



MONTANA TAXES COMPARISONS



WITH
OTHER
STATES



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Purpose

This guide summarizes Montana’s state and local taxes, and compares them with other states in the region. It also lists Montana’s rankings among all fifty states for various taxes. The guide is intended to provide clear and accurate information for policy makers and individuals and businesses considering locating in Montana.

Montana Taxes—Overall State & Local Tax Burden

Montana imposes taxes on property, natural resources, and corporate and personal income. Montana also taxes alcohol, tobacco, gasoline, and other selected items, but has no general sales tax. The overall tax burden—taking into account the various taxes levied by all levels of Montana government (state, counties, cities and towns, school districts, etc.) - is the 14th lowest in the nation on a per capita basis and 13th lowest as a percentage of income. Montana taxes are also lower than average in comparison with other states in the region.

Table 1—Total State and Local Taxes

	Dollars Per Capita		Percent Of Income	
	Amount	U.S. Rank*	Amount	U.S. Rank*
California	\$6,077	8	10.5%	11
Colorado	\$4,621	22	8.8%	36
Idaho	\$3,514	45	8.7%	39
Montana	\$3,827	37	8.7%	38
Nevada	\$4,277	27	9.6%	27
North Dakota	\$6,630	4	12.6%	3
Oregon	\$4,508	24	9.7%	25
South Dakota	\$3,938	31	8.1%	47
Utah	\$3,743	40	8.9%	34
Washington	\$5,050	17	9.1%	32
Wyoming	\$5,545	13	10.0%	19
U.S. Average	\$4,946		9.9%	
Region Average	\$4,703		9.5%	

Source: Tax Foundation “Facts and Figures 2019: Table 6 for FY2016.

Ranks: 1 = highest taxes; 50 = lowest taxes.

Montana Property Taxes

As in most other states, property taxes vary from school district to school district according to the local mill levy. The following two tables compare property taxes in the largest city of each state for residential and industrial property. Effective tax rates are property taxes divided by the market value of the property.

Table 2—Effective Property Tax Rates—Residential Property

State/Metropolitan Area	Median Home Price	Tax	Rank	Effective Tax Rate	Rank
California, Los Angeles	647,000	7,655	2	1.183%	27
Colorado, Denver	395,100	2,227	34	0.564%	50
Idaho, Boise	242,000	2,062	39	0.852%	43
Montana, Billings*	226,100	2,133	37	0.943%	40
Nevada, Las Vegas	245,500	2,801	25	1.141%	32
North Dakota, Fargo	213,300	2,282	31	1.070%	36
Oregon, Portland	427,500	10,497	1	2.455%	6
South Dakota, Sioux Falls	193,900	2,970	23	1.532%	19
Utah, Salt Lake City	307,900	2,251	32	0.731%	46
Washington, Seattle	673,100	5,960	8	0.885%	42
Wyoming, Cheyenne*	217,500	1,401	50	0.644%	49
U.S. Average	254,385	3,255		1.446%	
Region Average	344,445	3,839		1.091%	

Source: 50-State Property Tax Comparison Study 2018, Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence June 2019

Table 3—Effective Property Tax Rates—Industrial Property

\$25,000,000 Land and Building—\$18,750,000 Machinery and Equipment—
\$15,000,000 Inventories—\$3,750,000 Fixtures

State	Tax	Effective Tax Rate	Rank
California	568,122	0.909%	40
Colorado	1,050,777	1.681%	13
Idaho	701,565	1.123%	32
Montana	779,742	1.248%	27
Nevada	542,542	0.868%	41
North Dakota	290,620	0.465%	51
Oregon	1,166,306	1.866%	10
South Dakota	402,515	0.644%	47
Utah	619,542	0.991%	38
Washington	435,433	0.697%	45
Wyoming	390,678	0.625%	49
U.S. Average	827,593	1.324%	
Region Average	631,622	1.011%	

Source: 50-State Property Tax Comparison Study 2018, Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence, June 2019.

Montana Income Taxes

Montana has a modestly progressive personal income tax. The top tax rate of 6.9% is the 13th highest in the nation, but Montana is one of only six states that allows Federal taxes to be deducted on the state return.

Table 4—Top Tax Rates on Ordinary Income		
	Statutory Rate	Fed Tax Deductible?
California	13.3%	No
Colorado	4.63%	No
Idaho	6.925%	No
Montana	6.9%	Limited¹
Nevada	No Income Tax	
North Dakota	2.9%	No
Oregon	9.9%	Limited ¹
South Dakota	No Income Tax	
Utah	4.95%	No
Washington ²	No Income Tax	
Wyoming	No Income Tax	

Source: Tax Foundation “Facts and Figures 2019” - Table 12 for 2019

1. Montana limits the amount of Federal taxes which can be deducted to \$10,000 for a married couple filing jointly and \$5,000 for individuals. Oregon’s limit is \$6,500.
2. Excludes Washington’s B&O tax.

Capital Gains

Most states tax capital gains as ordinary income. However, several states provide special treatment, sometimes limited to gains realized from—or invested in—the state. *Montana is unique in providing a tax credit of 2% on all capital gains, whether invested in Montana or not.*

Table 5—Taxation of Capital Gains

California Colorado Idaho Montana Nevada North Dakota Oregon South Dakota Utah Washington Wyoming	As Ordinary Income Excludes up to \$100,000 on certain CO sources held for 5 years Exclude 60% of long term gains on certain ID personal property Tax credit = 2% of all gains No Income Tax Exclude 40% of net long term gains Reduced tax rate on certain farm assets No Income Tax Credit for gains reinvested in certain UT small businesses No Income Tax No Income Tax
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Source: Wisconsin Legislative Fiscal Bureau. "Individual Income Tax Provisions in the States" (2019)

State and local individual income taxes in Montana are slightly above average on a per capita basis and above average as a percentage of income.

Table 6—Average Individual Income Tax Burden

	\$ Per Capita Amount	Rank	% of Income	Rank
California	\$2,130	4	3.7%	3
Colorado	\$1,211	13	2.3%	25
Idaho	\$967	27	2.4%	21
Montana	\$1,121	21	2.6%	14
Nevada	No Income Tax			
North Dakota	\$423	41	0.8%	41
Oregon	\$2,023	5	4.4%	1
South Dakota	No Income Tax			
Utah	\$1,167	17	2.8%	10
Washington	No Income Tax			
Wyoming	No Income Tax			
U.S. Average	\$1,083		2.2%	

Source: Tax Foundation "Facts and Figures 2019" - Table 13 for FY2017

Montana Corporate License Tax

Montana imposes a corporate license tax on net income earned in Montana. Montana's rate is about average when compared to surrounding states.

Table 7— State Corporate Income Tax		
	Rate	Apportionment Formula
California*	8.84%	Sales
Colorado*	4.63%	Sales
Idaho*	6.92%	Double wtd. Sales
Montana*	6.75%	3 Factor
Nevada		No State Income Tax
North Dakota*	1.41-4.31%	3 Factor/Sales
Oregon	6.6-7.6%	Sales
South Dakota		No State Income Tax
Utah	4.95%	Sales
Washington		No State Income Tax
Wyoming		No State Income Tax

*State has adopted substantial portions of the UDITPA.
Source: Federation of Tax Administrators, January 1, 2019

Sales Taxes

Montana has **no general sales tax** but levies selective (excise) taxes on gasoline, alcohol, tobacco, lodgings and other items. Montana ranks relatively high on its use of selective taxes.

Table 8— Selective (Excise) Taxes				
	Per Capita		% of Income	
	Amount	Rank	Amount	Rank
California	\$505	30	0.9%	43
Colorado	\$445	38	0.9%	44
Idaho	\$357	47	0.9%	41
Montana	\$550	21	1.3%	18
Nevada	\$993	2	2.2%	1
North Dakota	\$668	14	1.3%	16
Oregon	\$507	29	1.1%	30
South Dakota	\$583	18	1.2%	24
Utah	\$425	42	1.0%	33
Washington	\$769	7	1.4%	12
Wyoming	\$371	46	0.7%	50
U.S. Average	\$562		1.1%	
Region Average	\$561		1.2%	

Source: Tax Foundation "Facts and Figures 2019" - Table 33 for 2016
Excludes Washington's B&O tax.

Total Tax Burden by Income Level

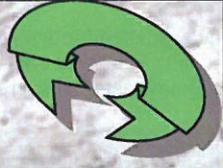
The estimated burden on a family of three of all personal taxes—income, property, general sales, and auto taxes—is provided in the tables below for three different income levels. Montana taxes are below national averages at all income levels.

Table 9(a) - Estimated Tax Burden: Income Level = \$25,000							
	Income	Property	Sales	Auto	Total	Rank	% of Income
California	\$0	\$1,924	\$1,089	\$465	\$3,478	7	13.9%
Colorado	\$-254	\$1,519	\$1,039	\$187	\$2,492	30	10.0%
Idaho	\$-287	\$970	\$967	\$296	\$1,946	46	7.8%
Montana	\$375	\$1,055	\$21	\$425	\$1,876	47	7.5%
Nevada	\$0	\$1,204	\$1,086	\$365	\$2,655	26	10.6%
North Dakota	\$0	\$934	\$869	\$188	\$1,991	45	8.0%
Oregon	\$683	\$1,854	\$0	\$262	\$2,799	23	11.2%
South Dakota	\$0	\$1,040	\$1,216	\$222	\$2,478	33	9.9%
Utah	\$0	\$1,215	\$1,089	\$303	\$2,607	27	10.4%
Washington	\$0	\$2,131	\$1,327	\$416	\$3,875	4	15.5%
Wyoming	\$0	\$1,141	\$761	\$285	\$2,187	38	8.7%
U.S. Median	\$0	\$1,321	\$962	\$257	\$2,631		10.5%

Table 9(b) - Estimated Tax Burden: Income Level = \$75,000							
	Income	Property	Sales	Auto	Total	Rank	% of Income
California	\$687	\$4,758	\$1,454	\$994	\$7,893	16	10.5%
Colorado	\$2,396	\$1,599	\$1,418	\$488	\$5,902	41	7.9%
Idaho	\$2,922	\$2,086	\$1,237	\$606	\$6,852	32	9.1%
Montana	\$3,263	\$2,131	\$32	\$764	\$6,189	40	8.3%
Nevada	\$0	\$2,732	\$1,486	\$854	\$5,071	43	6.8%
North Dakota	\$553	\$1,915	\$1,190	\$426	\$4,084	49	5.4%
Oregon	\$4,297	\$3,567	\$0	\$540	\$8,405	13	11.2%
South Dakota	\$0	\$2,609	\$1,548	\$492	\$4,650	46	6.2%
Utah	\$3,080	\$1,860	\$1,417	\$589	\$6,945	29	9.3%
Washington	\$0	\$2,528	\$1,779	\$923	\$5,230	42	7.0%
Wyoming	\$0	\$1,953	\$1,049	\$736	\$3,738	50	5.0%
U.S. Median	\$3,064	\$2,609	\$1,288	\$589	\$7,075		9.4%

Table 9(c) - Estimated Tax Burden: Income Level = \$150,000							
	Income	Property	Sales	Auto	Total	Rank	% of Income
California	\$4,721	\$9,595	\$2,372	\$1,383	\$18,071	10	12.0%
Colorado	\$5,869	\$3,199	\$2,373	\$1,159	\$12,599	39	8.4%
Idaho	\$7,893	\$5,707	\$1,917	\$636	\$16,152	19	10.8%
Montana	\$7,821	\$4,261	\$63	\$1,100	\$13,245	37	8.8%
Nevada	\$0	\$5,463	\$2,487	\$1,565	\$9,515	43	6.3%
North Dakota	\$1,747	\$3,830	\$1,980	\$446	\$8,004	48	5.3%
Oregon	\$10,152	\$7,134	\$0	\$576	\$17,863	12	11.9%
South Dakota	\$0	\$5,219	\$2,517	\$519	\$8,255	47	5.5%
Utah	\$7,285	\$3,720	\$2,336	\$656	\$13,996	32	9.3%
Washington	\$0	\$5,057	\$2,976	\$1,392	\$9,425	44	6.3%
Wyoming	\$0	\$3,905	\$1,775	\$1,334	\$7,015	50	4.7%
U.S. Median	\$7,251	\$5,451	\$2,152	\$659	\$14,496	-	9.7%

Source: Tax Rates & Tax Burdens in the District of Columbia/A Nationwide Comparison (2019) (for 2017)



The Montana Taxpayers Association was formed in 1921 when a group of concerned Montanans from 19 counties met to discuss the problems of local and state government. It is the third oldest state organization and is financed solely through voluntary dues from those who live and do business in Montana.

Ninety plus years later, the association continues on that path started long ago, with members from all 56 counties in the state and a Board of Directors representing the basic economic groups in Montana. The Association continues to focus on finding solutions toward equitable taxation and fiscal policy in Montana and proving a reputable source of non-partisan, common sense ideas on the subject of state taxation.



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