



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

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**Director**  
AMY CARLSON

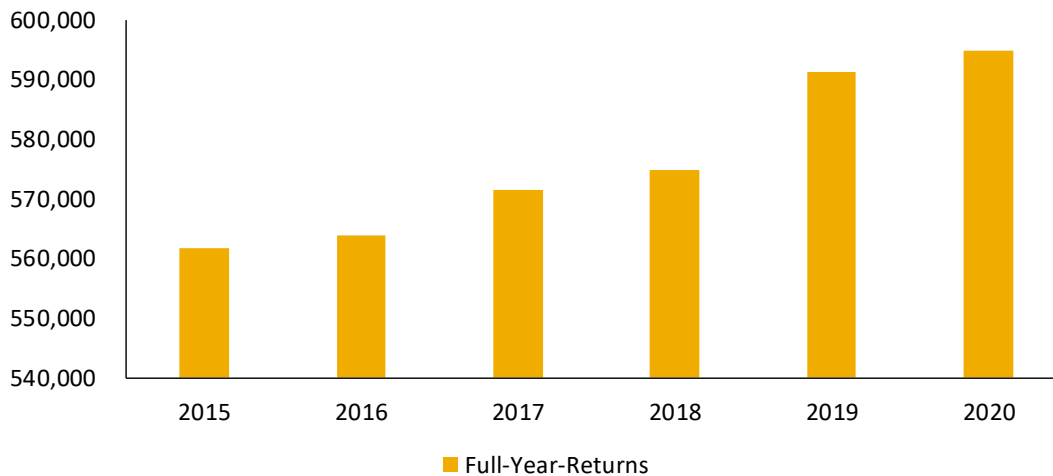
DATE: November 29, 2021  
TO: Modernization and Risk Analysis (MARA) Committee  
FROM: Sam Schaefer  
RE: Early Analysis of CY 2020 Individual Income Tax Return Data

The individual income tax return data from CY 2020 recently became available from the Department of Revenue (DOR). The first data that becomes available in November typically does not include many tax filers who file on extension, and as a result, comparisons here are compared to past years' November data. This report serves as an early analysis of CY 2020 individual income trends for both residents and non-residents. A more thorough analysis of migration trends of partial-year residents will be provided at the next meeting.

### Resident Income

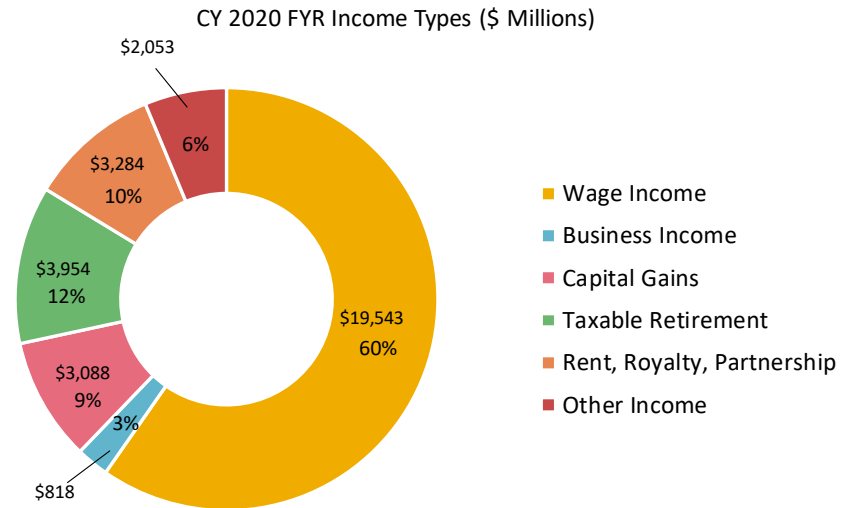
Comparing CY 2020 November return data for full-year-returns (FYR) to CY 2019 November data shows 0.6% growth, as illustrated below.

FYR growth was 0.6% from CY 2019 to CY 2020

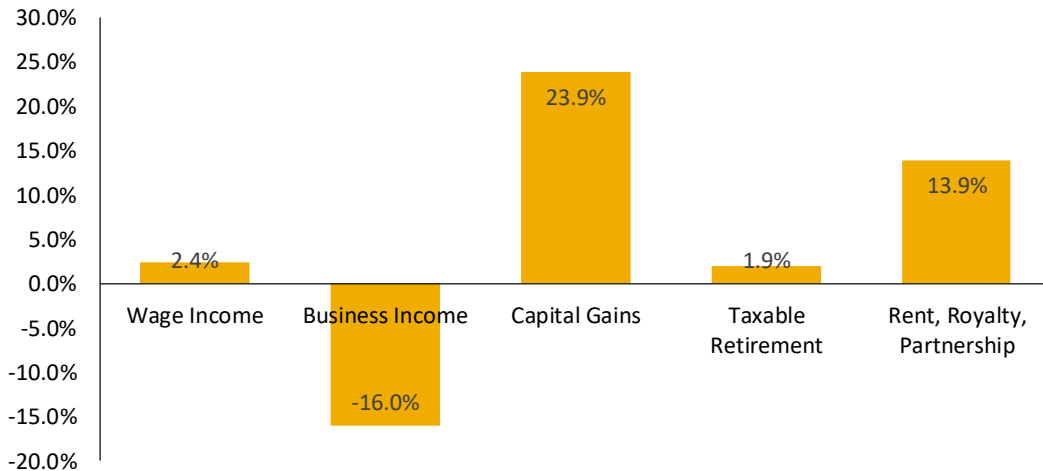


The following chart shows CY 2020 FYR income by income type. Wage and salary income was responsible for 60% of total income, which is in line with historical trends.

CY 2020 income totaled \$32.7 billion, a 5.2% increase over CY 2019. Total tax liability in CY 2020 totaled \$1.42 billion, a 7.3% increase from the CY 2019 total liability of \$1.32 billion. The graph below shows the growth rates of the major income types compared to CY 2019 levels.



Capital gains Income experienced the largest growth of 23.9% while business income decreased by 16.0%



## Non-Resident Income

In CY 2020, non-resident tax liability totaled \$88.4 million, a 26% increase from the five-year average of \$70 million. Non-residents are required to pay tax on income that is earned in Montana, known as Montana source income. The major non-resident Montana source income types for CY 2020 are shown in the table below as well as their growth compared to CY 2019.

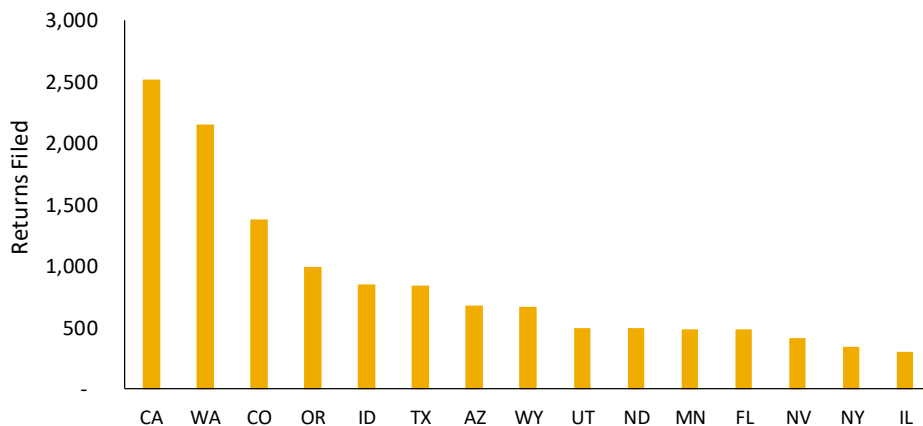
| Non-resident Montana Source Income<br>(\$ Millions) |                |                |              |
|---|----------------|----------------|--------------|
|   | CY 2019        | CY 2020        | % Growth     |
| Wage Income   | \$1,102        | \$1,143        | 3.7%         |
| Interest Income                                     | 23             | 19             | -15.3%       |
| Dividend Income                                     | 18             | 24             | 33.4%        |
| Business Income                                     | 35             | 32             | -10.0%       |
| Capital Gains Income                                | 323            | 715            | 121.2%       |
| Taxable Retirement Income                           | 74             | 73             | -0.9%        |
| Partnership, Rents, Royalties Income                | 174            | 328            | 88.4%        |
| Other Income  | (9)            | (4)            | -57.2%       |
| <b>Total</b>  | <b>\$1,740</b> | <b>\$2,331</b> | <b>33.9%</b> |

## Partial-Year Resident Income

Partial-year resident tax liability totaled \$45.0 million in CY 2020. This was 40.0% higher than the CY 2019 liability of \$32.1 million and far higher than the five-year average of \$25.6 million. The number of returns that were filed as part-year residents only increased by 0.7% from CY 2019. Part-year residents are defined as individuals who were residents of Montana at one point during the tax year, so could therefore be an individual who migrated to the state or out of the state.

Of those returns that report a state of prior residency, California, Washington, and Colorado were the three most common states filing a new return in Montana. The chart below shows the top 15 states that were responsible for in-migration into Montana in CY 2020.

California, Washington, and Colorado had the highest migration to Montana



A report analyzing these migration trends in-depth, such as which counties in Montana are seeing the in-migration, as well as the types of incomes and age-demographics of these new residents will be provided at the next MARA meeting.