

Tax Proposal: Double Property Taxes coupled with tax rebate to residents

Advantages:

New revenue to State of Montana from Non-Residents (Corporate and individuals)

Increases revenues for local governments

Very little additional costs to collect the revenue

Would lower property taxes for residents

The State would have the money before the tax credits are refunded

State would increase school and university funding collected from property taxes.

Increased compliance on filing tax returns for residents.

More taxpayers may want to become resident taxpayers

Tax collections might improve, because it takes paid receipts to collect the refund.

Disadvantages:

Taxpayers would pay the property tax and refund would come later

Getting taxpayers to understand system. Public relations issues.

How would it work?

Property taxes would be increased to twice the current rate and collected by the counties. The additional collections would be sent from the counties to the State general fund. The taxpayers would get a refundable tax credit on their resident returns for fifty percent of the taxes paid. The State would send to the local government the additional taxes collected less the amount that was refunded to the resident taxpayers.

The refunds would go to all individuals and corporations that file as a resident taxpayer with all sources of income taxed to the State of Montana. Refunds will be based on paid receipts.

Low income taxpayers would be able to apply for the credit when their taxes are due (May and November).

Additional revenues to the local governments should be able to provide needed funds without tax increases and it could provide for tax reductions. All additional levies for bond issues should have additional revenues and should take less mills to make the existing payments.

Lowering property taxes gives reductions to non-residents. Many non-residents are accustomed to higher property taxes.

The residents pay all the different tax types to support government services. Non-residents utilize many of these services without supporting the other tax types. Residents support the local economy all year long, non-residents support the economy only when they are here.

All the counties are computerized in their collection of taxes. It should not be very difficult to track all the additional revenues. Programming costs would be one time. It should be very little additional costs to the local governments after first year. State costs should be very little compared to the additional revenues collected.

Many states provide property tax credits to resident tax payers on their tax return.