Montana Department of Revenue

Biennial Report

July 1, 2010—June 30, 2012

Montana Department of
REVENUE

Montana Department of Revenue

Dan Bucks
Director

Brian Schweitzer
Governor

December 19, 2012

Letter of Transmittal

Governor Brian Schweitzer
Governor Elect Steve Bullock
Members of the Sixty Third Montana Legislature:

With this letter I am transmitting the Biennial Report of the Department of Revenue for the period July 1, 2010 through June 30, 2012, 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

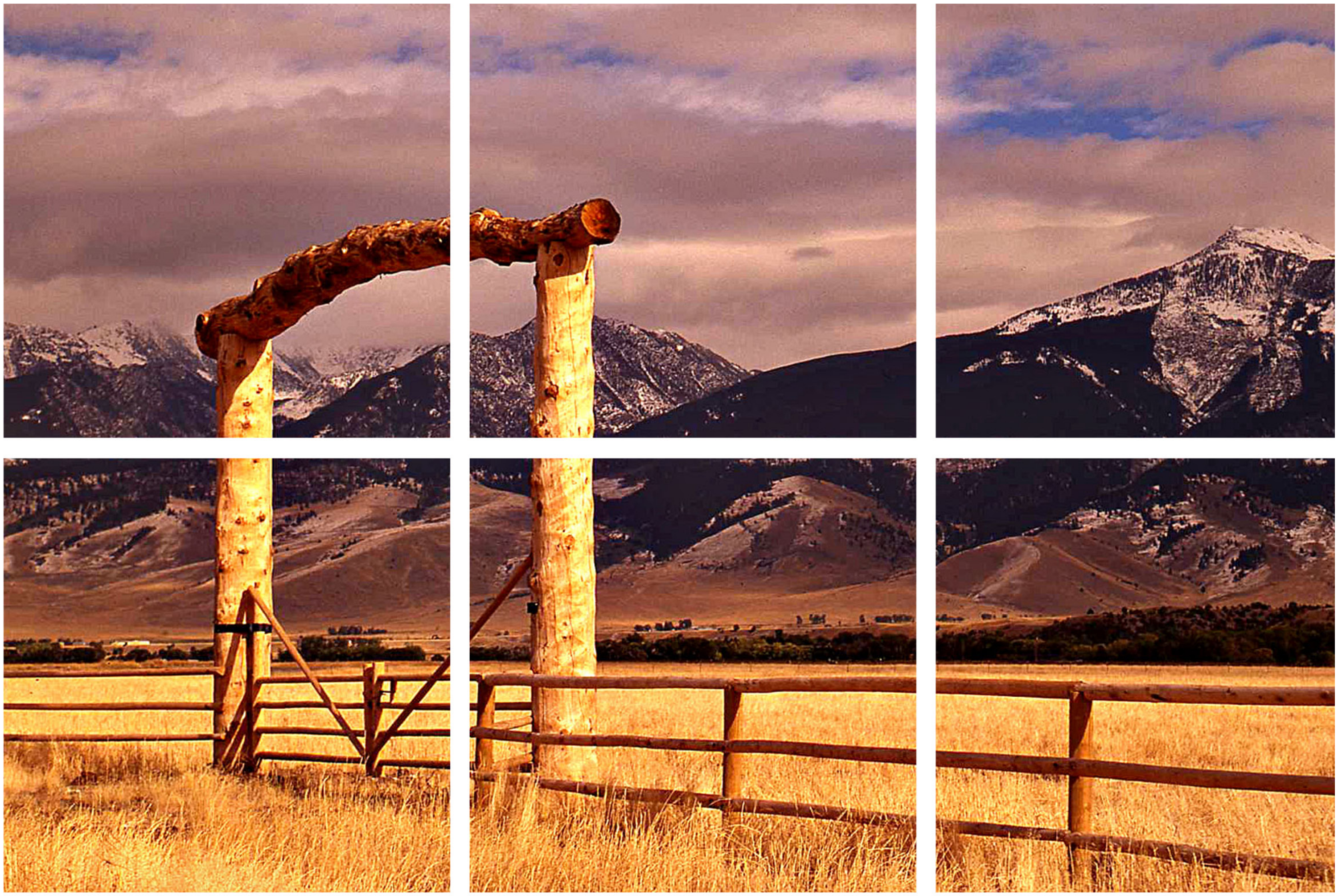
Dan Bucks, Director
PO Box 5805
Helena, MT 59604-5805

TABLE OF CONTENTS

TABLE OF CONTENTS

TAX FAIRNESS: ENSURING COMPLIANCE AND PROPERTY TAX EQUALIZATION

BIENNIAL REPORT •THE MONTANA DEPARTMENT OF REVENUE



Montana Department of REVENUE

An Introduction from the Director of the Montana Department of Revenue

Tax Fairness—Equalizing Property Values and Ensuring State Tax Compliance

Woven into the Montana Constitution are two moral imperatives that are the foundation of modern democratic society: 1) a guarantee of individual human rights and 2) a commitment to equitable taxation. Without a guarantee of human rights, individuals cannot participate meaningfully and effectively in society. Without equitable taxation, citizens—acting as the body politic—cannot pursue their common goals through governmental action.

This second moral imperative—equitable taxation—substantially defines the role of the Department of Revenue in the life of the citizens of this state. It is the duty of the Department to ensure as much as possible within resources allocated to it that the tax laws of the state are applied fairly and equitably among all taxpayers. When the Department is successful, citizens and businesses will pay only the taxes properly assigned to them and not any additional taxes that belong to others. Further, if the Department ensures that the tax laws are equitably applied, the revenue intended to be paid under the law is more fully collected—and thus contributing to the fiscal stability of the state and broadening the policy choices available to the Legislature and Governor. Finally, maintaining the equity and integrity of the tax laws strengthens public confidence and trust in government.

The Department of Revenue fills its role in equitable taxation in two broad ways: 1) by equalizing the valuation of property under the law and 2) by ensuring proper compliance with state taxes. The Department determines the classification of property and assesses its value directly. In this regard, the quality of the Department's classification and valuation practices largely determines the degree of equity in property taxes. In contrast, state taxes are generally self-assessed by taxpayers, with the Department checking compliance and correcting instances of non-filing or underreporting after the fact. For state taxes, the initial quality of taxpayer filing combined with the effectiveness of the Department's compliance activities determines the degree of equity achieved.

In some areas of tax law, there is a blending of the two major means by which equity is achieved. Certain property taxes—those on business equipment, and on centrally assessed and industrial property—include elements of self-reporting. In these instances, the quality of taxpayer reports, the Department's compliance activities and its classification and valuation practices all combine to determine the degree of equity for these taxes under the law.

Property Equalization—the Major Revenue Goal of the Montana Constitution

The 1972 Constitutional Convention rejected the existing system of property taxation because property values set by elected local assessors were inequitable. Delegate Mick McKeon declared local assessment to be perhaps "the greatest evil we have in our system." He noted that "local assessors have exerted on them great pressures for favoritism . . ." The Constitutional Convention staff identified the two major problems of property tax administration as "underassessment and the lack of uniform assessment." The convention staff traced these problems to local assessors seeking to shift state property taxes to other counties, creating a need for more state aid for their local schools, currying favor with local voters, and other political objectives that undermined equitable valuation of property.

The convention made property tax equalization a centerpiece of the revenue and finance article of the new constitution. Beyond simply ending a system fraught with favoritism and untoward political objectives, the delegates also saw property tax equalization as serving the purposes of more equal funding of public schools and economic progress. On the latter point, Delegate Dave Drum stated that "if Montana is to go ahead, we are going to have to have equalization in the eyes of those who would like to either stay in Montana and invest money or those who would like to come to Montana and invest money, creating more jobs for our young people." Other delegates saw property equalization as a matter of simple justice and of conforming to the constitutional standard of equal protection of the laws for each citizen.

The Constitutional Convention established a state system of property appraisal to replace local assessment entirely. Through this statewide system, the delegates hoped that the valuation of property would be objective and independent of the pressures for favoritism and economic and political influences that had created an unfair system of property taxation.

State law reinforces this constitutionally required state system of valuation with a strong mandate to the Department of Revenue to achieve equity in property valuations. §15-9-101 (1), MCA, provides that:

> The department shall adjust and equalize the valuation of taxable property among the several counties, between the different classes of taxable property in any county and in the several counties, and between individual taxpayers **and shall do all things necessary to secure a fair, just, and equitable valuation of all taxable property among counties, between the different classes of property, and between individual taxpayers.** (Emphasis added.)

The Department has worked hard to fulfill the promise of equity in property taxation made by the Montana Constitution and state law. After the reappraisal of property that took effect on January 1, 2009, the Department contracted for an independent review of its work by internationally recognized property appraisal experts. These experts found that the Department's appraisal of residential property on average statewide were set at 99.7% of actual sales value, and for commercial property assessments were 90.87 % of sales value. Any assessment with 90% to 110% of actual market value meets appraisal standards, which means that the 2009 reappraisal was highly accurate. (In contrast, a 1960 legislative study concluded that local assessors had set property values at only 28.7% to 31.7% of sales value.) In terms of uniformity, the independent review found the level of uniformity in the Department's appraisals to meet or exceed applicable statistical standards.

The Department also implemented in the 2009 reappraisal a new system of agricultural land valuation based on soil science—replacing an inequitable system dating back to the 1960s. The new system is a quantum leap forward in equity in the valuation of agricultural land productivity. Despite being a new system, the agricultural valuation process yielded the lowest level of appeals of any class of property.

With regard to centrally assessed property, or property that crosses borders, the Montana Supreme Court has from 1932 through the recent PPL Montana (2007) and PacifiCorp (2011) decisions found that the Department's appraisal practices are proper and equitable and arrive at market value for these types of property. While centrally assessed property owners often seek major reductions in their property values, the Supreme Court has sustained the Department's practices and values.

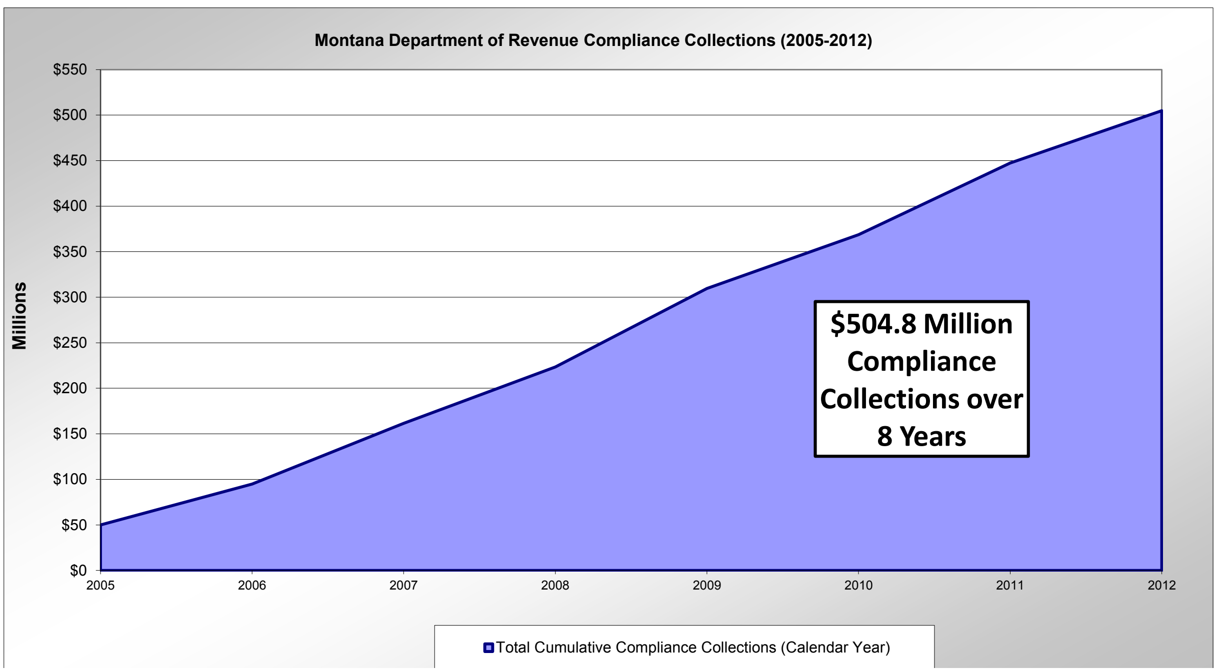
The Department also seeks to treat all property taxpayers as similarly as possible with regard to administrative procedures and dispute resolution practices. Doing so is an important component of achieving property tax equalization and of doing "all things necessary to secure a fair, just, and equitable valuation of all taxable property . . ." as a required by §15-9-101 MCA.

Compliance—Keystone to State Tax Fairness

Encouraging voluntary compliance and enforcing compliance when voluntary compliance falls short is the standard role of any tax agency. The gap between what the laws require in terms of taxes paid and what is actually paid is a measure of the inequity in the tax system. This gap is commonly referred to as the tax gap. The Department seeks to reduce this gap through a combination of methods including but not limited to: The Department's understanding of tax compliance challenges with regard to Montana state taxes is described below.

- taxpayer education programs, including making tax forms and instructions easier to read and understandable,
- practical information on its web site,
- support for tax preparers—both paid and volunteers—and additional technological support for volunteer taxpayer assistance,
- convenient taxpayer services such as a call center and online filing and payments services, continuing training and reinforcement of staff serving taxpayers professionally and with respect, and
- audit, enforcement and collection activities.

However, the Department is quite proud of its recent progress in achieving increased fairness in taxation through more effective and productive compliance efforts. Over the last eight years, the Department has generated direct compliance collections of over $500 million as indicated in the chart below. This half a billion dollars of accumulated revenue is more than the state's general fund balance.



In addition to the total dollars collected, the Department's efficiency has more than doubled. Before 2005, the Department collected $3.60 for each dollar spent on direct compliance. From 2005 through the present time period, the Department has collected $7.40 for each dollar spent on direct compliance.

Tax researchers suggest that the impact of direct compliance on increased voluntary compliance (referred to as the deterrent effect) exceeds the direct collection results by several times the direct collections. The Department of Revenue does not have a means of measuring this impact in Montana. However, if the deterrent effect is only twice that of direct collections, taxpayers have paid an additional $1 billion beyond the $500 million collected through direct compliance activities.

While compliance activities have begun to significantly close the tax gap, the relationship with taxpayers in the course of these activities has also improved. Beginning in 2008, the Department began surveying taxpayers audited by the Department and/or their tax preparers concerning the courtesy and professionalism of the Department's staff. In the initial year, the positive rating of the Department's compliance staff was above 60%—a very good result. However, the staff sought to improve their ratings. In years since, audited taxpayer ratings of Department staff have risen to a positive level of 85%. While compliance activities have increased, the relationship with taxpayers has also improved at the same time.

In terms of continuing compliance work, Internal Revenue Service research estimates the federal tax gap – or difference between tax owed and tax paid – at approximately 16.3% nationally. The Legislature has not funded comparable research to estimate a state tax gap. However, the Department's audit experience and selective study of particular problem areas suggests the following conclusions:

> Montana resident wage earners and retirees comply with state tax laws at a high level, estimated to be at 95% or above. This exemplary compliance rate is most likely due to a combination of factors including the existence of wage withholding, voluntary retirement withholding in some instances and third party reporting of typical retirement income.
>
> The Department estimates that Montana-based businesses comply with state tax laws more fully than is the case nationally. Federal studies have determined the non-compliance rates nationally as high as 50% for small businesses. The Department of Revenue believes compliance is better by Montana businesses. However, business compliance is lower than the rate achieved by wage earners and retirees. This result most likely occurs because of less complete third-party reporting of income earned by businesses and investors.
>
> The Department estimates that corporations underreport their Montana income by 10% to 15%. The result is that the Department of Revenue's active and continuing corporation tax audit program has been both necessary and highly productive over the years in correcting this underreporting.
>
> Non-residents have very high rates of non-compliance. The Department estimates that this non-compliance rate is around 70%. Increased Department compliance activities combined with third party withholding for mineral royalty income have helped to reduce this level of non-compliance substantially. However, this area will remain a continuing challenge well into the future. The difficulties with regard to non-residents extend from fewer avenues of communication with both these taxpayers and their out-of-state preparers—to less information about their income from third parties and the IRS—to the absence of adequate withholding on income earned in Montana through property sales or business activities.

The Department of Revenue remains committed to ensuring the highest level of tax compliance possible, while protecting the rights of taxpayers and serving them with respect and professionalism. The Department continually adapts its work to changing circumstances, and in many areas is recognized nationally as a leader in administering state taxes fairly, efficiently and effectively.

Sincerely,

Dan Bucks, Director

Dan Bucks served as Director of the Montana Department of Revenue from 2005 to 2013.

Department Direction and Overall Results

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

Department Goals

1. To Serve Montana's citizens by respecting their rights, recognizing their dignity as individuals, and advancing public understanding of the tax system.

2. To advance equity and integrity in taxation by reducing gaps between taxes paid and taxes owed, and property classification and equalizing the value of all taxable property in the state.

3. To execute the timely and accurate distribution of funds, financial information, and valuation data to support the orderly operation and administration of Montana's complex intergovernmental tax and fiscal system.

4. To continually strengthen working relationships and understandings with other state agencies, local governments and school districts, tribal governments, the federal government, and the general public.

5. To protect the public health and safety in the consumption of alcohol by properly licensing alcoholic beverage entities, and efficiently distribution alcoholic beverages through a state controlled system.

6. To position the department to be prepared to manage various types of disasters.

7. To continually improve productivity, effectiveness, and quality of department services by developing competent staff, achieving management excellence, fostering teamwork, applying innovative practices and technology, responding to changing circumstances, and fulfilling the department's core values.

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, in addition to administering the state income tax. 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.

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.

TAX STRUCTURES AND TRENDS

BIENNIAL REPORT •THE MONTANA DEPARTMENT OF REVENUE

Montana Department of REVENUE

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 governments, local schools, 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' tax systems.

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 finance. 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.

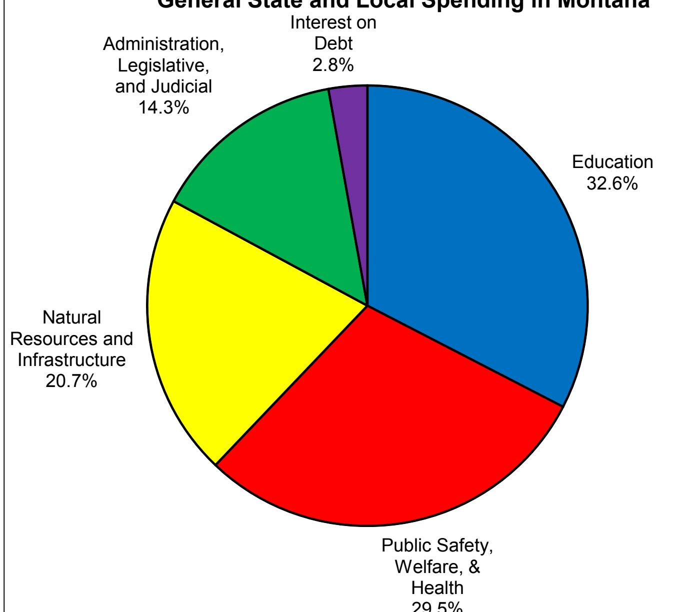
Governments pay for these services by raising revenue in several ways: they collect taxes, they charge fees, they earn interest, they sell property, and they receive transfers from other governments.

Taxes are payments to a government that are not made in exchange for a particular good or service. Examples are income 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.

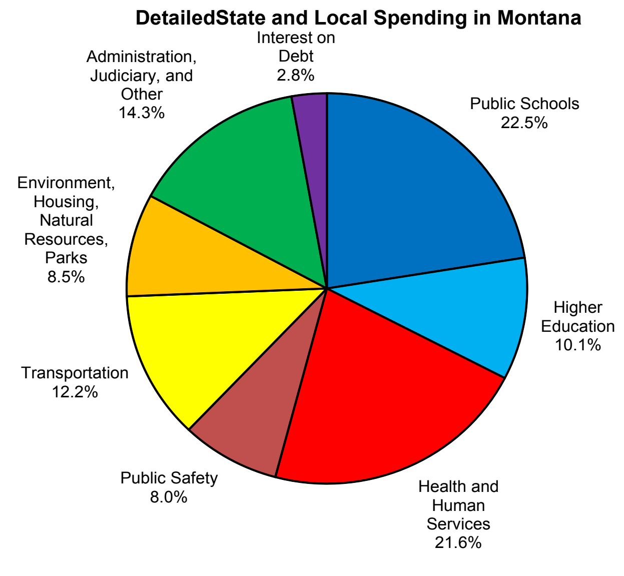
Fees are payments that are made in exchange for particular goods or services. Tuition at a state college and charges for filing legal documents are fees. The amount of the fee generally depends on the service received, not on the taxpayer. Some payments, such as for vehicle licenses, could be considered 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 intergovernmental 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.

General State and Local Spending in Montana



State and Local Spending



The chart on the right shows the percentage of state and local spending in Montana in each of eight general categories for the fiscal year ending June 30, 2010.[1] 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 page shows the breakdown for fiscal year 2010. It shows direct spending to provide government services, and excludes state transfers of funds to local governments and school districts.

The next two charts on the page 19 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.

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 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.

State and Local Government Direct Expenditures on Government Services, FY 2010
(Excludes Local Government Utilities and State Liquor Enterprise)

	$ million	% of Total
State Direct Expenditures (Excludes Transfers to Local Governments and School Districts)	$4,670	58%
Local Expenditures	$3,358	42%
Total	**$8,028**	**100%**

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 percent of state spending. Health and human services spending is primarily at the state level, accounting for 23 percent of state spending, and 7 percent of local spending. Spending on other functions occurs at both levels.

State and Local Revenue

Two charts on page 19 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 little less than half the total. Transfers from the federal government are 41 percent of state revenue. This includes federal funding for Medicaid and other state programs and federal education funds that are passed on to school districts.

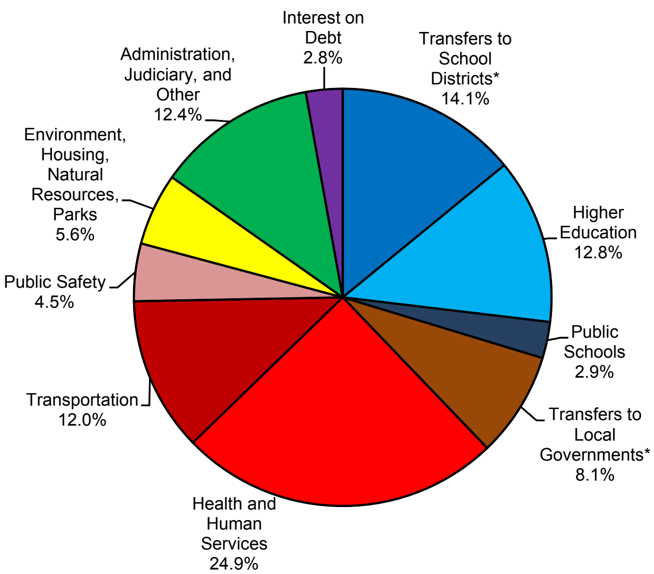
[1] In this section, information on combined state and local spending and state and local revenue from all sources is from the U.S. Census Bureau's annual survey of state and local governments. This is the only source for combined state and local data that is collected consistently across states. For 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 2010. Information on Montana state and local tax collections through fiscal year 2010 is from the state accounting system and Department of Revenue records.

Charges and fees make up 9 percent 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 percent of state revenue, and about 6 percent 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 percent of local revenue. Revenue from miscellaneous sources, including interest, account for the remaining 8 percent.

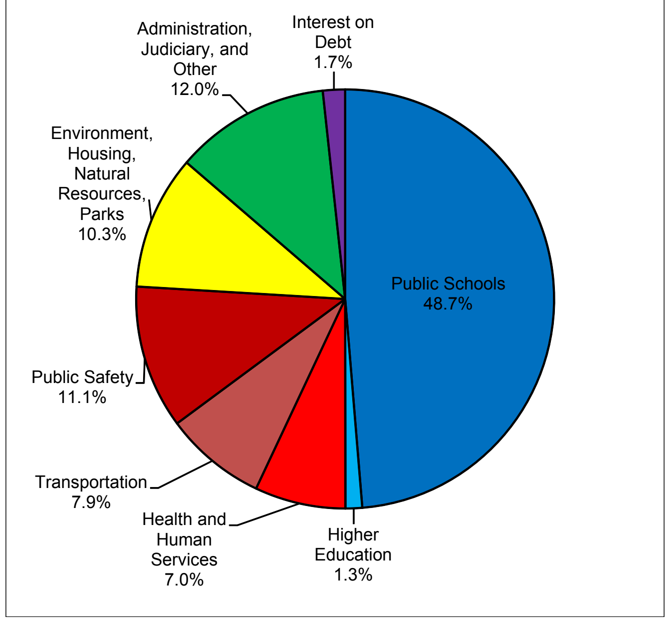
The charts in the middle of page 19 show combined state and local revenue, with taxes broken down into five categories. Because state and local governments and school districts all combined in these charts, transfers from the state to local governments and school districts cancel out each other. State and local government taxes are 46 percent of revenue, and transfers from the federal government are 28 percent. Charges for tuition and other services are 14 percent of state and local revenue, and interest earnings and miscellaneous are 12 percent.

State Spending in Montana

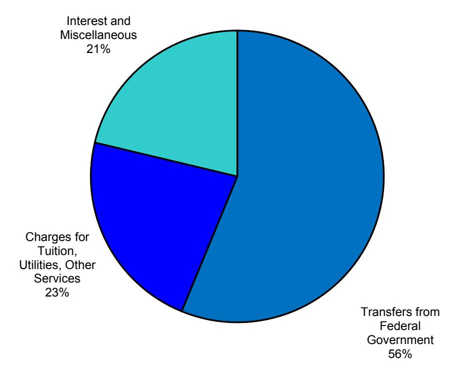


*Transfers include local share of state-collected taxes, primarily oil and gas production tax

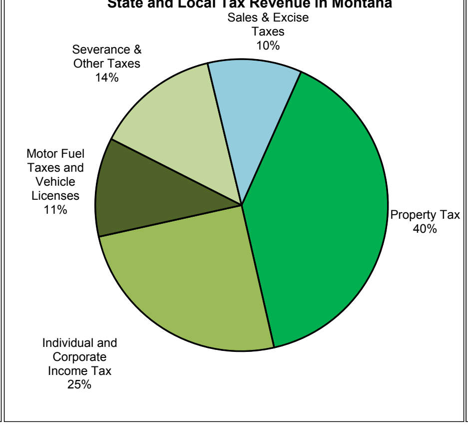
Local Spending in Montana



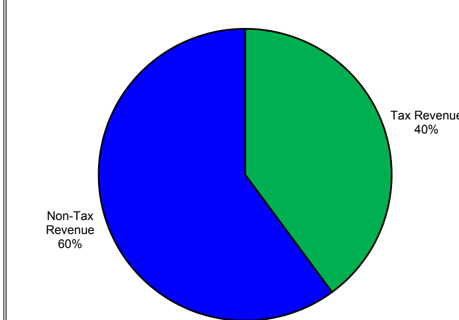
State and Local Non-Tax Revenue in Montana



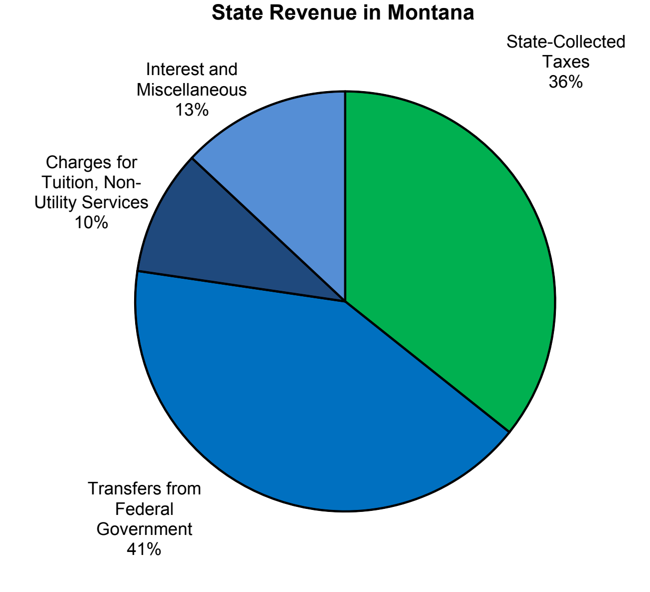
State and Local Tax Revenue in Montana



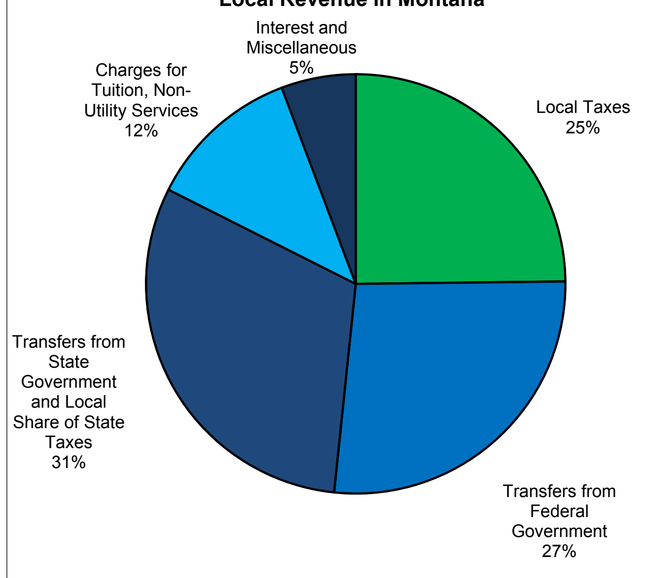
State and Local Revenue in Montana



State Revenue in Montana



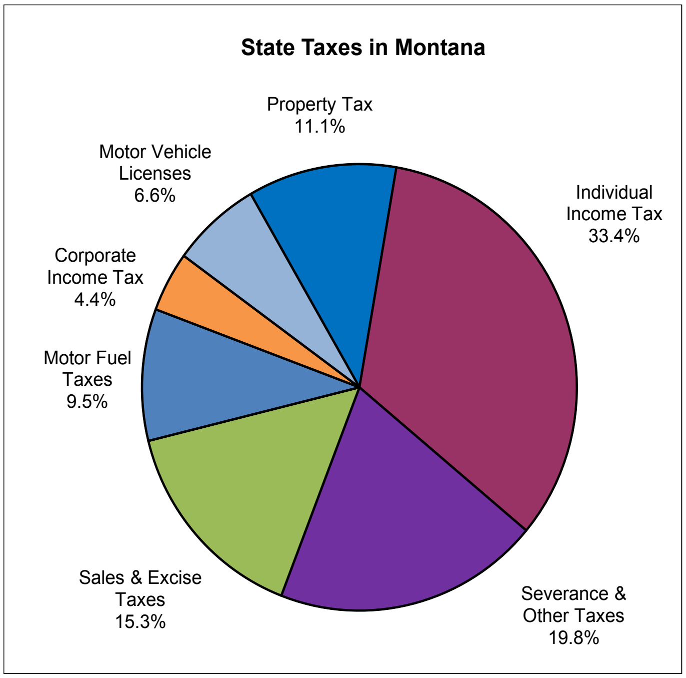
Local Revenue in Montana

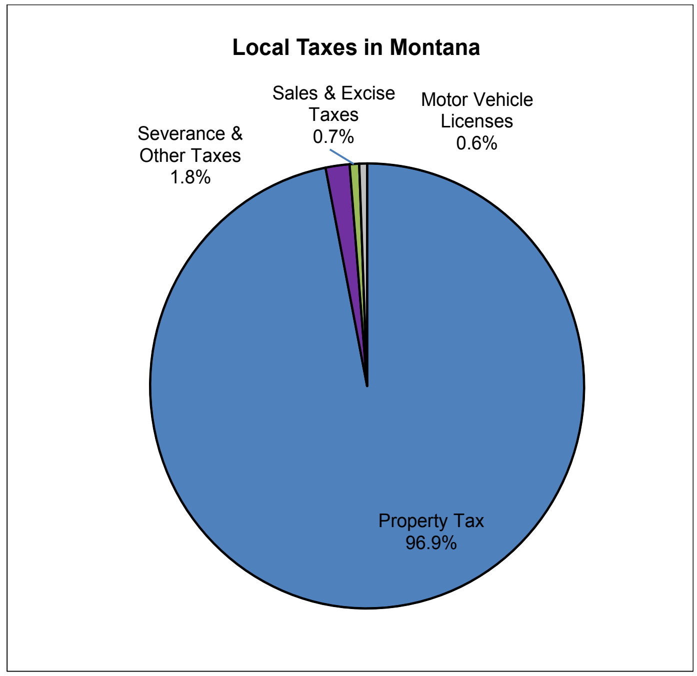


State and Local Taxes

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 percent of state tax revenue. Statewide 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 percent of local tax collections.





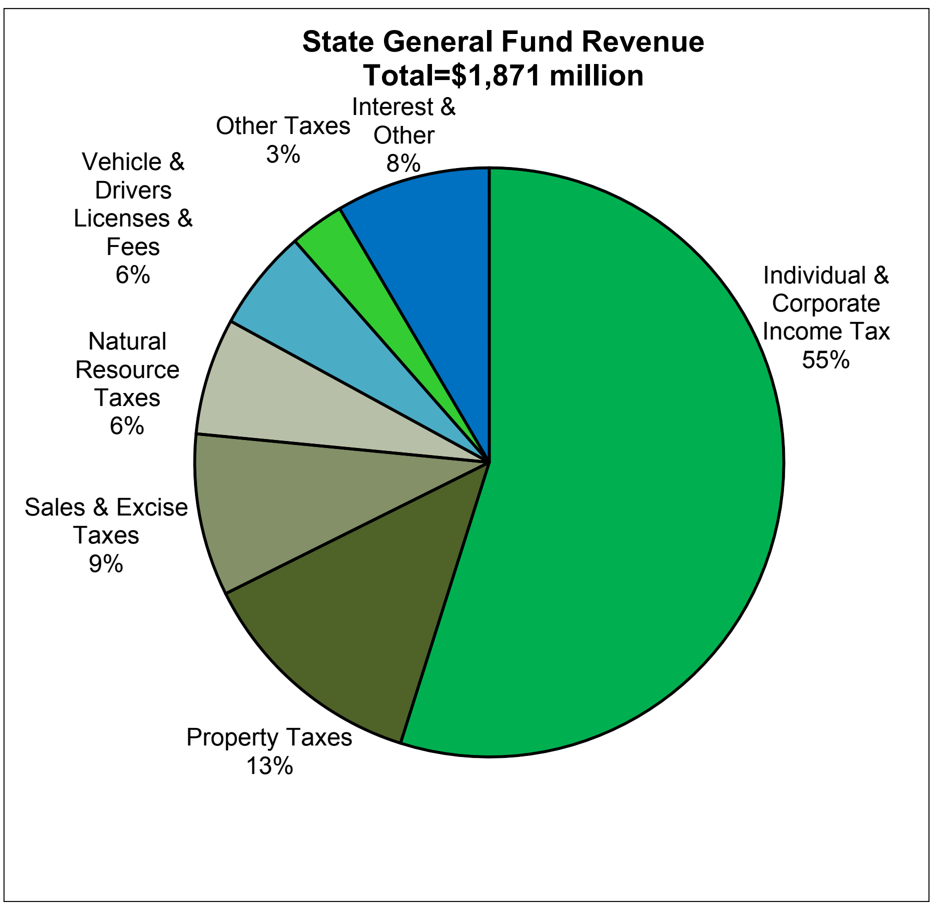
Department of Revenue Tax Collections

The following table shows how each type of tax was allocated between state and local governments in the fiscal year ending June 30, 2012. 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 2012.

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 2012

	Property Tax	Individual Income Tax	Severance & Other Taxes	Sales & Excise Taxes	Motor Fuel Taxes	Corporate Income Tax	Motor Vehicle Licenses
Local							
Governments & Special Districts	41.04%	-	17.18%	0.95%	-	-	-
Schools	39.36%	-	19.51%	-	-	-	-
State							
General Fund	18.41%	100.00%	43.84%	46.31%	-	100.00%	68.55%
University System	1.19%	-	1.06%	1.11%	-	-	-
Health & Human Services	-	-	-	20.39%	-	-	-
Regulation & Agency Operations	-	-	0.86%	13.47%	-	-	4.35%
Public Safety	-	-	1.25%	3.02%	0.04%	-	-
Transportation	-	-	-	0.02%	96.68%	-	24.33%
Environment	-	-	4.17%	0.42%	3.28%	-	-
State Buildings	-	-	2.28%	0.39%	-	-	-
Trust Funds (inc. Retirement)	-	-	9.84%	0.29%	-	-	0.19%
Parks, Recreation, Tourism	-	-	-	13.62%	-	-	2.58%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
% of Total from Each Tax	**37.87%**	**25.96%**	**8.49%**	**13.72%**	**6.12%**	**3.71%**	**4.12%**
Total From Each Tax ($ millions)	**$1,312.088**	**$899.344**	**$294.078**	**$475.260**	**$211.992**	**$128.631**	**$142.901**



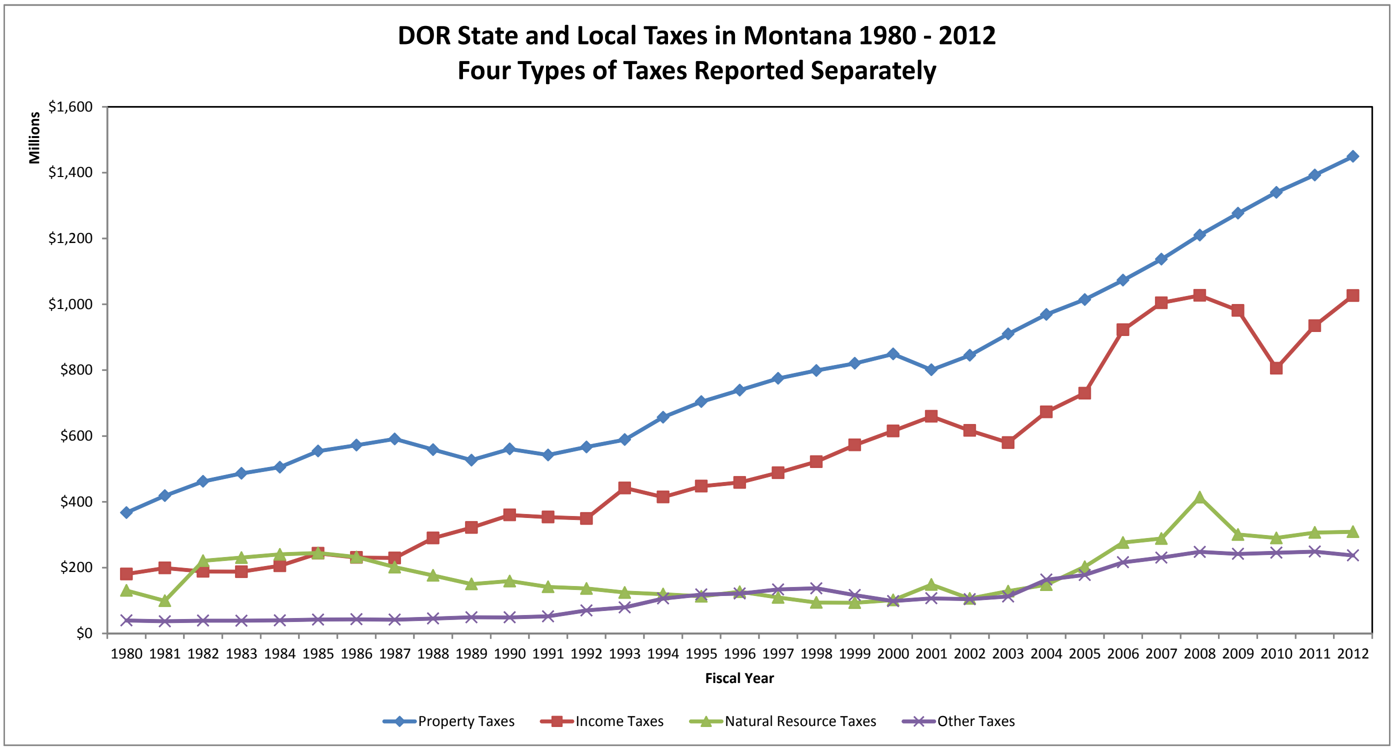
Department of Revenue Tax Collections

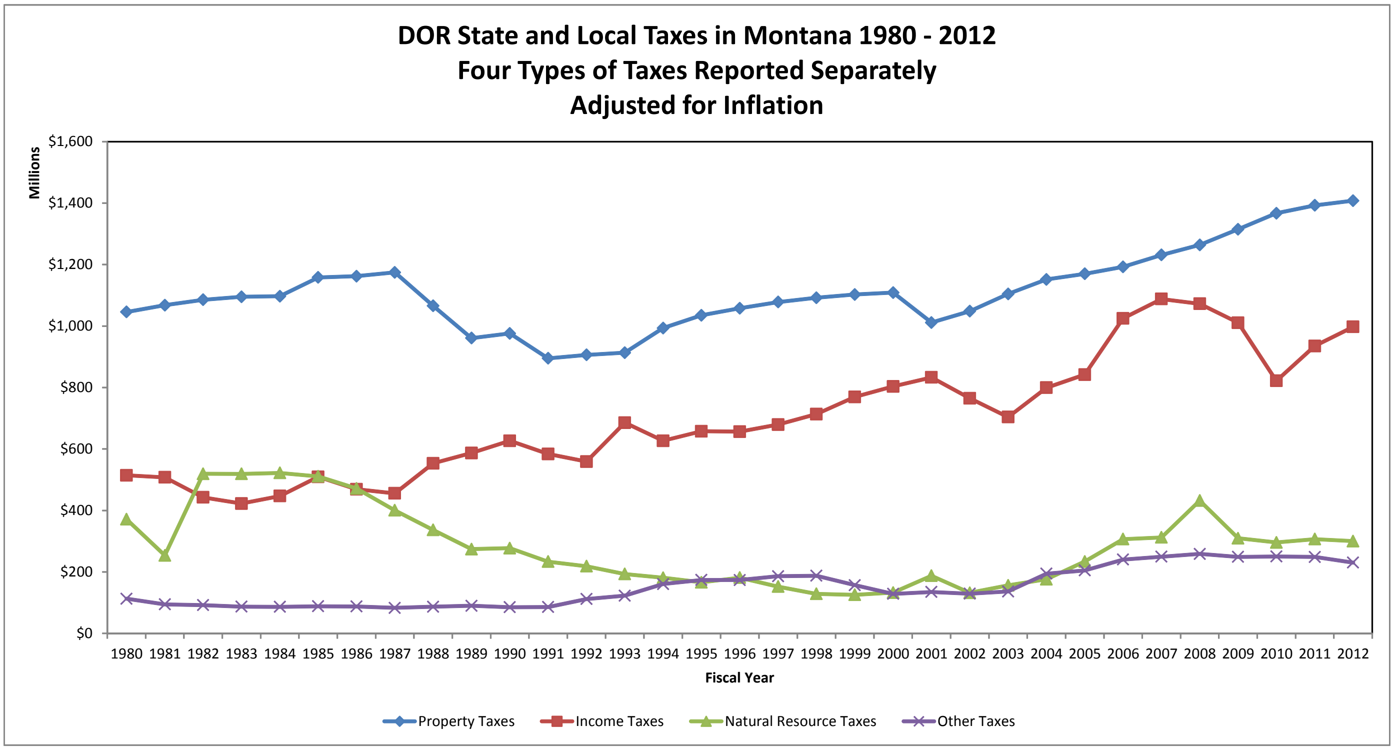
The following table shows Department of Revenue collections of state taxes for fiscal years 2006 through 2012. For taxes where revenue is split between the state and local governments, this table shows only the state share. Details on each tax can be found in later sections of this report. The Department of Revenue collects about 80 percent of state tax revenue. Other agencies that collect at least 1 percent 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 State Collections - Fiscal Years 2006 - 2012

	2006	2007	2008	2009	2010	2011	2012
Individual Income Tax							
Income Tax Withheld	$ 542,603,278	$ 596,403,244	$ 657,958,558	$ 646,910,709	$ 644,991,064	$ 685,192,810	$ 734,240,351
Income Tax All Other	226,308,655	230,692,059	208,679,564	168,227,484	72,843,307	130,897,162	164,610,850
Subtotal	768,911,933	827,095,302	866,638,122	815,138,193	717,834,371	816,089,973	898,851,201
Corporation License Tax	153,675,069	177,503,707	160,341,787	166,357,514	87,906,411	119,045,890	127,774,092
Natural Resources Taxes (State Portion)							
Bentonite Tax	567,604	466,602	626,262	532,575	267,113	410,025	494,248
Coal Severance Tax	35,821,524	40,758,738	45,331,870	49,564,120	44,529,619	54,970,717	52,742,627
Oil and Gas Production Tax	107,271,911	109,507,727	169,447,392	113,398,654	107,641,181	112,529,043	110,123,693
Resource Indemnity Trust Tax	1,456,411	1,646,917	1,925,990	2,053,954	1,711,844	2,146,960	2,343,678
Metalliferous Mines License Tax	9,266,468	11,830,809	14,176,634	7,885,424	8,606,371	10,653,330	9,936,518
Subtotal	154,383,918	164,210,793	230,881,886	172,902,152	162,489,015	180,300,050	175,146,517
Other Taxes, Licenses and Services							
Cigarette Tax	80,180,236	83,380,418	83,882,748	79,905,894	77,071,487	74,090,938	75,533,075
Telecommunications Excise Tax	21,208,947	21,065,843	22,350,323	22,250,383	23,523,474	22,049,967	21,459,017
Telephone Company License Tax	16,594	-	-	-	-	-	-
Lodging Facility Use Tax	15,018,113	17,906,542	18,562,141	17,103,638	17,132,174	19,718,227	22,257,882
Inheritance/Estate Tax (Net)	1,773,169	838,865	122,148	217,097	90,544	43,165	59,718
Sales Tax - Accommodations	10,679,216	12,916,075	13,389,534	12,477,461	12,330,846	14,240,586	15,606,496
Nursing Facility Bed Tax	13,752,750	16,196,108	15,868,028	15,308,973	14,928,685	14,609,167	14,294,205
Hospital Utilization Fee	11,179,325	12,559,877	16,671,570	19,582,981	21,290,112	21,819,469	21,238,158
Emergency Telephone 911 System	6,427,739	5,960,166	12,986,143	13,249,845	13,801,647	13,376,568	13,212,111
Electrical Energy Production Tax	4,644,508	4,564,404	5,179,013	4,824,659	4,713,429	4,332,363	4,481,361
Abandoned Property	4,464,456	4,474,991	5,858,281	4,541,077	12,491,906	7,276,154	7,188,318
Tobacco Products Tax	9,118,757	9,810,138	9,872,434	10,479,063	11,210,117	11,492,465	12,024,144
Wholesale Energy Transaction Tax	3,813,495	3,651,024	3,856,112	3,864,771	3,556,056	3,945,547	3,427,411
Public Service Commission Tax	3,005,151	2,619,321	3,520,803	3,521,894	2,493,209	4,739,380	2,461,936
Sales Tax - Rental Vehicles Tax	2,755,072	2,976,235	3,157,239	2,904,340	2,807,415	3,149,201	3,419,763
Contractor's Gross Receipts Tax	4,274,649	5,566,958	5,062,659	5,929,999	6,969,395	6,803,285	(3,041,921)
Rail Car Tax	1,667,441	1,614,509	2,063,981	2,099,454	2,579,263	2,130,192	2,273,412
Consumer Counsel Tax	1,070,664	806,829	1,696,840	1,355,530	530,981	1,243,187	1,523,517
TDD Telecommunications Service Fee	1,185,297	1,259,944	1,320,796	1,389,821	1,361,947	1,350,111	1,325,236
Intermediate Care Utilization Fee	897,227	877,482	890,691	907,764	913,971	931,535	882,024
Other Taxes and Licenses	177,879	159,418	173,384	148,865	120,069	122,424	127,592
Subtotal	197,310,684	209,205,146	226,484,868	222,063,508	229,916,727	227,463,929	219,753,456
Liquor Taxes, Profits, and Licenses							
Liquor Profits and License Fees (to GF)	7,755,976	8,636,316	10,182,218	7,649,280	9,322,967	9,363,108	9,559,079
Liquor, Beer, and Wine Taxes	23,575,420	25,692,343	27,187,202	24,326,002	28,196,405	28,699,909	30,266,107
Subtotal	31,331,396	34,328,659	37,369,419	31,975,283	37,519,372	38,063,017	39,825,185
TOTAL COLLECTIONS	$ 1,305,613,000	$ 1,412,343,608	$ 1,521,716,082	$ 1,408,436,650	$ 1,235,665,896	$ 1,380,962,859	$ 1,461,350,452

The two graphs on this page show total collections of taxes, divided into four categories, for fiscal years 1980 through 2012. 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 2012.





The following table shows how taxes are grouped in the graphs on the previous page:

Property Tax ●Taxes Based on Mill Levies ●Special Improvement Districts (SID) ●Rural Improvement Districts (RID) ●Other Fees	**Income Taxes** ●Individual Income Taxes ●Corporate Income Taxes
Natural Resource Taxes ●Coal Severance Tax ●Coal Gross Proceeds ●Metal Mines License Tax ●Metal Mines Gross Proceeds Tax	 ●Miscellaneous Mines Net Proceeds Tax ●Bentonite Tax ●Oil and Natural Gas Severance Tax ●Cement and Gypsum Taxes ●Resource Indemnity and Groundwater Assessment Tax
Other Taxes ●Lodging Facility Use Tax ●Accommodations Sales Tax ●Rental Vehicle Tax ●Cigarette Tax ●Tobacco Product Tax ●Cigarette Seller Licenses ●Liquor License Tax ●Liquor Excise Tax ●Beer Tax ●Wine Tax ●Alcoholic Beverage License Fees ●Telephone Company Tax and Retail Telecommunication Tax	 ●Emergency Telephone System Fee ●TDD Telecommunications Fee ●Electrical Energy Producers' Fee ●Wholesale Energy Transaction Tax ●Consumer Council Tax ●Public Service Commission Tax ●Unclaimed Property ●Public Contactor's Gross Receipts ●Inheritance and Estate Tax ●Nursing Facility Bed Tax ●Intermediate Care Facility Utilization Tax ●Hospital Facility Utilization Fee ●Rail Car Tax

Mix of Taxes and Spending in Montana and Other States

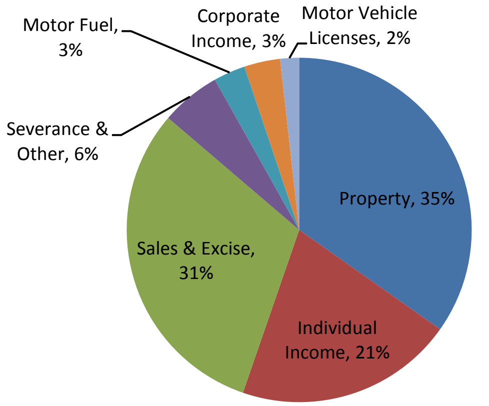
The charts on the next page show the mix of taxes in fiscal year 2010 for Montana, the average of all 50 states, Idaho, North Dakota, South Dakota, and Wyoming. The charts on the following page show the mix of state and local spending for the same states.

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 percent of state and local tax revenue. This combination of taxes is often referred to as the "three legged stool" of state and local taxation.

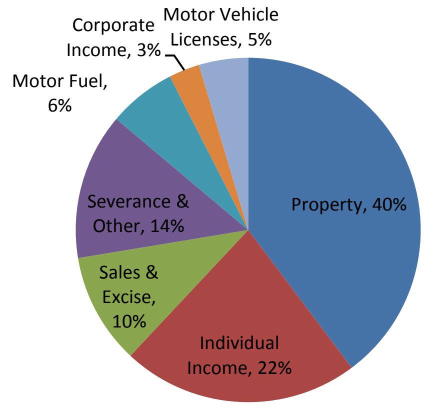
Compared to the average, Montana gets a much smaller share of tax revenue from sales and excise taxes and a somewhat larger share from each of the other types. Of the four neighboring states, only Idaho looks like the average state. North Dakota receives about average proportions from property taxes 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. However, these states devote a larger-than-average share of spending to higher education, Wyoming being the exception. 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.

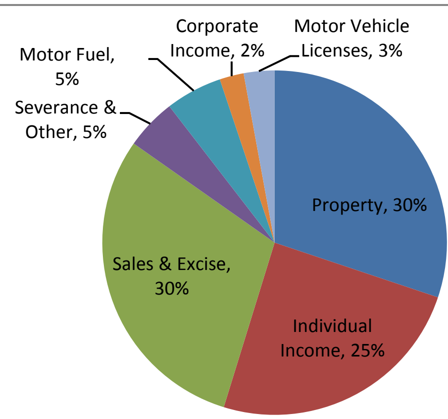
State and Local Taxes



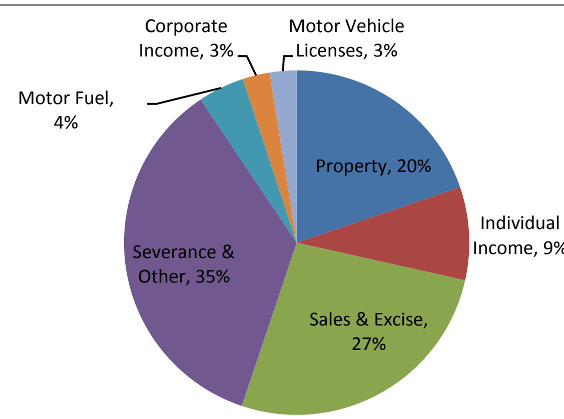
Average of all Fifty States



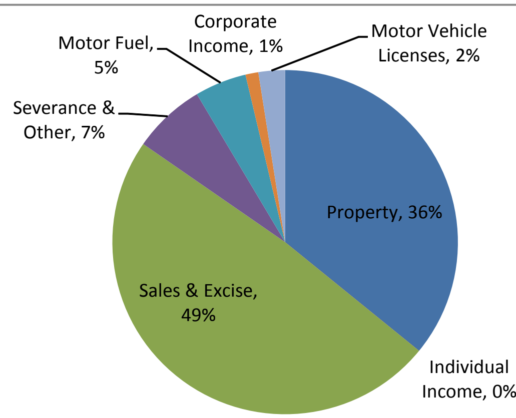
Montana



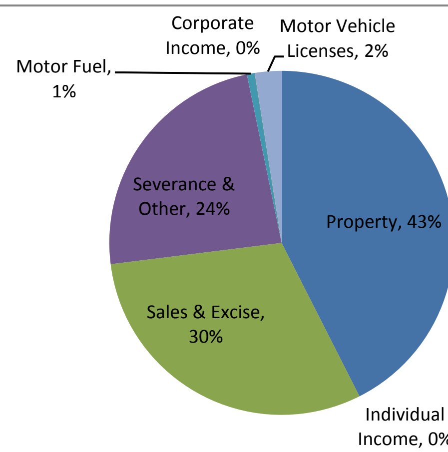
Idaho



North Dakota

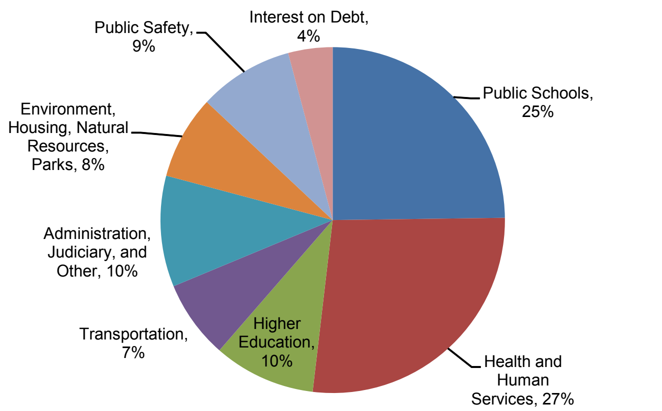


South Dakota

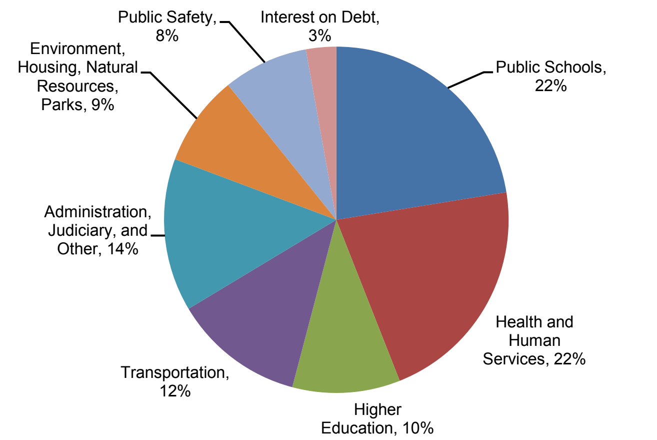


Wyoming

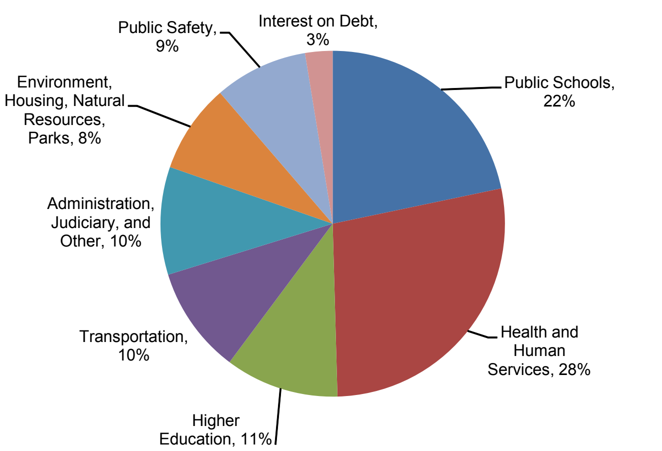
State and Local Spending



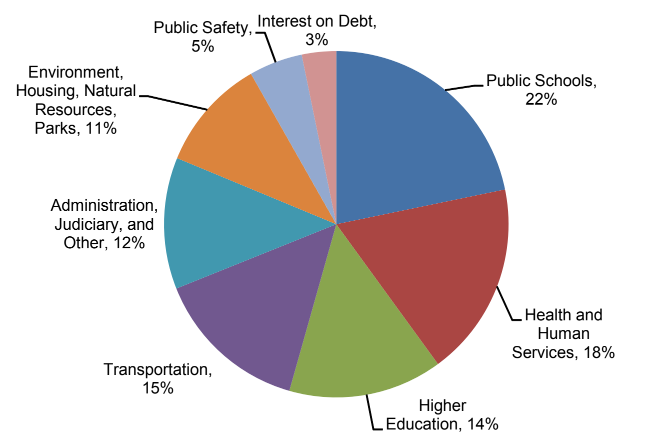
Average of all Fifty States



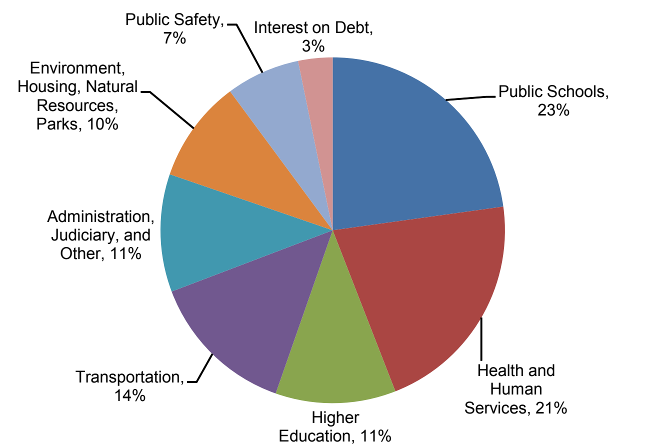
Montana



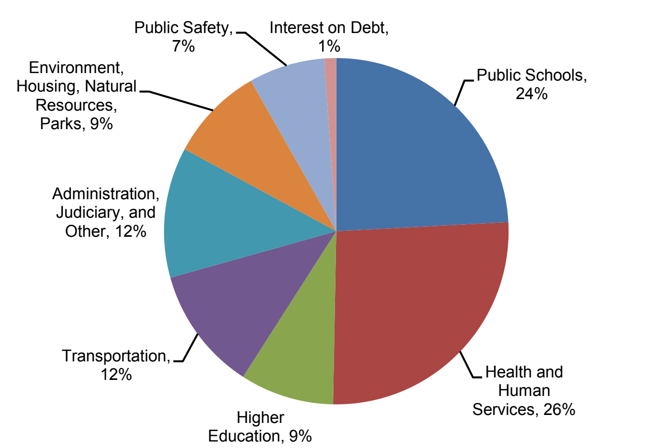
Idaho



North Dakota



South Dakota



Wyoming

Comparisons of State Taxes

There are many ways to compare state tax systems, and there is no single best comparison[1]. 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 who live in an apartment would not. A business with 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[2]. 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 be higher for low income taxpayers than for higher income taxpayers. 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 targeted tax credits, and sometimes it is a 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 also compares Montana to the other states.

[1] A number of organizations publish state tax comparisons that reflect the particular interests of that organization. For example, The Tax Foundation (www.taxfoundation.org) publishes an annual "State Business Tax Climate Index," The Institute on Taxation and Economic Policy (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) produces 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) publishes an annual report "Tax Rates and Tax Burdens in the District of Columbia – A Nationwide Comparison."
[2] The latest version, updated in 2007, can be found on the NCSL website at http://www.ncsl.org/issues-research/budget/principles-of-a-high-quality-state-revenue-system.aspx.

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 impose limits on local governments' ability to raise revenue.

In Montana, both the state and local governments levy property taxes, so there is some degree of competition for tax base. In the past, the state and local governments shared a variety of taxes. 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 oil and natural gas production tax continues to be shared. Before 2003, the state and local shares were partly determined by property tax mill levies, but the 2003 Legislature made state and local shares fixed percentages.

The state mandates minimum and maximum spending levels for school districts, but also provides state funding.

The state imposes a limit on annual property tax revenue growth, but allows voter-approved levies to exceed the limit.

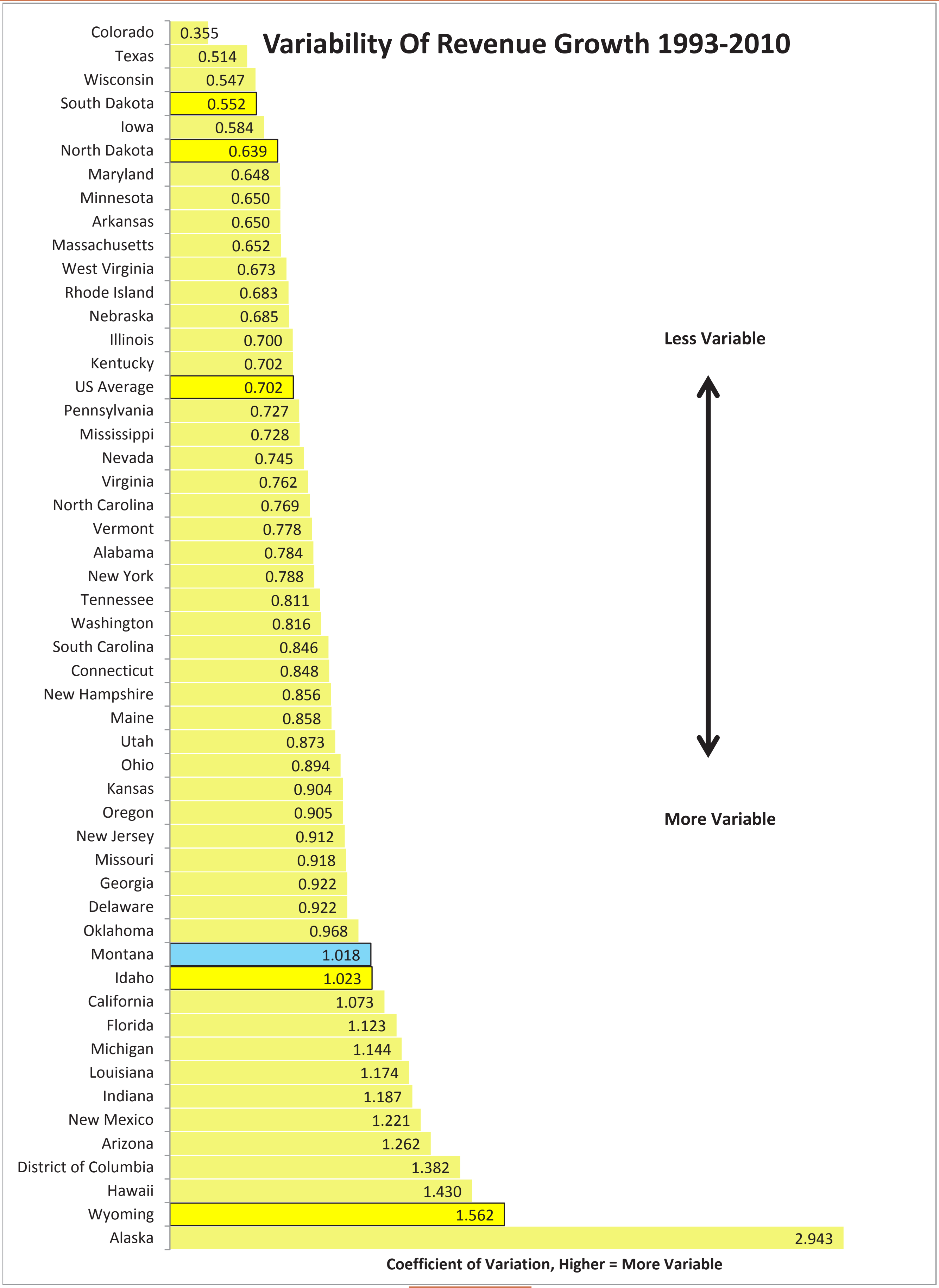
The state limits local government taxing authority to property taxes, a local sales tax in communities that qualify as resort areas, a local option gasoline tax, and a local option vehicle registration fee.

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 states on the variability of state and local tax revenue. It shows states and the District of Columbia ranked by a measure of the relative variability[3] of revenue growth over the period 1993 to 2010. Montana is highlighted in blue, and the four surrounding states have darker shading than other states.

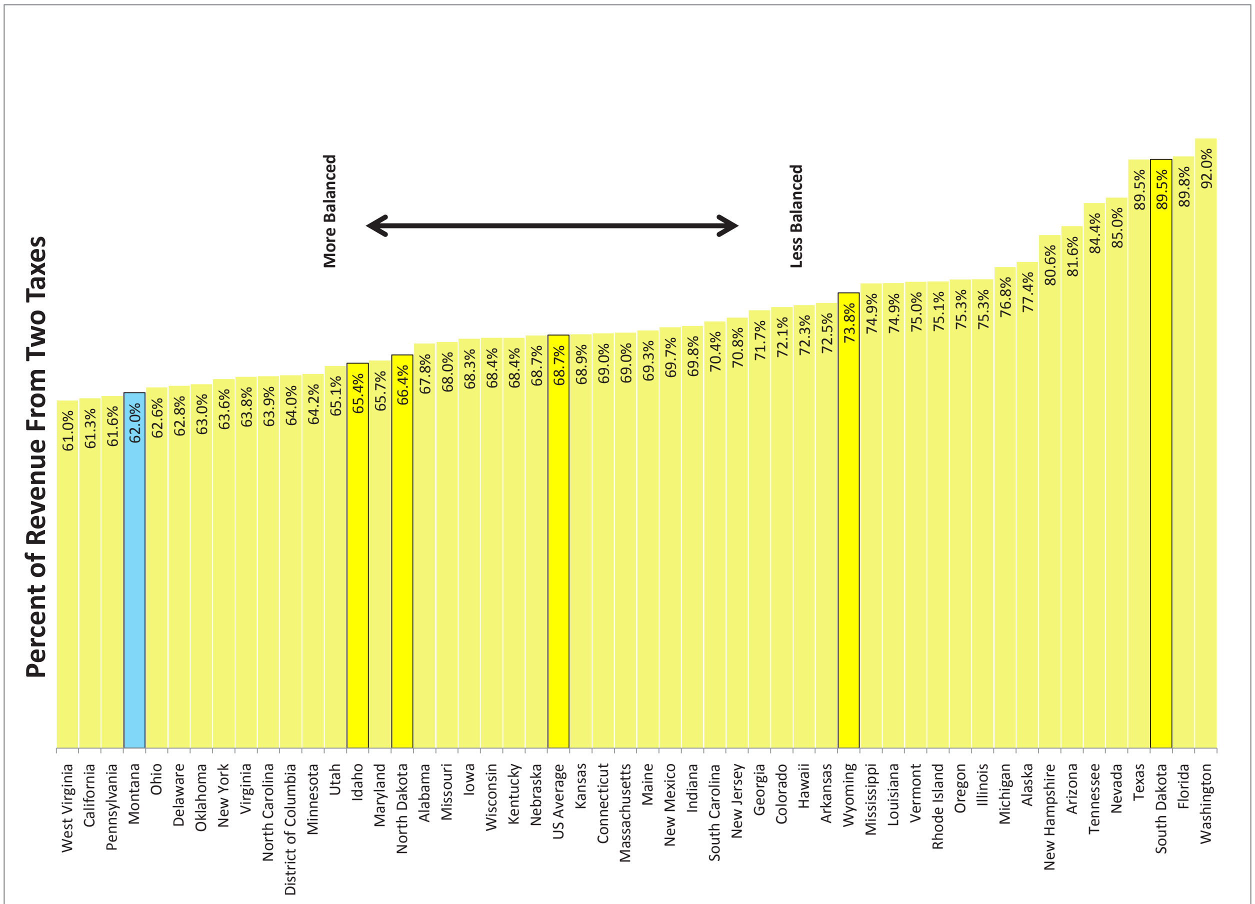
[3] The coefficient of variation is a measure of relative variability. A higher CV indicates that the variation in annual growth rates is a larger percentage of the average growth rate.

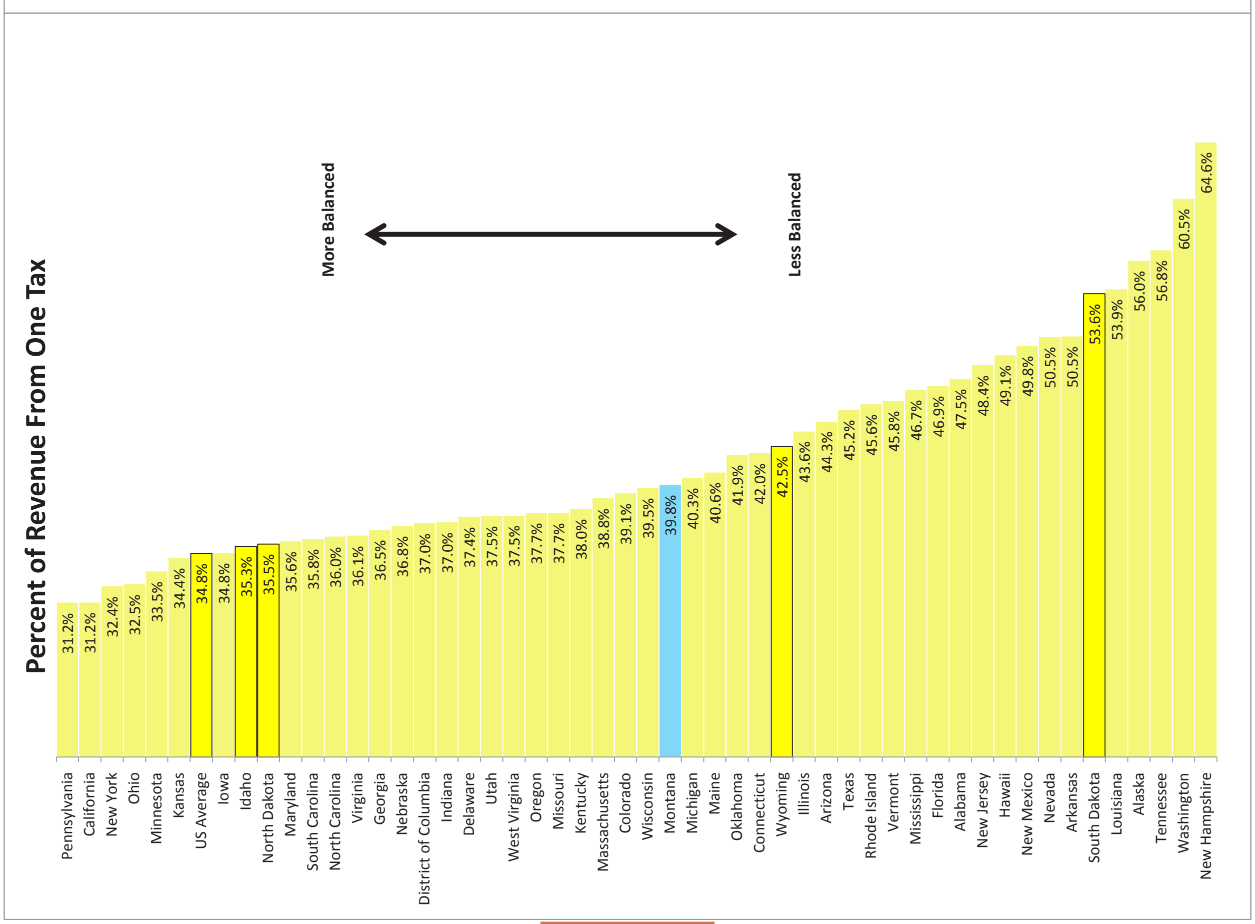

Variability Of Revenue Growth 1993-2010
Colorado 0.355
Texas 0.514
Wisconsin 0.547
South Dakota 0.552
Iowa 0.584
North Dakota 0.639
Maryland 0.648
Minnesota 0.650
Arkansas 0.650
Massachusetts 0.652
West Virginia 0.673
Rhode Island 0.683
Nebraska 0.685
Illinois 0.700
Kentucky 0.702
US Average 0.702
Pennsylvania 0.727
Mississippi 0.728
Nevada 0.745
Virginia 0.762
North Carolina 0.769
Vermont 0.778
Alabama 0.784
New York 0.788
Tennessee 0.811
Washington 0.816
South Carolina 0.846
Connecticut 0.848
New Hampshire 0.856
Maine 0.858
Utah 0.873
Ohio 0.894
Kansas 0.904
Oregon 0.905
New Jersey 0.912
Missouri 0.918
Georgia 0.922
Delaware 0.922
Oklahoma 0.968
Montana 1.018
Idaho 1.023
California 1.073
Florida 1.123
Michigan 1.144
Louisiana 1.174
Indiana 1.187
New Mexico 1.221
Arizona 1.262
District of Columbia 1.382
Hawaii 1.430
Wyoming 1.562
Alaska 2.943
Less Variable
More Variable
Coefficient of Variation, Higher = More Variable

Montana ranks 39th, with somewhat higher-than-average relative variability. The stability of a state's revenue depends on its tax structure and 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 two graphs compare states on their share of taxes from the largest tax type and from the two largest tax types.


Percent of Revenue From Two Taxes
More Balanced
Less Balanced
West Virginia 61.0%
California 61.3%
Pennsylvania 61.6%
Montana 62.0%
Ohio 62.6%
Delaware 62.8%
Oklahoma 63.0%
New York 63.6%
Virginia 63.8%
North Carolina 63.9%
District of Columbia 64.0%
Minnesota 64.2%
Utah 65.1%
Idaho 65.4%
Maryland 65.7%
North Dakota 66.4%
Alabama 67.8%
Missouri 68.0%
Iowa 68.3%
Wisconsin 68.4%
Kentucky 68.4%
Nebraska 68.7%
US Average 68.7%
Kansas 68.9%
Connecticut 69.0%
Massachusetts 69.0%
Maine 69.3%
New Mexico 69.7%
Indiana 69.8%
South Carolina 70.4%
New Jersey 70.8%
Georgia 71.7%
Colorado 72.1%
Hawaii 72.3%
Arkansas 72.5%
Wyoming 73.8%
Mississippi 74.9%
Louisiana 74.9%
Vermont 75.0%
Rhode Island 75.1%
Oregon 75.3%
Illinois 75.3%
Michigan 76.8%
Alaska 77.4%
New Hampshire 80.6%
Arizona 81.6%
Tennessee 84.4%
Nevada 85.0%
Texas 89.5%
South Dakota 89.5%
Florida 89.8%
Washington 92.0%

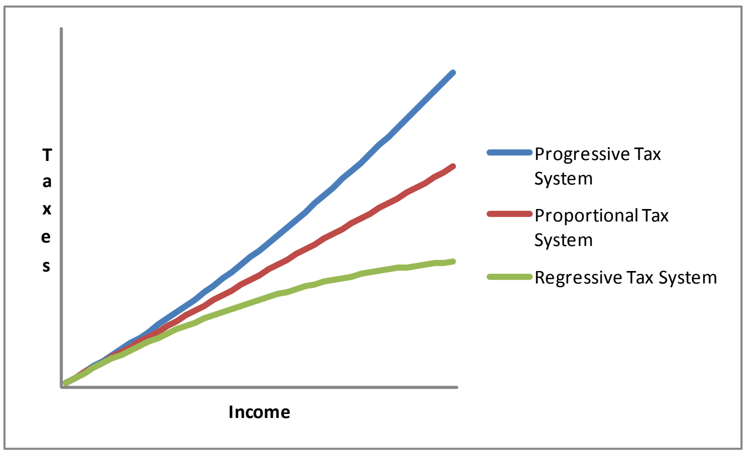

Percent of Revenue From One Tax
More Balanced
Less Balanced
Pennsylvania 31.2%
California 31.2%
New York 32.4%
Ohio 32.5%
Minnesota 33.5%
Kansas 34.4%
US Average 34.8%
Iowa 34.8%
Idaho 35.3%
North Dakota 35.5%
Maryland 35.6%
South Carolina 35.8%
North Carolina 36.0%
Virginia 36.1%
Georgia 36.5%
Nebraska 36.8%
District of Columbia 37.0%
Indiana 37.0%
Delaware 37.4%
Utah 37.5%
West Virginia 37.5%
Oregon 37.7%
Missouri 37.7%
Kentucky 38.0%
Massachusetts 38.8%
Colorado 39.1%
Wisconsin 39.5%
Montana 39.8%
Michigan 40.3%
Maine 40.6%
Oklahoma 41.9%
Connecticut 42.0%
Wyoming 42.5%
Illinois 43.6%
Arizona 44.3%
Texas 45.2%
Rhode Island 45.6%
Vermont 45.8%
Mississippi 46.7%
Florida 46.9%
Alabama 47.5%
New Jersey 48.4%
Hawaii 49.1%
New Mexico 49.8%
Nevada 50.5%
Arkansas 50.5%
South Dakota 53.6%
Louisiana 53.9%
Alaska 56.0%
Tennessee 56.8%
Washington 60.5%
New Hampshire 64.6%

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 40 percent from one tax and 62 percent from two taxes. For Montana, selective sales and excises taxes and severance taxes together make up about the same share of revenue as general sales taxes do for other states.

Equity

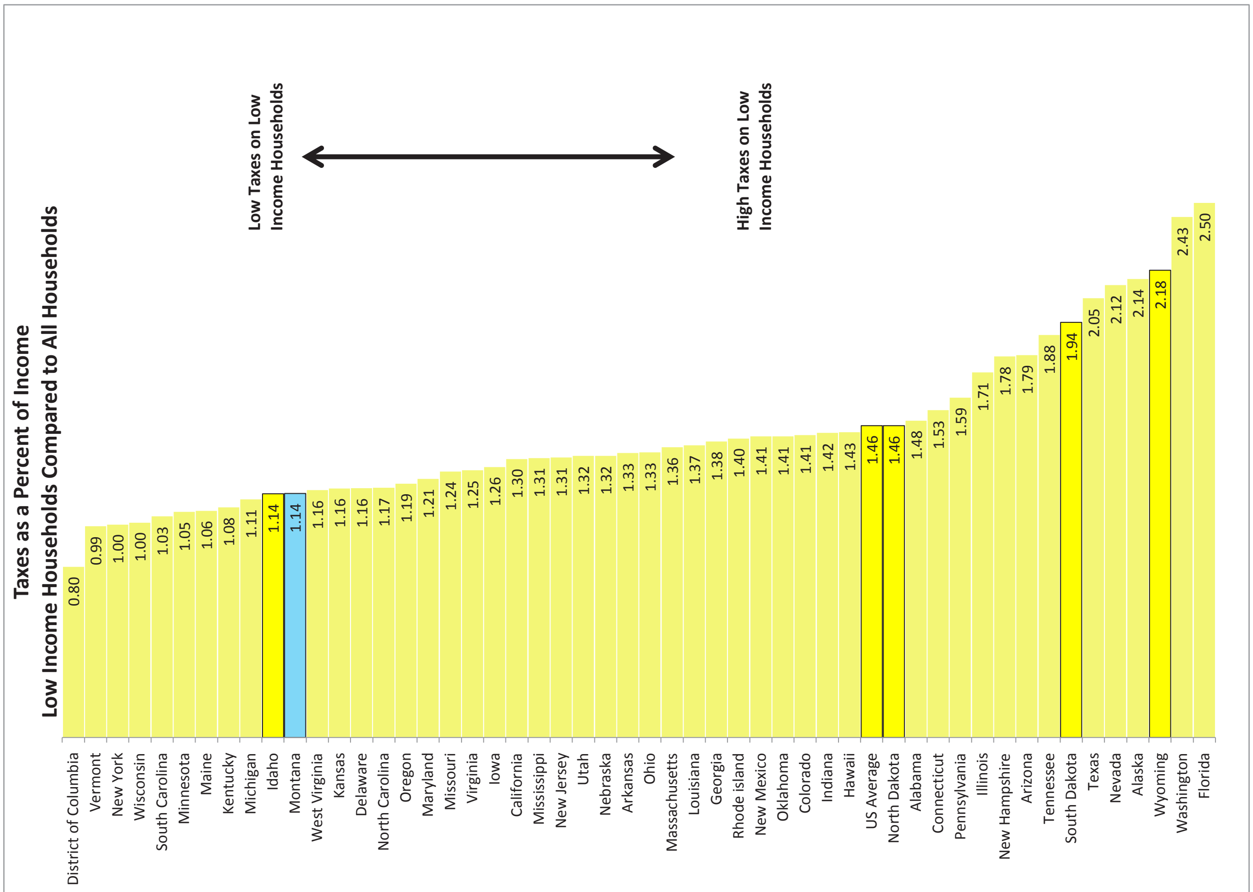
The Principles document recognizes that views on equity differ, but gives three minimal principles of tax equity: taxpayers in similar circumstances should pay similar taxes, regressivity should be minimized, and taxes on low-income individuals should be minimized.

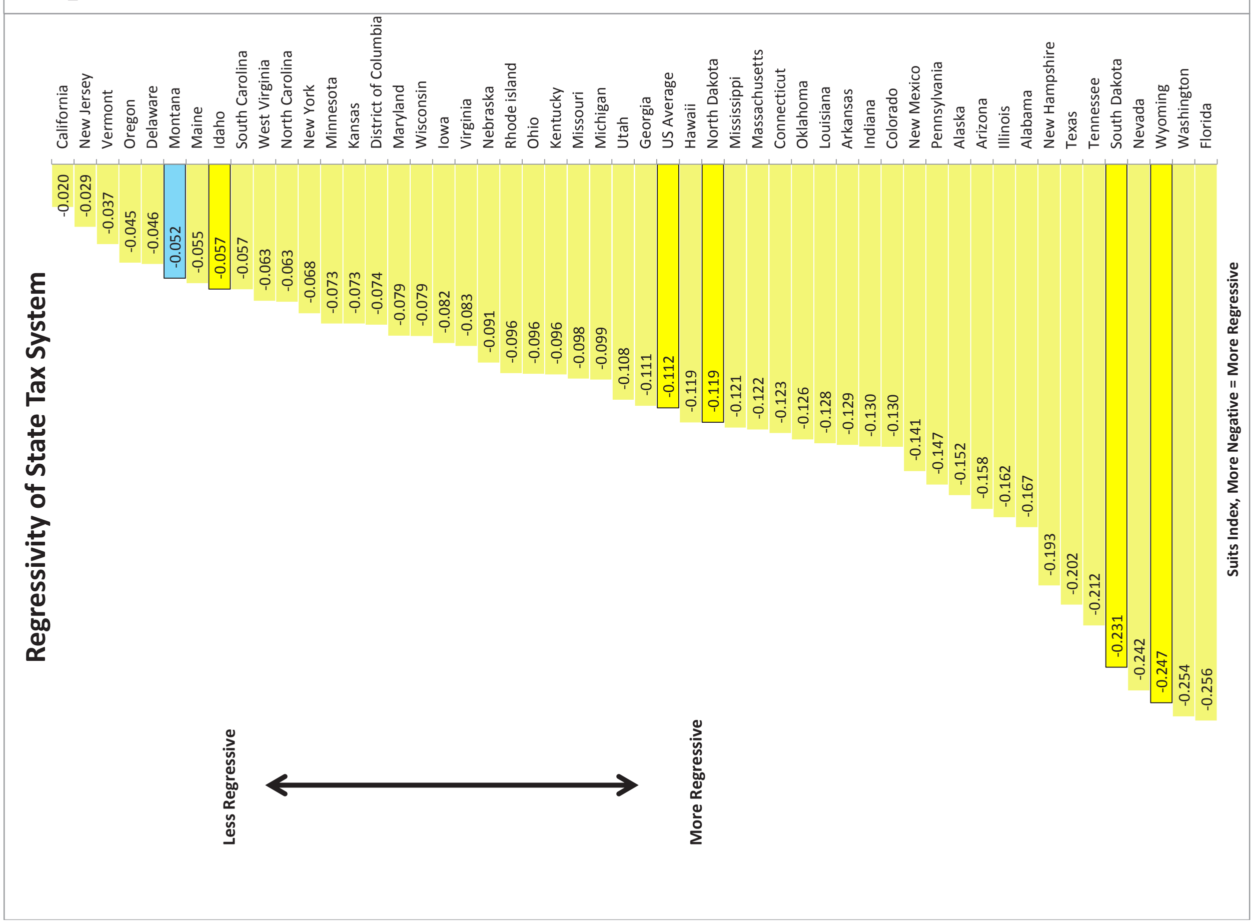
A tax system is defined to be proportional if the ratio of taxes to income is the same for taxpayers with different incomes. It is progressive if the ratio of taxes to income is higher for taxpayers with higher incomes and regressive if the ratio of taxes to income is lower for taxpayers with higher incomes. The graph below 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 incomes in taxes. The green line shows a regressive tax system, where taxpayers with lower incomes pay a higher percentage of their incomes 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 50 states and the District of Columbia. The index is related to Gini coefficient calculations, with the share of total taxes paid replacing the share of total income. 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 an example, if all of the tax was paid by the wealthiest person in the distributuon, the Suits index would be equal to 1, and if all of the tax was paid by the poorest person in the income distribution, then the Suits index would be equal to -1.

[5] 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 a Percent of Income
Low Income Households Compared to All Households
Low Taxes on Low Income Households
High Taxes on Low Income Households
District of Columbia 0.80
Vermont 0.99
New York 1.00
Wisconsin 1.00
South Carolina 1.03
Minnesota 1.05
Maine 1.06
Kentucky 1.08
Michigan 1.11
Idaho 1.14
Montana 1.14
West Virginia 1.16
Kansas 1.16
Delaware 1.16
North Carolina 1.17
Oregon 1.19
Maryland 1.21
Missouri 1.24
Virginia 1.25
Iowa 1.26
California 1.30
Mississippi 1.31
New Jersey 1.31
Utah 1.32
Nebraska 1.32
Arkansas 1.33
Ohio 1.33
Massachusetts 1.36
Louisiana 1.37
Georgia 1.38
Rhode island 1.40
New Mexico 1.41
Oklahoma 1.41
Colorado 1.41
Indiana 1.42
Hawaii 1.43
US Average 1.46
North Dakota 1.46
Alabama 1.48
Connecticut 1.53
Pennsylvania 1.59
Illinois 1.71
New Hampshire 1.78
Arizona 1.79
Tennessee 1.88
South Dakota 1.94
Texas 2.05
Nevada 2.12
Alaska 2.14
Wyoming 2.18
Washington 2.43
Florida 2.50


Regressivity of State Tax System
Less Regressive
More Regressive
Suits Index, More Negative = More Regressive
California -0.020
New Jersey -0.029
Vermont -0.037
Oregon -0.045
Delaware -0.046
Montana -0.052
Maine -0.055
Idaho -0.057
South Carolina -0.057
West Virginia -0.063
North Carolina -0.063
New York -0.068
Minnesota -0.073
Kansas -0.073
District of Columbia -0.074
Maryland -0.079
Wisconsin -0.079
Iowa -0.082
Virginia -0.083
Nebraska -0.091
Rhode island -0.096
Ohio -0.096
Kentucky -0.096
Missouri -0.098
Michigan -0.099
Utah -0.108
Georgia -0.111
US Average -0.112
Hawaii -0.119
North Dakota -0.119
Mississippi -0.121
Massachusetts -0.122
Connecticut -0.123
Oklahoma -0.126
Louisiana -0.128
Arkansas -0.129
Indiana -0.130
Colorado -0.130
New Mexico -0.141
Pennsylvania -0.147
Alaska -0.152
Arizona -0.158
Illinois -0.162
Alabama -0.167
New Hampshire -0.193
Texas -0.202
Tennessee -0.212
South Dakota -0.231
Nevada -0.242
Wyoming -0.247
Washington -0.254
Florida -0.256

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, property and sales taxes together generate more revenue than the income tax in all states except for Delaware.

Property taxes are regressive because, while higher-income individuals 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 previous page compares the percentage of income going to state and local taxes for the fifth of taxpayers with the lowest 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 other taxpayers. 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 large 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 large a share of their income in state and local taxes in six of the seven.

Easy to Understand and Comply

Ideally, paying for public services would be as straightforward as paying for a private sector purchase. The taxpayer would receive a bill, would be able to easily verify that the amount was correct, and would have a convenient way to pay[5].

Whether a state's tax system is easy to understand and easy to comply with depends on the mix of taxes and on the details of specific taxes. Some taxes are inherently harder to understand or harder to comply with. The way a tax is implemented can also make it easier or more difficult to understand and comply with. A state that relies more on taxes that are hard to understand and comply with will have a tax system that is harder to understand and comply with than a state that relies more on taxes that are inherently easy to understand and comply with.

Characteristics of a tax that influence whether it is easy to understand and comply with include

- Whether taxpayers receive a bill or self-assess (file a return),
- If the tax is self-assessed, the ease or difficulty of the process,
- If tax is billed, whether the taxpayer can easily verify that the tax assessment is correct, and
- How the tax is paid.

The process for resolving disputes between the taxpayer and the taxing jurisdiction also affects the ease of complying with a tax, but is generally similar between taxes and across states. In general, the taxpayer can request an informal review, proceed to a formal review with the department, an appeal before a quasi-judicial body such as the state tax appeals board, and ultimately an appeal before state, and possibly federal, courts. One difference between taxes is who initiates the process. With taxes that are billed, the process generally begins with the taxpayer disagreeing with the taxing authority's assessment. With taxes that are self-assessed, the process generally begins when the taxing authority audits the taxpayer's return, disagrees with the self-assessed tax, and assesses additional tax.

Billed or Self-Assessed

The property tax is billed to taxpayers, though some types of property are self-reported.

[5]Of course, not all private sector purchases are easy and straightforward, as anyone who has paid a hospital bill or made travel arrangements online can attest.

Sales taxes and excise taxes generally are assessed by the vendor as part of the ultimate taxpayer's bill for the taxable good or service.

Individual and corporate income taxes are self-assessed. So are the severance taxes and most business taxes.

Unlike the typical state, Montana does not have a general sales tax. Because of this, a taxpayer in Montana self-assesses a larger proportion of tax transactions than a taxpayer in the typical state. However, the effort required to self-assess taxes depends on the number of returns a taxpayer must file and the effort each return requires, not on the tax due with each return. A taxpayer in a state with a sales tax in addition to income and property taxes will have to file about the same number of returns as they would in Montana.

Ease or Difficulty of Self-Assessment

How difficult it is for taxpayers to file returns for a tax depends on the length and complexity of the return and on additional record keeping the tax requires.

Personal Income Tax

The income tax is self-assessed. Taxpayers are required to complete and file an annual return. This requires some degree of record keeping, organization and planning. The ease of filing returns differs between taxpayers. For taxpayers whose income is all in forms for which they receive a W-2 or 1099 at the end of the year, such as wages or interest, and who take the standard deduction and do not claim any credits, filling out a return can be fairly simple. For taxpayers who have business income, itemize deductions, or claim a credit, there is a greater need to keep records, and completing a return takes more time and effort.

Like most states, Montana has tied its income tax closely to the federal income tax. For taxpayers who are required to file a federal income tax return, the closer the state return is to the federal return, the easier it is for taxpayers to file their state return. Montana's income tax return is modeled on the federal return, and for many taxpayers, all of the information on income and deductions used in calculating their state income tax is the same information they used on their federal returns.

All states have some differences from federal law – in types of income that are taxed or exempt and in the itemized deductions and credits allowed. Montana has more differences from federal law than most states[6].

One significant difference is that Montana is one of a few states that do not require married couples to make the same choice between a joint return and separate returns that they made for the federal income tax. Federal law provides different rate tables for joint and separate returns, and almost all married couples have lower federal tax liability if they file a joint return. Montana has one rate table for all taxpayers. Most married couples with two incomes have lower state tax liability if they file separate returns, while married couples with one income generally have lower state tax liability if they file a joint return. Many couples file a joint federal return and separate state returns, which makes the process slightly more complex. In addition, many couples calculate their state tax both ways because it is not immediately obvious which will result in lower tax liability. This can significantly increase the time and effort required to file a state return.

Federal law prohibits states from taxing some types of income that the federal government taxes, and many states have chosen to exempt some other types of income. States are also allowed to tax some income that the federal government has chosen to exempt. All state income taxes have a definition of adjusted gross income that has some differences from the federal definition. As the following table shows, Montana has more differences than most other states.

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

[6]Comparisons in this section are based on a review of 2011 state tax returns and instructions and on information in Individual Income Tax Provisions in the States, Wisconsin Legislative Fiscal Bureau, January, 2011.

Taxpayers who itemize deductions need to keep track of deductible expenditures and to fill out additional schedules on their tax returns. States that either allow the same itemized deductions as federal law or do not allow any itemized deductions impose the smallest costs for additional record keeping and filing returns. A majority of states that have itemized deductions have at least one difference from federal law – they do not allow the itemized deduction for state income tax that federal law allows. Some states have more differences from federal law, either allowing additional deductions or not allowing some federal deductions. As the following table shows, Montana has more differences from federal itemized deductions that any other state.

State Itemized Deductions	
Same as Federal	6 states
No Itemized Deductions	11 states
Standard Deduction plus Percent of Federal Itemized Deductions	1 state
1 Difference from Federal Dedcutions	10 states
2 or 3 Differences from Federal Deductions	11 states
4 to 7 differences from Federal Deductions	4 states
8 differences from Federal Deductions	1 state (Montana)

Tax credits reduce taxes for eligible taxpayers but require them to keep track of expenditures that are the basis of a credit and to fill out additional schedules. As the following table shows, Montana has more credits than most states, but there are states with many more credits than Montana. The additional work can vary greatly between credits, and only a subset of taxpayers claim any one credit, so the number of credits measures only one aspect of the additional compliance cost from tax credits

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 taxpayers who do not use these provisions, they do not make complying with the income tax more difficult. However, a majority of Montana taxpayers are affected by one or more of the differences from federal law. About half of Montana married couples file separate returns on the same form while 95 percent of married couples file joint federal returns. Almost half of Montana returns are subject to at least one of the state additions to or subtractions from federal adjusted gross income. About 60 percent itemize deductions and almost 10 percent claim at least one tax credit.

Corporation License Tax

The corporate license tax also is tied to federal law. The Montana return begins with federal taxable income from the taxpayer's federal return. Montana has some adjustments to federal taxable income, and most taxpayers are affected by at least one. In particular, taxpayers must add back any Montana corporation tax deducted in calculating federal taxable income. Montana also has a large number of tax credits for corporations, but only about three percent of corporate returns claim a credit.

The most difficult state-specific aspect of the Montana return is the apportionment of the income of multistate corporations to Montana. The form itself is not difficult, but filling it out requires keeping records of the location of the corporation's sales, payroll, and property.

Selective Sales and Excise Taxes and Severance Taxes

The returns for Montana's sales and excise taxes and severance taxes generally are relatively short and straightforward. Most are one page, and ask the taxpayer to list either total or taxable sales, subtract a few deductions, and multiply the net amount by a tax rate. However, having the information to fill out the forms may require significant record keeping. Much of the information needed to fill out the tax forms is information that any business should be keeping anyway, such as total sales and various expenses, but some records may only be needed for taxes, such as which sales are taxable and which are exempt.

Even with relatively short returns, taxpayers make mistakes in filling them out. For taxes where returns are filed by a business, the fraction of returns with math errors or other inconsistencies ranges from about one in ten to almost one in two. For comparison, the error rate on individual income tax returns is about one in four.

Ease of Verifying Tax Bills

Property Tax

Property tax payers receive an annual statement showing the department's valuation of their property and an annual bill showing the calculation of tax. To verify the valuation, the taxpayer generally needs to contact the department's county office and talk with an appraiser. Montana has a more complicated tax calculation than many states, and it can be difficult to understand. For residential and commercial real estate, a percentage of the assessed value is exempted. Then an assessment ratio is applied to give taxable value. The assessment ratio differs between classes of property, and, for residential, commercial, and forest real estate, it changes every year.

To verify that the correct mill levies and fees have been applied to the taxable value, the taxpayer generally needs to contact the county treasurer's office.

Selective Sales and Excise Taxes

These taxes are billed to the ultimate taxpayer as part of the bill for the taxed goods and services. Generally, the tax is stated separately. If the tax applies to the entire amount of the sale, it is straightforward for the taxpayer to check that the rate was applied correctly. If part of the sale is taxable and part is exempt, it may be difficult for a taxpayer to check whether the rate was applied only to taxable transactions.

Ease of Payment

Property Tax

Property tax payments are due twice a year. The need to make two significant cash payments requires planning on the part of the taxpayer. Most homeowners who have a mortgage make monthly payments to a financial institution that then makes the biannual tax payments.

Personal Income Tax

Taxpayers are required to make payments during the year of at least 90 percent of the current year's tax liability or 100 percent of the previous year's tax liability. Any excess payments are refunded when the taxpayer files a return, and any shortfall must be paid at that time. Payments during the year may be made by withholding or quarterly estimated payments. Most taxpayers who receive periodic payments can choose to have income tax withheld from these payments. Taxpayers must complete a form W-4 to begin the withholding process or to adjust the amount withheld. After that, withholding is automatic for the taxpayer but adds another step to the payroll process for employers and other payers. Taxpayers who make estimated payments generally have to keep track of their income, calculate the amount to pay each quarter, and make sure that funds are available to make the payments. About nine in ten individuals or couples have taxes withheld from wages or other periodic payments, and about one in ten make estimated payments. About one in twenty do both.

Corporation License Tax

Corporations are required to make quarterly payments during a tax year. Any excess or deficiency is made up when the corporation files its return. Making periodic tax payments generally will not be significantly different from making payments to suppliers or employees or paying dividends to shareholders. These are things businesses do routinely, and making four additional payments a year should have minimal cost.

Selective Sales and Excise Taxes

The ultimate consumers pay these taxes as part of their payment for taxable goods and services. There generally is no additional effort involved.

Vendors who collect these taxes from their customers must calculate the tax, track the amount collected and remit it to the state periodically. The tax calculation generally can be automated as part of the billing process, and is done as part of a transaction the vendor would be making anyway. Remitting the tax generally is no different from making the other types of payments that a business makes and should have minimal additional costs.

Severance Taxes

Severance tax payments are due with the taxpayer's periodic return. Making these periodic payments generally is no different from making other payment a business makes and should have minimal additional costs.

Easy to Administer Fairly, Efficiently, and Effectively

Cost to Assess or Process Returns

A tax that is easy to administer fairly, efficiently and effectively will have a low cost for the tax agency to either assess the tax or process and verify tax returns. It will have few opportunities for taxpayers to evade the tax, and it will not create disparities in how taxpayers are treated.

The tax agency's cost to administer a tax depends on the number of taxpayers and the time and effort the agency must expend per taxpayer. The number of taxpayers varies between types of taxes. Taxes that are paid directly by most individuals or businesses have many returns. Taxes that are paid by a few taxpayers or that are collected from many taxpayers by a few vendors have fewer returns to process.

The time spent per taxpayer depends on the length of the return and the amount of information that must be recorded. It also depends on the time that must be spent verifying and correcting a typical return.

To some extent, there may be a tradeoff between taxpayers' ease of compliance and the tax agency's ease of administration. For example, having a tax billed rather than self-assessed shifts most of the effort of calculating the tax from the taxpayer to the tax agency. Conversely, requiring taxpayers or third parties to provide additional information on sales or income would increase the effort required to comply with the tax but could reduce the auditing effort required to administer a tax effectively.

Property Tax

The property tax is a relatively expensive tax to administer, primarily because it is billed rather than self-assessed. Montana's property tax has some complexities that make it more expensive to administer than property taxes in some states, but does not have some complications found in some other states.

The Department of Revenue assesses all property in the state, certifies the total taxable value for each taxing jurisdiction, and certifies the value of new property to be used in calculating each taxing jurisdiction's spending limits under Section 15-10-420, MCA. Each local taxing jurisdiction calculates its mill levy or levies based on its budget and taxable value. The department calculates tax for each taxable property, and then county treasurers print and mail property tax bills to each property owner. This process is relatively expensive. The budget for the Property Assessment Division is almost twice as large as the budget for the Business and Income Tax Division, which administers the individual and corporate income taxes and all the excise and selective sales taxes other than alcohol taxes.

These functions are common to the property tax systems in all states. In Montana, more of these functions are performed by the state and fewer are performed by local jurisdictions than in other states. Montana is the only state where all property assessment is a state function. In most states, property assessment is mostly or entirely a local function. In most states, a state agency oversees and supports local assessors, and in most states, property that crosses county lines, such as railroads or pipelines, is assessed by the state.

Property assessment is a state function in Montana for a combination of historic and practical reasons. The 1972 Constitutional Convention made property assessment a state function after hearing widespread concerns about lack of uniformity in appraisals done by county assessors. Montana is one of eleven states with state wide property taxes, and in these states it is important that assessments be uniform statewide as well as within local jurisdictions.

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, for example, all properties in a jurisdiction are over-assessed by 10 percent, the mills will be 10 percent lower than if assessments were at market value, and taxes will be the same as if assessments were at market value.

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 percent higher than market value in Town A and 10 percent lower than market in Town B, taxpayers in both jurisdictions pay the same taxes as if both towns assessed at market value.

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.

While assessing property at the state level increases the state cost of administering the property tax, it eliminates most local costs. It is not clear how state assessment affects the total of state and local costs.

The basis for property taxation is the market value of property. Determining the tax from market value can be simple or complex. In some states, all property is assessed at its market value and the tax equals market value multiplied by a tax rate. In other states, property is assessed at a percent of its market value, the percent may vary between classes of property, some types of property may be assessed on something other than 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 give the ratio of tax to taxable value. In Montana, they are expressed in mills, or dollars of tax per thousand dollars of taxable value. Some states express rates as percents, or dollars of tax per hundred dollars of taxable value. Property tax rates may either be set in statute or determined annually by dividing a taxing jurisdiction's revenue requirement by it 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.

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	

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 – 10. Six states have uniform assessment ratios, but have at least one 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 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.

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

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 maximum 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.

Having multiple classes of property with multiple assessment ratios requires some additional costs for record keeping and data processing. It also requires the department to make sure that each parcel is classified correctly. The partial exemptions for residential and commercial real property add a step to the calculation of taxes, but the cost is relatively low.

Montana's property tax does not have some features that make property tax administration more complex and more costly in other states. Some states have mill levies that apply to some classes of property and not to others. For example, school district levies may be applied to residential property but not commercial property or public safety levies may be applied to buildings but not land. This requires a layer of record keeping and a step in the tax calculation that are not required in Montana. Some states have caps on increases in the assessed value of individual properties. These caps take several forms, and in some cases require assessors to track several values for each property, such as current market value, purchase price adjusted for inflation, or purchase price adjusted by an arbitrary growth rate and use the lowest. This also requires additional layers of record keeping and additional steps in the tax calculation that are not required in Montana.

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

<u>Personal Income Tax</u>

The provisions of the Montana income tax that make it more difficult for taxpayers to file returns also generally make it more expensive for the department to process and audit returns. Building the ability to handle separate returns filed on the same form and the large number of line items into the department's data processing system required significant up-front costs. They also require considerable extra work when the system is upgraded and somewhat increase the cost of processing each return and storing the information on it. The large number of state credits and the differences from the federal definition of income and federal itemized deductions create more line items on returns that must be verified and may need to be audited to ensure high compliance.

Sales and Excise Taxes

Not having a general sales tax significantly reduces the cost of administering Montana's tax system. In states that have both a general sales tax and an income tax, the costs of administering the two taxes generally are in the same range. Sales tax is collected by almost all businesses making retail sales and many businesses making wholesale sales. Thus, there is a large number of sales tax returns to process. And, significant effort is required to verify that an individual taxpayer has applied the tax to the correct transactions and collected and remitted the correct amount of tax.

Montana's selective sales and excise taxes generally have a relatively small number of taxpayers, ranging from a few hundred up to about 10,000. Processing and verifying individual returns can take significant resources. Some of these taxes have relatively high rates of errors on returns and verifying that the tax was applied to the correct sales can be time consuming.

Severance Taxes

Most severance taxes have a small number of taxpayers and relatively simple returns. The oil and gas production tax is an exception. Part of the revenue from this tax is allocated to the county and school district where each well is located. This means that, in addition to the normal process of processing and verifying returns, the department must calculate the distribution of revenue separately for each return.

Opportunities for Non-Compliance or Gamesmanship by Taxpayers

The more opportunities a tax has for non-compliance or gamesmanship the more expensive it will be to administer efficiently and effectively because the tax agency will have to spend more time auditing taxpayers, searching for non-filers and non-payers, and dealing with questionable appeals.

Property Tax

Taxpayers are responsible for reporting business equipment annually. The department attempts to identify new construction, but taxpayers are also asked to self-identify new construction or other changes to real estate. The only real opportunity for non-compliance for most property is a failure to report business equipment or new construction.

The appeals process offers some opportunities for gamesmanship. Taxpayers who appeal their assessments merely have to assert that the assessment is too high. They do not have to provide an alternative valuation. This essentially places the burden of proof on the department to explain and defend its valuation. There is also a procedural asymmetry. The department must argue that its valuation is correct, while the taxpayer argues that one or more components of the department's assessment result in a value that is too high. There is no party questioning whether the department's value might be too low. This can give taxpayers an incentive to appeal in the hope that the Tax Appeals Board or a court will find some reason to lower the department's assessment with essentially no risk that it will be raised. For homeowners and small businesses with limited resources and expertise this probably is not a significant problem. For large industrial taxpayers, the potential savings from significantly reducing property tax assessments can pay for in-house or hired expertise and drawn-out appeals. For these taxpayers, the structure of the appeals process makes it rational to automatically appeal in the hope that the Tax Appeals Board or a court can be convinced that there is something wrong with the department's assessment or the department can be convinced to settle for a lower valuation.

Personal Income Tax

Since the income tax is self-assessed, taxpayers have numerous opportunities not to comply with the tax. They can understate their income, overstate their deductions, and claim credits that they are not eligible for. When taxes are withheld from taxpayers' income and there is third-party reporting of income, taxpayers are much more likely to comply. Taxpayers must either risk a high probability of being caught or convince their employers to collude with them in evading tax. The IRS estimates that income is under-reported by less than 5 percent for types of income such as interest and dividends where the payer is required to report payments on a form 1099. For wages and salaries, where employers withhold tax and report income on form W-2, the IRS estimates that income is underreported by about one percent. The IRS estimates that income from sole-proprietor businesses and pass-through entities, where neither withholding nor third-party reporting is required, is underreported by at least 50 percent.

Sales and Excise Taxes

Since sales and excise taxes are included in the bill the taxpayer receives for another transaction, the ultimate taxpayer has little choice about complying. The main compliance issues with these taxes are vendors who do not collect the tax and ensuring that the tax is applied to the correct base. Sometimes new or temporary businesses do not collect a tax, either from ignorance or because they do not expect to be caught. Vendors sometimes do not apply tax to taxable transactions because they are misinformed. Vendors also sometimes collect tax from customers but either under-report sales or misreport some taxable sales as non-taxable.

With a general sales and use tax, the main compliance issue arises from out-of-state purchases. In all states with a general sales and use tax, the tax is on the buyer, but is collected by the seller. When a resident of a sales tax state buys something from an out-of-state seller, the buyer has a legal obligation to pay the tax, but the seller may not have a legal obligation to collect it. This is not a problem with Montana's selective sales and excise taxes.

Severance Taxes

Since severance taxes are self-reported, there are opportunities for non-compliance. Producers may not file returns because they are unaware of the tax or because they do not think they are likely to be caught. Producers may under-report production or under-report the value of production, particularly if there is no arms-length transaction to measure the value of production at the point in the process where the tax is imposed.

Fairness of Administration

Whether a tax is administered fairly is a different question than whether the tax is fair. A tax may be unfair if, for example, it imposes wildly different taxes on taxpayers in similar circumstances. Administration of a tax may be unfair if, for example, the cost to comply is much higher for some taxpayers than for others or if some group of taxpayers find it easy to evade the tax while others pay.

Property Tax

In general, the Montana property tax system is designed so that similar properties will have similar taxable values and any differences in taxes will be due to differences in local mills. In some cases, differences in local mills reflect differences in local services. For example, if residents of one town choose to have more parks and recreation facilities than residents of a similar town, the first town is likely to have higher property taxes to pay for the additional facilities. Differences in local mills may also reflect differences in the costs of providing local services. If the cost of living is higher in one area than another, school districts in the higher-cost area may have to levy more mills so they can pay teachers higher salaries to induce them to live and work in the higher-cost area.

However, one of the main determinants of mill levies in a taxing jurisdiction is the amount of industrial and commercial property in the jurisdiction. Jurisdictions with large amounts of industrial and commercial property relative to the population tend to have low mill levies. Otherwise similar jurisdictions with little or no industrial or commercial property tend to have higher mill levies. This can result in similar properties with similar taxable values paying very different amounts of property tax for the same public services.

One aspect of the Montana property tax system that can result in similar properties having different taxable values is the six-year reappraisal cycle for residential property. Residential properties are valued once every six years, and increases in the values of individual properties are phased in over the next six years. Decreases in individual property values go on the books immediately. In recent reappraisal cycles, the legislature has adjusted the assessment ratio for residential property to keep taxable value constant for residences with an average percentage increase in market value.

This results in several inequities between homeowners. In the first year after reappraisal, taxpayers whose homes decreased in value over the previous six years are taxed on full market value while taxpayers whose homes increased in value over the previous six years are taxed at less than full market value.

For taxpayers whose homes have increased in value, the system is designed so that, after six years, all will be taxed on full market value in the reappraisal year, six years earlier. Each year of the cycle, the assessed value of each house increases by one-sixth of the increase in market value between the last two appraisals. If two houses had the same value at the last appraisal but had different values at the previous appraisal, they will have different taxable values for the first five years of the cycle. This is because each house begins the current cycle with a taxable value based on its market value two appraisals ago. The house that had the larger increase in value over the previous cycle will be taxed on a lower percent of its market value at the beginning of the present cycle.

Changes in value during the current cycle can compound the inequity. They will not begin to be reflected in taxable value until the end of the current cycle, and will not be fully reflected in taxable value until the end of the next cycle.

For example, suppose two homes were each valued at $100,000 in the latest reappraisal, but that they had been valued at $50,000 and $90,000 in the previous appraisal. The following table shows the value from the most recent appraisal and the assessed value for property tax for the last year of the previous cycle (Year 0) and the six years of the current cycle.

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
House 1							
Appraised Value	$50,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000
Assessed Value	$50,000	$58,333	$66,667	$75,000	$83,333	$91,667	$100,000
Percent	100.00%	58.30%	66.70%	75.00%	83.30%	91.70%	100.00%
House 2							
Appraised Value	$90,000	$100,000	$100,000	$100,000	$100,000	$100,000	$100,000
Assessed Value	$90,000	$91,667	$93,333	$95,000	$96,667	$98,333	$100,000
Percent	100.00%	91.70%	93.30%	95.00%	96.70%	98.30%	100.00%

The two houses are taxed on the same percent of the latest appraised value only in the last year of the cycle. In the first five years, the house with the larger increase is taxed on a smaller percent of its appraised value.

If the values of the two houses continue to increase at the same rate, the house with the faster increase in value will continue to be taxed on a smaller percent of its market value for the whole cycle. This is shown in the next table, where the house whose value doubles over each cycle is consistently taxed on half its market value while the house whose value increases by 10 percent over each cycle is consistently taxed on 91 percent of its market value.

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
House 1							
Market Value	$100,000	$116,667	$133,333	$150,000	$166,667	$183,333	$200,000
Assessed Value		$58,333	$66,667	$75,000	$83,333	$91,667	$100,000
Assessed / Market		50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
House 2							
Market Value	$100,000	$101,667	$103,333	$105,000	$106,667	$108,333	$110,000
Assessed Value		$92,424	$93,939	$95,455	$96,970	$98,485	$100,000
Assessed / Market		90.90%	90.90%	90.90%	90.90%	90.90%	90.90%

Personal Income Tax

The primary difficulty in administering the income tax fairly comes from differences in the ease of non-compliance for taxpayers in different circumstances. Taxpayers with income from wages and salaries, interest, corporate dividends, or pensions have their income reported to the IRS and the department and may have tax withheld from their payments. Taxpayers with income from a sole proprietor business or a pass-through entity do not have the same third-party reporting and withholding requirements. IRS research indicates that taxpayers whose income is not subject to third-party reporting or withholding under-report income and under-pay tax at much higher rates.

Competitive

People and businesses consider taxes and government services in deciding where to locate. State and local governments often compete by providing special tax treatment for specific industries or groups of residents. However, with their requirements to have a balanced budget, state and local governments can only cut taxes for one group by raising taxes for another or by cutting services. Governments can compete by giving special treatment to favored groups at the cost of higher taxes or fewer services for everyone else, or they can compete 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 taxpayer because of their mix of taxes and the features of individual taxes. Taxpayers generally prefer 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.

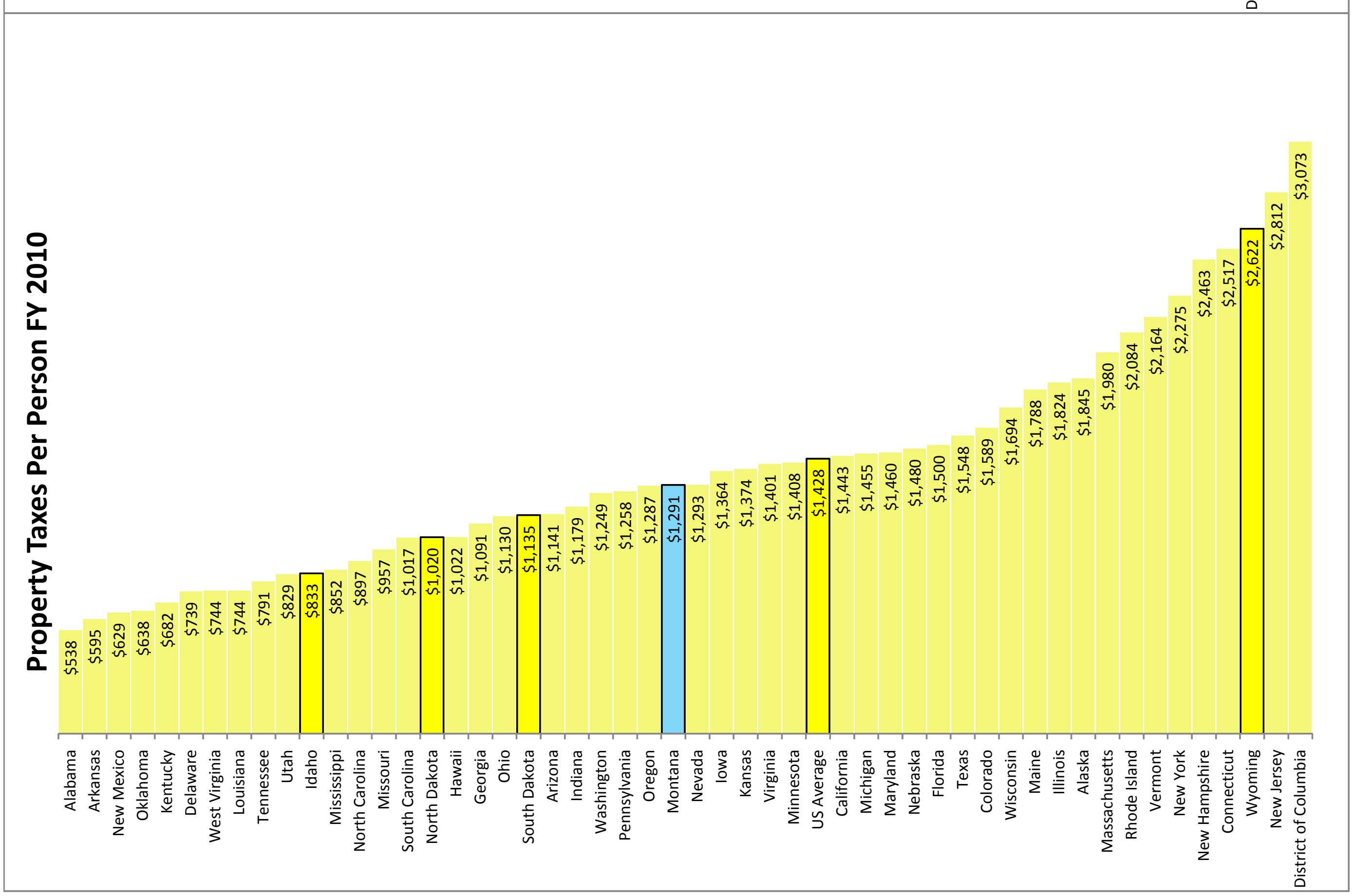
The next two tables show taxes per person and taxes per dollar of income received by state residents for the 50 states and the District of Columbia for the fiscal year ending June 30, 2010. Both tables show property taxes, sales and gross receipts taxes, individual and corporate income taxes, other taxes, and the total of all taxes. These tables show state and local taxes adjusted for the size of each state's population and the size of its economy. They also show the relative importance of each type of tax in each state.

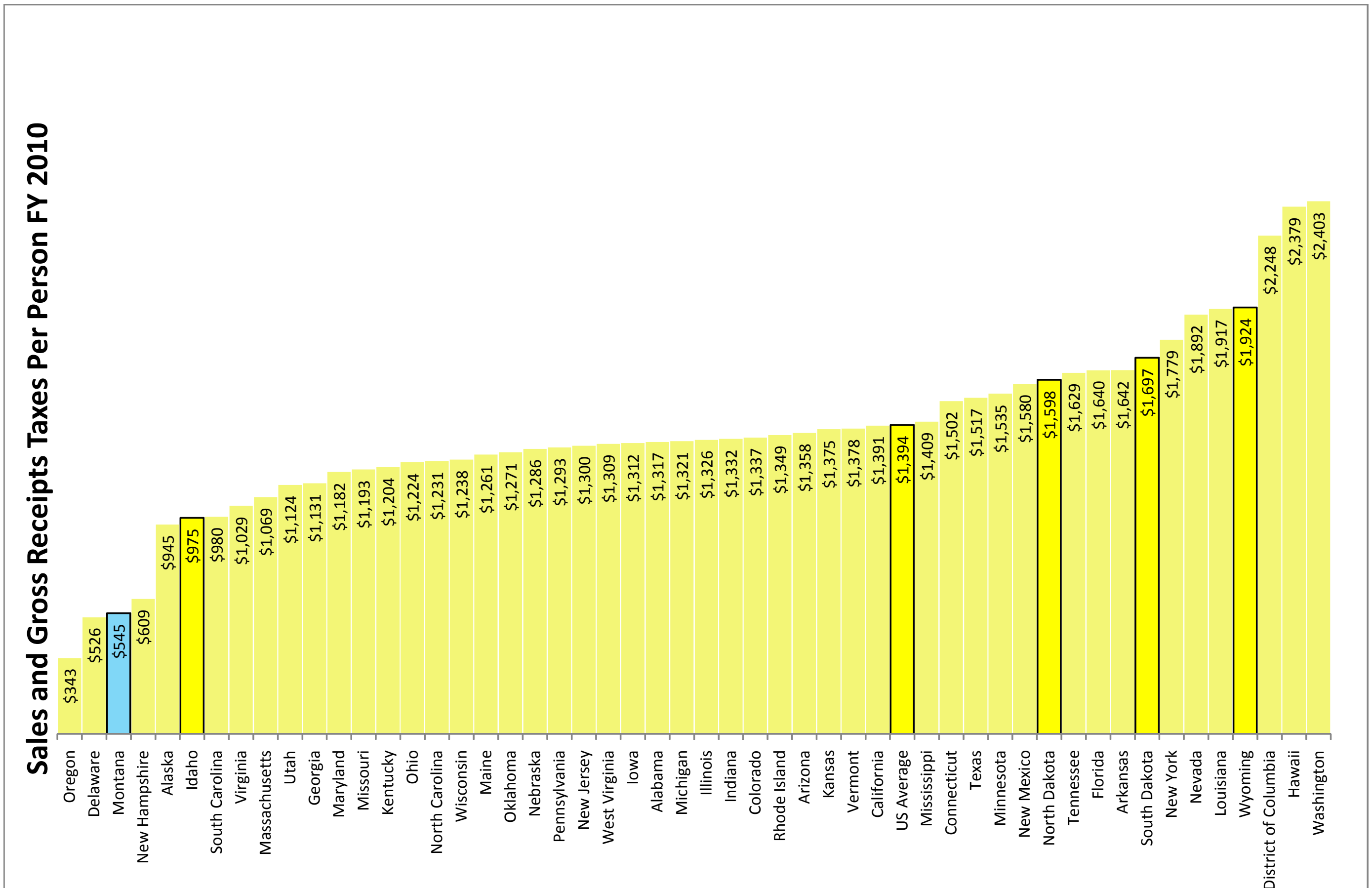
These tables do not show taxes paid by a typical individual or the percent of income a typical individual pays in taxes. States differ in the shares of taxes paid by individuals and businesses and by residents and non-residents. Several organizations publish comparisons that attempt to adjust for these differences. The Tax Foundation[7] attempts to adjust for taxes each state receives from out-of-state taxpayers. The District of Columbia[8] compares taxes for hypothetical families in each state. The Institute on Taxation and Economic Policy[9] estimates taxes as a percent of income for income groups in each state.

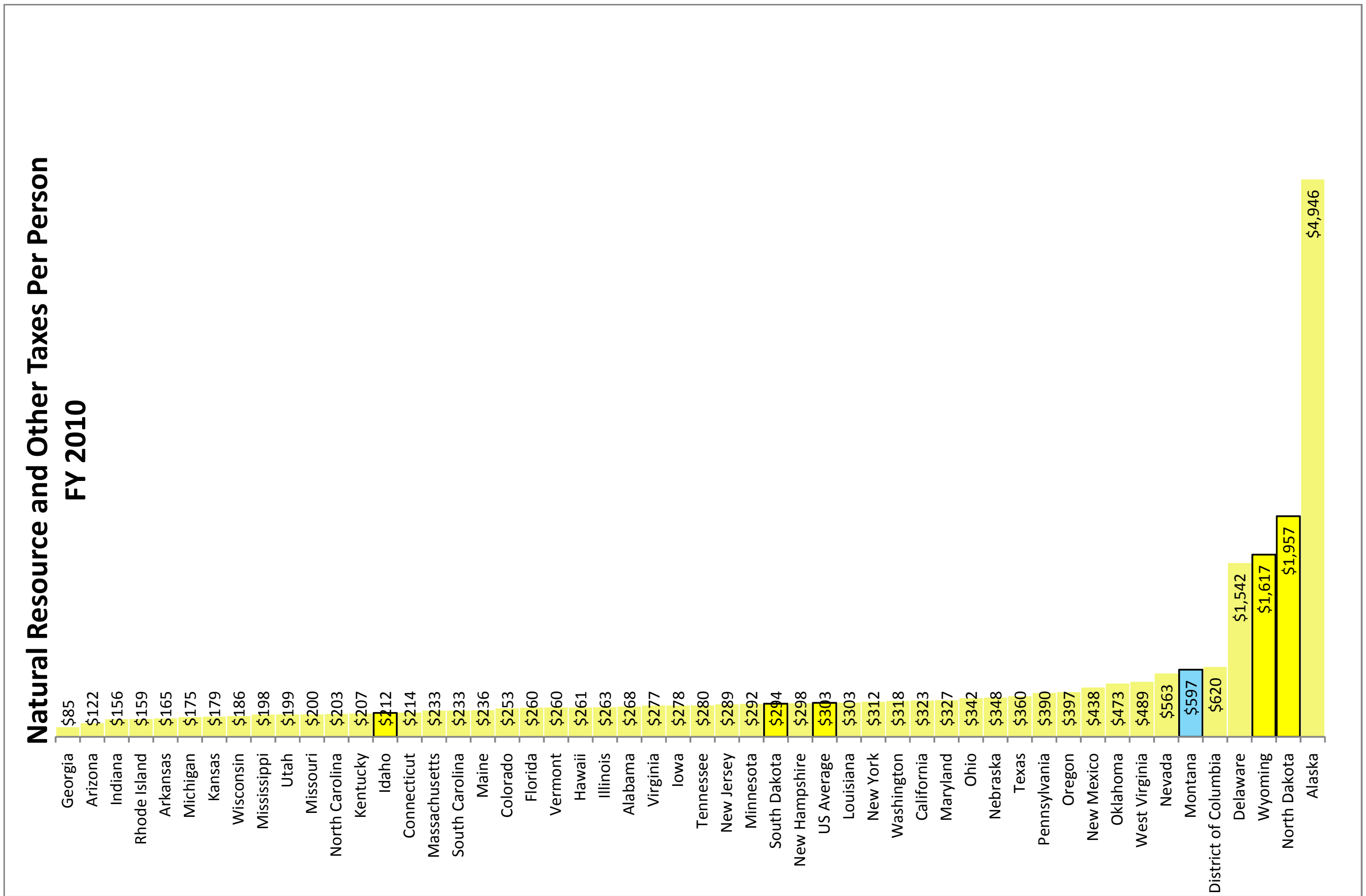
[7] http://www.taxfoundation.org.
[8] http://cfo.dc.gov
[9] http://www.itepnet.org

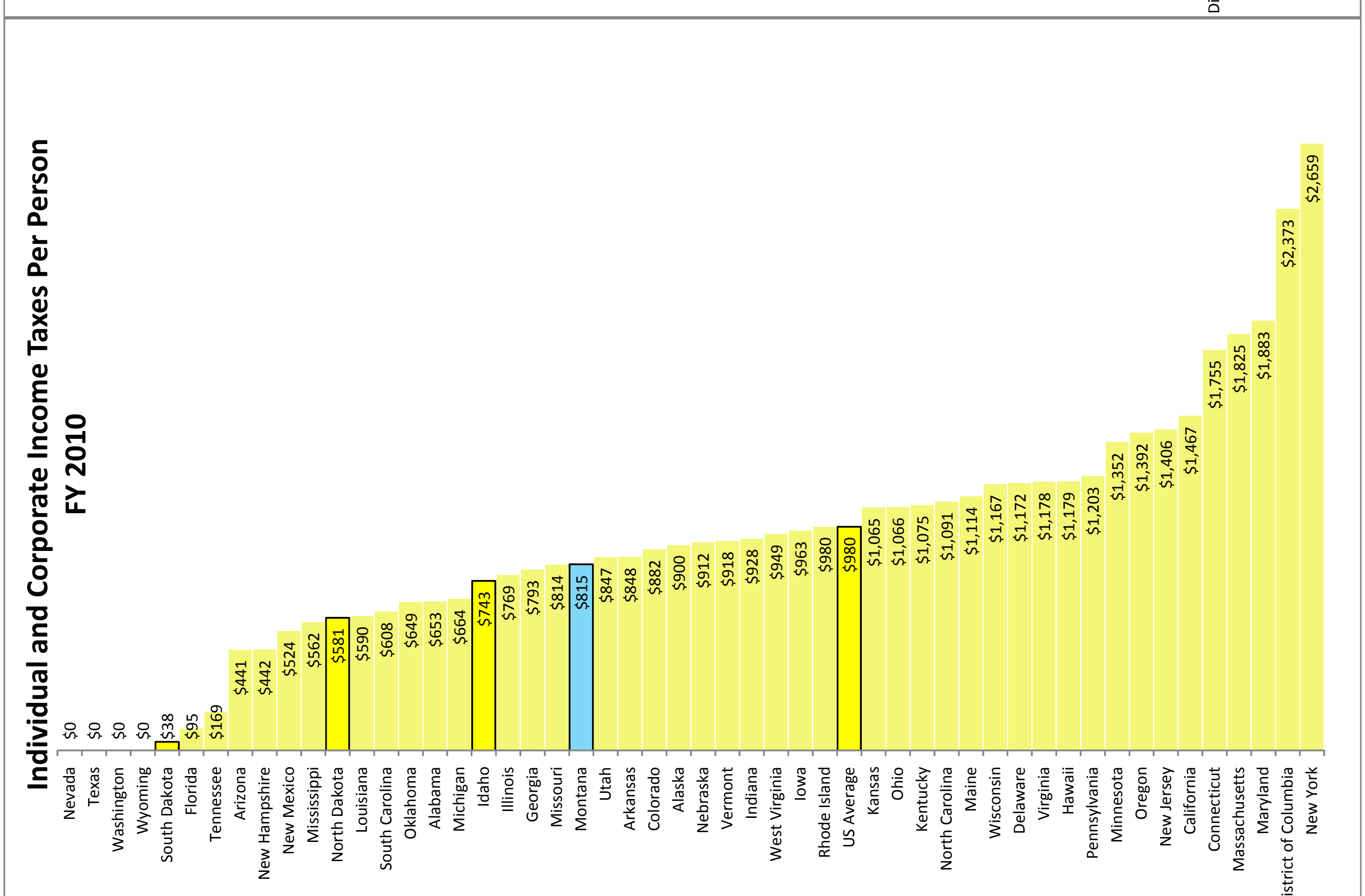
Taxes Per Person - FY 2010

State	Property Tax $	Property Tax Rank	Sales and Gross Receipts $	Sales and Gross Receipts Rank	Individual and Corporate Income Tax $	Individual and Corporate Income Tax Rank	Other Taxes $	Other Taxes Rank	Total $	Total Rank
Alabama	$538	51	$1,317	27	$653	36	$268	28	$2,776	50
Alaska	$1,845	10	$945	47	$900	26	$4,946	1	$8,636	1
Arizona	$1,141	31	$1,358	21	$441	44	$122	50	$3,061	44
Arkansas	$595	50	$1,642	9	$848	28	$165	47	$3,249	37
California	$1,443	20	$1,391	18	$1,467	6	$323	17	$4,623	12
Colorado	$1,589	14	$1,337	23	$882	27	$253	33	$4,061	19
Connecticut	$2,517	4	$1,502	16	$1,755	5	$214	37	$5,989	5
Delaware	$739	46	$526	50	$1,172	13	$1,542	4	$3,979	22
District of Columbia	$3,073	1	$2,248	3	$2,373	2	$620	5	$8,315	2
Florida	$1,500	16	$1,640	10	$95	46	$260	32	$3,495	32
Georgia	$1,091	34	$1,131	41	$793	32	$85	51	$3,101	43
Hawaii	$1,022	35	$2,379	2	$1,179	11	$261	30	$4,841	10
Idaho	**$833**	**41**	**$975**	**46**	**$743**	**34**	**$212**	**38**	**$2,763**	**51**
Illinois	$1,824	11	$1,326	25	$769	33	$263	29	$4,182	17
Indiana	$1,179	30	$1,332	24	$928	23	$156	49	$3,595	30
Iowa	$1,364	24	$1,312	28	$963	21	$278	26	$3,917	24
Kansas	$1,374	23	$1,375	20	$1,065	19	$179	45	$3,992	21
Kentucky	$682	47	$1,204	38	$1,075	17	$207	39	$3,167	40
Louisiana	$744	44	$1,917	5	$590	39	$303	20	$3,554	31
Maine	$1,788	12	$1,261	34	$1,114	15	$236	34	$4,398	15
Maryland	$1,460	18	$1,182	40	$1,883	3	$327	16	$4,851	9
Massachusetts	$1,980	9	$1,069	43	$1,825	4	$233	36	$5,106	8
Michigan	$1,455	19	$1,321	26	$664	35	$175	46	$3,615	29
Minnesota	$1,408	21	$1,535	14	$1,352	9	$292	23	$4,587	13
Mississippi	$852	40	$1,409	17	$562	41	$198	43	$3,021	46
Missouri	$957	38	$1,193	39	$814	31	$200	41	$3,164	42
Montana	**$1,291**	**26**	**$545**	**49**	**$815**	**30**	**$597**	**6**	**$3,248**	**38**
Nebraska	$1,480	17	$1,286	32	$912	25	$348	14	$4,027	20
Nevada	$1,293	25	$1,892	6	$0	48	$563	7	$3,748	28
New Hampshire	$2,463	5	$609	48	$442	43	$298	21	$3,812	26
New Jersey	$2,812	2	$1,300	30	$1,406	7	$289	24	$5,807	6
New Mexico	$629	49	$1,580	13	$524	42	$438	10	$3,170	39
New York	$2,275	6	$1,779	7	$2,659	1	$312	19	$7,024	3
North Carolina	$897	39	$1,231	36	$1,091	16	$203	40	$3,421	35
North Dakota	**$1,020**	**36**	**$1,598**	**12**	**$581**	**40**	**$1,957**	**2**	**$5,156**	**7**
Ohio	$1,130	33	$1,224	37	$1,066	18	$342	15	$3,762	27
Oklahoma	$638	48	$1,271	33	$649	37	$473	9	$3,032	45
Oregon	$1,287	27	$343	51	$1,392	8	$397	11	$3,419	36
Pennsylvania	$1,258	28	$1,293	31	$1,203	10	$390	12	$4,144	18
Rhode Island	$2,084	8	$1,349	22	$980	20	$159	48	$4,571	14
South Carolina	$1,017	37	$980	45	$608	38	$233	35	$2,838	49
South Dakota	**$1,135**	**32**	**$1,697**	**8**	**$38**	**47**	**$294**	**22**	**$3,164**	**41**
Tennessee	$791	43	$1,629	11	$169	45	$280	25	$2,870	48
Texas	$1,548	15	$1,517	15	$0	48	$360	13	$3,425	34
Utah	$829	42	$1,124	42	$847	29	$199	42	$2,998	47
Vermont	$2,164	7	$1,378	19	$918	24	$260	31	$4,719	11
Virginia	$1,401	22	$1,029	44	$1,178	12	$277	27	$3,885	25
Washington	$1,249	29	$2,403	1	$0	48	$318	18	$3,971	23
West Virginia	$744	45	$1,309	29	$949	22	$489	8	$3,490	33
Wisconsin	$1,694	13	$1,238	35	$1,167	14	$186	44	$4,285	16
Wyoming	**$2,622**	**3**	**$1,924**	**4**	**$0**	**48**	**$1,617**	**3**	**$6,164**	**4**

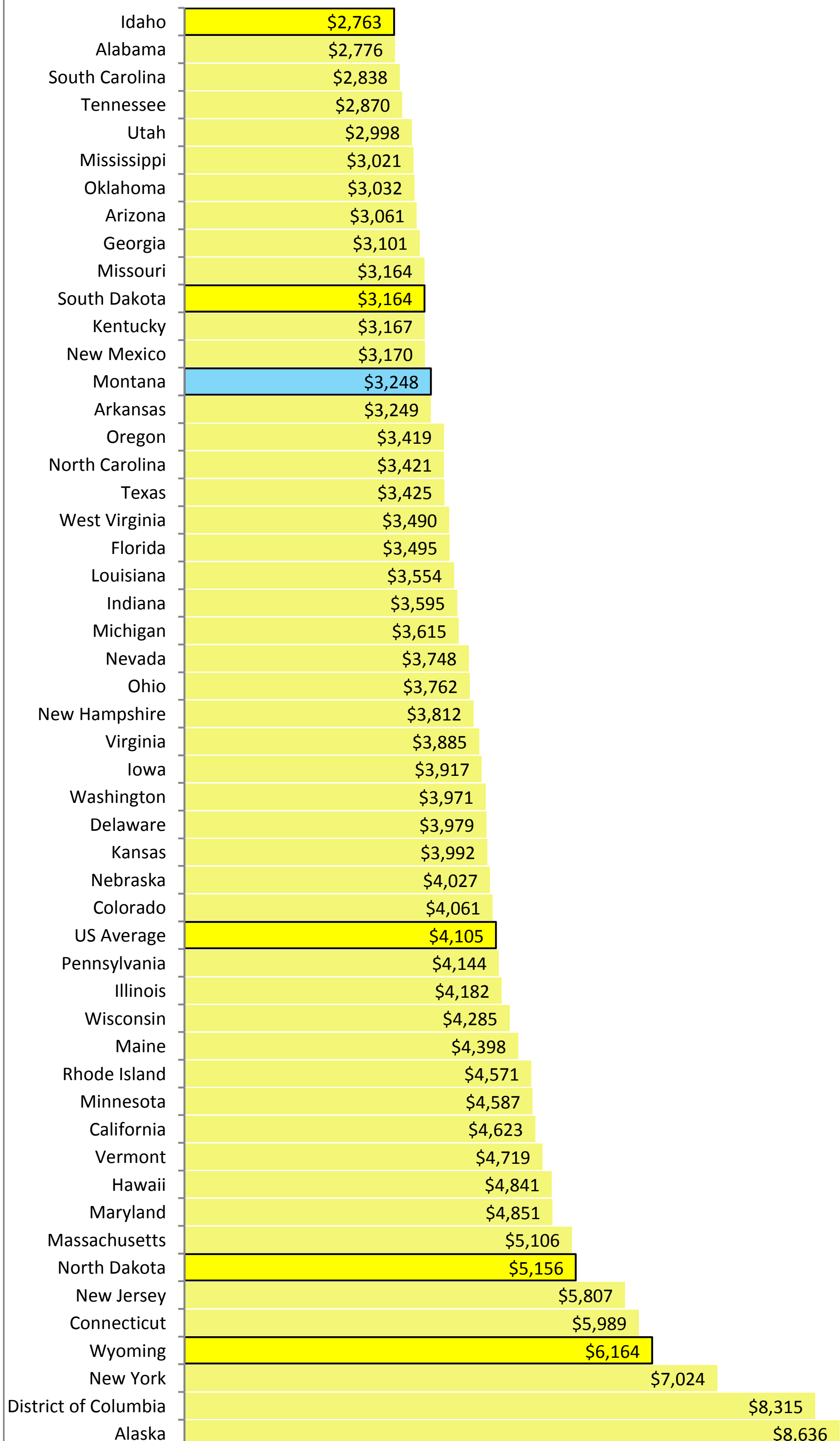

Property Taxes Per Person FY 2010
Alabama $538
Arkansas $595
New Mexico $629
Oklahoma $638
Kentucky $682
Delaware $739
West Virginia $744
Louisiana $744
Tennessee $791
Utah $829
Idaho $833
Mississippi $852
North Carolina $897
Missouri $957
South Carolina $1,017
North Dakota $1,020
Hawaii $1,022
Georgia $1,091
Ohio $1,130
South Dakota $1,135
Arizona $1,141
Indiana $1,179
Washington $1,249
Pennsylvania $1,258
Oregon $1,287
Montana $1,291
Nevada $1,293
Iowa $1,364
Kansas $1,374
Virginia $1,401
Minnesota $1,408
US Average $1,428
California $1,443
Michigan $1,455
Maryland $1,460
Nebraska $1,480
Florida $1,500
Texas $1,548
Colorado $1,589
Wisconsin $1,694
Maine $1,788
Illinois $1,824
Alaska $1,845
Massachusetts $1,980
Rhode Island $2,084
Vermont $2,164
New York $2,275
New Hampshire $2,463
Connecticut $2,517
Wyoming $2,622
New Jersey $2,812
District of Columbia $3,073


Sales and Gross Receipts Taxes Per Person FY 2010
Oregon $343
Delaware $526
Montana $545
New Hampshire $609
Alaska $945
Idaho $975
South Carolina $980
Virginia $1,029
Massachusetts $1,069
Utah $1,124
Georgia $1,131
Maryland $1,182
Missouri $1,193
Kentucky $1,204
Ohio $1,224
North Carolina $1,231
Wisconsin $1,238
Maine $1,261
Oklahoma $1,271
Nebraska $1,286
Pennsylvania $1,293
New Jersey $1,300
West Virginia $1,309
Iowa $1,312
Alabama $1,317
Michigan $1,321
Illinois $1,326
Indiana $1,332
Colorado $1,337
Rhode Island $1,349
Arizona $1,358
Kansas $1,375
Vermont $1,378
California $1,391
US Average $1,394
Mississippi $1,409
Connecticut $1,502
Texas $1,517
Minnesota $1,535
New Mexico $1,580
North Dakota $1,598
Tennessee $1,629
Florida $1,640
Arkansas $1,642
South Dakota $1,697
New York $1,779
Nevada $1,892
Louisiana $1,917
Wyoming $1,924
District of Columbia $2,248
Hawaii $2,379
Washington $2,403


Natural Resource and Other Taxes Per Person
FY 2010
Georgia $85
Arizona $122
Indiana $156
Rhode Island $159
Arkansas $165
Michigan $175
Kansas $179
Wisconsin $186
Mississippi $198
Utah $199
Missouri $200
North Carolina $203
Kentucky $207
Idaho $212
Connecticut $214
Massachusetts $233
South Carolina $233
Maine $236
Colorado $253
Florida $260
Vermont $260
Hawaii $261
Illinois $263
Alabama $268
Virginia $277
Iowa $278
Tennessee $280
New Jersey $289
Minnesota $292
South Dakota $294
New Hampshire $298
US Average $303
Louisiana $303
New York $312
Washington $318
California $323
Maryland $327
Ohio $342
Nebraska $348
Texas $360
Pennsylvania $390
Oregon $397
New Mexico $438
Oklahoma $473
West Virginia $489
Nevada $563
Montana $597
District of Columbia $620
Delaware $1,542
Wyoming $1,617
North Dakota $1,957
Alaska $4,946

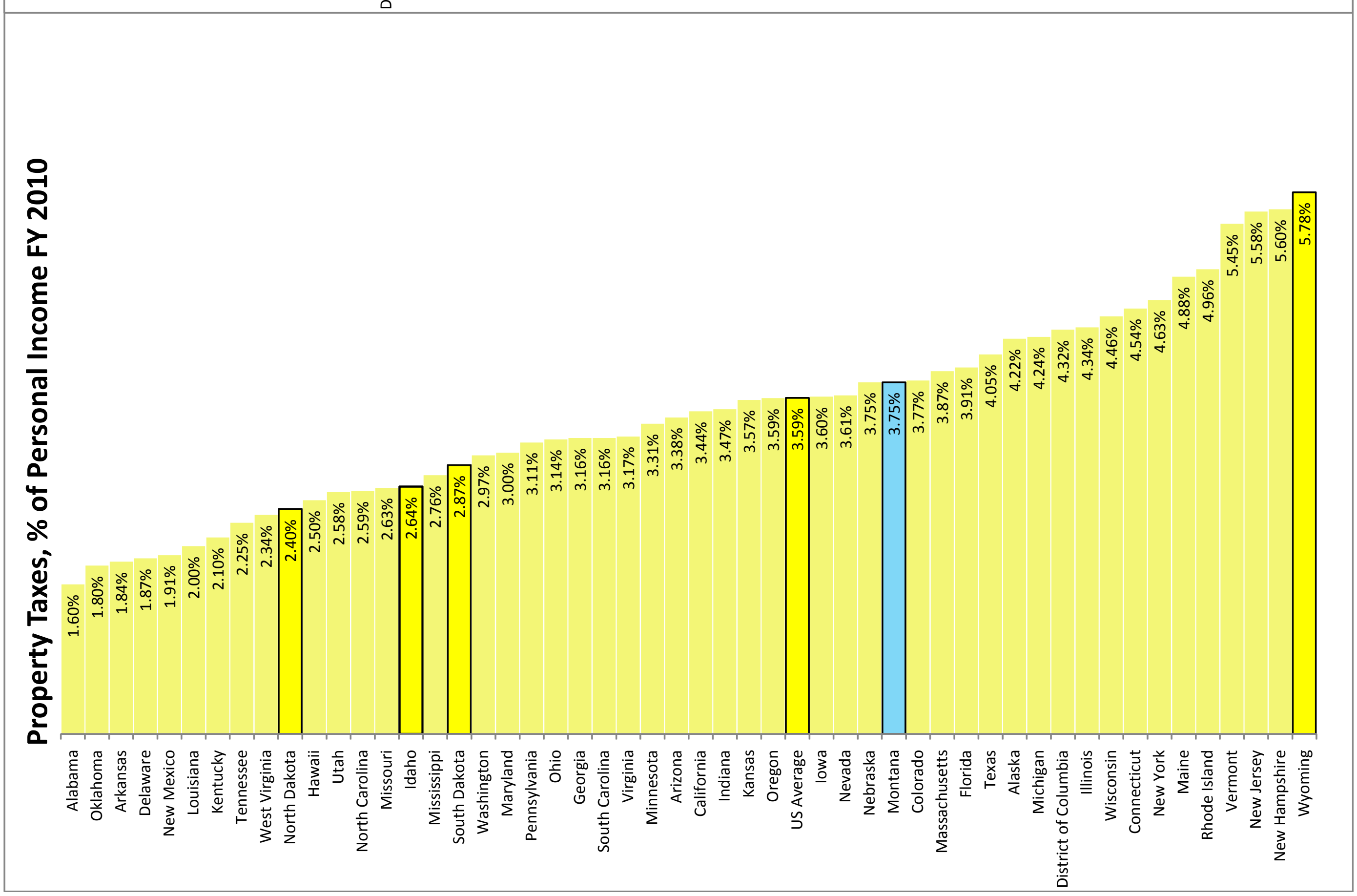

Individual and Corporate Income Taxes Per Person
FY 2010
Nevada $0
Texas $0
Washington $0
Wyoming $0
South Dakota $38
Florida $95
Tennessee $169
Arizona $441
New Hampshire $442
New Mexico $524
Mississippi $562
North Dakota $581
Louisiana $590
South Carolina $608
Oklahoma $649
Alabama $653
Michigan $664
Idaho $743
Illinois $769
Georgia $793
Missouri $814
Montana $815
Utah $847
Arkansas $848
Colorado $882
Alaska $900
Nebraska $912
Vermont $918
Indiana $928
West Virginia $949
Iowa $963
Rhode Island $980
US Average $980
Kansas $1,065
Ohio $1,066
Kentucky $1,075
North Carolina $1,091
Maine $1,114
Wisconsin $1,167
Delaware $1,172
Virginia $1,178
Hawaii $1,179
Pennsylvania $1,203
Minnesota $1,352
Oregon $1,392
New Jersey $1,406
California $1,467
Connecticut $1,755
Massachusetts $1,825
Maryland $1,883
District of Columbia $2,373
New York $2,659

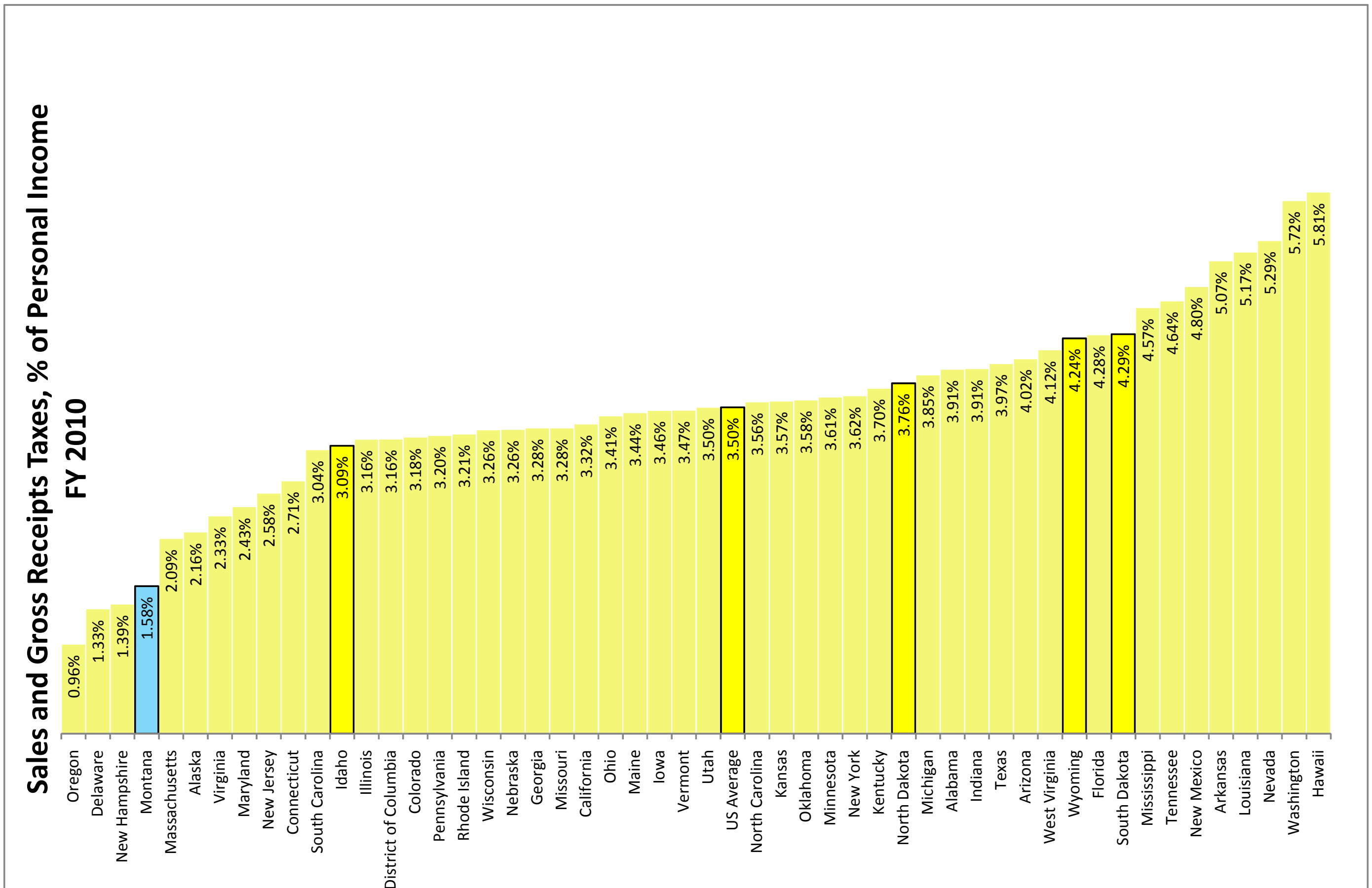
Total State and Local Taxes Per Person FY 2010

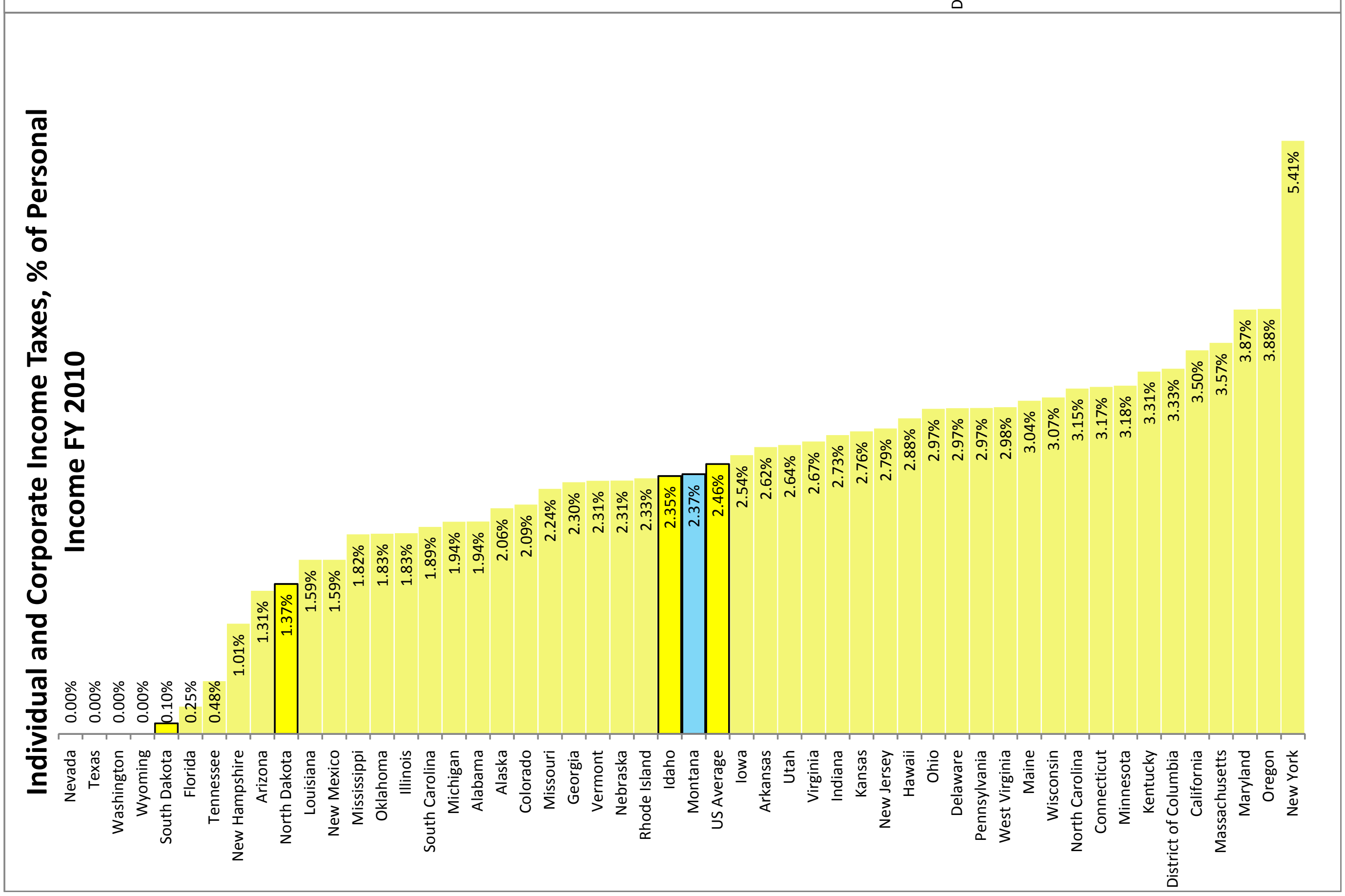


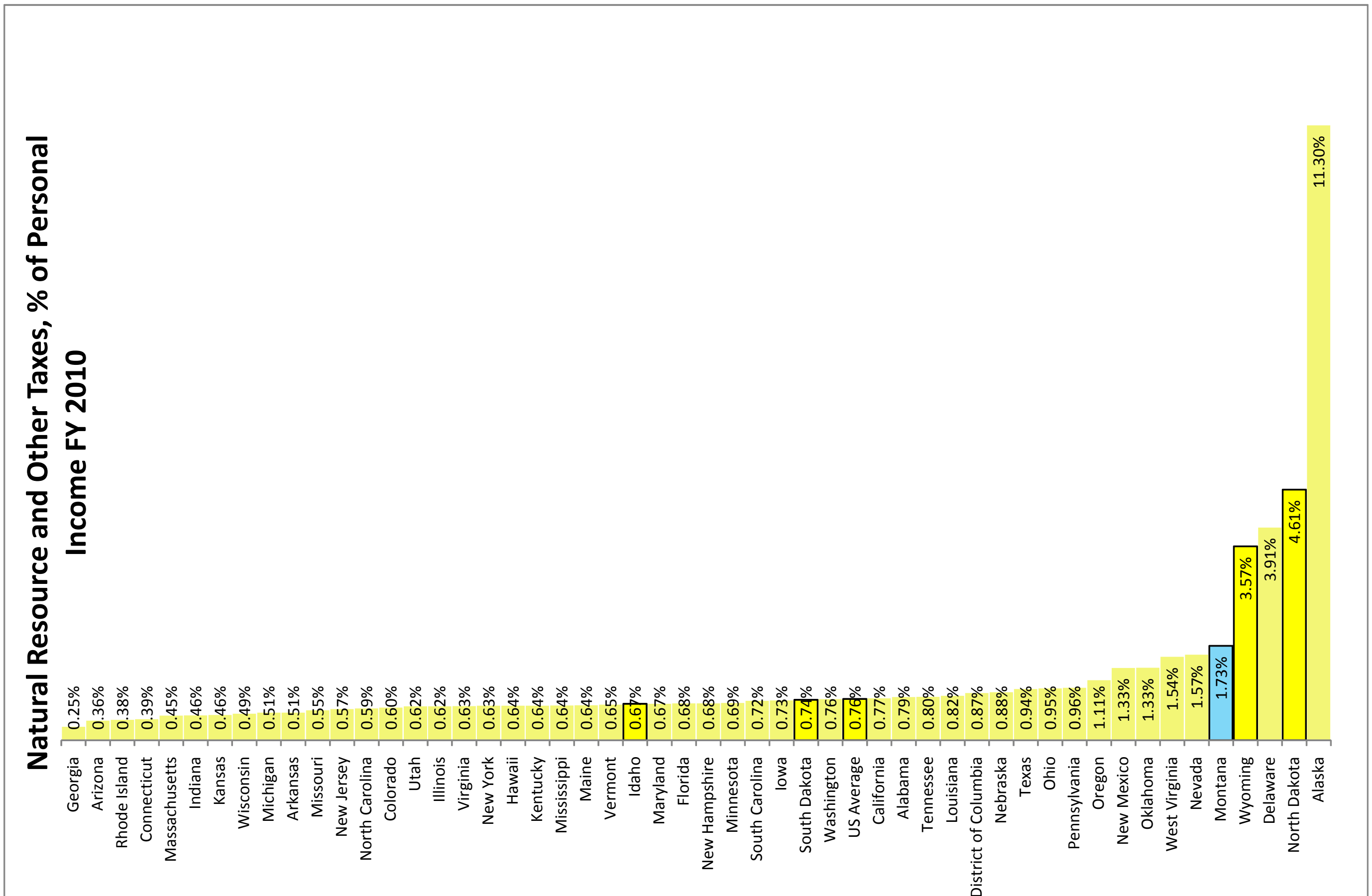
Taxes as a percent of Personal Income - FY 2010

State	Property Tax $	Property Tax Rank	Sales and Gross Receipts $	Sales and Gross Receipts Rank	Individual and Corporate Income Tax $	Individual and Corporate Income Tax Rank	Other Taxes $	Other Taxes Rank	Total $	Total Rank
Alabama	1.60%	51	3.91%	16	1.94%	34	0.79%	18	8.24%	49
Alaska	4.22%	13	2.16%	46	2.06%	33	11.30%	1	19.74%	1
Arizona	3.38%	26	4.02%	13	1.31%	43	0.36%	50	9.06%	40
Arkansas	1.84%	49	5.07%	5	2.62%	23	0.51%	42	10.04%	25
California	3.44%	25	3.32%	30	3.50%	5	0.77%	19	11.04%	11
Colorado	3.77%	17	3.18%	37	2.09%	32	0.60%	38	9.64%	32
Connecticut	4.54%	8	2.71%	42	3.17%	9	0.39%	48	10.81%	14
Delaware	1.87%	48	1.33%	50	2.97%	15	3.91%	3	10.09%	24
District of Columbia	4.32%	11	3.16%	38	3.33%	6	0.87%	15	11.67%	8
Florida	3.91%	15	4.28%	10	0.25%	46	0.68%	26	9.11%	39
Georgia	3.16%	30	3.28%	32	2.30%	30	0.25%	51	8.98%	41
Hawaii	2.50%	41	5.81%	1	2.88%	17	0.64%	33	11.82%	7
Idaho	**2.64%**	**37**	**3.09%**	**40**	**2.35%**	**26**	**0.67%**	**28**	**8.75%**	**45**
Illinois	4.34%	10	3.16%	39	1.83%	37	0.62%	36	9.95%	28
Indiana	3.47%	24	3.91%	15	2.73%	20	0.46%	46	10.56%	16
Iowa	3.60%	21	3.46%	27	2.54%	24	0.73%	22	10.34%	21
Kansas	3.57%	23	3.57%	23	2.76%	19	0.46%	45	10.36%	20
Kentucky	2.10%	45	3.70%	19	3.31%	7	0.64%	32	9.74%	31
Louisiana	2.00%	46	5.17%	4	1.59%	41	0.82%	16	9.57%	34
Maine	4.88%	6	3.44%	28	3.04%	12	0.64%	30	12.01%	5
Maryland	3.00%	33	2.43%	44	3.87%	3	0.67%	27	9.98%	27
Massachusetts	3.87%	16	2.09%	47	3.57%	4	0.45%	47	9.98%	26
Michigan	4.24%	12	3.85%	17	1.94%	35	0.51%	43	10.53%	17
Minnesota	3.31%	27	3.61%	21	3.18%	8	0.69%	24	10.79%	15
Mississippi	2.76%	36	4.57%	8	1.82%	39	0.64%	31	9.79%	30
Missouri	2.63%	38	3.28%	31	2.24%	31	0.55%	41	8.69%	46
Montana	**3.75%**	**18**	**1.58%**	**48**	**2.37%**	**25**	**1.73%**	**5**	**9.44%**	**37**
Nebraska	3.75%	19	3.26%	33	2.31%	28	0.88%	14	10.21%	23
Nevada	3.61%	20	5.29%	3	0.00%	48	1.57%	6	10.48%	18
New Hampshire	5.60%	2	1.39%	49	1.01%	44	0.68%	25	8.67%	47
New Jersey	5.58%	3	2.58%	43	2.79%	18	0.57%	40	11.52%	9
New Mexico	1.91%	47	4.80%	6	1.59%	40	1.33%	9	9.62%	33
New York	4.63%	7	3.62%	20	5.41%	1	0.63%	34	14.30%	2
North Carolina	2.59%	39	3.56%	24	3.15%	10	0.59%	39	9.89%	29
North Dakota	**2.40%**	**42**	**3.76%**	**18**	**1.37%**	**42**	**4.61%**	**2**	**12.14%**	**4**
Ohio	3.14%	31	3.41%	29	2.97%	16	0.95%	12	10.47%	19
Oklahoma	1.80%	50	3.58%	22	1.83%	38	1.33%	8	8.53%	48
Oregon	3.59%	22	0.96%	51	3.88%	2	1.11%	10	9.52%	35
Pennsylvania	3.11%	32	3.20%	36	2.97%	14	0.96%	11	10.25%	22
Rhode Island	4.96%	5	3.21%	35	2.33%	27	0.38%	49	10.88%	13
South Carolina	3.16%	29	3.04%	41	1.89%	36	0.72%	23	8.82%	43
South Dakota	**2.87%**	**35**	**4.29%**	**9**	**0.10%**	**47**	**0.74%**	**21**	**8.00%**	**51**
Tennessee	2.25%	44	4.64%	7	0.48%	45	0.80%	17	8.17%	50
Texas	4.05%	14	3.97%	14	0.00%	48	0.94%	13	8.96%	42
Utah	2.58%	40	3.50%	25	2.64%	22	0.62%	37	9.33%	38
Vermont	5.45%	4	3.47%	26	2.31%	29	0.65%	29	11.88%	6
Virginia	3.17%	28	2.33%	45	2.67%	21	0.63%	35	8.80%	44
Washington	2.97%	34	5.72%	2	0.00%	48	0.76%	20	9.45%	36
West Virginia	2.34%	43	4.12%	12	2.98%	13	1.54%	7	10.97%	12
Wisconsin	4.46%	9	3.26%	34	3.07%	11	0.49%	44	11.27%	10
Wyoming	**5.78%**	**1**	**4.24%**	**11**	**0.00%**	**48**	**3.57%**	**4**	**13.59%**	**3**

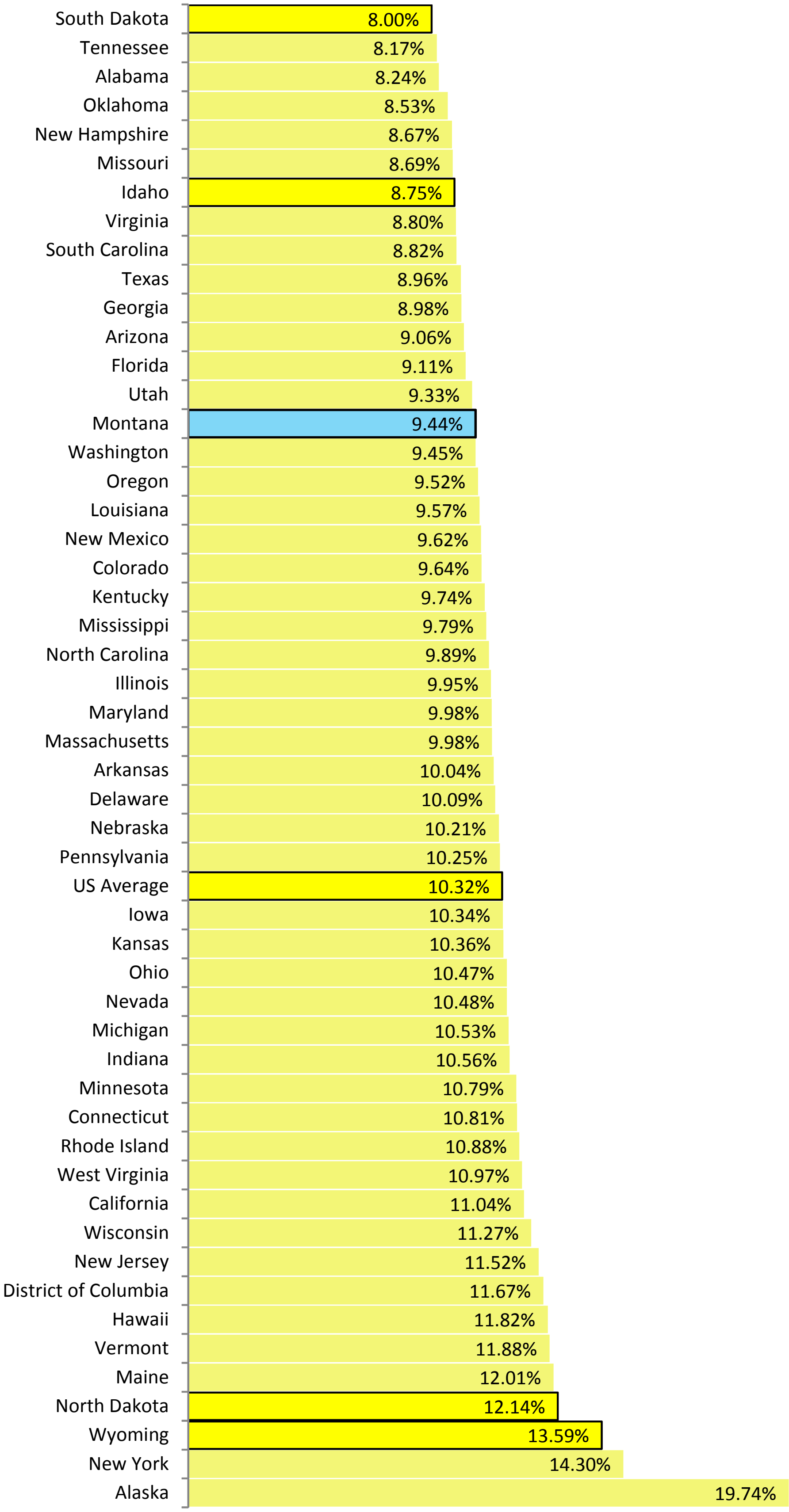

Property Taxes, % of Personal Income FY 2010
Alabama 1.60%
Oklahoma 1.80%
Arkansas 1.84%
Delaware 1.87%
New Mexico 1.91%
Louisiana 2.00%
Kentucky 2.10%
Tennessee 2.25%
West Virginia 2.34%
North Dakota 2.40%
Hawaii 2.50%
Utah 2.58%
North Carolina 2.59%
Missouri 2.63%
Idaho 2.64%
Mississippi 2.76%
South Dakota 2.87%
Washington 2.97%
Maryland 3.00%
Pennsylvania 3.11%
Ohio 3.14%
Georgia 3.16%
South Carolina 3.16%
Virginia 3.17%
Minnesota 3.31%
Arizona 3.38%
California 3.44%
Indiana 3.47%
Kansas 3.57%
Oregon 3.59%
US Average 3.59%
Iowa 3.60%
Nevada 3.61%
Nebraska 3.75%
Montana 3.75%
Colorado 3.77%
Massachusetts 3.87%
Florida 3.91%
Texas 4.05%
Alaska 4.22%
Michigan 4.24%
District of Columbia 4.32%
Illinois 4.34%
Wisconsin 4.46%
Connecticut 4.54%
New York 4.63%
Maine 4.88%
Rhode Island 4.96%
Vermont 5.45%
New Jersey 5.58%
New Hampshire 5.60%
Wyoming 5.78%


Sales and Gross Receipts Taxes, % of Personal Income FY 2010
Oregon 0.96%
Delaware 1.33%
New Hampshire 1.39%
Montana 1.58%
Massachusetts 2.09%
Alaska 2.16%
Virginia 2.33%
Maryland 2.43%
New Jersey 2.58%
Connecticut 2.71%
South Carolina 3.04%
Idaho 3.09%
Illinois 3.16%
District of Columbia 3.16%
Colorado 3.18%
Pennsylvania 3.20%
Rhode Island 3.21%
Wisconsin 3.26%
Nebraska 3.26%
Georgia 3.28%
Missouri 3.28%
California 3.32%
Ohio 3.41%
Maine 3.44%
Iowa 3.46%
Vermont 3.47%
Utah 3.50%
US Average 3.50%
North Carolina 3.56%
Kansas 3.57%
Oklahoma 3.58%
Minnesota 3.61%
New York 3.62%
Kentucky 3.70%
North Dakota 3.76%
Michigan 3.85%
Alabama 3.91%
Indiana 3.91%
Texas 3.97%
Arizona 4.02%
West Virginia 4.12%
Wyoming 4.24%
Florida 4.28%
South Dakota 4.29%
Mississippi 4.57%
Tennessee 4.64%
New Mexico 4.80%
Arkansas 5.07%
Louisiana 5.17%
Nevada 5.29%
Washington 5.72%
Hawaii 5.81%


Individual and Corporate Income Taxes, % of Personal Income FY 2010
Nevada 0.00%
Texas 0.00%
Washington 0.00%
Wyoming 0.00%
South Dakota 0.10%
Florida 0.25%
Tennessee 0.48%
New Hampshire 1.01%
Arizona 1.31%
North Dakota 1.37%
Louisiana 1.59%
New Mexico 1.59%
Mississippi 1.82%
Oklahoma 1.83%
Illinois 1.83%
South Carolina 1.89%
Michigan 1.94%
Alabama 1.94%
Alaska 2.06%
Colorado 2.09%
Missouri 2.24%
Georgia 2.30%
Vermont 2.31%
Nebraska 2.31%
Rhode Island 2.33%
Idaho 2.35%
Montana 2.37%
US Average 2.46%
Iowa 2.54%
Arkansas 2.62%
Utah 2.64%
Virginia 2.67%
Indiana 2.73%
Kansas 2.76%
New Jersey 2.79%
Hawaii 2.88%
Ohio 2.97%
Delaware 2.97%
Pennsylvania 2.97%
West Virginia 2.98%
Maine 3.04%
Wisconsin 3.07%
North Carolina 3.15%
Connecticut 3.17%
Minnesota 3.18%
Kentucky 3.31%
District of Columbia 3.33%
California 3.50%
Massachusetts 3.57%
Maryland 3.87%
Oregon 3.88%
New York 5.41%


Natural Resource and Other Taxes, % of Personal Income FY 2010
Georgia 0.25%
Arizona 0.36%
Rhode Island 0.38%
Connecticut 0.39%
Massachusetts 0.45%
Indiana 0.46%
Kansas 0.46%
Wisconsin 0.49%
Michigan 0.51%
Arkansas 0.51%
Missouri 0.55%
New Jersey 0.57%
North Carolina 0.59%
Colorado 0.60%
Utah 0.62%
Illinois 0.62%
Virginia 0.63%
New York 0.63%
Hawaii 0.64%
Kentucky 0.64%
Mississippi 0.64%
Maine 0.64%
Vermont 0.65%
Idaho 0.67%
Maryland 0.67%
Florida 0.68%
New Hampshire 0.68%
Minnesota 0.69%
South Carolina 0.72%
Iowa 0.73%
South Dakota 0.74%
Washington 0.76%
US Average 0.76%
California 0.77%
Alabama 0.79%
Tennessee 0.80%
Louisiana 0.82%
District of Columbia 0.87%
Nebraska 0.88%
Texas 0.94%
Ohio 0.95%
Pennsylvania 0.96%
Oregon 1.11%
New Mexico 1.33%
Oklahoma 1.33%
West Virginia 1.54%
Nevada 1.57%
Montana 1.73%
Wyoming 3.57%
Delaware 3.91%
North Dakota 4.61%
Alaska 11.30%

State and Local Taxes, % of Personal Income



Accountability

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.

Taxes differ in how obvious they are to taxpayers and in how easy it is for taxpayers to compare the amount they are paying for public services to the amount they pay for other goods and services. With taxes that are billed or that require taxpayers to file a periodic return, taxpayers can easily see the total amount they pay for the period. In the case of property taxes, the bill can also tell taxpayers what they are paying for particular public services, such as roads, schools, and public safety. With sales and excise taxes, it is much less obvious to a taxpayer how much they are paying per period. Even when excise taxes are stated on a bill, customers paying the bill are likely be only vaguely aware of the amount of tax. When businesses are taxed with the intention that they pass the tax on to customers, the ultimate taxpayers will be unaware of the tax. When businesses are taxed to pay for public services that the businesses use, the cost will be passed on to customers in the same way as other costs of doing business.

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.

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.

INDIVIDUAL AND CORPORATE INCOME TAX

BIENNIAL REPORT •THE MONTANA DEPARTMENT OF REVENUE

Montana Department of REVENUE

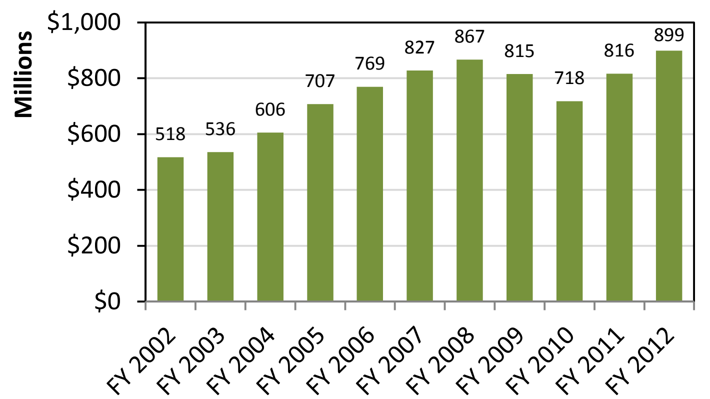
Overview of Individual Income Tax

The individual income tax is the largest source of state tax revenue. All income tax revenue is allocated to the state general fund, accounting for 48 percent of general fund revenue for FY 2012. Income tax revenue is collected primarily through withholding from wages and other periodic payments, quarterly estimated tax payments, and payments made when a return is filed.

The legislature enacted the income tax in 1933, and has made major changes infrequently. The latest changes were made in 2003 (effective for 2005), when the legislature reduced the number of rates, lowered the top rate, capped the itemized deduction for federal taxes, and provided preferential treatment for capital gains income.

Individual Income Tax

Fiscal Year	Total Revenue
FY 2002	$517,567,691
FY 2003	$535,830,664
FY 2004	$605,582,309
FY 2005	$707,343,333
FY 2006	$768,911,933
FY 2007	$827,095,302
FY 2008	$866,638,122
FY 2009	$815,138,193
FY 2010	$717,834,371
FY 2011	$816,089,973
FY 2012	$898,851,201



Federal law provides different rate tables for married couples who file joint and separate returns, and couples generally have lower federal tax if they file a joint return. Most states either require couples to make the same choice between joint and separate returns as they did for their federal taxes, have different rate tables for joint and separate returns, or have a single tax rate so that the choice does not matter. Montana is one of only six states that do not have at least one of these provisions. Because of this, most married couples find their tax is lower if they file a joint federal return and separate Montana returns.

Montana also is one of only six states that allow a deduction for federal income taxes. Montana and two other states have a cap on the deduction, while the deduction is uncapped in three states. Most states do not allow this deduction because not having it allows lower rates. To raise the same revenue, a state that allows the deduction must have higher rates to compensate for the smaller tax base. The 2003 Legislature partially offset the revenue reduction from lower rates by capping the deduction for federal taxes.

Most of the differences between Montana's income tax and the federal tax structure reflect legislative policy decisions, but a few are due to federal limits on state taxation. These state-specific features increase the department's costs of administering the income tax and complicate return preparation for taxpayers who are affected by them.

Before 1981, the legislature occasionally adjusted rate tables and other tax parameters for the effects of inflation. The 1981 Legislature assigned this task to the department, and each year the department adjusts rate brackets, standard deductions, personal exemptions, and the partial exemption for pension income for inflation. This prevents increases in individual tax liabilities that are due simply to inflation. Without this inflation adjustment, a person whose income just kept up with inflation would pay higher effective tax rates over time as inflation moved them to higher rate brackets.

Income Tax Returns and Refunds Timely Filed Current Year Returns

Calendar Year	Returns	Returns with Refund	Percent with Refund	Average Refund	Calendar Year	Returns	Returns with Refund	Percent with Refund	Average Refund
2000	529,937	266,152	62%	$376	2006	572,256	311,789	66%	$464
2001	529,955	279,641	65%	$413	2007	591,874	345,972	71%	$506
2002	532,617	287,843	67%	$415	2008	601,078	345,172	70%	$598
2003	536,100	288,154	66%	$405	2009	587,425	337,714	70%	$545
2004	547,623	294,025	66%	$468	2010	596,021	335,904	68%	$532
2005	554,224	297,993	66%	$491	2011	604,758	341,057	68%	$538

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

House Bill 21 made 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 percent 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 required that the partial exemption for pension and annuity income be adjusted for inflation each year beginning in 2010.

House Bill 636 exempted 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 made 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 required 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 allowed 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 increased the limit on income that a person can earn and still 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.

The following bills passed by the 2011 Legislative Session affected the individual income tax:

House Bill 44 eliminated obsolete statutory language relating to tax credits for certain investments made before 1995.

House Bill 467 clarified that the contributions to the endowment funds of community colleges, tribal colleges, and technical colleges are eligible for the college contribution credit. The department had previously interpreted the law as allowing a credit for these contributions. However, the law did not explicitly list these institutions, and some donors may not have taken the credit because they did not think they were eligible.

Senate Bill 11 corrected an omission in Senate Bill 407, passed by the 2003 Legislature. SB 407 reduced income tax rates, but did not make the corresponding reduction in the withholding rate for lottery winnings. This resulted in lottery winners having income tax over-withheld and then refunded when they filed their returns. Senate Bill 11 reduced the withholding rate for lottery winnings to 6.9 percent, which is the top income tax rate.

Senate Bill 166 created a threshold of $200 of income tax liability before taxpayers who file a tax return and pay tax due by the extension deadline (generally October 15) owe penalty and interest for late filing, late payment, or underpayment through withholding or estimated payments.

Senate Bill 413 made the due date for income tax returns and estimated payments the same as the IRS due date when the IRS due date is affected by a federal or District of Columbia holiday. The IRS deadline in April occasionally is affected by Emancipation Day, which is a holiday in the District of Columbia.

Calculations of Individual Income Tax

Calculation of Montana individual income tax begins with the taxpayer's Federal Adjusted Gross Income. Several adjustments are made to determine 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 determine Montana Taxable Income. The value of exemptions and maximum and minimum standard deductions are adjusted for inflation each year:

Personal Income Tax Exemptions and Deductions

		Single and Separate Returns		Joint Returns	
Year	Exemption Amount	Min. Standard Deduction	Max. Standard Deduction	Min. Standard Deduction	Max. Standard Deduction
TY 2008	$2,140	$1,780	$4,010	$3,560	$8,020
TY 2009	$2,110	$1,750	$3,950	$3,500	$7,900
TY 2010	$2,130	$1,770	$3,990	$3,540	$7,980
TY 2011	$2,190	$1,820	$4,110	$3,640	$8,220
TY 2012	$2,240	$1,860	$4,200	$3,720	$8,400

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

Marginal Tax Rate Structure

Year	TY 2008	TY 2009	TY 2010	TY 2011	TY 2012
1% of the first	$ 2,600	$ 2,600	$ 2,600	$ 2,700	$ 2,700
2% of the next	$ 1,400	$ 1,400	$ 1,400	$ 1,400	$ 1,400
3% of the next	$ 1,400	$ 1,400	$ 1,400	$ 1,400	$ 1,400
4% of the next	$ 1,400	$ 1,400	$ 1,400	$ 1,400	$ 1,400
5% of the next	$ 1,400	$ 1,400	$ 1,400	$ 1,400	$ 1,400
6% of the next	$ 1,400	$ 1,400	$ 1,400	$ 1,400	$ 1,400
6.9% of remaining	NA	NA	NA	NA	NA

Marginal Tax Rate Income Limits

Year	TY 2008	TY 2009	TY 2010	TY 2011	TY 2012
1.0%	$ 2,600	$ 2,600	$ 2,600	$ 2,700	$ 2,700
2.0%	$ 4,000	$ 4,500	$ 4,600	$ 4,700	$ 4,800
3.0%	$ 7,000	$ 6,900	$ 6,900	$ 7,200	$ 7,300
4.0%	$ 9,500	$ 9,300	$ 9,400	$ 9,700	$ 9,900
5.0%	$ 12,200	$ 12,000	$ 12,100	$ 12,500	$ 12,700
6.0%	$ 15,600	$ 15,400	$ 15,600	$ 16,000	$ 16,400
6.9%	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited

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 two percent 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 Liability

The next six tables show information about individual line items on full year residents' income tax returns for 2010 and 2011. 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 2010 and 2011				
	2010		2011	
	Count	Total	Count	Total
Income Items				
Wage and salary income	421,463	13,389,961,904	423,456	13,995,864,062
Taxable interest income	240,816	442,982,605	225,949	376,776,615
Ordinary dividend income	119,123	504,422,291	117,392	465,229,931
Taxable refunds of state/local income taxes	96,094	98,658,563	101,375	93,414,687
Alimony received	841	13,600,236	853	14,061,191
Business income (Schedule C)	77,115	690,830,410	76,742	702,186,969
Capital gains income	100,817	992,631,808	104,234	1,015,745,318
Supplemental gains income	15,454	42,063,648	15,606	41,883,741
IRA distributions - Taxable amt	47,190	548,647,754	49,255	592,390,356
Pension and annuity income - Taxable amt	95,294	1,658,178,065	96,945	1,752,608,148
Rent, royalty, partnership, etc. income	97,166	1,823,262,638	99,493	2,075,865,357
Farm income	19,293	-145,068,389	19,031	-127,273,409
Unemployment compensation	49,163	273,285,163	42,763	192,982,355
Social Security Benefits*	109,426	2,555,665,116	112,747	1,772,577,379
Taxable social security benefits	67,920	603,827,076	71,557	651,771,496
Other income	46,097	-408,809,713	45,029	-511,295,537
Total income	530,507	20,528,474,059	534,102	21,332,211,280
* Indented items either are part of another line or include another line. They are not part of the total.				
Federal Adjustments to Income				
Educator expenses	11,028	3,786,558	11,264	2,648,529
Business expenses	617	1,616,008	651	1,816,393
Health Savings Account deduction	7,345	21,882,122	8,108	24,675,845
Moving expenses	2,791	4,265,332	3,105	4,732,783
One-half self-employment tax	59,722	69,819,591	61,796	76,908,913
Self-employed SEP, SIMPLE, and qual. plans	2,721	43,089,605	2,709	42,298,279
Self-employed health insurance deduction	22,532	110,816,477	22,587	116,579,020
Penalty on early withdrawal of savings	3,845	701,262	3,517	592,044
Alimony paid	1,143	14,315,593	1,162	15,690,176
IRA deduction	14,573	53,329,887	14,530	54,281,327
Student loan interest deduction	45,288	34,202,184	45,162	36,245,983
Tuition & fees deduction	5,601	11,733,181	5,870	12,398,266
Domestic production activities deduction	6,596	43,123,307	6,743	43,533,192
Federal write-ins	316	4,462,208	357	2,343,863
Total adjustments to income	139,614	417,143,315	140,434	434,744,613
Federal Adjusted Gross Income	530,550	20,111,330,744	534,142	20,897,466,667

Montana Individual Income Tax
Income Reported on Full Year Residents Returns
2010 and 2011

	2010		2011	
	Count	Total	Count	Total
Montana Additions to Federal Adjusted Gross Income				
Interest on other states' municipal bonds	18,034	114,983,672	18,327	102,910,306
Dividends not included in FAGI	429	1,336,567	343	1,016,687
Taxable federal refunds	87,977	126,671,602	81,226	111,495,115
Recoveries of amounts deducted in earlier years	560	1,297,408	207	449,680
Additions to federal taxable social security or railroad retirement	7,724	12,238,467	7,677	11,813,870
Allocation of compensation to spouse	500	7,780,635	511	8,361,792
Medical savings account nonqualified withdrawals	82	101,799	98	121,307
First-time homebuyer's account nonqualified withdrawals	<10	13,722	<10	12,589
Farm and ranch risk management account taxable distributions	<10	191	<10	10,576
Dependent care assistance credit adjustment	64	106,629	39	49,938
Smaller federal estate and trust taxable distributions	85	66,413	83	786,659
Federal net operating loss carryover	4,689	323,147,050	4,617	405,545,941
Federal taxes paid by your S. corporation	67	192,807	44	48,077
Title plant depreciation	11	16,290	<10	793
Group health premiums reimbursed by Insure Montana credit	1,051	6,032,688	813	4,207,414
Other additions	5,228	142,065,523	4,839	155,292,435
Total Montana Additions	114,737	736,051,463	108,232	802,123,179

Montana Individual Income Tax
Income Reported on Full Year Residents Returns
2010 and 2011

	2010		2011	
	Count	Total	Count	Total
Montana Subtractions from Federal Adjusted Gross Income				
Federal bonds exempt interest	22,473	31,017,274	20,514	25,764,777
Exempt tribal income	7,252	200,800,212	7,175	290,700,359
Exempt unemployment compensation	48,182	268,585,687	42,763	192,982,355
Exempt worker's comp benefits	327	1,990,149	150	786,281
Capital gains from small business investment companies	55	148,811	40	95,032
State tax refunds included in federal AGI	102,810	103,291,864	108,024	97,908,499
Recoveries of amounts deducted in earlier years	145	223,591	23	145,508
Exempt active duty military salary	4,760	153,852,927	4,410	148,526,725
Nonresident exempt military income	117	4,739,141	120	4,212,397
Exempt life insurance premiums reimbursement (National Guard)	56	69,491	46	14,795
Exempt pension income	43,797	142,365,778	44,929	150,693,545
Elderly interest exclusion	70,510	40,226,852	70,622	36,798,111
Exempt retirement disability income (under age 65)	181	786,572	83	364,329
Exempt tip income	13,732	43,592,519	13,883	46,381,919
Exempt income of child taxed to parent	61	113,876	110	252,806
Exempt health insurance premiums taxed to employee	191	677,282	211	843,169
Student loan repayments taxed to health care professional	173	476,765	257	666,300
Medical care savings account exempt deposits	7,812	18,732,448	7,997	19,395,678
First-time homebuyer exempt savings account deposits	140	358,024	155	395,135
Family education savings account exempt deposits	2,760	6,547,256	2,798	6,528,702
Farm and ranch risk management accounts exempt deposits	<10	0	0	0
Subtraction to federal taxable social security/Tier 1 railroad retirement	33,973	125,569,526	35,183	133,165,545
Subtraction for federal taxable Tier II railroad retirement	3,006	37,812,494	3,007	38,836,218
Subtraction for spouse filing joint return: passive loss carryover	69	143,794	43	88,064
Subtraction for spouse filing joint return: capital loss adjustment	2,763	4,409,741	1,647	3,153,880
Allocation of compensation to spouse	504	7,903,312	530	8,523,680
Montana net operation loss carryover	4,362	308,241,632	4,255	390,379,263
40% capital gain exclusion on pre-1987 installment sales	319	1,155,423	49	123,493
Business expense of recycled material	124	204,911	108	266,011
Sales of land to beginning farmers	<10	5,956	<10	55,961
Larger federal estate and trust taxable distributions	95	190,390	151	383,119
Wage deduction reduced by federal targeted jobs credit	146	1,190,418	72	458,655
Certain gains recognized by liquidating corporation	117	794,177	<10	7,069
Other subtractions	4,620	164,001,056	4,773	165,965,197
Total Montana Subtractions	255,249	1,670,219,349	255,523	1,764,862,577

Montana Individual Income Tax
Deductions Reported on Full Year Residents Returns
2010 and 2011

	2010		2011	
	Count	Total	Count	Total
Deductions				
Total medical expenses*	133,552	545,701,986	133,861	545,817,871
Deductible medical expenses	71,855	304,436,666	70,306	301,438,269
Medical insurance premiums not deducted elsewhere	102,983	353,880,862	103,615	364,569,523
Long-term care insurance premiums	13,471	27,300,594	13,475	33,985,594
Federal Income Tax				
Federal income tax withheld*	250,870	9,270,288,809	264,724	9,664,747,196
Federal income tax estimated payments*	47,104	530,290,626	47,233	582,210,945
Last year's federal income tax paid (e.g. with return)*	48,675	231,044,373	54,015	278,790,903
Federal income tax from previous years*	4,742	19,035,603	4,763	22,612,278
Total federal income tax deduction	279,100	1,015,360,042	291,483	1,132,026,533
State or Local Sales Tax*	n/a	n/a	433	446,177
Local income taxes	302	112,039	305	198,088
Real estate taxes	210,973	400,710,387	211,586	411,428,092
Personal property taxes	162,911	52,671,671	167,216	52,698,081
Other deductible taxes	27,639	10,298,211	25,435	9,209,030
Home mortgage interest	159,911	1,075,407,210	159,013	1,008,850,204
Unreported home mortgage interest	6,404	17,246,577	6,341	16,732,698
Unreported points	23,243	6,774,876	22,487	6,128,734
Qualified mortgage ins premiums	19,897	23,239,755	20,847	20,843,664
Investment interest	8,402	37,072,979	8,840	33,364,845
Contributions by cash or check	169,405	443,302,712	169,378	454,876,219
Contributions other than cash or check	71,377	59,815,976	72,985	64,804,361
Carryover of contributions from previous years	3,841	34,781,509	3,662	36,451,707
Child and dependent care expenses	833	1,468,425	851	1,607,286
Casualty and theft losses	499	4,921,842	659	9,738,044
Business Expenses				
Unreimbursed employee business expenses*	56,556	169,613,690	57,209	185,407,740
Other business expenses*	143,319	116,861,859	147,012	126,923,598
Total business expenses*	162,360	286,475,549	166,296	312,331,338
Net deductible unreimbursed business expenses	57,089	198,644,087	58,739	219,574,473
Political contributions	9,052	822,083	7,867	729,898
All other miscellaneous deductions not subject to 2% floor	2,126	7,634,906	2,701	5,625,034
Gambling losses	1,191	10,772,563	1,246	12,302,315
Total itemized deductions	310,090	4,086,694,686	318,088	4,197,628,869
Standard deductions	200,210	708,794,565	197,549	4,911,586,629
Total deductions	525,972	4,795,489,251	530,331	4,911,586,629

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

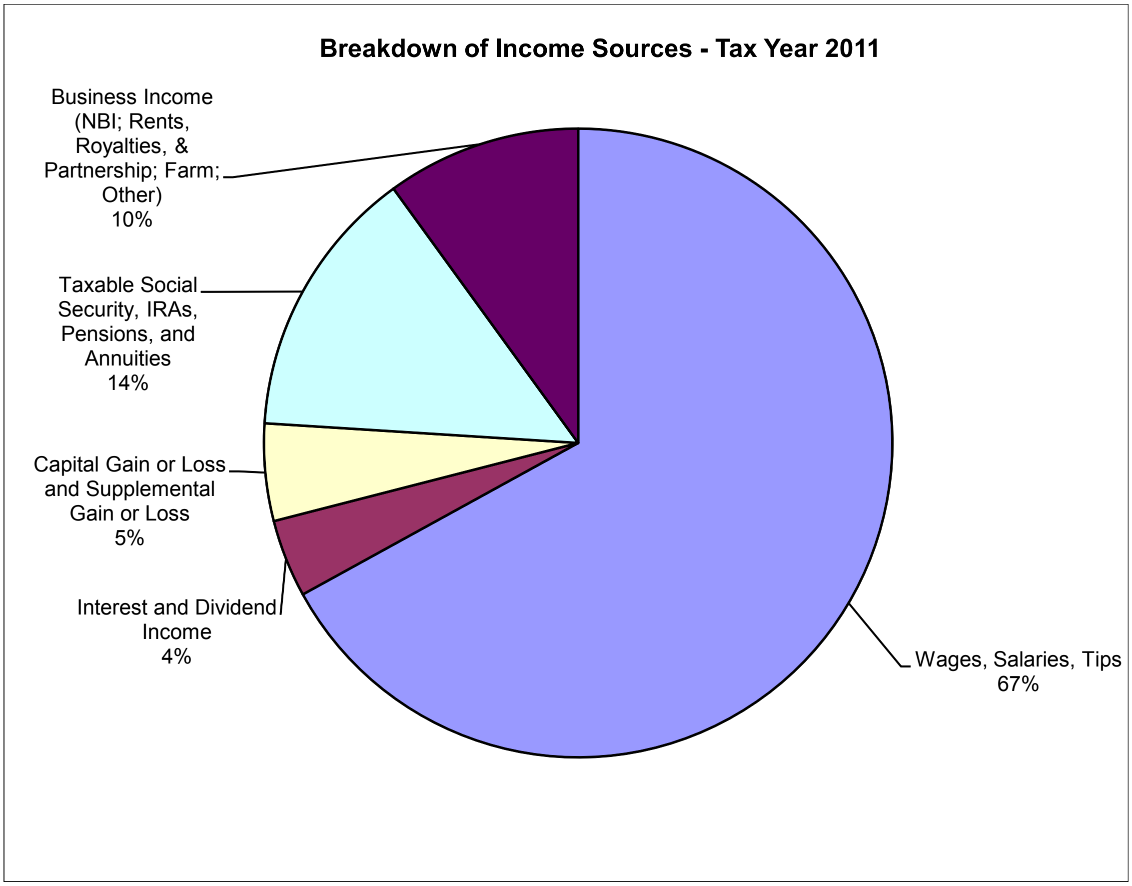
Montana Individual Income Tax
Exemptions, Taxable Income, Tax, and Payments Reported on Full Year Residents Returns
2010 and 2011

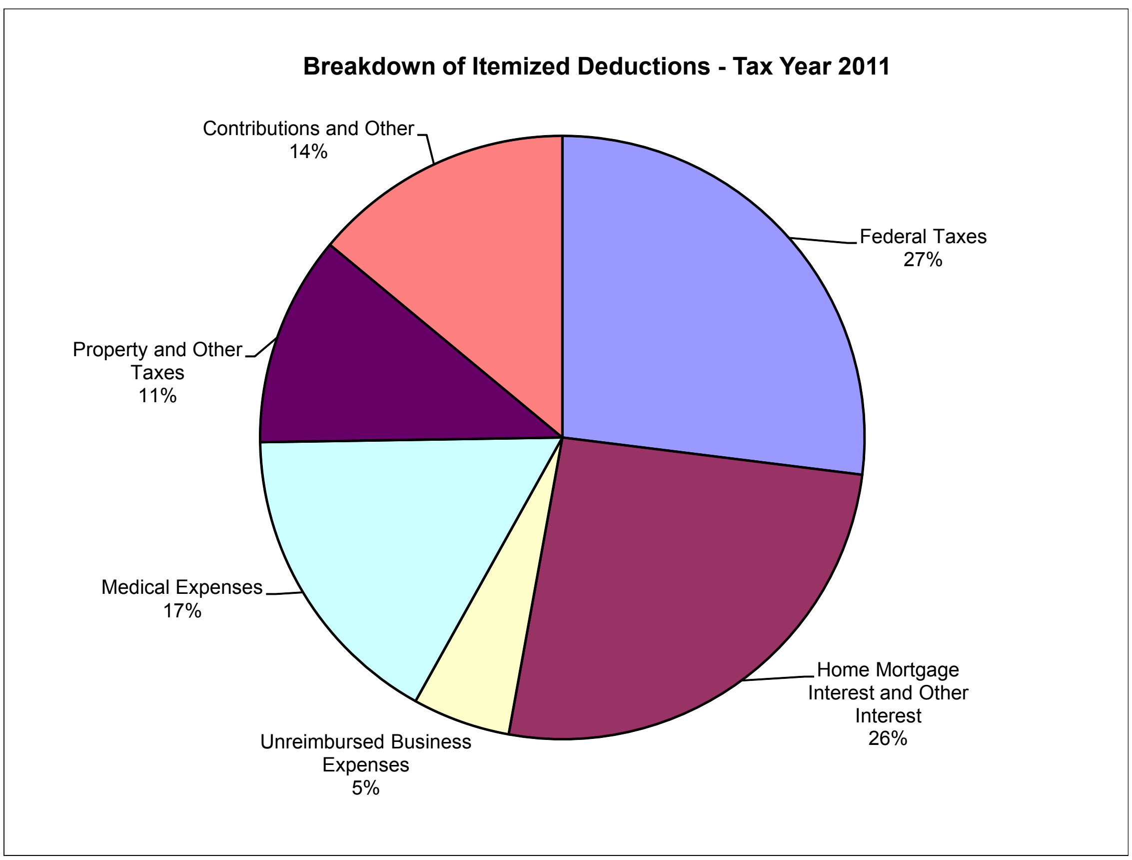
	2010		2011	
	Count	Total	Count	Total
Exemptions *				
Self Exemption		493,735		497,933
Self 65 and Over Exemption		90,519		93,702
Self Blind Exemption		1,256		1,200
TotalTaxpayer Exemptions	493,749	585,510	497,933	592,835
Spouse Exemption		184,292		183,860
Spouse 65 and Over Exemption		32,812		33,820
Spouse Blind Exemption		382		332
Total Spouse Exemptions	85,573	107,100	84,858	106,747
Dependent Exemptions	131,513	234,626	130,760	234,454
Total Exemptions	493,749	927,236	497,933	934,036
Value of Exemptions		2,060,760,090		2,132,354,820
Taxable Income				
Federal Adjusted Gross Income	530,550	20,111,330,744	534,142	20,897,466,667
+Montana Additions	114,737	736,051,463	108,232	802,123,179
-Montana Subtractions	255,249	1,670,219,349	255,523	1,764,862,577
-Deductions	525,972	4,795,489,251	530,331	4,911,586,629
-Value of Exemptions	532,444	2,060,760,090	536,062	2,132,354,820
Montana Taxable Income	435,815	13,665,846,344	441,007	14,315,590,822
Tax from Tax Table	435,092	759,477,805	440,273	796,136,740
Capital Gains Credit	39,364	19,642,186	46,926	19,621,982
Tax before Credits & Adjustments	432,294	739,835,619	436,944	776,514,758
Tax on Lump Sum Distributions	41	10,565	42	6,980
Recapture of Credits Claimed Previously	18	47,148	18	44,518
Total Tax		739,893,332		776,566,256
Payments				
Montana income tax withheld from wages	415,554	616,475,936	419,642	650,148,991
Tax withheld from mineral royalties	2,654	3,072,891	2,753	3,759,669
Tax withheld by pass-through entities	138	136,693	126	255,697
Estimated tax payments	44,664	151,637,977	45,077	160,667,538
Extension payments	4,387	29,393,406	4,671	26,679,620
Total Payments		800,716,903		841,511,515

* 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 themself, 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. 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.

Montana Individual Income Tax Credits Reported on Full Year Residents Returns 2010 and 2011				
	2010		2011	
	Count	Total	Count	Total
Credits				
Non-Refundable and No Carryover Credits				
Other states' income tax credit	11,308	20,608,363	11,471	19,090,209
College contribution tax credit	2,900	253,119	2,840	238,141
Qualified endowment tax credit	612	1,737,766	577	1,755,033
Energy conservation tax credit	28,704	10,233,928	16,645	5,588,577
Alternative fuel tax credit	43	25,281	17	26,822
Rural physician's tax credit	14	51,712	0	0
Insurance for uninsured Montanans credit	349	276,066	262	192,670
Elderly care tax credit	53	75,912	52	77,468
Recycling tax credit	109	492,609	94	538,163
Oil seed crushing/biodiesel facility credit	0	0	<10	8,536
Biodiesel blending/storage tank credit	<10	907	<10	46,755
Non-Refundable but With Carryover Credits				
Contractor's gross receipts tax credit	584	3,887,979	636	4,426,212
Geothermal systems tax credit	290	453,992	241	318,928
Alternative energy systems credit	2,476	1,377,478	1,534	823,533
Alternative energy production tax credit	<10	11,360	<10	7,290
Dependent care assistance credit	<10	14,595	10	26,039
Historic property preservation tax credit	22	495,691	24	105,214
Infrastructure user fee credit	13	45,258	12	24,414
Empowerment zone credit	<10	600	<10	475
Research activities tax credit	17	149,977	<10	149,633
Mineral exploration tax credit	12	26,895	0	0
Film production employment tax credit	0	0	0	0
Adoption credit	324	322,517	289	274,849
Total Non-Refundable Credits	45,199	40,542,005	33,106	33,718,961
Refundable Credits				
Elderly homeowner/renter tax credit*	17,127	8,467,974	16,593	8,167,841
Film production employment tax credit	<10	11,480	<10	5,316
Film qualified expenditure tax credit	<10	17,217	<10	20,067
Insure MT small business health insurance credit	952	2,890,619	833	2,156,183
Emergency lodging credit	0	0	<10	863
Total Refundable Credits	18,080	11,387,290	17,429	10,350,270
Total Credits	81,807	73,350,621	65,928	62,934,220

* Credits claimed on tax returns. See the Property Tax section for credits claimed with no income tax return.


Breakdown of Income Sources - Tax Year 2011
Business Income (NBI; Rents, Royalties, & Partnership; Farm; Other) 10%
Taxable Social Security, IRAs, Pensions, and Annuities 14%
Capital Gain or Loss and Supplemental Gain or Loss 5%
Interest and Dividend Income 4%
Wages, Salaries, Tips 67%


Breakdown of Itemized Deductions - Tax Year 2011
Contributions and Other 14%
Federal Taxes 27%
Property and Other Taxes 11%
Medical Expenses 17%
Home Mortgage Interest and Other Interest 26%
Unreimbursed Business Expenses 5%

Income, Deductions, Credits, and Tax Liability

The following tables show Montana adjusted gross income, deductions, taxable income and tax liability by decile group for full year Montana residents only. Each decile is 10 percent of the population of full year resident returns, sorted by adjusted gross income. Group 1 is the 10 percent with the lowest incomes, while group 10 is the 10 percent with the highest incomes. In these tables, married couples who file separate returns on the same form are counted as two returns, and their income and tax is counted separately. Figures for non-residents and part-year residents would not be as useful as total income and the income that is apportioned to Montana varies widely for these individuals.

Deciles of Montana Adjusted Gross Income
Full Year Residents
2010 and 2011

	2010				2011			
Decile Group	Returns	Income Range	Montana Adjusted Gross Income		Returns	Income Range	Montana Adjusted Gross Income	
			$ million	% of total			$ million	% of total
1	53,253	less than $3,229	-$632.7	-3%	53,618	less than $3,424	-$722.8	-4%
2	53,254	$3,229 to $8,067	$301.8	2%	53,618	$3,424 to $8,467	$320.2	2%
3	53,254	$8,068 to $13,023	$560.0	3%	53,618	$8,468 to $13,549	$589.0	3%
4	53,253	$13,024 to $18,346	$833.3	4%	53,618	$13,550 to $19,021	$871.3	4%
5	53,254	$18,347 to $24,183	$1,129.5	6%	53,618	$19,022 to $25,025	$1,177.2	6%
6	53,254	$24,184 to $31,280	$1,469.6	8%	53,618	$25,026 to $32,469	$1,532.9	8%
7	53,253	$31,281 to $39,695	$1,882.6	10%	53,618	$32,470 to $41,269	$1,969.2	10%
8	53,254	$39,696 to $50,856	$2,392.7	12%	53,618	$41,270 to $52,896	$2,504.5	13%
9	53,254	$50,857 to $70,800	$3,165.0	17%	53,618	$52,897 to $74,019	$3,321.7	17%
10	53,254	more than $70,800	$8,075.4	42%	53,619	more than $74,019	$8,371.5	42%
All	532,537		$19,177.2		536,181		$19,934.7	

Deductions by Decile Group
Full Year Residents
2010 and 2011

	2010					2011				
Decile Group	% Returns Itemize	Itemized Deductions		Standard Deductions		% Returns Itemize	Itemized Deductions		Standard Deductions	
		$ million	average	$ million	average		$ million	average	$ million	average
1	33%	$152.0	$8,558	$77.8	$2,191	34%	$145.1	$8,047	$79.1	$2,223
2	28%	$92.4	$6,167	$79.0	$2,064	28%	$96.5	$6,414	$81.6	$2,116
3	37%	$133.4	$6,717	$82.1	$2,457	38%	$137.0	$6,666	$84.1	$2,543
4	43%	$174.5	$7,573	$97.6	$3,229	43%	$180.4	$7,761	$101.6	$3,347
5	47%	$208.5	$8,329	$113.4	$4,017	48%	$215.9	$8,326	$114.9	$4,150
6	57%	$269.8	$8,851	$100.8	$4,427	60%	$294.4	$9,149	$98.3	$4,583
7	74%	$415.6	$10,506	$71.3	$5,206	77%	$440.3	$10,629	$67.4	$5,529
8	85%	$566.6	$12,453	$47.7	$6,156	86%	$587.8	$12,680	$46.4	$6,385
9	92%	$740.3	$15,153	$28.2	$6,417	92%	$757.6	$15,369	$28.6	$6,610
10	97%	$1,333.5	$25,894	$11.0	$6,288	97%	$1,342.8	$25,932	$12.0	$6,507
All	59%	$4,086.7	$11,607	$708.8	$3,282	60%	$4,197.6	$11,679	$714.0	$3,362

Deductions as Percent of Montana Adjusted Gross Income
Full Year Residents
2010 and 2011

	2010			2011		
Decile Group	Itemized Deductions	Standard Deductions	All	Itemized Deductions	Standard Deductions	All
1	-30%	-59%	-36%	-25%	-54%	-31%
2	106%	37%	57%	104%	36%	56%
3	63%	23%	38%	60%	23%	38%
4	48%	21%	33%	48%	21%	32%
5	39%	19%	28%	38%	19%	28%
6	32%	16%	25%	32%	16%	26%
7	30%	15%	26%	29%	15%	26%
8	28%	14%	26%	27%	14%	25%
9	25%	11%	24%	25%	11%	24%
10	17%	6%	17%	16%	6%	16%
All	26%	21%	25%	25%	21%	25%

Taxable Income and Tax
Full Year Residents
2010 and 2011

	2010						2011					
Decile Group	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	$0.2	$4	0%	$0.0	$0	0%	$0.2	$4	0%	$0.0	$0	0%
2	$64.0	$1,202	0%	$0.7	$14	0%	$70.0	$1,306	0%	$0.8	$15	0%
3	$220.6	$4,142	2%	$4.0	$76	1%	$234.7	$4,378	2%	$4.3	$81	1%
4	$405.6	$7,617	3%	$10.5	$197	1%	$425.9	$7,944	3%	$11.0	$206	1%
5	$639.5	$12,009	5%	$21.8	$410	3%	$664.7	$12,397	5%	$22.6	$422	3%
6	$917.3	$17,225	7%	$38.6	$725	5%	$953.1	$17,775	7%	$40.0	$747	5%
7	$1,199.2	$22,519	9%	$57.2	$1,074	8%	$1,258.6	$23,474	9%	$60.2	$1,122	8%
8	$1,570.7	$29,494	11%	$82.3	$1,546	11%	$1,656.7	$30,897	12%	$87.2	$1,626	11%
9	$2,173.2	$40,808	16%	$123.7	$2,323	16%	$2,302.8	$42,948	16%	$131.6	$2,455	17%
10	$6,475.5	$121,597	47%	$420.5	$7,896	55%	$6,748.9	$125,867	47%	$438.3	$8,174	55%
All	$13,665.8	$25,662		$759.5	$1,426		$14,315.6	$26,699		$796.1	$1,485	

Tax As Percent of Adjusted Gross Income
Full Year Residents
2010 and 2011

	2010			2011		
Decile Group	Montana Adjusted Gross Income	Tax Liability	Tax / Income	Montana Adjusted Gross Income	Tax Liability	Tax / Income
	$ million	$ million	%	$ million	$ million	%
1	-$632.7	$0.0	0.0%	-$722.8	$0.0	0.0%
2	$301.8	$0.7	0.2%	$320.2	$0.8	0.3%
3	$560.0	$4.0	0.7%	$589.0	$4.3	0.7%
4	$833.3	$10.5	1.3%	$871.3	$11.0	1.3%
5	$1,129.5	$21.8	1.9%	$1,177.2	$22.6	1.9%
6	$1,469.6	$38.6	2.6%	$1,532.9	$40.0	2.6%
7	$1,882.6	$57.2	3.0%	$1,969.2	$60.2	3.1%
8	$2,392.7	$82.3	3.4%	$2,504.5	$87.2	3.5%
9	$3,165.0	$123.7	3.9%	$3,321.7	$131.6	4.0%
10	$8,075.4	$420.5	5.2%	$8,371.5	$438.3	5.2%
All	$19,177.2	$759.5	4.0%	$19,934.7	$796.1	4.0%

Business Structure and Taxation

A business legal ownership structure generally determines how the business income is taxed. Business organization is a matter of state law, and a business operating in Montana may be organized under the provisions of the laws of Montana (generally Title 35, Montana Code Annotated) or the laws of another state. States vary somewhat in the options for business organization they allow and in the details of particular business structures.

While tax considerations may affect a business's choice of ownership structure, there are other factors that may have a larger influence. Different business structures give the owners different types of protection from or exposure to business legal and financial liabilities. These structures have different mechanisms for decision making and control of the business's operations. They have different arrangements for sharing of income, expenses, risks and rewards among the owners. And, they offer different levels of privacy or transparency of ownership. How a business is organized also affects its ability to access capital markets. Most corporations and some types of partnerships can raise funds by issuing new shares and selling them, and existing shares can be bought and sold without requiring other owners' consent. With other business structures, buying and selling ownership interests or raising funds by bringing in new owners may require other owners' consent.

For taxation, the IRS code puts all businesses in one of three categories – disregarded entities, pass-through entities, or corporations (C corporations). Montana law generally requires a business to be in the same category for state taxation as it is for federal taxation.

Informally organized sole proprietor businesses are not treated as an entity separate from the owner for income taxation. Some formally organized businesses with a single owner are given the same treatment and are called *disregarded entities*. For these entities, there is no tax on income at the entity level, and in most cases the business entity is not required to file a tax return. The business income is reported on the owner's tax return and is taxed as part of the owner's income. For a sole proprietor business, the owner must be an individual or a married couple. For a disregarded entity, the owner may be an individual or another business entity. If the owner is another business entity, the disregarded entity is treated as if it were a division of the parent company for tax purposes.

In some cases, a disregarded entity that is owned by a non-resident or another business entity is required to file an annual information return showing the entity ownership.

Partnerships, limited liability companies, and other unincorporated businesses with more than one owner generally are treated as *pass-through entities*. A corporation with no more than 100 shareholders, with a single class of stock, and with no shareholders that are another business entity or a non-resident alien may elect to be treated as a pass-through entity. Such a corporation is known as an S-corporation, because its taxation is laid out in Subchapter S of Chapter 1 of the IRS code.

For a pass-through entity, there is no tax on income at the business entity level. The entity calculates its net income and each owner's share of that net income. The owners must include that income (or loss) in the calculation of their taxable income. An owner's income from a pass-through is his or her share of the business's income, not the payments the owner receives from the business. If a pass-through entity retains part of its income to finance expansion or other investment, this income is still taxable income to the owner based upon his or her share of the retained income, and the accounting value of each ownership interest is increased by the owner's share of the retained income. If the pass-through pays out more than its annual net income, the excess is treated as a return of a portion of the owners' investment. It is not taxed, and the accounting value of each ownership interest is reduced by the owner's share of the excess distribution

A pass-through entity is required to file an annual information return showing the calculation of its net income or loss and the distribution of that income or loss to the owners. The owners are responsible for reporting this income on their tax returns and including it in the calculation of their taxable income.

A corporation not meeting the requirements to be treated as a pass-through entity, or not choosing pass-through treatment, is taxed on income at the business entity level. The corporation calculates its net income and is taxed on it at the corporate income tax rate. The corporation's income is not directly attributed to the owners. If the corporation's owners receive dividends, they must include the income in the calculation of their taxable incomes. A corporation can pay dividends that are more or less than its net income. If it does, there is no adjustment to the accounting value of individual shares. This allows a corporation to retain profits for reinvestment without the shareholders being taxed on those profits.

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

Business Structure and Taxation				
	Individual	**Pass-Through Entity (S - Corporation or Partnership)**	**C - Corporation**	**Disregarded Entity**
Legal Business Organization	Informal	Partnership, Limited Liability Company (LLC), Corporation, Limited Partnership, etc.	Corporation	Single Member LLC, etc.
May be Owned By	One Individual or Married Couple	Individuals or Other Business Entities	Individuals or Other Business Entities	Individuals or Other Business Entities
Business Income and Owner's Income	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.
Distribution of Income to Owners	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.
Taxation	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.
Reporting	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. Information return required if owner is a non-resident or another business.

Business Structure, Tax Administration, and Compliance

Taxation of business income can be complicated when a business operates in more than one taxing jurisdiction and when one business entity is partly or completely owned by another. When a business operates in more than one taxing jurisdiction, it is necessary to decide how much of the business income is taxable by each jurisdiction. When one business entity owns another or two businesses have a common owner, it can be necessary to decide how much of the common income is due to each business. When affiliated businesses operate across multiple jurisdictions, the complications are compounded.

A general principle that most U.S. states and most countries follow is that business income should be taxable by the jurisdiction where the business activity that created the income took place and should not be taxable by other jurisdictions. This is often called the *source principle* of income taxation[1]. When a business operates in more than one taxing jurisdiction, each must decide how much of the business' income has its source in that jurisdiction.

For example, suppose a company harvests timber and mills it into lumber in Montana and sells the lumber in North Dakota through its own lumber yards. The company receives all its gross income in North Dakota, and pays most of its costs in Montana. Its net income, which is the basis of taxation in both Montana and North Dakota, is due to the combined operation in both states. Each state decides how much of the combined net income to tax through a process called apportionment. Each state uses a formula to determine an apportionment factor, the portion of the company's business income[2] to allocate to operations in the state. Montana uses the equally-weighted three-factor apportionment formula where the apportionment factor is the average of the proportions of a company's property, payroll, and sales in a state. Other states use a range of formulas, with some placing more weight on one factor and less, or no, weight on the others.

[1]The source principle of income taxation contrasts with the destination principle of consumption taxation. U.S states and most countries follow the principle that taxes on consumptions, such as sales taxes, should be levied by the jurisdiction where the goods or services are used rather than by jurisdictions where they are made or sold.
[2]Income that is not from a company's normal line of business, such as income from sale of some of a company's assets, generally is assigned to the state where the assets are located rather than being apportioned.

If lumber production in Montana and lumber sales in North Dakota were separate, unrelated businesses which only operated within their respective states, there would be no need for apportionment. The lumber production company's net income would be the difference between its receipts from selling lumber wholesale and its costs of harvesting trees and milling lumber. This net income would be taxable by Montana. The lumber sales company's net income would be the difference between its receipts from retail lumber sales and its costs of buying the lumber wholesale and operating its lumber yards. This net income would be taxable by North Dakota.

If the two companies are *affiliates*, such as two separate legal entities both owned by a third company, the situation is more complicated. Apportionment is still needed because wholesale lumber sales from the mill in Montana to the yards in North Dakota are not arms-length transactions. The *transfer prices* at which the lumber mill sells to the lumber yards are not determined in a market and do not necessarily reflect the lumber's true value. From the point of view of the parent company, these transfer prices are irrelevant. The mill's revenue from wholesale sales and the lumber yard's expenses for wholesale purchases cancel each other out. The parent company's net income is the difference between the revenue from retail lumber sales and the costs of timber harvesting, lumber milling, and lumber yard operations.

Transfer prices do matter to the states[3]. If the lumber mill charges high prices to the lumber yards, its Montana profits will be higher and the lumber yards' North Dakota profits will be lower. If the mill charges low prices, its Montana profits will be lower and the lumber yards' North Dakota profits will be higher.

Montana law addresses this problem through *combined reporting*. Affiliated companies not engaged in completely separate businesses are required to file a single, combined return and to apportion the group's income. The Montana timber harvesting and lumber milling company, the North Dakota lumber yard company, and their parent company would file a combined return and should pay the same Montana taxes as if it were a single company.

Another complication can arise when affiliated companies are pass-through entities and there is a *tiered ownership* structure, with a company that is actually conducting business being owned by a second-tier pass-through entity, which may be one of several owned by a third-tier pass-through entity, which may be a partnership owned by several fourth-tier pass-through entities, and so on. As income is passed through this chain to the individuals who are the ultimate owners, its original source may be lost. For example, a person in New York or California who is a partner in a company that owns other companies may be unaware that part of their income from this partnership ultimately comes from business operations in Montana. In that case, they are likely to pay New York or California income tax on Montana-source income -- income that should be taxed by Montana and not be taxed by the other state.

Montana law addresses this problem by requiring pass-through entities and disregarded entities with out-of-state owners either to have the out-of-state owners agree to file Montana tax returns, to withhold Montana tax for the out-of-state owners, or to file a composite return and pay Montana tax on behalf of its owners.

Montana law requires individual corporations and affiliated groups to report world-wide income and apportion a share to Montana, with one exception. A corporation or a group of affiliated corporations can make what is called a *water's-edge election*. When a corporate group makes this election, it is only required to include affiliates in its combined report if the primary company owns at least half the stock and at least 20 percent of the affiliate's payroll and property is in the U.S., the affiliate is one of several types of companies defined in federal law that only engage in international trade, the affiliate has gains or losses from selling U.S. real estate, or the affiliate is incorporated in a country where the banking, tax, and corporation laws make it particularly easy to shift income from U.S. business operations to that country. A corporate group that makes the water's edge election is taxed at a rate of 7 percent rather than the normal rate of 6.75 percent.

Abusive tax shelters are arrangements where taxpayers mischaracterize either income or gains and losses in order to avoid taxes. While nothing about pass-through entities or tiered business ownership creates abusive tax shelters, individuals and corporations wanting to evade taxes have used the complexity that tiered ownership can create to try to hide or mischaracterize income.

[3]Transfer pricing also is important for the national-level taxation of international businesses. Much of the IRS's compliance work on international businesses involves trying to ensure that the transfer prices of inter-affiliate sales across national borders reflect actual economic values and are not being manipulated to shift income between countries.

Some abusive tax shelters involve pretending that monetary payments are not taxable income, but instead are a loan; or that in-kind compensation is a business investment. Another type of abusive tax shelter involves creating transactions with offsetting paper gains and losses; then recognizing the losses for tax purposes while claiming that recognition of the gains can be deferred indefinitely. In others, the claim is made that the losses were incurred by a taxable entity while the gains belong to an entity that is not subject to taxes in the U.S.

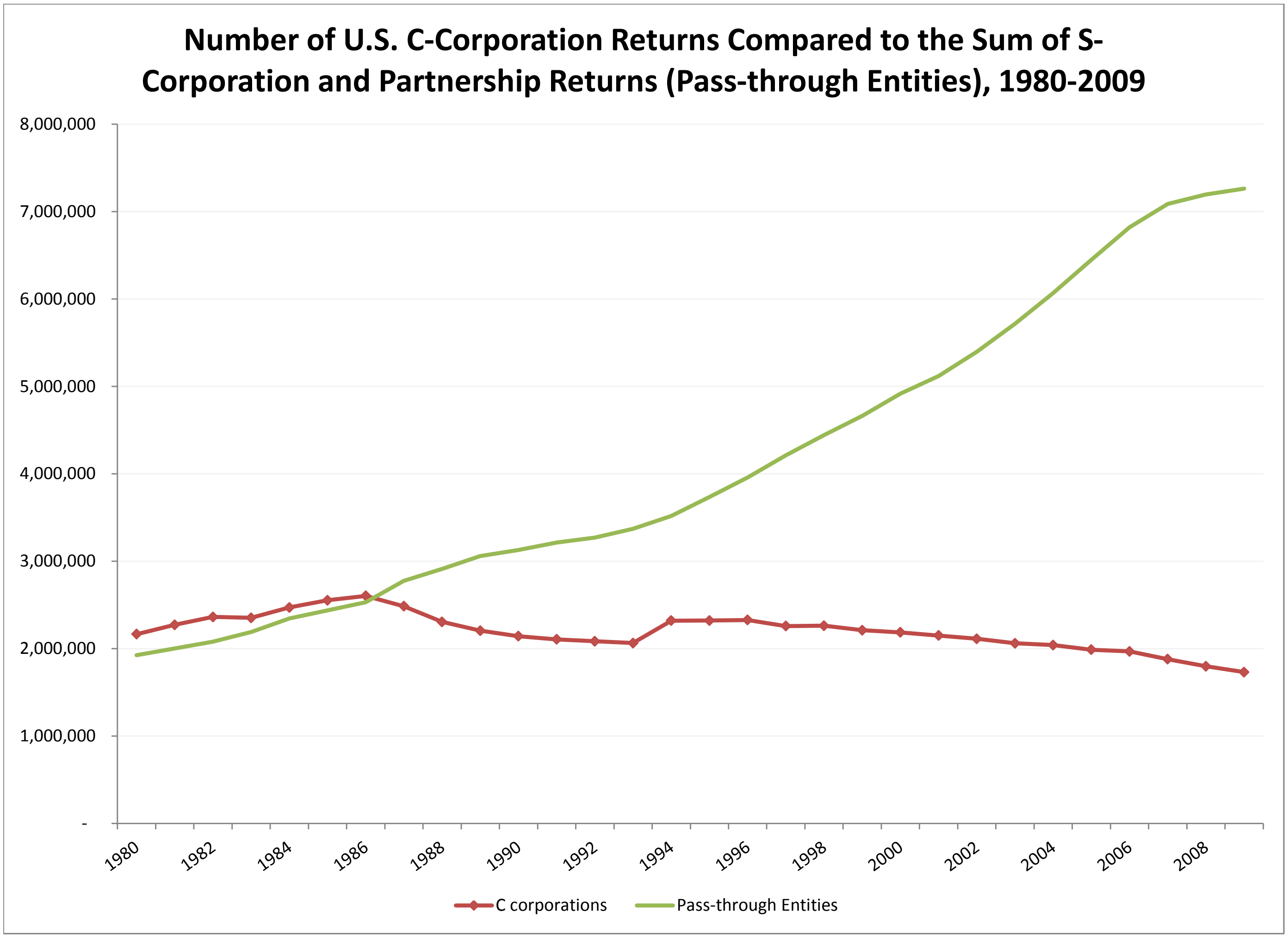
For example, one scheme involves creating a series of tiered business entities organized under the laws of several countries, with each passing its income to the next in line and the final entity paying the income to the owner but mischaracterizing it as a loan. The purpose of the tiered business structure in this case is just to make it too hard to track the money.

In another example, the taxpayer sets up three business entities. Two entities engage in offsetting financial transactions, such as buying and selling offsetting futures contracts. The third is set up in another country. When the two contracts are closed out, one will have a gain and the other will have an equal loss. The taxpayer recognizes the loss and uses it to offset other income. The entity with the gain is sold, at a nominal price that does not reflect the value of the gain on its futures contracts, to the non-U.S. entity, and then the taxpayer claims that the gain is not subject to U.S. taxes.

U.S. courts have consistently ruled that the types of sham transactions described above have no economic purpose other than evading taxes and should be ignored for U.S. tax purposes.

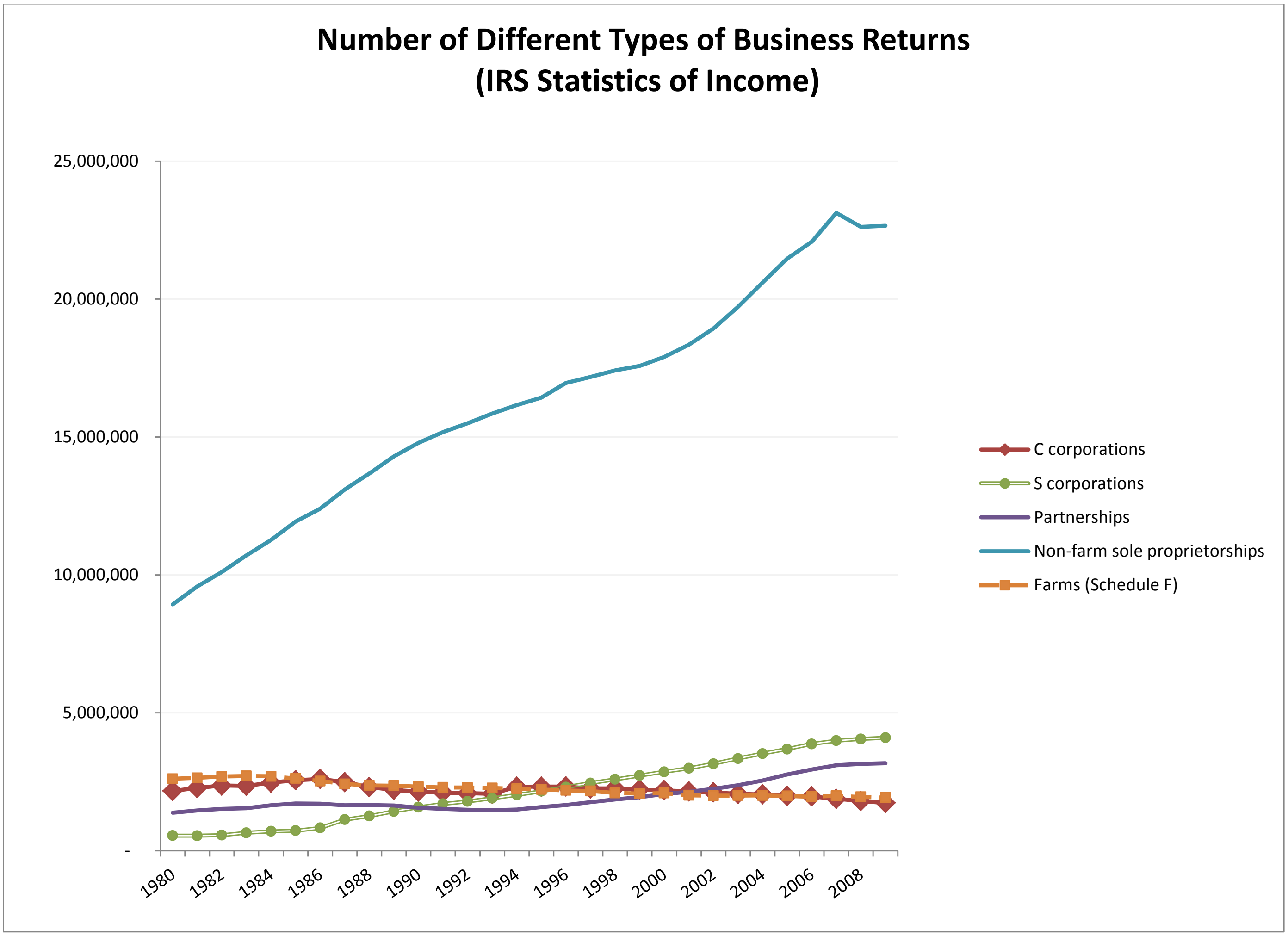
Growth of Pass-Through Entities

Increasingly, in Montana and nationwide, business and investment activities are being conducted by "pass-through entities." The graph below shows the number of returns filed with the IRS by regular or C-corporations versus those filed by pass-through entities (partnerships and S corporations) from 1980 through 2009 (the graphs and history in this section are from Selected Issues Relating to Choice of Business Entity, Joint Committee on Taxation, U.S. Congress, July 27, 2012).



Over time Congress has modified the rules governing pass-throughs, particularly S-corporations, making those business structures more attractive for business purposes. For example the number of permitted shareholders has been expanded from the original 10 in 1958 to 35 in 1982, 75 in 1996, and 100 in 2004, where it remains today.

The graph on the next page shows growth over the same period, 1980 – 2009, of all types of business organizations, including non farm sole proprietorships, S-corporations, partnerships, and farms filing using Schedule F.



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 grown substantially – from 9 million in 1980 to almost 23 million in 2009.

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 publication, Economic and Demographic Analysis of Montana, December 2007 reported that over 60 percent 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. The number of farms filing under schedule F is also shown on the graph. The total number of farms in the US filing schedule F went from 2.6 million in 1980 to 1.9 million in 2009. However it should be noted that farms can also operate as partnerships or be incorporated as S-corporations or C-corporations.

During the same period, the number of C corporation returns declined, going from 2.2 million corporations in 1980 to 1.7 million in 2009. One thing to note is that C corporations in Montana seem to vary greatly in terms of size – there are large or very large businesses which engage in operations across many states and even countries, but there are also smaller firms that engage in agricultural operations, are Main Street businesses, or regional operations. Some of these corporations may have been incorporated before the S-corporation structure was available; others may have been incorporated as C-corporations in order to be better positioned to access capital markets, or for one or more of the advantages that C-corporation status provides.

The number of businesses that filed as S-corporations has also grown very rapidly during the same time. The IRS data shows the number went from 545,000 in 1980 to over 4 million in 2009, an annual growth rate of over 7 percent. Partnerships grew more slowly – increasing from 1.4 million in 1980 to 3.2 million in 2009.

Although not shown on the graph, less common types of pass-through entities also increased over the last three decades. These include real estate investment trusts (REITs) and regulated investment companies (RICs), better known as mutual funds, going from 1,691 returns in 1980 to 14,778 returns in 2009.

Businesses of all sizes can be C-corporations or pass-through entities. Sole proprietor businesses generally are small. For 2008, the IRS reports that average receipts were $4.9 million for C-corporations, $1.9 million for partnerships, and $1.5 million for S-corporations, but only $58,000 for sole proprietor businesses. Many sole-proprietor businesses are part-time or a sideline for the owner. For 2011, 95% of taxpayers whose Montana income tax returns showed income or loss from a sole-proprietor business reported more income from other sources .

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

Pass-through entities classified as S-corporations or partnerships for tax purposes are required to file an information return each year. These information returns show the total amounts of various types of income, deductions, and credits allocated to the owners and the amount distributed to each owner. Pass-through entities operating in more than one state apportion part of their income to Montana using the same apportionment formula as C-corporations. Pass-through returns show the Montana-source income allocated to each owner and indicate whether each owner is an individual or another business entity.

Owners of pass-through entities taxed as partnerships may be either individuals or business entities. Shares of S-corporations can only be owned by individuals, electing small business trusts or employee stock ownership plans. However 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. The following table shows the number of owners and the amount of income allocated to owners. This table shows information separately for owners who are resident and non-resident individuals and Montana and non-Montana business entities (based upon the business address provided).

Shares of Pass-Through Income by Owner Type

Type of Owner	Number	%	$ millions	%
Resident Individuals	71,806	33%	$1,361.90	62%
Non-Resident Individuals	92,423	43%	$404.60	18%
Montana Business Entities	9,080	4%	$160.60	7%
Non-Montana Business Entities	42,632	20%	$275.90	13%
Total	215,941	100%	$2,202.90	100%

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

As can be seen in the table above, pass-throughs filing informational returns in Montana reported having 92,423 non-resident individuals as owners with Montana source income of nearly $405 million in 2010. Resident individuals are the second largest group of owners who show up on the pass-through returns (71,806 or 33 percent of all owners) with a reported $1,361.9 million in Montana source income. Just over nine thousand Montana business entities were listed as owners by pass-throughs on the informational returns, but more than 42,000 non-Montana business entities were owners of pass-throughs with Montana source income. The Montana business entities had $160.6 million in Montana source income; the non-Montana business entities had $275.9 million in Montana source income.

The next table in this section shows information from the same group of pass-through returns as in the table above, but splits the data into what was reported by S-corporations and what was reported by partnerships.

Montana Source Income by Type of Owner, 2010
Includes Income Allocated from First-Tier to Second-Tier Pass-Throughs
($ million)

	S-Corporations				Partnerships			
	Montana		Multi-State		Montana		Multi-State	
Type of Owner	Owners	Income	Owners	Income	Owners	Income	Owners	Income
Resident Individuals	31,341	$733.7	4,525	$266.9	34,015	$321.6	1,925	$39.7
Non-Resident Individuals	3,147	-$1.8	15,357	$388.0	11,005	-$73.3	62,914	$91.7
Montana Business Entities	2,288	$10.3	296	$18.6	6,166	$113.9	330	$17.7
Non-Montana Business Entities	113	$21.5	2,224	$17.3	3,265	-$211.9	37,030	$449.0
Total	**36,889**	**$763.7**	**22,402**	**$690.8**	**54,451**	**$150.3**	**102,199**	**$598.1**

Net income from a pass-through entity'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 report income from Schedule E on Line 17 of the Montana tax return. Income the pass-through entity 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 lines of their tax returns. For example, if a pass-through entity receives $1,000 of interest and allocates it equally to its 10 owners, who are Montana individuals, each owner should report the $100 of interest on Line 8a of their Form 2.

In both tables above, there are Montana and non-Montana business entities that have ownership shares in both partnerships and S-corporations. When there is tiered ownership - meaning one pass-through entity is a full or part-owner of another - both entities will include the income the first-tier entity allocates to the second-tier entity in their returns. The following table shows the number of returns, types of income, Montana adjustments to income, and deductions that were passed through to owners in 2010. Income and other items passed through two or more entities are only counted once.

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

Montana-Source Income Passed Through To Owners, 2010
Net of Distributions from First Tier to Second-Tier Pass-Throughs
($ million)

	S-Corporations		Partnerships	
	Montana	Multi-State	Montana	Multi-State
Returns	21,415	5,780	16,842	4,599
Income Items				
Salaries and Other Fixed Payments to Owners	-$6.0	$11.6	$119.9	$25.2
Ordinary Business Income	$865.8	$365.0	$100.1	$281.0
Rental Income				
Real Estate	$13.7	$10.3	$72.9	$0.1
Other	$1.1	$5.3	$16.3	$12.9
Interest	$26.2	$10.6	$44.9	$25.8
Dividends	$8.1	$4.0	$50.7	-$3.5
Royalties	$8.7	$4.5	$21.1	$21.8
Capital Gains	$50.4	$30.0	$97.6	$44.0
Gains Taxed as Ordinary Income	$91.2	$54.0	$130.1	$160.3
Other Income	-$30.7	$2.5	$79.1	$8.8
Total	$1,028.6	$497.9	$732.7	$576.4
Montana Additions to Federal Income				
Interest on Non-Montana Municipal Bonds	$0.7	$0.5	$5.2	$0.3
State and Local Income Taxes	$1.9	$0.8	$0.2	$0.4
Other	$3.3	$0.5	$7.8	-$2.6
Total	$5.9	$1.8	$13.3	-$1.9
Montana Subtractions from Federal Income				
Interest on Federal Bonds	$10.4	$1.6	$1.2	$0.1
Purchases of Recycled Materials	$0.2	$0.0	$0.0	$0.0
Other	$73.8	$4.2	$223.9	-$4.7
Total	$84.4	$5.8	$225.1	-$4.6
Deductions				
Expensing of Capital Purchases	$179.6	$38.3	$80.9	$79.2
Contributions	$15.2	$6.7	$10.5	$1.4
Interest on Funds Borrowed to Make Investments	$9.3	$0.9	$15.2	$1.1
Other	$67.1	$5.2	$80.0	$28.4
Total	$271.3	$51.1	$186.5	$110.1
Total Net Montana Source Income	**$678.8**	**$442.8**	**$334.3**	**$469.0**

When a pass-through entity does something that is eligible for a tax credit, the credit is usually allocated to the owners. Owners then claim their share of the credit on their tax returns. However, sometimes owners may not be able to claim a credit that is allocated to them. For example, some credits can only be claimed by individuals, so a corporation that owns part of a pass-through entity would not be able to claim those credits. Some credits can only be used to reduce the current year's tax liability, so owners with no taxable income in the current year would not be able to claim these credits. Because of this, the credits actually claimed on owners' tax returns can be less than the credits reported on pass-through returns.

The following table shows credits reported on pass-through entity returns for 2010. Credits actually claimed by owners are included in the credits claimed against individual income tax and corporation license tax.

Tax Credits Passed Through To Owners, 2010
Net of Distributions from First-Tier to Second-Tier Pass-Throughs

	S Corporations		Partnerships	
Credit	**Montana**	**Multi-State**	**Montana**	**Multi-State**
Dependent Care Credit	$410	$70	$0	$5,080
College Contribution Credit	$7,887	$4,273	$1,759	$555
Insurance for Uninsured Montanans Credit	$114,435	$31,090	$23,650	$900
Credit for Investment in Recycling Equipment	$270,783	$137,271	$105,702	$84,080
Alternative Energy Production Credit	$0	$0	$1	$0
Contractors' Gross Receipts Credit	$1,413,772	$1,786,795	$122,064	$16,478
Alternative Fuel Credit	$0	$0	$0	$0
Infrastructure Users Fee Credit	$0	$0	$56,287	$0
Charitable Endowment Contribution Credit	$134,137	$18,404	$4,012	$12,000
Historic Building Preservation Credit	$14,227	$8	$195,780	$46,932
Increased Research Activity Credit	$122,911	$59,261	$19,105	$0
Mineral Exploration Credit	$0	$1	$0	$5,331,680
Empowerment Zone Credit	$11	$302,600	$0	$0
Film Production Credit	$28,697	$0	$0	$0
Biodiesel Blending Credit	$0	$4,560	$0	$0
Oilseed Crushing Credit	$5,401	$0	$0	$0
Insure Montana Credit	$1,679,771	$273,539	$256,531	$11,298
Temporary Emergency Lodging Credit	$4,500	$0	$0	$0
Total	**$3,796,942**	**$2,617,872**	**$784,890**	**$5,509,003**

Pass-Through Entities by Size

Number of Owners

Pass-through entities vary greatly in size. Two measures of company size that can be gleaned from pass-through returns are the number of owners and net income. These are not necessarily related. A company with large profits may have many owners, but it may also have only a few. Most pass-through entities have a small number of owners. The following table shows pass-through entities and their incomes grouped by the number of owners.

Pass-Through Entities - Number of Owners

	S-Corporations				Partnerships			
	Entities		Distributed Income		Entities		Distributed Income	
Number of Reported Owners	**Number**	**%**	**$ million**	**%**	**Number**	**%**	**$ million**	**%**
1	12,634	47.6%	$703.6	49.0%	115	0.6%	-$21.8	-2.9%
2 to 3	11,273	42.4%	$354.1	24.7%	14,500	70.6%	$341.5	45.7%
4 to 8	2,114	8.0%	$251.8	17.5%	4,267	20.8%	$106.7	14.3%
9 to 20	399	1.5%	$86.3	6.0%	919	4.5%	$118.1	15.8%
over 20	148	0.6%	$39.5	2.8%	724	3.5%	$203.2	27.2%
Total	**26,568**	**100%**	**$1,435.3**	**100%**	**20,525**	**100%**	**$747.8**	**100%**

As the table shows, more than 90 percent of both S-corporations and partnerships have eight or fewer owners. Over 90 percent of S-corporation income is earned by entities with eight or fewer owners, but over two-fifths of partnership income is earned by entities with more than eight partners. Over four-fifths of entities with more than 20 owners are partnerships. S-corporations are limited to no more than 100 shareholders, while there are types of partnerships with one or a few active partners who run the business and many partners who are passive investors

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

Montana Source Income

The following table shows the number and percentages of pass-through entities in six groups based on the entity's Montana source income.

Number of Pass Through Entities by Amount of Montana Source Income								
	S-Corporations				Partnerships			
	Montana		Multi-State		Montana		Multi-State	
Montana - Source Income	Number	%	Number	%	Number	%	Number	%
$0 or Negative	7,959	37.1%	2,171	37.5%	7,975	47.3%	2,245	48.5%
$1 to $10,000	3,565	16.6%	1,736	30.0%	2,800	16.6%	1,177	25.4%
$10,001 to $100,000	7,948	37.1%	1,245	21.5%	4,562	27.0%	773	16.7%
$100,001 to $1,000,000	1,865	8.7%	552	9.5%	1,395	8.3%	329	7.1%
$1,000,001 to $5,000,000	95	0.4%	73	1.3%	120	0.7%	74	1.6%
Over $5,000,000	14	0.1%	11	0.2%	18	0.1%	28	0.6%

As can be seen from the table above, many S-corporations and nearly half of all partnerships reported zero or negative Montana source income on their returns. And while S-corporations and partnerships tend to be used as business structures for smaller businesses, there are some partnerships and S-corporations that have substantial Montana source income – falling into the over $5 million category. Twenty five S-corporations (14 plus 11) and 46 partnerships (18 plus 28) reported more than $5 million in Montana source income. The next table shows total Montana source income reported by pass-through entities for the same groupings as in the prior table.

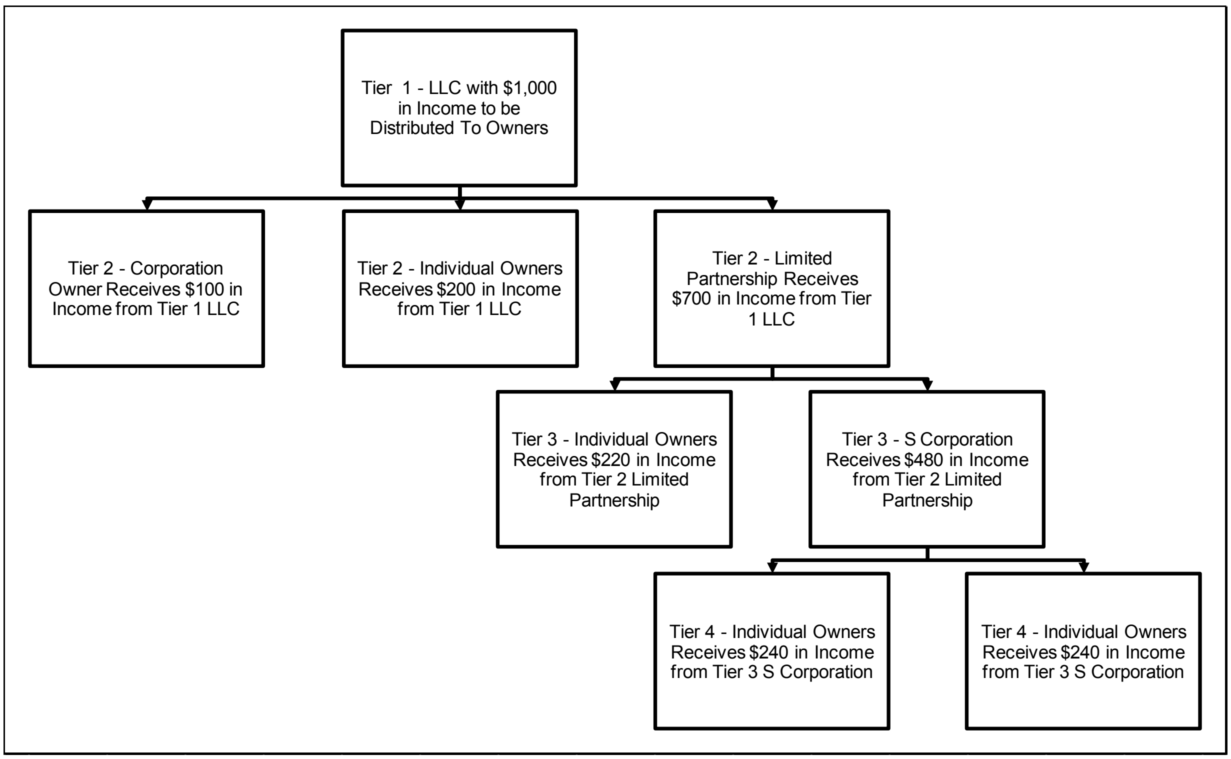
Montana Source Income by Size of Pass-Through								
	S-Corporations				Partnerships			
	Montana		Multi-State		Montana		Multi-State	
Montana - Source Income	$ million	%	$ million	%	$ million	%	$ million	%
$0 or Negative	-390	-49.2%	-69	-15.8%	-835	-320.7%	-295	-57.8%
$1 to $10,000	15	1.9%	4	1.0%	11	4.3%	3	0.6%
$10,001 to $100,000	298	37.7%	48	10.9%	172	66.2%	29	5.6%
$100,001 to $1,000,000	430	54.3%	164	37.5%	366	140.5%	95	18.6%
$1,000,001 to $5,000,000	175	22.1%	138	31.5%	234	90.0%	157	30.7%
Over $5,000,000	264	33.3%	153	34.9%	312	119.8%	522	102.3%

Tiered Ownership and Tax Administration

Pass-through entities include partnerships; S-corporations; limited liability companies (LLCs); real estate investment trusts (REITS); regulated investment trusts (RITs), better known as mutual funds; and others. Partnerships are an old and familiar business entity, 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.

The most common type of pass-through entity today is the limited liability company, or LLC. LLCs are actually a creation of the states since state law generally governs business structure. The first LLC statute was enacted in Wyoming in 1977 and now all states and the District of Columbia have LLC statues. However, for federal tax purposes, federal law governs the tax treatment (states generally follow the federal treatment). For taxation purposes LLCs are generally treated as partnerships, although LLCs with two or more members can elect to be treated as S corporations. Any 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 branch by the IRS. The taxpayer must be consistent in its state filing with its federal filing, so if a business filed as an S corporation at the federal level, it must file as an S-corporation at the state level.

A pass-through entity is not itself taxed. Instead, its income and expenses are reported on the tax returns of the owners. The 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 diagram above 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, foreign C-corporation, **or** a pass-through entity with an owner/shareholder that is a nonresident individual or foreign C-corporation, the pass-through entity is also required to 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. If this agreement is not met, the pass-through entity must in all subsequent tax years withhold the appropriate amount and remit the tax payment directly to the state (15-30-3313, MCA).

Overview of Corporate License Tax

Montana's corporate license 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:

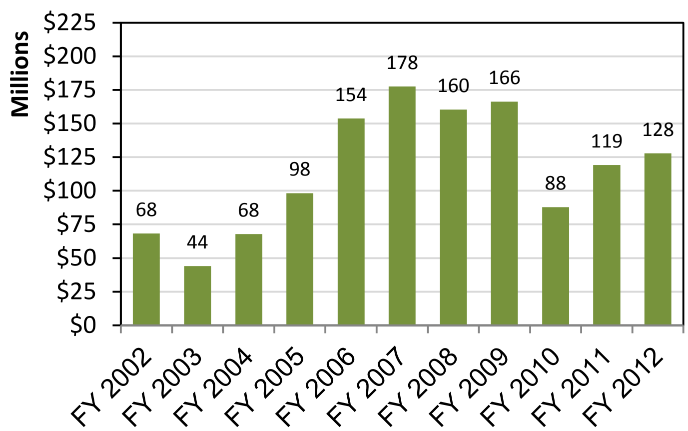
> *an association, joint-stock company, common-law trust or business trust that does business in an organized capacity, all other corporations whether created, organized, or existing under and pursuant to the laws, agreements, or declarations of trust of any state, country or the United States, and any limited liability company, limited liability partnership, partnership or other entity that is treated as an association for federal income tax purposes and this 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 below shows total corporate license tax collections for fiscal years 2002 through 2012. As a rule, corporate income tax collections in Montana follow the general national economy. Total collections in FY 2002 (which started on July 1, 2001) were $68.2 million, increasing to $177.5 million in FY 2007 and declining to $87.9 million in FY 2010. FY 2011 and FY 2012 corporate tax revenues were $119 million and $127.8 million respectively.

Corporate License Tax

Fiscal Year	Total Revenue
FY 2002	$68,173,254
FY 2003	$44,137,518
FY 2004	$67,722,940
FY 2005	$98,213,717
FY 2006	$153,675,069
FY 2007	$177,503,707
FY 2008	$160,351,862
FY 2009	$166,357,514
FY 2010	$87,906,411
FY 2011	$119,045,890
FY 2012	$127,774,092



Corporate license taxes, other than fees for applications for film production credits, are deposited in the state general fund.

The following table provides a breakdown for the last five years of revenues deposited in the general fund by how they are collected and also shows refunds

Corporate License Tax Collections and Refunds - General Fund

Fiscal Year	Payments With Returns	Estimated Payments	Audits, Penalties, and Interest	Refunds	Total Collections
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
FY 2011	$23,747,579	$98,979,556	$26,116,467	($29,799,712)	$119,043,890
FY 2012	$27,777,649	$110,864,886	$27,885,386	($38,757,329)	$127,770,592
Average	$34,703,251	$103,919,232	$23,459,633	($29,799,778)	$132,282,339

As can be seen from the table, estimated payments is the largest source of corporate tax collections followed by payments with returns. Average estimated payments were $103.9 million over the five years. Average revenue over the five years was $34.7 million for payments with returns. The five year average of audits, penalties and interest was $23.5 million, and refunds averaged $29.8 million per year.

In 2005 the Legislature passed the Big Sky on the Big Screen Act which provides tax credits that can be used to reduce income taxes for certain costs of production of motion pictures, documentaries, television programs, commercials and magazine advertising. However, in order to receive the tax credits, a production company must apply to the department and pay an application fee. The fee is $500 and is deposited in a special revenue account. The revenue in the special revenue account is statutorily appropriated (17-7-502, MCA) - half to the Department of Revenue and half to the Department of Commerce for administration of the provisions associated with the tax credit. The Act terminates on January 1, 2015.

Corporate License Tax Collections - Film Production Credit Application Fee

Fiscal Year	Film Production Credit
FY 2008	$10,075
FY 2009	$3,000
FY 2010	$5,500
FY 2011	$2,000
FY 2012	$3,500

Who pays Corporate License Tax?

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 flowed 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 taxation of business income preceding this section.

Returns Filed for Tax Year 2010

Regular C Corporations	16,167
S Corporations	27,234
Total Corporations	43,401
C Corporations Paying Minimum Tax*	10,971
C Corporations Paying More Than Minimum Tax	5,196
Total C Corporations	16,167

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

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 apply to the Department of Revenue and be approved as meeting legislative requirements (15-31-103, MCA).

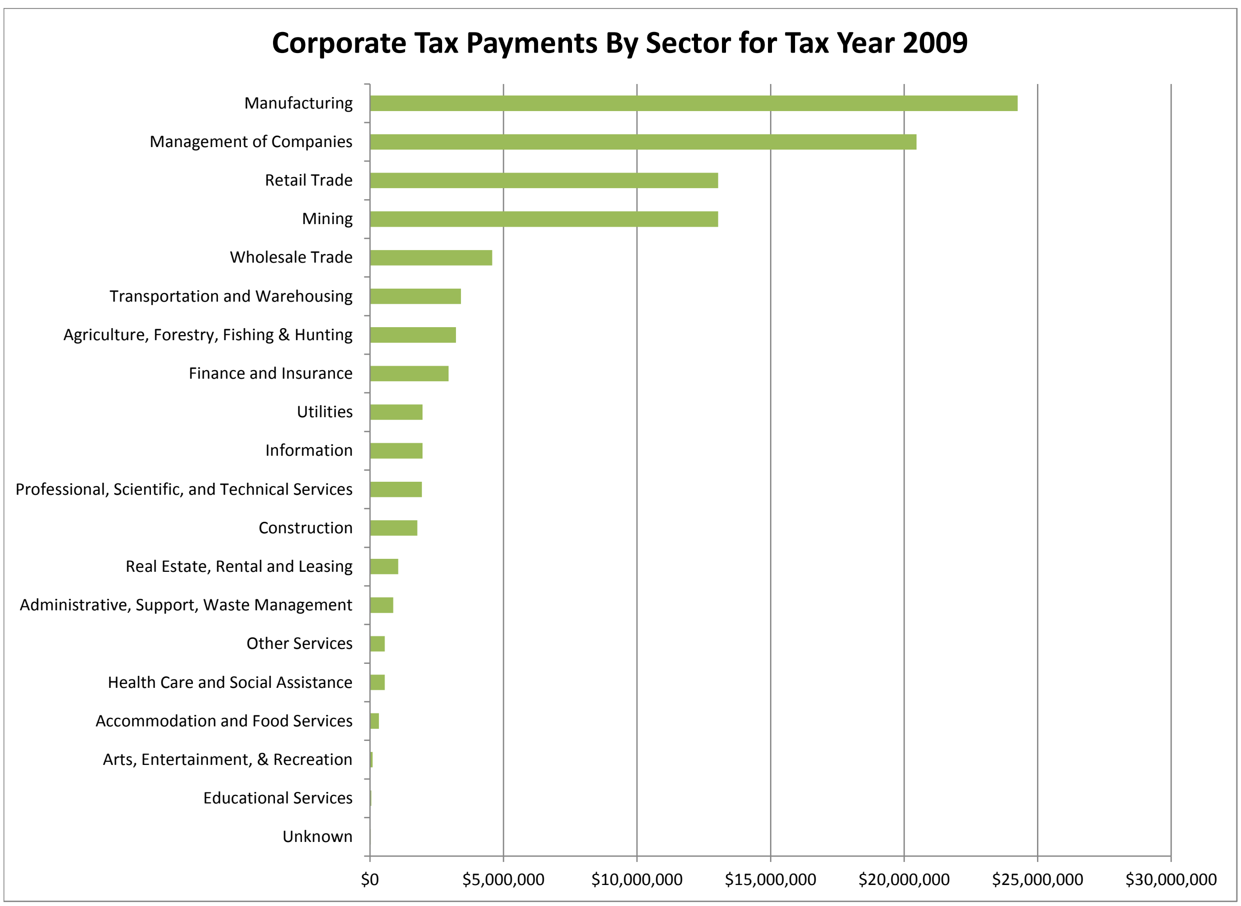
Distribution of Corporate License Taxes

The following table shows the distribution by Montana tax liability of the 15,262 corporate returns with a Montana tax liability filed in calendar years 2010 and 2011 reporting on tax year 2009. Altogether the top 100 returns constituted about 73 percent of total tax liability for the group and the top 500 returns accounted for 90 percent of total Montana tax liability for the group. The other 14,762 returns accounted for only 10.0 percent of the total Montana tax liability.

Corporate Returns Filed in CY 2010 - CY 2011 for Tax Year 2009
Distribution of Montana Tax Liability

Regular Corporation Returns	Number	Tax Liability	Percent of Total Liability	Cumulative Percent of Total Liability
Top 100 returns	100	$70,185,073	73%	73%
Second 100 returns	100	$8,005,602	8%	81%
Third 100 returns	100	$4,033,143	4%	86%
Fourth 100 returns	100	$2,445,527	3%	88%
Fifth 100 returns	100	$1,693,348	2%	90%
All other returns	14,762	$9,771,185	10%	100%
Total	15,262	$96,133,878	100%	n/a

Another way to look at the distribution of corporate income taxes is by sector. Starting with the 2009 tax returns, taxpayers are asked to identify their industry, just as requested on their federal tax forms. The following graph shows the general distribution of corporate license taxes by sector.



The largest sector in terms of total taxes paid was manufacturing, followed by management of companies, and then retail trade. The Census Bureau list of manufacturing activities includes food manufacturing, including grain, oilseed, fruit and dairy processing; bakeries; beverages; sawmills, millwork and paper manufacturing; petroleum and chemical manufacturing; cement and concrete; and other activities. Management of companies includes bank and other holding companies and corporate or regional headquarters.

Only businesses organized as C corporations pay corporate license taxes; businesses in different sectors may be more likely to use different forms of business organization, such as partnerships or S corporations. These structures are called pass-through entities because under most conditions, income from the business is passed through to the owners or shareholders of these businesses, who then must report the income on their own tax returns. These structures are discussed in the taxation of business income section.

Taxable Income and the Tax Rate

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

Example of Apportionment Factor Calculation for Multi-State Corporation

Payroll In Montana		**Total Payroll**		**Payroll Factor**
$1,000,000	÷	$10,000,000	=	0.100
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	=	0.040
Apportionment Factor (Avg.)				**0.052**

In the table to the left is an example showing how a multi-state corporation doing business in Montana would calculate its Montana source income. The corporation has $1 million in payroll in Montana out of total payroll of $10 million dollars. It has $2 million of property in Montana out of total property of $125 million. It has sales in Montana of $4 million out of total sales for the firm of $100 million during the tax year. 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 x 0.052 =$520,000), and its state income tax is $35,100 before credits ($520,000 x 6.75%).

Relying on an apportionment formula simplifies the calculation of taxable income by state for the multistate taxpayer and for the state tax administrator, but there can still be issues. A simple example is that of a multistate taxpayer who over-apportions or shifts one or more of the factors - property, payroll or sales - to a state that does not tax corporate income such as Nevada. Apportioning too much in sales or property or payroll to Nevada reduces other states' apportionment factors and so reduces the income taxable in those states.

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 percent instead of 6.75 percent. 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 income from sales in Montana does not exceed $100,000 may elect to pay an alternative tax equal to one half of one percent of gross sales.

There is a minimum tax of $50 for any corporation doing business in the state. The table on returns filed for Tax Year 2010 earlier in this section shows that for those returns filed in FY 2010 by corporations, the minimum tax was paid on 10,971 returns or almost 68 percent. If the corporation has no property, sales, or payroll in the state during the tax period, it is exempt from the minimum tax.

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. The table below provides a comparison of Montana treatment of net operating loss deductions with that in other states.

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. Idaho allows losses to be carried back against income for up to two years, but limits carryback losses to $100,000. Idaho allows carryforward of losses for up to 20 years. North Dakota allows carryforward of losses for up to 20 years, but does not allow carryback of losses.

States with Corporate Income Taxes
Allowed Carryback 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 Nebraska New Mexico Rhode Island		Kansas Michigan New Hampshire 5/ Vermont	Illinois 3/	Alabama Minnesota North Carolina Oregon Tennessee Wisconsin	California Colorado Connecticut District of Columbia Florida Iowa Kentucky Maine 4/ Massachusetts New Jersey **North Dakota** Ohio Pennsylvania 7/ South Carolina
	2 years back						Alaska Delaware 1/ Georgia Hawaii **Idaho 2/** Indiana Maryland Mississippi Missouri New York 6/ Oklahoma Virginia West Virginia 9/
	3 years back		**Montana**			Louisiana Utah 8/	

1/ Delaware has a $30,000 per year limit on carrybacks.
2/ Idaho limits carrybacks to $100,000 in the preceding 2 years.
3/ Illinois has suspended use of NOLs for tax years beginning in 2011-2014.
4/ Maine suspended certain carryforwards for tax years 2009-2011.
5/ New Hampshire limits carryforward of losses generated per year to $1 million.
6/ New York limits carrybacks to the first $10,000 of losses.
7/ Pennsylvania has a $3 million limit for taxable years.
8/ Utah has a $1 million limit on carrybacks.
9/ West Virginia limits carrybacks to $300,000.

Source: *2012 State Tax Handbook*, CCH, 2011.

All states with a corporate income tax allow some form of carryforward of losses, but many do not allow carryback of net operating losses. Thirty states do not allow carryback of net operating losses, but do allow carryforward of losses, from ficve years up to 20 years. Thirteen states allow the same carryforward and carryback periods as federal tax law has historically allowed (two back and 20 forward). Louisiana, Montana, and Utah allow corporations with net operating losses to carry back these losses against the three prior years of income.

Credits

As with individual income tax, corporations with expenditures that qualify can claim tax credits. The table below 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	--- Tax Year 2009 --- Number of Credits	Total Credit Amounts	--- Tax Year 2010 --- Number of Credits	Total Credit Amounts
Contractors Gross Receipts Tax Credit	90	1,318,876	91	906,127
Charitable Endowment Credit	30	94,889	14	42,830
Montana Recycling Credit	*	41,560	*	47,884
Credit for Increasing Research Activities	24	250,195	21	372,491
Credit for Contribution to MT University or Private College	22	4,466	25	5,605
Temporary Emergency Lodging Credit	-	-	-	-
Health Insurance for Uninsured Montanans Credit	43	30,319	42	31,753
Credit for Alternative Fuel Motor Vehicle Conversion	*	6,004	*	14,000
Alternative Energy Production Credit	*	50	*	100
Dependent Care Assistance Credit	-	-	-	-
New/Expanded Industry Credit	-	-	-	-
Historical Building Credit	-	-	-	-
Infrastructure Users Fee Credit	*	520,271	*	501,904
Mineral Exploration Incentive Credit	*	25	*	25
Film Production Credit	-	-	-	-
Film Employment Refundable Credit			*	11,110
Biodiesel Blending and Storage Credit	-	-	-	-
Oilseed Crushing and Biodiesel Production Credit	-	-	-	-
Geothermal System Credit	-	-	-	-
Insure Montana Credit	177	1,002,347	185	942,979
Empowerment Zone Credit	-	-	-	-
Total Credits	**402**	**3,269,002**	**391**	**2,876,809**

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. Credits claimed on less than 10 returns are indicated by a *.

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 15th. Tax returns for taxpayers using another period as their fiscal year are due the 15th day of the fifth month after close of the taxable year. Taxpayers must use the same tax period as was used on the federal tax return. Automatic extensions are allowed for up to six months following the prescribed filing date.

Maximum Corporate Tax Rate By State From Highest to Lowest - Tax Year 2012		
Rank	**State**	**Maximum Tax Rate**
1	Iowa *	12.00%
2	Pennsylvania	9.99%
3	District of Columbia	9.975%
4	Minnesota	9.80%
5	Illinois	9.50%
6	Alaska *	9.40%
7	New Jersey	9.00%
7	Rhode Island	9.00%
9	Maine *	8.93%
10	California	8.84%
11	Delaware	8.70%
12	Indiana	8.50%
12	New Hampshire	8.50%
12	Vermont *	8.50%
15	Maryland	8.25%
16	Louisiana *	8.00%
16	Massachusetts	8.00%
18	Wisconsin	7.90%
19	Nebraska *	7.81%
20	Idaho	7.60%
20	New Mexico *	7.60%
20	Oregon	7.60%
23	West Virginia	7.50%
23	Connecticut	7.50%
25	New York	7.10%
26	Arizona	6.968%
27	North Carolina	6.90%
28	**Montana**	**6.75%**
29	Alabama	6.50%
29	Arkansas *	6.50%
29	Tennessee	6.50%
32	Hawaii *	6.40%
33	Missouri	6.25%
34	Kentucky *	6.00%
34	Georgia	6.00%
34	Michigan	6.00%
34	Oklahoma	6.00%
34	Virginia	6.00%
39	Florida	5.50%
40	North Dakota *	5.20%
41	Mississippi *	5.00%
41	South Carolina	5.00%
41	Utah	5.00%
44	Colorado	4.63%
45	Kansas	4.00%

As of Jan. 1, 2012, Federation of Tax Administrators

Penalties and Interest

Corporations who do not pay a tax when due may be assessed a late payment penalty of 1.2 percent per month on the unpaid tax, up to a maximum penalty of 12 percent of the tax due. Interest on unpaid tax accrues at a rate of 12 percent per year, or at one percent per month or fraction of a month on 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, 2012) to show the maximum rates for states that have a corporate tax. These go from 12 percent down to four percent.

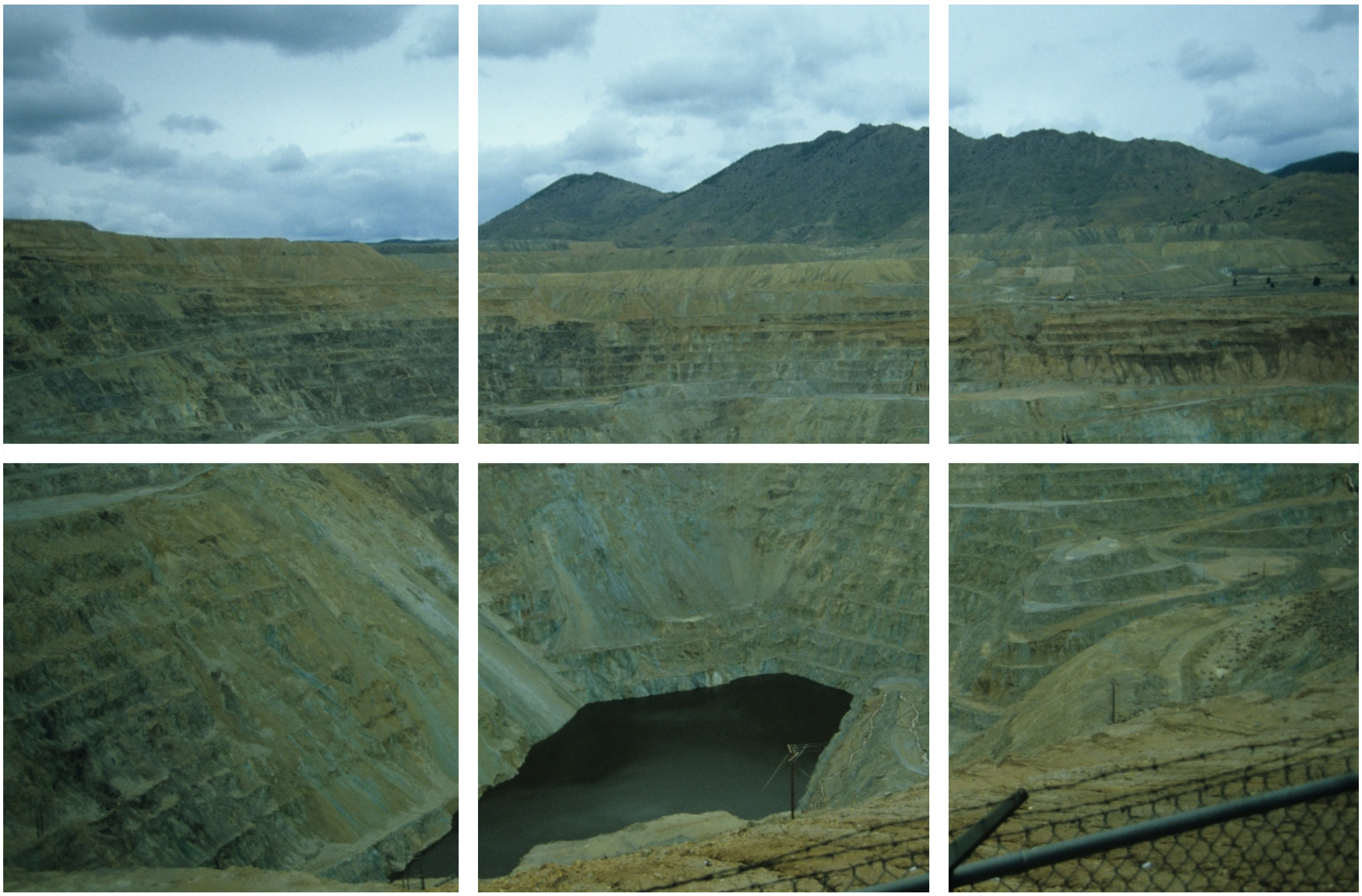
A number of states have a graduated income tax which is indicated by an asterisk next to the state.

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

Montana's tax rate is 6.75 percent. Idaho's tax rate is 7.6 percent and North Dakota's corporate income tax rate is 5.2 percent. As discussed above South Dakota does not have a general corporation income tax, but does have an excise tax on financial institutions which starts at 6 percent on net income of $400 million or less. The percentage tax declines in steps on net income over that amount. As noted above, Wyoming does not have a corporation income tax, but does have a corporation franchise or license tax of $0.0002, which applies to the sum of capital, property, and assets located in Wyoming (in addition to a general property tax), and also has a relatively broad-based sales tax.

NATURAL RESOURCES TAXES

BIENNIAL REPORT •THE MONTANA DEPARTMENT OF REVENUE



Montana Department of
REVENUE

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 - FY 2009 through FY 2012

State Natural Resource Tax Revenue	FY 2009	FY 2010	FY 2011	FY 2012
Coal Severance Tax	$48,126,761	$41,633,007	$51,782,415	$49,683,555
Coal Gross Proceeds*	$7,193,021	$7,711,376	$7,564,424	$9,087,054
Oil and Natural Gas Production (Severance Tax)	$110,002,141	$104,528,732	$109,206,049	$120,608,210
Oil and Natural Gas Production (Privilege & License Tax)	$2,026,637	$1,810,734	$1,963,032	$1,987,666
Metalliferous Mine License Tax	$7,885,424	$8,607,066	$10,653,330	$13,171,513
Metal Mines Gross Proceeds*	$3,256,373	$2,875,151	$1,096,356	$2,106,806
Miscellaneous Mine Net Proceeds*	$405,332	$404,166	$321,519	$392,736
Resource Indemnity & Groundwater Assessment Tax	$2,053,954	$1,711,844	$2,146,960	$2,343,678
Bentonite Production Tax	$532,575	$267,113	$410,025	$494,248
Total State Collections	**$181,482,218**	**$169,549,189**	**$185,144,111**	**$199,875,468**

Local Natural Severance Tax Revenue	FY 2009	FY 2010	FY 2011	FY 2012
Coal Severance Tax	$1,437,359	$2,544,427	$3,188,302	$3,059,072
Coal Gross Proceeds*	$7,265,833	$7,901,254	$8,138,728	$10,739,041
Oil and Natural Gas Production (Severance Tax)	$101,210,078	$95,231,171	$98,902,261	$84,294,424
Oil and Natural Gas Production (Privilege & License Tax)	$3,816,484	$3,413,916	$3,698,516	$3,754,061
Metalliferous Mine License Tax	$2,628,475	$2,868,909	$3,551,110	$4,390,504
Metal Mines Gross Proceeds*	$14,567,972	$10,089,003	$5,675,333	$9,817,065
Miscellaneous Mine Net Proceeds*	$1,207,044	$1,251,626	$939,840	$1,035,769
Bentonite Production Tax	$2,000,831	$994,473	$1,510,703	$1,805,171
Total Local Government Collections	**$134,134,076**	**$124,294,779**	**$125,604,792**	**$118,895,107**

Subtotals by Group	FY 2009	FY 2010	FY 2011	FY 2012
Coal Severance Tax	$49,564,120	$44,177,434	$54,970,717	$52,742,627
Coal Gross Proceeds*	$14,458,854	$15,612,630	$15,703,152	$19,826,095
Oil and Natural Gas Production (Total)	$217,055,339	$204,984,554	$213,769,858	$210,644,361
Metalliferous Mine License Tax	$10,513,899	$11,475,975	$14,204,440	$17,562,018
Metal Mines Gross Proceeds*	$17,824,346	$12,964,154	$6,771,689	$11,923,871
Miscellaneous Mine Net Proceeds*	$1,612,376	$1,655,792	$1,261,359	$1,428,505
Resource Indemnity & Groundwater Assessment Tax	$2,053,954	$1,711,844	$2,146,960	$2,343,678
Bentonite Production Tax	$2,533,406	$1,261,586	$1,920,729	$2,299,419
Total Collections	**$315,616,294**	**$293,843,968**	**$310,748,903**	**$318,770,575**

*Numbers represent the estimates based on taxpayer filing information and may not match state accounting records in all cases.

Coal, Oil, and Natural Gas State Tax Comparison

Individual states have different exemptions, deductions and tax bases for their natural resources. Their differences can make it very difficult to compare tax structures between states. In addition, differences between other taxes, such as sales tax and property tax, can skew the overall tax burden in a given state. With these issues in mind, the following table provides a brief description of taxes for coal and oil and gas producers in Montana and the neighboring states[1].

Marshall University Comparison of Sate Coal Taxes
2011

State	Colorado	Montana	North Dakota	Wyoming
Real Property Tax: Active coal Property	Income Formula	Coal Gross Proceeds: 5%	No Tax Imposed	Income Formula
Real Property Tax: Reserve Coal property	Three Approaches to Market Value	No Tax Imposed	No Tax Imposed	No Tax Imposed
Property Tax: Personal Property	29% of actual Value	3% of market value	No Tax Imposed	Above ground equipment assessed at market value Underground equipment is untaxed
Severance Tax	$0.54 per ton after 300,000 tons produced each quarter	Surface: High BTU-15% of value Low BTU-10% of value Underground: High BTU-4% of value Low BTU-3% of value	$0.395 per ton	Surface: 7% of taxable value Underground: 3.75% of taxable value
Reclamation Tax or Fee	Fee: $25+$10 per acre Bond: $10,000 minimum	Surface: $0.09 per ton for lignite, else $0.315 per ton	Fee: $500+$10 per acre Bond: $10,000 minimum	No Tax Imposed

Title 39, Chapter 13 of Wyoming Statute
http://www.marshall.edu/cber/research/Coal%20State%20Compare.pdf

National Conference of State Legislatures Comparison of Oil and Natural Gas Tax Rates
2012

State	Type of Tax	Description of Tax Rates
California	Oil and Gas Production Assessment	Rate determined annually by Department of Conservation
Colorado	Severance Tax	Two to five percent based on gross income for oil, gas, carbon dioxide and coal bed methane Four percent of gross proceeds on production exceeding 15,000 tons per day for oil shale
	Oil and Gas Conservation Levy	Maximum 1.5 mills/$1 of market value at wellhead
Idaho	Oil and Gas Production Tax	Maximum of five mills/bbl. of oil and five mills/50,000 cubic feet of gas
	Additional Oil and Gas Production Tax	Two percent of market value at site of production
Kansas	Severance Tax	Eight percent of gross value of oil and gas, less property tax credit of 3.67 percent
	Oil and Gas Conservation Tax	91 mills/bbl crude oil or petroleum marketed or used each month 12.9 mills/1,000 cubic feet of gas sold or marketed each month
Montana	Oil or Gas Conservation Tax	Maximum of 0.3 percent on the market value of each barrel of crude petroleum oil or 10,000 cubic feet of natural gas produced and sold
	Oil or Natural Gas Production Tax	Varies from 0.5 percent to 14.8 percent of market value according to the well and type of production
Nebraska	Oil and Gas Severance Tax	Three percent of value of nonstripper oil and natural gas
	Oil and Gas Conservation Tax	Two percent of value of stripper oil. Maximum of 15 mills/$1 of value at wellhead
Nevada	Oil and Gas Conservation Tax	$50/mills/bbl of oil and 50 mills/50,000 cubic feet of gas
North Dakota	Oil Gross Production Tax	Five percent of gross value at the well
	Gas Gross Production Tax	$0.04 per 1,000 cubic feet of gas produced. The rate is subject to a gas rate adjustment each fiscal year.
	Oil Extraction Tax	6.5 percent of gross value at the well. Exceptions exist for certain production volumes and incentives for enhanced recovery projects.
Ohio	Resource Severance Tax	$0.10/bbl of oil $0.025/1,000 cubic feet of natural gas
Oregon	Oil and Gas Production Tax	Six percent of gross value at well
South Dakota	Energy Minerals Severance Tax	4.5 percent of taxable value of all energy minerals
	Conservation Tax	2.4 mills of taxable value of all energy minerals
Utah	Oil and Gas Severance Tax	Three percent of value for the first $13 per barrel of oil and five percent if the value is $13.01 or higher Three percent of value for the first $1.50/mcf and five percent if the value is $1.51 or higher Four percent of taxable value of natural gas liquids
	Oil and Gas Conservation Fee	0.002 percent of market value at the wellhead
Wyoming	Severance Taxes	Six percent on crude oil, lease condensate or natural gas Four percent for stripper oil

MCF stands for 1,000 cubic feet; bbl stands for barrel
http://www.ncsl.org/issues-research/energyhome/oil-and-gas-severance-taxes.aspx

The Department of Revenue has also conducted extensive research on the difference between the oil and gas severance tax structures for Montana and North Dakota. This analysis found that if we assume prices stay at or above current levels, then Montana working interest owners generally have a lower overall tax rate over the life of the well relative to North Dakota working interest owners. For more information, please visit the following:

http://revenue.mt.gov/content/committees/legislative_interim_committee/Oil_and_Gas_Production_Tax_Comparison_MT_ND_Nov_2012.pdf

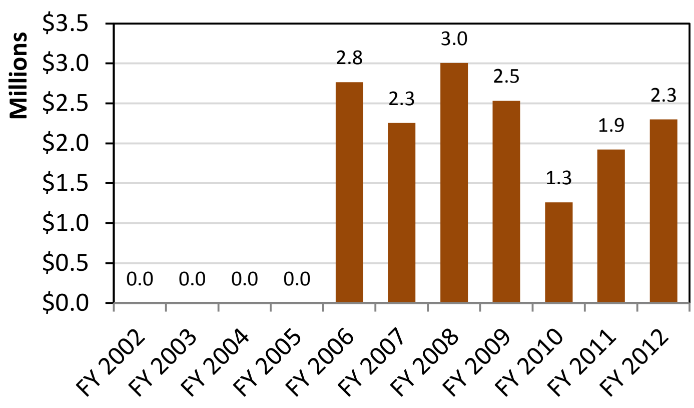
[1]Tax information was gatherd from a study conducted by Marshall University entilted "Taxation of Coal: A Comparative Analysis," and the oil and gas information was obtained from the National Conference of State Legislatures.

Bentonite Production Tax

Statute: Title 15, Chapter 39, MCA.

Bentonite Production Tax

Fiscal Year	Total Revenue
FY 2002	$0
FY 2003	$0
FY 2004	$0
FY 2005	$0
FY 2006	$2,765,743
FY 2007	$2,254,953
FY 2008	$3,004,137
FY 2009	$2,533,406
FY 2010	$1,261,586
FY 2011	$1,920,729
FY 2012	$2,299,419



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 are 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.

Bentonite Production Tax Rates

Production Level	2011 Tax ($/Ton)	2012 Tax ($/Ton)
0-20,000 Tons	$0.00	$0.00
20,001-100,000 Tons	$1.60	$1.63
100,001-250,000 Tons	$1.54	$1.56
250,001-500,000 Tons	$1.43	$1.46
500,001-1,000,000 Tons	$1.28	$1.30
Over 1 Million Tons	$1.02	$1.04
Royalty Revenue	15%	

Distribution

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.

Distribution of Bentonite Tax

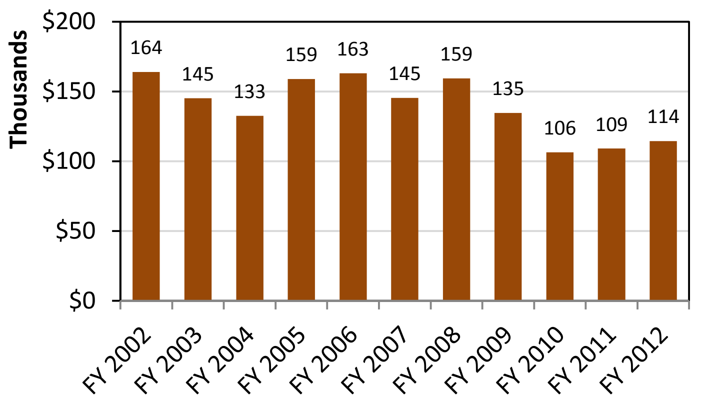
	FY 2009	FY 2010	FY 2011	FY 2012
General Fund	$482,705	$243,547	$376,168	$456,028
Counties with Production	$2,000,831	$994,473	$1,510,703	$1,805,171
University Millage	$49,871	$23,565	$33,857	$38,220

Cement and Gypsum Tax

Statute: Title 15; Chapter 59

Cement and Gypsum Tax

Fiscal Year	Total Revenue
FY 2002	$163,893
FY 2003	$145,126
FY 2004	$132,604
FY 2005	$158,974
FY 2006	$162,892
FY 2007	$145,346
FY 2008	$159,313
FY 2009	$134,695
FY 2010	$106,494
FY 2011	$109,064
FY 2012	$114,462



Tax Rate

Producers and importers of cement and cement products are required to pay a license tax of 22 cents per ton. Producers and importers of gypsum and gypsum products are required to pay five cents per ton. Before July 1, 1997, individuals retailing cement and gypsum products in Montana paid a license tax of 22 cents and 5 cents, respectively, for every ton that had not been paid for under any other law. The tax on retailers was repealed during the 1997 Legislative Session.

Cement and Gypsum Tax Rates

Product	Tax Per Ton
Cement	22¢
Gypsum	5¢

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

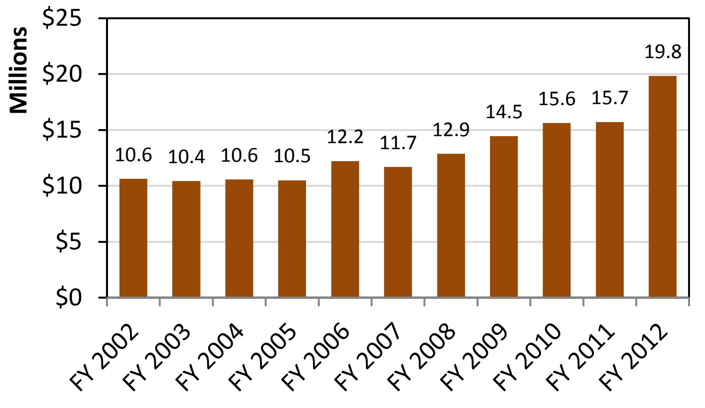
All proceeds from cement and gypsum taxes and licenses are deposited in the state general fund.

Coal Gross Proceeds Tax

Statute: Chapter 15, Section 23, Part 7

Coal Gross Proceeds

Fiscal Year	Total Revenue
FY 2002	$10,634,959
FY 2003	$10,443,545
FY 2004	$10,568,037
FY 2005	$10,498,787
FY 2006	$12,220,405
FY 2007	$11,690,801
FY 2008	$12,859,110
FY 2009	$14,458,854
FY 2010	$15,612,630
FY 2011	$15,703,152
FY 2012	$19,826,095



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 five percent is levied against the value of the reported gross proceeds for most coal mines. With the passage of SB 266 in the 2011 Legislature, new and existing underground coal mines will be taxed at a rate of 2.5 percent of the gross proceeds.

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 percent of the taxes due on or before November 30; the remaining 50 percent 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

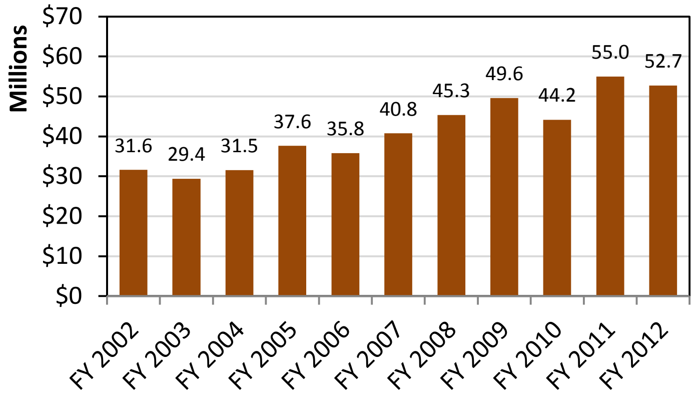
Fiscal Year Tax Year	FY 2006 TY 2005	FY 2007 TY 2006	FY 2008 TY 2007	FY 2009 TY 2008	FY 2010 TY 2009	FY 2011 TY 2010	FY 2012 TY 2011
Tons produced	33,661,294	33,836,785	40,001,121	35,737,660	37,476,029	33,271,405	38,789,754
Gross Value	$352,744,456	$339,339,674	$368,099,711	$411,988,590	$442,865,255	$442,503,221	$546,490,686
Gross Proceeds	$244,408,106	$233,816,020	$257,182,190	$289,177,075	$312,252,594	$314,063,017	$396,521,885
Tax	$12,220,405	$11,690,801	$12,859,110	$14,458,854	$15,612,630	$15,703,152	$19,826,095
Local Share	$6,476,815	$6,196,125	$6,813,199	$7,265,833	$7,901,254	$8,138,728	$10,739,041
State Share	$5,743,590	$5,494,676	$6,045,910	$7,193,021	$7,711,376	$7,564,424	$9,087,054

Coal Severance Tax

Statute: Title 15; Chapter 35, MCA;
Article IX, Section 5, Montana Constitution.

Coal Severance Tax

Fiscal Year	Total Revenue
FY 2002	$31,614,049
FY 2003	$29,423,546
FY 2004	$31,544,681
FY 2005	$37,634,510
FY 2006	$35,821,524
FY 2007	$40,758,738
FY 2008	$45,331,870
FY 2009	$49,564,120
FY 2010	$44,177,434
FY 2011	$54,970,717
FY 2012	$52,742,627



Tax Rate

Surface mined coal is taxed at 15 percent of value if rated 7,000 British thermal units (BTU) per pound and over, and taxed at 10 percent of value if rated less than 7,000 BTU per pound. Coal mined underground is taxed at four percent if rated 7,000 BTU per pound and over, and is taxed at three percent if rated less than 7,000 BTU per pound. Coal mined using auger technology is taxed at 3.75 percent of value if rated under 7,000 BTU, and five percent of value if rated at or above 7,000 BTU.

Coal Severance Tax Rates

Heating Quality (BTU/lb)	Surface Mining	Auger Mining	Underground Mine
More Than 7,000 BTU	10%	3.75%	3%
Less Than 7,000 BTU	15%	5%	4%

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

There are many steps to the distribution of revenue generated from the coal severance tax. First, 50 percent of total severance tax revenue is deposited in the coal trust fund as described in article IX, section 5 of the Montana Constitution. This revenue must remain inviolate, or intact, unless appropriate by a ¾ majority of both houses of the legislature. There are currently five "sub-trusts" that make up the coal trust fund. These sub-trusts include the following:

Coal Tax Bond Fund
Treasure State Endowment Fund
Treasure State Endowment Regional Water Fund
The Big Sky Economic Development Fund
Coal Severance Tax Permanent Fund

All severance tax trust revenue is first deposited in the Coal Tax Bond Fund, however only a small portion is retained in the fund. This fund maintains a fund balance sufficient to meet interest payments of outstanding Coal Severance Tax Bonds. These bonds are used to provide loans for renewable resource projects. The fund balance in excess of the required amount is then deposited to the Treasure State Endowment Trust Fund (50 percent); the Treasure State Endowment Regional Water Trust Fund (25 percent); and the Big Sky Economic

Development Trust Fund (25 percent). Interest generated from the Treasure State Endowment Trust Fund is appropriated in HB 11; and used to fund grants for local infrastructure projects. Interest revenue generated from the Treasure State Endowment Regional Water Trust Fund is also appropriated in HB 11; and used to fund grants for local and regional water projects. The interest revenue from the Big Sky Economic Development Trust Fund is statutorily appropriated to the Department of Commerce for grants and loans to local governments for economic development purposes.

Any remaining trust fund severance tax revenue is distributed to the Coal Severance Tax Permanent Fund and interest revenue is deposited in the general fund. The following table shows the balance of each of these trust funds as of the end of FY 2012:

Coal Trust Fund Balances

Trust	FY 2012 Estiamted Ending Balance ($ millions)
Treasure State Endowment Trust	$221.575
Treasure State Regional Water Trust	$67.698
Big Sky Economic Development Trust	$63.673
Coal Permanente Trust	$552.922
Total	**$905.868**

Even though the interest from the Coal Severance Tax Permanent Trust Fund is deposited in the general fund, there are statutory appropriations allowing some of this interest revenue to be spent. However, these appropriations are set to expire at the end of FY 2019. The following table details these appropriations:

General Fund Coal Interest Earrings Statutory Appropriations

	FY 2013	FY 2014 - FY 2019
Cooperative Development Center	$65,000	$65,000
Growth Through Agriculture	$625,000	$1,250,000
Research and Commercialization	$1,275,000	$3,650,000
Department of Commerce		
Small Business Development Center	$125,000	$125,000
Small Business Innovative Research	$50,000	$50,000
Certified Development Corporations	$425,000	$425,000
MT Manufacturing Center at MSU	$200,000	$200,000
Export Trade Enhancement	$300,000	$300,000

Beginning in FY 2021, the Treasure State Endowment Trust Fund and the Treasure State Endowment Regional Water Trust Fund will no longer receive trust fund revenue and the Coal Severance Tax Permanent Trust Fund will receive 75 percent of the trust revenue distribution. Beginning in FY 2026, the Coal Severance Tax Permanent Trust Fund will receive all trust revenue in excess of the amount needed by the Coal Tax Bond Fund.

The 50 percent of the revenue that is not constitutionally allocated is deposited according to 15-35-108, MCA. The table to the right shows how this revenue is distributed in proportion to the total severance tax revenue.

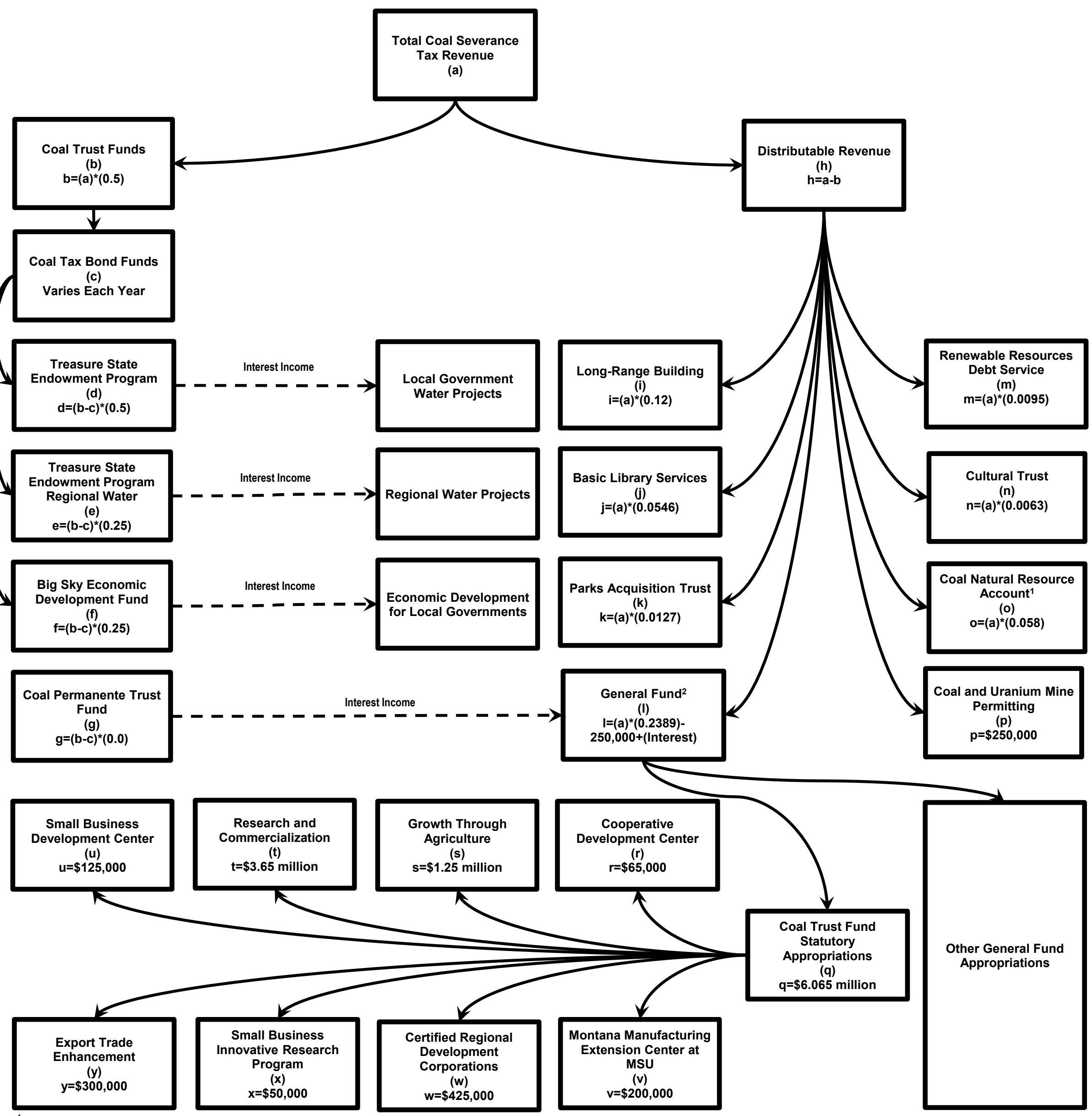
The chart on the following page illustrates the entire distribution of the coal severance tax revenue and the table at the bottom of the page details historic distributions of the coal severance tax revenue from the state accounting system.

Coal Severance Tax Revenue Distribution

Fund (Distribution)
Coal Trust Funds (50%)
Long Range Building Program (12%)
Shared Account (5.46%)
Park Acquisition Trust Fund (1.27%)
Renewable Resource Debt Service (0.95%)
Cultural and Aesthetic Projects (0.63%)
Coal Natural Resource Account (5.8%*)
Coal and Uranium Program ($250K)
General Fund (Remainder)

*Distribution reverts back to 2.9% starting October 1, 2013.

Coal Severance Tax Revenue Distribution FY 2014 - FY 2019



[1] Distribution to Coal Natural Resource Account falls to 2.9% on October 1, 2013.
[2] Distribution to the general fund increase to 26.79% less $250,000 on October 1, 2013.

Coal Severance Tax Revenue Distribution

Fund (Distribution)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Coal Trust Funds (50%)	$22,665,935	$24,782,060	$22,088,717	$27,485,358	$26,371,314
Long Range Building Program (12%)	$5,439,824	$5,947,694	$5,301,292	$6,596,486	$6,329,115
Shared Account (5.46%)	$2,475,120	$2,706,201	$2,412,088	$3,001,401	$2,879,748
Park Acquisition Trust Fund (1.27%)	$575,715	$629,464	$561,053	$698,128	$669,831
Renewable Resource Debt Service (0.95%)	$430,653	$470,859	$419,686	$522,222	$501,055
Cultural and Aesthetic Projects (0.63%)	$285,591	$312,254	$278,318	$346,316	$332,279
Coal Natural Resource Account (5.8%*)	$1,314,624	$1,437,359	$2,544,427	$3,188,302	$3,059,072
Coal and Uranium Program ($250K)	$250,000	$250,000	$250,000	$250,000	$250,000
General Fund (Remainder)	$11,894,408	$13,028,228	$10,321,853	$12,882,504	$12,350,214

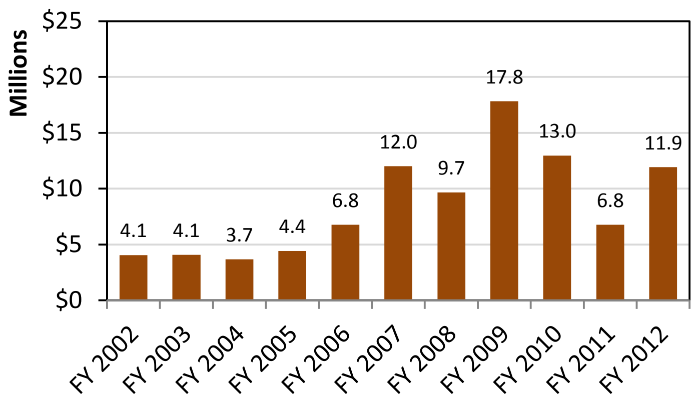
*Distribution reverts back to 2.9% starting October 1, 2013.

Metal Mines Gross Proceeds Tax (Class 2 Property)

Statute: Title 15, Chapter 23, Part 8

Metal Mines Gross Proceeds

Fiscal Year	Total Revenue
FY 2002	$4,055,232
FY 2003	$4,073,178
FY 2004	$3,686,568
FY 2005	$4,431,674
FY 2006	$6,773,309
FY 2007	$12,008,287
FY 2008	$9,668,903
FY 2009	$17,824,346
FY 2010	$12,964,154
FY 2011	$6,771,689
FY 2012	$11,923,871



Tax Rate

The value of severed gold, silver, copper, lead, or other metals from any mine located in Montana is considered class 2 property for property tax purposes and is assessed local and state mills. The taxable value of metal mines is equal to three percent of merchantable value.

Merchantable value is the annual gross proceeds from the sale of metals less certain deductions. Allowed deductions include: costs of transporting mineral product from mine to processor, 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 must be filed by March 31 of each year, showing the total gross proceeds of metal mined during the preceding calendar year. By July 1 the department calculates the merchantable value by subtracting allowable deductions, and records the value in the property tax records. The mine producer must pay the half the property tax levied and assessed by November 30 and the other half by May 31 of the following year.

Metal Mines Gross Proceeds Tax (Class 2 Property)

Distribution of Metal Mines Gross Proceeds Tax:

The taxable value of metal mines gross proceeds is allocated to the local jurisdictions where the mine mouth is located. The mills of these local jurisdictions and statewide mills are levied against the taxable value.

Metal Mines Gross and Taxable Value of Production				
Production Year	Fiscal Year	Gross Value	Taxable Value for Local Mills	Taxable Value for State Mills
2003	2005	371,610,080	$10,397,947	$10,429,314
2004	2006	500,601,123	$11,448,834	$14,213,853
2005	2007	703,845,238	$15,878,966	$21,106,498
2006	2008	925,815,385	$18,849,252	$25,068,597
2007	2009	1,161,919,543	$24,540,432	$32,019,240
2008	2010	1,033,960,651	$23,843,907	$28,307,630
2009	2011	843,431,234	$19,812,142	$23,205,010
2010	2012	1,117,009,632	$28,972,961	$31,295,298

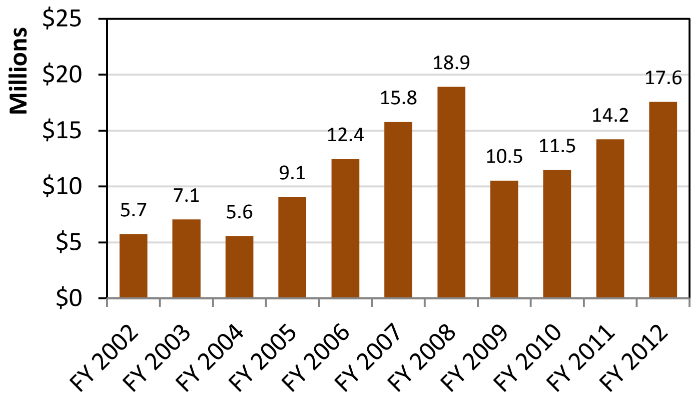
Gross Proceeds Property Taxes Assessed			
Fiscal Year	State Share	Local Share	Total Property Tax
FY 2002	$1,114,767	$2,940,464	$4,055,232
FY 2003	$1,077,601	$2,995,576	$4,073,178
FY 2004	$888,757	$2,797,811	$3,686,568
FY 2005	$1,053,349	$3,378,324	$4,431,674
FY 2006	$1,325,860	$5,447,449	$6,773,309
FY 2007	$2,147,401	$9,860,885	$12,008,287
FY 2008	$1,913,103	$7,755,799	$9,668,903
FY 2009	$3,256,373	$14,567,972	$17,824,346
FY 2010	$2,875,151	$10,089,003	$12,964,154
FY 2011	$1,096,356	$5,675,333	$6,771,689
FY 2012	$2,106,806	$9,817,065	$11,923,871

Metalliferous Mines License Tax

Statute: Title 15, Chapter 37, Part 1

Metalliferous Mines License Tax

Fiscal Year	Total Revenue
FY 2002	$5,740,242
FY 2003	$7,055,900
FY 2004	$5,572,192
FY 2005	$9,076,338
FY 2006	$12,435,050
FY 2007	$15,774,412
FY 2008	$18,902,178
FY 2009	$10,513,899
FY 2010	$11,475,975
FY 2011	$14,204,440
FY 2012	$17,562,018



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 is exempt from taxation. Concentrate shipped to a smelter, mill, or reduction work is taxed at 1.81 percent of gross value. Gold, silver, or any platinum-group metal that is dore, bullion, or matte that is shipped to a refinery is taxed at 1.6 percent of gross value. Shipping and refining costs are deducted from revenue to determine gross value.

Metalliferous Mines Tax Rates

Tax Base*	Tax Rate	Exemptions
Dore/Bullion/Matte	1.60%	First $250,000
Concentrates	1.81%	First $250,000

*Excludes shipping and refining costs

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; 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.

Copper, platinum, palladium, and gold account for over 75 percent of the gross value reported by metal mines taxpayers. The table on the following page shows the national quarterly price for these commodities since FY 2008. The variation in price over the years has had a large impact on the total amount of revenue the state has collected.

Select US Commodity Prices				
Quarter	Copper $/lb	Gold $/oz	Palladium $/oz	Platinum $/oz
2007Q3	$3.50	$681	$348	$1,290
2007Q4	$3.27	$788	$360	$1,450
2008Q1	$3.51	$924	$440	$1,861
2008Q2	$3.83	$896	$443	$2,027
2008Q3	$3.48	$885	$329	$1,536
2008Q4	$1.77	$798	$191	$865
2009Q1	$2.67	$868	$292	$1,367
2009Q2	$2.24	$874	$240	$1,155
2009Q3	$2.03	$939	$225	$1,074
2009Q4	$3.02	$1,099	$349	$1,391
2010Q1	$3.29	$1,109	$441	$1,561
2010Q2	$3.19	$1,195	$494	$1,630
2010Q3	$3.29	$1,228	$494	$1,553
2010Q4	$3.43	$1,228	$530	$1,612
2011Q1	$4.37	$1,388	$791	$1,792
2011Q2	$4.26	$1,508	$760	$1,784
2011Q3	$4.19	$1,538	$768	$1,784
2011Q4	$3.41	$1,681	$628	$1,529
2012Q1	$3.77	$1,689	$681	$1,600
2012Q2	$3.68	$1,652	$655	$1,554

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.

Distribution

Metalliferous mines license tax revenue is distributed to various entities in accordance with 15-37-117, MCA.

Metalliferous mines License Tax Distribution					
	FY 2008	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**
General Fund (57%)	$10,774,242	$5,992,923	$6,541,391	$8,096,531	$10,010,350
Hard Rock Mining (2.5%)	$472,554	$262,847	$286,899	$355,111	$439,050
Hard Rock Debt Service (8.5%)	$1,606,685	$893,681	$975,458	$1,207,377	$1,492,772
Natural Resources Operations (7%)	$1,323,152	$735,973	$803,318	$994,311	$1,229,341
County Governments (25%)	$4,725,545	$2,628,475	$2,868,909	$3,551,110	$4,390,504

Micaceous Mines License Tax

Statute: Title 15, Chapter 37, Part 2

Tax Rate

Micaceous minerals are those that are generally classified as complex silicates, and include such minerals as vermiculite, perlite, kernite, and 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).

There is a tax of five cents 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.

Distribution

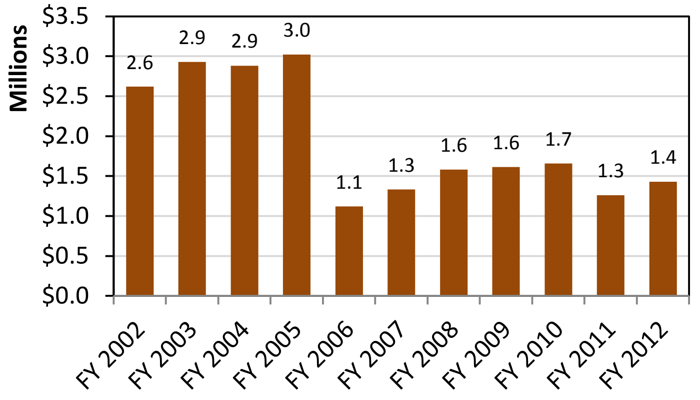
All proceeds from micaceous mines license tax are deposited in the state general fund.

Miscellaneous Mines Net Proceeds Tax (Class 1 Property)

Statute: Title 15, Chapter 23, Part 5

Miscellaneous Mines Net Proceeds Tax

Fiscal Year	Total Revenue
FY 2002	$2,618,325
FY 2003	$2,926,724
FY 2004	$2,882,114
FY 2005	$3,022,810
FY 2006	$1,120,030
FY 2007	$1,331,224
FY 2008	$1,582,585
FY 2009	$1,612,376
FY 2010	$1,655,792
FY 2011	$1,261,359
FY 2012	$1,428,505



Tax Rate

Severed products of mines except bentonite, coal, and metal are considered class 1 property for property tax purposes, and are levied statewide and local mills. Class 1 property includes, but is not limited to: talc, limestone, and vermiculite.

The value of the severed products is the annual net proceeds of mines and mining claims. The net proceeds of talc, vermiculite, limestone, and industrial garnets and byproducts are calculated by multiplying the number of tons mined by a statutorily defined value.

- Talc Value = $4.25 × 2011 price deflator ÷ 1989 price deflator
- Vermiculite Value = $27 × 2011 price deflator ÷ 1991 price deflator
- Limestone Value = $0.34 × 2011 price deflator ÷ 1992 price deflator
- Industrial Garnets Value = $20 × 2011 price deflator ÷ 1995 price deflator
- Byproducts of Industrial Garnets Value = Gross Revenue × 30%

For all other class 1 mined products, the value is the gross value less certain allowable deductions that account for the cost of mining.

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

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.

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. By July 1 the department calculates the net value by subtracting allowable deductions, and records the value in the property tax records. The mine producer must pay the half the property tax levied and assessed by November 30 and the other half by May 31 of the following year.

Distribution of Miscellaneous Mines Net Proceeds Tax

The taxable value of miscellaneous mines net proceeds is allocated to the local jurisdictions where the mine mouth is located. The mills of these local jurisdictions and statewide mills are levied against the taxable value.

Miscellaneous Mines Net Proceeds and Taxable Value

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	$3,669,586	$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	$3,803,109	$206,499	$4,009,608
2009	2011	1,945,885	$2,988,210	$2,986,933	$264,249	$3,251,182
2010	2012	2,192,645	$3,750,377	$3,748,676	$181,330	$3,930,006

Net Proceeds Property Taxes Assessed

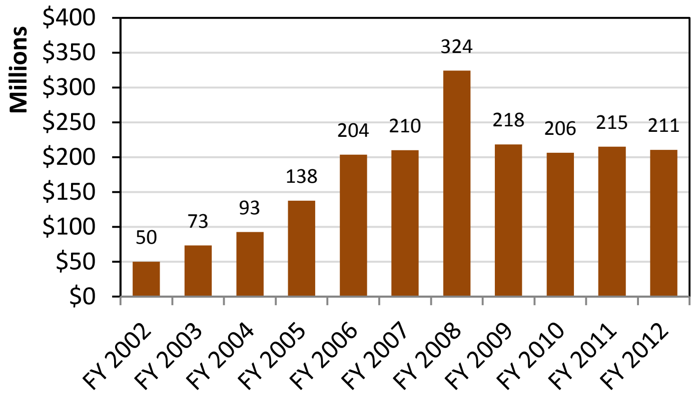
Fiscal Year	State Share	Local Share	Total Property Tax
FY 2002	$792,093	$1,826,232	$2,618,325
FY 2003	$877,832	$2,048,891	$2,926,724
FY 2004	$788,609	$2,093,506	$2,882,114
FY 2005	$811,274	$2,211,536	$3,022,810
FY 2006	$272,116	$847,914	$1,120,030
FY 2007	$328,482	$1,002,742	$1,331,224
FY 2008	$387,840	$1,194,745	$1,582,585
FY 2009	$405,332	$1,207,044	$1,612,376
FY 2010	$404,166	$1,251,626	$1,655,792
FY 2011	$321,519	$939,840	$1,261,359
FY 2012	$392,736	$1,035,769	$1,428,505

Oil and Natural Gas Tax

Statute: Title 15, Chapter 36;
20-9-310, MCA; 20-9-317, MCA; and 20-9-318, MCA

Oil and Natural Gas Production Tax

Fiscal Year	Total Revenue
FY 2002	$50,303,611
FY 2003	$73,389,377
FY 2004	$92,676,049
FY 2005	$137,754,331
FY 2006	$203,681,078
FY 2007	$209,946,350
FY 2008	$324,311,269
FY 2009	$218,425,215
FY 2010	$206,286,268
FY 2011	$215,129,820
FY 2012	$210,644,361



Recent Legislative History

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, with additional incentives if prices fall below specified levels. 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)

Total gross value is computed as the product of the total number of barrels (bbl) or thousand cubic feet (MCF) produced each quarter and the average wellhead value per barrel or thousand cubic feet. Producers are allowed to deduct any production that is used in the operation of the well.

Tax Rates

All taxable royalty owners of oil and natural gas production are taxed at a rate of 15.06 percent of the gross value of production. Royalties received by an Indian tribe from on-reservation oil production pursuant to a lease entered into under the Indian Mineral Leasing Act of 1938, and all governmental royalties, are exempt from taxation.

The regular production tax rates for the working interest of oil production is equal to 9.26 percent for wells drilled on or after January 1st 1999, and 12.76 percent for wells drilled before that time. However, there are also several additional tax rates to incentive production. New wells receive a tax *holiday* of 0.76 percent of the gross value. The holiday lasts for 12 months for vertical wells and 18 months for horizontal wells.

Additionally, incremental production from secondary and tertiary recovery projects may be taxed at preferential rates if the price of oil is below $30 per barrel. Recompleted horizontal wells are taxed at reduced rates regardless of the price of oil. Incremental production is additional production above an established production decline curve for a given well.

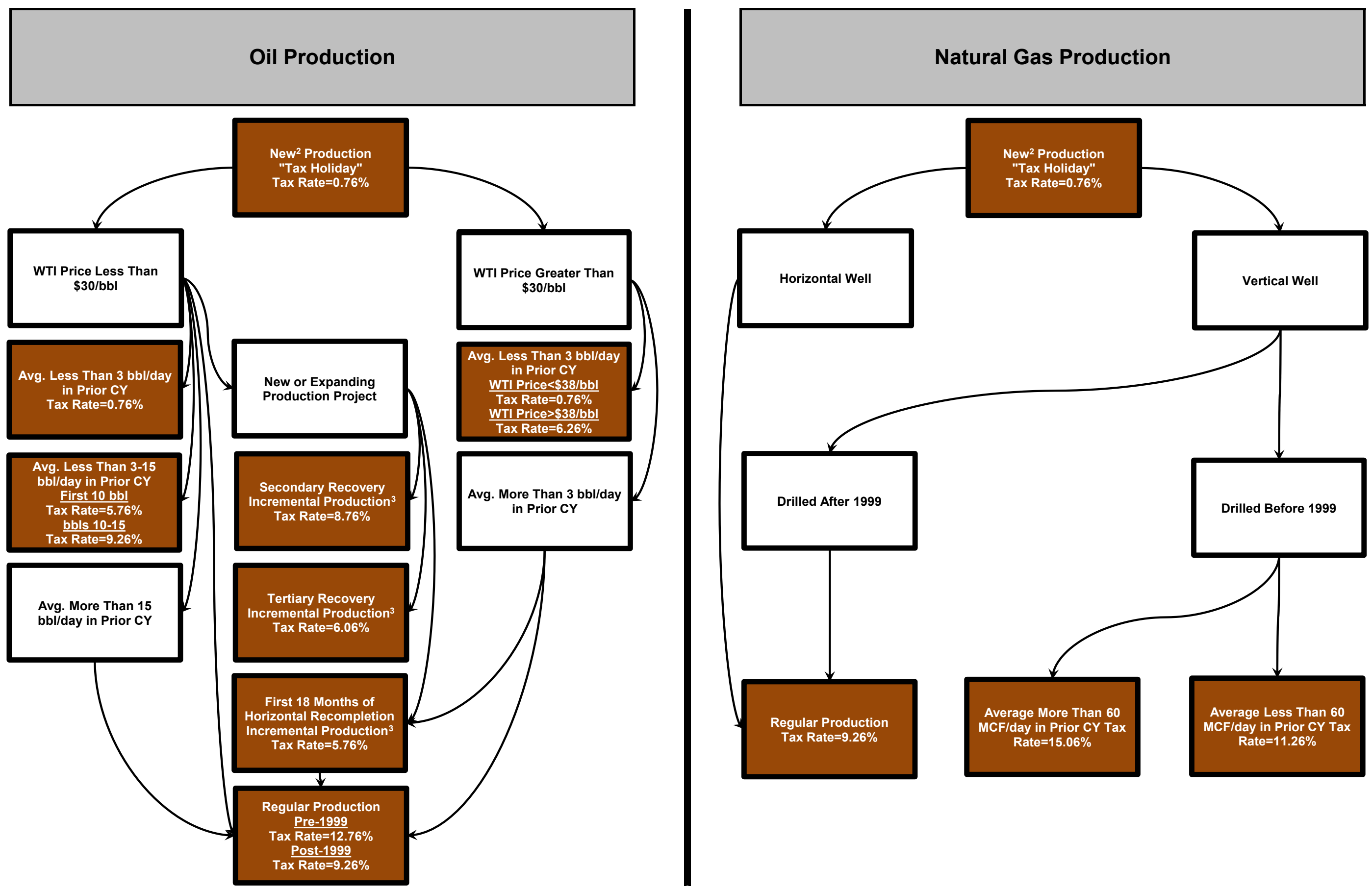
Low producing wells may be classified as stripper, or super-stripper wells and qualify for preferential tax rates. Wells producing less than an average of 15 barrels per day in the prior calendar year are classified as *stripper* wells. If the average price for West Texas Intermediate crude oil is below $30 per barrel, these wells are taxed at preferential rates of 5.76 percent for the first 10 barrels a day and 9.26 percent for all additional production. If the price of oil is above $30 a barrel, there is no reduced rate for stripper well production. If a well produces less than an average of three barrels a day in the prior calendar year, then it can qualifies as a *super-stripper* well. Production from super-stripper wells is taxed at preferential rate of 6.26 percent, and if the price of oil is below $38 per barrel the rate is further reduced to 0.76 percent.

Oil and Natural Gas Tax

Natural gas producers receive the same tax holiday for new wells, and regular production is taxed at a rate of 9.26 percent after that if the well was drilled on or after January 1st, 1999; 15.06 percent if drilled before.

Wells averaging less than 60,000 cubic feet (60 MCF) per day in the prior year can qualify as stripper wells, and qualify for a reduced tax rate of 11.26 percent if the well was drilled before 1999. The following table and chart illustrate how the varying tax rates apply in different scenarios:

Working Interest Oil and Natural Gas Severance Tax Rates[1]



[1]Production tax rates include Board of Oil and Gas Conservation privilege and license tax and the Oil and Gas Natural Resources Account Tax.
[2]New vertical wells are less than 12 months old and new horizontal wells are less than 18 months old.
[3]Incremental production is production occurring in excess of the production decline rate.

Oil and Natural Gas Production Tax Rates

OIL-Working Interest	
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 - Production in Excess of 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%

NATURAL GAS- Working Interest	
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%

† 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.
-Stripper wells produce 3-15 barrels per day.
-Super stripper wells produce less than 3 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.

ROYALTY INTERESTS 15.06%

The following table shows relevant summary information gathered from the tax returns of producers:

Montana Oil and Gas Production Statistics					
Oil	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**
Total Gross Value	$2,947,091,037	$1,819,039,667	$1,710,872,194	$1,976,195,292	$1,577,888,446
Volume (barrels)	33,765,547	30,083,467	26,211,857	24,586,654	18,129,352
Taxable Royalty Value	$384,329,345	$235,972,862	$221,457,327	$261,121,053	$212,254,919
Tax on Royalty Owners	$57,879,999	$35,537,513	$33,351,474	$39,324,831	$31,965,591
Working Interest Value	$2,487,618,336	$1,535,164,846	$1,442,517,901	$1,663,408,230	$1,325,444,993
Tax on the Working Interest Owners	$204,264,783	$137,027,778	$138,622,562	$150,877,377	$114,481,632
Total Tax*	**$262,144,782**	**$172,567,765**	**$171,974,036**	**$190,202,208**	**$146,447,223**
Gas					
Total Gross Value	$780,502,722	$482,050,738	$319,807,108	$283,327,195	$168,696,617
Volume (MCF)	109,820,646	101,206,692	90,315,072	77,933,967	51,851,814
Taxable Royalty Value	$78,894,611	$51,715,925	$36,728,777	$33,012,983	$20,604,166
Tax on Royalty Owners	$11,881,529	$7,788,419	$5,531,355	$4,971,755	$3,102,987
Working Interest Value	$669,282,383	$407,706,214	$268,308,893	$236,885,058	$141,211,292
Tax on the Working Interest Owners	$48,836,055	$34,182,904	$24,849,167	$21,414,729	$13,015,139
Total Tax*	**$60,717,584**	**$41,971,322**	**$30,380,522**	**$26,386,485**	**$16,118,126**

*Total Tax revenue does not match data in the state accounting database due to accrual reversals and amended returns.

Filing Requirements

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

Distribution

Prior to HB 748 (2003 Session) the distribution of oil and gas revenue was based primarily on property tax mill levies. After HB 748 the counties, schools and the state were each assigned a percentage of the severance tax revenue generated in their county they would receive.

The first distribution made is to the Board of Oil and Gas Conservation (BOGC) and the Oil and Gas Resource Account. The BOGC currently receives 0.09 percent of the gross value of all taxable production in the state. The board sets this rate and it cannot exceed three tenths of one percent, or 0.3 percent. The rate the Oil and Gas Natural Resource Account receives is dependent on the rate adopted by the BOGC and is currently 0.17 percent of the gross value of taxable production in the state. The remaining revenue is then distributed between the state and county governments. The specific allocation is dependent on which county the production occurred. For example, Fergus County receives 69.18 percent of the revenue from production occurring in the county (the largest county percentage of all the counties, while Rosebud receives the least, 39.33 percent). The remainder is distributed to the state, and the state portion is allocated as follows:

2.16 percent to the Natural Resource Projects State Special Revenue Account
2.02 percent to the Natural Resource Operations State Special Revenue Account
2.95 percent to the Orphan Share Account
2.65 percent to the University System
The remainder, 90.22 percent, is to be distributed to the general fund.

The county share of the revenue is distributed between elementary retirement funds, high school retirement funds, countywide transportation funds, school districts, community colleges, and county governments. The specific allocation between these entities is dependent on the county of production and the schedule in 15-36-332, MCA.

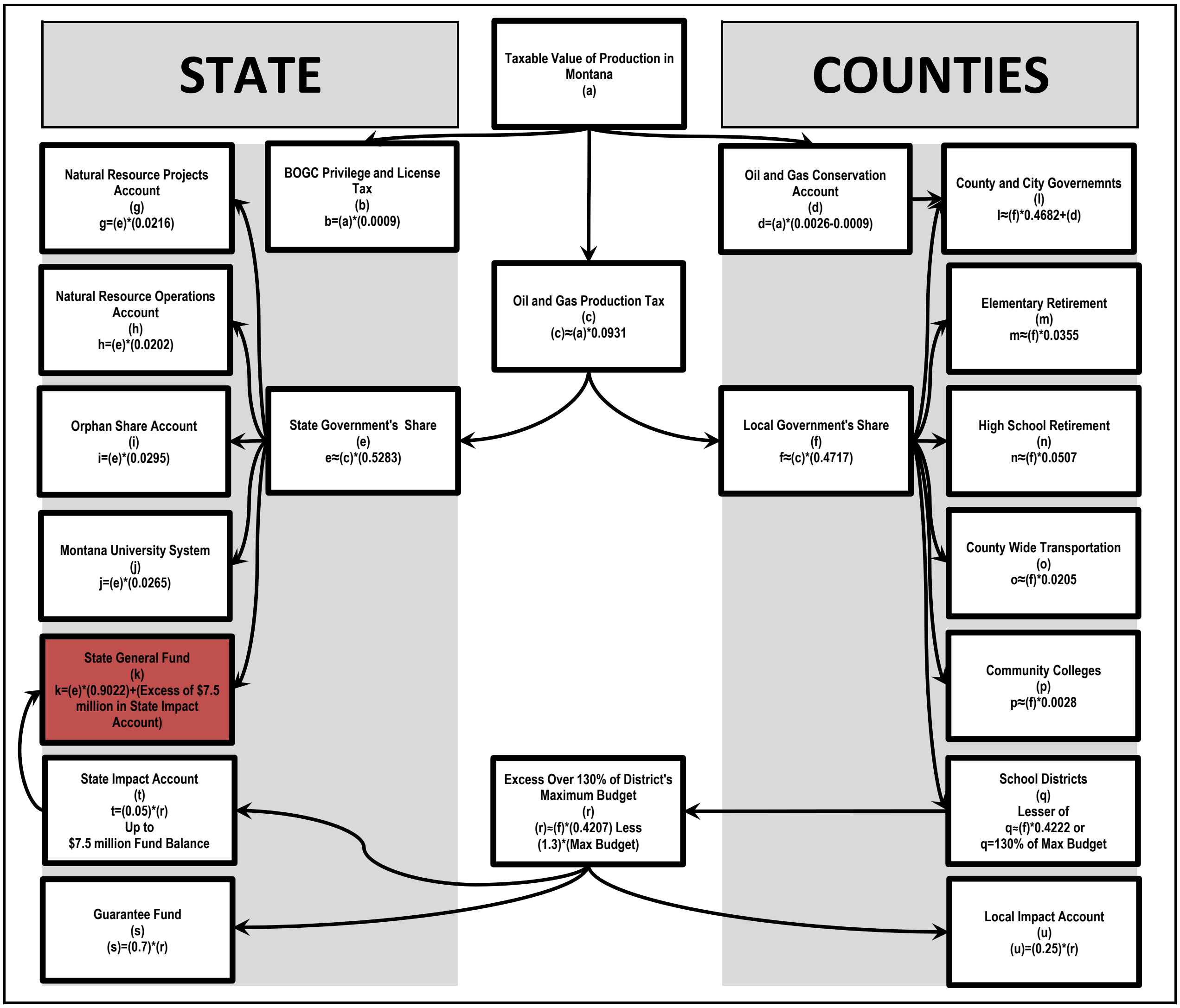
With the passage of SB 329 in the 2011 Session, any individual school district is only allowed to receive 130 percent of their maximum allowable budget. In FY 2012, any funds in excess of 130 percent of a district's budget are transferred to the State Guarantee Account. In FY 2013 through FY 2016, any revenue in excess of 130 percent of a district's maximum budget will be distributed as follows:

70 percent to the State Guarantee Account
5 percent to the State School Oil and Natural Gas Impact Account
20 percent to the County School Oil and Natural Gas Impact Account

The total balance in the State School Oil and Natural Gas Account cannot exceed $7.5 million, and any amount over $7.5 million is to be deposited in the State General Fund.

Oil and Natural Gas Tax

The state attempts to account for revenue in the time period it was generated. As a result, the state generally accrues the third and fourth quarters of the fiscal year. However, school districts and local governments generally record revenue when it was received, which is approximately two quarters after it was generated. SB 329 was enacted based on school fiscal years, and as a result some districts had revenue deposited into the State and County Impact Funds in FY 2012. The following flow chart illustrate the distribution of oil and gas revenue:



Distribution of Oil and Gas Tax

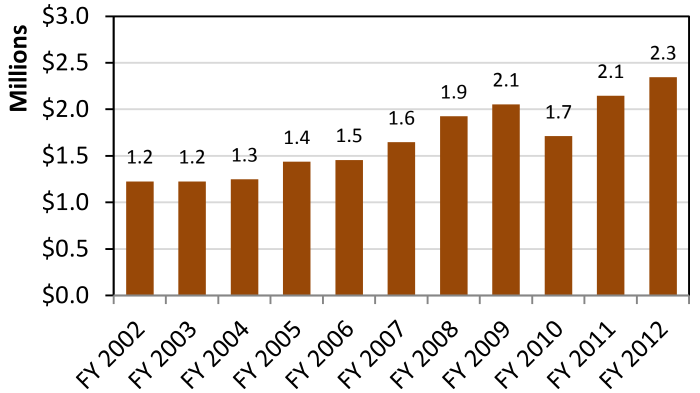
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Total Revenue	**$324,311,269**	**$218,425,215**	**$206,286,268**	**$215,129,820**	**$210,644,361**
BOGC	$3,370,798	$2,026,637	$1,810,734	$1,963,032	$1,987,666
Naturla Resource Account	$6,133,726	$3,816,484	$3,413,916	$3,698,516	$3,754,061
Remainder	**$314,806,745**	**$212,582,095**	**$201,061,618**	**$209,468,272**	**$204,902,634**
"County" Revenue	**$148,730,151**	**$101,210,078**	**$95,231,171**	**$98,902,261**	**$96,766,607**
Counties and Schools	$148,730,151	$101,210,078	$95,231,171	$98,902,261	$83,611,488
Guarantee Fund	$0	$0	$0	$0	$12,335,596
County Impact Fund	$0	$0	$0	$0	$682,935
State School Impact Fund	$0	$0	$0	$0	$136,587
"State" Revenue	**$166,076,594**	**$111,372,017**	**$105,830,447**	**$110,566,011**	**$108,136,027**
Natural Resources Projects	$2,382,410	$1,614,894	$1,534,541	$1,603,207	$2,335,738
Natural Resources Operations	$2,391,536	$1,614,894	$1,534,541	$1,603,207	$2,184,348
Orphan Share Fund	$4,921,820	$3,330,023	$3,164,330	$3,305,924	$3,190,013
University Millage	$4,362,257	$2,951,358	$2,804,507	$2,929,999	$2,865,605
General Fund	**$149,993,826**	**$100,490,971**	**$95,490,812**	**$99,763,712**	**$97,560,324**

Resource Indemnity and Ground Water Assessment Tax

Statute: Title 15, Chapter 38, Part 1

Resource Indemnity and Ground Water Assessment Tax

Fiscal Year	Total Revenue
FY 2002	$1,224,307
FY 2003	$1,225,611
FY 2004	$1,250,528
FY 2005	$1,436,378
FY 2006	$1,456,411
FY 2007	$1,646,917
FY 2008	$1,925,990
FY 2009	$2,053,954
FY 2010	$1,711,844
FY 2011	$2,146,960
FY 2012	$2,343,678



Tax Rates

The Resource Indemnity and Ground Water 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).

RIGWAT Tax Rate

Mineral	Tax Rate	Exemption	Mineral	Tax Rate	Exemption
Other*	0.5%	First $5,000	Vermiculite	2.0%	First $1,250
Talc	4.0%	First $625	Limestone	10.0%	First $250
Coal	0.4%	First $6,250	Garnets	1.0%	First $2,500

* Excludes oil, gas, and mines taxed under 15-37-104.

Exemptions

•Metal production subject to the metal mines license tax is exempt from RIGWAT.
•The 2003 legislature changed the distribution of oil and gas tax revenue to include the Orphan Share Account, and made oil and gas production subject to the oil and gas severance tax exempt from RIGWAT.
•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 60th day following the end of the calendar year.

Distribution

RIGWAT revenue is deposited to several special funds and accounts. The order and amount of proceeds deposited are as follows:
•An amount certified by the DEQuality is deposited to CERCLA match debt service fund.
• $366,000 is to be deposited in the groundwater assessment account.
• $150,000 is to be deposited in the water storage special revenue account at the each biennium.
• 25 percent of remaining revenue is distributed to the hazardous waste/CERCLA special revenue account.
• 25 percent of remaining revenue is distributed to the environmental quality protection fund.
• the remaining revenue is distributed to the natural resources projects fund.

RIGWAT Distribution

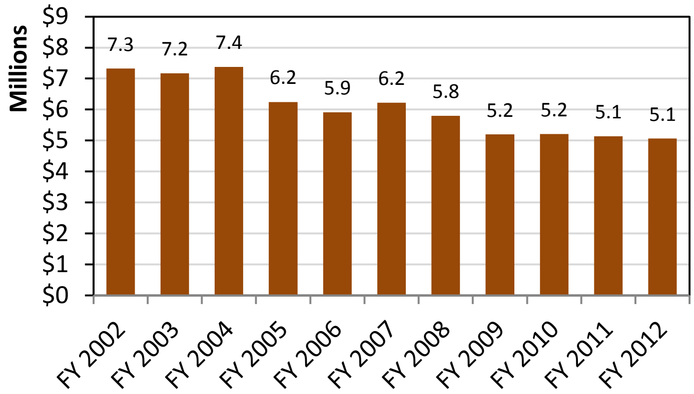
	FY 2009	FY 2010	FY 2011	FY 2012
CERCLA Debt Service	$271,938	$272,038	$274,338	$267,150
Ground Water Assement	$366,000	$366,000	$366,000	$366,000
Water Storage	$0	$150,000	$0	$150,000
Remainder	**$1,416,016**	**$923,806**	**$1,506,623**	**$1,560,528**
Hazardous Waste/CERCLA (25%)	$354,004	$230,952	$376,656	$390,132
Environmental Quality Protection (25%)	$354,004	$230,952	$376,656	$390,132
Natural Resources Projects (50%)	$708,008	$461,903	$753,311	$780,264

Resource Indemnity Trust Fund Interest

Statute: Title 15, Chapter 38, Part 2

Resource Indemnity Trust Fund Interest

Fiscal Year	Total Revenue
FY 2002	$7,320,563
FY 2003	$7,174,343
FY 2004	$7,380,241
FY 2005	$6,247,098
FY 2006	$5,915,562
FY 2007	$6,220,240
FY 2008	$5,800,855
FY 2009	$5,197,073
FY 2010	$5,212,968
FY 2011	$5,134,587
FY 2012	$5,063,566



Distribution

In fiscal year 2002 the resource indemnity trust fund reached $100 million. Net earnings, excluding unrealized gains and losses, and all tax 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 following table shows these allocations.

Normally, $175,000 is distributed to the Environmental Contingency account in the first year of the biennium. However, if the unobligated cash balance is less than $750,000, then the account only receives the lesser or $175,000 and the difference between the balance and $750,000. This was the case in FY 2012.

Distribution of Resource Indemnity Trust Fund Interest

	FY 2009	FY 2010	FY 2011	FY 2012
Annual Distributions				
Natural Resource Projects	3,500,000	3,500,000	3,500,000	3,500,000
Ground Water Assessment	300,000	300,000	300,000	300,000
Fish, Wildlife, and Park	500,000	500,000	500,000	500,000
Biennial Distribution				
Oil and Gas Damage Mitigation	0	50,000	0	50,000
Water Storage	0	500,000	0	500,000
Environmental Contingency*	175,000	175,000	0	28,136
Remainder				
Natural Resource Operations (65%)	469,347	122,179	542,481	120,530
Hazardous Waste/CERCLA (26%)	187,739	48,872	216,993	48,212
Environmental Quality Protection (9%)	64,987	16,917	75,113	16,689

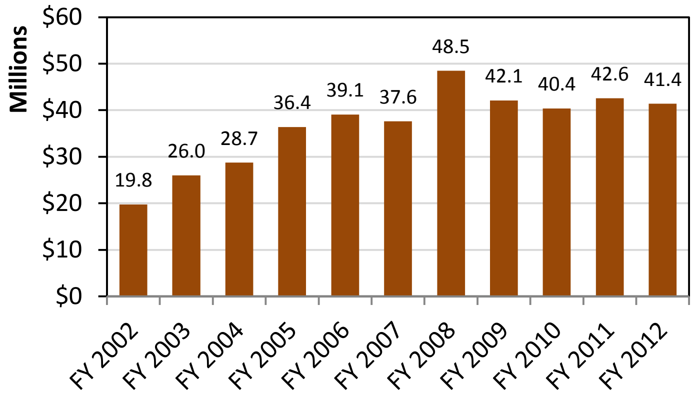
*SB 62 of the 2009 Legislature changed the distribution from and annual distribution to a biennial distribution.

U.S. Mineral Royalties

Statute: 30 USC, Sections 191
17-3-240, MCA

U.S. Mineral Royalties

Fiscal Year	Total Revenue
FY 2002	$19,772,193
FY 2003	$25,989,828
FY 2004	$28,736,303
FY 2005	$36,391,633
FY 2006	$39,071,469
FY 2007	$37,627,625
FY 2008	$48,518,078
FY 2009	$42,097,818
FY 2010	$40,383,725
FY 2011	$42,564,410
FY 2012	$41,409,246



The federal government generates royalties from leasing mineral rights on federal lands in the state. They share 49 percent of royalty revenue with the state, which was decreased from 50 percent in October of 2007.

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.

Distribution

The state general fund receives 75 percent of the revenue, and the remaining 25 percent 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.

U.S. Mineral Royalty Distribution

	FY 2009	FY 2010	FY 2011	FY 2012
General Fund (75%)	$31,573,364	$30,287,794	$31,923,308	$31,056,935
Impacted Couinties (25%)	$10,524,455	$10,095,931	$10,641,102	$10,352,312

OTHER TAXES

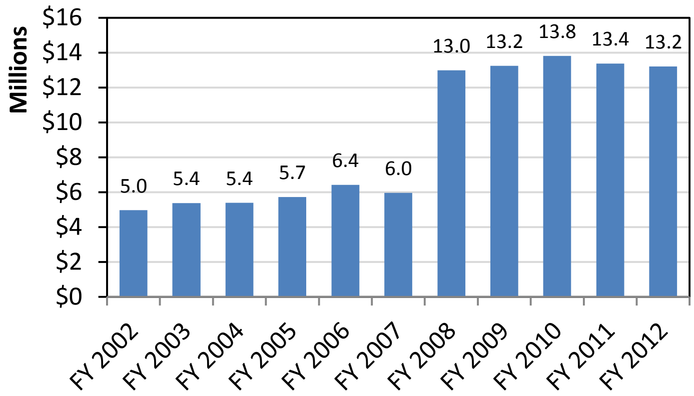
Montana Department of
REVENUE

911 Emergency Telephone System Fee

Statute: Title 10, Chapter 4

911 Emergency Telephone Service Fee

Fiscal Year	Total Revenue
FY 2002	$4,968,579
FY 2003	$5,383,414
FY 2004	$5,388,386
FY 2005	$5,733,140
FY 2006	$6,427,739
FY 2007	$5,960,166
FY 2008	$12,986,143
FY 2009	$13,249,845
FY 2010	$13,801,647
FY 2011	$13,376,568
FY 2012	$13,212,111



Fee Rate

For each access line, a fee of 25 cents per month to support basic 911 services, 25 cents per month to support enhanced 911 services, and 50 cents per month to support wireless enhanced 911 services is collected from service subscribers.

911 Emergency Telephone Fee Rates

Purpose	Fee Per Month
Basic 911 Service	25¢
Enhanced 911 Service	25¢
Wireless Enhanced 911 Service	50¢
Total	$1.00

Filing Requirements

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.

Distribution

Of the fee collected, 2.74 percent 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).

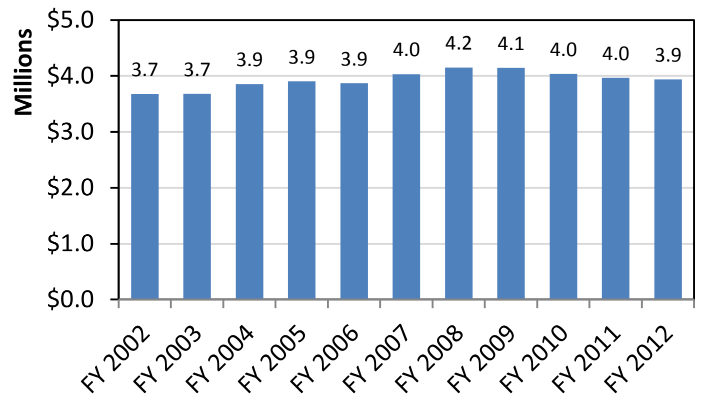
Emergency Telephone 911 Fee Distribution

	FY 2010	FY 2011	FY 2012
Emergency Telephone System Account (2.74%)	$378,165	$366,518	$362,012
Basic 911 Phone Program (24.315%)	$3,356,040	$3,252,514	$3,212,523
Enhanced 911 Phone Program (24.315%)	$3,356,040	$3,252,514	$3,212,523
Wireless Enhanced 911 Phone Programs			
911 Jurisdictions (24.315%)	$3,355,701	$3,252,511	$3,212,527
Wireless Providers(24.315%)	$3,355,701	$3,252,512	$3,212,527

Statute: 16-1-406, MCA

Beer Tax

Fiscal Year	Total Revenue
FY 2002	$3,673,818
FY 2003	$3,680,560
FY 2004	$3,852,302
FY 2005	$3,903,377
FY 2006	$3,866,022
FY 2007	$4,030,526
FY 2008	$4,150,714
FY 2009	$4,141,236
FY 2010	$4,032,294
FY 2011	$3,963,452
FY 2012	$3,934,761



Tax Rate

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 in Montana.

Beer Tax Rate

Production Level	Tax Per Barrel
0 to 5,000 Barrels	$1.30
5,000 to 10,000 Barrels	$2.30
10,000 to 20,000 Barrels	$3.30
Over 20,000 Barrels	$4.30

Filing Requirements

The beer tax is collected monthly from distributers and breweries. Taxpayers must submit returns to the department on or before the last day of the month.

Distribution

The Department of Public Health and Human Services receives 23.26 percent of the revenue collected from the beer tax 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. The remainder of the revenue is deposited in the general fund.

Beer Tax Distribution

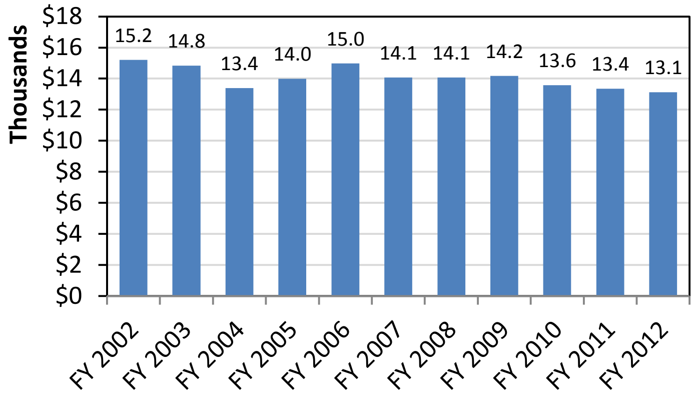
	FY 2009	FY 2010	FY 2011	FY 2012
Total Revenue	**$4,141,236**	**$4,032,294**	**$3,963,452**	**$3,934,761**
DPHHS (23.26%)	$963,238	$937,912	$921,899	$915,225
Tribal	$63,268	$62,528	$59,744	$63,338
General Fund (remainder)	$3,114,729	$3,031,854	$2,981,809	$2,956,198

Cigarette License Fee

Statute: 16-11-122, MCA

Cigarette License Fee

Fiscal Year	Total Revenue
FY 2002	$15,203
FY 2003	$14,838
FY 2004	$13,388
FY 2005	$13,997
FY 2006	$14,986
FY 2007	$14,072
FY 2008	$14,071
FY 2009	$14,170
FY 2010	$13,575
FY 2011	$13,360
FY 2012	$13,130



Fee Rate

A license fee is imposed on cigarette dealers in Montana. Wholesalers, sub-jobbers (middle-man), and vendors (operating 10 or more machines) pay an annual license fee of $50. Retailers and vendors (operating nine or fewer machines) pay an annual license fee of $5.

Cigarette License Fee Schedule

Status	Annual Renewal Fee
Wholesalers & Sub-Jobbers	$50
Vendors (10 or More Machines)	$50
Vendors (9 or Fewer Machines)	$5
Retailers	$5

Filing Requirements

Licenses must be renewed annually on or before the anniversary date.

Distribution

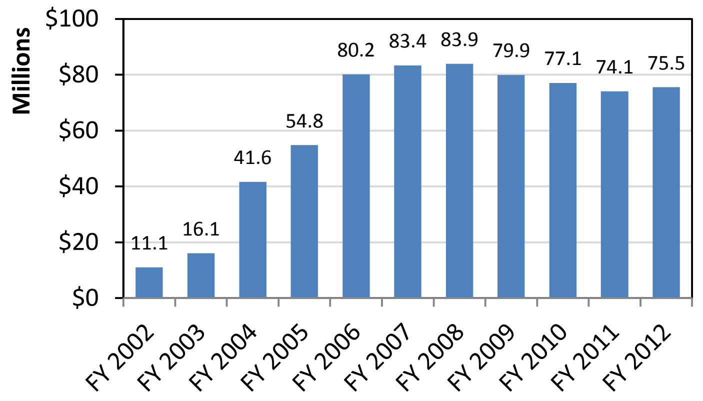
Revenues from the license fees are deposited in the state general fund (16-11-124, MCA).

Cigarette Tax

Statute: 16-11-111, MCA
16-11-119, MCA

Cigarette Tax

Fiscal Year	Total Revenue
FY 2002	$11,052,174
FY 2003	$16,093,023
FY 2004	$41,582,823
FY 2005	$54,765,356
FY 2006	$80,180,236
FY 2007	$83,380,418
FY 2008	$83,882,748
FY 2009	$79,905,894
FY 2010	$77,071,487
FY 2011	$74,090,938
FY 2012	$75,533,075



Tax Rate

The cigarette tax rate has increased twice since 2003. On May 1, 2003, the cigarette tax rate increased from 18 cents to 70 cents per pack of 20 cigarettes, as mandated by the 2003 Legislature. On January 1, 2005, the tax rate increased from 70 cents 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.

Filing Requirements

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

After distributing revenues according to tribal revenue sharing agreements, cigarette tax revenues are distributed: 8.3 percent 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. For FY 2010 through FY 2015,1.2 percent is deposited for the construction of the Southwestern Montana state veterans' home, 2.6 percent to the Long-Range Building Account, 44 percent to the Department of Public Health and Human Services for Health and Medicaid initiatives, and the remainder is deposited in the state general fund (16-11-119, MCA).

Cigarette Tax Distribution

	FY 2009	FY 2010	FY 2011	FY 2012
Total Revenue	$79,905,894	$77,071,487	$74,090,938	$75,533,075
Tribal	$3,807,420	$3,682,164	$3,495,106	$3,818,164
Remainder	**$76,098,475**	**$73,389,323**	**$70,595,832**	**$71,714,911**
State Veteran's Home (8.3%)	$6,316,173	$6,091,314	$5,859,454	$5,952,337
SW State Veteran's Home (1.2%)*	$0	$880,672	$847,150	$860,579
Long Range Building (2.6%)	$1,978,561	$1,908,122	$1,835,492	$1,864,588
DPHHS-Medicaid Initiatives (44%)	$33,483,328	$32,291,302	$31,062,166	$31,554,561
General Fund (remainder)	$34,320,412	$32,217,914	$30,991,570	$31,482,846

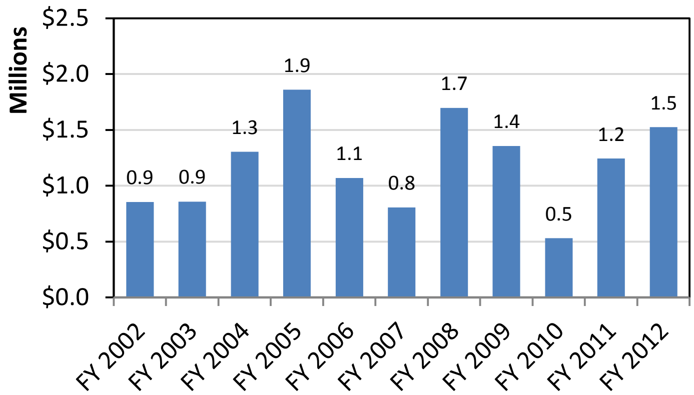
* HB 213 of the 2009 Legislature established funding for the construction of the South Western Veteran's home.

Consumer Counsel Fee

Statute: Title 69, Chapter 1, Part 2, MCA

Consumer Counsel Fee

Fiscal Year	Total Revenue
FY 2002	$855,308
FY 2003	$858,819
FY 2004	$1,303,597
FY 2005	$1,860,324
FY 2006	$1,070,664
FY 2007	$806,829
FY 2008	$1,696,840
FY 2009	$1,355,530
FY 2010	$530,981
FY 2011	$1,243,187
FY 2012	$1,523,517



Fee Rate

The fee is set annually for the succeeding fiscal year to cover appropriations for the operation of the Office of the Consumer Counsel.

Consumer Counsel Fee Rates

Fiscal Year*	Fee Rate
FY 2006	0.07% of Gross Revenue from Regulated Activities
FY 2007	0.06% of Gross Revenue from Regulated Activities
FY 2008	0.14% of Gross Revenue from Regulated Activities
FY 2009	0.08% of Gross Revenue from Regulated Activities
FY 2010	0.03% of Gross Revenue from Regulated Activities
FY 2011	0.11% of Gross Revenue from Regulated Activities
FY 2012	0.12% of Gross Revenue from Regulated Activities
FY 2013	0.07% of Gross Revenue from Regulated Activities

*Fiscal year refers to Oct 1st of the previous calendar year though Sep. 30th.

Filing Requirements

All companies providing services regulated by the Public Service Commission are subject to a quarterly Consumer Counsel Fee on gross operating revenue from regulated activities. The company must file and pay the fee within 30 days of the end of the calendar quarter.

Distribution

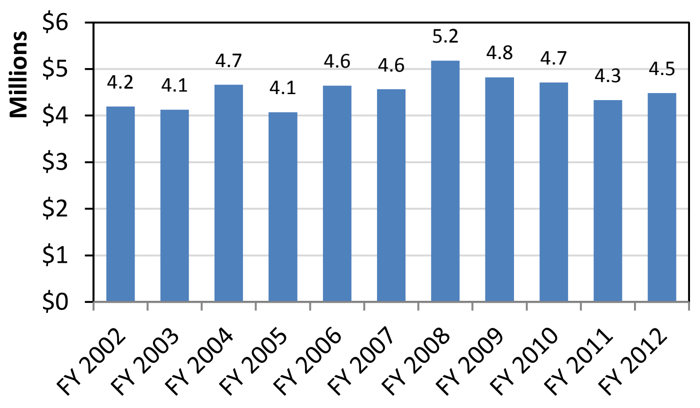
All collections are deposited in a state special revenue account for the operation of the Office of Consumer Counsel (69-1-223, MCA).

Electrical Energy Producers' License Tax

Statute: Title 15, Chapter 51, MCA

Electrical Energy Producers' License Tax

Fiscal Year	Total Revenue
FY 2002	$4,197,477
FY 2003	$4,130,019
FY 2004	$4,660,529
FY 2005	$4,074,409
FY 2006	$4,644,508
FY 2007	$4,564,404
FY 2008	$5,179,013
FY 2009	$4,824,659
FY 2010	$4,713,429
FY 2011	$4,332,363
FY 2012	$4,481,361



Tax Rate

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.

Filing Requirements

Businesses engaged in the production of electrical energy pay the electrical energy producers' license tax. 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).

Distribution

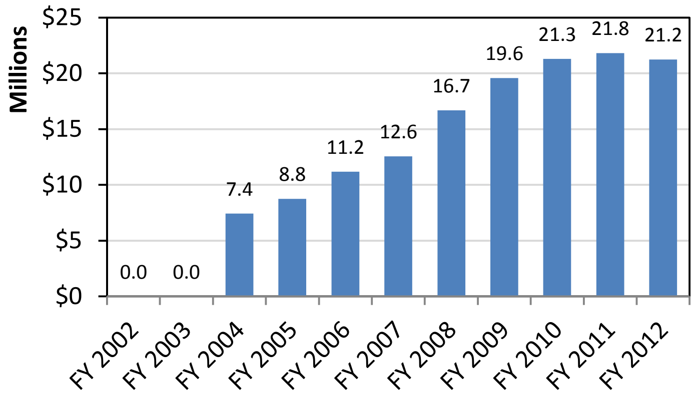
These tax collections are deposited in the state general fund (15-51-103, MCA).

Hospital Facility Utilization Fee

Statute: Title 15, Chapter 66, MCA

Hospital Facility Utilization Fee

Fiscal Year	Total Revenue
FY 2002	$0
FY 2003	$0
FY 2004	$7,427,903
FY 2005	$8,757,918
FY 2006	$11,179,325
FY 2007	$12,559,877
FY 2008	$16,671,570
FY 2009	$19,582,981
FY 2010	$21,290,112
FY 2011	$21,819,469
FY 2012	$21,238,158



Fee Rate

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 official day of care, or inpatient bed day.

Filing Requirements

The fees must be paid by the hospital for the preceding calendar year on all inpatient bed days. The table below provides the fee per inpatient bed day since the fee was instituted.

Hospital Facility Utilization Fee Schedule

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 through 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

Distribution

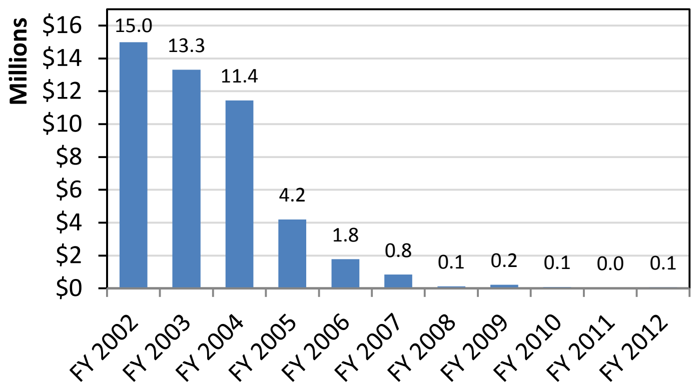
All of the proceeds from the utilization fee are deposited in a special revenue account for use by the Department of Health and Human Services to provide reimbursements to hospitals serving Medicaid patients (15-66-102, MCA).

Inheritance and Estate Taxes

Statute: Title 72, Chapter 16, MCA

Inheritance and Estate Taxes

Fiscal Year	Total Revenue
FY 2002	$14,983,893
FY 2003	$13,305,983
FY 2004	$11,431,103
FY 2005	$4,190,613
FY 2006	$1,773,169
FY 2007	$838,865
FY 2008	$122,148
FY 2009	$217,097
FY 2010	$90,544
FY 2011	$43,165
FY 2012	$59,718



Tax Rate

An estate tax is a tax on the value of the estate a person leaves when they die and is paid by the estate. An inheritance tax is a tax on the value of the bequest each heir receives.

Before 2001, Montana had an inheritance tax with rates that varied according to the heir's relationship to the decedent. 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 also has an estate tax equal to the difference between the amount of credit that the federal estate tax law allows for state taxes and the inheritance tax. The estate tax essentially allows the state to receive a share of the federal tax on Montana estates, with that share determined by federal law. With repeal of the inheritance tax, the estate tax became a stand-alone tax.

Federal legislation passed in 2001 and 2010 temporarily changed the federal estate tax law. It phased out the credit for state taxes between 2002 and 2004 and replaced it with a deduction beginning in 2005. With no federal credit, Montana essentially had an estate tax with a rate of zero.

As federal law currently stands, the temporary changes enacted in 2001 and 2010 expire at the end of 2012. If Congress does not change the law, the federal credit for state taxes will return for estates of people dying in 2013 and later years. Under this combination of federal and state law, Montana will again receive a share of the federal tax on Montana estates.

There was no Montana tax that applied to the estates of people who died between January 1, 2005, and December 31, 2012. All revenue received in FY 2006 through FY 2012 is from the estates of people who died before the end of 2004. The state continued to receive small amounts of revenue because it sometimes takes years for final settlement of all issues pertaining to an estate.

Distribution

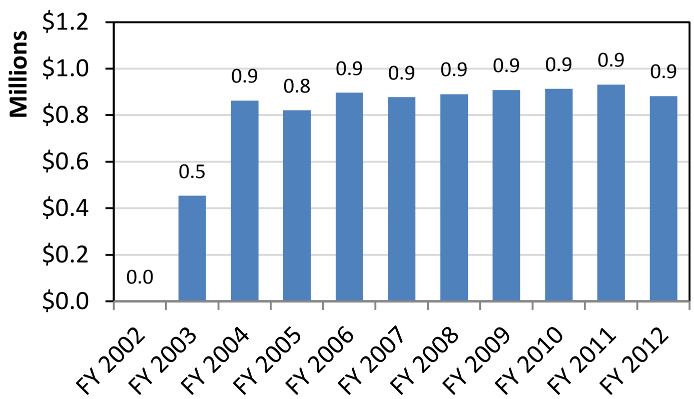
All inheritance tax revenue is deposited in the general fund.

Intermediate Care Facility Utilization Fee

Statute: Title 15, Chapter 67, MCA

Intermediate Care Facility Utilization Fee

Fiscal Year	Total Revenue
FY 2002	$0
FY 2003	$454,664
FY 2004	$863,036
FY 2005	$821,923
FY 2006	$897,227
FY 2007	$877,482
FY 2008	$890,691
FY 2009	$907,764
FY 2010	$913,971
FY 2011	$931,535
FY 2012	$882,024



Fee Rate

The Intermediate Care Facility Utilization Fee is collected at a rate of six percent of the revenue of intermediate care facilities for the developmentally disabled. The fee was first implemented by the 2003 Legislature at a rate of five percent.

Filing Requirements

Intermediate care facilities must file and pay the fee on or before the last day of the month following the end of each calendar quarter. The 2005 Legislature changed the fee to a quarterly payment of six percent of the intermediate care facility's quarterly revenue divided by the official number of bed days by residents for the same time period.

Distribution

Of the total revenue generated by this fee, 30 percent is deposited into the state general fund and 70 percent into the prevention and stabilization account in the state special revenue fund for the Department of Public Health and Human Services to administer (15-67-102, MCA).

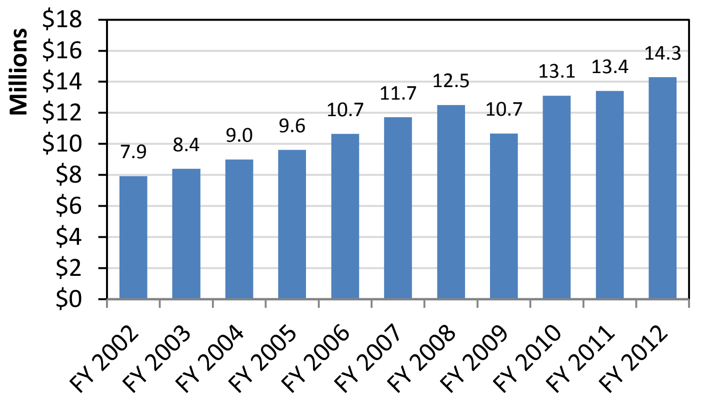
Intermediate Care Facility Utilization Fee Distribution

	FY 2009	FY 2010	FY 2011	FY 2012
General Fund (30%)	$272,329	$274,191	$279,460	$264,607
Prevention and Stabilization Acct. (70%)	$635,434	$639,780	$652,074	$617,417

Statute: 16-1-401, MCA

Liquor Excise Tax

Fiscal Year	Total Revenue
FY 2002	$7,935,705
FY 2003	$8,397,656
FY 2004	$8,995,460
FY 2005	$9,613,276
FY 2006	$10,654,439
FY 2007	$11,719,023
FY 2008	$12,514,590
FY 2009	$10,662,763
FY 2010	$13,113,048
FY 2011	$13,411,390
FY 2012	$14,290,765



Tax Rate

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 three percent to 16 percent of the retail selling price, depending on the number of proof gallons produced by the manufacturer nationwide.

Liquor Excise Tax Rates

National Production Level	Tax Rate
Less than 20,000 Proof Gallons	3.0%
20,000 to 50,000 Proof Gallons	8.0%
50,001 to 200,000 Proof Gallons	13.8%
Over 200,000 Proof Gallons	16.0%

Filing Requirements

The Department collects the tax at the time of sale.

Distributions

The revenues collected from the tax are deposited to the state general fund. 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. The following table shows the revenue distributions from FY 2009 to FY 2012:

Liquor Excise Tax Distribution

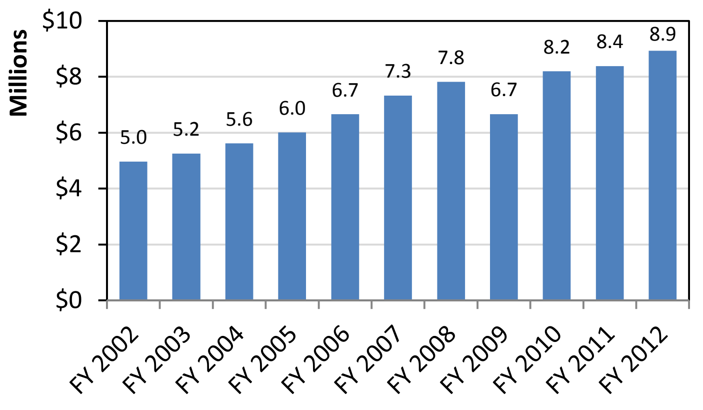
	FY 2009	FY 2010	FY 2011	FY 2012
General Fund	$10,352,498	$12,798,983	$13,098,298	$13,955,649
Tribal	$310,266	$314,065	$313,092	$335,116

Liquor License Tax

Statute: 16-1-404, MCA

Liquor License Tax

Fiscal Year	Total Revenue
FY 2002	$4,960,240
FY 2003	$5,246,825
FY 2004	$5,620,006
FY 2005	$6,005,359
FY 2006	$6,657,264
FY 2007	$7,322,884
FY 2008	$7,820,500
FY 2009	$6,662,040
FY 2010	$8,194,517
FY 2011	$8,380,238
FY 2012	$8,931,554



Tax Rate

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 two percent to 10 percent of the retail price, depending on the number of proof gallons produced by the manufacturer nationwide.

Liquor License Tax Rates

National Production Level	Tax Rate
0 to 50,000 Proof Gallons	2.0%
50,001 to 200,000 Proof Gallons	8.6%
Over 200,000 Gallons	10.0%

Filing Requirements

The Department collects the tax at the time of sale.

Distribution

The revenues collected from the tax are deposited 34.5 percent to the state general fund and 65.5 percent to the Department of Public Health and Human Services for treatment, rehabilitation, and prevention of alcoholism and chemical dependency. The following table shows the tax revenue distribution for FY 2009 through FY 2012:

Liquor License Tax Distribution

Fund	FY 2009	FY 2010	FY 2011	FY 2012
General Fund (34.5%)	2,298,404	2,827,108	2,891,182	3,081,386
DPHHS (65.5%)	4,363,636	5,367,409	5,489,056	5,850,168

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 by 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;

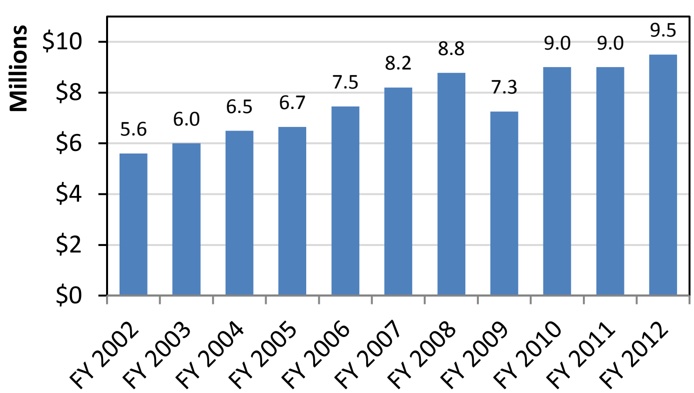
Establishing and posting statutorily-defined prices for all liquor products distributed through the liquor warehouse; and

Establishing, maintaining, and monitoring relationships, compliance issues, and state contracts with 96 separate agency liquor stores.

Statute: 16-1-404, MCA.

Liquor Profits

Fiscal Year	Total Revenue
FY 2002	$5,600,000
FY 2003	$6,000,000
FY 2004	$6,500,000
FY 2005	$6,650,000
FY 2006	$7,450,000
FY 2007	$8,200,000
FY 2008	$8,775,000
FY 2009	$7,250,000
FY 2010	$9,000,000
FY 2011	$9,000,000
FY 2012	$9,500,000



State Liquor Profits

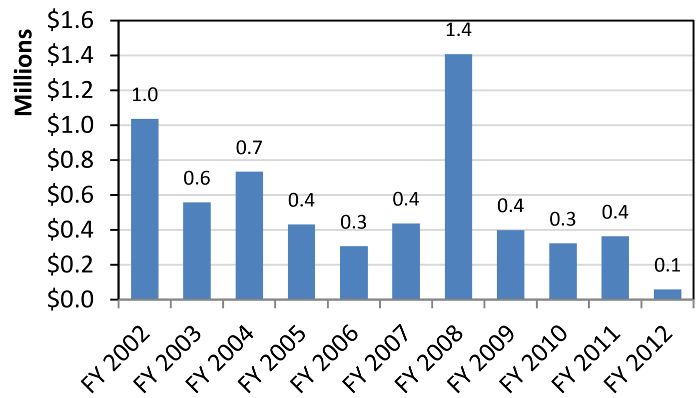
Cost of goods, agent discounts and state operating expenses are paid from the gross profit of revenues collected by the Department of Revenue for distilled spirits sold to agency owned liquor stores.

Distribution

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.

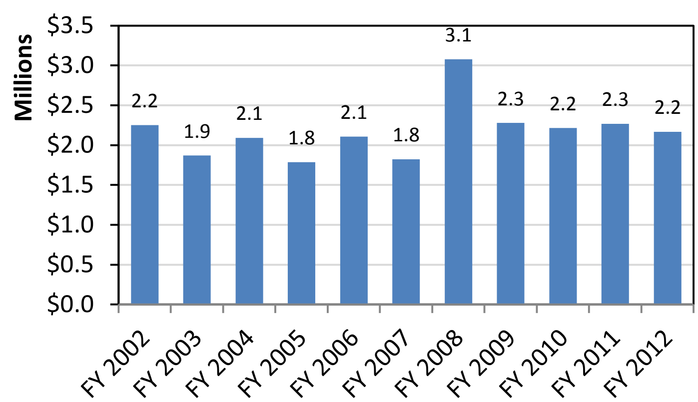
Non-Tax Liquor General Fund Transfers

Fiscal Year	Total Revenue
FY 2002	$1,036,184
FY 2003	$558,198
FY 2004	$734,102
FY 2005	$431,146
FY 2006	$305,976
FY 2007	$436,316
FY 2008	$1,407,218
FY 2009	$399,280
FY 2010	$322,967
FY 2011	$363,108
FY 2012	$59,079



Non-Tax Liquor Collections

Fiscal Year	Total Revenue
FY 2002	$2,249,689
FY 2003	$1,870,221
FY 2004	$2,090,396
FY 2005	$1,784,441
FY 2006	$2,107,039
FY 2007	$1,823,279
FY 2008	$3,075,715
FY 2009	$2,278,237
FY 2010	$2,215,813
FY 2011	$2,267,419
FY 2012	$2,167,658



Liquor Licensing and Fees

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

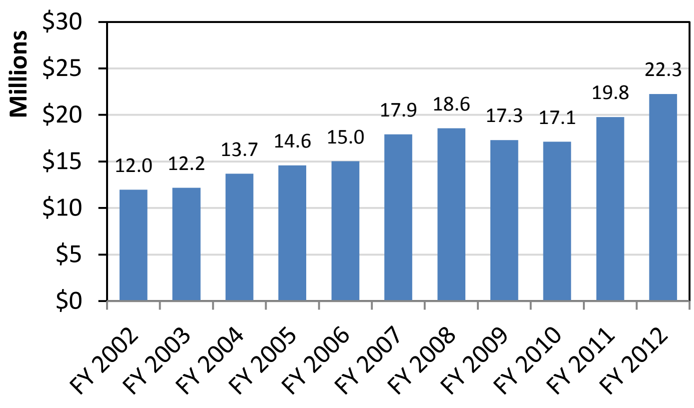
The department retains license and fee revenues from the non-tax liquor collections in a liquor enterprise fund. The administrative and compliance expenses associated with enforcing the liquor laws of Montana by the Department of Revenue and the Department of Justice are paid from the liquor enterprise fund. The balance remaining in the fund at the end of the fiscal year is deposited in the state general fund (16-2-108, MCA).

Lodging Facility Use Tax

Statute: Title 15, Chapter 65, MCA

Lodging Facility Use Tax

Fiscal Year	Total Revenue
FY 2002	$11,965,138
FY 2003	$12,169,036
FY 2004	$13,702,861
FY 2005	$14,596,301
FY 2006	$15,018,113
FY 2007	$17,906,542
FY 2008	$18,562,141
FY 2009	$17,307,397
FY 2010	$17,132,174
FY 2011	$19,784,603
FY 2012	$22,257,882



Tax Rate

The 1987 Legislature enacted a tax on short-term lodging, with the proceeds to be used primarily to fund tourism promotion. The tax is imposed on users of short-term, overnight lodging facilities and is four percent of the lodging charge.

Filing Requirements

The owner or operator of a lodging facility collects the tax from customers and is required to remit the tax to the department quarterly. The report and tax are due on or before the last day of the month, following the end of each calendar quarter. To simplify compliance, the department has lodging operators file a single return combining the four percent lodging facility use tax and the three percent lodging sales tax.

Distribution

The department's costs of administering the lodging facility use tax are paid out of receipts from the tax. This is different from the process with most taxes, where the department's costs are paid from the general fund. For each fiscal year, the legislature appropriates an amount to the department to cover its costs, and this amount is first deducted from tax collections, with the remaining balance allocated as provided in statute.

The legislature originally chose not to tax business travel by state employees. However, rather than exempting state travel from the tax, the legislature required the department to reimburse state agencies for the tax they paid. Agencies reported the amount they spent on lodging from each of their funding sources, and the department reimbursed each of the funds. This system was cumbersome to administer and difficult to track. The 2011 Legislature simplified the process (HB 111). Beginning in FY 2012, 30 percent of tax collected from state agencies is deposited in the general fund. Tax on state agency travel paid with federal funds is given to the Department of Administration to be returned to the federal government through the normal process for returning unspent federal funds. The rest of the tax paid by state agencies is included in the normal distribution.

Lodging Facility Use Tax

A fixed allocation of $400,000 is deposited in the Montana Heritage Preservation Account to pay for preservation of historic properties at Virginia City and Nevada City. The remaining revenue is distributed according to a formula. For FY 2012, the distribution is as follows:

- 64.9 percent to the Department of Commerce for state-wide tourism promotion.
- one percent to the Montana Historical Society for roadside historical signs and historic sites.
- 2.5 percent to the university system for the Montana Travel Research Program.
- 2.6 percent to the Historical Society to cover costs of the state museum and the Robert Scriver sculpture collection.
- 6.5 percent to the Department of Fish, Wildlife and Parks to maintain facilities in state parks.
- 22.5 percent to regional nonprofit tourism corporations and local convention and visitors bureaus for local tourism promotion. Each of the state's six tourism promotion regions receives revenue proportional to the tax collected in the region. If the share of this allocation due to taxes collected in a city or resort area is more than $35,000, then half of that amount goes to the local convention and visitors bureau.

  The 2011 Legislature (HB 477) created the allocation to the Historical Society for the state museum and reduced the Department of Commerce's allocation by the same percentage. (15-65-121, MCA)

Lodging Facility Use Tax Distribution

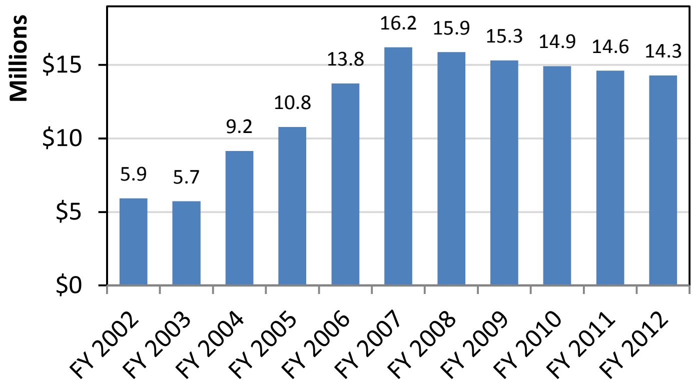
	FY 2009	FY 2010	FY 2011	FY 2012
Total Revenue	**$17,307,397**	**$17,132,174**	**$19,784,603**	**$22,257,882**
DOR Administration	$154,480	$131,358	$132,416	$135,675
Travel Reimbursements	$203,759	$198,231	$215,859	$140,183
MT Heritage Preservation Account	$400,000	$400,000	$400,000	$400,000
Remainder	**$16,549,158**	**$16,402,585**	**$19,036,328**	**$21,582,023**
Department of Commerce	$11,170,681	$11,071,744	$12,849,521	$14,012,087
MT Historical Society Sites & Signs	$165,491	$164,025	$190,363	$215,820
MT University System	$413,729	$410,065	$475,908	$539,551
MT Historical Society Interpretation Account		$0	$0	$555,779
Fish, Wildlife, and Parks	$1,075,695	$1,066,168	$1,237,361	$1,402,832
Regional Tourism	$3,723,561	$3,690,582	$4,283,174	$4,855,955

Nursing Facility Utilization Fee

Statute: Title 15, Chapter 60, MCA

Nursing Facility Utilization Fee

Fiscal Year	Total Revenue
FY 2002	$5,938,185
FY 2003	$5,723,472
FY 2004	$9,158,829
FY 2005	$10,780,189
FY 2006	$13,752,750
FY 2007	$16,196,108
FY 2008	$15,868,028
FY 2009	$15,308,973
FY 2010	$14,928,685
FY 2011	$14,609,167
FY 2012	$14,294,205



Fee Rate

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 official day's care. 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.

Nursing Facility Utilization Fee Rates

Non-Montana Mental Health Nursing Care Center Facilities	
General Fund Fee Per Bed Day (≈33.73%)	$2.80
Nursing Facility Utilization Account Fee Per Bed Day (≈66.27%)	$5.50
Total Fee Per Bed Day (100%)	$8.30
Montana Mental Health Nursing Care Center Facilities	
General Fund Fee Per Bed Day (30%)	$2.49
Prevention and Stabilization Fee Per Bed Day (70%)	$5.81
Total Fee Per Bed Day (100%)	$8.30

Utilization fees paid by the MMHNCC are distributed 30 percent to the state general fund and 70 percent to the prevention and stabilization account administered by the DPHHS to finance, administer, and provide health and human services (53-6-1101, MCA).

Filing Requirements

The owner or operators of a facility pay the fee quarterly. The fee is due on or before the last day of the month immediately following the end of the quarter.

Distribution

The revenue distributed into the nursing facility account is used by the DPHHS to increase the price-based reimbursement system payment rates to nursing homes (15-60-201, MCA).

The prevention and stabilization account is administered by the DPHHS to finance, administer, and provide health and human services.

Nursing Facility Utilization Fee Distribution

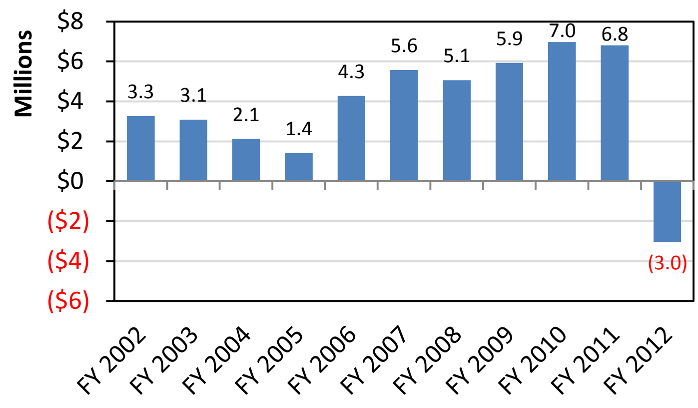
Non-Montana Mental Health Nursing Care Center Facilities	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**
General Fund Fee (≈33.73%)	$5,140,018	$4,950,374	$4,838,119	$4,735,765
Nursing Facility Utilization Account Fee (≈66.27%)	$9,980,893	$9,726,099	$9,505,548	$9,304,451
Total Fee Per Bed Day (100%)	**$15,120,911**	**$14,676,473**	**$14,343,666**	**$14,040,216**
Montana Mental Health Nursing Care Center Facilities				
General Fund Fee Per Bed Day (30%)	$56,418	$75,664	$79,650	$76,196
Prevention and Stabilization Fee (70%)	$131,643	$176,548	$185,850	$177,792
Total Fee (100%)	**$188,061**	**$252,212**	**$265,500**	**$253,988**

Public Contractor's Gross Receipts Fee and Tax

Statute: Title 15, Chapter 50, MCA.

Public Contractor's Gross Receipts Fees and Tax

Fiscal Year	Total Revenue
FY 2002	$3,267,321
FY 2003	$3,081,553
FY 2004	$2,120,485
FY 2005	$1,410,831
FY 2006	$4,274,649
FY 2007	$5,566,958
FY 2008	$5,062,659
FY 2009	$5,929,999
FY 2010	$6,969,395
FY 2011	$6,803,285
FY 2012	($3,041,921)



Tax Rate

Prime contractors and all levels of subcontractors must pay a fee equal to one percent of all public contracts over $5,000.

Filing Requirements

Contractors can obtain part or all of the fee 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.

In FY 2012, total refunds exceeded total payments and as a result, total contractor's gross receipts revenue was negative. This was due to refund processing fluctuations and does not indicate a long term trend. The recent upgrade of the department's main tax processing software, Gentax, along with changes in the contractor's gross receipts software application allowed a backlog of refunds to be closed out and posted. The upgrade, along with other efforts by the department, is expected to reduce future delays in processing refunds and credits.

Distribution

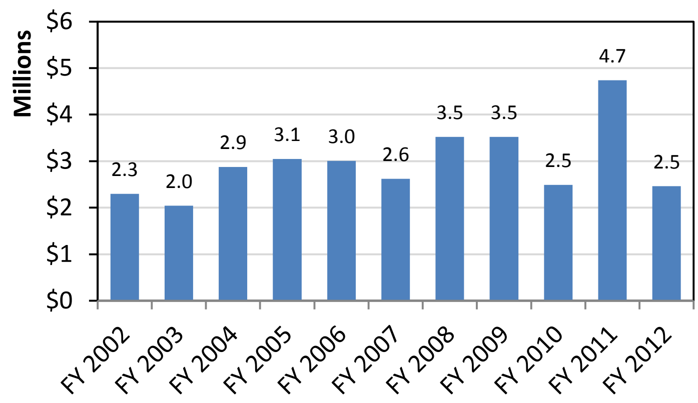
Revenues are deposited in the general fund (15-50-311, MCA).

Public Service Commission Fee

Statute: Title 69, Chapter 1, Part 4, MCA

Public Service Commission Fee

Fiscal Year	Total Revenue
FY 2002	$2,296,111
FY 2003	$2,041,709
FY 2004	$2,875,741
FY 2005	$3,050,213
FY 2006	$3,005,151
FY 2007	$2,619,321
FY 2008	$3,520,803
FY 2009	$3,521,894
FY 2010	$2,493,209
FY 2011	$4,739,380
FY 2012	$2,461,936



Fee Rate

All companies providing services which are regulated by the Public Service Commission are subject to fee on gross operating revenue from regulated activities, excluding revenues from sales to other regulated companies for resale. However, motor carriers are not subject to the fee. The fee is set annually for the succeeding fiscal year to cover appropriations for the operation of the Department of Public Service Regulation.

Public Service Commission Fee Rates

Effective Dates	Rate
Oct. 2005 through Sep. 2006	0.25%
Oct. 2006 through Sep. 2007	0.22%
Oct. 2007 through Sep. 2008	0.31%
Oct. 2008 through Sep. 2009	0.26%
Oct. 2009 through Jun. 2010	0.21%
Jul. 2010 through Sep. 2010	0.37%
Oct. 2010 through Sep. 2011	0.42%
Oct. 2011 through Sep. 2012	0.20%
Oct. 2012 through Sep. 2013	0.23%

Filing Requirements

The companies must file and pay the fee within 30 days of the end of the calendar quarter.

Distribution

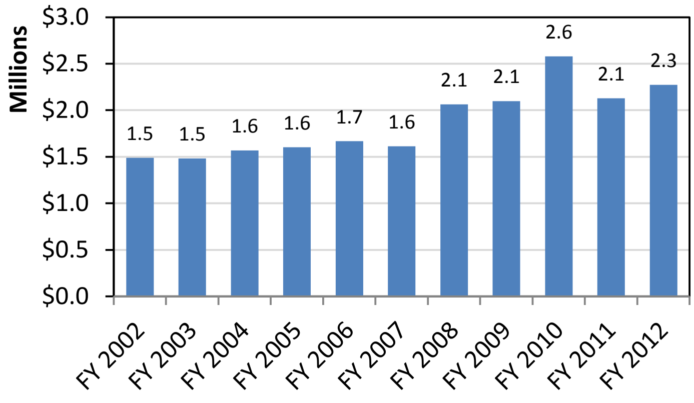
All collections are deposited in a state special revenue account for the administration of the Public Service Commission (69-1-402, MCA).

Rail Car Tax

Statute: Title 15, Chapter 23, Part 2, MCA

Rail Car Tax

Fiscal Year	Total Revenue
FY 2002	$1,489,813
FY 2003	$1,484,264
FY 2004	$1,567,868
FY 2005	$1,604,005
FY 2006	$1,667,441
FY 2007	$1,614,509
FY 2008	$2,063,981
FY 2009	$2,099,454
FY 2010	$2,579,263
FY 2011	$2,130,192
FY 2012	$2,273,412



Tax Rate

The rail car tax provides for the central assessment of rail car companies' operating properties and is assessed on the rolling stock of freight line companies. In the 1992 special session of the Montana legislature, rail car companies were moved from a gross receipts tax to an ad valorem tax, or value based tax. This tax is computed by multiplying the taxable value of the property by the average statewide mill levy for commercial and industrial property (15-23-214, MCA).

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 applies to railroad and airline property and it 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. See section 15-23-211, MCA for a definition of "average levy." Prior to fiscal year 2004, 95 percent of the average statewide mill levy was used as the average state mill. Under current law, tax calculations are calculated at 100 percent of the average statewide mill levy.

Filing Requirements

The department computes the rail car tax and sends the railroad car company a written notice with the amount of taxes due. This notice must include the taxable value of the property and the average levy used (15-23-214, MCA). One half of the rail car tax is due by November 30 of each year or within 30 days after the tax notice is postmarked, whichever is later. The other half of the tax is due by May 31 of each year.

Distribution

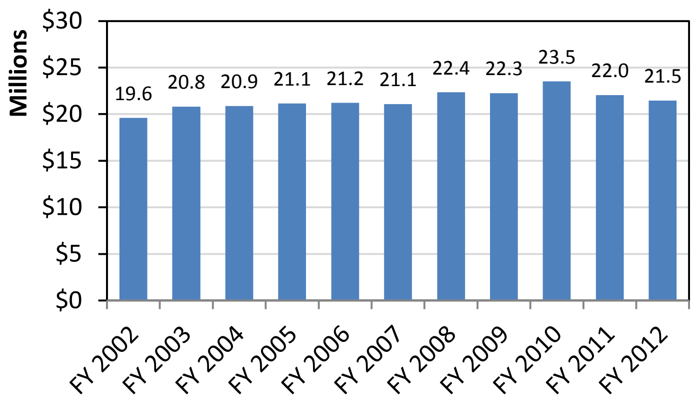
The calculated tax may differ from actual collections due to delinquent taxes. All revenue is deposited into the general fund.

Retail Telecommunications Excise Tax

Statute: Title 15, Chapter 53, MCA.

Retail Telecommunications Excise Tax

Fiscal Year	Total Revenue
FY 2002	$19,593,501
FY 2003	$20,804,524
FY 2004	$20,890,335
FY 2005	$21,144,420
FY 2006	$21,208,947
FY 2007	$21,065,843
FY 2008	$22,350,323
FY 2009	$22,250,383
FY 2010	$23,523,474
FY 2011	$22,049,967
FY 2012	$21,459,017



Tax Rate

Prior to January 1, 2000, Montana levied a telephone company license tax of 1.8 percent on the 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 percent on retail sales of telecommunications service when the transmission either originates or terminates in Montana. This tax is imposed on the purchaser of telecommunication services and collected by the telecommunications service provider.

Filing Requirements

Each retail telecommunication service provider must file a quarterly return due 60 days after the end of each calendar quarter.

Distribution

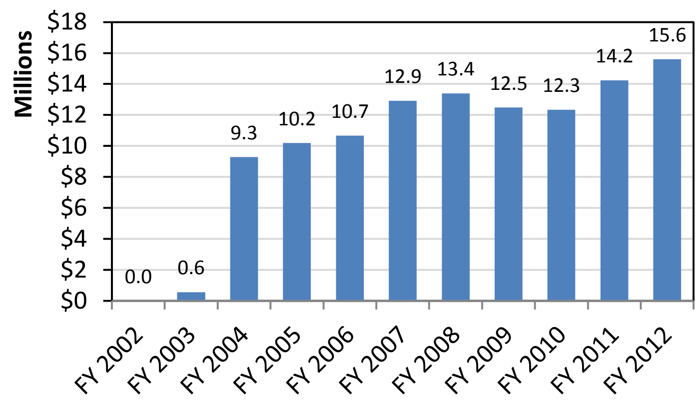
All receipts from the retail telecommunications excise tax are deposited in the state general fund (15-53-128, MCA).

Sales Tax - Accommodations

Statute: Title 15, Chapter 68, MCA

Sales Tax - Accommodations

Fiscal Year	Total Revenue
FY 2002	$0
FY 2003	$571,237
FY 2004	$9,278,658
FY 2005	$10,200,914
FY 2006	$10,679,216
FY 2007	$12,916,075
FY 2008	$13,389,534
FY 2009	$12,477,461
FY 2010	$12,330,846
FY 2011	$14,240,586
FY 2012	$15,606,496



Tax Rate

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

Filing Requirements

The sales tax is imposed on the purchaser and collected and remitted by the seller to the Department. The report and tax are due on or before the last day of the month following the end of the calendar quarter. To simplify compliance, the department has lodging operators file a single return combining the three percent lodging sales tax and the four percent lodging facility use tax. A lodging facility operator who files a return and remits the tax on time is allowed to keep five percent of the sales tax collected, up to $1,000 per facility, as compensation for collecting the tax.

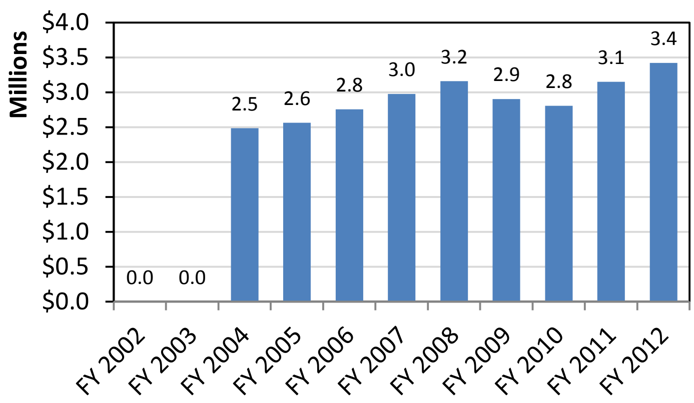
Distribution

All of the revenue from the accommodations and campground sales and use tax is deposited in the state general fund (15-68-820, MCA).

Statute: Title 15, Chapter 68, MCA.

Sales - Rental Vehicles

Fiscal Year	Total Revenue
FY 2002	$0
FY 2003	$0
FY 2004	$2,485,989
FY 2005	$2,565,554
FY 2006	$2,755,072
FY 2007	$2,976,235
FY 2008	$3,157,239
FY 2009	$2,904,340
FY 2010	$2,807,415
FY 2011	$3,149,201
FY 2012	$3,419,763



Tax Rate

The 2003 Legislature enacted a four percent sales and use tax on the base rental charge for vehicles rented for 30 days or less (15-68-102, MCA). The base rental charge includes time of use or mileage charges, charges for personal accident insurance, charges for additional or underage drivers and charges for certain accessory equipment. Rental vehicles subject to the tax include automobiles, vans, and SUVs; trucks rated at one ton or less; motorcycles and quadracycles; off-highway vehicles; motorboats and sailboats; and semi-trucks, trailers, and semis with GVW less than 22,000 pounds. Vehicles designed to carry more than 15 passengers, farm vehicles, machinery, equipment, and vehicles rented with a driver are not subject to the tax.

Filing Requirements

Owners or operators of a business with taxable transactions collect the tax from their customers and remit it to the department on a quarterly basis. The report and tax are due on or before the last day of the month following the calendar quarter. A rental vehicle business that files a return and remits the tax on time is allowed to keep five percent of the tax collected, up to $1,000 per location, as compensation for collecting the tax.

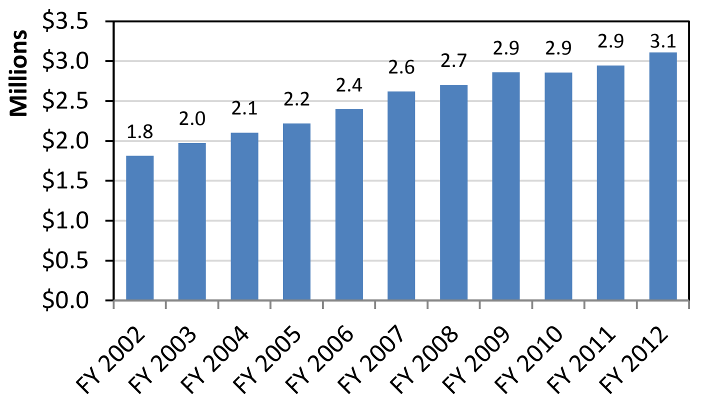
Distribution

All rental vehicle sales tax revenue is deposited in the general fund (15-68-820, MCA).

Statute: 16-1-411, MCA

Table Wine and Hard Cider

Fiscal Year	Total Revenue
FY 2002	$1,815,798
FY 2003	$1,976,257
FY 2004	$2,104,356
FY 2005	$2,217,968
FY 2006	$2,397,695
FY 2007	$2,619,911
FY 2008	$2,701,397
FY 2009	$2,859,963
FY 2010	$2,856,546
FY 2011	$2,944,829
FY 2012	$3,109,027



Tax Rate

A tax of 27 cents per liter on table wine and a tax of 3.7 cents per liter on hard cider are levied on wine and cider sold into Montana. Additionally, if the wine is sold by an agency liquor store, then there is an additional one cent per liter tax.

Table Wine and Hard Cider Tax Rates

Product	Tax Per Liter
Table Wine	27.0¢
Table Wine Sold to Agency Liquor Stores	28.0¢
Hard Cider	3.7¢

Filing Requirements

The wine and hard cider tax is collected monthly from distributers and wineries. Taxpayers must submit returns to the department on or before the 15th day of the month.

Distribution

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.

The one cent per liter tax from agency liquor stores is deposited in the general fund. The remaining revenues from the tax are deposited 69 percent to the state general fund and 31 percent to the Department of Public Health and Human Services for treatment, rehabilitation and prevention of alcoholism and chemical dependency.

Table Wine and Hard Cider Tax Distribution

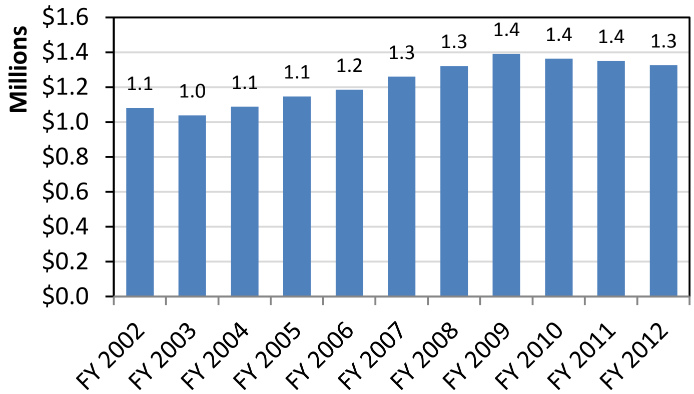
	FY 2009	FY 2010	FY 2011	FY 2012
Tax From Table Wine and Hard Cider	**2,818,662**	**2,814,729**	**2,903,725**	**3,065,032**
Tribal Revenue	38,264	39,168	38,943	41,662
General Fund (69% less Tribal)	1,933,015	1,930,021	1,991,498	2,101,957
DPHHS (31%)	885,647	884,708	912,227	963,075
Tax From Agency Liquor Stores	**3,037**	**2,648**	**2,161**	**2,333**
General Fund (100%)	3,037	2,648	2,161	2,333

TDD Telecommunications Service Fee

Statute: 53-19-311, MCA.

TDD Telecommunications Service Fee

Fiscal Year	Total Revenue
FY 2002	$1,080,299
FY 2003	$1,038,093
FY 2004	$1,086,929
FY 2005	$1,147,153
FY 2006	$1,185,297
FY 2007	$1,259,944
FY 2008	$1,320,796
FY 2009	$1,389,821
FY 2010	$1,361,947
FY 2011	$1,350,111
FY 2012	$1,325,236



Fee Rate

A monthly fee of 10 cents per subscriber access line in the state is assessed for telephone exchange access services. The service provider may deduct and retain 0.75 percent of the total fees collected each month to cover its administrative expenses. 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.

Filing Requirement

The fee is paid by the subscriber, but is collected and remitted to the state by the service provider on a quarterly basis. The fee is due on the last day of the month immediately following the end of the calendar quarter.

Distribution

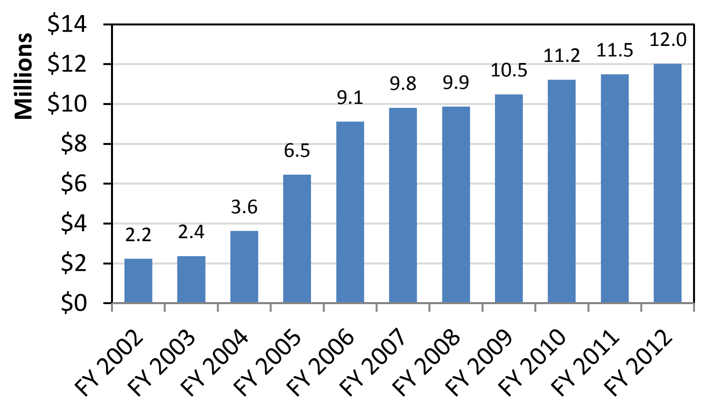
The revenue from this fee is deposited in a special revenue account to provide telecommunication devices for persons with hearing disabilities (53-19-311, MCA).

Tobacco Products Tax

Statute: Title 16, Chapter 11, MCA

Tobacco Products Tax

Fiscal Year	Total Revenue
FY 2002	$2,228,524
FY 2003	$2,360,471
FY 2004	$3,625,893
FY 2005	$6,452,429
FY 2006	$9,118,757
FY 2007	$9,810,138
FY 2008	$9,872,434
FY 2009	$10,479,063
FY 2010	$11,210,117
FY 2011	$11,492,465
FY 2012	$12,024,144



Tax Rate

All tobacco products, excluding cigarettes and moist snuff, are subject to a tax of 50 percent of their wholesale price. A tax of 85 cents per ounce is levied on moist snuff. The taxpayer is allowed a 1.5 percent allowance for administrative expenses. Before May 1, 2003, the tax rate on tobacco products was 12.5 percent. The 2003 Legislature increased the tax on tobacco products to 25 percent of the wholesale price. Then, Montana voters passed Initiative 149 (I-149), which increased the taxes on other tobacco products to 50 percent of the wholesale price and the tax on moist snuff to 85 cents per ounce. The rates passed in I-149 became effective on January 1, 2005.

Tobacco Products Tax Rate

Product	Tax Rate
Moist Snuff	85¢ per ounce
All Other Tobacco*	50% of wholesale price

*Excludes cigarettes.

Filing Requirements

The tax is collected monthly from the wholesaler. Wholesalers must submit returns to the department on or before the 15th day of the month.

Distribution

After tribal revenue sharing agreements, the revenue from the tobacco products tax is distributed 50 percent to the state general fund and 50 percent to the Department of Public Health and Human Services for health and Medicaid initiatives (16-11-119, MCA).

Tobacco Products Tax Distribution

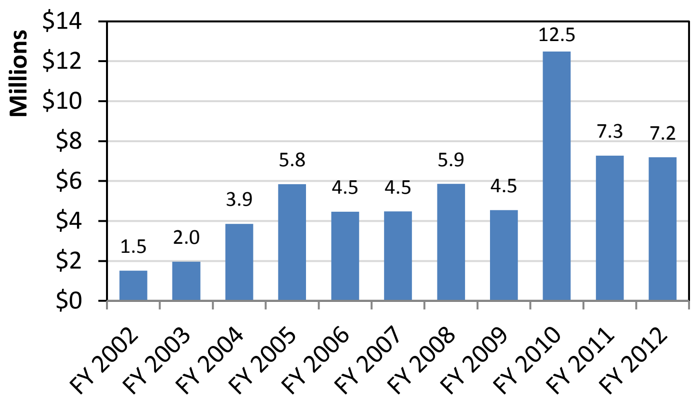
	FY 2009	FY 2010	FY 2011	FY 2012
Total Revenue	**$10,479,063**	**$11,210,117**	**$11,492,465**	**$12,024,144**
Tribal Amount	$498,070	$541,118	$537,849	$605,561
Remainder	**$9,980,994**	**$10,668,999**	**$10,954,616**	**$11,418,583**
General Fund (50%)	$4,990,497	$5,334,499	$5,477,308	$5,709,292
DPHHS (50%)	$4,990,497	$5,334,499	$5,477,308	$5,709,291

Unclaimed Property

Statute: Title 70, Chapter 9, Part 8, MCA

Unclaimed Property

Fiscal Year	Total Revenue
FY 2002	$1,511,440
FY 2003	$1,961,993
FY 2004	$3,859,292
FY 2005	$5,848,094
FY 2006	$4,464,456
FY 2007	$4,474,991
FY 2008	$5,858,281
FY 2009	$4,542,158
FY 2010	$12,492,109
FY 2011	$7,276,154
FY 2012	$7,188,318



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 income, dividends 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 $98 million worth of unclaimed property turned over to the state and the department has returned nearly $34 million 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.

Distribution

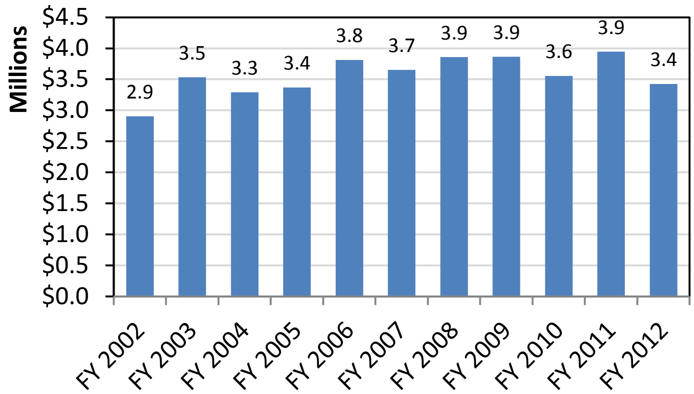
All collections over $100,000 (the amount allocated to the agency refund account) are transferred to the state's general fund. The refund period for items valued at more than $50 is unlimited (70-9-813, MCA).

Wholesale Energy Transaction Tax

Statute: Title 15, Chapter 72, MCA

Wholesale Energy Transaction Tax

Fiscal Year	Total Revenue
FY 2002	$2,906,263
FY 2003	$3,532,056
FY 2004	$3,292,659
FY 2005	$3,370,263
FY 2006	$3,813,495
FY 2007	$3,651,024
FY 2008	$3,856,112
FY 2009	$3,864,771
FY 2010	$3,556,056
FY 2011	$3,945,547
FY 2012	$3,427,411



Tax Rate

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. There is also a five percent exemption for electricity produced in the state and delivered out of state.

Filing Requirements

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.

Distribution

All payments are deposited into the general fund.

PROPERTY TAXES

BIENNIAL REPORT •THE MONTANA DEPARTMENT OF REVENUE






Montana Department of
REVENUE

Property Tax Background

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.

> "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 [if] - we're to have a fair and equal tax system."
>
> **- Delegate McKeon**
> *1972 Montana Constitutional Convention*

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.

The Department of Revenue is charged with administering property taxes on behalf of the State of Montana. In general, the level of taxes is set by maximum mill levy limitations and the budgeting decisions of local governments, while the distribution of the tax burden 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, as primarily discussed in Title 15, section 8, of the Montana Code (MCA).

The property tax is not like other taxes in the state. Unlike other tax types, revenue that can be raised from property taxes is statutorily limited, meaning the legislature has placed limitations on the amount of property taxes that can be levied by each of the taxing jurisdictions in which each property resides. The levy authorities of individual taxing jurisdictions are limited by statute once a taxing jurisdiction's maximum allowable levy authority is determined and levies are set. The property tax obligation is distributed among the properties in the jurisdiction in proportion to their.

The procedure for determining a mill levy and the limitation on mill levy growth for local government is provided by 15-10-420, MCA. The effect of reducing a tax rate or exempting a particular type of property from the tax base does not reduce the amount of taxes collected. Instead these types of actions shift the tax liability to other property taxpayers in each of the affected jurisdictions.

The state's portion of property taxes is statutorily fixed. The table below provides the MCA citation for the mills that make up the 95 mills for school equalization and the 6 mills for the university system. The 1.5 mills for vocational and technical schools are applied to property only in Butte/Silver Bow, Cascade, Yellowstone, Missoula and Lewis & Clark Counties. These mills generate revenue to fund part of the state's obligation to support local schools, universities, and technical colleges.

Legislative Millage Rates Assessed by the State	Primary Section of Montana Code Annotated (MCA)
Tax Levy for Elementary Equalization (33 Mills)	20-9-331, MCA
Tax Levy for High School Equalization (22 Mills)	20-9-333, MCA
Tax Levy for State Equalization (40 Mills)	20-9-360, MCA
Tax Levy for Vocational and Technical Education (1.5 Mills)	20-25-439, MCA
Tax Levy for University System (6 Mills)	15-10-108, MCA

Prior to 1989, the Elementary and High School Equalization Mills were 17 mills and 28 mills. In 1989 the Montana Supreme Court found Montana schools were not adequately funded. In response, the legislature increased the Elementary and High School Equalization levies by five mills to 22 and 33 mills and a new State Equalization levy of 40 mills was created. For FY 2013, it is estimated that these 95 mills will generate $233 million in property taxes for the state general fund. The total amount the state will spend on education in FY2013 is $823 million and the 95 mills funds 28.3 percent of that spending.

The Legislature has created three methods of limiting the growth of property taxes. As stated above the state mills are fixed and the property tax revenue can only grow as new property is added to the tax base. Local governments are subject to a maximum mill levy as set forth in 15-10-420, MCA. Property taxes levied by schools are limited by school budgeting laws.

The following table presents a short summary of Montana law relating to the taxation of property.

Selected Sections of Property Law	Primary Section of Montana Code Annotated (MCA)
General Provisions and Entitlement Share Payment	Title 15, Chapter 1
Administration of Revenue Laws by Department	Title 15, Chapter 1, Part 2
Investigations by the Department	Title 15, Chapter 1, Part 3
Protested Payments	Title 15, Chapter 1, Part 4
State Tax Appeal Board	Title 15, Chapter 2
Property Subject to Taxation and Tax Rates	Title 15, Chapter 6, Part 1
Tax-Exempt Property	Title 15, Chapter 6, Part 2
Appraisal Methods	Title 15, Chapter 7, Part 1
Appraisal Methods for Agriculture	Title 15, Chapter 7, Part 2
Realty Transfer Act and Non-Disclosure	Title 15, Chapter 7, Part 3
Assessment Procedure	Title 15, Chapter 8
Department to Equalize Valuations	Title 15, Chapter 9
Level of Assessment at 100% of Market Value	15-8-111, MCA
Equalization of Values	15-9-101, MCA
Property Tax Levies	Title 15, Chapter 10
Certification of Taxable Values by Department	15-10-202, MCA
County Clerk and Recorder to Report Mill Levy	15-10-305, MCA
Department to Compute and Enter Taxes	15-10-305, MCA
Taxing Authority Budget Limitation	15-10-420, MCA
Property Tax Appeals	Title 15, Chapter 15
Collection of Property Taxes by Treasurer	Title 15, Chapter 16
Tax Lien Sales	Title 15, Chapter 17
Properties that are Centrally Assessed	Title 15, Chapter 23
Special Property Tax Applications	Title 15, Chapter 24

Background

Property Is Appraised at its Market Value by the Department of Revenue

In general, all taxable property in the state must be appraised by the Department of Revenue at 100 percent of its market value, which is the value at which property would change hands between a willing buyer and a willing seller when both have reasonable knowledge of the relevant facts and neither is under any compulsion to buy or sell. This requirement is primarily defined by 15-8-111, MCA.

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 and the value of gross proceeds and net proceeds are reported to the department annually by the taxpayer.

Centrally assessed properties are mostly made up of properties that cross county lines, such as large utilities and railroads. The department values the entire company and then their value is apportioned among the counties and local jurisdictions by mileage or other basis that are judged to be reasonable and proper.

Forest and agricultural land are valued using their productivity value. Forest productivity is determined by the College of Forestry at the University of Montana inMissoula. 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 legislature. Productivity value is lower than the market value for agricultural and forest land.

In each county, The department has an office which is responsible for valuing all property except the centrally assessed and large industrial properties. The county offices also work with county treasurers and other local officials to provide property tax information.

The Department of Revenue is responsible for valuing all 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 they 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 bring it to district court and then to the Supreme Court. The department is responsible for valuing the property, but the taxpayer has recourse if they 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 legislature determines separate tax rates, exemptions and valuation standards as a matter of policy. The department 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 individual taxpayers.

Property Is Taxed at its Taxable Value as Determined by the Legislature

Taxable value is the value of property that is subject to mill levies and is usually some smaller proportion of the property's market value.

The Montana State Legislature groups similar types of property into distinct classifications, for example: agriculture, residential, and telecommunication. For each classification and sub-classification of property the legislature determines the proportion of market value that will be subject to tax. In some instances the tax rate is relatively simple to apply. For example, telecommunication property is taxed at 12 percent of its depreciated market value; if the telecommunication property's depreciated market value is $100,000, the taxable value would be $12,000. Determining the taxable value for residential property is a more involved calculation and is presented as an example later in this section. The primary discussion of property classification is provided in Title 15, Section 6, Part 1 of MCA.

Taxable Value and Legislative Policy

There are 14 different classes of property that have been determined by the legislature. Current statute allows each class of property to be valued differently, but all properties within each class are valued the same.

The table below shows the type of property, the valuation standard, and the valuation cycle for each class of property. Note that all classes of property are revalued annually except Class 3, 4, and 10, which are revalued on a six-year cycle.

Class	Description	Valuation Standard	Valuation Cycle
Class 1	Net Proceeds Of Mines	Net Proceeds	Annual
Class 2	Gross Proceeds Of Metal Mines	Gross Proceeds	Annual
Class 3	Agricultural Land	Productivity Value	6 year
Class 4	Residential, Commercial, And Industrial (land and improvements)	Market Value	6 Year
Class 5	Pollution Control Equipment, Independent And Rural Electric And Telephone Cooperatives, New And Expanding Industry, Electrolytic Reduction Facilities, Research And Development Firms, And Gasohol Production Property	Market Value	Annual
Class 7	Non-Centrally Assessed Utilities	Market Value	Annual
Class 8	Business Equipment	Market Value	Annual
Class 9	Pipelines And Non-Electric Generating Property Of Electric Utilities	Market Value	Annual
Class 10	Forest Land	Productivity Value	6 Year
Class 12	Airlines And Railroads	Market Value	Annual
Class 13	Telecommunication Utilities, And Electric Generating Property Of Electric Utilities	Market Value	Annual
Class 14	Renewable Energy Production And Transmission Property	Market Value	Annual
Class 15	Carbon Dioxide And Liquid Pipeline Property	Market Value	Annual
Class 16	High Voltage Dc Converter Property	Market Value	Annual

Classes of Property

Class 1 property is based on the net proceeds of mines and mining claims except for coal, bentonite, and metal mines. The taxable value is calculated by multiplying the net proceeds by 100 percent and then local mills are applied to determine the tax liability. The net proceeds are reported to the Department each year by the taxpayer.

Class 2 property is based on the gross proceeds of metal mines. The annual gross value of metal mines is multiplied by the tax rate to determine the taxable value. New gross values are reported to the Department each year by the taxpayer. The tax rate for Class 2 property is three percent.

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 has 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 is statutorily the same as Class 4 and is 2.63 percent for 2012.

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 considered non-qualified agricultural land. These parcels are taxed at a seven times higher tax rate of 18.41 percent in 2012.

Class 4 property is the largest class of property in the state of Montana, as measured in both market value and the number of parcels. Residential, commercial, and industrial land and improvements are included in Class 4.

The taxable value of residential land and improvements is calculated as follows:

The taxable value equals the phased-in market value minus the homestead exemption times the tax rate. For tax year 2012, the homestead exemption is 44 percent of the market value, so residential taxable value is based on 56 percent 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 2012 taxable value is based on 56 percent of the phase-in value and then multiplied by the 2012 tax rate, 2.63 percent. An example of this is provided in the next section of this report.

Commercial and industrial properties are taxed the same way as residential property, but have a smaller exemption. In tax year 2012, the comstead exemption is 19 percent, compared to 44 percent for residential property. There are a number of other state and local tax abatements for qualifying commercial and industrial properties.

Both residential and commercial property is reassessed every six years. The most recent values took effect January 1, 2011. The market value is based on appraisals performed by the Department of Revenue.

The 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 industrial appraisers. The tax rate on Class 5 property is three percent.

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 eight percent.

Class 8 property is personal property used for business purposes. 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 their Class 8 equipment. Class 8 is self-reported to the department on a yearly basis. The tax rate is two percent on the first $2 million dollars and three percent on the remaining taxable market value owned or controlled by a person or business entity.

Class 9 property is all property of pipelines and the non-electric generating property of electric utilities. 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 percent 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 2012 tax rate is 0.33 percent 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 six percent.

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 three percent.

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 percent 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 three percent. Currently, there is no Class 15 property in the state.

Class 16 property includes high voltage DC converter station property located in a manner that the power can be directed to two different regional grids. Class 16 property is taxed at 2.25 percent. Currently, there is no Class 16 property in the state.

An Example: Determining the Taxable Value of Residential Property in Montana

The taxable value for residential property is a function of its current appraised value, its last appraised value, the current tax year, the current homestead deduction, and the current proportion of value subject to taxation.

The Six-Year Cycle and Phase-In

As determined by the legislature, residential property is appraised once every six years. Between this six-year cycle of appraisals, the "phase-in value" increases from the previous appraised value up to the current appraised value in increments equal to one-sixth of the difference of the appraised values. (Note: If the current appraisal is less than the previous appraisal, the current appraisal is the phase-in value for the six-year cycle.) The current appraised value is the market value as of 2008. The previous appraised value is the market value as of 2002. These values are used to determine the phase-in value of residences from the current appraisal moving forward in the current six-year cycle. This technique affectively lags the phase-in value six years behind the appraised value and may be considered a type of exemption.

For example, if a house received an assessed value of $40,000 in 2002 and received an appraised value of $100,000 in 2008, the difference would be $60,000.

Total Phase-In	
2008 Assessed Value =	$100,000
2002 Assessed Value =	$40,000
Difference	$60,000

One-sixth of the difference would be $10,000; this is the amount that would be added to the assessed value for each year during the six-year cycle.

Annual Phase-In Amount					
Difference	$60,000	=	$10,000	=	Amount that is phased in every year
Divided by	6				

Starting in 2008, the phase-in value would step up from the 2002 value of $40,000, in $10,000 increments, for six years until it reached the 2008 value of $100,000, in 2014.

The Six Year Cycle							
Year	2008	2009	2010	2011	2012	2013	2014
Phase-In Value	$40,000	$50,000	$60,000	$70,000	$80,000	$90,000	$100,000

The Homestead Exemption

In an effort to mitigate the effect of residential property values increasing at a faster rate than other property classifications, the legislature enacted an exemption for residential property named the "homestead exemption." The homestead exemption is a different percentage of the phase-in value for each year of the six-year cycle and is limited to the first $1.5 million dollars of phase-in value. To determine the amount of the exemption in a given year, the phase-in value is multiplied by the homestead exemption percentage for property value under $1.5 million. By subtracting the exemption amount from the phase-in value, an amount of market value that is net of the phase-in reduction and homestead exemption is determined. This amount is the "taxable market value."

Calculating Taxable Market Value							
Year	2008	2009	2010	2011	2012	2013	2014
Phase-in Value	$40,000	$50,000	$60,000	$70,000	$80,000	$90,000	$100,000
Exemption Percent	N/A	36.8%	39.5%	41.8%	44.0%	45.5%	47.0%
Exemption Amount	N/A	$18,400	$23,700	$29,260	$35,200	$40,950	$47,000
Taxable Market Value	N/A	$31,600	$36,300	$40,740	$44,800	$49,050	$53,000

The Tax Rate

As mentioned above, the legislature determines the proportion of market value, or in the case of residential property, the amount of taxable market value that will be subject to taxation. In Montana, sometimes the term “tax rate” is used to describe this proportion. For residential property the rate by which this occurs is different for each year of the six-year cycle. The taxable value for each year of the six-year cycle is determined by multiplying the taxable market value by the percent subject to tax for a given year.

Calculating Taxable Value							
Year	2008	2009	2010	2011	2012	2013	2014
Phase-in Value	$40,000	$50,000	$60,000	$70,000	$80,000	$90,000	$100,000
Exemption Percent	N/A	36.8%	39.5%	41.8%	44.0%	45.5%	47.0%
Exemption Amount	N/A	$18,400	$23,700	$29,260	$35,200	$40,950	$47,000
Taxable Market Value	N/A	$31,600	$36,300	$40,740	$44,800	$49,050	$53,000
Percent Subject to Tax	N/A	2.93%	2.82%	2.72%	2.63%	2.54%	2.47%
Taxable Value	N/A	$926	$1,024	$1,108	$1,178	$1,246	$1,309

For example, in 2013 a house that had a 2008 appraised value of $100,000 and a 2002 appraised value of $40,000 would have a 2013 phase-in value of $90,000, a homestead exemption of $40,950, a taxable market value of $40,050, and a taxable value of $1,245.87.

Residential Taxable Value-Mitigation History

The table below shows how the legislature has mitigated the increase in value of agricultural land, residential property and commercial property since the 1972 constitution.

	First Reappraisal Cycle						Second Cycle								Third Cycle						
Year	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%			

	First Reappraisal Cycle	Second Cycle	Third Cycle
Description	1971 values carried forward to 1972. Values are determined by the cost approach. 1973 Legislature directs DOR to develop reappraisal plan. Reappraisal plan implemented in 1975. 20% of property revalued each year. Lawsuits prompt the governor in 1976 to return to 1974 values. The 1975 Legislature passes the Realty Transfer Act. The 1977 Legislature establishes the market value standard for determining values. A New reappraisal cycle to begin in 1978.	The 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%. Originally scheduled for five years (1978 through 1982), the cycle is extended through 1985. 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.	Due to an increase in the total market value of Class 4 property, the tax rate is reduced from 8.55% to 3.86%. 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. The Supreme Court rules the annual adjustments unconstitutional. The adjusted values are allowed to remain in effect. The 1990 Legislature extends the third reappraisal cycle an additional two years through 1992. The 1991 Legislature changed the reappraisal cycles from five years to three years. 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.

1972 '73 '74 '75 '76 1977 1978 '79 '80 '81 '82 '83 '84 1985 1986 '87 '88 '89 '90 '91 1992

Residential Taxable Value-Mitigation History

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%

Fourth Cycle	Fifth Cycle	Sixth Cycle	Seventh Cycle
Reappraisal increases total market value by 7%. 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. 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.	Reappraisal increases total market value by 40%. 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. Supreme Court rules phasing property values down to a new, lower reappraisal value is unconstitutional. The 1999 Legislature passes SB184 with these features: - decreases in value are 100% immediately phased-down. - increases are phased-up over a four-year period. - the tax rate is phased-down to 3.46% over four years. - a percentage of market value is exempt from tax through a homestead and comstead exemption.	Reappraisal increases total market value by 20.2%. The 2003 Legislature passes SB461 with these features: - Increase in market value phased-in over six years. - Decrease in market value implemented immediately. - The tax rate is phased-down over six years from 3.40% to 3.01%. - The homestead exemption is phased up over six years from 31% to 34%. - The comstead exemption is phased up over six years from 13% to 15%. An Extended Property Tax Assistance Program is established for residential property with a taxable value increase greater than 24% and a tax liability increase of greater than $250.	Reappraisal increases market value of residential property by 55%. The 2009 Legislature passes HB 658 with these features: - Increase in market value phased-in over six years. - Decrease in market value implemented immediately. - The tax rate is phased-down over six years from 2.93% to 2.47%. - The homestead exemption is phased up over six years from 36.8% to 47.0%. - The comstead exemption is phased up over six years from 14.20% to 21.50%. An Extended Property Tax Assistance Program is continued for residential property with a taxable value increase greater than 24% and a tax liability increase of greater than $250. 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.

1993	'94	'95	1996	1997	'98	'99	'00	'01	2002	2003	'04	'05	'06	'07	2008	2009	'10	'11	'12	'13	2014

Determining the Taxes Paid

The amount of annual taxes paid on property is equal to the taxable value of the property multiplied by the cumulative mills from all taxing jurisdictions in which the property resides.

Property Tax = Taxable Value x Cumulative Millage Rates

As discussed above, the legislature determines what types of property are taxable and the proportion of assessed market value that will be subject to taxation. Also, as discussed above, the amount of tax assessed on property is based on the budgets of the individual taxing jurisdictions and their tax base. The growth of taxing jurisdiction's levy authority is limited by the legislature, primarily in section 15-10-420, MCA.

Property Tax: A Budget Based Ad Valorem Tax

Montana property taxes are an ad valorem tax, meaning the tax is levied in proportion to the value of each property relative to the total value within each taxing jurisdiction.

Tax Base

A taxing jurisdiction's tax base is the cumulative amount of taxable value contained within the physical boundary of the taxing jurisdiction as of January 1 of the current tax year.

Taxing Jurisdiction Budgets

A taxing jurisdiction is a governmental entity authorized to impose tax on property. The legislature provides the procedure for determining the maximum property tax allowance for taxing jurisdictions, in 15-10-420, MCA, by providing a maximum millage authority. This authority is limited to the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current tax base less the current year's value of "newly taxable property" plus one-half the average rate of inflation for the prior three years. A taxing jurisdiction's newly taxable property includes property changes from the previous year: property annexed into the jurisdiction; new construction, expansion, or improvements; transfer of property into the jurisdiction, subdivisions of real property, and the transfer of property from tax-exempt to a taxable status.

For example, if a taxing entity assessed $49,500 in taxes last year and half the rate of inflation is equal to 1.01 percent, the inflationary adjustment would be an increase of $500. This year's inflation adjusted levy authority would increase to $50,000.

Last Year's Taxes Assessed	=	$49,500
Half the Rate of Inflation	=	1.01%
Inflationary Adjustment	=	$500
Adjusted Budget Authority	=	$50,000

And if the same taxing entity has a current tax base of $10,200,000 and $200,000 is newly taxable property, the adjusted tax base used for setting mills would be $10,000,000.

Current Tax Base	=	$10,200,000
Newly Taxable	=	$200,000
Adjusted Tax Base	=	$10,000,000

When the adjusted levy authority of $50,000 is divided into the adjusted tax base of $10,000,000, the maximum millage authority afforded by the legislature to the taxing jurisdiction would be $5 for every $1,000 of tax base, a millage rate of 0.005.

Adjusted Budget Authority	=	$50,000	=	Millage Rate	=	0.005
Adjusted Tax Base	=	$10,000,000				

The conventional terminology and format for a millage rate is "mills." Mathematically, mills are equal to the millage rate times 1,000. For example, if the millage rate is 0.005, the mills would be 5.0. In this format, 5 mills will generate $5.00 of revenue (taxes) for each $1,000 in taxable value.

Millage Rate	x	$1,000	=	Mills
0.005	x	$1,000	=	5.0

Taxes Assessed by the Example Taxing Jurisdiction on the Example Residence

As discussed previously, the amount of annual taxes paid on property is equal to the taxable value of the property multiplied by the cumulative mills from all taxing jurisdictions that contain the property. The amount of 2013 annual taxes that would be assessed by the example taxing authority on the example residence, provided above, would be equal to the taxable value of the residence in 2013 ($1,245.87) multiplied by the millage rate of the taxing jurisdiction in 2013 (0.005) and be equal to $6.23. .

Example from Above		Residence 2013 Taxable Value	x	Jurisdiction Millage Rate	=	Taxes Assessed
Taxes Assessed by Taxing Jurisdiction on Residence	=	$1,245.87	x	0.005	=	$6.23

Levy Districts

As discussed above, local taxing jurisdictions set their property tax levies subject to mill levy limits at levels to generate the same property tax revenue as the previous year, plus adjustments for inflation and growth. Once the level of property taxes is set, the taxing jurisdictions set their budgets at levels that may or may not provide the same level of services as the prior year. If the cost of providing service increases faster than allowable property tax levels increase, a reduction in services takes place. On the other hand, if the allowable property tax revenue increases faster than the cost of providing services, the level of services increase or property taxes are reduced.

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 levy district or "levy district" in short-hand. By definition, each property in a taxing district will have the same amount of mills applied to their taxable values. An example levy district is provided below.

Example of a Taxing District	
Elementary School	100.00
High School	125.25
Town	75.50
County	115.00
State School Equalization	95.00
University	6.00
Total Mills	516.75

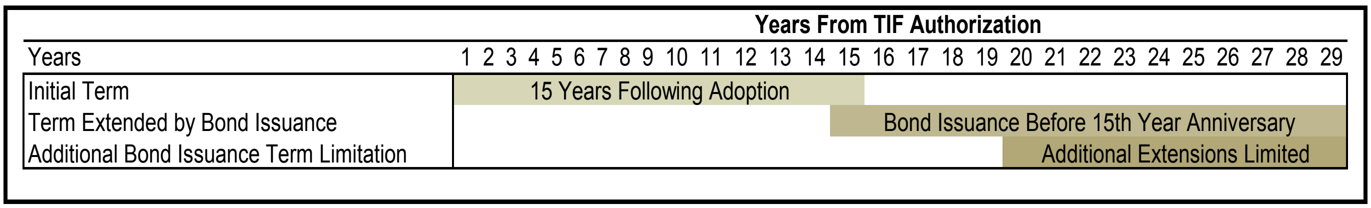
For a given tax year, residential property taxes are assessed on the taxable value as of January 1 of the given tax year. Tax payments are made to the applicable county treasurer and are due in the November and May following the January 1 assessment date. The treasurer distributes the funds to the appropriate taxing jurisdictions.

Tax Increment Financing Overview

Tax increment financing is authorized by section 7-15-4282, MCA and provides for the segregation of the taxable value, in a qualified district, into base and increment values. Qualified districts may include urban renewal districts, industrial districts, technology districts, and aerospace transportation and technology districts. Tax increment financing may be used to pay for a variety of development activities within the TIF, including: land acquisition, demolition and removal of structures, relocation of occupants, infrastructure costs, construction of publicly owned buildings and improvements, administration of urban renewal activities, and paying bonds that were issued to fund appropriate costs.

The idea behind tax increment financing is that revenue for local governments and the state will be held at the same level as when the tax increment financing district (TIF) was created. The additional tax revenue created from growth in the TIF over time is used by the TIF to pay for development activities within the TIF. The increment is released back to the local governments and the state when the TIF expires.

TIF districts expire upon the later of the 15th year following the TIFs adoption or the full payment of all bonds for which tax increment revenue have been pledged. TIFs may extend their expiration date by securing bonds that pledge post-15th-anniversary-increment as repayment. No term extensions are allowed for bonds secured after the 15th anniversary of tax increment provisions. For example, if a TIF was authorized January 1, 2000, it has until January 1, 2015 (its 15th anniversary) to pass bonds secured by future increment to extend the expiration date. Additional bonds may be passed after the 15th anniversary, But it will not extend the TIF district's expiration date.



When TIF districts expire, the incremental taxable value of property within the TIF is returned from segregation and becomes a part of the tax base of local governments and the state.

TIF districts are allowed to collect the tax revenue from all of the local and state mills except the statewide six-mill levy that is used to fund the university system. In 2012, TIF's collected $29,598,797 in revenue over an increment taxable value base of $46,369,370, creating an average millage rate of 0.6427 (642.7 mills). In general, these mills come from the statewide school equalization mills (95 mills), Vo-Tech and Community College mills (0.85 avg.), county mills (187. 3 avg.), city mills (91.6 avg.), school transportation and retirement (74.3 avg.) local schools (157.2 avg.), and miscellaneous local mills (36.6 avg.).

An Example: TIF Increment

Incremental value is the amount by which the actual taxable value, at any time, exceeds the taxable value for the district at the time of the district's creation. For example, if in the year a TIF is created, the base year and current year taxable value are equal to $1 million, there would be no incremental value and no TIF revenue.

TIF Taxable Value	Base Year
Current Year Taxable Value	$1,000,000
Base Taxable Value	- $1,000,000
Increment Taxable Value	$0
Millage Rate	x 0.500
TIF Revenue	$0

If in the second year of a TIF's existence, the TIF's taxable value grew by $100,000, the incremental value in that year would be $100,000. If the TIF's millage rate was .500, the taxes generated from the increment (TIF revenue) would be $50,000.

TIF Taxable Value	Base Year	Year 2
Current Year Taxable Value	$1,000,000	$1,100,000
Base Taxable Value	- $1,000,000	- $1,000,000
Increment Taxable Value	$0	$100,000
Millage Rate	x 0.500	x 0.500
TIF Revenue	$0	$50,000

If in the TIF's third year the taxable value shrinks to $800,000, due to property devaluation, demolition, removal of structures, or the like, the incremental value would be negative ($200,000), meaning there would be no incremental value for the third year. When a TIF's incremental value is less than zero, no revenue is provided to the TIF.

TIF Taxable Value	Base Year	Year 2	Year 3
Current Year Taxable Value	$1,000,000	$1,100,000	$800,000
Base Taxable Value	- $1,000,000	- $1,000,000	- $1,000,000
Increment Taxable Value	$0	$100,000	-$200,000
Millage Rate	x 0.500	x 0.500	x 0.500
TIF Revenue	$0	$50,000	$0

If in the fourth year the taxable value of the TIF grows from $800,000 to $1,200,000, due to redevelopment, or the like, the increment would increase to $200,000. If the millage rate was 0.500, the TIF's revenue would be $100,000 in this year.

TIF Taxable Value	Base Year	Year 2	Year 3	Year 4
Current Year Taxable Value	$1,000,000	$1,100,000	$800,000	$1,200,000
Base Taxable Value	- $1,000,000	- $1,000,000	- $1,000,000	- $1,000,000
Increment Taxable Value	$0	$100,000	-$200,000	$200,000
Millage Rate	x 0.500	x 0.500	x 0.500	x 0.500
TIF Revenue	$0	$50,000	$0	$100,000

Tax Increment Financing Districts (TIF)
TY 2012 Taxable Value of Increment and Revenue Generated for the District

County	District	Year Created	Year Expected Expiration	2012 Total Taxable Value	Taxable Value of Base	Incremental Taxable Value
Industrial Tax Increment Financing Districts						
BigHorn	Hardin Industrial Infrastructure District	2004	2031	$273,872	$465,144	$0
Cascade	International Malting	2005	2020	$504,908	$347,683	$157,225
Cascade	Airport	2008	2023	$113,482	$107,149	$6,333
Cascade	Manchester Exit	2008	2023	$30,089	$3,217	$26,872
Cascade	GF West Bank	2007	2022	$749,650	$237,928	$511,722
Cascade	GF West Bank	2007	2022	$99,985	$54,322	$45,663
Cascade	Montana Milling	2008	2023	$47,872	$381	$47,491
DeerLodge	TI04	2008	2022	$6,094,722	$909,339	$5,185,383
Flathead	Kalispell H	2005	2026	$19,925	$126	$19,799
Gallatin	Mandeville Farm Industrial TIF	2006	2021	$89,472	$12,059	$77,413
Jefferson	4FT - Sunlight TIF Industrial District	2009	2024	$145	$132	$13
Jefferson	4RT - Sunlight TIF Industrial District	2009	2024	$2,319	$100	$2,219
Jefferson	16RT - Sunlight TIF Industrial District	2009	2024	$1,599,088	$737,102	$861,986
Lincoln	Lincoln Cnty Industrial (4)	2005	2015	$225,906	$83,275	$142,631
Lincoln	Lincoln Cnty Industrial (4I)	2005	2015	$2,153	$982	$1,171
Lincoln	Lincoln Cnty Industrial (4F)	2005	2015	$2,255	$1,409	$846
Missoula	Airport Industrial	1991	2018	$2,359,923	$176,605	$2,183,318
Park	West End Industrial	2004	2024	$186,932	$128	$186,804
Ravalli	North Stevensville Ind District	2011	2025	$121,986	$109,850	$12,136
SilverBow	Ramsey	1994	2022	$12,037,315	$1,721,230	$10,316,085
Technology Tax Increment Financing Districts						
Flathead	Kalispell G	2005	2026	$104,409	$390	$104,019
Missoula	Technology District	2005	2020	$318,055	$0	$318,055
Urban Renewal Tax Increment Financing Districts						
Chouteau	1TID	2002	2014	$196,652	$160,843	$35,809
Flathead	Kalispell B	1995	2020	$1,386,714	$453,612	$933,102
Flathead	Kalispell C	1997	2037	$8,390,756	$7,932,918	$457,838
Flathead	Whitefish A	1987	2020	$11,761,200	$4,185,352	$7,575,848
Gallatin	Bozeman Downtown	1995	2010	$3,724,988	$1,328,695	$2,396,293
Gallatin	N 7th Urban Renewal District	2006	2021	$3,971,212	$2,886,997	$1,084,215
Gallatin	NE Urban Renewal District (NURD)	2006	2021	$573,270	$423,054	$150,216
Jefferson	27BT - North Jefferson County TIF Ind Dist	2009	2024	$4,766	$6,785	$0
Jefferson	127T - North Jefferson County TIF Ind Dist	2009	2024	$68,392	$11,805	$56,587
Lake	Polson DT	2002	2017	$1,664,355	$1,436,002	$228,353
Lincoln	Riverside	2001	2021	$462,401	$347,928	$114,473
Missoula	Front St URD	2007	2022	$1,987,146	$1,413,035	$574,111
Missoula	River Front URD	2008	2023	$112,863	$157,858	$0
Missoula	URD II	1991	2021	$631,995	$313,637	$318,358
Missoula	URD II	1991	2021	$3,009,951	$1,546,186	$1,463,765
Missoula	URD III	2001	2016	$9,179,048	$7,004,346	$2,174,702
Park	Livingston Urban Renewal District	2003	2019	$1,907,212	$1,604,273	$302,939
SilverBow	Uptown TIFID	1980	2014	$3,276,601	$1,634,853	$1,641,748
SilverBow	Eastside TIFID	2005	2020	$534,694	$286,251	$248,443
Yellowstone	Expanded North 27th Street	2008	2023	$5,927,107	$3,328,807	$2,598,300
Yellowstone	North 27th Street	2005	2020	$1,149,052	$783,431	$365,621
Yellowstone	Laurel	2008	2023	$1,737,119	$1,169,223	$567,896
Yellowstone	South Billings Blvd	2008	2023	$9,088,627	$7,046,472	$2,042,155
Yellowstone	East Billings	2007	2022	$2,316,424	$1,800,794	$515,630
TOTAL				**$98,047,008**	**$52,231,708**	**$46,053,586**

Tax Increment Financing Districts (TIF)
TY 2012 Taxable Value of Increment and Revenue Generated for the District

County	District	State Gen Fund	County	Countywide and Local Schools	Cities & Towns	Miscellaneous Districts	Total Revenue
Industrial Tax Increment Financing Districts							
BigHorn	Hardin Industrial Infrastructure District	$0	$0	$0	$0	$0	$0
Cascade	International Malting	$15,172	$20,600	$36,556	$26,591	$4,195	$103,114
Cascade	Airport	$611	$830	$1,472	$1,071	$169	$4,153
Cascade	Manchester Exit	$2,593	$3,521	$6,248	$0	$1,214	$13,576
Cascade	GF West Bank	$49,381	$67,046	$118,980	$86,548	$22,741	$344,696
Cascade	GF West Bank	$4,406	$5,983	$10,617	$7,723	$2,132	$30,861
Cascade	Montana Milling	$4,583	$6,222	$11,042	$0	$2,145	$23,992
DeerLodge	TI04	$492,611	$1,449,678	$1,218,202	$0	$177,599	$3,338,090
Flathead	Kalispell H	$1,881	$2,326	$4,763	$3,308	$842	$13,120
Gallatin	Mandeville Farm Industrial TIF	$7,354	$6,766	$18,945	$12,754	$155	$45,974
Jefferson	4FT - Sunlight TIF Industrial District	$1	$2	$2	$0	$1	$6
Jefferson	4RT - Sunlight TIF Industrial District	$211	$339	$360	$0	$81	$990
Jefferson	16RT - Sunlight TIF Industrial District	$81,889	$131,539	$93,965	$0	$31,325	$338,717
Lincoln	Lincoln Cnty Industrial (4)	$13,550	$21,031	$26,702	$0	$1,054	$62,337
Lincoln	Lincoln Cnty Industrial (4I)	$111	$173	$219	$160	$9	$672
Lincoln	Lincoln Cnty Industrial (4F)	$80	$125	$158	$0	$45	$409
Missoula	Airport Industrial	$210,690	$316,668	$531,594	$0	$298,481	$1,357,434
Park	West End Industrial	$17,746	$20,139	$44,007	$40,561	$93	$122,547
Ravalli	North Stevensville Ind District	$1,153	$1,345	$2,774	$1,214	$223	$6,709
SilverBow	Ramsey	$995,502	$3,119,894	$2,251,898	$0	$569,654	$6,936,948
Technology Tax Increment Financing Districts							
Flathead	Kalispell G	$4,161	$12,218	$25,026	$17,382	$4,423	$63,209
Missoula	Technology District	$30,692	$46,131	$77,440	$0	$43,481	$197,744
Urban Renewal Tax Increment Financing Districts							
Chouteau	1TID	$3,402	$4,796	$10,397	$7,907	$1,821	$28,323
Flathead	Kalispell B	$88,645	$109,602	$291,184	$155,921	$39,675	$685,028
Flathead	Kalispell C	$43,495	$53,778	$142,873	$76,505	$19,467	$336,117
Flathead	Whitefish A	$719,706	$889,859	$1,888,129	$893,692	$153,449	$4,544,835
Gallatin	Bozeman Downtown	$227,648	$209,436	$586,445	$394,789	$4,793	$1,423,110
Gallatin	N 7th Urban Renewal District	$103,000	$94,760	$265,340	$178,624	$2,168	$643,894
Gallatin	NE Urban Renewal District (NURD)	$14,271	$13,129	$36,762	$24,748	$300	$89,210
Jefferson	27BT - North Jefferson County TIF Ind Dist	$0	$0	$0	$0	$0	$0
Jefferson	127T - North Jefferson County TIF Ind Dist	$5,376	$8,635	$11,647	$0	$3,885	$29,543
Lake	Polson DT	$21,694	$25,838	$43,035	$34,349	$4,259	$129,175
Lincoln	Riverside	$10,875	$16,879	$20,351	$17,147	$2,906	$68,158
Missoula	Front St URD	$55,402	$83,269	$147,816	$138,303	$11,201	$435,991
Missoula	River Front URD	$0	$0	$0	$0	$0	$0
Missoula	URD II	$30,722	$46,175	$82,916	$76,692	$6,211	$242,716
Missoula	URD II	$141,253	$212,304	$376,876	$352,621	$28,558	$1,111,612
Missoula	URD III	$209,859	$315,419	$559,921	$523,886	$42,428	$1,651,512
Park	Livingston Urban Renewal District	$28,779	$32,660	$71,366	$65,777	$151	$198,734
SilverBow	Uptown TIFID	$158,429	$496,514	$391,343	$0	$150,401	$1,196,687
SilverBow	Eastside TIFID	$23,975	$75,137	$59,221	$0	$22,760	$181,093
Yellowstone	Expanded North 27th Street	$250,736	$301,143	$531,430	$453,611	$11,381	$1,548,301
Yellowstone	North 27th Street	$35,282	$42,375	$74,780	$63,830	$1,601	$217,870
Yellowstone	Laurel	$54,802	$66,881	$121,649	$118,350	$2,817	$364,498
Yellowstone	South Billings Blvd	$197,068	$236,686	$360,612	$356,519	$8,945	$1,159,830
Yellowstone	East Billings	$49,758	$59,762	$105,462	$90,019	$2,258	$307,259
TOTAL		**$4,408,555**	**$8,627,610**	**$10,660,530**	**$4,220,604**	**$1,681,498**	**$29,598,797**

Taxes Levied

The following sections of this report provide detailed information on the value of property in Montana and the tax revenue provided from owners of this property.

Taxes Levied – a Statewide Look

As a brief overview, in 2012 the total full market value of property eligible for taxation in Montana was estimated at $130,831,888,278. After removing exemptions from eligible property types, the taxable market value of property was estimated at $81,280,001,448, a difference of roughly $50 billion dollars, an average exemption of 38 percent.

Montana Property 2012

	Full Market Value	Taxable Market Value	Difference	Percent Exemption
Total	$130,906,760,181	$81,280,001,448	$49,626,758,733	38%

Almost all of this difference comes from the homestead and comstead exemptions on Class 4 property. In 2012, Class 4 property accounted for 80 percent of the full market value and 68 percent of the taxable market value in the state.

Multiplying the applicable tax rates for each class of property provides the taxable market value by class. In 2012, the total taxable value of property in Montana was estimated at $2,445,300,203; this represents an average tax rate in Montana of 3.01 percent

Montana Property 2012

	Taxable Market Value	Taxable Value	Average Tax Rate
Total	$81,280,001,448	$2,445,300,203	3.01%

In 2012, the property taxes paid in Montana was estimated at $1,342,056,097. By dividing this number into the total statewide taxable value an estimate of the statewide average millage rate was estimated at 0.54883.

Montana Property 2012

	Taxable Value	Taxes	Average Millage Rate	Average Mills
Total	$2,445,300,203	$1,342,056,097	0.54883	548.83

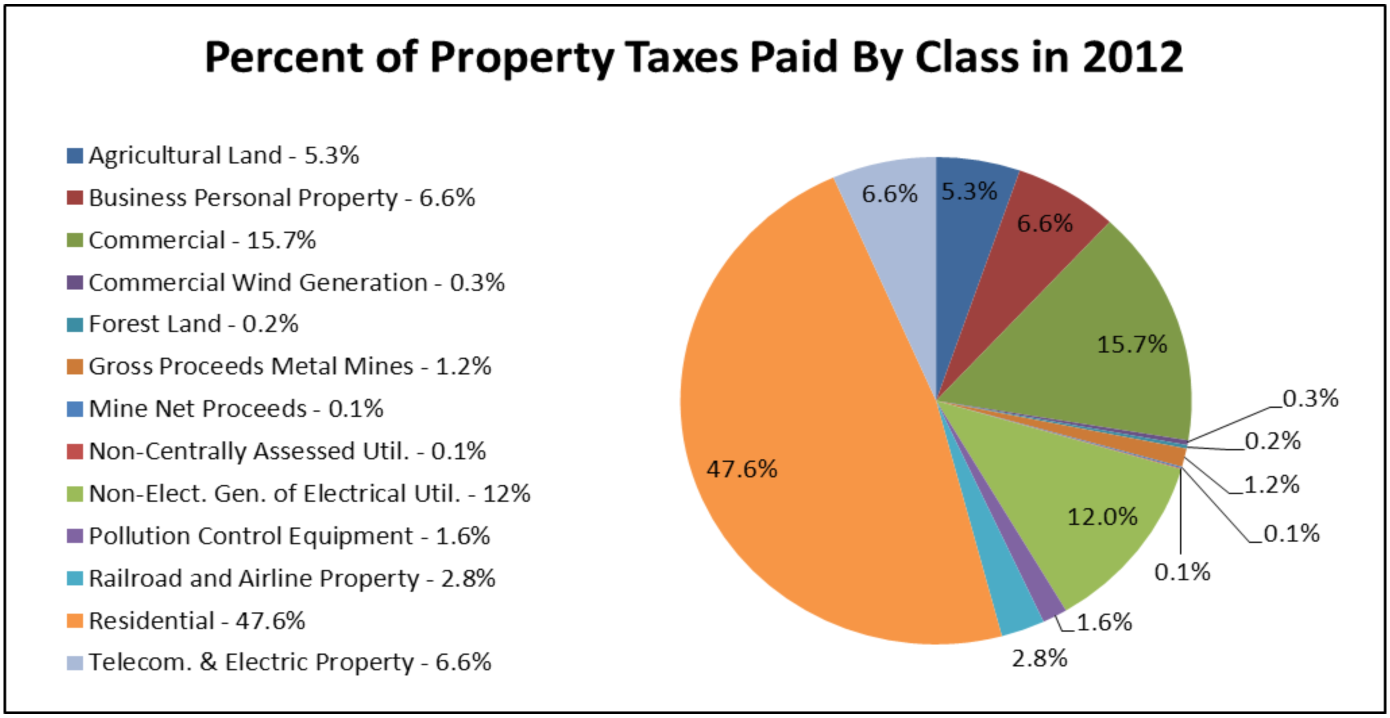
Property Taxes Paid by Class of Property in 2012

The following table presents market value, taxable market value, taxable value, and the taxes paid by class of property in the state in tax year 2012. In 2012, Class 4 property provided 63.3 percent, Class 9 property paid 12 percent, and personal property paid 6.6 percent of total property taxes paid in the state.

Estimated Property Taxes Paid By Property Class
Tax Year 2012 (Fiscal Year 2013)

Tax Class	Description	Full Market Value	Taxable Market Value	Taxable Value	Taxes Paid by Tax Class	Percent of Total Taxes
1	Mine Net Proceeds	$4,188,542	$4,188,542	$4,188,542	$1,452,759	0.1%
2	Gross Proceeds Metal Mines	$1,037,736,476	$1,037,736,476	$29,970,925	$16,375,191	1.2%
3	Agricultural Land	$5,473,611,534	$5,309,496,476	$147,792,158	$71,375,879	5.3%
4 Res	Residential Improvements	$55,213,398,559	$28,442,832,689	$739,759,746	$428,368,936	31.9%
4 Res	Residential Land	$31,378,474,250	$14,181,539,380	$368,302,990	$206,484,357	15.4%
4 Res	Extended Property Tax Assistance	$664,876,746	$303,234,022	$6,433,175	$3,568,990	0.3%
4 Com	Commercial Improvements	$11,970,741,919	$8,836,551,948	$229,227,293	$146,888,739	10.9%
4 Com	Commercial Land	$5,750,273,068	$3,872,201,532	$101,062,800	$63,872,854	4.8%
Sub 4	*Subtotal Class 4*	*$104,977,764,542*	*$55,636,359,571*	*$1,444,786,004*	*$849,183,876*	63.3%
5	Pollution Control Equipment	$1,522,561,833	$1,522,561,833	$44,896,242	$21,197,136	1.6%
7	Non-Centrally Assessed Public Util.	$14,630,632	$14,630,632	$1,170,452	$813,870	0.1%
8	Business Personal Property	$6,866,676,895	$6,866,676,895	$165,977,726	$88,269,452	6.6%
9	Non-Elect. Gen. Prop. of Electrical Util.	$2,687,916,554	$2,687,916,554	$322,413,414	$160,538,098	12.0%
10	Forest Land	$2,181,640,118	$2,060,401,414	$6,348,999	$3,245,546	0.2%
12	Railroad and Airline Property	$2,097,157,340	$2,097,157,340	$71,465,610	$37,080,721	2.8%
13	Telecommunication & Electric Property	$3,492,135,407	$3,492,135,407	$197,033,606	$88,275,899	6.6%
14	Commercial Wind Generation Facilities	$550,740,308	$550,740,308	$9,256,525	$4,247,671	0.3%
Totals		**$130,906,760,181**	**$81,280,001,448**	**$2,445,300,203**	**$1,342,056,097**	**100.0%**

The following graph compares the percent of property tax paid for each class of property in tax year 2012.



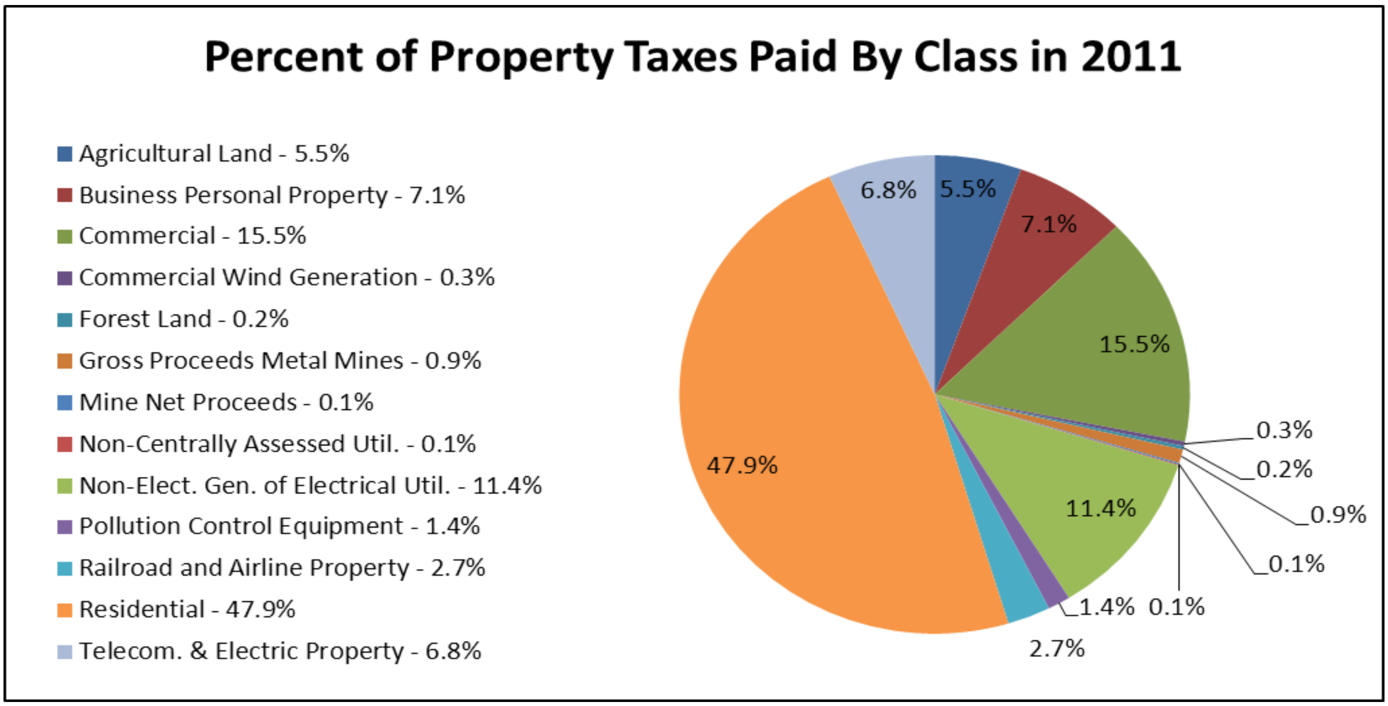
Property Taxes Paid by Class of Property in 2011

The following table presents market value, taxable market value, taxable value, and the taxes paid by class of property in the state in tax year 2011. In 2011, Class 4 property provided 63.5 percent, Class 9 property paid 11.4 percent, and personal property paid 7.1 percent of total property taxes paid.

Estimated Property Taxes Paid By Property Class
Tax Year 2011 (Fiscal Year 2012)

Tax Class	Description	Full Market Value	Taxable Market Value	Taxable Value	Taxes Paid by Tax Class	Percent of Total Taxes
1	Mine Net Proceeds	$3,888,477	$3,888,477	$3,888,477	$1,428,505	0.1%
2	Gross Proceeds Metal Mines	$766,233,615	$766,233,615	$20,725,097	$11,923,871	0.9%
3	Agricultural Land	$5,480,952,631	$5,233,722,923	$150,428,703	$71,252,132	5.5%
4 Res	Residential Improvements	$54,083,518,262	$27,467,798,554	$739,164,986	$422,661,310	32.6%
4 Res	Residential Land	$31,254,353,457	$12,921,184,401	$347,369,882	$193,637,524	14.9%
4 Res	Extended Property Tax Assistance	$944,078,962	$401,762,354	$9,165,216	$5,125,235	0.4%
4 Com	Commercial Improvements	$11,768,814,614	$8,414,471,894	$225,557,536	$142,073,843	11.0%
4 Com	Commercial Land	$5,767,227,349	$3,551,487,444	$95,815,615	$59,548,909	4.6%
Sub 4	*Subtotal Class 4*	*$103,817,992,644*	*$52,756,704,647*	*$1,417,073,234*	*$823,046,821*	*63.5%*
5	Pollution Control Equipment	$1,354,725,544	$1,354,725,544	$40,029,653	$18,546,646	1.4%
7	Non-Centrally Assessed Public Util.	$14,930,215	$14,930,215	$1,194,416	$795,896	0.1%
8	Business Personal Property	$6,190,568,040	$6,190,568,040	$174,875,828	$92,424,210	7.1%
9	Non-Elect. Gen. Prop. of Electrical Util.	$2,535,218,511	$2,535,218,511	$304,105,701	$147,586,907	11.4%
10	Forest Land	$2,191,721,831	$2,008,897,761	$6,389,950	$3,155,081	0.2%
12	Railroad and Airline Property	$2,067,948,227	$2,067,948,227	$70,077,606	$35,309,690	2.7%
13	Telecommunication & Electric Property	$3,221,107,663	$3,221,107,663	$192,788,528	$87,691,156	6.8%
14	Commercial Wind Generation Facilities	$571,443,867	$571,443,867	$9,070,970	$3,969,930	0.3%
Totals		**$128,216,731,265**	**$76,725,389,491**	**$2,390,648,162**	**$1,297,130,845**	**100.0%**

The following graph compares the percent of property tax paid for each class of property in tax year 2011.



Property Taxes Used by Taxing Jurisdiction Type

The following chart shows statewide property tax collections for different types of taxing jurisdictions for fiscal years 2010 through 2013. A close examination will reveal some differences between the previous estimates of total tax collection by property type and the following estimates of total tax collections by type of taxing jurisdiction. The difference is attributable to the timing of property valuation versus property taxation and the use of average millage rates in the previous estimations. Where the preceding estimates provide some detail on the sources of property tax revenue, the following chart provides detail on the uses of this same tax revenue.

Taxes Levied on the Montana Property Tax Bill

	FY 2010	FY 2011	FY 2012	FY 2013
Valuation[1]				
Market Value of Taxable Property	$69,038,437,522	$72,438,803,969	$76,931,838,377	$81,280,001,449
Statewide Total Taxable Value	$2,252,654,570	$2,296,258,803	$2,390,648,162	$2,445,300,201
City/Town Taxable Value	$802,811,712	$822,988,341	$841,740,893	$852,203,235
Taxes Levied[2]				
State				
University	$13,543,596	$13,977,727	$14,450,777	$14,778,340
Vo-Tech (General Fund)	$1,151,354	$2,053,379	$1,235,279	$1,249,640
State General Fund	$214,440,268	$221,314,014	$228,803,977	$233,997,767
Subtotal State	$229,135,218	$237,345,120	$244,490,034	$250,025,747
County				
General	$80,787,670	$83,690,752	$94,214,263	$101,522,664
Road	$34,027,298	$37,280,222	$39,240,845	$42,038,001
Bridge	$11,289,256	$10,609,594	$12,127,262	$12,905,373
Entitlement	$2,511,588	$6,858,525	$7,233,644	$7,138,946
Bond Interest	$243,430	$43,769	$40,114	$0
County Fair	$4,647,572	$5,801,520	$6,470,754	$7,360,566
Library	$9,507,840	$9,873,407	$9,719,239	$11,199,443
Agricultural Extension	$3,225,042	$3,293,925	$3,220,385	$3,182,602
Planning	$1,642,587	$2,134,151	$2,149,525	$2,429,826
Health and Sanitation	$6,315,868	$6,679,492	$6,893,092	$8,680,728
Hospital	$2,134,549	$2,676,245	$2,333,403	$3,041,947
Airport	$2,657,583	$2,201,427	$2,341,020	$1,868,827
District Court	$5,265,697	$5,729,920	$5,637,430	$6,672,496
Weed Control	$4,026,284	$4,859,210	$4,745,230	$5,059,740
Senior Citizens	$2,942,014	$2,955,231	$3,069,337	$3,031,575
Public Safety	$50,690,442	$54,199,708	$58,454,950	$66,578,373
Other	$78,860,643	$82,636,046	$82,860,494	$83,399,359
Subtotal County	$300,775,364	$321,523,143	$340,750,986	$366,110,466
Local Schools				
Elementary	$211,695,682	$216,435,762	$223,903,905	$229,400,863
High School	$130,682,529	$134,448,060	$142,035,851	$137,830,961
K-12	$49,840,018	$50,669,628	$50,280,449	$50,927,095
Jr. College	$7,015,989	$6,400,468	$7,445,719	$6,553,865
Subtotal Local Schools	$399,234,218	$407,953,918	$423,665,924	$424,712,785
County-Wide Schools	$87,620,964	$94,841,819	$92,721,712	$94,702,319
Cities and Towns	$126,910,412	$133,245,452	$138,066,659	$142,650,620
Fire and Micellaneous	$49,731,381	$53,618,731	$59,714,226	$66,351,080
Total Property Tax Based on Mills	$1,193,407,557	$1,248,528,183	$1,299,409,542	1,344,553,018

[1] State taxable value include local abatements, Source: State Assessor's Report

[2] Includes revenue distributed to TIFDs, Source: Taxes Levied Report

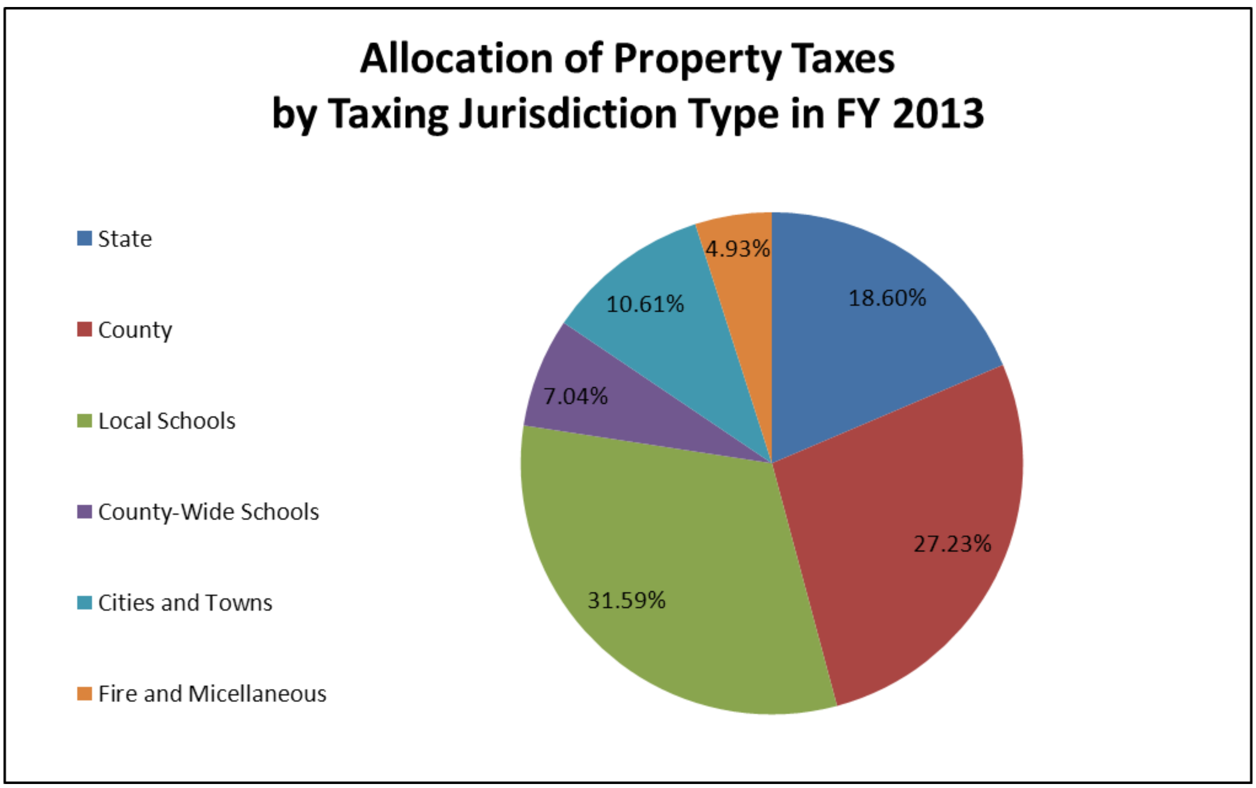
Property Taxes Used by Taxing Jurisdiction Type

In fiscal year 2013, approximately $1,344,553,108 in property tax revenue was used by the state and local jurisdictions. Of this amount, approximately 18.6 percent was budgeted by the state for educational purposes, 38.63 percent was budgeted for local schools, 27.23 percent was budgeted for county services, 31.59 percent was used to fund local schools, 7.04 percent was used to fund educational retirement and transportation, 10.61 percent was budgeted for city and town services, and 4.93 percent was budgeted for fire and other miscellaneous services. As presented in the following table, the fiscal year 2013 distributions were similar to those in fiscal year 2012.

Taxes Levied by Jurisdiction Type

	FY2012		FY2013	
Taxing Jurisdiction	Tax Revenue	Percent of Total	Tax Revenue	Percent of Total
State	$244,490,034	18.82%	$250,025,747	18.60%
County	$340,750,986	26.22%	$366,110,466	27.23%
Local Schools	$423,665,924	32.60%	$424,712,785	31.59%
County-Wide Schools	$92,721,712	7.14%	$94,702,319	7.04%
Cities and Towns	$138,066,659	10.63%	$142,650,620	10.61%
Fire and Micellaneous	$59,714,226	4.60%	$66,351,080	4.93%
	$1,299,409,542	100.00%	$1,344,553,018	100.00%

The following pie chart presents the allocation of property tax usage by taxing jurisdiction type for fiscal year 2013.



Tax Revenue by County County

The following two-page tables presents property tax revenue collected for each county in tax year 2011 and tax year 2012 by each type of taxing jurisdiction.

Property Taxes Levied and Average Mills - 2011

County Name	State Assessed Mills[1] and Revenue		County Assessed Mills and Revenue		County Wide School Mills and Revenue		Local School Average Mills[2] and Revenue	
	Mill Levy	Revenue	Mill Levy	Revenue	Mill Levy	Revenue	Mill Levy	Revenue
Beaverhead	101.00	$1,852,732	160.14	$2,936,847	42.59	$781,063	220.41	$4,042,085
Big Horn	101.00	$2,488,328	83.57	$2,058,838	31.76	$782,482	145.03	$3,573,175
Blaine	101.00	$1,468,457	168.01	$2,442,568	47.78	$694,669	132.43	$1,925,281
Broadwater	101.00	$1,270,396	171.76	$2,156,671	29.25	$367,280	154.06	$1,934,424
Carbon	101.00	$3,477,925	120.89	$4,162,907	36.25	$1,248,372	179.30	$6,174,076
Carter	101.00	$2,767,646	119.54	$3,275,703	4.18	$114,644	55.74	$1,527,284
Cascade	102.50	$13,755,984	136.35	$18,231,129	39.40	$5,267,964	190.68	$25,495,796
Chouteau	101.00	$2,159,255	154.64	$3,297,601	52.60	$1,121,614	162.82	$3,472,125
Custer	101.00	$1,617,792	192.36	$3,079,462	39.76	$636,518	283.27	$4,534,799
Daniels	101.00	$585,418	203.45	$1,179,251	66.89	$387,685	103.78	$601,521
Dawson	101.00	$1,930,117	173.77	$3,319,556	39.89	$761,962	238.89	$4,563,523
Deer Lodge	101.00	$1,802,762	296.58	$5,293,745	30.08	$536,968	202.78	$3,619,479
Fallon	101.00	$2,859,888	147.67	$4,147,490	0.00	$0	5.54	$155,585
Fergus	101.00	$2,637,702	135.30	$3,525,417	49.85	$1,298,913	230.67	$6,010,258
Flathead	101.00	$24,166,472	138.55	$33,106,248	41.37	$9,883,946	195.41	$46,692,039
Gallatin	101.00	$24,109,599	99.45	$23,738,436	40.61	$9,693,985	191.14	$45,623,692
Garfield	101.00	$550,299	248.23	$1,352,491	44.82	$244,197	115.10	$627,115
Glacier	101.00	$2,359,366	219.32	$5,123,294	58.62	$1,369,352	193.26	$4,514,475
Golden Valley	101.00	$552,478	118.37	$647,484	42.46	$232,234	161.31	$882,368
Granite	101.00	$1,025,719	214.44	$2,177,811	34.08	$346,072	171.13	$1,737,918
Hill	101.00	$3,274,674	155.28	$5,014,554	56.49	$1,824,387	202.63	$6,543,551
Jefferson	101.00	$2,198,792	170.83	$3,718,948	44.68	$972,733	182.76	$3,978,781
Judith basin	101.00	$1,310,237	95.00	$1,232,361	26.62	$345,319	156.67	$2,032,388
Lake	101.00	$6,982,933	156.19	$10,787,665	49.85	$3,442,930	211.61	$14,615,643
Lewis & Clark	102.50	$11,850,444	196.57	$22,677,385	43.39	$5,005,687	207.83	$23,976,236
Liberty	101.00	$736,871	246.39	$1,785,813	24.06	$174,408	102.29	$741,351
Lincoln	101.00	$3,420,363	137.51	$4,646,453	27.44	$927,103	173.24	$5,853,433
Madison	101.00	$7,492,850	102.51	$7,604,595	7.17	$532,078	83.15	$6,168,577
McCone	101.00	$742,963	229.88	$1,691,016	35.40	$260,429	159.66	$1,174,477
Meagher	101.00	$800,809	179.74	$1,425,155	25.63	$203,240	82.88	$657,156
Mineral	101.00	$934,993	188.56	$1,745,323	34.43	$318,656	278.32	$2,576,091
Missoula	102.50	$20,585,049	155.15	$31,118,509	44.54	$8,933,674	223.59	$44,844,380
Musselshell	101.00	$1,088,909	191.62	$2,065,943	37.66	$406,062	230.28	$2,482,687
Park	101.00	$3,900,232	115.83	$4,473,074	44.95	$1,735,694	180.46	$6,968,623
Petroleum	101.00	$169,761	135.41	$227,593	49.34	$82,935	178.16	$299,443
Phillips	101.00	$1,806,055	68.45	$1,224,013	41.17	$736,773	136.34	$2,437,966
Pondera	101.00	$1,398,221	194.59	$2,693,082	43.40	$600,596	217.06	$3,004,067
Powder River	101.00	$708,069	244.51	$1,714,157	10.94	$76,679	162.57	$1,139,703
Powell	101.00	$1,355,197	153.27	$2,056,607	47.24	$633,892	137.18	$1,840,707
Prairie	101.00	$421,820	229.33	$957,769	32.44	$135,467	134.20	$560,487
Ravalli	101.00	$7,936,860	128.10	$10,066,410	32.80	$2,577,623	159.55	$12,537,628
Richland	101.00	$3,152,654	146.68	$4,578,576	0.00	$0	92.00	$2,871,598
Roosevelt	101.00	$2,590,063	186.89	$4,782,989	42.95	$1,099,135	161.44	$4,131,515
Rosebud	101.00	$9,728,946	30.17	$2,906,626	20.06	$1,932,415	46.08	$4,438,838
Sanders	101.00	$3,444,392	112.63	$3,841,065	33.59	$1,145,554	137.37	$4,684,790
Sheridan	101.00	$1,082,038	142.31	$1,511,962	44.83	$476,268	177.01	$1,880,673
Silver Bow	102.50	$6,929,621	311.35	$20,464,930	36.31	$2,386,643	207.00	$13,606,334
Stillwater	101.00	$3,429,807	139.52	$4,737,832	40.06	$1,360,227	151.96	$5,160,413
Sweet Grass	101.00	$1,655,346	172.62	$2,829,203	37.27	$610,857	114.71	$1,880,012
Teton	101.00	$1,692,689	148.14	$2,461,384	46.49	$772,445	230.52	$3,830,120
Toole	101.00	$1,970,827	150.88	$2,943,322	35.71	$696,548	139.93	$2,729,657
Treasure	101.00	$455,229	143.22	$645,503	33.26	$149,912	131.26	$591,621
Valley	101.00	$2,535,132	133.05	$3,339,708	49.93	$1,253,306	187.00	$4,693,742
Wheatland	101.00	$1,588,851	134.70	$1,850,019	19.00	$260,959	135.36	$1,859,094
Wibaux	101.00	$390,337	157.21	$607,577	10.11	$39,073	101.53	$392,385
Yellowstone	102.50	$31,289,663	131.45	$39,070,915	49.94	$14,842,082	197.75	$58,774,740
Statewide Total		**$244,490,034**		**$340,750,986**		**$92,721,712**		**$423,665,924**

1. State assessed mills include: 6 mills for the university system, 33 mills for elementary equalization and BASE program support, 22 mills for high school equalization and BASE program support, 40 mills for state equalization aid to public schools, and 1.5 mills to support vocational-technical education.

County Name	Miscellaneous and Fire District Average Mills and Revenue		City Average Mills[3] and Revenue		SID's and Fees	Grand Total All Taxes and Fees
	Mill Levy	Revenue	Mill Levy	Revenue	Revenue	Revenue
Beaverhead	7.55	$138,502	162.42	$802,963	$1,414,729	$11,968,921
Big Horn	5.35	$131,736	180.25	$470,309	$11,117,808	$20,622,676
Blaine	3.53	$51,390	346.56	$551,557	$1,623,078	$8,757,001
Broadwater	33.13	$416,048	82.07	$132,201	$775,454	$7,052,475
Carbon	16.28	$560,526	143.25	$1,132,811	$728,572	$17,485,188
Carter	0.20	$5,386	395.79	$75,421	$76,625	$7,842,709
Cascade	21.53	$2,878,698	182.02	$14,576,038	$8,577,284	$88,782,893
Chouteau	33.12	$706,283	197.93	$460,018	$380,910	$11,597,808
Custer	2.26	$36,182	210.71	$1,446,343	$2,185,623	$13,536,720
Daniels	78.88	$457,185	269.74	$203,359	$347,043	$3,761,461
Dawson	10.92	$208,676	241.75	$1,254,707	$1,782,514	$13,821,055
Deer Lodge	77.22	$1,378,276	20.35	$180,703	$1,191,425	$14,003,357
Fallon	0.71	$20,077	276.47	$423,874	$206,798	$7,813,712
Fergus	13.90	$362,109	226.65	$1,494,492	$940,791	$16,269,682
Flathead	29.47	$7,041,468	136.39	$10,445,889	$13,744,139	$145,080,202
Gallatin	47.23	$11,273,852	158.76	$16,869,069	$5,175,818	$136,484,452
Garfield	1.22	$6,673	169.99	$37,845	$86,549	$2,905,168
Glacier	6.37	$148,884	217.60	$610,185	$1,485,271	$15,610,826
Golden Valley	2.57	$14,079	92.36	$29,155	$12,131	$2,369,931
Granite	12.70	$129,006	160.11	$218,631	$557,459	$6,192,616
Hill	9.39	$303,085	236.45	$1,993,366	$3,145,340	$22,098,956
Jefferson	36.80	$801,172	162.33	$310,637	$1,095,397	$13,076,459
Judith basin	7.62	$98,860	112.97	$62,029	$35,133	$5,116,325
Lake	21.26	$1,468,568	147.66	$1,732,928	$7,405,752	$46,436,419
Lewis & Clark	15.03	$1,734,393	157.95	$9,741,425	$11,955,780	$86,941,350
Liberty	11.61	$84,169	157.72	$111,719	$211,789	$3,846,120
Lincoln	27.24	$920,466	143.44	$680,516	$2,676,466	$19,124,800
Madison	34.08	$2,528,470	119.55	$445,439	$1,932,595	$26,704,604
McCone	2.50	$18,402	239.13	$173,334	$36,043	$4,096,664
Meagher	7.71	$61,121	152.90	$143,669	$103,737	$3,394,888
Mineral	23.35	$216,141	155.42	$232,296	$123,018	$6,146,518
Missoula	48.23	$9,673,442	232.91	$25,962,986	$7,885,962	$149,004,002
Musselshell	14.28	$153,975	157.17	$450,776	$312,271	$6,960,622
Park	17.93	$692,410	204.49	$2,331,847	$2,339,273	$22,441,152
Petroleum	8.54	$14,346	323.68	$30,674	$87,576	$912,330
Phillips	6.95	$124,308	152.87	$335,780	$1,479,503	$8,144,399
Pondera	13.12	$181,522	176.49	$436,440	$428,257	$8,742,184
Powder River	8.38	$58,716	191.01	$58,835	$226,347	$3,982,507
Powell	10.52	$141,194	134.65	$355,067	$797,694	$7,180,357
Prairie	3.97	$16,594	230.27	$89,308	$624,117	$2,805,562
Ravalli	36.93	$2,902,022	139.45	$2,160,876	$2,130,764	$40,312,182
Richland	0.79	$24,738	163.51	$749,507	$2,679,417	$14,056,489
Roosevelt	12.24	$313,236	244.51	$582,067	$390,463	$13,889,469
Rosebud	23.15	$2,229,925	35.41	$2,664,191	$1,146,552	$25,047,494
Sanders	20.21	$689,329	214.66	$630,613	$1,583,168	$16,018,911
Sheridan	15.09	$160,323	303.13	$470,066	$182,380	$5,763,710
Silver Bow	55.68	$3,659,774	78.50	$29,752	$8,039,176	$55,116,230
Stillwater	13.74	$466,467	167.82	$1,143,688	$750,911	$17,049,345
Sweet Grass	7.18	$117,645	117.50	$395,962	$24,559	$7,513,585
Teton	15.63	$259,730	140.44	$387,602	$1,828,963	$11,232,933
Toole	5.43	$105,883	261.32	$875,913	$455,529	$9,777,679
Treasure	3.93	$17,702	452.80	$69,674	$199,612	$2,129,254
Valley	8.68	$217,860	262.72	$888,570	$2,398,017	$15,326,335
Wheatland	0.84	$11,499	153.97	$145,641	$51,291	$5,767,354
Wibaux	11.54	$44,582	163.00	$53,848	$16,462	$1,544,263
Yellowstone	10.89	$3,237,124	170.25	$29,724,049	$32,692,378	$209,630,951
Statewide Total		**$59,714,226**		**$138,066,659**	**$149,881,710**	**1,449,291,252**

2. The mill levy represents an average for all local elementary and high school levies and includes the levy for
3. Average City Mill Levy is the total taxes from mill levies of all cities/towns within a county / taxable value of

Property Taxes Levied and Average Mills - 2012

County Name	State Assessed Mills[1] and Revenue		County Assessed Mills and Revenue		County Wide School Mills and Revenue		Local School Average Mills[2] and Revenue	
	Mill Levy	Revenue	Mill Levy	Revenue	Mill Levy	Revenue	Mill Levy	Revenue
Beaverhead	101.00	$1,838,543	159.12	$2,895,969	43.28	$787,686	237.17	$4,316,496
Big Horn	101.00	$2,438,107	86.90	$2,097,717	33.55	$809,870	158.43	$3,824,488
Blaine	101.00	$1,408,920	175.26	$2,444,667	42.93	$598,802	144.10	$2,010,003
Broadwater	101.00	$1,310,620	152.47	$1,975,116	57.66	$746,987	154.48	$2,001,156
Carbon	101.00	$3,647,584	121.09	$4,336,616	33.35	$1,194,157	174.49	$6,248,698
Carter	101.00	$2,871,121	146.55	$4,166,047	5.55	$157,898	32.27	$917,322
Cascade	102.50	$14,106,085	142.02	$19,478,156	45.96	$6,304,121	194.14	$26,626,785
Chouteau	101.00	$1,953,410	154.39	$3,199,513	44.81	$928,614	174.65	$3,619,533
Custer	101.00	$1,648,832	193.22	$3,152,187	42.21	$688,569	278.12	$4,537,221
Daniels	101.00	$549,999	225.76	$1,229,386	68.21	$371,431	152.69	$831,501
Dawson	101.00	$2,015,992	179.71	$3,572,886	37.14	$738,452	238.15	$4,734,724
Deer Lodge	101.00	$1,819,334	280.12	$5,045,906	37.85	$681,802	198.23	$3,570,805
Fallon	101.00	$2,959,955	152.86	$4,411,825	0.00	$0	4.03	$116,330
Fergus	101.00	$2,596,316	138.43	$3,550,952	50.39	$1,292,639	224.74	$5,764,869
Flathead	101.00	$24,702,840	192.89	$47,101,666	40.72	$9,944,122	187.44	$45,771,434
Gallatin	101.00	$24,564,154	102.07	$24,823,920	41.45	$10,080,857	194.37	$47,268,924
Garfield	101.00	$530,952	232.10	$1,220,139	62.12	$326,543	115.28	$605,995
Glacier	101.00	$2,404,811	230.62	$5,212,680	58.79	$1,328,921	228.08	$5,155,277
Golden Valley	101.00	$534,203	123.44	$652,865	40.43	$213,815	160.61	$849,483
Granite	101.00	$1,080,701	212.37	$2,272,310	27.71	$296,540	156.38	$1,673,320
Hill	101.00	$3,248,349	165.31	$5,297,472	51.35	$1,645,417	213.81	$6,851,610
Jefferson	101.00	$2,612,930	171.05	$4,425,120	40.16	$1,039,058	160.33	$4,147,714
Judith basin	101.00	$1,318,003	101.61	$1,322,005	30.08	$391,354	151.80	$1,974,870
Lake	101.00	$7,235,860	134.67	$9,647,870	47.74	$3,420,030	136.80	$9,800,792
Lewis & Clark	102.50	$11,977,232	194.96	$22,737,843	43.61	$5,086,582	226.80	$26,451,279
Liberty	101.00	$769,046	245.67	$1,862,957	13.97	$105,945	102.53	$777,500
Lincoln	101.00	$3,665,380	147.18	$5,335,513	27.99	$1,014,728	169.59	$6,147,874
Madison	101.00	$7,812,887	112.87	$8,731,228	0.78	$60,641	59.89	$4,632,578
McCone	101.00	$716,520	237.12	$1,676,496	37.16	$262,744	162.94	$1,152,023
Meagher	101.00	$799,665	183.99	$1,414,542	28.97	$222,702	135.00	$1,037,894
Mineral	101.00	$1,029,937	177.72	$1,812,278	26.79	$273,157	253.34	$2,583,454
Missoula	102.50	$20,883,224	155.38	$31,630,928	43.69	$8,894,575	217.24	$44,223,034
Musselshell	101.00	$1,351,299	196.64	$2,127,941	24.38	$263,783	144.24	$1,560,901
Park	101.00	$3,890,756	118.03	$4,631,277	44.32	$1,739,018	176.03	$6,906,809
Petroleum	101.00	$165,740	142.15	$233,268	55.93	$91,781	187.44	$307,582
Phillips	101.00	$1,782,106	71.60	$1,263,291	49.99	$882,133	164.10	$2,895,460
Pondera	101.00	$1,351,626	211.93	$2,835,685	50.47	$675,258	233.68	$3,126,685
Powder River	101.00	$691,947	146.82	$1,005,887	11.80	$80,813	159.43	$1,092,266
Powell	101.00	$1,451,012	154.07	$2,213,438	38.20	$548,840	187.60	$2,695,136
Prairie	101.00	$430,080	218.48	$930,342	31.06	$132,268	133.41	$568,103
Ravalli	101.00	$8,164,042	128.05	$10,350,613	33.03	$2,670,245	158.78	$12,834,909
Richland	101.00	$3,108,335	131.36	$4,027,530	0.00	$0	74.86	$2,295,162
Roosevelt	101.00	$2,753,226	196.95	$5,221,535	32.06	$850,008	159.05	$4,216,812
Rosebud	101.00	$10,510,194	31.20	$3,246,645	16.78	$1,745,990	44.52	$4,632,481
Sanders	101.00	$3,524,805	109.76	$3,830,619	35.69	$1,245,486	137.75	$4,807,237
Sheridan	101.00	$1,045,249	211.39	$2,169,278	54.56	$559,865	172.66	$1,771,837
Silver Bow	102.50	$7,144,725	323.17	$22,118,909	38.25	$2,618,070	195.21	$13,361,207
Stillwater	101.00	$3,755,963	141.01	$5,243,845	36.31	$1,350,244	147.57	$5,487,863
Sweet Grass	101.00	$1,770,883	180.89	$3,171,547	34.47	$604,326	115.05	$2,017,283
Teton	101.00	$1,659,182	158.93	$2,572,400	46.78	$757,210	230.81	$3,735,780
Toole	101.00	$2,146,460	162.66	$2,982,914	41.10	$753,748	150.93	$2,767,805
Treasure	101.00	$463,028	150.32	$689,118	23.36	$107,094	137.42	$629,995
Valley	101.00	$2,602,748	136.92	$3,528,324	48.28	$1,244,083	176.57	$4,550,239
Wheatland	101.00	$1,582,316	135.84	$1,925,373	23.93	$339,101	127.71	$1,810,049
Wibaux	101.00	$347,700	158.08	$582,320	4.20	$15,460	72.58	$267,349
Yellowstone	102.50	$31,280,813	135.68	$40,473,594	52.02	$15,518,735	201.63	$60,148,847
Statewide Total		**$250,025,747**		**$366,110,466**		**$94,702,319**		**$424,712,785**

1. State assessed mills include: six mills for the university system, 33 mills for elementary equalization and BASE program support, 22 mills for high school equalization and BASE program support, 40 mills for state equalization aid to public schools, and 1.5 mills to support vocational-technical education.

County Name	Miscellaneous and Fire District Average Mills and Revenue		City Average Mills[3] and Revenue		SID's and Fees	Grand Total All Taxes and Fees
	Mill Levy	Revenue	Mill Levy	Revenue	Revenue	Revenue
Beaverhead	12.46	$226,832	158.94	$788,311	$2,328,632	$13,182,469
Big Horn	5.58	$134,814	178.58	$471,555	$11,751,142	$21,527,693
Blaine	7.16	$99,945	416.53	$670,878	$1,644,207	$8,877,422
Broadwater	32.41	$419,795	85.02	$135,781	$772,752	$7,362,207
Carbon	17.11	$612,781	142.82	$1,167,134	$715,419	$17,922,388
Carter	0.19	$5,288	398.78	$73,822	$14,254	$8,205,751
Cascade	21.72	$2,979,076	192.28	$15,231,215	$8,997,126	$93,722,564
Chouteau	36.96	$766,064	202.47	$467,068	$373,610	$11,307,813
Custer	2.15	$35,047	224.87	$1,577,848	$2,240,702	$13,880,407
Daniels	66.99	$364,770	278.65	$207,212	$362,815	$3,917,112
Dawson	11.02	$219,004	238.93	$1,293,915	$1,838,011	$14,412,984
Deer Lodge	68.40	$1,232,103	20.82	$183,905	$1,226,435	$13,760,290
Fallon	5.01	$144,719	284.82	$433,660	$435,832	$8,502,321
Fergus	14.07	$361,013	231.08	$1,552,457	$952,262	$16,070,508
Flathead	32.35	$7,900,146	138.63	$10,568,729	$12,649,973	$158,638,910
Gallatin	33.64	$8,181,787	159.37	$17,190,373	$3,599,628	$135,709,641
Garfield	1.37	$7,211	181.56	$40,494	$37,905	$2,769,240
Glacier	6.90	$155,914	233.54	$644,038	$948,465	$15,850,106
Golden Valley	3.74	$19,805	94.64	$30,512	$2,848	$2,303,530
Granite	472.13	$5,051,790	158.14	$220,753	$413,371	$11,008,786
Hill	5.17	$165,834	251.34	$2,120,892	$3,170,218	$22,499,791
Jefferson	33.19	$858,674	165.29	$320,667	$1,129,579	$14,533,743
Judith basin	8.81	$114,568	135.75	$73,262	$28,093	$5,222,155
Lake	23.52	$1,685,113	148.53	$1,748,221	$5,274,176	$38,812,062
Lewis & Clark	16.01	$1,867,255	82.29	$10,015,354	$21,072,301	$99,207,845
Liberty	11.80	$89,477	164.67	$119,004	$213,723	$3,937,653
Lincoln	29.33	$1,063,397	145.13	$687,594	$2,248,623	$20,163,110
Madison	33.14	$2,563,893	121.71	$470,730	$2,005,487	$26,277,445
McCone	2.49	$17,618	234.15	$176,437	$8,560	$4,010,398
Meagher	6.59	$50,695	155.49	$153,596	$43,314	$3,722,408
Mineral	20.51	$209,156	185.78	$270,495	$30,759	$6,209,235
Missoula	45.56	$9,274,739	240.65	$27,119,627	$7,399,105	$149,425,232
Musselshell	12.47	$134,907	169.85	$252,610	$312,943	$6,004,383
Park	18.86	$740,196	212.23	$2,454,196	$2,254,485	$22,616,736
Petroleum	7.80	$12,802	340.46	$31,988	$83,146	$926,306
Phillips	7.27	$128,287	150.90	$353,710	$1,551,537	$8,856,525
Pondera	13.90	$185,990	183.07	$451,375	$404,162	$9,030,782
Powder River	8.72	$59,725	196.02	$58,911	$218,493	$3,208,042
Powell	10.51	$150,957	139.20	$358,847	$771,196	$8,189,426
Prairie	4.54	$19,338	240.08	$95,701	$624,182	$2,800,013
Ravalli	37.81	$3,056,153	119.01	$2,049,980	$2,095,097	$41,221,039
Richland	15.71	$481,644	195.10	$978,245	$3,105,470	$13,996,387
Roosevelt	12.28	$325,598	260.50	$634,672	$404,599	$14,406,449
Rosebud	23.28	$2,422,912	34.92	$2,866,107	$932,205	$26,356,533
Sanders	20.67	$721,503	224.43	$648,868	$1,298,104	$16,076,623
Sheridan	9.60	$98,480	317.44	$510,069	$165,743	$6,320,520
Silver Bow	60.18	$4,119,235	79.49	$32,064	$8,040,568	$57,434,779
Stillwater	13.71	$509,681	176.01	$1,309,053	$790,426	$18,447,075
Sweet Grass	7.29	$127,814	117.50	$408,780	$933	$8,101,566
Teton	16.38	$265,202	143.52	$399,112	$1,970,000	$11,358,886
Toole	5.53	$101,408	275.45	$909,007	$484,688	$10,146,030
Treasure	4.02	$18,415	483.59	$72,987	$287,973	$2,268,611
Valley	6.85	$176,637	273.13	$966,898	$2,565,412	$15,634,340
Wheatland	0.04	$526	151.20	$146,070	$0	$5,803,434
Wibaux	11.53	$42,486	209.99	$71,305	$16,300	$1,342,920
Yellowstone	18.68	$5,572,862	175.74	$30,364,530	$29,242,434	$212,601,815
Statewide Total		**$66,351,080**		**$142,650,620**	**$151,549,421**	**1,496,102,439**

2. The mill levy represents an average for all local elementary and high school levies and includes the levy for
3. Average City Mill Levy is the total taxes from mill levies of all cities/towns within a county / taxable value of

Tax Base and Revenue for Cities and Towns in 2011 and 2012

The following table displays taxable value, mill rate, and estimated taxes levied for cities and towns. The cities listed are only those in which levy mills to fund city municipal governments. The estimated taxes levied is the amount of property tax that is paid to the city government to fund the municipality, and property owners in these cities are levied other mills as well. In addition to these city mills, property within these cities are also assessed mills used to fund county governments, schools, miscellaneous districts, and the state.

Valuation by City and Property Taxes Levied by City Governments

County	Town	TY 2011 (FY 2012) Taxable Value	TY 2011 (FY 2012) Mill Levy	TY 2011 (FY 2012) Estimated Taxes Levied[1]	TY 2012 (FY 2013) Taxable Value	TY 2012 (FY 2013) Mill Levy	TY 2012 (FY 2013) Estimated Taxes Levied[1]
Beaverhead	Dillon	$4,702,777	162.77	$765,471	$4,736,114	159.39	$754,889
Beaverhead	Lima	$217,227	152.84	$33,201	$223,837	146.81	$32,862
Big Horn	Hardin	$2,503,462	183.40	$459,135	$2,538,097	181.40	$460,411
Big Horn	Lodge Grass	$105,533	107.34	$11,328	$102,412	107.34	$10,993
Blaine	Chinook	$1,121,491	274.55	$307,905	$1,088,513	334.41	$364,010
Blaine	Harlem	$469,310	521.17	$244,590	$522,112	593.16	$309,696
Broadwater	Townsend	$1,611,153	82.17	$132,388	$1,596,973	85.08	$135,870
Carbon	Bearcreek	$115,319	98.00	$11,301	$118,085	100.00	$11,809
Carbon	Bridger	$685,722	189.00	$129,601	$747,201	192.88	$144,120
Carbon	Fromberg	$279,815	164.06	$45,906	$286,564	167.73	$48,065
Carbon	Joliet	$486,266	143.07	$69,570	$488,429	147.04	$71,819
Carbon	Red Lodge	$6,327,901	138.25	$874,832	$6,531,765	136.47	$891,390
Carter	Ekalaka	$190,560	396.00	$75,462	$185,119	399.00	$73,862
Cascade	Belt	$405,027	200.10	$81,046	$398,697	200.50	$79,939
Cascade	Cascade	$687,487	112.01	$77,005	$675,081	117.82	$79,538
Cascade	Great Falls	$78,538,453	183.24	$14,391,386	$77,849,412	193.57	$15,069,311
Cascade	Neihart	$277,160	88.61	$24,559	$292,169	89.96	$26,284
Chouteau	Big Sandy	$477,785	134.08	$64,061	$474,393	137.96	$65,447
Chouteau	Fort Benton	$1,648,170	216.96	$357,594	$1,631,337	220.82	$360,232
Chouteau	Geraldine	$186,505	195.42	$36,447	$201,146	206.84	$41,605
Custer	Ismay	$47,849	43.28	$2,071	$45,849	37.75	$1,731
Custer	Miles City	$6,837,336	212.39	$1,452,182	$6,971,004	226.75	$1,580,675
Daniels	Flaxville	$46,094	151.74	$6,994	$48,919	156.43	$7,652
Daniels	Scobey	$699,773	277.89	$194,460	$694,711	287.54	$199,757
Dawson	Glendive	$5,041,466	242.80	$1,224,068	$5,271,929	240.65	$1,268,690
Dawson	Richey	$142,282	207.00	$29,452	$143,558	171.89	$24,676
Deer Lodge	Anaconda	$4,435,118	40.77	$180,820	$4,416,763	41.66	$184,002
Fallon	Baker	$1,430,900	287.83	$411,856	$1,432,036	296.00	$423,883
Fallon	Plevna	$89,156	110.69	$9,869	$90,544	113.58	$10,284
Fergus	Denton	$257,407	204.91	$52,745	$254,323	207.74	$52,833
Fergus	Grass Range	$87,774	120.99	$10,620	$90,561	127.52	$11,548
Fergus	Lewistown	$5,802,518	238.67	$1,384,887	$5,936,722	241.57	$1,434,134
Fergus	Moore	$315,114	114.06	$35,942	$301,836	143.61	$43,347
Fergus	Winifred	$116,005	85.33	$9,899	$134,694	88.64	$11,939
Flathead	Columbia Falls	$6,181,045	178.27	$1,101,920	$6,499,640	179.61	$1,167,400
Flathead	Kalispell	$41,656,079	159.38	$6,639,146	$40,542,470	167.10	$6,774,647
Flathead	Whitefish	$28,516,494	93.94	$2,678,868	$29,194,509	90.32	$2,636,848
Gallatin	Belgrade	$10,716,924	156.69	$1,679,235	$10,897,892	156.97	$1,710,642
Gallatin	Bozeman	$85,060,691	164.75	$14,013,749	$86,268,745	164.75	$14,212,776
Gallatin	Manhattan	$2,470,709	118.41	$292,557	$2,486,475	120.04	$298,476
Gallatin	Three Forks	$2,274,916	152.42	$346,743	$2,309,602	169.64	$391,801
Gallatin	West Yellowstone	$5,358,955	88.21	$472,713	$5,240,993	89.45	$468,807
Garfield	Jordan	$222,534	170.68	$37,982	$223,039	182.69	$40,747
Glacier	Browning	$543,279	137.08	$74,473	$530,562	145.17	$77,022
Glacier	Cut Bank	$2,264,622	237.21	$537,191	$2,227,107	255.19	$568,335
Golden Valley	Lavina	$150,361	85.79	$12,899	$153,221	88.46	$13,554
Golden Valley	Ryegate	$165,071	98.61	$16,278	$169,164	100.36	$16,977
Granite	Drummond	$368,632	151.33	$55,785	$371,638	139.00	$51,658
Granite	Philipsburg	$1,000,221	163.50	$163,536	$1,024,274	165.00	$169,005
Hill	Havre	$8,271,223	241.26	$1,995,515	$8,268,393	255.78	$2,114,890
Hill	Hingham	$165,710	53.00	$8,783	$169,891	53.00	$9,004
Jefferson	Boulder	$880,189	197.23	$173,600	$894,408	201.50	$180,223
Jefferson	Whitehall	$1,031,355	132.36	$136,510	$1,045,636	134.54	$140,680
Judith Basin	Hobson	$189,914	97.79	$18,572	$185,465	99.24	$18,406
Judith Basin	Stanford	$359,183	121.87	$43,774	$354,224	155.76	$55,174
Lake	Polson	$9,214,347	149.43	$1,376,900	$9,476,165	150.42	$1,425,405
Lake	Ronan	$1,775,150	142.35	$252,693	$1,758,597	144.21	$253,607
Lake	St. Ignatius	$540,867	124.92	$67,565	$535,746	129.66	$69,465
Lewis & Clark	East Helena	$2,363,341	183.00	$432,491	$2,264,485	227.00	$514,038
Lewis & Clark	Helena	$59,252,472	157.01	$9,303,231	$59,720,799	159.20	$9,507,551
Liberty	Chester	$707,141	157.87	$111,636	$722,686	164.75	$119,063
Lincoln	Eureka	$1,106,174	145.69	$161,158	$1,119,673	149.79	$167,716
Lincoln	Libby	$2,847,412	136.99	$390,067	$2,832,976	136.44	$386,531

[1] Strict personal property is assessed mills from the tax year prior to assessment. Estimated assessed taxes for strict personal property from this table are calculated by applying mills from the same year of assessment.

Valuation by City and Property Taxes Levied by City Governments

County	Town	TY 2011 (FY 2012)			TY 2012 (FY 2013)		
		Taxable Value	Mill Levy	Estimated Taxes Levied[1]	Taxable Value	Mill Levy	Estimated Taxes Levied[1]
Lincoln	Troy	$792,541	164.10	$130,056	$785,248	170.19	$133,641
Madison	Ennis	$1,950,050	131.53	$256,490	$2,058,959	139.17	$286,545
Madison	Sheridan	$884,690	101.23	$89,557	$894,312	103.30	$92,382
Madison	Twin Bridges	$462,551	126.32	$58,429	$469,928	130.70	$61,420
Madison	Virginia City	$412,902	94.70	$39,102	$444,430	69.00	$30,666
McCone	Circle	$701,293	239.32	$167,833	$753,524	233.71	$176,106
Meagher	White Sulphur Springs	$939,236	153.17	$143,863	$987,807	155.56	$153,663
Mineral	Alberton	$405,496	145.99	$59,198	$413,883	148.30	$61,379
Mineral	Superior	$1,032,664	159.21	$164,410	$1,042,125	201.73	$210,228
Missoula	Missoula	$112,880,316	233.24	$26,328,205	$112,695,182	240.90	$27,148,269
Musselshell	Melstone	$83,569	255.79	$21,376	$109,102	298.93	$32,614
Musselshell	Roundup	$1,384,179	154.56	$213,939	$1,378,142	160.57	$221,288
Park	Clyde Park	$363,083	65.22	$23,680	$364,141	66.74	$24,303
Park	Livingston	$11,034,354	209.06	$2,306,842	$11,199,935	217.13	$2,431,842
Petroleum	Winnett	$94,751	325.81	$30,871	$93,955	341.74	$32,108
Phillips	Dodson	$79,477	120.00	$9,537	$82,104	130.00	$10,674
Phillips	Malta	$1,765,811	150.50	$265,755	$1,916,046	147.00	$281,659
Phillips	Saco	$349,005	172.08	$60,057	$345,883	177.29	$61,322
Pondera	Conrad	$1,928,576	194.10	$374,337	$1,916,223	200.94	$385,046
Pondera	Valier	$543,095	116.65	$63,352	$549,427	121.85	$66,948
Powder River	Broadus	$308,015	191.48	$58,979	$300,539	196.49	$59,053
Powell	Deer Lodge	$2,634,492	134.65	$354,734	$2,577,881	139.37	$359,279
Prairie	Terry	$385,787	230.00	$88,731	$398,612	240.43	$95,838
Ravalli	Darby	$909,877	109.09	$99,258	$908,197	111.09	$100,892
Ravalli	Hamilton	$11,823,692	151.48	$1,791,100	$13,503,951	123.27	$1,664,632
Ravalli	Pinesdale	$278,871	86.00	$23,983	$279,334	82.00	$22,905
Ravalli	Stevensville	$2,491,312	100.51	$250,402	$2,534,159	100.04	$253,517
Richland	Fairview	$400,343	287.00	$114,898	$465,105	294.12	$136,797
Richland	Sidney	$4,182,718	152.44	$637,614	$4,549,029	186.57	$848,712
Roosevelt	Bainville	$120,685	190.13	$22,946	$138,644	253.52	$35,149
Roosevelt	Brockton	$97,603	0.00	$0	$106,395	0.00	$0
Roosevelt	Culbertson	$458,172	209.71	$96,083	$472,203	220.55	$104,144
Roosevelt	Froid	$108,133	254.05	$27,471	$114,404	255.72	$29,255
Roosevelt	Poplar	$320,057	336.81	$107,798	$312,358	353.89	$110,540
Roosevelt	Wolf Point	$1,275,927	257.66	$328,755	$1,292,379	277.19	$358,235
Rosebud	Colstrip	$73,734,497	30.58	$2,254,801	$80,507,262	30.30	$2,439,370
Rosebud	Forsyth	$1,496,783	273.28	$409,041	$1,559,221	273.68	$426,728
Sanders	Hot Springs	$392,489	320.37	$125,742	$399,092	323.19	$128,983
Sanders	Plains	$1,218,461	168.41	$205,201	$1,197,050	174.19	$208,514
Sanders	Thompson Falls	$1,327,821	226.50	$300,751	$1,295,064	240.85	$311,916
Sheridan	Medicine Lake	$114,075	407.00	$46,429	$119,572	423.00	$50,579
Sheridan	Outlook	$49,638	171.00	$8,488	$52,479	196.88	$10,332
Sheridan	Plentywood	$1,253,019	274.69	$344,192	$1,250,432	290.90	$363,751
Sheridan	Westby	$173,023	451.07	$78,045	$184,339	467.57	$86,191
Silver Bow	Walkerville	$378,791	78.50	$29,735	$403,370	79.50	$32,068
Stillwater	Columbus	$6,812,029	167.95	$1,144,080	$7,437,532	176.11	$1,309,824
Sweet Grass	Big Timber	$3,369,892	117.50	$395,962	$3,478,982	117.50	$408,780
Teton	Choteau	$1,519,425	108.59	$164,994	$1,528,428	111.39	$170,252
Teton	Dutton	$257,637	228.24	$58,803	$251,915	232.00	$58,444
Teton	Fairfield	$967,123	167.00	$161,510	$1,000,580	170.50	$170,599
Toole	Kevin	$101,264	330.50	$33,468	$101,226	437.67	$44,304
Toole	Shelby	$2,791,815	265.73	$741,869	$2,759,436	278.57	$768,696
Toole	Sunburst	$451,273	216.28	$97,599	$439,441	221.64	$97,398
Treasure	Hysham	$156,371	454.80	$71,118	$150,925	485.42	$73,262
Valley	Fort Peck	$316,435	83.51	$26,425	$312,498	86.14	$26,919
Valley	Glasgow	$2,760,488	292.00	$806,062	$2,912,910	302.00	$879,699
Valley	Nashua	$204,383	215.00	$43,942	$223,057	223.05	$49,753
Valley	Opheim	$95,804	122.51	$11,737	$91,566	124.50	$11,400
Wheatland	Harlowton	$809,283	159.17	$128,814	$827,310	153.93	$127,348
Wheatland	Judith Gap	$138,232	125.00	$17,279	$138,765	134.04	$18,600
Wibaux	Wibaux	$330,354	163.00	$53,848	$339,570	212.00	$71,989
Yellowstone	Billings	$167,284,794	168.73	$28,225,963	$165,402,663	174.58	$28,875,997
Yellowstone	Broadview	$241,046	151.57	$36,535	$243,383	151.57	$36,890
Yellowstone	Laurel	$7,070,399	204.18	$1,443,634	$7,132,241	208.40	$1,486,359
Statewide Total		**$841,740,893**		**$138,069,934**	**$852,203,235**		**$142,673,744**

[1] Strict personal property is assessed mills from the tax year prior to assessment. Estimated assessed taxes for strict personal property from this table are calculated by applying mills from the same year of assessment.

Property Taxes Paid by Type of Property

The final section of the property tax section 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, the maximum millage authority, and the calculation of taxable value is determined by the legislature.

Identical properties in separate locations may have different taxes because they have different levels of services and different millage rates. Neighboring properties in different classes with identical market values may pay different taxes because of the application of different tax rates for different classes of property.

The accompanying tables on the following pages show the distribution of taxes paid by each class of property. The average mill for individual classes of property varies by taxing jurisdiction. The effective tax rates vary depending on the mills and The classes of property and then heir tax rates as determined by the Legislature.

The tables at the end of this section 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 Type	2012 Tax Rate	Class	2012 Total Assessed Value	2012 Total Taxable Value	Assessed Value within Towns/Cities	Taxable Value within Towns/Cities
			Valuation by Property Type			
Proceeds						
Net Proceeds	100.00%	1.0	$4,188,542	$4,188,542	$0	$0
Gross Proceeds of Metal Mines	3.00%	2.0	$650,680,252	$19,520,407	$0	$0
Gross Proceeds of Metal Mines New & Expanding	2.70%	2.0	$387,056,224	$10,450,518	$0	$0
Subtotal			*$1,041,925,018*	*$34,159,467*	*$0*	*$0*
Subtotal Percent of Column Statewide Total			*1.28%*	*1.40%*	*0.00%*	*0.00%*
Agricultural Land						
Tillable Irrigated	2.63%	3.0	$739,433,557	$19,434,322	$1,408,060	$36,990
Tillable Non-Irrigated	2.63%	3.0	$2,497,718,494	$65,545,360	$643,878	$16,898
Grazing Land	2.63%	3.0	$1,682,857,612	$43,982,191	$617,891	$16,127
Wild Hay	2.63%	3.0	$334,174,795	$8,787,930	$159,205	$4,190
Timber Land	0.31%	10.0	$2,060,401,414	$6,348,999	$659,829	$2,022
Subtotal			*$7,314,585,872*	*$144,098,802*	*$3,488,863*	*$76,227*
Subtotal Percent of Column Statewide Total			*9.00%*	*5.89%*	*0.01%*	*0.01%*
Residential Land						
Farmstead 1 Acre	2.63%	4.2	$23,037,047	$614,952	$107,167	$2,838
Non-Qualified Ag Land	18.41%	3.0	$54,413,780	$10,018,745	$436,884	$80,436
Non-Q Ag Land 1 Acre	2.63%	4.2	$533,223,194	$14,023,823	$5,252,359	$138,131
City/town Lots Residential	2.63%	4.2	$4,516,664,294	$118,790,335	$4,269,094,700	$112,279,169
Suburban Tracts Residential	2.63%	4.2	$8,835,628,555	$232,377,096	$86,772,357	$2,282,075
Suburban Tracts - Low Income	varies	4.2	$272,986,290	$2,496,784	$101,672,080	$933,847
Subtotal			*$14,235,953,160*	*$378,321,735*	*$4,463,335,547*	*$115,716,496*
Subtotal Percent of Column Statewide Total			*17.51%*	*15.47%*	*15.60%*	*13.64%*
Residential Improvements						
Impr. on Ag and Timber Land	2.63%	4.1	$2,363,207,516	$62,152,382	$5,558,569	$146,193
Impr. on Disparately Owned Ag Land	2.63%	4.1	$38,063,485	$1,001,066	$6,444,588	$169,488
Impr. on Right of Way - Agricultural	2.63%	4.1	$329,103	$8,656	$283,464	$7,455
Impr. on Suburban Tracts Residential	2.63%	4.1	$13,440,779,068	$353,492,319	$166,966,702	$4,391,235
Impr. on City/Town Lots Residential	2.63%	4.1	$11,602,942,457	$305,157,297	$10,875,730,496	$286,031,616
Impr. on Tracts and Lots - Low Income	varies	4.1	$457,272,749	$4,238,146	$232,340,257	$2,139,480
Impr. on Right of Way - Residential	2.63%	4.1	$227,230	$5,976	$84,695	$2,227
Mobile Homes	2.63%	4.1	$512,497,310	$13,478,760	$140,138,723	$3,685,678
Mobile Homes - Low Income	varies	4.1	$27,513,771	$225,144	$9,398,520	$74,899
Extended Property Tax Assistance Program	varies	4.3	$303,234,022	$6,433,175	$104,519,485	$2,281,608
Penalty	2.63%	4.1	$0	$0	$0	$0
Subtotal			*$28,746,066,711*	*$746,192,921*	*$11,541,465,499*	*$298,929,879*
Subtotal Percent of Column Statewide Total			*35.37%*	*30.52%*	*40.33%*	*35.23%*
Commercial Land						
Suburban Tracts Commercial	2.63%	4.9	$1,090,712,716	$28,685,777	$60,715,758	$1,596,823
City/town Lots Commercial	2.63%	4.9	$2,547,724,261	$67,004,937	$2,437,802,366	$64,114,016
Industrial Sites	2.63%	4.9	$174,534,263	$4,590,252	$34,737,499	$913,599
Qualified Golf Courses	1.32%	4.9	$59,230,292	$781,834	$14,380,853	$189,823
Locally Assessed Co-op Land	3.00%	5.0	$101,695	$3,052	$11,202	$337
Eligible Mining Claims	2.63%	3.0	$898,238	$23,610	$26,570	$701
Subtotal			*$3,873,201,465*	*$101,089,462*	*$2,547,674,248*	*$66,815,299*
Subtotal Percent of Column Statewide Total			*4.77%*	*4.13%*	*8.90%*	*7.87%*
Commercial Improvements						
Impr. on Suburban Tracts Commercial	2.63%	4.8	$2,081,109,125	$54,733,352	$192,784,093	$5,070,231
Impr. on City/Town Lots Commercial	2.63%	4.8	$5,658,352,220	$148,814,657	$5,309,374,227	$139,636,527
Impr. on Right of Way - Commercial	2.63%	4.8	$25,325,076	$666,054	$20,689,183	$544,126
Locally Assessed Co-op Improvements	3.00%	5.0	$508,598	$15,258	$158,830	$4,765
Impr. on Qualified Golf Courses	1.32%	4.8	$126,395,539	$1,668,420	$25,013,774	$330,182
Impr. on Industrial Sites	2.63%	4.8	$791,443,721	$20,814,973	$187,380,503	$4,928,109
New Industrial Improvements	varies	4.8	$137,553,124	$2,241,719	$36,544,872	$550,996
Improvements on Industrial Land	3.00%	5.0	$8,840	$265	$0	$0
Remodeled Commercial Improvements	varies	4.8	$16,373,143	$288,118	$15,533,790	$283,669
New and Expanding R & D Improvements	1.50%	5.0	$4,786,488	$71,796	$3,651,150	$54,766
Impr. for Pollution Control	3.00%	5.0	$14,597,541	$437,927	$1,518,245	$45,547
Subtotal			*$8,856,453,415*	*$229,752,539*	*$5,792,648,667*	*$151,448,918*
Subtotal Percent of Column Statewide Total			*10.90%*	*9.40%*	*20.24%*	*17.85%*

	Taxes Levied by Levy Type							Totals and Summaries		
Property Type	University (6 mills)	State General Fund (95 and 1.5 mills)	County	Miscellaneous and Fire	County Wide School Ret/Trans	Local Schools	Cities/Towns	Total Taxes Levied	Effective Rate	Average Mill Levy for Property Type
Proceeds										
Net Proceeds	$25,131	$397,911	$491,407	$132,292	$43,525	$362,493	$0	$1,452,759	*34.68%*	*346.84*
Gross Proceeds of Metal Mines	$117,122	$1,854,815	$3,045,591	$331,503	$693,250	$2,815,679	$0	$8,857,961	*1.36%*	*453.78*
Gross Proceeds of Metal Mines New & Expanding	$62,703	$1,008,475	$3,377,270	$628,954	$399,745	$2,040,083	$0	$7,517,230	*1.94%*	*719.32*
Subtotal	*$204,957*	*$3,261,202*	*$6,914,268*	*$1,092,749*	*$1,136,521*	*$5,218,255*	*$0*	*$17,827,950*	*1.71%*	*521.90*
Subtotal Percent of Column Statewide Total	*1.40%*	*1.40%*	*1.89%*	*1.65%*	*1.20%*	*1.23%*	*0.00%*	*1.33%*		
Agricultural Land										
Tillable Irrigated	$116,606	$1,849,068	$2,878,499	$468,748	$729,317	$3,337,358	$6,191	$9,385,788	*1.27%*	*482.95*
Tillable Non-Irrigated	$393,272	$6,231,129	$11,135,917	$959,638	$2,744,136	$11,167,492	$3,349	$32,634,933	*1.31%*	*497.90*
Grazing Land	$263,893	$4,183,464	$6,720,323	$676,277	$1,590,159	$6,924,667	$2,803	$20,361,587	*1.21%*	*462.95*
Wild Hay	$52,728	$835,978	$1,279,462	$117,035	$301,376	$1,379,663	$883	$3,967,126	*1.19%*	*451.43*
Timber Land	$38,094	$604,856	$999,224	$245,871	$230,458	$1,126,835	$208	$3,245,546	*0.16%*	*511.19*
Subtotal	*$864,593*	*$13,704,496*	*$23,013,425*	*$2,467,570*	*$5,595,446*	*$23,936,016*	*$13,435*	*$69,594,980*	*0.95%*	*482.97*
Subtotal Percent of Column Statewide Total	*5.89%*	*5.87%*	*6.29%*	*3.72%*	*5.91%*	*5.64%*	*0.01%*	*5.19%*		
Residential Land										
Farmstead 1 Acre	$3,690	$58,530	$93,622	$13,945	$23,389	$102,849	$351	$296,375	*1.29%*	*481.95*
Non-Qualified Ag Land	$60,112	$955,075	$1,562,723	$300,025	$381,258	$1,739,172	$13,595	$5,011,961	*9.21%*	*500.26*
Non-Q Ag Land 1 Acre	$84,143	$1,337,004	$2,079,687	$470,005	$543,802	$2,532,032	$16,489	$7,063,163	*1.32%*	*503.65*
City/town Lots Residential	$712,742	$11,377,881	$18,244,378	$3,638,827	$5,148,175	$23,261,199	$19,869,316	$82,252,518	*1.82%*	*692.42*
Suburban Tracts Residential	$1,394,263	$22,143,457	$34,946,476	$7,735,694	$8,778,992	$40,026,507	$399,183	$115,424,571	*1.31%*	*496.71*
Suburban Tracts - Low Income	$14,981	$238,501	$380,695	$80,351	$100,835	$462,175	$170,191	$1,447,730	*0.53%*	*579.84*
Subtotal	*$2,269,930*	*$36,110,449*	*$57,307,581*	*$12,238,847*	*$14,976,452*	*$68,123,935*	*$20,469,125*	*$211,496,318*	*1.49%*	*559.04*
Subtotal Percent of Column Statewide Total	*15.47%*	*15.46%*	*15.65%*	*18.45%*	*15.81%*	*16.04%*	*14.42%*	*15.76%*		
Residential Improvements										
Impr. on Ag and Timber Land	$372,914	$5,916,491	$9,292,246	$1,516,463	$2,394,408	$10,566,625	$26,661	$30,085,808	*1.27%*	*484.07*
Impr. on Disparately Owned Ag Land	$6,006	$95,120	$147,373	$22,502	$40,236	$174,576	$15,682	$501,495	*1.32%*	*500.96*
Impr. on Right of Way - Agricultural	$52	$822	$1,214	$284	$360	$1,510	$1,121	$5,364	*1.63%*	*619.74*
Impr. on Suburban Tracts Residential	$2,120,954	$33,717,275	$52,055,030	$11,363,873	$13,288,773	$62,131,071	$822,322	$175,499,297	*1.31%*	*496.47*
Impr. on City/Town Lots Residential	$1,830,944	$29,252,115	$47,093,897	$8,578,482	$13,374,808	$59,802,214	$52,085,361	$212,017,820	*1.83%*	*694.78*
Impr. on Tracts and Lots - Low Income	$25,429	$405,208	$657,115	$125,221	$174,156	$785,204	$388,769	$2,561,103	*0.56%*	*604.30*
Impr. on Right of Way - Residential	$36	$569	$916	$83	$244	$1,117	$528	$3,493	*1.54%*	*584.47*
Mobile Homes	$80,873	$1,288,499	$2,083,477	$369,430	$550,998	$2,498,786	$690,296	$7,562,359	*1.48%*	*561.06*
Mobile Homes - Low Income	$1,351	$21,555	$35,281	$6,801	$9,463	$43,583	$14,163	$132,197	*0.48%*	*587.16*
Extended Property Tax Assistance Program	$38,599	$612,082	$958,653	$195,246	$264,350	$1,145,413	$354,646	$3,568,990	*1.18%*	*554.78*
Penalty	$0	$0	$0	$0	$0	$0	$0	$0	-	-
Subtotal	*$4,477,158*	*$71,309,737*	*$112,325,201*	*$22,178,387*	*$30,097,796*	*$137,150,098*	*$54,399,549*	*$431,937,925*	*1.50%*	*578.86*
Subtotal Percent of Column Statewide Total	*30.52%*	*30.53%*	*30.68%*	*33.43%*	*31.78%*	*32.29%*	*38.32%*	*32.18%*		
Commercial Land										
Suburban Tracts Commercial	$172,115	$2,737,995	$4,318,575	$907,381	$1,133,839	$5,271,790	$286,332	$14,828,027	*1.36%*	*516.91*
City/town Lots Commercial	$402,030	$6,421,718	$9,876,074	$1,924,466	$2,972,716	$13,264,446	$11,333,337	$46,194,786	*1.81%*	*689.42*
Industrial Sites	$27,542	$439,708	$651,688	$119,136	$197,427	$841,516	$164,287	$2,441,304	*1.40%*	*531.85*
Qualified Golf Courses	$4,691	$74,613	$110,246	$24,273	$27,647	$136,060	$31,207	$408,737	*0.69%*	*522.79*
Locally Assessed Co-op Land	$18	$290	$527	$98	$125	$506	$58	$1,622	*1.60%*	*531.60*
Eligible Mining Claims	$142	$2,261	$5,657	$1,105	$996	$4,265	$59	$14,484	*1.61%*	*613.48*
Subtotal	*$606,537*	*$9,676,585*	*$14,962,767*	*$2,976,457*	*$4,332,751*	*$19,518,583*	*$11,815,280*	*$63,888,960*	*1.65%*	*632.00*
Subtotal Percent of Column Statewide Total	*4.13%*	*4.14%*	*4.09%*	*4.49%*	*4.58%*	*4.60%*	*8.32%*	*4.76%*		
Commercial Improvements										
Impr. on Suburban Tracts Commercial	$328,400	$5,224,640	$8,154,127	$1,661,339	$2,197,711	$10,129,732	$1,008,197	$28,704,147	*1.38%*	*524.44*
Impr. on City/Town Lots Commercial	$892,888	$14,270,891	$22,992,354	$4,306,062	$6,522,138	$29,466,886	$25,609,039	$104,060,260	*1.84%*	*699.26*
Impr. on Right of Way - Commercial	$3,996	$63,496	$93,179	$20,116	$26,656	$113,007	$107,300	$427,751	*1.69%*	*642.22*
Locally Assessed Co-op Improvements	$92	$1,450	$2,471	$315	$673	$2,691	$795	$8,487	*1.67%*	*556.20*
Impr. on Qualified Golf Courses	$10,011	$159,339	$252,394	$47,570	$61,196	$296,232	$55,926	$882,667	*0.70%*	*529.04*
Impr. on Industrial Sites	$124,890	$1,990,341	$3,230,572	$508,238	$838,230	$3,699,045	$899,015	$11,290,331	*1.43%*	*542.41*
New Industrial Improvements	$13,450	$214,430	$416,385	$58,575	$88,186	$410,125	$120,346	$1,321,497	*0.96%*	*589.50*
Improvements on Industrial Land	$2	$25	$35	$4	$0	$20	$0	$86	*0.97%*	*322.93*
Remodeled Commercial Improvements	$1,729	$27,725	$40,475	$5,215	$14,205	$58,922	$53,815	$202,087	*1.23%*	*701.40*
New and Expanding R & D Improvements	$431	$6,861	$9,937	$1,294	$1,373	$8,777	$9,870	$38,544	*0.81%*	*536.85*
Impr. for Pollution Control	$2,628	$41,983	$79,223	$13,397	$18,340	$82,916	$10,304	$248,791	*1.70%*	*568.11*
Subtotal	*$1,378,515*	*$22,001,181*	*$35,271,152*	*$6,622,126*	*$9,768,710*	*$44,268,355*	*$27,874,607*	*$147,184,646*	*1.66%*	*640.62*
Subtotal Percent of Column Statewide Total	*9.40%*	*9.42%*	*9.63%*	*9.98%*	*10.32%*	*10.42%*	*19.63%*	*10.97%*		

Property Type	2012 Tax Rate	Class	2012 Total Assessed Value	2012 Total Taxable Value	Assessed Value within Towns/Cities	Taxable Value within Towns/Cities
			Valuation by Property Type			
Personal Property						
Furniture and Fixtures	varies	8.0	$901,211,907	$19,855,529	$724,450,089	$16,026,046
Machin. other than Farm, Min., Manuf.	varies	8.0	$917,453,204	$21,475,230	$166,817,897	$3,712,812
Repair Tools	varies	8.0	$10,820,136	$149,181	$1,790,681	$40,531
Manufacturing Machinery	varies	8.0	$2,290,094,063	$62,108,966	$382,030,181	$10,472,814
Ski Lifts	varies	8.0	$45,230,227	$1,202,272	$0	$0
Supplies and Materials	varies	8.0	$226,316,609	$6,031,052	$38,343,782	$1,012,062
Rural Telephone Property	8.00%	7.0	$14,630,632	$1,170,452	$14,536,839	$1,162,948
Air and H2O Pollution Control	3.00%	5.0	$82,539,865	$2,476,193	$4,816,110	$144,483
New & Expanding Ind- Air & H2O P C	2.40%	5.0	$1,314,937	$31,558	$0	$0
Aluminum Electrolytic Equipment	3.00%	5.0	$12,917,340	$387,520	$0	$0
Cable TV Systems	varies	8.0	$30,923,975	$773,988	$15,585,962	$400,758
Theatre and Sound Equipment	varies	8.0	$4,161,850	$84,053	$3,902,091	$78,585
Radio and TV Broadcasting Equip.	varies	8.0	$17,708,360	$358,302	$8,243,608	$166,192
CB's and Mobile Phones	varies	8.0	$2,305,380	$54,777	$560,568	$12,146
Rental Equipment	varies	8.0	$20,815,219	$444,796	$9,270,707	$192,998
New & Expanding Ind- Mach & Eq	varies	8.0	$731,187,608	$16,581,860	$15,351,819	$315,391
Oil & Gas Field Equipment	varies	8.0	$347,461,823	$9,099,990	$5,451,542	$111,115
Oil & Gas Flow Lines	varies	8.0	$113,357,746	$3,131,065	$99,212	$1,985
Ag Implements	varies	8.0	$1,137,357,294	$22,937,560	$5,628,196	$120,511
Local Assessed Utility Intra-Co Lines	varies	8.0	$146,916	$2,939	$121,889	$2,438
Failure to Report Penalty	8.00%	7.0	$0	$0	$0	$0
Failure to Report Penalty	varies	8.0	$48,445,488	$1,068,333	$11,394,442	$238,409
Coal and Ore Haulers	varies	8.0	$21,679,090	$617,832	$0	$0
Subtotal			*$6,978,079,669*	*$170,043,449*	*$1,408,395,615*	*$34,212,224*
Subtotal Percent of Column Statewide Total			*8.59%*	*6.95%*	*4.92%*	*4.03%*
Utilities Real						
Rural Co-op companies Real	3.00%	5.0	$142,833,871	$4,284,371	$21,361,707	$640,197
Independent Tele Companies Real	3.00%	5.0	$8,046,366	$241,393	$208,478	$6,256
Electric Companies Real	12.00%	9.0	$38,507,326	$4,620,880	$4,513,615	$541,634
Gas & Electric Companies Real	12.00%	9.0	$43,770,372	$5,239,598	$9,718,672	$1,153,393
Pipelines Real	12.00%	9.0	$80,502,930	$9,660,346	$1,789,970	$214,796
Telecom Companies Real	6.00%	13.0	$415,889,647	$24,953,397	$250,624,683	$15,037,490
Centrally Assessed New & Exp Situs	9.60%	9.0	$3,203,266	$307,513	$3,203,266	$307,513
Railroads Real	3.45%	12.0	$58,718,549	$2,025,419	$24,413,885	$842,279
Airlines Real	3.45%	12.0	$1,563,029	$53,924	$1,108,739	$38,251
Electric Generation Real Property	6.00%	13.0	$1,351,162,941	$81,069,778	$954,881,307	$57,292,876
Rural Co-op Companies Real Prop New&Exp	1.50%	5.0	$515,987	$7,740	$0	$0
10 Year Exempt Electric Generation Real	0.00%	13.0	$2,489,076	$0	$2,489,076	$0
Subtotal			*$2,147,203,360*	*$132,464,359*	*$1,274,313,398*	*$76,074,685*
Subtotal Percent of Column Statewide Total			*2.64%*	*5.42%*	*4.45%*	*8.97%*
Utilities Personal						
Rural Co-op Companies Pers Prop	3.00%	5.0	$308,585,597	$9,257,568	$70,771,745	$2,123,154
Independent Tele Companies Pers Prop	varies	5.0	$8,220,449	$246,613	$854,838	$25,646
Electric Companies Pers Prop	12.00%	9.0	$20,419,126	$2,450,298	$16,638,163	$1,996,580
Gas & Electric Companies Pers Prop	12.00%	9.0	$910,304,726	$109,219,020	$357,077,428	$42,834,924
Pipelines Pers Prop	12.00%	9.0	$273,659,791	$32,839,181	$9,889,678	$1,186,761
Telecom Companies Pers Prop	6.00%	13.0	$380,099,167	$22,805,959	$262,632,052	$15,757,916
Rural Co-op Companies Pers Prop New&Exp	1.50%	5.0	$45,954,447	$689,317	$0	$0
Railroads Pers Prop	3.45%	12.0	$92,462,136	$3,180,697	$12,220,029	$421,591
Airlines Pers Prop	3.45%	12.0	$11,054,632	$381,391	$8,123,355	$280,257
Electric Generation Personal Prop	6.00%	13.0	$716,364,300	$42,981,858	$234,005,942	$14,040,357
Centrally Assessed Pollution Control	3.00%	5.0	$292,021,647	$8,760,650	$204,630,761	$6,138,923
New & Exp Ind -Elect Gen/Tele Pers Prop	varies	13.0	$20,606,180	$664,957	$0	$0
10 Year Exempt Electric Generation Pers Prop	0.00%	13.0	$196,229,930	$0	$196,229,930	$0
Subtotal			*$3,275,982,128*	*$233,477,509*	*$1,176,843,991*	*$84,806,109*
Subtotal Percent of Column Statewide Total			*4.03%*	*9.55%*	*4.11%*	*9.99%*
Utilities mileage						
Rural Co-op Companies Mileage	3.00%	5.0	$581,999,645	$17,456,767	$26,168,771	$785,065
Independent Tele Companies Mileage	3.00%	5.0	$17,608,520	$528,254	$92,520	$2,777
Electric Companies Mileage	12.00%	9.0	$174,172,917	$20,900,743	$11,056,466	$1,326,775
Gas & Electric Companies Mileage	12.00%	9.0	$322,625,457	$38,688,690	$12,665,600	$1,503,706
Pipelines Mileage	12.00%	9.0	$820,750,643	$98,487,145	$3,388,525	$404,476
Telecom Companies Mileage	6.00%	13.0	$409,294,166	$24,557,657	$167,088,142	$10,025,292
Rural Co-op Companies Mileage New&Exp	1.50%	5.0	$0	$0	$0	$0
Railroads Mileage	3.45%	12.0	$1,784,369,684	$60,681,050	$111,510,495	$3,841,511
Airlines Flight Property Mileage	3.45%	12.0	$148,989,310	$5,143,129	$75,134,126	$2,592,126
Renewable Mileage	1.50%	14.0	$64,844,968	$972,675	$0	$0
Subtotal			*$4,324,655,310*	*$267,416,110*	*$407,104,645*	*$20,481,728*
Subtotal Percent of Column Statewide Total			*5.32%*	*10.94%*	*1.42%*	*2.41%*
Wind Generation						
Wind Generation Impr. New&Exp	1.50%	14.0	$3,087,495	$46,311	$0	$0
Wind Generation Personal Prop. New&Exp	varies	14.0	$482,807,845	$8,237,539	$0	$0
Subtotal			*$485,895,340*	*$8,283,850*	*$0*	*$0*
Subtotal Percent of Column Statewide Total			*0.60%*	*0.34%*	*0.00%*	*0.00%*
Statewide Summaries						
Statewide Total			*$81,280,001,448*	*$2,445,300,203*	*$28,615,270,473*	*$848,561,565*
Statewide Average Mill Levy						

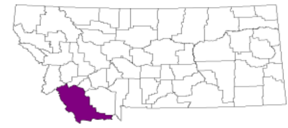
Property Tax and Property Value Summaries

	Taxes Levied by Levy Type							Totals and Summaries		
Property Type	University (6 mills)	State General Fund (95 and 1.5 mills)	County	Miscellaneous and Fire	County Wide School Ret/Trans	Local Schools	Cities/Towns	Total Taxes Levied	Effective Rate	Average Mill Levy for Property Type
Personal Property										
Furniture and Fixtures	$119,133	$1,903,605	$3,108,651	$577,931	$863,006	$3,902,384	$2,972,370	$13,447,081	*1.49%*	*677.25*
Machin. other than Farm, Min., Manuf.	$128,851	$2,050,019	$3,012,516	$546,547	$782,916	$3,557,904	$694,530	$10,773,283	*1.17%*	*501.66*
Repair Tools	$895	$14,215	$20,529	$2,902	$2,293	$17,251	$7,604	$65,689	*0.61%*	*440.33*
Manufacturing Machinery	$372,654	$5,957,160	$10,719,597	$1,737,082	$2,599,397	$11,226,839	$1,708,908	$34,321,636	*1.50%*	*552.60*
Ski Lifts	$7,214	$114,229	$154,312	$45,936	$16,960	$124,685	$0	$463,336	*1.02%*	*385.38*
Supplies and Materials	$36,186	$576,797	$833,440	$131,615	$242,149	$1,017,311	$160,592	$2,998,090	*1.32%*	*497.11*
Rural Telephone Property	$7,023	$112,935	$167,047	$25,286	$53,918	$227,546	$220,116	$813,870	*5.56%*	*695.35*
Air and H2O Pollution Control	$14,857	$238,084	$351,433	$56,063	$114,123	$451,302	$28,337	$1,254,199	*1.52%*	*506.50*
New & Expanding Ind- Air & H2O P C	$189	$2,998	$4,645	$926	$883	$5,352	$0	$14,993	*1.14%*	*475.09*
Aluminum Electrolytic Equipment	$2,325	$36,814	$74,750	$12,537	$15,781	$72,639	$0	$214,847	*1.66%*	*554.41*
Cable TV Systems	$4,644	$73,900	$119,748	$19,065	$29,678	$142,916	$82,434	$472,386	*1.53%*	*610.33*
Theatre and Sound Equipment	$504	$8,044	$13,160	$2,200	$3,656	$16,777	$14,876	$59,217	*1.42%*	*704.52*
Radio and TV Broadcasting Equip.	$2,150	$34,435	$56,349	$10,726	$16,228	$71,426	$32,257	$223,571	*1.26%*	*623.97*
CB's and Mobile Phones	$329	$5,249	$8,088	$1,336	$2,335	$10,008	$2,402	$29,747	*1.29%*	*543.05*
Rental Equipment	$2,669	$42,506	$70,101	$13,555	$18,204	$82,344	$36,735	$266,113	*1.28%*	*598.28*
New & Expanding Ind- Mach & Eq	$99,491	$1,595,548	$2,494,867	$327,258	$769,641	$3,181,421	$57,158	$8,525,383	*1.17%*	*514.14*
Oil & Gas Field Equipment	$54,600	$864,541	$1,313,426	$107,720	$134,821	$915,066	$29,489	$3,419,664	*0.98%*	*375.79*
Oil & Gas Flow Lines	$18,786	$297,452	$451,700	$32,855	$50,325	$306,023	$491	$1,157,633	*1.02%*	*369.72*
Ag Implements	$137,625	$2,180,965	$3,748,853	$386,318	$905,187	$3,815,758	$17,206	$11,191,912	*0.98%*	*487.93*
Local Assessed Utility Intra-Co Lines	$18	$279	$678	$20	$173	$670	$621	$2,459	*1.67%*	*836.65*
Failure to Report Penalty	$0	$0	$0	$0	$0	$0	$0	$0	*-*	*-*
Failure to Report Penalty	$6,410	$101,886	$155,928	$27,843	$33,069	$163,026	$42,343	$530,504	*1.10%*	*496.57*
Coal and Ore Haulers	$3,707	$58,971	$118,446	$22,874	$20,944	$96,807	$0	$321,750	*1.48%*	*520.77*
Subtotal	*$1,020,261*	*$16,270,632*	*$26,998,264*	*$4,088,595*	*$6,675,688*	*$29,405,454*	*$6,108,467*	*$90,567,360*	*1.30%*	*532.61*
Subtotal Percent of Column Statewide Total	*6.95%*	*6.97%*	*7.37%*	*6.16%*	*7.05%*	*6.92%*	*4.30%*	*6.75%*		
Utilities Real										
Rural Co-op companies Real	$25,706	$410,685	$642,938	$92,962	$182,413	$799,521	$137,237	$2,291,462	*1.60%*	*534.84*
Independent Tele Companies Real	$1,448	$22,970	$47,378	$2,772	$11,697	$47,255	$1,549	$135,069	*1.68%*	*559.54*
Electric Companies Real	$27,725	$441,749	$589,728	$116,591	$170,417	$692,681	$17,509	$2,056,400	*5.34%*	*445.02*
Gas & Electric Companies Real	$31,438	$500,341	$860,698	$118,631	$192,468	$890,751	$230,134	$2,824,461	*6.45%*	*539.06*
Pipelines Real	$57,962	$918,792	$1,346,179	$144,413	$380,165	$1,709,677	$47,345	$4,604,534	*5.72%*	*476.64*
Telecom Companies Real	$149,720	$2,391,399	$4,084,061	$682,658	$1,070,502	$4,920,414	$2,687,470	$15,986,224	*3.84%*	*640.64*
Centrally Assessed New & Exp Situs	$1,845	$29,214	$55,264	$3,387	$11,422	$73,235	$74,027	$248,394	*7.75%*	*807.75*
Railroads Real	$12,153	$193,297	$313,660	$37,031	$91,860	$402,376	$185,108	$1,235,485	*2.10%*	*609.99*
Airlines Real	$324	$5,186	$7,320	$1,376	$2,476	$10,643	$7,175	$34,500	*2.21%*	*639.79*
Electric Generation Real Property	$486,419	$7,715,789	$4,800,426	$1,902,656	$1,858,757	$6,154,454	$1,736,577	$24,655,078	*1.82%*	*304.12*
Rural Co-op Companies Real Prop New&Exp	$46	$735	$1,524	$95	$248	$1,231	$0	$3,880	*0.75%*	*501.34*
10 Year Exempt Electric Generation Real	$0	$0	$0	$0	$0	$0	$0	$0	*0.00%*	*-*
Subtotal	*$794,786*	*$12,630,158*	*$12,749,176*	*$3,102,573*	*$3,972,426*	*$15,702,238*	*$5,124,131*	*$54,075,488*	*2.52%*	*408.23*
Subtotal Percent of Column Statewide Total	*5.42%*	*5.41%*	*3.48%*	*4.68%*	*4.19%*	*3.70%*	*3.61%*	*4.03%*		
Utilities Personal										
Rural Co-op Companies Pers Prop	$55,545	$881,351	$1,528,278	$222,685	$360,859	$1,633,712	$426,932	$5,109,361	*1.66%*	*551.91*
Independent Tele Companies Pers Prop	$1,480	$23,551	$34,324	$3,769	$10,142	$46,667	$5,329	$125,261	*1.52%*	*507.92*
Electric Companies Pers Prop	$14,702	$232,913	$426,058	$69,762	$96,853	$440,185	$309,486	$1,589,959	*7.79%*	*648.88*
Gas & Electric Companies Pers Prop	$655,314	$10,459,467	$17,781,486	$3,353,199	$4,596,221	$20,898,752	$7,743,130	$65,487,569	*7.19%*	*599.60*
Pipelines Pers Prop	$197,035	$3,123,502	$4,968,208	$296,284	$856,626	$3,824,599	$281,386	$13,547,639	*4.95%*	*412.54*
Telecom Companies Pers Prop	$136,836	$2,186,280	$3,586,102	$594,270	$1,012,269	$4,414,524	$2,901,317	$14,831,598	*3.90%*	*650.34*
Rural Co-op Companies Pers Prop New&Exp	$4,136	$65,485	$135,759	$8,465	$22,100	$109,636	$0	$345,582	*0.75%*	*501.34*
Railroads Pers Prop	$19,084	$306,074	$453,274	$56,321	$159,145	$647,630	$92,284	$1,733,811	*1.88%*	*545.10*
Airlines Pers Prop	$2,288	$36,709	$55,625	$9,486	$17,975	$76,369	$50,902	$249,354	*2.26%*	*653.80*
Electric Generation Personal Prop	$257,891	$4,104,331	$4,916,529	$1,161,798	$1,373,571	$5,625,864	$427,202	$17,867,187	*2.49%*	*415.69*
Centrally Assessed Pollution Control	$52,564	$832,400	$366,367	$216,272	$154,957	$453,082	$186,012	$2,261,654	*0.77%*	*258.16*
New & Exp Ind -Elect Gen/Tele Pers Prop	$3,990	$63,671	$110,864	$12,101	$26,743	$125,258	$0	$342,628	*1.66%*	*515.26*
10 Year Exempt Electric Generation Pers Prop	$0	$0	$0	$0	$0	$0	$0	$0	*0.00%*	*-*
Subtotal	*$1,400,865*	*$22,315,733*	*$34,362,874*	*$6,004,413*	*$8,687,461*	*$38,296,277*	*$12,423,980*	*$123,491,604*	*3.77%*	*528.92*
Subtotal Percent of Column Statewide Total	*9.55%*	*9.56%*	*9.39%*	*9.05%*	*9.17%*	*9.02%*	*8.75%*	*9.20%*		
Utilities mileage										
Rural Co-op Companies Mileage	$104,741	$1,661,445	$2,817,081	$427,940	$672,230	$3,023,535	$162,651	$8,869,622	*1.52%*	*508.09*
Independent Tele Companies Mileage	$3,170	$50,385	$82,690	$9,333	$21,682	$105,965	$453	$273,676	*1.55%*	*518.08*
Electric Companies Mileage	$125,404	$1,992,030	$3,120,443	$885,822	$764,079	$3,576,756	$194,506	$10,659,039	*6.12%*	*509.98*
Gas & Electric Companies Mileage	$232,132	$3,690,050	$6,119,392	$1,115,671	$1,571,260	$6,975,469	$258,676	$19,962,650	*6.19%*	*515.98*
Pipelines Mileage	$590,923	$9,362,144	$14,484,586	$923,438	$2,455,187	$11,670,315	$70,858	$39,557,452	*4.82%*	*401.65*
Telecom Companies Mileage	$147,346	$2,349,842	$3,852,844	$686,352	$1,056,901	$4,687,558	$1,812,339	$14,593,183	*3.57%*	*594.24*
Rural Co-op Companies Mileage New&Exp	$0	$0	$0	$0	$0	$0	$0	$0	*-*	*-*
Railroads Mileage	$364,086	$5,780,391	$9,456,529	$1,348,250	$2,354,970	$10,612,829	$772,081	$30,689,136	*1.72%*	*505.74*
Airlines Flight Property Mileage	$30,859	$493,618	$745,501	$141,245	$232,238	$1,030,438	$464,537	$3,138,435	*2.11%*	*610.22*
Renewable Mileage	$5,836	$92,630	$190,634	$13,133	$50,127	$219,133	$0	$571,494	*0.88%*	*587.55*
Subtotal	*$1,604,497*	*$25,472,534*	*$40,869,701*	*$5,551,184*	*$9,178,674*	*$41,901,997*	*$3,736,101*	*$128,314,688*	*2.97%*	*479.83*
Subtotal Percent of Column Statewide Total	*10.94%*	*10.91%*	*11.16%*	*8.37%*	*9.69%*	*9.87%*	*2.63%*	*9.56%*		
Wind Generation										
Wind Generation Impr. New&Exp	$278	$4,400	$7,079	$232	$0	$187	$0	$12,175	*0.39%*	*262.90*
Wind Generation Personal Prop. New&Exp	$49,425	$782,566	$1,329,547	$28,107	$280,952	$1,193,404	$0	$3,664,001	*0.76%*	*444.79*
Subtotal	*$49,703*	*$786,966*	*$1,336,626*	*$28,339*	*$280,952*	*$1,193,591*	*$0*	*$3,676,177*	*0.76%*	*443.78*
Subtotal Percent of Column Statewide Total	*0.34%*	*0.34%*	*0.37%*	*0.04%*	*0.30%*	*0.28%*	*0.00%*	*0.27%*		
Statewide Summaries										
Statewide Total	*$14,671,801*	*$233,539,672*	*$366,111,034*	*$66,351,241*	*$94,702,875*	*$424,714,798*	*$141,964,675*	*$1,342,056,097*	*1.65%*	*548.83*
Statewide Average Mill Levy	*6.00*	*95.51*	*149.72*	*27.13*	*38.73*	*173.69*	*58.06*	*548.83*		

State Total

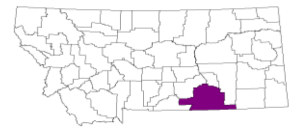
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$3,888,477	$3,888,477		$4,188,542	$4,188,542
CLASS 2 Gross Proceeds		$766,233,615	$20,725,097		$1,037,736,476	$29,970,925
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	1,654,400	$739,731,700	$20,107,892	1,652,684	$739,433,557	$19,434,322
Tillable Non-Irrigated (2.72%, 2.63%)	12,232,481	$2,486,929,455	$67,499,410	12,232,107	$2,497,718,494	$65,545,360
Grazing (2.72%, 2.63%)	34,211,080	$1,620,885,459	$43,809,646	34,168,651	$1,682,857,612	$43,982,191
Wild Hay (2.72%, 2.63%)	1,097,973	$333,322,340	$9,065,457	1,097,954	$334,174,795	$8,787,930
Non-Qualified Ag Land (19.04%, 18.41%)	1,018,763	$52,139,710	$9,926,896	1,027,622	$54,413,780	$10,018,745
Eligible Mining Claims (2.72%, 2.63%)	13,286	$714,259	$19,402	15,465	$898,238	$23,610
Class 3 Subtotal	50,227,983	$5,233,722,923	$150,428,703	50,194,482	$5,309,496,476	$147,792,158
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$35,278,419,457	$959,402,488		$37,279,295,940	$980,295,434
Residential Low Income (varies)		$647,321,274	$6,244,561		$720,884,128	$6,649,391
Mobile Homes (2.72%, 2.63%)		$513,395,103	$13,960,718		$512,647,421	$13,479,835
Mobile Homes Low Income (varies)		$27,512,359	$239,609		$27,363,660	$224,069
Commercial (2.72%, 2.63%)		$14,633,685,398	$398,027,279		$15,484,327,330	$407,226,797
Industrial (2.72%, 2.63%)		$163,010,971	$4,433,978		$178,308,692	$4,689,562
New Manufacturing (varies)		$899,871,073	$22,922,952		$928,996,845	$23,056,692
Qualified Golf Courses (1.36%, 1.32%)		$174,822,307	$2,377,580		$185,625,831	$2,450,254
Remodeled Commercial (varies)		$16,904,351	$298,854		$15,675,702	$280,795
Extended Prop Tax Relief Program (Res Only)		$401,762,354	$9,165,216		$303,234,022	$6,433,175
Class 4 Subtotal		$52,756,704,647	$1,417,073,234		$55,636,359,571	$1,444,786,004
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$968,576,080	$28,484,125		$1,114,375,175	$32,730,333
Qualified New Industrial (3%)		$0	$0		$8,840	$265
Pollution Control (3%)		$369,102,034	$11,061,373		$390,473,990	$11,706,328
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$1,817,911	$27,269		$4,786,488	$71,796
Aluminum Electrolytic Equipment (3%)		$15,229,519	$456,886		$12,917,340	$387,520
Class 5 Subtotal		$1,354,725,544	$40,029,653		$1,522,561,833	$44,896,242
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$14,930,215	$1,194,416		$14,630,632	$1,170,452
CLASS 8						
Machinery (3%, 2% and 3%)		$3,544,875,000	$95,503,824		$3,985,582,230	$102,237,645
Farm Implements (3%, 2% and 3%)		$1,026,089,461	$30,782,730		$1,137,357,294	$22,937,560
Furniture and Fixtures (3%, 2% and 3%)		$899,171,176	$26,975,285		$901,211,907	$19,855,529
Other Business Equipment (3%, 2% and 3%)		$720,432,403	$21,613,989		$842,525,464	$20,946,992
Class 8 Subtotal		$6,190,568,040	$174,875,828		$6,866,676,895	$165,977,726
CLASS 9						
Utilities (12%)		$2,535,218,511	$304,105,701		$2,687,916,554	$322,413,414
CLASS 10						
Timber Land (0.32%, 0.31%)	3,959,056	$2,008,897,761	$6,389,950	3,946,170	$2,060,401,414	$6,348,999
CLASS 12						
Railroads (3.45%, 3.45%)		$1,895,189,651	$64,117,444		$1,935,550,369	$65,887,166
Airlines (3.45%, 3.45%)		$172,758,576	$5,960,162		$161,606,971	$5,578,444
Class 12 Subtotal		$2,067,948,227	$70,077,606		$2,097,157,340	$71,465,610
CLASS 13						
Electrical Generation Property (6%)		$2,115,047,837	$114,515,940		$2,266,246,247	$124,051,636
Telecommunication Property (6%)		$1,295,509,927	$77,730,637		$1,205,282,980	$72,317,013
Elect Gen/Tele Real Prop New & Exp		$16,998,785	$541,951		$20,606,180	$664,957
Class 13 Subtotal		$3,427,556,549	$192,788,528		$3,492,135,407	$197,033,606
CLASS 14						
Wind Generation (3%)		$0	$0		$0	$0
Wind Generation New & Exp (varies)		$571,443,867	$9,070,970		$550,740,308	$9,256,525
Class 14 Subtotal		$571,443,867	$9,070,970		$550,740,308	$9,256,525
Total		**$76,931,838,377**	**$2,390,648,162**		**$81,280,001,448**	**$2,445,300,203**

Beaverhead County



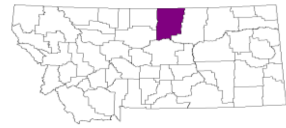
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	119,520	$50,193,893	$1,364,012	119,473	$50,220,214	$1,319,548
Tillable Non-Irrigated (2.72%, 2.63%)	268	$47,117	$1,261	268	$47,945	$1,241
Grazing (2.72%, 2.63%)	919,535	$47,946,661	$1,297,969	910,006	$48,149,959	$1,260,194
Wild Hay (2.72%, 2.63%)	1,479	$389,635	$10,600	1,462	$412,270	$10,842
Non-Qualified Ag Land (19.04%, 18.41%)	18,575	$963,808	$183,513	19,028	$1,022,177	$188,191
Eligible Mining Claims (2.72%, 2.63%)	1,050	$40,231	$1,093	1,162	$49,477	$1,301
Class 3 Subtotal	1,060,427	$99,581,345	$2,858,448	1,051,399	$99,902,042	$2,781,317
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$232,504,107	$6,324,225		$243,310,422	$6,397,243
Residential Low Income (varies)		$6,625,017	$66,601		$7,472,358	$74,338
Mobile Homes (2.72%, 2.63%)		$7,310,290	$198,840		$7,063,493	$185,464
Mobile Homes Low Income (varies)		$418,249	$4,557		$405,964	$4,032
Commercial (2.72%, 2.63%)		$148,346,165	$4,034,999		$154,165,817	$4,054,573
Industrial (2.72%, 2.63%)		$394,014	$10,717		$479,759	$12,618
New Manufacturing (varies)		$6,336,568	$167,234		$6,396,519	$164,471
Qualified Golf Courses (1.36%, 1.32%)		$719,533	$9,785		$761,857	$10,056
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$1,478,758	$32,960		$1,892,140	$38,460
Class 4 Subtotal		$404,132,701	$10,849,918		$421,948,329	$10,941,255
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$20,058,794	$601,765		$22,981,274	$689,443
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$100,018	$3,001		$90,564	$2,717
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$20,158,812	$604,766		$23,071,838	$692,160
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$25,384,442	$761,540		$26,477,711	$686,314
Farm Implements (3%, 2% and 3%)		$16,580,705	$497,421		$16,107,919	$322,966
Furniture and Fixtures (3%, 2% and 3%)		$6,178,900	$185,377		$5,837,200	$131,902
Other Business Equipment (3%, 2% and 3%)		$1,362,633	$40,883		$1,516,427	$34,168
Class 8 Subtotal		$49,506,680	$1,485,221		$49,939,257	$1,175,349
CLASS 9						
Utilities (12%)		$12,893,909	$1,547,269		$14,224,348	$1,706,916
CLASS 10						
Timber Land (0.32%, 0.31%)	31,273	$10,187,671	$32,604	29,836	$10,029,547	$31,097
CLASS 12						
Railroads (3.45%, 3.45%)		$8,625,125	$297,567		$8,552,940	$295,076
Airlines (3.45%, 3.45%)		$1,318	$45		$1,087	$38
Class 12 Subtotal		$8,626,443	$297,612		$8,554,027	$295,114
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$10,623,870	$637,433		$9,607,235	$576,433
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$10,623,870	$637,433		$9,607,235	$576,433
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
Total		**$615,711,431**	**$18,313,271**		**$637,276,623**	**$18,199,641**

Big Horn County



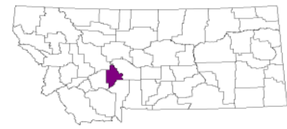
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	48,230	$21,926,639	$596,139	48,454	$22,037,484	$579,334
Tillable Non-Irrigated (2.72%, 2.63%)	165,067	$26,684,566	$725,504	165,316	$26,831,292	$705,367
Grazing (2.72%, 2.63%)	1,382,446	$63,477,226	$1,739,208	1,382,524	$65,254,349	$1,728,807
Wild Hay (2.72%, 2.63%)	36,460	$10,657,761	$289,863	36,464	$10,689,266	$281,093
Non-Qualified Ag Land (19.04%, 18.41%)	8,926	$448,647	$85,416	8,853	$461,150	$84,889
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,641,129	$123,194,839	$3,436,130	1,641,611	$125,273,541	$3,379,490
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$71,635,158	$1,948,417		$73,927,589	$1,943,366
Residential Low Income (varies)		$1,586,890	$12,549		$1,608,549	$13,441
Mobile Homes (2.72%, 2.63%)		$6,635,722	$180,487		$6,503,032	$171,036
Mobile Homes Low Income (varies)		$58,917	$589		$54,737	$547
Commercial (2.72%, 2.63%)		$64,793,012	$1,762,330		$67,279,166	$1,769,436
Industrial (2.72%, 2.63%)		$4,931,711	$134,143		$5,517,447	$145,108
New Manufacturing (varies)		$76,182,212	$2,072,156		$76,800,889	$2,019,865
Qualified Golf Courses (1.36%, 1.32%)		$441,001	$5,998		$432,983	$5,716
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$0	$0		$0	$0
Class 4 Subtotal		$226,264,623	$6,116,669		$232,124,392	$6,068,515
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$23,891,596	$716,749		$23,721,102	$711,633
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$3,310,838	$99,326		$3,280,796	$98,424
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$27,202,434	$816,075		$27,001,898	$810,057
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$120,554,667	$3,616,645		$134,340,082	$3,881,602
Farm Implements (3%, 2% and 3%)		$23,387,805	$701,638		$26,359,879	$530,151
Furniture and Fixtures (3%, 2% and 3%)		$3,759,799	$112,791		$3,432,601	$75,517
Other Business Equipment (3%, 2% and 3%)		$44,402,812	$1,332,053		$44,464,480	$1,259,392
Class 8 Subtotal		$192,105,083	$5,763,127		$208,597,042	$5,746,663
CLASS 9						
Utilities (12%)		$49,686,040	$5,962,323		$50,225,616	$6,027,073
CLASS 10						
Timber Land (0.32%, 0.31%)	30,395	$4,783,542	$15,312	30,378	$4,861,123	$15,068
CLASS 12						
Railroads (3.45%, 3.45%)		$59,071,913	$2,037,980		$46,983,055	$1,620,915
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$59,071,913	$2,037,980		$46,983,055	$1,620,915
CLASS 13						
Electrical Generation Property (6%)		$206,448,886	$0		$198,719,006	$0
Telecommunication Property (6%)		$8,194,238	$491,653		$7,864,747	$471,890
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$214,643,124	$491,653		$206,583,753	$471,890
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
Total		**$896,951,598**	**$24,639,269**		**$901,650,420**	**$24,139,671**

Blaine County



	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	52,807	$27,185,987	$739,283	52,669	$27,114,216	$712,942
Tillable Non-Irrigated (2.72%, 2.63%)	465,836	$105,052,938	$2,850,067	465,754	$105,476,600	$2,766,685
Grazing (2.72%, 2.63%)	996,455	$50,827,656	$1,386,374	996,771	$52,362,896	$1,381,037
Wild Hay (2.72%, 2.63%)	27,751	$10,572,395	$287,567	27,730	$10,580,870	$278,275
Non-Qualified Ag Land (19.04%, 18.41%)	4,268	$210,397	$40,058	4,003	$203,805	$37,521
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,547,116	$193,849,373	$5,303,349	1,546,927	$195,738,387	$5,176,460
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$36,887,371	$1,003,182		$37,103,040	$976,069
Residential Low Income (varies)		$1,028,254	$10,289		$1,074,942	$8,454
Mobile Homes (2.72%, 2.63%)		$3,176,443	$86,393		$3,108,777	$81,759
Mobile Homes Low Income (varies)		$76,798	$496		$61,092	$640
Commercial (2.72%, 2.63%)		$50,894,902	$1,384,333		$51,961,233	$1,366,579
Industrial (2.72%, 2.63%)		$52,225	$1,421		$57,494	$1,510
New Manufacturing (varies)		$4,136,751	$111,838		$3,974,791	$103,860
Qualified Golf Courses (1.36%, 1.32%)		$578,273	$7,865		$596,077	$7,868
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$86,864	$2,293		$0	$0
Class 4 Subtotal		$96,917,881	$2,608,110		$97,937,446	$2,546,739
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$18,166,813	$545,002		$17,387,130	$521,614
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$18,166,813	$545,002		$17,387,130	$521,614
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$9,521,793	$285,648		$15,043,264	$355,682
Farm Implements (3%, 2% and 3%)		$30,078,942	$902,380		$31,744,105	$640,912
Furniture and Fixtures (3%, 2% and 3%)		$1,598,220	$47,949		$1,476,920	$33,995
Other Business Equipment (3%, 2% and 3%)		$5,062,613	$151,902		$14,092,133	$368,185
Class 8 Subtotal		$46,261,568	$1,387,879		$62,356,422	$1,398,774
CLASS 9						
Utilities (12%)		$28,156,684	$3,378,802		$20,575,935	$2,469,102
CLASS 10						
Timber Land (0.32%, 0.31%)	8,785	$1,871,293	$5,989	8,785	$1,974,346	$6,124
CLASS 12						
Railroads (3.45%, 3.45%)		$35,667,939	$1,230,545		$45,001,268	$1,552,545
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$35,667,939	$1,230,545		$45,001,268	$1,552,545
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$1,358,153	$81,492		$4,608,756	$276,524
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$1,358,153	$81,492		$4,608,756	$276,524
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
Total		**$422,249,704**	**$14,541,168**		**$445,579,690**	**$13,947,882**

Broadwater County



	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$208,407	$208,407		$207,352	$207,352
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	41,071	$16,918,372	$460,024	41,158	$16,955,978	$445,794
Tillable Non-Irrigated (2.72%, 2.63%)	51,917	$11,392,265	$309,850	51,957	$11,432,880	$300,670
Grazing (2.72%, 2.63%)	286,070	$13,072,115	$347,538	279,421	$13,668,647	$351,709
Wild Hay (2.72%, 2.63%)	4,763	$1,578,543	$42,939	4,782	$1,589,330	$41,799
Non-Qualified Ag Land (19.04%, 18.41%)	16,901	$876,584	$166,903	17,664	$950,523	$175,002
Eligible Mining Claims (2.72%, 2.63%)	99	$6,316	$171	2,217	$154,188	$4,055
Class 3 Subtotal	400,821	$43,844,195	$1,327,425	397,199	$44,751,546	$1,319,029
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$163,131,216	$4,431,236		$181,526,615	$4,770,617
Residential Low Income (varies)		$4,007,267	$34,711		$4,307,283	$39,387
Mobile Homes (2.72%, 2.63%)		$5,281,026	$143,651		$5,210,924	$137,044
Mobile Homes Low Income (varies)		$211,366	$1,218		$335,038	$2,435
Commercial (2.72%, 2.63%)		$46,629,517	$1,268,334		$48,476,352	$1,274,924
Industrial (2.72%, 2.63%)		$753,074	$20,484		$749,685	$19,715
New Manufacturing (varies)		$5,048,050	$124,513		$5,547,247	$128,784
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$552	$0		$568	$0
Extended Prop Tax Relief Program (Res Only)		$1,221,379	$29,803		$689,436	$16,349
Class 4 Subtotal		$226,283,447	$6,053,950		$246,843,148	$6,389,255
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$3,744,004	$112,319		$4,044,167	$121,322
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$394,372	$11,831		$357,090	$10,712
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$4,138,376	$124,150		$4,401,257	$132,034
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$13,759,307	$403,789		$14,351,048	$360,263
Farm Implements (3%, 2% and 3%)		$10,976,686	$329,300		$12,731,545	$255,895
Furniture and Fixtures (3%, 2% and 3%)		$1,806,736	$54,199		$1,692,363	$34,119
Other Business Equipment (3%, 2% and 3%)		$2,077,119	$62,317		$1,564,271	$35,440
Class 8 Subtotal		$28,619,848	$849,605		$30,339,227	$685,717
CLASS 9						
Utilities (12%)		$23,838,707	$2,860,644		$27,265,113	$3,271,816
CLASS 10						
Timber Land (0.32%, 0.31%)	53,333	$13,341,609	$42,694	52,901	$13,226,975	$41,006
CLASS 12						
Railroads (3.45%, 3.45%)		$16,799,177	$579,571		$16,882,528	$582,447
Airlines (3.45%, 3.45%)		$1,318	$45		$1,087	$38
Class 12 Subtotal		$16,800,495	$579,616		$16,883,615	$582,485
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$6,227,532	$373,653		$5,435,572	$326,135
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$6,227,532	$373,653		$5,435,572	$326,135
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
Total		**$363,302,616**	**$12,420,144**		**$389,353,805**	**$12,954,829**

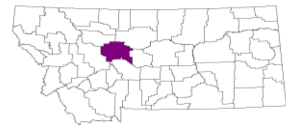
Carbon County

	TY 2011 Acres	TY 2011 Assessed	TY 2011 Taxable	TY 2012 Acres	TY 2012 Assessed	TY 2012 Taxable
CLASS 1 Net Proceeds		$450,387	$450,387		$405,258	$405,258
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	74,257	$31,804,778	$864,918	74,048	$31,720,812	$834,056
Tillable Non-Irrigated (2.72%, 2.63%)	37,678	$6,532,113	$177,684	37,639	$6,545,090	$172,144
Grazing (2.72%, 2.63%)	509,646	$24,150,109	$649,930	509,579	$25,226,475	$656,521
Wild Hay (2.72%, 2.63%)	13,125	$4,639,911	$126,207	13,133	$4,656,053	$122,455
Non-Qualified Ag Land (19.04%, 18.41%)	30,533	$1,588,384	$302,422	30,675	$1,654,704	$304,669
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	665,239	$68,715,295	$2,121,161	665,074	$69,803,134	$2,089,845
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$520,898,260	$14,166,797		$561,865,172	$14,773,862
Residential Low Income (varies)		$11,528,930	$113,357		$11,585,979	$107,867
Mobile Homes (2.72%, 2.63%)		$6,375,535	$172,871		$6,223,046	$163,218
Mobile Homes Low Income (varies)		$287,117	$1,914		$362,706	$2,266
Commercial (2.72%, 2.63%)		$154,383,309	$4,199,210		$164,269,025	$4,320,259
Industrial (2.72%, 2.63%)		$1,217,841	$33,127		$1,398,657	$36,784
New Manufacturing (varies)		$11,528,323	$180,393		$11,621,191	$172,873
Qualified Golf Courses (1.36%, 1.32%)		$1,632,494	$22,201		$1,742,051	$22,994
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$9,812,378	$205,452		$8,589,883	$167,590
Class 4 Subtotal		$717,664,187	$19,095,322		$767,657,710	$19,767,713
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$11,244,500	$337,333		$11,591,343	$347,101
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$11,244,500	$337,333		$11,591,343	$347,101
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$25,310,271	$564,422		$24,612,440	$448,602
Farm Implements (3%, 2% and 3%)		$14,585,512	$437,570		$15,774,238	$316,534
Furniture and Fixtures (3%, 2% and 3%)		$3,579,158	$107,374		$3,694,807	$76,260
Other Business Equipment (3%, 2% and 3%)		$3,973,957	$119,228		$3,931,412	$83,264
Class 8 Subtotal		$47,448,898	$1,228,594		$48,012,897	$924,660
CLASS 9						
Utilities (12%)		$77,677,453	$9,321,292		$88,994,812	$10,679,364
CLASS 10						
Timber Land (0.32%, 0.31%)	7,002	$1,317,044	$4,221	7,002	$1,331,241	$4,126
CLASS 12						
Railroads (3.45%, 3.45%)		$30,896,334	$1,065,922		$24,272,200	$837,392
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$30,896,334	$1,065,922		$24,272,200	$837,392
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$12,761,969	$765,717		$12,615,533	$756,932
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$12,761,969	$765,717		$12,615,533	$756,932
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
Total		**$968,176,067**	**$34,389,949**		**$1,024,684,128**	**$35,812,391**

Carter County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	125	$82,592	$2,246	125	$82,592	$2,172
Tillable Non-Irrigated (2.72%, 2.63%)	107,228	$17,730,917	$482,037	107,288	$17,795,663	$467,771
Grazing (2.72%, 2.63%)	1,185,510	$49,866,203	$1,369,075	1,185,574	$51,059,883	$1,355,604
Wild Hay (2.72%, 2.63%)	86,912	$22,704,849	$617,570	86,747	$22,709,666	$597,250
Non-Qualified Ag Land (19.04%, 18.41%)	2,234	$116,170	$22,117	2,226	$120,074	$22,102
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,382,008	$90,500,731	$2,493,045	1,381,960	$91,767,878	$2,444,899
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$5,902,561	$160,564		$6,054,207	$159,338
Residential Low Income (varies)		$109,311	$1,255		$103,872	$1,138
Mobile Homes (2.72%, 2.63%)		$2,022,749	$55,015		$2,042,634	$53,720
Mobile Homes Low Income (varies)		$10,954	$59		$10,053	$53
Commercial (2.72%, 2.63%)		$14,691,009	$399,582		$14,951,736	$393,229
Industrial (2.72%, 2.63%)		$0	$0		$0	$0
New Manufacturing (varies)		$0	$0		$0	$0
Qualified Golf Courses (1.36%, 1.32%)		$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		$22,736,584	$616,475		$23,162,502	$607,478
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$5,847,462	$175,424		$5,835,624	$175,066
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$5,847,462	$175,424		$5,835,624	$175,066
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$3,004,837	$90,146		$5,191,216	$113,055
Farm Implements (3%, 2% and 3%)		$17,339,227	$520,182		$19,250,331	$385,737
Furniture and Fixtures (3%, 2% and 3%)		$121,080	$3,635		$114,875	$2,456
Other Business Equipment (3%, 2% and 3%)		$523,920	$15,717		$883,492	$17,670
Class 8 Subtotal		$20,989,064	$629,680		$25,439,914	$518,918
CLASS 9						
Utilities (12%)		$195,380,353	$23,445,642		$205,365,583	$24,643,869
CLASS 10						
Timber Land (0.32%, 0.31%)	10,592	$1,911,063	$6,112	10,592	$1,935,283	$5,995
CLASS 12						
Railroads (3.45%, 3.45%)		$0	$0		$0	$0
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$0	$0		$0	$0
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$449,037	$26,942		$511,881	$30,714
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$449,037	$26,942		$511,881	$30,714
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
Total		**$337,814,294**	**$27,393,320**		**$354,018,665**	**$28,426,939**

Cascade County



	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	42,327	$17,936,244	$487,602	42,239	$17,912,971	$470,843
Tillable Non-Irrigated (2.72%, 2.63%)	343,168	$71,686,984	$1,948,193	342,873	$71,921,336	$1,889,813
Grazing (2.72%, 2.63%)	785,293	$48,948,763	$1,322,583	785,074	$50,973,924	$1,331,829
Wild Hay (2.72%, 2.63%)	57,570	$21,211,031	$576,906	57,568	$21,282,204	$559,703
Non-Qualified Ag Land (19.04%, 18.41%)	43,060	$2,231,861	$424,946	43,363	$2,331,584	$429,300
Eligible Mining Claims (2.72%, 2.63%)	310	$21,280	$581	310	$22,041	$583
Class 3 Subtotal	1,271,728	$162,036,163	$4,760,811	1,271,427	$164,444,060	$4,682,071
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$1,952,757,890	$53,089,109		$2,000,145,065	$52,581,062
Residential Low Income (varies)		$46,687,584	$444,272		$50,198,190	$458,538
Mobile Homes (2.72%, 2.63%)		$25,896,521	$703,158		$25,130,883	$659,730
Mobile Homes Low Income (varies)		$2,319,325	$19,225		$2,423,199	$19,096
Commercial (2.72%, 2.63%)		$1,033,634,254	$28,114,955		$1,099,440,783	$28,915,288
Industrial (2.72%, 2.63%)		$14,093,361	$383,340		$13,519,560	$355,560
New Manufacturing (varies)		$60,880,027	$1,625,150		$61,049,584	$1,574,977
Qualified Golf Courses (1.36%, 1.32%)		$6,424,121	$87,367		$6,939,418	$91,601
Remodeled Commercial (varies)		$6,733,239	$88,863		$4,860,840	$62,035
Extended Prop Tax Relief Program (Res Only)		$2,008,524	$44,053		$1,045,951	$23,863
Class 4 Subtotal		$3,151,434,846	$84,599,492		$3,264,753,473	$84,741,750
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$9,522,316	$285,668		$80,563,186	$2,416,899
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$3,039,661	$91,190		$3,030,999	$90,930
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$12,561,977	$376,858		$83,594,185	$2,507,829
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$14,590,440	$1,167,234		$14,514,637	$1,161,172
CLASS 8						
Machinery (3%, 2% and 3%)		$118,222,939	$3,512,267		$138,857,409	$3,659,602
Farm Implements (3%, 2% and 3%)		$20,713,405	$621,414		$23,159,523	$473,465
Furniture and Fixtures (3%, 2% and 3%)		$90,620,769	$2,718,629		$90,035,339	$1,942,206
Other Business Equipment (3%, 2% and 3%)		$12,780,212	$383,458		$12,271,626	$258,734
Class 8 Subtotal		$242,337,325	$7,235,768		$264,323,897	$6,334,006
CLASS 9						
Utilities (12%)		$89,048,843	$10,685,867		$102,071,816	$12,240,777
CLASS 10						
Timber Land (0.32%, 0.31%)	71,948	$19,797,789	$63,350	72,058	$19,811,967	$61,428
CLASS 12						
Railroads (3.45%, 3.45%)		$88,908,096	$3,067,330		$74,033,897	$2,554,169
Airlines (3.45%, 3.45%)		$27,637,461	$953,492		$28,546,941	$984,870
Class 12 Subtotal		$116,545,557	$4,020,822		$102,580,838	$3,539,039
CLASS 13						
Electrical Generation Property (6%)		$248,255,849	$14,895,352		$276,738,187	$16,604,293
Telecommunication Property (6%)		$88,302,772	$5,298,167		$79,941,524	$4,796,492
Elect Gen/Tele Real Prop New & Exp		$11,143,558	$334,307		$11,108,142	$333,244
Class 13 Subtotal		$347,702,179	$20,527,826		$367,787,853	$21,734,029
CLASS 14						
Wind Generation (3%)		$0	$0		$0	$0
Wind Generation New & Exp (varies)		$0	$0		$10,033,792	$150,507
Class 14 Subtotal		$0	$0		$10,033,792	$150,507
Total		**$4,156,055,119**	**$133,438,028**		**$4,393,916,518**	**$137,152,608**

Chouteau County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	10,205	$4,416,795	$120,138	9,562	$4,131,708	$108,669
Tillable Non-Irrigated (2.72%, 2.63%)	1,199,795	$238,399,642	$6,484,728	1,200,703	$239,266,219	$6,292,993
Grazing (2.72%, 2.63%)	803,311	$41,835,725	$1,133,843	803,542	$43,417,613	$1,137,791
Wild Hay (2.72%, 2.63%)	23,987	$10,454,486	$284,357	23,973	$10,472,928	$275,431
Non-Qualified Ag Land (19.04%, 18.41%)	4,359	$226,567	$43,141	4,397	$235,375	$43,335
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	2,041,657	$295,333,215	$8,066,207	2,042,176	$297,523,843	$7,858,219
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$54,027,044	$1,469,431		$55,072,246	$1,447,381
Residential Low Income (varies)		$2,047,009	$21,444		$1,939,342	$19,957
Mobile Homes (2.72%, 2.63%)		$1,824,761	$49,630		$1,796,440	$47,244
Mobile Homes Low Income (varies)		$47,758	$649		$20,410	$269
Commercial (2.72%, 2.63%)		$75,657,442	$2,057,897		$77,279,473	$2,032,426
Industrial (2.72%, 2.63%)		$321,808	$8,755		$349,673	$9,197
New Manufacturing (varies)		$9,677,444	$215,284		$9,960,490	$214,397
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$210,537	$4,935		$0	$0
Class 4 Subtotal		$143,813,803	$3,828,025		$146,418,074	$3,770,871
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$17,967,871	$539,033		$18,625,049	$558,749
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$17,967,871	$539,033		$18,625,049	$558,749
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$3,426,892	$97,000		$13,076,045	$324,974
Farm Implements (3%, 2% and 3%)		$60,270,865	$1,808,127		$65,817,090	$1,332,947
Furniture and Fixtures (3%, 2% and 3%)		$1,441,813	$43,253		$1,379,578	$30,615
Other Business Equipment (3%, 2% and 3%)		$1,452,765	$43,595		$3,578,042	$89,767
Class 8 Subtotal		$66,592,335	$1,991,975		$83,850,755	$1,778,303
CLASS 9						
Utilities (12%)		$43,532,644	$5,223,914		$44,371,216	$5,324,542
CLASS 10						
Timber Land (0.32%, 0.31%)	20,258	$7,781,276	$24,882	20,258	$7,785,907	$24,115
CLASS 12						
Railroads (3.45%, 3.45%)		$22,563,268	$778,433		$17,920,025	$618,238
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$22,563,268	$778,433		$17,920,025	$618,238
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$14,299,307	$857,959		$13,191,513	$791,495
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$14,299,307	$857,959		$13,191,513	$791,495
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
Total		**$611,883,719**	**$21,310,428**		**$629,686,382**	**$20,724,532**

Custer County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	30,463	$15,820,622	$430,284	30,450	$15,814,427	$415,884
Tillable Non-Irrigated (2.72%, 2.63%)	81,205	$14,204,400	$386,354	81,156	$14,222,656	$374,066
Grazing (2.72%, 2.63%)	1,644,019	$75,526,979	$2,010,163	1,644,176	$78,886,953	$2,030,579
Wild Hay (2.72%, 2.63%)	33,311	$5,462,846	$148,583	33,201	$5,458,801	$143,571
Non-Qualified Ag Land (19.04%, 18.41%)	20,715	$1,075,457	$204,768	20,776	$1,119,300	$206,057
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,809,713	$112,090,304	$3,180,152	1,809,758	$115,502,137	$3,170,157
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$178,730,624	$4,861,327		$183,511,240	$4,826,461
Residential Low Income (varies)		$3,899,910	$32,657		$4,052,810	$31,962
Mobile Homes (2.72%, 2.63%)		$5,656,254	$153,862		$5,635,030	$148,215
Mobile Homes Low Income (varies)		$271,507	$2,445		$231,669	$1,794
Commercial (2.72%, 2.63%)		$102,339,977	$2,774,786		$110,097,657	$2,884,539
Industrial (2.72%, 2.63%)		$959,613	$26,100		$1,071,847	$28,189
New Manufacturing (varies)		$7,237,453	$196,858		$7,470,059	$196,462
Qualified Golf Courses (1.36%, 1.32%)		$844,500	$11,485		$849,500	$11,213
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$45,128	$1,142		$114,743	$2,719
Class 4 Subtotal		$299,984,966	$8,060,662		$313,034,555	$8,131,554
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$11,873,017	$356,191		$11,495,069	$344,856
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$11,873,017	$356,191		$11,495,069	$344,856
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$7,697,732	$230,936		$10,371,902	$227,140
Farm Implements (3%, 2% and 3%)		$12,808,136	$384,245		$13,936,301	$279,552
Furniture and Fixtures (3%, 2% and 3%)		$10,912,934	$327,395		$10,472,318	$239,722
Other Business Equipment (3%, 2% and 3%)		$1,399,049	$41,982		$1,643,494	$33,590
Class 8 Subtotal		$32,817,851	$984,558		$36,424,015	$780,004
CLASS 9						
Utilities (12%)		$14,748,328	$1,769,799		$16,625,674	$1,995,081
CLASS 10						
Timber Land (0.32%, 0.31%)	31,725	$5,522,713	$17,676	31,725	$5,513,189	$17,092
CLASS 12						
Railroads (3.45%, 3.45%)		$32,752,703	$1,129,969		$38,804,955	$1,338,773
Airlines (3.45%, 3.45%)		$363,724	$12,549		$593,741	$20,483
Class 12 Subtotal		$33,116,427	$1,142,518		$39,398,696	$1,359,256
CLASS 13						
Electrical Generation Property (6%)		$1,301,205	$78,072		$1,542,187	$92,532
Telecommunication Property (6%)		$7,149,681	$428,980		$7,058,605	$423,514
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$8,450,886	$507,052		$8,600,792	$516,046
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
Total		**$518,604,492**	**$16,018,608**		**$546,594,127**	**$16,314,046**

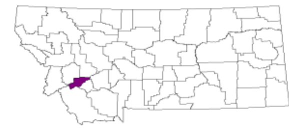
Daniels County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	608	$250,062	$6,798	608	$250,151	$6,576
Tillable Non-Irrigated (2.72%, 2.63%)	437,350	$87,120,952	$2,359,574	437,345	$87,821,026	$2,299,604
Grazing (2.72%, 2.63%)	206,789	$9,363,613	$255,414	207,388	$9,652,089	$254,565
Wild Hay (2.72%, 2.63%)	5,908	$1,951,955	$53,091	5,907	$1,956,444	$51,453
Non-Qualified Ag Land (19.04%, 18.41%)	2,097	$106,225	$20,222	2,117	$111,137	$20,461
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	652,753	$98,792,807	$2,695,099	653,366	$99,790,847	$2,632,659
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$19,444,489	$528,875		$19,298,631	$507,579
Residential Low Income (varies)		$162,627	$1,484		$157,844	$1,813
Mobile Homes (2.72%, 2.63%)		$424,451	$11,545		$420,455	$11,058
Mobile Homes Low Income (varies)		$0	$0		$0	$0
Commercial (2.72%, 2.63%)		$21,781,684	$592,475		$21,795,127	$573,203
Industrial (2.72%, 2.63%)		$45,616	$1,242		$45,536	$1,196
New Manufacturing (varies)		$1,456,756	$39,624		$1,431,761	$37,656
Qualified Golf Courses (1.36%, 1.32%)		$85,739	$1,166		$87,170	$1,151
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$0	$0		$98,669	$493
Class 4 Subtotal		$43,401,362	$1,176,411		$43,335,193	$1,134,149
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$11,644,493	$349,333		$13,530,638	$405,921
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$11,644,493	$349,333		$13,530,638	$405,921
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$1,540,138	$46,207		$2,033,452	$41,110
Farm Implements (3%, 2% and 3%)		$28,300,590	$849,016		$31,781,926	$635,643
Furniture and Fixtures (3%, 2% and 3%)		$524,837	$15,748		$546,740	$10,961
Other Business Equipment (3%, 2% and 3%)		$898,904	$26,973		$635,153	$12,706
Class 8 Subtotal		$31,264,469	$937,944		$34,997,271	$700,421
CLASS 9						
Utilities (12%)		$770,753	$92,490		$947,771	$113,733
CLASS 10						
Timber Land (0.32%, 0.31%)	0	$0	$0	0	$0	$0
CLASS 12						
Railroads (3.45%, 3.45%)		$2,217,634	$76,507		$2,512,784	$86,691
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$2,217,634	$76,507		$2,512,784	$86,691
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$7,673,053	$460,383		$6,199,309	$371,962
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$7,673,053	$460,383		$6,199,309	$371,962
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
Total		**$195,764,571**	**$5,788,167**		**$201,313,813**	**$5,445,536**

Dawson County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	19,574	$9,308,974	$253,199	19,399	$9,233,229	$242,830
Tillable Non-Irrigated (2.72%, 2.63%)	384,533	$85,240,971	$2,318,081	384,832	$85,559,307	$2,249,734
Grazing (2.72%, 2.63%)	911,216	$40,735,667	$1,108,600	911,592	$42,128,189	$1,108,549
Wild Hay (2.72%, 2.63%)	11,325	$3,119,522	$84,848	11,225	$3,114,531	$81,912
Non-Qualified Ag Land (19.04%, 18.41%)	5,592	$290,754	$55,360	5,790	$311,718	$57,394
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,332,240	$138,695,888	$3,820,088	1,332,838	$140,346,974	$3,740,419
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$115,530,664	$3,142,067		$121,153,915	$3,185,605
Residential Low Income (varies)		$1,740,128	$14,379		$1,927,137	$17,300
Mobile Homes (2.72%, 2.63%)		$3,576,024	$97,269		$3,888,999	$102,271
Mobile Homes Low Income (varies)		$41,241	$423		$74,636	$770
Commercial (2.72%, 2.63%)		$52,828,872	$1,436,953		$55,186,153	$1,451,389
Industrial (2.72%, 2.63%)		$289,341	$7,873		$358,116	$9,424
New Manufacturing (varies)		$9,122,322	$248,128		$10,925,680	$287,345
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$518,857	$9,572		$434,668	$9,128
Extended Prop Tax Relief Program (Res Only)		$1,335,447	$30,817		$919,965	$18,451
Class 4 Subtotal		$184,982,896	$4,987,481		$194,869,269	$5,081,683
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$14,490,866	$434,725		$15,433,457	$463,005
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$14,490,866	$434,725		$15,433,457	$463,005
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$11,217,636	$336,533		$17,984,588	$440,944
Farm Implements (3%, 2% and 3%)		$25,384,208	$761,521		$30,145,165	$607,773
Furniture and Fixtures (3%, 2% and 3%)		$5,129,468	$153,880		$4,873,215	$114,394
Other Business Equipment (3%, 2% and 3%)		$10,102,793	$303,086		$12,341,719	$309,574
Class 8 Subtotal		$51,834,105	$1,555,020		$65,344,687	$1,472,685
CLASS 9						
Utilities (12%)		$40,009,959	$4,680,690		$45,116,019	$5,323,539
CLASS 10						
Timber Land (0.32%, 0.31%)	0	$0	$0	0	$0	$0
CLASS 12						
Railroads (3.45%, 3.45%)		$71,017,088	$2,450,090		$73,952,181	$2,551,350
Airlines (3.45%, 3.45%)		$275,768	$9,514		$400,970	$13,834
Class 12 Subtotal		$71,292,856	$2,459,604		$74,353,151	$2,565,184
CLASS 13						
Electrical Generation Property (6%)		$11,078,486	$664,710		$13,101,586	$786,095
Telecommunication Property (6%)		$6,729,216	$403,754		$7,475,372	$448,523
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$17,807,702	$1,068,464		$20,576,958	$1,234,618
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
Total		**$519,114,272**	**$19,006,072**		**$556,040,515**	**$19,881,133**

Deer Lodge County

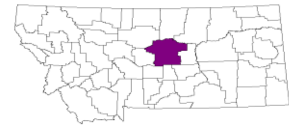


	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	9,697	$4,145,668	$112,761	9,695	$4,144,874	$109,006
Tillable Non-Irrigated (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Grazing (2.72%, 2.63%)	137,881	$6,593,281	$176,815	138,003	$6,735,647	$174,624
Wild Hay (2.72%, 2.63%)	1,467	$481,187	$13,034	1,467	$484,203	$12,683
Non-Qualified Ag Land (19.04%, 18.41%)	24,998	$1,298,968	$247,313	25,022	$1,348,472	$248,290
Eligible Mining Claims (2.72%, 2.63%)	310	$8,391	$227	278	$6,417	$168
Class 3 Subtotal	174,353	$12,527,495	$550,150	174,465	$12,719,613	$544,771
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$207,754,135	$5,649,806		$214,604,855	$5,641,770
Residential Low Income (varies)		$6,837,296	$61,348		$9,264,319	$86,400
Mobile Homes (2.72%, 2.63%)		$2,394,651	$65,129		$2,360,956	$62,094
Mobile Homes Low Income (varies)		$146,859	$1,439		$259,203	$2,117
Commercial (2.72%, 2.63%)		$55,581,252	$1,511,791		$53,723,893	$1,412,926
Industrial (2.72%, 2.63%)		$27,788	$756		$32,726	$861
New Manufacturing (varies)		$810,198	$22,037		$859,093	$22,594
Qualified Golf Courses (1.36%, 1.32%)		$715,508	$9,730		$713,453	$9,418
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$982,254	$22,259		$454,169	$8,767
Class 4 Subtotal		$275,249,941	$7,344,295		$282,272,667	$7,246,947
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$699,181	$20,976		$954,378	$28,629
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$20,294,588	$608,838		$12,593,645	$377,809
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$20,993,769	$629,814		$13,548,023	$406,438
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$7,952,714	$238,587		$11,916,576	$277,369
Farm Implements (3%, 2% and 3%)		$819,868	$24,599		$830,642	$16,636
Furniture and Fixtures (3%, 2% and 3%)		$4,620,195	$138,602		$4,222,182	$99,748
Other Business Equipment (3%, 2% and 3%)		$554,113	$16,633		$926,975	$18,798
Class 8 Subtotal		$13,946,890	$418,421		$17,896,375	$412,551
CLASS 9						
Utilities (12%)		$27,718,045	$3,326,164		$29,973,873	$3,596,860
CLASS 10						
Timber Land (0.32%, 0.31%)	54,087	$17,157,291	$55,104	54,088	$18,960,384	$58,982
CLASS 12						
Railroads (3.45%, 3.45%)		$9,655,148	$333,101		$7,410,025	$255,647
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$9,655,148	$333,101		$7,410,025	$255,647
CLASS 13						
Electrical Generation Property (6%)		$75,888,015	$4,553,281		$81,956,060	$4,917,364
Telecommunication Property (6%)		$9,771,133	$586,266		$9,560,850	$573,652
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$85,659,148	$5,139,547		$91,516,910	$5,491,016
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
Total		**$462,907,727**	**$17,796,596**		**$474,297,870**	**$18,013,212**

Fallon County

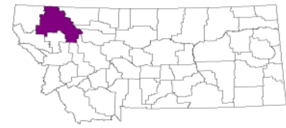
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Tillable Non-Irrigated (2.72%, 2.63%)	146,586	$29,398,164	$799,570	146,408	$29,458,113	$774,708
Grazing (2.72%, 2.63%)	631,820	$29,324,554	$788,941	631,909	$30,646,720	$797,315
Wild Hay (2.72%, 2.63%)	55,708	$14,511,825	$394,728	55,712	$14,550,481	$382,685
Non-Qualified Ag Land (19.04%, 18.41%)	3,700	$192,426	$36,636	3,677	$198,325	$36,509
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	837,815	$73,426,969	$2,019,875	837,706	$74,853,639	$1,991,217
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$29,061,261	$790,539		$30,533,864	$803,174
Residential Low Income (varies)		$392,491	$2,938		$226,670	$1,745
Mobile Homes (2.72%, 2.63%)		$3,148,097	$85,632		$3,426,841	$90,124
Mobile Homes Low Income (varies)		$39,220	$212		$51,978	$276
Commercial (2.72%, 2.63%)		$27,143,507	$738,293		$28,795,658	$757,337
Industrial (2.72%, 2.63%)		$2,226,847	$60,648		$2,419,907	$63,686
New Manufacturing (varies)		$2,234,795	$60,786		$2,312,604	$60,822
Qualified Golf Courses (1.36%, 1.32%)		$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		$64,246,218	$1,739,048		$67,767,522	$1,777,164
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$6,000,097	$180,004		$6,217,881	$186,537
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$6,000,097	$180,004		$6,217,881	$186,537
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$46,538,507	$1,396,156		$48,480,741	$1,324,173
Farm Implements (3%, 2% and 3%)		$17,005,388	$510,159		$18,137,529	$362,820
Furniture and Fixtures (3%, 2% and 3%)		$1,568,560	$47,058		$1,566,749	$33,067
Other Business Equipment (3%, 2% and 3%)		$50,096,203	$1,502,916		$44,652,602	$1,290,211
Class 8 Subtotal		$115,208,658	$3,456,289		$112,837,621	$3,010,271
CLASS 9						
Utilities (12%)		$161,541,420	$19,384,971		$173,206,911	$20,784,827
CLASS 10						
Timber Land (0.32%, 0.31%)	122	$20,320	$65	122	$20,631	$64
CLASS 12						
Railroads (3.45%, 3.45%)		$22,975,356	$792,650		$17,913,046	$618,000
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$22,975,356	$792,650		$17,913,046	$618,000
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$750,313	$45,018		$679,195	$40,750
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$750,313	$45,018		$679,195	$40,750
CLASS 14						
Wind Generation (3%)		$0	$0		$0	$0
Wind Generation New & Exp (varies)		$25,053,817	$375,807		$29,628,629	$444,428
Class 14 Subtotal		$25,053,817	$375,807		$29,628,629	$444,428
Total		**$469,223,168**	**$27,993,727**		**$483,125,075**	**$28,853,258**

Fergus County



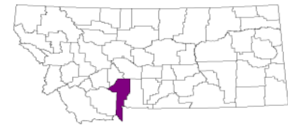
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	11,636	$6,997,892	$189,615	11,523	$6,975,619	$182,736
Tillable Non-Irrigated (2.72%, 2.63%)	373,433	$74,756,309	$2,032,428	373,059	$74,903,013	$1,968,998
Grazing (2.72%, 2.63%)	1,368,161	$70,912,920	$1,924,817	1,367,528	$73,486,492	$1,928,730
Wild Hay (2.72%, 2.63%)	157,830	$50,059,696	$1,361,481	157,702	$50,153,214	$1,318,946
Non-Qualified Ag Land (19.04%, 18.41%)	18,767	$974,721	$185,575	18,980	$1,023,186	$188,391
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,929,827	$203,701,538	$5,693,916	1,928,792	$206,541,524	$5,587,801
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$225,800,909	$6,139,876		$236,105,619	$6,209,977
Residential Low Income (varies)		$8,979,825	$88,452		$9,359,384	$87,682
Mobile Homes (2.72%, 2.63%)		$10,825,485	$294,449		$10,959,401	$288,221
Mobile Homes Low Income (varies)		$607,969	$5,247		$624,847	$5,589
Commercial (2.72%, 2.63%)		$145,935,318	$3,969,458		$153,659,233	$4,041,233
Industrial (2.72%, 2.63%)		$475,260	$12,928		$463,626	$12,197
New Manufacturing (varies)		$7,996,614	$176,718		$8,626,017	$186,505
Qualified Golf Courses (1.36%, 1.32%)		$1,580,543	$21,496		$1,675,487	$22,116
Remodeled Commercial (varies)		$1,636,598	$21,686		$1,732,244	$31,129
Extended Prop Tax Relief Program (Res Only)		$1,618,573	$36,933		$1,157,345	$25,937
Class 4 Subtotal		$405,457,094	$10,767,243		$424,363,203	$10,910,586
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$20,998,317	$629,952		$21,602,783	$648,090
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$57,647	$1,729		$23,719	$712
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$21,055,964	$631,681		$21,626,502	$648,802
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$20,005,897	$600,183		$22,756,232	$481,256
Farm Implements (3%, 2% and 3%)		$42,179,196	$1,265,375		$45,643,846	$917,144
Furniture and Fixtures (3%, 2% and 3%)		$6,502,079	$195,058		$6,796,136	$152,817
Other Business Equipment (3%, 2% and 3%)		$3,821,308	$114,667		$3,780,384	$77,803
Class 8 Subtotal		$72,508,480	$2,175,283		$78,976,598	$1,629,020
CLASS 9						
Utilities (12%)		$45,255,581	$5,430,664		$46,649,889	$5,597,973
CLASS 10						
Timber Land (0.32%, 0.31%)	155,891	$40,485,488	$129,484	155,847	$42,619,192	$132,043
CLASS 12						
Railroads (3.45%, 3.45%)		$11,562,348	$398,900		$9,020,425	$311,206
Airlines (3.45%, 3.45%)		$404,789	$13,965		$624,457	$21,543
Class 12 Subtotal		$11,967,137	$412,865		$9,644,882	$332,749
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$13,312,514	$798,755		$13,529,819	$811,790
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$13,312,514	$798,755		$13,529,819	$811,790
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
Total		**$813,743,796**	**$26,039,891**		**$843,951,609**	**$25,650,764**

Flathead County



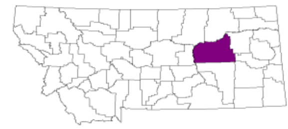
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	21,294	$9,155,178	$248,857	21,079	$9,013,007	$236,887
Tillable Non-Irrigated (2.72%, 2.63%)	17,257	$11,716,380	$317,653	17,331	$11,850,107	$310,639
Grazing (2.72%, 2.63%)	67,373	$3,072,293	$83,235	64,546	$3,093,795	$81,026
Wild Hay (2.72%, 2.63%)	16,579	$5,735,940	$155,986	16,920	$5,870,786	$154,381
Non-Qualified Ag Land (19.04%, 18.41%)	52,102	$2,683,350	$510,917	52,515	$2,805,710	$516,607
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	174,605	$32,363,141	$1,316,648	172,391	$32,633,405	$1,299,540
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$5,739,189,747	$156,095,665		$6,173,377,164	$162,342,632
Residential Low Income (varies)		$64,420,912	$634,994		$76,750,394	$709,039
Mobile Homes (2.72%, 2.63%)		$55,972,329	$1,522,432		$55,141,116	$1,450,235
Mobile Homes Low Income (varies)		$2,404,031	$22,627		$2,593,703	$22,069
Commercial (2.72%, 2.63%)		$1,571,328,188	$42,740,081		$1,658,318,916	$43,613,840
Industrial (2.72%, 2.63%)		$14,269,350	$388,125		$15,328,254	$403,135
New Manufacturing (varies)		$59,323,399	$1,467,983		$65,365,942	$1,565,782
Qualified Golf Courses (1.36%, 1.32%)		$27,848,430	$378,737		$28,516,141	$376,408
Remodeled Commercial (varies)		$255,513	$2,785		$0	$0
Extended Prop Tax Relief Program (Res Only)		$120,882,749	$2,717,313		$95,065,897	$1,983,562
Class 4 Subtotal		$7,655,894,648	$205,970,742		$8,170,457,527	$212,466,702
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$146,769,049	$4,403,073		$159,080,180	$4,770,338
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$2,916,105	$87,483		$2,780,739	$83,422
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$15,229,519	$456,886		$12,917,340	$387,520
Class 5 Subtotal		$164,914,673	$4,947,442		$174,778,259	$5,241,280
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$134,959,722	$3,866,312		$166,321,452	$4,039,849
Farm Implements (3%, 2% and 3%)		$10,588,603	$317,657		$11,991,210	$241,847
Furniture and Fixtures (3%, 2% and 3%)		$97,167,076	$2,915,027		$100,408,765	$2,279,213
Other Business Equipment (3%, 2% and 3%)		$42,568,462	$1,277,173		$41,923,997	$1,037,840
Class 8 Subtotal		$285,283,863	$8,376,169		$320,645,424	$7,598,750
CLASS 9						
Utilities (12%)		$54,268,387	$6,512,208		$48,588,513	$5,822,118
CLASS 10						
Timber Land (0.32%, 0.31%)	449,857	$326,641,368	$1,045,622	448,414	$333,732,812	$1,034,963
CLASS 12						
Railroads (3.45%, 3.45%)		$60,613,176	$2,091,154		$88,737,879	$3,061,292
Airlines (3.45%, 3.45%)		$14,544,830	$501,796		$12,963,521	$450,249
Class 12 Subtotal		$75,158,006	$2,592,950		$101,701,400	$3,511,541
CLASS 13						
Electrical Generation Property (6%)		$5,910,029	$354,603		$6,400,383	$384,024
Telecommunication Property (6%)		$115,836,679	$6,950,200		$113,765,902	$6,825,954
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$121,746,708	$7,304,803		$120,166,285	$7,209,978
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
Total		**$8,716,270,794**	**$238,066,584**		**$9,302,703,625**	**$244,184,872**

Gallatin County



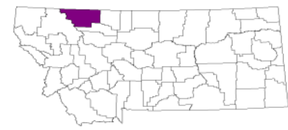
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$185,173	$185,173		$217,779	$217,779
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	71,741	$35,021,771	$951,858	71,974	$34,958,599	$918,667
Tillable Non-Irrigated (2.72%, 2.63%)	80,227	$24,728,030	$672,242	79,912	$24,688,408	$648,960
Grazing (2.72%, 2.63%)	432,676	$24,639,753	$666,242	432,375	$25,698,523	$671,928
Wild Hay (2.72%, 2.63%)	15,217	$5,976,917	$162,503	15,758	$6,185,798	$162,636
Non-Qualified Ag Land (19.04%, 18.41%)	76,446	$3,976,456	$756,992	76,095	$4,105,500	$755,901
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	676,307	$94,342,927	$3,209,837	676,114	$95,636,828	$3,158,092
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$5,014,786,430	$136,386,179		$5,354,054,182	$140,806,790
Residential Low Income (varies)		$25,782,181	$263,761		$30,501,750	$322,042
Mobile Homes (2.72%, 2.63%)		$38,257,860	$1,039,954		$36,712,924	$965,536
Mobile Homes Low Income (varies)		$914,556	$7,853		$862,418	$7,744
Commercial (2.72%, 2.63%)		$2,250,786,774	$61,221,384		$2,409,099,903	$63,359,358
Industrial (2.72%, 2.63%)		$12,464,945	$339,042		$14,288,991	$375,801
New Manufacturing (varies)		$32,054,351	$855,239		$33,308,776	$864,375
Qualified Golf Courses (1.36%, 1.32%)		$27,307,775	$371,389		$27,061,008	$357,204
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$87,786,865	$2,144,581		$64,615,563	$1,502,640
Class 4 Subtotal		$7,490,141,737	$202,629,382		$7,970,505,515	$208,561,490
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$16,480,082	$494,404		$17,437,734	$523,132
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$1,234,956	$37,048		$35,444	$1,063
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$17,715,038	$531,452		$17,473,178	$524,195
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$118,299,369	$3,546,971		$128,915,978	$3,117,718
Farm Implements (3%, 2% and 3%)		$24,127,867	$723,839		$27,264,665	$546,276
Furniture and Fixtures (3%, 2% and 3%)		$103,385,095	$3,101,587		$101,646,335	$2,186,634
Other Business Equipment (3%, 2% and 3%)		$30,208,778	$906,353		$29,738,127	$682,195
Class 8 Subtotal		$276,021,109	$8,278,750		$287,565,105	$6,532,823
CLASS 9						
Utilities (12%)		$113,144,232	$13,577,304		$127,030,488	$15,243,647
CLASS 10						
Timber Land (0.32%, 0.31%)	126,571	$37,320,712	$119,453	125,981	$37,128,876	$115,102
CLASS 12						
Railroads (3.45%, 3.45%)		$33,995,068	$1,172,830		$34,160,709	$1,178,545
Airlines (3.45%, 3.45%)		$41,352,179	$1,426,650		$34,869,925	$1,203,010
Class 12 Subtotal		$75,347,247	$2,599,480		$69,030,634	$2,381,555
CLASS 13						
Electrical Generation Property (6%)		$17,939,758	$1,076,385		$19,841,416	$1,190,486
Telecommunication Property (6%)		$95,014,347	$5,700,872		$87,810,943	$5,268,657
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$112,954,105	$6,777,257		$107,652,359	$6,459,143
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
Total		**$8,217,172,280**	**$237,908,088**		**$8,712,240,762**	**$243,193,826**

Garfield County



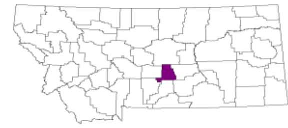
	TY 2011			TY 2012		
	Acres	**Assessed**	**Taxable**	**Acres**	**Assessed**	**Taxable**
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	1,429	$772,374	$21,010	1,429	$772,374	$20,315
Tillable Non-Irrigated (2.72%, 2.63%)	259,575	$48,468,871	$1,317,948	258,459	$48,409,412	$1,272,781
Grazing (2.72%, 2.63%)	1,838,616	$84,032,466	$2,259,391	1,840,652	$88,105,060	$2,290,823
Wild Hay (2.72%, 2.63%)	8,689	$2,653,008	$72,158	8,689	$2,659,829	$69,951
Non-Qualified Ag Land (19.04%, 18.41%)	4,507	$234,358	$44,624	4,428	$238,825	$43,961
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	2,112,816	$136,161,077	$3,715,131	2,113,657	$140,185,500	$3,697,831
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$8,645,405	$235,169		$8,627,779	$227,053
Residential Low Income (varies)		$67,298	$381		$30,428	$386
Mobile Homes (2.72%, 2.63%)		$2,921,657	$79,470		$2,970,272	$78,121
Mobile Homes Low Income (varies)		$51,327	$675		$51,301	$272
Commercial (2.72%, 2.63%)		$16,460,334	$447,717		$16,602,560	$436,659
Industrial (2.72%, 2.63%)		$8,481	$231		$8,648	$227
New Manufacturing (varies)		$0	$0		$0	$0
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$0	$0		$58,826	$1,194
Class 4 Subtotal		$28,154,502	$763,643		$28,349,814	$743,912
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$8,668,547	$260,057		$9,556,208	$286,684
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$8,668,547	$260,057		$9,556,208	$286,684
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$1,039,149	$31,173		$1,062,423	$22,536
Farm Implements (3%, 2% and 3%)		$20,122,570	$603,670		$21,558,626	$432,425
Furniture and Fixtures (3%, 2% and 3%)		$490,892	$14,727		$416,494	$8,558
Other Business Equipment (3%, 2% and 3%)		$422,928	$12,689		$758,572	$15,174
Class 8 Subtotal		$22,075,539	$662,259		$23,796,115	$478,693
CLASS 9						
Utilities (12%)		$0	$0		$0	$0
CLASS 10						
Timber Land (0.32%, 0.31%)	0	$0	$0	0	$0	$0
CLASS 12						
Railroads (3.45%, 3.45%)		$0	$0		$0	$0
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$0	$0		$0	$0
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$786,467	$47,188		$830,465	$49,829
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$786,467	$47,188		$830,465	$49,829
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
Total		**$195,846,132**	**$5,448,278**		**$202,718,102**	**$5,256,949**

Glacier County



	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	13,699	$5,328,923	$144,637	13,719	$5,300,918	$139,098
Tillable Non-Irrigated (2.72%, 2.63%)	351,556	$71,383,629	$1,936,762	356,243	$71,750,062	$1,882,163
Grazing (2.72%, 2.63%)	419,084	$23,545,554	$633,418	425,434	$24,605,340	$640,070
Wild Hay (2.72%, 2.63%)	19,985	$5,597,927	$152,154	20,020	$5,622,370	$147,733
Non-Qualified Ag Land (19.04%, 18.41%)	27,241	$686,796	$130,777	28,938	$664,967	$122,433
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	831,564	$106,542,829	$2,997,748	844,353	$107,943,657	$2,931,497
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$76,612,036	$2,083,234		$77,007,373	$2,025,206
Residential Low Income (varies)		$1,494,037	$10,852		$1,619,646	$11,999
Mobile Homes (2.72%, 2.63%)		$4,100,373	$111,524		$3,856,878	$101,426
Mobile Homes Low Income (varies)		$78,069	$848		$90,462	$994
Commercial (2.72%, 2.63%)		$90,804,495	$2,469,881		$93,853,008	$2,468,324
Industrial (2.72%, 2.63%)		$421,394	$11,465		$472,780	$12,435
New Manufacturing (varies)		$3,624,486	$98,587		$3,647,735	$95,936
Qualified Golf Courses (1.36%, 1.32%)		$580,165	$7,890		$609,581	$8,046
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$41,810	$966		$0	$0
Class 4 Subtotal		$177,756,865	$4,795,247		$181,157,463	$4,724,366
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$32,186,104	$965,580		$38,607,960	$1,158,217
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$32,186,104	$965,580		$38,607,960	$1,158,217
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$115,995	$9,280		$115,995	$9,280
CLASS 8						
Machinery (3%, 2% and 3%)		$3,952,183	$118,567		$6,980,787	$145,669
Farm Implements (3%, 2% and 3%)		$18,704,325	$561,132		$20,999,209	$453,699
Furniture and Fixtures (3%, 2% and 3%)		$6,100,838	$183,024		$6,332,651	$136,213
Other Business Equipment (3%, 2% and 3%)		$3,467,011	$104,016		$5,848,365	$117,095
Class 8 Subtotal		$32,224,357	$966,739		$40,161,012	$852,675
CLASS 9						
Utilities (12%)		$83,832,386	$10,059,888		$73,517,956	$8,822,160
CLASS 10						
Timber Land (0.32%, 0.31%)	5,028	$1,521,038	$4,867	5,057	$1,534,519	$4,756
CLASS 12						
Railroads (3.45%, 3.45%)		$35,713,681	$1,232,122		$55,503,292	$1,914,862
Airlines (3.45%, 3.45%)		$249,713	$8,615		$226,818	$7,826
Class 12 Subtotal		$35,963,394	$1,240,737		$55,730,110	$1,922,688
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$11,410,978	$684,658		$11,292,741	$677,565
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$11,410,978	$684,658		$11,292,741	$677,565
CLASS 14						
Wind Generation (3%)		$0	$0		$0	$0
Wind Generation New & Exp (varies)		$107,822,634	$1,617,340		$100,061,187	$1,500,916
Class 14 Subtotal		$107,822,634	$1,617,340		$100,061,187	$1,500,916
Total		**$589,376,580**	**$23,342,084**		**$610,122,600**	**$22,604,120**

Golden Valley County

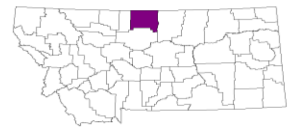


	TY 2011			TY 2012		
	Acres	**Assessed**	**Taxable**	**Acres**	**Assessed**	**Taxable**
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	8,241	$4,011,649	$109,088	8,334	$4,055,554	$106,627
Tillable Non-Irrigated (2.72%, 2.63%)	103,133	$16,090,291	$437,463	103,092	$16,138,225	$424,248
Grazing (2.72%, 2.63%)	516,780	$21,053,441	$566,308	517,274	$22,055,853	$573,694
Wild Hay (2.72%, 2.63%)	16,637	$4,137,553	$112,543	16,667	$4,155,071	$109,285
Non-Qualified Ag Land (19.04%, 18.41%)	3,423	$178,002	$33,893	3,501	$188,842	$34,768
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	648,214	$45,470,936	$1,259,295	648,868	$46,593,545	$1,248,622
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$7,867,830	$214,018		$8,130,866	$213,914
Residential Low Income (varies)		$732,491	$6,730		$627,308	$5,242
Mobile Homes (2.72%, 2.63%)		$637,527	$17,343		$688,093	$18,101
Mobile Homes Low Income (varies)		$35,203	$261		$34,481	$293
Commercial (2.72%, 2.63%)		$15,002,316	$408,069		$15,993,238	$420,621
Industrial (2.72%, 2.63%)		$31,448	$855		$17,194	$452
New Manufacturing (varies)		$762,624	$20,743		$199,891	$5,257
Qualified Golf Courses (1.36%, 1.32%)		$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		$25,069,439	$668,019		$25,691,071	$663,880
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$3,032,312	$90,969		$3,113,422	$93,400
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$3,032,312	$90,969		$3,113,422	$93,400
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$666,520	$20,000		$796,007	$16,903
Farm Implements (3%, 2% and 3%)		$4,582,739	$137,483		$5,145,307	$103,631
Furniture and Fixtures (3%, 2% and 3%)		$116,231	$3,488		$154,285	$3,146
Other Business Equipment (3%, 2% and 3%)		$78,592	$2,354		$76,167	$1,557
Class 8 Subtotal		$5,444,082	$163,325		$6,171,766	$125,237
CLASS 9						
Utilities (12%)		$20,888,693	$2,506,641		$21,267,504	$2,552,102
CLASS 10						
Timber Land (0.32%, 0.31%)	15,756	$3,137,014	$10,036	15,756	$3,292,970	$10,212
CLASS 12						
Railroads (3.45%, 3.45%)		$22,032,032	$760,105		$16,905,058	$583,225
Airlines (3.45%, 3.45%)		$1,882	$65		$1,552	$54
Class 12 Subtotal		$22,033,914	$760,170		$16,906,610	$583,279
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$175,114	$10,507		$206,763	$12,406
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$175,114	$10,507		$206,763	$12,406
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
Total		**$125,251,504**	**$5,468,962**		**$123,243,651**	**$5,289,138**

Granite County

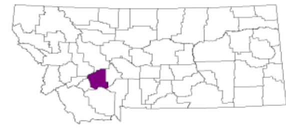
	TY 2011			TY 2012		
	Acres	**Assessed**	**Taxable**	**Acres**	**Assessed**	**Taxable**
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$1,354,558	$40,636
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	26,946	$11,183,506	$303,954	26,697	$11,076,383	$291,070
Tillable Non-Irrigated (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Grazing (2.72%, 2.63%)	212,773	$9,563,107	$258,918	209,961	$9,837,141	$257,467
Wild Hay (2.72%, 2.63%)	919	$371,797	$10,113	906	$366,645	$9,641
Non-Qualified Ag Land (19.04%, 18.41%)	12,159	$632,459	$120,431	13,630	$735,657	$135,462
Eligible Mining Claims (2.72%, 2.63%)	28	$1,924	$53	61	$4,320	$112
Class 3 Subtotal	252,826	$21,752,793	$693,469	251,255	$22,020,146	$693,752
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$151,923,734	$4,132,352		$161,561,870	$4,249,177
Residential Low Income (varies)		$3,068,617	$29,401		$3,009,222	$25,225
Mobile Homes (2.72%, 2.63%)		$2,805,009	$76,286		$2,804,626	$73,758
Mobile Homes Low Income (varies)		$53,553	$755		$101,379	$945
Commercial (2.72%, 2.63%)		$39,109,334	$1,063,784		$41,749,737	$1,098,020
Industrial (2.72%, 2.63%)		$504,511	$13,720		$443,660	$11,667
New Manufacturing (varies)		$1,275,925	$34,705		$643,847	$16,934
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$950,028	$16,037		$283,824	$6,267
Class 4 Subtotal		$199,690,711	$5,367,040		$210,598,165	$5,481,993
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$5,862,817	$175,886		$6,280,201	$188,407
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$5,862,817	$175,886		$6,280,201	$188,407
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$8,350,538	$250,521		$8,308,194	$167,112
Farm Implements (3%, 2% and 3%)		$4,408,030	$132,245		$4,319,553	$87,546
Furniture and Fixtures (3%, 2% and 3%)		$2,814,474	$84,435		$2,926,112	$65,437
Other Business Equipment (3%, 2% and 3%)		$1,306,987	$39,223		$1,372,626	$27,629
Class 8 Subtotal		$16,880,029	$506,424		$16,926,485	$347,724
CLASS 9						
Utilities (12%)		$18,896,779	$2,267,615		$23,271,537	$2,792,584
CLASS 10						
Timber Land (0.32%, 0.31%)	118,603	$51,311,100	$164,882	119,332	$52,510,523	$163,462
CLASS 12						
Railroads (3.45%, 3.45%)		$21,338,748	$736,186		$21,449,499	$740,007
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$21,338,748	$736,186		$21,449,499	$740,007
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$4,104,317	$246,258		$4,190,768	$251,447
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$4,104,317	$246,258		$4,190,768	$251,447
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
Total		**$339,837,294**	**$10,157,760**		**$358,601,882**	**$10,700,012**

Hill County



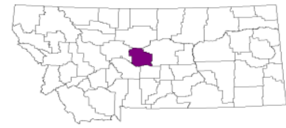
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	2,013	$1,145,655	$31,162	2,034	$1,157,752	$30,449
Tillable Non-Irrigated (2.72%, 2.63%)	1,135,795	$225,785,921	$6,098,046	1,135,740	$227,947,683	$5,951,740
Grazing (2.72%, 2.63%)	385,821	$20,112,243	$543,102	386,232	$20,988,195	$548,016
Wild Hay (2.72%, 2.63%)	5,538	$2,194,864	$59,697	5,538	$2,200,727	$57,886
Non-Qualified Ag Land (19.04%, 18.41%)	7,560	$393,563	$74,923	7,575	$408,946	$75,290
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,536,726	$249,632,246	$6,806,930	1,537,119	$252,703,303	$6,663,381
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$218,369,227	$5,937,969		$223,646,870	$5,879,911
Residential Low Income (varies)		$5,876,541	$59,810		$6,149,982	$58,568
Mobile Homes (2.72%, 2.63%)		$6,742,880	$183,404		$6,665,301	$175,286
Mobile Homes Low Income (varies)		$231,626	$2,253		$239,663	$1,914
Commercial (2.72%, 2.63%)		$165,974,019	$4,514,495		$171,741,760	$4,516,797
Industrial (2.72%, 2.63%)		$468,610	$12,748		$545,032	$14,334
New Manufacturing (varies)		$24,356,489	$534,295		$26,255,638	$574,686
Qualified Golf Courses (1.36%, 1.32%)		$1,544,823	$21,010		$1,656,366	$21,864
Remodeled Commercial (varies)		$193,230	$4,486		$46,361	$602
Extended Prop Tax Relief Program (Res Only)		$0	$0		$0	$0
Class 4 Subtotal		$423,757,445	$11,270,470		$436,946,973	$11,243,962
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$27,240,850	$817,223		$32,196,469	$965,895
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$27,240,850	$817,223		$32,196,469	$965,895
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$16,562,035	$496,869		$18,325,328	$440,008
Farm Implements (3%, 2% and 3%)		$49,417,912	$1,482,539		$56,695,535	$1,148,228
Furniture and Fixtures (3%, 2% and 3%)		$10,773,059	$323,192		$9,975,799	$221,118
Other Business Equipment (3%, 2% and 3%)		$6,787,576	$203,630		$12,835,060	$332,611
Class 8 Subtotal		$83,540,582	$2,506,230		$97,831,722	$2,141,965
CLASS 9						
Utilities (12%)		$56,309,593	$6,757,150		$54,431,175	$6,531,728
CLASS 10						
Timber Land (0.32%, 0.31%)	9,060	$2,521,972	$8,069	9,060	$2,652,731	$8,224
CLASS 12						
Railroads (3.45%, 3.45%)		$89,487,685	$3,087,325		$106,083,129	$3,659,862
Airlines (3.45%, 3.45%)		$635,087	$21,910		$605,263	$20,882
Class 12 Subtotal		$90,122,772	$3,109,235		$106,688,392	$3,680,744
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$13,685,492	$821,128		$13,480,923	$808,853
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$13,685,492	$821,128		$13,480,923	$808,853
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
Total		**$946,810,952**	**$32,096,435**		**$996,931,688**	**$32,044,752**

Jefferson County



	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$168,596	$168,596		$162,401	$162,401
CLASS 2 Gross Proceeds		$43,356	$1,300		$76,385,485	$2,291,565
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	19,772	$8,224,376	$223,712	19,929	$8,278,936	$217,727
Tillable Non-Irrigated (2.72%, 2.63%)	21,515	$4,305,860	$117,087	21,352	$4,285,483	$112,674
Grazing (2.72%, 2.63%)	287,436	$10,624,014	$287,917	287,889	$11,059,092	$289,802
Wild Hay (2.72%, 2.63%)	1,855	$496,723	$13,513	1,875	$496,978	$13,075
Non-Qualified Ag Land (19.04%, 18.41%)	36,414	$1,883,462	$358,569	36,186	$1,944,763	$358,093
Eligible Mining Claims (2.72%, 2.63%)	4,729	$208,014	$5,641	4,516	$218,568	$5,739
Class 3 Subtotal	371,721	$25,742,449	$1,006,439	371,748	$26,283,820	$997,110
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$410,998,023	$11,177,580		$431,858,570	$11,357,977
Residential Low Income (varies)		$6,234,314	$66,068		$6,709,108	$57,901
Mobile Homes (2.72%, 2.63%)		$6,015,181	$163,620		$5,934,881	$156,089
Mobile Homes Low Income (varies)		$121,782	$1,010		$112,429	$906
Commercial (2.72%, 2.63%)		$49,309,143	$1,341,200		$52,607,483	$1,383,564
Industrial (2.72%, 2.63%)		$12,095,877	$329,009		$13,872,525	$364,849
New Manufacturing (varies)		$13,937,850	$379,109		$15,496,995	$407,571
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$2,002,313	$44,719		$1,129,671	$22,565
Class 4 Subtotal		$500,714,483	$13,502,315		$527,721,662	$13,751,422
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$3,036,956	$91,107		$3,313,427	$99,401
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$5,231,339	$156,940		$5,208,924	$156,268
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$8,268,295	$248,047		$8,522,351	$255,669
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$55,166,052	$1,654,985		$73,201,921	$2,029,299
Farm Implements (3%, 2% and 3%)		$4,437,134	$133,112		$5,011,500	$100,510
Furniture and Fixtures (3%, 2% and 3%)		$2,884,444	$86,529		$2,679,678	$56,602
Other Business Equipment (3%, 2% and 3%)		$14,650,954	$439,534		$16,993,974	$478,909
Class 8 Subtotal		$77,138,584	$2,314,160		$97,887,073	$2,665,320
CLASS 9						
Utilities (12%)		$23,076,768	$2,769,211		$33,696,016	$4,043,517
CLASS 10						
Timber Land (0.32%, 0.31%)	65,359	$22,485,741	$71,961	65,495	$23,327,780	$72,325
CLASS 12						
Railroads (3.45%, 3.45%)		$15,887,869	$548,132		$15,979,609	$551,297
Airlines (3.45%, 3.45%)		$3,953	$136		$3,260	$112
Class 12 Subtotal		$15,891,822	$548,268		$15,982,869	$551,409
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$19,330,279	$1,159,820		$17,999,668	$1,079,975
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$19,330,279	$1,159,820		$17,999,668	$1,079,975
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
Total		**$692,860,373**	**$21,790,117**		**$827,969,125**	**$25,870,713**

Judith Basin County

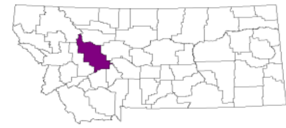


	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	8,226	$4,820,391	$131,116	8,249	$4,841,527	$127,332
Tillable Non-Irrigated (2.72%, 2.63%)	166,737	$33,887,460	$921,619	166,787	$33,973,288	$893,386
Grazing (2.72%, 2.63%)	506,957	$38,268,744	$1,037,136	506,878	$39,720,064	$1,040,856
Wild Hay (2.72%, 2.63%)	75,072	$25,555,683	$695,109	75,217	$25,685,664	$675,518
Non-Qualified Ag Land (19.04%, 18.41%)	3,489	$181,329	$34,522	3,479	$187,562	$34,533
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	760,481	$102,713,607	$2,819,502	760,611	$104,408,105	$2,771,625
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$27,369,344	$744,249		$28,500,591	$748,744
Residential Low Income (varies)		$467,306	$4,881		$455,032	$4,914
Mobile Homes (2.72%, 2.63%)		$1,801,867	$49,005		$1,811,676	$47,643
Mobile Homes Low Income (varies)		$48,686	$263		$81,788	$656
Commercial (2.72%, 2.63%)		$37,209,449	$1,012,086		$37,908,666	$996,993
Industrial (2.72%, 2.63%)		$224,433	$6,105		$254,900	$6,704
New Manufacturing (varies)		$4,450,808	$121,062		$7,541,688	$158,848
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$94,213	$1,677		$0	$0
Class 4 Subtotal		$71,666,106	$1,939,328		$76,554,341	$1,964,502
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$3,592,316	$107,768		$3,810,004	$114,304
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$3,592,316	$107,768		$3,810,004	$114,304
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$4,245,643	$127,369		$2,317,608	$55,202
Farm Implements (3%, 2% and 3%)		$21,374,112	$641,222		$23,608,103	$476,059
Furniture and Fixtures (3%, 2% and 3%)		$697,320	$20,925		$601,712	$12,426
Other Business Equipment (3%, 2% and 3%)		$365,850	$10,972		$227,288	$4,549
Class 8 Subtotal		$26,682,925	$800,488		$26,754,711	$548,236
CLASS 9						
Utilities (12%)		$42,524,634	$5,102,957		$48,444,415	$5,813,319
CLASS 10						
Timber Land (0.32%, 0.31%)	16,297	$3,691,767	$11,815	16,209	$3,883,695	$12,036
CLASS 12						
Railroads (3.45%, 3.45%)		$49,897,728	$1,721,470		$39,183,377	$1,351,825
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$49,897,728	$1,721,470		$39,183,377	$1,351,825
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$7,786,247	$467,175		$7,236,438	$434,191
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$7,786,247	$467,175		$7,236,438	$434,191
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
Total		**$308,555,330**	**$12,970,503**		**$310,275,086**	**$13,010,038**

Lake County

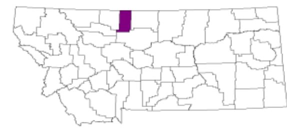
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	76,523	$31,956,581	$868,029	75,144	$31,492,247	$827,103
Tillable Non-Irrigated (2.72%, 2.63%)	7,271	$2,546,313	$69,027	7,205	$2,520,798	$66,080
Grazing (2.72%, 2.63%)	135,042	$5,452,695	$148,182	122,182	$5,106,398	$134,161
Wild Hay (2.72%, 2.63%)	7,389	$3,171,972	$86,236	7,357	$3,144,921	$82,669
Non-Qualified Ag Land (19.04%, 18.41%)	37,375	$1,956,936	$372,588	39,476	$2,121,436	$390,576
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	263,600	$45,084,497	$1,544,062	251,365	$44,385,800	$1,500,589
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$1,835,645,426	$49,928,234		$2,006,492,756	$52,764,580
Residential Low Income (varies)		$29,085,999	$280,932		$31,581,313	$296,198
Mobile Homes (2.72%, 2.63%)		$16,277,519	$442,755		$16,374,962	$430,675
Mobile Homes Low Income (varies)		$1,126,829	$10,560		$1,103,544	$8,978
Commercial (2.72%, 2.63%)		$301,153,314	$8,191,373		$316,943,457	$8,335,642
Industrial (2.72%, 2.63%)		$2,008,412	$54,627		$2,160,363	$56,816
New Manufacturing (varies)		$13,470,087	$341,188		$14,378,520	$378,156
Qualified Golf Courses (1.36%, 1.32%)		$1,833,778	$24,940		$1,868,263	$24,661
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$70,072,600	$1,489,733		$60,748,305	$1,199,779
Class 4 Subtotal		$2,270,673,964	$60,764,342		$2,451,651,483	$63,495,485
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$11,651,202	$349,538		$14,214,951	$426,448
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$11,651,202	$349,538		$14,214,951	$426,448
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$23,460,316	$659,654		$26,177,975	$641,947
Farm Implements (3%, 2% and 3%)		$10,289,340	$308,683		$11,259,131	$225,545
Furniture and Fixtures (3%, 2% and 3%)		$10,490,621	$314,726		$9,862,748	$209,091
Other Business Equipment (3%, 2% and 3%)		$2,644,152	$79,347		$3,262,086	$65,450
Class 8 Subtotal		$46,884,429	$1,362,410		$50,561,940	$1,142,034
CLASS 9						
Utilities (12%)		$2,930,701	$351,684		$3,150,145	$378,018
CLASS 10						
Timber Land (0.32%, 0.31%)	82,734	$68,155,111	$217,243	78,159	$66,199,135	$204,405
CLASS 12						
Railroads (3.45%, 3.45%)		$14,926,021	$514,949		$15,001,628	$517,553
Airlines (3.45%, 3.45%)		$5,291	$182		$3,260	$112
Class 12 Subtotal		$14,931,312	$515,131		$15,004,888	$517,665
CLASS 13						
Electrical Generation Property (6%)		$43,297,193	$2,597,832		$41,465,335	$2,487,921
Telecommunication Property (6%)		$24,129,482	$1,447,767		$24,819,936	$1,489,190
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$67,426,675	$4,045,599		$66,285,271	$3,977,111
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
Total		**$2,527,737,891**	**$69,150,009**		**$2,711,453,613**	**$71,641,755**

Lewis And Clark County



	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$8,366,540	$250,996
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	34,501	$14,645,329	$398,037	34,581	$14,706,206	$386,466
Tillable Non-Irrigated (2.72%, 2.63%)	24,482	$5,139,755	$139,747	24,348	$5,140,531	$135,138
Grazing (2.72%, 2.63%)	590,525	$30,442,330	$831,576	590,177	$31,321,066	$827,286
Wild Hay (2.72%, 2.63%)	9,581	$2,969,145	$80,775	9,605	$2,979,717	$78,369
Non-Qualified Ag Land (19.04%, 18.41%)	58,351	$3,032,660	$577,359	58,417	$3,150,135	$580,049
Eligible Mining Claims (2.72%, 2.63%)	18	$1,208	$33	18	$1,251	$33
Class 3 Subtotal	717,457	$56,230,427	$2,027,527	717,146	$57,298,906	$2,007,341
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$2,042,169,682	$55,529,130		$2,149,425,063	$56,508,699
Residential Low Income (varies)		$25,924,707	$265,561		$27,035,051	$262,326
Mobile Homes (2.72%, 2.63%)		$35,550,621	$966,983		$35,633,833	$937,203
Mobile Homes Low Income (varies)		$2,209,193	$21,022		$1,938,151	$16,936
Commercial (2.72%, 2.63%)		$916,933,284	$24,940,595		$972,391,252	$25,573,919
Industrial (2.72%, 2.63%)		$2,630,320	$71,546		$2,695,486	$70,891
New Manufacturing (varies)		$17,073,785	$399,367		$16,799,528	$385,903
Qualified Golf Courses (1.36%, 1.32%)		$8,157,084	$110,937		$8,628,753	$113,900
Remodeled Commercial (varies)		$670,520	$0		$703,942	$0
Extended Prop Tax Relief Program (Res Only)		$13,132,692	$318,084		$7,363,093	$154,507
Class 4 Subtotal		$3,064,451,888	$82,623,225		$3,222,614,152	$84,024,284
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$5,810,386	$174,311		$6,148,571	$184,456
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$2,399,632	$71,989		$2,390,351	$71,710
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$8,210,018	$246,300		$8,538,922	$256,166
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$59,034,418	$1,589,753		$73,730,920	$1,754,190
Farm Implements (3%, 2% and 3%)		$6,663,089	$199,892		$7,334,483	$147,094
Furniture and Fixtures (3%, 2% and 3%)		$67,823,396	$2,034,712		$72,192,108	$1,618,305
Other Business Equipment (3%, 2% and 3%)		$6,956,425	$208,711		$6,580,436	$135,961
Class 8 Subtotal		$140,477,328	$4,033,068		$159,837,947	$3,655,550
CLASS 9						
Utilities (12%)		$94,221,264	$11,306,549		$103,096,866	$12,371,613
CLASS 10						
Timber Land (0.32%, 0.31%)	214,606	$92,718,898	$296,552	215,441	$96,502,798	$299,021
CLASS 12						
Railroads (3.45%, 3.45%)		$47,130,441	$1,625,999		$40,551,957	$1,399,045
Airlines (3.45%, 3.45%)		$10,064,153	$347,213		$9,870,373	$340,527
Class 12 Subtotal		$57,194,594	$1,973,212		$50,422,330	$1,739,572
CLASS 13						
Electrical Generation Property (6%)		$40,801,954	$2,448,117		$40,117,399	$2,407,042
Telecommunication Property (6%)		$169,861,832	$10,191,713		$160,280,439	$9,616,824
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$210,663,786	$12,639,830		$200,397,838	$12,023,866
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
Total		**$3,724,168,203**	**$115,146,263**		**$3,907,076,299**	**$116,628,409**

Liberty County



	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	7,710	$3,482,732	$94,732	7,710	$3,482,732	$91,597
Tillable Non-Irrigated (2.72%, 2.63%)	564,651	$100,297,529	$2,717,086	564,900	$101,056,343	$2,646,794
Grazing (2.72%, 2.63%)	217,544	$12,901,597	$348,928	217,726	$13,485,232	$352,661
Wild Hay (2.72%, 2.63%)	6,083	$1,997,712	$54,338	6,084	$2,003,679	$52,698
Non-Qualified Ag Land (19.04%, 18.41%)	846	$43,968	$8,372	910	$48,988	$9,022
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	796,833	$118,723,538	$3,223,456	797,329	$120,076,974	$3,152,772
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$18,631,192	$506,747		$19,012,565	$500,160
Residential Low Income (varies)		$379,515	$4,589		$421,509	$4,425
Mobile Homes (2.72%, 2.63%)		$856,851	$23,307		$873,755	$22,982
Mobile Homes Low Income (varies)		$0	$0		$0	$0
Commercial (2.72%, 2.63%)		$36,277,061	$986,738		$37,334,152	$981,888
Industrial (2.72%, 2.63%)		$223,312	$6,074		$221,481	$5,824
New Manufacturing (varies)		$1,333,914	$36,282		$1,221,068	$32,115
Qualified Golf Courses (1.36%, 1.32%)		$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		$57,701,845	$1,563,737		$59,084,530	$1,547,394
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$6,030,215	$180,905		$7,218,873	$216,557
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$6,030,215	$180,905		$7,218,873	$216,557
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$2,020,683	$60,621		$20,466,453	$555,384
Farm Implements (3%, 2% and 3%)		$27,768,718	$833,063		$31,651,171	$645,997
Furniture and Fixtures (3%, 2% and 3%)		$339,626	$10,194		$464,997	$9,712
Other Business Equipment (3%, 2% and 3%)		$1,930,169	$57,912		$2,023,671	$48,358
Class 8 Subtotal		$32,059,196	$961,790		$54,606,292	$1,259,452
CLASS 9						
Utilities (12%)		$5,652,835	$678,340		$4,039,910	$484,787
CLASS 10						
Timber Land (0.32%, 0.31%)	722	$174,701	$559	722	$184,007	$572
CLASS 12						
Railroads (3.45%, 3.45%)		$17,224,566	$585,635		$21,713,204	$749,106
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$17,224,566	$585,635		$21,713,204	$749,106
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$733,694	$44,022		$822,680	$49,361
Elect Gen/Tele Real Prop New & Exp		$2,665,650	$111,957		$2,598,442	$124,725
Class 13 Subtotal		$3,399,344	$155,979		$3,421,122	$174,086
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
Total		**$240,966,240**	**$7,350,401**		**$270,344,912**	**$7,584,726**

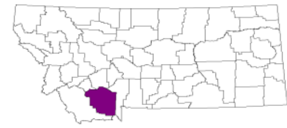
Lincoln County

	TY 2011			TY 2012		
	Acres	**Assessed**	**Taxable**	**Acres**	**Assessed**	**Taxable**
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$42,468,242	$1,274,047		$67,259,856	$2,017,796
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	2,235	$1,011,024	$27,480	2,254	$1,023,663	$26,898
Tillable Non-Irrigated (2.72%, 2.63%)	79	$12,725	$340	79	$12,964	$335
Grazing (2.72%, 2.63%)	32,578	$756,660	$20,551	32,287	$759,367	$19,940
Wild Hay (2.72%, 2.63%)	1,986	$662,200	$18,004	1,929	$628,150	$16,514
Non-Qualified Ag Land (19.04%, 18.41%)	20,721	$1,074,700	$204,634	20,827	$1,120,069	$206,255
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	57,599	$3,517,309	$271,009	57,376	$3,544,213	$269,942
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$735,603,746	$20,002,962		$801,315,929	$21,074,002
Residential Low Income (varies)		$37,882,498	$330,337		$42,998,366	$376,849
Mobile Homes (2.72%, 2.63%)		$16,376,005	$445,428		$16,010,651	$421,074
Mobile Homes Low Income (varies)		$1,621,865	$11,440		$1,692,418	$12,611
Commercial (2.72%, 2.63%)		$122,662,196	$3,336,449		$129,386,377	$3,402,842
Industrial (2.72%, 2.63%)		$3,345,290	$90,991		$3,548,553	$93,327
New Manufacturing (varies)		$4,885,672	$116,496		$9,303,092	$234,267
Qualified Golf Courses (1.36%, 1.32%)		$12,858,170	$174,868		$13,585,879	$179,335
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$17,342,610	$403,338		$10,758,861	$243,244
Class 4 Subtotal		$952,578,052	$24,912,309		$1,028,600,126	$26,037,551
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$51,360,365	$1,540,809		$59,161,191	$1,774,841
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$1,298,891	$27,277		$1,314,937	$31,558
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$52,659,256	$1,568,086		$60,476,128	$1,806,399
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$160,833	$12,866		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$27,059,550	$764,305		$32,244,855	$729,342
Farm Implements (3%, 2% and 3%)		$2,090,593	$62,718		$1,940,153	$40,118
Furniture and Fixtures (3%, 2% and 3%)		$7,457,152	$223,714		$6,909,643	$144,452
Other Business Equipment (3%, 2% and 3%)		$6,282,335	$188,485		$6,342,124	$159,169
Class 8 Subtotal		$42,889,630	$1,239,222		$47,436,775	$1,073,081
CLASS 9						
Utilities (12%)		$0	$0		$0	$0
CLASS 10						
Timber Land (0.32%, 0.31%)	415,370	$390,061,928	$1,228,263	415,462	$406,859,392	$1,241,480
CLASS 12						
Railroads (3.45%, 3.45%)		$71,806,999	$2,477,342		$89,962,507	$3,103,392
Airlines (3.45%, 3.45%)		$1,318	$45		$1,087	$38
Class 12 Subtotal		$71,808,317	$2,477,387		$89,963,594	$3,103,430
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$13,992,515	$839,551		$11,860,586	$711,639
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$13,992,515	$839,551		$11,860,586	$711,639
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
Total		**$1,570,136,082**	**$33,822,740**		**$1,716,000,670**	**$36,261,318**

McCone County

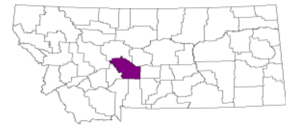
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	9,548	$5,751,681	$156,442	9,548	$5,751,681	$151,266
Tillable Non-Irrigated (2.72%, 2.63%)	500,097	$111,720,327	$3,036,763	499,349	$111,989,774	$2,943,317
Grazing (2.72%, 2.63%)	820,114	$37,381,163	$1,006,589	820,776	$39,089,754	$1,017,908
Wild Hay (2.72%, 2.63%)	5,355	$1,819,180	$49,481	5,355	$1,823,871	$47,963
Non-Qualified Ag Land (19.04%, 18.41%)	1,875	$97,498	$18,562	1,871	$100,920	$18,578
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,336,989	$156,769,849	$4,267,837	1,336,899	$158,756,000	$4,179,032
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$11,617,432	$315,951		$11,739,848	$308,875
Residential Low Income (varies)		$192,665	$1,530		$120,673	$1,131
Mobile Homes (2.72%, 2.63%)		$1,974,499	$53,702		$2,039,604	$53,638
Mobile Homes Low Income (varies)		$53,006	$477		$66,234	$537
Commercial (2.72%, 2.63%)		$24,968,075	$679,134		$25,551,202	$671,993
Industrial (2.72%, 2.63%)		$27,058	$737		$27,311	$719
New Manufacturing (varies)		$1,912,106	$35,896		$1,907,141	$34,918
Qualified Golf Courses (1.36%, 1.32%)		$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		$40,744,841	$1,087,427		$41,452,013	$1,071,811
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$13,885,600	$416,568		$15,486,086	$464,582
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$13,885,600	$416,568		$15,486,086	$464,582
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$2,547,047	$62,684		$3,449,756	$72,720
Farm Implements (3%, 2% and 3%)		$27,352,212	$820,574		$32,507,528	$657,430
Furniture and Fixtures (3%, 2% and 3%)		$540,073	$16,205		$573,502	$11,965
Other Business Equipment (3%, 2% and 3%)		$492,696	$14,780		$655,085	$15,002
Class 8 Subtotal		$30,932,028	$914,243		$37,185,871	$757,116
CLASS 9						
Utilities (12%)		$1,753,981	$210,479		$1,711,718	$205,405
CLASS 10						
Timber Land (0.32%, 0.31%)	0	$0	$0	0	$0	$0
CLASS 12						
Railroads (3.45%, 3.45%)		$8,485,221	$292,740		$6,521,911	$225,007
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$8,485,221	$292,740		$6,521,911	$225,007
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$2,385,629	$143,138		$2,922,684	$175,361
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$2,385,629	$143,138		$2,922,684	$175,361
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
Total		**$254,957,149**	**$7,332,432**		**$264,036,283**	**$7,078,314**

Madison County



	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$2,875,914	$2,875,914		$3,195,752	$3,195,752
CLASS 2 Gross Proceeds		$34,337	$1,030		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	84,428	$36,523,829	$993,247	84,430	$36,531,588	$960,594
Tillable Non-Irrigated (2.72%, 2.63%)	13,986	$3,333,677	$90,616	13,986	$3,345,538	$87,925
Grazing (2.72%, 2.63%)	815,045	$40,502,936	$1,084,980	815,079	$42,613,106	$1,104,052
Wild Hay (2.72%, 2.63%)	1,696	$385,099	$10,474	1,696	$386,103	$10,158
Non-Qualified Ag Land (19.04%, 18.41%)	52,181	$2,655,040	$505,501	51,999	$2,745,087	$505,486
Eligible Mining Claims (2.72%, 2.63%)	111	$7,518	$204	111	$7,812	$204
Class 3 Subtotal	967,447	$83,408,099	$2,685,022	967,300	$85,629,234	$2,668,419
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$1,919,917,084	$52,220,303		$2,087,664,596	$54,904,378
Residential Low Income (varies)		$9,126,927	$87,169		$9,846,012	$92,682
Mobile Homes (2.72%, 2.63%)		$6,015,979	$163,631		$5,923,156	$155,779
Mobile Homes Low Income (varies)		$84,262	$956		$120,142	$1,233
Commercial (2.72%, 2.63%)		$313,661,910	$8,531,549		$336,380,321	$8,846,829
Industrial (2.72%, 2.63%)		$2,493,267	$67,817		$2,677,084	$70,409
New Manufacturing (varies)		$4,623,749	$125,766		$4,989,568	$131,225
Qualified Golf Courses (1.36%, 1.32%)		$21,153,485	$287,686		$24,716,195	$326,254
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$6,094,151	$137,260		$5,118,681	$106,080
Class 4 Subtotal		$2,283,170,814	$61,622,137		$2,477,435,755	$64,634,869
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$14,490,469	$434,714		$16,695,457	$500,860
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$14,490,469	$434,714		$16,695,457	$500,860
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$17,016,352	$510,496		$21,906,203	$539,236
Farm Implements (3%, 2% and 3%)		$14,033,159	$420,995		$14,578,168	$292,780
Furniture and Fixtures (3%, 2% and 3%)		$10,725,859	$321,781		$9,929,339	$251,441
Other Business Equipment (3%, 2% and 3%)		$42,459,596	$1,273,800		$39,925,779	$1,075,438
Class 8 Subtotal		$84,234,966	$2,527,072		$86,339,489	$2,158,895
CLASS 9						
Utilities (12%)		$20,818,739	$2,498,251		$22,862,003	$2,743,438
CLASS 10						
Timber Land (0.32%, 0.31%)	78,173	$28,266,945	$90,480	77,968	$29,112,020	$90,270
CLASS 12						
Railroads (3.45%, 3.45%)		$15,022,663	$518,283		$15,082,025	$520,330
Airlines (3.45%, 3.45%)		$2,635	$90		$2,173	$75
Class 12 Subtotal		$15,025,298	$518,373		$15,084,198	$520,405
CLASS 13						
Electrical Generation Property (6%)		$9,198,762	$551,926		$9,598,344	$575,901
Telecommunication Property (6%)		$4,763,911	$285,836		$4,441,911	$266,512
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$13,962,673	$837,762		$14,040,255	$842,413
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
Total		**$2,546,288,254**	**$74,090,755**		**$2,750,394,163**	**$77,355,321**

Meagher County



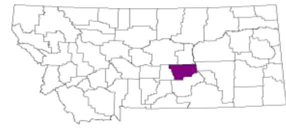
	TY 2011 Acres	TY 2011 Assessed	TY 2011 Taxable	TY 2012 Acres	TY 2012 Assessed	TY 2012 Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$101,069	$3,032		$234,783	$7,044
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	42,300	$17,601,200	$478,457	42,291	$17,607,562	$462,783
Tillable Non-Irrigated (2.72%, 2.63%)	23,933	$4,411,800	$120,003	23,926	$4,423,512	$116,334
Grazing (2.72%, 2.63%)	683,881	$29,239,059	$790,770	684,093	$30,452,098	$796,380
Wild Hay (2.72%, 2.63%)	9,381	$3,125,165	$85,009	9,408	$3,134,595	$82,439
Non-Qualified Ag Land (19.04%, 18.41%)	7,483	$389,088	$74,088	7,269	$392,145	$72,188
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	766,979	$54,766,312	$1,548,327	766,989	$56,009,912	$1,530,124
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$50,260,868	$1,367,078		$52,666,945	$1,385,149
Residential Low Income (varies)		$1,352,977	$11,638		$1,170,183	$8,481
Mobile Homes (2.72%, 2.63%)		$1,370,832	$37,283		$1,401,969	$36,877
Mobile Homes Low Income (varies)		$38,769	$209		$35,899	$190
Commercial (2.72%, 2.63%)		$34,323,659	$933,606		$35,215,939	$926,161
Industrial (2.72%, 2.63%)		$69,765	$1,897		$77,250	$2,032
New Manufacturing (varies)		$14,009	$381		$0	$0
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$233,087	$5,219		$233,996	$5,432
Class 4 Subtotal		$87,663,966	$2,357,311		$90,802,181	$2,364,322
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$677,200	$20,317		$695,691	$20,871
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$677,200	$20,317		$695,691	$20,871
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$1,188,213	$35,648		$1,467,546	$30,634
Farm Implements (3%, 2% and 3%)		$8,034,938	$241,051		$9,150,576	$186,055
Furniture and Fixtures (3%, 2% and 3%)		$486,593	$14,598		$562,461	$11,456
Other Business Equipment (3%, 2% and 3%)		$473,524	$14,206		$492,774	$10,351
Class 8 Subtotal		$10,183,268	$305,503		$11,673,357	$238,496
CLASS 9						
Utilities (12%)		$24,374,014	$2,924,881		$23,919,243	$2,870,303
CLASS 10						
Timber Land (0.32%, 0.31%)	182,761	$52,831,005	$169,072	182,731	$52,812,719	$163,707
CLASS 12						
Railroads (3.45%, 3.45%)		$0	$0		$0	$0
Airlines (3.45%, 3.45%)		$1,318	$45		$1,087	$38
Class 12 Subtotal		$1,318	$45		$1,087	$38
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$4,266,911	$256,014		$4,394,125	$263,648
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$4,266,911	$256,014		$4,394,125	$263,648
CLASS 14						
Wind Generation (3%)		$0	$0		$0	$0
Wind Generation New & Exp (varies)		$0	$0		$15,297,171	$229,458
Class 14 Subtotal		$0	$0		$15,297,171	$229,458
Total		**$234,865,063**	**$7,584,502**		**$255,840,269**	**$7,688,011**

Mineral County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	620	$255,397	$6,947	620	$255,473	$6,717
Tillable Non-Irrigated (2.72%, 2.63%)	262	$25,763	$700	262	$25,841	$680
Grazing (2.72%, 2.63%)	6,432	$65,259	$1,776	6,402	$67,237	$1,762
Wild Hay (2.72%, 2.63%)	1,393	$447,496	$12,170	1,387	$447,302	$11,765
Non-Qualified Ag Land (19.04%, 18.41%)	4,391	$228,290	$43,465	4,395	$237,084	$43,645
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	13,097	$1,022,205	$65,058	13,067	$1,032,937	$64,569
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$145,798,321	$3,965,694		$153,533,688	$4,037,346
Residential Low Income (varies)		$7,258,342	$64,001		$8,101,287	$76,487
Mobile Homes (2.72%, 2.63%)		$4,130,381	$112,341		$4,025,654	$105,876
Mobile Homes Low Income (varies)		$343,241	$2,534		$299,672	$2,253
Commercial (2.72%, 2.63%)		$37,709,866	$1,025,708		$39,312,355	$1,033,920
Industrial (2.72%, 2.63%)		$769,552	$20,931		$756,568	$19,898
New Manufacturing (varies)		$2,778,496	$74,617		$2,457,215	$64,626
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$1,928,610	$44,715		$1,165,193	$24,146
Class 4 Subtotal		$200,716,809	$5,310,541		$209,651,632	$5,364,552
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$6,503,526	$195,107		$6,850,397	$205,515
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$6,503,526	$195,107		$6,850,397	$205,515
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$32,445	$2,596		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$13,330,010	$399,909		$16,743,595	$418,328
Farm Implements (3%, 2% and 3%)		$480,305	$14,408		$390,991	$7,820
Furniture and Fixtures (3%, 2% and 3%)		$1,831,896	$54,956		$1,614,933	$33,822
Other Business Equipment (3%, 2% and 3%)		$506,095	$15,189		$472,128	$9,743
Class 8 Subtotal		$16,148,306	$484,462		$19,221,647	$469,713
CLASS 9						
Utilities (12%)		$16,082,915	$1,929,953		$24,495,984	$2,939,513
CLASS 10						
Timber Land (0.32%, 0.31%)	88,182	$62,389,690	$196,835	88,219	$64,692,237	$197,748
CLASS 12						
Railroads (3.45%, 3.45%)		$20,490,468	$706,919		$20,590,649	$710,381
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$20,490,468	$706,919		$20,590,649	$710,381
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$5,611,781	$336,709		$4,098,247	$245,898
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$5,611,781	$336,709		$4,098,247	$245,898
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
Total		**$328,998,145**	**$9,228,180**		**$350,633,730**	**$10,197,889**

Missoula County

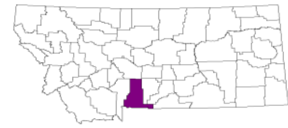
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	14,286	$6,133,543	$166,718	14,278	$6,148,958	$161,584
Tillable Non-Irrigated (2.72%, 2.63%)	1,187	$179,501	$4,885	1,189	$182,400	$4,796
Grazing (2.72%, 2.63%)	82,899	$2,763,955	$75,239	82,856	$2,855,402	$75,167
Wild Hay (2.72%, 2.63%)	1,778	$517,854	$14,082	1,779	$519,567	$13,668
Non-Qualified Ag Land (19.04%, 18.41%)	26,943	$1,393,086	$265,246	26,950	$1,445,162	$266,101
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	127,092	$10,987,939	$526,170	127,052	$11,151,489	$521,316
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$3,985,244,723	$108,383,476		$4,157,047,738	$109,314,161
Residential Low Income (varies)		$73,940,810	$742,985		$82,723,286	$754,005
Mobile Homes (2.72%, 2.63%)		$58,507,900	$1,590,762		$57,201,902	$1,504,083
Mobile Homes Low Income (varies)		$5,054,059	$45,720		$5,234,381	$43,648
Commercial (2.72%, 2.63%)		$2,013,152,632	$54,757,725		$2,101,176,902	$55,260,943
Industrial (2.72%, 2.63%)		$11,353,012	$308,800		$12,532,816	$329,614
New Manufacturing (varies)		$29,949,078	$747,722		$29,156,812	$706,442
Qualified Golf Courses (1.36%, 1.32%)		$19,606,105	$266,643		$20,377,956	$268,989
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$22,185,424	$531,562		$13,383,549	$291,245
Class 4 Subtotal		$6,218,993,743	$167,375,395		$6,478,835,342	$168,473,130
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$52,108,487	$1,563,256		$57,362,512	$1,720,879
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$129,098	$3,873		$336,939	$10,108
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$52,237,585	$1,567,129		$57,699,451	$1,730,987
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$106,989,904	$3,016,036		$117,629,901	$2,727,764
Farm Implements (3%, 2% and 3%)		$2,074,411	$62,234		$1,900,353	$38,007
Furniture and Fixtures (3%, 2% and 3%)		$135,714,587	$4,071,429		$136,444,077	$3,008,021
Other Business Equipment (3%, 2% and 3%)		$14,406,827	$432,335		$15,006,037	$313,559
Class 8 Subtotal		$259,185,729	$7,582,034		$270,980,368	$6,087,351
CLASS 9						
Utilities (12%)		$116,105,934	$13,932,712		$132,243,323	$15,859,607
CLASS 10						
Timber Land (0.32%, 0.31%)	411,900	$230,448,862	$733,588	406,639	$233,379,792	$719,665
CLASS 12						
Railroads (3.45%, 3.45%)		$47,486,289	$1,638,278		$49,912,132	$1,716,681
Airlines (3.45%, 3.45%)		$22,450,514	$774,543		$21,327,535	$735,798
Class 12 Subtotal		$69,936,803	$2,412,821		$71,239,667	$2,452,479
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$132,393,961	$7,943,641		$128,692,236	$7,721,537
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$132,393,961	$7,943,641		$128,692,236	$7,721,537
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
Total		**$7,090,290,556**	**$202,073,490**		**$7,384,221,668**	**$203,566,072**



Musselshell County

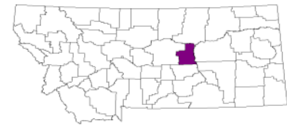
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	13,009	$6,613,159	$179,863	12,907	$6,540,770	$172,004
Tillable Non-Irrigated (2.72%, 2.63%)	84,748	$9,423,076	$256,306	84,775	$9,481,689	$249,369
Grazing (2.72%, 2.63%)	676,323	$26,321,541	$714,993	676,432	$27,265,571	$716,152
Wild Hay (2.72%, 2.63%)	18,510	$4,391,392	$119,451	18,510	$4,402,713	$115,791
Non-Qualified Ag Land (19.04%, 18.41%)	34,979	$1,815,433	$345,635	34,724	$1,870,452	$344,410
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	827,569	$48,564,601	$1,616,248	827,349	$49,561,195	$1,597,726
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$70,788,446	$1,925,611		$72,862,168	$1,916,389
Residential Low Income (varies)		$3,025,910	$33,422		$3,267,095	$28,379
Mobile Homes (2.72%, 2.63%)		$4,662,818	$126,831		$4,375,879	$115,081
Mobile Homes Low Income (varies)		$207,239	$1,942		$235,521	$2,205
Commercial (2.72%, 2.63%)		$34,531,818	$939,247		$35,758,833	$940,472
Industrial (2.72%, 2.63%)		$1,024,969	$27,884		$1,031,631	$27,136
New Manufacturing (varies)		$14,192,216	$204,868		$14,212,092	$236,560
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$88,095	$2,176		$0	$0
Class 4 Subtotal		$128,521,511	$3,261,981		$131,743,219	$3,266,222
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$13,882,903	$416,485		$14,485,500	$433,414
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$13,882,903	$416,485		$14,485,500	$433,414
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$146,666,530	$2,433,414		$142,957,384	$2,756,041
Farm Implements (3%, 2% and 3%)		$7,016,581	$210,495		$7,483,575	$153,257
Furniture and Fixtures (3%, 2% and 3%)		$804,130	$24,129		$919,321	$18,914
Other Business Equipment (3%, 2% and 3%)		$4,751,492	$142,543		$9,353,156	$182,011
Class 8 Subtotal		$159,238,733	$2,810,581		$160,713,436	$3,110,223
CLASS 9						
Utilities (12%)		$9,541,322	$1,144,960		$10,675,568	$1,281,067
CLASS 10						
Timber Land (0.32%, 0.31%)	164,838	$26,419,707	$84,538	164,848	$26,809,701	$83,117
CLASS 12						
Railroads (3.45%, 3.45%)		$73,195,875	$1,267,283		$51,277,351	$885,502
Airlines (3.45%, 3.45%)		$1,318	$45		$1,087	$38
Class 12 Subtotal		$73,197,193	$1,267,328		$51,278,438	$885,540
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$3,017,019	$181,021		$2,736,931	$164,216
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$3,017,019	$181,021		$2,736,931	$164,216
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
Total		**$462,382,989**	**$10,783,142**		**$448,003,988**	**$10,821,525**

Park County



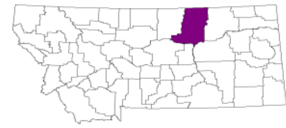
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	50,183	$21,263,051	$578,081	50,441	$21,369,329	$561,746
Tillable Non-Irrigated (2.72%, 2.63%)	21,555	$3,197,392	$86,965	21,555	$3,206,828	$84,337
Grazing (2.72%, 2.63%)	518,520	$32,461,042	$871,213	518,471	$34,056,781	$883,985
Wild Hay (2.72%, 2.63%)	8,585	$2,049,699	$55,744	8,637	$2,063,138	$54,265
Non-Qualified Ag Land (19.04%, 18.41%)	48,861	$2,538,434	$483,280	48,427	$2,609,927	$480,589
Eligible Mining Claims (2.72%, 2.63%)	24	$1,642	$45	57	$4,043	$106
Class 3 Subtotal	647,729	$61,511,260	$2,075,328	647,588	$63,310,046	$2,065,028
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$730,894,869	$19,876,511		$775,621,025	$20,396,219
Residential Low Income (varies)		$20,873,025	$208,326		$23,929,233	$245,725
Mobile Homes (2.72%, 2.63%)		$7,926,103	$215,584		$7,668,184	$201,677
Mobile Homes Low Income (varies)		$543,595	$4,778		$485,831	$3,613
Commercial (2.72%, 2.63%)		$321,592,174	$8,747,280		$339,900,106	$8,939,375
Industrial (2.72%, 2.63%)		$1,007,083	$27,393		$1,123,864	$29,557
New Manufacturing (varies)		$2,013,849	$54,777		$1,992,571	$52,404
Qualified Golf Courses (1.36%, 1.32%)		$589,299	$8,015		$1,846,722	$24,378
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$12,869,098	$294,964		$10,044,561	$213,475
Class 4 Subtotal		$1,098,309,095	$29,437,628		$1,162,612,097	$30,106,423
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$13,806,497	$414,195		$13,461,410	$403,843
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$13,806,497	$414,195		$13,461,410	$403,843
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$10,675,863	$320,277		$12,525,235	$277,637
Farm Implements (3%, 2% and 3%)		$11,600,443	$348,012		$11,736,991	$234,959
Furniture and Fixtures (3%, 2% and 3%)		$9,847,005	$295,416		$10,191,422	$219,766
Other Business Equipment (3%, 2% and 3%)		$1,591,457	$47,756		$2,152,491	$44,061
Class 8 Subtotal		$33,714,768	$1,011,461		$36,606,139	$776,422
CLASS 9						
Utilities (12%)		$27,728,927	$3,327,471		$30,319,316	$3,633,964
CLASS 10						
Timber Land (0.32%, 0.31%)	134,542	$39,175,084	$125,375	135,207	$39,387,773	$122,110
CLASS 12						
Railroads (3.45%, 3.45%)		$23,583,718	$813,638		$23,441,893	$808,747
Airlines (3.45%, 3.45%)		$4,168	$143		$1,087	$38
Class 12 Subtotal		$23,587,886	$813,781		$23,442,980	$808,785
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$22,283,413	$1,337,004		$22,015,358	$1,320,923
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$22,283,413	$1,337,004		$22,015,358	$1,320,923
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
Total		**$1,320,116,930**	**$38,542,243**		**$1,391,155,119**	**$39,237,498**

Petroleum County



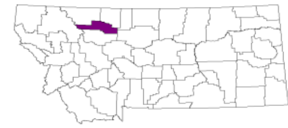
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	10,825	$4,625,818	$125,825	10,826	$4,626,117	$121,666
Tillable Non-Irrigated (2.72%, 2.63%)	58,389	$7,861,787	$213,341	58,366	$7,896,873	$207,180
Grazing (2.72%, 2.63%)	515,582	$20,196,933	$547,902	515,622	$20,944,990	$549,414
Wild Hay (2.72%, 2.63%)	13,200	$2,248,830	$61,170	13,201	$2,254,705	$59,301
Non-Qualified Ag Land (19.04%, 18.41%)	4,646	$241,201	$45,921	4,645	$250,284	$46,069
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	602,643	$35,174,569	$994,159	602,660	$35,972,969	$983,630
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$2,561,972	$69,041		$2,678,571	$69,819
Residential Low Income (varies)		$66,300	$357		$65,104	$345
Mobile Homes (2.72%, 2.63%)		$857,288	$23,316		$917,521	$24,129
Mobile Homes Low Income (varies)		$0	$0		$0	$0
Commercial (2.72%, 2.63%)		$7,163,652	$194,855		$7,392,769	$194,433
Industrial (2.72%, 2.63%)		$0	$0		$0	$0
New Manufacturing (varies)		$0	$0		$0	$0
Qualified Golf Courses (1.36%, 1.32%)		$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		$10,649,212	$287,569		$11,053,965	$288,726
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$4,798,144	$143,944		$4,926,475	$147,796
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$4,798,144	$143,944		$4,926,475	$147,796
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$321,794	$9,654		$795,458	$16,007
Farm Implements (3%, 2% and 3%)		$7,403,116	$222,095		$8,197,379	$163,946
Furniture and Fixtures (3%, 2% and 3%)		$39,168	$1,176		$39,127	$848
Other Business Equipment (3%, 2% and 3%)		$833,698	$25,010		$1,831,836	$37,325
Class 8 Subtotal		$8,597,776	$257,935		$10,863,800	$218,126
CLASS 9						
Utilities (12%)		$0	$0		$0	$0
CLASS 10						
Timber Land (0.32%, 0.31%)	1,029	$209,466	$674	1,029	$211,358	$655
CLASS 12						
Railroads (3.45%, 3.45%)		$0	$0		$0	$0
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$0	$0		$0	$0
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$20,397	$1,224		$34,287	$2,057
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$20,397	$1,224		$34,287	$2,057
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
Total		**$59,449,564**	**$1,685,505**		**$63,062,854**	**$1,640,990**

Phillips County



	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	44,732	$18,349,995	$498,901	45,020	$18,459,011	$485,270
Tillable Non-Irrigated (2.72%, 2.63%)	424,961	$98,181,407	$2,667,252	421,798	$97,862,253	$2,570,462
Grazing (2.72%, 2.63%)	1,091,135	$48,912,117	$1,326,386	1,093,969	$50,876,672	$1,334,042
Wild Hay (2.72%, 2.63%)	14,999	$4,998,064	$135,911	14,984	$5,006,413	$131,639
Non-Qualified Ag Land (19.04%, 18.41%)	4,015	$208,897	$39,771	4,118	$222,163	$40,903
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,579,842	$170,650,480	$4,668,221	1,579,889	$172,426,512	$4,562,316
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$44,406,721	$1,207,836		$44,674,180	$1,175,093
Residential Low Income (varies)		$2,118,919	$18,377		$2,470,563	$21,095
Mobile Homes (2.72%, 2.63%)		$2,160,171	$58,764		$2,124,292	$55,868
Mobile Homes Low Income (varies)		$57,760	$463		$49,828	$402
Commercial (2.72%, 2.63%)		$52,296,206	$1,422,461		$55,404,421	$1,457,147
Industrial (2.72%, 2.63%)		$20,510	$559		$22,716	$597
New Manufacturing (varies)		$1,329,408	$36,159		$1,373,653	$36,127
Qualified Golf Courses (1.36%, 1.32%)		$525,310	$7,143		$548,210	$7,237
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$0	$0		$0	$0
Class 4 Subtotal		$102,915,005	$2,751,762		$106,667,863	$2,753,566
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$9,556,791	$286,705		$9,401,324	$282,028
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$9,556,791	$286,705		$9,401,324	$282,028
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$4,745,929	$142,375		$4,740,394	$101,090
Farm Implements (3%, 2% and 3%)		$26,954,821	$808,645		$29,778,030	$595,678
Furniture and Fixtures (3%, 2% and 3%)		$2,496,365	$74,892		$2,028,956	$45,579
Other Business Equipment (3%, 2% and 3%)		$10,732,798	$322,018		$10,620,971	$280,452
Class 8 Subtotal		$44,929,913	$1,347,930		$47,168,351	$1,022,798
CLASS 9						
Utilities (12%)		$60,068,073	$7,208,170		$55,400,424	$6,648,054
CLASS 10						
Timber Land (0.32%, 0.31%)	2,383	$486,915	$1,551	2,346	$485,804	$1,500
CLASS 12						
Railroads (3.45%, 3.45%)		$33,720,495	$1,163,357		$42,534,955	$1,467,455
Airlines (3.45%, 3.45%)		$1,979	$68		$9,699	$335
Class 12 Subtotal		$33,722,474	$1,163,425		$42,544,654	$1,467,790
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$7,448,212	$446,892		$15,103,995	$906,241
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$7,448,212	$446,892		$15,103,995	$906,241
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
Total		**$429,777,863**	**$17,874,656**		**$449,198,927**	**$17,644,293**

Pondera County

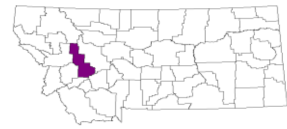


	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	74,975	$31,069,541	$844,308	75,491	$31,312,578	$822,736
Tillable Non-Irrigated (2.72%, 2.63%)	433,231	$108,322,601	$2,933,684	432,847	$109,020,705	$2,854,639
Grazing (2.72%, 2.63%)	238,665	$12,891,086	$348,948	238,407	$13,393,256	$350,540
Wild Hay (2.72%, 2.63%)	5,371	$1,335,675	$36,332	5,372	$1,339,116	$35,215
Non-Qualified Ag Land (19.04%, 18.41%)	3,209	$155,286	$29,562	3,392	$170,938	$31,467
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	755,452	$153,774,189	$4,192,834	755,509	$155,236,593	$4,094,597
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$58,776,501	$1,597,463		$58,999,728	$1,551,828
Residential Low Income (varies)		$2,201,517	$18,995		$2,027,932	$16,180
Mobile Homes (2.72%, 2.63%)		$2,052,288	$55,823		$2,023,991	$53,235
Mobile Homes Low Income (varies)		$61,533	$537		$64,248	$466
Commercial (2.72%, 2.63%)		$81,897,787	$2,227,622		$84,879,343	$2,232,326
Industrial (2.72%, 2.63%)		$364,246	$9,906		$373,965	$9,836
New Manufacturing (varies)		$8,911,833	$242,403		$9,092,156	$239,124
Qualified Golf Courses (1.36%, 1.32%)		$222,832	$3,031		$218,781	$2,888
Remodeled Commercial (varies)		$227,838	$4,569		$80,488	$997
Extended Prop Tax Relief Program (Res Only)		$0	$0		$0	$0
Class 4 Subtotal		$154,716,375	$4,160,349		$157,760,632	$4,106,880
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$12,591,537	$377,745		$13,772,904	$413,191
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$12,591,537	$377,745		$13,772,904	$413,191
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$6,987,183	$207,052		$8,568,608	$177,951
Farm Implements (3%, 2% and 3%)		$32,242,717	$967,280		$36,297,374	$732,843
Furniture and Fixtures (3%, 2% and 3%)		$2,140,382	$64,220		$2,168,867	$46,176
Other Business Equipment (3%, 2% and 3%)		$2,279,131	$68,379		$3,034,067	$62,045
Class 8 Subtotal		$43,649,413	$1,306,931		$50,068,916	$1,019,014
CLASS 9						
Utilities (12%)		$20,272,170	$2,432,656		$19,190,391	$2,302,844
CLASS 10						
Timber Land (0.32%, 0.31%)	1,386	$283,409	$906	1,386	$283,409	$879
CLASS 12						
Railroads (3.45%, 3.45%)		$33,046,030	$1,140,089		$26,093,870	$900,239
Airlines (3.45%, 3.45%)		$1,318	$45		$1,087	$38
Class 12 Subtotal		$33,047,348	$1,140,134		$26,094,957	$900,277
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$3,665,002	$219,902		$3,510,172	$210,612
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$3,665,002	$219,902		$3,510,172	$210,612
CLASS 14						
Wind Generation (3%)		$0	$0		$0	$0
Wind Generation New & Exp (varies)		$0	$0		$22,067,474	$331,012
Class 14 Subtotal		$0	$0		$22,067,474	$331,012
Total		**$421,999,443**	**$13,831,457**		**$447,985,448**	**$13,379,306**

Powder River County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	10,573	$4,350,406	$118,337	11,054	$4,548,462	$119,620
Tillable Non-Irrigated (2.72%, 2.63%)	45,350	$7,469,318	$203,167	44,558	$7,367,250	$193,748
Grazing (2.72%, 2.63%)	1,179,710	$42,817,626	$1,173,311	1,180,177	$43,959,957	$1,164,812
Wild Hay (2.72%, 2.63%)	77,108	$22,949,127	$624,201	76,976	$22,950,098	$603,569
Non-Qualified Ag Land (19.04%, 18.41%)	3,390	$176,375	$33,579	3,392	$183,046	$33,699
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,316,130	$77,762,852	$2,152,595	1,316,157	$79,008,813	$2,115,448
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$9,200,532	$250,287		$9,556,858	$251,467
Residential Low Income (varies)		$332,665	$3,475		$318,440	$2,241
Mobile Homes (2.72%, 2.63%)		$4,258,015	$115,822		$4,257,298	$111,962
Mobile Homes Low Income (varies)		$121,505	$1,170		$78,902	$418
Commercial (2.72%, 2.63%)		$21,319,008	$579,881		$21,678,348	$570,148
Industrial (2.72%, 2.63%)		$0	$0		$0	$0
New Manufacturing (varies)		$0	$0		$0	$0
Qualified Golf Courses (1.36%, 1.32%)		$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		$35,231,725	$950,635		$35,889,846	$936,236
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$8,742,315	$262,270		$7,777,174	$233,313
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$8,742,315	$262,270		$7,777,174	$233,313
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$3,304,444	$99,144		$5,086,123	$119,045
Farm Implements (3%, 2% and 3%)		$18,003,288	$540,104		$19,917,002	$399,062
Furniture and Fixtures (3%, 2% and 3%)		$322,539	$9,680		$325,283	$6,649
Other Business Equipment (3%, 2% and 3%)		$2,183,052	$65,467		$3,453,046	$92,409
Class 8 Subtotal		$23,813,323	$714,395		$28,781,454	$617,165
CLASS 9						
Utilities (12%)		$23,670,152	$2,840,417		$23,997,489	$2,879,698
CLASS 10						
Timber Land (0.32%, 0.31%)	42,453	$7,312,130	$23,405	42,453	$7,415,419	$22,983
CLASS 12						
Railroads (3.45%, 3.45%)		$0	$0		$0	$0
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$0	$0		$0	$0
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$784,731	$47,084		$768,589	$46,116
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$784,731	$47,084		$768,589	$46,116
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
Total		**$177,317,228**	**$6,990,801**		**$183,638,784**	**$6,850,959**

Powell County



	TY 2011			TY 2012		
	Acres	**Assessed**	**Taxable**	**Acres**	**Assessed**	**Taxable**
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$151,655	$4,550
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	41,798	$17,346,126	$471,719	41,855	$17,372,483	$456,818
Tillable Non-Irrigated (2.72%, 2.63%)	1,560	$129,638	$3,524	1,564	$130,289	$3,424
Grazing (2.72%, 2.63%)	351,817	$17,049,272	$462,857	349,780	$17,571,592	$461,247
Wild Hay (2.72%, 2.63%)	4,520	$1,457,492	$39,644	4,520	$1,463,997	$38,503
Non-Qualified Ag Land (19.04%, 18.41%)	19,479	$1,035,279	$197,083	20,513	$1,100,278	$202,564
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	419,174	$37,017,807	$1,174,827	418,231	$37,638,639	$1,162,556
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$144,305,928	$3,925,244		$152,791,359	$4,018,450
Residential Low Income (varies)		$6,005,693	$57,366		$6,451,466	$54,746
Mobile Homes (2.72%, 2.63%)		$4,749,022	$129,178		$4,742,775	$124,733
Mobile Homes Low Income (varies)		$190,292	$1,868		$250,566	$1,947
Commercial (2.72%, 2.63%)		$55,150,154	$1,500,082		$61,876,638	$1,627,349
Industrial (2.72%, 2.63%)		$221,562	$6,026		$208,233	$5,476
New Manufacturing (varies)		$2,493,014	$67,810		$2,448,925	$64,406
Qualified Golf Courses (1.36%, 1.32%)		$8,850,381	$120,365		$10,365,796	$136,828
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$124,226	$2,407		$266,734	$5,499
Class 4 Subtotal		$222,090,272	$5,810,346		$239,402,492	$6,039,434
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$10,857,580	$325,727		$12,048,504	$361,453
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$10,857,580	$325,727		$12,048,504	$361,453
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$8,084,085	$242,526		$9,763,367	$208,960
Farm Implements (3%, 2% and 3%)		$7,100,314	$213,010		$7,975,709	$159,582
Furniture and Fixtures (3%, 2% and 3%)		$4,080,376	$122,417		$3,682,890	$80,525
Other Business Equipment (3%, 2% and 3%)		$1,090,725	$32,725		$1,023,511	$20,721
Class 8 Subtotal		$20,355,500	$610,678		$22,445,477	$469,788
CLASS 9						
Utilities (12%)		$29,368,405	$3,524,210		$37,571,998	$4,508,636
CLASS 10						
Timber Land (0.32%, 0.31%)	196,997	$94,095,513	$301,407	197,763	$96,273,626	$298,717
CLASS 12						
Railroads (3.45%, 3.45%)		$32,062,353	$1,106,151		$29,479,202	$1,017,035
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$32,062,353	$1,106,151		$29,479,202	$1,017,035
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$9,613,497	$576,811		$8,406,054	$504,366
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$9,613,497	$576,811		$8,406,054	$504,366
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
Total		**$455,460,927**	**$13,430,157**		**$483,417,647**	**$14,366,535**

Prairie County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	13,955	$7,224,532	$196,509	13,911	$7,305,044	$192,118
Tillable Non-Irrigated (2.72%, 2.63%)	84,563	$14,624,798	$397,743	84,013	$14,571,773	$383,189
Grazing (2.72%, 2.63%)	464,089	$21,046,978	$563,577	464,643	$22,174,156	$574,276
Wild Hay (2.72%, 2.63%)	10,643	$1,899,415	$51,668	10,662	$1,906,745	$50,145
Non-Qualified Ag Land (19.04%, 18.41%)	493	$25,635	$4,879	493	$26,590	$4,895
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	573,743	$44,821,358	$1,214,376	573,722	$45,984,308	$1,204,623
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$8,081,530	$219,832		$8,174,354	$215,030
Residential Low Income (varies)		$315,275	$3,016		$334,974	$2,785
Mobile Homes (2.72%, 2.63%)		$679,080	$18,471		$669,251	$17,599
Mobile Homes Low Income (varies)		$66,436	$542		$67,774	$558
Commercial (2.72%, 2.63%)		$10,706,392	$291,208		$11,008,488	$289,522
Industrial (2.72%, 2.63%)		$7,447	$203		$7,640	$200
New Manufacturing (varies)		$244,307	$6,645		$243,978	$6,417
Qualified Golf Courses (1.36%, 1.32%)		$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		$20,100,467	$539,917		$20,506,459	$532,111
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$3,701,429	$111,043		$3,809,242	$114,279
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$3,701,429	$111,043		$3,809,242	$114,279
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$581,284	$17,437		$754,014	$16,780
Farm Implements (3%, 2% and 3%)		$12,114,144	$363,423		$13,992,638	$279,859
Furniture and Fixtures (3%, 2% and 3%)		$202,283	$6,069		$294,449	$6,131
Other Business Equipment (3%, 2% and 3%)		$700,717	$21,023		$562,099	$15,050
Class 8 Subtotal		$13,598,428	$407,952		$15,603,200	$317,820
CLASS 9						
Utilities (12%)		$3,861,427	$463,371		$5,256,726	$630,804
CLASS 10						
Timber Land (0.32%, 0.31%)	0	$0	$0	0	$0	$0
CLASS 12						
Railroads (3.45%, 3.45%)		$37,703,449	$1,300,769		$38,666,837	$1,334,007
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$37,703,449	$1,300,769		$38,666,837	$1,334,007
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$2,280,915	$136,855		$2,076,344	$124,581
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$2,280,915	$136,855		$2,076,344	$124,581
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
Total		**$126,067,473**	**$4,174,283**		**$131,903,116**	**$4,258,225**

Ravalli County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	45,272	$19,472,775	$528,365	45,108	$19,441,996	$509,983
Tillable Non-Irrigated (2.72%, 2.63%)	3,699	$365,194	$9,937	3,807	$374,759	$9,858
Grazing (2.72%, 2.63%)	118,616	$4,734,871	$129,229	118,382	$4,877,546	$128,656
Wild Hay (2.72%, 2.63%)	503	$73,972	$2,015	504	$74,273	$1,953
Non-Qualified Ag Land (19.04%, 18.41%)	38,881	$2,020,780	$384,752	39,227	$2,115,238	$389,463
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	206,971	$26,667,592	$1,054,298	207,028	$26,883,812	$1,039,913
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$1,798,298,347	$48,893,909		$1,878,123,494	$49,379,608
Residential Low Income (varies)		$79,597,714	$788,695		$87,645,643	$810,577
Mobile Homes (2.72%, 2.63%)		$19,047,470	$518,118		$19,289,676	$507,326
Mobile Homes Low Income (varies)		$2,094,277	$16,159		$1,979,614	$15,470
Commercial (2.72%, 2.63%)		$523,292,124	$14,233,553		$549,701,925	$14,457,178
Industrial (2.72%, 2.63%)		$1,741,951	$47,382		$1,838,047	$48,342
New Manufacturing (varies)		$37,797,741	$1,028,099		$38,618,462	$1,015,666
Qualified Golf Courses (1.36%, 1.32%)		$5,889,729	$80,101		$6,140,816	$81,059
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$9,692,485	$212,794		$6,441,721	$134,702
Class 4 Subtotal		$2,477,451,838	$65,818,810		$2,589,779,398	$66,449,928
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$22,816,614	$684,498		$24,056,641	$721,702
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$22,816,614	$684,498		$24,056,641	$721,702
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$99,228,004	$2,976,845		$152,691,084	$4,309,633
Farm Implements (3%, 2% and 3%)		$9,892,288	$296,765		$9,767,369	$196,275
Furniture and Fixtures (3%, 2% and 3%)		$19,562,630	$586,883		$20,547,170	$461,517
Other Business Equipment (3%, 2% and 3%)		$12,105,331	$363,202		$17,834,348	$496,438
Class 8 Subtotal		$140,788,253	$4,223,695		$200,839,971	$5,463,863
CLASS 9						
Utilities (12%)		$32,559,309	$3,907,117		$35,778,840	$4,289,717
CLASS 10						
Timber Land (0.32%, 0.31%)	95,383	$47,007,666	$148,245	95,392	$48,784,630	$149,087
CLASS 12						
Railroads (3.45%, 3.45%)		$17,485,102	$603,233		$17,586,122	$606,721
Airlines (3.45%, 3.45%)		$8,470	$292		$9,630	$332
Class 12 Subtotal		$17,493,572	$603,525		$17,595,752	$607,053
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$36,176,866	$2,170,616		$35,181,607	$2,110,895
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$36,176,866	$2,170,616		$35,181,607	$2,110,895
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
Total		**$2,800,961,710**	**$78,610,804**		**$2,978,900,651**	**$80,832,158**

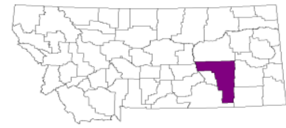
Richland County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	51,469	$24,457,957	$665,215	51,416	$24,434,311	$642,579
Tillable Non-Irrigated (2.72%, 2.63%)	385,283	$83,282,771	$2,264,622	384,935	$83,467,345	$2,194,552
Grazing (2.72%, 2.63%)	721,783	$32,951,442	$900,169	721,999	$33,933,876	$896,357
Wild Hay (2.72%, 2.63%)	8,350	$3,542,487	$96,352	8,350	$3,551,577	$93,410
Non-Qualified Ag Land (19.04%, 18.41%)	10,942	$587,640	$111,878	11,074	$615,836	$113,380
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,177,826	$144,822,297	$4,038,236	1,177,774	$146,002,945	$3,940,278
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$129,238,536	$3,515,233		$139,317,644	$3,664,232
Residential Low Income (varies)		$1,118,564	$9,300		$1,166,956	$9,415
Mobile Homes (2.72%, 2.63%)		$4,568,050	$124,237		$7,526,734	$197,940
Mobile Homes Low Income (varies)		$150,716	$1,283		$64,609	$567
Commercial (2.72%, 2.63%)		$83,226,021	$2,263,750		$92,539,815	$2,433,807
Industrial (2.72%, 2.63%)		$829,440	$22,562		$929,187	$24,438
New Manufacturing (varies)		$21,248,517	$532,006		$25,139,032	$636,105
Qualified Golf Courses (1.36%, 1.32%)		$571,054	$7,767		$614,378	$8,109
Remodeled Commercial (varies)		$127,535	$2,720		$136,243	$2,833
Extended Prop Tax Relief Program (Res Only)		$663,137	$16,888		$366,585	$9,216
Class 4 Subtotal		$241,741,570	$6,495,746		$267,801,183	$6,986,662
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$34,253,423	$1,027,603		$35,768,153	$1,073,049
Qualified New Industrial (3%)		$0	$0		$8,840	$265
Pollution Control (3%)		$2,965,638	$88,969		$3,101,420	$93,043
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$2,990,091	$44,850
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$37,219,061	$1,116,572		$41,868,504	$1,211,207
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$83,170,948	$2,384,821		$110,581,749	$2,979,577
Farm Implements (3%, 2% and 3%)		$31,065,198	$931,958		$34,248,333	$686,513
Furniture and Fixtures (3%, 2% and 3%)		$6,101,205	$183,038		$6,371,684	$132,322
Other Business Equipment (3%, 2% and 3%)		$161,138,602	$4,834,175		$214,468,748	$5,209,143
Class 8 Subtotal		$281,475,953	$8,333,992		$365,670,514	$9,007,556
CLASS 9						
Utilities (12%)		$76,538,061	$9,184,567		$67,652,264	$8,118,267
CLASS 10						
Timber Land (0.32%, 0.31%)	0	$0	$0	0	$0	$0
CLASS 12						
Railroads (3.45%, 3.45%)		$4,904,020	$169,188		$5,546,812	$191,365
Airlines (3.45%, 3.45%)		$1,001,571	$34,554		$666,281	$22,988
Class 12 Subtotal		$5,905,591	$203,742		$6,213,093	$214,353
CLASS 13						
Electrical Generation Property (6%)		$11,128,815	$667,729		$13,269,664	$796,179
Telecommunication Property (6%)		$5,694,602	$341,677		$6,232,912	$373,975
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$16,823,417	$1,009,406		$19,502,576	$1,170,154
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
Total		**$804,525,950**	**$30,382,261**		**$914,711,079**	**$30,648,477**

Roosevelt County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	18,561	$8,560,621	$232,650	18,642	$8,569,014	$225,157
Tillable Non-Irrigated (2.72%, 2.63%)	561,628	$120,327,180	$3,267,350	565,750	$120,782,508	$3,171,072
Grazing (2.72%, 2.63%)	423,735	$16,449,703	$448,766	431,072	$16,952,171	$447,151
Wild Hay (2.72%, 2.63%)	17,116	$6,389,355	$173,619	17,088	$6,398,164	$168,095
Non-Qualified Ag Land (19.04%, 18.41%)	13,241	$551,735	$105,044	14,583	$630,471	$116,054
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,034,281	$152,278,594	$4,227,429	1,047,135	$153,332,328	$4,127,529
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$46,548,871	$1,266,130		$46,103,126	$1,212,639
Residential Low Income (varies)		$587,520	$4,943		$526,720	$3,676
Mobile Homes (2.72%, 2.63%)		$3,384,915	$92,068		$3,935,011	$103,494
Mobile Homes Low Income (varies)		$55,146	$297		$54,576	$290
Commercial (2.72%, 2.63%)		$45,982,130	$1,250,732		$50,592,603	$1,330,593
Industrial (2.72%, 2.63%)		$207,904	$5,657		$230,223	$6,056
New Manufacturing (varies)		$12,582,864	$290,432		$13,579,607	$306,912
Qualified Golf Courses (1.36%, 1.32%)		$143,585	$1,953		$145,712	$1,923
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$0	$0		$0	$0
Class 4 Subtotal		$109,492,935	$2,912,212		$115,167,578	$2,965,583
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$57,019,665	$1,137,450		$65,902,814	$1,280,030
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$57,019,665	$1,137,450		$65,902,814	$1,280,030
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$22,942,685	$688,280		$41,275,833	$1,064,514
Farm Implements (3%, 2% and 3%)		$40,965,153	$1,228,957		$44,971,853	$901,040
Furniture and Fixtures (3%, 2% and 3%)		$2,821,234	$84,632		$3,337,084	$74,727
Other Business Equipment (3%, 2% and 3%)		$15,902,645	$477,098		$24,905,116	$550,790
Class 8 Subtotal		$82,631,717	$2,478,967		$114,489,886	$2,591,071
CLASS 9						
Utilities (12%)		$103,022,484	$12,362,695		$104,095,288	$12,491,432
CLASS 10						
Timber Land (0.32%, 0.31%)	0	$0	$0	0	$0	$0
CLASS 12						
Railroads (3.45%, 3.45%)		$57,347,519	$1,978,489		$78,710,214	$2,715,503
Airlines (3.45%, 3.45%)		$589,439	$20,336		$2,711,387	$93,543
Class 12 Subtotal		$57,936,958	$1,998,825		$81,421,601	$2,809,046
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$4,915,046	$294,903		$4,113,468	$246,809
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$4,915,046	$294,903		$4,113,468	$246,809
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
Total		**$567,297,399**	**$25,412,481**		**$638,522,963**	**$26,511,500**

Rosebud County



	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	31,664	$16,262,851	$442,357	31,677	$16,268,835	$427,885
Tillable Non-Irrigated (2.72%, 2.63%)	143,893	$25,971,155	$705,963	143,692	$26,029,921	$684,138
Grazing (2.72%, 2.63%)	2,169,562	$80,011,663	$2,131,748	2,170,903	$84,450,924	$2,176,467
Wild Hay (2.72%, 2.63%)	25,228	$6,534,338	$177,746	25,228	$6,551,595	$172,310
Non-Qualified Ag Land (19.04%, 18.41%)	13,132	$688,124	$131,016	13,060	$710,378	$130,777
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	2,383,479	$129,468,131	$3,588,830	2,384,560	$134,011,653	$3,591,577
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$73,024,539	$1,986,233		$77,363,745	$2,034,191
Residential Low Income (varies)		$691,933	$5,670		$578,351	$4,110
Mobile Homes (2.72%, 2.63%)		$6,767,506	$184,077		$6,802,484	$178,909
Mobile Homes Low Income (varies)		$105,389	$1,261		$36,789	$196
Commercial (2.72%, 2.63%)		$43,544,453	$1,184,391		$46,432,352	$1,221,172
Industrial (2.72%, 2.63%)		$6,240,741	$169,748		$6,359,649	$167,258
New Manufacturing (varies)		$30,913,997	$840,860		$31,925,004	$839,627
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$46,174	$1,016		$34,354	$560
Class 4 Subtotal		$161,334,732	$4,373,256		$169,532,728	$4,446,023
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$15,069,586	$452,089		$13,949,597	$418,491
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$249,114,582	$7,473,438		$283,371,062	$8,501,132
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$264,184,168	$7,925,527		$297,320,659	$8,919,623
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$91,490,111	$2,744,710		$96,788,106	$2,808,817
Farm Implements (3%, 2% and 3%)		$12,622,376	$378,674		$13,232,801	$267,286
Furniture and Fixtures (3%, 2% and 3%)		$3,117,968	$93,540		$3,104,567	$67,599
Other Business Equipment (3%, 2% and 3%)		$15,006,421	$450,208		$16,279,614	$469,092
Class 8 Subtotal		$122,236,876	$3,667,132		$129,405,088	$3,612,794
CLASS 9						
Utilities (12%)		$35,686,896	$4,282,427		$39,928,265	$4,791,383
CLASS 10						
Timber Land (0.32%, 0.31%)	43,567	$7,438,974	$23,801	43,595	$7,550,059	$23,400
CLASS 12						
Railroads (3.45%, 3.45%)		$49,927,959	$1,722,513		$54,064,343	$1,865,219
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$49,927,959	$1,722,513		$54,064,343	$1,865,219
CLASS 13						
Electrical Generation Property (6%)		$1,170,362,512	$70,221,751		$1,272,433,118	$76,345,985
Telecommunication Property (6%)		$8,724,955	$523,497		$7,805,473	$468,328
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$1,179,087,467	$70,745,248		$1,280,238,591	$76,814,313
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
Total		**$1,949,365,203**	**$96,328,734**		**$2,112,051,386**	**$104,064,332**

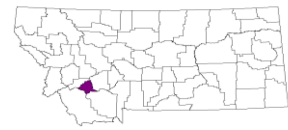
Sanders County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	12,867	$5,357,420	$145,567	12,612	$5,259,152	$138,155
Tillable Non-Irrigated (2.72%, 2.63%)	1,445	$458,163	$12,459	1,446	$460,011	$12,097
Grazing (2.72%, 2.63%)	150,930	$6,764,163	$180,491	133,810	$6,221,816	$160,787
Wild Hay (2.72%, 2.63%)	10,523	$4,206,997	$114,256	10,179	$4,047,644	$106,272
Non-Qualified Ag Land (19.04%, 18.41%)	22,547	$1,157,987	$220,463	22,481	$1,197,254	$220,452
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	198,311	$17,944,730	$673,236	180,528	$17,185,877	$637,763
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$393,280,906	$10,694,846		$413,250,626	$10,867,458
Residential Low Income (varies)		$20,331,701	$187,597		$21,881,468	$185,407
Mobile Homes (2.72%, 2.63%)		$5,588,810	$152,004		$5,506,072	$144,837
Mobile Homes Low Income (varies)		$401,362	$2,995		$362,376	$2,396
Commercial (2.72%, 2.63%)		$105,545,066	$2,870,814		$107,165,949	$2,818,493
Industrial (2.72%, 2.63%)		$1,313,982	$35,740		$980,025	$25,776
New Manufacturing (varies)		$3,491,856	$94,977		$3,083,146	$81,087
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$4,130,229	$86,985		$3,178,806	$61,825
Class 4 Subtotal		$534,083,912	$14,125,958		$555,408,468	$14,187,279
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$17,583,503	$527,503		$16,726,115	$501,783
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$17,583,503	$527,503		$16,726,115	$501,783
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$18,292,304	$548,774		$14,707,261	$323,836
Farm Implements (3%, 2% and 3%)		$3,964,495	$118,932		$4,124,511	$82,494
Furniture and Fixtures (3%, 2% and 3%)		$3,049,624	$91,483		$2,942,338	$60,330
Other Business Equipment (3%, 2% and 3%)		$1,770,822	$53,132		$1,566,955	$31,686
Class 8 Subtotal		$27,077,245	$812,321		$23,341,065	$498,346
CLASS 9						
Utilities (12%)		$27,796,800	$3,335,618		$27,985,194	$3,358,220
CLASS 10						
Timber Land (0.32%, 0.31%)	266,926	$235,283,037	$742,616	265,189	$243,430,081	$744,392
CLASS 12						
Railroads (3.45%, 3.45%)		$57,040,436	$1,967,894		$57,246,382	$1,975,004
Airlines (3.45%, 3.45%)		$1,318	$45		$1,087	$38
Class 12 Subtotal		$57,041,754	$1,967,939		$57,247,469	$1,975,042
CLASS 13						
Electrical Generation Property (6%)		$191,857,638	$11,511,458		$210,620,061	$12,637,204
Telecommunication Property (6%)		$6,539,300	$392,359		$5,984,170	$359,054
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$198,396,938	$11,903,817		$216,604,231	$12,996,258
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
Total		**$1,115,207,919**	**$34,089,008**		**$1,157,928,500**	**$34,899,083**

Sheridan County

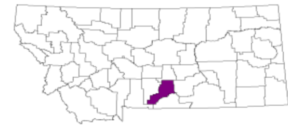
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	5,549	$2,697,751	$73,380	5,549	$2,697,751	$70,950
Tillable Non-Irrigated (2.72%, 2.63%)	598,915	$124,500,451	$3,378,936	599,047	$125,049,812	$3,281,351
Grazing (2.72%, 2.63%)	339,776	$18,874,720	$511,114	341,066	$19,621,451	$513,786
Wild Hay (2.72%, 2.63%)	4,999	$1,909,317	$51,929	4,999	$1,914,246	$50,340
Non-Qualified Ag Land (19.04%, 18.41%)	3,433	$168,082	$32,003	3,433	$172,545	$31,760
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	952,672	$148,150,321	$4,047,362	954,094	$149,455,805	$3,948,187
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$35,552,087	$966,922		$36,198,663	$952,193
Residential Low Income (varies)		$612,651	$5,374		$717,321	$5,887
Mobile Homes (2.72%, 2.63%)		$1,743,585	$47,426		$2,430,962	$63,941
Mobile Homes Low Income (varies)		$24,477	$133		$6,856	$36
Commercial (2.72%, 2.63%)		$36,660,189	$997,143		$40,849,846	$1,074,353
Industrial (2.72%, 2.63%)		$473,575	$12,882		$507,803	$13,355
New Manufacturing (varies)		$9,357,005	$168,578		$10,104,960	$180,573
Qualified Golf Courses (1.36%, 1.32%)		$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		$84,423,569	$2,198,458		$90,816,411	$2,290,338
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$15,646,202	$469,385		$16,545,172	$496,350
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$15,646,202	$469,385		$16,545,172	$496,350
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$6,511,129	$192,514		$9,627,404	$218,570
Farm Implements (3%, 2% and 3%)		$54,110,481	$1,623,318		$63,928,905	$1,279,871
Furniture and Fixtures (3%, 2% and 3%)		$1,114,221	$33,428		$1,387,595	$28,025
Other Business Equipment (3%, 2% and 3%)		$14,842,460	$445,293		$17,176,640	$387,964
Class 8 Subtotal		$76,578,291	$2,294,553		$92,120,544	$1,914,429
CLASS 9						
Utilities (12%)		$10,034,351	$1,204,119		$10,345,986	$1,241,526
CLASS 10						
Timber Land (0.32%, 0.31%)	0	$0	$0	0	$0	$0
CLASS 12						
Railroads (3.45%, 3.45%)		$6,592,708	$227,449		$7,158,667	$246,975
Airlines (3.45%, 3.45%)		$843	$29		$695	$24
Class 12 Subtotal		$6,593,551	$227,478		$7,159,362	$246,999
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$3,053,395	$183,205		$2,071,317	$124,279
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$3,053,395	$183,205		$2,071,317	$124,279
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
Total		**$344,479,680**	**$10,624,560**		**$368,514,597**	**$10,262,108**

Silver Bow County



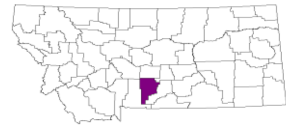
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$376,985,327	$9,047,648		$387,056,224	$10,450,518
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	3,051	$1,388,470	$37,768	3,074	$1,398,069	$36,771
Tillable Non-Irrigated (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Grazing (2.72%, 2.63%)	103,646	$4,428,406	$120,656	103,236	$4,712,217	$124,134
Wild Hay (2.72%, 2.63%)	995	$301,154	$8,191	983	$299,891	$7,888
Non-Qualified Ag Land (19.04%, 18.41%)	26,756	$1,379,033	$262,547	27,532	$1,449,071	$266,771
Eligible Mining Claims (2.72%, 2.63%)	6,607	$417,735	$11,354	6,737	$430,121	$11,309
Class 3 Subtotal	141,055	$7,914,798	$440,516	141,561	$8,289,369	$446,873
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$667,847,270	$18,161,664		$695,024,165	$18,275,561
Residential Low Income (varies)		$21,268,061	$193,678		$23,540,652	$208,931
Mobile Homes (2.72%, 2.63%)		$8,958,088	$243,653		$8,599,729	$226,171
Mobile Homes Low Income (varies)		$382,897	$2,965		$389,177	$3,325
Commercial (2.72%, 2.63%)		$339,280,002	$9,228,390		$358,124,369	$9,418,664
Industrial (2.72%, 2.63%)		$1,546,043	$42,051		$1,551,753	$40,810
New Manufacturing (varies)		$89,902,365	$2,326,536		$89,269,426	$2,279,725
Qualified Golf Courses (1.36%, 1.32%)		$3,134,762	$42,633		$3,363,211	$44,394
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$4,404,068	$99,358		$2,645,230	$59,246
Class 4 Subtotal		$1,136,723,556	$30,340,928		$1,182,507,712	$30,556,827
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$2,886,320	$86,589		$3,423,986	$102,716
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$9,614,222	$288,426		$6,352,532	$190,575
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$138,411	$2,076		$138,641	$2,080
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$12,638,953	$377,091		$9,915,159	$295,371
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$373,282,863	$11,105,472		$396,444,419	$11,635,735
Farm Implements (3%, 2% and 3%)		$526,339	$15,790		$528,606	$11,096
Furniture and Fixtures (3%, 2% and 3%)		$31,919,007	$957,573		$30,935,139	$684,719
Other Business Equipment (3%, 2% and 3%)		$15,557,459	$466,746		$15,127,337	$419,532
Class 8 Subtotal		$421,285,668	$12,545,581		$443,035,501	$12,751,081
CLASS 9						
Utilities (12%)		$71,658,799	$8,599,056		$82,053,733	$9,841,032
CLASS 10						
Timber Land (0.32%, 0.31%)	32,509	$10,896,444	$34,875	32,487	$11,246,105	$34,864
CLASS 12						
Railroads (3.45%, 3.45%)		$13,774,268	$475,211		$12,272,604	$423,408
Airlines (3.45%, 3.45%)		$2,960,285	$102,130		$2,544,454	$87,783
Class 12 Subtotal		$16,734,553	$577,341		$14,817,058	$511,191
CLASS 13						
Electrical Generation Property (6%)		$20,464,443	$1,227,867		$20,171,000	$1,210,260
Telecommunication Property (6%)		$41,088,345	$2,465,302		$39,100,634	$2,346,041
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$61,552,788	$3,693,169		$59,271,634	$3,556,301
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
Total		**$2,116,390,886**	**$65,656,205**		**$2,198,192,495**	**$68,444,058**

Stillwater County



	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$230,904,950	$6,927,149		$333,974,343	$10,019,230
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	18,501	$7,688,447	$209,117	18,514	$7,695,182	$202,388
Tillable Non-Irrigated (2.72%, 2.63%)	142,215	$16,163,983	$439,670	142,017	$16,186,349	$425,712
Grazing (2.72%, 2.63%)	584,472	$27,894,262	$758,161	584,298	$28,789,604	$756,615
Wild Hay (2.72%, 2.63%)	40,820	$11,496,103	$312,701	40,854	$11,538,378	$303,444
Non-Qualified Ag Land (19.04%, 18.41%)	30,073	$1,563,391	$297,644	30,041	$1,620,668	$298,449
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	816,080	$64,806,186	$2,017,293	815,723	$65,830,181	$1,986,608
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$290,874,325	$7,909,806		$297,989,269	$7,835,585
Residential Low Income (varies)		$7,697,311	$76,652		$8,044,842	$76,257
Mobile Homes (2.72%, 2.63%)		$5,183,589	$140,987		$4,930,233	$129,672
Mobile Homes Low Income (varies)		$167,701	$1,810		$130,323	$1,461
Commercial (2.72%, 2.63%)		$103,845,156	$2,824,596		$106,043,199	$2,788,944
Industrial (2.72%, 2.63%)		$1,720,925	$46,806		$2,019,880	$53,122
New Manufacturing (varies)		$24,272,782	$660,220		$24,778,878	$651,687
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$680,270	$15,535		$315,217	$7,570
Class 4 Subtotal		$434,442,059	$11,676,411		$444,251,841	$11,544,298
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$14,712,933	$441,388		$14,625,560	$438,760
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$3,495,286	$104,859		$3,538,468	$106,154
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$18,208,219	$546,247		$18,164,028	$544,914
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$30,502	$2,440		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$139,955,184	$4,198,660		$143,933,711	$4,221,707
Farm Implements (3%, 2% and 3%)		$10,323,303	$309,697		$11,397,793	$227,958
Furniture and Fixtures (3%, 2% and 3%)		$3,750,563	$112,517		$3,902,452	$89,675
Other Business Equipment (3%, 2% and 3%)		$15,490,035	$464,706		$19,278,350	$563,427
Class 8 Subtotal		$169,519,085	$5,085,580		$178,512,306	$5,102,768
CLASS 9						
Utilities (12%)		$52,154,812	$6,258,577		$54,732,188	$6,567,864
CLASS 10						
Timber Land (0.32%, 0.31%)	57,369	$10,091,543	$32,298	59,312	$10,611,270	$32,901
CLASS 12						
Railroads (3.45%, 3.45%)		$14,885,680	$513,555		$14,971,114	$516,503
Airlines (3.45%, 3.45%)		$3,200	$110		$2,639	$92
Class 12 Subtotal		$14,888,880	$513,665		$14,973,753	$516,595
CLASS 13						
Electrical Generation Property (6%)		$6,284,322	$377,060		$6,022,154	$361,329
Telecommunication Property (6%)		$8,443,704	$506,622		$8,511,349	$510,679
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$14,728,026	$883,682		$14,533,503	$872,008
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
Total		**$1,009,774,262**	**$33,943,341**		**$1,135,583,413**	**$37,187,186**

Sweet Grass County

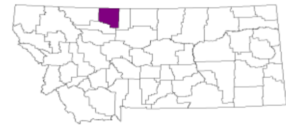


	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$115,696,334	$3,470,891		$162,953,032	$4,888,591
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	31,538	$12,982,448	$353,117	31,535	$12,983,943	$341,465
Tillable Non-Irrigated (2.72%, 2.63%)	7,186	$1,129,600	$30,724	7,186	$1,132,907	$29,793
Grazing (2.72%, 2.63%)	669,612	$42,882,520	$1,151,431	669,674	$44,945,231	$1,167,078
Wild Hay (2.72%, 2.63%)	20,177	$7,813,877	$212,538	20,177	$7,833,540	$206,028
Non-Qualified Ag Land (19.04%, 18.41%)	10,133	$544,378	$103,642	9,993	$561,850	$103,450
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	738,646	$65,352,823	$1,851,452	738,565	$67,457,471	$1,847,814
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$102,670,482	$2,792,705		$103,742,151	$2,728,712
Residential Low Income (varies)		$4,693,380	$40,925		$5,130,469	$45,188
Mobile Homes (2.72%, 2.63%)		$1,883,478	$51,233		$1,937,865	$50,964
Mobile Homes Low Income (varies)		$38,888	$210		$40,742	$250
Commercial (2.72%, 2.63%)		$93,623,190	$2,546,548		$97,181,949	$2,555,881
Industrial (2.72%, 2.63%)		$1,450,865	$39,467		$1,414,389	$37,198
New Manufacturing (varies)		$10,180,502	$276,910		$10,098,489	$265,591
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$158,597	$3,897		$0	$0
Class 4 Subtotal		$214,699,382	$5,751,895		$219,546,054	$5,683,784
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$11,029,488	$330,883		$10,610,217	$318,310
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$11,029,488	$330,883		$10,610,217	$318,310
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$74,188,041	$2,225,649		$69,403,955	$2,030,110
Farm Implements (3%, 2% and 3%)		$9,923,585	$297,708		$10,098,661	$202,240
Furniture and Fixtures (3%, 2% and 3%)		$1,250,312	$37,511		$1,385,746	$30,332
Other Business Equipment (3%, 2% and 3%)		$5,642,066	$169,264		$6,011,719	$174,573
Class 8 Subtotal		$91,004,004	$2,730,132		$86,900,081	$2,437,254
CLASS 9						
Utilities (12%)		$11,053,545	$1,326,425		$11,972,923	$1,436,747
CLASS 10						
Timber Land (0.32%, 0.31%)	96,592	$19,470,263	$62,275	96,635	$19,618,226	$60,806
CLASS 12						
Railroads (3.45%, 3.45%)		$14,884,677	$513,522		$14,993,033	$517,257
Airlines (3.45%, 3.45%)		$1,318	$45		$1,087	$38
Class 12 Subtotal		$14,885,995	$513,567		$14,994,120	$517,295
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$5,867,337	$352,042		$5,714,881	$342,895
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$5,867,337	$352,042		$5,714,881	$342,895
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
Total		**$549,059,172**	**$16,389,562**		**$599,767,005**	**$17,533,496**

Teton County

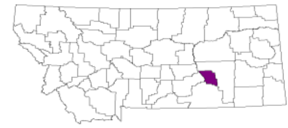
	TY 2011			TY 2012		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		$0	$0		$0	$0
CLASS 2 Gross Proceeds		$0	$0		$0	$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	116,249	$51,114,686	$1,388,366	115,857	$51,195,024	$1,344,486
Tillable Non-Irrigated (2.72%, 2.63%)	397,081	$90,198,429	$2,447,071	397,014	$90,697,201	$2,379,022
Grazing (2.72%, 2.63%)	504,910	$29,173,110	$788,063	490,585	$29,713,316	$776,599
Wild Hay (2.72%, 2.63%)	22,445	$5,489,113	$149,299	22,319	$5,480,056	$144,134
Non-Qualified Ag Land (19.04%, 18.41%)	9,036	$469,646	$89,413	8,702	$468,962	$86,340
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	49,941,804	$176,444,984	$4,862,212	1,034,477	$177,554,559	$4,730,581
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$94,548,804	$2,570,016		$97,232,159	$2,556,023
Residential Low Income (varies)		$2,324,102	$19,623		$2,407,956	$20,783
Mobile Homes (2.72%, 2.63%)		$2,351,666	$63,961		$2,522,639	$66,347
Mobile Homes Low Income (varies)		$89,372	$681		$86,207	$705
Commercial (2.72%, 2.63%)		$85,990,526	$2,338,933		$90,016,318	$2,367,435
Industrial (2.72%, 2.63%)		$478,608	$13,016		$535,706	$14,088
New Manufacturing (varies)		$15,760,522	$380,169		$16,070,990	$388,102
Qualified Golf Courses (1.36%, 1.32%)		$879,634	$11,963		$904,045	$11,933
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$0	$0		$158,305	$2,596
Class 4 Subtotal		$202,423,234	$5,398,362		$209,934,325	$5,428,012
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$20,591,991	$617,760		$23,685,737	$710,570
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$20,591,991	$617,760		$23,685,737	$710,570
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$3,292,741	$98,333		$4,834,827	$109,845
Farm Implements (3%, 2% and 3%)		$34,609,328	$1,038,291		$37,057,041	$751,723
Furniture and Fixtures (3%, 2% and 3%)		$1,742,117	$52,270		$1,591,531	$33,456
Other Business Equipment (3%, 2% and 3%)		$1,792,700	$53,801		$2,649,622	$53,894
Class 8 Subtotal		$41,436,886	$1,242,695		$46,133,021	$948,918
CLASS 9						
Utilities (12%)		$21,468,835	$2,576,261		$21,486,179	$2,578,335
CLASS 10						
Timber Land (0.32%, 0.31%)	8,374	$2,391,590	$7,646	5,846	$1,619,130	$5,019
CLASS 12						
Railroads (3.45%, 3.45%)		$45,896,612	$1,583,433		$35,642,348	$1,229,661
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$45,896,612	$1,583,433		$35,642,348	$1,229,661
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$2,948,111	$176,885		$2,501,322	$150,078
Elect Gen/Tele Real Prop New & Exp		$3,189,577	$95,687		$6,899,596	$206,988
Class 13 Subtotal		$6,137,688	$272,572		$9,400,918	$357,066
CLASS 14						
Wind Generation (3%)		$0	$0		$0	$0
Wind Generation New & Exp (varies)		$0	$0		$13,171,435	$197,572
Class 14 Subtotal		$0	$0		$13,171,435	$197,572
Total		**$516,791,820**	**$16,560,941**		**$538,627,652**	**$16,185,734**

Toole County



	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	2,091	$1,271,508	$34,588	2,091	$1,271,508	$33,439
Tillable Non-Irrigated (2.72%, 2.63%)	700,355	$142,636,968	$3,862,429	700,190	$143,715,578	$3,762,428
Grazing (2.72%, 2.63%)	364,216	$19,821,678	$534,340	364,806	$20,704,058	$539,688
Wild Hay (2.72%, 2.63%)	6,935	$2,685,615	$73,046	6,940	$2,694,308	$70,864
Non-Qualified Ag Land (19.04%, 18.41%)	6,366	$331,024	$63,019	6,085	$328,168	$60,408
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,079,964	$166,746,793	$4,567,422	1,080,112	$168,713,620	$4,466,827
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$54,783,898	$1,490,180		$55,743,179	$1,466,264
Residential Low Income (varies)		$637,859	$5,550		$597,816	$4,065
Mobile Homes (2.72%, 2.63%)		$1,551,481	$42,202		$1,652,637	$43,465
Mobile Homes Low Income (varies)		$22,857	$162		$14,999	$79
Commercial (2.72%, 2.63%)		$95,120,211	$2,587,272		$98,125,099	$2,580,693
Industrial (2.72%, 2.63%)		$166,816	$4,537		$179,818	$4,729
New Manufacturing (varies)		$7,291,307	$198,324		$7,259,394	$190,922
Qualified Golf Courses (1.36%, 1.32%)		$0	$0		$0	$0
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$219,291	$987		$218,187	$1,069
Class 4 Subtotal		$159,793,720	$4,329,214		$163,791,129	$4,291,286
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$13,152,644	$394,576		$15,190,626	$455,730
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$13,152,644	$394,576		$15,190,626	$455,730
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$7,511,036	$219,405		$12,376,349	$273,866
Farm Implements (3%, 2% and 3%)		$30,877,361	$926,319		$34,756,702	$710,769
Furniture and Fixtures (3%, 2% and 3%)		$3,859,893	$115,799		$3,587,412	$80,042
Other Business Equipment (3%, 2% and 3%)		$6,413,646	$192,450		$6,838,276	$145,165
Class 8 Subtotal		$48,661,936	$1,453,973		$57,558,739	$1,209,842
CLASS 9						
Utilities (12%)		$19,151,792	$2,298,215		$20,595,842	$2,471,501
CLASS 10						
Timber Land (0.32%, 0.31%)	0	$0	$0	0	$0	$0
CLASS 12						
Railroads (3.45%, 3.45%)		$57,340,366	$1,978,242		$62,517,271	$2,156,846
Airlines (3.45%, 3.45%)		$3,200	$110		$2,639	$92
Class 12 Subtotal		$57,343,566	$1,978,352		$62,519,910	$2,156,938
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$6,309,294	$378,558		$6,121,011	$367,261
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$6,309,294	$378,558		$6,121,011	$367,261
CLASS 14						
Wind Generation (3%)		$0	$0		$0	$0
Wind Generation New & Exp (varies)		$272,130,019	$4,081,950		$194,577,251	$2,918,661
Class 14 Subtotal		$272,130,019	$4,081,950		$194,577,251	$2,918,661
Total		**$743,289,764**	**$19,482,260**		**$689,068,128**	**$18,338,046**

Treasure County



	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	22,060	$12,999,112	$353,316	22,064	$13,020,035	$342,163
Tillable Non-Irrigated (2.72%, 2.63%)	11,900	$2,335,053	$63,512	11,895	$2,340,777	$61,564
Grazing (2.72%, 2.63%)	524,382	$20,047,236	$533,800	524,371	$21,342,398	$549,817
Wild Hay (2.72%, 2.63%)	6,377	$2,251,096	$61,230	6,360	$2,251,398	$59,207
Non-Qualified Ag Land (19.04%, 18.41%)	1,452	$75,490	$14,373	1,483	$79,981	$14,721
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	566,170	$37,707,987	$1,026,231	566,173	$39,034,589	$1,027,472
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$4,730,987	$128,671		$5,065,041	$133,254
Residential Low Income (varies)		$124,726	$1,171		$85,300	$1,202
Mobile Homes (2.72%, 2.63%)		$996,815	$27,116		$927,940	$24,406
Mobile Homes Low Income (varies)		$16,963	$231		$0	$0
Commercial (2.72%, 2.63%)		$8,818,813	$239,864		$9,311,626	$244,888
Industrial (2.72%, 2.63%)		$28,680	$780		$31,059	$818
New Manufacturing (varies)		$336,593	$9,155		$267,711	$7,040
Qualified Golf Courses (1.36%, 1.32%)		$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		$15,053,577	$406,988		$15,688,677	$411,608
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$3,638,221	$109,147		$3,552,878	$106,583
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$3,638,221	$109,147		$3,552,878	$106,583
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$613,940	$18,419		$789,193	$16,580
Farm Implements (3%, 2% and 3%)		$7,510,870	$225,333		$8,196,354	$164,576
Furniture and Fixtures (3%, 2% and 3%)		$113,845	$3,414		$162,608	$3,383
Other Business Equipment (3%, 2% and 3%)		$110,535	$3,317		$186,704	$3,738
Class 8 Subtotal		$8,349,190	$250,483		$9,334,859	$188,278
CLASS 9						
Utilities (12%)		$12,284,208	$1,474,105		$13,328,992	$1,599,478
CLASS 10						
Timber Land (0.32%, 0.31%)	1,821	$283,744	$906	1,816	$287,975	$895
CLASS 12						
Railroads (3.45%, 3.45%)		$33,428,120	$1,153,270		$34,082,083	$1,175,832
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$33,428,120	$1,153,270		$34,082,083	$1,175,832
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$1,371,357	$82,283		$1,238,141	$74,290
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$1,371,357	$82,283		$1,238,141	$74,290
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
Total		**$112,116,404**	**$4,503,413**		**$116,548,194**	**$4,584,436**

Valley County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	44,987	$19,198,973	$522,044	44,935	$19,204,430	$504,912
Tillable Non-Irrigated (2.72%, 2.63%)	658,445	$132,546,444	$3,600,379	656,366	$133,127,525	$3,496,384
Grazing (2.72%, 2.63%)	751,701	$39,061,558	$1,062,030	750,395	$40,481,788	$1,064,217
Wild Hay (2.72%, 2.63%)	7,500	$2,557,119	$69,561	7,500	$2,570,256	$67,586
Non-Qualified Ag Land (19.04%, 18.41%)	7,300	$363,164	$69,148	7,388	$381,732	$70,287
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,469,933	$193,727,258	$5,323,162	1,466,585	$195,765,731	$5,203,386
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$96,571,189	$2,626,601		$99,689,587	$2,621,565
Residential Low Income (varies)		$1,035,297	$7,031		$1,193,982	$8,760
Mobile Homes (2.72%, 2.63%)		$1,981,012	$53,887		$1,896,550	$49,872
Mobile Homes Low Income (varies)		$30,346	$164		$34,781	$248
Commercial (2.72%, 2.63%)		$74,773,453	$2,033,831		$78,105,221	$2,054,171
Industrial (2.72%, 2.63%)		$239,264	$6,509		$256,121	$6,736
New Manufacturing (varies)		$3,815,106	$103,771		$3,880,817	$102,064
Qualified Golf Courses (1.36%, 1.32%)		$472,935	$6,431		$486,808	$6,426
Remodeled Commercial (varies)		$0	$0		$0	$0
Extended Prop Tax Relief Program (Res Only)		$89,357	$2,296		$131,321	$2,458
Class 4 Subtotal		$179,007,959	$4,840,521		$185,675,188	$4,852,300
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$21,738,699	$652,162		$22,802,551	$684,077
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$21,738,699	$652,162		$22,802,551	$684,077
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$4,982,080	$149,458		$18,337,205	$464,861
Farm Implements (3%, 2% and 3%)		$36,910,300	$1,107,302		$42,654,252	$853,894
Furniture and Fixtures (3%, 2% and 3%)		$5,104,876	$153,148		$4,870,695	$103,911
Other Business Equipment (3%, 2% and 3%)		$2,907,192	$87,244		$3,002,186	$66,120
Class 8 Subtotal		$49,904,448	$1,497,152		$68,864,338	$1,488,785
CLASS 9						
Utilities (12%)		$87,599,556	$10,511,947		$89,276,063	$10,713,126
CLASS 10						
Timber Land (0.32%, 0.31%)	0	$0	$0	0	$0	$0
CLASS 12						
Railroads (3.45%, 3.45%)		$49,713,774	$1,715,126		$62,997,410	$2,173,412
Airlines (3.45%, 3.45%)		$380,115	$13,114		$449,887	$15,520
Class 12 Subtotal		$50,093,889	$1,728,240		$63,447,297	$2,188,932
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$9,122,614	$547,357		$10,652,823	$639,172
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$9,122,614	$547,357		$10,652,823	$639,172
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
Total		**$591,194,423**	**$25,100,541**		**$636,483,991**	**$25,769,778**

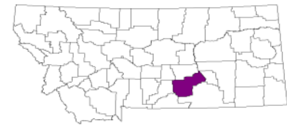
Wheatland County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	24,083	$10,345,819	$281,338	24,097	$10,352,810	$272,213
Tillable Non-Irrigated (2.72%, 2.63%)	103,127	$14,195,859	$386,106	103,127	$14,238,083	$374,443
Grazing (2.72%, 2.63%)	582,748	$29,902,087	$798,895	582,715	$31,464,533	$813,079
Wild Hay (2.72%, 2.63%)	28,030	$7,091,174	$192,875	28,031	$7,109,411	$186,981
Non-Qualified Ag Land (19.04%, 18.41%)	6,112	$317,017	$60,363	6,102	$328,118	$60,435
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	744,101	$61,851,956	$1,719,577	744,073	$63,492,955	$1,707,151
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$23,348,822	$635,007		$23,785,738	$625,676
Residential Low Income (varies)		$1,038,809	$9,846		$1,008,092	$9,904
Mobile Homes (2.72%, 2.63%)		$534,253	$14,533		$541,047	$14,232
Mobile Homes Low Income (varies)		$7,326	$40		$23,542	$125
Commercial (2.72%, 2.63%)		$24,992,269	$679,792		$26,056,177	$685,267
Industrial (2.72%, 2.63%)		$18,022	$490		$18,434	$484
New Manufacturing (varies)		$234,917	$6,390		$231,018	$6,075
Qualified Golf Courses (1.36%, 1.32%)		$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		$50,174,418	$1,346,098		$51,664,048	$1,341,763
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$1,583,292	$47,499		$1,615,177	$48,458
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$1,583,292	$47,499		$1,615,177	$48,458
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$2,545,202	$76,361		$4,411,174	$90,179
Farm Implements (3%, 2% and 3%)		$7,684,161	$230,520		$8,208,898	$167,842
Furniture and Fixtures (3%, 2% and 3%)		$1,006,628	$30,201		$1,487,307	$31,053
Other Business Equipment (3%, 2% and 3%)		$714,461	$21,437		$1,124,722	$22,494
Class 8 Subtotal		$11,950,452	$358,519		$15,232,101	$311,567
CLASS 9						
Utilities (12%)		$51,691,835	$6,203,021		$53,200,805	$6,384,094
CLASS 10						
Timber Land (0.32%, 0.31%)	17,326	$4,162,158	$13,321	17,326	$4,384,260	$13,588
CLASS 12						
Railroads (3.45%, 3.45%)		$16,520,292	$569,951		$13,000,646	$448,522
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$16,520,292	$569,951		$13,000,646	$448,522
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$7,979,962	$478,797		$7,237,490	$434,251
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$7,979,962	$478,797		$7,237,490	$434,251
CLASS 14						
Wind Generation (3%)		$0	$0		$0	$0
Wind Generation New & Exp (varies)		$166,437,397	$2,995,873		$165,903,369	$3,483,971
Class 14 Subtotal		$166,437,397	$2,995,873		$165,903,369	$3,483,971
Total		**$372,351,762**	**$13,732,656**		**$375,730,851**	**$14,173,365**

Wibaux County

	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Tillable Non-Irrigated (2.72%, 2.63%)	95,416	$19,122,538	$519,262	95,416	$19,210,714	$504,375
Grazing (2.72%, 2.63%)	405,728	$19,621,655	$533,125	405,728	$20,309,889	$533,540
Wild Hay (2.72%, 2.63%)	1,438	$629,483	$17,123	1,438	$631,093	$16,600
Non-Qualified Ag Land (19.04%, 18.41%)	653	$33,981	$6,470	652	$35,322	$6,501
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	503,236	$39,407,657	$1,075,980	503,235	$40,187,018	$1,061,016
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$6,078,512	$165,327		$6,161,535	$162,127
Residential Low Income (varies)		$107,825	$581		$100,749	$532
Mobile Homes (2.72%, 2.63%)		$716,763	$19,502		$765,055	$20,125
Mobile Homes Low Income (varies)		$1,531	$8		$1,494	$8
Commercial (2.72%, 2.63%)		$11,116,634	$302,375		$11,392,525	$299,631
Industrial (2.72%, 2.63%)		$440,980	$11,992		$471,606	$12,405
New Manufacturing (varies)		$0	$0		$0	$0
Qualified Golf Courses (1.36%, 1.32%)		$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		$18,462,245	$499,785		$18,892,964	$494,828
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$3,307,350	$99,221		$3,324,805	$99,745
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 (0%-3%)		$0	$0		$0	$0
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$3,307,350	$99,221		$3,324,805	$99,745
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$799,761	$23,997		$1,190,295	$27,493
Farm Implements (3%, 2% and 3%)		$9,103,309	$273,096		$10,510,857	$210,592
Furniture and Fixtures (3%, 2% and 3%)		$171,790	$5,153		$227,895	$4,600
Other Business Equipment (3%, 2% and 3%)		$9,649,964	$289,497		$6,170,473	$173,244
Class 8 Subtotal		$19,724,824	$591,743		$18,099,520	$415,929
CLASS 9						
Utilities (12%)		$9,493,332	$1,139,199		$9,092,327	$1,091,078
CLASS 10						
Timber Land (0.32%, 0.31%)	0	$0	$0	0	$0	$0
CLASS 12						
Railroads (3.45%, 3.45%)		$10,703,044	$369,255		$13,516,723	$466,328
Airlines (3.45%, 3.45%)		$0	$0		$0	$0
Class 12 Subtotal		$10,703,044	$369,255		$13,516,723	$466,328
CLASS 13						
Electrical Generation Property (6%)		$0	$0		$0	$0
Telecommunication Property (6%)		$1,053,632	$63,218		$918,777	$55,127
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$1,053,632	$63,218		$918,777	$55,127
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
Total		**$102,152,084**	**$3,838,401**		**$104,032,134**	**$3,684,051**

Yellowstone County



	TY 2011			TY 2012		
	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 (2.72%, 2.63%)	60,376	$31,076,577	$844,659	60,303	$31,058,268	$816,228
Tillable Non-Irrigated (2.72%, 2.63%)	201,729	$32,204,480	$875,690	201,980	$32,345,835	$850,439
Grazing (2.72%, 2.63%)	939,697	$39,571,049	$1,062,913	942,201	$41,531,260	$1,078,899
Wild Hay (2.72%, 2.63%)	20,870	$3,409,569	$92,736	20,883	$3,420,006	$89,943
Non-Qualified Ag Land (19.04%, 18.41%)	61,404	$3,369,688	$641,558	61,052	$3,551,180	$653,842
Eligible Mining Claims (2.72%, 2.63%)	0	$0	$0	0	$0	$0
Class 3 Subtotal	1,284,077	$109,631,363	$3,517,556	1,286,419	$111,906,549	$3,489,351
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		$4,177,289,444	$113,595,972		$4,309,270,702	$113,313,793
Residential Low Income (varies)		$81,593,841	$773,235		$94,263,775	$865,279
Mobile Homes (2.72%, 2.63%)		$75,929,558	$2,064,764		$76,761,432	$2,018,270
Mobile Homes Low Income (varies)		$3,667,414	$31,974		$3,331,308	$27,241
Commercial (2.72%, 2.63%)		$2,341,751,701	$63,695,689		$2,512,140,877	$66,069,201
Industrial (2.72%, 2.63%)		$54,269,822	$1,476,134		$61,824,014	$1,625,966
New Manufacturing (varies)		$185,026,031	$4,763,706		$185,677,155	$4,642,826
Qualified Golf Courses (1.36%, 1.32%)		$19,631,259	$266,985		$20,173,214	$266,285
Remodeled Commercial (varies)		$6,540,469	$164,173		$7,680,348	$174,071
Extended Prop Tax Relief Program (Res Only)		$7,050,333	$160,062		$4,545,241	$91,669
Class 4 Subtotal		$6,952,749,872	$186,992,694		$7,275,668,066	$189,094,601
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		$50,073,143	$1,502,192		$51,700,198	$1,551,010
Qualified New Industrial (3%)		$0	$0		$0	$0
Pollution Control (3%)		$63,505,161	$1,905,156		$62,666,361	$1,879,991
Gasohol Related (3%)		$0	$0		$0	$0
Research and Development (0%-3%)		$1,679,500	$25,193		$1,657,756	$24,866
Aluminum Electrolytic Equipment (3%)		$0	$0		$0	$0
Class 5 Subtotal		$115,257,804	$3,432,541		$116,024,315	$3,455,867
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		$0	$0		$0	$0
CLASS 8						
Machinery (3%, 2% and 3%)		$1,424,676,383	$34,988,315		$1,517,459,474	$37,862,886
Farm Implements (3%, 2% and 3%)		$26,584,900	$797,542		$29,569,359	$594,965
Furniture and Fixtures (3%, 2% and 3%)		$196,349,235	$5,890,499		$195,883,707	$4,299,860
Other Business Equipment (3%, 2% and 3%)		$102,707,636	$3,081,379		$127,056,971	$3,025,722
Class 8 Subtotal		$1,750,318,154	$44,757,735		$1,869,969,511	$45,783,434
CLASS 9						
Utilities (12%)		$233,372,846	$28,004,743		$252,598,381	$30,305,216
CLASS 10						
Timber Land (0.32%, 0.31%)	39,171	$6,035,167	$19,321	39,301	$6,126,797	$18,998
CLASS 12						
Railroads (3.45%, 3.45%)		$227,182,370	$7,837,792		$219,152,595	$7,560,766
Airlines (3.45%, 3.45%)		$49,802,783	$1,718,196		$45,160,088	$1,558,018
Class 12 Subtotal		$276,985,153	$9,555,988		$264,312,683	$9,118,784
CLASS 13						
Electrical Generation Property (6%)		$54,829,970	$3,289,797		$54,250,347	$3,255,021
Telecommunication Property (6%)		$283,235,797	$16,994,154		$229,818,509	$13,789,114
Elect Gen/Tele Real Prop New & Exp		$0	$0		$0	$0
Class 13 Subtotal		$338,065,767	$20,283,951		$284,068,856	$17,044,135
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
Total		**$9,782,416,126**	**$296,564,529**		**$10,180,675,158**	**$298,310,386**

TAX EXPENDITURE

BIENNIAL REPORT • THE MONTANA DEPARTMENT OF REVENUE

Montana Department of
REVENUE

Introduction to Tax Expenditures

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 percent or rates could be reduced by about one-fifth, from a range of 1 percent to 6.9 percent to a range of 0.8 percent to 5.5 percent. 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*.[1] 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.

[1] Joint Committee on Taxation, A Reconsideration of Tax Expenditure Analysis (JCX-37-08), May 12, 2008.

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

The following tables list all of the tax expenditures listed in this report, as well as the expenditure's code reference, year of enactment, bill and chapter reference.

Tax Source	Tax Expenditure	Law	Session/Year	Legislation	Chapter Number
Individual Income Tax	Passive Tax Expenditures	15-30-2110(1)	1955	HB 354	CH 260
Individual Income Tax	Health Savings Account	Federal Provision			
Individual Income Tax	Individual Retirement Account Deduction	Federal Provision			
Individual Income Tax	Student Loan Interest Deduction	Federal Provision			
Individual Income Tax	Tuition and Fees Deduction	Federal Provision			
Individual Income Tax	Deduction for Self-Employment	Federal Provision			
Individual Income Tax	Domestic Production Activities	Federal Provision			
Individual Income Tax	Interest On Federal Government Bonds	Federal Provision			
Individual Income Tax	Exempt Tribal Income	Federal Provision			
Individual Income Tax	Unemployment Compensation	15-30-2101(10)	1979	HB 363	CH 476
Individual Income Tax	Worker's Compensation	15-30-2110(2)(g)	1985	SB 72	CH 682
Individual Income Tax	Small Business Investment Company Dividends	15-33-106	1981	HB 834	CH 571
Individual Income Tax	Military Salary	15-30-2117(2)	1975	HB 152	CH 326
Individual Income Tax	National Guard Life Insurance	15-30-2117(3)	2005	HB 761	CH 604
Individual Income Tax	Partial Pension Exemption	15-30-2110(2)(c)	1963	HB 232	CH 58
Individual Income Tax	Partial Interest Exclusion for the elderly	15-30-2110(2)(b)	1981	HB 18	CH 546
Individual Income Tax	Disability Retirement Income	15-30-2110(10)	1985	SB 464	CH 364
Individual Income Tax	Tips	15-30-2110(2)(f)	1983	HB 841	CH 634
Individual Income Tax	Employer-Paid Health Insurance Premiums to Part Owners and Highly Compensated Employees	15-30-2110(2)(h)	1985	SB 72	CH 682
Individual Income Tax	Third Party Repayment of Health Care Professional's Student Loans	15-30-2110(12)	2003	SB408	CH 545
Individual Income Tax	Montana Medical Savings Account	15-61-101 to 205	1995	HB 560	CH 295
Individual Income Tax	First Time Homebuyer Account	15-63-101 to 205	1997	HB 599	CH 544
Individual Income Tax	Family Education Savings Account	15-62-101 to 302	1997	HB 536	CH 540
Individual Income Tax	Farm and Risk Management Account	15-30-3001 to 3005	2001	SB 245	CH 262
Individual Income Tax	Tier II Railroad Retirement	Federal Provision			
Individual Income Tax	Partial Exclusion of Capital Gains on Pr-1987 Installment Sales	Federal Provision			
Individual Income Tax	Business Purchase of Recycled Material	15-32-609 to 611	1991	SB 111	CH 712
Individual Income Tax	Sale of Land to Beginning Farmers	80-12-211	1983	SB 316	CH 580
Individual Income Tax	Medical and Dental Expenses	Federal Provision			
Individual Income Tax	Medical Insurance Premiums	15-30-2131(1)(a)(iii)	1995	HB 202	CH 284
Individual Income Tax	Long Term Care Insurance Premiums	15-30-2131(1)(a)(iv)	1997	SB 151	CH 383
Individual Income Tax	Federal Income Tax	15-30-2131(1)(b)	1933	HB 328	CH 181
Individual Income Tax	Sales Tax and Local Income Tax	Federal Provision			
Individual Income Tax	Property Taxes on Real Estate	Federal Provision			
Individual Income Tax	Property Taxes on Personal Property	Federal Provision			
Individual Income Tax	Other Deductible Taxes	Federal Provision			
Individual Income Tax	Home Mortgage Interest	Federal Provision			
Individual Income Tax	Charitable Contributions	Federal Provision			
Individual Income Tax	Child and Dependent Care Expenses	15-30-2131(1)(c)	1977	HB 47	CH 102
Individual Income Tax	Casualty and Theft Losses	Federal Provision			
Individual Income Tax	Political Contributions	15-30-2131(1)(d)	1979	HB 407	CH 129

Tax Source	Tax Expenditure	Law	Session/Year	Legislation	Chapter Number
Individual Income Tax	Capital Gains Credit	15-30-2301	2003	SB 407	CH 544
Individual Income Tax	College Contribution Credit	15-30-2326	1991	HB 894	CH 542
Individual Income Tax	Qualified Endowment Credit	15-30-2327 to 2329	1997	HB 434	CH 537
Individual Income Tax	Energy Conservation Credit	15-32-109 and 15-30-2319	1981	HB 237	CH 480
Individual Income Tax	Alternative Fuel Credit	15-30-2320	1993	HB 219	CH 617
Individual Income Tax	Rural Physicians Credit	15-30-2369	1991	SB 359	CH 771
Individual Income Tax	Health Insurance for Uninsured Montanas Credit	15-30-2367	1991	HB 693	CH 606
Individual Income Tax	Elderly Care Credit	15-30-2336	1989	HB 166	CH 469
Individual Income Tax	Developmental Disability Account Contribution	15-30-187	2003	HB 452	CH 590
Individual Income Tax	Recycling Credit	15-32-601 to 614	1991	SB 111	CH 712
Individual Income Tax	Oilseed Crushing and Biodiesel Production Facility Credit	15-32-701	2005	HB 756	CH 524
Individual Income Tax	Biodiesel Blending and Storage Tank Credit	15-32-703	2005	HB 756	CH 524
Individual Income Tax	Geothermal Heating System Credit	15-32-115	1991	SB 416	CH 646
Individual Income Tax	Alternative Energy Systems Credit	15-32-201 to 203	1977	SB 167	CH 574
Individual Income Tax	Alternative Energy Production Credit	15-32-401 to 407	1983	HB 780	CH 649
Individual Income Tax	Dependent Care Credit	15-31-131, 15-31-133, 15-30-2373	1989	SB 282	CH 706
Individual Income Tax	Historic Property Preservation Credit	15-30-2342, 15-31-151	1997	HB 601	CH 545
Individual Income Tax	Infrastructure Users Fee Credit	17-6-316	1995	SB 100 and HB 602	CH 2 & CH 477
Individual Income Tax	Empowerment Zone Credit	15-30-2356 and 15-31-134	2003	SB 484	CH 582
Individual Income Tax	Research Credit	15-31-150	1999	HB 638	CH 444
Individual Income Tax	Mineral Exploration Credit	15-32-501 to 510	1999	SB 265	CH 538
Individual Income Tax	Film Employment Credit	15-31-901 to 911	2005	HB 584	CH 593
Individual Income Tax	Film Expenditure Credit	15-31-901 to 911	2005	HB 584	CH 593
Individual Income Tax	Insure Montana Small Business Health Insurance Credit	33-22-2006; 15-30-185; 15-31-130	2005	HB 667	CH 595
Individual Income Tax	Adoption Credit	15-30-2503	2007	HB 490	CH 320
Individual Income Tax	Elderly Homeowner/Renter Credit	15-30-2337 to 15-30-2341	1981	SB 337	CH584
Individual Income Tax	Credit For Other States' Taxes	15-30-2302	1941	HB 38	CH 28
Individual Income Tax	Emergency Lodging Credit	15-31-171	2007	HB 240	CH 375

Tax Source	Tax Expenditure	Law	Session/Year	Legislation	Chapter Number
Corporate License Tax	Water's Edge Election	15-31-322 to 15-31-324	1987	HB 703	CH 616
Corporate License Tax	Corporate Passive Deduction Expenditures				
Corporate License Tax	Energy-Conservation Investment Deduction	15-32-103	1975	HB 663	CH 548
Corporate License Tax	Deduction for Purchasing Montana-Produced Organic Fertilizer Produced as a Byproduct	15-32-303	1981	SB 322	CH 533
Corporate License Tax	Deduction for Donation of Exploration Information	15-32-510	1999	SB 625	CH 538
Corporate License Tax	Recycled Material Qualifying for Deduction	15-32-609 and 610	1991	SB 111	CH 712
Corporate License Tax	Capital Gains Exclusion for Mobil Home Park	15-31-163	2009	HB 636	CH 389
Corporate License Tax	College Contributions Credit	15-30-2326	1991	HB 894	CH 542
Corporate License Tax	Contractor's Gross Receipts	15-50-207	1967	HB 530	CH 195
Corporate License Tax	Charitable Endowments Credit	15-31-161 and 162	1997	HB 434	CH 537
Corporate License Tax	Alternate Fuel Motor Vehicle Conversion Credit	15-30-2320	1993	HB 219	CH 617
Corporate License Tax	Health Insurance for Uninsured Montanas Credit	15-31-132	1989	HB 166	CH 469
Corporate License Tax	Insure Montana Small Businesses Health Insurance Credit	15-31-130	2005	HB 667	CH595
Corporate License Tax	Recycling Credit	15-32-601 and 611	1991	SB 111	CH 712
Corporate License Tax	Oilseed Crushing and Biodiesel Production Facility Credit	15-32-701 and 702	2005	HB 756	CH 524
Corporate License Tax	Biodiesel Blending and Storage Tank Credit	15-32-703	2005	HB 756	CH 524
Corporate License Tax	Geothermal Heating Credit	15-32-115	2005	SB 340	CH 455
Corporate License Tax	Alternative Energy Production Credit	15-32-401 to 407	1983	HB 755	CH 648
Corporate License Tax	Dependent Care Assistance Credit	15-31-131 and 133	1989	SB 282	CH 706
Corporate License Tax	Historic Property Preservation Credit	15-31-151	1997	HB 601	CH 545
Corporate License Tax	Infrastructure Users Fee Credit	17-6-316	1995	SB 100 & HB 602	CH 2 & CH 477
Corporate License Tax	New and Expanded Industry Credit	15-31-124 and 125	1975	HB 593	CH 435
Corporate License Tax	Empowerment Zone New Employees Tax Credit	15-31-134	2003	SB 484	CH 582
Corporate License Tax	Qualified Research Credit	15-31-150	1999	HB 638	CH 444
Corporate License Tax	Mineral Exploration Incentive Credit	15-32-501 to 509	1999	SB 625	CH 538
Corporate License Tax	Film Employment Credit	15-31-901 to 911	2005	HB 584	CH 393
Corporate License Tax	Short Tem Temporary Lodging Credit	15-31-171	2007	HB 240	CH 375
Property Tax	Property Tax Assistance Program	15-6-134	1979	HB 398	CH 706
Property Tax	Disabled American Veterans Program	15-6-211	1979	HB 213	CH 693
Property Tax	Extended Property Tax Assistance Program	15-6-193	2003	SB 461	CH 606
Oil and Gas Tax	Reduced rate for Oil and Gas Wells Competed After 1998	15-36-304	1977	HB 553	CH 256
Oil and Gas Tax	New Production Tax Holiday	15-36-304	1977	HB 553	CH 256
Oil and Gas Tax	Reduced Rates for Horizontally Recompleted Oil Wells	15-36-304	1993	SB 18	CH 9
Oil and Gas Tax	Reduced Rates for Incremental Oil Production from Enhanced Recovery Projects	15-36-304	1985	HB 636	CH 724
Oil and Gas Tax	Reduced Rates for Stripper and Super Stripper Oil Production	15-36-304	1959	HB 484	CH 172

Personal Income Tax Expenditures

Definition of Adjusted Gross Income-Passive Expenditures

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 receipts 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. The personal exemption and standard deduction can be viewed as defining an initial rate bracket with a zero tax rate.

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 called 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). The JCT's estimates of federal tax expenditures that create Montana passive tax expenditures total $533 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, 0.27 percent, and the ratio of the top Montana rate to the top federal rate, 19.7 percent, gives the following rough estimate of these passive tax expenditures

Montana Passive Expenditures from Special Provisions in Federal Definition of Total Income ($ million)
$279.858

[1] "Estimates of Federal Tax Expenditures for Fiscal Years 2011-2015" by the staff of the Joint Committee on Taxation, January, 2012, Document JCS-1-12.

Definition of Adjusted Gross Income-Passive Expenditures

Other passive tax expenditures arise from specific adjustments to gross income. These items are listed on both federal and state tax returns. On the 2011 Montana Form 2, they are on lines 24 through 37. 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 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
Code: Federal Provision
Legislation: NA

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.

The following table shows Health Savings Account deductions for tax years 2005 through 2011. For 2011, the Health Savings Account deduction reduced income tax revenue to the state general fund by $1,562,983 or $2.51 per full year resident taxpayer.

Health Savings Account Deduction								
	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	$343,945	6,970	$22,819,533
2010	6,903	$21,882,122	965	$4,328,394	237	$529,198	8,105	$26,739,714
2011	7,673	$24,675,845	1,066	$4,630,468	264	$598,301	9,003	$29,904,614

Individual Retirement Account Deduction
Code: Federal Provision
Legislation: NA

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 is limited to $5,000. 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. Funds deposited in an IRA and accumulated earnings are both taxed when they are withdrawn. This deferral of taxes gives taxpayers an incentive to increase retirement savings.

The following table shows Individual Retirement Account deductions for tax years 2005 through 2011. For 2011, the Individual Retirement Account deduction reduced income tax revenue to the state general fund by $3,486,148, or $5.60 per full year resident taxpayer.

Individual Retirement Account Deduction								
	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
2010	12,484	$53,329,887	1,091	$6,499,869	269	$928,945	13,844	$60,758,701
2011	12,466	$54,281,327	1,145	$6,889,532	353	$1,224,768	13,964	$62,395,627

Student Loan Interest Deduction
Code: Federal Provision
Legislation: NA

Taxpayers may deduct up to $2,500 of 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. The following table shows student loan interest deductions for tax years 2005 through 2011. For 2011, the student loan interest deduction reduced income tax revenue to the state general fund by $2,234,341 or $3.59 per full-year resident taxpayer.

Student Loan Interest Deduction								
	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
2010	42,392	$34,202,184	2,470	$2,081,298	3,385	$3,138,523	48,247	$39,422,005
2011	42,279	$36,245,983	2,641	$2,480,349	3,513	$3,433,628	48,433	$42,159,960

Tuition and Fees Deduction
Code: Federal Provision
Legislation: NA

Taxpayers may deduct up to $4,000 of 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. The following table shows tuition and fees deductions for tax years 2007 through 2011. For 2011, the tuition and fees deduction reduced income tax revenue to the state general fund by $457,324 or $0.73 per full year resident taxpayer.

This deduction sunset at the end of 2011 and, as of late 2012, Congress has not extended it.

Tuition and Fees Deduction								
	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
2010	5,387	$11,733,181	601	$1,355,631	453	$1,108,694	6,441	$14,197,506
2011	5,640	$12,398,266	618	$1,457,285	542	$1,372,674	6,800	$15,228,225

Deductions for the Self-Employed
Code: Federal Provision
Legislation: NA

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 persons' health insurance premiums. These are equivalent to employers' payments for payroll taxes, health insurance benefits, and pension contributions that are not included in employee's adjusted gross income.

The exclusions for employees provide an incentive for employers to offer and employees to accept pension and health benefits because they make it cheaper for employers to provide an additional dollar of after-tax compensation as fringe benefits rather than as wages. Providing the same exclusions for self-employed persons removes an incentive to be an employee rather than self-employed.

The costs of the exclusions for employees are included in the figure for passive tax expenditures. The following tables show these deductions for tax years 2005 through 2011. For 2011, extending these exclusions to the self employed reduced income tax revenue to the state general fund by $13,872,833 or $22.28 per full-year resident taxpayer.

One-Half of Self Employment Tax

	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
2010	56,835	$69,819,591	7,555	$34,223,881	1,983	$2,112,075	66,373	$106,155,547
2011	58,708	$76,908,913	8,341	$36,132,655	2,029	$2,057,736	69,078	$115,099,304

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
2010	2,611	$43,089,605	1,143	$33,264,923	69	$1,217,513	3,823	$77,572,041
2011	2,588	$42,298,279	1,168	$36,460,986	62	$1,288,153	3,818	$80,047,418

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
2010	21,191	$110,816,477	4,114	$35,170,815	412	$1,738,433	25,717	$147,725,725
2011	21,235	$116,579,020	4,359	$39,243,006	409	$1,547,156	26,003	$157,369,182

Domestic Production Activities Deduction
Code: Federal Provision
Legislation: NA

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 an above-the-line deduction of 9 percent of net income from producing new goods and engineering and architectural services in the United States. The deduction cannot be more than the smaller of the taxpayer's adjusted gross income (taxable income for a corporation) or half of the wages the taxpayer pays to employees. An individual can claim the deduction based on income from production activities carried out by a sole-proprietor business or the taxpayer's share of income from production activities carried out by a pass-through entity.

This partial exemption of income from manufacturing, engineering, and architectural services is equivalent to taxing this income at a lower rate than income from other business activities. This 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.

The following table shows domestic production activities deductions for 2005 through 2011. For 2011, the domestic production activities deduction reduced individual income tax revenue to the general fund by $3,091,789 or $4.97 per full-year resident taxpayer. Most of the value of this deduction is claimed by non-residents, but most non-residents filers have a relatively small fraction of their income from Montana, so most of the tax expenditure goes to residents.

Domestic Production Activities Deduction

	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
2010	5,574	$43,123,307	2,109	$324,358,015	74	$618,466	7,757	$368,099,788
2011	5,638	$43,533,192	2,210	$385,089,358	73	$791,762	7,921	$429,414,312

Montana Adjustments to Income

Montana has 50 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 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 tax. Most exist because the legislature has chosen to partly or completely exempt certain types of income from taxation.

Interest on Federal Government Bonds
Code: Federal Provision
Legislation: NA

Federal law and court decisions prohibit states from taxing interest on federal government bonds. Montana law specifically exempts interest on federal bonds from taxation. The following table shows federal interest that has been exempted from Montana taxation since 2005. If the state were able to tax this income it would have increased income tax revenue to the general fund by $1,451,620, or $2.33 per full year resident taxpayer for 2011.

Interest on Federal Government Bonds

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	18,966	$31,017,274	3,382	$116,283,113	479	$556,615	22,827	$147,857,002
2011	17,310	$25,764,777	3,192	$150,492,487	428	$484,575	20,930	$176,741,839

Exempt Tribal Income
Code: Federal Provision
Legislation: NA

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 and income a tribal member earns off the 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 tax expenditure.

The following table shows exempt tribal income reported on Montana returns since 2005. If the state were able to tax this income it would have increased income tax revenue to the general fund by $7,217,880, or $11.59 per full year resident taxpayer for 2011.

Exempt Tribal Income

	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
2010	7,202	$200,800,212	20	$13,958,716	53	$1,376,590	7,275	$216,135,518
2011	7,132	$290,700,359	19	$388,120	51	$1,315,689	7,202	$292,404,168

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Unemployment Compensation
Code: 15-30-2101, MCA
Legislation: HB 363 1979 Session

Federal law exempts the first $2,400 of unemployment compensation. Montana exempts all unemployment compensation from taxation. The state revenue loss from the federal exemption is included in the estimate of passive tax expenditures. The following table shows additional state exemptions for unemployment compensation since 2005. For 2011, this exclusion reduced income tax revenue to the general fund by $9,157,098, or $14.71 per full- year resident taxpayer.

Unemployment Compensation								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	47,123	$268,585,687	4,653	$34,225,311	2,750	$18,303,436	54,526	$321,114,434
2011	41,856	$192,982,355	4,523	$28,417,877	2,523	$14,055,209	48,902	$235,455,441

Workers' Compensation
Code: 15-30-2110(2)(g), MCA
Legislation: SB 72, 1985 Session

Federal law exempts workers' compensation payments except those that relate to medical expenses deducted in an earlier year. Montana exempts all worker's compensation payments. The state revenue loss from the federal exemption is included in the estimate of passive tax expenditures. The following table shows additional state exemptions for worker's compensation payments since 2005. For 2011, this exclusion reduced income tax revenue to the general fund by $22,461, or $0.04 per full-year resident taxpayer.

Exempt Worker's Compensation								
	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
2010	323	$1,990,149	20	$102,955	17	$122,757	360	$2,215,861
2011	149	$786,281	*	$22,823	*	$22,849	*	$831,953

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Small Business Investment Company Dividends
Code: 15-33-106, MCA
Legislation: HB 834, 1981 Session

The federal Small Business Investment Act of 1958 created a category of venture capital firms called small business investment companies. Montana law allows taxpayers to exempt capital gains or dividends from a Montana small business investment company. This provides an incentive to invest in these companies rather than in other businesses.

The following table shows income exempted under this provision since 2005. For 2011, this exclusion reduced income tax revenue to the general fund by $3,865, or $0.006 per full year resident taxpayer.

Capital Gains from Small Business Investment Companies								
	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	$0	*	$64,545
2009	42	$73,145	*	$74	0	$0	*	$73,219
2010	54	$148,811	*	$44,362	*	$8	*	$193,181
2011	33	$95,032	*	$15,277	*	$48,675	*	$158,984

National Guard Life Insurance Premiums
Code: 15-30-2117(3)
Legislation: HB 761 2005 Session

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. This exemption increases the after-tax income of guard and reserve members, increasing the financial incentive to join or remain in the guard or reserves. It also provides an incentive for guard and reserve members to purchase military group life insurance. The following table shows exempt Guard and Reserve life insurance premium reimbursements since 2005. For 2011, this exclusion reduced income tax revenue to the general fund by $727, or $0.001 per full year resident taxpayer.

National Guard Life Insurance Premium Reimbursement								
	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	$0	*	$442,752
2010	52	$69,491	*	$1,600	*	$433	*	$71,524
2011	45	$14,795	*	$468	*	$210	*	$15,473

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Military Salary
Code: 15-30-2117(2), MCA
Legislation: HB 152, 1975 Session

Montana exempts the military salary of residents who are on active duty in the armed forces. The following table shows the amount of income subject to this exemption since 2005.

Active Duty Military Salary								
	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
2010	4,706	$153,852,927	95	$3,641,023	160	$4,601,945	4,961	$162,095,895
2011	4,368	$148,526,725	94	$3,910,963	136	$4,049,039	4,598	$156,486,727

Federal law allows military personnel and their spouses to maintain residency in their home state when the service member is transferred to another state. Military salaries of non-residents are considered income from the home state rather than from Montana, and military spouses are taxed as non-residents. Income not counted as Montana income, and presumably counted in another state, is shown in the following table. Together, these exclusions reduced 2011 income tax revenue to the general fund by $6,988,711, or $11.23 per full-year resident taxpayer.

Non-Resident Military Salary								
	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
2010	115	$4,739,141	576	$23,357,142	168	$4,940,973	859	$33,037,256
2011	119	$4,212,397	520	$22,133,967	174	$5,386,754	813	$31,733,118

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Partial Pension Exemption

Code: 15-30-2110(2)(c)
Legislation: HB 232 1963 Session

Taxpayers with federal adjusted income below a threshold have part of their pension income exempted from taxation. For taxpayers with higher incomes, the exemption amount is reduced by $2 for each $1 that federal adjusted income exceeds the threshold. Both the threshold and the amount exempted are adjusted for inflation each year. For 2011, the amount exempted was $3,760 and the threshold was $31,370. Taxpayers with federal adjusted gross income between $31,370 and $33,250 were eligible for an exemption of less than $3,760, and taxpayers with incomes over $33,250 were not eligible for the exemption.

This exemption provides a limited incentive to participate in a retirement system and to retain funds in a retirement plan rather than withdrawing them. It also provides a limited incentive for retirees to locate in Montana rather than in a state without a similar exemption. However, this does not appear to have been the legislative purpose. Montana was one of a number of states that originally exempted state employee pensions from the state income tax. This allowed the state to make smaller pension contributions and resulted in some administrative savings. In 1989, a group of federal government employees sued states, including Montana, with this exemption, arguing that it was unconstitutional to treat the same type of income differently depending on who paid it. The states lost. The states that had exempted state employee pensions changed their laws in a variety of ways. The Montana Legislature replaced the exemption for state employee pensions with a partial exemption for all pension income.

The following table shows pension income excluded from taxation since 2005. For 2011, this exclusion reduced income tax revenue to the general fund by $4,400,968, or $7.07 per full-year resident taxpayer.

Partial Pension Exemption

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	41,904	$142,365,778	1,158	$3,732,588	605	$1,974,030	43,667	$148,072,396
2011	43,012	$150,693,545	1,499	$5,074,630	691	$2,174,844	45,202	$157,943,019

Partial Interest Exclusion for Elderly Taxpayers

Code: 15-30-2110(2)(b)
Legislation: HB 18 1981 Session

Taxpayers who are age 65 or older may exclude up to $800 of interest income. The following table shows interest income excluded since 2005. This exemption provides a limited incentive for retirees to hold interest-paying assets, such as corporate bonds, rather than assets that pay other types of income. It also provides a limited incentive for retirees to locate in Montana rather than in a state without a similar exemption. However, the primary effect is to reduce tax paid by older taxpayers. For 2011, this exclusion reduced income tax revenue to the general fund by $1,386,203, or $2.23 per full year resident taxpayer.

Elderly Interest Exclusion

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	62,493	$40,226,852	7,614	$7,066,082	911	$549,183	71,018	$47,842,117
2011	62,402	$36,798,111	8,201	$7,096,890	919	$530,202	71,522	$44,425,203

Disability Retirement Income

Code: 15-30-2110(10)
Legislation: SB 464 1985 Session

Taxpayers who are under the age of 65 and permanently disabled may exclude up to $5,200 of disability retirement income. The amount taxpayers may exclude is reduced by any amount by which their pre-exclusion adjusted gross income exceeds $15,000. The purpose of this exclusion appears to be to increase the after-tax income of permanently disabled taxpayers with low incomes. The following table shows disability income excluded since 2005. For 2011, this exclusion reduced income tax revenue to the general fund by $6,045, or $0.01 per full-year resident taxpayer.

Exempt Disability Retirement Income								
	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	$0	*	$431,469
2007	95	$383,038	0	$0	*	$10,800	*	$393,838
2008	90	$369,876	0	$0	*	$13,164	*	$383,040
2009	152	$656,765	*	$6,923	*	$22,712	*	$686,400
2010	179	$786,572	*	$5,200	*	$34,744	*	$826,516
2011	81	$364,329	*	$7,816	0	$0	*	$372,145

Tips

Code: 15-30-2110(2)(f)
Legislation: HB 841 1983 Session

Tips earned while working for a licensed food service, beverage, or lodging establishment are not taxable in Montana. The reasoning behind this exclusion is that tips are voluntary gifts from a restaurant's patrons to its employees, and gifts generally are not included in taxable income. The following table shows tips excluded from income since 2005. For 2011, this exclusion reduced income tax revenue to the general fund by $1,960,609, or $3.15 per full year resident taxpayer.

Exempt Tips								
	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
2010	13,577	$43,592,519	678	$2,124,352	1,087	$3,065,874	15,342	$48,782,745
2011	13,748	$46,381,919	653	$1,858,335	1,111	$3,311,215	15,512	$51,551,469

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Health Benefits Limited to Highly-Compensated Employees
Code: 15-30-2110(2)(h)
Legislation: SB 72 1985 Session

Federal law treats employer-paid premiums for group health insurance and reimbursement of medical costs by an employer's self-insurance program as a nontaxable fringe benefit as long as the same benefits are available to all employees. This creates a passive tax expenditure, and the cost to the state is included in the estimate of passive tax expenditures.

When an employer's health plan provides more benefits to a select group of highly compensated employees, such as company executives, major stock-holders, or the highest-paid employees, federal law requires these employees to count the difference between their benefits and the benefits available to all employees as taxable compensation. Montana law allows these select employees to count their extra health insurance benefits as non-taxable fringe benefits.

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 select employees.

The following table shows federally taxable health insurance premiums excluded from Montana adjusted gross income since 2005. For 2011, this exclusion reduced income tax revenue to the general fund by $50,440, or $0.08 per full-year resident taxpayer.

Health Insurance Premiums Included in Federal Adjusted Gross Income								
	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
2010	172	$677,282	*	$55,831	*	$628	*	$733,741
2011	197	$843,169	*	$31,098	*	$962	*	$875,229

Third-Party Repayment of Health Care Professional's Student Loans
Code: 15-30-2110(12), MCA
Legislation: SB 408, 2003 Session

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 repayments made by certain federal and state programs from taxable income. Montana excludes qualifying repayments from all programs, including programs private health-care facilities have for their employees. The state cost of the federal exclusion is part of the estimate of passive tax expenditures. The following table shows the cost of the additional state exclusion since 2005.

For 2011, this exclusion reduced income tax revenue to the general fund by $45,351, or $0.07 per full year resident taxpayer.

Health Care Professional Student Loan Repayment Included in Federal AGI								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	173	$476,765	*	$8,144	12	$30,069	*	$514,978
2011	253	$666,300	*	$2,952	23	$72,978	*	$742,230

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Montana Medical Care Savings Accounts
Code: 15-61-101,MCA to15-61-205, MCA
Legislation: HB 560, 1995 Session

Federal law has created two mechanisms, the Archer medical savings account and the health savings account, for taxpayers or their employers to set aside pretax 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. The main difference is that the federal programs are limited to taxpayers whose only health insurance is a high-deductible policy while the state program does not have this limitation. The purpose of these accounts appears to be to encourage taxpayers to set aside funds ahead of time to cover medical costs that will not be covered by insurance.

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 purposes, but then the amount withdrawn is treated as income. The following tables show exempt medical savings account deposits and earnings and taxable withdrawals.

For 2011, this exclusion reduced income tax revenue to the general fund by $1,131,042, or $1.82 per full-year resident taxpayer.

Medical Savings Account Deposits								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	6,131	$18,732,448	34	$95,825	75	$125,462	6,240	$18,953,735
2011	6,236	$19,395,678	32	$88,049	85	$131,835	6,353	$19,615,562

Medical Savings Account Non-Qualified Withdrawals								
	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	$0	*	$803	*	$130,160
2010	77	$101,799	*	$530	0	$0	*	$102,329
2011	87	$121,307	0	$0	*	$10,238	*	$131,545

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

First-Time Homebuyer Accounts
Code: 15-63-101, MCA through 15-63-205, MCA
Legislation: HB 599, 1997 Session

Montana law allows residents who have never owned a home to establish a first-time homebuyer's account. 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 for another use or are not used within 10 years, they must be reported as taxable income.

This program encourages home-ownership by reducing the cost of saving for a down payment.

The following tables show exempt deposits and earnings and taxable withdrawals. For 2011, this exclusion reduced income tax revenue to the general fund by $24,612, or $0.04 per full year resident taxpayer.

First Time Homebuyers Account Deposits								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	126	$358,024	0	$0	*	$18,550	*	$376,574
2011	131	$395,135	0	$0	*	$3,751	*	$398,886

First Time Homebuyers Account Non-Qualified Withdrawals								
	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	0	$0	13	$29,691
2010	*	$13,722	0	$0	0	$0	*	$13,722
2011	*	$12,589	0	$0	0	$0	*	$12,589

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Family Education Savings Accounts
Code: 15-62-101, MCA through 15-62-302, MCA
Legislation: HB 536, 1997 Session

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. Montana taxpayers may exclude up to $3,000 of contributions to one or more family education savings accounts from adjusted gross income each year. Any withdrawals that are not used for higher education expenses are taxed at the highest income tax rate.

This program encourages families to save for their children's college education by lowering the cost of saving any given amount.

The following table shows deposits to Montana family educations savings accounts since 2005. For 2011, this exclusion reduced income tax revenue to the general fund by $429,876, or $0.69 per full year resident taxpayer.

Family Education Savings Account Deposits

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	2,055	$6,547,256	15	$40,337	20	$53,396	2,090	$6,640,989
2011	2,072	$6,528,702	10	$33,150	21	$50,745	2,103	$6,612,597

Tier II Railroad Retirement
Code: Federal Provision
Legislation: NA

Railroad retirement benefits are divided into Tier I and Tier II. Tier I is equivalent to Social Security, and Tier II 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. The table below shows Tier II railroad retirement benefits exempted from Montana taxation.

This exemption increases the after-tax income of railroad retirees.

For 2011, income tax revenue to the general fund would have been $1,156,940, higher if Montana were allowed to tax Tier II railroad retirement. This is $1.86 per full-year resident taxpayer.

Tier II Railroad Retirement

	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
2010	2,809	$37,812,494	52	$682,521	23	$209,683	2,884	$38,704,698
2011	2,793	$38,836,218	60	$789,738	24	$338,161	2,877	$39,964,117

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Farm and Ranch Risk Management Accounts
Code: 15-30-3001, MCA through 15-30-3005, MCA
Legislation: SB 245, 2001 Session

The 2001 Legislature created farm and ranch risk management accounts as a tool for family farms to deal with uneven and uncertain income. An individual or family farm corporation may set up an account and may deposit up to 20 percent 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.

Federal law allows farmers to average income over three years for income tax purposes. The additional tax smoothing allowed by Montana farm and risk management accounts has seen very little use. 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. The following tables show exempt deposits and taxable withdrawals since 2005.

Farm and Ranch Risk Management Account Deposits

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	0	$0	*	$3,496	0	$0	*	$3,496
2011	0	$0	*	$1,807	0	$0	*	$1,807

Farm and Ranch Risk Management Account Taxable Distributions

	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	$0	*	$3,985
2010	*	$191	*	$1,880	0	$0	*	$2,071
2011	*	$10,576	*	$8,823	0	$0	*	$19,399

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Partial Exclusion of Capital Gains on Pre-1987 Installment Sales
Code: Federal Provision
Legislation: NA

Before 1987, federal law allowed taxpayers to exclude 40 percent 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 continues to allow the 40 percent exclusion for capital gains on installment sales made before the end of 1986. The following table shows gains excluded under this provision since 2005.

The original partial exclusion of capital gains income gave an incentive to invest in assets that appreciate over time rather than in assets that pay a stream of ordinary income. Today, this provision just applies pre-1987 tax law to payments from transactions that occurred before 1987. This probably has little effect on taxpayer behavior.

For 2011, this exclusion reduced income tax revenue to the general fund by $7,688, or $0.01 per full-year resident taxpayer.

40% Exclusion of Pre-1985 Capital Gains

	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	253	$1,671,203
2010	292	$1,155,423	14	$2,594,406	*	$38	307	$3,749,867
2011	45	$123,493	15	$14,022,194	0	$0	60	$14,145,687

Business Purchases of Recycled Material
Code: 15-32-609, MCA Through 15-32-611, MCA
Legislation: SB 111, 1991 Session

Montana allows businesses to take an extra deduction of 10 percent of the cost of purchases of recycled materials. In effect, this allows a business expense deduction of 110 percent of the cost of recycled materials. This reduces the cost of recycled material relative to other raw materials, giving businesses an incentive to use recycled material.

The deduction is available to corporations and to the owners of sole-proprietor businesses and pass-through entities. The following table shows individual income tax deductions for purchases of recycled material since 2005.

For 2011, this exclusion reduced income tax revenue to the general fund by $18,481, or $0.03 per full-year resident taxpayer.

Business Expense for Recycled Materials

	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	$0	*	$113	*	$136,788
2010	112	$204,911	*	$105	*	$250	*	$205,266
2011	98	$266,011	*	$65,406	*	$660	*	$332,077

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Sales of Land to Beginning Farmers
Code: 80-12-211, MCA
Legislation: SB 316, 1983 Session

Montana allows taxpayers to exclude up to $50,000 of income from the sale of at least 80 acres to a beginning farmer. To be eligible, a taxpayer's land sale must be approved by the Montana Department of Agriculture. The deduction provides an incentive for retiring farmers to sell land to someone who will keep it in agriculture rather than convert it to another use.

The following table shows income excluded since 2005. Fewer than ten taxpayers have used the exclusion every year. For 2011, this exclusion reduced income tax revenue to the general fund by $3,594, or $0.006 per full-year resident taxpayer.

Sales of Land to Beginning Farmers

	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
2010	*	$5,956	*	$546,272	0	$0	*	$552,228
2011	*	$55,961	*	$11	0	$0	*	$55,972

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

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 itemized deductions exceed the 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 $6,000 is in the 3 percent state tax bracket and the 10 percent 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 percent state tax bracket and the 35 percent 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.

Federal law allows an itemized deduction for state taxes, and Montana is one of the few states that allow an itemized deduction for federal taxes. A taxpayer who claims state and federal itemized deductions for an expenditure will have fewer state and federal taxes to deduct on the next year's return. Over several years, this interaction may lead to the subsidy from other taxpayers being smaller.

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 percent 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 percent of adjusted gross income.

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Medical and Dental Expenses
Code: Federal Provision
Legislation: NA

Both federal and state law allow an itemized deduction for un-reimbursed medical and dental expenses that are more than 7.5 percent 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.

The following table shows itemized deductions for medical and dental expenses for tax years 2005 through 2011. For tax year 2011, this deduction reduced income tax revenue to the general fund by $11,177,977, or $17.95 per full-year resident taxpayer.

Medical Expenses over 7.5% of Adjusted Gross Income								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	70,087	$304,436,666	3,366	$25,336,873	1,073	$4,940,915	74,526	$334,714,454
2011	68,589	$301,438,269	3,313	$27,542,862	1,179	$6,185,864	73,081	$335,166,995

Medical Insurance Premiums
Code: 15-30-2131(1)(a)(iii), MCA
Legislation: HB 202, 1995 Session

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 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. The following table shows itemized deductions for medical insurance premiums for tax years 2005 through 2011. For tax year 2011, this deduction reduced income tax revenue to the general fund by $15,955,451, or $25.63 per full year resident taxpayer.

Medical Insurance Premiums Not Deducted Elsewhere								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	91,411	$353,880,862	7,022	$32,329,763	1,761	$5,727,102	100,194	$391,937,727
2011	91,861	$364,569,523	7,507	$34,416,031	1,952	$6,261,215	101,320	$405,246,769

Long Term Care Insurance Premiums
Code: 15-30-2131(1)(a)(iv), MCA
Legislation: SB 151, 1997 Session

In addition to the federal deduction for medical expenses, Montana allows an itemized deduction for all unreimbursed 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. The following table shows itemized deductions for medical insurance premiums for tax years 2005 through 2011. For tax year 2011, this deduction reduced income tax revenue to the general fund by $1,354,994 or $2.18 per full-year resident taxpayer.

Long Term Care Insurance Premiums								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	11,291	$27,300,594	1,212	$3,555,909	183	$390,151	12,686	$31,246,654
2011	11,210	$33,985,594	1,284	$3,706,599	180	$435,634	12,674	$38,127,827

Sales Tax or Local Income Tax
Code: Federal Provision
Legislation: NA

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 sales tax or local income taxes in another state.

This provision of federal law sunset at the end of 2011. As of late 2012, Congress is considering, but has not passed, legislation that would extend it.

The effect of this deduction on taxpayers is like the effect of the deduction for federal taxes. Formally, it avoids having the state levy income tax on income paid as tax to another state or political subdivision of another state. Practically, it is essentially equivalent to a lower tax rate for taxpayers who pay sales tax or local income tax in another state and itemize deductions.

The following table shows itemized deductions for sales tax or local income tax for tax years 2005 through 2011. For tax year 2011, the deduction for sales tax or local income tax reduced income tax revenue to the general fund by $25,087, or $0.04 per full-year resident taxpayer. More than half of this tax expenditure goes to non-residents.

Local Income Taxes								
	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
2010	285	$130,753	1,160	$15,246,242	373	$293,152	1,818	$15,670,147
2011	294	$131,540	1,249	$10,735,398	400	$215,856	1,943	$11,082,794

Federal Income Tax
Code: 15-30-2131(1)(b), MCA
Legislation: HB 328, 1933 Session

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 and $10,000 for a married couple filing a joint return. Before 2005, there was no upper limit on this deduction.

Formally, this deduction partially or completely avoids having the state levy income tax on income paid to the federal government as income tax. Practically, it has the same effect on taxpayers as having lower tax rates for taxpayers who itemize deductions and whose income puts them below the cap on this deduction. This is because each extra dollar of income increases adjusted gross income by a dollar but also increases itemized deductions by the federal marginal tax rate times a dollar. Thus, an extra dollar of adjusted gross income translates into less than an extra dollar of taxable income.

For example, a single taxpayer with taxable income of $25,000 would be in the 6.9 percent state tax bracket and the 15 percent federal tax bracket. An additional $100 of income would result in an additional $15 of federal income tax, giving an $85 increase in taxable income. Applying the 6.9 percent rate to $85 gives additional tax of $5.87, for an effective marginal tax rate of about 5.8 percent rather than 6.9 percent.[2]

The following table shows itemized deductions for federal income tax for tax years 2005 through 2011. For tax year 2011, the deduction for federal income tax reduced income tax revenue to the general fund by $57,355,065 or $92.13 per full-year resident taxpayer.

Federal Income Tax								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	210,199	$1,015,360,042	24,995	$172,019,855	7,128	$39,395,858	242,322	$1,226,775,755
2011	218,905	$1,132,026,533	27,349	$191,751,665	8,098	$45,809,499	254,352	$1,369,587,697

[2] If a taxpayer claims the state deduction for federal taxes but not the federal deduction for state taxes, the effective marginal state tax rate is state rate * (1 – federal rate). If a taxpayer claims both the state deduction for federal taxes and the federal deduction for state taxes, the effective marginal state tax rate is state rate * (1 – federal rate) /(1 – state rate * federal rate).

Itemized Deductions- Real Estate Taxes and Property Tax

Property Taxes on Real Estate
Code: Federal Provision
Legislation: NA

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. Since taxpayers with higher incomes tend to own more real estate and pay more property taxes, the effect is similar to having lower rates for property owners. This deduction also provides an incentive for ownership of real estate relative to making other purchases.

The following table shows itemized deductions for real estate taxes for tax years 2005 through 2011. For tax year 2011, the deduction for real estate taxes reduced income tax revenue to the state general fund by $23,348,858, or $37.50 per full-year resident taxpayer.

Real Estate Taxes								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	190,240	$400,710,387	17,430	$132,985,027	4,242	$10,966,735	211,912	$544,662,149
2011	190,503	$411,428,092	18,284	$140,956,982	4,432	$11,106,045	213,219	$563,491,119

Property Taxes on Personal Property
Code: Federal Provision
Legislation: NA

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. To the extent that taxpayers with higher incomes own more taxable personal property, the effect on taxpayers is similar to having a lower rate for personal property owners. It also provides an incentive for the ownership of taxable rather than untaxed personal property.

The following table shows itemized deductions for personal property taxes for tax years 2005 through 2011. For tax year 2011, the deduction for personal property taxes reduced income tax revenue to the general fund by $3,124,604, or $5.02 per full-year resident taxpayer.

Personal Property Taxes								
	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
2010	144,929	$52,671,671	8,059	$4,918,690	3,132	$1,303,742	156,120	$58,894,103
2011	148,894	$52,698,081	8,638	$5,110,112	3,473	$1,484,196	161,005	$59,292,389

Other Deductible Taxes
Code: Federal Provision
Legislation: NA

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. As with other deductions for taxes, the effect on taxpayers is similar to having lower rates as long as taxpayers with higher incomes tend to pay more of the deductible taxes.

The following table shows itemized deductions for other taxes from 2005 through 2011. For tax year 2011, the deduction for other taxes reduced income tax revenue to the state general fund by $520,616, or $0.84 per full-year resident taxpayer.

Other Deductible Taxes								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	25,284	$10,298,211	3,789	$7,385,215	560	$493,640	29,633	$18,177,066
2011	23,351	$9,209,030	1,456	$2,553,390	355	$190,590	25,162	$11,953,010

Political Contributions
Code: 15-30-2131(1)(d), MCA
Legislation: HB 407, 1979 Session

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.

The following table shows itemized deductions for political contributions for tax years 2005 through 2011. The itemized deduction for political contributions reduced income tax revenue to the general fund for 2011 by $43,780, or $0.07 per full-year resident taxpayer.

Political Contributions								
	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
2010	6,959	$822,083	230	$29,357	86	$9,673	7,275	$861,113
2011	6,047	$729,898	210	$27,487	84	$9,069	6,341	$766,454

Itemized Deductions-Home Mortgage Interest

Home Mortgage Interest
Code: Federal Provision
Legislation: NA

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. The following tables show itemized deductions for home mortgage interest. Beginning in 2007, federal and Montana law began allowing an itemized deduction for certain home mortgage insurance premiums. The bottom table shows mortgage insurance deductions. Together, these mortgage-interest-related deductions reduced income tax revenue to the state general fund for 2011 by $62,666,396, or $100.66 per full-year resident taxpayer.

Home Mortgage Interest

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	141,209	$1,075,407,210	12,901	$165,341,641	3,909	$34,453,627	158,019	$1,275,202,478
2011	140,370	$1,008,850,204	13,498	$160,126,078	4,091	$32,720,242	157,959	$1,201,696,524

Unreported Home Mortgage Interest

	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
2010	5,653	$17,246,577	583	$3,093,329	220	$858,424	6,456	$21,198,330
2011	5,583	$16,732,698	569	$3,304,533	188	$597,041	6,340	$20,634,272

Unreported Points

	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
2010	19,778	$6,774,876	1,965	$1,112,782	451	$513,434	22,194	$8,401,092
2011	19,120	$6,128,734	2,069	$1,088,621	433	$464,866	21,622	$7,682,221

Qualified Mortgage Insurance Premiums

	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
2010	17,979	$23,239,755	923	$1,435,739	727	$1,326,476	19,629	$26,001,970
2011	18,823	$20,843,664	1,117	$2,435,089	771	$1,062,445	20,711	$24,341,198

Itemized Deductions-Charitable Contributions

Charitable Contributions
Code: Federal Provision
Legislation: NA

Federal and Montana law allow an itemized deduction for charitable contributions. In any year, this deduction is limited to 50 percent 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 by making the taxpayer's cost of the donation less than the amount the charity receives.

The following tables show itemized deductions for contributions for tax years 2005 through 2011. Itemized deductions for charitable contributions reduced 2011 income tax revenue to the state general fund by $35,187,906, or $56.52 per full-year resident taxpayer.

Contributions

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	149,905	$443,302,712	15,018	$777,622,164	3,524	$9,514,707	168,447	$1,230,439,583
2011	149,573	$454,876,219	15,723	$1,483,130,383	3,722	$10,006,032	169,018	$1,948,012,634

Non-Cash Contributions

	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
2010	63,149	$59,815,976	7,508	$418,247,266	2,375	$2,793,160	73,032	$480,856,402
2011	64,355	$64,804,361	7,972	$750,863,209	2,510	$3,257,614	74,837	$818,925,184

Carryover of Contributions from Previous Years

	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
2010	3,628	$34,781,509	561	$703,268,770	60	$924,995	4,249	$738,975,274
2011	3,465	$36,451,707	554	$101,251,825	82	$799,702	4,101	$138,503,234

Child and Dependent Care Expenses
Code: 15-30-2131(1)(c)
Legislation: HB 47 1977 session

Montana allows an itemized deduction for up to $4,800 of the expenses of maintaining a household for or providing care for certain dependents while the taxpayer is at work or looking for a job. The dependent may be a child under 15 or any person who is unable to care for him 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.

Federal law allows taxpayers to claim a credit rather than an itemized deduction for dependent care expenses. The conditions for claiming the federal credit are similar to the conditions for claiming the state 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.

The following table shows itemized deductions for child and dependent care expenses for tax years 2005 through 2011. The itemized deduction for child and dependent care expenses reduced income tax revenue to the state general fund for 2011 by $9,270, or $0.01 per full year resident taxpayer.

Child and Dependent Care Expenses								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	784	$1,468,425	73	$157,712	32	$58,378	889	$1,684,515
2011	805	$1,607,286	64	$132,737	39	$72,575	908	$1,812,598

Casualty and Theft Losses
Code: Federal Provision
Legislation: N/A

Federal and Montana law allow taxpayers an itemized deduction for uncompensated theft, damage, or destruction of non-business property that exceeds 10 percent of the taxpayer's adjusted gross income. Casualty and theft losses of business property are deducted as a business expenses in calculating adjusted gross income.

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.

The following table shows itemized deductions for casualty and theft losses for tax years 2005 through 2011. The itemized deduction for casualty and theft losses reduced income tax revenue to the state general fund for 2011 by $359,066, or $0.58 per full-year resident taxpayer.

Casualty and Theft Losses								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	470	$4,921,842	29	$1,435,060	18	$236,837	517	$6,593,739
2011	603	$9,738,044	47	$1,819,443	31	$251,412	681	$11,808,899

Capital Gains Credit
Code: 15-30-2301, MCA
Legislation: HB 407, 2003 Session

A taxpayer has a gain or loss when the price of an asset the taxpayer owns changes and the change is not equal to depreciation on the asset. Gains and losses are realized when the taxpayer sells the asset. A taxpayer has unrealized gains or losses when the market value of an asset is more or less than the taxpayer's basis, which usually is the purchase price less depreciation.

In most cases, gains or losses on asset sales are considered capital gains or losses and are given special tax treatment by both federal and Montana law. In some cases where an asset's book value is less than its market value because of excess depreciation, part or all of the gain from its sale is taxed as ordinary income.

Both federal law and Montana law require taxpayers to recognize gains and losses when assets are sold, rather than when the price change occurs. Gains and losses in the same year are netted against each other. If the result is a net gain, it is taxed that year. A net loss of up to $3,000 ($1,500 for a married taxpayer filing a separate return) may be used to offset other income in the same year, and any loss over this limit must be carried forward to the next year.

Federal law taxes income from capital gains at lower rates than ordinary income. From 2003 through 2012, federal law taxed dividends at the same rates as capital gains. Montana does not have separate rates for different types of income, but does allow a credit equal to 2 percent of capital gains income. 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 percent on an additional dollar of ordinary income but at 4.9 percent on an additional dollar of capital gains income.

The income tax would not affect taxpayers' choices between assets that yield a stream of income and assets that provide a return through appreciation if capital gains were taxed (and capital losses were deducted) when they accrue rather than when they are realized, if capital gains were taxed at the same rate as ordinary income, and if gains and losses were calculated after adjusting the taxpayer's basis for inflation. In most cases, the preferential treatment given capital gains through taxation on realization and lower rates creates incentives for taxpayers to invest in assets that produce capital gains rather than producing a stream of income, for taxpayers to make riskier investments, and for taxpayers to hold assets that have appreciated and sell assets that have lost value. However, these incentives may be reversed if taxpayers expect asset price increases to be offset by inflation.

The following table shows capital gains credits for tax years 2005 through 2011. For 2011, the capital gains credit reduced income tax revenue to the general fund by $22,983,254, or $36.92 per full-year resident taxpayer.

Capital Gains Credit

	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
2010	31,812	$19,642,186	7,340	$3,794,662	1,043	$318,107	40,195	$23,754,954
2011	37,812	$19,621,982	8,790	$2,539,063	1,266	$822,209	47,868	$22,983,254

[3] Taxing capital gains when they are realized would not affect taxpayers' asset choices if gains were taxed at the same rate as ordinary income, basis was adjusted for inflation, and taxpayers were charged interest for the time between the price change that created the gain and the time the gain was realized (and correspondingly were paid interest on losses.)

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.

Credits generally give taxpayers an incentive to make certain expenditures by providing a partial subsidy for those expenditures, which lowers the taxpayer's cost. The amount of subsidy a taxpayer receives depends on whether the taxpayer can also claim a federal deduction or credit, whether the taxpayer could claim a state deduction for the same expenditure, and whether the taxpayer must choose between a state deduction and the state credit or can claim both. For each credit, this section shows taxpayer subsidies, taking the interactions of state and federal taxes into account, for taxpayers whose federal taxes are above and below the cap on the state deduction for federal taxes.

College Contribution Credit
Code:15-30-2326, MCA
Legislation: HB 894, 1991 Session

Individual and corporate taxpayers are allowed a credit of 10 percent of the amount of charitable contributions to the general endowment funds of Montana public or private higher education institutions.

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 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.

This credit is essentially a transfer from the state general fund to Montana college endowment funds. The following table shows the portions of a $100 contribution to an eligible college endowment fund that are ultimately paid by federal and state taxpayers when the donor claims the credit in addition to the federal deductions and when the donor only claims state and federal itemized deductions rather than the credit. The bottom part of the table shows the difference in subsidies due to the credit. The table assumes that the donor is in the top federal and state rate brackets.

$100 Contribution to College Endowment Fund

Taxpayer Claims Credit and Federal and State Deductions		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	$29.09	$29.80
State Tax Subsidy	$16.90	$14.84
Net Taxpayer Subsidy	$45.99	$44.65

Taxpayer Claims Federal and State Itemized Deductions		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	$32.59	$33.39
State Tax Subsidy	$6.90	$4.60
Net Taxpayer Subsidy	$39.49	$37.99

Difference Due to Credit		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($3.50)	($3.59)
State Tax Subsidy	$10.00	$10.25
Net Taxpayer Subsidy	$6.50	$6.66

The itemized deductions reduce the donor's cost to about 60 percent of the donation, and the credit further reduces it to about 55 percent of the donation.

The following table shows college contribution credits claimed by individual taxpayers for tax years 2005 through 2011. In 2011, this credit cost the state general fund $246,667. Without this credit, this amount 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.

College Contribution Credit								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	2,549	$253,119	54	$5,634	27	$3,940	2,630	$262,693
2011	2,506	$238,141	54	$5,232	20	$3,294	2,580	$246,667

Qualified Endowment Credit
Code: 15-30-2327, MCA through 15-30-2329, MCA
Legislation HB 434, 1997 Session

Individual taxpayers are allowed a credit of 40 percent 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. Planned gifts basically fall into three categories. In the first, the donor continues to receive income or benefits from the donated assets, either for a fixed term or for life, and the endowment receives the assets at the end of the term or when the donor dies. Examples include charitable remainder trusts and life estate arrangements. In the second category, the endowment receives income from the assets, generally for a fixed term, and then the assets revert to the donor or the donor's heirs. Charitable lead trusts fall into this category. A third category of planned gifts is paid-up life insurance.

Corporations are allowed a credit of 20 percent 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. A taxpayer may claim the credit for multiple gifts in one year as long as total credits do not exceed $10,000. A taxpayer who makes eligible contributions in multiple years may take the credit each year. An individual will receive the maximum credit for a gift with a present value of $25,000. A corporation will receive the maximum credit for a gift of $50,000.

The credit originally was 50 percent 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) reduced the credit to 40 percent of the present value of the planned gift for individuals and 20 percent 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. The 2001 Legislature (SB 350) also created an affordable housing revolving loan program and made contributions to the account for this program eligible for the credit. This provision sunset at the end of 2004, and the legislature did not extend it. 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 percent for individuals and 13.3 percent for corporations, with a cap of $6,600. The same bill increased the credit for the period from July 1, 2003 to April 30, 2004 to 50 percent for individuals and 26.7 percent for corporations, with a cap of $13,400. The credit returned to its previous levels May 1, 2004. The 2003 Legislature (SB 143) defined the term "charitable gift annuity" in Title 33, which deals with insurance, and made the credit language refer to that definition. The 2005 Legislature (HB 193) provided for recapture of the tax credit when a gift is returned to the taxpayer. The 2007 Legislature (SB 150) clarified that a building fund or other fund that spends from contributions rather than just from its earnings is not a charitable endowment. SB 150 also extended the sunset date to the end of 2013.

The arrangements that can be used for planned gifts are defined in the IRS code, but there is no specific federal tax treatment of contributions made by planned gift other than the general deduction for contributions. 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.

This credit is essentially a transfer from the state general fund to Montana charitable endowment funds. The following table shows the portions of a $100 contribution to an eligible endowment fund that are ultimately paid by federal and state taxpayers when the donor claims the credit in addition to the federal deduction, when the donor claims state and federal itemized deductions rather than the credit, and the difference due to the credit. The table assumes that the donor is in the top federal and state rate brackets.

$100 Contribution to Charitable Endowment Fund

Taxpayer Claims Credit and Federal Itemized Deduction

	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	$21.00	$21.52
State Tax Subsidy	$40.00	$38.52
Net Taxpayer Subsidy	$61.00	$60.03

Taxpayer Claims Federal and State Itemized Deductions

	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	$32.59	$33.39
State Tax Subsidy	$6.90	$4.60
Net Taxpayer Subsidy	$39.49	$37.99

Difference Due to Credit

	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($11.59)	($11.87)
State Tax Subsidy	$33.10	$33.92
Net Taxpayer Subsidy	$21.52	$22.05

A taxpayer who takes state and federal itemized deductions for a charitable contribution receives a subsidy from other taxpayers of a little more than 40 percent of the donation, with most of that subsidy coming from federal taxes. A taxpayer who claims the credit and a federal itemized deduction receives a subsidy of a little more than 60 percent, with about three-fourths of the subsidy coming from state taxes.

The following table shows qualified endowment credits claimed by individuals for tax years 2005 through 2011.

Qualified Endowment Contribution Credit

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	536	$1,737,766	14	$59,121	*	$30,294	*	$1,827,181
2011	501	$1,755,033	10	$24,621	*	$5,063	*	$1,784,717

In 2011, credits claimed by individual taxpayers cost the state general fund $1,784,717. Without the credit, this amount would have been available to spend on other programs or taxes could have been reduced by this amount. Qualified endowment credits claimed against individual income tax cost other taxpayers an average of $2.87 per full-year resident taxpayer.

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Energy Conservation Credit
Code: 15-32-109, MCA and 15-30-2319, MCA
Legislation: HB 237, 1981 Session

A resident individual taxpayer may take a credit for 25 percent 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 originally was 5 percent 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 percent of costs with a limit of $500. The 2003 Legislature eliminated the carry-forward (SB 138). In 2005, the Department or 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 percent of the share of the cost with a limit of $500 each.

Taxpayers may not take either an itemized deduction or a business expense deduction for investments in their own residence. However, an investment an individual makes in a commercial building he or she owns would result in a depreciable asset, so that the cost could be deducted over time. A federal credit for 10 percent of the cost of a residential energy efficiency investment is available through 2012. As of late 2012, Congress is considering, but has not passed, legislation to extend the federal credit through 2013.

For a taxpayer who does not itemize deductions on their federal return, the credit provides a 25 percent subsidy for expenditures up to $2,000. For a taxpayer who itemizes, the subsidy is smaller, because the credit reduces the federal itemized deduction for state taxes. The following table shows state and federal subsidies to a taxpayer who itemizes on both the state and federal returns for a $100 home energy conservation expenditure. Note that federal taxes are higher because of the smaller itemized deduction for state taxes.

$100 Home Energy Conservation Expenditure

Taxpayer Claims Credit, Expenses Not Deductable		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($8.75)	($8.97)
State Tax Subsidy	$25.00	$25.62
Net Taxpayer Subsidy	$16.25	$16.65

The table below shows energy conservation credits from 2005 through 2011. The energy conservation credit is essentially a transfer from the state general fund to help a taxpayer purchase private property. In 2011, this credit cost the state general fund $5,652,500. 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 $9.08 per full-year resident taxpayer.

Energy Conservation Credit

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	21,156	$10,233,928	0	$0	233	$123,863	21,389	$10,357,791
2011	12,481	$5,588,577	0	$0	123	$63,923	12,604	$5,652,500

Alternative Fuel Credit
Code: 15-30-2320, MCA
Legislation: HB 219, 1993 Session

Taxpayers are allowed a credit against individual income tax or corporate license tax of 50 percent of the cost of converting a motor vehicle to operate on natural gas, LPG, LNG, hydrogen, electricity, or a fuel at least 85 percent 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 cannot be carried forward or backward to another tax year.

This credit has not been amended since it was first enacted. 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. For a taxpayer who takes the standard deduction on their federal taxes, the credit pays the full cost up to the limit. However, if the taxpayer takes itemized deductions, the credit will increase their federal taxes. This is because claiming the state credit will reduce the federal itemized deduction for state taxes. The following table shows the change in federal and state taxes and the taxpayer's subsidy for a $100 expenditure by a taxpayer in the top federal and state rate brackets who itemizes on both federal and state returns.

$100 Alternative Fuel Vehicle Conversion Expenditure

Taxpayer Claims Credit, Expenses Not Deductable	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($17.50)	($17.93)
State Tax Subsidy	$50.00	$51.24
Net Taxpayer Subsidy	$67.50	$66.70

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. For a personal vehicle, these costs are not deductible. The following table shows credits for tax years 2005 through 2011.

Alternative Fuel Credit

	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
2010	36	$25,281	0	$0	0	$0	36	$25,281
2011	15	$26,822	0	$0	*	$500	*	$27,322

This credit is essentially a transfer from the state general fund to help a taxpayer purchase private property. In 2011, the individual income tax credit for alternative fuel vehicle conversion cost the state general fund $27,322. 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 $0.04 per full-year resident taxpayer.

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Rural Physician's Credit
Code: 15-30-2369, MCA through 15-30-2372, MCA
Legislation: SB 359, 1991 Session.

Through 2007, a physician who began practicing in a rural or underserved area in Montana 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 were able to claim it through 2010.

The 2007 Legislature repealed the credit and replaced it with a student loan repayment program. This program is funded by a fee on medical students in the WAMI program and a transfer from the general fund based on credits claimed for 2006 and 2007.

Rural Physician's Credit								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	14	$51,712	0	$0	*	$5,000	*	$56,712
2011	0	$0	0	$0	0	$0	0	$0

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Health Insurance for Uninsured Montanans Credit
Code: 15-30-2367, MCA
Legislation: HB 693, 1991 Session

An employer with 20 or fewer employees may claim a credit against either income or corporation tax for paying at least 50 percent 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 percent 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 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 for both state and federal taxes. However, a taxpayer who itemizes deductions will have a smaller federal deduction for state taxes, partially offsetting the expense deduction.

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 percent of premiums would receive a subsidy of $12.50 per employee per month. An employer paying 75 percent of premiums would receive a subsidy of $18.75, and an employer paying 100 percent would receive $25.

For insurance with monthly premiums of less than $50, the limit of 50 percent of premium costs may come into play. For example, an employer paying 50 percent of monthly premiums of $40 would receive a subsidy of $12.50, and an employer paying 75 percent of premiums would receive $18.75, the same as with a $50 premium. However, an employer paying 100 percent of $40 monthly premiums would receive a subsidy of $20.

This credit generally is not a percentage of the taxpayer's expenditure. This makes it impossible to show the taxpayer subsidy per $100 of expenditure as is done for most other credits.

The following table shows credits for tax years 2005 through 2011.

Health Insurance for Uninsured Montanans								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	293	$276,066	*	$5,345	*	$2,921	*	$284,332
2011	223	$192,670	*	$2,987	*	$1,133	*	$196,790

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 2011, the credit cost the state general fund $196,790 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 $0.32 per full-year resident taxpayer.

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Elderly Care Credit
Code: 15-30-2336, MCA
Legislation: HB 166, 1989 Session

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.

Adjusted Gross Income	Credit	Adjusted Gross Income	Credit
$25,000 or less	30% of qualifying expenses	$35,001 to $37,000	24% of qualifying expenses
$25,001 to $27,000	29% of qualifying expenses	$37,001 to $39,000	23% of qualifying expenses
$27,001 to $29,000	28% of qualifying expenses	$39,001 to $41,000	22% of qualifying expenses
$29,001 to $31,000	27% of qualifying expenses	$41,001 to $43,000	21% of qualifying expenses
$31,001 to $33,000	26% of qualifying expenses	$43,001 to $50,000	20% of qualifying expenses
$33,001 to $35,000	25% 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 was enacted by the 1989 Legislature (HB 166). The 1991 Legislature reduced the age requirement 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. The credit has not been amended since 1995.

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 percent rate bracket and would have a 30 percent 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).

For a taxpayer who itemized deductions, the credit would reduce the federal deduction for state taxes and possibly increase the state deduction for federal taxes. This would increase federal taxes and give a much smaller further reduction in state taxes. For an itemizer in the 10 percent federal rate bracket and the 6.9 percent state rate bracket, claiming a $300 credit would increase federal income taxes by $30.21 and reduce state taxes by a total of $302.08.

The following table shows use of the elderly care credit for tax years 2005 through 2011.

Elderly Care Credit

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	51	$75,912	0	$0	0	$0	51	$75,912
2011	49	$77,468	0	$0	0	$0	49	$77,468

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 2011, this credit cost the state general fund $77,468. Without the credit, this amount would have been available to spend on other programs or to reduce taxes. The cost of this credit was $0.12 per full-year resident taxpayer.

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Recycling Credit
Code: 15-32-601, MCA through 15-32-614, MCA
Legislation: SB 111, 1991 Session.

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 percent of the first $250,000 invested, 15 percent of the next $250,000 invested, and 5 percent 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. An individual may claim the credit directly for an investment made by a sole-proprietor business or may claim a share of the credit for an investment made by a pass-through entity.

The credit was enacted as a credit equal to 25 percent 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 percent. For investments over $250,000, the credit is a smaller percentage of the cost the larger the investment.

If a taxpayer who claims this credit itemizes deductions on their federal and state tax returns, the credit will reduce the federal deduction for state taxes, increasing the taxpayer's federal income tax. If the taxpayer's federal taxes are less than the cap on the state deduction for federal taxes, this will increase that deduction, reducing state taxes. The following table shows the net state tax subsidy and federal tax cost for the first $100 of expenditure on recycling equipment by a taxpayer in the top federal and state rate brackets.

$100 Recycling Equipment Expenditure

Taxpayer Claims Credit, No Change to Depreciation Deduction

	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($8.75)	($8.97)
State Tax Subsidy	$25.00	$25.62
Net Taxpayer Subsidy	$16.25	$16.65

The following table shows use of the recycling credit by individuals from 2005 through 2011. This credit is equivalent to a subsidy from the state general fund for the purchase of private property to be used in recycling. This gives taxpayers an incentive to use recycled materials and to own, rather than rent or lease, recycling equipment. In 2011, the credit against individual income tax cost the state general fund $583,873. Without the credit, this amount would have been available to spend on other state programs or reduce taxes. The cost to other taxpayers was $0.94 per full-year resident taxpayer.

Recycling Credit

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	103	$492,609	*	$20,425	*	$1,594	*	$514,628
2011	87	$538,163	*	$45,110	*	$600	*	$583,873

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Oilseed Crushing and Biodiesel Production Facility Credit
Code:15-32-701, MCA
Legislation: HB 756, 2005 Session

Taxpayers are allowed a credit against individual income tax or corporation tax for 15 percent of the cost of investment in depreciable property placed in service in Montana by the end of 2014 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.

An individual may claim the credit directly as the owner of a sole-proprietor business or may claim a share of the credit claimed by a pass-through entity. The credit does not reduce depreciation that the taxpayer can claim over the life of the property.

The credit was enacted as a non-refundable credit with no carry forward and available for investments through 2010. The 2007 Legislature (HB 166) extended the credit through tax year 2014, expanded the credit to include biolubricant facilities, allowed the credit to be carried forward, specified that 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 percent. The taxpayer may deduct depreciation on property for which the credit is claimed with no reduction in basis. An individual taxpayer who claims the credit and itemizes deductions will have a smaller federal deduction for state taxes, which will increase their federal income tax, and may have a larger state deduction for federal income taxes. The following table shows the total state tax subsidy, the federal tax cost, and the taxpayer's net subsidy for the first $100 invested in a biodiesel facility by a taxpayer in the top federal and state tax brackets.

$100 Biodiesel Production Equipment Expenditure

Taxpayer Claims Credit, No Change to Depreciation Deduction	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($5.25)	($5.38)
State Tax Subsidy	$15.00	$15.37
Net Taxpayer Subsidy	$9.75	$9.99

Ten or fewer individuals have claimed the credit each year. The following table shows the total value of credits claimed by individuals for 2005 through 2011. No credits were claimed for 2009 through 2010

Oilseed Crushing/Biodiesel Facility Credit

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
2005	0	$0	0	$0	0	$0	0	$0
2006	*	$133,415	0	$0	*	$2,455	10	$135,870
2007	*	$8,688	*	$1,459	0	$0	*	$10,147
2008	*	$4,047	0	$0	0	$0	*	$4,047
2009	0	$0	0	$0	0	$0	0	$0
2010	0	$0	0	$0	0	$0	0	$0
2011	*	$8,536	*	$1	0	$0	*	$8,537

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Biodiesel Blending and Storage Tank Credit
Code: 15-32-703, MCA
Legislation: HB 756, 2005 Session

Taxpayers who are biodiesel blenders are allowed a credit against individual income tax or corporation tax for 15 percent 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 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 was enacted 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.

An individual may claim the credit for investments made by a sole-proprietor business or may claim a share of the credit for investments made by a pass-through entity.

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 percent 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. A taxpayer who claims the credit and itemizes deductions will have a smaller federal deduction for state taxes, which will increase their federal tax liability, and may have a larger state deduction for federal taxes. The following table shows the total state tax subsidy, the federal tax cost, and the net subsidy to a taxpayer in the top federal and state rate brackets for $100 invested in biodiesel blending or storage facilities.

$100 Biodiesel Blending or Storage Equipment Expenditure		
Taxpayer Claims Credit, No Change to Depreciation Deduction		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($5.25)	($5.38)
State Tax Subsidy	$15.00	$15.37
Net Taxpayer Subsidy	$9.75	$9.99

The following table shows the total value of credits taken by individuals in 2005 through 2011.

Biodiesel Blending/Storage Tank Credit	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
2005	*	$3,880	0	$0	0	$0	*	$3,880
2006	*	$1,651	0	$0	0	$0	*	$1,651
2007	*	$3,063	0	$0	0	$0	*	$3,063
2008	*	$1,090	0	$0	0	$0	*	$1,090
2009	*	$2,630	0	$0	0	$0	*	$2,630
2010	*	$907	0	$0	0	$0	*	$907
2011	*	$46,755	0	$0	0	$0	*	$46,755

This credit is essentially the same as a grant from the state general fund to pay 15 percent of the cost of private property used to blend biodiesel. In 2011, credits claimed by individuals cost the state general fund $46,755. Without the credit, this amount would have been available to spend on other state programs or reduce taxes. The cost to other taxpayers was $0.08 per full-year resident taxpayer.

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Geothermal Heating System Credit
Code: 15-32-3115, MCA
Legislation: SB 416, 1991 Session

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. 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.

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.

Through 2015, geothermal heating systems also are eligible for a federal tax credit of 10 percent of the cost. A taxpayer who installs a geothermal heating system and claims both credits would have the first $1,500 paid by the state and 10 percent of the total 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.

A taxpayer who claims the credit and itemizes deductions will have a smaller federal deduction for state taxes, and therefore have larger federal tax liability. For a taxpayer who claims both the state and federal credits, the additional federal tax due to the smaller deduction for state taxes is slightly more than the federal credit, so there is a small net increase in federal taxes. This may result in a larger state deduction for federal taxes and a further reduction in state tax liability. The following table shows the state tax subsidy, the net federal tax cost, and the net subsidy to a taxpayer in the top federal and state tax brackets of a $5,000 investment in a geothermal heating system.

$5000 Expenditure for Geothermal Heating System

Taxpayer Claims $1,500 State Credit and 10% Federal Credit		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($25.00)	($25.62)
State Tax Subsidy	$1,500.00	$1,501.77
Net Taxpayer Subsidy	$1,475.00	$1,476.15

The following table shows credit use in 2005 through 2011.

Geothermal Energy System Credit								
	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
2010	231	$453,992	0	$0	*	$78,094	*	$532,086
2011	187	$318,928	0	$0	*	$8,347	*	$327,275

This credit is equivalent to a transfer from the state general fund to taxpayers to pay part of the cost of residential heating systems. This gives taxpayers an incentive to install geothermal heating systems rather than another type of system. In 2011, this credit cost the state general fund $327,275. Without the credit, this amount would have been available to spend on other state programs or to reduce taxes. The credit cost $0.53 per full year resident taxpayer.

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Alternative Energy Systems Credit
Code: 15-32-201, MCA through 15-32-203, MCA
Legislation: SB 167, 1977 Session

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 four years.

The credit was enacted as a credit of 10 percent of the first $1,000 and 5 percent 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 percent of the first $1,000 and 10 percent 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 (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, through 2016, a taxpayer may also claim a federal credit for 30 percent of the cost of residential solar electric and water heating equipment, fuel cells, and small wind systems.

For a taxpayer who itemizes deductions, claiming the state credit will reduce the federal deduction for state taxes, and claiming the federal credit may reduce the state deduction for federal taxes. The table to the right shows state and federal tax subsidies for $1,000 spent on a qualifying alternative energy system, assuming that the taxpayer is in the top state and federal rate brackets and itemizes deductions.

$1000 Alternative Energy System Expenditure

Taxpayer Claims Credit, Expenses Not Deductable

	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	$125.00	$128.09
State Tax Subsidy	$500.00	$491.16
Net Taxpayer Subsidy	$625.00	$619.26

This credit is equivalent to a grant from the state general fund to pay part of the cost of private alternative energy systems. This gives taxpayers an incentive to install a qualifying system. In 2011, the credit cost the state general fund $833,803. Without the credit, this amount would have been available to spend on other state programs or to reduce taxes. The cost was $1.34 per full-year resident taxpayer. The following table shows credit use for 2005 through 2011.

Alternative Energy System Credit

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	1,810	$1,377,478	0	$0	36	$27,256	1,846	$1,404,734
2011	1,135	$823,533	0	$0	15	$10,270	1,150	$833,803

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Alternative Energy Production Credit
Code: 15-32-401, MCA through 15-32-407, MCA
Legislation: HB 780, 1983 Session

A taxpayer is allowed a credit against individual income tax or corporation license tax for 35 percent 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 was enacted as a credit for commercial wind energy systems. 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 percent. 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 percent 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, the taxpayer may not claim any other state energy or investment income tax credit or the property tax exemption for alternative energy systems.

An individual taxpayer may claim the credit for investments made by a sole-proprietor business or may claim a share of the credit claimed by a pass-through entity. If the taxpayer itemizes deductions, claiming the state credit will reduce the federal deduction for state taxes, and claiming the federal credit may reduce the state deduction for federal taxes. The table to the right shows the state and federal tax subsidies for a $1,000 investment, assuming that the taxpayer is in the top state and federal rate brackets and itemizes deductions.

$1000 Expenditure for Commercial Alternative Energy System

Taxpayer Claims State and Federal Credits		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	$177.50	$181.89
State Tax Subsidy	$350.00	$337.45
Net Taxpayer Subsidy	$527.50	$519.34

The following table shows credit use for 2005 through 2011.

Alternative Energy Production Credit

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	*	$11,360	0	$0	0	$0	*	$11,360
2011	*	$7,290	0	$0	0	$0	*	$7,290

This credit is equivalent to a transfer from the state general fund to pay part of the cost of qualifying private property. This gives taxpayers an incentive to make eligible investments rather than other investments. In 2011, the credit against individual income tax cost the state general fund $7,290. This is $0.01 per full-year resident taxpayer.

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Dependent Care Assistance Credit
Code: 15-31-131,MCA; 15-31-133, MCA; and 15-30-2373, MCA
Legislation: SB 282, 1989 Session

Taxpayers may claim three related credits against individual income tax or corporation tax for providing day-care benefits to employees:

a) There is a credit for a portion of the cost of providing day care services to employees' dependents. This credit is 25 percent 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 requirements in federal law for being considered a non-taxable fringe benefit rather than part of the employees' compensation.

b) There is a credit for 25 percent of the cost of providing day care information and referral services to employees.

c) There is a credit for a portion of the cost of setting up a day care facility to be used by the taxpayer's employees' dependents. This credit was only for facilities placed in service by the end of 2005, with the credit being claimed over the next ten years.

Individuals may claim the credits directly as the owner of a sole-proprietor business or may claim their share of credits claimed by a pass-through entity. 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 1989 legislature created the credit for 15 percent of expenditures for providing day care services with a limit of $1,250 per employee receiving benefits. The 1991 Legislature (HB 543) increased the credit to 20 percent of costs and allowed a partial credit when part of the cost counts as compensation. 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 25 percent of costs with a limit of $1,575 per employee and added the credits for day care referral and for day care facilities.

In general, employers can deduct the cost of employee fringe benefits as a business expense. Because of this, a taxpayer who does not claim the credit can deduct the costs as a business expense for both federal and state taxes. However, a taxpayer who claims the credit cannot deduct the cost for state taxes. Thus, the reduction in state taxes is less than the credit.

If the taxpayer itemizes deductions, the reduction in state taxes will result in a smaller federal deduction for state taxes. The resulting increase in federal taxes may result in a larger state deduction. The following table shows the net effects of claiming the credit and forgoing the state deduction on a taxpayer in the top federal and state rate brackets.

$100 Expenditure on Day Care for Employees' Dependents

Difference When Taxpayer Claims Federal Expense Deduction and State Credit Instead of Deduction

	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($6.34)	($6.49)
State Tax Subsidy	$18.10	$18.55
Net Taxpayer Subsidy	$11.77	$12.06

Fewer than ten individuals have claimed the credit each year. The following table shows the total value of credits claimed against individual income tax from 2005 through 2011.

Dependent Care Assistance Credit

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
2005	*	$8,818	0	$0	0	$0	*	$8,818
2006	*	$9,755	0	$0	0	$0	*	$9,755
2007	*	$13,430	*	$1,700	0	$0	*	$15,130
2008	*	$24,116	0	$0	0	$0	*	$24,116
2009	*	$7,769	0	$0	0	$0	*	$7,769
2010	*	$14,595	0	$0	*	$108	*	$14,703
2011	*	$26,039	0	$0	*	$239	*	$26,278

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. This gives employers an incentive to offer day-care benefits as part of employee's fringe benefits package. In 2011, credits against individual income tax cost the state general fund $26,278. Without the credit, this amount would have been available to spend on other state programs or to reduce taxes. The cost was $0.04 per full-year resident taxpayer.

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Historic Property Preservation Credit
Code: 15-30-2342, MCA and 15-31-151, MCA
Legislation: HB 601, 1997 Session

Taxpayers may take a credit against either individual income tax or corporation license tax for costs of rehabilitating a certified historic building. The credit is 25 percent of the federal credit allowed by 26 USC 47(a)(2). The federal credit is 20 percent of the cost of rehabilitation. A certified historic building must be in the National Register of Historic Buildings or it must be in a designated historic district and have been certified by the Department of Interior as having historic significance to the district. Only commercial buildings that can be depreciated are eligible for the credit. No credits may be claimed for rehabilitating a private residence.

Through 2011, individuals were allowed a credit against income tax for 20 percent of the costs and loss of value from creating a conservation easement and protecting and preserving the property as required by the conservation easement.

There is no maximum for the rehabilitation credit. If the credit is more than the taxpayer's liability, the excess is not refunded but may be carried forward for seven years.

The rehabilitation credit was enacted by the 1997 Legislature (HB 601). The conservation easement credit was enacted by the 2001 Legislature (HB 619) and sunset at the end of 2011.

With the combination of state and federal credits, a taxpayer who rehabilitates a historic property can have 25 percent of the costs paid by the federal and state governments. Claiming the credits does not reduce depreciation the taxpayer may take over the life of the building. If the taxpayer itemizes, the state credit will reduce the taxpayer's federal deduction for state taxes and the federal credit may reduce the taxpayer's state deduction for federal taxes. The following table shows the net federal and state tax subsidies for a taxpayer in the top state and federal rate brackets.

$1000 Expenditure for Historic Building Rehabilitation

Taxpayer Claims State and Federal Credits

	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	$182.50	$187.02
State Tax Subsidy	$50.00	$37.10
Net Taxpayer Subsidy	$232.50	$224.11

The following table shows credits taken against individual income tax for 2005 through 2011.

Historic Property Preservation Credit

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	20	$495,691	*	$44,158	0	$0	*	$539,849
2011	21	$105,214	*	$29,549	0	$0	*	$134,763

This credit effectively is a subsidy from the state general fund for rehabilitation of privately owned real estate. In 2011, credits against the individual income tax cost the state general fund $134,763. Without the credit, this amount would have been available to spend on other programs or to reduce taxes. The cost was $0.22 per full-year resident taxpayer.

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Infrastructure Users Fee Credit
Code: 17-6-316, MCA
Legislation: SB 100 and HB 602, 1995 Session

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 seven years or carried back to the three previous tax years.

The credit has not been amended since it was enacted.

This credit in effect pays the taxpayer for having local infrastructure extended to serve its business. For example, if a business pays $100 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 $100 and deduct $100 as a business expense. For a taxpayer in the 6.9 percent tax bracket, the net effect would be the same as being paid $6.90 per year to have a new sewer hookup. However, if the taxpayer is an individual who itemizes deductions, the taxpayer's federal deduction for state taxes will be smaller, resulting in higher federal taxes. This may result in a smaller state deduction for federal taxes. The following table shows the net change in federal and state taxes and the net change in the taxpayer's cost from claiming a $100 credit for a taxpayer in the top federal and state tax rate brackets.

$100 Expenditure on Infrastructure Fees

Difference in Taxes and Taxpayer Cost When Taxpayer Claims Credit and Federal and State Expense Deductions

	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($35.00)	($35.87)
State Tax Subsidy	$100.00	$102.47
Net Taxpayer Subsidy	$65.00	$66.61

The following table shows credits against individual income tax for 2005 through 2011.

Infrastructure User Fee Credit

	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
2010	13	$45,258	*	$3,820	0	$0	*	$49,078
2011	12	$24,414	*	$2,487	*	$4,711	*	$31,612

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. In 2011, infrastructure user fee credits against individual income tax cost the state general fund $31,612. 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.

Above 35 percent of the state tax expenditure is captured by the federal government through increased federal taxes. The state could provide the same subsidy for extending local infrastructure at lower net cost to the state budget by making direct grants to local governments.

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Empowerment Zone Credit
Code: 15-30-2356, MCA and 15-31-134, MCA
Legislation: SB 484, 2003 Session

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.

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.

There are several federal credits for employment in specified zones or under specified conditions.

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. Since the credit is a fixed amount per employee, it is not possible to calculate general state and federal tax changes per dollar of expenditure as is done for most credits.

Fewer than ten individuals have claimed the credit each year. The following table shows the total value of empowerment zone credits against individual income tax for 2005 through 2011.

Empowerment Zone Credit								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
2005	*	$969	0	$0	0	$0	*	$969
2006	*	$17,201	0	$0	0	$0	*	$17,201
2007	*	$500	0	$0	0	$0	*	$500
2008	0	$0	0	$0	0	$0	0	$0
2009	0	$0	0	$0	0	$0	0	$0
2010	*	$600	0	$0	0	$0	*	$600
2011	*	$475	0	$0	0	$0	*	$475

With this credit, the state general fund, in effect, pays employers to create new positions in an empowerment zone. In 2011, empowerment zone credits against individual income tax cost the state general fund $475. without the credit, this amount would have been available to spend on other state programs or to reduce taxes. The cost was $0.0008 per full year resident taxpayer.

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Research Credit
Code: 15-31-150, MCA
Legislation: HB 638, 1999 Session

Through 2010, Montana provided a 5 percent credit against individual income tax or corporation license tax for any increase in Montana research expenditures over the taxpayer's baseline. The credit is tied to provisions of the federal research credit in Section 41 of the IRS code.

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.

The credit has not been amended except to update references to federal law.

The credit reduces the taxpayer's cost of eligible research expenditures by 5 percent. In addition, a taxpayer generally may deduct research costs as a business expense, either in the year they occur or over a period of years. Taxpayers are allowed the same business expense deductions whether or not they claim the credit. However, a taxpayer who itemizes deductions and claims the credit will have a smaller federal deduction for state taxes. This will result in higher federal taxes, which may increase the taxpayer's state deduction for federal taxes. The following table shows the change in federal and state taxes from claiming the credit for a $100 increase in research expenditures for a taxpayer in the top federal and state tax rate brackets.

$100 Increase in Research Expenditures

Difference in Taxes and Taxpayer Cost When Taxpayer Claims Credit and Federal and State Expense Deductions

	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($1.75)	($1.79)
State Tax Subsidy	$5.00	$5.12
Net Taxpayer Subsidy	$3.25	$3.33

The following table shows credits against individual income tax for 2005 through 2011.

Research Activities Credit

	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
2010	16	$149,977	*	$7,913	0	$0	*	$157,890
2011	*	$149,633	*	$6,210	0	$0	*	$155,843

The credit is essentially a transfer from the state general fund to pay 5 percent of a taxpayer's eligible research costs. In 2011, research activity credits against individual income tax cost the state general fund $155,843. Without the credit, this amount would have been available to spend on other state programs or reduce taxes. The cost was $0.25 per full-year resident taxpayer.

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Mineral Exploration Credit
Code: 15-32-501 to 15-32-510, MCA
Legislation: SB 265, 1999 Session

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 percent of the taxpayer's tax liability, but unused credits may be carried forward for 15 years.

An individual may claim the credit directly for exploration expenses incurred by a sole-proprietor business or may claim a share of the credit for exploration expenses incurred by a pass-through entity.

The credit was enacted by the 1999 Legislature 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 deduced in the year they occur, may be treated as capital costs and deducted over several years, or may be counted as contributing to the value of the mineral deposit, which is deducted over time through depletion. A taxpayer may deduct exploration costs in the appropriate way whether or not they claim the credit.

An individual who claims the credit and itemizes deductions will have a smaller federal deduction for state taxes and therefore pay more in federal tax. This may result in a larger state deduction for federal taxes. The following table shows the net change in state and federal taxes from claiming the credit for $100 of exploration expenses for a taxpayer in the top state and federal rate brackets.

$100 Mineral Exploration Expenditures

Difference in Taxes and Taxpayer Cost When Taxpayer Claims Credit as Well as Federal and State Expense Deductions

	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($35.00)	($35.87)
State Tax Subsidy	$100.00	$102.47
Net Taxpayer Subsidy	$65.00	$66.61

Fewer than ten individuals claimed the credit in each of tax years 2005 through 2011. The following table shows the total value of mineral exploration credits against individual income tax for 2005 through 2011. With this credit, the state general fund will pay up to $20 million of private exploration costs for a new mine. In TY 2011, no personal income tax payers claimed this credit.

Mineral Exploration Credit

	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
2005	*	$6,718	0	$0	0	$0	*	$6,718
2006	*	$8,920	0	$0	0	$0	*	$8,920
2007	*	$9,507	0	$0	0	$0	*	$9,507
2008	*	$44,530	0	$0	0	$0	*	$44,530
2009	*	$7,749	0	$0	0	$0	*	$7,749
2010	10	$26,895	*	$5,332,180	0	$0	*	$5,359,075
2011	0	$0	0	$0	0	$0	0	$0

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Film Employment Credit
Code: 15-31-901, MCA through 15-31-911, MCA
Legislation: HB 584, 2005 Session

Taxpayers are allowed a credit against income or corporation license tax for 14 percent of the first $50,000 of 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 originally had 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).

An individual may claim the credit for expenditures made directly by a sole-proprietor business or may claim a share of the credit for expenditures made by a pass-through entity.

A taxpayer who takes this credit reduces taxes by 14 percent of compensation paid to a Montana resident but gives up the deduction for the expense, which increases taxes by 6.9 percent of the compensation (assuming the taxpayer is in the top rate bracket) for a net reduction of 7.1 percent. This gives a cost advantage to hiring Montana residents rather than non-residents. For employees paid less than $50,000, the advantage is 7.1 percent of compensation. For employees who would be paid more than $50,000, the advantage is $3,550.

A taxpayer who itemizes deductions and claims the credit will have a smaller federal deduction for state taxes, which will result in higher federal taxes. This may result in a larger state deduction for federal taxes, further reducing state taxes. The following table shows the net changes in state and federal taxes and the net taxpayer subsidy from a credit based on $100 of compensation paid to a Montana resident working on a film produced by a taxpayer in the top state and federal rate brackets.

$100 Film Employment Expenditure

Difference When Taxpayer Claims Federal Expense Deduction and State Credit Instead of Deduction

	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($2.49)	($2.55)
State Tax Subsidy	$7.10	$7.28
Net Taxpayer Subsidy	$4.62	$4.73

Credits-Film Employment Credit

The following tables show credits claimed on timely-filed individual income tax returns for 2005 through 2011[4]. 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.

Film Production Employment Credit								
	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
2010	0	$0	0	$0	0	$0	0	$0
2011	0	$0	0	$0	0	$0	0	$0

Refundable Film Production Employment Credit								
	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
2010	*	$11,480	0	$0	0	$0	*	$11,480
2011	*	$5,316	0	$0	0	$0	*	$5,316

In effect, this credit has the state general fund pay 7.1 percent of the compensation of Montana residents employed in a certified film production. In 2011, film employment credits claimed against individual income tax cost the state general fund $5,316. This is $0.009 per full-year resident taxpayer.

[4] Additional credits have been claimed on late returns.

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Film Expenditure Credit
Code: 15-31-901, MCA through 15-31-911, MCA
Legislation: HB 584, 2005 Session

A taxpayer can claim a credit against individual income tax or corporation license tax for 9 percent 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 Department of Commerce determines that the production has not met the conditions of certification, the taxpayer must repay any credits already received.

An individual may claim the credit directly for expenditures by a sole-proprietor business or may claim a share of the credit for expenditures by a pass-through entity.

The credit was enacted 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 percent 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 percent 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 percent.

A taxpayer who itemizes deductions and claims the credit will have a smaller federal deduction for state taxes, which will result in higher federal taxes. This may result in a larger state deduction for federal taxes, further reducing state taxes. The following table shows the net changes in state and federal taxes and the taxpayer's cost from $100 of Montana purchases for a film produced by a taxpayer in the top state and federal rate brackets.

$100 Film Expenditure

Difference When Taxpayer Claims Federal Expense Deduction and State Credit Instead of Deduction

	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($0.73)	($0.75)
State Tax Subsidy	$2.10	$2.15
Net Taxpayer Subsidy	$1.37	$1.40

Fewer than ten individuals have claimed the credit on timely-filed returns each year[5]. The following table shows the total value of credits claimed on timely-filed individual income tax returns for 2005 through 2011.

Film Expenditures Credit

	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
2010	*	$17,217	0	$0	0	$0	*	$17,217
2011	*	$20,067	*	$2,389	0	$0	*	$22,456

In effect, this credit has the state general fund pay 2.1 percent of the cost of all Montana purchases for a certified film production. In 2011, film expenditure credits against the income tax cost the state general fund $22,456. 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.

[5] Additional credits have been claimed on late returns

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality. .

Insure Montana Small Business Health Insurance Credit
Code: 15-30-185; 15-31-130; and 33-22-2006, MCA
Legislation: HB 667, 2005 Session

A small employer that provides group health insurance for its employees through a state pool may claim a credit of a) up to 50 percent 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.

An employer who provides insurance coverage to all employees as a fringe benefit may generally take a business expense deduction for the premium cost for both federal and state taxes. A taxpayer who claims the credit may not also take the normal business expense deduction.

An individual may claim the credit for insurance purchases by a sole-proprietor business or may claim a share of the credit for insurance purchases by a pass-through entity.

The credit has not been amended since it was enacted.

The credit reduces the cost of providing group health insurance by 50 percent or $100 per month for a covered employee or spouse, and 50 percent 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% if the monthly insurance premiums are $200 or less for the employee and spouse and $80 or less per dependent. If monthly premiums are more than this, the net cost reduction is a flat $93.10 per employee or spouse and $37.24 per dependent.

A taxpayer who itemizes deductions will have a smaller federal deduction for state taxes, which will result in higher federal taxes. This may result in a larger state deduction for federal taxes. The following tables show the net changes in state and federal taxes and net taxpayer subsidy for an employer who provides insurance with premiums above and below the credit cap and who is in the top state and federal rate brackets.

$100 Insurance Premium

Difference When Taxpayer Claims Federal Expense Deduction and State Credit Instead of Deduction

	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	($15.09)	($15.46)
State Tax Subsidy	$43.10	$44.17
Net Taxpayer Subsidy	$28.02	$28.71

$200 Insurance Premium

Difference When Taxpayer Claims Federal Expense Deduction and State Credit Instead of Deduction

	deduction for federal taxes	
	capped	not capped
Federal Tax Subsidy	($30.17)	($30.92)
State Tax Subsidy	$86.20	$88.33
Net Taxpayer Subsidy	$56.03	$57.42

Credits-Insure Montana Small Business Health Insurance Credit

The credit was first available in 2006. The following table shows credits claimed against individual income tax in 2006 through 2011.

Insure Montana Small Business Health Insurance Credit								
	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
2010	784	$2,890,619	28	$35,076	10	$12,983	822	$2,938,678
2011	686	$2,156,183	26	$23,077	*	$3,809	*	$2,183,069

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 2011, taxpayers claimed credits of $2,183,069 or $3.51 per full-year resident taxpayer. The credit is 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
Code: 15-30-2503, MCA
Legislation: HB 490, 2007 Session

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 has not been amended since it was enacted.

For 2012, the maximum federal adoption credit is $12,650. A taxpayer who takes both the state and federal credits will be reimbursed for up to $13,650 of the costs of adopting a child. There is no itemized deduction for adoptions expenses. However, a taxpayer who claims the state and federal credits and itemizes deductions will have a smaller federal deduction for state taxes and may have a smaller state deduction for federal taxes. The following table shows the net effect of claiming the state credit and the maximum federal credit for a taxpayer in the top state and federal rate brackets who itemizes.

Adoption Expenditures

Taxpayer Claims State Credit and Maximum Federal Credit

	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	$12,300.00	$12,604.40
State Tax Subsidy	$1,000.00	$130.30
Net Taxpayer Subsidy	$11,300.00	$12,474.10

However, for many taxpayers, the federal credit will be more than federal tax liability and the state credit may be more than state tax liability. In these cases, the interaction of federal and state deductions will only occur in the last year the credit is carried forward and is likely to be smaller than shown in the table.

This credit was first available in 2007. The following table shows credits claimed for 2007 through 2011.

Adoption Credit

	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
2010	249	$322,517	17	$17,608	14	$18,522	280	$358,647
2011	230	$274,849	18	$16,982	*	$6,000	*	$297,831

In 2011, taxpayers claimed credits of $297,831. Without the credit, this amount would have been available to spend on other state programs or to reduce taxes. The cost was $0.48 per full-year resident taxpayer.

Elderly Homeowner/Renter Credit
Code: 15-30-2337 to 15-30-2341, MCA
Legislation: SB 337, 1981 Session

Taxpayers who are age 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 percent. 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 is essentially a property tax refund administered through the income tax system. Taxpayers who are required to file an income tax return claim the credit on a form filed with their tax return, but taxpayers whose income is below the income tax filing threshold can file the credit form without filing an income tax return. The credit could be considered a tax expenditure either for the income tax or the property tax.

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.

Taxpayers who claim the credit are able to take an itemized deduction for property taxes on their homes. For a taxpayer who takes the state and federal standard deductions, the credit reduces state income tax by $1 for each $1 by which the taxpayer's property tax exceeds the credit percentage for their income. If the taxpayer itemizes deductions, the credit reduces the federal deduction for state taxes, which increases federal income tax. This increases the state deduction for federal taxes, further reducing state taxes. A taxpayer who is eligible for the credit may be in any state rate bracket, but is likely to be in the 10 percent or 15 percent federal brackets. The following table shows federal and state subsidies for a taxpayer in the top state and 15 percent federal rate brackets who claims the credit and itemizes, the federal and state subsidies if the taxpayer itemizes but does not claim the credit, and the difference due to the credit.

Property Tax $100 more than Credit Percent	
Taxpayer Claims Credit and Federal and State Deductions	
Federal Tax Subsidy	($1.05)
State Tax Subsidy	$106.97
Net Taxpayer Subsidy	$105.93
Taxpayer Claims Federal and State Itemized Deductions	
Federal Tax Subsidy	$14.11
State Tax Subsidy	$5.93
Net Taxpayer Subsidy	$20.04
Difference Due to Credit	
Federal Tax Subsidy	($15.16)
State Tax Subsidy	$101.05
Net Taxpayer Subsidy	$85.89

Credits-Elderly Homeowner/Renter Credit

For a taxpayer who itemizes, the credit reduces the federal deduction for state taxes by the amount that the federal deduction for property taxes exceeds the credit percentage.

The following table shows the credits claimed for 2005 through 2011. For 2011, the elderly homeowner/renter credit cost the state general fund $8,183,576, or $13.14 per full year resident taxpayer.

Elderly Homeowner/Renter Credit								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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	16,984	$8,465,090	*	$1,127	23	$12,779	*	$8,478,996
2010	16,986	$8,467,974	0	$0	14	$8,322	17,000	$8,476,296
2011	16,470	$8,167,841	*	$1,033	29	$14,702	*	$8,183,576

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

Credit for Other States' Taxes
Code: 15-30-2302, MCA
Legislation: HB 38, 1941 Session

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 taxpayer who moved into or out of the state during the year 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. The following table shows the credits claimed for 2005 through 2011.

Other State's Tax Credit								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
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
2010	10,572	$20,608,363	0	$0	254	$138,299	10,826	$20,746,662
2011	10,658	$19,090,209	0	$0	275	$294,694	10,933	$19,384,903

For 2010, the credit for other states' taxes cost the state general fund $19,384,903, or $31.14 per full year resident taxpayer.

Emergency Lodging Credit
Code: 15-31-171, MCA
Legislation: HB 240, 2007 Session

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.

Since this credit is not a proportion of expenditure, it is not possible to calculate tax subsidy percentages as is done for other credits.

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. The following table shows income tax credits claimed in 2008 through 2011. No taxpayers claimed the credit in 2009 or 2010.

Emergency Lodging Credit								
	Residents		Non-Residents		Part-Year Residents		Total	
	N	$	N	$	N	$	N	$
2008	*	$396	0	$0	*	$320	*	$716
2009	0	$0	0	$0	0	$0	0	$0
2010	0	$0	0	$0	0	$0	0	$0
2011	*	$863	*	$150	0	$0	*	$1,013

* Counts less than 10 and row totals including counts less than 10 are not shown to protect taxpayer confidentiality.

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.

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 Income

The tables on the page 300 show 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.

Income Tax Expenditures by Function or Purpose Tax Year 2010
($ million)

Function	Federal Adjustment to Income	State Adjustments to Income	Itemized Deductions	Credits	Total
Required by Federal Law	$0.0	$9.0	$0.0	$0.0	$9.0
Subsidize Tax to Another Level of Government	$3.6	$0.0	$90.3	$20.7	$114.6
Subsidize Health Care and Other Human Services	$7.8	$1.1	$67.3	$3.7	$79.9
Subsidize Retirement Saving	$6.5	$0.0	$0.0	$0.0	$6.5
Subsidize Education	$2.5	$0.4	$0.0	$0.0	$3.0
Subsidize Energy Conservation, Alternative Energy, Recycling	$0.0	$0.0	$0.0	$12.8	$12.8
Subsidize Business Investment	$0.0	$0.0	$0.0	$0.0	$0.0
Subsidize Home Ownership	$0.0	$0.0	$1.4	$0.0	$1.4
Subsidize Charitable Giving	$0.0	$0.0	$33.8	$2.1	$35.9
Subsidize Agriculture	$0.0	$1.2	$0.0	$0.0	$1.2
Subsidize Specific Types of Business	$3.1	$0.1	$0.0	$10.2	$13.4
Income Support	$0.0	$27.3	$0.0	$11.4	$38.7
Other or Multiple Purpose	$0.0	$11.0	$0.5	$24.3	$35.8
Total	**$23.5**	**$50.1**	**$193.3**	**$85.3**	**$352.2**

Income Tax Expenditures by Function or Purpose Tax Year 2011
($ million)

Function	Federal Adjustment to Income	State Adjustments to Income	Itemized Deductions	Credits	Total
Required by Federal Law	$0.0	$8.7	$0.0	$0.0	$8.7
Subsidize Tax to Another Level of Government	$3.9	$0.0	$88.4	$19.4	$111.7
Subsidize Health Care and Other Human Services	$8.4	$1.2	$74.7	$2.8	$87.1
Subsidize Retirement Saving	$6.6	$0.0	$0.0	$0.0	$6.6
Subsidize Education	$2.7	$0.4	$0.0	$0.0	$3.1
Subsidize Energy Conservation, Alternative Energy, Recycling	$0.0	$0.0	$0.0	$7.5	$7.5
Subsidize Business Investment	$0.0	$0.0	$0.0	$0.0	$0.0
Subsidize Home Ownership	$0.0	$0.0	$1.3	$0.0	$1.3
Subsidize Charitable Giving	$0.0	$0.0	$35.2	$2.0	$37.3
Subsidize Agriculture	$0.0	$1.2	$0.0	$0.0	$1.2
Subsidize Specific Types of Business	$3.1	$0.1	$0.0	$5.5	$8.6
Income Support	$0.0	$23.9	$0.0	$8.2	$32.1
Other or Multiple Purpose	$0.0	$11.2	$0.7	$23.1	$35.0
Total	**$24.7**	**$46.6**	**$200.3**	**$68.5**	**$340.1**

Income Tax Tax Expenditures by Household Income Tax Year 2010
($ million)

Residents	Returns	Taxpayers	Total Household Income* ($ million)		Tax ($ million)		Passive Federal Adjustments to Income		State Adjustments to Income		Itemized Deductions		Credits		Total	
Income range			$ million	% of Total	$ million	% of Total	$ million	% of Total	$ million	% of Total	$ million	% of Total	$ million	% of Total	$ million	% of Total
Less than $0	6,636	9,389	-$298.1	-1.3%	$0.0	0.0%	$0.0	0.0%	$0.0	0.0%	$0.0	0.0%	$0.9	1.1%	$0.9	0.3%
$0 to $5,740	42,722	46,569	$126.6	0.6%	$0.1	0.0%	$0.0	0.0%	$0.0	0.0%	$0.0	0.0%	$0.3	0.4%	$0.4	0.1%
$5,741 to $11,150	42,723	48,028	$359.9	1.6%	$1.4	0.2%	$0.1	0.3%	$0.3	0.5%	$0.1	0.0%	$1.7	1.9%	$2.1	0.6%
$11,151 to $16,844	42,722	50,527	$596.6	2.6%	$4.6	0.6%	$0.2	0.7%	$1.1	1.9%	$0.4	0.2%	$3.0	3.5%	$4.7	1.3%
$16,845 to $23,152	42,721	52,809	$851.4	3.8%	$10.8	1.4%	$0.3	1.4%	$2.6	4.4%	$1.3	0.7%	$3.3	3.8%	$7.4	2.1%
$23,153 to $30,882	42,722	55,241	$1,147.4	5.1%	$20.9	2.6%	$0.7	2.8%	$4.4	7.5%	$4.0	2.1%	$3.7	4.3%	$12.8	3.5%
$30,883 to $41,112	42,722	60,001	$1,528.0	6.8%	$35.1	4.4%	$1.2	5.0%	$5.6	9.5%	$10.6	5.5%	$3.3	3.8%	$20.6	5.7%
$41,113 to $54,440	42,721	65,511	$2,030.3	9.0%	$54.9	6.9%	$1.9	7.9%	$6.9	11.6%	$18.9	9.8%	$2.8	3.2%	$30.4	8.4%
$54,441 to $72,046	42,722	72,441	$2,682.7	11.9%	$81.9	10.4%	$2.6	10.9%	$8.5	14.4%	$29.8	15.5%	$4.0	4.7%	$44.9	12.4%
$72,047 to $99,465	42,722	78,510	$3,600.1	15.9%	$125.5	15.9%	$3.5	14.7%	$9.3	15.8%	$43.0	22.3%	$6.4	7.5%	$62.2	17.2%
$99,466 to $116,437	14,240	26,972	$1,527.3	6.8%	$59.2	7.5%	$1.6	6.8%	$3.2	5.5%	$18.0	9.3%	$3.1	3.7%	$26.0	7.2%
$116,438 to $155,687	14,241	27,036	$1,884.5	8.3%	$79.0	10.0%	$2.4	10.0%	$3.4	5.8%	$21.1	10.9%	$4.8	5.7%	$31.8	8.8%
$155,688 and over	14,241	26,655	$5,227.8	23.2%	$266.5	33.7%	$8.2	35.1%	$5.3	9.0%	$38.6	20.0%	$37.2	43.7%	$89.4	24.8%
Resident Total	433,855	619,689	$21,264.5	94.2%	$739.8	93.6%	$22.5	95.7%	$50.7	86.0%	$185.8	96.3%	$74.5	87.3%	$333.4	92.4%
Non-Residents	38,792	60,344	$899.4	4.0%	$36.0	4.6%	$0.7	3.1%	$7.4	12.6%	$4.5	2.4%	$10.1	11.8%	$22.8	6.3%
Part Year Residents	19,148	25,883	$407.8	1.8%	$14.6	1.9%	$0.3	1.2%	$0.8	1.4%	$2.6	1.4%	$0.8	0.9%	$4.5	1.2%
Total	491,795	705,916	$22,571.7	100.0%	$790.4	100.0%	$23.5	100.0%	$59.0	100.0%	$192.9	100.0%	$85.3	100.0%	$360.7	100.0%

*Montana Source Income for Non-Residents and Part-Year Residents

Income Tax Tax Expenditures by Household Income Tax Year 2011
($ million)

Residents	Returns	Taxpayers	Total Household Income* ($ million)		Tax ($ million)		Passive Federal Adjustments to Income		State Adjustments to Income		Itemized Deductions		Credits		Total	
Income range			$ million	% of Total	$ million	% of Total	$ million	% of Total	$ million	% of Total	$ million	% of Total	$ million	% of Total	$ million	% of Total
Less than $0	5,982	8,410	-$243.2	-1.0%	$0.0	0.0%	$0.0	0.0%	$0.0	0.0%	$0.0	0.0%	$1.2	1.8%	$1.2	0.4%
$0 to $5,873	43,574	47,412	$131.0	0.6%	$0.1	0.0%	$0.0	0.0%	$0.0	0.0%	$0.0	0.0%	$3.2	4.6%	$3.2	0.9%
$5,874 to $11,365	43,227	48,348	$371.7	1.6%	$1.5	0.2%	$0.1	0.3%	$0.3	0.6%	$0.1	0.0%	$2.1	3.1%	$2.5	0.7%
$11,366 to $17,268	43,446	51,161	$620.6	2.7%	$4.9	0.6%	$0.2	0.6%	$1.0	2.2%	$0.4	0.2%	$1.7	2.4%	$3.3	1.0%
$17,269 to $23,894	43,681	53,839	$895.6	3.8%	$11.6	1.4%	$0.4	1.4%	$2.4	5.1%	$1.5	0.7%	$1.1	1.6%	$5.3	1.6%
$23,895 to $32,190	43,739	56,677	$1,218.4	5.2%	$22.5	2.7%	$0.7	3.0%	$4.1	8.9%	$4.9	2.4%	$1.1	1.7%	$10.9	3.2%
$32,191 to $43,158	43,553	61,182	$1,629.8	7.0%	$38.5	4.6%	$1.3	5.3%	$5.1	10.9%	$12.0	6.0%	$1.5	2.2%	$19.9	5.8%
$43,159 to $57,380	43,447	66,764	$2,171.1	9.3%	$60.2	7.3%	$2.0	8.1%	$6.5	14.0%	$21.0	10.5%	$2.2	3.2%	$31.7	9.3%
$57,381 to $76,101	43,332	73,921	$2,871.7	12.3%	$89.4	10.8%	$2.8	11.2%	$8.2	17.6%	$32.3	16.1%	$3.2	4.6%	$46.4	13.6%
$76,102 to $106,221	43,027	79,264	$3,846.9	16.4%	$137.6	16.6%	$3.8	15.4%	$8.6	18.4%	$45.4	22.7%	$5.3	7.7%	$63.1	18.6%
$106,222 to $126,093	14,123	26,675	$1,628.2	7.0%	$65.2	7.9%	$1.8	7.4%	$2.9	6.2%	$18.4	9.2%	$2.7	4.0%	$25.9	7.6%
$126,094 to $175,020	13,848	26,121	$2,016.4	8.6%	$87.8	10.6%	$2.7	10.9%	$2.9	6.2%	$21.1	10.5%	$5.1	7.4%	$31.7	9.3%
Over $175,020	12,202	22,801	$4,976.2	21.3%	$257.3	31.0%	$7.9	31.9%	$2.3	5.0%	$35.7	17.8%	$33.4	48.8%	$79.3	23.3%
Resident Total	437,181	622,575	$22,134.3	94.6%	$776.5	93.6%	$23.6	95.6%	$44.3	95.1%	$192.6	96.2%	$63.7	93.0%	$324.3	95.3%
Non-Residents	41,915	64,981	$784.4	3.4%	$35.7	4.3%	$0.8	3.2%	$1.4	3.0%	$4.9	2.4%	$3.4	5.0%	$10.5	3.1%
Part Year Residents	20,589	27,582	$480.1	2.1%	$17.2	2.1%	$0.3	1.2%	$0.9	1.9%	$2.8	1.4%	$1.4	2.0%	$5.3	1.6%
Total	499,685	715,138	$23,398.9	100.0%	$829.4	100.0%	$24.7	100.0%	$46.6	100.0%	$200.3	100.0%	$68.5	100.0%	$340.1	100.0%

*Montana Source Income for Non-Residents and Part-Year Residents

Corporate Income Tax Expenditures

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.

Water's Edge Election

Code: 15-31-322 through 324, MCA
Legislation: HB 703, 1987 Session

Montana requires corporations that have common ownership to file a combined report. The income of the members of the group of corporations under common ownership is apportioned to Montana based on the combined apportionment factors of the group. The purpose of the combined reporting is to make the apportionment of income to Montana independent of the financial arrangements between group members.

Under current state law (15-31-324, MCA), corporations can elect to file as a water's edge corporation. In doing so the corporation will pay a higher rate, 7 percent, instead of the normal corporate license tax rate of 6.75 percent, on income apportioned to Montana, but only its domestic, rather than worldwide, income and apportionment factors are included in the apportionment process (with certain exceptions). Under the water's edge election, some of the group's foreign affiliates may be excluded from the process of apportioning income to Montana.

The number of corporations electing to file water's edge was 221 in tax year 2009 and 230 in tax year 2010. This compares to 161 water's edge filers in tax year 2007 and 186 in tax year 2008.

The Department's analyses of the fiscal impact of narrowing the water's edge provisions by modifying the test for whether a foreign affiliate is included or excluded in the apportionment process indicate the revenue foregone is at least $2.0 million to $2.6 million per year. The proposed changes to the existing test for inclusion of affiliates in combined reporting included:

(1) Requiring all domestically (US) incorporated affiliates be included, even if less than 20 percent of their payroll and property is in the United States;

(2) Requiring a subsidiary of a foreign-owned corporation be included if the subsidiary has more than 20 percent of the average of its payroll and property in the US;

(3) Requiring a group member be included if it earns more than 20 percent of its income from selling services or intangibles to other members of the group and the other members are able to deduct the expenses against income; and

(4) Requiring all the income considered US income under federal law be reported and used in the apportionment process.

Under current state law, a group member or affiliate must be included in the combined report if it is incorporated in a tax haven, and the analyses of revenue foregone included updating the list of tax havens.

However, if the water's edge election was eliminated completely - not just narrowed by the changes in provisions described above - additional revenue to the state is estimated to be 4 or 5 times those amounts estimated, or in the $8-$13 million range. This estimate, which is based upon audit experience, may be conservative in light of the substantial increase in the number of water's edge filers (43 percent) over the last four years.

Montana Deductions

Energy-Conserving Investments Deduction
Code: 15-32-103, MCA
Legislation: HB 663, 1975 Session

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 percent of the first $1,000 expended, 50 percent of the next $1,000 expended, 20 percent of the third $1,000 expended, and 10 percent 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 + 50% of $1,000 + 20% of $1,000 + 10% of $1,000 or $1,000+$500+$200+$100).

For non-residential buildings, the taxpayer may deduct 100 percent of the first $2,000 spent on energy conservation capital investments, 50 percent of the second $2,000 spent, 20 percent of the third $2,000 spent, and 10 percent 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 + 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 + 50% of $2,000 + 20% of $2,000 + 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
Code: 15-32-303, MCA
Legislation: SB 322, 1981 Session

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
Code: 15-32-510, MCA
Legislation: SB 625, 1999 Session

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 percent of the actual value of the data. The deduction was established in 1999 in SB 625 and is intended to encourage the sharing of mineral exploration information.

Recycled Material Qualifying for Deduction
Code: 15-32-609 and 610, MCA
Legislation: SB 111, 1991 Session

A taxpayer may deduct an additional 10 percent 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 percent 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 $73,694,936. At the general tax rate of 6.75 percent, this is a reduction in tax revenue of $4,974,408.

Capital Gain Exclusion for Mobile Home Park
Code: 15-31-163, MCA
Legislation: HB 636, 2009 Session

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 percent for mobile home parks with more than 50 lots; for mobile home parks with 50 lots or less the excluded gain is 100 percent.

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. The exclusion was passed by the 2009 Legislature (HB 636) and applies to tax years beginning after December 31, 2008.

Montana Corporate Tax Credits

Many of these credits are available to individual income taxpayers as well as corporate license taxpayers. More thorough explanations of many of the credits and their history 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 is based upon the corporation's fiscal year which can vary from the calendar year.

There is another change in the tables presented in this section due to the availability of a more complete, updated dataset of corporate tax returns. The tables in this section show five years of history, unless the credit has not been in effect that long. The numbers and values of corporate tax credits claimed are on a state fiscal year basis for the first three years and are on a tax year basis for the last two years shown.

The 2011 Legislature passed HB 44 which repealed the Montana Capital Company Act (90-8-202, MCA). The time period over which the credits allowed under the Act could be used had ended, so the bill had the effect of removing out-of-date language from the Montana Code.

College Contribution Credit
Code: 15-30-2326, MCA
Legislation: HB 894, 1991 Session

Individual and corporate taxpayers are allowed a credit equal to 10 percent 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.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010.

College Contribution Credit

Year	Number of Credits Claimed	Total Credits Claimed
2006	21	$4,449
2007	30	$9,194
2008	28	$6,265
2009	22	$4,466
2010	25	$5,605

Contractor's Gross Receipts
Code: 15-50-207, MCA
Legislation: HB 530, 1967 Session

Contractors are required to pay a license fee equal to 1 percent of the gross receipts from government contracts during the year for which the license is issued. The agency or prime contractor withholds the 1 percent 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.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010.

Contractor's Gross Receipts

Year	Number of Credits Claimed	Total Credits Claimed
2006	64	$703,319
2007	127	$1,717,148
2008	106	$1,393,906
2009	90	$1,318,876
2010	91	$906,127

Charitable Endowment Credit
Code: (15-31-161 and 162, MCA)
Legislation: HB 434, 1997 Session

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 percent of the present value of a planned gift to a qualified charitable endowment.

Corporations are allowed a credit of 20 percent 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.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010.

Charitable Endowment Credit

Year	Number of Credits Claimed	Total Credits Claimed
2006	45	$121,753
2007	50	$160,667
2008	46	$174,337
2009	30	$94,889
2010	14	$42,830

Alternative Fuel Motor Vehicle Conversion Credit
Code: 15-30-2320, MCA
Legislation: HB 219, 1993 Session

Taxpayers are allowed a credit against individual income tax or corporate license tax of up to 50 percent 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 percent 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. The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010.

Alternative Fuel Motor Vehicle Conversion Credit

Year	Number of Credits Claimed	Total Credits Claimed
2006	0	$0
2007	*	$16,000
2008	*	$23,500
2009	*	$6,004
2010	*	$14,000

Health Insurance for Uninsured Montanans Credit
Code: 15-31-132, MCA
Legislation: HB 166, 1989 Session

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 percent 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 percent 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 percent of the total premium for each employee, the credit may not be claimed for 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.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010.

Health Insurance for Uninsured Montanans

Year	Number of Credits Claimed	Total Credits Claimed
2006	92	$118,476
2007	206	$201,593
2008	126	$111,786
2009	43	$30,319
2010	42	$31,753

* Counts less than 10 are not shown to protect taxpayer confidentiality.

Insure Montana Small Business Health Insurance Credit
Code: 15-3-130, MCA
Legislation: HB 667, 2005 Session

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. The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010.

The 2005 Legislature 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.

A small employer that provides group health insurance for its employees through the state pool may claim a credit against taxes of:

(a) up to 50 percent 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.

The maximum credit depends on the number of employees an employer may have and be eligible and 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 excess credits refunded. A taxpayer may not deduct insurance premiums as a business expenses 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.

Insure Montana Credit

Year	Number of Credits Claimed	Total Credits Claimed
2007	87	$404,942
2008	221	$1,057,951
2009	177	$1,002,347
2010	185	$942,979

Recycling Credit
Code: 15-32-601-611, MCA
Legislation: SB 111, 1991 Session

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 percent of the cost of the first $250,000 invested in property, 15 percent of the cost of the next $250,000 invested in property and 5 percent of the next $500,000 of investment.

Therefore if the taxpayer makes a total investment 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 less than 10 corporate taxpayers claimed this credit.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010.

Recycling Credits

Year	Number of Credits Claimed	Total Credits Claimed
2006	*	$39,700
2007	12	$81,892
2008	10	$102,037
2009	*	$41,560
2010	*	$47,884

Oilseed Crushing and Biodiesel Production Facility Credit
Code: 15-32-701 and 702
Legislation: HB 756, 2005 Session

Taxpayers are allowed a credit against individual income tax or corporation tax of 15 percent 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 extended this credit's life to January 1, 2015 from January 1, 2010; allows the credit to apply to bio-lubricants too; 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 shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010.

Oilseed Crushing & Biodiesel Production Credit

Year	Number of Credits Claimed	Total Credits Claimed
2007	0	$0
2008	*	$500
2009	0	$0
2010	0	$0

* Counts less than 10 are not shown to protect taxpayer confidentiality.

Biodiesel Blending and Storage Tank Credit
Code: 15-32-703, MCA
Legislation: SB 756, 2005 Session

Taxpayers can claim a credit of 15 percent 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.

The credit is subject to a number of restrictions, including that the taxpayer's biodiesel sales must be greater than 2 percent 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.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010.

Biodiesel Blending and Storage Credit

Year	Number of Credits Claimed	Total Credits Claimed
2007	*	$7,559
2008	0	$0
2009	0	$0
2010	0	$0

Geothermal Heating System Credit
Code: 15-32-115, MCA
Legislation: SB 340, 2005 Session

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 table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010.

Geothermal System Credit

Year	Number of Credits Claimed	Total Credits Claimed
2007	0	$0
2008	*	$500
2009	0	$0
2010	0	$0

* Counts less than 10 are not shown to protect taxpayer confidentiality.

Alternative Energy Production Credit
Code: 15-32-401 through 407, MCA
Legislation: SB 756, 2005 Session

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 percent 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.

Alternative Energy Production Credit		
Year	Number of Credits Claimed	Total Credits Claimed
2007	*	$28,452
2008	*	$273
2009	*	$50
2010	*	$100

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 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 shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010.

Dependent Care Assistance Credit
Code: 15-31-131 and 133, MCA
Legislation: SB 282, 1989 Session

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 percent 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 percent of the cost of providing day care information and referral services to employees (15-31-131, MCA).

Dependent Care Assistance Credit		
Year	Number of Credits Claimed	Total Credits Claimed
2006	*	$50
2007	*	$50
2008	0	$0
2009	0	$0
2010	0	$0

Under 15-31-133, 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: (1)15 percent of the costs incurred, or (2) $2,500 times the number of dependents the facility accommodates, or (3) $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 1/10th of the credit claimed each year.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010.

* Counts less than 10 are not shown to protect taxpayer confidentiality.

Historic Property Preservation Credit
Code: 15-31-151, MCA
Legislation: HB 601, 1997 Session

Corporate taxpayers may take a credit against corporation license tax for costs of rehabilitating a historic building located in Montana. The credit is 25 percent of the federal credit allowed by 26 USC 47. The federal credit is 20 percent of the rehabilitation cost of a building certified as having historic significance and 10 percent of the cost of rehabilitation of a building placed in service before 1936 that has not been certified.

The credit is not refundable if it exceeds the amount of taxes owed, but unused credits 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.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

Historic Property Preservation Credit

Year	Number of Credits Claimed	Total Credits Claimed
2006	*	$50
2007	*	$129,479
2008	*	$43,370
2009	0	$0
2010	0	$0

Infrastructure Users Fee Credit
Code: 17-6-316, MCA
Legislation: SB 100 and HB 602, 1995 Session

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.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

Infrastructure Users Fee Credit

Year	Number of Credits Claimed	Total Credits Claimed
2006	*	$50
2007	*	$622,928
2008	*	$1,345,829
2009	*	$520,271
2010	*	$501,904

* Counts less than 10 are not shown to protect taxpayer confidentiality.

New/Expanded Industry Credit
Code: 15-31-124 and 125, MCA
Legislation: HB 593, 1975 Session

New or expanding manufacturing industries are allowed a tax credit equal to 1 percent 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 percent or more. "New" industry means a corporation engaging in manufacturing for the first time in Montana.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

New and Expanded Industry Credit

Year	Number of Credits Claimed	Total Credits Claimed
2006	*	$84,708
2007	*	$83,570
2008	*	$4,311
2009	0	$0
2010	0	$0

Empowerment Zone New Employees Tax Credit
Code: 15-31-134, MCA
Legislation: SB 484, 2003 Session

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.

To receive the credit, the taxpayer must apply for and receive certification from the Department of Labor and Industry.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

Empowerment Zone New Employees Tax Credit

Year	Number of Credits Claimed	Total Credits Claimed
2006	0	$0
2007	0	$0
2008	0	$0
2009	0	$0
2010	0	$0

* Counts less than 10 are not shown to protect taxpayer confidentiality.

Qualified Research Credit
Code: 15-31-150, MCA
Legislation: HB 638, 1999 Session

Taxpayers may receive a nonrefundable 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 percent of any increase in research expenditures over the taxpayer's baseline research expenditures. Montana provides a 5 percent 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. The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

Increased Research Activities Credits

Year	Number of Credits Claimed	Total Credits Claimed
2006	*	$39,700
2007	12	$81,892
2008	10	$102,037
2009	24	$250,195
2010	21	$372,491

Mineral Exploration Incentive Credit
Code: 15-32-501 through 509, MCA
Legislation: SB 625, 1999 Session

Taxpayers are allowed a credit, not to exceed 50 percent 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.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

Mineral Exploration Credit

Year	Number of Credits Claimed	Total Credits Claimed
2007	*	$1,212
2008	*	$1,831
2009	*	$25
2010	*	$25

* Counts less than 10 are not shown to protect taxpayer confidentiality.

Film Employment Credit
Code: 15-31-907 and 908, MCA
Legislation: HB 584, 2005 Session

The Big Sky on the Big Screen Act was passed by the 2005 legislature (HB 584). 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. Under the Act 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 percent 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 percent 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. 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.

The table shows credits claimed on corporate tax returns by fiscal year for 2006 through 2008 and by tax year for 2009 and 2010. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

Film Production Credit

Year	Number of Credits Claimed	Total Credits Claimed
2007	0	$0
2008	*	$9,007
2009	0	$0
2010	*	$11,110

Short-term Temporary Lodging Credit
Code: 15-31-171, MCA
Legislation: HB 240, 2007 Session

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 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 is claimable 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.

Emergency Lodging Credit

Year	Number of Credits Claimed	Total Credits Claimed
2009	*	$0
2010	*	$0

* Counts less than 10 are not shown to protect taxpayer confidentiality.

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. Montana's corporate license tax calculations relies to some extent on these definitions so if there are changes at the federal level, then the tax collected by the state can also be affected.

The figures provided below are an estimate of the impact that Montana's adherence to these definitions has on state income tax collections. The estimates are based on the federal tax expenditures estimated by the U.S. Treasury Department and included in the annual Executive Budget of the United States and are scaled down to Montana proportions. 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, 2010 and 2011

	2010	2011
Exemptions		
Deferral of income from controlled foreign corporations (normal tax method)	$5,043,984	$5,477,875
Deferred taxes for financial firms on certain income earned overseas	$308,221	$0
Exclusion of interest on life insurance savings	$198,426	$207,686
Excess of percentage over cost depletion, fuels and nonfuel minerals	$109,796	$120,378
Exemption of certain mutuals' and cooperatives' income	$14,551	$14,551
Exemption of credit union income	$168,001	$164,032
Inventory property sales source rules exception	$354,521	$384,946
Deferral of gain from dispositions of transmission property to implement FERC restructuring policy	-$6,614	-$19,843
Deferral of gain on sale of farm refiners	$2,646	$2,646
Deferral of tax on shipping companies	$2,646	$2,646
Deductions		
Accelerated depreciation of machinery and equipment (normal tax method)	$2,267,345	$714,333
Accelerated depreciation on rental housing (normal tax method)	-$3,969	-$3,969
Deductibility of charitable contributions (education)	$82,016	$85,985
Deduction for U.S. production activities	$1,324,161	$1,390,303
Empowerment zones, Enterprise communities, and Renewal communities	$19,843	$13,228
Expensing of exploration and development costs, fuels	$46,299	$60,851
Expensing of certain multiperiod production costs for farmers	$1,323	$1,323
Expensing of certain small investments (normal tax method)	$22,488	$126,993
Expensing of exploration and development costs, nonfuel minerals	$14,551	$14,551
Expensing of multiperiod timber growing costs	$19,843	$23,811
Expensing of research and experimentation expenditures (normal tax method)	$425,954	$562,206
Small life insurance company deduction	$3,969	$3,969
Special Blue Cross/Blue Shield deduction	$99,213	$94,583
Other		
Special alternative tax on small property and casualty insurance companies	$5,291	$5,291
Special ESOP rules	$125,670	$136,252
Special rules for certain film and TV production	$5,291	$2,646
Tax incentives for preservation of historic structures	$39,685	$39,685

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. The data is in the Analytical Perspectives Section of the 2012 Executive Budget, which is available at www.gpoaccess.gov/usbudget/browse.html. The Montana estimates were developed using the ratio of total income subject to tax to total income tax before credits for Montana and federal taxes. Total income subject to tax and total income tax before credits comes from www.irs.gov, SOI tax statistics, total returns of active corporations, 2009 and from Montana data for most recent complete tax year.

Miscellaneous Tax Expenditures

Property Tax Expenditures

Consistent with other tax expenditures, property tax expenditures are provisions in the property tax laws that reduce taxes for properties that meet certain criteria. There are three 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 classified as an income tax expenditure.

The cost of property tax expenditures are the revenue losses from statewide mills that would have been collected if these programs did not reduce property taxable values. Property tax expenditures can cost other property owners as well, due to laws governing local government budgeting procedure (15-10-420, MCA). This section of code allows local governments to increase mills to offset a reduction in the tax base. Property tax expenditures work to lower taxable value for one sub-group of taxpayers, which decreases the tax base and can cause mills to increase so that local jurisdictions can maintain budget levels.

In this section, the tax expenditure is reported as the decrease of state revenue caused by each program, and the tax shift to other taxpayers is reported as a tax shift.

Property tax expenditure programs discussed in this section include:

1. Property Tax Assistance Program (PTAP),
2. Disabled American Veterans Program (DAV),
3. Extended Property Tax Assistance Program (EPTAP),
4. Temporary Exemptions, and
5. Tax Increment Finance Districts (TIF’s).

Residential Property Tax Expenditures

Property Tax Assistance Program (PTAP)
Code: 15-6-134, MCA
Legislation: HB 398, 1979 Session

The Property Tax Assistance Program (PTAP) is established in 15-6-134, MCA and reduces the Class 4 tax rate by 80 percent, 50 percent or 30 percent, depending on the income of the owner(s). To qualify for this program in 2012, homeowners must report a household income below $20,297 for one qualified homeowner and below $27,062 for more than one qualified owner. To qualify for PTAP, home owners must reside in their home for seven months out of the year. PTAP applies to the first $100,000 of the taxable market value of residential improvements and up to five acres of residential land.

The table below shows that in 2012 there were 14,013 property taxpayers who qualified for PTAP. This program reduced the taxable value of these properties by $12,805,457, which reduced the state revenue collected with the 95 school equalization mills, 1.5 vo-tech mills, and the six university mills by $1,298,649. Additionally, the reduction in taxable value increased local mills, effectively shifting $6,375,049 in taxes to other taxpayers.

In 2012, PTAP participants paid $7,673,698 less in taxes, an average benefit of $548, per participant.

Property Tax Expenditure - PTAP

Tax Year	Participants	Reduction in Taxable Value	Loss in State 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	$263
2006	8,192	$4,130,616	$417,192	$1,758,981	$2,176,173	$266
2007	7,729	$3,856,960	$389,553	$1,651,280	$2,040,833	$264
2008	7,399	$3,508,914	$354,400	$1,533,817	$1,888,217	$255
2009	10,716	$9,625,089	$972,134	$4,128,008	$5,100,142	$476
2010	11,583	$10,774,917	$1,088,267	$4,739,203	$5,827,469	$503
2011	13,115	$11,871,305	$1,205,923	$5,794,751	$7,000,674	$534
2012	14,013	$12,805,457	$1,298,649	$6,375,049	$7,673,698	$548

Disabled American Veterans Program (DAV)

Code: 15-6-211, MCA
Legislation: HB 213, 1979 Session

The Disabled American Veterans Program (DAV) reduces property taxes for disabled veterans and is established in 15-6-211, MCA. It reduces the residential Class 4 tax rate by 100 percent, 80 percent, 70 percent and 50 percent depending on the level of income of 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 percent disabled rate by the Department of Veterans Affairs for a service-connected disability. The spouse of a veteran killed while on active duty or from a service connected disability qualifies for DAV benefits as well.

The table below shows that in 2012 there were 2,095 property taxpayers who qualified for DAV. This reduced the taxable value of these properties by $4,185,996, which reduced the state revenue collected with 95 school equalization mills, 1.5 vo-tech mills, and the six university mills by $425,293. The reduction in taxable value increased the local mills, effectively shifting $2,033,607 to other taxpayers.

In 2012, participants of DAV paid $2,458,900 less in taxes because of this program, an average benefit of $1,174.

Property Tax Expenditure - DAV

Tax Year	Participants	Reduction in Taxable Value	Loss in State 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
2006	1,546	$2,915,543	$294,470	$1,241,555	$1,536,024	$994
2007	1,608	$3,158,974	$319,056	$1,352,451	$1,671,508	$1,039
2008	1,711	$3,237,648	$327,002	$1,415,241	$1,742,243	$1,018
2009	1,643	$2,765,902	$279,356	$1,186,240	$1,465,596	$892
2010	1,800	$2,955,279	$298,483	$1,299,840	$1,598,323	$888
2011	2,037	$4,056,325	$412,345	$1,943,383	$2,355,728	$1,156
2012	2,095	$4,185,996	$425,293	$2,033,607	$2,458,900	$1,174

Extended Property Tax Assistance Program (EPTAP)

Code: 15-6-193, MCA
Legislation: HB 461, 2003 Session

The Extended Property Tax Assistance Program (EPTAP) reduces property taxes for residential properties that experienced extraordinary market value increases between 2002 and 2008 and is established in 15-6-193, MCA. Homeowners must report a household income equal to or below $75,000 to qualify for this program. It limits the growth in taxable value of qualified residential properties to four percent, five percent or six percent per year depending on income bracket. The reduction in taxable value is applied to a residential property and up to one acre of land that is occupied at least seven months of the year.

The table below shows that in 2012 there were 2,560 property taxpayers that qualified for EPTAP. This reduced the taxable value of these properties by $1,541,880, which reduced the state revenue collected with the 95 school equalization mills, 1.5 vo-tech mills, and the 6 university mills by $155,942. The reduction in taxable value increased the local mills, effectively shifting $665,051 to other taxpayers.

In 2012, participants in EPTAP paid $820,993 less in taxes because of the program, an average benefit of $321.

Property Tax Expenditure - EPTAP

Tax Year	Participants	Reduction in Taxable Value	Loss in State Revenue	Tax Shifts	Total Tax Benefit to Participants	Average Tax Benefit
2005	1,191	$422,874	$42,710	$177,996	$220,706	$185
2006	986	$427,616	$43,189	$182,096	$225,285	$228
2007	825	$389,506	$39,340	$166,759	$206,100	$250
2008	805	$412,080	$41,620	$180,128	$221,748	$275
2009	3,132	$913,287	$92,242	$391,691	$483,933	$155
2010	**EPTAP data is unavailable for 2010**					
2011	3,602	$1,762,720	$178,295	$734,307	$912,602	$253
2012	2,560	$1,541,880	$155,942	$665,051	$820,993	$321

Economic Development Tax Expenditures

In addition to the residential property tax exemptions, there are tax expenditures in statute that encourage economic development by reducing the taxable value of properties or by creating a tax increment finance district.

Energy Production or Development Tax Abatement

The energy production or development tax abatement in section 15-24-3111, MCA provides a 50 percent rate reduction on qualified energy production or development facility and equipment. The tax rate reduction may be in effect during the construction period and the first 15 years after the facility commences operation, not to exceed a total of 19 years. Currently the property utilizing this abatement is entirely Class 14, which is normally taxed at three precent. This program changes the tax rate to 1.5 percent for these properties.

In 2012, approximately $64,884,968 in market value was reported in this program, providing for an abatement of approximately $562,431 in taxes. Approximately $98,466 of this amount is a reduction in state revenue; the remaining $463,965 was shifted to other tax payers. Currently, this abatement is claimed by one taxpayer and abates property in four counties.

Electrical Generation and Transmission Facility Exemption

The electrical generation and transmission facility exemption in section 15-24-3001, MCA provides a 10 year exemption from taxation for certain qualified property that was constructed in the state of Montana between May 5, 2001 and January 1, 2006.

In 2012, approximately $198,719,006 in market value was reported in this program, providing for an exemption of approximately $7,492,987 in annual taxes. Approximately $1,204,237 of this amount is a reduction in state revenue; the remaining $6,288,740 was shifted to other taxpayers. This exemption is claimed by one taxpayer and exempts property in one county (15-24-3005, MCA).

Tax Increment Finance Districts

Tax increment financing (TIF) is authorized by section 7-15-4282, MCA and provides for the segregation of the taxable value, in a qualified district, into base and increment values. Qualified districts may include urban renewal districts, industrial districts, technology districts, and aerospace transportation and technology districts. Tax increment financing may be used to pay for a variety of development activities within the TIF, including: land acquisition, demolition and removal of structures, relocation of occupants, infrastructure costs, construction of publicly owned buildings and improvements, administration of urban renewal activities, and paying bonds that were issued to fund appropriate costs. To learn more about TIFs, please refer to the property tax chapter of this report.

Tax increment financing (TIF) increment value is the amount of taxable value of a TIF less the taxable value when it was formed. All local and state mills are levied against the TIF increment value, and the TIF retains this revenue with the exception of the six university mills.

The state only receives revenue for mills levied against TIF increment value from the six university mills, so the tax expenditure cost to the state is the revenue generated from the 95 state education equalization mills and 1.5 vo-tech mills on the increment value. Unlike the other property tax expenditure programs, there is not a clear shift to other taxpayers. There are, however, some instances when the creation of a TIF can lead to increases in property taxes for taxpayers located inside and outside the TIF.

Development within a TIF may necessitate an increase of services by local jurisdictions, whether they are schools, towns, counties, or fire districts. Since local budgets are constrained by 15-10-420, MCA, local governments may propose voted mill levy increases to pay for new services. A voted levy would increase taxes for all property owners located in the jurisdiction, increase TIF revenue, and may increase taxes on property located outside of the TIF.

If development is intended inside a proposed TIF district, but does not occur before the TIF base is determined, the TIF may collect revenue that may have otherwise been used to reduce mills and taxes due by property owners in affiliated taxing jurisdictions.

If development is intended inside a proposed TIF district, but does not occur before the TIF base is determined, the TIF may collect revenue that may have otherwise been used to reduce mills and taxes due by property owners in affiliated taxing jurisdictions.

The following table presents the amount of revenue used by TIFs in Montana by type of jurisdictions for tax years 2009 through 2012. In 2012, the amount of TIF revenue that came from the 95 state education equalization mills and 1.5 vo-tech mills was $4,408,555.

TIF Districts
Revenue Generated by Mill Type

Tax Year	Increment	Revenue From Statewide Mills	Revenue From County Mills	Revenue From School Mills	Revenue From City Mills	Revenue From Miscellaneous Mills	Total Revenue From All Mills
2009	$32,014,815	$3,069,779	$6,079,435	$6,599,541	$2,853,160	$778,881	$19,380,796
2010	$42,266,864	$4,057,293	$7,767,739	$9,969,301	$3,905,254	$995,454	$26,695,041
2011	$46,300,358	$4,438,575	$9,385,018	$10,625,763	$4,264,645	$1,213,209	$29,927,210
2012	$46,053,586	$4,408,555	$8,627,610	$10,660,530	$4,220,604	$1,681,498	$29,598,797

Reduced Rates for "New" Oil and Gas Production
Code: 15-36-304, MCA
Legislation: HB 553, 1977Session

Oil or gas produced from a well that qualifies as "new" production is taxed at a reduced rate of 0.76 percent. 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
Code: 15-36-304, MCA
Legislation: SB 18, 1993 Session

The first 18 months of incremental production from a horizontally recompleted well is taxed at 5.76 percent. After this period the tax rate reverts to 9.26 percent for post-99 wells or 12.76 percent for pre-99 wells.

Reduced Rates for Incremental Oil Production from Enhanced Recovery Projects
Code: 15-36-304, MCA
Legislation: HB 636, 1985 Session

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 percent, and incremental production from tertiary recovery projects is taxed at 6.06 percent. In quarters when the average price of WTI is at least $30 per barrel, these wells are taxed at 9.26 percent for post-99 wells and 12.76 percent for pre-99 wells. The reduced rates provide incentives for the use of enhanced recovery technologies when prices are low. The state does not currently forgo any revenue as a result of this tax expenditure, as the average quarterly WTI price has not been below $30 per barrel since the 4th quarter of FY 2003

Reduced Rates for Stripper Exemption (Super Stripper) and Stripper Oil and Gas Wells
Code: 15-36-304, MCA
Legislation: HB 484, 1959 Session

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 percent. If the price of WTI is equal to or greater than $38 per barrel this oil is taxed at 6.26 percent.

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 percent and remaining production is taxed at 9.26 percent 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 percent for post-99 and 12.76 percent for pre-99 wells. The reduced rates on super stripper and stripper oil provide an incentive to keep low-volume wells in production.

The state does not currently forgo any revenue as a result of the super striper expenditure, as the average quarterly WTI price has not been below $38 per barrel since the 3rd quarter of FY 2004

Gas wells that were completed before 1/1/1999 and produce less than 60 mcf per day are taxed at 11.26 percent (instead of 15.06 percent). The reduced rate provides an incentive to keep low-volume wells in production.

Oil and Natural Gas Severance Tax Expenditures

Natural Gas Production

New Production Tax Holiday

Fiscal Year	Working Interest Value	Actual Tax Rate	Tax Revenue	"Normal" Tax Rate	"Normal" Tax Revenue	Tax Expenditure
2010	$19,760,155	0.760%	$150,177	9.260%	$1,829,790	$1,679,613
2011	$23,179,064	0.760%	$176,161	9.260%	$2,146,381	$1,970,220
2012	$13,678,192	0.760%	$103,954	9.260%	$1,266,601	$1,162,646

Drilled Before 1999 and Average Less Than 60 MCF/ Day in Prior Calendar Year

Fiscal Year	Working Interest Value	Actual Tax Rate	Tax Revenue	"Normal" Tax Rate	"Normal" Tax Revenue	Tax Expenditure
2010	$49,793,879	11.260%	$5,606,791	15.060%	$7,498,958	$1,892,167
2011	$43,170,889	11.260%	$4,861,043	15.060%	$6,501,536	$1,640,493
2012	$33,595,799	11.260%	$3,782,887	15.060%	$5,059,527	$1,276,640

Oil Production

New Production Tax Holiday

Fiscal Year	Working Interest Value	Actual Tax Rate	Tax Revenue	"Normal" Tax Rate	"Normal" Tax Revenue	Tax Expenditure
2010	$112,156,719	0.760%	$852,391	9.260%	$10,385,712	$9,533,321
2011	$226,006,907	0.760%	$1,717,652	9.260%	$20,928,240	$19,210,587
2012	$334,866,575	0.760%	$2,544,986	9.260%	$31,008,645	$28,463,659

Horizontally Recompleted Wells

Fiscal Year	Working Interest Value	Actual Tax Rate	Tax Revenue	"Normal" Tax Rate	"Normal" Tax Revenue	Tax Expenditure
2010	$3,821,852	5.760%	$220,139	9.260%	$353,903	$133,765
2011	$0	5.760%	$0	9.260%	$0	$0
2012	$294,160	5.760%	$16,944	9.260%	$27,239	$10,296

Stripper Well Production

Fiscal Year	Working Interest Value	Actual Tax Rate	Tax Revenue	"Normal" Tax Rate	"Normal" Tax Revenue	Tax Expenditure
2010	$36,124,635	6.260%	$2,261,402	9.260%	$3,345,141	$1,083,739
2011	$42,718,840	6.260%	$2,674,199	9.260%	$3,955,765	$1,281,565
2012	$47,730,292	6.260%	$2,987,916	9.260%	$4,419,825	$1,431,909

Total

Fiscal Year	Natural Gas Tax Expenditures	Oil Tax Expenditures	Oil and Natural Gas Tax Expenditures
2010	$3,571,781	$10,750,825	$14,322,605
2011	$3,610,714	$20,492,152	$24,102,866
2012	$2,439,286	$29,905,863	$32,345,149