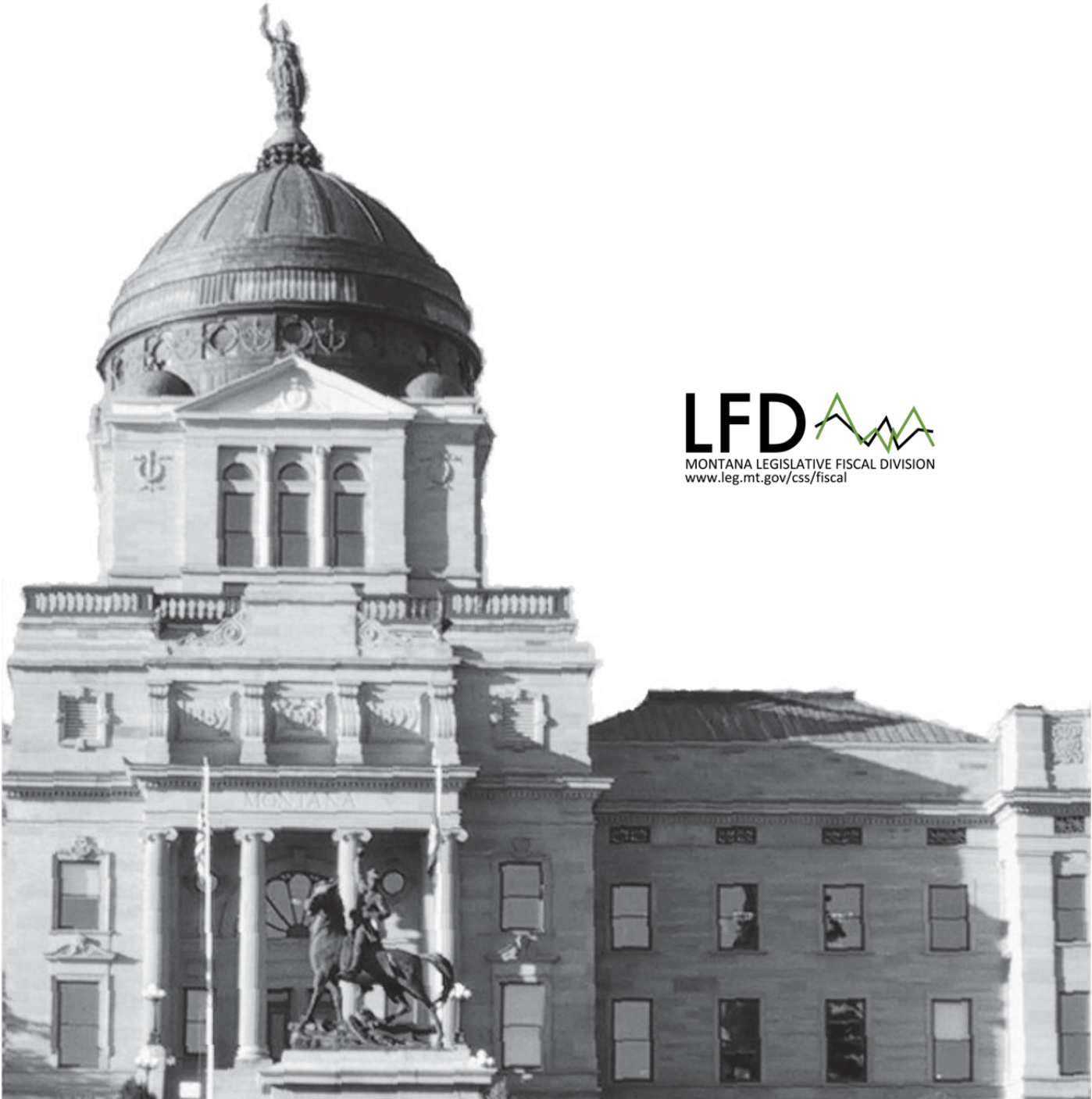


# Property Taxes

**Property Tax**  
**55 Mill Property Tax**  
**40 Mill Property Tax**  
**6 Mill Property Tax**  
**1.5 Mill Property Tax**



**LFD**   
MONTANA LEGISLATIVE FISCAL DIVISION  
[www.leg.mt.gov/css/fiscal](http://www.leg.mt.gov/css/fiscal)

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax

---

**Revenue Description:** Montana law requires counties to levy a county equalization levy of 55 mills, a state equalization levy of 40 mills, and 6 mills for the university system against all taxable value in each county. A mill levy of 1.5 mills is also applied against all property in the five counties with a vo-tech college. Taxable value is defined as the market value of statutorily defined property times a statutory tax rate. Property valued at market value includes personal property, utility property, railroad and airline property, and mineral net and gross proceeds. The assessed value of residential and commercial real estate is the market value phased in over the reappraisal cycle. Agricultural land and timberland are valued on a productivity basis and their values are also phased in over the reappraisal cycle. The last reappraisal cycle took effect January 1, 2009.

Beginning January 1, 2009, residential and commercial property as well as agricultural land and timberland reflect the impact of the new reappraisal on assessed values. The current reappraisal cycle is 6 years, during which increases in property values are phased in by 1/6th per year. Property that declines in value was assessed immediately at its new reappraised value. The impact of the 2009 reappraisal on assessed values increased the market value of the average residence by 55.1%. The equivalent increases for commercial property were 34.5%, for agricultural land by 26.8%, and for timberland by 51.7%.

The 2009 legislature passed a reappraisal mitigation bill – HB 658. Beginning in tax year 2009, reappraisal values are phased in over the next six years. The new tax rates and the new homestead and comstead exemptions are shown in the accompanying table. In addition to mitigation through lower tax rates and higher exemptions, HB 658 also: 1) created an upper limit of \$1.5 million in market value of residences for which the homestead exemption is available, 2) increased the irrigation costs in valuing irrigated agricultural land, and 3) increased the capitalization rate used to value timberland. MCA 15-10-420 limits the growth from year to year in property tax to one half the rate of inflation. Before HB 658, the calculation allowed each state mill to be rounded up to the nearest whole mill. HB 658 changed MCA 15-10-420 so that each state mill is to be rounded up to the nearest tenth of a mill. If the growth in taxable value exclusive of new property exceeds one-half the rate of inflation, then each state mill levy must be reduced to the point where expected revenue exceeds no more than half the rate of inflation. Newly taxable property was also redefined as current year value less prior year value.

In addition to the tax on property, this revenue component includes collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. These non-levy sources include the state share of coal gross proceeds taxes, federal forest revenues, and other smaller revenue sources.

This source also includes the state's share of protested taxes paid by centrally assessed companies. Fifty percent of taxes paid under protest by centrally assessed firms are deposited in the general fund and the rest are deposited in a state special account. Should the state fail in its defense of the taxation of these companies, the protested taxes must be returned to the taxpayer. If the state prevails in the case, the money in the state special account is transferred to the general fund.

| Tax Rates and Exemptions Class 3 and Class 4   |             |           |           |             |
|--|-------------|-----------|-----------|-------------|
|  | Tax Rate    | Homestead | Comstead  | Tax Rate    |
| Tax Year   | Class 3 & 4 | Exemption | Exemption | Timber Land |
| 2010   | 2.8%        | 39.5%     | 15.9%     | 0.3%        |
| 2011   | 2.7%        | 41.8%     | 17.5%     | 0.3%        |
| 2012   | 2.6%        | 44.0%     | 19.0%     | 0.3%        |
| 2013   | 2.5%        | 45.5%     | 20.3%     | 0.3%        |
| 2014   | 2.5%        | 47.0%     | 21.5%     | 0.3%        |
| The homestead exemption applies up to a market value of \$1.5 million for single family dwellings. |             |           |           |             |

The state has established programs that lower property taxes for homeowners whose homesteads have increased above certain thresholds due to reappraisal and whose income falls below certain levels. These programs are known as taxpayer assistance programs.

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax

---

#### **Revenue Estimate Methodology:**

##### Data

The property tax received by the state is composed of two kinds of revenue. First there is property tax proper, i.e. each property has a taxable value which is multiplied by a mill levy (a tax rate per thousand dollars of taxable value) set by the government, in this case the state. The second kind of revenue is “nonlevy” revenue that is distributed proportionally to each mill levy and is included as property tax revenue.

The state imposes five types of mill levies. These are the 33-mill elementary county equalization levy, the 22-mill high school county equalization levy, the 40-mill state equalization levy, the 6-mill university levy, and the 1.5-mill vocational technical college (vo-tech) levy. The first three (most often called the 95 mills for education) are applied to all property in the state and are deposited in the general fund. The 6-mill levy is applied to all property in the state and is deposited in a special account for university operations. The 1.5-mill levy is also deposited in the general fund and is applied to all property in the counties in which the five vo-tech colleges are located, i.e. Butte-Silver Bow, Cascade, Yellowstone, Missoula, and Lewis and Clark.

The data required to produce forecasts of property tax received by the state are historical data on assessed and taxable value by class of property, the amount of property in tax increment financing (TIF) districts, the amount of local abatements conferred by local governments, and future growth rates for these variables. Also required is historical and future data on the nonlevy components of property tax. These are gross proceeds revenue, federal forest revenue, and miscellaneous revenue allocated to the various state mill levies. The latest taxable value data is for tax year 2010 which began January 1, 2010, and the latest data for the nonlevy revenue is FY 2010.

The historical data on assessed and taxable value by property tax class, TIF taxable value, and abated taxable value are provided to the LFD and OBPP by the Department of Revenue on an annual basis, usually in October. TIF taxable value is required because state law allows a TIF district to apply the state 95 mills and 1.5 vo-tech mills to the increment in property value that occurred since the TIF was created, but allows the TIF district to keep the revenue associated with these mill levies. The state does not receive its share of the mill levies applied to incremental TIF property. Thus the taxable value of the state must be adjusted downward by the value of TIF property for the 95 mills and the 1.5-mill levy. The 6-mill levy revenue derived from incremental TIF property does flow to the state special account for university operations, and thus the tax base for the 6-mill levy is not adjusted for the incremental taxable value in a TIF.

Montana law allows local governments (usually counties) to temporarily reduce the tax rate applied to the assessed value of property. This is called abated property. For instance, in tax year 2010, an electrical generation plant outside Hardin and another in Silver Bow County were granted a 10 year exemption on all personal and real estate property. The abatement applies to all local mills for those jurisdictions in which the properties are located. However, the tax rate reduction and the resulting partial exemption from property taxes does not apply to state mills. The taxable value data received by the department does not include the exempted property and thus for state property tax revenue purposes this property must be added back to the statewide taxable value. For the first time in tax year 2010, abated taxable values were available by class of property and were added back to each class of taxable value to form the tax base for the state mills. Previously these values had been added back without respect to class of property.

Assessed and taxable values are measured on January 1 of the tax year. The taxes are due to the state in the following November and May, i.e. in the fiscal year following the calendar year in which the values are measured. Coal gross proceeds are due to the state in the fiscal year two years after the calendar year in which the coal was produced. Federal forest receipts are received by the federal government in December of each year, and miscellaneous nonlevy revenue (primarily interest) is deposited as earned.

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax

#### Analysis

The latest year for which taxable value by class is available is the base from which future taxable values are derived. Growth rates are applied to the taxable value in each class of property. The table below shows growth rates for each class of property, for TIF and the resulting growth rates in net taxable value.

| Statewide Taxable Value by Fiscal Year |           |                           |                           |                           |              |              |              |
|--|-----------|---------------------------|---------------------------|---------------------------|--------------|--------------|--------------|
| Class of Property                      | Class No. | Taxable Value (Millions)  |                           |                           | Growth Rates |              |              |
|  |           | 2011                      | 2012                      | 2013                      | 2011         | 2012         | 2013         |
| Mine Net Proceeds                      | 1         | \$3.181                   | \$3.888                   | \$3.888                   | -20.5%       | 22.3%        | 0.0%         |
| Gross Proceeds Metal Mines             | 2         | 18.291                    | 22.987                    | 22.987                    | -23.3%       | 25.7%        | 0.0%         |
| Ag Land                                | 3         | 153.566                   | 150.429                   | 150.429                   | -4.7%        | -2.0%        | 0.0%         |
| Residential and Commercial Real Estate | 4         | 1,396.074                 | 1,418.797                 | 1,464.515                 | 2.0%         | 1.6%         | 3.2%         |
| Pollution Control Equipment            | 5         | 38.994                    | 40.642                    | 42.267                    | 4.0%         | 4.2%         | 4.0%         |
| Non Centrally Assed Utilities          | 7         | 1.298                     | 1.194                     | 1.241                     | 2.6%         | -8.0%        | 3.9%         |
| Business Personal Property             | 8         | 182.310                   | 186.854                   | 170.868                   | 7.5%         | 2.5%         | -8.6%        |
| Electrical Utilities                   | 9         | 280.633                   | 304.226                   | 324.609                   | 10.4%        | 8.4%         | 6.7%         |
| Forest Land                            | 10        | 6.519                     | 6.390                     | 6.390                     | -6.7%        | -2.0%        | 0.0%         |
| Railroads and Airlines                 | 12        | 51.836                    | 71.336                    | 72.215                    | 10.5%        | 37.6%        | 1.2%         |
| Telecomm and Electric Generation       | 13        | 174.430                   | 193.267                   | 200.997                   | 13.0%        | 10.8%        | 4.0%         |
| Wind Generation                        | 14        | 17.889                    | 17.143                    | 22.286                    | 163.8%       | -4.2%        | 30.0%        |
| C02/Qualifying Liquid Pipeline         | 15        | -                         | -                         | -                         | NA           | NA           | NA           |
| High Voltage DC Converter              | 16        | -                         | -                         | -                         | NA           | NA           | NA           |
| <b>Total Taxable Value</b>             |           | <b>\$2,325.021</b>        | <b>\$2,417.153</b>        | <b>\$2,482.694</b>        | <b>4.0%</b>  | <b>4.0%</b>  | <b>2.7%</b>  |
| <b>Tax Increment Financing Values</b>  |           | <b>41.946</b>             | <b>46.300</b>             | <b>45.712</b>             | <b>31.0%</b> | <b>10.4%</b> | <b>-1.3%</b> |
| <b>Net Taxable Value</b>               |           | <b><u>\$2,283.076</u></b> | <b><u>\$2,370.852</u></b> | <b><u>\$2,436.981</u></b> | <b>2.6%</b>  | <b>3.8%</b>  | <b>2.8%</b>  |
| <b>Net Votech Taxable Value</b>        |           | <b>793.177</b>            | <b>821.374</b>            | <b>851.561</b>            | <b>2.5%</b>  | <b>3.6%</b>  | <b>3.7%</b>  |
| <b>Net 6-Mill Taxable Value</b>        |           | <b><u>\$2,325.021</u></b> | <b><u>\$2,417.153</u></b> | <b><u>\$2,482.694</u></b> | <b>4.0%</b>  | <b>4.0%</b>  | <b>2.7%</b>  |

FY 2011 taxable values are tax year 2010 taxable values. The property was valued on January 1, 2010, and the revenue from these values is collected by the state in November and May of the following fiscal year. FY 2011 values are known, although preliminary.

For the most part, growth rates are based on historical growth since FY 2001 and on expected changes in tax rates in FY 2014 and 2015.

The growth rate for class 4 – residential and commercial real estate – is an estimate of the amount of new property expected to be added. The growth in new class 4 residential property is assumed to be 1.7% in FY 2013 and around 2.1% thereafter. The growth in commercial property is assumed to be around 2.7 percent, both the average since 2009. It is further assumed that as existing residential and commercial property values are phased in over the reappraisal cycle, the combination of declining tax rates and rising homestead and comstead exemptions will completely offset the growth in value of existing property in each year of the forecast period. The only growth in class 4 taxable is assumed to be derived from new property.

Agricultural property is expected to decline in taxable value through FY 2013. The department phased in agricultural assessed values over the 6 year phase in cycle. Department rules required that changes in value between the 2002 reappraisal and the 2008 reappraisal phase in changes in value due to changes in productivity. The department failed to phase these values in but instead assigned the 2008 values immediately in tax year 2009. The department has devised a method to correct this by adjusting the phase in starting in tax year 2010 for the next 5 years. As a result taxable growth will be negative for agricultural land over the forecast period.

Timberland values are also expected to decrease slightly over the forecast period as some timberland is lost to development.

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax

There are several projects in the planning stages or on hold – natural gas electrical generation plants (either in class 5 or class 9), industrial grade transmission lines (class 13), oil pipelines, specifically the Keystone pipeline (class 13) – that may add to the tax base in the forecast period. None of these have been explicitly added into the growth forecasts. Only know wind power projects have been incorporated in the estimate. The Montana Alberta Tie Line, if it gets built will be split 50 percent between class 9 – electrical transmission – and class 14 – wind generation and transmission.

The market value of business equipment is expected to grow at 5.4% per year in the 2015 biennium. However, SB 372 from the 1022 legislative session reduced the tax rate from 3% to 2% for the first \$2 million in market value of business equipment starting January 1, 2012. If income and corporation tax grow by more than 4% in FY 2013, the tax rate will drop to 1.5% on the market value of the first \$3 million in business equipment on January 1, 2014. Both of these tax reductions will slow the growth in taxable value of business equipment substantially in the 2015 biennium.

The growth in net proceeds and gross proceeds taxable value is based on the projected growth in the mineral values. Net proceeds growth is based on the growth in taxable value of metals as derived from miscellaneous mines tax base. Gross proceeds growth is based on growth rate for metal mines gross proceeds tax base.

There are two new classes of property that have been added to the property tax base beginning in FY 2009. These are class 15, property associated with carbon sequestration, and class 16, property associated transmission lines that connect to other major electrical grids. Neither of these classes is expected to contain any property before the end of FY 2015.

For the classes of property that are reappraised annually, almost all will experience constant tax rates through 2013. Under the federal 4R act, the tax rate on railroads and airlines, the tax rate for class 12 is a weighted average of tax rates for all commercial and industrial property in the state. This includes business equipment, centrally assessed property and commercial real estate. As the tax rate for commercial property continues to decline while the other commercial and industrial tax rates are constant, the railroad and airline property tax rate also declines.

The figure below shows for FY 2013 through FY 2015 the tax rates for all classes of property as well as the values for the homestead and comstead exemptions.

| Tax Rates and Exemptions by Property Tax Class by Fiscal Year |            |        |        |
|---|------------|--------|--------|
| Class of Property   | Tax Rates  |        |        |
|   | 2013       | 2014   | 2015   |
| Mine Net Proceeds   | 100.0%     | 100.0% | 100.0% |
| Gross Proceeds Metal Mines                                    | 3.0%       | 3.0%   | 3.0%   |
| Ag Land   | 2.6%       | 2.5%   | 2.5%   |
| Residential and Commercial Real Estate                        | 2.6%       | 2.5%   | 2.5%   |
| Pollution Control Equipment                                   | 3.0%       | 3.0%   | 3.0%   |
| Non Centrally Assed Utilities                                 | 3.0%       | 3.0%   | 3.0%   |
| Business Personal Property, above threshold                   | 3.0%       | 3.0%   | 3.0%   |
| Business Personal Property, below threshold                   | 2.0%       | 2.0%   | 1.5%   |
| Electrical Utilities  | 12.0%      | 12.0%  | 12.0%  |
| Forest Land   | 0.3%       | 0.3%   | 0.3%   |
| Railroads and Airlines  | 3.5%       | 3.5%   | 3.5%   |
| Telecomm and Electric Generation                              | 6.0%       | 6.0%   | 6.0%   |
| Wind Generation   | 3.0%       | 3.0%   | 3.0%   |
| C02/Qualifying Liquid Pipeline                                | 3.0%       | 3.0%   | 3.0%   |
| High Voltage DC Converter                                     | 2.3%       | 2.3%   | 2.3%   |
|   | Exemptions |        |        |
| Homestead Exemption for Residential Property                  | 44.0%      | 45.5%  | 47.0%  |
| Comstead Exemption for Commercial Property                    | 0.19       | 0.203  | 0.215  |

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax

The following table shows the projected property tax revenue from the property tax base and nonlevy revenue.

| Property Tax Revenue in General Fund and University Account by Fiscal Year |                    |                  |                  |
|--|--------------------|------------------|------------------|
|  | Revenue (Millions) |                  |                  |
| General Fund Property Tax Revenue  | 2013               | 2014             | 2015             |
| 95 Mill Revenue  | \$230.166          | \$238.715        | \$246.012        |
| 1.5 Mill Revenue   | <u>1.210</u>       | <u>1.255</u>     | <u>1.294</u>     |
| Property Tax in the General Fund   | \$231.377          | \$239.969        | \$247.307        |
| Nonlevy - Coal Gross Proceeds  | 7.876              | 7.457            | 8.181            |
| Nonlevy - Federal Forest Receipts  | 3.771              | 0.476            | 0.445            |
| Nonlevy - Miscellaneous Revenue  | 1.000              | 1.000            | 1.000            |
| Protested Taxes in Protest account   | <u>(2.282)</u>     | <u>(2.282)</u>   | <u>(2.282)</u>   |
| Net Property Taxes - 95 Mills and 1.5 Mills                                | <u>\$241.741</u>   | <u>\$246.620</u> | <u>\$254.651</u> |
| 6-Mill Property Tax Revenue - University Account                           | \$14.940           | \$15.484         | \$15.939         |
| Nonlevy Revenue Associated with 6-Mills                                    | 0.875              | 1.051            | 1.050            |
| Protested Taxes in Protest account   | <u>(0.143)</u>     | <u>(0.143)</u>   | <u>(0.143)</u>   |
| Net Property Taxes in University Account                                   | <u>\$15.672</u>    | <u>\$16.392</u>  | <u>\$16.846</u>  |

Once net taxable values are determined, the mill levies are applied. To this are added forecasts of nonlevy revenue. Nonlevy revenues come from coal gross proceeds, federal forest receipts and miscellaneous revenue (interest on investments, penalty and interest on delinquent taxes, etc). The tax on the gross proceeds for coal is 5% of gross value and is estimated in conjunction with the coal severance tax. In the 2011 legislative session HB 266 lowered the tax rate on underground mines to 2.5% for ten years beginning in calendar year 2011. Of the total gross proceeds revenue, a state share is distributed to the elementary and high school county equalization levies as they existed in FY 1990. In FY 1990, the elementary and high school county equalization levy was a combined 45 mills. For some of mines, 45 mills was as much as 49 percent of the consolidated mills of all jurisdictions, and for some other mines the 45 mills was as little as 20 percent of the consolidated mills for all jurisdictions.

Federal forest receipts are receipts from the federal government in lieu of revenues from the sale of forest products on federal land. By state law, two-thirds of this revenue is distributed to the county road fund in the counties with federal forestland and the remaining one-third is distributed to the county equalization mills and the county retirement and transportation mills. The share distributed to the 55 mills is the proportion that 55 mills is to all countywide mills in the prior year. This is assumed constant at 62.5% over the forecast period. The proportion that the 55 mills is to all countywide mills is multiplied times 1/3 of the federal forest receipts. The previous formula for distributing federal forest payments to counties was sunset in FY 2008. In the Emergency Economic Stabilization Act of 2008 (I.e. the Bailout Bill), a new formula for the distribution of forest receipts was enacted. The new formula for FY 2009 through 2013 considers acres of Federal land within an eligible county, the average 3 highest 25% payments made to each eligible State for each eligible county, and an income adjustment based on the per capita personal income for each county. As before, not more than 20% but at least 15% must be used by county governments for projects on federal lands. The amount of federal forest receipts in total is expected to be around 2.5 times greater than the amount available previously. Thus the amount distributed to the 55 mills will also increase substantially. Beginning in FY 2014, because the federal law will sunset, it is assumed that the old method of distributing these monies will prevail – 25% of the value of timber sold averaged over the prior 3 years. As a result, the state share of federal forest receipts distributed to the 55 mills is expected to decline by around \$0.47 million per year in FY 2014 compared with around \$3.8 million in FY 2013.

Miscellaneous receipts distributed to the 95 mills are such things as investment earnings, tax title sales, and penalties and interest on delinquent taxes. In FY 2011, the latest year for which data are available, miscellaneous nonlevy revenue was \$1.0 million, which is expected to remain constant in the future.

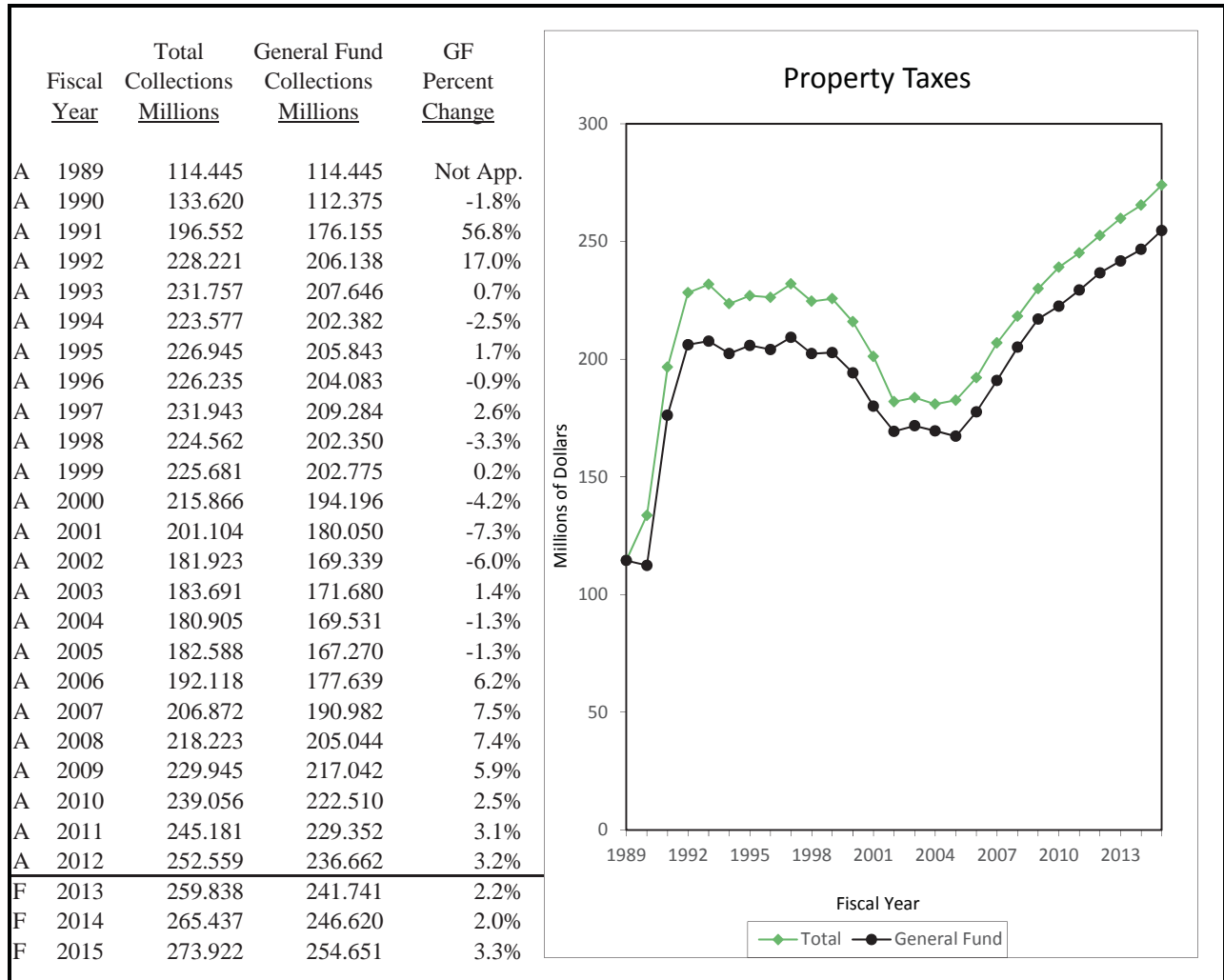
# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax

Once property tax revenue adjusted for nonlevy revenue is determined, one more adjustment is made. This adjustment is for centrally assessed protested taxes. In FY 2012, certain electrical generation, transmission companies, pipeline companies and telecommunication companies protested a portion of their property taxes. Under state law, half of the protested taxes from these companies is deposited in a special account and half in the general fund. It is expected that \$2.3 million will be deposited in the special account each of the next three years on behalf of the 95 mills and an additional \$140,000 on behalf of the six mills.

### Revenue Projection



:

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 55 Mill

**Statutory Reference:**

Tax Rate (MCA) – 20-9-331(1), 20-9-333(1)

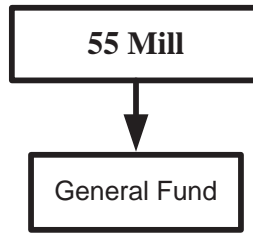
Tax Distribution (MCA) – 20-9-331(1), 20-9-333(1)

Date Due – one-half of taxes due November 30<sup>th</sup> and one-half due May 31<sup>st</sup> (15-16-102(1)), county treasurers must remit to the Department of Revenue within the first 20 days of each month money received in the previous month (15-1-504(1))

**Applicable Tax Rate(s):** Each property class has its own tax rate, which is applied to the assessed value to produce a taxable value. For every \$1,000 in taxable value, 55 mills generate \$55 in state property taxes.

**Distribution:** All property tax receipts are deposited into the general fund, except revenue associated with the 6-mill university levy.

Distribution Chart:



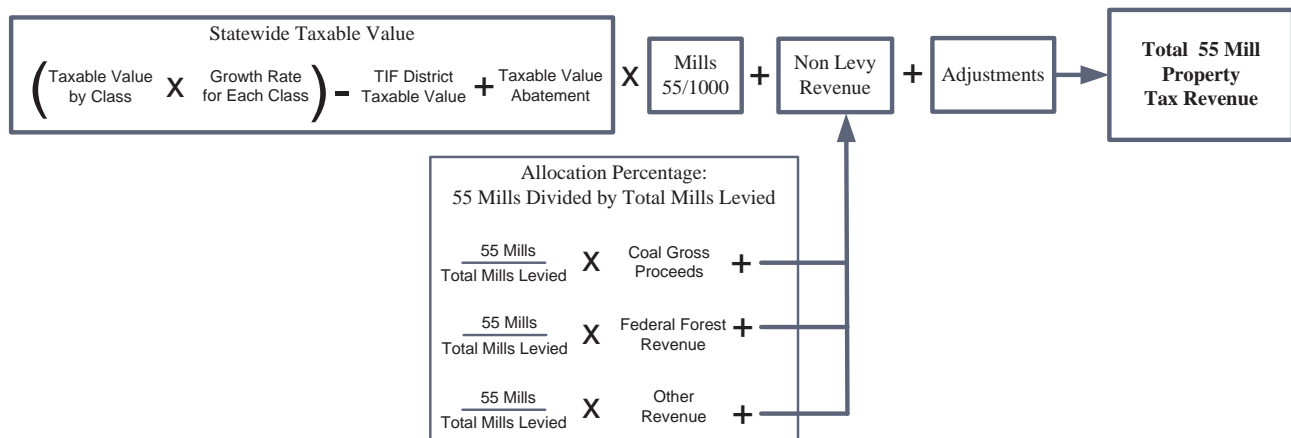
**Collection Frequency:** Monthly with significant state deposits in December and June.

**% of Total General Fund Revenue:**

|                  |                 |                 |
|------------------|-----------------|-----------------|
| FY 2004 – 7.54 % | FY 2007 – 6.37% | FY 2010 – 8.25% |
| FY 2005 – 6.69%  | FY 2008 – 6.83% | FY 2011 – 7.65% |
| FY 2006 – 6.29%  | FY 2009 – 7.19% | FY 2012 – 7.47% |

**Revenue Estimate Methodology:** The methodology used to derive revenue from this source is explained in the methodology section under “Property Tax”.

**Forecast Methodology:**





# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 55 Mill

#### Revenue Estimate Assumptions:

|          | t             | Total Tax       | GF Tax          | Tax. Value      | Mills/1000     | Non-Levy        | Adjustments     |
|----------|---------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Applied</u> | <u>Millions</u> | <u>Millions</u> |
| Actual   | 2002          | 105.376         | 105.376         | 1,671.590       | 0.055          | 13.809          | 0.000           |
| Actual   | 2003          | 106.029         | 106.029         | 1,691.720       | 0.055          | 11.424          | 0.000           |
| Actual   | 2004          | 104.224         | 104.224         | 1,703.301       | 0.055          | 12.701          | 0.000           |
| Actual   | 2005          | 104.184         | 102.416         | 1,756.251       | 0.055          | 0.000           | 0.000           |
| Actual   | 2006          | 108.949         | 107.495         | 1,836.488       | 0.055          | 0.000           | 0.000           |
| Actual   | 2007          | 115.230         | 113.285         | 1,940.709       | 0.055          | 0.000           | 0.000           |
| Actual   | 2008          | 121.355         | 121.432         | 2,041.767       | 0.055          | 0.000           | 0.000           |
| Actual   | 2009          | 129.080         | 129.949         | 2,117.330       | 0.055          | 13.051          | 0.000           |
| Actual   | 2010          | 135.277         | 134.249         | 2,226.295       | 0.055          | 12.938          | -2.148          |
| Actual   | 2011          | 137.021         | 136.447         | 2,283.076       | 0.055          | 12.309          | 0.000           |
| Actual   | 2012          | 140.144         | 139.813         | 2,370.852       | 0.055          | 13.027          | 0.000           |
| Forecast | 2013          | 145.901         | 144.590         | 2,422.804       | 0.055          | 12.647          | 0.000           |
| Forecast | 2014          | 147.136         | 145.825         | 2,512.787       | 0.055          | 8.933           | 0.000           |
| Forecast | 2015          | 152.055         | 150.744         | 2,589.604       | 0.055          | 9.627           | 0.000           |

|          | t             | Class 1         | Class 2         | Class 3         | Class 4         | Class 5         | Class 6         | Class 7         |
|----------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> |
| Actual   | 2002          | 7.843           | 11.015          | 139.057         | 954.102         | 35.668          | 12.459          | 0.189           |
| Actual   | 2003          | 8.691           | 10.669          | 138.900         | 1,002.874       | 35.382          | 6.167           | 0.216           |
| Actual   | 2004          | 7.808           | 8.800           | 140.240         | 1,034.656       | 32.725          | 0.000           | 0.995           |
| Actual   | 2005          | 8.032           | 10.428          | 139.902         | 1,076.985       | 34.024          | 0.000           | 0.974           |
| Actual   | 2006          | 2.694           | 13.045          | 140.988         | 1,129.794       | 34.611          | 0.000           | 0.953           |
| Actual   | 2007          | 3.252           | 21.106          | 141.002         | 1,183.821       | 35.078          | 0.000           | 1.068           |
| Actual   | 2008          | 3.840           | 18.849          | 141.329         | 1,244.916       | 35.418          | 0.000           | 1.096           |
| Actual   | 2009          | 4.013           | 24.540          | 142.099         | 1,296.595       | 35.155          | 0.000           | 1.214           |
| Actual   | 2010          | 4.002           | 23.837          | 161.073         | 1,368.081       | 37.502          | 0.000           | 1.266           |
| Actual   | 2011          | 3.181           | 18.291          | 153.566         | 1,396.074       | 38.994          | 0.000           | 1.298           |
| Actual   | 2012          | 3.888           | 22.987          | 150.429         | 1,418.797       | 40.642          | 0.000           | 1.194           |
| Forecast | 2013          | 4.189           | 31.132          | 147.792         | 1,446.304       | 45.673          | 0.000           | 1.170           |
| Forecast | 2014          | 4.275           | 33.820          | 145.202         | 1,478.146       | 48.816          | 0.000           | 1.147           |
| Forecast | 2015          | 4.331           | 35.056          | 142.657         | 1,511.683       | 52.176          | 0.000           | 1.124           |

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 55 Mill

---

|          | <u>t</u>      | <u>Class 8</u>  | <u>Class 9</u>  | <u>Class 10</u> | <u>Class 12</u> | <u>Class 13</u> | <u>TIF's</u>    | <u>Abatement</u> |
|----------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u>  |
| Actual   | 2002          | 116.605         | 219.956         | 8.199           | 48.658          | 144.488         | 30.530          | 3.880            |
| Actual   | 2003          | 118.349         | 206.360         | 7.170           | 46.688          | 137.185         | 30.803          | 3.870            |
| Actual   | 2004          | 118.297         | 212.111         | 6.789           | 45.630          | 125.623         | 33.562          | 3.188            |
| Actual   | 2005          | 117.241         | 219.993         | 6.791           | 45.074          | 120.485         | 27.767          | 4.088            |
| Actual   | 2006          | 123.055         | 238.767         | 6.794           | 44.267          | 122.846         | 25.464          | 4.137            |
| Actual   | 2007          | 135.613         | 248.320         | 6.816           | 41.577          | 130.476         | 28.830          | 18.855           |
| Actual   | 2008          | 138.658         | 264.324         | 6.822           | 43.004          | 152.942         | 30.120          | 18.099           |
| Actual   | 2009          | 151.317         | 260.190         | 6.816           | 43.567          | 154.611         | 25.752          | 20.021           |
| Actual   | 2010          | 169.606         | 254.253         | 6.988           | 46.901          | 154.314         | 32.014          | 23.706           |
| Actual   | 2011          | 182.310         | 280.633         | 6.519           | 51.836          | 174.430         | 41.946          | 27.058           |
| Actual   | 2012          | 186.854         | 304.226         | 6.390           | 71.336          | 193.267         | 46.300          | 25.369           |
| Forecast | 2013          | 179.237         | 322.490         | 6.349           | 72.349          | 197.605         | 47.037          | 20.225           |
| Forecast | 2014          | 180.358         | 345.727         | 6.308           | 76.657          | 208.267         | 47.037          | 20.877           |
| Forecast | 2015          | 179.206         | 370.637         | 6.268           | 81.222          | 219.505         | 45.359          | 21.539           |

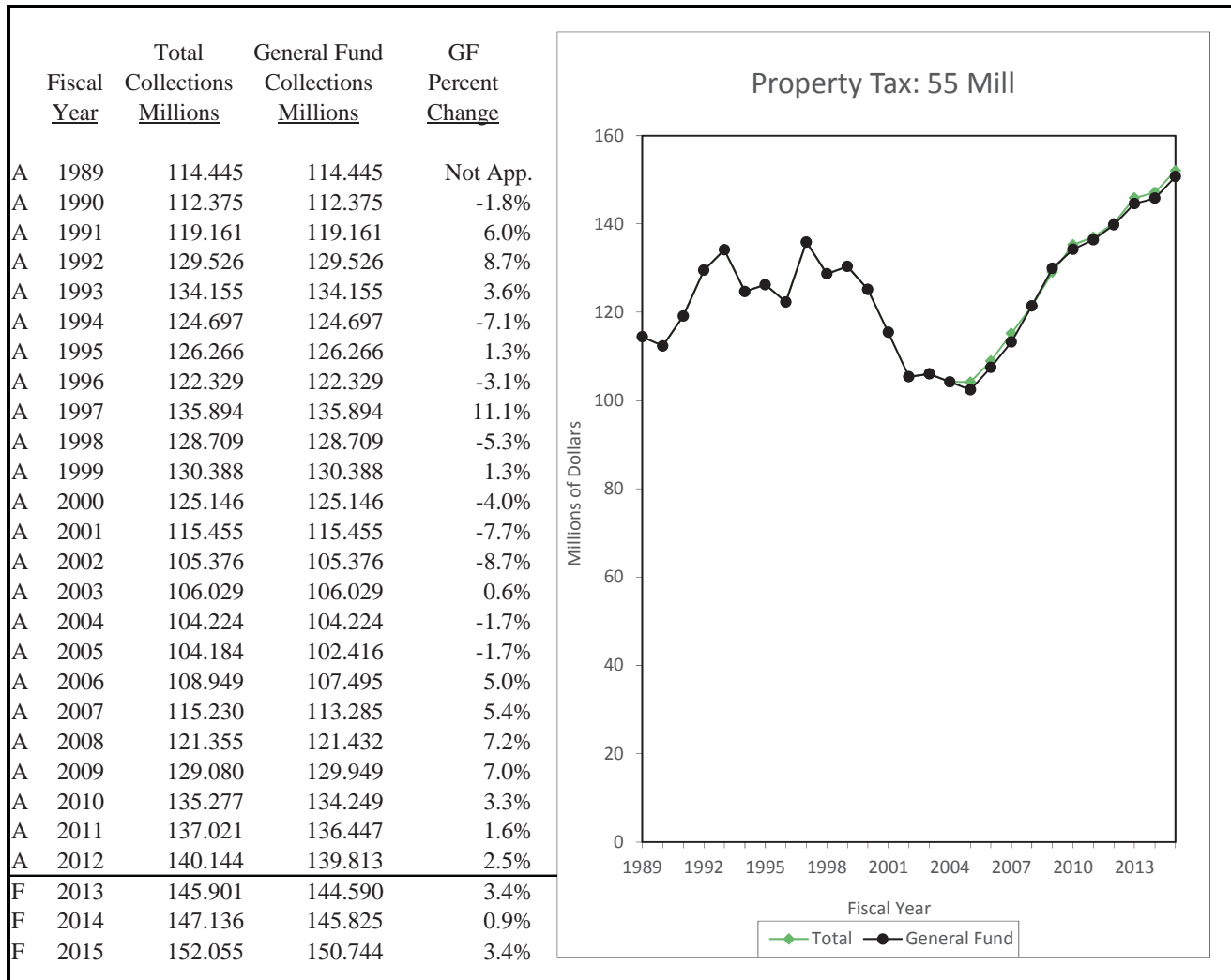
Total Tax = Tax Value × Mills/1000 + Non-Levy + Adjustments

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 55 Mill

#### Revenue Projection:



**Data Source(s):** Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

**Contacts:** Department of Revenue

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 55 Mill

---

**Non Levy Revenue** includes federal forest receipts, coal gross proceeds revenue, and other revenue which is distributed to statewide and local mills in each county. Before July 1, 2001, vehicle fees in lieu of taxes, financial institution taxes, and reimbursements from the state were non levy revenue. Before January 1, 2003, oil and natural gas receipts were treated as non-levy revenue. The mills to which non levy revenue is distributed are unique for each county and each non levy revenue source. The state's portion of non-levy revenue is remitted to the state as a portion of the appropriate property tax. For instance, statewide 40 mill revenue includes a property tax portion and a non levy portion.

A description for each individual source follows below.

#### **Federal Forest Receipts**

**Revenue Description:** The federal government authorizes logging operations on forest lands located within the borders of Montana. Through federal FY 2000, the sale of timber generated revenue that the federal government shared with the state in the following year. The state received 25% of the federal forest receipts and sent the money to the county treasurer of the county in which the receipts were generated. Within thirty days, the county treasurer distributes the money to various county and state accounts.

The previous formula for distributing federal forest payments sunset in FY 2008. In the Emergency Economic Stabilization Act of 2008 (I.e. the Bailout Bill), a new formula for the distribution of forest receipts was enacted. The new formula for FY 2009 through 2012 considers acres of Federal land within an eligible county, the average 3 highest 25% payments made to each eligible State for each eligible county, and an income adjustment based on the per capita personal income for each county. As before, not more than 20% but at least 15% must be used by county governments for projects on federal lands. Beginning in FY 2013, because the federal law will sunset, it is assumed that the old method of distributing these monies will prevail – 25% of the value of timber sold. As a result, the state share of federal forest receipts distributed to the 55 mills is expected to decline by around \$4 million per year.

**Applicable Tax Rate(s):** N/A

**Distribution:** The county treasurer apportions federal forest receipts in the following manner. Not more than 20% and not less than 15% is distributed to county government for special projects on federal land. Of the remainder:

- 66 2/3% goes to the general fund of the county
- 33 1/3% goes to the following countywide accounts, based on the mill ratios of each to total mills in the prior year: county equalization accounts (55 mills), county transportation account, county retirement accounts

**Collection Frequency:** Twice annually (usually October and December).

#### **Applicable Assumptions and/or Relevant Indicators:**

Federal Forest Timber Prices  
Federal Board Feet Harvested  
Mill Levies for County Transportation and Retirement Accounts

**Data Source(s):** U.S. Forest Service survey, SABHRS

**Contacts:** U.S. Forest Service

#### **Statutory References:**

Tax Rate – NA  
Distribution (MCA) – 17-3-211, 17-3-212  
Date Due - the state treasurer distributes the funds within 30 days after receiving full payment

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 55 Mill

---

**% of Total General Fund Revenue:** Included in total property tax contribution.

**Revenue Estimate Methodology:** The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source.

The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the “Revenue Estimate Assumptions” section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The previous formula for distributing federal forest payments sunset in FY 2008. In the Emergency Economic Stabilization Act of 2008 (I.e. the Bailout Bill), a new formula for the distribution of forest receipts was enacted. The new formula for FY 2009 through 2012 considers acres of Federal land within an eligible county, the average 3 highest 25% payments made to each eligible State for each eligible county, and an income adjustment based on the per capita personal income for each county. As before, not more than 20% but at least 15% must be used by county governments for projects on federal lands. Beginning in FY 2013, because the federal law will sunset, it is assumed that the old method of distributing these monies will prevail – 25% of the value of timber sold. As a result, the state share of federal forest receipts distributed to the 55 mills is expected to decline by around \$4 million per year.

### Coal Gross Proceeds Tax

**Revenue Description:** The state imposes a gross proceeds tax of 5% on the gross value of coal produced by all the coal mines in the state. The gross value of coal is computed as the tonnage of coal produced and sold times the contract sales price. This is the same gross value as used in the calculation of the state coal severance tax.

The tax is applied to one year’s worth of production and the producer is billed in the following year. The producer pays the tax to the county treasurer in which the mine is located in two equal installments in the following fiscal year. One is in November of the notice year and the other is in May of the following year. Once received by the county treasurer, the tax revenue is distributed one month after receipt.

**Applicable Tax Rate(s):** The amount of tax due is 5% of the value of production as measured by the contract sales price for production in the preceding calendar year.

**Distribution:** The county treasurer distributes the coal gross proceeds tax based on the relative proportions of mill levies for the state, counties, and school districts as these existed in tax year 1989. At that time the county equalization mill levy was 45 mills. However, coal gross proceeds from new mines (starting business after December 31, 1988) are distributed across mill levies in the previous fiscal year. However, a new mine – Signal Peak in Musselshell County – which recently started production will be subject to the old distribution mechanism under HB 588, a bill passed by the 2009 legislature.

**Collection Frequency:** The coal gross proceeds tax is collected twice annually in November and May. The state receives the tax revenue in December and June.

**Data Source(s):** Coal Company Surveys, Department of Revenue, County Treasurers

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 55 Mill

---

**Statutory References:**

Tax Rate (MCA) – 15-23-703(1)

Tax Distribution (MCA) – 15-23-703(3)

**% of Total General Fund Revenue:** Included in total property tax contribution.

**Revenue Estimate Methodology:** The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable assumptions used by the LFD to develop a revenue estimate for this source are provided in the “Revenue Estimate Assumptions” section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The major coal companies are surveyed for anticipated production levels and general indications of coal prices. In addition, a review is performed of historical trends and current literature on coal prices. The taxable value is then computed for each company by taking anticipated production, and multiplying that number by the contract sales price. Taxable value is then multiplied by the applicable tax rate to determine tax revenue. The final step involves applying the mill ratio for the state county equalization levy to the average statewide levy for FY 1990 for the counties in which mines are located.

### Other Revenue

**Revenue Description:**

The county equalization account receives other revenue in addition to the types listed elsewhere. These include penalties and interest, back taxes, investment earnings, recreational fees, tax title and property sales, various state grants and fees, district court fines, county rents and lease income, and various revenue from federal sources such as PILT, Taylor Grazing and Bankhead Jones payments.

**Applicable Tax Rate(s):** N/A

**Distribution:** Varies

**Collection Frequency:** Varies

**Applicable Assumptions and/or Relevant Indicators:** Because these sources are fairly stable in total, the last known year of collections is usually used to forecast future collections.

**Data Source(s):** County Collection Reports

**Contacts:** Office of Public Instruction

**Statutory References:** Various

**% of Total General Fund Revenue:** Included in total property tax contribution.

---

# Legislative Fiscal Division

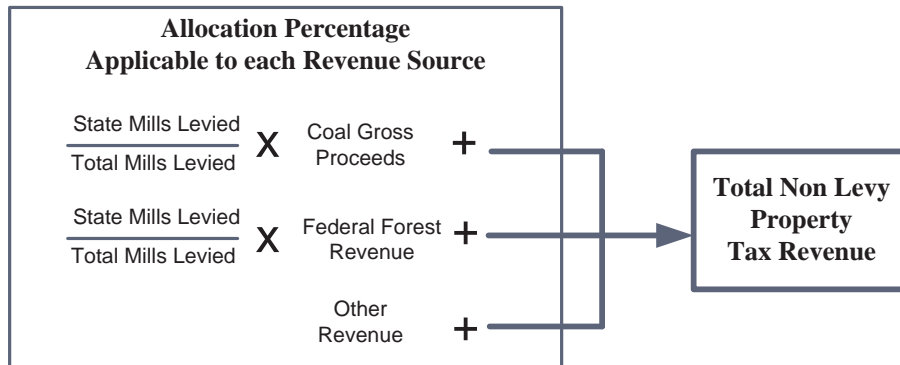
## Revenue Estimate Profile

### Property Tax: 55 Mill

---

**Revenue Estimate Methodology:** Because these sources are fairly stable in total, the last known year of collections is usually used to forecast future collections. Data for the last known year are obtained from data provided to the Office of Public Instruction by the county treasurers.

#### Forecast and Distribution Methodology



---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 40 Mill

---

#### Statutory Reference:

Tax Rate (MCA) – 20-9-360

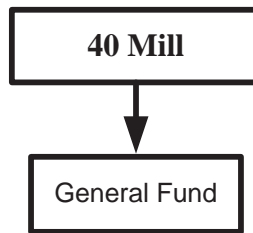
Tax Distribution (MCA) – 20-9-360

Date Due – one-half of taxes due November 30<sup>th</sup> and one-half due May 31<sup>st</sup> (15-16-102(1)), county treasurers must remit to the Department of Revenue within the first 20 days of each month money received in the previous month (15-1-504(1))

**Applicable Tax Rate(s):** Each property class has its own tax rate, which is applied to the assessed value to produce a taxable value. For every \$1,000 in taxable value, 40 mills generate \$40 in state property taxes.

**Distribution:** All property tax receipts are deposited into the general fund, except revenue associated with the 6-mill university levy.

#### Distribution Chart:



**Collection Frequency:** Monthly with significant state deposits in December and June.

#### % of Total General Fund Revenue:

FY 2004 – 4.66 %

FY 2007 – 4.31%

FY 2010 – 5.36%

FY 2005 – 4.18%

FY 2008 – 4.64%

FY 2011 – 5.15%

FY 2006 – 4.05%

FY 2009 – 4.76%

FY 2012 – 5.11%

**Revenue Estimate Methodology:** The methodology used to derive revenue from this source is explained in the methodology section under “Property Tax”.

#### Forecast Methodology:





# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 40 Mill

#### Revenue Estimate Assumptions:

|          | <u>t</u>      | <u>Total Tax</u> | <u>GF Tax</u>   | <u>Tax. Value</u> | <u>Mills/1000</u> | <u>Non-Levy</u> | <u>Adjustments</u> |
|----------|---------------|------------------|-----------------|-------------------|-------------------|-----------------|--------------------|
|          | <u>Fiscal</u> | <u>Millions</u>  | <u>Millions</u> | <u>Millions</u>   | <u>Applied</u>    | <u>Millions</u> | <u>Millions</u>    |
| Actual   | 2002          | 63.045           | 63.045          | 1,671.590         | 0.040             | 4.705           | -9.888             |
| Actual   | 2003          | 64.767           | 64.767          | 1,691.720         | 0.040             | 2.983           | -8.475             |
| Actual   | 2004          | 64.339           | 64.339          | 1,703.301         | 0.040             | 3.889           | -7.063             |
| Actual   | 2005          | 65.237           | 63.951          | 1,756.251         | 0.040             | 0.000           | -5.650             |
| Actual   | 2006          | 70.257           | 69.199          | 1,836.488         | 0.040             | 0.000           | -4.238             |
| Actual   | 2007          | 78.130           | 76.712          | 1,940.709         | 0.040             | 0.000           | -2.825             |
| Actual   | 2008          | 82.459           | 82.518          | 2,041.767         | 0.040             | 0.000           | -1.413             |
| Actual   | 2009          | 85.343           | 85.977          | 2,117.330         | 0.040             | 0.000           | 0.000              |
| Actual   | 2010          | 87.888           | 87.145          | 2,226.295         | 0.040             | 0.000           | -1.562             |
| Actual   | 2011          | 92.171           | 91.749          | 2,283.076         | 0.040             | 0.000           | 0.000              |
| Actual   | 2012          | 95.917           | 95.690          | 2,370.852         | 0.040             | 0.000           | 0.000              |
| Forecast | 2013          | 96.912           | 95.958          | 2,422.804         | 0.040             | 0.000           | 0.000              |
| Forecast | 2014          | 100.511          | 99.557          | 2,512.787         | 0.040             | 0.000           | 0.000              |
| Forecast | 2015          | 103.584          | 102.630         | 2,589.604         | 0.040             | 0.000           | 0.000              |

|          | <u>t</u>      | <u>Class 1</u>  | <u>Class 2</u>  | <u>Class 3</u>  | <u>Class 4</u>  | <u>Class 5</u>  | <u>Class 6</u>  | <u>Class 7</u>  |
|----------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> |
| Actual   | 2002          | 7.843           | 11.015          | 139.057         | 954.102         | 35.668          | 12.459          | 0.189           |
| Actual   | 2003          | 8.691           | 10.669          | 138.900         | 1,002.874       | 35.382          | 6.167           | 0.216           |
| Actual   | 2004          | 7.808           | 8.800           | 140.240         | 1,034.656       | 32.725          | 0.000           | 0.995           |
| Actual   | 2005          | 8.032           | 10.428          | 139.902         | 1,076.985       | 34.024          | 0.000           | 0.974           |
| Actual   | 2006          | 2.694           | 13.045          | 140.988         | 1,129.794       | 34.611          | 0.000           | 0.953           |
| Actual   | 2007          | 3.252           | 21.106          | 141.002         | 1,183.821       | 35.078          | 0.000           | 1.068           |
| Actual   | 2008          | 3.840           | 18.849          | 141.329         | 1,244.916       | 35.418          | 0.000           | 1.096           |
| Actual   | 2009          | 4.013           | 24.540          | 142.099         | 1,296.595       | 35.155          | 0.000           | 1.214           |
| Actual   | 2010          | 4.002           | 23.837          | 161.073         | 1,368.081       | 37.502          | 0.000           | 1.266           |
| Actual   | 2011          | 3.181           | 18.291          | 153.566         | 1,396.074       | 38.994          | 0.000           | 1.298           |
| Actual   | 2012          | 3.888           | 22.987          | 150.429         | 1,418.797       | 40.642          | 0.000           | 1.194           |
| Forecast | 2013          | 4.189           | 31.132          | 147.792         | 1,446.304       | 45.673          | 0.000           | 1.170           |
| Forecast | 2014          | 4.275           | 33.820          | 145.202         | 1,478.146       | 48.816          | 0.000           | 1.147           |
| Forecast | 2015          | 4.331           | 35.056          | 142.657         | 1,511.683       | 52.176          | 0.000           | 1.124           |

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 40 Mill

---

|          | <u>t</u>      | <u>Class 8</u>  | <u>Class 9</u>  | <u>Class 10</u> | <u>Class 12</u> | <u>Class 13</u> | <u>TIF's</u>    | <u>Abatement</u> |
|----------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u>  |
| Actual   | 2002          | 116.605         | 219.956         | 8.199           | 48.658          | 144.488         | 30.530          | 3.880            |
| Actual   | 2003          | 118.349         | 206.360         | 7.170           | 46.688          | 137.185         | 30.803          | 3.870            |
| Actual   | 2004          | 118.297         | 212.111         | 6.789           | 45.630          | 125.623         | 33.562          | 3.188            |
| Actual   | 2005          | 117.241         | 219.993         | 6.791           | 45.074          | 120.485         | 27.767          | 4.088            |
| Actual   | 2006          | 123.055         | 238.767         | 6.794           | 44.267          | 122.846         | 25.464          | 4.137            |
| Actual   | 2007          | 135.613         | 248.320         | 6.816           | 41.577          | 130.476         | 28.830          | 18.855           |
| Actual   | 2008          | 138.658         | 264.324         | 6.822           | 43.004          | 152.942         | 30.120          | 18.099           |
| Actual   | 2009          | 151.317         | 260.190         | 6.816           | 43.567          | 154.611         | 25.752          | 20.021           |
| Actual   | 2010          | 169.606         | 254.253         | 6.988           | 46.901          | 154.314         | 32.014          | 23.706           |
| Actual   | 2011          | 182.310         | 280.633         | 6.519           | 51.836          | 174.430         | 41.946          | 27.058           |
| Actual   | 2012          | 186.854         | 304.226         | 6.390           | 71.336          | 193.267         | 46.300          | 25.369           |
| Forecast | 2013          | 179.237         | 322.490         | 6.349           | 72.349          | 197.605         | 47.037          | 20.225           |
| Forecast | 2014          | 180.358         | 345.727         | 6.308           | 76.657          | 208.267         | 47.037          | 20.877           |
| Forecast | 2015          | 179.206         | 370.637         | 6.268           | 81.222          | 219.505         | 45.359          | 21.539           |

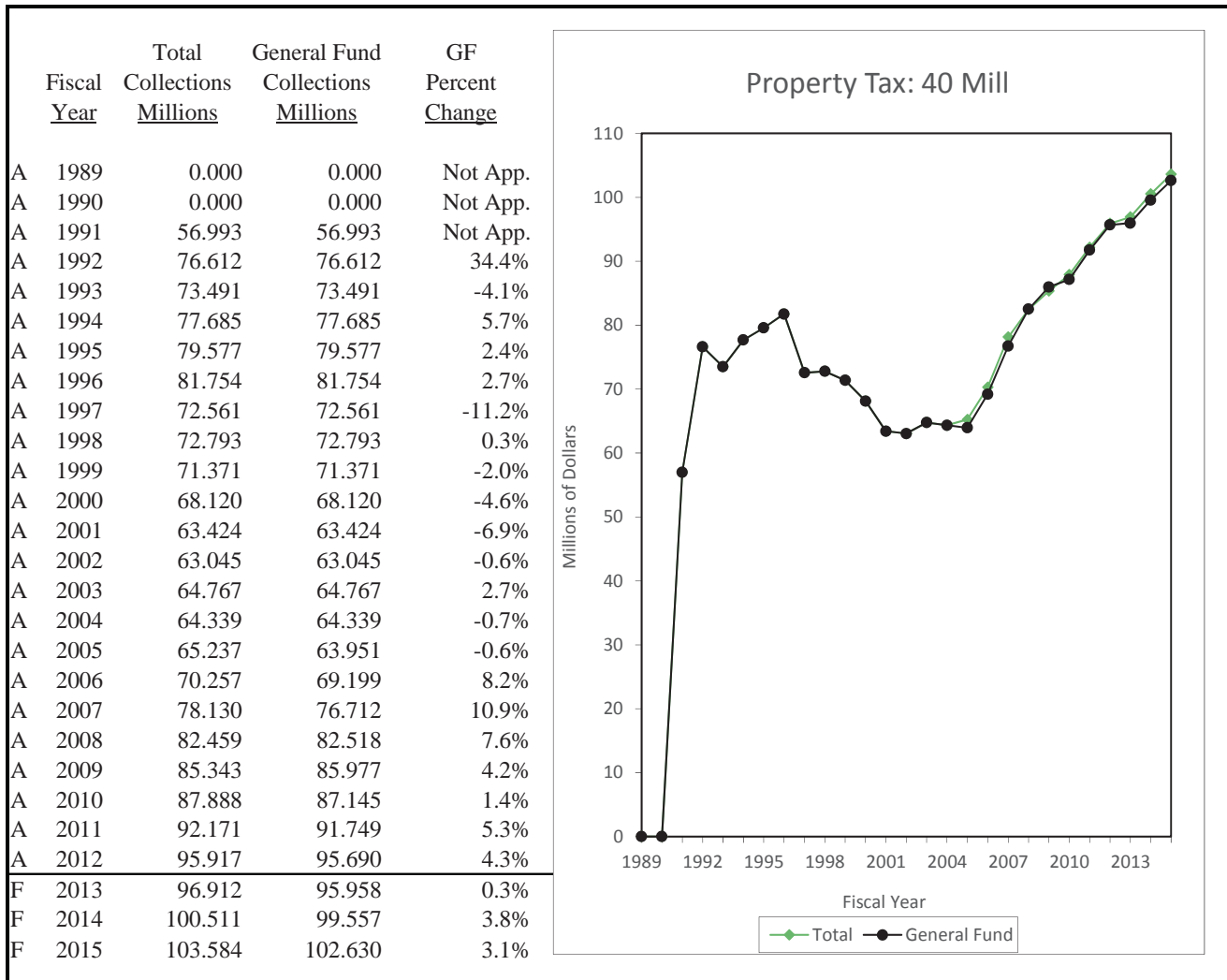
Total Tax = Tax Value × Mills/1000 + Non-Levy + Adjustments

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 40 Mill

#### Revenue Projection:



**Data Source(s):** Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

**Contacts:** Department of Revenue

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 6 Mill

---

#### Statutory Reference:

Tax Rate (MCA) – 15-10-107

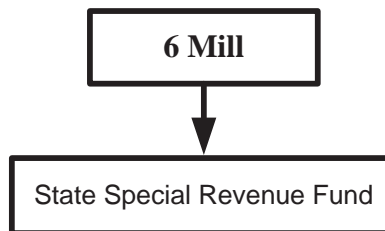
Tax Distribution (MCA) – 15-10-107

Date Due – one-half of taxes due November 30<sup>th</sup> and one-half due May 31<sup>st</sup> (15-16-102(1)), county treasurers must remit to the Department of Revenue within the first 20 days of each month money received in the previous month (15-1-504(1))

**Applicable Tax Rate(s):** Each property class has its own tax rate, which is applied to the assessed value to produce a taxable value. For every \$1,000 in taxable value, 6 mills generate \$6 in state property taxes.

**Distribution:** All tax receipts are deposited into the university system 6 mill levy state special revenue account.

#### Distribution Chart:



**Collection Frequency:** Monthly with significant state deposits in December and June.

**% of Total General Fund Revenue:** N/A

**Revenue Estimate Methodology:** The methodology used to derive revenue from this source is explained in the methodology section under “Property Tax”.

#### Forecast Methodology:



# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 6 Mill

#### Revenue Estimate Assumptions:

|          | <u>t</u>      | <u>Total Tax</u> | <u>GF Tax</u>   | <u>Tax. Value</u> | <u>Mills/1000</u> | <u>Non-Levy</u> | <u>Adjustments</u> |
|----------|---------------|------------------|-----------------|-------------------|-------------------|-----------------|--------------------|
|          | <u>Fiscal</u> | <u>Millions</u>  | <u>Millions</u> | <u>Millions</u>   | <u>Applied</u>    | <u>Millions</u> | <u>Millions</u>    |
| Actual   | 2002          | 12.298           | 0.000           | 1,698.239         | 0.006             | 1.588           | 0.000              |
| Actual   | 2003          | 12.011           | 0.000           | 1,722.523         | 0.006             | 1.082           | 0.000              |
| Actual   | 2004          | 11.374           | 0.000           | 1,736.863         | 0.006             | 0.000           | 0.000              |
| Actual   | 2005          | 12.245           | 0.000           | 1,784.018         | 0.006             | 0.000           | 0.000              |
| Actual   | 2006          | 11.952           | 0.000           | 1,861.952         | 0.006             | 0.000           | 0.000              |
| Actual   | 2007          | 12.517           | 0.000           | 1,969.539         | 0.006             | 0.000           | 0.000              |
| Actual   | 2008          | 13.313           | 0.000           | 2,071.887         | 0.006             | 0.000           | 0.000              |
| Actual   | 2009          | 14.422           | 0.000           | 2,143.082         | 0.006             | 0.667           | 0.000              |
| Actual   | 2010          | 14.771           | 0.000           | 2,258.309         | 0.006             | 0.738           | -0.234             |
| Actual   | 2011          | 14.838           | 0.000           | 2,352.079         | 0.006             | 0.814           | 0.000              |
| Actual   | 2012          | 15.325           | 0.000           | 2,442.522         | 0.006             | 0.890           | 0.000              |
| Forecast | 2013          | 15.815           | 0.000           | 2,490.066         | 0.006             | 0.875           | 0.000              |
| Forecast | 2014          | 16.535           | 0.000           | 2,580.701         | 0.006             | 1.051           | 0.000              |
| Forecast | 2015          | 16.989           | 0.000           | 2,656.503         | 0.006             | 1.050           | 0.000              |

|          | <u>t</u>      | <u>Class 1</u>  | <u>Class 2</u>  | <u>Class 3</u>  | <u>Class 4</u>  | <u>Class 5</u>  | <u>Class 6</u>  | <u>Class 7</u>  |
|----------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> |
| Actual   | 2002          | 7.843           | 11.015          | 139.057         | 954.102         | 35.668          | 12.459          | 0.189           |
| Actual   | 2003          | 8.691           | 10.669          | 138.900         | 1,002.874       | 35.382          | 6.167           | 0.216           |
| Actual   | 2004          | 7.808           | 8.800           | 140.240         | 1,034.656       | 32.725          | 0.000           | 0.995           |
| Actual   | 2005          | 8.032           | 10.428          | 139.902         | 1,076.985       | 34.024          | 0.000           | 0.974           |
| Actual   | 2006          | 2.694           | 13.045          | 140.988         | 1,129.794       | 34.611          | 0.000           | 0.953           |
| Actual   | 2007          | 3.252           | 21.106          | 141.002         | 1,183.821       | 35.078          | 0.000           | 1.068           |
| Actual   | 2008          | 3.840           | 18.849          | 141.329         | 1,244.916       | 35.418          | 0.000           | 1.096           |
| Actual   | 2009          | 4.013           | 24.540          | 142.099         | 1,296.595       | 35.155          | 0.000           | 1.214           |
| Actual   | 2010          | 4.002           | 23.837          | 161.073         | 1,368.081       | 37.502          | 0.000           | 1.266           |
| Actual   | 2011          | 3.181           | 18.291          | 153.566         | 1,396.074       | 38.994          | 0.000           | 1.298           |
| Actual   | 2012          | 3.888           | 22.987          | 150.429         | 1,418.797       | 40.642          | 0.000           | 1.194           |
| Forecast | 2013          | 4.189           | 31.132          | 147.792         | 1,446.304       | 45.673          | 0.000           | 1.170           |
| Forecast | 2014          | 4.275           | 33.820          | 145.202         | 1,478.146       | 48.816          | 0.000           | 1.147           |
| Forecast | 2015          | 4.331           | 35.056          | 142.657         | 1,511.683       | 52.176          | 0.000           | 1.124           |

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 6 Mill

---

|          | <u>t</u>      | <u>Class 8</u>  | <u>Class 9</u>  | <u>Class 10</u> | <u>Class 12</u> | <u>Class 13</u> | <u>TIF's</u>    | <u>Abatement</u> |
|----------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u>  |
| Actual   | 2002          | 116.605         | 219.956         | 8.199           | 48.658          | 144.488         | 30.530          | 3.880            |
| Actual   | 2003          | 118.349         | 206.360         | 7.170           | 46.688          | 137.185         | 30.803          | 3.870            |
| Actual   | 2004          | 118.297         | 212.111         | 6.789           | 45.630          | 125.623         | 33.562          | 3.188            |
| Actual   | 2005          | 117.241         | 219.993         | 6.791           | 45.074          | 120.485         | 27.767          | 4.088            |
| Actual   | 2006          | 123.055         | 238.767         | 6.794           | 44.267          | 122.846         | 25.464          | 4.137            |
| Actual   | 2007          | 135.613         | 248.320         | 6.816           | 41.577          | 130.476         | 28.830          | 18.855           |
| Actual   | 2008          | 138.658         | 264.324         | 6.822           | 43.004          | 152.942         | 30.120          | 18.099           |
| Actual   | 2009          | 151.317         | 260.190         | 6.816           | 43.567          | 154.611         | 25.752          | 20.021           |
| Actual   | 2010          | 169.606         | 254.253         | 6.988           | 46.901          | 154.314         | 32.014          | 23.706           |
| Actual   | 2011          | 182.310         | 280.633         | 6.519           | 51.836          | 174.430         | 41.946          | 27.058           |
| Actual   | 2012          | 186.854         | 304.226         | 6.390           | 71.336          | 193.267         | 46.300          | 25.369           |
| Forecast | 2013          | 179.237         | 322.490         | 6.349           | 72.349          | 197.605         | 47.037          | 20.225           |
| Forecast | 2014          | 180.358         | 345.727         | 6.308           | 76.657          | 208.267         | 47.037          | 20.877           |
| Forecast | 2015          | 179.206         | 370.637         | 6.268           | 81.222          | 219.505         | 45.359          | 21.539           |

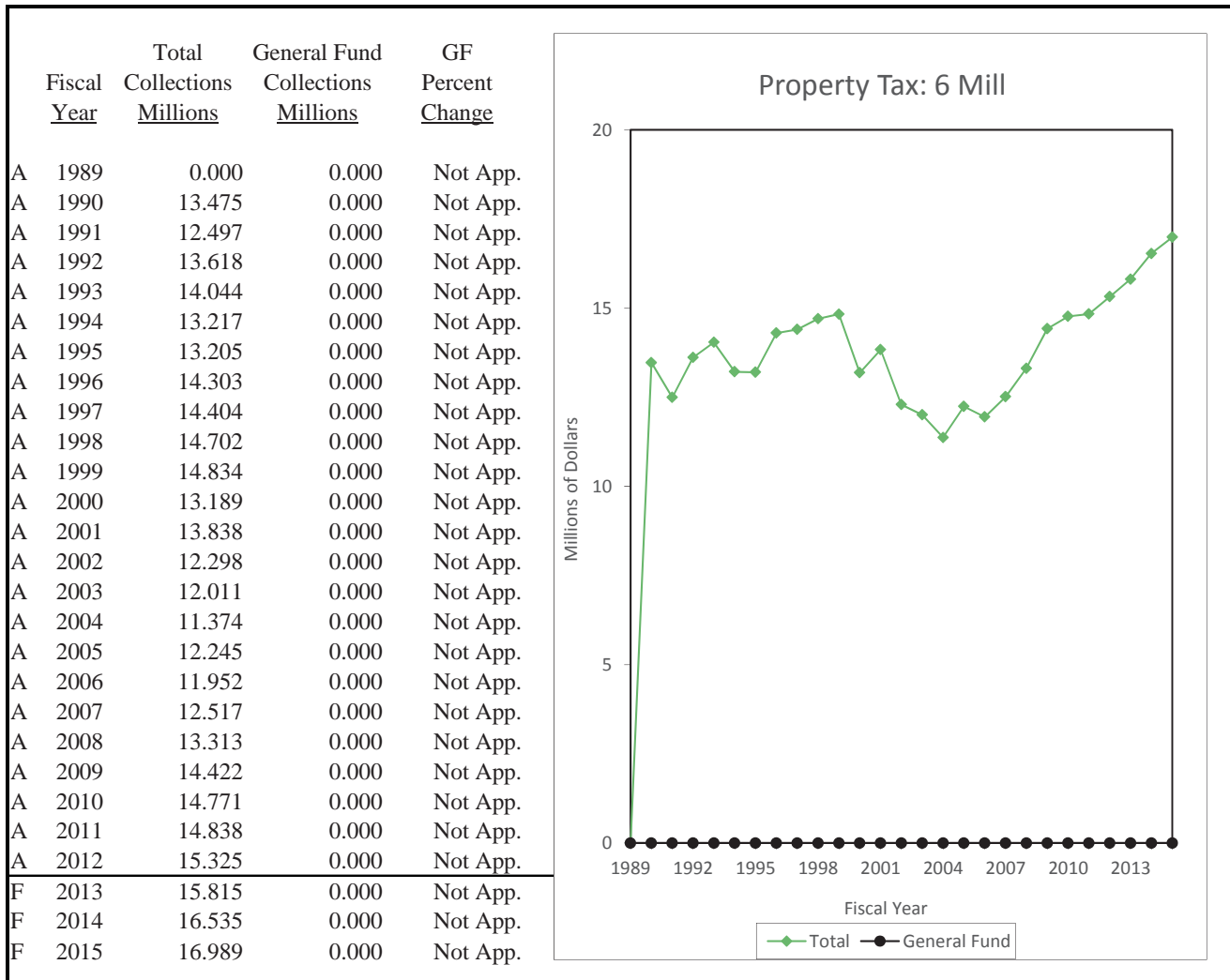
Total Tax = Tax Value × Mills/1000 + Non-Levy + Adjustments

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 6 Mill

#### Revenue Projection:



**Data Source(s):** Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

**Contacts:** Department of Revenue

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 1.5 Mill

---

**Revenue Description:** Beginning in FY 1997, statute requires the boards of county commissioners in the five counties where colleges of technology reside, to levy 1.5 mills for deposit in the state general fund. This revenue component used to include collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. HB 124, passed during the 2001 legislative session, eliminated distribution of non-levy sources to the 1.5 mill levy.

**Statutory Reference:**

Tax Rate (MCA) – 20-25-439(1)

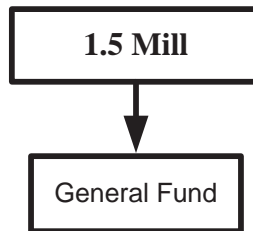
Tax Distribution (MCA) – 20-25-439(2)

Date Due – one-half of taxes due November 30<sup>th</sup> and one-half due May 31<sup>st</sup> (15-16-102(1)), county treasurers must remit to the Department of Revenue within the first 20 days of each month money received in the previous month (15-1-504(1))

**Applicable Tax Rate(s):** Each property class has its own tax rate which is applied to assessed value to produce a taxable value. For every \$1,000 in taxable value, 1.5 mills generate \$1.50 in state property taxes.

**Distribution:** All property tax receipts are deposited into the general fund, except revenue associated with the 6-mill university levy.

Distribution Chart:



**Collection Frequency:** Monthly with significant state deposits in December and June.

**% of Total General Fund Revenue:**

FY 2004 – 0.07 %

FY 2007 – 0.06%

FY 2010 – 0.07%

FY 2005 – 0.06%

FY 2008 – 0.06%

FY 2011 – 0.06%

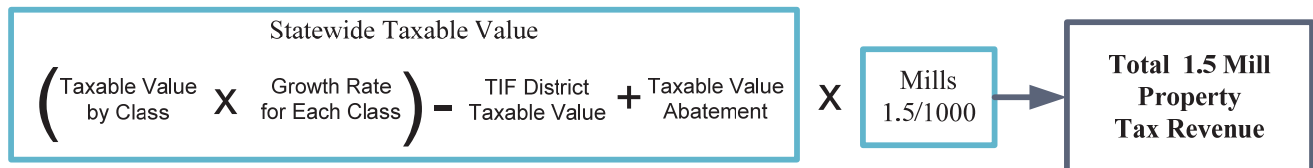
FY 2006 – 0.06%

FY 2009 – 0.06%

FY 2012 – 0.06%

**Revenue Estimate Methodology:** The methodology used to derive revenue from this source is explained in the methodology section under “Property Tax”.

**Forecast Methodology:**





# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 1.5 Mill

#### Revenue Estimate Assumptions:

|          | t             | Total Tax       | GF Tax          | Tax. Value      | Mills/1000     | Non-Levy        | Adjustments     |
|----------|---------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Applied</u> | <u>Millions</u> | <u>Millions</u> |
| Actual   | 2002          | 0.919           | 0.919           | 563.452         | 0.002          | 0.020           | 0.034           |
| Actual   | 2003          | 0.884           | 0.884           | 586.588         | 0.002          | 0.000           | 0.000           |
| Actual   | 2004          | 0.968           | 0.968           | 596.513         | 0.002          | 0.000           | 0.000           |
| Actual   | 2005          | 0.922           | 0.904           | 608.056         | 0.002          | 0.000           | 0.000           |
| Actual   | 2006          | 0.960           | 0.945           | 662.811         | 0.002          | 0.000           | 0.000           |
| Actual   | 2007          | 0.996           | 0.984           | 693.488         | 0.002          | 0.000           | 0.000           |
| Actual   | 2008          | 1.097           | 1.094           | 721.234         | 0.002          | 0.000           | 0.000           |
| Actual   | 2009          | 1.100           | 1.116           | 743.921         | 0.002          | 0.000           | 0.000           |
| Actual   | 2010          | 1.120           | 1.115           | 759.598         | 0.002          | 0.000           | 0.000           |
| Actual   | 2011          | 1.151           | 1.155           | 778.415         | 0.002          | 0.000           | 0.000           |
| Actual   | 2012          | 1.173           | 1.160           | 797.739         | 0.002          | 0.000           | 0.000           |
| Forecast | 2013          | 1.210           | 1.193           | 806.969         | 0.002          | 0.000           | 0.000           |
| Forecast | 2014          | 1.255           | 1.238           | 836.367         | 0.002          | 0.000           | 0.000           |
| Forecast | 2015          | 1.294           | 1.277           | 862.955         | 0.002          | 0.000           | 0.000           |

|          | t             | Class 1         | Class 2         | Class 3         | Class 4         | Class 5         | Class 6         | Class 7         |
|----------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> |
| Actual   | 2002          | 7.843           | 11.015          | 139.057         | 954.102         | 35.668          | 12.459          | 0.189           |
| Actual   | 2003          | 8.691           | 10.669          | 138.900         | 1,002.874       | 35.382          | 6.167           | 0.216           |
| Actual   | 2004          | 7.808           | 8.800           | 140.240         | 1,034.656       | 32.725          | 0.000           | 0.995           |
| Actual   | 2005          | 8.032           | 10.428          | 139.902         | 1,076.985       | 34.024          | 0.000           | 0.974           |
| Actual   | 2006          | 2.694           | 13.045          | 140.988         | 1,129.794       | 34.611          | 0.000           | 0.953           |
| Actual   | 2007          | 3.252           | 21.106          | 141.002         | 1,183.821       | 35.078          | 0.000           | 1.068           |
| Actual   | 2008          | 3.840           | 18.849          | 141.329         | 1,244.916       | 35.418          | 0.000           | 1.096           |
| Actual   | 2009          | 4.013           | 24.540          | 142.099         | 1,296.595       | 35.155          | 0.000           | 1.214           |
| Actual   | 2010          | 4.002           | 23.837          | 161.073         | 1,368.081       | 37.502          | 0.000           | 1.266           |
| Actual   | 2011          | 3.181           | 18.291          | 153.566         | 1,396.074       | 38.994          | 0.000           | 1.298           |
| Actual   | 2012          | 3.888           | 22.987          | 150.429         | 1,418.797       | 40.642          | 0.000           | 1.194           |
| Forecast | 2013          | 4.189           | 31.132          | 147.792         | 1,446.304       | 45.673          | 0.000           | 1.170           |
| Forecast | 2014          | 4.275           | 33.820          | 145.202         | 1,478.146       | 48.816          | 0.000           | 1.147           |
| Forecast | 2015          | 4.331           | 35.056          | 142.657         | 1,511.683       | 52.176          | 0.000           | 1.124           |

---

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 1.5 Mill

---

|          | <u>t</u>      | <u>Class 8</u>  | <u>Class 9</u>  | <u>Class 10</u> | <u>Class 12</u> | <u>Class 13</u> | <u>TIF's</u>    | <u>Abatement</u> |
|----------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
|          | <u>Fiscal</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u> | <u>Millions</u>  |
| Actual   | 2002          | 116.605         | 219.956         | 8.199           | 48.658          | 144.488         | 30.530          | 3.880            |
| Actual   | 2003          | 118.349         | 206.360         | 7.170           | 46.688          | 137.185         | 30.803          | 3.870            |
| Actual   | 2004          | 118.297         | 212.111         | 6.789           | 45.630          | 125.623         | 33.562          | 3.188            |
| Actual   | 2005          | 117.241         | 219.993         | 6.791           | 45.074          | 120.485         | 27.767          | 4.088            |
| Actual   | 2006          | 123.055         | 238.767         | 6.794           | 44.267          | 122.846         | 25.464          | 4.137            |
| Actual   | 2007          | 135.613         | 248.320         | 6.816           | 41.577          | 130.476         | 28.830          | 18.855           |
| Actual   | 2008          | 138.658         | 264.324         | 6.822           | 43.004          | 152.942         | 30.120          | 18.099           |
| Actual   | 2009          | 151.317         | 260.190         | 6.816           | 43.567          | 154.611         | 25.752          | 20.021           |
| Actual   | 2010          | 169.606         | 254.253         | 6.988           | 46.901          | 154.314         | 32.014          | 23.706           |
| Actual   | 2011          | 182.310         | 280.633         | 6.519           | 51.836          | 174.430         | 41.946          | 27.058           |
| Actual   | 2012          | 186.854         | 304.226         | 6.390           | 71.336          | 193.267         | 46.300          | 25.369           |
| Forecast | 2013          | 179.237         | 322.490         | 6.349           | 72.349          | 197.605         | 47.037          | 20.225           |
| Forecast | 2014          | 180.358         | 345.727         | 6.308           | 76.657          | 208.267         | 47.037          | 20.877           |
| Forecast | 2015          | 179.206         | 370.637         | 6.268           | 81.222          | 219.505         | 45.359          | 21.539           |

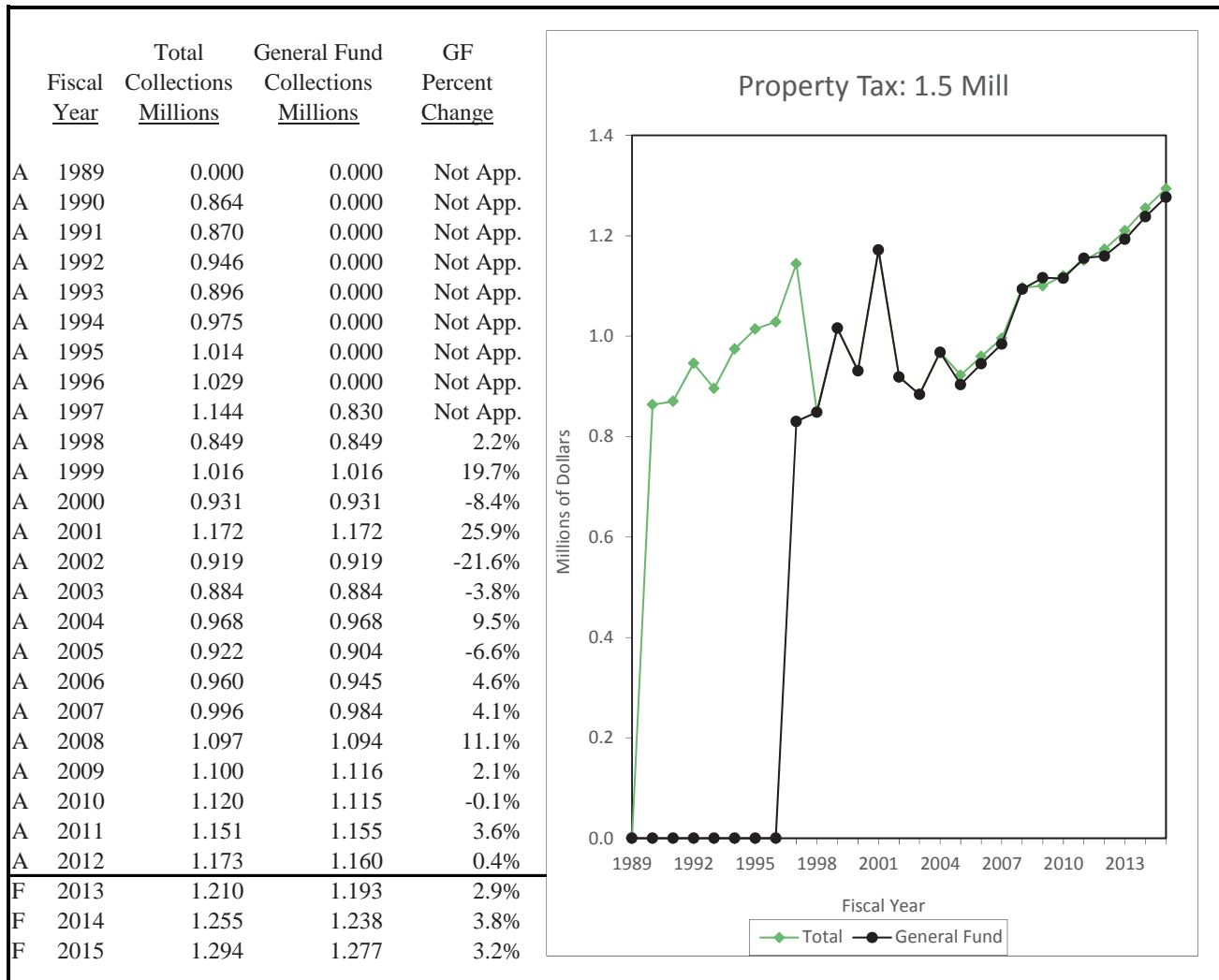
Total Tax = Tax Value × Mills/1000 + Non-Levy + Adjustments

# Legislative Fiscal Division

## Revenue Estimate Profile

### Property Tax: 1.5 Mill

#### Revenue Projection:



**Data Source(s):** Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

**Contacts:** Department of Revenue