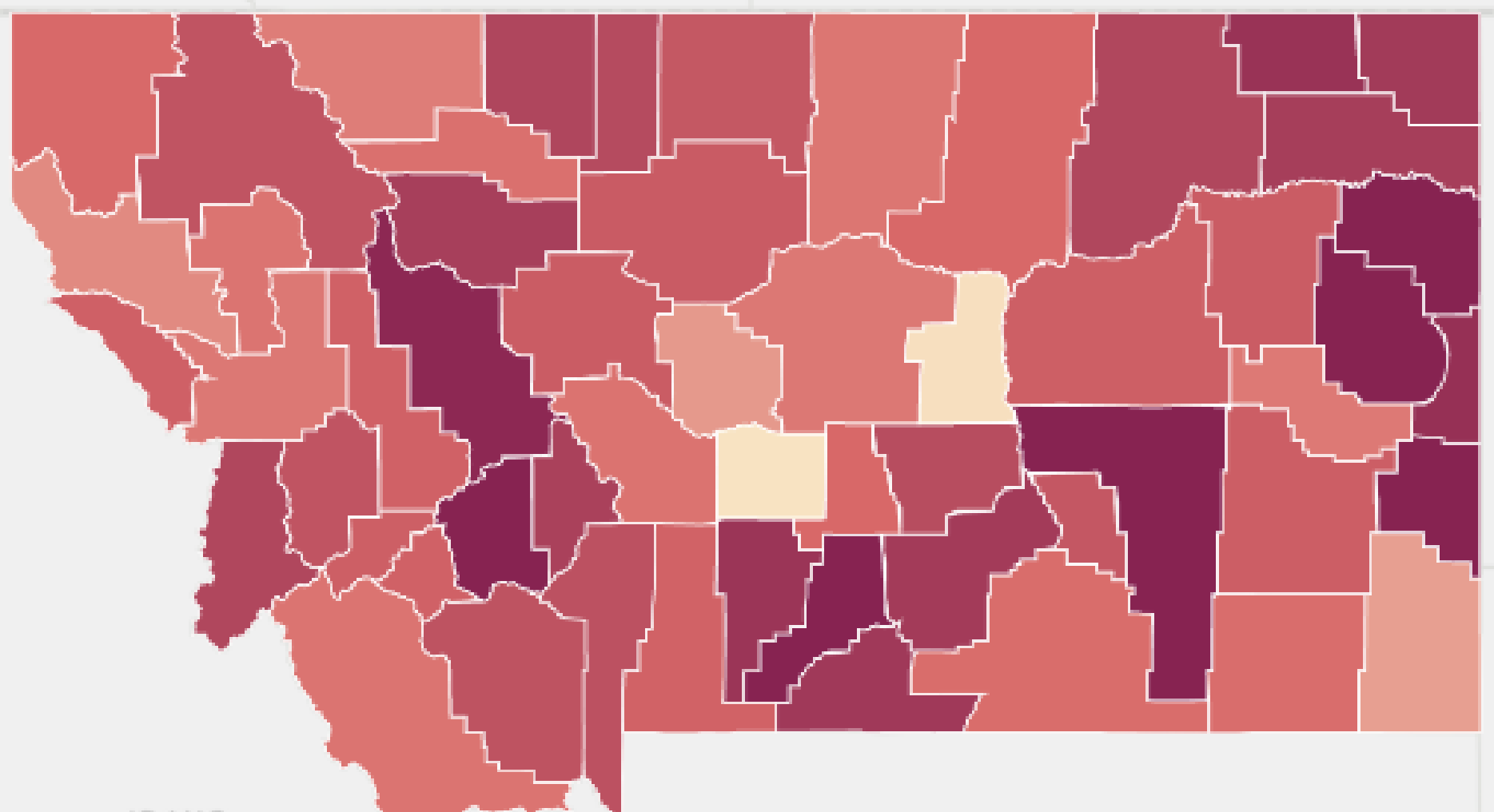
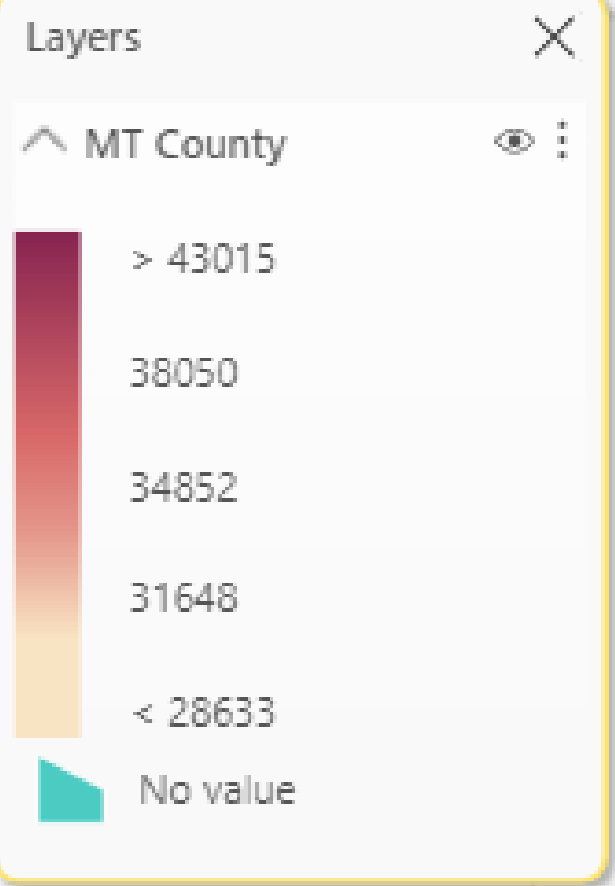


Montana Individual Income Demographics

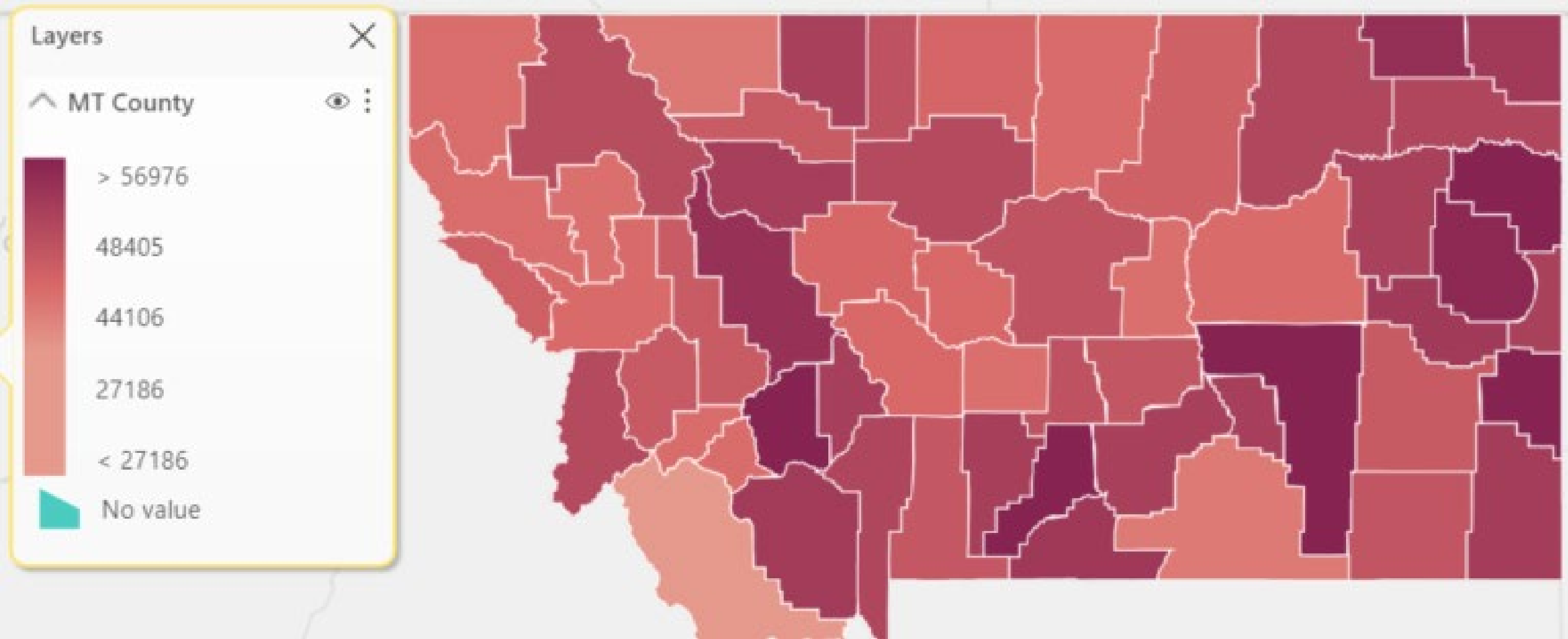
A SUMMARY PRESENTATION OF HOW INDIVIDUAL INCOME HAS CHANGED OVER THE PAST DECADE AS WELL AS HOW INCOME TYPES DIFFER BY AGE.

Data

- Calendar year income tax returns from 2009-2018
- Tax return data includes information on all types of income earned in a particular year as well as the county of the taxpayer
- For this analysis, only Montana resident data was utilized
- Since part of this study sought to understand how tax liability changes as the population ages, only those tax returns with at least \$1 of tax liability were used.

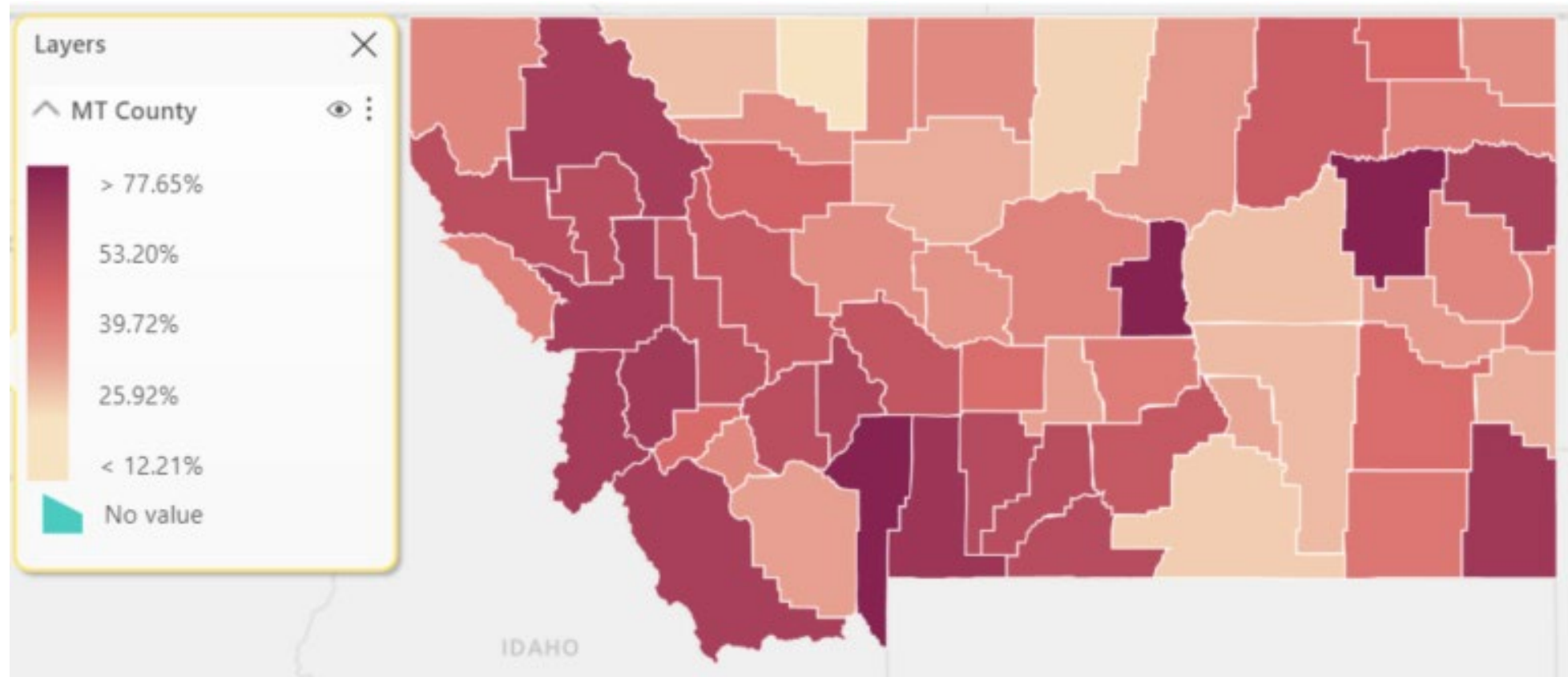


Median Total Income (CY 2009)



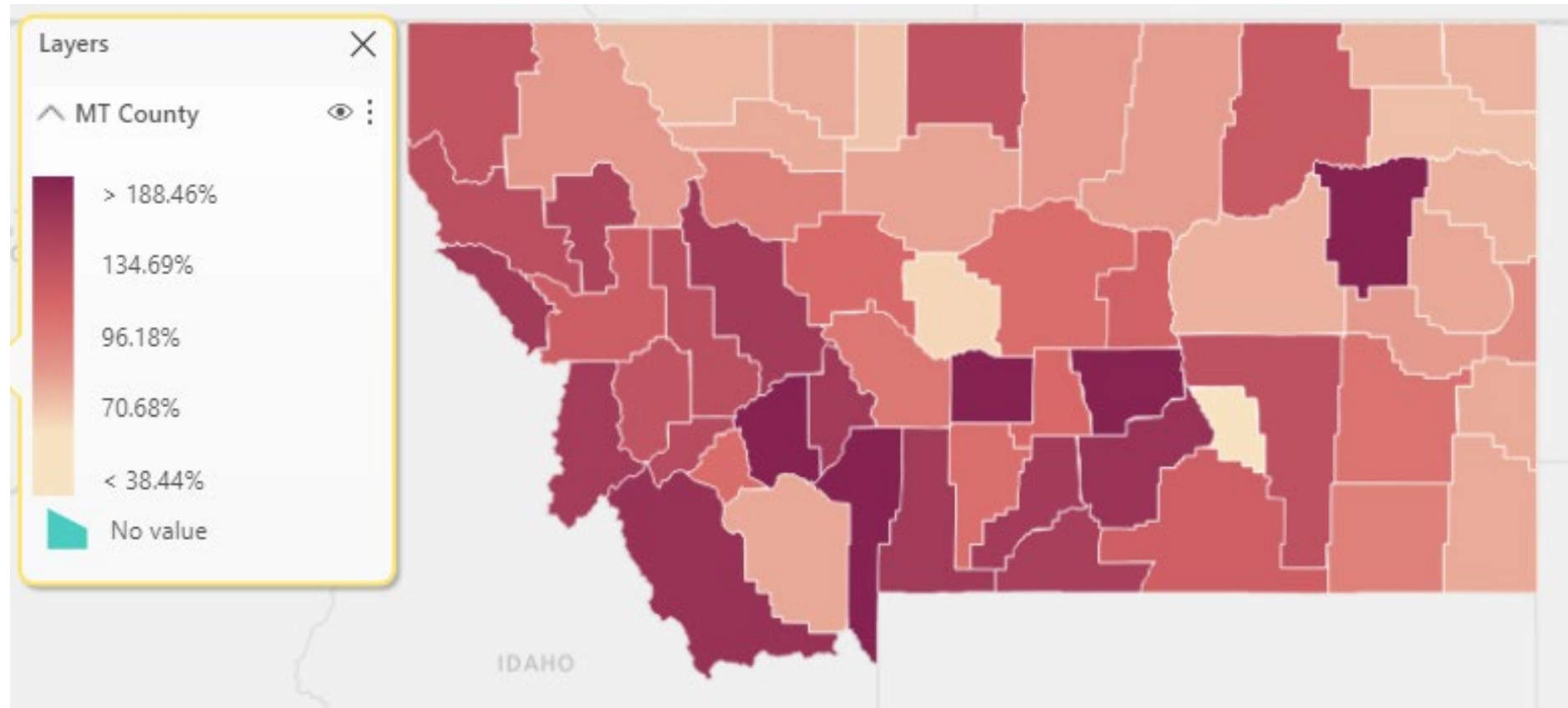
Median Total Income (CY 2018)

Individual Income Growth (CY 2009-CY 2018)

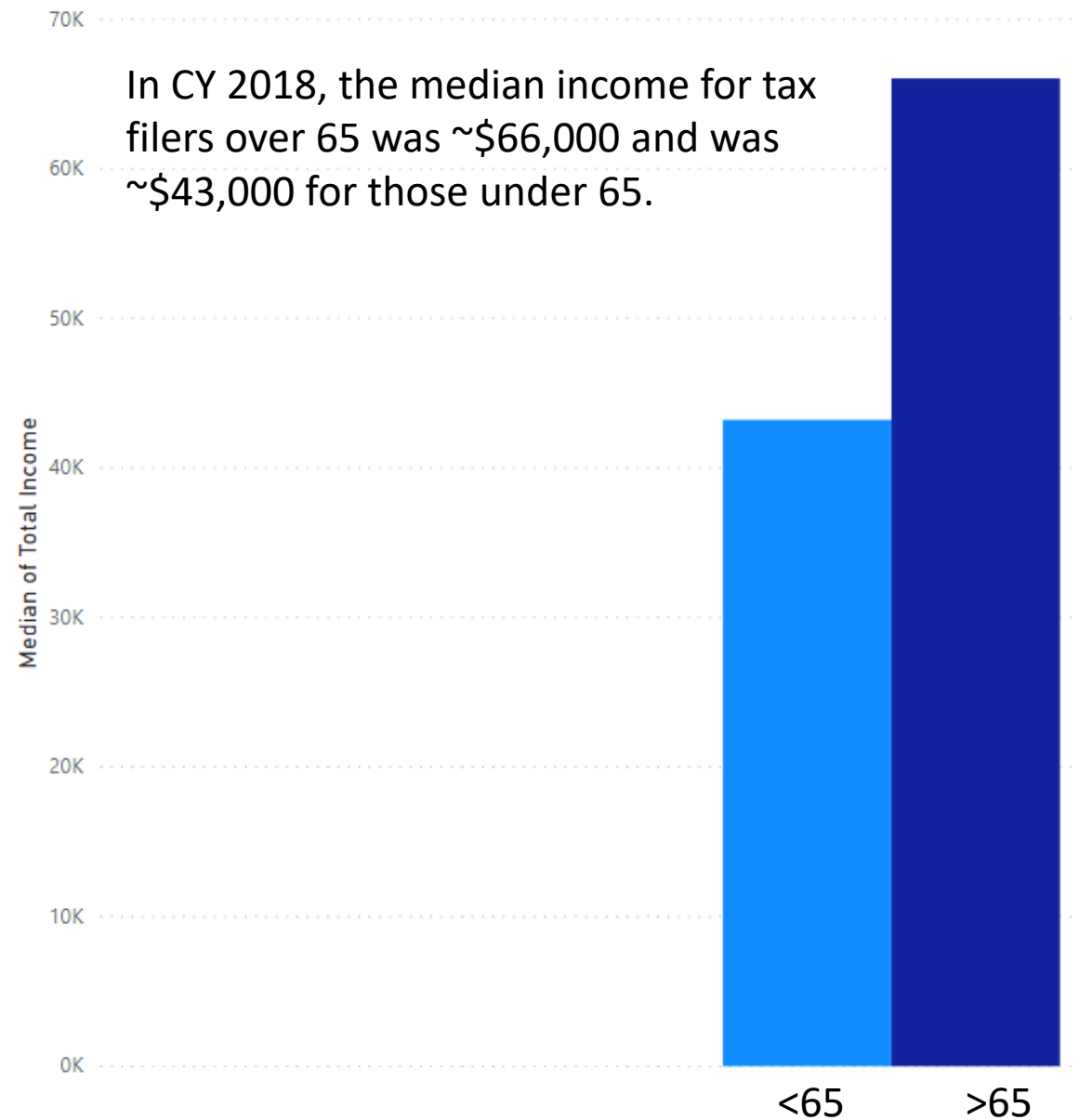


- Statewide, income growth increased by 52%.
- Income growth was seen across all counties.
- Strong growth was especially common in many Western Montana counties.

Individual Income Growth for tax filers over 65 (CY 2009-CY 2018)

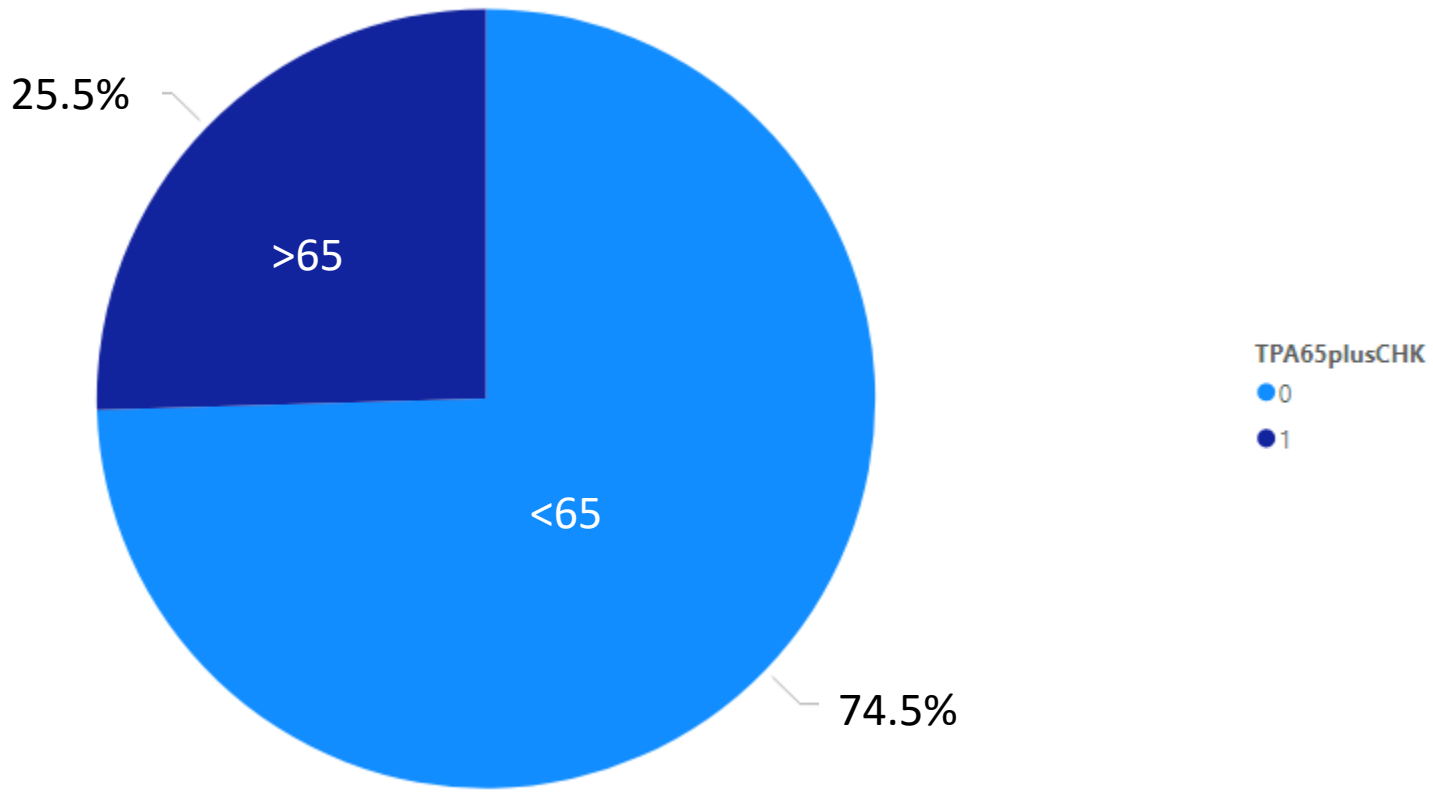


- Statewide, income growth among those aged over 65 increased by 126%.
- Some small counties saw large increases, likely due to small populations.
- Gallatin county saw income growth in those aged over 65 by 240% over the past decade.

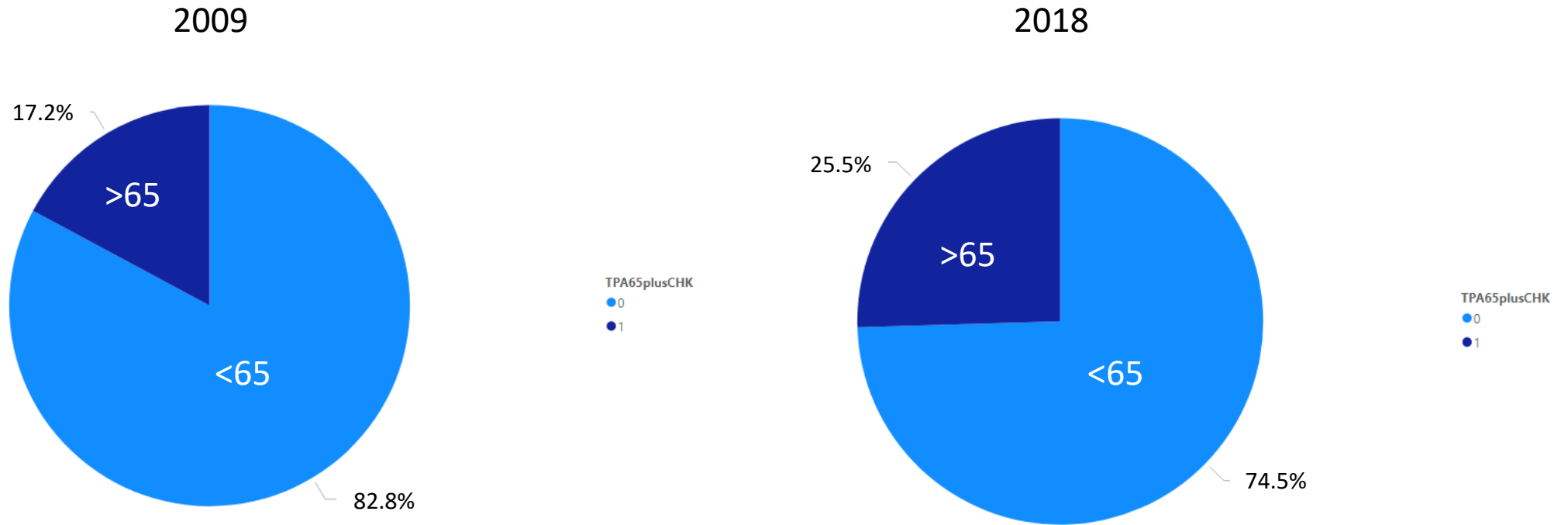


How Does Income Change by Age?

Even though Montanans aged over 65 typically make more, those under 65 make up a substantially larger portion of total statewide individual income.

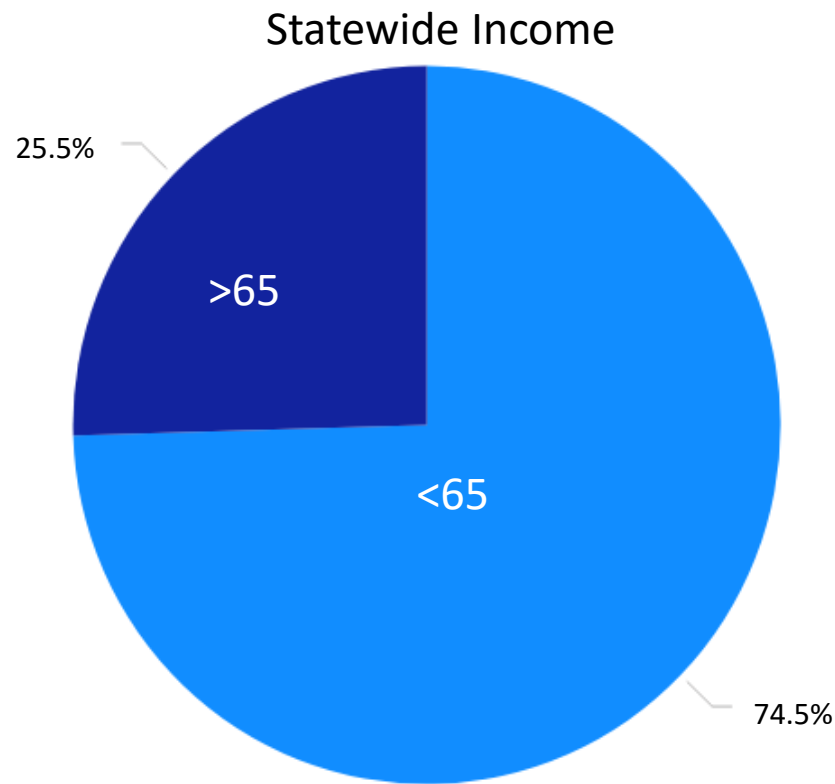


However, the share of total individual income attributed to those over 65 has grown over the past decade, likely a result of our ageing population and people relocating to MT.

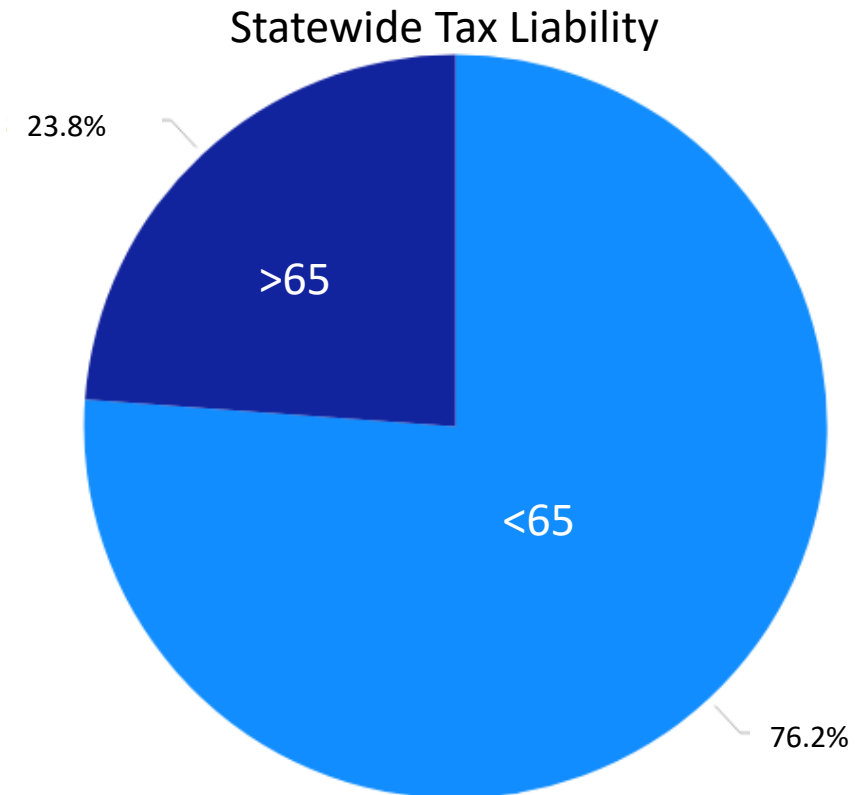


In 2009, those older than 65 made up 17.2% of statewide individual income. By 2018 this percentage had grown to 25.5%.

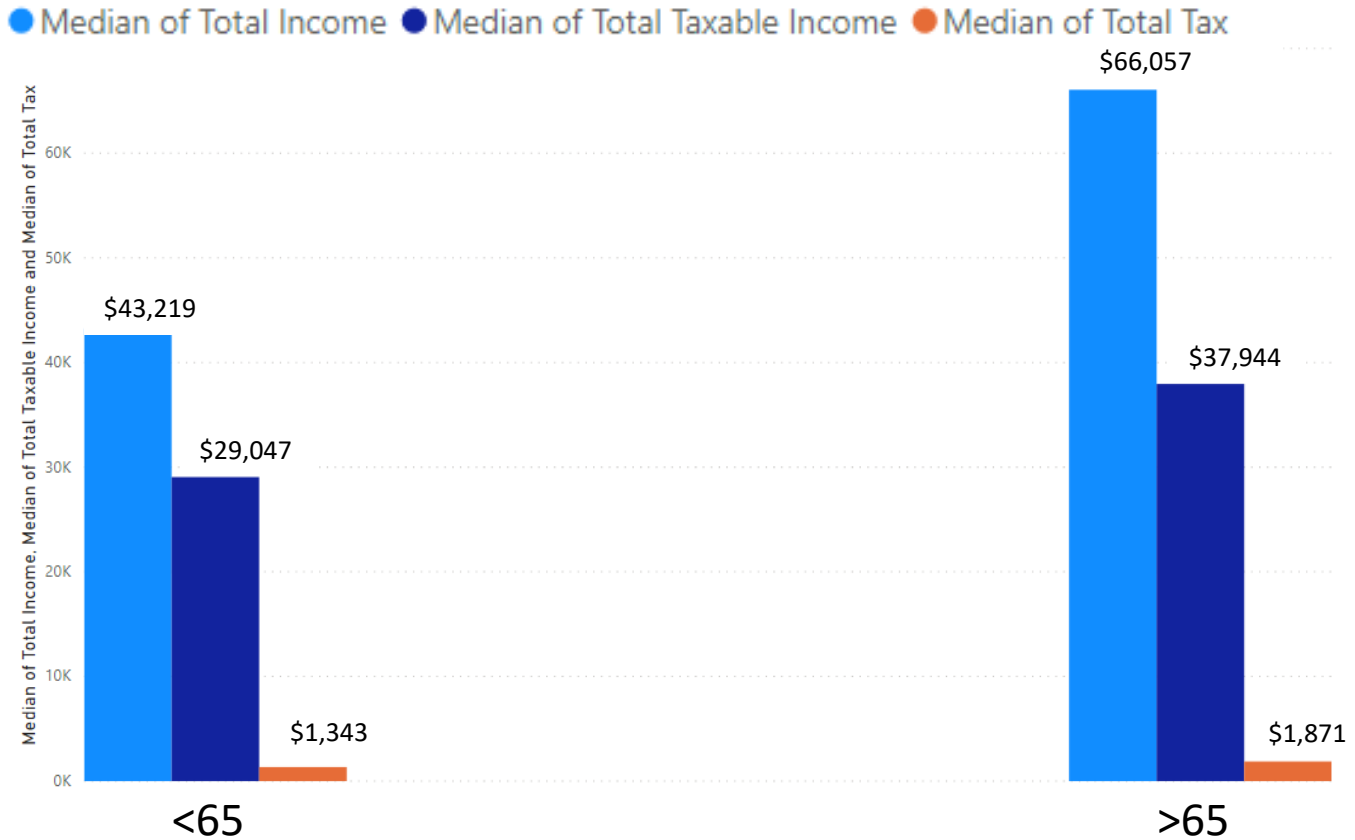
What is the relationship between age, income, and tax liability?



In 2018 Montanans aged over 65 were responsible for 25.5% of total individual income.

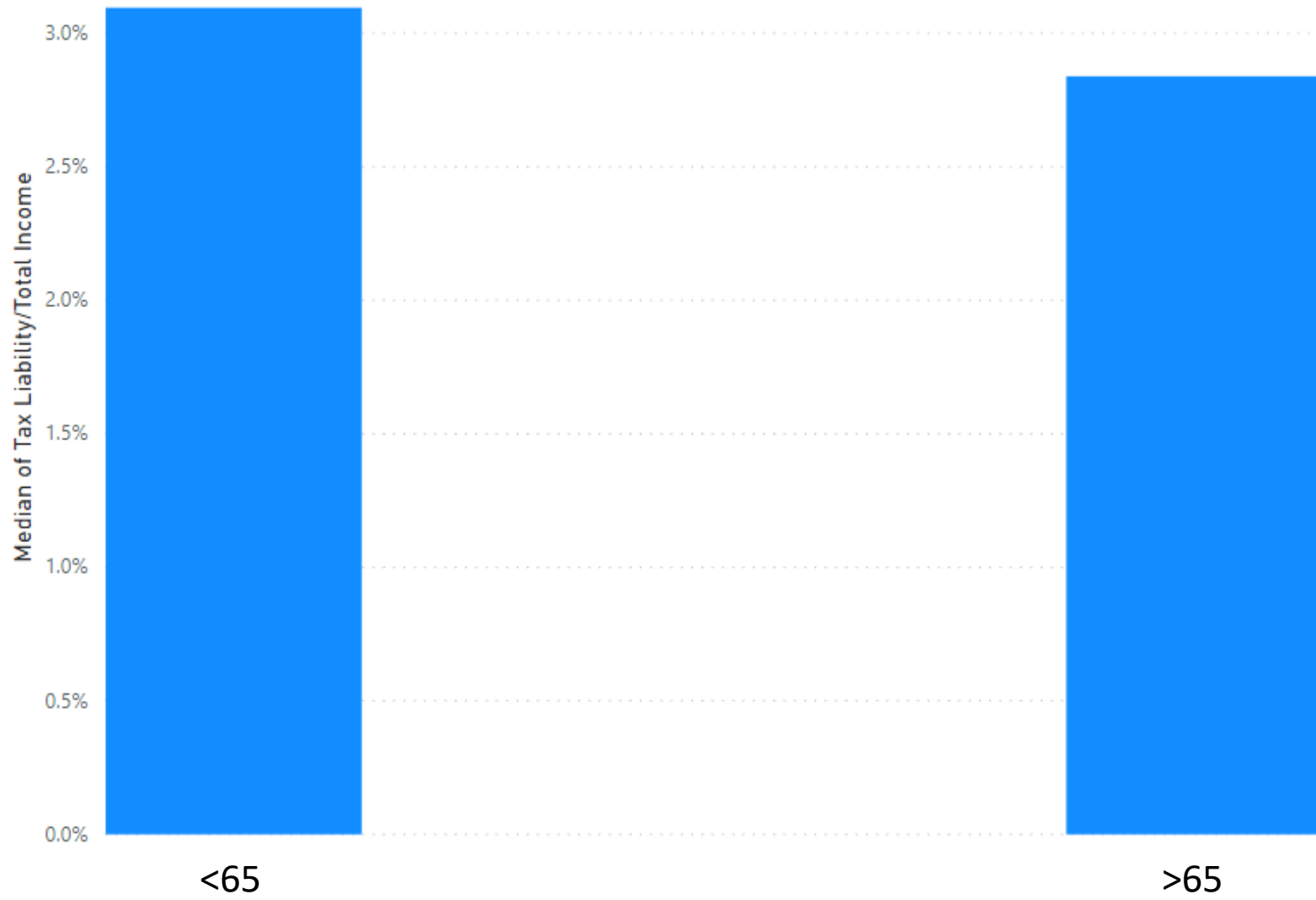


But those aged over 65 accounted for 23.8% of total tax liability.

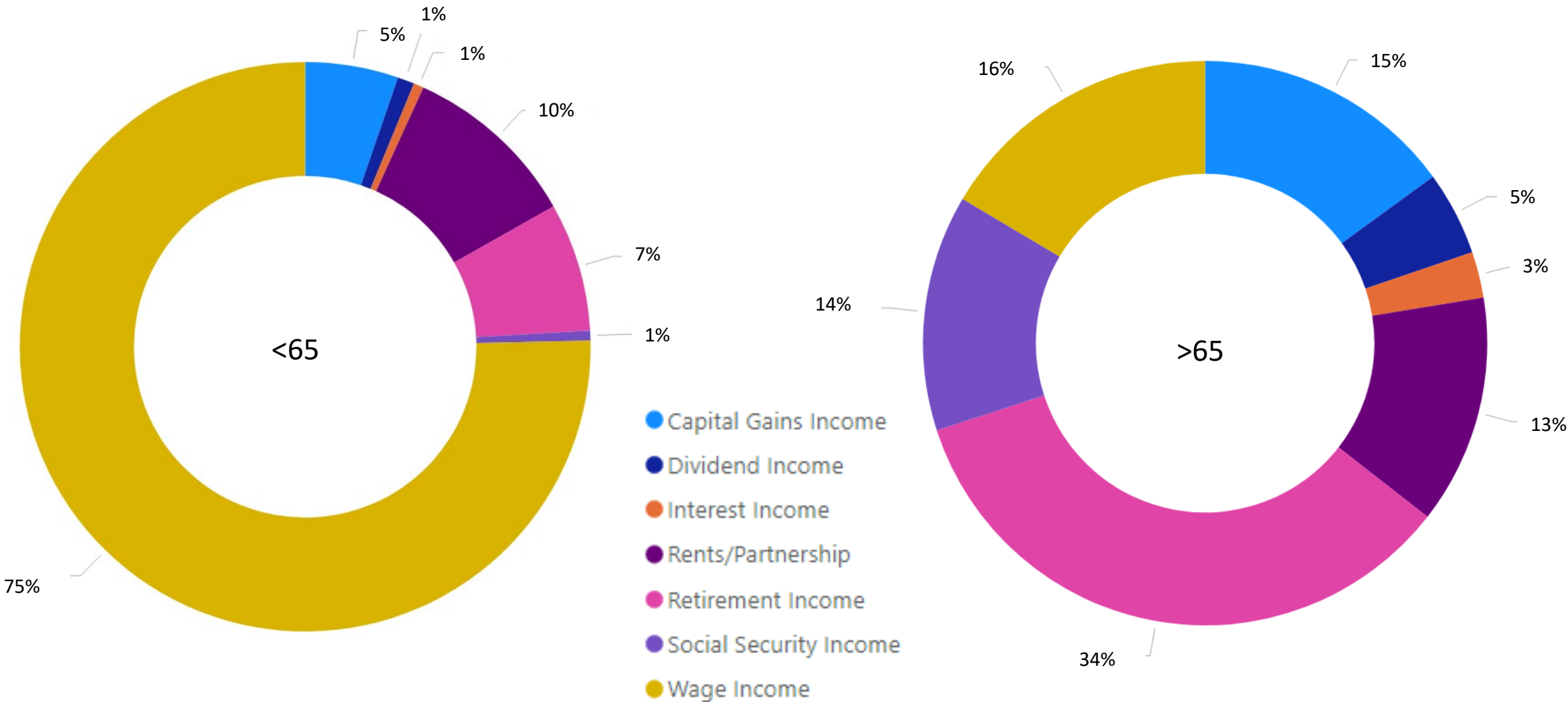


How does the individual taxable income and tax liability change by age?

Total tax liability of those aged under 65 is 3.1% of total income while those aged over 65 is 2.8%.



Sources of income vary dramatically between the two age cohorts.



- Interest income earned by a taxpayer who is 65 or older is exempt up to \$800 (\$1,600 for joint filers)
- The first \$4,070 of pension and annuity income is exempt (sliding scale for joint tax filers)
- Depending upon the amount of other income on a tax form, Social Security is either 15%, 50%, or 100% exempt.
- There is a capital gains credit that effectively lowers the tax rate on that income by 2%.
- An elderly homeowners credit exists that lowers total tax liability.

Taxation Differs by type of Individual Income