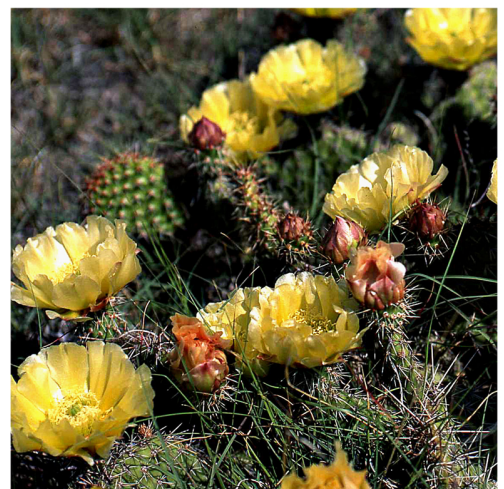


# MONTANA DEPARTMENT OF REVENUE

BIENNIAL REPORT • JULY 1, 2008 - JUNE 30, 2010







Dan Bucks  
Director

# Montana Department of Revenue



Brian Schweitzer  
Governor

December, 2010

## Letter of Transmittal

Governor Brian Schweitzer and  
Members of the Sixty Second Montana Legislature:

With this letter I am transmitting the Biennial Report of the Department of Revenue for the period July 1, 2008 through June 30, 2010, as required in 15-1-205, MCA. This report provides detailed information on taxes administered by the department and related collections activity for the above specific biennium.

The Biennial Report has two primary sections. The first section of the report focuses on an overview of the Department of Revenue and the makeup of Montana's tax base. The second section focuses on the individual taxes that provide the framework of Montana's tax base.

We hope you find this report an effective tool for understanding the Department of Revenue and the tax base of the State of Montana.

As always, the department appreciates any comments you may wish to make regarding this report and any additional ideas you may have as to how the report could be improved in future editions.

Respectfully submitted,

Dan Bucks  
Director of Revenue

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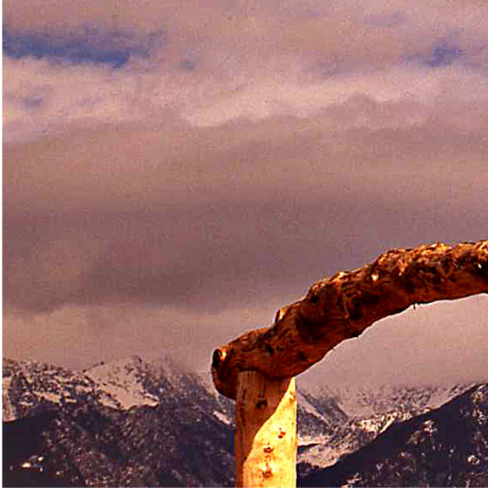
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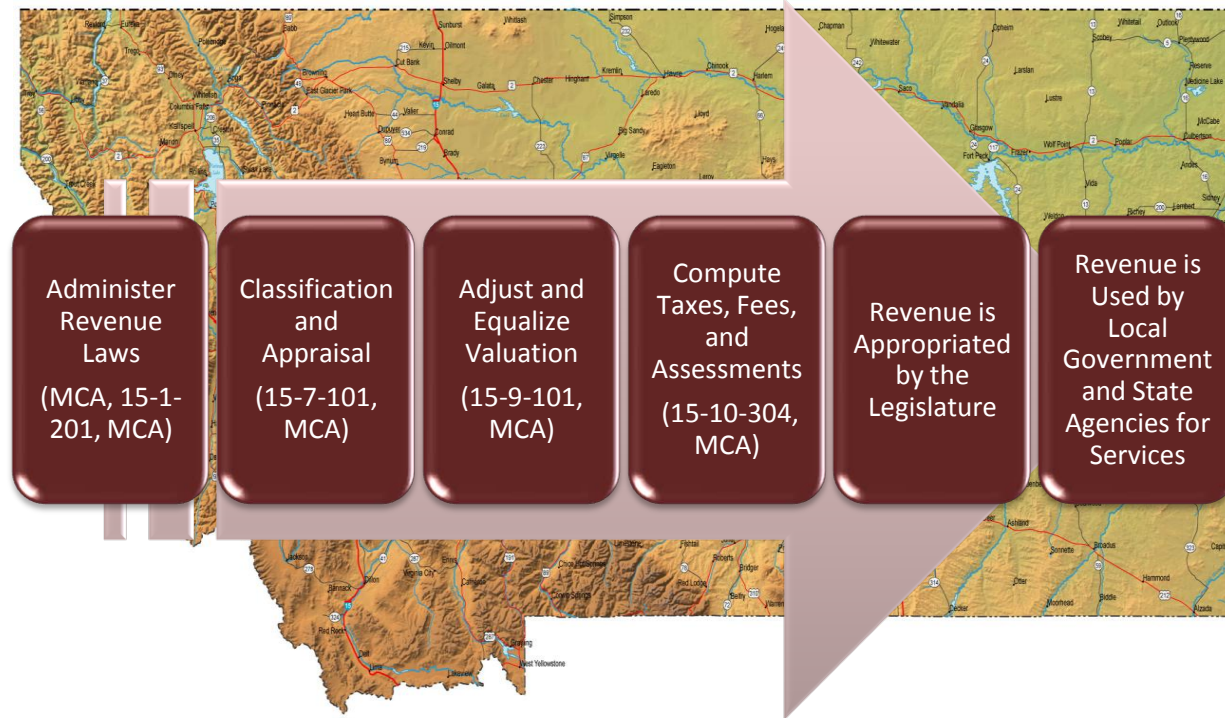
# ABOUT THE AGENCY

BIENNIAL REPORT • MONTANA DEPARTMENT OF REVENUE



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10 Organizational Structure





## Montana Department of Revenue Administers Revenue Laws

The mission statement of the Montana Department of Revenue (DOR) describes what the agency strives to accomplish.

*The quality of life for all Montanans is better because we excel at public service and effective administration of the tax and liquor laws. We do this by:*

- *Ensuring that revenues intended by the legislature to be raised are collected to serve Montanans,*
- *Advancing equity and integrity in taxation,*
- *Providing effective and respectful service,*
- *Protecting the public health and safety, and achieving efficiency in liquor administration, and*
- *Improving public understanding of Montana's revenue system.*

The DOR pursues this mission within the framework of our core values, which are rooted in the Montana Constitution. The values of the Department of Revenue are proven by human experience to lead an organization or community forward in a continuous positive manner.

These core values include:

- *Respect for all persons*
- *Integrity and justice*
- *Productivity and effectiveness*
- *Teamwork and community*

The duty of the DOR is to administer the revenue laws as defined by statute, set forth in title 15 of the Montana Code, with the exception of gasoline tax. The DOR is also responsible for administering the alcohol and tobacco laws set forth in Title 16 of the Montana Code.

Montana is one of two states that require their state revenue department to appraise all property within the state. This is in contrast to other states, where it is the individual cities and counties appraising property within their boundaries. The Montana Constitution requires the state to classify, appraise, and keep record of all property within the state. Montana law assigns this constitutional responsibility to the DOR. This approach promotes equity in valuation throughout the state.

Additionally, Montana statute (15-9-101, MCA) requires the DOR to adjust and equalize the valuation of taxable property between class of property, between counties, and between taxpayers to secure a fair, just, and equitable valuation of all taxable property.



# Montana Department of Revenue

After receiving the number of mills to be levied for each taxing jurisdiction, Montana statute (15-10-305, MCA) directs the DOR to compute and itemize the taxes, fees, and assessments to be levied on each property's tax bill.

These additional responsibilities place Montana's DOR in a unique position – in terms of its share of responsibility for state and local tax systems – compared to other states' revenue departments.

## Montana Department of Revenue Collects Revenue

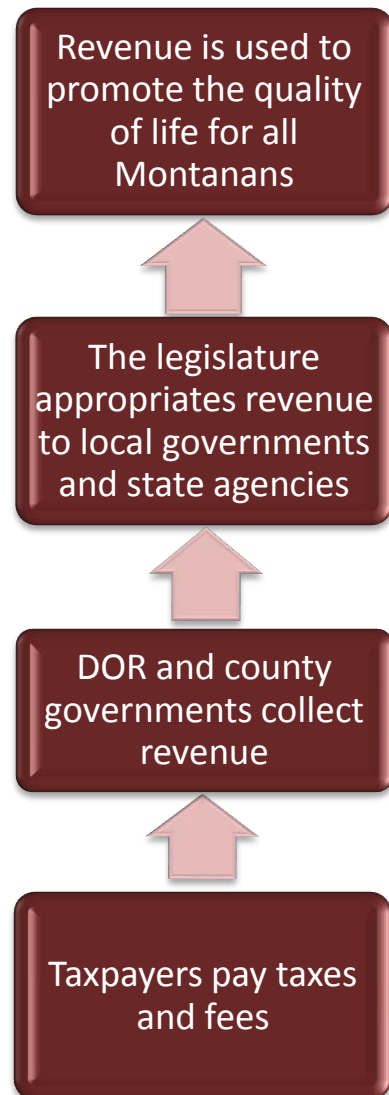
The product of the Montana Department of Revenue (DOR) is collected taxes that are deposited in both state special revenue funds and the state general fund. These taxes are then distributed by the Montana Legislature to schools, local governments and other state agencies. In FY 2010 alone, the DOR collected \$1.5 billion on behalf of schools, local governments and the state. Without the DOR, close to \$1.2 billion in property taxes would not be collected. In total, the DOR was responsible for the collection of more than \$2.7 billion in taxes for schools, local governments and the state.

As directed by law, the DOR's primary focus is to collect revenue, acting as the cashier at a restaurant or the collections department of a large firm. The revenue is then appropriated by the Montana Legislature to local governments and other state agencies where it is used to promote the quality of life for all Montanans by funding programs enhancing public health, education, law enforcement, utilities, fire safety, roads, parks, and other infrastructure.

To complete its duty to the taxpayers of Montana, the DOR must complete many tasks. The list below highlights many of the ways the DOR has worked to meet its duties to the taxpayer:

- Appraised all real and personal property in the state in a fashion that meets the Constitutional requirement of equalized property valuations
- Provided county offices so taxpayers have access to the DOR locally
- Created a customer service center so taxpayers can have their questions answered over the phone or request information
- Assisted small businesses with one-stop licensing

- Designed and printed taxpayer forms
- Accounted for all taxes collected and reported the tax information in a transparent manner
- Managed and kept secure individual taxpayer's personal information
- Returned lost money and property to rightful owners
- Processed paper and electronic tax returns in an efficient manner so Montanans received their refunds as soon as possible
- Controlled and distributed alcoholic beverages in a way that ensures public safety.



## Organizational Structure

### Parts Form the Whole at Montana Department of Revenue

The Montana Department of Revenue (DOR) is composed of six interrelated parts that work together to produce local and state revenue, the agency's primary product. Each part contributes to the whole output of the DOR.

The **Information Technology and Processing Division** is integral to the day-to-day function of the DOR. The division is responsible for processing tax returns and payments for the 40 taxes administered by the DOR. It provides computer and network support, application development, information security, and help desk support for the revenue collecting units.

The **Citizen Services and Resource Management Division** provides consistent service to Montana citizens, businesses and nonresident taxpayers through a call center, one-stop licensing, forms design, unclaimed property management, and other taxpayer services. The division also provides internal support for accounting, purchasing, and facilities and asset management.

The **Business and Income Taxes Division** administers and ensures compliance with Montana tax law for the majority of state taxes and completes appraisals and assessments of industrial and centrally assessed property.

The **Liquor Control Division** administers the state's Alcoholic Beverage Code, which governs the control, sale, and distribution of alcoholic beverages. The division includes liquor distribution and liquor licensing, which generate liquor tax revenue.

The **Property Assessment Division** is responsible for the valuation and assessment of real and personal property throughout the state for property tax purposes, on behalf of state government as well as all local government. The division has a central office located in Helena and four regional areas. A local DOR office is located in each county seat across Montana.

The **Director's Office** supports and guides the agency's operations, and provides critical legal and research functions. It ensures that the DOR values, supports and develops its employees. This division is responsible for the fiscal analysis of legislation and research to support policy-making of the executive and legislative branches.

Finally, it makes certain that the laws in Title 15 and 16 of Montana Code Annotated are applied fairly to the citizens and taxpayers of Montana.



### Each Division of Montana Department of Revenue-Supports Revenue Collection

The divisions of the Montana Department of Revenue (DOR) support revenue collection as a unitary business operation.

### Direct Revenue Collection

Three divisions – Business and Income Taxes, Property Assessment and Liquor Control – are responsible for the majority of direct revenue collection in the DOR, but these divisions could not operate individually. All three divisions rely on the interaction of all the other functions of the DOR. The various parts cannot operate without each other.

## Operational Support

Not a day's work could be accomplished without the vital services provided by operational support. The DOR cannot function without:

- Computers, the Gentax system, and the technology support provided by **Information Technology**.
- Pens, lights, computers, workspaces and desks provided by **Resource Management**
- Forms, instructions and other information provided by **Citizen Services**, which instruct taxpayers regarding when, where, or how to file and pay taxes.
- Work done by **Processing**, which ensures that submitted payments are opened, electronically transferred, or otherwise processed.
- Sustained efforts by **Legal Services** to address noncompliance and support collection activity, which aid the Business and Income Taxes Division, Property Assessment Division and Liquor Control Division to experience a high degree of voluntary compliance and revenue collection.

## Every Function is Interdependent

If one of the DOR's interrelated services were to disappear, the result would be failure of the revenue collection process.

*Without tax forms, no payments are made.*

*Without the call center, questions are disregarded, errors increase and taxpayers' voluntary compliance decreases.*

*Without processing, no payments are received or credited.*

*Without computers and software, no information is stored, analyzed or kept secure.*

*Without resource management, revenue is not properly allocated and both local and state offices deteriorate and cease operating efficiently.*

*Without legal services, consequences for non-compliance are not enforced, active compliance is reduced and property values become un-equalized between homeowners, small businesses and agriculture.*

*Without human resources, no people report to work.*

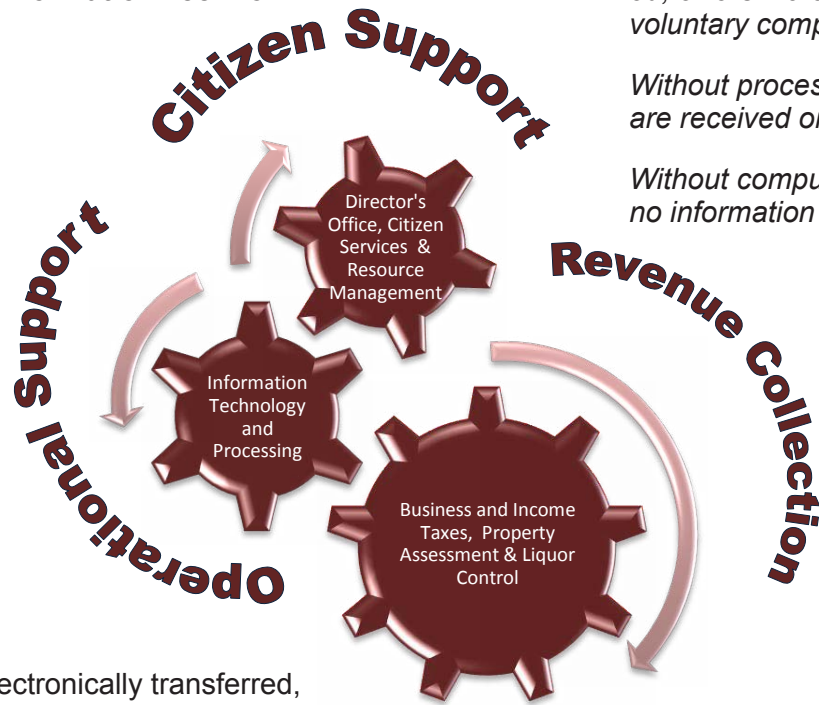
*Without liquor control, there is no safe distribution of controlled substances.*

*Without assessment and valuation, taxes would be based on speculation.*

*Without research, no information is provided to law makers.*

*Without tax audits, compliance is reduced.*

*Without direction, the DOR functions without purpose.*





# TAX STRUCTURE TRENDS

## BIENNIAL REPORT • MONTANA DEPARTMENT OF REVENUE



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## Introduction

The Department of Revenue collects state taxes and values property for state and local property taxes. These taxes provide funding for state and local government programs, local school districts, and the state university system. This section puts the department's tax-related activities in context by giving an overview of state and local government finance in Montana, and by comparing Montana's tax system to other states'.

This section starts with a brief introduction to state and local government finance in Montana. It gives a breakdown of spending by state and local governments in Montana, including school districts, and it shows the sources of funds for that spending. Next, it gives a summary of all the taxes the Department of Revenue collects or administers. This is followed by a history of tax collections, with taxes combined into four broad groups. The section ends with information comparing Montana's state and local taxes to state and local taxes in other states.

## Government Functions and Revenue Sources

Governments provide several types of services to individuals, businesses, and other entities in their jurisdictions. Governments raise the revenue to pay for those services in a variety of ways.

In the United States, private businesses and non-profit groups provide many of the goods and services that people want. Businesses provide goods and services that can be sold to their customers at a profit. Non-profit groups provide goods and services that donors are willing to pay for or volunteers are willing to provide. Governments provide other services that lawmakers have concluded their constituents want and are willing to pay for. Governments provide services, like police and fire protection, that benefit the entire community rather than just individuals. Governments also provide services like road systems, where the costs of charging individual users and excluding those who don't pay are prohibitive. In other cases, governments provide services like sewer systems, where benefits - in this case public health - are obtained only if everyone participates. In some cases, governments provide services like public education to ensure that they are provided equally to those who could and could not afford them on their own.

Governments pay for these services by raising revenue in several ways: they collect taxes, they charge fees, they earn interest, they sell property, and they receive transfers from other governments.

- Taxes are payments to a government that are not made in exchange for any particular good or service. Examples are income taxes and property taxes. The amount of the tax generally depends on characteristics of the taxpayer, such as the taxpayer's income or the value of the taxpayer's property. Tax revenue may be earmarked for specific uses or deposited in the government's general fund.
- Fees are payments that are made in exchange for particular goods or services. Tuition at a state college and charges for filing legal docu-

ments are fees. The amount of the fee generally depends on the service received, not on the taxpayer. Some payments, such as for vehicle licenses, could be considered either taxes or fees.

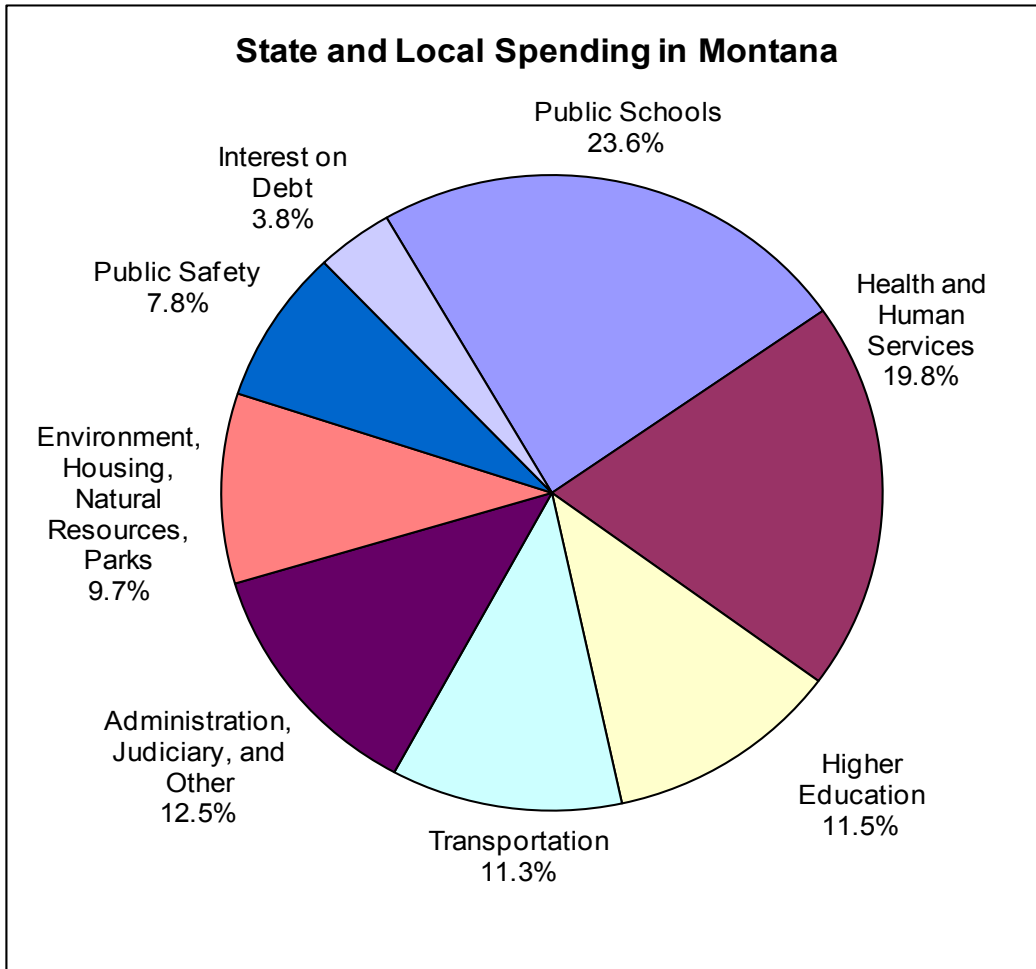
- Governments also receive revenue from normal business transactions. For example, governments earn interest on investments and sell surplus property. Local governments operate utilities that may sell water, electricity, or natural gas.
- State and local governments also receive inter-governmental transfers from the federal government, and local governments receive transfers from state governments. These transfers include federal payments to states for Medicaid and state support for local school districts. In Montana, transfers include the HB124 entitlement share payments to local governments, which replace local taxes brought to the state beginning in 2001.

## State and Local Spending

The chart on the following page shows the percentage of state and local spending in Montana in each of eight general categories for the fiscal year ending June 30, 2008.<sup>1</sup> Education, including public schools and the university system, accounted for a little more than one-third of total spending. Health and human services accounted for about one-fifth of total spending. This includes Medicaid, public health programs, and income support programs. Other categories account for smaller shares of total spending.

A little more than half of total state and local government spending occurs at the state level, and a little less than half at the local level. The table at the bottom of the next page shows the breakdown for fiscal year 2008. It shows direct spending to provide government services, and excludes state transfers of funds to local governments and school districts.

<sup>1</sup> In this section, information on combined state and local spending and state and local revenue from all sources is from the U.S. Census Bureau's annual survey of state and local governments. This is the only source for combined state and local data that is collected consistently across states. For comparisons between states, it is important to use combined state and local data because taxing and spending are divided between state and local governments differently in different states. The most recent fiscal year for which the Census Bureau has compiled data is 2008. Information on Montana state and local tax collections through fiscal year 2010 is from the state accounting system and Department of Revenue records.



large number of revenue sources, including gambling taxes and motor vehicle license fees, were split between the state and local governments. HB 124, passed by the 2001 Legislature, moved collection of almost all these taxes and fees to the state and replaced the local revenue with formula-based Entitlement Share payments.

The transfers to school districts include direct state payments for education along with school districts' shares of state-collected taxes and Entitlement Share payments.

Direct spending for public schools is primarily local. It accounts for almost half of local spending but is a very small share of state spending. Higher education spending is almost all at the state level, accounting for about 11.5% of state spending. Health and human services spending is primarily at the state level, accounting for 23% of state spending and 7% of local spending. Spending on

The next two charts on the following page show state and local spending separately. The left-hand chart shows state spending, including transfers to local governments and school districts as well as direct spending. The right-hand chart shows local spending.

other functions occurs at both levels.

Almost one-quarter of state spending is transfers to local governments and school districts.

The transfers to local governments include the local share of state-collected taxes, primarily the oil and gas production tax, and Entitlement Share payments.

The local share of oil and gas tax was originally a local tax. In the 1990s, the legislature combined state and local taxes on oil and gas production into a single state-collected tax with revenue split between the state and local taxing jurisdictions. Before 2001, a

### State and Local Revenue

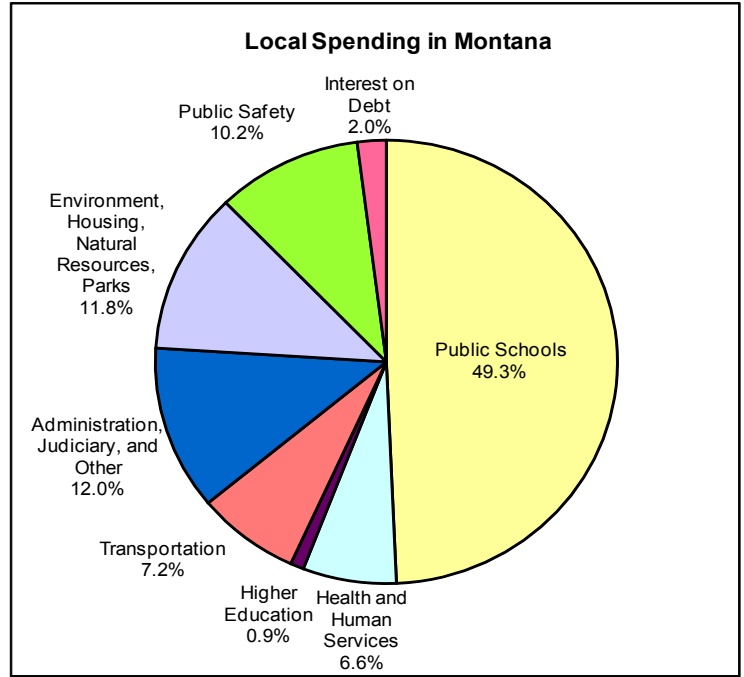
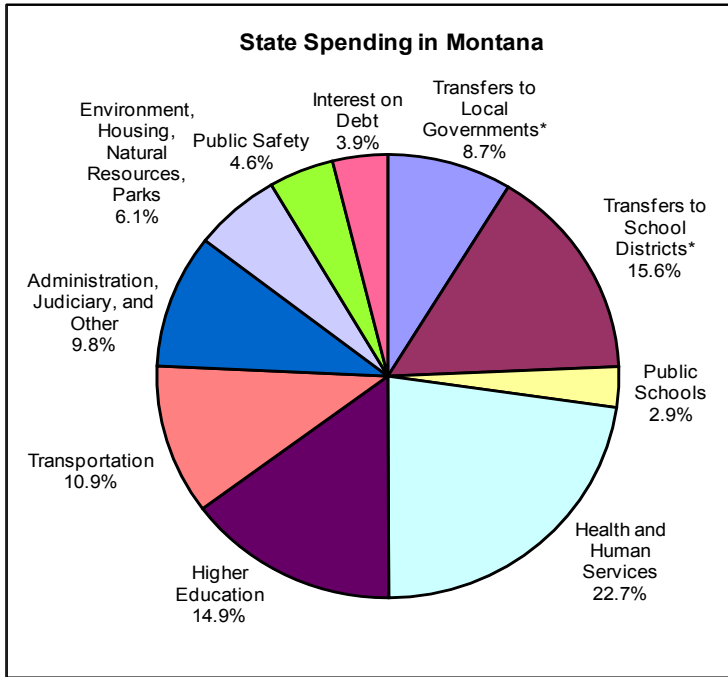
Two charts on the bottom of the next page show the sources of funds to pay for state and local spending. The bottom left-hand chart shows state government revenue, and the bottom right-hand chart shows revenue for local governments and school districts.

Taxes are the largest source of state revenue, but are a

State and Local Government Direct Expenditures on Government Services, FY 2008 (Excludes Local Government Utilities and State Liquor Enterprises)		
	\$ Million	% of Total
State Direct Expenditures (Excludes Transfers to Local Governments and School Districts)	\$4,105	57%
Local Expenditures	\$3,154	43%
<b>Total</b>	<b>\$7,250</b>	



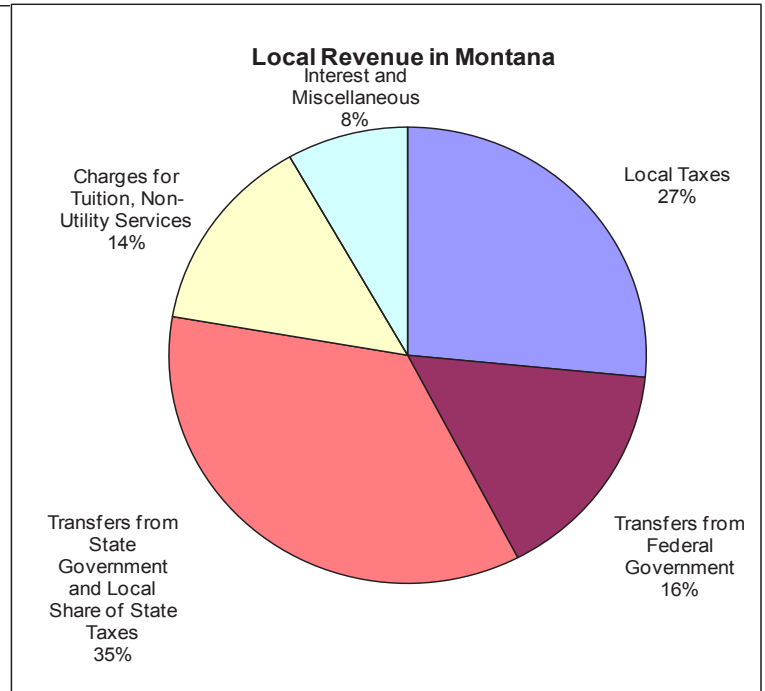
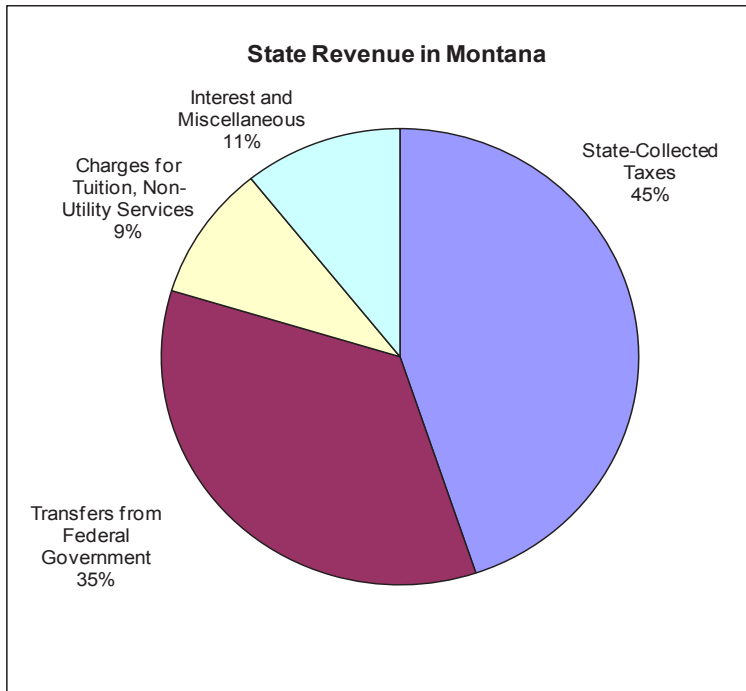
# State and Local Government Finance in Montana



little less than half the total. Transfers from the federal government are 35% of state revenue. This includes federal funding for Medicaid and other state programs and federal education funds that are passed on to school districts. Charges and fees make up 9% of state revenue. Four-fifths of the charges and fees are university system tuition and fees. This category also includes income from state lands. Interest earnings on trust funds and other state accounts are about 5% of state revenue, and about 6% is from miscellaneous sources.

Transfers from the state and federal government, including the local share of state-collected taxes, are slightly more than half of local revenue. Local taxes are a little more than one-fourth of local revenue. Charges for local services make up 14% of local revenue. Revenue from miscellaneous sources, including interest, account for the remaining 8%.

The chart below shows combined state and local revenue, with taxes broken down into five categories. With state and local governments and school districts all



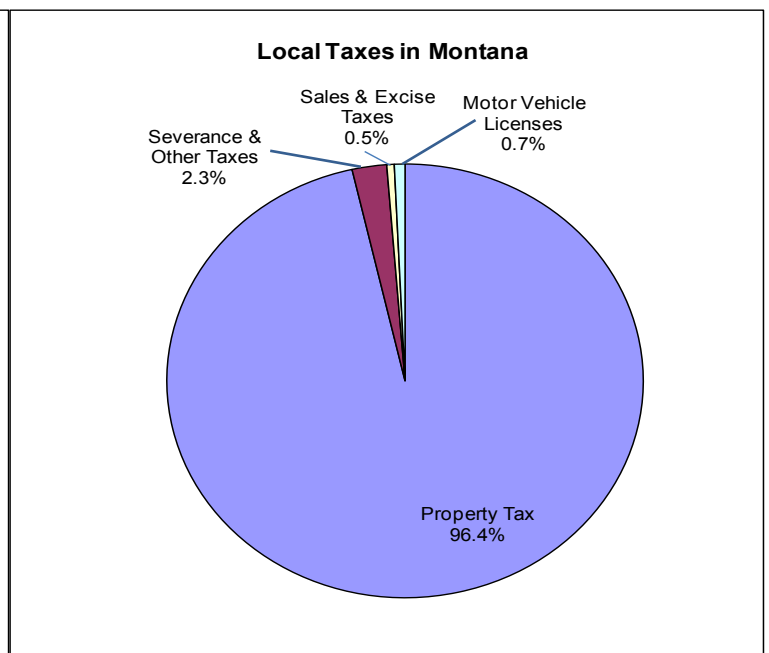
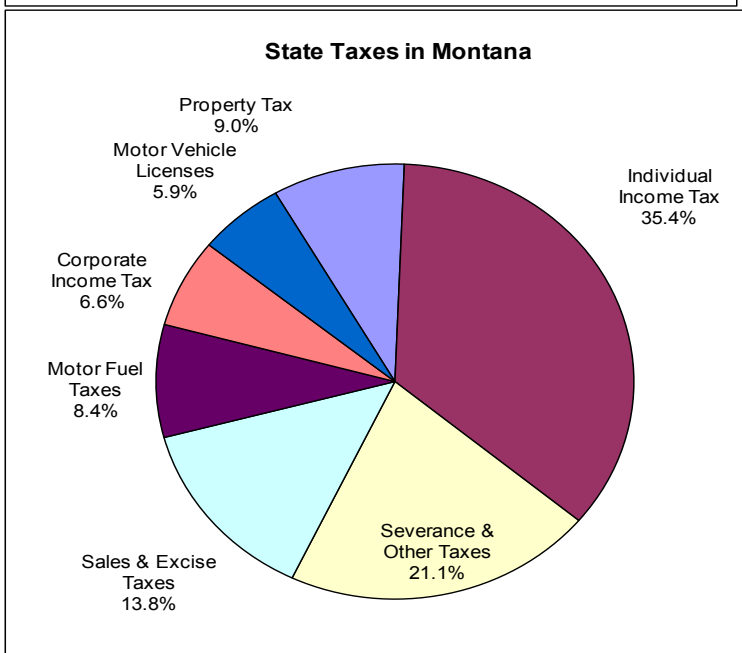
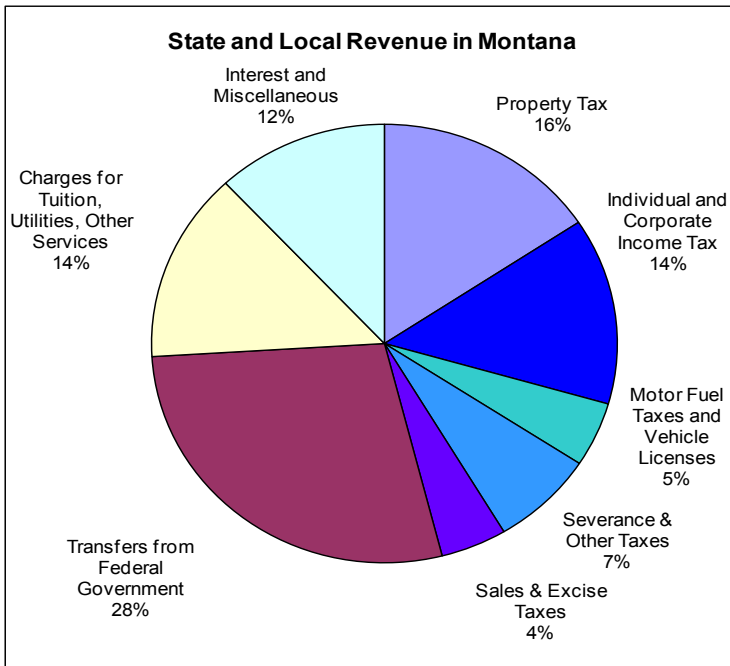
combined, transfers from the state to local governments and school districts cancel out. State and local government taxes are 46% of revenue, and transfers from the federal government are 28%. Charges for tuition and other services are 14% of state and local revenue, and interest earnings and miscellaneous are 12%.

## State and Local Taxes

The two pie graphs on the bottom of the page show state and local tax revenue.

The state collects a wide variety of taxes. The largest source of state tax revenue is the individual income tax. The second largest category is severance and other taxes. The oil and gas production tax is about two-thirds of this category, with the remainder composed of mining taxes and other miscellaneous taxes. While it is collected at the state level, about half of the oil and gas tax is distributed to local governments and school districts. Montana does not have a general sales tax, but selective sales taxes account for about 14% of state tax revenue. State-wide property taxes are earmarked for public schools and the university system. Revenue from the 95 mills levied for schools is deposited in the state general fund, where it covers about one-third of state funds transferred to school districts. Motor fuel taxes are earmarked for the highway system and a few, small, related uses.

Local government and school district tax collections come almost entirely from property taxes. The coal gross proceeds tax, which is the locally collected severance tax, was originally a property tax, but the legislature changed it to a flat rate tax on the value of production in 1975 so that all mines would pay the same rate. Local option sales taxes collected by resort communities and local option vehicle taxes are each less than 1% of local tax collections.



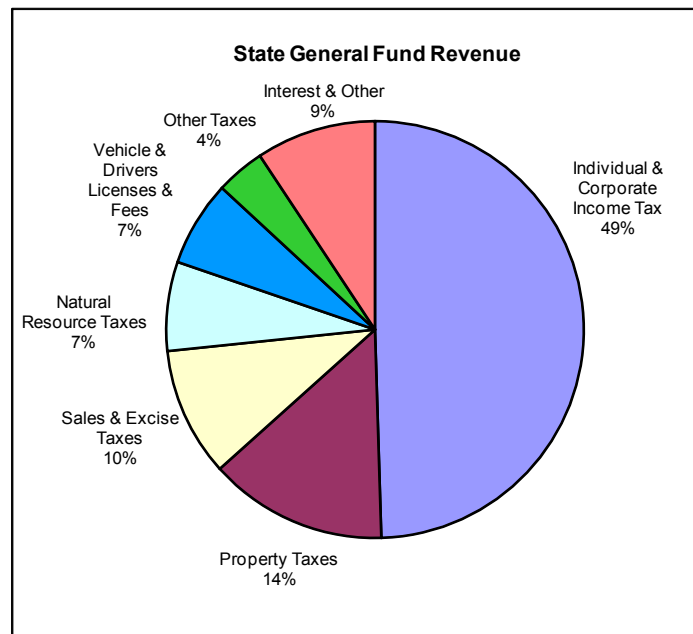
# State and Local Government Finance in Montana

The following table shows how each type of tax was allocated between state and local governments in the fiscal year ending June 30, 2010. For the state share, it shows the allocation between the state general fund and earmarked uses. Each column shows the allocation of one type of tax. The bottom row shows the percentage of total state and local tax revenue from each type of tax. The rest of each column shows the percentage of

collections of each type of tax that went to local governments, school districts, the state general fund, and various earmarked state funds in fiscal year 2008.

For taxes that are collected by the state, the table shows the share that is distributed to local governments and school districts. However, it does not reflect the fact that half of revenue going into the state general fund is distributed to local governments and school districts.

Allocation of Montana State and Local Taxes, FY 2010							
	<u>Property Tax</u>	<u>Individual Income Tax</u>	<u>Severance &amp; Other Taxes</u>	<u>Sales &amp; Excise Taxes</u>	<u>Motor Fuel Taxes</u>	<u>Corporate Income Tax</u>	<u>Motor Vehicle Licenses</u>
<b>Local</b>							
Governments & Special Districts	39.7%	-	18.6%	0.9%	-	-	-
Schools	40.5%	-	20.9%	-	-	-	-
<b>State</b>							
General Fund	18.5%	100.0%	41.9%	47.6%	-	100.0%	74.0%
University System	1.2%	-	1.0%	1.0%	-	-	-
Health & Human Services	-	-	-	20.7%	-	-	-
Regulation & Agency Operations	-	-	1.2%	12.4%	-	-	3.1%
Public Safety	-	-	1.3%	3.1%	*	-	*
Transportation	-	-	-	0.1%	96.8%	-	20.4%
Environment	-	-	3.9%	0.6%	3.2%	-	-
State Buildings	-	-	2.1%	0.4%	-	-	-
Trust Funds (inc. Retirement)	-	-	9.1%	0.3%	-	-	0.2%
Parks, Recreation, Tourism	-	-	-	13.0%	-	-	2.3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
* less than 0.1%							
<b>% of Total from Each Tax</b>	<b>39.0%</b>	<b>15.2%</b>	<b>6.6%</b>	<b>4.6%</b>	<b>23.2%</b>	<b>8.3%</b>	<b>2.9%</b>



## Department of Revenue Tax Collections

The table on the following page shows Department of Revenue collections of state taxes for fiscal years 2004 through 2010. For taxes where revenue is split between the state and local governments, this table shows only the state share. Details on each tax can be found in later sections of this report.

The Department of Revenue collects about 80% of state tax revenue. Other agencies that collect at least 1% of state tax revenue are the Department of Transportation (motor fuel taxes), the State Auditor's Office (insurance taxes), and the Department of Justice (gambling taxes).

# Department of Revenue Tax Collections

## Department of Revenue State Collections - Fiscal Years 2004 - 2010

	2004	2005	2006	2007	2008	2009	2010
<b>Individual Income Tax</b>							
Income Tax Withheld	\$ 457,863,199	\$ 484,094,505	\$ 542,603,278	\$ 596,403,244	\$ 657,958,558	\$ 646,910,709	\$ 644,991,064
Income Tax All Other	147,485,222	228,186,110	226,308,655	230,692,059	208,679,564	168,227,484	72,843,307
Subtotal	605,348,421	712,280,615	768,911,933	827,095,302	866,638,122	815,138,193	717,834,371
<b>Corporation License Tax</b>							
	67,722,940	98,213,717	153,675,069	177,503,707	160,341,787	166,357,514	87,906,411
<b>Natural Resources Taxes (State Portion)</b>							
Bentonite Tax	-	-	567,604	466,602	626,262	532,575	267,113
Coal Severance Tax	31,544,681	37,634,510	35,821,524	40,758,738	45,331,870	49,564,120	44,529,619
Oil and Gas Production Tax	47,712,085	73,748,303	107,271,911	109,507,727	169,447,392	113,398,654	107,641,181
Resource Indemnity Trust Tax	1,250,528	1,436,378	1,456,411	1,646,917	1,925,990	2,053,954	1,711,844
Metalliferous Mines License Tax	5,572,192	9,076,338	9,266,468	11,830,809	14,176,634	7,885,424	8,606,371
Subtotal	86,079,486	121,895,529	154,383,918	164,210,793	230,881,886	172,902,152	162,489,015
<b>Other Taxes, Licenses and Services</b>							
Cigarette Tax	41,582,823	54,765,356	80,180,236	83,380,418	83,882,748	79,905,894	77,071,487
Telecommunications Excise Tax	20,890,336	21,144,420	21,208,947	21,065,843	22,350,323	22,250,383	23,523,474
Telephone Company License Tax	28,634	31,657	16,594	-	-	-	-
Lodging/Facility Use Tax	13,573,172	14,441,179	15,018,113	17,906,542	18,562,141	17,103,638	17,132,174
Inheritance/Estate Tax (Net)	11,431,103	4,190,613	1,773,169	838,865	122,148	217,097	90,544
Sales Tax - Accommodations	9,278,658	10,200,914	10,679,216	12,916,075	13,389,534	12,477,461	12,330,846
Nursing Facility Bed Tax	9,158,829	10,780,189	13,752,750	16,196,108	15,868,028	15,308,973	14,928,685
Hospital Utilization Fee	7,427,903	8,757,918	11,179,325	12,559,877	16,671,570	19,582,981	21,290,112
Emergency Telephone 911 System	5,388,386	5,733,140	6,427,739	5,960,166	12,986,143	13,249,845	13,801,647
Electrical/Energy Production Tax	4,660,529	4,074,409	4,644,508	4,564,404	5,179,013	4,824,659	4,713,429
Abandoned Property	3,858,292	4,610,094	4,464,456	4,474,991	5,858,281	4,541,077	12,491,906
Tobacco Products Tax	3,625,893	6,452,429	9,118,757	9,810,138	9,872,434	10,479,063	11,210,117
Wholesale Energy Transaction Tax	3,292,659	3,370,263	3,813,495	3,651,024	3,856,112	3,864,771	3,556,056
Public Service Commission Tax	2,875,741	3,050,213	3,005,151	2,619,321	3,520,803	3,521,894	2,493,209
Sales Tax - Rental Vehicles Tax	2,485,989	2,565,554	2,755,072	2,976,235	3,157,239	2,904,340	2,807,415
Contractor's Gross Receipts Tax	2,120,485	1,410,831	4,274,649	5,566,958	5,062,659	5,929,999	6,969,395
Rail Car Tax	1,567,868	1,604,005	1,667,441	1,614,509	2,063,981	2,099,454	2,579,263
Consumer Counsel Tax	1,303,597	1,860,324	1,070,664	806,829	1,696,840	1,355,530	530,981
TDD Telecommunications Service Fee	1,086,929	1,147,153	1,185,297	1,259,944	1,320,796	1,389,821	1,361,947
Intermediate Care Utilization Fee	863,036	821,923	897,227	877,482	890,691	907,764	913,971
Other Taxes and Licenses	145,992	172,971	177,879	159,418	173,384	148,865	120,069
Subtotal	146,646,855	161,185,556	197,310,684	209,205,146	226,484,868	222,063,508	229,916,727
<b>Liquor Taxes, Profits, and Licenses</b>							
Liquor Profits and License Fees (to GF)	7,234,101	7,081,146	7,755,976	8,636,316	10,182,218	7,649,280	9,322,967
Liquor, Beer, and Wine Taxes	20,570,293	21,737,695	23,575,420	25,692,343	27,187,202	24,326,002	28,196,405
Subtotal	27,804,395	28,818,841	31,331,396	34,328,659	37,369,419	31,975,283	37,519,372
<b>TOTAL COLLECTIONS</b>	<b>\$ 933,602,096</b>	<b>\$ 1,122,394,258</b>	<b>\$ 1,305,613,000</b>	<b>\$ 1,412,343,608</b>	<b>\$ 1,521,716,082</b>	<b>\$ 1,408,436,650</b>	<b>\$ 1,235,665,896</b>

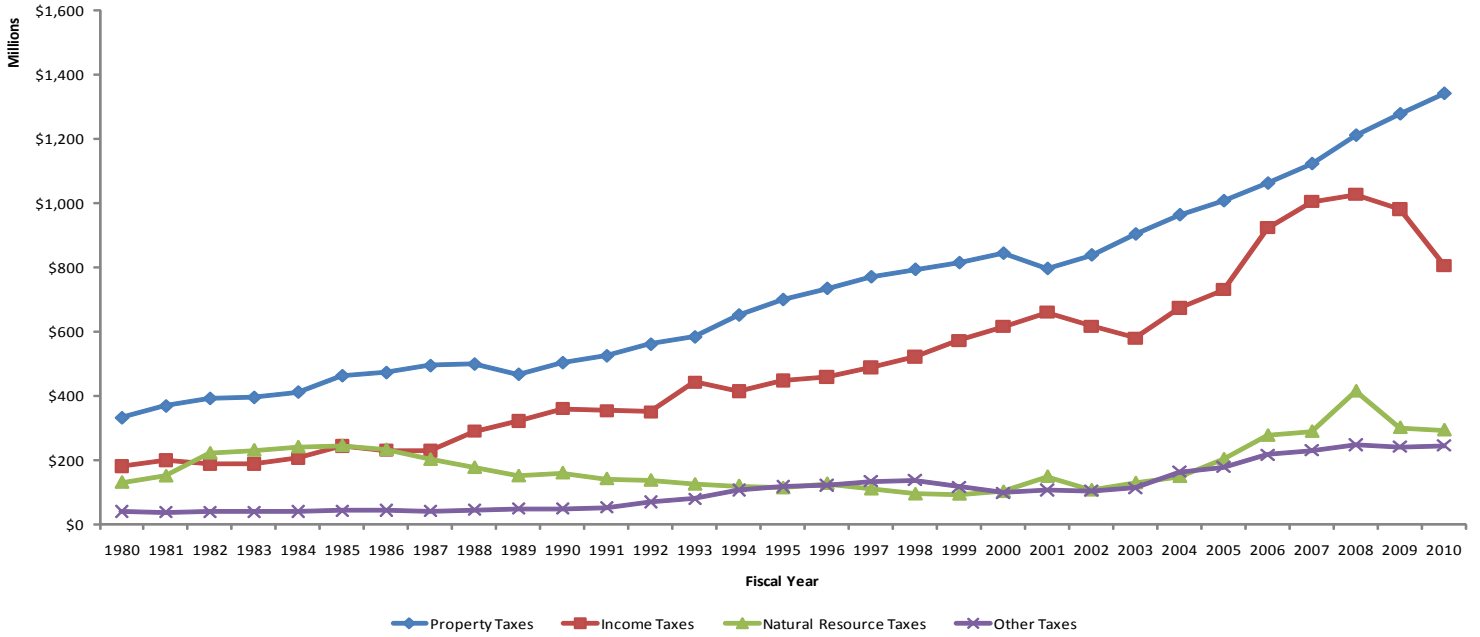
## Montana Tax Trends

The two graphs on the following page show total collections of taxes, divided into four categories, for fiscal years 1980 through 2010. The first shows the actual amount of collections each year. The second shows collections adjusted for inflation, with each year's collections shown in terms of their value in 2010.

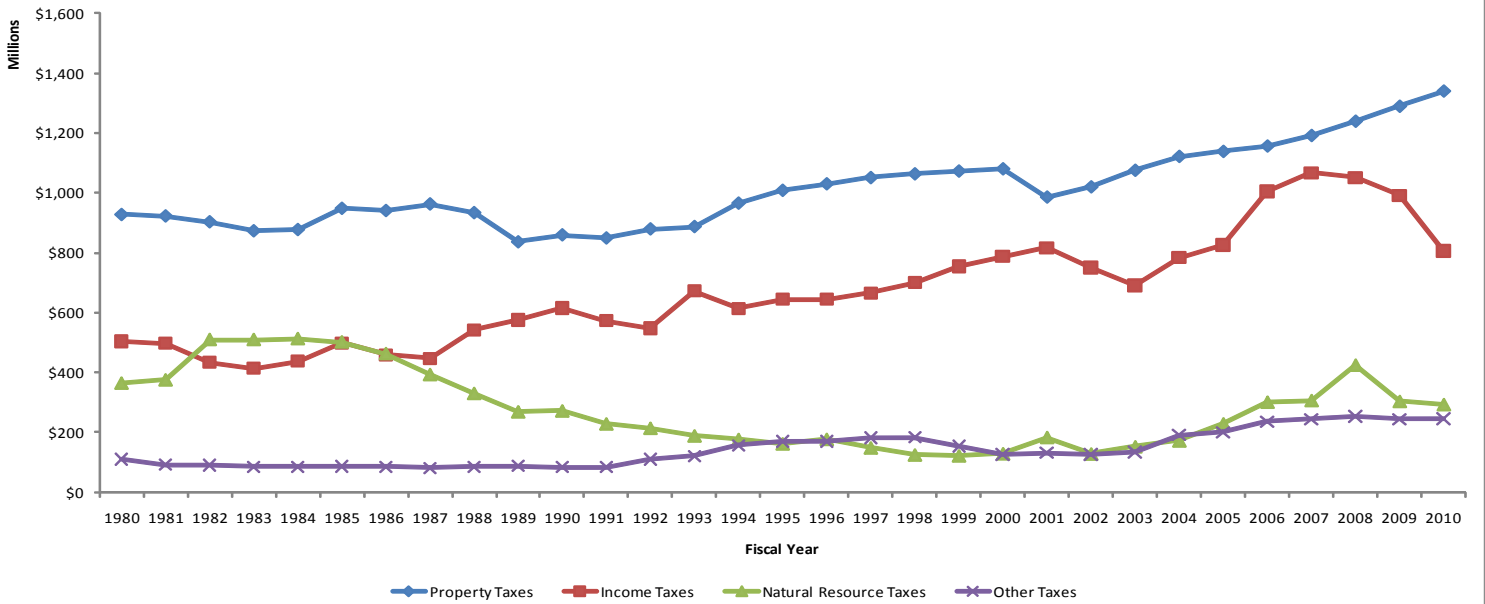
The four categories are:

<p>Property Taxes</p> <ul style="list-style-type: none"> <li>• Taxes based on mill levies</li> <li>• SID and RID fees</li> <li>• Other fees</li> </ul>	<p>Income Taxes</p> <ul style="list-style-type: none"> <li>• Individual Income Tax</li> <li>• Corporation License Tax</li> </ul>
<p>Natural Resource Taxes</p> <ul style="list-style-type: none"> <li>• Coal Severance Tax</li> <li>• Coal Gross Proceeds Tax</li> <li>• Metal Mines License Tax</li> <li>• Metal Mines Gross Proceeds Tax</li> </ul>	<ul style="list-style-type: none"> <li>• Miscellaneous Mines Net Proceeds Tax</li> <li>• Bentonite Tax</li> <li>• Oil and Natural Gas Production Tax</li> <li>• Resource Indemnity and Groundwater Assessment Tax</li> <li>• Cement and Gypsum Taxes</li> </ul>
<p>Other Taxes</p> <ul style="list-style-type: none"> <li>• Lodging Facility Use Tax</li> <li>• Accommodations Sales Tax</li> <li>• Rental Vehicle Tax</li> <li>• Cigarette Tax</li> <li>• Tobacco Products Tax</li> <li>• Cigarette Seller Licenses</li> <li>• Liquor License Tax</li> <li>• Liquor Excise Tax</li> <li>• Beer Tax</li> <li>• Wine Tax</li> <li>• Alcoholic Beverage License Fees</li> <li>• Telephone Company Tax and Retail Telecommunications Excise Tax</li> </ul>	<ul style="list-style-type: none"> <li>• Emergency Telephone System Fee</li> <li>• TDD Telecommunications Fee</li> <li>• Electrical Energy Producers' License Tax</li> <li>• Wholesale Energy Transaction Tax</li> <li>• Consumer Counsel Tax</li> <li>• Public Service Commission Tax</li> <li>• Unclaimed Property</li> <li>• Public Contractors' Gross Receipts Tax</li> <li>• Inheritance and Estate Taxes</li> <li>• Nursing Facility Bed Tax</li> <li>• Intermediate Care Facility Utilization Fee</li> <li>• Hospital Facility Utilization Fee</li> <li>• Rail Car Tax</li> </ul>

State and Local Taxes in Montana 1980 - 2010  
Four Types of Taxes Reported Separately



State and Local Taxes in Montana 1980 - 2010  
Four Types of Taxes Reported Separately  
Adjusted for Inflation



The charts on the next page show the mix of taxes in fiscal year 2008 for Montana, the average of all fifty states, Idaho, North Dakota, South Dakota, and Wyoming. The charts on the following page show the mix of state and local spending for the same states.

The chart in the upper left corner of the next page shows the average percentage of tax revenue from each type of tax for all states. Property taxes, sales taxes, and individual income taxes together account for 84% of state and local tax revenue. This combination of taxes is often referred to as the “three legged stool” of state and local taxation.

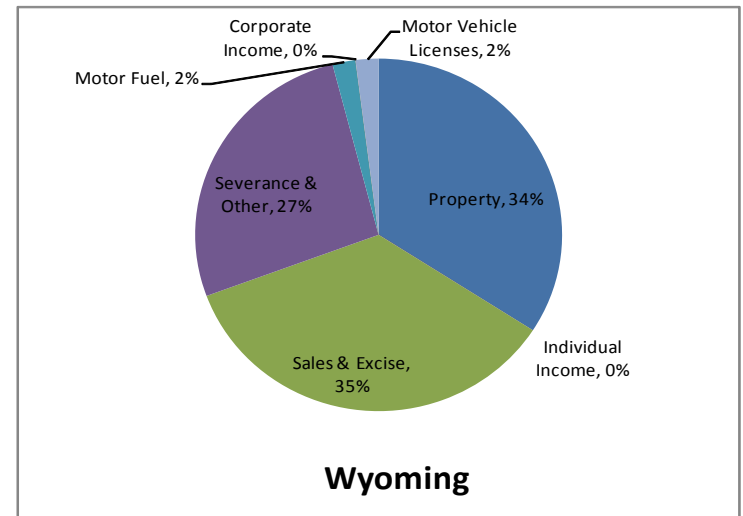
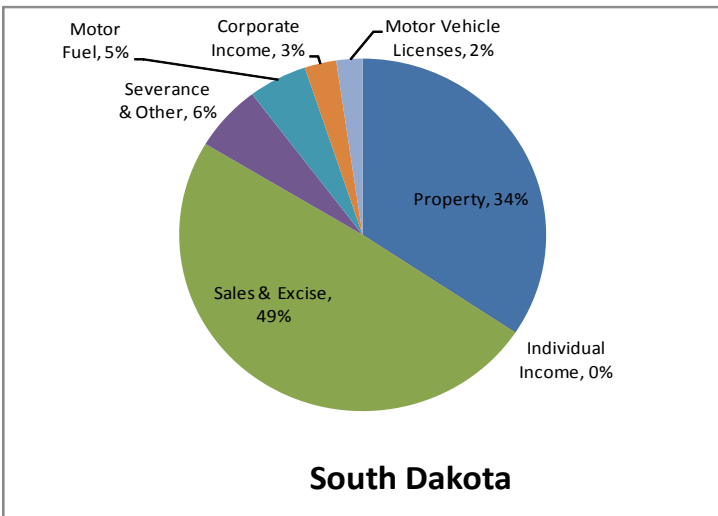
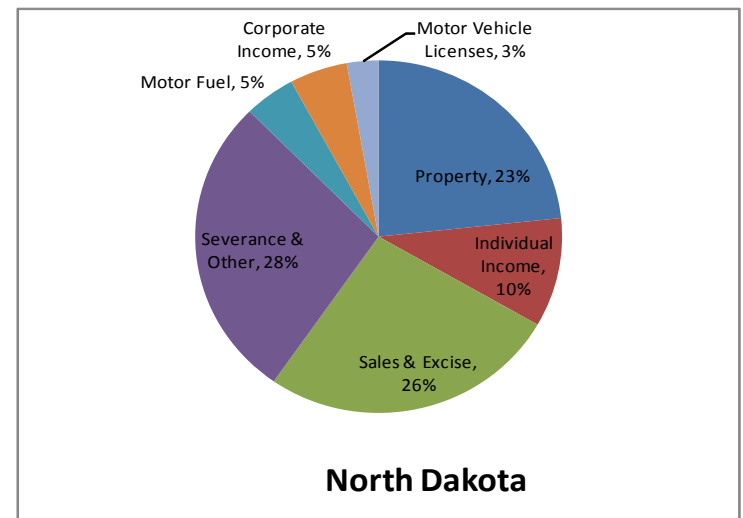
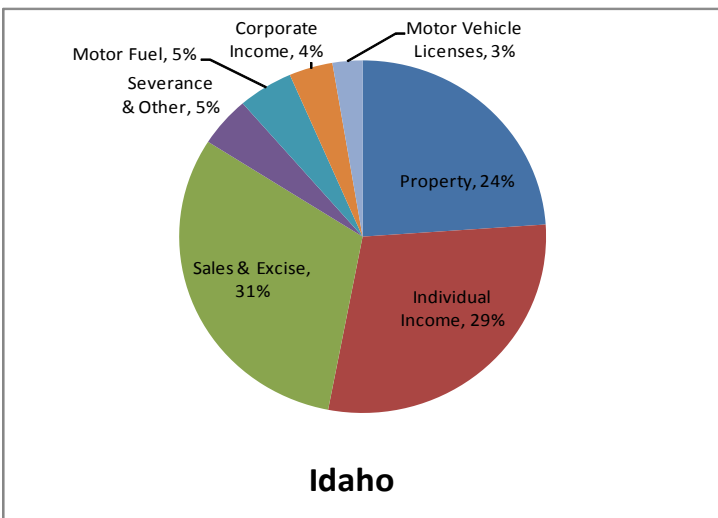
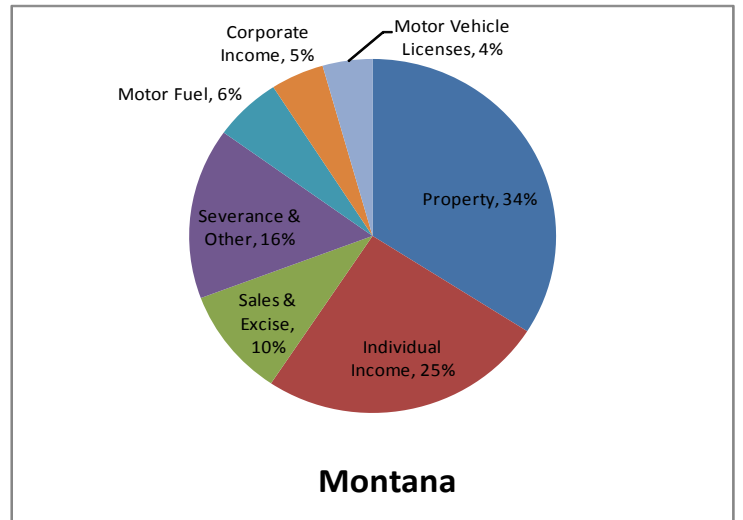
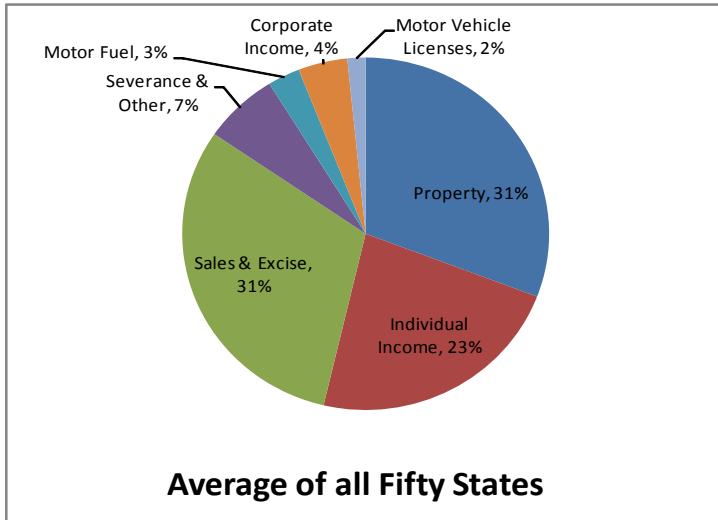
Compared to the average, Montana gets a much smaller share of tax revenue from sales and excise taxes and a somewhat larger share from each of the other types.

Of the four neighboring states, only Idaho looks like the average state. North Dakota receives about average proportions from property taxes and sales taxes but a much smaller than average proportion from the income tax. This is offset by a much higher than average proportion from the severance and other taxes category. South Dakota and Wyoming do not have individual income taxes and Wyoming does not have a corporate income tax. South Dakota compensates by receiving a somewhat higher proportion of tax revenue from property taxes and a much higher proportion from the sales tax. Wyoming receives a much higher-than-average proportion of tax revenue from the severance and other category.

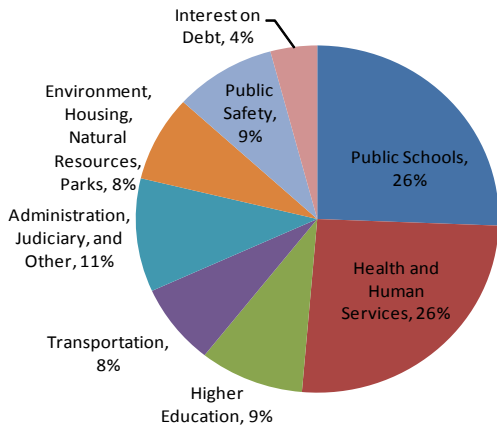
The mix of spending shows much smaller differences between states. All of the states in the region devote a slightly smaller-than-average share of spending to public schools but, except for Wyoming, a larger-than-average share of spending to higher education. Montana and the Dakotas devote a smaller-than-average share of spending to health and human services while Idaho and Wyoming are slightly higher than average. Transportation's share of spending is slightly higher than average in all the states in the region.



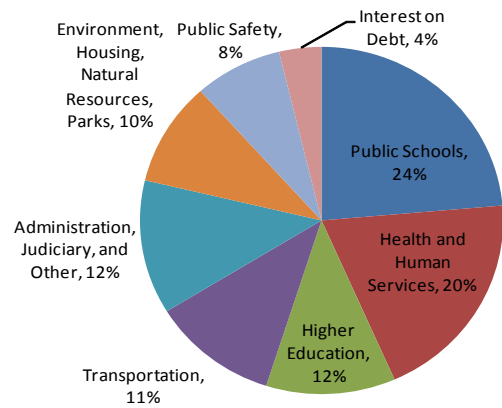
# Mix of Taxes and Spending in Montana and Other States



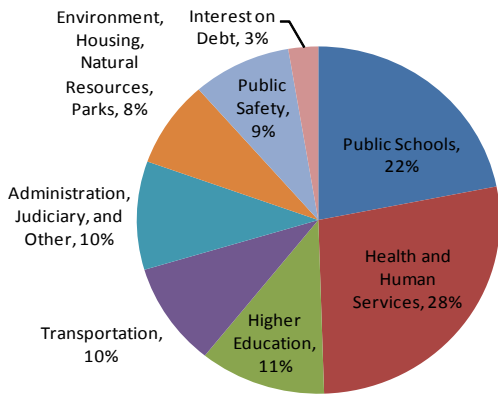
## State and Local Spending in Montana and Surrounding States



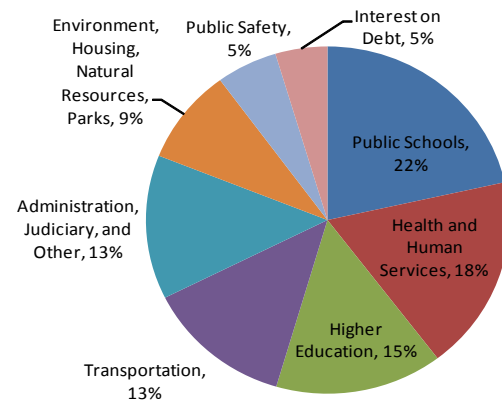
**Average of all Fifty States**



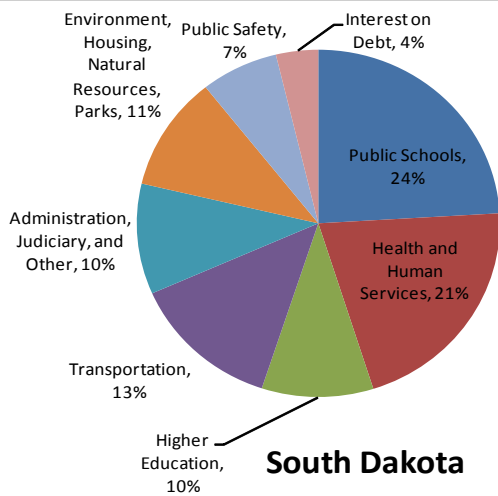
**Montana**



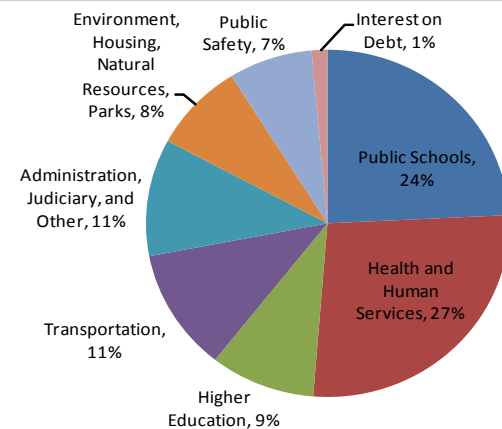
**Idaho**



**North Dakota**



**South Dakota**



**Wyoming**

There are many ways to compare state tax systems, and there is no single best comparison.<sup>2</sup> State taxes affect people and businesses differently, and a tax system that is attractive to one person or business may be unattractive to another. For example, a family with a large mortgage may benefit from itemized deductions for property taxes and home mortgage interest while a family that lives in an apartment would not. A business with a large investment in buildings and fixed equipment may prefer a location with low property taxes even if it has a high sales tax, while a business with few fixed assets but large expenses for supplies may prefer the opposite.

This section presents an analysis of Montana taxes based on the ideas in the National Conference of State Legislatures' (NCSL) *Principles of a High Quality State Revenue System*. The NCSL first published this document in 1992 and has updated it several times since then.<sup>3</sup> The NCSL's nine principles can be paraphrased as follows:

1. The elements are complementary rather than contradictory. Individual state taxes should harmonize with each other, and state and local taxes should complement each other rather than conflict.
2. Revenue should be reliable for both government and taxpayers. Revenue should be adequate to fund state and local government functions, and there should not be wide fluctuations in revenue from one year to the next. Taxpayers should not face frequent and significant changes in tax rates and structures.
3. There should be a balanced mix of revenue sources. All taxes have strengths and weaknesses, and a system with multiple taxes is more likely to be able to offset the weaknesses of one with the strengths of another. Multiple taxes also allow lower rates for individual taxes.
4. The revenue system should be fair. While there

are many disagreements about tax fairness, there are a few widely accepted principles. Taxpayers in similar circumstances should pay similar taxes. The ratio of taxes to income should not fall as income rises. And, taxes on low-income people should be low.

5. Taxes should be easy to understand and easy to comply with.
6. Taxes should be easy to administer in a fair, efficient, and effective manner.
7. A state's taxes should be competitive with taxes in other states and countries while financing a competitive level of infrastructure and public services. Competitiveness should be measured by the state's entire package of taxes and public services, not by the special treatment given to specific groups of taxpayers.
8. A high quality revenue system minimizes its impacts on taxpayer decisions and state budgeting decisions, and any such impacts should be explicit. Tax systems affect taxpayer decisions by imposing higher taxes on some activities than on others. Sometimes this is intentional, as with itemized deductions and targeted tax credits, and sometimes it is an unintended consequence of adopting certain types of taxes. Tax systems affect budgeting decisions primarily through earmarking of particular taxes.
9. A high quality revenue system is accountable to taxpayers. The processes for setting and changing taxes should be public and accessible. Taxpayers should be aware of the taxes they pay, and special provisions of the tax code should be reviewed regularly.

For each of the NCSL's principles, the rest of this section presents information on ways that Montana either conforms to or differs from the principle. Where possible, it

<sup>2</sup> A number of organizations publish state tax comparisons that reflect the particular interests of that organization. For example, The Tax Foundation ([www.taxfoundation.org](http://www.taxfoundation.org)) publishes an annual "State Business Tax Climate Index," The Institute on Taxation and Economic Policy ([www.itepnet.org](http://www.itepnet.org)) periodically publishes "Who Pays? A Distributional Analysis of the Tax Systems in All 50 States," The Council on State Taxation ([www.cost.org](http://www.cost.org)) publishes an annual report "Total State and Local Business Taxes," and the Office of the Chief Financial Officer of the District of Columbia ([cfo.dc.gov](http://cfo.dc.gov)) publishes an annual report "Tax Rates and Tax Burdens in the District of Columbia – A Nationwide Comparison."

<sup>3</sup> The latest version, updated in 2007, can be found on the NCSL website at <http://www.ncsl.org/IssuesResearch/BudgetTax/PrinciplesofaHighQualityStateRevenueSystem/tabid/12673/Default.aspx>.

also compares Montana to the other states.

### Complementary

The Principles document lists several ways that state and local taxes can fail to be complementary: State and local governments may compete for the same tax base, the state may impose spending mandates on local governments, and the state may limit local governments' ability to provide the level of services that citizens want and are willing to pay for.

In Montana, both the state and local governments levy property taxes, so there is some degree of competition for tax base. Property taxes on oil and natural gas, coal, and bentonite have been replaced by taxes with fixed rates. The state collects taxes on oil and gas and bentonite and distributes a share to the counties where minerals were produced. Counties collect the coal gross proceeds tax and send a share to the state. In the past, the state and local governments shared a variety of other taxes, including gambling taxes, vehicle license fees, and the corporation license tax. The 2001 Legislature replaced this with a system where these taxes are paid to the state, and local governments and school districts receive fixed Entitlement Share payments.

The state places restrictions on local spending, but does not mandate specific spending levels. The state places minimum and maximum spending limits on school districts, but also provides direct funding to school districts and subsidizes property taxes for districts with low taxable value per student. The state places a limit on annual property tax revenue growth for each taxing jurisdiction, but allows increases above the limit from voter-approved levies.

The main restriction the state places on local governments is on the type of taxes they can levy. Almost all local tax revenue comes from property taxes. The few jurisdictions that qualify as resort communities or areas can levy a local option sales tax. Counties can levy a local option motor fuel tax of up to \$0.02 per gallon to be used for road construction and maintenance, but none do. Counties can, and do, levy a limited local option tax on motor vehicles.

### Reliable

The Principles document gives three aspects of reliability: revenue does not fluctuate too much, taxpayers are not subject to frequent rate and base changes, and revenue grows at about the same rate as desired spending.

The following graph compares the variability over time of state and local tax revenue across states. It shows states and the District of Columbia ranked by a measure of the relative variability<sup>4</sup> of revenue growth over the period 1993 to 2008. Montana is highlighted in blue, and the four surrounding states have darker shading than other states.

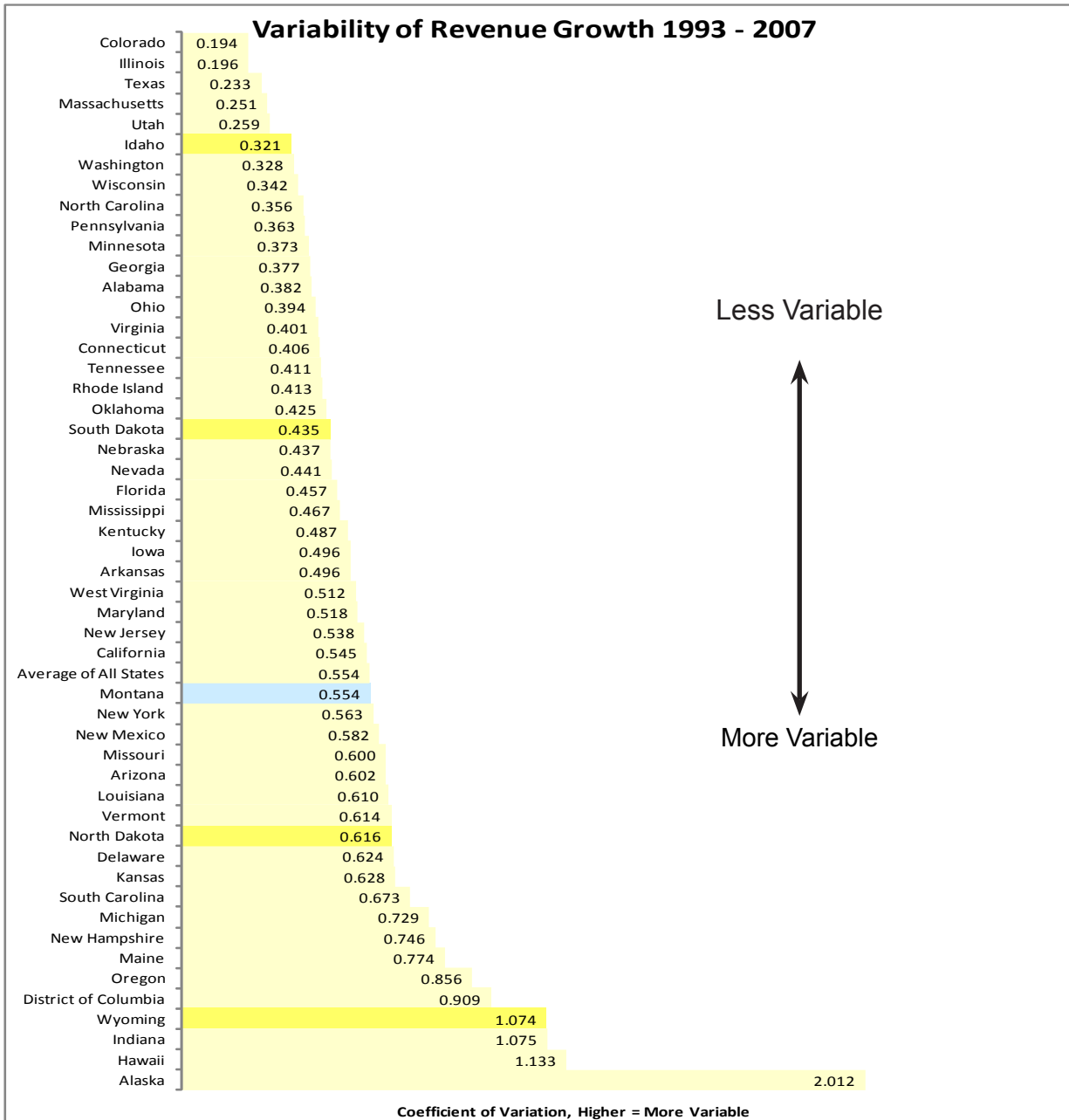
Montana ranks 32nd, with slightly higher-than-average variability. The stability of a state's revenue depends on its tax structure and on how that structure interacts with the state's economy. In general, states with the most volatile taxes tend to have less diverse tax structures and to be more dependent on volatile taxes such as corporation tax and severance taxes.

### Balance

The Principles document states that "All taxes have their advantages and disadvantages, but reliance on a diverse assortment can cancel out their biases." An unbalanced tax system relies on one or two taxes for most of its revenue. The next set of graphs on the following page compare states on their share of taxes from the largest tax type and from the two largest tax types.

The conventional view is that a balanced tax system would get most of its revenue from the "three-legged stool" of income, property, and sales taxes, but balance can be achieved in other ways. Despite not having a general sales tax, Montana has one of the more balanced tax systems, as measured by the percent of revenue from one or two taxes, with 34% from one tax and 64% from two taxes. For Montana, selective sales and excise taxes and severance taxes together make up about the same share of revenue as general sales taxes do for other states

<sup>4</sup> The coefficient of variation is a measure of relative variability. A higher CV indicates that the variation in annual growth rates is a larger percentage of the average growth rate.



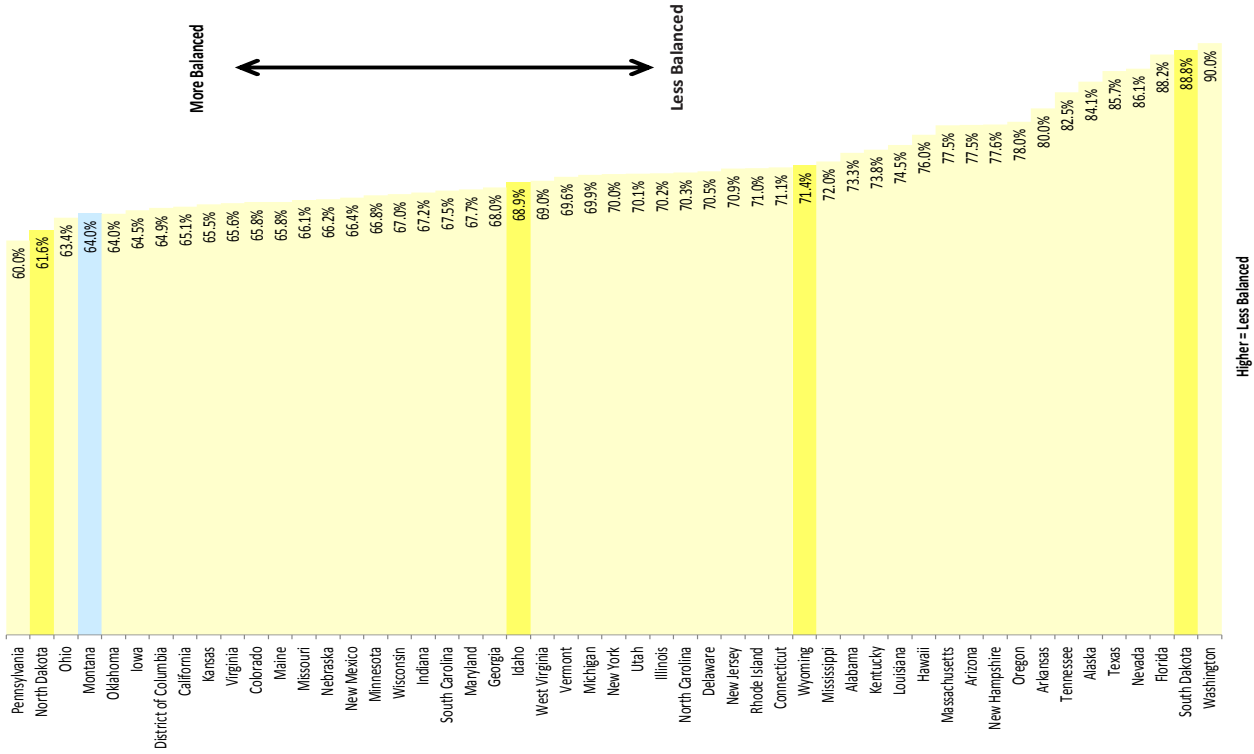
## Equity

The Principles document recognizes that views on equity differ, but gives three minimal principles of tax equity: taxpayers in similar circumstances should pay similar taxes, regressivity should be minimized, and

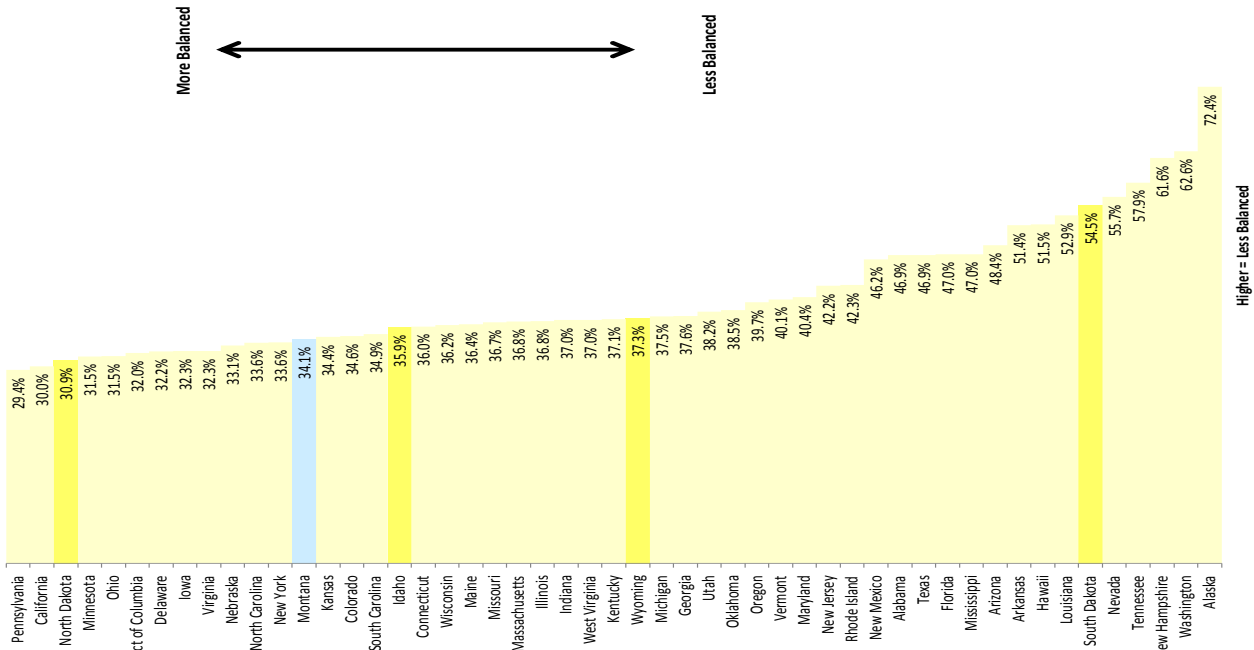
taxes on low-income individuals should be minimized. A tax system is defined to be proportional if the ratio of taxes to income is the same for taxpayers with different income. It is progressive if the ratio of taxes to income is higher for taxpayers with higher incomes and regressive if the ratio of taxes to income is lower for taxpayers with higher incomes.

# Comparison of State Taxes

Percent of Revenue From Two Taxes



Percent of Revenue From One Tax



## Comparison of State Taxes

The graph to the right illustrates these concepts. The red line shows a proportional tax system, where taxes are the same proportion of income at all income levels. The blue line shows a progressive tax system, where taxpayers with *higher* incomes pay a higher percentage of their income in taxes. The green line shows a regressive tax system, where taxpayers with *lower* incomes pay a higher percentage of their income in taxes.

The graph on the left side of the next page shows a measure of progressivity or regressivity, the Suits index, for each of the fifty states and the District of Columbia.<sup>5</sup> The Suits index is positive for a progressive tax system, zero for a proportional tax system, and negative for a regressive tax system. A larger negative number indicates a more regressive tax system.

As the graph shows, all state tax systems are regressive – taxpayers with higher incomes pay a smaller portion of their income in taxes. While state income taxes often are progressive, in all states except Delaware, property and sales taxes together generate more revenue than the income tax.

Property taxes are regressive because while higher-income earners typically have more expensive houses, taxpayers' personal real estate holdings generally do not increase proportionally with their income. Taxpayers with higher incomes are more likely to own business property, but property taxes, like other costs, generally are passed along to customers.

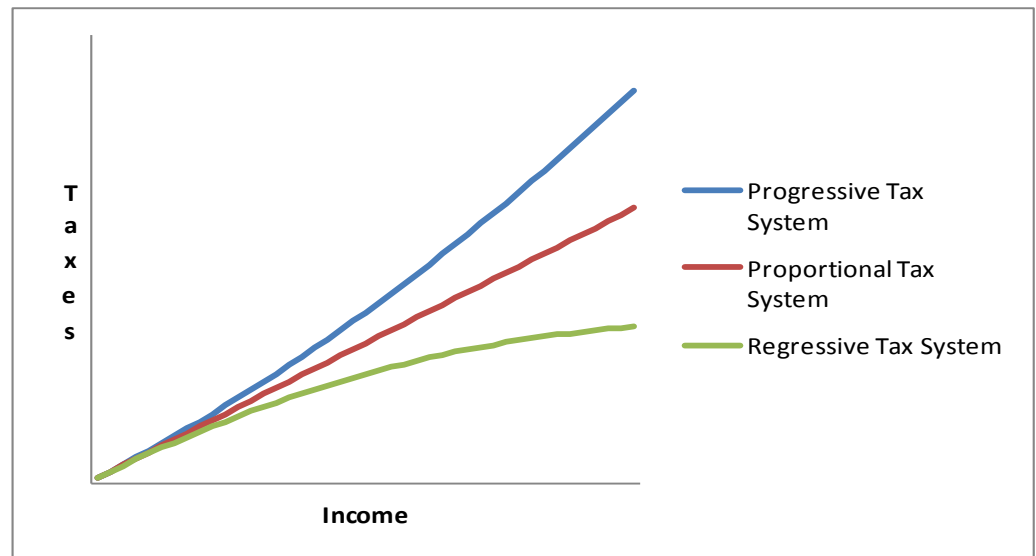
Sales taxes generally are regressive because services and other non-taxable purchases make up a larger percentage of higher-income taxpayers' spending and because higher-income taxpayers typically spend a smaller fraction of their income. Higher-income taxpayers are more likely to be accumulating wealth, i.e. saving, both in any year and over their lifetimes.

Montana has one of the less regressive tax systems as measured by the Suits index.

The right-hand graph on the next page compares the

percentage of income going to state and local taxes for the lowest quintile of taxpayers in terms of income to the percentage for all taxpayers. The number for a state is less than one if low-income taxpayers pay a smaller share of their income in state and local taxes than taxpayers as a whole. It is more than one if low-income taxpayers pay a larger share of their income in state and local taxes.

Montana low-income taxpayers pay 1.14 times as much a share of their income in state and local taxes as taxpayers as a whole. This is one of the lower ratios, and



well below the national average of 1.46. There are four states where the ratio is 1 or less. The seven states with no income tax have the highest ratios, with low income taxpayers paying at least twice as much a share of their income in state and local taxes in six of the seven.

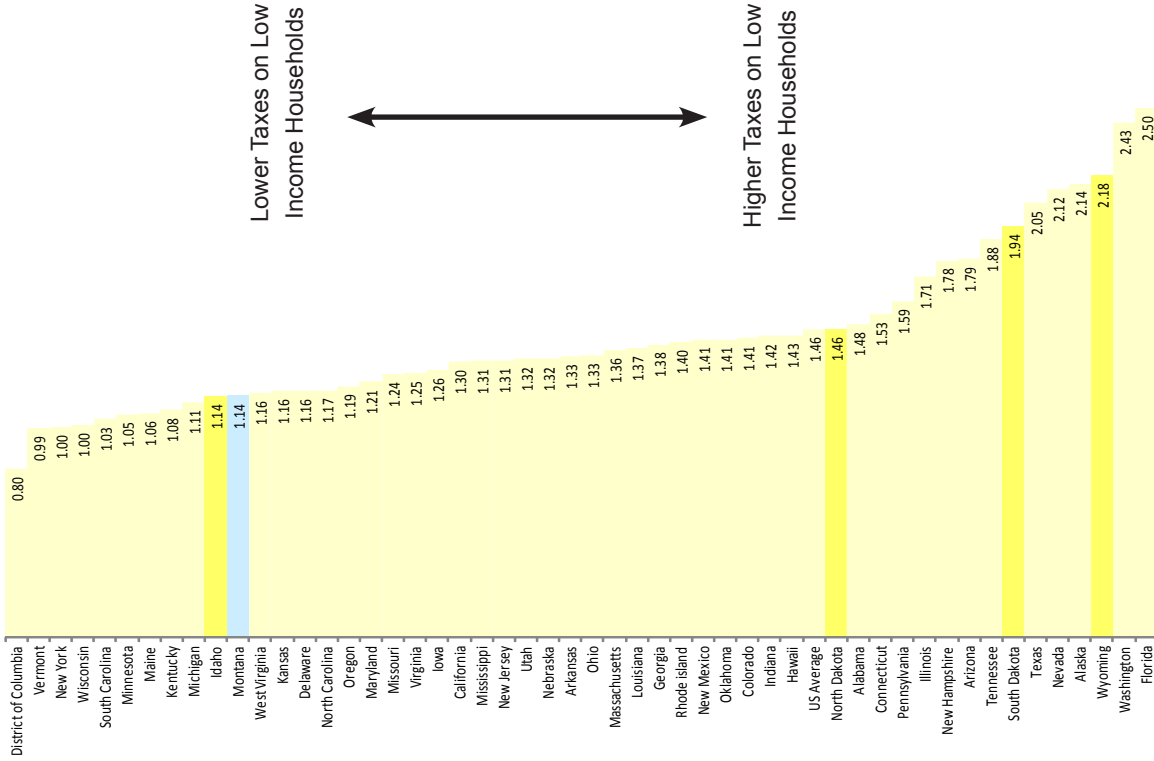
### Simplicity

Two of the principles relate to the simplicity or complexity of a tax system: It should be easy for taxpayers to understand and comply with, and it should be easy to administer.

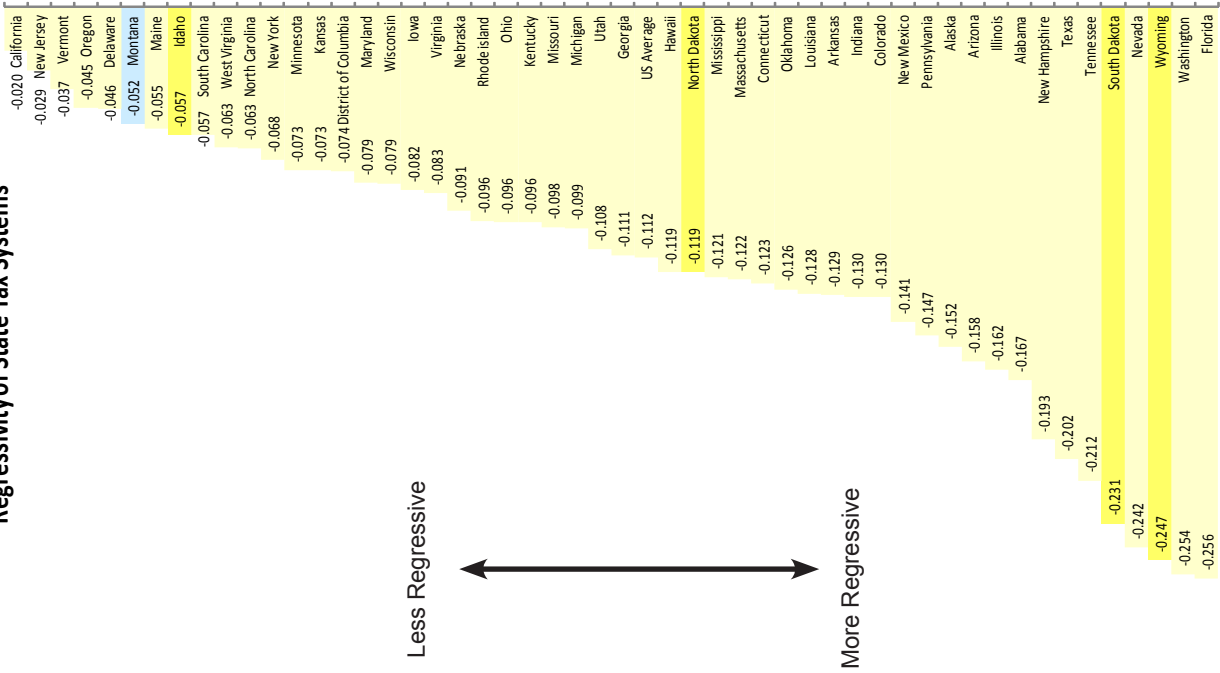
Rather than try to give a single measure of simplicity, this section explains how Montana compares to other states on a tax by tax basis. Overall, Montana's tax system may be simpler than many states because it does

<sup>5</sup> Both are calculated from information in Carl Davis, Kelly Davis, Matthew Gardner, Robert S. McIntyre, Jeff McLynch, and Alla Sapozhnikova, *Who Pays: A Distributional Analysis of the Tax Systems in All 50 States*, 3rd ed., Institute on Taxation & Economic Policy, 2009.

## Taxes as Percent of Income Low Income Households Compared to All Households



## Regressivity of State Tax Systems





not include a general sales tax. On the other hand, Montana's property and income tax systems are both more complex than most states'.

A tax system may be complex because its basic structure is complicated or because it has many special provisions. At its simplest, any tax just equals a tax rate multiplied by a tax base. A tax may become complex by having multiple rates applied to different parts of the base. Examples of multiple rates include the tiered rates in a typical income tax system, different assessment ratios for different classes of property in a property tax system, and different rates for different types of purchases subject to a sales or gross receipts tax. A tax may become complex by having a complicated base. A tax base may be conceptually simple, such as "property" or "income," but many tax bases are complicated in practice, with detailed definitions of what is included and excluded. States that have a sales tax make some very fine distinctions between taxable and exempt sales. For example, a bottle of liquid may be exempt bottled water if it is flavored with a fruit extract but has no sweeteners, a taxable soft drink if it is flavored with fruit juice containing sugar, and exempt juice if it is more than half fruit juice.<sup>6</sup> Most state definitions of taxable property and income are detailed lists of types of property and income that are taxable and those that are exempt. Itemized deductions allowed by most income tax systems reduce a taxpayer's taxable income based primarily on how the taxpayer spent their income rather than on how they earned it. Credits, which may be part of any type of tax, reduce a taxpayer's tax based on an action or characteristic of the taxpayer that may or may not be related to what is being taxed. For example, the federal government has an Earned Income Credit, which is based on the taxpayer's income, and a Child Credit, which is not.

### *No Sales Tax*

Sales taxes are paid by buyers, but are collected by sellers on behalf of the state or local government imposing the tax. Compliance is simple for the ultimate taxpayers, who simply pay it as part of the bill for any taxable purchase. Sales taxes can be complex for sellers. They have to determine which items are taxable and which are exempt. When a merchant makes a sale for delivery to another jurisdiction, the buyer owes tax to their jurisdiction. The seller may or may not have a legal obligation to collect the tax. If not, the buyer has a legal

obligation to pay, but often ignores or is not aware of this obligation. A merchant who collects tax for multiple jurisdictions must know the tax rate and which sales are taxable in each.

Montana does not have a general sales tax. This, in itself, makes Montana's tax system simpler than the systems in states that do. Montana does have selective sales and excises taxes on accommodations, rental cars, alcoholic beverages, cigarettes and tobacco, energy, and telecommunications. However, many states that have a sales tax have additional state or local taxes on some or all of these.

### *Property Tax*

Some states have very simple property tax systems. Property is assessed at market value and the tax equals market value multiplied by a tax rate. Other states have more complicated systems where assessment value does not equal market value, part of a property's value may be exempt from taxes, or different rates may apply to different properties.

When property is assessed at less than full market value, the ratio of assessed value to market value is called the assessment ratio.

Property tax rates are expressed differently in different states. They may be expressed as a percent of taxable value, as dollars per \$100 of taxable value (which is the same as percent), as dollars per \$1,000 of taxable value, or as mills (which is the same as dollars per \$1,000). Property tax rates may either be set in statute or determined annually by dividing a taxing jurisdiction's revenue requirement by its total taxable value.

The following table shows the number of states with uniform taxation of all property (except agricultural land which is generally assessed on its value in its current use rather than its market value), and the number that treat classes of property differently either through different assessment ratios or different mill levies.

More than half of states have some departure from uniform taxation. The largest group, which includes Montana, has classes of property with different assessment ratios, but uniform millage rates. Montana has the largest number of different assessment ratios - ten. Six states have uniform assessment, but have at least one

<sup>6</sup> This example is taken from the product definitions in the Streamlined Sales Tax Agreement. This agreement is intended to simplify sales taxes, partly by making these definitions uniform between states.

States with Uniform and Non-Uniform Taxation of Property Classes	
One Assessment Ratio and Uniform Mills	22
One Assessment Ratio and Non-Uniform Mills	6
Multiple Assessment Ratios and Uniform Mills	19, including Montana
Multiple Assessment Ratios and Non-Uniform Mills	3
Tax Not Based on Market Value	1

situation where a property class pays a different millage rate. Three states have classes with different assessment ratios and different millage rates. One state, California, does not base property taxes on market value. Property taxes in California are based on purchase price partially adjusted for inflation. This is equivalent to having a different assessment ratio for property sold each year.

Many states exempt part of the value of some types of property. The exemption can be for a fraction of a property's value, a fixed dollar amount, or a specified quantity of property. The following table shows the number of states that do and do not give partial exemptions.

Most of the states with a partial exemption have a homestead exemption, usually exempting the taxpayer's principle residence and the land it sits on, up to a maxi-

These caps generally limit increases in assessed value to a fixed annual percentage, the rate of inflation, or the lower of the two. In some cases, assessors are required to track both market value and a formula-based value for each property.

All states have local property taxes to support local governments and school districts, and often to support special-function districts. Eleven states, including Montana, also have state-wide property taxes.

Identical properties need to have the same assessed value within a taxing jurisdiction to ensure that they pay the same taxes. However, the taxes on individual properties in a jurisdiction will be the same whether assessments are all at market value or are uniformly high or low. Millage rates are set by dividing a jurisdiction's revenue requirement by its taxable value. If all proper-

States with Partial Property Tax Exemptions	
Partial Exemption	19, including Montana
No Partial Exemption	32

States with a Cap on Assessed Value Growth	
Cap	9
No Cap	42, including Montana

mum value or acreage. Four states, including Montana, exempt a fraction of the value. This is equivalent to a lower assessment ratio for homestead property but appears to be harder for taxpayers to understand.

Four states, including Montana, exempt a dollar amount of business personal property. Montana also exempts a fraction of the value of commercial and industrial real estate.

Nine states have some kind of cap on increases in assessed value. Montana does not.

ties in a jurisdiction are over-assessed by 10%, the mills will be 10% lower than if assessments were at market value, and taxes will be the same.

In states with only local property taxes, assessments need to be uniform within each local taxing jurisdiction, but do not need to be uniform across jurisdictions. If assessments are 10% higher than market value in Town A and 10% lower than market in Town B, taxpayers in both jurisdictions pay the same taxes as if both towns assessed at market value.

## States with Both State and Local Property Taxes

State and Local	11, including Montana
Local Only	40

When the state levies property taxes, either assessments need to be uniform statewide or some adjustment needs to be made for differences between local assessment practices. Montana has made assessment a state function. Most of the other states with state property taxes provide state oversight for local assessors. Washington conducts annual sales-assessment ratio studies and uses the results to adjust state mills in each county to compensate for differences in local assessment practices.

Montana appears to have a relatively complex property tax system. It has three of the four characteristics that make a property tax system more complex: taxing classes of property differently, partial property tax exemptions, and state-wide taxes. It does not have a cap on assessed value growth.

### Income Tax

A state can take two approaches to income tax simplicity: It can have an inherently simple tax, or it can conform to the federal income tax. The first approach would have a simple definition of taxable income, with few or no exclusions, deductions, and credits. The second approach would be to conform as closely as possible to the federal definition of taxable income. The federal

or separate returns. A joint return is the default choice, and a married couple will usually pay lower taxes by filing a joint return. Montana is one of eight states that do not follow federal law on this.

Most two-income couples pay less Montana tax if they file separate returns, and the Montana form is designed so that a couple can file separate returns or a joint return on the same form.

New Hampshire and Tennessee have income taxes that apply only to interest and dividend income. The other states with income taxes define adjusted gross income either by listing types of income that are included and expenses that may be deducted, as federal law does, or by starting with federal adjusted gross income and listing additions to and subtractions from this starting point. Montana follows the second approach.

In either case, the more differences between federal and state definitions of gross income, the more complex a state income tax will be for taxpayers. The following table compares counts of differences from federal adjusted gross income in a survey of state income taxes done by staff of the Wisconsin Legislature.<sup>7</sup>

Montana has the second highest number of differences

## States where Joint Return is Default for Married Couple

Joint Return Default	35
Joint Return Not Default	8, including Montana

income tax is not simple, but since taxpayers already have to pay federal tax, conforming to the federal tax does not create any additional complications. No state fully conforms to the federal definition of taxable income, but states vary in how much they depart from it.

Federal law allows a married couple to file a joint return

from federal gross income. Some of these differences are exclusions of income that the federal government taxes but that federal law prevents the state from taxing. Others are additions of income, such as interest on municipal bonds issued in other states, which the state taxes but the federal government does not. Other additions and subtractions arise because married couples

<sup>7</sup> Rob Reinhardt, Individual Income Tax Provisions in the States, Wisconsin Legislative Fiscal Bureau, 2009.

## Comparison of State Taxes

can file separate state returns when they file a joint federal return, and allocating income and expenses between spouses can result in different gross income than combining them.

states have more than one difference. Montana has the most differences from federal law, eight.

Exemptions, deductions, and a tiered rate structure are

Number of Differences from Federal Adjusted Gross Income States with Broad Income Taxes	
Fewest Differences	6
Most Differences	26
Average Number of Differences	14.6
Montana Differences	25

Federal law allows taxpayers to subtract either a standard deduction or itemized deductions from their adjusted gross income. For states, the simplest approaches are to allow the same itemized deductions as federal law or not to allow itemized deductions. The following table shows how many states follow each approach to itemized deductions.

Six states allow the same itemized deductions as federal law, and eleven have no itemized deductions. One allows taxpayers to take a standard deduction plus a percent of their federal itemized deductions.

the features that can make an income tax progressive. A tiered rate structure with many rates can also make it more complex. State rate tables range from one rate to ten rates. The following table shows the number of states with each number of rates and the average number of rates. Only five states have more rate brackets than Montana.

Income tax credits reduce taxes, and in the case of refundable credits, make payments to taxpayers, based on taxpayers' actions or characteristics that often are unrelated to their income. In general, credits add complexity to a tax system. Montana has 29 income tax credits.

State Itemized Deductions	
Same as Federal	6 states
No Itemized Deductions	11 states
Standard Deduction plus Percent of Federal Itemized Deductions	1 state
Unique State Itemized Deductions or Federal Deductions Not Allowed	
1 Difference	10 states
2 Differences	6 states
3 Differences	5 states
4 Differences	1 state
5 Differences	1 state
6 Differences	1 state
7 Differences	1 state
8 Differences	1 (Montana)

Twenty-six states either do not allow one or more federal itemized deductions or have one or more state deductions not in federal law. Ten of these states have just one difference from federal law, generally not allowing the federal deduction for state income taxes. Sixteen

This is more than the average, but there are eleven states with more credits than Montana.

## Number of Rate Brackets

1 Bracket	8 States
2 Brackets	1 State
3 Brackets	7 States
4 Brackets	6 States
5 Brackets	5 States
6 Brackets	4 States
7 Brackets	4 States ( Montana)
8 Brackets	1 States
9 Brackets	3 States
10 Brackets	1 State
Average	4.5

## Competitive

People and businesses consider taxes and government services in deciding where to locate. Taxes and government services are seldom the deciding factor between states, but they do play a role. State and local governments often compete by providing special tax treatment

## Number of Income Tax Credits

No Credits	2 States
1 to 10 Credits	6 States
11 to 20 Credits	13 States
21 to 30 Credits	12 States (Montana)
31 to 40 Credits	8 States
41 to 50 Credits	0 States
More Than 50	3 States
Average	22.6

for specific industries or groups of residents. Since state's must have a balanced budget, state and local governments can only cut taxes for one group by raising taxes for others or by cutting services. This makes the state or locality more attractive to the favored group, but less attractive to everyone else. Governments can compete without giving special treatment to favored groups by efficiently providing a level of services that citizens want at the lowest possible cost.

Even without consciously competing, states make themselves more and less attractive to certain types of taxpayers because of their mix of taxes and the features of individual taxes. Taxpayers generally want the taxes

they pay to be lower, and may not care about taxes they do not pay. For example, retirees may be attracted by low property taxes, while young families may find large income tax exemptions for dependents attractive. Taxpayers may also be attracted by the quality of specific public services, such as schools or roads.

The tables and graphs on the following pages compare taxes for the 50 states and the District of Columbia for the fiscal year ending June 30, 2008. Since states with larger and wealthier populations tend to have larger total tax collections, these tables and graphs show state and local taxes adjusted for the size of each state's population and the size of

its economy.

The first table, and the accompanying graphs, show taxes per person. The second table and the second set of graphs show taxes per dollar of income received by state residents. Both tables show property taxes, sales and gross receipts taxes, individual and corporate income taxes, other taxes, and the total of all taxes. Each table is followed by a graph for each tax type and a graph showing total taxes. The tables list states alphabetically. Each graph shows states sorted from lowest to highest taxes.

These tables do not show taxes paid by a typical individual or the percent of income a typical individual pays in taxes. States differ in the shares of taxes paid by individuals and businesses and by residents and non-residents. Several organizations publish comparisons that attempt to adjust for these differences. The Tax Foundation<sup>8</sup> attempts to adjust for taxes each state receives from out-of-state taxpayers. The District of Columbia<sup>9</sup> compares taxes for hypothetical families in each state. The Institute on Taxation and Economic Policy<sup>10</sup> estimates taxes as a percent of income for income groups in each state.

In an accountable tax system, taxpayers know what they pay and what their taxes buy. Taxpayers also know how taxing and spending decisions are made and have the opportunity to participate in and influence those decisions. In Montana, taxing and spending decisions are made by the legislature and elected local officials. In addition, local property tax increases that exceed half the rate of inflation must be put to a vote.

<sup>8</sup> <http://www.taxfoundation.org/taxdata/show/336.html>

<sup>9</sup> <http://cfo.dc.gov/cfo/cwp/view,a,1324,q,612643.asp>

<sup>10</sup> <http://www.itepnet.org/whopays3.pdf>

# Comparison of State Taxes

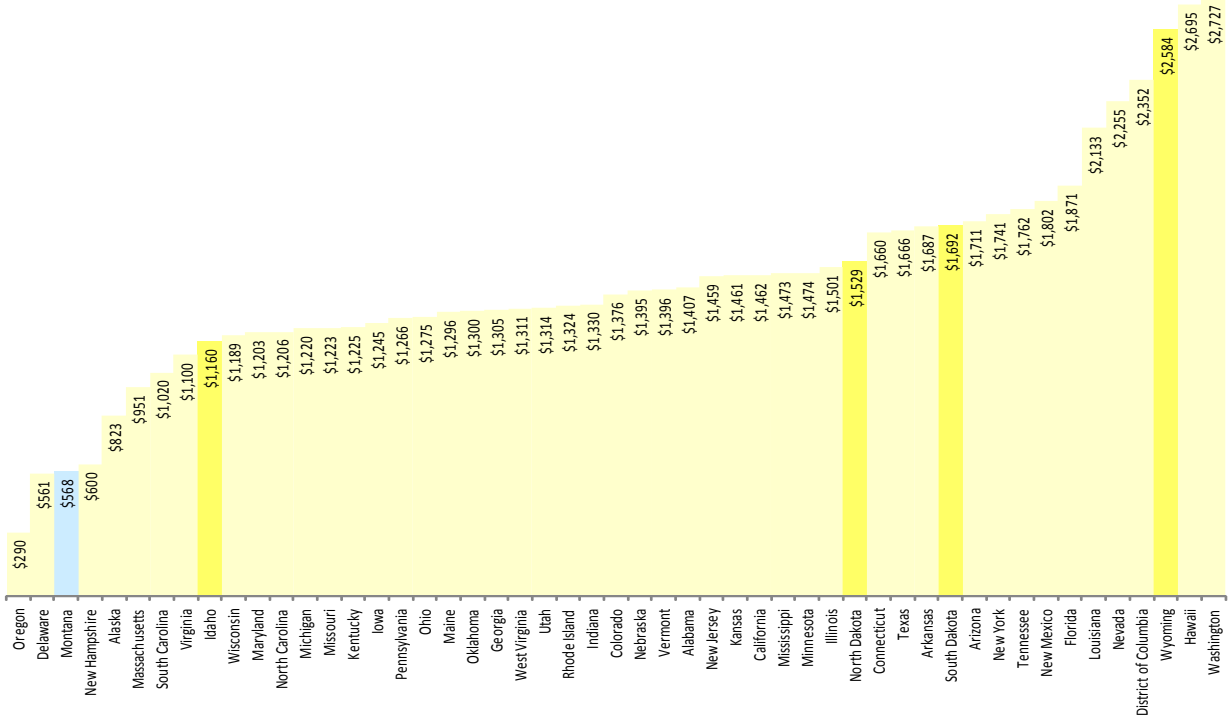
## Taxes Per Person - FY 2008

	<u>Property</u>		<u>Sales &amp; Gross Receipts</u>		<u>Individual &amp; Corporate Income</u>		<u>Other</u>		<u>Total</u>	
	\$	Rank	\$	Rank	\$	Rank	\$	Rank	\$	Rank
Alabama	\$420	51	\$1,335	21	\$748	38	\$278	28	\$2,782	
Alaska	\$1,431	13	\$643	47	\$1,213	15	\$2,123	2	\$5,410	
Arizona	\$896	36	\$1,516	13	\$672	41	\$150	48	\$3,234	
Arkansas	\$470	50	\$1,653	9	\$848	36	\$144	49	\$3,114	
California	\$1,027	29	\$1,435	16	\$1,698	6	\$358	21	\$4,517	
Colorado	\$1,106	24	\$1,304	25	\$990	26	\$214	40	\$3,614	
Connecticut	\$2,164	2	\$1,422	17	\$1,834	5	\$264	31	\$5,685	
Delaware	\$622	44	\$517	50	\$1,609	8	\$1,495	3	\$4,243	
District of Columbia	\$2,073	4	\$2,148	4	\$2,480	1	\$1,062	4	\$7,764	
Florida	\$1,276	17	\$1,791	7	\$133	46	\$493	12	\$3,693	
Georgia	\$958	34	\$1,288	26	\$956	30	\$120	51	\$3,321	
Hawaii	\$769	40	\$2,478	1	\$1,329	11	\$274	29	\$4,848	
<b>Idaho</b>	<b>\$846</b>	<b>38</b>	<b>\$1,022</b>	<b>45</b>	<b>\$971</b>	<b>28</b>	<b>\$237</b>	<b>36</b>	<b>\$3,076</b>	
Illinois	\$1,530	11	\$1,400	18	\$864	33	\$287	26	\$4,081	
Indiana	\$1,334	16	\$1,215	32	\$958	29	\$134	50	\$3,641	
Iowa	\$1,141	22	\$1,124	41	\$931	31	\$254	32	\$3,450	
Kansas	\$1,188	20	\$1,385	19	\$1,010	25	\$209	42	\$3,793	
Kentucky	\$576	47	\$1,209	34	\$1,198	17	\$243	34	\$3,225	
Louisiana	\$582	46	\$2,066	5	\$709	39	\$349	22	\$3,706	
Maine	\$1,681	10	\$1,270	28	\$1,184	18	\$280	27	\$4,415	
Maryland	\$1,064	27	\$1,111	42	\$1,909	4	\$519	10	\$4,603	
Massachusetts	\$1,683	9	\$947	46	\$1,918	3	\$213	41	\$4,761	
Michigan	\$1,339	15	\$1,174	36	\$850	35	\$202	43	\$3,565	
Minnesota	\$1,036	28	\$1,443	15	\$1,539	9	\$345	23	\$4,363	
Mississippi	\$716	42	\$1,376	20	\$542	43	\$187	44	\$2,822	
Missouri	\$854	37	\$1,212	33	\$888	32	\$183	46	\$3,137	
<b>Montana</b>	<b>\$1,118</b>	<b>23</b>	<b>\$547</b>	<b>48</b>	<b>\$974</b>	<b>27</b>	<b>\$550</b>	<b>9</b>	<b>\$3,189</b>	
Nebraska	\$1,267	18	\$1,241	30	\$1,025	21	\$365	19	\$3,898	
Nevada	\$1,007	30	\$2,306	3	\$0	48	\$605	7	\$3,917	
New Hampshire	\$2,120	3	\$540	49	\$475	44	\$309	25	\$3,443	
New Jersey	\$2,371	1	\$1,224	31	\$1,502	10	\$362	20	\$5,459	
New Mexico	\$491	49	\$1,652	10	\$773	37	\$675	6	\$3,591	
New York	\$1,890	6	\$1,639	11	\$2,472	2	\$413	15	\$6,413	
North Carolina	\$788	39	\$1,164	37	\$1,215	14	\$218	39	\$3,384	
<b>North Dakota</b>	<b>\$995</b>	<b>32</b>	<b>\$1,311</b>	<b>23</b>	<b>\$621</b>	<b>42</b>	<b>\$787</b>	<b>5</b>	<b>\$3,714</b>	
Ohio	\$1,099	25	\$1,132	39	\$1,300	13	\$241	35	\$3,773	
Oklahoma	\$504	48	\$1,183	35	\$855	34	\$605	8	\$3,147	
Oregon	\$998	31	\$292	51	\$1,633	7	\$437	14	\$3,360	
Pennsylvania	\$1,146	21	\$1,150	38	\$1,165	19	\$495	11	\$3,956	
Rhode Island	\$1,778	8	\$1,324	22	\$1,120	20	\$186	45	\$4,408	
South Carolina	\$915	35	\$1,036	44	\$698	40	\$225	38	\$2,874	
<b>South Dakota</b>	<b>\$973</b>	<b>33</b>	<b>\$1,542</b>	<b>12</b>	<b>\$78</b>	<b>47</b>	<b>\$248</b>	<b>33</b>	<b>\$2,842</b>	
Tennessee	\$679	43	\$1,662	8	\$185	45	\$313	24	\$2,838	
Texas	\$1,388	14	\$1,457	14	\$0	48	\$391	17	\$3,235	
Utah	\$728	41	\$1,285	27	\$1,018	22	\$181	47	\$3,211	
Vermont	\$1,850	7	\$1,306	24	\$1,012	24	\$267	30	\$4,435	
Virginia	\$1,208	19	\$1,059	43	\$1,301	12	\$366	18	\$3,934	
Washington	\$1,084	26	\$2,418	2	\$0	48	\$446	13	\$3,948	
West Virginia	\$586	45	\$1,242	29	\$1,012	23	\$413	16	\$3,252	
Wisconsin	\$1,440	12	\$1,127	40	\$1,205	16	\$229	37	\$4,002	
<b>Wyoming</b>	<b>\$1,921</b>	<b>5</b>	<b>\$1,846</b>	<b>6</b>	<b>\$0</b>	<b>48</b>	<b>\$2,349</b>	<b>1</b>	<b>\$6,116</b>	

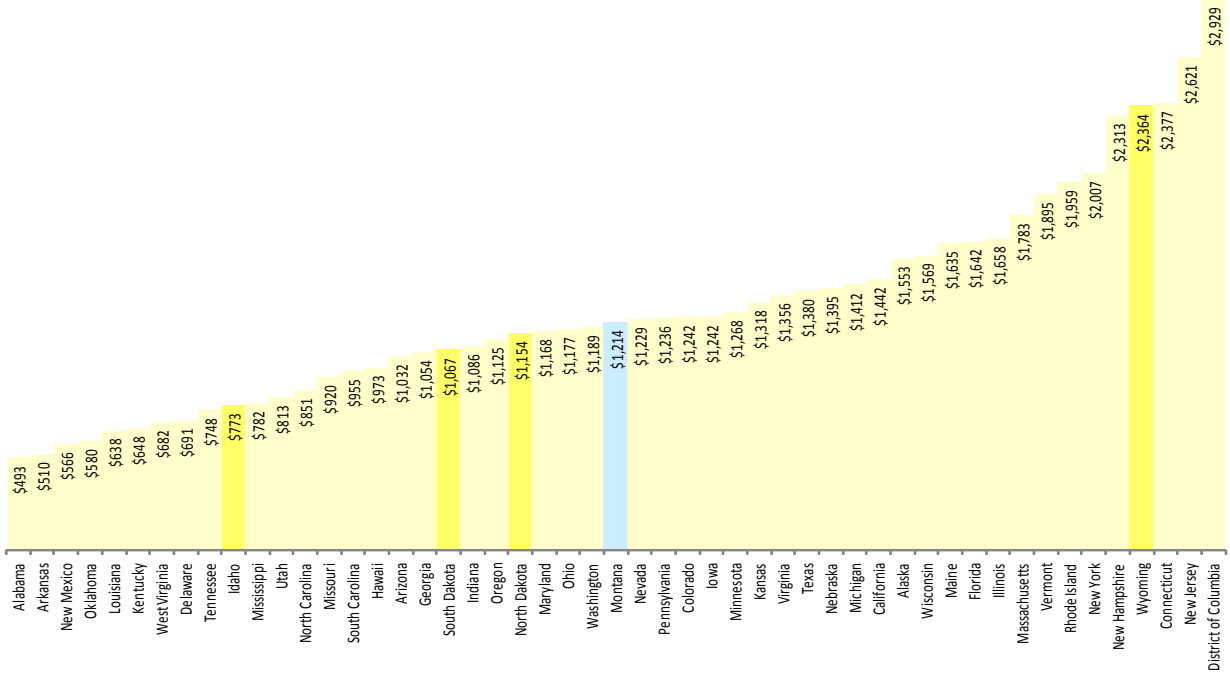
Sources: Taxes from annual survey of state and local government finances, Census Bureau, U.S. Department of Commerce  
Population Census Bureau annual estimates of state population.

# Comparison of State Taxes

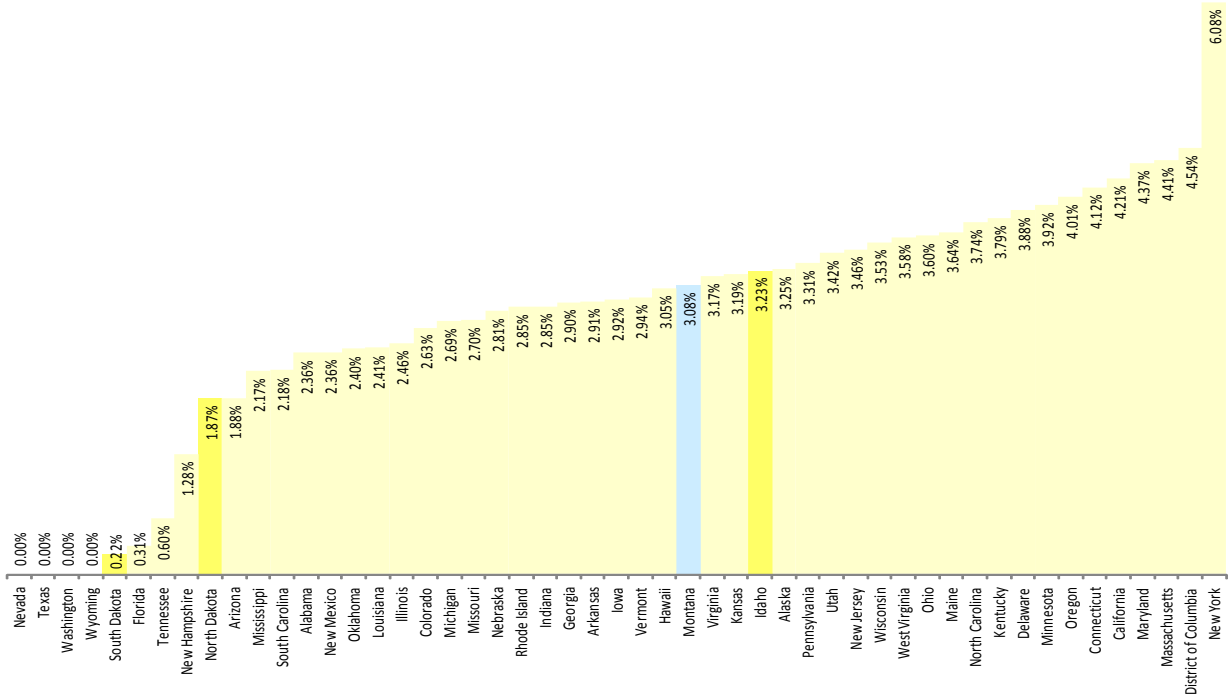
## Sales and Gross Receipts Taxes Per Person



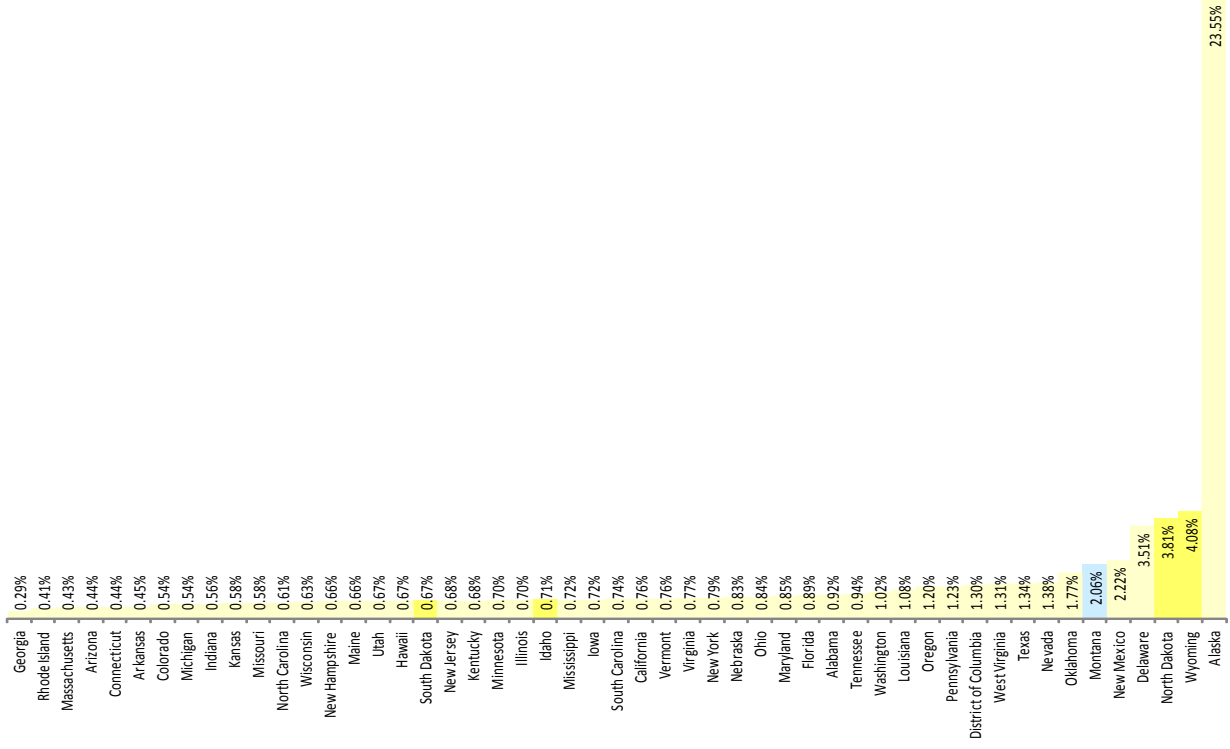
## Property Taxes Per Person



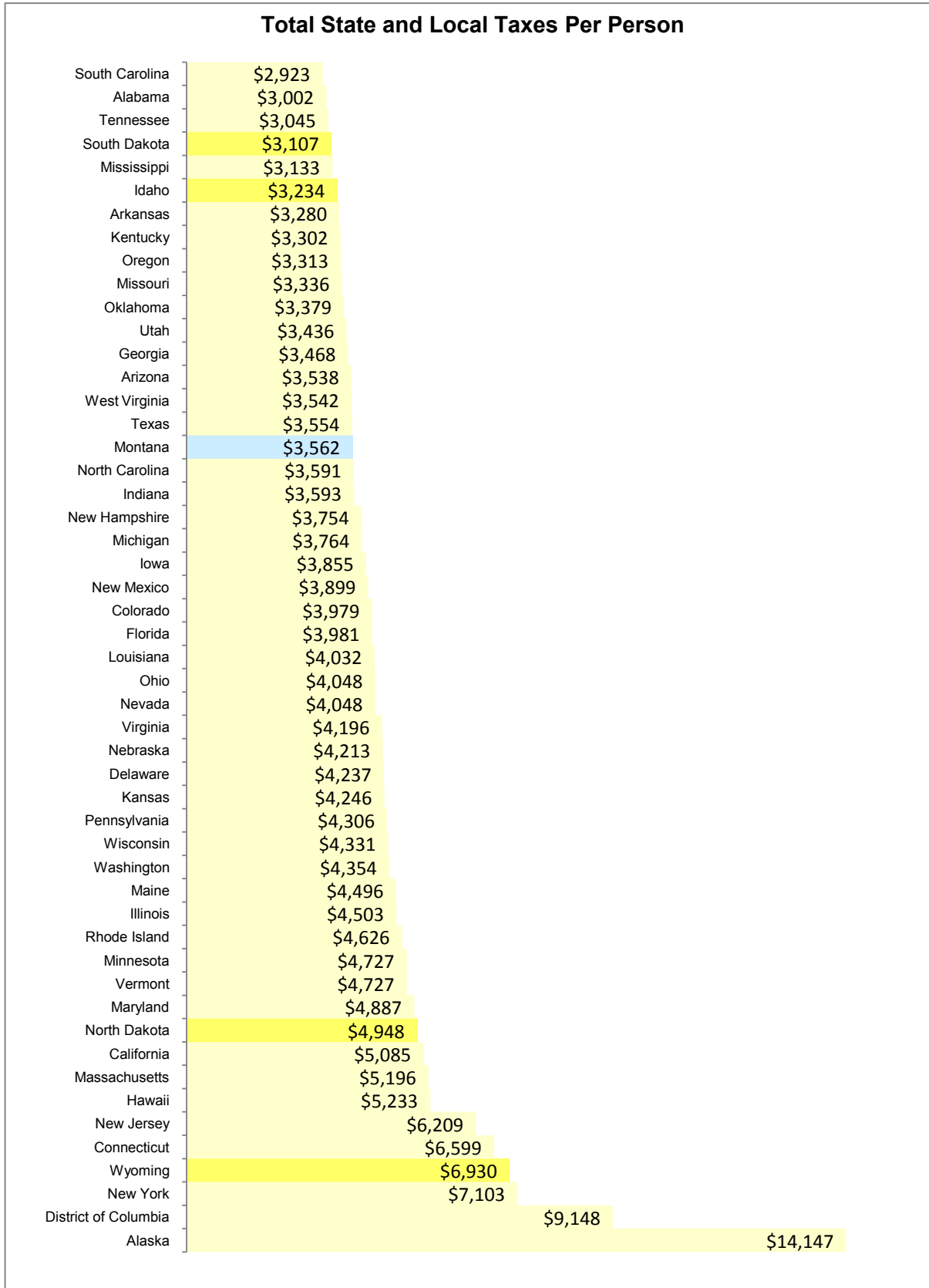
## Individual and Corporate Income Taxes, % of Personal Income



## Natural Resource and Other Taxes, % of Personal Income





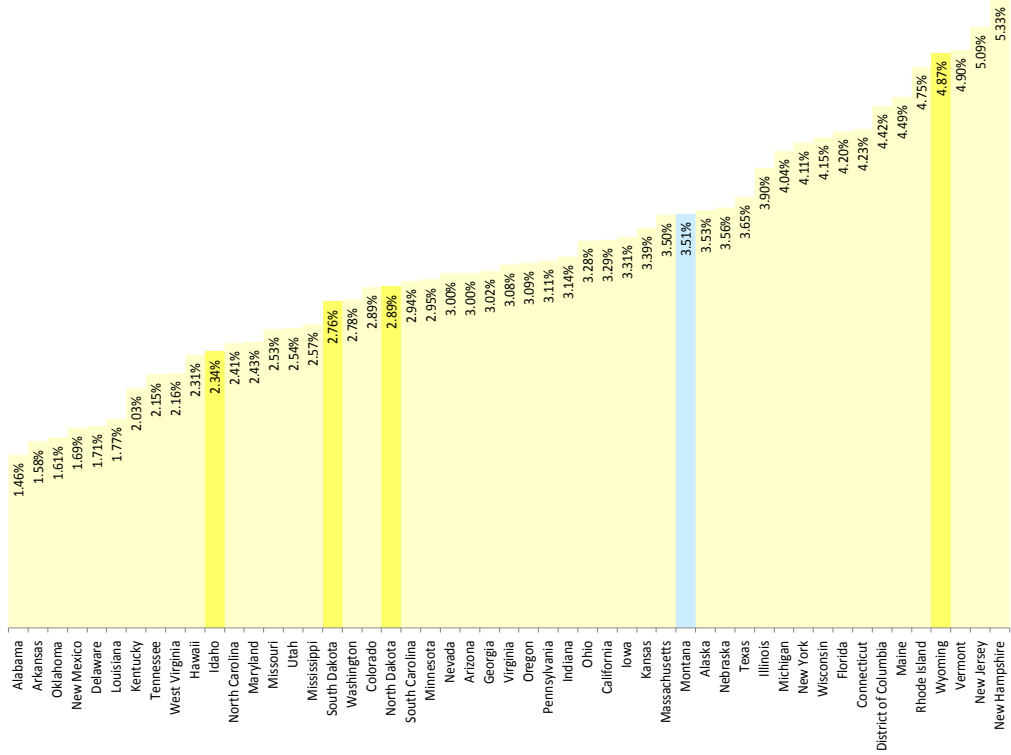


# Comparison of State Taxes

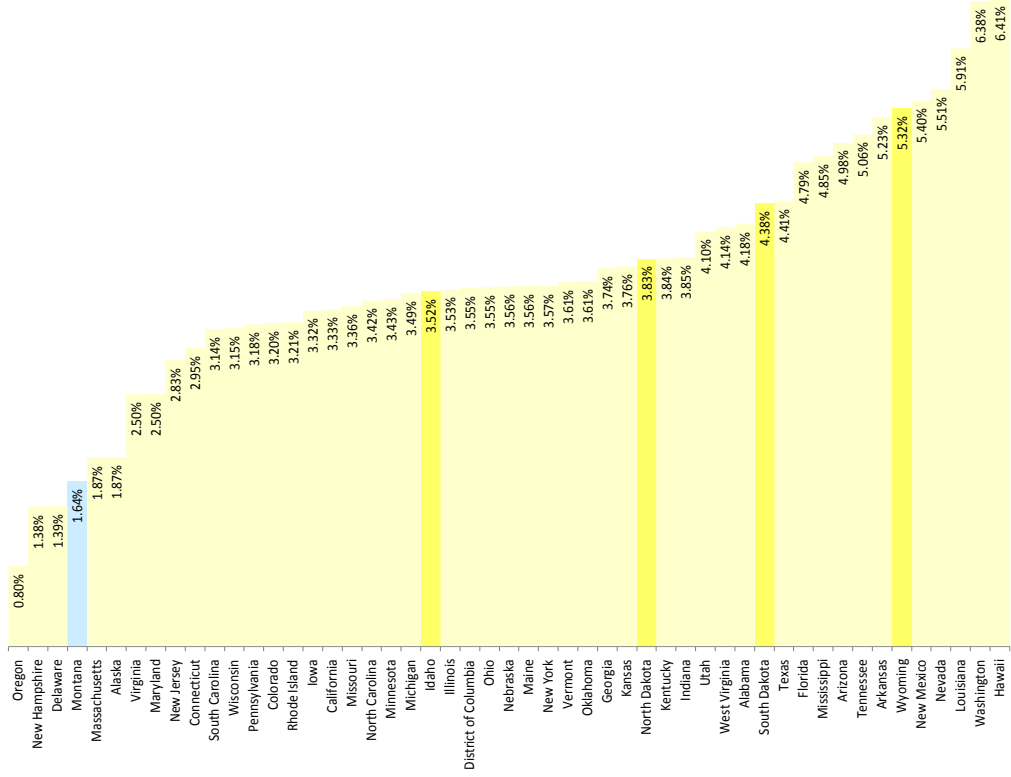
Taxes as a Percent of Personal Income - FY 2008										
	<u>Property</u>		<u>Sales &amp; Gross Receipts</u>		<u>Individual &amp; Corporate Income</u>		<u>Other</u>		<u>Total</u>	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Alabama	1.4%	51	4.3%	14	2.4%	37	0.9%	22	9.0%	48
Alaska	3.7%	14	1.7%	48	3.2%	22	5.5%	1	14.1%	2
Arizona	2.8%	33	4.7%	11	2.1%	41	0.5%	48	10.0%	40
Arkansas	1.7%	48	5.8%	5	3.0%	26	0.5%	46	11.0%	23
California	2.6%	38	3.6%	32	4.3%	5	0.9%	23	11.3%	17
Colorado	2.8%	31	3.3%	39	2.5%	36	0.5%	44	9.2%	47
Connecticut	4.2%	8	2.8%	42	3.6%	15	0.5%	45	11.0%	20
Delaware	1.6%	49	1.3%	50	4.1%	7	3.8%	3	10.9%	25
District of Columbia	3.6%	18	3.7%	27	4.3%	4	1.8%	7	13.4%	5
Florida	3.4%	20	4.8%	9	0.4%	46	1.3%	12	10.0%	41
Georgia	3.0%	29	4.0%	20	3.0%	28	0.4%	51	10.3%	33
Hawaii	2.1%	44	6.7%	1	3.6%	14	0.7%	35	13.1%	6
<b>Idaho</b>	<b>2.8%</b>	<b>32</b>	<b>3.4%</b>	<b>38</b>	<b>3.2%</b>	<b>20</b>	<b>0.8%</b>	<b>27</b>	<b>10.1%</b>	<b>37</b>
Illinois	4.0%	12	3.6%	29	2.3%	39	0.7%	34	10.6%	28
Indiana	4.2%	10	3.8%	22	3.0%	25	0.4%	50	11.4%	16
Iowa	3.5%	19	3.4%	36	2.8%	31	0.8%	29	10.6%	29
Kansas	3.4%	21	4.0%	19	2.9%	29	0.6%	42	11.0%	21
Kentucky	2.0%	45	4.1%	17	4.1%	8	0.8%	26	10.9%	24
Louisiana	1.8%	46	6.3%	2	2.2%	40	1.1%	18	11.3%	18
Maine	5.2%	3	3.9%	21	3.7%	12	0.9%	25	13.7%	4
Maryland	2.4%	41	2.5%	45	4.3%	3	1.2%	14	10.5%	31
Massachusetts	3.6%	16	2.0%	46	4.1%	6	0.5%	49	10.3%	35
Michigan	4.1%	11	3.6%	33	2.6%	35	0.6%	41	10.8%	26
Minnesota	2.7%	34	3.7%	26	4.0%	9	0.9%	24	11.2%	19
Mississippi	2.6%	35	5.1%	8	2.0%	42	0.7%	37	10.4%	32
Missouri	2.6%	36	3.7%	24	2.7%	32	0.6%	43	9.7%	43
<b>Montana</b>	<b>3.6%</b>	<b>17</b>	<b>1.8%</b>	<b>47</b>	<b>3.1%</b>	<b>23</b>	<b>1.8%</b>	<b>8</b>	<b>10.3%</b>	<b>34</b>
Nebraska	3.7%	15	3.7%	28	3.0%	24	1.1%	17	11.5%	14
Nevada	2.6%	37	6.0%	4	0.0%	48	1.6%	9	10.1%	38
New Hampshire	5.3%	1	1.4%	49	1.2%	44	0.8%	28	8.7%	51
New Jersey	5.1%	4	2.6%	44	3.2%	19	0.8%	30	11.7%	10
New Mexico	1.7%	47	5.6%	6	2.6%	33	2.3%	5	12.3%	8
New York	4.3%	7	3.7%	23	5.6%	1	0.9%	20	14.6%	1
North Carolina	2.4%	40	3.6%	31	3.8%	11	0.7%	38	10.5%	30
<b>North Dakota</b>	<b>3.1%</b>	<b>24</b>	<b>4.1%</b>	<b>18</b>	<b>1.9%</b>	<b>43</b>	<b>2.4%</b>	<b>4</b>	<b>11.5%</b>	<b>13</b>
Ohio	3.3%	22	3.4%	37	3.9%	10	0.7%	36	11.4%	15
Oklahoma	1.5%	50	3.6%	30	2.6%	34	1.9%	6	9.6%	44
Oregon	3.0%	28	0.9%	51	4.9%	2	1.3%	13	10.0%	39
Pennsylvania	3.1%	23	3.1%	41	3.2%	21	1.3%	11	10.8%	27
Rhode Island	4.7%	5	3.5%	34	3.0%	27	0.5%	47	11.7%	9
South Carolina	3.0%	25	3.5%	35	2.3%	38	0.7%	33	9.6%	45
<b>South Dakota</b>	<b>3.0%</b>	<b>26</b>	<b>4.8%</b>	<b>10</b>	<b>0.2%</b>	<b>47</b>	<b>0.8%</b>	<b>31</b>	<b>8.8%</b>	<b>50</b>
Tennessee	2.1%	42	5.2%	7	0.6%	45	1.0%	19	8.8%	49
Texas	4.0%	13	4.2%	16	0.0%	48	1.1%	16	9.2%	46
Utah	2.5%	39	4.4%	13	3.5%	17	0.6%	40	11.0%	22
Vermont	5.3%	2	3.7%	25	2.9%	30	0.8%	32	12.6%	7
Virginia	3.0%	27	2.6%	43	3.2%	18	0.9%	21	9.8%	42
Washington	2.8%	30	6.3%	3	0.0%	48	1.2%	15	10.2%	36
West Virginia	2.1%	43	4.5%	12	3.6%	13	1.5%	10	11.7%	11
Wisconsin	4.2%	9	3.3%	40	3.5%	16	0.7%	39	11.6%	12
<b>Wyoming</b>	<b>4.4%</b>	<b>6</b>	<b>4.3%</b>	<b>15</b>	<b>0.0%</b>	<b>48</b>	<b>5.4%</b>	<b>2</b>	<b>14.1%</b>	<b>3</b>

Sources: Taxes from annual survey of state and local government finances, Census Bureau, U.S. Department of Commerce. Personal Income from Regional Economic Accounts, Bureau of Economic Analysis, U.S. Department of Commerce.

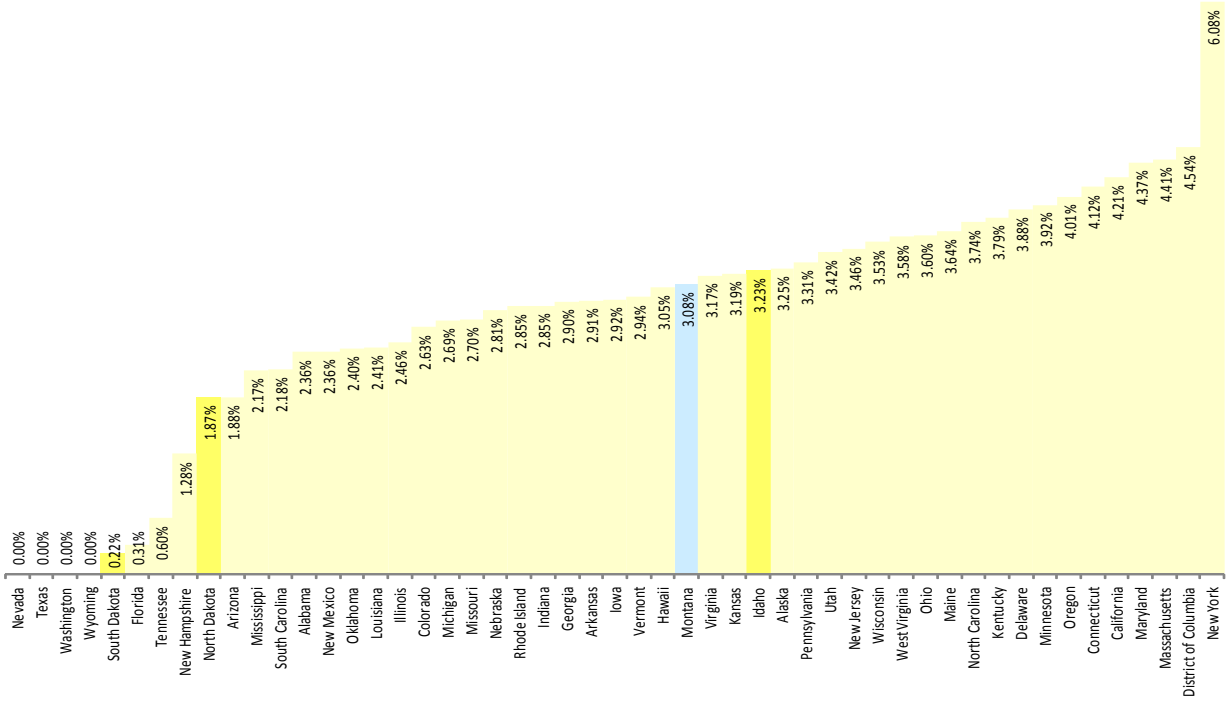
## Property Taxes, % of Personal Income



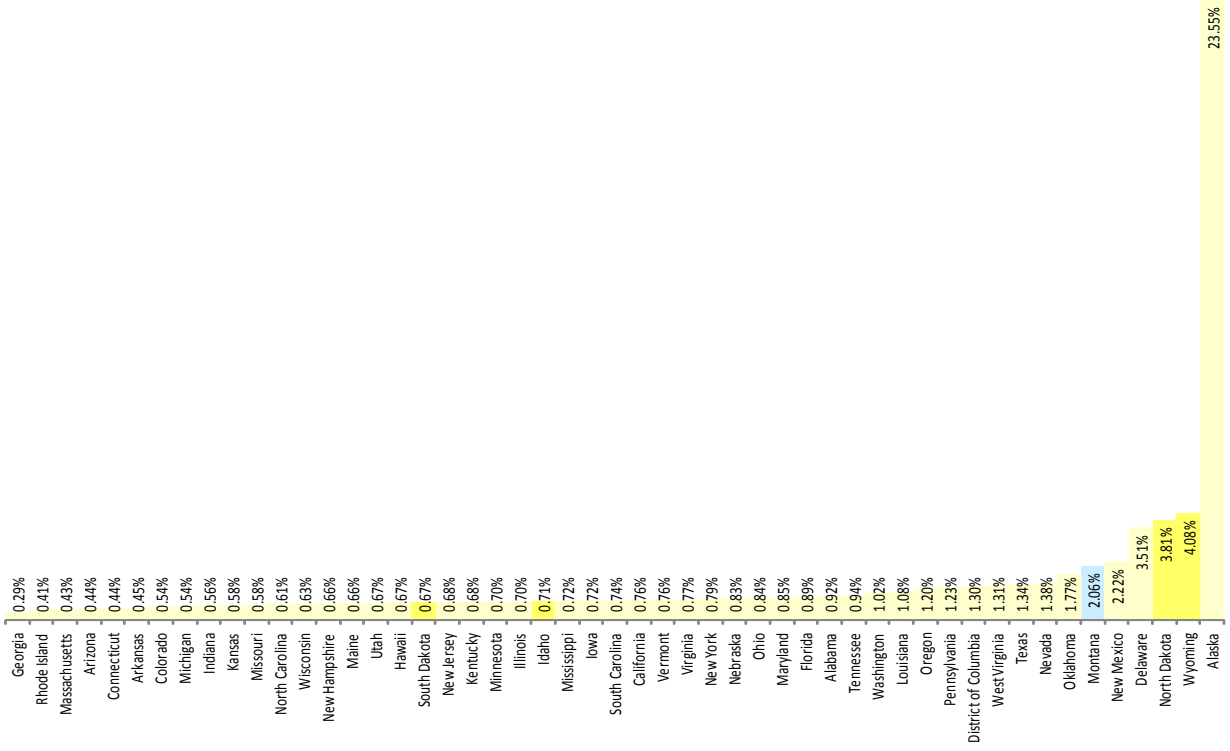
## Sales and Gross Receipts Taxes, % of Personal Income



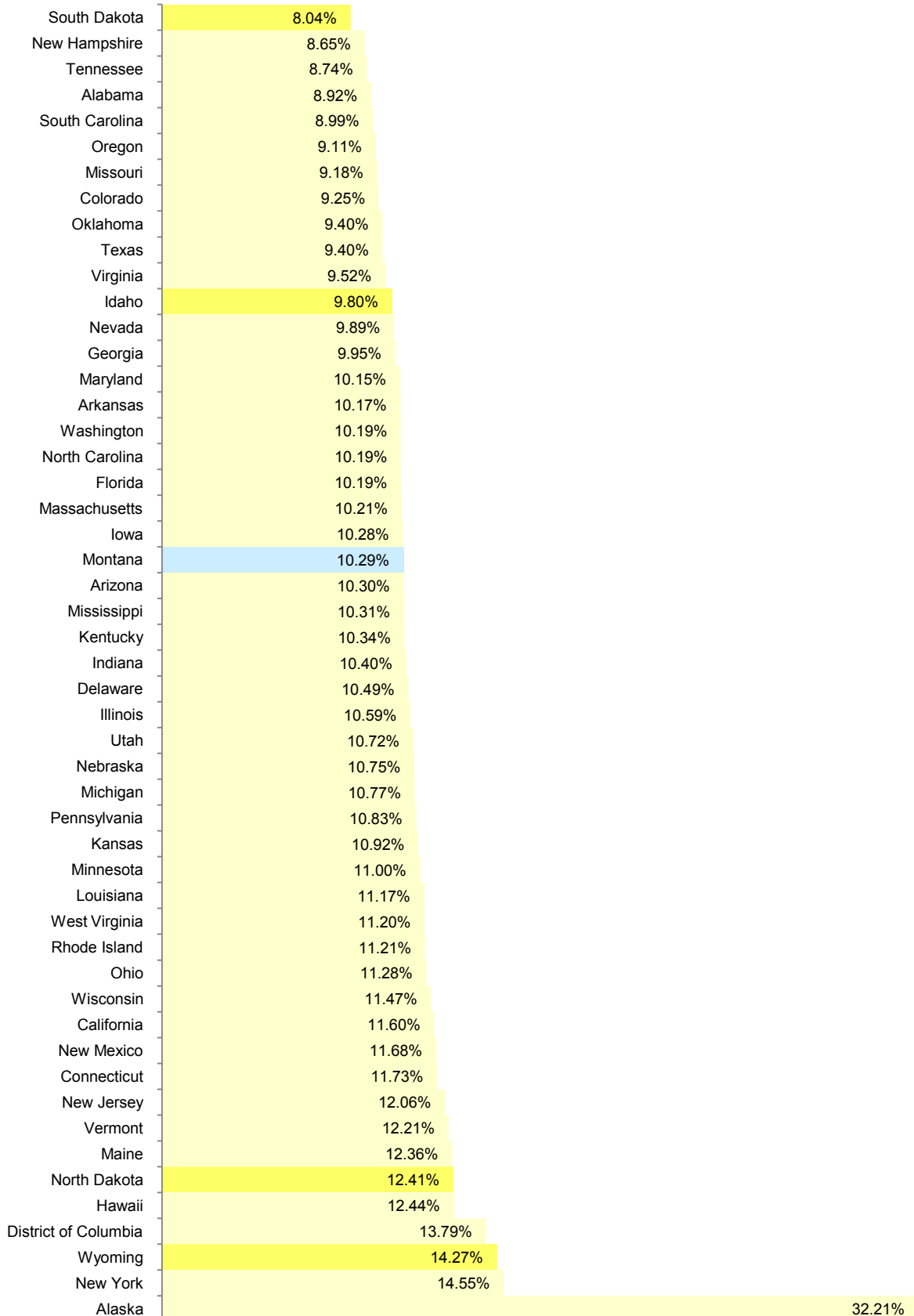
## Individual and Corporate Income Taxes, % of Personal Income



## Natural Resource and Other Taxes, % of Personal Income



## State and Local Taxes, % of Personal Income



The principles document also stresses that provisions of the tax code that have aims other than raising revenue should be explicit and should be reviewed regularly, ideally every budget cycle. Tax preferences are an alternative to spending as a way to accomplish legislative goals, and they should be given the same type of scrutiny. One of the tools of that scrutiny is a tax expenditure report. Such a report should explain each tax expenditure's purpose and how it works, measure its revenue cost, and evaluate its effectiveness and cost-effectiveness in accomplishing its purpose.

Montana is one of 42 states that produces a periodic tax expenditure report. It is the last section of this Biennial Report. Only four states' reports include evaluations of effectiveness and cost-effectiveness. Montana is not one of the four, and the Montana Legislature does not review tax expenditures as part of the budget process.

# COMPLIANCE

## BIENNIAL REPORT • MONTANA DEPARTMENT OF REVENUE



48 Compliance: Keystone to  
Fairness and Efficiency



### Montana Department of Revenue's Tax Collection: Two Interrelated Types of Revenue

Tax revenue collected by the Montana Department of Revenue (DOR) can be broken into two related forms of compliance: voluntary and active.

**Voluntary compliance** is met when taxpayers file timely returns, accurately reporting and paying tax obligations. The DOR provides the necessary framework for voluntary compliance by helping citizens understand and comply with the tax law.

The DOR does this by:

- *sending tax statements*
- *developing clearly written tax forms*
- *answering call center questions from taxpayers*
- *processing paper and electronic payments*
- *securely and confidentially storing sensitive information*
- *correctly assessing property values*
- *managing information provided on the DOR website*
- *developing understandable rules*
- *discussing tax law with constituents*
- *providing prompt refunds*
- *promptly and fairly applying active compliance, when appropriate.*

**Active compliance** occurs when taxpayers do not provide voluntary compliance, requiring the DOR to implement compliance measures.

The **Tax gap** is the estimate of cumulative tax payment noncompliance or, said another way, it is the gap between the amount of annual taxes due under the law and the amount voluntarily paid. Active compliance measures taken by the DOR collect some of these taxes and close the tax gap, which in turn promotes voluntary compliance and fairness.

Voluntary compliance and active compliance tax payments are related to one another by way of the **deterrent effect**. In a similar fashion to the enforcement of speed limits, active enforcement encourages voluntary compliance. When the highway patrol enforces the

speed limit, people tend to drive the posted speed limit. When the highway patrol isn't able to enforce the speed limit, people tend to exceed the speed limit. In the case of tax payment, the DOR's active compliance work creates an incentive to comply with tax laws, thereby increasing taxpayers' willingness to voluntarily comply with tax law, (Witte R. D. and Woodbury, 1985).

As the DOR's strategies for active compliance increase, voluntary compliance payments increase together with active payments. Similar to the afore-mentioned speeding example, the deterrent effect works in the counter direction, too. If the DOR reduces active compliance measures, payments for both voluntary compliance and active compliance are reduced.

### Montana Department of Revenue's Compliance Budgets, Revenue Collection Offer Significant Return on Investment

As a result of the recent recession, many states have experienced reduced budgets. Consequently, some states have conducted budget analyses in order to discover which portion of their operating costs can be cut with the least effect on services and total state budgets. Some states have reduced the budgets of their revenue collecting agencies, hampering active compliance efforts as a result.

The consistent finding is that state departments charged with collecting voluntary and active compliance tax revenue provide a return of between six and thirteen dollars of additional revenue for each additional dollar of budget. Inversely, collection of tax revenue decreases by eight dollars for every one dollar removed from the budget as active compliance is reduced and the deterrent effect is diminished.

### In 2009, California constituents lost an estimated \$465 million in tax revenue by reducing its Franchise Tax Board's compliance budget by \$65 million.

For example, according to the California Senate Office of Oversight and Outcomes, in 2009 the governor required furloughs of 5,300 workers at California's Franchise Tax Board in order to save an estimated \$65 million dollars in salaries. This resulted in an estimated 14% reduction in the number of hours spent on audit and collection activities and a corresponding reduction in personal, income, and corporate taxes of \$465 million, for an overall loss of \$400 million (a loss of \$7.15 for every dollar saved).



## Compliance: Keystone to Fairness and Efficiency

Between FY 2006 and FY 2009, Montana constituents received an additional \$29,585,364 in revenue by investing \$2,310,800 in DOR compliance efforts, a return rate of \$12.80 for each dollar invested.

In contrast, in 2005 the Montana Legislature approved a DOR increase of \$1.12 million (per biennium) to fund services and operating costs to add 8 full-time employees for compliance activities. The employees were added in areas where other states have found significant non-compliance, namely individual income tax and corporate license tax.

During the 2007 biennium, the DOR tracked the result of this investment and found in that biennium, the \$1,052,893 expenditure investment produced \$11,085,122 in additional revenue collected, a return of more than \$10.50 for each dollar invested.

During the 2009 biennium, the DOR continued tracking the return on investment in compliance. The results show expenditures of \$1,257,907, producing \$18,500,242 in additional revenue collected. This is a return of more than \$14.70 for each dollar invested.

### Choices for Revenue Agencies, Including the Montana Department of Revenue, Have Consequences

As a standardized practice, other states and the federal government collect information and develop estimates of the additional (or reduced) tax revenue received for each additional (or reduced) dollar in the compliance department's budget. The examples provided in the table below exemplify the benefits of investing in compliance and the consequences of cutting collecting agencies' budgets.

Revenue Generated (or Lost) From Additions (or Reductions) in Compliance Initiatives						
Government	Year	Investment or (Reduction)	Revenue or (loss)	Return on Investment	Source	
Federal (IRS)*	2007	\$11,100,000,000	\$44,400,000,000	4 to 1	1	
Arizona	2009	(\$10,800,000)	(\$54,000,000)	5 to 1	5, 6	
California - Board of Equalization	2009	(\$41,500,000)	(\$264,000,000)	6.4 to 1	2	
California - Franchise Tax Board	2009	(\$65,000,000)	(\$465,000,000)	7 to 1	2	
Idaho	2003	\$926,000	\$12,000,000	13 to 1	3	
Kansas	2002	\$6,000,000	\$54,000,000	9 to 1	3	
Kansas	2005	\$1,440,000	\$15,000,000	10.4 to 1	3	
Minnesota	2003	\$10,300,000	\$97,200,000	9.4 to 1	3	
Montana	2007	\$1,052,893	\$11,085,122	10.5 to 1	4	
Montana	2009	\$1,257,907	\$18,500,242	14.7 to 1	4	
New Mexico * (first year)	2009	\$5,000,000	\$29,000,000	5.8 to 1	3	
New Mexico * (ongoing)	2010	\$5,000,000	\$45,000,000	9 to 1	3	
Pennsylvania*	2009	(\$13,000,000)	(\$200,000,000)	15.4 to 1	7	
Washington *	2009	\$10,700,000	\$67,800,000	6.3 to 1	3	

\* Projected

Sources:

1. Reducing the Federal Tax Gap - A Report on Improving Voluntary Compliance - Internal Revenue Service, U.S. Department of the Treasury - 8/2/2007.
2. Furloughs at the Franchise Tax Board: Loss is Seven Times Greater than the Savings - California Senate Office of Oversight and Outcomes - 2/12/2010.
3. Idaho's Tax Gap, 2009 Estimating Idaho's tax Gap and Developing Strategies to Reduce It - Idaho Tax Commission - 11/2009.
4. Montana Department of Revenue 2007 Biennium Compliance Package Collections by Month and 2009 Biannual Compliance Package Collections by Month.
5. Stronger Arizona - An estimate of state general fund losses as a result of Arizona Department of Revenue budget cuts.
6. Arizona Department of Revenue - Office of the Auditor General, "division analysis indicates corporate income tax audits result in \$15 in assessments for each \$1 spent, while audits of individual income taxes result in \$5 in assessments for each \$1 spent."
7. The Pennsylvania Budget and Policy Center: 30 Ways in 30 Days: Revenue Collections - Proposed Cuts to Revenue Department Penny Wise and Pound Foolish.

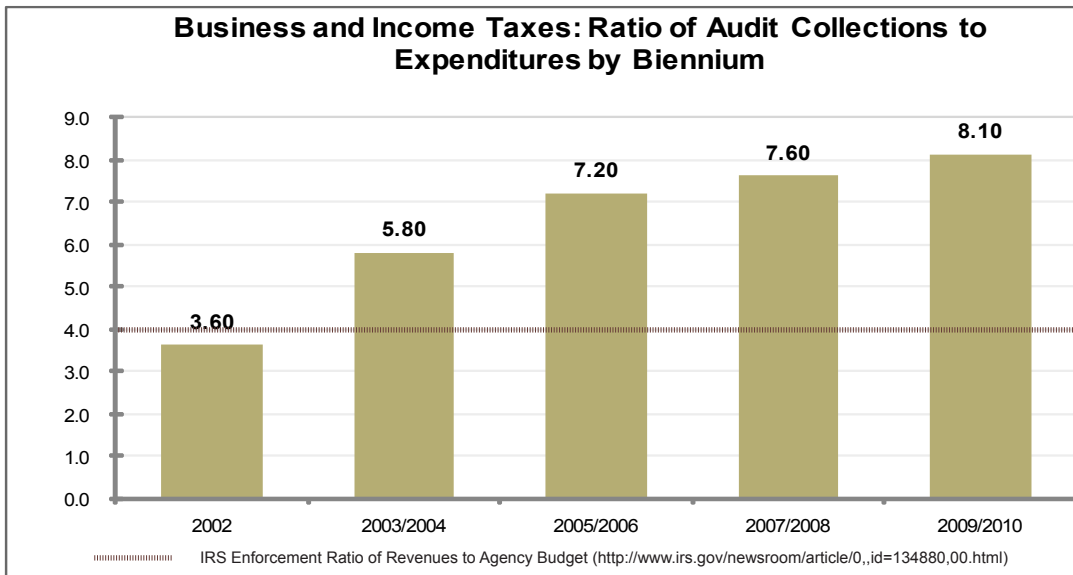
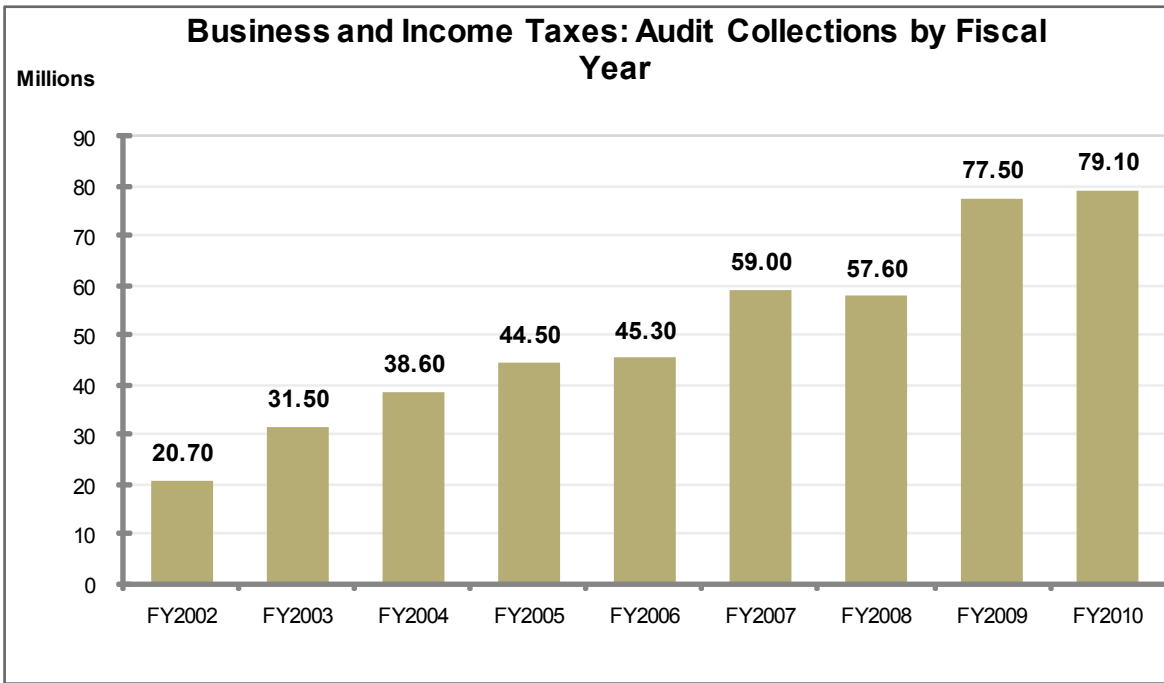
# Compliance: Keystone to Fairness and Efficiency

## Overall Results of Montana Department of Revenue (DOR) Increased Compliance Efforts

Montana's recent compliance efforts have yielded increased tax collections. For each dollar the Montana Legislature has invested in compliance efforts, the DOR has returned from \$8 to almost \$15 in increased tax collections.

The first table below demonstrates how effective investments in compliance efforts has been.

The second table below illustrates the overall return on investment the DOR has experienced with its compliance efforts. This ratio takes the audit collections from the above table and divides it by the amount that was appropriated for the Business and Income Taxes Division for each biennium. The overall return on investment of the Business and Income Taxes Division is lower than the marginal return on investment, which measures just the collections and expenditures of specific compliance programs.



### Successfully Reducing the Tax Gap – Idaho’s Experiment

As a state level example, in November of 2009 the Idaho Tax Commission produced a report, *Idaho’s Tax Gap*, estimating Idaho’s tax gap at \$255,000,000 and developing strategies to reduce it. (In times of budget shortfalls, shrinking the tax gap is a common method employed to increase revenue without increasing taxes.) This report includes three separate methods for estimating Idaho’s tax gap, methods for reducing the tax gap, and a discussion of investments in tax compliance, proven return on investment, the multiplier effect, the opposite effect of reducing returns to investment, and the unintended consequences of “across the board” (including revenue collection agencies) budget cuts.

The major finding of Idaho’s research was that reducing the tax compliance budget leads to a projected reduction in tax revenue that is 10 times greater than the expenditure budget, a 10 to 1 ratio of revenue reduction.

### Federal Tax Gap and Compliance

In 2007, the Internal Revenue Service produced a report on improving voluntary compliance estimating, “the overall (federal) gross tax gap [estimated] to be approximately \$345 billion” and the “overall return from new investments in compliance averages 4:1” (page 2, IRS).

**“Investing in tax compliance to reduce the tax gap is a revenue-producing alternate to raising taxes”  
(Idaho Tax Commission, 2009)**



# INDIVIDUAL AND CORPORATE INCOME TAXES

## BIENNIAL REPORT • MONTANA DEPARTMENT OF REVENUE



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## Overview of Individual Income Tax

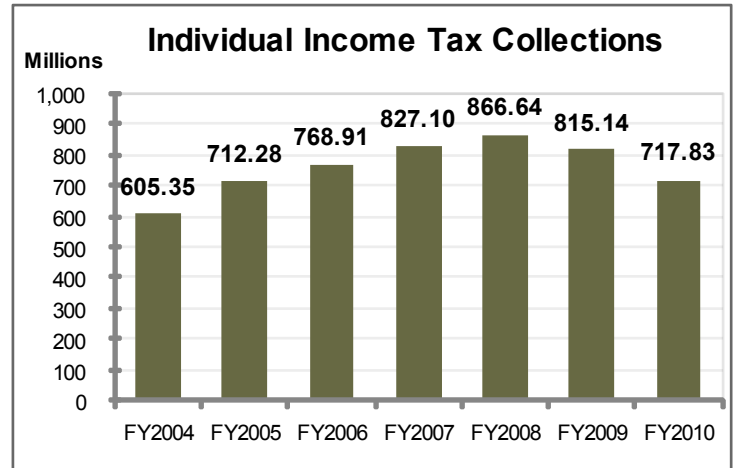
Montana's individual income tax was enacted in 1933 and is the largest source of state tax revenue. The state's income tax has a graduated rate structure with rates ranging from 1% to 6.9% of taxable income. This makes it a "progressive" tax because taxpayers with higher incomes pay a higher percentage of their income in tax.

Like most of the 43 states with an income tax, Montana has tied its income tax very closely to the federal income tax. Montana law defines taxable income largely by reference to federal definitions of income and deductions, and Montana income tax returns rely heavily on information from federal income tax returns. This reduces the department's costs of administering the income tax and taxpayers' costs of complying with the income tax.

Montana's income tax does differ from the federal income tax in several ways, primarily in additions to and reductions from federal adjusted gross income, unique itemized deductions, and tax credits. Most of these differences reflect legislative policy decisions while a few are due to federal limits on state taxation.

Individual Income Tax Collections	
FY2004	\$605,348,421
FY2005	\$712,280,615
FY2006	\$768,911,933
FY2007	\$827,095,302
FY2008	\$866,638,122
FY2009	\$815,138,193
FY2010	\$717,834,371

Montana is one of few states that allows a deduction for federal income taxes, but the deduction is capped at \$5,000 (\$10,000 for married couples filing jointly). Montana also is one of few states that allows married couples to file separate state returns even if they file a joint federal return. This reduces household tax liability and eliminates any "marriage penalty" at the state level.



Since 1981, Montana's individual income tax – including the standard deduction, personal exemptions, and tax rate table brackets – has been adjusted annually for inflation. This prevents increases in tax liability that would otherwise occur due simply to inflation.

Income tax revenues are collected primarily through employer withholding, quarterly estimated tax payments, and payments made when a return is filed. Income tax revenues are distributed 100% to the state general fund.

Income Tax Returns and Refunds				
Timely Filed Current Year Returns				
Calendar Year	Returns	Returns with Refund	Percent with Refund	Average Refund
1999	516,658	254,686	61%	\$351
2000	529,937	266,152	62%	\$376
2001	529,955	279,641	65%	\$413
2002	532,617	287,843	67%	\$415
2003	536,100	288,154	66%	\$405
2004	547,623	294,025	66%	\$468
2005	554,224	297,993	66%	\$491
2006	572,256	311,789	66%	\$464
2007	591,874	345,972	71%	\$506
2008	601,078	345,172	70%	\$598
2009	587,425	337,714	70%	\$545

## Recent Legislative Changes to Individual Income Tax

The following bills passed by the 2009 Legislature affected the individual income tax:

House Bill 21 makes permanent the credit for a portion of the cost of investment in property used to collect or process reclaimable material and the extra deduction for 10% of a business's costs of buying recycled material. Previously, these tax incentives were set to expire at the end of 2011.

House Bill 163 extended the sunset date for credits for film and television production in Montana from the end of 2009 to the end of 2014.

House Bill 262 made changes to the credit for installing an alternative energy system in the taxpayer's principal residence. It limited the credit to heating systems, and it made masonry heaters and outdoor hydronic heaters that meet certain standards eligible for the credit.

House Bill 315 requires that the partial exemption for pension and annuity income be adjusted for inflation each year beginning in 2010.

House Bill 636 exempts part or all of the gain from selling a mobile home park to a tenants' or residents' association, a non-profit that buys the park on behalf of the residents, or a municipal or county housing authority. For a park with 50 or fewer lots, the full gain is excluded from income. For a park with more than 50 lots, half the gain is excluded.

Senate Bill 135 makes one change to the Insure Montana credit for small businesses that begin providing group health insurance for employees. Previously, an employer was ineligible if any employee who was not a part-owner was paid wages of more than \$75,000 per year. This bill prevents any part-owner of an eligible business who is paid wages of more than \$75,000 per year from claiming the credit.

Senate Bill 181 requires proceeds from the sale or exchange of real estate to be reported to the Department of Revenue whenever they are required to be reported to the IRS on a Form 1099-S.

Senate Bill 260 allows publicly traded partnerships to file annual information returns showing partners who received Montana source income in lieu of the normal requirement for a pass-through entity to either pay tax on behalf of its owners or file a form showing that the owners agree to pay tax themselves.

Senate Bill 418 increases the limit on income that a person can earn and be claimed as another's dependent from \$800 to the personal exemption amount. It also allows a taxpayer who the IRS has relieved from liability for their spouse's understatement of tax liability to apply to the department for the same relief.

## Calculation of Individual Income Tax

Calculation of Montana individual income tax begins with the taxpayer's **Federal Adjusted Gross Income**.

Several adjustments are made to give **Montana Adjusted Gross Income**:

- Income taxed by the state but exempted by the federal government is added,
- Income exempted by the state but taxed by the federal government is subtracted,
- Deposits to Montana tax-advantaged savings accounts are subtracted,
- Taxable withdrawals from Montana tax-advantaged savings accounts are added,
- Net adjustments from filing a joint federal return and separate state returns are added, and
- Recoveries of costs deducted in previous years (primarily refunds of federal taxes previously deducted) are subtracted.

The values of the taxpayer's exemptions and either itemized or standard deductions are subtracted to give **Montana Taxable Income**. The value of exemptions and maximum and minimum standard deductions are adjusted for inflation each year:

Tax Year 2008			Tax Year 2009	
Exemption Amount	\$2,140		\$2,110	
	Single and Separate Returns	Joint Returns	Single and Separate Returns	Joint Returns
Minimum Standard Deduction	\$1,780	\$3,560	\$1,750	\$3,500
Maximum Standard Deduction	\$4,010	\$8,020	\$3,950	\$7,900
Standard Deductions: 20% of Montana Adjusted Gross Income with Maximum and Minimum				

**Tax liability** is calculated from the rate table. The rate table is adjusted for inflation each year:

Tax Rate	For 2008 Applies to Income Over but Not Over		For 2009 Applies to Income Over but Not Over	
1.0%	\$0	\$2,600	\$0	\$2,600
2.0%	\$2,600	\$4,600	\$2,600	\$4,500
3.0%	\$4,600	\$7,000	\$4,500	\$6,900
4.0%	\$7,000	\$9,500	\$6,900	\$9,300
5.0%	\$9,500	\$12,200	\$9,300	\$12,000
6.0%	\$12,200	\$15,600	\$12,000	\$15,400
6.9%	\$15,600		\$15,400	

Any **credits** the taxpayer may claim are subtracted from the tax liability to give the net tax.

- Taxpayers with capital gains income are allowed a credit equal to 2% of their capital gains. In effect, this taxes capital gains at a lower rate than other income.
- Other credits generally are a percentage of a certain type of qualifying expenditure the taxpayer has made.



## Income, Deductions, Credits, and Tax from 2008 and 2009 Returns

The next six tables show information about individual line items on full year residents' income tax returns for 2008 and 2009. For each line item, the table shows the count of the number of returns with a value on that line and the sum of those values.

Montana Individual Income Tax Income Reported on Full-Year Residents' Returns 2008 and 2009				
	2008		2009	
	Count	Total	Count	Total
<b>Income Items</b>				
Wage and salary income	431,012	13,352,105,062	421,862	13,136,979,081
Taxable interest income	274,368	674,052,607	251,993	519,760,266
Exempt interest income*	26,829	181,764,183	26,496	178,610,589
Ordinary dividend income	136,766	592,113,015	125,833	462,423,006
Qualified dividend income *	114,243	432,759,688	n/a	n/a
Taxable refunds of state/local income taxes	103,259	101,843,624	100,555	113,741,795
Alimony received	839	12,216,684	832	12,834,607
Business income (Schedule C)	79,241	701,307,208	76,859	648,186,972
Capital gains income	114,334	1,337,809,696	94,436	912,040,530
Supplemental gains income	15,324	56,735,447	14,975	19,035,494
IRA distributions*	34,950	423,809,760	28,815	368,407,244
IRA distributions - Taxable amt	42,487	451,708,587	34,825	396,729,060
Pension and annuity income*	88,865	2,120,658,359	86,664	3,037,304,264
Pension and annuity income - Taxable amt	92,494	1,509,033,462	92,846	1,567,181,125
Rent, royalty, partnership, etc. income	95,986	1,735,147,210	95,190	1,508,400,268
Farm income	19,760	-210,130,661	19,326	-183,602,398
Unemployment compensation	31,654	102,993,388	33,542	174,819,293
Social Security Benefits*	104,002	1,509,624,382	105,371	1,646,131,586
Taxable social security benefits	63,579	527,626,179	63,158	540,620,199
Other income	<u>49,494</u>	<u>-214,412,339</u>	<u>42,531</u>	<u>-326,314,130</u>
<b>Total income</b>	<b>537,508</b>	<b>20,730,149,169</b>	<b>528,318</b>	<b>19,502,835,168</b>
* Indented items either are part of another line or include another line. They are not part of the total.				
<b>Federal Adjustments to Income</b>				
Educator Expense	11,075	255,694	11,230	2,641,663
Business expenses	588	1,624,564	582	1,447,975
Health Savings Account deduction	5,791	16,792,206	6,421	19,175,503
Moving expenses	3,126	4,722,743	2,587	3,547,466
One-half self-employment tax	61,780	74,863,322	59,832	70,605,043
Self-employed SEP, SIMPLE, and qual. plans	3,191	46,752,467	2,828	42,822,026
Self-employed health insurance deduction	21,303	102,338,278	20,351	98,936,900
Penalty on early withdrawal of savings	3,689	942,627	3,786	705,172
Alimony paid	1,186	13,387,308	1,162	13,843,756
IRA deduction	15,867	56,421,582	14,555	52,303,964
Student loan interest deduction	43,407	32,089,772	44,490	32,806,866
Tuition & fees deduction	14,602	34,238,086	6,872	15,216,928
Domestic production activities deduction	5,176	28,313,939	4,995	22,914,712
Federal write-ins	<u>352</u>	<u>2,699,970</u>	<u>317</u>	<u>1,767,132</u>
<b>Total adjustments to income</b>	<b>142,736</b>	<b>417,743,804</b>	<b>136,576</b>	<b>378,735,106</b>
<b>Federal Adjusted Gross Income</b>	<b>537,530</b>	<b>20,312,405,365</b>	<b>528,328</b>	<b>19,124,100,062</b>

# Income, Deductions, Credits, and Tax from 2008 and 2009 Returns

## Montana Individual Income Tax Income Reported on Full-Year Residents' Returns 2008 and 2009

	2008		2009	
	Count	Total	Count	Total
<b>Montana Additions to Federal Adjusted Gross Income</b>				
Interest on other states' municipal bonds	17,321	94,380,505	17,681	92,212,666
Dividends not included in FAGI	155	221,776	441	702,870
Taxable federal refunds	90,034	122,652,586	83,066	122,976,647
Recoveries of amounts deducted in earlier years	833	468,721	285	973,921
Additions to federal taxable social security or railroad retirement	6,133	9,379,800	6,722	10,706,356
Allocation of compensation to spouse	611	9,563,306	482	7,202,972
Medical savings account nonqualified withdrawals	109	145,198	113	129,357
First-time homebuyer's account nonqualified withdrawals	8	35,384	14	29,691
Farm and ranch risk management account taxable distributions	1	200	1	697
Dependent care assistance credit adjustment	52	86,959	67	127,529
Smaller federal estate and trust taxable distributions	39	48,095	70	115,517
Federal net operating loss carryover	3,592	190,896,793	4,128	256,422,918
Federal taxes paid by your S. corporation	15	326,001	42	74,002
Title plant depreciation	0	0	2	3,548
Group health premiums reimbursed by Insure Montana credit	769	4,642,233	919	5,094,962
Other additions	<u>7,371</u>	<u>99,710,548</u>	<u>4,922</u>	<u>113,864,663</u>
<b>Total Montana Additions</b>	<b>117,840</b>	<b>532,558,105</b>	<b>109,059</b>	<b>610,638,316</b>

## Montana Individual Income Tax Income Reported on Full-Year Residents' Returns 2008 and 2009

	2008		2009	
	Count	Total	Count	Total
<b>Montana Subtractions from Federal Adjusted Gross Income</b>				
Federal bonds exempt interest	28,534	51,862,384	23,963	37,421,242
Exempt tribal income	7,409	187,639,734	7,735	201,760,096
Exempt unemployment compensation	30,268	99,748,626	32,500	169,813,215
Exempt worker's comp benefits	77	400,335	204	1,006,241
Capital gains from small business investment companies	49	50,125	50	73,145
State tax refunds included in federal AGI	109,494	105,479,553	106,869	118,187,520
Recoveries of amounts deducted in earlier years	37	67,983	22	102,536
Exempt active duty military salary	4,142	131,691,515	4,297	142,046,880
Nonresident exempt military income	112	3,661,691	99	3,560,669
Exempt life insurance premiums reimbursement (National Guard)	126	447,340	41	441,796
Exempt pension income	42,005	134,023,768	41,280	132,876,584
Elderly interest exclusion	72,327	46,871,599	70,449	43,632,908
Exempt retirement disability income (under age 65)	91	369,876	155	656,765
Exempt tip income	11,142	31,562,631	13,348	38,921,676
Exempt income of child taxed to parent	145	251,424	44	99,782
Exempt health insurance premiums taxed to employee	283	1,127,728	160	644,902
Student loan repayments taxed to health care professional	102	294,799	134	370,976
Medical care savings account exempt deposits	7,524	16,967,593	7,425	17,483,938
First-time homebuyer exempt savings account deposits	196	538,398	254	710,124
Family education savings account exempt deposits	2,913	6,854,175	2,741	6,592,192
Farm and ranch risk management accounts exempt deposits	0	0	0	0
Subtraction to federal taxable social security/Tier 1 railroad retirement	31,901	104,252,490	32,847	113,084,380
Subtraction for federal taxable Tier II railroad retirement	3,054	35,527,084	3,025	36,473,121
Subtraction for spouse filing joint return: passive loss carryover	713	4,913,234	76	244,075
Subtraction for spouse filing joint return: capital loss adjustment	1,828	1,918,568	2,481	3,554,062
Allocation of compensation to spouse	611	9,564,024	502	7,418,488
Montana net operating loss carryover	3,397	177,036,342	3,867	242,163,391
40% capital gain exclusion on pre-1987 installment sales	626	2,813,975	250	1,124,567
Business expense of recycled material	72	179,028	115	136,675
Sales of land to beginning farmers	1	2,270	2	7,785
Larger federal estate and trust taxable distributions	153	311,890	110	264,183
Wage deduction reduced by federal targeted jobs credit	58	199,915	63	276,616
Certain gains recognized by liquidating corporation	13	399,697	5	29,686
Other subtractions	<u>4,373</u>	<u>108,699,708</u>	<u>4,154</u>	<u>126,816,297</u>
<b>Total Montana Subtractions</b>	<b>246,009</b>	<b>1,265,729,502</b>	<b>243,960</b>	<b>1,447,996,513</b>

# Income, Deductions, Credits, and Tax from 2008 and 2009 Returns

## Montana Individual Income Tax Deductions Reported on Full-Year Residents' Returns 2008 and 2009

	2008		2009	
	Count	Total	Count	Total
<b>Deductions</b>				
Total medical expenses*	134,614	550,903,057	133,123	543,571,282
Deductible medical expenses	71,687	309,033,065	73,337	307,848,323
Medical insurance premiums not deducted elsewhere	102,280	328,606,170	103,054	345,055,072
Long-term care insurance premiums	13,640	26,552,393	13,264	26,195,277
<b>Federal Income Tax</b>				
Federal income tax withheld*	249,756	1,439,217,079	250,431	1,325,630,593
Federal income tax estimated payments*	55,434	761,008,071	50,339	573,787,410
Last year's federal income tax paid (e.g. with return)*	68,313	360,705,773	52,432	280,037,049
Federal income tax from previous years*	5,147	22,571,910	4,094	36,809,791
Federal economic stimulus rebate	256,154	543,735,650	n/a	n/a
Total federal income tax deduction (after \$5,000 cap)	262,564	977,041,035	280,813	1,007,165,809
State or Local Sales Tax**	n/a	n/a	577	621,978
Local income taxes	132	104,485	228	208,407
Real estate taxes	209,253	375,863,167	211,054	390,523,795
Personal property taxes	169,593	54,112,119	164,852	53,773,266
Other deductible taxes	22,848	8,494,096	26,256	8,631,187
Home mortgage interest	161,357	1,151,150,074	160,899	1,114,955,415
Unreported home mortgage interest	5,940	18,043,825	6,296	17,628,247
Unreported points	18,254	5,619,416	22,619	7,701,339
Qualified mortgage insurance premiums	11,577	12,656,499	17,371	21,264,234
Investment interest	9,061	49,397,642	8,395	31,368,971
Contributions by cash or check	171,569	434,698,282	169,596	424,565,892
Contributions other than cash or check	70,403	61,442,501	70,044	59,713,638
Carryover of contributions from previous years	2,567	34,852,686	2,750	26,683,941
Child and dependent care expenses	769	1,382,178	889	1,600,514
Casualty and theft losses	393	5,565,994	341	6,906,415
<b>Business Expenses</b>				
Unreimbursed employee business expenses*	57,683	187,311,818	56,602	169,613,660
Other business expenses*	142,412	113,984,827	142,920	102,707,081
Total business expenses*	160,914	301,296,645	161,528	272,320,741
Net deductible unreimbursed business expenses	56,879	213,814,844	57,450	191,103,224
Political contributions	11,307	1,062,633	7,052	643,598
All other miscellaneous deductions not subject to 2% floor	2,396	7,969,789	2,175	17,170,824
Gambling losses	<u>1,250</u>	<u>10,936,343</u>	<u>1,169</u>	<u>10,915,626</u>
<b>Total itemized deductions</b>	304,346	4,088,399,236	308,304	4,072,251,370
Unallowed itemized deductions (due to income over threshold)	<u>22,128</u>	<u>23,169,551</u>	<u>18,039</u>	<u>19,210,187</u>
<b>Allowable itemized deductions</b>	304,346	4,065,229,685	308,304	4,053,041,183
<b>Standard deductions</b>	<u>210,558</u>	<u>749,417,878</u>	<u>200,130</u>	<u>697,489,190</u>
<b>Total deductions</b>	531,358	4,814,647,563	523,618	4,750,530,373

\* Indented items either are part of another line or include another line. They are not part of the total.

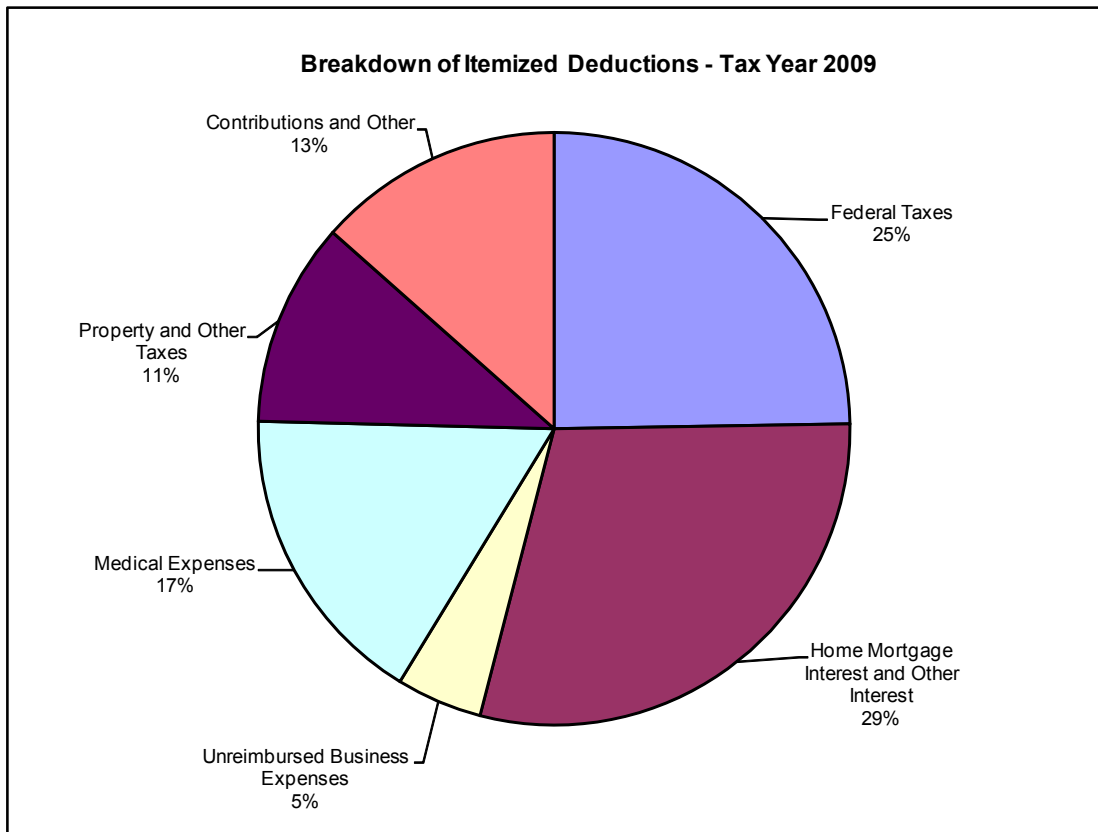
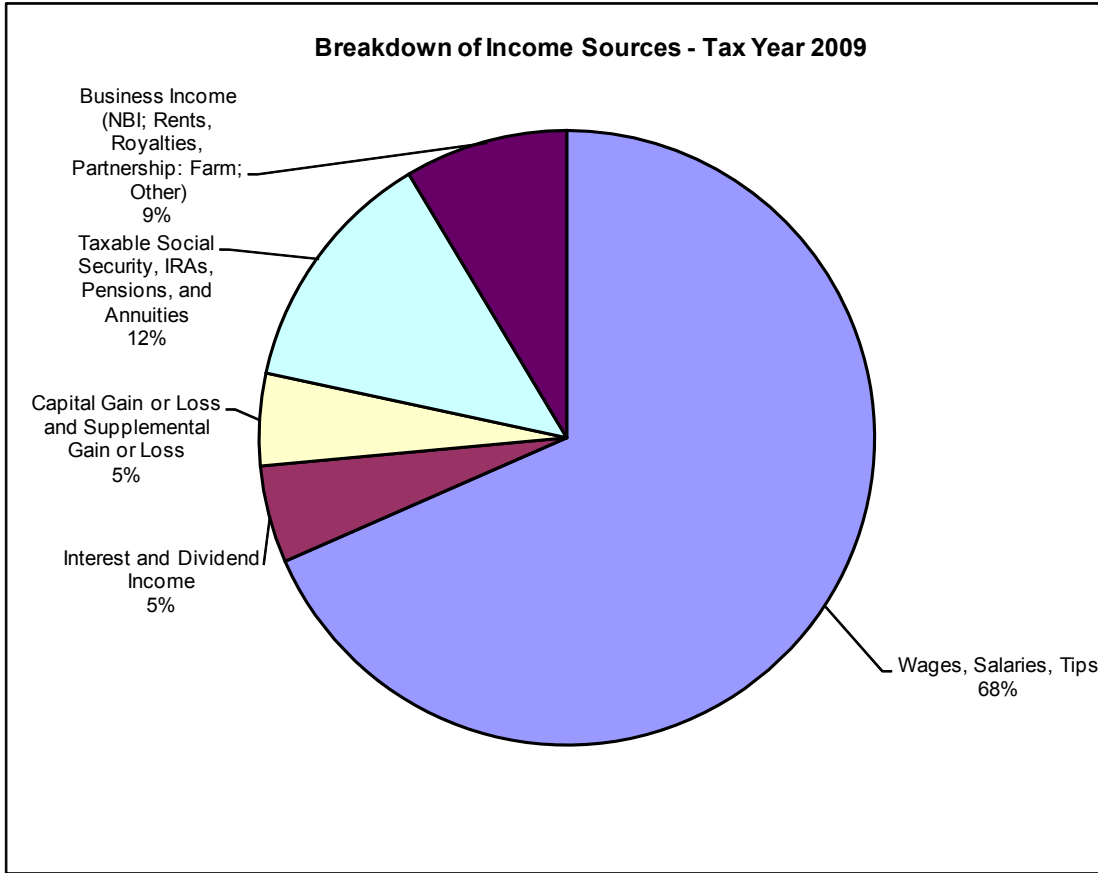
\*\*For 2008, deductible sales tax was reported on the income tax line. It was given its own line for 2009.

# Income, Deductions, Credits, and Tax from 2008 and 2009 Returns

Montana Individual Income Tax Exemptions, Taxable Income, Tax, and Payments Reported on Full Year Residents's Returns 2008 and 2009				
	2008		2009	
	Count	Total	Count	Total
<b>Exemptions *</b>				
Self Exemption		n/a		488,987
Self 65 and Over Exemption		n/a		87,211
Self Blind Exemption		n/a		1,270
<b>Total Taxpayer Exemptions</b>	493,793	582,020	488,992	577,468
Spouse Exemption		n/a		77,278
Spouse 65 and Over Exemption		n/a		31,804
Spouse Blind Exemption		n/a		360
<b>Total Spouse Exemptions</b>	83,285	103,539	87,637	109,442
Dependent Exemptions	132,201	<u>233,053</u>	132,230	<u>234,714</u>
<b>Total Exemptions</b>	493,794	918,613	488,992	921,624
<b>Value of Exemptions</b>	538,660	\$2,065,590,060	529,582	\$2,033,750,930
<b>Taxable Income</b>				
Federal Adjusted Gross Income	537,530	\$20,312,405,365	528,328	\$19,124,100,062
+Montana Additions	117,840	\$532,558,105	109,059	\$610,638,316
-Montana Subtractions	246,009	\$1,265,729,502	243,960	\$1,447,996,513
-Deductions	531,358	\$4,814,647,563	523,618	\$4,750,530,373
-Value of Exemptions	<u>538,660</u>	<u>\$2,065,590,060</u>	<u>529,582</u>	<u>\$2,033,750,930</u>
Montana Taxable Income	444,818	\$13,848,799,301	430,879	\$12,823,448,468
Tax from Tax Table	444,077	\$767,801,378	430,142	\$705,718,484
Capital Gains Credit	51,631	\$26,151,925	30,696	\$17,974,296
<b>Tax before Credits &amp; Adjustments</b>	440,443	\$741,649,453	427,615	\$687,744,188
Tax on Lump Sum Distributions	49	\$17,166	39	\$6,437
Recapture of Credits Claimed Previously	21	<u>\$22,472</u>	25	<u>\$38,872</u>
<b>Total Tax</b>		\$741,689,091		\$687,789,497
<b>Payments</b>				
Montana income tax withheld from wages	423,083	\$602,973,245	413,663	\$594,092,298
Tax withheld from mineral royalties	2,474	\$6,173,658	2,656	\$2,676,680
Tax withheld by pass-through entities	n/a	n/a	100	\$98,744
Estimated tax payments	50,898	\$202,271,498	47,153	\$156,234,826
Extension payments	4,421	<u>\$20,857,241</u>	3,707	<u>\$25,498,836</u>
<b>Total Payments</b>		\$832,275,642		\$778,601,384
<p>* Taxpayers claim exemptions for themselves and their spouses by checking boxes on the return. The counts for exemptions show the number of returns where the taxpayer claimed at least one exemption for themselves, their spouse, or dependents. The totals column shows the number and type of exemptions claimed. For the taxpayer and spouse, the totals column shows the numbers of basic exemptions and extra exemptions for being 65 or over or blind. For 2008, only the total number of taxpayer and spouse exemptions was recorded. For dependent exemptions, the count is the number of returns claiming at least one dependent, and the total is the number of dependents claimed.</p>				

## Income, Deductions, Credits, and Tax from 2008 and 2009 Returns

Montana Individual Income Tax Credits Reported on Full-Year Residents' Returns 2008 and 2009				
	2008		2009	
	Count	Total	Count	Total
<b>Credits</b>				
<b>Non-Refundable and No Carryover</b>				
Other states' income tax credit	10,735	20,931,634	9,765	16,975,208
College contribution tax credit	2,767	225,228	2,820	237,180
Qualified endowment tax credit	617	1,919,025	579	1,746,260
Energy conservation tax credit	23,656	7,853,727	28,594	9,998,955
Alternative fuel tax credit	45	27,402	55	38,175
Rural physician's tax credit	35	160,294	20	90,312
Insurance for uninsured Montanans credit	493	413,966	377	294,402
Elderly care tax credit	46	48,026	42	45,059
Recycling tax credit	77	527,908	85	439,254
Oil seed crushing/biodiesel facility credit	<10	4,047	0	0
Biodiesel blending/storage tank credit	<10	1,090	<10	2,630
<b>Non-Refundable but with Carryover</b>				
Contractor's gross receipts tax credit	463	1,738,387	510	2,676,113
Geothermal systems tax credit	156	215,157	302	525,153
Alternative energy systems credit	1,804	997,615	2,321	1,302,796
Alternative energy production tax credit	<10	8,315	15	33,086
Dependent care assistance credit	<10	24,116	<10	7,769
Historic property preservation tax credit	18	60,116	23	134,543
Infrastructure user fee credit	16	30,372	12	27,699
Empowerment zone credit	0	0	0	0
Research activities tax credit	12	391,790	17	345,813
Mineral exploration tax credit	<10	44,530	<10	7,749
Film production employment tax credit	0	0	0	0
Adoption credit	205	186,069	194	165,300
<b>Total Non-Refundable Credits</b>	<b>39,108</b>	<b>35,808,814</b>	<b>43,357</b>	<b>35,093,456</b>
<b>Refundable Credits</b>				
Elderly homeowner/renter tax credit*	16,698	8,252,383	17,053	8,465,090
Film production employment tax credit	0	0	0	0
Film qualified expenditure tax credit	<10	29,230	<10	19,047
Insure Montana small business health insurance credit	792	2,380,374	911	2,513,344
Emergency lodging credit	<10	396	0	0
<b>Total Refundable Credits</b>	<b>13,806</b>	<b>8,901,758</b>	<b>14,497</b>	<b>9,311,534</b>
<b>Total Credits</b>	<b>69,252</b>	<b>66,387,531</b>	<b>75,430</b>	<b>63,883,305</b>
* Credits claimed on tax returns. See the Property Tax section for credits claimed with no income tax return.				



## Income, Deductions, Credits, and Tax from 2008 and 2009 Returns

The following tables show Montana adjusted gross income, deductions, taxable income and tax liability by decile group. Each decile group is 10% of the population of returns, sorted by adjusted gross income. Group 1 is the 10% with the lowest incomes, while group 10 is the 10% with the highest incomes. In these tables, a married couple who files separate returns on the same form are counted as two returns, and their income and tax is counted separately.

**Deciles of Montana Adjusted Gross Income Full Year Residents 2008 and 2009**

Decile Group	2008				2009			
	Returns	Income Range	Montana Adjusted Gross Income		Returns	Income Range	Montana Adjusted Gross Income	
			\$ million	% of total			\$ million	% of total
1	53,870	less than \$3,515	-\$459.1	-2%	52,962	less than \$3,147	-\$582.2	-3%
2	53,870	\$3,515 to \$8,227	\$316.0	2%	52,963	\$3,147 to \$7,822	\$290.9	2%
3	53,870	\$8,228 to \$13,260	\$577.3	3%	52,962	\$7,823 to \$12,724	\$542.3	3%
4	53,870	\$13,261 to \$18,507	\$854.5	4%	52,963	\$12,725 to \$17,963	\$810.7	4%
5	53,870	\$18,508 to \$24,164	\$1,146.3	6%	52,963	\$17,964 to \$23,599	\$1,098.0	6%
6	53,870	\$24,165 to \$31,036	\$1,479.8	8%	52,962	\$23,600 to \$30,408	\$1,422.0	8%
7	53,870	\$31,037 to \$39,139	\$1,882.6	10%	52,963	\$30,409 to \$38,529	\$1,818.9	10%
8	53,870	\$39,140 to \$49,821	\$2,378.5	12%	52,962	\$38,530 to \$49,303	\$2,308.6	13%
9	53,870	\$49,822 to \$69,389	\$3,130.9	16%	52,963	\$49,304 to \$68,155	\$3,042.3	17%
10	53,870	more than \$69,389	\$8,272.2	42%	52,963	more than \$68,155	\$7,535.3	41%
All	538,700		\$19,579.2		529,626		\$18,286.7	

**Deductions by Decile Group Full Year Residents 2008 and 2009**

Decile Group	% Returns Itemize	2008				2009				
		Itemized Deductions		Standard Deductions		Itemized Deductions		Standard Deductions		
		\$ million	average	\$ million	average	\$ million	average	\$ million	average	
1	28%	\$135.1	\$8,837	\$84.0	\$2,177	34%	\$157.1	\$8,831	\$76.6	\$2,177
2	26%	\$85.8	\$6,026	\$81.6	\$2,060	28%	\$93.4	\$6,332	\$77.7	\$2,032
3	37%	\$142.0	\$7,064	\$83.9	\$2,483	38%	\$138.5	\$6,880	\$79.0	\$2,406
4	43%	\$177.4	\$7,694	\$100.6	\$3,263	44%	\$183.0	\$7,863	\$94.2	\$3,172
5	46%	\$198.1	\$8,030	\$117.9	\$4,037	47%	\$208.8	\$8,345	\$110.5	\$3,954
6	56%	\$264.3	\$8,832	\$105.5	\$4,405	57%	\$267.0	\$8,884	\$99.6	\$4,348
7	71%	\$400.5	\$10,475	\$79.7	\$5,099	72%	\$403.6	\$10,525	\$73.7	\$5,041
8	84%	\$568.1	\$12,541	\$51.8	\$6,044	85%	\$561.3	\$12,476	\$48.2	\$6,049
9	91%	\$749.8	\$15,355	\$32.6	\$6,478	92%	\$737.2	\$15,175	\$27.9	\$6,372
10	97%	\$1,344.2	\$25,840	\$11.8	\$6,402	97%	\$1,303.3	\$25,373	\$10.1	\$6,338
All	58%	\$4,065.2	\$11,607	\$749.4	\$3,301	59%	\$4,053.0	\$11,598	\$697.5	\$3,239

# Income, Deductions, Credits, and Tax from 2008 and 2009 Returns

## Deductions as % of Montana Adjusted Gross Income Full Year Residents 2008 and 2009

Decile Group	2008			2009		
	Itemized Deductions	Standard Deductions	All	Itemized Deductions	Standard Deductions	All
1	-37%	-93%	-48%	-33%	-70%	-40%
2	99%	36%	53%	112%	37%	59%
3	65%	23%	39%	67%	24%	40%
4	48%	21%	33%	51%	21%	34%
5	38%	19%	28%	40%	19%	29%
6	32%	16%	25%	33%	16%	26%
7	30%	15%	26%	31%	15%	26%
8	28%	14%	26%	29%	14%	26%
9	26%	11%	25%	26%	11%	25%
10	17%	6%	16%	18%	6%	17%
All	26%	20%	25%	27%	21%	26%

## Taxable Income and Tax Full Year Residents 2008 and 2009

Decile Group	2008						2009					
	Taxable Income			Tax Liability			Taxable Income			Tax Liability		
	\$ million	Average	% of Total	\$ million	Average	% of Total	\$ million	Average	% of Total	\$ million	Average	% of Total
1	\$0.4	\$7	0%	\$0.0	\$0	0%	\$0.2	\$3	0%	\$0.0	\$0	0%
2	\$72.2	\$1,340	1%	\$0.8	\$16	0%	\$59.6	\$1,125	0%	\$0.7	\$13	0%
3	\$231.3	\$4,293	2%	\$4.3	\$79	1%	\$210.3	\$3,971	2%	\$3.8	\$72	1%
4	\$421.6	\$7,827	3%	\$11.0	\$204	1%	\$387.2	\$7,310	3%	\$9.9	\$187	1%
5	\$656.4	\$12,184	5%	\$22.4	\$416	3%	\$610.8	\$11,533	5%	\$20.6	\$388	3%
6	\$929.6	\$17,256	7%	\$39.0	\$723	5%	\$877.4	\$16,567	7%	\$36.4	\$687	5%
7	\$1,206.9	\$22,404	9%	\$57.3	\$1,063	7%	\$1,151.5	\$21,742	9%	\$54.4	\$1,027	8%
8	\$1,552.1	\$28,811	11%	\$80.7	\$1,498	11%	\$1,495.6	\$28,239	12%	\$77.6	\$1,465	11%
9	\$2,119.9	\$39,352	15%	\$119.6	\$2,221	16%	\$2,057.0	\$38,839	16%	\$116.1	\$2,192	16%
10	\$6,658.5	\$123,602	48%	\$432.7	\$8,032	56%	\$5,973.9	\$112,793	47%	\$386.3	\$7,293	55%
All	\$13,848.8	\$25,708		\$767.8	\$1,425		\$12,823.4	\$24,212		\$705.7	\$1,332	

## Tax As % of Adjusted Gross Income Full Year Residents 2008 and 2009

Decile Group	2008			2009		
	Montana Adjusted Gross Income	Tax Liability	Tax / Income	Montana Adjusted Gross Income	Tax Liability	Tax / Income
	\$ million	\$ million	%	\$ million	\$ million	%
1	-\$459.1	\$0.0	0.0%	-\$582.2	\$0.0	0.0%
2	\$316.0	\$0.8	0.3%	\$290.9	\$0.7	0.2%
3	\$577.3	\$4.3	0.7%	\$542.3	\$3.8	0.7%
4	\$854.5	\$11.0	1.3%	\$810.7	\$9.9	1.2%
5	\$1,146.3	\$22.4	2.0%	\$1,098.0	\$20.6	1.9%
6	\$1,479.8	\$39.0	2.6%	\$1,422.0	\$36.4	2.6%
7	\$1,882.6	\$57.3	3.0%	\$1,818.9	\$54.4	3.0%
8	\$2,378.5	\$80.7	3.4%	\$2,308.6	\$77.6	3.4%
9	\$3,130.9	\$119.6	3.8%	\$3,042.3	\$116.1	3.8%
10	\$8,272.2	\$432.7	5.2%	\$7,535.3	\$386.3	5.1%
All	\$19,579.2	\$767.8	3.9%	\$18,286.7	\$705.7	3.9%



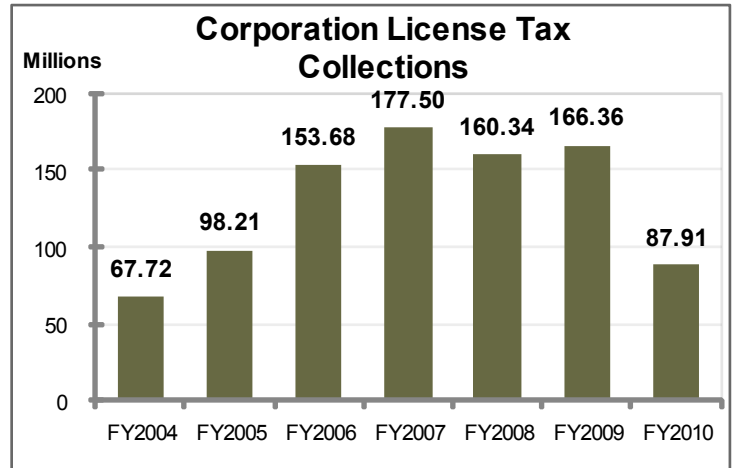
# Overview of Corporate License Tax

## Overview of Corporate License Tax

Montana's corporate license tax is a franchise tax levied on C corporations for the "privilege of carrying on business in this state" (15-31-101(3), MCA). A corporation includes

*an association, joint-stock company, common-law trust or business trust that does business in an organized capacity, all other corporations whether created, organized, or existing under and pursuant to the laws, agreements, or declarations of trust of any state, country or the United States, and any limited liability company, limited liability partnership, partnership or other entity that is treated as an association for federal income tax purposes and that is not a disregarded entity (15-31-101(1), MCA).*

Every bank organized under the laws of Montana or another state or under the United States and every savings and loan organized under state law or United States law is also subject to corporate license tax (15-31-101(4), MCA).



The table to the left and graph above show total corporate license tax collections for fiscal years 2004 through 2010. As a rule, corporate income tax collections in Montana follow the general national economy. Total collections in FY 2004 (which started on July 1, 2003) were \$67.7 million, increasing to \$177.5 million in FY 2007 and declining to \$87.9 million in FY 2010. Corporate license taxes are deposited in the state general fund.

The table below provides a breakdown of revenues for the last five years by how they are collected and shows refunds.

As can be seen from the table, estimated payments is the largest source of corporate tax collections followed by payments with returns. Average revenue over the five years was \$39.556 million for payments with returns and \$112.215 million for estimated payments. Audit collections have ranged from \$10.8 million to \$31.0 million and averaged \$20.2 million per year over the five years.

Corporation License Tax Collections	
FY 2004	\$67,722,940
FY 2005	\$98,213,717
FY 2006	\$153,675,069
FY 2007	\$177,503,707
FY 2008	\$160,341,787
FY 2009	\$166,357,514
FY 2010	\$87,906,411

Corporation License Tax Collections, Refunds and Fees					
	Payments with Returns	Estimated Payments	Audit Collections <sup>1</sup>	Refunds	Total Collections
FY 2006	44,163,925	109,666,297	10,830,003	(10,985,156)	\$153,675,069
FY 2007	31,625,075	141,658,487	26,814,040	(22,593,895)	\$177,503,707
FY 2008	39,473,130	127,433,439	16,874,522	(23,439,304)	\$160,341,787
FY 2009	45,608,755	109,585,667	31,041,454	(19,881,362)	\$166,354,514
FY 2010	36,909,143	72,732,614	15,380,337	(37,121,182)	\$87,900,911
Average	39,556,005	112,215,301	20,188,071	(22,804,180)	149,155,198

<sup>1</sup> Includes penalties and interest as well as taxes collected

## Overview of Corporate License Tax

Refunds averaged \$22.8 million per year, but were as low as \$11.0 million in FY 2006, and as high as \$37.1 million in FY 2010. Total collections averaged \$149.155 million per year, but ranged between \$87.9 million in FY 2010 up to \$177.5 million in FY 2007.

Organizations exempt from the tax include corporations or associations organized and operated exclusively for religious, charitable, scientific, or educational purposes, and whose income does not benefit any stockholder or individual. Other entities exempt from corporate license tax include labor, agricultural or horticultural organizations; civic organizations operated exclusively for the promotion of social welfare; clubs or corporations organized and operated exclusively for pleasure; recreation or other nonprofit purposes and who do not have any income that benefits any private stockholder or member; and similar non-profit organizations. Unrelated business taxable income, as defined by federal law, of exempt organizations which creates more than \$100 of federal tax liability is taxable as corporate income in the same manner as other taxable corporate income. In order to receive treatment as exempt from state corporation taxes, the corporation must prove it is in compliance with all statutory conditions (15-31-102, MCA and ARM 42.23.103).

Research and development (R&D) firms organized to engage in business for the first time in Montana are not subject to the corporate license tax for the first five years of operation. In order to receive this tax treatment the firm must make an application to the Department of Revenue and be approved as meeting legislative requirements (15-31-103, MCA).

Only C corporations pay corporate license taxes. Corporations that elect to file as a subchapter S corporation for federal tax purposes are also required to file as a subchapter S corporation for Montana corporate license tax purposes. Despite the filing requirement, subchapter S corporations do not pay Montana corporate license taxes. Instead the owners or shareholders of the S corporation are subject to income tax on income channeled through the S corporation to the owner or shareholder. Then the owner/shareholder reports any taxable income on their individual income tax form. S corporations are discussed in the section on pass-through entities following this section.

The table on the following page provides a distribution by Montana tax liability of the 14,173 corporate returns with a Montana tax liability filed in fiscal year 2010. Altogether the top 100 returns constituted nearly 80% of total tax liability for the group and the top 500 returns accounted for over 90% of total Montana tax liability for the group. The other 13,675 returns accounted for only 8.0% of the total Montana tax liability.

The starting point for calculating Montana corporation license tax is the corporation's federal taxable income. In order to determine net income taxable by Montana, certain adjustments to federal taxable income must be made. For example, municipal bond interest is taxable and must be added to income. Montana also allows certain reductions to income, such as a portion of the cost of energy conservation investments made in a building used for the corporation's business. Then after additions and reductions, income is apportioned to Montana to produce Montana taxable income.

If the corporation conducts business that is taxable only in Montana, then all of the net income from that business is Montana taxable income. The tax is levied at a rate of 6.75% on net income earned in Montana.

Multi-state corporations conducting business that is taxable both in and outside the state are required to apportion income to Montana based on an equally weighted, three-factor apportionment formula. Sales, property and payroll comprise the three factors used in the apportionment formula. The payroll factor is the ratio of payroll paid in compensation attributable to the production of business income during the tax period in Montana to all payroll paid. Similarly, the property factor is based on the ratio of Montana property to all property and the sales factor is based on the ratio of Montana sales to all

### Returns Filed in Tax Year 2010

Regular or C Corporations	14,173
S Corporations	25,603
Total Corporations	39,776
Corporations Paying \$50 Minimum Tax *	9,578
Corporations Paying More Than \$50 Minimum Tax	4,595
Total Regular Corporations	14,173

\* Includes corporations filing a tax return, but claiming zero taxable income

## Overview of Corporate License Tax

Corporate Returns Filed for Tax Year 2010 Distribution of Montana Tax Liability				
<u>Regular Corporation Returns</u>	<u>Number</u>	<u>Tax Liability</u>	<u>Percent of Total Liability</u>	<u>Cumulative Percent of Total Liability</u>
Top 100 returns	100	\$91,509,931	77%	77%
Second 100 returns	100	8,794,798	7%	84%
Third 100 returns	100	4,428,006	4%	88%
Fourth 100 returns	100	2,694,906	2%	90%
Fifth 100 returns	100	1,741,511	1%	92%
All other returns	13,673	9,792,779	8%	100%
Total	14,173	\$118,961,931	100%	n/a

sales. The tax is normally levied at a rate of 6.75% on net income apportioned to Montana, with exceptions explained below.

Following is an example showing how a multi-state corporation doing business in Montana would calculate its Montana source income. The corporation, Company A, has \$1 million in payroll in Montana out of total payroll of \$10 million; \$2 million of property in Montana out of total property of \$125 million; and sales in Montana of \$4 million out of total sales of \$100 million during the tax year.

Example of apportionment factor calculation for a multi-state corporation			
Company A has:			
Payroll in Montana	Total Payroll	Payroll Factor	
\$1,000,000	\$10,000,000	=	0.1
Property in Montana	Total Property	Property Factor	
\$2,000,000	\$125,000,000	=	0.016
Sales in Montana	Total Sales	Sales Factor	
\$4,000,000	\$100,000,000	=	0.04
Equally weighted factor	Add factors together		0.156
	then divide by 3		0.052
	which equals		0.052
So the apportionment factor is:			0.052

These facts result in an apportionment factor of 0.052. If this corporation had total taxable income of \$10,000,000, then its Montana taxable income is \$520,000 (\$10 million times 0.052), and its state income tax is \$35,100 (before credits).

Montana is a worldwide, combined unitary state. A business is unitary when the operations of that business within the state depend on or contribute to the operations of that business outside the state. However, in Montana, corporations can elect to have only their United States income included in the apportionment process. Corporations taking this election, called a "water's edge" election, pay the tax at a rate of 7% instead of 6.75%. Multinational unitary corporations wishing to file under the water's edge method are required to file a written election within the first 90 days of the tax period for which the election is to become effective. The Department of Revenue must approve the election before the corporation uses it and the election is binding for three consecutive taxable periods.

Corporations whose only activity in Montana consists of making sales, and who do not own or rent real estate or tangible personal property, and whose annual gross volume of sales made in Montana does not exceed \$100,000 may elect to pay an alternative tax equal to 1/2 of 1% of gross sales.

There is a minimum tax of \$50 for any corporation doing business in the state. The table on returns filed in Fiscal Year 2010 earlier in this section shows that for those returns filed in FY 2010 by corporations, the minimum tax was paid on 9,578 returns, or almost 68%. If the corpora-

## Overview of Corporate License Tax

tion has no property, sales, or payroll in the state during the tax period, it is exempt from the minimum tax.

In Montana, net operating losses (NOL) of the corporation may be carried back for a period of three years and used to reduce prior year income, and may be carried forward for a period of seven years to reduce income in those future years. Until recently, federal tax rules allowed NOLs to be carried back two years and then forward for up to 20 years (corporations can also voluntarily elect to just carry forward losses for up to 20 years). However, in November 2009, H.R. 3548, the "Worker, Homeownership, and Business Assistance Act of 2009", became law. This act increases the allowable carryback period for applicable net operating losses at the federal level for most corporations from 2 years to 3, 4, or 5 years. An applicable NOL means the taxpayer's NOL for any tax year ending after Dec. 31, 2007, and beginning before Jan. 1, 2010.

The table below provides a comparison of Montana treatment of net operating loss deductions versus other states in the region. Like Montana, Utah provides a three year carryback of net operating losses, but has a limit of \$1 million. Utah allows losses to be carried forward up to 15 years versus 7 years for Montana. Idaho allows losses to be carried back against income for up to 2 years, but limits carryback losses to \$100,000; Idaho allows carryforward of losses for up to 20 years. Arizona, Colorado, North Dakota and Oregon allow carry-

forward of losses for 5 years, 20 years, 20 years and 15 years, respectively, and do not allow carryback of loss deductions.

The table on the next page provides a comparison of all states with a corporate income tax and what they allow in terms of carrying net operating losses backward and forward. All states with a corporate income tax allow some form of carryforward of losses, from five to twenty years, but many do not allow carryback of net operating losses.

### Comparison with Other States in Region with a Corporate Income Tax Net Operating Loss Deductions

State	Carryback/Carryforward periods
Arizona	0 back, 5 forward
Colorado	0 back, 20 forward
Idaho	2 back (\$100,000 limit), 20 forward, or 0 back, 20 forward
<b>Montana</b>	<b>3 back, 7 forward</b>
North Dakota	0 back, 20 forward
Oregon	0 back, 15 forward
Utah	3 back (limited to \$1 million), 15 forward
Nevada, Washington and Wyoming do not have a corporate income tax.	

# Overview of Corporate License Tax

Thirty one states do not allow carryback of net operating losses, but do allow carryforward of losses, from 5 years up to 20 years. Twelve states allow the same carryforward and carryback periods as federal tax law has his-

torically allowed (2 back and 20 forward). Three states - Montana, Utah and Louisiana – allow corporations with net operating losses to carry back these losses against the three prior years of income.

States with Corporate Taxes							
Allowed Carrybacks and Carryforward Periods for Net Operating Losses							
		Allowed years of carryforward					
		5 years forward	7 years forward	10 years forward	12 years forward	15 years forward	20 years forward
Allowed years of carryback	0 years back	Arizona Arkansas Massachusetts Nebraska New Mexico Rhode Island Texas	New Jersey	Kansas Michigan New Hampshire <sup>3/</sup> Vermont	Illinois	Alabama Minnesota North Carolina Oregon Tennessee Wisconsin	California Colorado Connecticut District of Columbia Florida Iowa Kentucky Maine North Dakota Ohio Pennsylvania <sup>5/</sup> South Carolina
	2 years back					Alaska Delaware <sup>1/</sup> Georgia Hawaii Idaho <sup>2/</sup> Indiana Maryland Mississippi Missouri New York <sup>4/</sup> Virginia West Virginia <sup>7/</sup>	
	3 years back		<b>Montana</b>			Louisiana Utah <sup>6/</sup>	

Source: 2010 State Tax Handbook, CCH, 2009.

<sup>1/</sup> Delaware has a \$30,000 limits on carrybacks.

<sup>2/</sup> Idaho has a \$100,000 limit on carrybacks.

<sup>3/</sup> New Hampshire limits carryforward of losses to \$1 million.

<sup>4/</sup> New York has a limit of the first \$10,000 of loss on carrybacks.

<sup>5/</sup> Pennsylvania has a limit of \$3 million or 15% of taxable income for tax year 2009, and \$3 million or 20% of taxable income for tax year 2010 on carryforward.

<sup>6/</sup> Utah has a \$1 million limit on carrybacks.

<sup>7/</sup> West Virginia limits carrybacks to \$300,000.

# Overview of Corporate License Tax

## Credits

As with individual income tax, corporations with expenditures that qualify can claim tax credits. The following

table shows what credits have been claimed in the last two fiscal years and the number of corporations claiming those credits.

Montana Corporation Tax Credits				
Credit	--- Fiscal Year 2009 ---		--- Fiscal Year 2010 ---	
	Number of Credits	Total Credit Amounts	Number of Credits	Total Credit Amounts
Contractors Gross Receipts Tax Credit	91	1,692,954	72	487,413
Charitable Endowment Credit	18	54,516	29	103,189
Montana Recycling Credit	*	70,936	*	25,937
Credit for Increasing Research Activities	22	588,068	12	82,965
Credit for Contribution to MT University or Private College	31	6,714	19	3,636
Montana Capital Company Credit	0	0	0	0
Health Insurance for Uninsured Montanans Credit	86	65,632	61	43,400
Credit for Alternative Fuel Motor Vehicle Conversion	0	0	*	6,000
Alternative Energy Production Credit	*	15,094	*	50
Dependent Care Assistance Credit	0	0	0	0
New/Expanded Industry Credit	0	0	0	0
Historical Building Credit	0	0	0	0
Infrastructure Users Fee Credit	*	541,522	*	431,692
Mineral Exploration Incentive Credit	*	1,361	*	25
Interest Differential Credit	0	0	0	0
Film Production Credit	*	16,583	0	0
Biodiesel Blending and Storage Credit	0	0	0	0
Oilseed Crushing and Biodiesel Production Credit	0	0	0	0
Geothermal System Credit	0	0	0	0
Insure Montana Credit	164	1,009,331	155	880,874
Empowerment Zone Credit	0	0	0	0
<b>Total Credits</b>	<b>427</b>	<b>4,062,711</b>	<b>358</b>	<b>2,065,181</b>

Some of the above credits are claimed on returns that have not been audited yet. The amount of credit claimed may change once these returns are audited. In addition, some of the above numbers represent a carryback of some credits claimed on amended returns received during the fiscal year.

\* Indicates that credits were claimed on fewer than 10 returns.

### Estimated Payments

Companies with a tax liability of \$5,000 or more have to make quarterly estimated payments. Tax returns for taxpayers using a calendar year as their fiscal year are due May 15<sup>th</sup>. Tax returns for taxpayers using another period as their fiscal year are due the 15<sup>th</sup> day of the fifth month after close of the taxable year. Taxpayers must use the same tax period they used on the federal tax return. Automatic extensions are allowed for up to six months following the prescribed filing date.

### Penalties and Interest

Corporations who do not pay a tax when due may be assessed a late payment penalty of 1.2% per month on the unpaid tax, up to a maximum penalty of 12% of the tax due. Interest on unpaid tax accrues at a rate of 12% per year, or at 1% per month or fraction of a month on

## Comparison of State Corporate Tax Rates

### Maximum Corporate Tax Rate By State From Highest to Lowest - Tax Year 2010

Rank	State	Maximum Tax Rate
1	Iowa *	12.00%
2	Pennsylvania	9.99%
3	District of Columbia	9.975%
4	Minnesota	9.80%
5	Alaska *	9.40%
6	New Jersey	9.00%
6	Rhode Island	9.00%
8	Maine *	8.93%
9	California	8.84%
10	Massachusetts	8.75%
11	Delaware	8.70%
12	Indiana	8.50%
12	New Hampshire	8.50%
12	West Virginia	8.50%
12	Vermont *	8.50%
16	Maryland	8.25%
17	Louisiana *	8.00%
18	Wisconsin	7.90%
18	Oregon	7.90%
20	Nebraska *	7.81%
21	Idaho	7.60%
21	New Mexico *	7.60%
23	Connecticut	7.50%
24	Illinois	7.30%
25	New York	7.10%
26	Arizona	6.968%
27	North Carolina	6.90%
28	<b>Montana</b>	<b>6.75%</b>
29	Alabama	6.50%
29	Arkansas *	6.50%
29	Tennessee	6.50%
32	North Dakota *	6.40%
32	Hawaii *	6.40%
34	Missouri	6.25%
35	Kentucky *	6.00%
35	Georgia	6.00%
35	Oklahoma	6.00%
35	Virginia	6.00%
39	Florida	5.50%
40	Mississippi *	5.00%
40	South Carolina	5.00%
40	Utah	5.00%
43	Michigan	4.95%
44	Colorado	4.63%
45	Kansas	4.00%

As of Jan. 1, 2010. Federation of Tax Administrators

the unpaid tax.

### Comparison of Corporate Tax Rate with Other States

Forty-four states and the District of Columbia have a tax on corporate income. The table to the left uses data from the Federation of Tax Administrators (as of January 1, 2010) to show the maximum rates for states that have a corporate tax. These go from 12% down to 4%.

A number of states have a graduated income tax which is indicated by an asterisk next to the state.

Nevada, Washington and Wyoming do not have state income corporation taxes. Texas imposes a franchise tax based on gross revenues and South Dakota has a tax on financial institutions only. Ohio has adopted a commercial activity tax which is a tax on gross receipts.

The table below provides a comparison of Montana's tax rate with the maximum tax rate for other states in the region that have a corporate income tax. As noted before, Nevada, Washington and Wyoming do not have corporate income taxes.

Maximum Corporate Tax Rate Regional Ranking - Tax Year		
Rank	State	Maximum Tax Rate
1	Oregon	7.90%
2	Idaho	7.60%
3	Arizona	6.97%
4	Montana	6.75%
5	North Dakota *	6.40%
6	Utah	5.00%
7	Nevada	0.00%
8	Washington	0.00%
9	Wyoming	0.00%



### Business Structure and Taxation

States offer businesses a variety of options for legal organization. Different business forms give the owners different levels of liability for the business' actions and debts, different structures for making business decisions, and different levels of access to capital markets.

For tax purposes, each of these business structures falls into one of three categories: sole proprietor businesses, pass-through entities, and C corporations.

Income from a sole-proprietor business is reported on the owner's tax return and is taxed as the owner's income. A pass-through entity files an informational return showing its income and how the income is divided between the owners. The owners are taxed on their shares of the business' income, whether or not the income is distributed to them, but the business is not taxed. Pass-through entities can be either S corporations or partnerships, and somewhat different accounting procedures apply to how net income can be distributed between owners. A C corporation files a return and is taxed on its net income. The owners are taxed on dividends the business pays them.

In many cases, a firm's legal business structure determines its tax treatment, but some firms can choose between two or more options for tax treatment.

Pass-through entities include partnerships; S corporations; limited liability companies (LLCs); real estate investment trusts (REITS); regulated investment companies (RICs), better known as mutual funds; and others. Partnerships are an old and familiar business entity to many, but S corporations are less so. The S corporation rules were enacted in 1958 and permit a corporation and its shareholders to elect to be taxed at one level. However, S corporation status has limitations relative to C corporations. S corporations can have no more than 100 shareholders, although family members are treated as one shareholder. Only one class of stock is allowed, and ownership is limited to U.S. taxpayers or entities.

The most common type of pass-through entity today is the limited liability company, or LLC. The first LLC statute was enacted in Wyoming in 1977, and now all states and the District of Columbia have LLC statutes. For federal tax purposes, LLCs are generally treated as partnerships, although LLCs can elect to be treated as S corporations. A single member LLC can elect to be treated as a sole proprietorship if the single member is an individual; if the single member is a corporation,

then the LLC is treated as a division of a corporation. In both cases, the LLC's income is reported on the owner's return and the LLC does not file a separate return. In Montana an entity generally has the same status as it has for federal tax purposes. For example, if a business filed as an S corporation at the federal level, it must file as an S corporation at the state level.

Partnerships and S corporations are "traditional" pass-through entities. Their income, deductions, and credits pass-through to the owners and the owners report the items on their tax returns. Although they are traditional corporations, REITs and RICs are effectively pass-through entities because they are allowed a deduction for dividends paid to shareholders. Therefore, usually the REIT or RIC pays no tax and the shareholders are only taxed on their REIT or RIC income. A limited liability company has no independent tax status. Instead it is taxed as either an S corporation, or a partnership or a C corporation; if it has only one owner, the LLC's existence is disregarded for most tax purposes.

The following table shows characteristics of businesses falling into each of the four business tax categories.

## Overview of Pass-Through Entities

Business Structure and Taxation				
	Individual	Pass-Through Entity (S - Corporation or Partnership)	C - Corporation	Disregarded Entity
<b>Legal Business Organization</b>	Informal	Partnership, Limited Liability Company (LLC), Corporation, Limited Partnership, etc.	Corporation	Single Member LLC, etc.
<b>May be Owned By</b>	One Individual or Married Couple	Individuals or Other Business Entities	Individuals or Other Business Entities	Individuals or Other Business Entities
<b>Business Income and Owner's Income</b>	The business' net income is all attributed to the owner.	The business calculates its net income, and this income is attributed to the owners.	The business calculates its net income. Owners' income is dividends received.	The business' net income is all attributed to the owner.
<b>Distribution of Income to Owners</b>	The business' net income is the owner's income from the business.	Distributions to owners need not equal business' current net income.	Business pays dividends to shareholders. Dividends need not equal business' current net income.	Distribution to owner need not equal business's current net income.
<b>Taxation</b>	Owner reports income from business as part of income subject to individual income tax	No tax at the entity level. Owners responsible for tax on income attributed to them.	Business' net income subject to corporation license tax. Owners taxed on dividends.	Entity is ignored. Business' income is taxed as owner's income.
<b>Reporting</b>	The business' receipts and costs are reported on Schedule C of the owner's federal tax return (Schedule F for a farm), and net income is reported on Line 12 for Business Income or Loss (Line 18 for Farm Income or Loss) of the state return.	The business files federal and state information returns. Federal return shows receipts and costs and both show income, deductions, and credits passed through to owners. Owners report their share of net business income from the pass-through as business income (Schedule E and Line 17 of the tax return for individuals). If the business receives dividends, capital gains, or other passive income, owners report those separately on the appropriate return lines.	The business files federal and state corporate income tax returns and a federal information report, Form 1099-DIV, for each owner who received at least \$10 of dividends. Owners report dividends received on their tax returns (Line 9 of state return for individuals).	Income is reported on owner's return.

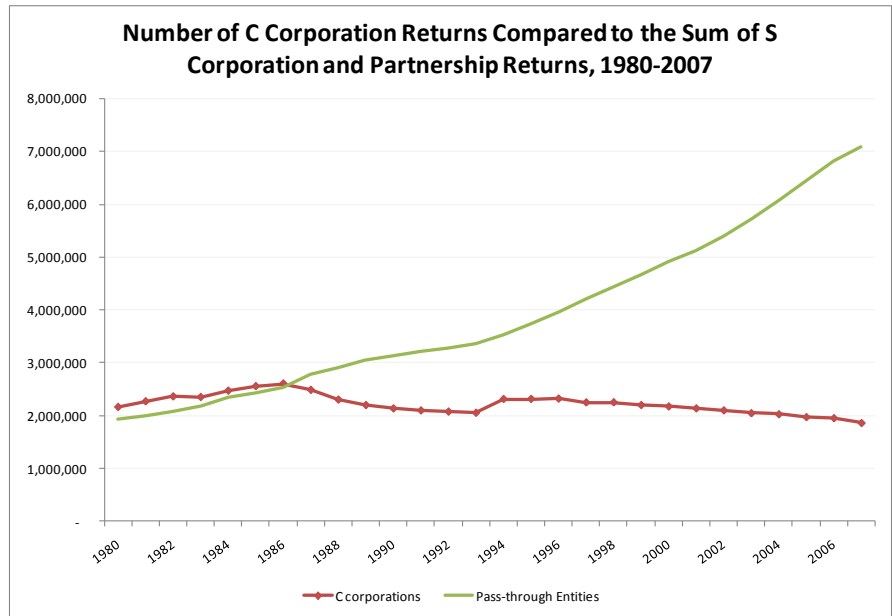
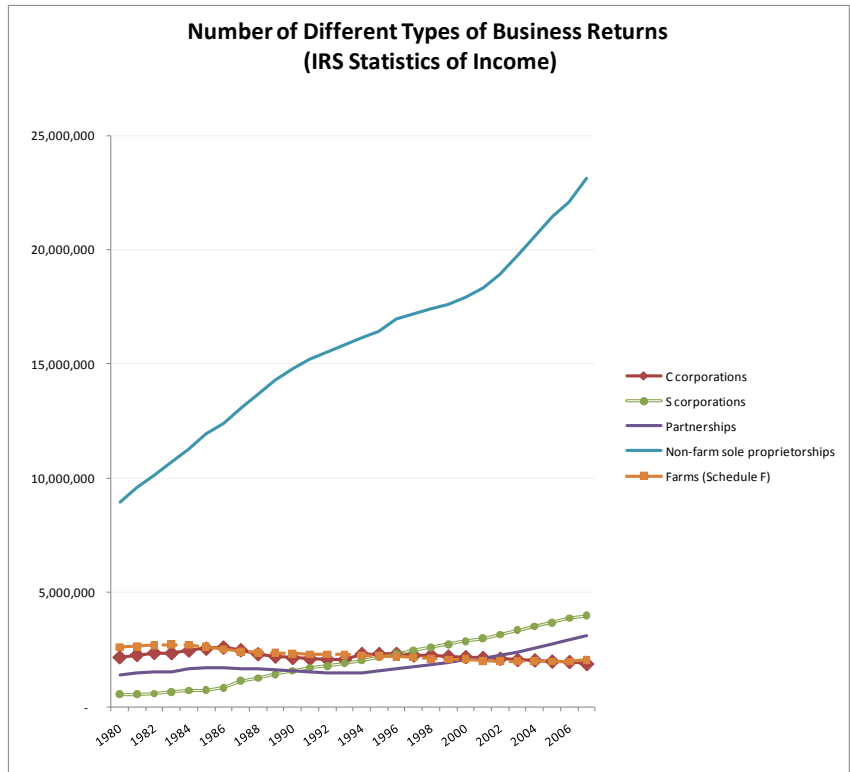
## Growth of Pass-Through Entities

Increasingly, in Montana and nationwide, business and investment activities are being conducted by pass-through entities. The graph on the top right shows the number of returns filed with the IRS by business types from 1980 through 2007. As can be seen from the graph, non-farm sole proprietorships are the most common type of business entity in the U.S., based upon the number of returns filed. The number of non-farm sole proprietorships has been growing steadily over the time period, going from 9 million in 1980 up to 23 million in 2007, an average annual growth rate of almost 3.6%. The number of S corporations has also grown very rapidly during the same time – up from 545,000 in 1980 to almost 4 million in 2007, an annual growth rate of 7.6%. Partnerships grew more slowly – increasing from 1.4 million in 1980 to 3.1 million in 2007.

During the same period, both the number of corporation returns and farm returns (based upon schedule F) declined, with corporations going from 2.2 million in 1980 to 1.9 million in 2007 and farms (filing schedule F) going from 2.6 million in 1980 to 2.0 million in 2007. However, it should be noted that farms can also operate as partnerships or be incorporated as S or C corporations. Although they are not shown on the graph, the number of REIT and RIC returns also grew over this time period, going from 1,691 returns in 1980 to 13,724 returns in 2007.

The graph on the bottom left is based upon the same data as in the graph above, but compares the growth in the number of pass-through entities (partnerships and S corporations) to that of C corporations.

Sole proprietorships, just as the name suggests, are businesses with a single owner and are a familiar



sight on many main streets in Montana. The Department of Commerce, in its December 2007 publication, *Economic and Demographic Analysis of Montana*, reports that over 60% of Montana businesses are sole proprietorships without any employees. The owner of a sole proprietorship will record his or her income on the state individual income tax form, Form 2 on line 12, as Business Income (or loss), and will attach a copy of federal Schedule C (or C-EZ), which has been filed with the taxpayer's federal tax return. If the business owner has a farm or ranch operation that is operated as a sole proprietorship, the taxpayer reports his or her income on line 18 of the state individual income tax form (Farm Income or (loss)), and attaches a copy of federal Schedule F, which has been filed with the taxpayer's federal form.

One thing to note is that C corporations in Montana vary greatly in size – there are large or very large businesses that engage in operations across many states and even countries, but there are also smaller firms that engage in agricultural operations, main street businesses, or regional operations. Some of these may have been incorporated before S corporations were available or well understood; others may have been incorporated as C corporations in order to be better positioned to access capital markets or otherwise need one or more of the advantages that C corporation status provides. For example, S corporation shareholders pay tax on the entity's income, whether or not distributed. C corporation shareholders pay tax only on dividends distributed to them. It can be advantageous to a company that is growing to retain its earnings inside the corporation; however, for S corporation shareholders, this means that they may be taxed on income, but are not actually receiving any of that money.

## Pass-Through Entity Returns

### Income, Deductions and Credits Reported on Montana Pass-Through Returns

Pass-through entities that are classified as S corporations and partnerships for tax purposes are required to file information returns each year. These returns show the total amounts various types of income, deductions,

and credits allocated to the owners and the amount distributed to each owner. Pass-through entities that operate in more than one state apportion part of their income to Montana using the same apportionment formula as corporations. The following table shows Montana-source income allocated to owners on 2008 pass-through returns.

Montana-Source Income Passed Through To Owners, 2008 (\$ million)				
	S Corporations		Partnerships	
	Montana	Multi-State	Montana	Multi-State
Returns	21,607	3,996	16,508	3,424
Income Items				
Salaries and Other Fixed Payments to Owners	\$0.0	\$0.0	\$247.4	\$26.3
Ordinary Business Income	\$1,066.5	\$368.4	\$549.1	\$174.3
Rental Income				
Real Estate	\$24.6	\$5.4	-\$105.5	-\$1.1
Other	-\$5.8	\$6.0	-\$4.2	-\$2.4
Interest	\$47.2	\$13.0	\$958.6	\$31.0
Dividends	\$10.6	\$4.5	\$344.4	\$8.6
Royalties	\$7.4	\$8.1	\$88.8	\$19.9
Capital Gains	\$80.4	-\$56.8	\$447.2	\$21.4
Gains from the Sale of Business Property	\$134.3	\$376.4	\$228.8	\$108.0
Other Income	<u>\$16.4</u>	<u>\$1.6</u>	<u>-\$83.0</u>	<u>\$14.9</u>
Total	\$1,381.6	\$726.7	\$2,671.6	\$401.0
Montana Additions to Federal Income				
Interest on Non-Montana Municipal Bonds	\$1.3	\$2.4	\$3.7	\$0.4
State and Local Income Taxes	\$3.4	\$12.2	\$4.1	\$0.5
Other	<u>\$12.3</u>	<u>\$1.5</u>	<u>\$62.9</u>	<u>\$12.1</u>
Total	\$17.0	\$16.1	\$70.6	\$13.0
Montana Subtractions from Federal Income				
Interest on Federal Bonds	\$22.2	\$0.4	\$17.2	\$0.3
Purchases of Recycled Materials	\$0.2	\$0.0	\$0.0	\$0.1
Other	<u>\$10.6</u>	<u>\$14.4</u>	<u>\$96.6</u>	<u>\$14.9</u>
Total	\$33.0	\$14.8	\$113.8	\$15.3
Deductions				
Expensing of Capital Purchases	\$162.9	\$54.2	\$455.3	\$174.2
Contributions	\$20.4	\$6.6	\$20.4	\$1.8
Intest on Funds Borrowed to Make Investments	\$5.9	\$0.7	\$391.5	\$2.5
Other	<u>\$9.7</u>	<u>\$26.6</u>	<u>\$913.2</u>	<u>\$24.4</u>
Total	\$198.8	\$88.2	\$1,780.4	\$202.9
<b>Total Net Montana Source Income</b>	<b>\$1,166.8</b>	<b>\$639.9</b>	<b>\$848.0</b>	<b>\$195.7</b>

## Pass-Through Entity Returns

Net income from the pass-through's business operations is usually allocated to the owners as ordinary business income. Individual owners report this income on Schedule E of their federal tax returns and then income from Schedule E is reported on Line 17 of their Montana Form 2. Income the pass-through receives from passive investments or the sale of assets is allocated to the owners as that type of income, and owners report it on the corresponding line of their tax returns. For example, if a pass-through receives \$1,000 of interest and allocates it equally to its ten owners, who are Montana individuals, each owner should report the \$100 of interest on Line 8a of their Form 2.

When a pass-through does something that is eligible for a tax credit, the credit is usually allocated to the owners who claim their share of the credit on their tax returns. Owners may or may not be able to claim the credit. For example, some credits can only be claimed by individuals, and some owners may have no taxable income to claim a credit against.

The following table shows credits reported on pass-through returns for 2008 as passed through to owners. Credits actually claimed by owners are included in the credits claimed for individual income tax and corpora-

**Tax Credits Passed Through To Owners, 2008**

	S Corporations		Partnerships	
	Montana	Multi-State	Montana	Multi-State
Dependent Care Credit	\$0	\$0	\$0	\$0
College Contribution Credit	\$12,644	\$955	\$1,275	\$609
Insurance for Uninsured Montanans Credit	\$250,574	\$6,040	\$30,553	\$0
Credit for Investment in Recycling Equipment	\$340,158	\$166,111	\$79,117	\$40,954
Alternative Energy Production Credit	\$0	\$0	\$0	*
Contractors' Gross Receipts Credit	\$17,334	\$0	\$18,510	\$9,703
Alternative Fuel Credit	\$3,245	\$0	\$0	\$0
Infrastructure Users Fee Credit	\$0	\$0	\$35,547	\$0
Charitable Endowment Contribution Credit	\$49,443	\$6,640	\$15,298	\$4,600
Historic Building Preservation Credit	\$0	\$1,346	\$0	\$0
Increased Research Activity Credit	\$95,108	\$97,501	\$2,253	\$6,828
Empowerment Zone Credit	\$0	\$0	\$0	\$0
Film Production Credit	\$23,891	\$12,062	\$0	\$14,328
Biodiesel Blending Credit	\$0	\$0	\$0	\$0
Oilseed Crushing Credit	\$0	\$0	\$3,455	\$0
Geothermal Heating System Credit	\$0	\$0	\$3,000	\$0
Insure Montana Credit	\$1,280,450	\$45,335	\$231,824	\$14,462
Temporary Emergency Lodging Credit	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Total</b>	<b>\$2,072,847</b>	<b>\$335,990</b>	<b>\$420,832</b>	<b>\$91,484</b>

## Pass-Through Entity Returns

### Income by Type of Owner 2008 (\$ million)

Type of Owner	S Corporations				Partnerships			
	Montana		Multi-State		Montana		Multi-State	
	Owners	Income	Owners	Income	Owners	Income	Owners	Income
Resident Individuals	34,875	\$872.5	1,454	\$238.5	34,977	\$335.1	1,366	\$28.6
Non-Resident Individuals	3,884	\$51.8	12,468	\$421.4	11,785	-\$67.5	24,810	-\$32.2
Montana Business Entities	405	\$22.0	23	\$21.7	4,094	\$183.4	247	\$39.0
Non-Montana Business Entities	<u>248</u>	<u>\$128.2</u>	<u>1,479</u>	<u>\$16.7</u>	<u>4,482</u>	<u>-\$109.7</u>	<u>16,670</u>	<u>\$80.3</u>
<b>Total</b>	<b>39,412</b>	<b>\$1,074.5</b>	<b>15,424</b>	<b>\$698.3</b>	<b>55,338</b>	<b>\$341.3</b>	<b>43,093</b>	<b>\$115.7</b>

tion license tax. The table below shows the numbers of reported owners who are individuals and business entities and who are located in Montana or in other states. It also shows the total income allocated to each group of owners.

Most of the owners of pass-through entities doing business only in Montana are Montana individuals. Most of the owners of multi-state pass-throughs doing business in Montana are non-Montana individuals, but about one-third of the partners in multi-state partnerships are non-Montana business entities.

Owners of pass-through entities taxed as partnerships may be either individuals or business entities. While

shares of S corporations can only be owned by individuals, some types of pass-through entities that can be owned by other business entities can elect to be treated as S corporations for tax purposes.

Most pass-through entities have a small number of owners. As the following table shows, more than 90% of pass-through entities have eight or fewer owners.

About four-fifths of entities with more than 20 owners are partnerships. S corporations are limited to 100 shareholders, while there are types of partnerships with one active partner who runs the business and many partners who are passive investors.

### Pass-Through Entities - Number of Owners

Number of Reported Owners	S Corporations		Partnerships	
	Entities	%	Entities	%
1	11,358	45.9%	153	0.8%
2 to 3	10,880	43.9%	13,523	70.5%
4 to 8	2,033	8.2%	4,145	21.6%
9 to 20	359	1.5%	852	4.4%
Over 20	<u>128</u>	0.5%	<u>504</u>	2.6%
<b>Total</b>	<b>24,758</b>		<b>19,177</b>	

# Tax Administration of Pass-Through Entities

## Tiered Ownership and Tax Administration

A pass-through entity is not itself taxed. Instead, its income and expenses are reported in the tax returns of the owners. These owners can be corporations, individuals, other pass-through entities, or a mix of all of them. When pass-through entities are owned by other pass-through entities, a “tiered” business structure is created.

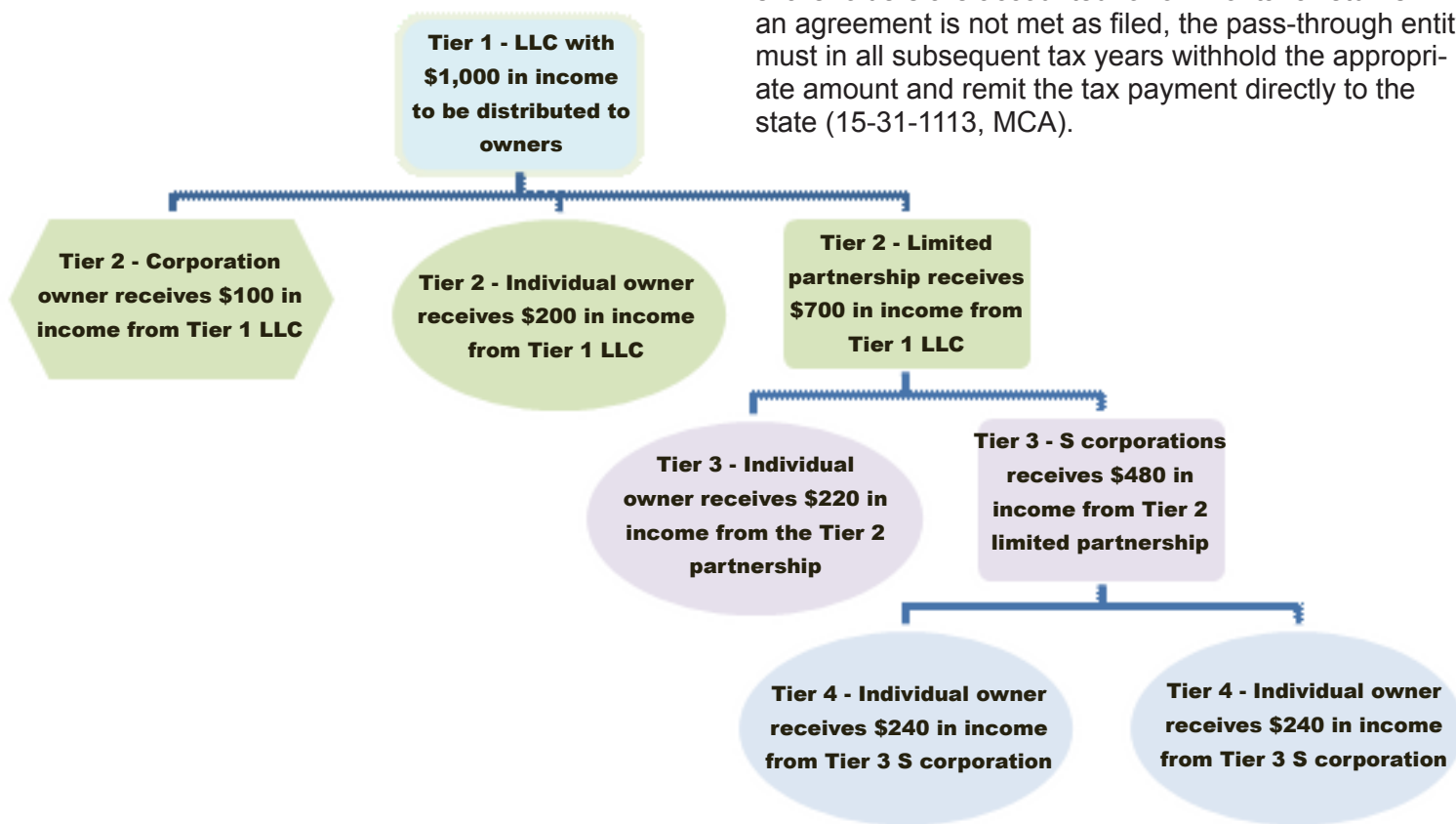
Tiered structures add complexity to tax administration because the “taxpayer” may be quite remote from the entity doing business in the state. Because pass-through entities can have either corporate, individual and/or another pass-through entity as a partner, owner or shareholder, they represent a challenge for tax administration. The following diagram shows how complex even a comparatively small set of ownership/partnership

relationships can become.

A pass-through entity with Montana source income must file an informational return. If this entity has a partner, shareholder, member or other owner who is a non-resident individual or a foreign C corporation, the pass-through entity is also required to:

- (1) file with the state an agreement with the individual nonresident to timely file a Montana return, pay taxes and be subject to personal jurisdiction of the state with respect to the income from the pass-through, or
- (2) file a composite return, or
- (3) remit tax on their shareholders behalf.

If there is a second tier pass-through owner, either a composite return has to be filed or withholding (unless that second tier pass-through proves that all of its shareholders are accounted for on Montana returns. If an agreement is not met as filed, the pass-through entity must in all subsequent tax years withhold the appropriate amount and remit the tax payment directly to the state (15-31-1113, MCA).



Sources:

Joint Committee on Taxation, *Tax Reform: Selected Federal Tax Issues Relating to Small Business and Choice of Entity* (JCX-48-08), June 4, 2008.

Internal Revenue Service, Statistics of Income.



# NATURAL RESOURCE TAXES

BIENNIAL REPORT • MONTANA DEPARTMENT OF REVENUE



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## Overview of Natural Resource Taxes

Historically, Montana has relied on its store of natural resource wealth as a primary source of tax revenue. This section discusses the characteristics of each of the different natural resource taxes in Montana. Generally, natural resource taxes may be categorized as either

severance/license taxes, or some form of ad valorem (property) taxes. Information provided includes tax rates, filing requirements, disposition of the tax, production tax incentives, and recent revenue collections.

Natural Resource Tax Collections - FY2009 and FY 2010		
	Fiscal 2009 Collections	Fiscal 2010 Collections
<b>State Severance and License Taxes</b>		
Coal Severance Tax (State Share)	\$48,126,761	\$41,280,822
Coal Gross Proceeds Tax (State Share)	\$6,974,631	\$7,588,783
Oil & Natural Gas Production Tax (State Share)	106,151,494	104,435,439
Oil & Gas Production Tax (Oil & Natural Gas Conservation Division)	2,026,637	1,810,734
Metalliferous Mines License Tax (State Share)	7,885,424	8,606,981
Metal Mines Gross Proceeds Tax (State Share)	2,550,586	3,256,373
Miscellaneous Mines Net Proceeds Tax (State Share)	405,332	404,970
Resource Indemnity & Groundwater Assessment Tax (RIGWAT)	2,053,954	1,711,844
Bentonite Production Tax (State Share)	532,575	267,112
<b>Total State Collections</b>	<b>\$176,707,394</b>	<b>\$169,363,058</b>
<b>Local Government Ad Valorem and Severance Taxes</b>		
Coal Gross Proceeds Tax (Local Share)	\$7,484,223	\$8,024,974
Coal Severance Tax (Oil, Gas, & Coal Natural Resource Account)	\$1,437,359	\$2,544,427
Oil & Natural Gas Production Tax (Local Government Share)	101,210,078	95,231,171
Oil & Natural Gas Production Tax (Oil, Gas, & Coal Natural Resource Account)	3,816,484	3,413,916
Metalliferous Mines License Tax (Local Share)	2,628,475	2,868,994
Metal Mines Gross Proceeds Tax (Estimated)	7,880,822	10,125,594
Miscellaneous Mines Net Proceeds Tax (Estimated)	1,264,575	1,143,648
Bentonite Production Tax (Local Government Share)	2,000,831	994,473
<b>Total Local Government Collections</b>	<b>\$127,722,847</b>	<b>\$124,347,197</b>
<b>Total State and Local Government Collections</b>	<b>\$304,430,241</b>	<b>\$293,710,255</b>
<b>Subtotals by Tax</b>		
Coal Gross Proceeds Tax (State and Local)	\$14,458,854	\$15,613,757
Coal Severance Tax (State and Local)	49,564,120	43,825,249
Oil & Natural Gas Production Tax (State and Local)	213,204,693	204,891,260
Metalliferous Mines License Tax (State and Local)	10,513,899	11,475,975
Metal Mines Gross Proceeds Tax (State and Local)	10,431,408	13,381,967
Miscellaneous Mines Net Proceeds Tax (State and Local)	1,669,907	1,548,618
Bentonite Production Tax (State and Local)	2,533,406	1,261,585
Resource Indemnity & Groundwater Assessment Tax (State)	2,053,954	1,711,844
<b>Total Collected by Tax</b>	<b>\$304,430,241</b>	<b>\$293,710,255</b>

# Coal Severance Tax

## Value of Coal

The value of coal to which the severance tax is applied is the “contract sales price.” The contract sales price is the price of coal extracted and prepared for shipment f.o.b. mine, less that amount required to pay production taxes. Production taxes include the state severance tax, resource indemnity and groundwater assessment tax (RIGWAT), gross proceeds tax, federal reclamation and federal black lung tax.

Contract sales price includes royalties paid to the mineral rights owner for privately owned coal. For federal, state, or tribal, coal contract sales price includes \$0.15 for royalties.

## Tax Rate

Surface mined coal is taxed at 15% of value if rated 7,000 British thermal units (BTU) per pound and over, and taxed at 10% of value if rated less than 7,000 BTU per pound. Coal mined underground is taxed at 4% if rated 7,000 BTU per pound and over, and is taxed at 3% if rated less than 7,000 BTU per pound.

Coal Severance Tax Rates			
Heating Quality (BTU* per pound)	Surface Mining	Auger Mining	Underground Mining
Under 7,000 BTU	10% of value	3.75% of value	3% of value
7,000 BTU and over	15% of value	5% of value	4% of value

\*BTU stands for British Thermal Unit

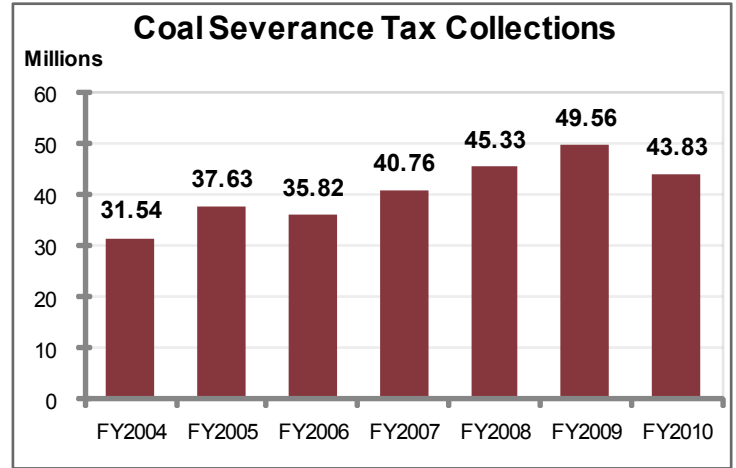
if rated less than 7,000 BTU per pound. Coal mined using auger technology is taxed at 3.75% of value if rated under 7,000 BTU, and 5% of value if rated at or above 7,000 BTU.

## Production Incentives

Persons producing less than 50,000 tons of coal in a year are exempt from severance tax. Persons producing more than 50,000 tons per year are exempt from severance tax on the first 20,000 tons produced.

## Filing Requirements

Coal mine operators are required to file quarterly statements containing information sufficient to calculate the



tax due. Tax payments are due at the time of filing (within 30 days following the close of each calendar quarter).

## Distribution of Coal Severance Tax Revenue

Coal severance tax collections are distributed to several trusts, funds, and programs, with 50% of revenues deposited into the Permanent Coal Trust Fund as mandated by the state constitution. The Distribution of Coal Severance Tax Revenue table provides detail for current law for coal severance tax distributions.

## Coal Severance Tax Trust Funds

Half of coal severance tax collections are deposited in the coal tax trust funds. The Coal Severance Tax Bond Fund (17-5-705, MCA) is a reserve fund to guarantee repayment of state bonds if the normal funding source is unavailable. Providing this fund allows the state to borrow funds at lower interest rates. Interest on this fund and on the Coal Severance Tax Permanent Fund is deposited in the state general fund. Interest on the Treasure State Endowment Fund is used for local infrastructure projects (90-6-701, MCA). Interest on the Treasure State Endowment Regional Water System Fund is used for regional water systems (17-5-703, MCA). Interest on the Big Sky Economic Development Fund is allocated to local governments for economic development and to economic development organizations (90-1-205, MCA).

## Coal Severance Tax

### Distribution of Coal Severance Tax Revenue

	FY2006- FY2007	FY2008	FY2009	FY2010
Coal Tax Trust Fund	50.00%	50.00%	50.00%	50.00%
Long Range Building Fund	12.00%	12.00%	12.00%	12.00%
Local Impact Fund	5.46%	5.46%	5.46%	5.46%
Parks Acquisition	1.27%	1.27%	1.27%	1.27%
Renewable Resource Loan Fund	0.95%	0.95%	0.95%	0.95%
Capitol / Art Trust Fund	0.63%	0.63%	0.63%	0.63%
Coal Natural Resource Account	2.90%	2.90%	2.90%	5.80%
Coal & Uranium Permitting & Reclamation*		0.55%	0.50%	0.57%
General Fund (remainder)	26.79%	26.24%	26.29%	23.32%
<b>Total Distribution</b>	100.00%	100.00%	100.00%	100.00%

\* Starting in FY2008, \$250,000 is deposited in this account each year.

### Coal Severance Tax Collections

	FY2006	FY2007	FY2008	FY2009	FY2010
Severance Tax Collected	\$35,821,524	\$40,758,738	\$45,331,870	\$49,564,120	\$43,825,249
Number of Producers	5	4	5	5	5
Number of Tons Taxed	33,697,806	34,612,396	35,637,660	35,807,131	34,714,319
Contract Sales Price per Ton	\$6.96	\$7.81	\$8.06	\$8.78	\$9.78

## Coal Severance Tax

### Principal and Interest of the Coal Trust Fund

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
<b>Principal</b>						
Coal Severance Tax Bond Fund	\$11,493,119	\$10,421,930	\$9,445,635	\$9,348,010	\$9,949,230	\$8,281,288
Treasure State Endowment Fund	\$127,065,930	\$136,459,197	\$147,492,895	\$158,795,858	\$171,350,309	\$182,831,950
Coal Severance Tax Perm. Fund	\$551,175,502	\$531,720,629	\$531,720,629	\$531,720,629	\$531,373,279	\$531,373,279
TSEF Regional Water System Fund	\$22,700,718	\$27,397,351	\$32,914,200	\$38,565,681	\$44,842,907	\$50,583,727
Big Sky Economic Development Fund	\$0	\$23,605,433	\$29,122,282	\$34,773,763	\$41,050,989	\$46,791,809
<b>Total Trust Fund Principal</b>	<b>\$712,435,269</b>	<b>\$729,604,540</b>	<b>\$750,695,641</b>	<b>\$773,203,941</b>	<b>\$798,566,713</b>	<b>\$819,862,055</b>
<b>Interest</b>						
Coal Severance Tax Income Fund	\$36,979,302	\$31,106,170	\$32,334,879	\$28,854,611	\$26,958,378	\$26,914,102
TSEF Income Fund	\$8,282,519	\$7,941,183	\$9,162,338	\$9,147,557	\$8,434,685	\$8,929,106
TSEF Region Water Income Fund	\$1,396,303	\$1,527,443	\$1,978,817	\$2,174,930	\$2,178,868	\$2,418,823
Big Sky Economic Development	\$0	\$1,193,690	\$1,559,210	\$1,801,342	\$1,359,071	\$2,195,909
<b>Total Trust Fund Interest</b>	<b>\$46,658,124</b>	<b>\$41,768,486</b>	<b>\$45,035,243</b>	<b>\$41,978,440</b>	<b>\$38,931,002</b>	<b>\$40,457,940</b>

# Coal Gross Proceeds Tax

## Tax Rate

State and local governments do not levy or assess any mills against the reported gross proceeds of coal. Instead a flat tax of 5% is levied against the value of the reported gross proceeds (15-23-79, MCA).

## Value of Coal

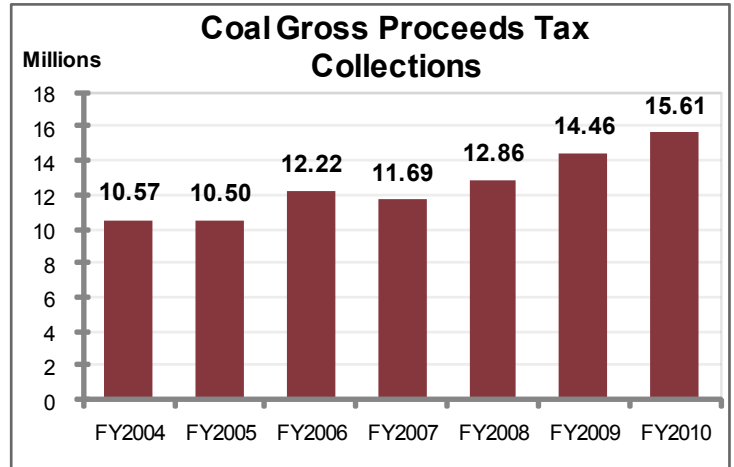
The gross proceeds of coal are determined by multiplying the number of tons produced times the contract sales price.

## Filing Requirements

On or before March 31 of every year, each person or firm engaged in mining coal must file a statement of gross yield for every mine operated in the preceding year. The producer must pay 50% of the taxes due on or before November 30; the remaining 50% is due on or before May 31 of the following year.

## Distribution of Coal Gross Proceeds Tax

The revenue is proportionally distributed to the appropriate taxing jurisdictions in which production occurred, based on the total number of mills levied in fiscal year 1990.



## Coal Gross Proceeds Tax

Fiscal Year	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Production Year	TY2003	TY2004	TY2005	TY2006	TY2007	TY2008
Tons	30,926,339	33,661,294	33,836,785	40,001,121	35,737,660	37,476,029
Gross Value	\$301,406,721	\$352,744,456	\$339,339,674	\$368,099,711	\$411,988,590	\$442,875,986
Gross Proceeds	\$210,071,951	\$244,408,106	\$233,816,020	\$257,182,190	\$289,177,075	\$312,275,138
Tax	\$10,498,787	\$12,220,405	\$11,690,801	\$12,859,110	\$14,458,854	\$15,613,757
Local Share	\$5,567,483	\$6,476,815	\$6,196,125	\$6,813,199	\$7,484,223	\$8,024,974
State Share	\$4,931,304	\$5,743,590	\$5,494,676	\$6,045,910	\$6,974,631	\$7,588,783
Gross Value / ton	\$9.75	\$10.48	\$10.03	\$9.20	\$11.53	\$11.82
Contract Sales Price / ton	\$6.79	\$7.26	\$6.91	\$6.43	\$8.09	\$8.33
Tax / ton	\$0.34	\$0.36	\$0.35	\$0.32	\$0.40	\$0.42

# Bentonite Production Tax

## Tax Rate

Prior to tax year 2005, bentonite was subject to the mines net proceeds tax similar to other miscellaneous minerals. Starting in tax year 2005, bentonite is taxed at rates prescribed in 15-39-101, MCA. For tax years starting after December 31, 2009, the rates will be adjusted annually for inflation.

## Filing and Payment of Tax

Producers are required to report production and pay taxes for semiannual periods ending June 30 and December 31. The report and tax are due within 45 days of the end of each semiannual period.

## Distribution of Bentonite Production Tax

The tax is distributed according to a statutory formula (15-39-110, MCA) that distributes the tax among state and local entities in a manner that approximates the distribution that had occurred under the net proceeds tax.

Bentonite Production Tax Rates	
Annual Production	Tax (\$/Ton)
First 20,000 Tons	Exempt
Next 80,000 Tons	\$1.56
Next 150,000 Tons	\$1.50
Next 250,000 Tons	\$1.40
Next 500,000 Tons	\$1.25
Over 1 Million Tons	\$1.00

## Distribution of Bentonite Production Tax

Production Year	Fiscal Year	State General Fund (Schools)	University System	Counties	Total
2004	2005	\$164,480	\$21,127	\$721,121	\$906,728
2005	2006	\$504,112	\$63,492	\$2,198,138	\$2,765,742
2006	2007	\$417,330	\$49,272	\$1,788,351	\$2,254,953
2007	2008	\$563,727	\$62,536	\$2,377,875	\$3,004,138
2008	2009	\$482,705	\$49,871	\$2,000,831	\$2,533,407
2009	2010	\$243,547	\$23,565	\$994,473	\$1,261,585

## Tax Rate

Producers and importers of cement and cement products are required to pay a license tax of \$0.22 per ton. Producers and importers of gypsum and gypsum products are required to pay \$0.05 per ton. Before July 1, 1997, individuals retailing cement and gypsum products in Montana paid a license tax of \$0.22 and \$0.05, respectively, for every ton that had not been paid for under any other law. The tax on retailers was repealed in the 1997 Legislative Session. All cement and gypsum collections are deposited in the state general fund (15-59-101, MCA).

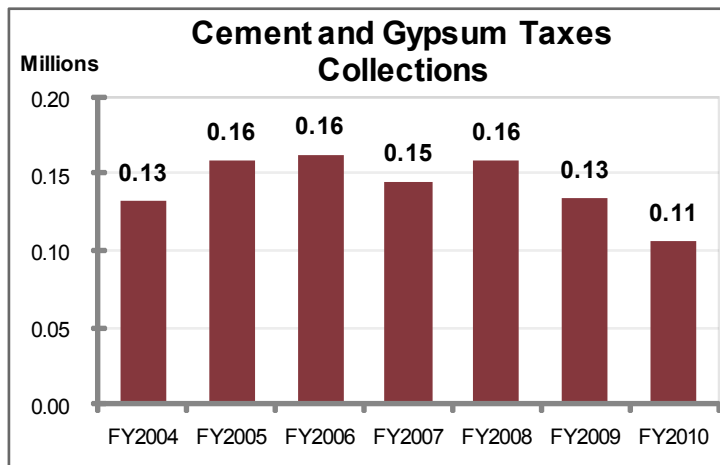
## Filing Requirements

Producers, manufacturers, and importers shall file quarterly statements showing the number of tons of cement or gypsum produced, manufactured, or imported into the state. The statements, along with the tax due, must be submitted within 30 days following the end of each calendar quarter.

## Distribution

All proceeds from cement and gypsum taxes and licenses are deposited in the state general fund.

Cement and Gypsum Tax Collections	
FY2004	\$132,604
FY2005	\$158,974
FY2006	\$162,892
FY2007	\$145,346
FY2008	\$159,313
FY2009	\$134,695
FY2010	\$106,494



The federal government generates royalties from leasing mineral rights on federal lands in the state. They share 49% of royalty revenue with the state, which was decreased from 50% in October of 2007. 75% of this revenue is deposited in the state general fund, and the remaining 25% is allocated to counties with mining on federal land. The county share is distributed to county governments in proportion to the amount collected in each of the counties.

The Montana Department of Revenue provides auditing and compliance services for the federal government for producers extracting minerals from federal lands within the state. The federal government reimburses the department for these services. In fiscal year 2009, the Department assessed \$3,800,006 on behalf of the federal government and assessed \$1,810,179 in FY 2010.

The Department of Revenue has a memorandum of understanding with the Department of Natural Resources and works to ensure producers extracting minerals from state lands are accurately paying their royalties.

U.S. Mineral Royalty Collections and Allocation			
Fiscal Year	State General Fund	Counties	Total
FY2005	\$27,293,725	\$9,097,908	\$36,391,633
FY2006	\$29,303,602	\$9,767,867	\$39,071,469
FY2007	\$28,220,719	\$9,406,906	\$37,627,625
FY2008	\$36,388,559	\$12,129,520	\$48,518,079
FY2009	\$31,573,364	\$10,524,455	\$42,097,818
FY2010	\$30,287,794	\$10,095,931	\$40,383,725



# Metalliferous Mines License Tax

## Tax Rate

Mining operations in which metal or gems are extracted are subject to the metalliferous mines license tax, which is based on the gross value of the product.

The first \$250,000 of gross value of concentrate shipped to a smelter, mill, or reduction work is exempt from taxation and the increment above \$250,000 is taxed at 1.81% of gross value. The first \$250,000 of gross value of gold, silver, or any platinum-group metal that is dore, bullion, or matte that is shipped to a refinery is exempt from taxation and the increment above \$250,000 is taxed at 1.6% of gross value. Shipping and refining costs are deducted from revenue to determine gross value (15-37-102, MCA).

## Gross Value

The value to which the tax rate is applied is the monetary payment the mining company receives from the metal trader, smelter, roaster, or refinery. This is determined by multiplying the quantity of metal received by the metal trader, smelter, roaster, or refinery by the quoted price for the metal and then subtracting basic treatment and refinery charges, quantity deductions, price deductions, interest and penalty, metal impurity, and moisture deductions as specified by contract between the mining company and the receiving metal trader, smelter, roaster, or refinery. Deductions also are allowed for the cost of transportation from the mine or mill to the smelter, roaster, or refinery.

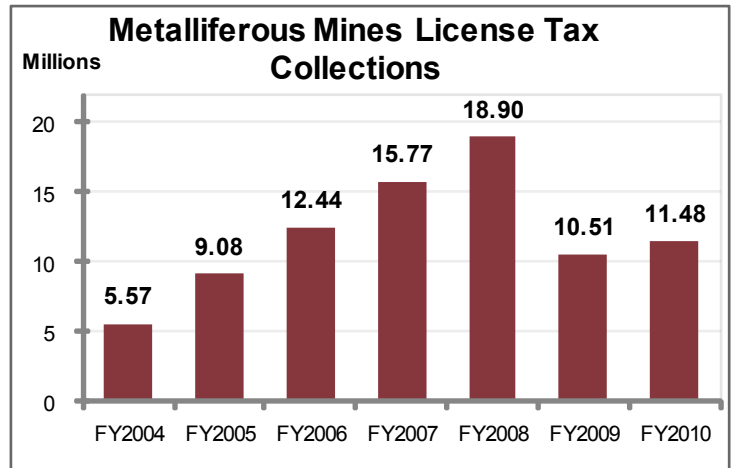
## Filing Requirements

Beginning in 2003, reports and payment of metal mines tax are due twice a year, on or before March 31 and August 15.

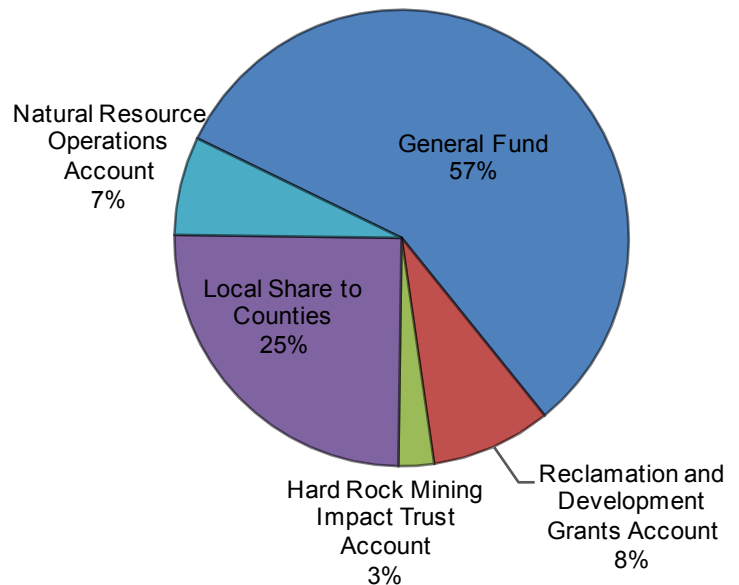
Metalliferous Mines License Tax			
Fiscal Year	Number of Producers	Gross Value	Total Tax
FY2004	4	\$371,563,545	\$5,572,192
FY2005	4	\$497,265,747	\$9,076,338
FY2006	4	\$707,698,724	\$12,435,050
FY2007	6	\$928,816,509	\$15,774,412
FY2008	6	\$1,161,919,543	\$18,902,178
FY2009	6	\$677,558,079	\$10,513,899
FY2010	6	\$749,967,747	\$11,475,975

## Distribution of the Metalliferous Mines License Tax

Product	Gross Value of Product	Tax Rate
Dore/Bullion/Matte	First \$250,000	0.00%
	Over \$250,000	1.60%
Concentrates	First \$250,000	0.00%
	Over \$250,000	1.81%



## Distribution of the Metalliferous Mines License Tax Fiscal Years 2008-2010



**Tax Rate**

For property tax purposes, the taxable value of metal mines is equal to 3% of annual gross proceeds. This amount is then subject to local mill levies in the jurisdictions in which the taxable value of the mining operation is allocated (15-23-801; 802, MCA).

**Gross Value**

Total gross proceeds means the monetary payment or refined metal received by the mining company from the metal trader, smelter, roaster, or refinery, determined by multiplying the quantity of metal received by the quoted price for the metal and then subtracting basic treatment and refinery charges, quantity deductions, price deductions, interest and penalty, metal impurity, and moisture deductions as specified by contract.

**Filing Requirements**

Metal mines tax reports are required to be filed by March 31 of each year, showing the total gross proceeds of metal mined during the preceding calendar year.

**Distribution of Metal Mines Gross Proceeds Tax**

The metal mines gross proceeds tax is class 2 of the property tax. Property tax is allocated to state and local taxing jurisdictions based on their respective mill levies.

Micaceous minerals are those that are generally classified as complex silicates, and include such minerals as vermiculite, perlite, kernite, maconite. There have been no micaceous mines license tax collections since FY1990 because there has been no production. All proceeds from the micaceous mines license tax are deposited in the state general fund (15-37-200, MCA).

**Tax Rate**

There is a tax of 5¢ per ton of concentrates mined, extracted, or produced.

**Filing Requirements**

Operators of micaceous mineral mines are required to file quarterly statements showing the number of tons of micaceous minerals mined. Quarterly returns, along with the accompanying tax payment, are due within 30 days following the end of each calendar quarter.

Metal Mines Gross and Taxable Value of Production

Fiscal Year	Gross Value	Taxable Value for Local Mills	Taxable Value for State Mills
2005	\$371,610,080	\$10,397,947	\$10,429,314
2006	\$500,601,123	\$11,448,834	\$14,213,853
2007	\$703,845,238	\$15,878,966	\$21,106,498
2008	\$925,815,385	\$18,849,252	\$25,068,597
2009	\$1,161,919,543	\$24,540,432	\$32,019,240
2010	\$1,033,960,651	\$23,843,907	\$28,307,630

## Miscellaneous Mines Net Proceeds Tax

### Tax Rate

For property tax purposes, the taxable value of mines other than metal, coal and bentonite mines (talc, vermiculite, limestone, etc.) is equal to 100% of annual net proceeds. This amount is then subject to local mill levies in the jurisdictions where the mining operation is located.

### Exemptions

Sand and gravel are exempt from mines net proceeds taxation. Producers of industrial garnets, travertine and building stone are exempt from mines net proceeds taxation on the first 1,000 tons of production.

### Filing Requirements

Miscellaneous mines tax reports are due by March 31 of each year, showing the total gross proceeds of minerals mined during the preceding calendar year, and information on costs associated with the mining operation sufficient to allow calculation of the net proceeds from the operation.

### Distribution of Miscellaneous Mines Net Proceeds Tax

The net proceeds of miscellaneous mines are subject to mill levies of those taxing jurisdictions in which the mine is located. The tax is distributed on the basis of relative mills levied by all jurisdictions levying taxes in the area.

#### Miscellaneous Mines Net Proceeds Tax

Production Year	Fiscal Year	Tons	Gross Value	Net Proceeds	Taxable Royalties	Taxable Value
2003	2005	2,453,053	\$22,513,861	\$7,319,184	\$386,094	\$7,705,278
2004	2006	3,332,252	\$28,138,426	\$7,619,183	\$413,231	\$8,032,414
2005	2007	2,303,771	\$4,934,117	\$2,694,716	\$0	\$2,694,716
2006	2008	2,447,104	\$3,684,559	\$3,684,559	\$170,412	\$3,839,998
2007	2009	2,511,456	\$3,890,806	\$3,890,806	\$12,712	\$3,903,518
2008	2010	2,348,914	\$3,805,108	\$3,805,108	\$206,499	\$4,009,608

# Oil and Natural Gas Production Tax

## Tax Rates

The 1995 Montana Legislature replaced all existing state and local extraction taxes on all oil and natural gas production with a single production tax based on the type of well and type of production. This tax became effective January 1, 1996. The 1999 legislature further simplified the structure of oil and gas production tax rates. Effective January 1, 2000, the legislature consolidated tax rates, revised the definition of qualifying production, shortened incentive periods for qualifying production, and replaced pre-1985 and post-1985 categories with pre-1999 and post-1999. The pre-1999 classification includes all wells drilled before January 1, 1999, while the post-1999 classification refers to wells drilled on or after January 1, 1999 (15-36-304, MCA).

## Value of Oil

Total gross value is computed as the product of the total number of barrels produced each month and the average wellhead value per barrel. Producers are allowed to deduct any oil produced that is used in the operation of the well.

## Value of Natural Gas

Total gross value is computed as the product of the total number of cubic feet produced each month and the average wellhead value per cubic foot. Producers are allowed to deduct any natural gas produced that is used in the operation of the well.

## Exemptions

According to a lease entered into under the Indian Mineral Leasing Act of 1938, all governmental royalties received by an Indian tribe from on-reservation oil production are exempt from taxation.

## Production Incentives

Incremental production from secondary and tertiary recovery projects and recompleted horizontal wells are taxed at reduced rates. These reduced rates apply when the average price for West Texas Intermediate Crude Oil (WTI) is less than \$30 per barrel. Production from stripper wells is taxed at reduced rates. There are two reduced rates for oil wells producing less than 3 barrels per day, one when the average price of WTI is less than \$38, and another when the average price of WTI is equal to or greater than \$38 per barrel. The reduced rate for oil wells producing between 3 and 15 barrels per

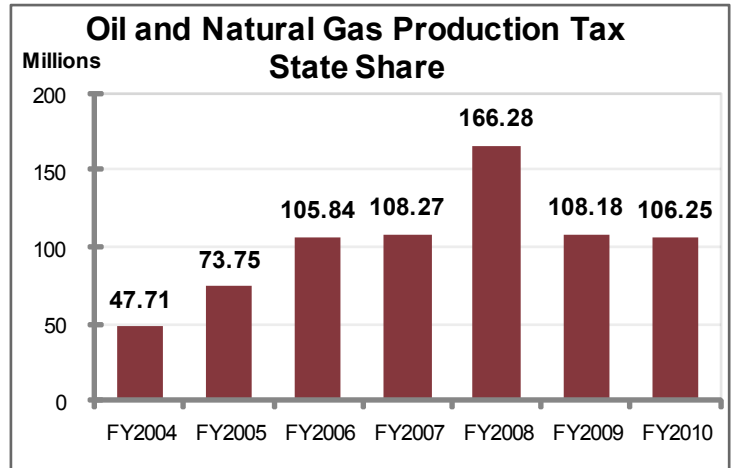
Oil and Natural Gas Production Tax Rates	
<b>NATURAL GAS</b>	
ROYALTY INTERESTS	15.06%
WORKING INTERESTS	
Pre-1999 Wells (Regular Production)	15.06%
Post-1999 Wells (Regular Production)	9.26%
Horizontally Completed Wells	9.26%
Pre-1999 Wells Producing Less Than 60 MCF per Day	11.26%
The First 12 Months Of New Wells' Production	0.76%
<b>OIL</b>	
ROYALTY INTERESTS	15.06%
WORKING INTERESTS	
Pre-1999 Wells (Regular Production)	12.76%
Post-1999 Wells (Regular Production)	9.26%
Incremental Production From Secondary Recovery *	8.76%
Incremental Production From Tertiary Recovery *	6.06%
Horizontally Recompleted Wells - First 18 Months	5.76%
Horizontally Completed Wells - First 18 Months	0.76%
Stripper Wells - First 10 Barrels Per Day	5.76%
Stripper Wells - over 10 Barrels Per Day	9.26%
Super Stripper Wells - Oil Under \$38 Per Barrel **	0.76%
Super Stripper Wells - Oil \$38 Per Barrel Or Higher **	6.26%
Vertically Completed Wells - First 12 Months	0.76%
Stripper wells produce 3-15 barrels per day.	
Super stripper wells produce 3 or fewer barrels per day.	
All rates include 0.26% to fund the operations of the Oil and Gas Conservation Division and the Oil and Natural Gas Natural Resource Fund that is distributed to producing counties.	
* These rates apply if the price is under \$30 per barrel. Otherwise, the regular production rates apply.	
** Oil price is the price for West Texas Intermediate Crude Oil reported in the Wall Street Journal.	

# Oil and Natural Gas Production Tax

day applies when the average price of WTI is less than \$30 per barrel. The first 12 months of production from a conventional well and the first 18 months of production from a horizontally completed or horizontally recomple- ed well is taxed at reduced rates.

## Filing Requirements

Oil and natural gas producers are required to file quar- terly statements containing information sufficient to calculate the tax due. Tax payments are due within 60 days following the close of each calendar quarter.



## Distribution of State Share of the Oil and Gas Production Tax\*

Account	FY04 - FY07	FY08 - FY11	FY12
Coal Bed Methane Protection	1.23%	1.23%	-
Natural Resource Projects	-	1.45%	2.16%
Natural Resource Operations	-	1.45%	2.02%
Reclamation and Development Grants	2.95%	-	-
Orphan Share	2.95%	2.99%	2.95%
University System	2.65%	2.65%	2.65%
General Fund	90.22%	90.23%	90.22%
<b>Total Distributions</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

\* This does not include the portion of the tax that is levied to fund the operations of the Oil & Gas Conservation Division (0.26%, 0.18%, and 0.09% of gross value of production for FY05, FY06, and FY07 and future years, respectively) and the Oil and Gas Natural Resource Account (0.08% of gross value for FY06 and 0.17% and future years). In addition, \$50,000 was appropriated in FY06 to fund a study of split estates between mineral rights and surface rights.

# Oil and Natural Gas Production Tax

## Distribution of Oil and Natural Gas Production Tax Revenue Collections

Fund	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
General Fund	\$62,625,939	\$91,134,255	\$95,092,500	\$146,825,454	\$95,270,448	\$94,095,804
University Millage	\$1,833,675	\$2,688,278	\$2,780,399	\$4,362,257	\$2,951,358	\$2,804,507
Coal Bed Methane	\$851,102	\$1,247,767	\$1,290,366	\$2,024,746	\$1,369,876	\$1,301,715
Oil & Gas Conservation Division	\$4,355,068	\$4,737,844	\$2,911,487	\$3,370,798	\$2,026,637	\$1,810,734
Reclamation & Development	\$2,041,260	\$2,992,611	\$3,095,162	-	-	-
Natural Resource Operations	-	-	-	\$2,391,536	\$1,614,894	\$1,534,541
Natural Resource Projects	-	-	-	\$2,382,410	\$1,614,894	\$1,534,541
Orphan Share	\$2,041,260	\$2,992,611	\$3,095,162	\$4,921,820	\$3,330,023	\$3,164,330
Mineral / Surface Split Estates Study	-	\$50,000	-	-	-	-
<b>Total State Share</b>	<b>\$73,748,304.00</b>	<b>\$105,843,365.45</b>	<b>\$108,265,076.00</b>	<b>\$166,279,021.00</b>	<b>\$108,178,130.00</b>	<b>\$106,246,173.11</b>
Local Share	\$64,006,027.00	\$94,328,263.49	\$96,781,365.00	\$148,730,151.00	\$101,210,078.00	\$95,231,170.85
Oil and Gas Natural Resource Account	-	\$2,080,904.11	\$3,657,258.00	\$6,133,726.00	\$3,816,484.00	\$3,413,916.36
<b>Total Local Share</b>	<b>\$64,006,027.00</b>	<b>\$96,409,167.60</b>	<b>\$100,438,623.00</b>	<b>\$154,863,877.00</b>	<b>\$105,026,562.00</b>	<b>\$98,645,087.21</b>
<b>Total State and Local</b>	<b>\$137,754,331.00</b>	<b>\$202,252,533.05</b>	<b>\$208,703,699.00</b>	<b>\$321,142,898.00</b>	<b>\$213,204,692.00</b>	<b>\$204,891,260.32</b>

# Resource Indemnity and Groundwater Assessment (RIGWAT) Tax

## Tax Rates

The resource indemnity and groundwater assessment tax (RIGWAT) was created to indemnify the citizens of Montana for the loss of long-term value resulting from the depletion of natural resource bases, and for environmental damage caused by mineral development. The tax is placed in a trust fund, which is managed by the state Board of Investments (15-38-101, MCA).

## Exemptions

- Metal production subject to the metal mines license tax is exempt from RIGWAT.
- Oil and gas royalties received by an Indian Tribe, by the U.S. government as trustee for individual Indians, by the U.S. government, by the state of Montana, or by a county or municipality are exempt from RIGWAT.

## Filing Requirements

All extractors and producers of minerals must file an annual statement showing the gross yield of product for each mineral mined. Metal producers are required to file on or before March 31. All other producers are required to file on or before the 60<sup>th</sup> day following the end of the calendar year. The tax due is required to be paid at the time of filing the statement of gross yield.

## Distribution of RIGWAT

RIGWAT tax collections are deposited to several special funds and accounts in a specific order. The order and amount of proceeds deposited are as follows:

- An amount certified by the Department of Environmental Quality is deposited to the CERCLA match debt service fund.

## RIGWAT Tax Rates

Mineral	Tax *
Talc	4% of gross value
Coal	0.4% of gross value
Vermiculite	2% of gross value
Quicklime	10% of gross value
Industrial Garnets	1% of gross value
Other	0.5% of gross value

\* Minimum tax is \$25

- \$366,000 is to be deposited in the groundwater assessment account.
- \$150,000 is to be deposited in the water storage state special revenue account.
- 50% of the remaining proceeds split evenly are deposited in the hazardous waste/CERCLA special revenue account and the environmental quality protection fund.
- Remaining proceeds are deposited into the natural resources projects special revenue account.

## Distribution of Interest Income

In fiscal year 2002 the resource indemnity trust fund reached \$100 million. Net earnings, excluding unrealized gains and losses, and all receipts may be appropriated and expended by the legislature, so long as the balance of the trust is never less than \$100 million. Interest from the resource indemnity trust is allocated in a two-stage process. First, several programs receive fixed allocations, and then the remaining funds are divided between four programs on a percentage basis. The table at the bottom of the next page shows these allocations.

# Resource Indemnity and Groundwater Assessment (RIGWAT) Tax

## RIGWAT Tax Collections by Mineral

Rank Mineral	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
1 Coal	\$1,118,400	\$1,086,862	\$1,211,936	\$1,366,020	\$1,465,476	\$1,457,310
2 Bentonite	-	-	*	*	*	*
3 Talc	-	-	*	*	*	*
4 Sand/Gravel	-	-	\$60,521	\$70,222	**	**
5 Limestone & Quicklime	-	-	*	*	*	*
Other	<u>\$317,978</u>	<u>\$369,549</u>	<u>\$374,460</u>	<u>\$489,748</u>	<u>\$588,478</u>	<u>\$254,534</u>
<b>Total</b>	<b>\$1,436,378</b>	<b>\$1,456,411</b>	<b>\$1,646,917</b>	<b>\$1,925,990</b>	<b>\$2,053,954</b>	<b>\$1,711,844</b>

\* Included in "Other" to avoid disclosing individual company information

\*\* HB678 (2009 Legislature) exempted Sand/Gravel from the RIGWAT.

## Distribution of Resource Indemnity Trust Interest FY2010-FY2011

	Fixed Allocations		Percentage Allocation of Remainder
	First Year of the Biennium	Second Year of the Biennium	
Natural Resource Projects	\$3,500,000	\$3,500,000	-
Natural Resource Operations	-	-	65%
Groundwater Assessment	\$300,000	\$300,000	-
Fishery Habitat Restoration	\$500,000	\$500,000	-
Environmental Contingency Account	\$175,000	-	-
Oil and Gas Damage Mitigation	\$50,000	-	-
Water Storage	\$500,000	-	-
Hazardous Waste/CERCLA Account	-	-	26%
Environmental Quality Protection Fund	-	-	9%

## Distribution of Resource Indemnity Trust Interest FY2008-FY2009

	Fixed Allocations		Percentage Allocation of Remainder
	First Year of the Biennium	Second Year of the Biennium	
Natural Resource Projects	\$3,500,000	\$3,500,000	-
Natural Resource Operations	-	-	65%
Groundwater Assessment	\$300,000	\$300,000	-
Fishery Habitat Restoration	\$500,000	\$500,000	-
Environmental Contingency Account	\$175,000	\$175,000	-
Oil and Gas Damage Mitigation	\$50,000	-	-
Water Storage	\$500,000	-	-
Hazardous Waste/CERCLA Account	-	-	26%
Environmental Quality Protection Fund	-	-	9%



## Comparison with Other States

Individual states have different exemptions, deductions and tax bases for their natural resources. An effective tax rate incorporates all of the differences in tax structure, allowing the comparison across states.

The associated tables on this page and on the next page show the calculated effective tax rate using production and price data from the U.S. Energy Information Admin-

istration and revenue data from state revenue agencies. In the tables, tax revenue is only for state collections and does not include property or other local taxes. So, the effective tax rate can be interpreted as the percent of the value of the natural resources produced paid in state severance taxes (Tax Paid / Value Produced = Effective Tax Rate). Property and corporate income taxes are not included in the calculation.

### Effective Tax Rates for Coal in 18 Major Coal Producing States: FY 2008

	Value of Coal Produced	Coal Severance Taxes Collected	Effective Tax Rate	Maximum Statutory Rate
Alabama	\$1,470,583,350	\$6,200,358	0.42%	\$0.2/ton
Colorado	\$1,046,354,760	\$11,900,000	1.14%	\$0.36/ton
Illinois	\$1,326,581,970	\$0	0.00%	No Severance Tax
Indiana	\$1,257,463,550	\$0	0.00%	No Severance Tax
Kentucky	\$6,178,429,250	\$232,977,827	3.77%	4.5% of Gross value, \$0.50/ton Minimum
Maryland	\$120,663,400	\$0	0.00%	No Severance Tax
<b>Montana</b>	<b>\$411,988,590</b>	<b>\$45,331,870</b>	<b>11.00%</b>	<b>15% Maximum Rate</b>
New Mexico	\$850,388,200	\$21,744,000	2.56%	\$0.57/ton for surface coal, \$0.055/ton for underground coal
North Dakota	\$382,780,840	\$11,585,819	3.03%	\$0.395/ton
Ohio	\$1,086,566,370	\$4,463,852	0.41%	\$0.232/ton
Oklahoma	\$69,814,360	\$0	0.00%	No Severance Tax
Pennsylvania	\$3,321,949,370	\$0	0.00%	No Severance Tax
Tennessee	\$115,216,220	\$42,905	0.04%	\$0.20/ton
Texas	\$708,548,720	\$0	0.00%	No Severance Tax
Utah	\$642,992,350	\$0	0.00%	No Severance Tax
Virginia	\$2,092,322,170	\$0	0.00%	No Severance Tax
West Virginia	\$9,499,371,120	\$309,000,000	3.25%	5% of sale price, \$ 0.75/ton Minimum
Wyoming	\$10,553,372,400	\$261,614,042	2.48%	7%

## Comparison with Other States

### Effective Tax Rates for Oil and Natural Gas in 14 Major Oil Producing States: FY2008

	Value of Oil and Natural Gas Produced	Oil and Gas Revenue Collected	Effective Tax Rate	Maximum Statutory Rate
Alaska	\$25,741,800,390	\$6,900,000,000	26.80%	25%
California	\$21,858,237,067	\$0	0.00%	No severance tax
Colorado	\$11,834,689,515	\$139,550,829	1.18%	5%
Kansas	\$6,248,188,250	\$159,574,935	2.55%	8.00%
Louisiana	\$19,289,935,515	\$703,116,080	3.64%	12.5% oil, \$0.331 per 1,000 cu. ft. natural gas
Michigan	\$2,129,981,470	\$101,232,000	4.75%	6.6% oil, 5% natural gas
Mississippi	\$2,949,110,665	\$29,847,271	1.01%	6.00%
<b>Montana</b>	<b>\$3,682,179,800</b>	<b>\$166,279,021</b>	<b>4.52%</b>	<b>15.06%</b>
New Mexico	\$17,884,451,790	\$1,374,233,960	7.68%	3.75%
North Dakota	\$6,218,744,947	\$391,823,087	6.30%	11.50%
Oklahoma	\$20,650,142,263	\$493,986,142	2.39%	7.00%
South Dakota	\$161,169,059	\$5,526,990	3.43%	4.50%
Texas	\$64,669,070,628	\$4,121,526,666	6.37%	4.6% oil, 7.5% natural gas
Utah	\$4,568,953,793	\$65,510,506	1.43%	5% oil, \$1.51 per 1000 cu. ft. of natural gas
Wyoming	\$20,136,769,013	\$873,558,284	4.34%	6.00%

# OTHER TAXES

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- 100 Lodging Facility Use Tax
- 102 Sales Tax - Accommodations
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# Lodging Facility Use Tax

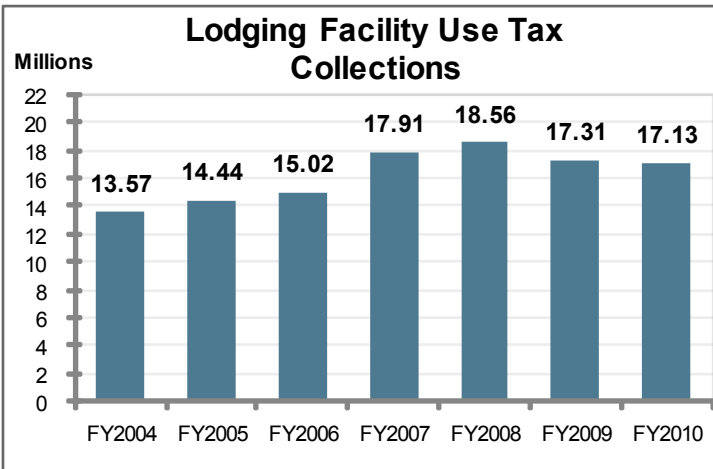
A tax is imposed on users of overnight lodging facilities, which include campgrounds, dormitories, condominium inns, dude ranches, guest ranches, hostels, public lodging houses, bed and breakfast facilities, and other structures containing individual sleeping rooms providing lodging facilities for periods of less than 30 days (15-65-101, MCA). This tax is 4% of the lodging charge and is collected by the owner or operator of the facility.

Proceeds from the tax are deposited in a state special revenue fund to the credit of the Department of Revenue. Department administrative costs are paid, various state funds are reimbursed for taxes paid by state agencies for in-state lodging, and \$400,000 is deposited in the Montana Heritage Preservation Account.

The balance of the tax is distributed as follows (15-65-111;15-65-121, MCA):

Lodging Facility Use Tax Collections	
FY2004	\$13,573,172
FY2005	\$14,441,179
FY2006	\$15,018,113
FY2007	\$17,906,542
FY2008	\$18,562,141
FY2009	\$17,307,397
FY2010	\$17,132,174

- 67.5% to the Department of Commerce for direct use.
- 1% to the Montana Historical Society to install and maintain roadside historical signs and historic sites.
- 2.5% to the university system for the Montana Travel Research Program.
- 6.5% to the Department of Fish, Wildlife and Parks to maintain facilities.
- 22.5% to various regional nonprofit tourism corporations in accordance with the ratio of the proceeds collected in each tourism region to total statewide collections. If an area's annual proceeds exceed \$35,000, half of the amount available for distribution to the nonprofit tourism corporation is reallocated to the nonprofit convention and visitor's bureau in that area.

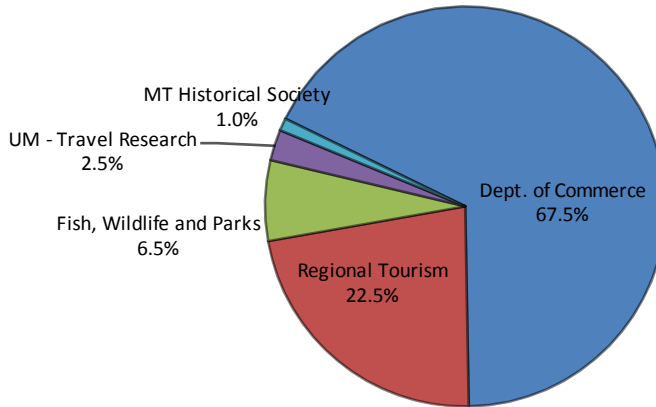


Collections for fiscal year 2009 totaled \$17,307,397 and collections for fiscal year 2010 totaled \$17,132,174.

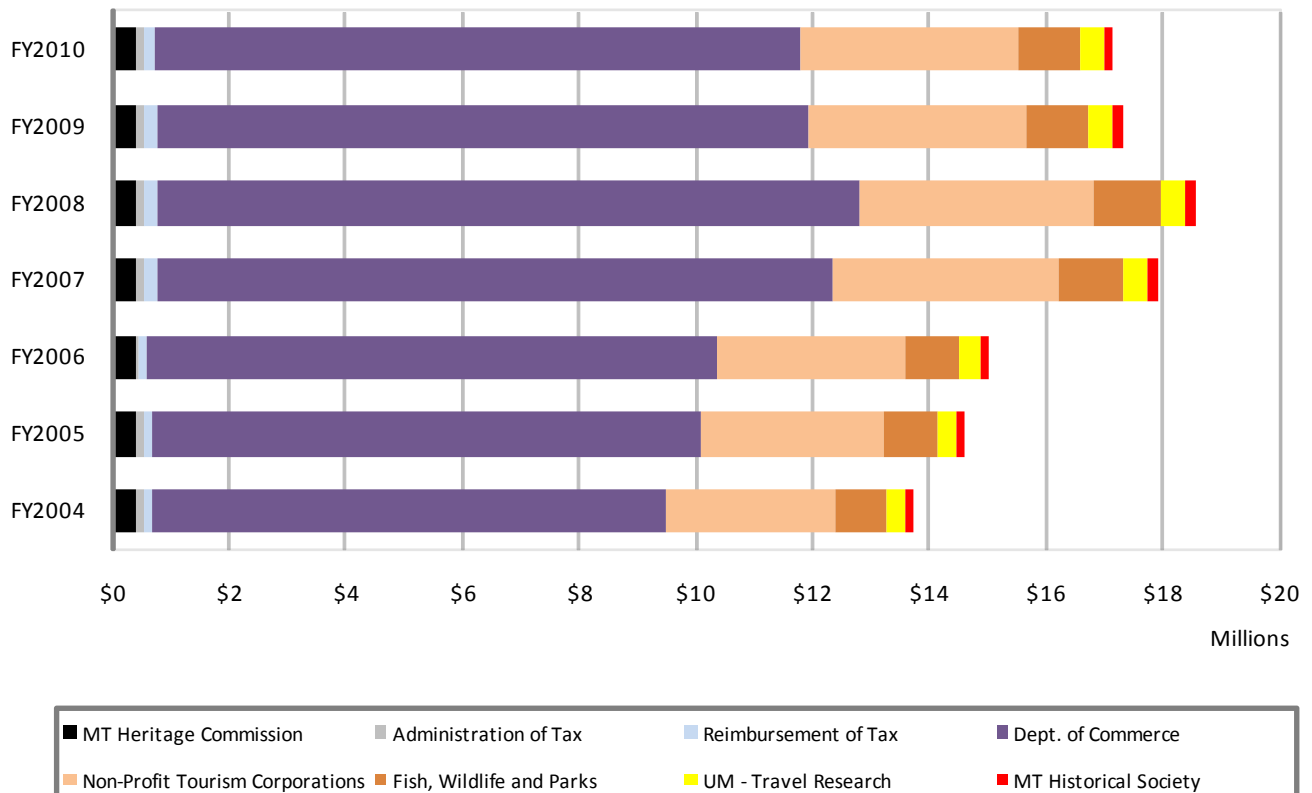
## Lodging Facility Use Tax Distributions

Fiscal Year	MT Heritage Commission	Administration of Tax	State Agency Reimbursement of Tax	Dept. of Commerce	Non-Profit Tourism Corporations	Fish, Wildlife and Parks	UM - Travel Research	MT Historical Society
FY2004	\$400,000	\$137,254	\$133,480	\$8,795,514	\$2,931,837	\$846,975	\$325,760	\$130,304
FY2005	\$400,000	\$141,371	\$160,956	\$9,378,433	\$3,126,144	\$903,108	\$347,350	\$138,940
FY2006	\$400,000	\$29,122	\$177,942	\$9,727,458	\$3,242,486	\$936,718	\$360,276	\$144,110
FY2007	\$400,000	\$149,981	\$202,244	\$11,579,164	\$3,859,721	\$1,115,031	\$428,858	\$171,543
FY2008	\$400,000	\$149,107	\$207,708	\$12,018,595	\$4,006,198	\$1,157,346	\$445,134	\$178,053
FY2009	\$400,000	\$154,480	\$203,759	\$11,170,681	\$3,723,561	\$1,075,695	\$413,729	\$165,491
FY2010	\$400,000	\$131,358	\$198,231	\$11,071,744	\$3,690,582	\$1,066,168	\$410,065	\$164,025

**Distribution of Lodging Facilities Use Tax After Montana Heritage Payment and State Agency Reimbursement**



**Lodging Facility Use Tax Distributions**

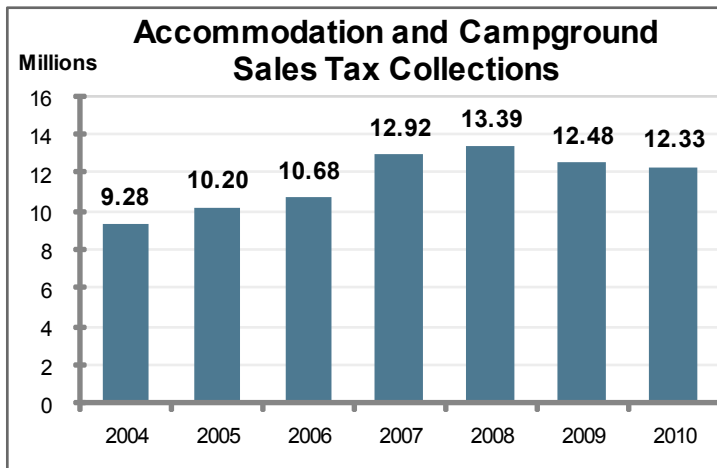


## Sales Tax - Accommodations

In 2003, the Montana Legislature enacted a 3% selective sales and use tax on accommodations and campgrounds. The 3% sales tax on accommodations is levied in addition to the lodging facilities use tax (15-68-102, MCA). The sales tax on accommodations applies to the same facilities as the lodging facility use tax.

Collections for fiscal year 2009 totaled \$12,477,461. Collections for fiscal year 2010 totaled \$12,330,846. The revenue from the accommodations and campground sales and use tax is deposited in the state general fund (15-68-820, MCA).

Accommodation and Campground Sales Tax Collections	
FY2004	\$9,278,658
FY2005	\$10,200,914
FY2006	\$10,679,216
FY2007	\$12,916,075
FY2008	\$13,389,534
FY2009	\$12,477,461
FY2010	\$12,330,846



## Sales Tax - Rental Vehicles

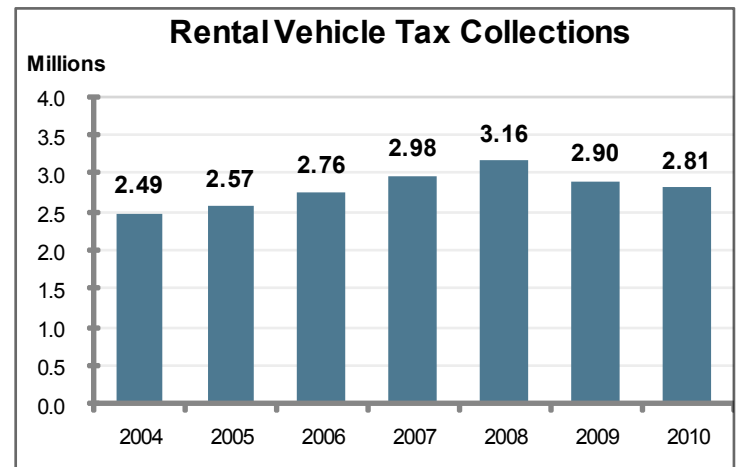
The 2003 Legislature enacted a 4% sales and use tax on base rental charges for rental vehicles (15-68-102, MCA). Owners or operators of a business with taxable transactions collect the tax and it is deposited in the general fund (15-68-820 MCA).

The base rental charges include time of use, mileage, charges for personal accident insurance, charges for additional or underage drivers and charges for certain accessory equipment. For this section of code, vehicles 22,000 lbs and over, farm vehicles, machinery or equipment, and vehicles rented with a driver are not subject to the selective sales tax.

Further exemptions include the sale of property or services that are exempt or nontaxable under 15-68 part 2, MCA. These include sales to the United States government, occasional sales by a business not normally engaged in providing services, leases by a tax-exempt organization, and the sale for re-sale of property, services or leases evidenced by a nontaxable transaction certificate.

Collections for fiscal year 2009 totaled \$2,904,340. Collections for fiscal year 2010 totaled \$2,807,415.

Rental Vehicle Tax Collections	
FY2004	\$2,485,989
FY2005	\$2,565,554
FY2006	\$2,755,072
FY2007	\$2,976,235
FY2008	\$3,157,239
FY2009	\$2,904,340
FY2010	\$2,807,415



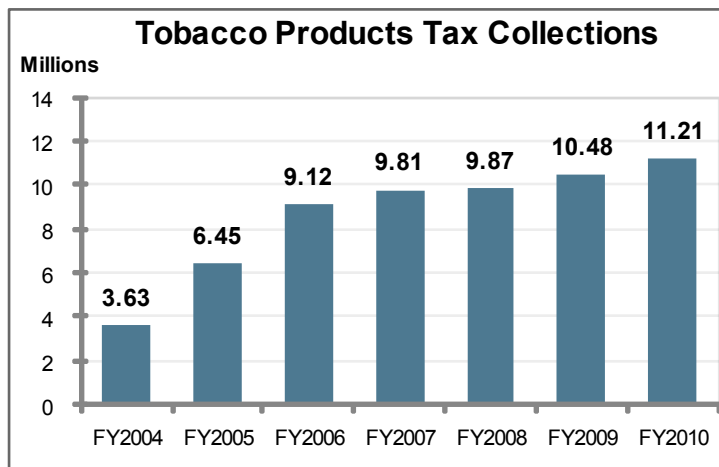
## Tobacco Products Tax

All tobacco products, excluding cigarettes and moist snuff, are subject to a tax of 50% of their wholesale price. A tax of \$0.85 per ounce is levied on moist snuff. The tax is collected from the wholesaler, less 1.5% for collection and administrative expenses. Tobacco products' tax revenues are deposited in the state general fund and special revenue fund after tribal revenue sharing payments (16-11-111; 16-11-114, MCA).

Before May 1, 2003, the tax rate on tobacco products was 12.5%. The 2003 Legislature increased the tax on tobacco products to 25% of the wholesale price. Then, Montana voters passed Initiative 149 (I-149), which increased the taxes on other tobacco products to 50% of the wholesale price and the tax on moist snuff to \$0.85 per ounce. The rates passed in I-149 became effective on January 1, 2005.

After tribal revenue sharing agreements, the revenue from the tobacco products tax is distributed 50% to the state general fund and 50% to the Department of Public Health and Human Services for health and Medicaid initiatives (16-11-119, MCA). In FY 2009, the tobacco products tax collections were \$10,479,063. In FY 2010, the tobacco products tax collections were \$11,210,117.

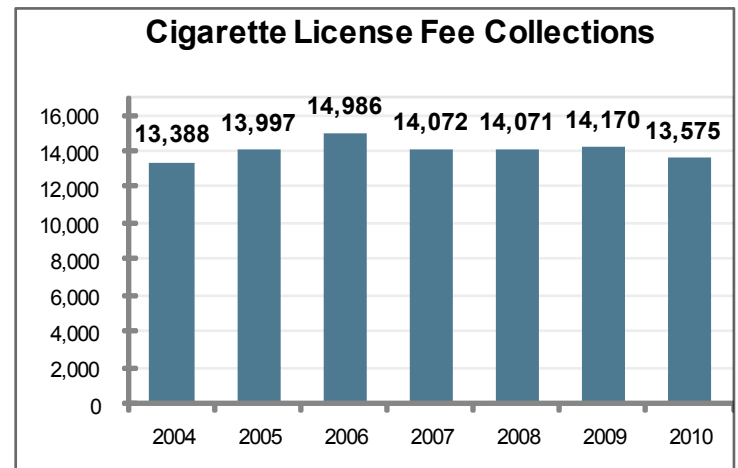
Tobacco Products Tax Collections	
FY2004	\$3,625,893
FY2005	\$6,452,429
FY2006	\$9,118,757
FY2007	\$9,810,138
FY2008	\$9,872,434
FY2009	\$10,479,063
FY2010	\$11,210,117



## Cigarette License Fee

A license fee is imposed on cigarette dealers in Montana. Wholesalers, sub-jobbers and vendors (operating 10 or more machines) pay an annual license fee of \$50. Retailers and vendors (operating 9 or fewer machines) pay an annual license fee of \$5. Revenues from the license fees are deposited in the state general fund (16-11-122, MCA). In FY 2009, revenues were \$14,170 and in FY 2010 revenues were \$13,575.

Cigarette License Fee Collections	
FY2004	\$13,388
FY2005	\$13,997
FY2006	\$14,986
FY2007	\$14,072
FY2008	\$14,071
FY2009	\$14,170
FY2010	\$13,575

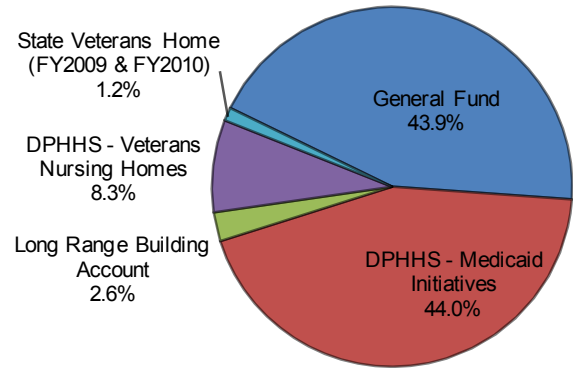


# Cigarette Tax

The cigarette tax rate has increased twice since 2003. On May 1, 2003, the cigarette tax rate increased from 18¢ to 70¢ per pack of 20 cigarettes, as mandated by the 2003 Legislature. On January 1, 2005, the tax rate increased from 70¢ per pack to \$1.70 per pack in compliance with Initiative 149 (I-149), which was passed by the Montana electorate in November 2004 (16-11-111, MCA). At \$1.70 per pack, Montana has the 17th highest cigarette tax in the United States.

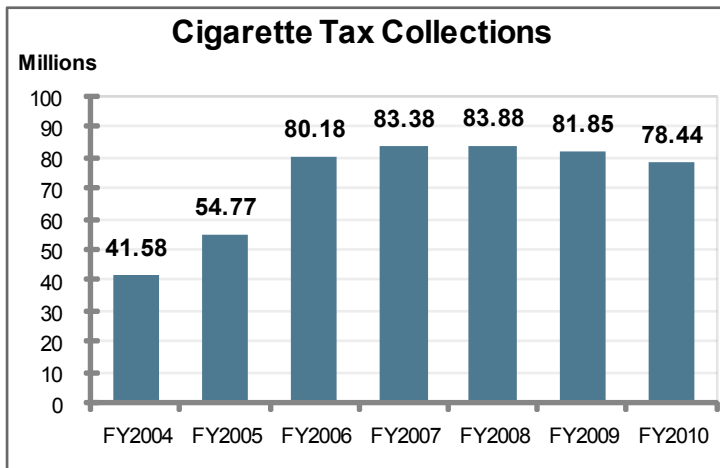
The cigarette tax is pre-collected from retailers by state-licensed cigarette wholesalers who must affix a tax insignia to each package of cigarettes to indicate the tax has been paid. Retailers then include the tax in the retail price of cigarettes. Wholesalers remit the tax to the State of Montana, minus an allowance to defray the costs of affixing insignias and collecting the tax.

## Distribution of Cigarette Tax Revenue



Cigarette Tax Collections	
FY2004	\$41,582,823
FY2005	\$54,765,356
FY2006	\$80,180,236
FY2007	\$83,380,418
FY2008	\$83,882,748
FY2009	\$81,849,518
FY2010	\$78,439,977

After distributing revenues according to tribal revenue sharing agreements, cigarette tax revenues are distributed: 8.3% or \$2 million, whichever is greater, to the Department of Public Health and Human Services for maintenance and operation of state veteran’s nursing homes, 2.6% to the Long-Range Building Account, 44% to the Department of Public Health and Human Services for Health and Medicaid initiatives, - for fiscal years ending June 30, 2010 and June 30, 2011, 1.2% is deposited for the construction of the state veterans’ home - and the remainder is deposited in the state general fund (16-11-119, MCA).



In fiscal year 2009 cigarette tax collections were \$81,849,518 and in fiscal year 2010, \$78,439,977.



## Cigarette Tax - All States - As of July 1, 2010

(Per Pack)

Rank	State	Excise Tax Rate	Rank	State	Excise Tax Rate
1	Rhode Island	\$3.46	27	Arkansas	\$1.15
2	Connecticut	\$3.00	28	Oklahoma	\$1.03
3	New York (1)	\$2.75	29	Indiana	\$1.00
4	New Jersey	\$2.70	30	Illinois (1)	\$0.98
5	Hawaii (3)	\$2.60	31	New Mexico	\$0.91
6	Wisconsin	\$2.52	32	California	\$0.87
7	Massachusetts	\$2.51	33	Colorado (5)	\$0.84
8	Dist. of Columbia	\$2.50	34	Nevada	\$0.80
9	Vermont	\$2.24	35	Kansas	\$0.79
10	Washington	\$2.03	36	Utah	\$0.70
11	Alaska	\$2.00	37	Mississippi	\$0.68
12	Arizona	\$2.00	38	Nebraska	\$0.64
13	Maine	\$2.00	39	Tennessee (1) (2)	\$0.62
14	Maryland	\$2.00	40	Kentucky (2)	\$0.60
15	Michigan	\$2.00	41	Wyoming	\$0.60
16	New Hampshire	\$1.78	42	Idaho	\$0.57
17	<b>Montana</b>	<b>\$1.70</b>	43	West Virginia	\$0.55
18	Delaware	\$1.60	44	North Carolina	\$0.45
19	Pennsylvania	\$1.60	45	North Dakota	\$0.44
20	Minnesota (4)	\$1.56	46	Alabama (1)	\$0.44
21	South Dakota	\$1.53	47	Georgia	\$0.37
22	Texas	\$1.41	48	Louisiana	\$0.36
23	Iowa	\$1.36	49	Virginia (1)	\$0.30
24	Florida (6)	\$1.34	50	Missouri (1)	\$0.17
25	Ohio	\$1.25	51	South Carolina	\$0.07
26	Oregon	\$1.18			

High	\$3.46
Low	\$0.07
Average	\$1.33
U. S. Median	\$1.17

Source: Compiled by FTA from various sources

(1) Counties and cities may impose an additional tax on a pack of cigarettes in AL, 1¢ to 6¢; IL, 10¢ to 15¢; MO, 4¢ to 7¢; NYC \$1.50; TN, 1¢; and VA, 2¢ to 15¢.

(2) Dealers pay an additional enforcement and administrative fee of 0.1¢ per pack in KY and 0.05¢ in TN.

(3) Tax rate is scheduled to increase to \$2.80 per pack on July 1, 2010 and \$3.00 on July 1, 2011.

(4) Plus an additional 33.0 cent sales tax is added to the wholesale price of a tax stamp (total \$1.56).

(5) In addition, there will be a 2.9% state sales tax on top of the stated per pack tax rate from 7/1/2009 through 7/1/2011.

(6) Includes a \$1 per pack surcharge.

## Unclaimed Property

The Montana Department of Revenue handles the state's unclaimed property, which includes such items as money, uncashed checks, drafts, state warrants, uncashed payroll checks, utility deposits, interest dividends or income, savings and checking accounts, safe deposit box contents, credit balances, customer overpayments, gift certificates, unidentified remittances, stocks, bonds and uncashed coupons.

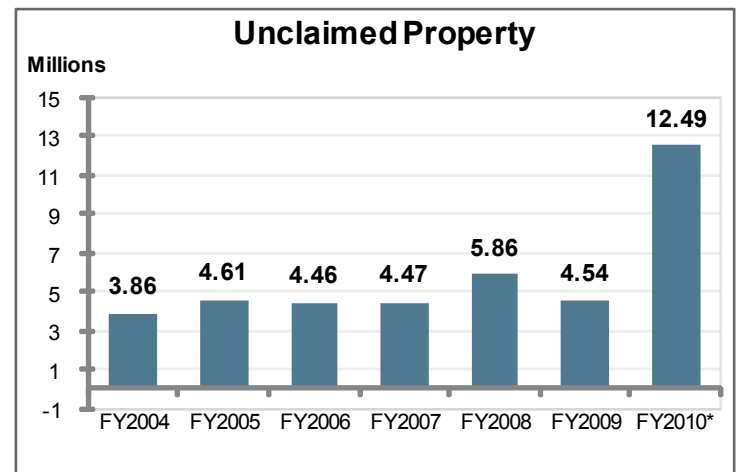
Since 1963, there has been approximately \$70,000,000 worth of unclaimed property turned over to the state and the department has returned nearly \$20,000,000 of that to its owners.

Under Montana's uniform unclaimed property act, any intangible and certain tangible property unclaimed by its owner must be turned over to the Department of Revenue. Montana is considered a "custodial state" and holds such property on behalf of the owners of lost or abandoned property. The department maintains records on all abandoned property reported in Montana. Reports filed by holders of abandoned property (banks and insurance companies, for instance) may be examined by the public.

All collections over \$100,000 (the amount allocated to the agency refund account) are transferred to the state's general fund. The refund period for items valued at more than \$50 is unlimited. In 2009, \$4,541,077 in unclaimed property was collected, and, in 2010, \$12,491,906 was collected.

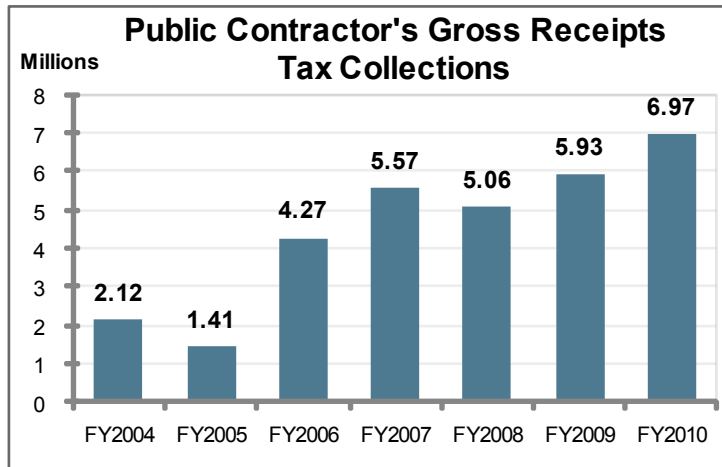
Unclaimed Property Collections	
FY2004	\$3,858,292
FY2005	\$4,610,094
FY2006	\$4,464,456
FY2007	\$4,474,991
FY2008	\$5,858,281
FY2009	\$4,541,077
* FY2010	\$12,491,906

\*This large increase in collection was due to the sale of stock previously held as shares, as required by statute.



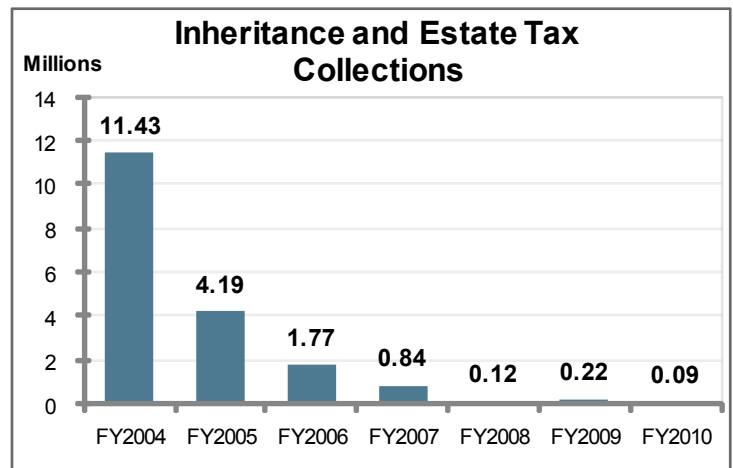
Prime contractors and all levels of subcontractors must pay a tax equal to 1% of all public contracts over \$5,000. Contractors can obtain part or all of the tax back by requesting refunds for business equipment and vehicle property taxes paid by their contracting business, and/or by claiming credit on their individual Montana income tax return or Montana corporation license tax return. Revenues are deposited in the general fund (15-50-311, MCA). In 2009, Public Contractor's Gross Receipts Tax collections were \$5,929,999 and, in 2010, collections were \$6,969,395.

Public Contractor's Gross Receipts Tax Collections	
FY2004	\$2,120,485
FY2005	\$1,410,831
FY2006	\$4,274,649
FY2007	\$5,566,958
FY2008	\$5,062,659
FY2009	\$5,929,999
FY2010	\$6,969,395



Montana's inheritance tax was repealed by the passage of Legislative Referendum 116 in November 2000, and does not apply to bequests made on or after January 1, 2001. Montana's estate tax equals the credit against federal inheritance tax for state taxes. The federal credit was phased out and there is no Montana estate tax for deaths on or after January 1, 2005.

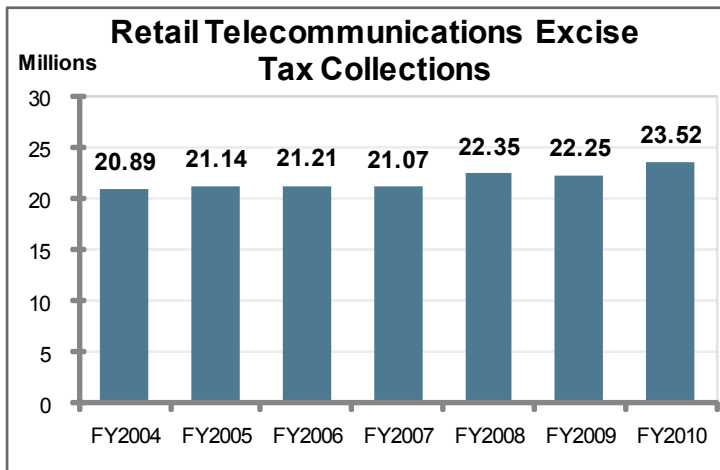
Inheritance and Estate Tax Collections	
FY2004	\$11,431,103
FY2005	\$4,190,613
FY2006	\$1,773,169
FY2007	\$838,865
FY2008	\$122,148
FY2009	\$217,097
FY2010	\$90,544



## Retail Telecommunications Excise Tax

Prior to January 1, 2000, Montana levied a telephone company license tax of 1.8% on gross revenue telephone companies earned from in-state telephone calls. On January 1, 2000, the telephone company license tax was replaced by the retail telecommunications excise tax. The retail telecommunications tax is levied at a rate of 3.75% on retail sales of telecommunications service when the transmission either originates or terminates in Montana. All receipts from the Retail Telecommunications Excise tax are deposited in the state general fund (15-53-128, MCA). In 2009 and 2010, tax revenues were \$22,250,383 and \$23,523,474, respectively.

Retail Telecommunications Excise Tax Collections	
FY2004	\$20,890,335
FY2005	\$21,144,420
FY2006	\$21,208,947
FY2007	\$21,065,843
FY2008	\$22,350,323
FY2009	\$22,250,383
FY2010	\$23,523,474

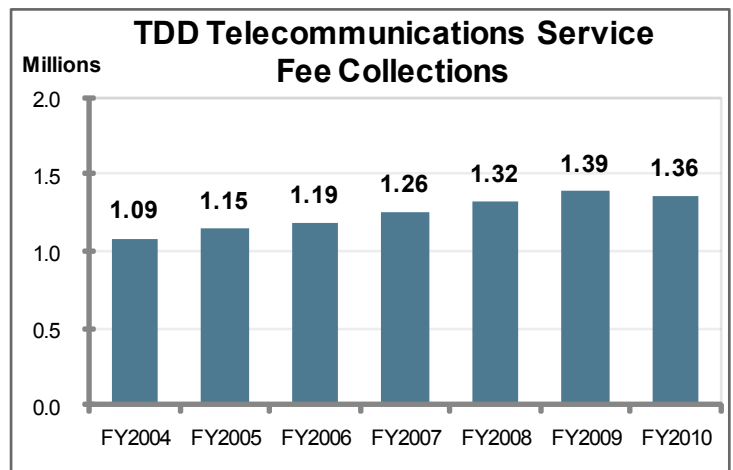


## TDD Telecommunications Service Fee

A monthly fee of 10¢ per subscriber access line in the state is assessed for telephone exchange access services. The fee is paid by the subscriber, but is collected and remitted to the state by the service provider. The service provider may deduct and retain 0.75% of the total fees collected each month to cover its administrative expenses. The revenue from this fee is deposited in a special revenue account to provide telecommunications devices for persons with hearing disabilities (MCA, 53-19-311).

Legislation in 2007 modified state law to make clear that all telecommunications providers, including those using newer technologies or formats such as voice over internet protocol or prepaid wireless service, must collect the fee and remit the revenue to the state. In 2009 and 2010, fee revenue was \$1,389,821 and \$1,361,947 respectively.

TDD Telecommunication Service Fee Collections	
FY2004	\$1,086,929
FY2005	\$1,147,153
FY2006	\$1,185,297
FY2007	\$1,259,944
FY2008	\$1,320,796
FY2009	\$1,389,821
FY2010	\$1,361,947

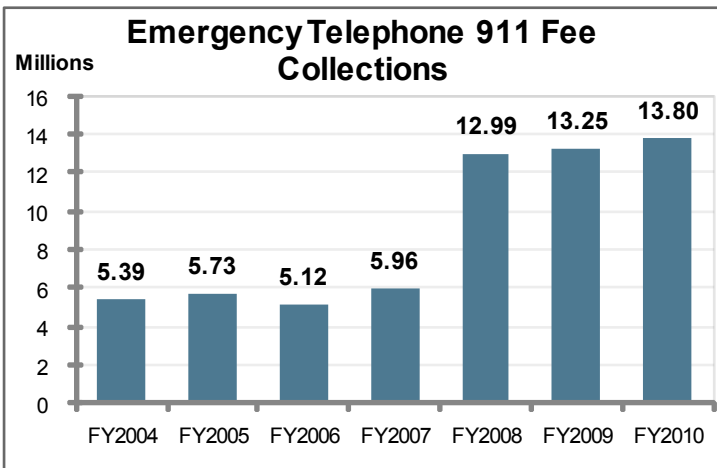


## 911 Emergency Telephone System Fee

For each access line, a fee of \$0.25 per month to support basic 911 services, \$0.25 per month to support enhanced 911 services, and \$0.50 per month to support wireless enhanced 911 services is collected from service subscribers.

The subscriber paying for exchange access line services is liable for the fees, but the fees are collected by the provider and are remitted to the state on a quarterly basis. The provider collecting the fee must file a return on or before the last day of the month following the end of each calendar quarter. 2.74% of the amount of fee collected must be deposited in the state special revenue fund and be used for the administration of the Emergency Telephone System Account. The remaining fee amount is paid to the state treasurer for deposit in the appropriate accounts (10-4-301, MCA). In 2009 and 2010, fee collections were \$13,249,845 and \$13,801,647, respectively.

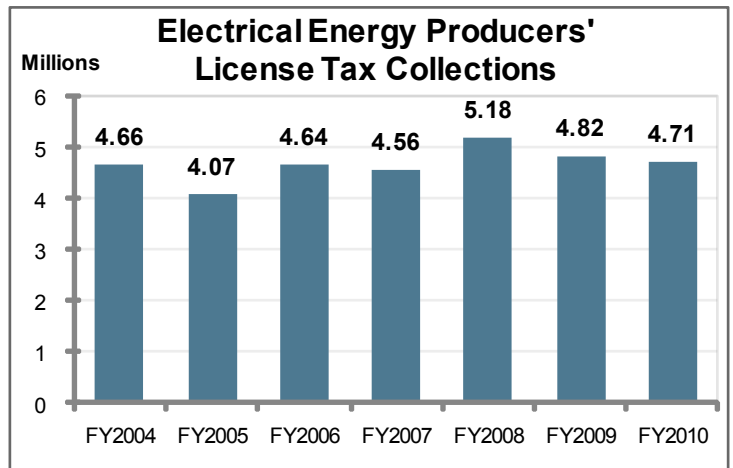
Emergency Telephone 911 Fee Collections	
FY2004	\$5,388,386
FY2005	\$5,733,140
FY2006	\$5,121,643
FY2007	\$5,960,166
FY2008	\$12,986,143
FY2009	\$13,249,845
FY2010	\$13,801,647



## Electrical Energy Producers' License Tax

Businesses engaged in the production of electrical energy pay the electrical energy producers' license tax. The tax was first enacted in 1933 and is \$.0002 per kilowatt hour (kWh) of electrical energy generated, manufactured or produced in the state for barter, sale or exchange other than plant use. These tax collections are deposited in the state general fund (15-51-103, MCA). The license tax must be remitted each calendar quarter to the department with a statement on or before the 30th day of the month after the end of the calendar quarter (15-51-102, MCA). In 2009 and 2010 tax receipts were \$4,824,659 and \$4,713,429, respectively.

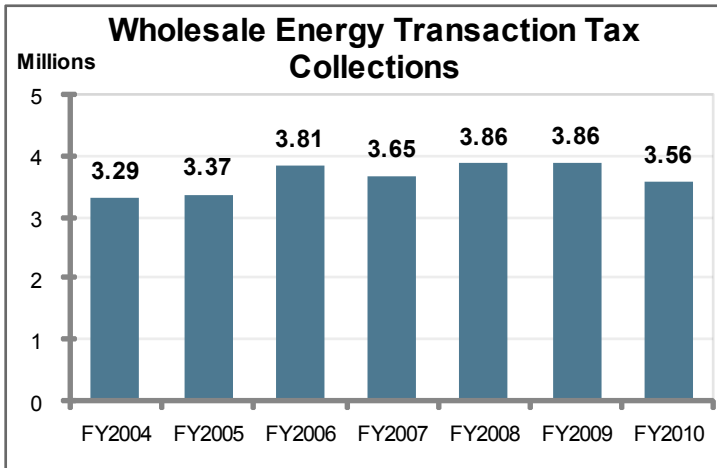
Electrical Energy Producers' License Tax Collections	
FY2004	\$4,660,529
FY2005	\$4,074,409
FY2006	\$4,644,508
FY2007	\$4,564,404
FY2008	\$5,179,013
FY2009	\$4,824,659
FY2010	\$4,713,429



## Wholesale Energy Transaction Tax

The wholesale energy transaction tax is levied at a rate of \$0.00015 per kilowatt hour on all electricity transmitted by a transmission service provider in the state. The tax went into effect on January 1, 2000 and is paid on a calendar quarter basis. Payment is due to the state within 30 days after the close of the quarter. Payments are deposited into the general fund (15-72-101, MCA). In 2009 and 2010, tax revenue was \$3,864,771 and \$3,556,056, respectively.

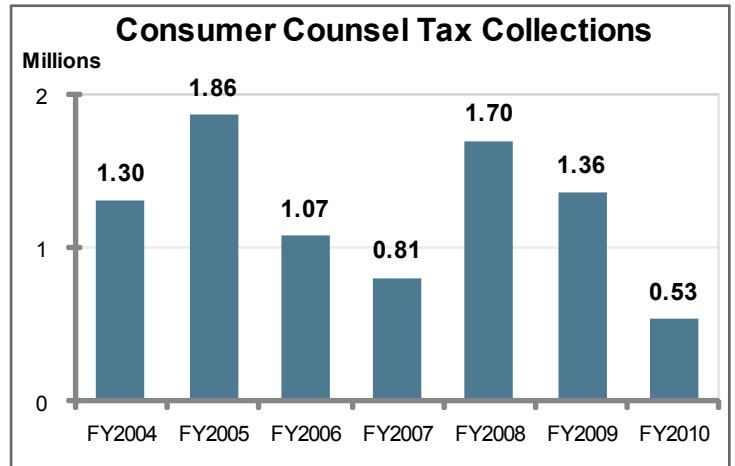
Wholesale Energy Transaction Tax Collections	
FY2004	\$3,292,659
FY2005	\$3,370,263
FY2006	\$3,813,495
FY2007	\$3,651,024
FY2008	\$3,856,112
FY2009	\$3,864,771
FY2010	\$3,556,056



## Consumer Counsel Tax

All companies providing services regulated by the Public Service Commission are subject to a quarterly Consumer Counsel Tax on gross operating revenue. The tax rate is set annually for the succeeding fiscal year to cover appropriations for the operation of the Office of the Consumer Counsel. All collections are deposited in a state special revenue account (69-1-201; 223; 224, MCA). Consumer Counsel Tax receipts for 2009 and 2010 were \$1,355,530 and \$530,981, respectively.

Consumer Counsel Tax Collections	
FY2004	\$1,303,597
FY2005	\$1,860,324
FY2006	\$1,070,664
FY2007	\$806,829
FY2008	\$1,696,840
FY2009	\$1,355,530
FY2010	\$530,981



## Hospital Facility Utilization Fee

Beginning in 2004, all hospitals licensed by the state (with the exception of the Montana State Hospital) are required to pay a utilization fee for each inpatient bed day. The fees must be paid by the hospital for the preceding calendar year on all taxable inpatient bed days. The table below provides the fee per inpatient bed day since the fee was instituted.

Subject to the yearly benchmarks provided below, all of the proceeds from the utilization fee are deposited in a special revenue account for use by the Department of Health and Human Services (15-66-102 (2), MCA) to

Hospital Facility Utilization Fee Collections	
FY2004	\$7,427,903
FY2005	\$8,757,918
FY2006	\$11,179,325
FY2007	\$12,559,877
FY2008	\$16,671,570
FY2009	\$19,582,981
FY2010	\$21,290,112

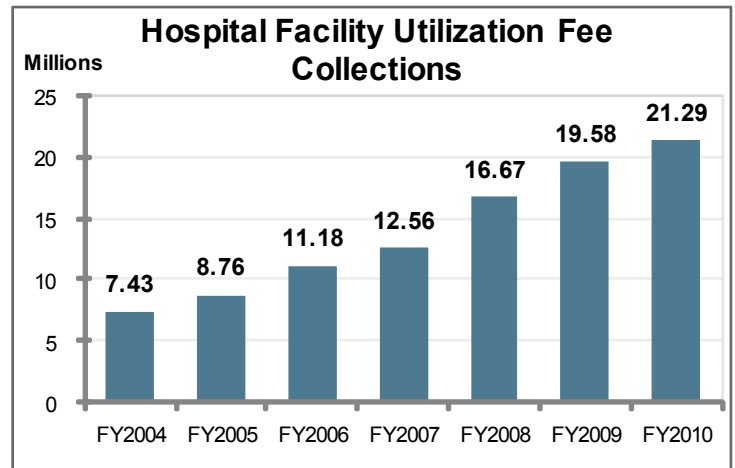
Time Period over which Fee Applies	Fee Per Inpatient Bed Day
January 1, 2004 through June 30, 2005	\$19.43
July 1, 2005 through December 31, 2005	\$29.75
January 1, 2006 through June 30, 2007	\$27.70
July 1, 2007 and December 31, 2007	\$47.00
January 1, 2008 through December 31, 2008	\$43.00
January 1, 2009 through December 31, 2009	\$48.00
Beginning January 1, 2010	\$50.00

provide reimbursements to hospitals serving Medicaid patients.

For fiscal year 2009, proceeds in excess of \$16,232,795 were deposited into the state general fund. Proceeds for 2009 were \$19,582,981 and \$3,350,186 was deposited in the general fund.

For state fiscal year 2010, proceeds in excess of \$18,505,269 were deposited into the state general fund. Proceeds for 2010 were \$21,290,112 and \$2,784,843 respectively.

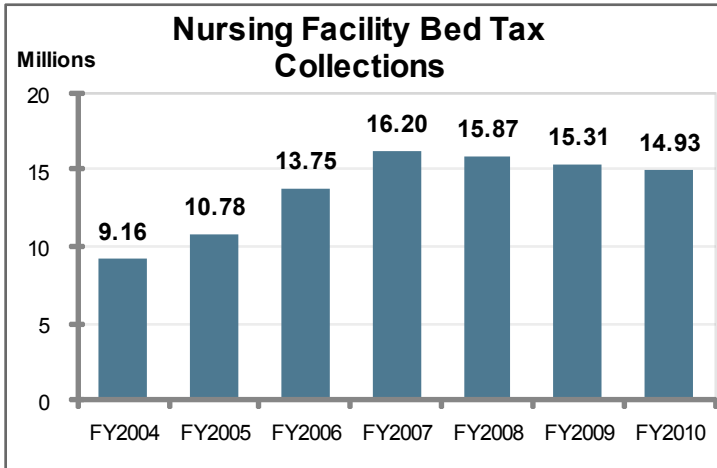
For state fiscal year 2011, proceeds in excess of \$19,818,193 will be deposited in the general fund.



# Nursing Facility Bed Tax

All facilities licensed by the Department of Health and Human Services (DPHHS) and the Montana Mental Health Nursing Care Center (MMHNCC) are required to pay a utilization fee of \$8.30 per resident day. For all facilities, except for the Montana mental health nursing care center, \$2.80 is distributed to the general fund and \$5.50 is distributed to the nursing facility utilization fee account. The revenue distributed into the nursing facility account is used by the Department of Health and Human Services to increase the price-based reimbursement system payment rates to nursing homes (15-60-101, MCA).

Nursing Facility Bed Tax Collections	
FY2004	\$9,158,829
FY2005	\$10,780,189
FY2006	\$13,752,750
FY2007	\$16,196,108
FY2008	\$15,868,028
FY2009	\$15,308,973
FY2010	\$14,928,685



Utilization fees paid by the Montana Mental Health Nursing Care Center are distributed 30% to the state general fund and 70% to the prevention and stabilization account administered by the DPHHS to finance, administer, and provide health and human services (53-6-1101, MCA).

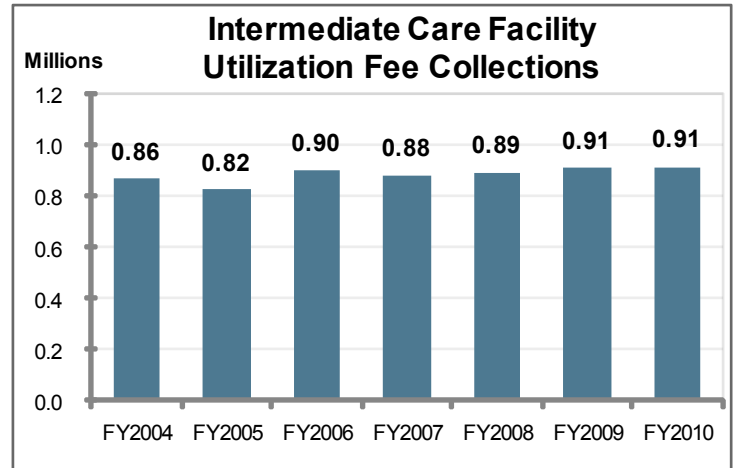
In fiscal years 2009 and 2010, tax collections were \$15,308,973 and \$14,928,685, respectively.



## Intermediate Care Facility Utilization Fee

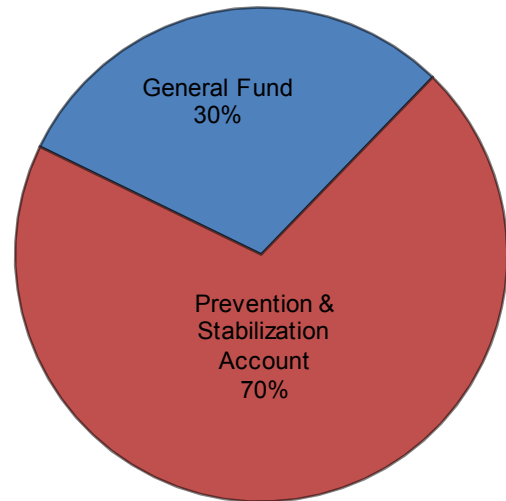
The Intermediate Care Facility Utilization Fee is collected at a rate of 6% of the quarterly revenue of intermediate care facilities for the developmentally disabled. The fee was first implemented by the 2003 legislature at a rate of 5%. The 2005 Legislature changed the fee to a quarterly payment of 6% of the intermediate care facility's quarterly revenue divided by the resident bed days for same time period.

30% of the revenue generated by this fee is deposited into the state general fund and 70% into the prevention and stabilization account in the state special revenue fund for the Department of Public Health and Human Services to administer. In 2009 and 2010, fee payments were \$907,764 and \$913,971, respectively. Payments are filed and paid quarterly (15-67-101, MCA).



Intermediate Care Facility Utilization Fee Collections	
FY2004	\$863,036
FY2005	\$821,923
FY2006	\$897,227
FY2007	\$877,482
FY2008	\$890,691
FY2009	\$907,764
FY2010	\$913,971

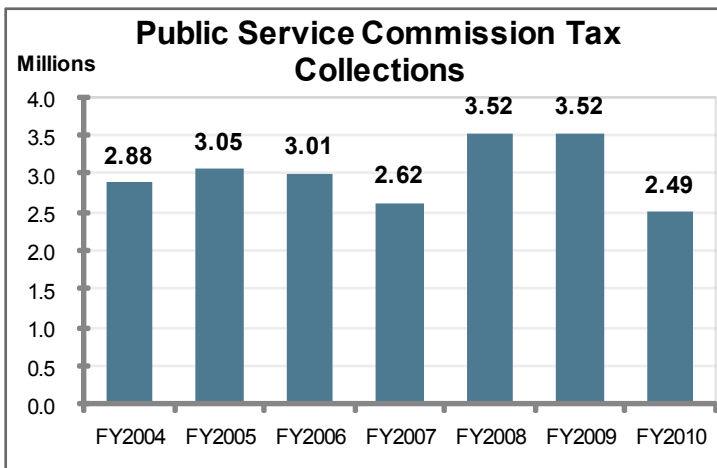
### Distribution of Intermediate Care Facility Utilization Fee



## Public Service Commission Tax

All companies providing services which are regulated by the Public Service Commission are subject to a quarterly tax on gross operating revenue, excluding revenues from sales to other regulated companies for resale. The tax rate is set annually for the succeeding fiscal year to cover appropriations for the operation of the Department of Public Service Regulation. All collections are deposited in a state special revenue account. Motor carriers are not subject to the tax (69-1-402, MCA). In 2009 and 2010, tax revenues were \$3,521,894 and \$2,493,209, respectively.

Public Service Commission Tax Collections	
FY2004	\$2,875,741
FY2005	\$3,050,213
FY2006	\$3,005,151
FY2007	\$2,619,321
FY2008	\$3,520,803
FY2009	\$3,521,894
FY2010	\$2,493,209



## Rail Car Tax

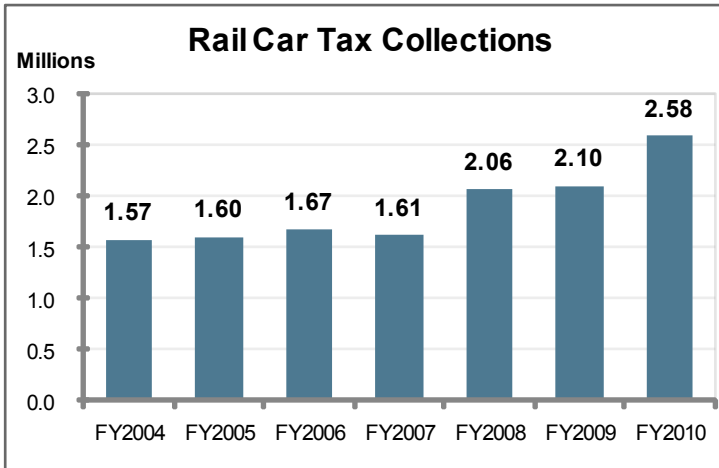
The rail car tax provides for the central assessment of rail car companies' operating properties. The rail car tax is assessed on the rolling stock of freight line companies. Section 15-23-214, MCA, provides that the tax is computed by multiplying the taxable value of the property by the average statewide mill levy for commercial and industrial property. Rail car tax revenue is deposited in the state general fund.

Rail car companies were moved from a gross receipts tax to an ad valorem tax by the July 1992 special session of the Montana legislature. Calculation of rail car tax is a three-step process. The first step is to determine the Montana market value of rail car companies. The second step is to calculate the taxable value by applying the class 12 taxable valuation rate to the Montana market value. The class 12 taxable value rate, which applies to railroad and airline property, is a composite rate reflective of the weighted average tax rate applied to all commercial and industrial property in the state. The third step is to apply the statewide average mill levy for commercial and industrial property to the taxable value. Section 15-23-211, MCA, provides a definition of the "average levy." Prior to fiscal year 2004, 95% of the average statewide mill levy was used as the average state mill. Under current law, tax calculations are calculated at 100% of the average statewide mill levy.

Rail Car Tax Collections	
FY2004	\$1,567,868
FY2005	\$1,604,005
FY2006	\$1,667,441
FY2007	\$1,614,509
FY2008	\$2,063,981
FY2009	\$2,099,454
FY2010	\$2,579,263

## Calculate General Fund Revenue

The rail car tax general fund revenue is Montana's allocated rail car value multiplied by the class 12 taxable valuation rate, and then multiplied by the average state-wide mill levy for commercial and industrial property as shown in the table. The calculated tax may differ from actual collections due to delinquent taxes.



Calculation of Rail Car Tax - General Fund Fiscal Year 2010	
Description	FY2010
Total Montana Allocated Value	\$144,031,288
Multiply by Class 12 Tax Rate	3.45%
Taxable Value	\$4,969,079.44
Multiply by Mill Levy	524.81
<b>General Fund Revenue</b>	<b>\$2,607,822.58</b>

Rail Car Tax Assessment and Collections					
Fiscal Year	Montana Allocated Value	Class 12 Tax Rate	Statewide Mill Levy	Tax Assessed	Tax Collected
2004	\$84,020,000	3.88%	474.43	\$1,546,630	\$1,567,868
2005	\$82,645,528	3.81%	503.39	\$1,585,072	\$1,604,005
2006	\$89,055,569	3.74%	509.51	\$1,697,014	\$1,667,441
2007	\$85,817,421	3.55%	515.71	\$1,571,120	\$1,614,509
2008	\$113,863,887	3.52%	520.32	\$2,085,447	\$2,063,981
2009	\$116,403,478	3.44%	524.79	\$2,101,406	\$2,099,454
2010	\$144,031,288	3.45%	524.81	\$2,607,823	\$2,579,263

The Department of Revenue's Liquor Control Division administers Montana's Alcoholic Beverage Code (Title 16, Chapters 1 through 6 MCA), which governs the control, sale, distribution, and taxes of alcoholic beverages. This division is separated into two bureaus with separate responsibilities, the Liquor Licensing Bureau and the Liquor Distribution Bureau.

- Establishing and posting statutorily-defined prices for all liquor products distributed through the liquor warehouse; and
- Establishing, maintaining, and monitoring relationships, compliance issues, and state contracts with 97 separate agency liquor stores.

### Liquor Licensing Bureau

The Liquor Licensing Bureau is responsible for administering liquor licensing laws in an effort to protect the welfare and safety of the public. The bureau oversees and enforces compliance with the state's liquor laws, as provided for in the Montana Alcoholic Beverage Code (Title 16, MCA).

Duties and responsibilities include:

- Issuing licenses and renewals for all individuals and entities producing, importing or selling alcoholic beverages in Montana;
- Verifying the suitability of liquor license applicants to ensure they meet the qualifications required to sell, manufacture, or distribute alcoholic beverages;
- Ensuring compliance with Montana's liquor laws by actively monitoring licensee premises activities and issuing violation notices as needed; and
- Providing expert testimony in cases of foreclosure, revocation, and other regulatory proceedings.

### The Liquor Distribution Bureau

The Liquor Distribution Bureau is responsible for fulfilling the public's demand of distilled spirits and fortified wine through Agency Liquor Stores by efficiently maintaining a regulated channel of liquor distribution.

The bureau is responsible for overseeing and managing the effective receipt and distribution of alcoholic beverages in the state. General duties and responsibilities include:

- Overseeing all operations of the state liquor warehouse: ordering, maintaining, and monitoring liquor warehouse inventories in a manner that balances state interests with liquor distribution outlet customers;

# Alcohol Taxes

## Table Wine Tax

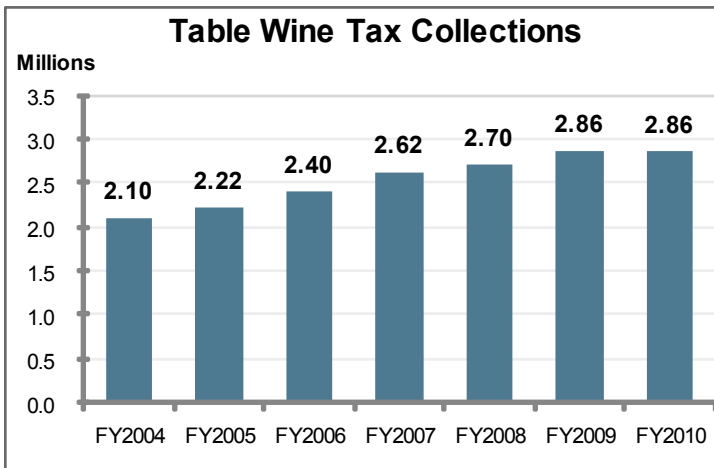
A tax of \$0.27 (\$0.28 if sold to an agency owned liquor store) per liter on table wine and a tax of \$0.037 per liter on hard cider are levied on wine and cider sold into Montana (16-1-411, MCA).

The revenues collected from the tax are deposited 69% to the state general fund and 31% to the Department of Public Health and Human Services for treatment, rehabilitation and prevention of alcoholism and chemical dependency.

Table Wine Tax Collections	
FY2004	\$2,104,356
FY2005	\$2,217,968
FY2006	\$2,397,695
FY2007	\$2,619,911
FY2008	\$2,701,397
FY2009	\$2,859,963
FY2010	\$2,856,546

A small portion of wine tax revenue is refunded from the general fund to the tribes that have a revenue-sharing agreement with the state. Currently the state has agreements with the Blackfeet, Fort Peck, and Fort Belknap Tribes.

In 2009 and 2010, table wine tax collections were \$2,868,286 and \$2,859,927, respectively.



## Beer Tax

The State of Montana levies a tax on each 31-gallon barrel of beer sold in Montana. Depending on the size of the brewer a tax rate ranging from \$1.30 to \$4.30 per 31-gallon barrel is levied on beer sold into Montana (16-1-406, MCA).

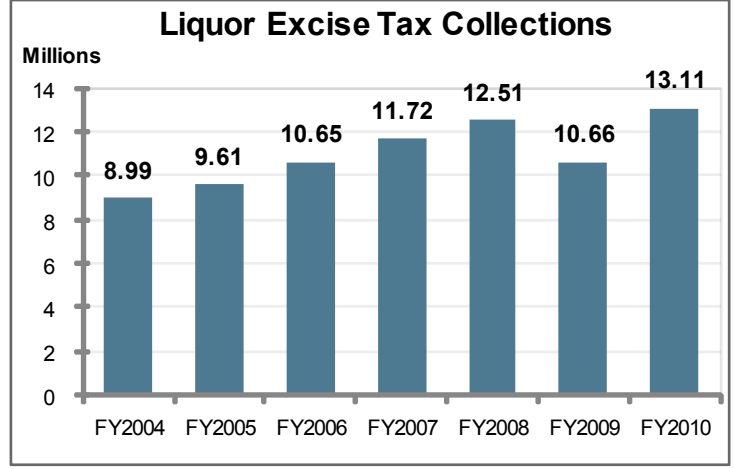
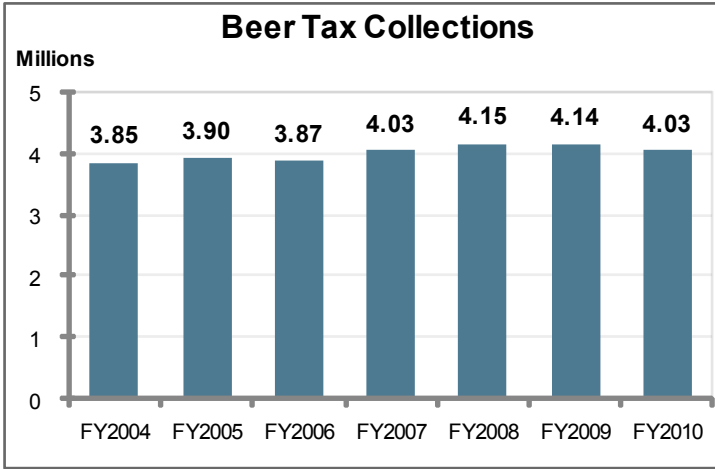
Barrels Produced By a Brewer	Tax Rate Per Barrel
Less than or equal to 5,000	1.3%
5,001 to 10,000	2.3%
10,001 to 20,000	3.3%
Greater than 20,000	4.3%

The revenues collected from the tax are deposited 76.74% to the state general fund and 23.26% to the Department of Public Health and Human Services for treatment, rehabilitation, and prevention of alcoholism and chemical dependency.

A small portion of beer tax revenue is refunded from the general fund to the tribes that have a revenue-sharing agreement with the state. Currently the state has agreements with the Blackfeet, Fort Peck, and Fort Belknap Tribes.

In fiscal year 2009, the liquor control division collected \$4,158,971 in beer tax revenue and \$4,056,146 in fiscal year 2010.

Beer Tax Collections	
FY2004	\$3,852,302
FY2005	\$3,903,377
FY2006	\$3,866,022
FY2007	\$4,030,526
FY2008	\$4,150,714
FY2009	\$4,141,236
FY2010	\$4,032,294



## Liquor Excise Tax

The Department of Revenue collects an excise tax (in addition to the license tax) on the retail selling price of all liquor sold by the state liquor warehouse. The tax rate ranges from 3% - 16% of the retail selling price, depending on the number of proof gallons produced by the manufacturer nationwide.

Proof Gallons	Tax Rate Per Barrel
Less than 20,000	3.0%
20,000 to 50,000	8.0%
50,001 to 200,00	13.8%
More than 200,000	16.0%

The revenues collected from the tax are deposited to the state general fund (16-1-401, MCA). A small portion of this tax revenue is refunded from the general fund to the tribes that have a revenue-sharing agreement with the state. Currently the state has agreements with the Blackfeet, Fort Peck, and Fort Belknap Tribes.

Liquor excise tax collections were \$10,662,763 in fiscal year 2009 and \$13,113,048 in fiscal year 2010.

Fiscal Year	Revenue
FY2004	\$8,992,427
FY2005	\$9,609,132
FY2006	\$10,651,853
FY2007	\$11,716,614
FY2008	\$12,512,800
FY2009	\$10,662,763
FY2010	\$13,113,048

## Liquor License Tax

The Department of Revenue collects a license tax (in addition to the excise tax) on the retail selling price of all liquor sold by the state liquor warehouse. The tax rate ranges from 2% - 10% of the retail price, depending on the number of proof gallons produced by the manufacturer nationwide.

Proof Gallons	Tax Rate
Less than 50,000	2%
50,000 to 200,000	8.60%
More than 200,000	10%

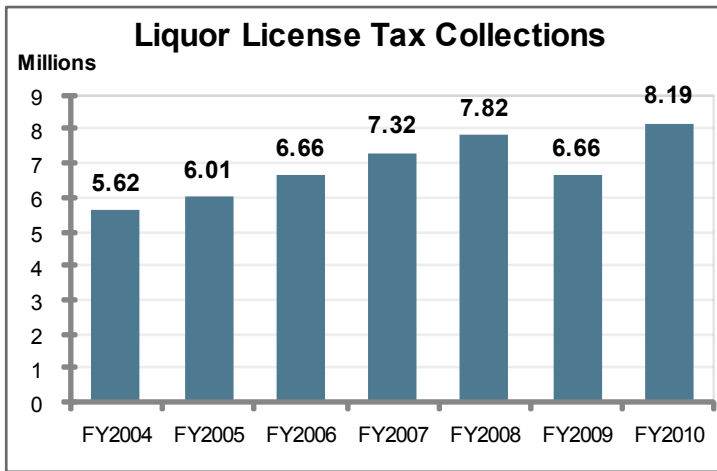
The revenues collected from the tax are deposited 34.5% to the state general fund and 65.5% to the Department of Public Health and Human Services for treatment, rehabilitation and prevention of alcoholism and chemical dependency (16-1-404, MCA).

A small portion of this tax revenue is refunded from the general fund to the tribes that have a revenue-sharing agreement with the state. Currently the state has agreements with the Blackfeet, Fort Peck and Fort Belknap Tribes.

Fiscal Year	Revenue
FY2004	\$5,621,399
FY2005	\$6,007,218
FY2006	\$6,658,036
FY2007	\$7,322,884
FY2008	\$7,820,500
FY2009	\$6,662,040
FY2010	\$8,194,517

## Alcohol Taxes

Liquor License Tax collections were \$8,118,270 in fiscal year 2009 and \$8,138,240 in fiscal year 2010.



### State Liquor Distribution Profits

Cost of goods, agent discounts and state operating expenses are paid from the gross profit of revenues collected by the Department of Revenue for distilled spirits sold to agency owned liquor stores.

The remainder of funds is set up as an accrual to be deposited the following year. In fiscal year 2009 the transfer was decreased by \$1,750,000 due to a legislative appropriation for the liquor warehouse renovation project.

Liquor Funds Transferred	
FY2002	5,600,000
FY2003	6,000,000
FY2004	6,500,000
FY2005	6,650,000
FY2006	7,450,000
FY2007	8,200,000
FY2008	8,775,000
FY2009	7,250,000
FY2010	9,000,000

### Liquor Licensing and Fee

All individuals and corporations producing, importing, or selling alcoholic beverages in Montana must be licensed. Alcohol licensees pay an initial fee to obtain

a new license, plus an annual fee to renew the license. Beer and wine licenses, restaurant beer and wine licenses, brewery and winery registrations, and vendor permit applications and renewals have varying fees. All-beverage licenses, which allow retailers to serve all types of alcoholic beverages, pay an annual renewal fee based on a sliding scale. For all-beverage licenses in cities with a population of 10,000 or more, the annual renewal fee is \$800; in cities with smaller populations, renewal fees are lower. The number of licenses available in an area is limited by state law, depending on the population of the area (16-2-108, MCA).

The department retains license and fee revenues from the non-tax liquor collections in a liquor enterprise fund. The administrative and compliance expenses associated with enforcing the liquor laws of Montana by the Department of Revenue and the Department of Justice are paid from the liquor enterprise fund. Then the balance remaining in the fund at the end of the fiscal year is deposited in the state general fund.

Non-Tax Liquor Collections	
FY2002	\$2,225,504
FY2003	\$1,857,975
FY2004	\$2,062,646
FY2005	\$1,768,806
FY2006	\$2,091,179
FY2007	\$1,836,286
FY2008	\$3,155,184
FY2009	\$2,301,438
FY2010	\$2,242,529

Non-Tax Liquor General Fund Transfers	
FY2002	\$1,306,184
FY2003	\$558,198
FY2004	\$734,102
FY2005	\$431,316
FY2006	\$305,976
FY2007	\$436,316
FY2008	\$1,407,218
FY2009	\$399,280
FY2010	\$322,734

## Alcohol Taxes

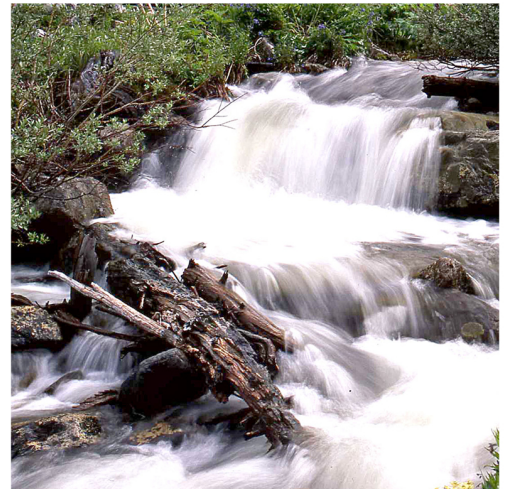
Fiscal Year	Cost of Goods Sold	Agency Store Commissions & Discounts	State Operating Costs
2002	\$35,279,453	\$6,797,458	\$1,477,563
2003	\$37,321,005	\$7,432,835	\$1,506,793
2004	\$39,933,421	\$8,165,280	\$1,331,391
2005	\$42,693,308	\$9,161,860	\$1,376,294
2006	\$47,306,545	\$10,147,568	\$1,464,299
2007	\$52,142,312	\$11,130,789	\$1,445,840
2008	\$55,687,736	\$12,114,487	\$1,578,194
2009	\$57,703,567	\$12,557,813	\$1,525,151
2010	\$57,881,004	\$12,616,802	\$1,687,744

Number of Licensees by License Type - FY2008					
Off-Premise			Wholesale		
Type of License	Number Issued	Annual Fee	Type of License	Number Issued	Annual Fee
Agencies	95	No Fee	Beer	4	\$400
Beer	98	\$200	Wine	2	\$400
Wine	8	\$200	Beer & Wine	26	\$800
Beer & Wine	718	\$400			
<i>Total Off-Premise</i>	919		<i>Total Wholesale</i>	32	
On-Premise			Breweries / Wineries		
Type of License	Number Issued	Annual Fee	Type of License	Number Issued	Annual Fee
Beer	78	\$200	Beer	89	\$200 - 500
Beer & Wine	638	\$400	Wine	729	\$25 - 400
Beer & Wine & Spirits	1,605	\$400-\$800			
<i>Total On-Premise</i>	2,321		<i>Total Suppliers</i>	818	



# PROPERTY TAX

## BIENNIAL REPORT • MONTANA DEPARTMENT OF REVENUE



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# Introduction to Property Tax

## Introduction

The Department of Revenue administers property taxes in the State of Montana. In general, the level of taxes is set by the budgeting decisions of local government, while the distribution of taxes is set by the legislature through designating classes of property, tax rates, exemptions, phase-ins and the basis of valuation.

The department is responsible for administering statute as determined by the legislature including the valuation of all property in the state. Without the Department of Revenue, not a single dollar of property taxes would be collected.

The property tax is not like other taxes in the state. A reduction in the tax rate or exempting property from the tax base does not generally reduce revenue for government services; instead, these actions shift the tax liability to other property taxpayers, mostly in the same locality.

Property tax bills are determined by both the value of the property and the level of services that are provided to that property.

An individual taxpayer's property tax is calculated using two variables – taxable value and the millage rates. The taxable value is determined by applying legislative policy to the assessed market value of the property. The millage rates are based on the level of goods and services provided by local governments, their budget. They are calculated so that local governments generate enough revenue to meet their budgets.

$$\text{Property Taxes Paid} = (\text{Taxable Value} \times \text{Mills}) / 1,000$$

In Montana, millage rates are usually discussed in terms of numbers called mills. One mill will generate \$1.00 for each \$1,000 in taxable value.

$$\begin{aligned} \text{Mills} &= \text{Millage Rate} \times 1,000 \\ \text{Millage Rate} &= \text{Mills} / 1,000 \end{aligned}$$

Understanding how mills are calculated and how taxable value is derived is crucial for understanding property taxes.

## Setting Budgets and Calculating Mills

Local taxing jurisdictions set their budgets to provide the same level of services as the previous year. Once the level of service is determined and the budget is set, the taxing jurisdiction uses the total value of the taxing jurisdiction's tax base to determine the mills. For this reason, millage rates (and mills) are simply a function of local taxing jurisdiction budgeting decisions.

The local budgets determine the level of taxes and the mills are simply a function of the budget and the tax base. The tax base is the taxable value of all of the properties within a taxing jurisdiction.

Local taxing jurisdictions are allowed to levy mills to fund the services that they provide. Schools, cities and towns, counties, miscellaneous districts and the state all generate revenue from the property tax system by levying mills against property within that jurisdiction. Each taxing jurisdiction's mills are added together to determine the total mills that apply to a property. All properties that are a part of the same combination of taxing jurisdictions make up a taxing district. By definition, each property in a taxing district will have the same amount of mills applied to its taxable values.

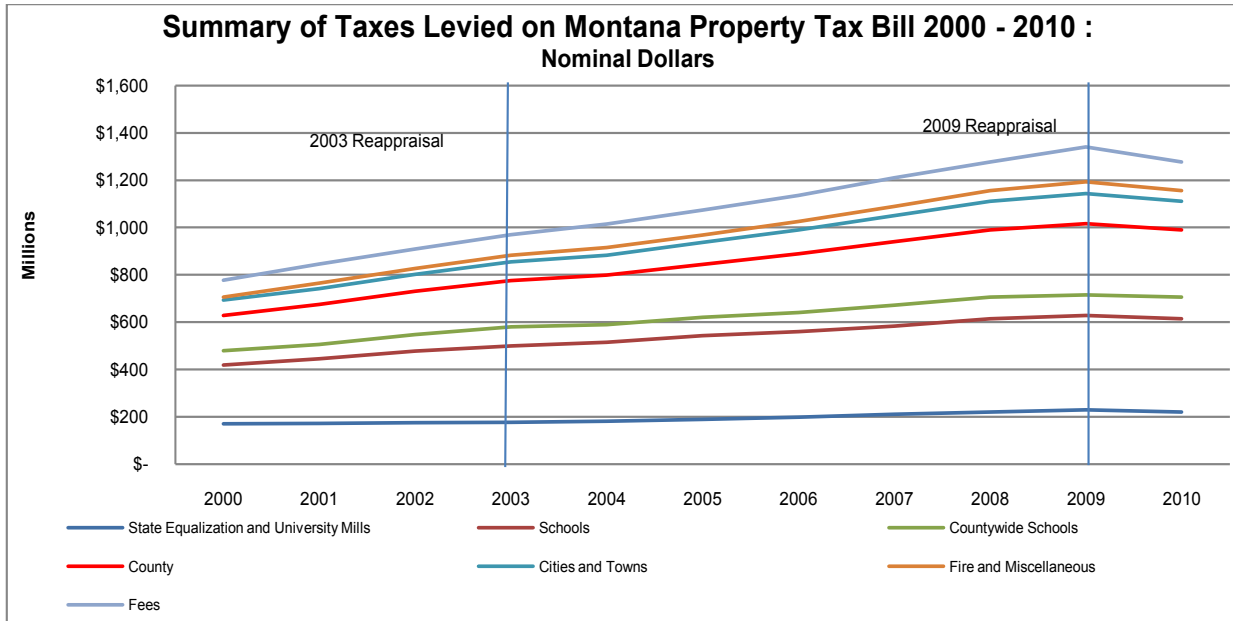
### Example of a Taxing District

Elementary School	100
High School	125.25
Town	75.5
County	115
State School Equalization	95
<u>University</u>	<u>6</u>
Total Mills	520.75

Taxes are paid to the applicable county treasurer. The treasurer distributes the funds to the appropriate taxing jurisdictions.

The graph at the top of the next page (in nominal dollars) shows property tax collections between 2000 and 2010. This graph is not adjusted for new property or inflation, which accounts for much of the growth in taxes collected.

Total property tax and fee collections have increased from \$795 million to \$1.393 billion between tax year

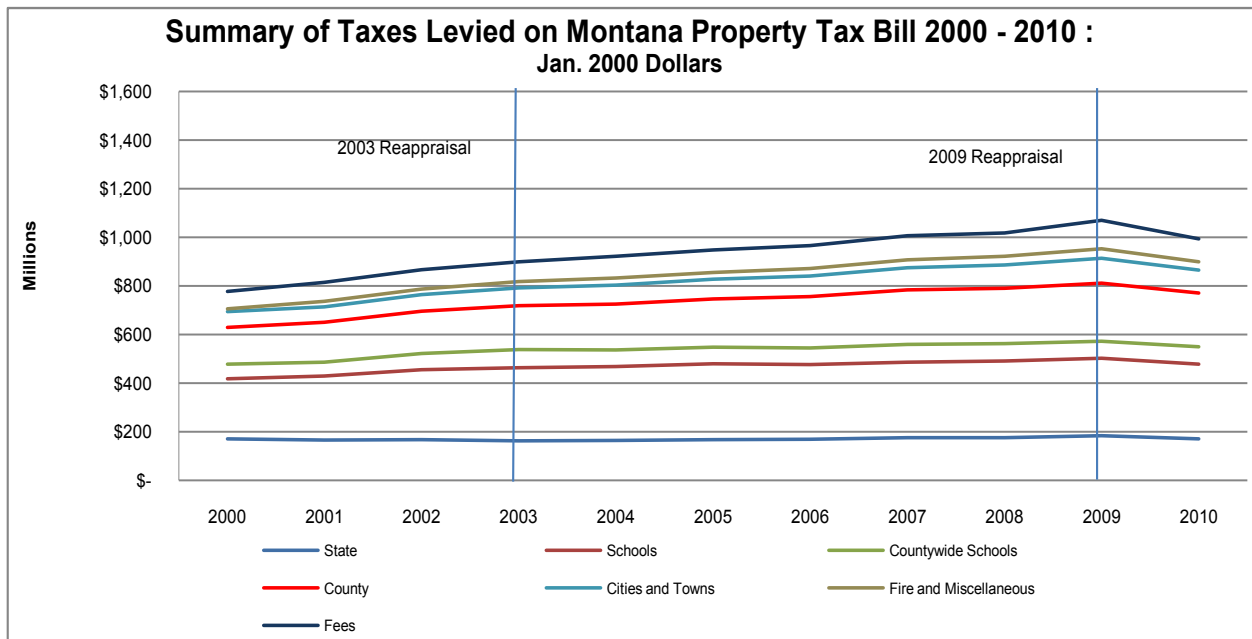


2000 and tax year 2010. This is a 75% increase, the equivalent of a 6.4% annual growth rate. This growth is attributed to new property, inflation and increases in voted levies. The graph below shows (in real dollars) the same information adjusted for inflation.

The state's portion of property taxes is fixed and is made up of 95 mills for school equalizations, 6 mills for the university system, and, in some counties, 1.5 mills for vocational and technical schools. These mills generate

revenue for the general fund that is then used by the legislature to fund schools, universities and technical schools. The statewide share of property taxes and fees decreased from 22% in 2000 to 17% in 2010. This is important for legislators to understand because the state has direct control of only about 1/5th of property taxes, which is used to help fund statewide education.

The 95 school equalization mills were instituted in response to a lawsuit that the state was not providing an



## Taxes Levied on the Montana Property Tax Bill Tax Years 2009 and 2010

	Tax Year 2009 (Fiscal Year 2010)	Tax Year 2010 (Fiscal Year 2011)
<b>----- Valuation ----- <sup>1</sup></b>		
Market Valuation	\$ 69,038,437,522	\$ 72,438,803,969
Taxable Valuation Statewide Total	\$ 2,252,654,570	\$ 2,296,258,803
Taxable Valuation in Cities / Towns	\$ 802,811,712	\$ 822,988,341
<b>----- Taxes Levied ----- <sup>2</sup></b>		
<b>State</b>		
University	\$ 13,543,596	\$ 13,977,727
Vo-Tech (General Fund)	1,151,354	2,053,379
State General Fund	214,440,268	221,314,014
Subtotal State	\$ 229,135,218	\$ 237,345,120
<b>County</b>		
General	80,787,670	83,690,752
Road	34,027,298	37,280,222
Bridge	11,289,256	10,609,594
Entitlement	2,511,588	6,858,525
Bond Interest	243,430	43,769
County Fair	4,647,572	5,801,520
Library	9,507,840	9,873,407
Agricultural Extension	3,225,042	3,293,925
Planning	1,642,587	2,134,151
Health and Sanitation	6,315,868	6,679,492
Hospital	2,134,549	2,676,245
Airport	2,657,583	2,201,427
District Court	5,265,697	5,729,920
Weed Control	4,026,284	4,859,210
Senior Citizens	2,942,014	2,955,231
Public Safety	50,690,442	54,199,708
Other	78,860,643	82,636,046
Subtotal County	\$ 300,775,364	\$ 321,523,143
<b>Local Schools</b>		
Elementary	211,695,682	216,435,762
K-12 and High School	180,522,547	185,117,688
Jr. College	7,015,989	6,400,468
Subtotal Local Schools	\$ 399,234,218	\$ 407,953,918
<b>County-Wide Schools</b>	87,620,964	94,841,819
<b>Cities and Towns</b>	126,910,412	133,245,452
<b>Fire and Miscellaneous Districts</b>	49,731,381	53,618,731
<b>Total Property Tax</b>	<b>\$ 1,193,407,557</b>	<b>\$ 1,248,528,183</b>
<b>SID's and Fees</b>	<b>\$ 146,836,263</b>	<b>\$ 144,403,094</b>
<b>Total Property Taxes, SID's and Fees</b>	<b>\$ 1,340,243,820</b>	<b>\$ 1,392,931,277</b>

1. State taxable value with local abatements - Source: State Assessor's Report

2. Includes revenues distributed to TIFDs - Source: Taxes Levied Reports

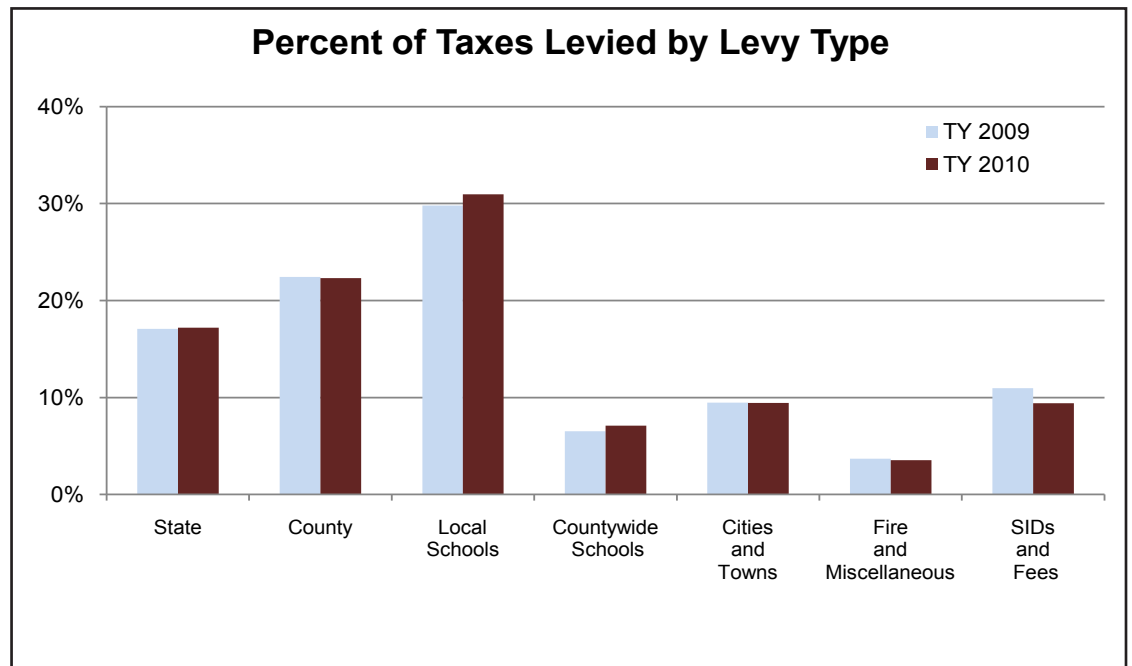
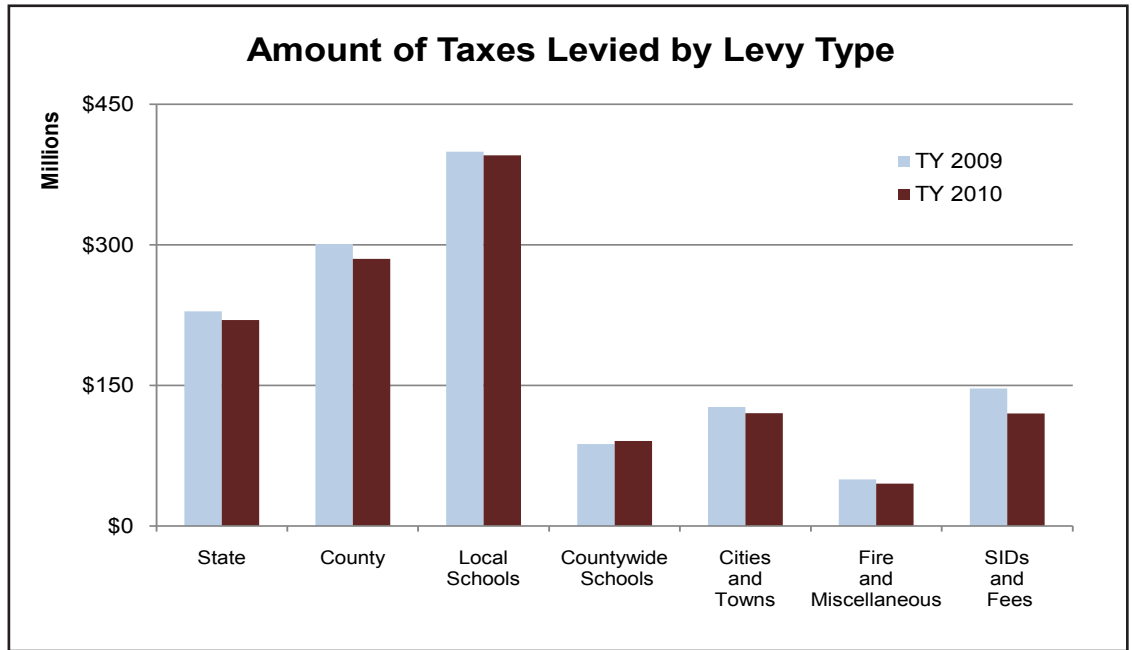
adequate education. The revenue is deposited in the general fund and then allocated for school funding. The 95 school equalization mills are a vehicle that is used to provide sufficient funding to the school system.

The table on the previous page shows statewide collections for different types of taxing jurisdiction for tax year 2009 and tax year 2010. It provides additional detail to the prior graphs that show trends.

The graphs to the right show the level of taxes for each levy type for tax year 2009 and tax year 2010, in terms of tax dollars and percentages. They show that the largest share of property taxes is collected by local schools.

The graph on the next four pages shows revenue collected for each type of taxing jurisdiction and the corresponding number of mills for each county in tax year 2009 and tax year 2010.

As discussed previously, property taxes, at the local level, are primarily driven by budgeting decisions made by local officials. The level of services provided to a property is half of the formula that determines property taxes for a tax payer. The number of mills is simply a function of the level of services provided and the related tax base. This is crucial in understanding Montana's property tax system, because, if the tax base shrinks, revenue does not decline. Instead, local mills increase. By statute, local budgeting laws limit revenue. So, if



property taxes are reduced for one property, those taxes are shifted to other property taxpayers.

## Taxable Value and Legislative Policy

There are different classes of property that are determined by the Montana Legislature. Current statute allows each class of property to be valued differently, but all properties within each class are valued the same. Currently, there are 14 classes of property.

# Introduction to Property Tax

## Property Taxes Levied - Tax Year 2009

County Name	State Assessed Mills and Revenues		County Assessed Mills and Revenue		Local Schools Mill and Revenue		Countywide Schools	
	Mill Levy	Revenue	Mill Levy	Revenue	Mill Levy	Revenue	Mill Levy	Revenue
Beaverhead	101.00	1,810,626	164.86	2,838,823	211.47	3,789,691	32.41	580,856
Big Horn	101.00	2,386,444	67.40	1,557,458	124.82	2,949,369	12.58	297,276
Blaine	101.00	1,409,777	161.81	2,222,553	121.54	1,694,732	25.96	362,033
Broadwater	101.00	1,218,430	159.29	1,889,765	151.04	1,822,129	23.00	277,464
Carbon	101.00	3,196,256	118.08	3,481,327	183.21	5,797,808	39.18	1,239,809
Carter	101.00	681,572	200.68	1,341,853	87.95	593,478	21.05	142,046
Cascade	102.50	12,916,991	140.90	16,158,361	186.79	23,462,647	44.09	5,537,554
Chouteau	101.00	2,080,061	149.82	3,001,149	175.61	3,607,318	51.48	1,057,540
Custer	101.00	1,563,108	195.27	2,842,637	283.21	4,383,022	44.47	688,270
Daniels	101.00	572,248	234.04	1,277,557	87.30	494,635	62.38	353,421
Dawson	101.00	1,688,134	191.14	3,031,161	265.75	4,392,558	44.88	741,804
Deer Lodge	101.00	1,184,032	289.18	3,378,166	204.25	2,394,413	28.54	334,617
Fallon	101.00	2,299,956	143.02	3,169,674	0.00	-	0.00	-
Fergus	101.00	2,552,605	125.36	3,030,874	226.35	5,707,037	58.74	1,480,958
Flathead	101.00	22,690,030	110.70	28,066,637	208.03	46,635,750	42.50	9,528,807
Gallatin	101.00	22,813,147	104.36	21,589,543	191.72	43,296,467	39.25	8,863,305
Garfield	101.00	564,061	231.90	1,299,771	101.63	567,594	53.67	299,714
Glacier	101.00	2,122,311	210.84	4,315,720	177.16	3,722,725	48.05	1,009,729
Golden Valley	101.00	521,375	116.23	588,524	170.71	881,251	58.27	300,807
Granite	101.00	968,942	196.13	1,844,200	171.32	1,643,522	38.94	373,541
Hill	101.00	3,068,267	164.31	4,723,169	197.62	5,975,494	47.10	1,424,139
Jefferson	101.00	2,698,216	171.34	4,531,420	150.97	4,033,035	41.79	1,116,375
Judith Basin	101.00	1,104,861	114.78	1,240,033	168.23	1,840,283	20.46	223,792
Lake	101.00	6,601,235	137.07	8,709,932	150.13	9,784,689	54.69	3,564,090
Lewis And Clark	102.50	11,177,705	195.43	19,489,097	239.84	26,133,063	51.78	5,641,524
Liberty	101.00	726,753	246.69	1,729,826	101.40	720,546	17.43	123,879
Lincoln	101.00	3,117,260	115.95	3,564,832	177.58	5,459,959	26.68	820,177
Madison	101.00	6,977,380	106.48	7,305,965	114.93	7,939,825	18.45	1,274,304
McCone	101.00	756,811	210.06	1,550,563	140.72	1,049,672	34.04	253,921
Meagher	101.00	804,187	208.87	1,629,562	123.20	980,954	19.96	158,889
Mineral	101.00	883,539	171.95	1,503,647	271.64	2,375,551	28.09	245,610
Missoula	102.50	20,293,040	160.81	29,289,780	224.87	44,459,008	48.16	9,522,417
Musselshell	101.00	975,718	191.55	1,772,775	168.28	1,625,705	44.92	433,965
Park	101.00	3,695,236	110.65	3,898,776	158.54	5,800,342	42.99	1,572,678
Petroleum	101.00	167,974	113.76	184,727	215.79	358,885	58.95	98,042
Phillips	101.00	1,665,924	71.07	1,136,581	149.47	2,465,176	23.88	393,933
Pondera	101.00	1,338,662	188.07	2,409,925	225.79	2,990,894	44.38	587,929
Powder River	101.00	453,987	330.06	1,450,532	117.80	529,484	8.10	36,416
Powell	101.00	1,294,609	151.88	1,879,716	137.01	1,756,238	29.56	378,922
Prairie	101.00	352,308	251.79	865,550	148.64	518,482	38.90	135,680
Ravalli	101.00	7,384,109	132.05	9,372,537	158.23	11,568,014	31.88	2,330,469
Richland	101.00	3,006,768	150.32	4,283,214	96.31	2,838,994	0.00	-
Roosevelt	101.00	2,101,632	158.58	3,210,691	184.37	3,825,988	30.61	635,136
Rosebud	101.00	9,768,882	37.76	2,704,999	43.18	4,176,252	12.09	1,168,961
Sanders	101.00	3,219,303	99.65	3,134,511	148.13	4,721,486	32.27	1,028,440
Sheridan	101.00	1,014,936	149.33	1,456,560	142.67	1,433,635	28.68	288,225
Silver Bow	102.50	6,713,305	324.45	19,587,084	220.36	13,363,499	42.56	2,581,084
Stillwater	101.00	3,352,945	129.69	4,078,572	135.54	4,499,684	44.76	1,486,033
Sweet Grass	101.00	1,739,085	195.82	3,268,999	116.56	2,007,058	35.23	606,569
Teton	101.00	1,573,840	145.66	2,201,237	226.99	3,526,272	43.99	683,369
Toole	101.00	2,164,162	144.42	2,498,920	129.39	2,360,103	23.52	429,004
Treasure	101.00	407,755	145.44	582,456	144.30	582,548	35.71	144,160
Valley	101.00	2,250,217	133.05	2,842,217	185.62	4,135,456	51.37	1,144,561
Wheatland	101.00	1,607,361	130.65	1,706,700	127.50	1,679,277	30.49	401,574
Wibaux	101.00	341,542	132.45	447,194	113.90	385,178	8.94	30,221
Yellowstone	<u>102.50</u>	<u>29,095,598</u>	<u>143.63</u>	<u>33,607,312</u>	<u>194.98</u>	<u>53,497,344</u>	<u>48.06</u>	<u>13,186,923</u>
<b>Total Revenue</b>		<b>\$229,135,218</b>		<b>\$300,775,364</b>		<b>\$399,234,218</b>		<b>\$87,620,964</b>

1. State assessed mills include: 6 mills for the university system, 33 mills for county elementary and BASE equalization program support, 22 mills for county high school
2. The mill levy represents an average for all local elementary and high school levies and includes the levy for Jr. Colleges where applicable. It does not represent a particular levy district.
3. The mill levy is the total of the countywide mills levied for both elementary and high school transportation and retirement.
4. Average rural mill levies are calculated based on Revenue / County Taxable Value. They are not cumulative and do not represent a particular levy district.
5. Average City Mill Levy is the total taxes from mill levies of all cities/towns within a county / taxable value of the cities/towns within the county.

# Introduction to Property Tax

## Property Taxes Levied - Tax Year 2009

County Name	Miscellaneous and Fire Districts		Average Rural Mill Levy and Revenue		Average City Mill Levy and Revenue		SID's and Fees	Grand Total All Taxes
	Mill Levy	Revenue	Mill Levy	Revenue	Mill Levy	Revenue	Revenue	Revenue
Beaverhead	11.79	135,846	164.37	777,413	554.30	9,933,254	1,232,020	11,165,274
Big Horn	4.41	118,695	165.77	423,570	327.27	7,732,811	9,628,319	17,361,130
Blaine	3.03	45,597	314.47	472,082	445.12	6,206,774	1,638,855	7,845,629
Broadwater	26.95	445,095	78.43	121,813	478.69	5,774,698	709,147	6,483,845
Carbon	17.18	431,201	141.10	1,025,896	479.44	15,172,297	424,840	15,597,137
Carter	1.67	5,248	362.22	68,819	419.82	2,833,016	88,929	2,921,945
Cascade	43.84	2,449,753	168.24	13,121,084	586.31	73,646,391	7,792,617	81,439,009
Chouteau	12.91	420,363	185.19	418,159	515.26	10,584,590	371,675	10,956,264
Custer	13.68	70,812	199.18	1,363,623	705.04	10,911,472	1,623,779	12,535,251
Daniels	20.84	455,097	240.92	180,533	588.35	3,333,491	290,245	3,623,735
Dawson	20.14	161,178	240.26	1,096,952	672.28	11,111,788	1,620,061	12,731,849
Deer Lodge	102.24	1,000,092	20.84	178,529	722.49	8,469,849	1,214,059	9,683,908
Fallon	7.60	126,002	265.79	366,654	265.94	5,962,286	207,650	6,169,936
Fergus	20.61	324,197	212.31	1,365,695	573.57	14,461,367	917,388	15,378,754
Flathead	19.76	5,190,761	95.43	9,225,921	541.25	121,337,906	13,843,346	135,181,252
Gallatin	46.81	7,394,439	159.65	16,095,328	531.61	120,052,229	689,580	120,741,809
Garfield	1.50	7,076	141.95	33,527	496.30	2,771,743	90,248	2,861,990
Glacier	3.73	125,870	203.23	547,842	563.66	11,844,197	789,030	12,633,228
Golden Valley	5.86	18,191	83.88	27,615	452.87	2,337,762	7,078	2,344,841
Granite	20.36	147,179	149.09	197,947	539.46	5,175,331	559,844	5,735,175
Hill	13.05	515,096	198.15	1,581,239	571.73	17,287,404	2,664,334	19,951,737
Jefferson	28.11	423,412	144.84	266,966	489.22	13,069,424	110,536	13,179,959
Judith Basin	9.16	78,409	97.33	53,514	415.10	4,540,892	26,465	4,567,357
Lake	15.14	1,004,070	143.65	1,556,501	479.03	31,220,516	25,351,118	56,571,635
Lewis And Clark	26.06	1,458,648	150.92	8,600,503	665.40	72,500,539	10,192,949	82,693,488
Liberty	10.44	59,147	146.44	99,728	486.91	3,459,877	199,998	3,659,875
Lincoln	43.03	744,110	133.66	615,293	465.81	14,321,631	2,658,895	16,980,525
Madison	23.70	2,204,817	117.34	420,916	378.14	26,123,207	1,567,364	27,690,571
McCone	49.41	17,793	212.84	151,511	506.77	3,780,271	27,785	3,808,056
Meagher	5.82	65,378	140.21	140,400	474.66	3,779,370	67,535	3,846,905
Mineral	27.43	192,260	147.61	206,488	618.30	5,407,095	123,882	5,530,977
Missoula	77.87	8,902,777	222.45	24,228,181	691.38	136,695,203	6,254,087	142,949,291
Musselshell	12.61	113,554	146.97	221,613	532.40	5,143,330	473,640	5,616,970
Park	26.20	607,145	203.65	2,213,146	486.17	17,787,322	893,828	18,681,150
Petroleum	8.73	13,265	269.60	25,568	510.17	848,460	90,346	938,806
Phillips	2.91	111,875	139.72	295,150	367.95	6,068,640	1,429,527	7,498,167
Pondera	11.37	167,135	150.19	383,600	594.73	7,878,146	607,811	8,485,957
Powder River	16.07	21,269	179.14	55,810	566.75	2,547,497	242,962	2,790,460
Powell	17.48	91,545	133.41	337,279	447.68	5,738,309	646,593	6,384,901
Prairie	8.74	17,351	226.03	84,212	565.79	1,973,583	495,722	2,469,305
Ravalli	24.31	2,471,820	138.34	1,786,048	477.55	34,912,998	2,007,826	36,920,824
Richland	2.27	24,312	139.86	607,263	365.05	10,760,552	2,505,515	13,266,067
Roosevelt	12.19	261,836	219.37	523,399	508.81	10,558,683	320,480	10,879,163
Rosebud	21.35	2,172,822	31.87	2,443,222	231.96	22,435,137	1,016,568	23,451,705
Sanders	17.25	671,550	182.17	523,615	417.23	13,298,905	1,563,476	14,862,381
Sheridan	9.36	135,338	258.81	428,188	473.37	4,756,882	190,777	4,947,658
Silver Bow	73.18	2,074,485	77.14	27,650	731.27	44,347,106	6,624,786	50,971,892
Stillwater	16.40	489,344	153.39	991,290	448.77	14,897,868	1,788,340	16,686,207
Sweet Grass	10.14	153,884	117.36	407,695	475.26	8,183,291	24,447	8,207,738
Teton	16.34	243,183	138.93	371,377	553.54	8,599,278	1,730,166	10,329,443
Toole	2.76	93,552	256.38	855,247	460.58	8,400,987	454,398	8,855,385
Treasure	2.19	16,923	389.81	65,120	445.60	1,798,962	221,825	2,020,787
Valley	12.99	359,718	254.98	838,777	519.36	11,570,947	2,183,279	13,754,226
Wheatland	1.50	10,940	130.96	121,927	419.71	5,527,779	47,428	5,575,207
Wibaux	13.22	38,939	158.79	50,396	382.50	1,293,470	16,038	1,309,508
Yellowstone	68.50	4,630,992	170.08	28,222,577	591.31	162,240,745	28,276,830	190,517,575
<b>Total Revenue</b>		<b><u>\$49,731,381</u></b>		<b><u>\$126,910,412</u></b>		<b><u>\$1,193,407,557</u></b>	<b><u>\$146,836,263</u></b>	<b><u>\$1,340,243,820</u></b>

# Introduction to Property Tax

## Property Taxes Levied - Tax Year 2010

County Name	State Assessed Mills and Revenues		County Assessed Mills and Revenue		Local Schools Mill and Revenue		Countywide Schools	
	Mill Levy	Revenue	Mill Levy	Revenue	Mill Levy	Revenue	Mill Levy	Revenue
Beaverhead	101.00	1,840,048	157.18	2,759,081	211.47	3,789,691	194.22	3,536,975
Big Horn	101.00	2,478,878	78.11	1,871,390	124.82	2,949,369	150.93	3,704,280
Blaine	101.00	1,394,817	166.33	2,250,510	121.54	1,694,732	130.70	1,803,953
Broadwater	101.00	1,272,393	169.85	2,058,238	151.04	1,822,129	146.17	1,841,384
Carbon	101.00	3,423,047	127.18	4,016,480	183.21	5,797,808	175.40	5,944,426
Carter	101.00	869,487	159.33	1,382,673	87.95	593,478	80.70	694,702
Cascade	102.50	13,213,823	148.67	17,045,862	186.79	23,462,647	190.00	24,422,045
Chouteau	101.00	1,980,500	165.58	3,145,905	175.61	3,607,318	189.82	3,711,785
Custer	101.00	1,567,925	202.61	2,949,865	283.21	4,383,022	293.98	4,563,778
Daniels	101.00	567,659	252.83	1,374,299	87.30	494,635	86.38	485,472
Dawson	101.00	1,766,734	190.17	3,138,640	265.75	4,392,558	256.65	4,449,172
Deer Lodge	101.00	1,481,994	149.28	2,265,645	204.25	2,394,413	210.73	3,092,071
Fallon	101.00	2,615,397	147.93	3,748,944	0.00	-	0.00	-
Fergus	101.00	2,626,737	129.16	3,179,763	226.35	5,707,037	226.45	5,875,088
Flathead	101.00	24,211,756	140.52	30,921,675	208.03	46,635,750	197.44	45,646,405
Gallatin	101.00	23,642,566	109.19	23,511,924	191.72	43,296,467	188.83	44,190,668
Garfield	101.00	542,056	248.81	1,324,772	101.63	567,594	118.08	633,703
Glacier	101.00	2,390,813	239.89	5,140,330	177.16	3,722,725	194.90	4,281,344
Golden Valley	101.00	529,473	119.81	618,521	170.71	881,251	184.37	966,540
Granite	101.00	1,040,684	205.44	2,073,653	171.32	1,643,522	168.37	1,734,815
Hill	101.00	3,063,881	172.11	4,919,412	197.62	5,975,494	128.42	3,879,841
Jefferson	101.00	2,300,362	184.50	4,159,494	150.97	4,033,035	186.84	4,255,361
Judith Basin	101.00	1,131,842	116.44	1,286,650	168.23	1,840,283	161.83	1,813,528
Lake	101.00	6,878,275	161.08	10,674,187	150.13	9,784,689	97.88	6,655,373
Lewis And Clark	102.50	11,658,881	207.57	21,523,887	239.84	26,133,063	241.40	27,385,630
Liberty	101.00	676,807	246.19	1,611,157	101.40	720,546	108.49	719,401
Lincoln	101.00	3,170,501	133.28	4,147,244	177.58	5,459,959	180.06	5,635,960
Madison	101.00	7,192,429	106.47	7,532,344	114.93	7,939,825	103.13	7,343,962
McCone	101.00	739,394	222.31	1,589,256	140.72	1,049,672	146.21	1,065,711
Meagher	101.00	780,547	196.85	1,489,235	123.20	980,954	136.49	1,054,787
Mineral	101.00	918,877	176.77	1,606,194	271.64	2,375,551	271.78	2,472,081
Missoula	102.50	20,518,773	163.02	29,985,730	224.87	44,459,008	224.59	44,895,670
Musselshell	101.00	1,152,266	200.63	2,000,882	168.28	1,625,705	170.47	1,773,668
Park	101.00	3,835,329	110.93	4,053,744	158.54	5,800,342	183.28	6,959,834
Petroleum	101.00	165,217	127.34	202,124	215.79	358,885	196.80	321,935
Phillips	101.00	1,697,281	71.07	1,154,803	149.47	2,465,176	154.83	2,601,871
Pondera	101.00	1,340,291	195.68	2,505,783	225.79	2,990,894	231.27	3,067,111
Powder River	101.00	473,800	301.92	1,394,662	117.80	529,484	154.25	723,623
Powell	101.00	1,342,587	154.42	1,987,107	137.01	1,756,238	136.98	1,820,866
Prairie	101.00	353,738	255.75	881,362	148.64	518,482	152.27	533,287
Ravalli	101.00	7,750,734	131.31	9,759,331	158.23	11,568,014	159.21	12,217,708
Richland	101.00	3,246,967	150.72	4,660,970	96.31	2,838,994	91.18	2,910,305
Roosevelt	101.00	2,416,252	186.58	4,327,353	184.37	3,825,988	163.02	3,891,246
Rosebud	101.00	9,628,051	40.03	2,881,658	43.18	4,176,252	44.31	4,224,181
Sanders	101.00	3,364,004	105.42	3,453,201	148.13	4,721,486	138.17	4,601,874
Sheridan	101.00	1,061,537	149.62	1,478,663	142.67	1,433,635	161.70	1,684,419
Silver Bow	102.50	6,680,154	316.23	19,734,008	220.36	13,363,499	217.79	13,588,343
Stillwater	101.00	3,359,960	117.87	3,693,449	135.54	4,499,684	149.81	4,983,881
Sweet Grass	101.00	1,614,819	181.18	2,800,505	116.56	2,007,058	121.53	1,943,127
Teton	101.00	1,593,189	145.59	2,207,232	226.99	3,526,272	231.99	3,641,244
Toole	101.00	2,349,700	148.60	2,661,126	129.39	2,360,103	126.40	2,392,738
Treasure	101.00	399,281	156.69	612,263	144.30	582,548	144.75	572,221
Valley	101.00	2,399,998	138.02	3,158,123	185.62	4,135,456	190.72	4,532,066
Wheatland	101.00	1,610,591	135.26	1,773,628	127.50	1,679,277	129.50	1,717,565
Wibaux	101.00	372,938	160.84	575,656	113.90	385,178	111.08	410,172
Yellowstone	102.50	30,649,080	154.34	38,262,550	194.98	53,497,344	200.39	58,084,723

**Total Revenue**

**\$237,345,120**

**\$321,523,143**

**\$399,234,218**

**\$407,953,918**

1. State assessed mills include: 6 mills for the university system, 33 mills for county elementary and BASE equalization program support, 22 mills for county high school
2. The mill levy represents an average for all local elementary and high school levies and includes the levy for Jr. Colleges where applicable. It does not represent a particular levy district.
3. The mill levy is the total of the countywide mills levied for both elementary and high school transportation and retirement.
4. Average rural mill levies are calculated based on Revenue / County Taxable Value. They are not cumulative and do not represent a particular levy district.
5. Average City Mill Levy is the total taxes from mill levies of all cities/towns within a county / taxable value of the cities/towns within the county.



# Introduction to Property Tax

## Property Taxes Levied - Tax Year 2010

County Name	Miscellaneous and Fire Districts		Average City Mill Levy and Revenue		Total of Taxes based on Mill Levies		SID's and Fees	Grand Total All Taxes
	Mill Levy	Revenue	Mill Levy	Revenue	Mill Levy	Revenue	Revenue	Revenue
Beaverhead	11.73	137,308	164.77	795,637	537.53	9,789,248	1,232,020	11,054,183
Big Horn	4.69	130,075	178.23	461,740	383.49	9,412,245	9,628,319	19,746,930
Blaine	3.17	47,179	320.80	495,002	499.55	6,895,190	1,638,855	8,480,072
Broadwater	27.30	390,229	78.12	124,958	477.70	6,018,070	709,147	6,765,778
Carbon	17.47	467,793	142.74	1,088,538	480.73	16,292,628	424,840	17,013,867
Carter	1.71	5,354	391.00	76,393	358.60	3,087,069	88,929	3,168,320
Cascade	45.16	2,607,399	172.37	13,667,156	596.82	76,713,969	7,792,617	85,200,167
Chouteau	21.34	632,873	194.46	455,218	560.34	10,957,020	371,675	11,331,048
Custer	11.41	36,115	201.91	1,378,297	719.04	11,162,358	1,623,779	12,783,617
Daniels	23.48	478,748	254.88	195,557	612.33	3,441,515	290,245	3,790,424
Dawson	10.36	194,407	240.27	1,154,003	663.93	11,509,744	1,620,061	13,204,292
Deer Lodge	95.25	981,849	19.47	171,241	581.90	8,538,334	1,214,059	9,753,785
Fallon	8.15	144,134	259.71	407,306	269.44	6,915,780	207,650	7,123,109
Fergus	21.21	348,981	217.09	1,436,866	569.77	14,782,078	917,388	15,731,505
Flathead	20.71	5,948,382	98.25	9,788,422	547.58	126,594,460	13,843,346	140,036,436
Gallatin	47.17	8,613,163	159.86	16,651,710	536.80	125,621,382	689,580	128,111,533
Garfield	1.50	6,669	161.81	36,074	518.90	2,784,867	90,248	2,870,635
Glacier	4.00	142,031	207.74	500,402	629.99	13,839,059	789,030	14,635,158
Golden Valley	6.39	19,064	87.50	28,677	460.19	2,412,430	7,078	2,420,140
Granite	20.31	160,687	154.16	209,359	527.94	5,439,773	559,844	6,019,457
Hill	13.28	518,103	201.94	1,630,848	523.50	15,815,489	2,664,334	18,620,310
Jefferson	29.11	568,775	164.49	313,590	559.38	12,740,263	110,536	12,854,294
Judith Basin	9.65	84,333	96.89	50,506	427.48	4,790,505	26,465	4,818,013
Lake	15.58	1,071,541	166.04	1,852,483	443.10	30,128,072	25,351,118	35,651,450
Lewis And Clark	26.67	1,795,354	156.48	9,318,394	685.35	77,747,631	10,192,949	88,508,769
Liberty	10.12	56,448	146.62	104,899	498.79	3,307,591	199,998	3,524,793
Lincoln	44.60	828,874	140.74	655,612	491.33	15,378,406	2,658,895	18,050,290
Madison	25.32	2,571,060	117.52	432,949	369.60	26,320,329	1,567,364	28,297,908
McCone	53.48	18,261	235.35	169,707	530.47	3,866,417	27,785	3,892,575
Meagher	5.17	61,193	145.03	139,614	474.00	3,663,126	67,535	3,748,937
Mineral	27.91	209,468	152.37	219,464	621.16	5,650,028	123,882	5,774,039
Missoula	81.14	9,229,218	225.42	25,084,321	695.89	139,108,545	6,254,087	146,978,552
Musselshell	13.28	131,661	154.58	232,079	556.60	5,791,114	473,640	6,444,424
Park	26.29	631,307	205.97	2,316,334	515.58	19,578,306	893,828	21,953,701
Petroleum	9.10	13,644	298.06	27,927	504.91	825,944	90,346	915,941
Phillips	3.00	111,742	154.85	326,139	391.66	6,581,713	1,429,527	8,062,381
Pondera	11.77	172,652	163.24	414,451	617.31	8,186,876	607,811	8,616,839
Powder River	17.49	25,889	186.28	57,175	607.98	2,852,063	242,962	3,098,828
Powell	18.69	107,885	134.56	352,264	463.65	6,163,314	646,593	6,922,884
Prairie	8.04	14,428	237.18	87,544	581.18	2,035,491	495,722	2,613,113
Ravalli	24.38	2,802,963	133.72	2,007,393	484.52	37,181,690	2,007,826	39,275,503
Richland	2.23	23,834	149.75	654,730	360.19	11,496,807	2,505,515	14,178,357
Roosevelt	12.00	349,228	235.14	557,081	538.20	12,846,499	320,480	13,166,175
Rosebud	29.30	2,214,358	34.50	2,582,579	247.34	23,578,347	1,016,568	24,689,423
Sanders	17.15	694,000	202.32	594,238	419.10	13,958,966	1,563,476	15,552,124
Sheridan	11.53	154,512	286.73	455,786	509.39	5,306,185	190,777	5,497,756
Silver Bow	71.07	3,368,799	78.00	29,106	734.59	45,831,376	6,624,786	58,939,576
Stillwater	16.52	463,629	158.77	1,049,924	447.80	14,897,068	1,788,340	15,711,713
Sweet Grass	9.56	136,969	117.50	383,630	463.13	7,404,717	24,447	7,430,559
Teton	16.23	245,918	136.83	378,707	562.28	8,825,574	1,730,166	10,642,017
Toole	2.82	96,403	265.52	867,916	479.96	9,085,384	454,398	9,542,677
Treasure	2.31	17,322	423.53	67,328	459.42	1,816,229	221,825	2,034,831
Valley	9.45	178,296	256.14	830,486	522.27	12,410,455	2,183,279	14,706,595
Wheatland	1.50	10,655	145.63	132,925	418.71	5,553,518	47,428	5,599,415
Wibaux	13.22	42,540	162.81	51,324	410.76	1,516,706	16,038	1,532,753
Yellowstone	<u>69.95</u>	<u>3,105,027</u>	<u>172.32</u>	<u>29,693,446</u>	<u>600.57</u>	<u>174,080,222</u>	<u>28,276,830</u>	<u>205,843,305</u>
<b>Total Revenue</b>		<b><u>\$53,618,731</u></b>		<b><u>\$133,245,452</u></b>		<b><u>\$1,248,528,183</u></b>	<b><u>\$146,836,263</u></b>	<b><u>\$1,392,931,277</u></b>

## Classes of Property

### Classes of Property

For taxation purposes, Montana has fourteen classes of property. Eleven of the classes are appraised on an annual basis and the other three classes of property are appraised on a six-year cycle.

**Class 1** property is based on the net proceeds of mines

and mining claims except for coal and metal mines. The taxable value is calculated by multiplying the net proceeds by 100% and then local mills are applied to determine the tax liability. The net proceeds are reported each year.

**Class 2** property is based on the gross proceeds of metal mines. The annual gross value of metal mines is

### Property Tax Classes, Description and Tax Rates Tax Year 2010

<b>Class 1</b>	Net proceeds of mines and mining claims except coal and metal mines (MCA 15-6-131)	100% of annual net proceeds
<b>Class 2</b>	Gross proceeds of metal mines (MCA 15-6-132)	3% of annual gross proceeds
<b>Class 3</b>	Agricultural land (MCA 15-6-133)	2.82% of productive value
	Non-productive patented mining claims	2.82%
	Non-qualified agricultural land	19.74%
<b>Class 4</b>	Residential, Commercial and Industrial land and improvements, including improvements on agricultural land (MCA 15-6-134)	2.82%
	1 acre homestead on ag, forest and non-qualified ag land	2.82%
	Mobile homes/Manufactured Homes	2.82%
	Golf courses	1.41%
<b>Class 5</b>	Air and water pollution control equipment (MCA 15-6-135)	3.00%
	Independent and rural electric and telephone cooperatives	3.00%
	Real and personal property of "New Industry"	3.00%
	Machinery and equipment used in electrolytic reduction facilities	3.00%
	Real and personal property of research and development firms	3.00%
	Real and personal property used in the production of gasohol	3.00%
<b>Class 6</b>	Repealed. Sec. 9, Ch. 267, L. 1993	
<b>Class 7</b>	Non-centrally assessed utilities (MCA 15-6-137)	8.00%
<b>Class 8</b>	Business equipment (MCA 15-6-138)	3.00%
	A business with equipment that has a total aggregate market value of less than \$20,000 is exempt from class 8 taxation	
<b>Class 9</b>	All property of pipelines and the non-electric generating property of electric utilities (MCA 15-6-141)	12.00%
<b>Class 10</b>	Forestland (MCA 15-6-143)	0.33%
<b>Class 11</b>	Repealed. Sec. 9, Ch. 267, L. 1993	
<b>Class 12</b>	All property of railroads and airlines (MCA 15-6-145)	3.40%
<b>Class 13</b>	All property of telecommunication utilities and the electric generating property of electric utilities (MCA 15-6-156)	6.00%
<b>Class 14</b>	Renewable energy production and transmission property (MCA 15-6-157)	3.00%
<b>Class 15</b>	Carbon Dioxide/Qualifying Liquid Pipeline Property (MCA 15-6-158)	3.00%
<b>Class 16</b>	High Voltage DC Converter Property (MCA 15-6-159)	2.25%

## Classes of Property

multiplied by the tax rate to determine the taxable value. New gross values are reported each year. The tax rate for class 2 property is 3.0%.

**Class 3** property is agricultural land and is currently reappraised on a six-year cycle. The market value of agricultural land is based on the productivity of the land. There are four sub-classes of agricultural land within class 3: Grazing Land, Tillable Irrigated Land, Continuously Cropped Non-Irrigated Hay Land and Non-Irrigated Farmland. Each of these four types of property have different productivities, and certain parcels of property may be more or less productive than the average property in the class. The phased-in productivity value is multiplied by the tax rate to determine the taxable value. The tax rate in tax year 2010 is 2.82%

Class 3 land also includes non-productive mining claims and non-qualified agricultural land. Parcels of land between 20 and 160 acres, not used primarily for agricultural purposes, are non-qualified agricultural land. These parcels are taxed at a higher tax rate, 19.74% in 2010.

**Class 4** property is the largest class of property in Montana, as measured in both market value and the number of parcels. Land and Improvements of residential, commercial, and industrial property are included in class 4.

The taxable value equals the phased-in market value minus the homestead exemption times the tax rate. For tax year 2010, the homestead exemption is 39.5% of the market value, so residential taxable value is really only based on 60.5% of the market value. This reduced market value is then multiplied by the tax rate to determine the taxable value. Under current law, residential property values are phased-in over six years, resulting in a six year lag between the actual market value and the phase-in value for class 4 property. The 2010 taxable value is based on 60.5% of the phase-in value and then multiplied by the 2010 tax rate, 2.82%.

Commercial and industrial properties are taxed the same way as residential property, but have a smaller exemption. In tax year 2010, the homestead exemption is 17.5%, compared to 39.5% for residential property. There are a number of different state and local tax abatements for qualifying commercial and industrial properties.

Both residential and commercial Class 4 property is reassessed every six years and the most recent values took effect January 1, 2009. The market value is based

on appraisals performed by the Department of Revenue.

The Montana Legislature provides four programs to assist taxpayers with property taxes: the property tax assistance program, the disabled American veterans program, the extended property tax assistance program and the elderly homeowner/renter credit. These programs are discussed in more detail in the tax expenditure section at the end of the biennial report.

**Class 5** property is pollution control equipment, independent and rural electric and telephone cooperatives, real and personal property of new and expanding industries, machinery and equipment used in electrolytic reduction facilities, real and personal property of research and development firms, and real and personal property used in the production of gasohol. The market value for class 5 property is assessed each year by the department's centrally assessed appraisers. The tax rate on class 5 property is 3.0%.

**Class 7** property is non-centrally assessed utilities. The market value is determined on a yearly basis by the department's industrial appraisers. The tax rate on Class 7 property is 8.0%.

**Class 8** property is personal property used in business. This includes, but is not limited to, construction vehicles and machinery, cash registers, and tools. Businesses with equipment less than \$20,000 do not pay property taxes on class 8 equipment. Class 8 is self reported to the department on a yearly basis and the tax rate is 3.0%.

**Class 9** property is all property of pipelines and the non-electric generating property of electric utilities. Because one section of pipe or one span of power line has no value without the sections attached to it, class 9 property is centrally assessed if it crosses county boundaries. The market value of property in local jurisdictions is determined by the portion of property that is located in the local jurisdictions. The tax rate for class 9 property is 12% of the market value.

**Class 10** property is forest land. The value of forest land is determined by the productivity of each parcel of land. There are four grades of forest property that are determined by the cubic feet of lumber produced on each acre per year. Standing timber on the property is not taxed. The productivity of each acre is determined by the University of Montana, College of Forestry and Conservation with input from the timber industry. Forestland is reassessed every six years and the 2010 tax rate

is 0.33% of the productive value of the land.

**Class 12** property is all property owned by airlines and railroads. It is valued each year and the tax rate varies depending on the effective tax rate of all industrial property in the state.

**Class 13** property is all property of telecommunication utilities and the electric generating property of electric utilities. The market value is determined on a yearly basis by the department's centrally assessed appraisers. The tax rate on Class 13 property is 6.0%.

**Class 14** property encompasses renewable energy production and transmission property. It includes commercial wind generation, biodiesel production, biomass gasification, coal gasification ethanol production and geothermal energy property. The tax rate is 3.0% of the market value.

**Class 15** property is qualifying carbon dioxide and liquid pipeline property. This property includes pipelines used to transport carbon dioxide for sequestration or having 90% of capacity dedicated to transporting fuels produced by coal gasification, biodiesel, biogas, or ethanol facilities, carbon sequestration equipment, closed-loop enhanced oil recovery equipment, and pipelines connecting a Class 14 fuel production facility to an existing pipeline. The tax rate on class 15 property is 3%. Currently there is no class 15 property in the state.

**Class 16** property includes high voltage DC converter station property located so the power can be directed to two different regional grids. Class 16 property is taxed at 2.25%. Currently there is no class 16 property in the state.

“Local assessment, perhaps, is the greatest evil we have in our system. It’s closest to the people, and consequently the local assessors have exerted on them great pressures for favoritism and things of this nature. This is something we must eliminate are – we’re to have a fair and equal tax system.”

-Delegate McKeon

*1972 Montana Constitutional Convention*

**Administration – Department of Revenue’s Role**

The Montana state constitution states that all property in the state must be equalized for tax purposes. It is the Department of Revenue’s role to insure uniform valuation of similar properties throughout the state. The Department was given this responsibility in the 1972 constitution.

Article 8, Sections 3 and 4 of the Montana Constitution states:

**Section 3. Property tax administration.** The state shall appraise, assess, and equalize the valuation of all property which is to be taxed in the manner provided by law.

**Section 4. Equal valuation.** All taxing jurisdictions shall use the assessed valuation of property established by the state.

While the Department is constitutionally responsible for equalizing property, legislative policy directs the department’s valuation and assessment procedures.

Most property is taxed on its market value as determined by the Department of Revenue. For residential property, this means using the sales price of comparable properties to establish

the value of properties that have not sold, but must be appraised.

For commercial property, the appraised market value is determined by capitalizing the income from the property into a market value. In some cases, when there is not enough market information to establish the value through the income method, the department will estimate the cost of the property, minus depreciation.

Personal property is reported to the department annually by the taxpayer.

Centrally assessed properties are mostly made up of large utilities and railroads. The Department values the entire company and then the value is apportioned among the counties and local jurisdictions by mileage or other basis judged to be reasonable and proper.

Unlike the other classes of property, forest and agricultural land are valued using their productivity value. Forest productivity is determined by the College of Forestry at the University of Montana-Missoula. Agricultural productivity is determined by using soil quality data from the Natural Resource Conservation Service (NRCS), historical productivity measures, and a commodity price and capitalization rate dictated by the Montana Legislature. Productivity value is lower than the market value for agricultural and forest land.

The Department of Revenue has an office in each county which is responsible for valuing all but the centrally assessed properties. The county offices also work with county treasure offices and other local officials to provide them with property tax information.

### Taxpayer Appeals

The Department of Revenue is responsible for valuing property across the state. If a taxpayer disagrees with the valuation of property, the taxpayer can challenge that value by requesting an informal review (AB-26). If the taxpayer is not satisfied with the outcome of the informal review, he or she can appeal to the county tax appeal board. A taxpayer can challenge the ruling of the county tax appeal board by appealing it to the state tax appeal board. If the taxpayer is still not satisfied, he or she can take the challenge to district court. The department is responsible for valuing the property, but the taxpayer has recourse if he or she feel that the value is not appropriate.

Each property within a class is valued in the same manner, but not all classes of property are treated the same. The Montana Legislature determines different tax rates, exemptions and valuation standards as policy. The Department of Revenue applies these policies to the valuation of property to calculate the taxable value. The interaction of market value, rates, and exemptions determines the property taxes paid by an individual taxpayer.

The table on the next two pages show how the Montana Legislature has mitigated the increase in value of agricultural land, residential property and commercial property since the 1972 constitution.

### Legislative Changes Passed by the 2009 Legislature

**HB 487** - Exempts farm implements of farm implement dealers and construction equipment of construction equipment dealers that are rented under purchase incentive rental programs from property taxation by defining these implements and equipment as exempt business inventory.

**HB 562** - Allows a school district by February 1 of each year to forfeit its share of taxes protested in the previous year in exchange for having the district's share of the protested taxable value removed from the district's current year GTB calculation.

**HB 653** - Provides for the adjustment of base taxable value in an urban renewal area, an industrial district, or a technology district for tax increment financing purposes because of a local disaster. An explosion and fire in downtown Bozeman destroyed a large amount of property in the Bozeman TIF district.

**HB 658** - Mitigated the cyclical reappraisal of class 3, class 4 and class 10 properties. The aim was revenue neutrality statewide; that is, property tax revenues overall should neither rise nor fall as a consequence of reappraisal itself. The Montana Legislature ultimately supported this approach by passing legislation patterned after the mitigation strategy passed in the 2003 Legislative Session.

First, the Montana Legislature continued the historic approach of phasing in new values for class 3, 4, and 10 properties over a six-year period in equal increments (16.66%) in each year of the period. This approach, designed to maintain taxable value neutrality statewide, provided for decreases in taxable valuation rates, and increases in residential and commercial property exemptions as follows.

Prior to HB 658, the class 4 homestead exemption amount applied to the full market value of all residential properties. HB 658 modified that policy by providing that the exemption applies only to the first \$1.5 million or less of market value of the "dwelling" portion of residential properties.

In essence, this general approach to mitigating reappraisal ensures that residential properties having the average increase in market value will remain taxable value neutral over the ensuing reappraisal cycle. However, properties with valuation increases lower than the average will experience a decrease in taxable valuation over the period, whereas properties with a valuation

# New Legislative Changes

	First Reappraisal Cycle						Second Cycle						Third Cycle											
	1971	1972	73	74	75	76	1977	1978	79	80	81	82	83	84	1985	1986	87	88	89	90	91	1992		
Base Year							1972						1982											
Tax Rate	30%						12%						8.55%						3.86%					
Assessment Factor	40%																							
Effective Tax Rate	12%																							
	<p>1971 values carried forward to 1972.</p> <p>Values determined by the cost approach.</p> <p>1973 Legislature directs DOR to develop reappraisal plan.</p> <p>Reappraisal plan implemented in 1975. 20% of property revalued each year.</p> <p>Lawsuits prompt Governor in 1976 to return to 1974 values.</p> <p>1975 Legislature passes the Realty Transfer Act.</p> <p>The 1977 Legislature establishes the market value standard for determining values.</p> <p>New reappraisal cycle to begin in 1978.</p>						<p>1977 Legislature, anticipating a large increase in the statewide total market value due to reappraisal, requires the tax rate to be reduced to offset the increase. The tax rate is reduced from 12% to 8.55%. This reduced tax rate offsets an overall increase in market value of 47%.</p> <p>Originally scheduled for five years (1978 through 1982), the cycle is extended through 1985.</p> <p>The Legislature, in anticipation of a large increase in the total statewide market value due to reappraisal, requires the tax rate to be reduced in 1986 to offset the total increase in market value.</p>						<p>Due to an increase in the total market value of class 4 property, the tax rate is reduced from 8.55% to 3.86%.</p> <p>The 1987 Legislature requires annual sales ratio studies for class 4 property. Annual adjustments, based on the sales ratio studies, are made to the market value of class 4 properties. Adjustments are made in 1988, 1989, 1990, 1991 and 1992.</p> <p>The Supreme Court rules the annual adjustments unconstitutional. The adjusted values are allowed to remain in effect.</p> <p>The 1990 Legislature extends the third reappraisal cycle an additional two years through 1992.</p> <p>The 1991 Legislature changed the reappraisal cycles from five years to three years.</p> <p>The 1992 Special Session changes the upcoming three-year cycle to a four-year cycle. Cycles will be three years following the transitional four-year cycle.</p>											

# New Legislative Changes

Fourth Cycle				Fifth Cycle						Sixth Cycle						Seventh Cycle					
1993	94	95	1996	1997	98	99	00	01	2002	2003	04	05	06	07	2008	2009	10	11	12	13	2014
1992				1996						2002						2008					
3.86%				3.84% 3.82% 3.71% 3.63% 3.55% 3.46%						3.40% 3.30% 3.22% 3.14% 3.07% 3.01%						2.93% 2.82% 2.72% 2.63% 2.54% 2.47%					
<p>Reappraisal increases total market value by 7%.</p> <p>Because of the annual sales ratio adjustments to property, the sticker shock of the new reappraisal values was low. There was no reduction in the tax rate.</p> <p>New land values for agricultural land were established in 1994. This is the first change in ag land valuation since 1962. The change in values, both the increases and decreases, are phased in over a four-year period.</p>				<p>(The above tax rates are rounded)</p> <p>Reappraisal increases total market value by 40%.</p> <p>The 1997 Legislature phases-in the change due to reappraisal, both increases and decreases, over a 50-year period. The tax rate was also to be incrementally reduced over the same period. This effectively froze taxable values at the 1996 levels.</p> <p>Supreme Court rules phasing property values down to a new, lower reappraisal value is unconstitutional.</p> <p>The 1999 Legislature passes SB184 with these features:</p> <ul style="list-style-type: none"> <li>- decreases in value are 100% immediately phased-down.</li> <li>- increases are phased-up over a four-year period.</li> <li>- the tax rate is phased-down to 3.46% over four years.</li> <li>- a percentage of market value is exempt from tax through a homestead and comstead exemption.</li> </ul>						<p>Reappraisal increases total market value by 20.2%.</p> <p>The 2003 Legislature passes SB461 with these features:</p> <ul style="list-style-type: none"> <li>- Increase in market value phased-in over six years.</li> <li>- Decrease in market value implemented immediately.</li> <li>- The tax rate is phased-down over six years from 3.40% to 3.01%.</li> <li>- The homestead exemption is phased up over six years from 31% to 34%.</li> <li>- The comstead exemption is phased up over six years from 13% to 15%.</li> </ul> <p>An Extended Property Tax Assistance Program is established for residential property with a taxable value increase greater than 24% <i>and</i> a tax liability increase of greater than \$250.</p>						<p>Reappraisal increases market value of residential property by 55%.</p> <p>The 2009 Legislature passes HB 658 with these features:</p> <ul style="list-style-type: none"> <li>- Increase in market value phased-in over six years.</li> <li>- Decrease in market value implemented immediately.</li> <li>- The tax rate is phased-down over six years from 2.93% to 2.47%.</li> <li>- The homestead exemption is phased up over six years from 36.8% to 47.0%.</li> <li>- The comstead exemption is phased up over six years from 14.20% to 21.50%.</li> </ul> <p>An Extended Property Tax Assistance Program is continued for residential property with a taxable value increase greater than 24% <i>and</i> a tax liability increase of greater than \$250.</p> <p>The Department will provide the the Legislature with a ratio study so that they can be apprised of conditions in the 2nd and 4th years of the reappraisal cycle.</p>					
1993	'94	'95	1996	1997	'98	'99	'00	'01	2002	2003	'04	'05	'06	'07	2008	2009	'10	'11	'12	'13	2014

## New Legislative Changes

increase larger than average will experience an increase in taxable value over the period.

### *Extended Property Tax Assistance Program*

To address and further mitigate the impacts on residential properties with extraordinary increases in market value, HB 658 continues the *Extended Property Tax Assistance Program (EPTAP)*, first implemented by the 2003 Legislature. Taxpayers whose household income falls within specified income ranges, whose increase in taxable valuation exceeds certain threshold levels, and who have an increase in tax liability of \$250 or more are eligible to participate in the program. Households with income exceeding \$75,000 are not eligible for the program. Under HB 658, qualifying taxpayers will see a reduction in their tax rate based on specific formulas provided for in the bill.

The Montana Legislature, concerned that housing prices may continue to fall in Montana, included in HB 658 a provision requiring the Department of Revenue to provide the Revenue and Transportation Interim Committee (RTIC) a sales/assessment ratio study at the end of the second and fourth year of the six-year reappraisal cycle. This will allow this interim committee to be apprised of housing market trends, and bring concerns and/or recommendations to the full legislative body.

### *Newly Taxable Property*

Prior to HB 658, any class 4 property that was constructed, expanded, or remodeled since the completion of the prior reappraisal cycle was included in newly taxable property only to the extent of any increase in *phase-in value*. HB 658 provides that the full increase in *market value* of this property is to be included in newly taxable property for the purposes of calculating local government mill levies (15-10-420, MCA). This acts to reduce the tax base slightly when determining mill levies. Because the allowable mill levy is based on the ratio of the prior year's taxes to the tax base, this will provide local governments with a one-time increase in the maximum allowable mill levied in the first year of the coming reappraisal cycle. On the other hand, mill levies in subsequent years of the reappraisal cycle will be slightly lower than they otherwise would have been under prior law. Once the mill levy has been calculated, tax assessments will be based on each year's exemption level and taxable valuation rate applied to the phase-in value of property.

**HB 658 Taxable Valuation Rates for Class 3, 4, and 10 Property, and Class 4 Residential and Commercial Exemption Percentages**

Tax Year	Class 3 & 4 Tax Rate	Class 4 Exemption Percentages		Class 10 Tax Rate
		Residential	Commercial	
2008	3.01%	34.0%	15.0%	0.35%
2009	2.93%	36.8%	14.2%	0.34%
2010	2.82%	39.5%	15.9%	0.33%
2011	2.72%	41.8%	17.5%	0.32%
2012	2.63%	44.0%	19.0%	0.31%
2013	2.54%	45.5%	20.3%	0.30%
2014	2.47%	47.0%	21.5%	0.29%

### *Periodic Sales/Assessment Ratio Studies*

The 2009 revaluation of all properties subject to cyclical reappraisal occurred at a time when housing prices nationally were declining significantly, particularly in places such as California, Florida, and Nevada. There was some indication that this national trend could also be affecting housing prices in Montana. For this reason, the Department of Revenue extended the target date for establishing new values for residential properties from January 1, 2008 to July 1, 2008.

### *Advisory Committees and Interim Studies*

HB658 creates a Forest Lands Taxation Advisory Committee comprised of four members with expertise in forest matters appointed by the Montana Legislature, and three members appointed by the Governor, whose terms expire on June 30 of the first year of each reappraisal cycle. The purpose of the committee is to work with and advise the Department of Revenue on the appropriate information and methods to be used in determining forest land productivity values, and to recommend forest land valuation schedules to the department.



HB 658 also requests the Revenue and Transportation Interim Committee (RTIC) to review methods of providing assistance to property taxpayers, including general circuit breaker programs, and assistance to low-income, veteran, and elderly property owners, and whether that assistance should be provided through income or property taxation means.

### *Other Provisions*

HB 658 also included the following provisions:

- Clarified who is a “qualified claimant” for the Property Tax Assistance Program (PTAP), and defined “total household income” for PTAP purposes.
- Clarified the term “qualified residence” for purposes of the Extended Property Tax Assistance Program (EPTAP).
- Provided that the Department of Revenue is to include in certain annual assessment mailings, and that county treasurers are to send with the property tax billing notices required under MCA, 15-16-101, notification of the availability of all property tax assistance programs including PTAP, EPTAP, the disabled or deceased veteran’s program, and the property tax credit for the elderly program.
- Revised the criteria used to value agricultural land by:
  - Increasing the base water cost from \$5.50 to \$15, and providing that total allowable water costs cannot exceed \$50 (previously \$40) for each acre of irrigated land;
  - Increasing labor costs from \$0 to \$5 an acre for pivot sprinkler irrigation systems; from \$4.50 to \$10 an acre for tow lines, side roll, and lateral sprinkler irrigation systems; and from \$9 to \$15 an acre for hand-moved and flood irrigation systems; and
  - Providing that the base crop for valuation of irrigated land is alfalfa hay adjusted to 80% of the sales price, and the base crop for valuation of nonirrigated land is spring

wheat.

- Provided that the capitalization rate used to determine forest land productivity values is to be adopted by rule after consultation with the Forest Lands Taxation Advisory Committee, but for tax years 2009 through 2014 cannot be less than 8%.
- Recognizing that legislation required to implement the reappraisal mitigation strategy may not be passed and signed in time for the Department Revenue to meet otherwise statutory deadlines, HB 658 provided that for tax year 2009 all deadlines and due dates, other than the time limits allowed for filing an appeal, are extended as necessary and reasonable.
- Extending, for similar reasons, the deadlines by which taxpayers may apply for the property tax assistance program (PTAP), and the disabled or deceased veteran’s residence property tax exemption program to July 15 for tax year 2009.

**HB 670** - Provides that for tax years 2009, 2010 and 2011 the governing bodies of a county or consolidated local government, incorporated city or town, and school district may through a joint resolution reduce by 95% the taxable value of certain class 4 and class 8 commercial real and personal property.

**SB 57** - This bill allows the creation of special districts within and across county boundaries. It also requires that the Department of Revenue provide the Department of Administration with the legal descriptions for the boundaries so that the special districts can be mapped. These special districts will be administered just like existing districts.

**SB 115** - This bill makes head-of-household taxpayers subject to the same eligibility requirements as married couples for the disabled veterans property tax exemption. (Other provisions of this bill were removed by coordinating instructions in HB 658.)

**SB 198** - This bill changes the classification of electric generation facilities that use biomass to produce less than 25 megawatts to class 14 property. Depending on the ownership and attributes of the property, this reclassification will reduce the taxable valuation rate from 12%, 8%, or 6%, to 3% of market value.

**SB 465** - This bill revises laws on treatment of property consisting of the bed of a navigable river or stream;

provides for a reduction from tract land or grazing land before a reduction from irrigated land or non-irrigated land for property tax purposes; requires adjudication before navigability is determined and a collateral land exemption is applied; provides that in a dispute over the ownership of the bed of a river or stream a presumption may not be made based on the property tax status of the property; and other revisions.

**SB 489** - Addresses a recent Montana Supreme Court decision (*Omimex Canada, Ltd. v. Montana*, December 2, 2009), which resulted in the property of eight natural gas pipelines being moved from central assessment in class 9 (12% taxable rate) to personal property in class 8 (3% taxable rate).

SB 489 provides that pipelines that are regulated by the Federal Energy Regulatory Commission (FERC) or the Public Service Commission (PSC), or that are common carriers, or that have over 500 miles of pipeline in the state are to be taxed as class 9, centrally assessed property. SB 489 clarifies that five of the eight natural gas pipelines, including Omimex, will be centrally assessed in class 9 for future years.

**SB 510** - Allows a Board of County Commissioners, by resolution after a public hearing, to grant an abatement of 50% of the local government share of coal gross proceeds taxes on production from a “new” or “expanding” underground coal mine for a period of five years. The abatement may be extended for one more five-year period.

### Property Taxes Paid by Type of Property

This final section of the property tax chapter summarizes property taxes paid by each type of property. The actual amount of taxes paid is determined by the interaction of mills and taxable value, as discussed previously. In general, mills are determined by local government budgeting decisions and the calculation of taxable value is determined by the Montana Legislature.

# Property Taxes Paid by Property Type

Estimated Property Taxes Paid By Property Class  
Tax Year 2009 (Fiscal Year 2010)

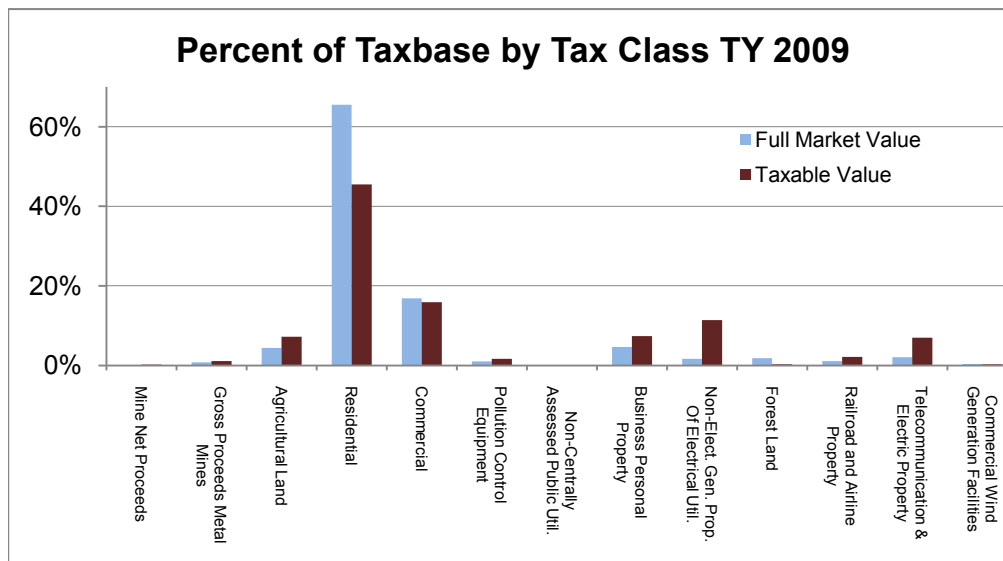
Tax Class	Description	Full Market Value	Taxable Market Value	Taxable Value	Taxes Paid By Tax Class	Percent of Total Taxes
1	Mine Net Proceeds	\$ 4,001,643	\$ 4,001,643	\$ 4,001,643	\$ 1,655,792	0.1%
2	Gross Proceeds Metal Mines	\$ 943,370,464	\$ 943,370,464	\$ 23,837,390	\$ 12,964,154	1.1%
3	Agricultural Land	\$ 5,541,171,749	\$ 5,209,288,878	\$ 161,073,306	\$ 75,113,600	6.4%
4 Res	Residential Improvements	\$ 50,942,435,375	\$ 24,913,887,626	\$ 720,501,020	\$ 423,451,452	35.9%
4 Res	Residential Land	\$ 32,017,536,548	\$ 10,127,368,349	\$ 293,804,800	\$ 163,455,845	13.8%
4 Res	Extended Property Tax Assistance*	n/a	n/a	n/a	n/a	n/a
4 Com	Commercial Improvements	\$ 14,322,080,310	\$ 8,976,287,946	\$ 260,021,219	\$ 135,888,357	11.5%
4 Com	Commercial Land	\$ 7,009,840,202	\$ 3,225,259,745	\$ 93,753,984	\$ 50,637,495	4.3%
Sub 4	<b>Subtotal Class 4</b>	\$ 104,291,892,435	\$ 47,242,803,666	\$ 1,368,081,023	\$ 773,433,150	65.5%
5	Pollution Control Equipment	\$ 1,251,524,840	\$ 1,251,524,840	\$ 37,502,192	\$ 16,710,430	1.4%
7	Non-Centrally Assessed Public Util.	\$ 15,822,139	\$ 15,822,139	\$ 1,265,771	\$ 773,447	0.1%
8	Business Personal Property	\$ 5,822,851,532	\$ 5,822,851,532	\$ 163,950,768	\$ 85,811,796	7.3%
9	Non-Elect. Gen. Prop. of Electrical Util.	\$ 2,120,179,756	\$ 2,120,179,756	\$ 254,253,159	\$ 124,292,610	10.5%
10	Forest Land	\$ 2,315,129,257	\$ 2,055,369,664	\$ 6,988,309	\$ 3,261,822	0.3%
12	Railroad and Airline Property	\$ 1,359,437,859	\$ 1,359,437,859	\$ 46,900,613	\$ 23,535,834	2.0%
13	Telecommunication & Electric Property	\$ 2,578,848,444	\$ 2,578,848,444	\$ 154,314,143	\$ 59,915,091	5.1%
14	Commercial Wind Generation Facilities	\$ 434,938,637	\$ 434,938,637	\$ 6,780,264	\$ 3,599,315	0.3%
	<b>Totals</b>	<b>\$ 126,679,168,755</b>	<b>\$ 69,038,437,522</b>	<b>\$ 2,228,948,581</b>	<b>\$ 1,181,067,041</b>	<b>100.0%</b>

\*Because of the 2009 reappraisal, EPTAP properties were not identified in the data used to prepare this report. Some individuals did have a reduction in their taxable value through the EPTAP in Tax Year 2009. Class 15 and 16 do not have any value.

The table presents market value, taxable market value, taxable value, and the taxes paid by class of property in Montana in tax year 2009. The graph compares the percent of market value and the percent of taxable value for each class of property in tax year 2009.

Because the property tax is determined by the budgets of local government, it is not like other taxes in Montana. When the Montana Legislature reduces the taxable value of one property or a class of properties, all other property taxpayers make up for that reduction in value by paying higher taxes.

Identical properties in separate locations may have different taxes because they have different levels of services and different millage rates (mills). Neighboring properties in different classes with identical market values may pay different taxes because of how the Montana Legislature has decided to apply different tax rates to the market value for each class of property.



# Property Taxes Paid by Property Type

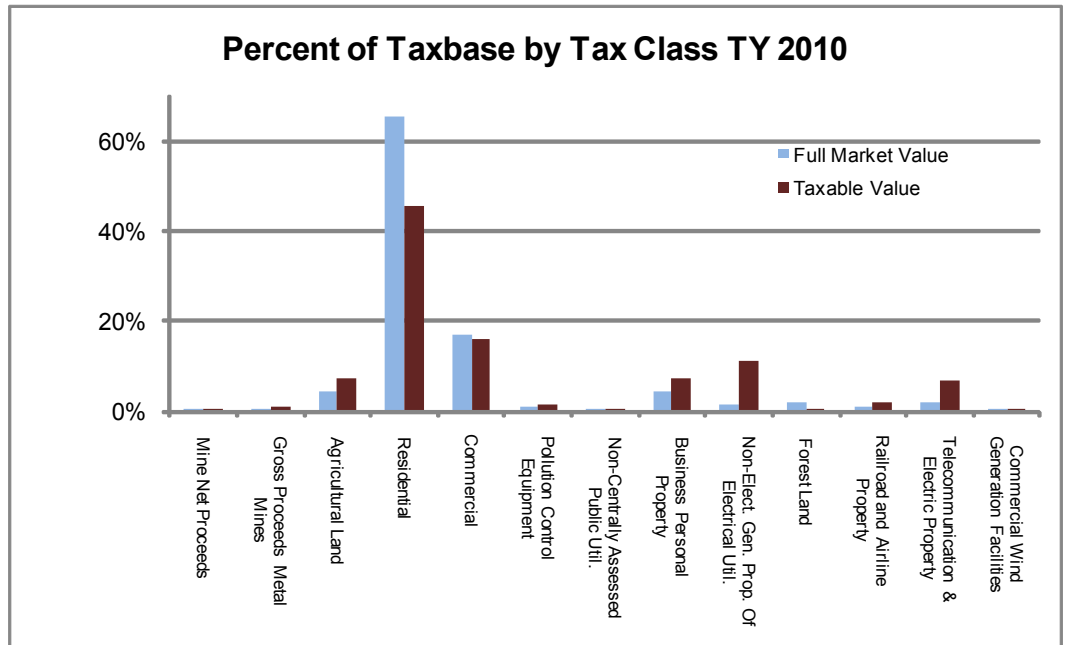
## Estimated Property Taxes Paid By Property Class Tax Year 2010 (Fiscal Year 2011)

Tax Class	Description	Full Market Value	Taxable Market Value	Taxable Value	Taxes Paid By Tax Class	Percent of Total Taxes
1	Mine Net Proceeds	\$ 3,180,607	\$ 3,180,607	\$ 3,180,607	\$ 1,261,359	0.1%
2	Gross Proceeds Metal Mines	\$ 442,001,540	\$ 442,001,540	\$ 10,768,676	\$ 6,771,689	0.5%
3	Agricultural Land	\$ 5,493,630,364	\$ 5,160,919,132	\$ 153,566,272	\$ 73,158,564	5.9%
4 Res	Residential Improvements	\$ 53,777,365,646	\$ 26,790,853,895	\$ 748,086,537	\$ 423,744,673	34.1%
4 Res	Residential Land	\$ 32,053,256,446	\$ 11,812,869,222	\$ 329,567,465	\$ 180,122,658	14.5%
4 Res	Extended Property Tax Assistance*	na	na	na	n/a	n/a
4 Com	Commercial Improvements	\$ 11,743,904,486	\$ 8,086,298,836	\$ 224,775,310	\$ 140,207,037	11.3%
4 Com	Commercial Land	\$ 5,963,187,916	\$ 3,275,210,748	\$ 91,562,539	\$ 56,332,453	4.5%
Sub 4	<i>Subtotal Class 4</i>	\$ 103,537,714,494	\$ 49,965,232,701	\$ 1,393,991,851	\$ 800,406,822	64.5%
5	Pollution Control Equipment	\$ 17,240,772	\$ 1,296,234,368	\$ 38,846,164	\$ 17,702,391	1.4%
7	Non-Centrally Assessed Public Util.	\$ 16,229,241	\$ 16,229,241	\$ 1,298,339	\$ 851,666	0.1%
8	Business Personal Property	\$ 6,200,723,724	\$ 6,200,723,724	\$ 173,831,686	\$ 91,794,255	7.4%
9	Non-Elect. Gen. Prop. Of Electrical Util.	\$ 2,338,609,169	\$ 2,338,609,169	\$ 280,477,068	\$ 141,356,255	11.4%
10	Forest Land	\$ 2,238,411,561	\$ 1,987,606,077	\$ 6,518,597	\$ 3,201,136	0.3%
12	Railroad and Airline Property	\$ 1,524,594,466	\$ 1,524,594,466	\$ 50,831,995	\$ 25,929,304	2.1%
13	Telecommunication & Electric Property	\$ 2,907,164,706	\$ 2,907,164,706	\$ 174,002,924	\$ 75,579,074	6.1%
14	Commercial Wind Generation Facilities	\$ 596,308,238	\$ 596,308,238	\$ 8,944,624	\$ 3,888,215	0.3%
	<b>Totals</b>	<b>\$ 125,315,808,882</b>	<b>\$ 72,438,803,969</b>	<b>\$ 2,296,258,803</b>	<b>\$ 1,241,900,729</b>	<b>100.0%</b>

\*Because of the 2009 Reappraisal EPTAP Properties were not identified in the data used to prepare this report. Some individuals did have a reduction in their taxable value through the EPTAP in Tax Year 2010. Class 15 and 16 do not have any value.

\* The table above does not match the table on page 118 because of differences in how they were calculated. Differences include timing, inclusion of TIF's and inconsistencies in reporting from counties.

The table above provides market value, taxable market value, taxable value, and the taxes paid by class of property in the state in tax year 2010. The graph to the right compares the percent of market value and the percent of taxable value for each class of property in tax year 2010.



## Property Taxes Paid by Property Type

The table on the next six pages shows the distribution of taxes paid by each class of property. The average mill for individual classes of property varies because of location. The effective tax rates vary depending on the mills and how the Montana Legislature has decided to apply the valuation for tax purposes.

The following tables show the quantity in acres, the assessed market value and the taxable value of different types of property for each County in the state.

# Property Taxes Paid by Property Type

Tax Year 2010			Market and Taxable Values for Tax Year 2010 By Property Type			
Property Type	Class	2010 Tax Rate	2010 Total Assessed Value	2010 Total Taxable Value	Assessed Value Within	Taxable Value Within
					Cities/Towns	Cities/Towns
<b>Proceeds</b>						
Net Proceeds	1.0	100.00%	3,180,607	3,180,607	0	0
Gross Proceeds of Coal Strip Mines	2.0		0	0	0	0
Gross Proceeds of Underground Coal	2.0		0	0	0	0
Gross Proceeds of Metal Mines	2.0	3.00%	165,182,561	4,955,477	0	0
Gross Proceeds of Metal Mines New & Expanding	2.0	2.10%	276,818,979	5,813,199	0	0
Penalty	2.0	3.00%	0	0	0	0
- Subtotal			445,182,147	13,949,283	0	0
- Subtotal Percent of Column Statewide Total			0.6%	0.6%	0.0%	0.0%
- Subtotal Average Mill Levy						
<b>Agricultural Land</b>						
Tillable Irrigated	3.0	2.82%	740,542,495	20,870,064	1,236,357	34,832
Tillable Non-Irrigated	3.0	2.82%	2,483,827,375	69,898,560	438,295	12,312
Grazing Land	3.0	2.82%	1,551,299,184	43,462,474	501,943	14,021
Wild Hay	3.0	2.82%	334,510,482	9,432,316	154,661	4,362
Timber Land	10.0	0.33%	1,987,606,077	6,518,597	547,194	1,781
- Subtotal			7,097,785,613	150,182,011	2,878,450	67,308
- Subtotal Percent of Column Statewide Total			9.8%	6.5%	0.0%	0.01%
- Subtotal Average Mill Levy						
<b>Residential Land</b>						
Farmstead 1 Acre	4.2	2.82%	20,040,352	559,272	84,619	2,375
Non-Qualified Ag Land	3.0	19.74%	50,063,875	9,883,821	374,892	73,974
Non-Q Ag Land 1 Acre	4.2	2.82%	428,604,525	12,087,722	4,158,968	117,280
City/town Lots Residential	4.2	2.82%	3,881,151,891	109,448,898	3,647,169,565	102,850,529
Suburban Tracts Residential	4.2	2.82%	7,288,159,346	205,526,757	74,976,385	2,114,392
Suburban Tracts - Low Income	4.2	1.00%	194,913,108	1,944,816	74,140,863	743,132
- Subtotal			11,862,933,097	339,451,286	3,800,905,292	105,901,682
- Subtotal Percent of Column Statewide Total			16.4%	14.8%	14.6%	12.9%
- Subtotal Average Mill Levy						
<b>Residential Improvements</b>						
Impr. on Ag and Timber Land	4.1	2.82%	2,203,509,030	62,138,968	4,217,689	118,937
Impr. on Disparately Owned Ag Land	4.1	2.82%	32,271,663	910,086	6,306,814	177,854
Impr. on Rt of Way - Agricultural	4.1	2.82%	358,350	10,105	249,623	7,039
Remodeled Ag/Timber Improvements	4.0		0	0	0	0
Impr. on Suburban Tracts Residential	4.1	2.82%	12,561,360,668	354,230,641	155,347,047	4,380,805
Impr. on City/Town Lots Residential	4.1	2.82%	11,060,074,094	311,894,164	10,344,319,582	291,709,790
Impr. on Tracts and Lots - Low Income	4.1	1.01%	383,037,939	3,877,656	191,938,390	1,924,778
Impr. on Rt of Way - Residential	4.1	2.82%	215,646	6,084	76,719	2,164
Remodeled Residential Improvements	4.1	2.82%	175,996	4,963	175,996	4,963
Mobile Homes	4.1	2.82%	523,743,588	14,769,556	139,395,660	3,930,938
Mobile Homes - Low Income	4.1	0.94%	26,106,921	244,314	9,519,858	88,796
Extended Property Tax Assistance Prog.	4.3	varies	0	0	0	0
Penalty	4.1	100.00%	0	0	0	0
- Subtotal			26,790,853,895	748,086,537	10,851,547,378	302,346,064
- Subtotal Percent of Column Statewide Total			37.0%	32.6%	41.7%	36.7%
- Subtotal Average Mill Levy			38,653,786,992			
<b>Commercial Land</b>						
Suburban Tracts Commercial	4.9	2.82%	928,293,119	26,177,897	54,115,983	1,526,079
City/town Lots Commercial	4.9	2.82%	2,150,552,701	60,645,556	2,051,612,463	57,855,405
Industrial Sites	4.9	2.82%	139,740,560	3,940,689	28,328,845	798,866
New Industry Land	5.0	varies	0	0	0	0
R & D Land	5.0	varies	0	0	0	0
Qualified Golf Courses	4.9	1.41%	56,624,368	798,397	13,286,962	187,344
Locally Assessed Co-op Land	5.0	3.00%	81,025	2,431	11,181	336
Eligible Mining Claims	3.0	2.82%	675,721	19,037	24,942	704
- Subtotal			3,275,967,494	91,584,007	2,147,380,376	60,368,734
- Subtotal Percent of Column Statewide Total			4.5%	4.0%	8.3%	7.3%
- Subtotal Average Mill Levy						

# Property Taxes Paid by Property Type

Estimated Taxes Levied for Tax Year 2010 By Property Type									
2010 Taxes Levied by:							Total Estimated 2010 Taxes Levied	Effective Tax Rate	Average Mill Levy for Property Type
University (6mills)	State General Fund (95 mills)	County	Misc. & Fire	County Wide Ret. / Trans.	Local Schools	Cities/ Towns			
19,084	302,435	363,935	102,243	76,209	397,453	0	1,261,359	39.66%	396.58
0	0	0	0	0	0	0	0	0.00%	0.00
0	0	0	0	0	0	0	0	0.00%	0.00
29,733	470,770	934,780	84,348	201,632	804,239	0	2,525,502	1.53%	509.64
34,879	560,974	1,841,304	314,330	226,824	1,267,876	0	4,246,187	1.53%	730.44
0	0	0	0	0	0	0	0	0.00%	0.00
83,696	1,334,179	3,140,019	500,920	504,665	2,469,568	0	8,033,048	1.80%	
0.6%	0.6%	1.0%	0.9%	0.5%	0.6%	0.0%	0.6%		
							575.88		
125,220	1,987,532	3,011,218	322,316	837,006	3,565,762	5,419	9,854,472	1.33%	472.18
419,391	6,646,492	11,276,312	1,047,975	3,172,272	11,180,852	2,034	33,745,329	1.36%	482.78
260,775	4,135,115	6,689,893	518,025	1,707,035	6,983,385	2,135	20,296,362	1.31%	466.99
56,594	897,749	1,436,657	113,432	369,373	1,521,240	864	4,395,910	1.31%	466.05
39,112	622,922	932,845	164,498	252,658	1,188,934	167	3,201,136	0.16%	491.08
901,092	14,289,811	23,346,925	2,166,245	6,338,344	24,440,172	10,620	71,493,210	1.01%	476.04
6.5%	6.5%	7.3%	4.0%	6.7%	6.0%	0.0%	5.76%		
							476.04		
3,356	53,281	83,665	9,810	23,090	93,231	259	266,692	1.33%	476.85
59,303	944,104	1,457,107	218,709	406,983	1,756,287	11,595	4,854,088	9.70%	491.11
72,526	1,158,052	1,649,917	332,934	498,420	2,247,648	13,588	5,973,085	1.39%	494.14
656,693	10,532,310	15,489,556	2,962,163	4,873,928	21,697,160	17,226,170	73,437,982	1.89%	670.98
1,233,161	19,700,600	27,889,680	5,738,901	8,295,343	36,142,042	345,341	99,345,068	1.36%	483.37
11,669	186,356	275,437	54,191	81,503	363,231	127,445	1,099,831	0.56%	565.52
2,036,708	32,574,705	46,845,362	9,316,708	14,179,267	62,299,599	17,724,398	184,976,747	1.56%	
14.8%	14.8%	14.6%	17.4%	15.0%	15.3%	13.6%	14.9%		
							544.93		
372,834	5,925,010	9,040,699	1,195,888	2,573,077	10,520,808	18,658	29,646,974	1.35%	477.11
5,461	86,554	131,172	20,389	37,989	154,391	15,402	451,357	1.40%	495.95
61	967	1,421	328	419	1,591	940	5,727	1.60%	566.75
0	0	0	0	0	0	0	0	0.00%	0.00
2,125,384	33,967,906	47,663,194	9,840,734	14,349,290	64,391,195	734,989	173,072,692	1.38%	488.59
1,871,365	30,002,954	45,013,173	7,780,962	13,949,572	61,596,195	49,858,607	210,072,829	1.90%	673.54
23,266	371,393	563,006	97,630	163,776	723,626	329,704	2,272,401	0.59%	586.02
37	580	901	74	280	1,104	475	3,450	1.60%	567.11
30	472	369	41	205	787	704	2,608	1.48%	525.49
88,617	1,416,002	2,148,700	336,938	635,154	2,774,869	675,642	8,075,923	1.54%	546.80
1,466	23,428	36,330	6,095	10,626	47,374	15,394	140,712	0.54%	575.95
0	0	0	0	0	0	0	0	0.00%	0.00
0	0	0	0	0	0	0	0	0.00%	0.00
4,488,519	71,795,267	104,598,966	19,279,079	31,720,387	140,211,942	51,650,513	423,744,673	1.58%	
32.6%	32.6%	32.5%	36.0%	33.4%	34.4%	39.7%	34.1%		
							566.44		
157,067	2,516,336	3,485,828	755,910	1,077,878	4,917,020	256,805	13,166,844	1.42%	502.98
363,873	5,841,765	8,338,106	1,578,332	2,710,682	12,099,318	9,768,949	40,701,025	1.89%	671.13
23,644	378,434	527,455	81,695	171,589	731,346	133,802	2,047,964	1.47%	519.70
0	0	0	0	0	0	0	0	0.00%	0.00
0	0	0	0	0	0	0	0	0.00%	0.00
4,790	76,749	102,394	24,450	31,602	148,311	28,324	416,621	0.74%	521.82
15	231	442	59	123	464	49	1,383	1.71%	568.88
114	1,826	4,894	791	809	3,912	55	12,402	1.84%	651.49
549,504	8,815,342	12,459,119	2,441,237	3,992,682	17,900,370	10,187,985	56,346,239	1.72%	
4.0%	4.0%	3.9%	4.6%	4.2%	4.4%	7.8%	4.5%		
							615.24		

# Property Taxes Paid by Property Type

Tax Year 2010			Market and Taxable Values for Tax Year 2010 By Property Type			
Property Type	Class	2010 Tax Rate	2010 Total Assessed Value	2010 Total Taxable Value	Assessed Value Within Cities/Towns	Taxable Value Within Cities/Towns
<b>Commercial Improvements</b>						
Impr. on Suburban Tracts Commercial	4.8	2.82%	1,901,149,076	53,612,471	170,109,567	4,797,084
Impr. on City/Town Lots Commercial	4.8	2.82%	5,177,087,665	145,993,821	4,818,602,000	135,884,561
Impr. on Rt of Way - Commercial	4.8	2.82%	24,109,139	679,876	19,847,442	559,697
Locally Assessed Co-op Improvements	5.0	3.00%	242,821	7,285	-	-
Impr. on Hydraulic Power Works	4.8	1.54%	0	0	0	0
Impr. on Qualified Golf Courses	4.8	1.41%	103,114,135	1,453,911	19,090,503	269,175
Impr. on Industrial Sites	4.8	2.82%	723,182,304	20,393,739	192,334,099	5,423,827
New Industrial Improvements	4.8	1.66%	144,122,920	2,386,489	44,197,382	725,511
Impr. on New Industry Land	5.0		0	0	0	0
Remodeled Commercial Improvements	4.8	1.88%	13,533,597	255,003	13,123,152	246,284
R & D Improvements	5.0		0	0	0	0
New and Expanding R & D Improvements	5.0	1.66%	2,095,096	34,756	1,679,500	25,193
Remodeled R & D Improvements	5.0		0	0	0	0
Impr. for Pollution Control	5.0	3.00%	14,705,708	441,171	1,518,245	45,547
Impr. Golf Course	4.8		-	-	0	0
- Subtotal			8,103,342,461	225,258,522	5,280,501,890	147,976,879
- Subtotal Percent of Column Statewide Total			11.2%	9.8%	20.3%	18.0%
- Subtotal Average Mill Levy						
<b>Personal Property</b>						
Furniture and Fixtures	8.0	3.00%	905,660,444	27,169,877	727,460,583	21,823,824
Locally Assessed Co-op Pers. Prop.	5.0	3.00%	-	-	-	-
Machin. other than Farm, Min., Manuf.	8.0	3.00%	746,593,480	22,397,990	142,237,064	4,267,158
Repair Tools	8.0	3.00%	2,082,670	62,481	1,601,623	48,048
Manufacturing Machinery	8.0	3.00%	1,894,105,174	56,823,156	337,659,134	10,129,777
Mining Machinery	8.0	3.00%	-	-	-	-
Ski Lifts	8.0	3.00%	51,480,451	1,544,415	0	0
Supplies and Materials	8.0	3.00%	184,698,676	5,541,777	36,395,091	1,092,364
All Other Property	8.0	8.00%	-	-	-	-
Rural Telephone Property	7.0	8.00%	16,192,188	1,295,375	16,096,779	1,287,743
Air and H2O Pollution Control	5.0	3.00%	90,780,645	2,723,421	6,452,621	193,579
New & Expanding Ind- Air & H2O P C	5.0	1.50%	1,063,360	19,140	-	-
All Gasohol Related Property	5.0	3.00%	0	0	0	0
R & D Personal Property	5.0	3.00%	-	-	-	-
New & Expanding R & D Pers Prop	5.0	3.00%	0	0	0	0
Aluminum Electrolytic Equipment	5.0	3.00%	10,645,329	319,360	0	0
Cable TV Systems	8.0	3.00%	29,686,742	890,606	16,072,751	482,180
Theatre and Sound Equipment	8.0	3.00%	3,058,142	91,745	2,952,020	88,559
Radio and TV Broadcasting Equip.	8.0	3.00%	20,683,367	620,503	9,497,174	284,912
CB's and Mobile Phones	8.0	3.00%	2,218,072	66,566	489,149	14,682
Rental Equipment	8.0	3.00%	21,321,168	639,636	9,425,031	282,755
New & Expanding Ind- Mach & Eq	8.0	1.56%	869,317,744	13,888,229	20,083,968	309,679
New Industry - Personal Property	5.0	3.00%	0	0	0	0
Oil & Gas Field Equipment	8.0	3.00%	330,252,240	9,907,624	3,025,271	90,756
Oil & Gas Flow Lines	8.0	3.00%	117,626,699	3,528,836	48,010	1,439
Ag Implements	8.0	3.00%	944,032,701	28,321,025	4,731,931	141,960
Loc Assd Util Intra-Co Lines	8.0	3.00%	752,109	22,563	121,889	3,657
Value Added Machinery (15-24-2403)	8.0		0	0	0	0
Failure to Report Penalty	7.0	3.00%	37,053	2,964	0	0
Failure to Report Penalty	8.0	3.00%	55,361,861	1,660,897	20,305,835	609,177
Coal and Ore Haulers	8	3.00%	21,791,984	653,760	-	-
- Subtotal			6,319,442,299	178,191,946	1,354,655,924	41,152,249
- Subtotal Percent of Column Statewide Total			8.7%	7.8%	5.2%	5.0%
- Subtotal Average Mill Levy						



# Property Taxes Paid by Property Type

Estimated Taxes Levied for Tax Year 2010 By Property Type							Total Estimated 2010 Taxes Levied	Effective Tax Rate	Average Mill Levy for Property Type
2010 Taxes Levied by:									
University (6mills)	State General Fund (95 mills)	County	Misc. & Fire	County Wide Ret. / Trans.	Local Schools	Cities/ Towns			
321,675	5,145,460	7,250,913	1,474,181	2,244,836	10,031,822	907,142	27,376,028	1.44%	510.63
875,963	14,052,946	21,158,912	3,828,601	6,549,019	29,256,699	23,467,663	99,189,804	1.92%	679.41
4,079	64,905	91,092	11,787	28,707	117,372	107,038	424,982	1.76%	625.09
44	692	997	65	400	1,389	-	3,586	1.48%	492.31
0	0	0	0	0	0	0	0	0.00%	0.00
8,723	139,570	201,416	38,428	60,496	269,855	40,471	758,959	0.74%	522.01
122,362	1,954,183	2,947,758	432,585	847,932	3,685,630	896,964	10,887,416	1.51%	533.86
14,319	228,466	412,255	49,632	106,036	441,766	148,179	1,400,652	0.97%	586.91
0	0	0	0	0	0	0	0	0.00%	0.00
1,530	24,563	34,355	3,543	12,172	50,667	42,368	169,198	1.25%	663.51
0	0	0	0	0	0	0	0	0.00%	0.00
209	3,354	4,989	575	1,651	6,988	4,261	22,027	1.05%	633.75
0	0	0	0	0	0	0	0	0.00%	0.00
2,647	42,297	67,705	11,853	18,426	86,016	7,196	236,141	1.61%	535.26
0	0	0	0	0	0	0	0	0.00%	0.00
1,351,551	21,656,436	32,170,393	5,851,251	9,869,674	43,948,204	25,621,282	140,468,791	1.73%	
9.8%	9.8%	10.0%	10.9%	10.4%	10.8%	19.7%	11.3%		
							623.59		
163,019	2,614,230	3,919,285	684,703	1,215,776	5,385,726	3,816,527	17,799,266	1.97%	655.11
-	-	-	-	-	-	-	0	0.00%	0.00
134,388	2,142,758	2,863,406	473,462	848,451	3,734,515	730,348	10,927,328	1.46%	487.87
375	6,007	8,985	1,486	2,825	12,230	8,554	40,462	1.94%	647.60
340,939	5,459,878	9,351,706	1,385,003	2,453,639	10,849,880	1,651,460	31,492,506	1.66%	554.22
-	-	-	-	-	-	-	0	0.00%	0.00
9,266	147,274	174,562	51,394	37,519	199,274	0	619,290	1.20%	400.99
33,251	531,296	737,709	107,433	232,661	982,685	180,365	2,805,400	1.52%	506.23
-	-	-	-	-	-	-	0	0.00%	0.00
7,772	124,990	172,827	26,167	58,230	246,325	214,179	850,490	5.25%	656.56
16,341	262,519	417,311	49,329	128,910	545,897	32,608	1,452,914	1.60%	533.49
115	1,818	2,541	508	576	3,453	-	9,012	0.85%	470.84
0	0	0	0	0	0	0	0	0.00%	0.00
-	-	-	-	-	-	-	0	0.00%	0.00
0	0	0	0	0	0	0	0	0.00%	0.00
1,916	30,818	42,760	8,226	13,936	63,122	0	160,778	1.51%	503.44
5,344	85,260	136,532	20,251	35,997	168,614	88,528	540,525	1.82%	606.92
550	8,849	13,078	2,694	4,209	19,200	15,378	63,958	2.09%	697.13
3,723	59,764	94,275	15,754	28,465	125,577	52,018	379,576	1.84%	611.72
399	6,383	9,895	1,412	2,874	12,358	2,575	35,896	1.62%	539.26
3,838	61,408	89,403	15,246	28,113	122,299	48,613	368,920	1.73%	576.77
83,329	1,336,472	2,043,210	189,117	659,243	2,695,922	50,312	7,057,605	0.81%	508.17
0	0	0	0	0	0	0	0	0.00%	0.00
59,446	941,252	1,408,721	43,308	128,059	970,307	20,259	3,571,352	1.08%	360.47
21,173	335,240	504,926	20,941	71,915	348,628	301	1,303,125	1.11%	369.28
169,926	2,694,410	4,441,694	418,682	1,195,593	4,571,300	18,425	13,510,031	1.43%	477.03
135	2,143	3,672	130	275	850	801	8,007	1.06%	354.89
0	0	0	0	0	0	0	0	0.00%	0.00
18	282	462	34	51	329	0	1,176	3.17%	396.86
9,965	159,115	233,761	37,694	71,814	305,288	101,674	919,312	1.66%	553.50
3,923	62,487	126,595	22,349	23,267	113,076	-	351,697	1.61%	537.96
1,069,152	17,074,653	26,797,317	3,575,323	7,242,400	31,476,855	7,032,927	94,268,626	1.49%	
7.8%	7.8%	8.3%	6.7%	7.6%	7.7%	5.4%	7.6%		
							529.03		

# Property Taxes Paid by Property Type

Tax Year 2010			Market and Taxable Values for Tax Year 2010 By Property Type			
Property Type	Class	2010 Tax Rate	2010 Total Assessed Value	2010 Total Taxable Value	Assessed Value Within Cities/Towns	Taxable Value Within Cities/Towns
<b>Utilities Real</b>						
Rural Co-op companies Real	5.0	3.00%	80,174,514	2,405,232	19,625,874	588,776
Indep. Tele. Companies Real	5.0	3.00%	1,810,615	54,318	199,915	5,998
Electric Companies Real	9.0	12.00%	41,835,269	5,020,230	4,385,513	526,262
Gas & Electric Companies Real	9.0	12.00%	232,940,324	27,952,836	67,549,523	8,105,939
Pipelines Real	9.0	12.00%	77,431,870	9,291,823	1,667,007	200,041
Telecomm. Companies Real	13.0	6.00%	62,011,344	3,720,686	44,750,627	2,685,037
Centrally Assessed New & Exp Situs	9.0	6.00%	3,250,149	234,011	3,250,149	234,011
Railroads Real	12.0	3.45%	45,054,909	1,524,305	19,486,688	662,551
Airlines Real	12.0	3.45%	1,779,496	60,502	1,345,018	45,730
Electric Generation Real Property	13.0	6.00%	1,251,020,794	75,061,247	851,218,695	51,073,121
Cellular Telephone Real Prop	4.8	2.82%	0	0	0	0
N&E Elect Gen/Tele Real Prop	13.0	3.00%	746,200	26,863	0	0
New & Exp Ind -Elect Gen/Tele Real Prop	13.0	varies	0	0	0	0
- Subtotal			1,798,055,484	125,352,053	1,013,479,009	64,127,466
- Subtotal Percent of Column Statewide Total			2.5%	5.5%	3.9%	7.8%
- Subtotal Average Mill Levy						
<b>Utilities Personal</b>						
Rural Co-op Companies Pers Prop	5.0	3.00%	259,959,854	7,798,794	60,063,819	1,801,916
Indep Tele Companies Pers Prop	5.0	3.00%	8,604,876	258,146	937,002	28,111
Electric Companies Pers Prop	9.0	12.00%	25,844,334	3,101,321	17,856,667	2,142,800
Gas & Electric Companies Pers Prop	9.0	12.00%	631,053,064	75,726,362	263,027,795	31,563,333
Pipelines Pers Prop	9.0	12.00%	251,203,762	30,144,448	9,563,400	1,147,607
Telecomm Companies Pers Prop	13.0	6.00%	778,886,764	46,733,217	492,012,125	29,520,731
3rd yr N & E Gas & Electric Pers	9.0	varies	0	0	0	0
Railroads Pers Prop	12.0	3.45%	54,791,656	1,859,643	4,513,101	153,444
Airlines Pers Prop	12.0	3.45%	10,193,643	346,581	7,322,390	248,959
Electric Generation Personal Prop	13.0	6.00%	532,741,046	31,964,463	235,600,289	14,136,017
Cellular Telephone Personal Prop	8.0	3.00%	0	0	0	0
Centrally Assessed Pollution Control	5.0	3.00%	249,643,283	7,489,299	178,886,963	5,366,609
New & Exp Ind -Elect Gen/Tele Per Prop	13.0	3.00%	14,067,700	434,999	0	0
- Subtotal			2,816,989,982	205,857,273	1,269,783,551	86,109,527
- Subtotal Percent of Column Statewide Total			3.9%	9.0%	4.9%	10.5%
- Subtotal Average Mill Levy						
<b>Utilities Mileage</b>						
Rural Co-op Companies Mileage	5.0	3.00%	562,095,071	16,862,846	24,451,185	733,537
Indep Tele Companies Mileage	5.0	3.00%	14,332,171	429,965	83,430	2,503
Electric Companies Mileage	9.0	12.00%	171,658,888	20,599,060	11,192,375	1,343,083
Gas & Electric Companies Mileage	9.0	12.00%	291,687,424	35,002,483	9,701,216	1,164,146
Pipelines Mileage	9.0	12.00%	611,704,085	73,404,494	4,357,371	522,881
Telecomm Companies Mileage	13.0	6.00%	267,690,858	16,061,449	92,506,512	5,550,394
Centrally Assessed New & Exp. Mileage	9.0	varies	0	0	0	0
Railroads Mileage	12.0	3.45%	1,251,668,465	41,563,350	81,088,883	2,757,019
Airlines Flight Property Mileage	12.0	3.45%	161,106,297	5,477,614	84,260,829	2,864,869
Electric Generation Mileage	13.0	6.00%	0	0	0	0
- Subtotal			3,331,943,259	209,401,261	307,641,801	14,938,432
- Subtotal Percent of Column Statewide Total			4.6%	9.1%	1.2%	1.8%
- Subtotal Average Mill Levy						
<b>Wind Generation</b>						
Wind Generation Land	14.0	3.00%	0	0	0	0
Wind Generation Land New&Exp	14.0	varies	0	0	0	0
Wind Generation Impr.	14.0	3.00%	0	0	0	0
Wind Generation Impr. New&Exp	14.0	1.50%	988,918	14,834	0	0
Wind Generation Personal Prop.	14.0	3.00%	0	0	0	0
Wind Generation Personal Prop. New&Exp	14.0	1.50%	595,319,320	8,929,790	0	0
- Subtotal			596,308,238	8,944,624	0	0
- Subtotal Percent of Column Statewide Total			0.8%	0.4%	0.0%	0.0%
- Subtotal Average Mill Levy						
<b>Statewide Total - All Property</b>			72,438,803,969	2,296,258,803	26,028,773,671	822,988,341
<b>Statewide Average Mill Levy</b>						

# Property Taxes Paid by Property Type

Estimated Taxes Levied for Tax Year 2010 By Property Type							Total Estimated 2010 Taxes Levied	Effective Tax Rate	Average Mill Levy for Property Type
2010 Taxes Levied by:									
University (6mills)	State General Fund (95 mills)	County	Misc. & Fire	County Wide Ret. / Trans.	Local Schools	Cities/ Towns			
14,431	229,625	352,867	50,417	100,171	418,016	115,868	1,281,395	1.60%	532.75
326	5,198	7,562	898	2,360	10,306	1,361	28,010	1.55%	515.67
30,121	479,751	606,747	104,905	198,061	788,321	16,483	2,224,390	5.32%	443.09
167,717	2,680,931	4,346,790	739,472	1,194,195	5,279,902	1,441,785	15,850,792	6.80%	567.05
55,751	883,358	1,270,395	119,089	415,167	1,608,627	41,485	4,393,871	5.67%	472.88
22,324	357,213	573,684	98,188	169,747	709,217	480,626	2,411,000	3.89%	648.00
1,404	22,231	42,560	2,636	10,940	60,331	56,912	197,014	6.06%	841.90
9,146	145,611	223,932	27,357	73,689	274,894	135,629	890,258	1.98%	584.04
363	5,838	7,837	1,299	2,747	11,860	7,717	37,662	2.12%	622.49
450,367	7,148,781	4,363,637	1,663,305	2,062,039	5,909,068	1,401,114	22,998,311	1.84%	306.39
0	0	0	0	0	0	0	0	0.00%	0.00
161	2,552	6,220	218	536	2,777	0	12,465	1.67%	464.00
0	0	0	0	0	0	0	0	0.00%	0.00
752,112	11,961,088	11,802,231	2,807,784	4,229,654	15,073,319	3,698,980	50,325,168	2.80%	
5.5%	5.4%	3.7%	5.2%	4.5%	3.7%	2.8%	4.1%		
							401.47		
46,793	745,317	1,145,183	151,679	329,116	1,380,843	329,036	4,127,966	1.59%	529.31
1,549	24,650	33,968	3,114	11,055	48,151	5,290	127,777	1.48%	494.98
18,608	297,320	424,916	63,643	129,725	558,113	314,847	1,807,172	6.99%	582.71
454,358	7,270,899	11,913,186	1,947,605	3,324,095	14,842,317	5,194,138	44,946,598	7.12%	593.54
180,867	2,868,565	4,436,947	269,805	996,082	3,868,694	266,909	12,887,869	5.13%	427.54
280,399	4,490,821	7,040,408	998,291	2,147,858	9,249,640	4,992,574	29,199,992	3.75%	624.82
0	0	0	0	0	0	0	0	0.00%	0.00
11,158	179,008	257,727	22,486	92,927	365,049	34,273	962,628	1.76%	517.64
2,079	33,437	47,573	7,598	16,037	69,519	42,025	218,267	2.14%	629.77
191,787	3,047,007	2,655,692	774,377	997,248	3,603,299	388,988	11,658,399	2.19%	364.73
0	0	0	0	0	0	0	0	0.00%	0.00
44,936	711,497	255,617	183,318	164,416	370,347	147,197	1,877,327	0.75%	250.67
2,610	41,861	65,419	7,882	17,564	75,960	0	211,296	1.50%	485.74
1,235,144	19,710,381	28,276,637	4,429,797	8,226,124	34,431,932	11,715,276	108,025,290	3.83%	
9.0%	9.0%	8.8%	8.3%	8.7%	8.4%	9.0%	8.7%		
							524.76		
101,177	1,608,210	2,523,895	292,855	666,747	2,840,219	134,405	8,167,507	1.45%	484.35
2,580	40,996	58,650	5,383	17,927	80,664	367	206,567	1.44%	480.43
123,594	1,964,606	2,919,927	319,823	749,389	3,500,425	187,602	9,765,367	5.69%	474.07
210,015	3,342,887	5,333,466	651,339	1,498,312	6,261,073	182,310	17,479,402	5.99%	499.38
440,427	6,979,121	10,667,963	706,306	2,568,314	10,364,401	77,249	31,803,781	5.20%	433.27
96,369	1,540,702	2,338,506	386,561	699,009	3,061,805	964,661	9,087,612	3.39%	565.80
0	0	0	0	0	0	0	0	0.00%	0.00
249,380	3,965,350	6,092,790	714,522	1,755,675	7,259,451	489,489	20,526,657	1.64%	493.86
32,866	528,356	757,035	137,198	250,728	1,111,972	475,676	3,293,831	2.04%	601.33
0	0	0	0	0	0	0	0	0.00%	0.00
1,256,408	19,970,226	30,692,233	3,213,987	8,206,102	34,480,009	2,511,758	100,330,723	3.01%	
9.1%	9.1%	9.5%	6.0%	8.7%	8.5%	1.9%	8.1%		
							479.13		
0	0	0	0	0	0	0	0	0.00%	0.00
0	0	0	0	0	0	0	0	0.00%	0.00
0	0	0	0	0	0	0	0	0.00%	0.00
89	1,409	2,166	83	0	0	0	3,748	0.38%	252.64
0	0	0	0	0	0	0	0	0.00%	0.00
53,579	848,330	1,391,774	36,316	332,520	1,221,949	0	3,884,467	0.65%	435.00
53,668	849,739	1,393,940	36,399	332,520	1,221,949	0	3,888,215	0.65%	
0.4%	0.4%	0.4%	0.1%	0.4%	0.3%	0.0%	0.3%		
							434.70		
13,777,553	220,031,825	321,523,143	53,618,731	94,841,819	407,953,918	130,153,740	1,241,900,729	1.71%	540.84
6.00	95.82	140.02	23.35	41.30	177.66	158.15	540.84		

## State Total

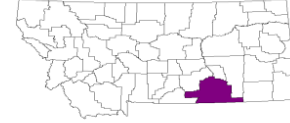
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$4,001,643	\$4,001,643		\$3,180,607	\$3,180,607
CLASS 2 Gross Proceeds		\$943,370,464	\$23,837,390		\$609,700,570	\$15,799,647
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	1,622,934	\$754,811,763	\$22,115,927	1,654,818	\$740,542,495	\$20,870,064
Tillable Non-Irrigated (2.93, 2.82%)	12,204,358	\$2,519,715,215	\$73,827,658	12,280,807	\$2,483,827,375	\$69,898,560
Grazing (2.93, 2.82%)	34,738,192	\$1,536,256,854	\$45,012,049	34,153,435	\$1,551,299,184	\$43,462,474
Wild Hay (2.93, 2.82%)	840,571	\$349,833,822	\$10,250,119	1,098,744	\$334,510,482	\$9,432,316
Non-Qualified Ag Land (20.51, 19.74%)	975,861	\$48,004,901	\$9,848,040	1,013,330	\$50,063,875	\$9,883,821
Eligible Mining Claims (2.93, 2.82%)	25,386	\$666,323	\$19,513	12,776	\$675,721	\$19,037
Class 3 Subtotal	50,407,303	\$5,209,288,878	\$161,073,306	50,213,910	\$5,160,919,132	\$153,566,272
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$31,809,046,878	\$929,236,680		\$33,776,625,041	\$949,547,028
Residential Low Income (varies)		\$480,055,001	\$4,972,418		\$567,845,129	\$5,725,396
Mobile Homes (2.93, 2.82%)		\$531,613,783	\$15,566,772		\$523,975,629	\$14,771,279
Mobile Homes Low Income (varies)		\$26,721,335	\$251,040		\$25,874,880	\$242,591
Commercial (2.93, 2.82%)		\$13,272,909,961	\$388,894,502		\$13,986,281,392	\$394,412,238
Industrial (2.93, 2.82%)		\$122,798,050	\$3,597,943		\$143,285,987	\$4,040,676
New Manufacturing (varies)		\$846,378,227	\$23,241,970		\$876,117,637	\$23,028,738
Qualified Golf Courses (1.47, 1.41%)		\$142,511,426	\$2,094,906		\$159,738,503	\$2,252,308
Remodeled Commercial (varies)		\$10,769,005	\$224,792		\$13,370,045	\$251,307
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$47,242,803,666	\$1,368,081,023		\$50,073,114,243	\$1,394,271,561
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$859,156,028	\$25,774,705		\$927,300,947	\$27,819,017
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$379,131,507	\$11,358,444		\$359,769,848	\$10,780,337
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$2,161,407	\$36,766		\$2,095,096	\$34,756
Aluminum Electrolytic Equipment (3%)		\$11,075,898	\$332,277		\$10,645,329	\$319,360
Class 5 Subtotal		\$1,251,524,840	\$37,502,192		\$1,299,811,220	\$38,953,470
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$15,822,139	\$1,265,771		\$16,229,241	\$1,298,339
CLASS 8						
Machinery (3%)		\$3,322,479,824	\$88,987,312		\$3,656,367,935	\$97,499,967
Farm Implements (3%)		\$889,830,869	\$26,694,963		\$944,032,701	\$28,321,025
Furniture and Fixtures (3%)		\$882,718,533	\$26,481,676		\$905,660,444	\$27,169,878
Other Business Equipment		\$727,822,306	\$21,786,817		\$770,560,425	\$23,117,751
Class 8 Subtotal		\$5,822,851,532	\$163,950,768		\$6,276,621,505	\$176,108,621
CLASS 9						
Utilities (12%)		\$2,120,179,756	\$254,253,159		\$2,338,609,169	\$280,477,068
CLASS 10						
Timber Land (0.34%, 0.33%)	3,922,673	\$2,055,369,664	\$6,988,309	4,025,776	\$1,987,606,077	\$6,518,597
CLASS 12						
Railroads (3.45%, 3.40%)		\$1,199,638,540	\$41,387,531		\$1,351,515,030	\$44,947,298
Airlines (3.45%, 3.40%)		\$159,799,319	\$5,513,082		\$173,079,436	\$5,884,697
Class 12 Subtotal		\$1,359,437,859	\$46,900,613		\$1,524,594,466	\$50,831,995
CLASS 13						
Electrical Generation Property (6%)		\$1,730,321,006	\$103,819,259		\$1,783,761,840	\$107,025,710
Telecommunication Property (6%)		\$834,635,038	\$50,078,112		\$1,108,588,966	\$66,515,352
Elect Gen/Tele Real Prop New & Exp		\$13,892,400	\$416,772		\$14,813,900	\$461,862
Class 13 Subtotal		\$2,578,848,444	\$154,314,143		\$2,907,164,706	\$174,002,924
CLASS 14						
Wind Generation (3%)		\$17,078,931	\$512,368		\$0	\$0
Wind Generation New&Exp (varies)		\$417,859,706	\$6,267,896		\$596,308,238	\$8,944,624
Class 14 Subtotal		\$434,938,637	\$6,780,264		\$596,308,238	\$8,944,624
<b>Total</b>		<b>\$69,038,437,522</b>	<b>\$2,228,948,581</b>		<b>\$72,793,859,174</b>	<b>\$2,303,953,724</b>

# Beaverhead County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	125,536	\$50,244,050	\$1,472,148	119,784	\$50,345,317	\$1,418,429
Tillable Non-Irrigated (2.93, 2.82%)	9,015	\$495,217	\$14,511	268	\$46,295	\$1,286
Grazing (2.93, 2.82%)	884,615	\$44,268,232	\$1,297,096	927,813	\$45,265,017	\$1,270,209
Wild Hay (2.93, 2.82%)	23,832	\$353,784	\$10,365	1,479	\$388,723	\$10,961
Non-Qualified Ag Land (20.51, 19.74%)	17,038	\$881,177	\$180,754	18,281	\$913,147	\$180,264
Eligible Mining Claims (2.93, 2.82%)	1,812	\$17,694	\$515	769	\$32,917	\$932
Class 3 Subtotal	1,061,848	\$96,260,154	\$2,975,389	1,068,394	\$96,991,416	\$2,882,081
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$209,514,572	\$6,112,273		\$221,533,931	\$6,213,075
Residential Low Income (varies)		\$3,930,968	\$41,361		\$6,270,444	\$69,080
Mobile Homes (2.93, 2.82%)		\$7,943,974	\$232,756		\$7,643,735	\$215,546
Mobile Homes Low Income (varies)		\$346,403	\$3,237		\$326,948	\$3,447
Commercial (2.93, 2.82%)		\$137,307,807	\$4,023,122		\$141,914,257	\$4,001,947
Industrial (2.93, 2.82%)		\$352,367	\$10,324		\$398,169	\$11,228
New Manufacturing (varies)		\$6,111,187	\$172,398		\$6,166,256	\$167,345
Qualified Golf Courses (1.47, 1.41%)		\$630,934	\$9,275		\$675,959	\$9,531
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$366,138,212	\$10,604,746		\$384,929,699	\$10,691,199
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$17,870,875	\$536,127		\$20,116,736	\$603,500
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$100,140	\$3,004		\$103,028	\$3,091
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$17,971,015	\$539,131		\$20,219,764	\$606,591
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$29,685,549	\$890,570		\$30,121,845	\$903,656
Farm Implements (3%)		\$15,308,510	\$459,249		\$15,472,797	\$464,175
Furniture and Fixtures (3%)		\$5,868,861	\$176,068		\$5,608,403	\$168,258
Other Business Equipment		\$1,663,004	\$49,894		\$1,314,311	\$39,437
Class 8 Subtotal		\$52,525,924	\$1,575,781		\$52,517,356	\$1,575,526
CLASS 9						
Utilities (12%)		\$12,638,843	\$1,516,659		\$13,192,344	\$1,583,081
CLASS 10						
Timber Land (0.34%, 0.33%)	25,847	\$11,869,073	\$40,350	31,259	\$9,846,720	\$32,497
CLASS 12						
Railroads (3.45%, 3.40%)		\$6,985,932	\$241,014		\$7,863,260	\$267,351
Airlines (3.45%, 3.40%)		\$1,033	\$36		\$1,035	\$35
Class 12 Subtotal		\$6,986,965	\$241,050		\$7,864,295	\$267,386
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$6,892,212	\$413,533		\$9,260,779	\$555,646
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$6,892,212	\$413,533		\$9,260,779	\$555,646
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$571,282,398</b>	<b>\$17,906,639</b>		<b>\$594,822,373</b>	<b>\$18,194,007</b>

# Big Horn County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	44,562	\$22,127,046	\$648,309	48,139	\$21,904,105	\$617,432
Tillable Non-Irrigated (2.93, 2.82%)	142,809	\$26,888,211	\$787,834	166,227	\$26,769,836	\$754,598
Grazing (2.93, 2.82%)	1,358,809	\$57,635,312	\$1,688,679	1,373,206	\$61,591,357	\$1,749,538
Wild Hay (2.93, 2.82%)	23,334	\$10,932,686	\$320,342	36,463	\$10,628,899	\$299,707
Non-Qualified Ag Land (20.51, 19.74%)	8,445	\$408,689	\$83,832	8,985	\$435,071	\$85,881
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,577,959	\$117,991,944	\$3,528,996	1,633,019	\$121,329,268	\$3,507,156
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$66,438,835	\$1,935,866		\$69,394,970	\$1,946,849
Residential Low Income (varies)		\$1,501,726	\$12,108		\$1,351,690	\$9,829
Mobile Homes (2.93, 2.82%)		\$6,788,221	\$198,888		\$6,519,109	\$183,844
Mobile Homes Low Income (varies)		\$92,934	\$1,225		\$60,022	\$624
Commercial (2.93, 2.82%)		\$58,466,445	\$1,713,063		\$61,087,353	\$1,722,666
Industrial (2.93, 2.82%)		\$3,948,027	\$115,673		\$4,326,098	\$121,996
New Manufacturing (varies)		\$69,822,979	\$2,045,814		\$76,321,909	\$2,152,278
Qualified Golf Courses (1.47, 1.41%)		\$458,640	\$6,742		\$449,553	\$6,339
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$207,517,807	\$6,029,379		\$219,510,704	\$6,144,425
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$23,342,170	\$700,268		\$26,062,611	\$781,876
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$3,311,228	\$99,337		\$3,320,398	\$99,613
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$26,653,398	\$799,605		\$29,383,009	\$881,489
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$131,330,778	\$3,939,937		\$139,666,978	\$4,190,020
Farm Implements (3%)		\$21,919,706	\$657,598		\$21,896,443	\$656,892
Furniture and Fixtures (3%)		\$3,694,389	\$110,837		\$3,645,490	\$109,367
Other Business Equipment		\$49,112,042	\$1,473,369		\$47,088,252	\$1,412,661
Class 8 Subtotal		\$206,056,915	\$6,181,741		\$212,297,163	\$6,368,940
CLASS 9						
Utilities (12%)		\$46,338,356	\$5,560,605		\$50,098,940	\$6,011,872
CLASS 10						
Timber Land (0.34%, 0.33%)	76,618	\$4,635,210	\$15,755	30,376	\$4,705,994	\$15,524
CLASS 12						
Railroads (3.45%, 3.40%)		\$31,899,267	\$1,100,525		\$33,886,949	\$1,152,156
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$31,899,267	\$1,100,525		\$33,886,949	\$1,152,156
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$6,925,732	\$415,543		\$8,296,651	\$497,802
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$6,925,732	\$415,543		\$8,296,651	\$497,802
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$648,018,629</b>	<b>\$23,632,149</b>		<b>\$679,508,678</b>	<b>\$24,579,364</b>

# Blaine County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	51,414	\$27,068,599	\$793,112	52,767	\$27,160,516	\$765,744
Tillable Non-Irrigated (2.93, 2.82%)	356,675	\$106,224,791	\$3,112,399	467,402	\$104,896,230	\$2,950,682
Grazing (2.93, 2.82%)	1,115,231	\$46,052,474	\$1,349,348	995,272	\$48,517,067	\$1,372,041
Wild Hay (2.93, 2.82%)	23,253	\$10,387,941	\$304,361	27,534	\$10,440,631	\$294,423
Non-Qualified Ag Land (20.51, 19.74%)	3,654	\$245,354	\$50,321	4,445	\$211,819	\$41,811
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,550,227	\$189,979,159	\$5,609,541	1,547,420	\$191,226,263	\$5,424,701
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$36,678,869	\$1,067,998		\$36,371,656	\$1,018,877
Residential Low Income (varies)		\$1,284,303	\$12,486		\$1,222,205	\$16,104
Mobile Homes (2.93, 2.82%)		\$3,106,705	\$91,014		\$3,115,598	\$87,853
Mobile Homes Low Income (varies)		\$81,536	\$960		\$80,092	\$707
Commercial (2.93, 2.82%)		\$48,395,758	\$1,418,014		\$49,606,338	\$1,398,900
Industrial (2.93, 2.82%)		\$41,362	\$1,211		\$46,778	\$1,320
New Manufacturing (varies)		\$3,348,640	\$83,910		\$3,300,337	\$85,747
Qualified Golf Courses (1.47, 1.41%)		\$541,414	\$7,959		\$560,089	\$7,897
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$93,478,587	\$2,683,552		\$94,303,093	\$2,617,405
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$11,000,888	\$330,024		\$11,994,562	\$359,834
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$11,000,888	\$330,024		\$11,994,562	\$359,834
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$13,249,346	\$397,484		\$12,117,482	\$363,522
Farm Implements (3%)		\$25,487,232	\$764,619		\$27,198,620	\$815,961
Furniture and Fixtures (3%)		\$1,565,937	\$46,979		\$1,655,031	\$49,646
Other Business Equipment		\$8,456,827	\$253,688		\$5,889,245	\$176,694
Class 8 Subtotal		\$48,759,342	\$1,462,770		\$46,860,378	\$1,405,823
CLASS 9						
Utilities (12%)		\$24,767,102	\$2,972,051		\$19,621,728	\$2,354,608
CLASS 10						
Timber Land (0.34%, 0.33%)	3,006	\$1,667,079	\$5,666	8,797	\$1,770,252	\$5,844
CLASS 12						
Railroads (3.45%, 3.40%)		\$19,207,509	\$662,658		\$20,448,776	\$695,257
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$19,207,509	\$662,658		\$20,448,776	\$695,257
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$3,556,190	\$213,372		\$4,199,109	\$251,948
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$3,556,190	\$213,372		\$4,199,109	\$251,948
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$392,415,856</b>	<b>\$13,939,634</b>		<b>\$390,424,161</b>	<b>\$13,115,420</b>

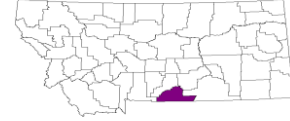
# Broadwater County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$231,548	\$231,548		\$202,227	\$202,227
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	44,845	\$16,730,892	\$490,216	40,440	\$16,773,221	\$472,849
Tillable Non-Irrigated (2.93, 2.82%)	62,797	\$11,421,935	\$334,651	52,051	\$11,380,147	\$320,909
Grazing (2.93, 2.82%)	302,193	\$13,324,792	\$390,405	285,752	\$12,236,226	\$336,965
Wild Hay (2.93, 2.82%)	6,872	\$1,619,415	\$47,447	4,814	\$1,622,201	\$45,745
Non-Qualified Ag Land (20.51, 19.74%)	15,876	\$1,053,182	\$216,044	16,187	\$819,785	\$161,852
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	24	\$1,336	\$38
Class 3 Subtotal	432,583	\$44,150,216	\$1,478,763	399,268	\$42,832,916	\$1,338,358
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$138,239,322	\$4,010,338		\$158,207,054	\$4,418,073
Residential Low Income (varies)		\$2,735,797	\$29,596		\$3,121,566	\$29,694
Mobile Homes (2.93, 2.82%)		\$5,601,707	\$164,136		\$5,393,156	\$152,096
Mobile Homes Low Income (varies)		\$214,885	\$1,865		\$286,427	\$2,479
Commercial (2.93, 2.82%)		\$41,504,391	\$1,216,055		\$43,812,797	\$1,235,515
Industrial (2.93, 2.82%)		\$783,155	\$22,948		\$731,912	\$20,639
New Manufacturing (varies)		\$3,799,304	\$111,320		\$4,897,861	\$125,043
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$520	\$0		\$537	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$192,879,081	\$5,556,258		\$216,451,310	\$5,983,539
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$2,969,578	\$89,088		\$3,203,982	\$96,118
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$303,579	\$9,107		\$406,234	\$12,187
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$3,273,157	\$98,195		\$3,610,216	\$108,305
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$14,893,008	\$446,793		\$14,612,619	\$428,709
Farm Implements (3%)		\$10,793,185	\$323,797		\$9,672,265	\$290,167
Furniture and Fixtures (3%)		\$1,529,501	\$45,884		\$1,565,148	\$46,956
Other Business Equipment		\$1,520,298	\$45,619		\$2,235,266	\$67,061
Class 8 Subtotal		\$28,735,992	\$862,093		\$28,085,298	\$832,893
CLASS 9						
Utilities (12%)		\$24,556,310	\$2,946,756		\$25,371,937	\$3,044,631
CLASS 10						
Timber Land (0.34%, 0.33%)	32,474	\$13,355,695	\$45,413	53,367	\$13,349,826	\$44,046
CLASS 12						
Railroads (3.45%, 3.40%)		\$14,343,935	\$494,865		\$19,007,621	\$646,260
Airlines (3.45%, 3.40%)		\$1,033	\$36		\$1,035	\$35
Class 12 Subtotal		\$14,344,968	\$494,901		\$19,008,656	\$646,295
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$4,926,776	\$295,607		\$5,959,531	\$357,572
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$4,926,776	\$295,607		\$5,959,531	\$357,572
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$326,453,743</b>	<b>\$12,009,534</b>		<b>\$354,871,917</b>	<b>\$12,557,866</b>



# Carbon County



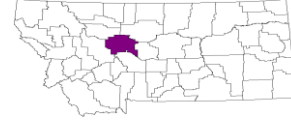
	2009			2010		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$322,243	\$322,243		\$454,302	\$454,302
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	67,971	\$32,720,892	\$958,712	74,474	\$31,913,277	\$899,842
Tillable Non-Irrigated (2.93, 2.82%)	38,119	\$6,651,154	\$194,892	38,089	\$6,581,993	\$185,604
Grazing (2.93, 2.82%)	514,419	\$23,111,494	\$677,150	509,695	\$23,160,632	\$646,327
Wild Hay (2.93, 2.82%)	13,167	\$5,115,485	\$149,893	13,114	\$4,610,539	\$130,021
Non-Qualified Ag Land (20.51, 19.74%)	28,787	\$1,458,078	\$299,093	29,917	\$1,498,098	\$295,800
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	662,463	\$69,057,103	\$2,279,740	665,289	\$67,764,539	\$2,157,594
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$463,244,905	\$13,534,347		\$499,047,364	\$14,034,720
Residential Low Income (varies)		\$8,572,876	\$89,382		\$9,694,822	\$90,573
Mobile Homes (2.93, 2.82%)		\$6,155,457	\$180,343		\$6,385,788	\$180,066
Mobile Homes Low Income (varies)		\$258,067	\$2,600		\$277,708	\$2,255
Commercial (2.93, 2.82%)		\$139,870,700	\$4,098,197		\$146,972,920	\$4,144,621
Industrial (2.93, 2.82%)		\$834,541	\$24,452		\$1,029,730	\$29,039
New Manufacturing (varies)		\$1,492,181	\$43,721		\$8,622,329	\$144,545
Qualified Golf Courses (1.47, 1.41%)		\$1,402,815	\$20,619		\$1,519,587	\$21,425
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$621,831,542	\$17,993,661		\$673,550,248	\$18,647,244
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$9,701,216	\$291,038		\$10,921,495	\$327,645
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$9,701,216	\$291,038		\$10,921,495	\$327,645
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$18,822,071	\$564,671		\$25,992,343	\$773,282
Farm Implements (3%)		\$12,487,041	\$374,620		\$13,719,234	\$411,573
Furniture and Fixtures (3%)		\$2,956,894	\$88,712		\$3,328,578	\$99,859
Other Business Equipment		\$3,593,777	\$107,823		\$3,999,961	\$120,005
Class 8 Subtotal		\$37,859,783	\$1,135,826		\$47,040,116	\$1,404,719
CLASS 9						
Utilities (12%)		\$70,937,054	\$8,512,448		\$80,648,309	\$9,677,796
CLASS 10						
Timber Land (0.34%, 0.33%)	11,407	\$1,287,978	\$4,380	7,004	\$1,303,132	\$4,295
CLASS 12						
Railroads (3.45%, 3.40%)		\$16,689,088	\$575,774		\$17,787,894	\$604,789
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$16,689,088	\$575,774		\$17,787,894	\$604,789
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$8,558,947	\$513,536		\$9,762,075	\$585,722
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$8,558,947	\$513,536		\$9,762,075	\$585,722
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$836,244,954</b>	<b>\$31,628,646</b>		<b>\$909,232,110</b>	<b>\$33,864,106</b>

# Carter County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	0	\$82,592	\$2,420	125	\$82,592	\$2,330
Tillable Non-Irrigated (2.93, 2.82%)	97,186	\$18,063,613	\$529,264	107,471	\$17,726,074	\$499,626
Grazing (2.93, 2.82%)	1,227,722	\$45,560,722	\$1,334,897	1,184,163	\$48,623,429	\$1,383,907
Wild Hay (2.93, 2.82%)	42,916	\$22,470,230	\$658,365	87,058	\$22,690,157	\$639,849
Non-Qualified Ag Land (20.51, 19.74%)	2,293	\$108,153	\$22,184	2,246	\$112,465	\$22,200
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,370,117	\$86,285,310	\$2,547,130	1,381,062	\$89,234,717	\$2,547,912
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$5,640,313	\$162,693		\$5,833,099	\$162,118
Residential Low Income (varies)		\$69,747	\$687		\$70,046	\$680
Mobile Homes (2.93, 2.82%)		\$1,720,806	\$50,416		\$1,918,110	\$54,096
Mobile Homes Low Income (varies)		\$8,734	\$57		\$10,382	\$58
Commercial (2.93, 2.82%)		\$14,580,852	\$427,230		\$14,701,040	\$414,564
Industrial (2.93, 2.82%)		\$0	\$0		\$0	\$0
New Manufacturing (varies)		\$0	\$0		\$0	\$0
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$22,020,452	\$641,083		\$22,532,677	\$631,516
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$4,857,658	\$145,729		\$6,018,798	\$180,564
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$4,857,658	\$145,729		\$6,018,798	\$180,564
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$4,143,787	\$124,315		\$3,594,848	\$107,846
Farm Implements (3%)		\$15,486,182	\$464,589		\$16,291,176	\$488,729
Furniture and Fixtures (3%)		\$68,071	\$2,044		\$108,212	\$3,249
Other Business Equipment		\$563,574	\$16,910		\$717,448	\$21,522
Class 8 Subtotal		\$20,261,614	\$607,858		\$20,711,684	\$621,346
CLASS 9						
Utilities (12%)		\$22,835,960	\$2,740,315		\$37,512,388	\$4,501,486
CLASS 10						
Timber Land (0.34%, 0.33%)	21,601	\$1,853,957	\$6,307	10,579	\$1,884,453	\$6,215
CLASS 12						
Railroads (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$0	\$0		\$0	\$0
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$443,397	\$26,605		\$437,452	\$26,246
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$443,397	\$26,605		\$437,452	\$26,246
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$158,558,348</b>	<b>\$6,715,027</b>		<b>\$178,332,169</b>	<b>\$8,515,285</b>

# Cascade County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	42,916	\$17,171,696	\$503,136	41,772	\$17,658,457	\$497,679
Tillable Non-Irrigated (2.93, 2.82%)	349,679	\$72,053,429	\$2,111,159	343,586	\$71,535,333	\$2,015,560
Grazing (2.93, 2.82%)	806,427	\$46,616,772	\$1,365,871	785,787	\$46,904,232	\$1,313,825
Wild Hay (2.93, 2.82%)	57,593	\$21,235,558	\$622,194	57,628	\$21,179,005	\$597,204
Non-Qualified Ag Land (20.51, 19.74%)	42,101	\$2,098,116	\$430,420	43,037	\$2,152,528	\$424,949
Eligible Mining Claims (2.93, 2.82%)	368	\$13,459	\$396	310	\$20,528	\$581
Class 3 Subtotal	1,299,085	\$159,189,030	\$5,033,176	1,272,120	\$159,450,083	\$4,849,798
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$1,863,810,806	\$54,249,856		\$1,916,052,633	\$53,618,357
Residential Low Income (varies)		\$36,418,166	\$388,076		\$39,408,591	\$400,457
Mobile Homes (2.93, 2.82%)		\$26,991,359	\$787,226		\$26,245,079	\$738,796
Mobile Homes Low Income (varies)		\$2,378,493	\$21,220		\$2,276,798	\$19,825
Commercial (2.93, 2.82%)		\$935,766,856	\$27,417,933		\$990,947,438	\$27,944,708
Industrial (2.93, 2.82%)		\$13,541,887	\$396,781		\$13,602,840	\$383,603
New Manufacturing (varies)		\$56,638,510	\$1,655,088		\$60,007,652	\$1,659,260
Qualified Golf Courses (1.47, 1.41%)		\$5,219,152	\$76,720		\$5,876,687	\$82,860
Remodeled Commercial (varies)		\$2,693,392	\$29,133		\$4,576,476	\$53,732
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$2,943,458,621	\$85,022,033		\$3,058,994,194	\$84,901,598
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$9,508,013	\$285,240		\$9,049,479	\$271,482
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$3,187,857	\$95,636		\$3,244,764	\$97,343
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$12,695,870	\$380,876		\$12,294,243	\$368,825
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$15,704,997	\$1,256,400		\$16,076,193	\$1,286,095
CLASS 8						
Machinery (3%)		\$119,501,643	\$3,584,200		\$125,657,037	\$3,730,673
Farm Implements (3%)		\$16,902,402	\$507,070		\$19,251,534	\$577,553
Furniture and Fixtures (3%)		\$86,652,049	\$2,599,555		\$91,530,382	\$2,745,918
Other Business Equipment		\$16,897,848	\$465,013		\$20,033,214	\$601,068
Class 8 Subtotal		\$239,953,942	\$7,155,838		\$256,472,167	\$7,655,212
CLASS 9						
Utilities (12%)		\$75,849,227	\$9,101,908		\$85,690,446	\$10,282,851
CLASS 10						
Timber Land (0.34%, 0.33%)	46,047	\$19,720,632	\$67,037	71,873	\$19,808,206	\$65,364
CLASS 12						
Railroads (3.45%, 3.40%)		\$48,866,386	\$1,685,891		\$50,858,511	\$1,729,189
Airlines (3.45%, 3.40%)		\$23,729,400	\$818,664		\$28,910,875	\$982,970
Class 12 Subtotal		\$72,595,786	\$2,504,555		\$79,769,386	\$2,712,159
CLASS 13						
Electrical Generation Property (6%)		\$181,683,576	\$10,901,015		\$193,326,078	\$11,599,564
Telecommunication Property (6%)		\$57,558,277	\$3,453,496		\$72,760,032	\$4,365,600
Elect Gen/Tele Real Prop New & Exp		\$10,899,000	\$326,970		\$11,906,300	\$357,189
Class 13 Subtotal		\$250,140,853	\$14,681,481		\$277,992,410	\$16,322,353
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$3,789,308,958</b>	<b>\$125,203,304</b>		<b>\$3,966,547,328</b>	<b>\$128,444,255</b>

# Chouteau County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	8,743	\$4,355,077	\$127,607	10,208	\$4,415,557	\$124,520
Tillable Non-Irrigated (2.93, 2.82%)	1,097,519	\$237,033,396	\$6,945,067	1,198,533	\$237,429,347	\$6,695,742
Grazing (2.93, 2.82%)	914,615	\$39,937,023	\$1,170,142	802,859	\$40,547,546	\$1,139,375
Wild Hay (2.93, 2.82%)	21,597	\$10,955,805	\$321,007	24,799	\$10,898,392	\$307,341
Non-Qualified Ag Land (20.51, 19.74%)	4,118	\$206,617	\$42,388	4,339	\$217,505	\$42,941
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	2,046,592	\$292,487,918	\$8,606,211	2,040,737	\$293,508,347	\$8,309,919
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$52,852,206	\$1,536,462		\$53,504,882	\$1,494,676
Residential Low Income (varies)		\$1,852,642	\$19,372		\$1,832,986	\$25,073
Mobile Homes (2.93, 2.82%)		\$1,653,697	\$48,455		\$1,751,757	\$49,401
Mobile Homes Low Income (varies)		\$67,414	\$506		\$68,440	\$992
Commercial (2.93, 2.82%)		\$72,759,811	\$2,131,880		\$74,380,310	\$2,097,529
Industrial (2.93, 2.82%)		\$317,708	\$9,310		\$348,886	\$9,838
New Manufacturing (varies)		\$8,768,207	\$211,216		\$9,119,672	\$208,992
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$138,271,685	\$3,957,201		\$141,006,933	\$3,886,501
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$12,586,759	\$377,603		\$19,084,231	\$572,528
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$12,586,759	\$377,603		\$19,084,231	\$572,528
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$3,416,795	\$95,997		\$3,203,958	\$89,727
Farm Implements (3%)		\$51,482,008	\$1,544,464		\$54,315,583	\$1,629,469
Furniture and Fixtures (3%)		\$1,517,014	\$45,519		\$1,428,489	\$42,867
Other Business Equipment		\$2,751,877	\$82,546		\$2,421,266	\$72,641
Class 8 Subtotal		\$59,167,694	\$1,768,526		\$61,369,296	\$1,834,704
CLASS 9						
Utilities (12%)		\$40,723,240	\$4,886,792		\$43,585,041	\$5,230,203
CLASS 10						
Timber Land (0.34%, 0.33%)	13,810	\$7,799,654	\$26,512	20,270	\$7,781,061	\$25,657
CLASS 12						
Railroads (3.45%, 3.40%)		\$12,195,142	\$420,733		\$13,011,495	\$442,391
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$12,195,142	\$420,733		\$13,011,495	\$442,391
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$8,316,141	\$498,967		\$11,857,086	\$711,428
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$8,316,141	\$498,967		\$11,857,086	\$711,428
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$571,548,233</b>	<b>\$20,542,545</b>		<b>\$591,203,490</b>	<b>\$21,013,331</b>

# Custer County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	24,845	\$16,793,017	\$492,037	30,528	\$15,877,467	\$447,716
Tillable Non-Irrigated (2.93, 2.82%)	66,728	\$14,930,375	\$437,467	81,806	\$14,289,233	\$402,958
Grazing (2.93, 2.82%)	1,670,668	\$74,515,050	\$2,183,252	1,643,257	\$71,214,709	\$1,964,099
Wild Hay (2.93, 2.82%)	21,148	\$5,337,142	\$156,388	33,426	\$5,470,530	\$154,277
Non-Qualified Ag Land (20.51, 19.74%)	20,291	\$989,618	\$203,005	20,735	\$1,038,372	\$204,976
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,803,680	\$112,565,202	\$3,472,149	1,809,752	\$107,890,311	\$3,174,026
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$169,569,739	\$4,942,959		\$174,418,428	\$4,891,881
Residential Low Income (varies)		\$3,197,782	\$28,291		\$3,595,191	\$34,649
Mobile Homes (2.93, 2.82%)		\$6,257,317	\$183,350		\$6,027,973	\$169,988
Mobile Homes Low Income (varies)		\$347,568	\$3,111		\$299,989	\$2,606
Commercial (2.93, 2.82%)		\$89,938,057	\$2,635,191		\$95,727,378	\$2,699,505
Industrial (2.93, 2.82%)		\$723,257	\$21,192		\$843,577	\$23,791
New Manufacturing (varies)		\$6,922,815	\$202,838		\$7,136,953	\$201,261
Qualified Golf Courses (1.47, 1.41%)		\$833,886	\$12,258		\$837,252	\$11,805
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$277,790,421	\$8,029,190		\$288,886,741	\$8,035,486
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$10,988,253	\$329,648		\$11,437,811	\$343,133
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$10,988,253	\$329,648		\$11,437,811	\$343,133
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$9,448,384	\$283,457		\$7,926,345	\$237,794
Farm Implements (3%)		\$11,649,450	\$349,479		\$12,325,590	\$369,764
Furniture and Fixtures (3%)		\$10,239,566	\$307,188		\$9,513,308	\$285,399
Other Business Equipment		\$1,459,499	\$43,792		\$1,436,982	\$43,121
Class 8 Subtotal		\$32,796,899	\$983,916		\$31,202,225	\$936,078
CLASS 9						
Utilities (12%)		\$12,613,610	\$1,513,632		\$13,481,871	\$1,617,826
CLASS 10						
Timber Land (0.34%, 0.33%)	37,560	\$5,518,965	\$18,769	31,725	\$5,520,823	\$18,228
CLASS 12						
Railroads (3.45%, 3.40%)		\$17,691,630	\$610,360		\$18,789,920	\$638,858
Airlines (3.45%, 3.40%)		\$76,494	\$2,639		\$426,176	\$14,490
Class 12 Subtotal		\$17,768,124	\$612,999		\$19,216,096	\$653,348
CLASS 13						
Electrical Generation Property (6%)		\$1,243,924	\$74,636		\$1,281,380	\$76,883
Telecommunication Property (6%)		\$7,402,788	\$444,165		\$7,478,631	\$448,718
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$8,646,712	\$518,801		\$8,760,011	\$525,601
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$478,688,186</b>	<b>\$15,479,104</b>		<b>\$486,395,889</b>	<b>\$15,303,726</b>

# Daniels County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	862	\$250,329	\$7,334	679	\$278,959	\$7,865
Tillable Non-Irrigated (2.93, 2.82%)	440,700	\$88,395,545	\$2,590,002	436,985	\$86,636,543	\$2,432,980
Grazing (2.93, 2.82%)	203,900	\$8,419,826	\$246,697	206,339	\$9,056,053	\$256,084
Wild Hay (2.93, 2.82%)	3,895	\$2,729,767	\$79,984	5,939	\$2,156,805	\$60,826
Non-Qualified Ag Land (20.51, 19.74%)	2,150	\$101,709	\$20,861	2,035	\$103,272	\$20,390
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	651,507	\$99,897,176	\$2,944,878	651,977	\$98,231,632	\$2,778,145
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$19,102,779	\$557,407		\$19,383,580	\$544,776
Residential Low Income (varies)		\$416,475	\$4,298		\$154,986	\$1,487
Mobile Homes (2.93, 2.82%)		\$408,455	\$11,969		\$439,455	\$12,395
Mobile Homes Low Income (varies)		\$0	\$0		\$0	\$0
Commercial (2.93, 2.82%)		\$21,396,108	\$626,932		\$21,429,489	\$604,318
Industrial (2.93, 2.82%)		\$45,848	\$1,345		\$45,719	\$1,288
New Manufacturing (varies)		\$1,517,564	\$44,465		\$1,461,811	\$41,223
Qualified Golf Courses (1.47, 1.41%)		\$82,833	\$1,218		\$84,297	\$1,189
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$42,970,062	\$1,247,634		\$42,999,337	\$1,206,676
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$6,351,002	\$190,528		\$7,572,730	\$227,181
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$6,351,002	\$190,528		\$7,572,730	\$227,181
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$1,031,022	\$30,934		\$1,140,933	\$34,229
Farm Implements (3%)		\$19,396,037	\$581,878		\$22,371,274	\$671,133
Furniture and Fixtures (3%)		\$681,752	\$20,450		\$617,610	\$18,527
Other Business Equipment		\$1,606,911	\$48,221		\$691,176	\$20,742
Class 8 Subtotal		\$22,715,722	\$681,483		\$24,820,993	\$744,631
CLASS 9						
Utilities (12%)		\$718,874	\$86,266		\$748,486	\$89,820
CLASS 10						
Timber Land (0.34%, 0.33%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.40%)		\$1,048,981	\$36,189		\$2,160,575	\$73,461
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$1,048,981	\$36,189		\$2,160,575	\$73,461
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$7,945,340	\$476,721		\$8,031,774	\$481,907
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$7,945,340	\$476,721		\$8,031,774	\$481,907
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$181,647,157</b>	<b>\$5,663,699</b>		<b>\$184,565,527</b>	<b>\$5,601,821</b>

# Dawson County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	18,787	\$9,420,810	\$276,033	19,660	\$9,345,812	\$263,540
Tillable Non-Irrigated (2.93, 2.82%)	411,898	\$85,634,710	\$2,509,095	386,402	\$85,396,001	\$2,407,698
Grazing (2.93, 2.82%)	895,212	\$37,539,570	\$1,099,885	909,169	\$39,264,778	\$1,107,820
Wild Hay (2.93, 2.82%)	704	\$4,002,966	\$117,291	11,309	\$3,116,514	\$87,888
Non-Qualified Ag Land (20.51, 19.74%)	5,637	\$277,749	\$56,975	5,732	\$287,083	\$56,671
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,332,239	\$136,875,805	\$4,059,279	1,332,273	\$137,410,188	\$3,923,617
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$106,074,555	\$3,102,802		\$112,015,362	\$3,153,575
Residential Low Income (varies)		\$1,906,557	\$20,532		\$1,595,567	\$15,942
Mobile Homes (2.93, 2.82%)		\$3,537,782	\$102,505		\$3,516,206	\$99,158
Mobile Homes Low Income (varies)		\$56,477	\$552		\$33,283	\$224
Commercial (2.93, 2.82%)		\$48,558,735	\$1,422,773		\$50,357,181	\$1,420,075
Industrial (2.93, 2.82%)		\$266,239	\$7,800		\$277,967	\$7,837
New Manufacturing (varies)		\$8,510,275	\$249,351		\$9,096,087	\$256,510
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$495,770	\$3,880
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$168,910,620	\$4,906,315		\$177,387,423	\$4,957,201
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$14,508,087	\$435,244		\$14,233,226	\$426,998
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$14,508,087	\$435,244		\$14,233,226	\$426,998
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$5,787,225	\$173,627		\$6,313,748	\$189,411
Farm Implements (3%)		\$21,634,979	\$649,048		\$22,960,684	\$688,820
Furniture and Fixtures (3%)		\$4,374,948	\$131,251		\$4,765,545	\$142,973
Other Business Equipment		\$7,633,539	\$229,007		\$8,980,240	\$269,418
Class 8 Subtotal		\$39,430,691	\$1,182,933		\$43,020,217	\$1,290,622
CLASS 9						
Utilities (12%)		\$30,759,647	\$3,522,731		\$36,068,632	\$4,172,228
CLASS 10						
Timber Land (0.34%, 0.33%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.40%)		\$37,735,358	\$1,301,871		\$41,367,613	\$1,406,500
Airlines (3.45%, 3.40%)		\$1,033	\$36		\$303,600	\$10,322
Class 12 Subtotal		\$37,736,391	\$1,301,907		\$41,671,213	\$1,416,822
CLASS 13						
Electrical Generation Property (6%)		\$10,069,723	\$604,183		\$10,980,511	\$658,830
Telecommunication Property (6%)		\$6,825,823	\$409,550		\$6,851,829	\$411,110
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$16,895,546	\$1,013,733		\$17,832,340	\$1,069,940
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$445,116,787</b>	<b>\$16,422,142</b>		<b>\$467,623,239</b>	<b>\$17,257,428</b>

# Deer Lodge County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	8,265	\$4,524,559	\$132,571	10,050	\$4,290,667	\$120,998
Tillable Non-Irrigated (2.93, 2.82%)	33	\$0	\$0	0	\$0	\$0
Grazing (2.93, 2.82%)	139,459	\$6,195,638	\$181,520	140,230	\$6,392,773	\$177,758
Wild Hay (2.93, 2.82%)	5,252	\$484,002	\$14,179	1,467	\$478,190	\$13,432
Non-Qualified Ag Land (20.51, 19.74%)	24,143	\$1,188,712	\$243,832	24,504	\$1,227,297	\$242,289
Eligible Mining Claims (2.93, 2.82%)	616	\$4,540	\$134	310	\$8,084	\$226
Class 3 Subtotal	177,767	\$12,397,451	\$572,236	176,560	\$12,397,011	\$554,703
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$193,183,128	\$5,637,703		\$201,265,841	\$5,651,947
Residential Low Income (varies)		\$5,555,625	\$78,900		\$6,257,264	\$58,335
Mobile Homes (2.93, 2.82%)		\$2,391,063	\$70,064		\$2,367,286	\$66,750
Mobile Homes Low Income (varies)		\$106,454	\$1,259		\$107,045	\$1,014
Commercial (2.93, 2.82%)		\$46,815,358	\$1,371,679		\$49,613,955	\$1,399,121
Industrial (2.93, 2.82%)		\$17,367	\$509		\$22,675	\$639
New Manufacturing (varies)		\$685,497	\$20,085		\$733,007	\$20,671
Qualified Golf Courses (1.47, 1.41%)		\$781,220	\$11,484		\$666,533	\$9,398
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$249,535,712	\$7,191,683		\$261,033,606	\$7,207,875
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$681,217	\$20,436		\$731,267	\$21,938
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$2,973,728	\$89,212		\$10,012,666	\$300,380
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$3,654,945	\$109,648		\$10,743,933	\$322,318
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$11,292,705	\$338,783		\$8,974,932	\$269,253
Farm Implements (3%)		\$762,451	\$22,873		\$802,036	\$24,058
Furniture and Fixtures (3%)		\$3,614,025	\$108,421		\$4,405,960	\$132,187
Other Business Equipment		\$451,862	\$13,558		\$711,607	\$21,352
Class 8 Subtotal		\$16,121,043	\$483,635		\$14,894,535	\$446,850
CLASS 9						
Utilities (12%)		\$22,785,231	\$2,734,228		\$24,786,347	\$2,974,362
CLASS 10						
Timber Land (0.34%, 0.33%)	53,308	\$13,127,478	\$44,627	54,081	\$15,236,440	\$50,503
CLASS 12						
Railroads (3.45%, 3.40%)		\$5,601,064	\$193,238		\$5,614,358	\$190,887
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$5,601,064	\$193,238		\$5,614,358	\$190,887
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$39,469,739	\$2,368,184
Telecommunication Property (6%)		\$6,497,306	\$389,839		\$8,490,822	\$509,451
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$6,497,306	\$389,839		\$47,960,561	\$2,877,635
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$329,720,230</b>	<b>\$11,719,134</b>		<b>\$392,666,791</b>	<b>\$14,625,133</b>



# Fallon County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Tillable Non-Irrigated (2.93, 2.82%)	152,488	\$30,803,793	\$902,546	147,275	\$29,423,594	\$829,698
Grazing (2.93, 2.82%)	654,134	\$27,941,064	\$818,664	630,715	\$27,906,700	\$778,168
Wild Hay (2.93, 2.82%)	26,385	\$13,734,437	\$402,402	55,743	\$14,488,797	\$408,585
Non-Qualified Ag Land (20.51, 19.74%)	3,894	\$178,459	\$36,607	3,799	\$190,231	\$37,550
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	836,901	\$72,657,753	\$2,160,219	837,532	\$72,009,322	\$2,054,001
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$26,757,690	\$783,552		\$28,013,216	\$789,644
Residential Low Income (varies)		\$289,977	\$4,568		\$316,533	\$3,130
Mobile Homes (2.93, 2.82%)		\$3,147,238	\$92,215		\$3,230,461	\$91,092
Mobile Homes Low Income (varies)		\$42,327	\$797		\$40,038	\$724
Commercial (2.93, 2.82%)		\$24,843,671	\$727,925		\$25,970,285	\$732,384
Industrial (2.93, 2.82%)		\$1,080,695	\$31,612		\$1,205,842	\$34,018
New Manufacturing (varies)		\$2,016,691	\$59,090		\$2,123,165	\$59,874
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$58,178,289	\$1,699,759		\$60,899,540	\$1,710,866
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$6,301,500	\$189,046		\$6,123,693	\$183,711
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$6,301,500	\$189,046		\$6,123,693	\$183,711
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$42,668,364	\$1,280,060		\$52,066,238	\$1,561,990
Farm Implements (3%)		\$14,791,228	\$443,734		\$15,132,429	\$453,976
Furniture and Fixtures (3%)		\$1,544,562	\$46,339		\$4,413,739	\$132,410
Other Business Equipment		\$45,322,768	\$1,359,705		\$52,147,280	\$1,564,451
Class 8 Subtotal		\$104,326,922	\$3,129,838		\$123,759,686	\$3,712,827
CLASS 9						
Utilities (12%)		\$119,647,802	\$14,357,736		\$144,049,684	\$17,285,961
CLASS 10						
Timber Land (0.34%, 0.33%)	600	\$19,696	\$66	122	\$20,008	\$66
CLASS 12						
Railroads (3.45%, 3.40%)		\$12,340,656	\$425,754		\$13,164,655	\$447,598
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$12,340,656	\$425,754		\$13,164,655	\$447,598
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$706,995	\$42,420		\$838,322	\$50,300
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$706,995	\$42,420		\$838,322	\$50,300
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$23,485,980	\$352,290		\$15,206,062	\$228,091
Class 14 Subtotal		\$23,485,980	\$352,290		\$15,206,062	\$228,091
<b>Total</b>		<b>\$397,665,593</b>	<b>\$22,357,128</b>		<b>\$436,070,972</b>	<b>\$25,673,421</b>

# Fergus County



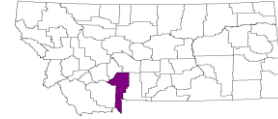
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	8,641	\$7,388,136	\$216,475	11,636	\$6,973,196	\$195,924
Tillable Non-Irrigated (2.93, 2.82%)	417,512	\$75,255,275	\$2,204,955	377,757	\$75,132,318	\$2,117,753
Grazing (2.93, 2.82%)	1,405,308	\$65,991,694	\$1,933,530	1,365,591	\$68,148,451	\$1,917,766
Wild Hay (2.93, 2.82%)	113,712	\$50,441,408	\$1,477,938	156,315	\$49,662,206	\$1,400,345
Non-Qualified Ag Land (20.51, 19.74%)	16,678	\$876,811	\$179,887	18,271	\$912,742	\$180,188
Eligible Mining Claims (2.93, 2.82%)	97	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,961,948	\$199,953,324	\$6,012,785	1,929,570	\$200,828,913	\$5,811,976
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$207,114,157	\$6,028,671		\$218,083,159	\$6,110,451
Residential Low Income (varies)		\$8,182,019	\$83,453		\$8,497,238	\$83,013
Mobile Homes (2.93, 2.82%)		\$10,557,756	\$309,332		\$10,833,791	\$305,512
Mobile Homes Low Income (varies)		\$972,430	\$9,125		\$793,206	\$7,522
Commercial (2.93, 2.82%)		\$133,563,103	\$3,913,409		\$140,120,205	\$3,951,410
Industrial (2.93, 2.82%)		\$370,639	\$10,858		\$434,670	\$12,259
New Manufacturing (varies)		\$7,769,305	\$185,514		\$7,685,048	\$175,602
Qualified Golf Courses (1.47, 1.41%)		\$1,347,291	\$19,804		\$1,482,779	\$20,907
Remodeled Commercial (varies)		\$812,029	\$5,821		\$1,346,605	\$12,552
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$370,688,729	\$10,565,987		\$389,276,701	\$10,679,228
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$18,348,985	\$550,475		\$19,847,777	\$595,432
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$67,173	\$2,015		\$63,320	\$1,900
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$18,416,158	\$552,490		\$19,911,097	\$597,332
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$18,705,516	\$561,168		\$20,863,771	\$625,930
Farm Implements (3%)		\$37,276,686	\$1,118,302		\$39,038,970	\$1,171,178
Furniture and Fixtures (3%)		\$6,229,029	\$186,873		\$6,951,776	\$208,565
Other Business Equipment		\$1,582,358	\$47,492		\$3,859,874	\$115,814
Class 8 Subtotal		\$63,793,589	\$1,913,835		\$70,714,391	\$2,121,487
CLASS 9						
Utilities (12%)		\$42,142,431	\$5,057,091		\$47,060,535	\$5,647,264
CLASS 10						
Timber Land (0.34%, 0.33%)	124,353	\$36,591,294	\$124,385	155,907	\$38,349,870	\$126,488
CLASS 12						
Railroads (3.45%, 3.40%)		\$6,419,773	\$221,482		\$6,762,608	\$229,928
Airlines (3.45%, 3.40%)		\$134,523	\$4,641		\$273,262	\$9,291
Class 12 Subtotal		\$6,554,296	\$226,123		\$7,035,870	\$239,219
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$12,706,630	\$762,398		\$13,052,756	\$783,165
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$12,706,630	\$762,398		\$13,052,756	\$783,165
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$750,846,451</b>	<b>\$25,215,094</b>		<b>\$786,230,133</b>	<b>\$26,006,159</b>

# Flathead County



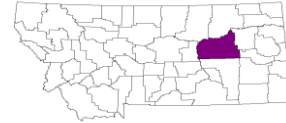
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	19,144	\$9,079,243	\$266,025	20,817	\$8,992,484	\$253,423
Tillable Non-Irrigated (2.93, 2.82%)	32,465	\$11,414,126	\$334,431	16,922	\$11,350,807	\$319,068
Grazing (2.93, 2.82%)	37,184	\$3,057,386	\$89,553	65,467	\$3,073,653	\$86,365
Wild Hay (2.93, 2.82%)	12,516	\$5,499,191	\$161,137	16,140	\$5,561,125	\$156,805
Non-Qualified Ag Land (20.51, 19.74%)	49,191	\$2,539,028	\$520,874	52,862	\$2,644,780	\$522,121
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	150,499	\$31,588,974	\$1,372,020	172,208	\$31,622,849	\$1,337,782
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$5,044,164,359	\$147,520,792		\$5,470,946,019	\$154,019,412
Residential Low Income (varies)		\$51,338,328	\$536,826		\$60,725,529	\$616,902
Mobile Homes (2.93, 2.82%)		\$59,345,487	\$1,738,866		\$57,538,649	\$1,622,561
Mobile Homes Low Income (varies)		\$2,185,379	\$22,138		\$2,029,218	\$18,921
Commercial (2.93, 2.82%)		\$1,452,725,358	\$42,564,918		\$1,518,626,717	\$42,825,247
Industrial (2.93, 2.82%)		\$12,146,904	\$355,901		\$12,464,158	\$351,489
New Manufacturing (varies)		\$66,770,444	\$1,836,465		\$62,668,724	\$1,645,723
Qualified Golf Courses (1.47, 1.41%)		\$25,908,394	\$380,851		\$26,966,308	\$380,226
Remodeled Commercial (varies)		\$628,733	\$12,892		\$527,075	\$9,222
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$6,715,213,386	\$194,969,649		\$7,212,492,397	\$201,489,703
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$130,175,736	\$3,905,274		\$137,772,310	\$4,133,168
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$4,167,434	\$125,022		\$4,372,282	\$131,168
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$343,955	\$9,504		\$277,414	\$7,490
Aluminum Electrolytic Equipment (3%)		\$11,075,898	\$332,277		\$10,645,329	\$319,360
Class 5 Subtotal		\$145,763,023	\$4,372,077		\$153,067,335	\$4,591,186
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$164,897,243	\$4,602,827		\$147,820,866	\$4,153,043
Farm Implements (3%)		\$10,648,217	\$319,454		\$10,867,829	\$326,044
Furniture and Fixtures (3%)		\$96,995,461	\$2,909,883		\$96,704,182	\$2,901,138
Other Business Equipment		\$57,480,562	\$1,724,510		\$48,236,987	\$1,447,209
Class 8 Subtotal		\$330,021,483	\$9,556,674		\$303,629,864	\$8,827,434
CLASS 9						
Utilities (12%)		\$47,450,133	\$5,694,015		\$49,815,770	\$5,977,892
CLASS 10						
Timber Land (0.34%, 0.33%)	450,665	\$310,186,770	\$1,054,615	439,606	\$318,141,317	\$1,050,175
CLASS 12						
Railroads (3.45%, 3.40%)		\$33,971,295	\$1,172,011		\$35,022,242	\$1,190,757
Airlines (3.45%, 3.40%)		\$16,194,977	\$558,727		\$14,986,842	\$509,552
Class 12 Subtotal		\$50,166,272	\$1,730,738		\$50,009,084	\$1,700,309
CLASS 13						
Electrical Generation Property (6%)		\$6,515,926	\$390,956		\$6,761,691	\$405,701
Telecommunication Property (6%)		\$74,071,221	\$4,444,274		\$92,719,879	\$5,563,195
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$80,587,147	\$4,835,230		\$99,481,570	\$5,968,896
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$7,710,977,188</b>	<b>\$223,585,018</b>		<b>\$8,218,260,186</b>	<b>\$230,943,377</b>

# Gallatin County



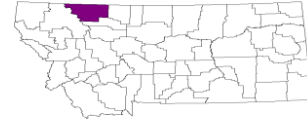
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$241,618	\$241,618		\$185,173	\$185,173
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	74,238	\$36,954,840	\$1,082,770	72,175	\$35,277,914	\$994,027
Tillable Non-Irrigated (2.93, 2.82%)	93,946	\$24,610,589	\$721,098	79,941	\$24,576,271	\$692,684
Grazing (2.93, 2.82%)	405,491	\$27,879,581	\$816,854	432,523	\$23,267,889	\$651,898
Wild Hay (2.93, 2.82%)	14,644	\$5,670,611	\$166,152	14,723	\$5,834,913	\$164,485
Non-Qualified Ag Land (20.51, 19.74%)	73,123	\$3,630,531	\$744,713	75,429	\$3,850,832	\$760,191
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	661,441	\$98,746,152	\$3,531,587	674,790	\$92,807,819	\$3,263,285
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$4,422,711,294	\$129,443,898		\$4,767,346,410	\$134,274,206
Residential Low Income (varies)		\$23,805,292	\$252,844		\$24,663,504	\$269,373
Mobile Homes (2.93, 2.82%)		\$41,237,696	\$1,207,581		\$40,097,309	\$1,129,835
Mobile Homes Low Income (varies)		\$892,904	\$8,355		\$838,012	\$8,270
Commercial (2.93, 2.82%)		\$2,022,168,058	\$59,249,614		\$2,156,776,134	\$60,821,214
Industrial (2.93, 2.82%)		\$7,835,620	\$229,584		\$10,726,056	\$302,474
New Manufacturing (varies)		\$29,013,661	\$825,359		\$30,972,495	\$851,648
Qualified Golf Courses (1.47, 1.41%)		\$25,484,045	\$374,615		\$28,499,379	\$401,840
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$6,573,148,570	\$191,591,850		\$7,059,919,299	\$198,058,860
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$14,201,733	\$426,053		\$15,390,755	\$461,723
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$1,232,391	\$36,971		\$1,270,545	\$38,117
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$15,434,124	\$463,024		\$16,661,300	\$499,840
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$149,707,321	\$4,488,298		\$136,838,001	\$4,089,702
Farm Implements (3%)		\$23,455,262	\$703,655		\$23,485,096	\$704,555
Furniture and Fixtures (3%)		\$111,494,312	\$3,344,817		\$106,524,343	\$3,195,741
Other Business Equipment		\$37,484,669	\$1,124,639		\$33,331,325	\$1,000,030
Class 8 Subtotal		\$322,141,564	\$9,661,409		\$300,178,765	\$8,990,028
CLASS 9						
Utilities (12%)		\$114,062,323	\$13,687,481		\$126,741,752	\$15,209,011
CLASS 10						
Timber Land (0.34%, 0.33%)	141,068	\$37,468,647	\$127,467	125,733	\$37,300,198	\$123,050
CLASS 12						
Railroads (3.45%, 3.40%)		\$28,737,860	\$991,456		\$38,223,001	\$1,299,583
Airlines (3.45%, 3.40%)		\$31,516,588	\$1,087,323		\$33,057,843	\$1,123,967
Class 12 Subtotal		\$60,254,448	\$2,078,779		\$71,280,844	\$2,423,550
CLASS 13						
Electrical Generation Property (6%)		\$4,408,857	\$264,531		\$13,089,999	\$785,400
Telecommunication Property (6%)		\$61,976,404	\$3,718,586		\$75,017,160	\$4,501,032
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$66,385,261	\$3,983,117		\$88,107,159	\$5,286,432
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$7,287,882,707</b>	<b>\$225,366,332</b>		<b>\$7,793,182,309</b>	<b>\$234,039,229</b>

## Garfield County



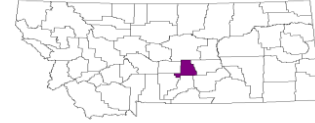
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	540	\$1,411,814	\$41,362	1,429	\$772,374	\$21,781
Tillable Non-Irrigated (2.93, 2.82%)	339,722	\$50,909,003	\$1,491,620	260,005	\$48,439,401	\$1,365,582
Grazing (2.93, 2.82%)	1,761,124	\$81,238,117	\$2,380,265	1,836,969	\$80,037,042	\$2,230,762
Wild Hay (2.93, 2.82%)	0	\$4,102,398	\$120,201	8,689	\$2,646,278	\$74,620
Non-Qualified Ag Land (20.51, 19.74%)	4,931	\$224,788	\$46,109	4,626	\$227,554	\$44,912
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	2,106,316	\$137,886,120	\$4,079,557	2,111,718	\$132,122,649	\$3,737,657
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$8,182,595	\$239,595		\$8,366,979	\$235,864
Residential Low Income (varies)		\$72,238	\$1,059		\$46,096	\$288
Mobile Homes (2.93, 2.82%)		\$2,828,046	\$82,855		\$2,900,305	\$81,791
Mobile Homes Low Income (varies)		\$51,413	\$1,012		\$51,285	\$970
Commercial (2.93, 2.82%)		\$15,378,833	\$450,591		\$16,031,337	\$452,081
Industrial (2.93, 2.82%)		\$8,140	\$239		\$8,312	\$234
New Manufacturing (varies)		\$0	\$0		\$0	\$0
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$26,521,265	\$775,351		\$27,404,314	\$771,228
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$7,595,158	\$227,854		\$7,555,917	\$226,677
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$7,595,158	\$227,854		\$7,555,917	\$226,677
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$1,124,994	\$33,749		\$1,124,583	\$33,737
Farm Implements (3%)		\$15,913,177	\$477,396		\$17,804,307	\$534,129
Furniture and Fixtures (3%)		\$404,479	\$12,136		\$478,570	\$14,359
Other Business Equipment		\$242,785	\$7,287		\$265,522	\$7,966
Class 8 Subtotal		\$17,685,435	\$530,568		\$19,672,982	\$590,191
CLASS 9						
Utilities (12%)		\$0	\$0		\$0	\$0
CLASS 10						
Timber Land (0.34%, 0.33%)	456	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$0	\$0		\$0	\$0
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$793,679	\$47,622		\$693,595	\$41,615
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$793,679	\$47,622		\$693,595	\$41,615
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$190,481,657</b>	<b>\$5,660,952</b>		<b>\$187,449,457</b>	<b>\$5,367,368</b>

## Glacier County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	7,759	\$5,411,361	\$158,550	13,619	\$5,318,130	\$149,648
Tillable Non-Irrigated (2.93, 2.82%)	296,306	\$71,278,284	\$2,088,453	350,746	\$70,896,801	\$1,994,298
Grazing (2.93, 2.82%)	466,152	\$22,630,177	\$663,082	404,623	\$22,455,871	\$626,170
Wild Hay (2.93, 2.82%)	12,878	\$5,816,036	\$170,411	20,321	\$5,733,377	\$161,560
Non-Qualified Ag Land (20.51, 19.74%)	27,172	\$615,799	\$126,322	26,957	\$615,321	\$121,470
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	810,267	\$105,751,657	\$3,206,818	816,266	\$105,019,500	\$3,053,146
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$75,507,399	\$2,208,947		\$75,755,206	\$2,131,615
Residential Low Income (varies)		\$2,188,879	\$18,285		\$2,001,738	\$22,097
Mobile Homes (2.93, 2.82%)		\$3,653,932	\$107,062		\$3,912,965	\$110,340
Mobile Homes Low Income (varies)		\$94,957	\$1,007		\$104,403	\$1,507
Commercial (2.93, 2.82%)		\$81,231,639	\$2,380,099		\$85,507,874	\$2,411,314
Industrial (2.93, 2.82%)		\$299,263	\$8,769		\$354,171	\$9,986
New Manufacturing (varies)		\$3,774,404	\$110,589		\$3,595,271	\$101,386
Qualified Golf Courses (1.47, 1.41%)		\$518,703	\$7,625		\$549,920	\$7,754
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$167,269,176	\$4,842,383		\$171,781,548	\$4,795,999
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$30,834,223	\$925,026		\$30,556,333	\$916,691
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$30,834,223	\$925,026		\$30,556,333	\$916,691
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$117,142	\$9,371		\$115,995	\$9,280
CLASS 8						
Machinery (3%)		\$4,260,865	\$127,827		\$3,576,390	\$107,284
Farm Implements (3%)		\$16,895,859	\$506,880		\$16,207,049	\$486,216
Furniture and Fixtures (3%)		\$5,637,040	\$169,112		\$5,852,503	\$175,576
Other Business Equipment		\$3,296,353	\$98,904		\$4,039,672	\$121,212
Class 8 Subtotal		\$30,090,117	\$902,723		\$29,675,614	\$890,288
CLASS 9						
Utilities (12%)		\$80,224,717	\$9,626,966		\$79,222,298	\$9,506,676
CLASS 10						
Timber Land (0.34%, 0.33%)	2,451	\$1,521,610	\$5,171	5,033	\$1,524,355	\$5,030
CLASS 12						
Railroads (3.45%, 3.40%)		\$19,439,103	\$670,650		\$20,522,817	\$697,777
Airlines (3.45%, 3.40%)		\$161,734	\$5,580		\$204,127	\$6,940
Class 12 Subtotal		\$19,600,837	\$676,230		\$20,726,944	\$704,717
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$7,840,017	\$470,402		\$10,092,864	\$605,573
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$7,840,017	\$470,402		\$10,092,864	\$605,573
CLASS 14						
Wind Generation (3%)		\$9,905,780	\$297,173		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$113,624,333	\$1,704,365
Class 14 Subtotal		\$9,905,780	\$297,173		\$113,624,333	\$1,704,365
<b>Total</b>		<b>\$453,155,276</b>	<b>\$20,962,263</b>		<b>\$562,339,784</b>	<b>\$22,191,765</b>

# Golden Valley County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	9,456	\$4,032,841	\$118,167	8,227	\$4,014,905	\$113,189
Tillable Non-Irrigated (2.93, 2.82%)	101,719	\$16,153,436	\$473,295	102,879	\$16,000,037	\$451,023
Grazing (2.93, 2.82%)	526,348	\$20,278,840	\$594,185	516,577	\$20,067,235	\$559,527
Wild Hay (2.93, 2.82%)	11,579	\$4,173,602	\$122,286	16,618	\$4,123,768	\$116,292
Non-Qualified Ag Land (20.51, 19.74%)	3,294	\$174,694	\$35,836	3,604	\$180,503	\$35,636
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	652,397	\$44,813,413	\$1,343,769	647,905	\$44,386,448	\$1,275,667
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$7,799,064	\$226,721		\$7,978,430	\$222,160
Residential Low Income (varies)		\$541,180	\$4,853		\$638,086	\$7,378
Mobile Homes (2.93, 2.82%)		\$630,951	\$18,486		\$646,454	\$18,231
Mobile Homes Low Income (varies)		\$27,702	\$163		\$27,130	\$152
Commercial (2.93, 2.82%)		\$14,449,766	\$423,372		\$14,829,961	\$418,203
Industrial (2.93, 2.82%)		\$29,875	\$874		\$29,711	\$837
New Manufacturing (varies)		\$791,958	\$23,204		\$765,954	\$21,599
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$24,270,496	\$697,673		\$24,915,726	\$688,560
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$3,076,147	\$92,286		\$2,894,700	\$86,841
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$3,076,147	\$92,286		\$2,894,700	\$86,841
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$889,152	\$26,675		\$772,144	\$23,167
Farm Implements (3%)		\$4,341,567	\$130,248		\$4,642,741	\$139,284
Furniture and Fixtures (3%)		\$118,120	\$3,547		\$141,226	\$4,238
Other Business Equipment		\$97,064	\$2,910		\$100,189	\$3,003
Class 8 Subtotal		\$5,445,903	\$163,380		\$5,656,300	\$169,692
CLASS 9						
Utilities (12%)		\$20,293,718	\$2,435,247		\$21,417,018	\$2,570,039
CLASS 10						
Timber Land (0.34%, 0.33%)	11,393	\$2,452,577	\$8,335	15,756	\$2,981,057	\$9,839
CLASS 12						
Railroads (3.45%, 3.40%)		\$11,833,837	\$408,268		\$12,624,107	\$429,220
Airlines (3.45%, 3.40%)		\$1,463	\$50		\$1,513	\$51
Class 12 Subtotal		\$11,835,300	\$408,318		\$12,625,620	\$429,271
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$209,793	\$12,587		\$175,013	\$10,501
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$209,793	\$12,587		\$175,013	\$10,501
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$112,397,347</b>	<b>\$5,161,595</b>		<b>\$115,051,882</b>	<b>\$5,240,410</b>

## Granite County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	25,024	\$11,347,670	\$332,491	26,960	\$11,177,707	\$314,985
Tillable Non-Irrigated (2.93, 2.82%)	352	\$0	\$0	0	\$0	\$0
Grazing (2.93, 2.82%)	189,107	\$9,075,244	\$265,900	213,138	\$9,210,533	\$258,525
Wild Hay (2.93, 2.82%)	8,612	\$364,737	\$10,686	919	\$370,868	\$10,458
Non-Qualified Ag Land (20.51, 19.74%)	10,471	\$536,552	\$110,082	11,733	\$589,076	\$116,308
Eligible Mining Claims (2.93, 2.82%)	28	\$1,788	\$53	28	\$1,857	\$53
Class 3 Subtotal	233,593	\$21,325,991	\$719,212	252,779	\$21,350,041	\$700,329
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$131,930,613	\$3,857,410		\$145,183,527	\$4,083,557
Residential Low Income (varies)		\$2,956,599	\$33,662		\$3,204,992	\$34,992
Mobile Homes (2.93, 2.82%)		\$2,784,796	\$81,593		\$2,725,231	\$76,859
Mobile Homes Low Income (varies)		\$107,330	\$1,121		\$115,627	\$1,685
Commercial (2.93, 2.82%)		\$30,712,348	\$899,867		\$35,614,308	\$1,004,308
Industrial (2.93, 2.82%)		\$519,380	\$15,220		\$476,840	\$13,449
New Manufacturing (varies)		\$1,208,882	\$35,420		\$1,241,878	\$35,019
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$170,219,948	\$4,924,293		\$188,562,403	\$5,249,869
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$6,376,212	\$191,288		\$6,442,371	\$193,272
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$6,376,212	\$191,288		\$6,442,371	\$193,272
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$10,568,346	\$317,061		\$9,111,480	\$273,352
Farm Implements (3%)		\$3,395,952	\$101,877		\$3,468,840	\$104,061
Furniture and Fixtures (3%)		\$629,546	\$18,886		\$457,432	\$13,726
Other Business Equipment		\$925,859	\$27,788		\$1,067,473	\$32,037
Class 8 Subtotal		\$15,519,703	\$465,612		\$14,105,225	\$423,176
CLASS 9						
Utilities (12%)		\$19,276,778	\$2,313,215		\$19,802,128	\$2,376,256
CLASS 10						
Timber Land (0.34%, 0.33%)	138,231	\$48,509,832	\$164,926	118,777	\$50,454,868	\$167,162
CLASS 12						
Railroads (3.45%, 3.40%)		\$18,185,498	\$627,400		\$24,180,189	\$822,126
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$18,185,498	\$627,400		\$24,180,189	\$822,126
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$3,587,822	\$215,268		\$4,124,209	\$247,453
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$3,587,822	\$215,268		\$4,124,209	\$247,453
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$303,001,784</b>	<b>\$9,621,214</b>		<b>\$329,021,434</b>	<b>\$10,179,643</b>

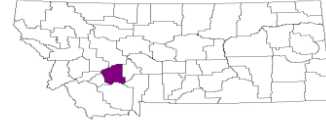


# Hill County



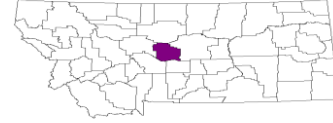
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	1,967	\$1,138,909	\$33,366	1,948	\$1,097,482	\$30,951
Tillable Non-Irrigated (2.93, 2.82%)	1,124,888	\$229,221,779	\$6,716,176	1,135,913	\$223,515,545	\$6,259,775
Grazing (2.93, 2.82%)	402,019	\$19,094,654	\$559,495	385,257	\$19,296,468	\$540,211
Wild Hay (2.93, 2.82%)	3,910	\$2,752,956	\$80,668	5,535	\$2,191,866	\$61,811
Non-Qualified Ag Land (20.51, 19.74%)	7,113	\$368,119	\$75,518	7,501	\$375,656	\$74,165
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,539,897	\$252,576,417	\$7,465,223	1,536,154	\$246,477,017	\$6,966,913
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$209,994,562	\$6,131,005		\$213,349,510	\$5,993,875
Residential Low Income (varies)		\$4,510,719	\$45,777		\$5,610,298	\$61,231
Mobile Homes (2.93, 2.82%)		\$6,923,328	\$202,852		\$6,720,374	\$189,513
Mobile Homes Low Income (varies)		\$216,727	\$1,549		\$241,568	\$1,975
Commercial (2.93, 2.82%)		\$155,997,986	\$4,570,705		\$160,305,674	\$4,520,617
Industrial (2.93, 2.82%)		\$381,431	\$11,176		\$417,050	\$11,762
New Manufacturing (varies)		\$23,087,793	\$538,552		\$22,410,922	\$509,469
Qualified Golf Courses (1.47, 1.41%)		\$1,494,638	\$21,971		\$1,550,010	\$21,854
Remodeled Commercial (varies)		\$202,033	\$2,821		\$196,627	\$3,639
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$402,809,217	\$11,526,408		\$410,802,033	\$11,313,935
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$27,968,817	\$839,066		\$27,073,976	\$812,220
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$27,968,817	\$839,066		\$27,073,976	\$812,220
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$16,194,486	\$485,847		\$15,175,263	\$455,265
Farm Implements (3%)		\$41,796,060	\$1,253,880		\$43,695,652	\$1,310,852
Furniture and Fixtures (3%)		\$10,681,677	\$320,459		\$10,590,436	\$317,711
Other Business Equipment		\$10,714,177	\$321,411		\$9,222,595	\$276,688
Class 8 Subtotal		\$79,386,400	\$2,381,597		\$78,683,946	\$2,360,516
CLASS 9						
Utilities (12%)		\$46,501,532	\$5,580,184		\$51,517,571	\$6,182,109
CLASS 10						
Timber Land (0.34%, 0.33%)	6,174	\$2,348,731	\$7,984	9,410	\$2,481,770	\$8,189
CLASS 12						
Railroads (3.45%, 3.40%)		\$52,726,027	\$1,819,047		\$52,487,414	\$1,784,571
Airlines (3.45%, 3.40%)		\$2,177,126	\$75,111		\$502,559	\$17,086
Class 12 Subtotal		\$54,903,153	\$1,894,158		\$52,989,973	\$1,801,657
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$8,418,579	\$505,115		\$11,839,829	\$710,388
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$8,418,579	\$505,115		\$11,839,829	\$710,388
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$874,912,846</b>	<b>\$30,199,735</b>		<b>\$881,866,115</b>	<b>\$30,155,927</b>

# Jefferson County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$245,878	\$245,878		\$140,948	\$140,948
CLASS 2 Gross Proceeds		\$194,653,211	\$5,839,596		\$45,741,598	\$1,372,248
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	18,623	\$8,240,267	\$241,442	19,890	\$8,270,940	\$233,240
Tillable Non-Irrigated (2.93, 2.82%)	24,075	\$4,297,187	\$125,906	21,516	\$4,292,177	\$121,001
Grazing (2.93, 2.82%)	304,877	\$10,090,443	\$295,648	287,890	\$10,255,649	\$288,152
Wild Hay (2.93, 2.82%)	5,006	\$494,626	\$14,493	1,874	\$503,808	\$14,207
Non-Qualified Ag Land (20.51, 19.74%)	35,575	\$1,731,943	\$355,336	36,122	\$1,810,219	\$357,396
Eligible Mining Claims (2.93, 2.82%)	13,153	\$186,410	\$5,452	4,836	\$207,704	\$5,842
Class 3 Subtotal	401,309	\$25,040,876	\$1,038,277	372,128	\$25,340,497	\$1,019,838
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$370,109,279	\$10,785,287		\$391,737,660	\$10,987,075
Residential Low Income (varies)		\$4,993,624	\$53,251		\$4,846,895	\$49,986
Mobile Homes (2.93, 2.82%)		\$5,824,218	\$170,644		\$5,932,381	\$167,296
Mobile Homes Low Income (varies)		\$135,162	\$1,219		\$126,936	\$1,068
Commercial (2.93, 2.82%)		\$46,678,155	\$1,367,649		\$49,392,550	\$1,392,895
Industrial (2.93, 2.82%)		\$8,103,425	\$237,434		\$10,023,496	\$282,662
New Manufacturing (varies)		\$12,509,269	\$366,522		\$11,974,299	\$337,675
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$448,353,132	\$12,982,006		\$474,034,217	\$13,218,657
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$2,706,861	\$81,205		\$2,967,049	\$89,013
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$4,912,381	\$147,372		\$4,885,483	\$146,564
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$7,619,242	\$228,577		\$7,852,532	\$235,577
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$55,292,738	\$1,658,779		\$49,096,818	\$1,472,905
Farm Implements (3%)		\$4,431,607	\$132,949		\$3,878,619	\$116,363
Furniture and Fixtures (3%)		\$2,387,379	\$71,622		\$2,795,926	\$83,877
Other Business Equipment		\$9,882,157	\$296,472		\$10,822,786	\$324,684
Class 8 Subtotal		\$71,993,881	\$2,159,822		\$66,594,149	\$1,997,829
CLASS 9						
Utilities (12%)		\$24,317,508	\$2,918,103		\$25,016,514	\$3,001,978
CLASS 10						
Timber Land (0.34%, 0.33%)	41,848	\$20,851,269	\$70,904	65,288	\$21,594,391	\$71,261
CLASS 12						
Railroads (3.45%, 3.40%)		\$13,512,896	\$466,195		\$18,034,743	\$613,180
Airlines (3.45%, 3.40%)		\$2,726	\$94		\$2,731	\$93
Class 12 Subtotal		\$13,515,622	\$466,289		\$18,037,474	\$613,273
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$12,715,931	\$762,956		\$15,987,607	\$959,256
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$12,715,931	\$762,956		\$15,987,607	\$959,256
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$819,306,550</b>	<b>\$26,712,408</b>		<b>\$700,339,927</b>	<b>\$22,630,865</b>

# Judith Basin County



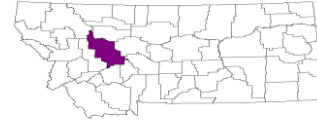
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	3,268	\$4,812,951	\$141,020	8,217	\$4,812,288	\$135,704
Tillable Non-Irrigated (2.93, 2.82%)	199,877	\$33,838,410	\$991,459	166,787	\$33,766,819	\$952,131
Grazing (2.93, 2.82%)	501,262	\$36,251,075	\$1,062,143	507,040	\$36,849,741	\$1,035,377
Wild Hay (2.93, 2.82%)	53,699	\$25,737,181	\$754,085	75,226	\$25,551,588	\$720,543
Non-Qualified Ag Land (20.51, 19.74%)	2,762	\$131,407	\$26,953	3,377	\$168,520	\$33,274
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	760,868	\$100,771,024	\$2,975,660	760,647	\$101,148,956	\$2,877,029
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$25,253,521	\$734,319		\$26,628,796	\$745,730
Residential Low Income (varies)		\$513,017	\$7,704		\$387,588	\$6,367
Mobile Homes (2.93, 2.82%)		\$1,783,822	\$52,271		\$1,835,552	\$51,763
Mobile Homes Low Income (varies)		\$49,484	\$574		\$37,215	\$479
Commercial (2.93, 2.82%)		\$34,497,010	\$1,010,754		\$35,891,108	\$1,012,137
Industrial (2.93, 2.82%)		\$137,927	\$4,040		\$169,726	\$4,786
New Manufacturing (varies)		\$4,310,731	\$126,304		\$4,374,597	\$123,363
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$66,545,512	\$1,935,966		\$69,324,582	\$1,944,625
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$3,426,204	\$102,789		\$3,237,256	\$97,117
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$3,426,204	\$102,789		\$3,237,256	\$97,117
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$1,125,571	\$33,767		\$1,165,344	\$34,960
Farm Implements (3%)		\$19,584,916	\$587,552		\$20,049,406	\$601,486
Furniture and Fixtures (3%)		\$476,390	\$14,294		\$824,251	\$24,730
Other Business Equipment		\$255,714	\$7,668		\$344,859	\$10,343
Class 8 Subtotal		\$21,442,591	\$643,281		\$22,383,860	\$671,519
CLASS 9						
Utilities (12%)		\$32,307,306	\$3,876,876		\$36,167,231	\$4,340,063
CLASS 10						
Timber Land (0.34%, 0.33%)	16,459	\$3,398,925	\$11,549	16,569	\$3,515,998	\$11,605
CLASS 12						
Railroads (3.45%, 3.40%)		\$26,827,961	\$925,564		\$28,656,253	\$974,312
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$26,827,961	\$925,564		\$28,656,253	\$974,312
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$7,753,123	\$465,186		\$6,462,828	\$387,769
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$7,753,123	\$465,186		\$6,462,828	\$387,769
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$262,472,646</b>	<b>\$10,936,871</b>		<b>\$270,896,964</b>	<b>\$11,304,039</b>

# Lake County



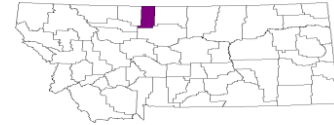
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	79,993	\$32,323,988	\$947,082	76,511	\$32,001,681	\$901,060
Tillable Non-Irrigated (2.93, 2.82%)	10,931	\$2,503,294	\$73,338	7,274	\$2,502,813	\$70,334
Grazing (2.93, 2.82%)	139,769	\$5,392,634	\$157,962	142,572	\$5,645,056	\$158,827
Wild Hay (2.93, 2.82%)	9,543	\$3,718,549	\$108,949	7,703	\$3,288,569	\$92,694
Non-Qualified Ag Land (20.51, 19.74%)	37,632	\$1,888,898	\$387,478	37,943	\$1,973,541	\$389,629
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	277,867	\$45,827,363	\$1,674,809	272,003	\$45,411,660	\$1,612,544
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$1,624,754,144	\$47,550,910		\$1,777,049,413	\$50,037,716
Residential Low Income (varies)		\$16,398,362	\$162,930		\$25,104,806	\$249,586
Mobile Homes (2.93, 2.82%)		\$17,629,309	\$516,556		\$16,958,715	\$478,238
Mobile Homes Low Income (varies)		\$1,032,225	\$10,677		\$948,446	\$10,063
Commercial (2.93, 2.82%)		\$272,810,456	\$7,993,386		\$284,384,210	\$8,019,640
Industrial (2.93, 2.82%)		\$1,497,290	\$43,868		\$1,642,283	\$46,313
New Manufacturing (varies)		\$13,802,653	\$343,988		\$13,722,775	\$348,071
Qualified Golf Courses (1.47, 1.41%)		\$1,768,493	\$25,997		\$1,808,830	\$25,504
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$1,949,692,932	\$56,648,312		\$2,121,619,478	\$59,215,131
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$13,675,475	\$410,262		\$13,637,163	\$409,116
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$1,552	\$47		\$28,797	\$864
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$13,677,027	\$410,309		\$13,665,960	\$409,980
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$28,083,165	\$719,373		\$27,258,589	\$749,051
Farm Implements (3%)		\$10,942,014	\$328,260		\$10,217,162	\$306,517
Furniture and Fixtures (3%)		\$10,812,073	\$324,362		\$10,973,509	\$329,207
Other Business Equipment		\$5,495,860	\$164,902		\$3,549,539	\$106,506
Class 8 Subtotal		\$55,333,112	\$1,536,897		\$51,998,799	\$1,491,281
CLASS 9						
Utilities (12%)		\$2,881,682	\$345,802		\$3,079,808	\$369,577
CLASS 10						
Timber Land (0.34%, 0.33%)	98,109	\$78,882,817	\$268,196	82,884	\$65,813,077	\$216,434
CLASS 12						
Railroads (3.45%, 3.40%)		\$12,715,917	\$438,699		\$16,865,895	\$573,441
Airlines (3.45%, 3.40%)		\$4,131	\$143		\$3,104	\$106
Class 12 Subtotal		\$12,720,048	\$438,842		\$16,868,999	\$573,547
CLASS 13						
Electrical Generation Property (6%)		\$46,317,159	\$2,779,030		\$46,237,260	\$2,774,235
Telecommunication Property (6%)		\$14,986,866	\$899,212		\$18,420,135	\$1,105,209
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$61,304,025	\$3,678,242		\$64,657,395	\$3,879,444
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$2,220,319,006</b>	<b>\$65,001,409</b>		<b>\$2,383,115,176</b>	<b>\$67,767,938</b>

# Lewis And Clark County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	39,162	\$14,558,192	\$426,566	34,196	\$14,655,550	\$412,971
Tillable Non-Irrigated (2.93, 2.82%)	25,179	\$5,750,680	\$168,505	24,792	\$5,188,363	\$146,254
Grazing (2.93, 2.82%)	637,569	\$27,927,049	\$818,252	590,442	\$29,585,899	\$837,914
Wild Hay (2.93, 2.82%)	15,200	\$2,999,055	\$87,875	9,503	\$2,941,527	\$82,954
Non-Qualified Ag Land (20.51, 19.74%)	57,814	\$2,824,504	\$579,480	57,870	\$2,895,368	\$571,612
Eligible Mining Claims (2.93, 2.82%)	526	\$0	\$0	25	\$1,647	\$46
Class 3 Subtotal	775,450	\$54,059,480	\$2,080,678	716,827	\$55,268,354	\$2,051,751
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$1,849,173,025	\$53,969,448		\$1,949,557,201	\$54,728,434
Residential Low Income (varies)		\$20,305,062	\$231,735		\$22,275,038	\$236,939
Mobile Homes (2.93, 2.82%)		\$36,400,033	\$1,066,509		\$36,043,542	\$1,016,399
Mobile Homes Low Income (varies)		\$2,478,005	\$24,909		\$2,178,641	\$19,255
Commercial (2.93, 2.82%)		\$817,562,344	\$23,954,536		\$861,056,502	\$24,281,706
Industrial (2.93, 2.82%)		\$1,861,755	\$54,551		\$2,570,931	\$72,499
New Manufacturing (varies)		\$15,644,611	\$372,309		\$17,910,695	\$428,671
Qualified Golf Courses (1.47, 1.41%)		\$7,169,924	\$105,398		\$7,671,568	\$108,169
Remodeled Commercial (varies)		\$59,059	\$0		\$178,462	\$3,329
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$2,750,653,818	\$79,779,395		\$2,899,442,580	\$80,895,401
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$5,639,319	\$169,179		\$5,562,823	\$166,884
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$2,229,063	\$66,872		\$2,475,436	\$74,263
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$7,868,382	\$236,051		\$8,038,259	\$241,147
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$66,945,176	\$1,789,991		\$65,866,312	\$1,763,491
Farm Implements (3%)		\$6,512,970	\$195,388		\$6,275,876	\$188,278
Furniture and Fixtures (3%)		\$67,204,529	\$2,016,149		\$67,254,263	\$2,017,613
Other Business Equipment		\$7,632,504	\$229,011		\$7,629,165	\$228,902
Class 8 Subtotal		\$148,295,179	\$4,230,539		\$147,025,616	\$4,198,284
CLASS 9						
Utilities (12%)		\$97,395,047	\$11,687,403		\$107,203,198	\$12,864,384
CLASS 10						
Timber Land (0.34%, 0.33%)	165,346	\$87,003,713	\$295,830	215,608	\$90,469,626	\$298,389
CLASS 12						
Railroads (3.45%, 3.40%)		\$30,240,705	\$1,043,304		\$35,453,584	\$1,205,420
Airlines (3.45%, 3.40%)		\$10,042,725	\$346,474		\$14,093,003	\$479,162
Class 12 Subtotal		\$40,283,430	\$1,389,778		\$49,546,587	\$1,684,582
CLASS 13						
Electrical Generation Property (6%)		\$43,850,213	\$2,631,013		\$42,883,613	\$2,573,017
Telecommunication Property (6%)		\$101,140,497	\$6,068,429		\$140,673,573	\$8,440,415
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$144,990,710	\$8,699,442		\$183,557,186	\$11,013,432
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$3,330,549,759</b>	<b>\$108,399,116</b>		<b>\$3,540,551,406</b>	<b>\$113,247,370</b>

## Liberty County



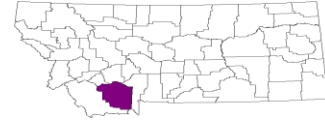
	2009			2010		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	5,543	\$3,492,403	\$102,328	7,710	\$3,482,732	\$98,215
Tillable Non-Irrigated (2.93, 2.82%)	550,716	\$100,867,565	\$2,955,434	564,774	\$99,627,984	\$2,798,771
Grazing (2.93, 2.82%)	235,298	\$12,377,476	\$362,662	217,033	\$12,384,477	\$347,259
Wild Hay (2.93, 2.82%)	4,144	\$2,100,144	\$61,538	6,069	\$1,992,433	\$56,192
Non-Qualified Ag Land (20.51, 19.74%)	822	\$41,888	\$8,595	910	\$45,560	\$8,992
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	796,524	\$118,879,476	\$3,490,557	796,496	\$117,533,186	\$3,309,429
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$18,873,641	\$549,471		\$18,702,795	\$524,096
Residential Low Income (varies)		\$175,722	\$2,507		\$234,849	\$3,082
Mobile Homes (2.93, 2.82%)		\$830,446	\$24,336		\$816,477	\$23,021
Mobile Homes Low Income (varies)		\$4,475	\$66		\$0	\$0
Commercial (2.93, 2.82%)		\$34,524,156	\$1,011,554		\$35,184,175	\$992,190
Industrial (2.93, 2.82%)		\$151,636	\$4,445		\$218,786	\$6,173
New Manufacturing (varies)		\$1,166,148	\$34,167		\$1,246,200	\$35,143
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$55,726,224	\$1,626,546		\$56,403,282	\$1,583,705
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$6,429,098	\$192,873		\$6,049,431	\$181,482
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$6,429,098	\$192,873		\$6,049,431	\$181,482
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$1,857,436	\$55,731		\$2,055,093	\$61,665
Farm Implements (3%)		\$22,356,237	\$670,684		\$25,254,855	\$757,655
Furniture and Fixtures (3%)		\$349,946	\$10,500		\$333,982	\$10,024
Other Business Equipment		\$1,581,463	\$47,458		\$1,988,521	\$59,663
Class 8 Subtotal		\$26,145,082	\$784,373		\$29,632,451	\$889,007
CLASS 9						
Utilities (12%)		\$4,939,343	\$592,720		\$4,135,018	\$496,202
CLASS 10						
Timber Land (0.34%, 0.33%)	0	\$156,087	\$530	722	\$165,394	\$546
CLASS 12						
Railroads (3.45%, 3.40%)		\$9,296,576	\$320,731		\$9,879,863	\$335,915
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$9,296,576	\$320,731		\$9,879,863	\$335,915
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$104,709	\$6,282		\$955,380	\$57,323
Elect Gen/Tele Real Prop New & Exp		\$2,993,400	\$89,802		\$2,907,600	\$104,673
Class 13 Subtotal		\$3,098,109	\$96,084		\$3,862,980	\$161,996
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$224,669,995</b>	<b>\$7,104,414</b>		<b>\$227,661,605</b>	<b>\$6,958,282</b>

# Lincoln County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$33,867,048	\$1,016,011		\$27,407,646	\$822,229
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	3,407	\$1,022,096	\$29,948	2,230	\$1,067,020	\$30,069
Tillable Non-Irrigated (2.93, 2.82%)	192	\$11,194	\$328	79	\$13,559	\$377
Grazing (2.93, 2.82%)	25,791	\$734,610	\$21,485	33,620	\$757,428	\$21,320
Wild Hay (2.93, 2.82%)	4,205	\$605,490	\$17,741	1,957	\$677,204	\$19,090
Non-Qualified Ag Land (20.51, 19.74%)	18,330	\$946,061	\$194,059	20,414	\$1,019,354	\$201,253
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	51,926	\$3,319,451	\$263,561	58,300	\$3,534,565	\$272,109
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$646,121,788	\$18,829,070		\$693,778,461	\$19,455,555
Residential Low Income (varies)		\$22,590,325	\$199,531		\$32,142,466	\$289,663
Mobile Homes (2.93, 2.82%)		\$16,989,441	\$497,785		\$16,748,421	\$472,299
Mobile Homes Low Income (varies)		\$1,727,271	\$14,474		\$1,602,387	\$12,922
Commercial (2.93, 2.82%)		\$109,738,900	\$3,213,378		\$116,153,931	\$3,275,570
Industrial (2.93, 2.82%)		\$2,830,483	\$82,933		\$3,125,049	\$88,126
New Manufacturing (varies)		\$5,394,416	\$127,625		\$4,973,525	\$117,220
Qualified Golf Courses (1.47, 1.41%)		\$5,391,840	\$79,260		\$6,161,653	\$86,880
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$810,784,464	\$23,044,056		\$874,685,893	\$23,798,235
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$48,557,490	\$1,456,721		\$49,302,944	\$1,479,090
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$1,033,404	\$15,501		\$1,063,360	\$19,140
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$49,590,894	\$1,472,222		\$50,366,304	\$1,498,230
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$30,000,024	\$829,759		\$30,048,174	\$845,889
Farm Implements (3%)		\$1,829,717	\$54,893		\$1,776,702	\$53,304
Furniture and Fixtures (3%)		\$6,701,831	\$201,050		\$6,987,531	\$209,614
Other Business Equipment		\$6,556,184	\$196,691		\$6,657,060	\$199,730
Class 8 Subtotal		\$45,087,756	\$1,282,393		\$45,469,467	\$1,308,537
CLASS 9						
Utilities (12%)		\$0	\$0		\$0	\$0
CLASS 10						
Timber Land (0.34%, 0.33%)	421,687	\$384,125,212	\$1,306,055	414,674	\$371,889,674	\$1,207,071
CLASS 12						
Railroads (3.45%, 3.40%)		\$39,415,627	\$1,359,841		\$41,328,142	\$1,405,157
Airlines (3.45%, 3.40%)		\$1,033	\$36		\$1,035	\$35
Class 12 Subtotal		\$39,416,660	\$1,359,877		\$41,329,177	\$1,405,192
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$15,438,625	\$926,316		\$15,411,014	\$924,661
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$15,438,625	\$926,316		\$15,411,014	\$924,661
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$1,381,630,110</b>	<b>\$30,670,491</b>		<b>\$1,430,093,740</b>	<b>\$31,236,264</b>

# Madison County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$2,960,356	\$2,960,356		\$2,197,957	\$2,197,957
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	96,639	\$36,811,307	\$1,078,575	84,265	\$36,443,137	\$1,027,522
Tillable Non-Irrigated (2.93, 2.82%)	17,404	\$4,022,544	\$117,858	14,095	\$3,352,464	\$94,469
Grazing (2.93, 2.82%)	789,605	\$39,554,233	\$1,158,926	814,785	\$38,093,563	\$1,057,509
Wild Hay (2.93, 2.82%)	9,790	\$424,212	\$12,427	1,668	\$402,916	\$11,362
Non-Qualified Ag Land (20.51, 19.74%)	50,194	\$2,445,669	\$501,776	52,448	\$2,578,693	\$509,123
Eligible Mining Claims (2.93, 2.82%)	252	\$0	\$0	88	\$5,836	\$163
Class 3 Subtotal	963,885	\$83,257,965	\$2,869,562	967,350	\$80,876,609	\$2,700,148
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$1,618,010,257	\$47,387,158		\$1,758,077,328	\$49,559,052
Residential Low Income (varies)		\$7,054,011	\$66,488		\$8,055,063	\$76,788
Mobile Homes (2.93, 2.82%)		\$5,502,219	\$161,226		\$5,864,106	\$165,357
Mobile Homes Low Income (varies)		\$136,679	\$958		\$77,582	\$581
Commercial (2.93, 2.82%)		\$287,977,845	\$8,437,777		\$314,484,497	\$8,868,416
Industrial (2.93, 2.82%)		\$2,057,736	\$60,293		\$2,279,292	\$64,276
New Manufacturing (varies)		\$3,879,238	\$113,662		\$4,082,142	\$115,116
Qualified Golf Courses (1.47, 1.41%)		\$10,052,734	\$147,774		\$16,131,316	\$227,450
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$1,934,670,719	\$56,375,336		\$2,109,051,326	\$59,077,036
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$13,751,522	\$412,547		\$13,369,521	\$401,087
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$13,751,522	\$412,547		\$13,369,521	\$401,087
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$24,021,290	\$720,644		\$20,212,383	\$606,371
Farm Implements (3%)		\$13,278,968	\$398,371		\$13,717,576	\$411,542
Furniture and Fixtures (3%)		\$12,290,555	\$368,712		\$11,646,400	\$349,394
Other Business Equipment		\$36,608,950	\$1,098,275		\$42,889,846	\$1,286,706
Class 8 Subtotal		\$86,199,763	\$2,586,002		\$88,466,205	\$2,654,013
CLASS 9						
Utilities (12%)		\$21,043,699	\$2,525,242		\$22,768,388	\$2,732,205
CLASS 10						
Timber Land (0.34%, 0.33%)	84,463	\$26,327,804	\$89,513	78,329	\$27,390,208	\$90,411
CLASS 12						
Railroads (3.45%, 3.40%)		\$12,728,069	\$439,119		\$16,883,372	\$574,035
Airlines (3.45%, 3.40%)		\$2,066	\$71		\$2,069	\$70
Class 12 Subtotal		\$12,730,135	\$439,190		\$16,885,441	\$574,105
CLASS 13						
Electrical Generation Property (6%)		\$8,416,229	\$504,973		\$8,615,807	\$516,949
Telecommunication Property (6%)		\$4,204,077	\$252,244		\$4,914,718	\$294,884
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$12,620,306	\$757,217		\$13,530,525	\$811,833
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$2,193,562,269</b>	<b>\$69,014,965</b>		<b>\$2,374,536,180</b>	<b>\$71,238,795</b>

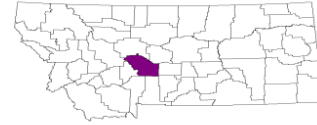


## McCone County



	2009			2010		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	6,643	\$6,215,003	\$182,099	9,480	\$5,709,102	\$160,993
Tillable Non-Irrigated (2.93, 2.82%)	537,043	\$111,991,996	\$3,281,352	500,820	\$111,427,996	\$3,140,216
Grazing (2.93, 2.82%)	791,665	\$35,478,552	\$1,039,534	819,171	\$35,679,535	\$996,002
Wild Hay (2.93, 2.82%)	0	\$2,819,911	\$82,632	5,355	\$1,814,531	\$51,173
Non-Qualified Ag Land (20.51, 19.74%)	2,029	\$96,360	\$19,766	2,001	\$100,213	\$19,785
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,337,378	\$156,601,822	\$4,605,383	1,336,828	\$154,731,377	\$4,368,169
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$11,570,328	\$338,273		\$11,726,695	\$330,135
Residential Low Income (varies)		\$263,623	\$2,719		\$133,906	\$809
Mobile Homes (2.93, 2.82%)		\$1,798,473	\$52,693		\$1,934,622	\$54,557
Mobile Homes Low Income (varies)		\$92,679	\$751		\$54,025	\$700
Commercial (2.93, 2.82%)		\$23,751,517	\$695,910		\$24,410,979	\$688,389
Industrial (2.93, 2.82%)		\$29,290	\$859		\$26,808	\$757
New Manufacturing (varies)		\$1,951,014	\$38,879		\$1,918,246	\$37,063
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$39,456,924	\$1,130,084		\$40,205,281	\$1,112,410
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$13,293,060	\$398,790		\$13,247,567	\$397,426
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$13,293,060	\$398,790		\$13,247,567	\$397,426
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$2,846,340	\$70,157		\$3,087,398	\$77,614
Farm Implements (3%)		\$23,743,163	\$712,293		\$25,385,923	\$761,578
Furniture and Fixtures (3%)		\$300,340	\$9,010		\$383,686	\$11,508
Other Business Equipment		\$362,818	\$9,941		\$439,695	\$13,191
Class 8 Subtotal		\$27,252,661	\$801,401		\$29,296,702	\$863,891
CLASS 9						
Utilities (12%)		\$1,462,289	\$175,475		\$1,675,322	\$201,038
CLASS 10						
Timber Land (0.34%, 0.33%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.40%)		\$4,597,787	\$158,623		\$4,871,225	\$165,622
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$4,597,787	\$158,623		\$4,871,225	\$165,622
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$2,838,561	\$170,314		\$2,529,518	\$151,771
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$2,838,561	\$170,314		\$2,529,518	\$151,771
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$245,503,104</b>	<b>\$7,440,070</b>		<b>\$246,556,992</b>	<b>\$7,260,327</b>

# Meagher County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$62,658	\$1,880
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	48,835	\$19,285,831	\$565,065	42,403	\$17,629,101	\$496,854
Tillable Non-Irrigated (2.93, 2.82%)	28,717	\$4,386,854	\$128,538	23,942	\$4,399,001	\$124,045
Grazing (2.93, 2.82%)	731,655	\$27,406,639	\$802,990	683,858	\$28,011,914	\$785,419
Wild Hay (2.93, 2.82%)	9,664	\$2,879,869	\$84,374	9,398	\$3,130,120	\$88,270
Non-Qualified Ag Land (20.51, 19.74%)	7,516	\$362,654	\$74,382	7,503	\$375,787	\$74,182
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	826,388	\$54,321,847	\$1,655,349	767,103	\$53,545,923	\$1,568,770
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$45,917,859	\$1,339,843		\$47,006,457	\$1,321,299
Residential Low Income (varies)		\$1,435,488	\$17,295		\$1,452,007	\$22,658
Mobile Homes (2.93, 2.82%)		\$2,305,935	\$67,560		\$2,508,510	\$70,740
Mobile Homes Low Income (varies)		\$137,421	\$1,723		\$150,390	\$2,675
Commercial (2.93, 2.82%)		\$33,729,724	\$988,274		\$34,084,290	\$961,186
Industrial (2.93, 2.82%)		\$25,844	\$757		\$32,740	\$923
New Manufacturing (varies)		\$15,671	\$459		\$14,281	\$403
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$83,567,942	\$2,415,911		\$85,248,675	\$2,379,884
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$629,493	\$18,886		\$646,810	\$19,404
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$629,493	\$18,886		\$646,810	\$19,404
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$1,513,677	\$45,414		\$1,319,894	\$39,597
Farm Implements (3%)		\$8,432,638	\$252,983		\$8,533,293	\$255,997
Furniture and Fixtures (3%)		\$468,520	\$14,058		\$473,997	\$14,222
Other Business Equipment		\$568,723	\$17,062		\$398,009	\$11,942
Class 8 Subtotal		\$10,983,558	\$329,517		\$10,725,193	\$321,758
CLASS 9						
Utilities (12%)		\$25,639,576	\$3,076,750		\$25,245,209	\$3,029,425
CLASS 10						
Timber Land (0.34%, 0.33%)	124,868	\$53,244,166	\$181,034	183,806	\$53,189,267	\$175,523
CLASS 12						
Railroads (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Airlines (3.45%, 3.40%)		\$1,033	\$36		\$1,035	\$35
Class 12 Subtotal		\$1,033	\$36		\$1,035	\$35
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$4,331,069	\$259,865		\$3,860,416	\$231,625
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$4,331,069	\$259,865		\$3,860,416	\$231,625
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$232,718,684</b>	<b>\$7,937,348</b>		<b>\$232,525,186</b>	<b>\$7,728,304</b>

# Mineral County



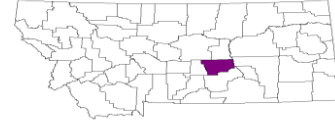
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	1,018	\$324,489	\$9,507	643	\$266,085	\$7,500
Tillable Non-Irrigated (2.93, 2.82%)	398	\$33,053	\$968	93	\$9,323	\$263
Grazing (2.93, 2.82%)	4,587	\$59,719	\$1,741	6,505	\$71,286	\$2,004
Wild Hay (2.93, 2.82%)	1,849	\$464,999	\$13,626	1,665	\$616,036	\$17,374
Non-Qualified Ag Land (20.51, 19.74%)	4,305	\$209,767	\$43,033	4,269	\$213,793	\$42,205
Eligible Mining Claims (2.93, 2.82%)	27	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	12,184	\$1,092,027	\$68,875	13,174	\$1,176,523	\$69,346
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$133,585,714	\$3,886,158		\$141,197,222	\$3,952,318
Residential Low Income (varies)		\$5,298,758	\$52,953		\$6,045,090	\$56,989
Mobile Homes (2.93, 2.82%)		\$4,156,739	\$121,791		\$4,117,859	\$116,124
Mobile Homes Low Income (varies)		\$363,946	\$3,020		\$362,338	\$2,874
Commercial (2.93, 2.82%)		\$35,575,292	\$1,042,359		\$36,575,758	\$1,031,449
Industrial (2.93, 2.82%)		\$571,295	\$16,739		\$624,509	\$17,613
New Manufacturing (varies)		\$2,282,080	\$64,098		\$2,444,396	\$67,020
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$181,833,824	\$5,187,118		\$191,367,172	\$5,244,387
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$6,606,441	\$198,194		\$6,457,880	\$193,736
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$6,606,441	\$198,194		\$6,457,880	\$193,736
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$6,960,292	\$208,815		\$10,774,569	\$323,238
Farm Implements (3%)		\$476,339	\$14,290		\$453,119	\$13,595
Furniture and Fixtures (3%)		\$1,644,324	\$49,339		\$1,788,871	\$53,663
Other Business Equipment		\$469,207	\$14,084		\$507,010	\$15,213
Class 8 Subtotal		\$9,550,162	\$286,528		\$13,523,569	\$405,709
CLASS 9						
Utilities (12%)		\$16,827,868	\$2,019,345		\$16,410,336	\$1,969,239
CLASS 10						
Timber Land (0.34%, 0.33%)	90,762	\$62,948,657	\$214,027	90,479	\$60,383,365	\$196,409
CLASS 12						
Railroads (3.45%, 3.40%)		\$17,480,543	\$603,080		\$23,197,830	\$788,726
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$17,480,543	\$603,080		\$23,197,830	\$788,726
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$2,728,235	\$163,697		\$3,365,023	\$201,900
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$2,728,235	\$163,697		\$3,365,023	\$201,900
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$299,067,757</b>	<b>\$8,740,864</b>		<b>\$315,881,698</b>	<b>\$9,069,452</b>

# Missoula County



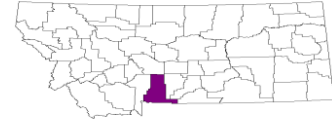
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	15,192	\$6,594,754	\$193,206	14,142	\$6,064,457	\$170,891
Tillable Non-Irrigated (2.93, 2.82%)	2,613	\$165,928	\$4,860	1,191	\$179,323	\$5,060
Grazing (2.93, 2.82%)	87,442	\$2,530,572	\$74,139	83,589	\$2,704,903	\$76,334
Wild Hay (2.93, 2.82%)	7,266	\$500,332	\$14,660	1,719	\$506,290	\$14,281
Non-Qualified Ag Land (20.51, 19.74%)	27,295	\$1,327,514	\$272,354	27,120	\$1,357,956	\$268,099
Eligible Mining Claims (2.93, 2.82%)	14	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	139,821	\$11,119,100	\$559,219	127,762	\$10,812,929	\$534,665
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$3,635,560,832	\$106,287,462		\$3,828,165,390	\$107,694,258
Residential Low Income (varies)		\$52,989,916	\$547,910		\$59,357,908	\$634,185
Mobile Homes (2.93, 2.82%)		\$61,218,767	\$1,793,666		\$59,696,531	\$1,683,450
Mobile Homes Low Income (varies)		\$4,529,979	\$43,916		\$4,396,221	\$45,809
Commercial (2.93, 2.82%)		\$1,847,508,592	\$54,132,052		\$1,939,550,168	\$54,695,336
Industrial (2.93, 2.82%)		\$5,883,823	\$172,397		\$8,230,616	\$232,104
New Manufacturing (varies)		\$45,615,050	\$1,279,482		\$31,913,101	\$832,906
Qualified Golf Courses (1.47, 1.41%)		\$17,601,289	\$258,738		\$18,747,675	\$264,342
Remodeled Commercial (varies)		\$270,735	\$6,335		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$5,671,178,983	\$164,521,958		\$5,950,057,610	\$166,082,390
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$49,867,878	\$1,496,035		\$51,349,794	\$1,540,492
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$1,578,400	\$47,352		\$2,029,506	\$60,885
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$51,446,278	\$1,543,387		\$53,379,300	\$1,601,377
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$179,650,171	\$5,181,122		\$138,314,025	\$3,932,780
Farm Implements (3%)		\$1,961,144	\$58,837		\$1,767,664	\$53,029
Furniture and Fixtures (3%)		\$133,668,753	\$4,010,056		\$139,514,656	\$4,185,431
Other Business Equipment		\$24,484,013	\$734,630		\$16,960,263	\$508,927
Class 8 Subtotal		\$339,764,081	\$9,984,645		\$296,556,608	\$8,680,167
CLASS 9						
Utilities (12%)		\$101,737,113	\$12,208,452		\$109,331,520	\$13,119,778
CLASS 10						
Timber Land (0.34%, 0.33%)	522,879	\$292,762,915	\$995,347	473,868	\$257,817,715	\$845,201
CLASS 12						
Railroads (3.45%, 3.40%)		\$40,500,658	\$1,397,273		\$53,078,270	\$1,804,661
Airlines (3.45%, 3.40%)		\$22,659,273	\$781,745		\$24,375,097	\$828,753
Class 12 Subtotal		\$63,159,931	\$2,179,018		\$77,453,367	\$2,633,414
CLASS 13						
Electrical Generation Property (6%)		\$3,701,750	\$222,105		\$0	\$0
Telecommunication Property (6%)		\$83,052,263	\$4,983,137		\$103,403,515	\$6,204,206
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$86,754,013	\$5,205,242		\$103,403,515	\$6,204,206
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$6,617,922,414</b>	<b>\$197,197,268</b>		<b>\$6,858,812,564</b>	<b>\$199,701,198</b>

# Musselshell County



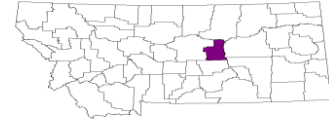
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	12,081	\$6,586,398	\$192,979	12,886	\$6,532,428	\$184,200
Tillable Non-Irrigated (2.93, 2.82%)	109,358	\$11,964,514	\$350,564	105,842	\$11,983,265	\$337,925
Grazing (2.93, 2.82%)	682,071	\$22,945,509	\$672,293	654,310	\$24,447,456	\$688,495
Wild Hay (2.93, 2.82%)	9,459	\$4,567,475	\$133,827	19,217	\$4,604,097	\$129,829
Non-Qualified Ag Land (20.51, 19.74%)	27,013	\$1,365,087	\$280,121	34,694	\$1,733,231	\$342,236
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	839,983	\$47,428,983	\$1,629,784	826,948	\$49,300,477	\$1,682,685
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$67,504,060	\$1,949,495		\$69,971,947	\$1,943,001
Residential Low Income (varies)		\$2,969,277	\$24,503		\$2,789,945	\$23,403
Mobile Homes (2.93, 2.82%)		\$4,657,774	\$136,472		\$4,607,959	\$129,950
Mobile Homes Low Income (varies)		\$263,979	\$2,264		\$277,008	\$2,787
Commercial (2.93, 2.82%)		\$32,710,391	\$958,435		\$33,740,864	\$951,479
Industrial (2.93, 2.82%)		\$77,343	\$2,266		\$1,007,016	\$28,398
New Manufacturing (varies)		\$2,968,212	\$86,968		\$13,889,797	\$205,620
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$111,151,036	\$3,160,403		\$126,284,536	\$3,284,638
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$13,134,257	\$394,029		\$12,907,434	\$387,223
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$13,134,257	\$394,029		\$12,907,434	\$387,223
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$23,394,142	\$691,606		\$135,091,563	\$2,102,255
Farm Implements (3%)		\$6,811,103	\$204,337		\$7,336,285	\$220,083
Furniture and Fixtures (3%)		\$794,651	\$23,842		\$717,263	\$21,519
Other Business Equipment		\$2,115,338	\$63,460		\$4,000,092	\$120,012
Class 8 Subtotal		\$33,115,234	\$983,245		\$147,145,203	\$2,463,869
CLASS 9						
Utilities (12%)		\$11,323,751	\$1,358,853		\$11,825,213	\$1,419,026
CLASS 10						
Timber Land (0.34%, 0.33%)	156,068	\$38,775,941	\$131,830	164,749	\$26,033,103	\$85,927
CLASS 12						
Railroads (3.45%, 3.40%)		\$54,305,826	\$1,873,551		\$59,109,083	\$1,005,491
Airlines (3.45%, 3.40%)		\$1,033	\$36		\$1,035	\$35
Class 12 Subtotal		\$54,306,859	\$1,873,587		\$59,110,118	\$1,005,526
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$1,988,302	\$119,299		\$2,650,697	\$159,041
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$1,988,302	\$119,299		\$2,650,697	\$159,041
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$311,224,363</b>	<b>\$9,651,030</b>		<b>\$435,256,781</b>	<b>\$10,487,935</b>

## Park County



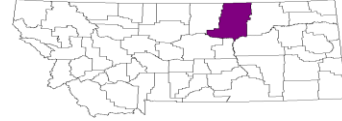
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	49,875	\$20,987,499	\$614,947	50,392	\$21,329,422	\$601,225
Tillable Non-Irrigated (2.93, 2.82%)	34,902	\$3,274,845	\$95,957	22,244	\$3,238,770	\$91,332
Grazing (2.93, 2.82%)	516,350	\$31,670,204	\$927,944	517,943	\$30,868,613	\$858,676
Wild Hay (2.93, 2.82%)	7,279	\$1,986,617	\$58,206	8,545	\$2,026,632	\$57,154
Non-Qualified Ag Land (20.51, 19.74%)	47,810	\$2,363,367	\$484,869	48,362	\$2,420,718	\$477,919
Eligible Mining Claims (2.93, 2.82%)	0	\$1,525	\$45	24	\$1,584	\$45
Class 3 Subtotal	656,216	\$60,284,057	\$2,181,968	647,510	\$59,885,739	\$2,086,351
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$645,443,538	\$18,873,320		\$692,534,022	\$19,492,297
Residential Low Income (varies)		\$11,265,947	\$114,336		\$18,832,352	\$198,509
Mobile Homes (2.93, 2.82%)		\$8,832,232	\$258,240		\$8,301,258	\$233,525
Mobile Homes Low Income (varies)		\$433,389	\$3,864		\$588,232	\$4,737
Commercial (2.93, 2.82%)		\$281,971,537	\$8,261,728		\$301,468,084	\$8,501,367
Industrial (2.93, 2.82%)		\$761,173	\$22,303		\$886,353	\$24,997
New Manufacturing (varies)		\$1,911,197	\$55,997		\$1,948,192	\$54,939
Qualified Golf Courses (1.47, 1.41%)		\$505,798	\$7,435		\$548,252	\$7,731
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$951,124,811	\$27,597,223		\$1,025,106,745	\$28,518,102
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$14,058,310	\$421,750		\$14,067,480	\$422,027
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$14,058,310	\$421,750		\$14,067,480	\$422,027
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$12,784,189	\$383,530		\$11,370,234	\$341,109
Farm Implements (3%)		\$9,759,749	\$292,793		\$10,369,069	\$311,077
Furniture and Fixtures (3%)		\$9,710,333	\$291,301		\$9,806,290	\$294,190
Other Business Equipment		\$2,307,937	\$67,037		\$1,953,544	\$58,617
Class 8 Subtotal		\$34,562,208	\$1,034,661		\$33,499,137	\$1,004,993
CLASS 9						
Utilities (12%)		\$28,398,668	\$3,407,841		\$30,736,571	\$3,688,389
CLASS 10						
Timber Land (0.34%, 0.33%)	127,943	\$39,557,407	\$134,491	135,017	\$39,211,876	\$129,371
CLASS 12						
Railroads (3.45%, 3.40%)		\$20,710,994	\$714,528		\$25,596,925	\$870,294
Airlines (3.45%, 3.40%)		\$4,568	\$158		\$3,527	\$120
Class 12 Subtotal		\$20,715,562	\$714,686		\$25,600,452	\$870,414
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$16,976,654	\$1,018,600		\$20,131,907	\$1,207,919
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$16,976,654	\$1,018,600		\$20,131,907	\$1,207,919
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$1,165,677,677</b>	<b>\$36,511,220</b>		<b>\$1,248,239,907</b>	<b>\$37,927,566</b>

## Petroleum County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	7,740	\$4,741,735	\$138,932	10,894	\$4,654,293	\$131,252
Tillable Non-Irrigated (2.93, 2.82%)	58,618	\$8,157,886	\$239,018	58,649	\$7,877,190	\$221,645
Grazing (2.93, 2.82%)	526,223	\$18,830,548	\$551,729	514,882	\$19,429,122	\$546,483
Wild Hay (2.93, 2.82%)	4,210	\$2,511,964	\$73,598	13,200	\$2,243,081	\$63,260
Non-Qualified Ag Land (20.51, 19.74%)	4,564	\$233,881	\$47,977	4,734	\$235,854	\$46,557
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	601,355	\$34,476,014	\$1,051,254	602,360	\$34,439,540	\$1,009,197
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$2,386,436	\$69,099		\$2,491,270	\$69,520
Residential Low Income (varies)		\$76,696	\$863		\$34,726	\$194
Mobile Homes (2.93, 2.82%)		\$1,153,752	\$33,805		\$900,193	\$25,387
Mobile Homes Low Income (varies)		\$0	\$0		\$19,154	\$107
Commercial (2.93, 2.82%)		\$6,771,769	\$198,429		\$6,935,411	\$195,581
Industrial (2.93, 2.82%)		\$0	\$0		\$0	\$0
New Manufacturing (varies)		\$0	\$0		\$0	\$0
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$10,388,653	\$302,196		\$10,380,754	\$290,789
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$4,122,454	\$123,673		\$3,988,048	\$119,641
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$4,122,454	\$123,673		\$3,988,048	\$119,641
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$377,146	\$11,312		\$313,381	\$9,402
Farm Implements (3%)		\$5,579,033	\$167,370		\$6,651,938	\$199,559
Furniture and Fixtures (3%)		\$44,030	\$1,321		\$51,604	\$1,551
Other Business Equipment		\$133,259	\$3,997		\$125,455	\$3,764
Class 8 Subtotal		\$6,133,468	\$184,000		\$7,142,378	\$214,276
CLASS 9						
Utilities (12%)		\$0	\$0		\$0	\$0
CLASS 10						
Timber Land (0.34%, 0.33%)	2,074	\$205,685	\$697	1,029	\$207,580	\$688
CLASS 12						
Railroads (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$0	\$0		\$0	\$0
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$21,437	\$1,286		\$19,210	\$1,153
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$21,437	\$1,286		\$19,210	\$1,153
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$55,347,711</b>	<b>\$1,663,106</b>		<b>\$56,177,510</b>	<b>\$1,635,744</b>

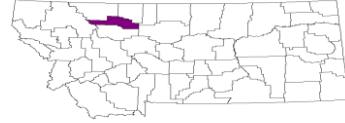
# Phillips County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	38,895	\$19,527,492	\$572,148	45,420	\$18,644,854	\$525,569
Tillable Non-Irrigated (2.93, 2.82%)	369,954	\$100,624,353	\$2,948,329	425,244	\$98,103,689	\$2,763,199
Grazing (2.93, 2.82%)	1,142,341	\$45,428,545	\$1,331,073	1,090,039	\$47,214,169	\$1,327,490
Wild Hay (2.93, 2.82%)	22,044	\$5,197,748	\$152,299	15,117	\$5,025,143	\$141,676
Non-Qualified Ag Land (20.51, 19.74%)	5,583	\$188,417	\$38,650	3,943	\$197,617	\$39,013
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,578,817	\$170,966,555	\$5,042,499	1,579,763	\$169,185,472	\$4,796,947
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$41,944,920	\$1,227,626		\$43,693,124	\$1,230,955
Residential Low Income (varies)		\$1,889,404	\$18,024		\$1,925,367	\$17,731
Mobile Homes (2.93, 2.82%)		\$2,195,341	\$64,319		\$2,172,901	\$61,269
Mobile Homes Low Income (varies)		\$56,568	\$559		\$71,172	\$631
Commercial (2.93, 2.82%)		\$46,301,558	\$1,356,628		\$49,354,518	\$1,391,819
Industrial (2.93, 2.82%)		\$71,621	\$2,100		\$77,255	\$2,178
New Manufacturing (varies)		\$1,296,318	\$37,984		\$1,204,922	\$33,979
Qualified Golf Courses (1.47, 1.41%)		\$477,577	\$7,020		\$501,808	\$7,075
Remodeled Commercial (varies)		\$211,807	\$4,956		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$94,445,114	\$2,719,216		\$99,001,067	\$2,745,637
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$8,235,952	\$247,080		\$9,370,087	\$281,100
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$8,235,952	\$247,080		\$9,370,087	\$281,100
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$4,407,530	\$132,235		\$4,456,461	\$133,702
Farm Implements (3%)		\$22,368,194	\$671,045		\$25,224,020	\$756,723
Furniture and Fixtures (3%)		\$4,505,976	\$135,173		\$2,303,695	\$69,117
Other Business Equipment		\$6,747,118	\$202,428		\$9,944,035	\$298,333
Class 8 Subtotal		\$38,028,818	\$1,140,881		\$41,928,211	\$1,257,875
CLASS 9						
Utilities (12%)		\$53,011,974	\$6,361,439		\$56,116,999	\$6,734,039
CLASS 10						
Timber Land (0.34%, 0.33%)	1,565	\$483,617	\$1,646	2,384	\$480,984	\$1,581
CLASS 12						
Railroads (3.45%, 3.40%)		\$18,169,227	\$626,837		\$19,334,698	\$657,379
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$18,169,227	\$626,837		\$19,334,698	\$657,379
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$5,060,842	\$303,651		\$5,673,313	\$340,400
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$5,060,842	\$303,651		\$5,673,313	\$340,400
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$388,402,099</b>	<b>\$16,443,249</b>		<b>\$401,090,831</b>	<b>\$16,814,958</b>



# Pondera County



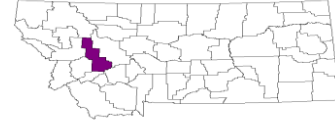
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	84,360	\$30,878,954	\$904,742	74,505	\$30,846,818	\$869,082
Tillable Non-Irrigated (2.93, 2.82%)	423,350	\$109,936,520	\$3,221,142	433,550	\$107,600,505	\$3,021,472
Grazing (2.93, 2.82%)	240,287	\$12,099,882	\$354,531	237,544	\$12,381,205	\$347,480
Wild Hay (2.93, 2.82%)	5,781	\$1,321,277	\$38,711	5,372	\$1,332,348	\$37,573
Non-Qualified Ag Land (20.51, 19.74%)	2,798	\$140,839	\$28,891	3,171	\$147,639	\$29,141
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	756,576	\$154,377,472	\$4,548,017	754,143	\$152,308,515	\$4,304,748
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$59,324,121	\$1,725,472		\$59,197,344	\$1,657,361
Residential Low Income (varies)		\$2,056,070	\$20,022		\$2,059,916	\$19,489
Mobile Homes (2.93, 2.82%)		\$2,001,066	\$58,626		\$2,152,186	\$60,691
Mobile Homes Low Income (varies)		\$61,038	\$829		\$21,247	\$308
Commercial (2.93, 2.82%)		\$77,569,327	\$2,272,790		\$79,024,556	\$2,228,498
Industrial (2.93, 2.82%)		\$400,771	\$11,744		\$354,349	\$9,992
New Manufacturing (varies)		\$9,383,588	\$274,937		\$8,847,387	\$249,495
Qualified Golf Courses (1.47, 1.41%)		\$231,746	\$3,407		\$227,154	\$3,203
Remodeled Commercial (varies)		\$285,542	\$3,984		\$305,424	\$3,750
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$151,313,269	\$4,371,811		\$152,189,563	\$4,232,787
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$11,688,838	\$350,665		\$12,351,424	\$370,543
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$11,688,838	\$350,665		\$12,351,424	\$370,543
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$6,977,054	\$206,108		\$6,428,921	\$189,660
Farm Implements (3%)		\$28,837,258	\$865,129		\$30,916,131	\$927,491
Furniture and Fixtures (3%)		\$2,129,744	\$63,903		\$2,210,936	\$66,336
Other Business Equipment		\$2,269,859	\$68,117		\$2,692,174	\$80,780
Class 8 Subtotal		\$40,213,915	\$1,203,257		\$42,248,162	\$1,264,267
CLASS 9						
Utilities (12%)		\$16,123,563	\$1,934,827		\$18,219,685	\$2,186,365
CLASS 10						
Timber Land (0.34%, 0.33%)	853	\$393,300	\$1,339	1,386	\$283,409	\$937
CLASS 12						
Railroads (3.45%, 3.40%)		\$17,767,362	\$612,975		\$18,939,092	\$643,929
Airlines (3.45%, 3.40%)		\$1,033	\$36		\$1,035	\$35
Class 12 Subtotal		\$17,768,395	\$613,011		\$18,940,127	\$643,964
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$3,495,260	\$209,714		\$3,910,976	\$234,659
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$3,495,260	\$209,714		\$3,910,976	\$234,659
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$395,374,012</b>	<b>\$13,232,641</b>		<b>\$400,451,861</b>	<b>\$13,238,270</b>

# Powder River County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	8,140	\$4,387,823	\$128,562	10,573	\$4,350,489	\$122,680
Tillable Non-Irrigated (2.93, 2.82%)	62,082	\$7,769,920	\$227,653	46,692	\$7,656,863	\$215,924
Grazing (2.93, 2.82%)	1,223,099	\$38,996,184	\$1,142,591	1,178,486	\$41,625,956	\$1,182,552
Wild Hay (2.93, 2.82%)	44,971	\$22,877,113	\$670,288	77,112	\$22,889,923	\$645,498
Non-Qualified Ag Land (20.51, 19.74%)	3,183	\$171,289	\$35,139	3,477	\$174,169	\$34,385
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,341,475	\$74,202,329	\$2,204,233	1,316,339	\$76,697,400	\$2,201,039
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$8,801,843	\$257,804		\$8,968,411	\$252,866
Residential Low Income (varies)		\$129,856	\$1,606		\$267,738	\$3,206
Mobile Homes (2.93, 2.82%)		\$4,021,030	\$117,818		\$4,037,019	\$113,851
Mobile Homes Low Income (varies)		\$209,508	\$2,277		\$167,813	\$1,844
Commercial (2.93, 2.82%)		\$21,089,801	\$617,930		\$21,260,188	\$599,535
Industrial (2.93, 2.82%)		\$0	\$0		\$0	\$0
New Manufacturing (varies)		\$0	\$0		\$0	\$0
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$34,252,038	\$997,435		\$34,701,169	\$971,302
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$8,278,583	\$248,359		\$7,953,905	\$238,619
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$8,278,583	\$248,359		\$7,953,905	\$238,619
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$3,262,260	\$97,868		\$6,749,675	\$202,490
Farm Implements (3%)		\$14,831,971	\$444,966		\$16,159,400	\$484,785
Furniture and Fixtures (3%)		\$320,450	\$9,616		\$327,824	\$9,837
Other Business Equipment		\$840,969	\$25,225		\$860,395	\$25,782
Class 8 Subtotal		\$19,255,650	\$577,675		\$24,097,294	\$722,894
CLASS 9						
Utilities (12%)		\$3,090,272	\$370,834		\$3,854,747	\$462,569
CLASS 10						
Timber Land (0.34%, 0.33%)	17,349	\$7,107,139	\$24,180	42,449	\$7,208,475	\$23,790
CLASS 12						
Railroads (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$0	\$0		\$0	\$0
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$854,293	\$51,257		\$951,121	\$57,068
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$854,293	\$51,257		\$951,121	\$57,068
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$147,040,304</b>	<b>\$4,473,973</b>		<b>\$155,464,111</b>	<b>\$4,677,281</b>

# Powell County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	49,603	\$17,641,824	\$516,911	41,889	\$17,380,618	\$490,036
Tillable Non-Irrigated (2.93, 2.82%)	1,114	\$120,047	\$3,516	1,467	\$124,257	\$3,504
Grazing (2.93, 2.82%)	347,061	\$15,950,762	\$467,376	352,026	\$16,432,505	\$462,520
Wild Hay (2.93, 2.82%)	9,113	\$1,432,702	\$41,980	4,545	\$1,456,884	\$41,084
Non-Qualified Ag Land (20.51, 19.74%)	19,711	\$927,657	\$190,331	19,282	\$985,099	\$194,473
Eligible Mining Claims (2.93, 2.82%)	592	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	427,194	\$36,072,992	\$1,220,114	419,209	\$36,379,363	\$1,191,617
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$130,074,936	\$3,803,334		\$136,680,717	\$3,846,076
Residential Low Income (varies)		\$3,292,362	\$29,699		\$3,990,664	\$37,666
Mobile Homes (2.93, 2.82%)		\$4,783,154	\$140,152		\$4,822,706	\$136,021
Mobile Homes Low Income (varies)		\$200,790	\$1,802		\$131,840	\$1,770
Commercial (2.93, 2.82%)		\$50,548,529	\$1,481,053		\$52,836,184	\$1,489,976
Industrial (2.93, 2.82%)		\$283,737	\$8,312		\$207,011	\$5,837
New Manufacturing (varies)		\$2,514,141	\$73,665		\$2,338,807	\$65,955
Qualified Golf Courses (1.47, 1.41%)		\$5,653,058	\$83,100		\$7,281,538	\$102,670
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$197,350,707	\$5,621,117		\$208,289,467	\$5,685,971
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$10,930,326	\$327,910		\$11,009,664	\$330,290
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$10,930,326	\$327,910		\$11,009,664	\$330,290
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$12,514,787	\$375,449		\$8,621,207	\$258,639
Farm Implements (3%)		\$6,788,579	\$203,656		\$7,175,295	\$215,261
Furniture and Fixtures (3%)		\$2,861,514	\$85,844		\$2,756,108	\$82,682
Other Business Equipment		\$1,445,246	\$43,362		\$1,707,599	\$51,228
Class 8 Subtotal		\$23,610,126	\$708,311		\$20,260,209	\$607,810
CLASS 9						
Utilities (12%)		\$27,686,240	\$3,322,350		\$30,248,726	\$3,629,844
CLASS 10						
Timber Land (0.34%, 0.33%)	211,744	\$99,807,349	\$339,350	207,584	\$98,122,268	\$324,360
CLASS 12						
Railroads (3.45%, 3.40%)		\$23,608,521	\$814,495		\$29,643,146	\$1,007,869
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$23,608,521	\$814,495		\$29,643,146	\$1,007,869
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$7,659,066	\$459,544		\$8,676,945	\$520,616
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$7,659,066	\$459,544		\$8,676,945	\$520,616
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$426,725,327</b>	<b>\$12,813,191</b>		<b>\$442,629,788</b>	<b>\$13,298,377</b>

# Prairie County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	13,722	\$7,550,514	\$221,238	13,955	\$7,224,521	\$203,734
Tillable Non-Irrigated (2.93, 2.82%)	104,356	\$14,484,659	\$424,393	84,762	\$14,612,323	\$412,022
Grazing (2.93, 2.82%)	454,765	\$20,589,262	\$603,260	464,035	\$19,913,754	\$552,638
Wild Hay (2.93, 2.82%)	0	\$1,875,489	\$54,947	10,491	\$1,879,043	\$52,986
Non-Qualified Ag Land (20.51, 19.74%)	483	\$23,543	\$4,829	513	\$25,714	\$5,075
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	573,326	\$44,523,467	\$1,308,667	573,757	\$43,655,355	\$1,226,455
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$8,201,742	\$239,361		\$8,241,287	\$231,889
Residential Low Income (varies)		\$179,320	\$1,509		\$143,294	\$1,140
Mobile Homes (2.93, 2.82%)		\$750,448	\$21,985		\$735,592	\$20,747
Mobile Homes Low Income (varies)		\$59,604	\$491		\$58,539	\$510
Commercial (2.93, 2.82%)		\$10,222,790	\$299,531		\$10,553,842	\$297,620
Industrial (2.93, 2.82%)		\$8,222	\$241		\$7,248	\$204
New Manufacturing (varies)		\$351,965	\$10,312		\$256,718	\$7,240
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$19,774,091	\$573,430		\$19,996,520	\$559,350
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$3,545,112	\$106,353		\$3,645,622	\$109,367
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$3,545,112	\$106,353		\$3,645,622	\$109,367
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$738,912	\$22,172		\$701,131	\$21,034
Farm Implements (3%)		\$9,736,874	\$292,104		\$10,574,840	\$317,246
Furniture and Fixtures (3%)		\$153,160	\$4,597		\$183,523	\$5,504
Other Business Equipment		\$765,702	\$22,978		\$722,046	\$21,661
Class 8 Subtotal		\$11,394,648	\$341,851		\$12,181,540	\$365,445
CLASS 9						
Utilities (12%)		\$2,859,218	\$343,106		\$3,122,195	\$374,664
CLASS 10						
Timber Land (0.34%, 0.33%)	436	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.40%)		\$20,288,035	\$699,937		\$21,612,147	\$734,813
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$20,288,035	\$699,937		\$21,612,147	\$734,813
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$1,878,974	\$112,739		\$2,173,099	\$130,386
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$1,878,974	\$112,739		\$2,173,099	\$130,386
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$104,263,545</b>	<b>\$3,486,083</b>		<b>\$106,386,478</b>	<b>\$3,500,480</b>

## Ravalli County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	42,819	\$21,467,285	\$628,988	44,977	\$19,352,812	\$544,371
Tillable Non-Irrigated (2.93, 2.82%)	4,956	\$452,945	\$13,271	3,693	\$361,320	\$10,195
Grazing (2.93, 2.82%)	121,302	\$4,129,417	\$121,017	117,839	\$4,593,453	\$129,974
Wild Hay (2.93, 2.82%)	1,137	\$39,863	\$1,168	504	\$73,913	\$2,087
Non-Qualified Ag Land (20.51, 19.74%)	36,788	\$1,876,192	\$384,909	39,364	\$1,969,852	\$388,915
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	207,002	\$27,965,702	\$1,149,353	206,377	\$26,351,350	\$1,075,542
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$1,626,090,323	\$47,367,952		\$1,721,426,346	\$48,276,382
Residential Low Income (varies)		\$61,941,407	\$654,117		\$70,456,470	\$742,338
Mobile Homes (2.93, 2.82%)		\$19,192,062	\$562,339		\$19,005,749	\$535,980
Mobile Homes Low Income (varies)		\$1,729,078	\$13,584		\$1,825,650	\$15,487
Commercial (2.93, 2.82%)		\$454,728,598	\$13,323,582		\$483,374,944	\$13,630,291
Industrial (2.93, 2.82%)		\$1,506,432	\$44,138		\$1,760,632	\$49,651
New Manufacturing (varies)		\$36,289,175	\$1,063,272		\$37,152,728	\$1,047,706
Qualified Golf Courses (1.47, 1.41%)		\$5,309,675	\$78,050		\$5,587,764	\$78,787
Remodeled Commercial (varies)		\$158,932	\$2,797		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$2,206,945,682	\$63,109,831		\$2,340,590,283	\$64,376,622
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$22,710,200	\$681,308		\$23,391,825	\$701,754
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$22,710,200	\$681,308		\$23,391,825	\$701,754
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$46,998,611	\$1,409,959		\$101,878,742	\$3,056,363
Farm Implements (3%)		\$9,153,583	\$274,600		\$9,415,041	\$282,450
Furniture and Fixtures (3%)		\$19,675,696	\$590,269		\$19,671,876	\$590,137
Other Business Equipment		\$21,794,313	\$650,325		\$17,219,423	\$516,629
Class 8 Subtotal		\$97,622,203	\$2,925,153		\$148,185,082	\$4,445,579
CLASS 9						
Utilities (12%)		\$27,001,148	\$3,240,136		\$29,869,896	\$3,584,387
CLASS 10						
Timber Land (0.34%, 0.33%)	96,961	\$47,135,131	\$160,255	95,378	\$45,214,051	\$147,036
CLASS 12						
Railroads (3.45%, 3.40%)		\$14,871,344	\$513,061		\$19,848,603	\$674,852
Airlines (3.45%, 3.40%)		\$7,894	\$272		\$6,686	\$227
Class 12 Subtotal		\$14,879,238	\$513,333		\$19,855,289	\$675,079
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$22,714,734	\$1,362,885		\$27,783,728	\$1,667,024
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$22,714,734	\$1,362,885		\$27,783,728	\$1,667,024
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$2,466,974,038</b>	<b>\$73,142,254</b>		<b>\$2,661,241,504</b>	<b>\$76,673,023</b>

# Richland County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	38,462	\$24,578,884	\$720,159	51,383	\$24,377,335	\$687,401
Tillable Non-Irrigated (2.93, 2.82%)	365,600	\$82,976,629	\$2,431,219	385,426	\$83,056,460	\$2,341,529
Grazing (2.93, 2.82%)	764,195	\$30,319,676	\$888,339	721,586	\$31,969,595	\$905,433
Wild Hay (2.93, 2.82%)	130	\$3,878,820	\$113,649	8,355	\$3,536,362	\$99,727
Non-Qualified Ag Land (20.51, 19.74%)	10,250	\$530,741	\$108,870	10,839	\$561,973	\$110,942
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,178,637	\$142,284,750	\$4,262,236	1,177,591	\$143,501,725	\$4,145,032
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$113,108,083	\$3,303,633		\$122,070,687	\$3,430,871
Residential Low Income (varies)		\$1,360,186	\$19,174		\$1,806,050	\$27,255
Mobile Homes (2.93, 2.82%)		\$3,744,295	\$109,713		\$3,899,373	\$109,968
Mobile Homes Low Income (varies)		\$66,145	\$884		\$108,279	\$1,291
Commercial (2.93, 2.82%)		\$73,139,649	\$2,143,011		\$76,414,989	\$2,154,876
Industrial (2.93, 2.82%)		\$744,398	\$21,807		\$781,067	\$22,026
New Manufacturing (varies)		\$21,172,434	\$531,949		\$20,325,060	\$506,238
Qualified Golf Courses (1.47, 1.41%)		\$480,119	\$7,058		\$526,369	\$7,422
Remodeled Commercial (varies)		\$109,278	\$2,449		\$118,560	\$2,593
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$213,924,587	\$6,139,678		\$226,050,434	\$6,262,540
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$28,980,883	\$869,425		\$59,075,422	\$1,772,265
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$421,774	\$12,653		\$534,006	\$16,020
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$29,402,657	\$882,078		\$59,609,428	\$1,788,285
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$87,901,311	\$2,431,912		\$96,037,162	\$2,719,024
Farm Implements (3%)		\$28,629,754	\$858,902		\$29,442,050	\$883,261
Furniture and Fixtures (3%)		\$5,474,045	\$164,226		\$4,325,072	\$129,753
Other Business Equipment		\$164,364,455	\$4,930,926		\$181,433,768	\$5,443,033
Class 8 Subtotal		\$286,369,565	\$8,385,966		\$311,238,052	\$9,175,071
CLASS 9						
Utilities (12%)		\$66,963,232	\$8,035,588		\$78,198,240	\$9,383,792
CLASS 10						
Timber Land (0.34%, 0.33%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.40%)		\$2,975,412	\$102,651		\$3,991,761	\$135,719
Airlines (3.45%, 3.40%)		\$187,897	\$6,483		\$574,972	\$19,549
Class 12 Subtotal		\$3,163,309	\$109,134		\$4,566,733	\$155,268
CLASS 13						
Electrical Generation Property (6%)		\$10,564,954	\$633,897		\$12,151,157	\$729,070
Telecommunication Property (6%)		\$5,676,775	\$340,609		\$6,067,467	\$364,047
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$16,241,729	\$974,506		\$18,218,624	\$1,093,117
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$758,349,829</b>	<b>\$28,789,186</b>		<b>\$841,383,236</b>	<b>\$32,003,105</b>

# Roosevelt County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	15,073	\$8,529,903	\$249,920	18,606	\$8,531,813	\$240,396
Tillable Non-Irrigated (2.93, 2.82%)	557,816	\$120,687,077	\$3,536,169	562,845	\$119,913,559	\$3,376,027
Grazing (2.93, 2.82%)	432,154	\$14,848,693	\$435,074	423,310	\$15,910,623	\$450,029
Wild Hay (2.93, 2.82%)	15,272	\$8,178,980	\$239,649	17,250	\$6,429,309	\$181,131
Non-Qualified Ag Land (20.51, 19.74%)	14,101	\$523,246	\$107,321	13,235	\$538,053	\$106,202
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,034,416	\$152,767,899	\$4,568,133	1,035,247	\$151,323,357	\$4,353,785
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$47,578,886	\$1,392,593		\$47,029,273	\$1,322,072
Residential Low Income (varies)		\$671,351	\$5,177		\$616,378	\$4,431
Mobile Homes (2.93, 2.82%)		\$3,367,146	\$98,652		\$3,235,715	\$91,239
Mobile Homes Low Income (varies)		\$69,639	\$487		\$55,688	\$311
Commercial (2.93, 2.82%)		\$44,963,257	\$1,317,446		\$45,240,801	\$1,275,785
Industrial (2.93, 2.82%)		\$168,567	\$4,939		\$193,224	\$5,448
New Manufacturing (varies)		\$11,900,626	\$292,689		\$11,932,522	\$282,639
Qualified Golf Courses (1.47, 1.41%)		\$139,295	\$2,048		\$141,452	\$1,994
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$108,858,767	\$3,114,031		\$108,445,053	\$2,983,919
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$16,286,238	\$488,585		\$28,164,864	\$844,944
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$16,286,238	\$488,585		\$28,164,864	\$844,944
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$15,160,096	\$454,814		\$22,969,897	\$689,102
Farm Implements (3%)		\$33,491,876	\$1,004,751		\$37,755,128	\$1,132,645
Furniture and Fixtures (3%)		\$2,085,788	\$62,569		\$2,818,963	\$84,567
Other Business Equipment		\$12,305,746	\$369,184		\$9,788,028	\$293,647
Class 8 Subtotal		\$63,043,506	\$1,891,318		\$73,332,016	\$2,199,961
CLASS 9						
Utilities (12%)		\$76,397,896	\$9,167,753		\$97,721,143	\$11,726,537
CLASS 10						
Timber Land (0.34%, 0.33%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.40%)		\$33,623,386	\$1,160,007		\$36,835,323	\$1,252,401
Airlines (3.45%, 3.40%)		\$1,774,123	\$61,207		\$2,025,435	\$68,864
Class 12 Subtotal		\$35,397,509	\$1,221,214		\$38,860,758	\$1,321,265
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$4,605,701	\$276,346		\$4,921,474	\$295,291
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$4,605,701	\$276,346		\$4,921,474	\$295,291
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$457,357,516</b>	<b>\$20,727,380</b>		<b>\$502,768,665</b>	<b>\$23,725,702</b>

# Rosebud County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	28,001	\$16,563,123	\$485,297	31,762	\$16,492,729	\$465,100
Tillable Non-Irrigated (2.93, 2.82%)	137,671	\$25,817,226	\$756,450	143,655	\$25,831,846	\$728,000
Grazing (2.93, 2.82%)	2,177,505	\$78,914,252	\$2,312,180	2,169,363	\$75,774,746	\$2,092,123
Wild Hay (2.93, 2.82%)	21,606	\$6,604,111	\$193,499	25,370	\$6,589,200	\$185,800
Non-Qualified Ag Land (20.51, 19.74%)	13,290	\$653,899	\$134,126	13,114	\$659,783	\$130,243
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	2,378,073	\$128,552,611	\$3,881,552	2,383,265	\$125,348,304	\$3,601,266
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$65,951,367	\$1,923,604		\$69,101,971	\$1,941,957
Residential Low Income (varies)		\$775,463	\$7,556		\$750,221	\$8,039
Mobile Homes (2.93, 2.82%)		\$7,128,722	\$208,869		\$7,036,272	\$198,412
Mobile Homes Low Income (varies)		\$116,853	\$924		\$66,490	\$507
Commercial (2.93, 2.82%)		\$38,535,649	\$1,129,108		\$40,877,810	\$1,152,762
Industrial (2.93, 2.82%)		\$5,999,969	\$175,802		\$6,120,501	\$172,603
New Manufacturing (varies)		\$28,752,078	\$842,435		\$29,842,904	\$841,570
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$147,260,101	\$4,288,298		\$153,796,169	\$4,315,850
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$14,811,703	\$444,353		\$14,135,272	\$424,053
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$260,643,183	\$7,819,296		\$242,585,994	\$7,277,581
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$275,454,886	\$8,263,649		\$256,721,266	\$7,701,634
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$100,217,975	\$3,006,545		\$106,388,376	\$3,191,658
Farm Implements (3%)		\$11,636,872	\$349,104		\$12,097,325	\$362,919
Furniture and Fixtures (3%)		\$2,925,767	\$87,782		\$3,028,331	\$90,855
Other Business Equipment		\$14,646,190	\$439,395		\$16,181,810	\$485,457
Class 8 Subtotal		\$129,426,804	\$3,882,826		\$137,695,842	\$4,130,889
CLASS 9						
Utilities (12%)		\$34,572,134	\$4,148,657		\$35,555,225	\$4,266,627
CLASS 10						
Timber Land (0.34%, 0.33%)	44,163	\$7,225,497	\$24,570	43,563	\$7,331,865	\$24,194
CLASS 12						
Railroads (3.45%, 3.40%)		\$27,000,956	\$931,532		\$28,650,589	\$974,119
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$27,000,956	\$931,532		\$28,650,589	\$974,119
CLASS 13						
Electrical Generation Property (6%)		\$1,180,699,832	\$70,841,989		\$1,162,749,359	\$69,764,962
Telecommunication Property (6%)		\$7,632,688	\$457,962		\$9,115,001	\$546,901
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$1,188,332,520	\$71,299,951		\$1,171,864,360	\$70,311,863
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$1,937,825,509</b>	<b>\$96,721,035</b>		<b>\$1,916,963,620</b>	<b>\$95,326,442</b>



# Sanders County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	15,445	\$5,587,253	\$163,702	12,965	\$5,507,885	\$155,160
Tillable Non-Irrigated (2.93, 2.82%)	7,871	\$485,790	\$14,236	1,445	\$458,880	\$12,939
Grazing (2.93, 2.82%)	137,961	\$7,016,385	\$205,560	150,968	\$6,692,575	\$184,969
Wild Hay (2.93, 2.82%)	12,795	\$4,413,594	\$129,309	10,519	\$4,263,174	\$120,052
Non-Qualified Ag Land (20.51, 19.74%)	20,823	\$1,088,124	\$223,241	22,447	\$1,112,882	\$219,725
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	194,896	\$18,591,146	\$736,048	198,344	\$18,035,396	\$692,845
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$355,668,762	\$10,308,834		\$376,439,557	\$10,497,067
Residential Low Income (varies)		\$14,093,364	\$146,278		\$17,187,746	\$162,318
Mobile Homes (2.93, 2.82%)		\$6,813,429	\$199,568		\$6,914,210	\$194,993
Mobile Homes Low Income (varies)		\$360,202	\$3,300		\$394,611	\$3,358
Commercial (2.93, 2.82%)		\$100,085,420	\$2,932,494		\$102,094,556	\$2,879,060
Industrial (2.93, 2.82%)		\$986,425	\$28,903		\$1,101,017	\$31,050
New Manufacturing (varies)		\$3,165,306	\$92,742		\$3,429,849	\$96,722
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$481,172,908	\$13,712,119		\$507,561,546	\$13,864,568
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$18,831,939	\$564,959		\$17,574,781	\$527,247
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$18,831,939	\$564,959		\$17,574,781	\$527,247
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$19,240,475	\$577,230		\$19,053,115	\$571,594
Farm Implements (3%)		\$4,010,657	\$120,325		\$3,932,880	\$117,990
Furniture and Fixtures (3%)		\$3,245,963	\$97,380		\$3,273,525	\$98,202
Other Business Equipment		\$1,862,191	\$55,875		\$2,168,191	\$65,053
Class 8 Subtotal		\$28,359,286	\$850,810		\$28,427,711	\$852,839
CLASS 9						
Utilities (12%)		\$25,524,038	\$3,062,885		\$26,849,295	\$3,221,914
CLASS 10						
Timber Land (0.34%, 0.33%)	274,514	\$233,199,816	\$792,922	267,120	\$226,132,924	\$735,792
CLASS 12						
Railroads (3.45%, 3.40%)		\$48,863,005	\$1,685,774		\$64,154,176	\$2,181,241
Airlines (3.45%, 3.40%)		\$1,033	\$36		\$1,035	\$35
Class 12 Subtotal		\$48,864,038	\$1,685,810		\$64,155,211	\$2,181,276
CLASS 13						
Electrical Generation Property (6%)		\$167,256,544	\$10,035,391		\$180,910,110	\$10,854,607
Telecommunication Property (6%)		\$6,265,811	\$375,950		\$6,043,332	\$362,602
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$173,522,355	\$10,411,341		\$186,953,442	\$11,217,209
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$1,028,065,526</b>	<b>\$31,816,894</b>		<b>\$1,075,690,306</b>	<b>\$33,293,690</b>

# Sheridan County



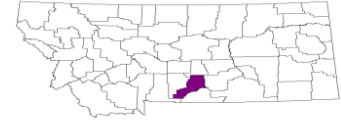
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	3,101	\$2,698,382	\$79,058	5,549	\$2,697,751	\$76,077
Tillable Non-Irrigated (2.93, 2.82%)	580,558	\$124,683,202	\$3,653,196	598,562	\$123,872,999	\$3,485,780
Grazing (2.93, 2.82%)	357,998	\$17,458,580	\$511,553	339,437	\$18,141,027	\$509,328
Wild Hay (2.93, 2.82%)	6,605	\$4,127,847	\$120,944	5,276	\$2,013,436	\$56,782
Non-Qualified Ag Land (20.51, 19.74%)	3,742	\$152,385	\$31,250	3,209	\$150,612	\$29,733
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	952,004	\$149,120,396	\$4,396,001	952,034	\$146,875,825	\$4,157,700
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$34,425,468	\$1,007,002		\$34,929,578	\$982,428
Residential Low Income (varies)		\$683,797	\$6,618		\$652,560	\$4,356
Mobile Homes (2.93, 2.82%)		\$1,681,325	\$49,259		\$1,686,050	\$47,540
Mobile Homes Low Income (varies)		\$17,475	\$122		\$25,194	\$141
Commercial (2.93, 2.82%)		\$32,951,138	\$965,446		\$33,797,274	\$953,061
Industrial (2.93, 2.82%)		\$401,748	\$11,773		\$438,276	\$12,362
New Manufacturing (varies)		\$8,184,482	\$164,625		\$8,911,680	\$167,182
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$78,345,433	\$2,204,845		\$80,440,612	\$2,167,070
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$14,114,263	\$423,432		\$13,907,250	\$417,220
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$14,114,263	\$423,432		\$13,907,250	\$417,220
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$6,817,342	\$204,523		\$5,524,567	\$156,378
Farm Implements (3%)		\$40,658,926	\$1,219,772		\$48,433,682	\$1,453,019
Furniture and Fixtures (3%)		\$1,135,730	\$34,066		\$1,104,795	\$33,143
Other Business Equipment		\$14,197,331	\$425,935		\$16,549,382	\$496,499
Class 8 Subtotal		\$62,809,329	\$1,884,296		\$71,612,426	\$2,139,039
CLASS 9						
Utilities (12%)		\$6,807,823	\$816,941		\$9,076,108	\$1,089,135
CLASS 10						
Timber Land (0.34%, 0.33%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.40%)		\$3,398,931	\$117,263		\$6,476,424	\$220,200
Airlines (3.45%, 3.40%)		\$661	\$23		\$662	\$23
Class 12 Subtotal		\$3,399,592	\$117,286		\$6,477,086	\$220,223
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$2,653,304	\$159,200		\$2,837,072	\$170,224
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$2,653,304	\$159,200		\$2,837,072	\$170,224
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$317,250,140</b>	<b>\$10,002,001</b>		<b>\$331,226,379</b>	<b>\$10,360,611</b>

# Silver Bow County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$371,976,886	\$6,695,584		\$276,818,979	\$5,813,199
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	3,392	\$1,329,477	\$38,951	2,990	\$1,363,395	\$38,448
Tillable Non-Irrigated (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Grazing (2.93, 2.82%)	114,007	\$1,356,057	\$39,734	103,590	\$4,216,460	\$119,064
Wild Hay (2.93, 2.82%)	1,680	\$59,803	\$1,751	995	\$300,392	\$8,472
Non-Qualified Ag Land (20.51, 19.74%)	23,097	\$1,198,486	\$245,814	26,378	\$1,324,899	\$261,566
Eligible Mining Claims (2.93, 2.82%)	7,857	\$440,907	\$12,918	6,362	\$394,228	\$11,111
Class 3 Subtotal	150,034	\$4,384,730	\$339,168	140,314	\$7,599,374	\$438,661
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$613,911,518	\$17,915,875		\$643,454,220	\$18,068,674
Residential Low Income (varies)		\$18,199,199	\$210,474		\$19,746,481	\$183,253
Mobile Homes (2.93, 2.82%)		\$9,585,358	\$280,387		\$9,180,164	\$258,873
Mobile Homes Low Income (varies)		\$425,241	\$5,037		\$416,123	\$3,917
Commercial (2.93, 2.82%)		\$316,520,248	\$9,274,032		\$328,581,888	\$9,266,039
Industrial (2.93, 2.82%)		\$1,877,632	\$55,014		\$1,857,069	\$52,368
New Manufacturing (varies)		\$81,821,213	\$2,170,066		\$81,195,804	\$2,112,603
Qualified Golf Courses (1.47, 1.41%)		\$2,955,891	\$43,452		\$3,488,200	\$49,184
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$1,045,296,300	\$29,954,337		\$1,087,919,949	\$29,994,911
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$2,195,567	\$65,868		\$2,397,776	\$71,933
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$11,669,767	\$350,093		\$10,913,279	\$327,398
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$137,952	\$2,069		\$138,182	\$2,073
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$14,003,286	\$418,030		\$13,449,237	\$401,404
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$332,018,738	\$9,731,223		\$374,353,417	\$11,077,437
Farm Implements (3%)		\$605,088	\$18,152		\$441,148	\$13,234
Furniture and Fixtures (3%)		\$27,597,750	\$827,930		\$30,829,351	\$924,882
Other Business Equipment		\$30,568,832	\$917,042		\$21,350,254	\$640,526
Class 8 Subtotal		\$390,790,408	\$11,494,347		\$426,974,170	\$12,656,079
CLASS 9						
Utilities (12%)		\$80,204,010	\$9,624,482		\$86,970,517	\$10,436,462
CLASS 10						
Timber Land (0.34%, 0.33%)	23,355	\$10,087,093	\$34,301	32,571	\$10,558,424	\$34,853
CLASS 12						
Railroads (3.45%, 3.40%)		\$9,167,675	\$316,284		\$9,607,173	\$326,645
Airlines (3.45%, 3.40%)		\$3,968,223	\$136,904		\$3,183,547	\$108,241
Class 12 Subtotal		\$13,135,898	\$453,188		\$12,790,720	\$434,886
CLASS 13						
Electrical Generation Property (6%)		\$533,184	\$31,991		\$464,240	\$27,854
Telecommunication Property (6%)		\$24,871,702	\$1,492,301		\$34,401,958	\$2,064,118
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$25,404,886	\$1,524,292		\$34,866,198	\$2,091,972
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$1,955,283,497</b>	<b>\$60,537,729</b>		<b>\$1,957,947,568</b>	<b>\$62,302,427</b>

# Stillwater County



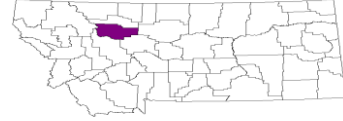
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$211,987,194	\$6,359,616		\$181,721,042	\$5,451,631
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	19,249	\$7,778,618	\$227,914	18,550	\$7,701,085	\$217,159
Tillable Non-Irrigated (2.93, 2.82%)	147,857	\$15,952,120	\$467,379	142,269	\$16,145,593	\$455,326
Grazing (2.93, 2.82%)	585,051	\$27,597,990	\$808,606	584,201	\$26,899,336	\$758,010
Wild Hay (2.93, 2.82%)	29,927	\$12,327,993	\$361,212	40,795	\$11,711,639	\$330,257
Non-Qualified Ag Land (20.51, 19.74%)	28,085	\$1,447,130	\$296,928	30,130	\$1,508,866	\$297,906
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	810,169	\$65,103,851	\$2,162,039	815,946	\$63,966,519	\$2,058,658
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$274,175,394	\$7,994,201		\$283,504,413	\$7,954,568
Residential Low Income (varies)		\$4,743,700	\$46,507		\$6,753,595	\$66,220
Mobile Homes (2.93, 2.82%)		\$6,544,197	\$191,749		\$6,264,060	\$176,637
Mobile Homes Low Income (varies)		\$203,912	\$1,919		\$262,606	\$2,812
Commercial (2.93, 2.82%)		\$100,243,072	\$2,937,129		\$101,940,341	\$2,874,711
Industrial (2.93, 2.82%)		\$2,374,369	\$69,571		\$2,407,466	\$67,883
New Manufacturing (varies)		\$22,100,296	\$647,541		\$23,013,106	\$648,971
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$410,384,940	\$11,888,617		\$424,145,587	\$11,791,802
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$13,595,452	\$407,863		\$14,006,453	\$420,192
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$3,476,095	\$104,283		\$3,576,852	\$107,306
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$17,071,547	\$512,146		\$17,583,305	\$527,498
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$136,385,322	\$4,091,564		\$154,312,547	\$4,629,380
Farm Implements (3%)		\$10,673,033	\$320,192		\$10,326,212	\$309,782
Furniture and Fixtures (3%)		\$3,464,612	\$103,941		\$3,379,271	\$101,378
Other Business Equipment		\$17,922,420	\$537,681		\$16,425,729	\$492,773
Class 8 Subtotal		\$168,445,387	\$5,053,378		\$184,443,759	\$5,533,313
CLASS 9						
Utilities (12%)		\$51,707,457	\$6,204,895		\$53,819,361	\$6,458,324
CLASS 10						
Timber Land (0.34%, 0.33%)	63,577	\$10,154,903	\$34,530	57,341	\$10,232,301	\$33,768
CLASS 12						
Railroads (3.45%, 3.40%)		\$7,619,300	\$262,866		\$16,895,871	\$574,460
Airlines (3.45%, 3.40%)		\$2,496	\$86		\$2,548	\$87
Class 12 Subtotal		\$7,621,796	\$262,952		\$16,898,419	\$574,547
CLASS 13						
Electrical Generation Property (6%)		\$6,390,848	\$383,451		\$6,422,752	\$385,365
Telecommunication Property (6%)		\$6,545,163	\$392,710		\$7,137,488	\$428,250
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$12,936,011	\$776,161		\$13,560,240	\$813,615
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$955,413,086</b>	<b>\$33,254,334</b>		<b>\$966,370,533</b>	<b>\$33,243,155</b>

# Sweet Grass County



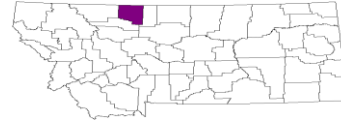
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$130,886,125	\$3,926,583		\$77,948,647	\$2,338,460
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	32,230	\$13,591,313	\$398,227	31,588	\$13,005,026	\$366,734
Tillable Non-Irrigated (2.93, 2.82%)	18,365	\$1,152,093	\$33,759	7,460	\$1,158,391	\$32,666
Grazing (2.93, 2.82%)	685,149	\$41,589,344	\$1,218,592	668,083	\$40,718,686	\$1,133,042
Wild Hay (2.93, 2.82%)	18,319	\$9,283,208	\$272,001	21,334	\$8,664,754	\$244,355
Non-Qualified Ag Land (20.51, 19.74%)	9,685	\$491,208	\$100,769	10,112	\$518,649	\$102,397
Eligible Mining Claims (2.93, 2.82%)	46	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	763,793	\$66,107,166	\$2,023,348	738,579	\$64,065,506	\$1,879,194
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$101,476,967	\$2,963,969		\$101,724,162	\$2,859,921
Residential Low Income (varies)		\$2,891,252	\$26,983		\$4,070,573	\$39,529
Mobile Homes (2.93, 2.82%)		\$2,218,080	\$64,995		\$2,127,344	\$59,992
Mobile Homes Low Income (varies)		\$32,524	\$192		\$42,496	\$278
Commercial (2.93, 2.82%)		\$89,578,654	\$2,624,663		\$90,792,676	\$2,560,363
Industrial (2.93, 2.82%)		\$1,283,617	\$37,613		\$1,371,652	\$38,679
New Manufacturing (varies)		\$10,427,160	\$305,517		\$10,279,575	\$289,885
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$207,908,254	\$6,023,932		\$210,408,478	\$5,848,647
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$12,891,072	\$386,734		\$11,452,202	\$343,565
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$12,891,072	\$386,734		\$11,452,202	\$343,565
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$75,714,121	\$2,271,427		\$76,497,075	\$2,294,913
Farm Implements (3%)		\$9,025,025	\$270,743		\$9,543,133	\$286,300
Furniture and Fixtures (3%)		\$1,438,476	\$43,162		\$1,114,224	\$33,432
Other Business Equipment		\$7,235,889	\$217,083		\$6,064,242	\$181,929
Class 8 Subtotal		\$93,413,511	\$2,802,415		\$93,218,674	\$2,796,574
CLASS 9						
Utilities (12%)		\$10,979,068	\$1,317,489		\$11,984,154	\$1,438,099
CLASS 10						
Timber Land (0.34%, 0.33%)	70,849	\$19,321,685	\$65,702	96,588	\$19,332,530	\$63,793
CLASS 12						
Railroads (3.45%, 3.40%)		\$12,698,313	\$438,091		\$16,851,238	\$572,942
Airlines (3.45%, 3.40%)		\$1,033	\$36		\$1,035	\$35
Class 12 Subtotal		\$12,699,346	\$438,127		\$16,852,273	\$572,977
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$4,293,673	\$257,620		\$5,060,453	\$303,628
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$4,293,673	\$257,620		\$5,060,453	\$303,628
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$558,499,900</b>	<b>\$17,241,950</b>		<b>\$510,322,917</b>	<b>\$15,584,937</b>

# Teton County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	112,964	\$51,805,437	\$1,517,888	116,470	\$51,144,284	\$1,440,330
Tillable Non-Irrigated (2.93, 2.82%)	416,936	\$92,968,009	\$2,723,950	407,003	\$91,675,832	\$2,578,853
Grazing (2.93, 2.82%)	493,514	\$28,547,752	\$836,444	495,678	\$27,269,173	\$763,538
Wild Hay (2.93, 2.82%)	23,342	\$5,265,356	\$154,263	21,585	\$5,227,295	\$147,410
Non-Qualified Ag Land (20.51, 19.74%)	7,871	\$414,359	\$84,998	8,884	\$443,704	\$87,594
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,054,627	\$179,000,913	\$5,317,543	1,049,621	\$175,760,288	\$5,017,725
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$88,888,352	\$2,588,388		\$92,082,591	\$2,582,051
Residential Low Income (varies)		\$2,103,642	\$21,739		\$1,941,028	\$17,539
Mobile Homes (2.93, 2.82%)		\$2,023,713	\$59,286		\$2,255,386	\$63,603
Mobile Homes Low Income (varies)		\$112,766	\$743		\$94,857	\$865
Commercial (2.93, 2.82%)		\$80,153,746	\$2,348,522		\$82,373,545	\$2,322,925
Industrial (2.93, 2.82%)		\$342,020	\$10,021		\$408,388	\$11,516
New Manufacturing (varies)		\$15,940,438	\$369,128		\$15,745,099	\$365,843
Qualified Golf Courses (1.47, 1.41%)		\$829,221	\$12,189		\$854,742	\$12,052
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$190,393,898	\$5,410,016		\$195,755,636	\$5,376,394
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$19,773,288	\$593,198		\$19,756,865	\$592,704
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$19,773,288	\$593,198		\$19,756,865	\$592,704
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$3,548,981	\$105,829		\$3,450,823	\$102,909
Farm Implements (3%)		\$28,870,968	\$866,134		\$31,288,825	\$938,666
Furniture and Fixtures (3%)		\$1,833,512	\$55,006		\$1,824,804	\$54,749
Other Business Equipment		\$1,384,212	\$41,539		\$2,114,519	\$63,445
Class 8 Subtotal		\$35,637,673	\$1,068,508		\$38,678,971	\$1,159,769
CLASS 9						
Utilities (12%)		\$18,650,777	\$2,238,094		\$20,847,563	\$2,501,707
CLASS 10						
Timber Land (0.34%, 0.33%)	8,013	\$2,412,722	\$8,207	8,374	\$2,391,590	\$7,898
CLASS 12						
Railroads (3.45%, 3.40%)		\$24,654,528	\$850,582		\$26,298,832	\$894,160
Airlines (3.45%, 3.40%)		\$0	\$0		\$1,513	\$51
Class 12 Subtotal		\$24,654,528	\$850,582		\$26,300,345	\$894,211
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$1,773,641	\$106,416		\$3,035,410	\$182,126
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$1,773,641	\$106,416		\$3,035,410	\$182,126
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$472,297,440</b>	<b>\$15,592,564</b>		<b>\$482,526,668</b>	<b>\$15,732,534</b>

# Toole County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	1,191	\$1,271,508	\$37,254	2,091	\$1,271,508	\$35,857
Tillable Non-Irrigated (2.93, 2.82%)	671,411	\$143,671,499	\$4,209,584	700,139	\$141,603,828	\$3,975,915
Grazing (2.93, 2.82%)	393,133	\$18,893,469	\$553,582	364,044	\$18,954,928	\$529,715
Wild Hay (2.93, 2.82%)	5,521	\$2,684,551	\$78,658	6,877	\$2,646,653	\$74,632
Non-Qualified Ag Land (20.51, 19.74%)	6,666	\$320,573	\$65,755	6,516	\$326,120	\$64,374
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,077,923	\$166,841,600	\$4,944,833	1,079,667	\$164,803,037	\$4,680,493
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$53,627,749	\$1,565,830		\$54,323,213	\$1,526,801
Residential Low Income (varies)		\$821,413	\$7,251		\$610,319	\$6,718
Mobile Homes (2.93, 2.82%)		\$1,430,605	\$41,916		\$1,432,756	\$40,405
Mobile Homes Low Income (varies)		\$23,355	\$208		\$23,088	\$194
Commercial (2.93, 2.82%)		\$91,642,746	\$2,685,154		\$93,225,829	\$2,628,955
Industrial (2.93, 2.82%)		\$156,775	\$4,597		\$159,584	\$4,502
New Manufacturing (varies)		\$7,377,486	\$216,160		\$7,328,205	\$206,656
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$155,080,129	\$4,521,116		\$157,102,994	\$4,414,231
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$13,168,411	\$395,054		\$12,345,958	\$370,379
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$13,168,411	\$395,054		\$12,345,958	\$370,379
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$14,723,516	\$425,973		\$8,089,766	\$236,789
Farm Implements (3%)		\$26,976,431	\$809,293		\$28,903,130	\$867,099
Furniture and Fixtures (3%)		\$3,384,547	\$101,542		\$3,507,211	\$105,223
Other Business Equipment		\$6,184,045	\$185,523		\$6,685,119	\$200,584
Class 8 Subtotal		\$51,268,539	\$1,522,331		\$47,185,226	\$1,409,695
CLASS 9						
Utilities (12%)		\$18,687,526	\$2,242,502		\$19,094,652	\$2,291,360
CLASS 10						
Timber Land (0.34%, 0.33%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.40%)		\$30,994,552	\$1,069,311		\$32,900,645	\$1,118,624
Airlines (3.45%, 3.40%)		\$2,496	\$86		\$2,548	\$87
Class 12 Subtotal		\$30,997,048	\$1,069,397		\$32,903,193	\$1,118,711
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$4,264,791	\$255,887		\$4,964,566	\$297,875
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$4,264,791	\$255,887		\$4,964,566	\$297,875
CLASS 14						
Wind Generation (3%)		\$7,173,151	\$215,195		\$0	\$0
Wind Generation New&Exp (varies)		\$211,443,155	\$3,171,647		\$288,611,682	\$4,329,175
Class 14 Subtotal		\$218,616,306	\$3,386,842		\$288,611,682	\$4,329,175
<b>Total</b>		<b>\$658,924,350</b>	<b>\$18,337,962</b>		<b>\$727,011,308</b>	<b>\$18,911,919</b>

# Treasure County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	21,214	\$13,332,263	\$390,637	22,098	\$13,012,651	\$366,694
Tillable Non-Irrigated (2.93, 2.82%)	16,803	\$2,385,923	\$69,917	11,951	\$2,334,020	\$65,818
Grazing (2.93, 2.82%)	514,372	\$20,228,776	\$592,694	524,306	\$18,732,830	\$512,469
Wild Hay (2.93, 2.82%)	456	\$2,220,972	\$65,075	6,371	\$2,242,841	\$63,253
Non-Qualified Ag Land (20.51, 19.74%)	1,449	\$69,531	\$14,259	1,444	\$72,313	\$14,273
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	554,295	\$38,237,465	\$1,132,582	566,170	\$36,394,655	\$1,022,507
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$4,488,662	\$131,460		\$4,530,990	\$127,719
Residential Low Income (varies)		\$220,819	\$2,616		\$137,669	\$1,407
Mobile Homes (2.93, 2.82%)		\$1,244,512	\$36,460		\$1,256,460	\$35,436
Mobile Homes Low Income (varies)		\$26,189	\$342		\$23,810	\$133
Commercial (2.93, 2.82%)		\$8,122,217	\$237,977		\$8,150,791	\$229,848
Industrial (2.93, 2.82%)		\$25,030	\$732		\$22,413	\$632
New Manufacturing (varies)		\$344,428	\$10,092		\$334,923	\$9,445
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$14,471,857	\$419,679		\$14,457,056	\$404,620
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$3,570,404	\$107,111		\$3,577,372	\$107,322
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$3,570,404	\$107,111		\$3,577,372	\$107,322
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$682,556	\$20,479		\$809,187	\$24,278
Farm Implements (3%)		\$6,679,376	\$200,383		\$6,930,821	\$207,923
Furniture and Fixtures (3%)		\$202,961	\$6,092		\$110,422	\$3,312
Other Business Equipment		\$79,717	\$2,394		\$81,952	\$2,457
Class 8 Subtotal		\$7,644,610	\$229,348		\$7,932,382	\$237,970
CLASS 9						
Utilities (12%)		\$11,975,275	\$1,437,032		\$11,737,127	\$1,408,455
CLASS 10						
Timber Land (0.34%, 0.33%)	14,116	\$281,619	\$955	1,821	\$278,755	\$919
CLASS 12						
Railroads (3.45%, 3.40%)		\$17,997,899	\$620,928		\$19,163,872	\$651,572
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$17,997,899	\$620,928		\$19,163,872	\$651,572
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$1,450,600	\$87,035		\$1,861,367	\$111,682
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$1,450,600	\$87,035		\$1,861,367	\$111,682
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$95,629,729</b>	<b>\$4,034,670</b>		<b>\$95,402,586</b>	<b>\$3,945,047</b>

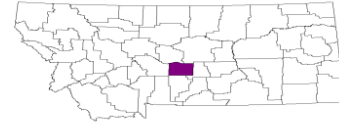


# Valley County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	43,482	\$19,631,763	\$575,220	45,033	\$19,234,401	\$542,256
Tillable Non-Irrigated (2.93, 2.82%)	652,191	\$139,735,996	\$4,094,297	659,778	\$133,753,469	\$3,766,923
Grazing (2.93, 2.82%)	760,776	\$36,042,347	\$1,056,065	755,907	\$37,858,056	\$1,067,200
Wild Hay (2.93, 2.82%)	8,299	\$3,552,374	\$104,083	7,595	\$2,588,920	\$73,005
Non-Qualified Ag Land (20.51, 19.74%)	6,640	\$332,213	\$68,153	7,255	\$347,696	\$68,639
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,471,387	\$199,294,693	\$5,897,818	1,475,568	\$193,782,542	\$5,518,023
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$90,114,240	\$2,636,348		\$92,810,517	\$2,610,878
Residential Low Income (varies)		\$1,086,394	\$10,300		\$1,213,425	\$9,724
Mobile Homes (2.93, 2.82%)		\$2,084,430	\$61,066		\$2,017,908	\$56,902
Mobile Homes Low Income (varies)		\$63,831	\$858		\$43,970	\$382
Commercial (2.93, 2.82%)		\$69,846,528	\$2,046,517		\$72,017,406	\$2,030,876
Industrial (2.93, 2.82%)		\$212,075	\$6,214		\$235,877	\$6,651
New Manufacturing (varies)		\$3,587,619	\$105,119		\$3,644,953	\$102,789
Qualified Golf Courses (1.47, 1.41%)		\$444,243	\$6,531		\$458,774	\$6,470
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$167,439,360	\$4,872,953		\$172,442,830	\$4,824,672
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$20,090,790	\$602,725		\$20,039,502	\$601,187
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$20,090,790	\$602,725		\$20,039,502	\$601,187
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$4,162,148	\$124,859		\$3,973,866	\$119,219
Farm Implements (3%)		\$32,246,968	\$967,410		\$33,021,337	\$990,639
Furniture and Fixtures (3%)		\$4,282,862	\$128,480		\$5,014,045	\$150,415
Other Business Equipment		\$2,366,577	\$71,010		\$2,721,201	\$81,636
Class 8 Subtotal		\$43,058,555	\$1,291,759		\$44,730,449	\$1,341,909
CLASS 9						
Utilities (12%)		\$67,338,426	\$8,080,610		\$83,173,187	\$9,980,780
CLASS 10						
Timber Land (0.34%, 0.33%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.40%)		\$26,929,885	\$929,080		\$28,538,025	\$970,294
Airlines (3.45%, 3.40%)		\$14,280	\$493		\$409,471	\$13,922
Class 12 Subtotal		\$26,944,165	\$929,573		\$28,947,496	\$984,216
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$9,572,899	\$574,376		\$8,207,703	\$492,462
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$9,572,899	\$574,376		\$8,207,703	\$492,462
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$533,738,888</b>	<b>\$22,249,814</b>		<b>\$551,323,709</b>	<b>\$23,743,249</b>

## Wheatland County



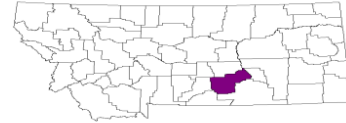
	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	18,368	\$11,009,060	\$322,562	24,394	\$10,472,743	\$295,261
Tillable Non-Irrigated (2.93, 2.82%)	97,555	\$14,662,010	\$429,593	103,940	\$14,321,058	\$403,836
Grazing (2.93, 2.82%)	606,333	\$29,131,133	\$853,502	580,213	\$28,912,997	\$800,835
Wild Hay (2.93, 2.82%)	18,691	\$6,795,562	\$199,117	27,951	\$7,034,913	\$198,393
Non-Qualified Ag Land (20.51, 19.74%)	5,995	\$301,122	\$61,779	5,974	\$299,731	\$59,190
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	746,942	\$61,898,887	\$1,866,553	742,473	\$61,041,442	\$1,757,515
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$23,100,785	\$671,816		\$23,241,580	\$650,496
Residential Low Income (varies)		\$671,139	\$7,070		\$875,475	\$8,638
Mobile Homes (2.93, 2.82%)		\$547,436	\$16,038		\$552,613	\$15,585
Mobile Homes Low Income (varies)		\$0	\$0		\$10,910	\$61
Commercial (2.93, 2.82%)		\$23,636,078	\$692,524		\$24,451,158	\$689,532
Industrial (2.93, 2.82%)		\$68,519	\$2,007		\$17,605	\$496
New Manufacturing (varies)		\$312,452	\$9,155		\$239,087	\$6,742
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$48,336,409	\$1,398,610		\$49,388,428	\$1,371,550
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$1,447,410	\$43,423		\$1,383,351	\$41,499
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$1,447,410	\$43,423		\$1,383,351	\$41,499
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$1,909,134	\$57,276		\$3,415,185	\$102,457
Farm Implements (3%)		\$6,929,345	\$207,881		\$7,097,477	\$212,927
Furniture and Fixtures (3%)		\$848,707	\$25,468		\$880,107	\$26,403
Other Business Equipment		\$380,088	\$11,405		\$766,797	\$23,010
Class 8 Subtotal		\$10,067,274	\$302,030		\$12,159,566	\$364,797
CLASS 9						
Utilities (12%)		\$50,678,310	\$6,081,397		\$52,937,171	\$6,352,459
CLASS 10						
Timber Land (0.34%, 0.33%)	13,062	\$3,714,591	\$12,628	17,310	\$3,936,944	\$12,993
CLASS 12						
Railroads (3.45%, 3.40%)		\$8,873,190	\$306,126		\$9,465,898	\$321,842
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$8,873,190	\$306,126		\$9,465,898	\$321,842
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$6,929,731	\$415,784		\$7,262,490	\$435,748
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$6,929,731	\$415,784		\$7,262,490	\$435,748
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$182,930,571	\$2,743,959		\$178,866,161	\$2,682,993
Class 14 Subtotal		\$182,930,571	\$2,743,959		\$178,866,161	\$2,682,993
<b>Total</b>		<b>\$374,876,373</b>	<b>\$13,170,510</b>		<b>\$376,441,451</b>	<b>\$13,341,396</b>

## Wibaux County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Tillable Non-Irrigated (2.93, 2.82%)	128,669	\$20,176,578	\$591,165	96,216	\$19,183,905	\$540,114
Grazing (2.93, 2.82%)	373,658	\$17,445,296	\$511,159	404,955	\$18,887,294	\$532,058
Wild Hay (2.93, 2.82%)	8	\$4,369,153	\$128,020	1,438	\$627,886	\$17,708
Non-Qualified Ag Land (20.51, 19.74%)	969	\$40,574	\$8,322	653	\$32,721	\$6,460
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	503,304	\$42,031,601	\$1,238,666	503,263	\$38,731,806	\$1,096,340
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$5,951,363	\$174,285		\$6,021,848	\$169,780
Residential Low Income (varies)		\$172,908	\$1,486		\$141,010	\$789
Mobile Homes (2.93, 2.82%)		\$713,922	\$20,917		\$753,760	\$21,255
Mobile Homes Low Income (varies)		\$1,616	\$10		\$1,569	\$9
Commercial (2.93, 2.82%)		\$10,657,668	\$312,273		\$10,837,526	\$305,621
Industrial (2.93, 2.82%)		\$376,735	\$11,037		\$409,399	\$11,544
New Manufacturing (varies)		\$0	\$0		\$0	\$0
Qualified Golf Courses (1.47, 1.41%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$17,874,212	\$520,008		\$18,165,112	\$508,998
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$3,338,891	\$100,167		\$3,242,554	\$97,277
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$0	\$0		\$0	\$0
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$3,338,891	\$100,167		\$3,242,554	\$97,277
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$37,053	\$2,964
CLASS 8						
Machinery (3%)		\$1,397,293	\$41,916		\$4,820,839	\$144,625
Farm Implements (3%)		\$7,192,479	\$215,774		\$8,206,236	\$246,187
Furniture and Fixtures (3%)		\$142,874	\$4,290		\$148,459	\$4,456
Other Business Equipment		\$7,396,429	\$221,888		\$7,117,099	\$213,509
Class 8 Subtotal		\$16,129,075	\$483,868		\$20,292,633	\$608,777
CLASS 9						
Utilities (12%)		\$7,151,652	\$858,198		\$9,019,173	\$1,082,301
CLASS 10						
Timber Land (0.34%, 0.33%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.40%)		\$5,748,685	\$198,330		\$6,132,694	\$208,512
Airlines (3.45%, 3.40%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$5,748,685	\$198,330		\$6,132,694	\$208,512
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$1,377,879	\$82,673		\$1,454,628	\$87,278
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$1,377,879	\$82,673		\$1,454,628	\$87,278
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$93,651,995</b>	<b>\$3,481,910</b>		<b>\$97,075,653</b>	<b>\$3,692,447</b>

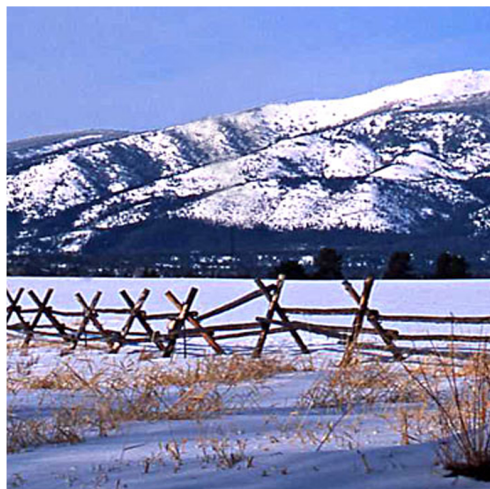
# Yellowstone County



	----- 2009 -----			----- 2010 -----		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.93, 2.82%)	59,691	\$31,399,601	\$920,012	60,722	\$31,341,402	\$883,151
Tillable Non-Irrigated (2.93, 2.82%)	206,660	\$32,268,008	\$945,440	202,351	\$32,177,725	\$907,171
Grazing (2.93, 2.82%)	959,229	\$38,060,127	\$1,115,199	939,780	\$37,177,513	\$1,034,896
Wild Hay (2.93, 2.82%)	5,762	\$3,336,725	\$97,768	20,759	\$3,383,838	\$95,417
Non-Qualified Ag Land (20.51, 19.74%)	60,591	\$2,982,438	\$611,870	60,397	\$3,133,839	\$618,748
Eligible Mining Claims (2.93, 2.82%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,291,933	\$108,046,899	\$3,690,289	1,284,008	\$107,214,317	\$3,539,383
CLASS 4 Land and Improvements:						
Residential (2.93, 2.82%)		\$3,909,365,213	\$114,196,685		\$4,036,477,299	\$113,476,022
Residential Low Income (varies)		\$54,414,232	\$537,071		\$70,527,139	\$664,145
Mobile Homes (2.93, 2.82%)		\$76,794,579	\$2,247,140		\$76,242,488	\$2,148,051
Mobile Homes Low Income (varies)		\$2,950,173	\$26,198		\$3,142,732	\$27,768
Commercial (2.93, 2.82%)		\$2,080,133,960	\$60,947,902		\$2,211,435,092	\$62,362,497
Industrial (2.93, 2.82%)		\$37,976,663	\$1,112,715		\$46,727,188	\$1,317,701
New Manufacturing (varies)		\$167,956,435	\$4,559,723		\$181,354,731	\$4,820,673
Qualified Golf Courses (1.47, 1.41%)		\$18,796,558	\$276,308		\$19,883,055	\$280,350
Remodeled Commercial (varies)		\$5,336,945	\$153,604		\$5,624,509	\$158,610
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$6,353,724,758	\$184,057,346		\$6,651,414,233	\$185,255,817
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$45,528,617	\$1,365,859		\$47,642,838	\$1,429,287
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$77,822,358	\$2,334,671		\$68,883,898	\$2,066,517
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (varies)		\$1,679,500	\$25,193		\$1,679,500	\$25,193
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$125,030,475	\$3,725,723		\$118,206,236	\$3,520,997
CLASS 7						
Non-Centrally Assessed Public Util. (8%, 3%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%)		\$1,241,231,705	\$28,003,671		\$1,385,190,395	\$32,576,397
Farm Implements (3%)		\$22,964,823	\$688,937		\$24,860,954	\$745,826
Furniture and Fixtures (3%)		\$191,657,512	\$5,749,764		\$203,009,310	\$6,090,282
Other Business Equipment		\$61,753,197	\$1,852,728		\$101,910,933	\$3,057,448
Class 8 Subtotal		\$1,517,607,237	\$36,295,100		\$1,714,971,592	\$42,469,953
CLASS 9						
Utilities (12%)		\$219,372,979	\$26,324,756		\$236,166,452	\$28,339,972
CLASS 10						
Timber Land (0.34%, 0.33%)	32,539	\$5,869,726	\$19,956	39,209	\$5,959,933	\$19,675
CLASS 12						
Railroads (3.45%, 3.40%)		\$166,136,434	\$5,731,707		\$169,435,633	\$5,760,812
Airlines (3.45%, 3.40%)		\$47,124,158	\$1,625,784		\$49,717,446	\$1,690,393
Class 12 Subtotal		\$213,260,592	\$7,357,491		\$219,153,079	\$7,451,205
CLASS 13						
Electrical Generation Property (6%)		\$58,668,287	\$3,520,098		\$58,418,144	\$3,505,089
Telecommunication Property (6%)		\$140,617,093	\$8,437,024		\$256,324,436	\$15,379,463
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$199,285,380	\$11,957,122		\$314,742,580	\$18,884,552
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New&Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
<b>Total</b>		<b>\$8,742,198,046</b>	<b>\$273,427,783</b>		<b>\$9,367,828,422</b>	<b>\$289,481,554</b>

# TAX EXPENDITURES

## BIENNIAL REPORT • MONTANA DEPARTMENT OF REVENUE



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State governments affect people's lives in many ways. They provide services, they regulate behavior, and they levy taxes. When state government provides a service or regulates behavior, citizens and their legislators scrutinize the goals of the program, its costs, and its results. State programs that use the tax system to encourage private parties to change their behavior or provide services should receive the same scrutiny.

The purpose of this tax expenditure report is to provide the public and the legislature information to use in that scrutiny. It identifies special provisions in the tax code that either reward or discourage private activities. It also measures the cost of these special provisions in terms of reduced tax revenue.

### What is a Tax Expenditure?

When a state agency has a program to accomplish a goal, such as upgrading the pavement on state highways, the program has a direct cost to taxpayers – the taxes they must pay to finance the program. The program's budget spells out how much the program will cost and how the money will be spent.

When the state tax code contains provisions that give incentives for taxpayers to behave in certain ways, such as saving more or donating to charities, this also has a cost to taxpayers. Without the special provisions, either general taxes could be lower or more revenue could be available to provide public services. For example, if all special provisions in the Montana income tax were eliminated, either revenue would increase by about 30% or rates could be reduced by about one-fifth, from a range of 1% to 6.9% to a range of 0.8% to 5.5%. A special tax provision's cost to the state budget, and ultimately to other taxpayers, is called a *tax expenditure*.

### How are Tax Expenditures Measured?

There are two components to measuring tax expenditures: identifying special provisions of the tax code, and estimating the revenue forgone because of each special provision.

Since the introduction of the tax expenditure concept by the US Treasury Department in 1967, there has been considerable controversy about what should be considered to be a tax expenditure and about what baseline should be used in estimating a special provision's revenue impact. In part, the controversy has been about

technical points from economic theory, and in part, it has been an ideological argument between proponents of different visions of an ideal tax system. This controversy has tended to obscure the goal of tax expenditure reporting, which is to serve as a starting point for evaluating whether special features of the tax law should be continued, modified, or replaced.

This report roughly follows the logic put forward by the staff of the congressional Joint Committee on Taxation in a recent report *A Reconsideration of Tax Expenditure Analysis*.<sup>1</sup> It defines tax expenditures to be provisions of the tax law that deliberately depart from the general structure of the tax, generally with the goal of influencing taxpayer behavior. More general questions of tax policy, such as what should be taxed and at what rates, are outside the scope of tax expenditure analysis. This is to limit the scope of the analysis, not because these questions are not important.

For each tax considered, this report first identifies the general structure of the tax – the general rules for what is included in the base and the normal rate structure. It then identifies exceptions from these general rules. The exceptions may take the form of special, limited exemptions from the tax base, special rates with limited applicability, or tax credits. For each special provision, it explores how the special provision affects qualifying taxpayers, the state budget, and other taxpayers. This report presents the amount of each tax expenditure based on information on actual tax returns, such as the amount of credits claimed or the reduction in tax liability due to reported exclusions or deductions. It does not attempt to estimate the changes in behavior a tax incentive has induced or the additional revenue that would result from repealing it. Ideally, these would be estimated as part of a periodic legislative review of each tax expenditure.

### How should this information be used?

Ideally, the legislature would give tax expenditures the same kind of scrutiny that it gives to direct program expenditures. It would consider the likely costs and results of new proposals, and it would periodically evaluate the actual costs and impacts of existing tax expenditures. This evaluation would examine each tax expenditure's effectiveness, including cost effectiveness.

Evaluating a tax expenditure's effectiveness would require having a clear statement of its purpose and mea-

<sup>1</sup> Joint Committee on Taxation, *A Reconsideration of Tax Expenditure Analysis* (JCX-37-08), May 12, 2008.

asuring whether it accomplishes that purpose. In general, a tax expenditure's purpose is to change taxpayers' behavior in some way. An effective tax expenditure would produce a large change in taxpayers' behavior for a small cost in foregone revenue. An ineffective tax expenditure would reward people for doing what they would have done anyway.

Thus, measuring a tax expenditure's effectiveness requires knowing its cost, knowing how much of the desired activity taxpayers engaged in, and estimating how much of the activity taxpayers would have done without the incentive.

Evaluating a tax expenditure's cost effectiveness would require comparing it with other methods of accomplishing the same goal. For example, the tax credits to encourage energy conservation investments could be compared to direct grant programs or changes in building codes. The tax credit for extending infrastructure to new manufacturing plants could be compared to a direct grant program or changes in land-use planning.

## Tax Expenditures in the Definition of Adjusted Gross Income

The individual income tax is a tax on income a person or couple receives during a year. The general structure of the income tax has three components:

- the taxpayer's adjusted gross income, which generally includes cash and the value of non-monetary compensation and is net of the costs of earning income,
- an exemption for each taxpayer and each dependent and a standard deduction, which are subtracted from adjusted gross income to give taxable income, and
- the tax rates, which in Montana take the form of a graduated rate schedule with the first increments of income being taxed at lower rates.

Tax expenditures for the income tax take four forms:

- special treatment of specific types of income, either through special provisions for measuring income or through excluding some types of income from the definition of adjusted gross income,
- itemized deductions from adjusted gross income for taxpayers who meet certain conditions or make certain types of expenditures,
- lower tax rates for certain types of income, and
- tax credits for taxpayers who meet certain conditions or make certain types of expenditures.

### Tax Expenditures in the Definition of Adjusted Gross Income

Montana law adopts the federal definition of adjusted gross income as the starting point for measuring income subject to the state income tax. Tax expenditures in the definition of adjusted gross income come from two sources: tax expenditures that arise in the federal definition of adjusted gross income and tax expenditures that arise from special provisions of Montana law. State tax expenditures that arise from the state's tie to federal law are *passive tax expenditures*. The state legislature did not take any action to create them and would have to act to prevent them.

Some passive tax expenditures are the result of federal

law exempting certain types of income from tax. Others arise from special rules for measuring income. These include special depreciation provisions, rules for the timing of recognition of income, and rules for determining when expenditures that employers make on behalf of their employees count as income to the employee. A third type of passive expenditure results from extra expense deductions federal law allows as incentives to make certain types of investment.

Federal credits do not create passive state tax expenditures, because they do not affect the taxpayer's adjusted gross income.

Montana tax returns do not include information that would allow reliable state-level estimates of individual passive tax expenditures. Total passive tax expenditures can be roughly estimated from the estimates of federal tax expenditures published by the congressional Joint Committee on Taxation (JCT).<sup>1</sup> The JCT's estimates of federal tax expenditures that create Montana passive tax expenditures total \$412 billion. Multiplying this by the ratio of adjusted gross income reported on federal returns with a Montana address to adjusted gross income reported on all federal returns, 0.26%, and the ratio of the top Montana rate to the top federal rate, 19.7%, gives the following rough estimate of these passive tax expenditures:

Montana Passive Expenditures from Special Provisions in Federal Definitions of Total Income (\$ Million)
\$212

Other passive tax expenditures arise from specific adjustments to gross income. These items are listed on both federal and state tax returns. On the 2009 Montana Form 2, they are on lines 23 through 35. These items are sometimes called federal adjustments to income or above-the-line deductions.

Five above-the-line deductions should not be considered tax expenditures. Four allow taxpayers to deduct un-reimbursed costs of doing their jobs or otherwise earning income. They are the deduction for educator expenses; the deduction for business expenses of reservists, performing artists, and fee basis local government officials; the deduction for expenses of moving to

<sup>1</sup> "Estimates of Federal Tax Expenditures for Fiscal Years 2009-2013" by the staff of the Joint Committee on Taxation, January, 2010, Document JCS-1-10.



## Tax Expenditures in the Definition of Adjusted Gross Income

take a new job; and the deduction for penalties for early withdrawal of savings.

The fifth is the deduction for alimony paid, which ensures that income allocated between former spouses is taxed to the person who ultimately receives it.

The other seven above-the-line deductions are tax expenditures.

### Health Savings Account Deduction

A Health Savings Account (HSA) is a tax-advantaged account for certain medical expenses of taxpayers whose only health insurance is a high-deductible health insurance plan. Funds in an HSA may be used only to pay medical costs that are not reimbursed by insurance. Both deposits to and distributions from an HSA are exempt from income tax.

HSAs provide a partial subsidy to taxpayers who buy their own health insurance and choose a high-deductible plan. This provides an incentive for individuals to purchase high-deductible health insurance themselves rather than choose some other option for health insurance or do without.

Table 2.2 shows Health Savings Account deductions for tax years 2005 through 2009. Before 2005, the above-the-line deductions were all combined on a single line on the Montana income tax return, so these deductions can only be tracked separately since 2005.

For 2009, the Health Savings Account deduction reduced income tax revenue to the state general fund by \$1,169,701, or \$1.89 per full year resident taxpayer.

### Individual Retirement Account Deduction

An Individual Retirement Account (IRA) is a tax-advantaged account for retirement savings. Taxpayers are allowed an above-the-line deduction for contributions to a traditional IRA. For most taxpayers, the deduction was limited to \$4,000 in 2007. The limit increases to \$5,000 in 2008. The limit is \$1,000 higher for taxpayers who are 50 or older. Higher income taxpayers who participate in one of several types of pension plan have a lower limit that depends on their income.

Earnings retained in an IRA are not taxed, but distributions from an IRA are taxed. This delays taxes on a part of current income until after the taxpayer retires, providing a subsidy for retirement savings. This gives taxpayers an incentive to increase retirement saving.

Table 2.3 shows Individual Retirement Account deductions for tax years 2005 through 2009.

For 2009, the Individual Retirement Account deduction reduced income tax revenue to the state general fund by \$3,314,266, or \$5.35 per full year resident taxpayer.

Health Savings Account Deduction (Table 2.2)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	1,793	\$4,861,755	234	\$721,309	105	\$202,804	2,132	\$5,785,868
2006	2,796	\$8,066,464	419	\$1,525,065	108	\$203,870	3,323	\$9,795,399
2007	3,989	\$12,396,345	472	\$1,961,471	175	\$327,251	4,636	\$14,685,067
2008	5,407	\$16,792,206	697	\$2,942,603	209	\$415,754	6,313	\$20,150,563
2009	6,040	\$19,175,503	775	\$3,300,085	155	\$155	6,970	\$22,475,743

Individual Retirement Account Deduction (Table 2.3)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	14,848	\$54,340,678	1,203	\$5,790,667	487	\$1,521,475	16,538	\$61,652,820
2006	15,436	\$59,631,134	1,198	\$6,242,828	497	\$1,599,056	17,131	\$67,473,018
2007	15,803	\$61,619,221	1,205	\$6,030,013	498	\$1,656,623	17,506	\$69,305,857
2008	13,527	\$56,421,582	1,112	\$6,816,737	328	\$1,122,702	14,967	\$64,361,021
2009	12,480	\$52,303,964	1,002	\$5,874,759	274	\$1,021,602	13,756	\$59,200,325

# Tax Expenditures in the Definition of Adjusted Gross Income

## Student Loan Interest Deduction

Taxpayers may deduct interest they paid on student loans for either their own or their dependents' post-secondary education.

This deduction provides a subsidy to taxpayers who borrow to pay for either their own or their dependents' education. This provides an incentive for taxpayers to invest in their own or their dependents' educations. It also provides an incentive to increase the proportion of education expenses financed by borrowing.

Table 2.4 shows student loan interest deductions for tax years 2005 through 2009.

For 2009, the student loan interest deduction reduced income tax revenue to the state general fund by \$1,996,907, or \$3.23 per full-year resident taxpayer.

## Tuition and Fees Deduction

Taxpayers may deduct tuition and fees they paid for their own or their dependents' post-secondary education. Federal law also provides a credit for some tuition and fee payments, and a taxpayer may not take both the deduction and the credit.

This deduction provides a subsidy for taxpayers who are pursuing their own post-secondary education or paying for their dependents' post-secondary education. This provides an incentive for taxpayers to invest in their own or their dependents' educations.

This deduction did not have a separate line on either federal or state tax returns before 2007.

Table 2.5 shows tuition and fees deductions for tax years 2007 through 2009.

For 2009, the tuition and fees deduction reduced income tax revenue to the state general fund by \$572,047, or \$0.92 per full year resident taxpayer.

## Deductions for the Self-Employed

Three above-the-line deductions give self-employed persons the same treatment as employees for fringe benefits and retirement plans. They are the deduction for one-half of self-employment tax, the deduction for contributions to qualified self-employed retirement plans, and the deduction for self-employed health insurance. The federal Joint Committee on Taxation classifies these deductions, and the corresponding exclusions for employees, to be tax expenditures – they exclude part of an employee's or self-employed person's income from taxation.

Table 2.6 show these deductions for tax years 2005 through 2009.

For 2009, extending these exclusions to the self employed reduced income tax revenue to the state general fund by \$12,133,668, or \$19.60 per full-year resident taxpayer.

**Student Loan Interest Deduction (Table 2.4)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	32,217	\$19,351,674	1,919	\$1,164,598	3,526	\$2,189,736	37,662	\$22,706,008
2006	37,114	\$25,323,574	2,089	\$1,450,213	3,877	\$2,820,547	43,080	\$29,594,334
2007	39,214	\$29,796,691	2,144	\$1,703,204	3,778	\$3,009,468	45,136	\$34,509,363
2008	40,577	\$32,089,772	2,356	\$2,014,100	3,653	\$3,063,092	46,586	\$37,166,964
2009	41,749	\$32,806,866	2,361	\$1,988,225	3,074	\$2,621,006	47,184	\$37,416,097

**Tuition and Fees Deduction (Table 2.5)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2007	12,356	\$31,181,153	1,183	\$2,881,876	902	\$2,304,488	14,441	\$36,367,517
2008	13,413	\$34,238,086	1,340	\$3,339,186	886	\$2,247,846	15,639	\$39,825,118
2009	6,605	\$15,216,928	704	\$1,607,260	549	\$1,481,854	7,858	\$18,306,042

## Tax Expenditures in the Definition of Adjusted Gross Income

### One-Half of Self Employment Tax (Table 2.6)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	58,815	\$71,483,283	6,286	\$24,307,841	2,291	\$2,176,822	67,392	\$97,967,946
2006	59,151	\$74,926,867	6,219	\$22,647,884	2,388	\$1,991,335	67,758	\$99,566,086
2007	60,278	\$79,003,075	5,737	\$14,878,508	2,287	\$2,023,076	68,302	\$95,904,659
2008	58,744	\$74,863,322	7,335	\$28,920,785	2,123	\$1,948,293	68,202	\$105,732,400
2009	57,031	\$70,605,043	6,910	\$26,039,269	1,752	\$1,593,344	65,693	\$98,237,656

### Contributions to Qualified Self-Employed Retirement Plans

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	3,763	\$51,859,057	1,175	\$28,573,377	85	\$1,356,057	5,023	\$81,788,491
2006	3,751	\$54,938,617	1,165	\$27,108,796	96	\$1,420,275	5,012	\$83,467,688
2007	3,481	\$52,250,335	907	\$21,407,969	84	\$1,347,219	4,472	\$75,005,523
2008	3,048	\$46,752,467	1,134	\$31,280,734	75	\$914,798	4,257	\$78,947,999
2009	2,707	\$42,822,026	1,030	\$26,706,434	50	\$546,977	3,787	\$70,075,437

### Self-Employed Health Insurance Premiums Deduction

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	21,219	\$92,534,884	3,057	\$20,040,435	511	\$1,716,612	24,787	\$114,291,931
2006	20,940	\$95,735,690	2,936	\$19,504,200	465	\$1,464,168	24,341	\$116,704,058
2007	20,644	\$98,953,188	2,622	\$17,996,591	444	\$1,642,157	23,710	\$118,591,936
2008	20,071	\$102,338,278	3,512	\$27,287,502	398	\$1,316,008	23,981	\$130,941,788
2009	19,190	\$98,936,900	3,399	\$27,785,729	346	\$1,357,558	22,935	\$128,080,187

### Domestic Production Activities Deduction

Before 2004, certain income from exports to other countries was exempt from taxation. The World Trade Organization found that this export subsidy violated international trade agreements that the United States had signed. This exposed the United States to potential sanctions from its trade partners. Congress responded by repealing the export subsidy and replacing it with a general subsidy for manufacturing.

In addition to the normal deduction for business expenses, taxpayers are allowed a special deduction of a percentage of net income from producing new goods

and engineering and architectural services in the United States. The percentage was 3% for 2005 and 2006, 6% for 2007 through 2009, and is 9% from 2010 forward. Because it is a percentage of net income, it would be more accurate to call this provision a partial exemption of certain types of income rather than a deduction.

This deduction provides businesses with an incentive to produce goods and engineering and architectural services rather than other types of services and to engage in these production activities in the United States rather than in other countries.

### Domestic Production Activities Deduction (Table 2.7)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	2,817	\$11,947,553	796	\$42,873,123	45	\$200,290	3,658	\$55,020,966
2006	11,007	\$34,084,680	2,116	\$57,874,171	585	\$1,502,737	13,708	\$93,461,588
2007	4,352	\$35,899,187	1,130	\$53,479,563	58	\$604,676	5,540	\$89,983,426
2008	4,286	\$28,313,939	1,762	\$198,481,095	70	\$1,103,846	6,118	\$227,898,880
2009	4,160	\$22,914,712	1,675	\$133,588,571	39	\$239,355	5,874	\$156,742,638

## Tax Expenditures in the Definition of Adjusted Gross Income

Table 2.7 shows domestic production activities deductions for 2005 through 2009.

For 2009, the domestic production activities deduction reduced individual income tax revenue to the general fund by \$1,686,493, or \$2.72 per full-year resident taxpayer. Most of the value of this deduction is claimed by non-residents, but most non-residents who file a Montana return have a relatively small fraction of their income from Montana, so that most of the tax expenditure goes to residents.

### Montana Adjustments to Income

Montana has 40 adjustments to federal adjusted gross income that taxpayers are either allowed or required to make in calculating Montana adjusted gross income.

Some of these Montana adjustments are needed to allocate income between spouses filing separate Montana returns when they filed a joint federal return. Other state

adjustments exist because federal law prohibits states from taxing certain types of income that the federal government taxes. A few exist because the state taxes some types of income that the federal government does not. Most exist because the legislature has chosen to partly or completely exempt certain types of income from taxation.

### Interest on Federal Government Bonds

Federal law and court decisions prohibit states from taxing interest on federal government bonds. Montana law specifically exempts interest on federal bonds from taxation (15-30-2110(2)(a), MCA).

Table 2.8 shows federal interest that has been exempted from Montana taxation since 1997.

For 2009, this exclusion reduced income tax revenue to the general fund by \$2,155,884, or \$3.48 per full year resident taxpayer.

Interest on Federal Government Bonds (Table 2.8)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	32,848	\$88,800,195	2,886	\$133,945,980	829	\$2,661,549	36,563	\$225,407,724
1998	32,682	\$88,525,656	2,789	\$126,827,237	797	\$1,675,141	36,268	\$217,028,034
1999	32,354	\$85,520,376	2,910	\$124,509,638	862	\$1,738,047	36,126	\$211,768,061
2000	30,883	\$98,577,472	2,923	\$104,001,496	772	\$1,596,747	34,578	\$204,175,715
2001	28,632	\$85,952,848	2,877	\$130,252,978	763	\$4,341,613	32,272	\$220,547,439
2002	25,294	\$59,642,270	2,922	\$111,324,880	640	\$1,167,997	28,856	\$172,135,147
2003	22,291	\$47,157,089	2,606	\$59,560,330	590	\$644,226	25,487	\$107,361,645
2004	22,274	\$43,523,775	2,678	\$82,593,579	590	\$1,473,694	25,542	\$127,591,048
2005	22,326	\$49,168,424	3,185	\$120,979,650	629	\$1,424,866	26,140	\$171,572,940
2006	23,727	\$67,566,360	3,200	\$129,009,267	652	\$3,866,720	27,579	\$200,442,347
2007	24,943	\$76,997,436	2,741	\$64,573,369	692	\$1,698,874	28,376	\$143,269,679
2008	23,481	\$51,862,384	3,809	\$208,173,091	635	\$2,371,497	27,925	\$262,406,972
2009	20,220	\$37,421,242	3,304	\$82,926,289	433	\$795,403	23,957	\$121,142,934

Exempt Tribal Income (Table 2.9)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	4,638	\$109,780,493	16	\$412,813	41	\$528,813	4,695	\$110,722,119
2006	6,330	\$151,953,947	12	\$224,730	54	\$838,156	6,396	\$153,016,833
2007	7,287	\$182,801,857	*	\$138,652	46	\$556,012	*	\$183,496,521
2008	7,378	\$187,639,734	13	\$668,539	58	\$1,061,691	7,449	\$189,369,964
2009	7,700	\$201,760,096	11	\$200,709	54	\$877,670	7,765	\$202,838,475

## Tax Expenditures in the Definition of Adjusted Gross Income

### Exempt Tribal Income

Indian tribes are sovereign governments, and by federal law and treaty, the right to tax the income a member who lives on the tribe's reservation earns on the reservation is reserved to the tribal government. The state may tax income non-members earn on a reservation. This is similar to the general rule for taxation across national borders – a country may tax income its citizens earn anywhere, and may tax income non-citizens earn in the country, but may not tax income citizens of another country earn in another country. For this reason, it is not clear whether the exemption for tribal income should be considered a state tax expenditure.

Table 2.9 shows exempt tribal income reported on Montana returns since 2005. Before 2005, tribal income was exempt but was not reported on returns.

For 2009, this exclusion reduced income tax revenue to the general fund by \$6,794,935, or \$10.98 per full year resident taxpayer.

### Unemployment Compensation

Federal law exempts the first \$2,400 of unemployment compensation.

Montana exempts all unemployment compensation from taxation (15-30-2101(10)). The state revenue loss from the federal exemption is included in the estimate of passive tax expenditures. Table 2.10 shows additional state exemptions for unemployment compensation since 1997.

For 2009, this exclusion reduced income tax revenue to the general fund by \$7,537,268, or \$12.18 per full-year resident taxpayer.

### Worker's Compensation

Federal law exempts worker's compensation payments except those that relate to medical expenses deducted in an earlier year. Montana exempts all worker's compensation payments (15-30-2110(2)(g)). The state revenue loss from the federal exemption is included in the

Unemployment Compensation (Table 2.10)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	25,501	\$48,410,392	1,728	\$4,954,706	1,752	\$4,228,881	28,981	\$57,593,979
1998	25,012	\$47,098,989	1,771	\$5,374,593	1,731	\$4,213,748	28,514	\$56,687,330
1999	23,520	\$48,969,054	1,522	\$4,717,423	1,696	\$4,546,879	26,738	\$58,233,356
2000	23,756	\$50,685,840	1,573	\$5,066,450	1,616	\$4,408,074	26,945	\$60,160,364
2001	25,688	\$59,504,425	1,862	\$6,151,988	1,831	\$5,368,067	29,381	\$71,024,480
2002	27,864	\$78,266,420	2,045	\$9,087,969	2,047	\$8,391,652	31,956	\$95,746,041
2003	29,076	\$85,701,639	2,886	\$15,244,369	2,197	\$8,767,141	34,159	\$109,713,149
2004	25,810	\$67,368,156	2,155	\$8,682,056	1,787	\$6,311,737	29,752	\$82,361,949
2005	21,669	\$56,464,400	2,328	\$9,312,642	1,550	\$5,408,518	25,547	\$71,185,560
2006	21,698	\$58,694,074	1,990	\$7,743,079	1,491	\$5,216,061	25,179	\$71,653,214
2007	22,216	\$62,871,680	2,331	\$9,432,544	1,402	\$5,070,623	25,949	\$77,374,847
2008	29,607	\$99,748,626	2,339	\$10,512,152	1,741	\$7,082,519	33,687	\$117,343,297
2009	31,984	\$169,813,215	2,942	\$18,729,135	1,907	\$11,978,353	36,833	\$200,520,703

Exempt Workers Compensation (Table 2.11)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	73	\$196,017	*	\$181,497	*	\$18,721	*	\$396,235
2006	91	\$409,774	*	\$40,865	*	\$70,684	*	\$521,323
2007	81	\$261,696	*	\$24,398	*	\$741	*	\$286,835
2008	75	\$400,335	*	\$15,719	10	\$56,305	*	\$472,359
2009	201	\$1,006,241	*	\$21,577	14	\$59,733	*	\$1,087,551

## Tax Expenditures in the Definition of Adjusted Gross Income

estimate of passive tax expenditures. Table 2.11 shows additional state exemptions for worker's compensation payments since 2005. Before 2005, this exemption was not reported on a separate line on tax returns.

For 2009, this exclusion reduced income tax revenue to the general fund by \$33,366, or \$0.05 per full-year resident taxpayer.

### Small Business Investment Company Dividends

The federal Small Business Investment Act of 1958 created a category of venture capital firms called small business investment companies. Montana law (15-33-106, MCA) allows taxpayers to exempt capital gains or dividends from a Montana small business investment company.

Table 2.12 shows income exempted under this provision since 2005. Before 2005, this exemption was not reported on a separate line on tax returns.

For 2009, this exclusion reduced income tax revenue to the general fund by \$4,029, or \$0.01 per full year resident taxpayer.

### Military Salary

Montana exempts the military salary of residents who are on active duty in armed forces (15-30-2117(2), MCA). Tables 2.13 and 2.14 show the amount of income subject to this exemption since 2005. Before 2005, this exemption did not have a separate line on the tax return.

Military personnel from another state who are stationed in Montana are not required to establish residency in the state, and their military salaries are considered income from their home state rather than from Montana. Beginning in 2009, military spouses also are allowed to maintain residency in their home state. Income not counted as Montana income, and presumably counted in another state, is shown in the following table.

Together, these exclusions reduced 2009 income tax revenue to the general fund by \$6,825,170, or \$11.03 per full-year resident taxpayer.

**Capital Gains from Small Business Investment Companies (Table 2.12)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	57	\$61,287	*	\$9,904,829	*	\$7,508	*	\$9,973,624
2006	37	\$119,479	*	\$149,653	*	\$4,065	*	\$273,197
2007	39	\$49,391	*	\$1,848	*	\$143,468	*	\$194,707
2008	38	\$50,125	*	\$14,420	*	\$0	*	\$64,545
2009	42	\$73,145	*	\$74	*	\$0	*	\$73,219

**Active Duty Military Salary (Table 2.13)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	4,673	\$125,255,618	123	\$4,282,937	222	\$6,041,248	5,018	\$135,579,803
2006	4,667	\$126,527,045	153	\$4,997,576	239	\$6,033,752	5,059	\$137,558,373
2007	4,000	\$124,730,710	94	\$3,546,097	196	\$5,471,423	4,290	\$133,748,230
2008	4,105	\$131,691,515	137	\$5,031,564	170	\$4,840,757	4,412	\$141,563,836
2009	4,259	\$142,046,880	113	\$4,746,639	145	\$3,994,003	4,517	\$150,787,522

**Non-Resident Military Salary (Table 2.14)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	76	\$2,323,750	540	\$18,994,689	211	\$5,879,707	827	\$27,198,146
2006	93	\$3,124,488	464	\$17,002,978	215	\$5,962,234	772	\$26,089,700
2007	99	\$2,898,800	507	\$18,358,797	200	\$5,233,585	806	\$26,491,182
2008	111	\$3,661,691	565	\$20,578,737	183	\$6,047,966	859	\$30,288,394
2009	97	\$3,560,669	559	\$20,974,101	161	\$4,821,656	817	\$29,356,426

## Tax Expenditures in the Definition of Adjusted Gross Income

### National Guard Life Insurance Premiums

The state will reimburse members of the National Guard or Reserve who are on active duty for premiums they pay for military group life insurance. This reimbursement is treated as income for federal income tax, but the state exempts it from taxation (15-30-2117(3), MCA). Table 2.15 shows exempt Guard and Reserve life insurance premium reimbursements since 2005.

For 2009, this exclusion reduced income tax revenue to the general fund by \$2,470, or \$0.004 per full year resident taxpayer.

### Partial Pension Exemption

Each taxpayer may exclude up to \$3,600 of pension income from taxation. This exemption is reduced by \$2 for each \$1 that the taxpayer's federal adjusted gross income exceeds \$30,000 (15-30-2110(2)(c)). Table 2.16 shows pension income excluded from taxation since 1997.

For 2009, this exclusion reduced income tax revenue to the general fund by \$3,754,974, or \$6.07 per full-year resident taxpayer.

### Partial Interest Exclusion for Elderly Taxpayers

Taxpayers who are age 65 or older may exclude up to \$800 of interest income (15-30-2110(2)(b), MCA). Table 2.17 shows interest income excluded since 1997.

For 2009, this exclusion reduced income tax revenue to the general fund by \$1,523,999, or \$2.46 per full year resident taxpayer.

### Disability Retirement Income

Taxpayers who are under the age of 65 and permanently disabled may exclude up to \$5,200 of disability retirement income (15-30-2110(10)). The amount taxpayers may exclude is reduced by any amount by which their pre-exclusion adjusted gross income exceeds \$15,000. Table 2.18 shows disability income excluded since 2005. Before 2005, this exemption was not reported on a separate line on the tax return.

For 2009, this exclusion reduced income tax revenue to the general fund by \$8,349, or \$0.01 per full-year resident taxpayer.

**National Guard Life Insurance Premium Reimbursement (Table 2.15)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	159	\$93,693	*	\$130	*	\$1,058	*	\$94,881
2006	131	\$520,505	*	\$29	*	\$2,100	*	\$522,634
2007	103	\$553,974	*	\$926	*	\$930	*	\$555,830
2008	118	\$447,340	*	\$53	*	\$1,823	*	\$449,216
2009	40	\$441,796	*	\$956	*	\$0	*	\$442,752

**Partial Pension Exemption (Table 2.16)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	40,921	\$156,850,129	600	\$2,660,279	678	\$2,480,162	42,199	\$161,990,570
1998	39,664	\$153,154,815	615	\$2,076,552	719	\$2,574,945	40,998	\$157,806,312
1999	40,040	\$155,172,531	632	\$2,018,959	726	\$2,423,846	41,398	\$159,615,336
2000	40,894	\$156,465,588	697	\$2,353,978	704	\$2,344,386	42,295	\$161,163,952
2001	41,958	\$161,621,214	722	\$2,512,713	775	\$2,606,210	43,455	\$166,740,137
2002	43,366	\$166,435,046	789	\$2,493,219	734	\$2,433,071	44,889	\$171,361,336
2003	43,687	\$168,680,258	795	\$2,616,949	847	\$2,910,584	45,329	\$174,207,791
2004	43,386	\$167,439,300	772	\$2,624,006	799	\$2,847,727	44,957	\$172,911,033
2005	38,273	\$130,393,508	575	\$1,727,281	661	\$2,082,026	39,509	\$134,202,815
2006	38,564	\$129,048,960	623	\$1,910,734	726	\$2,233,687	39,913	\$133,193,381
2007	38,339	\$126,897,995	588	\$1,849,712	565	\$1,754,517	39,492	\$130,502,224
2008	40,079	\$134,023,768	882	\$2,751,718	555	\$1,711,875	41,516	\$138,487,361
2009	39,671	\$132,876,584	1,030	\$3,174,075	491	\$1,539,858	41,192	\$137,590,517

## Tax Expenditures in the Definition of Adjusted Gross Income

Elderly Interest Exclusion (Table 2.17)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	52,611	\$46,684,634	2,981	\$3,331,737	658	\$582,017	56,250	\$50,598,388
1998	53,364	\$46,975,919	3,049	\$3,350,351	728	\$622,398	57,141	\$50,948,668
1999	53,859	\$46,033,716	3,259	\$3,541,285	786	\$646,766	57,904	\$50,221,767
2000	54,789	\$46,732,843	3,392	\$3,690,164	797	\$663,145	58,978	\$51,086,152
2001	55,232	\$46,773,697	3,538	\$3,789,050	786	\$608,068	59,556	\$51,170,815
2002	54,720	\$43,310,418	3,661	\$3,818,195	824	\$646,084	59,205	\$47,774,697
2003	54,279	\$40,099,155	3,871	\$3,868,078	857	\$593,474	59,007	\$44,560,707
2004	54,587	\$37,998,529	4,109	\$4,017,619	919	\$645,988	59,615	\$42,662,136
2005	53,367	\$37,859,686	4,666	\$4,686,517	1,055	\$796,263	59,088	\$43,342,466
2006	57,912	\$43,447,193	5,045	\$5,248,370	995	\$755,642	63,952	\$49,451,205
2007	63,234	\$47,408,013	5,084	\$5,163,453	1,039	\$819,292	69,357	\$53,390,758
2008	63,758	\$46,871,599	6,760	\$6,808,609	961	\$677,713	71,479	\$54,357,921
2009	62,991	\$43,632,908	6,861	\$6,716,280	805	\$556,418	70,657	\$50,905,606

Exempt Disability Retirement Income (Table 2.18)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	159	\$580,798	*	\$1,317	*	\$9,422	*	\$591,537
2006	111	\$424,669	*	\$6,800	*	\$0	*	\$431,469
2007	95	\$383,038	*	\$0	*	\$10,800	*	\$393,838
2008	90	\$369,876	*	\$0	*	\$13,164	*	\$383,040
2009	152	\$656,765	*	\$6,923	*	\$22,712	*	\$686,400

Exempt Tips (Table 2.19)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	6,325	\$17,138,101	297	\$902,489	597	\$1,433,973	7,219	\$19,474,563
2006	10,408	\$28,600,027	380	\$1,004,598	892	\$2,244,357	11,680	\$31,848,982
2007	10,760	\$29,266,842	401	\$1,021,978	882	\$2,157,714	12,043	\$32,446,534
2008	11,005	\$31,562,631	510	\$1,135,816	787	\$2,021,086	12,302	\$34,719,533
2009	13,207	\$38,921,676	662	\$1,527,434	1,096	\$2,714,781	14,965	\$43,163,891

### Tips

Tips earned while working for a licensed food service, beverage, or lodging establishment are not taxable in Montana (15-30-2110(2)(f), MCA). Table 2.19 shows tips excluded from income since 2005. Before 2005, this exclusion did not have a separate line on income tax returns.

For 2009, this exclusion reduced income tax revenue to the general fund by \$1,586,494, or \$2.56 per full year resident taxpayer.

### Employer-Paid Health Insurance Premiums Limited to Part Owners and Highly Compensated Employees

Federal law treats employer-paid premiums for group health insurance provided to all employees as a non-taxable fringe benefit rather than as taxable compensation. This creates a passive tax expenditure, and the cost to the state is included in the estimate of passive tax expenditures.

When an employer provides insurance benefits to certain employees, usually part-owners, executives, or the lead professionals in a professional practice, and does not provide the same benefits to other employees, federal law counts the insurance premiums as compensation. Montana extends the exclusion to insurance premiums that do not meet the federal test to be treated as non-taxable fringe benefits (15-30-2110(2)(h), MCA).



## Tax Expenditures in the Definition of Adjusted Gross Income

The purpose of the federal exclusion is to encourage employers to provide group health insurance by providing preferential treatment for group health plans that cover all employees. The additional state exclusion undermines this purpose by providing the same state tax treatment to plans that cover only a few employees.

Table 2.20 shows federally taxable health insurance premiums excluded from Montana adjusted gross income since 2005. Before 2005, there was not a separate line on the tax return for this exclusion.

For 2009, this exclusion reduced income tax revenue to the general fund by \$36,769, or \$0.06 per full-year resident taxpayer.

### Third-Party Repayment of Health Care Professional's Student Loans

There are several private, federal, and state programs intended to encourage health care professionals to locate in under-served areas by making student loan payments for those who do. Federal law excludes from income repayments by certain federal and state programs. Montana excludes qualifying repayments from all programs, including programs private health-care facilities have for their employees (15-30-2110(12), MCA). The state cost of the federal exclusion is part of the estimate of passive tax expenditures. Table 2.21 shows the cost of the additional state exclusion beginning in 2003.

For 2009, this exclusion reduced income tax revenue to the general fund by \$24,845, or \$0.04 per full year resident taxpayer.

### Montana Medical Care Savings Accounts

Federal law has created two mechanisms, the Archer medical savings account and the health savings account, for taxpayers or their employers to set aside pre-tax funds to pay medical expenses. Deposits to these accounts and distributions from these accounts to pay medical expenses are excluded from federal adjusted gross income. This means that they also are excluded from Montana adjusted gross income. The tax expenditure from this federal exclusion is in the section on federal adjustments to income.

In 1997, the Montana Legislature created a similar state program (15-61-101 through 205, MCA). The Montana Medical Care Savings Account is similar to, but separate from, the federal programs. The main difference is that the federal programs are only for taxpayers whose only health insurance is a high-deductible policy while the state program has no such limitation.

Taxpayers may exclude up to \$3,000 of their contributions to an account during a year and any withdrawals from an account that are used to pay medical expenses. This means that earnings retained in the account also are not taxed. Funds may be withdrawn for other pur-

**Health Insurance Premiums Included in Federal Adjusted Gross Income**  
(Table 2.20)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	239	\$855,657	24	\$152,118	11	\$14,826	274	\$1,022,601
2006	233	\$882,832	27	\$169,123	*	\$21,233	*	\$1,073,188
2007	208	\$924,672	16	\$137,655	*	\$27,449	*	\$1,089,776
2008	257	\$1,127,728	16	\$97,274	*	\$17,969	*	\$1,242,971
2009	142	\$644,902	*	\$98,275	*	\$10,589	*	\$753,766

**Health Care Professional Student Loan Repayment Included in Federal Adjusted Gross Income**  
(Table 2.21)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2003	138	\$381,209	*	\$17,318	*	\$22,517	*	\$421,044
2004	113	\$330,155	*	\$34,420	*	\$23,804	*	\$388,379
2005	81	\$258,197	*	\$9,720	*	\$18,778	*	\$286,695
2006	79	\$250,626	*	\$2,986	*	\$5,903	*	\$259,515
2007	86	\$256,554	*	\$4,255	*	\$12,820	*	\$273,629
2008	99	\$294,799	*	\$7,700	11	\$28,659	*	\$331,158
2009	133	\$370,976	*	\$7,700	10	\$23,374	*	\$402,050

## Tax Expenditures in the Definition of Adjusted Gross Income

poses, but then the amount withdrawn is treated as income. Tables 2.22 and 2.23 show exempt medical savings account deposits and earnings and taxable withdrawals.

For 2009, this exclusion reduced income tax revenue to the general fund by \$992,069, or \$1.60 per full-year resident taxpayer.

### First-Time Homebuyer Accounts

Montana law allows residents who have never owned a home to establish a first-time homebuyer's account (15-63-101 through 205, MCA). Deposits of up to \$3,000 per year (\$6,000 for a married couple filing a joint return) and account earnings are exempt from taxation. Funds in the account must be used for the down payment and closing costs on a single-family house within 10 years after the account is established. If funds are withdrawn

Medical Savings Account Deposits (Table 2.22)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	761	\$1,626,685	12	\$15,558	14	\$10,989	787	\$1,653,232
1998	1,636	\$4,126,187	17	\$21,245	25	\$30,343	1,678	\$4,177,775
1999	2,013	\$5,327,000	12	\$40,218	37	\$43,855	2,062	\$5,411,073
2000	2,663	\$6,777,035	14	\$29,539	50	\$66,445	2,727	\$6,873,019
2001	3,107	\$8,242,749	20	\$50,193	52	\$107,995	3,179	\$8,400,937
2002	3,775	\$9,937,218	23	\$38,026	55	\$81,031	3,853	\$10,056,275
2003	4,222	\$11,398,465	27	\$53,033	54	\$96,103	4,303	\$11,547,601
2004	4,924	\$13,876,118	23	\$41,882	69	\$121,757	5,016	\$14,039,757
2005	5,171	\$14,221,750	38	\$56,762	86	\$134,205	5,295	\$14,412,717
2006	5,597	\$15,790,740	40	\$59,056	81	\$110,903	5,718	\$15,960,699
2007	5,895	\$16,637,763	46	\$77,570	113	\$168,495	6,054	\$16,883,828
2008	5,912	\$16,967,593	43	\$95,768	91	\$145,851	6,046	\$17,209,212
2009	5,879	\$17,483,938	40	\$78,731	71	\$93,430	5,990	\$17,656,099

Medical Savings Account Non-Qualified Withdrawals (Table 2.23)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	103	\$131,953	*	\$3,193	*	\$21	*	\$135,167
2006	96	\$137,804	*	\$0	*	\$374	*	\$138,178
2007	83	\$103,693	*	\$0	*	\$4,555	*	\$108,248
2008	100	\$145,198	*	\$0	*	\$3,802	*	\$149,000
2009	100	\$129,357	*	\$0	*	\$803	*	\$130,160

First Time Homebuyers Account Deposits (Table 2.24)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1998	233	\$600,962	*	\$11	*	\$24,201	*	\$625,174
1999	253	\$791,828	*	\$128	13	\$38,387	*	\$830,343
2000	250	\$739,084	*	\$3,152	*	\$30,628	*	\$772,864
2001	303	\$912,566	*	\$9,085	12	\$41,849	*	\$963,500
2002	310	\$928,656	*	\$1,311	15	\$45,176	*	\$975,143
2003	312	\$1,067,385	*	\$0	*	\$39,402	*	\$1,106,787
2004	271	\$866,326	*	\$6,043	11	\$46,501	*	\$918,870
2005	224	\$725,891	*	\$6,000	*	\$25,000	*	\$756,891
2006	199	\$587,253	*	\$0	*	\$26,041	*	\$613,294
2007	182	\$538,547	*	\$12,004	*	\$19,148	*	\$569,699
2008	162	\$538,398	*	\$0	*	\$16,971	*	\$555,369
2009	203	\$710,124	*	\$2,350	12	\$57,714	*	\$770,188

## Tax Expenditures in the Definition of Adjusted Gross Income

for another use or are not used within 10 years, they must be reported as taxable income.

Tables 2.24 and 2.25 show exempt deposits and earnings and taxable withdrawals.

For 2009, this exclusion reduced income tax revenue to the general fund by \$44,023, or \$0.07 per full year resident taxpayer.

adjusted gross income each year. Any withdrawals that are not used for higher education expenses are taxed at the highest income tax rate. Table 2.26 shows deposits to Montana family education savings accounts since 1997.

For 2009, this exclusion reduced income tax revenue to the general fund by \$430,250, or \$0.70 per full year resident taxpayer.

### Family Education Savings Accounts

Section 529 of the Internal Revenue Code allows states to set up higher education savings programs. These programs allow taxpayers to set up an account for a designated beneficiary. States may give special tax treatment to deposits to a qualifying account, and withdrawals to pay the beneficiary's higher education expenses are not included in federal adjusted gross income, which means that account earnings are tax-free. Montana's Section 529 plan was created by the 1997 Legislature (15-62-101 through 302, MCA). Montana taxpayers may exclude up to \$3,000 of contributions to one or more family education savings accounts from

### Farm and Ranch Risk Management Accounts

The 2001 Legislature created farm and ranch risk management accounts as a tool for family farms to deal with uneven and uncertain income (15-30-3001 through 3005, MCA). An individual or family farm corporation may set up an account and may deposit up to 20% of their net income from agriculture each year, with a limit of \$20,000. Deposits to a risk management account are excluded from adjusted gross income. Funds deposited in an account must be withdrawn within five years. Income and withdrawals from the account are taxable. Tables 2.27 and 2.28 show exempt deposits since 2002 and taxable withdrawals since 2005.

**First Time Homebuyers Account Non-Qualified Withdrawals (Table 2.25)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	10	\$31,586	*	\$0	*	\$0	*	\$31,586
2006	*	\$23,882	*	\$0	*	\$0	*	\$23,882
2007	*	\$48,138	*	\$62	*	\$6,310	*	\$54,510
2008	*	\$35,384	*	\$0	*	\$1,915	*	\$37,299
2009	13	\$29,691	*	\$0	*	\$0	*	\$29,691

**Family Education Savings Account Deposits (Table 2.26)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	72	\$33,423	*	\$868	*	\$1,023	*	\$35,314
1998	327	\$1,209,572	*	\$0	*	\$10,400	*	\$1,219,972
1999	520	\$1,814,909	*	\$0	*	\$29,655	*	\$1,844,564
2000	659	\$2,118,416	*	\$0	11	\$11,975	*	\$2,130,391
2001	999	\$3,415,825	*	\$1,000	15	\$54,102	*	\$3,470,927
2002	1,563	\$5,479,782	*	\$10,362	23	\$74,630	*	\$5,564,774
2003	1,827	\$6,583,685	*	\$17,325	25	\$63,677	*	\$6,664,687
2004	2,155	\$7,474,032	*	\$17,500	23	\$70,770	*	\$7,562,302
2005	2,068	\$6,915,766	*	\$19,320	31	\$81,214	*	\$7,016,300
2006	2,203	\$7,515,336	15	\$33,810	26	\$79,105	2,244	\$7,628,251
2007	2,399	\$8,008,773	10	\$23,754	24	\$57,423	2,433	\$8,089,950
2008	2,155	\$6,854,175	10	\$23,940	24	\$44,055	2,189	\$6,922,170
2009	2,048	\$6,592,192	46	\$152,411	10	\$26,099	2,104	\$6,770,702

## Tax Expenditures in the Definition of Adjusted Gross Income

There have been fewer than 10 deposits to farm and ranch risk management accounts since 2004, and all of those have been made by non-residents.

### Tier II Railroad Retirement

Railroad retirement benefits are divided into Tier I and Tier II. Tier I is equivalent to Social Security, and Tier I benefits are taxed the same as Social Security benefits. Tier II benefits are taxed at the federal level, but federal law exempts them from state taxation. Table 2.29 shows Tier II railroad retirement benefits exempted from Montana taxation.

For 2009, this exclusion reduced income tax revenue to the general fund by \$1,025,548, or \$1.66 per full-year resident taxpayer.

### Partial Exclusion of Capital Gains on Pre-1987 Installment Sales

Before 1987, federal law allowed taxpayers to exclude 40% of capital gains from adjusted gross income, but capital gains were taxed at the same rate as ordinary income. The Tax Reform Act of 1986 did away with the partial exclusion but replaced it with preferential tax rates for capital gains. Montana law (15-30-2110(13), MCA) continues to allow the 40% exclusion for capital gains on installment sales made before the end of 1986. Table 2.30 shows gains excluded under this provision since 2005.

For 2009, this exclusion reduced income tax revenue to the general fund by \$84,984, or \$0.14 per full-year resident taxpayer.

**Farm and Ranch Risk Management Account Deposits (Table 2.27)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2002	19	\$61,948	*	\$249,503	0	\$0	*	\$311,451
2003	44	\$872,912	*	\$109,298	*	\$4	*	\$982,214
2004	11	\$9,694	*	\$0	0	\$0	*	\$9,694
2005	0	\$0	*	\$4,694	0	\$0	*	\$4,694
2006	0	\$0	*	\$7,115	0	\$0	*	\$7,115
2007	0	\$0	*	\$0	0	\$0	*	\$0
2008	0	\$0	*	\$0	0	\$0	*	\$0
2009	0	\$0	*	\$3,730	0	\$0	*	\$3,730

**Farm and Ranch Risk Management Account Taxable Distributions (Table 2.28)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	*	\$0	*	\$0	*	\$0	*	\$0
2006	*	\$42,648	*	\$0	*	\$0	*	\$42,648
2007	*	\$2	*	\$1,149	*	\$0	*	\$1,151
2008	*	\$200	*	\$0	*	\$600	*	\$800
2009	*	\$697	*	\$3,288	*	\$0	*	\$3,985

**Tier II Railroad Retirement (Table 2.29)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	2,603	\$29,627,378	41	\$422,383	36	\$458,089	2,680	\$30,507,850
2006	2,855	\$32,464,703	53	\$751,997	33	\$371,968	2,941	\$33,588,668
2007	2,959	\$34,357,739	52	\$699,781	27	\$342,920	3,038	\$35,400,440
2008	2,844	\$35,527,084	57	\$707,829	19	\$255,584	2,920	\$36,490,497
2009	2,832	\$36,473,121	54	\$724,290	33	\$459,572	2,919	\$37,656,983

## Tax Expenditures in the Definition of Adjusted Gross Income

40% Exclusion of Pre-1985 Capital Gains (Table 2.30)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	144	\$452,053	35	\$351,716	*	\$2,184	*	\$805,953
2006	124	\$800,207	27	\$275,398	*	\$11,245	*	\$1,086,850
2007	104	\$425,236	21	\$162,733	*	\$0	*	\$587,969
2008	595	\$2,813,975	66	\$1,128,270	11	\$46,489	672	\$3,988,734
2009	239	\$1,124,567	12	\$494,528	*	\$52,108	*	\$1,671,203

### Business Purchases of Recycled Material

Montana allows businesses to take an extra deduction of 10% of the cost of purchases of recycled materials (15-32-609 through 611). In effect, this allows a business expense deduction of 110% of the cost of recycled materials. This reduces the cost of recycled material relative to other raw materials, giving businesses an incentive to recycle.

The deduction is available to corporations and to the owners of unincorporated businesses and S-corps. Table 2.31 shows individual income tax deductions for purchases of recycled material since 2005. This deduction did not have a separate line on the tax return before 2005.

For 2009, this exclusion reduced income tax revenue to the general fund by \$4,712, or \$0.01 per full-year resident taxpayer.

### Sales of Land to Beginning Farmers

Montana allows taxpayers to exclude up to \$50,000 of income from the sale of at least 80 acres to a beginning farmer (80-12-211, MCA). To be eligible, a taxpayer's land sale must be approved by the Montana Department of Agriculture. Table 2.32 shows income excluded since 2005. This exclusion did not have a separate line on the tax return before 2005. Fewer than ten tax payers have used the exclusion every year.

For 2009, this exclusion reduced income tax revenue to the general fund by \$1,196, or \$0.02 per full-year resident taxpayer.

Business Expense for Recycled Materials (Table 2.31)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	40	\$84,818	*	\$2,983	*	\$4	*	\$87,805
2006	51	\$198,985	*	\$2,243	*	\$0	*	\$201,228
2007	46	\$152,541	*	\$0	*	\$4,785	*	\$157,326
2008	57	\$179,028	*	\$2,911	*	\$79	*	\$182,018
2009	102	\$136,675	*	\$0	*	\$113	*	\$136,788

Sales of Land to Beginning Farmers (Table 2.32)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	*	\$9,203	*	\$450,000	0	\$0	*	\$459,203
2006	*	\$20,011	*	\$0	0	\$0	*	\$20,011
2007	*	\$4,890	*	\$15,000	0	\$0	*	\$19,890
2008	*	\$2,270	0	\$0	0	\$0	*	\$2,270
2009	*	\$7,785	0	\$0	*	\$29,000	*	\$36,785

### Itemized Deduction Tax Expenditures

In general, itemized deductions provide a partial subsidy or reimbursement for deductible expenses. The amount of the subsidy depends on the taxpayer's marginal tax rate and on the amount by which the taxpayer's itemized deductions exceed their standard deduction. For a taxpayer whose deductible expenses are less than their standard deduction, the fact that an expense is deductible provides no extra benefit to the taxpayer and no cost to the state general fund. For a taxpayer whose deductible expenses are more than their standard deduction, an extra \$100 of itemized deductions reduces tax liability by \$100 multiplied by the marginal tax rate.

For example, a taxpayer with taxable income of \$5,000 is in the 3% state tax bracket and the 10% federal tax bracket. An additional \$100 deduction would reduce this person's state tax liability by \$3 and federal tax liability by \$10, for a total of \$13. The \$100 expenditure that was the basis of the deduction cost the taxpayer \$87 and cost the state and federal governments, and ultimately other taxpayers, \$13.

A taxpayer with taxable income of \$500,000 is in the 6.9% state tax bracket and the 35% federal tax bracket. An additional \$100 deduction would reduce this person's state tax liability by \$6.90 and federal tax liability by \$35, for a total of \$41.90. The \$100 expenditure that was the basis of the deduction cost this taxpayer \$58.10 and cost the state and federal governments, and ultimately other taxpayers, \$41.90.

Montana generally allows itemized deductions allowed by federal law (15-30-2131(a), MCA). There are a few exceptions, where Montana law specifically disallows a federal deduction. Montana law allows several itemized deductions that are not allowed by federal law.

Not all itemized deductions are tax expenditures. Four itemized deductions allow taxpayers to deduct costs of earning income. They are the deduction for investment interest, the deduction for un-reimbursed business expenses, the deduction for gambling losses, and the deduction for other miscellaneous expenses.

The deduction for investment interest allows taxpayers to deduct interest on funds borrowed to pay for income-producing property that has not been deducted elsewhere as a business expense.

The deduction for un-reimbursed business expenses

allows taxpayers to deduct expenses that are common and useful in the taxpayer's occupation and exceed 2% of the taxpayer's adjusted gross income. If the taxpayer is an employee, they must not have been reimbursed by their employer. If the taxpayer is self-employed, these costs must not have been deducted as a business expense.

Taxpayers who report income from gambling are allowed to deduct gambling losses up to the amount of reported winnings. This makes the income tax apply to net winnings from gambling.

The deduction for other miscellaneous expenses allows taxpayers to deduct certain business and investment costs and losses and certain employment-related costs of a disabled taxpayer. These expenses are not required to be more than 2% of adjusted gross income.

### Medical and Dental Expenses

Both federal and state law allow an itemized deduction for un-reimbursed medical and dental expenses that are more than 7.5% of the taxpayer's adjusted gross income. Premiums for health and long term care insurance are considered deductible medical expenses.

This deduction provides a partial reimbursement or subsidy for taxpayers who have high un-reimbursed medical expenses in a year.

Table 3.1 shows itemized deductions for medical and dental expenses for tax years 1997 through 2009.

For tax year 2009, this deduction reduced income tax revenue to the general fund by \$10,686,704, or \$17.27 per full-year resident taxpayer.

### Medical Insurance Premiums

In addition to the federal deduction for medical expenses, Montana allows an itemized deduction for all un-reimbursed health insurance premiums. Insurance premiums cannot be claimed as an itemized deduction if they were claimed as an above-the-line deduction in calculating adjusted gross income. This would be the case for a self-employed taxpayer who deducted premiums as a business expense, an employee who had premiums excluded as a fringe benefit, or if the taxpayer paid

## Individual Income Tax Itemized Deductions

the premiums with pre-tax funds from a medical savings account.

This deduction provides a partial subsidy to taxpayers who buy their own health insurance. Table 3.2 shows itemized deductions for medical insurance premiums for tax years 1997 through 2009.

For tax year 2009, this deduction reduced income tax revenue to the general fund by \$14,140,961, or \$22.85 per full year resident taxpayer.

## Long Term Care Insurance Premiums

In addition to the federal deduction for medical expenses, Montana allows an itemized deduction for all un-reimbursed long term care insurance premiums. As with medical insurance premiums, long term care premiums cannot be claimed as an itemized deduction if they were claimed as an above-the-line deduction in calculating adjusted gross income. In addition, a taxpayer may not claim a deduction for premiums that were part of the expenses qualifying for the elderly care credit.

This deduction provides a partial subsidy to taxpayers who buy long term care insurance.

Medical Expenses over 7.5% of Adjusted Gross Income (Table 3.1)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	54,914	\$147,139,515	1,130	\$6,081,219	874	\$2,690,580	56,918	\$155,911,314
1998	56,740	\$156,773,776	1,244	\$6,589,873	993	\$2,469,128	58,977	\$165,832,777
1999	58,389	\$168,701,852	1,273	\$7,217,493	1,028	\$3,250,185	60,690	\$179,169,530
2000	60,960	\$184,849,463	1,356	\$8,136,248	997	\$3,177,529	63,313	\$196,163,240
2001	64,366	\$203,239,099	1,580	\$9,812,033	1,180	\$4,137,521	67,126	\$217,188,653
2002	68,156	\$222,983,052	1,794	\$11,861,465	1,167	\$4,415,063	71,117	\$239,259,580
2003	69,370	\$236,626,833	1,897	\$11,335,710	1,326	\$4,850,584	72,593	\$252,813,127
2004	71,859	\$258,564,236	1,917	\$12,225,131	1,474	\$6,474,531	75,250	\$277,263,898
2005	70,426	\$273,838,752	2,130	\$14,480,400	1,461	\$6,232,630	74,017	\$294,551,782
2006	69,610	\$274,060,275	2,515	\$19,385,940	1,461	\$6,499,574	73,586	\$299,945,789
2007	69,276	\$287,408,401	2,201	\$15,193,981	1,293	\$5,751,278	72,770	\$308,353,660
2008	69,852	\$309,033,065	2,826	\$22,170,851	1,184	\$5,548,170	73,862	\$336,752,086
2009	71,592	\$307,848,323	3,138	\$22,715,090	1,038	\$4,801,228	75,768	\$335,364,641

Medical Insurance Premiums Not Deducted Elsewhere (Table 3.2)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	89,499	\$173,487,081	3,047	\$6,830,524	1,842	\$2,847,007	94,388	\$183,164,612
1998	92,253	\$180,956,416	3,227	\$7,092,109	2,055	\$3,244,652	97,535	\$191,293,177
1999	93,286	\$183,340,843	3,668	\$7,759,640	2,174	\$3,616,629	99,128	\$194,717,112
2000	94,866	\$200,002,957	3,868	\$8,701,366	2,037	\$3,524,629	100,771	\$212,228,952
2001	93,390	\$217,940,463	4,220	\$10,374,843	2,026	\$3,909,789	99,636	\$232,225,095
2002	94,746	\$239,493,910	4,601	\$11,829,272	1,991	\$4,202,443	101,338	\$255,525,625
2003	82,377	\$234,737,082	3,592	\$10,550,581	1,910	\$4,535,738	87,879	\$249,823,401
2004	83,811	\$251,763,151	3,885	\$12,362,497	2,057	\$5,358,208	89,753	\$269,483,856
2005	83,118	\$266,115,643	4,393	\$14,555,798	2,091	\$5,499,027	89,602	\$286,170,468
2006	87,321	\$304,942,061	4,649	\$16,627,033	2,146	\$5,931,183	94,116	\$327,500,277
2007	89,970	\$314,537,194	5,051	\$19,252,540	2,108	\$6,294,992	97,129	\$340,084,726
2008	89,832	\$328,606,170	6,201	\$26,133,262	1,901	\$5,923,937	97,934	\$360,663,369
2009	92,000	\$345,055,072	6,466	\$28,675,237	1,652	\$5,222,640	100,118	\$378,952,949

## Individual Income Tax Itemized Deductions

Table 3.3 shows itemized deductions for medical insurance premiums for tax years 1997 through 2009.

For tax year 2009, this deduction reduced income tax revenue to the general fund by \$1,144,834 or \$1.85 per full-year resident taxpayer.

### Federal Income Tax

Montana allows an itemized deduction for federal income tax paid during the year with a limit of \$5,000 for a single taxpayer or married taxpayer filing separately or

\$10,000 for a married couple filing a joint return. Before 2005, there was no upper limit on this deduction.

This deduction partially or completely avoids having the state levy income tax on income paid to the federal government as income tax.

Table 3.4 shows itemized deductions for federal income tax for tax years 1997 through 2009.

For tax year 2009, the deduction for federal income tax reduced income tax revenue to the general fund by \$50,155,382 or \$81.04 per full-year resident taxpayer.

Long Term Care Insurance Premiums (Table 3.3)									
	Residents		Non-Residents		Part-Year Residents		Total		
	N	\$	N	\$	N	\$	N	\$	
1997	4,050	\$6,524,960	153	\$334,539	54	\$1,174,666	4,257	\$8,034,165	
1998	5,988	\$9,863,434	265	\$582,708	82	\$133,142	6,335	\$10,579,284	
1999	7,030	\$11,943,152	305	\$677,033	105	\$160,786	7,440	\$12,780,971	
2000	7,671	\$13,502,837	355	\$890,724	104	\$182,397	8,130	\$14,575,958	
2001	7,735	\$14,061,406	395	\$1,240,514	122	\$196,618	8,252	\$15,498,538	
2002	8,299	\$15,887,210	461	\$1,036,517	141	\$266,682	8,901	\$17,190,409	
2003	8,726	\$17,295,360	538	\$1,249,961	136	\$301,713	9,400	\$18,847,034	
2004	9,078	\$18,472,371	626	\$1,511,698	171	\$320,088	9,875	\$20,304,157	
2005	9,123	\$19,047,021	719	\$1,915,551	175	\$320,752	10,017	\$21,283,324	
2006	9,939	\$21,552,299	803	\$2,110,144	169	\$340,707	10,911	\$24,003,150	
2007	11,014	\$24,551,454	881	\$2,455,949	179	\$374,962	12,074	\$27,382,365	
2008	11,363	\$26,552,393	1,072	\$2,981,643	203	\$440,232	12,638	\$29,974,268	
2009	11,187	\$26,195,277	1,087	\$3,106,805	170	\$379,420	12,444	\$29,681,502	

Federal Income Tax (Table 3.4)									
	Residents		Non-Residents		Part-Year Residents		Total		
	N	\$	N	\$	N	\$	N	\$	
1997	168,546	\$1,483,333,467	11,794	\$1,995,724,437	6,231	\$66,196,580	186,571	\$3,545,254,484	
1998	175,605	\$1,489,915,472	12,361	\$1,866,057,004	7,147	\$78,019,885	195,113	\$3,433,992,361	
1999	179,599	\$1,544,833,003	13,001	\$2,256,701,826	7,637	\$83,650,797	200,237	\$3,885,185,626	
2000	186,049	\$1,740,098,379	13,829	\$2,369,234,595	8,025	\$818,581,465	207,903	\$4,927,914,439	
2001	187,388	\$1,792,025,151	14,400	\$2,602,943,741	7,886	\$110,729,935	209,674	\$4,505,698,827	
2002	188,270	\$1,644,516,826	14,951	\$2,333,400,880	7,259	\$79,957,303	210,480	\$4,057,875,009	
2003	184,888	\$1,612,852,777	15,220	\$1,452,268,646	7,250	\$80,839,790	207,358	\$3,145,961,213	
2004	191,460	\$1,749,652,428	15,795	\$2,289,978,693	7,796	\$92,264,642	215,051	\$4,131,895,763	
2005	196,459	\$911,432,919	16,744	\$113,795,314	8,104	\$42,366,090	221,307	\$1,067,594,323	
2006	206,398	\$1,003,148,676	18,043	\$126,084,225	8,883	\$48,135,424	233,324	\$1,177,368,325	
2007	212,900	\$1,065,150,406	19,292	\$130,926,857	8,744	\$47,586,369	240,936	\$1,243,663,632	
2008	198,151	\$977,041,035	22,223	\$156,619,968	7,422	\$41,376,900	227,796	\$1,175,037,903	
2009	211,372	\$1,007,165,809	22,680	\$155,986,207	6,438	\$34,110,135	240,490	\$1,197,262,151	



## Individual Income Tax Itemized Deductions

### Sales Tax or Local Income Tax

Federal law allows taxpayers to choose an itemized deduction for either general sales taxes or state and local income taxes paid during the year. Montana does not allow an itemized deduction for state income tax and does not have a general sales tax or local income taxes. Thus, this deduction is relevant only to taxpayers who pay these taxes in another state.

This deduction avoids having the state levy income tax on income paid as tax to another state or political subdivision of another state.

This deduction was not given its own line on the tax return and was not tracked separately until 2005. Table 3.5 shows itemized deductions for sales tax or local income tax for tax years 2005 through 2009.

For tax year 2009, the deduction for sales tax or local income tax reduced income tax revenue to the general fund by \$24,472, or \$0.04 per full-year resident tax-

payer. More than half of this tax expenditure goes to non-residents.

### Property Taxes on Real Estate

Both federal and Montana law allow taxpayers to take an itemized deduction for property taxes on real estate paid during the year.

This deduction avoids having the state levy income tax on income that was paid to the state or local governments as property tax. It also provides a subsidy to ownership of real estate relative to untaxed purchases.

Table 3.6 shows itemized deductions for real estate taxes for tax years 1997 through 2009.

For tax year 2009, the deduction for real estate taxes reduced income tax revenue to the state general fund by \$21,621,646, or \$34.93 per full-year resident taxpayer.

Local Income Taxes (Table 3.5)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	621	\$359,457	908	\$9,941,037	482	\$485,285	2,011	\$10,785,779
2006	233	\$199,732	929	\$19,542,924	477	\$307,041	1,639	\$20,049,697
2007	157	\$104,258	874	\$2,046,943	424	\$246,485	1,455	\$2,397,686
2008	124	\$104,485	945	\$20,477,971	366	\$226,320	1,435	\$20,808,776
2009	220	\$203,766	909	\$18,609,474	317	\$448,032	1,446	\$19,261,272

Real Estate Taxes (Table 3.6)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	155,490	\$224,552,051	8,655	\$40,122,219	4,560	\$7,342,227	168,705	\$272,016,497
1998	160,466	\$237,544,952	8,821	\$40,214,643	5,004	\$8,138,922	174,291	\$285,898,517
1999	164,142	\$239,161,553	8,910	\$45,890,744	5,139	\$8,383,057	178,191	\$293,435,354
2000	168,026	\$239,539,241	9,180	\$42,228,322	5,284	\$8,489,296	182,490	\$290,256,859
2001	168,787	\$248,404,235	9,519	\$49,509,766	5,285	\$8,683,709	183,591	\$306,597,710
2002	171,716	\$274,873,159	9,961	\$56,403,749	5,040	\$9,084,415	186,717	\$340,361,323
2003	171,702	\$291,351,060	10,253	\$52,480,130	5,098	\$9,861,073	187,053	\$353,692,263
2004	177,784	\$313,019,635	10,737	\$63,728,583	5,484	\$11,402,614	194,005	\$388,150,832
2005	173,313	\$312,773,695	12,403	\$78,227,047	5,584	\$11,931,374	191,300	\$402,932,116
2006	180,660	\$335,796,457	14,394	\$90,823,829	5,949	\$13,020,123	201,003	\$439,640,409
2007	186,609	\$351,507,817	12,937	\$60,408,983	5,525	\$12,349,635	205,071	\$424,266,435
2008	187,415	\$375,863,167	15,801	\$112,053,015	4,962	\$11,850,184	208,178	\$499,766,366
2009	190,987	\$390,523,795	16,210	\$117,316,538	4,054	\$9,895,034	211,251	\$517,735,367

## Individual Income Tax Itemized Deductions

### Property Taxes on Personal Property

Both federal and Montana law allow taxpayers to take an itemized deduction for property taxes on personal property paid during the year. For individual taxpayers, this consists primarily of motor vehicle license fees. One difference between the federal and state deductions is that federal law allows a deduction only for taxes that are based on the value of the property while Montana law allows a deduction for light vehicle registration fees, which are based on age rather than value.

This deduction avoids having the state levy income tax on income that was paid to the state or local governments as property tax. It also provides a subsidy for the ownership of taxable rather than untaxed personal property.

This deduction was not given its own line on the Montana tax return and was not tracked separately until 2005. Table 3.7 shows itemized deductions for personal property taxes for tax years 2005 through 2009.

For tax year 2009, the deduction for personal property taxes reduced income tax revenue to the general fund by \$3,103,096, or \$5.01 per full-year resident taxpayer.

### Other Deductible Taxes

Federal and state law allow itemized deductions for several other types of taxes, including the generation-skipping transfer tax and income taxes paid to other countries.

This deduction avoids having the state levy income tax on income paid as tax to the United States or another country.

Table 3.8 shows itemized deductions for other taxes from 1997 through 2007. Before 2005, the deduction for taxes on personal property, including motor vehicles, was included in this line on the Montana tax return. The reduction in deductions for other taxes in 2005 reflects this change in the tax form, not a change in taxpayer's deductions.

**Personal Property Taxes (Table 3.7)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	143,930	\$49,132,724	5,879	\$3,005,134	3,953	\$1,579,713	153,762	\$53,717,571
2006	149,420	\$53,801,270	7,067	\$3,781,656	4,348	\$1,755,659	160,835	\$59,338,585
2007	153,191	\$54,986,011	6,459	\$2,955,742	4,132	\$1,818,477	163,782	\$59,760,230
2008	150,213	\$54,112,119	7,348	\$4,355,399	3,513	\$1,413,080	161,074	\$59,880,598
2009	147,121	\$53,773,266	7,585	\$5,206,252	2,799	\$1,383,547	157,505	\$60,363,065

**Other Deductible Taxes (Table 3.8)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	93,078	\$34,249,703	3,220	\$4,845,887	2,420	\$1,046,062	98,718	\$40,141,652
1998	105,912	\$41,551,576	3,161	\$3,813,350	2,923	\$1,386,038	111,996	\$46,750,964
1999	112,192	\$47,059,216	3,124	\$3,181,272	3,127	\$1,549,877	118,443	\$51,790,365
2000	118,410	\$43,249,518	3,108	\$5,520,927	3,249	\$1,395,230	124,767	\$50,165,675
2001	113,064	\$35,414,255	3,149	\$3,190,504	3,082	\$1,441,611	119,295	\$40,046,370
2002	118,334	\$39,533,367	3,315	\$4,252,646	2,993	\$1,242,926	124,642	\$45,028,939
2003	119,088	\$40,720,924	3,620	\$3,473,837	3,036	\$1,331,906	125,744	\$45,526,667
2004	122,863	\$44,860,192	3,925	\$4,690,207	3,317	\$1,501,255	130,105	\$51,051,654
2005	20,204	\$7,401,798	1,125	\$2,654,526	435	\$321,390	21,764	\$10,377,714
2006	22,408	\$10,506,730	3,817	\$8,650,629	867	\$1,181,614	27,092	\$20,338,973
2007	22,045	\$8,515,407	3,963	\$6,852,968	781	\$869,845	26,789	\$16,238,220
2008	20,767	\$8,494,096	4,114	\$8,577,725	694	\$645,474	25,575	\$17,717,295
2009	23,966	\$8,631,187	1,441	\$3,231,465	312	\$143,438	25,719	\$12,006,090

## Individual Income Tax Itemized Deductions

For tax year 2009, the deduction for other taxes reduced income tax revenue to the state general fund by \$477,161, or \$0.77 per full-year resident taxpayer.

### Home Mortgage Interest

Federal and state law allow an itemized deduction for home mortgage interest. This deduction is reported on three separate lines. The first is for reporting interest, including pre-paid interest called points, reported on a federal Form 1098. The second line is for reporting interest not reported on a federal Form 1098, and the third is for reporting points not reported on a federal Form 1098.

The deduction for home mortgage interest provides an incentive for home ownership and a disincentive for taxpayers to pay off their mortgages.

Tables 3.9, 3.10, and 3.11 show itemized deductions for home mortgage interest. The deductions for interest and points not reported on Form 1098 were not given their own lines on the Montana tax return and were not reported separately before 2005.

Beginning in 2007, federal and Montana law began allowing an itemized deduction for certain home mortgage insurance premiums. Table 3.12 shows mortgage insurance deductions.

Together, these mortgage-interest-related deductions reduced income tax revenue to the state general fund for 2009 by \$66,962,389, or \$108.19 per full-year resident taxpayer.

Home Mortgage Interest (Table 3.9)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	109,951	\$528,945,609	6,343	\$67,453,581	4,130	\$26,537,131	120,424	\$622,936,321
1998	114,907	\$581,107,149	6,655	\$72,590,713	4,485	\$29,426,871	126,047	\$683,124,733
1999	118,584	\$617,656,281	6,679	\$76,371,553	4,737	\$31,843,584	130,000	\$725,871,418
2000	122,425	\$674,783,486	6,886	\$78,513,306	4,831	\$34,904,282	134,142	\$788,201,074
2001	124,247	\$722,240,324	7,228	\$87,385,090	4,897	\$36,579,852	136,372	\$846,205,266
2002	127,414	\$752,226,098	7,639	\$91,905,721	4,661	\$34,923,410	139,714	\$879,055,229
2003	127,905	\$744,358,655	7,982	\$84,606,383	4,693	\$35,088,639	140,580	\$864,053,677
2004	132,368	\$775,952,387	8,202	\$89,552,348	5,104	\$38,443,789	145,674	\$903,948,524
2005	133,424	\$834,187,317	9,658	\$118,470,882	5,463	\$43,793,333	148,545	\$996,451,532
2006	138,377	\$965,230,692	11,039	\$153,530,958	5,806	\$53,406,843	155,222	\$1,172,168,493
2007	141,920	\$1,099,986,447	10,273	\$134,812,748	5,381	\$53,926,741	157,574	\$1,288,725,936
2008	141,521	\$1,151,150,074	11,785	\$171,373,709	4,760	\$48,088,326	158,066	\$1,370,612,109
2009	142,400	\$1,114,955,415	11,881	\$161,922,672	3,747	\$33,133,268	158,028	\$1,310,011,355

Unreported Home Mortgage Interest (Table 3.10)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	5,038	\$12,391,166	606	\$5,150,805	269	\$944,775	5,913	\$18,486,746
2006	5,149	\$14,061,034	512	\$3,575,207	265	\$855,962	5,926	\$18,492,203
2007	5,158	\$15,891,301	458	\$2,408,230	257	\$916,031	5,873	\$19,215,562
2008	5,249	\$18,043,825	512	\$3,308,977	214	\$909,509	5,975	\$22,262,311
2009	5,551	\$17,628,247	501	\$3,088,708	156	\$650,143	6,208	\$21,367,098

## Individual Income Tax Itemized Deductions

### Charitable Contributions

Federal and Montana law allow an itemized deduction for charitable contributions. In any year, this deduction is limited to 50% of the taxpayer's adjusted gross income. In addition, gifts to certain types of charities and certain types of gifts are subject to lower limits. A taxpayer whose contributions exceed the limit may carry the excess contributions forward and deduct them in a later tax year.

The deduction provides an incentive for taxpayers to contribute to tax-exempt charities.

Tables 3.13, 3.14, and 3.15 show itemized deductions for contributions for tax years 1997 through 2009. Non-cash contributions and contributions carried forward from an earlier tax year were first given their own lines on the tax form in 2005. Because of this, table 3.13 shows total contributions for 1997 through 2004 and cash contributions for 2005 through 2009.

Itemized deductions for charitable contributions reduced 2009 income tax revenue to the state general fund by \$30,984,127, or \$50.06 per full-year resident taxpayer.

#### Unreported Points (Table 3.11)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	16,698	\$5,699,668	1,326	\$749,113	632	\$852,751	18,656	\$7,301,532
2006	16,095	\$5,739,845	1,645	\$885,176	615	\$816,937	18,355	\$7,441,958
2007	15,492	\$5,576,575	1,229	\$728,211	545	\$683,325	17,266	\$6,988,111
2008	15,708	\$5,619,416	1,490	\$803,063	453	\$465,765	17,651	\$6,888,244
2009	19,365	\$7,701,339	1,714	\$1,097,383	386	\$455,858	21,465	\$9,254,580

#### Qualified Mortgage Insurance Premiums (Table 3.12)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2007	6,668	\$6,614,484	271	\$302,418	569	\$655,755	7,508	\$7,572,657
2008	10,465	\$12,656,499	519	\$778,516	679	\$945,411	11,663	\$14,380,426
2009	15,693	\$21,264,234	757	\$1,143,096	648	\$1,172,580	17,098	\$23,579,910

#### Contributions (Table 3.13)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	140,992	\$228,778,274	8,341	\$362,265,733	4,147	\$8,499,718	153,480	\$599,543,725
1998	145,404	\$259,104,058	8,321	\$868,198,239	4,556	\$8,317,647	158,281	\$1,135,619,944
1999	149,184	\$275,164,610	8,528	\$514,573,705	4,782	\$10,260,603	162,494	\$799,998,918
2000	154,098	\$294,840,519	8,972	\$816,633,941	5,064	\$11,640,347	168,134	\$1,123,114,807
2001	154,930	\$305,371,553	9,286	\$594,986,109	5,124	\$12,288,401	169,340	\$912,646,063
2002	156,734	\$345,228,308	9,705	\$512,439,421	4,904	\$10,934,480	171,343	\$868,602,209
2003	155,635	\$337,410,601	10,004	\$267,070,929	4,796	\$11,730,744	170,435	\$616,212,274
2004	160,508	\$375,309,514	10,400	\$602,142,264	5,221	\$14,408,334	176,129	\$991,860,112
2005	153,763	\$328,495,465	11,768	\$589,530,077	4,838	\$11,569,314	170,369	\$929,594,856
2006	155,992	\$346,917,958	13,171	\$879,547,242	4,912	\$15,097,419	174,075	\$1,241,562,619
2007	153,487	\$539,533,465	11,632	\$242,926,925	4,367	\$11,313,736	169,486	\$793,774,126
2008	150,723	\$434,698,282	13,701	\$1,124,701,325	3,867	\$10,188,258	168,291	\$1,569,587,865
2009	150,506	\$424,565,892	13,647	\$1,224,439,469	3,139	\$7,793,220	167,292	\$1,656,798,581

## Individual Income Tax Itemized Deductions

### Child and Dependent Care Expenses

Montana allows an itemized deduction for the expenses of maintaining a household or providing care for certain dependents. These include a child under 15 or any dependent who is unable to care for himself or herself while the taxpayer is at work. To qualify for the deduction, the taxpayer, and spouse if married, must have combined Montana adjusted gross income of less than \$22,800. The income limit is \$25,200 if the taxpayer is caring for two eligible dependents and \$27,600 for three or more dependents.

There is no comparable federal itemized deduction.

This deduction reduces the cost of working for taxpayers who have a child or other dependent to care for. It provides an incentive to engage in paid work and pay to have the dependent cared for rather than to provide the care personally.

Table 3.16 shows itemized deductions for child and dependent care expenses for tax years 1997 through 2009.

**Non-Cash Contributions (Table 3.14)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	63,138	\$81,133,500	6,018	\$565,617,819	3,285	\$4,155,124	72,441	\$650,906,443
2006	62,763	\$83,872,512	6,915	\$581,016,577	3,278	\$5,373,699	72,956	\$670,262,788
2007	61,102	\$89,879,024	5,819	\$140,639,743	2,921	\$3,000,858	69,842	\$233,519,625
2008	61,637	\$61,442,501	6,746	\$435,659,170	2,564	\$3,838,773	70,947	\$500,940,444
2009	62,071	\$59,713,638	6,696	\$229,611,641	2,035	\$2,640,083	70,802	\$291,965,362

**Carryover of Contributions from Previous Years (Table 3.15)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	2,750	\$23,935,534	318	\$61,065,545	59	\$799,869	3,127	\$85,800,948
2006	2,786	\$33,035,422	312	\$66,111,824	77	\$613,737	3,175	\$99,760,983
2007	2,697	\$29,245,142	268	\$21,677,292	67	\$857,788	3,032	\$51,780,222
2008	2,396	\$34,852,686	327	\$85,764,028	66	\$1,268,528	2,789	\$121,885,242
2009	2,560	\$26,683,941	369	\$44,220,591	50	\$760,505	2,979	\$71,665,037

**Child and Dependent Care Expenses (Table 3.16)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	1,298	\$1,861,625	58	\$10,911,133	49	\$58,573	1,405	\$12,831,331
1998	1,288	\$1,848,384	64	\$187,483	58	\$83,845	1,410	\$2,119,712
1999	1,130	\$1,618,924	40	\$64,036	54	\$101,155	1,224	\$1,784,115
2000	1,214	\$1,776,837	46	\$78,651	60	\$88,079	1,320	\$1,943,567
2001	1,068	\$1,642,048	52	\$2,373,313	44	\$65,715	1,164	\$4,081,076
2002	1,067	\$1,667,803	34	\$442,412	51	\$82,238	1,152	\$2,192,453
2003	1,013	\$1,704,198	38	\$72,953	38	\$70,450	1,089	\$1,847,601
2004	948	\$1,544,650	39	\$78,212	48	\$82,235	1,035	\$1,705,097
2005	878	\$1,502,761	47	\$78,518	47	\$76,815	972	\$1,658,094
2006	781	\$1,391,599	39	\$78,514	48	\$100,968	868	\$1,571,081
2007	795	\$1,471,368	35	\$70,146	41	\$81,418	871	\$1,622,932
2008	725	\$1,382,178	40	\$76,892	29	\$54,071	794	\$1,513,141
2009	837	\$1,600,514	62	\$121,396	31	\$65,490	930	\$1,787,400

## Individual Income Tax Itemized Deductions

The itemized deduction for child and dependent care expenses reduced income tax revenue to the state general fund for 2009 by \$8,292, or \$0.01 per full year resident taxpayer.

### Casualty and Theft Losses

Federal and Montana law allow taxpayers an itemized deduction for uncompensated theft, damage, or destruction of non-business property that exceeds 10% of the taxpayer's adjusted gross income. Casualty and theft losses of business property are deducted as a business expense.

This deduction essentially treats the value of a taxpayer's significant property loss as an offset to income. This reduces the incentive to insure property against theft, damage, or other losses.

Table 3.17 shows itemized deductions for casualty and theft losses for tax years 1997 through 2009.

The itemized deduction for casualty and theft losses reduced income tax revenue to the state general fund for 2009 by \$228,587, or \$0.37 per full-year resident taxpayer.

### Political Contributions

Montana allows taxpayers an itemized deduction for up to \$100 of contributions to candidates for political office or to political parties. Federal law does not allow a comparable deduction.

This deduction provides a subsidy for taxpayers making political contributions totaling up to \$100.

This deduction was not given a separate line on the tax forms and tracked separately before 2005. Table 3.18 shows itemized deductions for political contributions for tax years 2005 through 2009.

The itemized deduction for political contributions reduced income tax revenue to the general fund for 2009 by \$37,645, or \$0.06 per full-year resident taxpayer.

**Casualty and Theft Losses (Table 3.17)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	492	\$4,298,471	25	\$350,347	27	\$333,977	544	\$4,982,795
1998	351	\$2,727,108	22	\$1,736,067	19	\$212,283	392	\$4,675,458
1999	408	\$3,058,367	18	\$109,181	21	\$287,593	447	\$3,455,141
2000	443	\$7,212,024	21	\$186,387	40	\$541,131	504	\$7,939,542
2001	360	\$3,158,568	9	\$247,991	23	\$143,147	392	\$3,549,706
2002	430	\$4,464,106	28	\$499,941	24	\$189,633	482	\$5,153,680
2003	394	\$4,105,444	20	\$516,249	18	\$278,024	432	\$4,899,717
2004	384	\$3,618,700	20	\$591,327	25	\$290,011	429	\$4,500,038
2005	378	\$4,441,098	94	\$3,136,444	31	\$390,980	503	\$7,968,522
2006	397	\$7,373,395	39	\$1,601,455	28	\$457,765	464	\$9,432,615
2007	369	\$4,675,161	22	\$1,074,624	28	\$749,831	419	\$6,499,616
2008	363	\$5,565,994	44	\$1,713,960	17	\$138,661	424	\$7,418,615
2009	324	\$6,906,415	24	\$13,399,154	15	\$134,078	363	\$20,439,647

**Political Contributions (Table 3.18)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	4,444	\$542,487	168	\$19,911	88	\$8,803	4,700	\$571,201
2006	7,083	\$834,509	175	\$21,448	116	\$13,395	7,374	\$869,352
2007	5,462	\$634,404	144	\$17,935	104	\$11,034	5,710	\$663,373
2008	8,705	\$1,062,633	338	\$42,074	154	\$17,339	9,197	\$1,122,046
2009	5,490	\$643,598	190	\$24,431	57	\$6,359	5,737	\$674,388

## Special Treatment for Certain Types of Income

Federal law taxes income from capital gains and corporate dividends at lower rates than ordinary income. Montana does not have separate rates for different types of income, but does provide preferential treatment for capital gains income through a credit. Beginning in 2005, taxpayers may take a credit against income tax liability equal to a percentage of their capital gains income. For 2005 and 2006, the credit was 1% of capital gains income. For 2007 and later years, it is 2%. If the capital gains credit exceeds the taxpayer's tax liability, the excess credit is not refunded and may not be carried forward or backward to other tax years.

This credit is equivalent to taxing capital gains at a lower rate than other income. In essence, a taxpayer in the top income bracket is taxed at 6.9% on an additional dollar of ordinary income but at 4.9% on an additional dollar of capital gains income.

Table 4.1 shows capital gains credits for tax years 2005 through 2009.

For 2009, the capital gains credit reduced income tax revenue to the general fund by \$20,067,588, or \$32.424 per full-year resident taxpayer.

### Tax Credits

Tax credits offset tax liability for taxpayers who make specified expenditures or take specified actions. Tax credits are not part of the basic structure of the income tax and are therefore tax expenditures.

## College Contribution Credit

Individual and corporate taxpayers are allowed a credit of 10% of the amount of charitable contributions to the general endowment funds of units of the Montana university system, Montana private colleges, or Montana private college foundations.

The credit is limited to a maximum of \$500. A taxpayer with a credit that is larger than his or her tax liability will not be refunded the excess, and excess credits may not be carried forward or backward to another tax year.

The credit is in Section 15-30-2326, MCA, which was created by HB 894 of the 1991 Legislative Session. The credit originally was to sunset in 1996, but was made permanent by HB 199 of the 1995 Legislative Session.

A taxpayer who makes a contribution to a college endowment fund may take both state and federal itemized deductions for the charitable contribution and this credit. A taxpayer in the top state and federal brackets who makes a \$100 contribution would have their federal tax liability reduced by \$35 (the tax on \$100 of additional income at the top federal rate of 35%), have his or her state tax liability reduced by \$6.90 (the tax on \$100 of additional income at the top state rate of 6.9%), and receive a credit of \$10 (10% of the \$100 contribution). This makes the taxpayer's cost of a \$100 contribution \$48.10 (the \$100 contribution - \$35 reduction in federal tax liability - \$6.90 reduction in state tax liability - \$10 credit).

Table 4.2 shows college contribution credits claimed by individual taxpayers for tax years 1997 through 2009.

This credit is essentially a transfer from the state general fund to Montana college endowment funds. In 2009,

Capital Gains Credit (Table 4.1)								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	53,187	\$15,440,738	9,799	\$3,942,692	2,418	\$443,246	65,404	\$19,826,676
2006	61,392	\$19,599,422	10,474	\$2,931,577	2,575	\$419,008	74,441	\$22,950,007
2007	68,967	\$40,025,383	10,329	\$3,358,241	2,779	\$752,115	82,075	\$44,135,739
2008	41,242	\$26,151,925	8,031	\$8,609,630	1,442	\$457,981	50,715	\$35,219,536
2009	24,961	\$17,974,296	5,346	\$1,918,020	766	\$175,272	31,073	\$20,067,588

College Contribution Credit (Table 4.2)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	1,691	\$110,254	35	\$3,232	17	\$795	1,743	\$114,281
1998	1,749	\$131,090	35	\$2,953	31	\$2,771	1,815	\$136,814
1999	1,760	\$153,277	40	\$3,273	21	\$2,480	1,821	\$159,030
2000	1,686	\$169,944	46	\$5,587	24	\$3,029	1,756	\$178,560
2001	1,810	\$165,451	45	\$6,614	15	\$3,080	1,870	\$175,145
2002	1,919	\$166,369	57	\$9,409	22	\$2,510	1,998	\$178,288
2003	2,012	\$148,470	55	\$3,671	22	\$2,300	2,089	\$154,441
2004	2,074	\$171,903	80	\$9,567	15	\$1,175	2,169	\$182,645
2005	2,297	\$206,714	47	\$6,338	21	\$6,186	2,365	\$219,238
2006	2,419	\$246,533	52	\$6,971	30	\$3,837	2,501	\$257,341
2007	2,412	\$239,072	44	\$6,353	20	\$1,748	2,476	\$247,173
2008	2,433	\$225,228	37	\$4,641	17	\$3,555	2,487	\$233,424
2009	2,488	\$237,180	59	\$6,435	17	\$2,250	2,564	\$245,865

this credit cost the state general fund \$245,865. Without this credit, \$245,865 would have been available to spend on other state programs or taxes could have been reduced by this amount. The college endowment credit against individual income tax cost an average of \$0.40 per full-year resident taxpayer.

### Qualified Endowment Credit

Individual taxpayers are allowed a credit of 40% of the present value of a planned gift to a qualified endowment. A qualified endowment is a permanent fund held by or on behalf of a 501(c)(3) charitable organization. A planned gift is one of nine types of arrangements specified in the IRS code that generally provide income to the donor for life or a set period and then the remainder goes to the charity. Corporations are allowed a credit of 20% of a gift to a qualified endowment. Because the concept of planned gifts only makes sense for individuals, corporations are allowed the credit for an outright gift.

The credit is limited to a maximum of \$10,000. A taxpayer with a credit that is larger than his or her tax liability will not be refunded the excess, and excess credits may not be carried forward or backward to another tax year.

The credit is in Sections 15-30-2327 through 2329, MCA, and was created by HB 434 of the 1997 Legislature. The credit originally was 50% of the present value of the planned gift with a limit of \$10,000. The credit was to sunset at the end of 2001.

The 2001 Legislature (HB 377 and SB 350) reduced the credit to 40% of the present value of the planned gift for individuals and 20% of the value of the gift for corporations. It also clarified the definition of planned gift and extended the sunset date to the end of 2007.

In August 2002, the Montana Legislature met in a special session to deal with revenue shortfalls. To reduce the costs of the credit in the short run, the Legislature (SB 15) reduced the credit for the period from August 28, 2002 through June 30, 2003 to 30% with a \$6,000 cap for individuals and 13.3% with a \$6,600 cap for corporations. The same bill increased the credit for the period from July 1, 2003 to April 30, 2004 to 50% for individuals and 26.7% for corporations, both with a cap of \$13,400. The credit returned to its previous levels May 1, 2004.

The 2003 Legislature (SB 143) eliminated double dipping by specifying that a taxpayer could not take the credit and a deduction for the same contribution.

The 2005 Legislature (HB 193) provided for recapture of the tax credit when the taxpayer recovers a gift.

The 2007 Legislature (SB 150) clarified that building funds are not charitable endowments and extended the sunset date to the end of 2013.

The various types of trusts that can be used for planned gifts are defined in the IRS code for the purpose of determining the tax treatment of the trust. There is no specific federal tax treatment of contributions other than the general deduction for contributions.



Qualified Endowment Contribution Credit (Table 4.3)								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	338	\$1,303,654	*	\$12,630	*	\$16,409	*	\$1,332,693
1998	732	\$3,191,545	24	\$93,210	*	\$3,479	*	\$3,288,234
1999	1,045	\$5,547,290	34	\$109,278	*	\$3,481	*	\$5,660,049
2000	1,419	\$6,960,128	37	\$137,312	*	\$24,483	*	\$7,121,923
2001	1,593	\$7,410,957	44	\$101,607	17	\$37,847	1,654	\$7,550,411
2002	560	\$1,610,509	29	\$79,871	*	\$4,401	*	\$1,694,781
2003	603	\$2,138,607	23	\$41,028	*	\$61	*	\$2,179,696
2004	720	\$2,502,605	30	\$56,390	*	\$26,046	*	\$2,585,041
2005	742	\$2,489,262	31	\$50,348	*	\$18,723	*	\$2,558,333
2006	870	\$3,164,764	26	\$62,330	*	\$17,932	*	\$3,245,026
2007	741	\$2,786,993	24	\$60,164	*	\$11,678	*	\$2,858,835
2008	532	\$1,919,025	18	\$60,943	*	\$866	*	\$1,980,834
2009	508	\$1,746,260	25	\$62,183	0	\$0	533	\$1,808,443

A taxpayer may not claim the credit for a gift and take a state itemized deduction for the same gift. If the present value of the contribution exceeds the limit, the deduction may be taken on the excess. The taxpayer may take a federal itemized deduction for the full amount of the gift.

A taxpayer who does not take the credit can take federal and state deductions for a charitable contribution. For a taxpayer in the 35% top federal and 6.9% top state brackets, the deductions reduce tax liability by 41.9% of the amount of the contribution. For a taxpayer who does not take the credit, each \$100 contributed to a qualified endowment costs the taxpayer \$58.10.

If the taxpayer takes the credit for a planned gift of \$25,000 or less, the federal deduction reduces tax liability by 35% of the gift and the state credit reduces tax liability by 40% of the gift. Each \$100 contributed to a qualified endowment costs the taxpayer \$25.

If the taxpayer takes the credit for a planned gift of more than \$25,000, the taxpayer's cost is 25% of the first \$25,000 and 58.1% of the excess over \$25,000.

Table 4.3 shows qualified endowment credits claimed by individuals for tax years 1997 through 2009. Where there are fewer than 10 taxpayers in a group in a year, there is an asterisk. There is also an asterisk in the total column so as to not reveal the number of taxpayers in the individual group.

The qualified endowment credit is essentially a transfer from the state general fund to a private non-profit. In 2009, credits claimed by individual taxpayers cost the state general fund \$1,808,443. Without the credit, this

amount would have been available to spend on other programs or taxes could have been reduced by this amount. The qualified endowment credit against individual income tax cost other taxpayers an average of \$2.92 per full-year resident taxpayer.

## Energy Conservation Credit

Resident individual taxpayers may take a credit for 25% of the costs of investments in a building to conserve energy. The maximum credit is \$500 per taxpayer. If a taxpayer claims a credit that is more than his or her tax liability for the year, the excess is not refunded to the taxpayer and may not be carried forward or backward to another tax year.

The credit is in Sections 15-32-109 and 15-30-2319, MCA. It was enacted by HB 237 in the 1981 Legislature. The credit originally was 5% of the cost with a maximum of \$150 for a residence and \$300 for other buildings and any excess credit could be carried forward for 7 years. The 2001 Legislature (SB 506) increased the credit to 25% of costs with a limit of \$500. The 2003 Legislature eliminated the carry-forward (SB 138). In 2005, the Department of Revenue began interpreting the limit of \$500 per taxpayer as allowing taxpayers who own a building together, such as a married couple, to each claim a credit for 25% of the share of the cost with a limit of \$500 each.

There is no deduction for investments individuals make in their own residence. However, an investment an individual makes in a commercial building he or she

## Individual Income Tax Credits

own would result in a depreciable asset, so that the cost could be deducted over time.

A taxpayer who takes the credit has the cost of energy efficiency investments of up to \$2,000 per year reduced by 25%. In years when the 10% federal credit is available, each \$100 a taxpayer spends on building energy efficiency investments costs the taxpayer \$65. In years when the federal credit is not available, each \$100 invested costs the taxpayer \$75.

Table 4.4 shows energy conservation credits from 1997 through 2009. Where there are fewer than 10 taxpayers in a group in a year, there is an asterisk. There is also an asterisk in the total column so as to not reveal the number of taxpayers in the individual group.

The energy conservation credit is essentially a transfer from the state general fund to help a taxpayer purchase

private property. In 2009, this credit cost the state general fund \$10,103,356. Without the credit this amount would have been available to spend on other state programs or taxes could have been reduced by this amount. The energy conservation credit cost an average of \$16.32 per full-year resident taxpayer.

### Alternative Fuel Credit

Taxpayers are allowed a credit against individual income tax or corporate license tax of 50% of the cost of converting a motor vehicle to operate on natural gas, LPG, LNG, hydrogen, electricity, or a fuel at least 85% alcohol or ether. The credit is limited to \$500 for converting a vehicle with GVW of 10,000 or less and to \$1,000 for converting of a vehicle with GVW over 10,000. If a taxpayer's credit is more than his or her tax liability, the excess credit is not refunded and can not be carried forward or backward to another tax year.

**Energy Conservation Credit (Table 4.4)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	1,507	\$120,686	0	\$0	18	\$1,679	1,525	\$122,365
1998	1,757	\$130,774	*	\$11	21	\$2,208	*	\$132,993
1999	1,686	\$132,907	0	\$0	22	\$1,638	1,708	\$134,545
2000	1,806	\$141,693	*	\$44	22	\$1,513	*	\$143,250
2001	2,419	\$201,445	*	\$29	12	\$4,967	*	\$206,441
2002	4,569	\$1,305,788	*	\$1,727	55	\$18,545	*	\$1,326,060
2003	8,025	\$2,440,965	20	\$3,521	83	\$23,755	8,128	\$2,468,241
2004	10,431	\$3,098,479	30	\$7,924	154	\$42,830	10,615	\$3,149,233
2005	13,636	\$5,497,658	27	\$12,307	206	\$98,081	13,869	\$5,608,046
2006	18,641	\$7,933,053	60	\$32,481	340	\$162,786	19,041	\$8,128,320
2007	18,742	\$8,090,667	67	\$29,701	306	\$155,553	19,115	\$8,275,921
2008	17,434	\$7,853,727	0	\$0	183	\$97,148	17,617	\$7,950,875
2009	21,260	\$9,998,955	0	\$0	197	\$104,401	21,457	\$10,103,356

**Alternative Fuel Credit (Table 4.5)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	42	\$25,783	0	\$0	0	\$0	42	\$25,783
2006	27	\$19,109	*	\$2,700	*	\$1,362	*	\$23,171
2007	29	\$25,219	0	\$0	0	\$0	29	\$25,219
2008	33	\$27,402	0	\$0	*	\$150	*	\$27,552
2009	46	\$38,175	*	\$2,210	*	\$100	*	\$40,485

## Individual Income Tax Credits

The credit is found in Section 15-30-2320, MCA. It was enacted by the 1993 Legislature (HB 219) and has not been amended.

There is a federal credit for purchase of a new alternative fuel vehicle but not for conversion costs

The alternative fuel credit pays part or all of a taxpayer's cost of converting a vehicle to run on an alternative fuel. If the conversion cost is less than the credit limit of \$500 for a light vehicle and \$1,000 for a heavy vehicle, the credit makes the conversion free for the taxpayer. If the conversion cost is more than the credit limit, the credit reduces the taxpayer's cost by the amount of the credit.

If the conversion is of a business vehicle, the taxpayer would be able to expense or amortize the cost as a business expense in addition to claiming the credit.

This credit has been tracked separately only since 2005. Table 4.5 shows credits for tax years 2005 through 2009. Where there are fewer than 10 taxpayers in a group in a year, there is an asterisk. There is also an asterisk in the total column so as to not reveal the number of taxpayers in the individual group.

This credit is essentially a transfer from the state general fund to help a taxpayer purchase private property. In 2009, the individual income tax credit for alternative fuel vehicle conversion cost the state general fund \$40,485. Without the credit, either this amount would have been available to spend on other programs or taxes could have been reduced by this amount. The average cost of this credit is \$0.07 per full-year resident taxpayer.

### Rural Physician's Credit

Through 2007, a physician who began practicing in a rural or underserved area was allowed a \$5,000 credit against individual income tax. The credit could be taken the first four years the physician practiced medicine in a rural or underserved area in Montana. Physicians who first claimed the credit for 2007 will be able to claim it through 2010. If the credit exceeds the taxpayer's tax liability, the excess is not refunded and may not be carried forward or backward to another tax year.

The credit is in Sections 15-30-2369 through 2372, MCA. It was enacted by SB 359 in the 1991 Legislature. The 2007 Legislature repealed the credit and replaced it with a student loan repayment program. This program is to be funded by a fee on medical students in the WAMI program and will be a transfer from the general fund based on credits claimed for 2006 and 2007.

Eligible taxpayers receive a subsidy of the lower of \$5,000 per year or their state income tax liability for the first four years of practicing medicine in a rural or underserved area. (\$5,000 is the tax on taxable income of \$79,261.)

Table 4.6 shows credit use from 1997 through 2009. Where there are fewer than 10 taxpayers in a group in a year, there is an asterisk. There is also an asterisk in the total column so as to not reveal the number of taxpayers in the individual group.

The Rural Physicians Credit is equivalent to a payment from the state general fund to physicians who begin

**Rural Physician's Credit (Table 4.6)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	69	\$272,403	*	\$35,013	*	\$5,000	*	\$312,416
1998	71	\$277,813	*	\$16	*	\$14,882	*	\$292,711
1999	64	\$257,526	0	\$0	*	\$1,295	*	\$258,821
2000	81	\$289,738	*	\$5,000	*	\$8,814	*	\$303,552
2001	78	\$284,082	*	\$11,900	*	\$37,500	*	\$333,482
2002	79	\$405,666	*	\$37,115	*	\$5,000	*	\$447,781
2003	77	\$338,643	*	\$500	*	\$3	*	\$339,146
2004	67	\$336,829	*	\$7	0	\$0	*	\$336,836
2005	49	\$245,265	*	\$996	*	\$5,000	*	\$251,261
2006	43	\$208,980	0	\$0	*	\$10,000	*	\$218,980
2007	45	\$230,590	0	\$0	*	\$5,000	*	\$235,590
2008	33	\$160,294	0	\$0	*	\$10,000	*	\$170,294
2009	20	\$90,312	0	\$0	0	\$0	20	\$90,312

## Individual Income Tax Credits

practice in a rural or underserved area. In 2009, the credit cost the state general fund \$90,312. Without the credit, this amount would have been available for other programs or to reduce taxes. The credit cost \$0.15 per full-year resident taxpayer.

### Health Insurance for Uninsured Montanans Credit

An employer with 20 or fewer employees may claim a credit against either income or corporation tax for paying at least 50% of the premium for up to 10 employees' health insurance. The credit is the lower of \$25 per month multiplied by the percentage of the premium the employer pays or 50% of the premium. The credit may be claimed for up to 36 months and then cannot be claimed again for 10 years.

There is no explicit dollar limit on the credit, but it may not be claimed for more than ten employees. An employer claiming \$25 per month for ten employees would claim a credit of \$3,000. If a taxpayer's credit is more than his or her tax liability, the excess credit is not refunded and may not be carried forward or backward to another tax year.

The credit provisions for corporation tax are in Section 15-31-132, MCA. Section 15-30-2367, MCA makes the same provisions apply for income tax. The credit was enacted by the 1991 legislature (HB 693). The only amendments to the credit since its enactment were style changes made by the 2001 code commissioner's bill (HB 25).

This credit provides a three-year subsidy to small employers who begin offering health insurance for their employees. A taxpayer who claims the credit may also

deduct insurance premiums it pays as a business expense.

The credit an employer receives depends on both the monthly insurance premium per employee and the percentage the employer pays. For insurance with monthly premiums of \$50 or more, the monthly subsidy per employee is \$25 multiplied by the percentage of premiums the employer pays. An employer paying 50% of premiums would receive a subsidy of \$12.50 per employee per month. An employer paying 75% of premiums would receive a subsidy of \$18.75, and an employer paying 100% would receive \$25.

For insurance with monthly premiums of less than \$50, the limit of 50% of premium costs may come into play. For example, an employer paying 50% of monthly premiums of \$40 would receive a subsidy of \$12.50, and an employer paying 75% of premiums would receive \$18.75, the same as with a \$50 premium. However, an employer paying 100% of \$40 monthly premiums would receive a subsidy of \$20.

This credit was not tracked separately before 2002. Table 4.7 shows credits for tax years 2002 through 2009. Asterisks indicate cells in the table with fewer than 10 taxpayers and totals for rows with a cell with fewer than 10 taxpayers.

The Health Insurance for Uninsured Montanans credit is equivalent to a partial subsidy from the state general fund for group health insurance purchased by small employers. In 2009, the credit cost the state general fund \$302,100 in individual income tax revenue. Without the credit, this amount would have been available for other programs or tax reductions. The cost of this credit was \$0.49 per full-year resident taxpayer.

Health Insurance for Uninsured Montanans (Table 4.7)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2002	82	\$61,113	0	\$0	*	\$651	*	\$61,764
2003	177	\$137,398	*	\$1,617	0	\$0	*	\$139,015
2004	560	\$427,460	12	\$4,388	*	\$95	*	\$431,943
2005	656	\$510,171	13	\$3,314	*	\$3,190	*	\$516,675
2006	641	\$559,023	16	\$3,443	*	\$1,225	*	\$563,691
2007	509	\$525,501	18	\$4,200	*	\$2,479	*	\$532,180
2008	416	\$413,966	13	\$3,568	0	\$0	429	\$417,534
2009	318	\$294,402	*	\$1,559	*	\$6,139	*	\$302,100

## Individual Income Tax Credits

### Elderly Care Credit

This credit covers part of the costs of caring for a low income family member who is either elderly or disabled. The credit depends on the taxpayer's income, as shown in the following table.

<u>Adjusted Gross Income</u>	<u>Credit</u>
\$25,000 or less	30% of qualifying expenses
\$25,001 to \$27,000	29% of qualifying expenses
\$27,001 to \$29,000	28% of qualifying expenses
\$29,001 to \$31,000	27% of qualifying expenses
\$31,001 to \$33,000	26% of qualifying expenses
\$33,001 to \$35,000	25% of qualifying expenses
\$35,001 to \$37,000	24% of qualifying expenses
\$37,001 to \$39,000	23% of qualifying expenses
\$39,001 to \$41,000	22% of qualifying expenses
\$41,001 to \$43,000	21% of qualifying expenses
\$43,001 to \$50,000	20% of qualifying expenses
Over \$50,000	20% of qualifying expenses - excess of MAGI over \$50,000

The family member being cared for must have income of \$15,000 or less if single or \$30,000 or less if married.

The maximum credit is \$5,000 per family member and \$10,000 total. If a taxpayer's credit exceeds their tax liability, the excess is not refunded and may not be carried forward or backward to another tax year.

The credit is in Section 15-30-2366, MCA, which was enacted by the 1989 Legislature (HB 166). The 1991 Legislature reduced the age for eligible family members

from 70 to 65 and made other changes to the definitions of eligible family member and eligible costs (HB 750). Amendments by the 1995 Legislature (SB 345) merely updated references that changed with the creation of the Department of Public Health and Human Services.

This credit provides a partial subsidy for taxpayers with low or moderate income who are caring for a low income elderly or disabled relative. Some costs that qualify for this credit could be claimed as itemized deductions, but taxpayers are not allowed to claim both the credit and an itemized deduction for the same costs. For costs that could not be claimed as an itemized deduction, the subsidy is the credit percentage found in the table above. For costs that could be claimed as an itemized deduction, the subsidy from the credit is the difference between the credit percentage and the taxpayer's marginal tax rate.

For example, a taxpayer with adjusted gross income of \$25,000, two exemptions and taking the standard deduction would be in the top, 6.9% rate bracket and would have a 30% credit percentage. For \$1,000 of qualifying expenses, this taxpayer could claim a credit of \$300, and the taxpayer's cost would be \$700. If those expenses could be claimed as an itemized deduction, the deduction would reduce the taxpayer's liability by \$69 (6.9% x \$1,000). The taxpayer's cost would be \$931 (\$1,000 - \$69). If the taxpayer takes the credit instead of the itemized deduction, the additional subsidy is \$231 (\$300 - \$69).

Table 4.8 shows use of the elderly care credit for tax years 1997 through 2009. Where there are fewer than

Elderly Care Credit (Table 4.8)								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	40	\$33,279	0	\$0	*	\$688	*	\$33,967
1998	70	\$78,866	*	\$8,469	*	\$1,681	*	\$89,016
1999	40	\$28,611	0	\$0	0	\$0	40	\$28,611
2000	44	\$54,657	0	\$0	*	\$54	*	\$54,711
2001	54	\$64,247	*	\$46	*	\$2,263	*	\$66,556
2002	34	\$27,493	*	\$4,510	*	\$573	*	\$32,576
2003	31	\$21,041	0	\$0	*	\$672	*	\$21,713
2004	41	\$27,911	*	\$3,820	*	\$4,907	*	\$36,638
2005	45	\$53,855	0	\$0	0	\$0	45	\$53,855
2006	53	\$53,497	0	\$0	0	\$0	53	\$53,497
2007	36	\$49,966	0	\$0	0	\$0	36	\$49,966
2008	44	\$48,026	0	\$0	*	\$2,508	*	\$50,534
2009	41	\$45,059	0	\$0	0	\$0	41	\$45,059

## Individual Income Tax Credits

10 taxpayers in a group in a year, there is an asterisk. There is also an asterisk in the total column so as to not reveal the number of taxpayers in the individual group.

This credit is a transfer from the state general fund to individual taxpayers who are caring for a low income elderly or disabled relative. It pays for part of costs that are not covered by insurance or government programs. In 2009, this credit cost the state general fund \$45,059. Without the credit, this amount would have been available to spend on other programs or to reduce taxes. The cost of this credit was \$0.07 per full-year resident taxpayer.

### Developmental Disability Account Contribution Credit

The developmental disability account contribution credit sunset at the end of 2007.

Taxpayers were allowed a credit against individual income tax or corporation tax of 30% of any donation

Developmental Disability Account Contribution Credit (Table 4.9)	
2003	\$0
2004	\$1,050
2005	\$2,715
2006	\$1,000
2007	\$11,810
2008	n/a
2009	n/a

to the developmental disability services account. The credit was limited to a maximum of \$10,000. If the credit exceeded the taxpayer's liability, the excess credit was not refunded and could not be carried forward or backward to another tax year.

This credit was found in 15-30-187, MCA. It was enacted by HB 452 of the 2003 Legislature. It was to sunset at the end of 2005. In HB 513 the 2005 legislature extended the sunset to January 1, 2008.

State governments are qualified charitable organizations. In general, a taxpayer can take an itemized deduction for both federal and state income taxes for a contribution to state government. However, Section 15-30-187, MCA specifically prohibited a taxpayer from claiming the credit and a state deduction for the same contribution.

For a taxpayer in the 35% federal tax bracket, the 30% state credit and federal deduction reduce the taxpayer's federal and state taxes by 65% of the contribution. Thus, each dollar contributed to the developmental disability services account cost the taxpayer \$0.35.

Fewer than 10 taxpayers claimed this credit each year it was available. Table 4.9 shows the total value of credits claimed for tax years 2003 through 2007.

This credit was essentially a transfer from the general fund to the developmental disability services account. Alternatively, this credit can be viewed as allowing the taxpayer to earmark part of his or her state income taxes, while receiving a federal deduction for the part

Recycling Credit (Table 4.10)								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	38	\$99,146	*	\$310	0	\$0	*	\$99,456
1998	46	\$257,108	*	\$4,611	0	\$0	*	\$261,719
1999	42	\$95,489	*	\$273	0	\$0	*	\$95,762
2000	51	\$261,529	*	\$2,025	*	\$25,179	*	\$288,733
2001	31	\$102,071	*	\$5,726	0	\$0	*	\$107,797
2002	40	\$66,369	*	\$713	0	\$0	*	\$67,082
2003	40	\$121,309	*	\$50	0	\$0	*	\$121,359
2004	62	\$307,678	*	\$2,603	*	\$830	*	\$311,111
2005	71	\$410,785	*	\$1,967	*	\$825	*	\$413,577
2006	83	\$757,543	0	\$0	0	\$0	83	\$757,543
2007	76	\$386,110	0	\$0	*	\$979	*	\$387,089
2008	72	\$527,908	*	\$25,593	*	\$1,645	*	\$555,146
2009	76	\$439,254	*	\$24,077	*	\$50	*	\$463,381

earmarked. In 2007, this credit cost the state general fund \$9,110. Without the credit, this amount would have been available to spend on other programs or to reduce taxes. The cost of the credit was \$0.02 per full-year resident taxpayer.

### Recycling Credit

Taxpayers are allowed a credit against individual income tax or corporate license tax for part of the cost of investments in depreciable property used in collecting or processing reclaimable material or manufacturing a product from reclaimed material. The credit is 25% of the first \$250,000 invested, 15% of the next \$250,000 invested, and 5% of the next \$500,000 invested. The credit for an investment of \$1 million or more is \$125,000.

If a taxpayer claims a credit in excess of his or her tax liability, the excess credit is not refunded and may not be carried forward or backward to another tax year.

The credit is found in 15-32-601 through 614, MCA. The credit was enacted by the 1991 Legislature (SB 111) as a credit equal to 25% of investments made between 1990 and 1995. The 1993 Legislature (HB 519) clarified the definitions used to determine eligible investments. The 1995 Legislature (SB 358) extended the sunset date to 2001 and expanded eligible investments to include equipment to reclaim contaminated soils. The 2001 Legislature (SB 92) extended the sunset date to 2005 and removed equipment to reclaim contaminated soils from eligible investments. The 2005 Legislature (SB 213) extended the sunset date to 2011. The 2009 Legislature (HB 21) made the credit permanent.

The basis of property for which the credit is claimed is not affected by the credit. Taxpayers are allowed to deduct depreciation on property on which the credit has been claimed.

The credit provides a subsidy to taxpayers who make investments in recycling plant and equipment by reducing the taxpayer's cost. For investments under \$250,000, the cost is reduced by 25%. For more expensive investments, the percentage reduction is a declining function of the cost.

Table 4.10 shows use of the recycling credit by individuals from 1997 through 2009. Where there are fewer than 10 taxpayers in a group in a year, there is an

asterisk. There is also an asterisk in the total column so as to not reveal the number of taxpayers in the individual group.

This credit is equivalent to a subsidy from the state general fund for the purchase of private property to be used in recycling. In 2009, the credit against individual income tax cost the state general fund \$463,381. Without the credit, this amount would have been available to spend on other state programs or reduce taxes. The cost to other taxpayers was \$0.75 per full-year resident taxpayer.

### Oilseed Crushing and Biodiesel Production Facility Credit

Oilseed Crushing/Biodiesel Facility Credit (Table 4.11)	
2005	\$0
2006	\$135,870
2007	\$10,147
2008	\$4,047
2009	\$0

Taxpayers are allowed a credit against individual income tax or corporation tax for 15% of the cost of investment in depreciable property in Montana that is used primarily for crushing oilseeds for producing biodiesel or lubricants or for the production of biodiesel or biolubricants. The total of credits claimed over time for a single facility in all years may not exceed \$500,000.

If the credit a taxpayer claims in any year exceeds the tax liability, the excess credit will not be refunded, but may be carried forward for up to 7 years as long as the facility continues to be used to crush oilseeds for biodiesel or lubricants or to produce biodiesel or biolubricants. If the facility ceases production for 12 months within 5 years after the credit is first claimed, the entire credit must be recaptured.

The credit is found in Section 15-32-701, MCA. The credit was enacted by the 2005 Legislature (HB 756) as a non-refundable credit with no carry forward and available for investments through 2010. The 2007 Legislature (HB 166) extended the credit through 2015, expanded the credit to include biolubricant facilities, allowed the credit to be carried forward, specified that

## Individual Income Tax Credits

the credit is for costs incurred while the facility is operating or in the two years before, and allowed the credit for facilities that are *primarily* crushing oilseeds for fuel or lubricants.

This credit reduces the taxpayer's cost of investments of up to \$3.3 million in a facility to produce fuel or lubricants from oilseeds by 15%. The taxpayer may deduct depreciation on property for which the credit is claimed with no reduction in basis.

Ten or fewer individuals have claimed the credit each year. Table 4.11 shows the total value of credits claimed by individuals for the five years it has been available, 2005 through 2009.

The credit is equivalent to a grant from the state general fund covering 15% of the costs of private property to be used in biodiesel production. No credits were claimed for 2009.

### Biodiesel Blending and Storage Tank Credit

Taxpayers who are biodiesel blenders are allowed a credit against individual income tax or corporation tax for 15% of the cost of investments in biodiesel blending or storage facilities in a year when the taxpayer is blending or in the two years before blending began. The total credits that may be claimed over time are \$52,500 for a distributor (wholesaler) and \$7,500 for a retailer.

If a taxpayer is eligible for a credit that exceeds their tax liability, the excess credit is not refunded but may be

Year	Amount
2005	\$3,880
2006	\$1,651
2007	\$3,063
2008	\$1,090
2009	\$2,630

carried forward for up to 7 years as long as the facility continues to blend biodiesel. If the facility ceases production for 12 months within 5 years after the credit is first claimed, the entire credit must be recaptured.

The credit is found in Section 15-32-703, MCA. It was enacted by the 2005 Legislature (HB 756) as a non-refundable credit with no carry forward. The 2007 Legislature (HB 166) allowed the credit to be carried forward, and specified that the credit is for costs incurred while the facility is operating or in the two years before.

The credit provides a subsidy to biodiesel blending and storage facilities by reducing the taxpayer's cost of investments in biodiesel blending and storage facilities by 15% for investments of up to \$50,000 by a retailer and \$350,000 by a wholesaler. Taxpayers are allowed to deduct depreciation on facilities for which the credit was taken with no reduction in basis.

Fewer than ten individuals have claimed the credit each year. Table 4.12 shows the total value of credits taken by individuals in 2005 through 2009.

This credit is essentially the same as a grant from the state general fund to pay 15% of the cost of private property used to blend biodiesel. In 2009, credits claimed by individuals cost the state general fund \$2,630. Without the credit, this amount would have been available to spend on other state programs or reduce taxes. The cost to other taxpayers was \$0.004 per full-year resident taxpayer.

### Geothermal Heating System Credit

Taxpayers are allowed a credit against individual income tax or corporation tax for up to \$1,500 of costs of installing a geothermal heating system (ground-source heat pump) in the taxpayer's principal residence or in a resi-

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	80	\$92,303	0	\$0	*	\$4,500	*	\$96,803
2006	73	\$89,234	0	\$0	*	\$1,500	*	\$90,734
2007	92	\$121,306	0	\$0	*	\$4,500	*	\$125,806
2008	123	\$215,157	0	\$0	*	\$7,500	*	\$222,657
2009	226	\$525,153	0	\$0	*	\$9,000	*	\$534,153



## Individual Income Tax Credits

dence the taxpayer constructs. If the credit exceeds the taxpayer's liability, the excess credit will not be refunded but may be carried forward for up to 7 years.

This credit is in Section 15-32-115, MCA. It was enacted by the 1991 Legislature (SB 416). The credit initially was limited to \$250 with a three year carry-forward and was only for taxpayers who installed a geothermal system in their own principal dwelling. The 2001 Legislature (SB 506) increased the credit to \$1,500 with a seven year carry-forward. An amendment made by the 2003 Legislature (HB 233) was purely cleanup. The 2005 Legislature (SB 340) made the credit available for residences constructed by the taxpayer so that contractors could take the credit for installing geothermal systems on spec houses.

Geothermal heating systems also are eligible for a federal tax credit of 30% of the cost with a maximum credit of \$2,000. A taxpayer who installs a geothermal heating system and claims both credits would have the first \$1,500 paid by the state and 30% of the next \$6,666 paid by the federal government. Homeowners are not allowed to deduct depreciation on their dwellings, and taxpayers may not take this credit and the deduction for energy conserving investments in 15-32-103, MCA. However, a taxpayer who claims the credit for installing a geothermal system in a rental dwelling could also deduct depreciation on the dwelling, including the heating system.

This credit was not tracked separately until 2005. Table 4.13 shows credit use in 2005 through 2009. Where there are fewer than 10 taxpayers in a group in a year, there is an asterisk. There is also an asterisk in the total column so as to not reveal the number of taxpayers in the individual group.

This credit is equivalent to a transfer from the state gen-

eral fund to taxpayers to pay part of the cost of residential heating systems. In 2009, this credit cost the state general fund \$534,153. Without the credit, this amount would have been available to spend on other state programs or to reduce taxes. The credit cost \$0.86 per full year resident taxpayer.

### Alternative Energy Systems Credit

Resident individual taxpayers may take a credit for up to \$500 of the cost of installing an alternative energy heating system or a low-emission wood or biomass system in their principal residence. If the credit exceeds the taxpayer's liability, the excess may not be refunded, but may be carried forward for up to 4 years.

The credit is found in Sections 15-32-201 through 203, MCA. The credit was enacted by the 1977 Legislature (SB 167) as a credit of 10% of the first \$1,000 and 5% of the next \$3,000 spent on an alternative energy system, with a reduction if the taxpayer received a grant or a federal credit. It was available through 1982. The 1983 Legislature extended the credit through 1986 (HB 264). The 1985 Legislature (SB 309) expanded the credit to low-emissions wood and biomass systems and extended the credit through 1993. The 1991 Legislature (HB 338) doubled the credit to 20% of the first \$1,000 and 10% of the next \$3,000, extended it through 1996 for low-emissions wood and biomass systems only, and revised the definition of low-emissions wood and biomass systems. Amendments in 1993, 1995, and 1997 were to correct references and update style (1993 SB 1, 1995 SB 234, 1997 SB 36).

The credit lapsed after 1996. The 2001 Legislature reinstated it for investments beginning in 2002, made it permanent, and set the credit at system cost up to \$500

Alternative Energy System Credit (Table 4.14)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2002	397	\$228,283	0	\$0	13	\$5,671	410	\$233,954
2003	550	\$300,489	*	\$2,290	15	\$10,880	*	\$313,659
2004	787	\$445,967	*	\$1,500	27	\$15,030	*	\$462,497
2005	1,316	\$654,698	*	\$1,000	43	\$20,801	*	\$676,499
2006	1,390	\$677,311	*	\$1,642	30	\$14,422	*	\$693,375
2007	1,105	\$712,228	*	\$2,291	19	\$12,052	*	\$726,571
2008	1,336	\$997,615	0	\$0	32	\$24,008	1,368	\$1,021,623
2009	1,705	\$1,302,796	0	\$0	22	\$19,500	1,727	\$1,322,296

## Individual Income Tax Credits

(SB 506). The 2003 Legislature adopted federal standards for low-emissions wood and biomass systems. The 2009 Legislature( HB 262) limited the credit to heating systems and changed the definition of eligible wood-burning systems to include outdoor hydronic heaters that meet certain EPA qualifications and masonry heaters that comply with certain building standards.

This credit reduces the taxpayer's cost of a residential alternative energy heating system or low-emissions wood or biomass system by \$500. For any system costing \$500 or less, the credit makes it free to the taxpayer, though there are not likely to be many eligible systems costing less than \$500. Taxpayers are not allowed to deduct depreciation on their homes, so taxpayers may not claim the credit for expenditures that they also deduct. However, a taxpayer may be able to claim state and federal credits for some expenditures. The IRS code provides a credit for 30% of the cost of residential solar electric and water heating equipment, fuel cells, and small wind systems. The maximum federal credit for fuel cells and wind systems is \$500 for each 500 Watts of capacity. In addition, there is a \$4,000 maximum on the credit for small wind systems.

This credit was not tracked separately before 2002. Table 4.14 shows credit use for 2002 through 2009. Asterisks indicate cells in the table with fewer than 10 taxpayers and totals for rows with a cell with fewer than 10 taxpayers.

This credit is equivalent to a grant from the state general fund to pay part of the cost of private alternative energy systems. In 2009, the credit cost the state general fund \$1,322,296. Without the credit, this amount would have been available to spend on other state programs or to reduce taxes. The cost was \$2.14 per full-year resident taxpayer.

### Alternative Energy Production Credit

A taxpayer is allowed a credit against individual income tax or corporation license tax for 35% of the costs, less any federal or state grants, of depreciable property for a commercial or net metering alternative energy system. However, the credit may only be taken against taxes on net income from energy generated by the facility, from manufacturing alternative energy generating equipment, or from a new or expanded industry powered by the facility.

If the credit is more than the taxpayer's liability, the excess credit may not be refunded. Excess credits may be carried forward for 7 years. If the credit is for a commercial system of at least 5MW built on a reservation, the credit may be carried forward for 15 years.

The credit is found in Sections 15-32-401 through 407, MCA. The credit was enacted by the 1983 Legislature as a credit for commercial wind energy systems (HB 780). The 2001 Legislature expanded the credit to alternative energy systems and net-metering systems as well as commercial systems (SB 506). The 2001 Legislature also expanded the carry-forward provision to 15 years for facilities built on a reservation and meeting certain other requirements. Other amendments in 1997, 2001, 2003, and 2005 were for clean-up or related to expired federal laws.

This credit reduces the cost of an alternative energy system by 35%. The taxpayer's cost for each \$1,000 of investment is thus \$650. In addition, some wind energy systems placed in service between 2008 and 2016 are eligible for a 30% federal credit. If a taxpayer claims both the state and federal credits, the taxpayer's cost for each \$1,000 of investment is \$350. The taxpayer is allowed to deduct depreciation on property for which the credit was granted with no reduction in basis. However,

Alternative Energy Production Credit (Table 4.15)									
	Residents		Non-Residents		Part-Year Residents		Total		
	N	\$	N	\$	N	\$	N	\$	
2002	28	\$13,312	0	\$0	0	\$0	28	\$13,312	
2003	23	\$11,174	*	\$150	*	\$799	*	\$12,123	
2004	21	\$16,982	0	\$0	0	\$0	21	\$16,982	
2005	22	\$9,762	*	\$500	*	\$1,979	*	\$12,241	
2006	30	\$20,858	0	\$0	0	\$0	30	\$20,858	
2007	15	\$40,112	0	\$0	0	\$0	15	\$40,112	
2008	*	\$8,315	0	\$0	0	\$0	*	\$8,315	
2009	14	\$33,086	0	\$0	0	\$0	14	\$33,086	

## Individual Income Tax Credits

the taxpayer may not claim any other state energy or investment income tax credit or the property tax exemption for alternative energy systems.

This credit was not tracked separately until 2002. Table 4.15 shows credit use for 2002 through 2009. Cells in the table with fewer than 10 taxpayers have asterisks instead. There is also an asterisk in the total column so as to not reveal the number of taxpayers in the individual group.

This credit is equivalent to a transfer from the state general fund to pay part of the cost of qualifying private property. In 2009, the credit against individual income tax cost the state general fund \$33,086. This is \$0.05 per full-year resident taxpayer.

### Dependent Care Assistance Credit

The Dependent Credit Assistance Credit is composed three related credits:

- a) There is a credit against individual income tax or corporation license tax for a portion of the cost of providing day care services to employees' dependents. This credit is 25% of the cost of day care or day care assistance with a limit of \$1,575 per employee receiving the assistance. The assistance must meet IRS requirements and does not count as part of the employees' compensation.
- b) There is a credit against individual income tax or corporation tax for 25% of the cost of providing day care information and referral services to employees.
- c) There is a credit against corporation tax for a portion of the cost of setting up a day care facility to be used by

the taxpayer's employees' dependents. The credit is the lower of 1) 15% of the costs incurred, 2) \$2,500 times the number of dependents the facility will accommodate, or 3) \$50,000. The credit is to be claimed over a ten year period, with one-tenth of the credit claimed each year.

If the credit is more than the taxpayer's liability, the excess credit is not refunded. The credits for day care assistance may be carried forward up to five years. The credit for day care facility costs may be carried forward within the ten year period for claiming the credit. There is no recapture provision.

The credit is described in sections 15-31-131, 15-31-133, and 15-30-2373, MCA. The 1989 Legislature enacted the credits for providing day care and referral services (SB 282) as a 15% credit with a limit of \$1,250 per employee receiving benefits. The 1991 Legislature (HB 543) increased the credit to 20% of costs. Amendments made by the 1993 Legislature as part of a major revision of the income tax (HB 671) were voided in 1994 by a referendum, and amendments in 1997 (SB 36) were just cleanup. The 2001 Legislature (HB 623) increased the day care assistance credit to 20% of costs with a limit of \$1,575 per employee and added the credit for day care facilities.

This credit reduces by 20% an employer's cost of providing day care for employees' dependents as an untaxed fringe benefit. However, the taxpayer's deductions for business expense are reduced by the amount of the credit. For a taxpayer in the 6.9% tax bracket, the net effect is to reduce the employer's costs by almost 19% ( $(100\% - 6.9\%) \times 20\% = 18.62\%$ ). Thus, each \$1,000 spent on providing day care costs the taxpayer \$813.80.

Fewer than ten individuals have claimed the credit each year. The table 4.16 shows the total value of credits claimed against individual income tax from 1997 through 2009.

This credit is equivalent to a transfer from the state general fund to taxpayers to cover part of the costs of providing day care to employees' dependents. In 2009, credits against individual income tax cost the state general fund \$7,769. Without the credit, this amount would have been available to spend on other state programs or to reduce taxes. The cost was \$0.013 per full-year resident taxpayer.

Dependent Care Assistance Credit (Table 4.16)	
1997	\$1,205
1998	\$1,605
1999	\$3,697
2000	\$296
2001	\$538
2002	\$3,897
2003	\$8,484
2004	\$6,208
2005	\$8,818
2006	\$9,755
2007	\$15,130
2008	\$24,116
2009	\$7,769

## Individual Income Tax Credits

### Historic Property Preservation Credit

Taxpayers may take a credit against either individual income tax or corporation license tax for costs of rehabilitating a historic building. The credit is 25% of the federal credit allowed by 26 USC 47(a)(2). The federal credit is 20% of the cost of rehabilitation of a building that has been certified as having historic significance and 10% of the cost of rehabilitation of a building placed in service before 1936 that has not been certified.

Individuals may take an alternative credit against income tax for 20% of the cost of creating a conservation easement and any reduction in value that results from the conservation easement plus 20% of the direct costs of protecting and preserving the property as required by the conservation easement.

There is no maximum for the rehabilitation credit. The conservation easement credit has a maximum of \$25,000 per year and \$150,000 per property. If the credit is more than the taxpayer's liability, the excess is not refunded but may be carried forward to other tax years. The rehabilitation credit may be carried forward for seven years. The conservation easement credit may be carried forward for six years.

The credit is found in Sections 15-30-2342 and 15-31-151, MCA. The rehabilitation credit was enacted by the 1997 Legislature (HB 601). The conservation easement credit was enacted by the 2001 Legislature (HB 619) and sunsets at the end of 2011.

With the combination of state and federal credits, a taxpayer who rehabilitates a historic property can have 25% of the costs paid by the federal and state governments. A taxpayer who rehabilitates an old but not historic property can have 12.5% of the costs paid by the state and federal governments. A taxpayer who places a conservation easement on a historic property can choose to have the state government pay 20% of the cost and compensate the owner for 20% of any reduction in value. In addition, if the building is used in a business, the taxpayer generally will be able to deduct the costs, either as business expenses in the year they are incurred or over time through depreciation.

This credit was first available for tax year 1998. Table 4.17 shows credits taken against individual income tax for 1998 through 2009. Where there are fewer than ten taxpayers in a group in a year, there is an asterisk. There is also an asterisk in the total column so as to not reveal the number of taxpayers in the individual group.

This credit effectively is a subsidy from the state general fund for rehabilitation of privately owned real estate with improvements built before 1936. The subsidy is larger if the property has been determined to have historic significance to the public. In 2009, credits against the individual income tax cost the state general fund \$188,227. Without the credit, this amount would have been available to spend on other programs or to reduce taxes. The cost was \$0.30 per full-year resident taxpayer.

Historic Property Preservation Credit (Table 4.17)								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1998	11	\$15,275	0	\$0	*	\$331	*	\$15,606
1999	*	\$7,788	0	\$0	0	\$0	*	\$7,788
2000	12	\$28,759	*	\$265	*	\$1,599	*	\$30,623
2001	15	\$71,980	0	\$0	0	\$0	15	\$71,980
2002	16	\$74,777	*	\$9,916	0	\$0	*	\$84,693
2003	*	\$17,811	*	\$2,846	0	\$0	*	\$20,657
2004	25	\$97,748	0	\$0	0	\$0	25	\$97,748
2005	16	\$51,108	*	\$6,250	0	\$0	*	\$57,358
2006	11	\$200,670	*	\$3,701	0	\$0	*	\$204,371
2007	15	\$222,787	*	\$16,601	0	\$0	*	\$239,388
2008	17	\$60,116	*	\$15,471	0	\$0	*	\$75,587
2009	19	\$134,543	*	\$53,684	0	\$0	*	\$188,227

# Individual Income Tax Credits

## Montana Capital Company Credit

There was a credit against individual income tax or corporation tax for investments in a certified Montana capital company or qualified small business investment company. The credit was last available for investments made before July 1, 1995, but the credit could be carried forward for up to 15 years. The last year when credits could potentially be carried forward is 2010, but the last carry-forward was used in 2007.

This credit was not tracked separately before 2005. Fewer than ten individuals claimed the credit in each of tax years 2005 through 2007. Table 4.18 shows the total value of credits against individual income tax for 2005 through 2009.

In 2007, individual income tax credits cost the state general fund \$1,847. Without the credit, this amount would have been available to spend on other programs or to reduce taxes. The cost was \$0.003 (\$1,847/617,394) per full-year resident taxpayer.

## Infrastructure Users Fee Credit

The Board of Investments may make loans to local governments to finance infrastructure to serve a new or relocated business that will result in 15 or more new full-time jobs. The local government may charge fees to the users for extending the infrastructure. The business may claim a credit against income or corporation tax for the amount of the fee it pays.

If the credit is more than the taxpayer's liability, the excess is not refunded, but may be carried forward for 7 years or carried back to the 3 previous tax years.

The credit is found in Section 17-6-316, MCA. It was enacted through two bills passed by the 1995 legislature, SB 100 and HB 602, and has not been amended.

This credit in effect pays the taxpayer for having local infrastructure extended to serve its business. For example, if a business pays \$10,000 per year to its local government to cover the cost of having sewer service extended to the business, it is able to claim a credit of \$10,000 and deduct \$10,000 as a business expense. For a taxpayer in the 6.9% tax bracket, the net effect would be the same as being paid \$690 per year to have a new sewer hookup.

This credit was not tracked separately for individuals before 2005. Table 4.19 shows credits against individual income tax for 2005 through 2009. Where there are fewer than 10 taxpayers in a group in a year, there is an asterisk. There is also an asterisk in the total column so as to not reveal the number of taxpayers in the individual group.

In general, local governments recover the cost of infrastructure investments through user fees for the services the infrastructure provides, as with water and sewer services, or through taxes, as with roads. In some cases, local governments charge impact fees to cover the cost of extending infrastructure to new developments. Through this credit, the state general fund pays the cost of extending infrastructure to selected new businesses. This credit provides a subsidy for businesses that locate in a jurisdiction that needs to invest in additional infrastructure to provide services to the business rather than in a jurisdiction that has existing capacity.

Montana Capital Company Credit (Table 4.18)	
2005	\$384
2006	\$25
2007	\$1,847
2008	n/a
2009	n/a

Infrastructure User Fee Credit (Table 4.19)								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	11	\$851,766	0	\$0	0	\$0	11	\$851,766
2006	*	\$778,095	0	\$0	0	\$0	*	\$778,095
2007	14	\$24,311	0	\$0	0	\$0	14	\$24,311
2008	16	\$30,372	*	\$1,034	0	\$0	*	\$31,406
2009	12	\$27,699	0	\$0	0	\$0	12	\$27,699

## Individual Income Tax Credits

In 2009, infrastructure user fee credits against individual income tax cost the state general fund \$27,699. Without the credit, this amount would have been available to spend on other state programs or to reduce taxes. The cost was \$0.05 per full year resident taxpayer.

### Empowerment Zone Credit

A local government may establish an empowerment zone in an area with chronic high unemployment. Employers in an empowerment zone are eligible for a credit against income or corporation license tax for the first three years' employment for new positions. The credit per new employee is \$500 for the first year, \$1,000 for the second year, and \$1,500 for the third year. To receive the credit, the taxpayer must apply for and receive certification from the Department of Labor and Industry.

If the credit is more than the taxpayer's liability, the excess is not refunded but may be carried back to the three previous tax years or carried forward for seven years.

The credit is found in Sections 15-30-2356 and 15-31-134, MCA. Requirements for an empowerment zone are found in Sections 7-21-3701 through 3704, MCA, and conditions to become certified to receive the credit are in Section 7-21-3710, MCA. The empowerment zone credit was enacted by the 2003 Legislature (SB 484).

Year	Credit
2003	\$0
2004	\$365
2005	\$969
2006	\$17,201
2007	\$500
2008	\$0
2009	\$0

There are several federal credits for employment in specified zones or under specified conditions. The federal work opportunity tax credits, which were extended in 2007, provide a credit for a fraction of wages paid to employees in a designated zone, with the fraction depending on the type of zone.

This credit is equivalent to providing an employer a payment for creating a new position and filling it with a resident of an empowerment zone for the first three years. The payment does not depend on the wages paid. Employers may deduct wages paid to new employees for which the credit is taken as a business expense.

Fewer than ten individuals have claimed the credit each year. Table 4.20 shows the total value of empowerment zone credits against individual income tax for 2003 through 2009.

With this credit, the state general fund, in effect, pays employers to create new positions in an empowerment zone. No credits were claimed for 2009.

### Research Credit

Through 2009, Section 41 of the IRS code provides a credit equal to 20% of any increase in research expenditures over the taxpayer's baseline. Montana provides a 5% credit against individual income tax or corporation license tax for the same increases in expenditures in the state.

If a taxpayer's credit is more than his or her tax liability, the excess credit is not refunded but may be carried back to the two previous tax years or carried forward for up to 15 years.

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	11	\$83,221	*	\$259,981	*	\$6	*	\$343,208
2006	30	\$137,333	*	\$300,380	0	\$0	*	\$437,713
2007	18	\$119,743	*	\$336,881	0	\$0	*	\$456,624
2008	10	\$391,790	*	\$2,520	0	\$0	*	\$394,310
2009	15	\$345,813	*	\$2,113	*	\$8	*	\$347,934

## Individual Income Tax Credits

The credit is found in Section 15-31-150, MCA. It was enacted by the 1999 Legislature (HB 638), and has not been amended except to update references to federal law.

The credit reduces the taxpayer's cost of eligible research expenditures by 5%. In addition, a taxpayer may be able to deduct research costs as a business expense.

Table 4.21 shows credits against individual income tax for 2005 through 2009. Where there are fewer than ten taxpayers in a group in a year, there is an asterisk. There is also an asterisk in the total column so as to not reveal the number of taxpayers in the individual group.

The credit is essentially a transfer from the state general fund to pay 5% of a taxpayer's eligible research costs. In 2009, research activity credits against individual income tax cost the state general fund \$347,934. Without the credit, this amount would have been available to spend on other state programs or reduce taxes. The cost was \$0.56 per full-year resident taxpayer.

### Mineral Exploration Credit

Taxpayers are allowed a credit against income or corporation license tax for the full amount of solid mineral or coal exploration activity in the state (oil and gas exploration expenditures are not eligible). The credit is available only for expenses incurred up to the time that construction of a new mine or reopening of a previously closed mine commences.

The maximum credit is \$20 million per mine. The credit taken in any year may not be more than 50% of the taxpayer's tax liability, but unused credits may be carried forward for 15 years.

The credit is found in Sections 5-32-501 through 510 MCA. It was enacted by the 1999 Legislature (SB 265) and has not been amended.

This credit repays up to \$20 million of exploration costs incurred in opening a new mine. Depending on the type of mineral and the accounting treatment chosen, exploration expenditures may be deductible in the year they occur or may be treated as capital costs and deducted over several years.

The mineral exploration credit was not tracked separately before 2005. Fewer than ten individuals claimed the credit in each of tax years 2005 through 2009.

Table 4.22 shows the total value of mineral exploration credits against individual income tax for 2005 through 2009.

With this credit, the state general fund will pay up to \$20 million of private exploration costs for a new mine. In 2009, mineral exploration credits claimed against individual income tax cost the state general fund \$7,749. This is \$0.013 per full-year resident taxpayer.

### Film Employment Credit

Taxpayers are allowed a credit against income or corporation license tax for 14% of the first \$50,000 of com-

**Mineral Exploration Credit (Table 4.22)**

2005	\$6,718
2006	\$8,920
2007	\$9,507
2008	\$44,530
2009	\$7,749

**Film Production Employment Credit (Table 4.23)**

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	0	\$0	0	\$0	0	\$0	0	\$0
2006	0	\$0	0	\$0	0	\$0	0	\$0
2007	*	\$2,290	0	\$0	0	\$0	*	\$2,290
2008	0	\$0	0	\$0	0	\$0	0	\$0
2009	0	\$0	0	\$0	0	\$0	0	\$0

## Individual Income Tax Credits

compensation paid to each Montana resident employed on a state-certified film production. Employee compensation for which the credit is claimed may not be deducted from gross revenue in calculating taxable income.

If the credit is more than the taxpayer's liability, the taxpayer must make an irreversible election to either have the credit refunded or to carry it forward for up to four years.

If the Department of Commerce determines that the production has not met the conditions of certification, the taxpayer must repay any credits already received.

The credit is in Sections 15-31-901 through 911, MCA. It was enacted by the 2005 Legislature (HB 584), with a limit of \$1 million in credits per production and a sunset date of January 1, 2010. The 2007 Legislature removed the \$1 million limit (HB 40). The 2009 Legislature extended the sunset date to January 1, 2015 (HB 163).

A taxpayer who takes this credit reduces taxes by 14% of compensation paid to a Montana resident but gives up the deduction for the expense, which increases taxes by 6.9% of the compensation (assuming the taxpayer is in the top rate bracket) for a net reduction of 7.1%. This gives a 7.1% cost advantage to hiring Montana residents, other than actors and others who would be paid more than \$50,000 to work on a film, compared to non-residents.

This credit was first available in 2005. Tables 4.23 and 4.24 show credits claimed against individual income tax for 2005 through 2009. The first shows credits claimed by taxpayers who either had tax liability greater than their credits or chose the carry-over option for any excess credits. The second table shows credits claimed by taxpayers who chose to have excess credits refunded. Where there are fewer than ten taxpayers in a group in a year, there is an asterisk. There is also an asterisk in the total column so as not to reveal the number of taxpayers in the individual group.

In effect, this credit has the state general fund pay 7.1% of the compensation of Montana residents employed in a certified film production. No credits were claimed for 2009.

### Film Expenditure Credit

A taxpayer can claim a credit against individual income tax or corporation license tax for 9% of purchases in Montana for the making of a film that has met the criteria to be certified by the Department of Commerce. A taxpayer may not deduct any expenses for which a credit was claimed.

If a taxpayer claims a credit that is more than his or her tax liability, the excess credit will be refunded. If the De-

Refundable Film Production Employment Credit (Table 4.24)								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	0	\$0	*	\$115	*	\$13	*	\$128
2006	0	\$0	0	\$0	0	\$0	0	\$0
2007	24	\$14,516	*	\$2,046	0	\$0	*	\$16,562
2008	0	\$0	*	\$3,470	0	\$0	*	\$3,470
2009	0	\$0	0	\$0	0	\$0	0	\$0

Film Expenditures Credit (Table 4.25)								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2005	0	\$0	*	\$669	*	\$793	*	\$1,462
2006	*	\$2,337	0	\$0	0	\$0	*	\$2,337
2007	*	\$26,486	0	\$0	0	\$0	*	\$26,486
2008	*	\$29,230	*	\$8,397	0	\$0	*	\$37,627
2009	*	\$19,047	*	\$6,188	0	\$0	*	\$25,235



## Individual Income Tax Credits

partment of Commerce determines that the production has not met the conditions of certification, the taxpayer must repay any credits already received.

The credit is found in Sections 15-31-901 through 911, MCA. It was enacted by the 2005 Legislature (HB 584), with a limit of \$1 million in credits per production. The 2007 Legislature removed this limit (HB 40).

A taxpayer who claims the credit has taxes reduced by 9% of Montana purchases for a film, but must give up the deduction for those expenses. For a taxpayer in the top tax bracket, this increases taxes by 6.9% of the amount of purchases. The net result is that the taxpayer's cost of Montana purchases for a film made in Montana are reduced by 2.1%.

Fewer than ten individuals have claimed the credit each year. Table 4.25 shows the total value of credits claimed against individual income tax for 2005 through 2009.

In effect, this credit has the state general fund pay 2.1% of the cost of all Montana purchases for a certified film production. In 2009, film expenditure credits against the income tax cost the state general fund \$25,235. Without the credit, this amount would have been available to spend on other state programs or for tax reductions. The cost was \$0.04 per full-year resident taxpayer.

### Insure Montana Small Business Health Insurance Credit

A small employer that provides group health insurance for its employees through a state pool may claim a credit of a) up to 50% of total premiums the employer pays for the plan or b) up to \$100 per month per covered employee (\$125 if the average age is at least 45), up to \$100 per month per covered spouse, and up to \$40 per other covered dependent. An employer that has not offered group health insurance in the last two years may take premium assistance payments instead.

The maximum credit depends on the number of employees an employer may have and be eligible. This is to be set by rule by the State Auditor's Office. The current maximum is nine employees. A taxpayer with credits that are greater than his or her tax liability may have the excess credits refunded. A taxpayer may not deduct insurance premiums as a business expense if the credit has been taken.

The credit is found in sections 33-22-2006, 15-30-185, and 15-31-130, MCA. It was enacted by the 2005 Legislature (HB 667).

The credit reduces the cost of providing group health insurance by 50% or \$100 per month for a covered employee or spouse, and 50% or \$40 per month for another covered dependent. However, the employer gives up the business expense deduction for premiums. For an employer in the top income bracket, the net effect is to reduce the cost of providing insurance by 50% - 6.9% = 43.1%.

The credit was first available in 2006. Table 4.26 shows credits claimed against individual income tax in 2006 through 2009. An asterisk in a cell in the table indicates there were fewer than ten taxpayers claiming the credit. There is also an asterisk in the total column so as not to reveal the number of taxpayers in the individual group.

Insure Montana Small Business Health Insurance Credit (Table 4.26)								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2006	591	\$1,832,523	12	\$19,206	*	\$3,900	*	\$1,855,629
2007	617	\$2,189,770	11	\$8,352	0	\$0	628	\$2,198,122
2008	663	\$2,380,374	20	\$23,217	*	\$2,344	*	\$2,405,935
2009	746	\$2,513,344	22	\$27,623	*	\$67	*	\$2,541,034

## Individual Income Tax Credits

The credit is paid to taxpayers from the general fund, but the general fund is repaid out of cigarette and tobacco tax revenue. Rates for these taxes were set to discourage consumption and fund programs to offset the health costs due to tobacco use. This credit reduces funds available for other programs.

In 2009, taxpayers claimed credits of \$2,541,034 or \$4.11 per full-year resident taxpayer. The credit was funded from cigarette and tobacco tax revenue, so the cost of the credit is paid only by purchasers of cigarettes and other tobacco products.

### Adoption Credit

The IRS code allows an income tax credit for costs of adopting a child. A taxpayer who meets the requirements for the federal credit may also claim a credit of \$1,000 against Montana income tax. If the credit is more than the taxpayer's liability, the excess is not refunded, but excess credits may be carried forward for up to five years.

The credit was created by the 2007 Legislature (HB 490) and is found in Section 15-30-2503, MCA.

For 2010, the federal adoption credit is \$12,170. A taxpayer who takes both the state and federal credits will be reimbursed for up to \$13,170 of the costs of adopting a child.

This credit was first available in 2007. Table 4.27 shows credits claimed for 2007 through 2009. An asterisk in a cell in the table indicates there were fewer than ten taxpayers claiming the credit. There is also an asterisk in the total column so as to not reveal the number of taxpayers in the individual group.

In 2009, taxpayers claimed credits of \$186,056. Without the credit, this amount would have been available to spend on other state programs or reduce taxes. The cost was \$0.30 per full-year resident taxpayer.

Adoption Credit (Table 4.27)								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2007	192	\$204,476	11	\$11,000	*	\$7,000	*	\$222,476
2008	155	\$186,069	12	\$12,000	*	\$7,000	*	\$205,069
2009	150	\$165,300	11	\$10,036	*	\$10,720	*	\$186,056

Elderly Homeowner/Renter Credit (Table 4.28)								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	11,849	\$5,247,856	0	\$0	0	\$0	11,849	\$5,247,856
1998	11,849	\$5,408,152	0	\$0	0	\$0	11,849	\$5,408,152
1999	12,316	\$5,188,461	0	\$0	0	\$0	12,316	\$5,188,461
2000	11,914	\$5,056,701	0	\$0	0	\$0	11,914	\$5,056,701
2001	12,858	\$5,831,326	0	\$0	0	\$0	12,858	\$5,831,326
2002	14,211	\$6,883,615	0	\$0	0	\$0	14,211	\$6,883,615
2003	15,448	\$7,719,936	0	\$0	0	\$0	15,448	\$7,719,936
2004	16,140	\$8,076,357	0	\$0	0	\$0	16,140	\$8,076,357
2005	15,704	\$7,856,705	0	\$0	39	\$20,498	15,743	\$7,877,203
2006	15,546	\$7,482,107	0	\$0	24	\$6,898	15,570	\$7,489,005
2007	16,078	\$7,591,930	0	\$0	30	\$14,580	16,108	\$7,606,510
2008	16,702	\$8,254,717	0	\$0	30	\$14,580	16,732	\$8,269,297
2009	16,986	\$8,466,217	0	\$0	30	\$14,580	17,016	\$8,480,797

## Individual Income Tax Credits

### Elderly Homeowner/Renter Credit

Taxpayers who are 65 or older and have a household income of less than \$45,000 may be eligible for the elderly homeowner/renter credit. The credit refunds part or all of the property tax a homeowner pays directly or a renter pays indirectly that is more than a certain percentage of household income. For a household with income between \$12,000 and \$45,000, this percentage is 5%. For households with lower incomes, the percentage is lower. The credit is limited to a maximum of \$1,000 per household. The credit phases out for households with income between \$35,000 and \$45,000.

Taxpayers who receive the elderly homeowner/renter credit pay their property taxes and then have part refunded. Local governments, school districts, the university system, and the state general fund all receive full payments of property taxes on these taxpayer's residences. Then, taxpayers are refunded part of the tax they paid via this credit which reduces revenue going to the state general fund.

This credit provides a subsidy for older taxpayers who own their home and whose income is no longer proportional to the value of their home, so that they can stay in their homes. For older taxpayers who rent, it subsidizes the rent they pay.

Table 4.28 shows the credits claimed for 1997 through 2009. For 2009, the elderly homeowner/renter credit cost the state general fund \$8,478,996, or \$13.70 per full year resident taxpayer.

### Credit for Other States' Taxes

Taxpayers who earn income in more than one state generally will owe tax in each of the states where they earn income that has an income tax. A Montana resident computes Montana income tax on their entire income and then is allowed a credit for income tax paid to other states. A part-year resident computes Montana income tax on their entire income and then multiplies that by the percentage of income earned in Montana to give Montana tax liability. The taxpayer then is allowed a credit for income tax paid to other states on the portion of income earned in Montana.

If the credit is more than the taxpayer's liability, the excess credit is not refunded and may not be carried forward or backward to another tax year.

This credit prevents two states from taxing the same income. Not having a credit for income tax paid to other states would create a disincentive for individuals to work or have business interest in more than one state. Table 4.29 shows the credits claimed for 1997 through 2009. Where there are fewer than 10 taxpayers in a group in a year, there is an asterisk. There is also an asterisk in the total column so as to not reveal the number of taxpayers in the individual group.

For 2009, the credit for other states' taxes cost the state general fund \$17,195,602, or \$27.78 per full year resident taxpayer.

Other State's Tax Credit (Table 4.29)

	Residents		Non-Residents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
1997	7,837	\$8,360,377	*	\$40,086	149	\$320,705	*	\$8,721,168
1998	8,108	\$14,821,950	*	\$11,703	155	\$268,653	*	\$15,102,306
1999	9,149	\$10,159,095	10	\$5,640	168	\$760,356	9,327	\$10,925,091
2000	10,114	\$12,196,826	*	\$20,890	195	\$163,393	*	\$12,381,109
2001	9,670	\$13,501,613	11	\$1,010	237	\$165,221	9,918	\$13,667,844
2002	9,182	\$14,013,510	*	\$6,829	253	\$247,496	*	\$14,267,835
2003	9,225	\$14,479,498	20	\$28,557	264	\$317,682	9,509	\$14,825,737
2004	10,038	\$17,407,297	*	\$6,716	219	\$203,653	*	\$17,617,666
2005	10,157	\$19,234,044	26	\$26,565	347	\$1,116,390	10,530	\$20,376,999
2006	9,727	\$23,043,200	0	\$0	463	\$886,060	10,190	\$23,929,260
2007	9,756	\$20,278,753	0	\$0	630	\$720,083	10,386	\$20,998,836
2008	10,007	\$20,931,634	0	\$0	360	\$284,519	10,367	\$21,216,153
2009	9,139	\$16,975,208	0	\$0	350	\$220,394	9,489	\$17,195,602

## Individual Income Tax Credits

### Emergency Lodging Credit

The Department of Public Health and Human Services has a program to provide temporary emergency lodging to individuals or families referred by non-profit organizations working with domestic violence victims. Lodging establishments may receive a tax credit of \$30 per day for providing up to five days of free lodging to someone who has been referred to them through this program.

The credit may be taken against either income tax or corporation tax. This program was created by the 2007 Legislature, and has been in place since 2008. Table 4.30 shows income tax credits claimed in 2008 and 2009.

Fewer than ten taxpayers claimed the credit for 2008, and none did for 2009.

Emergency Lodging Credit (Table 4.30)

	Residents		Non-Residents		Part-Year Residents		Total	
	<u>N</u>	<u>\$</u>	<u>N</u>	<u>\$</u>	<u>N</u>	<u>\$</u>	<u>N</u>	<u>\$</u>
2008	*	\$396	0	\$0	*	\$320	*	\$716
2009	0	\$0	0	\$0	0	\$0	0	\$0

### Tax Expenditures by Income

Table 5.1 on the following page shows the distribution of income tax expenditures between income groups and between residents and non-residents. The left half of the table shows the number of residents in thirteen income groups, and the number of non-residents and part-year residents. It also shows total income, the percent of total income, total tax, and the percent of total tax for each group. The right half of the table shows total tax expenditures and the percent of the total going to each group, for four categories of tax expenditures and for the total.

The largest itemized deduction tax expenditures are from the deductions for federal income taxes and property taxes and the home mortgage interest deduction. Other significant itemized deduction tax expenditures subsidize contributions to charities and health care spending.

The largest income tax credits are the credit for income taxes paid to other states and the capital gains credit. The capital gains credit is in the Other or Multiple Purpose category because capital gains can arise from a variety of business and non-business sources. Other large tax expenditures from credits are for the elderly homeowner/renter credit, which subsidizes property tax payments and the credits for alternative energy and energy conservation.

### Tax Expenditures by Function

Tax expenditures provide subsidies to taxpayers based either on what they do or who they are. Tax expenditures can be classified based on the function or purpose of these subsidies. Table 5.2 shows the four categories of tax expenditures classified into thirteen functional categories.

Each tax expenditure has been placed in one category, even though many have multiple effects. For example, the itemized deduction for property taxes is counted as a subsidy to local property taxes, but it also subsidizes home ownership. Exemptions of certain types of income that are required by federal law generally have a purpose, but are put in a separate category because they are not discretionary for the state.

Federal adjustments to income primarily subsidize individual savings and individual spending on health care and education. Other significant functions of federal adjustments are subsidizing businesses through the domestic production activities deduction and offsetting federal self-employment taxes.

State adjustments to income that are not required by the federal government primarily go to increase selected individual's disposable income by exempting certain types of income from taxation. About \$4 million of tax expenditures result from amounts on the Other State Reductions to Income line, which cannot be classified.

# Individual Income Tax Expenditures by Income and Function

## Income Tax Expenditures by Household Income (\$ million) (Table 5.1)

Residents	Returns		Total Household Income*		Tax		Federal Adjustment to		State Adjustments to		Itemized Deductions		Credits		Total	
	Returns	Taxpayers	(\$ million)	% of Total	(\$ million)	% of Total	Income	% of Total	Income	% of Total	\$ million	% of Total	\$ million	% of Total	\$ million	% of Total
Income range																
Less than \$0	6,574	9,503	-\$900.4	-1.3%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%	\$0.2	0.3%	\$0.2	0.1%
\$0 to \$5,399	43,187	46,584	\$120.7	0.5%	\$0.1	0.0%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%	\$0.1	0.1%	\$0.1	0.0%
\$5,340 to \$10,566	43,188	47,974	\$341.5	1.5%	\$1.3	0.2%	\$0.1	0.4%	\$0.2	0.5%	\$0.0	0.0%	\$0.4	0.4%	\$0.7	0.2%
\$10,567 to \$16,301	43,187	50,822	\$578.8	2.5%	\$4.4	0.5%	\$0.2	0.8%	\$0.7	1.9%	\$0.3	0.2%	\$1.7	2.0%	\$2.9	0.8%
\$16,302 to \$22,508	43,188	53,092	\$835.2	3.6%	\$10.7	1.3%	\$0.3	1.3%	\$1.6	4.4%	\$1.2	0.6%	\$3.3	3.9%	\$6.5	1.9%
\$22,509 to \$30,144	43,188	55,443	\$1,130.7	4.9%	\$21.1	2.6%	\$0.7	2.7%	\$2.8	7.9%	\$3.9	2.0%	\$3.6	4.2%	\$11.2	3.2%
\$30,145 to \$40,124	43,187	59,974	\$1,507.7	6.6%	\$35.7	4.4%	\$1.1	4.7%	\$3.2	9.0%	\$10.3	5.2%	\$4.1	4.8%	\$18.9	5.5%
\$40,125 to \$53,251	43,188	65,772	\$2,003.6	8.7%	\$54.3	6.7%	\$1.8	7.2%	\$4.0	11.1%	\$19.3	9.8%	\$3.7	4.3%	\$29.0	8.4%
\$53,252 to \$70,331	43,187	73,517	\$2,648.8	11.6%	\$80.4	9.9%	\$2.5	10.1%	\$5.0	14.0%	\$30.5	15.4%	\$3.4	3.9%	\$41.7	12.0%
\$70,332 to \$97,424	43,188	79,691	\$3,555.5	15.5%	\$122.4	15.0%	\$3.3	13.7%	\$5.8	16.3%	\$44.3	22.4%	\$5.3	6.2%	\$59.3	17.1%
\$97,425 to \$114,671	14,396	27,246	\$1,515.5	6.6%	\$57.8	7.1%	\$1.8	7.5%	\$2.0	5.7%	\$18.7	9.4%	\$2.8	3.2%	\$25.5	7.4%
\$114,672 to \$155,966	14,396	27,246	\$1,887.8	8.2%	\$78.2	9.6%	\$2.6	10.9%	\$2.3	6.5%	\$21.9	11.1%	\$4.6	5.4%	\$31.7	9.2%
\$155,967 and over	14,396	28,872	\$5,437.1	23.7%	\$275.2	33.8%	\$7.7	31.4%	\$5.1	14.4%	\$39.0	19.7%	\$42.7	49.7%	\$85.1	27.4%
Resident Total	438,450	623,736	\$21,262.7	92.8%	\$714.6	91.1%	\$22.1	90.8%	\$32.6	91.6%	\$189.5	95.8%	\$76.0	88.5%	\$322.9	93.2%
Non-Residents	36,392	55,717	\$1,205.5	5.3%	\$56.7	7.0%	\$2.0	8.2%	\$2.4	6.7%	\$5.0	2.5%	\$9.0	10.5%	\$18.6	5.4%
Part Year Residents	20,513	27,813	\$437.1	1.9%	\$15.3	1.9%	\$0.3	1.1%	\$0.6	1.7%	\$3.2	1.6%	\$0.9	1.1%	\$5.1	1.5%
Total	495,325	707,266	\$22,905.3	100.0%	\$813.7	100.0%	\$24.4	100.0%	\$35.5	100.0%	\$197.8	100.0%	\$85.9	100.0%	\$346.5	100.0%

\*Montana Source Income for Non-Residents and Part-Year Residents

## Income Tax Expenditures by Function or Purpose (\$ million) (Table 5.2)

	Federal	State	Itemized	Credits	Total
	Adjustments to	Adjustments to	Deductions		
	Income	Income			
Required by Federal Law	\$0.0	\$10.4	\$0.0	\$0.0	\$10.4
Subsidize Tax to Another Level of Government	\$3.8	\$0.0	\$80.5	\$21.2	\$105.5
Subsidize Health Care and Other Human Services	\$6.9	\$1.0	\$13.2	\$3.3	\$24.4
Subsidize Retirement Saving	\$6.9	\$0.0	\$0.0	\$0.0	\$6.9
Subsidize Education	\$3.4	\$0.5	\$0.0	\$0.0	\$3.8
Subsidize Energy Conservation, Alternative Energy, Recycling	\$0.0	\$0.0	\$0.0	\$9.8	\$9.8
Subsidize Business Investment	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subsidize Home Ownership	\$0.0	\$0.0	\$69.9	\$0.0	\$70.0
Subsidize Charitable Giving	\$0.0	\$0.0	\$32.9	\$2.2	\$35.1
Subsidize Agriculture	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subsidize Specific Types of Business	\$3.4	\$0.1	\$0.0	\$2.5	\$6.0
Income Support	\$0.0	\$19.4	\$0.0	\$11.6	\$31.0
Other or Multiple Purpose	\$0.0	\$4.1	\$1.1	\$35.3	\$40.5
Total	\$24.4	\$35.5	\$197.8	\$85.9	\$343.5

Following is a list of expenditures that reduce tax liability for corporate license taxpayers. Many of these expenditures can also be claimed by small businesses, S. corporations, or limited liability companies whose income is "passed through" to the owner, member, or partner and is taxed as individual income.

### Montana Deductions and Exclusions of Income

#### Energy-Conserving Investments Deduction (15-32-103, MCA)

A corporate taxpayer may deduct a portion of expenditures on capital investment in a building for an energy conservation purpose from gross corporate income. If the building is a residential building, the taxpayer may deduct 100% of the first \$1,000 expended, 50% of the next \$1,000 expended, 20% of the third \$1,000 expended, and 10% of the fourth \$1,000 expended. For example, if a corporate taxpayer invested \$4,000 in approved energy conservation measures in a residential apartment building owned by the taxpayer, it would be able to deduct \$1,800 of the expenses (100% of \$1,000 plus 50% of \$1,000 plus 20% of \$1,000 plus 10% of \$1,000 **or** \$1,000+\$500+\$200+\$100).

For non-residential buildings, the taxpayer may deduct 100% of the first \$2,000 spent on energy conservation capital investments, 50% of the second \$2,000 spent, 20% of the third \$2,000 spent, and 10% of the fourth \$2,000 spent. If a corporate taxpayer invested \$4,000 in approved energy conservation measures in a non-residential building owned by the taxpayer, it could deduct \$3,000 of the expenses (100% of \$2,000 plus 50% of \$2,000 **or** \$2,000+\$1,000). If the taxpayer invested \$8,000 in approved energy conservation measures in the same building, it could deduct \$3,600 of the expenses (100% of \$2,000 plus 50% of \$2,000 plus 20% of \$2,000 plus 10% of \$2,000 **or** \$2,000 + \$1,000 + \$400 + \$200).

This deduction is subject to approval of the Department of Revenue and cannot be taken on expenditures financed by a state, federal, or private grant. The purpose of this deduction is to encourage energy-conserving investments in existing buildings.

#### Deduction for Purchasing Montana-Produced Organic Fertilizer and Inorganic Fertilizer Produced as a Byproduct (15-32-303, MCA)

In addition to all the other allowed deductions from gross corporate income, a taxpayer may deduct expenditures for organic fertilizer and inorganic fertilizer produced as a byproduct, if the fertilizer was made or used in Montana. The purpose of this deduction is to promote the use of inorganic byproducts and organic matter produced by Montana industries.

#### Deduction for Donation of Exploration Information (15-32-510, MCA)

A taxpayer may deduct expenses from the donation of mineral exploration information to the Montana Tech Foundation to reside in the Montana Tech research library. Montana Tech has the right to limit what information is accepted and what deductions are granted. The documented expenses must be based on the cost of recreating the donated information. If the exploration incentive credit is also claimed by the taxpayer, then this deduction is limited to 20% of the actual value of the data. The deduction is intended to encourage the sharing of mineral exploration information.

#### Recycled Material Qualifying for Deduction (15-32-609 and 610, MCA)

A taxpayer may deduct an additional 10% of expenditures for the purchase of recycled material that was otherwise deductible as a business-related expense. The Department of Revenue defines the types of recycled material that may be used to claim this deduction. The purpose of this deduction is to encourage the use of goods made from reclaimed materials, especially post-consumer materials. The deduction was set to expire at the end of calendar year 2011, but HB 21 passed by the 2009 Legislature makes the additional 10% deduction permanent. This deduction is the only one for which data is accessible. In the most recent database of corporate taxpayer returns, the total deductions claimed were \$13,625,921. At the general tax rate of 6.75%, this is a reduction of taxes of \$919,750.

### **Capital Gain Exclusion for Mobile Home Park (15-31-163, MCA)**

A taxpayer may exclude a portion of the recognized gain from sale of a mobile home park from taxable corporate income or taxable individual income if the sale is to a tenants' association or a mobile home park residents' association; a nonprofit organization that purchases a mobile home park on behalf of a tenants' association or mobile home park residents' association; a county housing authority; or a municipal housing authority. The exclusion of recognized capital gain is limited to 50% for mobile home parks with more than 50 lots; for mobile home parks with 50 lots or fewer the excluded gain is 100%.

Usually properties owned by municipal and county housing authorities are eligible for a property tax exemption; however if the corporate tax exclusion is used for a mobile home park property, it is not eligible for the property tax exemption allowed under Title 15, Chapter 6, Part 2 while the property is used as a mobile home park. This exclusion was passed by the 2009 Legislature (HB 636) and applies to tax years beginning after December 31, 2008.



## Corporate License Tax Credits

Many of the following credits are available to individual income taxpayers as well as corporate license taxpayers. More thorough explanations and history of many of the credits are available in the individual income tax section on tax expenditures.

There are differences between the tax periods for the two different income taxes – individual and corporate. The tax year for individual income tax returns is the calendar year and data from the tax returns is presented on that basis. The corporate license tax year and filing requirements are based upon the corporation's fiscal year, which can vary from the calendar year. The numbers of corporate tax credits claimed and the amount of the credits in this section are on a state fiscal year basis.

### College Contribution Credit (15-30-2326, MCA)

Individual and corporate taxpayers are allowed a credit equal to 10% of donations to the general endowment funds of units of the Montana university system, Montana private colleges, or Montana private college foundations. The maximum credit allowed per year is \$500. The credit claimed may not exceed the taxpayer liability. The credit must be applied

in the tax year in which the donation was made and no carry forward or carry back is allowed.

Table 6.1 shows credits claimed on corporate tax returns by fiscal year.

College Contribution Credit (Table 6.1)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
1997	43	\$7,244
1998	35	\$6,868
1999	36	\$6,676
2000	34	\$8,933
2001	36	\$8,221
2002	28	\$6,737
2003	23	\$5,413
2004	24	\$6,480
2005	18	\$4,571
2006	21	\$4,449
2007	30	\$9,194
2008	28	\$6,265
2009	31	\$6,714
2010	19	\$3,636

### Contractor's Gross Receipts (15-50-207, MCA)

Contractors are required to pay a license fee equal to 1% of the gross receipts from government contracts during the year for which the license is issued. The agency or prime contractor withholds the 1% license fee from payments to the prime contractor or subcontractors. The agency or contractor is responsible for remitting the correct amount to the Department of Revenue along with a form reporting who is to be credited with the license fee payment.

Contractors may use the amount of gross receipts tax paid as a credit against the contractor's corporation license tax liability or income tax liability, depending upon the type of tax the contractor must pay. The credit may be carried forward a maximum of 5 years.

Contractor's Gross Receipts (Table 6.2)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
1997	118	\$558,711
1998	108	\$499,682
1999	118	\$906,014
2000	125	\$847,950
2001	119	\$709,652
2002	121	\$1,048,955
2003	112	\$955,814
2004	78	\$972,698
2005	69	\$1,142,370
2006	64	\$703,319
2007	127	\$1,717,148
2008	106	\$1,393,906
2009	91	\$1,692,954
2010	72	\$487,413

## Corporate License Tax Credits

### Charitable Endowment Credit (15-31-161 and 162, MCA)

A qualified endowment is a permanent fund held by or on behalf of a 501(c)(3) charitable organization. A planned gift is one of nine types of arrangements specified in the IRS code that generally provide income to the donor for life or a set period and then the remainder goes to the charity. Individual taxpayers are allowed a credit of 40% of the present value of a planned gift to a qualified charitable endowment.

Charitable Endowment Credit (Table 6.3)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
1998	15	\$63,516
1999	58	\$313,675
2000	100	\$462,002
2001	127	\$703,420
2002	125	\$622,099
2003	77	\$425,846
2004	52	\$117,618
2005	38	\$106,490
2006	45	\$121,753
2007	50	\$160,667
2008	46	\$174,337
2009	18	\$54,516
2010	29	\$103,189

Corporations are allowed a credit of 20% of a gift to a qualified endowment. In the 2007 Legislature, SB 150 extended the credit through 2013. The same legislation restricted the definition of a qualified endowment to exclude a fund where the contributions are expended directly for construction, renovation, or purchasing operations assets, such as building or equipment. However the interest from the endowment, but not the principle, may be used to purchase operational assets.

### Alternative Fuel Motor Vehicle Conversion Credit (15-30-2320, MCA)

Taxpayers are allowed a credit against individual income tax or corporate license tax of up to 50% of the cost of converting a motor vehicle to operate on natural gas, liquefied petroleum gas (LPG or propane), liquefied natural gas, hydrogen, electricity, or a fuel of at least 85% alcohol or ether.

The credit is limited to \$500 for conversion of a motor vehicle with gross weight of 10,000 pounds or less or \$1,000 for conversion of a vehicle weighing more than 10,000 pounds.

The credit claimed cannot be more than the taxpayer's liability and cannot be carried forward or back. The credit must be claimed for the year in which the conversion was done.

Alternative Fuel Motor Vehicle Conversion Credit (Table 6.4)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
2001	*	\$2,760
2002	*	\$7,000
2003	*	\$3,000
2004	*	\$12,267
2005	*	\$50
2006	0	\$0
2007	*	\$16,000
2008	*	\$23,500
2009	0	\$0
2010	*	\$6,000

## Health Insurance for Uninsured Montanans Credit (15-31-132, MCA)

A corporation with 20 or fewer employees working at least 20 hours per week may claim a nonrefundable credit of up to \$3,000 against corporation license tax. In order to claim the credit the employer must pay at least 50% of the employee's premium and can claim a credit for a maximum of 10 employees' health or disability insurance (ARM 42.4.2802).

A credit of \$25 a month is allowed if the employer pays 100% of the employee's premium. If the employer pays a share of the employee's premium then the \$25 credit is pro-rated by the same percentage share.

The credit is subject to a number of restrictions including that the credit may not exceed 50% of the total premium for each employee, the credit may not be claimed more than 36 consecutive months, and may not be granted to an employer or its successor within 10 years of when the last credit was claimed. The employer must have been in business in Montana for at least 12 months and the credit cannot be carried forward or backward and claimed against another year's taxes.

Health Insurance for Uninsured Montanans (Table 6.5)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
1997	*	\$1,490
1998	10	\$5,403
1999	11	\$6,820
2000	11	\$7,468
2001	11	\$7,566
2002	*	\$1,219
2003	16	\$18,888
2004	17	\$19,433
2005	78	\$91,543
2006	92	\$118,476
2007	206	\$201,593
2008	126	\$111,786
2009	86	\$65,632
2010	61	\$43,400

## Insure Montana Small Business Health Insurance Credit (15-31-130, MCA)

This credit was enacted by the 2005 Legislature (HB 667) and was applicable beginning with tax year 2006. Sections 33-22-2006, 15-30-2368, and 15-31-130, MCA establish the credit. Table 6.6 provides the data on credits claimed in fiscal years 2007-2010.

The 2005 Legislation established a voluntary small business health insurance pool with small employers composing the membership (33-22-2001, MCA). Members of the pool are eligible for premium assistance or incentives, or tax credits. An employer that has not offered group health insurance in the last two years may take premium assistance payments instead of claiming the credit.

The 2009 Legislature in SB 135 made some changes to the program. Previously, an employer was ineligible if any employee, including an owner, partner, or shareholder, was paid more than \$75,000 per year. SB 135 made the \$75,000 limit apply only to employees who are not owners, partners or shareholders; but prohibited the employer from receiving a credit for providing insurance to an owner, partner or shareholder who is paid more than \$75,000 per year or their dependents.

Insure Montana Credit (Table 6.6)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
2007	87	\$404,942
2008	221	\$1,057,951
2009	164	\$1,009,331
2010	155	\$880,874

A small employer that provides group health insurance for its employees through the state pool may claim a credit against taxes of:

- up to 50% of total premiums the employer pays for the plan or,
- up to \$100 per month per covered employee (\$125 if the average age is at least 45), up to \$100 per month per covered spouse, and up to \$40 per other covered dependent.

The maximum credit depends on the number of employees an employer may have. This is set by the State Auditor's Office in an administrative rule. The current maximum is nine employees. Taxpayers with credits that are greater than their tax liability may have the

## Corporate License Tax Credits

excess credits refunded. A taxpayer may not deduct insurance premiums as a business expense if the taxpayer has taken the credit.

While it is included as a credit on the tax form, from a tax expenditure perspective the Insure Montana Small Business Health Insurance credit is different from other credits which decrease general fund available for other purposes. This credit is funded by general fund which is then reimbursed from cigarette and tobacco tax collections. Because these tax collections also fund programs to offset the health costs due to cigarette and tobacco use, the reimbursement of the general fund reduces the funding available for these health programs.

### Recycling Credit (15-32-601-611, MCA)

Taxpayers are allowed a credit against individual income tax or corporate license tax for a portion of the cost of investments in depreciable property used in collecting or processing reclaimable material or manufacturing a product from reclaimed material. The amount of the credit is equal to 25% of the cost of the first \$250,000 invested in property, 15% of the cost of the next \$250,000 invested in property and 5% of the next \$500,000 of investment.

Therefore if the taxpayer invests a total of \$1,000,000 in property that qualifies for the credit, the taxpayer can claim a credit of \$125,000. If the taxpayer invests \$250,000 in property qualifying for the credit then the taxpayer can claim a credit of \$62,500. The credit was to end December 31, 2011, but the 2009 Legislature made the credit permanent (HB 21). An asterisk in the table indicates fewer than 10 corporate taxpayers claimed this credit.

Recycling Credits (Table 6.7)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
1997	15	\$231,567
1998	14	\$91,421
1999	15	\$140,544
2000	*	\$54,290
2001	*	\$87,912
2002	*	\$119,060
2003	*	\$5,440
2004	*	\$2,718
2005	*	\$17,905
2006	*	\$39,700
2007	12	\$81,892
2008	10	\$102,037
2009	*	\$70,936
2010	*	\$25,937

### Oilseed Crushing and Biodiesel Production Facility Credit (15-32-701 and 702, MCA)

Taxpayers are allowed a credit against individual income tax or corporation tax of 15% of the costs of investments in depreciable property in Montana that is used primarily for crushing oilseeds for producing biodiesel or lubricants or for the production of biodiesel or bio-lubricants. The taxpayer can claim credits on investments for the two tax years prior to when the facility begins production or any tax year that the equipment is in production up to January 1, 2015. Unused credits can be carried forward seven years. Taxpayers claiming the credit can still claim depreciation or amortization and other credits allowed by the state.

The credit is subject to a number of restrictions, including how the credit can be carried forward; total credits claimed may not exceed \$500,000; and the depreciable property for which the credit has been claimed must begin to be used by 2015 for the purposes of oilseed crushing and biodiesel or bio-lubricant production.

The credit was first enacted by the 2005 Legislature in HB 756. The 2007 Legislature passed HB 166, which extends this credit's life to January 1, 2015 from January 1, 2010; allows the credit to

also apply to bio-lubricants; and allows the credit to be claimed on investment in the two tax years prior to when the equipment is used in production. The table above provides the available data on corporate tax credits claimed in fiscal years 2007-2010; in FY 2008 fewer than 10 taxpayers claimed the credit as indicated by the asterisk.

Oilseed Crushing & Biodiesel Production Credit (Table 6.8)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
2007	0	\$0
2008	*	\$500
2009	0	\$0
2010	0	\$0

## Corporate License Tax Credits

### Biodiesel Blending and Storage Tank Credit (15-32-703, MCA)

This credit was established in HB 756 passed by the 2005 Legislature.

Taxpayers can claim a credit of 15% of the cost of equipment used in blending biodiesel made from Montana ingredients with petroleum-based diesel. The credit can also be used for storage facilities in a year when the taxpayer is blending or in the two years before blending began. The total credits that may be claimed over time are \$52,500 for a distributor (wholesaler) and \$7,500 for a retailer.

#### Biodiesel Storage and Blending Credit (Table 6.9)

Fiscal Year	Number of Credits Claimed	Total Credits Claimed
2007	*	\$7,559
2008	0	\$0
2009	0	\$0
2010	0	\$0

The credit is subject to a number of restrictions, including that the taxpayer's biodiesel sales must be greater than 2% of the total diesel sales by the end of the third year after the year that the investment is claimed. The

unused tax credit can be carried forward up to 7 years, but can only be claimed in tax years in which the facility is operating for the purposes of biodiesel blending. Table 6.9 provides the available data on corporate tax credits claimed in fiscal years 2007-2010. Fewer than 10 corporate license taxpayers claimed the credit in FY 2007 as indicated by the asterisk.

### Geothermal Heating System Credit (15-32-115, MCA)

Taxpayers are allowed a credit against individual income tax or corporation tax for up to \$1,500 of costs of installing a geothermal heating system (ground-source heat pump) in the taxpayer's principal residence or in a residence the taxpayer constructs. Only one credit may be claimed per residence and any credit remaining after the year of installation can be carried forward and claimed in succeeding tax years. This credit could not be claimed by corporate taxpayers, such as builders of residential units, until tax year 2006. The change was made by the 2005 Legislature (SB 340). The asterisk in the table

indicates that fewer than 10 corporate license taxpayers claimed this credit in FY 2008.

#### Geothermal System Credit (Table 6.10)

Fiscal Year	Number of Credits Claimed	Total Credits Claimed
2007	0	\$0
2008	*	\$500
2009	0	\$0
2010	0	\$0

### Alternative Energy Production Credit (15-32-401 through 407, MCA)

Qualifying taxpayers that invest \$5,000 or more in a commercial system, or net metering system, that generates energy using alternative energy sources are allowed a credit against corporation license tax of 35% of the costs, less any federal or state grants. Alternative energy sources are defined as including, but not limited to, solar energy, wind energy, geothermal energy, conversion of biomass, fuel cells that do not require hydrocarbon fuel, small hydroelectric generators producing less than 1 megawatt; and methane from solid waste.

Tax credits may be carried forward for seven years. The carry forward period is extended to 15 years if the equipment is placed in service within the boundaries

#### Alternative Energy Production Credit (Table 6.11)

Fiscal Year	Number of Credits Claimed	Total Credits Claimed
2007	*	\$28,452
2008	*	\$273
2009	*	\$15,094
2010	*	\$50

of a Montana reservation and there is an employment agreement with the tribal government of the reservation in which tribal members will be trained and employed in constructing, maintaining and operating the system. The table above provides the available data on corporate tax credits claimed in fiscal years 2007-2010.

## Corporate License Tax Credits

### Dependent Care Assistance Credit (15-31-131 and 133, MCA)

There are several employer costs for which dependent care credits can be claimed. If the employer provides day care services to employees' dependents or information and referral services to employees, then a credit against corporation tax can be claimed for a share of the costs. The allowed credit is 25% of the cost of the day care assistance with a limit of \$1,575 per employee receiving the assistance. The day care must be provided by a licensed or registered day care provider; it must meet IRS requirements and cannot be part of the employee's compensation. The employer can also claim a credit on 25% of the cost of providing day care information and referral services to employees (15-31-131, MCA).

Under 5-31-133, MCA, there is a credit allowed against corporation tax for a portion of the cost of setting up a day care facility to be used by the taxpayer's employees' dependents. The credit is the lowest of either:

- 15% of the costs incurred, or
- \$2,500 times the number of dependents the facility accommodates, or
- \$50,000.

To claim the credit, the facility must meet certain criteria, such as accommodating six or more children, be run by a licensed operator, and have been placed in operation by January 1, 2006. The credit is to be claimed over a ten-year period, with 1/10<sup>th</sup> of the credit claimed each year. An asterisk in table 6.12 indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

Dependent Care Assistance Credit (Table 6.12)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
2001	*	\$1,846
2002	*	\$4,790
2003	*	\$1,672
2004	*	\$50
2005	0	\$0
2006	*	\$50
2007	*	\$50
2008	0	\$0
2009	0	\$0
2010	0	\$0

### Historic Property Preservation Credit (15-31-151, MCA)

Corporate taxpayers may take a credit against corporation license tax for costs of rehabilitating a historic building located in Montana. The credit is 25% of the federal credit allowed by 26 USC 47. The federal credit is 20% of the rehabilitation cost of a building certified as having historic significance and 10% of the cost of rehabilitation of a building placed in service before 1936 that has not been certified.

Historic Property Preservation Credit (Table 6.13)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
2001	*	\$1,790
2002	*	\$12,884
2003	*	\$30,948
2004	*	\$111,843
2005	*	\$39,876
2006	*	\$50
2007	*	\$129,479
2008	*	\$43,370
2009	0	\$0
2010	0	\$0

The credit is not refundable if it exceeds the amount of taxes owed, but unused credit can be carried over to the seven succeeding tax years. If the corporation is a partnership or S corporation, the credit must be attributed to the partners or shareholders in the same proportion used to

report the partnership or corporation income or loss for Montana income tax purposes. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

## Corporate License Tax Credits

### Montana Capital Company Credit (90-8-202, MCA)

Corporate taxpayers could take a credit against corporation license tax for investments in a certified Montana capital company or qualified small business investment company. The credit was limited to 50% of the investment up to \$150,000 per taxpayer for regular capital companies, and an additional \$250,000 for qualified investment in a Montana small business investment capital company.

Montana Capital Company Credit (Table 6.14)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
1997	49	\$223,028
1998	38	\$158,615
1999	30	\$62,112
2000	19	\$15,541
2001	15	\$9,047
2002	15	\$2,695
2003	14	\$934
2004	15	\$2,716
2005	13	\$26,809
2006	12	\$45,374
2007	10	\$57,363
2008	0	\$0
2009	0	\$0
2010	0	\$0

The credit was last available for investments made before July 1, 1995, but the credit itself could be carried forward for up to 15 years and used to reduce tax liability.

### Infrastructure Users Fee Credit (17-6-316, MCA)

The Board of Investments may make loans to local governments to finance infrastructure to serve a new or relocated business that will result in 15 or more new full-time jobs. The infrastructure may serve as collateral for the loan and the local government may charge fees to the users for extending the infrastructure. The business may claim a credit against income or corporation tax for the amount of the fee it pays.

The total amount of the credit claimed may not exceed the amount of the loan. The credit can be carried forward for 7 years and used to reduce tax liability or carried back for 3 years. Data is available on the credits claimed against corporate license tax for fiscal years 2001-2010. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

Infrastructure Users Fee Credit (Table 6.15)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
2001	*	\$100
2002	*	\$36,295
2003	*	\$533,813
2004	*	\$814,362
2005	*	\$685,134
2006	*	\$50
2007	*	\$622,928
2008	*	\$1,345,829
2009	*	\$541,522
2010	*	\$431,692

### New and Expanded Industry Credit (15-31-124 and 125, MCA)

New or expanding manufacturing industries are allowed a tax credit equal to 1% of the total new wages paid in Montana for the first three years of operation or expansion. Expanding operations must increase total full-time jobs by 30% or more. "New" industry means a corporation engaging in manufacturing for the first time in Montana.

Table 6.16 provides the information on corporate license tax credits claimed. Data is available for fiscal years 2005-2010. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

New and Expanded Industry Credit (Table 6.16)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
2005	*	\$14,659
2006	*	\$84,708
2007	*	\$83,570
2008	*	\$4,311
2009	0	\$0
2010	0	\$0

## Empowerment Zone New Employees Tax Credit (15-31-134, MCA)

A local government may establish an empowerment zone in an area with chronic high unemployment (7-21-3710, MCA). Employers in an empowerment zone are eligible for a credit against either income tax or corporation license tax for the first three years of employment for new positions. The credit per new employee is \$500 for the first year, \$1,000 for the second year, and \$1,500 for the third year.

Empowerment Zone New Employees Tax Credit (Table 6.17)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
2005	*	\$948
2006	0	\$0
2007	0	\$0
2008	0	\$0
2009	0	\$0
2010	0	\$0

To receive the credit, the taxpayer must apply for and receive certification from the Department of Labor and Industry. The table provides information on corporate license tax credits claimed.

Data is available for fiscal years 2005-2010. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

## Qualified Research Credit (15-31-150, MCA)

Increased Research Activities Credits (Table 6.18)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
2001	*	\$87,912
2002	*	\$119,060
2003	*	\$5,440
2004	*	\$2,718
2005	*	\$17,905
2006	*	\$39,700
2007	12	\$81,892
2008	10	\$102,037
2009	22	\$588,068
2010	12	\$82,965

Taxpayers may receive a non-refundable tax credit for increases in qualified research expense and basic research payments for research conducted in Montana. The amount of the credit is determined in accordance with section 41 of the

IRC, U.S.C. 41 as it read on July 1, 1996 or as subsequently amended. Section 41 of the IRS code provides a credit equal to 20% of any increase in research expenditures over the taxpayer's baseline research expenditures. Montana provides a 5% credit against individual income tax or corporation license tax for the same increases in expenditures in the state.

The taxpayer may not claim a current year credit after December 31, 2010. Unused credits from any tax year can be carried back for two years or carried forward for up to 15 years and used to reduce tax liability. An asterisk indicates that fewer than 10 taxpayers claimed the credit in the fiscal year.

## Mineral Exploration Incentive Credit (15-32-501 through 509, MCA)

Taxpayers are allowed a credit, not to exceed 50% of the taxpayer's liability and not greater than \$20 million, for certified mineral exploration expenses. The credit is for the full amount of solid mineral or coal exploration activity in the state (oil and gas exploration expenditures are not eligible). The credit is available only for expenses incurred up to the time that construction of a new mine or reopening of a previously closed mine commences. The credit can be carried forward for 15 years.

Mineral Exploration Credit (Table 6.19)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
2007	*	\$1,212
2008	*	\$1,831
2009	*	\$1,361
2010	*	\$25

Table 6.19 provides the data on this credit. An asterisk indicates that fewer than 10 taxpayers claimed the credit in that fiscal year.



### Film Employment Credit (15-31-907 and 908, MCA)

The Big Sky on the Big Screen Act was passed by the 2005 Legislature. The 2007 Legislature revised the Act, which is in Section 15, Chapter 31, Part 9 of the MCA, to remove the \$1 million limitation on the amounts of tax credits received and made other changes. To receive the tax credits for a state-certified production, the production company must apply for the credit and pay an application fee of \$500. The fee is split equally between the Department of Commerce and the Department of Revenue for administering the credit (15-31-906, MCA). Administration fees have totaled \$18,575 for fiscal years 2007 through 2009. If the production has been certified by the Department of Commerce, then credits against either corporate or individual income taxes are allowed for two types of expenditures. Taxpayers are allowed a credit equal to 14% of the first \$50,000 of compensation paid to each Montana resident employed on a state-certified production. Employee compensation for which the credit is claimed may not be deducted from gross revenue in calculating taxable income.

A taxpayer may also claim a credit against income or corporation license tax for 9% of purchases in Montana for the making of a film that has met the criteria to be certified by the Department of Commerce. A taxpayer

Film Production Credit (Table 6.20)		
Fiscal Year	Number of Credits Claimed	Total Credits Claimed
2007	0	\$0
2008	*	\$9,007
2009	*	\$16,583
2010	0	\$0

may not deduct any expenses for which a credit was claimed. The credit was to terminate on January 1, 2010, but the 2009 Legislature passed HB 163 which extends the termination date to

January 1, 2015. Unused credits can be carried over for use on tax returns for the four succeeding tax years.

Table 6.20 shows the tax credits claimed against corporate income on returns filed in fiscal years 2007 through 2010. The asterisk indicates that fewer than 10 taxpayers claimed the credit in the fiscal year.

### Short-term Temporary Lodging Credit (15-31-171, MCA)

The 2007 Legislature created a refundable individual and corporate income tax credit available to lodging establishments that provide free temporary lodging to individuals displaced from their homes due to domestic abuse (HB 240). The tax credit is available beginning with tax year 2008 and is equal to \$30 for each day of lodging provided, limited to a maximum of five nights of lodging for each individual each year. The individuals must be referred to the lodging establishment by a designated charitable organization. The credit may be claimed only for lodging provided in Montana.

The credit may not be claimed if the individual is displaced by a major disaster declared by the President under federal law (42 U.S.C. 5170 or 5191) and financial assistance for temporary housing assistance is available. In the one year of corporate tax returns which are available, this credit was not claimed.

## Passive Expenditures

Passive tax expenditures refer to the loss of Montana tax revenue due to federal tax laws. These tax expenditures are not due to actions taken by the Montana Legislature, but by our adherence to the definitions of income, exemptions, and deductions set at the federal level. The figures provided in below show Montana's share of the federal tax expenditures estimated by the U.S. Treasury Department and included in the annual Executive Budget of the United States. The Montana share of federal expenditures was estimated by multiplying the federal tax expenditure estimate by the ratio of Montana taxable income to federal taxable income, and by Montana's

effective corporate tax rate (before credits) to the federal effective corporate tax rate (before credits). State and federal share ratios are calculated using 2007 IRS data on corporate income tax returns.

These passive tax expenditures are estimates based on other estimates and should be viewed as approximations. As with other tax expenditures, the figures shown do not necessarily equal the increase in tax revenues that would occur if the provision did not exist.

Estimated Impact of Passive (Federal) Corporate Tax Expenditures on Montana Tax Revenue, 2008 and 2009		
	2008	2009
<b>Exemptions</b>		
Deferral of income from controlled foreign corporations (normal tax method)	\$1,477,863	\$1,552,207
Deferred taxes for financial firms on certain income earned overseas	\$280,479	\$119,401
Excess bad debt reserves of financial institutions	\$1,126	\$1,126
Excess of percentage over cost depletion, fuels and nonfuel minerals	\$42,804	\$43,930
Exemption of certain mutuals and cooperatives income	\$7,885	\$7,885
Exemption of credit union income	\$155,446	\$163,331
Inventory property sales source rules exception	\$245,560	\$271,467
Deferral of gain from dispositions of transmission property to implement FERC restructuring policy	\$28,161	-\$6,759
Deferral of gain on sale of farm refiners	\$2,253	\$2,253
Deferral of tax on shipping companies	\$2,253	\$2,253
Excess bad debt reserves of financial institutions	\$1,126	\$1,126
<b>Deductions</b>		
Accelerated depreciation of machinery and equipment (normal tax method)	\$2,426,309	\$3,221,561
Accelerated depreciation on rental housing (normal tax method)	\$74,344	\$78,849
Deductibility of charitable contributions (education)	\$70,964	\$75,470
Deduction for U.S. production activities	\$1,206,396	\$1,316,785
Empowerment zones, enterprise communities, and renewal communities	\$42,804	\$47,310
Expensing of certain capital outlays for farmers	\$1,126	\$1,126
Expensing of certain multiperiod production costs for farmers	\$1,126	\$1,126
Expensing of certain small investments (normal tax method)	\$81,102	\$70,964
Expensing of exploration and development costs, fuels and nonfuel minerals	\$1,126	\$1,126
Expensing of multiperiod timber growing costs	\$20,276	\$21,402
Expensing of capital costs with respect to complying with EPA sulfur regulations	\$3,379	\$5,632
Small life insurance company deduction	\$5,632	\$5,632
Special Blue Cross/Blue Shield deduction	\$72,091	\$73,217
<b>Other</b>		
Special alternative tax on small property and casualty insurance companies	\$4,506	\$4,506
Special ESOP rules	\$135,170	\$146,435
Special rules for certain film and TV production	\$6,759	-\$3,379
Tax incentives for preservation of historic structures	\$37,172	\$38,298

Sources: Estimates of corporate tax expenditures are calculated by the U.S. Treasury and published annually as a part of the Executive Budget of the United States. This data is from the 2008 and 2009 Executive Budgets in the Analytical Perspectives Sections, which are available at [www.gpoaccess.gov/usbudget/browse.html](http://www.gpoaccess.gov/usbudget/browse.html). Total income subject to tax, and total income tax before credits comes from [www.irs.gov](http://www.irs.gov), SOI tax statistics, total returns of active corporations, 2007. Montana estimates come from the Montana master file of corporate tax returns, 2008.

## Residential Property Tax Expenditures

Consistent with the explanation of other tax expenditures, property tax expenditures are provisions in the property tax laws that reduce property taxes for properties that meet certain criteria. There are 3 property tax programs that target homeowners: The Property Tax Assistance Program (PTAP), the Disabled American Veterans Program (DAV) and the Extended Property Tax Assistance Program (EPTAP).

The elderly homeowner/renter credit provides a tax credit based on property taxes but is administered through the income tax, so it is discussed as an income tax expenditure.

Calculating the cost of property tax expenditures is not as straightforward as other tax expenditures. For other taxes, a credit or deduction reduces the money in the general fund. Because of how local government budgeting laws work, they are allowed to raise mills to offset a reduction in the tax base. In general, when the taxable value of a property is lowered, mills rise so property taxes are higher for all other properties in the taxing district.

### Residential Property Tax Expenditures

#### PTAP

The Property Tax Assistance Program is established in 15-6-134, MCA. It reduces the class 4 tax rate by 80%, 50% or 30% depending on income. Taxpayers must reside in the home for 7 months of the year and it applies to the first \$100,000 of taxable market value of residential improvements and up to 5 acres of residential land.

The table below shows that in 2010 there were 11,583 property taxpayers that qualified for the property tax assistance program. This reduced the taxable value of these properties by \$10,774,917 which reduced the

state revenue collected with the 95 school equalization mills and the 6 university mills by \$1,088,267. The reduction in taxable value increased the local mills, effectively shifting \$4,739,203 to other taxpayers.

Participants in the Property Tax Assistance Program paid \$5,827,469 less in taxes because of the program for an average benefit of \$503.11 in 2010.

#### DAV

The Disabled American Veterans Program reduces property taxes for disabled veterans and is established in 15-6-211, MCA. It reduces the class 4 tax rate by 100%, 80%, 70% and 50% depending on income level for qualified veterans. It applies to residential improvements and up to five acres of land. To qualify, the property must be the primary residence of a veteran that was killed while on active duty or was honorably discharged and paid at the 100% disabled rate by the Department of Veterans Affairs for a service-connected disability, or the veteran's surviving spouse.

The table at the top of the next page shows that in 2010 there were 1,800 property taxpayers that qualified for the Disabled American Veteran program. This reduced the taxable value of these properties by \$2,955,279 which reduced the state revenue collected with the 95 school equalization mills and the 6 university mills by \$298,483. The reduction in taxable value increased the local mills, effectively shifting \$1,299,840 to other taxpayers.

Participants in the Disabled American Veteran program paid \$1,598,323 less in taxes because of the program for an average benefit of \$887.96 in 2010.

#### EPTAP

The Extended Property Tax Assistance Program reduces property taxes for residential properties that experienced extraordinary market value increases between

Property Tax Expenditure - PTAP						
Tax Year	Participants	Reduction in Taxable Value	Loss in 101 Mill Revenue	Tax Shifts	Total Tax Benefit to Participants	Average Tax Benefit
2005	8,568	\$4,316,852	\$436,002	\$1,817,049	\$2,253,051	\$262.96
2006	8,192	\$4,130,616	\$417,192	\$1,758,981	\$2,176,173	\$265.65
2007	7,729	\$3,856,960	\$389,553	\$1,651,280	\$2,040,833	\$264.05
2008	7,399	\$3,508,914	\$354,400	\$1,533,817	\$1,888,217	\$255.20
2009	10,716	\$9,625,089	\$972,134	\$4,128,008	\$5,100,142	\$475.94
2010	11,583	\$10,774,917	\$1,088,267	\$4,739,203	\$5,827,469	\$503.11

## Residential Property Tax Expenditures

2002 and 2008 and is established in 15-6-193, MCA. It limits the growth in taxable value of qualified residential properties to 4%, 5% or 6% per year depending on income bracket. The reduction in taxable value is applied to a residential property and up to 1 acre of

Property Tax Expenditure - DAV						
Tax Year	Participants	Reduction in Taxable Value	Loss in 101 Mill Revenue	Tax Shifts	Total Tax Benefit to Participants	Average Tax Benefit
2005	1,457	\$2,700,858	\$272,787	\$1,136,845	\$1,409,632	\$967.49
2006	1,546	\$2,915,543	\$294,470	\$1,241,555	\$1,536,024	\$993.55
2007	1,608	\$3,158,974	\$319,056	\$1,352,451	\$1,671,508	\$1,039.49
2008	1,711	\$3,237,648	\$327,002	\$1,415,241	\$1,742,243	\$1,018.26
2009	1,643	\$2,765,902	\$279,356	\$1,186,240	\$1,465,596	\$892.02
2010	1,800	\$2,955,279	\$298,483	\$1,299,840	\$1,598,323	\$887.96

land that is occupied at least 7 months of the year.

The table below shows that in 2009 there were 3,132 property taxpayers that qualified for the Extended Property Tax Assistance Program. This reduced the taxable value of these properties by \$913,287 which reduced the state revenue collected with the 95 school equalization mills and the 6 university mills by \$92,242. The reduction in taxable value increased the local mills, effectively shifting \$391,691 to other taxpayers.

Participants in the Extended Property Tax Assistance Program paid \$483,933 less in taxes because of the program for an average benefit of \$154.51 in 2009.

Property Tax Expenditure - EPTAP						
Tax Year	Participants	Reduction in Taxable Value	Loss in 101 Mill Revenue	Tax Shifts	Total Tax Benefit to Participants	Average Tax Benefit
2005	1,191	\$422,874	\$42,710	\$177,996	\$220,706	\$185.31
2006	986	\$427,616	\$43,189	\$182,096	\$225,285	\$228.48
2007	825	\$389,506	\$39,340	\$166,759	\$206,100	\$249.82
2008	805	\$412,080	\$41,620	\$180,128	\$221,748	\$275.46
2009	3,132	\$913,287	\$92,242	\$391,691	\$483,933	\$154.51

### Economic Development Tax Expenditures

In addition to the residential property tax exemptions, there are tax expenditures in statute intended to encourage economic development by reducing the taxable value of properties or creating a tax increment finance district.

### Locally Reduced or Abated Taxable Values

There are multiple exemptions that may be granted by local governments to encourage economic development. They work by reducing the taxable value used for local purposes, which reduces the property tax for those properties. The exemptions are usually granted for 5 years or 10 years. The reduction in taxable value is granted to encourage the creation of jobs or to subsidize the expansion of existing businesses.

The table at the top of the next page shows that in 2010 there were 129 property taxpayers that received reduced taxable values. This reduced the taxable value of these properties by \$26,989,988. Because the reduction

in taxable value only applies to local mills it did not reduce state revenues. The reduction in taxable value increased the local mills, effectively shifting \$11,871,184 to other taxpayers.

Tax payers with locally abated taxes paid \$11,871,184 less in property

taxes because of the program for an average benefit of \$92,025 in 2010.

## Property Tax Expenditure - Abated Taxable Values

Tax Year	Participants	Reduction in Taxable Value	Loss in 101 Mill Revenue	Tax Shifts	Total Tax Benefit	Average Tax Benefit
2005	160	\$4,392,911	\$0	\$1,849,064	\$1,849,064	\$11,556.65
2006	157	\$8,130,177	\$0	\$3,462,155	\$3,462,155	\$22,051.94
2007	148	\$10,256,319	\$0	\$4,391,038	\$4,391,038	\$29,669.17
2008	147	\$20,020,604	\$0	\$8,751,406	\$8,751,406	\$59,533.38
2009	127	\$23,697,393	\$0	\$10,163,338	\$10,163,338	\$80,026.28
2010	129	\$26,989,988	\$0	\$11,871,184	\$11,871,184	\$92,024.68

### Tax Increment Financing Districts

Tax increment financing districts are used by local governments to build infrastructure by designating tax revenue paid by properties within the districts for the use by the district. They capture the taxes on any increase in value that would be used to pay for public services like schools, roads and into the state general fund and redirect that money for improvements to the TIF district. TIFs do not reduce taxes for individual taxpayers, but do increase the mills for other property taxpayers and reduce tax revenue that can be used by the state for providing services.

If the taxable value is higher than it would have been without the district, when the TIF expires the mills are reduced for property taxpayers and the state receives more in 95 mill revenue than would have otherwise occurred.

The table below shows the increment that is used to pay for improvements to the district and the reduction in the 95 state education equalization mills. In 2010, TIFs cost the state \$3,989,014 in reduced revenue. The 6 university mills are still paid to the state by the tax increment finance district.

For this tax expenditure analysis, the tax shift is not included as a cost to other taxpayers. The tax increment is used to pay for improvements that would otherwise have been paid for by cities or counties, so it is not calculated as a cost to other tax payers.

### TIF Districts

Tax Year	Increment	Avg Mill	Lost 95 mill Revenue
2005	\$28,866,547	521.92	\$2,742,322
2006	\$32,662,769	526.84	\$3,102,963
2007	\$34,185,246	529.13	\$3,247,598
2008	\$29,315,072	538.12	\$2,784,932
2009	\$32,014,480	529.88	\$3,041,376
2010	\$41,989,617	540.84	\$3,989,014

## Natural Resource Tax Expenditures

### Reduced Rate for Oil and Gas Wells Completed After 1/1/1999

Oil and gas production from wells completed on or after 1/1/1999 is taxed at a reduced rate of 9.26% (instead of 12.76% for oil and 15.06% for gas). This reduced rate provides an incentive for the exploration, development, and production of oil and gas.

### Reduced Rates for “New” Oil and Gas Production

Oil or gas produced from a well that qualifies as “new” production is taxed at a reduced rate of 0.76% (instead of 9.26% for oil and 15.06% for gas). This reduced rate applies for the first 12 months of production from a conventional well and the first 18 months of production from a horizontally completed well. New production includes production from new wells and from wells that have not produced oil or gas during the previous 60 months. This reduced rate provides an incentive for the exploration, development and production of oil and gas.

### Reduced Rate for Horizontally Recompleted Oil Wells

The first 18 months of production from a horizontally recompleted well is taxed at 5.76%. After this period the tax rate reverts to 9.26% for post-99 wells or 12.76% for pre-99 wells.

### Reduced Rates for Incremental Oil Production from Enhanced Recovery Projects

In any quarter when the average price of West Texas Intermediate (WTI) crude oil is less than \$30 per barrel, incremental production from secondary recovery projects is taxed at 8.76%, and incremental production from tertiary recovery projects is taxed at 6.06%. In quarters when the average price of WTI is at least \$30 per barrel, these wells are taxed at 9.26% for

post-99 wells and 12.76% for pre-99 wells. The reduced rates provide incentives for the use of enhanced recovery technologies when prices are low.

### Reduced Rates for Stripper Exemption (Super Stripper) and Stripper Oil Wells

In any quarter the average price of WTI crude oil is less than \$38 per barrel (stripper exemption or super stripper oil), oil from wells on leases that produce less than three barrels per well per day is taxed at 0.76%. If the price of WTI is equal to or greater than \$38 per barrel this oil is taxed at 6.26%.

From wells on leases that produce between 3 and 15 barrels per well per day (stripper oil), the first 10 barrels per day are taxed at 5.76% and remaining production is taxed at 9.26% in quarters when the average price of WTI is less than \$30 per barrel. In quarters when the average price of WTI is at least \$30 per barrel, stripper oil is taxed at 9.26% for post-99 and 12.76% for pre-99 wells. The reduced rates on super stripper and stripper oil provide an incentive to keep low-volume wells in production.

Oil and Natural Gas Production Tax Expenditures		
Oil	FY 2009	FY 2010
Reduced Rates for:		
Post-1999 Production	\$39,328,632	\$35,731,009
Horizontally Completed Wells First 18 Months	\$18,169,751	\$8,527,129
Vertically Completed Wells First 12 Months	\$1,182,623	\$588,398
Horizontally Recompleted Wells First 18 Months	\$136,257	\$133,765
Stripper Wells	<u>\$3,505</u>	<u>\$0</u>
<b>Total</b>	<b>\$58,820,768</b>	<b>\$44,980,301</b>
Natural Gas	FY 2009	FY 2010
Reduced Rates for:		
Post-1999 Production	\$18,520,636	\$13,128,456
Horizontally Completed Wells First 18 Months	\$3,459,634	\$1,507,392
Vertically Completed Wells First 12 Months	\$2,633,572	\$299,357
Stripper Wells	<u>\$2,759,693</u>	<u>\$2,024,638</u>
<b>Total</b>	<b>\$27,373,535</b>	<b>\$16,959,843</b>

## Natural Resource Tax Expenditures

### Reduced Rate for Horizontally Completed Gas Wells

After the first 18 months of production, production from a horizontally completed gas well is taxed at 9.26% (instead of 15.06%). The reduced rate provides incentive to use horizontal drilling technology.

### Reduced Rate for Stripper Gas Wells

Gas wells that were completed before 1/1/1999 and produce less than 60 mcf per day are taxed at 11.26% (instead of 15.06%). The reduced rate provides incentive to keep low-volume wells in production.

### Metalliferous Mines License Tax (Title 15, Chapter 37, Part 1, MCA)

The first \$250,000 of gross value of production is exempt from taxation.

Metalliferous Mines License Tax Expenditures		
	FY 2009	FY 2010
Exemption of the First \$250,000 of Production	\$69,789	\$63,286

### Metal Mines Gross Proceeds Tax (Title 15, Chapter 23, Part 8, MCA)

15-6-208, MCA provides that metal mines that produce less than 20,000 tons of ore in a taxable year receive an exemption from taxation of 50% the merchantable value of the ore produced.

Metal Mines Gross Proceeds Tax Expenditures		
	FY 2009	FY 2010
50% Exemption for Mines Producing Less than 20,000 Tons of Ore	\$3,881	\$3,420

### Coal Severance Tax (Title 15, Chapter 35, Part 1, MCA)

Each coal mine receives an exemption from taxation on the first 5,000 tons of coal produced in a year.

Coal Severance Tax Expenditures		
	FY 2009	FY 2010
Exemption of the First 5,000 Tons of Production	\$115,685	\$122,098

### Coal Gross Proceeds Tax (Title 15, Chapter 23, Part 7, MCA)

15-6-208, MCA provides that coal mines producing less than 50,000 tons of coal in a taxable year receive an exemption from taxation of 50% the contract sales price of the coal produced.

15-23-715, MCA provides that the board of county commissioners may grant a new or expanding underground coal mine with an exemption of 50% of coal gross proceeds taxes on the new or expanding production. This section of law results from the passage of SB 510 in the 2009 Legislature.

There were no tax expenditures during FY 2009 and FY 2010 resulting from these sections of the law.

Coal Gross Proceeds Tax Expenditures		
	FY 2009	FY 2010
50% Exemption for Mines Producing less than 50,000 Tons of Coal	\$0	\$0
New or Expanding Underground Coal Mines	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>

### Bentonite Production Tax (Title 15, Chapter 39, Part 1, MCA)

Bentonite mines are exempted from taxation on the first 20,000 tons extracted during a year.

Bentonite Production Tax Expenditures		
	FY 2009	FY 2010
Exemption of the First 20,000 Tons of Production	\$125,112	\$124,964