



MONTANA LEGISLATIVE BRANCH

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Director

AMY CARLSON

DATE: September 14, 2020
TO: MARA Study Committee
FROM: Julia Pattin, Fiscal Analyst
RE: Growth Rates of State and Local Property Tax Collections

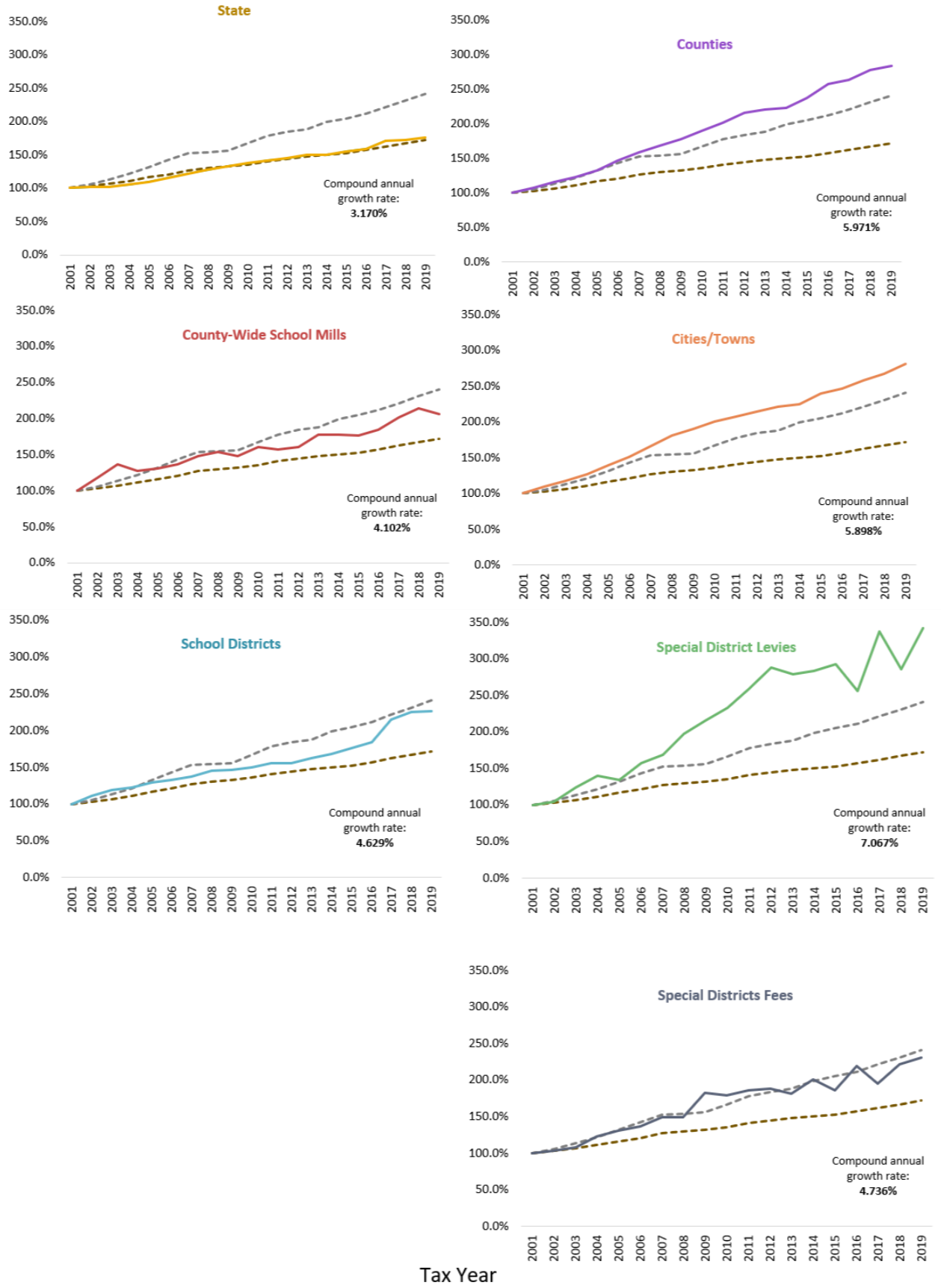
The growth in property taxes paid in can be broken down into the amounts paid to the state, to local governments, and to school districts. In general, local governments have experienced a higher rate of growth than property taxes paid to schools.

Two economic benchmarks are used for analysis of growth trends: growth in economy as measured by personal income and the combined rate of population and inflation. These are used as measurements of comparison related to Montana's economy. The growth of these indicators is indexed to TY 2001, and the source of data used to calculate these benchmarks is IHS Markit. Growth in combined rate of population and inflation has averaged 3.053% per year since TY 2001, and growth in the economy (personal income) has averaged 4.998% per year since TY 2001.

All three sources of property taxes for education have grown above the rate of inflation adjusted for population but below the rate of the economy (personal income). Counties, cities and towns, and special district levies have all grown above the rate of growth in the economy (personal income), all three of which have growth rates above 5.000%. In contrast, property tax collections from special district fees as reported by the Department of Revenue (DOR) grew at a slightly lower rate.

Compound Annual Growth Rate TY 2001 - TY 2019	
Entity	Growth Rate
State	3.170%
Local	6.548%
County-wide Schools	4.102%
Schools	4.629%
Counties	5.971%
Cities	5.898%
Special Dist Levies	7.067%
Special Dist Fees	4.736%
Overall Schools Growth Rat	4.104%
Overall Local Growth Rate	5.769%
Overall Total Growth Rate	4.829%

Growth in **property taxes paid** since TY 2001 for the **state**, **county-wide school levies**, **school districts**, and **special district fees** has generally been greater than that of **inflation adjusted for population** but less than growth in the economy (personal income). **Counties**, **cities & towns**, and **special district levies** have all grown above the rate of growth in the economy (personal income) since TY 2001.



Tax Year