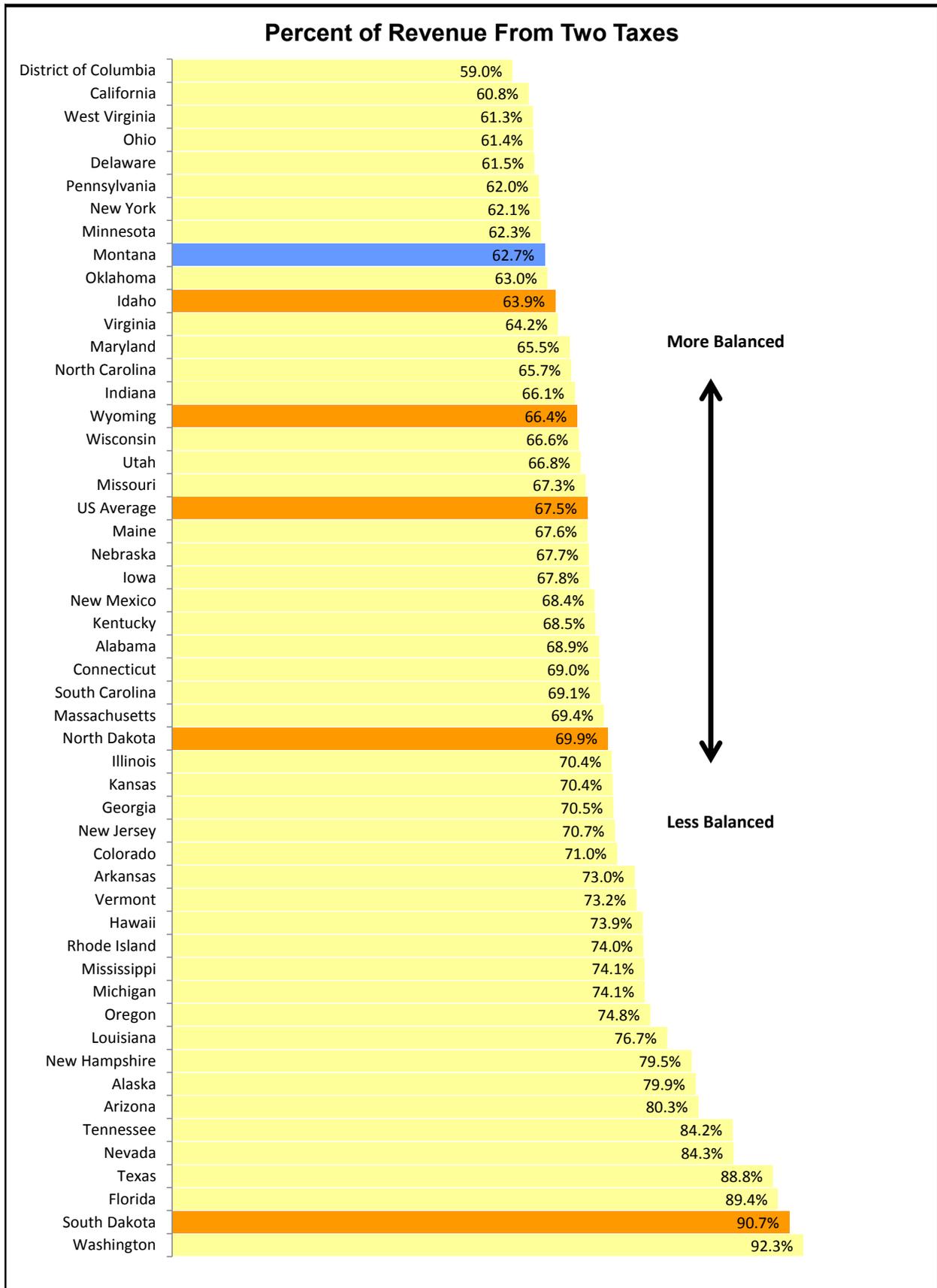
# Comparison of State Taxes



# Comparison of State Taxes

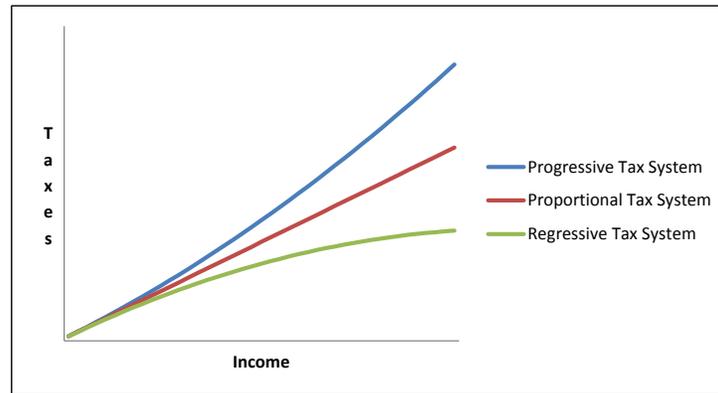


# Comparison of State Taxes



## Comparison of State Taxes

different incomes. It is progressive if the ratio of taxes to income is higher for taxpayers with higher incomes and regressive if the ratio of taxes to income is lower for taxpayers with higher incomes. The graph below illustrates these concepts. The red line shows a proportional tax system, where taxes are the same proportion of income at all income levels. The blue line shows a progressive tax system, where taxpayers with higher incomes pay a higher percentage of their incomes in taxes. The green line shows a regressive tax system, where taxpayers with lower incomes pay a higher percentage of their incomes in taxes.



The graph on the left side of the next page shows a measure of progressivity or regressivity, the Suits index, for each of the 50 states and the District of Columbia. The Suits index is positive for a progressive tax system, zero for a proportional tax system, and negative for a regressive tax system. A larger negative number indicates a more regressive tax system. The Suits index is always between -1 and 1. If all taxes were paid by the person with the highest income, the Suits index would be equal to 1, and if all of taxes were paid by the person with the lowest income, the Suits index would be equal to -1.<sup>6</sup>

As the graph shows, almost all state tax systems are regressive – taxpayers with higher incomes pay a smaller portion of their income in taxes. While state income taxes often are progressive, property and sales taxes together generate more revenue than the income tax in all states except for Delaware.

Property taxes are regressive because, while higher-income individuals typically have more expensive houses, taxpayers' personal real estate holdings generally do not increase proportionally with their income. Taxpayers with higher incomes are more likely to own business property, but property taxes, like other costs, generally are passed along to customers.

Sales taxes generally are regressive because services and other non-taxable purchases make up a larger percentage of higher-income taxpayers' spending and because higher-income taxpayers typically spend a smaller fraction of their income. Higher-income taxpayers are more likely to be accumulating wealth, i.e., saving, both in any year and over their lifetimes.

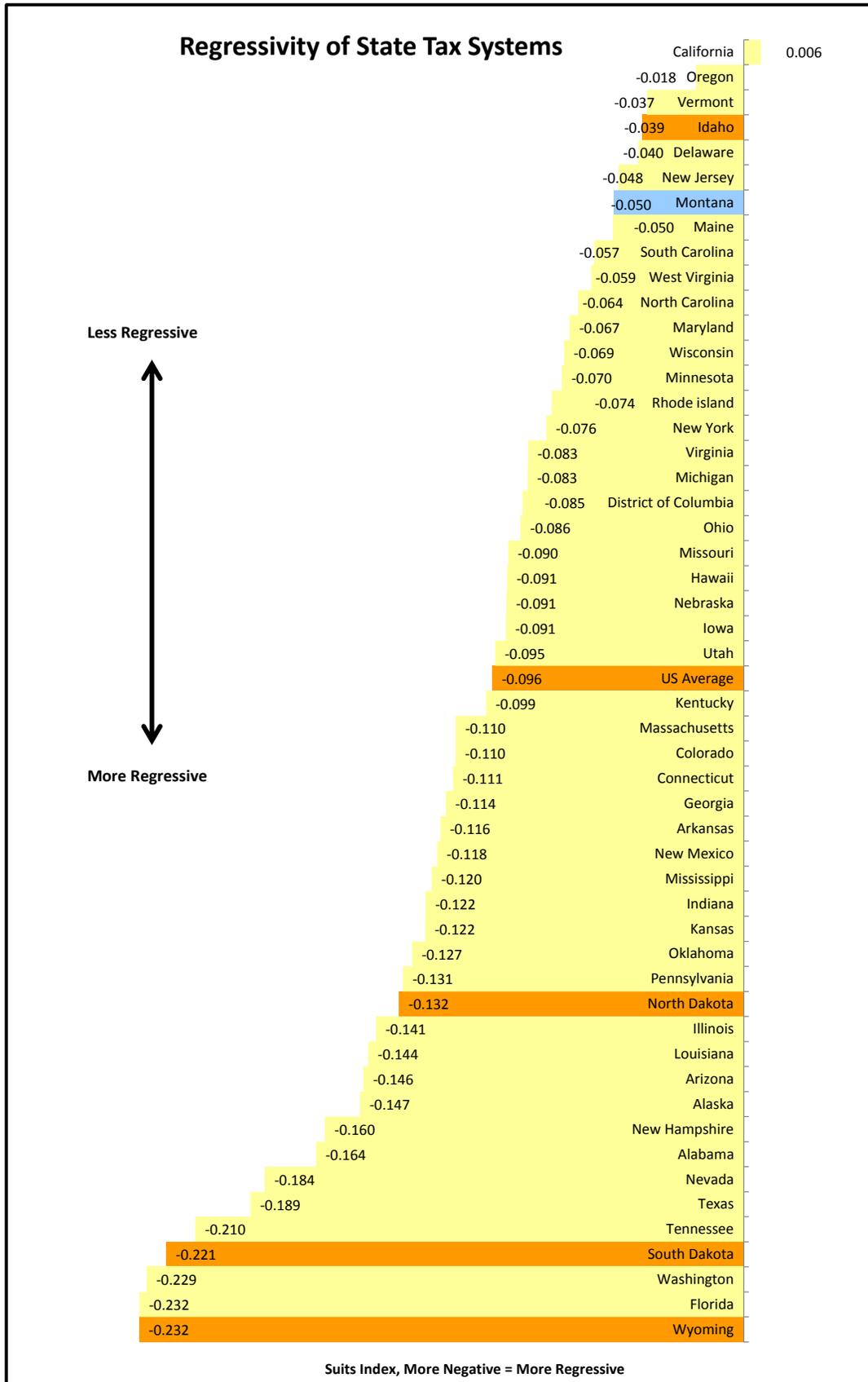
Montana has one of the least regressive tax systems as measured by the Suits index.

The right-hand graph on the next page compares the percentage of income going to state and local taxes for the fifth of taxpayers with the lowest incomes to the percentage for all taxpayers. The number for a state is less than one if low-income taxpayers pay a smaller share of their income in state and local taxes than other taxpayers. It is more than one if low-income taxpayers pay a larger share of their income in state and local taxes.

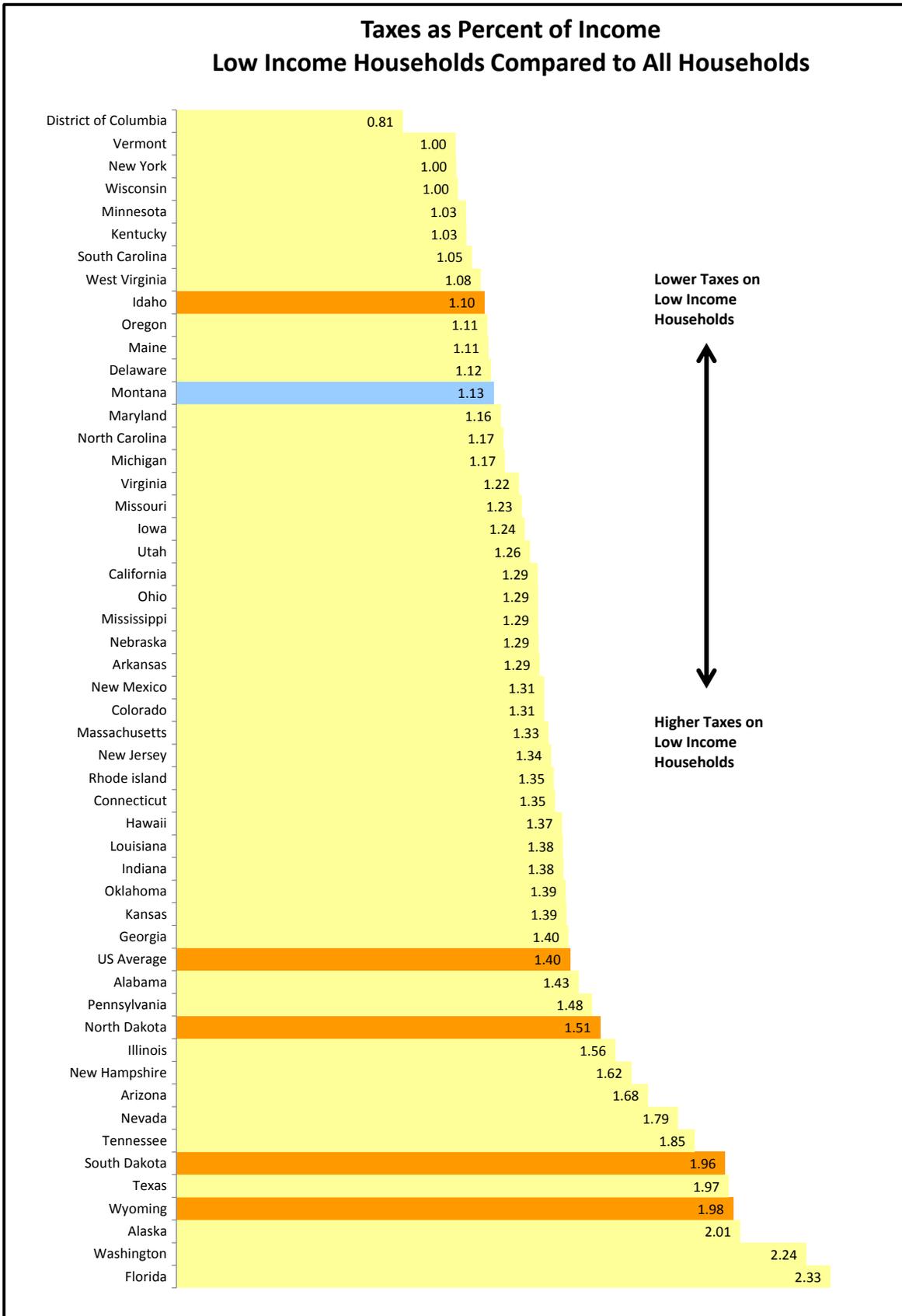
Montana low-income taxpayers pay 1.13 times as large a share of their income in state and local taxes as taxpayers as a whole. This is one of the lower ratios, and well below the national average of 1.40. There are four states where the ratio is 1 or less. The seven states with no income tax have some of the highest ratios, with low income taxpayers paying at least twice as large a share of their income in state and local taxes in three of the seven.

<sup>6</sup> Suits Indices in the graph are calculated from information in Carl Davis, Kelly Davis, Matthew Gardner, Robert S. McIntyre, Jeff McLynch, and Alla Sapozhnikova, *Who Pays: A Distributional Analysis of the Tax Systems in All 50 States*, 4th ed, Institute on Taxation & Economic Policy, 2013.

# Comparison of State Taxes



# Comparison of State Taxes



## Comparison of State Taxes

### **Easy to Understand and Comply**

Ideally, paying for public services would be as simple and straightforward as possible. The taxpayer would receive a bill, would easily be able to verify that the amount was correct, and would have a convenient way to pay.

Whether a state's tax system is easy to understand and easy to comply with depends on the types of taxes collected as well as on the details of the specific taxes. Some taxes are inherently harder to understand or harder to comply with. The way a tax is implemented can also make it easier or more difficult to understand and comply with. A state that relies more on taxes that are hard to understand and comply with will have a tax system that is harder to understand and comply with than a state that relies more on taxes that are inherently easy to understand and comply with.

Characteristics of a tax that influence whether it is easy to understand and comply with include:

- Whether the taxpayer receives a bill or self-assesses (files a return),
- If the tax is self-assessed, the ease or difficulty of the process,
- If tax is billed, whether the taxpayer can easily verify that the tax assessment is correct, and
- How the tax is paid.

The process for resolving disputes between the taxpayer and the taxing jurisdiction also affects the ease of complying with a tax, but is generally similar between taxes and across states. In general, the taxpayer can request an informal review, proceed to a formal review with the department, an appeal before a quasi-judicial body such as the state tax appeals board, and ultimately an appeal before state, and possibly federal, courts. One difference between taxes is who initiates the process. With taxes that are billed, the process generally begins with the taxpayer disagreeing with the taxing authority's assessment. With taxes that are self-assessed, the process generally begins when the taxing authority audits the taxpayer's return, disagrees with the self-assessed tax, and assesses additional tax.

### **Billed or Self-Assessed**

The property tax is billed to taxpayers, though some types of property are self-reported.

Sales taxes and excise taxes generally are assessed by the vendor as part of the ultimate taxpayer's bill for the taxable good or service.

Individual and corporate income taxes are self-assessed. So are the severance taxes and most business taxes.

Unlike the typical state, Montana does not have a general sales tax. Because of this, a taxpayer in Montana self-assesses a larger proportion of tax transactions than a taxpayer in the typical state. However, the effort required to self-assess taxes depends on the number of returns a taxpayer must file and the effort each return requires, not on the tax due with each return. A taxpayer in a state with a sales tax in addition to income and property taxes will have to file about the same number of returns as they would in Montana.

### **Ease or Difficulty of Self-Assessment**

How difficult it is for taxpayers to file returns for a tax depends on the length and complexity of the return and on additional record keeping the tax requires.

### **Personal Income Tax**

The income tax is self-assessed. Taxpayers are required to complete and file an annual return. This requires some degree of record keeping, organization and planning. The ease of filing returns differs between taxpayers. For taxpayers whose income is all in forms for which they receive a W-2 or 1099 at the end of the year, such as wages or interest, and who take the standard deduction and do not claim any credits, filling out a return can be fairly simple. For taxpayers who have business income, itemize deductions, or claim a credit, there is a greater need to keep records, and completing a return takes more time and effort.

Like most states, Montana has tied its income tax closely to the federal income tax. For taxpayers who are required to file a federal income tax return, the closer the state return is to the federal return, the easier it is for taxpayers to file their state return. Montana's income tax return is modeled on the federal return, and for

## Comparison of State Taxes

many taxpayers, all of the information on income and deductions used in calculating their state income tax is the same information they used on their federal returns.

All states have some differences from federal law – in types of income that are taxed or exempt and in the itemized deductions and credits allowed. Montana has more differences from federal law than most states.<sup>7</sup> One significant difference is that Montana is one of a few states that do not require married couples to make the same choice between a joint return and separate returns that they made for the federal income tax. Federal law provides different rate tables for joint and separate returns, and almost all married couples have lower federal tax liability if they file a joint return. Montana has one rate table for all taxpayers. Most married couples with two incomes have lower state tax liability if they file separate returns, while married couples with one income generally have lower state tax liability if they file a joint return. Many couples file a joint federal return and separate state returns, which makes the process slightly more complex. In addition, many couples calculate their state tax both ways because it is not immediately obvious which will result in lower tax liability. This can significantly increase the time and effort required to file a state return.

Federal law prohibits states from taxing some types of income that the federal government taxes, and many states have chosen to exempt some other types of income. States are also allowed to tax some income that the federal government has chosen to exempt. All state income taxes have a definition of adjusted gross income that has some differences from the federal definition. As the following table shows, Montana has more differences than most other states.

| Number of Differences from Federal Adjusted Gross Income<br>States with Broad Income Taxes |      |
|--------------------------------------------------------------------------------------------|------|
| Fewest Differences                                                                         | 6    |
| Most Differences                                                                           | 26   |
| Average Number of Differences                                                              | 14.6 |
| Montana Differences                                                                        | 25   |

Taxpayers who itemize deductions need to keep track of deductible expenditures and to fill out additional schedules on their tax returns. States that either allow the same itemized deductions as federal law or do not allow any itemized deductions impose the smallest costs for additional record keeping and filing returns. A majority of states that have itemized deductions have at least one difference from federal law – they do not allow the itemized deduction for state income tax that federal law allows. Some states have more differences from federal law, either allowing additional deductions or not allowing some federal deductions. As the following table shows, Montana has more differences from federal itemized deductions than any other state.

| State Itemized Deductions                                      |                   |
|----------------------------------------------------------------|-------------------|
| Same as Federal                                                | 6 states          |
| No Itemized Deductions                                         | 11 states         |
| Standard Deduction plus Percent of Federal Itemized Deductions | 1 state           |
| 1 difference from Federal Deductions                           | 10 states         |
| 2 or 3 differences from Federal Deductions                     | 11 states         |
| 4 to 7 differences from Federal Deductions                     | 4 states          |
| 8 differences from Federal Deductions                          | 1 state (Montana) |

Tax credits reduce taxes for eligible taxpayers but require them to keep track of expenditures that are the basis of a credit and to fill out additional schedules. As the following table shows, Montana has more credits than most states, but there are states with many more credits than Montana. The additional work can vary greatly between credits, and only a subset of taxpayers claim any one credit, so the number of credits measures only one aspect of the additional compliance cost from tax credits.

<sup>7</sup> Comparisons in this section are based on a review of 2012 state tax returns and instructions and on information in Individual Income Tax Provisions in the States, Wisconsin Legislative Fiscal Bureau, January, 2011.

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| Number of Income Tax Credits |                     |
|------------------------------|---------------------|
| No Credits                   | 2 States            |
| 1 to 10 Credits              | 6 States            |
| 11 to 20 Credits             | 13 States           |
| 21 to 30 Credits             | 12 States (Montana) |
| 31 to 40 Credits             | 8 States            |
| 41 to 50 Credits             | 0 States            |
| More Than 50                 | 3 States            |
| <b>Average</b>               | <b>22.6</b>         |

Complying with the income tax is not more difficult for taxpayers who do not use these provisions. However, a majority of Montana taxpayers are affected by one or more of the differences from federal law. About half of Montana married couples file separate returns on the same form while 95 percent of married couples file joint federal returns. Almost half of Montana returns are subject to at least one of the state additions to or subtractions from federal adjusted gross income. About 60 percent itemize deductions and almost 10 percent claim at least one tax credit.

### Corporation Income Tax

The corporate income tax also is tied to federal law. The Montana return begins with federal taxable income from the taxpayer's federal return. Montana has some adjustments to federal taxable income, and most taxpayers are affected by at least one. In particular, taxpayers must add back any Montana corporation tax deducted in calculating federal taxable income. Montana also has a large number of tax credits for corporations, but only about three percent of corporate returns claim a credit.

The most difficult state-specific aspect of the Montana return is the apportionment of the income of multi-state corporations to Montana. The form itself is not difficult, but filling it out requires keeping records of the location of the corporation's sales, payroll, and property. However, a multi-state corporation has to make an apportionment calculation for each of the states where it pays corporation tax, so the extra record keeping is not all attributable to Montana.

### Selective Sales and Excise Taxes and Severance Taxes

The returns for Montana's sales and excise taxes and severance taxes generally are relatively short and straightforward. Most are one page, and ask the taxpayer to list either total or taxable sales, subtract a few deductions, and multiply the net amount by a tax rate. However, having the information to fill out the forms may require significant record keeping. Much of the information needed to fill out the tax forms is information that most businesses would be keeping anyway, such as total sales and various expenses, but some records may only be needed for taxes, such as which sales are taxable and which are exempt.

The ease of self-assessing can be partly judged by the fraction of returns with problems. For taxes where returns are filed by a business, the fraction of returns with math errors or other inconsistencies ranges from about one in ten to almost one in two. For comparison, the error rate on individual income tax returns is about one in four.

### Ease of Verifying Tax Bills

#### Property Tax

Property tax payers receive an annual statement showing the department's valuation of their property and an annual bill showing the calculation of tax. To verify the valuation, the taxpayer generally needs to contact the department's county office and talk with an appraiser. Montana has a more complicated tax calculation than many states, and it can be difficult to understand. For residential and commercial real estate, a percentage of the assessed value is exempted. Then an assessment ratio is applied to give taxable value. The assessment ratio differs between classes of property, and, for residential, commercial, and forest real estate, it changes every year.

## Comparison of State Taxes

To verify that the correct mill levies and fees have been applied to the taxable value, the taxpayer generally needs to contact the county treasurer's office.

### Selective Sales and Excise Taxes

These taxes are billed to the ultimate taxpayer as part of the bill for the taxed goods and services. Generally, the tax is stated separately. If the tax applies to the entire amount of the sale, it is straightforward for the taxpayer to check that the rate was applied correctly. If part of the sale is taxable and part is exempt, it may be difficult for a taxpayer to check whether the rate was applied only to taxable transactions.

### Ease of Payment

#### Property Tax

Property tax payments are due twice a year. The need to make two significant cash payments requires planning on the part of the taxpayer. Most homeowners who have a mortgage make monthly payments to a financial institution that then makes the biannual tax payments.

#### Personal Income Tax

Taxpayers are required to make payments during the year of at least 90 percent of the current year's tax liability or 100 percent of the previous year's tax liability. Any excess payments are refunded when the taxpayer files a return, and any shortfall must be paid at that time. Payments during the year may be made by withholding or quarterly estimated payments. Most taxpayers who receive periodic payments can choose to have income tax withheld from these payments. Taxpayers must complete a form W-4 to begin the withholding process or to adjust the amount withheld. After that, withholding is automatic for the taxpayer, but adds another step to the payroll process for employers and other payers. Taxpayers who make estimated payments generally have to keep track of their income, calculate the amount to pay each quarter, and make sure that funds are available to make the payments. About nine in ten individuals or couples have taxes withheld from wages or other periodic payments, and about one in ten make estimated payments. About one in twenty do both.

#### Corporation Income Tax

Corporations are required to make quarterly payments during a tax year. Any excess or deficiency is made up when the corporation files its return. Making periodic tax payments generally will not be significantly different from making payments to suppliers or employees or paying dividends to shareholders. These are things businesses do routinely, and making four additional payments a year should have minimal cost.

### Selective Sales and Excise Taxes

The ultimate consumers pay these taxes as part of their payment for taxable goods and services. There generally is no additional effort involved.

Vendors who collect these taxes from their customers must calculate the tax, track the amount collected and remit it to the state periodically. The tax calculation generally can be automated as part of the billing process, and is done as part of a transaction the vendor would be making anyway. Remitting the tax generally is no different from making the other types of payments that a business makes and should have minimal additional costs.

### Severance Taxes

Severance tax payments are due with the taxpayer's periodic return. Making these periodic payments generally is no different from making other payments a business makes and should have minimal additional costs.

### **Easy to Administer Fairly, Efficiently, and Effectively**

#### Cost to Assess or Process Returns

A tax that is easy to administer fairly, efficiently, and effectively will have a low cost for the tax agency to either assess the tax or process and verify tax returns. It will have few opportunities for taxpayers to evade the tax, and it will not create disparities in how taxpayers are treated.

The tax agency's cost to administer a tax depends on the number of taxpayers and the time and effort the agency must expend per taxpayer. The number of taxpayers varies among types of taxes. Taxes that are

## Comparison of State Taxes

paid directly by most individuals or businesses have many returns. Taxes that are paid by a few taxpayers or that are collected from many taxpayers by a few vendors have fewer returns to process.

The time spent per taxpayer depends on the length of the return and the amount of information that must be recorded. It also depends on the time that must be spent verifying and correcting a typical return.

To some extent, there may be a tradeoff between taxpayers' ease of compliance and the tax agency's ease of administration. For example, having a tax billed rather than self-assessed shifts most of the effort of calculating the tax from the taxpayer to the tax agency. Conversely, requiring taxpayers or third parties to provide additional information on sales or income would increase the effort required to comply with the tax, but could reduce the auditing effort required to administer a tax effectively.

### Property Tax

The property tax is a relatively expensive tax to administer, primarily because it is billed rather than self-assessed. Montana's property tax has some complexities that make it more expensive to administer than property taxes in some states, but does not have some complications found in some other states.

The Department of Revenue assesses all property in the state, certifies the total taxable value for each taxing jurisdiction, and certifies the value of new property to be used in calculating each taxing jurisdiction's spending limits under Section 15-10-420, MCA. Each local taxing jurisdiction calculates its mill levy or levies based on its budget and taxable value. The department calculates tax for each taxable property, and then county treasurers print and mail property tax bills to each property owner. This process is relatively expensive. The budget for the Property Assessment Division is almost twice as large as the budget for the Business and Income Tax Division, which administers the individual and corporate income taxes and all the excise and selective sales taxes other than alcohol taxes.

These functions are common to the property tax systems in all states. In Montana, more of these functions are performed by the state and fewer are performed by local jurisdictions than in other states. Montana is the only state where all property assessment is a state function. In most states, property assessment is mostly or entirely a local function. In most states, a state agency oversees and supports local assessors, and in most states, property that crosses county lines, such as railroads or pipelines, is assessed by the state.

Property assessment is a state function in Montana for a combination of historic and practical reasons. The 1972 Constitutional Convention made property assessment a state function after hearing widespread concerns about lack of uniformity in appraisals done by county assessors. Montana is one of eleven states with state wide property taxes, and in these states it is important that assessments be uniform statewide as well as within local jurisdictions.

Identical properties need to have the same assessed value within a taxing jurisdiction to ensure that they pay the same taxes. However, the taxes on individual properties in a jurisdiction will be the same whether assessments are all at market value or are uniformly high or low. Millage rates are set by dividing a jurisdiction's revenue requirement by its taxable value. If, for example, all properties in a jurisdiction are over-assessed by 10 percent, the mills will be 10 percent lower than if assessments were at market value, and taxes will be the same as if assessments were at market value.

In states with only local property taxes, assessments need to be uniform within each local taxing jurisdiction, but do not need to be uniform across jurisdictions. If assessments are 10 percent higher than market value in Town A and 10 percent lower than market in Town B, taxpayers in both jurisdictions pay the same taxes as if both towns assessed at market value.

When the state levies property taxes, either assessments need to be uniform statewide or some adjustment needs to be made for differences between local assessment practices. Montana has made assessment a state function. Most of the other states with state property taxes provide state oversight for local assessors. Washington conducts annual sales-assessment ratio studies and uses the results to adjust state mills in each county to compensate for differences in local assessment practices.

While assessing property at the state level increases the state cost of administering the property tax, it eliminates most local costs. It is not clear how state assessment affects the total of state and local costs.

## Comparison of State Taxes

The basis for property taxation is the market value of property. Determining the tax from market value can be simple or complex. In some states, all property is assessed at its market value and the tax equals market value multiplied by a tax rate. In other states, property is assessed at a percent of its market value, the percent may vary between classes of property, some types of property may be assessed on something other than market value, part of a property's value may be exempt from taxes, or different rates may apply to different properties.

When property is assessed at less than full market value, the ratio of assessed value to market value is called the assessment ratio. Property tax rates give the ratio of tax to taxable value. In Montana, they are expressed in mills, or dollars of tax per thousand dollars of taxable value. Some states express rates as a percent, or dollars of tax per hundred dollars of taxable value. Property tax rates may either be set in statute or determined annually by dividing a taxing jurisdiction's revenue requirement by its total taxable value.

The following table shows the number of states with uniform taxation of all property (except agricultural land, which is generally assessed on its value in its current use rather than its market value), and the number that treat classes of property differently either through different assessment ratios or different mill levies.

| State With Uniform and Non-Uniform Taxation of Property Classes |                        |
|-----------------------------------------------------------------|------------------------|
| One Assessment Ratio and Uniform Mills                          | 22                     |
| One Assessment Ratio and Non-Uniform Mills                      | 6                      |
| Multiple Assessment Ratios and Uniform Mills                    | 19 - including Montana |
| Multiple Assessment Ratios and Non-Uniform Mills                | 3                      |
| Tax Not Based on Market Value                                   | 1                      |

More than half of states have some departure from uniform taxation. The largest group, which includes Montana, has classes of property with different assessment ratios, but uniform millage rates. Montana has the largest number of different assessment ratios – 10, including two for business equipment depending on how much the taxpayer owns. Six states have uniform assessment ratios, but have at least one situation where a property class pays a different millage rate. Three states have classes with different assessment ratios and different millage rates. One state, California, does not base taxes on market value. Property taxes in California are based on purchase price partially adjusted for inflation. This is equivalent to having a different assessment ratio for property sold each year.

Many states exempt part of the value of some types of property. The exemption can be for a fraction of a property's value, a fixed dollar amount, or a specified quantity of property. The following table shows the number of states that do and do not give partial exemptions.

| States With Partial Property Tax Exemptions |                        |
|---------------------------------------------|------------------------|
| Partial Exemption                           | 19 - including Montana |
| No Partial Exemption                        | 32                     |

Most of the states with a partial exemption have a homestead exemption, usually exempting the taxpayer's principle residence and the land it sits on, up to a maximum value or acreage. Four states, including Montana, exempt a fraction of the value. This is equivalent to a lower assessment ratio for homestead property but appears to be harder for taxpayers to understand.

Four states, including Montana, exempt a dollar amount of business personal property. Montana also exempts a fraction of the value of commercial and industrial real estate.

Having multiple classes of property with multiple assessment ratios requires some additional costs for record keeping and data processing. It also requires the department to make sure that each parcel is classified correctly. The partial exemptions for residential and commercial real property add a step to the

## Comparison of State Taxes

calculation of taxes, but the cost is relatively low.

Montana's property tax does not have some features that make property tax administration more complex and more costly in other states. Some states have mill levies that apply to some classes of property and not to others. For example, school district levies may be applied to residential property, but not commercial property, or, public safety levies may be applied to buildings, but not to land. This requires a layer of record keeping and a step in the tax calculation that are not required in Montana. Some states have caps on increases in the assessed value of individual properties. These caps take several forms, and in some cases require assessors to track several values for each property, such as current market value, purchase price adjusted for inflation, or purchase price adjusted by an arbitrary growth rate, and use the lowest. This also requires additional layers of record keeping and additional steps in the tax calculation that are not required in Montana.

| States With Cap on Assessed Value Growth |                        |
|------------------------------------------|------------------------|
| Cap                                      | 9                      |
| No Cap                                   | 42 - including Montana |

### Personal Income Tax

The provisions of the Montana income tax that make it more difficult for taxpayers to file returns also generally make it more expensive for the department to process and audit returns. Building the ability to handle separate returns filed on the same form and the large number of line items into the department's data processing system required significant up-front costs. They also require considerable extra work when the system is upgraded and somewhat increase the cost of processing each return and storing the information on it. The large number of state credits and the differences from the federal definition of income and federal itemized deductions create more line items on returns that must be verified and may need to be audited to ensure high compliance.

### Sales and Excise Taxes

Not having a general sales tax significantly reduces the cost of administering Montana's tax system. In states that have both a general sales tax and an income tax, the costs of administering the two taxes generally are in the same range. Sales tax is collected by almost all businesses making retail sales and many businesses making wholesale sales. Thus, there is a large number of sales tax returns to process. And, significant effort is required to verify that an individual taxpayer has applied the tax to the correct transactions and collected and remitted the correct amount of tax.

Montana's selective sales and excise taxes generally have a relatively small number of taxpayers, ranging from a few hundred up to about 10,000. Processing and verifying individual returns can take significant resources. Some of these taxes have relatively high rates of errors on returns and verifying that the tax was applied to the correct sales can be time consuming.

### Severance Taxes

Most severance taxes have a small number of taxpayers and relatively simple returns. The oil and gas production tax is an exception. Part of the revenue from this tax is allocated to the county and school district where each well is located. This means that, in addition to the normal process of processing and verifying returns, the department must calculate the distribution of revenue separately for each return.

### Opportunities for Non-Compliance or Gamesmanship by Taxpayers

The more opportunities a tax has for non-compliance or gamesmanship the more expensive it will be to administer efficiently and effectively because the tax agency will have to spend more time auditing taxpayers, searching for non-filers and non-payers, and dealing with questionable appeals.

### Property Tax

Taxpayers are responsible for reporting business equipment annually. The department attempts to identify new construction, but taxpayers are also asked to self-identify new construction or other changes to real

## Comparison of State Taxes

estate. The only real opportunity for non-compliance for most property is a failure to report business equipment or new construction.

The appeals process offers some opportunities for gamesmanship. Taxpayers who appeal their assessments merely have to assert that the assessment is too high. They do not have to provide an alternative valuation. This essentially places the burden of proof on the department to explain and defend its valuation. There is also a procedural asymmetry. The department must argue that its valuation is correct, while the taxpayer argues that one or more components of the department's assessment result in a value that is too high. There is no party questioning whether the department's value might be too low. This can give taxpayers an incentive to appeal in the hope that the Tax Appeal Board or a court will find some reason to lower the department's assessment with essentially no risk that it will be raised. For homeowners and small businesses with limited resources and expertise this probably is not a significant problem. For large industrial taxpayers, the potential savings from significantly reducing property tax assessments can pay for in-house or hired expertise and drawn-out appeals. For these taxpayers, the structure of the appeals process makes it rational to automatically appeal in the hope that the Tax Appeal Board or a court can be convinced that there is something wrong with the department's assessment or the department can be convinced to settle for a lower valuation.

### Personal Income Tax

Since the income tax is self-assessed, taxpayers have numerous opportunities not to comply with the tax. They can understate their income, overstate their deductions, and claim credits that they are not eligible for. When taxes are withheld from taxpayers' income and there is third-party reporting of income, taxpayers are much more likely to comply. Taxpayers must either risk a high probability of being caught or convince their employers to collude with them in evading tax. The IRS estimates that income is under-reported by less than 5 percent for types of income such as interest and dividends where the payer is required to report payments on a form 1099. For wages and salaries, where employers withhold tax and report income on form W-2, the IRS estimates that income is underreported by about one percent. The IRS estimates that income from sole-proprietor businesses and pass-through entities, where neither withholding nor third-party reporting is required, is under-reported by at least 50 percent.

### Sales and Excise Taxes

Since sales and excise taxes are included in the bill the taxpayer receives for another transaction, the ultimate taxpayer has little choice about complying. The main compliance issues with these taxes are vendors who do not collect the tax and ensuring that the tax is applied to the correct base. Sometimes new or temporary businesses do not collect a tax, either from ignorance or because they do not expect to be caught. Vendors sometimes do not apply tax to taxable transactions because they are misinformed. Vendors also sometimes collect tax from customers but either under-report sales or misreport some taxable sales as non-taxable.

With a general sales and use tax, the main compliance issue arises from out-of-state purchases. In all states with a general sales and use tax, the tax is on the buyer, but is collected by the seller. When a resident of a sales tax state buys something from an out-of-state seller, the buyer has a legal obligation to pay the tax, but the seller may not have a legal obligation to collect it. This is not a problem with Montana's selective sales and excise taxes.

### Severance Taxes

Since severance taxes are self-reported, there are opportunities for non-compliance. Producers may not file returns because they are unaware of the tax or because they do not think they are likely to be caught. Producers may under-report production or under-report the value of production, particularly if there is no arms-length transaction to measure the value of production at the point in the process where the tax is imposed.

### Fairness of Administration

Whether a tax is administered fairly is a different question than whether the tax is fair. A tax may be unfair if, for example, it imposes wildly different taxes on taxpayers in similar circumstances. Administration of a tax may be unfair if, for example, the cost to comply is much higher for some taxpayers than for others or if some groups of taxpayers find it easy to evade the tax while others pay.

## Comparison of State Taxes

### Property Tax

In general, the Montana property tax system is designed so that similar properties are valued in a similar way and any differences in taxes will be due to differences in local mills. In some cases, differences in local mills reflect differences in local services. For example, if residents of one town choose to have more parks and recreation facilities than residents of a similar town, the first town is likely to have higher property taxes to pay for the additional facilities. Differences in local mills may also reflect differences in the costs of providing local services. If the cost of living is higher in one area than another, school districts in the higher-cost area may have to levy more mills so they can pay teachers higher salaries to induce them to live and work in the higher-cost area.

However, one of the main determinants of mill levies in a taxing jurisdiction is the amount of industrial and commercial property in the jurisdiction. Jurisdictions with large amounts of industrial and commercial property relative to the population tend to have low mill levies. Otherwise similar jurisdictions with little or no industrial or commercial property tend to have higher mill levies. This can result in similar properties with similar taxable values paying very different amounts of property tax for the same public services.

One aspect of the Montana property tax system that can result in similar properties having different taxable values is the six-year reappraisal cycle for residential property. Residential properties are valued once every six years, and increases in the values of individual properties are phased in over the next six years. Decreases in individual property values go on the books immediately. In recent reappraisal cycles, the legislature has adjusted the assessment ratio for residential property to keep taxable value constant for residences with an average percentage increase in market value.

This results in several inequities between homeowners. In the first year after reappraisal, taxpayers whose homes decreased in value over the previous six years are taxed on full market value while taxpayers whose homes increased in value over the previous six years are taxed at less than full market value.

For taxpayers whose homes have increased in value, the system is designed so that, after six years, all will be taxed on full market value in the reappraisal year, six years earlier. Each year of the cycle, the assessed value of each house increases by one-sixth of the increase in market value between the last two appraisals. If two houses had the same value at the last appraisal but had different values at the previous appraisal, they will have different taxable values for the first five years of the cycle. This is because each house begins the current cycle with a taxable value based on its market value six years ago. The house that had the larger increase in value over the previous cycle will be taxed on a lower percent of its market value at the beginning of the new cycle.

Changes in value during the current cycle can compound the inequity. They will not begin to be reflected in taxable value until the end of the current cycle, and will not be fully reflected in taxable value until the end of the next cycle.

For example, suppose two homes were each valued at \$100,000 in the latest reappraisal, but that they had been valued at \$50,000 and \$90,000 in the previous appraisal. The following table shows the value from the most recent appraisal and the assessed value for property tax for the last year of the previous cycle (Year 0) and the six years of the current cycle.

|                 | Year 0   | Year 1    | Year 2    | Year 3    | Year 4    | Year 5    | Year 6    |
|-----------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>House 1</b>  |          |           |           |           |           |           |           |
| Appraised Value | \$50,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 |
| Assessed Value  | \$50,000 | \$58,333  | \$66,667  | \$75,000  | \$83,333  | \$91,667  | \$100,000 |
| Percent         | 100.00%  | 58.30%    | 66.70%    | 75.00%    | 83.30%    | 91.70%    | 100.00%   |
| <b>House 2</b>  |          |           |           |           |           |           |           |
| Appraised Value | \$90,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 | \$100,000 |
| Assessed Value  | \$90,000 | \$91,667  | \$93,333  | \$95,000  | \$96,667  | \$98,333  | \$100,000 |
| Percent         | 100.00%  | 91.70%    | 93.30%    | 95.00%    | 96.70%    | 98.30%    | 100.00%   |

## Comparison of State Taxes

The two houses are taxed on the same percent of the latest appraised value only in the last year of the cycle. In the first five years, the house with the larger increase is taxed on a smaller percent of its appraised value.

If the values of the two houses continue to increase at different rates, the house with the faster increase in value will continue to be taxed on a smaller percent of its market value for the whole cycle. This is shown in the next table, where the house whose value doubles over each cycle is consistently taxed on half its market value while the house whose value increases by 10 percent over each cycle is consistently taxed on 91 percent of its market value.

|                   | Year 0    | Year 1    | Year 2    | Year 3    | Year 4    | Year 5    | Year 6    |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>House 1</b>    |           |           |           |           |           |           |           |
| Market Value      | \$100,000 | \$116,667 | \$133,333 | \$150,000 | \$166,667 | \$183,333 | \$200,000 |
| Assessed Value    |           | \$58,333  | \$66,667  | \$75,000  | \$83,333  | \$91,667  | \$100,000 |
| Assessed / Market |           | 50.00%    | 50.00%    | 50.00%    | 50.00%    | 50.00%    | 50.00%    |
| <b>House 2</b>    |           |           |           |           |           |           |           |
| Market Value      | \$100,000 | \$101,667 | \$103,333 | \$105,000 | \$106,667 | \$108,333 | \$110,000 |
| Assessed Value    |           | \$92,424  | \$93,939  | \$95,455  | \$96,970  | \$98,485  | \$100,000 |
| Assessed / Market |           | 90.90%    | 90.90%    | 90.90%    | 90.90%    | 90.90%    | 90.90%    |

Since property values can change within a year, perfect equalization of assessments is not possible. The Montana Supreme Court has held that a system that periodically equalizes assessments meets the constitutional standard of equal protection of the laws, and that equalizing every six years is acceptable but that equalizing every 50 years is not.<sup>8</sup> Whether to equalize more often than is required by the minimum standard of constitutionality is a policy decision for the legislature.

### Personal Income Tax

The primary difficulty in administering the income tax fairly comes from differences in the ease of non-compliance for taxpayers in different circumstances. Taxpayers with income from wages and salaries, interest, corporate dividends, or pensions have their income reported to the IRS and the department and may have tax withheld from their payments. Taxpayers with income from a sole proprietor business or a pass-through entity do not have the same third-party reporting and withholding requirements. IRS research indicates that taxpayers whose income is not subject to third-party reporting or withholding under-report income and under-pay tax at much higher rates.

### **Accountability**

In an accountable tax system, taxpayers know what they pay and what their taxes buy. Taxpayers also know how taxing and spending decisions are made and have the opportunity to participate in and influence those decisions.

Taxes differ in how obvious they are to taxpayers and in how easy it is for taxpayers to compare the amount they are paying for public services to the amount they pay for other goods and services. With taxes that are billed or that require taxpayers to file a periodic return, taxpayers can easily see the total amount they pay for the period. In the case of property taxes, the bill can also tell taxpayers what they are paying for particular public services, such as roads, schools, and public safety. With sales and excise taxes, it is much less obvious to a taxpayer how much they are paying per period. Even when excise taxes are stated on a bill, customers paying the bill are likely to be only vaguely aware of the amount of tax. When businesses are taxed with the intention that they pass the tax on to customers, the ultimate taxpayers will be unaware of the tax. When businesses are taxed to pay for public services that the businesses use, the cost will be passed on to customers in the same way as other costs of doing business.

In Montana, taxing and spending decisions are made by the legislature and elected local officials. In addition, local property tax increases that exceed half the rate of inflation must be put to a vote.

<sup>8</sup> See *Covenant Investments, Inc. v. Department of Revenue*, 2013 MT 215 and *Roosevelt v. Montana Department of Revenue*, 1999 MT 30.

## Comparison of State Taxes

The principles document also stresses that provisions of the tax code that have aims other than raising revenue should be explicit and should be reviewed regularly, ideally every budget cycle. Tax preferences are an alternative to spending as a way to accomplish legislative goals, and they should be given the same type of scrutiny. One of the tools of that scrutiny is a tax expenditure report. Such a report should explain each tax expenditure's purpose and how it works, measure its revenue cost, and evaluate its effectiveness and cost-effectiveness in accomplishing its purpose.

Montana is one of 42 states that produces a periodic tax expenditure report. It is the last section of this Biennial Report. Only four states' reports include evaluations of effectiveness and cost-effectiveness. Montana is not one of the four, and the Montana Legislature does not review tax expenditures as part of the budget process.

### **Competitive**

People and businesses consider taxes and government services in deciding where to locate. State and local governments often compete by providing special tax treatment for specific industries or groups of residents. However, with their requirements to have a balanced budget, state and local governments can only cut taxes for one group by raising taxes for another or by cutting services. Governments can compete by giving special treatment to favored groups at the cost of higher taxes or fewer services for everyone else, or they can compete by efficiently providing a level of services that citizens want at the lowest possible cost.

Even without consciously competing, states make themselves more and less attractive to certain types of taxpayers because of their mix of taxes and the features of individual taxes. Taxpayers generally prefer the taxes they pay to be lower, and may not care about taxes they do not pay. For example, retirees may be attracted by low property taxes, while young families may find large income tax exemptions for dependents attractive. Taxpayers may also be attracted by the quality of specific public services, such as schools or roads.

The last set of tables show taxes per person and taxes per dollar of income received by state residents for the 50 states and the District of Columbia for the fiscal year ending June 30, 2011. The tables show property taxes, sales and gross receipts taxes, individual and corporate income taxes, other taxes, and the total of all taxes. These tables show state and local taxes adjusted for the size of each state's population and the size of its economy. They also show the relative importance of each type of tax in each state.

These tables do not show taxes paid by a typical individual or the percent of income a typical individual pays in taxes. States differ in the shares of taxes paid by individuals and businesses and by residents and non-residents. Several organizations publish comparisons that attempt to adjust for these differences. The Tax Foundation<sup>9</sup> attempts to adjust for taxes each state receives from out-of-state taxpayers. The District of Columbia<sup>10</sup> compares taxes for hypothetical families in each state. The Institute on Taxation and Economic Policy<sup>11</sup> estimates taxes as a percent of income for income groups in each state.

9 <http://www.taxfoundation.org>

10 <http://cfo.dc.gov>

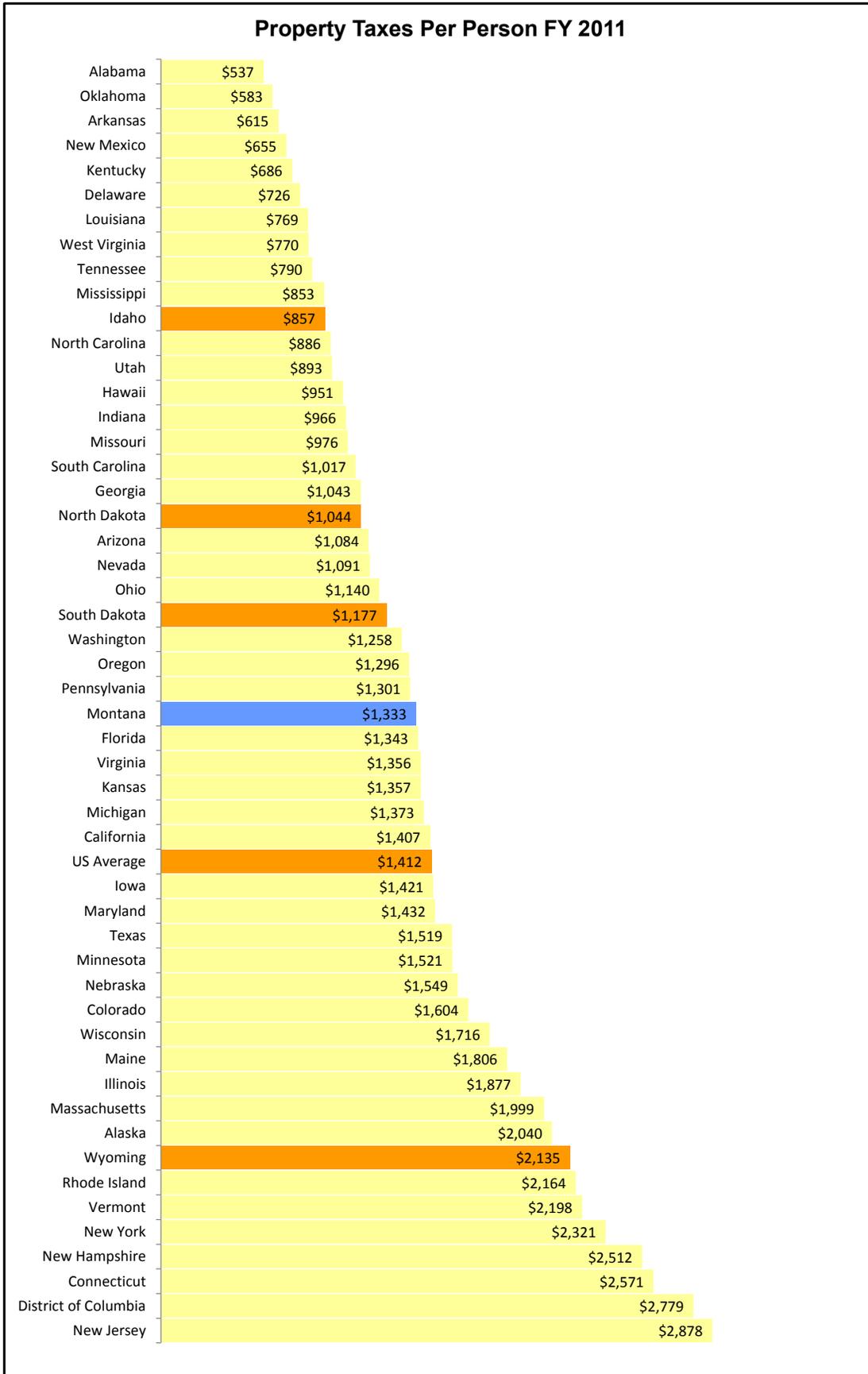
11 <http://www.itepnet.org>

## Comparison of State Taxes

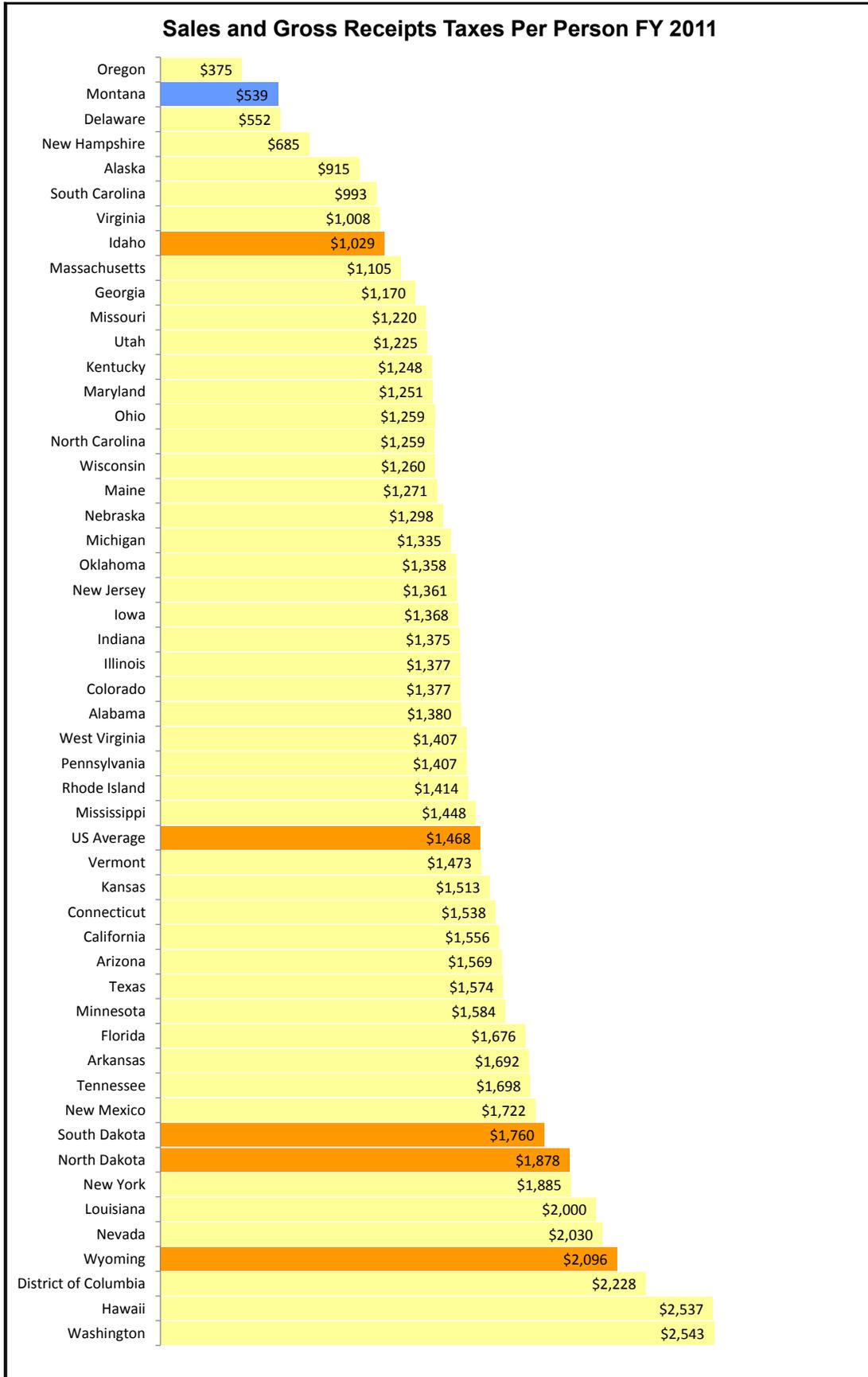
### Taxes Per Person - FY 2011

| State                | Property Tax   |           | Sales and Gross Receipts |           | Individual and Corporate Income Tax |           | Other Taxes    |           | Total          |           |
|----------------------|----------------|-----------|--------------------------|-----------|-------------------------------------|-----------|----------------|-----------|----------------|-----------|
|                      | \$             | Rank      | \$                       | Rank      | \$                                  | Rank      | \$             | Rank      | \$             | Rank      |
| Alabama              | \$537          | 51        | \$1,380                  | 25        | \$665                               | 38        | \$296          | 24        | \$2,878        | 51        |
| Alaska               | \$2,040        | 9         | \$915                    | 47        | \$985                               | 26        | \$6,029        | 1         | \$9,969        | 1         |
| Arizona              | \$1,084        | 32        | \$1,569                  | 16        | \$522                               | 43        | \$129          | 50        | \$3,305        | 41        |
| Arkansas             | \$615          | 49        | \$1,692                  | 12        | \$898                               | 30        | \$169          | 46        | \$3,374        | 39        |
| California           | \$1,407        | 20        | \$1,556                  | 17        | \$1,580                             | 7         | \$326          | 17        | \$4,869        | 12        |
| Colorado             | \$1,604        | 14        | \$1,377                  | 26        | \$949                               | 27        | \$270          | 31        | \$4,201        | 21        |
| Connecticut          | \$2,571        | 3         | \$1,538                  | 18        | \$1,989                             | 4         | \$242          | 36        | \$6,340        | 6         |
| Delaware             | \$726          | 46        | \$552                    | 49        | \$1,719                             | 6         | \$1,443        | 4         | \$4,440        | 18        |
| District of Columbia | \$2,779        | 2         | \$2,228                  | 3         | \$2,678                             | 2         | \$806          | 5         | \$8,491        | 2         |
| Florida              | \$1,343        | 24        | \$1,676                  | 13        | \$97                                | 46        | \$263          | 33        | \$3,378        | 38        |
| Georgia              | \$1,043        | 34        | \$1,170                  | 42        | \$840                               | 34        | \$85           | 51        | \$3,138        | 46        |
| Hawaii               | \$951          | 38        | \$2,537                  | 2         | \$945                               | 28        | \$288          | 26        | \$4,721        | 14        |
| <b>Idaho</b>         | <b>\$857</b>   | <b>41</b> | <b>\$1,029</b>           | <b>44</b> | <b>\$839</b>                        | <b>35</b> | <b>\$227</b>   | <b>38</b> | <b>\$2,953</b> | <b>49</b> |
| Illinois             | \$1,877        | 11        | \$1,377                  | 27        | \$1,107                             | 19        | \$265          | 32        | \$4,625        | 15        |
| Indiana              | \$966          | 37        | \$1,375                  | 28        | \$1,059                             | 21        | \$142          | 49        | \$3,542        | 33        |
| Iowa                 | \$1,421        | 19        | \$1,368                  | 29        | \$1,039                             | 23        | \$286          | 27        | \$4,115        | 23        |
| Kansas               | \$1,357        | 22        | \$1,513                  | 19        | \$1,019                             | 24        | \$186          | 44        | \$4,074        | 24        |
| Kentucky             | \$686          | 47        | \$1,248                  | 39        | \$1,171                             | 15        | \$219          | 41        | \$3,323        | 40        |
| Louisiana            | \$769          | 45        | \$2,000                  | 6         | \$565                               | 42        | \$276          | 29        | \$3,610        | 32        |
| Maine                | \$1,806        | 12        | \$1,271                  | 34        | \$1,226                             | 14        | \$251          | 35        | \$4,555        | 16        |
| Maryland             | \$1,432        | 18        | \$1,251                  | 38        | \$1,933                             | 5         | \$318          | 20        | \$4,934        | 11        |
| Massachusetts        | \$1,999        | 10        | \$1,105                  | 43        | \$2,036                             | 3         | \$253          | 34        | \$5,393        | 8         |
| Michigan             | \$1,373        | 21        | \$1,335                  | 32        | \$761                               | 36        | \$185          | 45        | \$3,653        | 30        |
| Minnesota            | \$1,521        | 16        | \$1,584                  | 14        | \$1,578                             | 8         | \$305          | 22        | \$4,986        | 10        |
| Mississippi          | \$853          | 42        | \$1,448                  | 21        | \$585                               | 41        | \$219          | 40        | \$3,105        | 47        |
| Missouri             | \$976          | 36        | \$1,220                  | 41        | \$868                               | 32        | \$198          | 42        | \$3,262        | 42        |
| <b>Montana</b>       | <b>\$1,333</b> | <b>25</b> | <b>\$539</b>             | <b>50</b> | <b>\$932</b>                        | <b>29</b> | <b>\$613</b>   | <b>6</b>  | <b>\$3,417</b> | <b>37</b> |
| Nebraska             | \$1,549        | 15        | \$1,298                  | 33        | \$1,011                             | 25        | \$346          | 16        | \$4,204        | 20        |
| Nevada               | \$1,091        | 31        | \$2,030                  | 5         | \$0                                 | 48        | \$581          | 7         | \$3,702        | 29        |
| New Hampshire        | \$2,512        | 4         | \$685                    | 48        | \$505                               | 44        | \$321          | 18        | \$4,022        | 25        |
| New Jersey           | \$2,878        | 1         | \$1,361                  | 30        | \$1,448                             | 10        | \$309          | 21        | \$5,996        | 7         |
| New Mexico           | \$655          | 48        | \$1,722                  | 10        | \$636                               | 40        | \$463          | 10        | \$3,476        | 35        |
| New York             | \$2,321        | 5         | \$1,885                  | 7         | \$2,795                             | 1         | \$395          | 12        | \$7,396        | 3         |
| North Carolina       | \$886          | 40        | \$1,259                  | 36        | \$1,124                             | 17        | \$188          | 43        | \$3,457        | 36        |
| <b>North Dakota</b>  | <b>\$1,044</b> | <b>33</b> | <b>\$1,878</b>           | <b>8</b>  | <b>\$849</b>                        | <b>33</b> | <b>\$2,961</b> | <b>2</b>  | <b>\$6,731</b> | <b>4</b>  |
| Ohio                 | \$1,140        | 30        | \$1,259                  | 37        | \$1,164                             | 16        | \$347          | 15        | \$3,909        | 27        |
| Oklahoma             | \$583          | 50        | \$1,358                  | 31        | \$718                               | 37        | \$490          | 9         | \$3,148        | 45        |
| Oregon               | \$1,296        | 27        | \$375                    | 51        | \$1,542                             | 9         | \$406          | 11        | \$3,619        | 31        |
| Pennsylvania         | \$1,301        | 26        | \$1,407                  | 23        | \$1,270                             | 12        | \$391          | 13        | \$4,370        | 19        |
| Rhode Island         | \$2,164        | 7         | \$1,414                  | 22        | \$1,108                             | 18        | \$151          | 48        | \$4,837        | 13        |
| South Carolina       | \$1,017        | 35        | \$993                    | 46        | \$661                               | 39        | \$239          | 37        | \$2,910        | 50        |
| <b>South Dakota</b>  | <b>\$1,177</b> | <b>29</b> | <b>\$1,760</b>           | <b>9</b>  | <b>\$18</b>                         | <b>47</b> | <b>\$284</b>   | <b>28</b> | <b>\$3,239</b> | <b>43</b> |
| Tennessee            | \$790          | 43        | \$1,698                  | 11        | \$195                               | 45        | \$272          | 30        | \$2,955        | 48        |
| Texas                | \$1,519        | 17        | \$1,574                  | 15        | \$0                                 | 48        | \$390          | 14        | \$3,484        | 34        |
| Utah                 | \$893          | 39        | \$1,225                  | 40        | \$892                               | 31        | \$162          | 47        | \$3,172        | 44        |
| Vermont              | \$2,198        | 6         | \$1,473                  | 20        | \$1,056                             | 22        | \$289          | 25        | \$5,016        | 9         |
| Virginia             | \$1,356        | 23        | \$1,008                  | 45        | \$1,262                             | 13        | \$302          | 23        | \$3,928        | 26        |
| Washington           | \$1,258        | 28        | \$2,543                  | 1         | \$0                                 | 48        | \$318          | 19        | \$4,119        | 22        |
| West Virginia        | \$770          | 44        | \$1,407                  | 24        | \$1,063                             | 20        | \$519          | 8         | \$3,759        | 28        |
| Wisconsin            | \$1,716        | 13        | \$1,260                  | 35        | \$1,271                             | 11        | \$224          | 39        | \$4,471        | 17        |
| <b>Wyoming</b>       | <b>\$2,135</b> | <b>8</b>  | <b>\$2,096</b>           | <b>4</b>  | <b>\$0</b>                          | <b>48</b> | <b>\$2,141</b> | <b>3</b>  | <b>\$6,373</b> | <b>5</b>  |

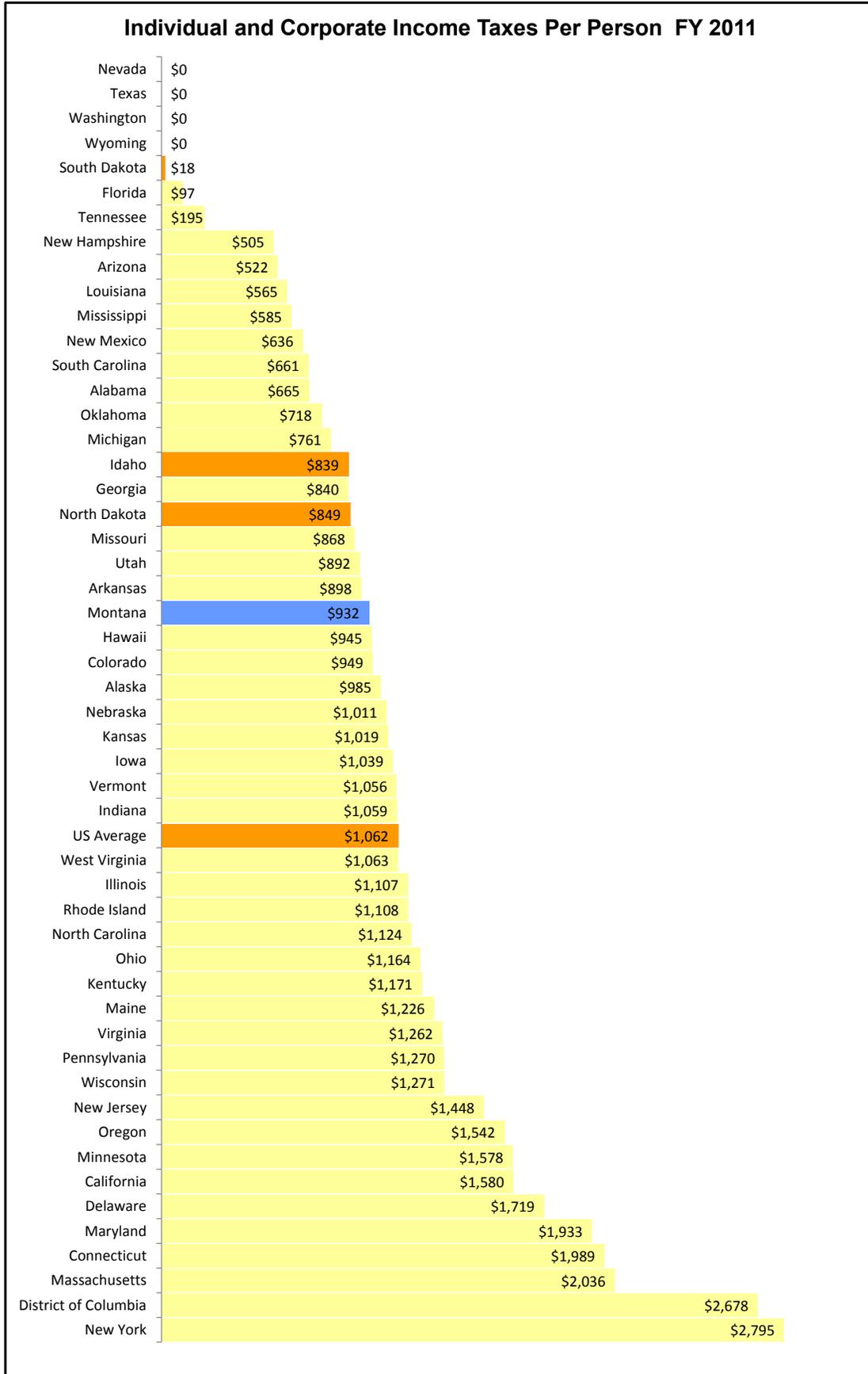
# Comparison of State Taxes



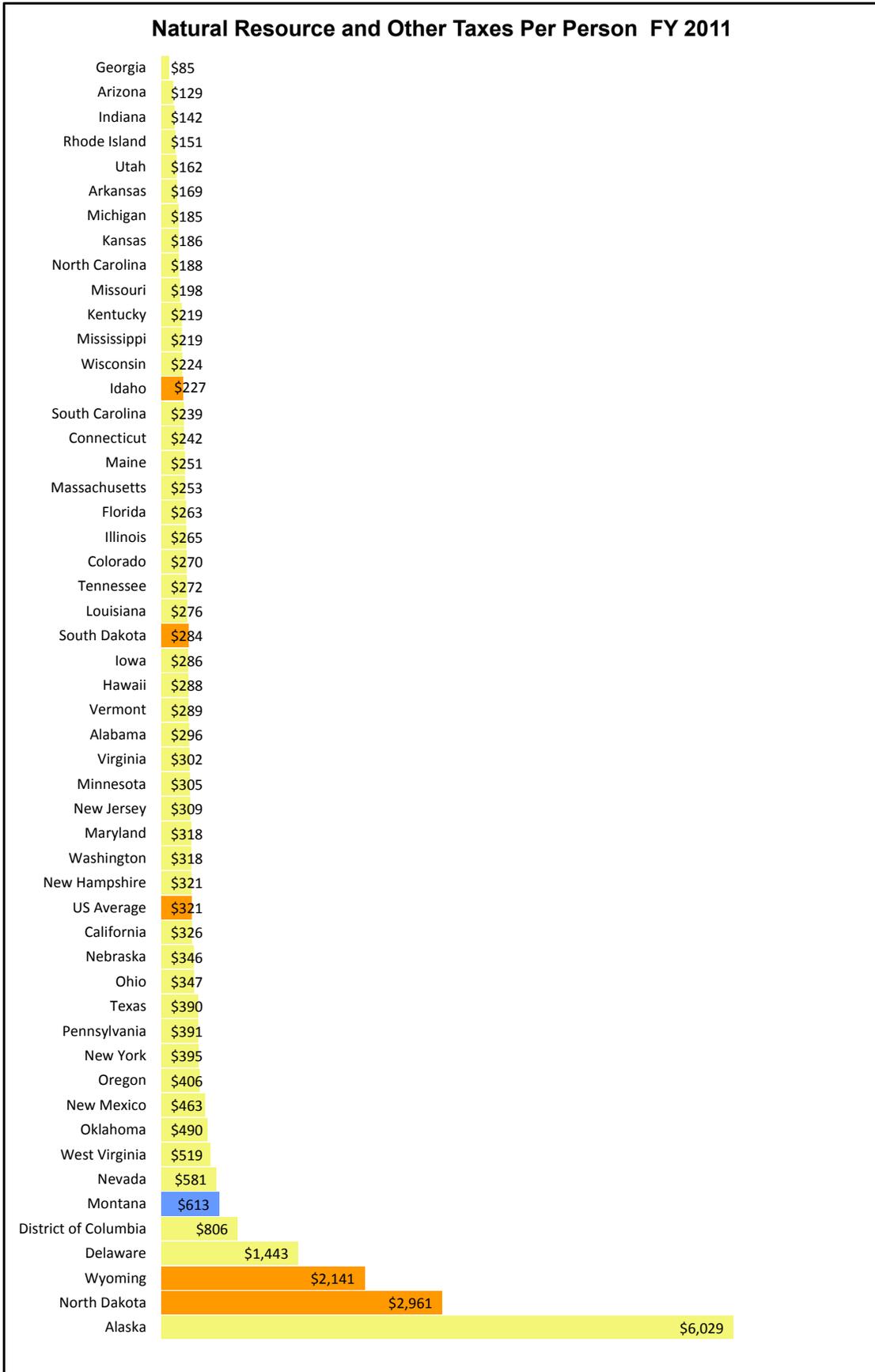
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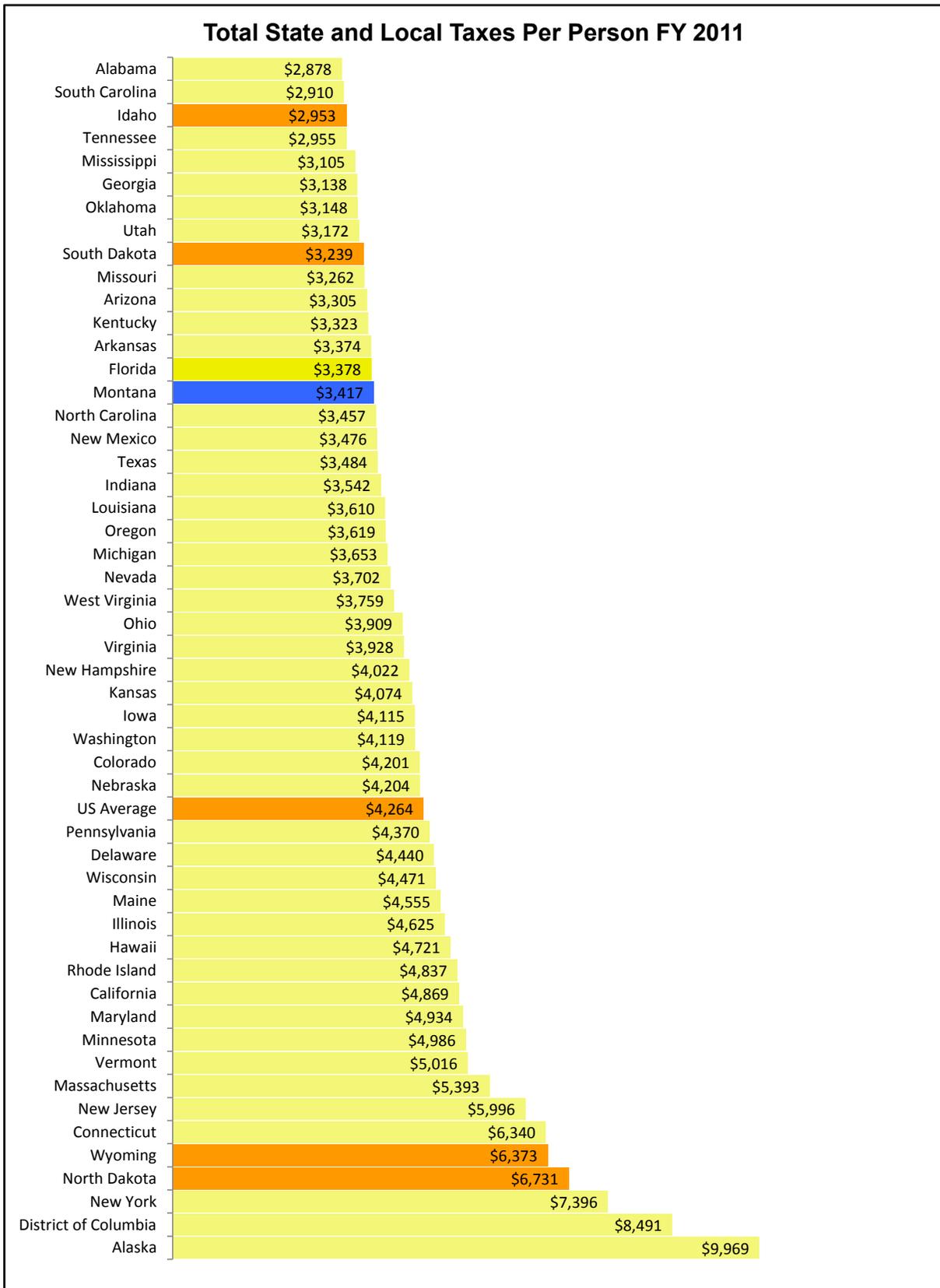
# Comparison of State Taxes



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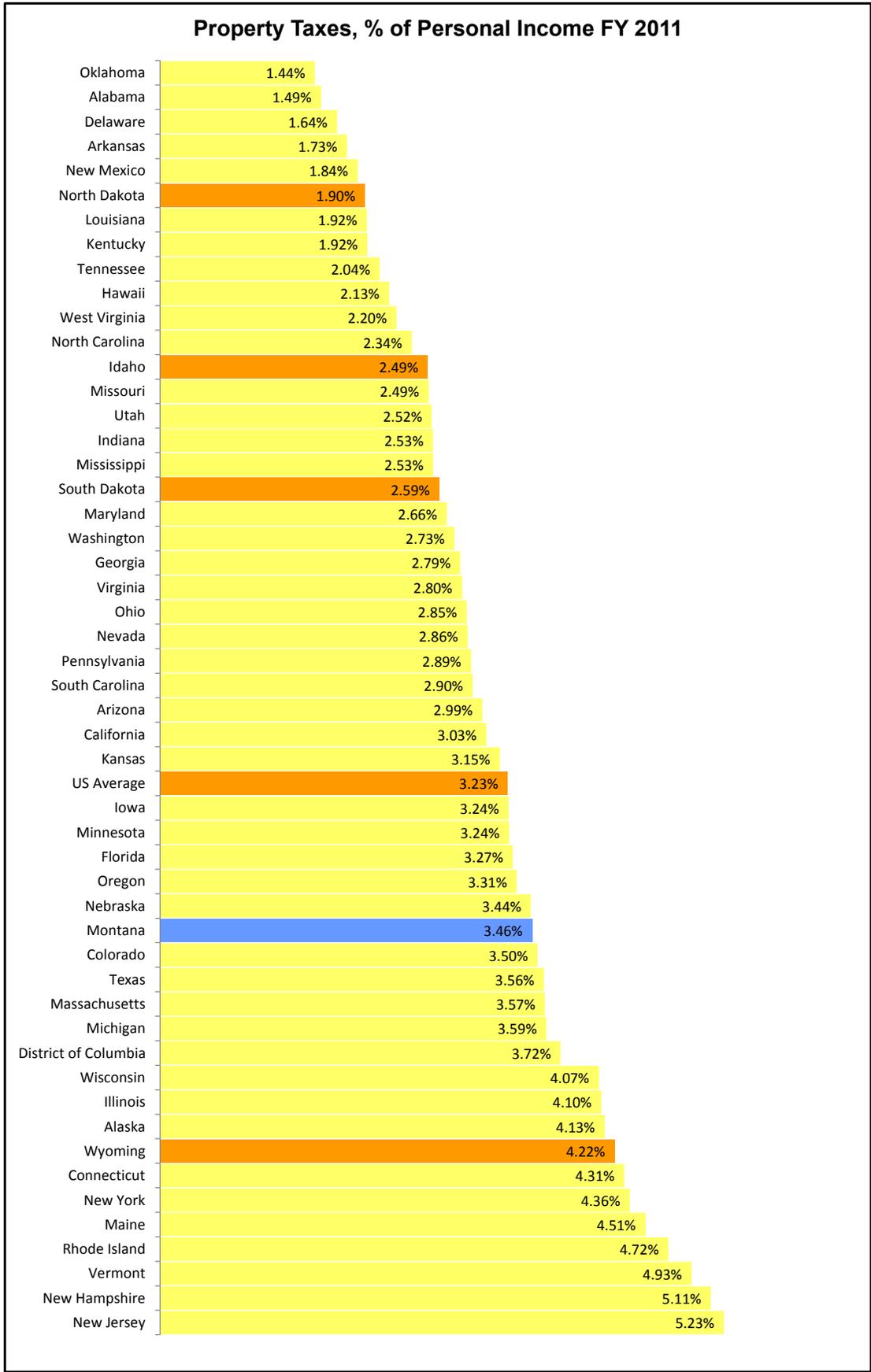
# Comparison of State Taxes



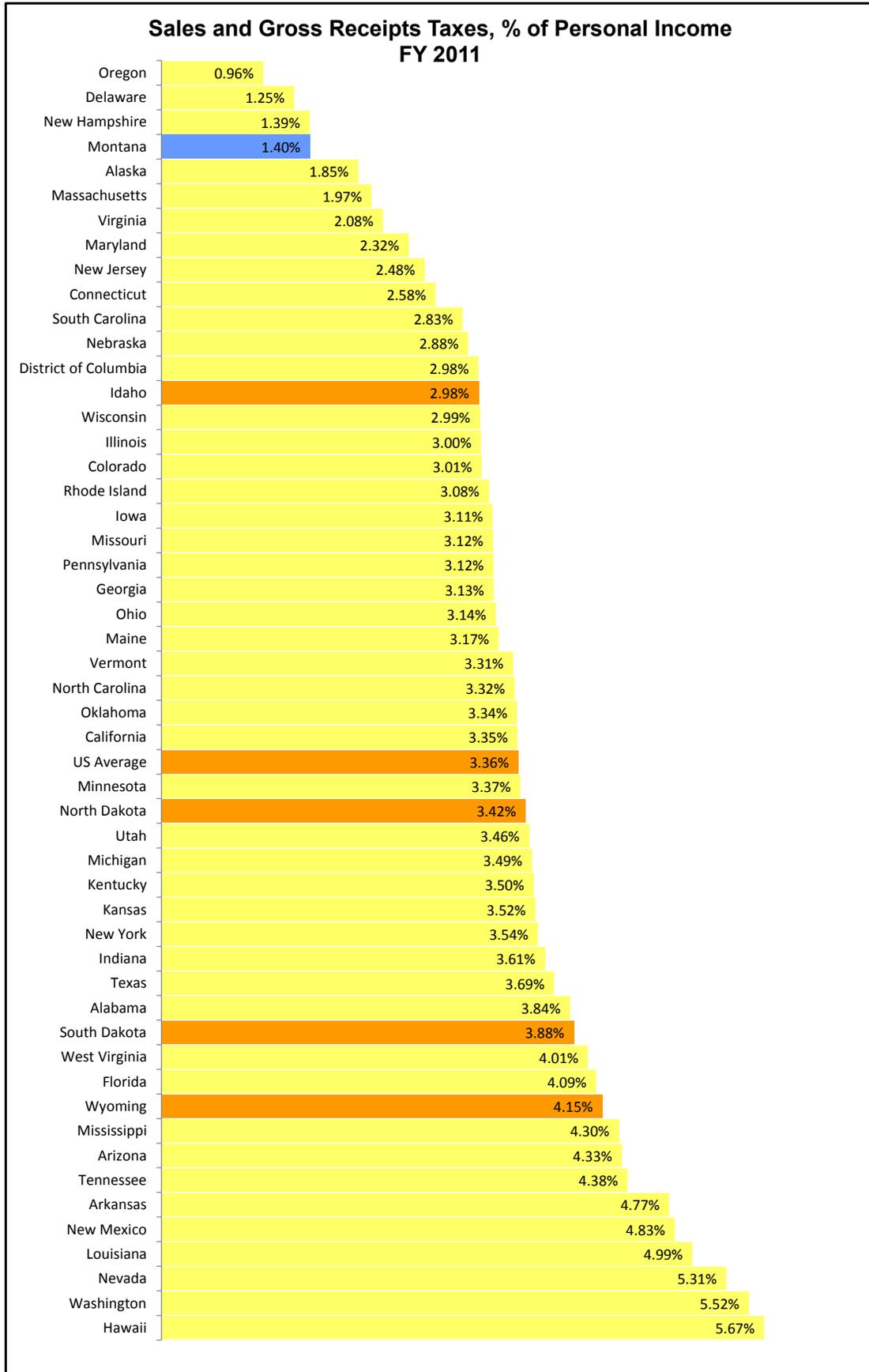
## Comparison of State Taxes

| Taxes as a percent of Personal Income - FY 2011 |              |           |                          |           |                                     |           |              |           |               |           |
|-------------------------------------------------|--------------|-----------|--------------------------|-----------|-------------------------------------|-----------|--------------|-----------|---------------|-----------|
| State                                           | Property Tax |           | Sales and Gross Receipts |           | Individual and Corporate Income Tax |           | Other Taxes  |           | Total         |           |
|                                                 | \$           | Rank      | \$                       | Rank      | \$                                  | Rank      | \$           | Rank      | \$            | Rank      |
| Alabama                                         | 1.49%        | 50        | 3.84%                    | 14        | 1.85%                               | 37        | 0.82%        | 15        | 8.01%         | 48        |
| Alaska                                          | 4.13%        | 9         | 1.85%                    | 47        | 1.99%                               | 34        | 12.20%       | 1         | 20.17%        | 1         |
| Arizona                                         | 2.99%        | 25        | 4.33%                    | 8         | 1.44%                               | 42        | 0.36%        | 49        | 9.12%         | 35        |
| Arkansas                                        | 1.73%        | 48        | 4.77%                    | 6         | 2.53%                               | 20        | 0.48%        | 43        | 9.52%         | 24        |
| California                                      | 3.03%        | 24        | 3.35%                    | 24        | 3.40%                               | 7         | 0.70%        | 18        | 10.48%        | 15        |
| Colorado                                        | 3.50%        | 16        | 3.01%                    | 35        | 2.07%                               | 33        | 0.59%        | 36        | 9.18%         | 32        |
| Connecticut                                     | 4.31%        | 7         | 2.58%                    | 42        | 3.33%                               | 9         | 0.41%        | 47        | 10.62%        | 11        |
| Delaware                                        | 1.64%        | 49        | 1.25%                    | 50        | 3.89%                               | 3         | 3.26%        | 4         | 10.04%        | 17        |
| District of Columbia                            | 3.72%        | 12        | 2.98%                    | 39        | 3.58%                               | 6         | 1.08%        | 10        | 11.36%        | 6         |
| Florida                                         | 3.27%        | 20        | 4.09%                    | 11        | 0.24%                               | 46        | 0.64%        | 30        | 8.24%         | 44        |
| Georgia                                         | 2.79%        | 31        | 3.13%                    | 30        | 2.24%                               | 30        | 0.23%        | 51        | 8.38%         | 41        |
| Hawaii                                          | 2.13%        | 42        | 5.67%                    | 1         | 2.11%                               | 32        | 0.64%        | 29        | 10.55%        | 13        |
| <b>Idaho</b>                                    | <b>2.49%</b> | <b>39</b> | <b>2.98%</b>             | <b>38</b> | <b>2.43%</b>                        | <b>22</b> | <b>0.66%</b> | <b>23</b> | <b>8.56%</b>  | <b>40</b> |
| Illinois                                        | 4.10%        | 10        | 3.00%                    | 36        | 2.41%                               | 25        | 0.58%        | 37        | 10.09%        | 16        |
| Indiana                                         | 2.53%        | 36        | 3.61%                    | 16        | 2.78%                               | 17        | 0.37%        | 48        | 9.29%         | 29        |
| Iowa                                            | 3.24%        | 22        | 3.11%                    | 33        | 2.36%                               | 28        | 0.65%        | 26        | 9.37%         | 26        |
| Kansas                                          | 3.15%        | 23        | 3.52%                    | 18        | 2.37%                               | 27        | 0.43%        | 46        | 9.47%         | 25        |
| Kentucky                                        | 1.92%        | 44        | 3.50%                    | 19        | 3.28%                               | 10        | 0.61%        | 34        | 9.32%         | 28        |
| Louisiana                                       | 1.92%        | 45        | 4.99%                    | 4         | 1.41%                               | 43        | 0.69%        | 21        | 9.01%         | 36        |
| Maine                                           | 4.51%        | 5         | 3.17%                    | 28        | 3.06%                               | 11        | 0.63%        | 31        | 11.36%        | 5         |
| Maryland                                        | 2.66%        | 33        | 2.32%                    | 44        | 3.59%                               | 5         | 0.59%        | 35        | 9.17%         | 33        |
| Massachusetts                                   | 3.57%        | 14        | 1.97%                    | 46        | 3.64%                               | 4         | 0.45%        | 45        | 9.63%         | 22        |
| Michigan                                        | 3.59%        | 13        | 3.49%                    | 20        | 1.99%                               | 35        | 0.48%        | 42        | 9.54%         | 23        |
| Minnesota                                       | 3.24%        | 21        | 3.37%                    | 23        | 3.36%                               | 8         | 0.65%        | 27        | 10.63%        | 10        |
| Mississippi                                     | 2.53%        | 35        | 4.30%                    | 9         | 1.74%                               | 40        | 0.65%        | 25        | 9.23%         | 31        |
| Missouri                                        | 2.49%        | 38        | 3.12%                    | 32        | 2.22%                               | 31        | 0.51%        | 40        | 8.33%         | 42        |
| <b>Montana</b>                                  | <b>3.46%</b> | <b>17</b> | <b>1.40%</b>             | <b>48</b> | <b>2.42%</b>                        | <b>23</b> | <b>1.59%</b> | <b>5</b>  | <b>8.86%</b>  | <b>39</b> |
| Nebraska                                        | 3.44%        | 18        | 2.88%                    | 40        | 2.25%                               | 29        | 0.77%        | 16        | 9.34%         | 27        |
| Nevada                                          | 2.86%        | 28        | 5.31%                    | 3         | 0.00%                               | 48        | 1.52%        | 6         | 9.69%         | 21        |
| New Hampshire                                   | 5.11%        | 2         | 1.39%                    | 49        | 1.03%                               | 44        | 0.65%        | 24        | 8.19%         | 45        |
| New Jersey                                      | 5.23%        | 1         | 2.48%                    | 43        | 2.63%                               | 18        | 0.56%        | 38        | 10.90%        | 8         |
| New Mexico                                      | 1.84%        | 47        | 4.83%                    | 5         | 1.78%                               | 38        | 1.30%        | 8         | 9.74%         | 19        |
| New York                                        | 4.36%        | 6         | 3.54%                    | 17        | 5.25%                               | 1         | 0.74%        | 17        | 13.89%        | 2         |
| North Carolina                                  | 2.34%        | 40        | 3.32%                    | 26        | 2.96%                               | 14        | 0.50%        | 41        | 9.12%         | 34        |
| <b>North Dakota</b>                             | <b>1.90%</b> | <b>46</b> | <b>3.42%</b>             | <b>22</b> | <b>1.55%</b>                        | <b>41</b> | <b>5.40%</b> | <b>2</b>  | <b>12.27%</b> | <b>4</b>  |
| Ohio                                            | 2.85%        | 29        | 3.14%                    | 29        | 2.91%                               | 15        | 0.87%        | 14        | 9.76%         | 18        |
| Oklahoma                                        | 1.44%        | 51        | 3.34%                    | 25        | 1.77%                               | 39        | 1.21%        | 9         | 7.75%         | 49        |
| Oregon                                          | 3.31%        | 19        | 0.96%                    | 51        | 3.94%                               | 2         | 1.04%        | 11        | 9.24%         | 30        |
| Pennsylvania                                    | 2.89%        | 27        | 3.12%                    | 31        | 2.82%                               | 16        | 0.87%        | 13        | 9.69%         | 20        |
| Rhode Island                                    | 4.72%        | 4         | 3.08%                    | 34        | 2.42%                               | 24        | 0.33%        | 50        | 10.54%        | 14        |
| South Carolina                                  | 2.90%        | 26        | 2.83%                    | 41        | 1.89%                               | 36        | 0.68%        | 22        | 8.30%         | 43        |
| <b>South Dakota</b>                             | <b>2.59%</b> | <b>34</b> | <b>3.88%</b>             | <b>13</b> | <b>0.04%</b>                        | <b>47</b> | <b>0.63%</b> | <b>32</b> | <b>7.14%</b>  | <b>51</b> |
| Tennessee                                       | 2.04%        | 43        | 4.38%                    | 7         | 0.50%                               | 45        | 0.70%        | 19        | 7.63%         | 50        |
| Texas                                           | 3.56%        | 15        | 3.69%                    | 15        | 0.00%                               | 48        | 0.91%        | 12        | 8.17%         | 46        |
| Utah                                            | 2.52%        | 37        | 3.46%                    | 21        | 2.52%                               | 21        | 0.46%        | 44        | 8.95%         | 37        |
| Vermont                                         | 4.93%        | 3         | 3.31%                    | 27        | 2.37%                               | 26        | 0.65%        | 28        | 11.26%        | 7         |
| Virginia                                        | 2.80%        | 30        | 2.08%                    | 45        | 2.61%                               | 19        | 0.62%        | 33        | 8.12%         | 47        |
| Washington                                      | 2.73%        | 32        | 5.52%                    | 2         | 0.00%                               | 48        | 0.69%        | 20        | 8.95%         | 38        |
| West Virginia                                   | 2.20%        | 41        | 4.01%                    | 12        | 3.03%                               | 12        | 1.48%        | 7         | 10.72%        | 9         |
| Wisconsin                                       | 4.07%        | 11        | 2.99%                    | 37        | 3.02%                               | 13        | 0.53%        | 39        | 10.62%        | 12        |
| <b>Wyoming</b>                                  | <b>4.22%</b> | <b>8</b>  | <b>4.15%</b>             | <b>10</b> | <b>0.00%</b>                        | <b>48</b> | <b>4.23%</b> | <b>3</b>  | <b>12.60%</b> | <b>3</b>  |

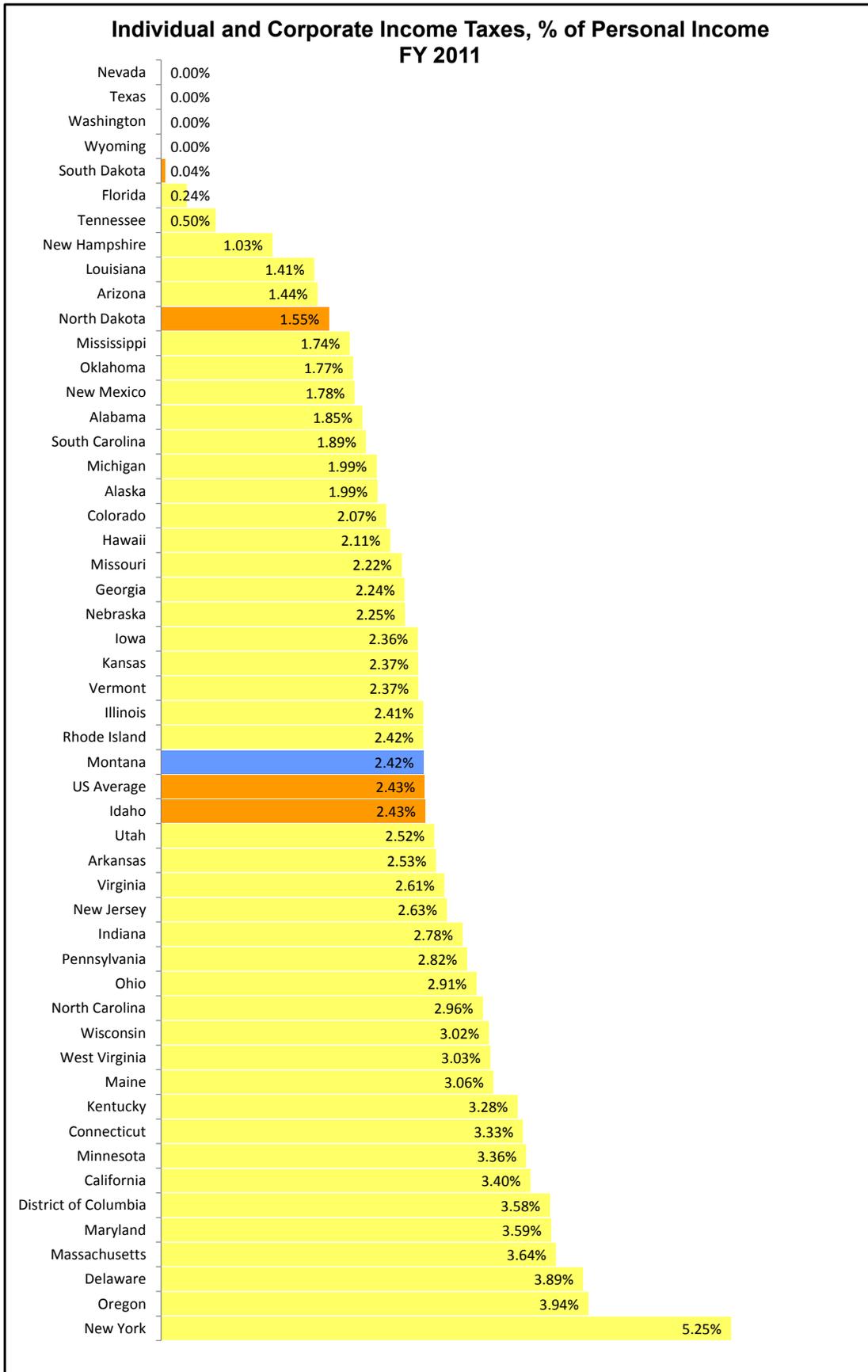
# Comparison of State Taxes



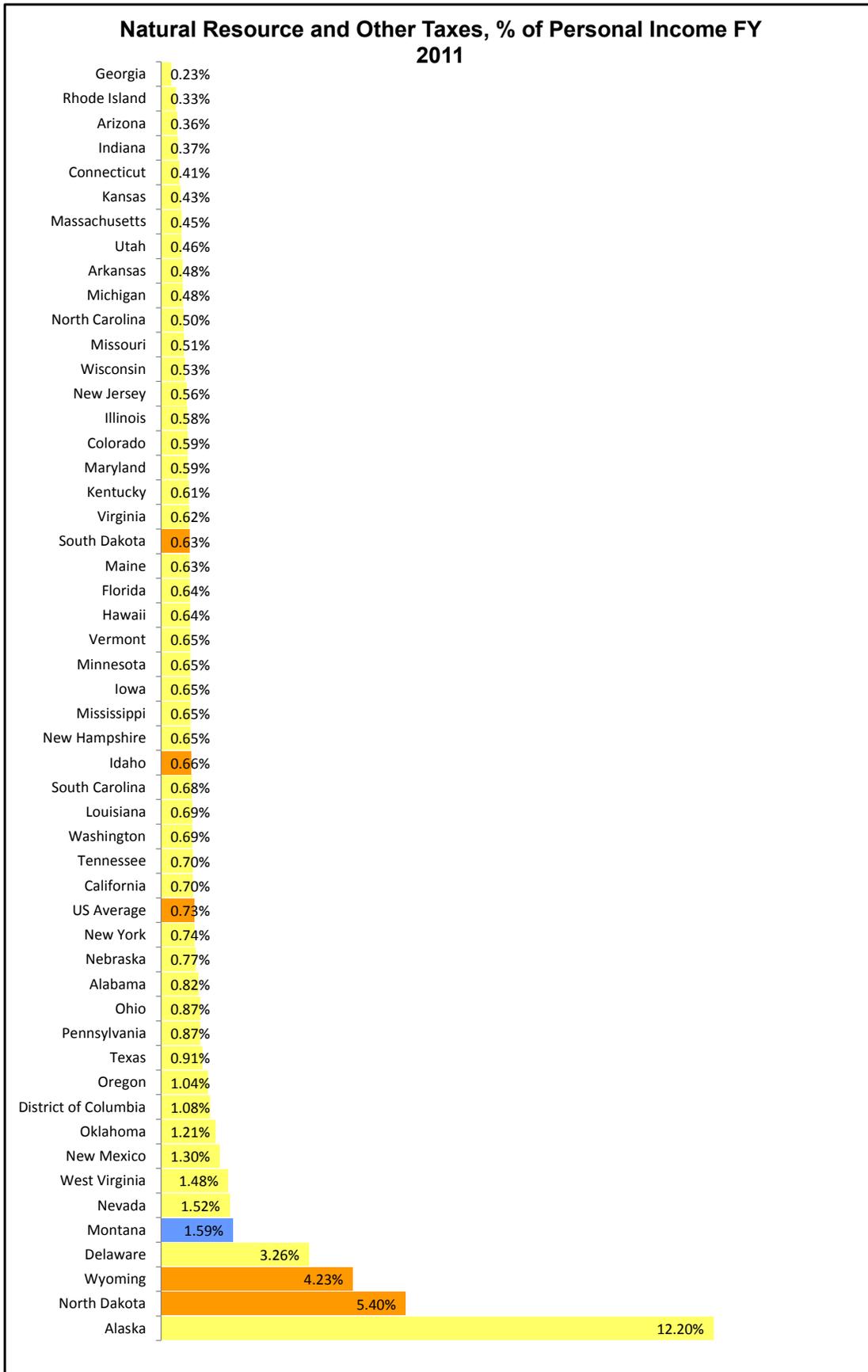
# Comparison of State Taxes



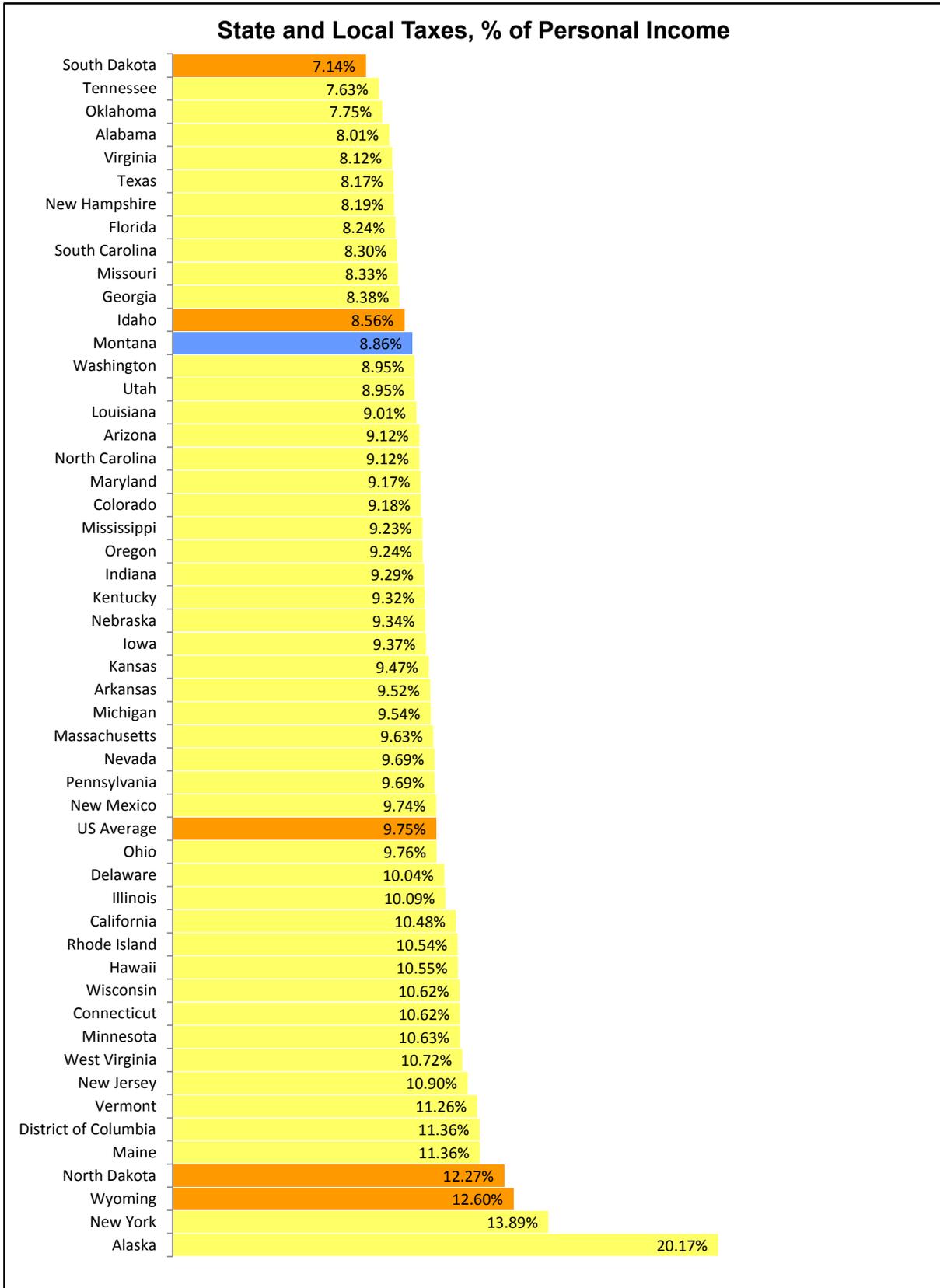
# Comparison of State Taxes



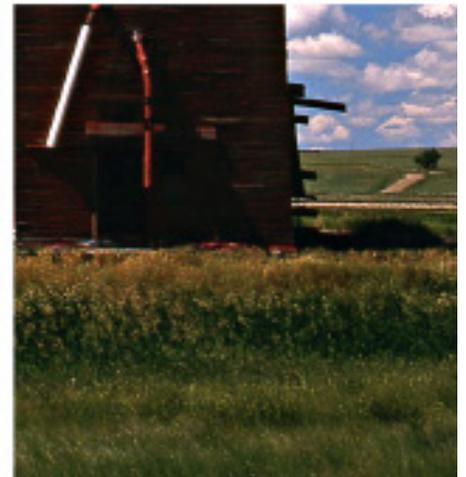
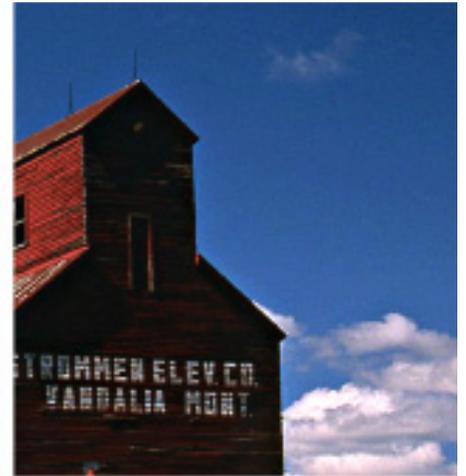
# Comparison of State Taxes



# Comparison of State Taxes



# INDIVIDUAL AND CORPORATE INCOME TAX BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE

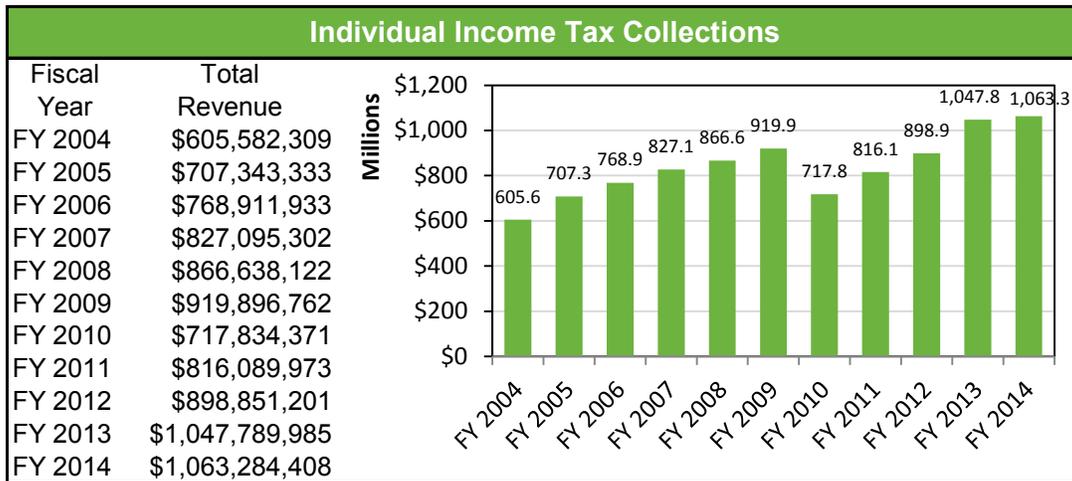


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## Overview of Individual Income Tax

The individual income tax is the largest source of state tax revenue. All income tax revenue is allocated to the state general fund, accounting for 51 percent of general fund revenue for FY 2014. Income tax revenue is collected primarily through withholding from wages and other periodic payments, quarterly estimated tax payments, and payments made when a return is filed.

The following tables show income tax revenue and return filings. Income tax revenue is closely related to the state economy. The large drop in revenue for FY 2010 and in returns for 2009 is due to the national recession.



| Income Tax Returns and Refunds<br>Timely Filed Current Year Returns |         |                     |                     |                |
|---------------------------------------------------------------------|---------|---------------------|---------------------|----------------|
| Calendar Year                                                       | Returns | Returns with Refund | Percent with Refund | Average Refund |
| 2004                                                                | 547,623 | 294,025             | 66%                 | \$468          |
| 2005                                                                | 554,224 | 297,993             | 66%                 | \$491          |
| 2006                                                                | 572,256 | 311,789             | 66%                 | \$464          |
| 2007                                                                | 591,874 | 345,972             | 71%                 | \$506          |
| 2008                                                                | 601,078 | 345,172             | 70%                 | \$598          |
| 2009                                                                | 587,425 | 337,714             | 70%                 | \$545          |
| 2010                                                                | 596,021 | 335,904             | 68%                 | \$532          |
| 2011                                                                | 604,758 | 341,057             | 68%                 | \$538          |
| 2012                                                                | 611,360 | 343,678             | 68%                 | \$523          |
| 2013                                                                | 626,655 | 348,137             | 67%                 | \$532          |

The legislature enacted the income tax in 1933 and has made major changes infrequently. The latest change was enacted in 2003 (effective 2005), and it reduced the number of rates, lowered the top rate, capped the itemized deduction for federal taxes, and provided preferential treatment for capital gains income.

Federal law provides different rate tables for married couples who file joint and separate returns, and couples generally have lower federal tax if they file a joint return. Most states either require couples to make the same choice between joint and separate returns as they did for their federal taxes, have different rate tables for joint and separate returns, or have a single tax rate so that the choice does not matter. Montana is one of only five states that do not have at least one of these provisions. Because of this, most married couples find their tax is lower if they file a joint federal return and separate Montana returns.

Montana also is one of only six states that allows a deduction for federal income taxes. Montana and two other states have a cap on the deduction, while the deduction is uncapped in three states. Most states do

## Overview of Individual Income Tax

not allow this deduction because not having it allows lower rates. To raise the same revenue, a state that allows the deduction must have higher rates to compensate for the smaller tax base. The 2003 Legislature partially offset the revenue reduction from lower rates by capping the deduction for federal taxes.

Most of the differences between Montana's income tax and the federal tax structure reflect legislative policy decisions, but a few are due to federal limits on state taxation. These state-specific features increase the department's costs of administering the income tax and complicate return preparation for taxpayers who are affected by them.

Before 1981, the legislature occasionally adjusted rate tables and other tax parameters for the effects of inflation. The 1981 legislature assigned this task to the department, and each year the department adjusts rate brackets, standard deductions, personal exemptions, and the partial exemption for pension income for inflation. This prevents increases in individual tax liabilities that are due simply to inflation: Without this inflation adjustment, a person whose income just kept up with inflation would pay higher effective tax rates over time as inflation moved them to higher rate brackets.

## Recent Legislative Changes to Individual Income Tax

### **The following bills passed by the 2011 Legislature affected the individual income tax:**

House Bill 44 eliminated obsolete statutory language relating to tax credits for certain investments made before 1995.

House Bill 467 clarified that the contributions to the endowment funds of community colleges, tribal colleges, and technical colleges are eligible for the college contribution credit. The department had previously interpreted the law as allowing a credit for these contributions. However, the law did not explicitly list these institutions, and some donors may not have taken the credit because they did not think they were eligible.

Senate Bill 11 corrected an omission in Senate Bill 407, passed by the 2003 Legislature. SB 407 reduced income tax rates, but did not make the corresponding reduction in the withholding rate for lottery winnings. This resulted in lottery winners having income tax over-withheld and then refunded when they filed their returns. Senate Bill 11 reduced the withholding rate for lottery winnings to 6.9%, which is the top income tax rate.

Senate Bill 166 created a threshold of \$200 of income tax liability before taxpayers who file a tax return and pay tax due by the extension deadline (generally October 15) owe penalty and interest for late filing, late payment, or underpayment through withholding or estimated payments.

Senate Bill 413 makes the due date for income tax returns and estimated payments the same as the IRS due date when the IRS due date is affected by a federal or District of Columbia holiday. The IRS deadline in April occasionally is affected by Emancipation Day, which is a holiday in the District of Columbia.

### **The following bills passed by the 2013 Legislature affected the individual income tax:**

House Bill 444 created a refundable credit to private landowners who grant access across their property to state land that was previously inaccessible to the public. The credit is \$500 per grant of access, with a maximum credit of \$2,000 per taxpayer. This credit will first be available in 2014.

House Bill 545 allows taxpayers to exempt employer-paid premiums for disability insurance that are considered taxable compensation under federal law. Federal law treats employer-provided benefits as non-taxable fringe benefits only if the same benefits are available to all employees. If certain employees, such as company executives, part-owners, or the highest paid employees, receive benefits not available to all employees, the extra benefits must be counted as taxable compensation for federal income tax purposes. The legislature previously exempted employer-paid health insurance premiums for select employees. This bill extended that exemption to employer-paid disability insurance premiums for select employees.

Senate Bill 15 changed taxpayer confidentiality law so that when a married couple files separate returns on the same form, the department does not have to obtain explicit consent from one spouse to discuss the return with the other spouse.

Senate Bill 108 renewed the tax credit for contributions to a charitable endowment fund and extended the sunset date to the end of 2019.

Senate Bill 117 expanded the deduction for family education savings accounts to include other states' college savings programs.

Senate Bill 179 requires partnerships with more than 100 partners to file returns electronically. These entities already were required to file federal returns electronically.

## Calculation of Individual Income Tax

### Calculation of Individual Income Tax

Calculation of Montana individual income tax begins with the taxpayer's Federal Adjusted Gross Income. Several adjustments are made to determine Montana Adjusted Gross Income:

- Income taxed by the state but exempted by the federal government is added,
- Income exempted by the state but taxed by the federal government is subtracted,
- Deposits to Montana tax-advantaged savings accounts are subtracted,
- Taxable withdrawals from Montana tax-advantaged savings accounts are added,
- Net adjustments from filing a joint federal return and separate state returns are added, and
- Recoveries of costs deducted in previous years (primarily refunds of federal taxes previously deducted) are subtracted.

The values of the taxpayer's exemptions and either itemized or standard deductions are subtracted to determine Montana Taxable Income. The value of exemptions and maximum and minimum standard deductions are adjusted for inflation each year:

| Personal Income Tax Exemptions and Deductions |                  |                             |                         |                         |                         |
|-----------------------------------------------|------------------|-----------------------------|-------------------------|-------------------------|-------------------------|
| Year                                          | Exemption Amount | Single and Separate Returns |                         | Joint Returns           |                         |
|                                               |                  | Min. Standard Deduction     | Max. Standard Deduction | Min. Standard Deduction | Max. Standard Deduction |
| TY 2010                                       | \$2,130          | \$1,770                     | \$3,990                 | \$3,540                 | \$7,980                 |
| TY 2011                                       | \$2,190          | \$1,820                     | \$4,110                 | \$3,640                 | \$8,220                 |
| TY 2012                                       | \$2,240          | \$1,860                     | \$4,200                 | \$3,720                 | \$8,400                 |
| TY 2013                                       | \$2,280          | \$1,900                     | \$4,270                 | \$3,800                 | \$8,540                 |
| TY 2014                                       | \$2,330          | \$1,940                     | \$4,370                 | \$3,880                 | \$8,740                 |

Tax liability is calculated from the rate table. The rate table is adjusted for inflation each year:

| Marginal Tax Rate Structure |         |         |         |         |         |
|-----------------------------|---------|---------|---------|---------|---------|
| Year                        | TY 2010 | TY 2011 | TY 2012 | TY 2013 | TY 2014 |
| 1% of the first             | \$2,600 | \$2,700 | \$2,700 | \$2,800 | \$2,800 |
| 2% of the next              | \$2,000 | \$2,000 | \$2,100 | \$2,100 | \$2,200 |
| 3% of the next              | \$2,300 | \$2,500 | \$2,500 | \$2,500 | \$2,600 |
| 4% of the next              | \$2,500 | \$2,500 | \$2,600 | \$2,700 | \$2,700 |
| 5% of the next              | \$2,700 | \$2,800 | \$2,800 | \$2,900 | \$3,000 |
| 6% of the next              | \$3,500 | \$3,500 | \$3,700 | \$3,700 | \$3,800 |
| 6.9% of remaining           | NA      | NA      | NA      | NA      | NA      |

| Marginal Tax Rate Income Limits |           |           |           |           |           |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|
| Year                            | TY 2010   | TY 2011   | TY 2012   | TY 2013   | TY 2014   |
| 1.0%                            | \$2,600   | \$2,700   | \$2,700   | \$2,800   | \$2,800   |
| 2.0%                            | \$4,600   | \$4,700   | \$4,800   | \$4,900   | \$5,000   |
| 3.0%                            | \$6,900   | \$7,200   | \$7,300   | \$7,400   | \$7,600   |
| 4.0%                            | \$9,400   | \$9,700   | \$9,900   | \$10,100  | \$10,300  |
| 5.0%                            | \$12,100  | \$12,500  | \$12,700  | \$13,000  | \$13,300  |
| 6.0%                            | \$15,600  | \$16,000  | \$16,400  | \$16,700  | \$17,100  |
| 6.9%                            | Unlimited | Unlimited | Unlimited | Unlimited | Unlimited |

## Income, Deductions, Credits and Tax Liability

Any credits the taxpayer may claim are subtracted from the tax liability to give the net tax. Taxpayers with capital gains income are allowed a credit equal to two percent of their capital gains. In effect, this taxes capital gains at a lower rate than other income. Other credits generally are a percentage of a certain type of qualifying expenditure the taxpayer has made.

The next six tables show information about individual line items on timely-filed full year residents' income tax returns for 2012 and 2013. For each line item, the table shows the count of the number of returns with a value on that line and the sum of those values. The total in each counts column is the number of returns with a number in at least one line. It is not the sum of the counts for individual lines.

Information in these tables is from unaudited returns as filed by taxpayers. It does not reflect changes or adjustments that taxpayers or the department may make after the extension filing deadline. It also does not include information from late-filed returns.

| Montana Individual Income Tax<br>Income Reported on Full Year Residents' Returns<br>2012 and 2013 |               |                       |               |                       |
|---------------------------------------------------------------------------------------------------|---------------|-----------------------|---------------|-----------------------|
| Income Items                                                                                      | 2012          |                       | 2013          |                       |
|                                                                                                   | Count         | Total                 | Count         | Total                 |
| <b>Income Items</b>                                                                               |               |                       |               |                       |
| Wage and salary income                                                                            | 425,171       | \$14,686,234,302      | 430,895       | \$15,189,765,954      |
| Taxable interest income                                                                           | 210,367       | \$313,116,530         | 199,058       | \$294,150,425         |
| Ordinary dividend income                                                                          | 115,986       | \$627,611,683         | 117,539       | \$550,135,312         |
| Taxable refunds of state/local income taxes                                                       | 99,170        | \$90,148,991          | 100,817       | \$89,267,424          |
| Alimony received                                                                                  | 850           | \$13,225,614          | 870           | \$15,065,175          |
| Business income (Schedule C)                                                                      | 74,421        | \$740,893,800         | 76,294        | \$820,124,595         |
| Capital gains income                                                                              | 105,833       | \$1,491,198,437       | 114,250       | \$1,314,178,279       |
| Supplemental gains income                                                                         | 15,673        | \$53,107,823          | 16,672        | \$87,794,529          |
| IRA distributions - Taxable amount                                                                | 50,217        | \$618,963,597         | 51,581        | \$623,888,183         |
| Pension and annuity income - Taxable amount                                                       | 98,355        | \$1,840,957,494       | 100,330       | \$1,945,505,600       |
| Rent, royalty, partnership, etc. income                                                           | 98,670        | \$2,340,910,723       | 103,996       | \$2,554,830,019       |
| Farm income                                                                                       | 18,537        | -\$135,868,886        | 18,870        | -\$138,639,876        |
| Unemployment compensation                                                                         | 36,502        | \$158,526,968         | 32,991        | \$129,933,369         |
| Taxable social security benefits                                                                  | 75,231        | \$721,660,925         | 80,470        | \$803,830,707         |
| Other income                                                                                      | <u>43,954</u> | <u>-\$552,854,708</u> | <u>43,391</u> | <u>-\$523,590,495</u> |
| <b>Total income</b>                                                                               | 535,648       | \$23,007,833,293      | 546,167       | \$23,756,239,200      |
| <b>Federal Adjustments to Income</b>                                                              |               |                       |               |                       |
| Educator expenses                                                                                 | 10,909        | \$2,543,254           | 11,162        | \$2,674,808           |
| Business expenses                                                                                 | 640           | \$2,092,264           | 675           | \$1,945,823           |
| Health savings account deduction                                                                  | 8,260         | \$25,616,255          | 8,592         | \$28,425,705          |
| Moving expenses                                                                                   | 3,230         | \$4,960,850           | 3,502         | \$5,789,550           |
| One-half self-employment tax                                                                      | 60,276        | \$77,679,329          | 62,427        | \$84,415,172          |
| Self-employed SEP, SIMPLE, and qual. plans                                                        | 2,551         | \$41,584,610          | 2,758         | \$47,762,885          |
| Self-employed health insurance deduction                                                          | 22,225        | \$116,803,202         | 23,892        | \$132,130,435         |
| Penalty on early withdrawal of savings                                                            | 3,193         | \$2,107,438           | 2,761         | \$417,775             |
| Alimony paid                                                                                      | 1,199         | \$15,398,290          | 1,222         | \$16,013,124          |
| IRA deduction                                                                                     | 14,563        | \$56,077,309          | 15,113        | \$62,060,697          |
| Student loan interest deduction                                                                   | 46,304        | \$38,303,590          | 48,245        | \$41,374,226          |
| Tuition & fees deduction                                                                          | 6,164         | \$13,060,037          | 5,747         | \$12,198,697          |
| Domestic production activities deduction                                                          | 6,687         | \$47,736,036          | 7,306         | \$50,133,423          |
| Federal write-ins                                                                                 | <u>324</u>    | <u>\$1,554,002</u>    | <u>335</u>    | <u>\$2,430,892</u>    |
| <b>Total adjustments to income</b>                                                                | 139,849       | \$445,516,466         | 144,872       | \$487,773,212         |
| <b>Federal Adjusted Gross Income</b>                                                              | 535,699       | \$22,562,316,827      | 546,225       | \$23,268,465,988      |

## Income, Deductions, Credits and Tax Liability

| Montana Individual Income Tax<br>Additions Reported on Full Year Residents' Returns<br>2012 and 2013 |         |               |         |               |
|------------------------------------------------------------------------------------------------------|---------|---------------|---------|---------------|
|                                                                                                      | 2012    |               | 2013    |               |
|                                                                                                      | Count   | Total         | Count   | Total         |
| <b>Montana Additions to Federal Adjusted Gross Income</b>                                            |         |               |         |               |
| Interest on other states' municipal bonds                                                            | 16,391  | \$81,026,411  | 17,231  | \$91,030,099  |
| Dividends not included in FAGI                                                                       | 3,589   | \$9,204,757   | 4,024   | \$10,455,799  |
| Taxable federal refunds                                                                              | 90,651  | \$125,864,217 | 87,814  | \$119,788,229 |
| Recoveries of amounts deducted in earlier years                                                      | 173     | \$451,396     | 174     | \$267,044     |
| Additions to federal taxable social security or railroad retirement                                  | 8,219   | \$13,655,410  | 8,935   | \$14,844,146  |
| Allocation of compensation to spouse                                                                 | 477     | \$8,049,850   | 505     | \$8,032,567   |
| Medical savings account nonqualified withdrawals                                                     | 107     | \$144,311     | 84      | \$129,693     |
| First-time homebuyer's account nonqualified withdrawals                                              | *       | \$8,053       | *       | \$50,177      |
| Farm and ranch risk management account taxable distributions                                         | *       | \$5,043       | *       | \$1,003       |
| Dependent care assistance credit adjustment                                                          | 45      | \$66,238      | 35      | \$30,755      |
| Smaller federal estate and trust taxable distributions                                               | 97      | \$544,475     | 85      | \$585,412     |
| Federal net operating loss carryover                                                                 | 4,477   | \$433,483,298 | 4,365   | \$388,352,723 |
| Federal taxes paid by your S. corporation                                                            | 37      | \$93,491      | 35      | \$62,675      |
| Title plant depreciation                                                                             | *       | \$7,341       | *       | \$1,607       |
| Group health premiums reimbursed by Insure Montana credit                                            | 792     | \$3,669,598   | 705     | \$3,914,375   |
| Other additions                                                                                      | 4,204   | \$158,298,705 | 4,004   | \$166,060,653 |
| <b>Total Montana Additions</b>                                                                       | 117,119 | \$834,572,594 | 115,622 | \$803,606,957 |

| Montana Individual Income Tax<br>Subtractions Reported on Full Year Residents' Returns<br>2012 and 2013 |         |                 |         |                 |
|---------------------------------------------------------------------------------------------------------|---------|-----------------|---------|-----------------|
|                                                                                                         | 2012    |                 | 2013    |                 |
|                                                                                                         | Count   | Total           | Count   | Total           |
| <b>Montana Subtractions from Federal Adjusted Gross Income</b>                                          |         |                 |         |                 |
| Federal bonds exempt interest                                                                           | 19,299  | \$22,275,353    | 19,022  | \$19,330,263    |
| Exempt tribal income                                                                                    | 7,023   | \$221,787,087   | 5,685   | \$170,919,136   |
| Exempt unemployment compensation                                                                        | 36,502  | \$158,526,968   | 32,991  | \$129,933,369   |
| Exempt worker's comp benefits                                                                           | 140     | \$918,240       | 138     | \$1,009,272     |
| Capital gains from small business investment companies                                                  | 16      | \$47,868        | 17      | \$173,389       |
| State tax refunds included in FAGI                                                                      | 106,258 | \$95,200,093    | 107,642 | \$94,089,431    |
| Recoveries of amounts deducted in earlier years                                                         | 15      | \$33,272        | 14      | \$47,254        |
| Exempt active duty military salary                                                                      | 4,565   | \$158,404,853   | 4,571   | \$164,472,809   |
| Nonresident exempt military income                                                                      | 111     | \$3,862,257     | 127     | \$4,235,016     |
| Exempt life insurance premiums reimbursement (National Guard)                                           | 41      | \$17,001        | 46      | \$28,091        |
| Exempt pension income                                                                                   | 45,185  | \$154,378,099   | 45,486  | \$158,597,172   |
| Elderly interest exclusion                                                                              | 70,617  | \$33,021,476    | 71,577  | \$31,301,899    |
| Exempt retirement disability income (under age 65)                                                      | 60      | \$276,606       | 50      | \$226,388       |
| Exempt tip income                                                                                       | 15,410  | \$52,275,624    | 16,702  | \$56,390,533    |
| Exempt income of child taxed to parent                                                                  | 109     | \$211,627       | 111     | \$264,493       |
| Exempt health insurance premiums taxed to employee                                                      | 193     | \$597,413       | 169     | \$791,972       |
| Student loan repayments taxed to health care professional                                               | 283     | \$789,081       | 306     | \$880,391       |
| Medical care savings account exempt deposits                                                            | 7,647   | \$18,791,602    | 7,963   | \$19,801,670    |
| First-time homebuyer exempt savings account deposits                                                    | 187     | \$501,379       | 173     | \$501,702       |
| Family education savings account exempt deposits                                                        | 2,874   | \$6,838,715     | 4,017   | \$9,385,280     |
| Farm and ranch risk management accounts exempt deposits                                                 | *       | \$0             | *       | \$0             |
| Subtraction to federal taxable social security/Tier 1 railroad retirement                               | 36,365  | \$145,233,244   | 37,800  | \$156,201,788   |
| Subtraction for federal taxable Tier II railroad retirement                                             | 3,037   | \$40,918,763    | 3,100   | \$43,719,325    |
| Subtraction for spouse filing joint return: passive loss carryover                                      | 44      | \$255,077       | 43      | \$173,173       |
| Subtraction for spouse filing joint return: capital loss adjustment                                     | 1,622   | \$3,168,626     | 1,508   | \$2,882,217     |
| Allocation of compensation to spouse                                                                    | 491     | \$8,243,923     | 517     | \$8,175,290     |
| Montana net operating loss carryover                                                                    | 3,978   | \$411,198,411   | 3,769   | \$353,739,856   |
| 40% capital gain exclusion on pre-1987 installment sales                                                | 55      | \$884,971       | 44      | \$148,686       |
| Business expense of recycled material                                                                   | 113     | \$242,946       | 100     | \$366,958       |
| Sales of land to beginning farmers                                                                      | *       | \$6,796         | *       | \$56,687        |
| Larger federal estate and trust taxable distributions                                                   | 141     | \$587,026       | 175     | \$623,005       |
| Wage deduction reduced by federal targeted jobs credit                                                  | 46      | \$264,065       | 54      | \$319,522       |
| Certain gains recognized by liquidating corporation                                                     | *       | \$42,404        | *       | \$4,616         |
| Other subtractions                                                                                      | 4,393   | \$166,239,698   | 4,591   | \$165,328,529   |
| <b>Total Montana Subtractions</b>                                                                       | 251,206 | \$1,706,040,564 | 252,829 | \$1,594,119,182 |

## Income, Deductions, Credits and Tax Liability

### Montana Individual Income Tax Deductions Reported on Full Year Residents' Returns 2012 and 2013

|                                                              | 2012    |                 | 2013    |                 |
|--------------------------------------------------------------|---------|-----------------|---------|-----------------|
|                                                              | Count   | Total           | Count   | Total           |
| <b>Deductions</b>                                            |         |                 |         |                 |
| Deductible medical expenses                                  | 67,212  | \$296,883,350   | 58,740  | \$289,800,477   |
| Medical insurance premiums not deducted elsewhere            | 103,705 | \$368,422,012   | 105,675 | \$388,204,675   |
| Long-term care insurance premiums                            | 13,344  | \$27,571,088    | 13,559  | \$29,433,415    |
| Federal Income Tax                                           |         |                 |         |                 |
| Federal income tax withheld*                                 | 265,622 | \$1,763,740,518 | 270,808 | \$1,812,863,700 |
| Federal income tax estimated payments*                       | 46,692  | \$541,066,505   | 49,500  | \$710,451,220   |
| Last year's federal income tax paid (e.g. with return)*      | 53,157  | \$308,648,524   | 59,658  | \$444,295,392   |
| Federal income tax from previous years*                      | 4,722   | \$18,611,381    | 4,395   | \$30,040,657    |
| Total federal income tax deduction                           | 292,377 | \$1,154,479,513 | 299,583 | \$1,206,778,981 |
| State or local sales tax                                     | 400     | \$346,741       | 366     | \$404,334       |
| Local income taxes                                           | 233     | \$102,533       | 199     | \$136,620       |
| Real estate taxes                                            | 208,472 | \$407,127,118   | 212,292 | \$427,375,562   |
| Personal property taxes                                      | 166,662 | \$52,294,545    | 170,827 | \$54,011,758    |
| Other deductible taxes                                       | 24,184  | \$8,398,699     | 23,103  | \$8,636,652     |
| Home mortgage interest                                       | 184,880 | \$958,035,238   | 162,335 | \$907,275,526   |
| Qualified mortgage insurance premiums                        | 19,282  | \$20,286,561    | 23,762  | \$29,921,640    |
| Investment interest                                          | 7,929   | \$25,707,920    | 8,763   | \$30,659,925    |
| Contributions by cash or check                               | 167,727 | \$458,318,428   | 170,729 | \$487,024,879   |
| Contributions other than cash or check                       | 73,904  | \$68,366,539    | 77,610  | \$75,236,737    |
| Carryover of contributions from previous years               | 3,466   | \$40,198,253    | 3,522   | \$36,604,717    |
| Child and dependent care expenses                            | 771     | \$1,452,494     | 748     | \$1,447,271     |
| Casualty and theft losses                                    | 355     | \$7,131,478     | 530     | \$5,869,942     |
| Business Expenses                                            |         |                 |         |                 |
| Unreimbursed employee business expenses*                     | 58,698  | \$196,756,052   | 57,994  | \$197,814,067   |
| Other business expenses*                                     | 145,558 | \$125,972,713   | 148,396 | \$148,307,298   |
| Total business expenses*                                     | 165,844 | \$322,728,765   | 168,609 | \$346,121,365   |
| Net deductible unreimbursed business expenses                | 58,266  | \$223,212,369   | 59,412  | \$239,109,524   |
| Political contributions                                      | 11,563  | \$1,082,429     | 6,927   | \$643,188       |
| All other miscellaneous deductions not subject to 2% floor   | 2,408   | \$5,892,109     | 2,572   | \$5,102,567     |
| Gambling losses                                              | 1,248   | \$12,064,570    | 1,512   | \$17,520,929    |
| <b>Total itemized deductions</b>                             | 317,344 | \$4,137,373,987 | 324,165 | \$4,241,199,319 |
| Unallowed itemized deductions (due to income over threshold) | 0       | \$0             | 8,564   | \$52,237,202    |
| <b>Allowable itemized deductions</b>                         | 317,344 | \$4,137,373,987 | 324,165 | \$4,188,962,117 |
| <b>Standard deductions</b>                                   | 199,049 | \$741,401,666   | 202,137 | \$775,951,691   |
| <b>Total deductions</b>                                      | 516,393 | \$4,878,775,653 | 526,302 | \$4,964,913,808 |

\* Items either are part of another line or include another line. They are not part of the total.

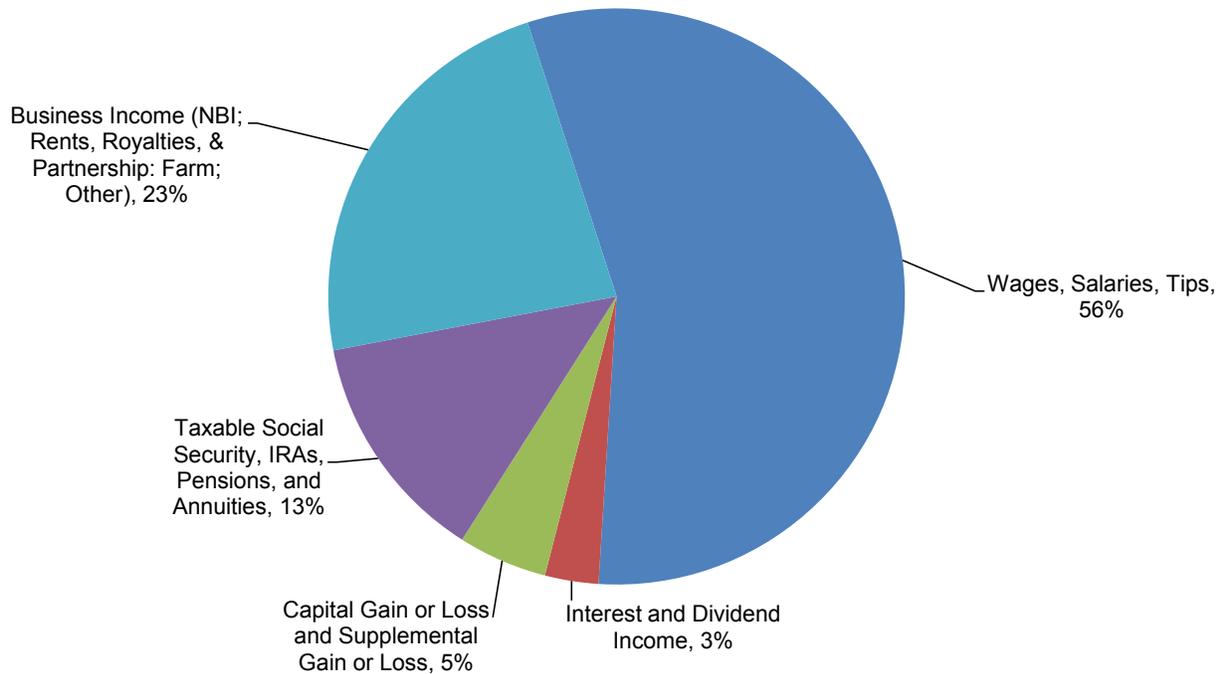
# Income, Deductions, Credits and Tax Liability

| Montana Individual Income Tax<br>Exemptions, Taxable Income, Tax, and Payments Reported on Full Year Residents' Returns<br>2012 and 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |         |                  |         |                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------------------|---------|------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 2012    |                  | 2013    |                  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Count   | Total            | Count   | Total            |
| <b>Exemptions *</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |         |                  |         |                  |
| Self Exemption                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |         | 537,294          |         | 547,927          |
| Self 65 and Over Exemption                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |         | 97,094           |         | 102,482          |
| Self Blind Exemption                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |         | 1,173            |         | 1,109            |
| <b>Total Taxpayer Exemptions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 537,294 | 635,561          | 547,927 | 651,518          |
| Spouse Exemption                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         | 181,682          |         | 84,303           |
| Spouse 65 and Over Exemption                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |         | 35,040           |         | 22,435           |
| Spouse Blind Exemption                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |         | 319              |         | 251              |
| <b>Total Spouse Exemptions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 83,794  | 105,719          | 84,303  | 106,989          |
| Dependent Exemptions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 128,776 | 230,927          | 130,181 | 233,612          |
| <b>Total Exemptions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 537,294 | 972,207          | 547,927 | 992,119          |
| <b>Value of Exemptions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |         | \$2,177,221,760  |         | \$2,261,782,800  |
| <b>Taxable Income</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |                  |         |                  |
| Federal Adjusted Gross Income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 535,699 | \$22,562,316,827 | 546,225 | \$23,268,465,988 |
| +Montana Additions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 117,119 | \$834,572,594    | 115,622 | \$803,606,957    |
| -Montana Subtractions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 251,206 | \$1,706,040,564  | 252,829 | \$1,594,119,182  |
| -Deductions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 531,230 | \$4,878,775,653  | 541,845 | \$4,964,913,808  |
| -Value of Exemptions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 537,077 | \$2,177,221,760  | 547,822 | \$2,261,782,800  |
| Montana Taxable Income                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 446,210 | \$15,975,258,728 | 547,770 | \$16,500,226,913 |
| Tax from Tax Table                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 445,539 | \$903,587,007    | 458,181 | \$929,255,001    |
| Capital Gains Credit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 61,723  | \$31,235,460     | 77,329  | \$27,523,134     |
| <b>Tax before Credits &amp; Adjustments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 442,375 | \$874,592,487    | 453,770 | \$903,838,419    |
| Tax on Lump Sum Distributions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 49      | \$2,949          | 56      | \$8,147          |
| Recapture of Credits Claimed Previously                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 16      | \$7,304          | 9       | \$4,770          |
| <b>Total Tax</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         | \$874,602,740    |         | \$903,851,336    |
| <b>Payments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         |                  |         |                  |
| Montana income tax withheld from wages                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 423,801 | \$686,918,324    | 433,206 | \$721,350,171    |
| Tax withheld from mineral royalties                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2,563   | \$3,403,373      | 2,819   | \$4,812,094      |
| Tax withheld by pass-through entities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 175     | \$324,289        | 245     | \$545,243        |
| Estimated tax payments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 44,916  | \$173,262,163    | 48,515  | \$197,361,333    |
| Extension payments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 4,995   | \$30,495,081     | 6,040   | \$32,051,015     |
| <b>Total Payments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         | \$894,403,230    |         | \$956,119,856    |
| * Taxpayers claim exemptions for themselves and their spouses by checking boxes on the return. The counts for exemptions show the number of returns where the taxpayer claimed at least one exemption for themselves, their spouse, or dependents. The totals column shows the number and type of exemptions claimed. For the taxpayer and spouse, the totals column shows the numbers of basic exemptions and extra exemptions for being 65 or over or blind. Only the total number of taxpayer and spouse exemptions was recorded. For dependent exemptions, the count is the number of returns claiming at least one dependent, and the total is the number of dependents claimed. |         |                  |         |                  |

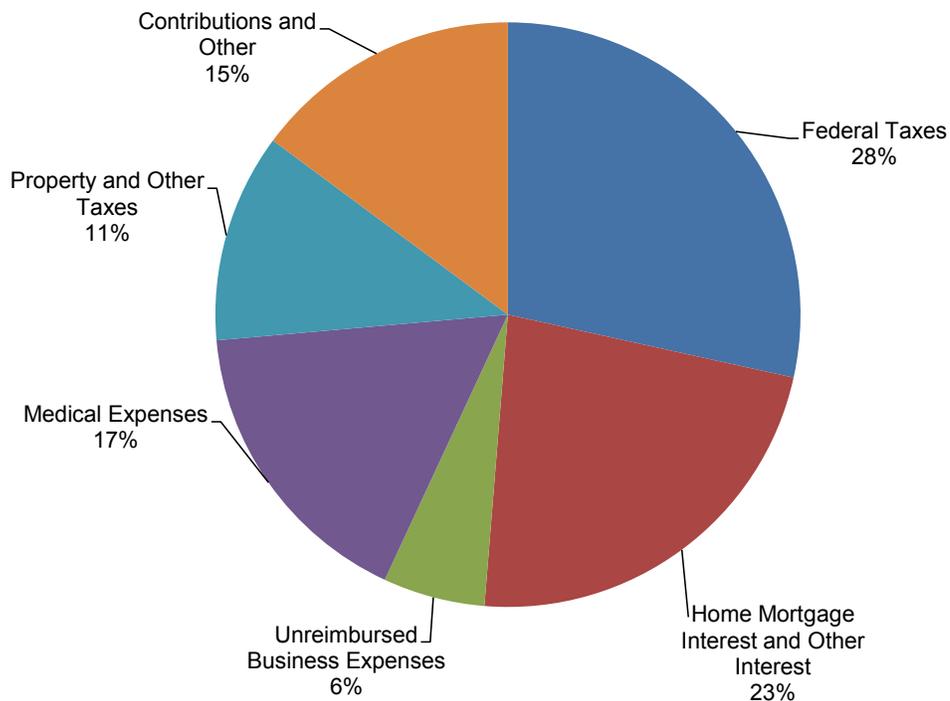
## Income, Deductions, Credits and Tax Liability

| Montana Individual Income Tax<br>Credits Reported on Full Year Residents' Returns<br>2012 and 2013 |               |                     |               |                     |
|----------------------------------------------------------------------------------------------------|---------------|---------------------|---------------|---------------------|
|                                                                                                    | 2012          |                     | 2013          |                     |
|                                                                                                    | Count         | Total               | Count         | Total               |
| <b>Credits</b>                                                                                     |               |                     |               |                     |
| <b>Non-Refundable and No Carryover</b>                                                             |               |                     |               |                     |
| Other states' income tax credit                                                                    | 11,316        | \$23,668,111        | 13,106        | \$27,082,006        |
| College contribution tax credit                                                                    | 2,969         | \$246,495           | 3,131         | \$269,473           |
| Qualified endowment tax credit                                                                     | 664           | \$2,049,386         | 671           | \$2,073,344         |
| Energy conservation tax credit                                                                     | 12,887        | \$4,510,918         | 12,287        | \$4,536,016         |
| Alternative fuel tax credit                                                                        | 23            | \$14,778            | 20            | \$8,183             |
| Insurance for uninsured Montanan's credit                                                          | 192           | \$171,365           | 180           | \$165,558           |
| Elderly care tax credit                                                                            | 48            | \$52,714            | 45            | \$74,466            |
| Recycling tax credit                                                                               | 93            | \$368,940           | 92            | \$289,907           |
| Oil seed crushing/biodiesel facility credit                                                        | *             | \$0                 | *             | \$0                 |
| Biodiesel blending/storage tank credit                                                             | *             | \$0                 | *             | \$2,250             |
| <b>Non-Refundable but with Carryover</b>                                                           |               |                     |               |                     |
| Contractor's gross receipts tax credit                                                             | 691           | \$4,743,249         | 665           | \$5,099,858         |
| Geothermal systems tax credit                                                                      | 298           | \$344,548           | 249           | \$313,920           |
| Alternative energy systems credit                                                                  | 626           | \$347,322           | 1,159         | \$632,607           |
| Alternative energy production tax credit                                                           | *             | \$11,684            | *             | \$56                |
| Dependent care assistance credit                                                                   | 10            | \$95,590            | 12            | \$13,525            |
| Historic property preservation tax credit                                                          | 28            | \$199,776           | 37            | \$492,477           |
| Infrastructure user fee credit                                                                     | *             | \$20,990            | *             | \$21,203            |
| Empowerment zone credit                                                                            | *             | \$0                 | *             | \$0                 |
| Research activities tax credit                                                                     | *             | \$125,170           | *             | \$73,983            |
| Mineral exploration tax credit                                                                     | *             | \$0                 | *             | \$0                 |
| Film production employment tax credit                                                              | *             | \$0                 | *             | \$0                 |
| Adoption credit                                                                                    | 229           | \$189,721           | 244           | \$210,765           |
| <b>Total Non-Refundable Credits</b>                                                                | <b>29,156</b> | <b>\$37,160,757</b> | <b>30,390</b> | <b>\$41,359,597</b> |
| <b>Refundable Credits</b>                                                                          |               |                     |               |                     |
| Elderly homeowner/renter tax credit                                                                |               |                     |               |                     |
| Claimed with Income Tax Return                                                                     | 15,025        | \$7,183,795         | 13,875        | \$6,610,064         |
| Claimed without Income Tax Return                                                                  | 5,599         | \$2,352,376         | 4,707         | \$1,786,064         |
| Film production employment tax credit                                                              | *             | \$23,924            | *             | \$55,391            |
| Film qualified expenditure tax credit                                                              | *             | \$0                 | *             | \$15,150            |
| Insure Montana small business health insurance credit                                              | 782           | \$1,876,550         | 701           | \$2,028,400         |
| Emergency lodging credit                                                                           | *             | \$0                 | *             | \$0                 |
| <b>Total Refundable Credits</b>                                                                    | <b>15,804</b> | <b>\$11,436,645</b> | <b>14,577</b> | <b>\$10,495,069</b> |
| <b>Total Credits</b>                                                                               | <b>43,631</b> | <b>\$48,597,402</b> | <b>43,662</b> | <b>\$51,854,666</b> |

### Breakdown of Income Sources - Tax Year 2013



### Breakdown of Itemized Deductions - Tax Year 2013



## Income, Deductions, Credits and Tax Liability

The following tables show Montana adjusted gross income, deductions, taxable income and tax liability by decile group for full year Montana residents. Each decile is 10 percent of the population of full year resident returns, sorted by adjusted gross income. Group 1 is the 10 percent with the lowest incomes, while group 10 is the 10 percent with the highest incomes. In these tables, married couples who file separate returns on the same form are counted as two returns, and their income and tax are counted separately. Non-residents and part-year residents are not included because their tax depends on the fraction of income that is apportioned to Montana, which varies widely for these individuals.

| Deciles of Montana Adjusted Gross Income<br>Full Year Residents<br>2012 and 2013 |         |                      |                               |            |         |                      |                               |            |
|----------------------------------------------------------------------------------|---------|----------------------|-------------------------------|------------|---------|----------------------|-------------------------------|------------|
| Decile Group                                                                     | 2012    |                      |                               |            | 2013    |                      |                               |            |
|                                                                                  | Returns | Income Range         | Montana Adjusted Gross Income |            | Returns | Income Range         | Montana Adjusted Gross Income |            |
|                                                                                  |         |                      | \$ million                    | % of total |         |                      | \$ million                    | % of total |
| 1                                                                                | 53,729  | less than \$3,721    | -\$656.2                      | -3%        | 54,792  | less than \$4,051    | -\$556.4                      | -2%        |
| 2                                                                                | 53,729  | \$3,721 to \$8,976   | \$342.6                       | 2%         | 54,793  | \$4,051 to \$9,458   | \$371.0                       | 2%         |
| 3                                                                                | 53,730  | \$8,977 to \$14,212  | \$621.4                       | 3%         | 54,793  | \$9,459 to \$14,898  | \$665.9                       | 3%         |
| 4                                                                                | 53,729  | \$14,213 to \$19,876 | \$913.0                       | 4%         | 54,792  | \$14,899 to \$20,748 | \$973.5                       | 4%         |
| 5                                                                                | 53,730  | \$19,877 to \$26,162 | \$1,233.0                     | 6%         | 54,793  | \$20,749 to \$27,276 | \$1,311.0                     | 6%         |
| 6                                                                                | 53,729  | \$26,163 to \$33,944 | \$1,607.2                     | 7%         | 54,793  | \$27,277 to \$35,263 | \$1,706.5                     | 8%         |
| 7                                                                                | 53,729  | \$33,945 to \$43,062 | \$2,060.0                     | 9%         | 54,792  | \$35,264 to \$44,678 | \$2,180.6                     | 10%        |
| 8                                                                                | 53,730  | \$43,063 to \$55,197 | \$2,619.7                     | 12%        | 54,793  | \$44,679 to \$57,302 | \$2,771.8                     | 12%        |
| 9                                                                                | 53,729  | \$55,198 to \$77,702 | \$3,484.0                     | 16%        | 54,793  | \$57,303 to \$80,880 | \$3,697.5                     | 16%        |
| 10                                                                               | 53,730  | more than \$77,702   | \$9,466.3                     | 44%        | 54,793  | more than \$80,880   | \$9,356.6                     | 42%        |
| All                                                                              | 537,294 |                      | \$21,690.8                    |            | 547,927 |                      | \$22,478.0                    |            |

| Deductions by Decile Group<br>Full Year Residents<br>2012 and 2013 |                   |                     |          |                     |         |                   |                     |            |                     |            |
|--------------------------------------------------------------------|-------------------|---------------------|----------|---------------------|---------|-------------------|---------------------|------------|---------------------|------------|
| Decile Group                                                       | % Returns Itemize | 2012                |          |                     |         | 2013              |                     |            |                     |            |
|                                                                    |                   | Itemized Deductions |          | Standard Deductions |         | % Returns Itemize | Itemized Deductions |            | Standard Deductions |            |
|                                                                    |                   | \$ million          | average  | \$ million          | average |                   |                     | \$ million | average             | \$ million |
| 1                                                                  | 34%               | \$140.4             | \$7,728  | \$79.4              | \$2,233 | 34%               | \$139.4             | \$7,466    | \$81.4              | \$2,252    |
| 2                                                                  | 29%               | \$97.1              | \$6,322  | \$82.8              | \$2,157 | 29%               | \$100.9             | \$6,324    | \$85.7              | \$2,206    |
| 3                                                                  | 38%               | \$138.1             | \$6,798  | \$88.2              | \$2,638 | 38%               | \$141.7             | \$6,808    | \$93.3              | \$2,747    |
| 4                                                                  | 42%               | \$172.7             | \$7,701  | \$108.9             | \$3,480 | 42%               | \$177.3             | \$7,792    | \$116.0             | \$3,621    |
| 5                                                                  | 47%               | \$211.7             | \$8,331  | \$121.2             | \$4,279 | 47%               | \$211.2             | \$8,271    | \$128.5             | \$4,392    |
| 6                                                                  | 60%               | \$297.7             | \$9,240  | \$101.7             | \$4,728 | 60%               | \$295.1             | \$8,993    | \$106.9             | \$4,863    |
| 7                                                                  | 77%               | \$438.8             | \$10,543 | \$69.6              | \$5,750 | 78%               | \$473.8             | \$11,036   | \$71.0              | \$5,982    |
| 8                                                                  | 87%               | \$588.0             | \$12,621 | \$47.1              | \$6,594 | 87%               | \$596.3             | \$12,551   | \$49.1              | \$6,740    |
| 9                                                                  | 92%               | \$747.5             | \$15,151 | \$29.5              | \$6,710 | 92%               | \$761.9             | \$15,141   | \$31.0              | \$6,921    |
| 10                                                                 | 96%               | \$1,305.3           | \$25,225 | \$13.1              | \$6,582 | 96%               | \$1,291.4           | \$24,440   | \$13.1              | \$6,725    |
| All                                                                | 60%               | \$4,137.4           | \$11,533 | \$741.4             | \$3,463 | 60%               | \$4,189.0           | \$11,437   | \$776.0             | \$3,563    |

## Income, Deductions, Credits and Tax Liability

### Deductions as Percent of Montana Adjusted Gross Income Full Year Residents 2012 and 2013

| Decile Group | Itemized Deductions | 2012                |      |                     | 2013                |      |  |
|--------------|---------------------|---------------------|------|---------------------|---------------------|------|--|
|              |                     | Standard Deductions | All  | Itemized Deductions | Standard Deductions | All  |  |
| 1            | -27%                | -56%                | -33% | -33%                | -62%                | -40% |  |
| 2            | 96%                 | 34%                 | 53%  | 91%                 | 33%                 | 50%  |  |
| 3            | 58%                 | 23%                 | 36%  | 56%                 | 23%                 | 35%  |  |
| 4            | 45%                 | 21%                 | 31%  | 44%                 | 20%                 | 30%  |  |
| 5            | 36%                 | 19%                 | 27%  | 34%                 | 18%                 | 26%  |  |
| 6            | 31%                 | 16%                 | 25%  | 29%                 | 16%                 | 24%  |  |
| 7            | 27%                 | 15%                 | 25%  | 28%                 | 15%                 | 25%  |  |
| 8            | 26%                 | 14%                 | 24%  | 25%                 | 13%                 | 23%  |  |
| 9            | 23%                 | 10%                 | 22%  | 22%                 | 10%                 | 21%  |  |
| 10           | 14%                 | 5%                  | 14%  | 14%                 | 5%                  | 14%  |  |
| All          | 23%                 | 20%                 | 22%  | 23%                 | 20%                 | 22%  |  |

### Taxable Income and Tax Full Year Residents 2012 and 2013

| Decile Group | 2012           |           |            |               |         |            | 2013           |           |            |               |         |            |
|--------------|----------------|-----------|------------|---------------|---------|------------|----------------|-----------|------------|---------------|---------|------------|
|              | Taxable Income |           |            | Tax Liability |         |            | Taxable Income |           |            | Tax Liability |         |            |
|              | \$ million     | Average   | % of Total | \$ million    | Average | % of Total | \$ million     | Average   | % of Total | \$ million    | Average | % of Total |
| 1            | \$0.4          | \$7       | 0%         | \$0.0         | \$0     | 0%         | \$0.4          | \$8       | 0%         | \$0.0         | \$0     | 0%         |
| 2            | \$80.8         | \$1,504   | 1%         | \$1.0         | \$18    | 0%         | \$93.6         | \$1,708   | 1%         | \$1.1         | \$20    | 0%         |
| 3            | \$254.4        | \$4,735   | 2%         | \$4.7         | \$88    | 1%         | \$279.5        | \$5,101   | 2%         | \$5.3         | \$97    | 1%         |
| 4            | \$458.4        | \$8,531   | 3%         | \$12.0        | \$223   | 1%         | \$500.0        | \$9,125   | 3%         | \$13.3        | \$243   | 1%         |
| 5            | \$712.7        | \$13,265  | 4%         | \$24.6        | \$458   | 3%         | \$775.3        | \$14,149  | 5%         | \$27.4        | \$499   | 3%         |
| 6            | \$1,020.3      | \$18,990  | 6%         | \$43.3        | \$806   | 5%         | \$1,100.1      | \$20,078  | 7%         | \$47.4        | \$865   | 5%         |
| 7            | \$1,343.0      | \$24,997  | 8%         | \$64.5        | \$1,201 | 7%         | \$1,440.9      | \$26,297  | 9%         | \$69.9        | \$1,276 | 8%         |
| 8            | \$1,765.6      | \$32,861  | 11%        | \$93.0        | \$1,731 | 11%        | \$1,894.8      | \$34,582  | 11%        | \$100.5       | \$1,833 | 11%        |
| 9            | \$2,466.4      | \$45,905  | 15%        | \$140.5       | \$2,615 | 16%        | \$2,654.0      | \$48,437  | 16%        | \$151.8       | \$2,771 | 17%        |
| 10           | \$7,873.3      | \$146,534 | 49%        | \$490.9       | \$9,136 | 56%        | \$7,761.6      | \$141,653 | 47%        | \$487.1       | \$8,890 | 54%        |
| All          | \$15,975.3     | \$29,733  |            | \$874.6       | \$1,628 |            | \$16,500.2     | \$30,114  |            | \$903.8       | \$1,650 |            |

### Tax As Percent of Adjusted Gross Income Full Year Residents 2012 and 2013

| Decile Group | 2012                          |               |              | 2013                          |               |              |
|--------------|-------------------------------|---------------|--------------|-------------------------------|---------------|--------------|
|              | Montana Adjusted Gross Income | Tax Liability | Tax / Income | Montana Adjusted Gross Income | Tax Liability | Tax / Income |
|              | \$ million                    | \$ million    | %            | \$ million                    | \$ million    | %            |
| 1            | -\$656.2                      | \$0.0         | 0.0%         | -\$556.4                      | \$0.0         | 0.0%         |
| 2            | \$342.6                       | \$1.0         | 0.3%         | \$371.0                       | \$1.1         | 0.3%         |
| 3            | \$621.4                       | \$4.7         | 0.8%         | \$665.9                       | \$5.3         | 0.8%         |
| 4            | \$913.0                       | \$12.0        | 1.3%         | \$973.5                       | \$13.3        | 1.4%         |
| 5            | \$1,233.0                     | \$24.6        | 2.0%         | \$1,311.0                     | \$27.4        | 2.1%         |
| 6            | \$1,607.2                     | \$43.3        | 2.7%         | \$1,706.5                     | \$47.4        | 2.8%         |
| 7            | \$2,060.0                     | \$64.5        | 3.1%         | \$2,180.6                     | \$69.9        | 3.2%         |
| 8            | \$2,619.7                     | \$93.0        | 3.6%         | \$2,771.8                     | \$100.5       | 3.6%         |
| 9            | \$3,484.0                     | \$140.5       | 4.0%         | \$3,697.5                     | \$151.8       | 4.1%         |
| 10           | \$9,466.3                     | \$490.9       | 5.2%         | \$9,356.6                     | \$487.1       | 5.2%         |
| All          | \$21,690.8                    | \$874.6       | 4.0%         | \$22,478.0                    | \$903.8       | 4.0%         |

### **Business Structure and Taxation**

A business's legal ownership structure generally determines how income from the business is taxed. Business organization is a matter of state law, and a business operating in Montana may be organized under the provisions of the laws of Montana (generally Title 35, Montana Code Annotated) or of the laws of another state. States vary somewhat in the options for business organization they allow and in the details of particular business structures.

While tax considerations may affect a business's choice of ownership structure, there are other factors that may have a larger influence. Different business structures give the owners different types of protection from or exposure to the business's legal and financial liabilities. They have different mechanisms for decision making and control of the business's operations. They have different arrangements for sharing of income, expenses, risks and rewards among the owners. And, they offer different levels of privacy or transparency of ownership. How a business is organized can also affect its ability to access capital markets. Most corporations and some types of partnerships can raise funds by issuing new shares, and existing shares can be bought and sold without requiring the other owners' consent. With other business structures, buying and selling ownership interests or raising funds by bringing in new owners may require the other owners' consent.

For taxation, the IRS code puts all businesses in one of three categories, and Montana law generally requires a business to be in the same category for state taxation as it is for federal taxation.

Informally organized sole proprietor businesses are not treated as an entity separate from the owner for income tax reporting purposes. The owner of a sole proprietor business must be an individual or a married couple. Some formally organized businesses with a single owner are not sole proprietor businesses and are treated as separate from the owner for income tax reporting purposes. These businesses are called disregarded entities and are subject to filing a Montana information return and income tax withholding paid on behalf of the owner. The disregarded entity's income is still reported on the owner's tax return and is taxed as part of the owner's income. If the disregarded entity pays income tax on behalf of the owner, the owner can claim the payment as a refundable credit.

Partnerships, limited liability companies, and other unincorporated businesses with more than one owner generally are treated as pass-through entities. A corporation with no more than 100 shareholders, with a single class of stock, and with no shareholders that are another business entity or a nonresident alien may elect to be treated as a pass-through entity. Such a corporation is known as an S corporation, because its taxation is laid out in Subchapter S of Chapter 1 of the IRS code.

For a pass-through entity, there is no tax on income at the business entity level. The entity calculates its net income and each owner's share of that net income. The owners must include that income (or loss) in the calculation of their taxable income. An owner's income from a pass-through is a share of the business's income, not the payments the owner receives from the business. If a pass-through entity retains part of its income to finance expansion or other investment, each owner is taxed on his or her share of the retained income, and the accounting value of each ownership interest is increased by the owner's share of the retained income. If the pass-through pays out more than its annual net income, the excess is treated as a return of a portion of the owner's investment. It is not taxed, and the accounting value of each ownership interest is reduced by the owner's share of the excess distribution.

A pass-through entity is required to file an annual information return showing the calculation of its net income or loss and the distribution of that income or loss to owners. The owners are then responsible for reporting this income on their tax returns and including it in the calculation of their taxable income. If a pass-through entity has a nonresident or second-tier pass-through entity owner, then the pass-through must include the owner in a composite return, withhold income tax on behalf of the owner, or obtain a waiver of these requirements.

## Taxation of Business Income

A corporation that does not meet the requirements to be treated as a pass-through entity, or that does not choose pass-through treatment, is taxed on income at the business entity level. The corporation calculates its net income and is taxed on it at the corporate income tax rate. The corporation's income is not directly attributed to the owners. A corporation's owners include dividends they receive in the calculation of their taxable incomes. A corporation may pay dividends that are more or less than its net income. If it does, there is no adjustment to the accounting value of individual shares. This allows a corporation to retain profits for reinvestment without the shareholders being taxed on those profits.

The following table shows characteristics of businesses falling into each of the four business tax categories.

| Business Structure and Taxation           |                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                            |                                                                                                                          |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
|                                           | Sole Proprietor                                                                                                                                                                                                                                | Pass-Through Entity<br>(S Corporation or Partnership)                                                                                                                                                                                                                                                                                                                                                                                                                       | C Corporation                                                                                                                                                                                                                                                              | Disregarded Entity                                                                                                       |
| <b>Legal Business Organization</b>        | Informal                                                                                                                                                                                                                                       | Partnership, Limited Liability Company (LLC), Corporation, Limited Partnership, etc.                                                                                                                                                                                                                                                                                                                                                                                        | Corporation                                                                                                                                                                                                                                                                | Single Member LLC, etc.                                                                                                  |
| <b>May be Owned By</b>                    | One Individual or Married Couple                                                                                                                                                                                                               | Individuals or Other Business Entities                                                                                                                                                                                                                                                                                                                                                                                                                                      | Individuals or Other Business Entities                                                                                                                                                                                                                                     | Individuals or Other Business Entities                                                                                   |
| <b>Business Income and Owner's Income</b> | The business net income is all attributed to the owner.                                                                                                                                                                                        | The business calculates its net income, and this income is attributed to the owners.                                                                                                                                                                                                                                                                                                                                                                                        | The business calculates its net income. Owners' income is dividends received.                                                                                                                                                                                              | The business net income is all attributed to the owner.                                                                  |
| <b>Distribution of Income to Owners</b>   | The business net income is the owner's income from the business.                                                                                                                                                                               | Distributions to owners need not equal business's current net income.                                                                                                                                                                                                                                                                                                                                                                                                       | Business pays dividends to shareholders. Dividends need not equal business's current net income.                                                                                                                                                                           | Distribution to owner need not equal business's current net income.                                                      |
| <b>Taxation</b>                           | Owner reports income from business as part of income subject to individual income tax                                                                                                                                                          | No tax at the entity level. Owners responsible for tax on income attributed to them.                                                                                                                                                                                                                                                                                                                                                                                        | Business net income subject to corporation income tax. Owners taxed on dividends.                                                                                                                                                                                          | Entity is ignored. business's income is taxed as owner's income.                                                         |
| <b>Reporting</b>                          | The business receipts and costs are reported on Schedule C of the owner's federal tax return (Schedule F for a farm), and net income is reported on Line 12 for Business Income or Loss (Line 18 for Farm Income or Loss) of the state return. | The business files federal and state information returns. Federal return shows receipts and costs and both show income, deductions, and credits passed through to owners. Owners report their share of net business income from the pass-through as business income (Schedule E and Line 17 of the tax return for individuals). If the business receives dividends, capital gains, or other passive income, owners report those separately on the appropriate return lines. | The business files federal and state corporate income tax returns and a federal information report, Form 1099-DIV, for each owner who received at least \$10 of dividends. Owners report dividends received on their tax returns (Line 9 of state return for individuals). | Income is reported on owner's return.<br><br>Information return required if owner is a non-resident or another business. |

### Business Structure, Tax Administration, and Compliance

Taxation of business income can be complicated when a business operates in more than one taxing jurisdiction and when one business entity is partly or completely owned by another. When a business operates in more than one taxing jurisdiction, it is necessary to decide how much of the business's income is taxable by each jurisdiction. When one business entity owns another or two businesses have a common owner, it can be necessary to decide how much of the common income is due to each business. When affiliated businesses operate across multiple jurisdictions, the complications are compounded.

A general principle that most U.S. states and most countries follow is that business income should be taxable by the jurisdiction where the business activity that created the income took place and should not be taxable by other jurisdictions. This is often called the source principle of income taxation.<sup>1</sup> When a business operates in more than one taxing jurisdiction, each must decide how much of the business's income has its source in that jurisdiction. For example, suppose a company harvests timber and mills it into lumber in Montana and

<sup>1</sup> The source principle of income taxation contrasts with the destination principle of consumption taxation. U.S. states and most countries follow the principle that taxes on consumptions, such as sales taxes, should be levied by the jurisdiction where the goods or services are used rather than by jurisdictions where they are made or sold.

## Taxation of Business Income

sells the lumber in North Dakota. The company receives all its gross income in North Dakota, and pays most of its costs in Montana. Its net income, which is the basis of taxation in both Montana and North Dakota, is due to the combined operation in both states. Each state decides how much of the combined net income to tax through a process called *apportionment*. Each state uses a formula to determine an *apportionment factor*, the portion of the company's business income<sup>2</sup> to attribute to operations in the state. Montana uses the equally-weighted three-factor apportionment formula where the apportionment factor is the average of the proportions of a company's property, payroll, and sales in a state. Other states use a range of formulas, with some placing more weight on one factor and less, or no, weight on the others.

If lumber production in Montana and lumber sales in North Dakota were separate, unrelated businesses, there would be no need for apportionment. The lumber production company's net income would be the difference between its receipts from selling lumber wholesale and its costs of harvesting trees and milling lumber. This net income would be taxable by Montana. The lumber sales company's net income would be the difference between its receipts from retail lumber sales and its costs of buying the lumber wholesale and operating its lumber yards. This net income would be taxable by North Dakota.

If the two companies are *affiliates*, such as two separate legal entities both owned by a third company, the situation is more complicated. Apportionment is still needed because wholesale lumber sales from the mill in Montana to the yards in North Dakota are not arms-length transactions. The *transfer prices* at which the lumber mill sells to the lumber yards are not determined in a market and do not necessarily reflect the lumber's true value. From the point of view of the parent company, these transfer prices are irrelevant. The mill's revenue from wholesale sales and the lumber yard's expenses for wholesale purchases cancel each other out. The parent company's net income is the difference between the revenue from retail lumber sales and the costs of timber harvesting, lumber milling, and lumber yard operations.

Transfer prices do matter to the states. If the lumber mill charges high prices to the lumber yards, its Montana profits will be higher and the lumber yards' North Dakota profits will be lower. If the mill charges low prices, its Montana profits will be lower and the lumber yards' North Dakota profits will be higher.

Montana law addresses this problem through *combined reporting*. Affiliated companies that are not engaged in completely separate businesses are required to file a single, combined return and to apportion the group's income. The Montana timber harvesting and lumber milling company, the North Dakota lumber yard company, and their parent company would file a combined return and should pay the same Montana taxes as if they were a single company.

Another complication can arise when affiliated companies are pass-through entities and there is a *tiered ownership* structure, with a company that is actually conducting business being owned by a second-tier pass-through entity, which may be one of several owned by a third-tier pass-through entity, which may be a partnership owned by several fourth-tier pass-through entities, and so on. As income is passed through this chain to the individuals who are the ultimate owners, its original source may be lost. For example, a person in New York or California who is a partner in a company that owns other companies may be unaware that part of their income from this partnership ultimately comes from business operations in Montana. In that case, they are likely to pay New York or California income tax on Montana-source income that should be taxed by Montana and not be taxed by the other state.

Montana law tries to address this problem by requiring pass-through entities with out-of-state owners either to have the out-of-state owners agree to file Montana tax returns, to withhold Montana tax for the out-of-state owners, or to file a composite return and pay Montana tax on behalf of its owners.

Montana law requires individual corporations and affiliated groups to report world-wide income and apportion a share to Montana, with one exception. A group of affiliated companies may make what is called a *water's-edge election*. When a group makes this election, it is only required to include affiliates in its combined

<sup>2</sup> Income that is not from a company's normal line of business, such as income from sale of some of a company's assets, generally is assigned to the state where the assets are located rather than being apportioned.

## Taxation of Business Income

report if the primary company owns at least half the stock and at least 20% of the affiliate's payroll and property is in the U.S., the affiliate is one of several types of companies defined in federal law that only engage in international trade, the affiliate has gains or losses from selling U.S. real estate, or the affiliate is incorporated in one of the countries listed as tax havens in section 15-31-322(1)(f), MCA. A corporate group that makes the water's edge election is taxed at a rate of 7% rather than the normal rate of 6.75%.

Abusive tax shelters are arrangements where taxpayers mischaracterize either income or gains and losses in order to avoid taxes. While nothing about pass-through entities or tiered business ownership creates abusive tax shelters, individuals and corporations wanting to evade taxes have used the complexity that tiered ownership can create to try to hide or mischaracterize income.

Some abusive tax shelters involve pretending that monetary payments are a loan or that in-kind compensation is actually a business investment. Others involve creating transactions with offsetting paper gains and losses and then recognizing the losses for tax purposes while claiming that recognition of the gains can be indefinitely deferred. In others, the claim is made that the losses were incurred by a taxable entity while the gains belong to an entity that is not subject to taxes in the U.S. Some types of abusive tax shelters make use of complicated, multi-tiered business structures either to try to hide the mischaracterization of income or to shuffle gains and losses between related entities and then claim that they are not related.

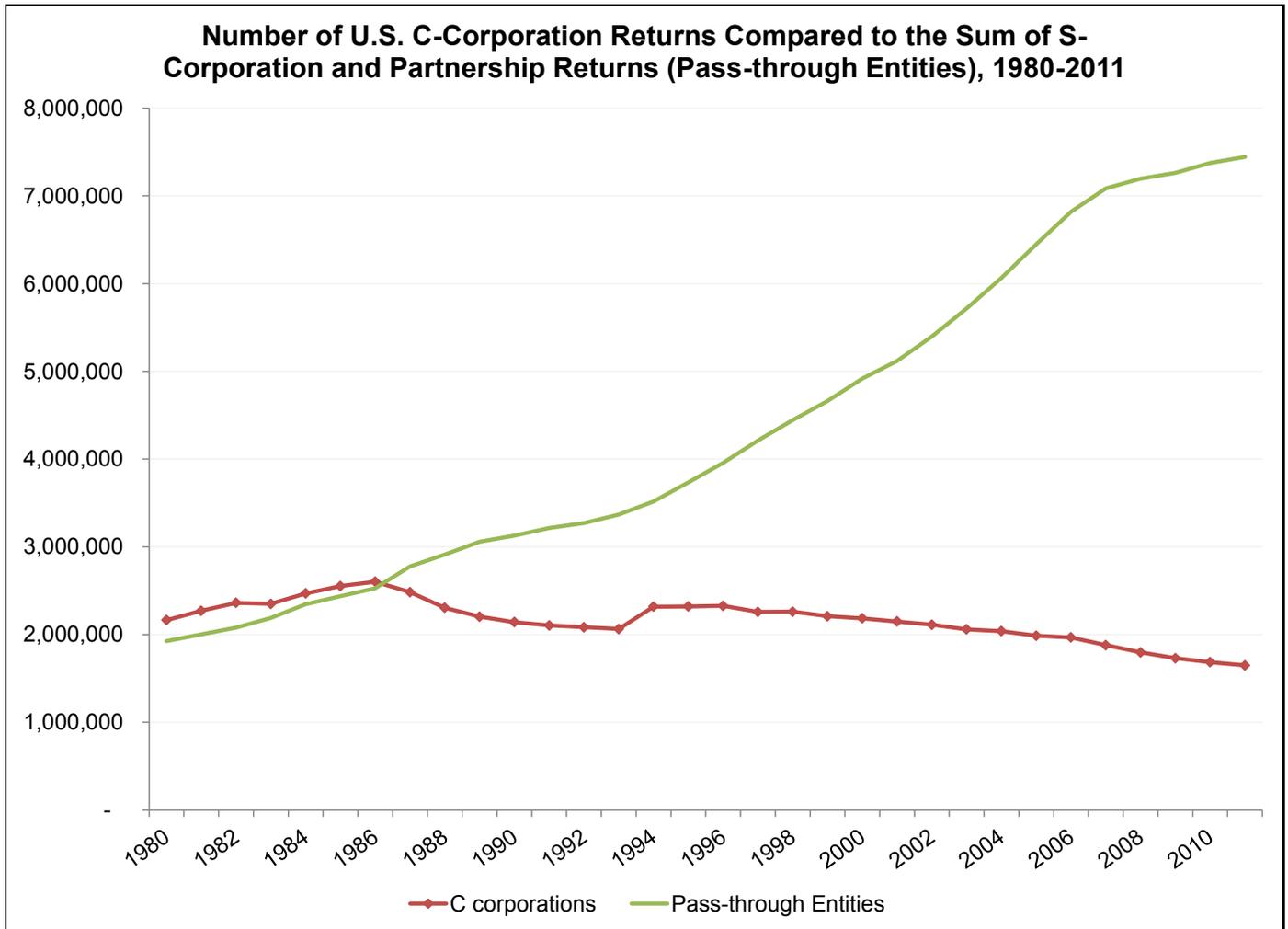
For example, one scheme involves creating a series of tiered business entities organized under the laws of several countries, with each passing its income to the next in line and the final entity paying the income to the owner but mischaracterizing it as a loan. The purpose of the tiered business structure in this case is just to make it too hard to track the money. In another scheme, the taxpayer sets up three business entities. Two entities engage in offsetting financial transactions, such as buying and selling offsetting futures contracts. The third is set up in another country. When the two contracts are closed out, one will have a gain and the other will have an equal loss. The taxpayer recognizes the loss and uses it to offset other income. The entity with the gain is sold, at a nominal price that does not reflect the value of the gain on its futures contracts, to the non-U.S. entity, and then the taxpayer claims that the gain is not subject to U.S. taxes.

U.S. courts have consistently ruled that these types of sham transactions with no economic purpose other than evading taxes should be ignored for U.S. tax purposes.

## Overview of Pass-Through Entities

### Growth of Pass-Through Entities

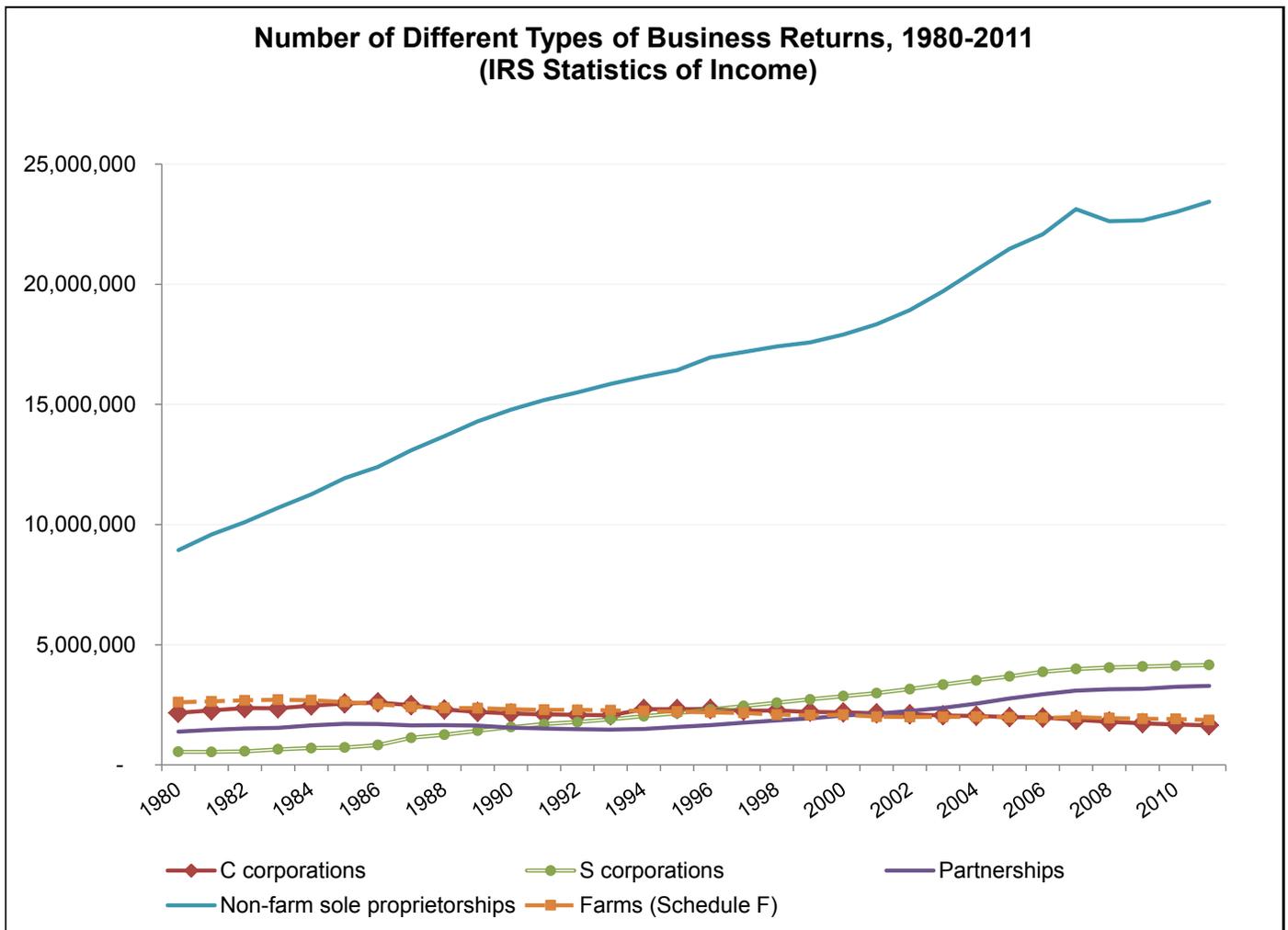
Increasingly, in Montana and nationwide, business and investment activities are being conducted by “pass-through entities.” The graph below shows the number of returns filed with the IRS by C corporations versus those filed by pass-through entities (partnerships and S corporations) from 1980 through 2010 (the graphs and history in this section are from *Selected Issues Relating to Choice of Business Entity*, Joint Committee on Taxation, U.S. Congress, July 27, 2012; 2010 and 2011 data is from the IRS Statistics of Income Division).



Over time Congress has modified the rules governing pass-throughs, particularly S corporations, making those business structures more attractive for business purposes. For example, the number of permitted shareholders has been expanded from the original 10 in 1958 to 35 in 1982, 75 in 1996, and 100 in 2004, where it remains today.

The graph on the next page shows growth over the same period, 1980–2011, of all types of business organizations, including non-farm sole proprietorships, S corporations, partnerships, and farms filing Schedule F.

## Overview of Pass-Through Entities



As can be seen from the graph, non-farm sole proprietorships are the most common type of business entity in the U.S. based upon the number of returns filed. The number of non-farm sole proprietorships has grown substantially – from 9 million in 1980 to just over 23.4 million in 2011.

Sole proprietorships, just as the name suggests, are businesses with a single owner and are a familiar sight on many main streets in Montana. The Department of Commerce in its publication, *Economic and Demographic Analysis of Montana*, December 2007, reported that over 60 percent of Montana businesses are sole proprietorships without any employees. The owner of a sole proprietorship will record his or her income on the state individual income tax form, Form 2 on line 12 as Business Income (or loss), and will attach a copy of federal Schedule C (or C-EZ), which has been filed with the taxpayer's federal tax return.

If the business owner has a farm or ranch operation that is operated as a sole proprietorship, the taxpayer reports his or her income on line 18 of the state individual income tax form (Farm Income or (loss)), and attaches a copy of federal Schedule F, which has been filed with the taxpayer's federal form. The number of farms filing under Schedule F is also shown on the graph. The total number of farms in the U.S. filing Schedule F went from 2.6 million in 1980 to 1.8 million in 2011. However, it should be noted that farms can also operate as partnerships or be incorporated as S or C corporations.

During the same period, the number of C corporation returns declined, going from 2.2 million corporations in 1980 to 1.65 million in 2011. One thing to note is that C corporations in Montana seem to vary greatly in terms of size – there are large or very large businesses which engage in operations across many states and

even countries, but there are also smaller firms that engage in agricultural operations, are main street businesses, or regional operations. Some of these corporations may have been incorporated before the S corporation structure was available; others may have been incorporated as C corporations in order to be better positioned to access capital markets, or for one or more of the advantages that C corporation status provides.

The number of businesses that filed as S corporations has also grown very rapidly during the same time. The IRS data shows the number went from 545,000 in 1980 to over 4 million in 2011, an annual growth rate of 7 percent. Partnerships grew more slowly – increasing from 1.4 million in 1980 to 3.4 million in 2011.

Although not shown on the graph, less common types of pass-through entities also increased over the last three decades. These include real estate investment trusts (REITs) and regulated investment companies (RICs), better known as mutual funds, going from 1,691 returns in 1980 to 15,022 returns in 2010.

***Businesses of all sizes can be C corporations or pass-through entities. Sole proprietor businesses generally are small. For 2008, the IRS reports that average receipts were \$4.9 million for C corporations, \$1.9 million for partnerships, and \$1.5 million for S corporations, but only \$58,000 for sole proprietor businesses. Many sole-proprietor businesses are part-time or a sideline for the owner. For 2013, 75% of taxpayers whose Montana income tax returns showed income or loss from a sole-proprietor business reported more income from other sources.***

### **Ownership, Income, Deductions and Credits Reported on Montana Pass-Through Returns**

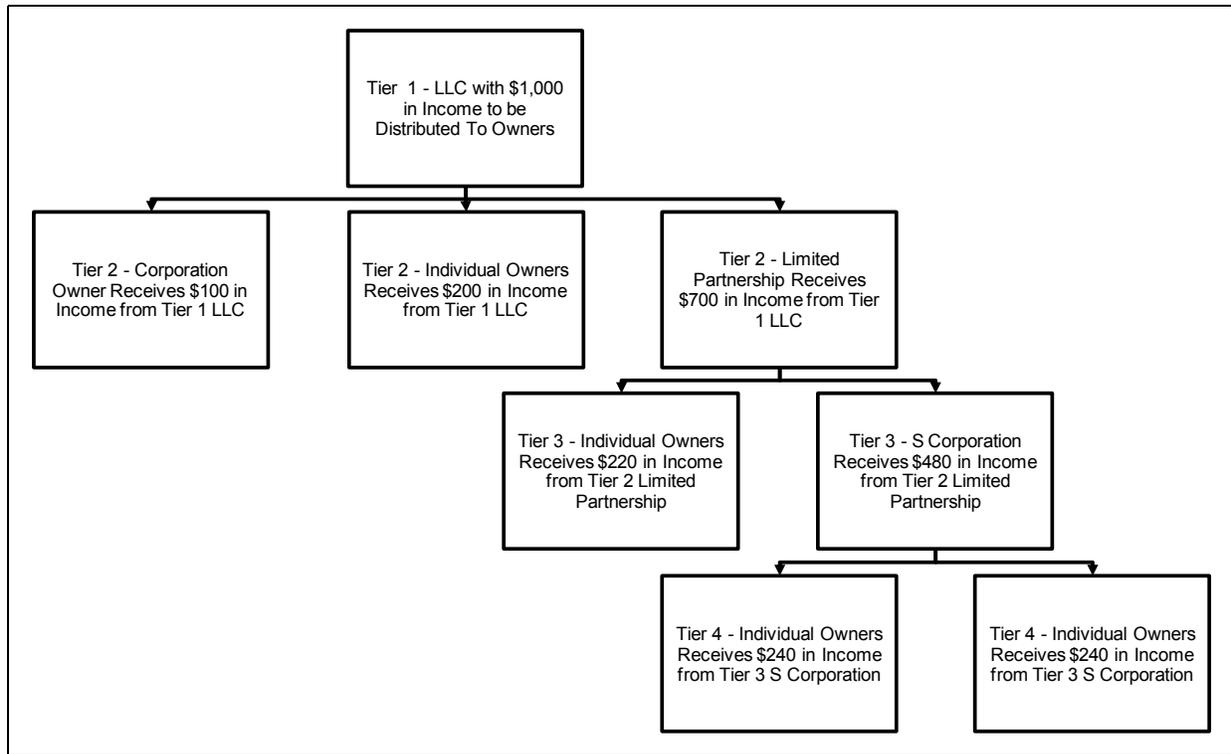
Pass-through entities include partnerships; S corporations; limited liability companies (LLCs); real estate investment trusts (REITS); regulated investment trusts (RITs), better known as mutual funds; and others. Partnerships are an old and familiar business entity, but S corporations are less so. The S corporation rules were enacted in 1958 and permit a corporation and its shareholders to elect to be taxed at one level.

The most common type of pass-through entity today is the limited liability company, or LLC. LLCs are actually a creation of the states since state law generally governs business structure. The first LLC statute was enacted in Wyoming in 1977 and now all states and the District of Columbia have LLC statutes. However, for federal tax purposes, federal law governs the tax treatment (states generally follow the federal treatment). For taxation purposes LLCs are generally treated as partnerships, although LLCs with two or more members can elect to be treated as S corporations. Any single member LLC can elect to be treated as a sole proprietorship if the single member is an individual; if the single member is a corporation, then the LLC is treated as a branch by the IRS. The taxpayer's state filing must be consistent with its federal filing, so if a business filed as an S corporation at the federal level, it must file as an S corporation at the state level.

A pass-through entity is not taxed itself. Instead, its income and expenses are reported on the tax returns of the owners. The owners can be corporations, individuals, other pass-through entities, or a mix of all of them. When pass-through entities are owned by other pass-through entities, a tiered business structure is created.

Tiered structures add complexity to tax administration because the taxpayer may be quite remote from the entity doing business in the state. Because pass-through entities can have a corporation, an individual, and/or another pass-through entity as a partner, owner or shareholder, they represent a challenge for tax administration. The diagram on the following page shows how complex a set of ownership, or partnership, relationships can become.

## Pass-Through Entities - Ownership, Income, Deductions, and Credits



Pass-through entities classified as S corporations or partnerships with Montana source income are required to file an information return each year. If this entity has a partner, shareholder, member or other owner who is a non-resident individual, foreign C corporation, or a pass-through entity with an owner, or shareholder, that is a non-resident individual or foreign C corporation, the pass-through entity is also required to file with the state an agreement with the individual non-resident to timely file a Montana return, pay taxes and be subject to personal jurisdiction of the state with respect to the income from a pass-through. If this agreement is not met, the pass-through entity must in all subsequent tax years withhold the appropriate amount and remit the tax payment directly to the state (15-30-3313, MCA).

The pass-through information returns show the total amounts of various types of income, deductions, and credits allocated to the owners and the amount distributed to each owner. Pass-through entities operating in more than one state apportion part of their income to Montana using the same apportionment formula as C corporations. Pass-through returns show the Montana source income allocated to each owner and indicate whether each owner is an individual or another business entity.

Owners of pass-through entities taxed as partnerships may be either individuals or business entities. Shares of S corporations can only be owned by individuals, electing small business trusts or employee stock ownership plans. However, some types of pass-through entities that can be owned by other business entities can elect to be treated as S corporations for tax purposes. The table to the right shows the number of owners associated with Montana's pass-throughs broken down by individuals and business entities. Based upon information provided in each pass-through's tax forms, this table also provides a breakdown of pass-throughs based on the residency status of the owner.

| Shares of Pass-Through Owners by Residency Status |                |             |
|---------------------------------------------------|----------------|-------------|
| Type of Owner                                     | Number         | %           |
| Resident Individuals                              | 80,748         | 31%         |
| Non-Resident Individuals                          | 119,777        | 46%         |
| Montana Business Entities                         | 5,755          | 2%          |
| <u>Non-Montana Business Entities</u>              | <u>56,822</u>  | <u>22%</u>  |
| <b>Total</b>                                      | <b>263,102</b> | <b>100%</b> |

## Pass-Through Entities - Ownership, Income, Deductions, and Credits

Of the approximately 263,000 pass-throughs filing informational returns in Montana during 2012, nearly 31 percent reported having individual residents of Montana as pass-through owners. Non-resident individuals are the largest group of Montana's pass-through owners, with 119,777 reported owners. Just over 5,750 Montana business entities were listed as owners of pass-throughs according to informational tax returns. More than 56,000 non-Montana business entities were owners of pass-throughs with Montana source income. Overall, individuals comprised 76 percent of the owners associated with Montana's pass-throughs, which is a slight decrease from the previous year's 78 percent.

The following table shows owner information from the same group of pass-through returns as in the previous table but splits the ownership data into multi-state, as well as S corporation and partnership, status.

| Montana Pass-Through Owners by Residency Status and Pass-Through Type |                |             |               |             |               |             |                |             |
|-----------------------------------------------------------------------|----------------|-------------|---------------|-------------|---------------|-------------|----------------|-------------|
| Type of Owner                                                         | S Corporations |             |               |             | Partnerships  |             |                |             |
|                                                                       | Montana        |             | Multi-State   |             | Montana       |             | Multi-State    |             |
|                                                                       | Owners         | %           | Owners        | %           | Owners        | %           | Owners         | %           |
| Resident Individuals                                                  | 37,753         | 88%         | 1,555         | 6%          | 40,377        | 44%         | 1,063          | 1%          |
| Non-Resident Individuals                                              | 4,410          | 10%         | 19,615        | 81%         | 30,805        | 33%         | 64,947         | 63%         |
| Montana Business Entities                                             | 668            | 2%          | 48            | 0%          | 4,784         | 5%          | 255            | 0%          |
| <u>Non-Montana Business Entities</u>                                  | 236            | 1%          | 3,130         | 13%         | 16,144        | 18%         | 37,312         | 36%         |
| <b>Total</b>                                                          | <b>43,067</b>  | <b>100%</b> | <b>24,348</b> | <b>100%</b> | <b>92,110</b> | <b>100%</b> | <b>103,577</b> | <b>100%</b> |

Net income from a pass-through entity's business operations is usually allocated to the owners as ordinary business income. Individual owners report this income on Schedule E of their federal tax returns and then report income from Schedule E on Line 17 of the Montana tax return. Income the pass-through entity receives from passive investments or the sale of assets is allocated to the owners as that type of income, and owners report it on the corresponding lines of their tax returns. For example, if a pass-through entity receives \$1,000 of interest and allocates it equally to its 10 owners, who are Montana individuals, each owner should report the \$100 of interest on Line 8a of their Form 2.

In the previous two tables, there are Montana and non-Montana business entities that have ownership shares in both partnerships and S corporations. When there is tiered ownership - meaning one pass-through entity is a full or part owner of another - both entities will include the income the first-tier entity allocates to the second-tier entity in their returns. The next table shows the number of returns, types of income, Montana adjustments to income, and deductions that were passed through to owners in 2012. Income and other items passed through to two or more entities are only counted once.

## Pass-Through Entities - Ownership, Income, Deductions, and Credits

| Montana-Source Income Passed Through To Owners, 2012<br>Net of Distributions from First-Tier to Second-Tier Pass-Throughs |                        |                      |                         |                         |
|---------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------|-------------------------|-------------------------|
|                                                                                                                           | <u>S Corporations</u>  |                      | <u>Partnerships</u>     |                         |
|                                                                                                                           | Montana                | Multi-State          | Montana                 | Multi-State             |
| <b>Returns</b>                                                                                                            | 23,949                 | 5,893                | 20,110                  | 4,690                   |
| <b>Income Items</b>                                                                                                       |                        |                      |                         |                         |
| Salaries and Other Fixed Payments to Owners                                                                               | -\$15,209,085          | -\$2,776,139         | \$307,900,209           | \$249,138,535           |
| Ordinary Business Income                                                                                                  | \$1,396,036,984        | \$479,691,120        | \$777,850,325           | \$1,092,294,449         |
| Rental Income                                                                                                             |                        |                      |                         |                         |
| Real Estate                                                                                                               | \$37,303,473           | \$9,244,419          | -\$77,137,526           | -\$77,422,455           |
| Other                                                                                                                     | -\$3,976,255           | \$1,488,819          | \$10,050,975            | \$28,869,034            |
| Interest                                                                                                                  | \$29,326,357           | \$13,207,630         | \$2,092,602,056         | \$1,147,975,331         |
| Dividends                                                                                                                 | \$15,691,596           | \$55,507,698         | \$2,308,848,598         | \$1,127,430,131         |
| Royalties                                                                                                                 | \$9,223,964            | \$13,310,917         | \$206,151,637           | \$79,358,538            |
| Capital Gains                                                                                                             | \$47,750,591           | \$123,524,883        | \$10,016,932,453        | \$5,049,324,003         |
| Gains Taxed as Ordinary Income                                                                                            | \$190,832,933          | \$69,075,944         | \$1,311,610,695         | \$1,215,537,222         |
| Other Income                                                                                                              | -\$2,521,581           | \$6,291,220          | \$3,092,956,056         | \$2,276,768,246         |
| <b>Total</b>                                                                                                              | <b>\$1,704,458,978</b> | <b>\$768,566,511</b> | <b>\$20,047,765,476</b> | <b>\$12,189,273,035</b> |
| <b>Montana Additions to Federal Income</b>                                                                                |                        |                      |                         |                         |
| Interest on Non-Montana Municipal Bonds                                                                                   | \$1,844,697            | \$479,034            | \$17,176,862            | \$17,163,656            |
| State and Local Income Taxes                                                                                              | \$2,630,933            | \$1,408,042          | \$1,229,464             | \$12,871,412            |
| Other                                                                                                                     | \$3,434,826            | \$1,652,637          | \$66,084,155            | \$5,154,936             |
| <b>Total</b>                                                                                                              | <b>\$7,910,457</b>     | <b>\$3,539,712</b>   | <b>\$84,490,481</b>     | <b>\$35,190,004</b>     |
| <b>Montana Subtractions from Federal Income</b>                                                                           |                        |                      |                         |                         |
| Interest on Federal Bonds                                                                                                 | \$5,379,674            | \$1,501,033          | \$32,577,530            | \$28,203,969            |
| Purchases of Recycled Materials                                                                                           | \$518,486              | \$363,249            | \$12,546                | \$751                   |
| Other                                                                                                                     | \$72,969,832           | \$24,420,512         | \$450,615,066           | \$131,545,685           |
| <b>Total</b>                                                                                                              | <b>\$78,867,992</b>    | <b>\$26,284,794</b>  | <b>\$483,205,143</b>    | <b>\$159,750,406</b>    |
| <b>Deductions</b>                                                                                                         |                        |                      |                         |                         |
| Expensing of Capital Purchases                                                                                            | \$298,544,483          | \$65,123,402         | \$892,998,013           | \$612,546,904           |
| Contributions                                                                                                             | \$21,553,633           | \$7,094,587          | \$44,852,484            | \$53,215,952            |
| Interest on Funds Borrowed to Make Investments                                                                            | \$11,835,049           | \$4,296,457          | \$1,301,985,769         | \$518,904,543           |
| Other                                                                                                                     | \$26,624,370           | \$41,069,116         | \$2,905,530,295         | \$1,428,576,624         |
| <b>Total</b>                                                                                                              | <b>\$358,557,535</b>   | <b>\$117,583,562</b> | <b>\$5,145,366,561</b>  | <b>\$2,613,244,022</b>  |
| <b>Total Net Montana Source Income</b>                                                                                    | <b>\$1,274,943,907</b> | <b>\$628,237,868</b> | <b>\$14,503,684,254</b> | <b>\$9,451,468,610</b>  |

When a pass-through entity does something that is eligible for a tax credit, the credit is usually allocated to the owners. Owners then claim their share of the credit on their tax returns. However, sometimes owners may not be able to claim a credit that is allocated to them. For example, some credits can only be claimed by individuals, so a corporation that owns part of a pass-through entity would not be able to claim those credits. Some credits can only be used to reduce the current year's tax liability, so owners with no taxable income in the current year would not be able to claim these credits. Because of this, the credits actually claimed on owners' tax returns can be less than the credits reported on pass-through returns.

The next table shows credits reported on pass-through entity returns for 2012. Credits actually claimed by owners are included in the credits claimed against individual income tax and corporation income tax.

## Pass-Through Entities - Ownership, Income, Deductions, and Credits

| Tax Credits Passed Through To Owners, 2012<br>Net of Distributions from First-Tier to Second-Tier Pass-Throughs |                    |                    |                  |                 |
|-----------------------------------------------------------------------------------------------------------------|--------------------|--------------------|------------------|-----------------|
| Credit                                                                                                          | S Corporations     |                    | Partnerships     |                 |
|                                                                                                                 | Montana            | Multi-State        | Montana          | Multi-State     |
| Dependent Care Credit                                                                                           | \$0                | \$0                | \$0              | \$0             |
| College Contribution Credit                                                                                     | \$9,893            | \$1,380            | \$2,137          | \$510           |
| Insurance for Uninsured Montanans Credit                                                                        | \$112,941          | \$4,955            | \$20,268         | \$4,920         |
| Credit for Investment in Recycling Equipment                                                                    | \$331,399          | \$28,827           | \$147,030        | \$6,250         |
| Alternative Energy Production Credit                                                                            | \$14,288           | \$0                | \$14,590         | \$0             |
| Contractors' Gross Receipts Credit                                                                              | \$2,495,745        | \$1,069,911        | \$193,444        | \$7,969         |
| Alternative Fuel Credit                                                                                         | \$0                | \$0                | \$1,000          | \$0             |
| Infrastructure Users Fee Credit                                                                                 | \$0                | \$0                | \$35,609         | \$0             |
| Charitable Endowment Contribution Credit                                                                        | \$0                | \$0                | \$0              | \$0             |
| Historic Building Preservation Credit                                                                           | \$7,020            | \$0                | \$178,162        | \$0             |
| Increased Research Activity Credit                                                                              | \$0                | \$0                | \$0              | \$0             |
| Mineral Exploration Credit                                                                                      | \$0                | \$0                | \$0              | \$0             |
| Empowerment Zone Credit                                                                                         | \$0                | \$0                | \$0              | \$0             |
| Film Production Credit                                                                                          | \$31,816           | \$47,848           | \$0              | \$0             |
| Biodiesel Blending Credit                                                                                       | \$0                | \$0                | \$0              | \$0             |
| Oilseed Crushing Credit                                                                                         | \$0                | \$0                | \$0              | \$0             |
| Insure Montana Credit                                                                                           | \$1,351,347        | \$52,646           | \$173,692        | \$0             |
| Temporary Emergency Lodging Credit                                                                              | \$0                | \$0                | \$0              | \$0             |
| <b>Total</b>                                                                                                    | <b>\$4,354,448</b> | <b>\$1,205,567</b> | <b>\$765,932</b> | <b>\$19,649</b> |

### Pass-Through Distributions and Credits by Industry

When preparing an informational tax return, pass-through entities are expected to provide information on the type of industry work the pass-through is engaged in.<sup>1</sup> The next table provides a list of the Montana source income that was distributed by Montana's S corporations in 2012, broken down by industry sector type. As can be seen from the tax return information, there is a significant amount of variation in the amount of income S corporations provided to their respective owners at the industry level. S corporations in the Trade, Transportation and Utilities industry generated the largest amount of Montana source income for their owners, distributing approximately \$490 million in 2012. The Financial Activities and Professional and Business Services S corporations also provided a significant amount of income to their owners, passing through \$293.2 million and \$284.9 million in income respectively.

<sup>1</sup> Industry data on income tax returns are self-reported and are subject to some reporting error.

## Pass-Through Entities - Ownership, Income, Deductions, and Credits

| Montana-Source Income Passed Through to Owners, 2012<br>Net of Distributions from First-Tier to Second-Tier Pass-Throughs (\$ million) |                            |                |                |                                   |               |                      |                                  |                             |                       |                |                        |
|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------|----------------|-----------------------------------|---------------|----------------------|----------------------------------|-----------------------------|-----------------------|----------------|------------------------|
|                                                                                                                                        | <b>S-Corporations</b>      |                |                |                                   |               |                      |                                  |                             |                       |                |                        |
|                                                                                                                                        | Natural Resources & Mining | Construction   | Manufacturing  | Trade, Transportation & Utilities | Information   | Financial Activities | Professional & Business Services | Education & Health Services | Leisure & Hospitality | Other Services | Unknown / Public Admin |
| <b>Returns</b>                                                                                                                         | 2,941                      | 5,579          | 1,128          | 4,810                             | 398           | 3,979                | 5,096                            | 1,622                       | 2,257                 | 1,588          | 444                    |
| <b>Income Items</b>                                                                                                                    |                            |                |                |                                   |               |                      |                                  |                             |                       |                |                        |
| Salaries and Other Fixed Payments to Owners                                                                                            | -\$0.2                     | -\$0.3         | -\$0.1         | -\$4.9                            | \$0.0         | -\$4.4               | -\$3.0                           | -\$4.8                      | -\$0.2                | -\$0.2         | \$0.0                  |
| Ordinary Business Income                                                                                                               | \$208.7                    | \$245.1        | \$73.6         | \$495.1                           | \$22.2        | \$146.4              | \$400.4                          | \$113.0                     | \$88.2                | \$78.9         | \$4.1                  |
| <b>Rental Income</b>                                                                                                                   |                            |                |                |                                   |               |                      |                                  |                             |                       |                |                        |
| Real Estate                                                                                                                            | \$10.7                     | \$0.6          | \$0.5          | \$5.9                             | \$0.1         | \$22.9               | \$4.4                            | \$0.5                       | \$0.7                 | \$0.2          | -\$0.1                 |
| Other                                                                                                                                  | -\$3.4                     | \$0.5          | \$1.6          | \$5.3                             | \$0.0         | -\$6.5               | \$0.0                            | \$0.0                       | \$0.3                 | -\$0.2         | \$0.0                  |
| Interest                                                                                                                               | \$3.9                      | \$3.7          | \$1.2          | \$7.6                             | \$0.3         | \$9.2                | \$10.4                           | \$1.2                       | \$2.3                 | \$2.6          | \$0.1                  |
| Dividends                                                                                                                              | \$1.4                      | \$0.6          | \$6.3          | \$4.0                             | \$0.1         | \$51.4               | \$3.5                            | \$0.1                       | \$0.2                 | \$3.5          | \$0.0                  |
| Royalties                                                                                                                              | \$10.3                     | \$0.1          | \$0.6          | \$0.2                             | \$0.1         | \$10.3               | \$0.7                            | \$0.0                       | \$0.3                 | \$0.0          | \$0.0                  |
| Capital Gains                                                                                                                          | \$16.5                     | \$5.9          | \$5.0          | \$21.5                            | \$0.5         | \$79.7               | \$23.6                           | \$3.7                       | \$3.3                 | \$11.4         | \$0.3                  |
| Gains Taxed as Ordinary Income                                                                                                         | \$103.5                    | \$1.3          | \$11.5         | \$27.0                            | \$4.1         | \$72.2               | \$28.1                           | \$0.5                       | \$9.6                 | \$2.0          | \$0.1                  |
| Other Income                                                                                                                           | \$8.7                      | \$1.4          | \$0.1          | -\$16.2                           | \$0.0         | \$7.6                | \$1.9                            | \$0.0                       | \$0.1                 | \$0.1          | \$0.0                  |
| <b>Total</b>                                                                                                                           | <b>\$360.0</b>             | <b>\$259.0</b> | <b>\$100.4</b> | <b>\$545.4</b>                    | <b>\$27.5</b> | <b>\$389.0</b>       | <b>\$470.0</b>                   | <b>\$114.1</b>              | <b>\$104.8</b>        | <b>\$98.4</b>  | <b>\$4.4</b>           |
| <b>Montana Additions to Federal Income</b>                                                                                             |                            |                |                |                                   |               |                      |                                  |                             |                       |                |                        |
| <b>Interest on Non-Montana Municipal Bonds</b>                                                                                         |                            |                |                |                                   |               |                      |                                  |                             |                       |                |                        |
| State and Local Income Taxes                                                                                                           | \$0.2                      | \$0.2          | \$0.0          | \$0.1                             | \$0.0         | \$0.4                | \$1.4                            | \$0.0                       | \$0.0                 | \$0.0          | \$0.0                  |
| Other                                                                                                                                  | \$0.5                      | \$0.3          | \$0.2          | \$0.3                             | \$0.1         | \$2.1                | \$0.5                            | \$0.0                       | \$0.1                 | \$0.0          | \$0.0                  |
| <b>Total</b>                                                                                                                           | <b>\$0.6</b>               | <b>\$0.7</b>   | <b>\$0.1</b>   | <b>\$1.3</b>                      | <b>\$0.5</b>  | <b>\$0.5</b>         | <b>\$0.9</b>                     | <b>\$0.2</b>                | <b>\$0.1</b>          | <b>\$0.3</b>   | <b>\$0.0</b>           |
| <b>Montana Subtractions from Federal Income</b>                                                                                        |                            |                |                |                                   |               |                      |                                  |                             |                       |                |                        |
| <b>Interest on Federal Bonds</b>                                                                                                       |                            |                |                |                                   |               |                      |                                  |                             |                       |                |                        |
| Purchases of Recycled Materials                                                                                                        | \$1.3                      | \$1.2          | \$0.3          | \$1.6                             | \$0.6         | \$2.9                | \$2.8                            | \$0.2                       | \$0.2                 | \$0.3          | \$0.0                  |
| Other                                                                                                                                  | \$0.0                      | \$0.1          | \$0.0          | \$0.0                             | \$0.0         | \$0.6                | \$4.8                            | \$0.0                       | \$0.0                 | \$1.3          | \$0.0                  |
| <b>Total</b>                                                                                                                           | <b>\$11.2</b>              | <b>\$2.0</b>   | <b>\$0.7</b>   | <b>\$3.2</b>                      | <b>\$0.2</b>  | <b>\$33.5</b>        | <b>\$51.3</b>                    | <b>\$0.3</b>                | <b>\$1.2</b>          | <b>\$1.5</b>   | <b>\$0.0</b>           |
| <b>Deductions</b>                                                                                                                      |                            |                |                |                                   |               |                      |                                  |                             |                       |                |                        |
| <b>Expensing of Capital Purchases</b>                                                                                                  |                            |                |                |                                   |               |                      |                                  |                             |                       |                |                        |
| Contributions                                                                                                                          | \$102.7                    | \$49.4         | \$9.3          | \$46.0                            | \$1.0         | \$12.3               | \$106.8                          | \$10.2                      | \$16.0                | \$9.3          | \$0.6                  |
| Interest on Funds Borrowed to Make Investments                                                                                         | \$2.4                      | \$4.3          | \$1.3          | \$6.9                             | \$0.4         | \$4.9                | \$4.5                            | \$1.6                       | \$1.5                 | \$0.9          | \$0.0                  |
| Other                                                                                                                                  | \$0.0                      | \$0.7          | \$0.0          | \$0.2                             | \$0.0         | \$6.0                | \$9.0                            | \$0.0                       | \$0.1                 | \$0.1          | \$0.0                  |
| <b>Total</b>                                                                                                                           | <b>\$5.8</b>               | <b>-\$0.1</b>  | <b>\$0.1</b>   | <b>\$0.7</b>                      | <b>\$0.1</b>  | <b>\$41.9</b>        | <b>\$16.3</b>                    | <b>\$0.3</b>                | <b>\$0.4</b>          | <b>\$2.3</b>   | <b>\$0.0</b>           |
| <b>Total Net Montana Source Income</b>                                                                                                 | <b>\$239.2</b>             | <b>\$203.9</b> | <b>\$89.3</b>  | <b>\$490.1</b>                    | <b>\$26.3</b> | <b>\$293.2</b>       | <b>\$284.9</b>                   | <b>\$102.0</b>              | <b>\$85.9</b>         | <b>\$84.5</b>  | <b>\$3.7</b>           |

As can be seen in the next table, the amount of pass-through income also varies significantly for Montana's pass-through partnerships. In 2012, the Financial Activity partnerships generated a little more than \$23 billion in income within Montana, which is significantly higher than the income generated by any other pass-through industry sector. Unlike S corporations, one partnership pass-through sector reported negative pass-through income for their owners. In 2012, the Unknown/Public Administration sector reported a net income loss of \$37.8 million.

## Pass-Through Entities - Ownership, Income, Deductions, and Credits

| Montana-Source Income Passed Through to Owners, 2012<br>Net of Distributions from First-Tier to Second-Tier Pass-Throughs (\$ million) |                            |               |               |                                   |               |                      |                                  |                             |                       |                |                        |
|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------|---------------|-----------------------------------|---------------|----------------------|----------------------------------|-----------------------------|-----------------------|----------------|------------------------|
|                                                                                                                                        | Partnerships               |               |               |                                   |               |                      |                                  |                             |                       |                |                        |
|                                                                                                                                        | Natural Resources & Mining | Construction  | Manufacturing | Trade, Transportation & Utilities | Information   | Financial Activities | Professional & Business Services | Education & Health Services | Leisure & Hospitality | Other Services | Unknown / Public Admin |
| <b>Returns</b>                                                                                                                         | 3,611                      | 1,278         | 454           | 1,718                             | 245           | 13,141               | 1,697                            | 413                         | 1,210                 | 589            | 444                    |
| <b>Income Items</b>                                                                                                                    |                            |               |               |                                   |               |                      |                                  |                             |                       |                |                        |
| Salaries and Other Fixed Payments to Owners                                                                                            | \$17.8                     | \$14.5        | \$3.6         | \$23.4                            | \$2.0         | \$410.2              | \$38.6                           | \$31.3                      | \$11.0                | \$4.1          | \$0.5                  |
| Ordinary Business Income                                                                                                               | \$214.6                    | \$13.0        | \$45.8        | \$105.1                           | \$70.7        | \$1,513.6            | -\$182.3                         | \$97.5                      | \$25.9                | \$9.3          | -\$43.2                |
| Rental Income                                                                                                                          |                            |               |               |                                   |               |                      |                                  |                             |                       |                |                        |
| Real Estate                                                                                                                            | \$19.7                     | -\$0.1        | \$0.2         | \$1.0                             | \$0.2         | -\$180.4             | \$1.6                            | \$0.0                       | \$2.5                 | \$0.8          | -\$0.1                 |
| Other                                                                                                                                  | \$3.7                      | \$0.2         | \$0.2         | \$0.8                             | -\$1.0        | \$37.1               | -\$2.6                           | \$0.0                       | \$0.4                 | \$0.1          | \$0.2                  |
| Interest                                                                                                                               | \$5.6                      | \$0.6         | \$2.7         | \$2.2                             | \$2.5         | \$3,145.6            | \$75.0                           | \$0.5                       | \$5.3                 | \$0.1          | \$0.3                  |
| Dividends                                                                                                                              | \$1.7                      | \$0.1         | \$28.8        | \$2.4                             | -\$0.1        | \$3,215.7            | \$181.2                          | \$0.0                       | \$5.5                 | \$0.3          | \$0.7                  |
| Royalties                                                                                                                              | \$60.8                     | \$0.0         | \$7.0         | \$0.1                             | -\$1.8        | \$214.0              | \$0.3                            | \$0.1                       | \$0.0                 | \$4.1          | \$0.8                  |
| Capital Gains                                                                                                                          | -\$25.7                    | \$0.8         | \$4.6         | \$12.1                            | -\$9.0        | \$14,916.7           | \$152.2                          | \$6.3                       | \$3.5                 | \$2.1          | \$2.7                  |
| Gains Taxed as Ordinary Income                                                                                                         | \$109.4                    | \$0.9         | \$4.2         | -\$28.3                           | \$0.6         | \$2,398.2            | \$26.0                           | \$10.2                      | \$3.7                 | \$0.6          | \$1.6                  |
| Other Income                                                                                                                           | \$8.2                      | \$2.7         | \$0.1         | \$129.8                           | -\$0.6        | \$5,207.4            | \$22.8                           | \$0.5                       | -\$1.4                | \$0.3          | \$0.0                  |
| <b>Total</b>                                                                                                                           | <b>\$415.8</b>             | <b>\$32.6</b> | <b>\$97.3</b> | <b>\$248.6</b>                    | <b>\$63.6</b> | <b>\$30,878.0</b>    | <b>\$312.8</b>                   | <b>\$146.3</b>              | <b>\$56.4</b>         | <b>\$21.8</b>  | <b>-\$36.4</b>         |
| <b>Montana Additions to Federal Income</b>                                                                                             |                            |               |               |                                   |               |                      |                                  |                             |                       |                |                        |
| Interest on Non-Montana Municipal Bonds                                                                                                | \$0.6                      | \$0.0         | \$0.2         | \$0.0                             | \$0.0         | \$32.9               | \$0.3                            | \$0.0                       | \$0.0                 | \$0.1          | \$0.0                  |
| State and Local Income Taxes                                                                                                           | \$0.1                      | \$0.1         | \$0.1         | \$0.1                             | \$0.1         | \$16.8               | -\$3.4                           | \$0.1                       | \$0.0                 | \$0.1          | \$0.0                  |
| Other                                                                                                                                  | \$0.1                      | \$0.0         | \$0.0         | \$0.2                             | \$0.4         | \$65.9               | \$4.5                            | \$0.0                       | \$0.1                 | \$0.0          | \$0.0                  |
| <b>Total</b>                                                                                                                           | <b>\$0.9</b>               | <b>\$0.1</b>  | <b>\$0.4</b>  | <b>\$0.3</b>                      | <b>\$0.6</b>  | <b>\$115.6</b>       | <b>\$1.4</b>                     | <b>\$0.1</b>                | <b>\$0.1</b>          | <b>\$0.2</b>   | <b>\$0.0</b>           |
| <b>Montana Subtractions from Federal Income</b>                                                                                        |                            |               |               |                                   |               |                      |                                  |                             |                       |                |                        |
| Interest on Federal Bonds                                                                                                              | \$0.0                      | \$0.0         | \$0.0         | \$0.0                             | \$0.0         | \$61.6               | -\$0.9                           | \$0.0                       | \$0.0                 | \$0.0          | \$0.0                  |
| Purchases of Recycled Materials                                                                                                        | \$0.0                      | \$0.0         | \$0.0         | \$0.0                             | \$0.0         | \$0.0                | \$0.0                            | \$0.0                       | \$0.0                 | \$0.0          | \$0.0                  |
| Other                                                                                                                                  | \$20.8                     | \$0.0         | \$1.4         | \$0.7                             | \$0.0         | \$553.4              | \$5.0                            | \$0.0                       | \$0.7                 | \$0.0          | \$0.0                  |
| <b>Total</b>                                                                                                                           | <b>\$20.9</b>              | <b>\$0.0</b>  | <b>\$1.4</b>  | <b>\$0.7</b>                      | <b>\$0.0</b>  | <b>\$615.0</b>       | <b>\$4.1</b>                     | <b>\$0.0</b>                | <b>\$0.7</b>          | <b>\$0.0</b>   | <b>\$0.0</b>           |
| <b>Deductions</b>                                                                                                                      |                            |               |               |                                   |               |                      |                                  |                             |                       |                |                        |
| Expensing of Capital Purchases                                                                                                         | \$204.4                    | \$5.2         | \$3.2         | \$8.8                             | \$1.3         | \$1,266.2            | \$7.5                            | \$3.3                       | \$3.6                 | \$1.8          | \$0.2                  |
| Contributions                                                                                                                          | \$6.0                      | \$0.4         | \$0.2         | \$1.1                             | \$0.2         | \$81.2               | \$6.2                            | \$0.3                       | \$1.5                 | \$0.8          | \$0.0                  |
| Interest on Funds Borrowed to Make Investments                                                                                         | \$2.9                      | \$0.0         | \$0.0         | \$0.1                             | \$0.0         | \$1,799.7            | \$17.2                           | \$0.1                       | \$0.9                 | \$0.0          | \$0.0                  |
| Other                                                                                                                                  | \$51.4                     | \$13.6        | \$2.1         | \$5.5                             | \$21.3        | \$4,205.0            | \$26.2                           | \$3.8                       | \$3.5                 | \$0.5          | \$1.1                  |
| <b>Total</b>                                                                                                                           | <b>\$264.8</b>             | <b>\$19.2</b> | <b>\$5.5</b>  | <b>\$15.5</b>                     | <b>\$22.9</b> | <b>\$7,352.1</b>     | <b>\$57.2</b>                    | <b>\$7.4</b>                | <b>\$9.5</b>          | <b>\$3.2</b>   | <b>\$1.4</b>           |
| <b>Total Net Montana Source Income</b>                                                                                                 | <b>\$131.1</b>             | <b>\$13.4</b> | <b>\$90.8</b> | <b>\$232.7</b>                    | <b>\$41.3</b> | <b>\$23,026.6</b>    | <b>\$253.0</b>                   | <b>\$139.0</b>              | <b>\$46.3</b>         | <b>\$18.8</b>  | <b>-\$37.8</b>         |

The following two tables provide an industry level breakdown of the credits claimed by Montana's S corporation and partnership pass-throughs. For some credits, there is not a significant amount of variation in the use of credits by each industry sector. Nearly every pass-through industry sector claimed the Insure Montana, Health Insurance for Uninsured Montanans, and College Contributions credits. At the same time, no pass-through claimed the Charitable Endowment Contribution, Increased Research Activity or Temporary Emergency Lodging credits. However, there are some credits that were utilized, but only within a couple of industries. For example, nearly every S corporation industry sector had at least one pass-through claim the College Contribution credit, while only four of the 11 partnership industry sectors made a claim for this credit. At the same time, the Film Production, Infrastructure Users Fee and Historic Building Preservation credits were only claimed by pass-throughs in one, or two, industry sectors.

# Pass-Through Entities - Ownership, Income, Deductions, and Credits

| Tax Credits Passed Through to Owners, 2012,<br>Net of Distributions from First-Tier to Second-Tier Pass Throughs |                            |                    |                 |                                   |                 |                      |                                  |                             |                       |                  |                        |
|------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------|-----------------|-----------------------------------|-----------------|----------------------|----------------------------------|-----------------------------|-----------------------|------------------|------------------------|
| Credit                                                                                                           | S Corporations             |                    |                 |                                   |                 |                      |                                  |                             |                       |                  |                        |
|                                                                                                                  | Natural Resources & Mining | Construction       | Manufacturing   | Trade, Transportation & Utilities | Information     | Financial Activities | Professional & Business Services | Education & Health Services | Leisure & Hospitality | Other Services   | Unknown / Public Admin |
| Dependent Care Credit                                                                                            | \$0                        | \$0                | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0              | \$0                    |
| College Contribution Credit                                                                                      | \$500                      | \$989              | \$398           | \$2,155                           | \$200           | \$1,800              | \$3,170                          | \$904                       | \$897                 | \$260            | \$0                    |
| Insurance for Uninsured Montanans Credit                                                                         | \$600                      | \$17,211           | \$7,552         | \$17,414                          | \$1,572         | \$10,789             | \$33,387                         | \$20,696                    | \$125                 | \$5,127          | \$3,423                |
| Credit for Investment in Recycling Equipment                                                                     | \$0                        | \$0                | \$52,904        | \$211,095                         | \$1,139         | \$0                  | \$84,919                         | \$0                         | \$10,169              | \$0              | \$0                    |
| Alternative Energy Production Credit                                                                             | \$0                        | \$430              | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$13,858              | \$0              | \$0                    |
| Real Estate                                                                                                      | \$124,428                  | \$3,367,980        | \$1,023         | \$59,274                          | \$0             | \$146                | \$6,472                          | \$0                         | \$3,066               | \$3,267          | \$0                    |
| Other                                                                                                            | \$0                        | \$0                | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0              | \$0                    |
| Infrastructure Users Fee Credit                                                                                  | \$0                        | \$0                | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0              | \$0                    |
| Charitable Endowment Contribution Credit                                                                         | \$0                        | \$0                | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0              | \$0                    |
| Historic Building Preservation Credit                                                                            | \$0                        | \$0                | \$0             | \$0                               | \$0             | \$7,020              | \$0                              | \$0                         | \$0                   | \$0              | \$0                    |
| Increased Research Activity Credit                                                                               | \$0                        | \$0                | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0              | \$0                    |
| Mineral Exploration Credit                                                                                       | \$0                        | \$0                | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0              | \$0                    |
| Empowerment Zone Credit                                                                                          | \$0                        | \$0                | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0              | \$0                    |
| Film Production Credit                                                                                           | \$0                        | \$0                | \$0             | \$0                               | \$79,664        | \$0                  | \$0                              | \$0                         | \$0                   | \$0              | \$0                    |
| Biodiesel Blending Credit                                                                                        | \$0                        | \$0                | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0              | \$0                    |
| Oilseed Crushing Credit                                                                                          | \$0                        | \$0                | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0              | \$0                    |
| Insure Montana Credit                                                                                            | \$84,780                   | \$259,739          | \$30,456        | \$288,199                         | \$6,772         | \$87,258             | \$308,611                        | \$113,315                   | \$86,886              | \$133,703        | \$4,274                |
| Temporary Emergency Lodging Credit                                                                               | \$0                        | \$0                | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0              | \$0                    |
| <b>Total</b>                                                                                                     | <b>\$210,308</b>           | <b>\$3,646,349</b> | <b>\$92,333</b> | <b>\$578,137</b>                  | <b>\$89,347</b> | <b>\$107,013</b>     | <b>\$436,559</b>                 | <b>\$134,915</b>            | <b>\$115,001</b>      | <b>\$142,357</b> | <b>\$7,697</b>         |

| Tax Credits Passed Through to Owners, 2012,<br>Net of Distributions from First-Tier to Second-Tier Pass Throughs |                            |                  |                 |                                   |                 |                      |                                  |                             |                       |                |                        |
|------------------------------------------------------------------------------------------------------------------|----------------------------|------------------|-----------------|-----------------------------------|-----------------|----------------------|----------------------------------|-----------------------------|-----------------------|----------------|------------------------|
| Credit                                                                                                           | Partnerships               |                  |                 |                                   |                 |                      |                                  |                             |                       |                |                        |
|                                                                                                                  | Natural Resources & Mining | Construction     | Manufacturing   | Trade, Transportation & Utilities | Information     | Financial Activities | Professional & Business Services | Education & Health Services | Leisure & Hospitality | Other Services | Unknown / Public Admin |
| Dependent Care Credit                                                                                            | \$0                        | \$0              | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0            | \$0                    |
| College Contribution Credit                                                                                      | \$960                      | \$0              | \$0             | \$30                              | \$0             | \$1,572              | \$0                              | \$85                        | \$0                   | \$0            | \$0                    |
| Insurance for Uninsured Montanans Credit                                                                         | \$165                      | \$1,091          | \$0             | \$1,540                           | \$3,116         | \$900                | \$14,953                         | \$2,043                     | \$480                 | \$900          | \$0                    |
| Credit for Investment in Recycling Equipment                                                                     | \$0                        | \$0              | \$21,913        | \$116,405                         | \$14,962        | \$0                  | \$0                              | \$0                         | \$0                   | \$0            | \$0                    |
| Real Estate                                                                                                      | \$0                        | \$0              | \$0             | \$0                               | \$0             | \$13,090             | \$0                              | \$1,500                     | \$0                   | \$0            | \$0                    |
| Other                                                                                                            | \$0                        | \$201,008        | \$0             | \$0                               | \$0             | \$0                  | \$405                            | \$0                         | \$0                   | \$0            | \$0                    |
| Alternative Fuel Credit                                                                                          | \$0                        | \$0              | \$0             | \$1,000                           | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0            | \$0                    |
| Infrastructure Users Fee Credit                                                                                  | \$0                        | \$0              | \$0             | \$0                               | \$0             | \$35,547             | \$62                             | \$0                         | \$0                   | \$0            | \$0                    |
| Charitable Endowment Contribution Credit                                                                         | \$0                        | \$0              | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0            | \$0                    |
| Historic Building Preservation Credit                                                                            | \$0                        | \$0              | \$0             | \$0                               | \$0             | \$178,162            | \$0                              | \$0                         | \$0                   | \$0            | \$0                    |
| Increased Research Activity Credit                                                                               | \$0                        | \$0              | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0            | \$0                    |
| Mineral Exploration Credit                                                                                       | \$0                        | \$0              | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0            | \$0                    |
| Empowerment Zone Credit                                                                                          | \$0                        | \$0              | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0            | \$0                    |
| Film Production Credit                                                                                           | \$0                        | \$0              | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0            | \$0                    |
| Biodiesel Blending Credit                                                                                        | \$0                        | \$0              | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0            | \$0                    |
| Oilseed Crushing Credit                                                                                          | \$0                        | \$0              | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0            | \$0                    |
| Insure Montana Credit                                                                                            | \$35,760                   | \$12,041         | \$8,069         | \$30,390                          | \$0             | \$22,313             | \$42,914                         | \$5,672                     | \$12,132              | \$4,401        | \$0                    |
| Temporary Emergency Lodging Credit                                                                               | \$0                        | \$0              | \$0             | \$0                               | \$0             | \$0                  | \$0                              | \$0                         | \$0                   | \$0            | \$0                    |
| <b>Total</b>                                                                                                     | <b>\$36,885</b>            | <b>\$214,140</b> | <b>\$29,982</b> | <b>\$149,365</b>                  | <b>\$18,078</b> | <b>\$251,584</b>     | <b>\$58,334</b>                  | <b>\$9,300</b>              | <b>\$12,612</b>       | <b>\$5,301</b> | <b>\$0</b>             |

## Pass-Through Entities - Ownership, Income, Deductions, and Credits

### Pass-Through Entities by Size - Number of Owners

Pass-through entities vary greatly in size. Approximately 51 percent of Montana's S corporation pass-throughs reported a single owner and 73.6 percent of partnership pass-throughs with Montana source income had two or three owners. Overall, pass-throughs that operate in multiple states tend to have more owners than pass-throughs that only operate in Montana. For S corporations, less than 1 percent of pass-throughs that only operated in Montana in 2012 had more than eight reported owners, while 8.6 percent of multi-state S corporations had at least nine owners. At the same time, 29 percent of Montana's multi-state partnership pass-throughs had more than eight owners, which is approximately five times higher than the proportion of Montana-only partnerships with at least nine reported owners.

| Pass-Through Entities - Number of Owners |                |       |             |       |              |       |             |       |
|------------------------------------------|----------------|-------|-------------|-------|--------------|-------|-------------|-------|
| Number of Reported Owners                | S Corporations |       |             |       | Partnerships |       |             |       |
|                                          | Montana        |       | Multi-State |       | Montana      |       | Multi-State |       |
|                                          | Number         | %     | Number      | %     | Number       | %     | Number      | %     |
| 1                                        | 12,021         | 50.8% | 2,247       | 38.4% | 109          | 0.5%  | 11          | 0.2%  |
| 2 to 3                                   | 9,968          | 42.1% | 2,112       | 36.1% | 14,665       | 73.6% | 2,068       | 44.4% |
| 4 to 8                                   | 1,473          | 6.2%  | 993         | 17.0% | 3,970        | 19.9% | 1,222       | 26.2% |
| 9 to 20                                  | 190            | 0.8%  | 330         | 5.6%  | 733          | 3.7%  | 505         | 10.8% |
| Over 20                                  | 28             | 0.1%  | 173         | 3.0%  | 443          | 2.2%  | 853         | 18.3% |

### Pass-Through Entities by Size - Montana Source Income

The following table shows the number and percentages of pass-through entities in six groups based on the entity's Montana source income. As can be seen from the following table, many S corporations and nearly half of all partnerships reported zero, or negative, Montana source income on their returns. And while S corporations and partnerships tend to be used as business structures for smaller businesses, there are some partnerships and S corporations that have substantial Montana source income – falling into the over \$5 million category. Forty-one S corporations and 553 partnerships reported more than \$5 million in Montana source income.

| Number of Pass Through Entities by Amount of Montana Source Income |                |       |             |       |              |       |             |       |
|--------------------------------------------------------------------|----------------|-------|-------------|-------|--------------|-------|-------------|-------|
| Montana - Source Income                                            | S Corporations |       |             |       | Partnerships |       |             |       |
|                                                                    | Montana        |       | Multi-State |       | Montana      |       | Multi-State |       |
|                                                                    | Number         | %     | Number      | %     | Number       | %     | Number      | %     |
| \$0 or Negative                                                    | 7,814          | 32.6% | 2,346       | 39.8% | 9,156        | 45.4% | 1,876       | 39.9% |
| \$1 to \$10,000                                                    | 3,843          | 16.0% | 1,957       | 33.2% | 3,231        | 16.0% | 1,188       | 25.3% |
| \$10,001 to \$100,000                                              | 9,252          | 38.6% | 1,005       | 17.0% | 5,246        | 26.0% | 766         | 16.3% |
| \$100,001 to \$1,000,000                                           | 2,872          | 12.0% | 483         | 8.2%  | 1,938        | 9.6%  | 425         | 9.0%  |
| \$1,000,001 to \$5,000,000                                         | 189            | 0.8%  | 91          | 1.5%  | 284          | 1.4%  | 198         | 4.2%  |
| Over \$5,000,000                                                   | 24             | 0.1%  | 17          | 0.3%  | 305          | 1.5%  | 248         | 5.3%  |

The next table shows Montana source income reported by pass-through entities for the same groups provided in the previous table. Most of the income generated by pass-through entities was from entities with over \$5 million in Montana source income. For S corporation pass-throughs, entities with over \$5 million in Montana source income generated approximately \$736 million in 2012, which is 34 percent of all the Montana source income generated by Montana's S corporation pass-throughs. Partnership pass-throughs with over \$5 million in Montana source income generated \$27.2 billion in Montana source income in 2012.

| Montana Source Income by Size of Pass-Through |                |        |             |        |              |        |             |        |
|-----------------------------------------------|----------------|--------|-------------|--------|--------------|--------|-------------|--------|
| Montana - Source Income                       | S Corporations |        |             |        | Partnerships |        |             |        |
|                                               | Montana        |        | Multi-State |        | Montana      |        | Multi-State |        |
|                                               | \$ million     | %      | \$ million  | %      | \$ million   | %      | \$ million  | %      |
| \$0 or Negative                               | -\$347         | -23.0% | -\$80       | -12.1% | -\$2,108     | -13.1% | -\$674      | -6.5%  |
| \$1 to \$10,000                               | \$16           | 1.1%   | \$5         | 0.7%   | \$13         | 0.1%   | \$3         | 0.0%   |
| \$10,001 to \$100,000                         | \$363          | 24.1%  | \$37        | 5.6%   | \$204        | 1.3%   | \$28        | 0.3%   |
| \$100,001 to \$1,000,000                      | \$713          | 47.2%  | \$154       | 23.4%  | \$543        | 3.4%   | \$149       | 1.4%   |
| \$1,000,001 to \$5,000,000                    | \$361          | 23.9%  | \$207       | 31.6%  | \$655        | 4.1%   | \$481       | 4.6%   |
| Over \$5,000,000                              | \$402          | 26.6%  | \$334       | 50.9%  | \$16,829     | 104.3% | \$10,400    | 100.1% |

## Overview of Corporate Income Tax

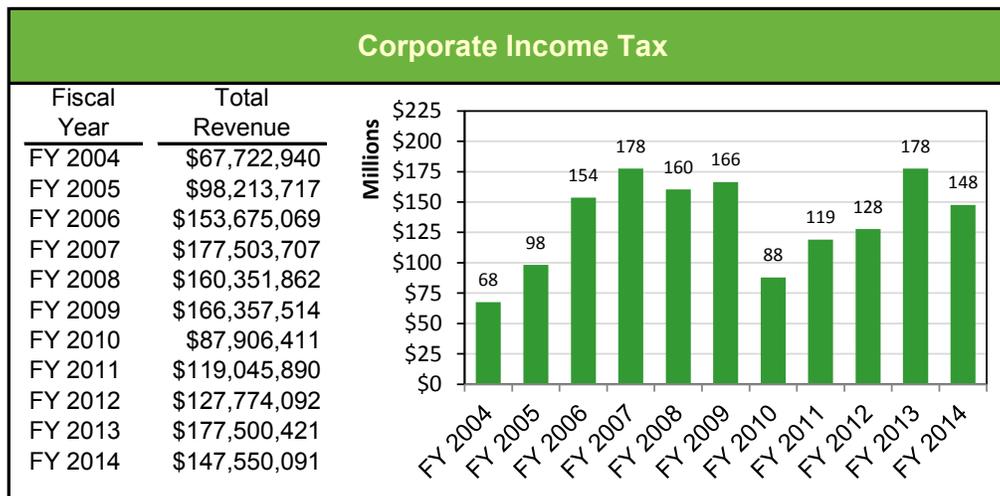
Montana's corporate income tax is a tax levied on C corporations for the "privilege of carrying on business in this state for the tax year in which the income was earned" (15-31-101(3), MCA). A corporation includes:

*an association, joint-stock company, common-law trust or business trust that does business in an organized capacity, all other corporations whether created, organized, or existing under and pursuant to the laws, agreements, or declarations of trust of any state, country or the United States, and any limited liability company, limited liability partnership, partnership or other entity that is treated as an association for federal income tax purposes and that is not a disregarded entity (15-31-101(1), MCA).*

Every bank organized under the laws of Montana or another state or under the United States and every savings and loan organized under state law or United States law is also subject to corporate income tax (15-31-101(4), MCA).

In the 2013 Legislature, SB 361 was passed revising the name of the corporate income tax to corporate income tax. The change applies to tax years beginning after December 31, 2013.

The table below shows total corporate income tax collections for fiscal years 2004 through 2014 as recorded in the state accounting system. As a rule, corporate income tax collections in Montana follow the general national economy. Total collections in FY 2004 (which started on July 1, 2003) were \$67.7 million, increasing to \$177.5 million in FY 2007 and declining to \$87.9 million in FY 2010. FY 2013 and FY 2014 corporate tax revenues were \$177.5 million and \$147.5 million, respectively.



Corporate income taxes, other than the fees for applications for film production credits, are deposited in the state general fund. However the 2013 Legislature passed HB 354, which established a wildfire suppression fund and authorized certain general fund transfers to the fund. HB 354 required transfer of corporate tax revenues in excess of \$152.0 million in corporate tax revenues in FY 2013 to the wildfire suppression account. The transfers are required by August 15<sup>th</sup>, after the end of the fiscal year. In FY 2013 total corporate income tax collections were \$177.5 million, which is over the \$152 million threshold, so the difference was transferred to the wildfire suppression account. HB 354 also requires FY 2014 and FY 2015 revenues in excess of \$156.2 million and \$157.5 million, respectively, be transferred to the wildfire suppression account. FY 2014 revenues were below the threshold so no transfer was made.

The following table provides a breakdown for the last seven years of revenues deposited in the general fund by how they are collected and also shows refunds.

## Overview of Corporate Income Tax

### Corporate Income Tax Collections and Refunds - General Fund

| Fiscal Year | Payments With Returns | Estimated Payments | Audits, Penalties, and Interest | Refunds        | Total Collections |
|-------------|-----------------------|--------------------|---------------------------------|----------------|-------------------|
| FY 2008     | \$39,473,130          | \$127,433,439      | \$16,874,522                    | (\$23,439,304) | \$160,341,787     |
| FY 2009     | \$45,608,755          | \$109,585,667      | \$31,041,454                    | (\$19,881,362) | \$166,354,514     |
| FY 2010     | \$36,909,143          | \$72,732,614       | \$15,380,337                    | (\$37,121,182) | \$87,900,911      |
| FY 2011     | \$23,747,579          | \$98,979,556       | \$26,116,467                    | (\$29,799,712) | \$119,043,890     |
| FY 2012     | \$27,777,649          | \$110,864,886      | \$27,885,386                    | (\$38,757,329) | \$127,770,592     |
| FY 2013     | \$35,894,922          | \$135,790,121      | \$16,811,485                    | (\$10,999,107) | \$177,497,421     |
| FY 2014     | \$28,136,519          | \$130,352,294      | \$10,765,481                    | (\$21,706,704) | \$147,547,591     |
| Average     | \$33,935,385          | \$112,248,368      | \$20,696,447                    | (\$25,957,814) | \$140,922,387     |

As can be seen from the table, estimated quarterly payments are by far the largest source of corporate income tax collections, followed by payments with returns.

Average estimated payments over the past seven years were \$112.2 million. Average annual revenue for payments with returns over the same period was \$33.9 million. The seven-year average of revenues from audits, penalties and interest was \$20.7 million. Refunds averaged about \$26.0 million per year.

Over the past seven years, total corporate tax collections averaged about \$141 million annually. However, there was wide variation in annual collections over that time period.

In 2005 the legislature passed the Big Sky on the Big Screen Act which provides tax credits that can be used to reduce income taxes for certain costs of production of motion pictures, documentaries, television programs, commercials and magazine advertising.

### Corporate Income Tax Collections - Film Production Credit Application Fee

| Fiscal Year | Application Fees |
|-------------|------------------|
| FY 2008     | \$10,075         |
| FY 2009     | \$3,000          |
| FY 2010     | \$5,500          |
| FY 2011     | \$2,000          |
| FY 2012     | \$3,500          |
| FY 2013     | \$3,000          |
| FY 2014     | \$2,500          |

In order to receive the Big Sky on the Big Screen tax credit, a production company must apply to the department and pay an application fee. The fee is \$500 and is deposited in a special revenue account. The revenue in the special revenue account is statutorily appropriated (17-7-502, MCA) - half to the Department of Revenue and half to the Department of Commerce for administration of the provisions associated with the tax credit. The Act terminates on January 1, 2015.

### Who pays Corporate Income Taxes?

Only C corporations pay corporate income taxes. Corporations that elect to file as a subchapter S corporation for federal tax purposes are also required to file as a subchapter S corporation for Montana income tax purposes. Despite the filing requirement, subchapter S corporations do not pay Montana corporate income taxes. Instead the owners or shareholders of the S corporation are subject to income tax on income flowed through the S corporation to the owner or shareholder. Then the owner/shareholder reports any taxable income on their individual income tax form. S corporations are discussed more in the section on pass-through entities.

## Overview of Corporate Income Tax

Organizations exempt from the tax include corporations or associations organized and operated exclusively for religious, charitable, scientific, or educational purposes, and whose income does not benefit any stockholder or individual.

Other entities exempt from corporate income tax include labor, agricultural or horticultural organizations; civic organizations operated exclusively for the promotion of social welfare; clubs or corporations organized and operated exclusively for pleasure, recreation or other nonprofit purposes and who do not have any income that benefits any private stockholder or member; and similar non-profit organizations.

Unrelated business taxable income, as defined by federal law, of exempt organizations that creates more than \$100 of federal tax liability is taxable as corporate income in the same manner as other taxable corporate income.

In order to receive treatment as exempt from state corporation taxes, the corporation must prove it is in compliance with all statutory conditions (15-31-102, MCA and ARM 42.23.103).

Research and development (R&D) firms organized to engage in business for the first time in Montana are not subject to the corporate income tax for the first five years of operation. In order to receive this tax treatment the firm must apply to the Department of Revenue and be approved as meeting legislative requirements (15-31-103, MCA).

### Distribution of Corporate income Taxes

The following table shows the distribution by Montana tax liability of the 16,790 corporate returns with a Montana tax liability filed in calendar years 2013 and 2014 reporting on tax year 2012. Please note that the revenues from the return data will not match the fiscal year revenues in earlier tables because fiscal year revenue is based upon payments, including estimated payments and payments with returns, recorded in the state accounting system.

| Returns Filed for Tax Year 2012             |               |
|---------------------------------------------|---------------|
| Regular C Corporations                      | 16,790        |
| S Corporations                              | 29,842        |
| <b>Total Corporations</b>                   | <b>46,632</b> |
| C Corporations Paying Minimum Tax*          | 11,127        |
| C Corporations Paying More Than Minimum Tax | 5,663         |
| <b>Total C Corporations</b>                 | <b>16,790</b> |

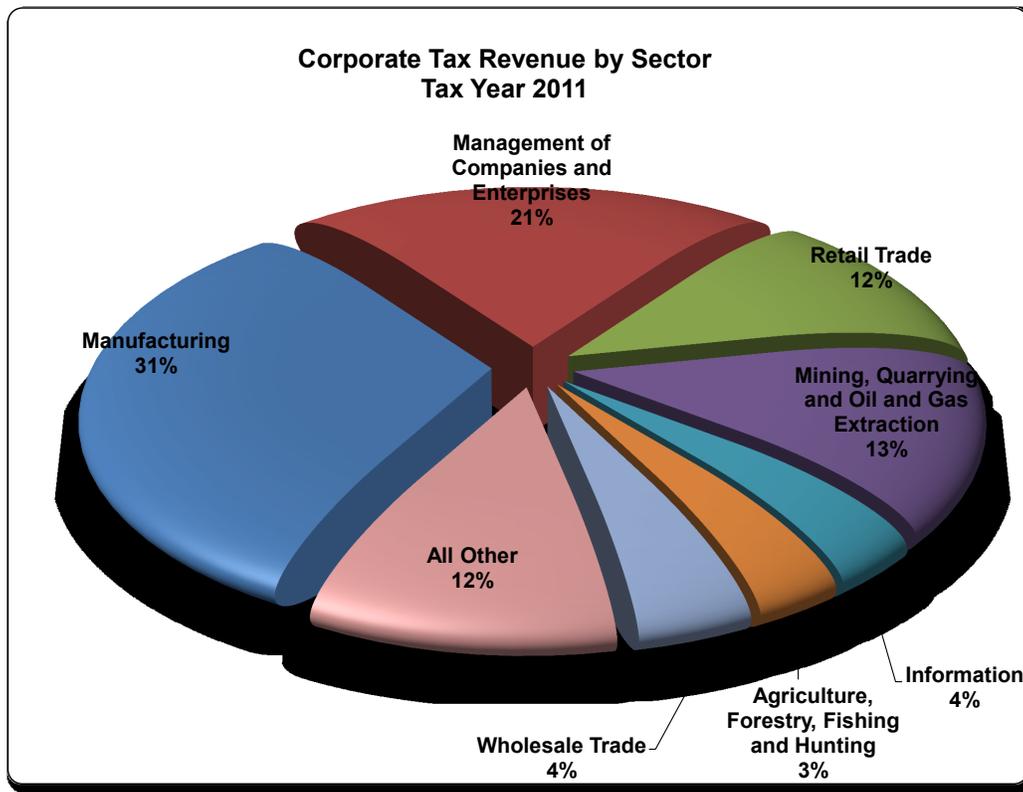
\* Includes corporations filing a tax return, but claiming zero or negative taxable income

| Corporate Returns Filed in CY 2013 - CY 2014 for Tax Year 2012<br>Distribution of Montana Tax Liability |               |                      |                            |                                       |
|---------------------------------------------------------------------------------------------------------|---------------|----------------------|----------------------------|---------------------------------------|
| Regular Corporation Returns                                                                             | Number        | Tax Liability        | Percent of Total Liability | Cumulative Percent of Total Liability |
| Top 100 returns                                                                                         | 100           | \$101,427,528        | 69%                        | 69%                                   |
| Second 100 returns                                                                                      | 100           | \$13,788,101         | 9%                         | 78%                                   |
| Third 100 returns                                                                                       | 100           | \$7,321,895          | 5%                         | 83%                                   |
| Fourth 100 returns                                                                                      | 100           | \$4,482,351          | 3%                         | 86%                                   |
| Fifth 100 returns                                                                                       | 100           | \$3,222,303          | 2%                         | 88%                                   |
| All other returns                                                                                       | 16,290        | \$17,326,906         | 12%                        | 100%                                  |
| <b>Total</b>                                                                                            | <b>16,790</b> | <b>\$147,569,084</b> | <b>100%</b>                | <b>n/a</b>                            |

## Overview of Corporate Income Tax

Altogether the top 100 returns constituted about 69% of total tax liability for the entire group of taxpayers. The top 500 returns accounted for 88% of total Montana tax liability for the group. The other 16,290 returns accounted for only 12% of the total Montana tax liability.

Another way to look at the distribution of corporate income taxes is by economic sector. Starting with the 2009 tax returns, corporate taxpayers were asked to identify their primary industry just as identified on their federal tax forms. The following graph shows the distribution of corporate income taxes for the largest sectors.



The largest sector in terms of tax year 2011 tax liability was manufacturing, with 31% of all the corporate income taxes. The Census Bureau list of manufacturing activities includes food manufacturing, including grain, oilseed, fruit and dairy processing; bakeries; beverages; sawmills, millwork and paper manufacturing; petroleum and chemical manufacturing; cement and concrete; and other activities.

Corporations involved in the management of companies and enterprises that include bank and other holding companies and corporate or regional headquarters paid about 21% of all corporate income taxes in tax year 2011. Corporations primarily involved in mining, quarrying and oil and gas extraction, paid 13% of TY 2011 corporate income taxes, followed by retail trade (12%), all other (12%), information (4%), wholesale trade (4%) and agriculture, forestry, fishing and hunting (3%).

When looking at the graph above it is important to remember that only businesses organized as C corporations pay corporate income taxes. Businesses can also be organized as partnerships, S corporations or sole proprietorships. These businesses are called pass-through entities because the income from the business is passed through to the owners or shareholders of these businesses, who then must report the income on their own tax returns. Businesses in certain industries, such as agriculture or legal services, may be more likely to be structured as a pass-through entity, rather than as a C corporation.

## Overview of Corporate Income Tax

### Taxable Income and the Tax Rate

The starting point for calculating Montana corporation income tax is the corporation's federal taxable income. In order to determine net income taxable by Montana, certain adjustments to federal taxable income must be made. For example, municipal bond interest is taxable and must be added to income. Also Montana allows certain reductions to income, such as a portion of the cost of energy conservation investments made in a building used for the corporation's business.

After the additions and reductions to federal taxable income required by Montana law, income is then apportioned to Montana to produce Montana taxable income.

If the corporation conducts business that is taxable only in Montana, then all of the net taxable income from that business is Montana taxable income. The tax is levied at a rate of 6.75% on net income earned in Montana.

Multi-state corporations with net taxable income generated by doing business both inside and outside the state are required to apportion income to Montana based on an equally weighted, three-factor apportionment formula.

Sales, property and payroll comprise the three factors used in the apportionment formula. The payroll factor is the ratio of payroll paid in compensation attributable to the production of business income during the tax period in Montana to all payroll paid. Similarly the property factor is based on the ratio of Montana property to all property and the sales factor is based on the ratio of Montana sales to all sales. Once the three factors are calculated, they are averaged together to create the overall apportionment factor. That factor is applied against adjusted federal taxable income to produce the net income apportioned to Montana, or Montana taxable income.

The tax is normally levied at a rate of 6.75% on net income apportioned to Montana, with exceptions explained below.

Following is an example of how a multi-state corporation doing business in Montana would calculate its Montana source income assuming the following facts:

- The corporation has \$1 million in payroll in Montana out of total payroll of \$10 million dollars.
- It has \$2 million of property in Montana out of total property owned by the corporation of \$125 million.
- The corporation has sales in Montana of \$4 million out of total sales for the firm of \$100 million during the tax year.

These facts result in an apportionment factor of 0.052 (see the calculations in the table to the right).

| Example of Apportionment Factor Calculation for Multi-State Corporation |                       |                        |
|-------------------------------------------------------------------------|-----------------------|------------------------|
| <b>Payroll In Montana</b>                                               | <b>Total Payroll</b>  | <b>Payroll Factor</b>  |
| \$1,000,000                                                             | ÷ \$10,000,000        | = 0.100                |
| <b>Property In Montana</b>                                              | <b>Total Property</b> | <b>Property Factor</b> |
| \$2,000,000                                                             | ÷ \$125,000,000       | = 0.016                |
| <b>Sales In Montana</b>                                                 | <b>Total Sales</b>    | <b>Sales Factor</b>    |
| \$4,000,000                                                             | ÷ \$100,000,000       | = 0.040                |
| <b>Apportionment Factor (Avg.)</b>                                      |                       | <b>0.052</b>           |

If this corporation had total taxable income of \$10,000,000, then its Montana taxable income is \$520,000 (\$10 million times 0.052 equals \$520,000), and its state income tax is \$35,100 before credits (\$520,000 times 6.75 percent).

## Overview of Corporate Income Tax

Relying on an apportionment formula simplifies the calculation of taxable income by state for the multistate taxpayer and for the state tax administrator, but there can still be issues. A simple example is that of a multistate taxpayer who over-apportions or shifts one or more of the factors - property, payroll or sales - to a state that does not tax corporate income. Apportioning too much in sales or property or payroll to a non-income tax state reduces other states' apportionment factors and so reduces the income taxable in those states.

Montana is a worldwide, combined unitary state. A business is unitary when the operations of that business within the state depend on or contribute to the operations of that business outside the state. However, in Montana corporations can elect to have primarily their United States income included in the apportionment process. Corporations taking this election, called a "water's edge" election, pay the tax at a rate of 7 percent instead of 6.75 percent. For corporations electing to file as water's edge corporations, there are some limits on exclusions under the water's edge election (see 15-31-322 and 15-31-323, MCA).

Multinational unitary corporations wishing to file under the water's edge method are required to file a written election within the first 90 days of the tax period for which the election is to become effective. The Department of Revenue must approve the election before the corporation uses it and the election is binding for three consecutive taxable periods.

Corporations whose only activity in Montana consists of making sales, and who do not own or rent real estate or tangible personal property, and whose annual gross income from sales in Montana does not exceed \$100,000 may elect to pay an alternative tax equal to  $\frac{1}{2}$  of 1 percent of gross sales.

There is a minimum tax of \$50 for any corporation doing business in the state. The table on returns filed for tax year 2012 earlier in this section shows that for those returns filed in tax year 2012 by corporations, the minimum tax was paid on 11,127 returns or almost 66 percent. If the corporation has no property, sales, or payroll in the state during the tax period, it is exempt from the minimum tax.

All states with a corporate income tax allow corporations a carry forward of net operating losses. These losses can be deducted against net taxable income in future years, although all states limit the number of years a corporation can carry forward losses. Some states, including Montana, allow carryback of net operating losses.

Montana net operating losses (NOL) of a corporation may be carried back for a period of three years and used to reduce prior year's taxable income, and may be carried forward for up to seven years to reduce taxable income in those future years. The table on the next page provides a comparison of Montana treatment of net operating loss deductions with that in other states.

In Montana, if a corporation has net operating losses, it can file an amended return and claim a refund of previously paid taxes for any or all of the prior three years.

For example, a hypothetical Montana corporation had net taxable income of \$50,000 each year in years 1, 2 and 3. In year 4 it had losses of \$160,000 and in year 5 it is back to profitability and has taxable income of \$60,000. Based upon these assumptions, the corporation would have paid \$3,375 in corporate income taxes (\$50,000 times 0.0675) each year in years 1, 2 and 3. In year 4 it had net losses of \$160,000 so it paid no corporate income tax (actually it would likely pay the \$50 minimum tax unless it had credits). In year 4 the corporation could file amended returns for years 1, 2, and 3. On the amended returns, the taxpayer could claim \$150,000 of year 4 losses against income earned in those prior years, and obtain refunds of taxes paid, or \$10,125 (3 times \$3,375). The remaining \$10,000 of losses would be used as a deduction

## Overview of Corporate Income Tax

against year 5 income of \$60,000, reducing taxable income from \$60,000 to \$50,000, and reducing the corporation's tax liability by \$675.

Twenty-nine states do not allow carryback of net operating losses, but do allow carryforward of losses, from 5 years up to 20 years. Fourteen states allow the same carryforward and carryback periods as federal tax law has historically allowed (2 years back and 20 years forward). Louisiana, Montana, and Utah allow corporations with net operating losses to carry back these losses against the three prior years of income.

| States with Corporate Income Taxes<br>Allowed Carryback and Carryforward Periods for Net Operating Losses |                               |                                                   |                  |                                                   |                  |                                                                            |                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------|-------------------------------|---------------------------------------------------|------------------|---------------------------------------------------|------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                           | Allowed years of carryforward |                                                   |                  |                                                   |                  |                                                                            |                                                                                                                                                                                                    |
|                                                                                                           | 5 years forward               | 7 years forward                                   | 10 years forward | 12 years forward                                  | 15 years forward | 20 years forward                                                           |                                                                                                                                                                                                    |
| Allowed years of carryback                                                                                | 0 years back                  | Arizona<br>Arkansas<br>New Mexico<br>Rhode Island |                  | Kansas<br>Michigan<br>New Hampshire 6/<br>Vermont | Illinois 4/      | Alabama<br>Minnesota<br>North Carolina<br>Oregon<br>Tennessee<br>Wisconsin | Colorado<br>Connecticut<br>District of Columbia<br>Florida<br>Iowa<br>Kentucky<br>Maine 5/<br>Massachusetts<br>Nebraska<br>New Jersey<br>North Dakota<br>Ohio<br>Pennsylvania 8/<br>South Carolina |
|                                                                                                           | 2 years back                  |                                                   |                  |                                                   |                  |                                                                            | Alaska<br>California 1/<br>Delaware 2/<br>Georgia<br>Hawaii<br>Idaho 3/<br>Indiana<br>Maryland<br>Mississippi<br>Missouri<br>New York 7/<br>Oklahoma<br>Virginia<br>West Virginia 10/              |
|                                                                                                           | 3 years back                  |                                                   | Montana          |                                                   |                  | Louisiana<br>Utah 9/                                                       |                                                                                                                                                                                                    |

1/ California limited loss carrybacks to a percent of income in tax years 2013 and 2014.

2/ Delaware has a \$30,000 per year limit on carrybacks.

3/ Idaho limits carrybacks to \$100,000 in the preceding 2 years.

4/ Illinois has suspended use of NOLs for tax years beginning in 2011-2014.

5/ Maine suspended certain carryforwards for tax years 2009-2011.

Source: 2014 State Tax Handbook, CCH, 2013.

6/ New Hampshire limits carryforward of losses generated per year to \$10 million for tax years beginning in CY 2013.

7/ New York limits carrybacks to the first \$10,000 of losses.

8/ Pennsylvania limits NOL deductions to the larger of \$3 million or 20% of Pennsylvania taxable income.

9/ Utah has a \$1 million limit on carrybacks.

10/ West Virginia limits carrybacks to \$300,000.

## Overview of Corporate Income Tax

As can be seen in the footnotes to the Net Operating Loss table, a number of states have restricted the amounts of losses that can be carried back and used to obtain refunds or carried forward in any one year. For example, like Montana, Utah provides a three year carryback of net operating losses, but has a limit of \$1 million on carryback losses.

Idaho allows losses to be carried back against income for up to 2 years, but limits carryback losses to \$100,000. Idaho allows carry forward of losses for up to 20 years.

North Dakota allows carry forward of losses for up to 20 years, but does not allow carryback of losses.

### Credits

As with individual income tax, corporations with expenditures that qualify under state law can claim tax credits. Tax credits are applied against the corporation's tax liability to reduce the amount the corporation owes.

| Montana Corporate Income Tax Credits                        |                       |                      |                       |                      |
|-------------------------------------------------------------|-----------------------|----------------------|-----------------------|----------------------|
| Credit                                                      | --- Tax Year 2011 --- |                      | --- Tax Year 2012 --- |                      |
|                                                             | Number of Credits     | Total Credit Amounts | Number of Credits     | Total Credit Amounts |
| <b>Non-Refundable Credits</b>                               |                       |                      |                       |                      |
| Contractors Gross Receipts Tax Credit                       | 110                   | \$531,807            | 104                   | \$763,534            |
| Charitable Endowment Credit                                 | 15                    | \$45,913             | 20                    | \$60,406             |
| Montana Recycling Credit                                    | *                     | \$112,359            | *                     | \$79,815             |
| Credit for Increasing Research Activities                   | 18                    | \$365,643            | 14                    | \$47,394             |
| Credit for Contribution to MT University or Private College | 24                    | \$5,874              | 28                    | \$9,020              |
| Empowerment Zone Credit                                     | -                     | -                    | -                     | -                    |
| Health Insurance for Uninsured Montanans Credit             | 28                    | \$29,619             | 19                    | \$15,220             |
| Credit for Alternative Fuel Motor Vehicle Conversion        | *                     | \$6,479              | -                     | -                    |
| Alternative Energy Production Credit                        | *                     | \$50                 | *                     | \$50                 |
| Dependent Care Assistance Credit                            | -                     | -                    | -                     | -                    |
| New/Expanded Industry Credit                                | -                     | -                    | -                     | -                    |
| Historical Building Credit                                  | -                     | -                    | -                     | -                    |
| Infrastructure Users Fee Credit                             | *                     | \$45,913             | *                     | \$305,304            |
| Mineral Exploration Incentive Credit                        | *                     | \$2,767              | *                     | \$25                 |
| Film Employment Credit - Non-Refundable                     | *                     | -                    | -                     | -                    |
| Biodiesel Blending and Storage Credit                       | -                     | -                    | -                     | -                    |
| Oilseed Crushing and Biodiesel Production Credit            | -                     | -                    | -                     | -                    |
| Geothermal System Credit                                    | -                     | -                    | -                     | -                    |
| <b>Refundable Credits</b>                                   |                       |                      |                       |                      |
| Temporary Emergency Lodging Credit                          | -                     | -                    | -                     | -                    |
| Film Employment Credit - Refundable                         | *                     | \$12,693             | *                     | \$33,862             |
| Film Production Credit                                      | *                     | \$25,865             | *                     | \$49,491             |
| Insure Montana Credit                                       | 167                   | \$753,856            | 156                   | \$667,413            |
| <b>Total Credits</b>                                        | <b>375</b>            | <b>\$1,938,838</b>   | <b>353</b>            | <b>\$2,031,534</b>   |

Some of the above credits are claimed on returns that have not been audited yet. The amount of credit claimed may change once these returns are audited. Also if the taxpayer's tax liability is less than the credit amount and the credit is not refundable, the actual reduction of tax liability due to the credit is limited to the tax liability. In addition, some of the above numbers may represent a carryback of some credits claimed on amended returns.

For example, a corporation with Montana taxable income (income after deductions and additions) of \$3,000 has a tax liability of \$202.50 (\$3,000 times 6.75 percent). However if the corporation has expenditures that qualify under state law for a credit of \$150, its tax liability is reduced to \$52.50 from \$202.50. The table in this section shows what credits have been claimed in the last two tax years and the number of corporations

## Overview of Corporate Income Tax

claiming those credits. If the number of credits claimed on returns is less than 10, then the number is represented by an asterisk.

### Filing Requirements and Estimated Payments

Unlike individual income taxpayers who must file their federal and state returns based upon a calendar year, corporate taxpayers must file tax returns based upon their fiscal year. Corporate income taxpayers must use the same tax period for their state return as was used for the federal tax return (15-31-112, MCA).

As can be seen in the table in this section, about two-thirds of corporate taxpayers (67 percent) have a fiscal year/tax year that is based upon the calendar year. Tax returns for taxpayers using a calendar year as their fiscal year are due May 15<sup>th</sup> or November 15<sup>th</sup> under an automatic extension.

The next most used fiscal year/tax year is the twelve months ending at the end of June; about 6% of corporate taxpayers filing in Montana used a fiscal year ending at the end of June. Tax returns for taxpayers using another period as their fiscal year are due the 15<sup>th</sup> day of the fifth month after close of the taxable year. So if a taxpayer's fiscal year ends at the end of June, the tax return is due November 15<sup>th</sup> or May 15<sup>th</sup> under an automatic extension.

| Corporate Income Tax<br>Tax Year 2011 |                        |         |
|---------------------------------------|------------------------|---------|
| Tax Year<br>Period Ending:            | Number of<br>Taxpayers | Percent |
| 12/31/2011                            | 10,854                 | 67%     |
| 1/31/2012                             | 333                    | 2%      |
| 2/29/2012                             | 244                    | 2%      |
| 3/31/2012                             | 824                    | 5%      |
| 4/30/2012                             | 231                    | 1%      |
| 5/31/2012                             | 218                    | 1%      |
| 6/30/2012                             | 912                    | 6%      |
| 7/31/2012                             | 164                    | 1%      |
| 8/31/2012                             | 202                    | 1%      |
| 9/30/2012                             | 847                    | 5%      |
| 10/31/2012                            | 877                    | 5%      |
| 11/30/2012                            | 498                    | 3%      |
| Total                                 | 16,204                 | 100%    |

Automatic extensions are allowed for up to six months following the prescribed filing date.

For example, a taxpayer with a fiscal year/tax year that is also a calendar year can utilize the automatic extension moving the due date of their return from May 15<sup>th</sup> to November 15<sup>th</sup>. So the TY 2011 return for a taxpayer whose fiscal year is calendar year 2011 would be due May 15<sup>th</sup>, 2012, but the taxpayer would have until November 15<sup>th</sup> to file under the automatic extension.

A taxpayer whose fiscal year/tax year ends June 30<sup>th</sup> has an automatic six-month extension that moves the due date for its return from November 15<sup>th</sup> to May 15<sup>th</sup> of the following year. So the tax year 2011 return for a taxpayer whose fiscal year starts July 1<sup>st</sup> (in 2011) and goes through June 30<sup>th</sup> (of 2012) is due November 15<sup>th</sup>, 2012 but the taxpayer would have until May 15<sup>th</sup>, 2013 to file under automatic extension.

Companies with a tax liability of \$5,000 or more must make quarterly estimated payments. For a corporation operating with a calendar year as its fiscal year/tax year, the due dates for quarterly payments are April 15<sup>th</sup>, June 15<sup>th</sup>, September 15<sup>th</sup> and December 15<sup>th</sup>. For a corporation using another 12-month period as its fiscal/tax year, the due dates for quarterly installments are the 15<sup>th</sup> day of the 4<sup>th</sup> month, the 15<sup>th</sup> day of the 6<sup>th</sup> month, the 15<sup>th</sup> day of the 9<sup>th</sup> month, and the 15<sup>th</sup> day of the 12<sup>th</sup> month (15-31-502, MCA).

### Penalties and Interest

Corporations who do not pay taxes when due may be assessed a late payment penalty of 1.2% per month on the unpaid tax, up to a maximum penalty of 12% of the tax due. Interest on unpaid tax accrues at a rate of 12% per year, or at 1% per month or fraction of a month on the unpaid tax.

## State Comparison of Corporate Tax Rate

### Maximum Corporate Tax Rate By State From Highest to Lowest

| Rank      | State                | Maximum Tax Rate |
|-----------|----------------------|------------------|
| 1         | Iowa *               | 12.00%           |
| 2         | Pennsylvania         | 9.99%            |
| 3         | District of Columbia | 9.975%           |
| 4         | Minnesota            | 9.80%            |
| 5         | Illinois             | 9.50%            |
| 6         | Alaska *             | 9.40%            |
| 7         | New Jersey           | 9.00%            |
| 7         | Rhode Island         | 9.00%            |
| 8         | Maine *              | 8.93%            |
| 9         | California           | 8.84%            |
| 10        | Delaware             | 8.70%            |
| 11        | New Hampshire        | 8.50%            |
| 11        | Vermont *            | 8.50%            |
| 12        | Maryland             | 8.25%            |
| 13        | Louisiana *          | 8.00%            |
| 13        | Massachusetts        | 8.00%            |
| 14        | Wisconsin            | 7.90%            |
| 15        | Nebraska *           | 7.81%            |
| 16        | Oregon               | 7.60%            |
| 17        | Connecticut          | 7.50%            |
| 17        | Indiana              | 7.50%            |
| 18        | Idaho                | 7.40%            |
| 19        | New Mexico*          | 7.30%            |
| 20        | New York             | 7.10%            |
| <b>21</b> | <b>Montana</b>       | <b>6.75%</b>     |
| 22        | West Virginia        | 6.50%            |
| 22        | Arizona              | 6.50%            |
| 22        | Alabama              | 6.50%            |
| 22        | Arkansas *           | 6.50%            |
| 22        | Tennessee            | 6.50%            |
| 23        | Hawaii *             | 6.40%            |
| 24        | Missouri             | 6.25%            |
| 25        | Kentucky *           | 6.00%            |
| 25        | North Carolina       | 6.00%            |
| 25        | Georgia              | 6.00%            |
| 25        | Michigan             | 6.00%            |
| 25        | Oklahoma             | 6.00%            |
| 25        | Virginia             | 6.00%            |
| 26        | Florida              | 5.50%            |
| 27        | Mississippi *        | 5.00%            |
| 27        | South Carolina       | 5.00%            |
| 27        | Utah                 | 5.00%            |
| 28        | Colorado             | 4.63%            |
| 29        | North Dakota*        | 4.53%            |
| 30        | Kansas               | 4.00%            |

As of Jan. 1, 2014, Federation of Tax Administrators

### Comparison of Corporate Tax Rate with Other States

Forty-four states and the District of Columbia have a tax on corporate income. The comparison table in this section uses data from the Federation of Tax Administrators (as of January 1, 2014) to show the maximum rates for states that have a corporate tax. These go from 12% down to 4%. A number of states have a graduated income tax which is indicated by an asterisk next to the state.

Of course, what is shown in the table is only the maximum rate for each state. The effective or average tax rate in different states can vary substantially, depending upon what the lower rates are and what income they apply to. Furthermore, state tax deductions, exemptions and credits, and other aspects of state taxation policy can substantially reduce the effective tax rate.

Nevada and Wyoming do not have corporate income taxes.

Texas does not have a corporate income tax, but imposes a franchise tax based on gross revenues.

Ohio has adopted a commercial activity tax which is a tax on gross receipts. Washington has a business and occupation tax which also is a tax on gross receipts.

Montana's tax rate is 6.75%, which is in the lower half of top rates for states that have an income tax.

Idaho's tax rate is 7.4% and North Dakota's top corporate income tax rate is 4.53%.

South Dakota does not have a general corporation income tax, but does have an excise tax on financial institutions which starts at 6% on net income of \$400 million or less. The percentage tax declines in steps on net income over that amount.

As noted earlier, Wyoming does not have a corporate income tax, but does have a corporate franchise tax or license tax of 0.0002, which applies to the sum of capital, property, and assets located in Wyoming (in addition to a general property tax), and also has a relatively broad-based sales tax.

## Select History of Corporate Income (License) Tax

### Select History of Corporate Income (License) Tax

The corporate license tax was established in 1917. The tax rate was 1% and there was no minimum tax.

In 1933 the rate was raised to 2% with a minimum tax of \$5.00. In 1937 the rate was raised to 3%; the minimum tax remained \$5.00. Twenty years later in 1957, the rate was raised to 5% and the minimum tax changed to \$10.00. The tax rate was changed several times in the years between 1960 and 1971 and the minimum tax was increased from \$10 to \$50.

In 1987 the water's edge election, which includes a tax rate of 7% for corporations who elect to file as water's edge companies, was added.

| Corporate Income Tax<br>Historic Tax Rates and Minimum Tax |          |             |              |
|------------------------------------------------------------|----------|-------------|--------------|
| Year                                                       | Tax Rate | Minimum Tax | Water's Edge |
| 1987                                                       | 6.75%    | \$50        | 7%           |
| 1971                                                       | 6.75%    | \$50        | --           |
| 1969                                                       | 6.25%    | \$50        | --           |
| 1965                                                       | 5.25%    | \$10        | --           |
| 1960                                                       | 4.5%     | \$10        | --           |
| 1957                                                       | 5%       | \$10        | --           |
| 1937                                                       | 3%       | \$5         | --           |
| 1933                                                       | 2%       | \$5         | --           |
| 1917                                                       | 1%       | --          | --           |



# NATURAL RESOURCES

## BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



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## Overview of Natural Resource Taxes

Historically, Montana has relied on its natural resources as a primary source of tax revenue. This section covers the natural resource taxes levied in Montana. Generally, natural resource taxes are categorized as either severance/license taxes or some form of ad valorem (property) taxes. Information provided includes tax rates, filing requirements, disposition of the tax, production tax incentives, and recent revenue collections.

| <b>Natural Resource Tax Collections - FY 2011 through FY 2014</b> |                      |                      |                      |                      |
|-------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| <b>State Natural Resource Tax Revenue</b>                         | <b>FY 2011</b>       | <b>FY 2012</b>       | <b>FY 2013</b>       | <b>FY 2014</b>       |
| Coal Severance Tax                                                | \$51,782,415         | \$49,683,555         | \$53,292,536         | \$54,067,610         |
| Coal Gross Proceeds*                                              | \$7,563,632          | \$9,086,446          | \$9,070,834          | \$8,768,283          |
| Oil and Natural Gas Production (Severance Tax)                    | \$109,206,049        | \$120,608,210        | \$116,916,507        | \$129,023,504        |
| Oil and Natural Gas Production (Privilege & License Tax)          | \$1,963,032          | \$1,987,666          | \$2,152,702          | \$2,505,508          |
| Metalliferous Mine License Tax                                    | \$10,653,330         | \$13,171,513         | \$13,222,539         | \$10,457,348         |
| Metal Mines Gross Proceeds*                                       | \$1,096,356          | \$2,106,806          | \$3,179,676          | \$3,108,193          |
| Miscellaneous Mines Net Proceeds*                                 | \$321,519            | \$392,736            | \$406,458            | \$311,735            |
| Resource Indemnity & Groundwater Assessment Tax                   | \$2,146,960          | \$2,343,678          | \$2,112,327          | \$2,278,971          |
| Bentonite Production Tax                                          | \$410,025            | \$494,248            | \$352,050            | \$172,039            |
| <b>Total State Collections</b>                                    | <b>\$185,143,319</b> | <b>\$199,874,860</b> | <b>\$200,705,629</b> | <b>\$210,693,192</b> |
| <b>Local Natural Resource Tax Revenue</b>                         | <b>FY 2011</b>       | <b>FY 2012</b>       | <b>FY 2013</b>       | <b>FY 2014</b>       |
| Coal Severance Tax                                                | \$3,188,302          | \$3,059,072          | \$3,281,281          | \$2,129,440          |
| Coal Gross Proceeds*                                              | \$8,139,519          | \$10,739,648         | \$10,373,501         | \$10,043,732         |
| Oil and Natural Gas Production (Severance Tax)                    | \$98,902,261         | \$84,294,424         | \$90,058,907         | \$95,997,576         |
| Oil and Natural Gas Production (Privilege & License Tax)          | \$3,698,516          | \$3,754,061          | \$4,100,929          | \$4,732,701          |
| Metalliferous Mine License Tax                                    | \$3,551,110          | \$4,390,504          | \$4,407,513          | \$3,485,783          |
| Metal Mines Gross Proceeds*                                       | \$5,675,333          | \$9,817,065          | \$13,332,075         | \$13,640,846         |
| Miscellaneous Mine Net Proceeds*                                  | \$939,840            | \$1,035,769          | \$1,029,717          | \$1,090,168          |
| Bentonite Production Tax                                          | \$1,510,703          | \$1,805,171          | \$1,273,910          | \$617,942            |
| <b>Total Local Government Collections</b>                         | <b>\$125,605,583</b> | <b>\$118,895,714</b> | <b>\$127,857,833</b> | <b>\$131,738,189</b> |
| <b>Subtotals by Group</b>                                         | <b>FY 2011</b>       | <b>FY 2012</b>       | <b>FY 2013</b>       | <b>FY 2014</b>       |
| Coal Severance Tax                                                | \$54,970,717         | \$52,742,627         | \$56,573,818         | \$56,197,050         |
| Coal Gross Proceeds*                                              | \$15,703,151         | \$19,826,094         | \$19,444,335         | \$18,812,015         |
| Oil and Natural Gas Production (Total)                            | \$213,769,858        | \$210,644,361        | \$213,229,045        | \$232,259,289        |
| Metalliferous Mine License Tax                                    | \$14,204,440         | \$17,562,018         | \$17,630,052         | \$13,943,131         |
| Metal Mines Gross Proceeds*                                       | \$6,771,689          | \$11,923,871         | \$16,511,751         | \$16,749,039         |
| Miscellaneous Mines Net Proceeds*                                 | \$1,261,359          | \$1,428,505          | \$1,436,175          | \$1,401,903          |
| Resource Indemnity & Groundwater Assessment Tax                   | \$2,146,960          | \$2,343,678          | \$2,112,327          | \$2,278,971          |
| Bentonite Production Tax                                          | \$1,920,729          | \$2,299,419          | \$1,625,960          | \$789,982            |
| <b>Total Collections</b>                                          | <b>\$310,748,902</b> | <b>\$318,770,574</b> | <b>\$328,563,462</b> | <b>\$342,431,381</b> |

\*Numbers represent the estimates based on taxpayer filing information and may not match state accounting records in all cases.

### Coal, Oil and Natural Gas State Tax Comparison

Individual states have different exemptions, deductions and tax bases for their natural resources. Not only do these differences make it very difficult to compare tax structures between states, but differences in other taxes, such as sales and property tax, can skew the overall tax burden in a given state. The table on the next page provides a brief description of taxes for coal and oil and gas producers in neighboring states.

The Department of Revenue has conducted extensive research on the difference between oil and gas taxes for Montana and North Dakota. The analysis found that assuming prices stay at or above current levels, Montana working interest owners generally have a lower overall tax rate over the life of the well compared to North Dakota working interest owners. For more information, please visit:

[http://revenue.mt.gov/Portals/9/committees/Revenue\\_Transportation/2011-2012/September\\_2012/Sept2012\\_Oil-Gas\\_Production-Comparison\\_MT-ND-UPDATED.pdf](http://revenue.mt.gov/Portals/9/committees/Revenue_Transportation/2011-2012/September_2012/Sept2012_Oil-Gas_Production-Comparison_MT-ND-UPDATED.pdf).

# Coal, Oil and Natural Gas State Tax Comparison

## Montana DOR Coal Tax Comparison 2014

| Factors                     | Montana | Wyoming | North Dakota | Colorado | Utah    | Units                           |
|-----------------------------|---------|---------|--------------|----------|---------|---------------------------------|
| Production Taxes            | \$2.39  | \$1.33  | \$0.39       | \$0.37   | \$0.00  | \$/Ton                          |
| Property Taxes              | \$0.08  | \$0.09  | \$0.19       | \$0.28   | \$0.16  | \$/Ton                          |
| Sales Taxes                 | \$0.00  | \$0.08  | \$0.00       | \$0.00   | \$0.09  | \$/Ton                          |
| Income Taxes                | \$0.06  | \$0.00  | \$0.04       | \$0.04   | \$0.05  | \$/Ton                          |
| Access to Domestic Markets  | 11      | 30      | 1            | 13       | 6       | Delivery Routes to other States |
| Average Rail Transport Cost | \$17.62 | \$19.83 | \$4.29       | \$33.19  | \$26.96 | \$/short ton                    |
| Access to Export Markets    | 204,907 | 867     | 1,340        | 35,391   | 21,948  | Value of exports (\$1,000)      |
| Average BTU                 | 8,277   | 9,782   | 7,239        | 10,799   | 11,349  | BTU/lb                          |
| Average Sulfur Content      | 0.41    | 0.64    | 0.95         | 0.47     | 0.45    | % by weight                     |
| Average Ash Content         | 6.36    | 5.04    | 6.92         | 9.48     | 10.18   | % by weight                     |
| Sales Price per Ton         | \$16.02 | \$13.56 | \$15.72      | \$39.88  | \$34.92 | USD                             |
| Coal Reserves               | 118,851 | 59,951  | 8,797        | 15,832   | 5,091   | 1,000 short tons                |

## National Conference of State Legislatures Comparison of Oil and Natural Gas Tax Rates 2012

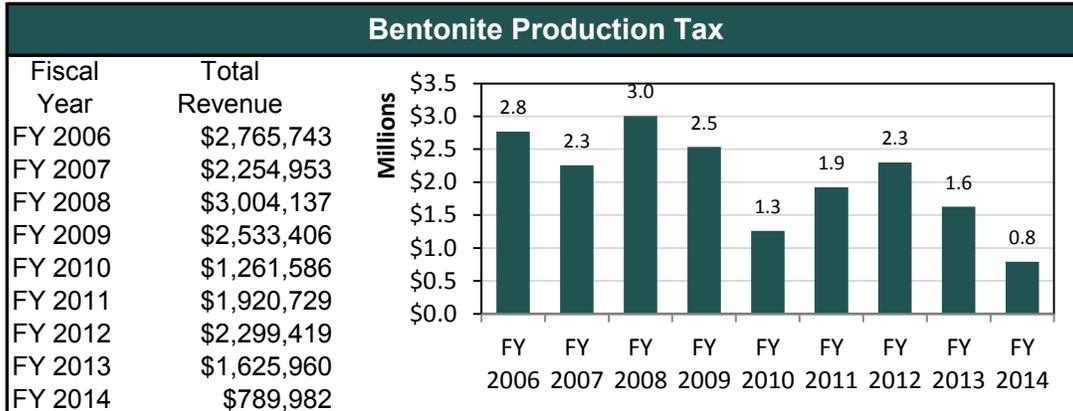
| State        | Type of Tax                           | Description of Tax Rates                                                                                                               |
|--------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| California   | Oil and Gas Production Assessment     | Rate determined annually by Department of Conservation                                                                                 |
| Colorado     | Severance Tax                         | Two to five percent based on gross income for oil, gas, carbon dioxide and coal bed methane                                            |
|              | Oil and Gas Conservation Levy         | Four percent of gross proceeds on production exceeding 15,000 tons per day for oil shale                                               |
| Idaho        | Oil and Gas Production Tax            | Maximum of five mills/bbl. of oil and five mills/50,000 cubic feet of gas                                                              |
|              | Additional Oil and Gas Production Tax | Two percent of market value at site of production                                                                                      |
| Kansas       | Severance Tax                         | Eight percent of gross value of oil and gas, less property tax credit of 3.67 percent                                                  |
|              | Oil and Gas Conservation Tax          | 91 mills/bbl crude oil or petroleum marketed or used each month<br>12.9 mills/1,000 cubic feet of gas sold or marketed each month      |
| Montana      | Oil or Gas Conservation Tax           | Maximum of 0.3 percent on the market value of each barrel of crude petroleum oil or 10,000 cubic feet of natural gas produced and sold |
|              | Oil or Natural Gas Production Tax     | Varies from 0.5 percent to 14.8 percent of market value according to the well and type of production                                   |
| Nebraska     | Oil and Gas Severance Tax             | Three percent of value of nonstripper oil and natural gas                                                                              |
|              | Oil and Gas Conservation Tax          | Two percent of value of stripper oil. Maximum of 15 mills/\$1 of value at wellhead                                                     |
| Nevada       | Oil and Gas Conservation Tax          | \$50/mills/bbl of oil and 50 mills/50,000 cubic feet of gas                                                                            |
| North Dakota | Oil Gross Production Tax              | Five percent of gross value at the well                                                                                                |
|              | Gas Gross Production Tax              | \$0.04 per 1,000 cubic feet of gas produced. The rate is subject to a gas rate adjustment each fiscal year.                            |
|              | Oil Extraction Tax                    | 6.5 percent of gross value at the well. Exceptions exist for certain production volumes and incentives for enhanced recovery projects. |
| Ohio         | Resource Severance Tax                | \$0.10/bbl of oil                                                                                                                      |
|              |                                       | \$0.025/1,000 cubic feet of natural gas                                                                                                |
| Oregon       | Oil and Gas Production Tax            | Six percent of gross value at well                                                                                                     |
| South Dakota | Energy Minerals Severance Tax         | 4.5 percent of taxable value of all energy minerals                                                                                    |
|              | Conservation Tax                      | 2.4 mills of taxable value of all energy minerals                                                                                      |
| Utah         | Oil and Gas Severance Tax             | Three percent of value for the first \$13 per barrel of oil and five percent if the value is \$13.01 or higher                         |
|              |                                       | Three percent of value for the first \$1.50/mcf and five percent if the value is \$1.51 or higher                                      |
|              | Oil and Gas Conservation Fee          | Four percent of taxable value of natural gas liquids<br>0.002 percent of market value at the wellhead                                  |
| Wyoming      | Severance Taxes                       | Six percent on crude oil, lease condensate or natural gas                                                                              |
|              |                                       | Four percent for stripper oil                                                                                                          |

MCF stands for 1,000 cubic feet; bbl stands for barrel

<http://www.ncsl.org/issues-research/energyhome/oil-and-gas-severance-taxes.aspx>

# Bentonite Production Tax

**Statute:** Title 15, Chapter 39, MCA



## Tax Rate and History

Prior to tax year 2005, bentonite was subject to the mines net proceeds tax similar to other miscellaneous minerals. Starting in tax year 2005, bentonite is taxed at rates prescribed in 15-39-101, MCA. For tax years starting after December 31, 2009, the rates are adjusted annually for inflation.

## Filing and Payment of Tax

Producers are required to report production and pay taxes for semiannual periods ending June 30 and December 31. The report and tax are due within 45 days of the end of each semiannual period.

| Bentonite Production Tax Rates |                   |                   |
|--------------------------------|-------------------|-------------------|
| Production Level               | 2013 Tax (\$/Ton) | 2014 Tax (\$/Ton) |
| 0-20,000 Tons                  | \$0.00            | \$0.00            |
| 20,001-100,000 Tons            | \$1.66            | \$1.68            |
| 100,001-250,000 Tons           | \$1.60            | \$1.62            |
| 250,001-500,000 Tons           | \$1.49            | \$1.51            |
| 500,001-1,000,000 Tons         | \$1.33            | \$1.35            |
| Over 1 Million Tons            | \$1.07            | \$1.08            |
| <b>Royalty Revenue</b>         | 15%               |                   |

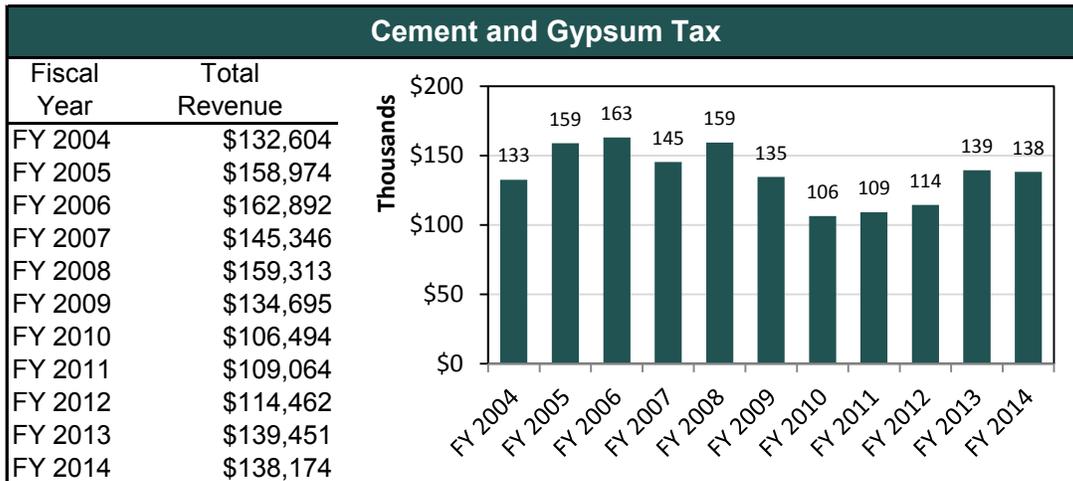
## Distribution

The tax revenue is distributed according to a statutory formula that distributes the tax among state and local entities (15-39-110, MCA).

| Distribution of Bentonite Tax |             |             |             |           |
|-------------------------------|-------------|-------------|-------------|-----------|
| Fund                          | FY 2011     | FY 2012     | FY 2013     | FY 2014   |
| Counties with Production      | \$1,510,703 | \$1,805,171 | \$1,273,910 | \$617,942 |
| General Fund                  | \$376,168   | \$456,028   | \$326,693   | \$160,616 |
| Montana University System     | \$33,857    | \$38,220    | \$25,358    | \$11,423  |

# Cement and Gypsum Tax

**Statute:** Title 15, Chapter 59, MCA



### Tax Rate

Producers and importers of cement and cement products are required to pay a license tax of 22 cents per ton. Producers and importers of gypsum and gypsum products are required to pay five cents per ton. Before July 1, 1997, individuals retailing cement and gypsum products in Montana paid a license tax of 22 cents and five cents, respectively, for every ton that had not been paid under any other law. The tax on retailers was repealed during the 1997 legislative session.

| Cement and Gypsum Tax Rates |             |
|-----------------------------|-------------|
| Product                     | Tax Per Ton |
| Cement                      | \$0.22      |
| Gypsum                      | \$0.05      |

### Filing Requirements

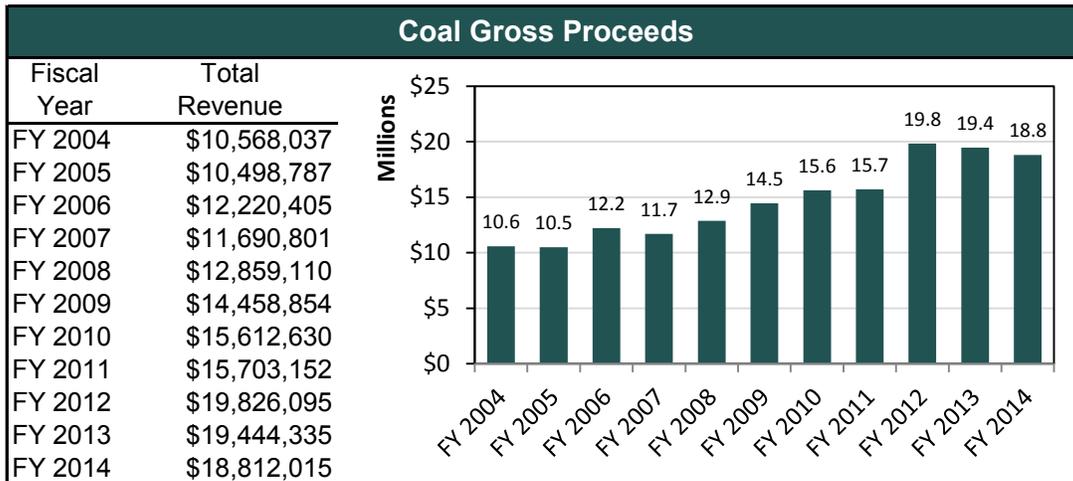
Producers, manufacturers and importers shall file quarterly statements showing the number of tons of cement or gypsum produced, manufactured, or imported into the state. These statements, along with the tax due, must be submitted within 30 days following the end of each calendar quarter.

### Distribution

All proceeds from cement and gypsum taxes are deposited in the state general fund.

# Coal Gross Proceeds

**Statute:** Chapter 15, Section 23, Part 7, MCA



### Tax Rate

State and local governments do not levy or assess any mills against the reported gross proceeds of coal. Instead, a flat tax of five percent is levied against the value of the reported gross proceeds for most coal mines. With the passage of SB 266 in the 2011 Legislature, new and existing underground coal mines will be taxed at a rate of 2.5 percent of the gross proceeds.

### Filing Requirements

On or before March 31 of every year, each person or firm engaged in mining coal must file a statement of gross yield for every mine operated in the preceding year. The producer must pay 50 percent of the taxes due on or before November 30; the remaining 50 percent is due on or before May 31 of the following year.

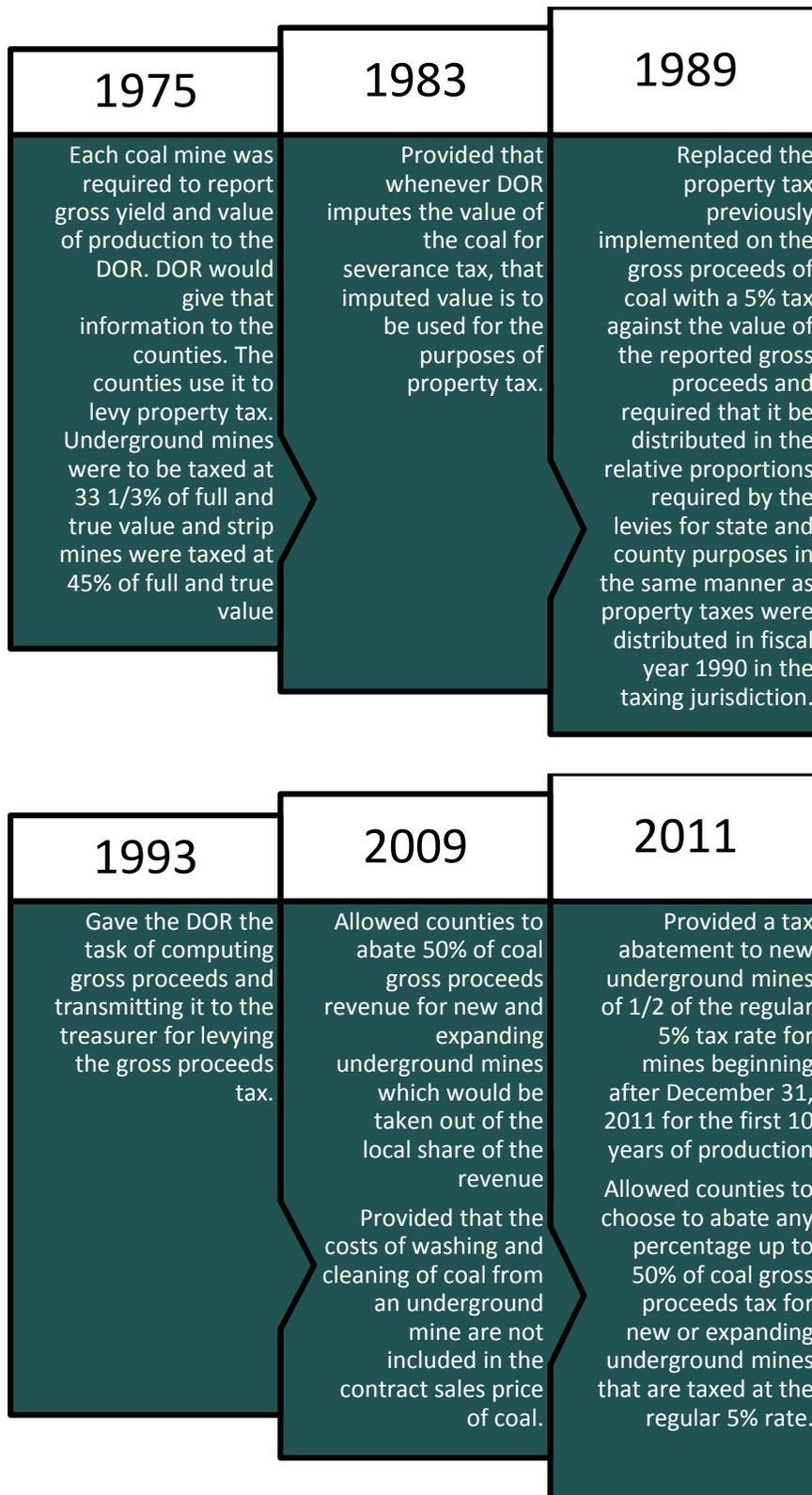
### Distribution

The revenue is proportionally distributed to the appropriate taxing jurisdictions in which production occurred based on the total number of mills levied in fiscal year 1990.

| Coal Gross Proceeds Tax |               |               |               |               |               |               |               |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Fiscal Year             | FY 2008       | FY 2009       | FY 2010       | FY 2011       | FY 2012       | FY 2013       | FY 2014       |
| Tax Year                | TY 2006       | TY 2007       | TY 2008       | TY 2009       | TY 2010       | TY 2011       | TY 2012       |
| Tons produced           | 40,001,121    | 35,737,660    | 37,476,029    | 33,271,405    | 38,789,754    | 36,416,185    | 33,970,260    |
| Gross Value             | \$368,099,711 | \$411,988,590 | \$442,865,255 | \$442,503,221 | \$546,490,686 | \$577,000,614 | \$558,738,538 |
| Gross Proceeds          | \$257,182,190 | \$289,177,075 | \$312,252,594 | \$314,063,017 | \$396,521,885 | \$424,029,484 | \$411,533,834 |
| Tax                     | \$12,859,110  | \$14,458,854  | \$15,612,630  | \$15,703,152  | \$19,826,095  | \$19,444,335  | \$18,812,015  |
| Local Share             | \$6,813,199   | \$7,265,833   | \$7,901,254   | \$8,138,728   | \$10,739,041  | \$10,369,234  | \$10,043,732  |
| State Share             | \$6,045,910   | \$7,193,021   | \$7,711,376   | \$7,564,424   | \$9,087,054   | \$9,075,101   | \$8,768,283   |

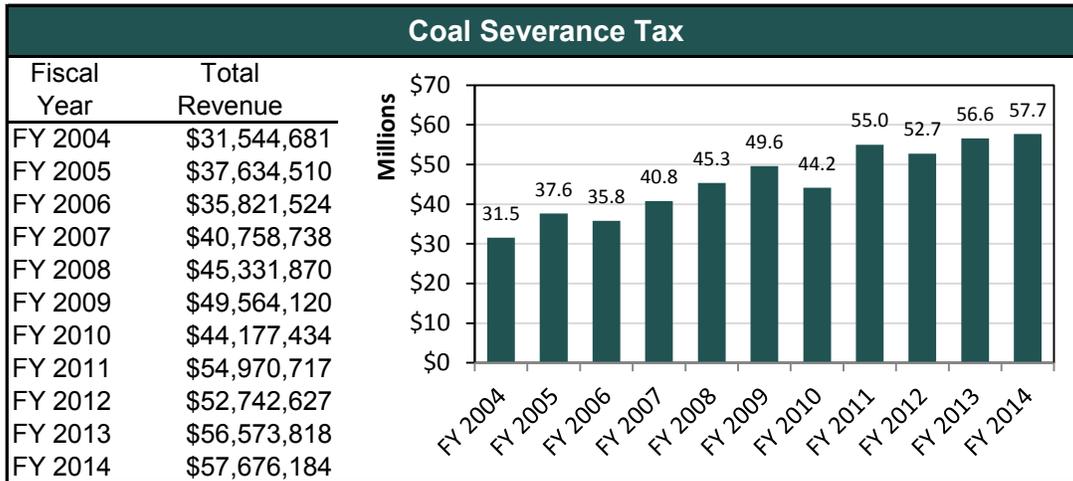
## Coal Gross Proceeds History

The following figures show a select history behind the implementation and tax rate for coal gross proceeds tax.



# Coal Severance Tax

**Statute:** Title 15, Chapter 35, MCA;  
Article IX, Section 5, Montana Constitution



## Tax Rate

Surface mined coal is taxed at 15 percent of value if rated as having 7,000 British thermal units (BTU) per pound and over and is taxed at 10 percent of value if rated as having less than 7,000 BTU per pound. Coal mined underground is taxed at four percent if rated as having 7,000 BTU per pound and over, and is taxed at three percent if rated as having less than 7,000 BTU per pound.

Coal mined using auger technology is taxed at five percent of value if rated as having 7,000 BTU per pound and is taxed at 3.75 percent of value if rated as having under 7,000 BTU per pound.

| Coal Severance Tax Rates    |                   |                 |                     |
|-----------------------------|-------------------|-----------------|---------------------|
| Heating Quality<br>(BTU/lb) | Surface<br>Mining | Auger<br>Mining | Underground<br>Mine |
| Less Than 7,000 BTU         | 10%               | 3.75%           | 3%                  |
| More Than 7,000 BTU         | 15%               | 5%              | 4%                  |

For a comparison to other states' tax on coal production, please see "Coal, Oil and Natural Gas State Tax Comparison" subsection of this report.

## Filing Requirements

Coal mine operators are required to file quarterly statements containing information sufficient to calculate the tax due. Tax payments are due at the time of filing (within 30 days following the close of each calendar quarter).

## Distribution

There are many steps to the distribution of revenue generated from the coal severance tax. First, 50 percent of total severance tax revenue is deposited in the coal trust fund as described in Article IX, Section 5 of the Montana Constitution. This revenue must remain inviolate, or intact, unless appropriated by a ¾ majority of both houses of the legislature. There are currently five sub-trusts that make up the coal trust fund. These sub-trusts are: Coal Tax Bond Fund, Treasure State Endowment Fund, Treasure State Endowment Regional Water Fund, Big Sky Economic Development Fund, and the Coal Severance Tax Permanent Fund.

All severance tax trust revenue is first deposited in the Coal Tax Bond Fund. However, only a small portion is retained in the fund. This fund maintains a fund balance sufficient to meet interest payments of outstanding Coal Severance Tax Bonds. These bonds are used to provide loans for renewable resource projects. The fund balance in excess of the required amount is then deposited to the Treasure State Endowment Trust

## Coal Severance Tax

Fund (50 percent), the Treasure State Endowment Regional Water Trust Fund (25 percent), and the Big Sky Economic Development Trust Fund (25 percent). Interest generated from the Treasure State Endowment Trust Fund is appropriated in HB 11 and used to fund grants for local infrastructure projects. The interest revenue from the Big Sky Economic Development Trust Fund is statutorily appropriated to the Department of Commerce for grants and loans to local governments for economic development purposes.

Any remaining trust fund severance tax revenue is distributed to the Coal Severance Tax Permanent Fund and interest revenue is deposited in the general fund. The table to the right shows the balance of each of these trust funds as of the end of FY 2014:

| Coal Trust Fund Balances            |                                                |
|-------------------------------------|------------------------------------------------|
| Trust                               | FY 2014 Estimated Ending Balance (\$ millions) |
| Treasure State Endowment Trust      | \$251.92                                       |
| Treasure State Regional Water Trust | \$82.91                                        |
| Big Sky Economic Development Trust  | \$78.89                                        |
| Coal Permanent Trust                | \$548.96                                       |
| <b>Total</b>                        | <b>\$962.69</b>                                |

Even though the interest from the Coal Severance Tax Permanent Trust Fund is deposited in the general fund, there are statutory appropriations directing how some of this interest revenue is spent. These statutory appropriations will expire at the end of FY 2019. The following table details these appropriations:

| General Fund Coal Interest Earnings Statutory Appropriations |             |                   |
|--------------------------------------------------------------|-------------|-------------------|
|                                                              | FY 2013     | FY 2014 - FY 2019 |
| Cooperative Development Center                               | \$65,000    | \$65,000          |
| Growth Through Agriculture                                   | \$625,000   | \$1,250,000       |
| Research and Commercialization                               | \$1,275,000 | \$3,650,000       |
| <b>Department of Commerce</b>                                |             |                   |
| Small Business Development Center                            | \$125,000   | \$125,000         |
| Small Business Innovative Research                           | \$50,000    | \$50,000          |
| Certified Development Corporations                           | \$425,000   | \$425,000         |
| MT Manufacturing Center at MSU                               | \$200,000   | \$200,000         |
| Export Trade Enhancement                                     | \$300,000   | \$300,000         |

Under current state law, beginning in 2021, the Treasure State Endowment Trust Fund (50 percent) and the Treasure State Endowment Regional Water Trust Fund (25 percent) will no longer receive trust fund revenue. Instead, the Coal Severance Tax Permanent Trust Fund will receive 75 percent of the trust revenue distribution. Beginning in FY 2026, the Coal Severance Tax Permanent Trust Fund will receive all trust

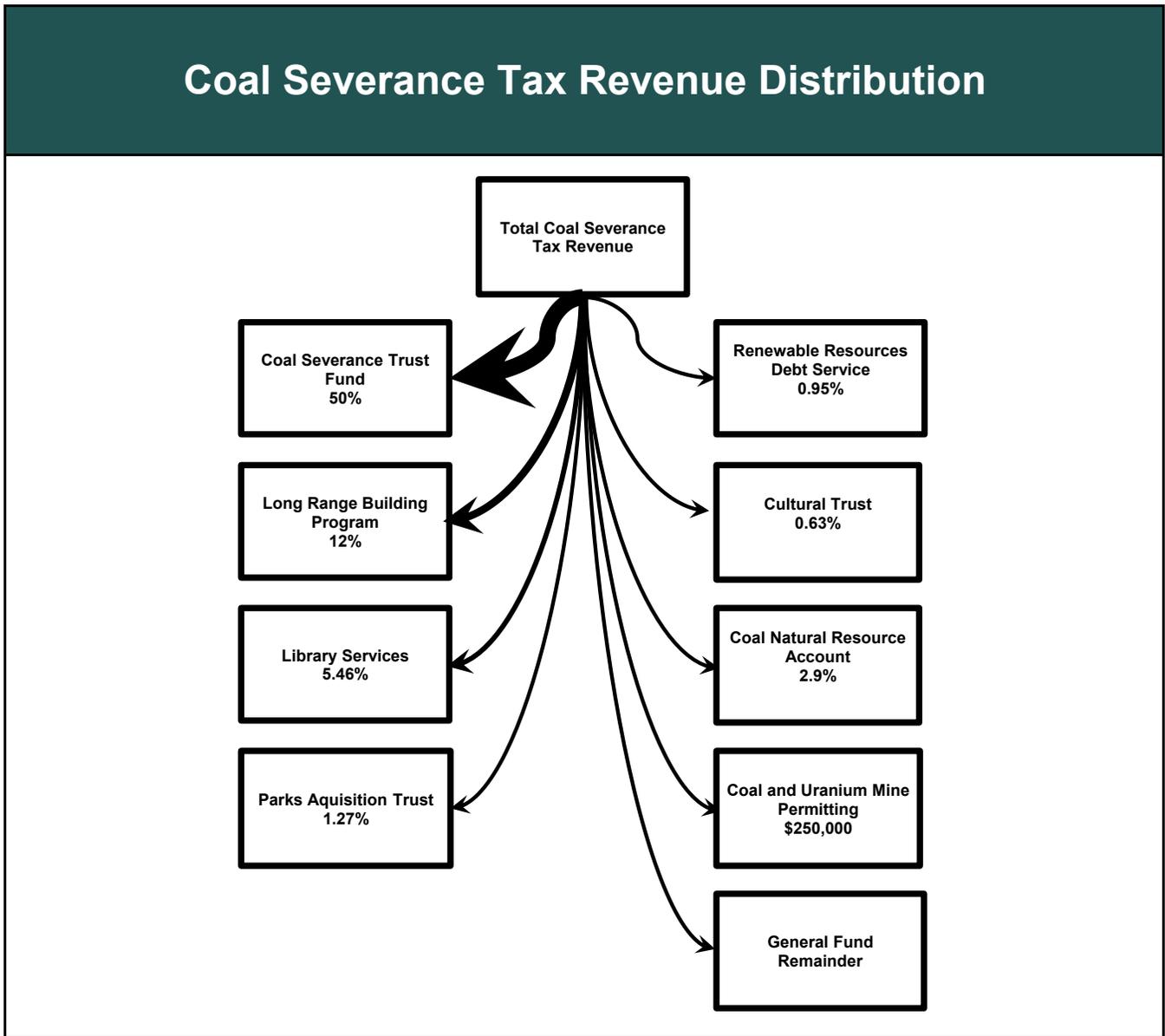
revenue in excess of the amount needed by the Coal Tax Bond Fund.

The 50 percent of revenue that is not constitutionally allocated is deposited according to 15-35-108, MCA. The following table shows how this revenue was distributed for the last four fiscal years in proportion to the total severance tax revenue.

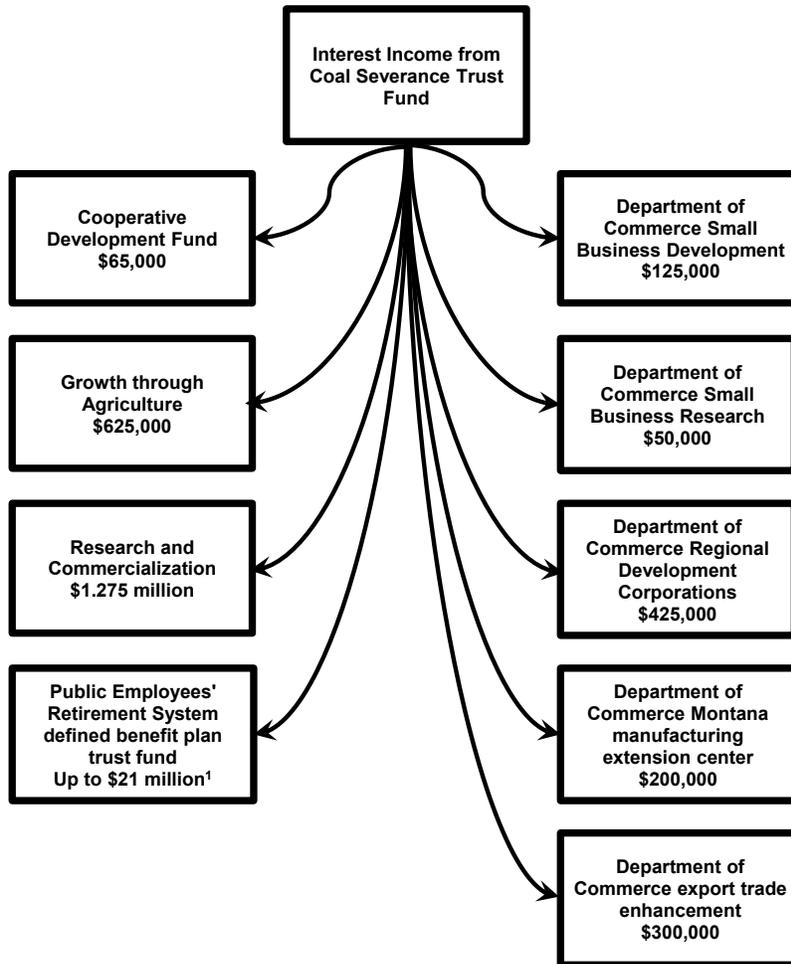
| Distribution of Coal Severance Tax   |              |              |              |              |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Fund                                 | FY 2011      | FY 2012      | FY 2013      | FY 2014      |
| Coal Trust Fund (50%)                | \$27,485,358 | \$26,371,314 | \$28,286,909 | \$28,838,092 |
| Long Range Building (12%)            | \$6,596,486  | \$6,329,115  | \$6,788,858  | \$6,921,142  |
| Shared Account (5.46%)               | \$3,001,401  | \$2,879,748  | \$3,088,930  | \$3,149,120  |
| Park Acquisition Trust (1.27%)       | \$698,128    | \$669,831    | \$718,487    | \$732,488    |
| Renewable Res. Debt Service (0.95%)  | \$522,222    | \$501,055    | \$537,451    | \$547,924    |
| Cultural and Aesthetic Proj. (0.63%) | \$346,316    | \$332,279    | \$356,415    | \$363,360    |
| Coal Board (5.8% or 2.9%)            | \$3,188,302  | \$3,059,072  | \$3,281,281  | \$2,129,440  |
| Coal & Uranium Program (\$250K)      | \$250,000    | \$250,000    | \$250,000    | \$250,000    |
| General Fund (Remainder)             | \$12,882,504 | \$12,350,214 | \$13,265,485 | \$14,744,619 |

# Coal Severance Tax

The following three charts illustrate the entire distribution of the coal severance tax revenue.

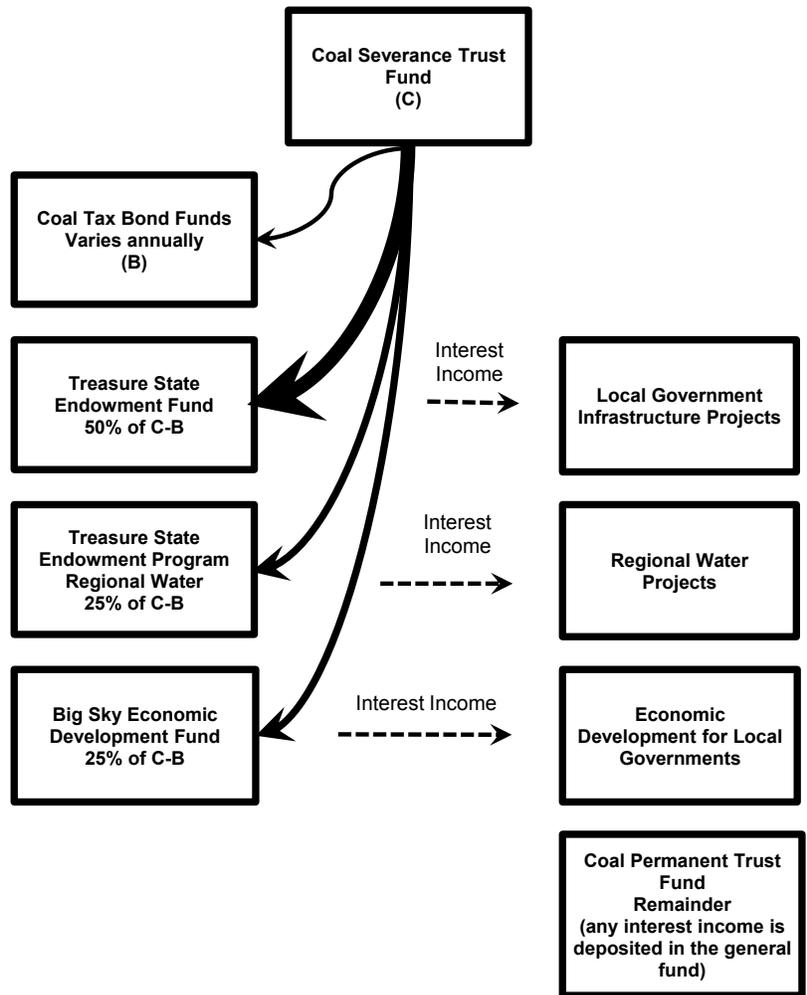


## Interest Income Coal Severance Trust Fund (terminates June 30, 2019)



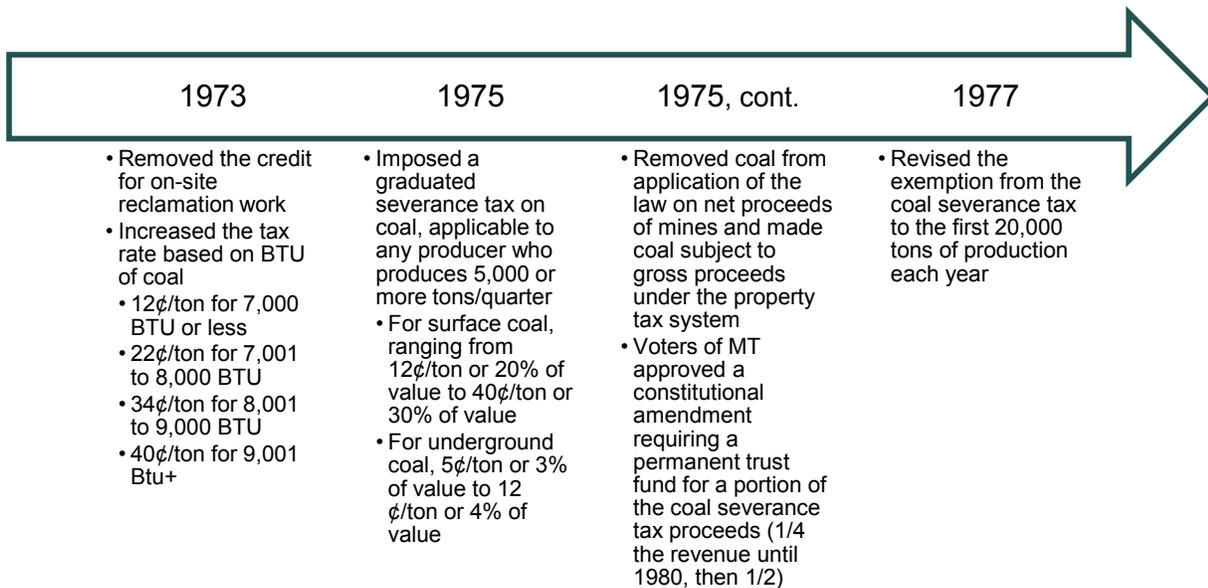
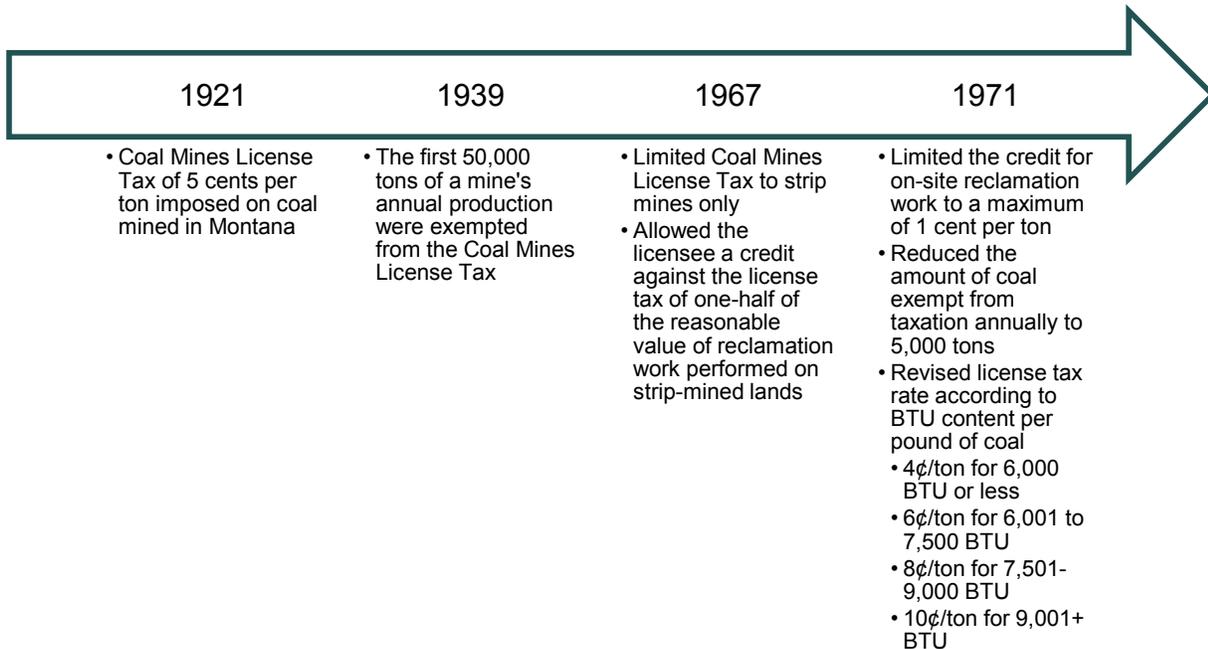
<sup>1</sup> This increases to \$24 million July 1, 2019. If the legislative finance committee determines that the public employees' retirement board has failed to provide a sufficient report, it shall recommend that \$5 million be subtracted from these amounts

## Coal Severance Trust Fund Distribution

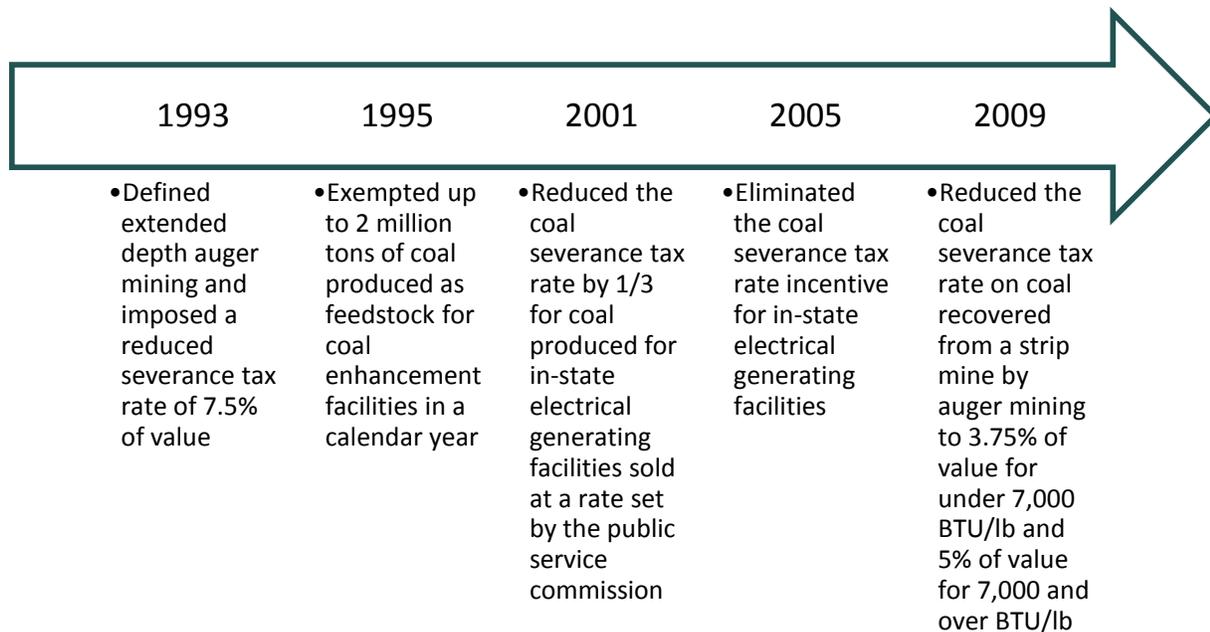
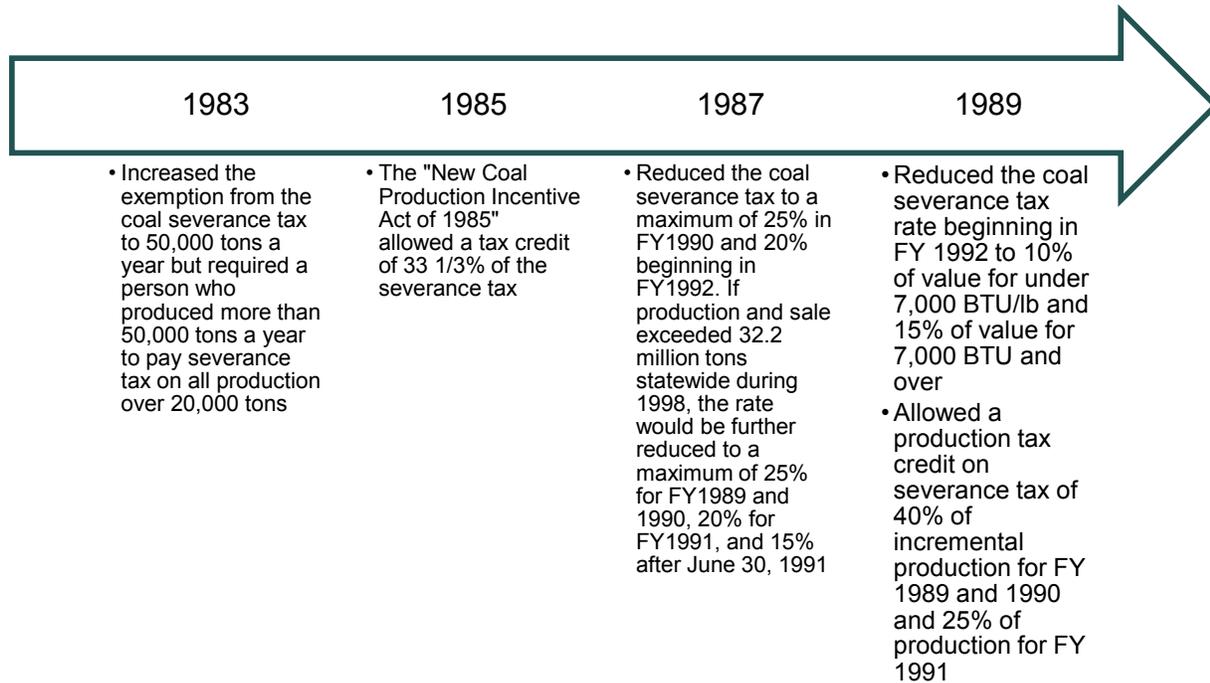


# Coal Severance Tax History

The following figures show a select history of the coal severance tax rate and implementation.

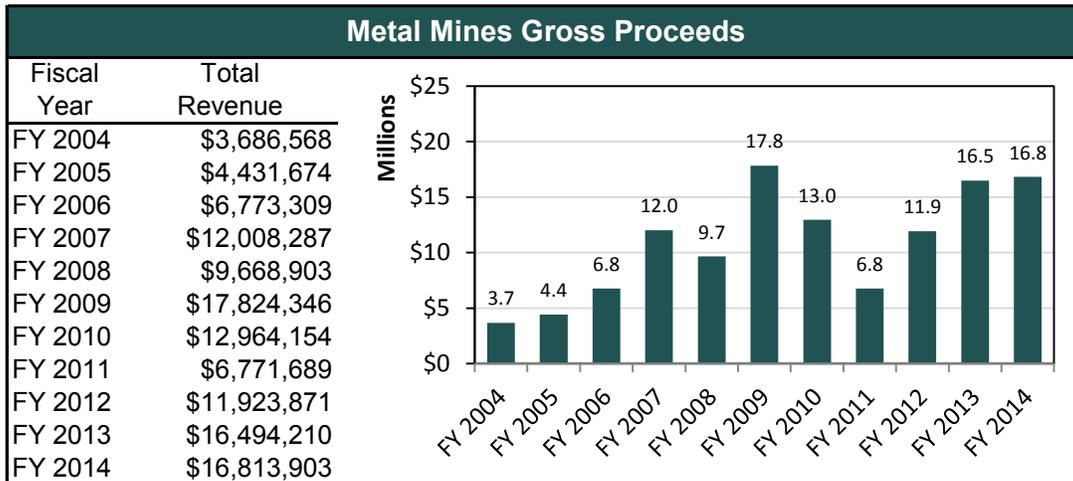


# Coal Severance Tax History



## Metal Mines Gross Proceeds Tax (Class 2 Property)

**Statute:** Title 15, Chapter 23, Part 8, MCA



### Tax Rate

The value of severed gold, silver, copper, lead, or other metals from any mine located in Montana is considered class 2 property for property class purposes and is assessed local and state mills. The taxable value of metal mines is equal to three percent of merchantable value.

Merchantable value is the annual gross proceeds from the sale of metals less certain deductions. Allowed deductions include the costs of transporting mineral product from mine to processor, basic treatment and refinery charges, quantity deductions, price deductions, interest, and penalty metal, impurity, and moisture deductions as specified by contract.

For example, imagine Best Metal Company has \$11 million in gross proceeds from gold and silver. They have a total of \$1 million in allowable deductions, including \$250,000 in treatment and refining and \$750,000 in transportation costs from the mine to the processor. Their merchantable value, or gross proceeds minus allowable deductions, is \$10 million. With 3 percent taxable as defined by law, they have a taxable value of \$300,000. The state and their county assess 500 mills on their taxable value resulting in \$150,000 tax due to the state and county.

### Filing Requirements

Metal mines tax reports must be filed by March 31 of each year, showing the total gross proceeds of metal mined during the preceding calendar year. By July 1, the department calculates the merchantable value by subtracting allowable deductions and records the value in the property tax records. The mine producer must pay half of the property tax levied and assessed by November 30 and the other half by May 31 of the following year.

## Metal Mines Gross Proceeds Tax (Class 2 Property)

### Distribution of Metal Mines Gross Proceeds Tax

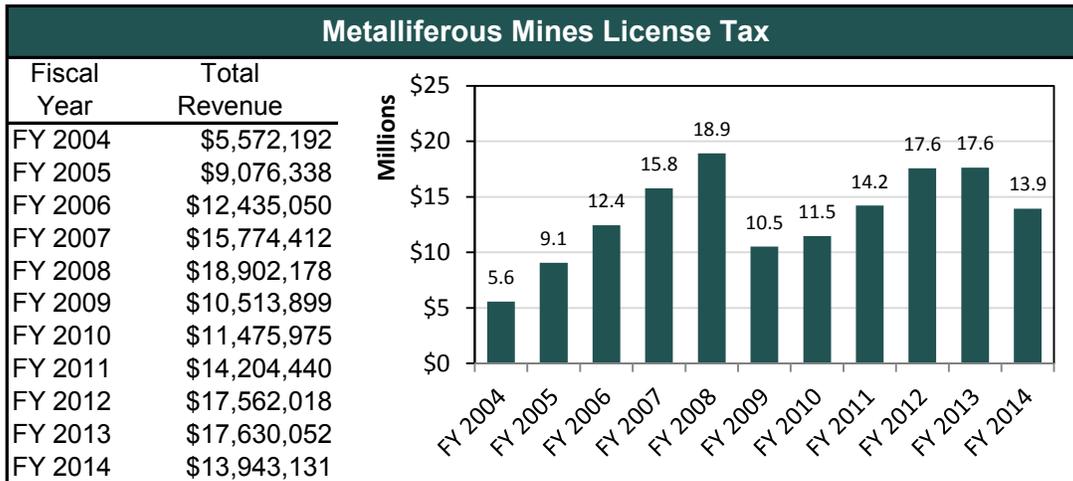
The taxable value of metal mines gross proceeds is allocated to the local jurisdictions where the mine mouth is located. The mills of these local jurisdictions and statewide mills are levied against the taxable value.

| Metal Mines Gross and Taxable Value of Production |                    |                    |                                      |                                      |
|---------------------------------------------------|--------------------|--------------------|--------------------------------------|--------------------------------------|
| <u>Production Year</u>                            | <u>Fiscal Year</u> | <u>Gross Value</u> | <u>Taxable Value for Local Mills</u> | <u>Taxable Value for State Mills</u> |
| 2005                                              | 2007               | \$703,845,238      | \$15,878,966                         | \$21,106,498                         |
| 2006                                              | 2008               | \$925,815,385      | \$18,849,252                         | \$25,068,597                         |
| 2007                                              | 2009               | \$1,161,919,543    | \$24,540,432                         | \$32,019,240                         |
| 2008                                              | 2010               | \$1,033,960,651    | \$23,843,907                         | \$28,307,630                         |
| 2009                                              | 2011               | \$843,431,234      | \$19,812,142                         | \$23,205,010                         |
| 2010                                              | 2012               | \$1,117,009,632    | \$28,972,961                         | \$31,295,298                         |
| 2011                                              | 2013               | \$1,037,736,476    | \$29,970,925                         | \$31,132,094                         |
| 2012                                              | 2014               | \$1,043,487,747    | \$31,304,631                         | \$31,304,632                         |

| Gross Proceeds Property Taxes Assessed |                    |                    |                           |
|----------------------------------------|--------------------|--------------------|---------------------------|
| <u>Fiscal Year</u>                     | <u>State Share</u> | <u>Local Share</u> | <u>Total Property Tax</u> |
| FY 2004                                | \$888,757          | \$2,797,811        | \$3,686,568               |
| FY 2005                                | \$1,053,349        | \$3,378,324        | \$4,431,674               |
| FY 2006                                | \$1,325,860        | \$5,447,449        | \$6,773,309               |
| FY 2007                                | \$2,147,401        | \$9,860,885        | \$12,008,287              |
| FY 2008                                | \$1,913,103        | \$7,755,799        | \$9,668,903               |
| FY 2009                                | \$3,256,373        | \$14,567,972       | \$17,824,346              |
| FY 2010                                | \$2,875,151        | \$10,089,003       | \$12,964,154              |
| FY 2011                                | \$1,096,356        | \$5,675,333        | \$6,771,689               |
| FY 2012                                | \$2,106,806        | \$9,817,065        | \$11,923,871              |
| FY 2013                                | \$3,162,135        | \$13,332,075       | \$16,494,210              |
| FY 2014                                | \$3,178,007        | \$13,635,896       | \$16,813,903              |

# Metalliferous Mines License Tax

**Statute:** Title 15, Chapter 37, Part 1, MCA



### Tax Rate

Mining operations in which metal or gems are extracted are subject to the metalliferous mines license tax, which is based on the gross value of the product. The first \$250,000 of gross value is exempt from taxation. Concentrate shipped to a smelter, mill or reduction work is taxed at 1.81 percent of gross value. Gold, silver, or any platinum-group metal that is dore, bullion, or matte that is shipped to a refinery is taxed at 1.6 percent of gross value. Shipping and refining costs are deducted from revenue to determine gross value.

| Metalliferous Mines Tax Rates         |          |                 |
|---------------------------------------|----------|-----------------|
| Tax Base*                             | Tax Rate | Exemptions      |
| Dore/Bullion/Matte                    | 1.60%    | First \$250,000 |
| Concentrates                          | 1.81%    | First \$250,000 |
| *Excludes shipping and refining costs |          |                 |

### Gross Value

The value to which the tax rate is applied is the monetary payment the mining company receives from the metal trader, smelter, roaster, or refinery. This is determined by multiplying the quantity of metal received by the metal trader, smelter, roaster or refinery by the quoted price for the metal; subtracting basic treatment and refinery charges, quantity deductions, price deductions, interest, penalty metal, impurity and moisture deductions as specified by contract between the mining company and the receiving metal trader, smelter, roaster or refinery. Deductions are also allowed for the cost of transportation from the mine or mill to the smelter, roaster or refinery.

Copper, platinum, palladium, and gold account for over 75 percent of the gross value reported by metal mines taxpayers. The table on the following page shows the national annual price for these commodities since 2010. The variation in price over the years has had a large impact on the total amount of revenue the state has collected.

## Metalliferous Mines License Tax

| Select U.S. Commodity Prices |              |            |                 |                |
|------------------------------|--------------|------------|-----------------|----------------|
| Calendar Year                | Copper \$/lb | Gold \$/oz | Palladium \$/oz | Platinum \$/oz |
| 2010                         | \$3.43       | \$1,226    | \$528           | \$1,611        |
| 2011                         | \$4.00       | \$1,571    | \$733           | \$1,719        |
| 2012                         | \$3.61       | \$1,668    | \$643           | \$1,549        |
| 2013                         | \$3.33       | \$1,411    | \$725           | \$1,485        |
| 2014 (est.)                  | \$3.19       | \$1,313    | \$790           | \$1,507        |

### Filing Requirements

Beginning in 2003, reports and payment of metal mines tax are due twice a year, on or before March 31 and August 15.

### Distribution

Metalliferous mines license tax revenue is distributed to various entities in accordance with 15-37-117, MCA.

| Distribution of Metalliferous Mine License Tax |             |              |              |             |
|------------------------------------------------|-------------|--------------|--------------|-------------|
| Fund                                           | FY 2011     | FY 2012      | FY 2013      | FY 2014     |
| General Fund (57%)                             | \$8,096,531 | \$10,010,350 | \$10,049,129 | \$7,947,585 |
| Hard Rock Mining (2.5%)                        | \$355,111   | \$439,050    | \$440,751    | \$348,578   |
| Hard Rock Debt Service (8.5%)                  | \$1,207,377 | \$1,492,772  | \$1,498,554  | \$1,185,166 |
| Natural Resources Operations (7%)              | \$994,311   | \$1,229,341  | \$1,234,104  | \$976,019   |
| County Governments (25%)                       | \$3,551,110 | \$4,390,504  | \$4,407,513  | \$3,485,783 |
| Reclamation & Development                      | \$0         | \$0          | \$0          | \$0         |

# Metalliferous Mines License Tax History

## Select History of Metalliferous Mines License Tax

The metalliferous mines license tax was enacted in 1925 at the following rates:

- \$1 +  $\frac{1}{4}$  of 1% of gross value between \$100,000 and \$250,000
- \$1 +  $\frac{1}{2}$  of 1% of gross value between \$250,001 and \$400,000
- \$1 +  $\frac{3}{4}$  of 1% of gross value between \$400,001 and \$500,000
- \$1 + 1% of gross value over \$500,000

### 1958

Increased the tax rate on gross value exceeding \$500,000 to \$1 + 1  $\frac{1}{4}$ %

### 1969

For production years 1969 and 1970, increased the tax rate to

- 0.15 of 1% of the first \$100,000 of gross value
- 0.575 of 1% of \$100,001-\$250,000 of gross value
- 0.86 of 1% of \$250,001-\$400,000 of gross value
- 1.15% of \$400,001-\$500,000 of gross value
- 1.438% of \$500,000 + of gross value

### 1971

Adopted the tax rates from 1969 for production years beginning January 1, 1970 and thereafter

### 1983

Revised tax rates as follows:

- 0% on first \$250,000 of gross value
- 0.5% of gross value from \$250,001-\$500,000
- 1% of gross value from \$500,001-\$1,000,000
- 1.5% of gross value of more than \$1,000,000

### 1989

Revised tax rates as follows:

Concentrate shipped to a smelter, mill or reduction work is taxed at the following rates:

- 0% on first \$250,000 of gross value
- 1.81% on gross value over \$250,000

Gold, silver or any platinum-group metal that is dore, bullion or matte and that is shipped to a refinery is taxed at the following rates:

- 0% on first \$250,000 of gross value
- 1.6% on gross value over \$250,000

### 2003

Added other forms of processed concentrate that are processed in a treatment facility owned or operated by the taxpayer and are sold or shipped to a refinery for final processing to the gold, silver and platinum-group metal tax rates

### 2009

No more than \$250,000 in gross value in a calendar year can be exempt from metalliferous mines license tax

## Micaceous Mines License Tax

**Statute:** Title 15, Chapter 37, Part 2, MCA

### **Tax Rate**

Micaceous minerals are those that are generally classified as complex silicates, and include such minerals as vermiculite, perlite, kernite and maconite. There have been no micaceous mines license tax collections since FY 1990 because there has been no production. All proceeds from the micaceous mines license tax are deposited in the state general fund (15-37-200, MCA).

There is a tax of five cents per ton of concentrates mined, extracted or produced.

### **Filing Requirements**

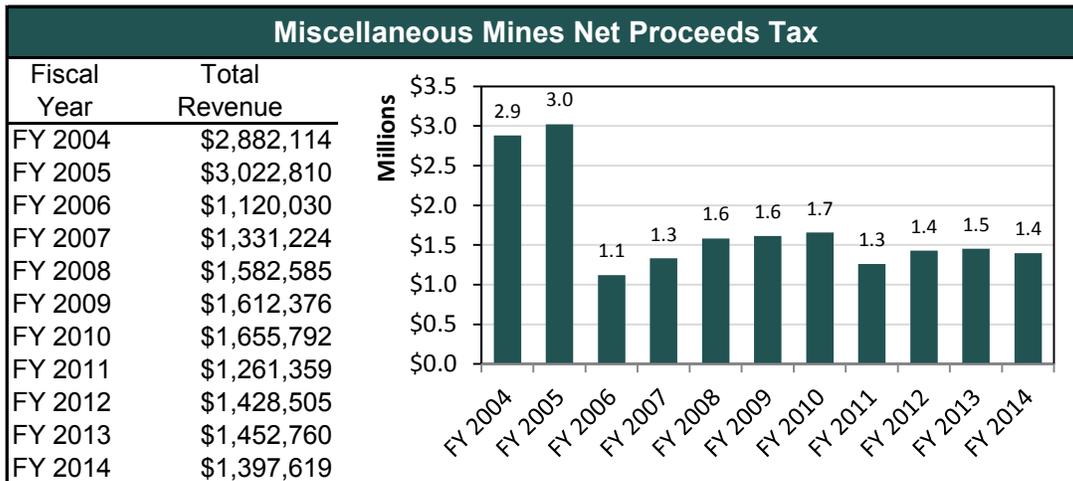
Operators of micaceous mineral mines are required to file quarterly statements showing the number of tons of micaceous minerals mined. Quarterly returns, along with the accompanying tax payment, are due within 30 days following the end of each calendar quarter.

### **Distribution**

All proceeds from micaceous mines license tax are deposited in the state general fund.

## Miscellaneous Mines Net Proceeds Tax (Class 1 Property)

**Statute:** Title 15, Chapter 23, Part 5, MCA



### Tax Rate

Severed products of mines except bentonite, coal and metal are considered class 1 property for property tax purposes, and are levied statewide and local mills. Class 1 property includes, but is not limited to, talc, limestone and vermiculite.

The value of the severed products is the annual net proceeds of mines and mining claims. The net proceeds of talc, vermiculite, limestone and industrial garnets and byproducts are calculated by multiplying the number of tons mined by a statutorily defined value.

- Talc value =  $\$4.25 \times 2013 \text{ price deflator} \div 1989 \text{ price deflator}$
- Vermiculite value =  $\$27 \times 2013 \text{ price deflator} \div 1991 \text{ price deflator}$
- Limestone value =  $\$0.34 \times 2013 \text{ price deflator} \div 1992 \text{ price deflator}$
- Industrial garnets value =  $\$20 \times 2013 \text{ price deflator} \div 1995 \text{ price deflator}$
- Byproducts of industrial garnets value = gross revenue  $\times 30\%$

For all other class 1 mined products, the value is the gross value less certain allowable deductions that account for the cost of the mining.

Sand and gravel are exempt from mines net proceeds taxation. Producers of industrial garnets, travertine and building stone are exempt from mines net proceeds tax on the first 1,000 tons of production.

### Filing Requirements

Miscellaneous mines tax reports are due by March 31 of each year, showing the total gross proceeds of minerals mined during the preceding calendar year, and information on costs associated with the mining operation sufficient to allow calculation of the net proceeds from the operation. By July 1 the department calculates the net value by subtracting allowable deductions and records the value in property tax records. The mine producer must pay half of the property tax levied and assessed by November 30 and the other half by May 31 of the following year.

## Miscellaneous Mines Net Proceeds Tax (Class 1 Property)

### Distribution of Miscellaneous Mines Net Proceeds Tax

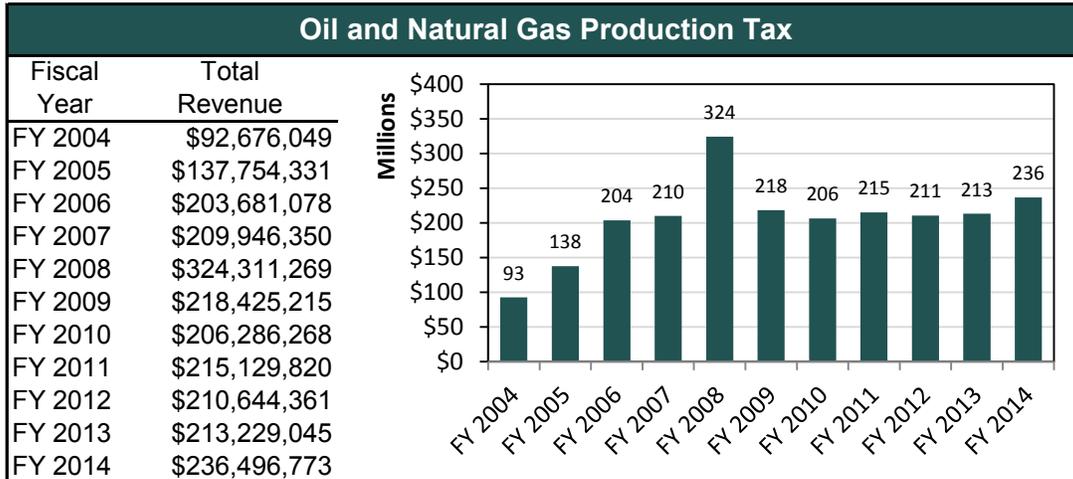
The taxable value of miscellaneous mines net proceeds is allocated to the local jurisdictions where the mine mouth is located. The mills of these local jurisdictions and statewide mills are levied against the taxable value.

| <b>Miscellaneous Mines Net Proceeds and Taxable Value</b> |                    |             |                     |
|-----------------------------------------------------------|--------------------|-------------|---------------------|
| <u>Production Year</u>                                    | <u>Fiscal Year</u> | <u>Tons</u> | <u>Net Proceeds</u> |
| 2005                                                      | 2007               | 2,303,771   | \$2,694,716         |
| 2006                                                      | 2008               | 2,447,104   | \$3,839,998         |
| 2007                                                      | 2009               | 2,511,456   | \$3,903,518         |
| 2008                                                      | 2010               | 2,348,914   | \$4,009,608         |
| 2009                                                      | 2011               | 1,945,885   | \$3,251,182         |
| 2010                                                      | 2012               | 2,192,645   | \$3,930,006         |
| 2011                                                      | 2013               | 2,103,024   | \$4,188,542         |
| 2012                                                      | 2014               | 2,207,297   | \$3,271,953         |

| <b>Net Proceeds Property Taxes Assessed</b> |                    |                    |                           |
|---------------------------------------------|--------------------|--------------------|---------------------------|
| <u>Fiscal Year</u>                          | <u>State Share</u> | <u>Local Share</u> | <u>Total Property Tax</u> |
| FY 2004                                     | \$788,609          | \$2,093,506        | \$2,882,114               |
| FY 2005                                     | \$811,274          | \$2,211,536        | \$3,022,810               |
| FY 2006                                     | \$272,116          | \$847,914          | \$1,120,030               |
| FY 2007                                     | \$328,482          | \$1,002,742        | \$1,331,224               |
| FY 2008                                     | \$387,840          | \$1,194,745        | \$1,582,585               |
| FY 2009                                     | \$405,332          | \$1,207,044        | \$1,612,376               |
| FY 2010                                     | \$404,166          | \$1,251,626        | \$1,655,792               |
| FY 2011                                     | \$321,519          | \$939,840          | \$1,261,359               |
| FY 2012                                     | \$392,736          | \$1,035,769        | \$1,428,505               |
| FY 2013                                     | \$423,043          | \$1,029,717        | \$1,452,760               |
| FY 2014                                     | \$330,467          | \$1,067,152        | \$1,397,619               |

# Oil and Natural Gas Tax

**Statute:** Title 15, Chapter 36; 20-9-310, MCA



## Recent Legislative History

The 1995 Montana Legislature replaced all existing state and local extraction taxes on all oil and natural gas production with a single production tax based on the type of well and type of production, with additional incentives if prices fall below specified levels. This tax became effective January 1, 1996. The 1999 Legislature further simplified the structure of oil and gas production tax rates. Effective January 1, 2000, the legislature consolidated tax rates, revised the definition of qualifying production, shortened incentive periods for qualifying production and replaced pre-1985 and post-1985 categories with pre-1999 and post-1999. The pre-1999 classification includes all wells drilled before January 1, 1999, while the post-1999 classification refers to wells drilled on or after January 1, 1999 (15-36-304, MCA).

Total gross value is computed as the product of the total number of barrels (bbl) or thousand cubic feet (MCF) produced each quarter and the average wellhead value per barrel or thousand cubic feet. Producers are allowed to deduct any production that is used in the operation of the well.

For a comparison of oil and gas production taxes to other states, please see the “Coal, Oil and Natural Gas State Tax Comparison” subsection of this report.

## Tax Rates

All taxable royalty owners of oil and natural gas production are taxed at a rate of 15.06 percent of the gross value of production. Royalties received by an Indian tribe from on-reservation oil production pursuant to a lease entered into under the Indian Mineral Leasing Act of 1938, and all governmental royalties, are exempt from taxation.

The regular production tax rates for the working interest of oil production are equal to 9.26 percent for wells drilled on or after January 1, 1999 and 12.76 percent for wells drilled before that time. However, there are also several additional tax rates to incentivize production. New wells receive a preferential tax rate of 0.76 percent of gross value. The holiday lasts for 12 months for vertical wells and 18 months for horizontal wells.

Additionally, incremental production from secondary and tertiary recovery projects may be taxed at preferential rates if the price of oil is below \$30 per barrel. Recompleted horizontal wells are taxed at reduced rates regardless of the price of oil. Incremental production is additional production above an established production curve for a given well.

Low producing wells may be classified as stripper or super-stripper wells and qualify for preferential tax rates. Wells producing less than an average of 15 barrels per day in the prior calendar year are classified as stripper wells. If the average price for West Texas Intermediate crude oil is below \$30 per barrel, these wells are taxed at preferential rates of 5.76 percent for the first 10 barrels a day and 9.26 percent for all additional

## Oil and Natural Gas Tax

production. If the price of oil is above \$30 a barrel, there is no reduced rate for stripper well production. If a well produces less than an average of three barrels a day in the prior calendar year, then it can qualify as a super-stripper well. Production from super-stripper wells is taxed at a preferential rate of 6.26 percent, and if the price of oil is below \$38 per barrel the rate is further reduced to 0.76 percent.

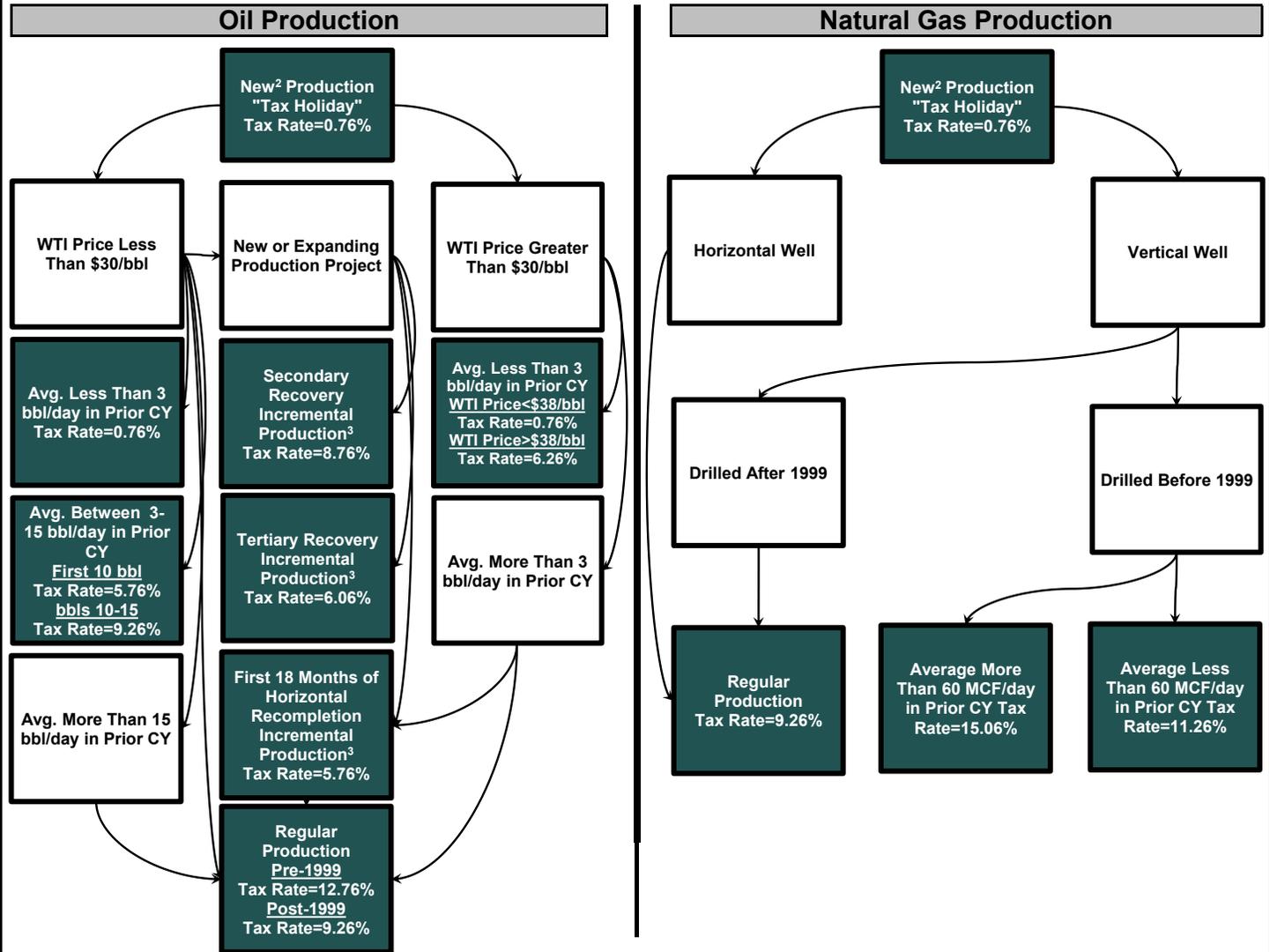
Natural gas producers receive the same holiday for new wells, and regular production is taxed at a rate of 9.26 percent after that if the well was drilled on or after January 1, 1999; 15.06 percent if drilled before.

Wells averaging less than 60,000 cubic feet (60 MCF) per day in the prior year can qualify as stripper wells, and qualify for a reduced tax rate of 11.6 percent if the well was drilled before 1999. The following table and chart illustrate how the varying tax rates apply in different scenarios.

### Oil and Natural Gas Production Tax Rates

| OIL-Working Interest                                                      |        | NATURAL GAS- Working Interest                                                                                                                                                         |        |
|---------------------------------------------------------------------------|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Pre-1999 Wells (Regular Production)                                       | 12.76% | Pre-1999 Wells (Regular Production)                                                                                                                                                   | 15.06% |
| Post-1999 Wells (Regular Production)                                      | 9.26%  | Post-1999 Wells (Regular Production)                                                                                                                                                  | 9.26%  |
| Incremental Production From Secondary Recovery <sup>†‡</sup>              | 8.76%  | Horizontally Completed Wells                                                                                                                                                          | 9.26%  |
| Incremental Production From Tertiary Recovery <sup>†‡</sup>               | 6.06%  | Pre-1999 Wells Producing Less Than 60 MCF per Day                                                                                                                                     | 11.26% |
| Horizontally Recompleted Wells - First 18 Months                          | 5.76%  | The First 12 Months Of New Wells' Production                                                                                                                                          | 0.76%  |
| Horizontally Completed Wells - First 18 Months                            | 0.76%  |                                                                                                                                                                                       |        |
| Stripper Wells - First 10 Barrels Per Day <sup>†‡</sup>                   | 5.76%  | † These rates apply if the price is under \$30 per barrel. Otherwise, the regular production rates apply.                                                                             |        |
|                                                                           |        | ‡ Oil price is the price for West Texas Intermediate Crude Oil reported in the Wall Street Journal.                                                                                   |        |
| Stripper Wells - Production in Excess of 10 Barrels Per Day <sup>†‡</sup> | 9.26%  | -Stripper wells produce 3-15 barrels per day.                                                                                                                                         |        |
| Super Stripper Wells - Oil Under \$38 Per Barrel <sup>‡</sup>             | 0.76%  | -Super stripper wells produce less than 3 barrels per day.                                                                                                                            |        |
| Super Stripper Wells - Oil \$38 Per Barrel Or Higher <sup>‡</sup>         | 6.26%  | -All rates include 0.26% to fund the operations of the Oil and Gas Conservation Division and the Oil and Natural Gas Natural Resource Fund that is distributed to producing counties. |        |
| Vertically Completed Wells - First 12 Months                              | 0.76%  |                                                                                                                                                                                       |        |
| <b>ROYALTY INTERESTS</b>                                                  |        | <b>15.06%</b>                                                                                                                                                                         |        |

**Working Interest Oil and Natural Gas Severance Tax Rates<sup>1</sup>**



<sup>1</sup>Production tax rates include Board of Oil and Gas Conservation privilege and license tax and the Oil and Gas Natural Resources Account Tax.  
<sup>2</sup>New vertical wells are less than 12 months old and new horizontal wells are less than 18 months old.  
<sup>3</sup>Incremental production is production occurring in excess of the production decline rate.

## Oil and Natural Gas Tax

The following table shows summary information gathered from the tax returns of producers:

| Montana Oil and Gas Production Statistics |                      |                      |                      |                      |                      |
|-------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Oil                                       | FY 2010              | FY 2011              | FY 2012              | FY 2013              | FY 2014              |
| Total Gross Value                         | \$1,710,872,194      | \$1,976,195,292      | \$2,083,385,090      | \$2,421,792,266      | \$2,370,856,081      |
| Volume (barrels)                          | 26,211,857           | 24,586,654           | 24,386,922           | 28,765,438           | 26,745,751           |
| Taxable Royalty Value                     | \$221,457,327        | \$261,121,053        | \$279,930,162        | \$345,455,634        | \$331,447,378        |
| Tax on Royalty Owners                     | \$33,351,474         | \$39,324,831         | \$42,157,483         | \$52,025,619         | \$49,915,976         |
| Working Interest Value                    | \$1,442,517,901      | \$1,663,408,230      | \$1,749,101,959      | \$2,013,238,017      | \$1,978,442,134      |
| Tax on the Working Interest               | \$138,622,562        | \$150,877,377        | \$149,487,428        | \$148,894,334        | \$149,584,469        |
| <b>Total Tax*</b>                         | <b>\$171,974,036</b> | <b>\$190,202,208</b> | <b>\$191,644,910</b> | <b>\$200,919,953</b> | <b>\$199,500,445</b> |
| <b>Gas</b>                                |                      |                      |                      |                      |                      |
| Total Gross Value                         | \$319,807,108        | \$283,327,195        | \$198,561,931        | \$176,940,120        | \$197,750,332        |
| Volume (MCF)                              | 90,315,072           | 77,933,967           | 66,290,610           | 54,490,046           | 47,235,179           |
| Taxable Royalty Value                     | \$36,728,777         | \$33,012,983         | \$24,380,224         | \$22,285,298         | \$24,673,094         |
| Tax on Royalty Owners                     | \$5,531,355          | \$4,971,755          | \$3,671,662          | \$3,356,166          | \$3,715,768          |
| Working Interest Value                    | \$268,308,893        | \$236,885,058        | \$166,151,509        | \$147,966,145        | \$165,561,020        |
| Tax on the Working Interest               | \$24,849,167         | \$21,414,729         | \$15,282,198         | \$13,156,586         | \$14,458,148         |
| <b>Total Tax*</b>                         | <b>\$30,380,522</b>  | <b>\$26,386,485</b>  | <b>\$18,953,860</b>  | <b>\$16,512,752</b>  | <b>\$18,173,916</b>  |

\*Total Tax revenue does not match data in the state accounting database due to accrual reversals and amended returns.

### Filing Requirements

Oil and natural gas producers are required to file quarterly statements containing information sufficient to calculate the tax due. Tax payments are due within 60 days following the close of each calendar quarter.

Prior to HB 748 (2003 legislative session), the distribution of oil and gas revenue was based primarily on property tax mill levies. After HB 748, the counties, schools and the state were each assigned a percentage of the severance tax revenue generated in their county that they would receive.

The first distribution made is to the Board of Oil and Gas Conservation (BOGC) and the Oil and Gas Resource Account. The BOGC currently receives 0.09 percent of the gross value of all taxable production in the state. The board sets this rate and it cannot exceed three tenths of one percent or 0.3 percent. The rate the Oil and Gas Natural Resource Account receives is dependent on the rate adopted by the BOGC and is currently 0.17 percent of the gross value of taxable production in the state. The remaining revenue is then distributed between the state and county governments. The specific allocation is dependent on which county the production occurred in. For example, Custer County receives 69.53 percent of the revenue from production occurring in the county (the largest percentage of all the counties, while Rosebud County receives the least at 39.33 percent). The remainder is distributed to the state, and the state portion is distributed as follows:

- 2.16 percent to the Natural Resource Projects State Special Revenue Account
- 2.02 percent to the Natural Resource Operations State Special Revenue Account
- 2.95 percent to the Orphan Share Account
- 2.65 percent to the University System
- The remainder, 90.22 percent, is to be distributed to the general fund.

The county share of the revenue is distributed between elementary retirement funds, high school retirement funds, countywide transportation funds, school districts, community colleges, and county governments. The specific allocation between these entities is dependent on the county of production and the schedule in 15-36-332, MCA.

With the passage of SB 329 in the 2011 legislative session, any individual school district was only allowed to receive 130 percent of their maximum allowable budget. With the passage of HB 175 in the 2013 legislative

## Oil and Natural Gas Tax

session, for fiscal years 2014 through 2017, schools with budgets less than \$1.5 million can receive up to 150 percent of their maximum allowable budgets plus an additional \$45,000 per additional student, using an enrollment calculation from the previous year's attendance records. Funding in excess of that allotted amount is allocated to surrounding school districts (up to 130% of their maximum budgets). Any remaining funding after that would be distributed to school districts contiguous to districts in which oil and gas production originates (up to 130% of their max budgets). Any remaining funds would be distributed as follows:

- 70 percent to the State Guarantee Account
- 5 percent to the State School Oil and Natural Gas Impact Account
- 20 percent to the County School Oil and Natural Gas Impact Account.

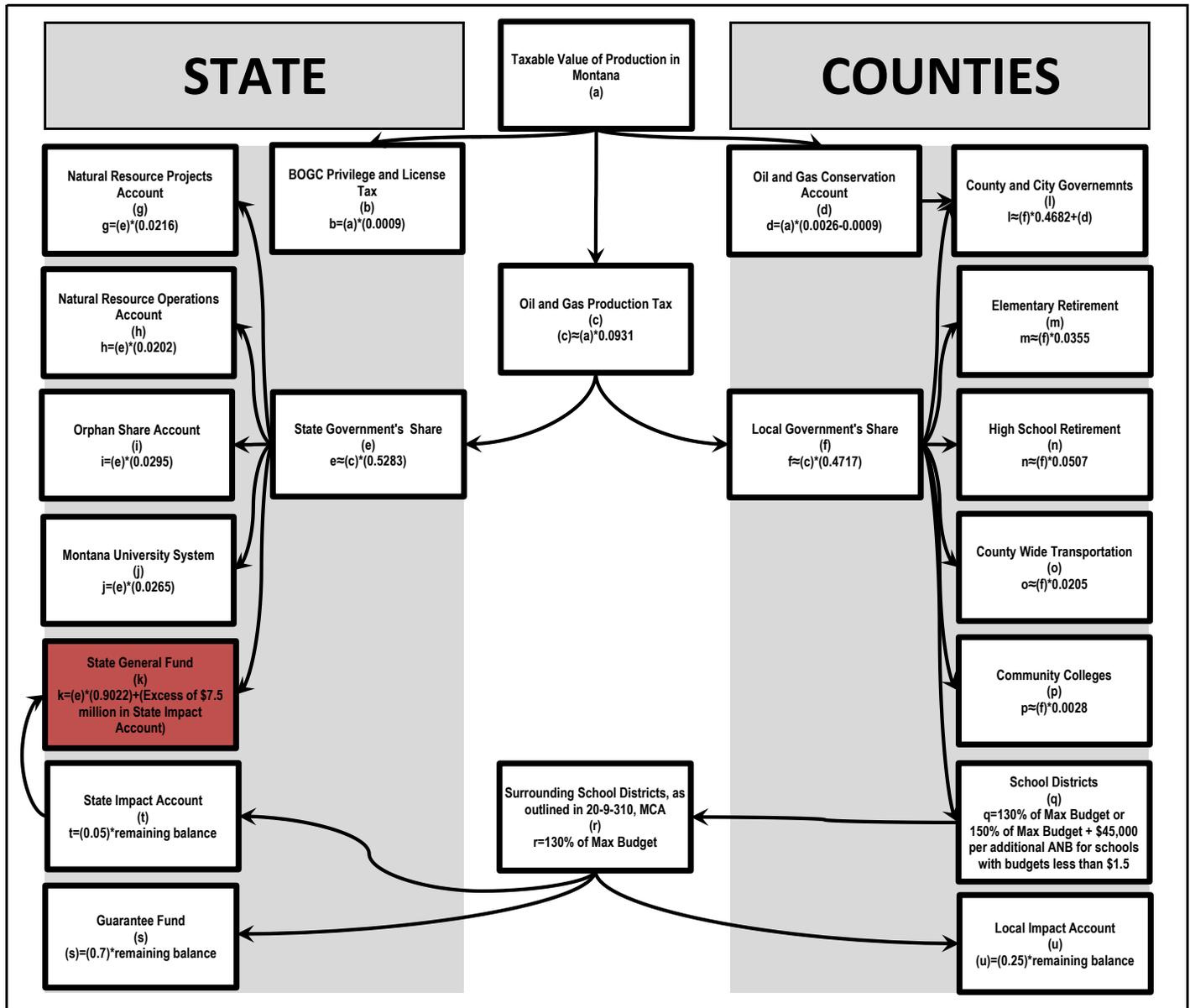
The total balance in the State School Oil and Natural Gas Account cannot exceed \$7.5 million, and any amount over \$7.5 million is to be deposited in the state general fund.

SB 329 and HB 175 expire in 2016 and school districts will no longer be limited in the amount of oil and gas revenue they can receive.

The state attempts to account for revenue in the time period it was generated. As a result, the state generally accrues the third and fourth quarters of the fiscal year. However, school districts and local governments generally record revenue when it was received, which is approximately two quarters after it was generated. SB 329 was enacted based on school fiscal years, and as a result some districts had revenue deposited into the State and County Impact Funds in FY 2012. The following charts illustrate the distribution of oil and gas revenue.

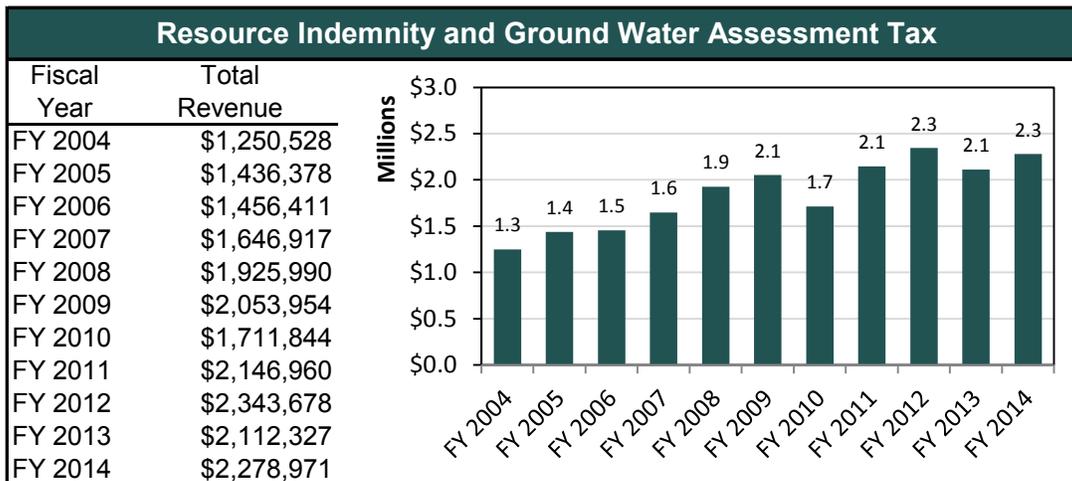
| Distribution of Oil and Gas Tax      |                      |                      |                      |                      |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Fund                                 | FY 2011              | FY 2012              | FY 2013              | FY 2014              |
| <b>Total Revenue</b>                 | <b>\$215,129,820</b> | <b>\$210,644,361</b> | <b>\$213,229,045</b> | <b>\$236,496,773</b> |
| BOGC                                 | \$1,963,032          | \$1,987,666          | \$2,152,702          | \$2,505,508          |
| Oil & Gas Natural Res. Acc.          | \$3,698,516          | \$3,754,061          | \$4,100,929          | \$4,732,701          |
| <b>Remainder</b>                     | <b>\$209,468,272</b> | <b>\$204,902,634</b> | <b>\$206,975,414</b> | <b>\$229,258,564</b> |
| <b>"County" Revenue</b>              | <b>\$98,902,261</b>  | <b>\$96,766,607</b>  | <b>\$97,594,695</b>  | <b>\$107,770,849</b> |
| Counties and Schools                 | \$98,902,261         | \$83,611,488         | \$88,333,718         | \$95,997,576         |
| Guarantee Fund                       | \$0                  | \$12,335,596         | \$4,830,529          | \$0                  |
| County Impact Fund                   | \$0                  | \$682,935            | \$1,725,189          | \$0                  |
| State School Impact Fund             | \$0                  | \$136,587            | \$345,038            | \$0                  |
| State School Oil & Gas Distrib       | \$0                  | \$0                  | \$2,360,222          | \$11,773,273         |
| <b>State Revenue</b>                 | <b>\$110,566,011</b> | <b>\$108,136,027</b> | <b>\$109,380,719</b> | <b>\$121,487,715</b> |
| Natural Resources Projects (2.16%)   | \$1,603,207          | \$2,335,738          | \$2,362,624          | \$2,624,135          |
| Natural Resources Operations (2.02%) | \$1,603,207          | \$2,184,348          | \$2,209,493          | \$2,454,052          |
| Orphan Share Fund (2.95%)            | \$3,305,924          | \$3,190,013          | \$3,226,737          | \$3,583,888          |
| Montana University System (2.65%)    | \$2,929,999          | \$2,865,605          | \$2,898,587          | \$3,219,424          |
| Coal Bed Methane Protection          | \$1,359,962          | \$0                  | \$0                  | \$0                  |
| General Fund (remainder)             | \$99,763,712         | \$97,560,324         | \$98,683,277         | \$109,606,216        |

# Oil and Natural Gas Tax



# Resource Indemnity and Ground Water Assessment Tax

**Statute:** Title 15, Chapter 38, Part 1, MCA



## Tax Rates

The resource indemnity and ground water assessment tax (RIGWAT) was created to indemnify the citizens of Montana for the loss of long-term value resulting from the depletion of natural resource bases, and for environmental damage caused by mineral development. The tax is placed in a trust fund, which is managed by the state Board of Investments (15-38-101, MCA).

| RIGWAT Tax Rate |          |               |             |          |               |
|-----------------|----------|---------------|-------------|----------|---------------|
| Mineral         | Tax Rate | Exemption     | Mineral     | Tax Rate | Exemption     |
| Other*          | 0.5%     | First \$5,000 | Vermiculite | 2.0%     | First \$1,250 |
| Talc            | 4.0%     | First \$625   | Limestone   | 10.0%    | First \$250   |
| Coal            | 0.4%     | First \$6,250 | Garnets     | 1.0%     | First \$2,500 |

\* Excludes oil, gas, and mines taxed under 15-37-104, MCA.

## Exemptions

- Metal production subject to the metal mines license tax is exempt from RIGWAT.
- The 2003 Montana Legislature changed the distribution of oil and gas tax revenue to include the Orphan Share Account, and made oil and gas production subject to the oil and gas severance tax exempt from RIGWAT.
- Royalties received by an Indian tribe, by the U.S. government as trustee for individual Indians, by the U.S. government, by the state of Montana, or by a county or municipality are exempt from RIGWAT.

## Filing Requirements

All extractors and producers of minerals must file an annual statement showing the gross yield of product for each mineral mined. Metal producers are required to file on or before March 31. All other producers are required to file on or before the 60th day following the end of the calendar year.

## Distribution of RIGWAT

RIGWAT tax collections are deposited to several special funds and accounts. The order and amount of proceeds deposited are as follows:

An amount certified by the Department of Environmental Quality is deposited to the CERCLA match debt service fund.

- \$366,000 is to be deposited in the ground water assessment account.
- \$150,000 is to be deposited in the water storage state special revenue account each biennium.

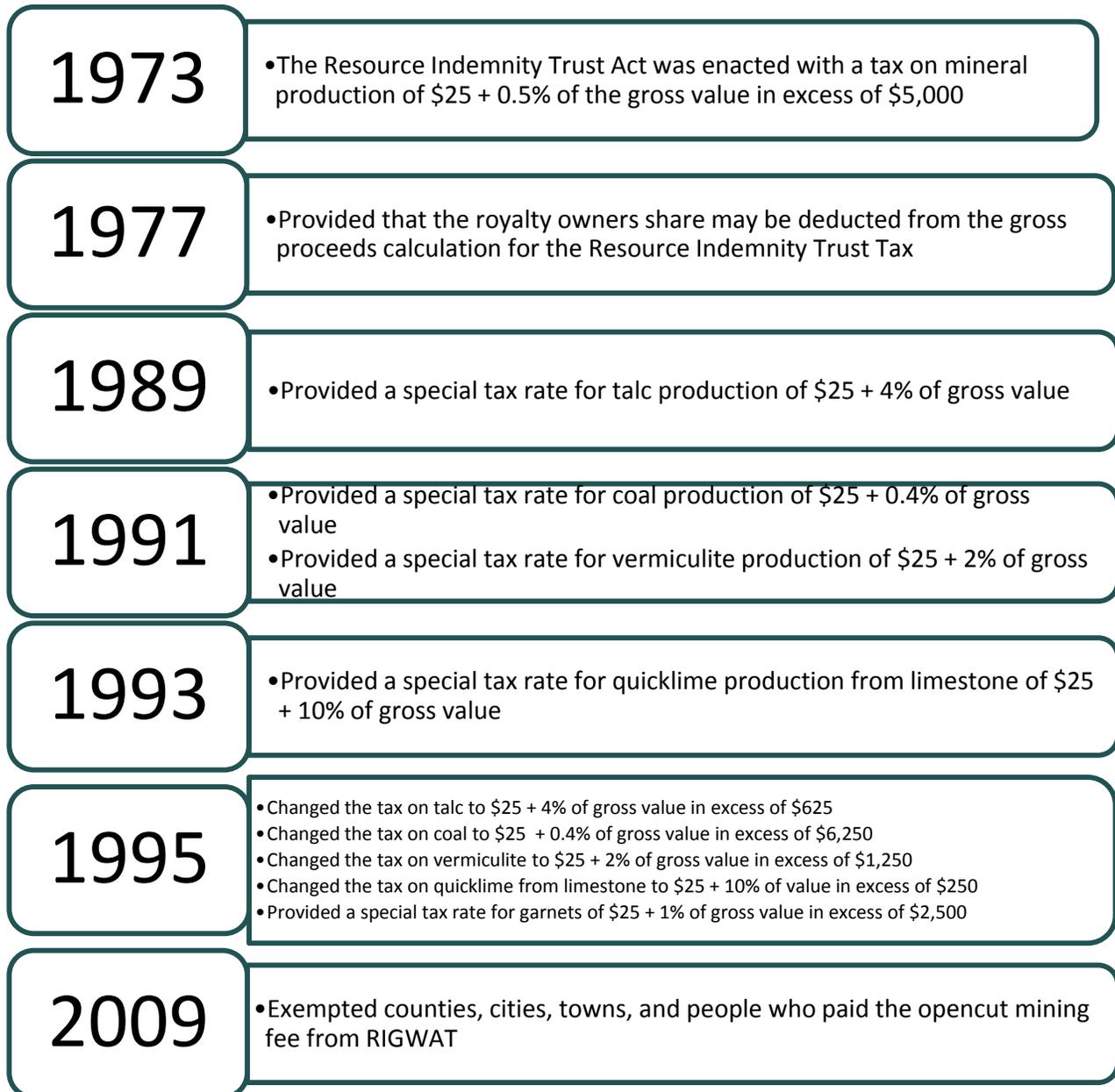
## Resource Indemnity and Ground Water Assessment Tax

- 25 percent of remaining revenue is distributed to the hazardous waste/CERCLA special revenue account.
- 25 percent of remaining revenue is distributed to the environmental quality protection fund.
- The remaining revenue is distributed to the natural resources projects fund.

| <b>Distribution of RIGWA Tax</b>       |                    |                    |                    |                    |
|----------------------------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Fund</b>                            | <b>FY 2011</b>     | <b>FY 2012</b>     | <b>FY 2013</b>     | <b>FY 2014</b>     |
| <b>Total Revenue</b>                   | <b>\$2,146,960</b> | <b>\$2,343,678</b> | <b>\$2,112,327</b> | <b>\$2,278,971</b> |
| CERCLA Debt Service                    | \$274,338          | \$267,150          | \$269,875          | \$272,106          |
| Groundwater Assessment                 | \$366,000          | \$366,000          | \$366,000          | \$366,000          |
| Water Storage                          | \$0                | \$150,000          | \$0                | \$150,000          |
| <b>Remainder</b>                       | <b>\$1,506,623</b> | <b>\$1,560,528</b> | <b>\$1,476,452</b> | <b>\$1,490,865</b> |
| Hazardous Waste/CERCLA (25%)           | \$376,656          | \$390,132          | \$369,113          | \$372,716          |
| Environmental Quality Protection (25%) | \$376,656          | \$390,132          | \$369,113          | \$372,716          |
| Natural Resources Projects (50%)       | \$753,311          | \$780,264          | \$738,226          | \$745,433          |

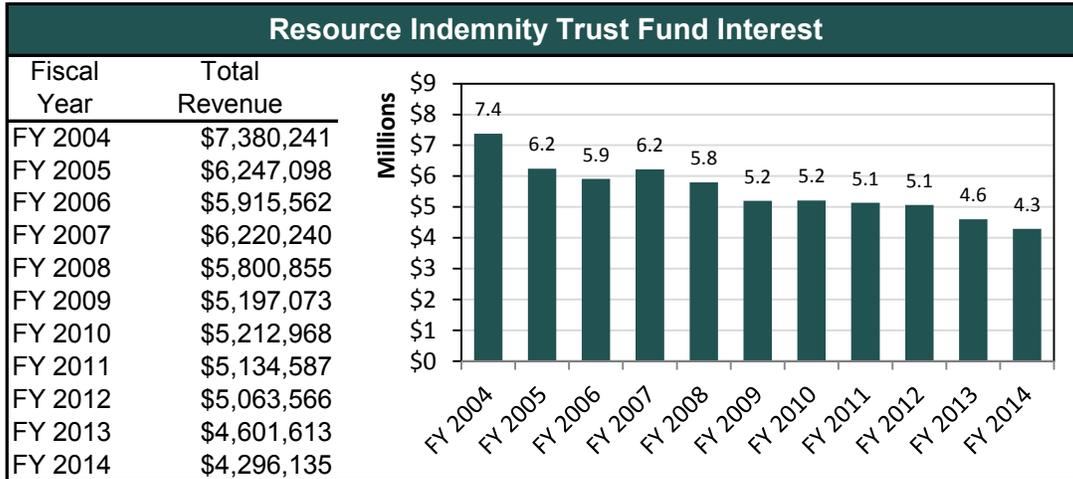
## Resource Indemnity and Ground Water Assessment Tax History

The following figure shows a select history of the Resource Indemnity and Ground Water Assessment Tax.



# Resource Indemnity Trust Fund Interest

**Statute:** Title 15, Chapter 38, Part 2, MCA



## Distribution of Interest Income

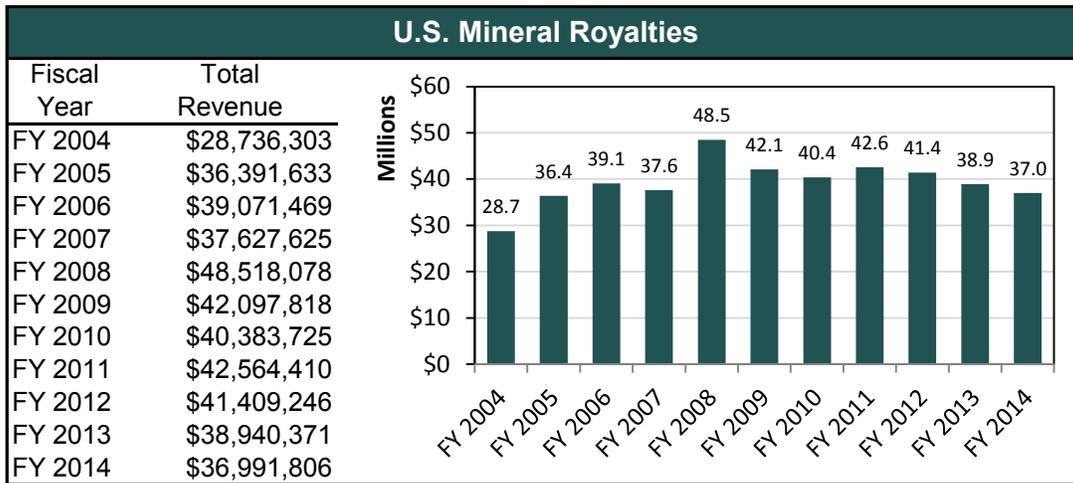
In fiscal year 2002 the resource indemnity trust fund reached \$100 million. Net earnings, excluding unrealized gains and losses, and all receipts may be appropriated and expended by the legislature, so long as the balance of the trust is never less than \$100 million. Interest from the resource indemnity trust is allocated in a two-stage process. First, several programs receive fixed allocations, and then the remaining funds are divided between four programs on a percentage basis. The table at the bottom of the page shows these allocations.

Normally, \$175,000 is distributed to the Environmental Contingency account in the first year of the biennium. However, if the unobligated cash balance is less than \$750,000, then the account only receives the difference between the balance and \$750,000. This was the case in 2012 and 2014.

| Distribution of Resource Indemnity Trust Fund Interest |                |                |                |                |
|--------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                        | <u>FY 2011</u> | <u>FY 2012</u> | <u>FY 2013</u> | <u>FY 2014</u> |
| <b>Annual Distributions</b>                            |                |                |                |                |
| Natural Resources Projects                             | \$3,500,000    | \$3,500,000    | \$3,500,000    | \$3,022,407    |
| Bureau of Mines Groundwater                            | \$300,000      | \$300,000      | \$300,000      | \$259,063      |
| RIT-Bull/Cutthroat Trout Enhan.                        | \$500,000      | \$500,000      | \$500,000      | \$431,772      |
| <b>Biennial Distribution</b>                           |                |                |                |                |
| Oil & Gas Damage Mitigation                            | \$0            | \$50,000       | \$0            | \$0            |
| Water Storage St. Sp. Rev. Acct.                       | \$0            | \$500,000      | \$0            | \$431,772      |
| Environmental Contingency RIT                          | \$0            | \$28,136       | \$0            | \$151,120      |
| <b>Remainder</b>                                       |                |                |                |                |
| Natural Resources Operations (65%)                     | \$542,481      | \$120,530      | \$196,048      | \$0            |
| Hazardous Waste-CERCLA (26%)                           | \$216,993      | \$48,212       | \$78,419       | \$0            |
| Environmental Quality Protection (9%)                  | \$75,113       | \$16,689       | \$27,145       | \$0            |

# U.S. Mineral Royalties

**Statutes:** 30 USC, Section 191  
17-3-240, MCA



The federal government generates royalties from leasing mineral rights on federal lands in the state. They share 49% of royalty revenue with the state, which was decreased from 50% in October of 2007.

The Montana Department of Revenue provides auditing and compliance services for the federal government for producers extracting minerals from federal lands within the state. The federal government reimburses the department for these services. In FY 2013, the department assessed \$3,622,302 on behalf of the federal government and assessed \$2,822,212 in FY 2014.

The Department of Revenue has a memorandum of understanding with the Department of Natural Resources, and works to ensure producers extracting minerals from state lands are accurately paying their royalties.

### Distribution

The state general fund receives 75 percent of the revenue and the remaining 25 percent is allocated to counties with mining on federal land. The county share is distributed to county governments in proportion to the amount collected in each of the counties.

| Distribution of U.S. Mineral Royalties |              |              |              |              |
|----------------------------------------|--------------|--------------|--------------|--------------|
| Fund                                   | FY 2011      | FY 2012      | FY 2013      | FY 2014      |
| General Fund (75%)                     | \$31,923,308 | \$31,056,935 | \$29,205,278 | \$27,743,855 |
| Impacted Counties (25%)                | \$10,641,102 | \$10,352,312 | \$9,735,093  | \$9,247,951  |



# OTHER TAXES

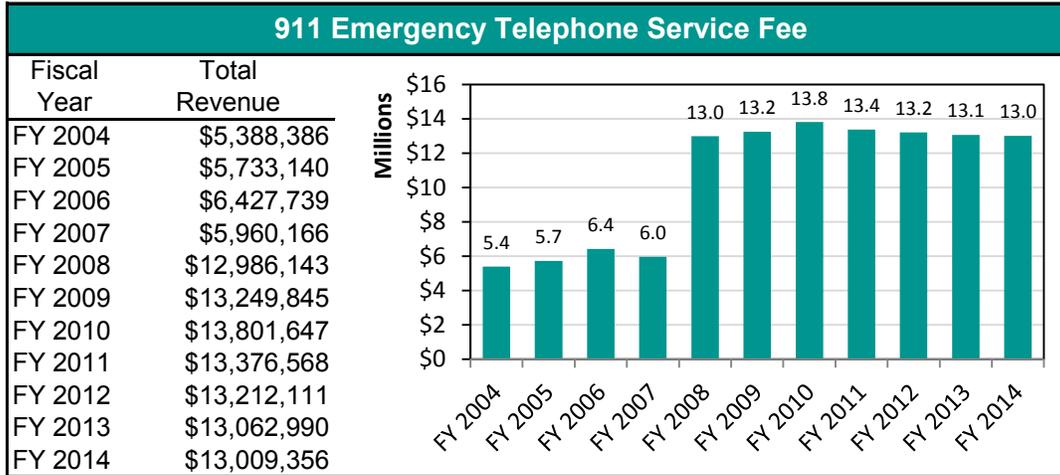
## BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



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# 911 Emergency Telephone System Fee

**Statute:** Title 10, Chapter 4



## Fee Rate

Before FY 2008, the State of Montana imposed a fee of \$0.25 per month to telephone access lines to support basic 911 services. An additional fee of \$0.25 was applied to each access line within the state to support enhanced 911 services, resulting in a total fee of \$0.50 per access line. Starting in FY 2008, an additional fee of \$0.50 per month per access line, or subscriber, was added to the two other fees to support wireless enhanced 911 services. At this time, prepaid wireless cellular telephone services sold through third parties, such as retail and grocery stores, are not subject to Montana's 911 emergency telephone system fees.

| 911 Emergency Telephone Fee Rates |               |
|-----------------------------------|---------------|
| Purpose                           | Fee Per Month |
| Basic 911 Service                 | \$0.25        |
| Enhanced 911 Service              | \$0.25        |
| Wireless Enhanced 911 Service     | \$0.50        |
| <b>Total</b>                      | <b>\$1.00</b> |

## Filing Requirements

The subscriber paying for exchange access line services is liable for the fees, but the fees are collected by the provider and are remitted to the state on a quarterly basis. The provider collecting the fee must file a return on or before the last day of the month following the end of each calendar quarter.

## Distribution

2.74 percent of the amount of fees collected must be deposited in the state special revenue fund and be used for the administration of the Emergency Telephone System Account. The remaining fee amount is paid to the state treasurer for deposit in the appropriate accounts (10-4-301, MCA).

| Distribution of 911 Fee Distribution       |             |             |             |             |
|--------------------------------------------|-------------|-------------|-------------|-------------|
| Fund                                       | FY 2011     | FY 2012     | FY 2013     | FY 2014     |
| Emergency System Acct. (2.74%)             | \$366,518   | \$362,012   | \$357,926   | \$356,456   |
| Basic 911 Emergency Program (24.315%)      | \$3,252,514 | \$3,212,523 | \$3,176,426 | \$3,163,224 |
| Enhanced 911 Phone Program (24.315%)       | \$3,252,514 | \$3,212,523 | \$3,176,426 | \$3,163,224 |
| <b>Wireless Enhanced 911 Phone Program</b> |             |             |             |             |
| 911 Jurisdictions (24.315%)                | \$3,252,511 | \$3,212,527 | \$3,176,106 | \$3,163,226 |
| Wireless Providers (24.315%)               | \$3,252,512 | \$3,212,527 | \$3,176,106 | \$3,163,226 |

## 911 Emergency Telephone System Fee

### **State Comparison**

As of January 1, 2014, Montana places three fees on landline, wireless and Voice over Internet Protocol (VoIP) lines, resulting in a total fee of \$1.00 per month on each subscriber line within the state. The states surrounding Montana have similar fee structures. Wyoming charges between \$0.25 and \$0.75 per line, South Dakota charges \$1.25 per line, North Dakota charges between \$1.00 and \$1.50 per line and Idaho charges \$1.00 per line. West Virginia has some of the highest E911 fees on landlines and VoIP (\$0.98 to \$6.40) and post-paid wireless (\$3.00) lines in the country. Unlike a majority of states within the country, the state of Montana does not charge pre-paid landline and wireless customers any of the 911 emergency telephone system fees.

Like several other states, E911 fees in Montana are collected, and standardized, by the state government, resulting in a uniform fee within the state. However, some states allow two, or more, governing bodies to collect E911 fees. For example, the State of Kentucky imposes a statewide fee on all access lines within the state, but also allows local jurisdictions to establish additional fees on landlines within the local jurisdiction's area. In addition, other states delegate the 911 and E911 funding process to counties and other local jurisdictions. The delegation of 911 and E911 funding sources to counties and local governments results in some states having 911 system fees that are not uniform across the state.

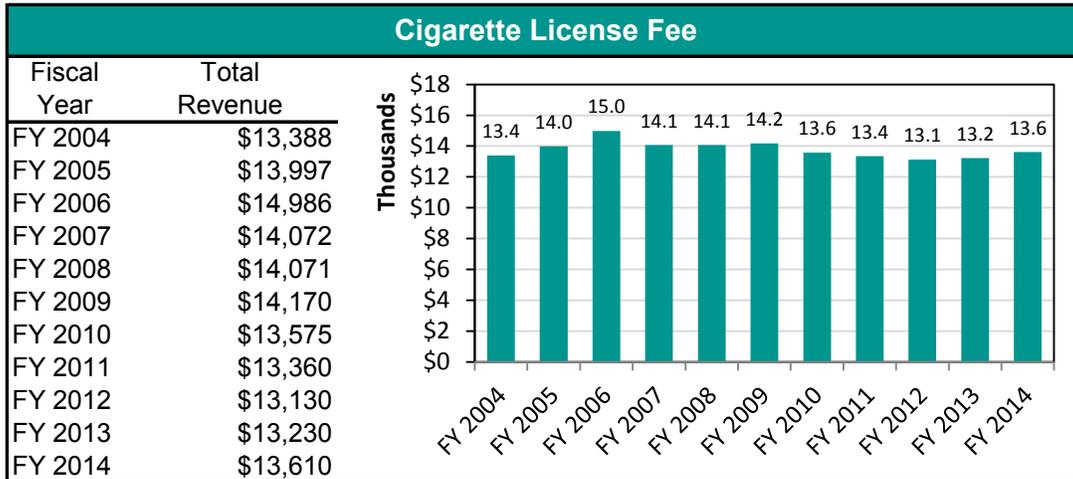
## 911 Emergency Telephone System Fee

| 911 Emergency Telephone System Fee |                                                         |                           |                              |                                            |
|------------------------------------|---------------------------------------------------------|---------------------------|------------------------------|--------------------------------------------|
| <u>State</u>                       | <u>Landline</u>                                         | <u>Wireless</u>           | <u>Prepaid Wireless</u>      | <u>Voice Over Internet Protocol (VoIP)</u> |
| Alabama                            | \$1.60                                                  | \$1.60                    | \$1.60                       | \$1.60                                     |
| Alaska                             | \$0.00 - \$2.00                                         | \$0.00 - \$2.00           |                              |                                            |
| Arizona                            | \$0.20                                                  | \$0.20                    | 0.8% of Prepaid Sale         | \$0.20                                     |
| Arkansas                           | 5% - 12% of Tariff Rates                                | \$0.65                    | \$0.65                       | \$0.65                                     |
| California                         | 0.75%                                                   | 0.75%                     |                              | 0.75%                                      |
| Colorado                           | \$0.43 - \$1.50                                         | \$0.43 - \$1.50           | 1.4% of Prepaid Sale         | \$0.43 - \$1.50                            |
| Connecticut                        | \$0.70                                                  | \$0.70                    | \$0.70 At Point of Sale      | \$0.70                                     |
| Delaware                           | \$0.60                                                  | \$0.60                    |                              | \$0.60                                     |
| Florida                            | \$0.50                                                  | \$0.50                    | \$0.50                       | \$0.50                                     |
| Georgia                            | \$1.50                                                  | \$1.00 - \$1.50           | \$0.75 Prepaid               | \$1.50                                     |
| Hawaii                             | \$0.27                                                  | \$0.66                    |                              | \$0.66                                     |
| Idaho                              | \$1.00                                                  | \$1.00                    |                              | \$1.00                                     |
| Illinois                           | \$0.25 - \$5.00                                         | \$0.73                    | 1.5% of Prepaid Sale         | \$0.25 - \$5.00                            |
| Indiana                            | \$0.90                                                  | \$0.90                    | \$0.50                       | \$0.90                                     |
| Iowa                               | \$1.00                                                  | \$1.00                    | \$0.51                       | \$1.00                                     |
| Kansas                             | \$0.53                                                  | \$0.53                    | 1.06% of Prepaid Retail Sale | \$0.53                                     |
| Kentucky                           | \$0.36 - \$4.50                                         | \$0.70                    | \$0.70                       | \$0.36 - \$4.50                            |
| Louisiana                          | \$0.62 - \$1.00 Residential<br>\$1.30 - \$2.00 Business | \$0.85 - \$1.50           | 2% of Prepaid Retail Sale    | \$1.00                                     |
| Maine                              | \$0.45                                                  | \$0.45                    | \$0.45                       | \$0.45                                     |
| Maryland                           | \$1.00                                                  | \$1.00                    | \$0.60                       | \$1.00                                     |
| Massachusetts                      | \$0.75                                                  | \$0.75                    | \$0.75                       | \$0.75                                     |
| Michigan                           | \$0.19 - \$3.19                                         | \$0.19 - \$3.19           | 1.92% Prepaid Point of Sale  | \$0.19 - \$3.19                            |
| Minnesota                          | \$0.78                                                  | \$0.78                    | \$0.78                       | \$0.78                                     |
| Mississippi                        | \$1.00 Residential<br>\$2.00 Business                   | \$1.00                    | \$1.00                       | \$1.00                                     |
| Missouri                           | 2% - 15% Base Rate<br>0.125% - 0.75% of Sales Tax       |                           |                              |                                            |
| Montana                            | \$1.00                                                  | \$1.00                    |                              | \$1.00                                     |
| Nebraska                           | \$0.50 - \$1.00                                         | \$0.45 - \$0.70           | 1.1% of Prepaid Retail Sale  |                                            |
| Nevada                             | Varies By Jurisdiction                                  | Varies By Jurisdiction    |                              |                                            |
| New Hampshire                      | \$0.57                                                  | \$0.57                    |                              | \$0.57                                     |
| New Jersey                         | \$0.90                                                  | \$0.90                    |                              | \$0.90                                     |
| New Mexico                         | \$0.51                                                  | \$0.51                    |                              |                                            |
| New York                           | \$0.35 - \$1.00                                         | \$1.20                    |                              | \$0.35                                     |
| North Carolina                     | \$0.60                                                  | \$0.60                    | \$0.60                       | \$0.60                                     |
| North Dakota                       | \$1.00 - \$1.50                                         | \$1.00 - \$1.50           | 2% of Prepaid Sale           | \$1.00 - \$1.50                            |
| Ohio                               | \$0.50                                                  | \$0.25                    | 0.2% Prepaid Point of Sale   |                                            |
| Oklahoma                           | 3% - 15% of Base Rate                                   | \$0.50                    | \$0.50                       | \$0.50                                     |
| Oregon                             | \$0.75                                                  | \$0.75                    |                              | \$0.75                                     |
| Pennsylvania                       | \$1.00 - \$1.50                                         | \$1.00                    | \$1.00                       | \$1.00                                     |
| Rhode Island                       | \$1.00                                                  | \$1.26                    |                              | \$1.26                                     |
| South Carolina                     | \$0.30 - \$1.00                                         | \$0.63                    | \$0.63                       | \$0.30 - \$1.00                            |
| South Dakota                       | \$1.25                                                  | \$1.25                    | 2% Prepaid Point of Sale     | \$1.25                                     |
| Tennessee                          | \$0.45 - \$1.50 Residential<br>\$1.52 - \$3.00 Business | \$1.00                    | \$0.53                       | \$1.00                                     |
| Texas                              | \$0.50                                                  | \$0.50                    | 2% of Prepaid Sale           | \$0.50                                     |
| Utah                               | \$0.69                                                  | \$0.69                    | 1.9% Prepaid Point of Sale   | \$0.69                                     |
| Vermont                            | Universal Service Funding                               | Universal Service Funding |                              |                                            |
| Virginia                           | \$0.75                                                  | \$0.75                    | \$0.50                       | \$0.75                                     |
| Washington                         | \$0.95                                                  | \$0.95                    |                              | \$0.95                                     |
| West Virginia                      | \$0.98 - \$6.40                                         | \$3.00                    | 6% Prepaid Point of Sale     | \$0.98 - \$6.40                            |
| Wisconsin                          | \$0.40 - \$1.00                                         |                           |                              |                                            |
| Wyoming                            | \$0.25 - \$0.75                                         | \$0.25 - \$0.75           |                              | \$0.25 - \$0.75                            |

Source: Compiled By Federation of Tax Administrators from state sources

# Cigarette License Fee

Statute: 16-11-122, MCA



### Fee Rate

A license fee is imposed on cigarette dealers in Montana. Wholesalers, sub-jobbers and vendors (operating 10 or more machines) pay an annual license fee of \$50. Retailers and vendors (operating 9 or fewer machines) pay an annual license fee of \$5.

| Cigarette License Fee Schedule |                    |
|--------------------------------|--------------------|
| Status                         | Annual Renewal Fee |
| Wholesalers & Sub-Jobbers      | \$50               |
| Vendors (10 or More Machines)  | \$50               |
| Vendors (9 or Fewer Machines)  | \$5                |
| Retailers                      | \$5                |

### Filing Requirements

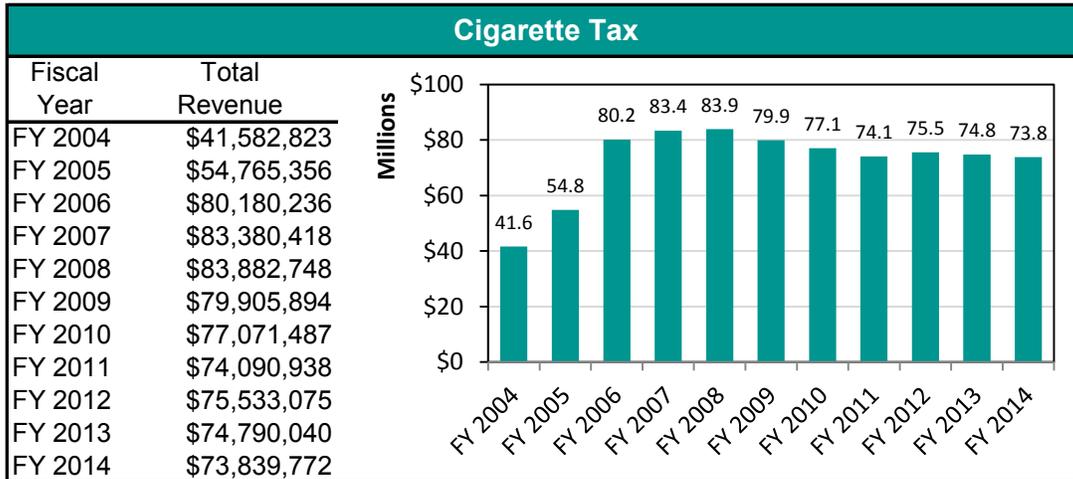
Licenses must be renewed annually on or before the anniversary date.

### Distribution

Revenues from the license fees are deposited in the state general fund (16-11-124, MCA).

# Cigarette Tax

**Statute:** 16-11-111, MCA and 16-11-119, MCA



## Tax Rate

The cigarette tax rate has increased twice since 2003. On May 1, 2003, the cigarette tax rate increased from \$0.18 to \$0.70 per pack of 20 cigarettes, as mandated by the 2003 Legislature. On January 1, 2005, the tax rate increased from \$0.70 per pack to \$1.70 per pack in compliance with Initiative 149 (I-149) in November 2004.

## Filing Requirements

The cigarette tax is pre-collected from retailers by state-licensed cigarette wholesalers who must affix a tax insignia to each package of cigarettes to indicate the tax has been paid. Retailers then include the tax in the retail price of cigarettes. Wholesalers remit the tax to the State of Montana, minus an allowance to defray the costs of affixing insignias and collecting the tax.

## Distribution

After distributing revenues according to tribal revenue sharing agreements, cigarette tax revenues are distributed: 8.3 percent or \$2 million, whichever is greater, to the Department of Public Health and Human Services for maintenance and operation of state veterans' nursing homes; 2.6 percent to the Long-Range Building Program Account; 44 percent to the state special revenue fund for Health and Medicaid initiatives; 1.2 percent to be deposited in the state special revenue fund for the construction of the state veterans' homes in southwestern Montana through fiscal year 2015; and the remainder to be deposited in the state general fund (16-11- 119, MCA).

| Distribution of Cigarette Tax      |                     |                     |                     |                     |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Fund                               | FY 2011             | FY 2012             | FY 2013             | FY 2014             |
| <b>Total Revenue</b>               | <b>\$74,090,938</b> | <b>\$75,533,075</b> | <b>\$74,790,040</b> | <b>\$73,839,772</b> |
| Tobacco and Cig. Tribal Agree.     | \$3,495,106         | \$3,818,164         | \$4,149,377         | \$4,083,458         |
| <b>Remainder</b>                   | <b>\$70,595,832</b> | <b>\$71,714,911</b> | <b>\$70,640,663</b> | <b>\$69,756,313</b> |
| State Veterans' Home (8.3%)        | \$5,859,454         | \$5,952,337         | \$5,863,175         | \$5,789,774         |
| SW State Veterans' Home (1.2%)     | \$847,150           | \$860,579           | \$847,688           | \$837,076           |
| Long Range Building Program (2.6%) | \$1,835,492         | \$1,864,588         | \$1,836,657         | \$1,813,664         |
| DPHHS-Medicaid Initiatives (44%)   | \$31,062,166        | \$31,554,561        | \$31,081,891        | \$30,692,778        |
| General Fund (remainder)           | \$30,991,570        | \$31,482,846        | \$31,011,251        | \$30,623,022        |

## Cigarette Tax

### State Comparison

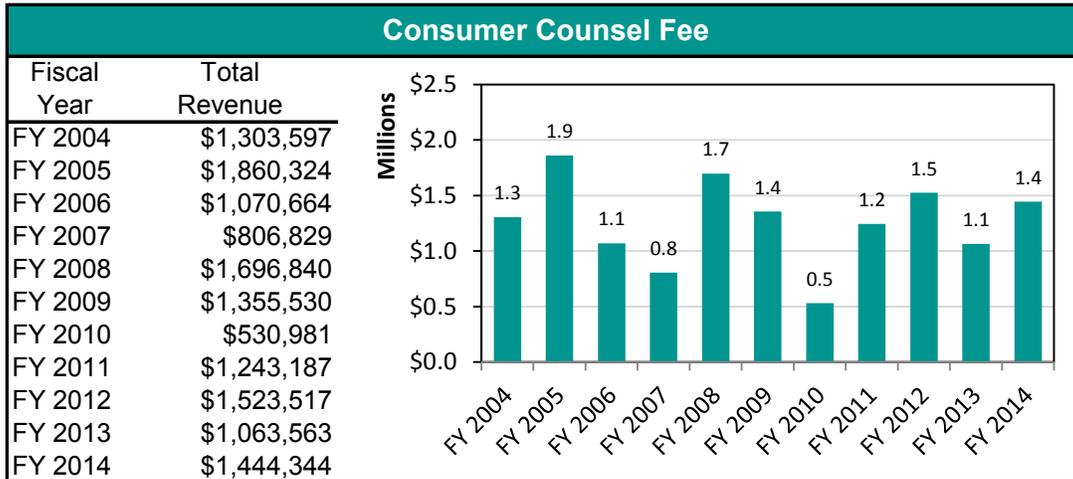
The state of New York has the highest excise tax on cigarettes at \$4.35 per pack, as of January 1<sup>st</sup>, 2014. At \$0.17 per pack, Missouri has the lowest excise tax on cigarettes in the United States. With a tax of \$1.70 per pack of 20 cigarettes, Montana has the 18<sup>th</sup> highest cigarette excise tax in the United States. Montana places a large tax on the sales of cigarettes within the state relative to its surrounding states. For 2014, South Dakota's excise tax on cigarettes was similar to Montana's at \$1.53 per pack. However, the excise taxes for Wyoming, Idaho and North Dakota were significantly below Montana's, at \$0.60, \$0.57 and \$0.44 respectively.

| Excise Tax Rates on Cigarettes by State |                                  |                |                                  |
|-----------------------------------------|----------------------------------|----------------|----------------------------------|
| State                                   | Cigarette Tax Rate (\$ Per Pack) | State          | Cigarette Tax Rate (\$ Per Pack) |
| Alabama                                 | \$0.43                           | Montana        | \$1.70                           |
| Alaska                                  | \$2.00                           | Nebraska       | \$0.64                           |
| Arizona                                 | \$2.00                           | Nevada         | \$0.80                           |
| Arkansas                                | \$1.15                           | New Hampshire  | \$1.78                           |
| California                              | \$0.87                           | New Jersey     | \$2.70                           |
| Colorado                                | \$0.84                           | New Mexico     | \$1.66                           |
| Connecticut                             | \$3.40                           | New York       | \$4.35                           |
| Delaware                                | \$1.60                           | North Carolina | \$0.45                           |
| Florida                                 | \$1.34                           | North Dakota   | \$0.44                           |
| Georgia                                 | \$0.37                           | Ohio           | \$1.25                           |
| Hawaii                                  | \$3.20                           | Oklahoma       | \$1.03                           |
| Idaho                                   | \$0.57                           | Oregon         | \$1.31                           |
| Illinois                                | \$1.98                           | Pennsylvania   | \$1.60                           |
| Indiana                                 | \$1.00                           | Rhode Island   | \$3.50                           |
| Iowa                                    | \$1.36                           | South Carolina | \$0.57                           |
| Kansas                                  | \$0.79                           | South Dakota   | \$1.53                           |
| Kentucky                                | \$0.60                           | Tennessee      | \$0.62                           |
| Louisiana                               | \$0.36                           | Texas          | \$1.41                           |
| Maine                                   | \$2.00                           | Utah           | \$1.70                           |
| Maryland                                | \$2.00                           | Vermont        | \$2.62                           |
| Massachusetts                           | \$3.51                           | Virginia       | \$0.30                           |
| Michigan                                | \$2.00                           | Washington     | \$3.03                           |
| Minnesota                               | \$2.83                           | West Virginia  | \$0.55                           |
| Mississippi                             | \$0.68                           | Wisconsin      | \$2.52                           |
| Missouri                                | \$0.17                           | Wyoming        | \$0.60                           |

Source: Compiled By Federation of Tax Administrators from state sources

# Consumer Counsel Fee

**Statute:** Title 69, Chapter 1, Part 2, MCA



## Fee Rate

The tax rate is set annually for the succeeding fiscal year to cover appropriations for the operation of the Office of the Consumer Counsel.

| Consumer Counsel Fee Rates |                                                  |
|----------------------------|--------------------------------------------------|
| <u>Fiscal Year*</u>        | <u>Fee Rate</u>                                  |
| Oct. 2005 - Sept. 2006     | 0.07% of Gross Revenue from Regulated Activities |
| Oct. 2006 - Sept. 2007     | 0.06% of Gross Revenue from Regulated Activities |
| Oct. 2007 - Sept. 2008     | 0.14% of Gross Revenue from Regulated Activities |
| Oct. 2008 - Sept. 2009     | 0.08% of Gross Revenue from Regulated Activities |
| Oct. 2009 - Sept. 2010     | 0.03% of Gross Revenue from Regulated Activities |
| Oct. 2010 - Sept. 2011     | 0.11% of Gross Revenue from Regulated Activities |
| Oct. 2011 - Sept. 2012     | 0.12% of Gross Revenue from Regulated Activities |
| Oct. 2012 - Sept. 2013     | 0.07% of Gross Revenue from Regulated Activities |
| Oct. 2013 - Sept. 2014     | 0.11% of Gross Revenue from Regulated Activities |
| Oct. 2014 - Sept. 2015     | 0.10% of Gross Revenue from Regulated Activities |

## Filing Requirements

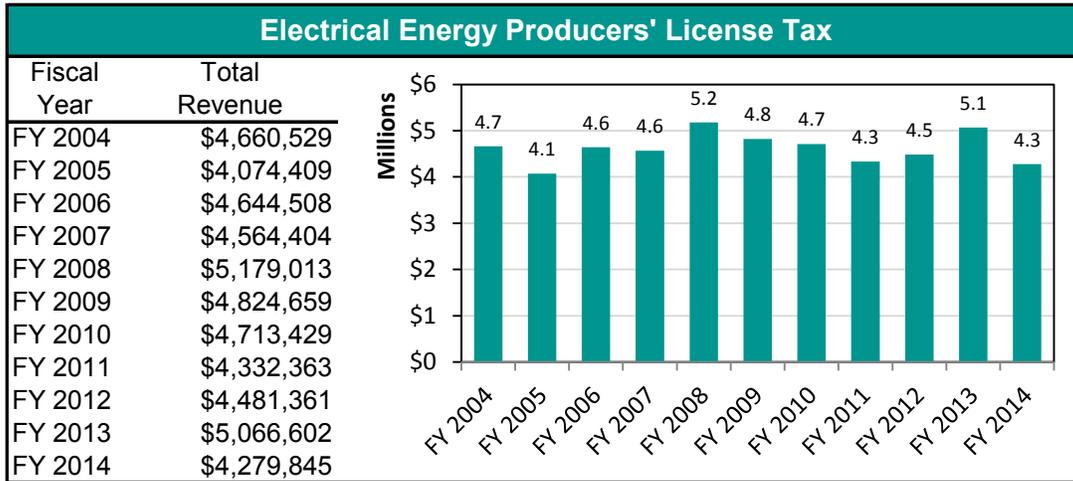
All companies providing services regulated by the Public Service Commission are subject to a quarterly Consumer Counsel Tax on gross operating revenue.

## Distribution

All collections are deposited in a state special revenue account for the operation of the office of consumer counsel (69-1-201; 223; 224, MCA).

# Electrical Energy Producers' License Tax

**Statute:** Title 15, Chapter 51, MCA



### Tax Rate

The tax was first enacted in 1933 and is \$.0002 per kilowatt hour of electrical energy generated, manufactured or produced in the state for barter, sale or exchange, other than plant use.

### Filing Requirements

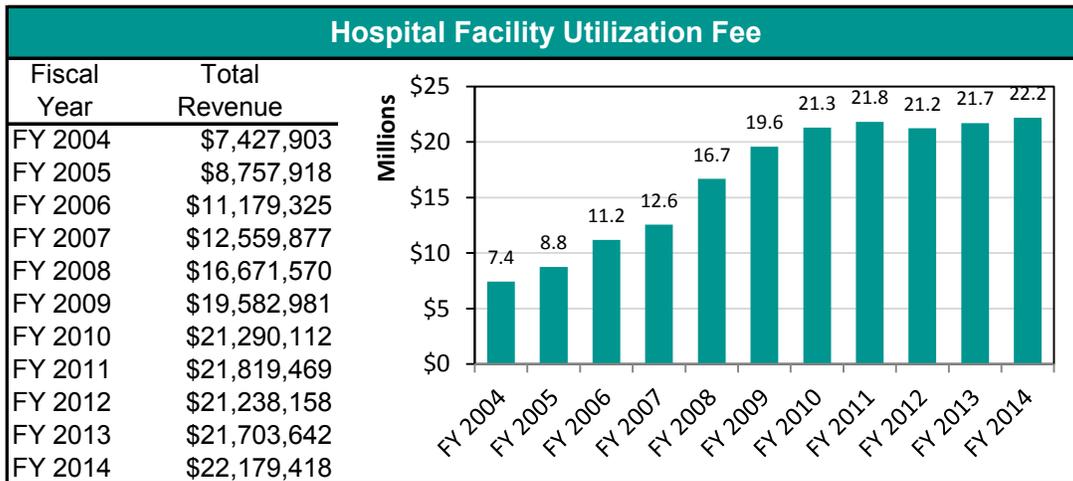
Businesses engaged in the production of electrical energy pay the electrical energy producers' license tax. The license tax must be remitted each calendar quarter to the department with a statement on or before the 30th day of the month after the end of the calendar quarter (15-51-102, MCA).

### Distribution

These tax collections are deposited in the state general fund (15-51-103, MCA).

# Hospital Facility Utilization Fee

**Statute:** Title 15, Chapter 66, MCA



## Fee Rate

Beginning in 2004, all hospitals licensed by the state (with the exception of the Montana State Hospital) are required to pay a utilization fee for each inpatient bed day.

## Filing Requirements

The fees must be paid by the hospital for the preceding calendar year on all taxable inpatient bed days. The table below provides the fee per inpatient bed day since the fee was instituted.

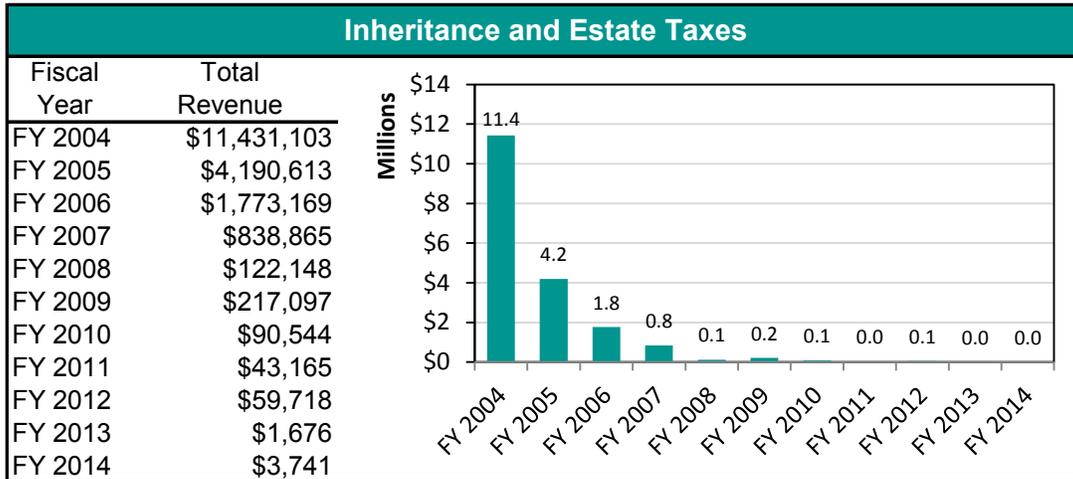
| Hospital Facility Utilization Fee Schedule |                                  |
|--------------------------------------------|----------------------------------|
| <u>Period Over Which Fee Applies</u>       | <u>Fee Per Inpatient Bed Day</u> |
| January 1, 2004 - June 30, 2005            | \$19.43                          |
| July 1, 2005 - December 31, 2005           | \$29.75                          |
| January 1, 2006 - June 30, 2007            | \$27.70                          |
| July 1, 2007 - December 31, 2007           | \$47.00                          |
| January 1, 2008 - December 31, 2008        | \$43.00                          |
| January 1, 2009 - December 31, 2009        | \$48.00                          |
| Beginning January 1, 2010                  | \$50.00                          |

## Distribution

All of the proceeds from the utilization fee are deposited in a special revenue account for use by the Department of Public Health and Human Services to provide reimbursements to hospitals serving Medicaid patients (15-66-102, MCA).

# Inheritance and Estate Tax

**Statute:** Title 72, Chapter 16, MCA



## Tax Rate

An estate tax is a tax on the value of the estate a person leaves when they die and is paid by the estate. An inheritance tax is a tax on the value of the bequest each heir receives.

Before 2001, Montana had an inheritance tax with rates that varied according to the heir's relationship to the decedent. Montana's inheritance tax was repealed by the passage of Legislative Referendum 116 in November 2000, and does not apply to bequests made on or after January 1, 2001.

Montana also has an estate tax equal to the difference between the amount of credit that the federal estate tax law allows for state taxes and the inheritance tax. The estate tax essentially allows the state to receive a share of the federal tax on Montana estates, with that share determined by federal law. With repeal of the inheritance tax, the estate tax became a stand-alone tax.

Federal legislation passed in 2001 and 2010 changed the federal estate tax law. It phased out the credit for state taxes between 2002 and 2004 and replaced it with a deduction beginning in 2005. With no federal credit, Montana essentially has an estate tax with a rate of zero.

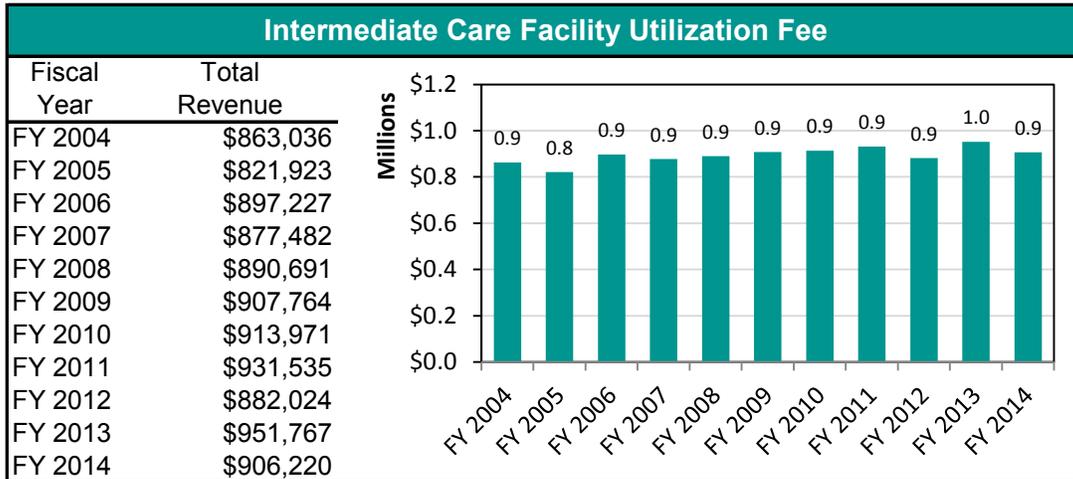
No Montana tax applies to the estates of people who died after January 1, 2005. All revenue received in FY 2006 through FY 2014 is from the estates of people who died before the end of 2004. The state continues to receive small amounts of revenue because it sometimes takes years for final settlement of all issues pertaining to an estate.

## Distribution

All inheritance tax revenue is deposited in the state general fund.

# Intermediate Care Facility Utilization Fee Distribution

**Statute:** Title 15, Chapter 67, MCA



### Fee Rate

The Intermediate Care Facility Utilization Fee is collected at a rate of 6 percent of the revenue of intermediate care facilities for the developmentally disabled. The fee was first implemented by the 2003 Legislature at a rate of 5 percent. The 2005 Legislature changed the fee to a quarterly payment of 6 percent of the intermediate care facility's quarterly revenue divided by the resident bed days for the same time period.

### Filing Requirements

Payments are filed and paid quarterly.

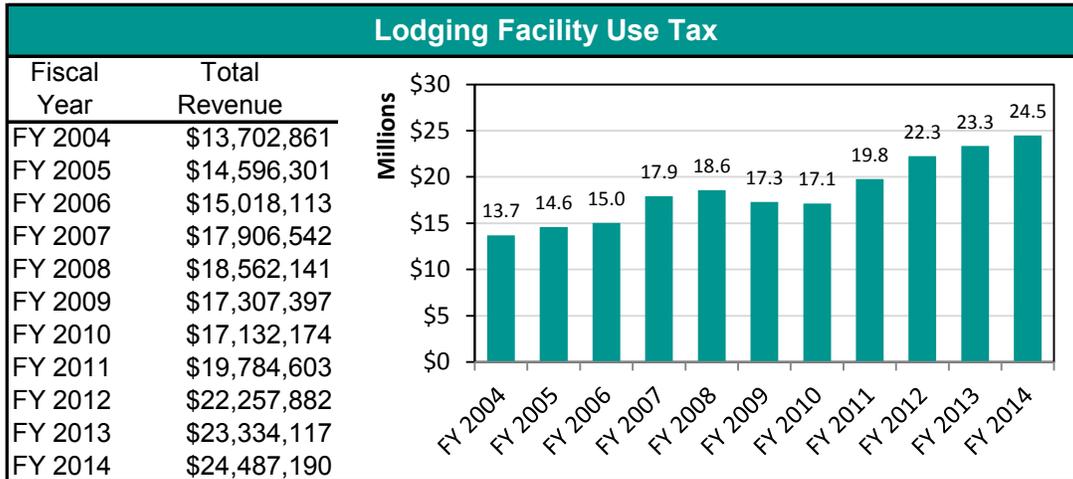
### Distribution

30 percent of the revenue generated by this fee is deposited into the state general fund and 70 percent into the prevention and stabilization account in the state special revenue fund for the Department of Public Health and Human Services to administer (15-67-101, MCA).

| Distribution of Intermediate Care Facility Utilization Fees |           |           |           |           |
|-------------------------------------------------------------|-----------|-----------|-----------|-----------|
| Fund                                                        | FY 2011   | FY 2012   | FY 2013   | FY 2014   |
| General Fund (30%)                                          | \$279,460 | \$264,607 | \$285,530 | \$271,866 |
| Prevention & Stabilization (70%)                            | \$652,074 | \$617,417 | \$666,237 | \$634,354 |

# Lodging Facility Use Tax

**Statute:** Title 15, Chapter 65, MCA



### Tax Rate

The 1987 Legislature enacted a tax on short-term lodging, with the proceeds to be used primarily to fund tourism promotion. The tax is imposed on users of short-term, overnight lodging facilities and is four percent of the lodging charge.

### Filing Requirements

The owner or operator of a facility collects the tax from customers and is required to remit the tax to the department quarterly. The tax is due by the end of the month after the end of the quarter. To simplify compliance, the department has lodging operators file a single return combining the lodging facility use tax and the lodging sales tax.

### Distribution

The department's costs of administering the lodging facility use tax are paid out of receipts from the tax. This process is different from most taxes, where the department's costs are paid from the general fund. For each fiscal year, the legislature appropriates an amount to the department to cover its costs, and this amount is deducted from tax collections.

The legislature originally chose not to tax business travel by state employees. However, rather than exempting state travel from the tax, the legislature required the department to reimburse state agencies for the tax they paid. Agencies reported the amount they spent on lodging from each of their funding sources, and the department reimbursed each of the funds. This system was cumbersome to administer and difficult to track. The 2011 Legislature simplified the process (HB 111). Beginning in FY 2012, 30 percent of tax collected from state agencies is deposited in the general fund. Tax on state agency travel paid with federal funds is given to the Department of Administration to be returned to the federal government through the normal process for returning unspent federal funds. The rest of the tax paid by state agencies is included in the normal distribution.

## Lodging Facility Use Tax

A fixed allocation of \$400,000 is deposited in the Montana Heritage Preservation Account to pay for preservation of historic properties at Virginia City and Nevada City. The remaining revenue is distributed according to a formula. The distribution is as follows:

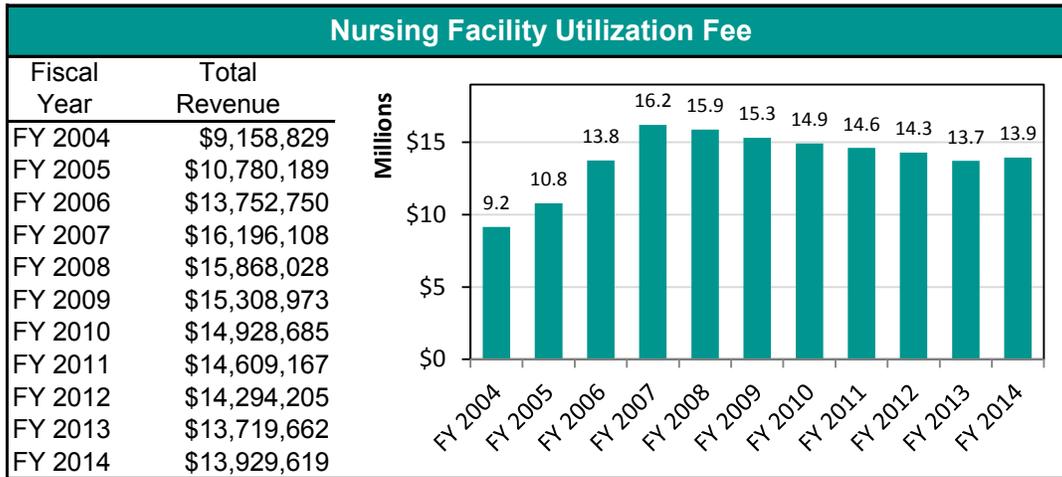
- 64.9 percent to the Department of Commerce for statewide tourism promotion.
- 1 percent to the Montana Historical Society for roadside historical signs and historic sites.
- 2.5 percent to the university system for the Montana Travel Research Program.
- 2.6 percent to the Historical Society to cover costs of the state museum and the Robert Scriver sculpture collection.
- 6.5 percent to the Department of Fish, Wildlife and Parks to maintain facilities in state parks.
- 22.5 percent to regional nonprofit tourism corporations and local convention and visitors bureaus for local tourism promotion. Each of the state's six tourism promotion regions receives revenue proportional to the tax collected in the region. If the share of this allocation due to taxes collected in a city or resort area is more than \$35,000, half of that amount goes to the local convention and visitors' bureau.

The 2011 Legislature (HB 477) created the allocation to the Historical Society and reduced the Department of Commerce's allocation by the same percentage (2.6 percent).

| Distribution of Lodging Facility Use Tax   |                     |                     |                     |                     |
|--------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Fund                                       | FY 2011             | FY 2012             | FY 2013             | FY 2014             |
| <b>Total Revenue</b>                       | <b>\$19,784,603</b> | <b>\$22,257,882</b> | <b>\$23,334,117</b> | <b>\$24,487,190</b> |
| DOR Administration                         | \$132,416           | \$135,675           | \$136,459           | \$144,317           |
| Travel Reimbursements                      | \$215,859           | \$140,183           | \$134,921           | \$152,886           |
| MT Heritage Preservation Acct.             | \$400,000           | \$400,000           | \$400,000           | \$400,000           |
| <b>Remainder</b>                           | <b>\$19,036,328</b> | <b>\$21,582,023</b> | <b>\$22,662,737</b> | <b>\$23,789,987</b> |
| Department of Commerce (64.9%)             | \$12,849,521        | \$14,012,087        | \$14,708,117        | \$15,439,702        |
| MT Historical Soc. Sites & Signs (1%)      | \$190,363           | \$215,820           | \$226,627           | \$237,900           |
| MT University System (2.5%)                | \$475,908           | \$539,551           | \$566,568           | \$594,750           |
| MT Historical Soc. Interpret. Acct. (2.6%) | \$0                 | \$555,779           | \$589,231           | \$618,540           |
| Fish, Wildlife, and Parks (6.5%)           | \$1,237,361         | \$1,402,832         | \$1,473,078         | \$1,546,350         |
| Regional Tourism (22.5%)                   | \$4,283,174         | \$4,855,955         | \$5,099,116         | \$5,352,747         |

# Nursing Facility Utilization Fee

**Statute:** Title 15, Chapter 60, MCA



## Tax Rate

All facilities licensed by the Department of Public Health and Human Services (DPHHS) and the Montana Mental Health Nursing Care Center (MMHNCC) must pay a utilization fee of \$8.30 per resident day. For all facilities, with the exception of the Montana Mental Health Nursing Care Center, \$2.80 is distributed to the general fund and \$5.50 is distributed to the nursing facility utilization fee account.

| Nursing Facility Utilization Fee Rates                          |               |
|-----------------------------------------------------------------|---------------|
| <b>Non-Montana Mental Health Nursing Care Center Facilities</b> |               |
| General Fund Fee Per Bed Day (≈33.73%)                          | \$2.80        |
| Nursing Facility Utilization Account Fee Per Bed Day (≈66.27%)  | \$5.50        |
| <b>Total Fee Per Bed Day (100%)</b>                             | <b>\$8.30</b> |
| <b>Montana Mental Health Nursing Care Center Facilities</b>     |               |
| General Fund Fee Per Bed Day (30%)                              | \$2.49        |
| Prevention and Stabilization Fee Per Bed Day (70%)              | \$5.81        |
| <b>Total Fee Per Bed Day (100%)</b>                             | <b>\$8.30</b> |

## Filing Requirements

The owner or operators of a facility pay the tax quarterly. The tax is due on or before the last of the month immediately following the end of the quarter.

## Distribution

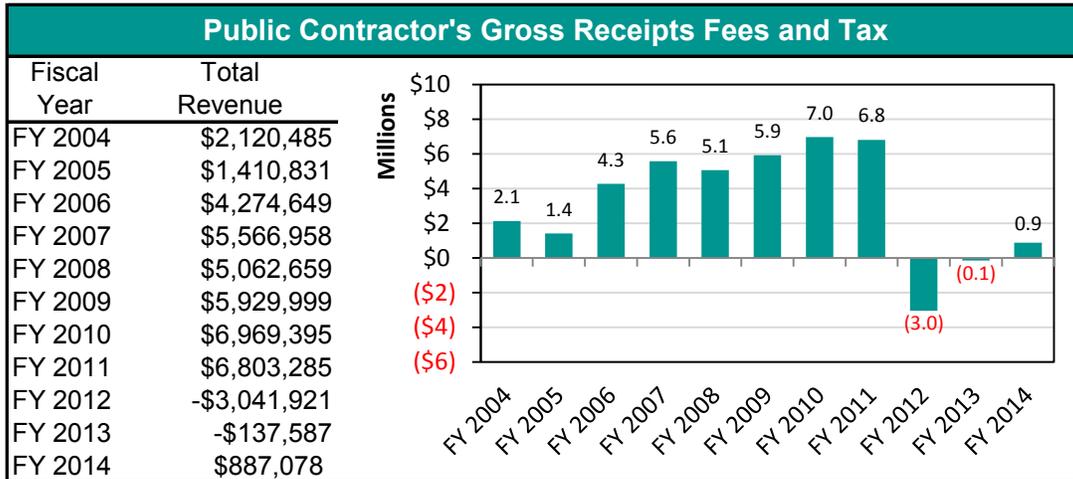
Utilization fees paid by the Montana Mental Health Nursing Care Center are distributed 30 percent to the state general fund and 70 percent to the prevention and stabilization account administered by DPHHS to finance, administer, and provide health and human services (53-6-1101, MCA).

The revenue distributed into the nursing facility utilization account is used by DPHHS to increase the average price paid for Medicaid nursing facility services under the price-based reimbursement system used to establish Medicaid payment rates to nursing homes (15-60-211, MCA).

| Distribution of Nursing Facility Utilization Fees               |             |             |             |             |
|-----------------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                                 | FY 2011     | FY 2012     | FY 2013     | FY 2014     |
| <b>Non-Montana Mental Health Nursing Care Center Facilities</b> |             |             |             |             |
| General Fund (≈33.73%)                                          | \$4,838,119 | \$4,735,765 | \$4,580,152 | \$4,615,142 |
| Nursing Facility Util. Acct. Fee (≈66.27%)                      | \$9,505,548 | \$9,304,451 | \$8,931,529 | \$9,067,461 |
| <b>Montana Mental Health Nursing Care Center Facilities</b>     |             |             |             |             |
| General Fund (30%)                                              | \$79,650    | \$76,196    | \$62,394    | \$74,105    |
| Prevention and Stabilization Fee (70%)                          | \$185,850   | \$177,792   | \$145,587   | \$172,911   |

# Public Contractor's Gross Receipts Fees and Tax

**Statute:** Title 15, Chapter 50, MCA.



## Tax Rate

Prime contractors, or subcontractors, working on a publicly funded project in Montana are required to pay, or have withheld from their earnings, a license fee equal to 1 percent of the gross contract price of all government contracts over \$5,000.

## Filing Requirements

Contractors can obtain part or all of the tax back by requesting refunds for business equipment and vehicle property taxes paid by their contracting business, and/or by claiming credit on their individual Montana income tax return or Montana corporation income tax return.

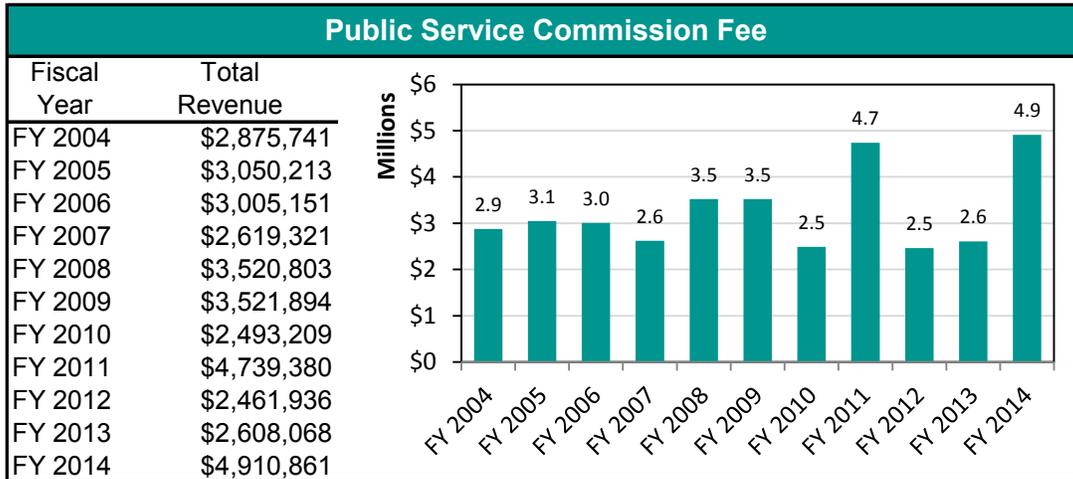
In FY 2012 and FY 2013, total refunds exceeded total payments and as a result, total contractor's gross receipts revenue was negative. The decline in revenue is due, in part, to a large decrease in the number of publicly funded projects covered by the fee in FY 2012, FY 2013 and FY 2014. The revenue amounts are expected to return to a level closer to their historical levels, as the number of refunds claimed by contractors adjusts to the decreased number of qualified government contracts. In addition, upgrades to the department's main tax processing software, Gentax, along with changes in the contractor's gross receipts software application allowed a backlog of refunds to be closed out and finally posted. The upgrade, along with other efforts by the department, resulted in large, temporary, decreases in revenue over a short time period.

## Distribution

Revenues are deposited in the state general fund (15-50-311, MCA).

# Public Service Commission Fee

**Statute:** Title 69, Chapter 1, Part 4, MCA



## Tax Rate

All companies providing services that are regulated by the Public Service Commission are subject to tax on gross operating revenue, excluding revenues from sales to other regulated companies for resale. However, motor carriers are not subject to the tax. The tax rate is set annually for the succeeding fiscal year to cover appropriations for the operation of the Department of Public Service Regulation.

| Public Service Commission Fee Rates |       |
|-------------------------------------|-------|
| Effective Dates                     | Rate  |
| Oct. 2005 - Sept. 2006              | 0.25% |
| Oct. 2006 - Sept. 2007              | 0.22% |
| Oct. 2007 - Sept. 2008              | 0.31% |
| Oct. 2008 - Sept. 2009              | 0.26% |
| Oct. 2009 - June 2010               | 0.21% |
| July 2010 - Sept. 2010              | 0.37% |
| Oct. 2010 - Sept. 2011              | 0.42% |
| Oct. 2011 - Sept. 2012              | 0.20% |
| Oct. 2012 - Sept. 2013              | 0.23% |
| Oct. 2013 - Sept. 2014              | 0.42% |
| Oct. 2014 - Sept. 2015              | 0.20% |

## Filing Requirements

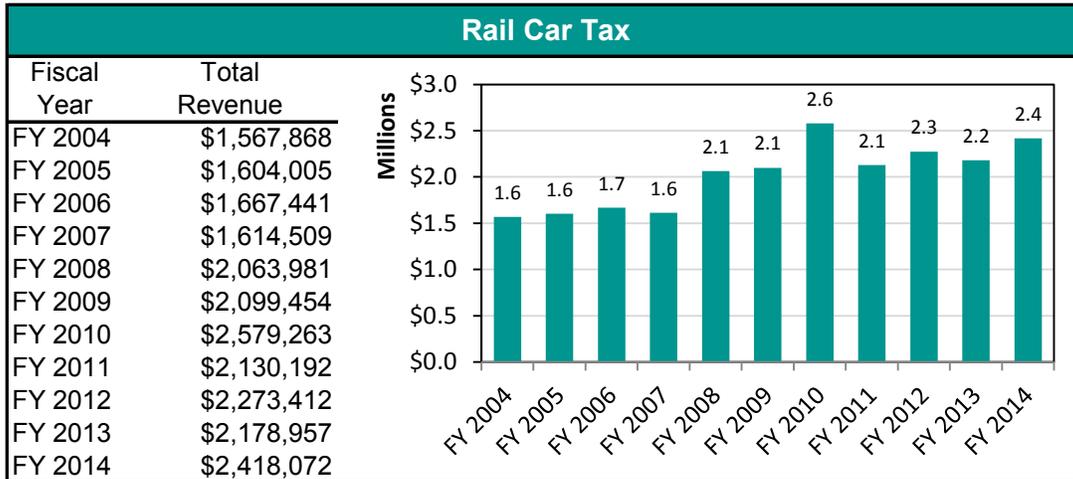
Taxpayers must file and pay the tax within 30 days of the end of the calendar quarter.

## Distribution

All collections are deposited in a state special revenue account for the administration of the Public Service Commission (69-1-402, MCA).

# Rail Car Tax

**Statute:** Title 15, Chapter 23, Part 2, MCA



## Tax Rate

The rail car tax provides for the central assessment of rail car companies' operating properties. The rail car tax is assessed on the rolling stock of freight line companies. Section 15-23-214, MCA, provides that the tax is computed by multiplying the taxable value of the property by the average statewide mill levy for commercial and industrial property. Rail car companies were moved from a gross receipts tax to an ad valorem tax by the July 1992 special session of the Montana Legislature.

Calculation of rail car tax is a three-step process. The first step is to determine the Montana market value of rail car companies. The second step is to calculate the taxable value by applying the class 12 taxable valuation rate to the Montana market value. The class 12 taxable value rate, which applies to railroad and airline property, is a composite rate reflective of the weighted average tax rate applied to all commercial and industrial property in the state. The third step is to apply the statewide average mill levy for commercial and industrial property to the taxable value. Section 15-23-211, MCA, provides a definition of the "average levy." Prior to fiscal year 2004, 95 percent of the average statewide mill levy was used as the average state mill.

Under current law, tax calculations are calculated at 100 percent of the average statewide mill levy. The rail car tax general fund revenue is Montana's allocated rail car value multiplied by the class 12 taxable valuation rate, and then multiplied by the average statewide mill levy for commercial and industrial property. The calculated tax may differ from actual collections due to delinquent taxes.

## Filing Requirements

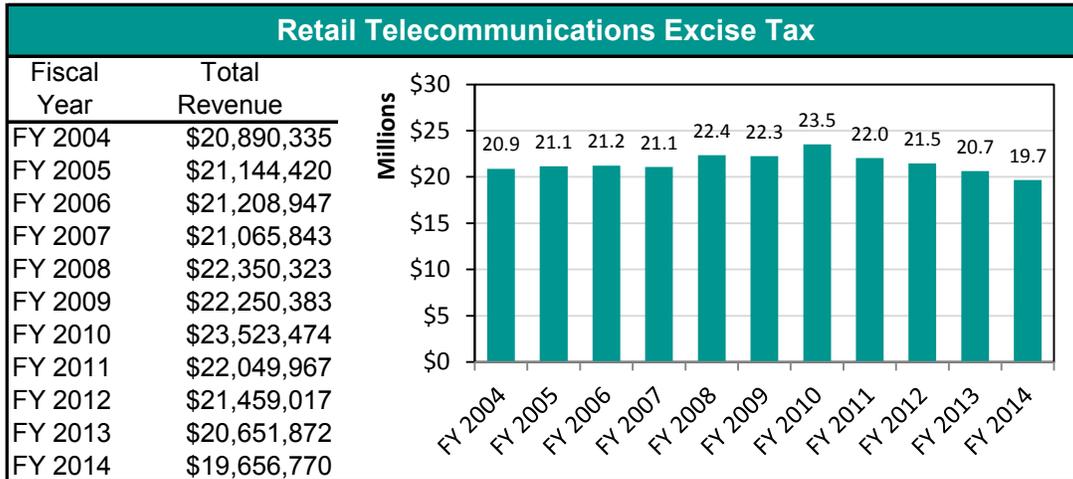
The department computes the rail car tax and sends the railroad car company a written notice with the amount of taxes due. This notice must include the taxable value of the property and the average levy used (15-23-214, MCA). One half of the rail car tax is due by November 30 of each year or within 30 days after the tax notice is postmarked, whichever is later. The other half of the tax is due by May 31 of each year.

## Distribution

Rail car tax revenue is deposited in the state general fund (15-23-215, MCA).

# Retail Telecommunications Excise Tax

**Statute:** Title 15, Chapter 53, MCA



### Tax Rate

Prior to January 1, 2000, Montana levied a telephone company license tax of 1.8 percent on gross revenue telephone companies earned from in-state telephone calls. On January 1, 2000, the telephone company license tax was replaced by the retail telecommunications excise tax. The retail telecommunications tax is levied at a rate of 3.75 percent on retail sales of telecommunications service when the transmission either originates or terminates in Montana.

The sale of prepaid wireless cellular telephone services by third parties, such as retail and grocery stores, are not subject to Montana’s retail telecommunications excise tax.

### Filing Requirements

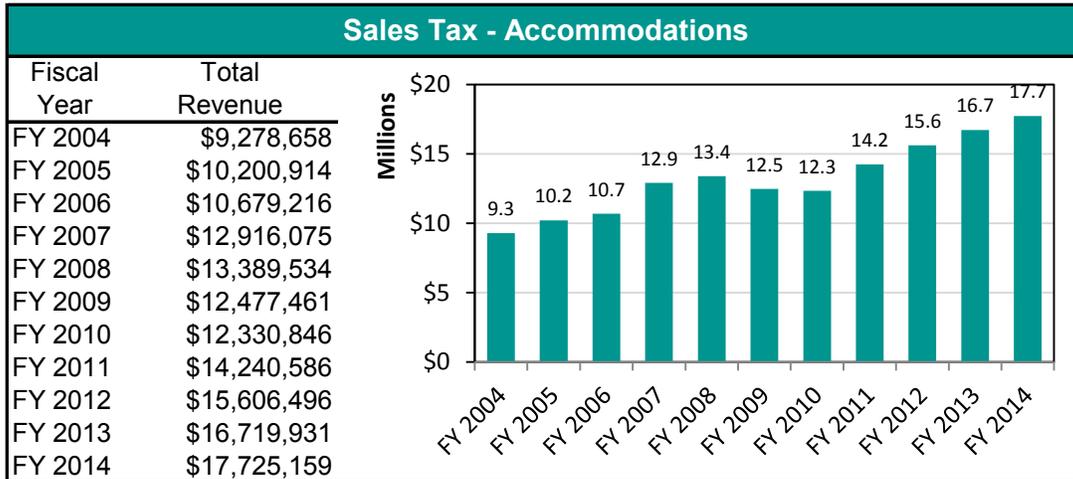
Each retail telecommunication service provider must file a quarterly return due 60 days after the end of the quarter.

### Distribution

All receipts from the Retail Telecommunications Excise tax are deposited in the state general fund (15-53-128, MCA).

## Sales Tax - Accommodations

**Statute:** Title 15, Chapter 68, MCA



### Tax Rate

In 2003, the Montana Legislature enacted a 3 percent selective sales and use tax on accommodations and campgrounds. The 3 percent sales tax on accommodations is levied in addition to, and applies to the same facilities as, the lodging facilities use tax (15-68-102, MCA).

### Filing Requirements

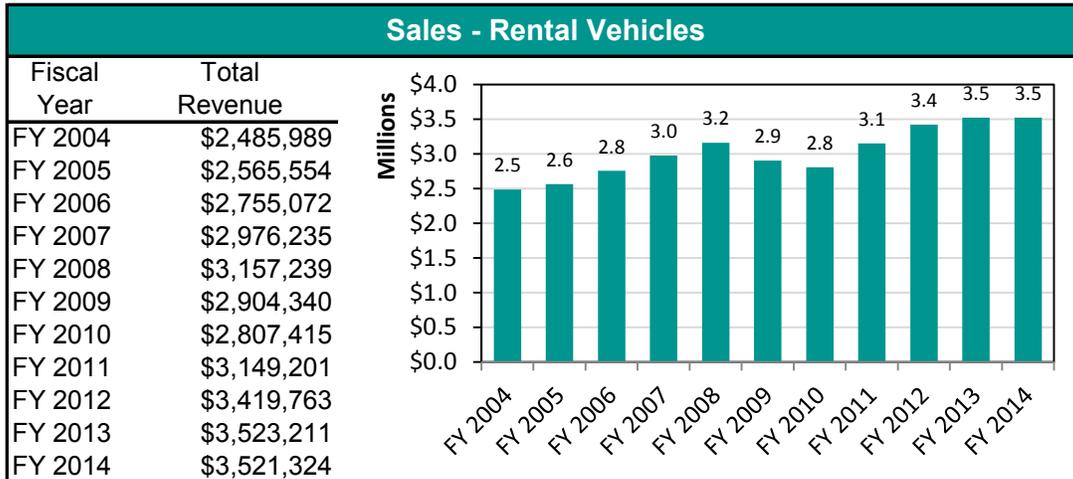
The sales tax is imposed on the purchaser and collected and remitted by the seller to the department. The tax is due on or before the last day of the month immediately following the end of the quarter. A lodging facility operator who files a return and remits the tax on time is allowed to keep 5 percent of the tax collected, up to \$1,000 per facility, as compensation for collecting the tax.

### Distribution

All of the revenue from the accommodations and campground sales and use tax is deposited in the state general fund (15-68-820, MCA).

## Sales Tax - Rental Vehicles

**Statute:** Title 15, Chapter 68, MCA



### Tax Rate

The 2003 Legislature enacted a 4 percent sales and use tax on the base rental charge for vehicles rented for 30 days or less (15-68-102, MCA). The base rental charge includes charges based on time of use or mileage, charges for personal accident insurance, charges for additional or underage drivers, and charges for certain accessory equipment. Rental vehicles subject to the tax include automobiles, vans and SUVs; trucks rated at one ton or less; motorcycles and quadracycles; off-highway vehicles; motorboats and sailboats; and trucks, trailers and semis with GVW less than 22,000 lbs. Vehicles designed to carry more than 15 passengers, farm vehicles, machinery, equipment, and vehicles rented with a driver are not subject to the tax.

### Filing Requirements

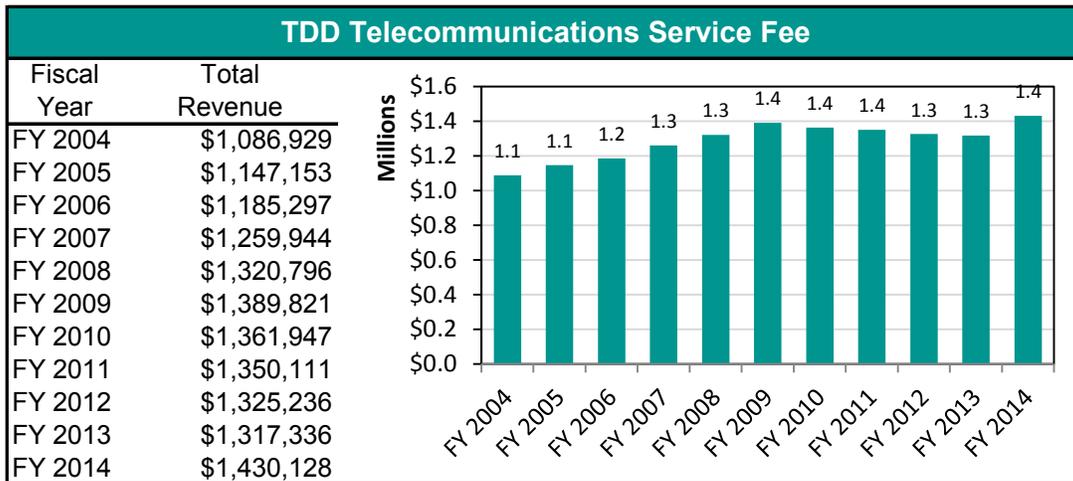
The sales tax is imposed on the purchaser and collected and remitted by the seller to the department. The tax is due on or before the last of the month immediately following the end of the quarter. A rental vehicle business that files a return and remits the tax on time is allowed to keep 5 percent of the tax collected, up to \$1,000 per location, as compensation for collecting the tax.

### Distribution

All rental vehicle sales tax revenue is deposited in the state general fund (15-68-820, MCA).

# TDD Telecommunications Service Fee

**Statute:** 53-19-301, MCA



### Fee Rate

A monthly fee of \$0.10 per access line in the state is assessed from service subscribers to provide funding for a telecommunications relay service system that is designed to connect persons with disabilities to all public telecommunications services. The service provider may deduct and retain 0.75 percent of the total fees collected each month to cover its administrative expenses. Legislation in 2007 modified state law to make clear that all telecommunications providers, including those using newer technologies or formats such as Voice over Internet Protocol or prepaid wireless service, must collect the fee and remit the revenue to the state.

### Filing Requirements

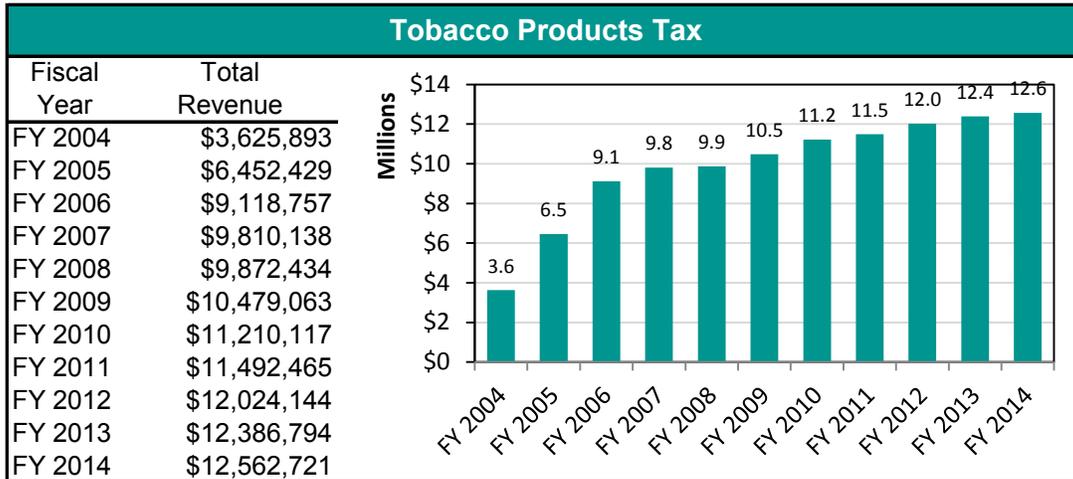
The fee is paid by the subscriber, but is collected and remitted to the state by the service provider on a quarterly basis. The tax is due on the last day of the month immediately following the end of the quarter.

### Distribution

The revenue from this fee is deposited in a special revenue account to provide telecommunications devices for persons with hearing disabilities (53-19-311, MCA).

# Tobacco Products Tax

**Statute:** Title 16, Chapter 11, MCA



## Tax Rate

All tobacco products, excluding cigarettes and moist snuff, are subject to a tax of 50 percent of their wholesale price. A tax of \$0.85 per ounce is levied on moist snuff. The taxpayer is allowed a 1.5 percent allowance for administrative expenses. Before May 1, 2003, the tax rate on tobacco products was 12.5 percent. The 2003 Legislature increased the tax on tobacco products to 25 percent of the wholesale price. Then, Montana voters passed Initiative 149 (I-149). This increased the taxes on other tobacco products to 50 percent of the wholesale price and the tax on moist snuff to \$0.85 per ounce. This increase was effective January 1, 2005.

| Tobacco Products Tax Rate |                        |
|---------------------------|------------------------|
| Product                   | Tax Rate               |
| Moist Snuff               | \$0.85 per ounce       |
| All Other Tobacco*        | 50% of wholesale price |

\*Excludes Cigarettes

## Filing Requirements

The tax is collected monthly from the wholesaler. Wholesalers must submit returns to the department on or before the 15<sup>th</sup> day of the month.

## Distribution

After tribal revenue sharing agreements, the revenue from the tobacco products tax is distributed 50 percent to the state general fund and 50 percent to the Department of Public Health and Human Services for health and Medicaid initiatives (16-11-119, MCA).

| Distribution of Tobacco Products Tax |                     |                     |                     |                     |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
|                                      | FY 2011             | FY 2012             | FY 2013             | FY 2014             |
| <b>Total Revenue</b>                 | <b>\$11,492,465</b> | <b>\$12,024,144</b> | <b>\$12,386,794</b> | <b>\$12,562,721</b> |
| Tobacco And Cig. Tribal Agree.       | \$537,849           | \$605,561           | \$681,584           | \$703,758           |
| <b>Remainder</b>                     | <b>\$10,954,616</b> | <b>\$11,418,583</b> | <b>\$11,705,210</b> | <b>\$11,858,963</b> |
| General Fund (50%)                   | \$5,477,308         | \$5,709,292         | \$5,852,606         | \$5,929,482         |
| DPHHS (50%)                          | \$5,477,308         | \$5,709,291         | \$5,852,604         | \$5,929,481         |

## Tobacco Products Tax

### State Comparison

The tax rates associated with non-cigarette tobacco products varies significantly across the United States. A majority of states place a tax on the wholesale price of non-cigarette related tobacco products, with rates ranging from 6.6 percent of the wholesale price in Tennessee to 95 percent in several states. With a tax of 50 percent on the wholesale price of all non-cigarette and snuff tobacco products, the tax rate in Montana is similar to the national average. However, ten states tax the sale of non-cigarette tobacco products based on the manufacturers, or factory list, price.

Montana is also one of several states that places a different tax on the sale of moist snuff. With a tax rate of \$0.85 per ounce, Montana had the seventh highest tax rate in the country. Maine and New York have the highest tax on moist snuff at \$2.02 and \$2 per ounce respectively.

**Other Tobacco Product Taxes by State**

| <b>State</b> | <b>Type</b>                | <b>Tax Rate</b>                |
|--------------|----------------------------|--------------------------------|
| Alabama      | Cigars                     | \$0.03 - \$0.405 Per 10 Cigars |
|              | Tobacco / Snuff            | \$0.01 - \$0.08 Per Ounce      |
| Alaska       | All Other Tobacco Products | 75% Wholesale Price            |
| Arizona      | Cigars                     | \$0.337 - \$1.10 Per 10 Cigars |
|              | Tobacco / Snuff            | \$0.238 Per Ounce              |
| Arkansas     | All Other Tobacco Products | 68% Manufacturer's Price       |
| California   | All Other Tobacco Products | 29.82% Wholesale Price         |
| Colorado     | All Other Tobacco Products | 40% Manufacturer's Price       |
| Connecticut  | Snuff                      | \$1.00 Per Ounce               |
|              | All Other                  | 50% Wholesale Price            |
| Delaware     | Snuff                      | \$0.54 Per Ounce               |
|              | All Other                  | 15% Wholesale Price            |
| Florida      | Tobacco / Snuff            | 85% Wholesale Price            |
| Georgia      | Little Cigars              | \$0.025 Per 10 Cigars          |
|              | Other Cigars               | 23% Wholesale Price            |
|              | Tobacco                    | 10% Wholesale Price            |
| Hawaii       | Large Cigars               | 50% Wholesale Price            |
|              | Tobacco / Snuff            | 70% Wholesale Price            |
| Idaho        | All Other Tobacco Products | 40% Wholesale Price            |
| Illinois     | Snuff                      | \$0.30 Per Ounce               |
|              | All Other                  | 36% Wholesale Price            |
| Indiana      | All Other Tobacco Products | 24% Wholesale Price            |
| Iowa         | All Other Tobacco Products | 50% Wholesale Price            |
| Kansas       | All Other Tobacco Products | 10% Wholesale Price            |
| Kentucky     | All Other Tobacco Products | 15% Wholesale Price            |
| Louisiana    | Cigars                     | 8% - 20% Manufacturer's Price  |
|              | Snuff / Smoking Tobacco    | 20% - 33% Manufacturer's Price |
| Maine        | Chewing Tobacco / Snuff    | \$2.02 Per Ounce               |
|              | Smoking Tobacco / Cigars   | 20% Wholesale Price            |
| Maryland     | All Other Tobacco Products | 30% Wholesale Price            |

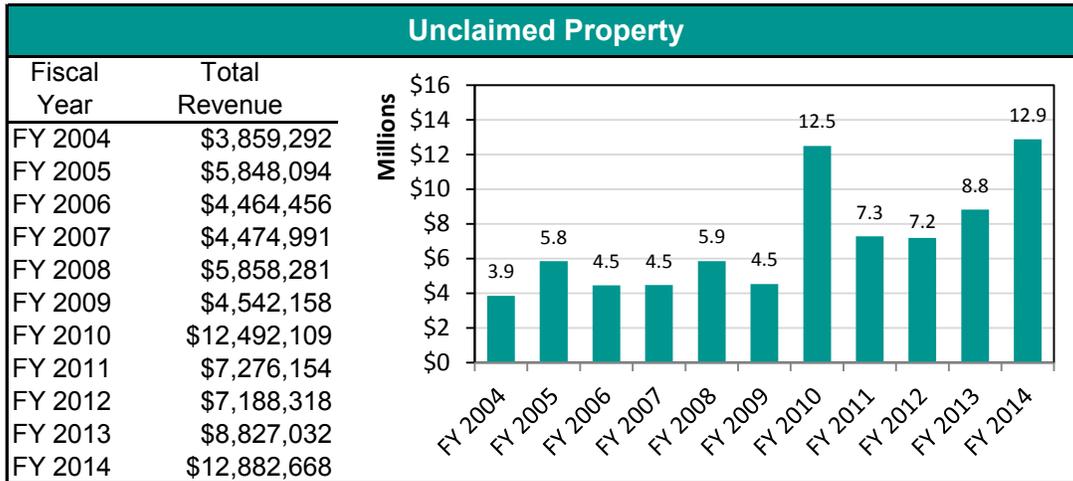
## Tobacco Products Tax

| Other Tobacco Product Taxes by State |                            |                               |
|--------------------------------------|----------------------------|-------------------------------|
| <u>State</u>                         | <u>Type</u>                | <u>Tax Rate</u>               |
| Massachusetts                        | Smoking Tobacco / Cigars   | 40% Wholesale Price           |
| Michigan                             | All Other Tobacco Products | 32% Wholesale Price           |
| Minnesota                            | All Other Tobacco Products | 95% Wholesale Price           |
| Mississippi                          | All Other Tobacco Products | 15% Manufacturer's Price      |
| Missouri                             | All Other Tobacco Products | 10% Manufacturer's Price      |
| Montana                              | Snuff                      | \$0.85 Per Ounce              |
|                                      | All Other                  | 50% Wholesale Price           |
| Nebraska                             | Snuff                      | \$0.44 Per Ounce              |
|                                      | All Other                  | 20% Wholesale Price           |
| Nevada                               | All Other Tobacco Products | 30% Wholesale Price           |
| New Hampshire                        | All Other Tobacco Products | 65.03% Wholesale Price        |
| New Jersey                           | Snuff                      | \$0.75 Per Ounce              |
|                                      | All Other                  | 30% Wholesale Price           |
| New Mexico                           | All Other Tobacco Products | 25% Product Value             |
| New York                             | Snuff                      | \$2.00 Per Ounce              |
|                                      | All Other                  | 75% Wholesale Price           |
| North Carolina                       | All Other Tobacco Products | 12.8% Wholesale Price         |
| North Dakota                         | Cigars and Tobacco         | 28% Wholesale Price           |
|                                      | Chew Tobacco and Snuff     | \$0.16 - \$0.60 Per Ounce     |
| Ohio                                 | All Other Tobacco Products | 17% Wholesale Price           |
| Oklahoma                             | Cigars (Little and Large)  | \$0.36 - \$1.20 Per 10 Cigars |
|                                      | Snuff and Tobacco          | 60% - 80% Factory List Price  |
| Oregon                               | All Other Tobacco Products | 65% Wholesale Price           |
| Rhode Island                         | All Other Tobacco Products | 80% Wholesale Price           |
| South Carolina                       | All Other Tobacco Products | 5% Manufacturer's Price       |
| South Dakota                         | All Other Tobacco Products | 35% Wholesale Price           |
| Tennessee                            | All Other Tobacco Products | 6.6% Wholesale Price          |
| Texas                                | Cigar                      | \$0.01 - \$0.15 Per 10 Cigars |
|                                      | Tobacco / Snuff            | \$1.22 Per Ounce              |
| Utah                                 | Snuff                      | \$1.83 Per Ounce              |
|                                      | All Other                  | 86% Manufacturer's Price      |
| Vermont                              | Snuff                      | \$1.87 Per Ounce              |
|                                      | All Other                  | 92% Wholesale Price           |
| Virginia                             | Snuff                      | \$0.18 Per Ounce              |
|                                      | All Other                  | 10% Manufacturer's Price      |
| Washington                           | All Other Tobacco Products | 95% Wholesale Price           |
| West Virginia                        | All Other Tobacco Products | 7% Wholesale Price            |
| Wisconsin                            | All Other Tobacco Products | 71% Manufacturer's Price      |
| Wyoming                              | Snuff                      | \$0.60 Per Ounce              |
|                                      | All Other                  | 20% Wholesale Price           |

Source: Compiled By Federation of Tax Administrators from state sources

# Unclaimed Property

**Statute:** Title 70, Chapter 9, Part 8, MCA



Montana is considered a “custodial state,” which means the State of Montana holds any abandoned property on behalf of the rightful owners until the owner claims the property. Under Montana’s uniform unclaimed property act, any intangible and certain tangible property unclaimed by its owner must be turned over to the Department of Revenue. Intangible and tangible property covered by the act includes such items as money, uncashed checks, drafts, state warrants, uncashed payroll checks, utility deposits, interest dividends or income, savings and checking accounts, safe deposit box contents, credit balances, customer overpayments, gift certificates, unidentified remittances, stocks, bonds and uncashed coupons. The department maintains records on all abandoned property reported in Montana. Reports filed by holders of abandoned property (banks and insurance companies, for instance) may be examined by the public. If the abandoned property is not claimed within three years after the receipt of the property, the State of Montana shall sell the property to the highest bidder at a public sale within the state, with the proceeds from the sale being held on behalf of the owner in the state general fund.

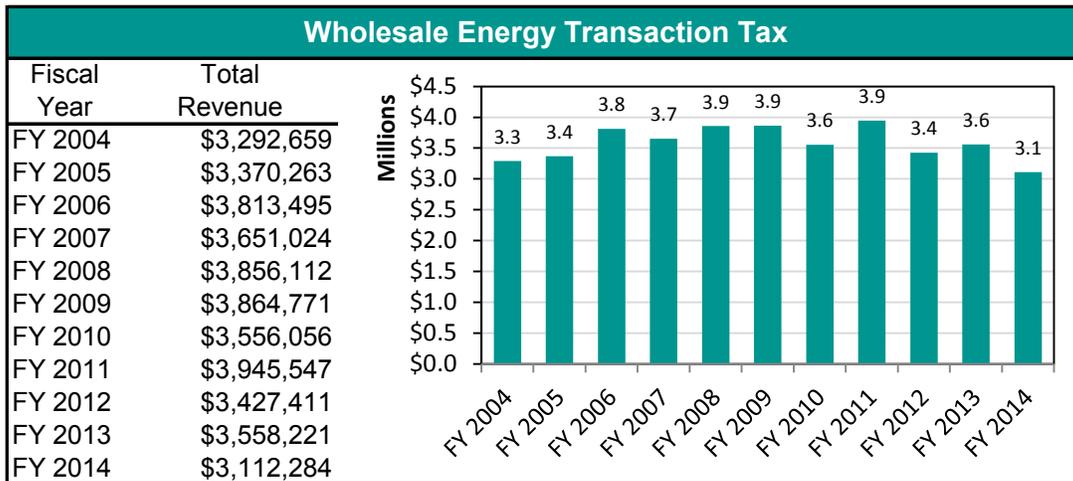
Since 1963, there has been approximately \$70,000,000 worth of unclaimed property turned over to the state. During that time, the department has returned nearly \$20,000,000 of the unclaimed property to its rightful owners.

### Distribution

According to 70-9-813, MCA, all collections over \$100,000 (the amount allocated to the agency refund account) are transferred to the state’s general fund. The refund period for items valued at more than \$50 is unlimited.

# Wholesale Energy Transaction Tax

**Statute:** Title 15, Chapter 72, MCA



## Tax Rate

The wholesale energy transaction tax is levied at a rate of \$0.00015 per kilowatt hour on all electricity transmitted by a transmission service provider in the state. There is also a 5 percent exemption for electricity produced in the state and delivered out of state.

## Filing Requirements

The tax went into effect on January 1, 2000 and is paid on a calendar quarter basis. Payment is due to the state within 30 days after the close of the quarter.

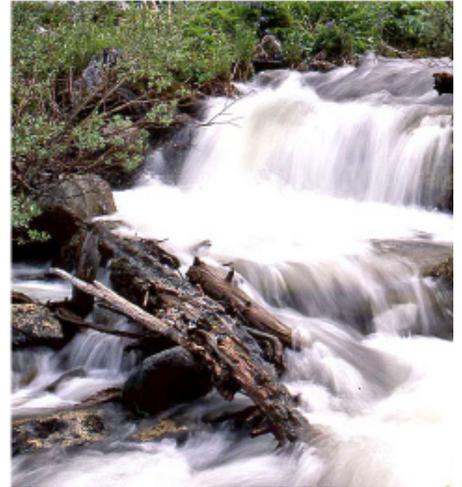
## Distribution

All payments are deposited into the state general fund (15-72-106, MCA).



# PROPERTY TAXES

## BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



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## Property Tax Background

In Montana, the Department of Revenue is responsible for administering property taxes and insuring uniform valuation of similar properties throughout the state for property tax purposes. The department was given this responsibility in 1972 through the Montana State Constitution.

Article 8, Sections 3 and 4 of the Montana Constitution states:

**Section 3. Property tax administration.** The state shall appraise, assess, and equalize the valuation of all property which is to be taxed in the manner provided by law.

**Section 4. Equal valuation.** All taxing jurisdictions shall use the assessed valuation of property established by the state.

Although the Department of Revenue is responsible for administering taxes and equalizing property throughout the state, it is the combination of the department, the legislature, and local governments and schools that set the level of taxes. The department determines the value of property throughout the state; the legislature sets the distribution of taxes by designating classes of property, establishing the tax rates and exemptions, determining the amount of the phase-in, and setting the basis of valuation; and local governments and other taxing jurisdictions set the level of taxes by their budgeting decisions and maximum mill levy limitations. Local governments also establish local special fees and assessment charges separate from ad valorem property taxes.

It is this interaction of the assessed value, tax rates, exemptions, phase-in, mill rates, and special fees and charges that determine the property taxes paid by individual taxpayers.

Property taxes are not like other taxes in the state. Property taxes are an ad valorem tax meaning the tax is levied in proportion to the value of each property relative to the total value within each taxing jurisdiction. Therefore, reducing a tax rate or exempting a certain type of property from the tax base does not reduce the amount of taxes collected but instead shifts the tax liability to other taxpayers in the affected jurisdiction.

Revenue collected from property taxes is statutorily limited. The legislature has placed limitations on the amount of property tax that can be collected. Local governments are subject to a maximum mill levy as set forth in 15-10-420, MCA. Property taxes levied by schools are limited by school budgeting laws. The state's mills are also subject to 15-10-420, MCA, but may not exceed the mill levy limitations set out in law. Because of this, state mills have been fixed and property revenue can only grow as new value is added to the tax base.

The first part of the property tax section explains these underlying concepts of Montana's property tax in more detail. The second part focuses on the distribution of the tax burden and total revenue collected.

| Selected Sections of Property Law                  | Primary Section of Montana Code Annotated (MCA) | Selected Sections of Property Law                | Primary Section of Montana Code Annotated (MCA) |
|----------------------------------------------------|-------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| General Provisions of Entitlement<br>Share Payment | Title 15, Chapter 1                             | Department to Equalize Valuations                | Title 15, Chapter 9                             |
| Administration of Revenue Laws                     | Title 15, Chapter 1, Part 2                     | Property Tax Levies                              | Title 15, Chapter 10                            |
| Investigations by the Department                   | Title 15, Chapter 1, Part 3                     | Certification of Taxable Values                  | 15-10-202, MCA                                  |
| Protested Payments                                 | Title 15, Chapter 1, Part 4                     | County Clerk and Recorder to<br>Report Mill Levy | 15-10-305, MCA                                  |
| State Tax Appeal Board                             | Title 15, Chapter 2                             | Department to Compute and Enter<br>Taxes         | 15-10-305, MCA                                  |
| Property Subject to Taxation and<br>Tax Rates      | Title 15, Chapter 6, Part 1                     | Taxing Authority Budget Limitation               | 15-10-420, MCA                                  |
| Tax-Exempt Property                                | Title 15, Chapter 6, Part 2                     | Property Tax Appeals                             | Title 15, Chapter 15                            |
| Appraisal Methods                                  | Title 15, Chapter 7, Part 1                     | Collection of Property Taxes by<br>Treasurer     | Title 15, Chapter 16                            |
| Appraisal Methods for Agriculture                  | Title 15, Chapter 7, Part 2                     | Tax Lien Sales                                   | Title 15, Chapter 17                            |
| Realty Transfer Act and Non-<br>Disclosure         | Title 15, Chapter 7, Part 3                     | Properties that are Centrally<br>Assessed        | Title 15, Chapter 23                            |
| Assessment Procedure                               | Title 15, Chapter 8                             | Special Property Tax Applications                | Title 15, Chapter 24                            |

## Property Tax Background

### **Property is Appraised at Its Market Value by the Department of Revenue**

In general, taxable property in the state is appraised by the Department of Revenue at 100 percent of its market value. This is the value at which property would change hands between a willing buyer and a willing seller when both have reasonable knowledge of the relevant facts and neither is under any compulsion to buy or sell (15-8-111, MCA).

For residential property, this means using the sale price of comparable properties to establish the value of properties that must be appraised. For commercial property, the appraised market value is determined by capitalizing the income from the property into a market value. In some cases, when there is not enough market information, values will be determined by estimating the cost of the property, minus depreciation for both residential and commercial properties.

Personal property and the value of gross proceeds and net proceeds of mines are reported annually by the taxpayer to the Department of Revenue.

Centrally assessed properties primarily consist of properties that cross county lines such as large utility companies and railroads. The department values the entire company and apportions the value among the counties and local jurisdictions by mileage or other basis that is judged to be reasonable and proper (15-23-105, MCA).

Forest and agricultural land is valued using productivity value of the land rather than market value. Forest productivity is determined by the College of Forestry at the University of Montana in Missoula. Agricultural productivity is determined by using the soil quality data from the Natural Resource Conservation Service (NRCS), historical productivity measures, and a commodity price and capitalization rate set by the legislature.

The department has an office in each county. These county offices are responsible for the valuation of property with the exception of centrally assessed and large industrial properties. The county offices work with county treasurers, local officials, and the public to provide property tax information.

If a taxpayer disagrees with the valuation of property the taxpayer can challenge that value by requesting an informal review (form AB-26) with the department of filling an appeal directly with the County Tax Appeal Board (CTAB). If the taxpayer files an AB-26 and is not satisfied with the outcome of the informal review they can appeal to the CTAB. A taxpayer can challenge the ruling of the the CTAB by appealing it to the state tax appeal board. If the taxpayer is still not satisfied, he or she can bring it to district court and then to the Supreme Court.

### **Property is Taxed at Its Taxable Value as Determined by the Legislature**

Taxable value is the value of property that is subject to mill levies. It is calculated by applying the tax rate and any relevant exemptions to the market value. Therefore, taxable value is typically a fraction of the property's market value.

In some instances, taxable value is easy to calculate. For example, telecommunication property has a tax rate of 6 percent. If the telecommunication property's value is \$100,000 then its taxable value is \$6,000. Determining the taxable value for residential property, commercial property, and agricultural property is a more involved calculation and is presented as an example later in this section.

Taxable value is calculated differently for different types of property because all taxable property is classified into one of the 14 classes of property that have been determined by the legislature. While each property within a class is valued in the same manner, not all classes of property are treated the same. Tax rates, exemptions, and valuations differ among classes of property as determined by the legislature.

The next table summarizes the differences in valuation by class. The following pages summarize the classes of property in more detail.

## Classes of Property

| Class    | Description                                                                                                                                                                                                            | Valuation Standard | Valuation Cycle |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------|
| Class 1  | Net Proceeds of Mines                                                                                                                                                                                                  | Net Proceeds       | Annual          |
| Class 2  | Gross Proceeds of Metal Mines                                                                                                                                                                                          | Gross Proceeds     | Annual          |
| Class 3  | Agricultural Land                                                                                                                                                                                                      | Productivity Value | 6 Year          |
| Class 4  | Residential, Commercial, and Industrial (land and improvements)                                                                                                                                                        | Market Value       | 6 Year          |
| Class 5  | Pollution Control Equipment, Independent and Rural Electric and Telephone Cooperatives, New and Expanding Industry, Electrolytic Reduction Facilities, Research and Development Firms, and Gasohol Production Property | Market Value       | Annual          |
| Class 7  | Non-Centrally Assessed Utilities                                                                                                                                                                                       | Market Value       | Annual          |
| Class 8  | Business Equipment                                                                                                                                                                                                     | Market Value       | Annual          |
| Class 9  | Pipelines and Non-Electric Generating Property of Electric Utilities                                                                                                                                                   | Market Value       | Annual          |
| Class 10 | Forest Land                                                                                                                                                                                                            | Productivity Value | 6 Year          |
| Class 12 | Airlines and Railroads                                                                                                                                                                                                 | Market Value       | Annual          |
| Class 13 | Telecommunication Utilities and Electric Generating Property of Electric Utilities                                                                                                                                     | Market Value       | Annual          |
| Class 14 | Renewable Energy Production and Transmission Property                                                                                                                                                                  | Market Value       | Annual          |
| Class 15 | Carbon Dioxide and Liquid Pipeline Property                                                                                                                                                                            | Market Value       | Annual          |
| Class 16 | High Voltage DC Converter Property                                                                                                                                                                                     | Market Value       | Annual          |

**Class 1** – net proceeds of mines and mining claims except for coal, bentonite, and metal mines. Class one property is reported to the department each year by the taxpayer. Taxable value is 100 percent of the market value.

**Class 2** – gross proceeds of metal mines. New gross values are reported to the department each year by the taxpayer. The tax rate for class two properties is 3 percent.

**Class 3** – agricultural land, nonproductive patented mining claims, and nonqualified agricultural land. Class three property is currently reappraised on a six-year cycle.

Agricultural land is valued based on the productivity of the land. There are four main sub-classes of agricultural land: grazing land, tillable irrigated land, non-irrigated land used for grain or other crops, and non-irrigated land used for continuous hay production. Each of these four types of property has different productivities and certain parcels of property may be more or less productive than the average property in the class. The phased-in productivity value is multiplied by the tax rate to determine the taxable value. The tax rate is statutorily the same as class four properties. This rate is 2.47 percent for 2014.

Non-qualified agricultural land includes parcels of land that are between 20 and 160 acres and are not used primarily for agricultural purposes. These parcels are appraised as if they were used for grazing and are taxed at seven times the class three tax rate. This rate is 17.29 percent in 2014.

**Class 4** – residential, commercial, and industrial land and improvements. Class four property is the largest class as measured in both market value and the number of parcels. The taxable value of this class of property includes an exemption in addition to the tax rate when determining taxable value.

For residential property, the taxable value equals the phased-in market value minus the homestead exemption times the tax rate. The homestead exemption in 2014 is 47 percent of the market value up to a maximum of \$1.5 million. This implies that residential taxable value is based on 53 percent of market value. The tax rate is 2.47 percent in 2014.

Commercial and industrial properties are taxed the same as residential property but have a smaller exemption. In tax year 2014 the comstead exemption is 21.5 percent. There are other state and local tax abatements that exist for qualifying commercial and industrial properties.

Under current law, class four values are phased-in over six years resulting in a six-year lag between the actual market value and the phase-in value. This is also true for class three and class ten properties.

## Classes of Property

The legislature provides four programs to assist taxpayers with property taxes: the Property Tax Assistance Program, the Disabled American Veterans Program, the Extended Property Tax Assistance Program, and the Elderly Homeowner/Renter Credit. These programs are discussed in more detail in the tax expenditure section of the Biennial Report.

**Class 5** – pollution control equipment, independent and rural electric and telephone cooperatives, machinery and equipment used in electrolytic reduction facilities, real and personal property of research and development firms, and real and personal property used in production of gasohol. The market value of class five property is assessed each year by the department's industrial appraisers. The tax rate is 3 percent.

**Class 7** – non-centrally assessed utilities. The market value is determined on an annual basis by the department's industrial appraisers. The tax rate is 8 percent.

**Class 8** – personal property used for business purposes. Class eight property is reported to the department annually. The total market value owned or controlled by a business or entity is taxed as follows: first \$100,000 in market value is tax exempt; next six million dollars of market value is taxed at 1.5%; any property above \$6.1 million has a tax rate of 3 percent.

**Class 9** – pipelines and the non-electric generating property of electric utilities. The market value of property in local jurisdictions is determined by the portion of property that is located in the local jurisdictions. The tax rate is 12 percent.

**Class 10** – forest land. Forest land is reassessed every six years and is valued based on the productivity of each parcel of land. Productivity of each acre is determined by the University of Montana, College of Forestry and Conservation with input from the timber industry. There are four grades of forest property that are determined by the cubic feet of lumber produced on each acre per year. Standing timber on the property is not taxed. The 2014 tax rate is 0.29 percent.

**Class 12** – all property owned by airlines and railroads. It is valued each year and the tax rate varies depending on the effective tax rate of all industrial property in the state. In 2014 the tax rate is 3.28 percent.

**Class 13** – all property of telecommunication utilities and the electric generating property of electric utilities. The market value is determined on an annual basis by the department's centrally assessed appraisers. The tax rate is 6 percent.

**Class 14** – renewable energy production and transmission property. This includes commercial wind generation, biodiesel production, biomass gasification, coal gasification ethanol production, and geothermal energy property. The tax rate is 3 percent.

**Class 15** – qualifying carbon dioxide and liquid pipeline property. This property includes pipelines used to transport carbon dioxide for sequestration or having 90 percent of capacity dedicated to transporting fuels produced by coal gasification, biodiesel, biogas, or ethanol facilities; carbon sequestration equipment; closed-loop enhanced oil recovery equipment; and pipelines connecting a class 14 fuel production facility to an existing pipeline. The tax rate is 3 percent.

**Class 16** – high voltage DC converter station property located in a manner that the power can be directed to two different regional grids. The tax rate is 2.25 percent. Currently there is no class 16 property in the state.

## Class 3, Class 4, and Class 10 Taxable Value

### An Example: Taxable Value of Class 3, Class 4, and Class 10 Property

Class three (agricultural land), class four (residential, commercial, and industrial property), and class ten (forest land) are appraised every six years. For these classes of property, taxable value is a function of its current appraised value, its last appraised value, the current tax year, the current homestead/comstead exemption, and the current tax rate.

The following example shows the calculation for taxable value for class four residential property.

### The Six-Year Cycle and Phase-In for Class Four Residential Property

The value of residential property for a specific year is a function of the previous cycle appraised value, the current cycle appraised value, and the tax year. This value is known as the "phase-in value." The most current appraised value is from tax year 2008 and the previous appraised value is from tax year 2002.

The phase-in value is found by increasing the previous appraised value up to the most current appraised value in increments equal to one-sixth of the difference of the appraised values. This technique effectively lags the phase-in value six years behind the appraised value. If the current appraisal is less than the previous appraisal then the current appraisal is the phase-in value for the six-year cycle.

For example, if a house received an assessed value of \$40,000 in 2002 and received an appraised value of \$100,000 in 2008, the difference would be \$60,000.

| Total Phase-In       |           |
|----------------------|-----------|
| 2008 Assessed Value= | \$100,000 |
| 2002 Assessed Value= | \$40,000  |
| Difference           | \$60,000  |

One-sixth of the difference would be \$10,000. This is the amount that would be added to the assessed value for each year during the six-year cycle.

| Annual Phase-In Amount |          |   |                                     |
|------------------------|----------|---|-------------------------------------|
| Difference             | \$60,000 | = | \$10,000                            |
| Divided by             | 6        | = | Amount that is phased-in every year |

Beginning in 2008, the phase-in value is stepped up from the 2002 value of \$40,000 in \$10,000 increments for six years until it reached the 2008 value of \$100,000 in 2014.

| The Six Year Cycle |          |          |          |          |          |          |           |
|--------------------|----------|----------|----------|----------|----------|----------|-----------|
| Year               | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014      |
| Phase-In Value     | \$40,000 | \$50,000 | \$60,000 | \$70,000 | \$80,000 | \$90,000 | \$100,000 |

### The Homestead Exemption

In an effort to mitigate the effect of residential property values increasing at a faster rate than other property classifications, the legislature enacted an exemption for residential property. This is the homestead exemption. The homestead exemption is a different percentage of the phase-in value for each year of the six-year cycle and is limited to the first \$1.5 million dollars of phase-in value. To determine the amount of the exemption in a given year, the phase-in value is multiplied by the homestead exemption percentage for property valued under \$1.5 million. The difference between the phase-in value and the exemption is called the taxable market value.

| Calculating Taxable Market Value for Residential Property |          |          |          |          |          |          |           |
|-----------------------------------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Year                                                      | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014      |
| Phase-in Value                                            | \$40,000 | \$50,000 | \$60,000 | \$70,000 | \$80,000 | \$90,000 | \$100,000 |
| Exemption Percent                                         | N/A      | 36.8%    | 39.5%    | 41.8%    | 44.0%    | 45.5%    | 47.0%     |
| Exemption Amount                                          | N/A      | \$18,400 | \$23,700 | \$29,260 | \$35,200 | \$40,950 | \$47,000  |
| Taxable Market Value                                      | N/A      | \$31,600 | \$36,300 | \$40,740 | \$44,800 | \$49,050 | \$53,000  |

## Class 3, Class 4, and Class 10 Taxable Value

### The Tax Rate

The legislature determines the proportion of market value, or in the case of residential property, the amount of taxable market value that is subject to taxation by setting the tax rate. For residential property the tax rate is different for each year of the six-year cycle. The tax rate multiplied by the taxable market value is called the taxable value.

For example, in 2013 a house that had a 2008 appraised value of \$100,000 and a 2002 appraised value of \$40,000 would have a 2013 phase-in value of \$90,000, a homestead exemption of \$40,950, a taxable market value of \$49,050, and a taxable value of \$1,246.

| Calculating Taxable Value for Class 4 Residential Property |          |          |          |          |          |          |           |
|------------------------------------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Year                                                       | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014      |
| Phase-in Value                                             | \$40,000 | \$50,000 | \$60,000 | \$70,000 | \$80,000 | \$90,000 | \$100,000 |
| Exemption Percent                                          | N/A      | 36.8%    | 39.5%    | 41.8%    | 44.0%    | 45.5%    | 47.0%     |
| Exemption Amount                                           | N/A      | \$18,400 | \$23,700 | \$29,260 | \$35,200 | \$40,950 | \$47,000  |
| Taxable Market Value                                       | N/A      | \$31,600 | \$36,300 | \$40,740 | \$44,800 | \$49,050 | \$53,000  |
| Tax Rate                                                   | N/A      | 2.93%    | 2.82%    | 2.72%    | 2.63%    | 2.54%    | 2.47%     |
| Taxable Value                                              | N/A      | \$926    | \$1,024  | \$1,108  | \$1,178  | \$1,246  | \$1,309   |

### The Six-Year Cycle and Phase-In for Agriculture, Residential, and Commercial Property

A similar process is done to calculate class three, class four commercial, and class ten taxable value. By law, class four property has the same tax rate as class three property. However, because the homestead and comstead exemptions exist, three properties (agricultural, commercial, and residential) with the same market value will have three different taxable values despite having the same tax rate.

For class three agricultural property, a market value of \$100,000 has \$2,470 worth of taxable value.

| Calculating Taxable Value for Class 3 Agricultural Land |          |          |          |          |          |          |           |
|---------------------------------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Year                                                    | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014      |
| Phase-in Value                                          | \$40,000 | \$50,000 | \$60,000 | \$70,000 | \$80,000 | \$90,000 | \$100,000 |
| Exemption Percent                                       | N/A      | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%     | 0.0%      |
| Exemption Amount                                        | N/A      | \$0      | \$0      | \$0      | \$0      | \$0      | \$0       |
| Taxable Market Value                                    | N/A      | \$50,000 | \$60,000 | \$70,000 | \$80,000 | \$90,000 | \$100,000 |
| Tax Rate                                                | N/A      | 2.93%    | 2.82%    | 2.72%    | 2.63%    | 2.54%    | 2.47%     |
| Taxable Value                                           | N/A      | \$1,465  | \$1,692  | \$1,904  | \$2,104  | \$2,286  | \$2,470   |

Class four commercial property worth \$100,000 in market value has \$1,939 in taxable value in 2014.

| Calculating Taxable Value for Class 4 Commercial Property |          |          |          |          |          |          |           |
|-----------------------------------------------------------|----------|----------|----------|----------|----------|----------|-----------|
| Year                                                      | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014      |
| Phase-in Value                                            | \$40,000 | \$50,000 | \$60,000 | \$70,000 | \$80,000 | \$90,000 | \$100,000 |
| Exemption Percent                                         | N/A      | 14.2%    | 15.9%    | 17.5%    | 19.0%    | 20.3%    | 21.5%     |
| Exemption Amount                                          | N/A      | \$7,100  | \$9,540  | \$12,250 | \$15,200 | \$18,270 | \$21,500  |
| Taxable Market Value                                      | N/A      | \$42,900 | \$50,460 | \$57,750 | \$64,800 | \$71,730 | \$78,500  |
| Tax Rate                                                  | N/A      | 2.93%    | 2.82%    | 2.72%    | 2.63%    | 2.54%    | 2.47%     |
| Taxable Value                                             | N/A      | \$1,257  | \$1,423  | \$1,571  | \$1,704  | \$1,822  | \$1,939   |

And again, class four residential property with \$100,000 in market value has \$1,309 in taxable value in 2014.

Although residential property has the lowest effective rate, it is important to note that these three different properties are appraised differently. Commercial and residential are appraised based on market value and agricultural land is based on productivity.

The calculation for taxable value class ten property is the same as class three property (no exemptions). However, class ten property has its own tax rate. The tax rate is 0.29 percent in 2014.

# Mitigation History

The table below shows how the legislature has mitigated the increase in value of agricultural land, residential property, and commercial property since the 1972 Constitution. Tax year 2014 is the final year of the current six-year reappraisal cycle.

|             | First Reappraisal Cycle                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |     |     |     |     |      | Second Cycle                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |     |       |     |     |     | Third Cycle                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |      |      |     |       |     |     |     |      |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|-----|-----|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-------|-----|-----|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|-----|-------|-----|-----|-----|------|
| Year        | 1972                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | '73 | '74 | '75 | '76 | 1977 | 1978                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | '79 | '80   | '81 | '82 | '83 | '84                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 1985 | 1986 | '87 | '88   | '89 | '90 | '91 | 1992 |
| Base Year   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |     |     |     |     |      | 1972                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |     |       |     |     |     | 1982                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |      |      |     |       |     |     |     |      |
| Tax Rate    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |     | 30% |     | 12% |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |     | 8.55% |     |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |      |      |     | 3.86% |     |     |     |      |
| Description | <p>1971 values carried forward to 1972.</p> <p>Values are determined by the cost approach.</p> <p>1973 Legislature directs DOR to develop reappraisal plan.</p> <p>Reappraisal plan implemented in 1975. 20% of property revalued each year.</p> <p>Lawsuits prompt the governor in 1976 to return to 1974 values.</p> <p>The 1975 Legislature passes the Realty Transfer Act.</p> <p>The 1977 Legislature establishes the market value standard for determining values.</p> <p>A New reappraisal cycle to begin in 1978.</p> |     |     |     |     |      | <p>The 1977 Legislature, anticipating a large increase in the statewide total market value due to reappraisal, requires the tax rate to be reduced to offset the increase. The tax rate is reduced from 12% to 8.55%. This reduced tax rate offsets an overall increase in market value of 47%.</p> <p>Originally scheduled for five years (1978 through 1982), the cycle is extended through 1985.</p> <p>The Legislature, in anticipation of a large increase in the total statewide market value due to reappraisal, requires the tax rate to be reduced in 1986 to offset the total increase in market value.</p> |     |       |     |     |     | <p>Due to an increase in the total market value of Class 4 property, the tax rate is reduced from 8.55% to 3.86%.</p> <p>The 1987 Legislature requires annual sales ratio studies for Class 4 property. Annual adjustments, based on the sales ratio studies, are made to the market value of Class 4 properties. Adjustments are made in 1988,1989,1990,1991 and 1992.</p> <p>The Supreme Court rules the annual adjustments unconstitutional. The adjusted values are allowed to remain in effect.</p> <p>The 1990 Legislature extends the third reappraisal cycle an additional two years through 1992.</p> <p>The 1991 Legislature changed the reappraisal cycles from five years to three years.</p> <p>The 1992 Special Session changes the upcoming three-year cycle to a four-year cycle. Cycles will be three years following the transitional four-year cycle.</p> |      |      |     |       |     |     |     |      |
|             | 1972                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | '73 | '74 | '75 | '76 | 1977 | 1978                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | '79 | '80   | '81 | '82 | '83 | '84                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 1985 | 1986 | '87 | '88   | '89 | '90 | '91 | 1992 |

# Mitigation History

| Fourth Cycle                                                                                                                                                                                                                                                                                                                                                                                                                                              |     |     |      |  | Fifth Cycle                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |     |     |     |     | Sixth Cycle                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |      |     |     |     | Seventh Cycle                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |      |      |     |     |     |     |      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|------|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----|-----|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----|-----|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|-----|-----|-----|-----|------|
| 1993                                                                                                                                                                                                                                                                                                                                                                                                                                                      | '94 | '95 | 1996 |  | 1997                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | '98 | '99 | '00 | '01 | 2002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2003 | '04 | '05 | '06 | '07                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 2008 | 2009 | '10 | '11 | '12 | '13 | 2014 |
| 1992                                                                                                                                                                                                                                                                                                                                                                                                                                                      |     |     |      |  | 1996                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |     |     |     |     | 2002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |      |     |     |     | 2008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |      |      |     |     |     |     |      |
| 3.86%                                                                                                                                                                                                                                                                                                                                                                                                                                                     |     |     |      |  | 3.84% 3.82% 3.71% 3.63% 3.55% 3.46%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |     |     |     |     | 3.40% 3.30% 3.22% 3.14% 3.07% 3.01%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |      |     |     |     | 2.93% 2.82% 2.72% 2.63% 2.54% 2.47%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |      |      |     |     |     |     |      |
| <p>Reappraisal increases total market value by 7%.</p> <p>Because of the annual sales ratio adjustments to property, the sticker shock of the new reappraisal values was low. There was no reduction in the tax rate.</p> <p>New land values for agricultural land were established in 1994. This is the first change in ag land valuation since 1962. The change in values, both the increases and decreases, are phased in over a four-year period.</p> |     |     |      |  | <p>Reappraisal increases total market value by 40%.</p> <p>The 1997 Legislature phases-in the change due to reappraisal, both increases and decreases, over a 50-year period. The tax rate was also to be incrementally reduced over the same period. This effectively froze taxable values at the 1996 levels.</p> <p>Supreme Court rules phasing property values down to a new, lower reappraisal value is unconstitutional.</p> <p>The 1999 Legislature passes SB184 with these features:</p> <ul style="list-style-type: none"> <li>- decreases in value are 100% immediately phased-down.</li> <li>- increases are phased-up over a four-year period.</li> <li>- the tax rate is phased-down to 3.46% over four years.</li> <li>- a percentage of market value is exempt from tax through a homestead and comstead exemption.</li> </ul> |     |     |     |     | <p>Reappraisal increases total market value by 20.2%.</p> <p>The 2003 Legislature passes SB461 with these features:</p> <ul style="list-style-type: none"> <li>- Increase in market value phased-in over six years.</li> <li>- Decrease in market value implemented immediately.</li> <li>- The tax rate is phased-down over six years from 3.40% to 3.01%.</li> <li>- The homestead exemption is phased up over six years from 31% to 34%.</li> <li>- The comstead exemption is phased up over six years from 13% to 15%.</li> </ul> <p>An Extended Property Tax Assistance Program is established for residential property with a taxable value increase greater than 24% and a tax liability increase of greater than \$250.</p> |      |     |     |     | <p>Reappraisal increases market value of residential property by 55%.</p> <p>The 2009 Legislature passes HB 658 with these features:</p> <ul style="list-style-type: none"> <li>- Increase in market value phased-in over six years.</li> <li>- Decrease in market value implemented immediately.</li> <li>- The tax rate is phased-down over six years from 2.93% to 2.47%.</li> <li>- The homestead exemption is phased up over six years from 36.8% to 47.0%.</li> <li>- The comstead exemption is phased up over six years from 14.20% to 21.50%.</li> </ul> <p>An Extended Property Tax Assistance Program is continued for residential property with a taxable value increase greater than 24% and a tax liability increase of greater than \$250.</p> <p>The Department will provide the the Legislature with a ratio study so that they can be apprised of conditions in the 2nd and 4th years of the reappraisal cycle.</p> |      |      |     |     |     |     |      |
| 1993                                                                                                                                                                                                                                                                                                                                                                                                                                                      | '94 | '95 | 1996 |  | 1997                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | '98 | '99 | '00 | '01 | 2002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 2003 | '04 | '05 | '06 | '07                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 2008 | 2009 | '10 | '11 | '12 | '13 | 2014 |

## Determining Taxes Paid

### Determining the Taxes Paid

The total amount of annual taxes paid by a taxpayer is equal to the taxable value of the property multiplied by the cumulative mills from all taxing jurisdictions in which the property resides.

$$\text{Property Tax} = \text{Taxable Value} \times \text{Cumulative Millage Rates}$$

The rate applied to taxable value to determine taxes paid is denoted as a mill. One mill is equal to 1/1000 of a dollar or 0.1%.

|              |   |         |   |       |
|--------------|---|---------|---|-------|
| Millage Rate | x | \$1,000 | = | Mills |
| 0.005        | x | \$1,000 | = | 5.0   |

The total amount of mills that may be levied differs between the state and local governments. The state's mills are statutorily fixed while local governments set their mills based on the budgets of the individual taxing jurisdictions and their tax base.

### State Mill Rate

The state levy's 95 mills for school equalizations and six mills for the university system. There are also 1.5 mills levied for vocational and technical schools that are applied to property in Silver Bow, Cascade, Yellowstone, Missoula, and Lewis and Clark counties only. These mills generate revenue to fund part of the state's obligation to support local schools, universities, and technical colleges.

Prior to 1989, the elementary school equalization mills were set at 17 mills and the high school equalization mills were set at 28 mills. In 1989, the Montana Supreme Court found Montana schools were not adequately funded. In response, the legislature increased these levies by five mills each and created a new state equalization levy of 40 mills. For FY 2015, it is estimated that these 95 mills will generate \$241 million in property taxes for the state general fund.

| Legislative Millage Rates Assessed by the State             | Primary Section of Montana Code Annotated (MCA) |
|-------------------------------------------------------------|-------------------------------------------------|
| Tax Levy for Elementary Equalization (33 Mills)             | 20-9-331, MCA                                   |
| Tax Levy for High School Equalization (22 Mills)            | 20-9-333, MCA                                   |
| Tax Levy for State Equalization (40 Mills)                  | 20-9-360, MCA                                   |
| Tax Levy for Vocational and Technical Education (1.5 Mills) | 20-25-439, MCA                                  |
| Tax Levy for University System (6 Mills)                    | 15-10-108, MCA                                  |

### Local Government Mill Rate

Local governments set their mills based on the budgets of individual taxing jurisdictions and their tax base. A taxing jurisdiction is a governmental entity authorized to impose tax on property. The tax base is the total amount of taxable value contained within the physical boundary of the taxing jurisdiction as of January 1 of the current tax year.

Section 15-10-420, MCA explains the law that local governments must follow for determining the maximum millage authority. This authority is limited to the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current tax base less the current year's value of newly taxable property plus one-half the average rate of inflation for the prior three years.

A taxing jurisdiction's newly taxable property includes property changes from the previous year, property annexed into the jurisdiction, increases in value due to subdivisions of real property, and the transfer of property from tax exempt to a taxable status.

For example, if a taxing entity assessed \$49,500 in taxes last year and half the rate of inflation is equal to 1.01 percent, then the inflationary adjustment would be an increase of \$500. This year's inflation adjusted levy authority would increase to \$50,000.

## Determining Taxes Paid

|                            |   |          |
|----------------------------|---|----------|
| Last Year's Taxes Assessed | = | \$49,500 |
| Half the Rate of Inflation | x | 1.01%    |
| Inflationary Adjustment    | = | \$500    |
| Adjusted Budget Authority  | = | \$50,000 |

If the same taxing entity has a current tax base of \$10,200,000 but \$200,000 is newly taxable property, then the adjusted tax base used for setting mills would be \$10,000,000.

Taxing jurisdictions generally do this calculation in terms of taxable value per mill. A tax base of \$10,200,000 would equate to \$10,200 taxable value per mill (\$10,200,000 / \$1,000), \$200,000 in newly taxable property is \$200 newly taxable property per mill (\$200,000 / \$1,000), and the adjusted tax base of \$10,000,000 is \$10,000 taxable value per mill (\$10,000,000 / \$1,000).

|                                 |   |          |
|---------------------------------|---|----------|
| Current Taxable Value per Mill  | = | \$10,200 |
| Newly Taxable Value per Mill    | - | \$200    |
| Adjusted Taxable Value per Mill | = | \$10,000 |

Therefore, when the adjusted levy authority of \$50,000 is divided into the adjusted taxable value per mill of \$10,000, the maximum millage authority afforded by the legislature to the taxing jurisdiction would be 5 mills.

|                           |   |          |   |                      |   |       |
|---------------------------|---|----------|---|----------------------|---|-------|
| Adjusted Budget Authority | = | \$50,000 | = | Authorized Mill Levy | = | 5.000 |
| Adjusted Tax Base         |   | \$10,000 |   |                      |   |       |

Once the level of property taxes is set, the taxing jurisdictions set their budgets at levels that may or may not provide the same level of services as the prior year. Instances when the cost of providing service increases faster than allowable property tax levels increase, a reduction in services takes place or the governing body can ask voters to approve an additional mill levy. On the other hand, if the allowable property tax revenue increases faster than the cost of providing services, property taxes are reduced.

### Taxes Assessed by the Example Taxing Jurisdiction on the Example Residence

The amount of annual taxes paid on property is equal to the taxable value of the property multiplied by the cumulative mills from all taxing jurisdictions that contain the property. The amount of 2013 annual taxes that would be assessed by the example taxing authority on the example residence would be equal to the taxable value of the residence in 2013 (\$1,246) multiplied by the millage rate of the taxing jurisdiction in 2013 (0.005). This is \$6.23 in total taxes.

### Levy Districts

Local taxing jurisdictions are allowed to levy mills to fund the services that they provide. Schools, cities and towns, miscellaneous districts, and the state all generate revenue from the property tax system by levying mills against property within that jurisdiction. Each taxing jurisdiction's mills are added together to determine the total mills that apply to a property. All properties that are a part of the same combination of taxing jurisdictions make up a taxing levy district. By definition, each property in a taxing district will have the same mills applied to their taxable values. An example levy district is to the right.

| Example of a Taxing District |               |
|------------------------------|---------------|
| Elementary School            | 100.00        |
| High School                  | 125.25        |
| Town                         | 75.50         |
| County                       | 115.00        |
| State School Equalization    | 95.00         |
| University                   | 6.00          |
| <b>Total Mills</b>           | <b>516.75</b> |

For a given tax year, residential property taxes are assessed on the taxable value as of January 1 of the given tax year. Tax payments are made to the applicable county treasurer and are due in the November and May following the January 1 assessment date. The treasurer distributes the funds to the appropriate taxing jurisdiction.

# Tax Increment Financing

## Tax Increment Financing

Tax increment financing (TIF) is authorized by 7-15-4282, MCA, and is an opportunity for qualifying districts to use property tax revenue to fund new development. It works by separating taxable value into base and increment values so that revenue from the base value continue to go to the regular taxing jurisdiction, but taxes on the increment go to the TIF to pay for development activities within the TIF.

As of July 1, 2013, qualifying districts include targeted economic development districts and urban renewal districts. Qualifying districts prior to this date included industrial districts, technology districts, and aerospace transportation and technology districts. The 2013 Legislature eliminated the option to create any of those three districts, but districts that were already in existence can remain in existence.

Tax increment financing may be used to pay for a variety of development activities within the TIF including land acquisition, demolition and removal of structures, relocation of occupants, infrastructure costs, construction of publicly-owned buildings and improvements, administration of urban renewal activities, and paying bonds that were issued to fund appropriate costs (7-15-4288, MCA).

Upon expiration of the TIF, the increment is released back to the local governments and the state. State and local governments use the released increment as newly taxable property for 15-10-420, MCA purposes. Schools treat the released increment as an increase in their tax base and adjust their mill levies accordingly.

TIF districts expire on the latter of the 15<sup>th</sup> year following the TIFs adoption or the full payment of all bonds for which tax increment revenue have been pledged. TIFs may extend their expiration date by securing bonds that pledge post-15<sup>th</sup>-anniversary-increment as repayment. No term extensions are allowed for bonds secured after the 15<sup>th</sup> anniversary of tax increment provisions. For example, if a TIF was authorized January 1, 2000, it has until January 1, 2015 (its 15<sup>th</sup> anniversary) to pass bonds secured by future increment to extend the expiration date. Additional bonds may be passed after the 15<sup>th</sup> anniversary, but these would not extend the life of a TIF.

|                                         | Years From TIF Authorization |   |   |   |   |   |   |   |   |    |    |    |    |    |    |                                            |    |    |    |    |    |    |    |    |    |    |    |    |    |
|-----------------------------------------|------------------------------|---|---|---|---|---|---|---|---|----|----|----|----|----|----|--------------------------------------------|----|----|----|----|----|----|----|----|----|----|----|----|----|
| Years                                   | 1                            | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16                                         | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| Initial Term                            | 15 Years Following Adoption  |   |   |   |   |   |   |   |   |    |    |    |    |    |    |                                            |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Term Extended by Bond Issuance          |                              |   |   |   |   |   |   |   |   |    |    |    |    |    |    | Bond Issuance Before 15th Year Anniversary |    |    |    |    |    |    |    |    |    |    |    |    |    |
| Additional Bnd Issuance Term Limitation |                              |   |   |   |   |   |   |   |   |    |    |    |    |    |    | Additional Extensions Limited              |    |    |    |    |    |    |    |    |    |    |    |    |    |

TIF districts are allowed to collect the incremental tax revenue from all of the local and state mills except the statewide six-mill levy that is used to fund the university system. In 2014, TIFs collected \$29,591,039 in revenue over an increment taxable value base of \$45,186,770. Therefore, the average mills for TIFs were 654.9 ( $\$29,591,039 / \$45,186,770 * 1,000$ ).

### An Example: TIF Increment

Base taxable value is the total taxable value in the TIF district in the year prior to the TIFs existence. Incremental taxable value is the taxable value that exceeds the base taxable value for the district at any year. For example, if in the year a TIF is created, the base year and current year taxable value are equal to \$1 million, there would be no incremental value and no TIF revenue.

| TIF Taxable Value          | Base Year     |
|----------------------------|---------------|
| Current Year Taxable Value | \$1,000,000   |
| Base Taxable Value         | - \$1,000,000 |
| Increment Taxable Value    | \$0           |
| Millage Rate               | x 0.500       |
| TIF Revenue                | \$0           |

If in the second year of a TIFs existence the TIFs taxable value grew by \$100,000, the incremental value in that year would be \$100,000. If the total millage rate in the TIF was .500, the taxes generated from the increment (TIF revenue) would be \$50,000.

## Tax Increment Financing

| <b>TIF Taxable Value</b>   | <b>Base Year</b> | <b>Year 2</b> |
|----------------------------|------------------|---------------|
| Current Year Taxable Value | \$1,000,000      | \$1,100,000   |
| Base Taxable Value         | - \$1,000,000    | - \$1,000,000 |
| Increment Taxable Value    | \$0              | \$100,000     |
| Millage Rate               | x 0.500          | x 0.500       |
| TIF Revenue                | \$0              | \$50,000      |

If in the TIFs third year the taxable value shrinks to \$800,000, due to property devaluation, demolition or removal of structures, or the like, the incremental value would be negative (\$200,000), meaning there would be no incremental value for the third year. When a TIFs incremental value is less than zero, no revenue is provided to the TIF.

| <b>TIF Taxable Value</b>   | <b>Base Year</b> | <b>Year 2</b> | <b>Year 3</b> |
|----------------------------|------------------|---------------|---------------|
| Current Year Taxable Value | \$1,000,000      | \$1,100,000   | \$800,000     |
| Base Taxable Value         | - \$1,000,000    | - \$1,000,000 | - \$1,000,000 |
| Increment Taxable Value    | \$0              | \$100,000     | -\$200,000    |
| Millage Rate               | x 0.500          | x 0.500       | x 0.500       |
| TIF Revenue                | \$0              | \$50,000      | \$0           |

If in the fourth year the taxable value of the TIF grows from \$800,000 to \$1,200,000 due to redevelopment, or the like, the increment would increase to \$200,000. If the millage rate was 0.500, the TIFs revenue would be \$100,000 in this year.

| <b>TIF Taxable Value</b>   | <b>Base Year</b> | <b>Year 2</b> | <b>Year 3</b> | <b>Year 4</b> |
|----------------------------|------------------|---------------|---------------|---------------|
| Current Year Taxable Value | \$1,000,000      | \$1,100,000   | \$800,000     | \$1,200,000   |
| Base Taxable Value         | - \$1,000,000    | - \$1,000,000 | - \$1,000,000 | - \$1,000,000 |
| Increment Taxable Value    | \$0              | \$100,000     | -\$200,000    | \$200,000     |
| Millage Rate               | x 0.500          | x 0.500       | x 0.500       | x 0.500       |
| TIF Revenue                | \$0              | \$50,000      | \$0           | \$100,000     |

The following pages show a summary of the existing TIF districts.

# Tax Increment Financing

## Tax Increment Financing Districts (TIF) TY 2013 Taxable Value of Increment and Revenue Generated for the District

| County                                                 | District                                       | Year Created | Year Expected Expiration | 2013 Total Taxable Value | Taxable Value of Base | Incremental Taxable Value |
|--------------------------------------------------------|------------------------------------------------|--------------|--------------------------|--------------------------|-----------------------|---------------------------|
| <b>Industrial Tax Increment Financing Districts</b>    |                                                |              |                          |                          |                       |                           |
| BigHorn                                                | Hardin Industrial Infrastructure District      | 2004         | 2031                     | \$285,544                | \$465,144             | -                         |
| Cascade                                                | INT'L MALTING TID                              | 2005         | 2020                     | \$502,683                | \$347,683             | \$155,000                 |
| Cascade                                                | AIRPORT TID                                    | 2008         | 2023                     | \$118,320                | \$107,149             | \$11,171                  |
| Cascade                                                | MANCHESTER EXIT                                | 2008         | 2023                     | \$33,476                 | \$3,217               | \$30,259                  |
| Cascade                                                | MONTANA MILLING                                | 2008         | 2023                     | \$47,022                 | \$381                 | \$46,641                  |
| DeerLodge                                              | T104                                           | 2008         | 2022                     | \$6,455,411              | \$909,339             | \$5,546,072               |
| Flathead                                               | KALISPELL H                                    | 2005         | 2026                     | \$21,408                 | \$126                 | \$21,282                  |
| Gallatin                                               | Mandeville Farm Industrial TIF                 | 2006         | 2021                     | \$72,752                 | \$12,059              | \$60,693                  |
| Jefferson                                              | 27FT - North Jefferson County TIF Ind District | 2009         | 2024                     | \$10,393                 | \$6,785               | \$3,608                   |
| Jefferson                                              | 127T - North Jefferson County TIF Ind District | 2009         | 2024                     | \$136,158                | \$11,805              | \$124,353                 |
| Jefferson                                              | 4FT - Sunlight TIF Industrial District         | 2009         | 2024                     | \$141                    | \$132                 | \$9                       |
| Jefferson                                              | 4RT - Sunlight TIF Industrial District         | 2009         | 2024                     | \$2,212                  | \$100                 | \$2,112                   |
| Jefferson                                              | 16RT - Sunlight TIF Industrial District        | 2009         | 2024                     | \$1,755,244              | \$737,102             | \$1,018,142               |
| Lincoln                                                | Lincoln Cnty Industrial (4)                    | 2005         | 2015                     | \$276,884                | \$83,275              | \$193,609                 |
| Lincoln                                                | Lincoln Cnty Industrial (4I)                   | 2005         | 2015                     | \$2,535                  | \$982                 | \$1,553                   |
| Lincoln                                                | Lincoln Cnty Industrial (4F)                   | 2005         | 2015                     | \$2,893                  | \$1,409               | \$1,484                   |
| Missoula                                               | Airport Industrial                             | 1991         | 2018                     | \$2,379,639              | \$176,605             | \$2,203,034               |
| Missoula                                               | Bonner Mill Industrial                         | 2013         | 2028                     | \$173,251                | \$121,676             | \$51,575                  |
| Park                                                   | WEST END INDUSTRIAL                            | 2004         | 2024                     | \$186,214                | \$128                 | \$186,086                 |
| Ravalli                                                | 13TID1 - North Stevensville Indl District      | 2011         | 2025                     | \$124,506                | \$109,850             | \$14,656                  |
| SilverBow                                              | Ramsey TIFID                                   | 1994         | 2022                     | \$11,545,447             | \$1,721,230           | \$9,824,217               |
| Toole                                                  | Shelby Industrial Park                         | 2008         | 2018                     | \$145,158                | \$85,619              | \$59,539                  |
| <b>Technology Tax Increment Financing Districts</b>    |                                                |              |                          |                          |                       |                           |
| Flathead                                               | KALISPELL G                                    | 2005         | 2026                     | \$111,616                | \$390                 | \$111,226                 |
| Missoula                                               | Technology District                            | 2005         | 2020                     | \$318,882                | \$0                   | \$318,882                 |
| <b>Urban Renewal Tax Increment Financing Districts</b> |                                                |              |                          |                          |                       |                           |
| Cascade                                                | GF WEST BANK                                   | 2007         | 2034                     | \$771,868                | \$237,928             | \$533,940                 |
| Cascade                                                | GF WEST BANK                                   | 2007         | 2022                     | \$100,381                | \$54,322              | \$46,059                  |
| Chouteau                                               | 1TID                                           | 1998         | 2014                     | \$194,651                | \$160,843             | \$33,808                  |
| Flathead                                               | KALISPELL B                                    | 1995         | 2020                     | \$1,390,221              | \$453,612             | \$936,609                 |
| Flathead                                               | KALISPELL C- amended 2011                      | 1997         | 2037                     | \$8,327,400              | \$7,932,918           | \$394,482                 |
| Flathead                                               | WHITEFISH A                                    | 1987         | 2020                     | \$12,227,149             | \$4,185,352           | \$8,041,797               |
| Gallatin                                               | Bozeman Downtown                               | 1995         | 2010                     | \$3,915,658              | \$1,328,695           | \$2,586,963               |
| Gallatin                                               | N 7th Urban Renewal District                   | 2006         | 2021                     | \$4,080,294              | \$2,886,997           | \$1,193,297               |
| Gallatin                                               | NE Urban Renewal District (NURD)               | 2006         | 2021                     | \$595,662                | \$423,054             | \$172,608                 |
| Lake                                                   | Polson                                         | 2002         | 2025                     | \$1,694,941              | \$1,436,002           | \$258,939                 |
| Lincoln                                                | Riverside                                      | 2001         | 2021                     | \$467,457                | \$347,928             | \$119,529                 |
| Missoula                                               | Front St URD                                   | 2007         | 2022                     | \$1,964,237              | \$1,413,035           | \$551,202                 |
| Missoula                                               | River Front URD                                | 2008         | 2023                     | \$116,994                | \$157,858             | \$0                       |
| Missoula                                               | URD II                                         | 1991         | 2021                     | \$615,902                | \$313,637             | \$302,265                 |
| Missoula                                               | URD II                                         | 1991         | 2021                     | \$3,070,061              | \$1,546,186           | \$1,523,875               |
| Missoula                                               | URD III                                        | 2001         | 2016                     | \$9,358,441              | \$7,004,346           | \$2,354,095               |
| Park                                                   | Livingston Urban Renewal District              | 2003         | 2019                     | \$1,952,031              | \$1,604,273           | \$347,758                 |
| SilverBow                                              | Eastside TIFID                                 | 2005         | 2020                     | \$421,901                | \$286,251             | \$135,650                 |
| SilverBow                                              | Uptown TIFID                                   | 1980         | 2014                     | \$3,301,859              | \$1,634,853           | \$1,667,006               |
| Yellowstone                                            | 2T3A - 2008 Expanded North 27th Street         | 2008         | 2038                     | \$6,097,153              | \$3,328,807           | \$2,768,346               |
| Yellowstone                                            | 2T3 - North 27th Street                        | 2005         | 2038                     | \$1,168,191              | \$783,431             | \$384,760                 |
| Yellowstone                                            | 7 TI - Laurel                                  | 2007         | 2022                     | \$1,797,124              | \$1,169,223           | \$627,901                 |
| Yellowstone                                            | 23T5 and 2T5 - South Billings Blvd             | 2008         | 2023                     | \$9,404,623              | \$7,046,472           | \$2,358,151               |
| Yellowstone                                            | 2T4 - East Billings                            | 2007         | 2022                     | \$2,515,929              | \$1,800,794           | \$715,135                 |
| <b>TOTAL</b>                                           |                                                |              |                          | <b>\$100,257,917</b>     | <b>\$52,439,003</b>   | <b>\$48,039,378</b>       |

# Tax Increment Financing

## Tax Increment Financing Districts (TIF) TY 2013 Taxable Value of Increment and Revenue Generated for the District

|                                                       |                                            | State<br>Gen Fund  | County             | Countywide and<br>Local Schools | Cities &<br>Towns  | Misc .             | Total<br>Revenue    |
|-------------------------------------------------------|--------------------------------------------|--------------------|--------------------|---------------------------------|--------------------|--------------------|---------------------|
| <b>Industrial Tax Increment Financing District</b>    |                                            |                    |                    |                                 |                    |                    |                     |
| BigHorn                                               | Hardin Industrial Infrastructure District  | \$0                | \$0                | \$0                             | \$0                | \$0                | \$0                 |
| Cascade                                               | INT'L MALTING TID                          | \$14,958           | \$20,361           | \$36,203                        | \$26,689           | \$4,473            | \$102,684           |
| Cascade                                               | AIRPORT TID                                | \$1,078            | \$1,467            | \$2,609                         | \$1,924            | \$322              | \$7,400             |
| Cascade                                               | MANCHESTER EXIT                            | \$2,920            | \$3,975            | \$7,068                         | \$0                | \$1,448            | \$15,411            |
| Cascade                                               | MONTANA MILLING                            | \$4,501            | \$6,127            | \$10,894                        | \$0                | \$2,231            | \$23,753            |
| DeerLodge                                             | T104                                       | \$526,877          | \$1,630,379        | \$1,322,294                     | \$0                | \$195,055          | \$3,674,605         |
| Flathead                                              | KALISPELL H                                | \$2,022            | \$2,599            | \$1,904                         | \$3,546            | \$1,003            | \$11,074            |
| Gallatin                                              | Mandeville Farm Industrial TIF             | \$5,766            | \$5,364            | \$16,065                        | \$10,383           | \$121              | \$37,699            |
| Jefferson                                             | 27FT - North Jefferson County TIF Ind Dist | \$498              | \$498              | \$999                           | \$0                | \$251              | \$2,246             |
| Jefferson                                             | 127T - North Jefferson County TIF Ind Dist | \$17,144           | \$17,147           | \$21,023                        | \$0                | \$8,665            | \$63,979            |
| Jefferson                                             | 4FT - Sunlight TIF Industrial District     | \$1                | \$1                | \$1                             | \$0                | \$0                | \$3                 |
| Jefferson                                             | 4RT - Sunlight TIF Industrial District     | \$292              | \$291              | \$268                           | \$0                | \$78               | \$929               |
| Jefferson                                             | 16RT - Sunlight TIF Industrial District    | \$140,361          | \$140,392          | \$56,792                        | \$0                | \$37,447           | \$374,992           |
| Lincoln                                               | Lincoln Cnty Industrial (4)                | \$18,393           | \$30,095           | \$35,553                        | \$0                | \$1,692            | \$85,733            |
| Lincoln                                               | Lincoln Cnty Industrial (4I)               | \$148              | \$241              | \$285                           | \$217              | \$14               | \$905               |
| Lincoln                                               | Lincoln Cnty Industrial (4F)               | \$141              | \$231              | \$272                           | \$0                | \$81               | \$725               |
| Missoula                                              | Airport Industrial                         | \$212,593          | \$331,160          | \$485,989                       | \$0                | \$305,693          | \$1,335,435         |
| Missoula                                              | Bonner Mill Industrial                     | \$4,977            | \$7,753            | \$14,634                        | \$0                | \$8,242            | \$35,606            |
| Park                                                  | WEST END INDUSTRIAL                        | \$17,678           | \$20,298           | \$44,867                        | \$38,991           | \$134              | \$121,968           |
| Ravalli                                               | 13TID1 - North Stevensville Indl District  | \$1,392            | \$1,644            | \$3,284                         | \$1,446            | \$264              | \$8,030             |
| SilverBow                                             | Ramsey TIFID                               | \$948,037          | \$2,747,244        | \$1,662,650                     | \$0                | \$673,941          | \$6,031,872         |
| Toole                                                 | Shelby Industrial Park                     | \$5,656            | \$0                | \$10,738                        | \$16,093           | \$595              | \$33,082            |
| <b>Technology Tax Increment Financing District</b>    |                                            |                    |                    |                                 |                    |                    |                     |
| Flathead                                              | KALISPELL G                                | \$10,566           | \$13,583           | \$9,951                         | \$18,530           | \$5,240            | \$57,870            |
| Missoula                                              | Technology District                        | \$30,772           | \$47,934           | \$70,345                        | \$0                | \$44,248           | \$193,299           |
| <b>Urban Renewal Tax Increment Financing District</b> |                                            |                    |                    |                                 |                    |                    |                     |
| Cascade                                               | GF WEST BANK                               | \$51,525           | \$70,138           | \$124,713                       | \$91,939           | \$24,983           | \$363,298           |
| Cascade                                               | GF WEST BANK                               | \$4,445            | \$6,050            | \$10,758                        | \$7,931            | \$2,261            | \$31,445            |
| Chouteau                                              | 1TID                                       | \$3,212            | \$4,793            | \$8,898                         | \$7,767            | \$1,747            | \$26,417            |
| Flathead                                              | KALISPELL B                                | \$88,978           | \$109,274          | \$196,679                       | \$156,039          | \$39,871           | \$590,841           |
| Flathead                                              | KALISPELL C- amended 2011                  | \$37,476           | \$48,174           | \$62,549                        | \$65,721           | \$16,793           | \$230,713           |
| Flathead                                              | WHITEFISH A                                | \$763,971          | \$982,064          | \$740,408                       | \$942,290          | \$164,865          | \$3,593,598         |
| Gallatin                                              | Bozeman Downtown                           | \$245,761          | \$228,636          | \$495,481                       | \$375,756          | \$5,174            | \$1,350,808         |
| Gallatin                                              | N 7th Urban Renewal District               | \$113,363          | \$105,464          | \$315,854                       | \$204,149          | \$2,387            | \$741,217           |
| Gallatin                                              | NE Urban Renewal District (NURD)           | \$16,398           | \$7,988            | \$45,687                        | \$29,530           | \$345              | \$99,948            |
| Lake                                                  | Polson                                     | \$24,599           | \$29,687           | \$50,620                        | \$39,408           | \$5,212            | \$149,526           |
| Lincoln                                               | Riverside                                  | \$11,355           | \$18,580           | \$20,467                        | \$19,043           | \$3,163            | \$72,608            |
| Missoula                                              | Front St URD                               | \$53,191           | \$82,857           | \$148,400                       | \$134,229          | \$11,603           | \$430,280           |
| Missoula                                              | River Front URD                            | \$0                | \$0                | \$0                             | \$0                | \$0                | \$0                 |
| Missoula                                              | URD II                                     | \$29,168           | \$45,436           | \$80,780                        | \$73,608           | \$6,363            | \$235,355           |
| Missoula                                              | URD II                                     | \$147,054          | \$229,069          | \$410,272                       | \$371,094          | \$32,078           | \$1,189,567         |
| Missoula                                              | URD III                                    | \$227,170          | \$353,868          | \$633,793                       | \$573,269          | \$49,554           | \$1,837,654         |
| Park                                                  | Livingston Urban Renewal District          | \$33,037           | \$37,934           | \$83,848                        | \$72,866           | \$250              | \$227,935           |
| SilverBow                                             | Eastside TIFID                             | \$13,090           | \$37,933           | \$36,492                        | \$0                | \$14,732           | \$102,247           |
| SilverBow                                             | Uptown TIFID                               | \$160,867          | \$466,162          | \$448,458                       | \$0                | \$181,037          | \$1,256,524         |
| Yellowstone                                           | 2T3A - 2008 Expanded North 27th Street     | \$267,146          | \$323,952          | \$733,335                       | \$494,703          | \$12,181           | \$1,831,317         |
| Yellowstone                                           | 2T3 - North 27th Street                    | \$37,129           | \$45,025           | \$101,923                       | \$68,757           | \$1,693            | \$254,527           |
| Yellowstone                                           | 7 T1 - Laurel                              | \$60,593           | \$73,477           | \$149,980                       | \$130,346          | \$3,121            | \$417,517           |
| Yellowstone                                           | 23T5 and 2T5 - South Billings Blvd         | \$227,561          | \$275,951          | \$940,336                       | \$421,402          | \$0                | \$1,865,250         |
| Yellowstone                                           | 2T4 - East Billings                        | \$69,011           | \$83,685           | \$189,439                       | \$127,795          | \$3,147            | \$473,077           |
|                                                       |                                            | <b>\$4,652,871</b> | <b>\$8,694,981</b> | <b>\$9,843,858</b>              | <b>\$4,525,461</b> | <b>\$1,873,798</b> | <b>\$29,590,969</b> |

# Tax Increment Financing

## Tax Increment Financing Districts (TIF) TY 2014 Taxable Value of Increment and Revenue Generated for the District

| County                                                 | District                                        | Year Created | Year Expected Expiration | 2014 Total Taxable Value | Taxable Value of Base | Incremental Taxable Value |
|--------------------------------------------------------|-------------------------------------------------|--------------|--------------------------|--------------------------|-----------------------|---------------------------|
| <b>Industrial Tax Increment Financing Districts</b>    |                                                 |              |                          |                          |                       |                           |
| Big Horn                                               | Hardin Industrial Infrastructure District       | 2004         | 2031                     | \$1,745,298              | \$465,144             | \$1,280,154               |
| Cascade                                                | INT'L MALTING TID                               | 2005         | 2020                     | \$743,656                | \$362,124             | \$381,532                 |
| Cascade                                                | AIRPORT TID                                     | 2008         | 2023                     | \$118,424                | \$107,149             | \$11,275                  |
| Cascade                                                | MANCHESTER EXIT                                 | 2008         | 2023                     | \$32,278                 | \$3,217               | \$29,061                  |
| Cascade                                                | MONTANA MILLING                                 | 2008         | 2023                     | \$41,294                 | \$381                 | \$40,913                  |
| Cascade                                                | EAST INDUSTRIAL PK                              | 2013         | 2028                     | \$28,925                 | \$2,322               | \$26,603                  |
| Cascade                                                | EAST INDUSTRIAL PK                              | 2013         | 2028                     | \$4,849                  | \$0                   | \$4,849                   |
| Deer Lodge                                             | T104                                            | 2008         | 2022                     | \$6,748,991              | \$909,339             | \$5,839,652               |
| Flathead                                               | KALISPELL H                                     | 2005         | 2026                     | \$22,883                 | \$126                 | \$22,757                  |
| Gallatin                                               | Mandeville Farm Industrial TIF                  | 2006         | 2021                     | \$64,435                 | \$12,059              | \$52,376                  |
| Jefferson                                              | 4FT                                             | 2009         | 2024                     | \$137                    | \$132                 | \$5                       |
| Jefferson                                              | 4RT                                             | 2009         | 2024                     | \$2,126                  | \$100                 | \$2,026                   |
| Jefferson                                              | 16RT                                            | 2009         | 2024                     | \$1,827,012              | \$737,102             | \$1,089,910               |
| Lincoln                                                | Lincoln Cnty Industrial (4)                     | 2005         | 2015                     | \$221,835                | \$83,275              | \$138,560                 |
| Lincoln                                                | Lincoln Cnty Industrial (4I)                    | 2005         | 2015                     | \$2,777                  | \$982                 | \$1,795                   |
| Lincoln                                                | Lincoln Cnty Industrial (4F)                    | 2005         | 2015                     | \$2,691                  | \$1,409               | \$1,282                   |
| Missoula                                               | Airport Industrial                              | 1991         | 2018                     | \$2,376,862              | \$176,605             | \$2,200,257               |
| Missoula                                               | Bonner Mill Industrial                          | 2013         | 2028                     | \$173,765                | \$121,676             | \$52,089                  |
| Park                                                   | WEST END INDUSTRIAL                             | 2004         | 2024                     | \$189,388                | \$128                 | \$189,260                 |
| Ravalli                                                | 13TID1 - North Stevensville Industrial District | 2011         | 2025                     | \$111,508                | \$109,850             | \$1,658                   |
| Silver Bow                                             | Ramsey TIFID                                    | 1994         | 2022                     | \$8,748,390              | \$1,721,230           | \$7,027,160               |
| Toole                                                  | Shelby Industrial Park TED                      | 2013         | 2028                     | \$145,767                | \$149,361             | \$0                       |
| <b>Technology Tax Increment Financing Districts</b>    |                                                 |              |                          |                          |                       |                           |
| Flathead                                               | KALISPELL G                                     | 2005         | 2026                     | \$112,113                | \$390                 | \$111,723                 |
| Gallatin                                               | S Bozeman Tech District                         | 2013         | 2028                     | \$419                    | \$417                 | \$2                       |
| Missoula                                               | Technology District                             | 2005         | 2020                     | \$311,886                | \$0                   | \$311,886                 |
| <b>Urban Renewal Tax Increment Financing Districts</b> |                                                 |              |                          |                          |                       |                           |
| Cascade                                                | GF WEST BANK                                    | 2007         | 2034                     | \$766,401                | \$237,928             | \$528,473                 |
| Cascade                                                | GF WEST BANK                                    | 2007         | 2022                     | \$100,984                | \$54,322              | \$46,662                  |
| Cascade                                                | GF DT URBN RENEW                                | 2013         | 2028                     | \$3,685,340              | \$3,643,575           | \$41,765                  |
| Chouteau                                               | 1TID                                            | 1998         | 2014                     | \$191,462                | \$160,843             | \$30,619                  |
| Chouteau                                               | 2TID                                            | 2012         | 2027                     | \$17,938                 | \$17,494              | \$444                     |
| Flathead                                               | KALISPELL B                                     | 1995         | 2020                     | \$1,339,930              | \$453,612             | \$886,318                 |
| Flathead                                               | KALISPELL C- amended 2011                       | 1997         | 2037                     | \$9,151,936              | \$7,932,918           | \$1,219,018               |
| Flathead                                               | WHITEFISH A                                     | 1987         | 2020                     | \$12,585,421             | \$4,185,352           | \$8,400,069               |
| Gallatin                                               | Bozeman Downtown                                | 1995         | 2010                     | \$4,046,915              | \$1,328,695           | \$2,718,220               |
| Gallatin                                               | N 7th Urban Renewal District                    | 2006         | 2021                     | \$4,112,601              | \$2,886,997           | \$1,225,604               |
| Gallatin                                               | NE Urban Renewal District (NURD)                | 2006         | 2021                     | \$613,633                | \$423,054             | \$190,579                 |
| Hill                                                   | Hill County Industrial District                 | 2013         | 2028                     | \$881                    | \$912                 | \$0                       |
| Jefferson                                              | 4CT/4CST                                        | 2014         | 2029                     | \$1,029,475              | \$1,056,590           | \$0                       |
| Lake                                                   | Polson                                          | 2002         | 2025                     | \$1,755,633              | \$1,436,002           | \$319,631                 |
| Lincoln                                                | Riverside                                       | 2001         | 2021                     | \$469,646                | \$347,928             | \$121,718                 |
| Missoula                                               | Front St URD                                    | 2007         | 2035                     | \$1,950,387              | \$1,413,035           | \$537,352                 |
| Missoula                                               | River Front URD                                 | 2008         | 2023                     | \$120,870                | \$157,858             | \$0                       |
| Missoula                                               | URD II                                          | 1991         | 2031                     | \$587,009                | \$313,637             | \$273,372                 |
| Missoula                                               | URD II                                          | 1991         | 2031                     | \$2,997,157              | \$1,546,186           | \$1,450,971               |
| Missoula                                               | URD III                                         | 2000         | 2015                     | \$8,287,539              | \$7,004,346           | \$1,283,193               |
| Park                                                   | LIVINGSTON URBAN RENEWAL DISTRICT               | 2003         | 2019                     | \$1,831,601              | \$1,604,273           | \$227,328                 |
| Ravalli                                                | 13-2-4; STEVENSVILLE AIRPORT; 2013              | 2013         | 2025                     | \$51,175                 | \$49,122              | \$2,053                   |
| Silver Bow                                             | Eastside TIFID                                  | 2005         | 2020                     | \$439,047                | \$286,251             | \$152,796                 |
| Silver Bow                                             | Butte Uptown URD                                | 2014         | 2029                     | \$3,587,625              | \$3,587,625           | \$0                       |
| Yellowstone                                            | NORTH 27TH STREET                               | 2005         | 2038                     | \$1,365,950              | \$783,431             | \$582,519                 |
| Yellowstone                                            | 2008 EXPANDED NORTH 27TH STREET                 | 2008         | 2038                     | \$5,813,155              | \$3,328,807           | \$2,484,348               |
| Yellowstone                                            | EAST BILLINGS                                   | 2007         | 2022                     | \$2,502,968              | \$1,800,794           | \$702,174                 |
| Yellowstone                                            | South Billings Blvd                             | 2008         | 2023                     | \$9,392,923              | \$7,046,472           | \$2,346,451               |
| Yellowstone                                            | LAUREL                                          | 2007         | 2022                     | \$1,767,531              | \$1,169,223           | \$598,308                 |
| <b>TOTAL</b>                                           |                                                 |              |                          | <b>\$104,340,842</b>     | <b>\$59,221,800</b>   | <b>\$45,186,770</b>       |

# Tax Increment Financing

## Tax Increment Financing Districts (TIF) TY 2014 Taxable Value of Increment and Revenue Generated for the District

|                                                       |                                                 | State<br>Gen Fund  | County             | Countywide and<br>Local Schools | Cities &<br>Towns  | Misc .             | Total<br>Revenue    |
|-------------------------------------------------------|-------------------------------------------------|--------------------|--------------------|---------------------------------|--------------------|--------------------|---------------------|
| <b>Industrial Tax Increment Financing District</b>    |                                                 |                    |                    |                                 |                    |                    |                     |
| Big Horn                                              | Hardin Industrial Infrastructure District       | \$121,615          | \$102,453          | \$385,045                       | \$237,341          | \$11,803           | \$858,256           |
| Cascade                                               | INT'L MALTING TID                               | \$36,818           | \$50,957           | \$95,471                        | \$67,062           | \$12,003           | \$262,311           |
| Cascade                                               | AIRPORT TID                                     | \$1,088            | \$1,506            | \$2,821                         | \$1,982            | \$354              | \$7,751             |
| Cascade                                               | MANCHESTER EXIT                                 | \$2,804            | \$3,881            | \$7,272                         | \$0                | \$1,412            | \$15,370            |
| Cascade                                               | MONTANA MILLING                                 | \$3,948            | \$5,464            | \$10,238                        | \$0                | \$1,988            | \$21,638            |
| Cascade                                               | EAST INDUSTRIAL PK                              | \$2,567            | \$3,553            | \$6,657                         | \$4,676            | \$1,397            | \$18,851            |
| Cascade                                               | EAST INDUSTRIAL PK                              | \$468              | \$648              | \$1,213                         | \$852              | \$152              | \$3,333             |
| Deer Lodge                                            | TIO4                                            | \$554,767          | \$1,824,891        | \$1,323,499                     | \$0                | \$212,213          | \$3,915,370         |
| Flathead                                              | KALISPELL H                                     | \$2,162            | \$2,713            | \$4,351                         | \$3,853            | \$1,026            | \$14,104            |
| Gallatin                                              | Mandeville Farm Industrial TIF                  | \$4,976            | \$4,769            | \$16,583                        | \$9,782            | \$105              | \$36,214            |
| Jefferson                                             | 4FT                                             | \$0                | \$0                | \$1                             | \$1                | \$0                | \$3                 |
| Jefferson                                             | 4RT                                             | \$192              | \$0                | \$488                           | \$322              | \$46               | \$1,049             |
| Jefferson                                             | 16RT                                            | \$103,541          | \$0                | \$180,195                       | \$173,187          | \$24,610           | \$481,533           |
| Lincoln                                               | Lincoln Cnty Industrial (4)                     | \$13,163           | \$14,522           | \$27,518                        | \$0                | \$1,084            | \$56,287            |
| Lincoln                                               | Lincoln Cnty Industrial (4I)                    | \$171              | \$188              | \$356                           | \$252              | \$14               | \$981               |
| Lincoln                                               | Lincoln Cnty Industrial (4F)                    | \$122              | \$134              | \$255                           | \$0                | \$69               | \$580               |
| Missoula                                              | Airport Industrial                              | \$212,325          | \$352,239          | \$452,659                       | \$0                | \$327,750          | \$1,344,973         |
| Missoula                                              | Bonner Mill Industrial                          | \$5,027            | \$8,339            | \$14,907                        | \$0                | \$9,544            | \$37,816            |
| Park                                                  | WEST END INDUSTRIAL                             | \$17,980           | \$20,604           | \$49,020                        | \$40,186           | \$138              | \$127,927           |
| Ravalli                                               | 13TID1 - North Stevensville Industrial District | \$158              | \$194              | \$361                           | \$171              | \$34               | \$918               |
| Silver Bow                                            | Ramsey TIFID                                    | \$678,121          | \$2,163,381        | \$1,650,750                     | \$0                | \$492,534          | \$4,984,786         |
| Toole                                                 | Shelby Industrial Park TED                      | \$0                | \$0                | \$0                             | \$0                | \$0                | \$0                 |
| <b>Technology Tax Increment Financing District</b>    |                                                 |                    |                    |                                 |                    |                    |                     |
| Flathead                                              | KALISPELL G                                     | \$10,614           | \$13,317           | \$21,359                        | \$18,915           | \$5,036            | \$69,241            |
| Gallatin                                              | S Bozeman Tech District                         | \$0                | \$0                | \$1                             | \$0                | \$0                | \$1                 |
| Missoula                                              | Technology District                             | \$30,097           | \$49,930           | \$64,164                        | \$0                | \$46,459           | \$190,650           |
| <b>Urban Renewal Tax Increment Financing District</b> |                                                 |                    |                    |                                 |                    |                    |                     |
| Cascade                                               | GF WEST BANK                                    | \$50,998           | \$70,583           | \$132,240                       | \$92,890           | \$26,392           | \$373,102           |
| Cascade                                               | GF WEST BANK                                    | \$4,503            | \$6,232            | \$11,676                        | \$8,202            | \$2,451            | \$33,064            |
| Cascade                                               | GF DT URBN RENEW                                | \$4,030            | \$5,578            | \$10,451                        | \$7,341            | \$2,086            | \$29,486            |
| Chouteau                                              | 1TID                                            | \$2,909            | \$0                | \$0                             | \$0                | \$0                | \$2,909             |
| Chouteau                                              | 2TID                                            | \$42               | \$0                | \$0                             | \$0                | \$0                | \$42                |
| Flathead                                              | KALISPELL B                                     | \$84,200           | \$107,067          | \$246,024                       | \$150,054          | \$38,537           | \$625,882           |
| Flathead                                              | KALISPELL C- amended 2011                       | \$115,807          | \$147,257          | \$338,375                       | \$206,380          | \$53,003           | \$860,822           |
| Flathead                                              | WHITEFISH A                                     | \$798,007          | \$1,014,728        | \$1,629,613                     | \$974,408          | \$196,436          | \$4,613,192         |
| Gallatin                                              | Bozeman Downtown                                | \$258,231          | \$247,494          | \$860,616                       | \$507,655          | \$5,436            | \$1,879,432         |
| Gallatin                                              | N 7th Urban Renewal District                    | \$116,432          | \$111,591          | \$388,038                       | \$228,894          | \$2,451            | \$847,407           |
| Gallatin                                              | NE Urban Renewal District (NURD)                | \$18,105           | \$17,352           | \$60,339                        | \$35,593           | \$381              | \$131,770           |
| Hill                                                  | Hill County Industrial District                 | \$0                | \$0                | \$0                             | \$0                | \$0                | \$0                 |
| Jefferson                                             | 4CT/4CST                                        | \$0                | \$0                | \$0                             | \$0                | \$0                | \$0                 |
| Lake                                                  | Polson                                          | \$30,365           | \$39,935           | \$62,680                        | \$49,472           | \$6,680            | \$189,132           |
| Lincoln                                               | Riverside                                       | \$11,563           | \$12,757           | \$22,727                        | \$18,742           | \$3,101            | \$68,891            |
| Missoula                                              | Front St URD                                    | \$51,854           | \$86,025           | \$146,294                       | \$131,984          | \$18,410           | \$434,567           |
| Missoula                                              | River Front URD                                 | \$0                | \$0                | \$0                             | \$0                | \$0                | \$0                 |
| Missoula                                              | URD II                                          | \$26,380           | \$43,764           | \$75,511                        | \$67,146           | \$9,366            | \$222,167           |
| Missoula                                              | URD II                                          | \$140,019          | \$232,286          | \$395,027                       | \$356,387          | \$49,710           | \$1,173,429         |
| Missoula                                              | URD III                                         | \$123,828          | \$205,426          | \$349,349                       | \$315,178          | \$43,962           | \$1,037,744         |
| Park                                                  | LIVINGSTON URBAN RENEWAL DISTRICT               | \$21,596           | \$24,748           | \$58,880                        | \$48,269           | \$166              | \$153,659           |
| Ravalli                                               | 13-2-4; STEVENSVILLE AIRPORT; 2013              | \$195              | \$240              | \$447                           | \$212              | \$42               | \$1,136             |
| Silver Bow                                            | Eastside TIFID                                  | \$14,745           | \$47,040           | \$40,071                        | \$0                | \$16,751           | \$118,606           |
| Silver Bow                                            | Butte Uptown URD                                | \$0                | \$0                | \$0                             | \$0                | \$0                | \$0                 |
| Yellowstone                                           | NORTH 27TH STREET                               | \$56,213           | \$67,450           | \$145,484                       | \$97,933           | \$2,563            | \$369,643           |
| Yellowstone                                           | 2008 EXPANDED NORTH 27TH STREET                 | \$239,740          | \$287,663          | \$620,466                       | \$417,669          | \$10,931           | \$1,576,468         |
| Yellowstone                                           | EAST BILLINGS                                   | \$67,760           | \$81,305           | \$175,368                       | \$118,049          | \$3,090            | \$445,572           |
| Yellowstone                                           | South Billings Blvd                             | \$226,433          | \$271,696          | \$694,198                       | \$394,485          | \$10,324           | \$1,597,135         |
| Yellowstone                                           | LAUREL                                          | \$57,737           | \$70,253           | \$100,438                       | \$124,586          | \$2,824            | \$355,838           |
|                                                       |                                                 | <b>\$4,324,414</b> | <b>\$7,822,155</b> | <b>\$10,879,496</b>             | <b>\$4,910,109</b> | <b>\$1,654,865</b> | <b>\$29,591,039</b> |

## Taxes Levied

### Taxes Levied

The following sections of this report provide information on the value of property in Montana and the tax revenue collected by this property.

### Taxes Levied – A Statewide Look

In 2014, the full market value of property eligible for taxation in Montana was \$134,366,993,458. After removing exemptions from eligible property types, the taxable market value of property was estimated at \$88,724,833,710. This is a difference of approximately \$45,642,159,748, an average exemption of 34 percent.

Almost all of this difference comes from the homestead and comstead exemptions on class four property. In 2014 class four property accounted for 80 percent of the full market value and 70 percent of the taxable market value in the state.

| Montana Property 2014 |                   |                      |                  |                   |
|-----------------------|-------------------|----------------------|------------------|-------------------|
|                       | Full Market Value | Taxable Market Value | Difference       | Percent Exemption |
| Total                 | \$134,366,993,458 | \$88,724,833,710     | \$45,642,159,748 | 34%               |

Multiplying the applicable tax rates for each class of property by the taxable market value determines the taxable value. In 2014, the total taxable value of property in Montana was estimated at \$2,520,708,358. This is an average tax rate of 2.84 percent.

| Montana Property 2014 |                      |                 |                  |
|-----------------------|----------------------|-----------------|------------------|
|                       | Taxable Market Value | Taxable Value   | Average Tax Rate |
| Total                 | \$88,724,833,710     | \$2,520,708,358 | 2.84%            |

In 2014, property taxes paid was estimated at \$1,411,226,211. Therefore, the average mills levied were 559.85.

| Montana Property 2014 |                 |                 |                      |               |
|-----------------------|-----------------|-----------------|----------------------|---------------|
|                       | Taxable Value   | Taxes           | Average Millage Rate | Average Mills |
| Total                 | \$2,520,708,358 | \$1,411,226,211 | 0.55985              | 559.85        |

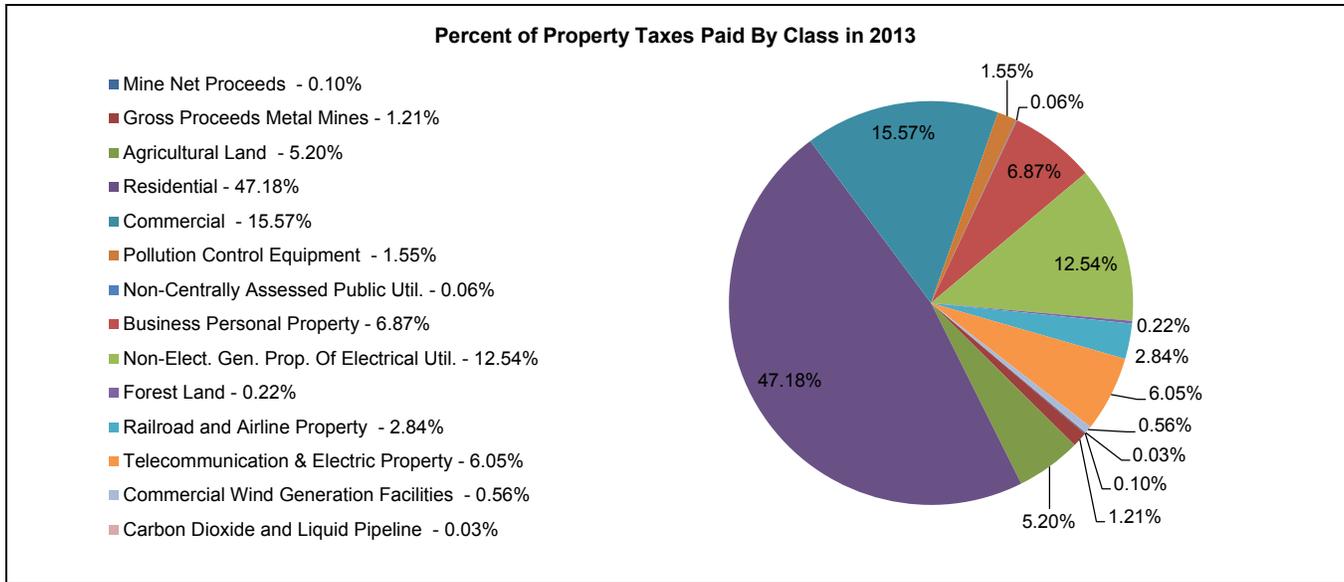
# Property Taxes Paid By Class

## Property Taxes Paid by Class of Property in 2013

The following table presents market value, taxable market value, and the taxes paid by class of property in the state in tax year 2013. In 2013, class four property provided 62.75 percent, class nine provided 12.54 percent, and personal property paid 6.87 percent of total property taxes paid in the state.

| Estimated Property Taxes Paid By Property Class<br>Tax Year 2013 (Fiscal Year 2014) |                                           |                          |                         |                        |                         |                        |
|-------------------------------------------------------------------------------------|-------------------------------------------|--------------------------|-------------------------|------------------------|-------------------------|------------------------|
| Tax Class                                                                           | Description                               | Full Market Value        | Taxable Market Value    | Taxable Value          | Taxes Paid by Tax Class | Percent of Total Taxes |
| 1                                                                                   | Mine Net Proceeds                         | \$3,271,953              | \$3,271,953             | \$3,271,953            | \$1,420,635             | 0.10%                  |
| 2                                                                                   | Gross Proceeds Metal Mines                | \$1,043,487,747          | \$1,043,487,747         | \$31,304,631           | \$16,820,522            | 1.21%                  |
| 3                                                                                   | Agricultural Land                         | \$5,471,141,218          | \$5,389,005,935         | \$145,199,443          | \$72,220,218            | 5.20%                  |
| 4.1                                                                                 | Residential Improvements                  | \$56,399,204,966         | \$29,741,137,334        | \$744,846,018          | \$436,139,279           | 31.43%                 |
| 4.2                                                                                 | Residential Land                          | \$31,481,222,988         | \$15,501,441,660        | \$387,506,571          | \$215,830,786           | 15.55%                 |
| 4.3                                                                                 | Extended Property Tax Assistance          | \$528,591,722            | \$260,607,226           | \$5,087,555            | \$2,792,886             | 0.20%                  |
| 4.8                                                                                 | Commercial Improvements                   | \$12,258,808,793         | \$9,336,654,354         | \$234,001,813          | \$149,792,965           | 10.79%                 |
| 4.9                                                                                 | Commercial Land                           | \$5,745,429,264          | \$4,192,754,357         | \$105,746,829          | \$66,305,556            | 4.78%                  |
| <b>Subtotal Class 4</b>                                                             |                                           | <b>\$106,413,257,733</b> | <b>\$59,032,594,931</b> | <b>\$1,477,188,786</b> | <b>\$870,861,472</b>    | <b>62.75%</b>          |
| 5                                                                                   | Pollution Control Equipment               | \$1,501,313,031          | \$1,501,313,031         | \$44,098,350           | \$21,543,286            | 1.55%                  |
| 7                                                                                   | Non-Centrally Assessed Public Util.       | \$15,023,030             | \$15,023,030            | \$1,201,841            | \$826,559               | 0.06%                  |
| 8                                                                                   | Business Personal Property                | \$7,278,970,100          | \$7,278,970,100         | \$178,441,343          | \$95,329,299            | 6.87%                  |
| 9                                                                                   | Non-Elect. Gen. Prop. Of Electrical Util. | \$2,947,229,534          | \$2,947,229,534         | \$353,629,742          | \$174,087,982           | 12.54%                 |
| 10                                                                                  | Forest Land                               | \$2,165,032,810          | \$2,104,905,141         | \$6,277,049            | \$3,088,463             | 0.22%                  |
| 12                                                                                  | Railroad and Airline Property             | \$2,197,680,522          | \$2,197,680,522         | \$74,501,358           | \$39,359,029            | 2.84%                  |
| 13                                                                                  | Telecommunication & Electric Property     | \$3,250,008,801          | \$3,250,008,801         | \$186,770,185          | \$83,964,307            | 6.05%                  |
| 14                                                                                  | Commercial Wind Generation Facilities     | \$1,025,783,573          | \$1,025,783,573         | \$16,902,281           | \$7,787,065             | 0.56%                  |
| 15                                                                                  | Carbon Dioxide and Liquid Pipeline        | \$63,930,876             | \$63,930,876            | \$953,160              | \$420,473               | 0.03%                  |
| <b>Total</b>                                                                        |                                           | <b>\$133,376,130,928</b> | <b>\$85,853,205,174</b> | <b>\$2,519,740,122</b> | <b>\$1,387,729,308</b>  |                        |

The following graph compares the percent of property tax paid for each class of property in tax year 2013.



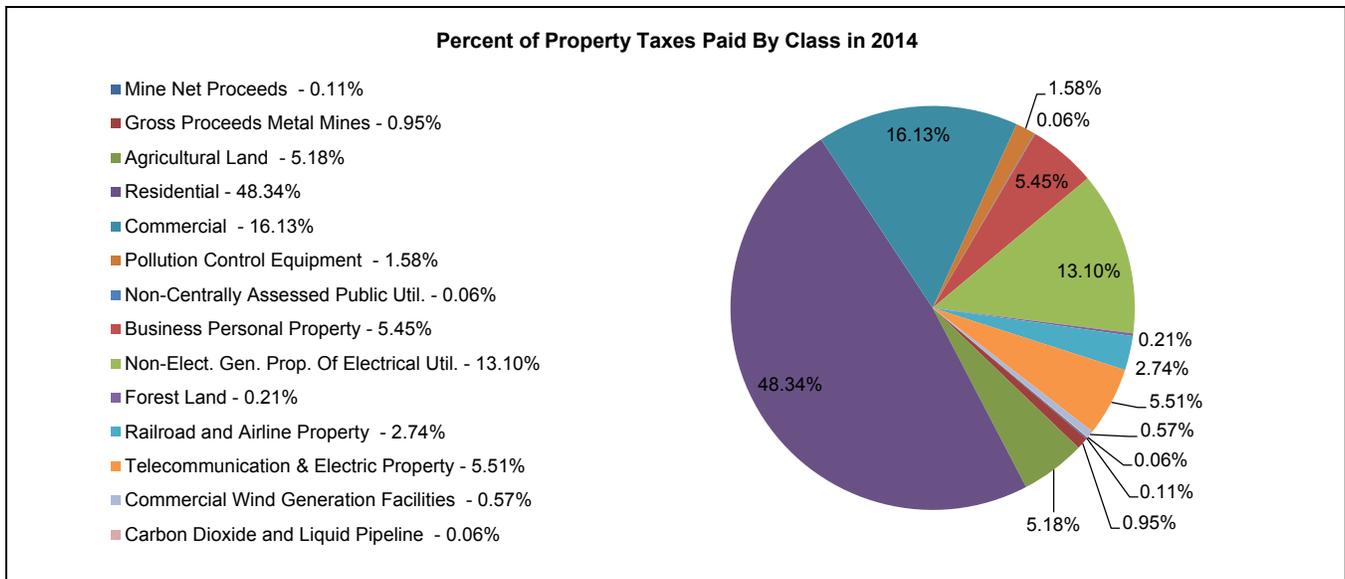
## Property Taxes Paid By Class

### Property Taxes Paid by Class of Property in 2014

The following table presents market value, taxable market value, and the taxes paid by class of property in the state in tax year 2014. In 2014, class four property provided 64.47 percent, class nine provided 13.10 percent, and personal property paid 5.45 percent of total property taxes paid in the state.

| Estimated Property Taxes Paid By Property Class<br>Tax Year 2014 (Fiscal Year 2015) |                                           |                          |                         |                        |                         |                        |
|-------------------------------------------------------------------------------------|-------------------------------------------|--------------------------|-------------------------|------------------------|-------------------------|------------------------|
| Tax Class                                                                           | Description                               | Full Market Value        | Taxable Market Value    | Taxable Value          | Taxes Paid by Tax Class | Percent of Total Taxes |
| 1                                                                                   | Mine Net Proceeds                         | \$3,790,730              | \$3,790,730             | \$3,790,730            | \$1,570,641             | 0.11%                  |
| 2                                                                                   | Gross Proceeds Metal Mines                | \$851,842,256            | \$851,842,256           | \$25,555,274           | \$13,388,932            | 0.95%                  |
| 3                                                                                   | Agricultural Land                         | \$5,467,357,320          | \$5,467,357,320         | \$143,467,108          | \$73,116,646            | 5.18%                  |
| 4.1                                                                                 | Residential Improvements                  | \$57,726,595,113         | \$31,082,272,153        | \$756,894,879          | \$449,992,593           | 31.89%                 |
| 4.2                                                                                 | Residential Land                          | \$31,613,332,954         | \$16,755,018,438        | \$407,150,175          | \$229,872,243           | 16.29%                 |
| 4.3                                                                                 | Extended Property Tax Assistance          | \$438,557,601            | \$232,628,007           | \$4,321,645            | \$2,388,870             | 0.17%                  |
| 4.8                                                                                 | Commercial Improvements                   | \$12,524,365,249         | \$9,831,845,690         | \$239,491,996          | \$156,680,616           | 11.10%                 |
| 4.9                                                                                 | Commercial Land                           | \$5,772,426,154          | \$4,531,353,035         | \$111,172,662          | \$70,937,616            | 5.03%                  |
| <b>Subtotal Class 4</b>                                                             |                                           | <b>\$108,075,277,071</b> | <b>\$62,433,117,323</b> | <b>\$1,519,031,357</b> | <b>\$909,871,937</b>    | <b>64.47%</b>          |
| 5                                                                                   | Pollution Control Equipment               | \$1,485,500,798          | \$1,485,500,798         | \$43,569,919           | \$22,331,285            | 1.58%                  |
| 7                                                                                   | Non-Centrally Assessed Public Util.       | \$14,773,362             | \$14,773,362            | \$1,181,868            | \$843,699               | 0.06%                  |
| 8                                                                                   | Business Personal Property                | \$7,039,294,621          | \$7,039,294,621         | \$143,291,995          | \$76,875,058            | 5.45%                  |
| 9                                                                                   | Non-Elect. Gen. Prop. Of Electrical Util. | \$3,122,439,758          | \$3,122,439,758         | \$374,692,470          | \$184,844,062           | 13.10%                 |
| 10                                                                                  | Forest Land                               | \$2,155,929,245          | \$2,155,929,245         | \$6,215,336            | \$3,025,620             | 0.21%                  |
| 12                                                                                  | Railroad and Airline Property             | \$2,221,753,369          | \$2,221,753,369         | \$72,038,141           | \$38,726,975            | 2.74%                  |
| 13                                                                                  | Telecommunication & Electric Property     | \$2,831,344,263          | \$2,831,344,263         | \$169,516,170          | \$77,819,403            | 5.51%                  |
| 14                                                                                  | Commercial Wind Generation Facilities     | \$980,528,888            | \$980,528,888           | \$16,600,562           | \$8,005,863             | 0.57%                  |
| 15                                                                                  | Carbon Dioxide and Liquid Pipeline        | \$117,161,777            | \$117,161,777           | \$1,757,428            | \$806,089               | 0.06%                  |
| <b>Total</b>                                                                        |                                           | <b>\$134,366,993,458</b> | <b>\$88,724,833,710</b> | <b>\$2,520,708,358</b> | <b>\$1,411,226,211</b>  |                        |

The following graph compares the percent of property tax paid for each class of property in tax year 2014.



The next table shows statewide property tax collections for different types of taxing jurisdictions for fiscal years 2012 through 2015. The difference between the previous estimates of total tax collection by property type and the following estimates of total tax collections by type is primarily due to local abatements and the difference between county taxable value and state taxable value. Local abatements lower taxable value for the county but not for the state. In the "Estimated Property Taxes Paid by Property Class" on this page, taxes paid does not include the difference related to abated property, but the "Taxes Levied on the Montana Property Tax Bill" on the next page does include the difference.

## Property Taxes By Taxing Jurisdiction Type

### Taxes Levied on the Montana Property Tax Bill

|                                          | FY 2012                | FY 2013                | FY 2014                | FY 2015                |
|------------------------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Valuation<sup>1</sup></b>             |                        |                        |                        |                        |
| Market Value of Taxable Property         | \$76,931,838,377       | \$81,280,001,449       | \$85,853,205,174       | \$88,724,833,710       |
| Statewide Total Taxable Value            | \$2,390,648,162        | \$2,445,300,201        | \$2,519,740,122        | \$2,520,708,358        |
| City/Town Taxable Value                  | \$841,740,893          | \$852,203,235          | \$861,062,874          | \$842,804,189          |
| <b>Taxes Levied<sup>2</sup></b>          |                        |                        |                        |                        |
| State                                    |                        |                        |                        |                        |
| University                               | \$14,450,777           | \$14,778,340           | \$15,254,389           | \$15,250,153           |
| Vo-Tech (General Fund)                   | \$1,235,279            | \$1,249,640            | \$1,266,947            | \$1,246,164            |
| State General Fund                       | <u>\$228,803,977</u>   | <u>\$233,997,767</u>   | <u>\$241,541,623</u>   | <u>\$241,477,506</u>   |
| Subtotal State                           | \$244,490,034          | \$250,025,747          | \$258,062,959          | \$257,973,822          |
| County                                   |                        |                        |                        |                        |
| General                                  | \$94,214,263           | \$101,522,664          | \$105,232,049          | \$107,013,493          |
| Road                                     | \$39,240,845           | \$42,038,001           | \$45,889,895           | \$48,390,293           |
| Bridge                                   | \$12,127,262           | \$12,905,373           | \$13,504,882           | \$13,077,213           |
| Entitlement                              | \$7,233,644            | \$7,138,946            | \$7,254,777            | \$7,282,705            |
| Bond Interest                            | \$40,114               | \$0                    | \$0                    | \$0                    |
| County Fair                              | \$6,470,754            | \$7,360,566            | \$7,046,811            | \$6,769,515            |
| Library                                  | \$9,719,239            | \$11,199,443           | \$11,890,965           | \$11,800,526           |
| Agricultural Extension                   | \$3,220,385            | \$3,182,602            | \$3,420,338            | \$3,637,138            |
| Planning                                 | \$2,149,525            | \$2,429,826            | \$2,965,403            | \$2,656,743            |
| Health and Sanitation                    | \$6,893,092            | \$8,680,728            | \$9,050,669            | \$9,576,882            |
| Hospital                                 | \$2,333,403            | \$3,041,947            | \$3,043,019            | \$3,196,844            |
| Airport                                  | \$2,341,020            | \$1,868,827            | \$2,424,074            | \$2,462,175            |
| District Court                           | \$5,637,430            | \$6,672,496            | \$7,451,560            | \$6,764,830            |
| Weed Control                             | \$4,745,230            | \$5,059,740            | \$5,225,812            | \$4,910,252            |
| Senior Citizens                          | \$3,069,337            | \$3,031,575            | \$3,127,182            | \$3,289,224            |
| Public Safety                            | \$58,454,950           | \$66,578,373           | \$69,870,986           | \$70,397,295           |
| Other                                    | <u>\$82,860,494</u>    | <u>\$83,399,359</u>    | <u>\$76,014,153</u>    | <u>\$76,584,870</u>    |
| Subtotal County                          | \$340,750,986          | \$366,110,466          | \$373,412,576          | \$377,809,997          |
| Local Schools                            |                        |                        |                        |                        |
| Elementary                               | \$223,903,905          | \$229,400,863          | \$239,111,418          | \$250,281,643          |
| High School                              | \$142,035,851          | \$137,830,961          | \$143,871,334          | \$144,380,239          |
| K-12                                     | \$50,280,449           | \$50,927,095           | \$54,794,544           | \$56,494,280           |
| Jr. College                              | <u>\$7,445,719</u>     | <u>\$6,553,865</u>     | <u>\$6,307,392</u>     | <u>\$6,888,786</u>     |
| Subtotal Local Schools                   | \$423,665,924          | \$424,712,785          | \$444,084,687          | \$458,044,947          |
| County-Wide Schools                      | \$92,721,712           | \$94,702,319           | \$104,952,586          | \$104,903,248          |
| Cities and Towns                         | \$138,066,659          | \$142,650,620          | \$147,060,028          | \$149,494,727          |
| Fire and Miscellaneous                   | \$59,714,226           | \$66,351,080           | \$64,170,266           | \$65,093,090           |
| <b>Total Property Tax Based on Mills</b> | <b>\$1,299,409,542</b> | <b>\$1,344,553,018</b> | <b>\$1,391,743,102</b> | <b>\$1,413,319,832</b> |

<sup>1</sup> State taxable value include local abatements, Source: State Assessor's Report

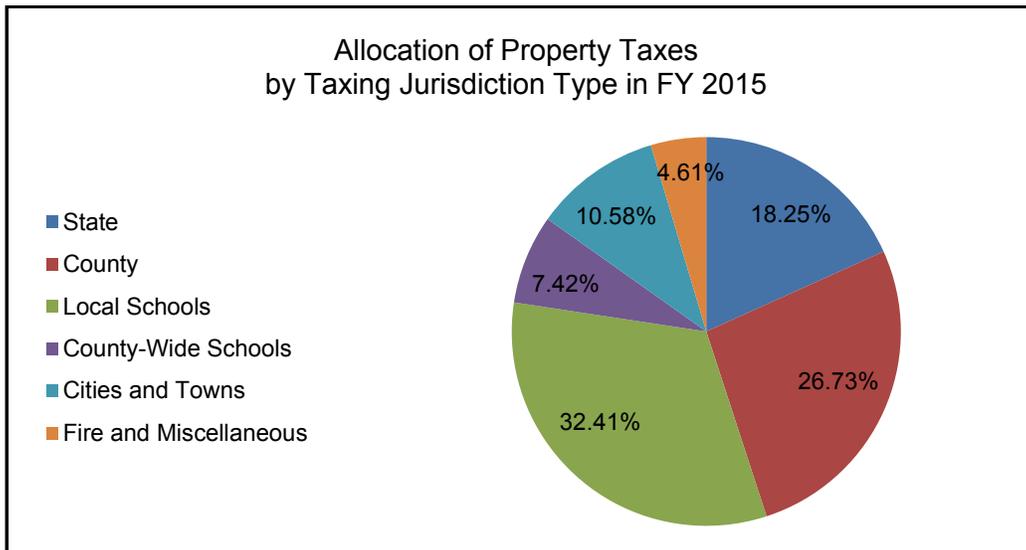
<sup>2</sup> Includes revenue distributed to TIFDs, Source: Taxes Levied Report

## Property Taxes By Taxing Jurisdiction Type

In fiscal year 2015, approximately \$1,413,319,832 in property tax revenue was used by the state and local jurisdictions. Of this amount, approximately 18.25 percent was budgeted by the state for educational purposes, 26.73 percent was budgeted for county services, 32.41 percent was used to fund local schools, 7.42 percent was used to fund educational retirement and transportation, 10.58 percent was budgeted for cities and towns services, and 4.61 percent was budgeted for fire and other miscellaneous services. As presented in the following table, the fiscal year 2014 distributions were similar.

| Taxes Levied by Jurisdiction Type |                        |                  |                        |                  |  |
|-----------------------------------|------------------------|------------------|------------------------|------------------|--|
| Taxing Jurisdiction               | FY2014                 |                  | FY2015                 |                  |  |
|                                   | Tax Revenue            | Percent of Total | Tax Revenue            | Percent of Total |  |
| State                             | \$258,062,959          | 18.54%           | \$257,973,822          | 18.25%           |  |
| County                            | \$373,412,576          | 26.83%           | \$377,809,997          | 26.73%           |  |
| Local Schools                     | \$444,084,687          | 31.91%           | \$458,044,947          | 32.41%           |  |
| County-Wide Schools               | \$104,952,586          | 7.54%            | \$104,903,248          | 7.42%            |  |
| Cities and Towns                  | \$147,060,028          | 10.57%           | \$149,494,727          | 10.58%           |  |
| Fire and Micellaneous             | \$64,170,266           | 4.61%            | \$65,093,090           | 4.61%            |  |
|                                   | <b>\$1,391,743,102</b> | <b>100.00%</b>   | <b>\$1,413,319,832</b> | <b>100.00%</b>   |  |

The following pie chart presents the allocation of property tax usage by taxing jurisdiction type for fiscal year 2015.



## Property Tax and Property Value Summaries

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### **Tax Revenue by County**

The following two-page tables presents property tax revenue collected for each county in tax year 2013 and tax year 2014 by each type of taxing jurisdiction.

# Property Tax and Property Value Summaries

## Property Taxes Levied and Average Mills - 2013

| County                 | State Assessed Mills <sup>1</sup> and Revenue |                      | County Assessed Mills and Revenue |                      | County Wide School Mills and Revenue |                      | Local School Average Mills <sup>2</sup> and Revenue |                      |
|------------------------|-----------------------------------------------|----------------------|-----------------------------------|----------------------|--------------------------------------|----------------------|-----------------------------------------------------|----------------------|
|                        | Mill Levy                                     | Revenue              | Mill Levy                         | Revenue              | Mill Levy                            | Revenue              | Mill Levy                                           | Revenue              |
| Beaverhead             | 101                                           | \$1,878,021          | 160.08                            | \$2,976,172          | 42.94                                | \$798,386            | 235.08                                              | \$4,370,482          |
| Big Horn               | 101                                           | \$2,527,394          | 91.67                             | \$2,294,041          | 42.55                                | \$1,064,771          | 159.63                                              | \$3,994,454          |
| Blaine                 | 101                                           | \$1,394,838          | 186.32                            | \$2,573,020          | 51.26                                | \$707,943            | 153.19                                              | \$2,115,556          |
| Broadwater             | 101                                           | \$1,350,798          | 181.76                            | \$2,427,055          | 10.20                                | \$136,188            | 146.33                                              | \$1,953,973          |
| Carbon                 | 101                                           | \$3,729,000          | 121.46                            | \$4,447,459          | 39.05                                | \$1,429,970          | 181.33                                              | \$6,639,689          |
| Carter                 | 101                                           | \$3,392,693          | 160.96                            | \$5,406,791          | 5.75                                 | \$193,085            | 29.15                                               | \$979,134            |
| Cascade                | 102.5                                         | \$13,934,776         | 142.90                            | \$19,365,174         | 46.96                                | \$6,363,747          | 198.70                                              | \$26,927,023         |
| Chouteau               | 101                                           | \$2,135,403          | 172.64                            | \$3,638,846          | 63.64                                | \$1,341,352          | 178.14                                              | \$3,754,755          |
| Custer                 | 101                                           | \$1,709,671          | 201.67                            | \$3,412,308          | 45.52                                | \$770,160            | 292.38                                              | \$4,947,087          |
| Daniels                | 101                                           | \$560,494            | 211.27                            | \$1,172,454          | 58.03                                | \$322,032            | 184.37                                              | \$1,023,161          |
| Dawson                 | 101                                           | \$2,093,607          | 180.66                            | \$3,738,130          | 38.28                                | \$792,090            | 246.05                                              | \$5,091,180          |
| Deer Lodge             | 101                                           | \$1,862,993          | 293.59                            | \$5,415,472          | 29.84                                | \$550,424            | 209.53                                              | \$3,864,862          |
| Fallon                 | 101                                           | \$3,397,100          | 153.16                            | \$5,093,158          | 0.00                                 | \$0                  | 3.99                                                | \$132,627            |
| Fergus                 | 101                                           | \$2,612,139          | 147.85                            | \$3,816,839          | 57.52                                | \$1,484,927          | 224.16                                              | \$5,786,775          |
| Flathead               | 101                                           | \$25,417,983         | 140.89                            | \$35,405,528         | 46.76                                | \$11,750,596         | 186.12                                              | \$46,772,312         |
| Gallatin               | 101                                           | \$25,325,712         | 103.06                            | \$25,830,102         | 46.17                                | \$11,572,831         | 204.74                                              | \$51,315,024         |
| Garfield               | 101                                           | \$532,672            | 224.37                            | \$1,183,346          | 38.23                                | \$201,600            | 130.11                                              | \$686,219            |
| Glacier                | 101                                           | \$2,600,757          | 230.19                            | \$5,490,349          | 58.28                                | \$1,390,077          | 232.61                                              | \$5,548,071          |
| Golden Valley          | 101                                           | \$546,484            | 125.74                            | \$680,363            | 46.94                                | \$253,968            | 172.69                                              | \$934,405            |
| Granite                | 101                                           | \$1,086,416          | 217.02                            | \$2,334,378          | 36.88                                | \$396,699            | 167.79                                              | \$1,804,806          |
| Hill                   | 101                                           | \$3,310,161          | 167.62                            | \$5,471,504          | 51.87                                | \$1,693,031          | 215.82                                              | \$7,044,928          |
| Jefferson              | 101                                           | \$2,978,436          | 156.93                            | \$4,627,799          | 42.82                                | \$1,262,800          | 159.28                                              | \$4,697,040          |
| Judith Basin           | 101                                           | \$1,458,912          | 103.79                            | \$1,427,900          | 32.04                                | \$440,807            | 155.00                                              | \$2,132,453          |
| Lake                   | 101                                           | \$7,502,276          | 135.85                            | \$10,090,588         | 51.19                                | \$3,802,755          | 136.57                                              | \$10,144,762         |
| Lewis & Clark          | 102.5                                         | \$12,387,056         | 198.02                            | \$23,830,673         | 54.84                                | \$6,599,950          | 229.69                                              | \$27,642,621         |
| Liberty                | 101                                           | \$774,666            | 256.50                            | \$1,963,488          | 25.64                                | \$196,300            | 103.37                                              | \$791,293            |
| Lincoln                | 101                                           | \$3,713,902          | 155.21                            | \$5,703,777          | 26.35                                | \$968,236            | 164.86                                              | \$6,058,341          |
| Madison                | 101                                           | \$8,011,631          | 111.67                            | \$8,858,221          | 15.46                                | \$1,226,097          | 54.69                                               | \$4,338,003          |
| McCone                 | 101                                           | \$722,337            | 247.82                            | \$1,765,250          | 43.59                                | \$310,531            | 170.99                                              | \$1,217,972          |
| Meagher                | 101                                           | \$858,628            | 186.10                            | \$1,538,169          | 29.83                                | \$246,578            | 157.81                                              | \$1,304,356          |
| Mineral                | 101                                           | \$1,057,566          | 179.30                            | \$1,857,571          | 44.42                                | \$460,217            | 247.50                                              | \$2,564,100          |
| Missoula               | 102.5                                         | \$21,074,789         | 160.55                            | \$32,979,252         | 47.96                                | \$9,851,481          | 220.59                                              | \$45,312,184         |
| Musselshell            | 101                                           | \$1,172,443          | 198.72                            | \$2,128,838          | 35.03                                | \$375,237            | 165.57                                              | \$1,773,714          |
| Park                   | 101                                           | \$4,071,602          | 119.34                            | \$4,810,972          | 48.79                                | \$1,967,020          | 174.46                                              | \$7,033,143          |
| Petroleum              | 101                                           | \$170,530            | 144.82                            | \$244,520            | 48.68                                | \$82,195             | 187.95                                              | \$317,330            |
| Phillips               | 101                                           | \$1,770,331          | 89.79                             | \$1,573,763          | 54.99                                | \$963,829            | 175.45                                              | \$3,075,247          |
| Pondera                | 101                                           | \$1,405,312          | 219.79                            | \$3,057,748          | 54.72                                | \$761,233            | 223.51                                              | \$3,109,493          |
| Powder River           | 101                                           | \$855,634            | 152.96                            | \$1,295,796          | 19.52                                | \$165,342            | 145.74                                              | \$1,234,622          |
| Powell                 | 101                                           | \$1,468,315          | 156.53                            | \$2,275,638          | 51.04                                | \$741,957            | 195.09                                              | \$2,836,239          |
| Prairie                | 101                                           | \$437,641            | 221.23                            | \$958,604            | 30.77                                | \$133,345            | 129.95                                              | \$563,082            |
| Ravalli                | 101                                           | \$8,184,800          | 129.59                            | \$10,501,917         | 38.02                                | \$3,081,292          | 158.45                                              | \$12,840,570         |
| Richland               | 101                                           | \$3,984,245          | 132.09                            | \$5,181,357          | 0.00                                 | \$0                  | 69.13                                               | \$2,711,894          |
| Roosevelt              | 101                                           | \$2,873,842          | 205.31                            | \$5,679,572          | 16.78                                | \$464,158            | 160.42                                              | \$4,437,768          |
| Rosebud                | 101                                           | \$9,996,664          | 36.21                             | \$3,583,557          | 11.14                                | \$1,102,296          | 46.79                                               | \$4,630,767          |
| Sanders                | 101                                           | \$3,467,668          | 115.50                            | \$3,965,566          | 41.87                                | \$1,437,430          | 140.08                                              | \$4,809,547          |
| Sheridan               | 101                                           | \$1,341,572          | 192.29                            | \$2,535,217          | 30.18                                | \$397,957            | 148.54                                              | \$1,958,457          |
| Silver Bow             | 102.5                                         | \$7,184,992          | 314.38                            | \$22,029,685         | 57.29                                | \$4,014,702          | 189.65                                              | \$13,289,239         |
| Stillwater             | 101                                           | \$3,667,544          | 170.27                            | \$6,182,816          | 37.54                                | \$1,362,991          | 151.27                                              | \$5,493,061          |
| Sweet Grass            | 101                                           | \$1,743,084          | 184.04                            | \$3,176,264          | 38.04                                | \$656,541            | 127.99                                              | \$2,208,909          |
| Teton                  | 101                                           | \$1,702,475          | 156.01                            | \$2,587,372          | 54.26                                | \$899,856            | 229.67                                              | \$3,809,060          |
| Toole                  | 101                                           | \$3,040,621          | 182.80                            | \$4,166,208          | 27.23                                | \$620,616            | 142.77                                              | \$3,253,833          |
| Treasure               | 101                                           | \$466,235            | 151.13                            | \$697,647            | 26.36                                | \$121,680            | 132.41                                              | \$611,249            |
| Valley                 | 101                                           | \$2,615,070          | 140.26                            | \$3,631,615          | 53.61                                | \$1,388,147          | 220.72                                              | \$5,714,797          |
| Wheatland              | 101                                           | \$1,719,039          | 131.46                            | \$2,016,082          | 24.60                                | \$377,254            | 128.36                                              | \$1,968,512          |
| Wibaux                 | 101                                           | \$790,883            | 145.82                            | \$1,141,835          | 15.09                                | \$118,174            | 70.66                                               | \$553,292            |
| Yellowstone            | 102.5                                         | \$31,993,101         | 141.02                            | \$43,174,814         | 49.45                                | \$15,139,703         | 208.91                                              | \$63,961,214         |
| <b>Statewide Total</b> |                                               | <b>\$258,062,959</b> |                                   | <b>\$373,412,576</b> |                                      | <b>\$104,952,586</b> |                                                     | <b>\$444,084,687</b> |

1. State assessed mills include: 6 mills for the university system, 33 mills for elementary equalization and BASE program support, 22 mills for high school equalization and Base program support, 40 mills for state equalization aid to public schools, and 1.5 mills to support vocational-technical education.

# Property Tax and Property Value Summaries

| County                 | Misc. & Fire District Average Mills & Revenue |                     | City Average Mills <sup>3</sup> and Revenue |                      | SID's and Fees       | Total of All Taxes and Fees |
|------------------------|-----------------------------------------------|---------------------|---------------------------------------------|----------------------|----------------------|-----------------------------|
|                        | Mill Levy                                     | Revenue             | Mill Levy                                   | Revenue              | Revenue              | Revenue                     |
| Beaverhead             | 15.29                                         | \$284,249           | 159.20                                      | \$807,623            | \$1,310,372          | \$12,425,304                |
| Big Horn               | 5.55                                          | \$138,818           | 178.66                                      | \$483,364            | \$11,284,835         | \$21,787,676                |
| Blaine                 | 7.46                                          | \$103,061           | 387.04                                      | \$629,837            | \$1,646,012          | \$9,170,268                 |
| Broadwater             | 31.32                                         | \$418,167           | 85.08                                       | \$138,783            | \$787,730            | \$7,212,694                 |
| Carbon                 | 16.83                                         | \$616,389           | 136.05                                      | \$1,132,961          | \$739,568            | \$18,735,036                |
| Carter                 | 0.17                                          | \$5,583             | 403.76                                      | \$79,728             | \$68,263             | \$10,125,278                |
| Cascade                | 22.51                                         | \$3,050,548         | 197.56                                      | \$15,691,710         | \$9,166,945          | \$94,499,924                |
| Chouteau               | 35.48                                         | \$747,732           | 210.57                                      | \$483,291            | \$408,089            | \$12,509,469                |
| Custer                 | 2.36                                          | \$39,869            | 227.74                                      | \$1,629,544          | \$2,217,917          | \$14,726,556                |
| Daniels                | 65.11                                         | \$361,347           | 294.62                                      | \$215,633            | \$365,119            | \$4,020,239                 |
| Dawson                 | 12.95                                         | \$267,997           | 243.35                                      | \$1,378,495          | \$1,983,842          | \$15,345,342                |
| Deer Lodge             | 88.87                                         | \$1,639,181         | 35.59                                       | \$158,432            | \$1,616,237          | \$15,107,602                |
| Fallon                 | 5.25                                          | \$174,671           | 285.59                                      | \$473,701            | \$40,411             | \$9,311,667                 |
| Fergus                 | 14.36                                         | \$370,664           | 227.58                                      | \$1,535,650          | \$1,158,324          | \$16,765,317                |
| Flathead               | 30.06                                         | \$7,555,016         | 136.39                                      | \$10,585,202         | \$13,517,296         | \$151,003,934               |
| Gallatin               | 35.27                                         | \$8,840,984         | 164.46                                      | \$18,302,569         | \$5,177,663          | \$146,364,885               |
| Garfield               | 1.25                                          | \$6,613             | 189.00                                      | \$41,968             | \$82,490             | \$2,734,908                 |
| Glacier                | 7.16                                          | \$170,697           | 241.75                                      | \$655,045            | \$682,797            | \$16,537,793                |
| Golden Valley          | 3.96                                          | \$21,424            | 97.88                                       | \$31,781             | \$16,398             | \$2,484,823                 |
| Granite                | 24.90                                         | \$267,828           | 164.52                                      | \$240,776            | \$512,694            | \$6,643,598                 |
| Hill                   | 6.64                                          | \$216,615           | 262.50                                      | \$2,292,988          | \$3,275,245          | \$23,304,472                |
| Jefferson              | 31.96                                         | \$942,567           | 168.59                                      | \$329,513            | \$1,246,657          | \$16,084,812                |
| Judith Basin           | 10.55                                         | \$145,157           | 143.06                                      | \$74,775             | \$35,395             | \$5,715,398                 |
| Lake                   | 25.86                                         | \$1,920,812         | 149.94                                      | \$1,792,037          | \$5,702,156          | \$40,955,386                |
| Lewis & Clark          | 16.18                                         | \$1,947,699         | 161.42                                      | \$10,306,812         | \$12,049,634         | \$94,764,445                |
| Liberty                | 12.44                                         | \$95,202            | 170.54                                      | \$123,541            | \$221,439            | \$4,165,930                 |
| Lincoln                | 32.17                                         | \$1,182,036         | 149.54                                      | \$712,309            | \$2,661,244          | \$20,999,846                |
| Madison                | 36.61                                         | \$2,903,920         | 120.01                                      | \$476,840            | \$2,089,074          | \$27,903,786                |
| McCone                 | 2.73                                          | \$19,467            | 238.44                                      | \$170,741            | \$40,913             | \$4,247,210                 |
| Meagher                | 9.02                                          | \$74,514            | 157.61                                      | \$167,836            | \$87,669             | \$4,277,750                 |
| Mineral                | 22.57                                         | \$233,858           | 178.74                                      | \$271,207            | \$140,392            | \$6,584,910                 |
| Missoula               | 51.81                                         | \$10,642,397        | 243.43                                      | \$27,762,982         | \$8,233,658          | \$155,856,743               |
| Musselshell            | 14.79                                         | \$158,465           | 175.85                                      | \$258,646            | \$354,515            | \$6,221,857                 |
| Park                   | 17.95                                         | \$723,795           | 205.27                                      | \$2,449,368          | \$2,365,270          | \$23,421,169                |
| Petroleum              | 9.02                                          | \$15,222            | 368.08                                      | \$43,161             | \$95,868             | \$968,827                   |
| Phillips               | 7.71                                          | \$135,083           | 184.20                                      | \$434,905            | \$1,575,828          | \$9,528,986                 |
| Pondera                | 14.33                                         | \$199,296           | 190.94                                      | \$462,504            | \$440,227            | \$9,435,813                 |
| Powder River           | 9.89                                          | \$83,793            | 204.17                                      | \$61,994             | \$313,965            | \$4,011,146                 |
| Powell                 | 14.53                                         | \$211,167           | 139.62                                      | \$363,298            | \$909,230            | \$8,805,845                 |
| Prairie                | 7.10                                          | \$30,759            | 247.15                                      | \$99,552             | \$644,285            | \$2,867,268                 |
| Ravalli                | 38.26                                         | \$3,100,501         | 111.76                                      | \$1,888,296          | \$2,293,088          | \$41,890,464                |
| Richland               | 15.66                                         | \$614,105           | 209.89                                      | \$1,155,673          | \$3,253,794          | \$16,901,068                |
| Roosevelt              | 12.50                                         | \$345,774           | 274.72                                      | \$662,145            | \$418,880            | \$14,882,138                |
| Rosebud                | 27.75                                         | \$2,746,824         | 36.59                                       | \$2,821,249          | \$1,240,541          | \$26,121,898                |
| Sanders                | 21.38                                         | \$734,094           | 228.56                                      | \$662,261            | \$1,237,071          | \$16,313,639                |
| Sheridan               | 9.90                                          | \$130,500           | 327.50                                      | \$541,776            | \$173,360            | \$7,078,839                 |
| Silver Bow             | 63.08                                         | \$4,420,214         | 81.50                                       | \$32,723             | \$8,896,960          | \$59,868,513                |
| Stillwater             | 14.28                                         | \$518,597           | 171.99                                      | \$1,254,326          | \$831,292            | \$19,310,627                |
| Sweet Grass            | 10.16                                         | \$175,264           | 138.52                                      | \$482,575            | \$27,573             | \$8,470,210                 |
| Teton                  | 15.65                                         | \$259,630           | 149.90                                      | \$420,680            | \$2,066,223          | \$11,745,297                |
| Toole                  | 5.04                                          | \$114,851           | 268.13                                      | \$945,301            | \$494,424            | \$12,635,854                |
| Treasure               | 4.00                                          | \$18,488            | 502.64                                      | \$75,705             | \$310,804            | \$2,301,809                 |
| Valley                 | 17.44                                         | \$451,488           | 287.41                                      | \$1,034,168          | \$2,634,326          | \$17,469,612                |
| Wheatland              | 0.83                                          | \$12,724            | 157.94                                      | \$148,786            | \$73,767             | \$6,316,164                 |
| Wibaux                 | 11.61                                         | \$90,948            | 219.13                                      | \$77,060             | \$16,193             | \$2,788,384                 |
| Yellowstone            | 11.35                                         | \$3,473,603         | 179.72                                      | \$31,506,199         | \$26,525,689         | \$215,774,323               |
| <b>Statewide Total</b> |                                               | <b>\$64,170,266</b> |                                             | <b>\$147,060,028</b> | <b>\$145,759,651</b> | <b>\$1,537,502,754</b>      |

2. The mill levy represents an average for all local elementary and high school levies and includes the levy for Jr. Colleges where applicable.

3. Total taxes from mill levies of all cities/towns within a county divided by total taxable value of the cities/towns.

# Property Tax and Property Value Summaries

## Property Taxes Levied and Average Mills - 2014

| County                 | State Assessed Mills <sup>1</sup> and Revenue |                      | County Assessed Mills and Revenue |                      | County Wide School Mills and Revenue |                      | Local School Average Mills <sup>2</sup> and Revenue |                      |
|------------------------|-----------------------------------------------|----------------------|-----------------------------------|----------------------|--------------------------------------|----------------------|-----------------------------------------------------|----------------------|
|                        | Mill Levy                                     | Revenue              | Mill Levy                         | Revenue              | Mill Levy                            | Revenue              | Mill Levy                                           | Revenue              |
| Beaverhead             | 101                                           | \$1,866,872          | 162.93                            | \$3,011,428          | 44.58                                | \$823,977            | 220.20                                              | \$4,069,831          |
| Big Horn               | 101                                           | \$2,536,444          | 99.84                             | \$2,507,232          | 53.65                                | \$1,347,363          | 185.10                                              | \$4,648,423          |
| Blaine                 | 101                                           | \$1,277,978          | 186.57                            | \$2,357,825          | 51.81                                | \$654,755            | 156.88                                              | \$1,982,527          |
| Broadwater             | 101                                           | \$1,330,951          | 161.93                            | \$2,130,602          | 48.47                                | \$637,801            | 156.33                                              | \$2,056,927          |
| Carbon                 | 101                                           | \$3,747,746          | 122.30                            | \$4,505,765          | 44.39                                | \$1,635,400          | 186.30                                              | \$6,863,792          |
| Carter                 | 101                                           | \$3,804,055          | 123.28                            | \$4,643,147          | 5.32                                 | \$200,447            | 43.16                                               | \$1,625,405          |
| Cascade                | 102.5                                         | \$13,690,942         | 145.34                            | \$19,370,811         | 49.90                                | \$6,650,641          | 212.11                                              | \$28,269,535         |
| Chouteau               | 101                                           | \$2,031,520          | 180.45                            | \$3,613,138          | 56.30                                | \$1,127,299          | 186.62                                              | \$3,736,814          |
| Custer                 | 101                                           | \$1,673,840          | 228.50                            | \$3,786,069          | 44.93                                | \$744,403            | 289.70                                              | \$4,800,110          |
| Daniels                | 101                                           | \$555,183            | 209.91                            | \$1,153,834          | 57.37                                | \$315,355            | 187.10                                              | \$1,028,462          |
| Dawson                 | 101                                           | \$2,042,623          | 179.85                            | \$3,637,322          | 37.87                                | \$765,927            | 268.49                                              | \$5,430,032          |
| Deer Lodge             | 101                                           | \$1,847,026          | 312.09                            | \$5,704,141          | 32.54                                | \$594,815            | 193.95                                              | \$3,544,764          |
| Fallon                 | 101                                           | \$3,551,747          | 158.86                            | \$5,534,428          | 0.00                                 | \$0                  | 4.63                                                | \$161,392            |
| Fergus                 | 101                                           | \$2,605,366          | 161.68                            | \$4,164,651          | 50.97                                | \$1,312,851          | 222.93                                              | \$5,742,338          |
| Flathead               | 101                                           | \$26,042,507         | 143.48                            | \$36,919,011         | 43.94                                | \$11,305,641         | 191.74                                              | \$49,336,611         |
| Gallatin               | 101                                           | \$25,968,102         | 105.65                            | \$27,152,720         | 44.96                                | \$11,554,569         | 206.72                                              | \$53,127,775         |
| Garfield               | 101                                           | \$502,382            | 243.70                            | \$1,212,199          | 55.76                                | \$277,366            | 135.83                                              | \$675,604            |
| Glacier                | 101                                           | \$2,560,785          | 235.75                            | \$5,555,379          | 61.95                                | \$1,459,916          | 232.15                                              | \$5,470,605          |
| Golden Valley          | 101                                           | \$533,836            | 147.62                            | \$780,268            | 37.91                                | \$200,375            | 176.69                                              | \$933,888            |
| Granite                | 101                                           | \$1,085,845          | 220.15                            | \$2,366,868          | 29.64                                | \$318,659            | 164.89                                              | \$1,772,752          |
| Hill                   | 101                                           | \$3,153,967          | 176.58                            | \$5,497,102          | 58.77                                | \$1,829,670          | 231.76                                              | \$7,214,800          |
| Jefferson              | 101                                           | \$2,889,359          | 163.38                            | \$4,644,087          | 50.24                                | \$1,428,067          | 172.98                                              | \$4,916,895          |
| Judith Basin           | 101                                           | \$1,409,129          | 114.30                            | \$1,516,326          | 30.33                                | \$402,370            | 156.11                                              | \$2,071,002          |
| Lake                   | 101                                           | \$7,698,145          | 146.04                            | \$11,131,035         | 52.58                                | \$4,007,974          | 136.19                                              | \$10,380,362         |
| Lewis & Clark          | 102.5                                         | \$12,037,608         | 192.58                            | \$22,536,216         | 52.52                                | \$6,145,709          | 237.70                                              | \$27,816,170         |
| Liberty                | 101                                           | \$729,917            | 265.15                            | \$1,916,201          | 19.53                                | \$141,146            | 116.57                                              | \$842,452            |
| Lincoln                | 101                                           | \$3,566,559          | 105.74                            | \$3,733,988          | 36.79                                | \$1,299,264          | 178.58                                              | \$6,306,070          |
| Madison                | 101                                           | \$8,441,248          | 103.63                            | \$8,661,017          | 13.52                                | \$1,129,606          | 49.63                                               | \$4,148,110          |
| McCone                 | 101                                           | \$682,908            | 251.76                            | \$1,696,939          | 38.32                                | \$258,307            | 171.39                                              | \$1,155,248          |
| Meagher                | 101                                           | \$842,237            | 189.05                            | \$1,534,098          | 29.01                                | \$235,450            | 148.07                                              | \$1,201,563          |
| Mineral                | 101                                           | \$1,032,320          | 170.76                            | \$1,736,989          | 47.79                                | \$486,128            | 252.63                                              | \$2,569,797          |
| Missoula               | 102.5                                         | \$20,959,735         | 170.38                            | \$34,813,972         | 49.12                                | \$10,036,336         | 224.59                                              | \$45,890,780         |
| Musselshell            | 101                                           | \$1,291,450          | 211.40                            | \$2,103,042          | 40.96                                | \$407,519            | 176.52                                              | \$1,756,078          |
| Park                   | 101                                           | \$4,081,239          | 119.34                            | \$4,822,327          | 47.41                                | \$1,915,583          | 183.21                                              | \$7,403,300          |
| Petroleum              | 101                                           | \$154,096            | 145.27                            | \$221,636            | 36.94                                | \$56,356             | 220.85                                              | \$336,951            |
| Phillips               | 101                                           | \$1,692,683          | 94.02                             | \$1,575,623          | 45.68                                | \$765,595            | 191.79                                              | \$3,214,305          |
| Pondera                | 101                                           | \$1,326,902          | 233.99                            | \$3,045,215          | 55.60                                | \$723,654            | 255.94                                              | \$3,330,884          |
| Powder River           | 101                                           | \$936,089            | 169.70                            | \$1,572,811          | 20.18                                | \$187,073            | 145.14                                              | \$1,345,177          |
| Powell                 | 101                                           | \$1,467,024          | 159.00                            | \$2,309,524          | 46.36                                | \$673,311            | 199.73                                              | \$2,901,072          |
| Prairie                | 101                                           | \$403,509            | 246.17                            | \$983,483            | 43.79                                | \$174,939            | 140.82                                              | \$562,598            |
| Ravalli                | 101                                           | \$8,018,843          | 134.64                            | \$10,689,799         | 30.47                                | \$2,419,384          | 167.96                                              | \$13,335,467         |
| Richland               | 101                                           | \$4,678,888          | 142.26                            | \$6,559,390          | 0.00                                 | \$0                  | 55.10                                               | \$2,540,883          |
| Roosevelt              | 101                                           | \$2,981,433          | 182.10                            | \$5,216,510          | 20.87                                | \$597,990            | 145.92                                              | \$4,179,993          |
| Rosebud                | 101                                           | \$9,123,078          | 47.45                             | \$4,286,321          | 25.19                                | \$2,275,106          | 47.36                                               | \$4,277,470          |
| Sanders                | 101                                           | \$3,399,412          | 115.30                            | \$3,880,579          | 37.97                                | \$1,277,931          | 143.27                                              | \$4,822,100          |
| Sheridan               | 101                                           | \$1,604,485          | 206.12                            | \$3,253,242          | 38.50                                | \$607,615            | 128.70                                              | \$2,031,307          |
| Silver Bow             | 102.5                                         | \$6,589,017          | 343.68                            | \$22,088,503         | 46.94                                | \$3,016,804          | 209.46                                              | \$13,462,122         |
| Stillwater             | 101                                           | \$3,706,997          | 156.96                            | \$5,761,009          | 46.65                                | \$1,712,283          | 148.34                                              | \$5,444,438          |
| Sweet Grass            | 101                                           | \$1,762,580          | 191.25                            | \$3,337,518          | 40.71                                | \$710,378            | 118.52                                              | \$2,068,240          |
| Teton                  | 101                                           | \$1,675,805          | 157.91                            | \$2,580,983          | 57.69                                | \$942,872            | 230.55                                              | \$3,768,333          |
| Toole                  | 101                                           | \$2,848,308          | 205.50                            | \$4,388,732          | 41.96                                | \$896,197            | 150.44                                              | \$3,212,919          |
| Treasure               | 101                                           | \$437,936            | 153.37                            | \$665,010            | 34.19                                | \$148,228            | 138.41                                              | \$600,143            |
| Valley                 | 101                                           | \$2,598,872          | 142.71                            | \$3,672,194          | 53.70                                | \$1,381,795          | 229.75                                              | \$5,911,710          |
| Wheatland              | 101                                           | \$1,645,066          | 132.31                            | \$2,006,842          | 23.87                                | \$362,113            | 124.80                                              | \$1,892,965          |
| Wibaux                 | 101                                           | \$974,015            | 139.96                            | \$1,349,774          | 12.81                                | \$123,549            | 46.10                                               | \$444,578            |
| Yellowstone            | 102.5                                         | \$31,877,211         | 136.29                            | \$41,915,123         | 46.17                                | \$14,199,389         | 225.70                                              | \$69,411,078         |
| <b>Statewide Total</b> |                                               | <b>\$257,973,822</b> |                                   | <b>\$377,809,997</b> |                                      | <b>\$104,903,248</b> |                                                     | <b>\$458,044,947</b> |

1. State assessed mills include: 6 mills for the university system, 33 mills for elementary equalization and BASE program support, 22 mills for high school equalization and Base program support, 40 mills for state equalization aid to public schools, and 1.5 mills to support vocational-technical education.

# Property Tax and Property Value Summaries

| County        | Misc. & Fire District Average Mills & Revenue |                     | City Average Mills <sup>3</sup> and Revenue |                      | SID's and Fees       | Total of All Taxes and Fees |
|---------------|-----------------------------------------------|---------------------|---------------------------------------------|----------------------|----------------------|-----------------------------|
|               | Mill Levy                                     | Revenue             | Mill Levy                                   | Revenue              | Revenue              | Revenue                     |
| Beaverhead    | 14.82                                         | \$273,909           | 163.90                                      | \$831,355            | \$1,442,516          | \$12,319,887                |
| Big Horn      | 6.03                                          | \$151,352           | 183.46                                      | \$770,106            | \$10,777,899         | \$22,738,819                |
| Blaine        | 7.57                                          | \$95,719            | 385.91                                      | \$636,966            | \$1,707,662          | \$8,713,432                 |
| Broadwater    | 30.91                                         | \$406,660           | 85.08                                       | \$135,878            | \$771,330            | \$7,470,149                 |
| Carbon        | 19.06                                         | \$702,341           | 136.99                                      | \$1,150,585          | \$753,886            | \$19,359,514                |
| Carter        | 0.15                                          | \$5,630             | 461.72                                      | \$91,354             | \$75,056             | \$10,445,095                |
| Cascade       | 23.35                                         | 3,112,463.60        | 203.43                                      | \$15,751,818         | \$9,166,945          | \$96,013,156                |
| Chouteau      | 38.90                                         | \$779,011           | 216.09                                      | \$501,901            | \$435,300            | \$12,224,984                |
| Custer        | 1.10                                          | \$18,186            | 232.72                                      | \$1,664,477          | \$2,220,531          | \$14,907,615                |
| Daniels       | 65.13                                         | \$358,023           | 294.42                                      | \$225,361            | \$370,484            | \$4,006,702                 |
| Dawson        | 14.66                                         | \$296,475           | 243.47                                      | \$1,413,023          | \$2,356,783          | \$15,942,186                |
| Deer Lodge    | 92.80                                         | \$1,696,183         | 37.52                                       | \$160,205            | \$1,946,070          | \$15,493,204                |
| Fallon        | 5.30                                          | \$184,670           | 293.81                                      | \$498,269            | \$40,824             | \$9,971,331                 |
| Fergus        | 14.57                                         | \$375,271           | 233.08                                      | \$1,539,952          | \$1,287,516          | \$17,027,945                |
| Flathead      | 32.16                                         | \$8,273,958         | 137.56                                      | \$10,872,044         | \$13,681,168         | \$156,430,941               |
| Gallatin      | 33.52                                         | \$8,615,356         | 177.22                                      | \$20,183,943         | \$4,484,758          | \$151,087,224               |
| Garfield      | 1.58                                          | \$7,842             | 202.55                                      | \$42,723             | \$84,658             | \$2,802,774                 |
| Glacier       | 6.70                                          | \$157,873           | 253.59                                      | \$612,317            | \$716,285            | \$16,533,159                |
| Golden Valley | 2.06                                          | \$10,906            | 99.50                                       | \$32,227             | \$15,891             | \$2,507,392                 |
| Granite       | 24.08                                         | \$258,884           | 168.74                                      | \$243,660            | \$515,623            | \$6,562,291                 |
| Hill          | 6.76                                          | \$210,537           | 272.33                                      | \$2,339,870          | \$3,254,363          | \$23,500,310                |
| Jefferson     | 32.36                                         | \$919,828           | 166.01                                      | \$313,695            | \$1,206,432          | \$16,318,363                |
| Judith Basin  | 10.82                                         | \$143,559           | 145.50                                      | \$76,316             | \$67,675             | \$5,686,376                 |
| Lake          | 27.60                                         | \$2,103,817         | 149.88                                      | \$1,852,916          | \$5,828,309          | \$43,002,558                |
| Lewis & Clark | 16.93                                         | \$1,981,448         | 170.24                                      | \$10,438,204         | \$12,228,090         | \$93,183,446                |
| Liberty       | 12.90                                         | \$93,246            | 175.70                                      | \$124,359            | \$240,603            | \$4,087,923                 |
| Lincoln       | 18.67                                         | \$659,194           | 150.24                                      | \$755,245            | \$2,678,803          | \$18,999,123                |
| Madison       | 42.21                                         | \$3,527,610         | 124.31                                      | \$505,109            | \$2,121,054          | \$28,533,753                |
| McCone        | 4.31                                          | \$29,023            | 369.10                                      | \$278,789            | \$75,649             | \$4,176,863                 |
| Meagher       | 10.31                                         | \$83,682            | 163.68                                      | \$173,439            | \$131,141            | \$4,201,609                 |
| Mineral       | 22.94                                         | \$233,388           | 183.00                                      | \$275,255            | \$134,002            | \$6,467,878                 |
| Missoula      | 61.53                                         | \$12,571,483        | 245.58                                      | \$27,651,650         | \$9,748,856          | \$161,672,812               |
| Musselshell   | 13.76                                         | \$136,871           | 182.80                                      | \$268,338            | \$2,224,893          | \$8,188,192                 |
| Park          | 18.90                                         | \$763,883           | 207.98                                      | \$2,443,314          | \$2,487,524          | \$23,917,170                |
| Petroleum     | 9.26                                          | \$14,122            | 381.47                                      | \$35,492             | \$95,687             | \$914,340                   |
| Phillips      | 8.34                                          | \$139,850           | 219.70                                      | \$518,490            | \$1,583,389          | \$9,489,935                 |
| Pondera       | 17.14                                         | \$223,022           | 203.01                                      | \$476,477            | \$447,288            | \$9,573,442                 |
| Powder River  | 2.25                                          | \$20,894            | 205.92                                      | \$64,076             | \$328,451            | \$4,454,572                 |
| Powell        | 13.80                                         | \$200,385           | 140.23                                      | \$360,065            | \$909,859            | \$8,821,239                 |
| Prairie       | 5.57                                          | \$22,267            | 259.02                                      | \$99,927             | \$645,936            | \$2,892,659                 |
| Ravalli       | 41.07                                         | \$3,261,006         | 166.71                                      | \$2,517,157          | \$2,277,431          | \$42,519,087                |
| Richland      | 17.09                                         | \$787,994           | 216.61                                      | \$1,334,064          | \$3,355,563          | \$19,256,782                |
| Roosevelt     | 13.03                                         | \$373,243           | 274.23                                      | \$761,378            | \$427,524            | \$14,538,071                |
| Rosebud       | 24.89                                         | \$2,248,531         | 49.20                                       | \$3,015,759          | \$1,175,204          | \$26,401,469                |
| Sanders       | 16.80                                         | \$565,400           | 242.14                                      | \$683,684            | \$1,621,075          | \$16,250,183                |
| Sheridan      | 13.50                                         | \$212,998           | 334.08                                      | \$564,921            | \$180,525            | \$8,455,093                 |
| Silver Bow    | 63.11                                         | \$4,056,296         | 82.64                                       | \$33,503             | \$9,329,158          | \$58,575,403                |
| Stillwater    | 14.24                                         | \$522,684           | 173.85                                      | \$1,290,882          | \$819,711            | \$19,258,005                |
| Sweet Grass   | 11.76                                         | \$205,275           | 138.77                                      | \$480,749            | \$22,481             | \$8,587,221                 |
| Teton         | 22.56                                         | \$368,816           | 152.76                                      | \$433,158            | \$2,148,812          | \$11,918,779                |
| Toole         | 7.05                                          | \$150,612           | 280.91                                      | \$922,255            | \$1,632,967          | \$14,051,989                |
| Treasure      | 4.92                                          | \$21,349            | 523.99                                      | \$80,792             | \$320,971            | \$2,274,429                 |
| Valley        | 8.97                                          | \$230,772           | 307.77                                      | \$1,088,141          | \$2,745,363          | \$17,628,847                |
| Wheatland     | 0.89                                          | \$13,527            | 158.26                                      | \$147,166            | \$74,201             | \$6,141,880                 |
| Wibaux        | 11.64                                         | \$112,300           | 227.83                                      | \$77,085             | \$22,051             | \$3,103,353                 |
| Yellowstone   | 6.84                                          | \$2,103,469         | 170.01                                      | \$29,654,840         | \$35,850,866         | \$225,011,975               |
|               |                                               | <b>\$65,093,090</b> |                                             | <b>\$149,494,727</b> | <b>\$161,293,095</b> | <b>\$1,574,612,926</b>      |

2. The mill levy represents an average for all local elementary and high school levies and includes the levy for Jr. Colleges where applicable.

3. Total taxes from mill levies of all cities/towns within a county divided by total taxable value of the cities/towns.

## Property Tax and Property Value Summaries

### **Tax Base and Revenue for Cities and Towns in 2013 and 2014**

The following table displays taxable value, mill rate, and estimated taxes levied for cities and towns. The cities listed are only those that levy mills to fund city municipal governments. The estimated taxes levied is the amount of property tax that is paid to the city government to fund the municipality. Property owners in these cities are levied other mills used to fund county governments, schools, miscellaneous districts, and the state.

# Property Tax and Property Value Summaries

## Valuation by City and Property Taxes Levied by City Governments

| County        | Town             | TY 2013 (FY 2014) |           |                        | TY 2014 (FY 2015) |           |                        |
|---------------|------------------|-------------------|-----------|------------------------|-------------------|-----------|------------------------|
|               |                  | Taxable Value     | Mill Levy | Estimated Taxes Levied | Taxable Value     | Mill Levy | Estimated Taxes Levied |
| Beaverhead    | Dillon           | \$4,848,787       | 159.62    | \$773,963              | \$4,846,424       | 164.52    | \$797,334              |
| Beaverhead    | Lima             | \$224,365         | 150.32    | \$33,727               | \$225,967         | 154.01    | \$34,801               |
| Big Horn      | Hardin           | \$2,605,375       | 181.4     | \$472,615              | \$4,097,142       | 185.40    | \$759,610              |
| Big Horn      | Lodge Grass      | \$100,135         | 107.34    | \$10,748               | \$100,612         | 107.34    | \$10,800               |
| Blaine        | Chinook          | \$1,120,198       | 278.5     | \$311,975              | \$1,140,042       | 278.50    | \$317,502              |
| Blaine        | Harlem           | \$507,127         | 625.75    | \$317,335              | \$510,530         | 625.75    | \$319,464              |
| Broadwater    | Townsend         | \$1,631,201       | 85.08     | \$138,783              | \$1,597,066       | 85.08     | \$135,878              |
| Carbon        | Bear Creek       | \$119,923         | 102       | \$12,232               | \$121,715         | 111.25    | \$13,541               |
| Carbon        | Bridger          | \$727,312         | 200.27    | \$145,659              | \$721,814         | 205.05    | \$148,008              |
| Carbon        | Fromberg         | \$292,408         | 169.82    | \$49,657               | \$287,899         | 174.97    | \$50,374               |
| Carbon        | Joliet           | \$495,661         | 148.18    | \$73,447               | \$482,695         | 155.07    | \$74,852               |
| Carbon        | Red Lodge        | \$6,692,387       | 127.25    | \$851,606              | \$6,784,925       | 127.34    | \$863,992              |
| Carter        | Ekalaka          | \$197,464         | 404.21    | \$79,817               | \$197,855         | 466.65    | \$92,329               |
| Cascade       | Belt             | \$395,070         | 210.43    | \$83,135               | \$389,183         | 220.01    | \$85,624               |
| Cascade       | Cascade          | \$678,000         | 120.64    | \$81,794               | \$639,745         | 130.07    | \$83,212               |
| Cascade       | Great Falls      | \$78,053,691      | 198.74    | \$15,512,391           | \$76,092,572      | 204.54    | \$15,563,975           |
| Cascade       | Neihart          | \$298,805         | 90.57     | \$27,063               | \$308,796         | 90.91     | \$28,073               |
| Chouteau      | Big Sandy        | \$482,615         | 142.69    | \$68,864               | \$492,253         | 148.79    | \$73,242               |
| Chouteau      | Fort Benton      | \$1,615,361       | 229.73    | \$371,097              | \$1,629,638       | 235.69    | \$384,089              |
| Chouteau      | Geraldine        | \$197,150         | 221.81    | \$43,730               | \$200,792         | 223.18    | \$44,813               |
| Custer        | Ismay            | \$47,613          | 41.47     | \$1,975                | \$44,103          | 41.47     | \$1,829                |
| Custer        | Miles City       | \$7,107,517       | 229.11    | \$1,628,403            | \$7,108,319       | 234.09    | \$1,663,986            |
| Daniels       | Flaxville        | \$48,887          | 165.47    | \$8,089                | \$55,558          | 165.47    | \$9,193                |
| Daniels       | Scobey           | \$683,011         | 304.51    | \$207,984              | \$709,886         | 304.51    | \$216,167              |
| Dawson        | Glendive         | \$5,528,784       | 244.72    | \$1,353,004            | \$5,664,144       | 244.71    | \$1,386,073            |
| Dawson        | Richey           | \$135,837         | 197.59    | \$26,840               | \$139,536         | 192.32    | \$26,836               |
| Deer Lodge    | Anaconda         | \$4,451,598       | 35.44     | \$157,765              | \$4,269,508       | 37.55     | \$160,320              |
| Fallon        | Baker            | \$1,564,023       | 296       | \$462,951              | \$1,602,503       | 304.78    | \$488,274              |
| Fallon        | Plevna           | \$94,648          | 113.58    | \$10,750               | \$93,862          | 118.25    | \$11,099               |
| Fergus        | Denton           | \$234,074         | 225.18    | \$52,709               | \$229,025         | 231.85    | \$53,099               |
| Fergus        | Grass Range      | \$84,578          | 132.43    | \$11,201               | \$84,219          | 138.41    | \$11,657               |
| Fergus        | Lewistown        | \$5,962,307       | 236.75    | \$1,411,576            | \$5,814,149       | 243.62    | \$1,416,443            |
| Fergus        | Moore            | \$300,604         | 147.85    | \$44,444               | \$299,910         | 144.73    | \$43,406               |
| Fergus        | Winifred         | \$166,111         | 90.23     | \$14,988               | \$179,732         | 90.89     | \$16,336               |
| Flathead      | Columbia Falls   | \$6,669,524       | 179.79    | \$1,199,114            | \$6,696,207       | 180.38    | \$1,207,862            |
| Flathead      | Kalispell        | \$40,798,448      | 166.6     | \$6,797,021            | \$41,082,194      | 169.30    | \$6,955,215            |
| Flathead      | Whitefish        | \$30,144,452      | 85.81     | \$2,586,695            | \$31,255,098      | 86.76     | \$2,711,692            |
| Gallatin      | Belgrade         | \$11,274,188      | 156.3     | \$1,762,156            | \$11,469,245      | 156.34    | \$1,793,102            |
| Gallatin      | Bozeman          | \$89,700,035      | 171.08    | \$15,345,882           | \$92,099,672      | 186.76    | \$17,200,535           |
| Gallatin      | Manhattan        | \$2,637,819       | 129.59    | \$341,835              | \$2,777,408       | 124.89    | \$346,870              |
| Gallatin      | Three Forks      | \$2,368,827       | 157.65    | \$373,446              | \$2,306,737       | 161.11    | \$371,638              |
| Gallatin      | West Yellowstone | \$5,306,131       | 92.82     | \$492,515              | \$5,239,249       | 93.91     | \$492,018              |
| Garfield      | Jordan           | \$222,056         | 189.68    | \$42,120               | \$210,931         | 203.86    | \$43,000               |
| Glacier       | Browning         | \$538,854         | 148.06    | \$79,783               | \$494,062         | 164.91    | \$81,476               |
| Glacier       | Cut Bank         | \$2,170,734       | 265.37    | \$576,048              | \$1,920,508       | 276.78    | \$531,558              |
| Golden Valley | Lavina           | \$150,264         | 91.16     | \$13,698               | \$150,811         | 93.09     | \$14,039               |
| Golden Valley | Ryegate          | \$174,445         | 103.85    | \$18,116               | \$173,094         | 105.16    | \$18,203               |
| Granite       | Drummond         | \$409,215         | 158.96    | \$65,049               | \$378,635         | 171.43    | \$64,909               |
| Granite       | Philipsburg      | \$1,054,327       | 166.9     | \$175,967              | \$1,065,392       | 167.87    | \$178,847              |
| Hill          | Havre            | \$8,562,097       | 267.04    | \$2,286,422            | \$8,416,255       | 277.10    | \$2,332,144            |
| Hill          | Hingham          | \$173,190         | 53        | \$9,179                | \$175,642         | 53.00     | \$9,309                |
| Jefferson     | Boulder          | \$893,232         | 205.77    | \$183,800              | \$867,898         | 216.92    | \$188,264              |
| Jefferson     | Whitehall        | \$1,061,345       | 137.54    | \$145,977              | \$1,021,687       | 122.76    | \$125,422              |
| Judith Basin  | Hobson           | \$177,552         | 106.96    | \$18,991               | \$182,636         | 107.94    | \$19,714               |
| Judith Basin  | Stanford         | \$345,118         | 162.04    | \$55,923               | \$341,883         | 165.65    | \$56,633               |
| Lake          | Polson           | \$9,670,026       | 152.19    | \$1,471,681            | \$10,114,166      | 154.78    | \$1,565,471            |
| Lake          | Ronan            | \$1,742,673       | 143.9     | \$250,771              | \$1,711,085       | 126.28    | \$216,076              |
| Lake          | St. Ignatius     | \$539,154         | 129.36    | \$69,745               | \$537,112         | 132.21    | \$71,012               |
| Lewis & Clark | East Helena      | \$2,318,029       | 223       | \$516,920              | \$2,195,363       | 234.00    | \$513,715              |
| Lewis & Clark | Helena           | \$61,531,129      | 159.1     | \$9,789,603            | \$59,120,182      | 168.17    | \$9,942,241            |
| Liberty       | Chester          | \$724,401         | 170.62    | \$123,597              | \$707,782         | 175.75    | \$124,393              |
| Lincoln       | Eureka           | \$1,126,870       | 159.32    | \$179,533              | \$1,451,732       | 153.98    | \$223,538              |
| Lincoln       | Libby            | \$2,857,460       | 139.57    | \$398,816              | \$2,802,906       | 140.34    | \$393,360              |
| Lincoln       | Troy             | \$778,978         | 172.9     | \$134,685              | \$772,259         | 179.05    | \$138,273              |

1. Strict personal property is assessed mills from the tax year prior to assessment. Estimated assessed taxes for strict personal property from this table are calculated by applying mills from the same year of assessment.

# Property Tax and Property Value Summaries

## Valuation by City and Property Taxes Levied by City Governments

| County                 | Town                  | TY 2013 (FY 2014)    |           |                        | TY 2014 (FY 2015)    |           |                        |
|------------------------|-----------------------|----------------------|-----------|------------------------|----------------------|-----------|------------------------|
|                        |                       | Taxable Value        | Mill Levy | Estimated Taxes Levied | Taxable Value        | Mill Levy | Estimated Taxes Levied |
| Madison                | Ennis                 | \$2,135,140          | 137.21    | \$292,963              | \$2,214,814          | 143.89    | \$318,690              |
| Madison                | Sheridan              | \$907,636            | 103.9     | \$94,303               | \$903,986            | 105.14    | \$95,045               |
| Madison                | Twin Bridges          | \$471,996            | 133.45    | \$62,988               | \$471,726            | 133.45    | \$62,952               |
| Madison                | Virginia City         | \$458,546            | 57.84     | \$26,522               | \$472,621            | 60.56     | \$28,622               |
| McCone                 | Circle                | \$716,071            | 238.76    | \$170,969              | \$755,328            | 375.00    | \$283,248              |
| Meagher                | White Sulphur Springs | \$1,064,878          | 157.67    | \$167,899              | \$1,059,615          | 163.81    | \$173,576              |
| Mineral                | Alberton              | \$449,173            | 150.55    | \$67,623               | \$447,036            | 153.40    | \$68,575               |
| Mineral                | Superior              | \$1,068,128          | 190.33    | \$203,297              | \$1,057,104          | 195.62    | \$206,791              |
| Missoula               | Missoula              | \$114,048,929        | 243.52    | \$27,773,195           | \$112,598,007        | 245.62    | \$27,656,322           |
| Musselshell            | Melstone              | \$93,154             | 340.71    | \$31,738               | \$91,733             | 351.58    | \$32,251               |
| Musselshell            | Roundup               | \$1,377,689          | 165.1     | \$227,456              | \$1,376,211          | 171.76    | \$236,378              |
| Park                   | Clyde Park            | \$370,211            | 67.24     | \$24,893               | \$359,868            | 71.42     | \$25,702               |
| Park                   | Livingston            | \$11,562,290         | 209.53    | \$2,422,647            | \$11,388,182         | 212.33    | \$2,418,053            |
| Petroleum              | Winnett               | \$117,260            | 377.37    | \$44,250               | \$93,040             | 381.77    | \$35,520               |
| Phillips               | Dodson                | \$102,870            | 169.71    | \$17,458               | \$103,404            | 140.00    | \$14,477               |
| Phillips               | Malta                 | \$1,888,340          | 189.25    | \$357,368              | \$1,913,880          | 232.00    | \$444,020              |
| Phillips               | Saco                  | \$369,879            | 165.23    | \$61,115               | \$342,712            | 178.06    | \$61,023               |
| Pondera                | Conrad                | \$1,891,702          | 208.86    | \$395,101              | \$1,833,625          | 219.76    | \$402,957              |
| Pondera                | Valier                | \$530,604            | 128.24    | \$68,045               | \$513,436            | 144.52    | \$74,202               |
| Powder River           | Broadus               | \$303,637            | 205       | \$62,246               | \$311,173            | 206.00    | \$64,102               |
| Powell                 | Deer Lodge            | \$2,602,036          | 139.63    | \$363,322              | \$2,567,614          | 140.25    | \$360,108              |
| Prairie                | Terry                 | \$402,795            | 247.41    | \$99,656               | \$385,784            | 259.38    | \$100,065              |
| Ravalli                | Darby                 | \$927,600            | 111.78    | \$103,687              | \$905,837            | 115.01    | \$104,180              |
| Ravalli                | Hamilton              | \$13,074,798         | 114.85    | \$1,501,641            | \$11,356,952         | 187.84    | \$2,133,290            |
| Ravalli                | Pinesdale             | \$295,509            | 82        | \$24,232               | \$290,372            | 98.00     | \$28,456               |
| Ravalli                | Stevensville          | \$2,598,149          | 98.66     | \$256,333              | \$2,545,546          | 103.42    | \$263,260              |
| Richland               | Fairview              | \$441,998            | 291.66    | \$128,913              | \$487,482            | 311.92    | \$152,055              |
| Richland               | Sidney                | \$5,064,161          | 203.6     | \$1,031,063            | \$5,671,320          | 208.80    | \$1,184,172            |
| Roosevelt              | Bainville             | \$151,667            | 264.67    | \$40,142               | \$159,615            | 273.68    | \$43,683               |
| Roosevelt              | Brockton              | \$103,307            | 0         | \$0                    | \$96,059             | 0.00      | \$0                    |
| Roosevelt              | Culbertson            | \$488,033            | 227.04    | \$110,803              | \$873,706            | 222.35    | \$194,269              |
| Roosevelt              | Froid                 | \$112,991            | 274.64    | \$31,032               | \$127,953            | 298.73    | \$38,223               |
| Roosevelt              | Poplar                | \$298,407            | 377.62    | \$112,684              | \$297,083            | 381.94    | \$113,468              |
| Roosevelt              | Wolf Point            | \$1,255,890          | 294.22    | \$369,508              | \$1,222,044          | 304.86    | \$372,552              |
| Rosebud                | Colstrip              | \$75,524,906         | 31.6      | \$2,386,587            | \$59,726,675         | 42.92     | \$2,563,469            |
| Rosebud                | Forsyth               | \$1,572,102          | 276.67    | \$434,953              | \$1,567,110          | 289.55    | \$453,757              |
| Sanders                | Hot Springs           | \$398,923            | 332.68    | \$132,714              | \$391,205            | 388.08    | \$151,819              |
| Sanders                | Plains                | \$1,190,768          | 180.6     | \$215,053              | \$1,147,394          | 187.11    | \$214,689              |
| Sanders                | Thompson Falls        | \$1,307,888          | 240.64    | \$314,730              | \$1,284,949          | 247.12    | \$317,537              |
| Sheridan               | Medicine Lake         | \$118,855            | 452.35    | \$53,764               | \$139,460            | 456.32    | \$63,638               |
| Sheridan               | Outlook               | \$62,585             | 150       | \$9,388                | \$61,042             | 65.50     | \$3,998                |
| Sheridan               | Plentywood            | \$1,287,846          | 303.12    | \$390,372              | \$1,293,640          | 314.41    | \$406,733              |
| Sheridan               | Westby                | \$184,979            | 480.14    | \$88,816               | \$196,840            | 458.10    | \$90,172               |
| Silver Bow             | Walkerville           | \$401,495            | 81.51     | \$32,726               | \$405,432            | 82.64     | \$33,505               |
| Stillwater             | Columbus              | \$7,292,884          | 171.94    | \$1,253,938            | \$7,425,076          | 173.87    | \$1,290,998            |
| Sweet Grass            | Big Timber            | \$3,483,903          | 138.77    | \$483,461              | \$3,464,362          | 138.77    | \$480,749              |
| Teton                  | Choteau               | \$1,545,114          | 113.8     | \$175,834              | \$1,563,083          | 115.78    | \$180,974              |
| Teton                  | Dutton                | \$257,870            | 272.33    | \$70,226               | \$246,470            | 287.83    | \$70,941               |
| Teton                  | Fairfield             | \$1,003,423          | 174.35    | \$174,947              | \$1,025,923          | 176.78    | \$181,363              |
| Toole                  | Kevin                 | \$101,162            | 347.36    | \$35,140               | \$82,091             | 436.25    | \$35,812               |
| Toole                  | Shelby                | \$2,989,376          | 270.73    | \$809,314              | \$2,773,200          | 283.79    | \$787,006              |
| Toole                  | Sunburst              | \$434,993            | 229.14    | \$99,674               | \$427,841            | 235.95    | \$100,949              |
| Treasure               | Hysham                | \$150,615            | 503.77    | \$75,875               | \$154,187            | 525.75    | \$81,064               |
| Valley                 | Fort Peck             | \$320,399            | 86.48     | \$27,708               | \$308,814            | 92.97     | \$28,710               |
| Valley                 | Glasgow               | \$2,955,421          | 320       | \$945,735              | \$2,912,636          | 342.00    | \$996,122              |
| Valley                 | Nashua                | \$223,564            | 223.56    | \$49,980               | \$218,590            | 238.24    | \$52,077               |
| Valley                 | Opheim                | \$98,879             | 126.28    | \$12,486               | \$95,528             | 129.04    | \$12,327               |
| Wheatland              | Harlowton             | \$807,581            | 160.55    | \$129,657              | \$792,148            | 162.64    | \$128,835              |
| Wheatland              | Judith Gap            | \$134,467            | 143.69    | \$19,322               | \$137,765            | 133.07    | \$18,332               |
| Wibaux                 | Wibaux                | \$351,667            | 219.49    | \$77,187               | \$338,347            | 228.26    | \$77,231               |
| Yellowstone            | Billings              | \$167,764,175        | 178.7     | \$29,979,458           | \$166,850,962        | 168.12    | \$28,050,984           |
| Yellowstone            | Broadview             | \$243,294            | 151.57    | \$36,876               | \$247,286            | 151.57    | \$37,481               |
| Yellowstone            | Laurel                | \$7,295,068          | 207.59    | \$1,514,383            | \$7,331,765          | 208.23    | \$1,526,693            |
| <b>Statewide Total</b> |                       | <b>\$861,062,876</b> |           | <b>\$147,132,801</b>   | <b>\$842,804,189</b> |           | <b>\$149,545,013</b>   |

1. Strict personal property is assessed mills from the tax year prior to assessment. Estimated assessed taxes for strict personal property from this table are calculated by applying mills from the same year of assessment.

### **Property Taxes Paid by Type of Property**

The final section of the property tax section summarizes property taxes paid by each type of property. The actual amount of taxes paid is determined by the interaction of mills and taxable value. Identical properties in separate locations may have different taxes because they have different levels of services or different jurisdictions may have different costs of providing services and therefore different millage rates. Neighboring properties in different classes with identical market values may pay different taxes because of the application of different tax rates for different classes of property.

The tables on the following pages show the distribution of taxes paid by each class of property, the average mill for individual classes, and the effective rate taxpayers pay on their assessed value.

The pages following the property value summary tables show property values by county. This includes quantity in acres, the assessed market value, and the taxable value of different types of property.

# Property Tax and Property Value Summaries

## Valuation by Property Type

| Property Type                                     | 2014 Tax Rate | Class | 2014 Total Assessed Value | 2014 Total Taxable Value | Assessed Value within Towns/Cities | Taxable Value within Towns/Cities |
|---------------------------------------------------|---------------|-------|---------------------------|--------------------------|------------------------------------|-----------------------------------|
| <b>Proceeds</b>                                   |               |       |                           |                          |                                    |                                   |
| Net Proceeds of Mines                             | 100.00%       | 1.0   | \$3,790,730               | \$3,790,730              | \$0                                | \$0                               |
| Gross Proceeds of Metal Mines                     | 3.00%         | 2.0   | \$851,842,256             | \$25,555,274             | \$0                                | \$0                               |
| Gross Proceeds of Metal Mines New & Expanding     | 2.70%         | 2.0   | \$0                       | \$0                      | \$0                                | \$0                               |
| <b>Subtotal</b>                                   |               |       | <b>\$855,632,986</b>      | <b>\$29,346,004</b>      | <b>\$0</b>                         | <b>\$0</b>                        |
| <b>Subtotal Percent of Column Statewide Total</b> |               |       | <b>0.96%</b>              | <b>1.16%</b>             | <b>0.00%</b>                       | <b>0.00%</b>                      |
| <b>Agricultural Land</b>                          |               |       |                           |                          |                                    |                                   |
| Tillable Irrigated                                | 2.47%         | 3.0   | \$741,111,652             | \$18,293,227             | \$1,519,330                        | \$37,490                          |
| Tillable Non-Irrigated                            | 2.47%         | 3.0   | \$2,513,099,956           | \$61,929,939             | \$584,685                          | \$14,403                          |
| Grazing Land                                      | 2.47%         | 3.0   | \$1,815,284,965           | \$44,564,169             | \$682,838                          | \$16,823                          |
| Wild Hay                                          | 2.47%         | 3.0   | \$337,012,116             | \$8,323,367              | \$170,187                          | \$4,203                           |
| Timber Land                                       | 0.30%         | 10.0  | \$2,155,929,245           | \$6,215,336              | \$864,752                          | \$2,484                           |
| <b>Subtotal</b>                                   |               |       | <b>\$7,562,437,934</b>    | <b>\$139,326,038</b>     | <b>\$3,821,792</b>                 | <b>\$75,403</b>                   |
| <b>Subtotal Percent of Column Statewide Total</b> |               |       | <b>8.52%</b>              | <b>5.53%</b>             | <b>0.01%</b>                       | <b>0.01%</b>                      |
| <b>Residential Land</b>                           |               |       |                           |                          |                                    |                                   |
| Farmstead 1 Acre                                  | 2.47%         | 4.2   | \$26,182,055              | \$651,167                | \$121,091                          | \$2,998                           |
| Non-Qualified Ag Land                             | 17.29%        | 3.0   | \$59,731,352              | \$10,328,776             | \$472,303                          | \$81,654                          |
| Non-Q Ag Land 1 Acre                              | 17.29%        | 4.2   | \$652,825,311             | \$16,125,476             | \$6,433,364                        | \$158,907                         |
| City/town Lots Residential                        | 2.47%         | 4.2   | \$5,196,981,842           | \$128,365,229            | \$4,918,961,024                    | \$121,498,288                     |
| Suburban Tracts Residential                       | 2.47%         | 4.2   | \$10,459,767,594          | \$258,356,438            | \$95,000,613                       | \$2,346,562                       |
| Suburban Tracts - Low Income                      | varies        | 4.2   | \$419,261,636             | \$3,651,865              | \$157,479,566                      | \$1,400,923                       |
| <b>Subtotal</b>                                   |               |       | <b>\$16,814,749,790</b>   | <b>\$417,478,951</b>     | <b>\$5,178,467,961</b>             | <b>\$125,489,332</b>              |
| <b>Subtotal Percent of Column Statewide Total</b> |               |       | <b>18.95%</b>             | <b>16.56%</b>            | <b>16.79%</b>                      | <b>14.95%</b>                     |
| <b>Residential Improvements</b>                   |               |       |                           |                          |                                    |                                   |
| Impr. on Ag and Timber Land                       | 2.47%         | 4.1   | \$2,564,993,190           | \$63,355,361             | \$5,154,864                        | \$127,322                         |
| Impr. on Disparately Owned Ag Land                | 2.47%         | 4.1   | \$33,893,143              | \$837,159                | \$6,837,417                        | \$168,882                         |
| Impr. on Right of Way - Agricultural              | 2.47%         | 4.1   | \$320,598                 | \$7,919                  | \$276,823                          | \$6,837                           |
| Impr. on Suburban Tracts Residential              | 2.47%         | 4.1   | \$14,798,986,852          | \$365,534,911            | \$168,174,448                      | \$4,153,905                       |
| Impr. on City/Town Lots Residential               | 2.47%         | 4.1   | \$12,490,515,096          | \$308,515,419            | \$11,733,143,127                   | \$289,808,348                     |
| Impr. on Tracts and Lots - Low Income             | varies        | 4.1   | \$644,069,546             | \$5,683,483              | \$338,235,785                      | \$3,018,731                       |
| Impr. on Right of Way - Residential               | 2.47%         | 4.1   | \$201,903                 | \$4,986                  | \$95,940                           | \$2,370                           |
| Remodeled Residential Improvements                | varies        | 4.1   | \$506,635                 | \$6,706                  | \$506,635                          | \$6,706                           |
| Mobile Homes                                      | 2.47%         | 4.1   | \$512,879,041             | \$12,668,136             | \$142,708,755                      | \$3,524,906                       |
| Mobile Homes - Low Income                         | varies        | 4.1   | \$35,906,149              | \$280,799                | \$13,161,518                       | \$101,402                         |
| Extended Property Tax Assistance Program          | varies        | 4.3   | \$232,628,007             | \$4,321,645              | \$91,118,812                       | \$1,725,121                       |
| Penalty                                           | 2.47%         | 4.1   | \$0                       | \$0                      | \$0                                | \$0                               |
| <b>Subtotal</b>                                   |               |       | <b>\$31,314,900,160</b>   | <b>\$761,216,524</b>     | <b>\$12,499,414,124</b>            | <b>\$302,644,530</b>              |
| <b>Subtotal Percent of Column Statewide Total</b> |               |       | <b>35.29%</b>             | <b>30.20%</b>            | <b>40.51%</b>                      | <b>36.06%</b>                     |
| <b>Commercial Land</b>                            |               |       |                           |                          |                                    |                                   |
| Suburban Tracts Commercial                        | 2.47%         | 4.9   | \$1,280,944,574           | \$31,639,308             | \$69,541,168                       | \$1,717,663                       |
| City/town Lots Commercial                         | 2.47%         | 4.9   | \$2,977,022,843           | \$73,532,287             | \$2,854,905,057                    | \$70,515,962                      |
| Industrial Sites                                  | 2.47%         | 4.9   | \$212,284,109             | \$5,243,408              | \$46,448,941                       | \$1,147,291                       |
| Qualified Golf Courses                            | 1.24%         | 4.9   | \$61,101,509              | \$757,659                | \$14,747,067                       | \$182,868                         |
| Locally Assessed Co-op Land                       | 3.00%         | 5.0   | \$67,026                  | \$2,011                  | \$11,224                           | \$337                             |
| Eligible Mining Claims                            | 2.47%         | 3.0   | \$1,117,279               | \$27,630                 | \$28,281                           | \$702                             |
| <b>Subtotal</b>                                   |               |       | <b>\$4,532,537,340</b>    | <b>\$111,202,303</b>     | <b>\$2,985,681,738</b>             | <b>\$73,564,823</b>               |
| <b>Subtotal Percent of Column Statewide Total</b> |               |       | <b>5.11%</b>              | <b>4.41%</b>             | <b>9.68%</b>                       | <b>8.76%</b>                      |
| <b>Commercial Improvements</b>                    |               |       |                           |                          |                                    |                                   |
| Impr. on Suburban Tracts Commercial               | 2.47%         | 4.8   | \$2,303,742,262           | \$56,902,427             | \$223,112,323                      | \$5,510,881                       |
| Impr. on City/Town Lots Commercial                | 2.47%         | 4.8   | \$6,244,249,862           | \$154,179,336            | \$5,875,685,208                    | \$145,075,767                     |
| Impr. on Right of Way - Commercial                | 2.47%         | 4.8   | \$28,495,510              | \$703,837                | \$22,518,516                       | \$556,206                         |
| Locally Assessed Co-op Improvements               | 3.00%         | 5.0   | \$430,983                 | \$12,930                 | \$166,920                          | \$5,008                           |
| Impr. on Qualified Golf Courses                   | 1.24%         | 4.8   | \$139,932,152             | \$1,735,161              | \$26,731,596                       | \$331,473                         |
| Impr. on Industrial Sites                         | 2.47%         | 4.8   | \$948,106,086             | \$23,418,261             | \$226,754,337                      | \$5,600,830                       |
| New Industrial Improvements                       | varies        | 4.8   | \$150,468,866             | \$2,219,778              | \$45,258,013                       | \$666,137                         |
| Improvements on Industrial Land                   | 3.00%         | 5.0   | \$13,265                  | \$398                    | \$0                                | \$0                               |
| Remodeled Commercial Improvements                 | varies        | 4.8   | \$16,850,952              | \$333,196                | \$15,869,676                       | \$320,228                         |
| New and Expanding R & D Improvements              | 1.50%         | 5.0   | \$14,223,160              | \$213,765                | \$14,084,060                       | \$211,261                         |
| Impr. for Pollution Control                       | 3.00%         | 5.0   | \$14,719,317              | \$441,581                | \$1,518,245                        | \$45,547                          |
| <b>Subtotal</b>                                   |               |       | <b>\$9,861,232,415</b>    | <b>\$240,160,670</b>     | <b>\$6,451,698,894</b>             | <b>\$158,323,338</b>              |
| <b>Subtotal Percent of Column Statewide Total</b> |               |       | <b>11.11%</b>             | <b>9.53%</b>             | <b>20.91%</b>                      | <b>18.86%</b>                     |

# Property Tax and Property Value Summaries

| Property Type                                     | Taxes Levied by Levy Type |                                  |                      |                           |                                    |                      |                     | Totals and Summaries  |                   |                                              |
|---------------------------------------------------|---------------------------|----------------------------------|----------------------|---------------------------|------------------------------------|----------------------|---------------------|-----------------------|-------------------|----------------------------------------------|
|                                                   | University<br>(6 mills)   | State General<br>Fund (95 mills) | County               | Miscellaneous<br>and Fire | County Wide<br>School<br>Ret/Trans | Local Schools        | Cities/Towns        | Total Taxes<br>Levied | Effective<br>Rate | Average<br>Mill Levy for<br>Property<br>Type |
| <b>Proceeds</b>                                   |                           |                                  |                      |                           |                                    |                      |                     |                       |                   |                                              |
| Net Proceeds                                      | \$22,744                  | \$360,119                        | \$437,157            | \$171,811                 | \$89,705                           | \$489,106            | \$0                 | \$1,570,641           | 41.43%            | 414.34                                       |
| Gross Proceeds of Metal Mines                     | \$153,332                 | \$2,440,117                      | \$5,826,744          | \$887,583                 | \$1,177,012                        | \$2,904,145          | \$0                 | \$13,388,932          | 1.57%             | 523.92                                       |
| Gross Proceeds of Metal Mines New & Expanding     | \$0                       | \$0                              | \$0                  | \$0                       | \$0                                | \$0                  | \$0                 | \$0                   | -                 | -                                            |
| <b>Subtotal</b>                                   | <b>\$176,076</b>          | <b>\$2,800,236</b>               | <b>\$6,263,900</b>   | <b>\$1,059,394</b>        | <b>\$1,266,717</b>                 | <b>\$3,393,250</b>   | <b>\$0</b>          | <b>\$14,959,574</b>   | <b>1.75%</b>      | <b>509.77</b>                                |
| <b>Subtotal Percent of Column Statewide Total</b> | <b>1.16%</b>              | <b>1.16%</b>                     | <b>1.66%</b>         | <b>1.63%</b>              | <b>1.21%</b>                       | <b>0.74%</b>         | <b>0.00%</b>        | <b>1.06%</b>          |                   |                                              |
| <b>Agricultural Land</b>                          |                           |                                  |                      |                           |                                    |                      |                     |                       |                   |                                              |
| Tillable Irrigated                                | \$109,759                 | \$1,740,491                      | \$2,962,545          | \$405,844                 | \$770,394                          | \$3,650,995          | \$6,813             | \$9,646,841           | 1.30%             | 527.34                                       |
| Tillable Non-Irrigated                            | \$371,580                 | \$5,887,411                      | \$11,619,584         | \$934,614                 | \$2,731,808                        | \$10,497,319         | \$2,714             | \$32,045,031          | 1.28%             | 517.44                                       |
| Grazing Land                                      | \$267,385                 | \$4,238,807                      | \$7,592,264          | \$549,839                 | \$1,774,518                        | \$7,506,066          | \$3,026             | \$21,931,904          | 1.21%             | 492.14                                       |
| Wild Hay                                          | \$49,940                  | \$791,784                        | \$1,349,605          | \$111,819                 | \$314,790                          | \$1,416,076          | \$941               | \$4,034,956           | 1.20%             | 484.77                                       |
| Timber Land                                       | \$37,292                  | \$592,089                        | \$939,101            | \$100,880                 | \$260,032                          | \$1,095,930          | \$297               | \$3,025,620           | 0.14%             | 486.80                                       |
| <b>Subtotal</b>                                   | <b>\$835,956</b>          | <b>\$13,250,582</b>              | <b>\$24,463,100</b>  | <b>\$2,102,996</b>        | <b>\$5,851,540</b>                 | <b>\$24,166,387</b>  | <b>\$13,791</b>     | <b>\$70,684,352</b>   | <b>0.93%</b>      | <b>507.33</b>                                |
| <b>Subtotal Percent of Column Statewide Total</b> | <b>5.53%</b>              | <b>5.51%</b>                     | <b>6.47%</b>         | <b>3.24%</b>              | <b>5.58%</b>                       | <b>5.27%</b>         | <b>0.01%</b>        | <b>5.01%</b>          |                   |                                              |
| <b>Residential Land</b>                           |                           |                                  |                      |                           |                                    |                      |                     |                       |                   |                                              |
| Farmstead 1 Acre                                  | \$3,907                   | \$61,976                         | \$108,234            | \$14,084                  | \$27,051                           | \$118,445            | \$401               | \$334,099             | 1.28%             | 513.08                                       |
| Non-Qualified Ag Land                             | \$61,973                  | \$984,652                        | \$1,725,770          | \$269,669                 | \$438,171                          | \$1,945,644          | \$14,427            | \$5,440,304           | 9.11%             | 526.71                                       |
| Non-Q Ag Land 1 Acre                              | \$96,753                  | \$1,537,105                      | \$2,425,717          | \$517,973                 | \$697,493                          | \$2,957,938          | \$21,132            | \$8,254,111           | 1.26%             | 511.87                                       |
| City/Town Lots Residential                        | \$770,191                 | \$12,293,525                     | \$17,481,929         | \$2,898,059               | \$5,932,213                        | \$27,745,884         | \$22,074,191        | \$89,195,993          | 1.72%             | 694.86                                       |
| Suburban Tracts Residential                       | \$1,550,139               | \$24,615,897                     | \$38,064,707         | \$10,136,093              | \$10,925,197                       | \$44,160,222         | \$419,939           | \$129,872,194         | 1.24%             | 502.69                                       |
| Suburban Tracts - Low Income                      | \$21,911                  | \$348,981                        | \$543,311            | \$129,802                 | \$159,782                          | \$749,268            | \$262,791           | \$2,215,846           | 0.53%             | 606.77                                       |
| <b>Subtotal</b>                                   | <b>\$2,504,874</b>        | <b>\$39,842,136</b>              | <b>\$60,349,667</b>  | <b>\$13,965,680</b>       | <b>\$18,179,908</b>                | <b>\$77,677,400</b>  | <b>\$22,792,882</b> | <b>\$235,312,547</b>  | <b>1.40%</b>      | <b>563.65</b>                                |
| <b>Subtotal Percent of Column Statewide Total</b> | <b>16.56%</b>             | <b>16.56%</b>                    | <b>15.96%</b>        | <b>21.50%</b>             | <b>17.33%</b>                      | <b>16.95%</b>        | <b>15.30%</b>       | <b>16.67%</b>         |                   |                                              |
| <b>Residential Improvements</b>                   |                           |                                  |                      |                           |                                    |                      |                     |                       |                   |                                              |
| Impr. on Ag and Timber Land                       | \$380,132                 | \$6,030,773                      | \$10,244,040         | \$1,550,813               | \$2,667,808                        | \$11,494,135         | \$24,908            | \$32,392,608          | 1.26%             | 511.28                                       |
| Impr. on Disparately Owned Ag Land                | \$5,023                   | \$79,548                         | \$124,464            | \$20,130                  | \$34,263                           | \$142,490            | \$17,249            | \$423,166             | 1.25%             | 505.48                                       |
| Impr. on Right of Way - Agricultural              | \$48                      | \$752                            | \$917                | \$150                     | \$342                              | \$1,742              | \$988               | \$4,938               | 1.54%             | 623.61                                       |
| Impr. on Suburban Tracts Residential              | \$2,193,209               | \$34,862,548                     | \$54,390,811         | \$14,436,276              | \$15,231,609                       | \$66,140,673         | \$821,349           | \$188,076,474         | 1.27%             | 514.52                                       |
| Impr. on City/Town Lots Residential               | \$1,851,093               | \$29,570,995                     | \$43,012,744         | \$6,388,208               | \$14,212,891                       | \$68,318,328         | \$54,389,976        | \$217,744,235         | 1.74%             | 705.78                                       |
| Impr. on Tracts and Lots - Low Income             | \$34,101                  | \$543,784                        | \$865,173            | \$166,709                 | \$253,174                          | \$1,212,849          | \$564,327           | \$3,640,118           | 0.57%             | 640.47                                       |
| Impr. on Right of Way - Residential               | \$30                      | \$474                            | \$733                | \$112                     | \$200                              | \$1,115              | \$592               | \$3,256               | 1.61%             | 653.08                                       |
| Remodeled Residential Improvements                | \$40                      | \$647                            | \$896                | \$169                     | \$335                              | \$1,343              | \$1,372             | \$4,801               | 0.95%             | 715.96                                       |
| Mobile Homes                                      | \$76,009                  | \$1,210,867                      | \$1,970,000          | \$398,937                 | \$550,338                          | \$2,634,061          | \$685,256           | \$7,525,468           | 1.47%             | 594.05                                       |
| Mobile Homes - Low Income                         | \$1,685                   | \$26,899                         | \$44,025             | \$11,298                  | \$12,820                           | \$61,420             | \$19,380            | \$177,528             | 0.49%             | 632.22                                       |
| Extended Property Tax Assistance Program          | \$25,930                  | \$411,176                        | \$578,690            | \$125,352                 | \$195,374                          | \$772,832            | \$279,516           | \$2,388,870           | 1.03%             | 552.77                                       |
| Penalty                                           | \$0                       | \$0                              | \$0                  | \$0                       | \$0                                | \$0                  | \$0                 | \$0                   | -                 | -                                            |
| <b>Subtotal</b>                                   | <b>\$4,567,299</b>        | <b>\$72,738,463</b>              | <b>\$111,232,493</b> | <b>\$23,098,153</b>       | <b>\$33,159,155</b>                | <b>\$150,780,988</b> | <b>\$56,804,911</b> | <b>\$452,381,462</b>  | <b>1.44%</b>      | <b>594.29</b>                                |
| <b>Subtotal Percent of Column Statewide Total</b> | <b>30.20%</b>             | <b>30.23%</b>                    | <b>29.41%</b>        | <b>35.56%</b>             | <b>31.61%</b>                      | <b>32.89%</b>        | <b>38.13%</b>       | <b>32.06%</b>         |                   |                                              |
| <b>Commercial Land</b>                            |                           |                                  |                      |                           |                                    |                      |                     |                       |                   |                                              |
| Suburban Tracts Commercial                        | \$189,836                 | \$3,019,965                      | \$4,704,973          | \$1,479,603               | \$1,359,259                        | \$5,983,060          | \$322,251           | \$17,058,945          | 1.33%             | 539.17                                       |
| City/Town Lots Commercial                         | \$441,194                 | \$7,047,191                      | \$9,578,981          | \$1,464,270               | \$3,397,492                        | \$15,795,422         | \$12,863,515        | \$50,588,064          | 1.70%             | 687.97                                       |
| Industrial Sites                                  | \$31,460                  | \$502,271                        | \$767,621            | \$133,649                 | \$236,538                          | \$1,013,462          | \$208,449           | \$2,893,450           | 1.36%             | 551.83                                       |
| Qualified Golf Courses                            | \$4,546                   | \$72,275                         | \$102,798            | \$28,346                  | \$29,773                           | \$129,305            | \$30,114            | \$397,157             | 0.65%             | 524.19                                       |
| Locally Assessed Co-op Land                       | \$12                      | \$191                            | \$335                | \$81                      | \$103                              | \$258                | \$64                | \$1,044               | 1.56%             | 518.94                                       |
| Eligible Mining Claims                            | \$166                     | \$2,644                          | \$6,709              | \$1,044                   | \$1,290                            | \$5,696              | \$60                | \$17,610              | 1.58%             | 637.35                                       |
| <b>Subtotal</b>                                   | <b>\$667,214</b>          | <b>\$10,644,536</b>              | <b>\$15,161,417</b>  | <b>\$3,106,993</b>        | <b>\$5,024,456</b>                 | <b>\$22,927,202</b>  | <b>\$13,424,452</b> | <b>\$70,956,269</b>   | <b>1.57%</b>      | <b>638.08</b>                                |
| <b>Subtotal Percent of Column Statewide Total</b> | <b>4.41%</b>              | <b>4.42%</b>                     | <b>4.01%</b>         | <b>4.78%</b>              | <b>4.79%</b>                       | <b>5.00%</b>         | <b>9.01%</b>        | <b>5.03%</b>          |                   |                                              |
| <b>Commercial Improvements</b>                    |                           |                                  |                      |                           |                                    |                      |                     |                       |                   |                                              |
| Impr. on Suburban Tracts Commercial               | \$341,415                 | \$5,431,248                      | \$8,699,378          | \$2,409,896               | \$2,460,719                        | \$11,172,214         | \$1,154,040         | \$31,668,910          | 1.37%             | 556.55                                       |
| Impr. on City/Town Lots Commercial                | \$925,076                 | \$14,784,200                     | \$21,580,967         | \$3,366,087               | \$7,127,982                        | \$33,417,702         | \$27,493,749        | \$108,695,763         | 1.74%             | 705.00                                       |
| Impr. on Right of Way - Commercial                | \$4,223                   | \$67,083                         | \$90,347             | \$9,993                   | \$28,732                           | \$150,571            | \$117,310           | \$468,259             | 1.64%             | 665.29                                       |
| Locally Assessed Co-op Improvements               | \$78                      | \$1,228                          | \$1,825              | \$199                     | \$644                              | \$2,894              | \$848               | \$7,715               | 1.79%             | 596.66                                       |
| Impr. on Qualified Golf Courses                   | \$10,411                  | \$165,704                        | \$254,765            | \$53,210                  | \$70,447                           | \$317,516            | \$57,149            | \$929,201             | 0.66%             | 535.51                                       |
| Impr. on Industrial Sites                         | \$140,510                 | \$2,238,041                      | \$3,879,731          | \$533,500                 | \$1,001,896                        | \$4,377,619          | \$1,131,382         | \$13,302,679          | 1.40%             | 568.05                                       |
| New Industrial Improvements                       | \$13,319                  | \$211,898                        | \$385,341            | \$55,687                  | \$102,118                          | \$462,222            | \$150,391           | \$1,380,976           | 0.92%             | 622.12                                       |
| Improvements on Industrial Land                   | \$2                       | \$38                             | \$60                 | \$7                       | \$0                                | \$37                 | \$0                 | \$143                 | 1.08%             | 360.31                                       |
| Remodeled Commercial Improvements                 | \$1,999                   | \$32,068                         | \$43,335             | \$3,518                   | \$15,524                           | \$77,745             | \$60,638            | \$234,829             | 1.39%             | 704.78                                       |
| New and Expanding R & D Improvements              | \$1,283                   | \$20,311                         | \$23,061             | \$3,794                   | \$117                              | \$19,914             | \$44,111            | \$112,592             | 0.79%             | 526.71                                       |
| Impr. for Pollution Control                       | \$2,649                   | \$42,336                         | \$88,604             | \$6,798                   | \$20,118                           | \$89,788             | \$10,658            | \$260,952             | 1.77%             | 590.95                                       |
| <b>Subtotal</b>                                   | <b>\$1,440,964</b>        | <b>\$22,994,156</b>              | <b>\$35,047,414</b>  | <b>\$6,442,690</b>        | <b>\$10,828,297</b>                | <b>\$50,088,221</b>  | <b>\$30,220,277</b> | <b>\$157,062,018</b>  | <b>1.59%</b>      | <b>653.99</b>                                |
| <b>Subtotal Percent of Column Statewide Total</b> | <b>9.53%</b>              | <b>9.56%</b>                     | <b>9.27%</b>         | <b>9.92%</b>              | <b>10.32%</b>                      | <b>10.93%</b>        | <b>20.28%</b>       | <b>11.13%</b>         |                   |                                              |

# Property Tax and Property Value Summaries

## Valuation by Property Type

| Property Type                                        | 2014 Tax Rate | Class | 2014 Total Assessed Value | 2014 Total Taxable Value | Assessed Value within Towns/Cities | Taxable Value within Towns/Cities |
|------------------------------------------------------|---------------|-------|---------------------------|--------------------------|------------------------------------|-----------------------------------|
| <b>Personal Property</b>                             |               |       |                           |                          |                                    |                                   |
| Furniture and Fixtures                               | varies        | 8.0   | \$819,484,266             | \$11,494,634             | \$657,810,778                      | \$9,174,063                       |
| Machinery other than Farm, Mining, Manufacturing     | varies        | 8.0   | \$966,838,345             | \$17,413,683             | \$155,695,888                      | \$2,324,909                       |
| Repair Tools                                         | varies        | 8.0   | \$1,860,545               | \$24,670                 | \$1,399,878                        | \$18,609                          |
| Manufacturing Machinery                              | varies        | 8.0   | \$2,557,948,756           | \$66,892,773             | \$376,868,677                      | \$8,741,221                       |
| Ski Lifts                                            | varies        | 8.0   | \$41,891,581              | \$873,760                | \$0                                | \$0                               |
| Supplies and Materials                               | varies        | 8.0   | \$188,936,245             | \$4,912,362              | \$32,066,883                       | \$723,215                         |
| Rural Telephone Property                             | 8.00%         | 7.0   | \$14,773,362              | \$1,181,868              | \$14,724,890                       | \$1,177,991                       |
| Air and H2O Pollution Control                        | 3.00%         | 5.0   | \$89,938,352              | \$2,698,154              | \$4,919,473                        | \$147,585                         |
| New & Expanding Ind- Air & H2O P C                   | 2.40%         | 5.0   | \$0                       | \$0                      | \$0                                | \$0                               |
| Aluminum Electrolytic Equipment                      | 3.00%         | 5.0   | \$9,580,147               | \$287,404                | \$0                                | \$0                               |
| Cable TV Systems                                     | varies        | 8.0   | \$30,959,501              | \$527,760                | \$17,165,549                       | \$301,341                         |
| Theater and Sound Equipment                          | varies        | 8.0   | \$3,589,770               | \$45,771                 | \$3,346,367                        | \$42,900                          |
| Radio and TV Broadcasting Equip.                     | varies        | 8.0   | \$15,839,137              | \$210,680                | \$8,240,868                        | \$110,025                         |
| CB's and Mobile Phones                               | varies        | 8.0   | \$2,820,897               | \$58,368                 | \$602,935                          | \$8,700                           |
| Rental Equipment                                     | varies        | 8.0   | \$20,038,688              | \$283,373                | \$6,970,159                        | \$96,449                          |
| New & Expanding Industries - Machinery & Equipment   | varies        | 8.0   | \$673,458,265             | \$15,471,934             | \$39,110,126                       | \$711,811                         |
| Oil & Gas Field Equipment                            | varies        | 8.0   | \$413,470,578             | \$9,084,548              | \$4,313,639                        | \$53,315                          |
| Oil & Gas Flow Lines                                 | varies        | 8.0   | \$121,489,620             | \$3,195,003              | \$214,274                          | \$2,354                           |
| Ag Implements                                        | varies        | 8.0   | \$1,081,302,123           | \$11,114,444             | \$6,494,420                        | \$76,789                          |
| Local Assessed Utility Intra-County Lines            | varies        | 8.0   | \$0                       | \$0                      | \$0                                | \$0                               |
| Failure to Report Penalty                            | 8.00%         | 7.0   | \$0                       | \$0                      | \$0                                | \$0                               |
| Failure to Report Penalty                            | varies        | 8.0   | \$73,555,265              | \$1,009,039              | \$24,554,729                       | \$332,589                         |
| Coal and Ore Haulers                                 | varies        | 8.0   | \$25,811,039              | \$679,192                | \$0                                | \$0                               |
| <b>Subtotal</b>                                      |               |       | <b>\$7,153,586,482</b>    | <b>\$147,459,421</b>     | <b>\$1,354,499,533</b>             | <b>\$24,043,864</b>               |
| <b>Subtotal Percent of Column Statewide Total</b>    |               |       | <b>8.06%</b>              | <b>5.85%</b>             | <b>4.39%</b>                       | <b>2.86%</b>                      |
| <b>Utilities Real</b>                                |               |       |                           |                          |                                    |                                   |
| Rural Co-op Companies Real                           | 3.00%         | 5.0   | \$81,723,689              | \$2,451,744              | \$21,597,272                       | \$647,918                         |
| Independent Tele Companies Real                      | 3.00%         | 5.0   | \$1,408,141               | \$42,245                 | \$175,325                          | \$5,261                           |
| Electric Companies Real                              | 12.00%        | 9.0   | \$34,980,743              | \$4,197,693              | \$5,584,482                        | \$670,138                         |
| Gas & Electric Companies Real                        | 12.00%        | 9.0   | \$69,405,318              | \$8,328,624              | \$17,247,607                       | \$2,069,718                       |
| Pipelines Real                                       | 12.00%        | 9.0   | \$85,970,934              | \$10,316,513             | \$4,640,121                        | \$556,814                         |
| Class 15 Pipeline Real                               | 3.00%         | 15.0  | \$11,355,364              | \$170,332                | \$0                                | \$0                               |
| Telecom Companies Real                               | 6.00%         | 13.0  | \$295,905,820             | \$17,754,386             | \$154,357,488                      | \$9,261,464                       |
| Centrally Assessed New & Exp Situs                   | 9.60%         | 9.0   | \$0                       | \$0                      | \$0                                | \$0                               |
| Railroads Real                                       | 3.39%         | 12.0  | \$67,205,543              | \$2,203,306              | \$28,096,978                       | \$921,575                         |
| Airlines Real                                        | 3.39%         | 12.0  | \$1,864,516               | \$61,155                 | \$1,686,910                        | \$55,330                          |
| Electric Generation Real Property                    | 6.00%         | 13.0  | \$1,324,964,835           | \$79,497,893             | \$818,676,581                      | \$49,120,598                      |
| Rural Co-op Companies Real Prop New&Exp              | 1.50%         | 5.0   | \$87,444                  | \$1,312                  | \$0                                | \$0                               |
| 10 Year Exempt Electric Generation Real              | 0.00%         | 13.0  | \$0                       | \$0                      | \$0                                | \$0                               |
| <b>Subtotal</b>                                      |               |       | <b>\$1,974,872,347</b>    | <b>\$125,025,203</b>     | <b>\$1,052,062,764</b>             | <b>\$63,308,816</b>               |
| <b>Subtotal Percent of Column Statewide Total</b>    |               |       | <b>2.23%</b>              | <b>4.96%</b>             | <b>3.41%</b>                       | <b>7.54%</b>                      |
| <b>Utilities Personal</b>                            |               |       |                           |                          |                                    |                                   |
| Rural Co-op Companies Personal Property              | 3.00%         | 5.0   | \$344,167,703             | \$10,325,045             | \$74,092,364                       | \$2,222,768                       |
| Independent Tele Companies Personal Property         | varies        | 5.0   | \$7,484,050               | \$224,532                | \$905,324                          | \$27,157                          |
| Electric Companies Personal Property                 | 12.00%        | 9.0   | \$15,792,035              | \$1,895,041              | \$12,568,921                       | \$1,508,267                       |
| Gas & Electric Companies Personal Property           | 12.00%        | 9.0   | \$952,286,604             | \$114,274,129            | \$371,774,359                      | \$44,612,889                      |
| Pipelines Personal Property                          | 12.00%        | 9.0   | \$382,124,769             | \$45,854,957             | \$9,729,677                        | \$1,167,564                       |
| Class 15 Pipeline Personal Property                  | 3.00%         | 15.0  | \$95,200,425              | \$1,428,007              | \$0                                | \$0                               |
| Telecom Companies Personal Property                  | 6.00%         | 13.0  | \$335,172,588             | \$20,110,373             | \$224,783,615                      | \$13,487,033                      |
| Rural Co-op Companies Pers Prop New&Exp              | 1.50%         | 5.0   | \$51,570,292              | \$773,554                | \$0                                | \$0                               |
| Railroads Personal Property                          | 3.39%         | 12.0  | \$107,549,424             | \$3,524,965              | \$13,846,287                       | \$454,161                         |
| Airlines Personal Property                           | 3.39%         | 12.0  | \$14,536,712              | \$476,798                | \$11,080,017                       | \$363,423                         |
| Electric Generation Personal Property                | 6.00%         | 13.0  | \$525,281,004             | \$31,516,859             | \$83,638,102                       | \$5,018,285                       |
| Centrally Assessed Pollution Control                 | 3.00%         | 5.0   | \$181,239,101             | \$5,437,173              | \$130,321,732                      | \$3,909,652                       |
| New & Exp Ind -Elect Gen/Tele Personal Property      | varies        | 13.0  | \$14,998,938              | \$535,384                | \$0                                | \$0                               |
| 10 Year Exempt Electric Generation Personal Property | 0.00%         | 13.0  | \$0                       | \$0                      | \$0                                | \$0                               |
| <b>Subtotal</b>                                      |               |       | <b>\$3,027,403,645</b>    | <b>\$236,376,817</b>     | <b>\$932,740,398</b>               | <b>\$72,771,199</b>               |
| <b>Subtotal Percent of Column Statewide Total</b>    |               |       | <b>3.41%</b>              | <b>9.38%</b>             | <b>3.02%</b>                       | <b>8.67%</b>                      |
| <b>Utilities Mileage</b>                             |               |       |                           |                          |                                    |                                   |
| Rural Co-op Companies Mileage                        | 3.00%         | 5.0   | \$667,972,464             | \$20,031,802             | \$28,436,303                       | \$853,087                         |
| Independent Tele Companies Mileage                   | 3.00%         | 5.0   | \$20,875,664              | \$626,269                | \$86,458                           | \$2,594                           |
| Electric Companies Mileage                           | 12.00%        | 9.0   | \$173,125,752             | \$20,775,086             | \$13,646,193                       | \$1,637,544                       |
| Gas & Electric Companies Mileage                     | 12.00%        | 9.0   | \$337,118,269             | \$40,454,184             | \$14,828,999                       | \$1,779,477                       |
| Pipelines Mileage                                    | 12.00%        | 9.0   | \$1,071,635,334           | \$128,596,243            | \$3,590,027                        | \$430,802                         |
| Class 15 Pipeline Mileage                            | 3.00%         | 15.0  | \$10,605,988              | \$159,089                | \$0                                | \$0                               |
| Telecom Companies Mileage                            | 6.00%         | 13.0  | \$335,021,078             | \$20,101,275             | \$129,505,708                      | \$7,770,337                       |
| Rural Co-op Companies Mileage New&Exp                | 1.50%         | 5.0   | \$0                       | \$0                      | \$0                                | \$0                               |
| Railroads Mileage                                    | 3.39%         | 12.0  | \$1,881,967,311           | \$60,896,962             | \$125,280,430                      | \$4,109,203                       |
| Airlines Flight Property Mileage                     | 3.39%         | 12.0  | \$148,629,863             | \$4,874,955              | \$77,649,114                       | \$2,546,892                       |
| Renewable Mileage                                    | 1.50%         | 14.0  | \$123,583,002             | \$1,853,745              | \$0                                | \$0                               |
| <b>Subtotal</b>                                      |               |       | <b>\$4,770,534,725</b>    | <b>\$298,369,610</b>     | <b>\$393,023,232</b>               | <b>\$19,129,936</b>               |
| <b>Subtotal Percent of Column Statewide Total</b>    |               |       | <b>5.38%</b>              | <b>11.84%</b>            | <b>1.27%</b>                       | <b>2.28%</b>                      |
| <b>Wind Generation</b>                               |               |       |                           |                          |                                    |                                   |
| Wind Generation Impr. New&Exp                        | 1.50%         | 14.0  | \$3,220,597               | \$60,211                 | \$0                                | \$0                               |
| Wind Generation Personal Prop. New&Exp               | varies        | 14.0  | \$853,725,289             | \$14,686,606             | \$0                                | \$0                               |
| <b>Subtotal</b>                                      |               |       | <b>\$856,945,886</b>      | <b>\$14,746,817</b>      | <b>\$0</b>                         | <b>\$0</b>                        |
| <b>Subtotal Percent of Column Statewide Total</b>    |               |       | <b>0.97%</b>              | <b>0.59%</b>             | <b>0.00%</b>                       | <b>0.00%</b>                      |
| <b>Statewide Summaries</b>                           |               |       |                           |                          |                                    |                                   |
| <b>Statewide Total</b>                               |               |       | <b>\$88,724,833,710</b>   | <b>\$2,520,708,358</b>   | <b>\$30,851,410,436</b>            | <b>\$839,351,241</b>              |
| <b>Statewide Average Mill Levy</b>                   |               |       |                           |                          |                                    |                                   |

# Property Tax and Property Value Summaries

| Property Type                                   | Taxes Levied by Levy Type |                               |                      |                        |                              |                      |                      | Totals and Summaries   |                |                   |
|-------------------------------------------------|---------------------------|-------------------------------|----------------------|------------------------|------------------------------|----------------------|----------------------|------------------------|----------------|-------------------|
|                                                 | University (6 mills)      | State General Fund (95 mills) | County               | Miscellaneous and Fire | County Wide School Ret/Trans | Local Schools        | Cities/Towns         | Total Taxes Levied     | Effective Rate | Average Mill Levy |
| <b>Personal Property</b>                        |                           |                               |                      |                        |                              |                      |                      |                        |                |                   |
| Furniture and Fixtures                          | \$68,968                  | \$1,101,997                   | \$1,684,959          | \$272,306              | \$524,482                    | \$2,494,975          | \$1,763,413          | \$7,911,100            | 0.97%          | 688.24            |
| Machin. other than Farm, Min., Manuf.           | \$104,482                 | \$1,662,427                   | \$2,638,594          | \$443,735              | \$717,210                    | \$2,977,952          | \$458,359            | \$9,002,759            | 0.93%          | 516.99            |
| Repair Tools                                    | \$148                     | \$2,366                       | \$3,134              | \$506                  | \$1,063                      | \$4,881              | \$3,186              | \$15,283               | 0.82%          | 619.52            |
| Manufacturing Machinery                         | \$401,357                 | \$6,423,151                   | \$11,882,335         | \$1,136,978            | \$2,980,120                  | \$12,797,781         | \$1,658,791          | \$37,280,512           | 1.46%          | 557.32            |
| Ski Lifts                                       | \$5,243                   | \$83,015                      | \$101,861            | \$29,972               | \$21,111                     | \$68,240             | \$0                  | \$309,442              | 0.74%          | 354.15            |
| Supplies and Materials                          | \$29,474                  | \$469,565                     | \$739,129            | \$69,608               | \$214,102                    | \$788,004            | \$141,920            | \$2,451,801            | 1.30%          | 499.11            |
| Rural Telephone Property                        | \$7,091                   | \$114,050                     | \$157,960            | \$29,487               | \$59,034                     | \$239,563            | \$236,514            | \$843,699              | 5.71%          | 713.87            |
| Air and H2O Pollution Control                   | \$16,189                  | \$259,184                     | \$445,356            | \$30,968               | \$119,062                    | \$505,456            | \$30,032             | \$1,406,251            | 1.56%          | 521.19            |
| New & Expanding Ind- Air & H2O P C              | \$0                       | \$0                           | \$0                  | \$0                    | \$0                          | \$0                  | \$0                  | \$0                    | -              | -                 |
| Aluminum Electrolytic Equipment                 | \$1,724                   | \$27,303                      | \$43,122             | \$2,906                | \$12,614                     | \$66,071             | \$0                  | \$153,741              | 1.60%          | 534.93            |
| Cable TV Systems                                | \$3,167                   | \$50,351                      | \$80,166             | \$11,884               | \$20,833                     | \$111,821            | \$65,560             | \$343,782              | 1.11%          | 651.40            |
| Theatre and Sound Equipment                     | \$275                     | \$4,379                       | \$6,584              | \$1,136                | \$2,198                      | \$10,430             | \$8,422              | \$33,424               | 0.93%          | 730.25            |
| Radio and TV Broadcasting Equip.                | \$1,264                   | \$20,231                      | \$34,754             | \$6,657                | \$10,076                     | \$44,381             | \$22,654             | \$140,018              | 0.88%          | 664.60            |
| CB's and Mobile Phones                          | \$350                     | \$5,574                       | \$8,776              | \$835                  | \$2,633                      | \$9,596              | \$1,723              | \$29,487               | 1.05%          | 505.19            |
| Rental Equipment                                | \$1,700                   | \$27,076                      | \$43,381             | \$8,747                | \$12,638                     | \$56,314             | \$18,388             | \$168,245              | 0.84%          | 593.72            |
| New & Expanding Ind- Mach & Eq                  | \$92,832                  | \$1,488,312                   | \$2,617,746          | \$179,091              | \$708,793                    | \$3,034,452          | \$125,767            | \$8,246,993            | 1.22%          | 533.03            |
| Oil & Gas Field Equipment                       | \$54,507                  | \$863,064                     | \$1,452,639          | \$121,881              | \$98,057                     | \$580,368            | \$13,475             | \$3,183,991            | 0.77%          | 350.48            |
| Oil & Gas Flow Lines                            | \$19,170                  | \$303,526                     | \$506,816            | \$38,972               | \$44,673                     | \$193,300            | \$626                | \$1,107,083            | 0.91%          | 346.50            |
| Ag Implements                                   | \$66,687                  | \$1,056,634                   | \$2,021,379          | \$183,015              | \$470,205                    | \$1,941,293          | \$13,592             | \$5,752,805            | 0.53%          | 517.60            |
| Local Assessed Utility Intra-Co Lines           | \$0                       | \$0                           | \$0                  | \$0                    | \$0                          | \$0                  | \$0                  | \$0                    | -              | -                 |
| Failure to Report Penalty                       | \$0                       | \$0                           | \$0                  | \$0                    | \$0                          | \$0                  | \$0                  | \$0                    | -              | -                 |
| Failure to Report Penalty                       | \$6,054                   | \$96,242                      | \$159,160            | \$21,084               | \$35,348                     | \$163,132            | \$64,157             | \$545,177              | 0.74%          | 540.29            |
| Coal and Ore Haulers                            | \$4,075                   | \$64,793                      | \$126,696            | \$22,279               | \$30,729                     | \$104,583            | \$0                  | \$353,155              | 1.37%          | 519.96            |
| <b>Subtotal</b>                                 | <b>\$884,757</b>          | <b>\$14,123,245</b>           | <b>\$24,754,548</b>  | <b>\$2,612,046</b>     | <b>\$6,084,982</b>           | <b>\$26,192,594</b>  | <b>\$4,626,578</b>   | <b>\$79,278,749</b>    | <b>1.11%</b>   | <b>537.63</b>     |
| <b>Subtotal Percent of Column Statewide Tot</b> | <b>7.24%</b>              | <b>7.26%</b>                  | <b>8.22%</b>         | <b>5.65%</b>           | <b>6.99%</b>                 | <b>6.99%</b>         | <b>4.41%</b>         | <b>7.04%</b>           |                |                   |
| <b>Utilities Real</b>                           |                           |                               |                      |                        |                              |                      |                      |                        |                |                   |
| Rural Co-op companies Real                      | \$14,710                  | \$233,555                     | \$395,735            | \$58,889               | \$106,379                    | \$519,857            | \$147,186            | \$1,476,312            | 1.81%          | 602.15            |
| Independent Tele Companies Real                 | \$253                     | \$4,039                       | \$6,715              | \$629                  | \$1,961                      | \$8,659              | \$1,499              | \$23,755               | 1.69%          | 562.32            |
| Electric Companies Real                         | \$25,186                  | \$401,270                     | \$647,146            | \$72,356               | \$154,558                    | \$461,298            | \$29,614             | \$1,791,428            | 5.12%          | 426.76            |
| Gas & Electric Companies Real                   | \$49,972                  | \$797,274                     | \$1,641,991          | \$235,087              | \$342,858                    | \$1,662,406          | \$406,565            | \$5,136,152            | 7.40%          | 616.69            |
| Pipelines Real                                  | \$61,899                  | \$980,580                     | \$1,611,947          | \$180,401              | \$435,330                    | \$1,508,734          | \$133,307            | \$4,912,198            | 5.71%          | 476.15            |
| Class 15 Pipeline Real                          | \$1,022                   | \$16,182                      | \$31,499             | \$267                  | \$3,585                      | \$26,185             | \$0                  | \$78,739               | 0.69%          | 462.27            |
| Telecom Companies Real                          | \$106,526                 | \$1,699,839                   | \$2,821,089          | \$375,498              | \$830,535                    | \$3,865,564          | \$1,733,939          | \$11,432,991           | 3.86%          | 643.95            |
| Centrally Assessed New & Exp Situs              | \$0                       | \$0                           | \$0                  | \$0                    | \$0                          | \$0                  | \$0                  | \$0                    | -              | -                 |
| Railroads Real                                  | \$13,220                  | \$210,328                     | \$346,796            | \$31,606               | \$105,958                    | \$502,954            | \$205,176            | \$1,416,038            | 2.11%          | 642.69            |
| Airlines Real                                   | \$367                     | \$5,901                       | \$8,433              | \$904                  | \$3,001                      | \$12,740             | \$10,840             | \$42,187               | 2.26%          | 689.83            |
| Electric Generation Real Property               | \$476,987                 | \$7,563,329                   | \$5,472,660          | \$2,073,504            | \$2,393,069                  | \$4,983,347          | \$2,318,247          | \$25,281,144           | 1.91%          | 318.01            |
| Rural Co-op Companies Real Prop New&Exp         | \$8                       | \$125                         | \$243                | \$13                   | \$28                         | \$129                | \$0                  | \$545                  | 0.62%          | 415.41            |
| 10 Year Exempt Electric Generation Real         | \$0                       | \$0                           | \$0                  | \$0                    | \$0                          | \$0                  | \$0                  | \$0                    | -              | -                 |
| <b>Subtotal</b>                                 | <b>\$750,151</b>          | <b>\$11,912,422</b>           | <b>\$12,984,253</b>  | <b>\$3,029,154</b>     | <b>\$4,377,261</b>           | <b>\$13,551,873</b>  | <b>\$4,986,374</b>   | <b>\$51,591,488</b>    | <b>2.61%</b>   | <b>412.65</b>     |
| <b>Subtotal Percent of Column Statewide Tot</b> | <b>4.96%</b>              | <b>4.95%</b>                  | <b>3.43%</b>         | <b>4.66%</b>           | <b>4.17%</b>                 | <b>2.96%</b>         | <b>3.35%</b>         | <b>3.66%</b>           |                |                   |
| <b>Utilities Personal</b>                       |                           |                               |                      |                        |                              |                      |                      |                        |                |                   |
| Rural Co-op Companies Pers Prop                 | \$61,950                  | \$983,738                     | \$1,628,996          | \$238,789              | \$445,107                    | \$2,083,966          | \$489,511            | \$5,932,058            | 1.72%          | 574.53            |
| Independent Tele Companies Pers Prop            | \$1,347                   | \$21,437                      | \$35,872             | \$3,343                | \$10,669                     | \$42,949             | \$5,720              | \$121,338              | 1.62%          | 540.40            |
| Electric Companies Pers Prop                    | \$11,370                  | \$180,185                     | \$235,912            | \$43,598               | \$83,636                     | \$419,318            | \$237,125            | \$1,211,144            | 7.67%          | 639.11            |
| Gas & Electric Companies Pers Prop              | \$685,645                 | \$10,942,114                  | \$19,137,179         | \$2,815,678            | \$5,185,768                  | \$24,168,153         | \$8,395,127          | \$71,329,664           | 7.49%          | 624.20            |
| Pipelines Pers Prop                             | \$275,130                 | \$4,360,626                   | \$7,410,153          | \$419,789              | \$1,116,702                  | \$4,853,579          | \$284,092            | \$18,720,071           | 4.90%          | 408.25            |
| Class 15 Pipeline Personal                      | \$8,568                   | \$135,661                     | \$265,849            | \$844                  | \$28,895                     | \$215,664            | \$0                  | \$655,480              | 0.69%          | 459.02            |
| Telecom Companies Pers Prop                     | \$120,662                 | \$1,925,326                   | \$2,940,341          | \$416,779              | \$920,566                    | \$4,385,674          | \$2,553,149          | \$13,262,498           | 3.96%          | 659.49            |
| Rural Co-op Companies Pers Prop New&Exp         | \$4,641                   | \$73,488                      | \$143,069            | \$7,828                | \$16,361                     | \$75,955             | \$0                  | \$321,342              | 0.62%          | 415.41            |
| Railroads Pers Prop                             | \$21,150                  | \$339,004                     | \$577,377            | \$35,996               | \$166,369                    | \$704,226            | \$107,882            | \$1,952,005            | 1.81%          | 553.77            |
| Airlines Pers Prop                              | \$2,861                   | \$45,893                      | \$64,009             | \$10,764               | \$22,631                     | \$107,843            | \$66,365             | \$320,260              | 2.20%          | 671.91            |
| Electric Generation Personal Prop               | \$189,101                 | \$3,013,380                   | \$4,894,326          | \$980,043              | \$1,211,864                  | \$4,661,597          | \$215,809            | \$15,166,119           | 2.89%          | 481.21            |
| Centrally Assessed Pollution Control            | \$32,623                  | \$516,533                     | \$367,234            | \$180,735              | \$138,742                    | \$234,791            | \$167,802            | \$1,638,460            | 0.90%          | 301.34            |
| New & Exp Ind -Elect Gen/Tele Pers Prop         | \$3,212                   | \$51,310                      | \$86,886             | \$12,875               | \$28,587                     | \$135,482            | \$0                  | \$318,351              | 2.12%          | 594.62            |
| 10 Year Exempt Electric Generation Pers Prop    | \$0                       | \$0                           | \$0                  | \$0                    | \$0                          | \$0                  | \$0                  | \$0                    | -              | -                 |
| <b>Subtotal</b>                                 | <b>\$1,418,261</b>        | <b>\$22,588,696</b>           | <b>\$37,787,202</b>  | <b>\$5,167,062</b>     | <b>\$9,375,895</b>           | <b>\$42,089,198</b>  | <b>\$12,522,582</b>  | <b>\$130,948,896</b>   | <b>4.33%</b>   | <b>553.98</b>     |
| <b>Subtotal Percent of Column Statewide Tot</b> | <b>9.38%</b>              | <b>9.39%</b>                  | <b>9.99%</b>         | <b>7.95%</b>           | <b>8.94%</b>                 | <b>9.18%</b>         | <b>8.41%</b>         | <b>9.28%</b>           |                |                   |
| <b>Utilities Mileage</b>                        |                           |                               |                      |                        |                              |                      |                      |                        |                |                   |
| Rural Co-op Companies Mileage                   | \$120,191                 | \$1,906,581                   | \$3,319,401          | \$404,743              | \$846,188                    | \$3,778,060          | \$185,734            | \$10,560,897           | 1.58%          | 527.21            |
| Independent Tele Companies Mileage              | \$3,758                   | \$59,721                      | \$109,835            | \$11,137               | \$29,020                     | \$100,213            | \$458                | \$314,141              | 1.50%          | 501.61            |
| Electric Companies Mileage                      | \$124,651                 | \$1,979,750                   | \$3,253,671          | \$262,143              | \$863,811                    | \$3,834,893          | \$240,235            | \$10,559,153           | 6.10%          | 508.26            |
| Gas & Electric Companies Mileage                | \$242,725                 | \$3,857,984                   | \$6,885,120          | \$805,906              | \$1,827,256                  | \$7,644,235          | \$310,602            | \$21,573,828           | 6.40%          | 533.29            |
| Pipelines Mileage                               | \$771,577                 | \$12,223,063                  | \$19,609,076         | \$1,216,991            | \$2,829,930                  | \$12,883,707         | \$76,079             | \$49,610,424           | 4.63%          | 385.78            |
| Class 15 Pipeline Millage                       | \$955                     | \$15,113                      | \$29,626             | \$87                   | \$3,214                      | \$22,875             | \$0                  | \$71,869               | 0.68%          | 451.76            |
| Telecom Companies Mileage                       | \$120,608                 | \$1,923,100                   | \$3,153,341          | \$525,203              | \$908,261                    | \$4,255,474          | \$1,472,313          | \$12,358,300           | 3.69%          | 614.80            |
| Rural Co-op Companies Mileage New&Exp           | \$0                       | \$0                           | \$0                  | \$0                    | \$0                          | \$0                  | \$0                  | \$0                    | -              | -                 |
| Railroads Mileage                               | \$365,382                 | \$5,740,941                   | \$10,013,016         | \$868,029              | \$2,570,979                  | \$11,452,182         | \$848,924            | \$31,859,452           | 1.69%          | 523.17            |
| Airlines Flight Property Mileage                | \$29,250                  | \$467,996                     | \$676,343            | \$189,877              | \$227,825                    | \$1,089,393          | \$456,245            | \$3,136,928            | 2.11%          | 643.48            |
| Renewable Mileage                               | \$11,122                  | \$176,536                     | \$395,432            | \$25,906               | \$105,867                    | \$404,782            | \$0                  | \$1,119,647            | 0.91%          | 603.99            |
| <b>Subtotal</b>                                 | <b>\$1,790,218</b>        | <b>\$28,350,786</b>           | <b>\$47,444,860</b>  | <b>\$4,310,022</b>     | <b>\$10,212,350</b>          | <b>\$45,465,815</b>  | <b>\$3,590,590</b>   | <b>\$141,164,640</b>   | <b>2.96%</b>   | <b>473.12</b>     |
| <b>Subtotal Percent of Column Statewide Tot</b> | <b>11.84%</b>             | <b>11.78%</b>                 | <b>12.54%</b>        | <b>6.63%</b>           | <b>9.74%</b>                 | <b>9.92%</b>         | <b>2.41%</b>         | <b>10.00%</b>          |                |                   |
| <b>Wind Generation</b>                          |                           |                               |                      |                        |                              |                      |                      |                        |                |                   |
| Wind Generation Impr. New&Exp                   | \$361                     | \$5,720                       | \$9,525              | \$425                  | \$94                         | \$443                | \$0                  | \$16,568               | 0.51%          | 275.17            |
| Wind Generation Personal Prop. New&Exp          | \$88,120                  | \$1,395,228                   | \$2,719,952          | \$67,545               | \$538,820                    | \$2,059,984          | \$0                  | \$6,869,648            | 0.80%          | 467.75            |
| <b>Subtotal</b>                                 | <b>\$88,481</b>           | <b>\$1,400,948</b>            | <b>\$2,729,477</b>   | <b>\$67,970</b>        | <b>\$538,914</b>             | <b>\$2,060,427</b>   | <b>\$0</b>           | <b>\$6,886,216</b>     | <b>0.80%</b>   | <b>466.96</b>     |
| <b>Subtotal Percent of Column Statewide Tot</b> | <b>0.59%</b>              | <b>0.58%</b>                  | <b>0.72%</b>         | <b>0.10%</b>           | <b>0.51%</b>                 | <b>0.45%</b>         | <b>0.00%</b>         | <b>0.49%</b>           |                |                   |
| <b>Statewide Summaries</b>                      |                           |                               |                      |                        |                              |                      |                      |                        |                |                   |
| <b>Statewide Total</b>                          | <b>\$15,124,250</b>       | <b>\$240,646,206</b>          | <b>\$378,218,331</b> | <b>\$64,962,158</b>    | <b>\$104,899,475</b>         | <b>\$458,393,354</b> | <b>\$148,982,437</b> | <b>\$1,411,226,211</b> | <b>1.59%</b>   | <b>559.85</b>     |
| <b>Statewide Average Mill Levy</b>              | <b>6.00</b>               | <b>95.47</b>                  | <b>150.04</b>        | <b>25.77</b>           | <b>41.62</b>                 | <b>181.85</b>        | <b>59.10</b>         | <b>559.85</b>          |                |                   |

## State Total

|                                                 | TY 2013    |                         |                        | TY 2014    |                         |                        |
|-------------------------------------------------|------------|-------------------------|------------------------|------------|-------------------------|------------------------|
|                                                 | Acres      | Assessed                | Taxable                | Acres      | Assessed                | Taxable                |
| CLASS 1 Net Proceeds                            |            | \$3,271,953             | \$3,271,953            |            | \$3,790,730             | \$3,790,730            |
| CLASS 2 Gross Proceeds                          |            | \$1,043,487,747         | \$31,304,631           |            | \$851,842,256           | \$25,555,274           |
| CLASS 3 Agricultural Land:                      |            | \$0                     |                        |            |                         |                        |
| Tillable Irrigated (2.72%, 2.63%)               | 1,643,517  | \$741,278,477           | \$18,815,943           | 1,642,650  | \$741,111,652           | \$18,293,227           |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 12,202,851 | \$2,505,316,356         | \$63,491,191           | 12,173,635 | \$2,513,099,956         | \$61,929,939           |
| Grazing (2.72%, 2.63%)                          | 34,112,824 | \$1,748,499,697         | \$44,138,280           | 34,113,579 | \$1,815,284,965         | \$44,564,169           |
| Wild Hay (2.72%, 2.63%)                         | 1,094,267  | \$335,512,100           | \$8,521,222            | 1,097,145  | \$337,012,116           | \$8,323,367            |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 1,011,902  | \$57,399,500            | \$10,207,402           | 1,023,867  | \$59,731,352            | \$10,328,776           |
| Eligible Mining Claims (2.72%, 2.63%)           | 15,011     | \$999,805               | \$25,405               | 16,479     | \$1,117,279             | \$27,630               |
| Class 3 Subtotal                                | 50,080,372 | \$5,389,005,935         | \$145,199,443          | 50,067,355 | \$5,467,357,320         | \$143,467,108          |
| CLASS 4 Land and Improvements:                  |            |                         |                        |            |                         |                        |
| Residential (2.72%, 2.63%)                      |            | \$39,440,900,345        | \$1,001,627,351        |            | \$41,792,059,654        | \$1,032,126,484        |
| Residential Low Income (varies)                 |            | \$994,985,936           | \$9,211,508            |            | \$1,055,379,094         | \$9,275,255            |
| Mobile Homes (2.72%, 2.63%)                     |            | \$509,304,645           | \$12,933,419           |            | \$513,027,215           | \$12,669,293           |
| Mobile Homes Low Income (varies)                |            | \$33,751,163            | \$278,919              |            | \$35,757,975            | \$279,642              |
| Commercial (2.72%, 2.63%)                       |            | \$16,376,155,966        | \$415,926,366          |            | \$17,272,951,860        | \$426,638,085          |
| Industrial (2.72%, 2.63%)                       |            | \$200,023,048           | \$5,080,598            |            | \$213,434,305           | \$5,271,822            |
| New Manufacturing (varies)                      |            | \$1,009,025,257         | \$24,300,726           |            | \$1,098,574,952         | \$25,638,039           |
| Qualified Golf Courses (1.36%, 1.32%)           |            | \$191,029,046           | \$2,426,070            |            | \$201,033,661           | \$2,492,820            |
| Remodeled Commercial (varies)                   |            | \$16,151,752            | \$319,736              |            | \$16,097,219            | \$318,272              |
| Extended Prop Tax Relief Program (Res Only)     |            | \$260,607,226           | \$5,087,555            |            | \$232,628,007           | \$4,321,645            |
| Class 4 Subtotal                                |            | \$59,032,934,384        | \$1,477,192,248        |            | \$62,430,943,942        | \$1,519,031,357        |
| CLASS 5                                         |            |                         |                        |            |                         |                        |
| Rural Electric and Telephone Co-Op (3%)         |            | \$1,121,337,977         | \$32,888,766           |            | \$1,123,638,994         | \$33,709,217           |
| Qualified New Industrial (3%)                   |            | \$12,681                | \$380                  |            | \$13,265                | \$398                  |
| Pollution Control (3%)                          |            | \$355,964,939           | \$10,674,860           |            | \$285,896,770           | \$8,576,908            |
| Gasohol Related (3%)                            |            | \$0                     | \$0                    |            | \$0                     | \$0                    |
| Research and Development (0%-3%)                |            | \$12,371,892            | \$185,578              |            | \$14,223,160            | \$213,765              |
| Aluminum Electrolytic Equipment (3%)            |            | \$11,625,542            | \$348,766              |            | \$9,580,147             | \$287,404              |
| Class 5 Subtotal                                |            | \$1,501,313,031         | \$44,098,350           |            | \$1,433,352,336         | \$42,787,692           |
| CLASS 7                                         |            |                         |                        |            |                         |                        |
| Non-Centrally Assessed Public Util. (8%)        |            | \$15,023,030            | \$1,201,841            |            | \$14,773,362            | \$1,181,868            |
| CLASS 8                                         |            |                         |                        |            |                         |                        |
| Machinery (3%, 2% and 3%)                       |            | \$4,260,520,991         | \$111,299,385          |            | \$4,307,356,184         | \$103,052,673          |
| Farm Implements (3%, 2% and 3%)                 |            | \$1,236,955,772         | \$24,918,855           |            | \$1,081,302,123         | \$11,114,444           |
| Furniture and Fixtures (3%, 2% and 3%)          |            | \$938,700,937           | \$20,695,876           |            | \$819,484,266           | \$11,494,634           |
| Other Business Equipment (3%, 2% and 3%)        |            | \$843,242,880           | \$21,536,238           |            | \$831,152,048           | \$17,630,244           |
| Class 8 Subtotal                                |            | \$7,279,420,580         | \$178,450,353          |            | \$7,039,294,621         | \$143,291,995          |
| CLASS 9                                         |            |                         |                        |            |                         |                        |
| Utilities (12%)                                 |            | \$2,947,229,534         | \$353,629,742          |            | \$3,122,439,758         | \$374,692,470          |
| CLASS 10                                        |            |                         |                        |            |                         |                        |
| Timber Land (0.32%, 0.31%)                      | 3,917,399  | \$2,104,905,141         | \$6,277,049            | 3,904,543  | \$2,155,929,245         | \$6,215,336            |
| CLASS 12                                        |            |                         |                        |            |                         |                        |
| Railroads (3.45%, 3.45%)                        |            | \$2,031,488,903         | \$68,867,454           |            | \$2,005,790,793         | \$65,789,956           |
| Airlines (3.45%, 3.45%)                         |            | \$166,191,619           | \$5,633,904            |            | \$165,031,091           | \$5,412,908            |
| Class 12 Subtotal                               |            | \$2,197,680,522         | \$74,501,358           |            | \$2,170,821,884         | \$71,202,864           |
| CLASS 13                                        |            |                         |                        |            |                         |                        |
| Electrical Generation Property (6%)             |            | \$2,067,636,211         | \$116,352,668          |            | \$1,848,605,015         | \$110,916,303          |
| Telecommunication Property (6%)                 |            | \$1,160,702,375         | \$69,642,157           |            | \$966,099,486           | \$57,966,034           |
| Elect Gen/Tele Real Prop New & Exp              |            | \$21,670,215            | \$775,360              |            | \$14,998,938            | \$535,384              |
| Class 13 Subtotal                               |            | \$3,250,008,801         | \$186,770,185          |            | \$2,829,703,439         | \$169,417,721          |
| CLASS 14                                        |            |                         |                        |            |                         |                        |
| Wind Generation (3%)                            |            | \$0                     | \$0                    |            | \$0                     | \$0                    |
| Wind Generation New & Exp (varies)              |            | \$1,025,783,573         | \$16,902,281           |            | \$980,528,888           | \$16,600,562           |
| Class 14 Subtotal                               |            | \$1,025,783,573         | \$16,902,281           |            | \$980,528,888           | \$16,600,562           |
| CLASS 15                                        |            |                         |                        |            |                         |                        |
| Carbon Dioxide and Liquid Pipline Property (3%) |            | \$63,930,876            | \$953,160              |            | \$35,350                | \$530                  |
| <b>Total</b>                                    |            | <b>\$85,853,995,107</b> | <b>\$2,519,752,594</b> |            | <b>\$88,724,833,710</b> | <b>\$2,520,708,358</b> |

# Property Taxes Paid By County

## Beaverhead County



|                                                 | TY 2013   |                      |                     | TY 2014   |                      |                     |
|-------------------------------------------------|-----------|----------------------|---------------------|-----------|----------------------|---------------------|
|                                                 | Acres     | Assessed             | Taxable             | Acres     | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                          |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                      |           |                      |                     |           |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 119,221   | \$50,334,188         | \$1,277,235         | 119,190   | \$50,534,997         | \$1,246,960         |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 268       | \$48,769             | \$1,219             | 268       | \$50,112             | \$1,219             |
| Grazing (2.72%, 2.63%)                          | 908,879   | \$49,942,140         | \$1,262,404         | 908,796   | \$51,554,209         | \$1,267,345         |
| Wild Hay (2.72%, 2.63%)                         | 1,462     | \$413,321            | \$10,497            | 1,435     | \$414,208            | \$10,231            |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 18,684    | \$1,124,686          | \$199,987           | 18,664    | \$1,098,465          | \$189,928           |
| Eligible Mining Claims (2.72%, 2.63%)           | 1,162     | \$52,198             | \$1,329             | 1,193     | \$59,087             | \$1,460             |
| Class 3 Subtotal                                | 1,049,676 | \$101,915,302        | \$2,752,671         | 1,049,547 | \$103,711,078        | \$2,717,143         |
| CLASS 4 Land and Improvements:                  |           |                      |                     |           |                      |                     |
| Residential (2.72%, 2.63%)                      |           | \$256,327,583        | \$6,509,598         |           | \$269,052,135        | \$6,645,658         |
| Residential Low Income (varies)                 |           | \$10,187,672         | \$90,488            |           | \$11,237,022         | \$94,773            |
| Mobile Homes (2.72%, 2.63%)                     |           | \$7,117,589          | \$180,783           |           | \$6,934,482          | \$171,289           |
| Mobile Homes Low Income (varies)                |           | \$487,106            | \$3,682             |           | \$390,465            | \$3,015             |
| Commercial (2.72%, 2.63%)                       |           | \$163,176,048        | \$4,144,678         |           | \$171,529,912        | \$4,236,794         |
| Industrial (2.72%, 2.63%)                       |           | \$502,837            | \$12,774            |           | \$550,822            | \$13,604            |
| New Manufacturing (varies)                      |           | \$6,459,468          | \$161,610           |           | \$6,971,996          | \$170,987           |
| Qualified Golf Courses (1.36%, 1.32%)           |           | \$804,147            | \$10,213            |           | \$845,867            | \$10,489            |
| Remodeled Commercial (varies)                   |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |           | \$1,940,426          | \$38,800            |           | \$1,622,861          | \$32,090            |
| Class 4 Subtotal                                |           | \$447,002,876        | \$11,152,626        |           | \$469,135,562        | \$11,378,699        |
| CLASS 5                                         |           |                      |                     |           |                      |                     |
| Rural Electric and Telephone Co-Op (3%)         |           | \$23,922,353         | \$717,666           |           | \$24,482,779         | \$734,495           |
| Qualified New Industrial (3%)                   |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Pollution Control (3%)                          |           | \$103,826            | \$3,115             |           | \$103,090            | \$3,093             |
| Gasohol Related (3%)                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Research and Development (0%-3%)                |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 5 Subtotal                                |           | \$24,026,179         | \$720,781           |           | \$24,585,869         | \$737,588           |
| CLASS 7                                         |           |                      |                     |           |                      |                     |
| Non-Centrally Assessed Public Util. (8%)        |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 8                                         |           |                      |                     |           |                      |                     |
| Machinery (3%, 2% and 3%)                       |           | \$28,280,838         | \$738,212           |           | \$28,122,954         | \$584,985           |
| Farm Implements (3%, 2% and 3%)                 |           | \$18,453,953         | \$369,297           |           | \$16,108,951         | \$156,721           |
| Furniture and Fixtures (3%, 2% and 3%)          |           | \$6,310,752          | \$141,478           |           | \$6,102,101          | \$87,058            |
| Other Business Equipment (3%, 2% and 3%)        |           | \$3,583,240          | \$83,335            |           | \$2,773,952          | \$54,883            |
| Class 8 Subtotal                                |           | \$56,628,783         | \$1,332,322         |           | \$53,107,958         | \$883,648           |
| CLASS 9                                         |           |                      |                     |           |                      |                     |
| Utilities (12%)                                 |           | \$14,524,633         | \$1,742,950         |           | \$16,564,040         | \$1,987,673         |
| CLASS 10                                        |           |                      |                     |           |                      |                     |
| Timber Land (0.32%, 0.31%)                      | 29,836    | \$10,371,931         | \$31,108            | 29,893    | \$10,677,651         | \$30,964            |
| CLASS 12                                        |           |                      |                     |           |                      |                     |
| Railroads (3.45%, 3.45%)                        |           | \$9,225,248          | \$312,736           |           | \$9,715,194          | \$318,658           |
| Airlines (3.45%, 3.45%)                         |           | \$1,126              | \$38                |           | \$1,225              | \$40                |
| Class 12 Subtotal                               |           | \$9,226,374          | \$312,774           |           | \$9,716,419          | \$318,698           |
| CLASS 13                                        |           |                      |                     |           |                      |                     |
| Electrical Generation Property (6%)             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Telecommunication Property (6%)                 |           | \$9,109,610          | \$546,578           |           | \$7,137,348          | \$428,243           |
| Elect Gen/Tele Real Prop New & Exp              |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 13 Subtotal                               |           | \$9,109,610          | \$546,578           |           | \$7,137,348          | \$428,243           |
| CLASS 14                                        |           |                      |                     |           |                      |                     |
| Wind Generation (3%)                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)              |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 14 Subtotal                               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 15                                        |           |                      |                     |           |                      |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| <b>Total</b>                                    |           | <b>\$672,805,688</b> | <b>\$18,591,810</b> |           | <b>\$694,635,925</b> | <b>\$18,482,656</b> |

# Property Taxes Paid By County

## Big Horn County



|                                                  | TY 2013   |                      |                     | TY 2014   |                      |                     |
|--------------------------------------------------|-----------|----------------------|---------------------|-----------|----------------------|---------------------|
|                                                  | Acres     | Assessed             | Taxable             | Acres     | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                       |           |                      |                     |           |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 48,260    | \$22,174,102         | \$562,974           | 48,591    | \$22,210,561         | \$548,338           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 164,936   | \$26,982,765         | \$685,069           | 165,322   | \$27,114,659         | \$669,460           |
| Grazing (2.72%, 2.63%)                           | 1,383,387 | \$67,051,997         | \$1,716,081         | 1,384,325 | \$68,844,593         | \$1,713,377         |
| Wild Hay (2.72%, 2.63%)                          | 36,457    | \$10,715,909         | \$272,165           | 36,443    | \$10,734,185         | \$265,114           |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 8,702     | \$491,430            | \$87,379            | 9,038     | \$513,059            | \$88,720            |
| Eligible Mining Claims (2.72%, 2.63%)            | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| Class 3 Subtotal                                 | 1,641,742 | \$127,416,203        | \$3,323,668         | 1,643,719 | \$129,417,057        | \$3,285,009         |
| CLASS 4 Land and Improvements:                   |           |                      |                     |           |                      |                     |
| Residential (2.72%, 2.63%)                       |           | \$76,159,170         | \$1,933,464         |           | \$79,817,122         | \$1,971,588         |
| Residential Low Income (varies)                  |           | \$2,711,962          | \$23,504            |           | \$2,525,179          | \$20,301            |
| Mobile Homes (2.72%, 2.63%)                      |           | \$6,542,780          | \$166,190           |           | \$6,782,629          | \$167,536           |
| Mobile Homes Low Income (varies)                 |           | \$65,540             | \$641               |           | \$49,315             | \$479               |
| Commercial (2.72%, 2.63%)                        |           | \$72,680,170         | \$1,846,083         |           | \$77,616,173         | \$1,917,121         |
| Industrial (2.72%, 2.63%)                        |           | \$6,093,464          | \$154,772           |           | \$6,657,851          | \$164,447           |
| New Manufacturing (varies)                       |           | \$76,990,234         | \$1,955,551         |           | \$76,722,649         | \$1,895,051         |
| Qualified Golf Courses (1.36%, 1.32%)            |           | \$426,034            | \$5,411             |           | \$419,619            | \$5,204             |
| Remodeled Commercial (varies)                    |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |           | \$112,023            | \$1,781             |           | \$0                  | \$0                 |
| Class 4 Subtotal                                 |           | \$241,781,377        | \$6,087,397         |           | \$250,590,537        | \$6,141,727         |
| CLASS 5                                          |           |                      |                     |           |                      |                     |
| Rural Electric and Telephone Co-Op (3%)          |           | \$24,126,386         | \$723,795           |           | \$23,924,995         | \$717,752           |
| Qualified New Industrial (3%)                    |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Pollution Control (3%)                           |           | \$3,322,934          | \$99,689            |           | \$2,993,048          | \$89,792            |
| Gasohol Related (3%)                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Research and Development (0%-3%)                 |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 5 Subtotal                                 |           | \$27,449,320         | \$823,484           |           | \$26,918,043         | \$807,544           |
| CLASS 7                                          |           |                      |                     |           |                      |                     |
| Non-Centrally Assessed Public Util. (8%)         |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 8                                          |           |                      |                     |           |                      |                     |
| Machinery (3%, 2% and 3%)                        |           | \$151,235,395        | \$4,364,605         |           | \$158,470,122        | \$4,490,441         |
| Farm Implements (3%, 2% and 3%)                  |           | \$29,297,054         | \$590,921           |           | \$27,323,857         | \$304,881           |
| Furniture and Fixtures (3%, 2% and 3%)           |           | \$4,466,885          | \$97,529            |           | \$3,829,420          | \$50,526            |
| Other Business Equipment (3%, 2% and 3%)         |           | \$44,668,304         | \$1,269,494         |           | \$35,040,258         | \$918,951           |
| Class 8 Subtotal                                 |           | \$229,667,638        | \$6,322,549         |           | \$224,663,657        | \$5,764,798         |
| CLASS 9                                          |           |                      |                     |           |                      |                     |
| Utilities (12%)                                  |           | \$51,520,991         | \$6,182,517         |           | \$46,453,978         | \$5,574,473         |
| CLASS 10                                         |           |                      |                     |           |                      |                     |
| Timber Land (0.32%, 0.31%)                       | 30,411    | \$4,943,838          | \$14,835            | 30,411    | \$5,028,752          | \$14,588            |
| CLASS 12                                         |           |                      |                     |           |                      |                     |
| Railroads (3.45%, 3.45%)                         |           | \$48,442,619         | \$1,642,206         |           | \$46,650,004         | \$1,530,123         |
| Airlines (3.45%, 3.45%)                          |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 12 Subtotal                                |           | \$48,442,619         | \$1,642,206         |           | \$46,650,004         | \$1,530,123         |
| CLASS 13                                         |           |                      |                     |           |                      |                     |
| Electrical Generation Property (6%)              |           | \$128,425,291        | \$0                 |           | \$24,518,464         | \$1,471,108         |
| Telecommunication Property (6%)                  |           | \$10,450,819         | \$627,050           |           | \$8,741,268          | \$524,479           |
| Elect Gen/Tele Real Prop New & Exp               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 13 Subtotal                                |           | \$138,876,110        | \$627,050           |           | \$33,259,732         | \$1,995,587         |
| CLASS 14                                         |           |                      |                     |           |                      |                     |
| Wind Generation (3%)                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 14 Subtotal                                |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 15                                         |           |                      |                     |           |                      |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| <b>Total</b>                                     |           | <b>\$870,098,096</b> | <b>\$25,023,706</b> |           | <b>\$762,981,760</b> | <b>\$25,113,849</b> |

# Property Taxes Paid By County

## Blaine County



|                                                  | TY 2013   |                      |                     | TY 2014   |                      |                     |
|--------------------------------------------------|-----------|----------------------|---------------------|-----------|----------------------|---------------------|
|                                                  | Acres     | Assessed             | Taxable             | Acres     | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                       |           |                      |                     |           |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 52,348    | \$27,017,166         | \$686,070           | 52,323    | \$27,032,361         | \$667,535           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 465,734   | \$106,013,681        | \$2,685,378         | 464,116   | \$106,113,560        | \$2,613,665         |
| Grazing (2.72%, 2.63%)                           | 995,787   | \$53,929,415         | \$1,373,649         | 996,152   | \$56,252,495         | \$1,393,341         |
| Wild Hay (2.72%, 2.63%)                          | 27,675    | \$10,591,103         | \$269,021           | 27,646    | \$10,619,051         | \$262,301           |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 3,864     | \$190,201            | \$33,821            | 3,585     | \$192,317            | \$33,256            |
| Eligible Mining Claims (2.72%, 2.63%)            | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| Class 3 Subtotal                                 | 1,545,408 | \$197,741,566        | \$5,047,939         | 1,543,823 | \$200,209,784        | \$4,970,098         |
| CLASS 4 Land and Improvements:                   |           |                      |                     |           |                      |                     |
| Residential (2.72%, 2.63%)                       |           | \$38,272,471         | \$972,060           |           | \$38,952,052         | \$962,105           |
| Residential Low Income (varies)                  |           | \$1,150,052          | \$9,840             |           | \$878,092            | \$7,943             |
| Mobile Homes (2.72%, 2.63%)                      |           | \$1,825,018          | \$46,357            |           | \$1,856,575          | \$45,857            |
| Mobile Homes Low Income (varies)                 |           | \$64,674             | \$401               |           | \$59,209             | \$335               |
| Commercial (2.72%, 2.63%)                        |           | \$54,389,956         | \$1,381,504         |           | \$55,829,607         | \$1,378,982         |
| Industrial (2.72%, 2.63%)                        |           | \$43,955             | \$1,117             |           | \$48,272             | \$1,194             |
| New Manufacturing (varies)                       |           | \$3,762,196          | \$94,884            |           | \$4,992,164          | \$107,674           |
| Qualified Golf Courses (1.36%, 1.32%)            |           | \$637,861            | \$8,100             |           | \$660,405            | \$8,190             |
| Remodeled Commercial (varies)                    |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 4 Subtotal                                 |           | \$100,146,183        | \$2,514,263         |           | \$103,276,376        | \$2,512,280         |
| CLASS 5                                          |           |                      |                     |           |                      |                     |
| Rural Electric and Telephone Co-Op (3%)          |           | \$21,296,573         | \$638,902           |           | \$22,560,895         | \$676,839           |
| Qualified New Industrial (3%)                    |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Pollution Control (3%)                           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Gasohol Related (3%)                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Research and Development (0%-3%)                 |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 5 Subtotal                                 |           | \$21,296,573         | \$638,902           |           | \$22,560,895         | \$676,839           |
| CLASS 7                                          |           |                      |                     |           |                      |                     |
| Non-Centrally Assessed Public Util. (8%)         |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 8                                          |           |                      |                     |           |                      |                     |
| Machinery (3%, 2% and 3%)                        |           | \$7,856,164          | \$179,168           |           | \$3,745,776          | \$53,711            |
| Farm Implements (3%, 2% and 3%)                  |           | \$34,504,537         | \$699,231           |           | \$28,634,261         | \$307,126           |
| Furniture and Fixtures (3%, 2% and 3%)           |           | \$1,977,044          | \$43,858            |           | \$1,409,715          | \$20,450            |
| Other Business Equipment (3%, 2% and 3%)         |           | \$13,633,703         | \$355,999           |           | \$7,101,180          | \$111,962           |
| Class 8 Subtotal                                 |           | \$57,971,448         | \$1,278,256         |           | \$40,890,932         | \$493,248           |
| CLASS 9                                          |           |                      |                     |           |                      |                     |
| Utilities (12%)                                  |           | \$20,553,029         | \$2,466,354         |           | \$17,974,460         | \$2,156,938         |
| CLASS 10                                         |           |                      |                     |           |                      |                     |
| Timber Land (0.32%, 0.31%)                       | 8,729     | \$2,064,855          | \$6,194             | 8,729     | \$2,167,517          | \$6,285             |
| CLASS 12                                         |           |                      |                     |           |                      |                     |
| Railroads (3.45%, 3.45%)                         |           | \$46,494,677         | \$1,576,170         |           | \$44,721,916         | \$1,466,879         |
| Airlines (3.45%, 3.45%)                          |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 12 Subtotal                                |           | \$46,494,677         | \$1,576,170         |           | \$44,721,916         | \$1,466,879         |
| CLASS 13                                         |           |                      |                     |           |                      |                     |
| Electrical Generation Property (6%)              |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Telecommunication Property (6%)                  |           | \$4,709,030          | \$282,539           |           | \$6,035,249          | \$362,122           |
| Elect Gen/Tele Real Prop New & Exp               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 13 Subtotal                                |           | \$4,709,030          | \$282,539           |           | \$6,035,249          | \$362,122           |
| CLASS 14                                         |           |                      |                     |           |                      |                     |
| Wind Generation (3%)                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 14 Subtotal                                |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 15                                         |           |                      |                     |           |                      |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| <b>Total</b>                                     |           | <b>\$450,977,361</b> | <b>\$13,810,617</b> |           | <b>\$437,837,129</b> | <b>\$12,644,689</b> |

# Property Taxes Paid By County

## Broadwater County



|                                                  | TY 2013 |                      |                     | TY 2014 |                      |                     |
|--------------------------------------------------|---------|----------------------|---------------------|---------|----------------------|---------------------|
|                                                  | Acres   | Assessed             | Taxable             | Acres   | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                             |         | \$204,515            | \$204,515           |         | \$178,394            | \$178,394           |
| CLASS 2 Gross Proceeds                           |         | \$4,166,443          | \$124,993           |         | \$1,399,282          | \$41,980            |
| CLASS 3 Agricultural Land:                       |         |                      |                     |         |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 40,748  | \$16,970,808         | \$430,936           | 40,517  | \$16,814,899         | \$415,211           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 51,815  | \$11,473,541         | \$291,408           | 51,815  | \$11,473,253         | \$283,374           |
| Grazing (2.72%, 2.63%)                           | 279,339 | \$14,542,484         | \$361,602           | 281,245 | \$15,498,418         | \$375,070           |
| Wild Hay (2.72%, 2.63%)                          | 4,771   | \$1,621,864          | \$41,196            | 4,915   | \$1,633,585          | \$40,354            |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 16,738  | \$971,251            | \$172,732           | 17,319  | \$1,039,582          | \$179,739           |
| Eligible Mining Claims (2.72%, 2.63%)            | 1,924   | \$155,178            | \$3,938             | 2,152   | \$160,820            | \$3,972             |
| Class 3 Subtotal                                 | 395,335 | \$45,735,126         | \$1,301,812         | 397,963 | \$46,620,557         | \$1,297,720         |
| CLASS 4 Land and Improvements:                   |         |                      |                     |         |                      |                     |
| Residential (2.72%, 2.63%)                       |         | \$195,222,980        | \$4,958,526         |         | \$200,123,359        | \$4,940,943         |
| Residential Low Income (varies)                  |         | \$6,441,166          | \$55,348            |         | \$7,502,123          | \$63,996            |
| Mobile Homes (2.72%, 2.63%)                      |         | \$4,043,215          | \$102,684           |         | \$3,872,773          | \$95,662            |
| Mobile Homes Low Income (varies)                 |         | \$171,624            | \$1,443             |         | \$215,975            | \$1,686             |
| Commercial (2.72%, 2.63%)                        |         | \$52,093,628         | \$1,323,183         |         | \$54,944,850         | \$1,357,132         |
| Industrial (2.72%, 2.63%)                        |         | \$763,191            | \$19,386            |         | \$825,116            | \$20,382            |
| New Manufacturing (varies)                       |         | \$5,751,101          | \$128,890           |         | \$5,930,465          | \$129,260           |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Remodeled Commercial (varies)                    |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |         | \$304,055            | \$6,351             |         | \$0                  | \$0                 |
| Class 4 Subtotal                                 |         | \$264,790,960        | \$6,595,811         |         | \$273,414,661        | \$6,609,061         |
| CLASS 5                                          |         |                      |                     |         |                      |                     |
| Rural Electric and Telephone Co-Op (3%)          |         | \$4,161,728          | \$124,852           |         | \$4,167,515          | \$125,024           |
| Qualified New Industrial (3%)                    |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Pollution Control (3%)                           |         | \$409,381            | \$12,281            |         | \$406,478            | \$12,194            |
| Gasohol Related (3%)                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Research and Development (0%-3%)                 |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 5 Subtotal                                 |         | \$4,571,109          | \$137,133           |         | \$4,573,993          | \$137,218           |
| CLASS 7                                          |         |                      |                     |         |                      |                     |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 8                                          |         |                      |                     |         |                      |                     |
| Machinery (3%, 2% and 3%)                        |         | \$16,421,237         | \$425,496           |         | \$18,603,351         | \$383,972           |
| Farm Implements (3%, 2% and 3%)                  |         | \$13,367,868         | \$267,531           |         | \$10,899,725         | \$112,968           |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$1,715,007          | \$34,803            |         | \$1,189,408          | \$11,468            |
| Other Business Equipment (3%, 2% and 3%)         |         | \$2,222,728          | \$50,324            |         | \$1,551,197          | \$29,081            |
| Class 8 Subtotal                                 |         | \$33,726,840         | \$778,154           |         | \$32,243,681         | \$537,489           |
| CLASS 9                                          |         |                      |                     |         |                      |                     |
| Utilities (12%)                                  |         | \$28,465,570         | \$3,415,865         |         | \$28,485,137         | \$3,418,214         |
| CLASS 10                                         |         |                      |                     |         |                      |                     |
| Timber Land (0.32%, 0.31%)                       | 52,989  | \$13,249,595         | \$39,745            | 52,063  | \$13,137,174         | \$38,103            |
| CLASS 12                                         |         |                      |                     |         |                      |                     |
| Railroads (3.45%, 3.45%)                         |         | \$17,500,845         | \$593,278           |         | \$18,725,377         | \$614,193           |
| Airlines (3.45%, 3.45%)                          |         | \$1,126              | \$38                |         | \$1,225              | \$40                |
| Class 12 Subtotal                                |         | \$17,501,971         | \$593,316           |         | \$18,726,602         | \$614,233           |
| CLASS 13                                         |         |                      |                     |         |                      |                     |
| Electrical Generation Property (6%)              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Telecommunication Property (6%)                  |         | \$5,812,415          | \$348,745           |         | \$4,753,691          | \$285,225           |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 13 Subtotal                                |         | \$5,812,415          | \$348,745           |         | \$4,753,691          | \$285,225           |
| CLASS 14                                         |         |                      |                     |         |                      |                     |
| Wind Generation (3%)                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)               |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 14 Subtotal                                |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 15                                         |         |                      |                     |         |                      |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| <b>Total</b>                                     |         | <b>\$418,224,544</b> | <b>\$13,540,089</b> |         | <b>\$423,533,172</b> | <b>\$13,157,637</b> |

# Property Taxes Paid By County

## Carbon County



|                                                  | TY 2013 |                        |                     | TY 2014 |                        |                     |
|--------------------------------------------------|---------|------------------------|---------------------|---------|------------------------|---------------------|
|                                                  | Acres   | Assessed               | Taxable             | Acres   | Assessed               | Taxable             |
| CLASS 1 Net Proceeds                             |         | \$481,839              | \$481,839           |         | \$478,834              | \$478,834           |
| CLASS 2 Gross Proceeds                           |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 3 Agricultural Land:                       |         |                        |                     |         |                        |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 73,580  | \$31,683,544           | \$804,569           | 73,531  | \$31,737,312           | \$783,751           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 37,619  | \$6,565,266            | \$166,766           | 37,139  | \$6,528,223            | \$161,250           |
| Grazing (2.72%, 2.63%)                           | 508,564 | \$26,324,932           | \$661,745           | 509,174 | \$27,462,889           | \$671,429           |
| Wild Hay (2.72%, 2.63%)                          | 13,109  | \$4,669,504            | \$118,599           | 13,120  | \$4,575,322            | \$113,012           |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 30,127  | \$1,711,058            | \$304,305           | 29,728  | \$1,751,590            | \$302,910           |
| Eligible Mining Claims (2.72%, 2.63%)            | 0       | \$0                    | \$0                 | 0       | \$0                    | \$0                 |
| Class 3 Subtotal                                 | 662,999 | \$70,954,304           | \$2,055,984         | 662,691 | \$72,055,336           | \$2,032,352         |
| CLASS 4 Land and Improvements:                   |         |                        |                     |         |                        |                     |
| Residential (2.72%, 2.63%)                       |         | \$601,237,900          | \$15,270,715        |         | \$639,601,766          | \$15,796,675        |
| Residential Low Income (varies)                  |         | \$14,097,538           | \$137,077           |         | \$14,766,505           | \$132,495           |
| Mobile Homes (2.72%, 2.63%)                      |         | \$6,288,946            | \$159,441           |         | \$6,241,277            | \$154,157           |
| Mobile Homes Low Income (varies)                 |         | \$356,638              | \$2,044             |         | \$349,942              | \$1,900             |
| Commercial (2.72%, 2.63%)                        |         | \$171,223,383          | \$4,349,080         |         | \$179,688,198          | \$4,438,287         |
| Industrial (2.72%, 2.63%)                        |         | \$1,568,578            | \$39,842            |         | \$1,742,607            | \$43,042            |
| New Manufacturing (varies)                       |         | \$12,058,443           | \$173,116           |         | \$13,206,473           | \$192,926           |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$1,851,099            | \$23,509            |         | \$1,958,487            | \$24,286            |
| Remodeled Commercial (varies)                    |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |         | \$8,758,160            | \$156,352           |         | \$6,990,398            | \$123,089           |
| Class 4 Subtotal                                 |         | \$817,440,685          | \$20,311,176        |         | \$864,545,653          | \$20,906,857        |
| CLASS 5                                          |         |                        |                     |         |                        |                     |
| Rural Electric and Telephone Co-Op (3%)          |         | \$11,780,546           | \$353,419           |         | \$11,454,267           | \$343,642           |
| Qualified New Industrial (3%)                    |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Pollution Control (3%)                           |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Gasohol Related (3%)                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Research and Development (0%-3%)                 |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 5 Subtotal                                 |         | \$11,780,546           | \$353,419           |         | \$11,454,267           | \$343,642           |
| CLASS 7                                          |         |                        |                     |         |                        |                     |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 8                                          |         |                        |                     |         |                        |                     |
| Machinery (3%, 2% and 3%)                        |         | \$27,063,281           | \$499,549           |         | \$21,762,749           | \$260,482           |
| Farm Implements (3%, 2% and 3%)                  |         | \$16,788,424           | \$336,495           |         | \$10,633,844           | \$98,554            |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$3,543,412            | \$74,344            |         | \$2,902,104            | \$29,831            |
| Other Business Equipment (3%, 2% and 3%)         |         | \$4,418,375            | \$92,727            |         | \$2,844,784            | \$36,650            |
| Class 8 Subtotal                                 |         | \$51,813,492           | \$1,003,115         |         | \$38,143,481           | \$425,517           |
| CLASS 9                                          |         |                        |                     |         |                        |                     |
| Utilities (12%)                                  |         | \$89,464,352           | \$10,735,716        |         | \$93,449,468           | \$11,213,923        |
| CLASS 10                                         |         |                        |                     |         |                        |                     |
| Timber Land (0.32%, 0.31%)                       | 7,002   | \$1,339,648            | \$4,021             | 7,012   | \$1,353,608            | \$3,925             |
| CLASS 12                                         |         |                        |                     |         |                        |                     |
| Railroads (3.45%, 3.45%)                         |         | \$25,283,184           | \$857,100           |         | \$24,158,888           | \$792,412           |
| Airlines (3.45%, 3.45%)                          |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 12 Subtotal                                |         | \$25,283,184           | \$857,100           |         | \$24,158,888           | \$792,412           |
| CLASS 13                                         |         |                        |                     |         |                        |                     |
| Electrical Generation Property (6%)              |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Telecommunication Property (6%)                  |         | \$13,564,084           | \$813,848           |         | \$10,760,619           | \$645,639           |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 13 Subtotal                                |         | \$13,564,084           | \$813,848           |         | \$10,760,619           | \$645,639           |
| CLASS 14                                         |         |                        |                     |         |                        |                     |
| Wind Generation (3%)                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Wind Generation New & Exp (varies)               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 14 Subtotal                                |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 15                                         |         |                        |                     |         |                        |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| <b>Total</b>                                     |         | <b>\$1,082,122,134</b> | <b>\$36,616,218</b> |         | <b>\$1,116,400,154</b> | <b>\$36,843,101</b> |

# Property Taxes Paid By County

## Carter County



|                                                 | TY 2013   |                      |                     | TY 2014   |                      |                     |
|-------------------------------------------------|-----------|----------------------|---------------------|-----------|----------------------|---------------------|
|                                                 | Acres     | Assessed             | Taxable             | Acres     | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                          |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                      |           |                      |                     |           |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 125       | \$82,592             | \$2,097             | 125       | \$82,592             | \$2,040             |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 107,284   | \$17,855,248         | \$453,276           | 107,283   | \$17,889,274         | \$441,622           |
| Grazing (2.72%, 2.63%)                          | 1,184,760 | \$52,271,283         | \$1,340,446         | 1,185,306 | \$53,470,470         | \$1,333,486         |
| Wild Hay (2.72%, 2.63%)                         | 86,468    | \$22,802,082         | \$579,178           | 86,799    | \$22,824,330         | \$563,768           |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 2,149     | \$120,083            | \$21,352            | 2,149     | \$129,013            | \$22,310            |
| Eligible Mining Claims (2.72%, 2.63%)           | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| Class 3 Subtotal                                | 1,380,786 | \$93,131,288         | \$2,396,349         | 1,381,663 | \$94,395,679         | \$2,363,226         |
| CLASS 4 Land and Improvements:                  |           |                      |                     |           |                      |                     |
| Residential (2.72%, 2.63%)                      |           | \$6,248,319          | \$158,651           |           | \$6,554,697          | \$161,982           |
| Residential Low Income (varies)                 |           | \$192,958            | \$1,849             |           | \$119,232            | \$1,189             |
| Mobile Homes (2.72%, 2.63%)                     |           | \$2,119,879          | \$53,840            |           | \$2,338,047          | \$57,750            |
| Mobile Homes Low Income (varies)                |           | \$8,766              | \$45                |           | \$6,742              | \$33                |
| Commercial (2.72%, 2.63%)                       |           | \$16,070,440         | \$408,184           |           | \$16,992,442         | \$419,719           |
| Industrial (2.72%, 2.63%)                       |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| New Manufacturing (varies)                      |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Qualified Golf Courses (1.36%, 1.32%)           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Remodeled Commercial (varies)                   |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 4 Subtotal                                |           | \$24,640,362         | \$622,569           |           | \$26,011,160         | \$640,673           |
| CLASS 5                                         |           |                      |                     |           |                      |                     |
| Rural Electric and Telephone Co-Op (3%)         |           | \$6,359,000          | \$190,773           |           | \$6,912,220          | \$207,367           |
| Qualified New Industrial (3%)                   |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Pollution Control (3%)                          |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Gasohol Related (3%)                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Research and Development (0%-3%)                |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 5 Subtotal                                |           | \$6,359,000          | \$190,773           |           | \$6,912,220          | \$207,367           |
| CLASS 7                                         |           |                      |                     |           |                      |                     |
| Non-Centrally Assessed Public Util. (8%)        |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 8                                         |           |                      |                     |           |                      |                     |
| Machinery (3%, 2% and 3%)                       |           | \$6,454,638          | \$134,759           |           | \$3,775,150          | \$50,115            |
| Farm Implements (3%, 2% and 3%)                 |           | \$20,149,945         | \$403,942           |           | \$16,428,213         | \$137,767           |
| Furniture and Fixtures (3%, 2% and 3%)          |           | \$154,606            | \$3,108             |           | \$91,237             | \$1,412             |
| Other Business Equipment (3%, 2% and 3%)        |           | \$1,114,676          | \$22,295            |           | \$1,619,182          | \$18,978            |
| Class 8 Subtotal                                |           | \$27,873,865         | \$564,104           |           | \$21,913,782         | \$208,272           |
| CLASS 9                                         |           |                      |                     |           |                      |                     |
| Utilities (12%)                                 |           | \$248,243,891        | \$29,789,267        |           | \$285,078,765        | \$34,209,452        |
| CLASS 10                                        |           |                      |                     |           |                      |                     |
| Timber Land (0.32%, 0.31%)                      | 10,592    | \$1,959,584          | \$5,871             | 10,593    | \$1,973,584          | \$5,717             |
| CLASS 12                                        |           |                      |                     |           |                      |                     |
| Railroads (3.45%, 3.45%)                        |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Airlines (3.45%, 3.45%)                         |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 12 Subtotal                               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 13                                        |           |                      |                     |           |                      |                     |
| Electrical Generation Property (6%)             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Telecommunication Property (6%)                 |           | \$368,153            | \$22,090            |           | \$486,772            | \$29,208            |
| Elect Gen/Tele Real Prop New & Exp              |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 13 Subtotal                               |           | \$368,153            | \$22,090            |           | \$486,772            | \$29,208            |
| CLASS 14                                        |           |                      |                     |           |                      |                     |
| Wind Generation (3%)                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)              |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 14 Subtotal                               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 15                                        |           |                      |                     |           |                      |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| <b>Total</b>                                    |           | <b>\$402,576,143</b> | <b>\$33,591,023</b> |           | <b>\$436,771,962</b> | <b>\$37,663,915</b> |

# Property Taxes Paid By County

## Cascade County



|                                                 | TY 2013   |                        |                      | TY 2014   |                        |                      |
|-------------------------------------------------|-----------|------------------------|----------------------|-----------|------------------------|----------------------|
|                                                 | Acres     | Assessed               | Taxable              | Acres     | Assessed               | Taxable              |
| CLASS 1 Net Proceeds                            |           | \$0                    | \$0                  |           | \$0                    | \$0                  |
| CLASS 2 Gross Proceeds                          |           | \$0                    | \$0                  |           | \$0                    | \$0                  |
| CLASS 3 Agricultural Land:                      |           |                        |                      |           |                        |                      |
| Tillable Irrigated (2.72%, 2.63%)               | 42,091    | \$17,928,722           | \$455,122            | 41,988    | \$17,909,181           | \$442,086            |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 341,636   | \$71,796,801           | \$1,821,988          | 339,826   | \$71,929,715           | \$1,774,997          |
| Grazing (2.72%, 2.63%)                          | 783,231   | \$52,923,813           | \$1,335,500          | 781,660   | \$54,985,987           | \$1,349,435          |
| Wild Hay (2.72%, 2.63%)                         | 57,391    | \$21,358,822           | \$542,502            | 57,392    | \$21,421,760           | \$529,090            |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 42,987    | \$2,483,389            | \$441,617            | 43,037    | \$2,563,016            | \$443,210            |
| Eligible Mining Claims (2.72%, 2.63%)           | 310       | \$22,798               | \$581                | 310       | \$23,556               | \$585                |
| Class 3 Subtotal                                | 1,267,646 | \$166,514,345          | \$4,597,310          | 1,264,213 | \$168,833,215          | \$4,539,403          |
| CLASS 4 Land and Improvements:                  |           |                        |                      |           |                        |                      |
| Residential (2.72%, 2.63%)                      |           | \$2,041,041,314        | \$51,816,724         |           | \$2,101,614,511        | \$51,888,725         |
| Residential Low Income (varies)                 |           | \$80,882,730           | \$772,639            |           | \$86,779,423           | \$781,006            |
| Mobile Homes (2.72%, 2.63%)                     |           | \$24,724,783           | \$626,399            |           | \$24,479,848           | \$603,795            |
| Mobile Homes Low Income (varies)                |           | \$2,760,724            | \$23,331             |           | \$2,697,446            | \$21,703             |
| Commercial (2.72%, 2.63%)                       |           | \$1,139,560,345        | \$28,924,424         |           | \$1,180,438,691        | \$29,156,878         |
| Industrial (2.72%, 2.63%)                       |           | \$14,168,143           | \$359,871            |           | \$14,747,606           | \$364,268            |
| New Manufacturing (varies)                      |           | \$64,053,211           | \$1,578,725          |           | \$74,801,770           | \$1,794,791          |
| Qualified Golf Courses (1.36%, 1.32%)           |           | \$5,521,210            | \$70,120             |           | \$4,365,715            | \$54,134             |
| Remodeled Commercial (varies)                   |           | \$5,009,455            | \$87,091             |           | \$3,941,031            | \$76,680             |
| Extended Prop Tax Relief Program (Res Only)     |           | \$652,803              | \$11,565             |           | \$772,675              | \$12,791             |
| Class 4 Subtotal                                |           | \$3,378,374,718        | \$84,270,889         |           | \$3,494,638,716        | \$84,754,771         |
| CLASS 5                                         |           |                        |                      |           |                        |                      |
| Rural Electric and Telephone Co-Op (3%)         |           | \$36,624,966           | \$1,098,746          |           | \$38,027,816           | \$1,140,835          |
| Qualified New Industrial (3%)                   |           | \$0                    | \$0                  |           | \$0                    | \$0                  |
| Pollution Control (3%)                          |           | \$3,073,384            | \$92,202             |           | \$3,043,552            | \$91,307             |
| Gasohol Related (3%)                            |           | \$0                    | \$0                  |           | \$0                    | \$0                  |
| Research and Development (0%-3%)                |           | \$0                    | \$0                  |           | \$0                    | \$0                  |
| Aluminum Electrolytic Equipment (3%)            |           | \$0                    | \$0                  |           | \$0                    | \$0                  |
| Class 5 Subtotal                                |           | \$39,698,350           | \$1,190,948          |           | \$41,071,368           | \$1,232,142          |
| CLASS 7                                         |           |                        |                      |           |                        |                      |
| Non-Centrally Assessed Public Util. (8%)        |           | \$14,907,035           | \$1,192,561          |           | \$14,773,362           | \$1,181,868          |
| CLASS 8                                         |           |                        |                      |           |                        |                      |
| Machinery (3%, 2% and 3%)                       |           | \$152,360,941          | \$4,019,915          |           | \$166,729,059          | \$3,739,820          |
| Farm Implements (3%, 2% and 3%)                 |           | \$25,413,650           | \$523,246            |           | \$19,635,177           | \$214,992            |
| Furniture and Fixtures (3%, 2% and 3%)          |           | \$92,442,292           | \$2,007,023          |           | \$80,103,039           | \$1,050,548          |
| Other Business Equipment (3%, 2% and 3%)        |           | \$13,810,119           | \$298,703            |           | \$13,064,314           | \$175,689            |
| Class 8 Subtotal                                |           | \$284,027,002          | \$6,848,887          |           | \$279,531,589          | \$5,181,050          |
| CLASS 9                                         |           |                        |                      |           |                        |                      |
| Utilities (12%)                                 |           | \$107,353,176          | \$12,882,366         |           | \$108,577,400          | \$13,029,279         |
| CLASS 10                                        |           |                        |                      |           |                        |                      |
| Timber Land (0.32%, 0.31%)                      | 71,986    | \$19,784,763           | \$59,361             | 72,032    | \$19,782,043           | \$57,363             |
| CLASS 12                                        |           |                        |                      |           |                        |                      |
| Railroads (3.45%, 3.45%)                        |           | \$76,227,909           | \$2,584,125          |           | \$74,624,971           | \$2,447,697          |
| Airlines (3.45%, 3.45%)                         |           | \$29,458,034           | \$998,629            |           | \$28,565,827           | \$936,959            |
| Class 12 Subtotal                               |           | \$105,685,943          | \$3,582,754          |           | \$103,190,798          | \$3,384,656          |
| CLASS 13                                        |           |                        |                      |           |                        |                      |
| Electrical Generation Property (6%)             |           | \$260,347,788          | \$15,620,870         |           | \$262,649,325          | \$15,758,955         |
| Telecommunication Property (6%)                 |           | \$76,998,779           | \$4,619,926          |           | \$59,521,407           | \$3,571,282          |
| Elect Gen/Tele Real Prop New & Exp              |           | \$10,875,492           | \$391,518            |           | \$7,118,000            | \$298,956            |
| Class 13 Subtotal                               |           | \$348,222,059          | \$20,632,314         |           | \$329,288,732          | \$19,629,193         |
| CLASS 14                                        |           |                        |                      |           |                        |                      |
| Wind Generation (3%)                            |           | \$0                    | \$0                  |           | \$0                    | \$0                  |
| Wind Generation New & Exp (varies)              |           | \$17,442,596           | \$261,639            |           | \$19,122,625           | \$286,840            |
| Class 14 Subtotal                               |           | \$17,442,596           | \$261,639            |           | \$19,122,625           | \$286,840            |
| CLASS 15                                        |           |                        |                      |           |                        |                      |
| Carbon Dioxide and Liquid Pipline Property (3%) |           | \$0                    | \$0                  |           | \$0                    | \$0                  |
| <b>Total</b>                                    |           | <b>\$4,482,009,987</b> | <b>\$135,519,029</b> |           | <b>\$4,580,983,229</b> | <b>\$133,276,565</b> |

# Property Taxes Paid By County

## Chouteau County



|                                                 | TY 2013   |                      |                     | TY 2014   |                      |                     |
|-------------------------------------------------|-----------|----------------------|---------------------|-----------|----------------------|---------------------|
|                                                 | Acres     | Assessed             | Taxable             | Acres     | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                          |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                      |           |                      |                     |           |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 9,545     | \$4,134,118          | \$105,011           | 9,363     | \$4,207,062          | \$103,915           |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 1,197,759 | \$239,514,868        | \$6,083,883         | 1,197,812 | \$240,182,837        | \$5,932,795         |
| Grazing (2.72%, 2.63%)                          | 801,653   | \$45,030,107         | \$1,139,659         | 803,637   | \$46,595,368         | \$1,146,836         |
| Wild Hay (2.72%, 2.63%)                         | 23,847    | \$10,479,909         | \$266,181           | 23,932    | \$10,500,045         | \$259,341           |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 4,307     | \$259,789            | \$46,200            | 4,649     | \$288,342            | \$49,868            |
| Eligible Mining Claims (2.72%, 2.63%)           | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| Class 3 Subtotal                                | 2,037,110 | \$299,418,791        | \$7,640,934         | 2,039,393 | \$301,773,654        | \$7,492,755         |
| CLASS 4 Land and Improvements:                  |           |                      |                     |           |                      |                     |
| Residential (2.72%, 2.63%)                      |           | \$56,678,149         | \$1,439,562         |           | \$58,617,318         | \$1,447,996         |
| Residential Low Income (varies)                 |           | \$2,446,391          | \$31,727            |           | \$2,349,400          | \$25,545            |
| Mobile Homes (2.72%, 2.63%)                     |           | \$1,816,554          | \$46,144            |           | \$1,976,022          | \$48,814            |
| Mobile Homes Low Income (varies)                |           | \$14,376             | \$256               |           | \$18,124             | \$282               |
| Commercial (2.72%, 2.63%)                       |           | \$80,366,507         | \$2,041,328         |           | \$82,734,717         | \$2,043,549         |
| Industrial (2.72%, 2.63%)                       |           | \$386,464            | \$9,815             |           | \$490,541            | \$12,116            |
| New Manufacturing (varies)                      |           | \$11,510,562         | \$230,105           |           | \$20,183,763         | \$409,732           |
| Qualified Golf Courses (1.36%, 1.32%)           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Remodeled Commercial (varies)                   |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 4 Subtotal                                |           | \$153,219,003        | \$3,798,937         |           | \$166,369,885        | \$3,988,034         |
| CLASS 5                                         |           |                      |                     |           |                      |                     |
| Rural Electric and Telephone Co-Op (3%)         |           | \$21,579,688         | \$647,388           |           | \$21,546,676         | \$646,405           |
| Qualified New Industrial (3%)                   |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Pollution Control (3%)                          |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Gasohol Related (3%)                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Research and Development (0%-3%)                |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 5 Subtotal                                |           | \$21,579,688         | \$647,388           |           | \$21,546,676         | \$646,405           |
| CLASS 7                                         |           |                      |                     |           |                      |                     |
| Non-Centrally Assessed Public Util. (8%)        |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 8                                         |           |                      |                     |           |                      |                     |
| Machinery (3%, 2% and 3%)                       |           | \$25,621,037         | \$694,182           |           | \$5,588,996          | \$73,395            |
| Farm Implements (3%, 2% and 3%)                 |           | \$72,355,842         | \$1,460,959         |           | \$67,208,699         | \$727,714           |
| Furniture and Fixtures (3%, 2% and 3%)          |           | \$1,585,832          | \$35,709            |           | \$930,437            | \$12,636            |
| Other Business Equipment (3%, 2% and 3%)        |           | \$4,197,295          | \$102,362           |           | \$3,707,156          | \$46,358            |
| Class 8 Subtotal                                |           | \$103,760,006        | \$2,293,213         |           | \$77,435,288         | \$860,103           |
| CLASS 9                                         |           |                      |                     |           |                      |                     |
| Utilities (12%)                                 |           | \$44,686,257         | \$5,362,334         |           | \$48,027,371         | \$5,763,263         |
| CLASS 10                                        |           |                      |                     |           |                      |                     |
| Timber Land (0.32%, 0.31%)                      | 20,243    | \$7,797,353          | \$23,380            | 20,286    | \$7,802,070          | \$22,613            |
| CLASS 12                                        |           |                      |                     |           |                      |                     |
| Railroads (3.45%, 3.45%)                        |           | \$18,526,097         | \$628,035           |           | \$17,821,778         | \$584,553           |
| Airlines (3.45%, 3.45%)                         |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 12 Subtotal                               |           | \$18,526,097         | \$628,035           |           | \$17,821,778         | \$584,553           |
| CLASS 13                                        |           |                      |                     |           |                      |                     |
| Electrical Generation Property (6%)             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Telecommunication Property (6%)                 |           | \$11,396,658         | \$683,802           |           | \$11,152,990         | \$669,182           |
| Elect Gen/Tele Real Prop New & Exp              |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 13 Subtotal                               |           | \$11,396,658         | \$683,802           |           | \$11,152,990         | \$669,182           |
| CLASS 14                                        |           |                      |                     |           |                      |                     |
| Wind Generation (3%)                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)              |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 14 Subtotal                               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 15                                        |           |                      |                     |           |                      |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| <b>Total</b>                                    |           | <b>\$660,383,853</b> | <b>\$21,078,023</b> |           | <b>\$651,929,712</b> | <b>\$20,026,908</b> |

# Property Taxes Paid By County

## Custer County



|                                                  | TY 2013   |                      |                     | TY 2014   |                      |                     |
|--------------------------------------------------|-----------|----------------------|---------------------|-----------|----------------------|---------------------|
|                                                  | Acres     | Assessed             | Taxable             | Acres     | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                       |           |                      |                     |           |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 30,312    | \$15,791,538         | \$401,076           | 30,246    | \$15,808,873         | \$390,452           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 81,156    | \$14,264,289         | \$362,327           | 81,155    | \$14,304,536         | \$353,318           |
| Grazing (2.72%, 2.63%)                           | 1,644,150 | \$83,007,686         | \$2,064,232         | 1,643,982 | \$87,206,712         | \$2,109,908         |
| Wild Hay (2.72%, 2.63%)                          | 33,184    | \$5,474,052          | \$139,027           | 33,225    | \$5,490,617          | \$135,617           |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 20,773    | \$1,163,187          | \$206,803           | 20,616    | \$1,196,366          | \$206,888           |
| Eligible Mining Claims (2.72%, 2.63%)            | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| Class 3 Subtotal                                 | 1,809,576 | \$119,700,752        | \$3,173,465         | 1,809,225 | \$124,007,104        | \$3,196,183         |
| CLASS 4 Land and Improvements:                   |           |                      |                     |           |                      |                     |
| Residential (2.72%, 2.63%)                       |           | \$189,704,525        | \$4,818,106         |           | \$195,691,378        | \$4,833,751         |
| Residential Low Income (varies)                  |           | \$6,536,931          | \$53,632            |           | \$7,097,225          | \$58,898            |
| Mobile Homes (2.72%, 2.63%)                      |           | \$5,812,512          | \$147,622           |           | \$5,707,227          | \$140,970           |
| Mobile Homes Low Income (varies)                 |           | \$284,642            | \$2,448             |           | \$300,865            | \$2,177             |
| Commercial (2.72%, 2.63%)                        |           | \$118,107,721        | \$2,992,512         |           | \$127,484,816        | \$3,145,194         |
| Industrial (2.72%, 2.63%)                        |           | \$1,245,128          | \$31,627            |           | \$1,347,514          | \$33,284            |
| New Manufacturing (varies)                       |           | \$11,428,739         | \$290,289           |           | \$12,546,591         | \$309,897           |
| Qualified Golf Courses (1.36%, 1.32%)            |           | \$855,897            | \$10,870            |           | \$862,786            | \$10,698            |
| Remodeled Commercial (varies)                    |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |           | \$52,264             | \$1,244             |           | \$55,703             | \$1,292             |
| Class 4 Subtotal                                 |           | \$334,028,359        | \$8,348,350         |           | \$351,094,105        | \$8,536,161         |
| CLASS 5                                          |           |                      |                     |           |                      |                     |
| Rural Electric and Telephone Co-Op (3%)          |           | \$12,390,178         | \$371,707           |           | \$13,119,244         | \$393,576           |
| Qualified New Industrial (3%)                    |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Pollution Control (3%)                           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Gasohol Related (3%)                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Research and Development (0%-3%)                 |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 5 Subtotal                                 |           | \$12,390,178         | \$371,707           |           | \$13,119,244         | \$393,576           |
| CLASS 7                                          |           |                      |                     |           |                      |                     |
| Non-Centrally Assessed Public Util. (8%)         |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 8                                          |           |                      |                     |           |                      |                     |
| Machinery (3%, 2% and 3%)                        |           | \$11,676,605         | \$253,984           |           | \$12,696,706         | \$177,390           |
| Farm Implements (3%, 2% and 3%)                  |           | \$15,217,696         | \$306,183           |           | \$11,924,526         | \$100,592           |
| Furniture and Fixtures (3%, 2% and 3%)           |           | \$11,546,961         | \$263,491           |           | \$11,422,803         | \$188,271           |
| Other Business Equipment (3%, 2% and 3%)         |           | \$4,139,117          | \$90,523            |           | \$4,550,842          | \$60,910            |
| Class 8 Subtotal                                 |           | \$42,580,379         | \$914,181           |           | \$40,594,877         | \$527,163           |
| CLASS 9                                          |           |                      |                     |           |                      |                     |
| Utilities (12%)                                  |           | \$17,773,105         | \$2,132,772         |           | \$17,771,165         | \$2,132,540         |
| CLASS 10                                         |           |                      |                     |           |                      |                     |
| Timber Land (0.32%, 0.31%)                       | 31,725    | \$5,519,028          | \$16,560            | 31,725    | \$5,516,976          | \$15,991            |
| CLASS 12                                         |           |                      |                     |           |                      |                     |
| Railroads (3.45%, 3.45%)                         |           | \$40,164,703         | \$1,361,580         |           | \$38,796,032         | \$1,272,509         |
| Airlines (3.45%, 3.45%)                          |           | \$762,129            | \$25,836            |           | \$105,555            | \$3,463             |
| Class 12 Subtotal                                |           | \$40,926,832         | \$1,387,416         |           | \$38,901,587         | \$1,275,972         |
| CLASS 13                                         |           |                      |                     |           |                      |                     |
| Electrical Generation Property (6%)              |           | \$1,507,266          | \$90,436            |           | \$1,586,026          | \$95,161            |
| Telecommunication Property (6%)                  |           | \$8,085,717          | \$485,143           |           | \$6,605,661          | \$396,339           |
| Elect Gen/Tele Real Prop New & Exp               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 13 Subtotal                                |           | \$9,592,983          | \$575,579           |           | \$8,191,687          | \$491,500           |
| CLASS 14                                         |           |                      |                     |           |                      |                     |
| Wind Generation (3%)                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 14 Subtotal                                |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 15                                         |           |                      |                     |           |                      |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| <b>Total</b>                                     |           | <b>\$582,511,616</b> | <b>\$16,920,030</b> |           | <b>\$599,196,745</b> | <b>\$16,569,086</b> |

# Property Taxes Paid By County

## Daniels County



|                                                  | TY 2013 |                      |                    | TY 2014 |                      |                    |
|--------------------------------------------------|---------|----------------------|--------------------|---------|----------------------|--------------------|
|                                                  | Acres   | Assessed             | Taxable            | Acres   | Assessed             | Taxable            |
| CLASS 1 Net Proceeds                             |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 2 Gross Proceeds                           |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 3 Agricultural Land:                       |         |                      |                    |         |                      |                    |
| Tillable Irrigated (2.72%, 2.63%)                | 608     | \$250,240            | \$6,353            | 608     | \$250,329            | \$6,181            |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 436,266 | \$90,427,989         | \$2,286,879        | 441,450 | \$89,655,730         | \$2,204,507        |
| Grazing (2.72%, 2.63%)                           | 206,896 | \$9,892,672          | \$252,014          | 209,892 | \$10,361,753         | \$256,659          |
| Wild Hay (2.72%, 2.63%)                          | 5,899   | \$1,958,099          | \$49,736           | 5,894   | \$2,064,523          | \$50,996           |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 2,117   | \$121,951            | \$21,687           | 2,242   | \$131,584            | \$22,756           |
| Eligible Mining Claims (2.72%, 2.63%)            | 0       | \$0                  | \$0                | 0       | \$0                  | \$0                |
| Class 3 Subtotal                                 | 651,786 | \$102,650,951        | \$2,616,669        | 660,086 | \$102,463,919        | \$2,541,099        |
| CLASS 4 Land and Improvements:                   |         |                      |                    |         |                      |                    |
| Residential (2.72%, 2.63%)                       |         | \$19,546,891         | \$496,491          |         | \$20,437,095         | \$504,882          |
| Residential Low Income (varies)                  |         | \$265,546            | \$3,136            |         | \$295,045            | \$2,729            |
| Mobile Homes (2.72%, 2.63%)                      |         | \$516,762            | \$13,124           |         | \$540,407            | \$13,350           |
| Mobile Homes Low Income (varies)                 |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Commercial (2.72%, 2.63%)                        |         | \$23,434,591         | \$595,243          |         | \$24,081,200         | \$594,812          |
| Industrial (2.72%, 2.63%)                        |         | \$27,945             | \$710              |         | \$28,256             | \$698              |
| New Manufacturing (varies)                       |         | \$992,649            | \$25,213           |         | \$983,288            | \$24,287           |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$88,713             | \$1,127            |         | \$90,283             | \$1,119            |
| Remodeled Commercial (varies)                    |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Extended Prop Tax Relief Program (Res Only)      |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 4 Subtotal                                 |         | \$44,873,097         | \$1,135,044        |         | \$46,455,574         | \$1,141,877        |
| CLASS 5                                          |         |                      |                    |         |                      |                    |
| Rural Electric and Telephone Co-Op (3%)          |         | \$12,145,111         | \$364,354          |         | \$13,181,038         | \$395,428          |
| Qualified New Industrial (3%)                    |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Pollution Control (3%)                           |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Gasohol Related (3%)                             |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Research and Development (0%-3%)                 |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 5 Subtotal                                 |         | \$12,145,111         | \$364,354          |         | \$13,181,038         | \$395,428          |
| CLASS 7                                          |         |                      |                    |         |                      |                    |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 8                                          |         |                      |                    |         |                      |                    |
| Machinery (3%, 2% and 3%)                        |         | \$2,462,772          | \$49,824           |         | \$2,010,195          | \$20,860           |
| Farm Implements (3%, 2% and 3%)                  |         | \$36,103,882         | \$722,367          |         | \$37,541,092         | \$425,605          |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$842,694            | \$16,878           |         | \$597,506            | \$7,654            |
| Other Business Equipment (3%, 2% and 3%)         |         | \$3,726,753          | \$85,908           |         | \$407,269            | \$2,826            |
| Class 8 Subtotal                                 |         | \$43,136,101         | \$874,977          |         | \$40,556,062         | \$456,945          |
| CLASS 9                                          |         |                      |                    |         |                      |                    |
| Utilities (12%)                                  |         | \$911,390            | \$109,368          |         | \$1,018,753          | \$122,250          |
| CLASS 10                                         |         |                      |                    |         |                      |                    |
| Timber Land (0.32%, 0.31%)                       | 0       | \$0                  | \$0                | 0       | \$0                  | \$0                |
| CLASS 12                                         |         |                      |                    |         |                      |                    |
| Railroads (3.45%, 3.45%)                         |         | \$1,800,121          | \$61,024           |         | \$10,388,115         | \$340,731          |
| Airlines (3.45%, 3.45%)                          |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 12 Subtotal                                |         | \$1,800,121          | \$61,024           |         | \$10,388,115         | \$340,731          |
| CLASS 13                                         |         |                      |                    |         |                      |                    |
| Electrical Generation Property (6%)              |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Telecommunication Property (6%)                  |         | \$6,466,882          | \$388,013          |         | \$8,308,912          | \$498,528          |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 13 Subtotal                                |         | \$6,466,882          | \$388,013          |         | \$8,308,912          | \$498,528          |
| CLASS 14                                         |         |                      |                    |         |                      |                    |
| Wind Generation (3%)                             |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Wind Generation New & Exp (varies)               |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 14 Subtotal                                |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 15                                         |         |                      |                    |         |                      |                    |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                  | \$0                |         | \$0                  | \$0                |
| <b>Total</b>                                     |         | <b>\$211,983,653</b> | <b>\$5,549,449</b> |         | <b>\$222,372,373</b> | <b>\$5,496,858</b> |

# Property Taxes Paid By County

## Dawson County



|                                                  | TY 2013   |                      |                     | TY 2014   |                      |                     |
|--------------------------------------------------|-----------|----------------------|---------------------|-----------|----------------------|---------------------|
|                                                  | Acres     | Assessed             | Taxable             | Acres     | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                       |           |                      |                     |           |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 19,305    | \$9,216,003          | \$234,073           | 19,354    | \$9,215,554          | \$227,612           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 384,487   | \$85,768,066         | \$2,178,059         | 383,806   | \$86,013,160         | \$2,124,052         |
| Grazing (2.72%, 2.63%)                           | 911,551   | \$43,454,200         | \$1,104,319         | 911,038   | \$44,797,097         | \$1,107,070         |
| Wild Hay (2.72%, 2.63%)                          | 11,322    | \$3,128,290          | \$79,456            | 11,305    | \$3,126,280          | \$77,208            |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 5,824     | \$339,765            | \$60,420            | 6,084     | \$359,913            | \$62,235            |
| Eligible Mining Claims (2.72%, 2.63%)            | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| Class 3 Subtotal                                 | 1,332,488 | \$141,906,324        | \$3,656,327         | 1,331,587 | \$143,512,004        | \$3,598,177         |
| CLASS 4 Land and Improvements:                   |           |                      |                     |           |                      |                     |
| Residential (2.72%, 2.63%)                       |           | \$127,988,578        | \$3,248,904         |           | \$134,082,002        | \$3,311,715         |
| Residential Low Income (varies)                  |           | \$3,078,769          | \$30,101            |           | \$3,546,362          | \$30,888            |
| Mobile Homes (2.72%, 2.63%)                      |           | \$4,344,366          | \$110,351           |           | \$4,726,119          | \$116,729           |
| Mobile Homes Low Income (varies)                 |           | \$72,452             | \$531               |           | \$73,217             | \$545               |
| Commercial (2.72%, 2.63%)                        |           | \$64,475,955         | \$1,637,698         |           | \$76,227,840         | \$1,882,832         |
| Industrial (2.72%, 2.63%)                        |           | \$350,494            | \$8,899             |           | \$183,097            | \$4,521             |
| New Manufacturing (varies)                       |           | \$11,011,746         | \$279,696           |           | \$11,315,358         | \$279,487           |
| Qualified Golf Courses (1.36%, 1.32%)            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Remodeled Commercial (varies)                    |           | \$452,915            | \$11,504            |           | \$471,000            | \$11,634            |
| Extended Prop Tax Relief Program (Res Only)      |           | \$751,194            | \$15,036            |           | \$752,070            | \$14,243            |
| Class 4 Subtotal                                 |           | \$212,526,469        | \$5,342,720         |           | \$231,377,065        | \$5,652,594         |
| CLASS 5                                          |           |                      |                     |           |                      |                     |
| Rural Electric and Telephone Co-Op (3%)          |           | \$16,420,250         | \$492,610           |           | \$16,612,112         | \$498,359           |
| Qualified New Industrial (3%)                    |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Pollution Control (3%)                           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Gasohol Related (3%)                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Research and Development (0%-3%)                 |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 5 Subtotal                                 |           | \$16,420,250         | \$492,610           |           | \$16,612,112         | \$498,359           |
| CLASS 7                                          |           |                      |                     |           |                      |                     |
| Non-Centrally Assessed Public Util. (8%)         |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 8                                          |           |                      |                     |           |                      |                     |
| Machinery (3%, 2% and 3%)                        |           | \$15,434,758         | \$390,769           |           | \$21,201,305         | \$419,637           |
| Farm Implements (3%, 2% and 3%)                  |           | \$32,116,879         | \$644,405           |           | \$30,092,300         | \$302,878           |
| Furniture and Fixtures (3%, 2% and 3%)           |           | \$5,693,824          | \$130,952           |           | \$4,778,545          | \$73,711            |
| Other Business Equipment (3%, 2% and 3%)         |           | \$13,683,359         | \$345,794           |           | \$13,486,630         | \$262,065           |
| Class 8 Subtotal                                 |           | \$66,928,820         | \$1,511,920         |           | \$69,558,780         | \$1,058,291         |
| CLASS 9                                          |           |                      |                     |           |                      |                     |
| Utilities (12%)                                  |           | \$46,952,048         | \$5,596,714         |           | \$46,660,385         | \$5,599,240         |
| CLASS 10                                         |           |                      |                     |           |                      |                     |
| Timber Land (0.32%, 0.31%)                       | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| CLASS 12                                         |           |                      |                     |           |                      |                     |
| Railroads (3.45%, 3.45%)                         |           | \$84,884,370         | \$2,877,581         |           | \$83,328,564         | \$2,733,173         |
| Airlines (3.45%, 3.45%)                          |           | \$432,113            | \$14,648            |           | \$122,393            | \$3,905             |
| Class 12 Subtotal                                |           | \$85,316,483         | \$2,892,229         |           | \$83,450,957         | \$2,737,078         |
| CLASS 13                                         |           |                      |                     |           |                      |                     |
| Electrical Generation Property (6%)              |           | \$12,700,932         | \$762,057           |           | \$12,705,417         | \$762,325           |
| Telecommunication Property (6%)                  |           | \$7,277,912          | \$436,674           |           | \$5,298,892          | \$317,931           |
| Elect Gen/Tele Real Prop New & Exp               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 13 Subtotal                                |           | \$19,978,844         | \$1,198,731         |           | \$18,004,309         | \$1,080,256         |
| CLASS 14                                         |           |                      |                     |           |                      |                     |
| Wind Generation (3%)                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 14 Subtotal                                |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 15                                         |           |                      |                     |           |                      |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| <b>Total</b>                                     |           | <b>\$590,029,238</b> | <b>\$20,691,251</b> |           | <b>\$609,175,612</b> | <b>\$20,223,995</b> |

# Property Taxes Paid By County

## Deer Lodge County



|                                                 | TY 2013 |                      |                     | TY 2014 |                      |                     |
|-------------------------------------------------|---------|----------------------|---------------------|---------|----------------------|---------------------|
|                                                 | Acres   | Assessed             | Taxable             | Acres   | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                          |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                      |         |                      |                     |         |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 9,621   | \$4,155,710          | \$105,554           | 9,716   | \$4,155,710          | \$102,644           |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 0       | \$0                  | \$0                 | 0       | \$0                  | \$0                 |
| Grazing (2.72%, 2.63%)                          | 137,896 | \$7,046,304          | \$176,480           | 137,725 | \$7,356,576          | \$179,194           |
| Wild Hay (2.72%, 2.63%)                         | 1,467   | \$487,207            | \$12,325            | 1,467   | \$490,224            | \$12,057            |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 25,022  | \$1,403,478          | \$249,563           | 25,130  | \$1,452,912          | \$251,230           |
| Eligible Mining Claims (2.72%, 2.63%)           | 278     | \$7,963              | \$204               | 295     | \$8,678              | \$217               |
| Class 3 Subtotal                                | 174,284 | \$13,100,662         | \$544,126           | 174,334 | \$13,464,100         | \$545,342           |
| CLASS 4 Land and Improvements:                  |         |                      |                     |         |                      |                     |
| Residential (2.72%, 2.63%)                      |         | \$218,422,332        | \$5,546,378         |         | \$226,332,300        | \$5,585,375         |
| Residential Low Income (varies)                 |         | \$15,588,984         | \$149,695           |         | \$16,423,741         | \$149,600           |
| Mobile Homes (2.72%, 2.63%)                     |         | \$2,481,083          | \$63,018            |         | \$2,466,902          | \$60,934            |
| Mobile Homes Low Income (varies)                |         | \$135,460            | \$1,476             |         | \$341,380            | \$2,597             |
| Commercial (2.72%, 2.63%)                       |         | \$56,970,200         | \$1,447,020         |         | \$58,259,088         | \$1,438,969         |
| Industrial (2.72%, 2.63%)                       |         | \$37,558             | \$954               |         | \$42,281             | \$1,044             |
| New Manufacturing (varies)                      |         | \$882,344            | \$22,412            |         | \$930,853            | \$22,992            |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$712,833            | \$9,053             |         | \$712,742            | \$8,838             |
| Remodeled Commercial (varies)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |         | \$238,522            | \$5,141             |         | \$444,671            | \$7,249             |
| Class 4 Subtotal                                |         | \$295,469,316        | \$7,245,147         |         | \$305,953,958        | \$7,277,598         |
| CLASS 5                                         |         |                      |                     |         |                      |                     |
| Rural Electric and Telephone Co-Op (3%)         |         | \$1,022,861          | \$30,689            |         | \$1,141,277          | \$34,239            |
| Qualified New Industrial (3%)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Pollution Control (3%)                          |         | \$19,716,901         | \$591,507           |         | \$22,474,741         | \$674,243           |
| Gasohol Related (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Research and Development (0%-3%)                |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 5 Subtotal                                |         | \$20,739,762         | \$622,196           |         | \$23,616,018         | \$708,482           |
| CLASS 7                                         |         |                      |                     |         |                      |                     |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 8                                         |         |                      |                     |         |                      |                     |
| Machinery (3%, 2% and 3%)                       |         | \$12,273,447         | \$296,835           |         | \$10,854,291         | \$154,436           |
| Farm Implements (3%, 2% and 3%)                 |         | \$826,034            | \$16,522            |         | \$244,549            | \$2,860             |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$4,521,323          | \$106,174           |         | \$3,336,796          | \$54,305            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$815,817            | \$16,468            |         | \$463,195            | \$6,268             |
| Class 8 Subtotal                                |         | \$18,436,621         | \$435,998           |         | \$14,898,831         | \$217,869           |
| CLASS 9                                         |         |                      |                     |         |                      |                     |
| Utilities (12%)                                 |         | \$30,709,433         | \$3,685,121         |         | \$32,162,378         | \$3,859,459         |
| CLASS 10                                        |         |                      |                     |         |                      |                     |
| Timber Land (0.32%, 0.31%)                      | 54,048  | \$20,760,407         | \$62,499            | 54,048  | \$22,575,421         | \$65,686            |
| CLASS 12                                        |         |                      |                     |         |                      |                     |
| Railroads (3.45%, 3.45%)                        |         | \$10,120,511         | \$343,084           |         | \$9,679,894          | \$317,499           |
| Airlines (3.45%, 3.45%)                         |         | \$2,763              | \$94                |         | \$0                  | \$0                 |
| Class 12 Subtotal                               |         | \$10,123,274         | \$343,178           |         | \$9,679,894          | \$317,499           |
| CLASS 13                                        |         |                      |                     |         |                      |                     |
| Electrical Generation Property (6%)             |         | \$82,105,572         | \$4,926,335         |         | \$80,884,965         | \$4,853,099         |
| Telecommunication Property (6%)                 |         | \$9,681,316          | \$580,875           |         | \$7,201,134          | \$432,065           |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 13 Subtotal                               |         | \$91,786,888         | \$5,507,210         |         | \$88,086,099         | \$5,285,164         |
| CLASS 14                                        |         |                      |                     |         |                      |                     |
| Wind Generation (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 14 Subtotal                               |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 15                                        |         |                      |                     |         |                      |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| <b>Total</b>                                    |         | <b>\$501,126,363</b> | <b>\$18,445,475</b> |         | <b>\$510,436,699</b> | <b>\$18,277,099</b> |

# Property Taxes Paid By County

## Fallon County



|                                                  | TY 2013 |                      |                     | TY 2014 |                      |                     |
|--------------------------------------------------|---------|----------------------|---------------------|---------|----------------------|---------------------|
|                                                  | Acres   | Assessed             | Taxable             | Acres   | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                           |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                       |         |                      |                     |         |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 0       | \$0                  | \$0                 | 0       | \$0                  | \$0                 |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 146,408 | \$29,542,300         | \$750,322           | 145,727 | \$29,485,620         | \$728,231           |
| Grazing (2.72%, 2.63%)                           | 631,749 | \$31,985,741         | \$803,737           | 631,578 | \$33,375,240         | \$815,669           |
| Wild Hay (2.72%, 2.63%)                          | 55,712  | \$14,584,166         | \$370,435           | 55,559  | \$14,576,636         | \$360,045           |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 3,677   | \$205,299            | \$36,504            | 3,675   | \$219,003            | \$37,870            |
| Eligible Mining Claims (2.72%, 2.63%)            | 0       | \$0                  | \$0                 | 0       | \$0                  | \$0                 |
| Class 3 Subtotal                                 | 837,546 | \$76,317,506         | \$1,960,998         | 836,539 | \$77,656,499         | \$1,941,815         |
| CLASS 4 Land and Improvements:                   |         |                      |                     |         |                      |                     |
| Residential (2.72%, 2.63%)                       |         | \$32,515,324         | \$825,933           |         | \$34,473,141         | \$851,546           |
| Residential Low Income (varies)                  |         | \$263,018            | \$3,221             |         | \$112,411            | \$1,604             |
| Mobile Homes (2.72%, 2.63%)                      |         | \$3,677,384          | \$93,398            |         | \$4,014,446          | \$99,160            |
| Mobile Homes Low Income (varies)                 |         | \$58,902             | \$595               |         | \$58,830             | \$942               |
| Commercial (2.72%, 2.63%)                        |         | \$31,515,939         | \$800,508           |         | \$35,475,264         | \$876,231           |
| Industrial (2.72%, 2.63%)                        |         | \$320,911            | \$8,149             |         | \$284,343            | \$7,024             |
| New Manufacturing (varies)                       |         | \$5,378,212          | \$136,681           |         | \$5,803,289          | \$143,383           |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Remodeled Commercial (varies)                    |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 4 Subtotal                                 |         | \$73,729,690         | \$1,868,485         |         | \$80,221,724         | \$1,979,890         |
| CLASS 5                                          |         |                      |                     |         |                      |                     |
| Rural Electric and Telephone Co-Op (3%)          |         | \$6,705,368          | \$201,163           |         | \$6,475,479          | \$194,265           |
| Qualified New Industrial (3%)                    |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Pollution Control (3%)                           |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Gasohol Related (3%)                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Research and Development (0%-3%)                 |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 5 Subtotal                                 |         | \$6,705,368          | \$201,163           |         | \$6,475,479          | \$194,265           |
| CLASS 7                                          |         |                      |                     |         |                      |                     |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 8                                          |         |                      |                     |         |                      |                     |
| Machinery (3%, 2% and 3%)                        |         | \$54,824,813         | \$1,480,473         |         | \$38,191,964         | \$895,722           |
| Farm Implements (3%, 2% and 3%)                  |         | \$19,317,385         | \$386,438           |         | \$15,944,410         | \$140,008           |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$2,128,914          | \$44,744            |         | \$1,533,435          | \$21,379            |
| Other Business Equipment (3%, 2% and 3%)         |         | \$55,776,888         | \$1,580,294         |         | \$50,408,667         | \$1,332,188         |
| Class 8 Subtotal                                 |         | \$132,048,000        | \$3,491,949         |         | \$106,078,476        | \$2,389,297         |
| CLASS 9                                          |         |                      |                     |         |                      |                     |
| Utilities (12%)                                  |         | \$204,794,297        | \$24,575,316        |         | \$226,438,118        | \$27,172,572        |
| CLASS 10                                         |         |                      |                     |         |                      |                     |
| Timber Land (0.32%, 0.31%)                       | 122     | \$20,945             | \$63                | 122     | \$21,257             | \$62                |
| CLASS 12                                         |         |                      |                     |         |                      |                     |
| Railroads (3.45%, 3.45%)                         |         | \$18,511,333         | \$627,534           |         | \$17,796,636         | \$583,731           |
| Airlines (3.45%, 3.45%)                          |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 12 Subtotal                                |         | \$18,511,333         | \$627,534           |         | \$17,796,636         | \$583,731           |
| CLASS 13                                         |         |                      |                     |         |                      |                     |
| Electrical Generation Property (6%)              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Telecommunication Property (6%)                  |         | \$498,876            | \$29,934            |         | \$633,479            | \$38,009            |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 13 Subtotal                                |         | \$498,876            | \$29,934            |         | \$633,479            | \$38,009            |
| CLASS 14                                         |         |                      |                     |         |                      |                     |
| Wind Generation (3%)                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)               |         | \$28,988,117         | \$487,961           |         | \$28,829,721         | \$538,102           |
| Class 14 Subtotal                                |         | \$28,988,117         | \$487,961           |         | \$28,829,721         | \$538,102           |
| CLASS 15                                         |         |                      |                     |         |                      |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| <b>Total</b>                                     |         | <b>\$541,614,132</b> | <b>\$33,243,403</b> |         | <b>\$544,151,389</b> | <b>\$34,837,743</b> |

# Property Taxes Paid By County

## Fergus County



|                                                  | TY 2013   |                      |                     | TY 2014   |                      |                     |
|--------------------------------------------------|-----------|----------------------|---------------------|-----------|----------------------|---------------------|
|                                                  | Acres     | Assessed             | Taxable             | Acres     | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                       |           |                      |                     |           |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 11,464    | \$7,035,412          | \$177,973           | 11,531    | \$7,229,157          | \$177,841           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 372,173   | \$75,159,581         | \$1,908,118         | 372,674   | \$75,410,368         | \$1,861,664         |
| Grazing (2.72%, 2.63%)                           | 1,363,017 | \$75,962,409         | \$1,925,626         | 1,365,358 | \$78,546,176         | \$1,936,228         |
| Wild Hay (2.72%, 2.63%)                          | 156,724   | \$50,216,281         | \$1,275,399         | 156,938   | \$50,176,891         | \$1,239,267         |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 18,815    | \$1,186,130          | \$210,921           | 20,579    | \$1,204,641          | \$208,309           |
| Eligible Mining Claims (2.72%, 2.63%)            | 0         | \$0                  | \$0                 | 0         | \$1,455              | \$36                |
| Class 3 Subtotal                                 | 1,922,192 | \$209,559,813        | \$5,498,037         | 1,927,079 | \$212,568,688        | \$5,423,345         |
| CLASS 4 Land and Improvements:                   |           |                      |                     |           |                      |                     |
| Residential (2.72%, 2.63%)                       |           | \$247,000,637        | \$6,272,851         |           | \$256,394,200        | \$6,332,248         |
| Residential Low Income (varies)                  |           | \$11,725,031         | \$103,686           |           | \$13,981,309         | \$118,906           |
| Mobile Homes (2.72%, 2.63%)                      |           | \$10,478,752         | \$266,170           |           | \$10,554,635         | \$260,692           |
| Mobile Homes Low Income (varies)                 |           | \$829,438            | \$5,848             |           | \$817,550            | \$6,775             |
| Commercial (2.72%, 2.63%)                        |           | \$160,060,107        | \$4,065,534         |           | \$170,356,211        | \$4,207,816         |
| Industrial (2.72%, 2.63%)                        |           | \$515,327            | \$13,089            |           | \$565,963            | \$13,982            |
| New Manufacturing (varies)                       |           | \$8,953,957          | \$187,232           |           | \$9,436,907          | \$200,914           |
| Qualified Golf Courses (1.36%, 1.32%)            |           | \$1,770,296          | \$22,483            |           | \$1,863,794          | \$23,111            |
| Remodeled Commercial (varies)                    |           | \$1,510,135          | \$31,541            |           | \$1,230,884          | \$25,778            |
| Extended Prop Tax Relief Program (Res Only)      |           | \$1,210,194          | \$25,807            |           | \$555,003            | \$11,658            |
| Class 4 Subtotal                                 |           | \$444,053,874        | \$10,994,241        |           | \$465,756,456        | \$11,201,880        |
| CLASS 5                                          |           |                      |                     |           |                      |                     |
| Rural Electric and Telephone Co-Op (3%)          |           | \$23,444,116         | \$703,317           |           | \$23,897,503         | \$716,921           |
| Qualified New Industrial (3%)                    |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Pollution Control (3%)                           |           | \$27,194             | \$816               |           | \$26,998             | \$810               |
| Gasohol Related (3%)                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Research and Development (0%-3%)                 |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 5 Subtotal                                 |           | \$23,471,310         | \$704,133           |           | \$23,924,501         | \$717,731           |
| CLASS 7                                          |           |                      |                     |           |                      |                     |
| Non-Centrally Assessed Public Util. (8%)         |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 8                                          |           |                      |                     |           |                      |                     |
| Machinery (3%, 2% and 3%)                        |           | \$27,653,075         | \$583,135           |           | \$29,166,357         | \$388,040           |
| Farm Implements (3%, 2% and 3%)                  |           | \$47,091,265         | \$947,967           |           | \$39,279,043         | \$364,354           |
| Furniture and Fixtures (3%, 2% and 3%)           |           | \$6,729,313          | \$150,775           |           | \$5,126,835          | \$75,107            |
| Other Business Equipment (3%, 2% and 3%)         |           | \$4,491,255          | \$91,497            |           | \$3,306,090          | \$38,251            |
| Class 8 Subtotal                                 |           | \$85,964,908         | \$1,773,373         |           | \$76,878,325         | \$865,752           |
| CLASS 9                                          |           |                      |                     |           |                      |                     |
| Utilities (12%)                                  |           | \$46,960,363         | \$5,635,235         |           | \$54,099,777         | \$6,491,963         |
| CLASS 10                                         |           |                      |                     |           |                      |                     |
| Timber Land (0.32%, 0.31%)                       | 155,505   | \$44,774,051         | \$134,270           | 155,390   | \$46,825,680         | \$135,732           |
| CLASS 12                                         |           |                      |                     |           |                      |                     |
| Railroads (3.45%, 3.45%)                         |           | \$9,099,613          | \$308,478           |           | \$8,671,814          | \$284,436           |
| Airlines (3.45%, 3.45%)                          |           | \$777,682            | \$26,364            |           | \$70,132             | \$2,301             |
| Class 12 Subtotal                                |           | \$9,877,295          | \$334,842           |           | \$8,741,946          | \$286,737           |
| CLASS 13                                         |           |                      |                     |           |                      |                     |
| Electrical Generation Property (6%)              |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Telecommunication Property (6%)                  |           | \$12,343,105         | \$740,589           |           | \$10,572,108         | \$634,332           |
| Elect Gen/Tele Real Prop New & Exp               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 13 Subtotal                                |           | \$12,343,105         | \$740,589           |           | \$10,572,108         | \$634,332           |
| CLASS 14                                         |           |                      |                     |           |                      |                     |
| Wind Generation (3%)                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 14 Subtotal                                |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 15                                         |           |                      |                     |           |                      |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| <b>Total</b>                                     |           | <b>\$877,004,719</b> | <b>\$25,814,720</b> |           | <b>\$899,367,481</b> | <b>\$25,757,472</b> |

# Property Taxes Paid By County

## Flathead County



|                                                 | TY 2013 |                        |                      | TY 2014 |                         |                      |
|-------------------------------------------------|---------|------------------------|----------------------|---------|-------------------------|----------------------|
|                                                 | Acres   | Assessed               | Taxable              | Acres   | Assessed                | Taxable              |
| CLASS 1 Net Proceeds                            |         | \$0                    | \$0                  |         | \$0                     | \$0                  |
| CLASS 2 Gross Proceeds                          |         | \$0                    | \$0                  |         | \$0                     | \$0                  |
| CLASS 3 Agricultural Land:                      |         |                        |                      |         |                         |                      |
| Tillable Irrigated (2.72%, 2.63%)               | 20,783  | \$8,957,933            | \$227,382            | 20,390  | \$8,928,317             | \$220,381            |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 16,896  | \$11,633,096           | \$294,465            | 16,033  | \$11,529,957            | \$283,984            |
| Grazing (2.72%, 2.63%)                          | 62,978  | \$3,207,059            | \$81,306             | 54,875  | \$2,903,344             | \$71,572             |
| Wild Hay (2.72%, 2.63%)                         | 16,660  | \$5,858,776            | \$148,810            | 16,635  | \$6,182,492             | \$152,698            |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 51,844  | \$3,003,136            | \$534,050            | 52,247  | \$3,120,778             | \$539,639            |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                    | \$0                  | 0       | \$0                     | \$0                  |
| Class 3 Subtotal                                | 169,161 | \$32,660,000           | \$1,286,013          | 160,180 | \$32,664,888            | \$1,268,274          |
| CLASS 4 Land and Improvements:                  |         |                        |                      |         |                         |                      |
| Residential (2.72%, 2.63%)                      |         | \$6,633,826,336        | \$168,478,250        |         | \$7,094,467,334         | \$175,217,755        |
| Residential Low Income (varies)                 |         | \$111,788,505          | \$1,042,770          |         | \$119,621,525           | \$1,075,126          |
| Mobile Homes (2.72%, 2.63%)                     |         | \$54,653,076           | \$1,388,229          |         | \$54,688,709            | \$1,350,832          |
| Mobile Homes Low Income (varies)                |         | \$2,979,562            | \$25,972             |         | \$3,360,574             | \$27,561             |
| Commercial (2.72%, 2.63%)                       |         | \$1,738,109,998        | \$44,147,970         |         | \$1,841,308,775         | \$45,480,324         |
| Industrial (2.72%, 2.63%)                       |         | \$16,236,125           | \$412,392            |         | \$15,540,240            | \$383,844            |
| New Manufacturing (varies)                      |         | \$70,617,426           | \$1,655,567          |         | \$72,458,321            | \$1,675,131          |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$26,576,925           | \$337,529            |         | \$27,014,695            | \$334,982            |
| Remodeled Commercial (varies)                   |         | \$58,290               | \$297                |         | \$78,084                | \$773                |
| Extended Prop Tax Relief Program (Res Only)     |         | \$82,403,018           | \$1,517,108          |         | \$77,883,680            | \$1,375,800          |
| Class 4 Subtotal                                |         | \$8,737,249,261        | \$219,006,084        |         | \$9,306,421,937         | \$226,922,128        |
| CLASS 5                                         |         |                        |                      |         |                         |                      |
| Rural Electric and Telephone Co-Op (3%)         |         | \$161,241,142          | \$4,837,245          |         | \$166,204,905           | \$4,986,151          |
| Qualified New Industrial (3%)                   |         | \$0                    | \$0                  |         | \$0                     | \$0                  |
| Pollution Control (3%)                          |         | \$2,955,178            | \$88,656             |         | \$2,795,747             | \$83,873             |
| Gasohol Related (3%)                            |         | \$0                    | \$0                  |         | \$0                     | \$0                  |
| Research and Development (0%-3%)                |         | \$0                    | \$0                  |         | \$0                     | \$0                  |
| Aluminum Electrolytic Equipment (3%)            |         | \$11,625,542           | \$348,766            |         | \$9,580,147             | \$287,404            |
| Class 5 Subtotal                                |         | \$175,821,862          | \$5,274,667          |         | \$178,580,799           | \$5,357,428          |
| CLASS 7                                         |         |                        |                      |         |                         |                      |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                    | \$0                  |         | \$0                     | \$0                  |
| CLASS 8                                         |         |                        |                      |         |                         |                      |
| Machinery (3%, 2% and 3%)                       |         | \$195,047,200          | \$4,843,887          |         | \$193,541,032           | \$3,808,011          |
| Farm Implements (3%, 2% and 3%)                 |         | \$12,480,779           | \$250,497            |         | \$8,621,574             | \$77,542             |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$101,694,690          | \$2,288,069          |         | \$84,999,550            | \$1,218,023          |
| Other Business Equipment (3%, 2% and 3%)        |         | \$36,242,151           | \$871,747            |         | \$39,940,467            | \$771,264            |
| Class 8 Subtotal                                |         | \$345,464,820          | \$8,254,200          |         | \$327,102,623           | \$5,874,839          |
| CLASS 9                                         |         |                        |                      |         |                         |                      |
| Utilities (12%)                                 |         | \$50,400,019           | \$6,047,994          |         | \$50,945,202            | \$6,113,409          |
| CLASS 10                                        |         |                        |                      |         |                         |                      |
| Timber Land (0.32%, 0.31%)                      | 448,031 | \$342,531,269          | \$1,027,984          | 448,257 | \$350,367,290           | \$1,016,489          |
| CLASS 12                                        |         |                        |                      |         |                         |                      |
| Railroads (3.45%, 3.45%)                        |         | \$91,584,856           | \$3,104,724          |         | \$89,030,294            | \$2,920,197          |
| Airlines (3.45%, 3.45%)                         |         | \$13,187,960           | \$447,074            |         | \$13,557,167            | \$444,675            |
| Class 12 Subtotal                               |         | \$104,772,816          | \$3,551,798          |         | \$102,587,461           | \$3,364,872          |
| CLASS 13                                        |         |                        |                      |         |                         |                      |
| Electrical Generation Property (6%)             |         | \$6,336,942            | \$380,217            |         | \$6,124,042             | \$367,443            |
| Telecommunication Property (6%)                 |         | \$106,079,424          | \$6,364,764          |         | \$116,928,429           | \$7,015,710          |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                    | \$0                  |         | \$0                     | \$0                  |
| Class 13 Subtotal                               |         | \$112,416,366          | \$6,744,981          |         | \$123,052,471           | \$7,383,153          |
| CLASS 14                                        |         |                        |                      |         |                         |                      |
| Wind Generation (3%)                            |         | \$0                    | \$0                  |         | \$0                     | \$0                  |
| Wind Generation New & Exp (varies)              |         | \$0                    | \$0                  |         | \$0                     | \$0                  |
| Class 14 Subtotal                               |         | \$0                    | \$0                  |         | \$0                     | \$0                  |
| CLASS 15                                        |         |                        |                      |         |                         |                      |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$533,107              | \$2,193              |         | \$0                     | \$0                  |
| <b>Total</b>                                    |         | <b>\$9,901,849,520</b> | <b>\$251,195,914</b> |         | <b>\$10,472,265,999</b> | <b>\$257,308,742</b> |

# Property Taxes Paid By County

## Gallatin County



|                                                  | TY 2013 |                        |                      | TY 2014 |                        |                      |
|--------------------------------------------------|---------|------------------------|----------------------|---------|------------------------|----------------------|
|                                                  | Acres   | Assessed               | Taxable              | Acres   | Assessed               | Taxable              |
| CLASS 1 Net Proceeds                             |         | \$271,931              | \$271,931            |         | \$260,999              | \$260,999            |
| CLASS 2 Gross Proceeds                           |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| CLASS 3 Agricultural Land:                       |         |                        |                      |         |                        |                      |
| Tillable Irrigated (2.72%, 2.63%)                | 70,745  | \$35,848,798           | \$909,830            | 72,641  | \$35,815,315           | \$883,890            |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 79,680  | \$24,776,549           | \$628,989            | 78,433  | \$24,649,324           | \$608,515            |
| Grazing (2.72%, 2.63%)                           | 430,877 | \$26,358,503           | \$665,661            | 427,865 | \$27,507,495           | \$675,587            |
| Wild Hay (2.72%, 2.63%)                          | 15,549  | \$6,313,575            | \$160,302            | 15,609  | \$6,545,774            | \$161,614            |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 75,005  | \$4,251,384            | \$756,047            | 75,121  | \$4,453,323            | \$770,015            |
| Eligible Mining Claims (2.72%, 2.63%)            | 0       | \$0                    | \$0                  | 0       | \$0                    | \$0                  |
| Class 3 Subtotal                                 | 671,857 | \$97,548,809           | \$3,120,829          | 669,670 | \$98,971,231           | \$3,099,621          |
| CLASS 4 Land and Improvements:                   |         |                        |                      |         |                        |                      |
| Residential (2.72%, 2.63%)                       |         | \$5,731,228,535        | \$145,557,091        |         | \$6,163,571,492        | \$152,237,065        |
| Residential Low Income (varies)                  |         | \$44,877,736           | \$448,585            |         | \$44,695,021           | \$419,234            |
| Mobile Homes (2.72%, 2.63%)                      |         | \$35,937,863           | \$912,249            |         | \$35,575,939           | \$878,312            |
| Mobile Homes Low Income (varies)                 |         | \$1,043,903            | \$8,069              |         | \$1,223,434            | \$10,026             |
| Commercial (2.72%, 2.63%)                        |         | \$2,566,592,226        | \$65,191,404         |         | \$2,724,813,639        | \$67,302,878         |
| Industrial (2.72%, 2.63%)                        |         | \$22,933,131           | \$582,505            |         | \$24,183,628           | \$597,337            |
| New Manufacturing (varies)                       |         | \$42,275,712           | \$1,010,714          |         | \$45,273,810           | \$1,049,691          |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$26,455,134           | \$335,978            |         | \$27,793,363           | \$344,636            |
| Remodeled Commercial (varies)                    |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Extended Prop Tax Relief Program (Res Only)      |         | \$54,489,997           | \$1,183,403          |         | \$47,565,601           | \$982,773            |
| Class 4 Subtotal                                 |         | \$8,525,834,237        | \$215,229,998        |         | \$9,114,695,927        | \$223,821,952        |
| CLASS 5                                          |         |                        |                      |         |                        |                      |
| Rural Electric and Telephone Co-Op (3%)          |         | \$18,152,330           | \$544,573            |         | \$19,494,900           | \$584,848            |
| Qualified New Industrial (3%)                    |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Pollution Control (3%)                           |         | \$36,249               | \$1,087              |         | \$35,858               | \$1,076              |
| Gasohol Related (3%)                             |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Research and Development (0%-3%)                 |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Class 5 Subtotal                                 |         | \$18,188,579           | \$545,660            |         | \$19,530,758           | \$585,924            |
| CLASS 7                                          |         |                        |                      |         |                        |                      |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| CLASS 8                                          |         |                        |                      |         |                        |                      |
| Machinery (3%, 2% and 3%)                        |         | \$139,984,386          | \$3,310,222          |         | \$148,507,560          | \$2,804,190          |
| Farm Implements (3%, 2% and 3%)                  |         | \$28,959,442           | \$580,433            |         | \$23,838,225           | \$237,810            |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$105,711,427          | \$2,297,149          |         | \$94,034,133           | \$1,296,420          |
| Other Business Equipment (3%, 2% and 3%)         |         | \$29,720,357           | \$670,234            |         | \$27,703,107           | \$431,415            |
| Class 8 Subtotal                                 |         | \$304,375,612          | \$6,858,037          |         | \$294,083,025          | \$4,769,836          |
| CLASS 9                                          |         |                        |                      |         |                        |                      |
| Utilities (12%)                                  |         | \$134,127,819          | \$16,095,326         |         | \$140,139,375          | \$16,816,711         |
| CLASS 10                                         |         |                        |                      |         |                        |                      |
| Timber Land (0.32%, 0.31%)                       | 125,473 | \$37,160,013           | \$111,467            | 125,954 | \$37,373,580           | \$108,346            |
| CLASS 12                                         |         |                        |                      |         |                        |                      |
| Railroads (3.45%, 3.45%)                         |         | \$35,524,670           | \$1,204,288          |         | \$37,902,512           | \$1,243,202          |
| Airlines (3.45%, 3.45%)                          |         | \$31,819,721           | \$1,078,691          |         | \$35,813,729           | \$1,174,690          |
| Class 12 Subtotal                                |         | \$67,344,391           | \$2,282,979          |         | \$73,716,241           | \$2,417,892          |
| CLASS 13                                         |         |                        |                      |         |                        |                      |
| Electrical Generation Property (6%)              |         | \$18,320,565           | \$1,099,235          |         | \$19,148,636           | \$1,148,918          |
| Telecommunication Property (6%)                  |         | \$83,718,834           | \$5,023,128          |         | \$66,211,077           | \$3,972,667          |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Class 13 Subtotal                                |         | \$102,039,399          | \$6,122,363          |         | \$85,359,713           | \$5,121,585          |
| CLASS 14                                         |         |                        |                      |         |                        |                      |
| Wind Generation (3%)                             |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Wind Generation New & Exp (varies)               |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Class 14 Subtotal                                |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| CLASS 15                                         |         |                        |                      |         |                        |                      |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| <b>Total</b>                                     |         | <b>\$9,286,890,790</b> | <b>\$250,638,590</b> |         | <b>\$9,864,130,849</b> | <b>\$257,002,866</b> |

# Property Taxes Paid By County

## Garfield County



|                                                  | TY 2013   |                      |                    | TY 2014   |                      |                    |
|--------------------------------------------------|-----------|----------------------|--------------------|-----------|----------------------|--------------------|
|                                                  | Acres     | Assessed             | Taxable            | Acres     | Assessed             | Taxable            |
| CLASS 1 Net Proceeds                             |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 2 Gross Proceeds                           |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 3 Agricultural Land:                       |           |                      |                    |           |                      |                    |
| Tillable Irrigated (2.72%, 2.63%)                | 1,429     | \$772,374            | \$19,619           | 1,429     | \$772,374            | \$19,076           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 257,251   | \$48,369,604         | \$1,228,206        | 257,385   | \$48,530,434         | \$1,198,307        |
| Grazing (2.72%, 2.63%)                           | 1,840,533 | \$92,131,078         | \$2,313,833        | 1,841,588 | \$96,107,107         | \$2,347,553        |
| Wild Hay (2.72%, 2.63%)                          | 8,689     | \$2,666,611          | \$67,729           | 8,689     | \$2,673,425          | \$66,031           |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 4,428     | \$253,487            | \$45,076           | 4,340     | \$252,852            | \$43,718           |
| Eligible Mining Claims (2.72%, 2.63%)            | 0         | \$0                  | \$0                | 0         | \$0                  | \$0                |
| Class 3 Subtotal                                 | 2,112,330 | \$144,193,154        | \$3,674,463        | 2,113,432 | \$148,336,192        | \$3,674,685        |
| CLASS 4 Land and Improvements:                   |           |                      |                    |           |                      |                    |
| Residential (2.72%, 2.63%)                       |           | \$9,586,004          | \$243,413          |           | \$10,528,530         | \$260,127          |
| Residential Low Income (varies)                  |           | \$17,744             | \$211              |           | \$19,983             | \$230              |
| Mobile Homes (2.72%, 2.63%)                      |           | \$2,961,085          | \$75,212           |           | \$3,037,004          | \$75,015           |
| Mobile Homes Low Income (varies)                 |           | \$55,344             | \$282              |           | \$68,226             | \$335              |
| Commercial (2.72%, 2.63%)                        |           | \$17,387,707         | \$441,650          |           | \$18,280,023         | \$451,515          |
| Industrial (2.72%, 2.63%)                        |           | \$8,825              | \$224              |           | \$9,004              | \$222              |
| New Manufacturing (varies)                       |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Qualified Golf Courses (1.36%, 1.32%)            |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Remodeled Commercial (varies)                    |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Extended Prop Tax Relief Program (Res Only)      |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 4 Subtotal                                 |           | \$30,016,709         | \$760,992          |           | \$31,942,770         | \$787,444          |
| CLASS 5                                          |           |                      |                    |           |                      |                    |
| Rural Electric and Telephone Co-Op (3%)          |           | \$9,751,208          | \$292,538          |           | \$9,534,069          | \$286,019          |
| Qualified New Industrial (3%)                    |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Pollution Control (3%)                           |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Gasohol Related (3%)                             |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Research and Development (0%-3%)                 |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Aluminum Electrolytic Equipment (3%)             |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 5 Subtotal                                 |           | \$9,751,208          | \$292,538          |           | \$9,534,069          | \$286,019          |
| CLASS 7                                          |           |                      |                    |           |                      |                    |
| Non-Centrally Assessed Public Util. (8%)         |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 8                                          |           |                      |                    |           |                      |                    |
| Machinery (3%, 2% and 3%)                        |           | \$1,939,761          | \$40,138           |           | \$1,271,375          | \$12,857           |
| Farm Implements (3%, 2% and 3%)                  |           | \$22,231,653         | \$445,489          |           | \$18,498,019         | \$162,585          |
| Furniture and Fixtures (3%, 2% and 3%)           |           | \$427,965            | \$8,746            |           | \$352,290            | \$3,006            |
| Other Business Equipment (3%, 2% and 3%)         |           | \$397,286            | \$7,947            |           | \$745,826            | \$7,826            |
| Class 8 Subtotal                                 |           | \$24,996,665         | \$502,320          |           | \$20,867,510         | \$186,274          |
| CLASS 9                                          |           |                      |                    |           |                      |                    |
| Utilities (12%)                                  |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 10                                         |           |                      |                    |           |                      |                    |
| Timber Land (0.32%, 0.31%)                       | 0         | \$0                  | \$0                | 0         | \$0                  | \$0                |
| CLASS 12                                         |           |                      |                    |           |                      |                    |
| Railroads (3.45%, 3.45%)                         |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Airlines (3.45%, 3.45%)                          |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 12 Subtotal                                |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 13                                         |           |                      |                    |           |                      |                    |
| Electrical Generation Property (6%)              |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Telecommunication Property (6%)                  |           | \$727,813            | \$43,670           |           | \$660,913            | \$39,655           |
| Elect Gen/Tele Real Prop New & Exp               |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 13 Subtotal                                |           | \$727,813            | \$43,670           |           | \$660,913            | \$39,655           |
| CLASS 14                                         |           |                      |                    |           |                      |                    |
| Wind Generation (3%)                             |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Wind Generation New & Exp (varies)               |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 14 Subtotal                                |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 15                                         |           |                      |                    |           |                      |                    |
| Carbon Dioxide and Liquid Pipeline Property (3%) |           | \$0                  | \$0                |           | \$0                  | \$0                |
| <b>Total</b>                                     |           | <b>\$209,685,549</b> | <b>\$5,273,983</b> |           | <b>\$211,341,454</b> | <b>\$4,974,077</b> |

# Property Taxes Paid By County

## Glacier County



|                                                  | TY 2013 |                      |                     | TY 2014 |                      |                     |
|--------------------------------------------------|---------|----------------------|---------------------|---------|----------------------|---------------------|
|                                                  | Acres   | Assessed             | Taxable             | Acres   | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                           |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                       |         |                      |                     |         |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 13,719  | \$5,303,795          | \$134,400           | 13,378  | \$5,187,838          | \$127,824           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 356,147 | \$71,400,295         | \$1,808,778         | 350,695 | \$71,590,700         | \$1,763,589         |
| Grazing (2.72%, 2.63%)                           | 424,921 | \$25,540,279         | \$642,038           | 423,509 | \$26,737,940         | \$653,805           |
| Wild Hay (2.72%, 2.63%)                          | 20,015  | \$5,571,102          | \$141,404           | 19,820  | \$5,615,445          | \$138,599           |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 28,799  | \$719,574            | \$127,951           | 29,513  | \$756,176            | \$130,770           |
| Eligible Mining Claims (2.72%, 2.63%)            | 0       | \$0                  | \$0                 | 0       | \$0                  | \$0                 |
| Class 3 Subtotal                                 | 843,600 | \$108,535,045        | \$2,854,571         | 836,915 | \$109,888,099        | \$2,814,587         |
| CLASS 4 Land and Improvements:                   |         |                      |                     |         |                      |                     |
| Residential (2.72%, 2.63%)                       |         | \$78,258,453         | \$1,988,068         |         | \$80,374,379         | \$1,985,067         |
| Residential Low Income (varies)                  |         | \$2,234,121          | \$16,521            |         | \$2,372,655          | \$15,759            |
| Mobile Homes (2.72%, 2.63%)                      |         | \$3,837,099          | \$97,462            |         | \$4,082,973          | \$100,849           |
| Mobile Homes Low Income (varies)                 |         | \$90,539             | \$860               |         | \$173,644            | \$1,612             |
| Commercial (2.72%, 2.63%)                        |         | \$99,062,851         | \$2,516,213         |         | \$102,391,893        | \$2,529,068         |
| Industrial (2.72%, 2.63%)                        |         | \$564,236            | \$14,333            |         | \$615,078            | \$15,197            |
| New Manufacturing (varies)                       |         | \$3,976,799          | \$101,013           |         | \$4,026,733          | \$99,462            |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$639,123            | \$8,117             |         | \$668,324            | \$8,288             |
| Remodeled Commercial (varies)                    |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 4 Subtotal                                 |         | \$188,663,221        | \$4,742,587         |         | \$194,705,679        | \$4,755,302         |
| CLASS 5                                          |         |                      |                     |         |                      |                     |
| Rural Electric and Telephone Co-Op (3%)          |         | \$35,698,929         | \$1,070,979         |         | \$40,592,397         | \$1,217,770         |
| Qualified New Industrial (3%)                    |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Pollution Control (3%)                           |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Gasohol Related (3%)                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Research and Development (0%-3%)                 |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 5 Subtotal                                 |         | \$35,698,929         | \$1,070,979         |         | \$40,592,397         | \$1,217,770         |
| CLASS 7                                          |         |                      |                     |         |                      |                     |
| Non-Centrally Assessed Public Util. (8%)         |         | \$115,995            | \$9,280             |         | \$0                  | \$0                 |
| CLASS 8                                          |         |                      |                     |         |                      |                     |
| Machinery (3%, 2% and 3%)                        |         | \$4,199,881          | \$87,146            |         | \$4,347,682          | \$52,291            |
| Farm Implements (3%, 2% and 3%)                  |         | \$23,843,211         | \$505,692           |         | \$22,069,478         | \$265,873           |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$7,381,835          | \$171,852           |         | \$6,803,192          | \$88,600            |
| Other Business Equipment (3%, 2% and 3%)         |         | \$17,355,294         | \$426,169           |         | \$12,439,708         | \$190,636           |
| Class 8 Subtotal                                 |         | \$52,780,221         | \$1,190,859         |         | \$45,660,060         | \$597,400           |
| CLASS 9                                          |         |                      |                     |         |                      |                     |
| Utilities (12%)                                  |         | \$74,798,688         | \$8,975,843         |         | \$79,372,201         | \$9,524,663         |
| CLASS 10                                         |         |                      |                     |         |                      |                     |
| Timber Land (0.32%, 0.31%)                       | 5,057   | \$1,534,519          | \$4,614             | 5,057   | \$1,534,519          | \$4,457             |
| CLASS 12                                         |         |                      |                     |         |                      |                     |
| Railroads (3.45%, 3.45%)                         |         | \$57,306,854         | \$1,942,702         |         | \$55,211,028         | \$1,810,921         |
| Airlines (3.45%, 3.45%)                          |         | \$182,169            | \$6,176             |         | \$192,593            | \$6,317             |
| Class 12 Subtotal                                |         | \$57,489,023         | \$1,948,878         |         | \$55,403,621         | \$1,817,238         |
| CLASS 13                                         |         |                      |                     |         |                      |                     |
| Electrical Generation Property (6%)              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Telecommunication Property (6%)                  |         | \$10,775,890         | \$646,553           |         | \$8,076,745          | \$484,605           |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 13 Subtotal                                |         | \$10,775,890         | \$646,553           |         | \$8,076,745          | \$484,605           |
| CLASS 14                                         |         |                      |                     |         |                      |                     |
| Wind Generation (3%)                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)               |         | \$160,603,902        | \$2,409,060         |         | \$156,616,483        | \$2,349,246         |
| Class 14 Subtotal                                |         | \$160,603,902        | \$2,409,060         |         | \$156,616,483        | \$2,349,246         |
| CLASS 15                                         |         |                      |                     |         |                      |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| <b>Total</b>                                     |         | <b>\$690,995,433</b> | <b>\$23,853,224</b> |         | <b>\$691,849,804</b> | <b>\$23,565,268</b> |

# Property Taxes Paid By County

## Golden Valley County



|                                                 | TY 2013 |                      |                    | TY 2014 |                      |                    |
|-------------------------------------------------|---------|----------------------|--------------------|---------|----------------------|--------------------|
|                                                 | Acres   | Assessed             | Taxable            | Acres   | Assessed             | Taxable            |
| CLASS 1 Net Proceeds                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 2 Gross Proceeds                          |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 3 Agricultural Land:                      |         |                      |                    |         |                      |                    |
| Tillable Irrigated (2.72%, 2.63%)               | 8,334   | \$4,056,743          | \$103,006          | 8,334   | \$4,057,443          | \$100,184          |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 103,092 | \$16,212,834         | \$411,632          | 103,196 | \$16,262,109         | \$401,498          |
| Grazing (2.72%, 2.63%)                          | 517,274 | \$23,029,167         | \$578,605          | 517,028 | \$23,978,085         | \$585,911          |
| Wild Hay (2.72%, 2.63%)                         | 16,667  | \$4,165,641          | \$105,809          | 16,667  | \$4,175,879          | \$103,145          |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 3,501   | \$195,616            | \$34,785           | 3,502   | \$202,324            | \$34,988           |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                  | \$0                | 0       | \$0                  | \$0                |
| Class 3 Subtotal                                | 648,868 | \$47,660,001         | \$1,233,837        | 648,726 | \$48,675,840         | \$1,225,726        |
| CLASS 4 Land and Improvements:                  |         |                      |                    |         |                      |                    |
| Residential (2.72%, 2.63%)                      |         | \$8,126,745          | \$206,413          |         | \$8,388,751          | \$207,188          |
| Residential Low Income (varies)                 |         | \$691,688            | \$5,515            |         | \$682,276            | \$6,138            |
| Mobile Homes (2.72%, 2.63%)                     |         | \$652,658            | \$16,580           |         | \$659,603            | \$16,292           |
| Mobile Homes Low Income (varies)                |         | \$41,890             | \$418              |         | \$15,789             | \$196              |
| Commercial (2.72%, 2.63%)                       |         | \$16,326,207         | \$414,689          |         | \$16,493,839         | \$407,393          |
| Industrial (2.72%, 2.63%)                       |         | \$18,181             | \$462              |         | \$19,152             | \$473              |
| New Manufacturing (varies)                      |         | \$428,238            | \$10,878           |         | \$441,303            | \$10,900           |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Remodeled Commercial (varies)                   |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Extended Prop Tax Relief Program (Res Only)     |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 4 Subtotal                                |         | \$26,285,607         | \$654,955          |         | \$26,700,713         | \$648,580          |
| CLASS 5                                         |         |                      |                    |         |                      |                    |
| Rural Electric and Telephone Co-Op (3%)         |         | \$3,385,573          | \$101,566          |         | \$3,658,834          | \$109,763          |
| Qualified New Industrial (3%)                   |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Pollution Control (3%)                          |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Gasohol Related (3%)                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Research and Development (0%-3%)                |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 5 Subtotal                                |         | \$3,385,573          | \$101,566          |         | \$3,658,834          | \$109,763          |
| CLASS 7                                         |         |                      |                    |         |                      |                    |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 8                                         |         |                      |                    |         |                      |                    |
| Machinery (3%, 2% and 3%)                       |         | \$2,125,756          | \$43,625           |         | \$589,171            | \$7,995            |
| Farm Implements (3%, 2% and 3%)                 |         | \$5,218,920          | \$104,383          |         | \$3,775,283          | \$33,421           |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$157,822            | \$3,178            |         | \$168,132            | \$1,661            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$115,989            | \$2,356            |         | \$149,209            | \$1,681            |
| Class 8 Subtotal                                |         | \$7,618,487          | \$153,541          |         | \$4,681,795          | \$44,757           |
| CLASS 9                                         |         |                      |                    |         |                      |                    |
| Utilities (12%)                                 |         | \$22,122,085         | \$2,654,646        |         | \$22,360,294         | \$2,683,229        |
| CLASS 10                                        |         |                      |                    |         |                      |                    |
| Timber Land (0.32%, 0.31%)                      | 15,756  | \$3,448,923          | \$10,346           | 15,756  | \$3,605,258          | \$10,460           |
| CLASS 12                                        |         |                      |                    |         |                      |                    |
| Railroads (3.45%, 3.45%)                        |         | \$17,469,705         | \$592,223          |         | \$16,795,166         | \$550,880          |
| Airlines (3.45%, 3.45%)                         |         | \$1,656              | \$56               |         | \$1,802              | \$59               |
| Class 12 Subtotal                               |         | \$17,471,361         | \$592,279          |         | \$16,796,968         | \$550,939          |
| CLASS 13                                        |         |                      |                    |         |                      |                    |
| Electrical Generation Property (6%)             |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Telecommunication Property (6%)                 |         | \$159,367            | \$9,562            |         | \$200,827            | \$12,051           |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 13 Subtotal                               |         | \$159,367            | \$9,562            |         | \$200,827            | \$12,051           |
| CLASS 14                                        |         |                      |                    |         |                      |                    |
| Wind Generation (3%)                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Wind Generation New & Exp (varies)              |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 14 Subtotal                               |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 15                                        |         |                      |                    |         |                      |                    |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                  | \$0                |         | \$0                  | \$0                |
| <b>Total</b>                                    |         | <b>\$128,151,404</b> | <b>\$5,410,732</b> |         | <b>\$126,680,529</b> | <b>\$5,285,505</b> |

# Property Taxes Paid By County

## Granite County



|                                                 | TY 2013 |                      |                     | TY 2014 |                      |                     |
|-------------------------------------------------|---------|----------------------|---------------------|---------|----------------------|---------------------|
|                                                 | Acres   | Assessed             | Taxable             | Acres   | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                          |         | \$0                  | \$0                 |         | \$194,219            | \$5,827             |
| CLASS 3 Agricultural Land:                      |         |                      |                     |         |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 26,693  | \$11,201,275         | \$284,269           | 26,994  | \$11,159,106         | \$275,385           |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 0       | \$0                  | \$0                 | 0       | \$0                  | \$0                 |
| Grazing (2.72%, 2.63%)                          | 209,900 | \$10,237,510         | \$258,813           | 210,479 | \$10,610,115         | \$260,850           |
| Wild Hay (2.72%, 2.63%)                         | 906     | \$395,862            | \$10,057            | 962     | \$409,741            | \$10,122            |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 13,364  | \$751,034            | \$133,560           | 13,306  | \$774,047            | \$133,850           |
| Eligible Mining Claims (2.72%, 2.63%)           | 107     | \$9,946              | \$253               | 122     | \$9,884              | \$244               |
| Class 3 Subtotal                                | 250,970 | \$22,595,627         | \$686,952           | 251,863 | \$22,962,893         | \$680,451           |
| CLASS 4 Land and Improvements:                  |         |                      |                     |         |                      |                     |
| Residential (2.72%, 2.63%)                      |         | \$170,697,653        | \$4,335,589         |         | \$180,014,263        | \$4,446,392         |
| Residential Low Income (varies)                 |         | \$4,187,025          | \$36,783            |         | \$4,459,285          | \$34,990            |
| Mobile Homes (2.72%, 2.63%)                     |         | \$2,824,689          | \$71,749            |         | \$2,691,908          | \$66,485            |
| Mobile Homes Low Income (varies)                |         | \$162,890            | \$1,779             |         | \$153,666            | \$1,375             |
| Commercial (2.72%, 2.63%)                       |         | \$44,413,561         | \$1,128,096         |         | \$45,642,112         | \$1,127,354         |
| Industrial (2.72%, 2.63%)                       |         | \$466,564            | \$11,850            |         | \$493,501            | \$12,189            |
| New Manufacturing (varies)                      |         | \$679,923            | \$17,271            |         | \$755,326            | \$18,657            |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Remodeled Commercial (varies)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |         | \$463,059            | \$10,194            |         | \$190,905            | \$3,709             |
| Class 4 Subtotal                                |         | \$223,895,364        | \$5,613,311         |         | \$234,400,966        | \$5,711,151         |
| CLASS 5                                         |         |                      |                     |         |                      |                     |
| Rural Electric and Telephone Co-Op (3%)         |         | \$3,646,108          | \$109,381           |         | \$6,604,592          | \$198,137           |
| Qualified New Industrial (3%)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Pollution Control (3%)                          |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Gasohol Related (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Research and Development (0%-3%)                |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 5 Subtotal                                |         | \$3,646,108          | \$109,381           |         | \$6,604,592          | \$198,137           |
| CLASS 7                                         |         |                      |                     |         |                      |                     |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 8                                         |         |                      |                     |         |                      |                     |
| Machinery (3%, 2% and 3%)                       |         | \$8,785,300          | \$177,476           |         | \$11,700,994         | \$187,524           |
| Farm Implements (3%, 2% and 3%)                 |         | \$4,542,516          | \$91,819            |         | \$2,591,849          | \$23,487            |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$2,970,126          | \$64,895            |         | \$2,423,106          | \$32,276            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$1,998,033          | \$40,131            |         | \$2,413,468          | \$33,021            |
| Class 8 Subtotal                                |         | \$18,295,975         | \$374,321           |         | \$19,129,417         | \$276,308           |
| CLASS 9                                         |         |                      |                     |         |                      |                     |
| Utilities (12%)                                 |         | \$23,535,812         | \$2,824,292         |         | \$23,033,047         | \$2,763,958         |
| CLASS 10                                        |         |                      |                     |         |                      |                     |
| Timber Land (0.32%, 0.31%)                      | 119,223 | \$53,498,185         | \$161,186           | 119,111 | \$54,509,481         | \$158,745           |
| CLASS 12                                        |         |                      |                     |         |                      |                     |
| Railroads (3.45%, 3.45%)                        |         | \$22,184,080         | \$752,039           |         | \$23,786,622         | \$780,201           |
| Airlines (3.45%, 3.45%)                         |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 12 Subtotal                               |         | \$22,184,080         | \$752,039           |         | \$23,786,622         | \$780,201           |
| CLASS 13                                        |         |                      |                     |         |                      |                     |
| Electrical Generation Property (6%)             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Telecommunication Property (6%)                 |         | \$3,918,534          | \$235,115           |         | \$2,936,081          | \$176,167           |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 13 Subtotal                               |         | \$3,918,534          | \$235,115           |         | \$2,936,081          | \$176,167           |
| CLASS 14                                        |         |                      |                     |         |                      |                     |
| Wind Generation (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 14 Subtotal                               |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 15                                        |         |                      |                     |         |                      |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| <b>Total</b>                                    |         | <b>\$371,569,685</b> | <b>\$10,756,597</b> |         | <b>\$387,557,318</b> | <b>\$10,750,945</b> |

# Property Taxes Paid By County

## Hill County



|                                                 | TY 2013   |                        |                     | TY 2014   |                        |                     |
|-------------------------------------------------|-----------|------------------------|---------------------|-----------|------------------------|---------------------|
|                                                 | Acres     | Assessed               | Taxable             | Acres     | Assessed               | Taxable             |
| CLASS 1 Net Proceeds                            |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| CLASS 2 Gross Proceeds                          |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| CLASS 3 Agricultural Land:                      |           |                        |                     |           |                        |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 1,949     | \$1,107,887            | \$28,140            | 1,669     | \$944,237              | \$23,324            |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 1,134,702 | \$229,986,561          | \$5,798,355         | 1,134,311 | \$232,147,626          | \$5,690,729         |
| Grazing (2.72%, 2.63%)                          | 385,669   | \$21,818,909           | \$550,264           | 385,519   | \$22,653,125           | \$555,575           |
| Wild Hay (2.72%, 2.63%)                         | 5,522     | \$2,204,162            | \$55,985            | 5,534     | \$2,215,453            | \$54,720            |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 7,488     | \$428,491              | \$76,193            | 7,631     | \$458,521              | \$79,289            |
| Eligible Mining Claims (2.72%, 2.63%)           | 0         | \$0                    | \$0                 | 0         | \$0                    | \$0                 |
| Class 3 Subtotal                                | 1,535,330 | \$255,546,010          | \$6,508,937         | 1,534,664 | \$258,418,962          | \$6,403,637         |
| CLASS 4 Land and Improvements:                  |           |                        |                     |           |                        |                     |
| Residential (2.72%, 2.63%)                      |           | \$228,393,681          | \$5,799,829         |           | \$235,728,000          | \$5,819,904         |
| Residential Low Income (varies)                 |           | \$9,027,956            | \$86,278            |           | \$8,791,072            | \$75,287            |
| Mobile Homes (2.72%, 2.63%)                     |           | \$6,675,168            | \$169,549           |           | \$6,780,947            | \$167,482           |
| Mobile Homes Low Income (varies)                |           | \$274,127              | \$2,073             |           | \$250,405              | \$1,645             |
| Commercial (2.72%, 2.63%)                       |           | \$181,531,813          | \$4,610,919         |           | \$183,956,994          | \$4,543,707         |
| Industrial (2.72%, 2.63%)                       |           | \$582,108              | \$14,787            |           | \$620,956              | \$15,335            |
| New Manufacturing (varies)                      |           | \$27,223,917           | \$560,071           |           | \$27,785,365           | \$590,206           |
| Qualified Golf Courses (1.36%, 1.32%)           |           | \$1,710,321            | \$21,721            |           | \$1,764,087            | \$21,874            |
| Remodeled Commercial (varies)                   |           | \$45,949               | \$574               |           | \$23,550               | \$466               |
| Extended Prop Tax Relief Program (Res Only)     |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Class 4 Subtotal                                |           | \$455,465,040          | \$11,265,801        |           | \$465,701,376          | \$11,235,906        |
| CLASS 5                                         |           |                        |                     |           |                        |                     |
| Rural Electric and Telephone Co-Op (3%)         |           | \$39,737,741           | \$1,192,137         |           | \$43,070,538           | \$1,292,123         |
| Qualified New Industrial (3%)                   |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Pollution Control (3%)                          |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Gasohol Related (3%)                            |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Research and Development (0%-3%)                |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Class 5 Subtotal                                |           | \$39,737,741           | \$1,192,137         |           | \$43,070,538           | \$1,292,123         |
| CLASS 7                                         |           |                        |                     |           |                        |                     |
| Non-Centrally Assessed Public Util. (8%)        |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| CLASS 8                                         |           |                        |                     |           |                        |                     |
| Machinery (3%, 2% and 3%)                       |           | \$13,108,262           | \$280,233           |           | \$10,773,052           | \$138,661           |
| Farm Implements (3%, 2% and 3%)                 |           | \$65,398,743           | \$1,321,108         |           | \$67,870,595           | \$702,991           |
| Furniture and Fixtures (3%, 2% and 3%)          |           | \$10,903,772           | \$238,130           |           | \$8,866,342            | \$125,220           |
| Other Business Equipment (3%, 2% and 3%)        |           | \$11,757,157           | \$296,111           |           | \$7,961,742            | \$122,991           |
| Class 8 Subtotal                                |           | \$101,167,934          | \$2,135,581         |           | \$95,471,731           | \$1,089,863         |
| CLASS 9                                         |           |                        |                     |           |                        |                     |
| Utilities (12%)                                 |           | \$55,988,636           | \$6,718,627         |           | \$55,694,218           | \$6,683,291         |
| CLASS 10                                        |           |                        |                     |           |                        |                     |
| Timber Land (0.32%, 0.31%)                      | 9,060     | \$2,783,492            | \$8,351             | 9,060     | \$2,914,571            | \$8,456             |
| CLASS 12                                        |           |                        |                     |           |                        |                     |
| Railroads (3.45%, 3.45%)                        |           | \$114,445,419          | \$3,879,698         |           | \$111,830,792          | \$3,668,056         |
| Airlines (3.45%, 3.45%)                         |           | \$501,420              | \$16,999            |           | \$212,576              | \$6,972             |
| Class 12 Subtotal                               |           | \$114,946,839          | \$3,896,697         |           | \$112,043,368          | \$3,675,028         |
| CLASS 13                                        |           |                        |                     |           |                        |                     |
| Electrical Generation Property (6%)             |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Telecommunication Property (6%)                 |           | \$15,262,769           | \$915,762           |           | \$12,432,458           | \$745,951           |
| Elect Gen/Tele Real Prop New & Exp              |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Class 13 Subtotal                               |           | \$15,262,769           | \$915,762           |           | \$12,432,458           | \$745,951           |
| CLASS 14                                        |           |                        |                     |           |                        |                     |
| Wind Generation (3%)                            |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Wind Generation New & Exp (varies)              |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Class 14 Subtotal                               |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| CLASS 15                                        |           |                        |                     |           |                        |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| <b>Total</b>                                    |           | <b>\$1,040,898,461</b> | <b>\$32,641,893</b> |           | <b>\$1,045,747,222</b> | <b>\$31,134,255</b> |

# Property Taxes Paid By County

## Jefferson County



|                                                  | TY 2013 |                      |                     | TY 2014 |                      |                     |
|--------------------------------------------------|---------|----------------------|---------------------|---------|----------------------|---------------------|
|                                                  | Acres   | Assessed             | Taxable             | Acres   | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                             |         | \$201,339            | \$201,339           |         | \$249,405            | \$249,405           |
| CLASS 2 Gross Proceeds                           |         | \$160,524,235        | \$4,815,727         |         | \$133,919,579        | \$4,017,589         |
| CLASS 3 Agricultural Land:                       |         |                      |                     |         |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 19,929  | \$8,334,767          | \$211,708           | 19,952  | \$8,349,001          | \$206,227           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 21,334  | \$4,298,918          | \$109,158           | 21,282  | \$4,418,518          | \$109,099           |
| Grazing (2.72%, 2.63%)                           | 285,686 | \$11,438,663         | \$289,593           | 285,974 | \$11,821,305         | \$291,034           |
| Wild Hay (2.72%, 2.63%)                          | 1,823   | \$497,464            | \$12,637            | 1,869   | \$498,730            | \$12,318            |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 35,557  | \$2,030,556          | \$361,093           | 35,652  | \$2,118,096          | \$366,259           |
| Eligible Mining Claims (2.72%, 2.63%)            | 4,510   | \$260,364            | \$6,610             | 4,971   | \$316,462            | \$7,823             |
| Class 3 Subtotal                                 | 368,839 | \$26,860,732         | \$990,799           | 369,700 | \$27,522,112         | \$992,760           |
| CLASS 4 Land and Improvements:                   |         |                      |                     |         |                      |                     |
| Residential (2.72%, 2.63%)                       |         | \$453,500,045        | \$11,515,889        |         | \$478,571,072        | \$11,818,721        |
| Residential Low Income (varies)                  |         | \$10,529,237         | \$94,515            |         | \$11,254,384         | \$90,376            |
| Mobile Homes (2.72%, 2.63%)                      |         | \$5,976,942          | \$151,816           |         | \$6,088,929          | \$150,401           |
| Mobile Homes Low Income (varies)                 |         | \$220,834            | \$1,870             |         | \$276,233            | \$2,110             |
| Commercial (2.72%, 2.63%)                        |         | \$55,578,833         | \$1,411,715         |         | \$58,074,794         | \$1,434,433         |
| Industrial (2.72%, 2.63%)                        |         | \$15,683,256         | \$398,360           |         | \$15,982,166         | \$394,752           |
| New Manufacturing (varies)                       |         | \$16,276,563         | \$413,425           |         | \$17,315,448         | \$424,149           |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Remodeled Commercial (varies)                    |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |         | \$880,843            | \$14,553            |         | \$667,949            | \$12,451            |
| Class 4 Subtotal                                 |         | \$558,646,553        | \$14,002,143        |         | \$588,230,975        | \$14,327,393        |
| CLASS 5                                          |         |                      |                     |         |                      |                     |
| Rural Electric and Telephone Co-Op (3%)          |         | \$3,493,372          | \$104,801           |         | \$3,295,760          | \$98,870            |
| Qualified New Industrial (3%)                    |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Pollution Control (3%)                           |         | \$5,860,589          | \$175,819           |         | \$6,459,525          | \$193,787           |
| Gasohol Related (3%)                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Research and Development (0%-3%)                 |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 5 Subtotal                                 |         | \$9,353,961          | \$280,620           |         | \$9,755,285          | \$292,657           |
| CLASS 7                                          |         |                      |                     |         |                      |                     |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 8                                          |         |                      |                     |         |                      |                     |
| Machinery (3%, 2% and 3%)                        |         | \$92,399,352         | \$2,596,981         |         | \$92,594,468         | \$2,161,373         |
| Farm Implements (3%, 2% and 3%)                  |         | \$5,490,924          | \$110,020           |         | \$3,707,876          | \$31,082            |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$2,806,986          | \$59,059            |         | \$1,850,318          | \$23,511            |
| Other Business Equipment (3%, 2% and 3%)         |         | \$14,841,573         | \$427,913           |         | \$14,703,510         | \$377,003           |
| Class 8 Subtotal                                 |         | \$115,538,835        | \$3,193,974         |         | \$112,856,172        | \$2,592,968         |
| CLASS 9                                          |         |                      |                     |         |                      |                     |
| Utilities (12%)                                  |         | \$36,471,845         | \$4,376,610         |         | \$37,693,069         | \$4,523,161         |
| CLASS 10                                         |         |                      |                     |         |                      |                     |
| Timber Land (0.32%, 0.31%)                       | 64,940  | \$24,040,181         | \$72,133            | 64,950  | \$24,803,004         | \$71,938            |
| CLASS 12                                         |         |                      |                     |         |                      |                     |
| Railroads (3.45%, 3.45%)                         |         | \$16,358,378         | \$554,549           |         | \$17,703,611         | \$580,681           |
| Airlines (3.45%, 3.45%)                          |         | \$2,252              | \$76                |         | \$2,450              | \$80                |
| Class 12 Subtotal                                |         | \$16,360,630         | \$554,625           |         | \$17,706,061         | \$580,761           |
| CLASS 13                                         |         |                      |                     |         |                      |                     |
| Electrical Generation Property (6%)              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Telecommunication Property (6%)                  |         | \$16,692,403         | \$1,001,543         |         | \$12,933,294         | \$775,995           |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 13 Subtotal                                |         | \$16,692,403         | \$1,001,543         |         | \$12,933,294         | \$775,995           |
| CLASS 14                                         |         |                      |                     |         |                      |                     |
| Wind Generation (3%)                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)               |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 14 Subtotal                                |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 15                                         |         |                      |                     |         |                      |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| <b>Total</b>                                     |         | <b>\$964,690,714</b> | <b>\$29,489,513</b> |         | <b>\$965,668,956</b> | <b>\$28,424,627</b> |

# Property Taxes Paid By County

## Judith Basin County



|                                                  | TY 2013 |                      |                     | TY 2014 |                      |                     |
|--------------------------------------------------|---------|----------------------|---------------------|---------|----------------------|---------------------|
|                                                  | Acres   | Assessed             | Taxable             | Acres   | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                           |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                       |         |                      |                     |         |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 8,214   | \$4,742,849          | \$120,472           | 8,112   | \$4,731,702          | \$116,875           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 165,721 | \$33,978,010         | \$862,969           | 166,276 | \$34,080,012         | \$841,661           |
| Grazing (2.72%, 2.63%)                           | 506,630 | \$41,224,750         | \$1,043,401         | 507,479 | \$42,644,754         | \$1,049,586         |
| Wild Hay (2.72%, 2.63%)                          | 74,842  | \$25,875,256         | \$657,234           | 75,487  | \$25,928,256         | \$640,405           |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 3,402   | \$194,262            | \$34,544            | 3,461   | \$215,170            | \$37,207            |
| Eligible Mining Claims (2.72%, 2.63%)            | 0       | \$0                  | \$0                 | 0       | \$0                  | \$0                 |
| Class 3 Subtotal                                 | 758,808 | \$106,015,127        | \$2,718,620         | 760,815 | \$107,599,894        | \$2,685,734         |
| CLASS 4 Land and Improvements:                   |         |                      |                     |         |                      |                     |
| Residential (2.72%, 2.63%)                       |         | \$29,880,799         | \$758,595           |         | \$31,364,029         | \$774,683           |
| Residential Low Income (varies)                  |         | \$679,432            | \$6,973             |         | \$692,239            | \$7,288             |
| Mobile Homes (2.72%, 2.63%)                      |         | \$1,808,967          | \$45,955            |         | \$1,862,691          | \$46,009            |
| Mobile Homes Low Income (varies)                 |         | \$54,890             | \$763               |         | \$37,117             | \$434               |
| Commercial (2.72%, 2.63%)                        |         | \$39,010,134         | \$990,868           |         | \$40,425,791         | \$998,527           |
| Industrial (2.72%, 2.63%)                        |         | \$284,800            | \$7,234             |         | \$314,071            | \$7,756             |
| New Manufacturing (varies)                       |         | \$8,493,701          | \$176,115           |         | \$8,706,338          | \$175,385           |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Remodeled Commercial (varies)                    |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 4 Subtotal                                 |         | \$80,212,723         | \$1,986,503         |         | \$83,402,276         | \$2,010,082         |
| CLASS 5                                          |         |                      |                     |         |                      |                     |
| Rural Electric and Telephone Co-Op (3%)          |         | \$3,918,617          | \$117,555           |         | \$5,958,497          | \$178,758           |
| Qualified New Industrial (3%)                    |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Pollution Control (3%)                           |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Gasohol Related (3%)                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Research and Development (0%-3%)                 |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 5 Subtotal                                 |         | \$3,918,617          | \$117,555           |         | \$5,958,497          | \$178,758           |
| CLASS 7                                          |         |                      |                     |         |                      |                     |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 8                                          |         |                      |                     |         |                      |                     |
| Machinery (3%, 2% and 3%)                        |         | \$1,686,401          | \$35,899            |         | \$1,848,161          | \$30,286            |
| Farm Implements (3%, 2% and 3%)                  |         | \$25,419,347         | \$511,007           |         | \$18,990,198         | \$194,813           |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$525,178            | \$11,050            |         | \$310,305            | \$3,600             |
| Other Business Equipment (3%, 2% and 3%)         |         | \$577,738            | \$11,556            |         | \$737,257            | \$7,840             |
| Class 8 Subtotal                                 |         | \$28,208,664         | \$569,512           |         | \$21,885,921         | \$236,540           |
| CLASS 9                                          |         |                      |                     |         |                      |                     |
| Utilities (12%)                                  |         | \$49,567,472         | \$5,948,093         |         | \$48,495,578         | \$5,819,455         |
| CLASS 10                                         |         |                      |                     |         |                      |                     |
| Timber Land (0.32%, 0.31%)                       | 16,128  | \$4,073,803          | \$12,224            | 16,129  | \$4,269,676          | \$12,384            |
| CLASS 12                                         |         |                      |                     |         |                      |                     |
| Railroads (3.45%, 3.45%)                         |         | \$40,507,158         | \$1,373,193         |         | \$38,933,974         | \$1,277,035         |
| Airlines (3.45%, 3.45%)                          |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 12 Subtotal                                |         | \$40,507,158         | \$1,373,193         |         | \$38,933,974         | \$1,277,035         |
| CLASS 13                                         |         |                      |                     |         |                      |                     |
| Electrical Generation Property (6%)              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Telecommunication Property (6%)                  |         | \$6,250,459          | \$375,030           |         | \$6,665,683          | \$399,942           |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 13 Subtotal                                |         | \$6,250,459          | \$375,030           |         | \$6,665,683          | \$399,942           |
| CLASS 14                                         |         |                      |                     |         |                      |                     |
| Wind Generation (3%)                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)               |         | \$43,775,559         | \$656,633           |         | \$43,072,609         | \$646,089           |
| Class 14 Subtotal                                |         | \$43,775,559         | \$656,633           |         | \$43,072,609         | \$646,089           |
| CLASS 15                                         |         |                      |                     |         |                      |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| <b>Total</b>                                     |         | <b>\$362,529,582</b> | <b>\$13,757,363</b> |         | <b>\$360,284,108</b> | <b>\$13,266,019</b> |

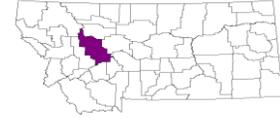
# Property Taxes Paid By County

## Lake County



|                                                  | TY 2013 |                        |                     | TY 2014 |                        |                     |
|--------------------------------------------------|---------|------------------------|---------------------|---------|------------------------|---------------------|
|                                                  | Acres   | Assessed               | Taxable             | Acres   | Assessed               | Taxable             |
| CLASS 1 Net Proceeds                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 2 Gross Proceeds                           |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 3 Agricultural Land:                       |         |                        |                     |         |                        |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 73,859  | \$31,058,535           | \$787,732           | 73,147  | \$30,726,143           | \$757,816           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 7,083   | \$2,521,341            | \$63,831            | 7,121   | \$2,527,421            | \$62,225            |
| Grazing (2.72%, 2.63%)                           | 120,313 | \$5,265,369            | \$133,857           | 120,008 | \$5,388,590            | \$133,232           |
| Wild Hay (2.72%, 2.63%)                          | 7,233   | \$3,228,208            | \$81,945            | 7,462   | \$3,272,131            | \$80,777            |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 38,699  | \$2,260,146            | \$401,907           | 39,739  | \$2,436,587            | \$421,326           |
| Eligible Mining Claims (2.72%, 2.63%)            | 0       | \$0                    | \$0                 | 0       | \$0                    | \$0                 |
| Class 3 Subtotal                                 | 247,187 | \$44,333,599           | \$1,469,272         | 247,477 | \$44,350,872           | \$1,455,376         |
| CLASS 4 Land and Improvements:                   |         |                        |                     |         |                        |                     |
| Residential (2.72%, 2.63%)                       |         | \$2,206,812,917        | \$56,044,442        |         | \$2,362,669,024        | \$58,353,794        |
| Residential Low Income (varies)                  |         | \$43,016,844           | \$400,292           |         | \$44,231,578           | \$368,394           |
| Mobile Homes (2.72%, 2.63%)                      |         | \$16,266,255           | \$413,143           |         | \$16,219,483           | \$400,630           |
| Mobile Homes Low Income (varies)                 |         | \$1,438,597            | \$10,627            |         | \$1,480,679            | \$11,489            |
| Commercial (2.72%, 2.63%)                        |         | \$334,015,880          | \$8,483,972         |         | \$357,038,967          | \$8,818,842         |
| Industrial (2.72%, 2.63%)                        |         | \$1,780,626            | \$45,226            |         | \$1,870,804            | \$46,206            |
| New Manufacturing (varies)                       |         | \$13,598,353           | \$345,397           |         | \$13,995,974           | \$345,702           |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$1,905,017            | \$24,193            |         | \$1,942,226            | \$24,084            |
| Remodeled Commercial (varies)                    |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |         | \$50,899,060           | \$958,343           |         | \$46,571,436           | \$840,975           |
| Class 4 Subtotal                                 |         | \$2,669,733,549        | \$66,725,635        |         | \$2,846,020,171        | \$69,210,116        |
| CLASS 5                                          |         |                        |                     |         |                        |                     |
| Rural Electric and Telephone Co-Op (3%)          |         | \$14,620,409           | \$438,610           |         | \$15,119,111           | \$453,572           |
| Qualified New Industrial (3%)                    |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Pollution Control (3%)                           |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Gasohol Related (3%)                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Research and Development (0%-3%)                 |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 5 Subtotal                                 |         | \$14,620,409           | \$438,610           |         | \$15,119,111           | \$453,572           |
| CLASS 7                                          |         |                        |                     |         |                        |                     |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 8                                          |         |                        |                     |         |                        |                     |
| Machinery (3%, 2% and 3%)                        |         | \$23,435,426           | \$575,126           |         | \$22,323,750           | \$411,600           |
| Farm Implements (3%, 2% and 3%)                  |         | \$11,787,633           | \$235,978           |         | \$6,018,317            | \$51,568            |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$10,247,434           | \$217,669           |         | \$12,220,119           | \$174,766           |
| Other Business Equipment (3%, 2% and 3%)         |         | \$3,341,606            | \$67,118            |         | \$2,021,439            | \$22,606            |
| Class 8 Subtotal                                 |         | \$48,812,099           | \$1,095,891         |         | \$42,583,625           | \$660,540           |
| CLASS 9                                          |         |                        |                     |         |                        |                     |
| Utilities (12%)                                  |         | \$3,062,420            | \$367,490           |         | \$3,020,115            | \$362,415           |
| CLASS 10                                         |         |                        |                     |         |                        |                     |
| Timber Land (0.32%, 0.31%)                       | 63,081  | \$55,354,741           | \$165,394           | 62,790  | \$56,622,153           | \$163,503           |
| CLASS 12                                         |         |                        |                     |         |                        |                     |
| Railroads (3.45%, 3.45%)                         |         | \$15,470,869           | \$524,461           |         | \$16,629,707           | \$545,455           |
| Airlines (3.45%, 3.45%)                          |         | \$3,378                | \$115               |         | \$5,282                | \$174               |
| Class 12 Subtotal                                |         | \$15,474,247           | \$524,576           |         | \$16,634,989           | \$545,629           |
| CLASS 13                                         |         |                        |                     |         |                        |                     |
| Electrical Generation Property (6%)              |         | \$34,917,411           | \$2,095,046         |         | \$34,818,009           | \$2,089,079         |
| Telecommunication Property (6%)                  |         | \$23,290,478           | \$1,397,425         |         | \$21,552,770           | \$1,293,172         |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 13 Subtotal                                |         | \$58,207,889           | \$3,492,471         |         | \$56,370,779           | \$3,382,251         |
| CLASS 14                                         |         |                        |                     |         |                        |                     |
| Wind Generation (3%)                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Wind Generation New & Exp (varies)               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 14 Subtotal                                |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 15                                         |         |                        |                     |         |                        |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| <b>Total</b>                                     |         | <b>\$2,909,598,953</b> | <b>\$74,279,339</b> |         | <b>\$3,080,721,815</b> | <b>\$76,233,402</b> |

## Lewis and Clark County



|                                                  | TY 2013 |                        |                      | TY 2014 |                        |                      |
|--------------------------------------------------|---------|------------------------|----------------------|---------|------------------------|----------------------|
|                                                  | Acres   | Assessed               | Taxable              | Acres   | Assessed               | Taxable              |
| CLASS 1 Net Proceeds                             |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| CLASS 2 Gross Proceeds                           |         | \$37,083,100           | \$1,112,493          |         | \$8,186,477            | \$245,596            |
| CLASS 3 Agricultural Land:                       |         |                        |                      |         |                        |                      |
| Tillable Irrigated (2.72%, 2.63%)                | 34,201  | \$14,787,286           | \$375,299            | 34,342  | \$14,847,773           | \$366,471            |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 24,249  | \$5,136,529            | \$130,408            | 23,461  | \$5,156,197            | \$127,297            |
| Grazing (2.72%, 2.63%)                           | 587,639 | \$32,181,218           | \$821,019            | 584,513 | \$33,208,176           | \$823,701            |
| Wild Hay (2.72%, 2.63%)                          | 9,601   | \$2,987,918            | \$75,895             | 9,554   | \$2,998,171            | \$74,058             |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 57,833  | \$3,444,563            | \$612,547            | 59,186  | \$3,458,884            | \$598,073            |
| Eligible Mining Claims (2.72%, 2.63%)            | 18      | \$1,294                | \$33                 | 18      | \$1,337                | \$33                 |
| Class 3 Subtotal                                 | 713,541 | \$58,538,808           | \$2,015,201          | 711,073 | \$59,670,538           | \$1,989,633          |
| CLASS 4 Land and Improvements:                   |         |                        |                      |         |                        |                      |
| Residential (2.72%, 2.63%)                       |         | \$2,260,053,421        | \$57,383,283         |         | \$2,366,245,604        | \$58,433,007         |
| Residential Low Income (varies)                  |         | \$41,814,920           | \$427,130            |         | \$49,721,391           | \$474,408            |
| Mobile Homes (2.72%, 2.63%)                      |         | \$35,741,358           | \$907,802            |         | \$35,771,879           | \$883,543            |
| Mobile Homes Low Income (varies)                 |         | \$2,214,263            | \$19,511             |         | \$2,541,445            | \$20,421             |
| Commercial (2.72%, 2.63%)                        |         | \$1,044,284,295        | \$26,524,802         |         | \$1,106,909,914        | \$27,340,652         |
| Industrial (2.72%, 2.63%)                        |         | \$2,890,225            | \$73,411             |         | \$3,245,704            | \$80,169             |
| New Manufacturing (varies)                       |         | \$17,677,948           | \$406,143            |         | \$16,929,690           | \$387,571            |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$9,094,465            | \$115,500            |         | \$9,559,599            | \$118,538            |
| Remodeled Commercial (varies)                    |         | \$737,524              | \$0                  |         | \$770,730              | \$0                  |
| Extended Prop Tax Relief Program (Res Only)      |         | \$6,297,303            | \$121,901            |         | \$5,870,542            | \$110,845            |
| Class 4 Subtotal                                 |         | \$3,420,805,722        | \$85,979,483         |         | \$3,597,566,498        | \$87,849,154         |
| CLASS 5                                          |         |                        |                      |         |                        |                      |
| Rural Electric and Telephone Co-Op (3%)          |         | \$8,318,761            | \$249,562            |         | \$8,206,866            | \$246,207            |
| Qualified New Industrial (3%)                    |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Pollution Control (3%)                           |         | \$2,419,535            | \$72,586             |         | \$2,395,793            | \$71,873             |
| Gasohol Related (3%)                             |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Research and Development (0%-3%)                 |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Class 5 Subtotal                                 |         | \$10,738,296           | \$322,148            |         | \$10,602,659           | \$318,080            |
| CLASS 7                                          |         |                        |                      |         |                        |                      |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| CLASS 8                                          |         |                        |                      |         |                        |                      |
| Machinery (3%, 2% and 3%)                        |         | \$109,311,118          | \$2,535,819          |         | \$104,127,750          | \$2,129,632          |
| Farm Implements (3%, 2% and 3%)                  |         | \$7,890,718            | \$158,592            |         | \$5,215,556            | \$51,362             |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$72,263,404           | \$1,608,984          |         | \$67,588,478           | \$935,076            |
| Other Business Equipment (3%, 2% and 3%)         |         | \$7,044,931            | \$146,846            |         | \$7,855,833            | \$100,726            |
| Class 8 Subtotal                                 |         | \$196,510,171          | \$4,450,241          |         | \$184,787,617          | \$3,216,796          |
| CLASS 9                                          |         |                        |                      |         |                        |                      |
| Utilities (12%)                                  |         | \$107,289,170          | \$12,874,689         |         | \$107,967,407          | \$12,956,100         |
| CLASS 10                                         |         |                        |                      |         |                        |                      |
| Timber Land (0.32%, 0.31%)                       | 215,731 | \$100,076,454          | \$300,069            | 216,041 | \$103,694,773          | \$300,563            |
| CLASS 12                                         |         |                        |                      |         |                        |                      |
| Railroads (3.45%, 3.45%)                         |         | \$42,841,618           | \$1,452,332          |         | \$42,330,475           | \$1,388,437          |
| Airlines (3.45%, 3.45%)                          |         | \$9,192,305            | \$311,618            |         | \$9,059,497            | \$297,150            |
| Class 12 Subtotal                                |         | \$52,033,923           | \$1,763,950          |         | \$51,389,972           | \$1,685,587          |
| CLASS 13                                         |         |                        |                      |         |                        |                      |
| Electrical Generation Property (6%)              |         | \$33,739,369           | \$2,024,364          |         | \$33,554,700           | \$2,013,283          |
| Telecommunication Property (6%)                  |         | \$158,382,524          | \$9,502,950          |         | \$107,445,682          | \$6,446,741          |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Class 13 Subtotal                                |         | \$192,121,893          | \$11,527,314         |         | \$141,000,382          | \$8,460,024          |
| CLASS 14                                         |         |                        |                      |         |                        |                      |
| Wind Generation (3%)                             |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Wind Generation New & Exp (varies)               |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Class 14 Subtotal                                |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| CLASS 15                                         |         |                        |                      |         |                        |                      |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| <b>Total</b>                                     |         | <b>\$4,175,197,537</b> | <b>\$120,345,588</b> |         | <b>\$4,264,866,323</b> | <b>\$117,021,533</b> |

# Property Taxes Paid By County

## Liberty County



|                                                 | TY 2013 |                      |                    | TY 2014 |                      |                    |
|-------------------------------------------------|---------|----------------------|--------------------|---------|----------------------|--------------------|
|                                                 | Acres   | Assessed             | Taxable            | Acres   | Assessed             | Taxable            |
| CLASS 1 Net Proceeds                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 2 Gross Proceeds                          |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 3 Agricultural Land:                      |         |                      |                    |         |                      |                    |
| Tillable Irrigated (2.72%, 2.63%)               | 7,710   | \$3,482,732          | \$88,460           | 7,710   | \$3,482,732          | \$86,021           |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 564,858 | \$101,765,938        | \$2,573,878        | 564,753 | \$102,564,265        | \$2,522,342        |
| Grazing (2.72%, 2.63%)                          | 217,679 | \$13,977,701         | \$353,036          | 217,511 | \$14,486,599         | \$355,845          |
| Wild Hay (2.72%, 2.63%)                         | 6,084   | \$2,009,398          | \$51,030           | 6,084   | \$2,015,146          | \$49,775           |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 861     | \$56,122             | \$9,980            | 1,006   | \$62,677             | \$10,842           |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                  | \$0                | 0       | \$0                  | \$0                |
| Class 3 Subtotal                                | 797,192 | \$121,291,891        | \$3,076,384        | 797,063 | \$122,611,419        | \$3,024,825        |
| CLASS 4 Land and Improvements:                  |         |                      |                    |         |                      |                    |
| Residential (2.72%, 2.63%)                      |         | \$19,117,670         | \$485,537          |         | \$19,619,067         | \$484,633          |
| Residential Low Income (varies)                 |         | \$476,560            | \$3,881            |         | \$400,416            | \$3,245            |
| Mobile Homes (2.72%, 2.63%)                     |         | \$988,730            | \$25,117           |         | \$991,757            | \$24,496           |
| Mobile Homes Low Income (varies)                |         | \$51,996             | \$926              |         | \$54,307             | \$710              |
| Commercial (2.72%, 2.63%)                       |         | \$38,797,865         | \$985,467          |         | \$39,410,495         | \$973,433          |
| Industrial (2.72%, 2.63%)                       |         | \$308,915            | \$7,844            |         | \$318,578            | \$7,869            |
| New Manufacturing (varies)                      |         | \$18,758,236         | \$476,461          |         | \$20,055,397         | \$495,367          |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Remodeled Commercial (varies)                   |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Extended Prop Tax Relief Program (Res Only)     |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 4 Subtotal                                |         | \$78,499,972         | \$1,985,233        |         | \$80,850,017         | \$1,989,753        |
| CLASS 5                                         |         |                      |                    |         |                      |                    |
| Rural Electric and Telephone Co-Op (3%)         |         | \$7,457,185          | \$223,721          |         | \$7,520,648          | \$225,624          |
| Qualified New Industrial (3%)                   |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Pollution Control (3%)                          |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Gasohol Related (3%)                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Research and Development (0%-3%)                |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 5 Subtotal                                |         | \$7,457,185          | \$223,721          |         | \$7,520,648          | \$225,624          |
| CLASS 7                                         |         |                      |                    |         |                      |                    |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 8                                         |         |                      |                    |         |                      |                    |
| Machinery (3%, 2% and 3%)                       |         | \$3,719,680          | \$83,317           |         | \$3,298,643          | \$40,389           |
| Farm Implements (3%, 2% and 3%)                 |         | \$33,428,805         | \$679,450          |         | \$35,995,370         | \$386,213          |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$818,942            | \$17,325           |         | \$745,431            | \$8,474            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$4,341,892          | \$112,761          |         | \$4,760,186          | \$70,410           |
| Class 8 Subtotal                                |         | \$42,309,319         | \$892,853          |         | \$44,799,630         | \$505,485          |
| CLASS 9                                         |         |                      |                    |         |                      |                    |
| Utilities (12%)                                 |         | \$4,289,981          | \$514,796          |         | \$4,870,130          | \$584,412          |
| CLASS 10                                        |         |                      |                    |         |                      |                    |
| Timber Land (0.32%, 0.31%)                      | 722     | \$193,317            | \$580              | 722     | \$202,646            | \$587              |
| CLASS 12                                        |         |                      |                    |         |                      |                    |
| Railroads (3.45%, 3.45%)                        |         | \$22,465,707         | \$761,588          |         | \$21,618,704         | \$709,093          |
| Airlines (3.45%, 3.45%)                         |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 12 Subtotal                               |         | \$22,465,707         | \$761,588          |         | \$21,618,704         | \$709,093          |
| CLASS 13                                        |         |                      |                    |         |                      |                    |
| Electrical Generation Property (6%)             |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Telecommunication Property (6%)                 |         | \$1,103,425          | \$66,206           |         | \$1,460,830          | \$87,652           |
| Elect Gen/Tele Real Prop New & Exp              |         | \$2,500,000          | \$135,000          |         | \$0                  | \$0                |
| Class 13 Subtotal                               |         | \$3,603,425          | \$201,206          |         | \$1,460,830          | \$87,652           |
| CLASS 14                                        |         |                      |                    |         |                      |                    |
| Wind Generation (3%)                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Wind Generation New & Exp (varies)              |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 14 Subtotal                               |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 15                                        |         |                      |                    |         |                      |                    |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                  | \$0                |         | \$0                  | \$0                |
| <b>Total</b>                                    |         | <b>\$280,110,797</b> | <b>\$7,656,361</b> |         | <b>\$285,574,848</b> | <b>\$7,225,880</b> |

# Property Taxes Paid By County

## Lincoln County



|                                                 | TY 2013 |                        |                     | TY 2014 |                        |                     |
|-------------------------------------------------|---------|------------------------|---------------------|---------|------------------------|---------------------|
|                                                 | Acres   | Assessed               | Taxable             | Acres   | Assessed               | Taxable             |
| CLASS 1 Net Proceeds                            |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 2 Gross Proceeds                          |         | \$54,882,920           | \$1,646,488         |         | \$0                    | \$0                 |
| CLASS 3 Agricultural Land:                      |         |                        |                     |         |                        |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 2,215   | \$1,015,744            | \$25,775            | 2,201   | \$1,023,749            | \$25,264            |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 77      | \$11,125               | \$278               | 77      | \$13,448               | \$327               |
| Grazing (2.72%, 2.63%)                          | 27,900  | \$676,947              | \$17,361            | 27,977  | \$700,645              | \$17,502            |
| Wild Hay (2.72%, 2.63%)                         | 1,847   | \$615,050              | \$15,623            | 1,875   | \$622,970              | \$15,389            |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 20,572  | \$1,365,947            | \$242,907           | 23,958  | \$1,395,431            | \$241,302           |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                    | \$0                 | 0       | \$0                    | \$0                 |
| Class 3 Subtotal                                | 52,611  | \$3,684,813            | \$301,944           | 56,088  | \$3,756,243            | \$299,784           |
| CLASS 4 Land and Improvements:                  |         |                        |                     |         |                        |                     |
| Residential (2.72%, 2.63%)                      |         | \$856,848,821          | \$21,758,851        |         | \$923,088,198          | \$22,788,112        |
| Residential Low Income (varies)                 |         | \$52,865,480           | \$454,490           |         | \$43,266,446           | \$341,405           |
| Mobile Homes (2.72%, 2.63%)                     |         | \$15,983,539           | \$405,985           |         | \$15,936,254           | \$393,644           |
| Mobile Homes Low Income (varies)                |         | \$1,937,086            | \$13,952            |         | \$1,806,226            | \$12,316            |
| Commercial (2.72%, 2.63%)                       |         | \$135,290,692          | \$3,436,378         |         | \$139,345,455          | \$3,441,829         |
| Industrial (2.72%, 2.63%)                       |         | \$3,942,317            | \$100,136           |         | \$4,150,798            | \$102,525           |
| New Manufacturing (varies)                      |         | \$9,549,021            | \$237,716           |         | \$9,518,895            | \$235,117           |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$14,344,446           | \$182,173           |         | \$15,189,861           | \$188,353           |
| Remodeled Commercial (varies)                   |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |         | \$8,038,088            | \$161,283           |         | \$6,664,313            | \$127,186           |
| Class 4 Subtotal                                |         | \$1,098,799,490        | \$26,750,964        |         | \$1,158,966,446        | \$27,630,487        |
| CLASS 5                                         |         |                        |                     |         |                        |                     |
| Rural Electric and Telephone Co-Op (3%)         |         | \$59,504,828           | \$1,785,140         |         | \$65,794,645           | \$1,973,839         |
| Qualified New Industrial (3%)                   |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Pollution Control (3%)                          |         | \$1,363,972            | \$36,827            |         | \$1,384,475            | \$41,534            |
| Gasohol Related (3%)                            |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Research and Development (0%-3%)                |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 5 Subtotal                                |         | \$60,868,800           | \$1,821,967         |         | \$67,179,120           | \$2,015,373         |
| CLASS 7                                         |         |                        |                     |         |                        |                     |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 8                                         |         |                        |                     |         |                        |                     |
| Machinery (3%, 2% and 3%)                       |         | \$36,517,450           | \$850,207           |         | \$28,204,203           | \$431,535           |
| Farm Implements (3%, 2% and 3%)                 |         | \$1,836,845            | \$37,930            |         | \$602,617              | \$4,571             |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$7,518,020            | \$157,459           |         | \$5,618,108            | \$69,563            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$4,423,980            | \$109,152           |         | \$3,233,607            | \$57,497            |
| Class 8 Subtotal                                |         | \$50,296,295           | \$1,154,748         |         | \$37,658,535           | \$563,166           |
| CLASS 9                                         |         |                        |                     |         |                        |                     |
| Utilities (12%)                                 |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 10                                        |         |                        |                     |         |                        |                     |
| Timber Land (0.32%, 0.31%)                      | 414,965 | \$424,238,636          | \$1,252,955         | 415,539 | \$440,990,990          | \$1,259,290         |
| CLASS 12                                        |         |                        |                     |         |                        |                     |
| Railroads (3.45%, 3.45%)                        |         | \$93,184,606           | \$3,158,955         |         | \$90,106,178           | \$2,955,483         |
| Airlines (3.45%, 3.45%)                         |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 12 Subtotal                               |         | \$93,184,606           | \$3,158,955         |         | \$90,106,178           | \$2,955,483         |
| CLASS 13                                        |         |                        |                     |         |                        |                     |
| Electrical Generation Property (6%)             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Telecommunication Property (6%)                 |         | \$11,139,801           | \$668,389           |         | \$9,964,310            | \$597,860           |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 13 Subtotal                               |         | \$11,139,801           | \$668,389           |         | \$9,964,310            | \$597,860           |
| CLASS 14                                        |         |                        |                     |         |                        |                     |
| Wind Generation (3%)                            |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Wind Generation New & Exp (varies)              |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 14 Subtotal                               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 15                                        |         |                        |                     |         |                        |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| <b>Total</b>                                    |         | <b>\$1,797,095,361</b> | <b>\$36,756,410</b> |         | <b>\$1,808,621,822</b> | <b>\$35,321,443</b> |

# Property Taxes Paid By County

## Madison County



|                                                  | TY 2013 |                        |                     | TY 2014 |                        |                     |
|--------------------------------------------------|---------|------------------------|---------------------|---------|------------------------|---------------------|
|                                                  | Acres   | Assessed               | Taxable             | Acres   | Assessed               | Taxable             |
| CLASS 1 Net Proceeds                             |         | \$2,112,329            | \$2,112,329         |         | \$2,623,098            | \$2,623,098         |
| CLASS 2 Gross Proceeds                           |         | \$2,750,440            | \$82,513            |         | \$2,964,982            | \$88,950            |
| CLASS 3 Agricultural Land:                       |         |                        |                     |         |                        |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 84,008  | \$36,427,298           | \$925,067           | 83,705  | \$36,650,940           | \$905,106           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 13,817  | \$3,310,385            | \$84,023            | 11,410  | \$3,324,907            | \$82,060            |
| Grazing (2.72%, 2.63%)                           | 814,102 | \$44,472,937           | \$1,113,127         | 813,078 | \$46,528,484           | \$1,132,786         |
| Wild Hay (2.72%, 2.63%)                          | 1,696   | \$390,863              | \$9,928             | 1,699   | \$404,699              | \$9,996             |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 51,511  | \$2,854,967            | \$507,765           | 51,711  | \$2,951,243            | \$510,348           |
| Eligible Mining Claims (2.72%, 2.63%)            | 111     | \$9,487                | \$241               | 134     | \$37,320               | \$922               |
| Class 3 Subtotal                                 | 965,244 | \$87,465,937           | \$2,640,151         | 961,736 | \$89,897,593           | \$2,641,218         |
| CLASS 4 Land and Improvements:                   |         |                        |                     |         |                        |                     |
| Residential (2.72%, 2.63%)                       |         | \$2,266,559,227        | \$57,569,171        |         | \$2,507,485,084        | \$61,932,773        |
| Residential Low Income (varies)                  |         | \$12,440,238           | \$109,622           |         | \$12,676,546           | \$108,897           |
| Mobile Homes (2.72%, 2.63%)                      |         | \$5,805,587            | \$147,451           |         | \$5,897,364            | \$145,666           |
| Mobile Homes Low Income (varies)                 |         | \$169,837              | \$1,961             |         | \$197,939              | \$1,108             |
| Commercial (2.72%, 2.63%)                        |         | \$362,964,752          | \$9,219,292         |         | \$364,978,754          | \$9,014,962         |
| Industrial (2.72%, 2.63%)                        |         | \$2,959,935            | \$75,184            |         | \$3,267,544            | \$80,710            |
| New Manufacturing (varies)                       |         | \$5,227,752            | \$132,785           |         | \$5,854,638            | \$144,608           |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$28,203,479           | \$358,184           |         | \$31,613,501           | \$392,009           |
| Remodeled Commercial (varies)                    |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |         | \$5,628,957            | \$103,327           |         | \$5,749,957            | \$102,740           |
| Class 4 Subtotal                                 |         | \$2,689,959,764        | \$67,716,977        |         | \$2,937,721,327        | \$71,923,473        |
| CLASS 5                                          |         |                        |                     |         |                        |                     |
| Rural Electric and Telephone Co-Op (3%)          |         | \$16,852,239           | \$505,562           |         | \$17,023,742           | \$510,707           |
| Qualified New Industrial (3%)                    |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Pollution Control (3%)                           |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Gasohol Related (3%)                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Research and Development (0%-3%)                 |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 5 Subtotal                                 |         | \$16,852,239           | \$505,562           |         | \$17,023,742           | \$510,707           |
| CLASS 7                                          |         |                        |                     |         |                        |                     |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 8                                          |         |                        |                     |         |                        |                     |
| Machinery (3%, 2% and 3%)                        |         | \$24,569,935           | \$600,920           |         | \$28,933,861           | \$501,628           |
| Farm Implements (3%, 2% and 3%)                  |         | \$15,420,907           | \$310,024           |         | \$13,288,671           | \$132,248           |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$10,469,460           | \$266,049           |         | \$10,173,666           | \$206,382           |
| Other Business Equipment (3%, 2% and 3%)         |         | \$32,791,353           | \$897,295           |         | \$29,365,339           | \$665,458           |
| Class 8 Subtotal                                 |         | \$83,251,655           | \$2,074,288         |         | \$81,761,537           | \$1,505,715         |
| CLASS 9                                          |         |                        |                     |         |                        |                     |
| Utilities (12%)                                  |         | \$23,397,819           | \$2,807,731         |         | \$24,397,210           | \$2,927,669         |
| CLASS 10                                         |         |                        |                     |         |                        |                     |
| Timber Land (0.32%, 0.31%)                       | 77,949  | \$30,117,054           | \$90,370            | 77,636  | \$31,082,809           | \$90,161            |
| CLASS 12                                         |         |                        |                     |         |                        |                     |
| Railroads (3.45%, 3.45%)                         |         | \$15,475,269           | \$524,612           |         | \$16,727,666           | \$548,667           |
| Airlines (3.45%, 3.45%)                          |         | \$2,252                | \$76                |         | \$2,450                | \$80                |
| Class 12 Subtotal                                |         | \$15,477,521           | \$524,688           |         | \$16,730,116           | \$548,747           |
| CLASS 13                                         |         |                        |                     |         |                        |                     |
| Electrical Generation Property (6%)              |         | \$8,059,651            | \$483,579           |         | \$8,246,063            | \$494,764           |
| Telecommunication Property (6%)                  |         | \$4,748,125            | \$284,888           |         | \$3,703,395            | \$222,206           |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 13 Subtotal                                |         | \$12,807,776           | \$768,467           |         | \$11,949,458           | \$716,970           |
| CLASS 14                                         |         |                        |                     |         |                        |                     |
| Wind Generation (3%)                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Wind Generation New & Exp (varies)               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 14 Subtotal                                |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 15                                         |         |                        |                     |         |                        |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| <b>Total</b>                                     |         | <b>\$2,964,192,534</b> | <b>\$79,323,076</b> |         | <b>\$3,216,151,872</b> | <b>\$83,576,708</b> |

# Property Taxes Paid By County

## McCone County



|                                                 | TY 2013   |                      |                    | TY 2014   |                      |                    |
|-------------------------------------------------|-----------|----------------------|--------------------|-----------|----------------------|--------------------|
|                                                 | Acres     | Assessed             | Taxable            | Acres     | Assessed             | Taxable            |
| CLASS 1 Net Proceeds                            |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 2 Gross Proceeds                          |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 3 Agricultural Land:                      |           |                      |                    |           |                      |                    |
| Tillable Irrigated (2.72%, 2.63%)               | 9,548     | \$5,751,527          | \$146,094          | 9,420     | \$5,677,770          | \$140,243          |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 494,073   | \$111,474,116        | \$2,829,461        | 493,988   | \$111,794,744        | \$2,759,308        |
| Grazing (2.72%, 2.63%)                          | 818,690   | \$40,913,794         | \$1,029,068        | 822,457   | \$42,617,338         | \$1,042,497        |
| Wild Hay (2.72%, 2.63%)                         | 5,337     | \$1,937,498          | \$49,213           | 5,681     | \$1,942,457          | \$47,972           |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 1,846     | \$107,544            | \$19,122           | 1,846     | \$114,365            | \$19,777           |
| Eligible Mining Claims (2.72%, 2.63%)           | 0         | \$0                  | \$0                | 0         | \$0                  | \$0                |
| Class 3 Subtotal                                | 1,329,495 | \$160,184,479        | \$4,072,958        | 1,333,391 | \$162,146,674        | \$4,009,797        |
| CLASS 4 Land and Improvements:                  |           |                      |                    |           |                      |                    |
| Residential (2.72%, 2.63%)                      |           | \$12,277,695         | \$311,844          |           | \$12,326,745         | \$304,532          |
| Residential Low Income (varies)                 |           | \$224,098            | \$1,677            |           | \$328,373            | \$3,541            |
| Mobile Homes (2.72%, 2.63%)                     |           | \$2,075,403          | \$52,713           |           | \$2,290,361          | \$56,575           |
| Mobile Homes Low Income (varies)                |           | \$68,225             | \$543              |           | \$61,380             | \$495              |
| Commercial (2.72%, 2.63%)                       |           | \$27,559,706         | \$700,027          |           | \$29,295,846         | \$723,606          |
| Industrial (2.72%, 2.63%)                       |           | \$27,608             | \$701              |           | \$24,080             | \$595              |
| New Manufacturing (varies)                      |           | \$1,905,856          | \$33,871           |           | \$1,831,458          | \$34,076           |
| Qualified Golf Courses (1.36%, 1.32%)           |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Remodeled Commercial (varies)                   |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Extended Prop Tax Relief Program (Res Only)     |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 4 Subtotal                                |           | \$44,138,591         | \$1,101,376        |           | \$46,158,243         | \$1,123,420        |
| CLASS 5                                         |           |                      |                    |           |                      |                    |
| Rural Electric and Telephone Co-Op (3%)         |           | \$15,440,530         | \$463,208          |           | \$15,869,845         | \$476,093          |
| Qualified New Industrial (3%)                   |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Pollution Control (3%)                          |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Gasohol Related (3%)                            |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Research and Development (0%-3%)                |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Aluminum Electrolytic Equipment (3%)            |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 5 Subtotal                                |           | \$15,440,530         | \$463,208          |           | \$15,869,845         | \$476,093          |
| CLASS 7                                         |           |                      |                    |           |                      |                    |
| Non-Centrally Assessed Public Util. (8%)        |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 8                                         |           |                      |                    |           |                      |                    |
| Machinery (3%, 2% and 3%)                       |           | \$5,542,238          | \$113,288          |           | \$6,422,335          | \$112,972          |
| Farm Implements (3%, 2% and 3%)                 |           | \$38,076,371         | \$772,395          |           | \$38,177,698         | \$406,404          |
| Furniture and Fixtures (3%, 2% and 3%)          |           | \$1,145,287          | \$23,178           |           | \$930,522            | \$9,525            |
| Other Business Equipment (3%, 2% and 3%)        |           | \$1,023,680          | \$22,316           |           | \$2,270,401          | \$28,530           |
| Class 8 Subtotal                                |           | \$45,787,576         | \$931,177          |           | \$47,800,956         | \$557,432          |
| CLASS 9                                         |           |                      |                    |           |                      |                    |
| Utilities (12%)                                 |           | \$1,675,771          | \$201,093          |           | \$1,666,153          | \$199,938          |
| CLASS 10                                        |           |                      |                    |           |                      |                    |
| Timber Land (0.32%, 0.31%)                      | 0         | \$0                  | \$0                | 0         | \$0                  | \$0                |
| CLASS 12                                        |           |                      |                    |           |                      |                    |
| Railroads (3.45%, 3.45%)                        |           | \$6,731,854          | \$228,209          |           | \$6,490,276          | \$212,881          |
| Airlines (3.45%, 3.45%)                         |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 12 Subtotal                               |           | \$6,731,854          | \$228,209          |           | \$6,490,276          | \$212,881          |
| CLASS 13                                        |           |                      |                    |           |                      |                    |
| Electrical Generation Property (6%)             |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Telecommunication Property (6%)                 |           | \$2,236,697          | \$134,201          |           | \$2,696,536          | \$161,791          |
| Elect Gen/Tele Real Prop New & Exp              |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 13 Subtotal                               |           | \$2,236,697          | \$134,201          |           | \$2,696,536          | \$161,791          |
| CLASS 14                                        |           |                      |                    |           |                      |                    |
| Wind Generation (3%)                            |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Wind Generation New & Exp (varies)              |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 14 Subtotal                               |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 15                                        |           |                      |                    |           |                      |                    |
| Carbon Dioxide and Liquid Pipline Property (3%) |           | \$0                  | \$0                |           | \$0                  | \$0                |
| <b>Total</b>                                    |           | <b>\$276,195,498</b> | <b>\$7,132,222</b> |           | <b>\$282,828,683</b> | <b>\$6,741,352</b> |

# Property Taxes Paid By County

## Meagher County



|                                                 | TY 2013 |                      |                    | TY 2014 |                      |                    |
|-------------------------------------------------|---------|----------------------|--------------------|---------|----------------------|--------------------|
|                                                 | Acres   | Assessed             | Taxable            | Acres   | Assessed             | Taxable            |
| CLASS 1 Net Proceeds                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 2 Gross Proceeds                          |         | \$216,468            | \$6,494            |         | \$97,146             | \$2,915            |
| CLASS 3 Agricultural Land:                      |         |                      |                    |         |                      |                    |
| Tillable Irrigated (2.72%, 2.63%)               | 42,215  | \$17,608,624         | \$446,950          | 42,264  | \$17,564,101         | \$433,541          |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 23,926  | \$4,436,527          | \$112,686          | 23,916  | \$4,447,139          | \$109,842          |
| Grazing (2.72%, 2.63%)                          | 683,163 | \$31,614,699         | \$798,549          | 682,657 | \$32,851,461         | \$806,946          |
| Wild Hay (2.72%, 2.63%)                         | 9,408   | \$3,147,086          | \$79,936           | 9,410   | \$3,257,882          | \$80,475           |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 7,269   | \$422,446            | \$75,124           | 7,604   | \$444,931            | \$76,957           |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                  | \$0                | 0       | \$0                  | \$0                |
| Class 3 Subtotal                                | 765,983 | \$57,229,382         | \$1,513,245        | 765,851 | \$58,565,514         | \$1,507,761        |
| CLASS 4 Land and Improvements:                  |         |                      |                    |         |                      |                    |
| Residential (2.72%, 2.63%)                      |         | \$55,025,614         | \$1,397,634        |         | \$57,505,802         | \$1,420,431        |
| Residential Low Income (varies)                 |         | \$1,253,029          | \$9,703            |         | \$1,516,621          | \$13,073           |
| Mobile Homes (2.72%, 2.63%)                     |         | \$1,513,312          | \$38,440           |         | \$1,567,073          | \$38,709           |
| Mobile Homes Low Income (varies)                |         | \$127,061            | \$648              |         | \$116,753            | \$737              |
| Commercial (2.72%, 2.63%)                       |         | \$35,822,291         | \$909,868          |         | \$36,947,361         | \$912,609          |
| Industrial (2.72%, 2.63%)                       |         | \$84,623             | \$2,149            |         | \$91,852             | \$2,268            |
| New Manufacturing (varies)                      |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Remodeled Commercial (varies)                   |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Extended Prop Tax Relief Program (Res Only)     |         | \$115,796            | \$2,446            |         | \$82,415             | \$1,788            |
| Class 4 Subtotal                                |         | \$93,941,726         | \$2,360,888        |         | \$97,827,877         | \$2,389,615        |
| CLASS 5                                         |         |                      |                    |         |                      |                    |
| Rural Electric and Telephone Co-Op (3%)         |         | \$712,899            | \$21,385           |         | \$745,608            | \$22,370           |
| Qualified New Industrial (3%)                   |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Pollution Control (3%)                          |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Gasohol Related (3%)                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Research and Development (0%-3%)                |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 5 Subtotal                                |         | \$712,899            | \$21,385           |         | \$745,608            | \$22,370           |
| CLASS 7                                         |         |                      |                    |         |                      |                    |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 8                                         |         |                      |                    |         |                      |                    |
| Machinery (3%, 2% and 3%)                       |         | \$6,144,412          | \$148,279          |         | \$4,366,149          | \$60,167           |
| Farm Implements (3%, 2% and 3%)                 |         | \$9,324,225          | \$189,497          |         | \$7,591,453          | \$71,057           |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$553,373            | \$11,254           |         | \$536,859            | \$5,403            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$532,663            | \$10,678           |         | \$602,375            | \$6,545            |
| Class 8 Subtotal                                |         | \$16,554,673         | \$359,707          |         | \$13,096,836         | \$143,171          |
| CLASS 9                                         |         |                      |                    |         |                      |                    |
| Utilities (12%)                                 |         | \$24,561,967         | \$2,947,430        |         | \$23,900,417         | \$2,868,046        |
| CLASS 10                                        |         |                      |                    |         |                      |                    |
| Timber Land (0.32%, 0.31%)                      | 180,956 | \$52,304,486         | \$156,902          | 180,468 | \$52,252,011         | \$151,547          |
| CLASS 12                                        |         |                      |                    |         |                      |                    |
| Railroads (3.45%, 3.45%)                        |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Airlines (3.45%, 3.45%)                         |         | \$1,126              | \$38               |         | \$1,225              | \$40               |
| Class 12 Subtotal                               |         | \$1,126              | \$38               |         | \$1,225              | \$40               |
| CLASS 13                                        |         |                      |                    |         |                      |                    |
| Electrical Generation Property (6%)             |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Telecommunication Property (6%)                 |         | \$11,054,143         | \$663,248          |         | \$13,424,145         | \$805,452          |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 13 Subtotal                               |         | \$11,054,143         | \$663,248          |         | \$13,424,145         | \$805,452          |
| CLASS 14                                        |         |                      |                    |         |                      |                    |
| Wind Generation (3%)                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Wind Generation New & Exp (varies)              |         | \$15,730,554         | \$235,958          |         | \$14,945,177         | \$224,178          |
| Class 14 Subtotal                               |         | \$15,730,554         | \$235,958          |         | \$14,945,177         | \$224,178          |
| CLASS 15                                        |         |                      |                    |         |                      |                    |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                  | \$0                |         | \$0                  | \$0                |
| <b>Total</b>                                    |         | <b>\$272,307,424</b> | <b>\$8,265,295</b> |         | <b>\$274,855,956</b> | <b>\$8,115,095</b> |

# Property Taxes Paid By County

## Mineral County



|                                                 | TY 2013 |                      |                     | TY 2014 |                      |                     |
|-------------------------------------------------|---------|----------------------|---------------------|---------|----------------------|---------------------|
|                                                 | Acres   | Assessed             | Taxable             | Acres   | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                          |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                      |         |                      |                     |         |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 588     | \$255,471            | \$6,486             | 620     | \$262,874            | \$6,492             |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 262     | \$25,917             | \$658               | 202     | \$26,064             | \$644               |
| Grazing (2.72%, 2.63%)                          | 6,312   | \$68,944             | \$1,793             | 6,165   | \$72,733             | \$1,840             |
| Wild Hay (2.72%, 2.63%)                         | 1,387   | \$449,484            | \$11,419            | 1,358   | \$450,759            | \$11,132            |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 4,366   | \$246,147            | \$43,766            | 4,393   | \$257,276            | \$44,482            |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                  | \$0                 | 0       | \$0                  | \$0                 |
| Class 3 Subtotal                                | 12,915  | \$1,045,963          | \$64,122            | 12,738  | \$1,069,706          | \$64,590            |
| CLASS 4 Land and Improvements:                  |         |                      |                     |         |                      |                     |
| Residential (2.72%, 2.63%)                      |         | \$161,765,807        | \$4,106,688         |         | \$171,179,116        | \$4,226,528         |
| Residential Low Income (varies)                 |         | \$9,844,347          | \$86,324            |         | \$10,177,338         | \$82,923            |
| Mobile Homes (2.72%, 2.63%)                     |         | \$3,850,361          | \$97,800            |         | \$3,759,976          | \$92,867            |
| Mobile Homes Low Income (varies)                |         | \$415,382            | \$3,031             |         | \$369,511            | \$2,881             |
| Commercial (2.72%, 2.63%)                       |         | \$40,606,957         | \$1,031,423         |         | \$43,181,781         | \$1,066,581         |
| Industrial (2.72%, 2.63%)                       |         | \$801,929            | \$20,368            |         | \$846,632            | \$20,913            |
| New Manufacturing (varies)                      |         | \$2,523,892          | \$63,251            |         | \$2,862,445          | \$70,704            |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Remodeled Commercial (varies)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |         | \$1,137,716          | \$20,657            |         | \$920,750            | \$13,265            |
| Class 4 Subtotal                                |         | \$220,946,391        | \$5,429,542         |         | \$233,297,549        | \$5,576,662         |
| CLASS 5                                         |         |                      |                     |         |                      |                     |
| Rural Electric and Telephone Co-Op (3%)         |         | \$7,485,746          | \$224,576           |         | \$7,113,478          | \$213,408           |
| Qualified New Industrial (3%)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Pollution Control (3%)                          |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Gasohol Related (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Research and Development (0%-3%)                |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 5 Subtotal                                |         | \$7,485,746          | \$224,576           |         | \$7,113,478          | \$213,408           |
| CLASS 7                                         |         |                      |                     |         |                      |                     |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 8                                         |         |                      |                     |         |                      |                     |
| Machinery (3%, 2% and 3%)                       |         | \$20,703,618         | \$431,703           |         | \$12,140,382         | \$168,719           |
| Farm Implements (3%, 2% and 3%)                 |         | \$422,491            | \$8,450             |         | \$257,656            | \$518               |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$1,822,728          | \$37,766            |         | \$1,202,647          | \$13,080            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$470,015            | \$9,623             |         | \$213,498            | \$2,212             |
| Class 8 Subtotal                                |         | \$23,418,852         | \$487,542           |         | \$13,814,183         | \$184,529           |
| CLASS 9                                         |         |                      |                     |         |                      |                     |
| Utilities (12%)                                 |         | \$24,501,741         | \$2,940,205         |         | \$24,171,178         | \$2,900,536         |
| CLASS 10                                        |         |                      |                     |         |                      |                     |
| Timber Land (0.32%, 0.31%)                      | 88,138  | \$66,961,962         | \$198,119           | 88,059  | \$68,947,484         | \$197,195           |
| CLASS 12                                        |         |                      |                     |         |                      |                     |
| Railroads (3.45%, 3.45%)                        |         | \$21,406,998         | \$725,698           |         | \$22,845,480         | \$749,333           |
| Airlines (3.45%, 3.45%)                         |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 12 Subtotal                               |         | \$21,406,998         | \$725,698           |         | \$22,845,480         | \$749,333           |
| CLASS 13                                        |         |                      |                     |         |                      |                     |
| Electrical Generation Property (6%)             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Telecommunication Property (6%)                 |         | \$4,849,670          | \$290,981           |         | \$4,787,726          | \$287,265           |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 13 Subtotal                               |         | \$4,849,670          | \$290,981           |         | \$4,787,726          | \$287,265           |
| CLASS 14                                        |         |                      |                     |         |                      |                     |
| Wind Generation (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 14 Subtotal                               |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 15                                        |         |                      |                     |         |                      |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| <b>Total</b>                                    |         | <b>\$370,617,323</b> | <b>\$10,360,785</b> |         | <b>\$376,046,784</b> | <b>\$10,173,518</b> |

# Property Taxes Paid By County

## Missoula County



|                                                  | TY 2013 |                        |                      | TY 2014 |                        |                      |
|--------------------------------------------------|---------|------------------------|----------------------|---------|------------------------|----------------------|
|                                                  | Acres   | Assessed               | Taxable              | Acres   | Assessed               | Taxable              |
| CLASS 1 Net Proceeds                             |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| CLASS 2 Gross Proceeds                           |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| CLASS 3 Agricultural Land:                       |         |                        |                      |         |                        |                      |
| Tillable Irrigated (2.72%, 2.63%)                | 14,098  | \$6,166,394            | \$156,499            | 14,255  | \$6,166,528            | \$152,190            |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 1,158   | \$187,204              | \$4,764              | 1,173   | \$182,683              | \$4,511              |
| Grazing (2.72%, 2.63%)                           | 82,262  | \$2,935,732            | \$74,716             | 81,800  | \$3,004,980            | \$74,372             |
| Wild Hay (2.72%, 2.63%)                          | 1,779   | \$528,197              | \$13,416             | 1,799   | \$528,252              | \$13,044             |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 26,812  | \$1,520,159            | \$270,342            | 26,916  | \$1,590,633            | \$275,068            |
| Eligible Mining Claims (2.72%, 2.63%)            | 0       | \$0                    | \$0                  | 0       | \$0                    | \$0                  |
| Class 3 Subtotal                                 | 126,109 | \$11,337,686           | \$519,737            | 125,942 | \$11,473,076           | \$519,185            |
| CLASS 4 Land and Improvements:                   |         |                        |                      |         |                        |                      |
| Residential (2.72%, 2.63%)                       |         | \$4,338,293,802        | \$110,169,242        |         | \$4,537,583,712        | \$112,066,727        |
| Residential Low Income (varies)                  |         | \$111,456,500          | \$1,021,761          |         | \$116,778,272          | \$1,021,939          |
| Mobile Homes (2.72%, 2.63%)                      |         | \$55,679,541           | \$1,413,890          |         | \$54,981,459           | \$1,357,570          |
| Mobile Homes Low Income (varies)                 |         | \$6,605,846            | \$54,566             |         | \$6,837,759            | \$52,327             |
| Commercial (2.72%, 2.63%)                        |         | \$2,193,775,091        | \$55,721,876         |         | \$2,281,107,113        | \$56,343,287         |
| Industrial (2.72%, 2.63%)                        |         | \$13,788,910           | \$350,239            |         | \$15,057,651           | \$371,925            |
| New Manufacturing (varies)                       |         | \$29,815,578           | \$703,215            |         | \$35,080,907           | \$825,623            |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$21,184,247           | \$269,041            |         | \$22,187,147           | \$275,123            |
| Remodeled Commercial (varies)                    |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Extended Prop Tax Relief Program (Res Only)      |         | \$11,593,303           | \$246,671            |         | \$9,535,610            | \$183,438            |
| Class 4 Subtotal                                 |         | \$6,782,192,818        | \$169,950,501        |         | \$7,079,149,630        | \$172,497,959        |
| CLASS 5                                          |         |                        |                      |         |                        |                      |
| Rural Electric and Telephone Co-Op (3%)          |         | \$60,634,899           | \$1,819,053          |         | \$62,592,845           | \$1,877,785          |
| Qualified New Industrial (3%)                    |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Pollution Control (3%)                           |         | \$125,809              | \$3,775              |         | \$123,422              | \$3,703              |
| Gasohol Related (3%)                             |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Research and Development (0%-3%)                 |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Class 5 Subtotal                                 |         | \$60,760,708           | \$1,822,828          |         | \$62,716,267           | \$1,881,488          |
| CLASS 7                                          |         |                        |                      |         |                        |                      |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| CLASS 8                                          |         |                        |                      |         |                        |                      |
| Machinery (3%, 2% and 3%)                        |         | \$124,185,820          | \$2,845,090          |         | \$119,497,895          | \$1,974,049          |
| Farm Implements (3%, 2% and 3%)                  |         | \$1,836,253            | \$36,729             |         | \$731,951              | \$5,868              |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$138,257,549          | \$3,050,262          |         | \$119,591,496          | \$1,688,551          |
| Other Business Equipment (3%, 2% and 3%)         |         | \$17,618,494           | \$366,967            |         | \$16,856,024           | \$211,483            |
| Class 8 Subtotal                                 |         | \$281,898,116          | \$6,299,049          |         | \$256,677,366          | \$3,879,952          |
| CLASS 9                                          |         |                        |                      |         |                        |                      |
| Utilities (12%)                                  |         | \$136,357,852          | \$16,362,933         |         | \$137,777,204          | \$16,533,262         |
| CLASS 10                                         |         |                        |                      |         |                        |                      |
| Timber Land (0.32%, 0.31%)                       | 400,947 | \$237,395,555          | \$708,682            | 390,129 | \$234,408,893          | \$676,859            |
| CLASS 12                                         |         |                        |                      |         |                        |                      |
| Railroads (3.45%, 3.45%)                         |         | \$54,208,898           | \$1,837,679          |         | \$55,206,260           | \$1,810,769          |
| Airlines (3.45%, 3.45%)                          |         | \$20,198,738           | \$684,738            |         | \$20,658,165           | \$677,587            |
| Class 12 Subtotal                                |         | \$74,407,636           | \$2,522,417          |         | \$75,864,425           | \$2,488,356          |
| CLASS 13                                         |         |                        |                      |         |                        |                      |
| Electrical Generation Property (6%)              |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Telecommunication Property (6%)                  |         | \$120,433,883          | \$7,226,035          |         | \$97,560,981           | \$5,853,665          |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Class 13 Subtotal                                |         | \$120,433,883          | \$7,226,035          |         | \$97,560,981           | \$5,853,665          |
| CLASS 14                                         |         |                        |                      |         |                        |                      |
| Wind Generation (3%)                             |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Wind Generation New & Exp (varies)               |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| Class 14 Subtotal                                |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| CLASS 15                                         |         |                        |                      |         |                        |                      |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                    | \$0                  |         | \$0                    | \$0                  |
| <b>Total</b>                                     |         | <b>\$7,704,784,254</b> | <b>\$205,412,182</b> |         | <b>\$7,955,627,842</b> | <b>\$204,330,726</b> |

# Property Taxes Paid By County

## Musselshell County



|                                                 | TY 2013 |                      |                     | TY 2014 |                      |                    |
|-------------------------------------------------|---------|----------------------|---------------------|---------|----------------------|--------------------|
|                                                 | Acres   | Assessed             | Taxable             | Acres   | Assessed             | Taxable            |
| CLASS 1 Net Proceeds                            |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| CLASS 2 Gross Proceeds                          |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| CLASS 3 Agricultural Land:                      |         |                      |                     |         |                      |                    |
| Tillable Irrigated (2.72%, 2.63%)               | 12,907  | \$6,572,283          | \$166,923           | 12,982  | \$6,567,883          | \$162,218          |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 84,731  | \$9,509,453          | \$241,541           | 84,758  | \$9,543,385          | \$235,741          |
| Grazing (2.72%, 2.63%)                          | 676,345 | \$28,175,914         | \$714,752           | 675,518 | \$29,077,210         | \$717,251          |
| Wild Hay (2.72%, 2.63%)                         | 18,510  | \$4,429,252          | \$112,497           | 18,564  | \$4,450,515          | \$109,939          |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 34,695  | \$1,944,352          | \$345,787           | 34,585  | \$2,020,209          | \$349,368          |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                  | \$0                 | 0       | \$0                  | \$0                |
| Class 3 Subtotal                                | 827,188 | \$50,631,254         | \$1,581,500         | 826,406 | \$51,659,202         | \$1,574,517        |
| CLASS 4 Land and Improvements:                  |         |                      |                     |         |                      |                    |
| Residential (2.72%, 2.63%)                      |         | \$73,790,118         | \$1,874,306         |         | \$75,571,009         | \$1,867,007        |
| Residential Low Income (varies)                 |         | \$3,361,191          | \$27,309            |         | \$4,337,007          | \$35,811           |
| Mobile Homes (2.72%, 2.63%)                     |         | \$4,313,373          | \$109,554           |         | \$4,305,616          | \$106,348          |
| Mobile Homes Low Income (varies)                |         | \$318,545            | \$2,749             |         | \$343,334            | \$2,968            |
| Commercial (2.72%, 2.63%)                       |         | \$38,231,406         | \$971,090           |         | \$39,120,564         | \$966,250          |
| Industrial (2.72%, 2.63%)                       |         | \$1,063,037          | \$27,002            |         | \$1,093,574          | \$27,014           |
| New Manufacturing (varies)                      |         | \$14,371,928         | \$240,099           |         | \$15,554,661         | \$197,849          |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| Remodeled Commercial (varies)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| Extended Prop Tax Relief Program (Res Only)     |         | \$102,250            | \$2,270             |         | \$107,269            | \$2,424            |
| Class 4 Subtotal                                |         | \$135,551,848        | \$3,254,379         |         | \$140,433,034        | \$3,205,671        |
| CLASS 5                                         |         |                      |                     |         |                      |                    |
| Rural Electric and Telephone Co-Op (3%)         |         | \$14,542,932         | \$436,289           |         | \$15,612,554         | \$468,374          |
| Qualified New Industrial (3%)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| Pollution Control (3%)                          |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| Gasohol Related (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| Research and Development (0%-3%)                |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| Class 5 Subtotal                                |         | \$14,542,932         | \$436,289           |         | \$15,612,554         | \$468,374          |
| CLASS 7                                         |         |                      |                     |         |                      |                    |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| CLASS 8                                         |         |                      |                     |         |                      |                    |
| Machinery (3%, 2% and 3%)                       |         | \$82,907,727         | \$1,721,760         |         | \$131,610,329        | \$2,056,057        |
| Farm Implements (3%, 2% and 3%)                 |         | \$8,706,304          | \$178,153           |         | \$6,481,946          | \$60,539           |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$933,965            | \$19,015            |         | \$577,362            | \$6,422            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$10,342,836         | \$212,325           |         | \$9,742,391          | \$141,246          |
| Class 8 Subtotal                                |         | \$102,890,832        | \$2,131,253         |         | \$148,412,028        | \$2,264,264        |
| CLASS 9                                         |         |                      |                     |         |                      |                    |
| Utilities (12%)                                 |         | \$11,093,280         | \$1,331,189         |         | \$11,506,541         | \$1,380,786        |
| CLASS 10                                        |         |                      |                     |         |                      |                    |
| Timber Land (0.32%, 0.31%)                      | 164,791 | \$25,326,838         | \$75,987            | 164,790 | \$25,652,351         | \$74,394           |
| CLASS 12                                        |         |                      |                     |         |                      |                    |
| Railroads (3.45%, 3.45%)                        |         | \$51,223,093         | \$1,736,463         |         | \$60,798             | \$1,994            |
| Airlines (3.45%, 3.45%)                         |         | \$1,126              | \$38                |         | \$1,225              | \$40               |
| Class 12 Subtotal                               |         | \$51,224,219         | \$1,736,501         |         | \$62,023             | \$2,034            |
| CLASS 13                                        |         |                      |                     |         |                      |                    |
| Electrical Generation Property (6%)             |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| Telecommunication Property (6%)                 |         | \$2,761,539          | \$165,694           |         | \$2,381,552          | \$142,896          |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| Class 13 Subtotal                               |         | \$2,761,539          | \$165,694           |         | \$2,381,552          | \$142,896          |
| CLASS 14                                        |         |                      |                     |         |                      |                    |
| Wind Generation (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| Wind Generation New & Exp (varies)              |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| Class 14 Subtotal                               |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| CLASS 15                                        |         |                      |                     |         |                      |                    |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                  | \$0                 |         | \$0                  | \$0                |
| <b>Total</b>                                    |         | <b>\$394,022,742</b> | <b>\$10,712,792</b> |         | <b>\$446,650,770</b> | <b>\$9,948,213</b> |

# Property Taxes Paid By County

## Park County



|                                                  | TY 2013 |                        |                     | TY 2014 |                        |                     |
|--------------------------------------------------|---------|------------------------|---------------------|---------|------------------------|---------------------|
|                                                  | Acres   | Assessed               | Taxable             | Acres   | Assessed               | Taxable             |
| CLASS 1 Net Proceeds                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 2 Gross Proceeds                           |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 3 Agricultural Land:                       |         |                        |                     |         |                        |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 50,382  | \$21,427,467           | \$543,986           | 50,349  | \$21,562,560           | \$532,319           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 21,555  | \$3,216,438            | \$81,698            | 21,557  | \$3,230,182            | \$79,784            |
| Grazing (2.72%, 2.63%)                           | 517,881 | \$35,633,750           | \$893,414           | 517,867 | \$37,104,995           | \$904,871           |
| Wild Hay (2.72%, 2.63%)                          | 8,543   | \$2,074,915            | \$52,703            | 8,685   | \$2,081,438            | \$51,417            |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 47,806  | \$2,700,351            | \$480,262           | 47,895  | \$2,810,490            | \$485,995           |
| Eligible Mining Claims (2.72%, 2.63%)            | 81      | \$6,611                | \$168               | 90      | \$6,833                | \$168               |
| Class 3 Subtotal                                 | 646,249 | \$65,059,532           | \$2,052,231         | 646,444 | \$66,796,498           | \$2,054,554         |
| CLASS 4 Land and Improvements:                   |         |                        |                     |         |                        |                     |
| Residential (2.72%, 2.63%)                       |         | \$826,374,615          | \$20,989,812        |         | \$879,923,187          | \$21,732,346        |
| Residential Low Income (varies)                  |         | \$30,972,964           | \$301,694           |         | \$33,491,273           | \$316,994           |
| Mobile Homes (2.72%, 2.63%)                      |         | \$7,386,445            | \$187,621           |         | \$7,254,511            | \$179,189           |
| Mobile Homes Low Income (varies)                 |         | \$517,125              | \$4,214             |         | \$479,091              | \$3,860             |
| Commercial (2.72%, 2.63%)                        |         | \$355,493,130          | \$9,029,532         |         | \$381,170,036          | \$9,414,887         |
| Industrial (2.72%, 2.63%)                        |         | \$1,254,936            | \$31,876            |         | \$1,420,156            | \$35,078            |
| New Manufacturing (varies)                       |         | \$2,012,421            | \$51,116            |         | \$2,033,794            | \$50,236            |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$2,060,010            | \$26,162            |         | \$2,169,399            | \$26,901            |
| Remodeled Commercial (varies)                    |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |         | \$8,651,298            | \$169,852           |         | \$6,825,559            | \$126,166           |
| Class 4 Subtotal                                 |         | \$1,234,722,944        | \$30,791,879        |         | \$1,314,767,006        | \$31,885,657        |
| CLASS 5                                          |         |                        |                     |         |                        |                     |
| Rural Electric and Telephone Co-Op (3%)          |         | \$13,194,711           | \$395,844           |         | \$12,625,003           | \$378,749           |
| Qualified New Industrial (3%)                    |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Pollution Control (3%)                           |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Gasohol Related (3%)                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Research and Development (0%-3%)                 |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 5 Subtotal                                 |         | \$13,194,711           | \$395,844           |         | \$12,625,003           | \$378,749           |
| CLASS 7                                          |         |                        |                     |         |                        |                     |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 8                                          |         |                        |                     |         |                        |                     |
| Machinery (3%, 2% and 3%)                        |         | \$14,122,413           | \$319,126           |         | \$11,841,551           | \$158,293           |
| Farm Implements (3%, 2% and 3%)                  |         | \$11,734,415           | \$235,044           |         | \$7,351,871            | \$58,328            |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$11,224,993           | \$241,047           |         | \$8,110,266            | \$100,886           |
| Other Business Equipment (3%, 2% and 3%)         |         | \$2,339,208            | \$47,701            |         | \$1,842,169            | \$21,132            |
| Class 8 Subtotal                                 |         | \$39,421,029           | \$842,919           |         | \$29,145,857           | \$338,639           |
| CLASS 9                                          |         |                        |                     |         |                        |                     |
| Utilities (12%)                                  |         | \$32,010,233           | \$3,841,217         |         | \$32,149,803           | \$3,857,972         |
| CLASS 10                                         |         |                        |                     |         |                        |                     |
| Timber Land (0.32%, 0.31%)                       | 135,178 | \$39,297,504           | \$117,878           | 135,115 | \$39,295,201           | \$113,963           |
| CLASS 12                                         |         |                        |                     |         |                        |                     |
| Railroads (3.45%, 3.45%)                         |         | \$30,020,259           | \$1,017,690         |         | \$26,669,136           | \$874,748           |
| Airlines (3.45%, 3.45%)                          |         | \$1,126                | \$38                |         | \$1,225                | \$40                |
| Class 12 Subtotal                                |         | \$30,021,385           | \$1,017,728         |         | \$26,670,361           | \$874,788           |
| CLASS 13                                         |         |                        |                     |         |                        |                     |
| Electrical Generation Property (6%)              |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Telecommunication Property (6%)                  |         | \$20,893,149           | \$1,253,587         |         | \$15,067,428           | \$904,049           |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 13 Subtotal                                |         | \$20,893,149           | \$1,253,587         |         | \$15,067,428           | \$904,049           |
| CLASS 14                                         |         |                        |                     |         |                        |                     |
| Wind Generation (3%)                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Wind Generation New & Exp (varies)               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 14 Subtotal                                |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 15                                         |         |                        |                     |         |                        |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| <b>Total</b>                                     |         | <b>\$1,474,620,487</b> | <b>\$40,313,283</b> |         | <b>\$1,536,517,157</b> | <b>\$40,408,371</b> |

# Property Taxes Paid By County

## Petroleum County



|                                                  | TY 2013 |                     |                    | TY 2014 |                     |                    |
|--------------------------------------------------|---------|---------------------|--------------------|---------|---------------------|--------------------|
|                                                  | Acres   | Assessed            | Taxable            | Acres   | Assessed            | Taxable            |
| CLASS 1 Net Proceeds                             |         | \$0                 | \$0                |         | \$0                 | \$0                |
| CLASS 2 Gross Proceeds                           |         | \$0                 | \$0                |         | \$0                 | \$0                |
| CLASS 3 Agricultural Land:                       |         |                     |                    |         |                     |                    |
| Tillable Irrigated (2.72%, 2.63%)                | 10,826  | \$4,717,464         | \$119,824          | 10,885  | \$4,702,667         | \$116,156          |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 58,009  | \$7,846,786         | \$198,805          | 57,803  | \$7,924,550         | \$195,231          |
| Grazing (2.72%, 2.63%)                           | 515,527 | \$21,736,787        | \$550,679          | 515,978 | \$22,468,014        | \$553,472          |
| Wild Hay (2.72%, 2.63%)                          | 13,201  | \$2,257,873         | \$57,349           | 13,172  | \$2,264,667         | \$55,934           |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 4,468   | \$252,870           | \$44,967           | 4,642   | \$271,968           | \$47,032           |
| Eligible Mining Claims (2.72%, 2.63%)            | 0       | \$0                 | \$0                | 0       | \$0                 | \$0                |
| Class 3 Subtotal                                 | 602,030 | \$36,811,780        | \$971,624          | 602,480 | \$37,631,866        | \$967,825          |
| CLASS 4 Land and Improvements:                   |         |                     |                    |         |                     |                    |
| Residential (2.72%, 2.63%)                       |         | \$2,747,449         | \$69,755           |         | \$2,982,314         | \$73,703           |
| Residential Low Income (varies)                  |         | \$126,209           | \$959              |         | \$125,042           | \$1,091            |
| Mobile Homes (2.72%, 2.63%)                      |         | \$940,173           | \$23,879           |         | \$965,218           | \$23,843           |
| Mobile Homes Low Income (varies)                 |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Commercial (2.72%, 2.63%)                        |         | \$7,810,265         | \$198,394          |         | \$7,932,293         | \$195,928          |
| Industrial (2.72%, 2.63%)                        |         | \$0                 | \$0                |         | \$0                 | \$0                |
| New Manufacturing (varies)                       |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Remodeled Commercial (varies)                    |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Extended Prop Tax Relief Program (Res Only)      |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Class 4 Subtotal                                 |         | \$11,624,096        | \$292,987          |         | \$12,004,867        | \$294,565          |
| CLASS 5                                          |         |                     |                    |         |                     |                    |
| Rural Electric and Telephone Co-Op (3%)          |         | \$5,400,993         | \$162,028          |         | \$5,392,566         | \$161,775          |
| Qualified New Industrial (3%)                    |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Pollution Control (3%)                           |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Gasohol Related (3%)                             |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Research and Development (0%-3%)                 |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Class 5 Subtotal                                 |         | \$5,400,993         | \$162,028          |         | \$5,392,566         | \$161,775          |
| CLASS 7                                          |         |                     |                    |         |                     |                    |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                 | \$0                |         | \$0                 | \$0                |
| CLASS 8                                          |         |                     |                    |         |                     |                    |
| Machinery (3%, 2% and 3%)                        |         | \$1,374,711         | \$28,627           |         | \$1,055,302         | \$14,363           |
| Farm Implements (3%, 2% and 3%)                  |         | \$9,930,910         | \$201,059          |         | \$8,390,066         | \$83,547           |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$48,074            | \$1,032            |         | \$27,040            | \$373              |
| Other Business Equipment (3%, 2% and 3%)         |         | \$1,474,376         | \$29,492           |         | \$67,740            | \$486              |
| Class 8 Subtotal                                 |         | \$12,828,071        | \$260,210          |         | \$9,540,148         | \$98,769           |
| CLASS 9                                          |         |                     |                    |         |                     |                    |
| Utilities (12%)                                  |         | \$0                 | \$0                |         | \$0                 | \$0                |
| CLASS 10                                         |         |                     |                    |         |                     |                    |
| Timber Land (0.32%, 0.31%)                       | 1,029   | \$213,250           | \$641              | 1,029   | \$215,146           | \$624              |
| CLASS 12                                         |         |                     |                    |         |                     |                    |
| Railroads (3.45%, 3.45%)                         |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Airlines (3.45%, 3.45%)                          |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Class 12 Subtotal                                |         | \$0                 | \$0                |         | \$0                 | \$0                |
| CLASS 13                                         |         |                     |                    |         |                     |                    |
| Electrical Generation Property (6%)              |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Telecommunication Property (6%)                  |         | \$17,478            | \$1,049            |         | \$35,805            | \$2,148            |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Class 13 Subtotal                                |         | \$17,478            | \$1,049            |         | \$35,805            | \$2,148            |
| CLASS 14                                         |         |                     |                    |         |                     |                    |
| Wind Generation (3%)                             |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Wind Generation New & Exp (varies)               |         | \$0                 | \$0                |         | \$0                 | \$0                |
| Class 14 Subtotal                                |         | \$0                 | \$0                |         | \$0                 | \$0                |
| CLASS 15                                         |         |                     |                    |         |                     |                    |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                 | \$0                |         | \$0                 | \$0                |
| <b>Total</b>                                     |         | <b>\$66,895,668</b> | <b>\$1,688,539</b> |         | <b>\$64,820,398</b> | <b>\$1,525,706</b> |

# Property Taxes Paid By County

## Phillips County



|                                                 | TY 2013   |                      |                     | TY 2014   |                      |                     |
|-------------------------------------------------|-----------|----------------------|---------------------|-----------|----------------------|---------------------|
|                                                 | Acres     | Assessed             | Taxable             | Acres     | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                          |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                      |           |                      |                     |           |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 44,939    | \$18,499,538         | \$469,677           | 44,672    | \$18,416,930         | \$454,694           |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 419,923   | \$97,639,555         | \$2,476,714         | 411,439   | \$96,812,122         | \$2,387,967         |
| Grazing (2.72%, 2.63%)                          | 1,093,010 | \$52,809,974         | \$1,337,348         | 1,095,582 | \$54,907,536         | \$1,352,186         |
| Wild Hay (2.72%, 2.63%)                         | 14,984    | \$5,020,343          | \$127,484           | 14,944    | \$5,148,851          | \$127,141           |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 4,013     | \$224,218            | \$39,871            | 3,990     | \$230,498            | \$39,857            |
| Eligible Mining Claims (2.72%, 2.63%)           | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| Class 3 Subtotal                                | 1,576,869 | \$174,193,628        | \$4,451,094         | 1,570,628 | \$175,515,937        | \$4,361,845         |
| CLASS 4 Land and Improvements:                  |           |                      |                     |           |                      |                     |
| Residential (2.72%, 2.63%)                      |           | \$45,909,076         | \$1,166,008         |           | \$48,463,702         | \$1,197,038         |
| Residential Low Income (varies)                 |           | \$3,485,529          | \$31,773            |           | \$3,398,344          | \$28,534            |
| Mobile Homes (2.72%, 2.63%)                     |           | \$2,095,545          | \$53,220            |           | \$2,157,116          | \$53,280            |
| Mobile Homes Low Income (varies)                |           | \$84,157             | \$548               |           | \$48,757             | \$365               |
| Commercial (2.72%, 2.63%)                       |           | \$58,945,765         | \$1,497,216         |           | \$62,069,755         | \$1,533,131         |
| Industrial (2.72%, 2.63%)                       |           | \$24,888             | \$631               |           | \$27,020             | \$668               |
| New Manufacturing (varies)                      |           | \$1,418,926          | \$36,040            |           | \$1,467,057          | \$36,236            |
| Qualified Golf Courses (1.36%, 1.32%)           |           | \$571,341            | \$7,256             |           | \$586,081            | \$7,268             |
| Remodeled Commercial (varies)                   |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 4 Subtotal                                |           | \$112,535,227        | \$2,792,692         |           | \$118,217,832        | \$2,856,520         |
| CLASS 5                                         |           |                      |                     |           |                      |                     |
| Rural Electric and Telephone Co-Op (3%)         |           | \$10,759,521         | \$322,792           |           | \$10,441,473         | \$313,251           |
| Qualified New Industrial (3%)                   |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Pollution Control (3%)                          |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Gasohol Related (3%)                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Research and Development (0%-3%)                |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 5 Subtotal                                |           | \$10,759,521         | \$322,792           |           | \$10,441,473         | \$313,251           |
| CLASS 7                                         |           |                      |                     |           |                      |                     |
| Non-Centrally Assessed Public Util. (8%)        |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 8                                         |           |                      |                     |           |                      |                     |
| Machinery (3%, 2% and 3%)                       |           | \$5,331,101          | \$114,334           |           | \$4,922,900          | \$58,176            |
| Farm Implements (3%, 2% and 3%)                 |           | \$34,025,337         | \$682,436           |           | \$33,227,130         | \$351,152           |
| Furniture and Fixtures (3%, 2% and 3%)          |           | \$2,009,017          | \$44,826            |           | \$1,294,598          | \$19,530            |
| Other Business Equipment (3%, 2% and 3%)        |           | \$12,795,252         | \$346,701           |           | \$10,611,478         | \$206,101           |
| Class 8 Subtotal                                |           | \$54,160,707         | \$1,188,297         |           | \$50,056,106         | \$634,959           |
| CLASS 9                                         |           |                      |                     |           |                      |                     |
| Utilities (12%)                                 |           | \$54,670,043         | \$6,560,392         |           | \$52,885,265         | \$6,346,223         |
| CLASS 10                                        |           |                      |                     |           |                      |                     |
| Timber Land (0.32%, 0.31%)                      | 2,327     | \$490,339            | \$1,465             | 2,326     | \$502,753            | \$1,455             |
| CLASS 12                                        |           |                      |                     |           |                      |                     |
| Railroads (3.45%, 3.45%)                        |           | \$43,944,473         | \$1,489,716         |           | \$42,273,710         | \$1,386,577         |
| Airlines (3.45%, 3.45%)                         |           | \$0                  | \$0                 |           | \$67,885             | \$2,227             |
| Class 12 Subtotal                               |           | \$43,944,473         | \$1,489,716         |           | \$42,341,595         | \$1,388,804         |
| CLASS 13                                        |           |                      |                     |           |                      |                     |
| Electrical Generation Property (6%)             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Telecommunication Property (6%)                 |           | \$12,059,609         | \$723,574           |           | \$14,266,312         | \$855,983           |
| Elect Gen/Tele Real Prop New & Exp              |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 13 Subtotal                               |           | \$12,059,609         | \$723,574           |           | \$14,266,312         | \$855,983           |
| CLASS 14                                        |           |                      |                     |           |                      |                     |
| Wind Generation (3%)                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)              |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 14 Subtotal                               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 15                                        |           |                      |                     |           |                      |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| <b>Total</b>                                    |           | <b>\$462,813,547</b> | <b>\$17,530,022</b> |           | <b>\$464,227,273</b> | <b>\$16,759,040</b> |

# Property Taxes Paid By County

## Pondera County



|                                                 | TY 2013 |                      |                     | TY 2014 |                      |                     |
|-------------------------------------------------|---------|----------------------|---------------------|---------|----------------------|---------------------|
|                                                 | Acres   | Assessed             | Taxable             | Acres   | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                          |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                      |         |                      |                     |         |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 75,491  | \$31,250,077         | \$792,969           | 74,507  | \$31,318,567         | \$772,799           |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 432,034 | \$108,485,296        | \$2,743,318         | 426,097 | \$108,972,024        | \$2,679,394         |
| Grazing (2.72%, 2.63%)                          | 238,169 | \$13,806,245         | \$349,052           | 235,178 | \$14,373,233         | \$353,438           |
| Wild Hay (2.72%, 2.63%)                         | 5,372   | \$1,342,518          | \$34,099            | 5,360   | \$1,360,779          | \$33,612            |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 3,319   | \$173,570            | \$30,860            | 3,172   | \$180,251            | \$31,169            |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                  | \$0                 | 0       | \$0                  | \$0                 |
| Class 3 Subtotal                                | 754,386 | \$155,057,706        | \$3,950,298         | 744,314 | \$156,204,854        | \$3,870,412         |
| CLASS 4 Land and Improvements:                  |         |                      |                     |         |                      |                     |
| Residential (2.72%, 2.63%)                      |         | \$59,835,781         | \$1,519,224         |         | \$63,138,307         | \$1,559,403         |
| Residential Low Income (varies)                 |         | \$3,163,820          | \$29,917            |         | \$3,452,007          | \$30,382            |
| Mobile Homes (2.72%, 2.63%)                     |         | \$2,172,566          | \$55,175            |         | \$2,152,465          | \$53,162            |
| Mobile Homes Low Income (varies)                |         | \$82,505             | \$900               |         | \$88,767             | \$891               |
| Commercial (2.72%, 2.63%)                       |         | \$87,007,548         | \$2,209,997         |         | \$87,029,932         | \$2,149,640         |
| Industrial (2.72%, 2.63%)                       |         | \$375,934            | \$9,550             |         | \$385,690            | \$9,526             |
| New Manufacturing (varies)                      |         | \$9,035,088          | \$229,488           |         | \$18,825,137         | \$345,203           |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$215,270            | \$2,734             |         | \$212,028            | \$2,629             |
| Remodeled Commercial (varies)                   |         | \$79,196             | \$949               |         | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 4 Subtotal                                |         | \$161,967,708        | \$4,057,934         |         | \$175,284,333        | \$4,150,836         |
| CLASS 5                                         |         |                      |                     |         |                      |                     |
| Rural Electric and Telephone Co-Op (3%)         |         | \$14,342,373         | \$430,274           |         | \$14,951,905         | \$448,553           |
| Qualified New Industrial (3%)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Pollution Control (3%)                          |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Gasohol Related (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Research and Development (0%-3%)                |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 5 Subtotal                                |         | \$14,342,373         | \$430,274           |         | \$14,951,905         | \$448,553           |
| CLASS 7                                         |         |                      |                     |         |                      |                     |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 8                                         |         |                      |                     |         |                      |                     |
| Machinery (3%, 2% and 3%)                       |         | \$17,484,856         | \$434,915           |         | \$8,006,096          | \$97,730            |
| Farm Implements (3%, 2% and 3%)                 |         | \$39,693,860         | \$795,841           |         | \$33,837,899         | \$347,218           |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$1,972,033          | \$42,385            |         | \$1,593,976          | \$21,077            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$2,806,639          | \$57,485            |         | \$1,753,780          | \$18,505            |
| Class 8 Subtotal                                |         | \$61,957,388         | \$1,330,626         |         | \$45,191,751         | \$484,530           |
| CLASS 9                                         |         |                      |                     |         |                      |                     |
| Utilities (12%)                                 |         | \$20,326,512         | \$2,439,175         |         | \$19,969,719         | \$2,396,356         |
| CLASS 10                                        |         |                      |                     |         |                      |                     |
| Timber Land (0.32%, 0.31%)                      | 1,386   | \$283,409            | \$857               | 1,386   | \$283,409            | \$831               |
| CLASS 12                                        |         |                      |                     |         |                      |                     |
| Railroads (3.45%, 3.45%)                        |         | \$26,961,958         | \$914,010           |         | \$25,949,195         | \$851,132           |
| Airlines (3.45%, 3.45%)                         |         | \$1,126              | \$38                |         | \$1,225              | \$40                |
| Class 12 Subtotal                               |         | \$26,963,084         | \$914,048           |         | \$25,950,420         | \$851,172           |
| CLASS 13                                        |         |                      |                     |         |                      |                     |
| Electrical Generation Property (6%)             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Telecommunication Property (6%)                 |         | \$3,541,245          | \$212,473           |         | \$2,996,996          | \$179,818           |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 13 Subtotal                               |         | \$3,541,245          | \$212,473           |         | \$2,996,996          | \$179,818           |
| CLASS 14                                        |         |                      |                     |         |                      |                     |
| Wind Generation (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)              |         | \$38,361,775         | \$575,427           |         | \$42,056,690         | \$630,850           |
| Class 14 Subtotal                               |         | \$38,361,775         | \$575,427           |         | \$42,056,690         | \$630,850           |
| CLASS 15                                        |         |                      |                     |         |                      |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| <b>Total</b>                                    |         | <b>\$482,801,200</b> | <b>\$13,911,112</b> |         | <b>\$482,890,077</b> | <b>\$13,013,358</b> |

# Property Taxes Paid By County

## Powder River County



|                                                 | TY 2013   |                      |                    | TY 2014   |                      |                    |
|-------------------------------------------------|-----------|----------------------|--------------------|-----------|----------------------|--------------------|
|                                                 | Acres     | Assessed             | Taxable            | Acres     | Assessed             | Taxable            |
| CLASS 1 Net Proceeds                            |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 2 Gross Proceeds                          |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 3 Agricultural Land:                      |           |                      |                    |           |                      |                    |
| Tillable Irrigated (2.72%, 2.63%)               | 11,052    | \$4,547,677          | \$115,506          | 11,039    | \$4,527,232          | \$111,824          |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 44,222    | \$7,331,614          | \$186,236          | 43,962    | \$7,308,137          | \$180,507          |
| Grazing (2.72%, 2.63%)                          | 1,179,780 | \$45,080,629         | \$1,153,716        | 1,179,938 | \$46,213,074         | \$1,150,116        |
| Wild Hay (2.72%, 2.63%)                         | 76,860    | \$23,016,970         | \$584,633          | 76,983    | \$23,110,332         | \$570,819          |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 3,171     | \$189,343            | \$33,666           | 3,210     | \$195,336            | \$33,780           |
| Eligible Mining Claims (2.72%, 2.63%)           | 0         | \$0                  | \$0                | 0         | \$0                  | \$0                |
| Class 3 Subtotal                                | 1,315,085 | \$80,166,233         | \$2,073,757        | 1,315,132 | \$81,354,111         | \$2,047,046        |
| CLASS 4 Land and Improvements:                  |           |                      |                    |           |                      |                    |
| Residential (2.72%, 2.63%)                      |           | \$9,750,484          | \$247,524          |           | \$10,183,370         | \$251,652          |
| Residential Low Income (varies)                 |           | \$440,504            | \$3,442            |           | \$406,329            | \$3,834            |
| Mobile Homes (2.72%, 2.63%)                     |           | \$4,405,582          | \$111,899          |           | \$4,538,042          | \$112,089          |
| Mobile Homes Low Income (varies)                |           | \$93,260             | \$854              |           | \$26,520             | \$236              |
| Commercial (2.72%, 2.63%)                       |           | \$22,449,943         | \$570,216          |           | \$23,544,297         | \$581,534          |
| Industrial (2.72%, 2.63%)                       |           | \$258,857            | \$6,574            |           | \$264,712            | \$6,538            |
| New Manufacturing (varies)                      |           | \$85,580             | \$2,173            |           | \$88,472             | \$2,185            |
| Qualified Golf Courses (1.36%, 1.32%)           |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Remodeled Commercial (varies)                   |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Extended Prop Tax Relief Program (Res Only)     |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 4 Subtotal                                |           | \$37,484,210         | \$942,682          |           | \$39,051,742         | \$958,068          |
| CLASS 5                                         |           |                      |                    |           |                      |                    |
| Rural Electric and Telephone Co-Op (3%)         |           | \$9,270,304          | \$278,112          |           | \$9,814,790          | \$294,451          |
| Qualified New Industrial (3%)                   |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Pollution Control (3%)                          |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Gasohol Related (3%)                            |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Research and Development (0%-3%)                |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Aluminum Electrolytic Equipment (3%)            |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 5 Subtotal                                |           | \$9,270,304          | \$278,112          |           | \$9,814,790          | \$294,451          |
| CLASS 7                                         |           |                      |                    |           |                      |                    |
| Non-Centrally Assessed Public Util. (8%)        |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 8                                         |           |                      |                    |           |                      |                    |
| Machinery (3%, 2% and 3%)                       |           | \$8,654,286          | \$199,044          |           | \$13,111,215         | \$227,932          |
| Farm Implements (3%, 2% and 3%)                 |           | \$20,967,614         | \$419,995          |           | \$16,640,818         | \$139,517          |
| Furniture and Fixtures (3%, 2% and 3%)          |           | \$349,566            | \$7,117            |           | \$126,223            | \$1,281            |
| Other Business Equipment (3%, 2% and 3%)        |           | \$3,091,237          | \$80,965           |           | \$6,410,678          | \$166,358          |
| Class 8 Subtotal                                |           | \$33,062,703         | \$707,121          |           | \$36,288,934         | \$535,088          |
| CLASS 9                                         |           |                      |                    |           |                      |                    |
| Utilities (12%)                                 |           | \$28,842,594         | \$3,461,111        |           | \$30,171,130         | \$3,620,536        |
| CLASS 10                                        |           |                      |                    |           |                      |                    |
| Timber Land (0.32%, 0.31%)                      | 42,453    | \$7,504,630          | \$22,514           | 42,453    | \$7,606,827          | \$22,061           |
| CLASS 12                                        |           |                      |                    |           |                      |                    |
| Railroads (3.45%, 3.45%)                        |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Airlines (3.45%, 3.45%)                         |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 12 Subtotal                               |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 13                                        |           |                      |                    |           |                      |                    |
| Electrical Generation Property (6%)             |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Telecommunication Property (6%)                 |           | \$589,391            | \$35,364           |           | \$694,610            | \$41,678           |
| Elect Gen/Tele Real Prop New & Exp              |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 13 Subtotal                               |           | \$589,391            | \$35,364           |           | \$694,610            | \$41,678           |
| CLASS 14                                        |           |                      |                    |           |                      |                    |
| Wind Generation (3%)                            |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Wind Generation New & Exp (varies)              |           | \$0                  | \$0                |           | \$0                  | \$0                |
| Class 14 Subtotal                               |           | \$0                  | \$0                |           | \$0                  | \$0                |
| CLASS 15                                        |           |                      |                    |           |                      |                    |
| Carbon Dioxide and Liquid Pipline Property (3%) |           | \$63,397,769         | \$950,967          |           | \$35,350             | \$530              |
| <b>Total</b>                                    |           | <b>\$260,317,834</b> | <b>\$8,471,628</b> |           | <b>\$321,600,593</b> | <b>\$9,268,206</b> |

# Property Taxes Paid By County

## Powell County



|                                                  | TY 2013 |                      |                     | TY 2014 |                      |                     |
|--------------------------------------------------|---------|----------------------|---------------------|---------|----------------------|---------------------|
|                                                  | Acres   | Assessed             | Taxable             | Acres   | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                           |         | \$204,811            | \$6,144             |         | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                       |         |                      |                     |         |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 41,637  | \$17,386,382         | \$441,528           | 41,831  | \$17,386,662         | \$429,356           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 1,564   | \$130,675            | \$3,320             | 1,564   | \$131,059            | \$3,237             |
| Grazing (2.72%, 2.63%)                           | 348,920 | \$18,153,144         | \$460,239           | 349,660 | \$18,729,594         | \$461,769           |
| Wild Hay (2.72%, 2.63%)                          | 4,454   | \$1,484,293          | \$37,703            | 4,585   | \$1,488,177          | \$36,757            |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 19,852  | \$1,101,710          | \$195,922           | 19,512  | \$1,144,816          | \$197,971           |
| Eligible Mining Claims (2.72%, 2.63%)            | 0       | \$287                | \$8                 | 8       | \$148                | \$4                 |
| Class 3 Subtotal                                 | 416,427 | \$38,256,491         | \$1,138,720         | 417,159 | \$38,880,456         | \$1,129,094         |
| CLASS 4 Land and Improvements:                   |         |                      |                     |         |                      |                     |
| Residential (2.72%, 2.63%)                       |         | \$163,507,479        | \$4,152,976         |         | \$177,646,626        | \$4,388,004         |
| Residential Low Income (varies)                  |         | \$8,613,052          | \$72,460            |         | \$8,670,405          | \$68,538            |
| Mobile Homes (2.72%, 2.63%)                      |         | \$4,713,556          | \$119,726           |         | \$4,665,653          | \$115,236           |
| Mobile Homes Low Income (varies)                 |         | \$329,744            | \$2,374             |         | \$322,582            | \$2,206             |
| Commercial (2.72%, 2.63%)                        |         | \$63,668,780         | \$1,617,196         |         | \$65,749,841         | \$1,624,022         |
| Industrial (2.72%, 2.63%)                        |         | \$220,003            | \$5,588             |         | \$231,613            | \$5,721             |
| New Manufacturing (varies)                       |         | \$2,632,705          | \$66,871            |         | \$2,763,498          | \$68,259            |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$11,848,858         | \$150,481           |         | \$13,298,949         | \$164,907           |
| Remodeled Commercial (varies)                    |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |         | \$74,767             | \$1,054             |         | \$80,560             | \$1,144             |
| Class 4 Subtotal                                 |         | \$255,608,944        | \$6,188,726         |         | \$273,429,727        | \$6,438,037         |
| CLASS 5                                          |         |                      |                     |         |                      |                     |
| Rural Electric and Telephone Co-Op (3%)          |         | \$12,548,887         | \$376,466           |         | \$12,841,916         | \$385,258           |
| Qualified New Industrial (3%)                    |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Pollution Control (3%)                           |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Gasohol Related (3%)                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Research and Development (0%-3%)                 |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 5 Subtotal                                 |         | \$12,548,887         | \$376,466           |         | \$12,841,916         | \$385,258           |
| CLASS 7                                          |         |                      |                     |         |                      |                     |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 8                                          |         |                      |                     |         |                      |                     |
| Machinery (3%, 2% and 3%)                        |         | \$10,830,972         | \$232,770           |         | \$10,772,090         | \$141,031           |
| Farm Implements (3%, 2% and 3%)                  |         | \$7,821,216          | \$156,513           |         | \$4,921,854          | \$43,150            |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$3,712,003          | \$81,189            |         | \$3,209,336          | \$49,862            |
| Other Business Equipment (3%, 2% and 3%)         |         | \$1,123,854          | \$22,752            |         | \$1,323,823          | \$17,977            |
| Class 8 Subtotal                                 |         | \$23,488,045         | \$493,224           |         | \$20,227,103         | \$252,021           |
| CLASS 9                                          |         |                      |                     |         |                      |                     |
| Utilities (12%)                                  |         | \$37,583,856         | \$4,510,061         |         | \$38,319,334         | \$4,598,311         |
| CLASS 10                                         |         |                      |                     |         |                      |                     |
| Timber Land (0.32%, 0.31%)                       | 197,461 | \$98,468,146         | \$295,693           | 197,705 | \$100,349,995        | \$291,314           |
| CLASS 12                                         |         |                      |                     |         |                      |                     |
| Railroads (3.45%, 3.45%)                         |         | \$30,597,565         | \$1,037,257         |         | \$31,651,829         | \$1,038,179         |
| Airlines (3.45%, 3.45%)                          |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 12 Subtotal                                |         | \$30,597,565         | \$1,037,257         |         | \$31,651,829         | \$1,038,179         |
| CLASS 13                                         |         |                      |                     |         |                      |                     |
| Electrical Generation Property (6%)              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Telecommunication Property (6%)                  |         | \$8,193,334          | \$491,598           |         | \$6,647,506          | \$398,850           |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 13 Subtotal                                |         | \$8,193,334          | \$491,598           |         | \$6,647,506          | \$398,850           |
| CLASS 14                                         |         |                      |                     |         |                      |                     |
| Wind Generation (3%)                             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)               |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 14 Subtotal                                |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 15                                         |         |                      |                     |         |                      |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| <b>Total</b>                                     |         | <b>\$504,950,079</b> | <b>\$14,537,889</b> |         | <b>\$522,347,866</b> | <b>\$14,531,064</b> |

# Property Taxes Paid By County

## Prairie County



|                                                 | TY 2013 |                      |                    | TY 2014 |                      |                    |
|-------------------------------------------------|---------|----------------------|--------------------|---------|----------------------|--------------------|
|                                                 | Acres   | Assessed             | Taxable            | Acres   | Assessed             | Taxable            |
| CLASS 1 Net Proceeds                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 2 Gross Proceeds                          |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 3 Agricultural Land:                      |         |                      |                    |         |                      |                    |
| Tillable Irrigated (2.72%, 2.63%)               | 13,629  | \$7,310,224          | \$185,678          | 13,921  | \$7,370,041          | \$182,038          |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 81,255  | \$14,255,468         | \$362,043          | 81,958  | \$14,297,347         | \$353,093          |
| Grazing (2.72%, 2.63%)                          | 463,688 | \$23,316,838         | \$583,316          | 465,229 | \$24,420,299         | \$594,240          |
| Wild Hay (2.72%, 2.63%)                         | 10,662  | \$2,102,737          | \$53,414           | 11,959  | \$2,109,682          | \$52,107           |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 438     | \$24,487             | \$4,355            | 438     | \$27,536             | \$4,761            |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                  | \$0                | 0       | \$0                  | \$0                |
| Class 3 Subtotal                                | 569,673 | \$47,009,754         | \$1,188,806        | 573,505 | \$48,224,905         | \$1,186,239        |
| CLASS 4 Land and Improvements:                  |         |                      |                    |         |                      |                    |
| Residential (2.72%, 2.63%)                      |         | \$8,245,048          | \$209,425          |         | \$8,428,765          | \$208,239          |
| Residential Low Income (varies)                 |         | \$549,608            | \$5,469            |         | \$506,772            | \$4,638            |
| Mobile Homes (2.72%, 2.63%)                     |         | \$708,814            | \$18,001           |         | \$909,955            | \$22,475           |
| Mobile Homes Low Income (varies)                |         | \$74,904             | \$684              |         | \$79,759             | \$688              |
| Commercial (2.72%, 2.63%)                       |         | \$11,410,920         | \$289,832          |         | \$11,959,549         | \$295,408          |
| Industrial (2.72%, 2.63%)                       |         | \$11,912             | \$303              |         | \$12,011             | \$297              |
| New Manufacturing (varies)                      |         | \$241,080            | \$6,123            |         | \$238,454            | \$5,890            |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Remodeled Commercial (varies)                   |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Extended Prop Tax Relief Program (Res Only)     |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 4 Subtotal                                |         | \$21,242,286         | \$529,837          |         | \$22,135,265         | \$537,635          |
| CLASS 5                                         |         |                      |                    |         |                      |                    |
| Rural Electric and Telephone Co-Op (3%)         |         | \$4,332,179          | \$129,968          |         | \$4,600,397          | \$138,016          |
| Qualified New Industrial (3%)                   |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Pollution Control (3%)                          |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Gasohol Related (3%)                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Research and Development (0%-3%)                |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 5 Subtotal                                |         | \$4,332,179          | \$129,968          |         | \$4,600,397          | \$138,016          |
| CLASS 7                                         |         |                      |                    |         |                      |                    |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 8                                         |         |                      |                    |         |                      |                    |
| Machinery (3%, 2% and 3%)                       |         | \$802,152            | \$17,719           |         | \$708,116            | \$10,438           |
| Farm Implements (3%, 2% and 3%)                 |         | \$14,860,448         | \$297,230          |         | \$13,444,846         | \$129,096          |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$284,216            | \$5,932            |         | \$137,981            | \$1,860            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$627,933            | \$16,008           |         | \$456,170            | \$10,237           |
| Class 8 Subtotal                                |         | \$16,574,749         | \$336,890          |         | \$14,747,113         | \$151,632          |
| CLASS 9                                         |         |                      |                    |         |                      |                    |
| Utilities (12%)                                 |         | \$5,409,464          | \$649,136          |         | \$4,951,148          | \$594,139          |
| CLASS 10                                        |         |                      |                    |         |                      |                    |
| Timber Land (0.32%, 0.31%)                      | 0       | \$0                  | \$0                | 0       | \$0                  | \$0                |
| CLASS 12                                        |         |                      |                    |         |                      |                    |
| Railroads (3.45%, 3.45%)                        |         | \$39,951,154         | \$1,354,344        |         | \$38,425,275         | \$1,260,349        |
| Airlines (3.45%, 3.45%)                         |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 12 Subtotal                               |         | \$39,951,154         | \$1,354,344        |         | \$38,425,275         | \$1,260,349        |
| CLASS 13                                        |         |                      |                    |         |                      |                    |
| Electrical Generation Property (6%)             |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Telecommunication Property (6%)                 |         | \$2,401,813          | \$144,111          |         | \$2,118,911          | \$127,135          |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 13 Subtotal                               |         | \$2,401,813          | \$144,111          |         | \$2,118,911          | \$127,135          |
| CLASS 14                                        |         |                      |                    |         |                      |                    |
| Wind Generation (3%)                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Wind Generation New & Exp (varies)              |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 14 Subtotal                               |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 15                                        |         |                      |                    |         |                      |                    |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                  | \$0                |         | \$0                  | \$0                |
| <b>Total</b>                                    |         | <b>\$136,921,399</b> | <b>\$4,333,092</b> |         | <b>\$135,203,014</b> | <b>\$3,995,145</b> |

# Property Taxes Paid By County

## Ravalli County



|                                                  | TY 2013 |                        |                     | TY 2014 |                        |                     |
|--------------------------------------------------|---------|------------------------|---------------------|---------|------------------------|---------------------|
|                                                  | Acres   | Assessed               | Taxable             | Acres   | Assessed               | Taxable             |
| CLASS 1 Net Proceeds                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 2 Gross Proceeds                           |         | \$34,982               | \$1,049             |         | \$0                    | \$0                 |
| CLASS 3 Agricultural Land:                       |         |                        |                     |         |                        |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 44,731  | \$19,672,080           | \$498,493           | 44,834  | \$19,589,971           | \$482,703           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 3,796   | \$382,988              | \$9,728             | 3,808   | \$387,322              | \$9,568             |
| Grazing (2.72%, 2.63%)                           | 117,143 | \$4,999,079            | \$127,470           | 116,535 | \$5,117,975            | \$126,917           |
| Wild Hay (2.72%, 2.63%)                          | 504     | \$74,462               | \$1,890             | 495     | \$74,477               | \$1,838             |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 38,394  | \$2,210,795            | \$393,157           | 38,797  | \$2,335,144            | \$403,791           |
| Eligible Mining Claims (2.72%, 2.63%)            | 0       | \$0                    | \$0                 | 0       | \$0                    | \$0                 |
| Class 3 Subtotal                                 | 204,568 | \$27,339,404           | \$1,030,738         | 204,470 | \$27,504,889           | \$1,024,817         |
| CLASS 4 Land and Improvements:                   |         |                        |                     |         |                        |                     |
| Residential (2.72%, 2.63%)                       |         | \$1,959,294,919        | \$49,754,806        |         | \$2,042,942,794        | \$50,445,301        |
| Residential Low Income (varies)                  |         | \$106,201,311          | \$959,912           |         | \$117,436,729          | \$1,011,716         |
| Mobile Homes (2.72%, 2.63%)                      |         | \$19,208,332           | \$487,911           |         | \$19,156,117           | \$473,172           |
| Mobile Homes Low Income (varies)                 |         | \$2,133,998            | \$15,326            |         | \$2,361,923            | \$16,635            |
| Commercial (2.72%, 2.63%)                        |         | \$580,000,673          | \$14,732,004        |         | \$609,338,744          | \$15,050,679        |
| Industrial (2.72%, 2.63%)                        |         | \$2,183,037            | \$55,447            |         | \$2,421,674            | \$59,816            |
| New Manufacturing (varies)                       |         | \$41,188,091           | \$1,046,177         |         | \$42,777,372           | \$1,056,602         |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$6,394,686            | \$81,213            |         | \$6,646,355            | \$82,414            |
| Remodeled Commercial (varies)                    |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |         | \$5,765,532            | \$109,315           |         | \$4,346,207            | \$73,695            |
| Class 4 Subtotal                                 |         | \$2,722,370,579        | \$67,242,111        |         | \$2,847,427,915        | \$68,270,030        |
| CLASS 5                                          |         |                        |                     |         |                        |                     |
| Rural Electric and Telephone Co-Op (3%)          |         | \$25,403,645           | \$762,113           |         | \$24,663,241           | \$739,899           |
| Qualified New Industrial (3%)                    |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Pollution Control (3%)                           |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Gasohol Related (3%)                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Research and Development (0%-3%)                 |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 5 Subtotal                                 |         | \$25,403,645           | \$762,113           |         | \$24,663,241           | \$739,899           |
| CLASS 7                                          |         |                        |                     |         |                        |                     |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 8                                          |         |                        |                     |         |                        |                     |
| Machinery (3%, 2% and 3%)                        |         | \$141,578,825          | \$3,965,357         |         | \$84,055,989           | \$2,005,202         |
| Farm Implements (3%, 2% and 3%)                  |         | \$10,178,453           | \$204,449           |         | \$4,992,208            | \$47,238            |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$21,206,587           | \$476,710           |         | \$15,956,283           | \$241,159           |
| Other Business Equipment (3%, 2% and 3%)         |         | \$7,018,935            | \$171,188           |         | \$5,640,846            | \$122,510           |
| Class 8 Subtotal                                 |         | \$179,982,800          | \$4,817,704         |         | \$110,645,326          | \$2,416,109         |
| CLASS 9                                          |         |                        |                     |         |                        |                     |
| Utilities (12%)                                  |         | \$36,951,531           | \$4,434,169         |         | \$38,014,583           | \$4,561,743         |
| CLASS 10                                         |         |                        |                     |         |                        |                     |
| Timber Land (0.32%, 0.31%)                       | 95,141  | \$50,547,269           | \$149,513           | 93,363  | \$52,826,858           | \$151,068           |
| CLASS 12                                         |         |                        |                     |         |                        |                     |
| Railroads (3.45%, 3.45%)                         |         | \$18,003,060           | \$610,303           |         | \$19,483,486           | \$639,059           |
| Airlines (3.45%, 3.45%)                          |         | \$7,286                | \$247               |         | \$7,927                | \$260               |
| Class 12 Subtotal                                |         | \$18,010,346           | \$610,550           |         | \$19,491,413           | \$639,319           |
| CLASS 13                                         |         |                        |                     |         |                        |                     |
| Electrical Generation Property (6%)              |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Telecommunication Property (6%)                  |         | \$33,162,184           | \$1,989,730         |         | \$26,524,922           | \$1,591,496         |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 13 Subtotal                                |         | \$33,162,184           | \$1,989,730         |         | \$26,524,922           | \$1,591,496         |
| CLASS 14                                         |         |                        |                     |         |                        |                     |
| Wind Generation (3%)                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Wind Generation New & Exp (varies)               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 14 Subtotal                                |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 15                                         |         |                        |                     |         |                        |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| <b>Total</b>                                     |         | <b>\$3,093,802,740</b> | <b>\$81,037,677</b> |         | <b>\$3,147,099,147</b> | <b>\$79,394,481</b> |

# Property Taxes Paid By County

## Richland County



|                                                  | TY 2013   |                        |                     | TY 2014   |                        |                     |
|--------------------------------------------------|-----------|------------------------|---------------------|-----------|------------------------|---------------------|
|                                                  | Acres     | Assessed               | Taxable             | Acres     | Assessed               | Taxable             |
| CLASS 1 Net Proceeds                             |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| CLASS 2 Gross Proceeds                           |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| CLASS 3 Agricultural Land:                       |           |                        |                     |           |                        |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 51,285    | \$24,447,251           | \$620,914           | 50,906    | \$24,362,075           | \$601,708           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 384,935   | \$83,730,235           | \$2,126,102         | 385,230   | \$83,930,467           | \$2,072,443         |
| Grazing (2.72%, 2.63%)                           | 721,738   | \$34,893,161           | \$890,180           | 721,573   | \$35,848,265           | \$889,344           |
| Wild Hay (2.72%, 2.63%)                          | 8,350     | \$3,560,405            | \$90,432            | 8,349     | \$3,567,285            | \$88,110            |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 10,729    | \$636,991              | \$113,262           | 10,930    | \$650,528              | \$112,486           |
| Eligible Mining Claims (2.72%, 2.63%)            | 0         | \$0                    | \$0                 | 0         | \$0                    | \$0                 |
| Class 3 Subtotal                                 | 1,177,037 | \$147,268,043          | \$3,840,890         | 1,176,988 | \$148,358,620          | \$3,764,091         |
| CLASS 4 Land and Improvements:                   |           |                        |                     |           |                        |                     |
| Residential (2.72%, 2.63%)                       |           | \$153,017,229          | \$3,886,600         |           | \$164,283,223          | \$4,057,025         |
| Residential Low Income (varies)                  |           | \$1,772,064            | \$14,890            |           | \$1,851,462            | \$13,578            |
| Mobile Homes (2.72%, 2.63%)                      |           | \$10,153,506           | \$257,892           |           | \$11,428,411           | \$282,288           |
| Mobile Homes Low Income (varies)                 |           | \$46,153               | \$389               |           | \$10,742               | \$116               |
| Commercial (2.72%, 2.63%)                        |           | \$106,470,101          | \$2,704,330         |           | \$139,276,429          | \$3,440,116         |
| Industrial (2.72%, 2.63%)                        |           | \$1,012,232            | \$25,711            |           | \$1,056,922            | \$26,104            |
| New Manufacturing (varies)                       |           | \$31,802,723           | \$801,368           |           | \$35,087,061           | \$862,996           |
| Qualified Golf Courses (1.36%, 1.32%)            |           | \$719,736              | \$9,141             |           | \$716,946              | \$8,891             |
| Remodeled Commercial (varies)                    |           | \$144,906              | \$2,934             |           | \$153,436              | \$3,040             |
| Extended Prop Tax Relief Program (Res Only)      |           | \$244,297              | \$5,921             |           | \$164,459              | \$3,842             |
| Class 4 Subtotal                                 |           | \$305,382,947          | \$7,709,176         |           | \$354,029,091          | \$8,697,996         |
| CLASS 5                                          |           |                        |                     |           |                        |                     |
| Rural Electric and Telephone Co-Op (3%)          |           | \$37,510,155           | \$1,125,312         |           | \$36,443,288           | \$1,093,302         |
| Qualified New Industrial (3%)                    |           | \$12,681               | \$380               |           | \$13,265               | \$398               |
| Pollution Control (3%)                           |           | \$2,814,954            | \$84,449            |           | \$2,717,289            | \$81,519            |
| Gasohol Related (3%)                             |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Research and Development (0%-3%)                 |           | \$12,233,022           | \$183,495           |           | \$14,084,060           | \$211,261           |
| Aluminum Electrolytic Equipment (3%)             |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Class 5 Subtotal                                 |           | \$52,570,812           | \$1,393,636         |           | \$53,257,902           | \$1,386,480         |
| CLASS 7                                          |           |                        |                     |           |                        |                     |
| Non-Centrally Assessed Public Util. (8%)         |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| CLASS 8                                          |           |                        |                     |           |                        |                     |
| Machinery (3%, 2% and 3%)                        |           | \$125,203,779          | \$3,366,092         |           | \$158,272,320          | \$3,468,493         |
| Farm Implements (3%, 2% and 3%)                  |           | \$34,816,058           | \$698,115           |           | \$31,900,136           | \$310,036           |
| Furniture and Fixtures (3%, 2% and 3%)           |           | \$9,083,292            | \$187,566           |           | \$9,951,911            | \$119,265           |
| Other Business Equipment (3%, 2% and 3%)         |           | \$176,726,388          | \$4,811,882         |           | \$232,053,934          | \$5,329,091         |
| Class 8 Subtotal                                 |           | \$345,829,517          | \$9,063,654         |           | \$432,178,301          | \$9,226,885         |
| CLASS 9                                          |           |                        |                     |           |                        |                     |
| Utilities (12%)                                  |           | \$128,881,404          | \$15,465,779        |           | \$175,788,983          | \$21,094,673        |
| CLASS 10                                         |           |                        |                     |           |                        |                     |
| Timber Land (0.32%, 0.31%)                       | 0         | \$0                    | \$0                 | 0         | \$0                    | \$0                 |
| CLASS 12                                         |           |                        |                     |           |                        |                     |
| Railroads (3.45%, 3.45%)                         |           | \$12,665,202           | \$429,351           |           | \$20,771,111           | \$681,292           |
| Airlines (3.45%, 3.45%)                          |           | \$754,894              | \$25,591            |           | \$121,130              | \$3,973             |
| Class 12 Subtotal                                |           | \$13,420,096           | \$454,942           |           | \$20,892,241           | \$685,265           |
| CLASS 13                                         |           |                        |                     |           |                        |                     |
| Electrical Generation Property (6%)              |           | \$14,470,902           | \$868,253           |           | \$14,633,146           | \$877,990           |
| Telecommunication Property (6%)                  |           | \$6,943,404            | \$416,603           |           | \$5,970,058            | \$358,200           |
| Elect Gen/Tele Real Prop New & Exp               |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Class 13 Subtotal                                |           | \$21,414,306           | \$1,284,856         |           | \$20,603,204           | \$1,236,190         |
| CLASS 14                                         |           |                        |                     |           |                        |                     |
| Wind Generation (3%)                             |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Wind Generation New & Exp (varies)               |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Class 14 Subtotal                                |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| CLASS 15                                         |           |                        |                     |           |                        |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| <b>Total</b>                                     |           | <b>\$1,014,767,125</b> | <b>\$39,212,933</b> |           | <b>\$1,205,108,342</b> | <b>\$46,091,580</b> |

# Property Taxes Paid By County

## Roosevelt County



|                                                  | TY 2013   |                      |                     | TY 2014   |                      |                     |
|--------------------------------------------------|-----------|----------------------|---------------------|-----------|----------------------|---------------------|
|                                                  | Acres     | Assessed             | Taxable             | Acres     | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                       |           |                      |                     |           |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 18,620    | \$8,575,319          | \$217,608           | 18,619    | \$8,642,180          | \$213,256           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 563,806   | \$121,446,677        | \$3,079,243         | 562,818   | \$121,647,869        | \$2,999,217         |
| Grazing (2.72%, 2.63%)                           | 429,363   | \$17,738,937         | \$452,108           | 432,601   | \$17,969,450         | \$445,381           |
| Wild Hay (2.72%, 2.63%)                          | 17,005    | \$6,385,280          | \$162,028           | 16,833    | \$6,345,596          | \$156,557           |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 14,284    | \$658,336            | \$117,048           | 14,628    | \$708,214            | \$122,483           |
| Eligible Mining Claims (2.72%, 2.63%)            | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| Class 3 Subtotal                                 | 1,043,078 | \$154,804,549        | \$4,028,035         | 1,045,500 | \$155,313,309        | \$3,936,894         |
| CLASS 4 Land and Improvements:                   |           |                      |                     |           |                      |                     |
| Residential (2.72%, 2.63%)                       |           | \$46,815,639         | \$1,189,136         |           | \$47,955,171         | \$1,184,539         |
| Residential Low Income (varies)                  |           | \$1,028,398          | \$8,912             |           | \$1,005,012          | \$8,453             |
| Mobile Homes (2.72%, 2.63%)                      |           | \$4,851,832          | \$123,239           |           | \$5,136,723          | \$126,862           |
| Mobile Homes Low Income (varies)                 |           | \$46,395             | \$237               |           | \$46,406             | \$227               |
| Commercial (2.72%, 2.63%)                        |           | \$53,516,688         | \$1,359,313         |           | \$61,891,668         | \$1,528,704         |
| Industrial (2.72%, 2.63%)                        |           | \$245,316            | \$6,236             |           | \$378,642            | \$9,354             |
| New Manufacturing (varies)                       |           | \$18,749,434         | \$437,823           |           | \$33,265,334         | \$731,312           |
| Qualified Golf Courses (1.36%, 1.32%)            |           | \$148,033            | \$1,880             |           | \$150,406            | \$1,865             |
| Remodeled Commercial (varies)                    |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 4 Subtotal                                 |           | \$125,401,735        | \$3,126,776         |           | \$149,829,362        | \$3,591,316         |
| CLASS 5                                          |           |                      |                     |           |                      |                     |
| Rural Electric and Telephone Co-Op (3%)          |           | \$70,909,094         | \$1,375,837         |           | \$28,521,610         | \$855,646           |
| Qualified New Industrial (3%)                    |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Pollution Control (3%)                           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Gasohol Related (3%)                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Research and Development (0%-3%)                 |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 5 Subtotal                                 |           | \$70,909,094         | \$1,375,837         |           | \$28,521,610         | \$855,646           |
| CLASS 7                                          |           |                      |                     |           |                      |                     |
| Non-Centrally Assessed Public Util. (8%)         |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 8                                          |           |                      |                     |           |                      |                     |
| Machinery (3%, 2% and 3%)                        |           | \$56,000,938         | \$1,487,404         |           | \$62,066,623         | \$1,374,501         |
| Farm Implements (3%, 2% and 3%)                  |           | \$50,824,165         | \$1,019,422         |           | \$47,970,075         | \$555,794           |
| Furniture and Fixtures (3%, 2% and 3%)           |           | \$3,608,183          | \$80,600            |           | \$3,771,725          | \$51,948            |
| Other Business Equipment (3%, 2% and 3%)         |           | \$38,440,553         | \$952,094           |           | \$38,964,547         | \$802,430           |
| Class 8 Subtotal                                 |           | \$148,873,839        | \$3,539,520         |           | \$152,772,970        | \$2,784,673         |
| CLASS 9                                          |           |                      |                     |           |                      |                     |
| Utilities (12%)                                  |           | \$104,336,781        | \$12,520,412        |           | \$112,703,870        | \$13,524,462        |
| CLASS 10                                         |           |                      |                     |           |                      |                     |
| Timber Land (0.32%, 0.31%)                       | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| CLASS 12                                         |           |                      |                     |           |                      |                     |
| Railroads (3.45%, 3.45%)                         |           | \$80,542,907         | \$2,730,403         |           | \$86,217,678         | \$2,827,942         |
| Airlines (3.45%, 3.45%)                          |           | \$2,466,776          | \$83,622            |           | \$1,610,856          | \$52,835            |
| Class 12 Subtotal                                |           | \$83,009,683         | \$2,814,025         |           | \$87,828,534         | \$2,880,777         |
| CLASS 13                                         |           |                      |                     |           |                      |                     |
| Electrical Generation Property (6%)              |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Telecommunication Property (6%)                  |           | \$4,305,828          | \$258,350           |           | \$4,808,411          | \$288,506           |
| Elect Gen/Tele Real Prop New & Exp               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 13 Subtotal                                |           | \$4,305,828          | \$258,350           |           | \$4,808,411          | \$288,506           |
| CLASS 14                                         |           |                      |                     |           |                      |                     |
| Wind Generation (3%)                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 14 Subtotal                                |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 15                                         |           |                      |                     |           |                      |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| <b>Total</b>                                     |           | <b>\$691,641,509</b> | <b>\$27,662,955</b> |           | <b>\$743,926,528</b> | <b>\$28,644,501</b> |

# Property Taxes Paid By County

## Rosebud County



|                                                  | TY 2013   |                        |                     | TY 2014   |                        |                     |
|--------------------------------------------------|-----------|------------------------|---------------------|-----------|------------------------|---------------------|
|                                                  | Acres     | Assessed               | Taxable             | Acres     | Assessed               | Taxable             |
| CLASS 1 Net Proceeds                             |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| CLASS 2 Gross Proceeds                           |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| CLASS 3 Agricultural Land:                       |           |                        |                     |           |                        |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 31,534    | \$16,265,410           | \$413,150           | 31,661    | \$16,419,052           | \$405,551           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 143,442   | \$26,078,043           | \$661,937           | 143,318   | \$26,181,683           | \$646,241           |
| Grazing (2.72%, 2.63%)                           | 2,170,747 | \$88,824,723           | \$2,211,581         | 2,170,254 | \$93,246,597           | \$2,258,633         |
| Wild Hay (2.72%, 2.63%)                          | 25,225    | \$6,574,474            | \$166,991           | 25,244    | \$6,594,287            | \$162,878           |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 12,978    | \$740,032              | \$131,591           | 12,739    | \$758,390              | \$131,137           |
| Eligible Mining Claims (2.72%, 2.63%)            | 0         | \$0                    | \$0                 | 0         | \$0                    | \$0                 |
| Class 3 Subtotal                                 | 2,383,926 | \$138,482,682          | \$3,585,250         | 2,383,216 | \$143,200,009          | \$3,604,440         |
| CLASS 4 Land and Improvements:                   |           |                        |                     |           |                        |                     |
| Residential (2.72%, 2.63%)                       |           | \$81,163,482           | \$2,061,419         |           | \$85,305,963           | \$2,105,736         |
| Residential Low Income (varies)                  |           | \$1,346,804            | \$13,835            |           | \$1,178,500            | \$11,465            |
| Mobile Homes (2.72%, 2.63%)                      |           | \$6,574,044            | \$166,972           |           | \$6,613,833            | \$163,359           |
| Mobile Homes Low Income (varies)                 |           | \$86,714               | \$796               |           | \$62,672               | \$567               |
| Commercial (2.72%, 2.63%)                        |           | \$48,724,291           | \$1,237,587         |           | \$51,651,018           | \$1,275,782         |
| Industrial (2.72%, 2.63%)                        |           | \$6,479,609            | \$164,581           |           | \$6,606,812            | \$163,190           |
| New Manufacturing (varies)                       |           | \$34,094,277           | \$865,995           |           | \$35,368,717           | \$873,607           |
| Qualified Golf Courses (1.36%, 1.32%)            |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Remodeled Commercial (varies)                    |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |           | \$0                    | \$0                 |           | \$36,199               | \$615               |
| Class 4 Subtotal                                 |           | \$178,469,221          | \$4,511,185         |           | \$186,823,714          | \$4,594,321         |
| CLASS 5                                          |           |                        |                     |           |                        |                     |
| Rural Electric and Telephone Co-Op (3%)          |           | \$15,706,348           | \$471,190           |           | \$15,238,176           | \$457,144           |
| Qualified New Industrial (3%)                    |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Pollution Control (3%)                           |           | \$240,776,319          | \$7,223,289         |           | \$170,529,255          | \$5,115,877         |
| Gasohol Related (3%)                             |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Research and Development (0%-3%)                 |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Class 5 Subtotal                                 |           | \$256,482,667          | \$7,694,479         |           | \$185,767,431          | \$5,573,021         |
| CLASS 7                                          |           |                        |                     |           |                        |                     |
| Non-Centrally Assessed Public Util. (8%)         |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| CLASS 8                                          |           |                        |                     |           |                        |                     |
| Machinery (3%, 2% and 3%)                        |           | \$99,237,294           | \$2,878,000         |           | \$101,388,923          | \$2,719,111         |
| Farm Implements (3%, 2% and 3%)                  |           | \$13,883,024           | \$277,775           |           | \$10,417,511           | \$97,978            |
| Furniture and Fixtures (3%, 2% and 3%)           |           | \$3,099,005            | \$67,859            |           | \$2,052,882            | \$27,763            |
| Other Business Equipment (3%, 2% and 3%)         |           | \$18,899,468           | \$527,011           |           | \$18,393,987           | \$508,977           |
| Class 8 Subtotal                                 |           | \$135,118,791          | \$3,750,644         |           | \$132,253,303          | \$3,353,829         |
| CLASS 9                                          |           |                        |                     |           |                        |                     |
| Utilities (12%)                                  |           | \$41,172,280           | \$4,940,661         |           | \$39,370,500           | \$4,724,455         |
| CLASS 10                                         |           |                        |                     |           |                        |                     |
| Timber Land (0.32%, 0.31%)                       | 43,595    | \$7,656,503            | \$22,974            | 43,595    | \$7,769,788            | \$22,542            |
| CLASS 12                                         |           |                        |                     |           |                        |                     |
| Railroads (3.45%, 3.45%)                         |           | \$55,834,124           | \$1,892,777         |           | \$53,761,971           | \$1,763,394         |
| Airlines (3.45%, 3.45%)                          |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Class 12 Subtotal                                |           | \$55,834,124           | \$1,892,777         |           | \$53,761,971           | \$1,763,394         |
| CLASS 13                                         |           |                        |                     |           |                        |                     |
| Electrical Generation Property (6%)              |           | \$1,201,619,977        | \$72,097,204        |           | \$1,105,107,711        | \$66,306,463        |
| Telecommunication Property (6%)                  |           | \$8,034,774            | \$482,086           |           | \$6,372,746            | \$382,361           |
| Elect Gen/Tele Real Prop New & Exp               |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Class 13 Subtotal                                |           | \$1,209,654,751        | \$72,579,290        |           | \$1,111,480,457        | \$66,688,824        |
| CLASS 14                                         |           |                        |                     |           |                        |                     |
| Wind Generation (3%)                             |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Wind Generation New & Exp (varies)               |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| Class 14 Subtotal                                |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| CLASS 15                                         |           |                        |                     |           |                        |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |           | \$0                    | \$0                 |           | \$0                    | \$0                 |
| <b>Total</b>                                     |           | <b>\$2,022,871,019</b> | <b>\$98,977,260</b> |           | <b>\$1,860,427,173</b> | <b>\$90,324,826</b> |

# Property Taxes Paid By County

## Sanders County



|                                                 | TY 2013 |                        |                     | TY 2014 |                        |                     |
|-------------------------------------------------|---------|------------------------|---------------------|---------|------------------------|---------------------|
|                                                 | Acres   | Assessed               | Taxable             | Acres   | Assessed               | Taxable             |
| CLASS 1 Net Proceeds                            |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 2 Gross Proceeds                          |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 3 Agricultural Land:                      |         |                        |                     |         |                        |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 12,052  | \$5,236,179            | \$132,837           | 11,968  | \$5,232,940            | \$129,105           |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 1,408   | \$461,440              | \$11,720            | 1,408   | \$462,885              | \$11,432            |
| Grazing (2.72%, 2.63%)                          | 124,182 | \$6,460,056            | \$161,352           | 122,967 | \$6,710,746            | \$163,054           |
| Wild Hay (2.72%, 2.63%)                         | 9,726   | \$4,045,570            | \$102,581           | 9,911   | \$4,043,377            | \$99,699            |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 22,254  | \$1,250,452            | \$222,385           | 22,353  | \$1,295,809            | \$224,054           |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                    | \$0                 | 0       | \$0                    | \$0                 |
| Class 3 Subtotal                                | 169,623 | \$17,453,697           | \$630,875           | 168,607 | \$17,745,757           | \$627,344           |
| CLASS 4 Land and Improvements:                  |         |                        |                     |         |                        |                     |
| Residential (2.72%, 2.63%)                      |         | \$431,892,437          | \$10,967,341        |         | \$454,162,389          | \$11,211,363        |
| Residential Low Income (varies)                 |         | \$29,003,514           | \$241,064           |         | \$30,588,462           | \$231,084           |
| Mobile Homes (2.72%, 2.63%)                     |         | \$4,850,144            | \$123,195           |         | \$4,802,945            | \$118,631           |
| Mobile Homes Low Income (varies)                |         | \$387,828              | \$2,357             |         | \$420,043              | \$2,484             |
| Commercial (2.72%, 2.63%)                       |         | \$111,629,953          | \$2,835,397         |         | \$116,963,577          | \$2,888,984         |
| Industrial (2.72%, 2.63%)                       |         | \$976,670              | \$24,807            |         | \$942,454              | \$23,278            |
| New Manufacturing (varies)                      |         | \$2,769,533            | \$70,346            |         | \$3,015,396            | \$74,481            |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Remodeled Commercial (varies)                   |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |         | \$2,306,847            | \$42,667            |         | \$2,194,264            | \$41,538            |
| Class 4 Subtotal                                |         | \$583,816,926          | \$14,307,174        |         | \$613,089,530          | \$14,591,843        |
| CLASS 5                                         |         |                        |                     |         |                        |                     |
| Rural Electric and Telephone Co-Op (3%)         |         | \$17,212,680           | \$516,378           |         | \$17,682,309           | \$530,466           |
| Qualified New Industrial (3%)                   |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Pollution Control (3%)                          |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Gasohol Related (3%)                            |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Research and Development (0%-3%)                |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 5 Subtotal                                |         | \$17,212,680           | \$516,378           |         | \$17,682,309           | \$530,466           |
| CLASS 7                                         |         |                        |                     |         |                        |                     |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 8                                         |         |                        |                     |         |                        |                     |
| Machinery (3%, 2% and 3%)                       |         | \$14,612,402           | \$316,344           |         | \$11,870,381           | \$144,185           |
| Farm Implements (3%, 2% and 3%)                 |         | \$4,036,097            | \$80,726            |         | \$1,096,622            | \$7,243             |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$2,683,815            | \$55,730            |         | \$1,824,265            | \$21,013            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$1,389,885            | \$28,123            |         | \$942,308              | \$8,932             |
| Class 8 Subtotal                                |         | \$22,722,199           | \$480,923           |         | \$15,733,576           | \$181,373           |
| CLASS 9                                         |         |                        |                     |         |                        |                     |
| Utilities (12%)                                 |         | \$29,465,737           | \$3,535,879         |         | \$22,179,142           | \$2,661,502         |
| CLASS 10                                        |         |                        |                     |         |                        |                     |
| Timber Land (0.32%, 0.31%)                      | 264,082 | \$252,479,574          | \$747,190           | 264,067 | \$261,689,303          | \$748,673           |
| CLASS 12                                        |         |                        |                     |         |                        |                     |
| Railroads (3.45%, 3.45%)                        |         | \$60,732,627           | \$2,058,832         |         | \$63,639,070           | \$2,087,364         |
| Airlines (3.45%, 3.45%)                         |         | \$1,126                | \$38                |         | \$1,225                | \$40                |
| Class 12 Subtotal                               |         | \$60,733,753           | \$2,058,870         |         | \$63,640,295           | \$2,087,404         |
| CLASS 13                                        |         |                        |                     |         |                        |                     |
| Electrical Generation Property (6%)             |         | \$195,142,182          | \$11,708,531        |         | \$199,129,066          | \$11,947,745        |
| Telecommunication Property (6%)                 |         | \$5,792,248            | \$347,535           |         | \$4,679,164            | \$280,750           |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 13 Subtotal                               |         | \$200,934,430          | \$12,056,066        |         | \$203,808,230          | \$12,228,495        |
| CLASS 14                                        |         |                        |                     |         |                        |                     |
| Wind Generation (3%)                            |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Wind Generation New & Exp (varies)              |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 14 Subtotal                               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 15                                        |         |                        |                     |         |                        |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| <b>Total</b>                                    |         | <b>\$1,184,818,996</b> | <b>\$34,333,355</b> |         | <b>\$1,215,568,142</b> | <b>\$33,657,100</b> |

# Property Taxes Paid By County

## Sheridan County



|                                                 | TY 2013 |                      |                     | TY 2014 |                      |                     |
|-------------------------------------------------|---------|----------------------|---------------------|---------|----------------------|---------------------|
|                                                 | Acres   | Assessed             | Taxable             | Acres   | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                          |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                      |         |                      |                     |         |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 5,549   | \$2,697,751          | \$68,523            | 5,439   | \$2,438,695          | \$60,237            |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 598,331 | \$125,646,802        | \$3,183,986         | 598,152 | \$126,277,061        | \$3,111,588         |
| Grazing (2.72%, 2.63%)                          | 340,346 | \$20,332,016         | \$514,236           | 341,525 | \$21,044,912         | \$517,596           |
| Wild Hay (2.72%, 2.63%)                         | 4,999   | \$1,919,125          | \$48,747            | 4,999   | \$1,924,030          | \$47,521            |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 3,326   | \$191,500            | \$34,044            | 3,627   | \$205,496            | \$35,539            |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                  | \$0                 | 0       | \$0                  | \$0                 |
| Class 3 Subtotal                                | 952,551 | \$150,787,194        | \$3,849,536         | 953,741 | \$151,890,194        | \$3,772,481         |
| CLASS 4 Land and Improvements:                  |         |                      |                     |         |                      |                     |
| Residential (2.72%, 2.63%)                      |         | \$37,565,558         | \$954,103           |         | \$38,501,273         | \$951,030           |
| Residential Low Income (varies)                 |         | \$795,636            | \$5,769             |         | \$1,190,841          | \$10,520            |
| Mobile Homes (2.72%, 2.63%)                     |         | \$2,953,840          | \$75,028            |         | \$3,265,049          | \$80,642            |
| Mobile Homes Low Income (varies)                |         | \$11,594             | \$59                |         | \$30,199             | \$148               |
| Commercial (2.72%, 2.63%)                       |         | \$44,567,103         | \$1,132,010         |         | \$45,063,767         | \$1,113,074         |
| Industrial (2.72%, 2.63%)                       |         | \$521,119            | \$13,239            |         | \$572,814            | \$14,146            |
| New Manufacturing (varies)                      |         | \$12,005,795         | \$208,440           |         | \$13,353,032         | \$229,175           |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Remodeled Commercial (varies)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 4 Subtotal                                |         | \$98,420,645         | \$2,388,648         |         | \$101,976,975        | \$2,398,735         |
| CLASS 5                                         |         |                      |                     |         |                      |                     |
| Rural Electric and Telephone Co-Op (3%)         |         | \$19,853,988         | \$595,619           |         | \$28,354,391         | \$850,631           |
| Qualified New Industrial (3%)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Pollution Control (3%)                          |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Gasohol Related (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Research and Development (0%-3%)                |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 5 Subtotal                                |         | \$19,853,988         | \$595,619           |         | \$28,354,391         | \$850,631           |
| CLASS 7                                         |         |                      |                     |         |                      |                     |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 8                                         |         |                      |                     |         |                      |                     |
| Machinery (3%, 2% and 3%)                       |         | \$8,721,945          | \$198,489           |         | \$8,635,907          | \$150,490           |
| Farm Implements (3%, 2% and 3%)                 |         | \$70,652,535         | \$1,414,231         |         | \$68,434,451         | \$777,529           |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$1,823,888          | \$36,642            |         | \$1,120,090          | \$11,561            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$26,659,403         | \$608,788           |         | \$24,886,180         | \$363,980           |
| Class 8 Subtotal                                |         | \$107,857,771        | \$2,258,150         |         | \$103,076,628        | \$1,303,560         |
| CLASS 9                                         |         |                      |                     |         |                      |                     |
| Utilities (12%)                                 |         | \$31,521,349         | \$3,782,560         |         | \$53,707,020         | \$6,444,837         |
| CLASS 10                                        |         |                      |                     |         |                      |                     |
| Timber Land (0.32%, 0.31%)                      | 0       | \$0                  | \$0                 | 0       | \$0                  | \$0                 |
| CLASS 12                                        |         |                      |                     |         |                      |                     |
| Railroads (3.45%, 3.45%)                        |         | \$5,262,138          | \$178,389           |         | \$26,351,911         | \$864,344           |
| Airlines (3.45%, 3.45%)                         |         | \$720                | \$24                |         | \$784                | \$26                |
| Class 12 Subtotal                               |         | \$5,262,858          | \$178,413           |         | \$26,352,695         | \$864,370           |
| CLASS 13                                        |         |                      |                     |         |                      |                     |
| Electrical Generation Property (6%)             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Telecommunication Property (6%)                 |         | \$2,208,734          | \$132,524           |         | \$2,473,487          | \$148,409           |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 13 Subtotal                               |         | \$2,208,734          | \$132,524           |         | \$2,473,487          | \$148,409           |
| CLASS 14                                        |         |                      |                     |         |                      |                     |
| Wind Generation (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 14 Subtotal                               |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 15                                        |         |                      |                     |         |                      |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| <b>Total</b>                                    |         | <b>\$415,912,539</b> | <b>\$13,185,450</b> |         | <b>\$467,831,390</b> | <b>\$15,783,023</b> |

# Property Taxes Paid By County

## Silver Bow County



|                                                  | TY 2013 |                        |                     | TY 2014 |                        |                     |
|--------------------------------------------------|---------|------------------------|---------------------|---------|------------------------|---------------------|
|                                                  | Acres   | Assessed               | Taxable             | Acres   | Assessed               | Taxable             |
| CLASS 1 Net Proceeds                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 2 Gross Proceeds                           |         | \$360,869,716          | \$10,826,091        |         | \$266,613,389          | \$7,998,402         |
| CLASS 3 Agricultural Land:                       |         |                        |                     |         |                        |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 3,074   | \$1,398,069            | \$35,507            | 3,025   | \$1,398,880            | \$34,549            |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 0       | \$0                    | \$0                 | 0       | \$0                    | \$0                 |
| Grazing (2.72%, 2.63%)                           | 102,272 | \$4,829,602            | \$122,901           | 101,743 | \$4,946,877            | \$122,413           |
| Wild Hay (2.72%, 2.63%)                          | 983     | \$303,468              | \$7,706             | 999     | \$304,251              | \$7,515             |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 26,965  | \$1,518,600            | \$269,999           | 27,691  | \$1,618,568            | \$279,843           |
| Eligible Mining Claims (2.72%, 2.63%)            | 6,512   | \$473,679              | \$12,040            | 7,187   | \$491,699              | \$12,166            |
| Class 3 Subtotal                                 | 139,805 | \$8,523,418            | \$448,153           | 140,645 | \$8,760,275            | \$456,486           |
| CLASS 4 Land and Improvements:                   |         |                        |                     |         |                        |                     |
| Residential (2.72%, 2.63%)                       |         | \$719,567,455          | \$18,275,149        |         | \$748,888,701          | \$18,496,372        |
| Residential Low Income (varies)                  |         | \$33,889,222           | \$303,277           |         | \$34,051,623           | \$288,903           |
| Mobile Homes (2.72%, 2.63%)                      |         | \$8,123,434            | \$206,342           |         | \$7,765,164            | \$191,800           |
| Mobile Homes Low Income (varies)                 |         | \$473,277              | \$4,035             |         | \$556,454              | \$4,586             |
| Commercial (2.72%, 2.63%)                        |         | \$373,402,322          | \$9,484,416         |         | \$389,233,510          | \$9,614,063         |
| Industrial (2.72%, 2.63%)                        |         | \$1,560,130            | \$39,629            |         | \$1,588,332            | \$39,232            |
| New Manufacturing (varies)                       |         | \$88,884,019           | \$2,236,443         |         | \$89,139,230           | \$2,191,466         |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$3,590,096            | \$45,593            |         | \$3,813,341            | \$47,285            |
| Remodeled Commercial (varies)                    |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |         | \$2,062,412            | \$44,520            |         | \$1,509,131            | \$30,118            |
| Class 4 Subtotal                                 |         | \$1,231,552,367        | \$30,639,404        |         | \$1,276,545,486        | \$30,903,825        |
| CLASS 5                                          |         |                        |                     |         |                        |                     |
| Rural Electric and Telephone Co-Op (3%)          |         | \$3,436,150            | \$103,083           |         | \$3,716,115            | \$111,484           |
| Qualified New Industrial (3%)                    |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Pollution Control (3%)                           |         | \$5,994,176            | \$179,825           |         | \$4,695,535            | \$140,866           |
| Gasohol Related (3%)                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Research and Development (0%-3%)                 |         | \$138,870              | \$2,083             |         | \$139,100              | \$2,504             |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 5 Subtotal                                 |         | \$9,569,196            | \$284,991           |         | \$8,550,750            | \$254,854           |
| CLASS 7                                          |         |                        |                     |         |                        |                     |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 8                                          |         |                        |                     |         |                        |                     |
| Machinery (3%, 2% and 3%)                        |         | \$411,604,477          | \$12,111,528        |         | \$333,443,574          | \$9,331,232         |
| Farm Implements (3%, 2% and 3%)                  |         | \$679,537              | \$14,082            |         | \$295,142              | \$2,353             |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$33,201,858           | \$728,397           |         | \$34,407,141           | \$505,029           |
| Other Business Equipment (3%, 2% and 3%)         |         | \$14,417,909           | \$400,809           |         | \$13,642,934           | \$351,945           |
| Class 8 Subtotal                                 |         | \$459,903,781          | \$13,254,816        |         | \$381,788,791          | \$10,190,559        |
| CLASS 9                                          |         |                        |                     |         |                        |                     |
| Utilities (12%)                                  |         | \$88,930,857           | \$10,671,703        |         | \$92,783,912           | \$11,134,046        |
| CLASS 10                                         |         |                        |                     |         |                        |                     |
| Timber Land (0.32%, 0.31%)                       | 32,400  | \$11,602,488           | \$34,814            | 32,485  | \$11,965,115           | \$34,721            |
| CLASS 12                                         |         |                        |                     |         |                        |                     |
| Railroads (3.45%, 3.45%)                         |         | \$15,417,987           | \$522,666           |         | \$15,779,141           | \$517,558           |
| Airlines (3.45%, 3.45%)                          |         | \$2,254,362            | \$76,423            |         | \$2,309,325            | \$75,747            |
| Class 12 Subtotal                                |         | \$17,672,349           | \$599,089           |         | \$18,088,466           | \$593,305           |
| CLASS 13                                         |         |                        |                     |         |                        |                     |
| Electrical Generation Property (6%)              |         | \$18,610,265           | \$1,116,617         |         | \$17,164,587           | \$1,029,876         |
| Telecommunication Property (6%)                  |         | \$36,641,694           | \$2,198,507         |         | \$27,930,532           | \$1,675,829         |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 13 Subtotal                                |         | \$55,251,959           | \$3,315,124         |         | \$45,095,119           | \$2,705,705         |
| CLASS 14                                         |         |                        |                     |         |                        |                     |
| Wind Generation (3%)                             |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Wind Generation New & Exp (varies)               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 14 Subtotal                                |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 15                                         |         |                        |                     |         |                        |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| <b>Total</b>                                     |         | <b>\$2,243,876,131</b> | <b>\$70,074,185</b> |         | <b>\$2,110,191,303</b> | <b>\$64,271,903</b> |

# Property Taxes Paid By County

## Stillwater County



|                                                 | TY 2013 |                        |                     | TY 2014 |                        |                     |
|-------------------------------------------------|---------|------------------------|---------------------|---------|------------------------|---------------------|
|                                                 | Acres   | Assessed               | Taxable             | Acres   | Assessed               | Taxable             |
| CLASS 1 Net Proceeds                            |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 2 Gross Proceeds                          |         | \$275,653,448          | \$8,269,603         |         | \$268,734,451          | \$8,062,034         |
| CLASS 3 Agricultural Land:                      |         |                        |                     |         |                        |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 18,401  | \$7,799,515            | \$198,097           | 18,474  | \$7,763,460            | \$191,749           |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 141,991 | \$16,250,227           | \$412,776           | 142,142 | \$16,301,797           | \$402,647           |
| Grazing (2.72%, 2.63%)                          | 583,628 | \$29,761,669           | \$755,441           | 582,593 | \$30,722,216           | \$758,265           |
| Wild Hay (2.72%, 2.63%)                         | 40,840  | \$11,528,321           | \$292,819           | 40,536  | \$11,628,541           | \$287,227           |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 29,657  | \$1,668,562            | \$296,780           | 29,620  | \$1,728,452            | \$298,881           |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                    | \$0                 | 0       | \$0                    | \$0                 |
| Class 3 Subtotal                                | 814,516 | \$67,008,294           | \$1,955,913         | 813,364 | \$68,144,466           | \$1,938,769         |
| CLASS 4 Land and Improvements:                  |         |                        |                     |         |                        |                     |
| Residential (2.72%, 2.63%)                      |         | \$308,210,779          | \$7,828,317         |         | \$317,938,766          | \$7,853,010         |
| Residential Low Income (varies)                 |         | \$9,246,617            | \$84,299            |         | \$10,204,249           | \$95,864            |
| Mobile Homes (2.72%, 2.63%)                     |         | \$4,957,575            | \$125,923           |         | \$5,094,910            | \$125,839           |
| Mobile Homes Low Income (varies)                |         | \$240,324              | \$3,083             |         | \$177,344              | \$1,982             |
| Commercial (2.72%, 2.63%)                       |         | \$108,186,539          | \$2,747,923         |         | \$109,603,999          | \$2,707,218         |
| Industrial (2.72%, 2.63%)                       |         | \$2,044,889            | \$51,943            |         | \$2,133,761            | \$52,704            |
| New Manufacturing (varies)                      |         | \$26,198,017           | \$665,430           |         | \$29,168,538           | \$720,462           |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Remodeled Commercial (varies)                   |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |         | \$555,176              | \$12,099            |         | \$436,901              | \$8,760             |
| Class 4 Subtotal                                |         | \$459,639,916          | \$11,519,017        |         | \$474,758,468          | \$11,565,839        |
| CLASS 5                                         |         |                        |                     |         |                        |                     |
| Rural Electric and Telephone Co-Op (3%)         |         | \$15,916,753           | \$477,504           |         | \$15,721,528           | \$471,648           |
| Qualified New Industrial (3%)                   |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Pollution Control (3%)                          |         | \$3,670,410            | \$110,112           |         | \$3,725,587            | \$111,768           |
| Gasohol Related (3%)                            |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Research and Development (0%-3%)                |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 5 Subtotal                                |         | \$19,587,163           | \$587,616           |         | \$19,447,115           | \$583,416           |
| CLASS 7                                         |         |                        |                     |         |                        |                     |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 8                                         |         |                        |                     |         |                        |                     |
| Machinery (3%, 2% and 3%)                       |         | \$169,577,434          | \$4,965,647         |         | \$198,216,936          | \$5,637,399         |
| Farm Implements (3%, 2% and 3%)                 |         | \$11,554,421           | \$231,851           |         | \$8,407,938            | \$73,451            |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$3,954,394            | \$90,193            |         | \$2,878,446            | \$47,944            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$20,999,692           | \$609,162           |         | \$24,813,541           | \$700,672           |
| Class 8 Subtotal                                |         | \$206,085,941          | \$5,896,853         |         | \$234,316,861          | \$6,459,467         |
| CLASS 9                                         |         |                        |                     |         |                        |                     |
| Utilities (12%)                                 |         | \$56,079,859           | \$6,729,578         |         | \$56,271,529           | \$6,752,578         |
| CLASS 10                                        |         |                        |                     |         |                        |                     |
| Timber Land (0.32%, 0.31%)                      | 57,297  | \$10,307,063           | \$30,947            | 57,347  | \$10,452,610           | \$30,327            |
| CLASS 12                                        |         |                        |                     |         |                        |                     |
| Railroads (3.45%, 3.45%)                        |         | \$15,336,272           | \$519,901           |         | \$16,587,381           | \$544,067           |
| Airlines (3.45%, 3.45%)                         |         | \$2,782                | \$94                |         | \$3,027                | \$99                |
| Class 12 Subtotal                               |         | \$15,339,054           | \$519,995           |         | \$16,590,408           | \$544,166           |
| CLASS 13                                        |         |                        |                     |         |                        |                     |
| Electrical Generation Property (6%)             |         | \$5,109,909            | \$306,593           |         | \$4,951,007            | \$297,062           |
| Telecommunication Property (6%)                 |         | \$8,271,409            | \$496,286           |         | \$7,808,348            | \$468,506           |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 13 Subtotal                               |         | \$13,381,318           | \$802,879           |         | \$12,759,355           | \$765,568           |
| CLASS 14                                        |         |                        |                     |         |                        |                     |
| Wind Generation (3%)                            |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Wind Generation New & Exp (varies)              |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| Class 14 Subtotal                               |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| CLASS 15                                        |         |                        |                     |         |                        |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                    | \$0                 |         | \$0                    | \$0                 |
| <b>Total</b>                                    |         | <b>\$1,123,082,056</b> | <b>\$36,312,401</b> |         | <b>\$1,161,475,263</b> | <b>\$36,702,163</b> |

# Property Taxes Paid By County

## Sweet Grass County



|                                                 | TY 2013 |                      |                     | TY 2014 |                      |                     |
|-------------------------------------------------|---------|----------------------|---------------------|---------|----------------------|---------------------|
|                                                 | Acres   | Assessed             | Taxable             | Acres   | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                          |         | \$147,101,184        | \$4,413,036         |         | \$169,732,731        | \$5,091,982         |
| CLASS 3 Agricultural Land:                      |         |                      |                     |         |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 31,512  | \$12,983,547         | \$329,777           | 31,465  | \$12,953,127         | \$319,931           |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 7,147   | \$1,136,223          | \$28,861            | 7,186   | \$1,139,528          | \$28,147            |
| Grazing (2.72%, 2.63%)                          | 669,331 | \$46,964,521         | \$1,177,944         | 669,256 | \$48,960,092         | \$1,194,361         |
| Wild Hay (2.72%, 2.63%)                         | 20,160  | \$7,839,458          | \$199,135           | 20,126  | \$7,820,076          | \$193,146           |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 9,978   | \$592,805            | \$105,432           | 10,023  | \$598,934            | \$103,569           |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                  | \$0                 | 0       | \$0                  | \$0                 |
| Class 3 Subtotal                                | 738,128 | \$69,516,554         | \$1,841,149         | 738,056 | \$71,471,757         | \$1,839,154         |
| CLASS 4 Land and Improvements:                  |         |                      |                     |         |                      |                     |
| Residential (2.72%, 2.63%)                      |         | \$106,320,952        | \$2,700,422         |         | \$108,748,959        | \$2,685,431         |
| Residential Low Income (varies)                 |         | \$6,589,820          | \$56,821            |         | \$6,642,071          | \$54,187            |
| Mobile Homes (2.72%, 2.63%)                     |         | \$1,923,125          | \$48,844            |         | \$1,964,593          | \$48,517            |
| Mobile Homes Low Income (varies)                |         | \$75,690             | \$453               |         | \$69,047             | \$369               |
| Commercial (2.72%, 2.63%)                       |         | \$99,777,294         | \$2,534,347         |         | \$101,713,302        | \$2,512,303         |
| Industrial (2.72%, 2.63%)                       |         | \$1,481,347          | \$37,627            |         | \$1,547,558          | \$38,224            |
| New Manufacturing (varies)                      |         | \$9,966,671          | \$253,154           |         | \$9,846,478          | \$243,207           |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Remodeled Commercial (varies)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 4 Subtotal                                |         | \$226,134,899        | \$5,631,668         |         | \$230,532,008        | \$5,582,238         |
| CLASS 5                                         |         |                      |                     |         |                      |                     |
| Rural Electric and Telephone Co-Op (3%)         |         | \$12,011,650         | \$360,350           |         | \$12,112,032         | \$363,360           |
| Qualified New Industrial (3%)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Pollution Control (3%)                          |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Gasohol Related (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Research and Development (0%-3%)                |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 5 Subtotal                                |         | \$12,011,650         | \$360,350           |         | \$12,112,032         | \$363,360           |
| CLASS 7                                         |         |                      |                     |         |                      |                     |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 8                                         |         |                      |                     |         |                      |                     |
| Machinery (3%, 2% and 3%)                       |         | \$68,786,612         | \$2,008,654         |         | \$62,826,101         | \$1,788,789         |
| Farm Implements (3%, 2% and 3%)                 |         | \$10,641,756         | \$213,036           |         | \$7,518,222          | \$58,907            |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$1,641,053          | \$36,344            |         | \$1,108,134          | \$13,875            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$5,987,681          | \$174,081           |         | \$6,334,391          | \$184,113           |
| Class 8 Subtotal                                |         | \$87,057,102         | \$2,432,115         |         | \$77,786,848         | \$2,045,684         |
| CLASS 9                                         |         |                      |                     |         |                      |                     |
| Utilities (12%)                                 |         | \$13,956,968         | \$1,674,831         |         | \$14,118,634         | \$1,694,226         |
| CLASS 10                                        |         |                      |                     |         |                      |                     |
| Timber Land (0.32%, 0.31%)                      | 96,623  | \$19,758,687         | \$59,279            | 96,632  | \$19,892,692         | \$57,683            |
| CLASS 12                                        |         |                      |                     |         |                      |                     |
| Railroads (3.45%, 3.45%)                        |         | \$15,587,530         | \$528,415           |         | \$16,634,886         | \$545,623           |
| Airlines (3.45%, 3.45%)                         |         | \$1,126              | \$38                |         | \$1,225              | \$40                |
| Class 12 Subtotal                               |         | \$15,588,656         | \$528,453           |         | \$16,636,111         | \$545,663           |
| CLASS 13                                        |         |                      |                     |         |                      |                     |
| Electrical Generation Property (6%)             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Telecommunication Property (6%)                 |         | \$5,289,670          | \$317,380           |         | \$3,853,124          | \$231,191           |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 13 Subtotal                               |         | \$5,289,670          | \$317,380           |         | \$3,853,124          | \$231,191           |
| CLASS 14                                        |         |                      |                     |         |                      |                     |
| Wind Generation (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 14 Subtotal                               |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 15                                        |         |                      |                     |         |                      |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| <b>Total</b>                                    |         | <b>\$596,415,370</b> | <b>\$17,258,261</b> |         | <b>\$616,135,937</b> | <b>\$17,451,180</b> |

# Property Taxes Paid By County

## Teton County



|                                                 | TY 2013   |                      |                     | TY 2014   |                      |                     |
|-------------------------------------------------|-----------|----------------------|---------------------|-----------|----------------------|---------------------|
|                                                 | Acres     | Assessed             | Taxable             | Acres     | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                          |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                      |           |                      |                     |           |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 115,530   | \$51,569,392         | \$1,307,949         | 116,270   | \$51,781,736         | \$1,277,093         |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 396,584   | \$90,395,525         | \$2,289,792         | 393,144   | \$90,876,519         | \$2,238,355         |
| Grazing (2.72%, 2.63%)                          | 489,489   | \$30,872,314         | \$779,321           | 488,675   | \$32,047,639         | \$786,728           |
| Wild Hay (2.72%, 2.63%)                         | 22,300    | \$5,505,639          | \$139,834           | 22,346    | \$5,513,722          | \$136,205           |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 8,503     | \$494,720            | \$87,970            | 8,569     | \$508,452            | \$87,927            |
| Eligible Mining Claims (2.72%, 2.63%)           | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| Class 3 Subtotal                                | 1,032,406 | \$178,837,590        | \$4,604,866         | 1,029,005 | \$180,728,068        | \$4,526,308         |
| CLASS 4 Land and Improvements:                  |           |                      |                     |           |                      |                     |
| Residential (2.72%, 2.63%)                      |           | \$100,172,357        | \$2,542,736         |           | \$107,452,001        | \$2,653,491         |
| Residential Low Income (varies)                 |           | \$3,829,321          | \$35,241            |           | \$4,742,827          | \$41,920            |
| Mobile Homes (2.72%, 2.63%)                     |           | \$2,458,705          | \$62,452            |           | \$2,617,163          | \$64,641            |
| Mobile Homes Low Income (varies)                |           | \$102,300            | \$706               |           | \$115,465            | \$1,051             |
| Commercial (2.72%, 2.63%)                       |           | \$94,921,971         | \$2,411,023         |           | \$97,365,436         | \$2,404,946         |
| Industrial (2.72%, 2.63%)                       |           | \$610,273            | \$15,503            |           | \$665,902            | \$16,446            |
| New Manufacturing (varies)                      |           | \$16,852,582         | \$405,664           |           | \$21,429,352         | \$518,441           |
| Qualified Golf Courses (1.36%, 1.32%)           |           | \$929,292            | \$11,802            |           | \$954,552            | \$11,837            |
| Remodeled Commercial (varies)                   |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |           | \$177,698            | \$2,825             |           | \$0                  | \$0                 |
| Class 4 Subtotal                                |           | \$220,054,499        | \$5,487,952         |           | \$235,342,698        | \$5,712,773         |
| CLASS 5                                         |           |                      |                     |           |                      |                     |
| Rural Electric and Telephone Co-Op (3%)         |           | \$25,449,774         | \$763,492           |           | \$25,474,872         | \$764,242           |
| Qualified New Industrial (3%)                   |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Pollution Control (3%)                          |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Gasohol Related (3%)                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Research and Development (0%-3%)                |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 5 Subtotal                                |           | \$25,449,774         | \$763,492           |           | \$25,474,872         | \$764,242           |
| CLASS 7                                         |           |                      |                     |           |                      |                     |
| Non-Centrally Assessed Public Util. (8%)        |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 8                                         |           |                      |                     |           |                      |                     |
| Machinery (3%, 2% and 3%)                       |           | \$6,049,768          | \$134,284           |           | \$21,359,508         | \$434,113           |
| Farm Implements (3%, 2% and 3%)                 |           | \$38,904,661         | \$784,732           |           | \$32,208,278         | \$321,299           |
| Furniture and Fixtures (3%, 2% and 3%)          |           | \$1,863,113          | \$40,302            |           | \$930,367            | \$11,162            |
| Other Business Equipment (3%, 2% and 3%)        |           | \$3,565,519          | \$72,690            |           | \$2,605,224          | \$27,991            |
| Class 8 Subtotal                                |           | \$50,383,061         | \$1,032,009         |           | \$57,103,377         | \$794,565           |
| CLASS 9                                         |           |                      |                     |           |                      |                     |
| Utilities (12%)                                 |           | \$22,139,483         | \$2,656,725         |           | \$21,829,479         | \$2,619,524         |
| CLASS 10                                        |           |                      |                     |           |                      |                     |
| Timber Land (0.32%, 0.31%)                      | 5,846     | \$1,619,130          | \$4,856             | 5,846     | \$1,619,130          | \$4,695             |
| CLASS 12                                        |           |                      |                     |           |                      |                     |
| Railroads (3.45%, 3.45%)                        |           | \$36,832,336         | \$1,248,616         |           | \$35,411,330         | \$1,161,494         |
| Airlines (3.45%, 3.45%)                         |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 12 Subtotal                               |           | \$36,832,336         | \$1,248,616         |           | \$35,411,330         | \$1,161,494         |
| CLASS 13                                        |           |                      |                     |           |                      |                     |
| Electrical Generation Property (6%)             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Telecommunication Property (6%)                 |           | \$3,217,092          | \$193,025           |           | \$2,497,317          | \$149,836           |
| Elect Gen/Tele Real Prop New & Exp              |           | \$8,294,723          | \$248,842           |           | \$7,880,938          | \$236,428           |
| Class 13 Subtotal                               |           | \$11,511,815         | \$441,867           |           | \$10,378,255         | \$386,264           |
| CLASS 14                                        |           |                      |                     |           |                      |                     |
| Wind Generation (3%)                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)              |           | \$22,897,030         | \$343,455           |           | \$25,102,418         | \$376,536           |
| Class 14 Subtotal                               |           | \$22,897,030         | \$343,455           |           | \$25,102,418         | \$376,536           |
| CLASS 15                                        |           |                      |                     |           |                      |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| <b>Total</b>                                    |           | <b>\$569,724,718</b> | <b>\$16,583,838</b> |           | <b>\$592,989,627</b> | <b>\$16,346,401</b> |

# Property Taxes Paid By County

## Toole County



|                                                 | TY 2013   |                      |                     | TY 2014   |                      |                     |
|-------------------------------------------------|-----------|----------------------|---------------------|-----------|----------------------|---------------------|
|                                                 | Acres     | Assessed             | Taxable             | Acres     | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                          |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                      |           |                      |                     |           |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 2,091     | \$1,270,903          | \$32,284            | 2,040     | \$1,184,508          | \$29,259            |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 699,592   | \$144,722,347        | \$3,658,644         | 700,090   | \$145,779,402        | \$3,583,459         |
| Grazing (2.72%, 2.63%)                          | 364,693   | \$21,548,765         | \$542,518           | 364,454   | \$22,389,005         | \$548,235           |
| Wild Hay (2.72%, 2.63%)                         | 6,940     | \$2,701,092          | \$68,611            | 6,940     | \$2,711,309          | \$66,972            |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 6,045     | \$351,933            | \$62,578            | 6,167     | \$371,525            | \$64,248            |
| Eligible Mining Claims (2.72%, 2.63%)           | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| Class 3 Subtotal                                | 1,079,360 | \$170,595,040        | \$4,364,635         | 1,079,690 | \$172,435,749        | \$4,292,173         |
| CLASS 4 Land and Improvements:                  |           |                      |                     |           |                      |                     |
| Residential (2.72%, 2.63%)                      |           | \$56,143,959         | \$1,425,622         |           | \$58,197,556         | \$1,437,178         |
| Residential Low Income (varies)                 |           | \$1,165,636          | \$8,192             |           | \$1,353,877          | \$8,131             |
| Mobile Homes (2.72%, 2.63%)                     |           | \$1,629,521          | \$41,389            |           | \$1,626,388          | \$40,168            |
| Mobile Homes Low Income (varies)                |           | \$14,928             | \$76                |           | \$39,925             | \$196               |
| Commercial (2.72%, 2.63%)                       |           | \$105,280,858        | \$2,674,138         |           | \$106,069,199        | \$2,619,894         |
| Industrial (2.72%, 2.63%)                       |           | \$192,710            | \$4,893             |           | \$205,387            | \$5,076             |
| New Manufacturing (varies)                      |           | \$7,073,732          | \$179,673           |           | \$8,150,594          | \$201,319           |
| Qualified Golf Courses (1.36%, 1.32%)           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Remodeled Commercial (varies)                   |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |           | \$219,335            | \$1,119             |           | \$0                  | \$0                 |
| Class 4 Subtotal                                |           | \$171,720,679        | \$4,335,102         |           | \$175,642,926        | \$4,311,962         |
| CLASS 5                                         |           |                      |                     |           |                      |                     |
| Rural Electric and Telephone Co-Op (3%)         |           | \$15,264,237         | \$457,935           |           | \$15,292,658         | \$458,778           |
| Qualified New Industrial (3%)                   |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Pollution Control (3%)                          |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Gasohol Related (3%)                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Research and Development (0%-3%)                |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 5 Subtotal                                |           | \$15,264,237         | \$457,935           |           | \$15,292,658         | \$458,778           |
| CLASS 7                                         |           |                      |                     |           |                      |                     |
| Non-Centrally Assessed Public Util. (8%)        |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 8                                         |           |                      |                     |           |                      |                     |
| Machinery (3%, 2% and 3%)                       |           | \$9,817,748          | \$203,824           |           | \$14,639,387         | \$256,655           |
| Farm Implements (3%, 2% and 3%)                 |           | \$38,668,190         | \$784,588           |           | \$37,917,047         | \$405,340           |
| Furniture and Fixtures (3%, 2% and 3%)          |           | \$4,475,551          | \$97,654            |           | \$4,238,800          | \$61,219            |
| Other Business Equipment (3%, 2% and 3%)        |           | \$8,271,874          | \$179,571           |           | \$6,500,155          | \$82,648            |
| Class 8 Subtotal                                |           | \$61,233,363         | \$1,265,637         |           | \$63,295,389         | \$805,862           |
| CLASS 9                                         |           |                      |                     |           |                      |                     |
| Utilities (12%)                                 |           | \$20,909,936         | \$2,509,193         |           | \$19,535,928         | \$2,344,312         |
| CLASS 10                                        |           |                      |                     |           |                      |                     |
| Timber Land (0.32%, 0.31%)                      | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| CLASS 12                                        |           |                      |                     |           |                      |                     |
| Railroads (3.45%, 3.45%)                        |           | \$64,566,992         | \$2,188,823         |           | \$62,163,219         | \$2,038,954         |
| Airlines (3.45%, 3.45%)                         |           | \$2,782              | \$94                |           | \$3,027              | \$99                |
| Class 12 Subtotal                               |           | \$64,569,774         | \$2,188,917         |           | \$62,166,246         | \$2,039,053         |
| CLASS 13                                        |           |                      |                     |           |                      |                     |
| Electrical Generation Property (6%)             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Telecommunication Property (6%)                 |           | \$5,769,690          | \$346,180           |           | \$4,165,762          | \$249,949           |
| Elect Gen/Tele Real Prop New & Exp              |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 13 Subtotal                               |           | \$5,769,690          | \$346,180           |           | \$4,165,762          | \$249,949           |
| CLASS 14                                        |           |                      |                     |           |                      |                     |
| Wind Generation (3%)                            |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)              |           | \$488,206,144        | \$7,323,090         |           | \$456,981,829        | \$6,854,726         |
| Class 14 Subtotal                               |           | \$488,206,144        | \$7,323,090         |           | \$456,981,829        | \$6,854,726         |
| CLASS 15                                        |           |                      |                     |           |                      |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| <b>Total</b>                                    |           | <b>\$998,268,863</b> | <b>\$22,790,689</b> |           | <b>\$969,516,487</b> | <b>\$21,356,815</b> |

# Property Taxes Paid By County

## Treasure County



|                                                  | TY 2013 |                      |                    | TY 2014 |                      |                    |
|--------------------------------------------------|---------|----------------------|--------------------|---------|----------------------|--------------------|
|                                                  | Acres   | Assessed             | Taxable            | Acres   | Assessed             | Taxable            |
| CLASS 1 Net Proceeds                             |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 2 Gross Proceeds                           |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 3 Agricultural Land:                       |         |                      |                    |         |                      |                    |
| Tillable Irrigated (2.72%, 2.63%)                | 21,952  | \$13,085,523         | \$332,111          | 21,825  | \$13,200,508         | \$325,890          |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 11,895  | \$2,347,580          | \$59,634           | 11,895  | \$2,354,404          | \$58,155           |
| Grazing (2.72%, 2.63%)                           | 524,245 | \$22,633,874         | \$563,402          | 524,168 | \$23,918,126         | \$579,348          |
| Wild Hay (2.72%, 2.63%)                          | 6,360   | \$2,257,077          | \$57,333           | 6,360   | \$2,263,424          | \$55,904           |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 1,386   | \$78,655             | \$13,981           | 1,408   | \$82,472             | \$14,261           |
| Eligible Mining Claims (2.72%, 2.63%)            | 0       | \$0                  | \$0                | 0       | \$0                  | \$0                |
| Class 3 Subtotal                                 | 565,838 | \$40,402,709         | \$1,026,461        | 565,656 | \$41,818,934         | \$1,033,558        |
| CLASS 4 Land and Improvements:                   |         |                      |                    |         |                      |                    |
| Residential (2.72%, 2.63%)                       |         | \$5,197,963          | \$131,966          |         | \$5,401,040          | \$133,463          |
| Residential Low Income (varies)                  |         | \$56,026             | \$404              |         | \$49,608             | \$526              |
| Mobile Homes (2.72%, 2.63%)                      |         | \$929,151            | \$23,601           |         | \$986,500            | \$24,364           |
| Mobile Homes Low Income (varies)                 |         | \$27,270             | \$139              |         | \$27,231             | \$133              |
| Commercial (2.72%, 2.63%)                        |         | \$9,614,572          | \$244,210          |         | \$9,907,351          | \$244,708          |
| Industrial (2.72%, 2.63%)                        |         | \$33,414             | \$849              |         | \$35,730             | \$882              |
| New Manufacturing (varies)                       |         | \$312,682            | \$7,942            |         | \$774,366            | \$19,126           |
| Qualified Golf Courses (1.36%, 1.32%)            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Remodeled Commercial (varies)                    |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Extended Prop Tax Relief Program (Res Only)      |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 4 Subtotal                                 |         | \$16,171,078         | \$409,111          |         | \$17,181,826         | \$423,202          |
| CLASS 5                                          |         |                      |                    |         |                      |                    |
| Rural Electric and Telephone Co-Op (3%)          |         | \$3,605,535          | \$108,167          |         | \$3,843,826          | \$115,315          |
| Qualified New Industrial (3%)                    |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Pollution Control (3%)                           |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Gasohol Related (3%)                             |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Research and Development (0%-3%)                 |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Aluminum Electrolytic Equipment (3%)             |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 5 Subtotal                                 |         | \$3,605,535          | \$108,167          |         | \$3,843,826          | \$115,315          |
| CLASS 7                                          |         |                      |                    |         |                      |                    |
| Non-Centrally Assessed Public Util. (8%)         |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 8                                          |         |                      |                    |         |                      |                    |
| Machinery (3%, 2% and 3%)                        |         | \$974,579            | \$20,319           |         | \$1,032,307          | \$11,873           |
| Farm Implements (3%, 2% and 3%)                  |         | \$9,013,238          | \$180,849          |         | \$8,614,809          | \$98,203           |
| Furniture and Fixtures (3%, 2% and 3%)           |         | \$153,550            | \$3,193            |         | \$139,808            | \$1,969            |
| Other Business Equipment (3%, 2% and 3%)         |         | \$202,675            | \$4,060            |         | \$198,780            | \$2,054            |
| Class 8 Subtotal                                 |         | \$10,344,042         | \$208,421          |         | \$9,985,704          | \$114,099          |
| CLASS 9                                          |         |                      |                    |         |                      |                    |
| Utilities (12%)                                  |         | \$13,324,980         | \$1,598,998        |         | \$12,343,256         | \$1,481,189        |
| CLASS 10                                         |         |                      |                    |         |                      |                    |
| Timber Land (0.32%, 0.31%)                       | 1,816   | \$241,245            | \$726              | 1,816   | \$245,384            | \$713              |
| CLASS 12                                         |         |                      |                    |         |                      |                    |
| Railroads (3.45%, 3.45%)                         |         | \$35,212,038         | \$1,193,688        |         | \$33,871,996         | \$1,111,001        |
| Airlines (3.45%, 3.45%)                          |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 12 Subtotal                                |         | \$35,212,038         | \$1,193,688        |         | \$33,871,996         | \$1,111,001        |
| CLASS 13                                         |         |                      |                    |         |                      |                    |
| Electrical Generation Property (6%)              |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Telecommunication Property (6%)                  |         | \$1,176,979          | \$70,620           |         | \$948,705            | \$56,923           |
| Elect Gen/Tele Real Prop New & Exp               |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 13 Subtotal                                |         | \$1,176,979          | \$70,620           |         | \$948,705            | \$56,923           |
| CLASS 14                                         |         |                      |                    |         |                      |                    |
| Wind Generation (3%)                             |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Wind Generation New & Exp (varies)               |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 14 Subtotal                                |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 15                                         |         |                      |                    |         |                      |                    |
| Carbon Dioxide and Liquid Pipeline Property (3%) |         | \$0                  | \$0                |         | \$0                  | \$0                |
| <b>Total</b>                                     |         | <b>\$120,478,606</b> | <b>\$4,616,192</b> |         | <b>\$120,239,631</b> | <b>\$4,336,000</b> |

# Property Taxes Paid By County

## Valley County



|                                                  | TY 2013   |                      |                     | TY 2014   |                      |                     |
|--------------------------------------------------|-----------|----------------------|---------------------|-----------|----------------------|---------------------|
|                                                  | Acres     | Assessed             | Taxable             | Acres     | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                       |           |                      |                     |           |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)                | 44,896    | \$19,210,256         | \$487,789           | 44,714    | \$19,199,885         | \$474,054           |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 655,172   | \$133,497,018        | \$3,385,977         | 654,771   | \$134,016,734        | \$3,305,383         |
| Grazing (2.72%, 2.63%)                           | 749,146   | \$41,957,236         | \$1,065,297         | 750,917   | \$43,351,587         | \$1,070,343         |
| Wild Hay (2.72%, 2.63%)                          | 7,500     | \$2,583,331          | \$65,619            | 7,500     | \$2,596,442          | \$64,128            |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 7,387     | \$403,363            | \$71,730            | 7,531     | \$423,987            | \$73,326            |
| Eligible Mining Claims (2.72%, 2.63%)            | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| Class 3 Subtotal                                 | 1,464,102 | \$197,651,204        | \$5,076,412         | 1,465,433 | \$199,588,635        | \$4,987,234         |
| CLASS 4 Land and Improvements:                   |           |                      |                     |           |                      |                     |
| Residential (2.72%, 2.63%)                       |           | \$103,632,556        | \$2,631,964         |           | \$109,421,831        | \$2,702,410         |
| Residential Low Income (varies)                  |           | \$1,923,679          | \$15,539            |           | \$2,308,935          | \$16,799            |
| Mobile Homes (2.72%, 2.63%)                      |           | \$1,955,841          | \$49,679            |           | \$2,082,468          | \$51,446            |
| Mobile Homes Low Income (varies)                 |           | \$52,750             | \$270               |           | \$43,756             | \$428               |
| Commercial (2.72%, 2.63%)                        |           | \$82,300,214         | \$2,090,425         |           | \$87,650,829         | \$2,165,014         |
| Industrial (2.72%, 2.63%)                        |           | \$293,803            | \$7,461             |           | \$256,578            | \$6,337             |
| New Manufacturing (varies)                       |           | \$9,350,416          | \$237,499           |           | \$9,055,418          | \$223,668           |
| Qualified Golf Courses (1.36%, 1.32%)            |           | \$501,108            | \$6,365             |           | \$515,394            | \$6,390             |
| Remodeled Commercial (varies)                    |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)      |           | \$99,021             | \$2,466             |           | \$0                  | \$0                 |
| Class 4 Subtotal                                 |           | \$200,109,388        | \$5,041,668         |           | \$211,335,209        | \$5,172,492         |
| CLASS 5                                          |           |                      |                     |           |                      |                     |
| Rural Electric and Telephone Co-Op (3%)          |           | \$24,256,273         | \$727,688           |           | \$25,355,071         | \$760,658           |
| Qualified New Industrial (3%)                    |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Pollution Control (3%)                           |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Gasohol Related (3%)                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Research and Development (0%-3%)                 |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 5 Subtotal                                 |           | \$24,256,273         | \$727,688           |           | \$25,355,071         | \$760,658           |
| CLASS 7                                          |           |                      |                     |           |                      |                     |
| Non-Centrally Assessed Public Util. (8%)         |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 8                                          |           |                      |                     |           |                      |                     |
| Machinery (3%, 2% and 3%)                        |           | \$9,159,069          | \$197,225           |           | \$6,535,128          | \$88,515            |
| Farm Implements (3%, 2% and 3%)                  |           | \$49,941,727         | \$1,000,243         |           | \$46,098,460         | \$504,469           |
| Furniture and Fixtures (3%, 2% and 3%)           |           | \$5,099,823          | \$112,360           |           | \$5,289,980          | \$87,896            |
| Other Business Equipment (3%, 2% and 3%)         |           | \$3,833,987          | \$82,993            |           | \$5,026,792          | \$70,476            |
| Class 8 Subtotal                                 |           | \$68,034,606         | \$1,392,821         |           | \$62,950,360         | \$751,356           |
| CLASS 9                                          |           |                      |                     |           |                      |                     |
| Utilities (12%)                                  |           | \$89,823,645         | \$10,778,836        |           | \$94,032,934         | \$11,283,950        |
| CLASS 10                                         |           |                      |                     |           |                      |                     |
| Timber Land (0.32%, 0.31%)                       | 0         | \$0                  | \$0                 | 0         | \$0                  | \$0                 |
| CLASS 12                                         |           |                      |                     |           |                      |                     |
| Railroads (3.45%, 3.45%)                         |           | \$65,080,995         | \$2,206,245         |           | \$64,156,671         | \$2,104,337         |
| Airlines (3.45%, 3.45%)                          |           | \$378,716            | \$12,839            |           | \$27,834             | \$912               |
| Class 12 Subtotal                                |           | \$65,459,711         | \$2,219,084         |           | \$64,184,505         | \$2,105,249         |
| CLASS 13                                         |           |                      |                     |           |                      |                     |
| Electrical Generation Property (6%)              |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Telecommunication Property (6%)                  |           | \$10,921,255         | \$655,278           |           | \$11,174,492         | \$670,468           |
| Elect Gen/Tele Real Prop New & Exp               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 13 Subtotal                                |           | \$10,921,255         | \$655,278           |           | \$11,174,492         | \$670,468           |
| CLASS 14                                         |           |                      |                     |           |                      |                     |
| Wind Generation (3%)                             |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)               |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| Class 14 Subtotal                                |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| CLASS 15                                         |           |                      |                     |           |                      |                     |
| Carbon Dioxide and Liquid Pipeline Property (3%) |           | \$0                  | \$0                 |           | \$0                  | \$0                 |
| <b>Total</b>                                     |           | <b>\$656,256,082</b> | <b>\$25,891,787</b> |           | <b>\$668,621,206</b> | <b>\$25,731,407</b> |

# Property Taxes Paid By County

## Wheatland County



|                                                 | TY 2013 |                      |                     | TY 2014 |                      |                     |
|-------------------------------------------------|---------|----------------------|---------------------|---------|----------------------|---------------------|
|                                                 | Acres   | Assessed             | Taxable             | Acres   | Assessed             | Taxable             |
| CLASS 1 Net Proceeds                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 2 Gross Proceeds                          |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 3 Agricultural Land:                      |         |                      |                     |         |                      |                     |
| Tillable Irrigated (2.72%, 2.63%)               | 24,097  | \$10,711,538         | \$272,008           | 24,955  | \$10,716,995         | \$264,640           |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 102,839 | \$14,121,845         | \$358,678           | 102,041 | \$14,165,968         | \$349,897           |
| Grazing (2.72%, 2.63%)                          | 582,501 | \$33,078,453         | \$825,755           | 582,672 | \$34,642,568         | \$841,227           |
| Wild Hay (2.72%, 2.63%)                         | 28,022  | \$7,116,201          | \$180,748           | 27,742  | \$7,131,213          | \$176,138           |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 6,102   | \$357,829            | \$63,654            | 6,316   | \$370,672            | \$64,101            |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                  | \$0                 | 0       | \$0                  | \$0                 |
| Class 3 Subtotal                                | 743,562 | \$65,385,866         | \$1,700,843         | 743,726 | \$67,027,416         | \$1,696,003         |
| CLASS 4 Land and Improvements:                  |         |                      |                     |         |                      |                     |
| Residential (2.72%, 2.63%)                      |         | \$24,629,159         | \$625,518           |         | \$25,211,704         | \$622,802           |
| Residential Low Income (varies)                 |         | \$1,285,532          | \$12,754            |         | \$1,318,345          | \$11,899            |
| Mobile Homes (2.72%, 2.63%)                     |         | \$486,458            | \$12,355            |         | \$497,357            | \$12,284            |
| Mobile Homes Low Income (varies)                |         | \$28,020             | \$142               |         | \$14,919             | \$73                |
| Commercial (2.72%, 2.63%)                       |         | \$27,049,875         | \$687,059           |         | \$28,046,089         | \$692,742           |
| Industrial (2.72%, 2.63%)                       |         | \$18,864             | \$479               |         | \$17,757             | \$438               |
| New Manufacturing (varies)                      |         | \$227,676            | \$5,783             |         | \$226,152            | \$5,586             |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Remodeled Commercial (varies)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Extended Prop Tax Relief Program (Res Only)     |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 4 Subtotal                                |         | \$53,725,584         | \$1,344,090         |         | \$55,332,323         | \$1,345,824         |
| CLASS 5                                         |         |                      |                     |         |                      |                     |
| Rural Electric and Telephone Co-Op (3%)         |         | \$1,625,846          | \$48,774            |         | \$1,847,811          | \$55,436            |
| Qualified New Industrial (3%)                   |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Pollution Control (3%)                          |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Gasohol Related (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Research and Development (0%-3%)                |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 5 Subtotal                                |         | \$1,625,846          | \$48,774            |         | \$1,847,811          | \$55,436            |
| CLASS 7                                         |         |                      |                     |         |                      |                     |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| CLASS 8                                         |         |                      |                     |         |                      |                     |
| Machinery (3%, 2% and 3%)                       |         | \$5,012,883          | \$109,170           |         | \$4,663,883          | \$61,333            |
| Farm Implements (3%, 2% and 3%)                 |         | \$8,753,070          | \$178,368           |         | \$7,251,428          | \$76,820            |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$1,189,137          | \$24,690            |         | \$1,052,983          | \$10,536            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$1,254,974          | \$25,101            |         | \$1,296,650          | \$15,181            |
| Class 8 Subtotal                                |         | \$16,210,064         | \$337,330           |         | \$14,264,944         | \$163,870           |
| CLASS 9                                         |         |                      |                     |         |                      |                     |
| Utilities (12%)                                 |         | \$53,648,319         | \$6,437,794         |         | \$53,205,788         | \$6,384,701         |
| CLASS 10                                        |         |                      |                     |         |                      |                     |
| Timber Land (0.32%, 0.31%)                      | 17,326  | \$4,606,353          | \$13,813            | 17,326  | \$4,828,986          | \$14,007            |
| CLASS 12                                        |         |                      |                     |         |                      |                     |
| Railroads (3.45%, 3.45%)                        |         | \$13,434,915         | \$455,445           |         | \$12,916,081         | \$423,647           |
| Airlines (3.45%, 3.45%)                         |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 12 Subtotal                               |         | \$13,434,915         | \$455,445           |         | \$12,916,081         | \$423,647           |
| CLASS 13                                        |         |                      |                     |         |                      |                     |
| Electrical Generation Property (6%)             |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Telecommunication Property (6%)                 |         | \$6,479,373          | \$388,765           |         | \$6,504,255          | \$390,257           |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Class 13 Subtotal                               |         | \$6,479,373          | \$388,765           |         | \$6,504,255          | \$390,257           |
| CLASS 14                                        |         |                      |                     |         |                      |                     |
| Wind Generation (3%)                            |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| Wind Generation New & Exp (varies)              |         | \$209,777,896        | \$4,609,058         |         | \$193,801,336        | \$4,693,995         |
| Class 14 Subtotal                               |         | \$209,777,896        | \$4,609,058         |         | \$193,801,336        | \$4,693,995         |
| CLASS 15                                        |         |                      |                     |         |                      |                     |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                  | \$0                 |         | \$0                  | \$0                 |
| <b>Total</b>                                    |         | <b>\$424,894,216</b> | <b>\$15,335,912</b> |         | <b>\$409,728,940</b> | <b>\$15,167,740</b> |

# Property Taxes Paid By County

## Wibaux County



|                                                 | TY 2013 |                      |                    | TY 2014 |                      |                    |
|-------------------------------------------------|---------|----------------------|--------------------|---------|----------------------|--------------------|
|                                                 | Acres   | Assessed             | Taxable            | Acres   | Assessed             | Taxable            |
| CLASS 1 Net Proceeds                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 2 Gross Proceeds                          |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 3 Agricultural Land:                      |         |                      |                    |         |                      |                    |
| Tillable Irrigated (2.72%, 2.63%)               | 0       | \$0                  | \$0                | 0       | \$0                  | \$0                |
| Tillable Non-Irrigated (2.72%, 2.63%)           | 95,284  | \$19,277,714         | \$488,775          | 95,395  | \$19,379,129         | \$477,789          |
| Grazing (2.72%, 2.63%)                          | 405,728 | \$21,005,607         | \$532,937          | 405,912 | \$21,705,681         | \$535,517          |
| Wild Hay (2.72%, 2.63%)                         | 1,421   | \$624,349            | \$15,860           | 1,421   | \$625,938            | \$15,458           |
| Non-Qualified Ag Land (19.04%, 18.41%)          | 634     | \$36,505             | \$6,489            | 652     | \$37,610             | \$6,507            |
| Eligible Mining Claims (2.72%, 2.63%)           | 0       | \$0                  | \$0                | 0       | \$0                  | \$0                |
| Class 3 Subtotal                                | 503,066 | \$40,944,175         | \$1,044,061        | 503,380 | \$41,748,358         | \$1,035,271        |
| CLASS 4 Land and Improvements:                  |         |                      |                    |         |                      |                    |
| Residential (2.72%, 2.63%)                      |         | \$6,418,871          | \$163,022          |         | \$6,461,891          | \$159,633          |
| Residential Low Income (varies)                 |         | \$212,528            | \$2,273            |         | \$240,043            | \$2,453            |
| Mobile Homes (2.72%, 2.63%)                     |         | \$889,016            | \$22,581           |         | \$985,452            | \$24,339           |
| Mobile Homes Low Income (varies)                |         | \$1,473              | \$8                |         | \$1,452              | \$7                |
| Commercial (2.72%, 2.63%)                       |         | \$12,039,640         | \$305,812          |         | \$12,998,906         | \$321,069          |
| Industrial (2.72%, 2.63%)                       |         | \$58,476             | \$1,485            |         | \$58,564             | \$1,448            |
| New Manufacturing (varies)                      |         | \$588,795            | \$14,958           |         | \$622,964            | \$15,389           |
| Qualified Golf Courses (1.36%, 1.32%)           |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Remodeled Commercial (varies)                   |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Extended Prop Tax Relief Program (Res Only)     |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 4 Subtotal                                |         | \$20,208,799         | \$510,139          |         | \$21,369,272         | \$524,338          |
| CLASS 5                                         |         |                      |                    |         |                      |                    |
| Rural Electric and Telephone Co-Op (3%)         |         | \$3,703,948          | \$111,124          |         | \$3,587,378          | \$107,620          |
| Qualified New Industrial (3%)                   |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Pollution Control (3%)                          |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Gasohol Related (3%)                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Research and Development (0%-3%)                |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Aluminum Electrolytic Equipment (3%)            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 5 Subtotal                                |         | \$3,703,948          | \$111,124          |         | \$3,587,378          | \$107,620          |
| CLASS 7                                         |         |                      |                    |         |                      |                    |
| Non-Centrally Assessed Public Util. (8%)        |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 8                                         |         |                      |                    |         |                      |                    |
| Machinery (3%, 2% and 3%)                       |         | \$5,238,751          | \$114,966          |         | \$4,548,902          | \$75,285           |
| Farm Implements (3%, 2% and 3%)                 |         | \$11,629,265         | \$232,843          |         | \$10,434,219         | \$95,242           |
| Furniture and Fixtures (3%, 2% and 3%)          |         | \$317,679            | \$6,416            |         | \$236,822            | \$1,775            |
| Other Business Equipment (3%, 2% and 3%)        |         | \$6,095,624          | \$168,572          |         | \$6,798,466          | \$172,275          |
| Class 8 Subtotal                                |         | \$23,281,319         | \$522,796          |         | \$22,018,409         | \$344,576          |
| CLASS 9                                         |         |                      |                    |         |                      |                    |
| Utilities (12%)                                 |         | \$42,605,275         | \$5,112,631        |         | \$59,546,372         | \$7,145,563        |
| CLASS 10                                        |         |                      |                    |         |                      |                    |
| Timber Land (0.32%, 0.31%)                      | 0       | \$0                  | \$0                | 0       | \$0                  | \$0                |
| CLASS 12                                        |         |                      |                    |         |                      |                    |
| Railroads (3.45%, 3.45%)                        |         | \$13,968,237         | \$473,523          |         | \$13,428,797         | \$440,464          |
| Airlines (3.45%, 3.45%)                         |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 12 Subtotal                               |         | \$13,968,237         | \$473,523          |         | \$13,428,797         | \$440,464          |
| CLASS 13                                        |         |                      |                    |         |                      |                    |
| Electrical Generation Property (6%)             |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Telecommunication Property (6%)                 |         | \$939,416            | \$56,365           |         | \$759,239            | \$45,555           |
| Elect Gen/Tele Real Prop New & Exp              |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 13 Subtotal                               |         | \$939,416            | \$56,365           |         | \$759,239            | \$45,555           |
| CLASS 14                                        |         |                      |                    |         |                      |                    |
| Wind Generation (3%)                            |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Wind Generation New & Exp (varies)              |         | \$0                  | \$0                |         | \$0                  | \$0                |
| Class 14 Subtotal                               |         | \$0                  | \$0                |         | \$0                  | \$0                |
| CLASS 15                                        |         |                      |                    |         |                      |                    |
| Carbon Dioxide and Liquid Pipline Property (3%) |         | \$0                  | \$0                |         | \$0                  | \$0                |
| <b>Total</b>                                    |         | <b>\$145,651,169</b> | <b>\$7,830,639</b> |         | <b>\$162,457,825</b> | <b>\$9,643,387</b> |

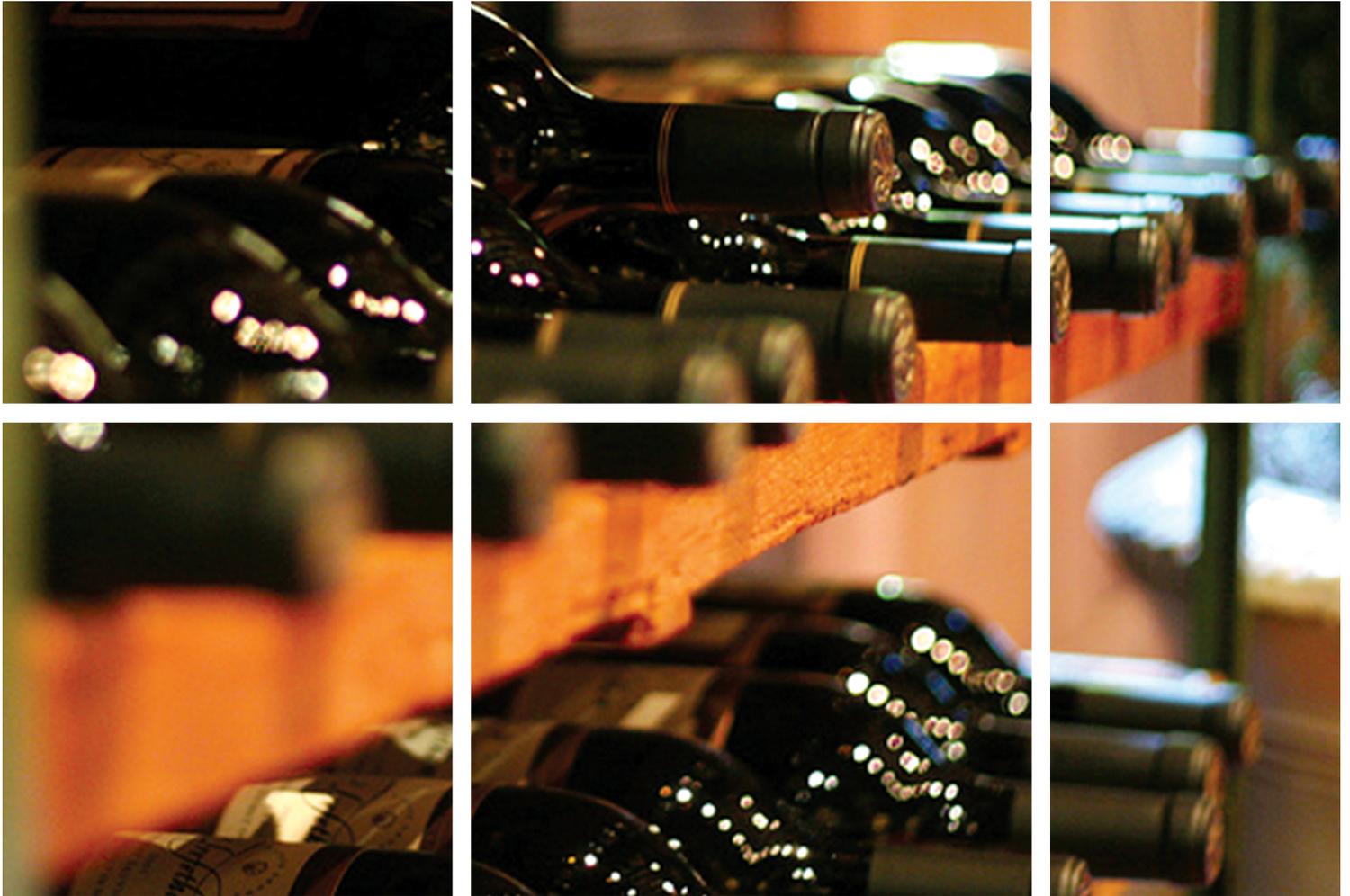
# Yellowstone County



|                                                  | TY 2013   |                         |                      | TY 2014   |                         |                      |
|--------------------------------------------------|-----------|-------------------------|----------------------|-----------|-------------------------|----------------------|
|                                                  | Acres     | Assessed                | Taxable              | Acres     | Assessed                | Taxable              |
| CLASS 1 Net Proceeds                             |           | \$0                     | \$0                  |           | \$0                     | \$0                  |
| CLASS 2 Gross Proceeds                           |           | \$0                     | \$0                  |           | \$0                     | \$0                  |
| CLASS 3 Agricultural Land:                       |           |                         |                      |           |                         |                      |
| Tillable Irrigated (2.72%, 2.63%)                | 59,863    | \$30,990,457            | \$786,574            | 58,623    | \$30,838,567            | \$761,222            |
| Tillable Non-Irrigated (2.72%, 2.63%)            | 201,471   | \$32,468,294            | \$824,432            | 200,993   | \$32,583,787            | \$804,572            |
| Grazing (2.72%, 2.63%)                           | 941,565   | \$43,427,961            | \$1,089,787          | 942,434   | \$45,239,015            | \$1,104,223          |
| Wild Hay (2.72%, 2.63%)                          | 20,814    | \$3,422,187             | \$86,917             | 20,830    | \$3,468,388             | \$85,674             |
| Non-Qualified Ag Land (19.04%, 18.41%)           | 58,572    | \$3,720,243             | \$661,562            | 57,742    | \$3,952,878             | \$683,551            |
| Eligible Mining Claims (2.72%, 2.63%)            | 0         | \$0                     | \$0                  | 0         | \$0                     | \$0                  |
| Class 3 Subtotal                                 | 1,282,285 | \$114,029,142           | \$3,449,272          | 1,280,623 | \$116,082,635           | \$3,439,242          |
| CLASS 4 Land and Improvements:                   |           |                         |                      |           |                         |                      |
| Residential (2.72%, 2.63%)                       |           | \$4,484,077,582         | \$113,882,408        |           | \$4,702,395,834         | \$116,137,680        |
| Residential Low Income (varies)                  |           | \$132,932,743           | \$1,256,329          |           | \$147,530,841           | \$1,345,809          |
| Mobile Homes (2.72%, 2.63%)                      |           | \$75,602,811            | \$1,920,278          |           | \$76,679,868            | \$1,893,247          |
| Mobile Homes Low Income (varies)                 |           | \$5,259,595             | \$47,928             |           | \$5,987,440             | \$49,179             |
| Commercial (2.72%, 2.63%)                        |           | \$2,698,400,266         | \$68,539,291         |           | \$2,886,339,214         | \$71,292,673         |
| Industrial (2.72%, 2.63%)                        |           | \$69,715,283            | \$1,770,774          |           | \$77,344,934            | \$1,910,414          |
| New Manufacturing (varies)                       |           | \$190,901,309           | \$4,623,824          |           | \$199,606,261           | \$4,701,614          |
| Qualified Golf Courses (1.36%, 1.32%)            |           | \$21,269,369            | \$270,121            |           | \$22,457,709            | \$278,477            |
| Remodeled Commercial (varies)                    |           | \$9,113,382             | \$184,846            |           | \$9,428,504             | \$199,901            |
| Extended Prop Tax Relief Program (Res Only)      |           | \$4,381,812             | \$91,484             |           | \$4,030,919             | \$75,961             |
| Class 4 Subtotal                                 |           | \$7,691,654,152         | \$192,587,283        |           | \$8,131,801,524         | \$197,884,955        |
| CLASS 5                                          |           |                         |                      |           |                         |                      |
| Rural Electric and Telephone Co-Op (3%)          |           | \$53,048,361            | \$1,591,454          |           | \$53,598,988            | \$1,607,970          |
| Qualified New Industrial (3%)                    |           | \$0                     | \$0                  |           | \$0                     | \$0                  |
| Pollution Control (3%)                           |           | \$63,294,128            | \$1,898,825          |           | \$61,986,377            | \$1,859,593          |
| Gasohol Related (3%)                             |           | \$0                     | \$0                  |           | \$0                     | \$0                  |
| Research and Development (0%-3%)                 |           | \$0                     | \$0                  |           | \$0                     | \$0                  |
| Aluminum Electrolytic Equipment (3%)             |           | \$0                     | \$0                  |           | \$0                     | \$0                  |
| Class 5 Subtotal                                 |           | \$116,342,489           | \$3,490,279          |           | \$115,585,365           | \$3,467,563          |
| CLASS 7                                          |           |                         |                      |           |                         |                      |
| Non-Centrally Assessed Public Util. (8%)         |           | \$0                     | \$0                  |           | \$0                     | \$0                  |
| CLASS 8                                          |           |                         |                      |           |                         |                      |
| Machinery (3%, 2% and 3%)                        |           | \$1,634,411,272         | \$42,443,524         |           | \$1,736,365,278         | \$46,014,592         |
| Farm Implements (3%, 2% and 3%)                  |           | \$30,425,274            | \$612,279            |           | \$23,708,114            | \$233,563            |
| Furniture and Fixtures (3%, 2% and 3%)           |           | \$205,431,285           | \$4,525,739          |           | \$177,679,772           | \$2,491,736          |
| Other Business Equipment (3%, 2% and 3%)         |           | \$120,001,157           | \$2,924,038          |           | \$96,547,372            | \$2,100,723          |
| Class 8 Subtotal                                 |           | \$1,990,268,988         | \$50,505,581         |           | \$2,034,300,536         | \$50,840,613         |
| CLASS 9                                          |           |                         |                      |           |                         |                      |
| Utilities (12%)                                  |           | \$258,483,516           | \$31,018,019         |           | \$258,790,895           | \$31,054,892         |
| CLASS 10                                         |           |                         |                      |           |                         |                      |
| Timber Land (0.32%, 0.31%)                       | 39,301    | \$6,204,125             | \$18,619             | 39,299    | \$6,292,826             | \$18,256             |
| CLASS 12                                         |           |                         |                      |           |                         |                      |
| Railroads (3.45%, 3.45%)                         |           | \$226,864,872           | \$7,690,716          |           | \$231,358,193           | \$7,588,552          |
| Airlines (3.45%, 3.45%)                          |           | \$53,789,721            | \$1,823,476          |           | \$52,499,878            | \$1,721,998          |
| Class 12 Subtotal                                |           | \$280,654,593           | \$9,514,192          |           | \$283,858,071           | \$9,310,550          |
| CLASS 13                                         |           |                         |                      |           |                         |                      |
| Electrical Generation Property (6%)              |           | \$46,222,189            | \$2,773,331          |           | \$23,383,851            | \$1,403,032          |
| Telecommunication Property (6%)                  |           | \$213,503,472           | \$12,810,217         |           | \$168,568,392           | \$10,114,110         |
| Elect Gen/Tele Real Prop New & Exp               |           | \$0                     | \$0                  |           | \$0                     | \$0                  |
| Class 13 Subtotal                                |           | \$259,725,661           | \$15,583,548         |           | \$191,952,243           | \$11,517,142         |
| CLASS 14                                         |           |                         |                      |           |                         |                      |
| Wind Generation (3%)                             |           | \$0                     | \$0                  |           | \$0                     | \$0                  |
| Wind Generation New & Exp (varies)               |           | \$0                     | \$0                  |           | \$0                     | \$0                  |
| Class 14 Subtotal                                |           | \$0                     | \$0                  |           | \$0                     | \$0                  |
| CLASS 15                                         |           |                         |                      |           |                         |                      |
| Carbon Dioxide and Liquid Pipeline Property (3%) |           | \$0                     | \$0                  |           | \$0                     | \$0                  |
| <b>Total</b>                                     |           | <b>\$10,717,362,666</b> | <b>\$306,166,793</b> |           | <b>\$11,138,664,095</b> | <b>\$307,533,213</b> |

# LIQUOR CONTROL DIVISION

## BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



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### Overview of the Liquor Control Division

The Department of Revenue's Liquor Control Division administers Montana's Alcoholic Beverage Code (Title 16, Chapters 1 through 6, MCA). This division is responsible for licensing and regulating all liquor operations in the state. In addition, the Liquor Control Division is the only wholesaler of distilled spirits in the state.

At the end of Prohibition in 1933, individual jurisdictions were given the choice how to regulate the sale of alcohol. Two general systems arose from this: license states and control states. A license state regulates the industry by issuing licenses. A control state regulates by acting as the only wholesaler of alcoholic beverages in addition to issuing licenses. Montana is a control state.

Control states serve as wholesalers to try to control the consumption of alcoholic beverages rather than encourage or promote it. The details vary from state vary from state to state. For Montana, the state is in charge of wholesale operations for distilled spirits (this includes fortified wine). For other control states, the state may also be responsible for the wholesale operations of beer and wine and retailing.

Sixteen other states and two counties in Maryland also operate as a control state. These are: Alabama, Idaho, Iowa, Maine, Michigan, Mississippi, New Hampshire, North Carolina, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, West Virginia, Wyoming, MD –Montgomery County, and MD-Worcester County.

### Liquor Distribution and Liquor Licensing Bureaus

Because the Liquor Control Division has two very different responsibilities, it is split into two divisions: Liquor Distribution and Liquor Licensing.

*The Liquor Distribution Bureau* is responsible for managing the entire wholesale process of distilled spirits and fortified wine. This includes:

- Operating the state liquor warehouse including ordering, maintaining, and monitoring liquor warehouse inventories.
- Establishing and posting statutorily-defined prices for all liquor products distributed through the warehouse.
- Establishing and maintaining agency contracts and supplying products to the 96 agency liquor stores.

*The Liquor Licensing Bureau* is responsible for administering liquor licensing laws in an effort to protect the welfare and safety of the public. This division oversees and enforces compliance with the state's liquor laws. This includes:

- Licensing all individuals and entities manufacturing, importing, or selling alcoholic beverages in Montana.
- Verifying the suitability of liquor license applicants to ensure they meet the relevant qualifications.
- Actively monitoring licensee premise activities to ensure compliance with state laws.
- Providing expert testimony in case of violation, revocation, and other regulatory proceedings.

Because Montana liquor laws may seem complex, this section of the Biennial Report gives a general overview of liquor laws in Montana in addition to information on revenue collections. For further information on license pricing, quota availability, and additional details see: <http://revenue.mt.gov/home/liquor.aspx>. Further resources include the Liquor Control Division's annual report on the Liquor Enterprise Fund. The most recent report is the [FY 2013 Liquor Enterprise Fund Report](#).

## Sales of Distilled Spirits

### Sales of Distilled Spirits

Because Montana is a liquor control state, all distilled spirits that are sold in Montana are first shipped to the state liquor warehouse with the exception of micro-distilleries that sell limited quantities of their product directly out of their distillery. From the liquor warehouse, liquor is distributed to the 96 agency liquor stores that the state maintains agency franchise contracts with. The agency liquor stores may then sell to the public for off-premise consumption and to Montana's all-beverage license holders.

The Department of Revenue sets a posted price that is the baseline price for sales to agency liquor stores and affects the sale price to retailers and to consumers. The posted price is calculated as follows:

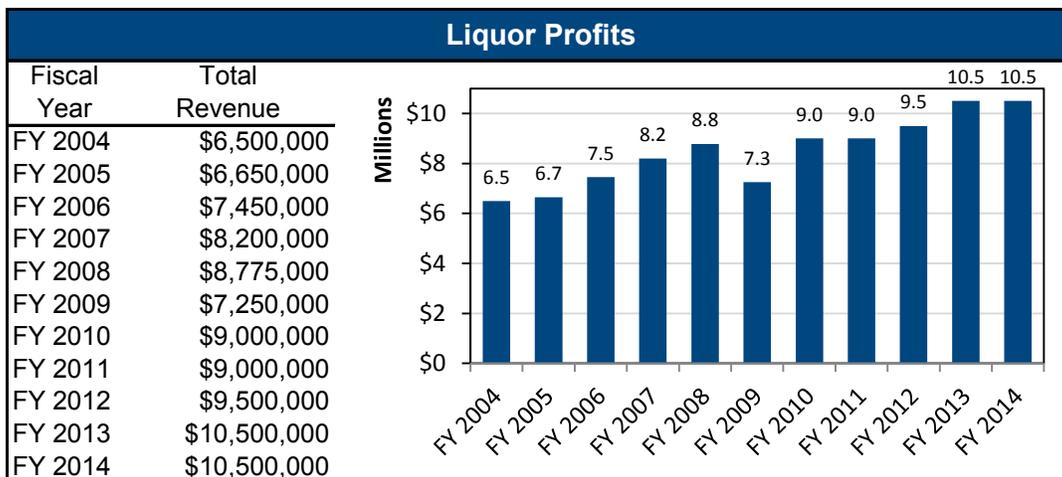
$$\text{Posted Price} = \text{Base price} + \text{markup} + \text{liquor license tax} + \text{liquor excise tax}$$

The base price is the price at which the department purchases liquor. The department sets the markup to cover its costs and provides profit for the general fund. The law requires a lower markup for liquor from a small producer (under 25,000 gallons) that is produced with at least 50 percent Montana-produced ingredients (16-2-211, MCA).

As part of the agency franchise agreement, agency liquor stores purchase distilled spirits from the state liquor warehouse at a discount of this posted price. This discount is set out in law (16-2-101, MCA) and is calculated by factoring in two commission rates and a weighted average discount rate.

Agency liquor stores sell to all-beverage licensees at the posted price. However, all-beverage licensees receive an 8 percent discount for purchasing full case lots (16-2-201, MCA). The weighted average discount in the agency's purchase price is meant to reimburse agency liquor stores for some of the 8% discount. Agency liquor stores and all-beverage licensees may sell to the public at any price, above the posted price, that the market will bear.

The state makes a profit from the sales of distilled spirits to agency liquor stores. Cost of goods, agent discounts, and state operating expenses are paid from this. The remainder is deposited in the general fund. Liquor profits transferred to the general fund have generally increased over time. In fiscal year 2009 the transfer was lower by \$1,750,000 because of a legislative appropriation for the liquor warehouse renovation project.



Wholesaling of beer and table wine (wine containing less than 16% alcohol) is done by private businesses subject to Montana liquor licensing laws.

# Overview of Liquor Licenses

## Overview of Liquor Licenses

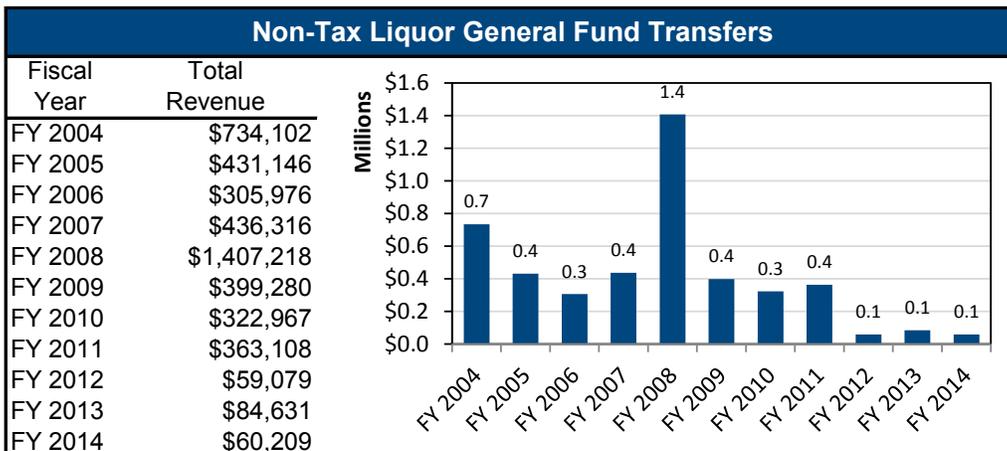
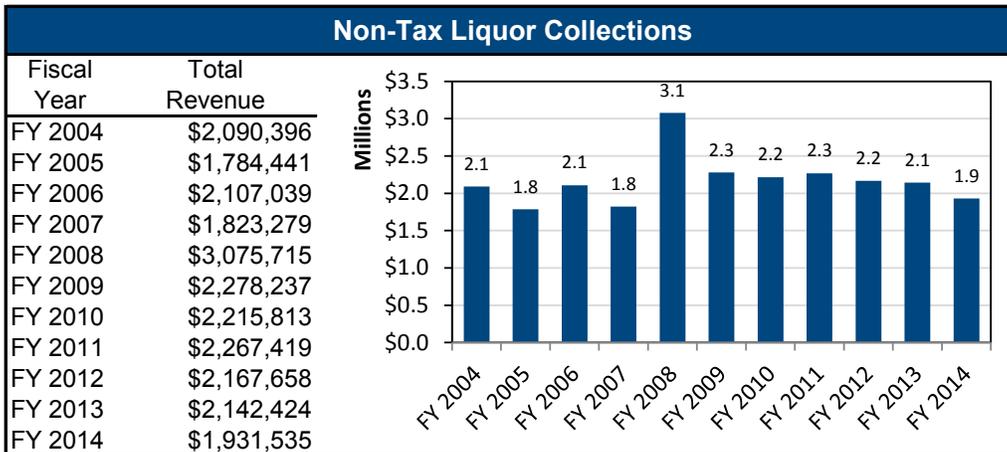
All individuals and corporations manufacturing, importing, or selling alcoholic beverages in Montana must be licensed. In general, there are four categories of licensees: manufacturers, wholesalers and distributors, on-premise retailers, and off-premise retailers.

The law places restrictions on ownership of multiple licenses. Retailers, manufacturers, importers, and wholesalers may not have an ownership interest in an agency liquor store. Retailers may not have any affiliation with a manufacturer, importer, or distributor of alcoholic beverages. And wholesalers/distributors may not be a manufacturer of any alcoholic beverage (16-4-401, MCA).

License holders are subject to an annual renewal fee. The fees set in law are described in the table to the right. These annual renewal fees and any initial license fee are deposited in the Liquor Enterprise Fund. Administrative and compliance expenses associated with enforcing the liquor laws of Montana by the Department Revenue and Department of Justice are paid from this fund.

The balance remaining in the fund at the end of the fiscal year is deposited in the state general fund (16-2-108, MCA).

| Category                 | Annual Fee |
|--------------------------|------------|
| <b>On-Premise</b>        |            |
| All-beverage             | \$400-800  |
| Beer                     | \$200      |
| Beer w/ Wine             | \$400      |
| Restaurant Beer and Wine | \$400      |
| <b>Off-Premise</b>       |            |
| Agency Stores            | No Fee     |
| Beer                     | \$200      |
| Wine                     | \$200      |
| Beer and Wine            | \$400      |
| Sacramental Wine         | \$50       |
| <b>Manufacturers</b>     |            |
| Brewery                  | \$200-500  |
| Winery                   | \$200      |
| Distillery               | \$600      |
| <b>Wholesalers</b>       |            |
| Beer                     | \$400      |
| Wine                     | \$400      |
| Beer and Wine            | \$800      |
| Subwarehouse             | \$400      |



## Legislative History

### Legislative History of Liquor Licensing

The responsibilities of the Liquor Control Division have grown with the evolution of the liquor industry. Many legislative changes have affected the development of liquor licensing and tax rates over the past twenty years. The following is a brief history of the major legislation:

1995

**HB 574** – Privatized liquor stores by converting existing state stores to agency stores (16-2-101, MCA).

1997

**SB 354** – Established the restaurant beer and wine license (16-4-420, MCA)

**HB 308** – Authorized the sale of hard cider and provided a tax rate of 3.7 cents per liter (16-1-411, MCA).

1999

**HB 442** – Allowed breweries with an annual nationwide production between 100 and 10,000 barrels to provide samples of beer brewed on premise in a sample room on the licensed premise (16-3-213, MCA).

2001

**SB 48** – Created a beer, wine, and beer and wine connoisseur's license to allow individuals to receive direct shipments of beer and wine from an out-of-state brewery or winery for personal consumption (16-4-901, MCA).

**SB 317** – Reduced the tax rate on beer from \$4.30 per 31-gallon barrel to a sliding scale based on the number of barrels of beer produced annually by the brewer. This sliding scale rate remains current law (16-1-406, MCA). This bill also decreased the annual license fee for brewers producing 20,000 or fewer barrels of beer per year from \$500 to \$200 (16-4-501, MCA).

**HB 493** – Allowed small Montana wineries to sell directly to licensed retailers (16-3-411 and 16-4-107, MCA).

2003

**SB 334** – Increased the number of representatives a vendor may hire from two to three (16-3-107, MCA).

2005

**HB 517** – Created a Montana distillery license. This allowed small domestic distilleries to provide, with or without charge, two ounces of its product to consumers visiting the distillery and up to one liter a day for off-premise consumption (16-4-312, MCA). This bill also reduced the liquor license tax rate to 2% of the retail selling price for a distillery with annual production less than 50,000 proof gallons of liquor (16-1-404, MCA).

2007

**SB 127** – Allowed all wineries to be licensed to ship directly to licensed retailers by creating the out-of-state winery license (16-3-411 and 16-4-107, MCA).

**SB 296** – Increased the number of restaurant beer and wine licenses that the DOR is allowed to issue (16-4-420, MCA).

**SB 524** – Allowed out-of-state breweries to deliver beer directly to licensed retailers.

2009

**SB 511** – Created a sacramental wine license permitting the retail sale of wine to religious officials for off-premise consumption (16-4-313, MCA).

**HB 412** – Changed the liquor excise tax rate from 16% of the retail selling price on companies selling more than 200,000 proof gallons and 13.8% on companies selling 200,000 to the sliding scale that is in current law (16-1-401, MCA).

2011

**SB 29** – Required retail establishments licensed to serve or sell alcoholic beverages to train their employees on prohibiting the sale to minors or intoxicated persons and imposed a penalty for those establishments not in compliance (16-4-1006, MCA).

## Legislative History

**SB 215** – Reduced the liquor markup used in determining the price of liquor sold in Montana for distilleries that produce at the national level 25,000 gallons or less of liquor annually. The reduction only applies to liquor comprised of at least 50% of Montana-produced ingredients (16-2-211, MCA).

### 2013

**SB 120** – Increased the number of all-beverage licenses that an individual may possess from one to three (16-4-205, MCA).

**HB 402** – Created a direct shipment endorsement for wineries licensed or registered in Montana allowing wineries to sell and ship up to 18 9-liter cases of wine annually to an individual for personal use (16-4-1101, MCA). This eliminated the wine connoisseur's license.

**HB 524** – Eliminated the requirement that a retail licensee selling beer or wine for off-premise consumption be operated as a grocery store or a drugstore licensed as a pharmacy (16-4-115, MCA).

The following table shows the number of licenses by type over a ten year period (FY 2004 to FY 2014). The next section explains the types of licenses in more detail.

| Number of Licensees by License Type |                 |                                 |                 |
|-------------------------------------|-----------------|---------------------------------|-----------------|
| FY 2004                             |                 | FY 2014                         |                 |
| <u>On-Premise</u>                   | <u>Licenses</u> | <u>On-Premise</u>               | <u>Licenses</u> |
| All-beverage                        | 1,603           | All-beverage                    | 1,583           |
| Beer                                | 97              | Beer                            | 64              |
| Beer w/ Wine Amendment              | 440             | Beer w/ Wine Amendment          | 471             |
| Restaurant Beer and Wine            | 115             | Restaurant Beer and Wine        | 242             |
| <b>Total On-Premise</b>             | <b>2,255</b>    | <b>Total On-Premise</b>         | <b>2,360</b>    |
| <u>Off-Premise</u>                  | <u>Licenses</u> | <u>Off-Premise</u>              | <u>Licenses</u> |
| Agency Liquor Stores                | 98              | Agency Liquor Stores            | 96              |
| Beer                                | 165             | Beer                            | 81              |
| Wine                                | 8               | Wine                            | 9               |
| Beer and Wine                       | 769             | Beer and Wine                   | 785             |
| Sacramental Wine                    | 0               | Sacramental Wine                | 3               |
| <b>Total Off-Premise</b>            | <b>1,040</b>    | <b>Total Off-Premise</b>        | <b>974</b>      |
| <u>Manufacturers</u>                | <u>Licenses</u> | <u>Manufacturers</u>            | <u>Licenses</u> |
| Domestic Brewery                    | 22              | Domestic Brewery                | 51              |
| Domestic Brewery Storage            | 1               | Domestic Brewery Storage        | 2               |
| Domestic Winery                     | 8               | Domestic Winery                 | 19              |
| Domestic Distiller                  | 0               | Domestic Distiller              | 14              |
| Foreign Brewery/Importer            | 62              | Foreign Brewery/Importer        | 91              |
| Foreign Winery/Importer             | 470             | Foreign Winery/Importer         | 1,024           |
| <b>Total Manufacturers</b>          | <b>563</b>      | <b>Total Manufacturers</b>      | <b>1,201</b>    |
| <u>Wholesalers/Distributors</u>     | <u>Licenses</u> | <u>Wholesalers/Distributors</u> | <u>Licenses</u> |
| Beer                                | 8               | Beer                            | 2               |
| Wine                                | 4               | Wine                            | 11              |
| Beer and Wine                       | 19              | Beer and Wine                   | 20              |
| Subwarehouse                        | 4               | Subwarehouse                    | 12              |
| <b>Total Wholesalers</b>            | <b>35</b>       | <b>Total Wholesalers</b>        | <b>45</b>       |
| <b>Total Licenses</b>               | <b>3,893</b>    | <b>Total Licenses</b>           | <b>4,580</b>    |

## Liquor Licensing - Manufacturers

### Manufacturers

The manufacturer's license applies to breweries, distilleries, and wineries. These licenses differ based on in-state versus out-of-state, production levels, and product being produced.

#### *Manufacturers, Distilled Spirits*

Distilleries located outside of Montana may not sell their products directly in the state. They must sell their product to the department. Distilleries located in Montana must sell their product to the department with exceptions for distilleries that have an annual production level of 25,000 gallons or less (16-4-311, MCA and 16-4-312, MCA). The table below summarizes the differences in the two types of distilleries.

| Distilleries by Production Level |                                                                                                                                 |                                                      |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| Production Level                 | <25,000 gallons                                                                                                                 | >25,001 gallons                                      |
| On-Premise Consumption           | Provide samples of distilled spirits that were distilled on the premises, with or without charge between 10am-8pm. 2 oz maximum | Sampling is not permitted                            |
| Off-Premise Consumption          | Sell for off-premise consumption between 8am and 2am. Limit 1.75 liters/person                                                  | Selling for off-premise consumption is not permitted |
| Distribute                       | Sell and deliver distilled spirits to the department                                                                            |                                                      |
| Common Carrier                   | May use a common carrier to sell to the department                                                                              |                                                      |
| Special Permit                   | Not permitted to obtain a special permit                                                                                        |                                                      |

#### *Manufacturers, Beer*

Like distilleries, breweries follow different laws based on their annual nationwide production level (16-3-213, MCA and 16-3-214, MCA). These are summarized in the table below:

| Brewers by Production Level |                                                                                                                |                                                                  |                                                          |                                                         |
|-----------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------|
| Production Level            | <100 Barrels                                                                                                   | 100-10,000 Barrels                                               | 10,001-60,000 Barrels                                    | >60,000 Barrels                                         |
| On-Premise Consumption      | Provide samples without charge between 8am-2am. No limit                                                       | Provide samples w/ or w/out charge between 10am-8pm. Limit 48 oz | Provide samples without charge between 8am-2am. No limit | May not provide samples                                 |
| Off-Premise Consumption     | Sell for off-premise consumption between 8am-2am                                                               |                                                                  |                                                          | May not sell for off-premise consumption                |
| Distribute                  | Sell and deliver beer to wholesalers, licensed retailers (using own truck, equipment, employees) or the public |                                                                  |                                                          | Must sell and deliver only to licensed beer wholesalers |
| Common Carrier              | May not use a common carrier to deliver to the public or retailers                                             |                                                                  |                                                          | May not use a common carrier                            |
| Special Permit              | Not permitted to obtain a special permit                                                                       |                                                                  |                                                          |                                                         |

## Liquor Licensing - Manufacturers

### *Manufacturers, Wine*

There are three types of wineries – domestic wineries, foreign wineries, and out-of-state wineries (16-4-107, MCA and 16-3-411, MCA). Unlike breweries and distilleries, overall production level does not determine what a winery can and cannot do. Instead, limitations for wineries are determined by whether or not the winery is licensed or registered.

| Winery Licenses |                                                                                                                                                                                                                       |                                                                               |                                    |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------|
| License Type    | Domestic Winery<br>(Licensed)                                                                                                                                                                                         | Out-of-State Winery<br>(Licensed)                                             | Foreign Winery<br>(Registered)     |
| Wholesale       | Sells wine it produces at wholesale to table wine distributors                                                                                                                                                        | Ships product to licensed table wine distributors                             |                                    |
| Retail          | Sells wine it produces to licensed retailers                                                                                                                                                                          | Ships product to licensed retailers                                           | May not sell to licensed retailers |
| Consumers       | Sells wine it produces at retail for on- or off-premise consumption, provides without charge wine it produces for consumption at the winery, ships directly to consumer if the winery holds a direct ship endorsement | May ship directly to a consumer if the winery holds a direct ship endorsement |                                    |
| Special Permit  | May obtain a special permit                                                                                                                                                                                           | N/A                                                                           |                                    |

Like breweries and distilleries, domestic wineries have the option to provide, with or without charge, wine that was produced at the winery for consumption on the premises. Unlike breweries and distilleries, there are no restrictions on sample amounts and they may be open from 8 a.m. to 2 a.m. (16-3-411, MCA).

## Liquor Licensing - Distributors and Wholesalers

### Wholesalers/Distributors/Importers

The Liquor Control Division is responsible for the wholesale operations of distilled spirits. The wholesale operation of beer and wine is left up to the private sector. However, in order for a business to distribute at wholesale, they must be licensed by the department. They may be licensed as a beer wholesaler, table wine distributor, or both.

| Wholesaler/Distributor License |                                                                                     |                                                                                 |
|--------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
| License Type                   | Beer Wholesaler                                                                     | Table Wine Distributor                                                          |
| Purchase From:                 | Licensed to receive product from licensed breweries or beer importers               | Licensed to receive product from licensed/registered wineries or wine importers |
| Sell To:                       | May sell to other wholesalers or licensed retailers                                 | May sell to other distributors or licensed retailers                            |
| Subwarehouse                   | May be issued a separate license for each of their subwarehouses located in Montana | May only be issued one subwarehouse license                                     |
| Statute                        | 16-4-103, MCA                                                                       | 16-4-108, MCA                                                                   |

Beer importers are businesses outside of Montana that wish to import beer into Montana to a licensed beer wholesaler for sale to a licensed retailer.

Wine importers are businesses outside of Montana that wish to import wine into Montana to a licensed table wine distributor for sale to a licensed retailer.

## Liquor Licensing - Retail

### Retail, Off-premise

There are four types of off-premise license: licenses used at a grocery store, licenses used at a drugstore licensed as a pharmacy, stand-alone off-premise licenses, and sacramental wine licenses. Off-premise retail licenses are specific to beer and wine. The quota system does not apply to this license type and off-premise licensees cannot apply for a gambling license.

| Off-Premise Retail License |                                                                       |                                                       |                                                                                                                                          |                                                                                                                                                                                                               |
|----------------------------|-----------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| License Type               | Convenience Store or Grocery Store                                    | Pharmacy                                              | Stand-alone                                                                                                                              | Sacramental Wine                                                                                                                                                                                              |
| General Requirements       | The licensee must maintain at least \$3,000 worth of retail inventory | Must be located at a drugstore licensed as a pharmacy | 95% of the business' annual gross income comes from the sale of beer, table wine, or both. This is typically a specialty beer/wine shop. | Used at an establishment located in or outside Montana that sells church supplies at retail to officials of churches or other established religious organizations and used exclusively for religious purposes |
| Statute                    | 16-4-115, MCA                                                         | 16-4-115, MCA                                         | 16-4-115, MCA                                                                                                                            | 16-4-313, MCA                                                                                                                                                                                                 |

### Retail, On-Premise

Licenses that can be used in bars, taverns, and restaurants are called on-premise licenses. The three most common types of on-premise licenses are the all-beverage license, beer license (with the option to add a wine amendment), and a restaurant beer and wine license. Major differences between these licenses include: type of alcohol that can be sold, the right to apply for a gambling license, whether or not alcohol can be served for off-premise consumption, allowable store hours, quota limitations, and various other regulations.

On-premise licenses are further categorized as city licenses (within the boundaries of an incorporated city or town or within a five mile radius of a city or town) and county licenses (anywhere in the county outside of a five mile radius of an incorporated city or town). Restaurant beer and wine licenses only exist within incorporated cities and towns and within a five mile radius of that city or town.

| On-Premise Retail License |                                                                     |                   |                                                  |                                          |                                               |
|---------------------------|---------------------------------------------------------------------|-------------------|--------------------------------------------------|------------------------------------------|-----------------------------------------------|
| License Type              | County All-Beverage                                                 | City All-Beverage | County Beer (option to add wine amendment)       | City Beer (option to add wine amendment) | Restaurant Beer and Wine (RBW)                |
| Alcohol                   | Distilled spirits, beer, wine                                       |                   | Beer and table wine                              |                                          |                                               |
| Gambling                  | Yes*                                                                |                   |                                                  | Yes, if issued prior to 1997             | No                                            |
| Off-Premise Sales         | Yes                                                                 |                   |                                                  |                                          | No                                            |
| Sale Hours                | 8am-2am                                                             |                   |                                                  |                                          | 11am-11pm                                     |
| Quota Limitations         | Yes                                                                 |                   | No                                               | Yes                                      |                                               |
| Additional Requirements   | May have ownership interest in a maximum of 3 all-beverage licenses |                   | Must have food available to add a wine amendment |                                          | Must be used in conjunction with a restaurant |
| Statute                   | 16-4-201, MCA                                                       |                   | 16-4-105, MCA                                    |                                          | 16-4-420, MCA                                 |

\*All-beverage on-premise licenses that float do not allow gambling.

The five licenses listed above are the most common on-premise licenses issued. Other on-premise licenses include: veterans or fraternal license, golf course beer and wine license, resort all-beverage license, airport all-beverage license, passenger carrier license, and nonprofit arts organization beer and wine license.

## Liquor Licensing - Quota System

### Quota System

Most of the on-premise licenses are subject to the quota system. The quota system refers to the limited amount of licenses that may be issued in incorporated cities and towns and countywide. This limit is set in law and varies by license type. Before the quota is met, the initial price of a license is generally between \$200 and \$800. Once the quota is met, no new licenses may be issued until the incorporated city/town or county grows by an amount specific to that license type (16-4-502, MCA).

The following table lists the quota limitations by license type. Countywide beer is excluded because it is not subject to the quota system.

| Quota Limitations                        |               |                                                                                                                         |
|------------------------------------------|---------------|-------------------------------------------------------------------------------------------------------------------------|
|                                          | Population    | Quota                                                                                                                   |
| County All-Beverage                      | --            | 1 license per 750 inhabitants                                                                                           |
|                                          | <500          | 2 licenses max                                                                                                          |
| City All-Beverage                        | 501-3,000     | 3 licenses for the first 1,000 inhabitants,<br>1 license for each additional 1,000                                      |
|                                          | >3,000        | 5 licenses for the first 3,000 inhabitants,<br>1 license for each additional 1,500                                      |
| City Beer (option to add wine amendment) | <500          | 1 license max                                                                                                           |
|                                          | 501-2,000     | 1 license per 500 inhabitants                                                                                           |
|                                          | >2,000        | 4 licenses for the first 2,000 inhabitants,<br>2 for the next 2,000 inhabitants,<br>1 license for each additional 2,000 |
| Restaurant Beer and Wine (RBW)           | <5,000        | 80% of the beer quota                                                                                                   |
|                                          | 5,001-20,000  | 160% of the beer quota                                                                                                  |
|                                          | 20,001-60,000 | 100% of the beer quota                                                                                                  |
|                                          | >60,000       | 80% of the beer quota                                                                                                   |

Once a quota is met, there are two ways of obtaining a liquor license. The first option is to purchase a license from a current license holder at a price determined between the buyer and the seller. The second option is to wait until the population grows enough for the department to issue a new license which is distributed based on a lottery system.

Some all-beverage licenses are allowed to “float” which means that an all-beverage license purchased in one quota area may move to another quota area. An all-beverage license may float out of a quota area if the number of licenses issued in the original quota area exceeds the quota by at least 25%. An all-beverage license may float in to a quota area if the number of licenses issued in the new quota area does not exceed that area’s quota by more than 33% (43% for incorporated cities of more than 10,000 inhabitants) (16-4-204, MCA).

The [Quota Sheet](#) gives current information and availability of the licenses. License sales from the past several years can be seen on the [Purchase Price Report](#).

## Alcoholic Beverage Taxes

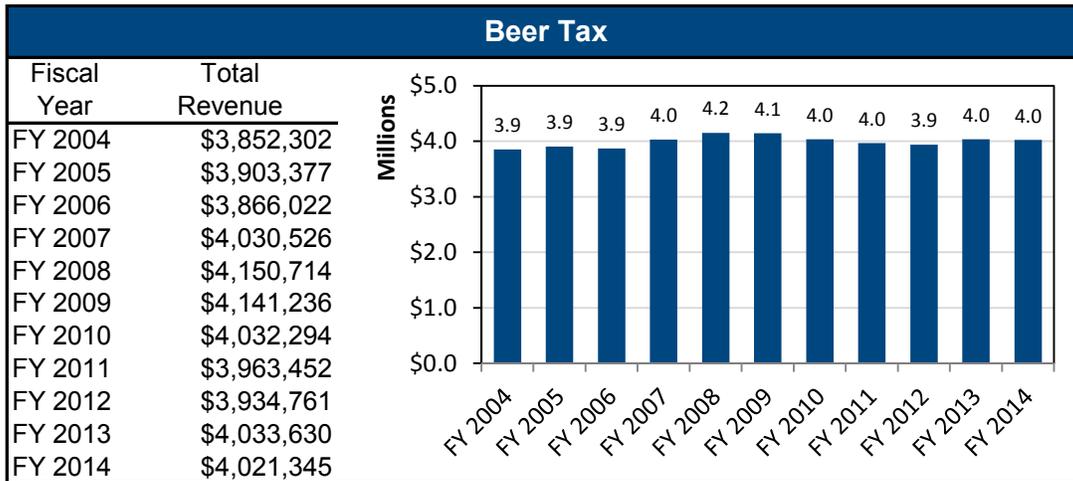
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### **Alcoholic Beverage Taxes**

There is an excise tax on all sales of liquor in Montana. Tax rates and the distribution of taxes are different based on alcohol type. The following pages explain these tax rates and distributions and show revenue collections for the past ten years.

# Beer Tax

Statute: 16-1-406, MCA



## Tax Rate

The state of Montana levies a tax on each 31-gallon barrel of beer sold in Montana. Depending on the size of the brewer, a tax ranging from \$1.30 to \$4.30 per 31-gallon barrel is levied on beer sold into Montana (16-1-406, MCA).

| Beer Tax Rate            |                |
|--------------------------|----------------|
| Annual Production Level  | Tax Per Barrel |
| 0 - 5,000 Barrels        | \$1.30         |
| 5,001 - 10,000 Barrels   | \$2.30         |
| 10,001 to 20,000 Barrels | \$3.30         |
| Over 20,000 Barrels      | \$4.30         |

## Filing Requirements

The beer tax is collected monthly from distributors and breweries. Tax payers must submit returns to the department on or before the 15<sup>th</sup> day of the month.

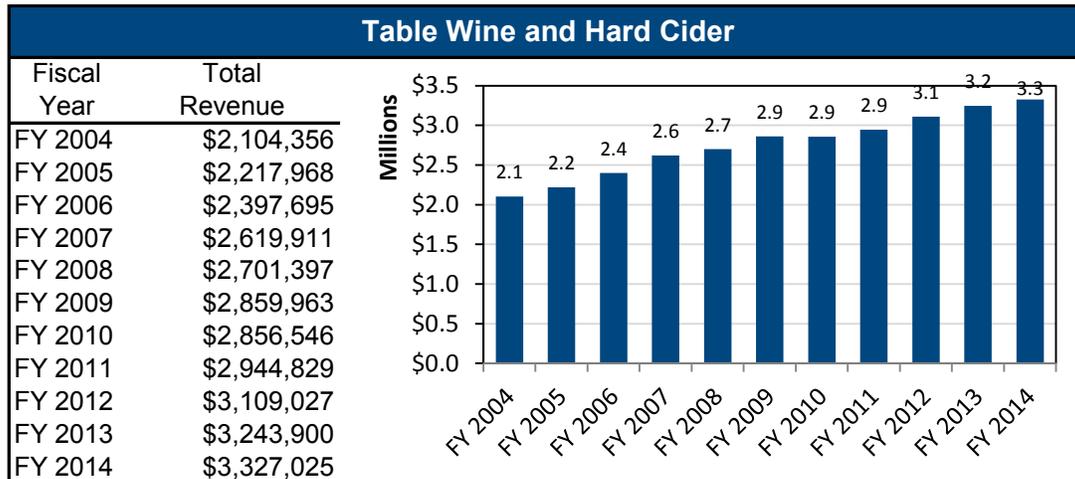
## Distribution

The Department of Public Health and Human Services receives 23.26% of the revenue collected from the beer tax for treatment, rehabilitation, and prevention of alcoholism and chemical dependency. A small portion of beer tax revenue is refunded from the general fund to the tribes that have a revenue-sharing agreement with the state. Currently the state has agreements with the Blackfeet, Fort Peck, Fort Belknap, and Confederated Salish and Kootenai tribes. The remainder of the revenue is deposited in the general fund.

| Distribution of Beer Tax |             |             |             |             |
|--------------------------|-------------|-------------|-------------|-------------|
| Fund                     | FY 2011     | FY 2012     | FY 2013     | FY 2014     |
| DPHHS (23.26%)           | \$921,899   | \$915,225   | \$938,222   | \$935,365   |
| Tribal                   | \$59,744    | \$63,338    | \$62,659    | \$63,443    |
| General Fund (remainder) | \$2,981,809 | \$2,956,198 | \$3,032,749 | \$3,022,537 |

## Table Wine and Hard Cider Tax

Statute: 16-1-411, MCA



### Tax Rate

A tax of \$0.27 per liter on table wine and a tax of \$0.037 per liter on hard cider are levied on wine and cider sold into Montana. Additionally, there is an additional \$0.01 per liter tax applied if the wine is sold to an agency liquor store.

| Table Wine and Hard Cider Tax Rate      |               |
|-----------------------------------------|---------------|
| Product                                 | Tax Per Liter |
| Table Wine                              | \$0.27        |
| Table Wine Sold to Agency Liquor Stores | \$0.28        |
| Hard Cider                              | \$0.037       |

### Filing Requirements

The wine and hard cider tax is collected monthly from distributors and wineries. Taxpayers must submit returns to the department on or before the 15<sup>th</sup> day of the month.

### Distribution

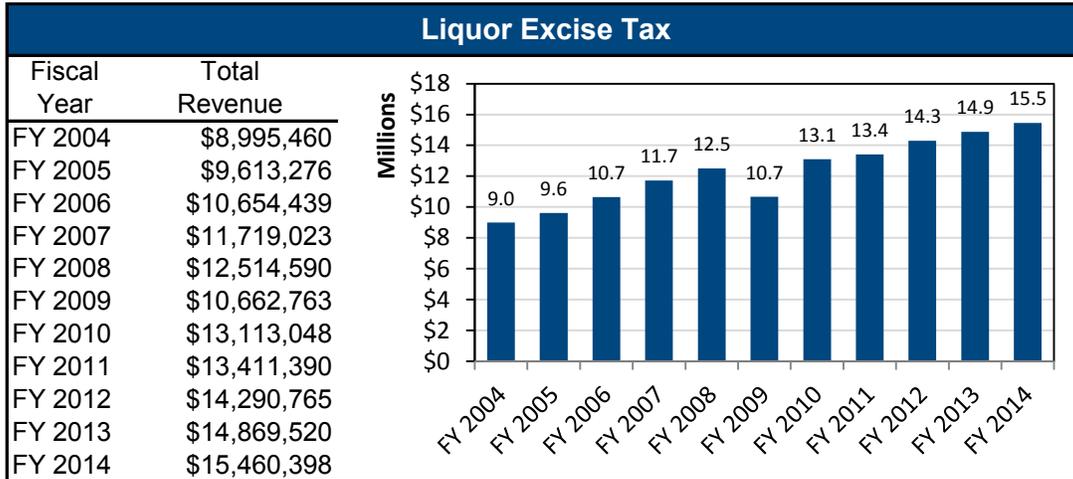
A small portion of wine tax revenue is refunded from the general fund to the tribes that have a revenue-sharing agreement with the state. Currently the state has agreements with the Blackfeet, Fort Peck, Fort Belknap, and Confederated Salish and Kootenai tribes.

The \$0.01 per liter tax from agency liquor stores is deposited in the general fund. The remaining revenues from the tax are deposited 69% to the state general fund and 31% to the Department of Public Health and Human Services for treatment, rehabilitation, and prevention of alcoholism and chemical dependency.

| Distribution of Table Wine and Hard Cider Taxes |                    |                    |                    |                    |
|-------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Fund                                            | FY 2011            | FY 2012            | FY 2013            | FY 2014            |
| <b>Table Wine and Hard Cider</b>                | <b>\$2,942,668</b> | <b>\$3,106,695</b> | <b>\$3,241,360</b> | <b>\$3,324,575</b> |
| Tribal Revenue                                  | \$38,943           | \$41,662           | \$44,066           | \$46,035           |
| General Fund (69% Less Tribal Amounts)          | \$1,991,498        | \$2,101,957        | \$2,192,473        | \$2,247,921        |
| DPHHS (31%)                                     | \$912,227          | \$963,075          | \$1,004,822        | \$1,030,618        |
| <b>Agency Liquor Stores</b>                     | <b>\$2,161</b>     | <b>\$2,333</b>     | <b>\$2,540</b>     | <b>\$2,450</b>     |
| General Fund (100%)                             | \$2,161            | \$2,333            | \$2,540            | \$2,450            |

# Liquor Excise Tax

Statute: 16-1-401, MCA.



## Tax Rate

The Department of Revenue collects an excise tax on the retail selling price of all liquor sold by the state liquor warehouse. The tax rate ranges from 3% - 16% of the retail selling price depending on the number of proof gallons produced by the manufacturer nationwide.

| Liquor Excise Tax Rate         |          |
|--------------------------------|----------|
| Annual Production Level        | Tax Rate |
| Less than 20,000 Proof Gallons | 3.0%     |
| 20,000 - 50,000 Proof Gallons  | 8.0%     |
| 50,001 - 200,000 Proof Gallons | 13.8%    |
| Over 200,000 Proof Gallons     | 16.0%    |

## Filing Requirements

The department collects the tax at the time of sale.

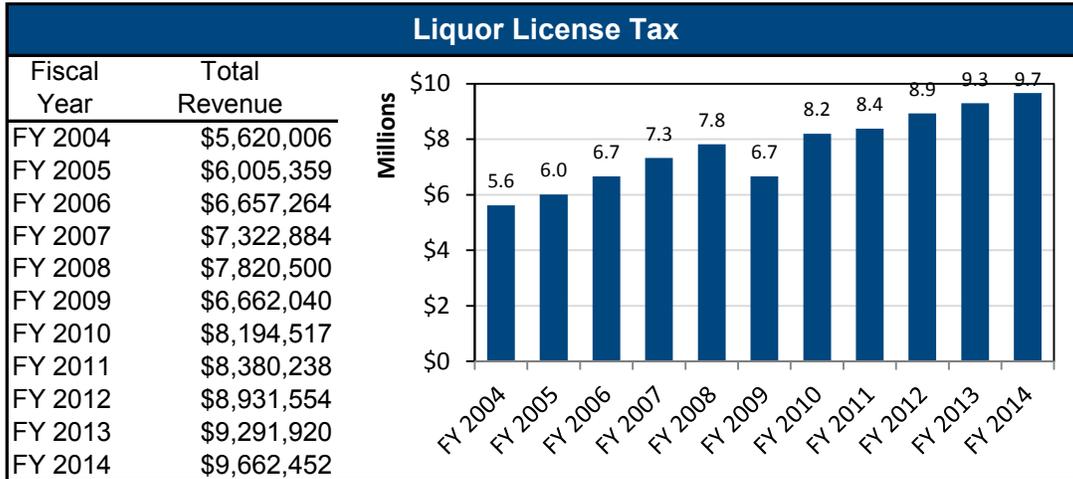
## Distributions

The revenue collected from the tax is deposited to the state general fund. A small portion of this tax revenue is refunded from the general fund to the tribes that have a revenue-sharing agreement with the state. Currently the state has agreements with the Blackfeet, Fort Peck, Fort Belknap, and Confederated Salish and Kootenai tribes.

| Distribution of Liquor Excise Tax |              |              |              |              |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Fund                              | FY 2011      | FY 2012      | FY 2013      | FY 2014      |
| General Fund                      | \$13,098,298 | \$13,955,649 | \$14,517,835 | \$15,084,184 |
| Tribal                            | \$313,092    | \$335,116    | \$351,685    | \$376,214    |

# Liquor License Tax

Statute: 16-1-404, MCA



## Tax Rate

The Department of Revenue collects a license tax on the retail selling price of all liquor sold by the state liquor warehouse. The tax rate ranges from 2% - 10% of the retail price, depending on the number of proof gallons produced by the manufacturer nationwide.

| Liquor License Tax Rate        |          |
|--------------------------------|----------|
| Annual Production Level        | Tax Rate |
| Less than 50,000 Proof Gallons | 2.0%     |
| 50,001 - 200,000 Proof Gallons | 8.6%     |
| Over 200,000 Proof Gallons     | 10.0%    |

## Filing Requirements

The department collects the tax at the time of sale.

## Distribution

The revenues collected from the tax are deposited 34.5% to the state general fund and 65.5% to the Department of Public Health and Human Services for treatment, rehabilitation, and prevention of alcoholism and chemical dependency (16-1-404, MCA).

| Distribution of Liquor License Tax |             |             |             |             |
|------------------------------------|-------------|-------------|-------------|-------------|
| Fund                               | FY 2011     | FY 2012     | FY 2013     | FY 2014     |
| General Fund (34.5%)               | \$2,891,182 | \$3,081,386 | \$3,205,712 | \$3,333,546 |
| DPHHS (65.5%)                      | \$5,489,056 | \$5,850,168 | \$6,086,207 | \$6,328,906 |

## State Comparison

### Alcohol Excise Tax Rates (Dollar Per Gallon)

| <u>State</u>   | <u>Table Wine</u> | <u>Beer</u> |
|----------------|-------------------|-------------|
| Alabama        | \$1.70            | \$0.53      |
| Alaska         | \$2.50            | \$1.07      |
| Arizona        | \$0.84            | \$0.16      |
| Arkansas       | \$0.75            | \$0.23      |
| California     | \$0.20            | \$0.20      |
| Colorado       | \$0.28            | \$0.08      |
| Connecticut    | \$0.72            | \$0.24      |
| Delaware       | \$0.97            | \$0.16      |
| Florida        | \$2.25            | \$0.48      |
| Georgia        | \$1.51            | \$0.32      |
| Hawaii         | \$1.38            | \$0.93      |
| Idaho          | \$0.45            | \$0.15      |
| Illinois       | \$1.39            | \$0.23      |
| Indiana        | \$0.47            | \$0.12      |
| Iowa           | \$1.75            | \$0.19      |
| Kansas         | \$0.30            | \$0.18      |
| Kentucky       | \$0.50            | \$0.08      |
| Louisiana      | \$0.11            | \$0.32      |
| Maine          | \$0.60            | \$0.35      |
| Maryland       | \$0.40            | \$0.09      |
| Massachusetts  | \$0.55            | \$0.11      |
| Michigan       | \$0.51            | \$0.20      |
| Minnesota      | \$0.30            | \$0.15      |
| Mississippi    | \$0.35            | \$0.43      |
| Missouri       | \$0.42            | \$0.06      |
| Montana        | \$1.06            | \$0.14      |
| Nebraska       | \$0.95            | \$0.31      |
| Nevada         | \$0.70            | \$0.16      |
| New Hampshire  | (1)               | \$0.30      |
| New Jersey     | \$0.88            | \$0.12      |
| New Mexico     | \$1.70            | \$0.41      |
| New York       | \$0.30            | \$0.14      |
| North Carolina | \$1.00            | \$0.62      |
| North Dakota   | \$0.50            | \$0.16      |
| Ohio           | \$0.32            | \$0.18      |
| Oklahoma       | \$0.72            | \$0.40      |
| Oregon         | \$0.67            | \$0.08      |
| Pennsylvania   | (1)               | \$0.08      |
| Rhode Island   | \$1.40            | \$0.11      |
| South Carolina | \$0.90            | \$0.77      |
| South Dakota   | \$0.93            | \$0.27      |
| Tennessee      | \$1.21            | \$1.15      |
| Texas          | \$0.20            | \$0.20      |
| Utah           | (1)               | \$0.41      |
| Vermont        | \$0.55            | \$0.27      |
| Virginia       | \$1.51            | \$0.26      |
| Washington     | \$0.87            | \$0.26      |
| West Virginia  | \$1.00            | \$0.18      |
| Wisconsin      | \$0.25            | \$0.06      |
| Wyoming        | (1)               | \$0.02      |

The table to the left compares table wine and beer tax rates by state. Distilled spirits is not included as it is difficult to compare tax rates between control states.

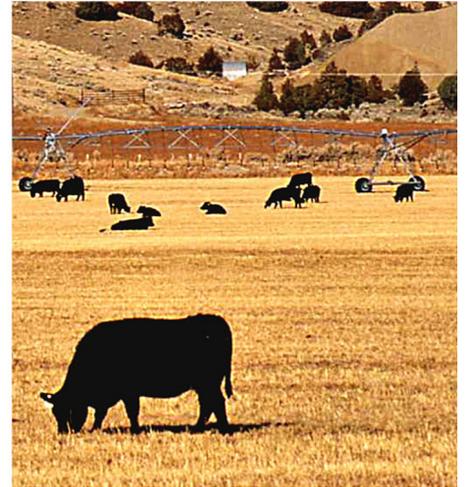
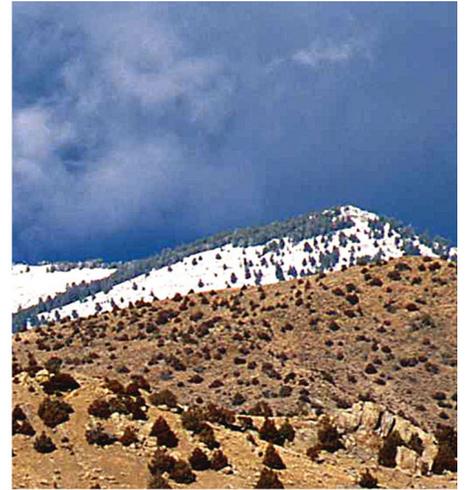
(1): Liquor Control State. Revenue in these states is generated from various taxes, fees, price mark-ups, and net profits.

Source: Compiled By Federation of Tax Administrators from state sources



# TAX EXPENDITURES

## BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



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## Introduction to Tax Expenditures

State governments affect people's lives in many ways. They provide services, they regulate behavior, and they levy taxes. When state government provides a service or regulates behavior, citizens and their legislators scrutinize the goals of the program, its costs, and its results. State programs that use the tax system to encourage private parties to change their behavior or provide services should receive the same scrutiny.

The purpose of this tax expenditure report is to provide the public and the legislature information to use in that scrutiny. It identifies special provisions in the tax code that either reward or discourage private activities. It also measures the cost of these special provisions in terms of reduced tax revenue.

### **What is a Tax Expenditure?**

When a state agency has a program to accomplish a goal, such as upgrading the pavement on state highways, the program has a direct cost to taxpayers – the taxes they must pay to finance the program. The program's budget spells out how much the program will cost and how the money will be spent.

When the state tax code contains provisions that give incentives for taxpayers to behave in certain ways, such as saving more or donating to charities, this also has a cost to taxpayers. Without the special provisions, either general taxes could be lower or more revenue could be available to provide public services. This cost to the state budget, and ultimately to other taxpayers, is called a *tax expenditure*.

### **How are Tax Expenditures Measured?**

There are two components to measuring tax expenditures: identifying special provisions of the tax code and estimating the revenue lost because of each special provision.

Since the introduction of the tax expenditure concept by the U.S. Treasury Department in 1967, there has been considerable controversy about what should be considered to be a tax expenditure and about what baseline should be used in estimating a special provision's revenue impact. In part, the controversy has been about technical points from economic theory, and in part, it has been an ideological argument between proponents of different visions of an ideal tax system. This controversy has tended to obscure the goal of tax expenditure reporting, which is to serve as a starting point for evaluating whether special features of the tax law should be continued, modified, or replaced.

This report roughly follows the logic put forward by the staff of the congressional Joint Committee on Taxation in a recent report *A Reconsideration of Tax Expenditure Analysis*.<sup>1</sup> It defines tax expenditures to be provisions of the tax law that deliberately depart from the general structure of the tax, generally with the goal of influencing taxpayer behavior. More general questions of tax policy, such as what should be taxed and at what rates, are outside the scope of tax expenditure analysis. This is to limit the scope of the analysis, not because these questions are not important.

For each tax considered, this report first identifies the general structure of the tax – the general rules defining the tax base and the normal rate structure. It then identifies exceptions from these general rules. The exceptions may take the form of special, limited exemptions from the tax base, special rates with limited applicability, or tax credits. For each special provision, it explores how the special provision affects qualifying taxpayers, the state budget, and other taxpayers. This report presents the amount of each tax expenditure based on information from actual tax returns, such as the amount of credits claimed or the reduction in tax liability due to reported exclusions or deductions. It does not attempt to estimate the changes in behavior a tax incentive has induced or the additional revenue that would result from repealing it. Ideally, these would be estimated as part of a periodic legislative review of each tax expenditure.

### **How Should This Information be Used?**

Ideally, the legislature would give tax expenditures the same kind of scrutiny that it gives to direct program expenditures. It would consider the likely costs and results of new proposals, and it would periodically evaluate the actual costs and impacts of existing tax expenditures. This evaluation would examine each tax

<sup>1</sup> Joint Committee on Taxation, *A Reconsideration of Tax Expenditure Analysis* (JCX-37-08), May 12, 2008.

## Introduction to Tax Expenditures

expenditure's effectiveness and its cost effectiveness.

Evaluating a tax expenditure's effectiveness would require having a clear statement of its purpose and measuring whether it accomplishes that purpose. In general, a tax expenditure's purpose is to change taxpayers' behavior in some way. An effective tax expenditure would produce a large change in taxpayers' behavior for a small cost in lost revenue. An ineffective tax expenditure would reward people for doing what they would have done anyway.

Thus, measuring a tax expenditure's effectiveness requires knowing its cost, knowing how much of the desired activity taxpayers engaged in, and estimating how much of the activity taxpayers would have done without the incentive.

Evaluating a tax expenditure's cost effectiveness would require comparing it with other methods of accomplishing the same goal. For example, the tax credits to encourage energy conservation investments could be compared to direct grant programs or changes in building codes. The tax credit for extending infrastructure to new manufacturing plants could be compared to a direct grant program or changes in land-use planning.

The following table lists all of the tax expenditures in this report, as well as each expenditure's code reference, year of enactment, and bill and chapter reference.

# Introduction to Tax Expenditures

| Tax Source            | Tax Expenditure                                                                            | Law                                    | Session/Year | Legislation | Chapter Number |
|-----------------------|--------------------------------------------------------------------------------------------|----------------------------------------|--------------|-------------|----------------|
| Individual Income Tax | Passive Tax Expenditures                                                                   | 15-30-2110(1)                          | 1955         | HB 354      | Ch 260         |
| Individual Income Tax | Health Savings Account                                                                     | Federal Provision                      |              |             |                |
| Individual Income Tax | Individual Retirement Account Deduction                                                    | Federal Provision                      |              |             |                |
| Individual Income Tax | Student Loan Interest Deduction                                                            | Federal Provision                      |              |             |                |
| Individual Income Tax | Tuition and Fees Deduction                                                                 | Federal Provision                      |              |             |                |
| Individual Income Tax | Deduction for Self-Employment                                                              | Federal Provision                      |              |             |                |
| Individual Income Tax | Domestic Production Activities                                                             | Federal Provision                      |              |             |                |
| Individual Income Tax | Interest On Federal Government Bonds                                                       | Federal Provision and 15-30-2110(2)(a) |              |             |                |
| Individual Income Tax | Exempt Tribal Income                                                                       | Federal Provision                      |              |             |                |
| Individual Income Tax | Unemployment Compensation                                                                  | 15-30-2101(10)                         | 1979         | HB 363      | Ch 476         |
| Individual Income Tax | Worker's Compensation                                                                      | 15-30-2110(2)(g)                       | 1985         | SB 72       | Ch 682         |
| Individual Income Tax | Small Business Investment Company Dividends                                                | 15-33-106                              | 1981         | HB 834      | Ch 571         |
| Individual Income Tax | Military Salary                                                                            | 15-30-2117(2)                          | 1975         | HB 152      | Ch 326         |
| Individual Income Tax | National Guard Life Insurance                                                              | 15-30-2117(3)                          | 2005         | HB 761      | Ch 604         |
| Individual Income Tax | Partial Pension Exemption                                                                  | 15-30-2110(2)(c)                       | 1963         | HB 232      | Ch 58          |
| Individual Income Tax | Partial Interest Exclusion for the Elderly                                                 | 15-30-2110(2)(b)                       | 1981         | HB 18       | Ch 546         |
| Individual Income Tax | Disability Retirement Income                                                               | 15-30-2110(10)                         | 1985         | SB 464      | Ch 364         |
| Individual Income Tax | Tips                                                                                       | 15-30-2110(2)(f)                       | 1983         | HB 841      | Ch 634         |
| Individual Income Tax | Employer-Paid Health Insurance Limited to Part Owners and Highly Compensated Employees     | 15-30-2110(2)(h)                       | 1985         | SB 72       | Ch 682         |
| Individual Income Tax | Employer-Paid Disability Insurance Limited to Part Owners and Highly Compensated Employees | 15-30-2110(2)(h)                       | 2013         | HB 545      | Ch 349         |
| Individual Income Tax | Third Party Repayment of Health Care Professional's Student Loans                          | 15-30-2110(12)                         | 2003         | SB408       | Ch 545         |
| Individual Income Tax | Montana Medical Savings Account                                                            | 15-61-101 to 205                       | 1995         | HB 560      | Ch 295         |
| Individual Income Tax | First Time Homebuyer Account                                                               | 15-63-101 to 205                       | 1997         | HB 599      | Ch 544         |
| Individual Income Tax | Family Education Savings Account                                                           | 15-62-101 to 302                       | 1997         | HB 536      | Ch 540         |
| Individual Income Tax | Farm and Risk Management Account                                                           | 15-30-3001 to 3005                     | 2001         | SB 245      | Ch 262         |
| Individual Income Tax | Tier II Railroad Retirement                                                                | Federal Provision                      |              |             |                |
| Individual Income Tax | Partial Exclusion of Capital Gains on Pre-1987 Installment Sales                           | 15-30-2110(13)                         | 1987         | HB 904      | Ch 666         |
| Individual Income Tax | Business Purchase of Recycled Material                                                     | 15-32-609 to 611                       | 1991         | SB 111      | Ch 712         |
| Individual Income Tax | Sale of Land to Beginning Farmers                                                          | 80-12-211                              | 1983         | SB 316      | Ch 580         |
| Individual Income Tax | Medical and Dental Expenses                                                                | Federal Provision                      |              |             |                |
| Individual Income Tax | Medical Insurance Premiums                                                                 | 15-30-2131(1)(a)(iii)                  | 1995         | HB 202      | Ch 284         |
| Individual Income Tax | Long Term Care Insurance Premiums                                                          | 15-30-2131(1)(a)(iv)                   | 1997         | SB 151      | Ch 383         |
| Individual Income Tax | Federal Income Tax                                                                         | 15-30-2131(1)(b)                       | 1933         | HB 328      | Ch 181         |
| Individual Income Tax | Sales Tax and Local Income Tax                                                             | Federal Provision                      |              |             |                |
| Individual Income Tax | Property Taxes on Real Estate                                                              | Federal Provision                      |              |             |                |

# Introduction to Tax Expenditures

| Tax Source            | Tax Expenditure                                           | Law                               | Session/Year | Legislation       | Chapter Number |
|-----------------------|-----------------------------------------------------------|-----------------------------------|--------------|-------------------|----------------|
| Individual Income Tax | Property Taxes on Personal Property                       | Federal Provision                 |              |                   |                |
| Individual Income Tax | Light Vehicle Registration Fees                           | 15-30-2131(1)(h)                  | 1999         | HB 540            | Ch 515         |
| Individual Income Tax | Livestock Fees                                            | 15-30-2131(1)(i)                  | 2001         | HB 124            | Ch 574         |
| Individual Income Tax | Other Deductible Taxes                                    | Federal Provision                 |              |                   |                |
| Individual Income Tax | Home Mortgage Interest                                    | Federal Provision                 |              |                   |                |
| Individual Income Tax | Charitable Contributions                                  | Federal Provision                 |              |                   |                |
| Individual Income Tax | Child and Dependent Care Expenses                         | 15-30-2131(1)(c)                  | 1977         | HB 47             | Ch 102         |
| Individual Income Tax | Casualty and Theft Losses                                 | Federal Provision                 |              |                   |                |
| Individual Income Tax | Political Contributions                                   | 15-30-2131(1)(d)                  | 1979         | HB 407            | Ch 129         |
| Individual Income Tax | Capital Gains Credit                                      | 15-30-2301                        | 2003         | SB 407            | Ch 544         |
| Individual Income Tax | College Contribution Credit                               | 15-30-2326                        | 1991         | HB 894            | Ch 542         |
| Individual Income Tax | Qualified Endowment Credit                                | 15-30-2327 to 2329                | 1997         | HB 434            | Ch 537         |
| Individual Income Tax | Energy Conservation Credit                                | 15-32-109 and 15-30-2319          | 1981         | HB 237            | Ch 480         |
| Individual Income Tax | Alternative Fuel Credit                                   | 15-30-2320                        | 1993         | HB 219            | Ch 617         |
| Individual Income Tax | Health Insurance for Uninsured Montanans Credit           | 15-30-2367                        | 1991         | HB 693            | Ch 606         |
| Individual Income Tax | Elderly Care Credit                                       | 15-30-2366                        | 1989         | HB 166            | Ch 469         |
| Individual Income Tax | Recycling Credit                                          | 15-32-601 to 604                  | 1991         | SB 111            | Ch 712         |
| Individual Income Tax | Oilseed Crushing and Biodiesel Production Facility Credit | 15-32-701 to 702                  | 2005         | HB 756            | Ch 524         |
| Individual Income Tax | Biodiesel Blending and Storage Tank Credit                | 15-32-703                         | 2005         | HB 756            | Ch 524         |
| Individual Income Tax | Geothermal Heating System Credit                          | 15-32-115                         | 1991         | SB 416            | Ch 646         |
| Individual Income Tax | Alternative Energy Systems Credit                         | 15-32-201 to 203                  | 1977         | SB 167            | Ch 574         |
| Individual Income Tax | Alternative Energy Production Credit                      | 15-32-401 to 407                  | 1983         | HB 780            | Ch 649         |
| Individual Income Tax | Dependent Care Credit                                     | 15-31-131, 15-31-133, 15-30-2373  | 1989         | SB 282            | Ch 706         |
| Individual Income Tax | Historic Property Preservation Credit                     | 15-30-2342, 15-31-151             | 1997         | HB 601            | Ch 545         |
| Individual Income Tax | Infrastructure Users Fee Credit                           | 17-6-316                          | 1995         | SB 100 and HB 602 | Ch 2 & Ch 477  |
| Individual Income Tax | Empowerment Zone Credit                                   | 15-30-2356 and 15-31-134          | 2003         | SB 484            | Ch 582         |
| Individual Income Tax | Research Credit                                           | 15-31-150                         | 1999         | HB 638            | Ch 444         |
| Individual Income Tax | Mineral Exploration Credit                                | 15-32-501 to 510                  | 1999         | SB 265            | Ch 538         |
| Individual Income Tax | Film Employment Credit                                    | 15-31-901 to 911                  | 2005         | HB 584            | Ch 593         |
| Individual Income Tax | Film Expenditure Credit                                   | 15-31-901 to 911                  | 2005         | HB 584            | Ch 593         |
| Individual Income Tax | Insure Montana Small Business Health Insurance Credit     | 33-22-2006; 15-30-2368; 15-31-130 | 2005         | HB 667            | Ch 595         |
| Individual Income Tax | Adoption Credit                                           | 15-30-2364                        | 2007         | HB 490            | Ch 320         |
| Individual Income Tax | Elderly Homeowner/Renter Credit                           | 15-30-2337 to 15-30-2341          | 1981         | SB 337            | Ch584          |
| Individual Income Tax | Credit For Other States' Taxes                            | 15-30-2302                        | 1941         | HB 38             | Ch 28          |
| Individual Income Tax | Emergency Lodging Credit                                  | 15-30-2381                        | 2007         | HB 240            | Ch 375         |
| Individual Income Tax | State Land Access Credit                                  | 15-30-2380                        | 2013         | HB 444            | Ch 346         |

# Introduction to Tax Expenditures

| Tax Source           | Tax Expenditure                                                                      | Law                      | Session/Year | Legislation     | Chapter Number |
|----------------------|--------------------------------------------------------------------------------------|--------------------------|--------------|-----------------|----------------|
| Corporate Income Tax | Water's Edge Election                                                                | 15-31-322 to 15-31-324   | 1987         | HB 703          | Ch 616         |
| Corporate Income Tax | Corporate Passive Deduction Expenditures                                             |                          |              |                 |                |
| Corporate Income Tax | Energy-Conservation Investment Deduction                                             | 15-32-103                | 1975         | HB 663          | Ch 548         |
| Corporate Income Tax | Deduction for Purchasing Montana-Produced Organic Fertilizer Produced as a Byproduct | 15-32-303                | 1981         | SB 322          | Ch 533         |
| Corporate Income Tax | Deduction for Donation of Exploration Information                                    | 15-32-510                | 1999         | SB 625          | Ch 538         |
| Corporate Income Tax | Deduction for Purchase of Recycled Material                                          | 15-32-609 and 610        | 1991         | SB 111          | Ch 712         |
| Corporate Income Tax | Capital Gains Exclusion for Mobil Home Park                                          | 15-31-163                | 2009         | HB 636          | Ch 389         |
| Corporate Income Tax | College Contributions Credit                                                         | 15-30-2326               | 1991         | HB 894          | Ch 542         |
| Corporate Income Tax | Contractor's Gross Receipts Tax Credit                                               | 15-50-207                | 1967         | HB 530          | Ch 195         |
| Corporate Income Tax | Charitable Endowments Credit                                                         | 15-31-161 and 162        | 1997         | HB 434          | Ch 537         |
| Corporate Income Tax | Alternative Fuel Motor Vehicle Conversion Credit                                     | 15-30-2320               | 1993         | HB 219          | Ch 617         |
| Corporate Income Tax | Health Insurance for Uninsured Montanans Credit                                      | 15-31-132                | 1989         | HB 166          | Ch 469         |
| Corporate Income Tax | Insure Montana Small Businesses Health Insurance Credit                              | 15-31-130 and 33-22-2006 | 2005         | HB 667          | Ch 595         |
| Corporate Income Tax | Recycling Credit                                                                     | 15-32-601 to 611         | 1991         | SB 111          | Ch 712         |
| Corporate Income Tax | Oilseed Crushing and Biodiesel Production Facility Credit                            | 15-32-701 and 702        | 2005         | HB 756          | Ch 524         |
| Corporate Income Tax | Biodiesel Blending and Storage Tank Credit                                           | 15-32-703                | 2005         | HB 756          | Ch 524         |
| Corporate Income Tax | Geothermal Heating Credit                                                            | 15-32-115                | 2005         | SB 340          | Ch 455         |
| Corporate Income Tax | Alternative Energy Production Credit                                                 | 15-32-401 to 407         | 1983         | HB 755          | Ch 648         |
| Corporate Income Tax | Dependent Care Assistance Credit                                                     | 15-31-131 and 133        | 1989         | SB 282          | Ch 706         |
| Corporate Income Tax | Historic Property Preservation Credit                                                | 15-31-151                | 1997         | HB 601          | Ch 545         |
| Corporate Income Tax | Infrastructure Users Fee Credit                                                      | 17-6-316                 | 1995         | SB 100 & HB 602 | Ch 2 & Ch 477  |
| Corporate Income Tax | New and Expanded Industry Credit                                                     | 15-31-124 to 127         | 1975         | HB 593          | Ch 435         |
| Corporate Income Tax | Empowerment Zone New Employees Tax Credit                                            | 15-31-134                | 2003         | SB 484          | Ch 582         |
| Corporate Income Tax | Qualified Research Credit                                                            | 15-31-150                | 1999         | HB 638          | Ch 444         |
| Corporate Income Tax | Mineral Exploration Incentive Credit                                                 | 15-32-501 to 509         | 1999         | SB 625          | Ch 538         |
| Corporate Income Tax | Film Employment Credit                                                               | 15-31-901 to 911         | 2005         | HB 584          | Ch 393         |
| Corporate Income Tax | Short Tem Temporary Lodging Credit                                                   | 15-31-171                | 2007         | HB 240          | Ch 375         |
| Property Tax         | Property Tax Assistance Program                                                      | 15-6-134                 | 1979         | HB 398          | Ch 706         |
| Property Tax         | Disabled American Veterans Program                                                   | 15-6-211                 | 1979         | HB 213          | Ch 693         |
| Property Tax         | Extended Property Tax Assistance Program                                             | 15-6-193                 | 2003         | SB 461          | Ch 606         |
| Oil and Gas Tax      | Reduced Rate for Oil and Gas Wells Completed After 1998                              | 15-36-304                | 1977         | HB 553          | Ch 256         |
| Oil and Gas Tax      | New Production Tax Holiday                                                           | 15-36-304                | 1977         | HB 553          | Ch 256         |
| Oil and Gas Tax      | Reduced Rates for Horizontally Recompleted Oil Wells                                 | 15-36-304                | 1993         | SB 18           | Ch 9           |
| Oil and Gas Tax      | Reduced Rates for Incremental Oil Production from Enhanced Recovery Projects         | 15-36-304                | 1985         | HB 636          | Ch 724         |
| Oil and Gas Tax      | Reduced Rates for Stripper and Super Stripper Oil Production                         | 15-36-304                | 1959         | HB 484          | Ch 172         |

## Introduction to Tax Expenditures

The following tables show the cost of tax expenditures by size. The tables showing income, corporate income, and property tax expenditures show only the cost to the general fund for these provisions. The fourth table showing natural resource expenditures shows the total cost of the tax expenditure to state and any local governments. Passive tax expenditures are not included in these tables. The total cost of passive expenditures from special provisions in the federal definition of total income is approximately \$283 million.

The income tax table does not show the following five provisions, as they all had no cost to the general fund in 2013: farm and ranch risk management accounts deduction, oilseed crushing and biodiesel production facility credit, empowerment zone credit, mineral exploration credit, and emergency lodging credit.

In the corporate income tax table, the total cost of energy conserving investments deduction, the deduction for purchasing Montana-produced organic fertilizer and inorganic fertilizer as a byproduct, the deduction for donation of exploration information, and capital gain exclusion for mobile home park are not available as they are not reported individually.

## Introduction to Tax Expenditures

| Individual Income Tax Expenditures                                          | 2013         |
|-----------------------------------------------------------------------------|--------------|
| Federal Income Tax Deduction                                                | \$66,976,406 |
| Special Treatment for Capital Gains                                         | \$29,365,395 |
| Credit for Other States' Taxes                                              | \$27,252,784 |
| Medical Insurance Premium Deduction                                         | \$17,602,245 |
| Medical and Dental Expenses Deduction                                       | \$9,817,890  |
| Elderly Homeowner/Renter Credit                                             | \$8,485,894  |
| Exempt Military Salary                                                      | \$7,927,126  |
| Unemployment Compensation Deduction                                         | \$6,828,544  |
| Energy Conservation Credit                                                  | \$3,931,727  |
| Partial Pension Exemption                                                   | \$3,459,610  |
| Exempt Tips                                                                 | \$2,457,255  |
| Qualified Endowment Credit                                                  | \$1,959,610  |
| Long Term Care Insurance Premium Deduction                                  | \$1,480,093  |
| Partial Interest Exclusion for Elderly Taxpayers                            | \$1,349,450  |
| Montana Medical Care Savings Account Deduction                              | \$1,150,552  |
| Family Education Savings Account Deduction                                  | \$626,909    |
| Alternative Energy Systems Credit                                           | \$518,842    |
| College Contribution Credit                                                 | \$254,708    |
| Geothermal Heating System Credit                                            | \$199,561    |
| Recycling Credit                                                            | \$187,167    |
| Adoption Credit                                                             | \$163,563    |
| Health Insurance for Uninsured Montanans Credit                             | \$134,370    |
| Historic Property Preservation Credit                                       | \$128,501    |
| Third-Party Repayment of Health Care Professional's Student Loans Deduction | \$58,935     |
| Film Employment Credit                                                      | \$55,391     |
| Health Benefits Limited to Highly-Compensated Employees Deduction           | \$47,933     |
| Political Contribution Deduction                                            | \$38,341     |
| First Time Homebuyer Account Deduction                                      | \$30,942     |
| Worker's Compensation Deduction                                             | \$24,696     |
| Business Purchases of Recycled Material Deduction                           | \$24,594     |
| Infrastructure Users Fee Credit                                             | \$21,503     |
| Elderly Care Credit                                                         | \$19,028     |
| Film Expenditure Credit                                                     | \$15,150     |
| Child and Dependent Care Expenses Deduction                                 | \$13,402     |
| Small Business Investment Company Dividend Deduction                        | \$11,984     |
| Partial Exclusion of Capital Gains on Pre-1987 Installment Sales            | \$10,402     |
| Alternative Fuel Credit                                                     | \$7,661      |
| Dependent Care Assistance Credit                                            | \$4,724      |
| Exempt Disability Retirement Income Deduction                               | \$2,993      |
| Biodiesel Blending and Storage Tank Credit                                  | \$2,250      |
| Sales of Land to Beginning Farmers Deduction                                | \$2,237      |
| Research Credit                                                             | \$1,521      |
| National Guard Life Insurance Premiums Deduction                            | \$1,031      |
| Alternative Energy Production Credit                                        | \$56         |

## Introduction to Tax Expenditures

| Corporate Income Tax Expenditures                                                                             | 2012             |
|---------------------------------------------------------------------------------------------------------------|------------------|
| Water's Edge Election*                                                                                        | \$8-\$13 million |
| Recycled Material Qualifying for Deduction                                                                    | \$956,782        |
| Contractor's Gross Receipts                                                                                   | \$763,534        |
| Insure Montana Small Business Health Insurance Credit                                                         | \$667,413        |
| Infrastructure Users Fee Credit                                                                               | \$305,304        |
| Recycling Credit                                                                                              | \$79,815         |
| Charitable Endowment Credit                                                                                   | \$60,406         |
| Film Employment and Production Tax Credit                                                                     | \$49,491         |
| Qualified Research Credit                                                                                     | \$47,394         |
| Health Insurance for Uninsured Montanans Credit                                                               | \$15,220         |
| College Contribution Credit                                                                                   | \$9,020          |
| Alternative Energy Production Credit                                                                          | \$50             |
| Mineral Exploration Incentive Credit                                                                          | \$25             |
| Alternative Fuel Motor Vehicle Conversion Credit                                                              | \$0              |
| Oilseed Crushing & Biodiesel Production Credit                                                                | \$0              |
| Biodiesel Blending and Storage Tank Credit                                                                    | \$0              |
| Geothermal Heating System Credit                                                                              | \$0              |
| Dependent Care Assistance Credit                                                                              | \$0              |
| Historic Property Preservation Credit                                                                         | \$0              |
| New/Expanded Industry Credit                                                                                  | \$0              |
| Empowerment Zone New Employees Tax Credit                                                                     | \$0              |
| Short-term Temporary Lodging Credit                                                                           | \$0              |
| Energy Conserving Investments Deduction                                                                       | --               |
| Deduction for Purchasing Montana-Produced Organic Fertilizer and Inorganic Fertilizer Produced as a Byproduct | --               |
| Deduction for Donation of Exploration Information                                                             | --               |
| Capital Gain Exclusion for Mobile Home Park                                                                   | --               |

\*The water's edge election expenditure amount is an estimate based on audits

| Property Tax Expenditures                                 | 2014        |
|-----------------------------------------------------------|-------------|
| Tax Increment Financing Districts                         | \$4,324,414 |
| Property Tax Assistance Program                           | \$1,765,544 |
| Disabled American Veterans Program                        | \$453,681   |
| Energy Production or Development Tax Abatement            | \$364,728   |
| Extended Property Tax Assistance Program                  | \$144,549   |
| Electrical Generation and Transmission Facility Exemption | \$0         |

| Natural Resource Tax Expenditures                                                   | 2014         |
|-------------------------------------------------------------------------------------|--------------|
| Oil New Production Holiday (Oil and Gas Production Tax)                             | \$55,864,789 |
| Natural Gas New Production Tax Holiday (Oil and Gas Production Tax)                 | \$2,010,467  |
| Oil Stripper Well Production (Oil and Gas Production Tax)                           | \$1,366,587  |
| Natural Gas Pre-1999 and Less than 60 MCF/day (Oil and Gas Production Tax)          | \$1,283,197  |
| Oil Horizontally Recompleted Wells (Oil and Gas Production Tax)                     | \$0          |
| Reduced Gross Proceeds Tax Rate for New Underground Coal Mines (Coal Severance Tax) | \$0          |

## Personal Income Tax Expenditures

### Tax Expenditures: Individual Income Tax

The individual income tax is a tax on income a person or couple receives during a year. The general structure of the income tax has three components:

- The taxpayer's adjusted gross income, which generally includes cash receipts and the value of non-monetary compensation and is net of the costs of earning income,
- An exemption for each taxpayer and each dependent and a standard deduction, which are subtracted from adjusted gross income to give taxable income, and
- The tax rates, which in Montana take the form of a graduated rate schedule with the first increments of income being taxed at lower rates. The personal exemption and standard deduction can be viewed as defining an initial rate bracket with a zero tax rate.

Tax expenditures for the income tax take four forms:

- Special treatment of specific types of income, either through special provisions for measuring income or through excluding some types of income from the definition of adjusted gross income,
- Itemized deductions from adjusted gross income for taxpayers who meet certain conditions or make certain types of expenditures,
- Lower tax rates for certain types of income, and
- Tax credits for taxpayers who meet certain conditions or make certain types of expenditures.

### Tax Expenditures in the Definition of Adjusted Gross Income

Montana law adopts the federal definition of adjusted gross income as the starting point for measuring income subject to the state income tax. Tax expenditures in the definition of adjusted gross income come from two sources: tax expenditures that arise in the federal definition of adjusted gross income and tax expenditures that arise from special provisions of Montana law. State tax expenditures that arise from the state's tie to federal law are called passive tax expenditures. The state legislature did not take any action to create them and would have to act to prevent them.

Some passive tax expenditures are the result of federal law exempting certain types of income from tax. Others arise from special rules for measuring income. These include special depreciation provisions, rules for the timing of recognition of income, and rules for determining when expenditures that employers make on behalf of their employees count as income to the employee. A third type of passive expenditure results from extra expense deductions federal law allows as incentives to make certain types of investment.

Federal credits do not create passive state tax expenditures, because they do not affect the taxpayer's adjusted gross income.

Montana tax returns do not include information that would allow reliable state-level estimates of individual passive tax expenditures. Total passive tax expenditures can be roughly estimated from the estimates of federal tax expenditures published by the congressional Joint Committee on Taxation (JCT).<sup>1</sup> The JCT's estimates of federal tax expenditures that create Montana passive tax expenditures total \$608 billion. Multiplying this by the ratio of adjusted gross income reported on federal returns with a Montana address to adjusted gross income reported on all federal returns, 0.27 percent, and the ratio of the top Montana rate to the top federal rate, 17.4 percent, gives the following rough estimate of these passive tax expenditures:

|                                                                                                                |
|----------------------------------------------------------------------------------------------------------------|
| <b>Montana Passive Expenditures from Special Provisions in Federal Definition of Total Income (\$ million)</b> |
| <b>\$283</b>                                                                                                   |

Other passive tax expenditures arise from specific adjustments to gross income. These items are listed on both federal and state tax returns. On the 2013 Montana Form 2, they are on lines 24 through 37. These items are sometimes called federal adjustments to income or above-the-line deductions.

Five above-the-line deductions should not be considered tax expenditures. Four allow taxpayers to deduct unreimbursed costs of doing their jobs or otherwise earning income. They are the deduction for educator expenses; the deduction for business expenses of reservists, performing artists, and fee basis local government officials; the deduction for expenses of moving to take a new job; and the deduction for penalties for early withdrawal of savings.

<sup>1</sup> "Estimates of Federal Tax Expenditures for Fiscal Years 2012-2017" by the staff of the Joint Committee on Taxation, January, 2013, Document JCS-1-13.

## Definition of Adjusted Gross Income - Passive Expenditures

The fifth is the deduction for alimony paid, which ensures that income allocated between former spouses is taxed to the person who ultimately receives it. The other seven above-the-line deductions are tax expenditures.

### Student Loan Interest Deduction: Federal Provision Legislation: NA

Taxpayers may deduct up to \$2,500 of interest they paid on student loans for either their own or their dependents' post-secondary education. This deduction provides a subsidy to taxpayers who borrow to pay for either their own or their dependents' education. This provides an incentive for taxpayers to invest more in their own or their dependents' educations. It also provides an incentive to increase the proportion of education expenses financed by borrowing. The following table shows student loan interest deductions for tax years 2005 through 2013. For 2013, the student loan interest deduction reduced income tax revenue to the state general fund by \$2,580,810, or \$4.08 per full-year resident taxpayer.

| Student Loan Interest Deduction |           |              |               |             |                     |             |        |              |
|---------------------------------|-----------|--------------|---------------|-------------|---------------------|-------------|--------|--------------|
|                                 | Residents |              | Non-Residents |             | Part-Year Residents |             | Total  |              |
|                                 | N         | \$           | N             | \$          | N                   | \$          | N      | \$           |
| 2005                            | 32,217    | \$19,351,674 | 1,919         | \$1,164,598 | 3,526               | \$2,189,736 | 37,662 | \$22,706,008 |
| 2006                            | 37,114    | \$25,323,574 | 2,089         | \$1,450,213 | 3,877               | \$2,820,547 | 43,080 | \$29,594,334 |
| 2007                            | 39,214    | \$29,796,691 | 2,144         | \$1,703,204 | 3,778               | \$3,009,468 | 45,136 | \$34,509,363 |
| 2008                            | 40,577    | \$32,089,772 | 2,356         | \$2,014,100 | 3,653               | \$3,063,092 | 46,586 | \$37,166,964 |
| 2009                            | 41,749    | \$32,806,866 | 2,361         | \$1,988,225 | 3,074               | \$2,621,006 | 47,184 | \$37,416,097 |
| 2010                            | 42,392    | \$34,202,184 | 2,470         | \$2,081,298 | 3,385               | \$3,138,523 | 48,247 | \$39,422,005 |
| 2011                            | 42,279    | \$36,245,983 | 2,641         | \$2,480,349 | 3,513               | \$3,433,628 | 48,433 | \$42,159,960 |
| 2012                            | 43,380    | \$38,303,590 | 3,033         | \$2,913,781 | 3,880               | \$3,864,992 | 50,293 | \$45,082,363 |
| 2013                            | 45,115    | \$41,374,226 | 3,194         | \$3,188,041 | 4,063               | \$4,132,916 | 52,372 | \$48,695,183 |

### Tuition and Fees Deduction: Federal Provision Legislation: NA

Taxpayers may deduct up to \$4,000 of tuition and fees they paid for their own or their dependents' post-secondary education. Federal law also allows a tax credit for some higher education expenses, and a taxpayer may not take both the deduction and the credit. This deduction provides a subsidy for taxpayers who are pursuing their own post-secondary education or paying for their dependents' post-secondary education. This provides an incentive for taxpayers to invest in their own or their dependents' educations.

This deduction did not have a separate line on either federal or state tax returns before 2007. The following table shows tuition and fees deductions for tax years 2007 through 2013. For 2013, the tuition and fees deduction reduced income tax revenue to the state general fund by \$481,661, or \$0.76 per full year resident taxpayer.

This deduction sunset at the end of 2014. It is part of the temporary provisions that Congress has been extending for one year at a time.

| Tuition and Fees Deduction |           |              |               |             |                     |             |        |              |
|----------------------------|-----------|--------------|---------------|-------------|---------------------|-------------|--------|--------------|
|                            | Residents |              | Non-Residents |             | Part-Year Residents |             | Total  |              |
|                            | N         | \$           | N             | \$          | N                   | \$          | N      | \$           |
| 2007                       | 12,356    | \$31,181,153 | 1,183         | \$2,881,876 | 902                 | \$2,304,488 | 14,441 | \$36,367,517 |
| 2008                       | 13,413    | \$34,238,086 | 1,340         | \$3,339,186 | 886                 | \$2,247,846 | 15,639 | \$39,825,118 |
| 2009                       | 6,605     | \$15,216,928 | 704           | \$1,607,260 | 549                 | \$1,481,854 | 7,858  | \$18,306,042 |
| 2010                       | 5,387     | \$11,733,181 | 601           | \$1,355,631 | 453                 | \$1,108,694 | 6,441  | \$14,197,506 |
| 2011                       | 5,640     | \$12,398,266 | 618           | \$1,457,285 | 542                 | \$1,372,674 | 6,800  | \$15,228,225 |
| 2012                       | 5,914     | \$13,060,037 | 637           | \$1,392,408 | 553                 | \$1,458,678 | 7,104  | \$15,911,123 |
| 2013                       | 5,496     | \$12,198,697 | 623           | \$1,359,370 | 531                 | \$1,388,396 | 6,650  | \$14,946,463 |

## Definition of Adjusted Gross Income - Passive Expenditures

### Health Savings Account Deduction: Federal Provision Legislation: NA

A Health Savings Account (HSA) is a tax-advantaged account for certain medical expenses of taxpayers whose only health insurance is a high-deductible health insurance plan. Funds in an HSA may be used only to pay medical costs that are not reimbursed by insurance. Both deposits to and distributions from an HSA are exempt from income tax.

HSAs provide a partial subsidy to taxpayers who buy their own health insurance and choose a high-deductible plan. This provides an incentive for individuals to purchase high-deductible health insurance themselves rather than choose some other option for health insurance or do without.

The following table shows HSA deductions for tax years 2005 through 2013. For 2013, the HSA deduction reduced income tax revenue to the state general fund by \$1,824,596, or \$2.89 per full year resident taxpayer.

| Health Savings Account Deduction |           |              |               |             |                     |           |       |              |
|----------------------------------|-----------|--------------|---------------|-------------|---------------------|-----------|-------|--------------|
|                                  | Residents |              | Non-Residents |             | Part-Year Residents |           | Total |              |
|                                  | N         | \$           | N             | \$          | N                   | \$        | N     | \$           |
| 2005                             | 1,793     | \$4,861,755  | 234           | \$721,309   | 105                 | \$202,804 | 2,132 | \$5,785,868  |
| 2006                             | 2,796     | \$8,066,464  | 419           | \$1,525,065 | 108                 | \$203,870 | 3,323 | \$9,795,399  |
| 2007                             | 3,989     | \$12,396,345 | 472           | \$1,961,471 | 175                 | \$327,251 | 4,636 | \$14,685,067 |
| 2008                             | 5,407     | \$16,792,206 | 697           | \$2,942,603 | 209                 | \$415,754 | 6,313 | \$20,150,563 |
| 2009                             | 6,040     | \$19,175,503 | 775           | \$3,300,085 | 155                 | \$343,945 | 6,970 | \$22,819,533 |
| 2010                             | 6,903     | \$21,882,122 | 965           | \$4,328,394 | 237                 | \$529,198 | 8,105 | \$26,739,714 |
| 2011                             | 7,673     | \$24,675,845 | 1,066         | \$4,630,468 | 264                 | \$598,301 | 9,003 | \$29,904,614 |
| 2012                             | 7,785     | \$25,616,255 | 1,063         | \$4,751,936 | 221                 | \$552,963 | 9,069 | \$30,921,154 |
| 2013                             | 8,119     | \$28,425,705 | 1,212         | \$5,547,865 | 235                 | \$565,381 | 9,566 | \$34,538,951 |

### Individual Retirement Account Deduction: Federal Provision Legislation: NA

An Individual Retirement Account (IRA) is a tax-advantaged account for retirement savings. Taxpayers are allowed an above-the-line deduction for contributions to a traditional IRA. For most taxpayers, the deduction is limited to \$5,500. The limit is \$1,000 higher for taxpayers who are 50 or older. Higher income taxpayers who participate in one of several types of pension plans have a lower limit that depends on their income.

Earnings retained in an IRA are not taxed. Funds deposited in an IRA and accumulated earnings are both taxed when they are withdrawn. This deferral of taxes gives taxpayers an incentive to increase retirement savings.

The following table shows IRA deductions for tax years 2005 through 2013. For 2013, the IRA deduction reduced income tax revenue to the state general fund by \$3,962,612, or \$6.27 per full year resident taxpayer.

| Individual Retirement Account Deduction |           |              |               |             |                     |             |        |              |
|-----------------------------------------|-----------|--------------|---------------|-------------|---------------------|-------------|--------|--------------|
|                                         | Residents |              | Non-Residents |             | Part-Year Residents |             | Total  |              |
|                                         | N         | \$           | N             | \$          | N                   | \$          | N      | \$           |
| 2005                                    | 14,848    | \$54,340,678 | 1,203         | \$5,790,667 | 487                 | \$1,521,475 | 16,538 | \$61,652,820 |
| 2006                                    | 15,436    | \$59,631,134 | 1,198         | \$6,242,828 | 497                 | \$1,599,056 | 17,131 | \$67,473,018 |
| 2007                                    | 15,803    | \$61,619,221 | 1,205         | \$6,030,013 | 498                 | \$1,656,623 | 17,506 | \$69,305,857 |
| 2008                                    | 13,527    | \$56,421,582 | 1,112         | \$6,816,737 | 328                 | \$1,122,702 | 14,967 | \$64,361,021 |
| 2009                                    | 12,480    | \$52,303,964 | 1,002         | \$5,874,759 | 274                 | \$1,021,602 | 13,756 | \$59,200,325 |
| 2010                                    | 12,484    | \$53,329,887 | 1,091         | \$6,499,869 | 269                 | \$928,945   | 13,844 | \$60,758,701 |
| 2011                                    | 12,466    | \$54,281,327 | 1,145         | \$6,889,532 | 353                 | \$1,224,768 | 13,964 | \$62,395,627 |
| 2012                                    | 12,406    | \$56,077,309 | 1,219         | \$7,332,085 | 348                 | \$1,060,895 | 13,973 | \$64,470,289 |
| 2013                                    | 12,909    | \$62,060,097 | 1,403         | \$9,118,826 | 392                 | \$1,451,143 | 14,704 | \$72,630,066 |

## Definition of Adjusted Gross Income - Passive Expenditures

### Domestic Production Activities Deduction: Federal Provision Legislation: NA

Before 2004, certain income from exports to other countries was exempt from taxation. The World Trade Organization found that this export subsidy violated international trade agreements that the United States had signed. This exposed the United States to potential sanctions from its trade partners. Congress responded by repealing the export subsidy and replacing it with a general subsidy for manufacturing.

In addition to the normal deduction for business expenses, taxpayers are allowed an above-the-line deduction of 9 percent of net income from producing new goods and engineering and architectural services in the United States. The deduction cannot be more than the smaller of the taxpayer's adjusted gross income (taxable income for a corporation) or half of the wages the taxpayer pays to employees. An individual can claim the deduction based on income from production activities carried out by a sole-proprietor business or the taxpayer's share of income from production activities carried out by a pass-through entity.

This partial exemption of income from manufacturing and engineering and architectural services is equivalent to taxing this income at a lower rate than income from other business activities. This provides businesses with an incentive to produce goods and engineering and architectural services rather than other types of services and to engage in these production activities in the United States rather than in other countries.

The following table shows domestic production activities deductions for tax years 2005 through 2013. For 2013, the domestic production activities deduction reduced individual income tax revenue to the general fund by \$3,604,224, or \$5.70 per full-year resident taxpayer. Most of the value of this deduction is claimed by non-residents, but most non-residents filers have a relatively small fraction of their income from Montana, so most of the tax expenditure goes to residents.

|      | Residents |              | Non-Residents |               | Part-Year Residents |             | Total  |               |
|------|-----------|--------------|---------------|---------------|---------------------|-------------|--------|---------------|
|      | N         | \$           | N             | \$            | N                   | \$          | N      | \$            |
| 2005 | 2,817     | \$11,947,553 | 796           | \$42,873,123  | 45                  | \$200,290   | 3,658  | \$55,020,966  |
| 2006 | 11,007    | \$34,084,680 | 2,116         | \$57,874,171  | 585                 | \$1,502,737 | 13,708 | \$93,461,588  |
| 2007 | 4,352     | \$35,899,187 | 1,130         | \$53,479,563  | 58                  | \$604,676   | 5,540  | \$89,983,426  |
| 2008 | 4,286     | \$28,313,939 | 1,762         | \$198,481,095 | 70                  | \$1,103,846 | 6,118  | \$227,898,880 |
| 2009 | 4,160     | \$22,914,712 | 1,675         | \$133,588,571 | 39                  | \$239,355   | 5,874  | \$156,742,638 |
| 2010 | 5,574     | \$43,123,307 | 2,109         | \$324,358,015 | 74                  | \$618,466   | 7,757  | \$368,099,788 |
| 2011 | 5,638     | \$43,533,192 | 2,210         | \$385,089,358 | 73                  | \$791,762   | 7,921  | \$429,414,312 |
| 2012 | 5,534     | \$47,736,036 | 2,151         | \$406,922,598 | 60                  | \$211,682   | 7,745  | \$454,870,316 |
| 2013 | 6,088     | \$50,133,423 | 2,541         | \$390,432,012 | 82                  | \$704,680   | 8,711  | \$441,270,115 |

## Definition of Adjusted Gross Income - Passive Expenditures

### Deductions for the Self-Employed: Federal Provision Legislation: NA

Three above-the-line deductions give self-employed persons the same treatment as employees for fringe benefits and retirement plans. They are the deduction for one-half of self-employment tax, the deduction for contributions to qualified self-employed retirement plans, and the deduction for self-employed person's health insurance premiums. These are equivalent to an employer's payments for payroll taxes, health insurance benefits, and pension contributions that are not included in employee's adjusted gross income.

The exclusions for employees provide an incentive for employers to offer and employees to accept pension and health benefits because they make it cheaper for employers to provide an additional dollar of after-tax compensation as fringe benefits rather than as wages. Providing the same exclusions for self-employed persons removes an incentive to be an employee rather than self-employed.

The costs of the exclusions for employees are included in the figure for passive tax expenditures. The following tables show these deductions for tax years 2005 through 2013. For 2013, extending these exclusions to the self-employed reduced income tax revenue to the state general fund by \$15,873,862, or \$25.11 per full-year resident taxpayer.

| One-Half of Self Employment Tax |           |              |               |              |                     |             |        |               |
|---------------------------------|-----------|--------------|---------------|--------------|---------------------|-------------|--------|---------------|
|                                 | Residents |              | Non-Residents |              | Part-Year Residents |             | Total  |               |
|                                 | N         | \$           | N             | \$           | N                   | \$          | N      | \$            |
| 2005                            | 58,815    | \$71,483,283 | 6,286         | \$24,307,841 | 2,291               | \$2,176,822 | 67,392 | \$97,967,946  |
| 2006                            | 59,151    | \$74,926,867 | 6,219         | \$22,647,884 | 2,388               | \$1,991,335 | 67,758 | \$99,566,086  |
| 2007                            | 60,278    | \$79,003,075 | 5,737         | \$14,878,508 | 2,287               | \$2,023,076 | 68,302 | \$95,904,659  |
| 2008                            | 58,744    | \$74,863,322 | 7,335         | \$28,920,785 | 2,123               | \$1,948,293 | 68,202 | \$105,732,400 |
| 2009                            | 57,031    | \$70,605,043 | 6,910         | \$26,039,269 | 1,752               | \$1,593,344 | 65,693 | \$98,237,656  |
| 2010                            | 56,835    | \$69,819,591 | 7,555         | \$34,223,881 | 1,983               | \$2,112,075 | 66,373 | \$106,155,547 |
| 2011                            | 58,708    | \$76,908,913 | 8,341         | \$36,132,655 | 2,029               | \$2,057,736 | 69,078 | \$115,099,304 |
| 2012                            | 57,264    | \$77,679,329 | 8,375         | \$32,192,253 | 2,115               | \$2,006,523 | 67,754 | \$111,878,105 |
| 2013                            | 59,162    | \$84,415,172 | 9,383         | \$38,275,634 | 2,307               | \$2,297,896 | 70,852 | \$124,988,702 |

| Contributions to Qualified Self-Employed Retirement Plans |           |              |               |              |                     |             |       |              |
|-----------------------------------------------------------|-----------|--------------|---------------|--------------|---------------------|-------------|-------|--------------|
|                                                           | Residents |              | Non-Residents |              | Part-Year Residents |             | Total |              |
|                                                           | N         | \$           | N             | \$           | N                   | \$          | N     | \$           |
| 2005                                                      | 3,763     | \$51,859,057 | 1,175         | \$28,573,377 | 85                  | \$1,356,057 | 5,023 | \$81,788,491 |
| 2006                                                      | 3,751     | \$54,938,617 | 1,165         | \$27,108,796 | 96                  | \$1,420,275 | 5,012 | \$83,467,688 |
| 2007                                                      | 3,481     | \$52,250,335 | 907           | \$21,407,969 | 84                  | \$1,347,219 | 4,472 | \$75,005,523 |
| 2008                                                      | 3,048     | \$46,752,467 | 1,134         | \$31,280,734 | 75                  | \$914,798   | 4,257 | \$78,947,999 |
| 2009                                                      | 2,707     | \$42,822,026 | 1,030         | \$26,706,434 | 50                  | \$546,977   | 3,787 | \$70,075,437 |
| 2010                                                      | 2,611     | \$43,089,605 | 1,143         | \$33,264,923 | 69                  | \$1,217,513 | 3,823 | \$77,572,041 |
| 2011                                                      | 2,588     | \$42,298,279 | 1,168         | \$36,460,986 | 62                  | \$1,288,153 | 3,818 | \$80,047,418 |
| 2012                                                      | 2,443     | \$41,584,610 | 1,088         | \$33,441,775 | 49                  | \$997,520   | 3,580 | \$76,023,905 |
| 2013                                                      | 2,632     | \$47,762,885 | 1,259         | \$38,226,913 | 63                  | \$1,266,334 | 3,954 | \$87,256,132 |

| Self-Employed Health Insurance Premiums Deduction |           |               |               |              |                     |             |        |               |
|---------------------------------------------------|-----------|---------------|---------------|--------------|---------------------|-------------|--------|---------------|
|                                                   | Residents |               | Non-Residents |              | Part-Year Residents |             | Total  |               |
|                                                   | N         | \$            | N             | \$           | N                   | \$          | N      | \$            |
| 2005                                              | 21,219    | \$92,534,884  | 3,057         | \$20,040,435 | 511                 | \$1,716,612 | 24,787 | \$114,291,931 |
| 2006                                              | 20,940    | \$95,735,690  | 2,936         | \$19,504,200 | 465                 | \$1,464,168 | 24,341 | \$116,704,058 |
| 2007                                              | 20,644    | \$98,953,188  | 2,622         | \$17,996,591 | 444                 | \$1,642,157 | 23,710 | \$118,591,936 |
| 2008                                              | 20,071    | \$102,338,278 | 3,512         | \$27,287,502 | 398                 | \$1,316,008 | 23,981 | \$130,941,788 |
| 2009                                              | 19,190    | \$98,936,900  | 3,399         | \$27,785,729 | 346                 | \$1,357,558 | 22,935 | \$128,080,187 |
| 2010                                              | 21,191    | \$110,816,477 | 4,114         | \$35,170,815 | 412                 | \$1,738,433 | 25,717 | \$147,725,725 |
| 2011                                              | 21,235    | \$116,579,020 | 4,359         | \$39,243,006 | 409                 | \$1,547,156 | 26,003 | \$157,369,182 |
| 2012                                              | 20,848    | \$116,803,202 | 4,265         | \$38,252,152 | 399                 | \$1,581,816 | 25,512 | \$156,637,170 |
| 2013                                              | 22,355    | \$132,130,435 | 4,984         | \$46,016,372 | 434                 | \$1,800,061 | 27,773 | \$179,946,868 |

## Definition of Adjusted Gross Income

### Montana Adjustments to Income

Montana has 50 adjustments to federal adjusted gross income that taxpayers are either allowed or required to make in calculating Montana adjusted gross income. Some of these Montana adjustments allocate income between spouses filing separate Montana returns when they file a joint federal return. Other state adjustments exist because federal law prohibits states from taxing certain types of income that the federal government taxes. A few exist because the state taxes some types of income that the federal government does not tax. Most exist because the legislature has chosen to partly or completely exempt certain types of income from taxation.

**Interest on Federal Government Bonds:** Federal Provision and 15-30-2110(2)(a), MCA  
**Legislation:** NA

Federal law and court decisions prohibit states from taxing interest on federal government bonds. Montana law exempts interest on federal bonds from taxation. The following table shows exempt federal interest since 2005. If the state was able to tax this income it would have increased income tax revenue to the general fund by \$1,085,328, or \$1.72 per full year resident taxpayer for 2013.

| Interest on Federal Government Bonds |           |              |               |               |                     |             |        |               |  |
|--------------------------------------|-----------|--------------|---------------|---------------|---------------------|-------------|--------|---------------|--|
|                                      | Residents |              | Non-Residents |               | Part-Year Residents |             | Total  |               |  |
|                                      | N         | \$           | N             | \$            | N                   | \$          | N      | \$            |  |
| 2005                                 | 22,326    | \$49,168,424 | 3,185         | \$120,979,650 | 629                 | \$1,424,866 | 26,140 | \$171,572,940 |  |
| 2006                                 | 23,727    | \$67,566,360 | 3,200         | \$129,009,267 | 652                 | \$3,866,720 | 27,579 | \$200,442,347 |  |
| 2007                                 | 24,943    | \$76,997,436 | 2,741         | \$64,573,369  | 692                 | \$1,698,874 | 28,376 | \$143,269,679 |  |
| 2008                                 | 23,481    | \$51,862,384 | 3,809         | \$208,173,091 | 635                 | \$2,371,497 | 27,925 | \$262,406,972 |  |
| 2009                                 | 20,220    | \$37,421,242 | 3,304         | \$82,926,289  | 433                 | \$795,403   | 23,957 | \$121,142,934 |  |
| 2010                                 | 18,966    | \$31,017,274 | 3,382         | \$116,283,113 | 479                 | \$556,615   | 22,827 | \$147,857,002 |  |
| 2011                                 | 17,310    | \$25,764,777 | 3,192         | \$150,492,487 | 428                 | \$484,575   | 20,930 | \$176,741,839 |  |
| 2012                                 | 16,211    | \$22,275,353 | 2,844         | \$58,400,464  | 451                 | \$850,448   | 19,506 | \$81,526,265  |  |
| 2013                                 | 15,909    | \$19,330,263 | 2,572         | \$106,019,200 | 416                 | \$526,474   | 18,897 | \$125,875,937 |  |

**Exempt Tribal Income:** Federal Provision  
**Legislation:** NA

Indian tribes are sovereign governments and state taxation of tribes and their members is governed by federal law and treaties. The right to tax the income that a member who lives on the tribe's reservation earns on the reservation is reserved to the tribal government. The state may tax income non-members earn on a reservation and income a tribal member earns off the reservation. This is similar to the general rule for taxation across national borders – a country may tax income its citizens earn anywhere, and may tax income non-citizens earn in the country, but may not tax income citizens of another country earn in another country. Therefore, it is not clear whether the exemption for tribal income should be considered a tax expenditure.

The following table shows exempt tribal income reported on Montana returns since 2005. If the state was able to tax this income it would have increased income tax revenue to the general fund by \$6,250,767, or \$9.89 per full year resident taxpayer for 2013.

| Exempt Tribal Income |           |               |               |           |                     |             |       |               |  |
|----------------------|-----------|---------------|---------------|-----------|---------------------|-------------|-------|---------------|--|
|                      | Residents |               | Non-Residents |           | Part-Year Residents |             | Total |               |  |
|                      | N         | \$            | N             | \$        | N                   | \$          | N     | \$            |  |
| 2005                 | 4,638     | \$109,780,493 | 16            | \$412,813 | 41                  | \$528,813   | 4,695 | \$110,722,119 |  |
| 2006                 | 6,330     | \$151,953,947 | 12            | \$224,730 | 54                  | \$838,156   | 6,396 | \$153,016,833 |  |
| 2007                 | 7,287     | \$182,801,857 | *             | \$138,652 | 46                  | \$556,012   | *     | \$183,496,521 |  |
| 2008                 | 7,378     | \$187,639,734 | 13            | \$668,539 | 58                  | \$1,061,691 | 7,449 | \$189,369,964 |  |
| 2009                 | 7,700     | \$201,760,096 | 11            | \$200,709 | 54                  | \$877,670   | 7,765 | \$202,838,475 |  |
| 2010                 | 7,202     | \$200,800,212 | 20            | \$496,160 | 53                  | \$1,376,590 | 7,275 | \$202,672,962 |  |
| 2011                 | 7,132     | \$290,700,359 | 19            | \$388,120 | 51                  | \$1,315,689 | 7,202 | \$292,404,168 |  |
| 2012                 | 6,959     | \$221,787,087 | 16            | \$473,244 | 50                  | \$1,169,701 | 7,025 | \$223,430,032 |  |
| 2013                 | 5,620     | \$170,919,136 | 22            | \$539,535 | 44                  | \$978,101   | 5,686 | \$172,436,772 |  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

## Definition of Adjusted Gross Income

**Unemployment Compensation:** 15-30-2101, MCA  
**Legislation:** HB 363 1979 Session

Federal law exempts the first \$2,400 of unemployment compensation. Montana exempts all unemployment compensation from taxation. The state revenue loss from the federal exemption is included in the estimate of passive tax expenditures. The following table shows additional state exemptions for unemployment compensation since 2005. For 2013, this exclusion reduced income tax revenue to the general fund by \$6,828,544, or \$10.80 per full year resident taxpayer.

| Unemployment Compensation |           |               |               |              |                     |              |        |               |
|---------------------------|-----------|---------------|---------------|--------------|---------------------|--------------|--------|---------------|
|                           | Residents |               | Non-Residents |              | Part-Year Residents |              | Total  |               |
|                           | N         | \$            | N             | \$           | N                   | \$           | N      | \$            |
| 2005                      | 21,669    | \$56,464,400  | 2,328         | \$9,312,642  | 1,550               | \$5,408,518  | 25,547 | \$71,185,560  |
| 2006                      | 21,698    | \$58,694,074  | 1,990         | \$7,743,079  | 1,491               | \$5,216,061  | 25,179 | \$71,653,214  |
| 2007                      | 22,216    | \$62,871,680  | 2,331         | \$9,432,544  | 1,402               | \$5,070,623  | 25,949 | \$77,374,847  |
| 2008                      | 29,607    | \$99,748,626  | 2,339         | \$10,512,152 | 1,741               | \$7,082,519  | 33,687 | \$117,343,297 |
| 2009                      | 31,984    | \$169,813,215 | 2,942         | \$18,729,135 | 1,907               | \$11,978,353 | 36,833 | \$200,520,703 |
| 2010                      | 47,123    | \$268,585,687 | 4,653         | \$34,225,311 | 2,750               | \$18,303,436 | 54,526 | \$321,114,434 |
| 2011                      | 41,856    | \$192,982,355 | 4,523         | \$28,417,877 | 2,523               | \$14,055,209 | 48,902 | \$235,455,441 |
| 2012                      | 35,808    | \$158,526,968 | 5,298         | \$31,476,030 | 2,316               | \$12,245,987 | 43,422 | \$202,248,985 |
| 2013                      | 32,374    | \$129,933,369 | 4,756         | \$26,765,431 | 2,171               | \$10,499,700 | 39,301 | \$167,198,500 |

**Worker's Compensation:** 15-30-2110(2)(g), MCA  
**Legislation:** SB 72, 1985 Session

Federal law exempts worker's compensation payments except those that relate to medical expenses deducted in an earlier year. Montana exempts all worker's compensation payments. The state revenue loss from the federal exemption is included in the estimate of passive tax expenditures. The following table shows additional state exemptions for worker's compensation payments since 2005. For 2013, this exclusion reduced income tax revenue to the general fund by \$24,696, or \$0.04 per full-year resident taxpayer.

| Exempt Worker's Compensation |           |             |               |           |                     |           |       |             |
|------------------------------|-----------|-------------|---------------|-----------|---------------------|-----------|-------|-------------|
|                              | Residents |             | Non-Residents |           | Part-Year Residents |           | Total |             |
|                              | N         | \$          | N             | \$        | N                   | \$        | N     | \$          |
| 2005                         | 73        | \$196,017   | *             | \$181,497 | *                   | \$18,721  | *     | \$396,235   |
| 2006                         | 91        | \$409,774   | *             | \$40,865  | *                   | \$70,684  | *     | \$521,323   |
| 2007                         | 81        | \$261,696   | *             | \$24,398  | *                   | \$741     | *     | \$286,835   |
| 2008                         | 75        | \$400,335   | *             | \$15,719  | 10                  | \$56,305  | *     | \$472,359   |
| 2009                         | 201       | \$1,006,241 | *             | \$21,577  | 14                  | \$59,733  | *     | \$1,087,551 |
| 2010                         | 323       | \$1,990,149 | 20            | \$102,955 | 17                  | \$122,757 | 360   | \$2,215,861 |
| 2011                         | 149       | \$786,281   | *             | \$22,823  | *                   | \$22,849  | *     | \$831,953   |
| 2012                         | 135       | \$918,240   | *             | \$42,137  | *                   | \$70,004  | *     | \$1,030,381 |
| 2013                         | 137       | \$1,009,272 | *             | \$29,361  | *                   | \$9,979   | *     | \$1,048,612 |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

## Definition of Adjusted Gross Income

**Small Business Investment Company Dividends:** 15-33-106, MCA  
**Legislation:** HB 834, 1981 Session

The federal Small Business Investment Act of 1958 created a category of venture capital firms called small business investment companies. Montana law allows taxpayers to exempt capital gains or dividends from a Montana small business investment company. This provides an incentive to invest in these companies rather than in other businesses.

The following table shows income exempted under this provision since 2005. For 2013, this exclusion reduced income tax revenue to the general fund by \$11,984, or \$0.02 per full year resident taxpayer.

| Capital Gains from Small Business Investment Companies |           |           |               |             |                     |           |       |             |
|--------------------------------------------------------|-----------|-----------|---------------|-------------|---------------------|-----------|-------|-------------|
|                                                        | Residents |           | Non-Residents |             | Part-Year Residents |           | Total |             |
|                                                        | N         | \$        | N             | \$          | N                   | \$        | N     | \$          |
| 2005                                                   | 57        | \$61,287  | *             | \$9,904,829 | *                   | \$7,508   | *     | \$9,973,624 |
| 2006                                                   | 37        | \$119,479 | *             | \$149,653   | *                   | \$4,065   | *     | \$273,197   |
| 2007                                                   | 39        | \$49,391  | *             | \$1,848     | *                   | \$143,468 | *     | \$194,707   |
| 2008                                                   | 38        | \$50,125  | *             | \$14,420    | *                   | \$0       | *     | \$64,545    |
| 2009                                                   | 42        | \$73,145  | *             | \$74        | 0                   | \$0       | *     | \$73,219    |
| 2010                                                   | 54        | \$148,811 | *             | \$44,362    | *                   | \$8       | *     | \$193,181   |
| 2011                                                   | 33        | \$95,032  | *             | \$15,277    | *                   | \$48,675  | *     | \$158,984   |
| 2012                                                   | 15        | \$47,868  | *             | \$24,814    | 0                   | \$0       | *     | \$72,682    |
| 2013                                                   | 17        | \$173,389 | *             | \$209,411   | *                   | \$274     | *     | \$383,074   |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

**National Guard Life Insurance Premiums:** 15-30-2117(3)  
**Legislation:** HB 761, 2005 Session

The state will reimburse members of the National Guard or Reserve who are on active duty for premiums they pay for military group life insurance. This reimbursement is treated as income for federal income tax, but the state exempts it from taxation. This exemption increases the after-tax income of guard and reserve members, increasing the financial incentive to join or remain in the guard or reserves. It also provides an incentive for guard and reserve members to purchase military group life insurance. The following table shows exempt Guard and Reserve life insurance premium reimbursements since 2005. For 2013, this exclusion reduced income tax revenue to the general fund by \$1,031, or \$0.002 per full year resident taxpayer.

| National Guard Life Insurance Premium Reimbursement |           |           |               |         |                     |         |       |           |
|-----------------------------------------------------|-----------|-----------|---------------|---------|---------------------|---------|-------|-----------|
|                                                     | Residents |           | Non-Residents |         | Part-Year Residents |         | Total |           |
|                                                     | N         | \$        | N             | \$      | N                   | \$      | N     | \$        |
| 2005                                                | 159       | \$93,693  | *             | \$130   | *                   | \$1,058 | *     | \$94,881  |
| 2006                                                | 131       | \$520,505 | *             | \$29    | *                   | \$2,100 | *     | \$522,634 |
| 2007                                                | 103       | \$553,974 | *             | \$926   | *                   | \$930   | *     | \$555,830 |
| 2008                                                | 118       | \$447,340 | *             | \$53    | *                   | \$1,823 | *     | \$449,216 |
| 2009                                                | 40        | \$441,796 | *             | \$956   | 0                   | \$0     | *     | \$442,752 |
| 2010                                                | 52        | \$69,491  | *             | \$1,600 | *                   | \$433   | *     | \$71,524  |
| 2011                                                | 45        | \$14,795  | *             | \$468   | *                   | \$210   | *     | \$15,473  |
| 2012                                                | 41        | \$17,001  | *             | \$324   | *                   | \$549   | *     | \$17,874  |
| 2013                                                | 46        | \$28,091  | *             | \$27    | *                   | \$569   | *     | \$28,687  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

## Definition of Adjusted Gross Income

**Military Salary:** 15-30-2117(2), MCA  
**Legislation:** HB 152, 1979 Session

Montana exempts the military salary of residents who are on active duty in the armed forces. The following table shows the amount of income subject to this exemption since 2005.

| Active Duty Military Salary |           |               |               |             |                     |             |       |               |  |
|-----------------------------|-----------|---------------|---------------|-------------|---------------------|-------------|-------|---------------|--|
|                             | Residents |               | Non-Residents |             | Part-Year Residents |             | Total |               |  |
|                             | N         | \$            | N             | \$          | N                   | \$          | N     | \$            |  |
| 2005                        | 4,673     | \$125,255,618 | 123           | \$4,282,937 | 222                 | \$6,041,248 | 5,018 | \$135,579,803 |  |
| 2006                        | 4,667     | \$126,527,045 | 153           | \$4,997,576 | 239                 | \$6,033,752 | 5,059 | \$137,558,373 |  |
| 2007                        | 4,000     | \$124,730,710 | 94            | \$3,546,097 | 196                 | \$5,471,423 | 4,290 | \$133,748,230 |  |
| 2008                        | 4,105     | \$131,691,515 | 137           | \$5,031,564 | 170                 | \$4,840,757 | 4,412 | \$141,563,836 |  |
| 2009                        | 4,259     | \$142,046,880 | 113           | \$4,746,639 | 145                 | \$3,994,003 | 4,517 | \$150,787,522 |  |
| 2010                        | 4,706     | \$153,852,927 | 95            | \$3,641,023 | 160                 | \$4,601,945 | 4,961 | \$162,095,895 |  |
| 2011                        | 4,368     | \$148,526,725 | 94            | \$3,910,963 | 136                 | \$4,049,039 | 4,598 | \$156,486,727 |  |
| 2012                        | 4,520     | \$158,404,853 | 93            | \$4,059,101 | 150                 | \$4,931,370 | 4,763 | \$167,395,324 |  |
| 2013                        | 4,521     | \$164,472,809 | 129           | \$5,438,421 | 143                 | \$4,799,545 | 4,793 | \$174,710,775 |  |

Federal law allows military personnel and their spouses to maintain residency in their home state and requires states to treat military salaries and some income of military spouses as if it were earned in the home state. This requires Montana to exempt military salaries and some other income that service members and their spouses earn in Montana. The following table shows income not counted as Montana income because of this requirement.

| Non-Resident Military Salary |           |             |               |              |                     |             |       |              |  |
|------------------------------|-----------|-------------|---------------|--------------|---------------------|-------------|-------|--------------|--|
|                              | Residents |             | Non-Residents |              | Part-Year Residents |             | Total |              |  |
|                              | N         | \$          | N             | \$           | N                   | \$          | N     | \$           |  |
| 2005                         | 76        | \$2,323,750 | 540           | \$18,994,689 | 211                 | \$5,879,707 | 827   | \$27,198,146 |  |
| 2006                         | 93        | \$3,124,488 | 464           | \$17,002,978 | 215                 | \$5,962,234 | 772   | \$26,089,700 |  |
| 2007                         | 99        | \$2,898,800 | 507           | \$18,358,797 | 200                 | \$5,233,585 | 806   | \$26,491,182 |  |
| 2008                         | 111       | \$3,661,691 | 565           | \$20,578,737 | 183                 | \$6,047,966 | 859   | \$30,288,394 |  |
| 2009                         | 97        | \$3,560,669 | 559           | \$20,974,101 | 161                 | \$4,821,656 | 817   | \$29,356,426 |  |
| 2010                         | 115       | \$4,739,141 | 576           | \$23,357,142 | 168                 | \$4,940,973 | 859   | \$33,037,256 |  |
| 2011                         | 119       | \$4,212,397 | 520           | \$22,133,967 | 174                 | \$5,386,754 | 813   | \$31,733,118 |  |
| 2012                         | 107       | \$3,862,257 | 626           | \$25,020,849 | 207                 | \$5,980,079 | 940   | \$34,863,185 |  |
| 2013                         | 125       | \$4,235,016 | 743           | \$29,074,744 | 189                 | \$6,223,632 | 1,057 | \$39,533,392 |  |

Together, the state exclusion of residents' military salaries and the federal requirement to exclude non-residents' military salaries reduced 2013 income tax revenue to the general fund by \$7,927,126, or \$12.54 per full-year resident taxpayer.

**Partial Pension Exemption:** 15-30-2110(2)(c), MCA  
**Legislation:** HB 232, 1963 Session / SB 226, 1991 Session

Taxpayers with federal adjusted gross income below a threshold have part of their pension income exempted from taxation. For taxpayers with higher incomes, the exemption amount is reduced by \$2 for each \$1 that federal adjusted gross income exceeds the threshold. Both the threshold and the amount exempted are adjusted for inflation each year. For 2013, the amount exempted was \$3,900 and the threshold was \$32,480. Taxpayers with federal adjusted gross income between \$32,480 and \$34,430 were eligible for an exemption of less than \$3,900, and taxpayers with incomes over \$34,430 were not eligible for the exemption.

This exemption provides a limited incentive to participate in a retirement system and to retain funds in a retirement plan rather than withdrawing them. It also provides a limited incentive for retirees to locate in Montana rather than in a state without a similar exemption. However, this does not appear to have been the legislative purpose. Montana was one of 23 states that originally exempted state employee pensions from the state income tax. This allowed the state to make smaller pension contributions and resulted in some

## Definition of Adjusted Gross Income

administrative savings. In addition, Montana exempted the first \$3,600 of income from federal government pensions. In 1989, a group of federal government and military retirees sued states, including Montana, that exempted state pensions, arguing that states must give them the same exemption. The states lost.<sup>2</sup> The U.S. Supreme Court ruled that states may tax different types of income differently, but may not tax the same type of income differently depending on who paid it. The states that had exempted state employee pensions changed their laws in a variety of ways. The Montana Legislature eliminated the exemption for state employee pensions but extended the \$3,600 partial exemption to all pension income.

The following table shows pension income excluded from taxation since 2005. For 2013, this exclusion reduced income tax revenue to the general fund by \$3,459,610, or \$5.47 per full-year resident taxpayer.

| Partial Pension Exemption |           |               |               |             |                     |             |        |               |
|---------------------------|-----------|---------------|---------------|-------------|---------------------|-------------|--------|---------------|
|                           | Residents |               | Non-Residents |             | Part-Year Residents |             | Total  |               |
|                           | N         | \$            | N             | \$          | N                   | \$          | N      | \$            |
| 2005                      | 38,273    | \$130,393,508 | 575           | \$1,727,281 | 661                 | \$2,082,026 | 39,509 | \$134,202,815 |
| 2006                      | 38,564    | \$129,048,960 | 623           | \$1,910,734 | 726                 | \$2,233,687 | 39,913 | \$133,193,381 |
| 2007                      | 38,339    | \$126,897,995 | 588           | \$1,849,712 | 565                 | \$1,754,517 | 39,492 | \$130,502,224 |
| 2008                      | 40,079    | \$134,023,768 | 882           | \$2,751,718 | 555                 | \$1,711,875 | 41,516 | \$138,487,361 |
| 2009                      | 39,671    | \$132,876,584 | 1,030         | \$3,174,075 | 491                 | \$1,539,858 | 41,192 | \$137,590,517 |
| 2010                      | 41,904    | \$142,365,778 | 1,158         | \$3,732,588 | 605                 | \$1,974,030 | 43,667 | \$148,072,396 |
| 2011                      | 43,012    | \$150,693,545 | 1,499         | \$5,074,630 | 691                 | \$2,174,844 | 45,202 | \$157,943,019 |
| 2012                      | 43,208    | \$154,378,099 | 1,523         | \$5,023,099 | 726                 | \$2,393,257 | 45,457 | \$161,794,455 |
| 2013                      | 43,546    | \$158,597,172 | 1,634         | \$5,502,608 | 775                 | \$2,596,220 | 45,955 | \$166,696,000 |

### Partial Interest Exclusion for Elderly Taxpayers: 15-30-2110(2)(b), MCA Legislation: HB 18, 1981 Session

Taxpayers who are age 65 or older may exclude up to \$800 of interest income. The following table shows interest income excluded since 2005. This exemption provides a limited incentive for retirees to hold interest-paying assets, such as corporate bonds, rather than assets that pay other types of income. It also provides a limited incentive for retirees to locate in Montana rather than in a state without a similar exemption. However, the primary effect is to reduce tax paid by older taxpayers. For 2013, this exclusion reduced income tax revenue to the general fund by \$1,349,450, or \$2.13 per full year resident taxpayer.

| Elderly Interest Exclusion |           |              |               |             |                     |           |        |              |
|----------------------------|-----------|--------------|---------------|-------------|---------------------|-----------|--------|--------------|
|                            | Residents |              | Non-Residents |             | Part-Year Residents |           | Total  |              |
|                            | N         | \$           | N             | \$          | N                   | \$        | N      | \$           |
| 2005                       | 53,367    | \$37,859,686 | 4,666         | \$4,686,517 | 1,055               | \$796,263 | 59,088 | \$43,342,466 |
| 2006                       | 57,912    | \$43,447,193 | 5,045         | \$5,248,370 | 995                 | \$755,642 | 63,952 | \$49,451,205 |
| 2007                       | 63,234    | \$47,408,013 | 5,084         | \$5,163,453 | 1,039               | \$819,292 | 69,357 | \$53,390,758 |
| 2008                       | 63,758    | \$46,871,599 | 6,760         | \$6,808,609 | 961                 | \$677,713 | 71,479 | \$54,357,921 |
| 2009                       | 62,991    | \$43,632,908 | 6,861         | \$6,716,280 | 805                 | \$556,418 | 70,657 | \$50,905,606 |
| 2010                       | 62,493    | \$40,226,852 | 7,614         | \$7,066,082 | 911                 | \$549,183 | 71,018 | \$47,842,117 |
| 2011                       | 62,402    | \$36,798,111 | 8,201         | \$7,096,890 | 919                 | \$530,202 | 71,522 | \$44,425,203 |
| 2012                       | 62,095    | \$33,021,476 | 8,381         | \$6,848,965 | 967                 | \$508,511 | 71,443 | \$40,378,952 |
| 2013                       | 62,720    | \$31,301,899 | 9,135         | \$7,311,644 | 1,111               | \$492,669 | 72,966 | \$39,106,212 |

<sup>2</sup> The U.S. Supreme Court ruled against Michigan in *Davis v. Michigan Dep't of Treasury*, 489 U.S. 803, 109 S.Ct. 1500, 103 L.Ed.2d 891 (1989). Montana settled the similar case *Sheehy v. State Dep't of Revenue*, 250 Mont. 437, 820 P.2d 1257 (1991) and issued \$15.7 million in refunds for the years 1983 through 1989.

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**Disability Retirement Income:** 15-30-2110(10), MCA  
**Legislation:** SB 464, 1985 Session

Taxpayers who are under the age of 65 and permanently disabled may exclude up to \$5,200 of disability retirement income. The amount taxpayers may exclude is reduced by any amount by which their pre-exclusion adjusted gross income exceeds \$15,000. The purpose of this exclusion appears to be to increase the after-tax income of permanently disabled taxpayers with low incomes. The following table shows disability income excluded since 2005. For 2013, this exclusion reduced income tax revenue to the general fund by \$2,993, or \$0.005 per full-year resident taxpayer.

| Exempt Disability Retirement Income |           |           |               |         |                     |          |       |           |
|-------------------------------------|-----------|-----------|---------------|---------|---------------------|----------|-------|-----------|
|                                     | Residents |           | Non-Residents |         | Part-Year Residents |          | Total |           |
|                                     | N         | \$        | N             | \$      | N                   | \$       | N     | \$        |
| 2005                                | 159       | \$580,798 | *             | \$1,317 | *                   | \$9,422  | *     | \$591,537 |
| 2006                                | 111       | \$424,669 | *             | \$6,800 | *                   | \$0      | *     | \$431,469 |
| 2007                                | 95        | \$383,038 | *             | \$0     | *                   | \$10,800 | *     | \$393,838 |
| 2008                                | 90        | \$369,876 | *             | \$0     | *                   | \$13,164 | *     | \$383,040 |
| 2009                                | 152       | \$656,765 | *             | \$6,923 | *                   | \$22,712 | *     | \$686,400 |
| 2010                                | 179       | \$786,572 | *             | \$5,200 | *                   | \$34,744 | *     | \$826,516 |
| 2011                                | 81        | \$364,329 | *             | \$7,816 | 0                   | \$0      | *     | \$372,145 |
| 2012                                | 60        | \$276,606 | *             | \$36    | *                   | \$9,916  | *     | \$286,558 |
| 2013                                | 50        | \$226,388 | 0             | \$0     | 0                   | \$0      | 50    | \$226,388 |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

**Tips:** 15-30-2110(2)(f), MCA  
**Legislation:** HB 841, 1983 Session

Tips earned while working for a licensed food service, beverage, or lodging establishment are not taxable in Montana. The reasoning behind this exclusion is that tips should be considered voluntary gifts from a restaurant's patrons to its employees and gifts generally are not included in taxable income. Federal law considers tips to be taxable compensation for providing services. The following table shows tips excluded from income since 2005. For 2013, this exclusion reduced income tax revenue to the general fund by \$2,457,255, or \$3.89 per full year resident taxpayer.

| Exempt Tips |           |              |               |             |                     |             |        |              |
|-------------|-----------|--------------|---------------|-------------|---------------------|-------------|--------|--------------|
|             | Residents |              | Non-Residents |             | Part-Year Residents |             | Total  |              |
|             | N         | \$           | N             | \$          | N                   | \$          | N      | \$           |
| 2005        | 6,325     | \$17,138,101 | 297           | \$902,489   | 597                 | \$1,433,973 | 7,219  | \$19,474,563 |
| 2006        | 10,408    | \$28,600,027 | 380           | \$1,004,598 | 892                 | \$2,244,357 | 11,680 | \$31,848,982 |
| 2007        | 10,760    | \$29,266,842 | 401           | \$1,021,978 | 882                 | \$2,157,714 | 12,043 | \$32,446,534 |
| 2008        | 11,005    | \$31,562,631 | 510           | \$1,135,816 | 787                 | \$2,021,086 | 12,302 | \$34,719,533 |
| 2009        | 13,207    | \$38,921,676 | 662           | \$1,527,434 | 1,096               | \$2,714,781 | 14,965 | \$43,163,891 |
| 2010        | 13,577    | \$43,592,519 | 678           | \$2,124,352 | 1,087               | \$3,065,874 | 15,342 | \$48,782,745 |
| 2011        | 13,748    | \$46,381,919 | 653           | \$1,858,335 | 1,111               | \$3,311,215 | 15,512 | \$51,551,469 |
| 2012        | 15,251    | \$52,275,624 | 728           | \$2,117,166 | 1,283               | \$3,840,659 | 17,262 | \$58,233,449 |
| 2013        | 16,516    | \$56,390,533 | 960           | \$2,592,060 | 1,621               | \$4,757,200 | 19,097 | \$63,739,793 |

**Health Benefits Limited to Highly-Compensated Employees:** 15-30-2110(2)(h), MCA  
**Legislation:** SB 72, 1985 Session

Federal law treats employer-paid premiums for group health insurance and reimbursement of medical costs by an employer's self-insurance program as a nontaxable fringe benefit as long as the same benefits are available to all employees. This creates a passive tax expenditure, and the cost to the state is included in the estimate of passive tax expenditures.

When an employer's health plan provides more benefits to a select group of highly compensated employees, such as company executives, major stock-holders, or the highest-paid employees, federal law requires

## Definition of Adjusted Gross Income

these employees to count the difference between their benefits and the benefits available to all employees as taxable compensation. Montana law allows these select employees to count their extra health insurance benefits as non-taxable fringe benefits.

The purpose of the federal exclusion is to encourage employers to provide group health insurance by providing preferential treatment for group health plans that cover all employees. The additional state exclusion undermines this purpose by providing the same state tax treatment to plans that cover only select employees.

The following table shows federally taxable health insurance premiums excluded from Montana adjusted gross income since 2005. For 2013, this exclusion reduced income tax revenue to the general fund by \$47,933, or \$0.08 per full-year resident taxpayer.

| Health Insurance Premiums Included in Federal Adjusted Gross Income |           |             |               |           |                     |          |       |             |
|---------------------------------------------------------------------|-----------|-------------|---------------|-----------|---------------------|----------|-------|-------------|
|                                                                     | Residents |             | Non-Residents |           | Part-Year Residents |          | Total |             |
|                                                                     | N         | \$          | N             | \$        | N                   | \$       | N     | \$          |
| 2005                                                                | 239       | \$855,657   | 24            | \$152,118 | 11                  | \$14,826 | 274   | \$1,022,601 |
| 2006                                                                | 233       | \$882,832   | 27            | \$169,123 | *                   | \$21,233 | *     | \$1,073,188 |
| 2007                                                                | 208       | \$924,672   | 16            | \$137,655 | *                   | \$27,449 | *     | \$1,089,776 |
| 2008                                                                | 257       | \$1,127,728 | 16            | \$97,274  | *                   | \$17,969 | *     | \$1,242,971 |
| 2009                                                                | 142       | \$644,902   | *             | \$98,275  | *                   | \$10,589 | *     | \$753,766   |
| 2010                                                                | 172       | \$677,282   | *             | \$55,831  | *                   | \$628    | *     | \$733,741   |
| 2011                                                                | 197       | \$843,169   | *             | \$31,098  | *                   | \$962    | *     | \$875,229   |
| 2012                                                                | 178       | \$597,413   | *             | \$31,151  | *                   | \$15,076 | *     | \$643,640   |
| 2013                                                                | 160       | \$791,972   | *             | \$14,924  | *                   | \$7,318  | *     | \$814,214   |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

### Third-Party Repayment of Health Care Professional's Student Loans: 15-30-2110(12), MCA Legislation: SB 408, 2003 Session

There are several private, federal, and state programs intended to encourage health care professionals to locate in under-served areas by making student loan payments for those who do. Federal law excludes repayments made by certain federal and state programs from taxable income. Montana excludes qualifying repayments from all programs, including programs private health-care facilities have for their employees. The state cost of the federal exclusion is part of the estimate of passive tax expenditures. The following table shows the cost of the additional state exclusion since 2005.

For 2013, this exclusion reduced income tax revenue to the general fund by \$58,935, or \$0.09 per full year resident taxpayer.

| Health Care Professional Student Loan Repayment Included in Federal AGI |           |           |               |         |                     |          |       |           |
|-------------------------------------------------------------------------|-----------|-----------|---------------|---------|---------------------|----------|-------|-----------|
|                                                                         | Residents |           | Non-Residents |         | Part-Year Residents |          | Total |           |
|                                                                         | N         | \$        | N             | \$      | N                   | \$       | N     | \$        |
| 2005                                                                    | 81        | \$258,197 | *             | \$9,720 | *                   | \$18,778 | *     | \$286,695 |
| 2006                                                                    | 79        | \$250,626 | *             | \$2,986 | *                   | \$5,903  | *     | \$259,515 |
| 2007                                                                    | 86        | \$256,554 | *             | \$4,255 | *                   | \$12,820 | *     | \$273,629 |
| 2008                                                                    | 99        | \$294,799 | *             | \$7,700 | 11                  | \$28,659 | *     | \$331,158 |
| 2009                                                                    | 133       | \$370,976 | *             | \$7,700 | 10                  | \$23,374 | *     | \$402,050 |
| 2010                                                                    | 173       | \$476,765 | *             | \$8,144 | 12                  | \$30,069 | *     | \$514,978 |
| 2011                                                                    | 253       | \$666,300 | *             | \$2,952 | 23                  | \$72,978 | *     | \$742,230 |
| 2012                                                                    | 281       | \$789,081 | *             | \$8,465 | 25                  | \$53,831 | *     | \$851,377 |
| 2013                                                                    | 300       | \$880,391 | *             | \$5,317 | 31                  | \$79,000 | *     | \$964,708 |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

## Definition of Adjusted Gross Income

**Montana Medical Care Savings Accounts:** 15-61-101, MCA to 15-61-205, MCA  
**Legislation:** HB 560, 1995 Session

Federal law has created two mechanisms, the Archer medical savings account and the health savings account, for taxpayers or their employers to set aside pretax funds to pay medical expenses. Deposits to these accounts and distributions from these accounts to pay medical expenses are excluded from federal adjusted gross income. This means that they also are excluded from Montana adjusted gross income. The tax expenditure from this federal exclusion is in the section on federal adjustments to income.

In 1997, the Montana Legislature created a similar state program. The main difference is that the federal programs are limited to taxpayers whose only health insurance is a high-deductible policy while the state program does not have this limitation. The purpose of these accounts appears to be to encourage taxpayers to set aside funds ahead of time to cover medical costs that will not be covered by insurance.

Taxpayers may exclude up to \$3,000 of their contributions to an account during a year and any withdrawals from an account that are used to pay medical expenses. This means that earnings retained in the account also are not taxed. Funds may be withdrawn for other purposes, but then the amount withdrawn is treated as income. The following tables show exempt medical savings account deposits and earnings and taxable withdrawals.

For 2013, this exclusion reduced income tax revenue to the general fund by \$1,150,552, or \$1.82 per full-year resident taxpayer.

| Medical Savings Account Deposits |           |              |               |          |                     |           |       |              |  |
|----------------------------------|-----------|--------------|---------------|----------|---------------------|-----------|-------|--------------|--|
|                                  | Residents |              | Non-Residents |          | Part-Year Residents |           | Total |              |  |
|                                  | N         | \$           | N             | \$       | N                   | \$        | N     | \$           |  |
| 2005                             | 5,171     | \$14,221,750 | 38            | \$56,762 | 86                  | \$134,205 | 5,295 | \$14,412,717 |  |
| 2006                             | 5,597     | \$15,790,740 | 40            | \$59,056 | 81                  | \$110,903 | 5,718 | \$15,960,699 |  |
| 2007                             | 5,895     | \$16,637,763 | 46            | \$77,570 | 113                 | \$168,495 | 6,054 | \$16,883,828 |  |
| 2008                             | 5,912     | \$16,967,593 | 43            | \$95,768 | 91                  | \$145,851 | 6,046 | \$17,209,212 |  |
| 2009                             | 5,879     | \$17,483,938 | 40            | \$78,731 | 71                  | \$93,430  | 5,990 | \$17,656,099 |  |
| 2010                             | 6,131     | \$18,732,448 | 34            | \$95,825 | 75                  | \$125,462 | 6,240 | \$18,953,735 |  |
| 2011                             | 6,236     | \$19,395,678 | 32            | \$88,049 | 85                  | \$131,835 | 6,353 | \$19,615,562 |  |
| 2012                             | 5,903     | \$18,791,602 | 0             | \$0      | 76                  | \$135,057 | 5,979 | \$18,926,659 |  |
| 2013                             | 6,181     | \$19,801,670 | *             | \$3,000  | 77                  | \$118,532 | *     | \$19,923,202 |  |

| Medical Savings Account Non-Qualified Withdrawals |           |           |               |         |                     |          |       |           |  |
|---------------------------------------------------|-----------|-----------|---------------|---------|---------------------|----------|-------|-----------|--|
|                                                   | Residents |           | Non-Residents |         | Part-Year Residents |          | Total |           |  |
|                                                   | N         | \$        | N             | \$      | N                   | \$       | N     | \$        |  |
| 2005                                              | 103       | \$131,953 | *             | \$3,193 | *                   | \$21     | *     | \$135,167 |  |
| 2006                                              | 96        | \$137,804 | *             | \$0     | *                   | \$374    | *     | \$138,178 |  |
| 2007                                              | 83        | \$103,693 | *             | \$0     | *                   | \$4,555  | *     | \$108,248 |  |
| 2008                                              | 100       | \$145,198 | *             | \$0     | *                   | \$3,802  | *     | \$149,000 |  |
| 2009                                              | 100       | \$129,357 | 0             | \$0     | *                   | \$803    | *     | \$130,160 |  |
| 2010                                              | 77        | \$101,799 | *             | \$530   | 0                   | \$0      | *     | \$102,329 |  |
| 2011                                              | 87        | \$121,307 | 0             | \$0     | *                   | \$10,238 | *     | \$131,545 |  |
| 2012                                              | 94        | \$144,311 | 0             | \$0     | *                   | \$1,185  | *     | \$145,496 |  |
| 2013                                              | 72        | \$129,693 | 0             | \$0     | *                   | \$31,096 | *     | \$160,789 |  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

## Definition of Adjusted Gross Income

**First-Time Homebuyer Accounts:** 15-63-101, MCA through 15-63-205, MCA  
**Legislation:** HB 599, 1997 Session

Montana law allows residents who have never owned a home to establish a first-time homebuyer's account. Deposits of up to \$3,000 per year (\$6,000 for a married couple filing a joint return) and account earnings are exempt from taxation. Funds in the account must be used for the down payment and closing costs on a single-family house within 10 years after the account is established. If funds are withdrawn for another use or are not used within 10 years, they must be reported as taxable income.

This program encourages home ownership by reducing the cost of saving for a down payment.

The following tables show exempt deposits and earnings and taxable withdrawals. For 2013, this exclusion reduced income tax revenue to the general fund by \$30,942, or \$0.05 per full year resident taxpayer.

| First-Time Homebuyer Account Deposits |           |           |               |          |                     |          |       |           |
|---------------------------------------|-----------|-----------|---------------|----------|---------------------|----------|-------|-----------|
|                                       | Residents |           | Non-Residents |          | Part-Year Residents |          | Total |           |
|                                       | N         | \$        | N             | \$       | N                   | \$       | N     | \$        |
| 2005                                  | 224       | \$725,891 | *             | \$6,000  | *                   | \$25,000 | *     | \$756,891 |
| 2006                                  | 199       | \$587,253 | *             | \$0      | *                   | \$26,041 | *     | \$613,294 |
| 2007                                  | 182       | \$538,547 | *             | \$12,004 | *                   | \$19,148 | *     | \$569,699 |
| 2008                                  | 162       | \$538,398 | *             | \$0      | *                   | \$16,971 | *     | \$555,369 |
| 2009                                  | 203       | \$710,124 | *             | \$2,350  | 12                  | \$57,714 | *     | \$770,188 |
| 2010                                  | 126       | \$358,024 | 0             | \$0      | *                   | \$18,550 | *     | \$376,574 |
| 2011                                  | 131       | \$395,135 | 0             | \$0      | *                   | \$3,751  | *     | \$398,886 |
| 2012                                  | 158       | \$501,379 | 0             | \$0      | *                   | \$12,160 | *     | \$513,539 |
| 2013                                  | 141       | \$501,702 | *             | \$2,487  | *                   | \$6,150  | *     | \$510,339 |

| First Time Homebuyers Account Non-Qualified Withdrawals |           |          |               |         |                     |          |       |          |
|---------------------------------------------------------|-----------|----------|---------------|---------|---------------------|----------|-------|----------|
|                                                         | Residents |          | Non-Residents |         | Part-Year Residents |          | Total |          |
|                                                         | N         | \$       | N             | \$      | N                   | \$       | N     | \$       |
| 2005                                                    | 10        | \$31,586 | *             | \$0     | *                   | \$0      | *     | \$31,586 |
| 2006                                                    | *         | \$23,882 | *             | \$0     | *                   | \$0      | *     | \$23,882 |
| 2007                                                    | *         | \$48,138 | *             | \$62    | *                   | \$6,310  | *     | \$54,510 |
| 2008                                                    | *         | \$35,384 | *             | \$0     | *                   | \$1,915  | *     | \$37,299 |
| 2009                                                    | 13        | \$29,691 | 0             | \$0     | 0                   | \$0      | 13    | \$29,691 |
| 2010                                                    | *         | \$13,722 | 0             | \$0     | 0                   | \$0      | *     | \$13,722 |
| 2011                                                    | *         | \$12,589 | 0             | \$0     | 0                   | \$0      | *     | \$12,589 |
| 2012                                                    | *         | \$8,053  | 0             | \$0     | *                   | \$12,000 | *     | \$20,053 |
| 2013                                                    | *         | \$50,177 | *             | \$2,322 | 0                   | \$0      | *     | \$52,499 |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

**Family Education Savings Accounts:** 15-62-101, MCA through 15-62-302, MCA  
**Legislation:** HB 536, 1997 Session

Section 529 of the Internal Revenue Code allows states to set up higher education savings programs. These programs allow taxpayers to set up an account for a designated beneficiary, usually a child or grandchild. States may give special tax treatment to deposits to a qualifying account, and withdrawals to pay the beneficiary's higher education expenses are not included in federal adjusted gross income, which means that account earnings are tax-free. Montana's Section 529 plan was created by the 1997 Legislature. Montana taxpayers may exclude up to \$3,000 of contributions to one or more family education savings accounts from adjusted gross income each year. Any withdrawals that are not used for higher education expenses are taxed at the highest income tax rate. The 2013 Legislature (SB 117) expanded the deduction to include deposits to other states' college savings plans.

## Definition of Adjusted Gross Income

This program encourages families to save for their children's college education by lowering the cost of saving any given amount.

The tax expenditure from the federal exclusion of account earnings is included in the estimate of passive tax expenditures. The state exclusion of deposits to an education savings account creates an additional tax expenditure. The following table shows deposits to Montana family education savings accounts since 2005. For 2013, this exclusion reduced income tax revenue to the general fund by \$626,909, or \$0.99 per full year resident taxpayer.

| Family Education Savings Account Deposits |           |             |               |           |                     |           |       |    |             |
|-------------------------------------------|-----------|-------------|---------------|-----------|---------------------|-----------|-------|----|-------------|
|                                           | Residents |             | Non-Residents |           | Part-Year Residents |           | Total |    |             |
|                                           | N         | \$          | N             | \$        | N                   | \$        | N     | \$ |             |
| 2005                                      | 2,068     | \$6,915,766 | *             | \$19,320  | 31                  | \$81,214  | *     |    | \$7,016,300 |
| 2006                                      | 2,203     | \$7,515,336 | 15            | \$33,810  | 26                  | \$79,105  | 2,244 |    | \$7,628,251 |
| 2007                                      | 2,399     | \$8,008,773 | 10            | \$23,754  | 24                  | \$57,423  | 2,433 |    | \$8,089,950 |
| 2008                                      | 2,155     | \$6,854,175 | 10            | \$23,940  | 24                  | \$44,055  | 2,189 |    | \$6,922,170 |
| 2009                                      | 2,048     | \$6,592,192 | 46            | \$152,411 | 10                  | \$26,099  | 2,104 |    | \$6,770,702 |
| 2010                                      | 2,055     | \$6,547,256 | 15            | \$40,337  | 20                  | \$53,396  | 2,090 |    | \$6,640,989 |
| 2011                                      | 2,072     | \$6,528,702 | 10            | \$33,150  | 21                  | \$50,745  | 2,103 |    | \$6,612,597 |
| 2012                                      | 2,105     | \$6,838,715 | 12            | \$37,817  | 30                  | \$79,590  | 2,147 |    | \$6,956,122 |
| 2013                                      | 2,955     | \$9,385,280 | 81            | \$319,193 | 60                  | \$145,956 | 3,096 |    | \$9,850,429 |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

### Tier II Railroad Retirement: Federal Provision Legislation: NA

Railroad retirement benefits are divided into Tier I and Tier II. Tier I is equivalent to Social Security, and Tier I benefits are taxed the same as Social Security benefits. Tier II benefits are taxed at the federal level, but federal law exempts them from state taxation. The table below shows Tier II railroad retirement benefits exempted from Montana taxation.

| Tier II Railroad Retirement |           |              |               |             |                     |           |       |    |              |
|-----------------------------|-----------|--------------|---------------|-------------|---------------------|-----------|-------|----|--------------|
|                             | Residents |              | Non-Residents |             | Part-Year Residents |           | Total |    |              |
|                             | N         | \$           | N             | \$          | N                   | \$        | N     | \$ |              |
| 2005                        | 2,603     | \$29,627,378 | 41            | \$422,383   | 36                  | \$458,089 | 2,680 |    | \$30,507,850 |
| 2006                        | 2,855     | \$32,464,703 | 53            | \$751,997   | 33                  | \$371,968 | 2,941 |    | \$33,588,668 |
| 2007                        | 2,959     | \$34,357,739 | 52            | \$699,781   | 27                  | \$342,920 | 3,038 |    | \$35,400,440 |
| 2008                        | 2,844     | \$35,527,084 | 57            | \$707,829   | 19                  | \$255,584 | 2,920 |    | \$36,490,497 |
| 2009                        | 2,832     | \$36,473,121 | 54            | \$724,290   | 33                  | \$459,572 | 2,919 |    | \$37,656,983 |
| 2010                        | 2,809     | \$37,812,494 | 52            | \$682,521   | 23                  | \$209,683 | 2,884 |    | \$38,704,698 |
| 2011                        | 2,793     | \$38,836,218 | 60            | \$789,738   | 24                  | \$338,161 | 2,877 |    | \$39,964,117 |
| 2012                        | 2,808     | \$40,918,763 | 70            | \$980,315   | 38                  | \$619,985 | 2,916 |    | \$42,519,063 |
| 2013                        | 2,863     | \$43,719,325 | 81            | \$1,064,303 | 28                  | \$413,587 | 2,972 |    | \$45,197,215 |

This exemption increases the after-tax income of railroad retirees.

For 2013, income tax revenue to the general fund would have been \$1,399,127 higher if Montana were allowed to tax Tier II railroad retirement. This is \$2.21 per full-year resident taxpayer.

## Definition of Adjusted Gross Income

**Farm and Ranch Risk Management Accounts:** 15-30-3001, MCA through 15-30-3005, MCA  
**Legislation:** SB 245, 2001 Session

The 2001 Legislature created farm and ranch risk management accounts as a tool for family farms to deal with uneven and uncertain income. An individual or family farm corporation may set up an account and may deposit up to 20 percent of their net income from agriculture each year, with a limit of \$20,000.

Deposits to a risk management account are excluded from adjusted gross income. Funds deposited in an account must be withdrawn within five years. Income and withdrawals from the account are taxable.

Federal law allows farmers to average income over three years for income tax purposes. The additional tax smoothing allowed by Montana farm and risk management accounts has seen very little use. There have been fewer than 10 deposits to farm and ranch risk management accounts each year since 2004, and all of those have been made by non-residents. For 2013, this exclusion had no impact on income tax revenue to the general fund. The following tables show exempt deposits and taxable withdrawals since 2005.

| Farm and Ranch Risk Management Account Deposits |           |     |               |         |                     |     |       |         |  |
|-------------------------------------------------|-----------|-----|---------------|---------|---------------------|-----|-------|---------|--|
|                                                 | Residents |     | Non-Residents |         | Part-Year Residents |     | Total |         |  |
|                                                 | N         | \$  | N             | \$      | N                   | \$  | N     | \$      |  |
| 2005                                            | 0         | \$0 | *             | \$4,694 | 0                   | \$0 | *     | \$4,694 |  |
| 2006                                            | 0         | \$0 | *             | \$7,115 | 0                   | \$0 | *     | \$7,115 |  |
| 2007                                            | 0         | \$0 | *             | \$0     | 0                   | \$0 | *     | \$0     |  |
| 2008                                            | 0         | \$0 | *             | \$0     | 0                   | \$0 | *     | \$0     |  |
| 2009                                            | 0         | \$0 | *             | \$3,730 | 0                   | \$0 | *     | \$3,730 |  |
| 2010                                            | 0         | \$0 | *             | \$3,496 | 0                   | \$0 | *     | \$3,496 |  |
| 2011                                            | 0         | \$0 | *             | \$1,807 | 0                   | \$0 | *     | \$1,807 |  |
| 2012                                            | 0         | \$0 | 0             | \$0     | 0                   | \$0 | 0     | \$0     |  |
| 2013                                            | 0         | \$0 | 0             | \$0     | 0                   | \$0 | 0     | \$0     |  |

| Farm and Ranch Risk Management Account Taxable Distributions |           |          |               |          |                     |       |       |          |  |
|--------------------------------------------------------------|-----------|----------|---------------|----------|---------------------|-------|-------|----------|--|
|                                                              | Residents |          | Non-Residents |          | Part-Year Residents |       | Total |          |  |
|                                                              | N         | \$       | N             | \$       | N                   | \$    | N     | \$       |  |
| 2005                                                         | *         | \$0      | *             | \$0      | *                   | \$0   | *     | \$0      |  |
| 2006                                                         | *         | \$42,648 | *             | \$0      | *                   | \$0   | *     | \$42,648 |  |
| 2007                                                         | *         | \$2      | *             | \$1,149  | *                   | \$0   | *     | \$1,151  |  |
| 2008                                                         | *         | \$200    | *             | \$0      | *                   | \$600 | *     | \$800    |  |
| 2009                                                         | *         | \$697    | *             | \$3,288  | 0                   | \$0   | *     | \$3,985  |  |
| 2010                                                         | *         | \$191    | *             | \$1,880  | 0                   | \$0   | *     | \$2,071  |  |
| 2011                                                         | *         | \$10,576 | *             | \$8,823  | 0                   | \$0   | *     | \$19,399 |  |
| 2012                                                         | *         | \$5,043  | *             | \$2,651  | 0                   | \$0   | *     | \$7,694  |  |
| 2013                                                         | *         | \$1,003  | *             | \$13,106 | 0                   | \$0   | *     | \$14,109 |  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

## Definition of Adjusted Gross Income

### Partial Exclusion of Capital Gains on Pre-1987 Installment Sales: 15-30-2110(13), MCA Legislation: HB 904, 1987 Session

Before 1987, federal law allowed taxpayers to exclude 40 percent of capital gains from adjusted gross income, but capital gains were taxed at the same rate as ordinary income. The Tax Reform Act of 1986 did away with the partial exclusion, but Congress replaced it with preferential tax rates for capital gains. Montana law continues to allow the 40 percent exclusion for capital gains on installment sales made before the end of 1986. These gains also are eligible for the capital gains credit and therefore receive a double preference. The following table shows gains excluded under this provision since 2005.

| 40% Exclusion of Pre-1987 Capital Gains |           |             |               |              |                     |          |       |              |
|-----------------------------------------|-----------|-------------|---------------|--------------|---------------------|----------|-------|--------------|
|                                         | Residents |             | Non-Residents |              | Part-Year Residents |          | Total |              |
|                                         | N         | \$          | N             | \$           | N                   | \$       | N     | \$           |
| 2005                                    | 144       | \$452,053   | 35            | \$351,716    | *                   | \$2,184  | *     | \$805,953    |
| 2006                                    | 124       | \$800,207   | 27            | \$275,398    | *                   | \$11,245 | *     | \$1,086,850  |
| 2007                                    | 104       | \$425,236   | 21            | \$162,733    | *                   | \$0      | *     | \$587,969    |
| 2008                                    | 595       | \$2,813,975 | 66            | \$1,128,270  | 11                  | \$46,489 | 672   | \$3,988,734  |
| 2009                                    | 239       | \$1,124,567 | 12            | \$494,528    | *                   | \$52,108 | *     | \$1,671,203  |
| 2010                                    | 292       | \$1,155,423 | 14            | \$2,594,406  | *                   | \$38     | *     | \$3,749,867  |
| 2011                                    | 45        | \$123,493   | 15            | \$14,022,194 | 0                   | \$0      | 60    | \$14,145,687 |
| 2012                                    | 50        | \$884,971   | 10            | \$137,043    | 0                   | \$0      | 60    | \$1,022,014  |
| 2013                                    | 40        | \$148,686   | 10            | \$55,695     | *                   | \$23,161 | *     | \$227,542    |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

The original partial exclusion of capital gains income gave an incentive to invest in assets that appreciate over time rather than in assets that pay a stream of ordinary income. Today, this provision just applies pre-1987 tax law to payments from transactions that occurred before 1987. This probably has little effect on taxpayer behavior.

For 2013, this exclusion reduced income tax revenue to the general fund by \$10,402, or \$0.02 per full-year resident taxpayer.

### Business Purchases of Recycled Material: 15-32-609, MCA through 15-32-611, MCA Legislation: SB 111, 1991 Session

Montana allows businesses to take an extra deduction of 10 percent of the cost of purchases of recycled materials. In effect, this allows a business expense deduction of 110 percent of the cost of recycled materials. This reduces the cost of recycled material relative to other raw materials, giving businesses an incentive to use recycled material.

The deduction is available to corporations and to the owners of sole-proprietor businesses and pass-through entities. The following table shows individual income tax deductions for purchases of recycled material since 2005. For 2013, this exclusion reduced income tax revenue to the general fund by \$24,594, or \$0.04 per full-year resident taxpayer.

| Business Expense for Recycled Materials |           |           |               |          |                     |         |       |           |
|-----------------------------------------|-----------|-----------|---------------|----------|---------------------|---------|-------|-----------|
|                                         | Residents |           | Non-Residents |          | Part-Year Residents |         | Total |           |
|                                         | N         | \$        | N             | \$       | N                   | \$      | N     | \$        |
| 2005                                    | 40        | \$84,818  | *             | \$2,983  | *                   | \$4     | *     | \$87,805  |
| 2006                                    | 51        | \$198,985 | *             | \$2,243  | *                   | \$0     | *     | \$201,228 |
| 2007                                    | 46        | \$152,541 | *             | \$0      | *                   | \$4,785 | *     | \$157,326 |
| 2008                                    | 57        | \$179,028 | *             | \$2,911  | *                   | \$79    | *     | \$182,018 |
| 2009                                    | 102       | \$136,675 | 0             | \$0      | *                   | \$113   | *     | \$136,788 |
| 2010                                    | 112       | \$204,911 | *             | \$105    | *                   | \$250   | *     | \$205,266 |
| 2011                                    | 98        | \$266,011 | *             | \$65,406 | *                   | \$660   | *     | \$332,077 |
| 2012                                    | 104       | \$242,946 | *             | \$46,045 | *                   | \$302   | *     | \$289,293 |
| 2013                                    | 91        | \$366,958 | *             | \$239    | *                   | \$663   | *     | \$367,860 |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

## Definition of Adjusted Gross Income

**Sales of Land to Beginning Farmers:** 80-12-211, MCA  
**Legislation:** SB 316, 1983 Session

Montana allows taxpayers to exclude up to \$50,000 of income from the sale of at least 80 acres to a beginning farmer. To be eligible, a taxpayer's land sale must be approved by the Montana Department of Agriculture. The deduction provides an incentive for retiring farmers to sell land to someone who will keep it in agriculture rather than convert it to another use.

The following table shows income excluded since 2005. Fewer than ten taxpayers have used the exclusion every year. For 2013, this exclusion reduced income tax revenue to the general fund by \$2,237, or \$0.004 per full-year resident taxpayer.

| Sales of Land to Beginning Farmers |           |          |               |           |                     |          |       |     |           |
|------------------------------------|-----------|----------|---------------|-----------|---------------------|----------|-------|-----|-----------|
|                                    | Residents |          | Non-Residents |           | Part-Year Residents |          | Total |     |           |
|                                    | N         | \$       | N             | \$        | N                   | \$       | N     | \$  |           |
| 2005                               | *         | \$9,203  | *             | \$450,000 | 0                   | \$0      | *     | \$0 | \$459,203 |
| 2006                               | *         | \$20,011 | *             | \$0       | 0                   | \$0      | *     | \$0 | \$20,011  |
| 2007                               | *         | \$4,890  | *             | \$15,000  | 0                   | \$0      | *     | \$0 | \$19,890  |
| 2008                               | *         | \$2,270  | 0             | \$0       | 0                   | \$0      | *     | \$0 | \$2,270   |
| 2009                               | *         | \$7,785  | 0             | \$0       | *                   | \$29,000 | *     | \$0 | \$36,785  |
| 2010                               | *         | \$5,956  | *             | \$546,272 | 0                   | \$0      | *     | \$0 | \$552,228 |
| 2011                               | *         | \$55,961 | *             | \$11      | 0                   | \$0      | *     | \$0 | \$55,972  |
| 2012                               | *         | \$6,796  | 0             | \$0       | 0                   | \$0      | *     | \$0 | \$6,796   |
| 2013                               | *         | \$56,687 | 0             | \$0       | 0                   | \$0      | *     | \$0 | \$56,687  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

## Itemized Deduction Expenditures

### Itemized Deduction Tax Expenditures

In general, itemized deductions provide a partial subsidy or reimbursement for deductible expenses. The amount of the subsidy depends on the taxpayer's marginal tax rate and on the amount by which itemized deductions exceed the standard deduction. For a taxpayer whose deductible expenses are less than their standard deduction, the fact that an expense is deductible provides no extra benefit to the taxpayer and no cost to the state general fund. For a taxpayer whose deductible expenses are more than their standard deduction, an extra \$100 of itemized deductions reduces tax liability by \$100 multiplied by the marginal tax rate.

For example, a taxpayer with taxable income of \$6,000 is in the 3 percent state tax bracket and the 10 percent federal tax bracket. An additional \$100 deduction would reduce this person's state tax liability by \$3 and federal tax liability by \$10, for a total of \$13. The \$100 expenditure that was the basis of the deduction cost the taxpayer \$87 and cost the state and federal governments, and ultimately other taxpayers, \$13.

A taxpayer with taxable income of \$500,000 is in the 6.9 percent state tax bracket and the 39.6 percent federal tax bracket. An additional \$100 deduction would reduce this person's state tax liability by \$6.90 and federal tax liability by \$39.60, for a total of \$46.50. The \$100 expenditure that was the basis of the deduction cost this taxpayer \$53.50 and cost the state and federal governments, and ultimately other taxpayers, \$46.50.

Montana generally allows itemized deductions allowed by federal law (15-30-2131(1)(a), MCA). There are a few exceptions where Montana law specifically disallows a federal deduction. Montana law allows several itemized deductions that are not allowed by federal law.

Not all itemized deductions are tax expenditures. Four itemized deductions allow taxpayers to deduct costs of earning income. They are the deduction for investment interest, the deduction for unreimbursed business expenses, the deduction for gambling losses, and the deduction for other miscellaneous expenses.

The deduction for investment interest allows taxpayers to deduct interest on funds borrowed to pay for income-producing property that has not been deducted elsewhere as a business expense.

The deduction for unreimbursed business expenses allows taxpayers to deduct expenses that are common and useful in the taxpayer's occupation and exceed 2 percent of the taxpayer's adjusted gross income. If the taxpayer is an employee, they must not have been reimbursed by their employer. If the taxpayer is self-employed, these costs must not have been deducted as a business expense.

Taxpayers who report income from gambling are allowed to deduct gambling losses up to the amount of reported winnings. This makes the income tax apply to net winnings from gambling.

The deduction for other miscellaneous expenses allows taxpayers to deduct certain business and investment costs and losses and certain employment-related costs of a disabled taxpayer. These expenses are not required to be more than 2 percent of adjusted gross income.

## Itemized Deduction Expenditures

### Medical and Dental Expenses: Federal Provision Legislation: NA

Both federal and state law allow an itemized deduction for a portion of the taxpayer's unreimbursed medical and dental expenses. Expenses that are paid directly by another party or which are reimbursed by insurance are not deductible. Premiums for health insurance and long term care insurance are considered deductible medical expenses.

Through 2012, the deduction was for expenses that were more than 7.5 percent of adjusted gross income. Beginning in 2013, taxpayers younger than 65 can only deduct expenses that are more than 10 percent of adjusted gross income. Through 2016, taxpayers who are at least age 65 will still be able to deduct expenses that are more than 7.5 percent of adjusted gross income. Beginning in 2017, the 10 percent threshold will apply to all taxpayers. This deduction provides a partial reimbursement or subsidy for taxpayers who have high unreimbursed medical expenses in a year.

The following table shows itemized deductions for medical and dental expenses for tax years 2005 through 2013. For tax year 2013, this deduction reduced income tax revenue to the general fund by \$9,817,890, or \$15.53 per full-year resident taxpayer.

| Medical Expenses over 7.5% of Adjusted Gross Income |           |               |               |              |                     |             |        |               |
|-----------------------------------------------------|-----------|---------------|---------------|--------------|---------------------|-------------|--------|---------------|
|                                                     | Residents |               | Non-Residents |              | Part-Year Residents |             | Total  |               |
|                                                     | N         | \$            | N             | \$           | N                   | \$          | N      | \$            |
| 2005                                                | 70,426    | \$273,838,752 | 2,130         | \$14,480,400 | 1,461               | \$6,232,630 | 74,017 | \$294,551,782 |
| 2006                                                | 69,610    | \$274,060,275 | 2,515         | \$19,385,940 | 1,461               | \$6,499,574 | 73,586 | \$299,945,789 |
| 2007                                                | 69,276    | \$287,408,401 | 2,201         | \$15,193,981 | 1,293               | \$5,751,278 | 72,770 | \$308,353,660 |
| 2008                                                | 69,852    | \$309,033,065 | 2,826         | \$22,170,851 | 1,184               | \$5,548,170 | 73,862 | \$336,752,086 |
| 2009                                                | 71,592    | \$307,848,323 | 3,138         | \$22,715,090 | 1,038               | \$4,801,228 | 75,768 | \$335,364,641 |
| 2010                                                | 70,087    | \$304,436,666 | 3,366         | \$25,336,873 | 1,073               | \$4,940,915 | 74,526 | \$334,714,454 |
| 2011                                                | 68,589    | \$301,438,269 | 3,313         | \$27,542,862 | 1,179               | \$6,185,864 | 73,081 | \$335,166,995 |
| 2012                                                | 65,601    | \$296,883,350 | 3,385         | \$27,559,664 | 1,247               | \$6,483,899 | 70,233 | \$330,926,913 |
| 2013                                                | 57,445    | \$289,795,563 | 3,171         | \$29,070,157 | 1,126               | \$5,858,508 | 61,742 | \$324,724,228 |

### Medical Insurance Premiums: 15-30-2131(1)(a)(iii), MCA Legislation: HB 202, 1995 Session

In addition to the federal deduction for medical expenses, Montana allows an itemized deduction for all unreimbursed health insurance premiums. Insurance premiums cannot be claimed as an itemized deduction if they were claimed as an above-the-line deduction in calculating adjusted gross income. This would be the case for a self-employed taxpayer who deducted premiums as a business expense, an employee who had premiums excluded as a fringe benefit, or if the taxpayer paid the premiums with pre-tax funds from a medical savings account.

This deduction provides a partial subsidy to taxpayers who buy their own health insurance. The following table shows itemized deductions for medical insurance premiums for tax years 2005 through 2013. For tax year 2013, this deduction reduced income tax revenue to the general fund by \$17,602,245, or \$27.84 per full year resident taxpayer.

| Medical Insurance Premiums Not Deducted Elsewhere |           |               |               |              |                     |             |         |               |
|---------------------------------------------------|-----------|---------------|---------------|--------------|---------------------|-------------|---------|---------------|
|                                                   | Residents |               | Non-Residents |              | Part-Year Residents |             | Total   |               |
|                                                   | N         | \$            | N             | \$           | N                   | \$          | N       | \$            |
| 2005                                              | 83,118    | \$266,115,643 | 4,393         | \$14,555,798 | 2,091               | \$5,499,027 | 89,602  | \$286,170,468 |
| 2006                                              | 87,321    | \$304,942,061 | 4,649         | \$16,627,033 | 2,146               | \$5,931,183 | 94,116  | \$327,500,277 |
| 2007                                              | 89,970    | \$314,537,194 | 5,051         | \$19,252,540 | 2,108               | \$6,294,992 | 97,129  | \$340,084,726 |
| 2008                                              | 89,832    | \$328,606,170 | 6,201         | \$26,133,262 | 1,901               | \$5,923,937 | 97,934  | \$360,663,369 |
| 2009                                              | 92,000    | \$345,055,072 | 6,466         | \$28,675,237 | 1,652               | \$5,222,640 | 100,118 | \$378,952,949 |
| 2010                                              | 91,411    | \$353,880,862 | 7,022         | \$32,329,763 | 1,761               | \$5,727,102 | 100,194 | \$391,937,727 |
| 2011                                              | 91,861    | \$364,569,523 | 7,507         | \$34,416,031 | 1,952               | \$6,261,215 | 101,320 | \$405,246,769 |
| 2012                                              | 91,649    | \$368,422,012 | 7,962         | \$36,238,149 | 2,008               | \$6,836,636 | 101,619 | \$411,496,797 |
| 2013                                              | 92,845    | \$388,204,675 | 8,475         | \$40,764,387 | 2,213               | \$7,808,160 | 103,533 | \$436,777,222 |

## Itemized Deduction Expenditures

**Long Term Care Insurance Premiums:** 15-30-2131(1)(a)(iv), MCA  
**Legislation:** SB 151, 1997 Session

In addition to the federal deduction for medical expenses, Montana allows an itemized deduction for all unreimbursed long term care insurance premiums. As with medical insurance premiums, long term care premiums cannot be claimed as an itemized deduction if they were claimed as an above-the-line deduction in calculating adjusted gross income. In addition, a taxpayer may not claim a deduction for premiums that were part of the expenses qualifying for the elderly care credit.

This deduction provides a partial subsidy to taxpayers who buy long term care insurance. The following table shows itemized deductions for medical insurance premiums for tax years 2005 through 2013. For tax year 2013, this deduction reduced income tax revenue to the general fund by \$1,480,093 or \$2.34 per full-year resident taxpayer.

| Long Term Care Insurance Premiums |           |              |               |             |                     |           |        |              |
|-----------------------------------|-----------|--------------|---------------|-------------|---------------------|-----------|--------|--------------|
|                                   | Residents |              | Non-Residents |             | Part-Year Residents |           | Total  |              |
|                                   | N         | \$           | N             | \$          | N                   | \$        | N      | \$           |
| 2005                              | 9,123     | \$19,047,021 | 719           | \$1,915,551 | 175                 | \$320,752 | 10,017 | \$21,283,324 |
| 2006                              | 9,939     | \$21,552,299 | 803           | \$2,110,144 | 169                 | \$340,707 | 10,911 | \$24,003,150 |
| 2007                              | 11,014    | \$24,551,454 | 881           | \$2,455,949 | 179                 | \$374,962 | 12,074 | \$27,382,365 |
| 2008                              | 11,363    | \$26,552,393 | 1,072         | \$2,981,643 | 203                 | \$440,232 | 12,638 | \$29,974,268 |
| 2009                              | 11,187    | \$26,195,277 | 1,087         | \$3,106,805 | 170                 | \$379,420 | 12,444 | \$29,681,502 |
| 2010                              | 11,291    | \$27,300,594 | 1,212         | \$3,555,909 | 183                 | \$390,151 | 12,686 | \$31,246,654 |
| 2011                              | 11,210    | \$33,985,594 | 1,284         | \$3,706,599 | 180                 | \$435,634 | 12,674 | \$38,127,827 |
| 2012                              | 10,966    | \$27,571,088 | 1,327         | \$3,902,607 | 211                 | \$469,625 | 12,504 | \$31,943,320 |
| 2013                              | 11,086    | \$29,433,415 | 1,393         | \$4,282,706 | 198                 | \$459,421 | 12,677 | \$34,175,542 |

**Sales Tax or Local Income Tax:** Federal Provision  
**Legislation:** NA

Federal law allows taxpayers to choose an itemized deduction for either general sales taxes or state and local income taxes paid during the year. Montana does not allow an itemized deduction for state income tax and does not have a general sales tax or local income taxes. Thus, this deduction is relevant only to taxpayers who pay sales tax or local income taxes in another state.

This provision of federal law sunset at the end of 2014. It is one of the temporary provisions that Congress has been extending one year at a time.

The effect of this deduction on taxpayers is like the effect of the deduction for federal taxes. Formally, it avoids having the state levy income tax on income paid as tax to another state or political subdivision of another state. Practically, it is essentially equivalent to a lower tax rate for taxpayers who pay sales tax or local income tax in another state and itemize deductions.

For example, suppose a taxpayer who lives in another state but has Montana income spends 90 percent of any extra income on purchases that are subject to their home state's 8 percent sales tax. For every \$100 of extra income, this person will have \$7.40 of extra sales tax deductions so that an extra \$100 of gross income is only \$92.80 of taxable income. If they are in the 6.9 percent top rate bracket, their effective marginal rate is 6.4 percent (6.9 percent x 92.8 percent).

The following table shows itemized deductions for sales tax or local income tax for tax years 2005 through 2013. For tax year 2013, the deduction for sales tax or local income tax reduced income tax revenue to the general fund by \$126,631, or \$0.20 per full-year resident taxpayer. More than half of this tax expenditure goes to non-residents.

## Itemized Deduction Expenditures

| Local Income Taxes |           |           |               |              |                     |           |       |              |  |
|--------------------|-----------|-----------|---------------|--------------|---------------------|-----------|-------|--------------|--|
|                    | Residents |           | Non-Residents |              | Part-Year Residents |           | Total |              |  |
|                    | N         | \$        | N             | \$           | N                   | \$        | N     | \$           |  |
| 2005               | 621       | \$359,457 | 908           | \$9,941,037  | 482                 | \$485,285 | 2,011 | \$10,785,779 |  |
| 2006               | 233       | \$199,732 | 929           | \$19,542,924 | 477                 | \$307,041 | 1,639 | \$20,049,697 |  |
| 2007               | 157       | \$104,258 | 874           | \$2,046,943  | 424                 | \$246,485 | 1,455 | \$2,397,686  |  |
| 2008               | 124       | \$104,485 | 945           | \$20,477,971 | 366                 | \$226,320 | 1,435 | \$20,808,776 |  |
| 2009               | 220       | \$203,766 | 909           | \$18,609,474 | 317                 | \$448,032 | 1,446 | \$19,261,272 |  |
| 2010               | 285       | \$130,753 | 1,160         | \$15,246,242 | 373                 | \$293,152 | 1,818 | \$15,670,147 |  |
| 2011               | 294       | \$131,540 | 1,249         | \$10,735,398 | 400                 | \$215,856 | 1,943 | \$11,082,794 |  |
| 2012               | 229       | \$102,533 | 1,527         | \$4,994,937  | 437                 | \$345,344 | 2,193 | \$5,442,814  |  |
| 2013               | 190       | \$136,620 | 1,545         | \$5,573,860  | 513                 | \$346,018 | 2,248 | \$6,056,498  |  |

| Sales Taxes |           |           |               |              |                     |             |       |              |  |
|-------------|-----------|-----------|---------------|--------------|---------------------|-------------|-------|--------------|--|
|             | Residents |           | Non-Residents |              | Part-Year Residents |             | Total |              |  |
|             | N         | \$        | N             | \$           | N                   | \$          | N     | \$           |  |
| 2009        | 554       | \$626,619 | 4,325         | \$38,487,222 | 657                 | \$828,472   | 5,536 | \$39,942,313 |  |
| 2010        | †         | †         | †             | †            | †                   | †           | †     | †            |  |
| 2011        | 406       | \$512,725 | 5,239         | \$16,742,670 | 777                 | \$1,025,031 | 6,422 | \$18,280,426 |  |
| 2012        | 381       | \$346,741 | 5,208         | \$12,695,689 | 691                 | \$860,975   | 6,280 | \$13,903,405 |  |
| 2013        | 353       | \$404,334 | 5,257         | \$19,095,941 | 719                 | \$948,301   | 6,329 | \$20,448,576 |  |

† This item did not have a separate line on 2010 returns.

### Federal Income Tax: 15-30-2131(1)(b), MCA Legislation: HB 328, 1933 Session

Montana allows an itemized deduction for federal income tax paid during the year with a limit of \$5,000 for a single taxpayer or married taxpayer filing separately and \$10,000 for a married couple filing a joint return. Before 2005, there was no upper limit on this deduction. The cap was introduced by SB 407 (2005 Session). The sponsors of this legislation had several goals, which included reducing income tax revenue, lowering the top marginal rate, reducing the number of rate brackets, making the brackets narrower, eliminating the itemized deduction for federal taxes, and having no income group pay more than under prior law. It proved impossible to fully meet all these goals, and the capped deduction was retained to keep the narrower rate brackets from increasing taxes on middle-income taxpayers.

Formally, this deduction partially or completely avoids having the state levy income tax on income paid to the federal government as income tax. Practically, it has the same effect on taxpayers as having lower tax rates for taxpayers who itemize deductions and whose income puts them below the cap on this deduction. This is because each extra dollar of income increases adjusted gross income by a dollar but also increases itemized deductions by the federal marginal tax rate times a dollar. Thus, an extra dollar of adjusted gross income translates into less than an extra dollar of taxable income.

For example, a single taxpayer with taxable income of \$25,000 would be in the 6.9 percent state tax bracket and the 15 percent federal tax bracket. An additional \$100 of income would result in an additional \$15 of federal income tax, giving an \$85 increase in taxable income. Applying the 6.9 percent rate to \$85 gives additional tax of \$5.87, for an effective marginal tax rate of about 5.9 percent rather than 6.9 percent.<sup>3</sup> For a taxpayer whose federal taxes are above the cap on the deduction, the effective marginal tax rate is 6.9 percent.

The following table shows itemized deductions for federal income tax for tax years 2005 through 2013. For tax year 2013, the deduction for federal income tax reduced income tax revenue to the general fund by \$66,976,406, or \$105.94 per full-year resident taxpayer.

<sup>3</sup> If a taxpayer claims the state deduction for federal taxes but not the federal deduction for state taxes, the effective marginal state tax rate is  $state\ rate * (1 - federal\ rate)$ . If a taxpayer claims both the state deduction for federal taxes and the federal deduction for state taxes, the effective marginal state tax rate is  $state\ rate * (1 - federal\ rate) / (1 - state\ rate * federal\ rate)$ .

## Itemized Deduction Expenditures

| Federal Income Tax |           |                 |               |               |                     |              |         |                 |
|--------------------|-----------|-----------------|---------------|---------------|---------------------|--------------|---------|-----------------|
|                    | Residents |                 | Non-Residents |               | Part-Year Residents |              | Total   |                 |
|                    | N         | \$              | N             | \$            | N                   | \$           | N       | \$              |
| 2005               | 196,459   | \$911,432,919   | 16,744        | \$113,795,314 | 8,104               | \$42,366,090 | 221,307 | \$1,067,594,323 |
| 2006               | 206,398   | \$1,003,148,676 | 18,043        | \$126,084,225 | 8,883               | \$48,135,424 | 233,324 | \$1,177,368,325 |
| 2007               | 212,900   | \$1,065,150,406 | 19,292        | \$130,926,857 | 8,744               | \$47,586,369 | 240,936 | \$1,243,663,632 |
| 2008               | 198,151   | \$977,041,035   | 22,223        | \$156,619,968 | 7,422               | \$41,376,900 | 227,796 | \$1,175,037,903 |
| 2009               | 211,372   | \$1,007,165,809 | 22,680        | \$155,986,207 | 6,438               | \$34,110,135 | 240,490 | \$1,197,262,151 |
| 2010               | 210,199   | \$1,015,360,042 | 24,995        | \$172,019,855 | 7,128               | \$39,395,858 | 242,322 | \$1,226,775,755 |
| 2011               | 218,905   | \$1,132,026,533 | 27,349        | \$191,751,665 | 8,098               | \$45,809,499 | 254,352 | \$1,369,587,697 |
| 2012               | 219,334   | \$1,154,479,513 | 30,146        | \$211,978,444 | 8,933               | \$51,384,146 | 258,413 | \$1,417,842,103 |
| 2013               | 224,818   | \$1,206,775,407 | 32,250        | \$229,764,838 | 9,500               | \$54,613,668 | 266,568 | \$1,491,153,913 |

### Property Taxes on Real Estate: Federal Provision Legislation: NA

Both federal and Montana law allow taxpayers to take an itemized deduction for property taxes on real estate paid during the year.

This deduction avoids having the state levy income tax on income that was paid to the state or local governments as property tax. Since taxpayers with higher incomes tend to own more real estate and pay more property taxes, the effect is similar to having lower rates for property owners. This deduction also provides an incentive for ownership of real estate relative to making other purchases and to own rather than rent.

The following table shows itemized deductions for real estate taxes for tax years 2005 through 2013. For tax year 2013, the deduction for real estate taxes reduced income tax revenue to the state general fund by \$24,740,992, or \$39.13 per full-year resident taxpayer.

| Real Estate Taxes |           |               |               |               |                     |              |         |               |
|-------------------|-----------|---------------|---------------|---------------|---------------------|--------------|---------|---------------|
|                   | Residents |               | Non-Residents |               | Part-Year Residents |              | Total   |               |
|                   | N         | \$            | N             | \$            | N                   | \$           | N       | \$            |
| 2005              | 173,313   | \$312,773,695 | 12,403        | \$78,227,047  | 5,584               | \$11,931,374 | 191,300 | \$402,932,116 |
| 2006              | 180,660   | \$335,796,457 | 14,394        | \$90,823,829  | 5,949               | \$13,020,123 | 201,003 | \$439,640,409 |
| 2007              | 186,609   | \$351,507,817 | 12,937        | \$60,408,983  | 5,525               | \$12,349,635 | 205,071 | \$424,266,435 |
| 2008              | 187,415   | \$375,863,167 | 15,801        | \$112,053,015 | 4,962               | \$11,850,184 | 208,178 | \$499,766,366 |
| 2009              | 190,987   | \$390,523,795 | 16,210        | \$117,316,538 | 4,054               | \$9,895,034  | 211,251 | \$517,735,367 |
| 2010              | 190,240   | \$400,710,387 | 17,430        | \$132,985,027 | 4,242               | \$10,966,735 | 211,912 | \$544,662,149 |
| 2011              | 190,503   | \$411,428,092 | 18,284        | \$140,956,982 | 4,432               | \$11,106,045 | 213,219 | \$563,491,119 |
| 2012              | 187,722   | \$407,127,118 | 19,198        | \$115,915,969 | 4,713               | \$11,434,342 | 211,633 | \$534,477,429 |
| 2013              | 191,258   | \$427,371,486 | 20,552        | \$147,935,026 | 4,912               | \$12,574,315 | 216,722 | \$587,880,827 |

## Itemized Deduction Expenditures

### Property Taxes on Personal Property: Federal Provision and 15-30-2131(1)(h), MCA Legislation: HB 540, 1999 Session (light vehicle fees)

Both federal and Montana law allows taxpayers to take an itemized deduction for property taxes on personal property paid during the year. For individual taxpayers, this consists primarily of motor vehicle license fees. One difference between the federal and state deductions is that federal law allows a deduction only for taxes that are based on the value of the property while Montana law allows a deduction for light vehicle registration fees, which are based on age rather than value.

This deduction avoids having the state levy income tax on income that was paid to the state or local governments as property tax. To the extent that taxpayers with higher incomes own more taxable personal property, the effect on taxpayers is similar to having a lower rate for personal property owners. It also provides an incentive for the ownership of taxable rather than untaxed personal property.

The following table shows itemized deductions for personal property taxes for tax years 2005 through 2013. For tax year 2013, the deduction for personal property taxes reduced income tax revenue to the general fund by \$3,267,819, or \$5.17 per full-year resident taxpayer.

| Personal Property Taxes |           |              |               |             |                     |             |         |              |
|-------------------------|-----------|--------------|---------------|-------------|---------------------|-------------|---------|--------------|
|                         | Residents |              | Non-Residents |             | Part-Year Residents |             | Total   |              |
|                         | N         | \$           | N             | \$          | N                   | \$          | N       | \$           |
| 2005                    | 143,930   | \$49,132,724 | 5,879         | \$3,005,134 | 3,953               | \$1,579,713 | 153,762 | \$53,717,571 |
| 2006                    | 149,420   | \$53,801,270 | 7,067         | \$3,781,656 | 4,348               | \$1,755,659 | 160,835 | \$59,338,585 |
| 2007                    | 153,191   | \$54,986,011 | 6,459         | \$2,955,742 | 4,132               | \$1,818,477 | 163,782 | \$59,760,230 |
| 2008                    | 150,213   | \$54,112,119 | 7,348         | \$4,355,399 | 3,513               | \$1,413,080 | 161,074 | \$59,880,598 |
| 2009                    | 147,121   | \$53,773,266 | 7,585         | \$5,206,252 | 2,799               | \$1,383,547 | 157,505 | \$60,363,065 |
| 2010                    | 144,929   | \$52,671,671 | 8,059         | \$4,918,690 | 3,132               | \$1,303,742 | 156,120 | \$58,894,103 |
| 2011                    | 148,894   | \$52,698,081 | 8,638         | \$5,110,112 | 3,473               | \$1,484,196 | 161,005 | \$59,292,389 |
| 2012                    | 148,566   | \$52,294,545 | 9,434         | \$5,321,672 | 3,706               | \$1,472,320 | 161,706 | \$59,088,537 |
| 2013                    | 152,201   | \$54,011,758 | 10,082        | \$5,899,666 | 4,135               | \$1,724,377 | 166,418 | \$61,635,801 |

### Other Deductible Taxes: Federal Provision Legislation: NA

Federal and state law allows itemized deductions for several other types of taxes, including the generation skipping transfer tax and income taxes paid to other countries. This deduction avoids having the state levy income tax on income paid as tax to the United States or another country. As with other deductions for taxes, the effect on taxpayers is similar to having lower rates as long as taxpayers with higher incomes tend to pay more of the deductible taxes.

The following table shows itemized deductions for other taxes from 2005 through 2013. For tax year 2013, the deduction for other taxes reduced income tax revenue to the state general fund by \$494,788, or \$0.78 per full-year resident taxpayer.

| Other Deductible Taxes |           |              |               |             |                     |             |        |              |
|------------------------|-----------|--------------|---------------|-------------|---------------------|-------------|--------|--------------|
|                        | Residents |              | Non-Residents |             | Part-Year Residents |             | Total  |              |
|                        | N         | \$           | N             | \$          | N                   | \$          | N      | \$           |
| 2005                   | 20,204    | \$7,401,798  | 1,125         | \$2,654,526 | 435                 | \$321,390   | 21,764 | \$10,377,714 |
| 2006                   | 22,408    | \$10,506,730 | 3,817         | \$8,650,629 | 867                 | \$1,181,614 | 27,092 | \$20,338,973 |
| 2007                   | 22,045    | \$8,515,407  | 3,963         | \$6,852,968 | 781                 | \$869,845   | 26,789 | \$16,238,220 |
| 2008                   | 20,767    | \$8,494,096  | 4,114         | \$8,577,725 | 694                 | \$645,474   | 25,575 | \$17,717,295 |
| 2009                   | 23,966    | \$8,631,187  | 1,441         | \$3,231,465 | 312                 | \$143,438   | 25,719 | \$12,006,090 |
| 2010                   | 25,284    | \$10,298,211 | 3,789         | \$7,385,215 | 560                 | \$493,640   | 29,633 | \$18,177,066 |
| 2011                   | 23,351    | \$9,209,030  | 1,456         | \$2,553,390 | 355                 | \$190,590   | 25,162 | \$11,953,010 |
| 2012                   | 22,435    | \$8,398,699  | 1,450         | \$2,280,780 | 358                 | \$206,848   | 24,243 | \$10,886,327 |
| 2013                   | 21,508    | \$8,636,316  | 1,612         | \$2,798,319 | 355                 | \$216,346   | 23,475 | \$11,650,981 |

## Itemized Deduction Expenditures

### Home Mortgage Interest: Federal Provision Legislation: NA

Federal and state law allow an itemized deduction for home mortgage interest. Through 2012 this deduction was reported on three separate lines. The first was for reporting interest, including pre-paid interest called points, reported on a federal Form 1098. The second line was for reporting interest not reported on a federal Form 1098, and the third was for reporting points not reported on a federal Form 1098. Beginning in 2013, the three were combined in one line.

The deduction for home mortgage interest provides an incentive for home ownership and a disincentive for taxpayers to pay off their mortgages. The following tables show itemized deductions for home mortgage interest. Beginning in 2007, federal and Montana law began allowing an itemized deduction for certain home mortgage insurance premiums. The bottom table shows mortgage insurance deductions. Together, these mortgage-interest-related deductions reduced income tax revenue to the state general fund for 2013 by \$54,315,070, or \$85.91 per full-year resident taxpayer.

| Home Mortgage Interest |           |                 |               |               |                     |              |         |                 |
|------------------------|-----------|-----------------|---------------|---------------|---------------------|--------------|---------|-----------------|
|                        | Residents |                 | Non-Residents |               | Part-Year Residents |              | Total   |                 |
|                        | N         | \$              | N             | \$            | N                   | \$           | N       | \$              |
| 2005                   | 155,160   | \$852,278,151   | 11,590        | \$124,370,800 | 6,364               | \$45,590,859 | 173,114 | \$1,022,239,810 |
| 2006                   | 159,621   | \$985,031,571   | 13,196        | \$157,991,341 | 6,686               | \$55,079,742 | 179,503 | \$1,198,102,654 |
| 2007                   | 162,570   | \$1,121,454,323 | 11,960        | \$137,949,189 | 6,183               | \$55,526,097 | 180,713 | \$1,314,929,609 |
| 2008                   | 162,478   | \$1,174,813,315 | 13,787        | \$175,485,749 | 5,427               | \$49,463,600 | 181,692 | \$1,399,762,664 |
| 2009                   | 167,316   | \$1,140,285,001 | 14,096        | \$166,108,763 | 4,289               | \$34,239,269 | 185,701 | \$1,340,633,033 |
| 2010                   | 166,640   | \$1,099,428,663 | 15,449        | \$169,547,752 | 4,580               | \$35,825,485 | 186,669 | \$1,304,801,900 |
| 2011                   | 165,073   | \$1,031,711,636 | 16,136        | \$164,519,232 | 4,712               | \$33,782,149 | 185,921 | \$1,230,013,017 |
| 2012                   | 162,474   | \$958,035,238   | 17,192        | \$151,153,349 | 5,010               | \$32,408,936 | 184,676 | \$1,141,597,523 |
| 2013                   | 141,696   | \$907,271,882   | 15,609        | \$151,307,187 | 4,583               | \$32,308,778 | 161,888 | \$1,090,887,847 |

### Home Mortgage Insurance Premium: Federal Provision Legislation: NA

Federal and state law allow an itemized deduction for mortgage insurance premiums for mortgage insurance issued after 2006. Federal law considers mortgage insurance premiums to be part of mortgage interest, and Montana law follows federal law on this point.

This deduction sunset at the end of 2014. It is one of the temporary provisions that Congress has been extending one year at a time.

For 2013, this deduction reduced general fund revenue by \$1,695,196, or \$2.68 per full-year resident taxpayer.

| Qualified Mortgage Insurance Premiums |           |              |               |             |                     |             |        |              |
|---------------------------------------|-----------|--------------|---------------|-------------|---------------------|-------------|--------|--------------|
|                                       | Residents |              | Non-Residents |             | Part-Year Residents |             | Total  |              |
|                                       | N         | \$           | N             | \$          | N                   | \$          | N      | \$           |
| 2007                                  | 6,668     | \$6,614,484  | 271           | \$302,418   | 569                 | \$655,755   | 7,508  | \$7,572,657  |
| 2008                                  | 10,465    | \$12,656,499 | 519           | \$778,516   | 679                 | \$945,411   | 11,663 | \$14,380,426 |
| 2009                                  | 15,693    | \$21,264,234 | 757           | \$1,143,096 | 648                 | \$1,172,580 | 17,098 | \$23,579,910 |
| 2010                                  | 17,979    | \$23,239,755 | 923           | \$1,435,739 | 727                 | \$1,326,476 | 19,629 | \$26,001,970 |
| 2011                                  | 18,823    | \$20,843,664 | 1,117         | \$2,435,089 | 771                 | \$1,062,445 | 20,711 | \$24,341,198 |
| 2012                                  | 17,378    | \$20,286,561 | 1,150         | \$1,386,050 | 693                 | \$912,752   | 19,221 | \$22,585,363 |
| 2013                                  | 21,297    | \$29,921,640 | 1,453         | \$1,906,673 | 948                 | \$1,488,023 | 23,698 | \$33,316,336 |

## Itemized Deduction Expenditures

### Charitable Contributions: Federal Provision Legislation: NA

Federal and Montana law allows an itemized deduction for charitable contributions. In any year, this deduction is limited to 50 percent of the taxpayer's adjusted gross income. In addition, gifts to certain types of charities and certain types of gifts are subject to lower limits. A taxpayer whose contributions exceed the limit may carry the excess contributions forward and deduct them in a later tax year. The deduction provides an incentive for taxpayers to contribute to tax-exempt charities by making the taxpayer's cost of the donation less than the amount the charity receives.

The following tables show itemized deductions for contributions for tax years 2005 through 2013. Itemized deductions for charitable contributions reduced 2013 income tax revenue to the state general fund by \$36,460,796, or \$57.67 per full-year resident taxpayer.

| Contributions |           |               |               |                 |                     |              |         |                 |
|---------------|-----------|---------------|---------------|-----------------|---------------------|--------------|---------|-----------------|
|               | Residents |               | Non-Residents |                 | Part-Year Residents |              | Total   |                 |
|               | N         | \$            | N             | \$              | N                   | \$           | N       | \$              |
| 2005          | 153,763   | \$328,495,465 | 11,768        | \$589,530,077   | 4,838               | \$11,569,314 | 170,369 | \$929,594,856   |
| 2006          | 155,992   | \$346,917,958 | 13,171        | \$879,547,242   | 4,912               | \$15,097,419 | 174,075 | \$1,241,562,619 |
| 2007          | 153,487   | \$539,533,465 | 11,632        | \$242,926,925   | 4,367               | \$11,313,736 | 169,486 | \$793,774,126   |
| 2008          | 150,723   | \$434,698,282 | 13,701        | \$1,124,701,325 | 3,867               | \$10,188,258 | 168,291 | \$1,569,587,865 |
| 2009          | 150,506   | \$424,565,892 | 13,647        | \$1,224,439,469 | 3,139               | \$7,793,220  | 167,292 | \$1,656,798,581 |
| 2010          | 149,905   | \$443,302,712 | 15,018        | \$777,622,164   | 3,524               | \$9,514,707  | 168,447 | \$1,230,439,583 |
| 2011          | 149,573   | \$454,876,219 | 15,723        | \$1,483,130,383 | 3,722               | \$10,006,032 | 169,018 | \$1,948,012,634 |
| 2012          | 147,981   | \$458,318,428 | 16,737        | \$1,356,904,314 | 4,012               | \$11,644,667 | 168,730 | \$1,826,867,409 |
| 2013          | 150,343   | \$487,023,319 | 18,043        | \$1,375,346,442 | 4,154               | \$11,881,345 | 172,540 | \$1,874,251,106 |

| Non-Cash Contributions |           |              |               |               |                     |             |        |               |
|------------------------|-----------|--------------|---------------|---------------|---------------------|-------------|--------|---------------|
|                        | Residents |              | Non-Residents |               | Part-Year Residents |             | Total  |               |
|                        | N         | \$           | N             | \$            | N                   | \$          | N      | \$            |
| 2005                   | 63,138    | \$81,133,500 | 6,018         | \$565,617,819 | 3,285               | \$4,155,124 | 72,441 | \$650,906,443 |
| 2006                   | 62,763    | \$83,872,512 | 6,915         | \$581,016,577 | 3,278               | \$5,373,699 | 72,956 | \$670,262,788 |
| 2007                   | 61,102    | \$89,879,024 | 5,819         | \$140,639,743 | 2,921               | \$3,000,858 | 69,842 | \$233,519,625 |
| 2008                   | 61,637    | \$61,442,501 | 6,746         | \$435,659,170 | 2,564               | \$3,838,773 | 70,947 | \$500,940,444 |
| 2009                   | 62,071    | \$59,713,638 | 6,696         | \$229,611,641 | 2,035               | \$2,640,083 | 70,802 | \$291,965,362 |
| 2010                   | 63,149    | \$59,815,976 | 7,508         | \$418,247,266 | 2,375               | \$2,793,160 | 73,032 | \$480,856,402 |
| 2011                   | 64,355    | \$64,804,361 | 7,972         | \$750,863,209 | 2,510               | \$3,257,614 | 74,837 | \$818,925,184 |
| 2012                   | 65,204    | \$68,366,539 | 8,708         | \$177,502,381 | 2,780               | \$5,131,176 | 76,692 | \$251,000,096 |
| 2013                   | 68,473    | \$75,235,417 | 9,489         | \$915,527,476 | 3,059               | \$3,900,138 | 81,021 | \$994,663,031 |

| Carryover of Contributions from Previous Years |           |              |               |               |                     |             |       |               |
|------------------------------------------------|-----------|--------------|---------------|---------------|---------------------|-------------|-------|---------------|
|                                                | Residents |              | Non-Residents |               | Part-Year Residents |             | Total |               |
|                                                | N         | \$           | N             | \$            | N                   | \$          | N     | \$            |
| 2005                                           | 2,750     | \$23,935,534 | 318           | \$61,065,545  | 59                  | \$799,869   | 3,127 | \$85,800,948  |
| 2006                                           | 2,786     | \$33,035,422 | 312           | \$66,111,824  | 77                  | \$613,737   | 3,175 | \$99,760,983  |
| 2007                                           | 2,697     | \$29,245,142 | 268           | \$21,677,292  | 67                  | \$857,788   | 3,032 | \$51,780,222  |
| 2008                                           | 2,396     | \$34,852,686 | 327           | \$85,764,028  | 66                  | \$1,268,528 | 2,789 | \$121,885,242 |
| 2009                                           | 2,560     | \$26,683,941 | 369           | \$44,220,591  | 50                  | \$760,505   | 2,979 | \$71,665,037  |
| 2010                                           | 3,628     | \$34,781,509 | 561           | \$703,268,770 | 60                  | \$924,995   | 4,249 | \$738,975,274 |
| 2011                                           | 3,465     | \$36,451,707 | 554           | \$101,251,825 | 82                  | \$799,702   | 4,101 | \$138,503,234 |
| 2012                                           | 3,269     | \$40,198,253 | 421           | \$67,939,866  | 97                  | \$1,597,883 | 3,787 | \$109,736,002 |
| 2013                                           | 3,314     | \$36,604,717 | 534           | \$444,543,991 | 94                  | \$321,170   | 3,942 | \$481,469,878 |

## Itemized Deduction Expenditures

**Child and Dependent Care Expenses:** 15-30-2131(1)(c), MCA  
**Legislation:** HB 47, 1977 session

Montana allows an itemized deduction for up to \$4,800 of the expenses of maintaining a household for or providing care for certain dependents while the taxpayer is at work or looking for a job. The dependent may be a child under 15 or any person who is unable to care for him or herself while the taxpayer is at work. To qualify for the deduction, the taxpayer and spouse, if married, must have combined Montana adjusted gross income of less than \$22,800. The income limit is \$25,200 if the taxpayer is caring for two eligible dependents and \$27,600 for three or more dependents.

Federal law allows taxpayers to claim a credit rather than an itemized deduction for dependent care expenses. The conditions for claiming the federal credit are similar to the conditions for claiming the state deduction.

This deduction reduces the cost of working for taxpayers who have a child or other dependent to care for. It provides an incentive to engage in paid work and pay to have the dependent cared for rather than to provide the care personally.

The following table shows itemized deductions for child and dependent care expenses for tax years 2005 through 2013. The itemized deduction for child and dependent care expenses reduced income tax revenue to the state general fund for 2013 by \$13,402, or \$0.02 per full year resident taxpayer.

| Child and Dependent Care Expenses |           |             |               |           |                     |           |       |             |
|-----------------------------------|-----------|-------------|---------------|-----------|---------------------|-----------|-------|-------------|
|                                   | Residents |             | Non-Residents |           | Part-Year Residents |           | Total |             |
|                                   | N         | \$          | N             | \$        | N                   | \$        | N     | \$          |
| 2005                              | 878       | \$1,502,761 | 47            | \$78,518  | 47                  | \$76,815  | 972   | \$1,658,094 |
| 2006                              | 781       | \$1,391,599 | 39            | \$78,514  | 48                  | \$100,968 | 868   | \$1,571,081 |
| 2007                              | 795       | \$1,471,368 | 35            | \$70,146  | 41                  | \$81,418  | 871   | \$1,622,932 |
| 2008                              | 725       | \$1,382,178 | 40            | \$76,892  | 29                  | \$54,071  | 794   | \$1,513,141 |
| 2009                              | 837       | \$1,600,514 | 62            | \$121,396 | 31                  | \$65,490  | 930   | \$1,787,400 |
| 2010                              | 784       | \$1,468,425 | 73            | \$157,712 | 32                  | \$58,378  | 889   | \$1,684,515 |
| 2011                              | 805       | \$1,607,286 | 64            | \$132,737 | 39                  | \$72,575  | 908   | \$1,812,598 |
| 2012                              | 734       | \$1,452,494 | 62            | \$140,216 | 37                  | \$76,770  | 833   | \$1,669,480 |
| 2013                              | 703       | \$1,447,271 | 70            | \$145,804 | 49                  | \$109,360 | 822   | \$1,702,435 |

## Itemized Deduction Expenditures

### Casualty and Theft Losses: Federal Provision Legislation: N/A

Federal and Montana law allows taxpayers an itemized deduction for the uncompensated theft, damage, or destruction of non-business property that exceeds 10 percent of the taxpayer's adjusted gross income. Casualty and theft losses of business property are deducted as a business expense in calculating adjusted gross income.

This deduction essentially treats the value of a taxpayer's significant property loss as an offset to income. This reduces the incentive to insure or protect property against theft, damage, or other losses.

The following table shows itemized deductions for casualty and theft losses for tax years 2005 through 2013. The itemized deduction for casualty and theft losses reduced income tax revenue to the state general fund for 2013 by \$218,331, or \$0.35 per full-year resident taxpayer.

| Casualty and Theft Losses |           |             |               |              |                     |           |       |              |
|---------------------------|-----------|-------------|---------------|--------------|---------------------|-----------|-------|--------------|
|                           | Residents |             | Non-Residents |              | Part-Year Residents |           | Total |              |
|                           | N         | \$          | N             | \$           | N                   | \$        | N     | \$           |
| 2005                      | 378       | \$4,441,098 | 94            | \$3,136,444  | 31                  | \$390,980 | 503   | \$7,968,522  |
| 2006                      | 397       | \$7,373,395 | 39            | \$1,601,455  | 28                  | \$457,765 | 464   | \$9,432,615  |
| 2007                      | 369       | \$4,675,161 | 22            | \$1,074,624  | 28                  | \$749,831 | 419   | \$6,499,616  |
| 2008                      | 363       | \$5,565,994 | 44            | \$1,713,960  | 17                  | \$138,661 | 424   | \$7,418,615  |
| 2009                      | 324       | \$6,906,415 | 24            | \$13,399,154 | 15                  | \$134,078 | 363   | \$20,439,647 |
| 2010                      | 470       | \$4,921,842 | 29            | \$1,435,060  | 18                  | \$236,837 | 517   | \$6,593,739  |
| 2011                      | 603       | \$9,738,044 | 47            | \$1,819,443  | 31                  | \$251,412 | 681   | \$11,808,899 |
| 2012                      | 337       | \$7,131,478 | 27            | \$648,528    | 15                  | \$92,764  | 379   | \$7,872,770  |
| 2013                      | 510       | \$5,869,942 | 52            | \$847,644    | 20                  | \$120,451 | 582   | \$6,838,037  |

### Political Contributions: 15-30-2131(1)(d), MCA Legislation: HB 407, 1979 Session

Montana allows taxpayers an itemized deduction for up to \$100 of contributions to candidates for political office or to political parties. Federal law does not allow a comparable deduction. This deduction provides a subsidy for taxpayers making political contributions totaling up to \$100.

The following table shows itemized deductions for political contributions for tax years 2005 through 2013. The itemized deduction for political contributions reduced income tax revenue to the general fund for 2013 by \$38,341, or \$0.06 per full-year resident taxpayer.

| Political Contributions |           |             |               |          |                     |          |       |             |
|-------------------------|-----------|-------------|---------------|----------|---------------------|----------|-------|-------------|
|                         | Residents |             | Non-Residents |          | Part-Year Residents |          | Total |             |
|                         | N         | \$          | N             | \$       | N                   | \$       | N     | \$          |
| 2005                    | 4,444     | \$542,487   | 168           | \$19,911 | 88                  | \$8,803  | 4,700 | \$571,201   |
| 2006                    | 7,083     | \$834,509   | 175           | \$21,448 | 116                 | \$13,395 | 7,374 | \$869,352   |
| 2007                    | 5,462     | \$634,404   | 144           | \$17,935 | 104                 | \$11,034 | 5,710 | \$663,373   |
| 2008                    | 8,705     | \$1,062,633 | 338           | \$42,074 | 154                 | \$17,339 | 9,197 | \$1,122,046 |
| 2009                    | 5,490     | \$643,598   | 190           | \$24,431 | 57                  | \$6,359  | 5,737 | \$674,388   |
| 2010                    | 6,959     | \$822,083   | 230           | \$29,357 | 86                  | \$9,673  | 7,275 | \$861,113   |
| 2011                    | 6,047     | \$729,898   | 210           | \$27,487 | 84                  | \$9,069  | 6,341 | \$766,454   |
| 2012                    | 8,774     | \$1,082,429 | 296           | \$39,241 | 121                 | \$14,181 | 9,191 | \$1,135,851 |
| 2013                    | 5,343     | \$643,188   | 185           | \$24,439 | 82                  | \$9,661  | 5,610 | \$677,288   |

## Special Treatment for Certain Types of Income

### Special Treatment for Capital Gains: 15-30-2301, MCA Legislation: HB 407, 2003 Session

A taxpayer has a gain or loss when the price of an asset the taxpayer owns changes and the change is not equal to depreciation on the asset. Gains and losses are realized when the taxpayer sells the asset. A taxpayer has unrealized gains or losses when the market value of an asset is more or less than the taxpayer's basis, which usually is the purchase price less depreciation.

In most cases, gains or losses on asset sales are considered capital gains or losses and are given special tax treatment by both federal and Montana law. In some cases where an asset's book value is less than its market value because of excess depreciation, part or all of the gain from its sale is taxed as ordinary income.

Both federal law and Montana law require taxpayers to recognize gains and losses when assets are sold, rather than when the price change occurs. Gains and losses in the same year are netted against each other. If the result is a net gain, it is taxed that year. A net loss of up to \$3,000 (\$1,500 for a married taxpayer filing a separate return) may be used to offset other income in the same year, and any loss over this limit must be carried forward to the next year.

Federal law taxes income from capital gains and corporate dividends at lower rates than ordinary income. Montana does not have separate rates for different types of income, but does allow a credit equal to 2 percent of capital gains income. If the capital gains credit exceeds the taxpayer's tax liability, the excess credit is not refunded and may not be carried forward or backward to other tax years. This credit is equivalent to taxing capital gains at a lower rate than other income. In essence, a taxpayer in the top income bracket is taxed at 6.9 percent on an additional dollar of ordinary income but at 4.9 percent on an additional dollar of capital gains income.

The income tax would not affect taxpayers' choices between assets that yield a stream of income and assets that provide a return through appreciation if capital gains were taxed (and capital losses were deducted) when they accrue rather than when they are realized, if capital gains were taxed at the same rate as ordinary income, and if gains and losses were calculated after adjusting the taxpayer's basis for inflation. In most cases, the preferential treatment of capital gains income creates incentives for taxpayers to invest in assets that produce capital gains rather than producing a stream of income, for taxpayers to make riskier investments, and for taxpayers to hold assets that have appreciated and sell assets that have lost value. However, these incentives may be reversed if taxpayers expect asset price increases to be offset by inflation.

The following table shows capital gains credits for tax years 2005 through 2013. For 2013, the capital gains credit reduced income tax revenue to the general fund by \$29,365,395, or \$46.45 per full-year resident taxpayer. The reduction in revenue is less than the total amount of credits claimed because some taxpayers reach zero tax liability without using all of their credit.

| Capital Gains Credit |           |              |               |             |                     |           |        |              |
|----------------------|-----------|--------------|---------------|-------------|---------------------|-----------|--------|--------------|
|                      | Residents |              | Non-Residents |             | Part-Year Residents |           | Total  |              |
|                      | N         | \$           | N             | \$          | N                   | \$        | N      | \$           |
| 2005                 | 53,187    | \$15,440,738 | 9,799         | \$3,942,692 | 2,418               | \$443,246 | 65,404 | \$19,826,676 |
| 2006                 | 61,392    | \$19,599,422 | 10,474        | \$2,931,577 | 2,575               | \$419,008 | 74,441 | \$22,950,007 |
| 2007                 | 68,967    | \$40,025,383 | 10,329        | \$3,358,241 | 2,779               | \$752,115 | 82,075 | \$44,135,739 |
| 2008                 | 41,242    | \$26,151,925 | 8,031         | \$8,609,630 | 1,442               | \$457,981 | 50,715 | \$35,219,536 |
| 2009                 | 24,961    | \$17,974,296 | 5,346         | \$1,918,020 | 766                 | \$175,272 | 31,073 | \$20,067,588 |
| 2010                 | 31,812    | \$19,642,186 | 7,340         | \$3,794,662 | 1,043               | \$318,107 | 40,195 | \$23,754,954 |
| 2011                 | 37,812    | \$19,621,982 | 8,790         | \$2,539,063 | 1,266               | \$822,209 | 47,868 | \$22,983,254 |
| 2012                 | 50,139    | \$31,235,460 | 10,891        | \$3,745,517 | 1,615               | \$570,206 | 62,645 | \$35,551,183 |
| 2013                 | 62,628    | \$27,523,134 | 13,534        | \$4,269,932 | 2,165               | \$496,880 | 78,327 | \$32,289,946 |

## Tax Credits

### Tax Credits

Tax credits offset tax liability for taxpayers who make specified expenditures or take specified actions. Tax credits are not part of the basic structure of the income tax and are therefore tax expenditures.

Credits generally give taxpayers an incentive to make certain expenditures by providing a partial subsidy for those expenditures, which lowers the taxpayer's cost. The amount of subsidy a taxpayer receives depends on whether the taxpayer can also claim a federal deduction or credit, whether the taxpayer could claim a state deduction for the same expenditure, and whether the taxpayer must choose between a state deduction and the state credit or can claim both. For each credit, this section shows taxpayer subsidies, taking the interactions of state and federal taxes into account, for taxpayers whose federal taxes are above and below the cap on the state deduction for federal taxes.

Sometimes, a taxpayer will have a credit or combination of credits that is greater than their tax liability. If a credit is refundable, the taxpayer receives a direct subsidy equal to the difference between the credit and tax liability, and the cost to the general fund is the full amount of the credit. If a credit is non-refundable but has a carry-over provision, any excess of the credit over tax liability must be carried forward and applied against tax liability in a later year. The current cost to the general fund is limited to the tax liability of taxpayers claiming the credit, but some credits claimed one year may be carried forward and reduce general fund revenue in future years. Also, part of the credits claimed in the current year may have been carried forward from earlier years. If a credit is non-refundable and cannot be carried over, the cost to the general fund is limited by the current tax liability of taxpayers claiming the credit.

### College Contribution Credit: 15-30-2301, MCA

**Legislation:** HB 894, 1991 Session

Individual and corporate taxpayers are allowed a credit of 10 percent of the amount of charitable contributions to the general endowment funds of Montana public or private higher education institutions.

The credit is limited to a maximum of \$500. A taxpayer with a credit that is larger than his or her tax liability will not be refunded the excess, and excess credits may not be carried forward or backward to another tax year. The credit originally was to sunset in 1996, but was made permanent by HB 199 of the 1995 Legislative Session. A taxpayer who makes a contribution to a college endowment fund may take both state and federal itemized deductions for the charitable contribution and this credit.

| \$100 Contribution to College Endowment Fund            |                             |            |
|---------------------------------------------------------|-----------------------------|------------|
| Taxpayer Claims Credit and Federal and State Deductions |                             |            |
|                                                         | Deduction for Federal Taxes |            |
|                                                         | Capped                      | Not Capped |
| Federal Tax Subsidy                                     | \$32.91                     | \$33.83    |
| State Tax Subsidy                                       | \$16.90                     | \$14.57    |
| Net Taxpayer Subsidy                                    | \$49.81                     | \$48.40    |
| Taxpayer Claims Federal and State Itemized Deductions   |                             |            |
|                                                         | Deduction for Federal Taxes |            |
|                                                         | Capped                      | Not Capped |
| Federal Tax Subsidy                                     | \$36.87                     | \$37.90    |
| State Tax Subsidy                                       | \$6.90                      | \$4.28     |
| Net Taxpayer Subsidy                                    | \$43.77                     | \$42.19    |
| Difference Due to Credit                                |                             |            |
|                                                         | Deduction for Federal Taxes |            |
|                                                         | Capped                      | Not Capped |
| Federal Tax Subsidy                                     | (\$3.96)                    | (\$4.07)   |
| State Tax Subsidy                                       | \$10.00                     | \$10.28    |
| Net Taxpayer Subsidy                                    | \$6.04                      | \$6.21     |

This credit is essentially a transfer from the state general fund to Montana college endowment funds. The table above shows the portions of a \$100 contribution to an eligible college endowment fund that are ultimately paid by the donor, federal taxpayers, and state taxpayers, when the donor claims state and federal itemized deductions for the donation, when the donor claims the credit in addition to the federal deduction, and the difference due to the credit. The table assumes that the donor is in the top federal and state tax brackets.

The itemized deductions reduce the donor's cost to about 60 percent of the donation, and the credit further reduces it to about 45 percent of the donation. The additional subsidy is less than the credit because claiming the credit reduces the itemized deductions that can be claimed for state taxes.

## Tax Credits

The following table shows college contribution credits claimed by individual taxpayers for tax years 2005 through 2013.

| College Contribution Credit |           |           |               |         |                     |         |       |           |  |
|-----------------------------|-----------|-----------|---------------|---------|---------------------|---------|-------|-----------|--|
|                             | Residents |           | Non-Residents |         | Part-Year Residents |         | Total |           |  |
|                             | N         | \$        | N             | \$      | N                   | \$      | N     | \$        |  |
| 2005                        | 2,297     | \$206,714 | 47            | \$6,338 | 21                  | \$6,186 | 2,365 | \$219,238 |  |
| 2006                        | 2,419     | \$246,533 | 52            | \$6,971 | 30                  | \$3,837 | 2,501 | \$257,341 |  |
| 2007                        | 2,412     | \$239,072 | 44            | \$6,353 | 20                  | \$1,748 | 2,476 | \$247,173 |  |
| 2008                        | 2,433     | \$225,228 | 37            | \$4,641 | 17                  | \$3,555 | 2,487 | \$233,424 |  |
| 2009                        | 2,488     | \$237,180 | 59            | \$6,435 | 17                  | \$2,250 | 2,564 | \$245,865 |  |
| 2010                        | 2,549     | \$253,119 | 54            | \$5,634 | 27                  | \$3,940 | 2,630 | \$262,693 |  |
| 2011                        | 2,506     | \$238,141 | 54            | \$5,232 | 20                  | \$3,294 | 2,580 | \$246,667 |  |
| 2012                        | 2,607     | \$246,495 | 56            | \$8,421 | 20                  | \$2,038 | 2,683 | \$256,954 |  |
| 2013                        | 2,662     | \$269,473 | 51            | \$6,142 | 24                  | \$1,872 | 2,737 | \$277,487 |  |

In 2013, this credit cost the state general fund \$254,708. Taxpayers were unable to use \$22,779 of credits because the credit is non-refundable and cannot be carried forward. Without this credit, \$254,708 would have been available to spend on other state programs or taxes could have been reduced by this amount. The college endowment credit against individual income tax cost an average of \$0.40 per full-year resident taxpayer.

**Qualified Endowment Credit:** 15-30-2327, MCA through 15-30-2329, MCA  
**Legislation** HB 434, 1997 Session

Individual taxpayers are allowed a credit of 40 percent of the present value of a planned gift to a qualified endowment. A qualified endowment is a permanent fund held by or on behalf of a 501(c)(3) charitable organization. A planned gift is one of nine types of arrangements specified in the IRS code. Planned gifts basically fall into three categories. In the first, the donor continues to receive income or benefits from the donated assets, either for a fixed term or for life, and the endowment receives the assets at the end of the term or when the donor dies. Examples include charitable remainder trusts and life estate arrangements. In the second category, the endowment receives income from the assets, generally for a fixed term, and then the assets revert to the donor or the donor's heirs. Charitable lead trusts fall into this category. The third category of planned gifts is paid-up life insurance.

Corporations are allowed a credit of 20 percent of a gift to a qualified endowment. Because the concept of planned gifts only makes sense for individuals, corporations are allowed the credit for an outright gift.

The credit is limited to a maximum of \$10,000. A taxpayer with a credit that is larger than his or her tax liability will not be refunded the excess, and excess credits may not be carried forward or backward to another tax year. A taxpayer may claim the credit for multiple gifts in one year as long as total credits do not exceed \$10,000. A taxpayer who makes eligible contributions in multiple years may take the credit each year. An individual will receive the maximum credit for a gift with a present value of \$25,000. A corporation will receive the maximum credit for a gift of \$50,000.

The credit originally was 50 percent of the present value of the planned gift with a limit of \$10,000. The credit was to sunset at the end of 2001. The 2001 Legislature (HB 377) reduced the credit to 40 percent of the present value of the planned gift for individuals and 20 percent of the value of the gift for corporations. It also clarified the definition of planned gift and extended the sunset date to the end of 2007. The 2001 Legislature (SB 350) also created an affordable housing revolving loan program and made contributions to the account for this program eligible for the credit. This provision sunset at the end of 2004, and the legislature did not extend it. In August 2002, the Montana Legislature met in a special session to deal with revenue shortfalls. To reduce the costs of the credit in the short run, the legislature (SB 15) reduced the credit for the period from August 28, 2002 through June 30, 2003 to 30 percent for individuals and 13.3 percent for corporations, with a cap of \$6,600. The same bill increased the credit for the period from July 1, 2003 to April 30, 2004, to 50 percent for individuals and 26.7 percent for corporations, with a cap of \$13,400. The credit returned to its previous levels May 1, 2004. The 2003 Legislature (SB 143) defined the term "charitable gift annuity" in Montana Code Annotated Title 33, which deals with insurance, and made the credit language refer to that

## Tax Credits

definition. The 2005 Legislature (HB 193) provided for recapture of the tax credit when a gift is returned to the taxpayer. The 2007 Legislature (SB 150) clarified that a building fund or other fund that spends from contributions rather than just from its earnings is not a charitable endowment. SB 150 also extended the sunset date to the end of 2013. The 2013 Legislature (SB 108) extended the sunset date to the end of 2019.

The arrangements that can be used for planned gifts are defined in the IRS code, but there is no specific federal tax treatment of planned gifts other than the general deduction for contributions. A taxpayer may not claim the credit for a gift and take a state itemized deduction for the same gift. If the present value of the contribution exceeds the limit, the deduction may be taken on the excess. The taxpayer may take a federal itemized deduction for the full amount of the gift.

This credit is essentially a transfer from the state general fund to Montana charitable endowment funds. The table to the right shows the portions of a \$100 contribution to an eligible endowment fund that are ultimately paid by a donor, and by federal and state taxpayers, when the donor claims state and federal itemized deductions for the donation, when the donor claims the state credit and the federal deduction, and the difference due to the credit. The table assumes that the donor is in the top federal and state rate brackets.

A taxpayer who takes state and federal itemized deductions for a charitable contribution receives a subsidy from other taxpayers of a little more than 40 percent of the donation, with most of that subsidy coming from federal taxes. A taxpayer who claims the state credit and a federal itemized deduction receives a subsidy of a little more than 60 percent, with about two-thirds of the subsidy coming from state taxes.

| <b>\$100 Contribution to Charitable Endowment Fund</b>       |                             |            |
|--------------------------------------------------------------|-----------------------------|------------|
| <b>Taxpayer Claims Credit and Federal Itemized Deduction</b> |                             |            |
|                                                              | Deduction for Federal Taxes |            |
|                                                              | Capped                      | Not Capped |
| Federal Tax Subsidy                                          | \$23.76                     | \$24.43    |
| State Tax Subsidy                                            | \$40.00                     | \$38.31    |
| Net Taxpayer Subsidy                                         | \$63.76                     | \$62.74    |
| <b>Taxpayer Claims Federal and State Itemized Deductions</b> |                             |            |
|                                                              | Deduction for Federal Taxes |            |
|                                                              | Capped                      | Not Capped |
| Federal Tax Subsidy                                          | \$36.87                     | \$37.90    |
| State Tax Subsidy                                            | \$6.90                      | \$4.28     |
| Net Taxpayer Subsidy                                         | \$43.77                     | \$42.19    |
| <b>Difference Due to Credit</b>                              |                             |            |
|                                                              | Deduction for Federal Taxes |            |
|                                                              | Capped                      | Not Capped |
| Federal Tax Subsidy                                          | (\$13.11)                   | (\$13.48)  |
| State Tax Subsidy                                            | \$33.10                     | \$34.03    |
| Net Taxpayer Subsidy                                         | \$19.99                     | \$20.55    |

The table below shows qualified endowment credits claimed by individuals for tax years 2005 through 2013.

| <b>Qualified Endowment Contribution Credit</b> |                  |             |                      |           |                            |           |              |           |             |
|------------------------------------------------|------------------|-------------|----------------------|-----------|----------------------------|-----------|--------------|-----------|-------------|
|                                                | <b>Residents</b> |             | <b>Non-Residents</b> |           | <b>Part-Year Residents</b> |           | <b>Total</b> |           |             |
|                                                | <b>N</b>         | <b>\$</b>   | <b>N</b>             | <b>\$</b> | <b>N</b>                   | <b>\$</b> | <b>N</b>     | <b>\$</b> |             |
| 2005                                           | 742              | \$2,489,262 | 31                   | \$50,348  | *                          | \$18,723  | *            | *         | \$2,558,333 |
| 2006                                           | 870              | \$3,164,764 | 26                   | \$62,330  | *                          | \$17,932  | *            | *         | \$3,245,026 |
| 2007                                           | 741              | \$2,786,993 | 24                   | \$60,164  | *                          | \$11,678  | *            | *         | \$2,858,835 |
| 2008                                           | 532              | \$1,919,025 | 18                   | \$60,943  | *                          | \$866     | *            | *         | \$1,980,834 |
| 2009                                           | 508              | \$1,746,260 | 25                   | \$62,183  | 0                          | \$0       | 533          | *         | \$1,808,443 |
| 2010                                           | 536              | \$1,737,766 | 14                   | \$59,121  | *                          | \$30,294  | *            | *         | \$1,827,181 |
| 2011                                           | 501              | \$1,755,033 | 10                   | \$24,621  | *                          | \$5,063   | *            | *         | \$1,784,717 |
| 2012                                           | 578              | \$2,049,386 | 10                   | \$23,368  | 0                          | \$0       | 588          | *         | \$2,072,754 |
| 2013                                           | 587              | \$2,073,344 | *                    | \$25,526  | *                          | \$25,509  | *            | *         | \$2,124,379 |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

In 2013, credits claimed by individual taxpayers cost the state general fund \$1,959,610. Taxpayers were unable to use \$164,769 of credits because the credit is non-refundable and cannot be carried forward. Without the credit, \$1,959,610 would have been available to spend on other programs or taxes could have been reduced by this amount. Qualified endowment credits claimed against individual income tax cost other taxpayers an average of \$3.10 per full-year resident taxpayer.

## Tax Credits

**Energy Conservation Credit:** 15-32-109, MCA and 15-30-2319, MCA  
**Legislation:** HB 237, 1981 Session

A resident individual taxpayer may take a credit for 25 percent of the costs of investments in a building to conserve energy. The maximum credit is \$500 per taxpayer. If a taxpayer claims a credit that is more than his or her tax liability for the year, the excess is not refunded to the taxpayer and may not be carried forward or backward to another tax year.

The credit originally was 5 percent of the cost with a maximum of \$150 for a residence and \$300 for other buildings, and any excess credit could be carried forward for seven years. The 2001 Legislature (SB 506) increased the credit to 25 percent of costs with a limit of \$500. The 2003 Legislature eliminated the carry-forward (SB 138). In 2005, the Department of Revenue began interpreting the limit of \$500 per taxpayer as allowing taxpayers who own a building together, such as a married couple, to each claim a credit for 25 percent of the share of the cost with a limit of \$500 each.

Taxpayers may not take either an itemized deduction or a business expense deduction for investments in their own residence. However, an investment an individual makes in a commercial building he or she owns would result in a depreciable asset, so that the cost could be deducted over time.

For a taxpayer who does not itemize deductions on their federal return, the credit provides a 25 percent subsidy for expenditures up to \$2,000. For a taxpayer who itemizes, the subsidy is smaller, because the credit reduces the federal itemized deduction for state taxes. The table to the right shows state and federal subsidies

| \$100 Home Energy Conservation Expenditure      |                             |            |
|-------------------------------------------------|-----------------------------|------------|
| Taxpayer Claims Credit, Expenses Not Deductable |                             |            |
|                                                 | Deduction for Federal Taxes |            |
|                                                 | Capped                      | Not Capped |
| Federal Tax Subsidy                             | (\$9.90)                    | (\$10.18)  |
| State Tax Subsidy                               | \$25.00                     | \$25.70    |
| Net Taxpayer Subsidy                            | \$15.10                     | \$15.52    |

to a taxpayer who itemizes on both the state and federal returns for a \$100 home energy conservation expenditure. Note that federal taxes are higher because of the smaller itemized deduction for state taxes.

The table below shows energy conservation credits from 2005 through 2013. The energy conservation credit is essentially a transfer from the state general fund to help a taxpayer purchase private property. In 2013, this credit cost the state general fund \$3,931,727. Taxpayers were unable to use \$673,121 of credits because the credit is non-refundable and cannot be carried forward. Without the credit, \$3,931,727 would have been available to spend on other state programs or taxes could have been reduced by this amount. The energy conservation credit cost an average of \$6.22 per full-year resident taxpayer.

| Energy Conservation Credit |           |              |               |          |                     |           |        |              |
|----------------------------|-----------|--------------|---------------|----------|---------------------|-----------|--------|--------------|
|                            | Residents |              | Non-Residents |          | Part-Year Residents |           | Total  |              |
|                            | N         | \$           | N             | \$       | N                   | \$        | N      | \$           |
| 2005                       | 13,636    | \$5,497,658  | 27            | \$12,307 | 206                 | \$98,081  | 13,869 | \$5,608,046  |
| 2006                       | 18,641    | \$7,933,053  | 60            | \$32,481 | 340                 | \$162,786 | 19,041 | \$8,128,320  |
| 2007                       | 18,742    | \$8,090,667  | 67            | \$29,701 | 306                 | \$155,553 | 19,115 | \$8,275,921  |
| 2008                       | 17,434    | \$7,853,727  | 0             | \$0      | 183                 | \$97,148  | 17,617 | \$7,950,875  |
| 2009                       | 21,260    | \$9,998,955  | 0             | \$0      | 197                 | \$104,401 | 21,457 | \$10,103,356 |
| 2010                       | 21,156    | \$10,233,928 | 0             | \$0      | 233                 | \$123,863 | 21,389 | \$10,357,791 |
| 2011                       | 12,481    | \$5,588,577  | 0             | \$0      | 123                 | \$63,923  | 12,604 | \$5,652,500  |
| 2012                       | 9,464     | \$4,510,918  | 0             | \$0      | 96                  | \$51,064  | 9,560  | \$4,561,982  |
| 2013                       | 9,063     | \$4,536,016  | 0             | \$0      | 125                 | \$68,832  | 9,188  | \$4,604,848  |

Use of the credit was higher in 2009 and 2010, when a 10 percent federal credit was available for many of the same expenditures that are eligible for this credit. Congress extended the credit, first through 2011 and then through 2012, but in both cases the extension was probably too late to have much of an effect on behavior.

## Tax Credits

**Alternative Fuel Conversion Credit:** 15-30-2320, MCA  
**Legislation:** HB 219, 1993 Session

Taxpayers are allowed a credit against individual income tax or corporate license tax of 50 percent of the cost of converting a motor vehicle to operate on natural gas, LPG, LNG, hydrogen, electricity, or a fuel that is at least 85 percent alcohol or ether. The credit is limited to \$500 for converting a vehicle with GVW of 10,000 or less and to \$1,000 for converting of a vehicle with GVW over 10,000. If a taxpayer's credit is more than his or her tax liability, the excess credit is not refunded and cannot be carried forward or backward to another tax year.

This credit has not been amended since it was first enacted. There is a federal credit for purchase of a new alternative fuel vehicle, but not for conversion costs.

The alternative fuel credit pays part or all of a taxpayer's cost of converting a vehicle to run on an alternative fuel. For a taxpayer who takes the standard deduction on their federal taxes, the credit pays the full cost up to the limit. However, if the taxpayer itemizes, the credit will increase their federal taxes. This is because claiming the state credit will reduce the federal itemized deduction for state taxes. The table to the right shows the change in federal and state taxes for a \$100 expenditure by a taxpayer in the top federal and state rate brackets who itemizes on both federal and state returns.

| \$100 Alternative Fuel Vehicle Conversion Expenditure |                             |            |
|-------------------------------------------------------|-----------------------------|------------|
| Taxpayer Claims Credit, Expenses Not Deductable       |                             |            |
|                                                       | Deduction for Federal Taxes |            |
|                                                       | Capped                      | Not Capped |
| Federal Tax Subsidy                                   | (\$19.80)                   | (\$20.36)  |
| State Tax Subsidy                                     | \$50.00                     | \$51.40    |
| Net Taxpayer Subsidy                                  | \$69.80                     | \$68.95    |

If the conversion is of a business vehicle, the taxpayer would be able to expense or amortize the cost as a business expense in addition to claiming the credit. For a personal vehicle, these costs are not deductible.

The following table shows credits for tax years 2005 through 2013.

| Alternative Fuel Credit |           |          |               |         |                     |         |       |          |  |
|-------------------------|-----------|----------|---------------|---------|---------------------|---------|-------|----------|--|
|                         | Residents |          | Non-Residents |         | Part-Year Residents |         | Total |          |  |
|                         | N         | \$       | N             | \$      | N                   | \$      | N     | \$       |  |
| 2005                    | 42        | \$25,783 | 0             | \$0     | 0                   | \$0     | 42    | \$25,783 |  |
| 2006                    | 27        | \$19,109 | *             | \$2,700 | *                   | \$1,362 | *     | \$23,171 |  |
| 2007                    | 29        | \$25,219 | 0             | \$0     | 0                   | \$0     | 29    | \$25,219 |  |
| 2008                    | 33        | \$27,402 | 0             | \$0     | *                   | \$150   | *     | \$27,552 |  |
| 2009                    | 46        | \$38,175 | *             | \$2,210 | *                   | \$100   | *     | \$40,485 |  |
| 2010                    | 36        | \$25,281 | 0             | \$0     | 0                   | \$0     | 36    | \$25,281 |  |
| 2011                    | 15        | \$26,822 | 0             | \$0     | *                   | \$500   | *     | \$27,322 |  |
| 2012                    | 22        | \$14,778 | 0             | \$0     | *                   | \$500   | *     | \$15,278 |  |
| 2013                    | 16        | \$8,183  | *             | \$1,200 | 0                   | \$0     | *     | \$9,383  |  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

This credit is essentially a transfer from the state general fund to help a taxpayer purchase private property. In 2013, the individual income tax credit for alternative fuel vehicle conversion cost the state general fund \$7,661. Taxpayers were unable to use \$1,722 of credits because the credit is non-refundable and cannot be carried forward. Without the credit, either \$7,661 would have been available to spend on other programs or taxes could have been reduced by this amount. The average cost of this credit is \$0.01 per full-year resident taxpayer.

## Tax Credits

**Health Insurance for Uninsured Montanans Credit:** 15-30-2367, MCA and 15-31-132, MCA  
**Legislation:** HB 693, 1991 Session

An employer with 20 or fewer employees may claim a credit against either income or corporation tax for paying at least 50 percent of the premium for up to ten employees' health insurance. The credit is the lower of \$25 per month multiplied by the percentage of the premium the employer pays or 50 percent of the premium. The credit may be claimed for up to 36 months and then cannot be claimed again for 10 years.

There is no explicit dollar limit on the credit, but it may not be claimed for more than ten employees. An employer claiming \$25 per month for ten employees would claim a credit of \$3,000. If a taxpayer's credit is more than his or her tax liability, the excess credit is not refunded and may not be carried forward or backward to another tax year.

The only amendments to the credit since its enactment were style changes made by the 2001 code commissioner's bill (HB 25).

This credit provides a three-year subsidy to small employers who begin offering health insurance for their employees. A taxpayer who claims the credit may also deduct insurance premiums it pays as a business expense for both state and federal taxes. However, a taxpayer who itemizes deductions will have a smaller federal deduction for state taxes, partially offsetting the expense deduction.

The credit an employer receives depends on both the monthly insurance premium per employee and the percentage the employer pays. For insurance with monthly premiums of \$50 or more, the monthly subsidy per employee is \$25 multiplied by the percentage of premiums the employer pays. An employer paying 50 percent of premiums would receive a subsidy of \$12.50 per employee per month. An employer paying 75 percent of premiums would receive a subsidy of \$18.75, and an employer paying 100 percent would receive \$25.

For insurance with monthly premiums of less than \$50, the limit of 50 percent of premium costs may come into play. For example, an employer paying 50 percent of monthly premiums of \$40 would receive a subsidy of \$12.50, and an employer paying 75 percent of premiums would receive \$18.75, the same as with a \$50 premium. However, an employer paying 100 percent of \$40 monthly premiums would receive a subsidy of \$20.

This credit generally is not a percentage of the taxpayer's expenditure. This makes it impossible to show the taxpayer subsidy per \$100 of expenditure as is done for most other credits.

The following table shows credits for tax years 2005 through 2013.

| Health Insurance for Uninsured Montanans |           |           |               |         |                     |         |       |    |           |
|------------------------------------------|-----------|-----------|---------------|---------|---------------------|---------|-------|----|-----------|
|                                          | Residents |           | Non-Residents |         | Part-Year Residents |         | Total |    |           |
|                                          | N         | \$        | N             | \$      | N                   | \$      | N     | \$ |           |
| 2005                                     | 656       | \$510,171 | 13            | \$3,314 | *                   | \$3,190 | *     | *  | \$516,675 |
| 2006                                     | 641       | \$559,023 | 16            | \$3,443 | *                   | \$1,225 | *     | *  | \$563,691 |
| 2007                                     | 509       | \$525,501 | 18            | \$4,200 | *                   | \$2,479 | *     | *  | \$532,180 |
| 2008                                     | 416       | \$413,966 | 13            | \$3,568 | 0                   | \$0     | 429   | *  | \$417,534 |
| 2009                                     | 318       | \$294,402 | *             | \$1,559 | *                   | \$6,139 | *     | *  | \$302,100 |
| 2010                                     | 293       | \$276,066 | *             | \$5,345 | *                   | \$2,921 | *     | *  | \$284,332 |
| 2011                                     | 223       | \$192,670 | *             | \$2,987 | *                   | \$1,133 | *     | *  | \$196,790 |
| 2012                                     | 162       | \$171,365 | *             | \$269   | 0                   | \$0     | *     | *  | \$171,634 |
| 2013                                     | 152       | \$165,558 | *             | \$1,148 | 0                   | \$0     | *     | *  | \$166,706 |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

The Health Insurance for Uninsured Montanans credit is equivalent to a partial subsidy from the state general fund for group health insurance purchased by small employers. In 2013, the credit cost the state general fund \$134,370 in individual income tax revenue. Taxpayers were unable to use \$32,336 of credits because the credit is non-refundable and cannot be carried forward. Without the credit, \$134,370 would have been available for other programs or tax reductions. The cost of this credit was \$0.21 per full-year resident taxpayer.

## Tax Credits

**Elderly Care Credit:** 15-30-2366, MCA  
**Legislation:** HB 166, 1989 Session

This credit covers part of the costs of caring for a low income family member who is either elderly or disabled. The credit depends on the taxpayer's income, as shown in the following table.

| <u>Adjusted Gross Income</u> | <u>Credit</u>                                                |
|------------------------------|--------------------------------------------------------------|
| \$25,000 or less             | 30% of qualifying expenses                                   |
| \$25,001 to \$27,000         | 29% of qualifying expenses                                   |
| \$27,001 to \$29,000         | 28% of qualifying expenses                                   |
| \$29,001 to \$31,000         | 27% of qualifying expenses                                   |
| \$31,001 to \$33,000         | 26% of qualifying expenses                                   |
| \$33,001 to \$35,000         | 25% of qualifying expenses                                   |
| \$35,001 to \$37,000         | 24% of qualifying expenses                                   |
| \$37,001 to \$39,000         | 23% of qualifying expenses                                   |
| \$39,001 to \$41,000         | 22% of qualifying expenses                                   |
| \$41,001 to \$43,000         | 21% of qualifying expenses                                   |
| \$43,001 to \$50,000         | 20% of qualifying expenses                                   |
| Over \$50,000                | 20% of qualifying expenses -<br>excess of MAGI over \$50,000 |

The family member being cared for must have income of \$15,000 or less if single or \$30,000 or less if married. The maximum credit is \$5,000 per family member and \$10,000 total. If a taxpayer's credit exceeds their tax liability, the excess is not refunded and may not be carried forward or backward to another tax year.

The credit was enacted by the 1989 Legislature (HB 166). The 1991 Legislature reduced the age for eligible family members from 70 to 65 and made other changes to the definitions of eligible family member and eligible costs (HB 750). Amendments by the 1995 Legislature (SB 345) merely updated references that changed with the creation of the Department of Public Health and Human Services.

This credit provides a partial subsidy for taxpayers with low or moderate income who are caring for a low income elderly or disabled relative. Some costs that qualify for this credit could be claimed as itemized deductions, but taxpayers are not allowed to claim both the credit and an itemized deduction for the same costs. For costs that could not be claimed as an itemized deduction, the subsidy is the credit percentage found in the table above. For costs that could be claimed as an itemized deduction, the subsidy from the credit is the difference between the credit percentage and the taxpayer's marginal tax rate.

For example, a taxpayer with adjusted gross income of \$25,000, two exemptions, and taking the standard deduction would be in the top, 6.9 percent, rate bracket and would have a 30 percent credit percentage. For \$1,000 of qualifying expenses, this taxpayer could claim a credit of \$300, and the taxpayer's cost would be \$700. If those expenses could be claimed as an itemized deduction, the deduction would reduce the taxpayer's liability by \$69 (6.9 percent x \$1,000). The taxpayer's cost would be \$931 (\$1,000 - \$69). If the taxpayer takes the credit instead of the itemized deduction, the additional subsidy is \$231 (\$300 - \$69).

For a taxpayer who itemized deductions, the credit would reduce the federal deduction for state taxes and possibly increase the state deduction for federal taxes. This would increase federal taxes and give a much smaller further reduction in state taxes. For an itemizer in the 10 percent federal rate bracket and the 6.9 percent state rate bracket, claiming a \$300 credit would increase federal income taxes by \$30.21 and reduce state taxes by a total of \$302.08.

The table on the following page shows use of the elderly care credit for tax years 2005 through 2013.

| Elderly Care Credit |           |          |               |         |                     |         |       |          |
|---------------------|-----------|----------|---------------|---------|---------------------|---------|-------|----------|
|                     | Residents |          | Non-Residents |         | Part-Year Residents |         | Total |          |
|                     | N         | \$       | N             | \$      | N                   | \$      | N     | \$       |
| 2005                | 45        | \$53,855 | 0             | \$0     | 0                   | \$0     | 45    | \$53,855 |
| 2006                | 53        | \$53,497 | 0             | \$0     | 0                   | \$0     | 53    | \$53,497 |
| 2007                | 36        | \$49,966 | 0             | \$0     | 0                   | \$0     | 36    | \$49,966 |
| 2008                | 44        | \$48,026 | 0             | \$0     | *                   | \$2,508 | *     | \$50,534 |
| 2009                | 41        | \$45,059 | 0             | \$0     | 0                   | \$0     | 41    | \$45,059 |
| 2010                | 51        | \$75,912 | 0             | \$0     | 0                   | \$0     | 51    | \$75,912 |
| 2011                | 49        | \$77,468 | 0             | \$0     | 0                   | \$0     | 49    | \$77,468 |
| 2012                | 47        | \$52,714 | 0             | \$0     | 0                   | \$0     | 47    | \$52,714 |
| 2013                | 43        | \$74,466 | *             | \$4,000 | *                   | \$95    | *     | \$78,561 |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

This credit is a transfer from the state general fund to individual taxpayers who are caring for a low income elderly or disabled relative. It pays for part of costs that are not covered by insurance or government programs. In 2013, this credit cost the state general fund \$19,028. Taxpayers were unable to use credits of \$59,533 because the credit is non-refundable and cannot be carried forward. Without the credit, \$19,028 would have been available to spend on other programs or to reduce taxes. The cost of this credit was \$0.03 per full-year resident taxpayer.

**Recycling Credit:** 15-32-601, MCA through 15-32-614, MCA  
**Legislation:** SB 111, 1991 Session.

Taxpayers are allowed a credit against individual income tax or corporate license tax for part of the cost of investments in depreciable property used in collecting or processing reclaimable material or in manufacturing a product from reclaimed material. The credit is 25 percent of the first \$250,000 invested, 15 percent of the next \$250,000 invested, and 5 percent of the next \$500,000 invested. The credit for an investment of \$1 million or more is \$125,000.

If a taxpayer claims a credit in excess of his or her tax liability, the excess credit is not refunded and may not be carried forward or backward to another tax year. An individual may claim the credit directly for an investment made by a sole-proprietor business or may claim a share of the credit for an investment made by a pass-through entity.

The credit was enacted as a credit equal to 25 percent of investments made between 1990 and 1995. The 1993 Legislature (HB 519) clarified the definitions used to determine eligible investments. The 1995 Legislature (SB 358) extended the sunset date to 2001 and expanded eligible investments to include equipment to reclaim contaminated soils. The 2001 Legislature (SB 92) extended the sunset date to 2005 and removed equipment to reclaim contaminated soils from eligible investments. The 2005 Legislature (SB 213) extended the sunset date to 2011. The 2009 Legislature (HB 21) made the credit permanent.

The basis of property for which the credit is claimed is not affected by the credit. Taxpayers are allowed to deduct depreciation on property on which the credit has been claimed.

The credit provides a subsidy to taxpayers who make investments in recycling plant and equipment by reducing the taxpayer's cost. For investments under \$250,000, the cost is reduced by 25 percent. For more expensive investments, the percentage reduction is a declining function of the cost.

If a taxpayer who claims this credit itemizes deductions on their federal and state tax returns, the credit will reduce the federal deduction for state taxes, increasing the taxpayer's federal income tax. If the taxpayer's federal taxes are less than the cap on the state deduction for federal taxes, this will increase that deduction, reducing state taxes. The following table shows the net state tax subsidy and federal tax cost for the first \$100 of expenditure on recycling equipment by a taxpayer in the top federal and state rate brackets.

## Tax Credits

| <b>\$100 Recycling Equipment Expenditure</b>                       |                             |            |
|--------------------------------------------------------------------|-----------------------------|------------|
| <b>Taxpayer Claims Credit, No Change to Depreciation Deduction</b> |                             |            |
|                                                                    | Deduction for Federal Taxes |            |
|                                                                    | Capped                      | Not Capped |
| Federal Tax Subsidy                                                | (\$9.90)                    | (\$10.18)  |
| State Tax Subsidy                                                  | \$25.00                     | \$25.70    |
| Net Taxpayer Subsidy                                               | \$15.10                     | \$15.52    |

The following table shows use of the recycling credit by individuals for tax years 2005 through 2013. This credit is equivalent to a subsidy from the state general fund for the purchase of private property to be used in recycling. In 2013, the credit against individual income tax cost the state general fund \$187,167. Taxpayers were unable to use credits of \$103,719 because the credit is non-refundable and cannot be carried forward. Without the credit, \$187,167 would have been available to spend on other state programs or to reduce taxes. The cost to other taxpayers was \$0.30 per full-year resident taxpayer.

| <b>Recycling Credit</b> |           |           |               |          |                     |         |       |           |  |
|-------------------------|-----------|-----------|---------------|----------|---------------------|---------|-------|-----------|--|
|                         | Residents |           | Non-Residents |          | Part-Year Residents |         | Total |           |  |
|                         | N         | \$        | N             | \$       | N                   | \$      | N     | \$        |  |
| 2005                    | 71        | \$410,785 | *             | \$1,967  | *                   | \$825   | *     | \$413,577 |  |
| 2006                    | 83        | \$757,543 | 0             | \$0      | 0                   | \$0     | 83    | \$757,543 |  |
| 2007                    | 76        | \$386,110 | 0             | \$0      | *                   | \$979   | *     | \$387,089 |  |
| 2008                    | 72        | \$527,908 | *             | \$25,593 | *                   | \$1,645 | *     | \$555,146 |  |
| 2009                    | 76        | \$439,254 | *             | \$24,077 | *                   | \$50    | *     | \$463,381 |  |
| 2010                    | 103       | \$492,609 | *             | \$20,425 | *                   | \$1,594 | *     | \$514,628 |  |
| 2011                    | 87        | \$538,163 | *             | \$45,110 | *                   | \$600   | *     | \$583,873 |  |
| 2012                    | 85        | \$368,940 | *             | \$9,606  | *                   | \$400   | *     | \$378,946 |  |
| 2013                    | 82        | \$289,907 | *             | \$216    | *                   | \$763   | *     | \$290,886 |  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

## Tax Credits

### Oilseed Crushing and Biodiesel Production Facility Credit: 15-32-701 and 702, MCA Legislation: HB 756, 2005 Session

Taxpayers are allowed a credit against individual income tax or corporation tax for 15 percent of the cost of investment in depreciable property placed in service in Montana by the end of 2014 that is used primarily for crushing oilseeds for producing biodiesel or lubricants or for the production of biodiesel or bio-lubricants. The total of credits claimed over time for a single facility in all years may not exceed \$500,000.

If the credit a taxpayer claims in any year exceeds their tax liability, the excess credit will not be refunded, but may be carried forward for up to seven years as long as the facility continues to be used to crush oilseeds for biodiesel or lubricants or to produce biodiesel or bio-lubricants. If the facility ceases production for 12 months within five years after the credit is first claimed, the entire credit must be recaptured.

An individual may claim the credit directly as the owner of a sole-proprietor business or may claim a share of the credit claimed by a pass-through entity. The credit does not reduce depreciation that the taxpayer can claim over the life of the property.

The credit was enacted as a non-refundable credit with no carry forward and available for investments through 2010. The 2007 Legislature (HB 166) extended the credit through 2014, expanded the credit to include bio-lubricant facilities, allowed the credit to be carried forward, specified that the credit is for costs incurred while the facility is operating or in the two years before, and allowed the credit for facilities that are primarily crushing oilseeds for fuel or lubricants.

This credit reduces the taxpayer's cost of investments of up to \$3.3 million in a facility to produce fuel or lubricants from oilseeds by 15 percent. The taxpayer may deduct depreciation on property for which the credit is claimed with no reduction in basis. An individual taxpayer who claims the credit and itemizes deductions will have a smaller federal deduction for state taxes, which will increase their federal income tax, and may have a larger state deduction for federal income taxes. The following table shows the total state tax subsidy and the federal tax cost for the first \$100 invested in a biodiesel facility by a taxpayer in the top federal and state tax brackets.

| \$100 Biodiesel Production Equipment Expenditure            |                             |            |
|-------------------------------------------------------------|-----------------------------|------------|
| Taxpayer Claims Credit, No Change to Depreciation Deduction |                             |            |
|                                                             | Deduction for Federal Taxes |            |
|                                                             | Capped                      | Not Capped |
| Federal Tax Subsidy                                         | (\$5.94)                    | (\$6.11)   |
| State Tax Subsidy                                           | \$15.00                     | \$15.42    |
| Net Taxpayer Subsidy                                        | \$9.06                      | \$9.31     |

Ten or fewer individuals have claimed the credit each year. The following table shows the total value of credits claimed by individuals for 2005 through 2013. No credits were claimed for 2009, 2010, 2012, and 2013.

| Oilseed Crushing/Biodiesel Facility Credit |           |           |               |         |                     |         |       |          |           |
|--------------------------------------------|-----------|-----------|---------------|---------|---------------------|---------|-------|----------|-----------|
|                                            | Residents |           | Non-Residents |         | Part-Year Residents |         | Total |          |           |
|                                            | N         | \$        | N             | \$      | N                   | \$      | N     | \$       |           |
| 2005                                       | 0         | \$0       | 0             | \$0     | 0                   | \$0     | 0     | \$0      | \$0       |
| 2006                                       | *         | \$133,415 | 0             | \$0     | *                   | \$2,455 | *     | \$2,455  | \$135,870 |
| 2007                                       | *         | \$8,688   | *             | \$1,459 | 0                   | \$0     | *     | \$10,147 | \$10,147  |
| 2008                                       | *         | \$4,047   | 0             | \$0     | 0                   | \$0     | *     | \$4,047  | \$4,047   |
| 2009                                       | 0         | \$0       | 0             | \$0     | 0                   | \$0     | 0     | \$0      | \$0       |
| 2010                                       | 0         | \$0       | 0             | \$0     | 0                   | \$0     | 0     | \$0      | \$0       |
| 2011                                       | *         | \$8,536   | *             | \$1     | 0                   | \$0     | *     | \$8,537  | \$8,537   |
| 2012                                       | 0         | \$0       | 0             | \$0     | 0                   | \$0     | 0     | \$0      | \$0       |
| 2013                                       | *         | \$1       | 0             | \$0     | 0                   | \$0     | *     | \$1      | \$1       |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

## Tax Credits

### **Biodiesel Blending and Storage Tank Credit: 15-32-703, MCA** **Legislation: HB 776, 2005 Session**

Taxpayers who are biodiesel blenders are allowed a credit against individual income tax or corporation tax for 15 percent of the cost of investments in biodiesel blending or storage facilities in a year when the taxpayer is blending or in the two years before blending began. The total credits that may be claimed over time are \$52,500 for a distributor (wholesaler) and \$7,500 for a retailer.

If a taxpayer is eligible for a credit that exceeds their tax liability, the excess credit is not refunded but may be carried forward for up to seven years as long as the facility continues to blend biodiesel. If the facility ceases production for 12 months within five years after the credit is first claimed, the entire credit must be recaptured.

The credit was enacted as a non-refundable credit with no carry forward. The 2007 Legislature (HB 166) allowed the credit to be carried forward, and specified that the credit is for costs incurred while the facility is operating or in the two years before.

An individual may claim the credit for investments made by a sole-proprietor business or may claim a share of the credit for investments made by a pass-through entity.

The credit provides a subsidy to biodiesel blending and storage facilities by reducing the taxpayer's cost of investments in biodiesel blending and storage facilities by 15 percent for investments of up to \$50,000 by a retailer and \$350,000 by a wholesaler. Taxpayers are allowed to deduct depreciation on facilities for which the credit was taken with no reduction in basis. A taxpayer who claims the credit and itemizes deductions will have a smaller federal deduction for state taxes, which will increase their federal tax liability, and may have a larger state deduction for federal taxes. The table above shows the total state tax subsidy and the federal tax cost to a taxpayer in the top federal and state rate brackets for \$100 invested in biodiesel blending or storage facilities.

| <b>\$100 Biodiesel Blending or Storage Equipment Expenditure</b>   |                             |            |
|--------------------------------------------------------------------|-----------------------------|------------|
| <b>Taxpayer Claims Credit, No Change to Depreciation Deduction</b> |                             |            |
|                                                                    | Deduction for Federal Taxes |            |
|                                                                    | Capped                      | Not Capped |
| Federal Tax Subsidy                                                | (\$5.94)                    | (\$6.11)   |
| State Tax Subsidy                                                  | \$15.00                     | \$15.42    |
| Net Taxpayer Subsidy                                               | \$9.06                      | \$9.31     |

A taxpayer who claims the credit and itemizes deductions will have a smaller federal deduction for state taxes, which will increase their federal tax liability, and may have a larger state deduction for federal taxes. The table above shows the total state tax subsidy and the federal tax cost to a taxpayer in the top federal and state rate brackets for \$100 invested in biodiesel blending or storage facilities.

Fewer than ten individuals have claimed the credit each year. The following table shows the total value of

| <b>Biodiesel Blending/Storage Tank Credit</b> |           |          |               |     |                     |     |       |          |  |
|-----------------------------------------------|-----------|----------|---------------|-----|---------------------|-----|-------|----------|--|
|                                               | Residents |          | Non-Residents |     | Part-Year Residents |     | Total |          |  |
|                                               | N         | \$       | N             | \$  | N                   | \$  | N     | \$       |  |
| 2005                                          | *         | \$3,880  | 0             | \$0 | 0                   | \$0 | *     | \$3,880  |  |
| 2006                                          | *         | \$1,651  | 0             | \$0 | 0                   | \$0 | *     | \$1,651  |  |
| 2007                                          | *         | \$3,063  | 0             | \$0 | 0                   | \$0 | *     | \$3,063  |  |
| 2008                                          | *         | \$1,090  | 0             | \$0 | 0                   | \$0 | *     | \$1,090  |  |
| 2009                                          | *         | \$2,630  | 0             | \$0 | 0                   | \$0 | *     | \$2,630  |  |
| 2010                                          | *         | \$907    | 0             | \$0 | 0                   | \$0 | *     | \$907    |  |
| 2011                                          | *         | \$46,755 | 0             | \$0 | 0                   | \$0 | *     | \$46,755 |  |
| 2012                                          | 0         | \$0      | 0             | \$0 | 0                   | \$0 | 0     | \$0      |  |
| 2013                                          | *         | \$2,250  | 0             | \$0 | 0                   | \$0 | *     | \$2,250  |  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality. credits taken by individuals in 2005 through 2013.

This credit is essentially the same as a grant from the state general fund to pay 15 percent of the cost of private property used to blend biodiesel. In 2013, credits claimed by individuals cost the state general fund \$2,250. No credits were carried forward to future years. Without the credit, this amount would have been available to spend on other state programs or to reduce taxes. The cost to other taxpayers was \$0.04 per full-year resident taxpayer.

## Tax Credits

### Geothermal Heating System Credit: 15-32-115, MCA Legislation: SB 416, 1991 Session

Taxpayers are allowed a credit against individual income tax or corporation tax for up to \$1,500 of the costs of installing a geothermal heating system (ground-source heat pump) in the taxpayer's principal residence or in a residence the taxpayer constructs. If the credit exceeds the taxpayer's liability, the excess credit will not be refunded, but may be carried forward for up to seven years.

The credit initially was limited to \$250 with a three-year carry-forward and was only for taxpayers who installed a geothermal system in their own principal dwelling. The 2001 Legislature (SB 506) increased the credit to \$1,500 with a seven year carry-forward. An amendment made by the 2003 Legislature (HB 233) was purely cleanup. The 2005 Legislature (SB 340) made the credit available for residences constructed by the taxpayer so that contractors could take the credit for installing geothermal systems in spec houses.

Through 2016, geothermal heating systems also are eligible for a federal tax credit of 30 percent of the cost. A taxpayer who installs a geothermal heating system and claims both credits would have the first \$1,500 paid by the state and 30 percent of the total paid by the federal government. Homeowners are not allowed to deduct depreciation on their dwellings, and taxpayers may not take this credit and the deduction for energy conserving investments in 15-32-103, MCA. However, a taxpayer who claims the credit for installing a geothermal system in a rental dwelling could also deduct depreciation on the dwelling, including the heating system.

A taxpayer who claims the credit and itemizes deductions will have a smaller federal deduction for state taxes, which will partly offset the federal credit. This may result in a smaller state deduction for federal taxes. The following table shows the state and federal tax subsidies to a taxpayer in the top federal and state tax brackets who makes a \$5,000 investment in a geothermal heating system.

| <b>\$5000 Expenditure for Geothermal Heating System</b>            |                             |            |  |
|--------------------------------------------------------------------|-----------------------------|------------|--|
| <b>Taxpayer Claims \$1,500 State Credit and 30% Federal Credit</b> |                             |            |  |
|                                                                    | Deduction for Federal Taxes |            |  |
|                                                                    | Capped                      | Not Capped |  |
| Federal Tax Subsidy                                                | \$906.00                    | \$931.45   |  |
| State Tax Subsidy                                                  | \$1,500.00                  | \$1,435.73 |  |
| Net Taxpayer Subsidy                                               | \$2,406.00                  | \$2,367.18 |  |

The following table shows credit use in tax year 2005 through 2013.

| <b>Geothermal Energy System Credit</b> |           |           |               |     |                     |          |       |    |           |
|----------------------------------------|-----------|-----------|---------------|-----|---------------------|----------|-------|----|-----------|
|                                        | Residents |           | Non-Residents |     | Part-Year Residents |          | Total |    |           |
|                                        | N         | \$        | N             | \$  | N                   | \$       | N     | \$ |           |
| 2005                                   | 80        | \$92,303  | 0             | \$0 | *                   | \$4,500  | *     |    | \$96,803  |
| 2006                                   | 73        | \$89,234  | 0             | \$0 | *                   | \$1,500  | *     |    | \$90,734  |
| 2007                                   | 92        | \$121,306 | 0             | \$0 | *                   | \$4,500  | *     |    | \$125,806 |
| 2008                                   | 123       | \$215,157 | 0             | \$0 | *                   | \$7,500  | *     |    | \$222,657 |
| 2009                                   | 226       | \$525,153 | 0             | \$0 | *                   | \$9,000  | *     |    | \$534,153 |
| 2010                                   | 231       | \$453,992 | 0             | \$0 | *                   | \$78,094 | *     |    | \$532,086 |
| 2011                                   | 187       | \$318,928 | 0             | \$0 | *                   | \$8,347  | *     |    | \$327,275 |
| 2012                                   | 224       | \$344,548 | 0             | \$0 | *                   | \$14,752 | *     |    | \$359,300 |
| 2013                                   | 185       | \$313,920 | 0             | \$0 | *                   | \$6,257  | *     |    | \$320,177 |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

This credit is equivalent to a transfer from the state general fund to taxpayers to pay part of the cost of residential heating systems. In 2013, this credit cost the state general fund \$199,561 and \$120,616 of credits were carried forward to future years. There were \$41,298 in credits carried forward from 2012 and claimed in 2013. Without the credit, \$199,561 would have been available to spend on other state programs or to reduce taxes. The credit cost \$0.32 per full year resident taxpayer.

## Tax Credits

**Alternative Energy Systems Credit:** 15-32-201, MCA through 15-32-203, MCA  
**Legislation:** SB 167, 1977 Session

Resident individual taxpayers may take a credit for up to \$500 of the cost of installing an alternative energy heating system or a low-emission wood or biomass system in their principal residence. If the credit exceeds the taxpayer's liability, the excess may not be refunded, but may be carried forward for up to four years.

The credit was enacted as a credit of 10 percent of the first \$1,000 and 5 percent of the next \$3,000 spent on an alternative energy system, with a reduction if the taxpayer received a grant or a federal credit. It was available through 1982. The 1983 Legislature extended the credit through 1986 (HB 264). The 1985 Legislature (SB 309) expanded the credit to low-emissions wood and biomass systems and extended the credit through 1993. The 1991 Legislature (HB 338) doubled the credit to 20 percent of the first \$1,000 and 10 percent of the next \$3,000, extended it through 1996 for low-emissions wood and biomass systems only, and revised the definition of low-emissions wood and biomass systems. Amendments in 1993, 1995, and 1997 were to correct references and update style (1993 SB 1, 1995 SB 234, 1997 SB 36).

The credit lapsed after 1996. The 2001 Legislature reinstated it for investments beginning in 2002, made it permanent, and set the credit at system cost up to \$500 (SB 506). The 2003 Legislature adopted federal standards for low-emissions wood and biomass systems. The 2009 Legislature (HB 262) limited the credit to heating systems and changed the definition of eligible wood-burning systems to include outdoor hydronic heaters that meet certain EPA qualifications and masonry heaters that comply with certain building standards.

This credit reduces the taxpayer's cost of a residential alternative energy heating system or low-emissions wood or biomass system by \$500. For any system costing \$500 or less, the credit makes it free to the taxpayer, though there are not likely to be many eligible systems costing less than \$500. Taxpayers are not allowed to deduct depreciation on their homes, so taxpayers may not claim the credit for expenditures that they also deduct. However, through 2016, a taxpayer may also claim a federal credit for 30 percent of the cost of residential solar electric and water heating equipment, fuel cells, and small wind systems.

For a taxpayer who itemizes deductions, claiming the state credit will reduce the federal deduction for state taxes, and claiming the federal credit may reduce the state deduction for federal taxes. The table to the right shows state and federal tax subsidies for \$1,000 spent on a qualifying alternative energy system, assuming that the taxpayer is in the top state and federal rate brackets and itemizes deductions.

| \$1000 Alternative Energy System Expenditure    |                             |            |  |
|-------------------------------------------------|-----------------------------|------------|--|
| Taxpayer Claims Credit, Expenses Not Deductable |                             |            |  |
|                                                 | Deduction for Federal Taxes |            |  |
|                                                 | Capped                      | Not Capped |  |
| Federal Tax Subsidy                             | \$102.00                    | \$104.87   |  |
| State Tax Subsidy                               | \$500.00                    | \$492.76   |  |
| Net Taxpayer Subsidy                            | \$602.00                    | \$597.63   |  |

The following table shows credit use for tax year 2005 through 2013.

| Alternative Energy System Credit |           |             |               |         |                     |          |       |             |
|----------------------------------|-----------|-------------|---------------|---------|---------------------|----------|-------|-------------|
|                                  | Residents |             | Non-Residents |         | Part-Year Residents |          | Total |             |
|                                  | N         | \$          | N             | \$      | N                   | \$       | N     | \$          |
| 2005                             | 1,316     | \$654,698   | *             | \$1,000 | 43                  | \$20,801 | *     | \$676,499   |
| 2006                             | 1,390     | \$677,311   | *             | \$1,642 | 30                  | \$14,422 | *     | \$693,375   |
| 2007                             | 1,105     | \$712,228   | *             | \$2,291 | 19                  | \$12,052 | *     | \$726,571   |
| 2008                             | 1,336     | \$997,615   | 0             | \$0     | 32                  | \$24,008 | 1,368 | \$1,021,623 |
| 2009                             | 1,705     | \$1,302,796 | 0             | \$0     | 22                  | \$19,500 | 1,727 | \$1,322,296 |
| 2010                             | 1,810     | \$1,377,478 | 0             | \$0     | 36                  | \$27,256 | 1,846 | \$1,404,734 |
| 2011                             | 1,135     | \$823,533   | 0             | \$0     | 15                  | \$10,270 | 1,150 | \$833,803   |
| 2012                             | 858       | \$642,288   | 0             | \$0     | 15                  | \$11,800 | 873   | \$654,088   |
| 2013                             | 830       | \$632,607   | 0             | \$0     | 17                  | \$14,694 | 847   | \$647,301   |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

## Tax Credits

This credit is equivalent to a grant from the state general fund to pay part of the cost of private alternative energy systems. In 2013, the credit cost the state general fund \$518,842 and \$128,459 in credits were carried forward to future years. There were \$60,043 in credits carried forward from 2012 and claimed in 2013. Without the credit, \$518,842 would have been available to spend on other state programs or to reduce taxes. The cost was \$0.82 per full-year resident taxpayer.

**Alternative Energy Production Credit:** 15-32-401, MCA through 15-32-407, MCA  
**Legislation:** HB 780, 1983 Session

A taxpayer is allowed a credit against individual income tax or corporation income tax for 35 percent of the costs, less any federal or state grants, of depreciable property for a commercial or net metering alternative energy system. However, the credit may only be taken against taxes on net income from energy generated by the facility, from manufacturing alternative energy generating equipment, or from a new or expanded industry powered by the facility.

If the credit is more than the taxpayer's liability, the excess credit may not be refunded. Excess credits may be carried forward for seven years. If the credit is for a commercial system of at least 5MW built on a reservation, the credit may be carried forward for 15 years.

The credit was enacted as a credit for commercial wind energy systems. The 2001 Legislature expanded the credit to alternative energy systems and net-metering systems as well as commercial systems (SB 506). The 2001 Legislature also expanded the carry-forward provision to 15 years for facilities built on a reservation and meeting certain other requirements. Other amendments in 1997, 2001, 2003, and 2005 were for clean-up or related to expired federal laws.

This credit reduces the cost of an alternative energy system by 35 percent. The taxpayer's cost for each \$1,000 of investment is thus \$650. In addition, some wind energy systems placed in service between 2008 and 2016 are eligible for a 30 percent federal credit. If a taxpayer claims both the state and federal credits, the taxpayer's cost for each \$1,000 of investment is \$350. The taxpayer is allowed to deduct depreciation on property for which the credit was granted with no reduction in basis. However, the taxpayer may not claim any other state energy or investment income tax credit or the property tax exemption for alternative energy systems.

An individual taxpayer may claim the credit for investments made by a sole-proprietor business or may claim a share of the credit claimed by a pass-through entity. If the taxpayer itemizes deductions, claiming the state credit will reduce the federal deduction for state taxes, and claiming the federal credit may reduce the state deduction for federal taxes. The following table shows the state and federal tax subsidies for a \$1,000 investment, assuming that the taxpayer is in the top state and federal rate brackets and itemizes deductions.

| \$1000 Expenditure for Commercial Alternative Energy System |                             |            |
|-------------------------------------------------------------|-----------------------------|------------|
| Taxpayer Claims State and Federal Credits                   |                             |            |
|                                                             | Deduction for Federal Taxes |            |
|                                                             | Capped                      | Not Capped |
| Federal Tax Subsidy                                         | \$161.40                    | \$165.93   |
| State Tax Subsidy                                           | \$350.00                    | \$338.55   |
| Net Taxpayer Subsidy                                        | \$511.40                    | \$504.48   |

The table on the following page shows credit use for tax year 2005 through 2013.

## Tax Credits

| Alternative Energy Production Credit |           |          |               |       |                     |         |       |          |  |
|--------------------------------------|-----------|----------|---------------|-------|---------------------|---------|-------|----------|--|
|                                      | Residents |          | Non-Residents |       | Part-Year Residents |         | Total |          |  |
|                                      | N         | \$       | N             | \$    | N                   | \$      | N     | \$       |  |
| 2005                                 | 22        | \$9,762  | *             | \$500 | *                   | \$1,979 | *     | \$12,241 |  |
| 2006                                 | 30        | \$20,858 | 0             | \$0   | 0                   | \$0     | 30    | \$20,858 |  |
| 2007                                 | 15        | \$40,112 | 0             | \$0   | 0                   | \$0     | 15    | \$40,112 |  |
| 2008                                 | *         | \$8,315  | 0             | \$0   | 0                   | \$0     | *     | \$8,315  |  |
| 2009                                 | 14        | \$33,086 | 0             | \$0   | 0                   | \$0     | 14    | \$33,086 |  |
| 2010                                 | *         | \$11,360 | 0             | \$0   | 0                   | \$0     | *     | \$11,360 |  |
| 2011                                 | *         | \$7,290  | 0             | \$0   | 0                   | \$0     | *     | \$7,290  |  |
| 2012                                 | *         | \$11,684 | 0             | \$0   | 0                   | \$0     | *     | \$11,684 |  |
| 2013                                 | *         | \$56     | 0             | \$0   | 0                   | \$0     | *     | \$56     |  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

This credit is equivalent to a transfer from the state general fund to pay part of the cost of qualifying private property. In 2013, the credit against individual income tax cost the state general fund \$56. No credits were carried forward to future years, and none of the credits claimed in 2013 were carried forward from 2012. The cost per full-year resident taxpayer is \$0.0001.

**Dependent Care Assistance Credit:** 15-31-131 and 15-30-2373, MCA; 15-31-133 and 15-30-2365, MCA;  
**Legislation:** SB 282, 1989 Session

Taxpayers may claim three related credits against individual income tax or corporation tax for providing daycare benefits to employees:

- a) There is a credit for a portion of the cost of providing day care services to employees' dependents. This credit is 25 percent of the cost of day care or day care assistance with a limit of \$1,575 per employee receiving the assistance. The assistance must meet requirements in federal law for being considered a non-taxable fringe benefit rather than part of the employees' compensation.
- b) There is a credit for 25 percent of the cost of providing day care information and referral services to employees.
- c) There is a credit for a portion of the cost of setting up a day care facility to be used by the taxpayer's employees' dependents. This credit was only for facilities placed in service by the end of 2005, with the credit being claimed over the next ten years. 2014 is the last year when this credit may be claimed.

Individuals may claim the credits directly as the owner of a sole-proprietor business or may claim their share of credits claimed by a pass-through entity. If the credit is more than the taxpayer's liability, the excess credit is not refunded. The credits for day care assistance may be carried forward up to five years. The credit for day care facility costs may be carried forward within the ten year period for claiming the credit. There is no recapture provision.

The 1989 Legislature created the credit for 15 percent of expenditures for providing day care services with a limit of \$1,250 per employee receiving benefits. The 1991 Legislature (HB 543) increased the credit to 20 percent of costs and allowed a partial credit when part of the cost counts as compensation. Amendments made by the 1993 Legislature as part of a major revision of the income tax (HB 671) were voided in 1994 by a referendum, and amendments in 1997 (SB 36) were just cleanup. The 2001 Legislature (HB 623) increased the day care assistance credit to 25 percent of costs with a limit of \$1,575 per employee and added the credits for day care referral and for day care facilities.

In general, employers can deduct the cost of employee fringe benefits as a business expense. Because of this, a taxpayer who does not claim the credit can deduct the costs as a business expense for both federal and state taxes. However, a taxpayer who claims the credit cannot deduct the cost for state taxes. With fewer deductions, the taxpayer's state taxes will be higher. Thus, the reduction in state taxes is less than the credit.

## Tax Credits

If the taxpayer itemizes deductions, the reduction in state taxes will result in a smaller federal deduction for state taxes. The resulting increase in federal taxes may result in a larger state deduction. The following table shows the net effects of claiming the credit on a taxpayer in the top federal and state rate brackets.

| <b>\$100 Expenditure on Day Care for Employees' Dependents</b>                                         |                             |            |
|--------------------------------------------------------------------------------------------------------|-----------------------------|------------|
| <b>Difference When Taxpayer Claims Federal Expense Deduction and State Credit Instead of Deduction</b> |                             |            |
|                                                                                                        | Deduction for Federal Taxes |            |
|                                                                                                        | Capped                      | Not Capped |
| Federal Tax Subsidy                                                                                    | (\$7.17)                    | (\$7.37)   |
| State Tax Subsidy                                                                                      | \$18.10                     | \$18.61    |
| Net Taxpayer Subsidy                                                                                   | \$10.93                     | \$11.24    |

Fewer than ten individuals have claimed the credit each year. The following table shows the total value of credits claimed against individual income tax from tax year 2005 through 2013.

This credit is equivalent to a transfer from the state general fund to taxpayers to cover part of the costs of providing day care to employees' dependents. In 2013, credits against individual income tax cost the state general fund \$4,724, and \$11,401 in credits were carried forward to future years. None of the credits claimed in 2013 were carried forward from 2012. Without the credit, \$4,724 would have been available to spend on other state programs or to reduce taxes. The cost was \$0.01 per full-year resident taxpayer.

| <b>Dependent Care Assistance Credit</b> |           |          |               |         |                     |         |       |          |  |
|-----------------------------------------|-----------|----------|---------------|---------|---------------------|---------|-------|----------|--|
|                                         | Residents |          | Non-Residents |         | Part-Year Residents |         | Total |          |  |
|                                         | N         | \$       | N             | \$      | N                   | \$      | N     | \$       |  |
| 2005                                    | *         | \$8,818  | 0             | \$0     | 0                   | \$0     | *     | \$8,818  |  |
| 2006                                    | *         | \$9,755  | 0             | \$0     | 0                   | \$0     | *     | \$9,755  |  |
| 2007                                    | *         | \$13,430 | *             | \$1,700 | 0                   | \$0     | *     | \$15,130 |  |
| 2008                                    | *         | \$24,116 | 0             | \$0     | 0                   | \$0     | *     | \$24,116 |  |
| 2009                                    | *         | \$7,769  | 0             | \$0     | 0                   | \$0     | *     | \$7,769  |  |
| 2010                                    | *         | \$14,595 | 0             | \$0     | *                   | \$108   | *     | \$14,703 |  |
| 2011                                    | 10        | \$26,039 | 0             | \$0     | *                   | \$239   | *     | \$26,278 |  |
| 2012                                    | 10        | \$95,590 | *             | \$122   | *                   | \$253   | *     | \$95,965 |  |
| 2013                                    | 12        | \$13,525 | 0             | \$0     | *                   | \$2,600 | *     | \$16,125 |  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

## Tax Credits

**Historic Property Preservation Credit:** 15-30-2342, MCA and 15-31-151, MCA  
**Legislation:** HB 601, 1997 Session

Taxpayers may take a credit against individual income tax or corporation income tax for costs of rehabilitating a certified historic building. The credit is 25 percent of the federal credit allowed by 26 USC 47(a)(2). The federal credit is 20 percent of the cost of rehabilitation. A certified historic building must either be in the National Register of Historic Buildings or be in a designated historic district and have been certified by the Department of the Interior as having historic significance to the district. Only commercial buildings that can be depreciated are eligible for the credit. No credits may be claimed for rehabilitating a private residence.

Through 2011, individuals were allowed a credit against income tax for 20 percent of the costs and loss of value from creating a conservation easement and protecting and preserving the property as required by the conservation easement.

There is no maximum for the rehabilitation credit. If the credit is more than the taxpayer's liability, the excess is not refunded but may be carried forward for seven years.

The rehabilitation credit was enacted by the 1997 Legislature (HB 601). The conservation easement credit was enacted by the 2001 Legislature (HB 619) and sunset at the end of 2011.

With the combination of state and federal credits, a taxpayer who rehabilitates a historic property can have 25 percent of the costs paid by the federal and state governments. Claiming the credits does not reduce depreciation the taxpayer may take over the life of the building. If the taxpayer itemizes, the state credit will reduce the taxpayer's federal deduction for state taxes and the federal credit may reduce the taxpayer's state deduction for federal taxes. The following table shows the net federal and state tax subsidies for a taxpayer in the top state and federal rate brackets.

| <b>\$1000 Expenditure for Historic Building Rehabilitation</b> |                             |            |
|----------------------------------------------------------------|-----------------------------|------------|
| <b>Taxpayer Claims State and Federal Credits</b>               |                             |            |
|                                                                | Deduction for Federal Taxes |            |
|                                                                | Capped                      | Not Capped |
| Federal Tax Subsidy                                            | \$180.20                    | \$185.26   |
| State Tax Subsidy                                              | \$50.00                     | \$37.22    |
| Net Taxpayer Subsidy                                           | \$230.20                    | \$222.48   |

The following table shows credits taken against individual income tax for tax year 2005 through 2013.

| <b>Historic Property Preservation Credit</b> |           |           |               |          |                     |     |       |           |  |
|----------------------------------------------|-----------|-----------|---------------|----------|---------------------|-----|-------|-----------|--|
|                                              | Residents |           | Non-Residents |          | Part-Year Residents |     | Total |           |  |
|                                              | N         | \$        | N             | \$       | N                   | \$  | N     | \$        |  |
| 2005                                         | 16        | \$51,108  | *             | \$6,250  | 0                   | \$0 | *     | \$57,358  |  |
| 2006                                         | 11        | \$200,670 | *             | \$3,701  | 0                   | \$0 | *     | \$204,371 |  |
| 2007                                         | 15        | \$222,787 | *             | \$16,601 | 0                   | \$0 | *     | \$239,388 |  |
| 2008                                         | 17        | \$60,116  | *             | \$15,471 | 0                   | \$0 | *     | \$75,587  |  |
| 2009                                         | 19        | \$134,543 | *             | \$53,684 | 0                   | \$0 | *     | \$188,227 |  |
| 2010                                         | 20        | \$495,691 | *             | \$44,158 | 0                   | \$0 | *     | \$539,849 |  |
| 2011                                         | 21        | \$105,214 | *             | \$29,549 | 0                   | \$0 | *     | \$134,763 |  |
| 2012                                         | 21        | \$199,776 | *             | \$32,291 | 0                   | \$0 | *     | \$232,067 |  |
| 2013                                         | 32        | \$492,477 | 13            | \$63,320 | 0                   | \$0 | 45    | \$555,797 |  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

This credit effectively is a subsidy from the state general fund for rehabilitation of privately owned real estate. In 2013, credits against the individual income tax cost the state general fund \$128,501, and credits of \$427,296 were carried forward to be used in future years. There were \$24,443 in credits claimed for 2013 that had been carried forward from 2012. Without the credit, \$128,501 would have been available to spend on other programs or to reduce taxes. The cost was \$0.20 per full-year resident taxpayer.

## Tax Credits

**Infrastructure Users Fee Credit:** 17-6-316, MCA  
**Legislation:** SB 100 and HB 602, 1995 Session

The Board of Investments may make loans to local governments to finance infrastructure to serve a new or relocated business that will result in 15 or more new full-time jobs. The local government may charge fees to the users for extending the infrastructure. The business may claim a credit against income or corporation tax for the amount of the fee it pays.

If the credit is more than the taxpayer's liability, the excess is not refunded, but may be carried forward for seven years or carried back to the three previous tax years.

The credit has not been amended since it was enacted.

This credit in effect pays the taxpayer for having local infrastructure extended to serve its business. For example, if a business pays \$100 per year to its local government to cover the cost of having sewer service extended to the business, it is able to claim a credit of \$100 and deduct \$100 as a business expense. For a taxpayer in the 6.9 percent tax bracket, the net effect would be the same as being paid \$6.90 per year to have a new sewer hookup. However, if the taxpayer is an individual who itemizes deductions, the taxpayer's federal deduction for state taxes will be smaller, resulting in higher federal taxes. This may result in a smaller state deduction for federal taxes. The table above shows the net change in federal and state taxes and the net subsidy from claiming a \$100 credit for a taxpayer in the top federal and state tax rate brackets.

| \$100 Expenditure on Infrastructure Fees                                                                   |                                    |                                        |
|------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------|
| Difference in Taxes and Taxpayer Cost When Taxpayer Claims Credit and Federal and State Expense Deductions |                                    |                                        |
|                                                                                                            | Deduction for Federal Taxes Capped | Deduction for Federal Taxes Not Capped |
| Federal Tax Subsidy                                                                                        | (\$39.60)                          | (\$40.71)                              |
| State Tax Subsidy                                                                                          | \$100.00                           | \$102.81                               |
| Net Taxpayer Subsidy                                                                                       | \$60.40                            | \$62.10                                |

The following table shows credits against individual income tax for tax year 2005 through 2013.

| Infrastructure User Fee Credit |           |           |               |          |                     |         |       |           |  |
|--------------------------------|-----------|-----------|---------------|----------|---------------------|---------|-------|-----------|--|
|                                | Residents |           | Non-Residents |          | Part-Year Residents |         | Total |           |  |
|                                | N         | \$        | N             | \$       | N                   | \$      | N     | \$        |  |
| 2005                           | 11        | \$851,766 | 0             | \$0      | 0                   | \$0     | 11    | \$851,766 |  |
| 2006                           | *         | \$778,095 | 0             | \$0      | 0                   | \$0     | *     | \$778,095 |  |
| 2007                           | 14        | \$24,311  | 0             | \$0      | 0                   | \$0     | 14    | \$24,311  |  |
| 2008                           | 16        | \$30,372  | *             | \$1,034  | 0                   | \$0     | *     | \$31,406  |  |
| 2009                           | 12        | \$27,699  | 0             | \$0      | 0                   | \$0     | 12    | \$27,699  |  |
| 2010                           | 13        | \$45,258  | *             | \$3,820  | 0                   | \$0     | *     | \$49,078  |  |
| 2011                           | 12        | \$24,414  | *             | \$2,487  | *                   | \$4,711 | *     | \$31,612  |  |
| 2012                           | *         | \$20,990  | *             | \$11,023 | 0                   | \$0     | *     | \$32,013  |  |
| 2013                           | *         | \$21,203  | *             | \$17,211 | 0                   | \$0     | *     | \$38,414  |  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

In general, local governments recover the cost of infrastructure investments through user fees for the services the infrastructure provides, as with water and sewer services, or through taxes, as with roads. In some cases, local governments charge impact fees to cover the cost of extending infrastructure to new developments. Through this credit, the state general fund pays the cost of extending infrastructure to selected new businesses. This credit provides a subsidy for businesses that locate in a jurisdiction that needs to invest in additional infrastructure to provide services to the business rather than in a jurisdiction that has existing capacity.

In 2013, infrastructure user fee credits against individual income tax cost the state general fund \$21,503, and \$16,911 in credits were carried forward to be used in future years. There were \$10,893 in credits claimed for 2013 that had been carried forward from 2012. Without the credit, \$21,503 would have been available to spend on other state programs or to reduce taxes. The cost was \$0.03 per full year resident taxpayer.

## Tax Credits

**Empowerment Zone Credit:** 15-30-2356, MCA and 15-31-134, MCA  
**Legislation:** SB 484, 2003 Session

A local government may establish an empowerment zone in an area with chronic high unemployment. Employers in an empowerment zone are eligible for a credit against income or corporation income tax for the first three years' employment for new positions. The credit per new employee is \$500 for the first year, \$1,000 for the second year, and \$1,500 for the third year. To receive the credit, the taxpayer must apply for and receive certification from the Department of Labor and Industry.

If the credit is more than the taxpayer's liability, the excess is not refunded but may be carried back to the three previous tax years or carried forward for seven years.

Requirements for an empowerment zone are found in 7-21-3701 through 3704, MCA, and conditions to become certified to receive the credit are in 7-21-3710, MCA.

There are several federal credits for employment in specified zones or under specified conditions.

This credit is equivalent to providing an employer a payment for creating a new position and filling it with a resident of an empowerment zone for the first three years. The payment does not depend on the wages paid. Employers may deduct wages paid to new employees for which the credit is taken as a business expense. Since the credit is a fixed amount per employee, it is not possible to calculate general state and federal tax changes per dollar of expenditure as is done for most credits.

Fewer than ten individuals have claimed the credit each year. The following table shows the total value of empowerment zone credits against individual income tax for tax year 2005 through 2013.

No credits were claimed for 2013.

| Empowerment Zone Credit |           |          |               |     |                     |     |       |          |  |  |
|-------------------------|-----------|----------|---------------|-----|---------------------|-----|-------|----------|--|--|
|                         | Residents |          | Non-Residents |     | Part-Year Residents |     | Total |          |  |  |
|                         | N         | \$       | N             | \$  | N                   | \$  | N     | \$       |  |  |
| 2005                    | *         | \$969    | 0             | \$0 | 0                   | \$0 | *     | \$969    |  |  |
| 2006                    | *         | \$17,201 | 0             | \$0 | 0                   | \$0 | *     | \$17,201 |  |  |
| 2007                    | *         | \$500    | 0             | \$0 | 0                   | \$0 | *     | \$500    |  |  |
| 2008                    | 0         | \$0      | 0             | \$0 | 0                   | \$0 | 0     | \$0      |  |  |
| 2009                    | 0         | \$0      | 0             | \$0 | 0                   | \$0 | 0     | \$0      |  |  |
| 2010                    | *         | \$600    | 0             | \$0 | 0                   | \$0 | *     | \$600    |  |  |
| 2011                    | *         | \$475    | 0             | \$0 | 0                   | \$0 | *     | \$475    |  |  |
| 2012                    | 0         | \$0      | 0             | \$0 | 0                   | \$0 | 0     | \$0      |  |  |
| 2013                    | 0         | \$0      | 0             | \$0 | 0                   | \$0 | 0     | \$0      |  |  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

## Tax Credits

**Research Credit:** 15-31-150, MCA and 15-30-2358, MCA  
**Legislation:** HB 638, 1999 Session

Through 2010, Montana provided a 5 percent credit against individual income tax or corporation income tax for any increase in Montana research expenditures over the taxpayer's baseline. After 2010, no new credits may be claimed, but unused credits may be carried forward for up to 15 years.

The credit was tied to provisions of the federal research credit in Section 41 of the IRS code, which expired at the end of 2011.

The following table shows credits against individual income tax for tax year 2005 through 2013.

| Research Activities Credit |           |           |               |           |                     |     |       |           |  |
|----------------------------|-----------|-----------|---------------|-----------|---------------------|-----|-------|-----------|--|
|                            | Residents |           | Non-Residents |           | Part-Year Residents |     | Total |           |  |
|                            | N         | \$        | N             | \$        | N                   | \$  | N     | \$        |  |
| 2005                       | 11        | \$83,221  | *             | \$259,981 | *                   | \$6 | *     | \$343,208 |  |
| 2006                       | 30        | \$137,333 | *             | \$300,380 | 0                   | \$0 | *     | \$437,713 |  |
| 2007                       | 18        | \$119,743 | *             | \$336,881 | 0                   | \$0 | *     | \$456,624 |  |
| 2008                       | 10        | \$391,790 | *             | \$2,520   | 0                   | \$0 | *     | \$394,310 |  |
| 2009                       | 15        | \$345,813 | *             | \$2,113   | *                   | \$8 | *     | \$347,934 |  |
| 2010                       | 16        | \$149,977 | *             | \$7,913   | 0                   | \$0 | *     | \$157,890 |  |
| 2011                       | *         | \$149,633 | *             | \$6,210   | 0                   | \$0 | *     | \$155,843 |  |
| 2012                       | *         | \$125,170 | *             | \$5,253   | 0                   | \$0 | *     | \$130,423 |  |
| 2013                       | *         | \$73,983  | *             | \$5,240   | 0                   | \$0 | *     | \$79,223  |  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

The credit is essentially a transfer from the state general fund to pay 5 percent of a taxpayer's eligible research costs. In 2013, \$79,223 in research activity credits against individual income tax were carried forward from previous years. The cost to the state general fund was \$1,521, and \$77,702 in credits were carried forward to be used in future years. Without the credit, \$1,521 would have been available to spend on other state programs or to reduce taxes. The cost was \$0.002 per full-year resident taxpayer.

## Tax Credits

**Mineral Exploration Credit:** 15-32-501 to 15-32-510, MCA  
**Legislation:** SB 265, 1999 Session

Taxpayers are allowed a credit against income or corporation income tax for the full amount of solid mineral or coal exploration expenditures in the state (oil and gas exploration expenditures are not eligible). The credit is available only for expenses incurred up to the time that construction of a new mine or reopening of a previously closed mine commences. The maximum credit is \$20 million per mine. The credit taken in any year may not be more than 50 percent of the taxpayer's tax liability, but unused credits may be carried forward for 15 years.

An individual may claim the credit directly for exploration expenses incurred by a sole-proprietor business or may claim a share of the credit for exploration expenses incurred by a pass-through entity.

The credit was enacted by the 1999 Legislature and has not been amended.

This credit repays up to \$20 million of exploration costs incurred in opening a new mine. Depending on the type of mineral and the accounting treatment chosen, exploration expenditures may be deducted in the year they occur, may be treated as capital costs and deducted over several years, or may be counted as contributing to the value of the mineral deposit, which is deducted over time through depletion. A taxpayer may deduct exploration costs in the appropriate way whether or not they claim the credit.

An individual who claims the credit and itemizes deductions will have a smaller federal deduction for state taxes and therefore pay more in federal tax. This may result in a larger state deduction for federal taxes. The following table shows the net change in state and federal taxes from claiming the credit for \$100 of exploration expenses for a taxpayer in the top state and federal rate brackets.

| \$100 Mineral Exploration Expenditures                                                                            |                             |            |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------|------------|
| Difference in Taxes and Taxpayer Cost When Taxpayer Claims Credit as Well as Federal and State Expense Deductions |                             |            |
|                                                                                                                   | Deduction for Federal Taxes |            |
|                                                                                                                   | Capped                      | Not Capped |
| Federal Tax Subsidy                                                                                               | (\$39.60)                   | (\$40.71)  |
| State Tax Subsidy                                                                                                 | \$100.00                    | \$102.81   |
| Net Taxpayer Subsidy                                                                                              | \$60.40                     | \$62.10    |

Fewer than ten individuals claimed the credit in each of tax years 2005 through 2009 and 2011 through 2013. The following table shows the total value of mineral exploration credits against individual income tax for tax year 2005 through 2013.

| Mineral Exploration Credit |           |          |               |     |                     |     |       |     |    |          |
|----------------------------|-----------|----------|---------------|-----|---------------------|-----|-------|-----|----|----------|
|                            | Residents |          | Non-Residents |     | Part-Year Residents |     | Total |     |    |          |
|                            | N         | \$       | N             | \$  | N                   | \$  | N     | \$  |    |          |
| 2005                       | *         | \$6,718  | 0             | \$0 | 0                   | \$0 | 0     | \$0 | *  | \$6,718  |
| 2006                       | *         | \$8,920  | 0             | \$0 | 0                   | \$0 | 0     | \$0 | *  | \$8,920  |
| 2007                       | *         | \$9,507  | 0             | \$0 | 0                   | \$0 | 0     | \$0 | *  | \$9,507  |
| 2008                       | *         | \$44,530 | 0             | \$0 | 0                   | \$0 | 0     | \$0 | *  | \$44,530 |
| 2009                       | *         | \$7,749  | 0             | \$0 | 0                   | \$0 | 0     | \$0 | *  | \$7,749  |
| 2010                       | 10        | \$26,895 | 0             | \$0 | 0                   | \$0 | 0     | \$0 | 10 | \$26,895 |
| 2011                       | 0         | \$0      | 0             | \$0 | 0                   | \$0 | 0     | \$0 | 0  | \$0      |
| 2012                       | 0         | \$0      | 0             | \$0 | 0                   | \$0 | 0     | \$0 | 0  | \$0      |
| 2013                       | *         | \$684    | 0             | \$0 | 0                   | \$0 | 0     | \$0 | *  | \$684    |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

With this credit, the state general fund will pay up to \$20 million of private exploration costs for a new mine. No credits were claimed for 2013.

## Tax Credits

**Film Employment Credit:** 15-31-901, MCA through 15-31-911, MCA  
**Legislation:** HB 584, 2005 Session

Through 2014, taxpayers are allowed a credit against income or corporation income tax for 14 percent of the first \$50,000 of compensation paid to each Montana resident employed on a state-certified film production. Employee compensation for which the credit is claimed may not be deducted from gross revenue in calculating taxable income.

If the credit is more than the taxpayer's liability, the taxpayer must make an irreversible election to either have the credit refunded or to carry it forward for up to four years.

If the Department of Commerce determines that the production has not met the conditions of certification, the taxpayer must repay any credits already received.

The credit originally had a limit of \$1 million in credits per production and a sunset date of January 1, 2010. The 2007 Legislature removed the \$1 million limit (HB 40). The 2009 Legislature extended the sunset date to January 1, 2015 (HB 163).

An individual may claim the credit for expenditures made directly by a sole-proprietor business or may claim a share of the credit for expenditures made by a pass-through entity.

A taxpayer who takes this credit reduces taxes by 14 percent of compensation paid to a Montana resident but gives up the deduction for the expense, which increases taxes by 6.9 percent of the compensation (assuming the taxpayer is in the top rate bracket) for a net reduction of 7.1 percent. This gives a cost advantage to hiring Montana residents rather than non-residents. For employees paid less than \$50,000, the advantage is 7.1 percent of compensation. For actors and others who would be paid more than \$50,000, the advantage is \$3,550.

A taxpayer who itemizes deductions and claims the credit will have a smaller federal deduction for state taxes, which will result in higher federal taxes. This may result in a larger state deduction for federal taxes, further reducing state taxes. The following table shows the net changes in state and federal taxes from claiming the credit for \$100 of compensation paid to a Montana resident working on a film produced by a taxpayer in the top state and federal rate brackets.

| \$100 Film Employment Expenditure                                                               |                             |            |
|-------------------------------------------------------------------------------------------------|-----------------------------|------------|
| Difference When Taxpayer Claims Federal Expense Deduction and State Credit Instead of Deduction |                             |            |
|                                                                                                 | Deduction for Federal Taxes |            |
|                                                                                                 | Capped                      | Not Capped |
| Federal Tax Subsidy                                                                             | (\$2.81)                    | (\$2.89)   |
| State Tax Subsidy                                                                               | \$7.10                      | \$7.30     |
| Net Taxpayer Subsidy                                                                            | \$4.29                      | \$4.41     |

The following tables show credits claimed on timely-filed individual income tax returns for 2005 through 2013.<sup>4</sup> The first shows credits claimed by taxpayers who either had tax liability greater than their credits or chose the carry-over option for any excess credits. The second table shows credits claimed by taxpayers who chose to have excess credits refunded.

In effect, this credit has the state general fund pay 7.1 percent of the compensation of Montana residents employed in a certified film production. In 2013, film employment credits claimed against individual income tax cost the state general fund \$55,391. No credits were carried forward to future years, and none of the credits claimed in 2013 were carried forward from 2012. The cost was \$0.09 per full-year resident taxpayer.

<sup>4</sup> Additional credits have been claimed on late returns.

## Tax Credits

| Film Production Employment Credit |           |         |               |     |                     |     |       |         |         |
|-----------------------------------|-----------|---------|---------------|-----|---------------------|-----|-------|---------|---------|
|                                   | Residents |         | Non-Residents |     | Part-Year Residents |     | Total |         |         |
|                                   | N         | \$      | N             | \$  | N                   | \$  | N     | \$      |         |
| 2005                              | 0         | \$0     | 0             | \$0 | 0                   | \$0 | 0     | \$0     | \$0     |
| 2006                              | 0         | \$0     | 0             | \$0 | 0                   | \$0 | 0     | \$0     | \$0     |
| 2007                              | *         | \$2,290 | 0             | \$0 | 0                   | \$0 | *     | \$2,290 | \$2,290 |
| 2008                              | 0         | \$0     | 0             | \$0 | 0                   | \$0 | 0     | \$0     | \$0     |
| 2009                              | 0         | \$0     | 0             | \$0 | 0                   | \$0 | 0     | \$0     | \$0     |
| 2010                              | 0         | \$0     | 0             | \$0 | 0                   | \$0 | 0     | \$0     | \$0     |
| 2011                              | 0         | \$0     | 0             | \$0 | 0                   | \$0 | 0     | \$0     | \$0     |
| 2012                              | 0         | \$0     | 0             | \$0 | 0                   | \$0 | 0     | \$0     | \$0     |
| 2013                              | 0         | \$0     | 0             | \$0 | 0                   | \$0 | 0     | \$0     | \$0     |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

| Refundable Film Production Employment Credit |           |          |               |          |                     |      |       |          |          |
|----------------------------------------------|-----------|----------|---------------|----------|---------------------|------|-------|----------|----------|
|                                              | Residents |          | Non-Residents |          | Part-Year Residents |      | Total |          |          |
|                                              | N         | \$       | N             | \$       | N                   | \$   | N     | \$       |          |
| 2005                                         | 0         | \$0      | *             | \$115    | *                   | \$13 | *     | \$128    | \$128    |
| 2006                                         | 0         | \$0      | 0             | \$0      | 0                   | \$0  | 0     | \$0      | \$0      |
| 2007                                         | 24        | \$14,516 | *             | \$2,046  | 0                   | \$0  | *     | \$16,562 | \$16,562 |
| 2008                                         | 0         | \$0      | *             | \$3,470  | 0                   | \$0  | *     | \$3,470  | \$3,470  |
| 2009                                         | 0         | \$0      | 0             | \$0      | 0                   | \$0  | 0     | \$0      | \$0      |
| 2010                                         | *         | \$11,480 | 0             | \$0      | 0                   | \$0  | *     | \$11,480 | \$11,480 |
| 2011                                         | *         | \$5,316  | 0             | \$0      | 0                   | \$0  | *     | \$5,316  | \$5,316  |
| 2012                                         | *         | \$23,924 | *             | \$23,924 | 0                   | \$0  | *     | \$47,848 | \$47,848 |
| 2013                                         | *         | \$55,391 | 0             | \$0      | 0                   | \$0  | *     | \$55,391 | \$55,391 |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

### Film Expenditure Credit: 15-31-901, MCA through 15-31-911, MCA Legislation: HB 584, 2005 Session

A taxpayer can claim a credit against individual income tax or corporation income tax for 9 percent of purchases in Montana for the making of a film that has met the criteria to be certified by the Department of Commerce. A taxpayer may not deduct any expenses for which a credit was claimed.

If a taxpayer claims a credit that is more than his or her tax liability, the excess credit will be refunded. If the Department of Commerce determines that the production has not met the conditions of certification, the taxpayer must repay any credits already received.

An individual may claim the credit directly for expenditures by a sole-proprietor business or may claim a share of the credit for expenditures by a pass-through entity.

The credit was enacted with a limit of \$1 million in credits per production. The 2007 Legislature removed this limit (HB 40).

A taxpayer who claims the credit has taxes reduced by 9 percent of Montana purchases for a film, but must give up the deduction for those expenses. For a taxpayer in the top tax bracket, this increases taxes by 6.9 percent of the amount of purchases. The net result is that the taxpayer's cost of Montana purchases for a film made in Montana are reduced by 2.1 percent.

| \$100 Film Expenditure                                                                          |                             |            |
|-------------------------------------------------------------------------------------------------|-----------------------------|------------|
| Difference When Taxpayer Claims Federal Expense Deduction and State Credit Instead of Deduction |                             |            |
|                                                                                                 | Deduction for Federal Taxes |            |
|                                                                                                 | Capped                      | Not Capped |
| Federal Tax Subsidy                                                                             | (\$0.83)                    | (\$0.85)   |
| State Tax Subsidy                                                                               | \$2.10                      | \$2.16     |
| Net Taxpayer Subsidy                                                                            | \$1.27                      | \$1.30     |

## Tax Credits

A taxpayer who itemizes deductions and claims the credit will have a smaller federal deduction for state taxes, which will result in higher federal taxes. This may result in a larger state deduction for federal taxes, further reducing state taxes. The table above shows the net changes in state and federal taxes from claiming the credit for \$100 of Montana purchases for a film produced by a taxpayer in the top state and federal rate brackets.

Fewer than ten individuals have claimed the credit on timely-filed returns each year.<sup>5</sup> The following table shows the total value of credits claimed on timely-filed individual income tax returns for 2005 through 2013.

| Film Expenditures Credit |           |          |               |         |                     |       |       |          |  |
|--------------------------|-----------|----------|---------------|---------|---------------------|-------|-------|----------|--|
|                          | Residents |          | Non-Residents |         | Part-Year Residents |       | Total |          |  |
|                          | N         | \$       | N             | \$      | N                   | \$    | N     | \$       |  |
| 2005                     | 0         | \$0      | *             | \$669   | *                   | \$793 | *     | \$1,462  |  |
| 2006                     | *         | \$2,337  | 0             | \$0     | 0                   | \$0   | *     | \$2,337  |  |
| 2007                     | *         | \$26,486 | 0             | \$0     | 0                   | \$0   | *     | \$26,486 |  |
| 2008                     | *         | \$29,230 | *             | \$8,397 | 0                   | \$0   | *     | \$37,627 |  |
| 2009                     | *         | \$19,047 | *             | \$6,188 | 0                   | \$0   | *     | \$25,235 |  |
| 2010                     | *         | \$17,217 | 0             | \$0     | 0                   | \$0   | *     | \$17,217 |  |
| 2011                     | *         | \$20,067 | *             | \$2,389 | 0                   | \$0   | *     | \$22,456 |  |
| 2012                     | 0         | \$0      | 0             | \$0     | 0                   | \$0   | 0     | \$0      |  |
| 2013                     | *         | \$15,150 | 0             | \$0     | 0                   | \$0   | *     | \$15,150 |  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

In effect, this credit has the state general fund pay 2.1 percent of the cost of all Montana purchases for a certified film production. In 2013, film expenditure credits against the income tax cost the state general fund \$15,150. Without the credit, this amount would have been available to spend on other state programs or for tax reductions. The cost was \$0.02 per full-year resident taxpayer.

**Insure Montana Small Business Health Insurance Credit:** 15-30-2368; 15-31-130; 33-22-2006, MCA  
**Legislation:** HB 667, 2005 Session

A small employer that provides group health insurance for its employees through a state pool may claim a credit of a) up to 50 percent of total premiums the employer pays for the plan or b) up to \$100 per month per covered employee (\$125 if the average age is at least 45), up to \$100 per month per covered spouse, and up to \$40 per other covered dependent. An employer that has not offered group health insurance in the last two years may take premium assistance payments instead.

The maximum credit depends on the number of employees an employer may have and be eligible. This is to be set by rule by the State Auditor's Office. The current maximum is nine employees. A taxpayer with credits that are greater than his or her tax liability may have the excess credits refunded.

An employer who provides insurance coverage to all employees as a fringe benefit may generally take a business expense deduction for the premium cost for both federal and state taxes. A taxpayer who claims the credit may not also take the normal business expense deduction.

An individual may claim the credit for insurance purchases by a sole-proprietor business or may claim a share of the credit for insurance purchases by a pass-through entity.

The credit has not been amended since it was enacted.

The credit reduces the cost of providing group health insurance by 50 percent or \$100 per month for a covered employee or spouse, and 50 percent or \$40 per month for another covered dependent. However, the employer gives up the business expense deduction for premiums. For an employer in the top income bracket, the net effect is to reduce the cost of providing insurance by 50 percent - 6.9 percent = 43.1 percent if the monthly insurance premiums are \$200 or less for the employee and spouse and \$80 or less per dependent. If monthly premiums are more than this, the net cost reduction is a flat \$93.10 per employee or spouse and \$37.24 per dependent.

<sup>5</sup> Additional credits have been claimed on late returns.

## Tax Credits

A taxpayer who itemizes deductions will have a smaller federal deduction for state taxes, which will result in higher federal taxes. This may result in a larger state deduction for federal taxes. The following tables show the net changes in state and federal taxes and net taxpayer cost for an employer who provides insurance with premiums above and below the credit cap and who is in the top state and federal rate brackets.

| <b>\$100 Insurance Premium</b>                                                                         |                             |            |
|--------------------------------------------------------------------------------------------------------|-----------------------------|------------|
| <b>Difference When Taxpayer Claims Federal Expense Deduction and State Credit Instead of Deduction</b> |                             |            |
|                                                                                                        | Deduction for Federal Taxes |            |
|                                                                                                        | Capped                      | Not Capped |
| Federal Tax Subsidy                                                                                    | (\$17.07)                   | (\$17.55)  |
| State Tax Subsidy                                                                                      | \$43.10                     | \$44.31    |
| Net Taxpayer Subsidy                                                                                   | \$26.03                     | \$26.76    |

| <b>\$200 Insurance Premium</b>                                                                         |                             |            |
|--------------------------------------------------------------------------------------------------------|-----------------------------|------------|
| <b>Difference When Taxpayer Claims Federal Expense Deduction and State Credit Instead of Deduction</b> |                             |            |
|                                                                                                        | Deduction for Federal Taxes |            |
|                                                                                                        | Capped                      | Not Capped |
| Federal Tax Subsidy                                                                                    | (\$30.17)                   | (\$30.92)  |
| State Tax Subsidy                                                                                      | \$86.20                     | \$88.33    |
| Net Taxpayer Subsidy                                                                                   | \$56.03                     | \$57.42    |

The credit was first available in 2006. The following table shows credits claimed against individual income tax in tax year 2006 through 2013.

| <b>Insure Montana Small Business Health Insurance Credit</b> |           |             |               |          |                     |          |       |    |             |
|--------------------------------------------------------------|-----------|-------------|---------------|----------|---------------------|----------|-------|----|-------------|
|                                                              | Residents |             | Non-Residents |          | Part-Year Residents |          | Total |    |             |
|                                                              | N         | \$          | N             | \$       | N                   | \$       | N     | \$ |             |
| 2006                                                         | 591       | \$1,832,523 | 12            | \$19,206 | *                   | \$3,900  | *     |    | \$1,855,629 |
| 2007                                                         | 617       | \$2,189,770 | 11            | \$8,352  | 0                   | \$0      | 628   |    | \$2,198,122 |
| 2008                                                         | 663       | \$2,380,374 | 20            | \$23,217 | *                   | \$2,344  | *     |    | \$2,405,935 |
| 2009                                                         | 746       | \$2,513,344 | 22            | \$27,623 | *                   | \$67     | *     |    | \$2,541,034 |
| 2010                                                         | 784       | \$2,890,619 | 28            | \$35,076 | 10                  | \$12,983 | 822   |    | \$2,938,678 |
| 2011                                                         | 686       | \$2,156,183 | 26            | \$23,077 | *                   | \$3,809  | *     |    | \$2,183,069 |
| 2012                                                         | 644       | \$1,876,550 | 24            | \$31,140 | *                   | \$755    | *     |    | \$1,908,445 |
| 2013                                                         | 585       | \$2,028,400 | 25            | \$31,182 | *                   | \$13,782 | *     |    | \$2,073,364 |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

The credit is paid to taxpayers from the general fund, but the general fund is repaid out of cigarette and tobacco tax revenue. Rates for these taxes were set to discourage consumption and fund programs to offset the health costs due to tobacco use. This credit reduces funds available for other programs.

In 2013, taxpayers claimed credits of \$2,073,264 or \$3.28 per full-year resident taxpayer. The credit is funded from cigarette and tobacco tax revenue, so the cost of the credit is paid only by purchasers of cigarettes and other tobacco products.

## Tax Credits

**Adoption Credit:** 15-30-2364, MCA  
**Legislation:** HB 490, 2007 Session

The IRS code allows an income tax credit for costs of adopting a child. A taxpayer who meets the requirements for the federal credit may also claim a credit of \$1,000 against Montana income tax. If the credit is more than the taxpayer's liability, the excess is not refunded, but excess credits may be carried forward for up to five years.

The credit has not been amended since it was enacted.

For 2013, the maximum federal adoption credit is \$12,970. A taxpayer who takes both the state and federal credits will be reimbursed for up to \$13,970 of the costs of adopting a child. There is no itemized deduction for adoptions expenses. However, a taxpayer who claims the state and federal credits and itemizes deductions will have a smaller federal deduction for state taxes and may have a smaller state deduction for federal taxes. The following table shows the net effect of claiming the state credit and the maximum federal credit for a taxpayer in the top state and federal rate brackets who itemizes.

| Adoption Expenditures                                   |                             |             |
|---------------------------------------------------------|-----------------------------|-------------|
| Taxpayer Claims State Credit and Maximum Federal Credit |                             |             |
|                                                         | Deduction for Federal Taxes |             |
|                                                         | Capped                      | Not Capped  |
| Federal Tax Subsidy                                     | \$12,574.00                 | \$12,927.22 |
| State Tax Subsidy                                       | \$1,000.00                  | \$108.02    |
| Net Taxpayer Subsidy                                    | \$11,574.00                 | \$12,819.20 |

However, for many taxpayers, the federal credit will be more than federal tax liability and the state credit may be more than state tax liability. In these cases, the interaction of federal and state deductions will only occur in the last year the credit is carried forward and is likely to be smaller than shown in the table.

This credit was first available in 2007. The following table shows credits claimed for 2007 through 2013.

| Adoption Credit |           |           |               |          |                     |          |       |           |
|-----------------|-----------|-----------|---------------|----------|---------------------|----------|-------|-----------|
|                 | Residents |           | Non-Residents |          | Part-Year Residents |          | Total |           |
|                 | N         | \$        | N             | \$       | N                   | \$       | N     | \$        |
| 2007            | 192       | \$204,476 | 11            | \$11,000 | *                   | \$7,000  | *     | \$222,476 |
| 2008            | 155       | \$186,069 | 12            | \$12,000 | *                   | \$7,000  | *     | \$205,069 |
| 2009            | 150       | \$165,300 | 11            | \$10,036 | *                   | \$10,720 | *     | \$186,056 |
| 2010            | 249       | \$322,517 | 17            | \$17,608 | 14                  | \$18,522 | 280   | \$358,647 |
| 2011            | 230       | \$274,849 | 18            | \$16,982 | *                   | \$6,000  | *     | \$297,831 |
| 2012            | 178       | \$189,721 | 20            | \$22,245 | *                   | \$6,418  | *     | \$218,384 |
| 2013            | 186       | \$210,765 | 22            | \$23,320 | 10                  | \$9,998  | 218   | \$244,083 |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

In 2013, taxpayers used credits of \$163,563 and carried forward credits of \$80,520 to be used in future years. There were \$28,679 in credits claimed in 2013 that were carried forward from 2012. Without the credit, \$163,563 would have been available to spend on other state programs or to reduce taxes. The cost was \$3.28 per full-year resident taxpayer.

## Tax Credits

**Elderly Homeowner/Renter Credit:** 15-30-2337 to 15-30-2341, MCA  
**Legislation:** SB 337, 1981 Session

Taxpayers who are age 62 or older and have a household income of less than \$45,000 may be eligible for the elderly homeowner/renter credit. The credit refunds part or all of the property tax a homeowner pays directly or a renter pays indirectly that is more than a certain percentage of household income. For a household with income between \$12,000 and \$45,000, this percentage is 5 percent. For households with lower incomes, the credit refunds part or all of property taxes that are more than a smaller percent of income. For taxpayers with income between \$2,000 and \$1,999, the credit refunds part or all of property taxes that are more than 0.6% of income. The credit is limited to a maximum of \$1,000 per household. The credit phases out for households with income between \$35,000 and \$45,000.

Taxpayers who receive the elderly homeowner/renter credit pay their property taxes and then have part refunded. Local governments, school districts, the university system, and the state general fund all receive full payments of property taxes on these taxpayers' residences. Then, taxpayers are refunded part of the tax they paid via this credit, which reduces revenue going to the state general fund.

This credit is essentially a property tax refund administered through the income tax system. Taxpayers who are required to file an income tax return claim the credit on a form filed with their tax return, but taxpayers whose income is below the income tax filing threshold can file the credit form without filing an income tax return. The credit could be considered a tax expenditure either for the income tax or the property tax.

This credit provides a subsidy for older taxpayers who own their home and whose income is no longer proportional to the value of their home, so that they can stay in their homes. For older taxpayers who rent, it subsidizes the rent they pay.

Taxpayers who claim the credit are able to take an itemized deduction for property taxes on their homes. For a taxpayer who takes the state and federal standard deductions, the credit reduces state income tax by \$1 for each \$1 by which the taxpayer's property tax exceeds the credit percentage for their income. If the taxpayer itemizes deductions, the credit reduces the federal deduction for state taxes, which increases federal income tax. This increases the state deduction for federal taxes, further reducing state taxes. A taxpayer who is eligible for the credit may be in any state rate bracket, but is likely to be in the 10 percent or 15 percent federal brackets. The following table shows federal and state subsidies for a taxpayer in the top state and 15 percent federal rate brackets who claims the credit and itemizes, the federal and state subsidies if the taxpayer itemizes but does not claim the credit, and the difference due to the credit.

| Property Tax \$100 more than Credit Percent             |           |
|---------------------------------------------------------|-----------|
| Taxpayer Claims Credit and Federal and State Deductions |           |
| Federal Tax Subsidy                                     | (\$1.05)  |
| State Tax Subsidy                                       | \$106.97  |
| Net Taxpayer Subsidy                                    | \$105.93  |
| Taxpayer Claims Federal and State Itemized Deductions   |           |
| Federal Tax Subsidy                                     | \$14.11   |
| State Tax Subsidy                                       | \$5.93    |
| Net Taxpayer Subsidy                                    | \$20.04   |
| Difference Due to Credit                                |           |
| Federal Tax Subsidy                                     | (\$15.16) |
| State Tax Subsidy                                       | \$101.05  |
| Net Taxpayer Subsidy                                    | \$85.89   |

For a taxpayer who itemizes, the credit reduces the federal deduction for state taxes by the amount that the federal deduction for property taxes exceeds the credit percentage.

## Tax Credits

The following table shows the credits claimed for 2005 through 2013. For 2013, the elderly homeowner/renter credit cost the state general fund \$8,485,894, or \$13.40 per full year resident taxpayer.

| Elderly Homeowner/Renter Credit |                                          |             |                                             |             |        |              |
|---------------------------------|------------------------------------------|-------------|---------------------------------------------|-------------|--------|--------------|
|                                 | Credit Claimed with<br>Income Tax Return |             | Credit Claimed Without Income<br>Tax Return |             | Total  |              |
|                                 | N                                        | \$          | N                                           | \$          | N      | \$           |
| 2005                            | 16,850                                   | \$7,971,363 | 7,534                                       | \$3,609,244 | 24,384 | \$11,580,607 |
| 2006                            | 17,234                                   | \$7,742,741 | 6,447                                       | \$2,983,280 | 23,681 | \$10,726,021 |
| 2007                            | 17,545                                   | \$7,829,406 | 4,536                                       | \$1,981,220 | 22,081 | \$9,810,626  |
| 2008                            | 18,333                                   | \$8,538,200 | 3,954                                       | \$1,777,670 | 22,287 | \$10,315,870 |
| 2010                            | 18,867                                   | \$8,712,465 | 5,902                                       | \$2,642,897 | 24,769 | \$11,355,362 |
| 2011                            | 18,135                                   | \$8,282,747 | 5,684                                       | \$2,508,178 | 23,820 | \$10,790,925 |
| 2012                            | 16,640                                   | \$7,284,407 | 5,607                                       | \$2,357,138 | 22,247 | \$9,641,545  |
| 2013                            | 15,351                                   | \$6,699,687 | 4,714                                       | \$1,788,207 | 20,365 | \$8,487,894  |

**Credit for Other States' Taxes:** 15-30-2302, MCA  
**Legislation:** HB 38, 1941 Session

Taxpayers who earn income in more than one state generally will owe tax in each of the states where they earn income that has an income tax. A Montana resident computes Montana income tax on their entire income and then is allowed a credit for income tax paid to other states. A non-resident or part-year resident computes Montana income tax on their entire income and then multiplies that by the percentage of income earned in Montana to give Montana tax liability. A part-year resident is then allowed a credit for income tax paid to another state on income also taxed in Montana.

If the credit is more than the taxpayer's liability, the excess credit is not refunded and may not be carried forward or backward to another tax year.

This credit prevents two states from taxing the same income. Not having a credit for income tax paid to other states would create a disincentive for individuals to work or have business interest in more than one state. The following table shows the credits claimed for 2005 through 2013.

| Other State's Tax Credit |           |              |               |          |                     |             |        |              |
|--------------------------|-----------|--------------|---------------|----------|---------------------|-------------|--------|--------------|
|                          | Residents |              | Non-Residents |          | Part-Year Residents |             | Total  |              |
|                          | N         | \$           | N             | \$       | N                   | \$          | N      | \$           |
| 2005                     | 10,157    | \$19,234,044 | 26            | \$26,565 | 347                 | \$1,116,390 | 10,530 | \$20,376,999 |
| 2006                     | 9,727     | \$23,043,200 | 0             | \$0      | 463                 | \$886,060   | 10,190 | \$23,929,260 |
| 2007                     | 9,756     | \$20,278,753 | 0             | \$0      | 630                 | \$720,083   | 10,386 | \$20,998,836 |
| 2008                     | 10,007    | \$20,931,634 | 0             | \$0      | 360                 | \$284,519   | 10,367 | \$21,216,153 |
| 2009                     | 9,139     | \$16,975,208 | 0             | \$0      | 350                 | \$220,394   | 9,489  | \$17,195,602 |
| 2010                     | 10,572    | \$20,608,363 | 0             | \$0      | 254                 | \$138,299   | 10,826 | \$20,746,662 |
| 2011                     | 10,658    | \$19,090,209 | 0             | \$0      | 275                 | \$294,694   | 10,933 | \$19,384,903 |
| 2012                     | 10,497    | \$23,668,111 | 0             | \$0      | 223                 | \$192,211   | 10,720 | \$23,860,322 |
| 2013                     | 12,202    | \$27,082,006 | 0             | \$0      | 268                 | \$217,481   | 12,470 | \$27,299,487 |

For 2013, the credit for other states' taxes cost the state general fund \$27,252,784, and \$46,703 in credits were unused because taxpayers had more credits than tax liability. The cost to the general fund was \$43.11 per full year resident taxpayer.

## Tax Credits

**Emergency Lodging Credit:** 15-31-171, MCA and 15-30-2381, MCA  
**Legislation:** HB 240, 2007 Session

The Department of Public Health and Human Services has a program to provide temporary emergency lodging to individuals or families referred by non-profit organizations working with domestic violence victims. Lodging establishments may receive a tax credit of \$30 per day for providing up to five days of free lodging to someone who has been referred to them through this program.

Since this credit is not a proportion of expenditure, it is not possible to calculate tax subsidy percentages as is done for other credits.

The credit may be taken against either income tax or corporation tax. This program was created by the 2007 Legislature, and has been in place since 2008. The following table shows income tax credits claimed in tax year 2008 through 2013. Fewer than 10 taxpayers have claimed the credit each year, and credits have only been claimed in 2008 and 2011.

| Emergency Lodging Credit |           |       |               |       |                     |       |       |         |  |  |
|--------------------------|-----------|-------|---------------|-------|---------------------|-------|-------|---------|--|--|
|                          | Residents |       | Non-Residents |       | Part-Year Residents |       | Total |         |  |  |
|                          | N         | \$    | N             | \$    | N                   | \$    | N     | \$      |  |  |
| 2008                     | *         | \$396 | 0             | \$0   | *                   | \$320 | *     | \$716   |  |  |
| 2009                     | 0         | \$0   | 0             | \$0   | 0                   | \$0   | 0     | \$0     |  |  |
| 2010                     | 0         | \$0   | 0             | \$0   | 0                   | \$0   | 0     | \$0     |  |  |
| 2011                     | *         | \$863 | *             | \$150 | 0                   | \$0   | *     | \$1,013 |  |  |
| 2012                     | 0         | \$0   | 0             | \$0   | 0                   | \$0   | 0     | \$0     |  |  |
| 2013                     | 0         | \$0   | 0             | \$0   | 0                   | \$0   | 0     | \$0     |  |  |

\*Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

### **Tax Expenditures by Function**

Tax expenditures provide subsidies to taxpayers based either on what they do or who they are. Tax expenditures can be classified based on the function or purpose of these subsidies. The table on the following page shows the four categories of tax expenditures classified into thirteen functional categories.

Each tax expenditure has been placed in one category, even though many have multiple effects. For example, the itemized deduction for property taxes is counted as a subsidy to local property taxes but it also subsidizes home ownership. Exemptions of certain types of income that are required by federal law generally have a purpose but are put in a separate category because they are not discretionary for the state.

Federal adjustments to income primarily subsidize individual savings and individual spending on health care and education. Other significant functions of federal adjustments are subsidizing businesses through the domestic production activities deduction and offsetting federal self-employment taxes.

State adjustments to income that are not required by the federal government primarily go to increase selected individual's disposable income by exempting certain types of income from taxation. About \$4 million of tax expenditures result from amounts on the Other State Reductions to Income line, which cannot be classified.

The largest itemized deduction tax expenditures are from the deductions for federal income taxes and property taxes and the home mortgage interest deduction. Other significant itemized deduction tax expenditures subsidize contributions to charities and health care spending.

The largest income tax credits are the credit for income taxes paid to other states and the capital gains credit. The capital gains credit is in the Other or Multiple Purpose category because capital gains can arise from a variety of business and non-business sources. Other large tax expenditures from credits are for the elderly homeowner/renter credit which subsidizes property tax payments and the credits for alternative energy and energy conservation.

### **Tax Expenditures by Income**

The tables following the Tax Expenditures by Function tables show the distribution of income tax expenditures between income groups and between residents and non-residents. The left half of the table shows the number of residents in thirteen income groups and the number of non-residents and part-year residents. It also shows total income, the percent of total income, total tax, and the percent of total tax for each group. The right half of the table shows total tax expenditures and the percent of the total going to each group for four categories of tax expenditures and for the total.

# PIT - Tax Expenditures by Summary

## Income Tax Expenditures by Function or Purpose Tax Year 2012 (\$ million)

| Function                                                     | Federal<br>Adjustment to<br>Income | State Adjustments<br>to Income | Itemized<br>Deductions | Credits       | Total          |
|--------------------------------------------------------------|------------------------------------|--------------------------------|------------------------|---------------|----------------|
| Required by Federal Law                                      | \$0.0                              | \$9.1                          | \$0.0                  | \$0.0         | \$9.1          |
| Subsidize Tax to Another Level of Government                 | \$4.0                              | \$0.0                          | \$84.7                 | \$23.9        | \$112.6        |
| Subsidize Health Care and Other Human Services               | \$8.5                              | \$1.1                          | \$82.9                 | \$2.4         | \$94.9         |
| Subsidize Retirement Saving                                  | \$6.5                              | \$0.0                          | \$0.0                  | \$0.0         | \$6.5          |
| Subsidize Education                                          | \$2.9                              | \$0.4                          | \$0.0                  | \$0.0         | \$3.3          |
| Subsidize Energy Conservation, Alternative Energy, Recycling | \$0.0                              | \$0.0                          | \$0.0                  | \$5.7         | \$5.7          |
| Subsidize Business Investment                                | \$0.0                              | \$0.0                          | \$0.0                  | \$0.0         | \$0.0          |
| Subsidize Home Ownership                                     | \$0.0                              | \$0.0                          | \$1.2                  | \$0.0         | \$1.2          |
| Subsidize Charitable Giving                                  | \$0.0                              | \$0.0                          | \$36.2                 | \$2.3         | \$38.5         |
| Subsidize Agriculture                                        | \$0.0                              | \$1.3                          | \$0.0                  | \$0.0         | \$1.3          |
| Subsidize Specific Types of Business                         | \$3.4                              | \$0.1                          | \$0.0                  | \$11.1        | \$14.6         |
| Income Support                                               | \$0.0                              | \$22.3                         | \$0.0                  | \$7.2         | \$29.5         |
| Other or Multiple Purpose                                    | \$0.0                              | \$10.8                         | \$0.5                  | \$31.5        | \$42.8         |
| <b>Total</b>                                                 | <b>\$25.2</b>                      | <b>\$45.1</b>                  | <b>\$205.5</b>         | <b>\$84.1</b> | <b>\$360.0</b> |

## Income Tax Expenditures by Function or Purpose Tax Year 2013 (\$ million)

| Function                                                     | Federal<br>Adjustment to<br>Income | State Adjustments<br>to Income | Itemized<br>Deductions | Credits        | Total          |
|--------------------------------------------------------------|------------------------------------|--------------------------------|------------------------|----------------|----------------|
| Required by Federal Law                                      | \$0.0                              | \$8.7                          | \$0.0                  | \$0.0          | \$8.7          |
| Subsidize Tax to Another Level of Government                 | \$4.4                              | \$0.0                          | \$95.6                 | \$27.3         | \$127.3        |
| Subsidize Health Care and Other Human Services               | \$9.8                              | \$11.0                         | \$19.1                 | \$2.6          | \$42.6         |
| Subsidize Retirement Saving                                  | \$7.4                              | \$0.0                          | \$0.0                  | \$0.0          | \$7.4          |
| Subsidize Education                                          | \$3.1                              | \$0.6                          | \$0.0                  | \$0.0          | \$3.7          |
| Subsidize Energy Conservation, Alternative Energy, Recycling | \$0.0                              | \$0.0                          | \$0.0                  | \$5.5          | \$5.5          |
| Subsidize Business Investment                                | \$0.0                              | \$0.0                          | \$0.0                  | \$0.0          | \$0.0          |
| Subsidize Home Ownership                                     | \$0.0                              | \$0.0                          | \$56.0                 | \$0.0          | \$56.0         |
| Subsidize Charitable Giving                                  | \$0.0                              | \$0.0                          | \$36.5                 | \$2.4          | \$38.9         |
| Subsidize Agriculture                                        | \$0.0                              | \$0.0                          | \$0.0                  | \$0.0          | \$0.0          |
| Subsidize Specific Types of Business                         | \$3.6                              | \$0.0                          | \$2.0                  | \$6.1          | \$11.7         |
| Income Support                                               | \$0.0                              | \$22.1                         | \$0.0                  | \$6.6          | \$28.7         |
| Other or Multiple Purpose                                    | \$0.0                              | \$4.7                          | \$17.5                 | \$60.3         | \$82.5         |
| <b>Total</b>                                                 | <b>\$28.3</b>                      | <b>\$47.3</b>                  | <b>\$226.7</b>         | <b>\$110.8</b> | <b>\$413.0</b> |

# PIT - Tax Expenditures by Summary

Income Tax Expenditures by Household Income Tax Year 2012  
(\$ million)

| Residents<br>Income range | Returns | Taxpayers | Total Household Income* |            | Tax          |            | Passive Federal |            | State Adjustments |            | Itemized Deductions |            | Credits    |            | Total      |            |
|---------------------------|---------|-----------|-------------------------|------------|--------------|------------|-----------------|------------|-------------------|------------|---------------------|------------|------------|------------|------------|------------|
|                           |         |           | \$ million              | % of Total | (\$ million) | % of Total | \$ million      | % of Total | \$ million        | % of Total | \$ million          | % of Total | \$ million | % of Total | \$ million | % of Total |
| Less than \$0             | 5,315   | 7,486     | -\$255.5                | -1.0%      | \$0.0        | 0.0%       | \$0.0           | 0.0%       | \$0.0             | 0.0%       | \$0.0               | 0.0%       | \$1.8      | 2.1%       | \$3.0      | 0.5%       |
| \$0 to \$5,873            | 43,259  | 46,931    | \$134.5                 | 0.5%       | \$0.1        | 0.0%       | \$0.0           | 0.0%       | \$0.0             | 0.0%       | \$0.0               | 0.0%       | \$3.0      | 3.6%       | \$3.0      | 0.8%       |
| \$5,874 to \$11,365       | 43,257  | 48,329    | \$385.2                 | 1.5%       | \$1.6        | 0.2%       | \$0.1           | 0.3%       | \$0.3             | 0.6%       | \$0.1               | 0.0%       | \$1.9      | 2.3%       | \$2.3      | 0.6%       |
| \$11,366 to \$17,268      | 43,255  | 50,510    | \$636.5                 | 2.5%       | \$5.3        | 0.6%       | \$0.2           | 0.7%       | \$0.9             | 2.1%       | \$0.5               | 0.2%       | \$1.5      | 1.8%       | \$3.0      | 0.8%       |
| \$17,269 to \$23,894      | 43,256  | 52,837    | \$909.1                 | 3.6%       | \$12.2       | 1.3%       | \$0.4           | 1.4%       | \$2.2             | 4.9%       | \$1.6               | 0.8%       | \$1.0      | 1.2%       | \$5.1      | 1.4%       |
| \$23,895 to \$32,190      | 43,258  | 55,621    | \$1,232.5               | 4.9%       | \$23.5       | 2.8%       | \$0.7           | 2.9%       | \$3.9             | 8.6%       | \$5.0               | 2.4%       | \$1.0      | 1.2%       | \$10.6     | 2.9%       |
| \$32,191 to \$43,158      | 43,255  | 60,059    | \$1,652.6               | 6.5%       | \$40.6       | 4.3%       | \$1.3           | 5.1%       | \$4.7             | 10.5%      | \$12.4              | 6.0%       | \$1.3      | 1.6%       | \$19.8     | 5.5%       |
| \$43,159 to \$57,380      | 43,258  | 65,690    | \$2,208.7               | 8.7%       | \$63.4       | 6.8%       | \$2.0           | 7.9%       | \$6.1             | 13.6%      | \$21.2              | 10.3%      | \$1.9      | 2.3%       | \$31.3     | 8.7%       |
| \$57,381 to \$76,101      | 43,257  | 73,465    | \$2,932.8               | 11.6%      | \$93.6       | 10.0%      | \$2.7           | 10.6%      | \$7.7             | 17.0%      | \$32.7              | 15.9%      | \$3.3      | 3.9%       | \$46.3     | 12.9%      |
| \$76,102 to \$106,221     | 43,257  | 79,125    | \$3,943.5               | 15.5%      | \$143.7      | 15.3%      | \$3.7           | 14.5%      | \$8.2             | 18.2%      | \$45.9              | 22.3%      | \$5.2      | 6.1%       | \$62.9     | 17.5%      |
| \$106,222 to \$126,090    | 14,418  | 27,116    | \$1,680.2               | 6.6%       | \$68.0       | 7.2%       | \$1.9           | 7.5%       | \$2.8             | 6.3%       | \$18.5              | 9.0%       | \$2.8      | 3.3%       | \$26.0     | 7.2%       |
| \$126,094 to \$175,020    | 14,419  | 27,103    | \$2,092.9               | 8.2%       | \$91.7       | 9.8%       | \$2.6           | 10.2%      | \$3.0             | 6.6%       | \$21.1              | 10.3%      | \$5.0      | 6.0%       | \$31.7     | 8.8%       |
| Over \$175,020            | 14,419  | 26,831    | \$6,289.8               | 24.8%      | \$330.8      | 35.2%      | \$8.7           | 34.5%      | \$2.9             | 6.4%       | \$38.4              | 18.7%      | \$47.7     | 56.7%      | \$97.6     | 27.1%      |
| Resident Total            | 437,883 | 521,103   | \$23,842.8              | 93.9%      | \$874.6      | 93.1%      | \$24.1          | 95.6%      | \$42.7            | 94.8%      | \$197.2             | 95.9%      | \$77.5     | 92.1%      | \$341.5    | 94.9%      |
| Non-Residents             | 45,597  | 70,270    | \$1,008.7               | 4.0%       | \$45.2       | 4.8%       | \$0.8           | 3.2%       | \$1.5             | 3.3%       | \$5.2               | 2.5%       | \$6.3      | 7.5%       | \$13.8     | 3.8%       |
| Part Year Residents       | 22,060  | 29,574    | \$526.8                 | 2.1%       | \$19.3       | 2.1%       | \$0.3           | 1.2%       | \$0.9             | 2.0%       | \$3.1               | 1.5%       | \$0.3      | 0.4%       | \$4.6      | 1.3%       |
| Total                     | 505,540 | 720,947   | \$25,378.3              | 100.0%     | \$939.1      | 100.0%     | \$25.2          | 100.0%     | \$45.1            | 100.0%     | \$205.5             | 100.0%     | \$84.1     | 100.0%     | \$360.0    | 100.0%     |

\*Montana Source Income for Non-Residents and Part-Year Residents

Income Tax Expenditures by Household Income Tax Year 2013  
(\$ million)

| Residents<br>Income range | Returns | Taxpayers | Total Household Income* |            | Tax          |            | Passive Federal |            | State Adjustments |            | Itemized Deductions |            | Credits    |            | Total      |            |
|---------------------------|---------|-----------|-------------------------|------------|--------------|------------|-----------------|------------|-------------------|------------|---------------------|------------|------------|------------|------------|------------|
|                           |         |           | \$ million              | % of Total | (\$ million) | % of Total | \$ million      | % of Total | \$ million        | % of Total | \$ million          | % of Total | \$ million | % of Total | \$ million | % of Total |
| Less than \$0             | 5,186   | 7,284     | -\$219.6                | -0.8%      | \$0.0        | 0.0%       | \$0.0           | 0.0%       | \$0.0             | 0.0%       | \$0.0               | 0.0%       | \$2.1      | 1.9%       | \$2.1      | 0.5%       |
| \$0 to \$5,873            | 44,086  | 47,846    | \$141.8                 | 0.5%       | \$0.1        | 0.0%       | \$0.0           | 0.0%       | \$0.0             | 0.0%       | \$0.0               | 0.0%       | \$2.9      | 2.6%       | \$2.9      | 0.7%       |
| \$5,874 to \$11,365       | 44,086  | 49,167    | \$405.1                 | 1.5%       | \$1.7        | 0.2%       | \$0.1           | 0.3%       | \$0.2             | 0.6%       | \$0.1               | 0.0%       | \$1.9      | 1.7%       | \$2.3      | 0.6%       |
| \$11,366 to \$17,268      | 44,087  | 51,582    | \$672.0                 | 2.6%       | \$5.8        | 0.6%       | \$0.2           | 0.7%       | \$0.9             | 2.1%       | \$0.5               | 0.2%       | \$1.4      | 1.3%       | \$3.0      | 0.8%       |
| \$17,269 to \$23,894      | 44,091  | 53,644    | \$961.0                 | 3.7%       | \$13.6       | 1.4%       | \$0.4           | 1.5%       | \$2.2             | 5.2%       | \$1.7               | 0.8%       | \$1.1      | 1.0%       | \$5.4      | 1.4%       |
| \$23,895 to \$32,190      | 44,089  | 56,438    | \$1,302.3               | 5.0%       | \$26.1       | 2.7%       | \$0.8           | 3.0%       | \$3.7             | 8.7%       | \$5.3               | 2.5%       | \$1.1      | 1.0%       | \$10.9     | 2.8%       |
| \$32,191 to \$43,158      | 44,090  | 61,130    | \$1,745.4               | 6.7%       | \$44.2       | 4.6%       | \$1.4           | 5.0%       | \$4.7             | 10.9%      | \$12.9              | 6.2%       | \$1.6      | 1.4%       | \$20.5     | 5.3%       |
| \$43,159 to \$57,380      | 44,088  | 67,150    | \$2,334.6               | 8.9%       | \$68.9       | 7.1%       | \$2.2           | 7.9%       | \$5.9             | 13.8%      | \$21.9              | 10.5%      | \$2.3      | 2.1%       | \$32.3     | 8.3%       |
| \$57,381 to \$76,101      | 44,092  | 74,981    | \$3,098.2               | 11.8%      | \$101.7      | 10.5%      | \$3.0           | 10.4%      | \$7.1             | 16.7%      | \$33.4              | 16.1%      | \$3.5      | 3.2%       | \$46.9     | 12.1%      |
| \$76,102 to \$106,221     | 44,088  | 80,571    | \$4,167.5               | 15.9%      | \$155.6      | 16.1%      | \$4.1           | 14.5%      | \$7.6             | 17.9%      | \$46.6              | 22.4%      | \$6.0      | 5.4%       | \$64.3     | 16.5%      |
| \$106,222 to \$126,090    | 14,696  | 27,533    | \$1,780.7               | 6.8%       | \$73.4       | 7.6%       | \$2.1           | 7.3%       | \$2.6             | 6.2%       | \$18.7              | 9.0%       | \$3.4      | 3.0%       | \$26.8     | 6.9%       |
| \$126,094 to \$175,020    | 14,695  | 27,620    | \$2,234.1               | 8.5%       | \$99.4       | 10.3%      | \$3.0           | 10.6%      | \$2.8             | 6.7%       | \$21.3              | 10.3%      | \$6.2      | 5.6%       | \$33.4     | 8.6%       |
| Over \$175,020            | 14,696  | 27,319    | \$5,937.6               | 22.7%      | \$313.5      | 32.3%      | \$9.8           | 34.5%      | \$2.5             | 5.8%       | \$37.1              | 17.9%      | \$43.9     | 39.6%      | \$93.3     | 24.0%      |
| Resident Total            | 445,070 | 532,265   | \$24,560.9              | 93.9%      | \$903.9      | 93.3%      | \$27.1          | 95.6%      | \$40.3            | 94.6%      | \$199.4             | 96.0%      | \$77.2     | 69.7%      | \$344.0    | 88.3%      |
| Non-Residents             | 48,778  | 75,413    | \$1,037.4               | 4.0%       | \$44.8       | 4.6%       | \$0.9           | 3.2%       | \$1.5             | 3.4%       | \$5.2               | 2.5%       | \$3.2      | 3.0%       | \$40.7     | 10.5%      |
| Part Year Residents       | 23,132  | 31,004    | \$554.3                 | 2.1%       | \$20.5       | 2.1%       | \$0.3           | 1.2%       | \$0.8             | 2.0%       | \$3.1               | 1.5%       | \$0.4      | 0.3%       | \$4.7      | 1.2%       |
| Total                     | 517,980 | 738,682   | \$26,152.6              | 100.0%     | \$969.2      | 100.0%     | \$28.3          | 100.0%     | \$42.6            | 100.0%     | \$207.7             | 100.0%     | \$110.8    | 100.0%     | \$389.4    | 100.0%     |

\*Montana Source Income for Non-Residents and Part-Year Residents

Following is a list of expenditures that reduce tax liability for corporate income taxpayers. Many of these expenditures can also be claimed by small businesses, S corporations, or limited liability companies whose income is “passed through” to the owner, member, or partner and is taxed as individual income.

### Water’s Edge Election

**Code:** 15-31-322 through 324, MCA

**Legislation:** HB 703, 1987 Session

Montana requires corporations that have common ownership to file a combined report. The income of the members of the group of corporations under common ownership is apportioned to Montana based on the combined apportionment factors of the group. The purpose of the combined reporting is to make the apportionment of income to Montana independent of the financial arrangements between group members.

Under current state law (15-31-324, MCA), a corporation can elect to file as a water’s edge corporation. In doing so the corporation will pay a higher rate, 7 percent, instead of the normal corporate income tax rate of 6.75 percent, on income apportioned to Montana, but only its domestic, rather than worldwide, income and apportionment factors are included in the apportionment process (with certain exceptions). Under the water’s edge election, some of the group’s foreign affiliates may be excluded from the process of apportioning income to Montana.

The number of corporations electing to file water’s edge was 365 in tax year 2012, 293 in tax year 2011, 230 in tax year 2010, and 221 in tax year 2009. This compares to 161 water’s edge filers in tax year 2007 and 186 in tax year 2008.

The department’s analyses of the fiscal impact of narrowing the water’s edge provisions by modifying the test for whether a foreign affiliate is included or excluded in the apportionment process indicate the revenue foregone is at least \$2.0 million to \$2.6 million per year. The proposed changes to the existing test for inclusion of affiliates in combined reporting included:

- Requiring all domestically (U.S.) incorporated affiliates be included, even if less than 20 percent of their payroll and property is in the United States;
- Requiring a subsidiary of a foreign-owned corporation be included if the subsidiary has more than 20 percent of the average of its payroll and property in the U.S.;
- Requiring a group member be included if it earns more than 20 percent of its income from selling services or intangibles to other members of the group and the other members are able to deduct the expenses against income; and
- Requiring all the income considered U.S. income under federal law be reported and used in the apportionment process.

Under current state law, a group member or affiliate must be included in the combined report if it is incorporated in a tax haven, and the analyses of revenue foregone included updating the list of tax havens.

However, if the water’s edge election was eliminated completely - not just narrowed by the changes in provisions described above - additional revenue to the state is estimated to be 4 or 5 times those amounts estimated, or in the \$8-\$13 million range. This estimate, which is based upon audit experience, may be conservative in light of the fact that the number of water’s edge filers has more than doubled over the last six years.

### Montana Deductions

#### **Energy-Conserving Investments Deduction (15-32-103, MCA)**

A corporate taxpayer may deduct a portion of expenditures on capital investment in a building for an energy conservation purpose from gross corporate income. If the building is a residential building, the taxpayer may deduct 100% of the first \$1,000 expended, 50% of the next \$1,000 expended, 20% of the third \$1,000 expended, and 10% of the fourth \$1,000 expended. For example, if a corporate taxpayer invested \$4,000 in approved energy conservation measures in a residential apartment building owned by the taxpayer, it would be able to deduct \$1,800 of the expenses (100% of \$1,000 plus 50% of \$1,000 plus 20% of \$1,000 plus 10% of \$1,000 **or** \$1,000 + \$500 + \$200 + \$100).

For non-residential buildings, the taxpayer may deduct 100% of the first \$2,000 spent on energy conservation capital investments, 50% of the second \$2,000 spent, 20% of the third \$2,000 spent, and 10% of the fourth \$2,000 spent. If a corporate taxpayer invested \$4,000 in approved energy conservation measures in a non-residential building owned by the taxpayer, it could deduct \$3,000 of the expenses (100% of \$2,000 plus 50% of \$2,000 **or** \$2,000+\$1,000). If the taxpayer invested \$8,000 in approved energy conservation measures in the same building, it could deduct \$3,600 of the expenses (100% of \$2,000 plus 50% of \$2,000 plus 20% of \$2,000 plus 10% of \$2,000 **or** \$2,000 + \$1,000 + \$400 + \$200).

This deduction is subject to approval of the Department of Revenue and cannot be taken on expenditures financed by a state, federal, or private grant. The purpose of this deduction is to encourage energy-conserving investments in existing buildings.

The deduction was established in 1975 in HB 663.

#### **Deduction for Purchasing Montana-Produced Organic Fertilizer and Inorganic Fertilizer Produced as a Byproduct (15-32-303, MCA)**

In addition to all the other allowed deductions from gross corporate income, a taxpayer may deduct expenditures for organic fertilizer and inorganic fertilizer produced as a byproduct, if the fertilizer was made or used in Montana. The purpose of this deduction is to promote the use of inorganic byproducts and organic matter produced by Montana industries. The deduction was established in 1981 by passage of SB 322.

#### **Deduction for Donation of Exploration Information (15-32-510, MCA)**

A taxpayer may deduct expenses from the donation of mineral exploration information to the Montana Tech Foundation to reside in the Montana Tech research library. Montana Tech has the right to limit what information is accepted and what deductions are granted. The documented expenses must be based on the cost of recreating the donated information. If the exploration incentive credit is also claimed by the taxpayer, then this deduction is limited to 20% of the actual value of the data. The deduction was established in 1999 in SB 625 and is intended to encourage the sharing of mineral exploration information.

#### **Recycled Material Qualifying for Deduction (15-32-609 and 610, MCA)**

A taxpayer may deduct an additional 10% of expenditures for the purchase of recycled material that was otherwise deductible as a business-related expense. The Department of Revenue defines the types of recycled material that may be used to claim this deduction. The purpose of this deduction is to encourage the use of goods made from reclaimed materials, especially post-consumer materials. The deduction was set to expire at the end of calendar year 2011, but HB 21 passed by the 2009 Legislature makes the additional 10% deduction permanent. The deduction originally began in 1991 through passage of SB 111.

This deduction is the only one for which data is accessible. In the most recent database of corporate taxpayer returns, the total deductions claimed were \$14,174,552. At the general tax rate of 6.75%, this is a reduction in tax revenue of \$956,782.

### Capital Gain Exclusion for Mobile Home Park (15-31-163, MCA)

A taxpayer may exclude a portion of the recognized gain from sale of a mobile home park from taxable corporate income or taxable individual income if the sale is to a tenants' association or a mobile home park residents' association; a nonprofit organization that purchases a mobile home park on behalf of a tenants' association or mobile home park residents' association; a county housing authority; or a municipal housing authority. The exclusion of recognized capital gain is limited to 50% for mobile home parks with more than 50 lots; for mobile home parks with 50 lots or less the excluded gain is 100%.

Usually properties owned by municipal and county housing authorities are eligible for a property tax exemption; however, if the corporate tax exclusion is used for a mobile home park property, it is not eligible for the property tax exemption allowed under Title 15, Chapter 6, Part 2 while the property is used as a mobile home park. The exclusion was passed by the 2009 Legislature (HB 636) and applies to tax years beginning after December 31, 2008.

### Montana Corporate Tax Credits

Many of these credits are available to individual income taxpayers as well as corporate income taxpayers. More thorough explanations of many of the credits and their history are available in the individual income tax section on tax expenditures.

There are differences between the tax periods for the two different income taxes – individual and corporate. The tax year for individual income tax returns is the calendar year and data from the tax returns is presented on that basis. The corporate income tax year and filing requirements is based upon the corporation's fiscal year which can vary from the calendar year.

There is another change in the tables presented in this section due to the availability of a more complete, updated dataset of corporate tax returns. The tables in this section show seven years of history, unless the credit has not been in effect that long. The numbers and values of corporate tax credits claimed are on a state fiscal year basis for the first three years and are on a tax year basis for the last four years shown.

The 2013 Legislature approved a new tax credit (HB 444) which provides a refundable individual income tax credit or a corporate income tax credit of \$500 for qualified access to state land that was previously not accessible to the public. The total of all of these credits that can be claimed by one taxpayer is not to exceed \$2,000. The credit can be claimed in tax years beginning after 2013, so there is not any information available yet on credits claimed by corporate income taxpayers. The credit terminates December 31, 2018.

### College Contribution Credit (15-30-2326, MCA)

Individual and corporate taxpayers are allowed a credit equal to 10% of donations to the general endowment funds of units of the Montana university system, Montana private colleges, or Montana private college foundations. The maximum credit allowed per year is \$500. The credit claimed may not exceed the taxpayer liability. The credit must be applied in the tax year in which the donation was made and no carry forward or carry back is allowed.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 through 2012.

| College Contribution Credit |                           |                       |
|-----------------------------|---------------------------|-----------------------|
| Year                        | Number of Credits Claimed | Total Credits Claimed |
| 2006                        | 21                        | \$4,449               |
| 2007                        | 30                        | \$9,194               |
| 2008                        | 28                        | \$6,265               |
| 2009                        | 22                        | \$4,466               |
| 2010                        | 25                        | \$5,605               |
| 2011                        | 24                        | \$5,874               |
| 2012                        | 28                        | \$9,020               |

The credit was established in the 1991 legislative session by passage of HB 894.

## Corporate Tax Expenditures

### Contractor's Gross Receipts (15-50-207, MCA)

Contractors are required to pay a license fee equal to one percent of the gross receipts from government contracts during the year for which the license is issued. The agency or prime contractor withholds the one percent license fee from payments to the prime contractor or subcontractors. The agency or contractor is responsible for remitting the correct amount to the Department of Revenue along with a form reporting who is to be credited with the license fee payment.

Contractors may use the amount of gross receipts tax paid as a credit against the contractor's corporation income tax liability or income tax liability, depending upon the type of tax the contractor must pay. The credit may be carried forward a maximum of five years.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 through 2012.

The credit was established in the 1967 legislative session by HB 530.

#### Contractor's Gross Receipts

| Year | Number of Credits Claimed | Total Credits Claimed |
|------|---------------------------|-----------------------|
| 2006 | 64                        | \$703,319             |
| 2007 | 127                       | \$1,717,148           |
| 2008 | 106                       | \$1,393,906           |
| 2009 | 90                        | \$1,318,876           |
| 2010 | 91                        | \$906,127             |
| 2011 | 110                       | \$531,807             |
| 2012 | 104                       | \$763,534             |

### Charitable Endowment Credit (15-31-161 and 162, MCA)

A qualified endowment is a permanent fund held by or on behalf of a 501(c)(3) charitable organization. A planned gift is one of nine types of arrangements specified in the IRS code that generally provide income to the donor for life or a set period and then the remainder goes to the charity. Individual taxpayers are allowed a credit of 40 percent of the present value of a planned gift to a qualified charitable endowment.

Corporations are allowed a credit of 20 percent of a gift to a qualified endowment.

The 2013 Legislature passed SB 108 which extends the credit through 2019. Among other changes, the legislation made the definition of a "permanent, irrevocable fund" which can accept donations eligible for the credit refer to the Uniform Prudent Management of Institutional Funds Act (Title 72, Chapter 30, MCA).

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 through 2012.

HB 434, which was passed in the 1997 legislative session, created the credit.

#### Charitable Endowment Credit

| Year | Number of Credits Claimed | Total Credits Claimed |
|------|---------------------------|-----------------------|
| 2006 | 45                        | \$121,753             |
| 2007 | 50                        | \$160,667             |
| 2008 | 46                        | \$174,337             |
| 2009 | 30                        | \$94,889              |
| 2010 | 14                        | \$42,830              |
| 2011 | 15                        | \$45,913              |
| 2012 | 20                        | \$60,406              |

## Corporate Tax Expenditures

### Alternative Fuel Motor Vehicle Conversion Credit (15-30-2320, MCA)

Taxpayers are allowed a credit against individual income tax or corporate income tax of up to 50% of the cost of converting a motor vehicle to operate on natural gas, liquefied petroleum gas (LPG or propane), liquefied natural gas, hydrogen, electricity, or a fuel of at least 85 percent alcohol or ether.

The credit is limited to \$500 for conversion of a motor vehicle with gross weight of 10,000 pounds or less or \$1,000 for conversion of a vehicle weighing more than 10,000 pounds.

The credit claimed cannot be more than the taxpayer's liability and cannot be carried forward or back. The credit must be claimed for the year in which the conversion was done. The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax years 2009 through 2012.

The credit was established in the 1993 legislative session by passage of HB 219.

#### Alternative Fuel Motor Vehicle Conversion Credit

| Year | Number of Credits Claimed | Total Credits Claimed |
|------|---------------------------|-----------------------|
| 2006 | 0                         | \$0                   |
| 2007 | *                         | \$16,000              |
| 2008 | *                         | \$23,500              |
| 2009 | *                         | \$6,004               |
| 2010 | *                         | \$14,000              |
| 2011 | *                         | \$6,479               |
| 2012 | 0                         | \$0                   |

### Health Insurance for Uninsured Montanans Credit (15-31-132, MCA)

A corporation with 20 or fewer employees working at least 20 hours per week may claim a nonrefundable credit of up to \$3,000 against corporation income tax. In order to claim the credit the employer must pay at least 50 percent of the employee's premium and can claim a credit for a maximum of 10 employees' health or disability insurance (ARM 42.4.2802).

A credit of \$25 a month is allowed if the employer pays 100 percent of the employee's premium. If the employer pays a share of the employee's premium, then the \$25 credit is prorated by the same percentage share.

The credit is subject to a number of restrictions including that the credit may not exceed 50 percent of the total premium for each employee, the credit may not be claimed for more than 36 consecutive months, and may not be granted to an employer or its successor within 10 years of when the last credit was claimed. The employer must have been in business in Montana for at least 12 months and the credit cannot be carried forward or backward and claimed against another year's taxes.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 through 2012.

The credit was established in the 1989 legislative session by HB 166.

#### Health Insurance for Uninsured Montanans

| Year | Number of Credits Claimed | Total Credits Claimed |
|------|---------------------------|-----------------------|
| 2006 | 92                        | \$118,476             |
| 2007 | 206                       | \$201,593             |
| 2008 | 126                       | \$111,786             |
| 2009 | 43                        | \$30,319              |
| 2010 | 42                        | \$31,753              |
| 2011 | 28                        | \$29,619              |
| 2012 | 19                        | \$15,220              |

### Insure Montana Small Business Health Insurance Credit (15-31-130, MCA)

This credit was enacted by the 2005 Legislature (HB 667) and was applicable beginning with tax year 2006. Sections 33-22-2006, 15-30-2368, and 15-31-130, MCA establish the credit. The table shows credits claimed on corporate tax returns by fiscal year for 2007 through 2008 and by tax year for 2009 through 2012. No credits were claimed in fiscal year 2006.

The 2005 legislation established a voluntary small business health insurance pool with small employers composing the membership (33-22-2001, MCA). Members of the pool are eligible for premium assistance or incentives, or tax credits. An employer that has not offered group health insurance in the last two years may take premium assistance payments instead of claiming the credit.

| Insure Montana Credit |                           |                       |
|-----------------------|---------------------------|-----------------------|
| Year                  | Number of Credits Claimed | Total Credits Claimed |
| 2007                  | 87                        | \$404,942             |
| 2008                  | 221                       | \$1,057,951           |
| 2009                  | 177                       | \$1,002,347           |
| 2010                  | 185                       | \$942,979             |
| 2011                  | 167                       | \$753,856             |
| 2012                  | 156                       | \$667,413             |

The 2009 Legislature in SB 135 made some changes to the program. Previously, an employer was ineligible if any employee, including an owner, partner, or shareholder, was paid more than \$75,000 per year. SB 135 made the \$75,000 limit apply only to employees who are not owners, partners or shareholders; but prohibited the employer from receiving a credit for providing insurance to an owner, partner or shareholder who is paid more than \$75,000 per year.

A small employer that provides group health insurance for its employees through the state pool may claim a credit against taxes of:

- (a) up to 50 percent of total premiums the employer pays for the plan or,
- (b) up to \$100 per month per covered employee (\$125 if the average age is at least 45), up to \$100 per month per covered spouse, and up to \$40 per other covered dependent.

The maximum credit depends on the number of employees an employer may have and be eligible and this is set by the State Auditor's Office in an administrative rule. The current maximum is nine employees. Taxpayers with credits that are greater than their tax liability may have the excess credits refunded. A taxpayer may not deduct insurance premiums as a business expense if the taxpayer has taken the credit.

While it is included as a credit on the tax form, from a tax expenditure perspective, the Insure Montana Small Business Health Insurance credit is different from other credits that decrease general funds available for other purposes. This credit is funded by general fund which is then reimbursed from cigarette and tobacco tax collections. Because these tax collections also fund programs to offset the health costs due to cigarette and tobacco use, the reimbursement of the general fund reduces the funding available for these health programs.

## Corporate Tax Expenditures

### Recycling Credit (15-32-601 through 15-32-611, MCA)

Taxpayers are allowed a credit against individual income tax or corporate income tax for a portion of the cost of investments in depreciable property used in collecting or processing reclaimable material or manufacturing a product from reclaimed material. The amount of the credit is equal to 25 percent of the cost of the first \$250,000 invested in property, 15% of the cost of the next \$250,000 invested in property and 5 percent of the next \$500,000 of investment.

Therefore if the taxpayer invests a total investment \$1,000,000 in property that qualifies for the credit, the taxpayer can claim a credit of \$125,000. If the taxpayer invests \$250,000 in property qualifying for the credit then the taxpayer can claim a credit of \$62,500. The credit was to end December 31, 2011, but the 2009 Legislature made the credit permanent (HB 21). An asterisk in the table indicates less than 10 corporate taxpayers claimed this credit.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 through 2012.

The credit was originally established by the 1991 legislative session in SB 111.

| Recycling Credits |                           |                       |
|-------------------|---------------------------|-----------------------|
| Year              | Number of Credits Claimed | Total Credits Claimed |
| 2006              | *                         | \$39,700              |
| 2007              | 12                        | \$81,892              |
| 2008              | 10                        | \$102,037             |
| 2009              | *                         | \$41,560              |
| 2010              | *                         | \$47,884              |
| 2011              | *                         | \$112,359             |
| 2012              | *                         | \$79,815              |

### Oilseed Crushing and Biodiesel Production Facility Credit (15-32-701 and 702, MCA)

Taxpayers are allowed a credit against individual income tax or corporation tax of 15% of the costs of investments in depreciable property in Montana that is used primarily for crushing oilseeds for producing biodiesel or lubricants or for the production of biodiesel or bio-lubricants. The taxpayer can claim credits on investments for the two tax years prior to when the facility begins production or any tax year that the equipment is in production up to January 1, 2015. Unused credits can be carried forward seven years. Taxpayers claiming the credit can still claim depreciation or amortization and other credits allowed by the state.

The credit is subject to a number of restrictions, including how the credit can be carried forward; total credits claimed may not exceed \$500,000; and the depreciable property for which the credit has been claimed must begin to be used by 2015 for the purposes of oilseed crushing and biodiesel or bio-lubricant production.

The credit was first enacted by the 2005 Legislature in HB 756. The 2007 Legislature passed HB 166 which extended this credit's life to January 1, 2015 from January 1, 2010; allows the credit to apply to bio-lubricants too; and allows the credit to be claimed on investment in the two tax years prior to when the equipment is used in production. The table shows credits claimed on corporate tax returns by fiscal year for 2007 through 2008 and by tax year for 2009 through 2012.

| Oilseed Crushing & Biodiesel Production Credit |                           |                       |
|------------------------------------------------|---------------------------|-----------------------|
| Year                                           | Number of Credits Claimed | Total Credits Claimed |
| 2007                                           | 0                         | \$0                   |
| 2008                                           | *                         | \$500                 |
| 2009                                           | 0                         | \$0                   |
| 2010                                           | 0                         | \$0                   |
| 2011                                           | 0                         | \$0                   |
| 2012                                           | 0                         | \$0                   |

## Corporate Tax Expenditures

### Biodiesel Blending and Storage Tank Credit (15-32-703, MCA)

This credit was established in HB 756 passed by the 2005 Legislature.

Taxpayers can claim a credit of 15 percent of the cost of equipment used in blending biodiesel made from Montana ingredients with petroleum-based diesel. The credit can also be used for storage facilities in a year when the taxpayer is blending or in the two years before blending began. The total credits that may be claimed over time are \$52,500 for a distributor (wholesaler) and \$7,500 for a retailer.

The credit is subject to a number of restrictions, including that the taxpayer's biodiesel sales must be greater than 2% of the total diesel sales by the end of the third year after the year that the investment is claimed. The unused tax credit can be carried forward up to seven years, but can only be claimed in tax years in which the facility is operating for the purposes of biodiesel blending.

The table shows credits claimed on corporate tax returns by fiscal year for 2007 through 2008 and by tax year for 2009 through 2012.

| Biodiesel Blending and Storage Credit |                           |                       |
|---------------------------------------|---------------------------|-----------------------|
| Year                                  | Number of Credits Claimed | Total Credits Claimed |
| 2007                                  | *                         | \$7,559               |
| 2008                                  | 0                         | \$0                   |
| 2009                                  | 0                         | \$0                   |
| 2010                                  | 0                         | \$0                   |
| 2011                                  | 0                         | \$0                   |
| 2012                                  | 0                         | \$0                   |

### Geothermal Heating System Credit (15-32-115, MCA)

Taxpayers are allowed a credit against individual income tax or corporation tax for up to \$1,500 of costs of installing a geothermal heating system (ground-source heat pump) in the taxpayer's principal residence or in a residence the taxpayer constructs. Only one credit may be claimed per residence and any credit remaining after the year of installation can be carried forward and claimed in succeeding tax years.

This credit could not be claimed by corporate taxpayers, such as builders of residential units, until tax year 2006. The change was made by the 2005 Legislature (SB 340). The table shows credits claimed on corporate tax returns by fiscal year for 2007 through 2008 and by tax year for 2009 through 2012.

| Geothermal System Credit |                           |                       |
|--------------------------|---------------------------|-----------------------|
| Year                     | Number of Credits Claimed | Total Credits Claimed |
| 2007                     | 0                         | \$0                   |
| 2008                     | *                         | \$500                 |
| 2009                     | 0                         | \$0                   |
| 2010                     | 0                         | \$0                   |
| 2011                     | 0                         | \$0                   |
| 2012                     | 0                         | \$0                   |

## Alternative Energy Production Credit (15-32-401 through 407, MCA)

Qualifying taxpayers that invest \$5,000 or more in a commercial system, or net metering system, that generates energy using alternative energy sources are allowed a credit against corporation income tax of 35 percent of the costs, less any federal or state grants. Alternative energy sources are defined as including, but not limited to, solar energy, wind energy, geothermal energy, conversion of biomass, fuel cells that do not require hydrocarbon fuel, small hydroelectric generators producing less than 1 megawatt; and methane from solid waste.

Tax credits may be carried forward for seven years. The carry forward period is extended to 15 years if the equipment is placed in service within the boundaries of a Montana reservation and there is an employment agreement with the tribal government of the reservation in which tribal members will be trained and employed in constructing, maintaining and operating the system.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 through 2012.

The credit was created in 1983 in HB 755.

| Alternative Energy Production Credit |                           |                       |
|--------------------------------------|---------------------------|-----------------------|
| Year                                 | Number of Credits Claimed | Total Credits Claimed |
| 2007                                 | *                         | \$28,452              |
| 2008                                 | *                         | \$273                 |
| 2009                                 | *                         | \$50                  |
| 2010                                 | *                         | \$100                 |
| 2011                                 | *                         | \$50                  |
| 2012                                 | *                         | \$50                  |

## Dependent Care Assistance Credit (15-31-131 and 133, MCA)

There are several employer costs for which dependent care credits can be claimed. If the employer provides daycare services to employees' dependents or information and referral services to employees, then a credit against corporation tax can be claimed for a share of the costs. The allowed credit is 25 percent of the cost of the daycare assistance with a limit of \$1,575 per employee receiving the assistance. The daycare must be provided by a licensed or registered daycare provider; it must meet IRS requirements and cannot be part of the employee's compensation. The employer can also claim a credit on 25 percent of the cost of providing daycare information and referral services to employees (15-31-131, MCA).

Under 15-31-133, MCA there is a credit allowed against corporation tax for a portion of the cost of setting up a daycare facility to be used by the taxpayer's employees' dependents. The credit is the lowest of either:

- (1) 15% of the costs incurred, or
- (2) \$2,500 times the number of dependents the facility accommodates, or
- (3) \$50,000.

To claim the credit the facility must meet certain criteria such as accommodating six or more children, be run by a licensed operator, and have been placed in operation by January 1, 2006. The credit is to be claimed over a ten year period, with 1/10<sup>th</sup> of the credit claimed each year.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 through 2012.

The credit was created in 1989 by SB 282.

| Dependent Care Assistance Credit |                           |                       |
|----------------------------------|---------------------------|-----------------------|
| Year                             | Number of Credits Claimed | Total Credits Claimed |
| 2006                             | *                         | \$50                  |
| 2007                             | *                         | \$50                  |
| 2008                             | 0                         | \$0                   |
| 2009                             | 0                         | \$0                   |
| 2010                             | 0                         | \$0                   |
| 2011                             | 0                         | \$0                   |
| 2012                             | 0                         | \$0                   |

## Corporate Tax Expenditures

### Historic Property Preservation Credit (15-31-151, MCA)

Corporate taxpayers may take a credit against corporation income tax for costs of rehabilitating a historic building located in Montana. The credit is 25 percent of the federal credit allowed by 26 USC 47. The federal credit is 20% of the rehabilitation cost of a building certified as having historic significance and 10% of the cost of rehabilitation of a building placed in service before 1936 that has not been certified.

The credit is not refundable if it exceeds the amount of taxes owed, but unused credit can be carried over to the seven succeeding tax years. If the corporation is a partnership or S corporation, the credit must be attributed to the partners or shareholders in the same proportion used to report the partnership or corporation income or loss for Montana income tax purposes.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 through 2012. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

The credit was created in 1997 by HB 601.

| Historic Property Preservation Credit |                           |                       |
|---------------------------------------|---------------------------|-----------------------|
| Year                                  | Number of Credits Claimed | Total Credits Claimed |
| 2006                                  | *                         | \$50                  |
| 2007                                  | *                         | \$129,479             |
| 2008                                  | *                         | \$43,370              |
| 2009                                  | 0                         | \$0                   |
| 2010                                  | 0                         | \$0                   |
| 2011                                  | 0                         | \$0                   |
| 2012                                  | 0                         | \$0                   |

### Infrastructure Users Fee Credit (17-6-316, MCA)

The Board of Investments may make loans to local governments to finance infrastructure to serve a new or relocated business that will result in 15 or more new full-time jobs. The infrastructure may serve as collateral for the loan and the local government may charge fees to the users for extending the infrastructure. The business may claim a credit against income or corporation tax for the amount of the fee it pays.

The total amount of the credit claimed may not exceed the amount of the loan. The credit can be carried forward for seven years and used to reduce tax liability or carried back for three years.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 through 2012. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

The credit was created in 1995 by SB 100 and HB 602.

| Infrastructure Users Fee Credit |                           |                       |
|---------------------------------|---------------------------|-----------------------|
| Year                            | Number of Credits Claimed | Total Credits Claimed |
| 2006                            | *                         | \$50                  |
| 2007                            | *                         | \$622,928             |
| 2008                            | *                         | \$1,345,829           |
| 2009                            | *                         | \$520,271             |
| 2010                            | *                         | \$501,904             |
| 2011                            | *                         | \$45,913              |
| 2012                            | *                         | \$305,304             |

## Corporate Tax Expenditures

### New/Expanded Industry Credit (15-31-124 and 125, MCA)

New or expanding manufacturing industries are allowed a tax credit equal to 1 percent of the total new wages paid in Montana for the first three years of operation or expansion. Expanding operations must increase total full-time jobs by 30 percent or more. "New" industry means a corporation engaging in manufacturing for the first time in Montana.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 through 2012. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

The credit was created in 1975 by HB 593.

| New and Expanded Industry Credit |                           |                       |
|----------------------------------|---------------------------|-----------------------|
| Year                             | Number of Credits Claimed | Total Credits Claimed |
| 2006                             | *                         | \$84,708              |
| 2007                             | *                         | \$83,570              |
| 2008                             | *                         | \$4,311               |
| 2009                             | 0                         | \$0                   |
| 2010                             | 0                         | \$0                   |
| 2011                             | 0                         | \$0                   |
| 2012                             | 0                         | \$0                   |

### Empowerment Zone New Employees Tax Credit (15-31-134, MCA)

A local government may establish an empowerment zone in an area with chronic high unemployment (7-21-3710, MCA). Employers in an empowerment zone are eligible for a credit against either income tax or corporation income tax for the first three years of employment for new positions. The credit per new employee is \$500 for the first year, \$1,000 for the second year, and \$1,500 for the third year.

To receive the credit, the taxpayer must apply for and receive certification from the Department of Labor and Industry.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 through 2012.

The credit was created in 2003 by SB 484.

| Empowerment Zone New Employees Tax Credit |                           |                       |
|-------------------------------------------|---------------------------|-----------------------|
| Year                                      | Number of Credits Claimed | Total Credits Claimed |
| 2006                                      | 0                         | \$0                   |
| 2007                                      | 0                         | \$0                   |
| 2008                                      | 0                         | \$0                   |
| 2009                                      | 0                         | \$0                   |
| 2010                                      | 0                         | \$0                   |
| 2011                                      | 0                         | \$0                   |
| 2012                                      | 0                         | \$0                   |

### Qualified Research Credit (15-31-150, MCA)

Taxpayers may receive a nonrefundable tax credit for increases in qualified research expense and basic research payments for research conducted in Montana. The amount of the credit is determined in accordance with section 41 of the IRC, U.S.C. 41 as it read on July 1, 1996 or as subsequently amended. Section 41 of the IRS code provides a credit equal to 20 percent of any increase in research expenditures over the taxpayer's baseline research expenditures. Montana provides a 5 percent credit against individual income tax or corporation income tax for the same increases in expenditures in the state.

The taxpayer may not claim a current year credit after December 31, 2010. Unused credits from any tax year can be carried back for two years or carried forward for up to 15 years and used to reduce tax liability.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 through 2012.

The credit was created in 1999 by HB 638.

| Increased Research Activities Credits |                           |                       |
|---------------------------------------|---------------------------|-----------------------|
| Year                                  | Number of Credits Claimed | Total Credits Claimed |
| 2006                                  | *                         | \$39,700              |
| 2007                                  | 12                        | \$81,892              |
| 2008                                  | 10                        | \$102,037             |
| 2009                                  | 24                        | \$250,195             |
| 2010                                  | 21                        | \$372,491             |
| 2011                                  | 18                        | \$365,643             |
| 2012                                  | 14                        | \$47,394              |

## Corporate Tax Expenditures

### Mineral Exploration Incentive Credit (15-32-501 through 509, MCA)

Taxpayers are allowed a credit, not to exceed 50 percent of the taxpayer's liability and not greater than \$20 million, for certified mineral exploration expenses. The credit is for the full amount of solid mineral or coal exploration activity in the state (oil and gas exploration expenditures are not eligible). The credit is available only for expenses incurred up to the time that construction of a new mine or reopening of a previously closed mine commences. The credit can be carried forward for 15 years.

The table shows credits claimed on corporate tax returns by fiscal year for 2007 through 2008 and by tax year for 2009 through 2012. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

The credit was created in 1999 by SB 625.

#### Mineral Exploration Credit

| Year | Number of Credits Claimed | Total Credits Claimed |
|------|---------------------------|-----------------------|
| 2007 | *                         | \$1,212               |
| 2008 | *                         | \$1,831               |
| 2009 | *                         | \$25                  |
| 2010 | *                         | \$25                  |
| 2011 | *                         | \$2,767               |
| 2012 | *                         | \$25                  |

### Film Employment and Production Credit (15-31-907 and 908, MCA)

The Big Sky on the Big Screen Act was passed by the 2005 Legislature (HB 584). The 2007 Legislature revised the Act, which is in Section 15, Chapter 31, Part 9 of the MCA, to remove the \$1 million limitation on the amounts of tax credits received and made other changes (HB 163). Under the Act, if the production has been certified by the Department of Commerce, then credits against either corporate or individual income taxes are allowed for two types of expenditures. Taxpayers are allowed a credit equal to 14% of the first \$50,000 of compensation paid to each Montana resident employed on a state-certified production. Employee compensation for which the credit is claimed may not be deducted from gross revenue in calculating taxable income. If the credit is more than the taxpayer's liability, the taxpayer must make a one-time election. The election is between whether the taxpayer will receive a refund of the credit balance over and above the tax liability, or will carry it over to use against future tax liabilities for up to four years.

A taxpayer may also claim a credit against income or corporation income tax for 9% of purchases in Montana for the making of a film that has met the criteria to be certified by the Department of Commerce. A taxpayer may not deduct any expenses for which a credit was claimed. The credit was to terminate on January 1, 2010, but the 2009 Legislature passed HB 163 which extends the termination date to January 1, 2015. If the taxpayer's tax liability is less than the credit, any unused credit balance is refunded to the taxpayer.

There were no credits claimed on corporate tax returns in fiscal year 2007. In fiscal year 2008, \$9,007 in credits were claimed and no credits were claimed on corporate tax returns for tax year 2009.

Additional detail on what the credits is being claimed for – employment or production costs – is available for tax years 2010 through 2012 and is provided in the table to the right. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the tax year. There were no taxpayers who elected to carry over any credit balance to be used against future years tax liabilities; any credit amounts over the tax liability were refunded.

#### Film Credits

| Year | Credit for Production Expenses |                       | Credit for Employment Expenses |                       |
|------|--------------------------------|-----------------------|--------------------------------|-----------------------|
|      | Number Claimed                 | Total Credits Claimed | Number Claimed                 | Total Credits Claimed |
| 2010 | *                              | \$0                   | *                              | \$11,110              |
| 2011 | *                              | \$12,693              | *                              | \$25,865              |
| 2012 | *                              | \$33,862              | *                              | \$49,491              |

### Short-term Temporary Lodging Credit (15-31-171, MCA)

The 2007 Legislature created a refundable individual and corporate income tax credit available to lodging establishments that provide free temporary lodging to individuals displaced from their homes due to domestic abuse (HB 240). The tax credit is equal to \$30 for each day of lodging provided, limited to a maximum of five nights of lodging for each individual each year. The individuals must be referred to the lodging establishment by a designated charitable organization. The credit is claimable only for lodging provided in Montana.

The credit may not be claimed if the individual is displaced by a major disaster declared by the President under federal law (42 U.S.C. 5170 or 5191) and financial assistance for temporary housing assistance is available.

| Emergency Lodging Credit |                           |                       |
|--------------------------|---------------------------|-----------------------|
| Year                     | Number of Credits Claimed | Total Credits Claimed |
| 2009                     | *                         | \$0                   |
| 2010                     | *                         | \$0                   |
| 2011                     | 0                         | \$0                   |
| 2012                     | 0                         | \$0                   |

## Corporate Tax Expenditures - Passive Expenditures

### Passive Expenditures

Passive tax expenditures refer to the loss of Montana tax revenue due to federal tax laws. These tax expenditures are not due to actions taken by the Montana Legislature, but by our adherence to the definitions of income, exemptions, and deductions set at the federal level. Montana's corporate income tax calculations rely to some extent on these definitions so if there are changes at the federal level, then the tax collected by the state can also be affected.

One example of these federal tax credits is the accelerated depreciation of machinery and equipment listed in the table below. Depreciation is an income tax deduction that allows a taxpayer an annual allowance for the wear and tear, deterioration, or obsolescence of the property.

The figures provided below are an estimate of the impact that Montana's adherence to these definitions has on state income tax collections. The estimates are based on the federal tax expenditures estimated by the U.S. Treasury Department and included in the annual Executive Budget of the United States and are scaled down to Montana proportions. These passive tax expenditures are estimates based on other estimates and should be viewed as approximations. As with other tax expenditures, the figures shown do not necessarily equal the increase in tax revenues that would occur if the provision did not exist.

| Estimated Impact of Passive (Federal) Corporate Tax Expenditures on Montana Tax Revenue, 2013 and 2014 |              |              |
|--------------------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                                        | 2013         | 2014         |
| <b>Exemptions</b>                                                                                      |              |              |
| Deferral of income from controlled foreign corporations (normal tax method)                            | \$10,259,073 | \$11,763,004 |
| Deferred taxes for financial firms on certain income earned overseas                                   | \$1,077,009  | \$436,625    |
| Exclusion of interest on life insurance savings                                                        | \$519,099    | \$599,955    |
| Excess of percentage over cost depletion, fuels and nonfuel minerals                                   | \$72,771     | \$90,559     |
| Exemption of certain mutuals' and cooperatives' income                                                 | \$17,788     | \$19,406     |
| Exemption of credit union income                                                                       | \$323,426    | \$334,746    |
| Inventory property sales source rules exception                                                        | \$536,887    | \$582,167    |
| Deferral of gain from dispositions of transmission property to implement FERC restructuring policy     | \$0          | -\$9,703     |
| Deferral of gain on sale of farm refiners                                                              | \$3,234      | \$3,234      |
| Deferral of tax on shipping companies                                                                  | \$3,234      | \$3,234      |
| <b>Deductions</b>                                                                                      |              |              |
| Accelerated depreciation of machinery and equipment (normal tax method)                                | \$5,284,781  | \$1,347,069  |
| Accelerated depreciation on rental housing (normal tax method)                                         | \$48,514     | \$54,982     |
| Deductibility of charitable contributions (education)                                                  | \$118,050    | \$126,136    |
| Deduction for U.S. production activities                                                               | \$1,573,468  | \$1,686,667  |
| Empowerment zones, Enterprise communities, and Renewal communities                                     | \$29,108     | \$16,171     |
| Expensing of exploration and development costs, fuels                                                  | \$74,388     | \$69,537     |
| Expensing of certain multiperiod production costs for farmers                                          | \$1,617      | \$1,617      |
| Expensing of certain small investments (normal tax method)                                             | \$92,176     | -\$42,045    |
| Expensing of exploration and development costs, nonfuel minerals                                       | \$8,086      | \$8,086      |
| Expensing of multiperiod timber growing costs                                                          | \$27,491     | \$29,108     |
| Expensing of research and experimentation expenditures (normal tax method)                             | \$863,547    | \$764,903    |
| Small life insurance company deduction                                                                 | \$4,851      | \$4,851      |
| <b>Other</b>                                                                                           |              |              |
| Special alternative tax on small property and casualty insurance companies                             | \$1,617      | \$1,617      |
| Special ESOP rules                                                                                     | \$250,655    | \$263,592    |
| Special rules for certain film and TV production                                                       | \$37,194     | \$27,006     |
| Tax incentives for preservation of historic structures                                                 | \$79,239     | \$80,857     |

Sources: Estimates of corporate tax expenditures are calculated by the U.S. Treasury and published annually as a part of the Executive Budget of the United States. The data is in the Analytical Perspectives Section of the 2015 Executive Budget, which is available at <http://www.gpo.gov/fdsys/pkg/BUDGET-2015-PER/pdf/BUDGET-2015-PER.pdf>. The Montana estimates were developed using the ratio of total income subject to tax to total income tax before credits for Montana and federal taxes. Total income subject to tax and total income tax before credits comes from [www.irs.gov](http://www.irs.gov), SOI tax statistics, total returns of active corporations, 2011 and from Montana data for most recent complete tax year.

## Property Tax Expenditures

### Property Tax Expenditures

Property tax expenditures are provisions in the property tax laws that reduce taxes for properties that meet certain criteria.

The cost of property tax expenditures are the revenue losses from statewide mills that would have been collected if these programs did not reduce the properties' taxable value. Property tax expenditures can cost other property owners as well due to laws governing local governments' budgeting procedure (15-10-420, MCA). This section of code allows local governments to increase mills to offset a reduction in the tax base. Property tax expenditures work to lower taxable value for one sub-group of taxpayers which decreases the tax base and can cause mills to increase so that local jurisdictions can maintain budget levels.

In this section, the tax expenditure is reported as the decrease of state revenue caused by each program, and the tax shift to other taxpayers is reported as a tax shift.

### Residential Property Tax Expenditures

There are three property tax programs that target homeowners: The Property Tax Assistance Program (PTAP), the Disabled American Veterans Program (DAV), and the Extended Property Tax Assistance Program (EPTAP).

The Elderly Homeowner/Renter credit provides a tax credit based on property taxes. However, it is administered through the income tax so it is classified as an income tax expenditure.

### Property Tax Assistance Program (PTAP): 15-6-134, MCA Legislation: HB 398, 1979 Session

The Property Tax Assistance Program (PTAP) reduces property taxes for low-income households. The program works by reducing the class 4 tax rate by 80 percent, 50 percent, or 30 percent depending on the income of the owners. To qualify for this program in 2014, homeowners must report a household income below \$21,144 for one qualified homeowner and below \$28,192 for more than one qualified owner. To qualify for PTAP, homeowners must reside in their home for seven months out of the year. PTAP applies to the first \$100,000 of the taxable market value of residential improvements and up to five acres of residential land.

The table below shows that in 2014 there were 19,446 property taxpayers who qualified for PTAP. This program reduced the taxable value of these properties by \$17,396,189 which reduced the state revenue collected with the 95 schools mills, 1.5 vo-tech mills, and the six university mills by \$1,765,544. Additionally, the reduction in taxable value increased local mills, effectively shifting \$7,973,713 in taxes to other taxpayers.

In 2014, PTAP participants paid \$9,739,256 less in taxes, an average benefit of \$501 per participant.

| Property Tax Expenditure - PTAP |              |                            |                       |             |                                   |                     |
|---------------------------------|--------------|----------------------------|-----------------------|-------------|-----------------------------------|---------------------|
| Tax Year                        | Participants | Reduction in Taxable Value | Loss in State Revenue | Tax Shifts  | Total Tax Benefit to Participants | Average Tax Benefit |
| 2005                            | 8,568        | \$4,316,852                | \$436,002             | \$1,817,049 | \$2,253,051                       | \$263               |
| 2006                            | 8,192        | \$4,130,616                | \$417,192             | \$1,758,981 | \$2,176,173                       | \$266               |
| 2007                            | 7,729        | \$3,856,960                | \$389,553             | \$1,651,280 | \$2,040,833                       | \$264               |
| 2008                            | 7,399        | \$3,508,914                | \$354,400             | \$1,533,817 | \$1,888,217                       | \$255.20            |
| 2009                            | 10,716       | \$9,625,089                | \$972,134             | \$4,128,008 | \$5,100,142                       | \$476               |
| 2010                            | 11,583       | \$10,774,917               | \$1,088,267           | \$4,739,203 | \$5,827,469                       | \$503               |
| 2011                            | 13,115       | \$11,871,305               | \$1,205,923           | \$5,794,751 | \$7,000,674                       | \$534               |
| 2012                            | 14,013       | \$12,805,457               | \$1,298,649           | \$6,375,049 | \$7,673,698                       | \$548               |
| 2013                            | 18,302       | \$16,639,495               | \$1,688,880           | \$7,475,155 | \$9,164,035                       | \$501               |
| 2014                            | 19,446       | \$17,396,189               | \$1,765,544           | \$7,973,713 | \$9,739,256                       | \$501               |

## Property Tax Expenditures

### **Disabled American Veterans Program (DAV): 15-6-211, MCA** **Legislation:** HB 213, 1979 Session

The Disabled American Veterans Program (DAV) reduces property taxes for disabled veterans and is established in 15-6-211, MCA. It reduces the residential class 4 tax rate by 100 percent, 80 percent, 70 percent, or 50 percent depending on the level of income of qualified veterans. It applies to residential improvements and up to five acres of land. To qualify, the property must be the primary residence of a veteran who was honorably discharged and paid at the 100 percent disabled rate by the Department of Veterans Affairs for a service-connected disability. The spouse of a veteran killed while on active duty or who died from a service-connected disability qualifies for DAV benefits as well.

The table below shows that in 2014 there were 2,199 property taxpayers who qualified for DAV. This reduced the taxable value of these properties by \$4,470,188 which reduced the state revenue collected with 95 school equalization mills, 1.5 vo-tech mills, and the six university mills by \$453,681. The reduction in taxable value increased the local mills effectively shifting \$2,048,954 to other taxpayers.

In 2014, participants of DAV paid \$2,502,635 less in taxes because of this program, an average benefit of \$1,138 per participant.

| <b>Property Tax Expenditure - DAV</b> |                     |                                   |                              |                   |                                          |                            |
|---------------------------------------|---------------------|-----------------------------------|------------------------------|-------------------|------------------------------------------|----------------------------|
| <b>Tax Year</b>                       | <b>Participants</b> | <b>Reduction in Taxable Value</b> | <b>Loss in State Revenue</b> | <b>Tax Shifts</b> | <b>Total Tax Benefit to Participants</b> | <b>Average Tax Benefit</b> |
| 2005                                  | 1,457               | \$2,700,858                       | \$272,787                    | \$1,136,845       | \$1,409,632                              | \$967                      |
| 2006                                  | 1,546               | \$2,915,543                       | \$294,470                    | \$1,241,555       | \$1,536,024                              | \$994                      |
| 2007                                  | 1,608               | \$3,158,974                       | \$319,056                    | \$1,352,451       | \$1,671,508                              | \$1,039                    |
| 2008                                  | 1,711               | \$3,237,648                       | \$327,002                    | \$1,415,241       | \$1,742,243                              | \$1,018                    |
| 2009                                  | 1,643               | \$2,765,902                       | \$279,356                    | \$1,186,240       | \$1,465,596                              | \$892                      |
| 2010                                  | 1,800               | \$2,955,279                       | \$298,483                    | \$1,299,840       | \$1,598,323                              | \$888                      |
| 2011                                  | 2,037               | \$4,056,325                       | \$412,345                    | \$1,943,383       | \$2,355,728                              | \$1,156                    |
| 2012                                  | 2,095               | \$4,185,996                       | \$425,293                    | \$2,033,607       | \$2,458,900                              | \$1,174                    |
| 2013                                  | 2,147               | \$4,325,995                       | \$439,081                    | \$1,943,417       | \$2,382,498                              | \$1,110                    |
| 2014                                  | 2,199               | \$4,470,188                       | \$453,681                    | \$2,048,954       | \$2,502,635                              | \$1,138                    |

### **Extended Property Tax Assistance Program (EPTAP): 15-6-193, MCA** **Legislation:** HB 461, 2003 Session

The Extended Property Tax Assistance Program (EPTAP) reduces property taxes for residential properties that experienced extraordinary market value increases between 2002 and 2008 and is established in 15-6-193, MCA. Homeowners must report a household income equal to or below \$75,000 to qualify for this program. It limits the growth in taxable value of qualified residential properties to four percent, five percent, or six percent per year depending on the taxpayer's income bracket. The reduction in taxable value is applied to a residential property and up to one acre of land that is occupied at least seven months of the year.

The table on the next page shows that in 2014 there were 1,696 property taxpayers who qualified for EPTAP. This reduced the taxable value of these properties by \$1,424,267, which reduced the state revenue collected with the 95 school equalization mills, the 1.5 vo-tech mills, and the six university mills by \$144,549. The reduction in taxable value increased the local mills, effectively shifting \$652,827 to other taxpayers.

In 2014, participants in EPTAP paid \$797,376 less in taxes because of this program, an average benefit of \$470 per participant.

## Property Tax Expenditures

| Property Tax Expenditure - EPTAP |              |                                        |                       |            |                                   |                     |
|----------------------------------|--------------|----------------------------------------|-----------------------|------------|-----------------------------------|---------------------|
| Tax Year                         | Participants | Reduction in Taxable Value             | Loss in State Revenue | Tax Shifts | Total Tax Benefit to Participants | Average Tax Benefit |
| 2005                             | 1,191        | \$422,874                              | \$42,710              | \$177,996  | \$220,706                         | \$185               |
| 2006                             | 986          | \$427,616                              | \$43,189              | \$182,096  | \$225,285                         | \$228               |
| 2007                             | 825          | \$389,506                              | \$39,340              | \$166,759  | \$206,100                         | \$250               |
| 2008                             | 805          | \$412,080                              | \$41,620              | \$180,128  | \$221,748                         | \$275               |
| 2009                             | 3,132        | \$913,287                              | \$92,242              | \$391,691  | \$483,933                         | \$155               |
| 2010                             |              | **EPTAP data is unavailable for 2010** |                       |            |                                   |                     |
| 2011                             | 3,602        | \$1,762,720                            | \$178,295             | \$734,307  | \$912,602                         | \$253               |
| 2012                             | 2,560        | \$1,541,880                            | \$155,942             | \$665,051  | \$820,993                         | \$321               |
| 2013                             | 2,151        | \$1,531,869                            | \$155,482             | \$688,179  | \$843,662                         | \$392               |
| 2014                             | 1,696        | \$1,424,267                            | \$144,549             | \$652,827  | \$797,376                         | \$470               |

### Economic Development Tax Expenditures

In addition to the residential property tax exemptions, there are tax expenditures in statute that encourage economic development by reducing the taxable value of properties or by creating a tax increment finance district. These expenditures are described below.

#### Energy Production or Development Tax Abatement: 15-24-3111, MCA

The energy production or development tax abatement provides a 50 percent rate reduction on a qualified energy production or development facility and equipment. The tax rate reduction may be in effect during the construction period and the first 15 years after the facility commences operation, not to exceed a total of 19 years. Currently the properties using this abatement are class 14 and class 15, both of which are normally taxed at 3 percent. This program changes the tax rate to 1.5 percent for these properties.

In 2014, approximately \$240,744,779 in market value was reported in this program, providing for an abatement of approximately \$1,921,446 in taxes. Approximately \$364,728 of this amount is a reduction in state revenue; the remaining \$1,556,717 was shifted to other tax payers.

#### Electrical Generation and Transmission Facility Exemption: 15-24-3001, MCA

The electrical generation and transmission facility exemption provides a 10 year exemption from taxation for certain qualified property that was constructed in the state of Montana between May 5<sup>th</sup>, 2001 and January 1<sup>st</sup>, 2006.

In 2014, this exemption was not claimed by any taxpayer.

#### Tax Increment Finance Districts: 7-15-4282, MCA

Tax increment financing (TIF) provides for the segregation of the taxable value, in a qualified district, into base and increment values. Qualified districts may include urban renewal districts and targeted economic development districts. Tax increment financing may be used to pay for a variety of development activities within the TIF, including land acquisition, demolition and removal of structures, relocation of occupants, infrastructure costs, construction of publicly owned buildings and improvements, administration of urban renewal activities, and paying bonds that were issued to fund appropriate costs. To learn more about TIFs, please refer to the property tax chapter of this report.

The TIF increment value is the amount of taxable value of a TIF less the taxable value when it was formed. All local and state mills are levied against the TIF increment value and the TIF retains this revenue with the exception of the six university mills.

## Property Tax Expenditures

The state only receives revenue for mills levied against TIF increment value from the six university mills so the tax expenditure cost to the state is the revenue generated from the 95 and 1.5 statewide mills on the increment value. Unlike the other property tax expenditure programs, there is not a clear shift to other taxpayers. There are, however, some instances when the creation of a TIF can lead to increases in property taxes for taxpayers located inside and outside the TIF.

Development within a TIF may necessitate an increase of services by local jurisdictions, whether they are schools, towns, counties, or fire districts. Since local budgets are constrained by 15-10-420, MCA, local governments may propose voted mill levy increases to pay for new services. A voted levy would increase taxes for all property owners located in the jurisdiction, increase TIF revenue, and may increase taxes on property located outside of the TIF.

If development is intended inside a proposed TIF district, but does not occur before the TIF base is determined, the TIF may collect revenue that may have otherwise been used to reduce mills and taxes due by property owners in affiliated taxing jurisdictions.

The following table presents the amount of revenue used by TIFs in Montana by type of jurisdictions for tax years 2009 through 2014. In 2014, the amount of TIF revenue that came from the 95 state education equalization mills and 1.5 vo-tech mills was \$4,324,414.

| TIF Districts<br>Revenue Generated by Mill Type |              |                                 |                                 |                                 |                               |                                        |                                 |
|-------------------------------------------------|--------------|---------------------------------|---------------------------------|---------------------------------|-------------------------------|----------------------------------------|---------------------------------|
| Tax Year                                        | Increment    | Revenue From<br>Statewide Mills | Revenue<br>From County<br>Mills | Revenue<br>From School<br>Mills | Revenue<br>From City<br>Mills | Revenue From<br>Miscellaneous<br>Mills | Total Revenue<br>From All Mills |
| 2009                                            | \$32,014,815 | \$3,069,779                     | \$6,079,435                     | \$6,599,541                     | \$2,853,160                   | \$778,881                              | \$19,380,796                    |
| 2010                                            | \$42,266,864 | \$4,057,293                     | \$7,767,739                     | \$9,969,301                     | \$3,905,254                   | \$995,454                              | \$26,695,041                    |
| 2011                                            | \$46,300,358 | \$4,438,575                     | \$9,385,018                     | \$10,625,763                    | \$4,264,645                   | \$1,213,209                            | \$29,927,210                    |
| 2012                                            | \$46,053,586 | \$4,408,555                     | \$8,627,610                     | \$10,660,530                    | \$4,220,604                   | \$1,681,498                            | \$29,598,797                    |
| 2013                                            | \$48,039,378 | \$4,652,871                     | \$8,694,981                     | \$9,843,858                     | \$4,525,461                   | \$1,873,798                            | \$29,590,969                    |
| 2014                                            | \$45,186,770 | \$4,324,414                     | \$7,822,155                     | \$10,879,496                    | \$4,910,109                   | \$1,654,865                            | \$29,591,039                    |

### **Oil and Gas Tax Expenditures**

There are many tax rates for oil and natural gas wells, depending on the type of well, when they were drilled, and whether they are owned by working interest or royalty owners. The following tax expenditures all apply to working interest owners as royalty owners do not benefit from any tax expenditures.

#### **Reduced Rates for “New” Oil and Gas Production**

**Code:** 15-36-304, MCA

**Legislation:** HB 553, 1977 Session

Oil or gas produced from a well that qualifies as “new” production is taxed at a reduced rate of 0.76 percent. This reduced rate applies for the first 12 months of production from a conventional well and the first 18 months of production from a horizontally completed well. New production includes production from new wells and from wells that have not produced oil or gas during the previous 60 months. This reduced rate is intended to provide an incentive for the exploration, development and production of oil and gas.

#### **Reduced Rate for Horizontally Recompleted Oil Wells**

**Code:** 15-36-304, MCA

**Legislation:** SB 18, 1993 Session

The first 18 months of incremental production from a horizontally recompleted well is taxed at 5.76 percent. After this period, the tax rate reverts to 9.26 percent for post-99 wells or 12.76 percent for pre-99 wells. There were no horizontally recompleted oil wells approved in 2011, 2013 or 2014.

#### **Reduced Rates for Incremental Oil Production from Enhanced Recovery Projects**

**Code:** 15-36-304, MCA

**Legislation:** HB 636, 1985 Session

In any quarter when the average price of West Texas Intermediate (WTI) crude oil is less than \$30 per barrel, incremental production from secondary recovery projects is taxed at 8.76 percent, and incremental production from tertiary recovery projects is taxed at 6.06 percent. In quarters when the average price of WTI is at least \$30 per barrel, these wells are taxed at 9.26 percent for post-99 wells and 12.76 percent for pre-99 wells. The reduced rates provide incentives for the use of enhanced recovery technologies when prices are low. The state does not currently forgo any revenue as a result of this tax expenditure because the average quarterly WTI price has not been below \$30 per barrel since the 4<sup>th</sup> quarter of FY 2003.

#### **Reduced Rates for Stripper Exemption and Stripper Oil Wells**

**Code:** 15-36-304, MCA

**Legislation:** HB 661, 1999 Session; HB 658, 1999 Session; HB 535, 2005 Session

In any quarter the average price of WTI crude oil is less than \$38 per barrel, oil from wells on leases that produce less than three barrels per well per day is taxed at 0.76 percent (stripper exemption). If the price of WTI is equal to or greater than \$38 per barrel this oil is taxed at 6.26 percent.

From wells on leases that produce between three and 15 barrels per well per day (stripper oil), the first 10 barrels per day are taxed at 5.76 percent and remaining production is taxed at 9.26% in quarters when the average price of WTI is less than \$30 per barrel. In quarters when the average price of WTI is at least \$30 per barrel, stripper oil is taxed at 9.26 percent for post-99 and 12.76 percent for pre-99 wells. The reduced rates on stripper exemption and stripper oil provide an incentive to keep low-volume wells in production.

The state does not currently forgo any revenue as a result of oil prices being below \$38 or \$30 per barrel because the average quarterly WTI price has not been below \$38 per barrel since the 3<sup>rd</sup> quarter of FY 2004.

## Natural Resource Tax Expenditures

### **Reduced Rates for Pre-1999 “Stripper” Gas Wells**

**Code:** 15-36-304, MCA

**Legislation:** SB 530, 1999 Session

Gas wells drilled prior to January 1, 1999 that produced less than 60,000 cubic feet of natural gas a day during the previous year (stripper wells) receive a preferential tax rate of 11.26 percent.

### **Coal Tax Expenditures**

While there are many tax rates for coal producers depending on the type of mining and the quality of coal, the following temporary tax rate reduction clearly meets the qualifications of a tax expenditure as defined under the Congressional Budget and Impoundment Control Act of 1974 (the “Budget Act”) as “revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability.”

### **Reduced Gross Proceeds Rate for New Underground Coal Mines**

**Code:** 15-23-703, MCA

**Legislation:** SB 266, 2011 Session

Provides a reduced coal gross proceeds tax rate of 2.5 percent for new and existing underground mines for the first 10 years of coal production.

There were no claims for this reduced tax rate for FY 2013 or FY 2014.

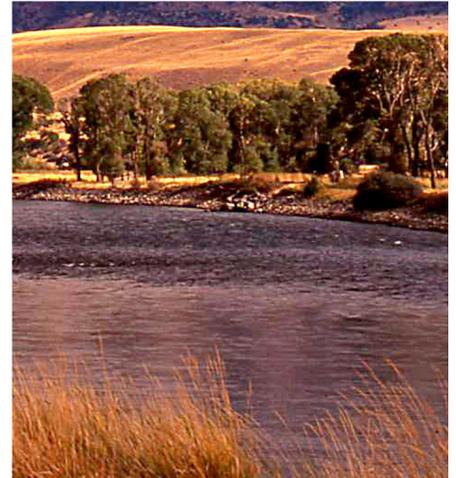
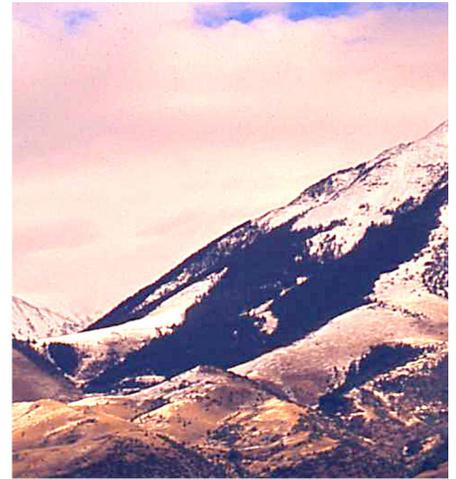
# Natural Resource Tax Expenditures

## Oil and Natural Gas Severance Tax Expenditures

|                        |             | New Production Tax Holiday                                                   |                      |             |                                      |                      |                 |
|------------------------|-------------|------------------------------------------------------------------------------|----------------------|-------------|--------------------------------------|----------------------|-----------------|
| Natural Gas Production | Fiscal Year | Working Interest Value                                                       | Actual Tax Rate      | Tax Revenue | "Normal" Tax Rate                    | "Normal" Tax Revenue | Tax Expenditure |
|                        | 2010        | \$19,760,155                                                                 | 0.760%               | \$150,177   | 9.260%                               | \$1,829,790          | \$1,679,613     |
|                        | 2011        | \$23,179,064                                                                 | 0.760%               | \$176,161   | 9.260%                               | \$2,146,381          | \$1,970,220     |
|                        | 2012        | \$13,678,192                                                                 | 0.760%               | \$103,954   | 9.260%                               | \$1,266,601          | \$1,162,646     |
|                        | 2013        | \$17,148,261                                                                 | 0.760%               | \$130,327   | 9.260%                               | \$1,587,929          | \$1,457,602     |
|                        | 2014        | \$23,652,552                                                                 | 0.760%               | \$179,759   | 9.260%                               | \$2,190,226          | \$2,010,467     |
|                        |             | Drilled Before 1999 and Average Less Than 60 MCF/ Day in Prior Calendar Year |                      |             |                                      |                      |                 |
| Natural Gas Production | Fiscal Year | Working Interest Value                                                       | Actual Tax Rate      | Tax Revenue | "Normal" Tax Rate                    | "Normal" Tax Revenue | Tax Expenditure |
|                        | 2010        | \$49,793,879                                                                 | 11.260%              | \$5,606,791 | 15.060%                              | \$7,498,958          | \$1,892,167     |
|                        | 2011        | \$43,170,889                                                                 | 11.260%              | \$4,861,043 | 15.060%                              | \$6,501,536          | \$1,640,493     |
|                        | 2012        | \$33,595,799                                                                 | 11.260%              | \$3,782,887 | 15.060%                              | \$5,059,527          | \$1,276,640     |
|                        | 2013        | \$32,345,250                                                                 | 11.260%              | \$3,642,076 | 15.060%                              | \$4,871,195          | \$1,229,119     |
|                        | 2014        | \$33,768,347                                                                 | 11.260%              | \$3,802,316 | 15.060%                              | \$5,085,513          | \$1,283,197     |
|                        |             | New Production Tax Holiday                                                   |                      |             |                                      |                      |                 |
| Oil Production         | Fiscal Year | Working Interest Value                                                       | Actual Tax Rate      | Tax Revenue | "Normal" Tax Rate                    | "Normal" Tax Revenue | Tax Expenditure |
|                        | 2010        | \$112,156,719                                                                | 0.760%               | \$852,391   | 9.260%                               | \$10,385,712         | \$9,533,321     |
|                        | 2011        | \$226,006,907                                                                | 0.760%               | \$1,717,652 | 9.260%                               | \$20,928,240         | \$19,210,587    |
|                        | 2012        | \$334,866,575                                                                | 0.760%               | \$2,544,986 | 9.260%                               | \$31,008,645         | \$28,463,659    |
|                        | 2013        | \$624,632,195                                                                | 0.760%               | \$4,747,205 | 9.260%                               | \$57,840,941         | \$53,093,737    |
|                        | 2014        | \$657,251,544                                                                | 0.760%               | \$4,996,704 | 9.260%                               | \$60,861,493         | \$55,864,789    |
|                        |             | Horizontally Recompleted Wells                                               |                      |             |                                      |                      |                 |
| Oil Production         | Fiscal Year | Working Interest Value                                                       | Actual Tax Rate      | Tax Revenue | "Normal" Tax Rate                    | "Normal" Tax Revenue | Tax Expenditure |
|                        | 2010        | \$3,821,852                                                                  | 5.760%               | \$220,139   | 9.260%                               | \$353,903            | \$133,765       |
|                        | 2011        | \$0                                                                          | 5.760%               | \$0         | 9.260%                               | \$0                  | \$0             |
|                        | 2012        | \$294,160                                                                    | 5.760%               | \$16,944    | 9.260%                               | \$27,239             | \$10,296        |
|                        | 2013        | \$0                                                                          | 5.760%               | \$0         | 9.260%                               | \$0                  | \$0             |
|                        | 2014        | \$0                                                                          | 5.760%               | \$0         | 9.260%                               | \$0                  | \$0             |
|                        |             | Stripper Well Production                                                     |                      |             |                                      |                      |                 |
| Oil Production         | Fiscal Year | Working Interest Value                                                       | Actual Tax Rate      | Tax Revenue | "Normal" Tax Rate                    | "Normal" Tax Revenue | Tax Expenditure |
|                        | 2010        | \$36,124,635                                                                 | 6.260%               | \$2,261,402 | 9.260%                               | \$3,345,141          | \$1,083,739     |
|                        | 2011        | \$42,718,840                                                                 | 6.260%               | \$2,674,199 | 9.260%                               | \$3,955,765          | \$1,281,565     |
|                        | 2012        | \$47,730,292                                                                 | 6.260%               | \$2,987,916 | 9.260%                               | \$4,419,825          | \$1,431,909     |
|                        | 2013        | \$45,766,201                                                                 | 6.260%               | \$2,864,964 | 9.260%                               | \$4,237,950          | \$1,372,986     |
|                        | 2014        | \$45,552,890                                                                 | 6.260%               | \$2,851,611 | 9.260%                               | \$4,218,198          | \$1,366,587     |
| Total                  | Fiscal Year | Natural Gas Tax Expenditures                                                 | Oil Tax Expenditures |             | Oil and Natural Gas Tax Expenditures |                      |                 |
|                        | 2010        | \$3,571,781                                                                  | \$10,750,825         |             | \$14,322,605                         |                      |                 |
|                        | 2011        | \$3,610,714                                                                  | \$20,492,152         |             | \$24,102,866                         |                      |                 |
|                        | 2012        | \$2,439,286                                                                  | \$29,905,863         |             | \$32,345,149                         |                      |                 |
|                        | 2013        | \$2,686,721                                                                  | \$54,466,722         |             | \$57,153,443                         |                      |                 |
|                        | 2014        | \$3,293,664                                                                  | \$57,231,376         |             | \$60,525,040                         |                      |                 |



# TRANSFERS TO LOCAL GOVERNMENT BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



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## Transfers to Local Government

The Department of Revenue is responsible for allocating certain revenue from the state to local governments. This includes revenue from natural resources and the Entitlement Share Payment. The summary table below describes the distributions.

| Revenue Source                                                                                                                                     | Share Provision                                                                                                                                                                                                                                                                                                                                                                                                                 | Share Cycle                              | FY2013 Shared Amount | FY2014 Shared Amount |
|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------|----------------------|
| Oil and natural gas production tax (15-36-332, MCA)                                                                                                | Local governments receive approximately half of all oil and natural gas production tax received by the state. The percentage for each county is based on the allocations under the pre-2003 mill-based system. The county share of the revenue is distributed between elementary retirement funds, high school retirement funds, countywide transportation funds, school districts, community colleges, and county governments. | August 1, November 1, February 1, May 1  | \$98,020,060         | \$107,510,755        |
| Federal mineral royalties (17-3-240, MCA)                                                                                                          | Twenty five percent of the money received by the state for federal mineral royalties is dedicated to local governments. Distribution to eligible counties is based on the proportion that the total amount of revenue generated by mineral extraction in an eligible county bears to the total amount of money received by the state.                                                                                           | August 15                                | \$10,771,868         | \$11,050,277         |
| Coal Gross Proceeds Tax (15-23-703, MCA)                                                                                                           | The revenue is proportionally distributed to the taxing jurisdictions in which production occurred based on the total number of mills levied in fiscal year 1990.                                                                                                                                                                                                                                                               | May 31, November 30                      | \$10,373,501         | \$10,043,732         |
| Bentonite Tax (15-39-110, MCA)                                                                                                                     | The tax is distributed according to a statutory formula that distributes the tax among state and local entities.                                                                                                                                                                                                                                                                                                                | October 1, April 1                       | \$1,089,843          | \$708,586            |
| Metalliferous Mines License Tax (15-37-117, MCA)                                                                                                   | Metalliferous mines license tax is distributed to various entities including 25% to the counties in which the mine is located or a county experiencing fiscal impacts from the mine, as indicated by an economic impact study.                                                                                                                                                                                                  | 60 days following August 15 and March 31 | \$4,082,730          | \$3,686,516          |
| Fort Peck Tribes Oil and Natural Gas Production Tax Agreement (see: Fort Peck Tribes and State of MT Oil and Natural Gas Production Tax Agreement) | The tribes receive 50 percent of oil and gas production taxes each quarter on new oil and new natural gas production on the reservation, over which both the state and the tribes have taxation authority. The state collects the taxes and remits the tribe's share to it.                                                                                                                                                     | August 1, November 1, February 1, May 1  | \$0                  | \$0                  |
| Entitlement Share Payment (15-1-121, MCA)                                                                                                          | Local governments receive an annual payment from the state as a reimbursement due to permanent reductions in local revenue.                                                                                                                                                                                                                                                                                                     | September, December, March, June         | \$107,271,752        | \$110,754,443        |

The next two tables show total combined revenue distributed within the county. Not all of this revenue stays at the county level. Natural resource revenue is shared with schools, cities, and towns. Over 50 percent of the Entitlement Share Payment shown below is distributed to cities within that county.

# Transfers to Local Government

## Shared Revenue by County, Fiscal Year 2014

| County        | Oil and Natural Gas Tax | Oil and Gas Resource Account | Coal Gross Proceeds Tax | Federal Mineral Royalties | Bentonite Tax    | Metalliferous Mines License Tax | Entitlement Share Payments | Total Shared Revenue |
|---------------|-------------------------|------------------------------|-------------------------|---------------------------|------------------|---------------------------------|----------------------------|----------------------|
| Beaverhead    | \$0                     | \$0                          | \$0                     | \$16,658                  | \$0              | \$0                             | \$999,856                  | \$1,016,514          |
| Big Horn      | \$234,280               | \$13,494                     | \$5,615,368             | \$3,497,845               | \$0              | \$0                             | \$824,549                  | \$10,185,537         |
| Blaine        | \$1,554,683             | \$75,597                     | \$0                     | \$82,511                  | \$0              | \$0                             | \$661,061                  | \$2,373,853          |
| Broadwater    | \$0                     | \$0                          | \$0                     | \$382                     | \$0              | \$1,557                         | \$701,628                  | \$703,566            |
| Carbon        | \$1,948,139             | \$61,570                     | \$0                     | \$303,610                 | \$115,868        | \$0                             | \$1,180,804                | \$3,609,992          |
| Carter        | \$101,173               | \$36,396                     | \$0                     | \$37,556                  | \$592,718        | \$0                             | \$251,607                  | \$1,019,451          |
| Cascade       | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$0                             | \$8,373,854                | \$8,373,854          |
| Chouteau      | \$120,050               | \$5,132                      | \$0                     | \$5,399                   | \$0              | \$0                             | \$1,075,979                | \$1,206,560          |
| Custer        | \$7,993                 | \$371                        | \$0                     | \$1,306                   | \$0              | \$0                             | \$1,612,998                | \$1,622,668          |
| Daniels       | \$1,634                 | \$0                          | \$0                     | \$2,999                   | \$0              | \$0                             | \$509,547                  | \$514,180            |
| Dawson        | \$3,171,768             | \$115,338                    | \$0                     | \$319,938                 | \$0              | \$0                             | \$1,841,214                | \$5,448,259          |
| Deer Lodge    | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$0                             | \$1,307,395                | \$1,307,395          |
| Fallon        | \$18,359,163            | \$686,572                    | \$0                     | \$1,376,504               | \$0              | \$0                             | \$658,346                  | \$21,080,584         |
| Fergus        | \$3,716                 | \$127                        | \$0                     | \$3,479                   | \$0              | \$0                             | \$1,341,465                | \$1,348,787          |
| Flathead      | \$0                     | \$0                          | \$0                     | \$1,017                   | \$0              | \$0                             | \$8,316,737                | \$8,317,754          |
| Gallatin      | \$0                     | \$0                          | \$0                     | \$44                      | \$0              | \$0                             | \$7,694,094                | \$7,694,137          |
| Garfield      | \$46,578                | \$1,746                      | \$0                     | \$14,552                  | \$0              | \$0                             | \$286,135                  | \$349,010            |
| Glacier       | \$1,976,627             | \$63,214                     | \$0                     | \$5,490                   | \$0              | \$0                             | \$1,233,238                | \$3,278,569          |
| Golden Valley | \$23,231                | \$800                        | \$0                     | \$3,425                   | \$0              | \$0                             | \$91,728                   | \$119,185            |
| Granite       | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$0                             | \$491,686                  | \$491,686            |
| Hill          | \$748,095               | \$31,117                     | \$0                     | \$5,693                   | \$0              | \$0                             | \$2,046,257                | \$2,831,161          |
| Jefferson     | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$465,824                       | \$1,151,655                | \$1,617,478          |
| Judith Basin  | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$0                             | \$413,466                  | \$413,466            |
| Lake          | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$0                             | \$1,960,268                | \$1,960,268          |
| Lewis & Clark | \$0                     | \$0                          | \$0                     | \$2,824                   | \$0              | \$899                           | \$6,067,746                | \$6,071,468          |
| Liberty       | \$738,900               | \$25,790                     | \$0                     | \$6,380                   | \$0              | \$0                             | \$518,621                  | \$1,289,691          |
| Lincoln       | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$527                           | \$1,639,422                | \$1,639,950          |
| Madison       | \$0                     | \$0                          | \$0                     | \$1,303                   | \$0              | \$8,542                         | \$961,641                  | \$971,486            |
| McCone        | \$23,634                | \$777                        | \$0                     | \$402,890                 | \$0              | \$0                             | \$434,501                  | \$861,802            |
| Meagher       | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$0                             | \$282,783                  | \$282,783            |
| Mineral       | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$0                             | \$556,937                  | \$556,937            |
| Missoula      | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$0                             | \$12,119,013               | \$12,119,013         |
| Musselshell   | \$782,786               | \$24,324                     | \$1,189,676             | \$1,269,881               | \$0              | \$0                             | \$468,431                  | \$3,735,099          |
| Park          | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$0                             | \$1,775,779                | \$1,775,779          |
| Petroleum     | \$77,044                | \$3,349                      | \$0                     | \$12,421                  | \$0              | \$0                             | \$89,067                   | \$181,881            |
| Phillips      | \$1,726,523             | \$73,706                     | \$0                     | \$193,767                 | \$0              | \$0                             | \$581,454                  | \$2,575,450          |
| Pondera       | \$469,962               | \$19,099                     | \$0                     | \$4,184                   | \$0              | \$0                             | \$878,340                  | \$1,371,584          |
| Powder River  | \$2,366,869             | \$62,568                     | \$0                     | \$304,845                 | \$0              | \$0                             | \$478,273                  | \$3,212,555          |
| Powell        | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$0                             | \$638,186                  | \$638,186            |
| Prairie       | \$239,022               | \$10,231                     | \$0                     | \$74,177                  | \$0              | \$0                             | \$271,131                  | \$594,560            |
| Ravalli       | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$0                             | \$2,750,826                | \$2,750,826          |
| Richland      | \$50,630,025            | \$2,321,944                  | \$175,048               | \$375,000                 | \$0              | \$0                             | \$1,396,921                | \$54,898,937         |
| Roosevelt     | \$10,637,132            | \$615,070                    | \$0                     | \$61,579                  | \$0              | \$0                             | \$1,146,652                | \$12,460,433         |
| Rosebud       | \$986,692               | \$38,943                     | \$2,845,322             | \$1,749,778               | \$0              | \$0                             | \$3,733,744                | \$9,354,479          |
| Sanders       | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$0                             | \$1,622,740                | \$1,622,740          |
| Sheridan      | \$4,828,495             | \$184,978                    | \$0                     | \$130,038                 | \$0              | \$0                             | \$934,084                  | \$6,077,595          |
| Silver Bow    | \$0                     | \$0                          | \$0                     | \$0                       | \$0              | \$1,323,627                     | \$4,505,967                | \$5,829,594          |
| Stillwater    | \$143,228               | \$8,639                      | \$0                     | \$19,995                  | \$0              | \$825,097                       | \$1,278,706                | \$2,275,664          |
| Sweet Grass   | \$7,136                 | \$155                        | \$0                     | \$1,063                   | \$0              | \$1,060,444                     | \$521,622                  | \$1,590,421          |
| Teton         | \$186,767               | \$8,685                      | \$0                     | \$322                     | \$0              | \$0                             | \$815,188                  | \$1,010,962          |
| Toole         | \$1,692,763             | \$80,312                     | \$0                     | \$53,025                  | \$0              | \$0                             | \$1,124,403                | \$2,950,502          |
| Treasure      | \$0                     | \$0                          | \$0                     | \$389,184                 | \$0              | \$0                             | \$147,034                  | \$536,218            |
| Valley        | \$726,933               | \$26,593                     | \$0                     | \$12,772                  | \$0              | \$0                             | \$809,093                  | \$1,575,391          |
| Wheatland     | \$0                     | \$0                          | \$0                     | \$214                     | \$0              | \$0                             | \$323,193                  | \$323,407            |
| Wibaux        | \$2,883,568             | \$92,732                     | \$0                     | \$305,484                 | \$0              | \$0                             | \$390,994                  | \$3,672,778          |
| Yellowstone   | \$66,146                | \$2,368                      | \$530,104               | \$746                     | \$0              | \$0                             | \$16,466,384               | \$17,065,749         |
| <b>Total</b>  | <b>\$107,510,755</b>    | <b>\$4,691,738</b>           | <b>\$10,355,518</b>     | <b>\$11,050,277</b>       | <b>\$708,586</b> | <b>\$3,686,516</b>              | <b>\$110,754,443</b>       | <b>\$248,757,834</b> |

# Transfers to Local Government

## Shared Revenue by County, Fiscal Year 2013

| County        | Oil and<br>Natural Gas<br>Tax | Oil and Gas<br>Resource<br>Account | Coal Gross<br>Proceeds<br>Tax | Federal<br>Mineral<br>Royalties | Bentonite<br>Tax   | Metalliferous<br>Mines<br>License Tax | Entitlement<br>Share<br>Payments | Total<br>Shared<br>Revenue |
|---------------|-------------------------------|------------------------------------|-------------------------------|---------------------------------|--------------------|---------------------------------------|----------------------------------|----------------------------|
| Beaverhead    | \$0                           | \$0                                | \$0                           | \$18,378                        | \$0                | \$0                                   | \$968,185                        | \$986,563                  |
| Big Horn      | \$419,340                     | \$21,369                           | \$5,929,563                   | \$4,093,023                     | \$0                | \$0                                   | \$797,205                        | \$11,260,500               |
| Blaine        | \$1,775,005                   | \$75,054                           | \$0                           | \$107,306                       | \$0                | \$0                                   | \$640,164                        | \$2,597,529                |
| Broadwater    | \$0                           | \$0                                | \$0                           | \$591                           | \$0                | \$15,356                              | \$680,002                        | \$695,948                  |
| Carbon        | \$1,822,723                   | \$55,915                           | \$0                           | \$332,071                       | \$173,511          | \$0                                   | \$1,143,627                      | \$3,527,847                |
| Carter        | \$73,613                      | \$2,961                            | \$0                           | \$45,632                        | \$916,332          | \$0                                   | \$244,008                        | \$1,282,547                |
| Cascade       | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$0                                   | \$8,095,976                      | \$8,095,976                |
| Chouteau      | \$127,467                     | \$5,353                            | \$0                           | \$9,573                         | \$0                | \$0                                   | \$1,043,487                      | \$1,185,879                |
| Custer        | \$7,527                       | \$355                              | \$0                           | \$1,311                         | \$0                | \$0                                   | \$1,560,708                      | \$1,569,902                |
| Daniels       | \$12,494                      | \$0                                | \$0                           | \$28,472                        | \$0                | \$0                                   | \$494,127                        | \$535,093                  |
| Dawson        | \$2,631,545                   | \$118,782                          | \$0                           | \$304,355                       | \$0                | \$0                                   | \$1,784,572                      | \$4,839,254                |
| Deer Lodge    | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$0                                   | \$1,266,242                      | \$1,266,242                |
| Fallon        | \$16,944,549                  | \$654,935                          | \$0                           | \$1,739,585                     | \$0                | \$0                                   | \$638,073                        | \$19,977,142               |
| Fergus        | \$3,591                       | \$105                              | \$0                           | \$4,552                         | \$0                | \$0                                   | \$1,298,169                      | \$1,306,418                |
| Flathead      | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$0                                   | \$8,063,593                      | \$8,063,593                |
| Gallatin      | \$0                           | \$0                                | \$0                           | \$103                           | \$0                | \$0                                   | \$7,448,457                      | \$7,448,559                |
| Garfield      | \$42,136                      | \$1,796                            | \$0                           | \$18,165                        | \$0                | \$0                                   | \$277,625                        | \$339,722                  |
| Glacier       | \$1,708,668                   | \$60,762                           | \$0                           | \$6,644                         | \$0                | \$0                                   | \$1,194,414                      | \$2,970,488                |
| Golden Valley | \$22,524                      | \$756                              | \$0                           | \$3,087                         | \$0                | \$0                                   | \$88,915                         | \$115,283                  |
| Granite       | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$1,978                               | \$476,682                        | \$478,660                  |
| Hill          | \$803,507                     | \$29,795                           | \$0                           | \$8,976                         | \$0                | \$0                                   | \$1,980,311                      | \$2,822,589                |
| Jefferson     | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$704,836                             | \$1,116,903                      | \$1,821,738                |
| Judith Basin  | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$0                                   | \$401,062                        | \$401,062                  |
| Lake          | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$0                                   | \$1,899,144                      | \$1,899,144                |
| Lewis & Clark | \$0                           | \$0                                | \$0                           | \$3,092                         | \$0                | \$107,087                             | \$5,871,188                      | \$5,981,367                |
| Liberty       | \$802,235                     | \$26,417                           | \$0                           | \$18,763                        | \$0                | \$0                                   | \$503,034                        | \$1,350,450                |
| Lincoln       | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$114,475                             | \$1,588,338                      | \$1,702,813                |
| Madison       | \$0                           | \$0                                | \$0                           | \$1,314                         | \$0                | \$8,159                               | \$932,515                        | \$941,987                  |
| McCone        | \$23,990                      | \$905                              | \$0                           | \$518                           | \$0                | \$0                                   | \$421,498                        | \$446,912                  |
| Meagher       | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$823                                 | \$273,941                        | \$274,764                  |
| Mineral       | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$0                                   | \$539,698                        | \$539,698                  |
| Missoula      | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$0                                   | \$11,747,887                     | \$11,747,887               |
| Musselshell   | \$635,473                     | \$65,991                           | \$824,540                     | \$0                             | \$0                | \$0                                   | \$453,574                        | \$1,979,578                |
| Park          | \$0                           | \$0                                | \$0                           | \$29                            | \$0                | \$0                                   | \$1,719,782                      | \$1,719,811                |
| Petroleum     | \$71,507                      | \$3,227                            | \$0                           | \$40,864                        | \$0                | \$0                                   | \$86,376                         | \$201,974                  |
| Phillips      | \$1,200,487                   | \$48,615                           | \$0                           | \$364,351                       | \$0                | \$0                                   | \$563,162                        | \$2,176,614                |
| Pondera       | \$454,812                     | \$20,982                           | \$0                           | \$8,299                         | \$0                | \$0                                   | \$851,107                        | \$1,335,201                |
| Powder River  | \$2,061,207                   | \$44,064                           | \$0                           | \$251,997                       | \$0                | \$0                                   | \$464,022                        | \$2,821,290                |
| Powell        | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$722                                 | \$617,678                        | \$618,401                  |
| Prairie       | \$202,752                     | \$7,845                            | \$0                           | \$94,662                        | \$0                | \$0                                   | \$262,866                        | \$568,126                  |
| Ravalli       | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$0                                   | \$2,664,900                      | \$2,664,900                |
| Richland      | \$45,210,248                  | \$1,943,287                        | \$191,782                     | \$625,872                       | \$0                | \$0                                   | \$1,352,332                      | \$49,323,520               |
| Roosevelt     | \$9,375,857                   | \$562,388                          | \$0                           | \$43,460                        | \$0                | \$0                                   | \$1,110,299                      | \$11,092,003               |
| Rosebud       | \$990,975                     | \$44,390                           | \$2,897,513                   | \$1,699,394                     | \$0                | \$0                                   | \$3,619,581                      | \$9,251,854                |
| Sanders       | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$0                                   | \$1,572,828                      | \$1,572,828                |
| Sheridan      | \$5,130,706                   | \$224,412                          | \$0                           | \$25,125                        | \$0                | \$0                                   | \$905,489                        | \$6,285,732                |
| Silver Bow    | \$0                           | \$0                                | \$0                           | \$0                             | \$0                | \$1,429,401                           | \$4,373,401                      | \$5,802,803                |
| Stillwater    | \$157,342                     | \$9,186                            | \$0                           | \$14,928                        | \$0                | \$826,306                             | \$1,239,585                      | \$2,247,347                |
| Sweet Grass   | \$7,905                       | \$156                              | \$0                           | \$0                             | \$0                | \$877,994                             | \$505,534                        | \$1,391,589                |
| Teton         | \$189,807                     | \$8,206                            | \$0                           | \$329                           | \$0                | \$0                                   | \$790,070                        | \$988,412                  |
| Toole         | \$1,561,235                   | \$61,930                           | \$0                           | \$64,795                        | \$0                | \$0                                   | \$1,089,317                      | \$2,777,277                |
| Treasure      | \$0                           | \$0                                | \$0                           | \$385,583                       | \$0                | \$0                                   | \$142,618                        | \$528,201                  |
| Valley        | \$619,208                     | \$25,726                           | \$0                           | \$27,514                        | \$0                | \$0                                   | \$783,047                        | \$1,455,495                |
| Wheatland     | \$0                           | \$0                                | \$0                           | \$215                           | \$0                | \$0                                   | \$313,051                        | \$313,266                  |
| Wibaux        | \$2,879,878                   | \$90,304                           | \$0                           | \$378,362                       | \$0                | \$0                                   | \$379,180                        | \$3,727,724                |
| Yellowstone   | \$49,744                      | \$1,543                            | \$75,498                      | \$577                           | \$0                | \$0                                   | \$15,932,203                     | \$16,059,565               |
| <b>Total</b>  | <b>\$98,020,060</b>           | <b>\$4,217,512</b>                 | <b>\$9,918,895</b>            | <b>\$10,771,868</b>             | <b>\$1,089,843</b> | <b>\$4,087,136</b>                    | <b>\$107,271,752</b>             | <b>\$235,377,067</b>       |

## Oil and Natural Gas Revenue

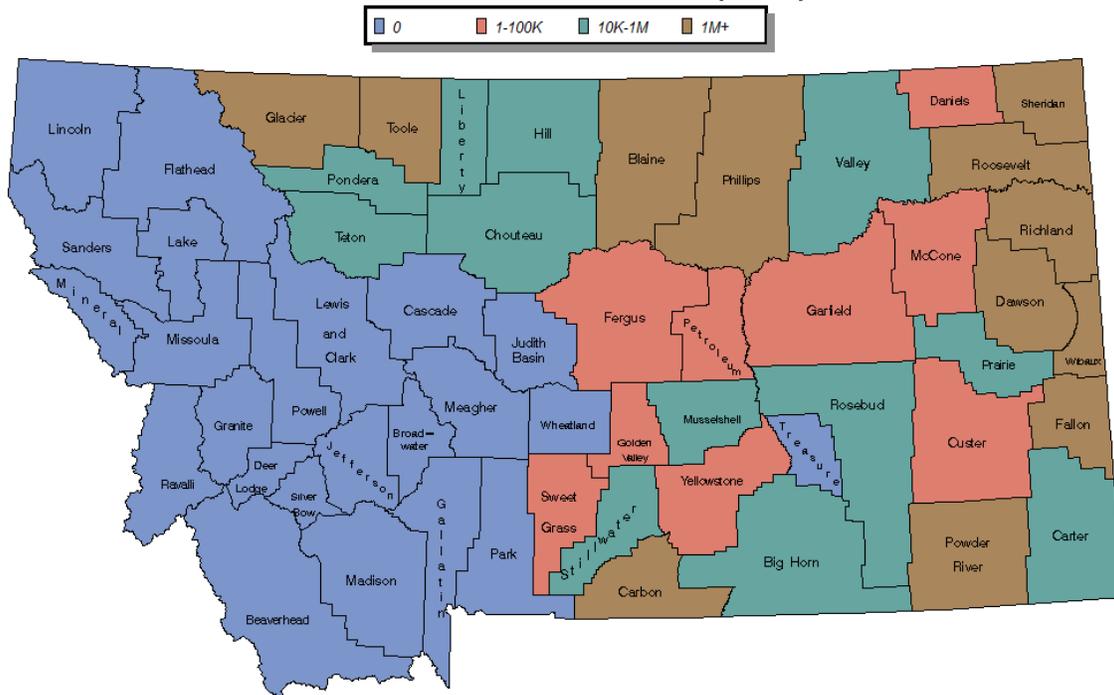
Over time, the legislature has converted natural resource taxation from a system where state and local taxing jurisdictions taxed mineral production and local revenues were based on property tax mill levies to a system where only the state taxes production and revenue is shared between the state and local jurisdictions in fixed proportions.

### Oil and Natural Gas Production

Each county receives a fixed percentage of tax revenue from oil and natural gas production in the county. The percentage is based on the allocation under the pre-2003 system which distributed revenue based on mill levies. In FY 2014, the average share was 47.17 percent. Within each county, revenue is allocated to school districts, county-wide school funds, and the county in proportions based on pre-2003 distributions (15-36-332, MCA).

Shared revenue from oil and natural gas production is shown in the following figure. The map shows that all of the oil and gas revenue is generated in the eastern and central portion of the state as none of the counties on the western border receive revenue from oil and natural gas production. Richland County receives more than twice as much revenue as any other county at \$51 million for FY 2014.

FY2014 Oil and Gas Shared Revenue by County



### Oil and Gas Resource Distribution Account

In addition to production tax revenue from oil and gas production, counties, cities, and towns receive revenue from the oil and gas natural resource distribution account (90-6-1001, MCA). The Board of Oil and Gas Conservation sets the rate for the oil and gas production privilege and license tax to fund their operations with the rate between 0.08 and 0.3 percent (15-36-304(7)(b), MCA). If the Board of Oil and Gas Conservation sets the rate at less than 0.3 percent, the difference goes to the oil and gas distribution account for the oil and gas natural resource account. The current rate of the privilege and license tax and the oil and gas natural resource tax combined is 0.27 percent. The oil and gas natural resource tax, or remaining portion, is distributed to counties based on county oil and gas production. The county keeps one-third and gives two-thirds to incorporated cities and towns within the county. If there is more than one, the city and town allocation is distributed according to population (15-36-332(7), MCA).

The following two tables show the distribution of oil and gas production revenue by county and the distribution of the oil and gas natural resource distribution account by county over the past four years.

# Oil and Natural Gas Revenue

| Oil and Natural Gas Distribution |                      |                     |                     |                      |
|----------------------------------|----------------------|---------------------|---------------------|----------------------|
| County                           | FY 2011              | FY 2012             | FY 2013             | FY 2014              |
| Beaverhead                       | \$0                  | \$0                 | \$0                 | \$0                  |
| Big Horn                         | \$1,191,327          | \$91,452            | \$419,340           | \$234,280            |
| Blaine                           | \$2,236,049          | \$444,734           | \$1,775,005         | \$1,554,683          |
| Broadwater                       | \$0                  | \$0                 | \$0                 | \$0                  |
| Carbon                           | \$1,980,476          | \$411,807           | \$1,822,723         | \$1,948,139          |
| Carter                           | \$0                  | \$20,965            | \$73,613            | \$101,173            |
| Cascade                          | \$0                  | \$0                 | \$0                 | \$0                  |
| Chouteau                         | \$206,068            | \$11,680            | \$127,467           | \$120,050            |
| Custer                           | \$10,681             | \$993               | \$7,527             | \$7,993              |
| Daniels                          | \$14,473             | \$4,210             | \$12,494            | \$1,634              |
| Dawson                           | \$1,673,420          | \$440,501           | \$2,631,545         | \$3,171,768          |
| Deer Lodge                       | \$0                  | \$0                 | \$0                 | \$0                  |
| Fallon                           | \$21,198,799         | \$4,372,644         | \$16,944,549        | \$18,359,163         |
| Fergus                           | \$5,806              | \$566               | \$3,591             | \$3,716              |
| Flathead                         | \$0                  | \$0                 | \$0                 | \$0                  |
| Gallatin                         | \$0                  | \$0                 | \$0                 | \$0                  |
| Garfield                         | \$31,856             | \$13,287            | \$42,136            | \$46,578             |
| Glacier                          | \$1,962,630          | \$416,847           | \$1,708,668         | \$1,976,627          |
| Golden Valley                    | \$52,938             | \$3,238             | \$22,524            | \$23,231             |
| Granite                          | \$0                  | \$0                 | \$0                 | \$0                  |
| Hill                             | \$1,077,587          | \$82,243            | \$803,507           | \$748,095            |
| Jefferson                        | \$0                  | \$0                 | \$0                 | \$0                  |
| Judith Basin                     | \$0                  | \$0                 | \$0                 | \$0                  |
| Lake                             | \$0                  | \$0                 | \$0                 | \$0                  |
| Lewis & Clark                    | \$0                  | \$0                 | \$0                 | \$0                  |
| Liberty                          | \$929,775            | \$194,156           | \$802,235           | \$738,900            |
| Lincoln                          | \$0                  | \$0                 | \$0                 | \$0                  |
| Madison                          | \$0                  | \$0                 | \$0                 | \$0                  |
| McCone                           | \$16,954             | \$653               | \$23,990            | \$23,634             |
| Meagher                          | \$0                  | \$0                 | \$0                 | \$0                  |
| Mineral                          | \$0                  | \$0                 | \$0                 | \$0                  |
| Missoula                         | \$0                  | \$0                 | \$0                 | \$0                  |
| Musselshell                      | \$593,657            | \$802,923           | \$635,473           | \$782,786            |
| Park                             | \$0                  | \$0                 | \$0                 | \$0                  |
| Petroleum                        | \$68,075             | \$69,648            | \$71,507            | \$77,044             |
| Phillips                         | \$2,200,739          | \$1,526,985         | \$1,200,487         | \$1,726,523          |
| Pondera                          | \$469,800            | \$518,406           | \$454,812           | \$469,962            |
| Powder River                     | \$2,419,907          | \$2,341,170         | \$2,061,207         | \$2,366,869          |
| Powell                           | \$0                  | \$0                 | \$0                 | \$0                  |
| Prairie                          | \$207,143            | \$197,152           | \$202,752           | \$239,022            |
| Ravalli                          | \$0                  | \$0                 | \$0                 | \$0                  |
| Richland                         | \$46,044,791         | \$43,660,871        | \$45,210,248        | \$50,630,025         |
| Roosevelt                        | \$4,069,324          | \$6,303,674         | \$9,375,857         | \$10,637,132         |
| Rosebud                          | \$893,893            | \$0                 | \$990,975           | \$986,692            |
| Sanders                          | \$0                  | \$0                 | \$0                 | \$0                  |
| Sheridan                         | \$5,053,685          | \$5,161,457         | \$5,130,706         | \$4,828,495          |
| Silver Bow                       | \$0                  | \$0                 | \$0                 | \$0                  |
| Stillwater                       | \$63,094             | \$50,709            | \$157,342           | \$143,228            |
| Sweet Grass                      | \$44,712             | \$13,917            | \$7,905             | \$7,136              |
| Teton                            | \$183,874            | \$203,291           | \$189,807           | \$186,767            |
| Toole                            | \$1,996,205          | \$1,965,452         | \$1,561,235         | \$1,692,763          |
| Treasure                         | \$0                  | \$0                 | \$0                 | \$0                  |
| Valley                           | \$608,659            | \$666,395           | \$619,208           | \$726,933            |
| Wheatland                        | \$0                  | \$0                 | \$0                 | \$0                  |
| Wibaux                           | \$3,448,796          | \$3,278,348         | \$2,879,878         | \$2,883,568          |
| Yellowstone                      | \$50,166             | \$32,827            | \$49,744            | \$66,146             |
| <b>Total</b>                     | <b>\$101,005,359</b> | <b>\$73,303,199</b> | <b>\$98,020,060</b> | <b>\$107,510,755</b> |

# Oil and Gas Natural Resource Distribution Account

| Oil and Gas Natural Resource Distribution Account |                    |                    |                    |                    |
|---------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| County                                            | FY 2011            | FY 2012            | FY 2013            | FY 2014            |
| Beaverhead                                        | \$0                | \$0                | \$0                | \$0                |
| Big Horn                                          | \$51,975           | \$33,325           | \$21,369           | \$13,494           |
| Blaine                                            | \$90,875           | \$78,748           | \$75,054           | \$75,597           |
| Broadwater                                        | \$0                | \$0                | \$0                | \$0                |
| Carbon                                            | \$54,825           | \$56,341           | \$55,915           | \$61,570           |
| Carter                                            | \$4,432            | \$2,895            | \$2,961            | \$36,396           |
| Cascade                                           | \$0                | \$0                | \$0                | \$0                |
| Chouteau                                          | \$6,422            | \$5,170            | \$5,353            | \$5,132            |
| Custer                                            | \$153              | \$231              | \$355              | \$371              |
| Daniels                                           | \$0                | \$0                | \$0                | \$0                |
| Dawson                                            | \$50,917           | \$89,104           | \$118,782          | \$115,338          |
| Deer Lodge                                        | \$0                | \$0                | \$0                | \$0                |
| Fallon                                            | \$593,165          | \$727,312          | \$654,935          | \$686,572          |
| Fergus                                            | \$198,789          | \$156              | \$105              | \$127              |
| Flathead                                          | \$0                | \$0                | \$0                | \$0                |
| Gallatin                                          | \$0                | \$0                | \$0                | \$0                |
| Garfield                                          | \$946              | \$2,533            | \$1,796            | \$1,746            |
| Glacier                                           | \$47,601           | \$64,457           | \$60,762           | \$63,214           |
| Golden Valley                                     | \$15,790           | \$738              | \$756              | \$800              |
| Granite                                           | \$0                | \$0                | \$0                | \$0                |
| Hill                                              | \$35,781           | \$33,878           | \$29,795           | \$31,117           |
| Jefferson                                         | \$0                | \$0                | \$0                | \$0                |
| Judith Basin                                      | \$0                | \$0                | \$0                | \$0                |
| Lake                                              | \$0                | \$0                | \$0                | \$0                |
| Lewis & Clark                                     | \$0                | \$0                | \$0                | \$0                |
| Liberty                                           | \$31,302           | \$34,325           | \$26,417           | \$25,790           |
| Lincoln                                           | \$0                | \$0                | \$0                | \$0                |
| Madison                                           | \$0                | \$0                | \$0                | \$0                |
| McCone                                            | \$7,587            | \$558              | \$905              | \$777              |
| Meagher                                           | \$0                | \$0                | \$0                | \$0                |
| Mineral                                           | \$0                | \$0                | \$0                | \$0                |
| Missoula                                          | \$0                | \$0                | \$0                | \$0                |
| Musselshell                                       | \$17,477           | \$24,278           | \$65,991           | \$24,324           |
| Park                                              | \$0                | \$0                | \$0                | \$0                |
| Petroleum                                         | \$2,755            | \$3,752            | \$3,227            | \$3,349            |
| Phillips                                          | \$83,097           | \$62,785           | \$48,615           | \$73,706           |
| Pondera                                           | \$17,976           | \$19,596           | \$20,982           | \$19,099           |
| Powder River                                      | \$53,951           | \$52,039           | \$44,064           | \$62,568           |
| Powell                                            | \$0                | \$0                | \$0                | \$0                |
| Prairie                                           | \$8,535            | \$8,050            | \$7,845            | \$10,231           |
| Ravalli                                           | \$0                | \$0                | \$0                | \$0                |
| Richland                                          | \$1,781,894        | \$1,709,083        | \$1,943,287        | \$2,321,944        |
| Roosevelt                                         | \$182,789          | \$354,561          | \$562,388          | \$615,070          |
| Rosebud                                           | \$33,351           | \$37,016           | \$44,390           | \$38,943           |
| Sanders                                           | \$0                | \$0                | \$0                | \$0                |
| Sheridan                                          | \$186,846          | \$182,112          | \$224,412          | \$184,978          |
| Silver Bow                                        | \$0                | \$0                | \$0                | \$0                |
| Stillwater                                        | \$7,467            | \$4,399            | \$9,186            | \$8,639            |
| Sweet Grass                                       | \$180              | \$173              | \$156              | \$155              |
| Teton                                             | \$7,856            | \$8,415            | \$8,206            | \$8,685            |
| Toole                                             | \$68,864           | \$69,206           | \$61,930           | \$80,312           |
| Treasure                                          | \$0                | \$0                | \$0                | \$0                |
| Valley                                            | \$23,775           | \$26,167           | \$25,726           | \$26,593           |
| Wheatland                                         | \$0                | \$0                | \$0                | \$0                |
| Wibaux                                            | \$107,581          | \$86,823           | \$90,304           | \$92,732           |
| Yellowstone                                       | \$2,157            | \$1,133            | \$1,543            | \$2,368            |
| <b>Total</b>                                      | <b>\$3,777,115</b> | <b>\$3,779,359</b> | <b>\$4,217,512</b> | <b>\$4,691,738</b> |

## Coal Gross Proceeds and Bentonite

### Coal Gross Proceeds

All of the revenue from coal gross proceeds is distributed to local governments. It is allocated to the taxing jurisdictions in which production occurred based on the number of mills levied in FY 1990 (15-23-703, MCA). Therefore, coal gross proceeds is currently distributed to five counties.

| Coal Gross Proceeds Distribution |                    |                     |                     |                     |
|----------------------------------|--------------------|---------------------|---------------------|---------------------|
| County                           | FY 2011            | FY 2012             | FY 2013             | FY 2014             |
| Big Horn                         | \$5,152,488        | \$5,595,612         | \$5,929,563         | \$5,615,368         |
| Musselshell                      | \$252,545          | \$1,927,513         | \$824,540           | \$1,189,676         |
| Richland                         | \$173,086          | \$186,990           | \$191,782           | \$175,048           |
| Rosebud                          | \$2,463,077        | \$2,954,035         | \$2,897,513         | \$2,845,322         |
| Yellowstone                      | \$98,323           | \$75,498            | \$530,104           | \$218,318           |
| <b>Total</b>                     | <b>\$8,139,519</b> | <b>\$10,739,648</b> | <b>\$10,373,501</b> | <b>\$10,043,732</b> |

### Bentonite Revenue

Tax revenue from bentonite production is distributed according to a statutory formula (15-39-110, MCA). Distribution is currently to two counties, Carbon and Carter.

| Bentonite Distribution |                    |                    |                    |                  |
|------------------------|--------------------|--------------------|--------------------|------------------|
| County                 | FY 2011            | FY 2012            | FY 2013            | FY 2014          |
| Carbon                 | \$186,778          | \$293,084          | \$173,511          | \$115,868        |
| Carter                 | \$1,337,123        | \$1,249,541        | \$916,332          | \$592,718        |
| <b>Total</b>           | <b>\$1,523,902</b> | <b>\$1,542,625</b> | <b>\$1,089,843</b> | <b>\$708,586</b> |

### Federal Mineral Royalties

Twenty-five percent of the revenue received by the state for federal mineral royalties is given to local governments. It is distributed based on mineral production in each county (17-3-240, MCA).

### Metalliferous Mines License Tax

The metalliferous mines license tax is distributed to various entities including 25 percent to the counties in which the mine is located or a county experiencing fiscal impacts from the mine, as indicated by an economic impact study (15-37-117, MCA).

Distribution for federal mineral royalties and metalliferous mines are on the following two pages.

### Fort Peck Tribes Oil and Natural Gas Production Tax Agreement

There is also an agreement between the state of Montana and the Fort Peck tribe to share the oil and natural gas tax revenue the state collects equally between the state and the tribe on new oil and new natural gas production on the reservation, over which both the state and the tribes have taxation authority. More than half of the ownership must be held by a tribal member. No revenue has yet been distributed to the tribe. New oil and natural gas production is production from wells drilled on or after March 25, 2008.

# Federal Mineral Royalties

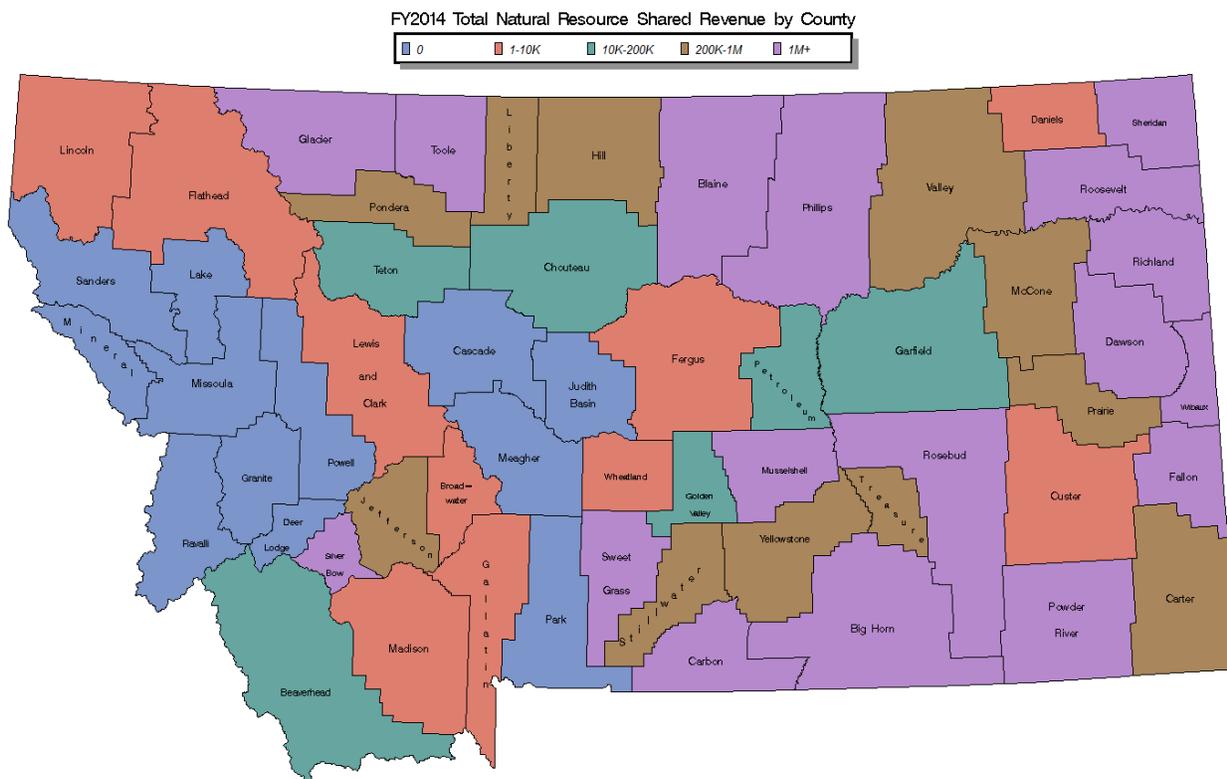
| Federal Mineral Royalties Distribution |                     |                     |                     |                     |
|----------------------------------------|---------------------|---------------------|---------------------|---------------------|
| County                                 | FY 2011             | FY 2012             | FY 2013             | FY 2014             |
| Beaverhead                             | \$20,567            | \$15,692            | \$18,378            | \$16,658            |
| Big Horn                               | \$3,774,313         | \$4,521,429         | \$4,093,023         | \$3,497,845         |
| Blaine                                 | \$141,084           | \$133,020           | \$107,306           | \$82,511            |
| Broadwater                             | \$5,984             | \$5,665             | \$591               | \$382               |
| Carbon                                 | \$276,068           | \$278,729           | \$332,071           | \$303,610           |
| Carter                                 | \$57,611            | \$47,253            | \$45,632            | \$37,556            |
| Cascade                                | \$0                 | \$0                 | \$0                 | \$0                 |
| Chouteau                               | \$12,984            | \$21,083            | \$9,573             | \$5,399             |
| Custer                                 | \$4,242             | \$950               | \$1,311             | \$1,306             |
| Daniels                                | \$3,250             | \$1,616             | \$28,472            | \$2,999             |
| Dawson                                 | \$268,253           | \$300,875           | \$304,355           | \$319,938           |
| Deer Lodge                             | \$0                 | \$0                 | \$0                 | \$0                 |
| Fallon                                 | \$1,581,681         | \$1,615,724         | \$1,739,585         | \$1,376,504         |
| Fergus                                 | \$5,441             | \$4,136             | \$4,552             | \$3,479             |
| Flathead                               | \$0                 | \$0                 | \$0                 | \$1,017             |
| Gallatin                               | \$45                | \$2,942             | \$103               | \$44                |
| Garfield                               | \$11,577            | \$21,200            | \$18,165            | \$14,552            |
| Glacier                                | \$6,020             | \$5,951             | \$6,644             | \$5,490             |
| Golden Valley                          | \$3,089             | \$3,059             | \$3,087             | \$3,425             |
| Granite                                | \$0                 | \$0                 | \$0                 | \$0                 |
| Hill                                   | \$20,516            | \$11,730            | \$8,976             | \$5,693             |
| Jefferson                              | \$0                 | \$0                 | \$0                 | \$0                 |
| Judith Basin                           | \$0                 | \$0                 | \$0                 | \$0                 |
| Lake                                   | \$0                 | \$0                 | \$0                 | \$0                 |
| Lewis & Clark                          | \$2,360             | \$2,542             | \$3,092             | \$2,824             |
| Liberty                                | \$11,718            | \$12,548            | \$18,763            | \$6,380             |
| Lincoln                                | \$0                 | \$0                 | \$0                 | \$0                 |
| Madison                                | \$3,040             | \$1,320             | \$1,314             | \$1,303             |
| McCone                                 | \$599               | \$2,531             | \$518               | \$402,890           |
| Meagher                                | \$2,534             | \$627               | \$0                 | \$0                 |
| Mineral                                | \$0                 | \$0                 | \$0                 | \$0                 |
| Missoula                               | \$0                 | \$0                 | \$0                 | \$0                 |
| Musselshell                            | \$14,416            | \$33,496            | \$0                 | \$1,269,881         |
| Park                                   | \$0                 | \$29                | \$29                | \$0                 |
| Petroleum                              | \$30,120            | \$24,405            | \$40,864            | \$12,421            |
| Phillips                               | \$503,633           | \$452,789           | \$364,351           | \$193,767           |
| Pondera                                | \$7,596             | \$7,641             | \$8,299             | \$4,184             |
| Powder River                           | \$153,571           | \$157,099           | \$251,997           | \$304,845           |
| Powell                                 | \$0                 | \$0                 | \$0                 | \$0                 |
| Prairie                                | \$77,069            | \$92,317            | \$94,662            | \$74,177            |
| Ravalli                                | \$0                 | \$0                 | \$0                 | \$0                 |
| Richland                               | \$531,829           | \$328,331           | \$625,872           | \$375,000           |
| Roosevelt                              | \$52,454            | \$11,925            | \$43,460            | \$61,579            |
| Rosebud                                | \$3,018,451         | \$1,999,439         | \$1,699,394         | \$1,749,778         |
| Sanders                                | \$0                 | \$0                 | \$0                 | \$0                 |
| Sheridan                               | \$13,798            | \$13,452            | \$25,125            | \$130,038           |
| Silver Bow                             | \$0                 | \$0                 | \$0                 | \$0                 |
| Stillwater                             | \$3,685             | \$3,363             | \$14,928            | \$19,995            |
| Sweet Grass                            | \$2,765             | \$1,351             | \$0                 | \$1,063             |
| Teton                                  | \$304               | \$269               | \$329               | \$322               |
| Toole                                  | \$81,048            | \$59,377            | \$64,795            | \$53,025            |
| Treasure                               | \$415,852           | \$365,609           | \$385,583           | \$389,184           |
| Valley                                 | \$38,705            | \$36,443            | \$27,514            | \$12,772            |
| Wheatland                              | \$144               | \$173               | \$215               | \$214               |
| Wibaux                                 | \$317,256           | \$390,071           | \$378,362           | \$305,484           |
| Yellowstone                            | \$929               | \$810               | \$577               | \$746               |
| <b>Total</b>                           | <b>\$11,476,602</b> | <b>\$10,989,011</b> | <b>\$10,771,868</b> | <b>\$11,050,277</b> |

# Metalliferous Mines

| Metalliferous Mines Distribution |                    |                    |                    |                    |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| County                           | FY 2011            | FY 2012            | FY 2013            | FY 2014            |
| Beaverhead                       | \$0                | \$0                | \$0                | \$0                |
| Big Horn                         | \$0                | \$0                | \$0                | \$0                |
| Blaine                           | \$0                | \$0                | \$0                | \$0                |
| Broadwater                       | \$0                | \$17,536           | \$15,356           | \$1,557            |
| Carbon                           | \$0                | \$0                | \$0                | \$0                |
| Carter                           | \$0                | \$0                | \$0                | \$0                |
| Cascade                          | \$0                | \$0                | \$0                | \$0                |
| Chouteau                         | \$0                | \$0                | \$0                | \$0                |
| Custer                           | \$0                | \$0                | \$0                | \$0                |
| Daniels                          | \$0                | \$0                | \$0                | \$0                |
| Dawson                           | \$0                | \$0                | \$0                | \$0                |
| Deer Lodge                       | \$0                | \$0                | \$0                | \$0                |
| Fallon                           | \$0                | \$0                | \$0                | \$0                |
| Fergus                           | \$0                | \$0                | \$0                | \$0                |
| Flathead                         | \$0                | \$0                | \$0                | \$0                |
| Gallatin                         | \$0                | \$0                | \$0                | \$0                |
| Garfield                         | \$0                | \$0                | \$0                | \$0                |
| Glacier                          | \$0                | \$0                | \$0                | \$0                |
| Golden Valley                    | \$0                | \$0                | \$0                | \$0                |
| Granite                          | \$1,307            | \$3,286            | \$1,978            | \$0                |
| Hill                             | \$0                | \$0                | \$0                | \$0                |
| Jefferson                        | \$82,773           | \$476,898          | \$704,836          | \$465,824          |
| Judith Basin                     | \$0                | \$0                | \$0                | \$0                |
| Lake                             | \$0                | \$0                | \$0                | \$0                |
| Lewis & Clark                    | \$35,301           | \$125,572          | \$107,087          | \$899              |
| Liberty                          | \$0                | \$0                | \$0                | \$0                |
| Lincoln                          | \$237,831          | \$306,483          | \$114,475          | \$527              |
| Madison                          | \$2,064            | \$13,510           | \$8,159            | \$8,542            |
| McCone                           | \$0                | \$0                | \$0                | \$0                |
| Meagher                          | \$0                | \$0                | \$823              | \$0                |
| Mineral                          | \$0                | \$0                | \$0                | \$0                |
| Missoula                         | \$0                | \$0                | \$0                | \$0                |
| Musselshell                      | \$0                | \$0                | \$0                | \$0                |
| Park                             | \$0                | \$0                | \$0                | \$0                |
| Petroleum                        | \$0                | \$0                | \$0                | \$0                |
| Phillips                         | \$0                | \$0                | \$0                | \$0                |
| Pondera                          | \$0                | \$0                | \$0                | \$0                |
| Powder River                     | \$0                | \$0                | \$0                | \$0                |
| Powell                           | \$0                | \$0                | \$722              | \$0                |
| Prairie                          | \$0                | \$0                | \$0                | \$0                |
| Ravalli                          | \$0                | \$598              | \$0                | \$0                |
| Richland                         | \$0                | \$0                | \$0                | \$0                |
| Roosevelt                        | \$0                | \$0                | \$0                | \$0                |
| Rosebud                          | \$0                | \$0                | \$0                | \$0                |
| Sanders                          | \$0                | \$0                | \$0                | \$0                |
| Sheridan                         | \$0                | \$0                | \$0                | \$0                |
| Silver Bow                       | \$1,848,191        | \$1,586,011        | \$1,429,401        | \$1,323,627        |
| Stillwater                       | \$948,955          | \$974,100          | \$826,306          | \$825,097          |
| Sweet Grass                      | \$739,424          | \$894,168          | \$877,994          | \$1,060,444        |
| Teton                            | \$0                | \$0                | \$0                | \$0                |
| Toole                            | \$0                | \$0                | \$0                | \$0                |
| Treasure                         | \$0                | \$0                | \$0                | \$0                |
| Valley                           | \$0                | \$0                | \$0                | \$0                |
| Wheatland                        | \$0                | \$0                | \$0                | \$0                |
| Wibaux                           | \$0                | \$0                | \$0                | \$0                |
| Yellowstone                      | \$0                | \$0                | \$0                | \$0                |
| <b>Total</b>                     | <b>\$3,895,846</b> | <b>\$4,398,162</b> | <b>\$4,087,136</b> | <b>\$3,686,516</b> |

# Natural Resource Revenue

The following map shows total natural resource revenue shared with local governments for FY 2014.



## Entitlement Share Payments

### Entitlement Share Payment

The Entitlement Share Payment is an annual payment from the state to local governments to provide funding for loss of revenue due to specific legislative action. It was enacted in the 2001 Legislature with HB 124. As described in law:

*15-1-121(1), MCA – “each local government is entitled to an annual amount that is the replacement for revenue received by local governments for diminishment of property tax base and various earmarked fees and other revenue that [...] were consolidated to provide aggregation of certain reimbursements, fees, tax collections, and other revenue in the state treasury with each local government’s share.”*

Prior to FY 2002, revenue from motor vehicle fees, gaming, taxes on alcohol, financial institutions tax, and a variety of other revenue sources were collected by and/or shared with local governments. After FY 2002, this revenue was distributed to the state. During this time the state also assumed the full costs of public assistance and district courts. Prior to this, local governments shared in this cost. The sum of the gain and loss to each specific local government was the basis of their Entitlement Share Payment.

A growth rate is applied to the Entitlement Share Payments every year. There is a different growth rate applied based on if the local government is a county, city or town, or consolidated local government. Tax increment financing districts (TIFs) also receive an Entitlement Share Payment, but a growth rate is not applied.

The formula that determines the growth rate is set in statute 15-1-121(4), MCA and is based on three years of revenue from vehicle, boat, and aircraft fees, gaming revenue, beer, wine, and liquor revenue, individual income tax, and corporate income tax. The maximum growth rate is 1.03 for counties, 1.0325 for consolidated local governments, and 1.035 for cities and towns.

The growth rates are not applied to each local government’s individual Entitlement Share Payment. Instead, the county growth rate is applied to the sum of all of the counties’ Entitlement Share Payments; the city/town growth rate is applied to the sum of all of the cities’/towns’ Entitlement Share Payments; the consolidated local governments’ growth rate is applied to the sum of all of the consolidated local government Entitlement Share Payments. Fifty percent of the total growth is then distributed to each individual local government based on population and the other fifty percent is distributed based on the previous year’s Entitlement Share Payment.

Historically, legislative changes have also changed the amount distributed to Entitlement Share Payments. The two most recent changes were both due to lowering the tax rate on business equipment (SB 372 in 2011 and SB 96 in 2013). Both of these bills reimbursed local governments for the loss in taxable value by requiring the Department of Revenue to add the estimated loss in revenue to the Entitlement Share Payments.

In the current year, FY 2015, total Entitlement Share Payments are \$126,587,340. The following tables show the current distribution (FY 2015) and the previous three years of payments to each local government.

# County Entitlement Share Payment

| County Entitlement Share Payment |                     |                     |                     |                     |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| County                           | FY 2012             | FY 2013             | FY 2014             | FY 2015             |
| Beaverhead                       | \$389,800           | \$443,093           | \$456,385           | \$562,125           |
| Big Horn                         | \$60,833            | \$106,321           | \$109,511           | \$208,941           |
| Blaine                           | \$234,449           | \$301,585           | \$310,633           | \$454,640           |
| Broadwater                       | \$393,458           | \$434,840           | \$447,886           | \$534,116           |
| Carbon                           | \$521,056           | \$569,910           | \$587,008           | \$682,496           |
| Carter                           | \$159,541           | \$188,324           | \$193,973           | \$256,067           |
| Cascade                          | \$650,593           | \$883,266           | \$909,764           | \$1,358,375         |
| Chouteau                         | \$658,053           | \$793,794           | \$817,608           | \$1,059,952         |
| Custer                           | \$370,167           | \$466,917           | \$480,924           | \$659,694           |
| Daniels                          | \$278,444           | \$374,967           | \$386,216           | \$518,227           |
| Dawson                           | \$1,052,303         | \$1,163,524         | \$1,198,430         | \$1,421,565         |
| Fallon                           | \$303,441           | \$411,782           | \$424,136           | \$540,714           |
| Fergus                           | \$314,552           | \$428,057           | \$440,898           | \$629,664           |
| Flathead                         | \$3,544,976         | \$3,842,249         | \$3,957,517         | \$4,619,442         |
| Gallatin                         | \$2,295,828         | \$2,558,877         | \$2,635,643         | \$3,113,516         |
| Garfield                         | \$182,667           | \$241,286           | \$248,525           | \$327,310           |
| Glacier                          | \$523,269           | \$595,988           | \$613,868           | \$768,928           |
| Golden Valley                    | \$52,533            | \$59,736            | \$61,528            | \$80,357            |
| Granite                          | \$299,315           | \$336,009           | \$346,090           | \$411,488           |
| Hill                             | \$543,661           | \$673,082           | \$693,275           | \$944,578           |
| Jefferson                        | \$748,336           | \$805,514           | \$829,679           | \$949,217           |
| Judith Basin                     | \$300,779           | \$326,673           | \$336,473           | \$392,648           |
| Lake                             | \$883,136           | \$977,746           | \$1,007,078         | \$1,139,119         |
| Lewis and Clark                  | \$1,610,314         | \$1,786,737         | \$1,840,340         | \$2,229,412         |
| Liberty                          | \$307,266           | \$403,838           | \$415,953           | \$560,083           |
| Lincoln                          | \$770,361           | \$823,372           | \$848,073           | \$1,002,407         |
| Madison                          | \$647,583           | \$702,302           | \$723,371           | \$849,483           |
| McCone                           | \$268,195           | \$349,799           | \$360,293           | \$501,016           |
| Meagher                          | \$128,239           | \$149,259           | \$153,737           | \$197,718           |
| Mineral                          | \$312,016           | \$330,164           | \$340,069           | \$390,019           |
| Missoula                         | \$3,803,290         | \$4,172,296         | \$4,297,465         | \$5,022,870         |
| Musselshell                      | \$168,768           | \$203,621           | \$209,730           | \$296,331           |
| Park                             | \$606,895           | \$649,133           | \$668,607           | \$763,715           |
| Petroleum                        | \$51,595            | \$66,472            | \$68,467            | \$92,787            |
| Phillips                         | \$253,978           | \$283,720           | \$292,231           | \$364,288           |
| Pondera                          | \$410,818           | \$511,195           | \$526,531           | \$703,662           |
| Powder River                     | \$341,371           | \$397,929           | \$409,866           | \$480,477           |
| Powell                           | \$190,363           | \$222,196           | \$228,861           | \$288,362           |
| Prairie                          | \$152,718           | \$187,218           | \$192,834           | \$256,932           |
| Ravalli                          | \$1,298,321         | \$1,384,894         | \$1,426,441         | \$1,608,276         |
| Richland                         | \$427,763           | \$548,516           | \$564,971           | \$846,743           |
| Roosevelt                        | \$361,894           | \$501,456           | \$516,500           | \$820,878           |
| Rosebud                          | \$2,492,980         | \$2,504,560         | \$2,579,697         | \$2,663,223         |
| Sanders                          | \$1,000,160         | \$1,027,402         | \$1,058,224         | \$1,132,177         |
| Sheridan                         | \$464,960           | \$619,490           | \$638,074           | \$856,267           |
| Stillwater                       | \$815,279           | \$852,942           | \$878,530           | \$995,116           |
| Sweet Grass                      | \$290,698           | \$321,109           | \$330,742           | \$396,201           |
| Teton                            | \$435,195           | \$506,947           | \$522,155           | \$660,019           |
| Toole                            | \$526,043           | \$607,994           | \$626,234           | \$780,713           |
| Treasure                         | \$102,094           | \$115,120           | \$118,573           | \$147,486           |
| Valley                           | \$193,484           | \$272,047           | \$280,209           | \$411,945           |
| Wheatland                        | \$142,955           | \$163,001           | \$167,892           | \$199,371           |
| Wibaux                           | \$271,415           | \$291,472           | \$300,216           | \$343,676           |
| Yellowstone                      | \$2,526,307         | \$3,002,324         | \$3,092,394         | \$4,080,584         |
| <b>Total</b>                     | <b>\$36,134,507</b> | <b>\$40,942,066</b> | <b>\$42,170,328</b> | <b>\$51,575,417</b> |

# City/Town Entitlement Share Payment

| City/Town Entitlement Share Payment |                  |             |             |             |             |
|-------------------------------------|------------------|-------------|-------------|-------------|-------------|
| County                              | City/Town        | FY 2012     | FY 2013     | FY 2014     | FY 2015     |
| Beaverhead                          | Dillon           | \$494,528   | \$503,566   | \$521,190   | \$552,981   |
| Beaverhead                          | Lima             | \$21,420    | \$21,527    | \$22,280    | \$23,364    |
| Big Horn                            | Hardin           | \$662,384   | \$667,523   | \$690,887   | \$721,474   |
| Big Horn                            | Lodge Grass      | \$22,574    | \$22,583    | \$23,374    | \$24,826    |
| Blaine                              | Chinook          | \$206,134   | \$209,548   | \$216,882   | \$228,697   |
| Blaine                              | Harlem           | \$127,132   | \$129,030   | \$133,546   | \$142,618   |
| Broadwater                          | Townsend         | \$243,947   | \$245,161   | \$253,742   | \$264,486   |
| Carbon                              | Bearcreek        | \$4,663     | \$4,666     | \$4,830     | \$5,090     |
| Carbon                              | Bridger          | \$157,050   | \$158,702   | \$164,257   | \$170,414   |
| Carbon                              | Fromberg         | \$30,456    | \$30,467    | \$31,534    | \$33,118    |
| Carbon                              | Joliet           | \$40,899    | \$41,167    | \$42,608    | \$45,215    |
| Carbon                              | Red Lodge        | \$335,367   | \$338,714   | \$350,569   | \$366,479   |
| Carter                              | Ekalaka          | \$54,947    | \$55,684    | \$57,633    | \$61,839    |
| Cascade                             | Belt             | \$95,816    | \$96,812    | \$100,200   | \$105,022   |
| Cascade                             | Cascade          | \$73,862    | \$73,978    | \$76,567    | \$79,740    |
| Cascade                             | Great Falls      | \$6,813,382 | \$7,006,636 | \$7,251,868 | \$7,819,768 |
| Cascade                             | Neihart          | \$4,853     | \$4,865     | \$5,036     | \$5,244     |
| Chouteau                            | Big Sandy        | \$59,922    | \$60,428    | \$62,543    | \$66,698    |
| Chouteau                            | Fort Benton      | \$167,884   | \$170,310   | \$176,271   | \$187,821   |
| Chouteau                            | Geraldine        | \$17,090    | \$17,211    | \$17,813    | \$19,144    |
| Custer                              | Ismay            | \$1,076     | \$1,116     | \$1,155     | \$1,356     |
| Custer                              | Miles City       | \$1,072,511 | \$1,092,675 | \$1,130,918 | \$1,206,652 |
| Daniels                             | Flaxville        | \$6,232     | \$6,247     | \$6,466     | \$6,843     |
| Daniels                             | Scobey           | \$109,529   | \$112,913   | \$116,865   | \$128,011   |
| Dawson                              | Glendive         | \$597,381   | \$609,990   | \$631,339   | \$685,646   |
| Dawson                              | Richey           | \$10,840    | \$11,058    | \$11,445    | \$13,276    |
| Fallon                              | Baker            | \$202,859   | \$213,532   | \$221,006   | \$241,115   |
| Fallon                              | Plevna           | \$12,632    | \$12,758    | \$13,205    | \$14,091    |
| Fergus                              | Denton           | \$27,250    | \$27,779    | \$28,751    | \$30,860    |
| Fergus                              | Grass Range      | \$9,421     | \$9,470     | \$9,801     | \$10,304    |
| Fergus                              | Lewistown        | \$791,597   | \$806,016   | \$834,226   | \$883,541   |
| Fergus                              | Moore            | \$13,038    | \$14,807    | \$15,325    | \$18,415    |
| Fergus                              | Winifred         | \$11,857    | \$12,041    | \$12,462    | \$13,523    |
| Flathead                            | Columbia Falls   | \$598,661   | \$606,419   | \$627,644   | \$666,137   |
| Flathead                            | Kalispell        | \$2,542,580 | \$2,616,519 | \$2,708,097 | \$2,919,000 |
| Flathead                            | Whitefish        | \$702,833   | \$716,384   | \$741,457   | \$785,300   |
| Gallatin                            | Belgrade         | \$638,253   | \$652,831   | \$675,680   | \$725,182   |
| Gallatin                            | Bozeman          | \$3,492,979 | \$3,634,949 | \$3,762,172 | \$4,089,350 |
| Gallatin                            | Manhattan        | \$136,489   | \$138,517   | \$143,365   | \$154,336   |
| Gallatin                            | Three Forks      | \$148,263   | \$149,792   | \$155,035   | \$164,286   |
| Gallatin                            | West Yellowstone | \$242,036   | \$248,785   | \$257,492   | \$272,706   |
| Garfield                            | Jordan           | \$35,722    | \$36,338    | \$37,610    | \$40,843    |
| Glacier                             | Browning         | \$55,771    | \$56,842    | \$58,831    | \$63,272    |
| Glacier                             | Cut Bank         | \$535,114   | \$541,584   | \$560,539   | \$591,125   |
| Golden Valley                       | Lavina           | \$8,256     | \$8,275     | \$8,565     | \$9,157     |
| Golden Valley                       | Ryegate          | \$20,796    | \$20,904    | \$21,635    | \$22,696    |
| Granite                             | Drummond         | \$34,887    | \$35,274    | \$36,508    | \$38,717    |
| Granite                             | Philipsburg      | \$104,677   | \$105,399   | \$109,088   | \$114,587   |
| Hill                                | Havre            | \$1,281,576 | \$1,298,451 | \$1,343,897 | \$1,416,533 |
| Hill                                | Hingham          | \$8,344     | \$8,778     | \$9,085     | \$10,193    |
| Jefferson                           | Boulder          | \$142,978   | \$144,791   | \$149,858   | \$157,286   |
| Jefferson                           | Whitehall        | \$156,275   | \$157,684   | \$163,203   | \$170,713   |
| Judith Basin                        | Hobson           | \$24,789    | \$24,927    | \$25,799    | \$27,008    |
| Judith Basin                        | Stanford         | \$48,941    | \$49,463    | \$51,194    | \$54,034    |
| Lake                                | Polson           | \$562,124   | \$568,988   | \$588,903   | \$619,669   |
| Lake                                | Ronan            | \$287,947   | \$292,526   | \$302,764   | \$317,552   |
| Lake                                | St. Ignatius     | \$46,240    | \$46,803    | \$48,442    | \$52,107    |
| Lewis and Clark                     | East Helena      | \$502,524   | \$512,836   | \$530,785   | \$567,253   |
| Lewis and Clark                     | Helena           | \$3,474,415 | \$3,571,614 | \$3,696,621 | \$3,973,134 |
| Liberty                             | Chester          | \$98,865    | \$99,196    | \$102,668   | \$107,188   |
| Lincoln                             | Eureka           | \$107,231   | \$108,822   | \$112,631   | \$119,967   |
| Lincoln                             | Libby            | \$480,403   | \$484,835   | \$501,804   | \$523,810   |
| Lincoln                             | Rexford          | \$15,723    | \$15,723    | \$16,273    | \$16,873    |
| Lincoln                             | Troy             | \$143,663   | \$144,427   | \$149,482   | \$155,603   |

# City/Town Entitlement Share Payment

| City/Town Entitlement Share Payment (Continued) |                       |                     |                     |                     |                     |
|-------------------------------------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| County                                          | City/Town             | FY 2012             | FY 2013             | FY 2014             | FY 2015             |
| Madison                                         | Ennis                 | \$119,301           | \$120,722           | \$124,948           | \$132,251           |
| Madison                                         | Sheridan              | \$50,434            | \$50,971            | \$52,755            | \$56,230            |
| Madison                                         | Twin Bridges          | \$34,817            | \$35,048            | \$36,274            | \$38,398            |
| Madison                                         | Virginia City         | \$23,428            | \$23,472            | \$24,293            | \$25,143            |
| McCone                                          | Circle                | \$69,642            | \$71,699            | \$74,209            | \$83,503            |
| Meagher                                         | White Sulphur Springs | \$123,478           | \$124,682           | \$129,046           | \$135,864           |
| Mineral                                         | Alberton              | \$56,257            | \$56,477            | \$58,454            | \$60,721            |
| Mineral                                         | Superior              | \$151,806           | \$153,057           | \$158,414           | \$166,024           |
| Missoula                                        | Missoula              | \$6,740,000         | \$7,027,365         | \$7,273,323         | \$7,975,811         |
| Musselshell                                     | Melstone              | \$8,703             | \$10,564            | \$10,934            | \$12,129            |
| Musselshell                                     | Roundup               | \$237,722           | \$239,389           | \$247,767           | \$258,883           |
| Park                                            | Clyde Park            | \$36,255            | \$36,320            | \$37,591            | \$39,086            |
| Park                                            | Livingston            | \$989,409           | \$1,007,199         | \$1,042,451         | \$1,107,361         |
| Petroleum                                       | Winnett               | \$19,552            | \$19,904            | \$20,601            | \$24,888            |
| Phillips                                        | Dodson                | \$13,365            | \$13,383            | \$13,852            | \$14,558            |
| Phillips                                        | Malta                 | \$244,903           | \$247,137           | \$255,786           | \$270,145           |
| Phillips                                        | Saco                  | \$18,731            | \$18,922            | \$19,584            | \$21,205            |
| Pondera                                         | Conrad                | \$294,969           | \$300,298           | \$310,808           | \$329,980           |
| Pondera                                         | Valier                | \$37,412            | \$39,614            | \$41,001            | \$44,834            |
| Powder River                                    | Broadus               | \$65,483            | \$66,094            | \$68,407            | \$71,901            |
| Powell                                          | Deer Lodge            | \$393,413           | \$395,483           | \$409,325           | \$426,584           |
| Prairie                                         | Terry                 | \$74,911            | \$75,648            | \$78,296            | \$83,412            |
| Ravalli                                         | Darby                 | \$139,463           | \$139,916           | \$144,814           | \$149,950           |
| Ravalli                                         | Hamilton              | \$918,074           | \$933,841           | \$966,525           | \$1,016,886         |
| Ravalli                                         | Pinesdale             | \$28,603            | \$29,019            | \$30,035            | \$32,956            |
| Ravalli                                         | Stevensville          | \$162,178           | \$165,199           | \$170,981           | \$181,513           |
| Richland                                        | Fairview              | \$114,418           | \$116,070           | \$120,132           | \$126,556           |
| Richland                                        | Sidney                | \$673,472           | \$687,746           | \$711,817           | \$766,354           |
| Roosevelt                                       | Bainville             | \$42,950            | \$43,031            | \$44,537            | \$46,696            |
| Roosevelt                                       | Brockton              | \$11,477            | \$11,477            | \$11,879            | \$12,664            |
| Roosevelt                                       | Culbertson            | \$93,978            | \$94,807            | \$98,125            | \$103,373           |
| Roosevelt                                       | Froid                 | \$18,231            | \$19,307            | \$19,983            | \$22,141            |
| Roosevelt                                       | Poplar                | \$114,918           | \$116,419           | \$120,493           | \$126,708           |
| Roosevelt                                       | Wolf Point            | \$319,822           | \$323,802           | \$335,135           | \$355,772           |
| Rosebud                                         | Colstrip              | \$831,877           | \$832,353           | \$861,486           | \$882,271           |
| Rosebud                                         | Forsyth               | \$278,390           | \$282,668           | \$292,561           | \$311,007           |
| Sanders                                         | Hot Springs           | \$40,186            | \$40,704            | \$42,129            | \$44,916            |
| Sanders                                         | Plains                | \$201,441           | \$203,068           | \$210,175           | \$219,032           |
| Sanders                                         | Thompson Falls        | \$299,322           | \$301,654           | \$312,212           | \$324,324           |
| Sheridan                                        | Medicine Lake         | \$20,965            | \$21,193            | \$21,934            | \$23,370            |
| Sheridan                                        | Outlook               | \$3,992             | \$4,039             | \$4,181             | \$4,472             |
| Sheridan                                        | Plentywood            | \$234,459           | \$240,956           | \$249,389           | \$269,586           |
| Sheridan                                        | Westby                | \$19,497            | \$19,812            | \$20,505            | \$22,233            |
| Silver Bow                                      | Walkerville           | \$28,845            | \$28,923            | \$29,936            | \$31,884            |
| Stillwater                                      | Columbus              | \$377,049           | \$386,643           | \$400,176           | \$430,688           |
| Sweet Grass                                     | Big Timber            | \$180,392           | \$184,425           | \$190,880           | \$204,829           |
| Teton                                           | Choteau               | \$154,491           | \$155,349           | \$160,786           | \$169,293           |
| Teton                                           | Dutton                | \$43,134            | \$43,324            | \$44,840            | \$47,029            |
| Teton                                           | Fairfield             | \$83,202            | \$84,451            | \$87,407            | \$93,551            |
| Toole                                           | Kevin                 | \$18,435            | \$18,516            | \$19,164            | \$20,493            |
| Toole                                           | Shelby                | \$425,036           | \$434,304           | \$449,505           | \$481,521           |
| Toole                                           | Sunburst              | \$28,294            | \$28,502            | \$29,500            | \$31,690            |
| Treasure                                        | Hysham                | \$27,053            | \$27,498            | \$28,461            | \$30,832            |
| Valley                                          | Fort Peck             | \$13,199            | \$13,217            | \$13,680            | \$14,495            |
| Valley                                          | Glasgow               | \$446,602           | \$457,533           | \$473,547           | \$511,088           |
| Valley                                          | Nashua                | \$29,807            | \$29,933            | \$30,981            | \$32,955            |
| Valley                                          | Opheim                | \$9,637             | \$10,316            | \$10,677            | \$11,531            |
| Wheatland                                       | Harlowton             | \$135,994           | \$138,021           | \$142,851           | \$150,276           |
| Wheatland                                       | Judith Gap            | \$11,963            | \$12,029            | \$12,450            | \$13,259            |
| Wibaux                                          | Wibaux                | \$87,289            | \$87,707            | \$90,777            | \$95,488            |
| Yellowstone                                     | Billings              | \$11,511,266        | \$11,861,688        | \$12,276,847        | \$13,236,893        |
| Yellowstone                                     | Broadview             | \$24,504            | \$24,586            | \$25,447            | \$26,616            |
| Yellowstone                                     | Laurel                | \$784,547           | \$802,623           | \$830,715           | \$883,478           |
| <b>Total</b>                                    |                       | <b>\$57,972,332</b> | <b>\$59,477,777</b> | <b>\$61,559,499</b> | <b>\$66,062,865</b> |

## Consolidated Government and TIF Entitlement Share Payment

| Consolidated Government Entitlement Share Payment |                    |                    |                    |                    |
|---------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Consolidated Government                           | FY 2012            | FY 2013            | FY 2014            | FY 2015            |
| Deer Lodge                                        | \$1,223,912        | \$1,266,242        | \$1,307,395        | \$1,433,924        |
| Silver Bow                                        | \$3,878,476        | \$4,047,812        | \$4,179,365        | \$4,614,939        |
| <b>Total</b>                                      | <b>\$5,102,388</b> | <b>\$5,314,054</b> | <b>\$5,486,760</b> | <b>\$6,048,863</b> |

| Tax Increment Financing Entitlement Share Payment |                                   |                  |                    |                    |                    |
|---------------------------------------------------|-----------------------------------|------------------|--------------------|--------------------|--------------------|
| County                                            | TIF                               | FY 2012          | FY 2013            | FY 2014            | FY 2015            |
| Big Horn                                          | Hardin Industrial Infrastructure  | \$0              | \$777              | \$777              | \$777              |
| Cascade                                           | International Malting Plant       | \$0              | \$0                | \$0                | \$3,517            |
| Cascade                                           | Great Falls Urban Renewal         | \$0              | \$0                | \$0                | \$2,245            |
| Cascade                                           | Great Falls International Airport | \$0              | \$0                | \$0                | \$23               |
| Cascade                                           | Manchester Exit Industrial        | \$0              | \$0                | \$0                | \$1,856            |
| Cascade                                           | Montana Milling Industrial        | \$0              | \$0                | \$0                | \$2,648            |
| Cascade                                           | West Bank Urban Renewal           | \$0              | \$0                | \$0                | \$4,684            |
| Cascade                                           | International Milling             | \$0              | \$30,418           | \$30,418           | \$0                |
| Chouteau                                          | 1 TIFD                            | \$0              | \$1,744            | \$1,744            | \$6,075            |
| Deer Lodge                                        | TIF District 1                    | \$2,833          | \$0                | \$0                | \$0                |
| Deer Lodge                                        | TIF District 2                    | \$2,813          | \$0                | \$0                | \$0                |
| Gallatin                                          | Bozeman Downtown                  | \$31,158         | \$45,437           | \$45,437           | \$56,050           |
| Gallatin                                          | North-East Urban Renewal          | \$0              | \$201              | \$201              | \$1,353            |
| Gallatin                                          | North 7th Urban Renewal           | \$0              | \$19,067           | \$19,067           | \$37,926           |
| Jefferson                                         | 16RT                              | \$0              | \$8,914            | \$8,914            | \$36,612           |
| Flathead                                          | Old School Technology             | \$0              | \$724              | \$724              | \$3,057            |
| Flathead                                          | Kalispell B                       | \$4,638          | \$14,831           | \$14,831           | \$42,671           |
| Flathead                                          | Kalispell C                       | \$37,231         | \$95,142           | \$95,142           | \$243,128          |
| Flathead                                          | Whitefish                         | \$148,194        | \$171,325          | \$171,325          | \$248,865          |
| Lake                                              | Polson                            | \$0              | \$13,081           | \$13,081           | \$13,081           |
| Lincoln                                           | Lincoln Industrial (4)            | \$0              | \$5,503            | \$5,503            | \$22,733           |
| Lincoln                                           | Riverside                         | \$0              | \$5,656            | \$5,656            | \$8,147            |
| Missoula                                          | Airport Industrial (20-3A)        | \$0              | \$73,016           | \$73,016           | \$150,568          |
| Missoula                                          | Urban Renewal District III (1-1D) | \$0              | \$121,116          | \$121,116          | \$277,850          |
| Missoula                                          | Technology District (20-3E)       | \$0              | \$9,329            | \$9,329            | \$15,365           |
| Missoula                                          | Urban Renewal District II (1-1C)  | \$250,279        | \$283,040          | \$283,040          | \$400,286          |
| Missoula                                          | Urban Renewal District II (4-1C)  | \$30,009         | \$34,248           | \$34,248           | \$42,305           |
| Missoula                                          | Front Street URD (1-1F)           | \$0              | \$22,983           | \$22,983           | \$53,975           |
| Missoula                                          | River Front URD (1-1R)            | \$0              | \$4,494            | \$4,494            | \$9,316            |
| Missoula                                          | Bonner Mill Industrial District   | \$0              | \$0                | \$0                | \$13,986           |
| Park                                              | West End Industrial               | \$0              | \$13,189           | \$13,189           | \$13,189           |
| Park                                              | Livingston Urban Renewal          | \$0              | \$13,942           | \$13,942           | \$40,967           |
| Ravalli                                           | North Stevensville Industrial     | \$0              | \$12,030           | \$12,030           | \$21,710           |
| Silver Bow                                        | Ramsey TIFD                       | \$0              | \$30,457           | \$30,457           | \$140,482          |
| Silver Bow                                        | Uptown TIFD                       | \$255,421        | \$265,056          | \$265,056          | \$289,038          |
| Silver Bow                                        | Eastside TIFD                     | \$0              | \$1,153            | \$1,153            | \$8,840            |
| Yellowstone                                       | North 27th Street                 | \$0              | \$17,934           | \$17,934           | \$76,855           |
| Yellowstone                                       | East Billings                     | \$0              | \$51,081           | \$51,081           | \$146,654          |
| Yellowstone                                       | South Billings Blvd               | \$0              | \$105,178          | \$105,178          | \$256,218          |
| Yellowstone                                       | Laurel                            | \$0              | \$18,597           | \$18,597           | \$72,175           |
| Yellowstone                                       | Expanded North 27th Street        | \$0              | \$48,190           | \$48,190           | \$134,966          |
| <b>Total</b>                                      |                                   | <b>\$762,576</b> | <b>\$1,537,855</b> | <b>\$1,537,855</b> | <b>\$2,900,195</b> |

Because the past four years had significant changes to the Entitlement Share Payments, the following pages show the calculations for the annual reimbursements.

## FY 2015 Entitlement Share Payment

The growth rate for FY 2015 was 3 percent for counties, 3.5 percent for cities, and 3.25 percent for consolidated governments. SB 96 added a total of \$8.1 million to county payments, \$2.3 million to cities and towns, \$0.4 million to consolidated local governments, and \$1.4 million to TIFs.

| Calculation of FY 2015 Annual Payment Amount for Counties |                                                             |   |                                                   |   |                                                                |   |                                                             |                                                     |
|-----------------------------------------------------------|-------------------------------------------------------------|---|---------------------------------------------------|---|----------------------------------------------------------------|---|-------------------------------------------------------------|-----------------------------------------------------|
|                                                           | <u>FY2014</u><br><u>Entitlement</u><br><u>Share Payment</u> |   | <u>FY2015</u><br><u>Share</u><br><u>of Growth</u> |   | <u>Class 8</u><br><u>Reimbursement</u><br><u>(SB 96, 2013)</u> |   | <u>FY2015</u><br><u>Entitlement</u><br><u>Share Payment</u> | <u>FY2015</u><br><u>Quarterly</u><br><u>Payment</u> |
| Beaverhead                                                | \$456,385                                                   | + | \$12,929                                          | + | \$92,811                                                       | = | \$562,125                                                   | /4= \$140,531                                       |
| Big Horn                                                  | \$109,511                                                   | + | \$10,136                                          | + | \$89,294                                                       | = | \$208,941                                                   | /4= \$52,235                                        |
| Blaine                                                    | \$310,633                                                   | + | \$8,960                                           | + | \$135,047                                                      | = | \$454,640                                                   | /4= \$113,660                                       |
| Broadwater                                                | \$447,886                                                   | + | \$10,425                                          | + | \$75,805                                                       | = | \$534,116                                                   | /4= \$133,529                                       |
| Carbon                                                    | \$587,008                                                   | + | \$15,539                                          | + | \$79,950                                                       | = | \$682,496                                                   | /4= \$170,624                                       |
| Carter                                                    | \$193,973                                                   | + | \$3,674                                           | + | \$58,419                                                       | = | \$256,067                                                   | /4= \$64,017                                        |
| Cascade                                                   | \$909,764                                                   | + | \$67,298                                          | + | \$381,312                                                      | = | \$1,358,375                                                 | /4= \$339,594                                       |
| Chouteau                                                  | \$817,608                                                   | + | \$16,073                                          | + | \$226,271                                                      | = | \$1,059,952                                                 | /4= \$264,988                                       |
| Custer                                                    | \$480,924                                                   | + | \$14,997                                          | + | \$163,773                                                      | = | \$659,694                                                   | /4= \$164,924                                       |
| Daniels                                                   | \$386,216                                                   | + | \$6,960                                           | + | \$125,051                                                      | = | \$518,227                                                   | /4= \$129,557                                       |
| Dawson                                                    | \$1,198,430                                                 | + | \$24,127                                          | + | \$199,008                                                      | = | \$1,421,565                                                 | /4= \$355,391                                       |
| Fallon                                                    | \$424,136                                                   | + | \$8,367                                           | + | \$108,211                                                      | = | \$540,714                                                   | /4= \$135,179                                       |
| Fergus                                                    | \$440,898                                                   | + | \$14,103                                          | + | \$174,662                                                      | = | \$629,664                                                   | /4= \$157,416                                       |
| Flathead                                                  | \$3,957,517                                                 | + | \$119,972                                         | + | \$541,953                                                      | = | \$4,619,442                                                 | /4= \$1,154,860                                     |
| Gallatin                                                  | \$2,635,643                                                 | + | \$101,220                                         | + | \$376,653                                                      | = | \$3,113,516                                                 | /4= \$778,379                                       |
| Garfield                                                  | \$248,525                                                   | + | \$4,568                                           | + | \$74,217                                                       | = | \$327,310                                                   | /4= \$81,827                                        |
| Glacier                                                   | \$613,868                                                   | + | \$18,155                                          | + | \$136,905                                                      | = | \$768,928                                                   | /4= \$192,232                                       |
| Golden Valley                                             | \$61,528                                                    | + | \$1,482                                           | + | \$17,346                                                       | = | \$80,357                                                    | /4= \$20,089                                        |
| Granite                                                   | \$346,090                                                   | + | \$7,235                                           | + | \$58,164                                                       | = | \$411,488                                                   | /4= \$102,872                                       |
| Hill                                                      | \$693,275                                                   | + | \$21,189                                          | + | \$230,115                                                      | = | \$944,578                                                   | /4= \$236,145                                       |
| Jefferson                                                 | \$829,679                                                   | + | \$19,942                                          | + | \$99,595                                                       | = | \$949,217                                                   | /4= \$237,304                                       |
| Judith Basin                                              | \$336,473                                                   | + | \$6,360                                           | + | \$49,815                                                       | = | \$392,648                                                   | /4= \$98,162                                        |
| Lake                                                      | \$1,007,078                                                 | + | \$34,003                                          | + | \$98,038                                                       | = | \$1,139,119                                                 | /4= \$284,780                                       |
| Lewis and Clark                                           | \$1,840,340                                                 | + | \$70,156                                          | + | \$318,917                                                      | = | \$2,229,412                                                 | /4= \$557,353                                       |
| Liberty                                                   | \$415,953                                                   | + | \$7,782                                           | + | \$136,348                                                      | = | \$560,083                                                   | /4= \$140,021                                       |
| Lincoln                                                   | \$848,073                                                   | + | \$25,394                                          | + | \$128,940                                                      | = | \$1,002,407                                                 | /4= \$250,602                                       |
| Madison                                                   | \$723,371                                                   | + | \$15,873                                          | + | \$110,239                                                      | = | \$849,483                                                   | /4= \$212,371                                       |
| McCone                                                    | \$360,293                                                   | + | \$6,517                                           | + | \$134,206                                                      | = | \$501,016                                                   | /4= \$125,254                                       |
| Meagher                                                   | \$153,737                                                   | + | \$3,568                                           | + | \$40,413                                                       | = | \$197,718                                                   | /4= \$49,429                                        |
| Mineral                                                   | \$340,069                                                   | + | \$7,885                                           | + | \$42,065                                                       | = | \$390,019                                                   | /4= \$97,505                                        |
| Missoula                                                  | \$4,297,465                                                 | + | \$137,275                                         | + | \$588,131                                                      | = | \$5,022,870                                                 | /4= \$1,255,718                                     |
| Musselshell                                               | \$209,730                                                   | + | \$6,161                                           | + | \$80,441                                                       | = | \$296,331                                                   | /4= \$74,083                                        |
| Park                                                      | \$668,607                                                   | + | \$20,242                                          | + | \$74,867                                                       | = | \$763,715                                                   | /4= \$190,929                                       |
| Petroleum                                                 | \$68,467                                                    | + | \$1,357                                           | + | \$22,964                                                       | = | \$92,787                                                    | /4= \$23,197                                        |
| Phillips                                                  | \$292,231                                                   | + | \$7,105                                           | + | \$64,951                                                       | = | \$364,288                                                   | /4= \$91,072                                        |
| Pondera                                                   | \$526,531                                                   | + | \$11,943                                          | + | \$165,188                                                      | = | \$703,662                                                   | /4= \$175,915                                       |
| Powder River                                              | \$409,866                                                   | + | \$7,286                                           | + | \$63,325                                                       | = | \$480,477                                                   | /4= \$120,119                                       |
| Powell                                                    | \$228,861                                                   | + | \$7,987                                           | + | \$51,513                                                       | = | \$288,362                                                   | /4= \$72,090                                        |
| Prairie                                                   | \$192,834                                                   | + | \$3,660                                           | + | \$60,437                                                       | = | \$256,932                                                   | /4= \$64,233                                        |
| Ravalli                                                   | \$1,426,441                                                 | + | \$47,982                                          | + | \$133,853                                                      | = | \$1,608,276                                                 | /4= \$402,069                                       |
| Richland                                                  | \$564,971                                                   | + | \$15,778                                          | + | \$265,994                                                      | = | \$846,743                                                   | /4= \$211,686                                       |
| Roosevelt                                                 | \$516,500                                                   | + | \$14,993                                          | + | \$289,386                                                      | = | \$820,878                                                   | /4= \$205,220                                       |
| Rosebud                                                   | \$2,579,697                                                 | + | \$44,771                                          | + | \$38,755                                                       | = | \$2,663,223                                                 | /4= \$665,806                                       |
| Sanders                                                   | \$1,058,224                                                 | + | \$23,273                                          | + | \$50,679                                                       | = | \$1,132,177                                                 | /4= \$283,044                                       |
| Sheridan                                                  | \$638,074                                                   | + | \$11,960                                          | + | \$206,233                                                      | = | \$856,267                                                   | /4= \$214,067                                       |
| Stillwater                                                | \$878,530                                                   | + | \$19,246                                          | + | \$97,340                                                       | = | \$995,116                                                   | /4= \$248,779                                       |
| Sweet Grass                                               | \$330,742                                                   | + | \$7,351                                           | + | \$58,109                                                       | = | \$396,201                                                   | /4= \$99,050                                        |
| Teton                                                     | \$522,155                                                   | + | \$11,782                                          | + | \$126,082                                                      | = | \$660,019                                                   | /4= \$165,005                                       |
| Toole                                                     | \$626,234                                                   | + | \$12,740                                          | + | \$141,739                                                      | = | \$780,713                                                   | /4= \$195,178                                       |
| Treasure                                                  | \$118,573                                                   | + | \$2,234                                           | + | \$26,678                                                       | = | \$147,486                                                   | /4= \$36,871                                        |
| Valley                                                    | \$280,209                                                   | + | \$9,172                                           | + | \$122,565                                                      | = | \$411,945                                                   | /4= \$102,986                                       |
| Wheatland                                                 | \$167,892                                                   | + | \$3,908                                           | + | \$27,571                                                       | = | \$199,371                                                   | /4= \$49,843                                        |
| Wibaux                                                    | \$300,216                                                   | + | \$5,233                                           | + | \$38,226                                                       | = | \$343,676                                                   | /4= \$85,919                                        |
| Yellowstone                                               | \$3,092,394                                                 | + | \$146,782                                         | + | \$841,409                                                      | = | \$4,080,584                                                 | /4= \$1,020,146                                     |
| <b>Totals</b>                                             | <b>\$42,170,328</b>                                         |   | <b>\$1,265,110</b>                                |   | <b>\$8,139,979</b>                                             |   | <b>\$51,575,417</b>                                         | <b>\$12,893,854</b>                                 |

# FY 2015 Entitlement Share Payment

## Calculation of FY 2015 Annual Payment Amount for Cities

| County        | City             | FY2014<br>Entitlement<br>Share Payment | FY2015<br>Share<br>of Growth | Class 8<br>Reimbursement<br>(SB 96, 2013) | FY2015<br>Entitlement<br>Share Payment | FY2015<br>Quarterly<br>Payment |
|---------------|------------------|----------------------------------------|------------------------------|-------------------------------------------|----------------------------------------|--------------------------------|
| Beaverhead    | Dillon           | \$521,190 +                            | \$18,053 +                   | \$13,738 =                                | \$552,981 /4=                          | \$138,245                      |
| Beaverhead    | Lima             | \$22,280 +                             | \$868 +                      | \$215 =                                   | \$23,364 /4=                           | \$5,841                        |
| Big Horn      | Hardin           | \$690,887 +                            | \$19,987 +                   | \$10,600 =                                | \$721,474 /4=                          | \$180,368                      |
| Big Horn      | Lodge Grass      | \$23,374 +                             | \$1,324 +                    | \$128 =                                   | \$24,826 /4=                           | \$6,206                        |
| Blaine        | Chinook          | \$216,882 +                            | \$6,393 +                    | \$5,422 =                                 | \$228,697 /4=                          | \$57,174                       |
| Blaine        | Harlem           | \$133,546 +                            | \$4,090 +                    | \$4,982 =                                 | \$142,618 /4=                          | \$35,655                       |
| Broadwater    | Townsend         | \$253,742 +                            | \$8,573 +                    | \$2,171 =                                 | \$264,486 /4=                          | \$66,121                       |
| Carbon        | Bearcreek        | \$4,830 +                              | \$256 +                      | \$4 =                                     | \$5,090 /4=                            | \$1,272                        |
| Carbon        | Bridger          | \$164,257 +                            | \$4,416 +                    | \$1,741 =                                 | \$170,414 /4=                          | \$42,603                       |
| Carbon        | Fromberg         | \$31,534 +                             | \$1,485 +                    | \$99 =                                    | \$33,118 /4=                           | \$8,280                        |
| Carbon        | Joliet           | \$42,608 +                             | \$2,118 +                    | \$490 =                                   | \$45,215 /4=                           | \$11,304                       |
| Carbon        | Red Lodge        | \$350,569 +                            | \$10,790 +                   | \$5,120 =                                 | \$366,479 /4=                          | \$91,620                       |
| Carter        | Ekalaka          | \$57,633 +                             | \$1,735 +                    | \$2,471 =                                 | \$61,839 /4=                           | \$15,460                       |
| Cascade       | Belt             | \$100,200 +                            | \$3,036 +                    | \$1,785 =                                 | \$105,022 /4=                          | \$26,255                       |
| Cascade       | Cascade          | \$76,567 +                             | \$2,832 +                    | \$340 =                                   | \$79,740 /4=                           | \$19,935                       |
| Cascade       | Great Falls      | \$7,251,868 +                          | \$252,558 +                  | \$315,341 =                               | \$7,819,768 /4=                        | \$1,954,942                    |
| Cascade       | Neihart          | \$5,036 +                              | \$196 +                      | \$12 =                                    | \$5,244 /4=                            | \$1,311                        |
| Chouteau      | Big Sandy        | \$62,543 +                             | \$2,375 +                    | \$1,780 =                                 | \$66,698 /4=                           | \$16,675                       |
| Chouteau      | Fort Benton      | \$176,271 +                            | \$6,205 +                    | \$5,344 =                                 | \$187,821 /4=                          | \$46,955                       |
| Chouteau      | Geraldine        | \$17,813 +                             | \$877 +                      | \$454 =                                   | \$19,144 /4=                           | \$4,786                        |
| Custer        | Ismay            | \$1,155 +                              | \$65 +                       | \$136 =                                   | \$1,356 /4=                            | \$339                          |
| Custer        | Miles City       | \$1,130,918 +                          | \$38,095 +                   | \$37,639 =                                | \$1,206,652 /4=                        | \$301,663                      |
| Daniels       | Flaxville        | \$6,466 +                              | \$268 +                      | \$110 =                                   | \$6,843 /4=                            | \$1,711                        |
| Daniels       | Scobey           | \$116,865 +                            | \$4,270 +                    | \$6,875 =                                 | \$128,011 /4=                          | \$32,003                       |
| Dawson        | Glendive         | \$631,339 +                            | \$22,402 +                   | \$31,904 =                                | \$685,646 /4=                          | \$171,412                      |
| Dawson        | Richey           | \$11,445 +                             | \$586 +                      | \$1,246 =                                 | \$13,276 /4=                           | \$3,319                        |
| Fallon        | Baker            | \$221,006 +                            | \$7,837 +                    | \$12,272 =                                | \$241,115 /4=                          | \$60,279                       |
| Fallon        | Plevna           | \$13,205 +                             | \$616 +                      | \$269 =                                   | \$14,091 /4=                           | \$3,523                        |
| Fergus        | Denton           | \$28,751 +                             | \$1,037 +                    | \$1,072 =                                 | \$30,860 /4=                           | \$7,715                        |
| Fergus        | Grass Range      | \$9,801 +                              | \$396 +                      | \$107 =                                   | \$10,304 /4=                           | \$2,576                        |
| Fergus        | Lewistown        | \$834,226 +                            | \$27,094 +                   | \$22,221 =                                | \$883,541 /4=                          | \$220,885                      |
| Fergus        | Moore            | \$15,325 +                             | \$673 +                      | \$2,417 =                                 | \$18,415 /4=                           | \$4,604                        |
| Fergus        | Winifred         | \$12,462 +                             | \$652 +                      | \$409 =                                   | \$13,523 /4=                           | \$3,381                        |
| Flathead      | Columbia Falls   | \$627,644 +                            | \$21,137 +                   | \$17,355 =                                | \$666,137 /4=                          | \$166,534                      |
| Flathead      | Kalispell        | \$2,708,097 +                          | \$91,791 +                   | \$119,112 =                               | \$2,919,000 /4=                        | \$729,750                      |
| Flathead      | Whitefish        | \$741,457 +                            | \$27,052 +                   | \$16,791 =                                | \$785,300 /4=                          | \$196,325                      |
| Gallatin      | Belgrade         | \$675,680 +                            | \$27,957 +                   | \$21,545 =                                | \$725,182 /4=                          | \$181,296                      |
| Gallatin      | Bozeman          | \$3,762,172 +                          | \$150,225 +                  | \$176,953 =                               | \$4,089,350 /4=                        | \$1,022,337                    |
| Gallatin      | Manhattan        | \$143,365 +                            | \$5,828 +                    | \$5,142 =                                 | \$154,336 /4=                          | \$38,584                       |
| Gallatin      | Three Forks      | \$155,035 +                            | \$6,744 +                    | \$2,506 =                                 | \$164,286 /4=                          | \$41,071                       |
| Gallatin      | West Yellowstone | \$257,492 +                            | \$7,303 +                    | \$7,911 =                                 | \$272,706 /4=                          | \$68,176                       |
| Garfield      | Jordan           | \$37,610 +                             | \$1,465 +                    | \$1,768 =                                 | \$40,843 /4=                           | \$10,211                       |
| Glacier       | Browning         | \$58,831 +                             | \$3,221 +                    | \$1,220 =                                 | \$63,272 /4=                           | \$15,818                       |
| Glacier       | Cut Bank         | \$560,539 +                            | \$16,133 +                   | \$14,453 =                                | \$591,125 /4=                          | \$147,781                      |
| Golden Valley | Lavina           | \$8,565 +                              | \$531 +                      | \$61 =                                    | \$9,157 /4=                            | \$2,289                        |
| Golden Valley | Ryegate          | \$21,635 +                             | \$893 +                      | \$168 =                                   | \$22,696 /4=                           | \$5,674                        |
| Granite       | Drummond         | \$36,508 +                             | \$1,335 +                    | \$873 =                                   | \$38,717 /4=                           | \$9,679                        |
| Granite       | Philipsburg      | \$109,088 +                            | \$3,709 +                    | \$1,791 =                                 | \$114,587 /4=                          | \$28,647                       |
| Hill          | Havre            | \$1,343,897 +                          | \$44,204 +                   | \$28,432 =                                | \$1,416,533 /4=                        | \$354,133                      |
| Hill          | Hingham          | \$9,085 +                              | \$419 +                      | \$689 =                                   | \$10,193 /4=                           | \$2,548                        |
| Jefferson     | Boulder          | \$149,858 +                            | \$5,150 +                    | \$2,278 =                                 | \$157,286 /4=                          | \$39,322                       |
| Jefferson     | Whitehall        | \$163,203 +                            | \$5,136 +                    | \$2,374 =                                 | \$170,713 /4=                          | \$42,678                       |
| Judith Basin  | Hobson           | \$25,799 +                             | \$917 +                      | \$291 =                                   | \$27,008 /4=                           | \$6,752                        |
| Judith Basin  | Stanford         | \$51,194 +                             | \$1,730 +                    | \$1,110 =                                 | \$54,034 /4=                           | \$13,508                       |
| Lake          | Polson           | \$588,903 +                            | \$20,053 +                   | \$10,713 =                                | \$619,669 /4=                          | \$154,917                      |
| Lake          | Ronan            | \$302,764 +                            | \$9,355 +                    | \$5,434 =                                 | \$317,552 /4=                          | \$79,388                       |
| Lake          | St. Ignatius     | \$48,442 +                             | \$2,651 +                    | \$1,014 =                                 | \$52,107 /4=                           | \$13,027                       |
| Lewis & Clark | East Helena      | \$530,785 +                            | \$13,633 +                   | \$22,834 =                                | \$567,253 /4=                          | \$141,813                      |
| Lewis & Clark | Helena           | \$3,696,621 +                          | \$127,348 +                  | \$149,165 =                               | \$3,973,134 /4=                        | \$993,283                      |
| Liberty       | Chester          | \$102,668 +                            | \$3,624 +                    | \$896 =                                   | \$107,188 /4=                          | \$26,797                       |
| Lincoln       | Eureka           | \$112,631 +                            | \$4,302 +                    | \$3,035 =                                 | \$119,967 /4=                          | \$29,992                       |
| Lincoln       | Libby            | \$501,804 +                            | \$14,479 +                   | \$7,527 =                                 | \$523,810 /4=                          | \$130,952                      |
| Lincoln       | Rexford          | \$16,273 +                             | \$600 +                      | \$0 =                                     | \$16,873 /4=                           | \$4,218                        |
| Lincoln       | Troy             | \$149,482 +                            | \$4,642 +                    | \$1,479 =                                 | \$155,603 /4=                          | \$38,901                       |

# FY 2015 Entitlement Share Payment

## Calculation of FY 2015 Annual Payment Amount for Cities (Continued)

| County       | City                  | FY2014<br>Entitlement<br>Share Payment | FY2015<br>Share<br>of Growth | Class 8<br>Reimbursement<br>(SB 96, 2013) | FY2015<br>Entitlement<br>Share Payment | FY2015<br>Quarterly<br>Payment |
|--------------|-----------------------|----------------------------------------|------------------------------|-------------------------------------------|----------------------------------------|--------------------------------|
| Madison      | Ennis                 | \$124,948 +                            | \$3,990 +                    | \$3,313 =                                 | \$132,251 /4=                          | \$33,063                       |
| Madison      | Sheridan              | \$52,755 +                             | \$2,299 +                    | \$1,175 =                                 | \$56,230 /4=                           | \$14,057                       |
| Madison      | Twin Bridges          | \$36,274 +                             | \$1,441 +                    | \$682 =                                   | \$38,398 /4=                           | \$9,599                        |
| Madison      | Virginia City         | \$24,293 +                             | \$838 +                      | \$11 =                                    | \$25,143 /4=                           | \$6,286                        |
| McCone       | Circle                | \$74,209 +                             | \$2,605 +                    | \$6,689 =                                 | \$83,503 /4=                           | \$20,876                       |
| Meagher      | White Sulphur Springs | \$129,046 +                            | \$4,312 +                    | \$2,506 =                                 | \$135,864 /4=                          | \$33,966                       |
| Mineral      | Alberton              | \$58,454 +                             | \$1,929 +                    | \$338 =                                   | \$60,721 /4=                           | \$15,180                       |
| Mineral      | Superior              | \$158,414 +                            | \$4,574 +                    | \$3,036 =                                 | \$166,024 /4=                          | \$41,506                       |
| Missoula     | Missoula              | \$7,273,323 +                          | \$273,620 +                  | \$428,868 =                               | \$7,975,811 /4=                        | \$1,993,953                    |
| Musselshell  | Melstone              | \$10,934 +                             | \$414 +                      | \$781 =                                   | \$12,129 /4=                           | \$3,032                        |
| Musselshell  | Roundup               | \$247,767 +                            | \$8,272 +                    | \$2,844 =                                 | \$258,883 /4=                          | \$64,721                       |
| Park         | Clyde Park            | \$37,591 +                             | \$1,282 +                    | \$213 =                                   | \$39,086 /4=                           | \$9,771                        |
| Park         | Livingston            | \$1,042,451 +                          | \$33,350 +                   | \$31,560 =                                | \$1,107,361 /4=                        | \$276,840                      |
| Petroleum    | Winnett               | \$20,601 +                             | \$771 +                      | \$3,516 =                                 | \$24,888 /4=                           | \$6,222                        |
| Phillips     | Dodson                | \$13,852 +                             | \$499 +                      | \$208 =                                   | \$14,558 /4=                           | \$3,640                        |
| Phillips     | Malta                 | \$255,786 +                            | \$8,641 +                    | \$5,719 =                                 | \$270,145 /4=                          | \$67,536                       |
| Phillips     | Saco                  | \$19,584 +                             | \$758 +                      | \$863 =                                   | \$21,205 /4=                           | \$5,301                        |
| Pondera      | Conrad                | \$310,808 +                            | \$10,948 +                   | \$8,224 =                                 | \$329,980 /4=                          | \$82,495                       |
| Pondera      | Valier                | \$41,001 +                             | \$1,804 +                    | \$2,030 =                                 | \$44,834 /4=                           | \$11,209                       |
| Powder River | Broadus               | \$68,407 +                             | \$2,201 +                    | \$1,293 =                                 | \$71,901 /4=                           | \$17,975                       |
| Powell       | Deer Lodge            | \$409,325 +                            | \$13,701 +                   | \$3,559 =                                 | \$426,584 /4=                          | \$106,646                      |
| Prairie      | Terry                 | \$78,296 +                             | \$2,653 +                    | \$2,462 =                                 | \$83,412 /4=                           | \$20,853                       |
| Ravalli      | Darby                 | \$144,814 +                            | \$4,086 +                    | \$1,051 =                                 | \$149,950 /4=                          | \$37,488                       |
| Ravalli      | Hamilton              | \$966,525 +                            | \$26,560 +                   | \$23,801 =                                | \$1,016,886 /4=                        | \$254,222                      |
| Ravalli      | Pinesdale             | \$30,035 +                             | \$2,478 +                    | \$443 =                                   | \$32,956 /4=                           | \$8,239                        |
| Ravalli      | Stevensville          | \$170,981 +                            | \$6,974 +                    | \$3,557 =                                 | \$181,513 /4=                          | \$45,378                       |
| Richland     | Fairview              | \$120,132 +                            | \$4,099 +                    | \$2,325 =                                 | \$126,556 /4=                          | \$31,639                       |
| Richland     | Sidney                | \$711,817 +                            | \$25,695 +                   | \$28,842 =                                | \$766,354 /4=                          | \$191,588                      |
| Roosevelt    | Bainville             | \$44,537 +                             | \$1,393 +                    | \$765 =                                   | \$46,696 /4=                           | \$11,674                       |
| Roosevelt    | Brockton              | \$11,879 +                             | \$786 +                      | \$0 =                                     | \$12,664 /4=                           | \$3,166                        |
| Roosevelt    | Culbertson            | \$98,125 +                             | \$3,366 +                    | \$1,882 =                                 | \$103,373 /4=                          | \$25,843                       |
| Roosevelt    | Froid                 | \$19,983 +                             | \$765 +                      | \$1,393 =                                 | \$22,141 /4=                           | \$5,535                        |
| Roosevelt    | Poplar                | \$120,493 +                            | \$3,927 +                    | \$2,287 =                                 | \$126,708 /4=                          | \$31,677                       |
| Roosevelt    | Wolf Point            | \$335,135 +                            | \$11,765 +                   | \$8,872 =                                 | \$355,772 /4=                          | \$88,943                       |
| Rosebud      | Colstrip              | \$861,486 +                            | \$19,975 +                   | \$810 =                                   | \$882,271 /4=                          | \$220,568                      |
| Rosebud      | Forsyth               | \$292,561 +                            | \$9,089 +                    | \$9,357 =                                 | \$311,007 /4=                          | \$77,752                       |
| Sanders      | Hot Springs           | \$42,129 +                             | \$1,904 +                    | \$883 =                                   | \$44,916 /4=                           | \$11,229                       |
| Sanders      | Plains                | \$210,175 +                            | \$5,931 +                    | \$2,926 =                                 | \$219,032 /4=                          | \$54,758                       |
| Sanders      | Thompson Falls        | \$312,212 +                            | \$8,296 +                    | \$3,816 =                                 | \$324,324 /4=                          | \$81,081                       |
| Sheridan     | Medicine Lake         | \$21,934 +                             | \$898 +                      | \$538 =                                   | \$23,370 /4=                           | \$5,843                        |
| Sheridan     | Outlook               | \$4,181 +                              | \$183 +                      | \$108 =                                   | \$4,472 /4=                            | \$1,118                        |
| Sheridan     | Plentywood            | \$249,389 +                            | \$8,393 +                    | \$11,804 =                                | \$269,586 /4=                          | \$67,397                       |
| Sheridan     | Westby                | \$20,505 +                             | \$748 +                      | \$979 =                                   | \$22,233 /4=                           | \$5,558                        |
| Silver Bow   | Walkerville           | \$29,936 +                             | \$1,940 +                    | \$8 =                                     | \$31,884 /4=                           | \$7,971                        |
| Stillwater   | Columbus              | \$400,176 +                            | \$11,216 +                   | \$19,296 =                                | \$430,688 /4=                          | \$107,672                      |
| Sweet Grass  | Big Timber            | \$190,880 +                            | \$6,840 +                    | \$7,109 =                                 | \$204,829 /4=                          | \$51,207                       |
| Teton        | Choteau               | \$160,786 +                            | \$6,400 +                    | \$2,107 =                                 | \$169,293 /4=                          | \$42,323                       |
| Teton        | Dutton                | \$44,840 +                             | \$1,449 +                    | \$740 =                                   | \$47,029 /4=                           | \$11,757                       |
| Teton        | Fairfield             | \$87,407 +                             | \$3,056 +                    | \$3,088 =                                 | \$93,551 /4=                           | \$23,388                       |
| Toole        | Kevin                 | \$19,164 +                             | \$644 +                      | \$684 =                                   | \$20,493 /4=                           | \$5,123                        |
| Toole        | Shelby                | \$449,505 +                            | \$14,840 +                   | \$17,176 =                                | \$481,521 /4=                          | \$120,380                      |
| Toole        | Sunburst              | \$29,500 +                             | \$1,291 +                    | \$899 =                                   | \$31,690 /4=                           | \$7,922                        |
| Treasure     | Hysham                | \$28,461 +                             | \$1,146 +                    | \$1,226 =                                 | \$30,832 /4=                           | \$7,708                        |
| Valley       | Fort Peck             | \$13,680 +                             | \$769 +                      | \$46 =                                    | \$14,495 /4=                           | \$3,624                        |
| Valley       | Glasgow               | \$473,547 +                            | \$15,430 +                   | \$22,111 =                                | \$511,088 /4=                          | \$127,772                      |
| Valley       | Nashua                | \$30,981 +                             | \$1,171 +                    | \$804 =                                   | \$32,955 /4=                           | \$8,239                        |
| Valley       | Opheim                | \$10,677 +                             | \$375 +                      | \$479 =                                   | \$11,531 /4=                           | \$2,883                        |
| Wheatland    | Harlowton             | \$142,851 +                            | \$4,598 +                    | \$2,827 =                                 | \$150,276 /4=                          | \$37,569                       |
| Wheatland    | Judith Gap            | \$12,450 +                             | \$476 +                      | \$333 =                                   | \$13,259 /4=                           | \$3,315                        |
| Wibaux       | Wibaux                | \$90,777 +                             | \$2,969 +                    | \$1,742 =                                 | \$95,488 /4=                           | \$23,872                       |
| Yellowstone  | Billings              | \$12,276,847 +                         | \$445,731 +                  | \$514,315 =                               | \$13,236,893 /4=                       | \$3,309,223                    |
| Yellowstone  | Broadview             | \$25,447 +                             | \$869 +                      | \$301 =                                   | \$26,616 /4=                           | \$6,654                        |
| Yellowstone  | Laurel                | \$830,715 +                            | \$29,433 +                   | \$23,329 =                                | \$883,478 /4=                          | \$220,869                      |
| <b>Total</b> |                       | <b>\$61,559,499</b>                    | <b>\$2,154,582</b>           | <b>\$2,348,783</b>                        | <b>\$66,062,865</b>                    | <b>\$16,515,716</b>            |

# FY 2015 Entitlement Share Payment

## Calculation of FY 2015 Annual Payment Amount for Consolidated Governments

| <u>Consolidated Government</u> | <u>FY2014 Entitlement Share Payment</u> |   | <u>FY2015 Share of Growth</u> |   | <u>Class 8 Reimbursement (SB 96, 2013)</u> | = | <u>FY2015 Entitlement Share Payment</u> | /4= | <u>FY2015 Quarterly Payment</u> |
|--------------------------------|-----------------------------------------|---|-------------------------------|---|--------------------------------------------|---|-----------------------------------------|-----|---------------------------------|
| Deer Lodge                     | \$1,307,395                             | + | \$40,507                      | + | \$86,023                                   | = | \$1,433,924                             | /4= | \$358,481                       |
| Silver Bow                     | \$4,179,365                             | + | \$137,813                     | + | \$297,760                                  | = | \$4,614,939                             | /4= | \$1,153,735                     |
| <b>Total</b>                   | <b>\$5,486,760</b>                      |   | <b>\$178,320</b>              |   | <b>\$383,783</b>                           |   | <b>\$6,048,863</b>                      |     | <b>\$1,512,216</b>              |

## Calculation of FY 2015 Annual Payment Amount for TIFs

| <u>County</u> | <u>TIF Name</u>                   | <u>Entitlement Share Payment 15-1-121(8)(b), MCA</u> | <u>Class 8 Reimbursement (SB 372, 2011)</u> | <u>Class 8 Reimbursement (SB 96, 2013)</u> | <u>FY2015 Entitlement Share Payment</u> | <u>FY2015 Semiannual Payment</u> |
|---------------|-----------------------------------|------------------------------------------------------|---------------------------------------------|--------------------------------------------|-----------------------------------------|----------------------------------|
| Big Horn      | Hardin Industrial Infrastructure  | \$0 +                                                | \$777 +                                     | \$0 =                                      | \$777 /2=                               | \$389                            |
| Cascade       | International Malting Plant       | \$0 +                                                | \$0 +                                       | \$3,517 =                                  | \$3,517 /2=                             | \$1,758                          |
| Cascade       | Great Falls Urban Renewal         | \$0 +                                                | \$0 +                                       | \$2,245 =                                  | \$2,245 /2=                             | \$1,123                          |
| Cascade       | Great Falls International Airport | \$0 +                                                | \$0 +                                       | \$23 =                                     | \$23 /2=                                | \$11                             |
| Cascade       | Manchester Exit Industrial        | \$0 +                                                | \$0 +                                       | \$1,856 =                                  | \$1,856 /2=                             | \$928                            |
| Cascade       | Montana Milling Industrial        | \$0 +                                                | \$0 +                                       | \$2,648 =                                  | \$2,648 /2=                             | \$1,324                          |
| Cascade       | West Bank Urban Renewal           | \$0 +                                                | \$0 +                                       | \$4,684 =                                  | \$4,684 /2=                             | \$2,342                          |
| Chouteau      | 1 TIFD                            | \$0 +                                                | \$1,744 +                                   | \$4,331 =                                  | \$6,075 /2=                             | \$3,037                          |
| Gallatin      | Bozeman Downtown                  | \$31,158 +                                           | \$14,279 +                                  | \$10,614 =                                 | \$56,050 /2=                            | \$28,025                         |
| Gallatin      | North-East Urban Renewal          | \$0 +                                                | \$201 +                                     | \$1,152 =                                  | \$1,353 /2=                             | \$677                            |
| Gallatin      | North 7th Urban Renewal           | \$0 +                                                | \$19,067 +                                  | \$18,859 =                                 | \$37,926 /2=                            | \$18,963                         |
| Jefferson     | 16RT                              | \$0 +                                                | \$8,914 +                                   | \$27,697 =                                 | \$36,612 /2=                            | \$18,306                         |
| Flathead      | Old School Technology             | \$0 +                                                | \$724 +                                     | \$2,333 =                                  | \$3,057 /2=                             | \$1,528                          |
| Flathead      | Kalispell B                       | \$4,638 +                                            | \$10,193 +                                  | \$27,840 =                                 | \$42,671 /2=                            | \$21,336                         |
| Flathead      | Kalispell C                       | \$37,231 +                                           | \$57,911 +                                  | \$147,985 =                                | \$243,128 /2=                           | \$121,564                        |
| Flathead      | Whitefish                         | \$148,194 +                                          | \$23,131 +                                  | \$77,540 =                                 | \$248,865 /2=                           | \$124,432                        |
| Lake          | Polson                            | \$0 +                                                | \$13,081 +                                  | \$0 =                                      | \$13,081 /2=                            | \$6,541                          |
| Lincoln       | Lincoln Industrial (4)            | \$0 +                                                | \$5,503 +                                   | \$17,229 =                                 | \$22,733 /2=                            | \$11,366                         |
| Lincoln       | Riverside                         | \$0 +                                                | \$5,656 +                                   | \$2,492 =                                  | \$8,147 /2=                             | \$4,074                          |
| Missoula      | Airport industrial (20-3A)        | \$0 +                                                | \$73,016 +                                  | \$77,552 =                                 | \$150,568 /2=                           | \$75,284                         |
| Missoula      | Urban Renewal District III (1-1D) | \$0 +                                                | \$121,116 +                                 | \$156,734 =                                | \$277,850 /2=                           | \$138,925                        |
| Missoula      | Technology District (20-3E)       | \$0 +                                                | \$9,329 +                                   | \$6,036 =                                  | \$15,365 /2=                            | \$7,682                          |
| Missoula      | Urban Renewal District II (1-1C)  | \$225,251 +                                          | \$57,789 +                                  | \$117,246 =                                | \$400,286 /2=                           | \$200,143                        |
| Missoula      | Urban Renewal District II (4-1C)  | \$30,009 +                                           | \$4,239 +                                   | \$8,058 =                                  | \$42,305 /2=                            | \$21,153                         |
| Missoula      | Front Street URD (1-1F)           | \$0 +                                                | \$22,983 +                                  | \$30,992 =                                 | \$53,975 /2=                            | \$26,987                         |
| Missoula      | River Front URD (1-1R)            | \$0 +                                                | \$4,494 +                                   | \$4,822 =                                  | \$9,316 /2=                             | \$4,658                          |
| Missoula      | Bonner Mill Industrial District   | \$0 +                                                | \$0 +                                       | \$13,986 =                                 | \$13,986 /2=                            | \$6,993                          |
| Park          | West End Industrial               | \$0 +                                                | \$13,189 +                                  | \$0 =                                      | \$13,189 /2=                            | \$6,595                          |
| Park          | Livingston Urban Renewal          | \$0 +                                                | \$13,942 +                                  | \$27,025 =                                 | \$40,967 /2=                            | \$20,483                         |
| Ravalli       | North Stevensville Industrial     | \$0 +                                                | \$12,030 +                                  | \$9,681 =                                  | \$21,710 /2=                            | \$10,855                         |
| Silver Bow    | Ramsey TIFD                       | \$0 +                                                | \$30,457 +                                  | \$110,025 =                                | \$140,482 /2=                           | \$70,241                         |
| Silver Bow    | Uptown TIFD                       | \$255,421 +                                          | \$9,635 +                                   | \$23,982 =                                 | \$289,038 /2=                           | \$144,519                        |
| Silver Bow    | Eastside TIFD                     | \$0 +                                                | \$1,153 +                                   | \$7,687 =                                  | \$8,840 /2=                             | \$4,420                          |
| Yellowstone   | North 27th Street                 | \$0 +                                                | \$17,934 +                                  | \$58,920 =                                 | \$76,855 /2=                            | \$38,427                         |
| Yellowstone   | East Billings                     | \$0 +                                                | \$51,081 +                                  | \$95,573 =                                 | \$146,654 /2=                           | \$73,327                         |
| Yellowstone   | South Billings Blvd               | \$0 +                                                | \$105,178 +                                 | \$151,040 =                                | \$256,218 /2=                           | \$128,109                        |
| Yellowstone   | Laurel                            | \$0 +                                                | \$18,597 +                                  | \$53,578 =                                 | \$72,175 /2=                            | \$36,088                         |
| Yellowstone   | Expanded North 27th Street        | \$0 +                                                | \$48,190 +                                  | \$86,775 =                                 | \$134,966 /2=                           | \$67,483                         |
| <b>Total</b>  |                                   | <b>\$731,902</b>                                     | <b>\$775,535</b>                            | <b>\$1,392,758</b>                         | <b>\$2,900,195</b>                      | <b>\$1,450,097</b>               |

## FY 2014 Entitlement Share Payment

The growth rate for FY 2014 was 3 percent for counties, 3.5 percent for cities and towns, and 3.25 percent for consolidated local governments. In addition, there was a one-time payment sent to each local government as part of SB 96 reimbursements. This total one-time payment was approximately \$7.7 million. This is not shown in the following tables, but a summary table of the one-time payment is at the end of this section.

| Calculation of FY 2014 Payment Amount for Counties |                                        |   |                              |   |                                        |                                |
|----------------------------------------------------|----------------------------------------|---|------------------------------|---|----------------------------------------|--------------------------------|
|                                                    | FY2013<br>Entitlement<br>Share Payment |   | FY2014<br>Share<br>of Growth |   | FY2014<br>Entitlement<br>Share Payment | FY2014<br>Quarterly<br>Payment |
| Beaverhead                                         | \$443,093                              | + | \$13,293                     | = | \$456,385                              | /4= \$114,096                  |
| Big Horn                                           | \$106,321                              | + | \$3,190                      | = | \$109,511                              | /4= \$27,378                   |
| Blaine                                             | \$301,585                              | + | \$9,048                      | = | \$310,633                              | /4= \$77,658                   |
| Broadwater                                         | \$434,840                              | + | \$13,045                     | = | \$447,886                              | /4= \$111,971                  |
| Carbon                                             | \$569,910                              | + | \$17,097                     | = | \$587,008                              | /4= \$146,752                  |
| Carter                                             | \$188,324                              | + | \$5,650                      | = | \$193,973                              | /4= \$48,493                   |
| Cascade                                            | \$883,266                              | + | \$26,498                     | = | \$909,764                              | /4= \$227,441                  |
| Chouteau                                           | \$793,794                              | + | \$23,814                     | = | \$817,608                              | /4= \$204,402                  |
| Custer                                             | \$466,917                              | + | \$14,008                     | = | \$480,924                              | /4= \$120,231                  |
| Daniels                                            | \$374,967                              | + | \$11,249                     | = | \$386,216                              | /4= \$96,554                   |
| Dawson                                             | \$1,163,524                            | + | \$34,906                     | = | \$1,198,430                            | /4= \$299,607                  |
| Fallon                                             | \$411,782                              | + | \$12,353                     | = | \$424,136                              | /4= \$106,034                  |
| Fergus                                             | \$428,057                              | + | \$12,842                     | = | \$440,898                              | /4= \$110,225                  |
| Flathead                                           | \$3,842,249                            | + | \$115,267                    | = | \$3,957,517                            | /4= \$989,379                  |
| Gallatin                                           | \$2,558,877                            | + | \$76,766                     | = | \$2,635,643                            | /4= \$658,911                  |
| Garfield                                           | \$241,286                              | + | \$7,239                      | = | \$248,525                              | /4= \$62,131                   |
| Glacier                                            | \$595,988                              | + | \$17,880                     | = | \$613,868                              | /4= \$153,467                  |
| Golden Valley                                      | \$59,736                               | + | \$1,792                      | = | \$61,528                               | /4= \$15,382                   |
| Granite                                            | \$336,009                              | + | \$10,080                     | = | \$346,090                              | /4= \$86,522                   |
| Hill                                               | \$673,082                              | + | \$20,192                     | = | \$693,275                              | /4= \$173,319                  |
| Jefferson                                          | \$805,514                              | + | \$24,165                     | = | \$829,679                              | /4= \$207,420                  |
| Judith Basin                                       | \$326,673                              | + | \$9,800                      | = | \$336,473                              | /4= \$84,118                   |
| Lake                                               | \$977,746                              | + | \$29,332                     | = | \$1,007,078                            | /4= \$251,770                  |
| Lewis and Clark                                    | \$1,786,737                            | + | \$53,602                     | = | \$1,840,340                            | /4= \$460,085                  |
| Liberty                                            | \$403,838                              | + | \$12,115                     | = | \$415,953                              | /4= \$103,988                  |
| Lincoln                                            | \$823,372                              | + | \$24,701                     | = | \$848,073                              | /4= \$212,018                  |
| Madison                                            | \$702,302                              | + | \$21,069                     | = | \$723,371                              | /4= \$180,843                  |
| McCone                                             | \$349,799                              | + | \$10,494                     | = | \$360,293                              | /4= \$90,073                   |
| Meagher                                            | \$149,259                              | + | \$4,478                      | = | \$153,737                              | /4= \$38,434                   |
| Mineral                                            | \$330,164                              | + | \$9,905                      | = | \$340,069                              | /4= \$85,017                   |
| Missoula                                           | \$4,172,296                            | + | \$125,169                    | = | \$4,297,465                            | /4= \$1,074,366                |
| Musselshell                                        | \$203,621                              | + | \$6,109                      | = | \$209,730                              | /4= \$52,432                   |
| Park                                               | \$649,133                              | + | \$19,474                     | = | \$668,607                              | /4= \$167,152                  |
| Petroleum                                          | \$66,472                               | + | \$1,994                      | = | \$68,467                               | /4= \$17,117                   |
| Phillips                                           | \$283,720                              | + | \$8,512                      | = | \$292,231                              | /4= \$73,058                   |
| Pondera                                            | \$511,195                              | + | \$15,336                     | = | \$526,531                              | /4= \$131,633                  |
| Powder River                                       | \$397,929                              | + | \$11,938                     | = | \$409,866                              | /4= \$102,467                  |
| Powell                                             | \$222,196                              | + | \$6,666                      | = | \$228,861                              | /4= \$57,215                   |
| Prairie                                            | \$187,218                              | + | \$5,617                      | = | \$192,834                              | /4= \$48,209                   |
| Ravalli                                            | \$1,384,894                            | + | \$41,547                     | = | \$1,426,441                            | /4= \$356,610                  |
| Richland                                           | \$548,516                              | + | \$16,455                     | = | \$564,971                              | /4= \$141,243                  |
| Roosevelt                                          | \$501,456                              | + | \$15,044                     | = | \$516,500                              | /4= \$129,125                  |
| Rosebud                                            | \$2,504,560                            | + | \$75,137                     | = | \$2,579,697                            | /4= \$644,924                  |
| Sanders                                            | \$1,027,402                            | + | \$30,822                     | = | \$1,058,224                            | /4= \$264,556                  |
| Sheridan                                           | \$619,490                              | + | \$18,585                     | = | \$638,074                              | /4= \$159,519                  |
| Stillwater                                         | \$852,942                              | + | \$25,588                     | = | \$878,530                              | /4= \$219,632                  |
| Sweet Grass                                        | \$321,109                              | + | \$9,633                      | = | \$330,742                              | /4= \$82,685                   |
| Teton                                              | \$506,947                              | + | \$15,208                     | = | \$522,155                              | /4= \$130,539                  |
| Toole                                              | \$607,994                              | + | \$18,240                     | = | \$626,234                              | /4= \$156,558                  |
| Treasure                                           | \$115,120                              | + | \$3,454                      | = | \$118,573                              | /4= \$29,643                   |
| Valley                                             | \$272,047                              | + | \$8,161                      | = | \$280,209                              | /4= \$70,052                   |
| Wheatland                                          | \$163,001                              | + | \$4,890                      | = | \$167,892                              | /4= \$41,973                   |
| Wibaux                                             | \$291,472                              | + | \$8,744                      | = | \$300,216                              | /4= \$75,054                   |
| Yellowstone                                        | \$3,002,324                            | + | \$90,070                     | = | \$3,092,394                            | /4= \$773,098                  |
| <b>Total</b>                                       | <b>\$40,942,066</b>                    |   | <b>\$1,228,262</b>           |   | <b>\$42,170,328</b>                    | <b>\$10,542,582</b>            |

# FY 2014 Entitlement Share Payment

## Calculation of FY 2014 Annual Payment Amount for Cities

| County        | City             | FY2013<br>Entitlement<br>Share Payment |   | FY2014<br>Share<br>of Growth |   | FY2014<br>Entitlement<br>Share Payment |     | FY2014<br>Quarterly<br>Payment |
|---------------|------------------|----------------------------------------|---|------------------------------|---|----------------------------------------|-----|--------------------------------|
| Beaverhead    | Dillon           | \$503,566                              | + | \$17,625                     | = | \$521,190                              | /4= | \$130,298                      |
| Beaverhead    | Lima             | \$21,527                               | + | \$753                        | = | \$22,280                               | /4= | \$5,570                        |
| Big Horn      | Hardin           | \$667,523                              | + | \$23,363                     | = | \$690,887                              | /4= | \$172,722                      |
| Big Horn      | Lodge Grass      | \$22,583                               | + | \$790                        | = | \$23,374                               | /4= | \$5,843                        |
| Blaine        | Chinook          | \$209,548                              | + | \$7,334                      | = | \$216,882                              | /4= | \$54,221                       |
| Blaine        | Harlem           | \$129,030                              | + | \$4,516                      | = | \$133,546                              | /4= | \$33,387                       |
| Broadwater    | Townsend         | \$245,161                              | + | \$8,581                      | = | \$253,742                              | /4= | \$63,435                       |
| Carbon        | Bearcreek        | \$4,666                                | + | \$163                        | = | \$4,830                                | /4= | \$1,207                        |
| Carbon        | Bridger          | \$158,702                              | + | \$5,555                      | = | \$164,257                              | /4= | \$41,064                       |
| Carbon        | Fromberg         | \$30,467                               | + | \$1,066                      | = | \$31,534                               | /4= | \$7,883                        |
| Carbon        | Joliet           | \$41,167                               | + | \$1,441                      | = | \$42,608                               | /4= | \$10,652                       |
| Carbon        | Red Lodge        | \$338,714                              | + | \$11,855                     | = | \$350,569                              | /4= | \$87,642                       |
| Carter        | Ekalaka          | \$55,684                               | + | \$1,949                      | = | \$57,633                               | /4= | \$14,408                       |
| Cascade       | Belt             | \$96,812                               | + | \$3,388                      | = | \$100,200                              | /4= | \$25,050                       |
| Cascade       | Cascade          | \$73,978                               | + | \$2,589                      | = | \$76,567                               | /4= | \$19,142                       |
| Cascade       | Great Falls      | \$7,006,636                            | + | \$245,232                    | = | \$7,251,868                            | /4= | \$1,812,967                    |
| Cascade       | Neihart          | \$4,865                                | + | \$170                        | = | \$5,036                                | /4= | \$1,259                        |
| Chouteau      | Big Sandy        | \$60,428                               | + | \$2,115                      | = | \$62,543                               | /4= | \$15,636                       |
| Chouteau      | Fort Benton      | \$170,310                              | + | \$5,961                      | = | \$176,271                              | /4= | \$44,068                       |
| Chouteau      | Geraldine        | \$17,211                               | + | \$602                        | = | \$17,813                               | /4= | \$4,453                        |
| Custer        | Ismay            | \$1,116                                | + | \$39                         | = | \$1,155                                | /4= | \$289                          |
| Custer        | Miles City       | \$1,092,675                            | + | \$38,244                     | = | \$1,130,918                            | /4= | \$282,730                      |
| Daniels       | Flaxville        | \$6,247                                | + | \$219                        | = | \$6,466                                | /4= | \$1,616                        |
| Daniels       | Scobey           | \$112,913                              | + | \$3,952                      | = | \$116,865                              | /4= | \$29,216                       |
| Dawson        | Glendive         | \$609,990                              | + | \$21,350                     | = | \$631,339                              | /4= | \$157,835                      |
| Dawson        | Richey           | \$11,058                               | + | \$387                        | = | \$11,445                               | /4= | \$2,861                        |
| Fallon        | Baker            | \$213,532                              | + | \$7,474                      | = | \$221,006                              | /4= | \$55,251                       |
| Fallon        | Plevna           | \$12,758                               | + | \$447                        | = | \$13,205                               | /4= | \$3,301                        |
| Fergus        | Denton           | \$27,779                               | + | \$972                        | = | \$28,751                               | /4= | \$7,188                        |
| Fergus        | Grass Range      | \$9,470                                | + | \$331                        | = | \$9,801                                | /4= | \$2,450                        |
| Fergus        | Lewistown        | \$806,016                              | + | \$28,211                     | = | \$834,226                              | /4= | \$208,557                      |
| Fergus        | Moore            | \$14,807                               | + | \$518                        | = | \$15,325                               | /4= | \$3,831                        |
| Fergus        | Winifred         | \$12,041                               | + | \$421                        | = | \$12,462                               | /4= | \$3,116                        |
| Flathead      | Columbia Falls   | \$606,419                              | + | \$21,225                     | = | \$627,644                              | /4= | \$156,911                      |
| Flathead      | Kalispell        | \$2,616,519                            | + | \$91,578                     | = | \$2,708,097                            | /4= | \$677,024                      |
| Flathead      | Whitefish        | \$716,384                              | + | \$25,073                     | = | \$741,457                              | /4= | \$185,364                      |
| Gallatin      | Belgrade         | \$652,831                              | + | \$22,849                     | = | \$675,680                              | /4= | \$168,920                      |
| Gallatin      | Bozeman          | \$3,634,949                            | + | \$127,223                    | = | \$3,762,172                            | /4= | \$940,543                      |
| Gallatin      | Manhattan        | \$138,517                              | + | \$4,848                      | = | \$143,365                              | /4= | \$35,841                       |
| Gallatin      | Three Forks      | \$149,792                              | + | \$5,243                      | = | \$155,035                              | /4= | \$38,759                       |
| Gallatin      | West Yellowstone | \$248,785                              | + | \$8,707                      | = | \$257,492                              | /4= | \$64,373                       |
| Garfield      | Jordan           | \$36,338                               | + | \$1,272                      | = | \$37,610                               | /4= | \$9,403                        |
| Glacier       | Browning         | \$56,842                               | + | \$1,989                      | = | \$58,831                               | /4= | \$14,708                       |
| Glacier       | Cut Bank         | \$541,584                              | + | \$18,955                     | = | \$560,539                              | /4= | \$140,135                      |
| Golden Valley | Lavina           | \$8,275                                | + | \$290                        | = | \$8,565                                | /4= | \$2,141                        |
| Golden Valley | Ryegate          | \$20,904                               | + | \$732                        | = | \$21,635                               | /4= | \$5,409                        |
| Granite       | Drummond         | \$35,274                               | + | \$1,235                      | = | \$36,508                               | /4= | \$9,127                        |
| Granite       | Philipsburg      | \$105,399                              | + | \$3,689                      | = | \$109,088                              | /4= | \$27,272                       |
| Hill          | Havre            | \$1,298,451                            | + | \$45,446                     | = | \$1,343,897                            | /4= | \$335,974                      |
| Hill          | Hingham          | \$8,778                                | + | \$307                        | = | \$9,085                                | /4= | \$2,271                        |
| Jefferson     | Boulder          | \$144,791                              | + | \$5,068                      | = | \$149,858                              | /4= | \$37,465                       |
| Jefferson     | Whitehall        | \$157,684                              | + | \$5,519                      | = | \$163,203                              | /4= | \$40,801                       |
| Judith Basin  | Hobson           | \$24,927                               | + | \$872                        | = | \$25,799                               | /4= | \$6,450                        |
| Judith Basin  | Stanford         | \$49,463                               | + | \$1,731                      | = | \$51,194                               | /4= | \$12,798                       |
| Lake          | Polson           | \$568,988                              | + | \$19,915                     | = | \$588,903                              | /4= | \$147,226                      |
| Lake          | Ronan            | \$292,526                              | + | \$10,238                     | = | \$302,764                              | /4= | \$75,691                       |
| Lake          | St. Ignatius     | \$46,803                               | + | \$1,638                      | = | \$48,442                               | /4= | \$12,110                       |
| Lewis & Clark | East Helena      | \$512,836                              | + | \$17,949                     | = | \$530,785                              | /4= | \$132,696                      |
| Lewis & Clark | Helena           | \$3,571,614                            | + | \$125,006                    | = | \$3,696,621                            | /4= | \$924,155                      |
| Liberty       | Chester          | \$99,196                               | + | \$3,472                      | = | \$102,668                              | /4= | \$25,667                       |
| Lincoln       | Eureka           | \$108,822                              | + | \$3,809                      | = | \$112,631                              | /4= | \$28,158                       |
| Lincoln       | Libby            | \$484,835                              | + | \$16,969                     | = | \$501,804                              | /4= | \$125,451                      |
| Lincoln       | Rexford          | \$15,723                               | + | \$550                        | = | \$16,273                               | /4= | \$4,068                        |
| Lincoln       | Troy             | \$144,427                              | + | \$5,055                      | = | \$149,482                              | /4= | \$37,371                       |

# FY 2014 Entitlement Share Payment

## Calculation of FY 2014 Annual Payment Amount for Cities (Continued)

| <u>County</u> | <u>City</u>           | <u>FY2013<br/>Entitlement<br/>Share Payment</u> |   | <u>FY2014<br/>Share<br/>of Growth</u> |   | <u>FY2014<br/>Entitlement<br/>Share Payment</u> |     | <u>FY2014<br/>Quarterly<br/>Payment</u> |
|---------------|-----------------------|-------------------------------------------------|---|---------------------------------------|---|-------------------------------------------------|-----|-----------------------------------------|
| Madison       | Ennis                 | \$120,722                                       | + | \$4,225                               | = | \$124,948                                       | /4= | \$31,237                                |
| Madison       | Sheridan              | \$50,971                                        | + | \$1,784                               | = | \$52,755                                        | /4= | \$13,189                                |
| Madison       | Twin Bridges          | \$35,048                                        | + | \$1,227                               | = | \$36,274                                        | /4= | \$9,069                                 |
| Madison       | Virginia City         | \$23,472                                        | + | \$822                                 | = | \$24,293                                        | /4= | \$6,073                                 |
| McCone        | Circle                | \$71,699                                        | + | \$2,509                               | = | \$74,209                                        | /4= | \$18,552                                |
| Meagher       | White Sulphur Springs | \$124,682                                       | + | \$4,364                               | = | \$129,046                                       | /4= | \$32,262                                |
| Mineral       | Alberton              | \$56,477                                        | + | \$1,977                               | = | \$58,454                                        | /4= | \$14,613                                |
| Mineral       | Superior              | \$153,057                                       | + | \$5,357                               | = | \$158,414                                       | /4= | \$39,604                                |
| Missoula      | Missoula              | \$7,027,365                                     | + | \$245,958                             | = | \$7,273,323                                     | /4= | \$1,818,331                             |
| Musselshell   | Melstone              | \$10,564                                        | + | \$370                                 | = | \$10,934                                        | /4= | \$2,734                                 |
| Musselshell   | Roundup               | \$239,389                                       | + | \$8,379                               | = | \$247,767                                       | /4= | \$61,942                                |
| Park          | Clyde Park            | \$36,320                                        | + | \$1,271                               | = | \$37,591                                        | /4= | \$9,398                                 |
| Park          | Livingston            | \$1,007,199                                     | + | \$35,252                              | = | \$1,042,451                                     | /4= | \$260,613                               |
| Petroleum     | Winnett               | \$19,904                                        | + | \$697                                 | = | \$20,601                                        | /4= | \$5,150                                 |
| Phillips      | Dodson                | \$13,383                                        | + | \$468                                 | = | \$13,852                                        | /4= | \$3,463                                 |
| Phillips      | Malta                 | \$247,137                                       | + | \$8,650                               | = | \$255,786                                       | /4= | \$63,947                                |
| Phillips      | Saco                  | \$18,922                                        | + | \$662                                 | = | \$19,584                                        | /4= | \$4,896                                 |
| Pondera       | Conrad                | \$300,298                                       | + | \$10,510                              | = | \$310,808                                       | /4= | \$77,702                                |
| Pondera       | Valier                | \$39,614                                        | + | \$1,386                               | = | \$41,001                                        | /4= | \$10,250                                |
| Powder River  | Broadus               | \$66,094                                        | + | \$2,313                               | = | \$68,407                                        | /4= | \$17,102                                |
| Powell        | Deer Lodge            | \$395,483                                       | + | \$13,842                              | = | \$409,325                                       | /4= | \$102,331                               |
| Prairie       | Terry                 | \$75,648                                        | + | \$2,648                               | = | \$78,296                                        | /4= | \$19,574                                |
| Ravalli       | Darby                 | \$139,916                                       | + | \$4,897                               | = | \$144,814                                       | /4= | \$36,203                                |
| Ravalli       | Hamilton              | \$933,841                                       | + | \$32,684                              | = | \$966,525                                       | /4= | \$241,631                               |
| Ravalli       | Pinesdale             | \$29,019                                        | + | \$1,016                               | = | \$30,035                                        | /4= | \$7,509                                 |
| Ravalli       | Stevensville          | \$165,199                                       | + | \$5,782                               | = | \$170,981                                       | /4= | \$42,745                                |
| Richland      | Fairview              | \$116,070                                       | + | \$4,062                               | = | \$120,132                                       | /4= | \$30,033                                |
| Richland      | Sidney                | \$687,746                                       | + | \$24,071                              | = | \$711,817                                       | /4= | \$177,954                               |
| Roosevelt     | Bainville             | \$43,031                                        | + | \$1,506                               | = | \$44,537                                        | /4= | \$11,134                                |
| Roosevelt     | Brockton              | \$11,477                                        | + | \$402                                 | = | \$11,879                                        | /4= | \$2,970                                 |
| Roosevelt     | Culbertson            | \$94,807                                        | + | \$3,318                               | = | \$98,125                                        | /4= | \$24,531                                |
| Roosevelt     | Froid                 | \$19,307                                        | + | \$676                                 | = | \$19,983                                        | /4= | \$4,996                                 |
| Roosevelt     | Poplar                | \$116,419                                       | + | \$4,075                               | = | \$120,493                                       | /4= | \$30,123                                |
| Roosevelt     | Wolf Point            | \$323,802                                       | + | \$11,333                              | = | \$335,135                                       | /4= | \$83,784                                |
| Rosebud       | Colstrip              | \$832,353                                       | + | \$29,132                              | = | \$861,486                                       | /4= | \$215,371                               |
| Rosebud       | Forsyth               | \$282,668                                       | + | \$9,893                               | = | \$292,561                                       | /4= | \$73,140                                |
| Sanders       | Hot Springs           | \$40,704                                        | + | \$1,425                               | = | \$42,129                                        | /4= | \$10,532                                |
| Sanders       | Plains                | \$203,068                                       | + | \$7,107                               | = | \$210,175                                       | /4= | \$52,544                                |
| Sanders       | Thompson Falls        | \$301,654                                       | + | \$10,558                              | = | \$312,212                                       | /4= | \$78,053                                |
| Sheridan      | Medicine Lake         | \$21,193                                        | + | \$742                                 | = | \$21,934                                        | /4= | \$5,484                                 |
| Sheridan      | Outlook               | \$4,039                                         | + | \$141                                 | = | \$4,181                                         | /4= | \$1,045                                 |
| Sheridan      | Plentywood            | \$240,956                                       | + | \$8,433                               | = | \$249,389                                       | /4= | \$62,347                                |
| Sheridan      | Westby                | \$19,812                                        | + | \$693                                 | = | \$20,505                                        | /4= | \$5,126                                 |
| Silver Bow    | Walkerville           | \$28,923                                        | + | \$1,012                               | = | \$29,936                                        | /4= | \$7,484                                 |
| Stillwater    | Columbus              | \$386,643                                       | + | \$13,533                              | = | \$400,176                                       | /4= | \$100,044                               |
| Sweet Grass   | Big Timber            | \$184,425                                       | + | \$6,455                               | = | \$190,880                                       | /4= | \$47,720                                |
| Teton         | Choteau               | \$155,349                                       | + | \$5,437                               | = | \$160,786                                       | /4= | \$40,196                                |
| Teton         | Dutton                | \$43,324                                        | + | \$1,516                               | = | \$44,840                                        | /4= | \$11,210                                |
| Teton         | Fairfield             | \$84,451                                        | + | \$2,956                               | = | \$87,407                                        | /4= | \$21,852                                |
| Toole         | Kevin                 | \$18,516                                        | + | \$648                                 | = | \$19,164                                        | /4= | \$4,791                                 |
| Toole         | Shelby                | \$434,304                                       | + | \$15,201                              | = | \$449,505                                       | /4= | \$112,376                               |
| Toole         | Sunburst              | \$28,502                                        | + | \$998                                 | = | \$29,500                                        | /4= | \$7,375                                 |
| Treasure      | Hysham                | \$27,498                                        | + | \$962                                 | = | \$28,461                                        | /4= | \$7,115                                 |
| Valley        | Fort Peck             | \$13,217                                        | + | \$463                                 | = | \$13,680                                        | /4= | \$3,420                                 |
| Valley        | Glasgow               | \$457,533                                       | + | \$16,014                              | = | \$473,547                                       | /4= | \$118,387                               |
| Valley        | Nashua                | \$29,933                                        | + | \$1,048                               | = | \$30,981                                        | /4= | \$7,745                                 |
| Valley        | Opheim                | \$10,316                                        | + | \$361                                 | = | \$10,677                                        | /4= | \$2,669                                 |
| Wheatland     | Harlowton             | \$138,021                                       | + | \$4,831                               | = | \$142,851                                       | /4= | \$35,713                                |
| Wheatland     | Judith Gap            | \$12,029                                        | + | \$421                                 | = | \$12,450                                        | /4= | \$3,113                                 |
| Wibaux        | Wibaux                | \$87,707                                        | + | \$3,070                               | = | \$90,777                                        | /4= | \$22,694                                |
| Yellowstone   | Billings              | \$11,861,688                                    | + | \$415,159                             | = | \$12,276,847                                    | /4= | \$3,069,212                             |
| Yellowstone   | Broadview             | \$24,586                                        | + | \$861                                 | = | \$25,447                                        | /4= | \$6,362                                 |
| Yellowstone   | Laurel                | \$802,623                                       | + | \$28,092                              | = | \$830,715                                       | /4= | \$207,679                               |
| <b>Total</b>  |                       | <b>\$59,477,777</b>                             |   | <b>\$2,081,722</b>                    |   | <b>\$61,559,499</b>                             |     | <b>\$15,389,875</b>                     |

# FY 2014 Entitlement Share Payment

## Calculation of FY 2014 Annual Payment Amount for Consolidated Governments

| <u>Consolidated Government</u> | <u>FY2013 Entitlement Share Payment</u> |   | <u>FY2014 Share of Growth</u> |   | <u>FY2014 Entitlement Share Payment</u> |     | <u>FY2014 Quarterly Payment</u> |
|--------------------------------|-----------------------------------------|---|-------------------------------|---|-----------------------------------------|-----|---------------------------------|
| Deer Lodge                     | \$1,266,242                             | + | \$41,153                      | = | \$1,307,395                             | /4= | \$326,849                       |
| Silver Bow                     | \$4,047,812                             | + | \$131,554                     | = | \$4,179,365                             | /4= | \$1,044,841                     |
| <b>Total</b>                   | <b>\$5,314,054</b>                      |   | <b>\$172,707</b>              |   | <b>\$5,486,760</b>                      |     | <b>\$1,371,690</b>              |

## Calculation of FY 2014 Annual Payment Amount for TIFs

| <u>County</u> | <u>TIF Name</u>                   | <u>Entitlement Share Payment 15-1-121(8)(b), MCA</u> |   | <u>Class 8 Reimbursement (SB 372, 2011)</u> |   | <u>FY2014 Entitlement Share Payment</u> |     | <u>FY2014 Semiannual Payment</u> |
|---------------|-----------------------------------|------------------------------------------------------|---|---------------------------------------------|---|-----------------------------------------|-----|----------------------------------|
| Big Horn      | Hardin Industrial Infrastructure  | \$0                                                  | + | \$777                                       | = | \$777                                   | /2= | \$389                            |
| Cascade       | International Milling             | \$0                                                  | + | \$30,418                                    | = | \$30,418                                | /2= | \$15,209                         |
| Chouteau      | 1 TIFD                            | \$0                                                  | + | \$1,744                                     | = | \$1,744                                 | /2= | \$872                            |
| Gallatin      | Bozeman Downtown                  | \$31,158                                             | + | \$14,279                                    | = | \$45,437                                | /2= | \$22,718                         |
| Gallatin      | North-East Urban Renewal          | \$0                                                  | + | \$201                                       | = | \$201                                   | /2= | \$101                            |
| Gallatin      | North 7th Urban Renewal           | \$0                                                  | + | \$19,067                                    | = | \$19,067                                | /2= | \$9,534                          |
| Jefferson     | 16RT                              | \$0                                                  | + | \$8,914                                     | = | \$8,914                                 | /2= | \$4,457                          |
| Flathead      | Old School Technology             | \$0                                                  | + | \$724                                       | = | \$724                                   | /2= | \$362                            |
| Flathead      | Kalispell B                       | \$4,638                                              | + | \$10,193                                    | = | \$14,831                                | /2= | \$7,416                          |
| Flathead      | Kalispell C                       | \$37,231                                             | + | \$57,911                                    | = | \$95,142                                | /2= | \$47,571                         |
| Flathead      | Whitefish                         | \$148,194                                            | + | \$23,131                                    | = | \$171,325                               | /2= | \$85,662                         |
| Lake          | Polson                            | \$0                                                  | + | \$13,081                                    | = | \$13,081                                | /2= | \$6,541                          |
| Lincoln       | Lincoln Industrial (4)            | \$0                                                  | + | \$5,503                                     | = | \$5,503                                 | /2= | \$2,752                          |
| Lincoln       | Riverside                         | \$0                                                  | + | \$5,656                                     | = | \$5,656                                 | /2= | \$2,828                          |
| Missoula      | Airport Industrial (20-3A)        | \$0                                                  | + | \$73,016                                    | = | \$73,016                                | /2= | \$36,508                         |
| Missoula      | Urban Renewal District III (1-1D) | \$0                                                  | + | \$121,116                                   | = | \$121,116                               | /2= | \$60,558                         |
| Missoula      | Technology District (20-3E)       | \$0                                                  | + | \$9,329                                     | = | \$9,329                                 | /2= | \$4,665                          |
| Missoula      | Urban Renewal District II (1-1C)  | \$225,251                                            | + | \$57,789                                    | = | \$283,040                               | /2= | \$141,520                        |
| Missoula      | Urban Renewal District II (4-1C)  | \$30,009                                             | + | \$4,239                                     | = | \$34,248                                | /2= | \$17,124                         |
| Missoula      | Front Street URD (1-1F)           | \$0                                                  | + | \$22,983                                    | = | \$22,983                                | /2= | \$11,491                         |
| Missoula      | River Front URD (1-1R)            | \$0                                                  | + | \$4,494                                     | = | \$4,494                                 | /2= | \$2,247                          |
| Park          | West End Industrial               | \$0                                                  | + | \$13,189                                    | = | \$13,189                                | /2= | \$6,595                          |
| Park          | Livingston Urban Renewal          | \$0                                                  | + | \$13,942                                    | = | \$13,942                                | /2= | \$6,971                          |
| Ravalli       | North Stevensville Industrial     | \$0                                                  | + | \$12,030                                    | = | \$12,030                                | /2= | \$6,015                          |
| Silver Bow    | Ramsey TIFD                       | \$0                                                  | + | \$30,457                                    | = | \$30,457                                | /2= | \$15,229                         |
| Silver Bow    | Uptown TIFD                       | \$255,421                                            | + | \$9,635                                     | = | \$265,056                               | /2= | \$132,528                        |
| Silver Bow    | Eastside TIFD                     | \$0                                                  | + | \$1,153                                     | = | \$1,153                                 | /2= | \$576                            |
| Yellowstone   | North 27th Street                 | \$0                                                  | + | \$17,934                                    | = | \$17,934                                | /2= | \$8,967                          |
| Yellowstone   | East Billings                     | \$0                                                  | + | \$51,081                                    | = | \$51,081                                | /2= | \$25,541                         |
| Yellowstone   | South Billings Blvd               | \$0                                                  | + | \$105,178                                   | = | \$105,178                               | /2= | \$52,589                         |
| Yellowstone   | Laurel                            | \$0                                                  | + | \$18,597                                    | = | \$18,597                                | /2= | \$9,299                          |
| Yellowstone   | Expanded North 27th Street        | \$0                                                  | + | \$48,190                                    | = | \$48,190                                | /2= | \$24,095                         |
| <b>Total</b>  |                                   | <b>\$756,930</b>                                     |   | <b>\$805,953</b>                            |   | <b>\$1,537,855</b>                      |     | <b>\$768,928</b>                 |

## FY 2013 Entitlement Share Payment

No growth was applied for FY 2013 due to HB 495 (2011). Approximately \$4.8 million was added to counties, \$1.5 million was added to cities, \$0.2 million was added to consolidated governments, and \$0.8 million was added to TIFs as a result of SB 372 (2011). SB 372 allocated a one-time payment to local governments in FY 2013 that was meant as a reimbursement for FY 2012. This total payment was approximately \$4.9 million. It is not included in the tables below, but a summary table of the payments is at the end of this section.

| Calculation of FY 2013 Annual Payment Amount for Counties |                                        |   |                              |   |                                            |   |                                        |     |                                |
|-----------------------------------------------------------|----------------------------------------|---|------------------------------|---|--------------------------------------------|---|----------------------------------------|-----|--------------------------------|
|                                                           | FY2012<br>Entitlement<br>Share Payment |   | FY2013<br>Share<br>of Growth |   | Class 8<br>Reimbursement<br>(SB 372, 2011) |   | FY2013<br>Entitlement<br>Share Payment |     | FY2013<br>Quarterly<br>Payment |
| Beaverhead                                                | \$389,800                              | + | \$0                          | + | \$53,293                                   | = | \$443,093                              | /4= | \$110,773                      |
| Big Horn                                                  | \$60,833                               | + | \$0                          | + | \$45,488                                   | = | \$106,321                              | /4= | \$26,580                       |
| Blaine                                                    | \$234,449                              | + | \$0                          | + | \$67,137                                   | = | \$301,585                              | /4= | \$75,396                       |
| Broadwater                                                | \$393,458                              | + | \$0                          | + | \$41,383                                   | = | \$434,840                              | /4= | \$108,710                      |
| Carbon                                                    | \$521,056                              | + | \$0                          | + | \$48,855                                   | = | \$569,910                              | /4= | \$142,478                      |
| Carter                                                    | \$159,541                              | + | \$0                          | + | \$28,782                                   | = | \$188,324                              | /4= | \$47,081                       |
| Cascade                                                   | \$650,593                              | + | \$0                          | + | \$232,673                                  | = | \$883,266                              | /4= | \$220,817                      |
| Chouteau                                                  | \$658,053                              | + | \$0                          | + | \$135,741                                  | = | \$793,794                              | /4= | \$198,449                      |
| Custer                                                    | \$370,167                              | + | \$0                          | + | \$96,750                                   | = | \$466,917                              | /4= | \$116,729                      |
| Daniels                                                   | \$278,444                              | + | \$0                          | + | \$96,524                                   | = | \$374,967                              | /4= | \$93,742                       |
| Dawson                                                    | \$1,052,303                            | + | \$0                          | + | \$111,221                                  | = | \$1,163,524                            | /4= | \$290,881                      |
| Fallon                                                    | \$303,441                              | + | \$0                          | + | \$108,341                                  | = | \$411,782                              | /4= | \$102,946                      |
| Fergus                                                    | \$314,552                              | + | \$0                          | + | \$113,504                                  | = | \$428,057                              | /4= | \$107,014                      |
| Flathead                                                  | \$3,544,976                            | + | \$0                          | + | \$297,274                                  | = | \$3,842,249                            | /4= | \$960,562                      |
| Gallatin                                                  | \$2,295,828                            | + | \$0                          | + | \$263,049                                  | = | \$2,558,877                            | /4= | \$639,719                      |
| Garfield                                                  | \$182,667                              | + | \$0                          | + | \$58,619                                   | = | \$241,286                              | /4= | \$60,322                       |
| Glacier                                                   | \$523,269                              | + | \$0                          | + | \$72,719                                   | = | \$595,988                              | /4= | \$148,997                      |
| Golden Valley                                             | \$52,533                               | + | \$0                          | + | \$7,203                                    | = | \$59,736                               | /4= | \$14,934                       |
| Granite                                                   | \$299,315                              | + | \$0                          | + | \$36,694                                   | = | \$336,009                              | /4= | \$84,002                       |
| Hill                                                      | \$543,661                              | + | \$0                          | + | \$129,422                                  | = | \$673,082                              | /4= | \$168,271                      |
| Jefferson                                                 | \$748,336                              | + | \$0                          | + | \$57,178                                   | = | \$805,514                              | /4= | \$201,378                      |
| Judith Basin                                              | \$300,779                              | + | \$0                          | + | \$25,893                                   | = | \$326,673                              | /4= | \$81,668                       |
| Lake                                                      | \$883,136                              | + | \$0                          | + | \$94,610                                   | = | \$977,746                              | /4= | \$244,436                      |
| Lewis and Clark                                           | \$1,610,314                            | + | \$0                          | + | \$176,424                                  | = | \$1,786,737                            | /4= | \$446,684                      |
| Liberty                                                   | \$307,266                              | + | \$0                          | + | \$96,571                                   | = | \$403,838                              | /4= | \$100,959                      |
| Lincoln                                                   | \$770,361                              | + | \$0                          | + | \$53,011                                   | = | \$823,372                              | /4= | \$205,843                      |
| Madison                                                   | \$647,583                              | + | \$0                          | + | \$54,719                                   | = | \$702,302                              | /4= | \$175,576                      |
| McCone                                                    | \$268,195                              | + | \$0                          | + | \$81,604                                   | = | \$349,799                              | /4= | \$87,450                       |
| Meagher                                                   | \$128,239                              | + | \$0                          | + | \$21,021                                   | = | \$149,259                              | /4= | \$37,315                       |
| Mineral                                                   | \$312,016                              | + | \$0                          | + | \$18,148                                   | = | \$330,164                              | /4= | \$82,541                       |
| Missoula                                                  | \$3,803,290                            | + | \$0                          | + | \$369,006                                  | = | \$4,172,296                            | /4= | \$1,043,074                    |
| Musselshell                                               | \$168,768                              | + | \$0                          | + | \$34,853                                   | = | \$203,621                              | /4= | \$50,905                       |
| Park                                                      | \$606,895                              | + | \$0                          | + | \$42,237                                   | = | \$649,133                              | /4= | \$162,283                      |
| Petroleum                                                 | \$51,595                               | + | \$0                          | + | \$14,877                                   | = | \$66,472                               | /4= | \$16,618                       |
| Phillips                                                  | \$253,978                              | + | \$0                          | + | \$29,742                                   | = | \$283,720                              | /4= | \$70,930                       |
| Pondera                                                   | \$410,818                              | + | \$0                          | + | \$100,377                                  | = | \$511,195                              | /4= | \$127,799                      |
| Powder River                                              | \$341,371                              | + | \$0                          | + | \$56,558                                   | = | \$397,929                              | /4= | \$99,482                       |
| Powell                                                    | \$190,363                              | + | \$0                          | + | \$31,833                                   | = | \$222,196                              | /4= | \$55,549                       |
| Prairie                                                   | \$152,718                              | + | \$0                          | + | \$34,500                                   | = | \$187,218                              | /4= | \$46,804                       |
| Ravalli                                                   | \$1,298,321                            | + | \$0                          | + | \$86,574                                   | = | \$1,384,894                            | /4= | \$346,224                      |
| Richland                                                  | \$427,763                              | + | \$0                          | + | \$120,752                                  | = | \$548,516                              | /4= | \$137,129                      |
| Roosevelt                                                 | \$361,894                              | + | \$0                          | + | \$139,562                                  | = | \$501,456                              | /4= | \$125,364                      |
| Rosebud                                                   | \$2,492,980                            | + | \$0                          | + | \$11,580                                   | = | \$2,504,560                            | /4= | \$626,140                      |
| Sanders                                                   | \$1,000,160                            | + | \$0                          | + | \$27,242                                   | = | \$1,027,402                            | /4= | \$256,851                      |
| Sheridan                                                  | \$464,960                              | + | \$0                          | + | \$154,529                                  | = | \$619,490                              | /4= | \$154,872                      |
| Stillwater                                                | \$815,279                              | + | \$0                          | + | \$37,662                                   | = | \$852,942                              | /4= | \$213,235                      |
| Sweet Grass                                               | \$290,698                              | + | \$0                          | + | \$30,411                                   | = | \$321,109                              | /4= | \$80,277                       |
| Teton                                                     | \$435,195                              | + | \$0                          | + | \$71,751                                   | = | \$506,947                              | /4= | \$126,737                      |
| Toole                                                     | \$526,043                              | + | \$0                          | + | \$81,952                                   | = | \$607,994                              | /4= | \$151,999                      |
| Treasure                                                  | \$102,094                              | + | \$0                          | + | \$13,026                                   | = | \$115,120                              | /4= | \$28,780                       |
| Valley                                                    | \$193,484                              | + | \$0                          | + | \$78,563                                   | = | \$272,047                              | /4= | \$68,012                       |
| Wheatland                                                 | \$142,955                              | + | \$0                          | + | \$20,046                                   | = | \$163,001                              | /4= | \$40,750                       |
| Wibaux                                                    | \$271,415                              | + | \$0                          | + | \$20,057                                   | = | \$291,472                              | /4= | \$72,868                       |
| Yellowstone                                               | \$2,526,307                            | + | \$0                          | + | \$476,017                                  | = | \$3,002,324                            | /4= | \$750,581                      |
| <b>Total</b>                                              | <b>\$36,134,507</b>                    |   | <b>\$0</b>                   |   | <b>\$4,807,560</b>                         |   | <b>\$40,942,066</b>                    |     | <b>\$10,235,517</b>            |

# FY 2013 Entitlement Share Payment

## Calculation of FY 2013 Annual Payment Amount for Cities

| County        | City             | FY2012<br>Entitlement<br>Share Payment |   | FY2013<br>Share<br>of Growth |   | Class 8<br>Reimbursement<br>(SB 372, 2011) |   | FY2013<br>Entitlement<br>Share Payment |     | FY2013<br>Quarterly<br>Payment |
|---------------|------------------|----------------------------------------|---|------------------------------|---|--------------------------------------------|---|----------------------------------------|-----|--------------------------------|
| Beaverhead    | Dillon           | \$494,528                              | + | \$0                          | + | \$9,038                                    | = | \$503,566                              | /4= | \$125,891                      |
| Beaverhead    | Lima             | \$21,420                               | + | \$0                          | + | \$107                                      | = | \$21,527                               | /4= | \$5,382                        |
| Big Horn      | Hardin           | \$662,384                              | + | \$0                          | + | \$5,139                                    | = | \$667,523                              | /4= | \$166,881                      |
| Big Horn      | Lodge Grass      | \$22,574                               | + | \$0                          | + | \$9                                        | = | \$22,583                               | /4= | \$5,646                        |
| Blaine        | Chinook          | \$206,134                              | + | \$0                          | + | \$3,414                                    | = | \$209,548                              | /4= | \$52,387                       |
| Blaine        | Harlem           | \$127,132                              | + | \$0                          | + | \$1,898                                    | = | \$129,030                              | /4= | \$32,258                       |
| Broadwater    | Townsend         | \$243,947                              | + | \$0                          | + | \$1,214                                    | = | \$245,161                              | /4= | \$61,290                       |
| Carbon        | Bearcreek        | \$4,663                                | + | \$0                          | + | \$3                                        | = | \$4,666                                | /4= | \$1,167                        |
| Carbon        | Bridger          | \$157,050                              | + | \$0                          | + | \$1,652                                    | = | \$158,702                              | /4= | \$39,676                       |
| Carbon        | Fromberg         | \$30,456                               | + | \$0                          | + | \$11                                       | = | \$30,467                               | /4= | \$7,617                        |
| Carbon        | Joliet           | \$40,899                               | + | \$0                          | + | \$268                                      | = | \$41,167                               | /4= | \$10,292                       |
| Carbon        | Red Lodge        | \$335,367                              | + | \$0                          | + | \$3,346                                    | = | \$338,714                              | /4= | \$84,678                       |
| Carter        | Ekalaka          | \$54,947                               | + | \$0                          | + | \$737                                      | = | \$55,684                               | /4= | \$13,921                       |
| Cascade       | Belt             | \$95,816                               | + | \$0                          | + | \$996                                      | = | \$96,812                               | /4= | \$24,203                       |
| Cascade       | Cascade          | \$73,862                               | + | \$0                          | + | \$116                                      | = | \$73,978                               | /4= | \$18,495                       |
| Cascade       | Great Falls      | \$6,813,382                            | + | \$0                          | + | \$193,254                                  | = | \$7,006,636                            | /4= | \$1,751,659                    |
| Cascade       | Neihart          | \$4,853                                | + | \$0                          | + | \$12                                       | = | \$4,865                                | /4= | \$1,216                        |
| Chouteau      | Big Sandy        | \$59,922                               | + | \$0                          | + | \$506                                      | = | \$60,428                               | /4= | \$15,107                       |
| Chouteau      | Fort Benton      | \$167,884                              | + | \$0                          | + | \$2,427                                    | = | \$170,310                              | /4= | \$42,578                       |
| Chouteau      | Geraldine        | \$17,090                               | + | \$0                          | + | \$121                                      | = | \$17,211                               | /4= | \$4,303                        |
| Custer        | Ismay            | \$1,076                                | + | \$0                          | + | \$40                                       | = | \$1,116                                | /4= | \$279                          |
| Custer        | Miles City       | \$1,072,511                            | + | \$0                          | + | \$20,164                                   | = | \$1,092,675                            | /4= | \$273,169                      |
| Daniels       | Flaxville        | \$6,232                                | + | \$0                          | + | \$15                                       | = | \$6,247                                | /4= | \$1,562                        |
| Daniels       | Scobey           | \$109,529                              | + | \$0                          | + | \$3,384                                    | = | \$112,913                              | /4= | \$28,228                       |
| Dawson        | Glendive         | \$597,381                              | + | \$0                          | + | \$12,609                                   | = | \$609,990                              | /4= | \$152,497                      |
| Dawson        | Richey           | \$10,840                               | + | \$0                          | + | \$218                                      | = | \$11,058                               | /4= | \$2,764                        |
| Fallon        | Baker            | \$202,859                              | + | \$0                          | + | \$10,673                                   | = | \$213,532                              | /4= | \$53,383                       |
| Fallon        | Plevna           | \$12,632                               | + | \$0                          | + | \$126                                      | = | \$12,758                               | /4= | \$3,190                        |
| Fergus        | Denton           | \$27,250                               | + | \$0                          | + | \$529                                      | = | \$27,779                               | /4= | \$6,945                        |
| Fergus        | Grass Range      | \$9,421                                | + | \$0                          | + | \$48                                       | = | \$9,470                                | /4= | \$2,367                        |
| Fergus        | Lewistown        | \$791,597                              | + | \$0                          | + | \$14,419                                   | = | \$806,016                              | /4= | \$201,504                      |
| Fergus        | Moore            | \$13,038                               | + | \$0                          | + | \$1,769                                    | = | \$14,807                               | /4= | \$3,702                        |
| Fergus        | Winifred         | \$11,857                               | + | \$0                          | + | \$184                                      | = | \$12,041                               | /4= | \$3,010                        |
| Flathead      | Columbia Falls   | \$598,661                              | + | \$0                          | + | \$7,759                                    | = | \$606,419                              | /4= | \$151,605                      |
| Flathead      | Kalispell        | \$2,542,580                            | + | \$0                          | + | \$73,939                                   | = | \$2,616,519                            | /4= | \$654,130                      |
| Flathead      | Whitefish        | \$702,833                              | + | \$0                          | + | \$13,550                                   | = | \$716,384                              | /4= | \$179,096                      |
| Gallatin      | Belgrade         | \$638,253                              | + | \$0                          | + | \$14,579                                   | = | \$652,831                              | /4= | \$163,208                      |
| Gallatin      | Bozeman          | \$3,492,979                            | + | \$0                          | + | \$141,970                                  | = | \$3,634,949                            | /4= | \$908,737                      |
| Gallatin      | Manhattan        | \$136,489                              | + | \$0                          | + | \$2,029                                    | = | \$138,517                              | /4= | \$34,629                       |
| Gallatin      | Three Forks      | \$148,263                              | + | \$0                          | + | \$1,529                                    | = | \$149,792                              | /4= | \$37,448                       |
| Gallatin      | West Yellowstone | \$242,036                              | + | \$0                          | + | \$6,749                                    | = | \$248,785                              | /4= | \$62,196                       |
| Garfield      | Jordan           | \$35,722                               | + | \$0                          | + | \$616                                      | = | \$36,338                               | /4= | \$9,085                        |
| Glacier       | Browning         | \$55,771                               | + | \$0                          | + | \$1,071                                    | = | \$56,842                               | /4= | \$14,210                       |
| Glacier       | Cut Bank         | \$535,114                              | + | \$0                          | + | \$6,469                                    | = | \$541,584                              | /4= | \$135,396                      |
| Golden Valley | Lavina           | \$8,256                                | + | \$0                          | + | \$19                                       | = | \$8,275                                | /4= | \$2,069                        |
| Golden Valley | Ryegate          | \$20,796                               | + | \$0                          | + | \$108                                      | = | \$20,904                               | /4= | \$5,226                        |
| Granite       | Drummond         | \$34,887                               | + | \$0                          | + | \$387                                      | = | \$35,274                               | /4= | \$8,818                        |
| Granite       | Philipsburg      | \$104,677                              | + | \$0                          | + | \$721                                      | = | \$105,399                              | /4= | \$26,350                       |
| Hill          | Havre            | \$1,281,576                            | + | \$0                          | + | \$16,875                                   | = | \$1,298,451                            | /4= | \$324,613                      |
| Hill          | Hingham          | \$8,344                                | + | \$0                          | + | \$434                                      | = | \$8,778                                | /4= | \$2,194                        |
| Jefferson     | Boulder          | \$142,978                              | + | \$0                          | + | \$1,812                                    | = | \$144,791                              | /4= | \$36,198                       |
| Jefferson     | Whitehall        | \$156,275                              | + | \$0                          | + | \$1,409                                    | = | \$157,684                              | /4= | \$39,421                       |
| Judith Basin  | Hobson           | \$24,789                               | + | \$0                          | + | \$138                                      | = | \$24,927                               | /4= | \$6,232                        |
| Judith Basin  | Stanford         | \$48,941                               | + | \$0                          | + | \$521                                      | = | \$49,463                               | /4= | \$12,366                       |
| Lake          | Polson           | \$562,124                              | + | \$0                          | + | \$6,864                                    | = | \$568,988                              | /4= | \$142,247                      |
| Lake          | Ronan            | \$287,947                              | + | \$0                          | + | \$4,579                                    | = | \$292,526                              | /4= | \$73,131                       |
| Lake          | St. Ignatius     | \$46,240                               | + | \$0                          | + | \$564                                      | = | \$46,803                               | /4= | \$11,701                       |
| Lewis & Clark | East Helena      | \$502,524                              | + | \$0                          | + | \$10,312                                   | = | \$512,836                              | /4= | \$128,209                      |
| Lewis & Clark | Helena           | \$3,474,415                            | + | \$0                          | + | \$97,200                                   | = | \$3,571,614                            | /4= | \$892,904                      |
| Liberty       | Chester          | \$98,865                               | + | \$0                          | + | \$332                                      | = | \$99,196                               | /4= | \$24,799                       |
| Lincoln       | Eureka           | \$107,231                              | + | \$0                          | + | \$1,591                                    | = | \$108,822                              | /4= | \$27,205                       |
| Lincoln       | Libby            | \$480,403                              | + | \$0                          | + | \$4,432                                    | = | \$484,835                              | /4= | \$121,209                      |
| Lincoln       | Rexford          | \$15,723                               | + | \$0                          | + | \$0                                        | = | \$15,723                               | /4= | \$3,931                        |
| Lincoln       | Troy             | \$143,663                              | + | \$0                          | + | \$764                                      | = | \$144,427                              | /4= | \$36,107                       |

# FY 2013 Entitlement Share Payment

## Calculation of FY 2013 Annual Payment Amount for Cities (Continued)

| County       | City                  | FY2012<br>Entitlement<br>Share Payment | FY2013<br>Share<br>of Growth | Class 8<br>Reimbursement<br>(SB 372, 2011) | FY2013<br>Entitlement<br>Share Payment | FY2013<br>Quarterly<br>Payment |   |              |     |             |
|--------------|-----------------------|----------------------------------------|------------------------------|--------------------------------------------|----------------------------------------|--------------------------------|---|--------------|-----|-------------|
| Madison      | Ennis                 | \$119,301                              | +                            | \$0                                        | +                                      | \$1,422                        | = | \$120,722    | /4= | \$30,181    |
| Madison      | Sheridan              | \$50,434                               | +                            | \$0                                        | +                                      | \$537                          | = | \$50,971     | /4= | \$12,743    |
| Madison      | Twin Bridges          | \$34,817                               | +                            | \$0                                        | +                                      | \$231                          | = | \$35,048     | /4= | \$8,762     |
| Madison      | Virginia City         | \$23,428                               | +                            | \$0                                        | +                                      | \$43                           | = | \$23,471     | /4= | \$5,868     |
| McCone       | Circle                | \$69,642                               | +                            | \$0                                        | +                                      | \$2,058                        | = | \$71,699     | /4= | \$17,925    |
| Meagher      | White Sulphur Springs | \$123,478                              | +                            | \$0                                        | +                                      | \$1,204                        | = | \$124,682    | /4= | \$31,171    |
| Mineral      | Alberton              | \$56,257                               | +                            | \$0                                        | +                                      | \$220                          | = | \$56,477     | /4= | \$14,119    |
| Mineral      | Superior              | \$151,806                              | +                            | \$0                                        | +                                      | \$1,251                        | = | \$153,057    | /4= | \$38,264    |
| Missoula     | Missoula              | \$6,740,000                            | +                            | \$0                                        | +                                      | \$287,365                      | = | \$7,027,365  | /4= | \$1,756,841 |
| Musselshell  | Melstone              | \$8,703                                | +                            | \$0                                        | +                                      | \$1,862                        | = | \$10,564     | /4= | \$2,641     |
| Musselshell  | Roundup               | \$237,722                              | +                            | \$0                                        | +                                      | \$1,667                        | = | \$239,389    | /4= | \$59,847    |
| Park         | Clyde Park            | \$36,255                               | +                            | \$0                                        | +                                      | \$65                           | = | \$36,320     | /4= | \$9,080     |
| Park         | Livingston            | \$989,409                              | +                            | \$0                                        | +                                      | \$17,790                       | = | \$1,007,199  | /4= | \$251,800   |
| Petroleum    | Winnett               | \$19,552                               | +                            | \$0                                        | +                                      | \$352                          | = | \$19,904     | /4= | \$4,976     |
| Phillips     | Dodson                | \$13,365                               | +                            | \$0                                        | +                                      | \$18                           | = | \$13,383     | /4= | \$3,346     |
| Phillips     | Malta                 | \$244,903                              | +                            | \$0                                        | +                                      | \$2,234                        | = | \$247,137    | /4= | \$61,784    |
| Phillips     | Saco                  | \$18,731                               | +                            | \$0                                        | +                                      | \$191                          | = | \$18,922     | /4= | \$4,730     |
| Pondera      | Conrad                | \$294,969                              | +                            | \$0                                        | +                                      | \$5,329                        | = | \$300,298    | /4= | \$75,074    |
| Pondera      | Valier                | \$37,412                               | +                            | \$0                                        | +                                      | \$2,202                        | = | \$39,614     | /4= | \$9,904     |
| Powder River | Broadus               | \$65,483                               | +                            | \$0                                        | +                                      | \$611                          | = | \$66,094     | /4= | \$16,523    |
| Powell       | Deer Lodge            | \$393,413                              | +                            | \$0                                        | +                                      | \$2,069                        | = | \$395,483    | /4= | \$98,871    |
| Prairie      | Terry                 | \$74,911                               | +                            | \$0                                        | +                                      | \$737                          | = | \$75,648     | /4= | \$18,912    |
| Ravalli      | Darby                 | \$139,463                              | +                            | \$0                                        | +                                      | \$454                          | = | \$139,916    | /4= | \$34,979    |
| Ravalli      | Hamilton              | \$918,074                              | +                            | \$0                                        | +                                      | \$15,767                       | = | \$933,841    | /4= | \$233,460   |
| Ravalli      | Pinesdale             | \$28,603                               | +                            | \$0                                        | +                                      | \$416                          | = | \$29,019     | /4= | \$7,255     |
| Ravalli      | Stevensville          | \$162,178                              | +                            | \$0                                        | +                                      | \$3,021                        | = | \$165,199    | /4= | \$41,300    |
| Richland     | Fairview              | \$114,418                              | +                            | \$0                                        | +                                      | \$1,651                        | = | \$116,070    | /4= | \$29,017    |
| Richland     | Sidney                | \$673,472                              | +                            | \$0                                        | +                                      | \$14,274                       | = | \$687,746    | /4= | \$171,937   |
| Roosevelt    | Bainville             | \$42,950                               | +                            | \$0                                        | +                                      | \$81                           | = | \$43,031     | /4= | \$10,758    |
| Roosevelt    | Brockton              | \$11,477                               | +                            | \$0                                        | +                                      | \$0                            | = | \$11,477     | /4= | \$2,869     |
| Roosevelt    | Culbertson            | \$93,978                               | +                            | \$0                                        | +                                      | \$829                          | = | \$94,807     | /4= | \$23,702    |
| Roosevelt    | Froid                 | \$18,231                               | +                            | \$0                                        | +                                      | \$1,076                        | = | \$19,307     | /4= | \$4,827     |
| Roosevelt    | Poplar                | \$114,918                              | +                            | \$0                                        | +                                      | \$1,500                        | = | \$116,419    | /4= | \$29,105    |
| Roosevelt    | Wolf Point            | \$319,822                              | +                            | \$0                                        | +                                      | \$3,979                        | = | \$323,802    | /4= | \$80,950    |
| Rosebud      | Colstrip              | \$831,877                              | +                            | \$0                                        | +                                      | \$477                          | = | \$832,353    | /4= | \$208,088   |
| Rosebud      | Forsyth               | \$278,390                              | +                            | \$0                                        | +                                      | \$4,278                        | = | \$282,668    | /4= | \$70,667    |
| Sanders      | Hot Springs           | \$40,186                               | +                            | \$0                                        | +                                      | \$518                          | = | \$40,704     | /4= | \$10,176    |
| Sanders      | Plains                | \$201,441                              | +                            | \$0                                        | +                                      | \$1,628                        | = | \$203,068    | /4= | \$50,767    |
| Sanders      | Thompson Falls        | \$299,322                              | +                            | \$0                                        | +                                      | \$2,332                        | = | \$301,654    | /4= | \$75,413    |
| Sheridan     | Medicine Lake         | \$20,965                               | +                            | \$0                                        | +                                      | \$227                          | = | \$21,193     | /4= | \$5,298     |
| Sheridan     | Outlook               | \$3,992                                | +                            | \$0                                        | +                                      | \$48                           | = | \$4,039      | /4= | \$1,010     |
| Sheridan     | Plentywood            | \$234,459                              | +                            | \$0                                        | +                                      | \$6,497                        | = | \$240,956    | /4= | \$60,239    |
| Sheridan     | Westby                | \$19,497                               | +                            | \$0                                        | +                                      | \$315                          | = | \$19,812     | /4= | \$4,953     |
| Silver Bow   | Walkerville           | \$28,845                               | +                            | \$0                                        | +                                      | \$78                           | = | \$28,923     | /4= | \$7,231     |
| Stillwater   | Columbus              | \$377,049                              | +                            | \$0                                        | +                                      | \$9,594                        | = | \$386,643    | /4= | \$96,661    |
| Sweet Grass  | Big Timber            | \$180,392                              | +                            | \$0                                        | +                                      | \$4,033                        | = | \$184,425    | /4= | \$46,106    |
| Teton        | Choteau               | \$154,491                              | +                            | \$0                                        | +                                      | \$858                          | = | \$155,349    | /4= | \$38,837    |
| Teton        | Dutton                | \$43,134                               | +                            | \$0                                        | +                                      | \$189                          | = | \$43,324     | /4= | \$10,831    |
| Teton        | Fairfield             | \$83,202                               | +                            | \$0                                        | +                                      | \$1,250                        | = | \$84,451     | /4= | \$21,113    |
| Toole        | Kevin                 | \$18,435                               | +                            | \$0                                        | +                                      | \$81                           | = | \$18,516     | /4= | \$4,629     |
| Toole        | Shelby                | \$425,036                              | +                            | \$0                                        | +                                      | \$9,269                        | = | \$434,304    | /4= | \$108,576   |
| Toole        | Sunburst              | \$28,294                               | +                            | \$0                                        | +                                      | \$208                          | = | \$28,502     | /4= | \$7,126     |
| Treasure     | Hysham                | \$27,053                               | +                            | \$0                                        | +                                      | \$445                          | = | \$27,498     | /4= | \$6,875     |
| Valley       | Fort Peck             | \$13,199                               | +                            | \$0                                        | +                                      | \$18                           | = | \$13,217     | /4= | \$3,304     |
| Valley       | Glasgow               | \$446,602                              | +                            | \$0                                        | +                                      | \$10,931                       | = | \$457,533    | /4= | \$114,383   |
| Valley       | Nashua                | \$29,807                               | +                            | \$0                                        | +                                      | \$126                          | = | \$29,933     | /4= | \$7,483     |
| Valley       | Opheim                | \$9,637                                | +                            | \$0                                        | +                                      | \$679                          | = | \$10,316     | /4= | \$2,579     |
| Wheatland    | Harlowton             | \$135,994                              | +                            | \$0                                        | +                                      | \$2,027                        | = | \$138,021    | /4= | \$34,505    |
| Wheatland    | Judith Gap            | \$11,963                               | +                            | \$0                                        | +                                      | \$67                           | = | \$12,029     | /4= | \$3,007     |
| Wibaux       | Wibaux                | \$87,289                               | +                            | \$0                                        | +                                      | \$419                          | = | \$87,707     | /4= | \$21,927    |
| Yellowstone  | Billings              | \$11,511,266                           | +                            | \$0                                        | +                                      | \$350,422                      | = | \$11,861,688 | /4= | \$2,965,422 |
| Yellowstone  | Broadview             | \$24,504                               | +                            | \$0                                        | +                                      | \$82                           | = | \$24,586     | /4= | \$6,147     |
| Yellowstone  | Laurel                | \$784,547                              | +                            | \$0                                        | +                                      | \$18,077                       | = | \$802,623    | /4= | \$200,656   |
| <b>Total</b> |                       | <b>\$57,972,332</b>                    | <b>\$0</b>                   | <b>\$1,505,446</b>                         | <b>\$59,477,777</b>                    | <b>\$14,869,444</b>            |   |              |     |             |

# FY 2013 Entitlement Share Payment

## Calculation of FY 2013 Annual Payment Amount for Consolidated Governments

| <u>Consolidated Government</u> | <u>FY2012 Entitlement Share Payment</u> |   | <u>FY2013 Share of Growth</u> |   | <u>Class 8 Reimbursement (SB 372, 2011)</u> |   | <u>FY2013 Entitlement Share Payment</u> |     | <u>FY2013 Quarterly Payment</u> |
|--------------------------------|-----------------------------------------|---|-------------------------------|---|---------------------------------------------|---|-----------------------------------------|-----|---------------------------------|
| Deer Lodge                     | \$1,223,912                             | + | \$0                           | + | \$42,330                                    | = | \$1,266,242                             | /4= | \$316,560                       |
| Silver Bow                     | \$3,878,476                             | + | \$0                           | + | \$169,336                                   | = | \$4,047,812                             | /4= | \$1,011,953                     |
| <b>Total</b>                   | <b>\$5,102,388</b>                      |   | <b>\$0</b>                    |   | <b>\$211,666</b>                            |   | <b>\$5,314,054</b>                      |     | <b>\$1,328,513</b>              |

## Calculation of FY 2013 Annual Payment Amount for TIFs

| <u>County</u> | <u>TIF Name</u>                   | <u>Entitlement Share Payment 15-1-121(8)(b), MCA</u> |   | <u>Class 8 Reimbursement (SB 372, 2011)</u> |   | <u>FY2013 Entitlement Share Payment</u> |     | <u>FY2013 Semiannual Payment</u> |
|---------------|-----------------------------------|------------------------------------------------------|---|---------------------------------------------|---|-----------------------------------------|-----|----------------------------------|
| Big Horn      | Hardin Industrial Infrastructure  | \$0                                                  | + | \$777                                       | = | \$777                                   | /2= | \$389                            |
| Cascade       | International Milling             | \$0                                                  | + | \$30,418                                    | = | \$30,418                                | /2= | \$15,209                         |
| Chouteau      | 1 TIFD                            | \$0                                                  | + | \$1,744                                     | = | \$1,744                                 | /2= | \$872                            |
| Gallatin      | Bozeman Downtown                  | \$31,158                                             | + | \$14,279                                    | = | \$45,437                                | /2= | \$22,718                         |
| Gallatin      | North-East Urban Renewal          | \$0                                                  | + | \$201                                       | = | \$201                                   | /2= | \$101                            |
| Gallatin      | North 7th Urban Renewal           | \$0                                                  | + | \$19,067                                    | = | \$19,067                                | /2= | \$9,534                          |
| Jefferson     | 16RT                              | \$0                                                  | + | \$8,914                                     | = | \$8,914                                 | /2= | \$4,457                          |
| Flathead      | Old School Technology             | \$0                                                  | + | \$724                                       | = | \$724                                   | /2= | \$362                            |
| Flathead      | Kalispell B                       | \$4,638                                              | + | \$10,193                                    | = | \$14,831                                | /2= | \$7,416                          |
| Flathead      | Kalispell C                       | \$37,231                                             | + | \$57,911                                    | = | \$95,142                                | /2= | \$47,571                         |
| Flathead      | Whitefish                         | \$148,194                                            | + | \$23,131                                    | = | \$171,325                               | /2= | \$85,662                         |
| Lake          | Polson                            | \$0                                                  | + | \$13,081                                    | = | \$13,081                                | /2= | \$6,541                          |
| Lincoln       | Lincoln Industrial (4)            | \$0                                                  | + | \$5,503                                     | = | \$5,503                                 | /2= | \$2,752                          |
| Lincoln       | Riverside                         | \$0                                                  | + | \$5,656                                     | = | \$5,656                                 | /2= | \$2,828                          |
| Missoula      | Airport Industrial (20-3A)        | \$0                                                  | + | \$73,016                                    | = | \$73,016                                | /2= | \$36,508                         |
| Missoula      | Urban Renewal District III (1-1D) | \$0                                                  | + | \$121,116                                   | = | \$121,116                               | /2= | \$60,558                         |
| Missoula      | Technology District (20-3E)       | \$0                                                  | + | \$9,329                                     | = | \$9,329                                 | /2= | \$4,665                          |
| Missoula      | Urban Renewal District II (1-1C)  | \$225,251                                            | + | \$57,789                                    | = | \$283,040                               | /2= | \$141,520                        |
| Missoula      | Urban Renewal District II (4-1C)  | \$30,009                                             | + | \$4,239                                     | = | \$34,248                                | /2= | \$17,124                         |
| Missoula      | Front Street URD (1-1F)           | \$0                                                  | + | \$22,983                                    | = | \$22,983                                | /2= | \$11,491                         |
| Missoula      | River Front URD (1-1R)            | \$0                                                  | + | \$4,494                                     | = | \$4,494                                 | /2= | \$2,247                          |
| Park          | West End Industrial               | \$0                                                  | + | \$13,189                                    | = | \$13,189                                | /2= | \$6,595                          |
| Park          | Livingston Urban Renewal          | \$0                                                  | + | \$13,942                                    | = | \$13,942                                | /2= | \$6,971                          |
| Ravalli       | North Stevensville Industrial     | \$0                                                  | + | \$12,030                                    | = | \$12,030                                | /2= | \$6,015                          |
| Silver Bow    | Ramsey TIFD                       | \$0                                                  | + | \$30,457                                    | = | \$30,457                                | /2= | \$15,229                         |
| Silver Bow    | Uptown TIFD                       | \$255,421                                            | + | \$9,635                                     | = | \$265,056                               | /2= | \$132,528                        |
| Silver Bow    | Eastside TIFD                     | \$0                                                  | + | \$1,153                                     | = | \$1,153                                 | /2= | \$576                            |
| Yellowstone   | North 27th Street                 | \$0                                                  | + | \$17,934                                    | = | \$17,934                                | /2= | \$8,967                          |
| Yellowstone   | East Billings                     | \$0                                                  | + | \$51,081                                    | = | \$51,081                                | /2= | \$25,541                         |
| Yellowstone   | South Billings Blvd               | \$0                                                  | + | \$105,178                                   | = | \$105,178                               | /2= | \$52,589                         |
| Yellowstone   | Laurel                            | \$0                                                  | + | \$18,597                                    | = | \$18,597                                | /2= | \$9,299                          |
| Yellowstone   | Expanded North 27th Street        | \$0                                                  | + | \$48,190                                    | = | \$48,190                                | /2= | \$24,095                         |
| <b>Total</b>  |                                   | <b>\$731,902</b>                                     |   | <b>\$805,953</b>                            |   | <b>\$1,537,855</b>                      |     | <b>\$768,928</b>                 |

## FY 2012 Entitlement Share Payment

Again in FY 2012, there was no growth rate applied as a result of HB 495 in the 2011 legislative session. Therefore, FY 2012 payments were the same as FY 2011 payments.

| Calculation of FY 2012 Annual Payment Amount for Counties |                                        |   |                              |   |                                        |                                |
|-----------------------------------------------------------|----------------------------------------|---|------------------------------|---|----------------------------------------|--------------------------------|
|                                                           | FY2011<br>Entitlement<br>Share Payment |   | FY2012<br>Share<br>of Growth |   | FY2012<br>Entitlement<br>Share Payment | FY2012<br>Quarterly<br>Payment |
| Beaverhead                                                | \$389,800                              | + | \$0                          | = | \$389,800                              | /4= \$97,450                   |
| Big Horn                                                  | \$60,833                               | + | \$0                          | = | \$60,833                               | /4= \$15,208                   |
| Blaine                                                    | \$234,449                              | + | \$0                          | = | \$234,449                              | /4= \$58,612                   |
| Broadwater                                                | \$393,458                              | + | \$0                          | = | \$393,458                              | /4= \$98,364                   |
| Carbon                                                    | \$521,056                              | + | \$0                          | = | \$521,056                              | /4= \$130,264                  |
| Carter                                                    | \$159,541                              | + | \$0                          | = | \$159,541                              | /4= \$39,885                   |
| Cascade                                                   | \$650,593                              | + | \$0                          | = | \$650,593                              | /4= \$162,648                  |
| Chouteau                                                  | \$658,053                              | + | \$0                          | = | \$658,053                              | /4= \$164,513                  |
| Custer                                                    | \$370,167                              | + | \$0                          | = | \$370,167                              | /4= \$92,542                   |
| Daniels                                                   | \$278,444                              | + | \$0                          | = | \$278,444                              | /4= \$69,611                   |
| Dawson                                                    | \$1,052,303                            | + | \$0                          | = | \$1,052,303                            | /4= \$263,076                  |
| Fallon                                                    | \$303,441                              | + | \$0                          | = | \$303,441                              | /4= \$75,860                   |
| Fergus                                                    | \$314,552                              | + | \$0                          | = | \$314,552                              | /4= \$78,638                   |
| Flathead                                                  | \$3,544,976                            | + | \$0                          | = | \$3,544,976                            | /4= \$886,244                  |
| Gallatin                                                  | \$2,295,828                            | + | \$0                          | = | \$2,295,828                            | /4= \$573,957                  |
| Garfield                                                  | \$182,667                              | + | \$0                          | = | \$182,667                              | /4= \$45,667                   |
| Glacier                                                   | \$523,269                              | + | \$0                          | = | \$523,269                              | /4= \$130,817                  |
| Golden Valley                                             | \$52,533                               | + | \$0                          | = | \$52,533                               | /4= \$13,133                   |
| Granite                                                   | \$299,315                              | + | \$0                          | = | \$299,315                              | /4= \$74,829                   |
| Hill                                                      | \$543,661                              | + | \$0                          | = | \$543,661                              | /4= \$135,915                  |
| Jefferson                                                 | \$748,336                              | + | \$0                          | = | \$748,336                              | /4= \$187,084                  |
| Judith Basin                                              | \$300,779                              | + | \$0                          | = | \$300,779                              | /4= \$75,195                   |
| Lake                                                      | \$883,136                              | + | \$0                          | = | \$883,136                              | /4= \$220,784                  |
| Lewis and Clark                                           | \$1,610,314                            | + | \$0                          | = | \$1,610,314                            | /4= \$402,578                  |
| Liberty                                                   | \$307,266                              | + | \$0                          | = | \$307,266                              | /4= \$76,817                   |
| Lincoln                                                   | \$770,361                              | + | \$0                          | = | \$770,361                              | /4= \$192,590                  |
| Madison                                                   | \$647,583                              | + | \$0                          | = | \$647,583                              | /4= \$161,896                  |
| McCone                                                    | \$268,195                              | + | \$0                          | = | \$268,195                              | /4= \$67,049                   |
| Meagher                                                   | \$128,239                              | + | \$0                          | = | \$128,239                              | /4= \$32,060                   |
| Mineral                                                   | \$312,016                              | + | \$0                          | = | \$312,016                              | /4= \$78,004                   |
| Missoula                                                  | \$3,803,290                            | + | \$0                          | = | \$3,803,290                            | /4= \$950,822                  |
| Musselshell                                               | \$168,768                              | + | \$0                          | = | \$168,768                              | /4= \$42,192                   |
| Park                                                      | \$606,895                              | + | \$0                          | = | \$606,895                              | /4= \$151,724                  |
| Petroleum                                                 | \$51,595                               | + | \$0                          | = | \$51,595                               | /4= \$12,899                   |
| Phillips                                                  | \$253,978                              | + | \$0                          | = | \$253,978                              | /4= \$63,494                   |
| Pondera                                                   | \$410,818                              | + | \$0                          | = | \$410,818                              | /4= \$102,704                  |
| Powder River                                              | \$341,371                              | + | \$0                          | = | \$341,371                              | /4= \$85,343                   |
| Powell                                                    | \$190,363                              | + | \$0                          | = | \$190,363                              | /4= \$47,591                   |
| Prairie                                                   | \$152,718                              | + | \$0                          | = | \$152,718                              | /4= \$38,179                   |
| Ravalli                                                   | \$1,298,321                            | + | \$0                          | = | \$1,298,321                            | /4= \$324,580                  |
| Richland                                                  | \$427,763                              | + | \$0                          | = | \$427,763                              | /4= \$106,941                  |
| Roosevelt                                                 | \$361,894                              | + | \$0                          | = | \$361,894                              | /4= \$90,474                   |
| Rosebud                                                   | \$2,492,980                            | + | \$0                          | = | \$2,492,980                            | /4= \$623,245                  |
| Sanders                                                   | \$1,000,160                            | + | \$0                          | = | \$1,000,160                            | /4= \$250,040                  |
| Sheridan                                                  | \$464,960                              | + | \$0                          | = | \$464,960                              | /4= \$116,240                  |
| Stillwater                                                | \$815,279                              | + | \$0                          | = | \$815,279                              | /4= \$203,820                  |
| Sweet Grass                                               | \$290,698                              | + | \$0                          | = | \$290,698                              | /4= \$72,674                   |
| Teton                                                     | \$435,195                              | + | \$0                          | = | \$435,195                              | /4= \$108,799                  |
| Toole                                                     | \$526,043                              | + | \$0                          | = | \$526,043                              | /4= \$131,511                  |
| Treasure                                                  | \$102,094                              | + | \$0                          | = | \$102,094                              | /4= \$25,523                   |
| Valley                                                    | \$193,484                              | + | \$0                          | = | \$193,484                              | /4= \$48,371                   |
| Wheatland                                                 | \$142,955                              | + | \$0                          | = | \$142,955                              | /4= \$35,739                   |
| Wibaux                                                    | \$271,415                              | + | \$0                          | = | \$271,415                              | /4= \$67,854                   |
| Yellowstone                                               | \$2,526,307                            | + | \$0                          | = | \$2,526,307                            | /4= \$631,577                  |
| <b>Total</b>                                              | <b>\$36,134,507</b>                    |   | <b>\$0</b>                   |   | <b>\$36,134,507</b>                    | <b>\$9,033,627</b>             |

# FY 2012 Entitlement Share Payment

| Calculation of FY 2012 Annual Payment Amount for Cities |                  |                                        |   |                              |   |                                        |                                |
|---------------------------------------------------------|------------------|----------------------------------------|---|------------------------------|---|----------------------------------------|--------------------------------|
| County                                                  | City             | FY2011<br>Entitlement<br>Share Payment |   | FY2012<br>Share<br>of Growth |   | FY2012<br>Entitlement<br>Share Payment | FY2012<br>Quarterly<br>Payment |
| Beaverhead                                              | Dillon           | \$494,528                              | + | \$0                          | = | \$494,528                              | /4= \$123,632                  |
| Beaverhead                                              | Lima             | \$21,420                               | + | \$0                          | = | \$21,420                               | /4= \$5,355                    |
| Big Horn                                                | Hardin           | \$662,384                              | + | \$0                          | = | \$662,384                              | /4= \$165,596                  |
| Big Horn                                                | Lodge Grass      | \$22,574                               | + | \$0                          | = | \$22,574                               | /4= \$5,643                    |
| Blaine                                                  | Chinook          | \$206,134                              | + | \$0                          | = | \$206,134                              | /4= \$51,533                   |
| Blaine                                                  | Harlem           | \$127,132                              | + | \$0                          | = | \$127,132                              | /4= \$31,783                   |
| Broadwater                                              | Townsend         | \$243,947                              | + | \$0                          | = | \$243,947                              | /4= \$60,987                   |
| Carbon                                                  | Bearcreek        | \$4,663                                | + | \$0                          | = | \$4,663                                | /4= \$1,166                    |
| Carbon                                                  | Bridger          | \$157,050                              | + | \$0                          | = | \$157,050                              | /4= \$39,263                   |
| Carbon                                                  | Fromberg         | \$30,456                               | + | \$0                          | = | \$30,456                               | /4= \$7,614                    |
| Carbon                                                  | Joliet           | \$40,899                               | + | \$0                          | = | \$40,899                               | /4= \$10,225                   |
| Carbon                                                  | Red Lodge        | \$335,367                              | + | \$0                          | = | \$335,367                              | /4= \$83,842                   |
| Carter                                                  | Ekalaka          | \$54,947                               | + | \$0                          | = | \$54,947                               | /4= \$13,737                   |
| Cascade                                                 | Belt             | \$95,816                               | + | \$0                          | = | \$95,816                               | /4= \$23,954                   |
| Cascade                                                 | Cascade          | \$73,862                               | + | \$0                          | = | \$73,862                               | /4= \$18,465                   |
| Cascade                                                 | Great Falls      | \$6,813,382                            | + | \$0                          | = | \$6,813,382                            | /4= \$1,703,346                |
| Cascade                                                 | Neihart          | \$4,853                                | + | \$0                          | = | \$4,853                                | /4= \$1,213                    |
| Chouteau                                                | Big Sandy        | \$59,922                               | + | \$0                          | = | \$59,922                               | /4= \$14,981                   |
| Chouteau                                                | Fort Benton      | \$167,884                              | + | \$0                          | = | \$167,884                              | /4= \$41,971                   |
| Chouteau                                                | Geraldine        | \$17,090                               | + | \$0                          | = | \$17,090                               | /4= \$4,273                    |
| Custer                                                  | Ismay            | \$1,076                                | + | \$0                          | = | \$1,076                                | /4= \$269                      |
| Custer                                                  | Miles City       | \$1,072,511                            | + | \$0                          | = | \$1,072,511                            | /4= \$268,128                  |
| Daniels                                                 | Flaxville        | \$6,232                                | + | \$0                          | = | \$6,232                                | /4= \$1,558                    |
| Daniels                                                 | Scobey           | \$109,529                              | + | \$0                          | = | \$109,529                              | /4= \$27,382                   |
| Dawson                                                  | Glendive         | \$597,381                              | + | \$0                          | = | \$597,381                              | /4= \$149,345                  |
| Dawson                                                  | Richey           | \$10,840                               | + | \$0                          | = | \$10,840                               | /4= \$2,710                    |
| Fallon                                                  | Baker            | \$202,859                              | + | \$0                          | = | \$202,859                              | /4= \$50,715                   |
| Fallon                                                  | Plevna           | \$12,632                               | + | \$0                          | = | \$12,632                               | /4= \$3,158                    |
| Fergus                                                  | Denton           | \$27,250                               | + | \$0                          | = | \$27,250                               | /4= \$6,812                    |
| Fergus                                                  | Grass Range      | \$9,421                                | + | \$0                          | = | \$9,421                                | /4= \$2,355                    |
| Fergus                                                  | Lewistown        | \$791,597                              | + | \$0                          | = | \$791,597                              | /4= \$197,899                  |
| Fergus                                                  | Moore            | \$13,038                               | + | \$0                          | = | \$13,038                               | /4= \$3,259                    |
| Fergus                                                  | Winifred         | \$11,857                               | + | \$0                          | = | \$11,857                               | /4= \$2,964                    |
| Flathead                                                | Columbia Falls   | \$598,661                              | + | \$0                          | = | \$598,661                              | /4= \$149,665                  |
| Flathead                                                | Kalispell        | \$2,542,580                            | + | \$0                          | = | \$2,542,580                            | /4= \$635,645                  |
| Flathead                                                | Whitefish        | \$702,833                              | + | \$0                          | = | \$702,833                              | /4= \$175,708                  |
| Gallatin                                                | Belgrade         | \$638,253                              | + | \$0                          | = | \$638,253                              | /4= \$159,563                  |
| Gallatin                                                | Bozeman          | \$3,492,979                            | + | \$0                          | = | \$3,492,979                            | /4= \$873,245                  |
| Gallatin                                                | Manhattan        | \$136,489                              | + | \$0                          | = | \$136,489                              | /4= \$34,122                   |
| Gallatin                                                | Three Forks      | \$148,263                              | + | \$0                          | = | \$148,263                              | /4= \$37,066                   |
| Gallatin                                                | West Yellowstone | \$242,036                              | + | \$0                          | = | \$242,036                              | /4= \$60,509                   |
| Garfield                                                | Jordan           | \$35,722                               | + | \$0                          | = | \$35,722                               | /4= \$8,931                    |
| Glacier                                                 | Browning         | \$55,771                               | + | \$0                          | = | \$55,771                               | /4= \$13,943                   |
| Glacier                                                 | Cut Bank         | \$535,114                              | + | \$0                          | = | \$535,114                              | /4= \$133,779                  |
| Golden Valley                                           | Lavina           | \$8,256                                | + | \$0                          | = | \$8,256                                | /4= \$2,064                    |
| Golden Valley                                           | Ryegate          | \$20,796                               | + | \$0                          | = | \$20,796                               | /4= \$5,199                    |
| Granite                                                 | Drummond         | \$34,887                               | + | \$0                          | = | \$34,887                               | /4= \$8,722                    |
| Granite                                                 | Philipsburg      | \$104,677                              | + | \$0                          | = | \$104,677                              | /4= \$26,169                   |
| Hill                                                    | Havre            | \$1,281,576                            | + | \$0                          | = | \$1,281,576                            | /4= \$320,394                  |
| Hill                                                    | Hingham          | \$8,344                                | + | \$0                          | = | \$8,344                                | /4= \$2,086                    |
| Jefferson                                               | Boulder          | \$142,978                              | + | \$0                          | = | \$142,978                              | /4= \$35,745                   |
| Jefferson                                               | Whitehall        | \$156,275                              | + | \$0                          | = | \$156,275                              | /4= \$39,069                   |
| Judith Basin                                            | Hobson           | \$24,789                               | + | \$0                          | = | \$24,789                               | /4= \$6,197                    |
| Judith Basin                                            | Stanford         | \$48,941                               | + | \$0                          | = | \$48,941                               | /4= \$12,235                   |
| Lake                                                    | Polson           | \$562,124                              | + | \$0                          | = | \$562,124                              | /4= \$140,531                  |
| Lake                                                    | Ronan            | \$287,947                              | + | \$0                          | = | \$287,947                              | /4= \$71,987                   |
| Lake                                                    | St. Ignatius     | \$46,240                               | + | \$0                          | = | \$46,240                               | /4= \$11,560                   |
| Lewis & Clark                                           | East Helena      | \$502,524                              | + | \$0                          | = | \$502,524                              | /4= \$125,631                  |
| Lewis & Clark                                           | Helena           | \$3,474,415                            | + | \$0                          | = | \$3,474,415                            | /4= \$868,604                  |
| Liberty                                                 | Chester          | \$98,865                               | + | \$0                          | = | \$98,865                               | /4= \$24,716                   |
| Lincoln                                                 | Eureka           | \$107,231                              | + | \$0                          | = | \$107,231                              | /4= \$26,808                   |
| Lincoln                                                 | Libby            | \$480,403                              | + | \$0                          | = | \$480,403                              | /4= \$120,101                  |
| Lincoln                                                 | Rexford          | \$15,723                               | + | \$0                          | = | \$15,723                               | /4= \$3,931                    |
| Lincoln                                                 | Troy             | \$143,663                              | + | \$0                          | = | \$143,663                              | /4= \$35,916                   |

# FY 2012 Entitlement Share Payment

| Calculation of FY 2012 Annual Payment Amount for Cities (Continued) |                       |                                        |   |                              |   |                                        |                                |
|---------------------------------------------------------------------|-----------------------|----------------------------------------|---|------------------------------|---|----------------------------------------|--------------------------------|
| County                                                              | City                  | FY2011<br>Entitlement<br>Share Payment |   | FY2012<br>Share<br>of Growth |   | FY2012<br>Entitlement<br>Share Payment | FY2012<br>Quarterly<br>Payment |
| Madison                                                             | Ennis                 | \$119,301                              | + | \$0                          | = | \$119,301                              | /4= \$29,825                   |
| Madison                                                             | Sheridan              | \$50,434                               | + | \$0                          | = | \$50,434                               | /4= \$12,609                   |
| Madison                                                             | Twin Bridges          | \$34,817                               | + | \$0                          | = | \$34,817                               | /4= \$8,704                    |
| Madison                                                             | Virginia City         | \$23,428                               | + | \$0                          | = | \$23,428                               | /4= \$5,857                    |
| McCone                                                              | Circle                | \$69,642                               | + | \$0                          | = | \$69,642                               | /4= \$17,410                   |
| Meagher                                                             | White Sulphur Springs | \$123,478                              | + | \$0                          | = | \$123,478                              | /4= \$30,870                   |
| Mineral                                                             | Alberton              | \$56,257                               | + | \$0                          | = | \$56,257                               | /4= \$14,064                   |
| Mineral                                                             | Superior              | \$151,806                              | + | \$0                          | = | \$151,806                              | /4= \$37,952                   |
| Missoula                                                            | Missoula              | \$6,740,000                            | + | \$0                          | = | \$6,740,000                            | /4= \$1,685,000                |
| Musselshell                                                         | Melstone              | \$8,703                                | + | \$0                          | = | \$8,703                                | /4= \$2,176                    |
| Musselshell                                                         | Roundup               | \$237,722                              | + | \$0                          | = | \$237,722                              | /4= \$59,430                   |
| Park                                                                | Clyde Park            | \$36,255                               | + | \$0                          | = | \$36,255                               | /4= \$9,064                    |
| Park                                                                | Livingston            | \$989,409                              | + | \$0                          | = | \$989,409                              | /4= \$247,352                  |
| Petroleum                                                           | Winnett               | \$19,552                               | + | \$0                          | = | \$19,552                               | /4= \$4,888                    |
| Phillips                                                            | Dodson                | \$13,365                               | + | \$0                          | = | \$13,365                               | /4= \$3,341                    |
| Phillips                                                            | Malta                 | \$244,903                              | + | \$0                          | = | \$244,903                              | /4= \$61,226                   |
| Phillips                                                            | Saco                  | \$18,731                               | + | \$0                          | = | \$18,731                               | /4= \$4,683                    |
| Pondera                                                             | Conrad                | \$294,969                              | + | \$0                          | = | \$294,969                              | /4= \$73,742                   |
| Pondera                                                             | Valier                | \$37,412                               | + | \$0                          | = | \$37,412                               | /4= \$9,353                    |
| Powder River                                                        | Broadus               | \$65,483                               | + | \$0                          | = | \$65,483                               | /4= \$16,371                   |
| Powell                                                              | Deer Lodge            | \$393,413                              | + | \$0                          | = | \$393,413                              | /4= \$98,353                   |
| Prairie                                                             | Terry                 | \$74,911                               | + | \$0                          | = | \$74,911                               | /4= \$18,728                   |
| Ravalli                                                             | Darby                 | \$139,463                              | + | \$0                          | = | \$139,463                              | /4= \$34,866                   |
| Ravalli                                                             | Hamilton              | \$918,074                              | + | \$0                          | = | \$918,074                              | /4= \$229,519                  |
| Ravalli                                                             | Pinesdale             | \$28,603                               | + | \$0                          | = | \$28,603                               | /4= \$7,151                    |
| Ravalli                                                             | Stevensville          | \$162,178                              | + | \$0                          | = | \$162,178                              | /4= \$40,545                   |
| Richland                                                            | Fairview              | \$114,418                              | + | \$0                          | = | \$114,418                              | /4= \$28,605                   |
| Richland                                                            | Sidney                | \$673,472                              | + | \$0                          | = | \$673,472                              | /4= \$168,368                  |
| Roosevelt                                                           | Bainville             | \$42,950                               | + | \$0                          | = | \$42,950                               | /4= \$10,738                   |
| Roosevelt                                                           | Brockton              | \$11,477                               | + | \$0                          | = | \$11,477                               | /4= \$2,869                    |
| Roosevelt                                                           | Culbertson            | \$93,978                               | + | \$0                          | = | \$93,978                               | /4= \$23,494                   |
| Roosevelt                                                           | Froid                 | \$18,231                               | + | \$0                          | = | \$18,231                               | /4= \$4,558                    |
| Roosevelt                                                           | Poplar                | \$114,918                              | + | \$0                          | = | \$114,918                              | /4= \$28,730                   |
| Roosevelt                                                           | Wolf Point            | \$319,822                              | + | \$0                          | = | \$319,822                              | /4= \$79,956                   |
| Rosebud                                                             | Colstrip              | \$831,877                              | + | \$0                          | = | \$831,877                              | /4= \$207,969                  |
| Rosebud                                                             | Forsyth               | \$278,390                              | + | \$0                          | = | \$278,390                              | /4= \$69,597                   |
| Sanders                                                             | Hot Springs           | \$40,186                               | + | \$0                          | = | \$40,186                               | /4= \$10,047                   |
| Sanders                                                             | Plains                | \$201,441                              | + | \$0                          | = | \$201,441                              | /4= \$50,360                   |
| Sanders                                                             | Thompson Falls        | \$299,322                              | + | \$0                          | = | \$299,322                              | /4= \$74,830                   |
| Sheridan                                                            | Medicine Lake         | \$20,965                               | + | \$0                          | = | \$20,965                               | /4= \$5,241                    |
| Sheridan                                                            | Outlook               | \$3,992                                | + | \$0                          | = | \$3,992                                | /4= \$998                      |
| Sheridan                                                            | Plentywood            | \$234,459                              | + | \$0                          | = | \$234,459                              | /4= \$58,615                   |
| Sheridan                                                            | Westby                | \$19,497                               | + | \$0                          | = | \$19,497                               | /4= \$4,874                    |
| Silver Bow                                                          | Walkerville           | \$28,845                               | + | \$0                          | = | \$28,845                               | /4= \$7,211                    |
| Stillwater                                                          | Columbus              | \$377,049                              | + | \$0                          | = | \$377,049                              | /4= \$94,262                   |
| Sweet Grass                                                         | Big Timber            | \$180,392                              | + | \$0                          | = | \$180,392                              | /4= \$45,098                   |
| Teton                                                               | Choteau               | \$154,491                              | + | \$0                          | = | \$154,491                              | /4= \$38,623                   |
| Teton                                                               | Dutton                | \$43,134                               | + | \$0                          | = | \$43,134                               | /4= \$10,784                   |
| Teton                                                               | Fairfield             | \$83,202                               | + | \$0                          | = | \$83,202                               | /4= \$20,800                   |
| Toole                                                               | Kevin                 | \$18,435                               | + | \$0                          | = | \$18,435                               | /4= \$4,609                    |
| Toole                                                               | Shelby                | \$425,036                              | + | \$0                          | = | \$425,036                              | /4= \$106,259                  |
| Toole                                                               | Sunburst              | \$28,294                               | + | \$0                          | = | \$28,294                               | /4= \$7,074                    |
| Treasure                                                            | Hysham                | \$27,053                               | + | \$0                          | = | \$27,053                               | /4= \$6,763                    |
| Valley                                                              | Fort Peck             | \$13,199                               | + | \$0                          | = | \$13,199                               | /4= \$3,300                    |
| Valley                                                              | Glasgow               | \$446,602                              | + | \$0                          | = | \$446,602                              | /4= \$111,651                  |
| Valley                                                              | Nashua                | \$29,807                               | + | \$0                          | = | \$29,807                               | /4= \$7,452                    |
| Valley                                                              | Opheim                | \$9,637                                | + | \$0                          | = | \$9,637                                | /4= \$2,409                    |
| Wheatland                                                           | Harlowton             | \$135,994                              | + | \$0                          | = | \$135,994                              | /4= \$33,999                   |
| Wheatland                                                           | Judith Gap            | \$11,963                               | + | \$0                          | = | \$11,963                               | /4= \$2,991                    |
| Wibaux                                                              | Wibaux                | \$87,289                               | + | \$0                          | = | \$87,289                               | /4= \$21,822                   |
| Yellowstone                                                         | Billings              | \$11,511,266                           | + | \$0                          | = | \$11,511,266                           | /4= \$2,877,816                |
| Yellowstone                                                         | Broadview             | \$24,504                               | + | \$0                          | = | \$24,504                               | /4= \$6,126                    |
| Yellowstone                                                         | Laurel                | \$784,547                              | + | \$0                          | = | \$784,547                              | /4= \$196,137                  |
| <b>Total</b>                                                        |                       | <b>\$57,972,332</b>                    |   | <b>\$0</b>                   |   | <b>\$57,972,332</b>                    | <b>\$14,493,083</b>            |

# FY 2012 Entitlement Share Payment

## Calculation of FY 2012 Annual Payment Amount for Consolidated Governments

| <u>Consolidated Government</u> | <u>FY2011<br/>Entitlement<br/>Share Payment</u> |   | <u>FY2012<br/>Share<br/>of Growth</u> |   | <u>FY2012<br/>Entitlement<br/>Share Payment</u> |     | <u>FY2012<br/>Quarterly<br/>Payment</u> |
|--------------------------------|-------------------------------------------------|---|---------------------------------------|---|-------------------------------------------------|-----|-----------------------------------------|
| Deer Lodge                     | \$1,223,912                                     | + | \$0                                   | = | \$1,223,912                                     | /4= | \$305,978                               |
| Silver Bow                     | \$3,878,476                                     | + | \$0                                   | = | \$3,878,476                                     | /4= | \$969,619                               |
| <b>Total</b>                   | <b>\$5,102,388</b>                              |   | <b>\$0</b>                            |   | <b>\$5,102,388</b>                              |     | <b>\$1,275,597</b>                      |

## Calculation of FY 2012 Annual Payment Amount for TIFs

| <u>County</u> | <u>TIF Name</u>                  | <u>Entitlement<br/>Share Payment<br/>15-1-121(8)(b), MCA</u> |     | <u>FY2012<br/>Semiannual<br/>Payment</u> |
|---------------|----------------------------------|--------------------------------------------------------------|-----|------------------------------------------|
| Deer Lodge    | TIF District 1                   | \$2,833                                                      | /2= | \$1,417                                  |
| Deer Lodge    | TIF District 2                   | \$2,813                                                      | /2= | \$1,407                                  |
| Flathead      | Kalispell B                      | \$4,638                                                      | /2= | \$2,319                                  |
| Flathead      | Kalispell C                      | \$37,231                                                     | /2= | \$18,616                                 |
| Flathead      | Whitefish                        | \$148,194                                                    | /2= | \$74,097                                 |
| Gallatin      | Bozeman Downtown                 | \$31,158                                                     | /2= | \$15,579                                 |
| Missoula      | Urban Renewal District II (1-1C) | \$250,279                                                    | /2= | \$125,140                                |
| Missoula      | Urban Renewal District II (4-1C) | \$30,009                                                     | /2= | \$15,005                                 |
| Silver Bow    | Uptown TIFD                      | \$255,421                                                    | /2= | \$127,711                                |
| <b>Total</b>  |                                  | <b>\$762,576</b>                                             |     | <b>\$381,288</b>                         |

## One-Time Reimbursement Payments

The final four tables show the effects of the one-time payments due to SB 372 and SB 96. Because of the timing set in the legislation, SB 372 was sent to local governments in FY 2013 as a reimbursement for the legislature's reduction of the taxable value of some personal property in FY 2012. SB 96 was sent to local governments in FY 2014 as a reimbursement for the legislature's reduction of the taxable value of some personal property in FY 2014.

| One-Time Payments to Counties |                         |                        |
|-------------------------------|-------------------------|------------------------|
| County                        | FY2013<br>(SB372, 2011) | FY2014<br>(SB96, 2013) |
| Beaverhead                    | \$27,627                | \$45,391               |
| Big Horn                      | \$25,448                | \$39,500               |
| Blaine                        | \$27,323                | \$57,499               |
| Broadwater                    | \$13,522                | \$19,857               |
| Carbon                        | \$25,281                | \$37,128               |
| Carter                        | \$13,192                | \$27,541               |
| Cascade                       | \$141,828               | \$207,138              |
| Chouteau                      | \$48,779                | \$80,480               |
| Custer                        | \$69,387                | \$109,147              |
| Daniels                       | \$28,511                | \$46,994               |
| Dawson                        | \$66,582                | \$106,554              |
| Fallon                        | \$26,316                | \$40,102               |
| Fergus                        | \$92,446                | \$139,756              |
| Flathead                      | \$235,325               | \$374,912              |
| Gallatin                      | \$205,957               | \$285,934              |
| Garfield                      | \$29,925                | \$38,075               |
| Glacier                       | \$38,917                | \$68,760               |
| Golden Valley                 | \$4,285                 | \$8,780                |
| Granite                       | \$14,504                | \$20,024               |
| Hill                          | \$60,787                | \$97,195               |
| Jefferson                     | \$28,765                | \$29,216               |
| Judith Basin                  | \$13,301                | \$24,240               |
| Lake                          | \$46,030                | \$53,418               |
| Lewis and Clark               | \$130,055               | \$207,892              |
| Liberty                       | \$25,430                | \$44,271               |
| Lincoln                       | \$37,982                | \$66,943               |
| Madison                       | \$34,644                | \$63,254               |
| McCone                        | \$39,825                | \$74,881               |
| Meagher                       | \$9,435                 | \$22,640               |
| Mineral                       | \$13,041                | \$23,540               |
| Missoula                      | \$310,861               | \$457,335              |
| Musselshell                   | \$25,841                | \$44,142               |
| Park                          | \$23,327                | \$42,285               |
| Petroleum                     | \$6,597                 | \$10,806               |
| Phillips                      | \$13,134                | \$30,707               |
| Pondera                       | \$47,642                | \$66,446               |
| Powder River                  | \$13,893                | \$23,820               |
| Powell                        | \$17,092                | \$20,310               |
| Prairie                       | \$19,238                | \$24,820               |
| Ravalli                       | \$63,053                | \$91,671               |
| Richland                      | \$66,109                | \$175,034              |
| Roosevelt                     | \$76,259                | \$149,144              |
| Rosebud                       | \$5,819                 | \$15,481               |
| Sanders                       | \$17,828                | \$24,234               |
| Sheridan                      | \$69,414                | \$107,726              |
| Stillwater                    | \$20,076                | \$52,822               |
| Sweet Grass                   | \$9,174                 | \$17,905               |
| Teton                         | \$44,568                | \$74,357               |
| Toole                         | \$46,876                | \$74,795               |
| Treasure                      | \$5,891                 | \$7,955                |
| Valley                        | \$29,462                | \$44,164               |
| Wheatland                     | \$15,798                | \$19,287               |
| Wibaux                        | \$7,327                 | \$16,139               |
| Yellowstone                   | \$363,461               | \$553,463              |
| <b>Total</b>                  | <b>\$2,893,191</b>      | <b>\$4,605,910</b>     |

# One-Time Reimbursement Payments

| One-Time Payments to Cities/Towns |                  |                         |                        |
|-----------------------------------|------------------|-------------------------|------------------------|
| County                            | City             | FY2013<br>(SB372, 2011) | FY2014<br>(SB96, 2013) |
| Beaverhead                        | Dillon           | \$7,666                 | \$11,606               |
| Beaverhead                        | Lima             | \$107                   | \$180                  |
| Big Horn                          | Hardin           | \$3,765                 | \$7,608                |
| Big Horn                          | Lodge Grass      | \$9                     | \$19                   |
| Blaine                            | Chinook          | \$2,168                 | \$3,551                |
| Blaine                            | Harlem           | \$755                   | \$2,007                |
| Broadwater                        | Townsend         | \$471                   | \$1,176                |
| Carbon                            | Bearcreek        | \$3                     | \$4                    |
| Carbon                            | Bridger          | \$943                   | \$1,102                |
| Carbon                            | Fromberg         | \$11                    | \$17                   |
| Carbon                            | Joliet           | \$268                   | \$490                  |
| Carbon                            | Red Lodge        | \$2,552                 | \$3,981                |
| Carter                            | Ekalaka          | \$363                   | \$1,517                |
| Cascade                           | Belt             | \$910                   | \$1,485                |
| Cascade                           | Cascade          | \$116                   | \$171                  |
| Cascade                           | Great Falls      | \$133,367               | \$191,541              |
| Cascade                           | Neihart          | \$12                    | \$12                   |
| Chouteau                          | Big Sandy        | \$199                   | \$709                  |
| Chouteau                          | Fort Benton      | \$559                   | \$2,214                |
| Chouteau                          | Geraldine        | \$57                    | \$264                  |
| Custer                            | Ismay            | \$0                     | \$0                    |
| Custer                            | Miles City       | \$16,039                | \$31,175               |
| Daniels                           | Flaxville        | \$15                    | \$27                   |
| Daniels                           | Scobey           | \$1,136                 | \$3,871                |
| Dawson                            | Glendive         | \$10,928                | \$19,940               |
| Dawson                            | Richey           | \$59                    | \$1,163                |
| Fallon                            | Baker            | \$4,007                 | \$4,113                |
| Fallon                            | Plevna           | \$126                   | \$184                  |
| Fergus                            | Denton           | \$328                   | \$762                  |
| Fergus                            | Grass Range      | \$48                    | \$107                  |
| Fergus                            | Lewistown        | \$13,508                | \$20,278               |
| Fergus                            | Moore            | \$296                   | \$708                  |
| Fergus                            | Winifred         | \$181                   | \$400                  |
| Flathead                          | Columbia Falls   | \$6,272                 | \$9,727                |
| Flathead                          | Kalispell        | \$69,988                | \$111,564              |
| Flathead                          | Whitefish        | \$11,510                | \$14,557               |
| Gallatin                          | Belgrade         | \$13,277                | \$20,080               |
| Gallatin                          | Bozeman          | \$116,398               | \$155,304              |
| Gallatin                          | Manhattan        | \$1,749                 | \$2,918                |
| Gallatin                          | Three Forks      | \$1,319                 | \$2,355                |
| Gallatin                          | West Yellowstone | \$4,859                 | \$7,082                |
| Garfield                          | Jordan           | \$153                   | \$686                  |
| Glacier                           | Browning         | \$810                   | \$922                  |
| Glacier                           | Cut Bank         | \$3,089                 | \$6,549                |
| Golden Valley                     | Lavina           | \$19                    | \$61                   |
| Golden Valley                     | Ryegate          | \$36                    | \$93                   |
| Granite                           | Drummond         | \$368                   | \$484                  |
| Granite                           | Philipsburg      | \$423                   | \$1,321                |
| Hill                              | Havre            | \$13,749                | \$23,399               |
| Hill                              | Hingham          | \$351                   | \$431                  |
| Jefferson                         | Boulder          | \$1,514                 | \$1,851                |
| Jefferson                         | Whitehall        | \$1,230                 | \$1,996                |
| Judith Basin                      | Hobson           | \$138                   | \$291                  |
| Judith Basin                      | Stanford         | \$198                   | \$393                  |
| Lake                              | Polson           | \$4,806                 | \$6,133                |
| Lake                              | Ronan            | \$2,203                 | \$3,817                |
| Lake                              | St. Ignatius     | \$283                   | \$421                  |
| Lewis & Clark                     | East Helena      | \$2,518                 | \$3,857                |
| Lewis & Clark                     | Helena           | \$81,716                | \$109,653              |
| Liberty                           | Chester          | \$206                   | \$626                  |
| Lincoln                           | Eureka           | \$1,221                 | \$2,375                |
| Lincoln                           | Libby            | \$3,357                 | \$5,399                |
| Lincoln                           | Troy             | \$598                   | \$828                  |

# One-Time Reimbursement Payments

| One-Time Payments to Cities/Towns |                       |                    |                    |
|-----------------------------------|-----------------------|--------------------|--------------------|
| County                            | City                  | FY2013             | FY2014             |
|                                   |                       | (SB372, 2011)      | (SB96, 2013)       |
| Madison                           | Ennis                 | \$765              | \$2,508            |
| Madison                           | Sheridan              | \$376              | \$822              |
| Madison                           | Twin Bridges          | \$181              | \$476              |
| Madison                           | Virginia City         | \$40               | \$11               |
| McCone                            | Circle                | \$1,648            | \$4,982            |
| Meagher                           | White Sulphur Springs | \$670              | \$1,310            |
| Mineral                           | Alberton              | \$220              | \$338              |
| Mineral                           | Superior              | \$1,028            | \$1,999            |
| Missoula                          | Missoula              | \$255,192          | \$372,629          |
| Musselshell                       | Melstone              | \$1,799            | \$781              |
| Musselshell                       | Roundup               | \$1,003            | \$1,457            |
| Park                              | Clyde Park            | \$65               | \$213              |
| Park                              | Livingston            | \$15,129           | \$22,355           |
| Petroleum                         | Winnett               | \$237              | \$3,243            |
| Phillips                          | Dodson                | \$18               | \$33               |
| Phillips                          | Malta                 | \$810              | \$2,403            |
| Phillips                          | Saco                  | \$26               | \$299              |
| Pondera                           | Conrad                | \$3,013            | \$4,855            |
| Pondera                           | Valier                | \$1,837            | \$1,458            |
| Powder River                      | Broadus               | \$447              | \$901              |
| Powell                            | Deer Lodge            | \$1,527            | \$2,744            |
| Prairie                           | Terry                 | \$250              | \$847              |
| Ravalli                           | Darby                 | \$319              | \$768              |
| Ravalli                           | Hamilton              | \$11,140           | \$13,481           |
| Ravalli                           | Pinesdale             | \$416              | \$443              |
| Ravalli                           | Stevensville          | \$858              | \$1,998            |
| Richland                          | Fairview              | \$555              | \$941              |
| Richland                          | Sidney                | \$7,373            | \$16,415           |
| Roosevelt                         | Bainville             | \$81               | \$171              |
| Roosevelt                         | Brockton              | \$0                | \$0                |
| Roosevelt                         | Culbertson            | \$449              | \$902              |
| Roosevelt                         | Froid                 | \$59               | \$211              |
| Roosevelt                         | Poplar                | \$691              | \$813              |
| Roosevelt                         | Wolf Point            | \$2,404            | \$5,769            |
| Rosebud                           | Colstrip              | \$440              | \$594              |
| Rosebud                           | Forsyth               | \$2,758            | \$4,213            |
| Sanders                           | Hot Springs           | \$108              | \$149              |
| Sanders                           | Plains                | \$1,289            | \$1,968            |
| Sanders                           | Thompson Falls        | \$1,312            | \$1,938            |
| Sheridan                          | Medicine Lake         | \$48               | \$75               |
| Sheridan                          | Outlook               | \$1                | \$3                |
| Sheridan                          | Plentywood            | \$2,239            | \$4,454            |
| Sheridan                          | Westby                | \$61               | \$201              |
| Silver Bow                        | Walkerville           | \$78               | \$8                |
| Stillwater                        | Columbus              | \$4,104            | \$5,686            |
| Sweet Grass                       | Big Timber            | \$1,032            | \$3,176            |
| Teton                             | Choteau               | \$659              | \$1,526            |
| Teton                             | Dutton                | \$25               | \$68               |
| Teton                             | Fairfield             | \$623              | \$1,911            |
| Toole                             | Kevin                 | \$81               | \$249              |
| Toole                             | Shelby                | \$6,658            | \$12,791           |
| Toole                             | Sunburst              | \$195              | \$415              |
| Treasure                          | Hysham                | \$124              | \$239              |
| Valley                            | Fort Peck             | \$18               | \$46               |
| Valley                            | Glasgow               | \$8,346            | \$16,023           |
| Valley                            | Nashua                | \$69               | \$119              |
| Valley                            | Opheim                | \$40               | \$44               |
| Wheatland                         | Hartowton             | \$1,606            | \$2,118            |
| Wheatland                         | Judith Gap            | \$39               | \$103              |
| Wibaux                            | Wibaux                | \$242              | \$631              |
| Yellowstone                       | Billings              | \$301,993          | \$426,659          |
| Yellowstone                       | Broadview             | \$80               | \$151              |
| Yellowstone                       | Laurel                | \$14,039           | \$18,879           |
| <b>Total</b>                      |                       | <b>\$1,204,264</b> | <b>\$1,780,571</b> |

# One-Time Reimbursement Payments

| One-Time Payments to Consolidated Governments |                                       |                                      |
|-----------------------------------------------|---------------------------------------|--------------------------------------|
| <u>Consolidated Government</u>                | <u>FY2013</u><br><u>(SB372, 2011)</u> | <u>FY2014</u><br><u>(SB96, 2013)</u> |
| Deer Lodge                                    | \$39,517                              | \$74,862                             |
| Silver Bow                                    | \$123,296                             | \$179,201                            |
| <b>Total</b>                                  | <b>\$162,813</b>                      | <b>\$254,064</b>                     |

| One-Time Payments to TIFs |                                   |                                       |                                      |
|---------------------------|-----------------------------------|---------------------------------------|--------------------------------------|
| <u>County</u>             | <u>TIF Name</u>                   | <u>FY2013</u><br><u>(SB372, 2011)</u> | <u>FY2014</u><br><u>(SB96, 2013)</u> |
| Big Horn                  | Hardin Industrial Infrastructure  | \$520                                 | \$0                                  |
| Cascade                   | Great Falls Urban Renewal         | \$0                                   | \$532                                |
| Cascade                   | Great Falls International Airport | \$0                                   | \$23                                 |
| Cascade                   | West Bank Urban Renewal           | \$0                                   | \$13                                 |
| Chouteau                  | 1 TIFD                            | \$31                                  | \$394                                |
| Flathead                  | Old School Technology             | \$724                                 | \$2,333                              |
| Flathead                  | Kalispell B                       | \$10,005                              | \$27,840                             |
| Flathead                  | Kalispell C                       | \$56,306                              | \$139,022                            |
| Flathead                  | Whitefish                         | \$14,963                              | \$69,040                             |
| Jefferson                 | Sunlight Industrial District      | \$0                                   | \$811                                |
| Lake                      | Polson                            | \$8,005                               | \$0                                  |
| Lincoln                   | Lincoln Industrial (4)            | \$1,019                               | \$0                                  |
| Lincoln                   | Riverside                         | \$4,193                               | \$0                                  |
| Missoula                  | Airport Industrial (20-3A)        | \$73,016                              | \$77,552                             |
| Missoula                  | Urban Renewal District III (1-1D) | \$113,142                             | \$146,914                            |
| Missoula                  | Technology District (20-3E)       | \$9,329                               | \$6,036                              |
| Missoula                  | Urban Renewal District II (1-1C)  | \$42,176                              | \$66,092                             |
| Missoula                  | Urban Renewal District II (4-1C)  | \$4,239                               | \$8,058                              |
| Missoula                  | Front Street URD (1-1F)           | \$17,624                              | \$26,533                             |
| Missoula                  | River Front URD (1-1R)            | \$69                                  | \$1,603                              |
| Missoula                  | Bonner Mill Industrial District   | \$0                                   | \$13,986                             |
| Park                      | West End Industrial               | \$13,189                              | \$0                                  |
| Park                      | Livingston Urban Renewal          | \$8,003                               | \$19,350                             |
| Ravalli                   | North Stevensville Industrial     | \$777                                 | \$2,433                              |
| Silver Bow                | Ramsey TIFD                       | \$127                                 | \$17,116                             |
| Silver Bow                | Uptown TIFD                       | \$8,382                               | \$20,342                             |
| Silver Bow                | Eastside TIFD                     | \$0                                   | \$5,929                              |
| Yellowstone               | North 27th Street                 | \$8,974                               | \$27,220                             |
| Yellowstone               | East Billings                     | \$50,394                              | \$93,778                             |
| Yellowstone               | South Billings Boulevard          | \$84,990                              | \$134,989                            |
| Yellowstone               | Laurel                            | \$17,146                              | \$49,110                             |
| Yellowstone               | Expanded North 27th Street        | \$46,957                              | \$81,972                             |
| <b>Total</b>              |                                   | <b>\$594,299</b>                      | <b>\$1,039,018</b>                   |

### Glossary

**Ad valorem tax:** A tax based on the value of property, be it real estate or a particular good.

**Arms-length transaction:** A transaction in which the buyer and seller are not related and act independently in their own self-interest, not subject to each other's influence.

**British thermal unit (Btu):** The amount of energy needed to raise the temperature of one pound of water by one degree Fahrenheit. This is the standard for measuring the energy content in fuels.

**C corporation:** A business entity that is incorporated under the laws of a state or foreign country and is not eligible to be taxed as a S corporation. For tax purposes, a C corporation is considered to be entirely separate from its owners. A C corporation is subject to federal and state tax on its net income. Shareholders must include dividends they are paid in their income, but a corporation may pay dividends that are different from its net income.

**Capital gain:** The profit an investor gains from selling an asset (property, stocks, bonds, mutual funds, etc.) that has increased in value over its purchase price.

**Coal severance tax:** State tax on coal extracted (or severed) from the earth, based on its value. Tax rate varies with the heat content of the coal and the type of mine (open pit or underground).

**Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA):** Commonly known as Superfund, a law that provided a tax on the chemical and petroleum industries and provided broad federal authority to clean up releases of hazardous substances.

**Decile:** A method of dividing a set of values or statistics into 10 equally large groups.

**Empowerment zone:** A financially distressed area that receives tax credits, grants, and other advantages to help revitalize the area.

**Estate tax:** A tax on the net value of the estate of a deceased person before transfer to the person's heirs.

**Excise tax:** A tax on the use or consumption of a certain products, such as gasoline, cigarettes and alcohol.

**Extended Property Tax Assistance Program (EPTAP):** Property tax relief program for property owners who meet certain qualifications, including having experience a tax increase of \$250 or more due to a reappraisal.

**Homestead exemption:** An exemption from property tax of a percentage of the market value of residential property. It reduces the taxable value of residential property relative to property of a different type with the same market value.

**Horizontal well:** A drilling method in which the drill turns and runs horizontally once it reaches the source of energy to be extracted, be it gas or oil.

**Inpatient bed day:** A day of care provided to a patient in a hospital. A day begins at midnight and ends 24 hours later. Part of a day, including day of admission, counts as a full day. Day of discharge or death does not. If admission and discharge or death occur on the same day, that day is counted as one bed day.

**License tax:** A fee paid to the government for the privilege of holding a license to conduct a certain trade, such as sell alcohol or practice medicine.

## Glossary

**Limited liability company (LLC):** A company structure combining certain characteristics of both a corporation and a sole proprietorship (or partnership). Owners or shareholders of the company are protected from personal liability for the company's debts or liabilities.

**Market value:** The price that an unrelated willing buyer and willing seller would agree on with no compulsion or time constraints on either side.

**Millage rate:** Tax per dollar of assessed value of property, whereby the rate is referred to as "mills," which is one-tenth of a cent.

**Net operating loss:** Occurs when a business entity has deductions for current expenses that are more than its current income. A net operating loss in one year generally can be used to offset income in other years.

**Orphan share:** Part of the liability of a Superfund site that belongs to insolvent or defunct parties that cannot pay their fair share of a site's cleanup cost.

**Pass-through entity:** A business entity that is considered either a partnership or an S corporation for tax purposes. A pass-through entity is not treated as an entity separate from its owners. There is no separate tax on the income of a pass-through entity. All of the business' income (or loss) is attributed to its owners and each owner must include that income when calculating taxes.

**Property Tax Assistance Program (PTAP):** Property tax relief program for property owners who meet certain qualifications.

**Resident bed day:** Each 24-hour period that a resident in an intermediate care facility is present in the facility and receiving care or that a resident is on leave but a bed is being held for him or her.

**Resource Indemnity and Groundwater Assessment Tax (RIGWAT):** A tax on mining and mineral extraction within the state of Montana created to secure its citizens against the loss of long-term value resulting from the depletion of natural resource bases and against environmental damage caused by mineral development.

**RTIC:** Revenue and Transportation Interim Committee

**S corporation:** A business entity that is incorporated under the laws of a state and meets certain conditions. These include having no more than 100 shareholders, having no shareholders who are non-resident aliens, and having no shareholder that is another business entity, except that one S corporation may be a wholly-owned subsidiary of another. An S corporation is a pass-through entity, with no separate tax on income at the entity level.

**State general fund:** The primary fund of the state composed mainly of revenue from taxes and used to budget for state operations.

**Statute:** A written law passed by the legislature.

**Stripper well:** An oil or gas well with a low rate of production.

**Subjobber:** An entity or a person who purchases tobacco products from a Montana licensed wholesaler with the cigarette tax insignia affixed and sells or offers to sell those products to a licensed retailer or tobacco product vendor.

## Glossary

**Suits Index:** A measure that compares taxes as a percent of income across taxpayers. If all taxpayers pay the same percent of income in taxes, the Suits Index equals 0. If taxpayers with higher incomes pay a lower percent of their income in taxes, the Suits Index is negative. If taxpayers with higher incomes pay a higher percent of their income in taxes, the Suits Index is positive.

**Targeted Economic Development District (TEDD):** A method of financing infrastructure and services in a special district using property taxes on any increases in taxable property value in the district.

**Tax expenditure:** A reduction in government revenue due to special provisions in the tax laws, which reduce taxes for taxpayers who meet certain conditions or take certain actions.

**Tax gap:** The difference between total amounts of taxes owed to the government and the amount it actually receives.

**Tax increment financing (TIF):** A method of financing infrastructure and services in a special district using property taxes on any increases in taxable property value in the district.

**Tax liability:** The total amount of a particular tax that a taxpayer is required to pay for a year or other tax period.

**Taxable income:** The income factored in calculating how much tax an individual or company owes, usually the gross income minus any deductions, exemptions or other adjustments.

**Taxable value:** A percentage of property value used to calculate property tax.

**Taxing district:** Single purpose jurisdictions—such as a school district, fire district, water district, etc.—that exist separately from local governments and are funded by special taxes.

**Treasure State Endowment Program and Fund (TSEP and TSEF):** State program that awards matching grants to local governments for the construction of local infrastructure projects. TSEF is fed by the coal severance tax, the interest on which helps pay for the TSEP projects.

**Valuation:** The process of determining the current value of an asset, such as a home.

**West Texas Intermediate (WTI):** A grade of crude oil used as a benchmark in oil pricing.

### Acronyms

ARM: Administrative Rules of the State of Montana

Btu: British Thermal Unit

CERCLA: Comprehensive Environmental Response, Compensation, and Liability Act of 1980

DAV: The Disabled American Veterans Program

DOR: Department of Revenue

DPHHS: Montana Department of Public Health and Human Services

EPTAP: Extended Property Tax Assistance Program

FERC: Federal Energy Regulatory Commission

MCA: Montana Code Annotated

MMHNCC: Montana Mental Health Nursing Care Center

NCSL: National Conference of State Legislatures

NOL: Net operating loss

PSC: Public Service Commission

PTAP: Property Tax Assistance Program

RTIC: Revenue and Transportation Interim Committee

TDD: Telecommunications Device for the Deaf

TEDD: Targeted Economic Development District

TIF: Tax increment financing

TSEF: Treasure State Endowment Fund

TSEP: Treasure State Endowment Program

WTI: West Texas Intermediate