

# Montana's Changing Income Tax Base

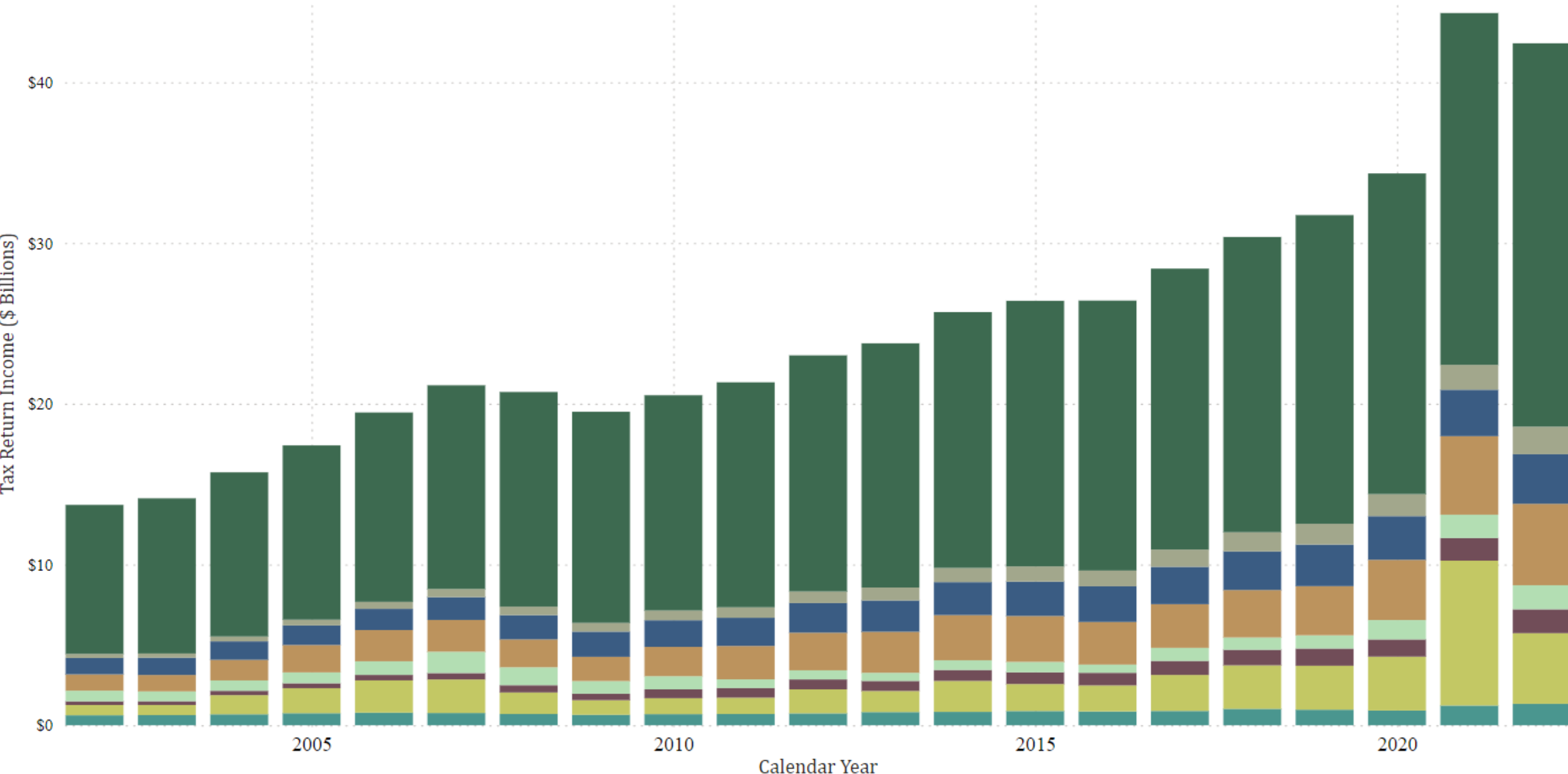
Modernization & Risk Analysis  
(MARA) Committee

May 1, 2024



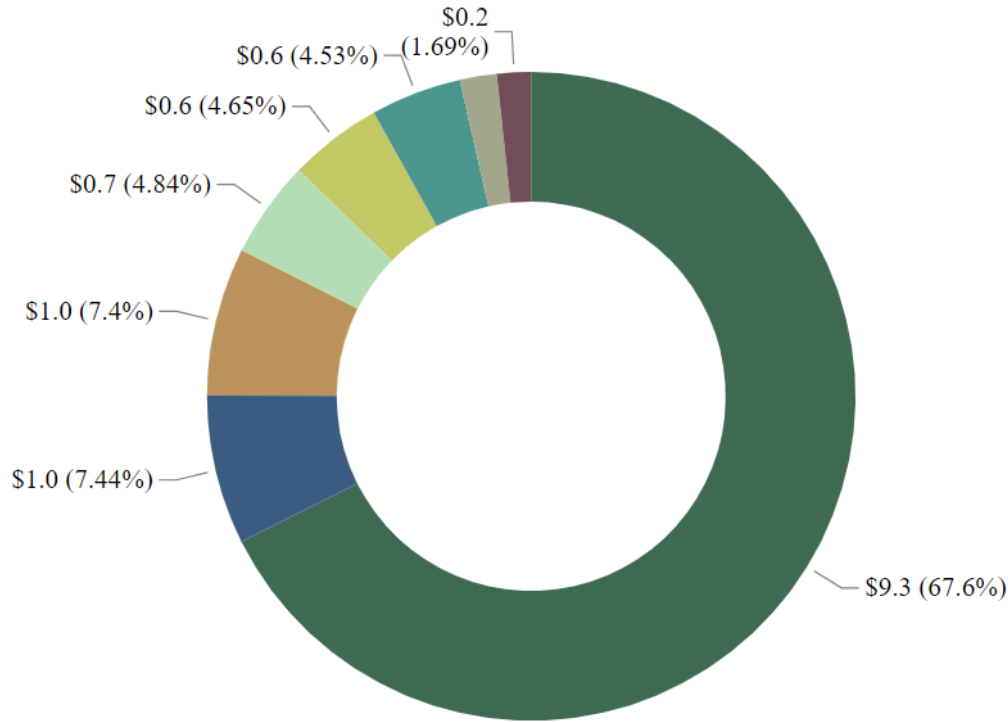
# Calendar Year Tax Return Income Data

**Income Type** ● Business Income ● Capital Gains ● IRA Income ● Other ● Rental/Partnership Income ● Taxable Pensions ● Taxable Social Security ● Wage Income



### Montana Tax Return Income Pie Chart

(\$ Billions)



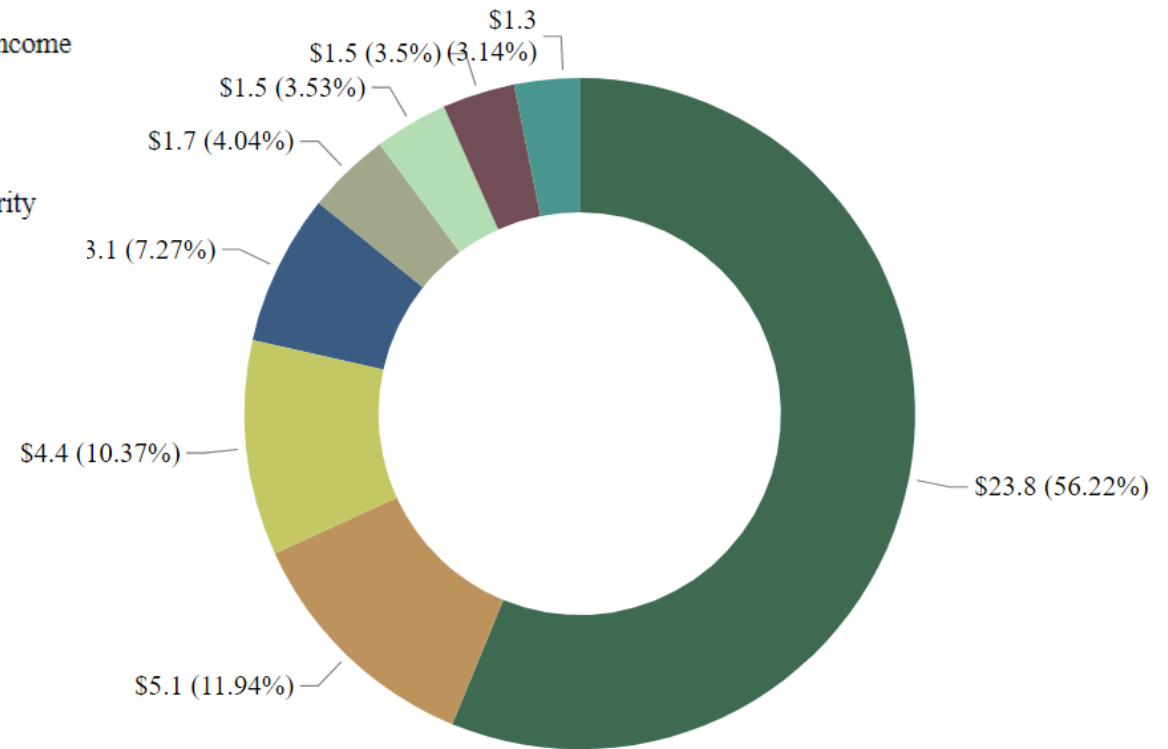
Calendar Year 2002  
Total Income=\$13.7  
Billion

### Income Type

- Wage Income
- Rental/Partnership Income
- Capital Gains
- Taxable Pensions
- Taxable Social Security
- Other
- IRA Income
- Business Income

### Montana Tax Return Income Pie Chart

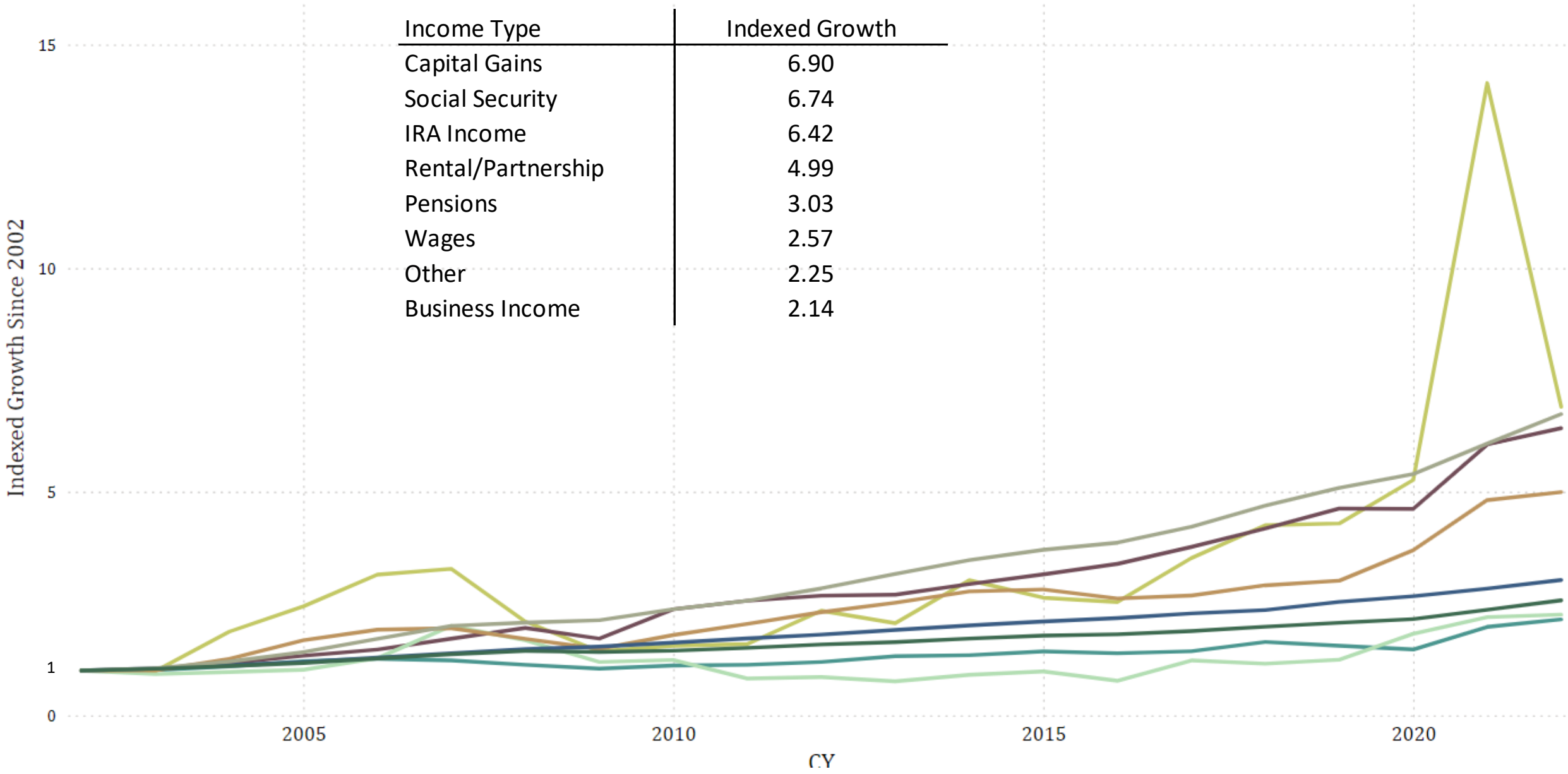
(\$ Billions)



Calendar Year 2022  
Total Income=\$42.4  
Billion

# Indexed Growth by Income Type

Income Type ● Business Income ● Capital Gains ● IRA Income ● Other ● Rental/Partnership Income ● Taxable Pensions ● Taxable Social Security ● Wage Income

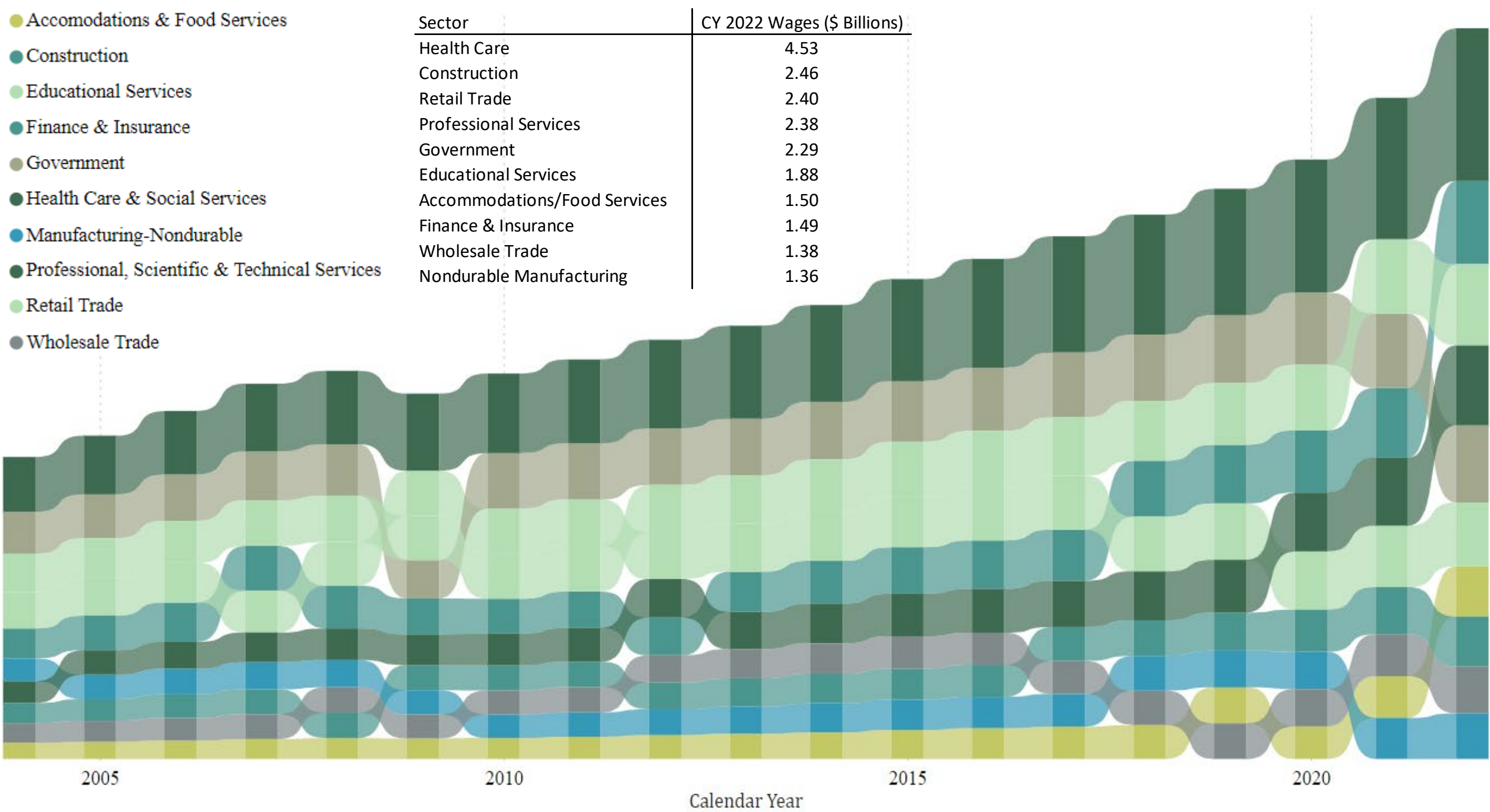


# Annual Wages by Calendar Year and Sector



- Sector**
- Accomodations & Food Services
  - Construction
  - Educational Services
  - Finance & Insurance
  - Government
  - Health Care & Social Services
  - Manufacturing-Nondurable
  - Professional, Scientific & Technical Services
  - Retail Trade
  - Wholesale Trade

Sector	CY 2022 Wages (\$ Billions)
Health Care	4.53
Construction	2.46
Retail Trade	2.40
Professional Services	2.38
Government	2.29
Educational Services	1.88
Accommodations/Food Services	1.50
Finance & Insurance	1.49
Wholesale Trade	1.38
Nondurable Manufacturing	1.36



2005

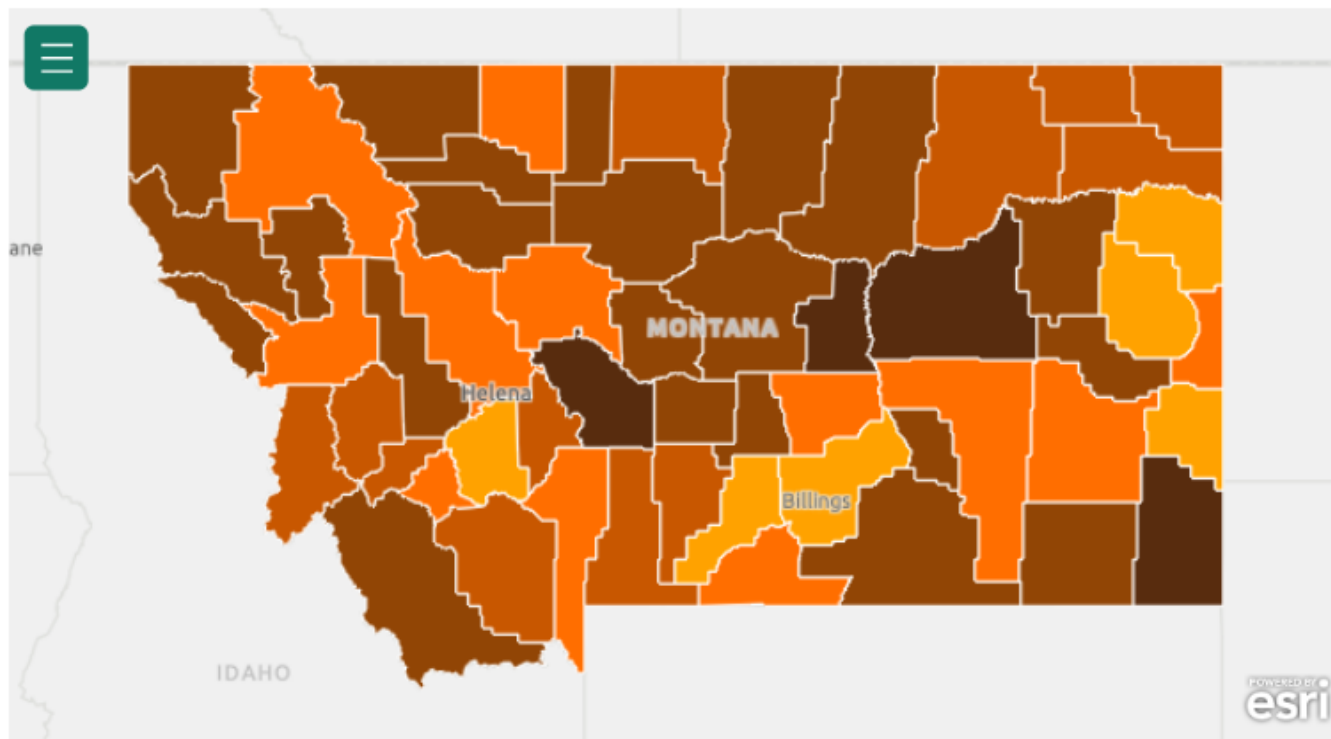
2010

2015

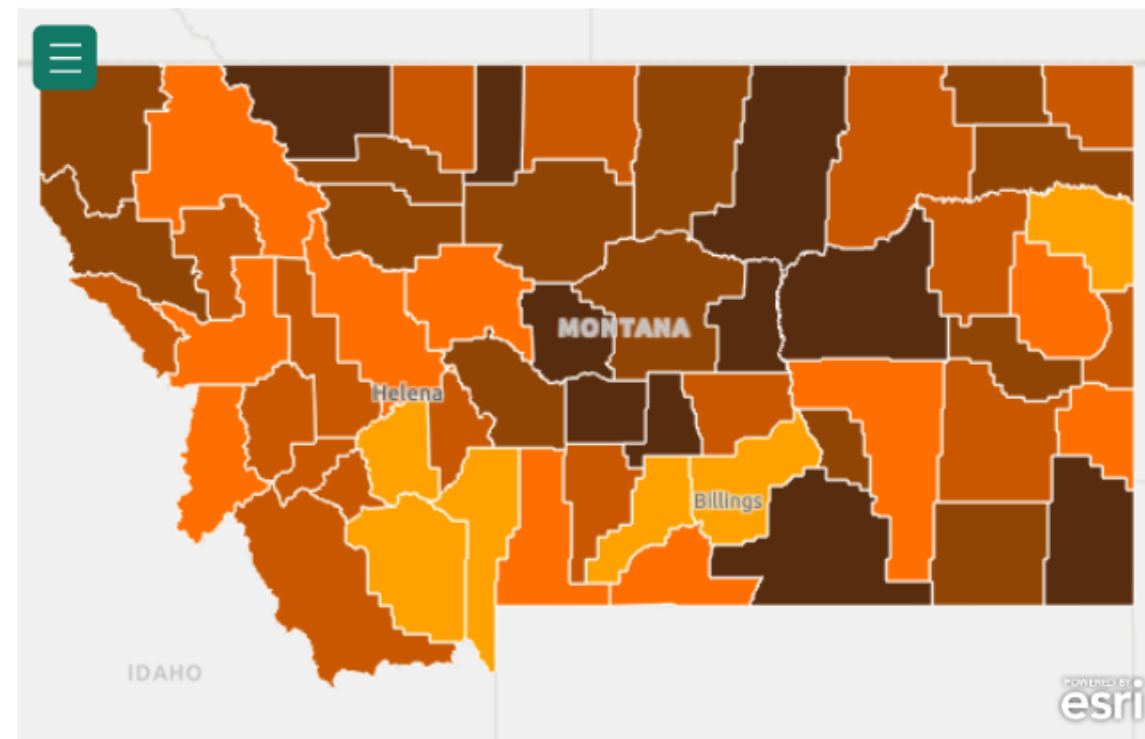
2020

Calendar Year

Average Wages by County (TY 2012)



Average of Wages by MT County (TY 2022)



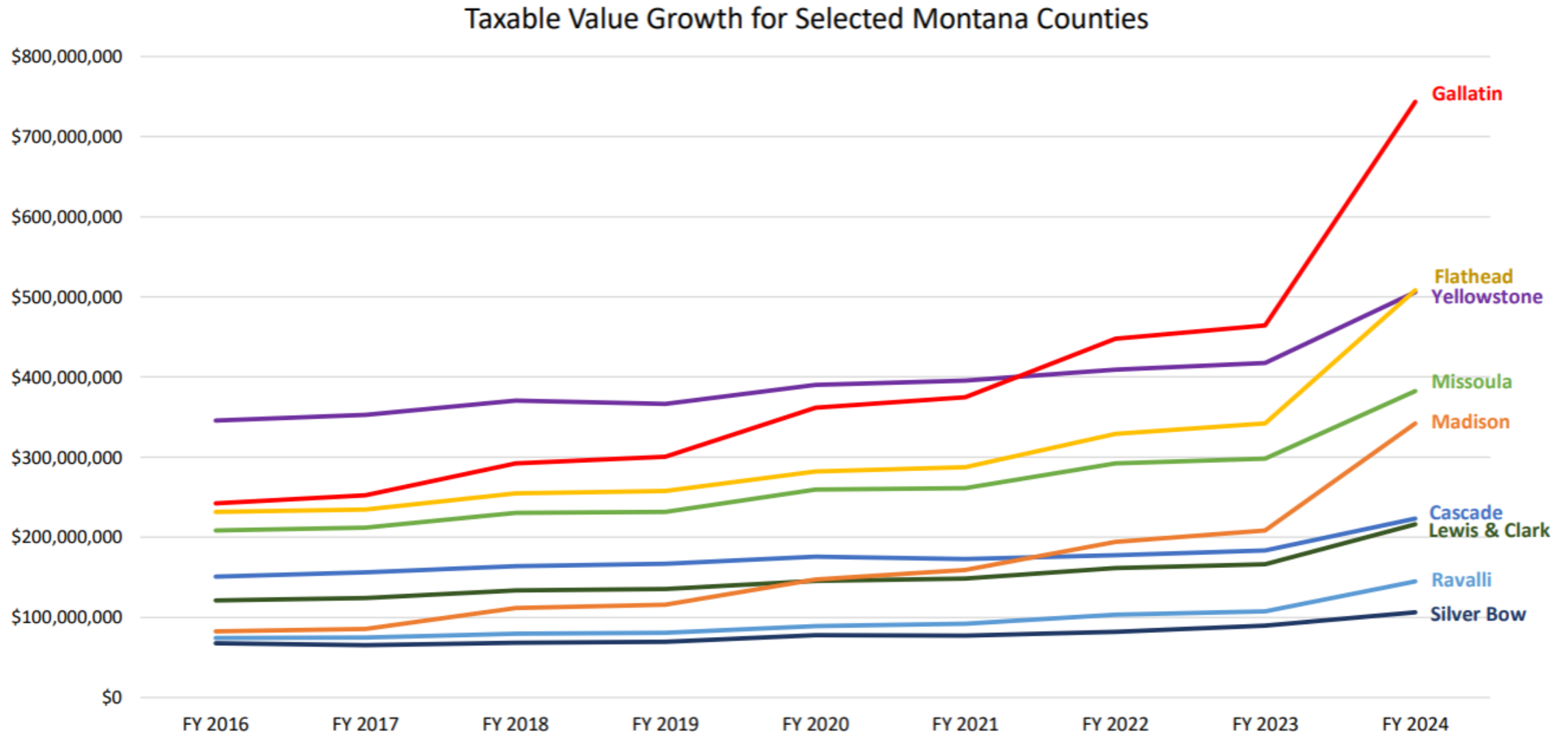
The two maps shown above display average wages by county as reported on individual income tax forms in calendar years 2012 and 2022. The calculations only include tax forms that recorded at least \$1 in wages.

TY	MT County	Average Wages
2012	Fallon County, Montana	\$56,667
2012	Richland County, Montana	\$56,189
2012	Stillwater County, Montana	\$50,591
2012	Jefferson County, Montana	\$49,759
2012	Dawson County, Montana	\$47,498
2012	Yellowstone County, Montana	\$47,422
2012	Lewis and Clark County, Montana	\$44,752
2012	Rosebud County, Montana	\$44,473
2012	Gallatin County, Montana	\$42,683
<b>Total</b>		<b>\$2,095,520</b>

TY	MT County	Average Wages
2022	Madison County, Montana	\$75,984
2022	Gallatin County, Montana	\$71,739
2022	Stillwater County, Montana	\$69,832
2022	Jefferson County, Montana	\$68,582
2022	Richland County, Montana	\$67,429
2022	Yellowstone County, Montana	\$64,807
2022	Flathead County, Montana	\$62,707
2022	Lewis and Clark County, Montana	\$62,049
2022	Fallon County, Montana	\$61,798
<b>Total</b>		<b>\$2,909,129</b>

# Taxable Value Growth for Selected Counties

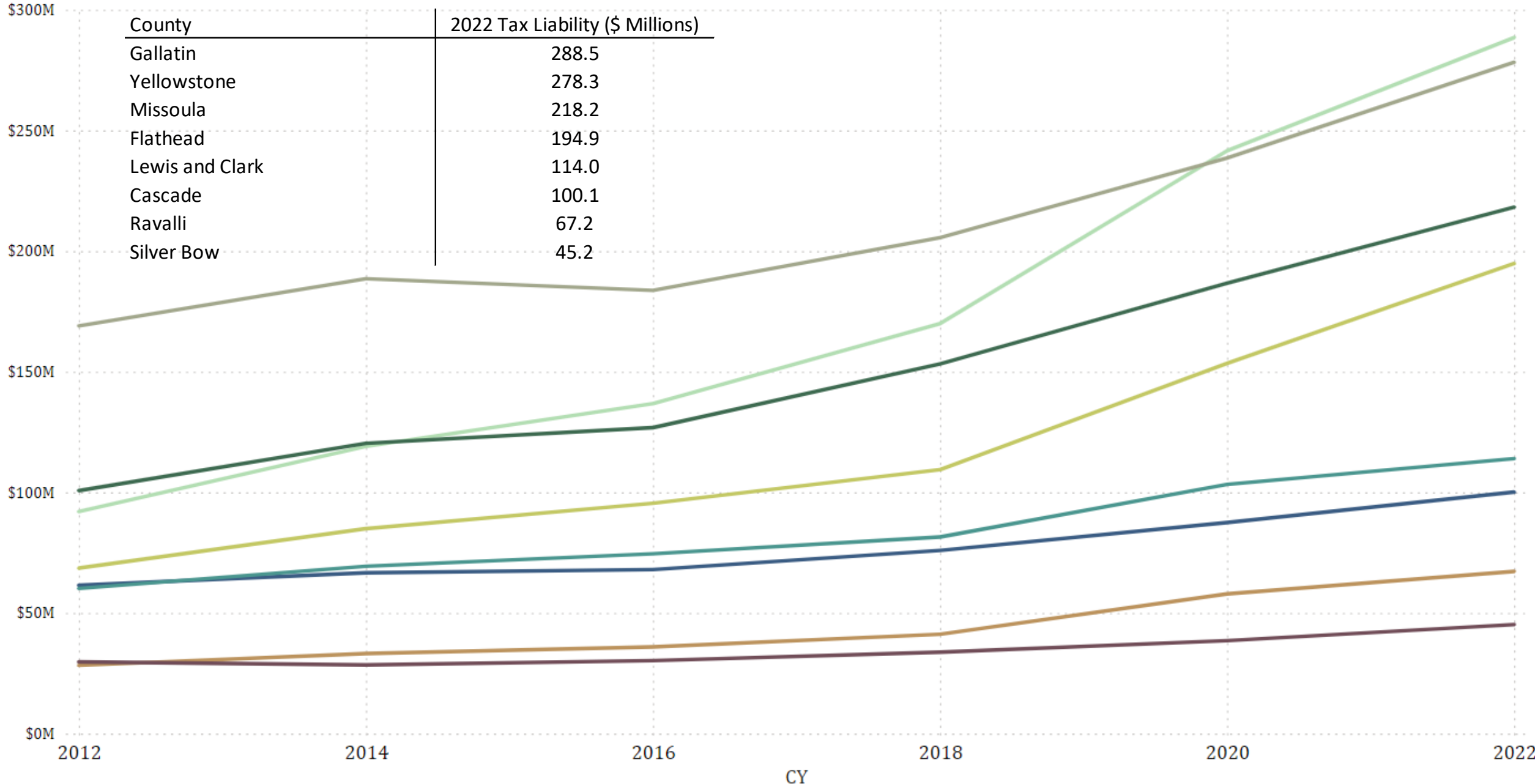
## Between FY 2016 (TY 2015) and FY 2024 (TY 2023)



# Individual Income Tax Liability by County

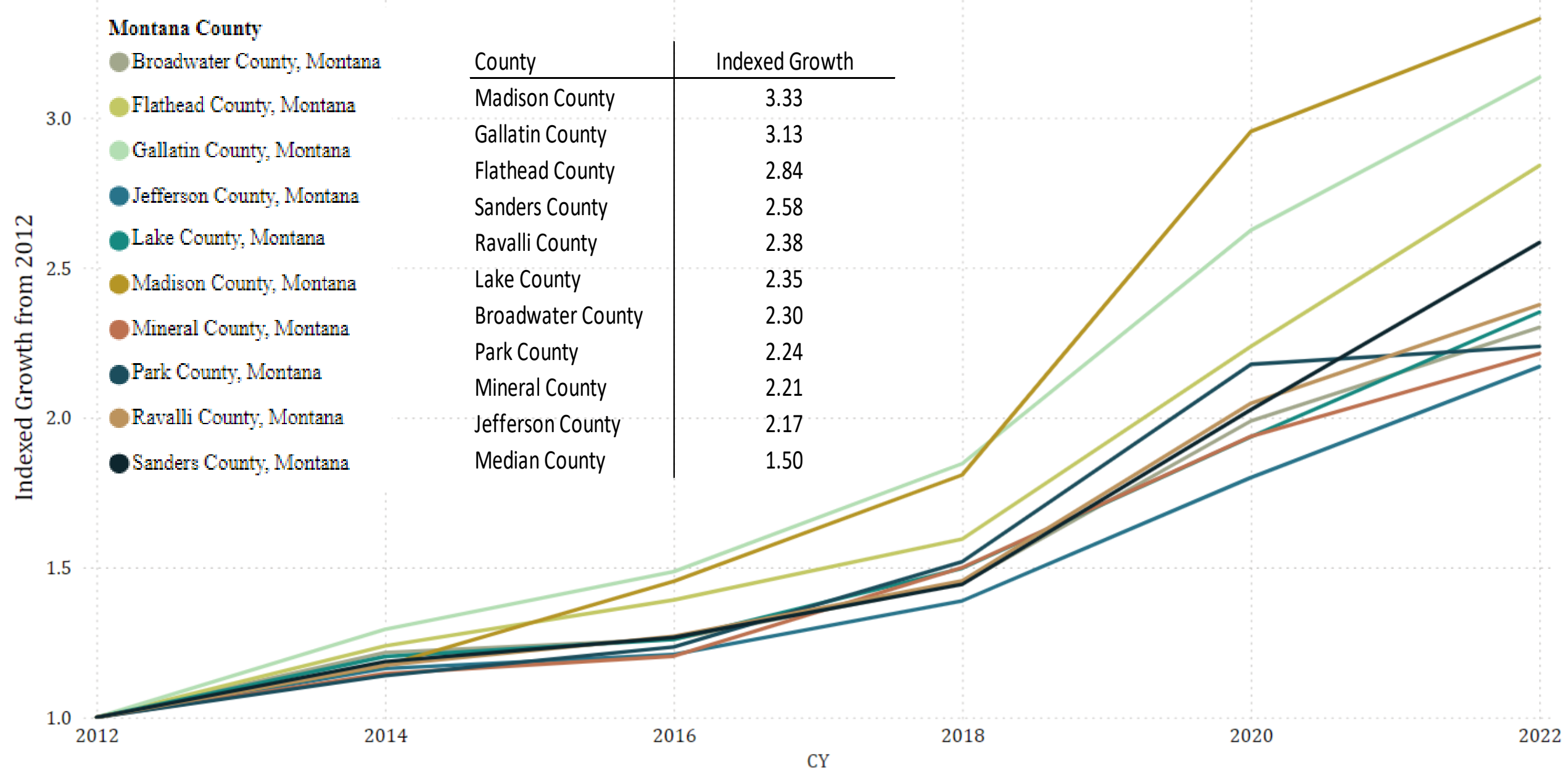


● Montana County 
 ● Cascade County, Montana 
 ● Flathead County, Montana 
 ● Gallatin County, Montana 
 ● Lewis and Clark County, Montana 
 ● Missoula County, Montana 
 ● Ravalli County, Montana 
 ● Silver Bow County, Montana 
 ● Yellowstone County, Montana

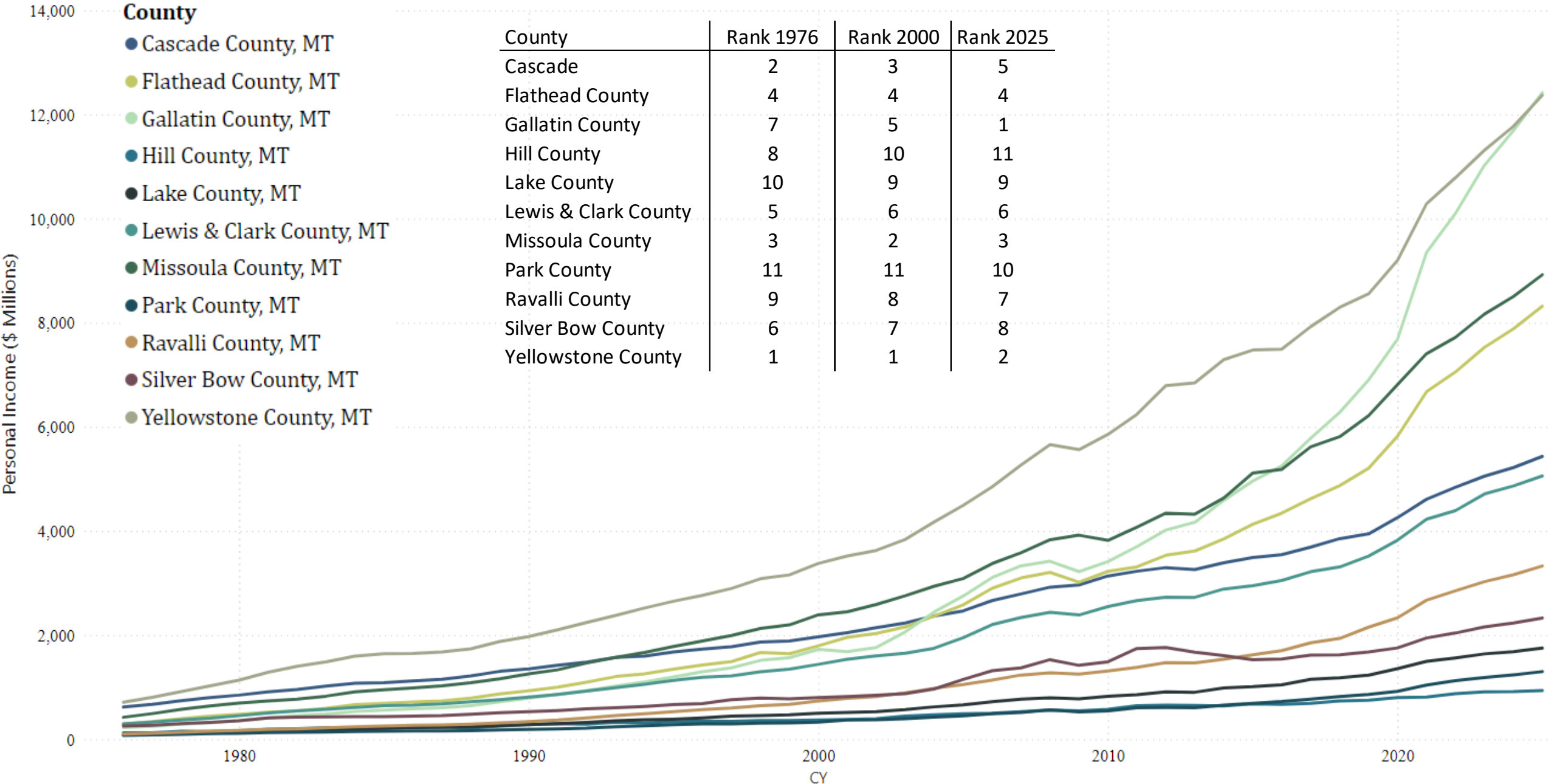




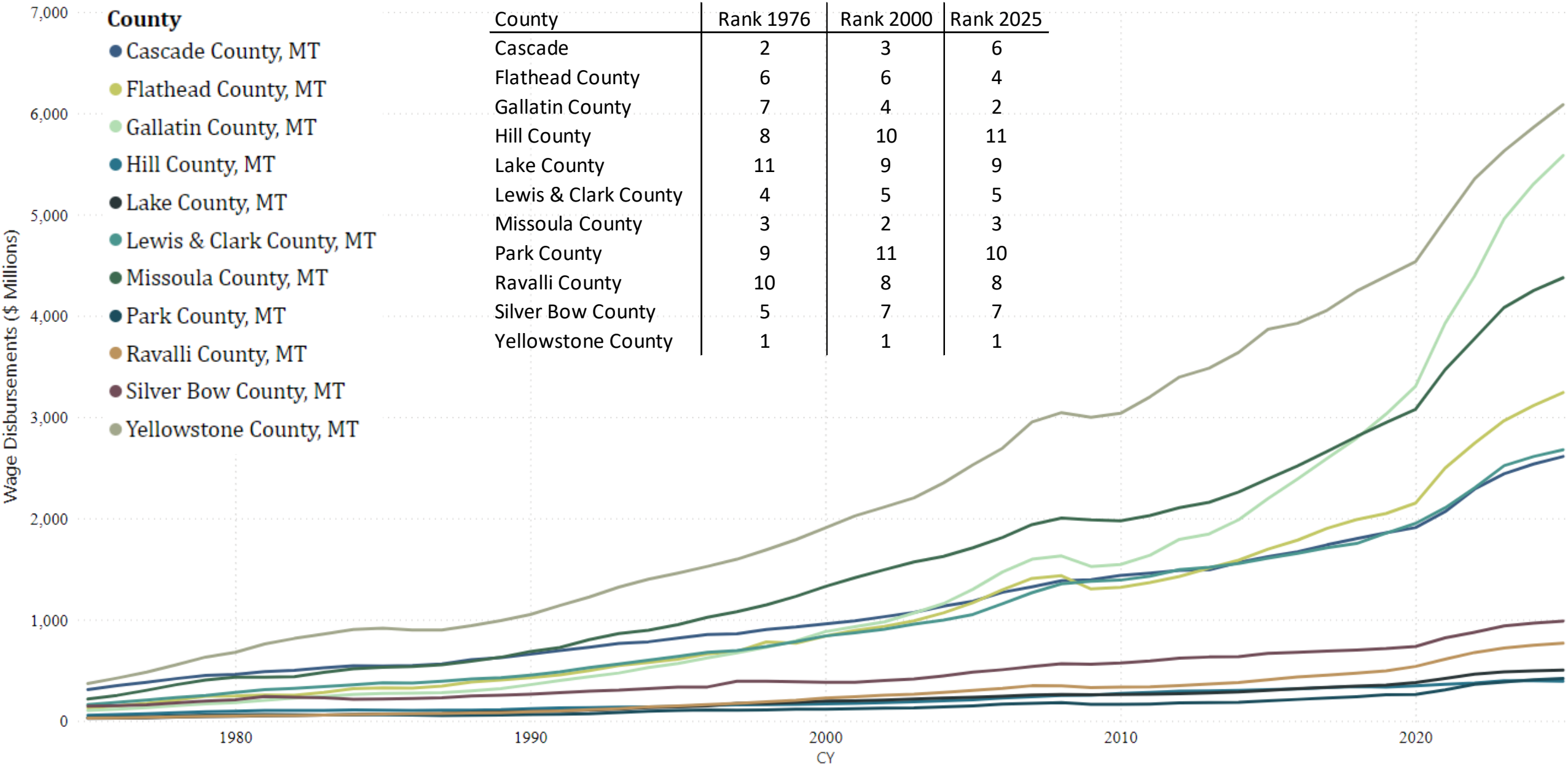
# Individual Income Tax Liability by County Indexed Growth



# Personal Income by County (\$Millions)



# Wage Disbursements by County (\$Millions)





## Key Takeaways

- Total income claimed on returns doubled from CY 2002 to CY 2017 and tripled by CY 2022.
- While wage income still makes up the largest share of income, it has shrunk over the past two decades as other sources of income have grown at a faster rate.
- For context, wage income has grown at a compound annual growth rate of 4.8% since CY 2002.
- Meanwhile, capital gains, rental & partnership, and social security income have grown by 10.1%, 8.4%, and 10.0%, respectively.
- In CY 2002, wage income accounted for 68% of total income. This share has dropped to 56% by CY 2022.



## Key Takeaways Continued

- While the health care sector is still the leading sector in terms of wages paid, since CY 2017 the construction sector has moved from number 5 to number 2.
- Accommodations and food services has also outpaced other sectors, moving from number 10 to number 7.
- One decade ago, the counties with the highest average annual wages were in eastern Montana. Now they are in Madison and Gallatin counties.
- In the past decade, Gallatin county passed Yellowstone county to become number 1 in individual income tax liability. This is despite Yellowstone county having approximately 10% more wage disbursements than Gallatin county.
- If current trends continue, Flathead county will pass Missoula county in total individual income tax liability, though will likely still trail it in wage disbursements.