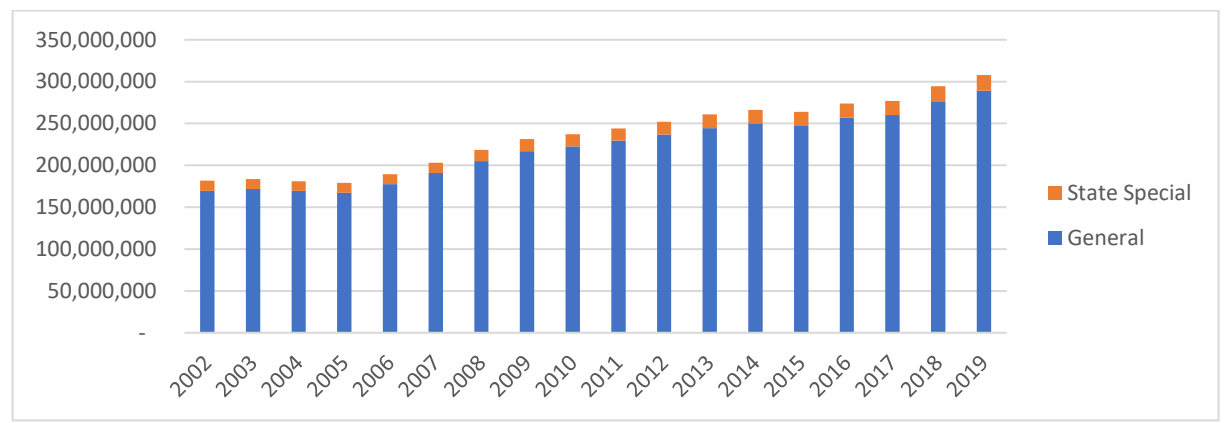


HJ 35: PROPERTY TAX

GENERAL FUND RANK: #2

STATE REVENUE COLLECTION HISTORY*



*Revenue collection history only includes property taxes collected by the state.

PROPERTY TAX OVERVIEW

- Levied by the state, counties, cities, school districts, and special districts
- Department of Revenue appraises, assesses, and equalizes the valuation of property
- Market value is used for all property except agricultural and forest (productive value)
- Most property is valued on a 2-year cycle. Exceptions: centrally assessed property, industrial property, business equipment (valued annually) and forest property (valued every 6 years)
- Tax rate is based on a classification system: 15 classes of property; rates range from 0.9% to 15.12%
- Basic calculation: Property Value * Tax Rate = Taxable Value * Millage = Tax
- Property taxes collected by the state:
 - the “95 mills”: 33 mills for county elementary equalization, 22 mills for county high school equalization, 40 mills for state equalization;
 - 6 mills for the state university system;
 - 1.5 mills for vocational-technical education levied in Cascade, Lewis and Clark, Missoula, Silver Bow, and Yellowstone Counties

DISTRIBUTION OF PROPERTY TAX REVENUE

Account	Amount
General Fund	Revenue from 95 mills and 1.5 mills
State University System account	Revenue from 6 mills

MAJOR LEGISLATIVE ACTIONS, 2001-2019

Year	Bill	Description	Estimated General Fund Impact*
2001	<u>SB 506</u>	Exempts generation equipment in facilities powered by alternative renewable energy; 5-year exemption for a generation facility with nameplate capacity of less than 1 megawatt	(\$521,160) (property tax changes only)
2003	<u>SB 461</u>	Increases residential/commercial exemptions; reduces tax rate for agricultural, residential, and commercial property; revises assistance programs	(\$7,700,720)
2005	<u>SB 48</u>	Removes phase-out of business equipment tax based on wage and salary income increase; increases business equipment exemption to \$20,000	(\$658,584)
2005	<u>SB 115</u>	Creates property class for wind generation property with 3% tax rate; allows tax abatement for wind generation facilities	(\$632,082)
May 2007	<u>HB 3</u>	Revises classification of certain pipelines, CO ₂ facilities, renewable energy property, clean coal facilities, carbon capture equipment, and transmission lines; provides abatements for renewable energy, new technology energy, and clean coal property	(\$460,000)
2009	<u>HB 658</u>	Phases-in reappraisal values over 6 years; revises tax rates for agricultural, residential, commercial, and forest property; increases residential/commercial exemptions; revises assistance programs	(\$23,187,697)
2011	<u>SB 372</u>	Reduces business equipment tax to 2% on first \$2 million; increases \$2 million threshold to \$3 million and reduces rate to 1.5% if income tax collections exceed previous year by more than 4%; reimburses university system, local governments, and schools for loss of tax base	(\$14,364,002)
2013	<u>SB 96</u>	Exempts first \$100,000 of business equipment; reduces tax to 1.5% on first \$6 million and 3% on value above \$6 million; reimburses university system, local governments, and schools for loss of tax base	No fiscal note for final bill
2015	<u>SB 157</u>	Changes from 6-year to 2-year reappraisal cycle for agricultural, residential, and commercial property and revises tax rates; repeals residential/commercial exemptions; revises assistance programs	\$9,073,148
2017	<u>SB 359</u>	Creates property class for qualified data centers with 0.9% tax rate; provides for local assessment of data centers and central assessment of dedicated communications infrastructure	Unknown

*General Fund fiscal impact is from fiscal note and is for first year in which legislation is fully implemented.

COMPARISON TO OTHER STATES

Tax Foundation

- Table 34: Property Taxes Paid as a Percentage of Owner-Occupied Housing Value, CY 2017: 0.73%, Rank: 33
- Table 35: State & Local Property Tax Collections per Capita, FY 2016: \$1,520, Rank: 20