

# **An Overview of Montana Taxes**

**Douglas J. Young  
Professor Emeritus**

**MSU Bozeman  
January 2020**

# **What is a “Good” Tax System?**

- **Promotes Economic Opportunity**
- **Fairness**
- **Low Administrative & Compliance Costs**
- **Stability**
- **Adequacy**

# Total Taxes

- **State**
- **County**
- **Municipality**
- **School District**
- **Mosquito Control District**
- **Property Taxes**
- **Income Taxes**
- **Sales Taxes**
- **Severance Taxes**

# Are Montana's Taxes High?

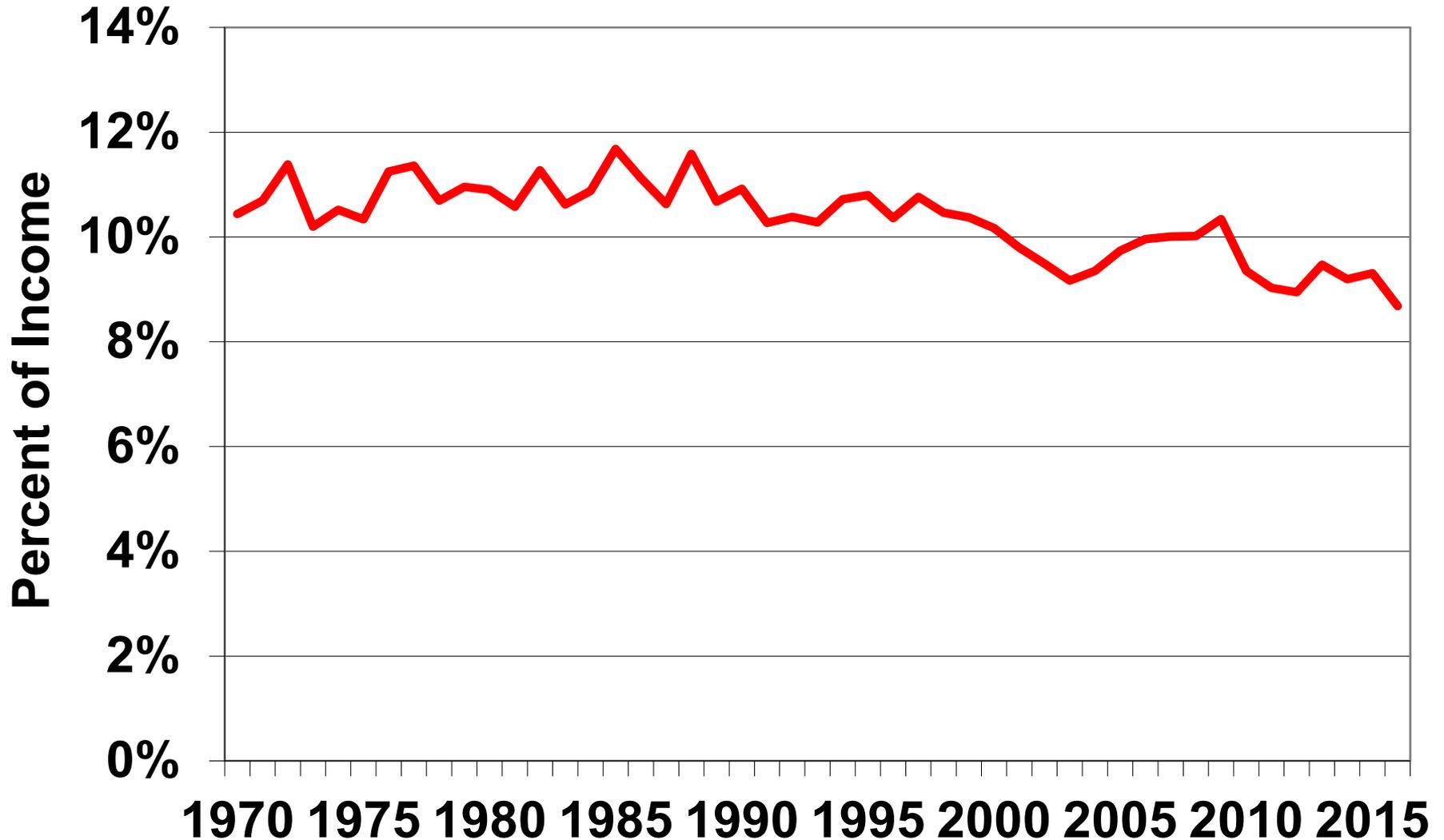
---

State	\$/Person	Rank	%Income	Rank
Montana	\$3,827	37	8.7%	38
Idaho	\$3,514	45	8.7%	39
N. Dakota	\$6,630	4	12.6%	3
S. Dakota	\$3,938	31	8.1%	47
Wyoming	\$5,545	13	10.0%	19
U.S. Avg.	\$4,946		9.9%	

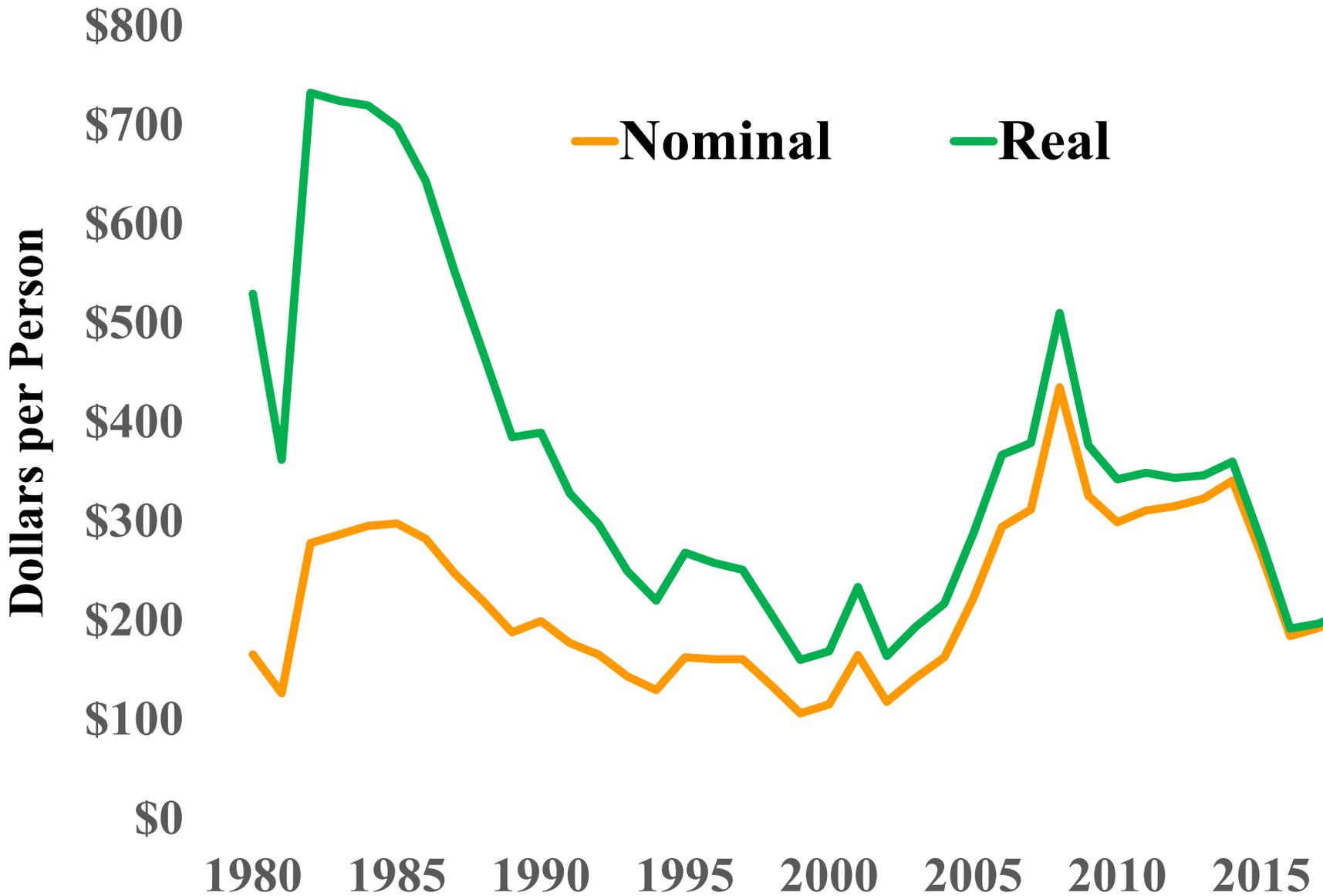
Source: Tax Foundation, "Facts and Figures, 2019", Table 6 for 2016, BEA

# Are Taxes Rising in Montana?

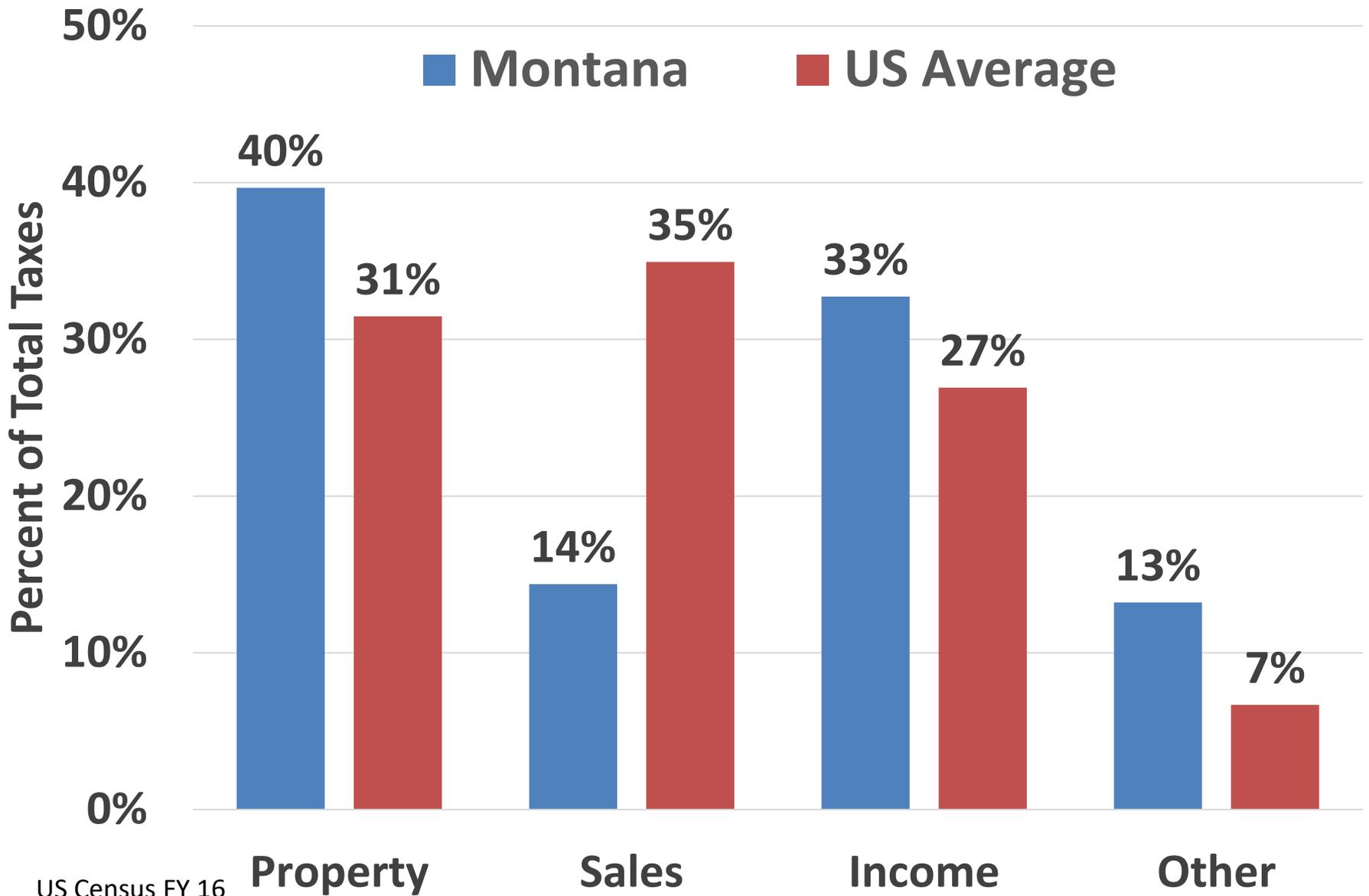
## Total Taxes



# Natural Resource Tax Revenues



# “Too Much” Property Tax?



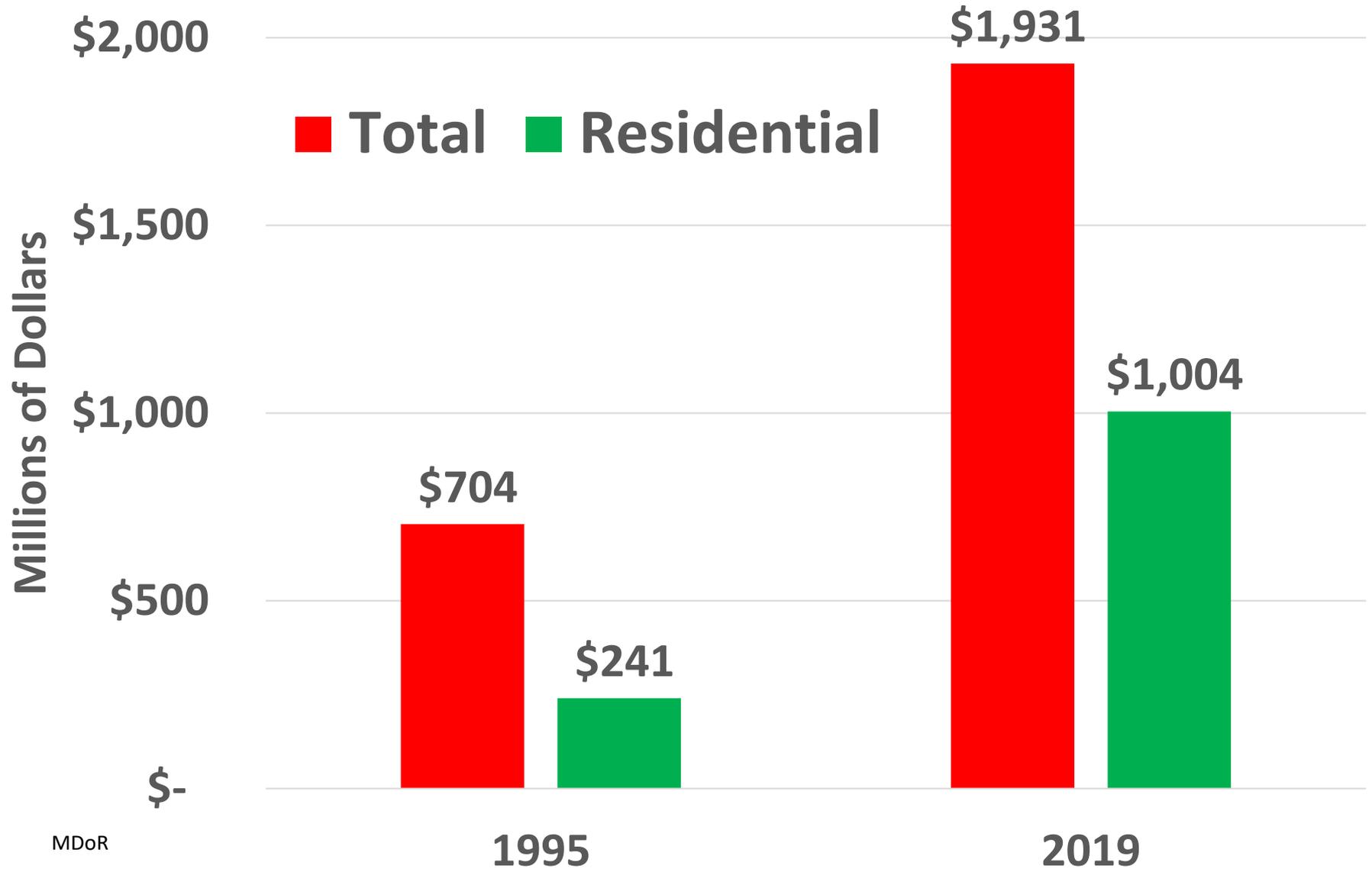
# Residential Property Taxes

	Tax Foundation		Minnesota Center for Fiscal Excellence		
	Rate	Rank	City	Rate	Rank
Montana	0.73%	33	Billings	0.94%	40
Idaho	0.72%	34	Boise	0.85%	43
N Dakota	0.90%	24	Fargo	1.07%	36
S Dakota	1.18%	17	Sioux Falls	1.53%	19
Wyoming	0.58%	44	Cheyenne	0.64%	49
US Average	1.05%			1.45%	

# Industrial Property Taxes

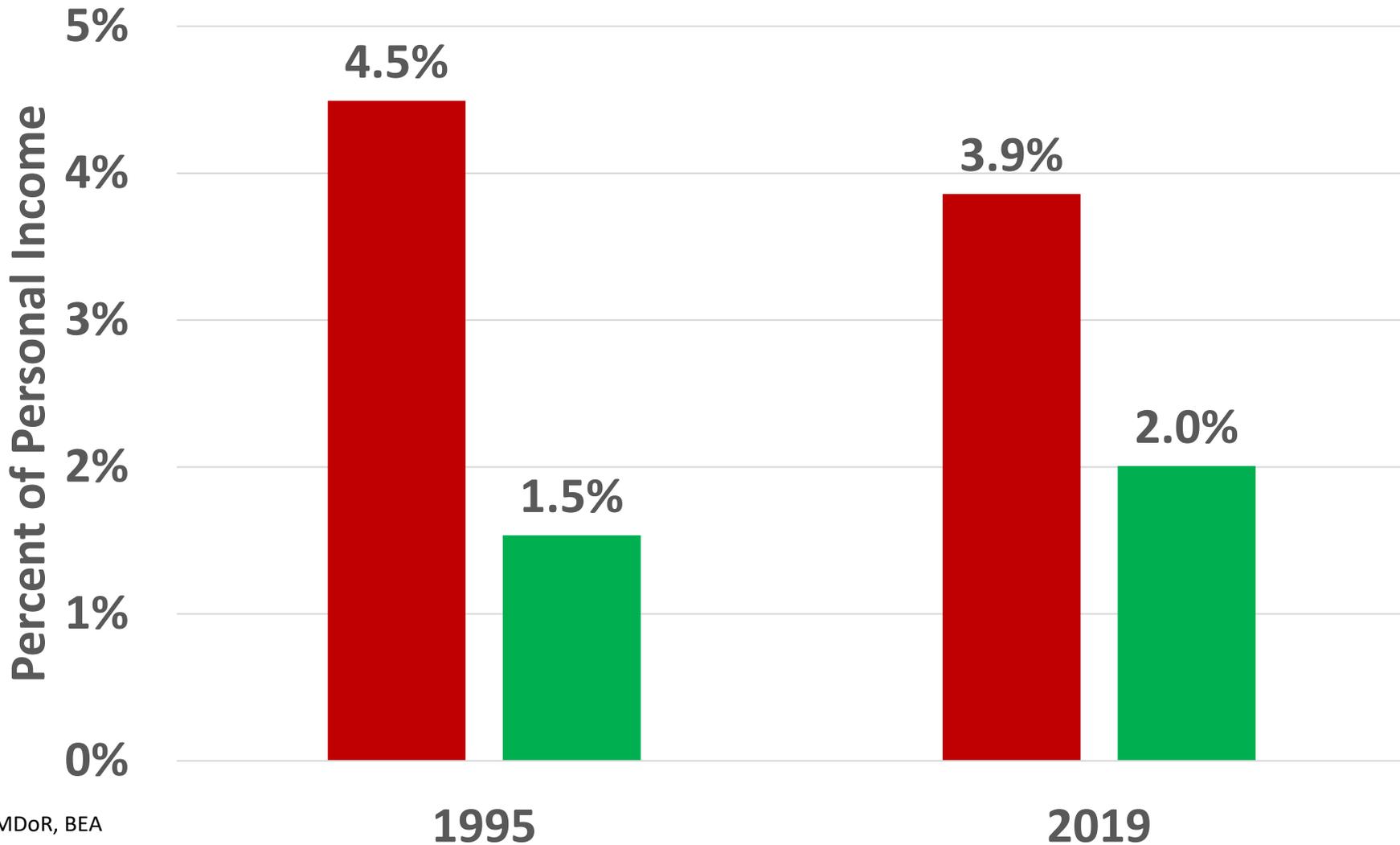
		\$100,000 Property		\$25,000,000 Property	
		Rate	Rank	Rate	Rank
<b>Montana</b>	Billings	0.51%	49	1.25%	27
<b>Idaho</b>	Boise	0.57%	47	1.12%	32
<b>N Dakota</b>	Fargo	0.47%	51	0.47%	51
<b>S Dakota</b>	Sioux Falls	0.64%	43	0.64%	47
<b>Wyoming</b>	Cheyenne	0.63%	45	0.63%	49
<b>U.S. Average</b>		1.20%		1.32%	

# Property Taxes over 24 Years

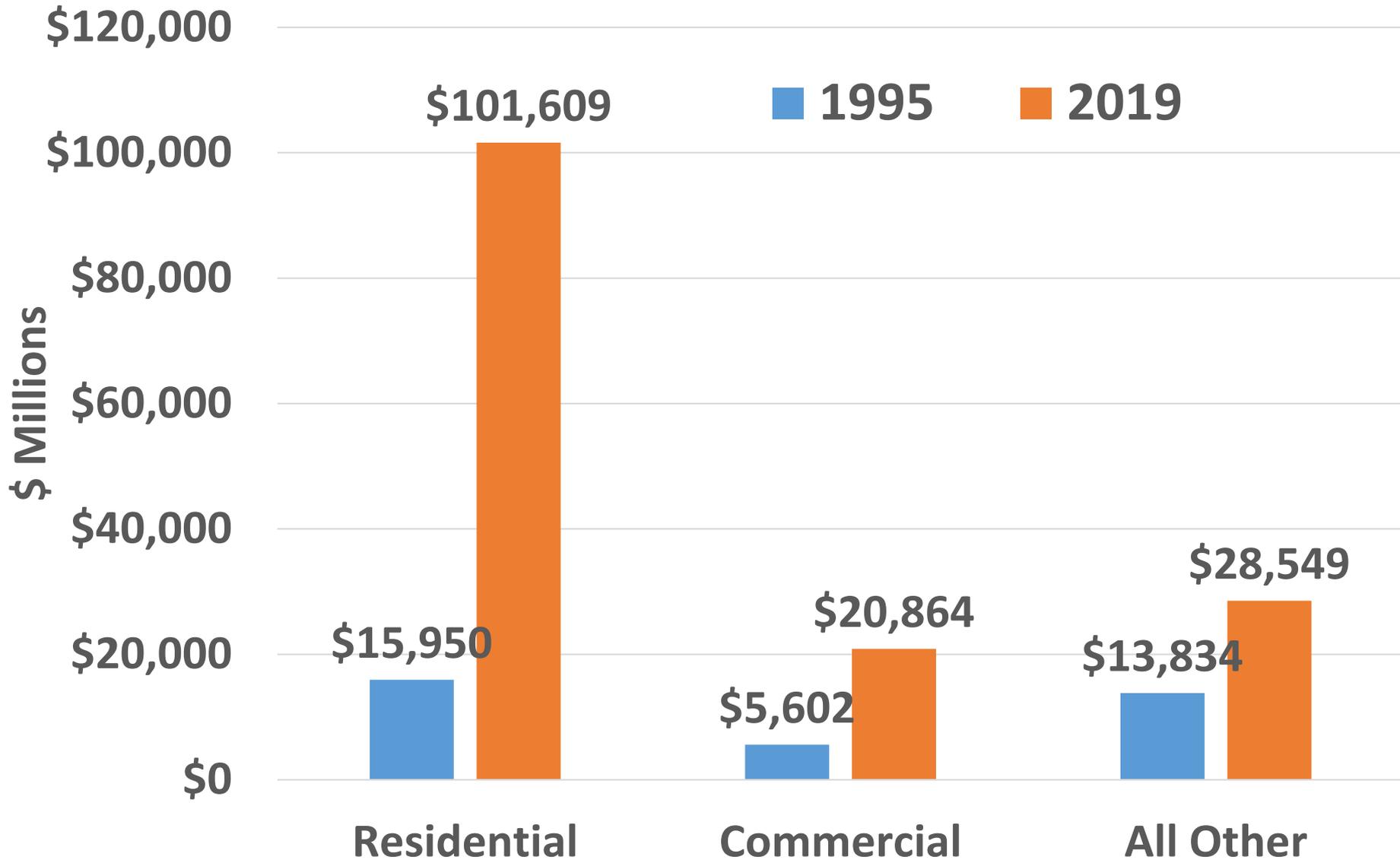


# Property Taxes and Income

■ Total ■ Residential



# Market Value of Property



# S&L Individual Income Taxes

State	\$/Capita	Rank	%Income	Rank
Montana	\$1,137	23	2.6%	16
Idaho	\$905	32	2.2%	30
N. Dakota	\$465	41	0.9%	41
S. Dakota		No Income Tax		
Wyoming		No Income Tax		
U.S. Avg.	\$1,164		2.3%	

Source: Tax Foundation, "Facts and Figures, 2019", Table 14 for 2016, BEA

# State Business Tax Climate

- Tax Foundation Index Based on
  - Corporate and Individual Income Taxes
  - Sales Tax and Property Tax
  - Unemployment Insurance Tax

State	Rank
Montana	5
Idaho	21
N Dakota	17
S Dakota	3
Wyoming	1

Tax Foundation “Facts and Figures”  
(2019) Table 3 for 2018

# State Business Tax Climate

	Tax Found'n		COST (2017)		COST (2011)	
	Rank	Rate	Rate	Rate	Rank	
<b>Montana</b>	5	5.0%	38	6.1%	11	
<b>Idaho</b>	21	4.4%	21	7.7%	29	
<b>N Dakota</b>	17	6.7%	47	7.3%	26	
<b>S Dakota</b>	3	4.8%	33	6.4%	13	
<b>Wyoming</b>	1	6.7%	47	5.8%	9	
<b>U.S. Average</b>		4.5%		7.9%		

# Direct Taxes on Families: Income, Sales, Property & Auto

<u>State</u>	<u>Income=\$25K</u>		<u>Income=\$150K</u>	
	<u>Rate</u>	<u>Rank</u>	<u>Rate</u>	<u>Rank</u>
Montana	7.5%	47	8.8%	37
Idaho	7.8%	46	10.8%	19
N. Dakota	8.0%	45	5.3%	48
S. Dakota	9.9%	33	5.5%	47
Wyoming	8.7%	38	4.7%	50
U.S. Average	10.6%		9.8%	

Source: Gov't of DC, *Tax Rates and Tax Burdens in the DC: A Nationwide Comparison*, 2017

# Summary

- **Promote Economic Opportunity**
- **Fairness**
- **Low Administrative & Compliance Costs**
- **Stability**
- **Adequacy**

# Tax Reform?

- Property Tax Relief +
- Replace Resource Revenue +
- Infrastructure and other Services =
- Additional Revenue
  - Income Tax?
  - (Some kind of) Sales Tax?

# Questions?

**E-mail**

**djyoung@montana.edu**

**Biennial Report - MDoR**

**<https://mtrevenue.gov/publications/>**