Montana Department of REVENUE

Historical Overview of Property Values by Classification

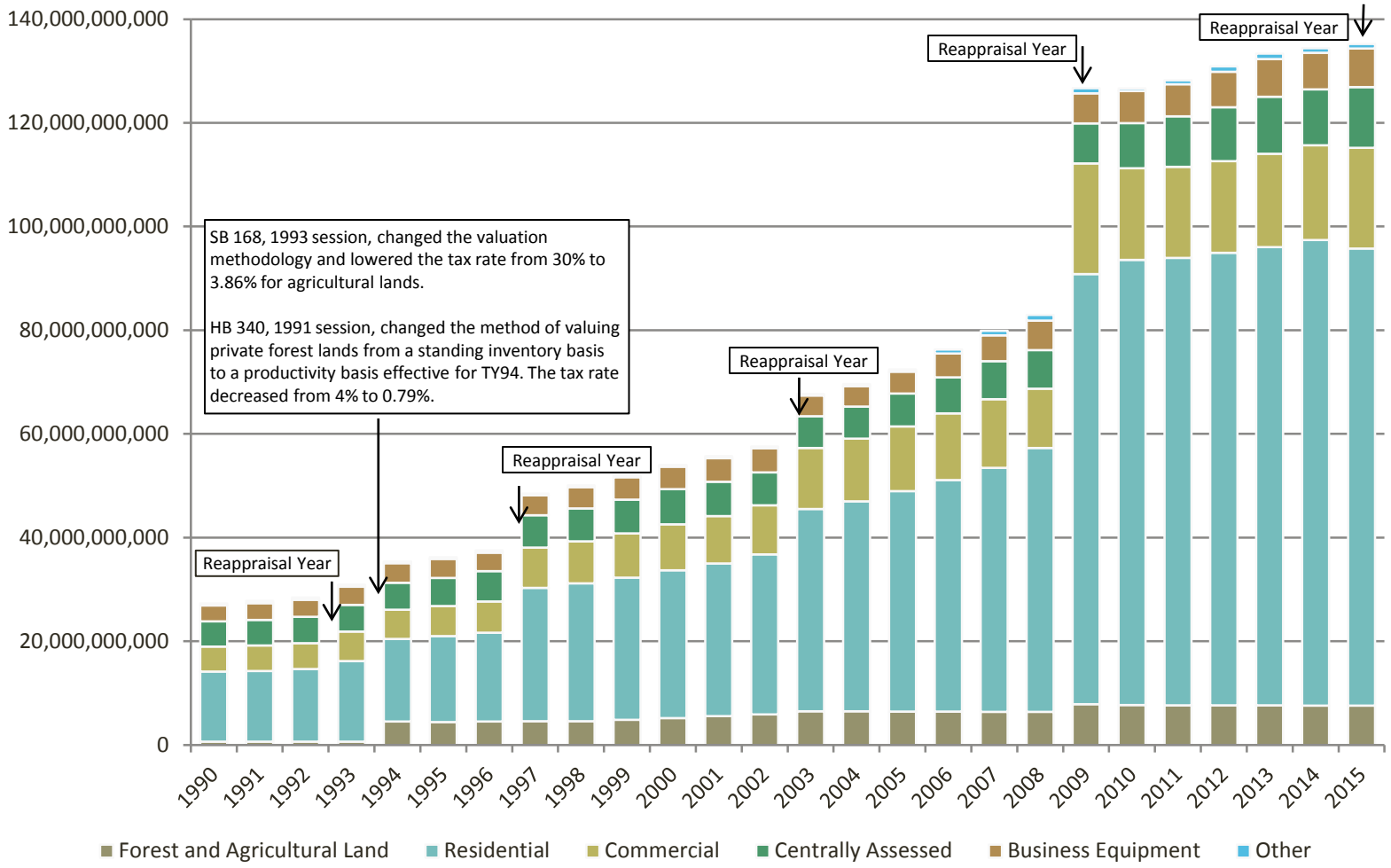
Revenue and Transportation Interim Committee

September 25, 2015

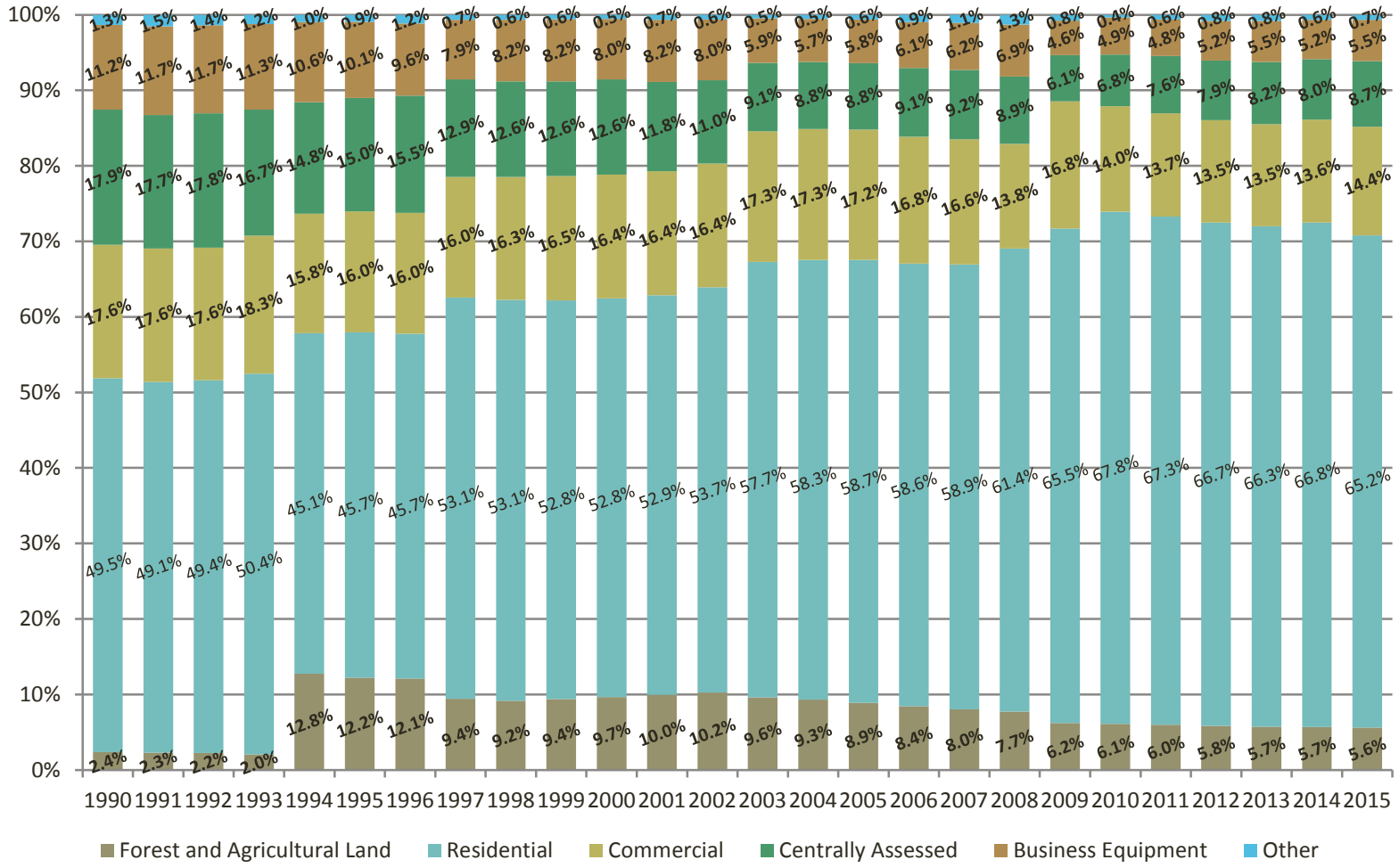
Overview

- Historical Comparison of Values
- Taxable Value Neutral Calculation

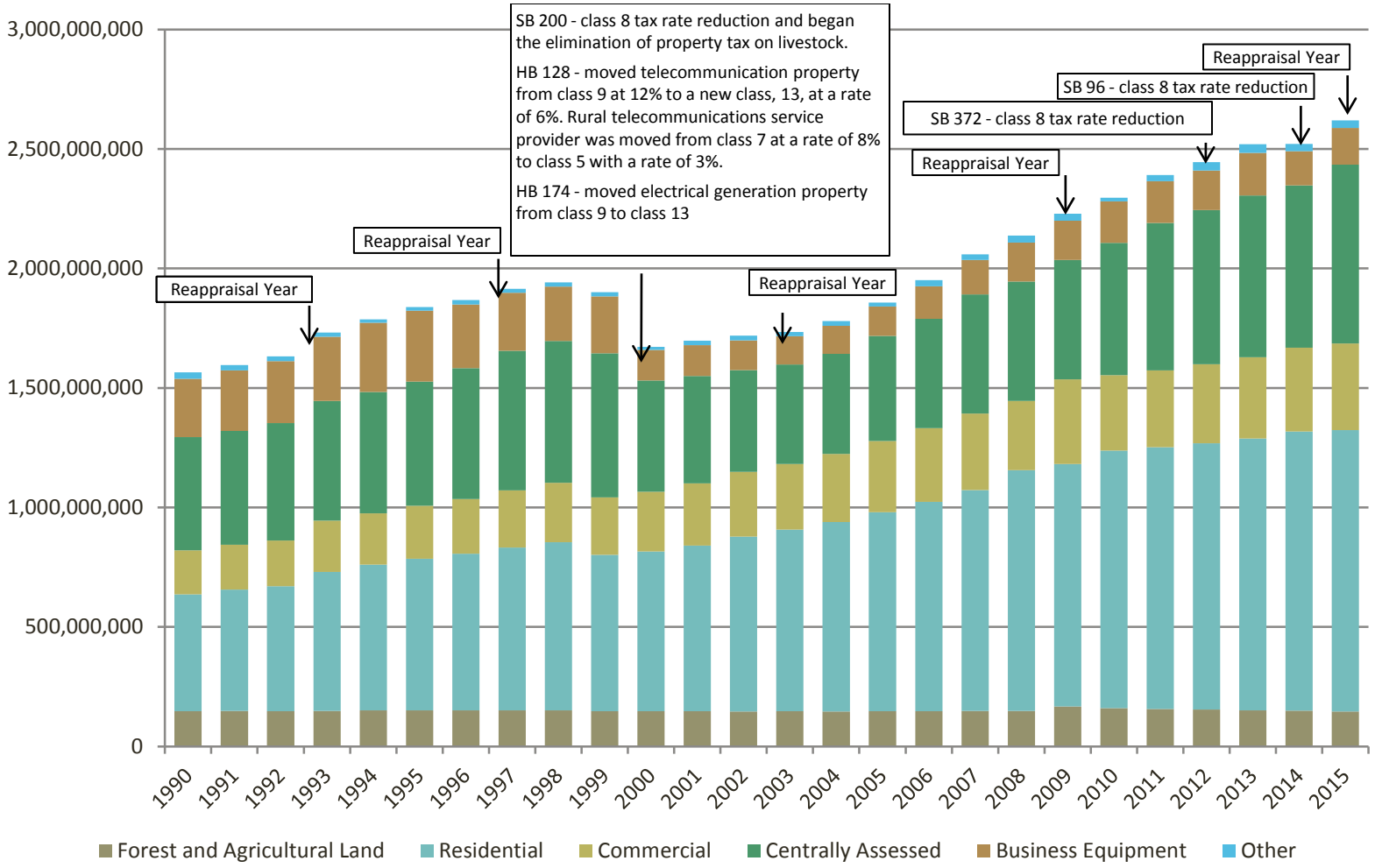
Market Value



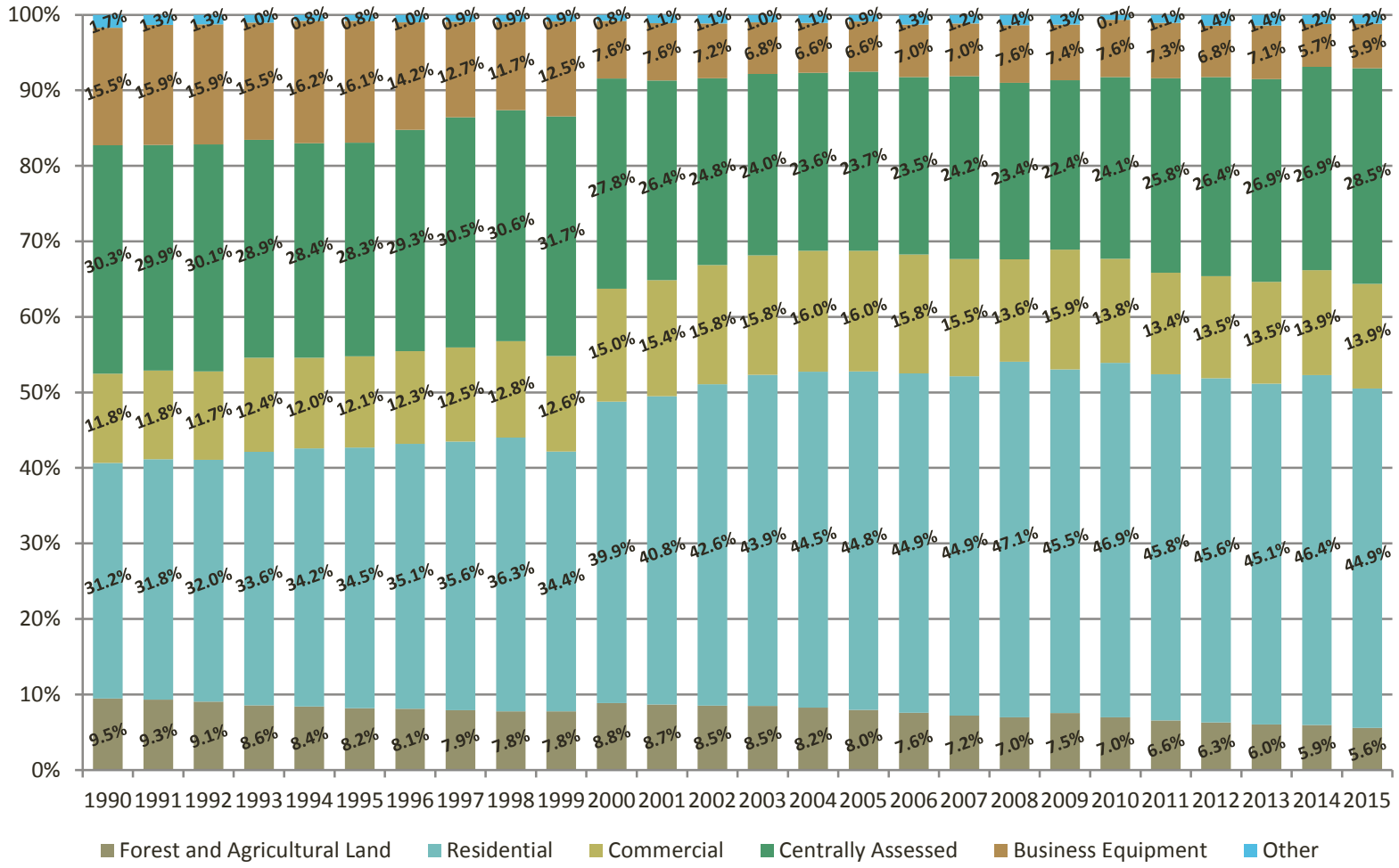
Market Value



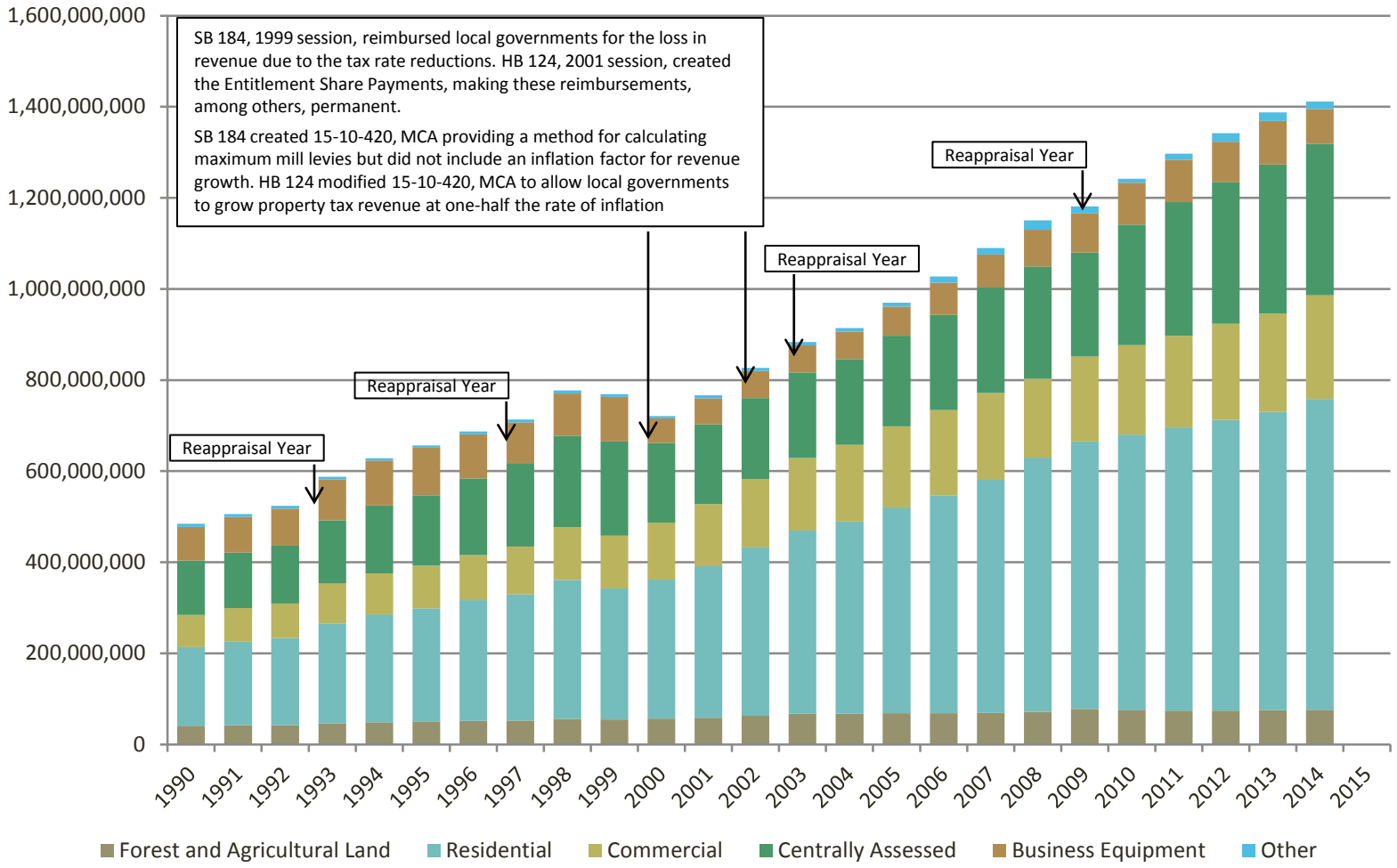
Taxable Value



Taxable Value



Taxes Paid


SB 184, 1999 session, reimbursed local governments for the loss in revenue due to the tax rate reductions. HB 124, 2001 session, created the Entitlement Share Payments, making these reimbursements, among others, permanent.
SB 184 created 15-10-420, MCA providing a method for calculating maximum mill levies but did not include an inflation factor for revenue growth. HB 124 modified 15-10-420, MCA to allow local governments to grow property tax revenue at one-half the rate of inflation
Reappraisal Year
Reappraisal Year
Reappraisal Year
Reappraisal Year
1,600,000,000
1,400,000,000
1,200,000,000
1,000,000,000
800,000,000
600,000,000
400,000,000
200,000,000
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2003
2004
2005
2006
2007
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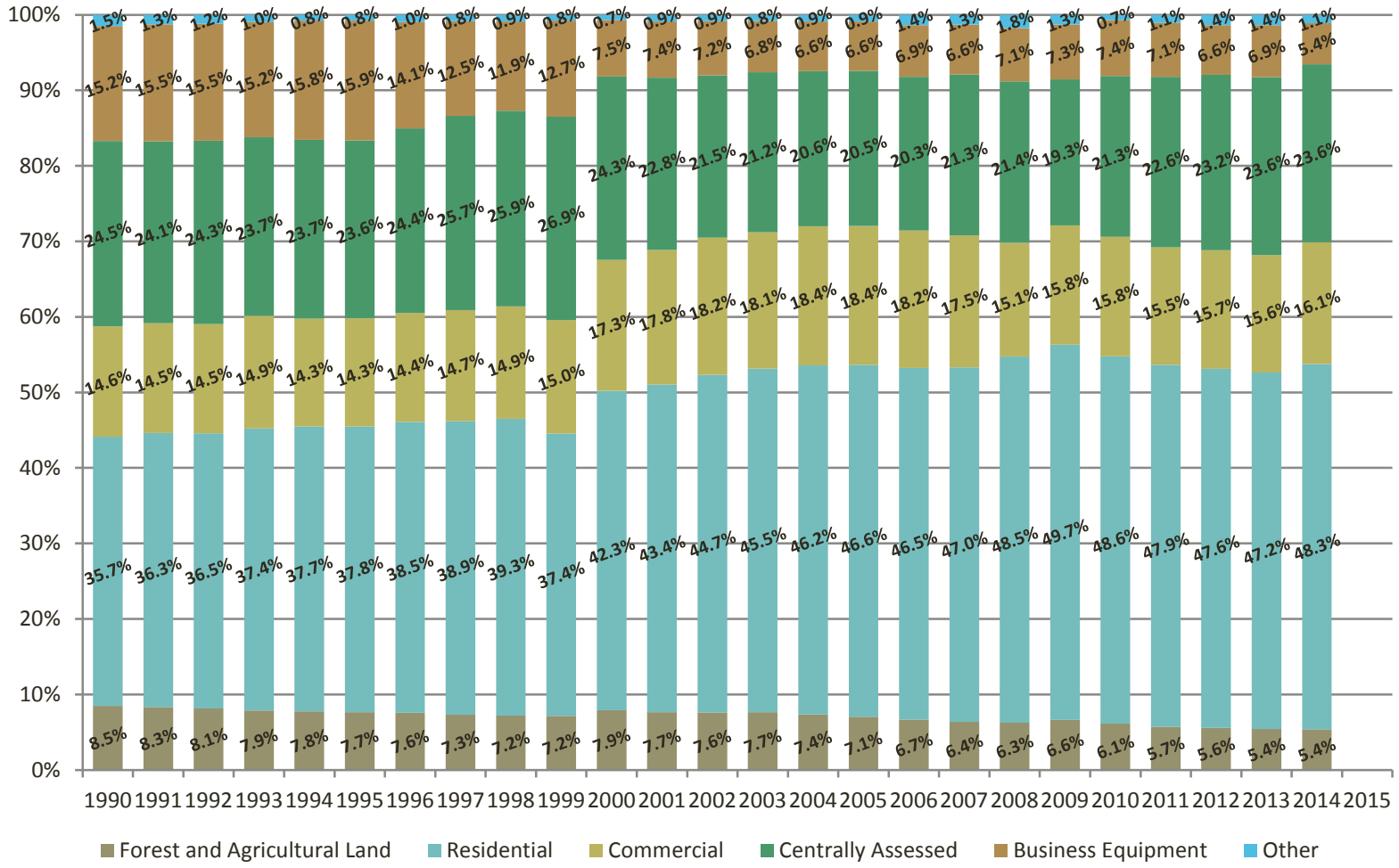
2011
2012
2013
2014
2015
Forest and Agricultural Land
Residential
Commercial
Centrally Assessed
Business Equipment
Other

Taxes Paid


100%
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70%
60%
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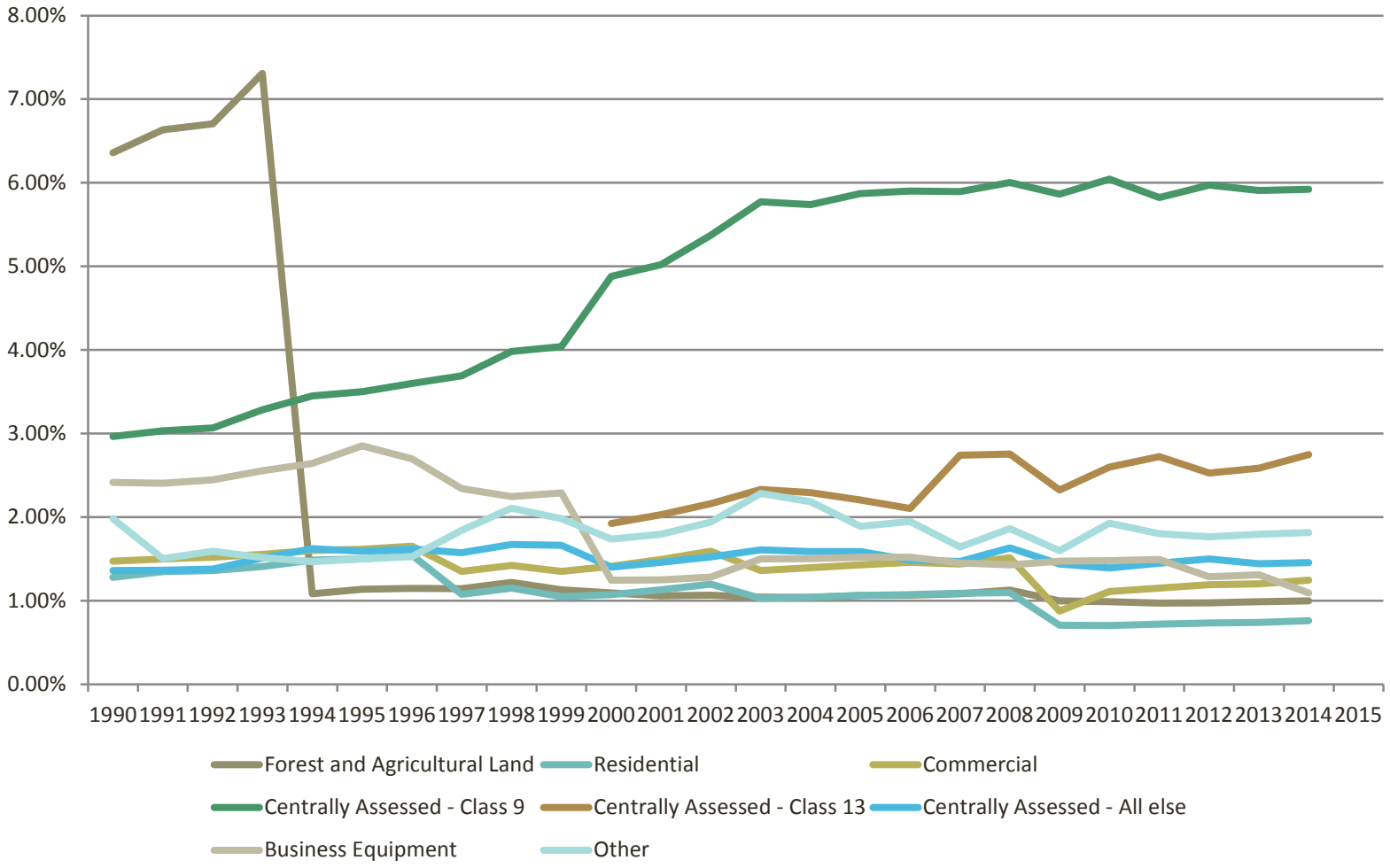
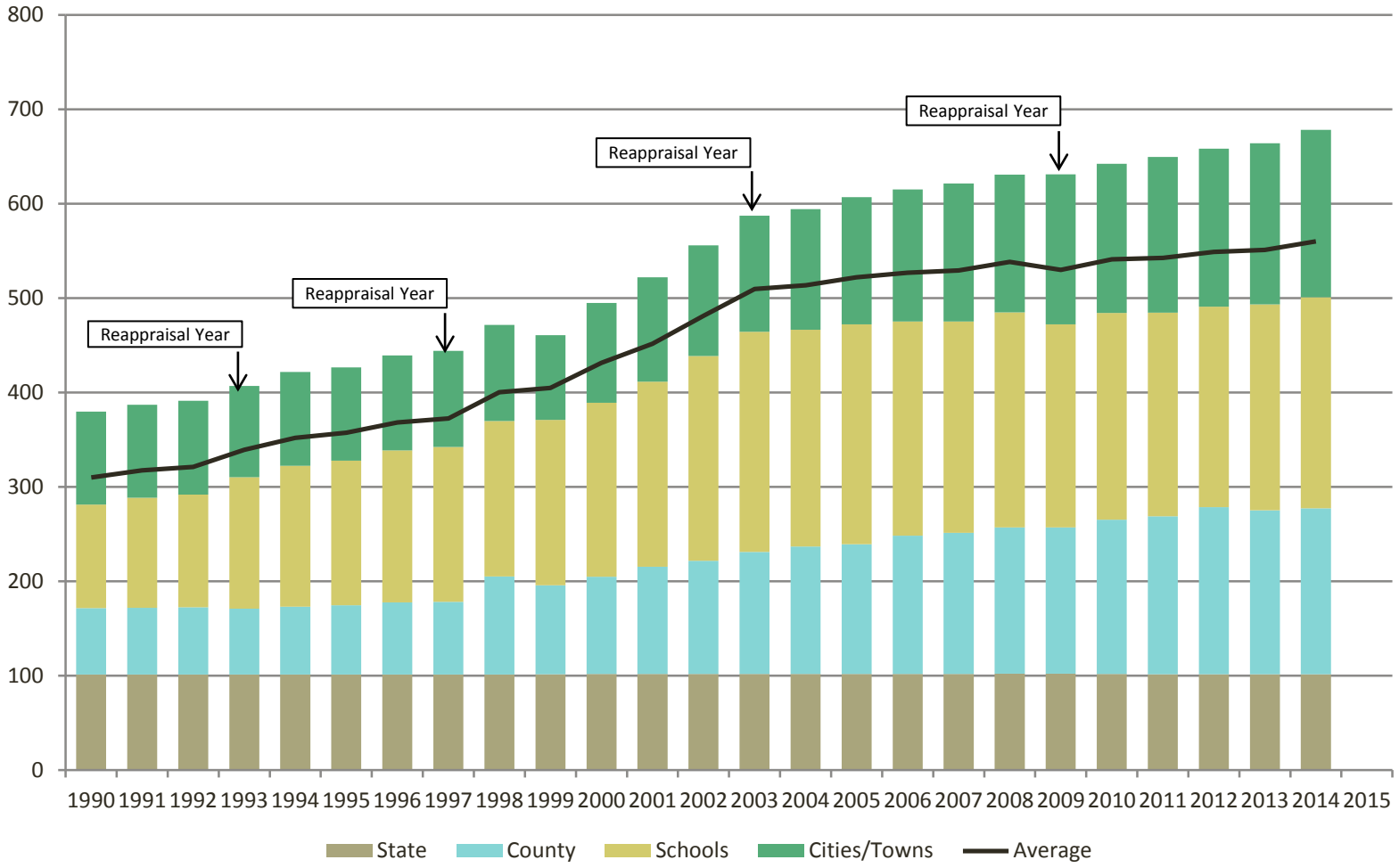
0%
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015
Forest and Agricultural Land
Residential
Commercial
Centrally Assessed
Business Equipment
Other

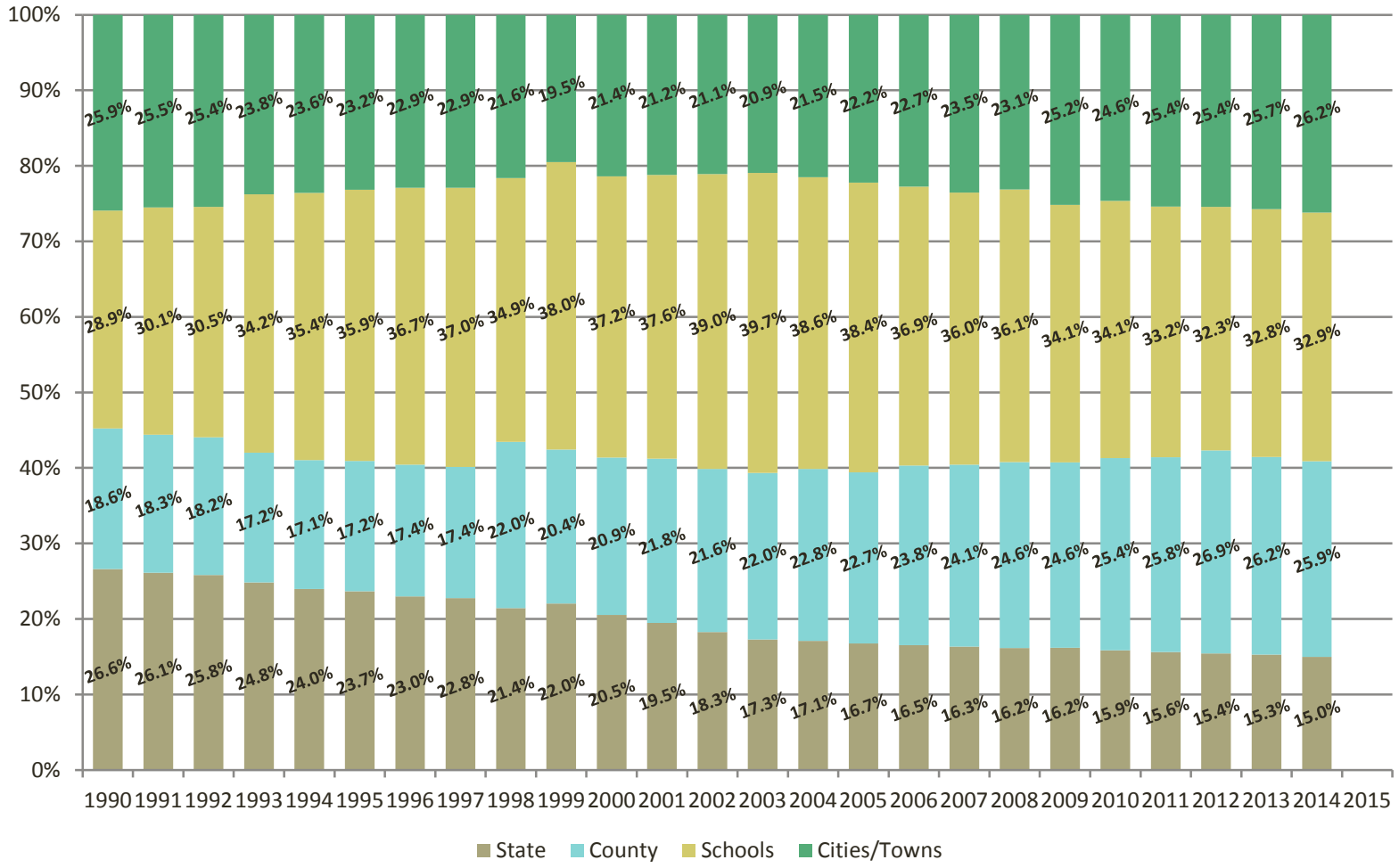
Effective Tax Rate (Taxes/MV)



Mills


800
700
600
500
400
300
200
100
0
Reappraisal Year
Reappraisal Year
Reappraisal Year
Reappraisal Year
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015
State
County
Schools
Cities/Towns
Average

Mills


100%
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1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015
25.9% 25.5% 25.4% 23.8% 23.6% 23.2% 22.9% 22.9% 21.6% 19.5% 21.4% 21.2% 21.1% 20.9% 21.5% 22.2% 22.7% 23.5% 23.1% 25.2% 24.6% 25.4% 25.4% 25.7% 26.2%
28.9% 30.1% 30.5% 34.2% 35.4% 35.9% 36.7% 37.0% 34.9% 38.0% 37.2% 37.6% 39.0% 39.7% 38.6% 38.4% 36.9% 36.0% 36.1% 34.1% 34.1% 33.2% 32.3% 32.8% 32.9%
18.6% 18.3% 18.2% 17.2% 17.1% 17.2% 17.4% 17.4% 22.0% 20.4% 20.9% 21.8% 21.6% 22.0% 22.8% 22.7% 23.8% 24.1% 24.6% 24.6% 25.4% 25.8% 26.9% 26.2% 25.9%
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State
County
Schools
Cities/Towns

Calculating Taxable Value Neutral Tax Rate

Calculating the Class 3 Tax Rate	$\frac{[Old\ Taxable\ Value^{*}]}{[New\ Market\ Value]} = \left[\begin{matrix}Tax\\Rate\end{matrix}\right] = \frac{\$140{,}394{,}115}{\$6{,}381{,}550{,}660} = 2.2\%$
Calculating the Class 4 Residential Tax Rate	$\frac{[Old\ Taxable\ Value]}{[New\ Market\ Value]} = \left[\begin{matrix}Tax\\Rate\end{matrix}\right] = \frac{\$1{,}168{,}390{,}785}{\$86{,}547{,}465{,}556} = 1.35\%$
Calculating the Class 4 Commercial Tax Rate	$\frac{[Old\ Taxable\ Value]}{[New\ Market\ Value]} = \left[\begin{matrix}Tax\\Rate\end{matrix}\right] = \frac{\$350{,}619{,}740}{\$18{,}551{,}308{,}995} = 1.89\%$
Calculating the Class 4 Commercial Multiplier	$\frac{[Commercial\ Tax\ Rate]}{[Residential\ Tax\ Rate]} = \left[\begin{matrix}Commercial\\Multiplier\end{matrix}\right] = \frac{1.89\%}{1.35\%} = 1.4$

*Does not include the taxable value of non-qualified agricultural land

Questions?