PROPERTY TAX MODEL:
Newly Taxable Property Data
May 3, 2022
Goals and objectives:

- Better understanding of locally paid taxes
- What are the sources of growth for property taxes in the past?
  - In order to understand the growth of taxes paid for existing property, new property must be separated out
  - Determine growth from Tax Increment Financing (TIF) districts
  - Within both new & existing property, growth can be broken down between different taxing units – the state, counties, cities, schools, & special districts
  - Determine how much growth in residential property taxes is due to a valuation shift between tax classes
- What might property tax growth and its make up look like in the future?
How newly taxable property values are calculated

Class 4 residential & commercial property

Per 15-10-420, MCA, newly taxable property includes:

• New construction, expansion, or remodeling of improvements
• Transfer of property into a new taxing unit
• Subdivision of property
• Transfer of property from tax-exempt to taxable status
• Release of taxable value from the incremental taxable value of a TIF district because of
  • Boundary changes
  • Increase to the base taxable value of the TIF
  • Termination of the TIF district

All other classes of property

• Newly taxable is the difference between current year and previous year taxable value
• Negative newly taxable values are possible (especially within class 8 business equipment due to the ability for equipment to move in & out of taxing jurisdictions)
Limitations of newly taxable property data

1. These data are currently only used for the maximum mill levy calculation for local governments; the statutory definition of newly taxable may not align with our goals.

2. For the maximum mill levy calculation, newly taxable property is summed by class in each taxing jurisdiction, and then the negative values are discarded. For our purposes, the negative values are included.

3. We have not had the time yet to verify the details of these data.