



MONTANA TAXES COMPARISONS



WITH
OTHER
STATES



This publication has been made possible
by the following:

**Montana Taxpayers Association
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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. Due to timing and availability of state tax data, the comparisons here do not reflect the current year’s tax laws.

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 16th 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	\$7,326	7	11.4%	9
Colorado	\$5,617	17	9.2%	32
Idaho	\$3,916	47	8.7%	41
Montana	\$4,444	35	8.9%	36
Nevada	\$4,850	28	9.4%	30
North Dakota	\$8,560	2	14.9%	2
Oregon	\$5,386	21	10.3%	18
South Dakota	\$4,289	37	7.9%	48
Utah	\$4,841	29	9.9%	24
Washington	\$6,040	14	9.6%	26
Wyoming	\$5,564	18	9.0%	34
U.S. Average	\$5,666		10.2%	
Region Average	\$5,530		9.9%	

Source: Tax Foundation “Facts and Figures 2022: Table 5 for FY2019.
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	697,200	8,283	3	1.188%	30
Colorado, Denver	447,500	2,307	36	0.516%	50
Idaho, Boise	310,900	2,286	38	0.735%	44
Montana, Billings*	232,700	2,169	40	0.932%	39
Nevada, Las Vegas	305,900	3,420	18	1.118%	33
North Dakota, Fargo	236,800	2,839	27	1.199%	29
Oregon, Portland	445,200	11,022	1	2.476%	5
South Dakota, Sioux Falls	218,900	3,344	21	1.528%	16
Utah, Salt Lake City	378,300	2,445	33	0.646%	47
Washington, Seattle	767,000	6,300	7	0.821%	43
Wyoming, Cheyenne*	214,300	1,381	49	0.644%	48
U.S. Average	281,581	3,470		1.379%	
Region Average	386,790	4,163		1.073%	

Source: 50-State Property Tax Comparison Study 2020, Lincoln Institute of Land Policy and the Minnesota Center for Fiscal Excellence June 2021

Table 3—Effective Property Tax Rates—Industrial Property			
\$25,000,000 Land and Building—\$12,500,000 Machinery and Equipment— \$10,000,000 Inventories—\$2,500,000 Fixtures			
State	Tax	Effective Tax Rate	Rank
California	570,061	0.912%	36
Colorado	987,647	1.580%	18
Idaho	548,733	0.878%	39
Montana	769,747	1.232%	29
Nevada	536,805	0.859%	40
North Dakota	322,610	0.645%	49
Oregon	990,257	1.981%	12
South Dakota	422,435	0.845%	44
Utah	476,547	0.953%	40
Washington	335,213	0.670%	48
Wyoming	248,883	0.498%	53
U.S. Average	718,840	1.438%	
Region Average	564,448	1.005%	

Source: 50-State Property Tax Comparison Study 2020, Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence, June 2021.

Montana Income Taxes

Montana is one of only six states that some portion of Federal taxes are allowed to be deducted on the state return. In 2021 Montana reduced the top individual income tax rate to 6.5% effective for tax year 2024.

Table 4—Top Tax Rates on Ordinary Income		
	Statutory Rate	Fed Tax Deductible?
California	13.3%	No
Colorado	4.55%	No
Idaho	6.0%	No
Montana	6.75%	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 2022” - Table 11 as of January 1, 2022

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	Same as federal, except no deferral or exclusion for qualified small business stock 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 net 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
Colorado	
Idaho	
Montana	
Nevada	
North Dakota	
Oregon	
South Dakota	
Utah	
Washington	
Wyoming	

Source: Wisconsin Legislative Fiscal Bureau. “Individual Income Tax Provisions in the States” (January 2021)

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	\$2,135	4	3.1%	5
Colorado	\$1,306	15	2.0%	23
Idaho	\$1,040	28	2.2%	20
Montana	\$1,235	18	2.3%	15
Nevada	No Income Tax			
North Dakota	\$484	41	0.8%	32
Oregon	\$2,038	5	3.6%	2
South Dakota	No Income Tax			
Utah	\$1,141	23	2.2%	18
Washington	No Income Tax			
Wyoming	No Income Tax			
U.S. Average	\$1,171		2%	

Source: Tax Foundation “Facts and Figures 2022” - Table 12 for FY2020

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*	4.55%	Sales
Idaho*	6.5%	Double wtd. Sales
Montana*	6.75%	Double wtd Sales
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, 2022

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	\$643	17	0.9%	34
Colorado	\$538	32	0.8%	44
Idaho	\$381	47	0.8%	45
Montana	\$637	21	1.2%	16
Nevada	\$1,099	2	2.1%	2
North Dakota	\$712	13	1.2%	17
Oregon	\$596	24	1.1%	24
South Dakota	\$591	27	1.0%	29
Utah	\$596	25	1.2%	18
Washington	\$876	8	1.3%	12
Wyoming	\$373	48	0.6%	50
U.S. Average	\$629		1.1%	
Region Average	\$640		1.2%	

Source: Tax Foundation "Facts and Figures 2022" - Table 32 for Fiscal Year 2019.
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 ^{2/}	Property ^{3/}	Sales	Auto	Total	Rank	% of Income
California	\$(125)	\$2,488	\$1,208	\$516	\$4,086	4	16.3%
Colorado	\$(282)	\$2,178	\$1,074	\$289	\$3,260	13	13.0%
Idaho	\$(290)	\$1,161	\$995	\$207	\$2,073	40	8.3%
Montana	\$225	\$1,111	\$19	\$415	\$1,770	46	7.1%
Nevada	\$0	\$1,393	\$1,040	\$372	\$2,805	27	11.2%
North Dakota	\$0	\$1,057	\$811	\$198	\$2,066	42	8.3%
Oregon	\$515	\$2,264	\$0	\$331	\$3,111	18	12.4%
South Dakota	\$0	\$1,141	\$1,119	\$234	\$2,494	30	10.0%
Utah	\$0	\$1,510	\$1,125	\$300	\$2,935	24	11.7%
Washington	\$0	\$3,128	\$1,267	\$538	\$4,933	1	19.7%
Wyoming	\$0	\$1,364	\$755	\$286	\$2,405	32	9.6%
U.S. Median	\$0	\$1,525	\$890	\$265	\$2,847		11.4%

²Amounts in parenthesis represent refundable State Earned Income Tax Credits. States with dashes do not have an income tax. ³Based on 15 percent of estimated annual rent. MT has some selective sales taxes

Table 9(b) - Estimated Tax Burden: Income Level = \$75,000

	Income	Property ^{3/}	Sales	Auto	Total	Rank	% of Income
California	\$435	\$4,924	\$1,728	\$1,096	\$8184	14	10.9%
Colorado	\$2,223	\$1,526	\$1,541	\$759	\$6,050	35	8.1%
Idaho	\$2,421	\$2,118	\$1,332	\$394	\$6,265	33	8.4%
Montana	\$3,094	\$2,114	\$36	\$749	\$5,993	37	8.0%
Nevada	\$0	\$3,183	\$1,515	\$808	\$5,506	42	7.3%
North Dakota	\$549	\$2,091	\$1,135	\$373	\$4,147	49	5.5%
Oregon	\$4,586	\$3,594	\$0	\$618	\$8798	8	11.7%
South Dakota	\$0	\$2,453	\$1,481	\$474	\$4,407	48	5.9%
Utah	\$2,759	\$1,741	\$1,572	\$580	\$6,652	27	8.9%
Washington	\$0	\$2,611	\$1,832	\$1,194	\$5,637	40	7.5%
Wyoming	\$0	\$2,070	\$1,086	\$804	\$3,960	50	5.3%
U.S. Median	\$2,664	\$2,507	\$1,280	\$553	\$6,669		8.9%

³Some jurisdictions offer a property tax credit of property taxes paid through the income tax and those refunds are reflected in the income tax burdens. MT has some selective sales taxes.

Table 9(c) - Estimated Tax Burden: Income Level = \$150,000

	Income	Property	Sales	Auto	Total	Rank	% of Income
California	\$3,528	\$9,933	\$2,198	\$1,379	\$17,038	15	11.4%
Colorado	\$5,599	\$3,052	\$2,005	\$1,303	\$11,959	38	8.0%
Idaho	\$7,472	\$5,358	\$1,697	\$413	\$14,939	20	10.0%
Montana	\$7,339	\$4,228	\$39	\$895	\$12,502	35	8.3%
Nevada	\$0	\$6,367	\$1,966	\$1,436	\$9,769	42	6.5%
North Dakota	\$1,865	\$4,182	\$1,504	\$386	\$7,937	47	5.3%
Oregon	\$9,697	\$7,188	\$0	\$644	\$17,528	10	11.7%
South Dakota	\$0	\$4,905	\$1,903	\$491	\$7,299	49	4.9%
Utah	\$7,385	\$3,481	\$2,014	\$628	\$13,509	29	9.0%
Washington	\$0	\$5,222	\$2,332	\$1,512	\$9,066	44	6.0%
Wyoming	\$0	\$4,141	\$1,422	\$1,234	\$6,796	50	4.5%
U.S. Median	\$6,770	\$5,222	\$1,646	\$644	\$14,080	-	9.4%

MT has some selective sales taxes applied to consumption taxes.



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.

One hundred 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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