

MONTANA DEPARTMENT OF REVENUE

BIENNIAL REPORT

JULY 1, 2014 - JUNE 30, 2016





Mike Kadas
Director

Montana Department of Revenue



Steve Bullock
Governor

December 13, 2016

Letter of Transmittal

Governor Steve Bullock
Members of the Sixty Fifth Montana Legislature:

With this letter I am transmitting the Biennial Report of the Department of Revenue for the period July 1, 2014 through June 30, 2016, 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,

Mike Kadas, Director
Department of Revenue

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ABOUT THE AGENCY

BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



About the Agency

What is the Department of the Revenue?

A department with many parts

As part of Montana's 1972 constitutional reorganization of state government, the legislature created the Montana Department of Revenue. It combined the administration of liquor control, property valuation, and the assessment and collection of taxes into one agency. Today, the department:

- administers more than 38 state taxes and fees, including income taxes, natural resource taxes, corporation taxes, and miscellaneous taxes
- establishes values for all taxable property, including agricultural land, residential real estate, commercial real estate, forest land, business equipment, railroads, and public utilities
- administers agency liquor store franchise agreements, manages the state wholesale liquor operations, and administers laws governing the sale, taxation, and licensing of alcoholic beverages
- returns unclaimed property to its rightful owners.

The department is committed to:

- providing effective and responsive service to citizens, businesses, and nonresidents who participate in Montana's economy
- expanding cooperation and involvement of Montanans in making their tax system work well
- supporting equity and integrity in taxation through effective and uniform enforcement, while protecting taxpayer rights and thanking those citizens and businesses who pay their fair share of taxes
- protecting the public health, safety, and order in the administration of liquor laws
- advising the governor, legislature, and the public on tax issues, based on sound study and analysis
- cooperating with public officials and agencies in local, state, tribal, and federal governments to achieve the public good.

Tax Compliance versus Tax Fairness

Tax compliance efforts, administered reasonably and with respect for taxpayer rights, ensure that tax laws are equitably implemented and applied, providing that the standards of tax equity embodied in the Montana Constitution and in the tax laws enacted by the Montana Legislature are not undermined. Without an effective tax compliance program, underlying fairness principles are likely to erode, regardless of whether noncompliance arises simply because of a lack of taxpayer understanding or unintentional error, through intentional avoidance or outright fraud.

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, so we can perform our work fairly, effectively, and efficiently.

TAX STRUCTURE AND TRENDS

BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



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Introduction

The Department of Revenue collects state taxes and values property for state and local property taxes. These taxes provide funding for state and local 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.

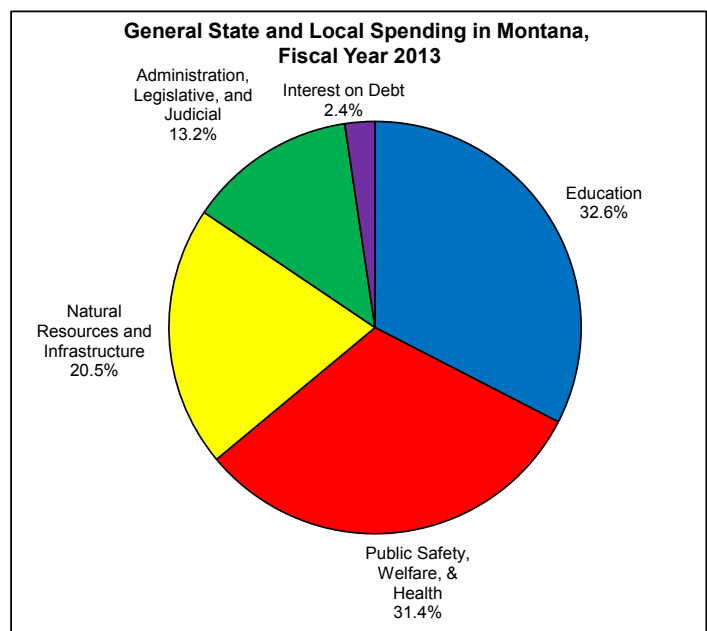
In the United States, private businesses and nonprofit groups provide many of the goods and services that people want. Businesses provide goods and services that can be sold to their customers at a profit. Non-profit groups provide goods and services that donors are willing to pay for or volunteers are willing to provide. Governments provide other services that lawmakers have concluded their constituents want and are willing to finance, 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 of children to ensure that they are available to everyone regardless of their ability to pay.

Governments pay for these services by raising revenue in several ways: they collect taxes, charge fees, earn interest, sell property, and 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 person receiving it. Some payments, such as for vehicle registration, 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, such as used motor pool vehicles. Local governments operate utilities that may sell water, electricity, or natural gas. State and local



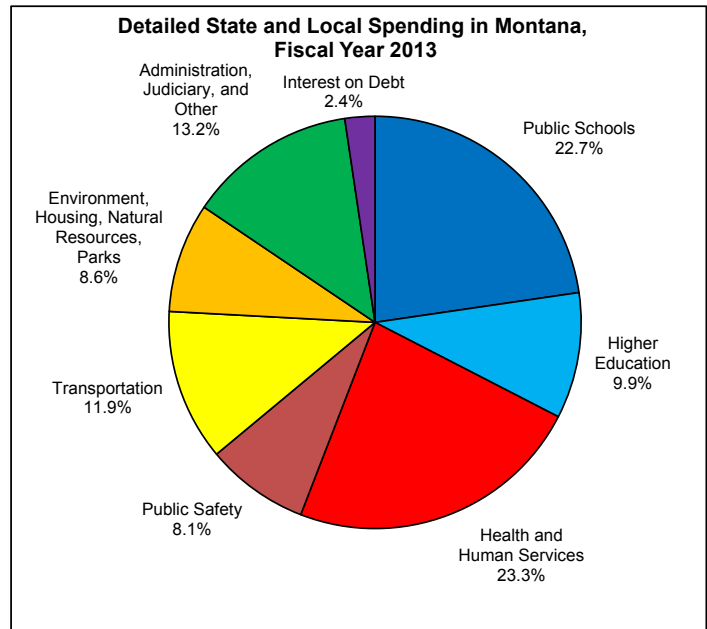
State and Local Government Finance in Montana

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 House Bill 124 entitlement share payments to local governments, which have replaced local taxes brought to the state since 2001.

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, 2013.¹ Education, including public schools and the university system, accounted for a little less than one-third of total spending. Health and human services accounted for a little less than one-fourth of total spending. This includes Medicaid, public health programs, and income support programs. Other categories account for smaller shares of total spending.

Somewhat more than half of total state and local government spending occurs at the state level, and somewhat less than half at the local level. The table below shows the breakdown for fiscal year 2013. It shows direct spending to provide government services. It excludes state transfers of funds to local governments and school districts because those amounts are included in local spending.



State and Local Government Direct Expenditures on Government Services, FY 2013 (Excludes Local Government Utilities and State Liquor Enterprise)		
	\$ million	% of Total
State Direct Expenditures (Excludes Transfers to Local Governments and School Districts)	\$4,688	57%
Local Expenditures	\$3,511	43%
Total	\$8,198	100%

The next two charts on page 10 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.

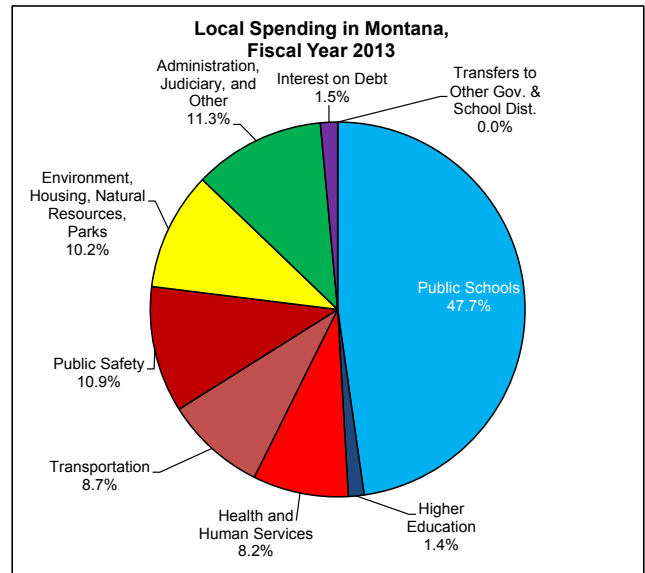
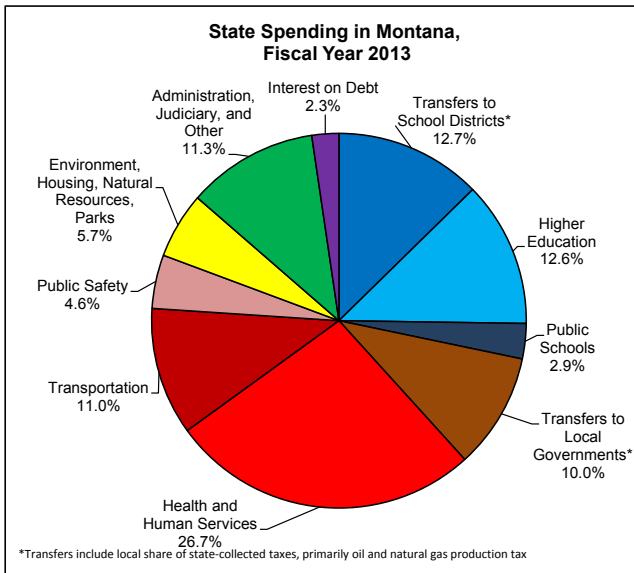
Almost one-quarter of state spending is transfers to local governments and school districts.

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 registration fees, were split between the state and local governments. House Bill 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.

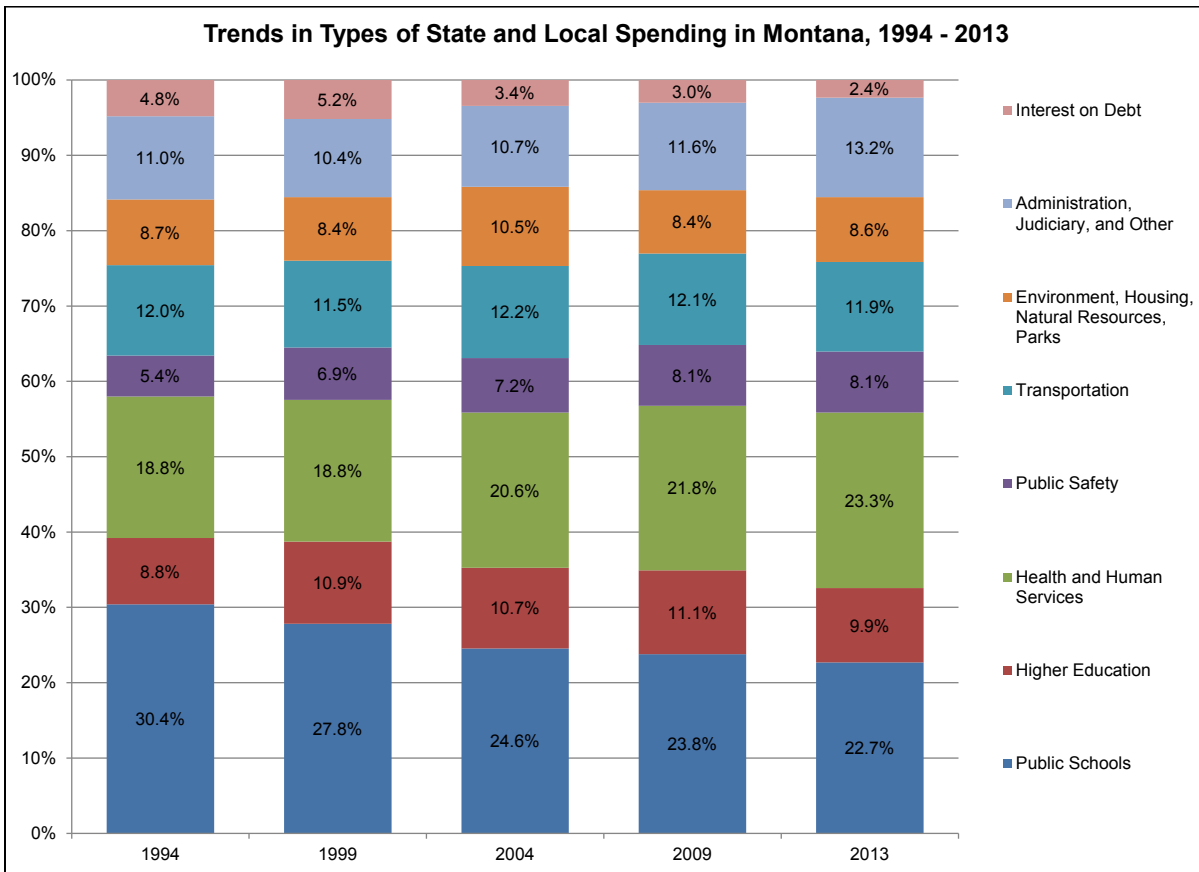
The transfers to school districts include direct state payments for education along with school districts' shares of state-collected taxes and Entitlement Share payments.

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 2013. Information on Montana state and local tax collections through fiscal year 2016 is from the state accounting system and Department of Revenue records.

State and Local Government Finance in Montana



Direct spending for public schools is primarily local, accounting for almost half of local spending. Higher education spending is almost all at the state level, accounting for about 13 percent of state spending. Health and human services spending is significant at both the state and local level, accounting for 27 percent of state spending and 8 percent of local spending. Spending on other functions also occurs at both levels. This includes transportation, public safety, and general government administration.



Over the past 20 years, the types of spending at the state and local levels have shifted in several areas. The share of spending on public schools has declined, from 30 percent in fiscal year (FY) 1994, to 25 percent in FY 2004 and to 22.7% in FY 2013. At the same time, the share of state and local government spending on public safety and health and human services has increased from 24.2 percent in FY 1994 to 31.4 percent in FY 2013. The chart on the previous page shows the percentage of state and local spending in Montana for each of the eight general spending categories for fiscal years 1994, 1999, 2004, 2009, and 2013.

State and Local Revenue

The charts on the following page show the sources of funds to pay for state and local spending. The top left chart shows state government revenue, and the top right chart shows revenue for local governments and school districts.

State taxes are the largest source of state revenue, making up 46 percent of the total. Transfers from the federal government, at 38 percent of the total, are the next largest source of state revenue. This includes federal funding for Medicaid and other state programs and federal education funds that are passed on to school districts.

Charges and fees make up 9 percent of state revenue. Three-fourths 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 3 percent of state revenue, and about 4 percent is from miscellaneous sources.

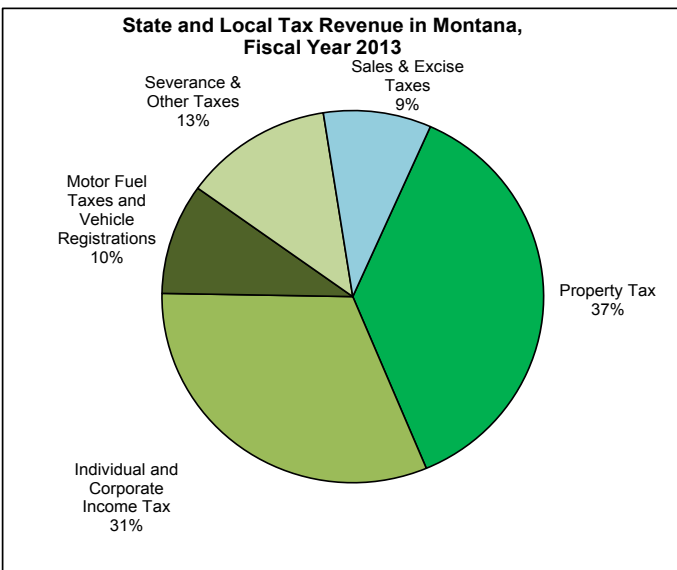
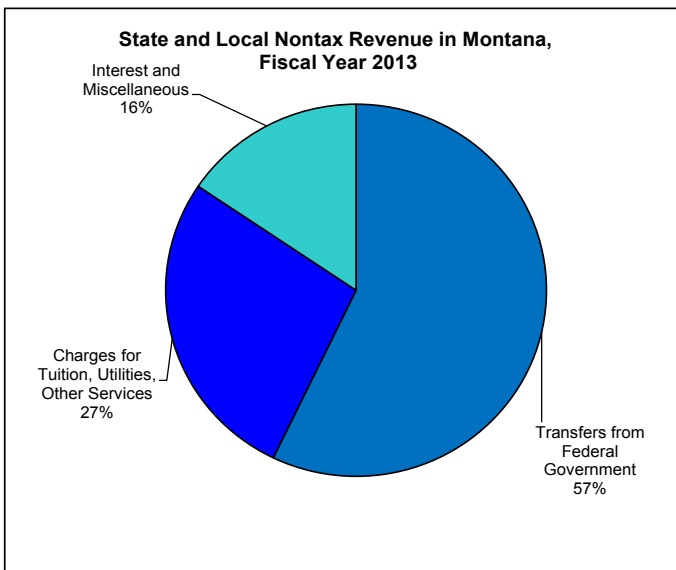
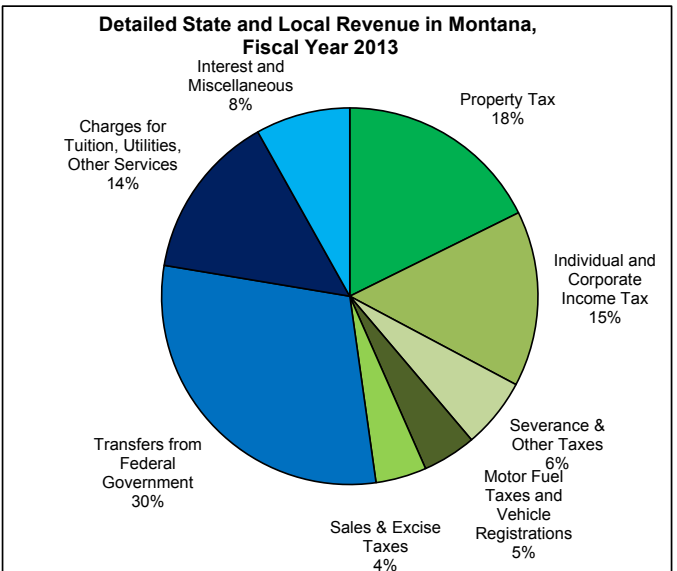
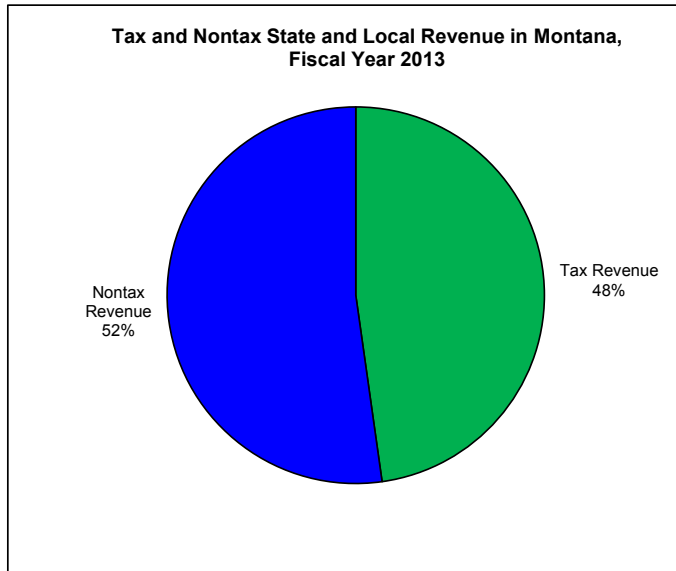
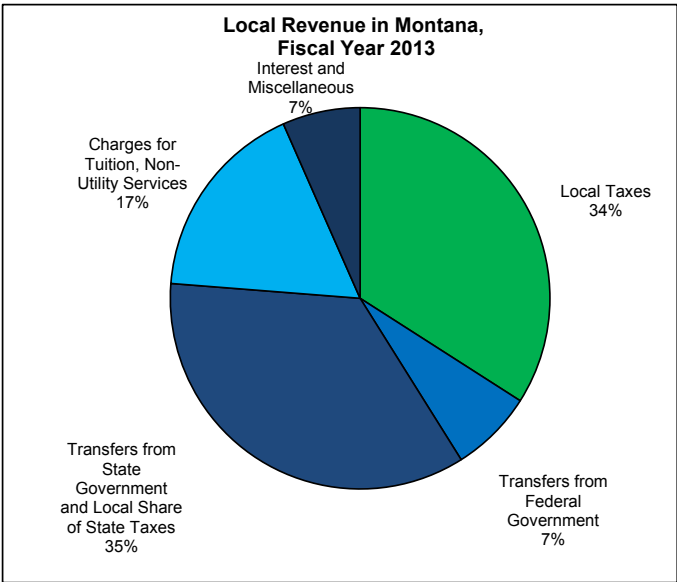
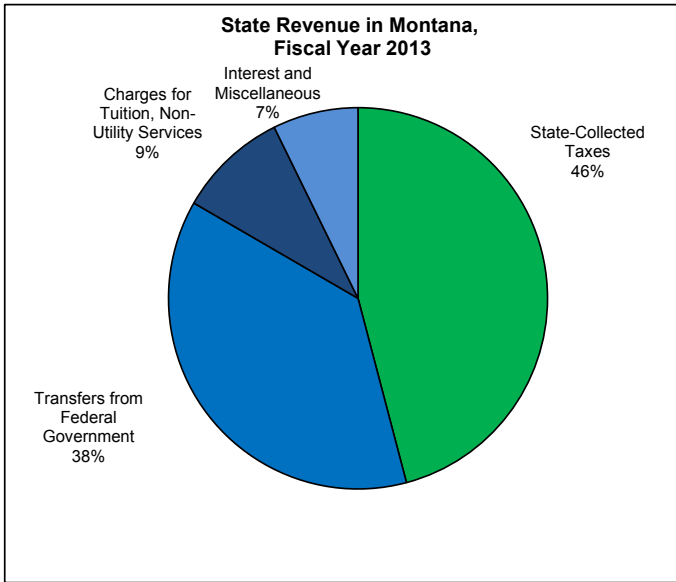
Transfers from the state and federal government, including the local share of state-collected taxes, and local taxes each are slightly more than one-third of local revenue. Charges for local services make up 17 percent of local revenue. Transfers from the federal government and revenue from miscellaneous sources, including interest, each account for 7 percent.

The remaining four charts show combined state and local revenue. Because state and local governments and school districts are combined in these charts, transfers between levels of government are not shown.

The chart on the left side of the middle of the page shows that revenue is almost evenly split between taxes and all other sources. The chart on the right shows total revenue with taxes broken down into five types and other revenue sources broken down into three types.

The charts on the bottom of the page show state and local tax revenue, on the left, and nontax revenue, on the right.

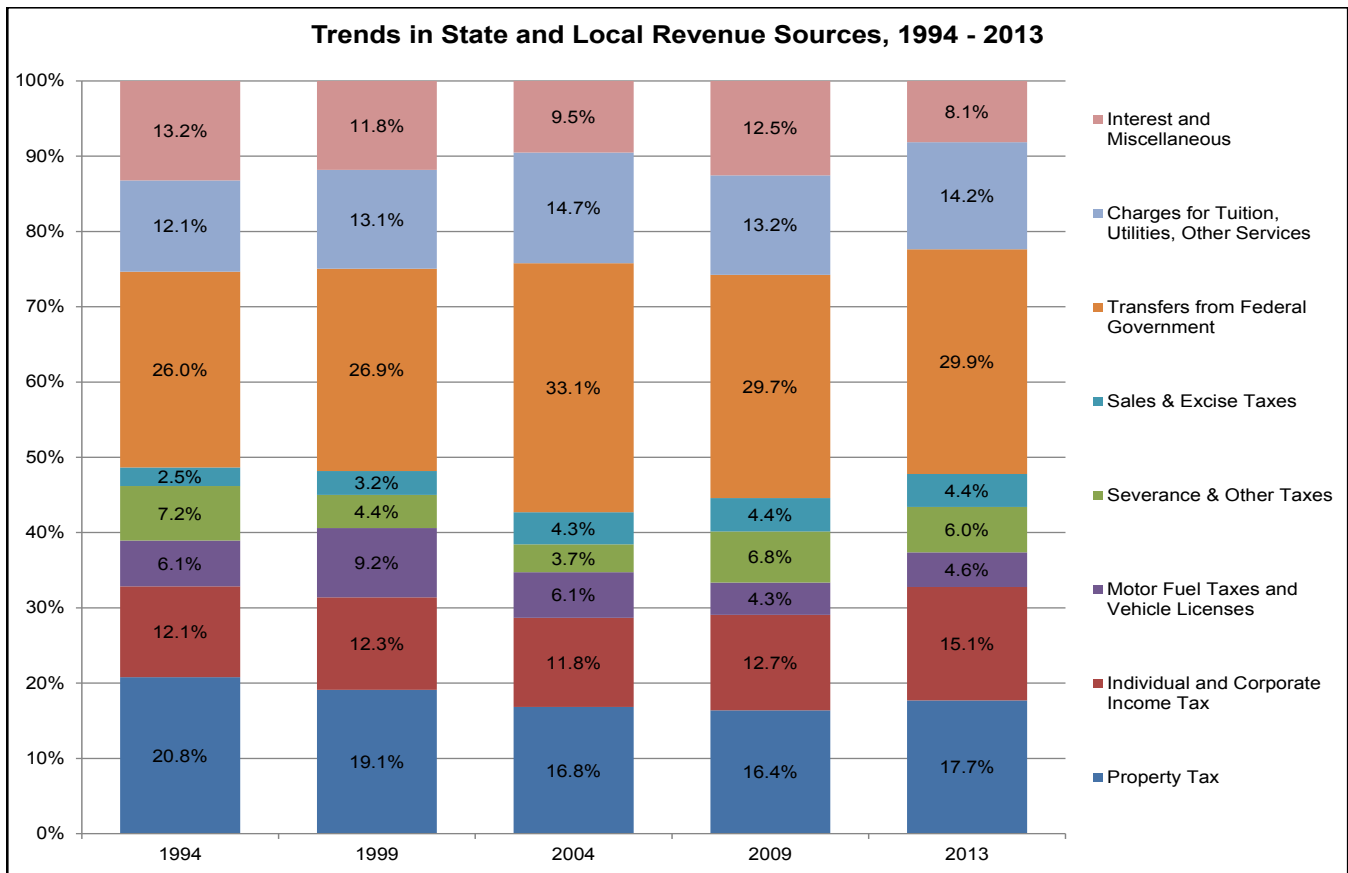
State and Local Government Finance in Montana



State and Local Government Finance in Montana

The sources of state and local revenue have changed in relative importance over time. This is shown in the following graph. Transfers from the federal government have varied over time, partly due to the fact that state revenue tends to grow slowly or even fall in a recession while the federal transfers to state and local governments continue or are even increased. From 1994 to 2004, the share of state and local revenue coming from the federal government increased from 26 percent to 33 percent. In 2009 and 2013, it was 30 percent.

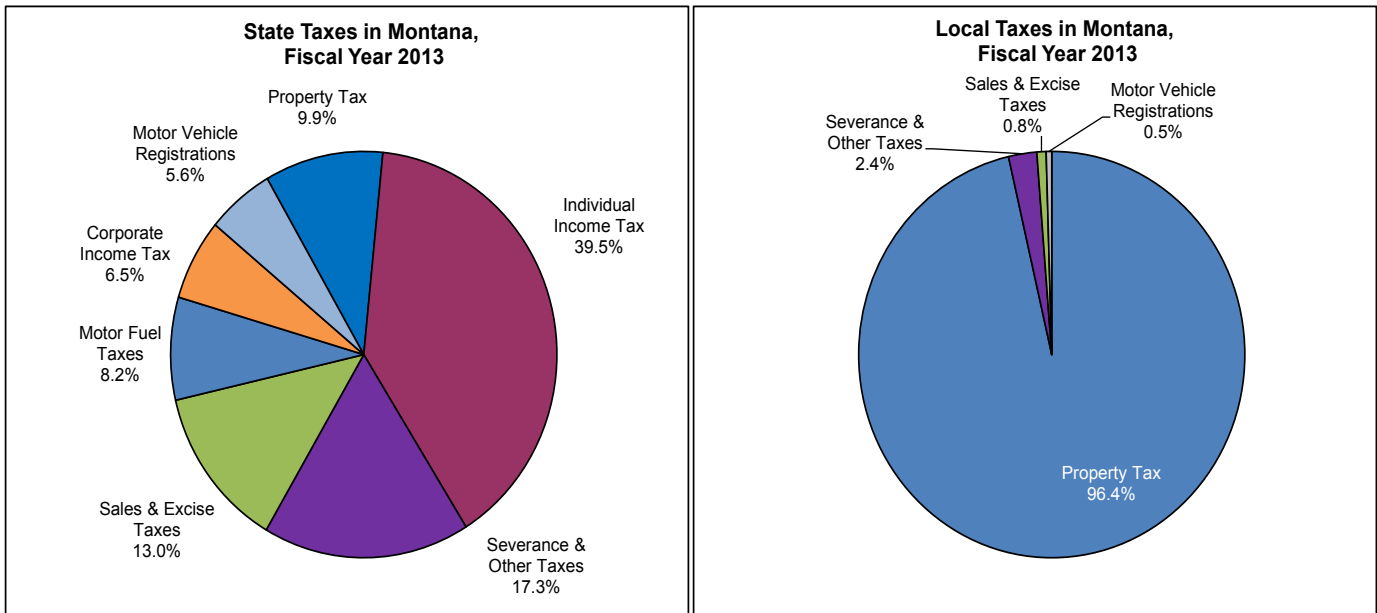
Changes in the other shares reflect both changes in the state economy and state and local legislative actions. For example, the share of severance and other taxes decreased from 1994 to 2004 as low oil and gas prices led to falling production. This share increased from 2004 to 2008 as higher prices and new technology led to increased production. As another example, the share of sales and excise taxes increased between 1999 and 2004 primarily because the legislature created new taxes on lodging and rental cars.



State and Local Taxes

The two pie charts on the next 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. In FY 2013, severance and other taxes made up the second largest category. The oil and gas production tax was 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 13 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.

Department of Revenue Tax Collections



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.

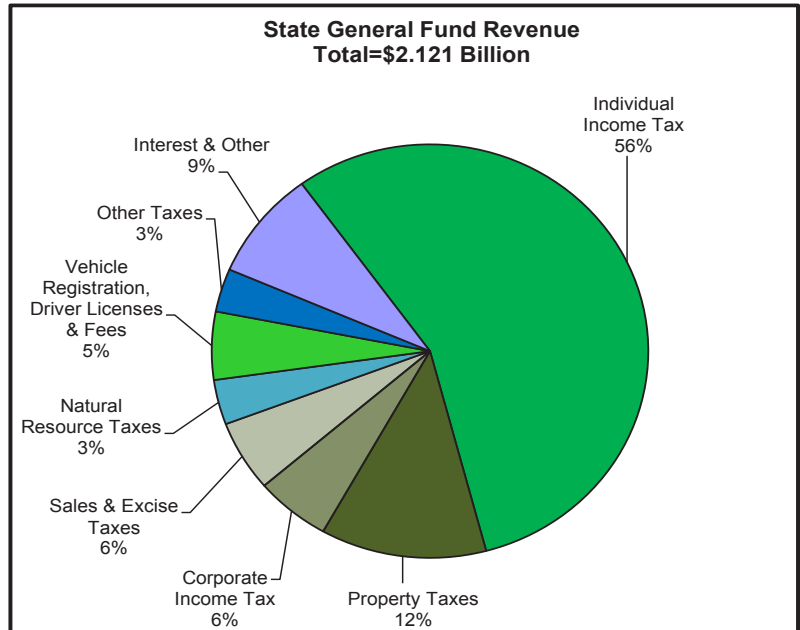
The following table shows how each type of tax was allocated between state and local governments in the fiscal year ending June 30, 2016. For the state share, it shows the allocation between the state general fund and earmarked uses. Each column shows the allocation of one type of tax. The bottom row 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 2016.

For taxes that the state collects, 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 2016							
	Property Tax	Individual Income Tax	Severance & Other Taxes	Sales & Excise Taxes	Motor Fuel Taxes	Corporate Income Tax	Motor Vehicle Licenses
Local							
Governments & Special Districts	42.22%	-	15.50%	0.90%	-	-	-
Schools	39.11%	-	17.31%	-	-	-	-
State							
General Fund	17.54%	100.00%	37.79%	45.04%	-	100.00%	69.85%
University System	1.12%	-	0.79%	1.14%	-	-	-
Health & Human Services	-	-	-	20.70%	-	-	-
Regulation & Agency Operations	-	-	0.56%	14.19%	-	-	4.22%
Public Safety	-	-	2.21%	1.68%	0.04%	-	-
Transportation	-	-	-	0.05%	96.81%	-	22.99%
Environment	-	-	4.94%	0.29%	3.15%	-	-
State Buildings	-	-	3.92%	0.33%	-	-	-
Trust Funds (inc. Retirement)	-	-	16.97%	0.29%	-	-	0.16%
Parks, Recreation, Tourism	-	-	-	15.41%	-	-	2.78%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
% of Total from Each Tax	38.45%	30.34%	4.30%	14.09%	5.82%	3.08%	3.93%
Total From Each Tax (\$ millions)	\$1,492.481	\$1,177.719	\$166.763	\$547.001	\$226.117	\$119.539	\$152.374

Department of Revenue Tax Collections

The graph to the right shows the breakdown of general fund revenue for the fiscal year ending June 30, 2016, including taxes and nontax revenue. The individual income tax is by far the largest single source of revenue for the general fund, and accounts for over half of state general fund revenue. The second largest source is property tax from the 95 mill statewide school equalization levy, which accounted for 12 percent of general fund revenue. Other revenue categories each accounted for less than 10 percent of general fund revenue.



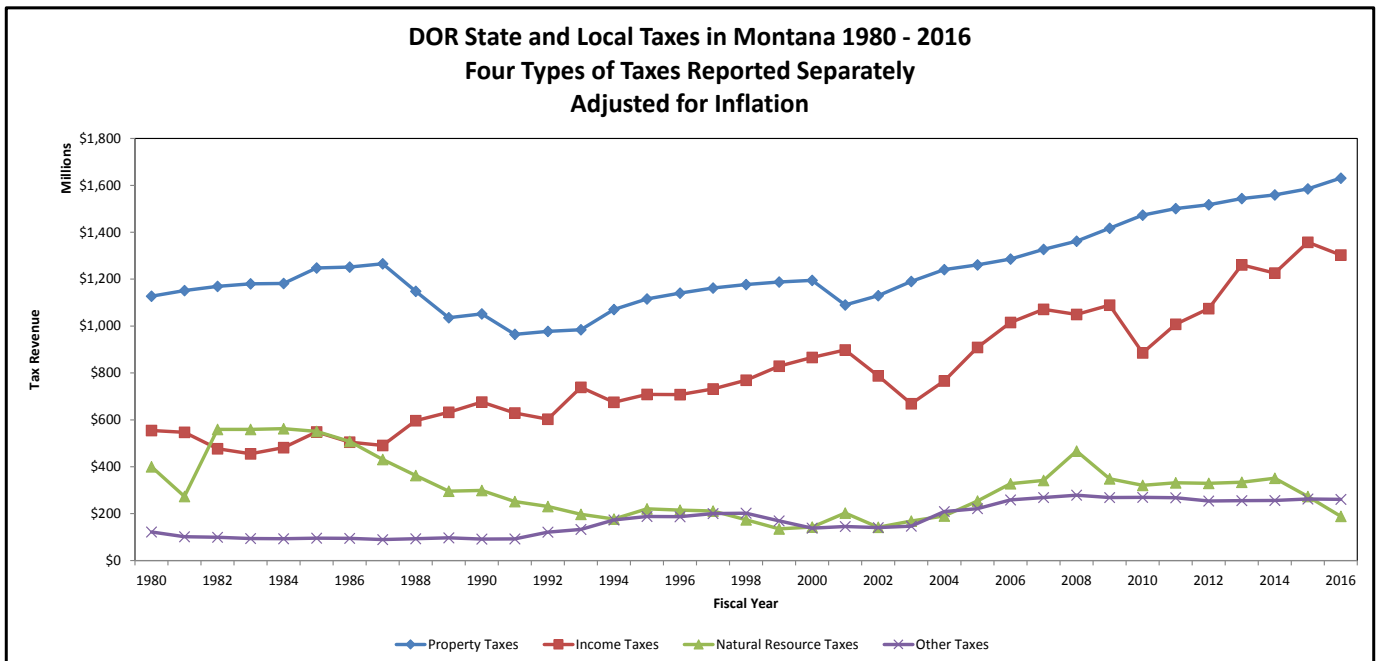
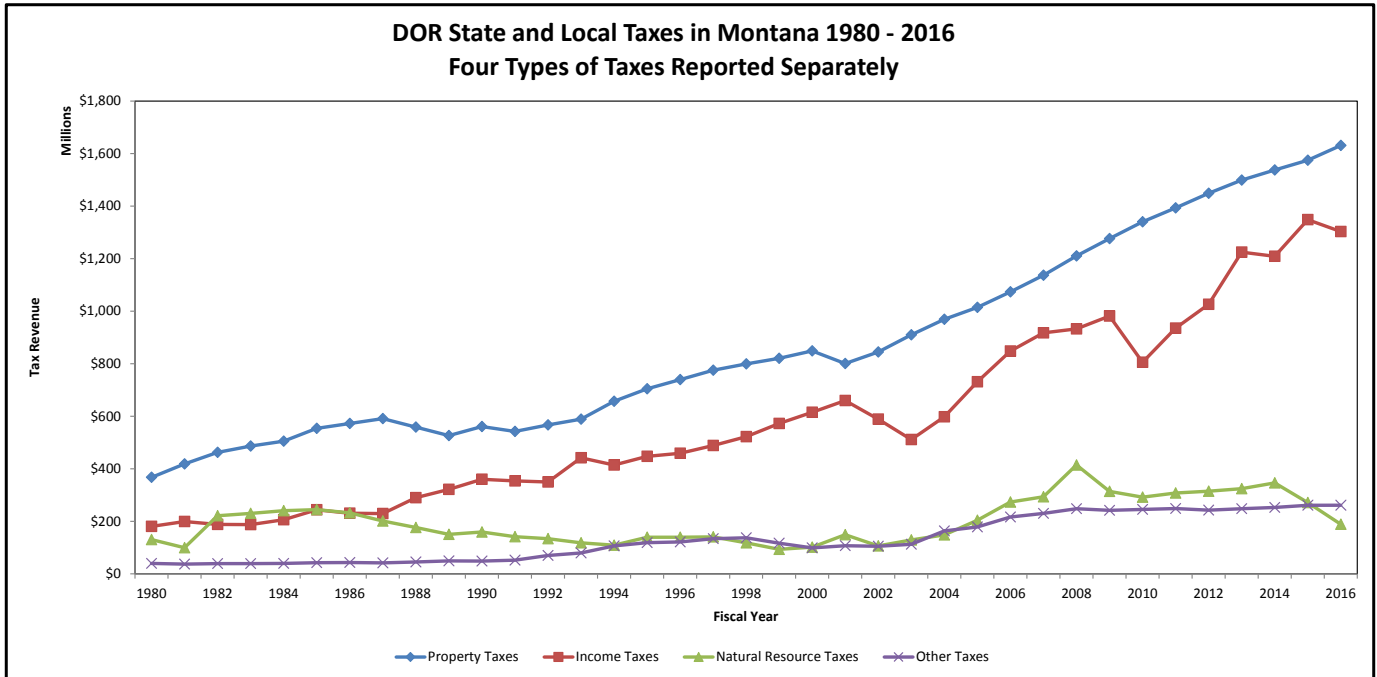
The following table shows Department of Revenue collections of state taxes for fiscal years 2010 through 2016. For taxes where revenue is split between the state and local governments, this table shows only the state share. Details on each tax can be found in later sections of this report.

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 Commissioner of Securities and Insurance (insurance taxes), and the Department of Justice (gambling taxes).

Department of Revenue State Collections - Fiscal Years 2010 - 2016							
	2010	2011	2012	2013	2014	2015	2016
Individual Income Tax							
Income Tax Withheld	\$ 644,991,064	\$ 685,192,810	\$ 734,240,351	\$ 783,631,123	\$ 816,681,159	\$ 875,304,260	\$ 904,652,951
Income Tax All Other	72,843,307	130,897,162	164,610,850	264,158,862	246,603,249	300,440,621	280,174,810
Subtotal	717,834,371	816,089,973	898,851,201	1,047,789,985	1,063,284,408	1,175,744,881	1,184,827,762
Corporation License Tax	87,906,411	119,045,890	127,774,092	177,500,421	147,550,091	172,731,561	118,386,603
Natural Resources Taxes (State Portion)							
Bentonite Tax	267,113	410,025	494,248	352,050	172,039	219,172	286,081
Coal Severance Tax	44,529,619	54,970,717	52,742,627	56,573,818	57,676,184	60,891,414	60,358,548
Oil and Gas Production Tax	107,641,181	112,529,043	110,123,693	120,794,398	135,766,496	92,502,365	45,537,806
Resource Indemnity Trust Tax	1,711,844	2,146,960	2,343,678	2,112,327	2,278,971	3,303,038	2,335,153
Metalliferous Mines License Tax	8,606,371	10,653,330	9,936,518	13,222,539	10,457,348	10,947,952	5,691,074
Subtotal	162,489,015	180,300,050	175,146,517	192,703,082	206,178,999	167,644,769	113,922,580
Other Taxes, Licenses and Services							
Cigarette Tax	77,071,487	74,090,938	75,533,075	74,790,040	73,839,772	71,843,320	73,219,123
Telecommunications Excise Tax	23,523,474	22,049,967	21,459,017	20,651,872	19,656,770	18,256,517	16,774,868
Lodging Facility Use Tax	17,132,174	19,718,227	22,257,882	23,332,178	24,486,047	27,127,478	27,910,664
Inheritance/Estate Tax (Net)	90,544	43,165	59,718	1,676	3,741	35	62
Sales Tax - Accommodations	12,330,846	14,240,586	15,606,496	16,719,931	17,725,159	19,696,526	21,492,606
Nursing Facility Bed Tax	14,928,685	14,609,167	14,294,205	13,719,662	13,929,619	13,485,243	13,232,878
Hospital Utilization Fee	21,290,112	21,819,469	21,238,158	21,703,642	22,179,418	23,626,972	22,667,834
Emergency Telephone 911 System	13,801,647	13,376,568	13,212,111	13,062,990	13,009,356	12,947,304	13,120,489
Electrical Energy Production Tax	4,713,429	4,332,363	4,481,361	5,066,602	4,279,845	5,132,926	4,536,484
Abandoned Property	12,491,906	7,276,154	7,188,318	8,827,032	12,882,668	10,196,308	9,554,713
Tobacco Products Tax	11,210,117	11,492,465	12,024,144	12,386,794	12,562,721	12,894,293	13,131,013
Wholesale Energy Transaction Tax	3,556,056	3,945,547	3,427,411	3,558,221	3,112,284	3,795,377	3,516,131
Public Service Commission Tax	2,493,209	4,739,380	2,461,936	2,608,068	4,910,861	3,254,094	2,897,229
Sales Tax - Rental Vehicles Tax	2,807,415	3,149,201	3,419,763	3,523,211	3,521,324	3,906,745	4,269,438
Contractor's Gross Receipts Tax	6,969,395	6,803,285	(3,041,921)	(137,587)	887,078	3,256,741	2,397,493
Rail Car Tax	2,579,263	2,130,192	2,273,412	2,178,957	2,418,072	3,706,309	3,594,460
Consumer Counsel Tax	530,981	1,243,187	1,523,517	1,063,563	1,444,344	1,469,750	1,002,553
TDD Telecommunications Service Fee	1,361,947	1,350,111	1,325,236	1,317,336	1,430,128	1,321,811	1,334,146
Intermediate Care Utilization Fee	913,971	931,535	882,024	951,767	906,220	906,155	1,036,982
Other Taxes and Licenses	120,069	122,424	127,592	152,681	151,784	165,793	160,547
Subtotal	229,916,727	227,463,929	219,753,456	225,478,635	233,337,211	236,989,696	235,849,713
Liquor Taxes, Profits, and Licenses							
Liquor Profits and License Fees (to GF)	9,322,967	9,363,108	9,559,079	10,584,631	10,560,209	11,253,438	11,373,175
Liquor, Beer, and Wine Taxes	28,196,405	28,699,909	30,266,107	31,438,970	32,471,220	33,908,378	34,706,138
Subtotal	37,519,372	38,063,017	39,825,185	42,023,600	43,031,429	45,161,815	46,079,313
TOTAL COLLECTIONS	\$ 1,235,665,896	\$ 1,380,962,859	\$ 1,461,350,452	\$ 1,685,495,723	\$ 1,693,382,138	\$ 1,798,272,722	\$ 1,699,065,971

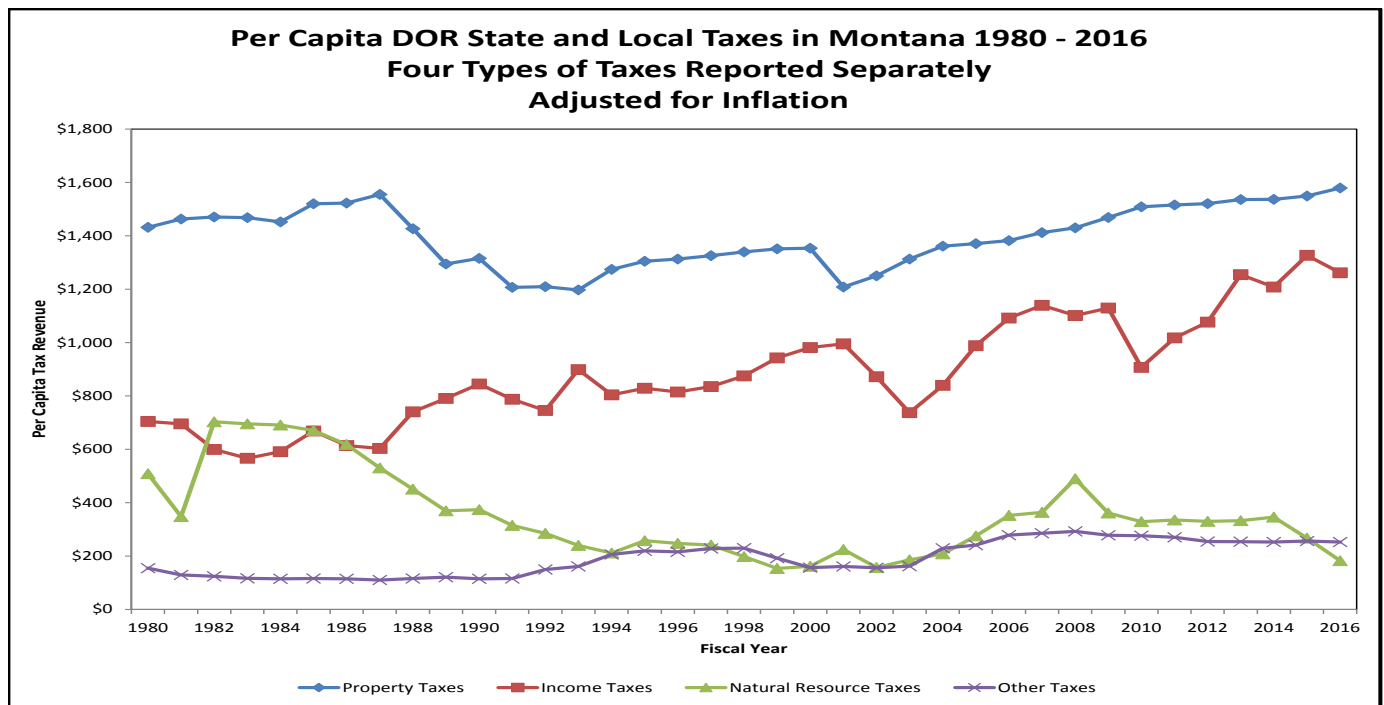
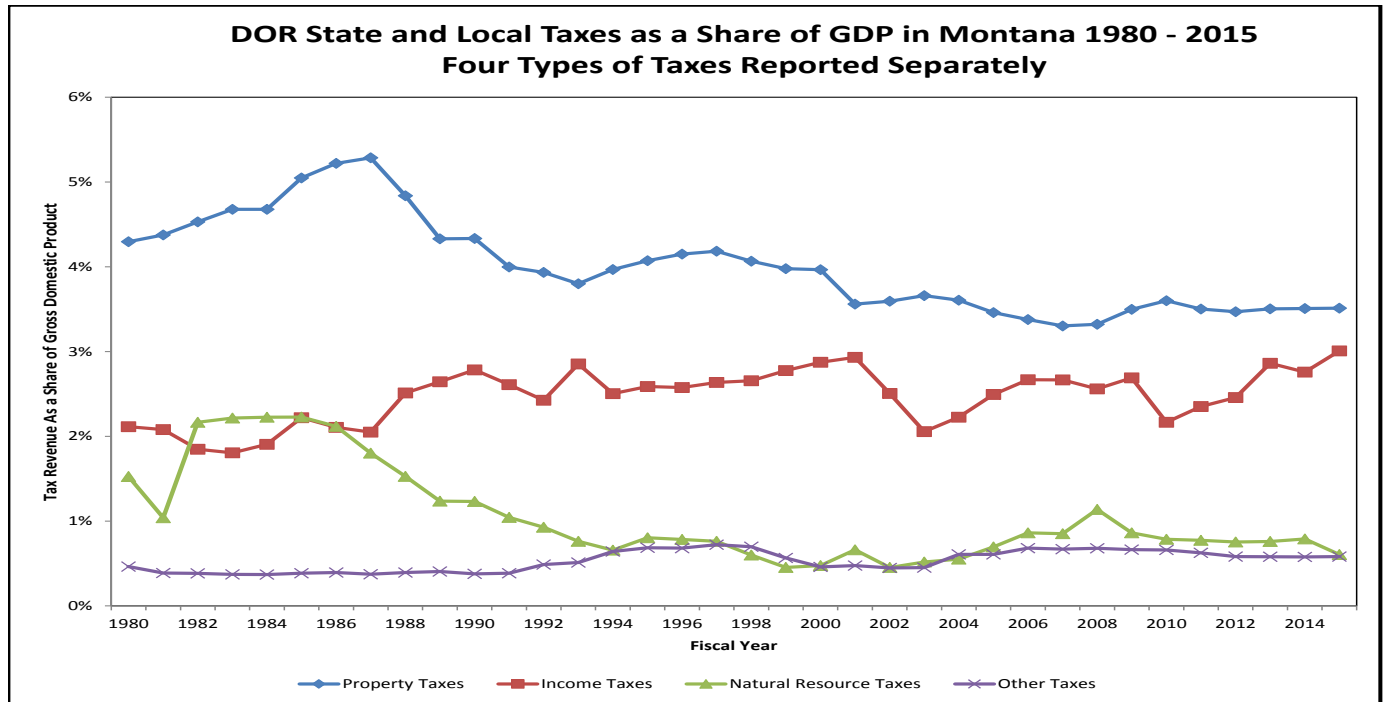
Montana Tax Trends

The two graphs on this page show total collections of taxes, divided into four categories, for fiscal years 1980 through 2016. 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 2016.



Montana Tax Trends

The two graphs on this page also show total collection of taxes in Montana, divided into the same four categories, for fiscal years 1980 through 2016. The first graph shows the amount of collections for each tax type as a share of Montana's gross domestic product for the same period. The second shows the amount of revenue collected on a per capita basis. The second chart is also adjusted for inflation, with each year's collections show in terms of their 2016 value.



Montana Tax Trends

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

<p><u>Property Tax</u></p> <ul style="list-style-type: none"> ● Taxes Based on Mill Levies ● Special Improvement Districts (SID) ● Rural Improvement Districts (RID) ● Other Fees 	<p><u>Income Taxes</u></p> <ul style="list-style-type: none"> ● Individual Income Taxes ● Corporate Income Taxes
<p><u>Natural Resource Taxes</u></p> <ul style="list-style-type: none"> ● Coal Severance Tax ● Coal Gross Proceeds Tax ● Metal Mines License Tax ● Metal Mines Gross Proceeds Tax ● Resource Indemnity and Groundwater Assessment Tax ● Miscellaneous Mines Net Proceeds Tax ● Bentonite Tax ● Oil and Natural Gas Severance Tax ● Cement and Gypsum Taxes 	
<p><u>Other Taxes</u></p> <ul style="list-style-type: none"> ● 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' Tax ● Wholesale Energy Transaction Tax ● Consumer Council Tax ● Public Service Commission Tax ● Unclaimed Property ● Public Contactor's Gross Receipts Tax ● Inheritance and Estate Tax ● Nursing Facility Bed Tax ● Intermediate Care Facility Utilization Fee ● Hospital Facility Utilization Fee ● Rail Car Tax 	

The charts on the next page show the mix of taxes in fiscal year 2013 for Montana, for the average of all 50 states, and for 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 85 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.

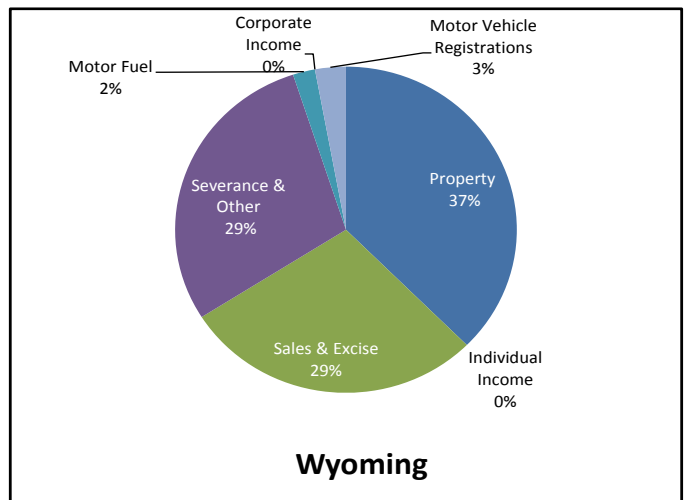
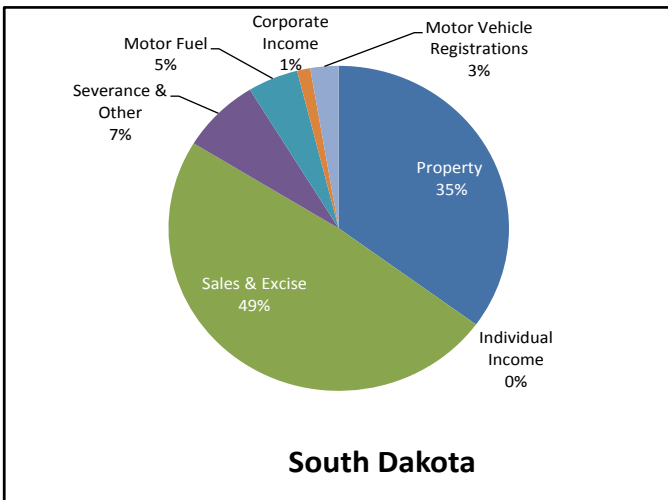
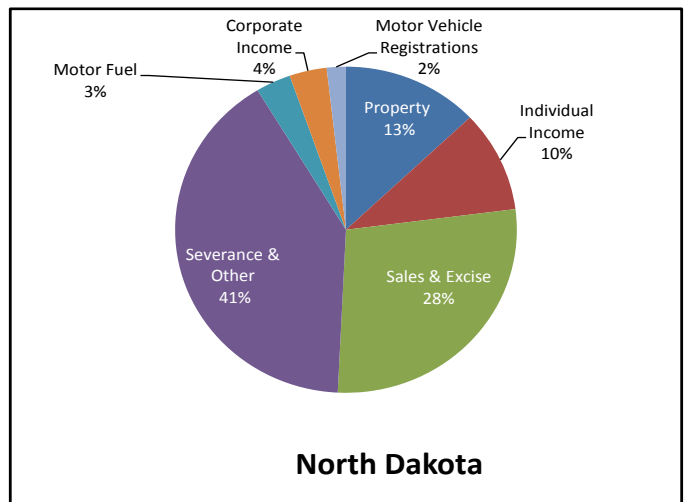
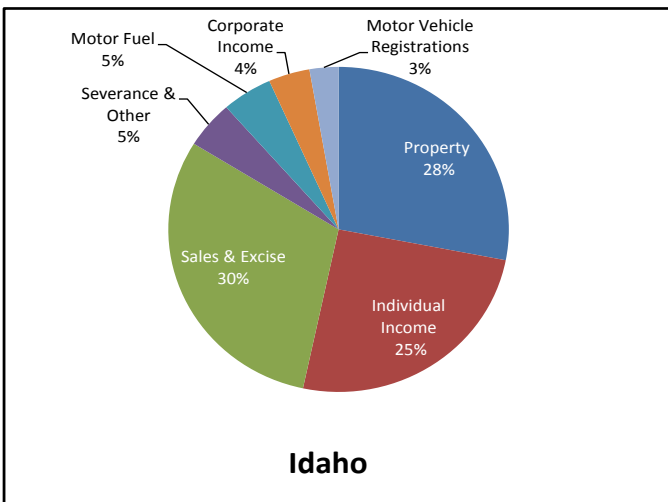
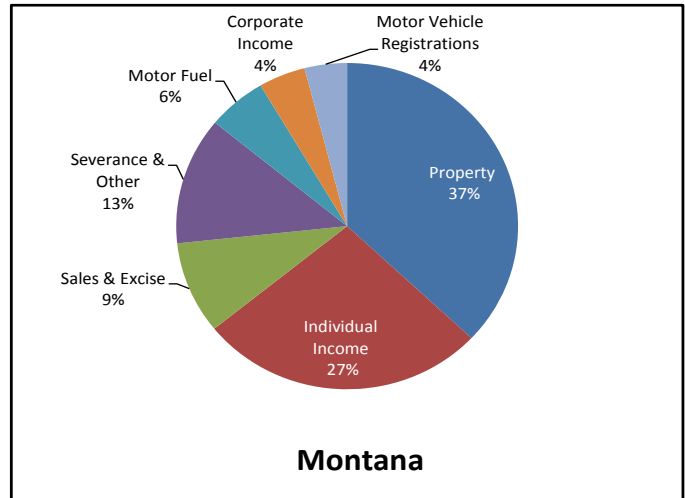
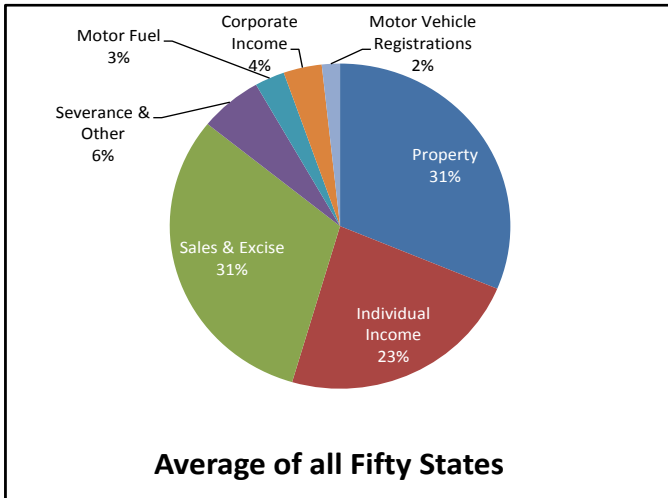
Compared to the average, Montana gets a much smaller share of tax revenue from sales and excise taxes and a somewhat larger share from each of the other types. Of the four neighboring states, only Idaho looks like the average state. In North Dakota, severance and other taxes were over 40 percent of total collections in fiscal year 2013. North Dakota’s share of revenue from sales and excise taxes was about average, but the shares from income and property taxes were a little less than half the average. 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. Montana, Idaho, and South Dakota

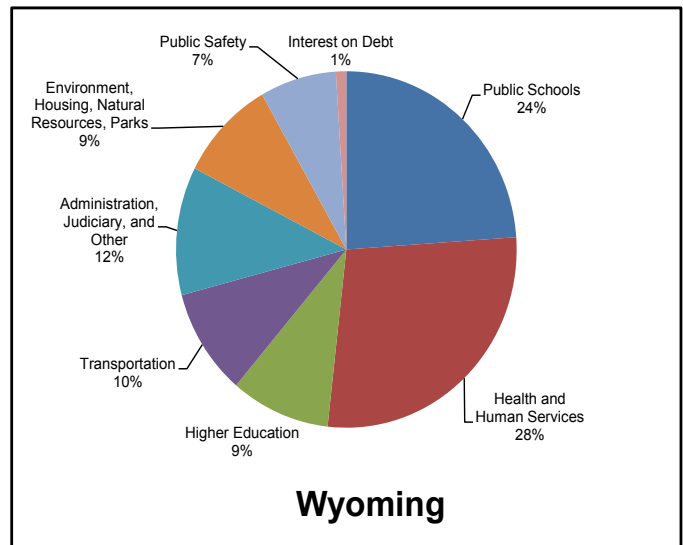
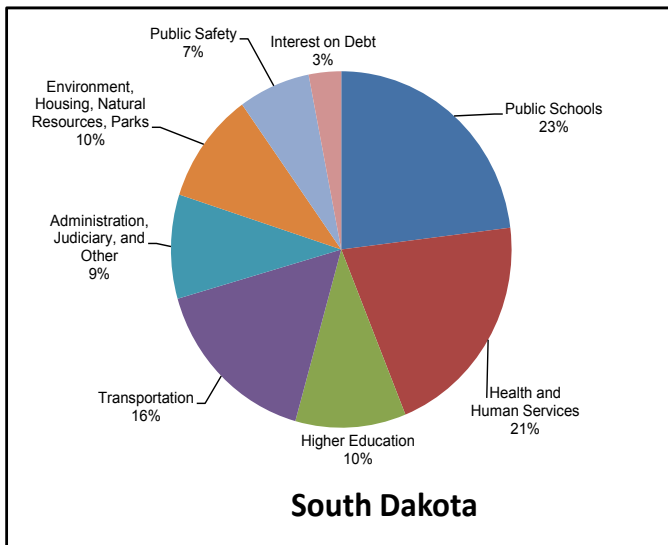
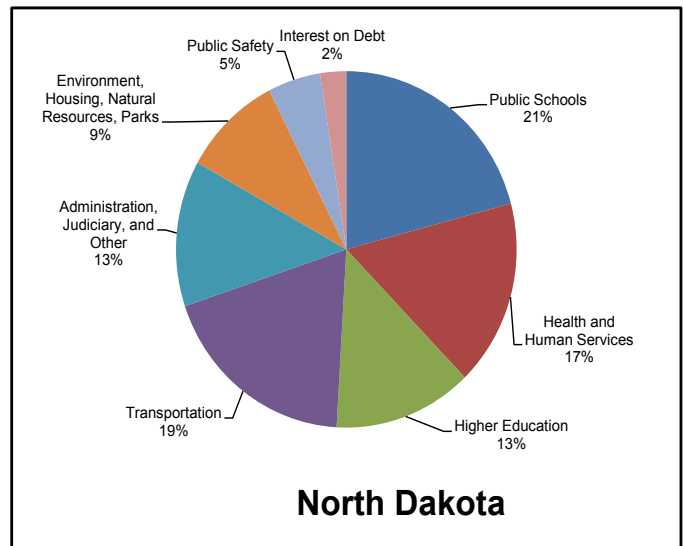
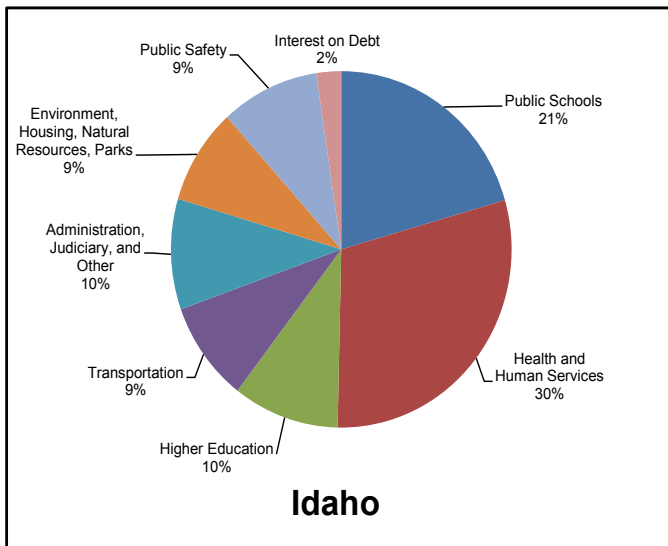
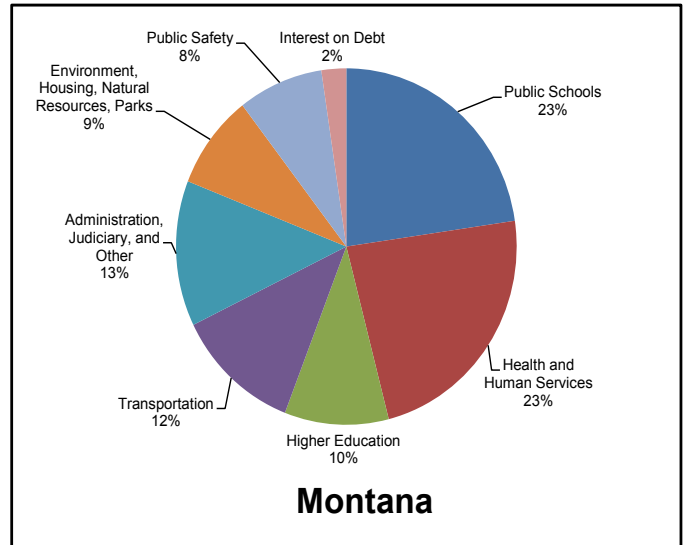
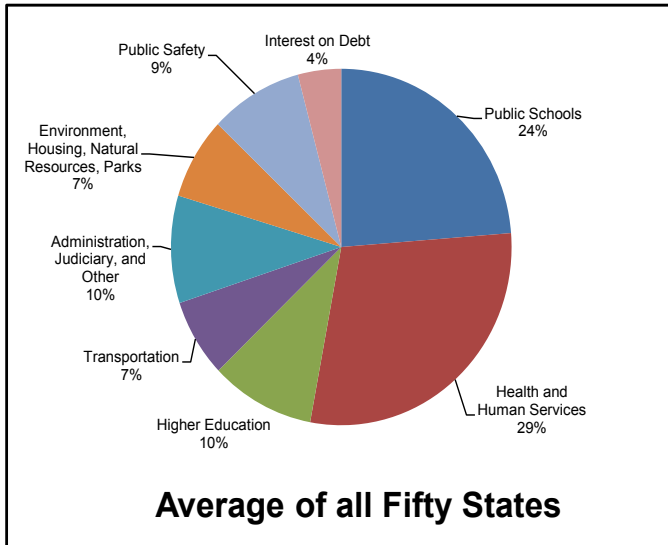
Taxes and Spending in Montana and Other States

devote the same proportion to higher education as the average state, while the proportion is slightly lower in Wyoming and higher in North Dakota. Montana and the Dakotas devote a smaller-than-average share of spending to health and human services, while Idaho and Wyoming are close to the average. Transportation's share of spending is higher than average in all the states in the region.

State and Local Taxes in Fiscal Year 2013



State and Local Spending in Fiscal Year 2013



How Does Montana's State and Local Revenue System Measure Up?

There are many ways to evaluate state and local revenue systems. People and businesses care about different aspects of revenue systems because state and local taxes affect them differently: 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 lives 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.¹ The NCSL's nine principles can be stated 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 the legislature should regularly review special provisions of the tax code.

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.²

¹ The latest version, updated in 2007, can be found on the NCSL website at <http://www.ncsl.org/research/fiscal-policy/principles-of-a-high-quality-state-revenue-system.aspx>.

² 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

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 collected by 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 graph on the following page 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 variability¹ of revenue growth over the period 1993 to 2013. Montana is highlighted in blue, and the four surrounding states and the U.S. average² have darker shading than other states.

Montana ranks 34th, 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 corporate 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.

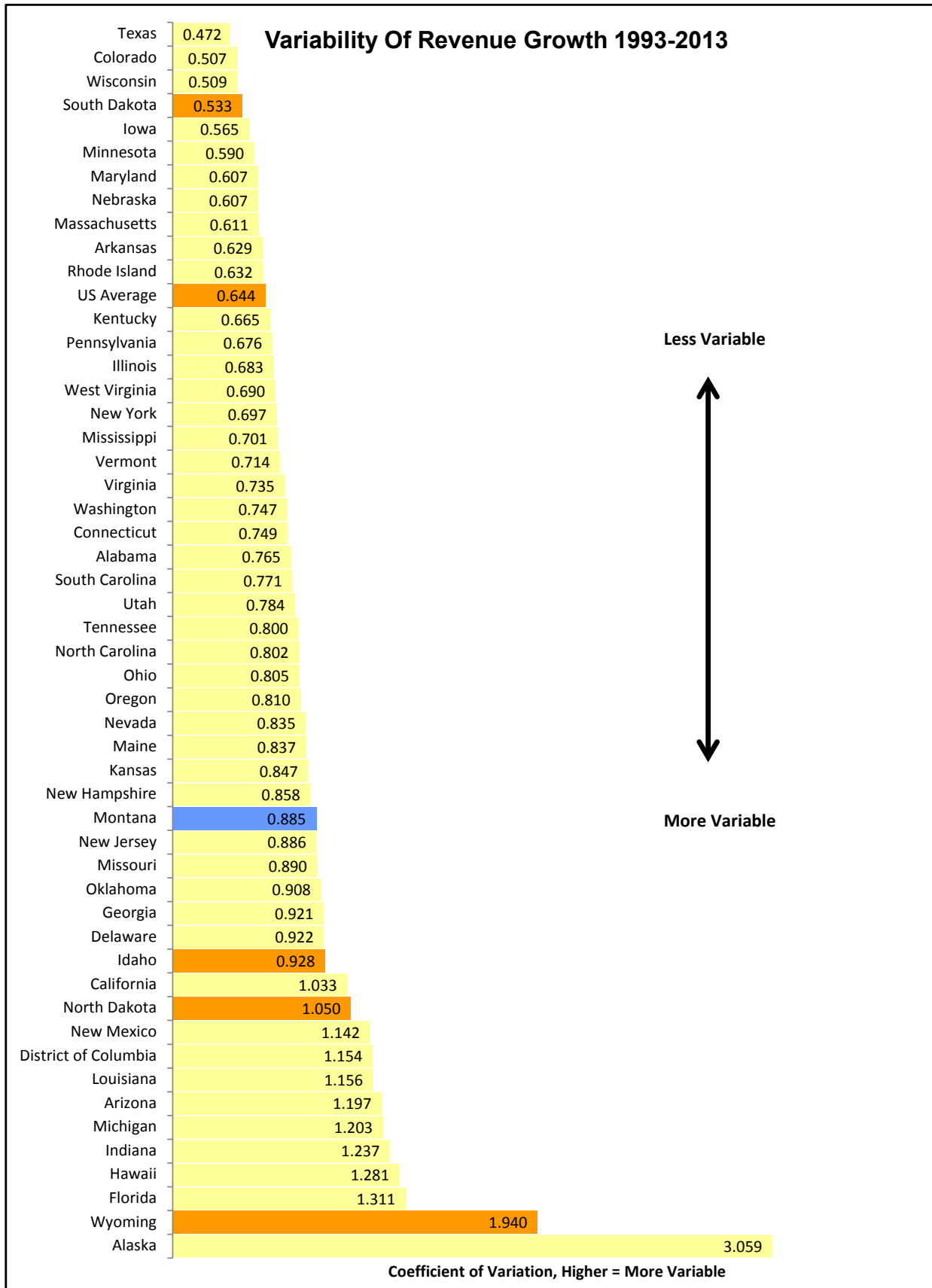
The conventional view is that a balanced tax system would get most of its revenue from the "three-legged stool" of income, property, and sales taxes, but balance can be achieved in other ways. Despite not having a general sales tax, Montana has one of the more balanced tax systems, as measured by the percent of revenue from one or two taxes, with 37 percent from one tax and 64 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.

(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."

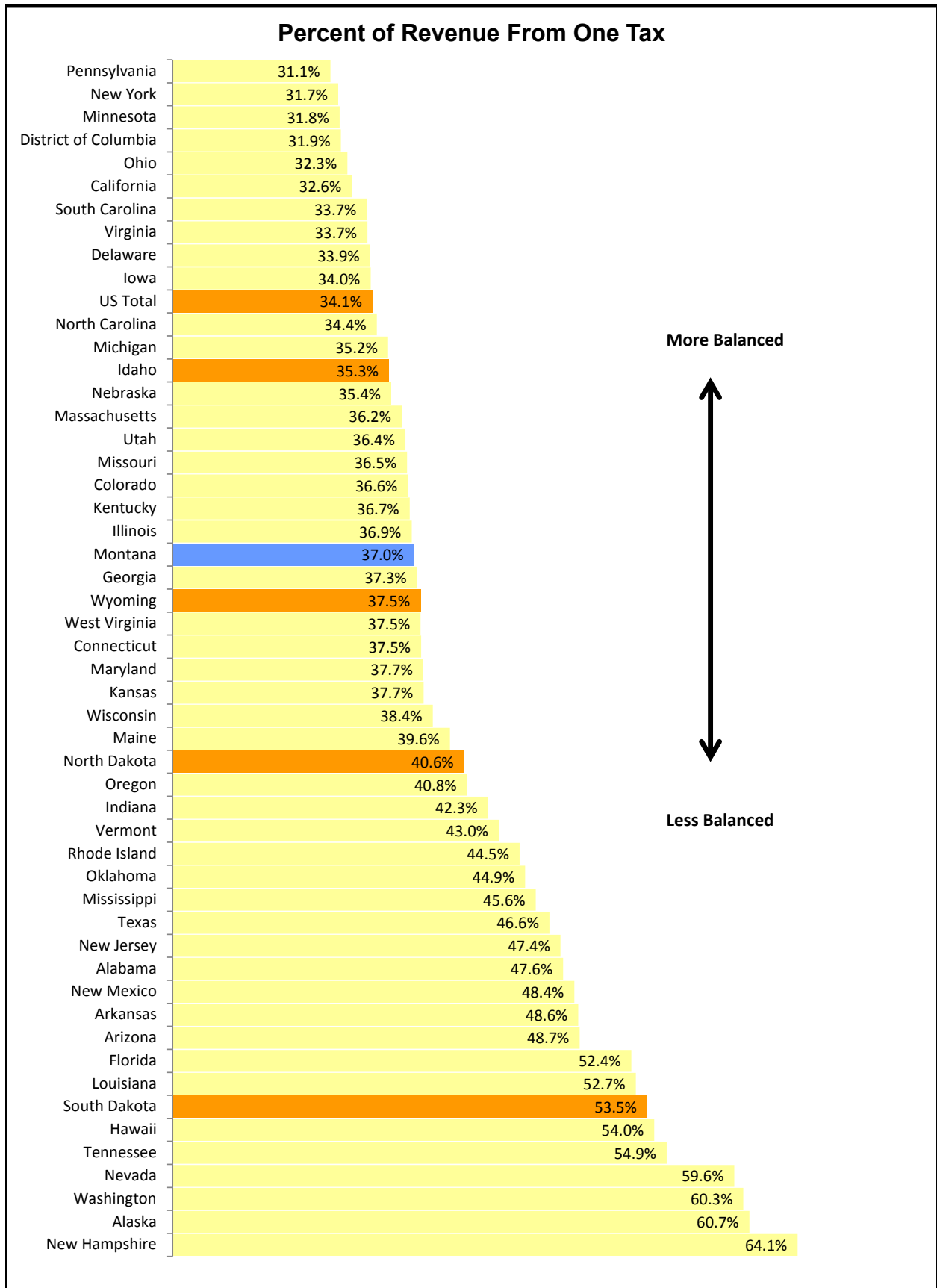
1 The coefficient of variation is a measure of relative variability. A higher CV indicates that the variation in annual growth rates is a larger percentage of the average growth rate.

2 In this section, U.S. averages are calculated from total revenue for all fifty states. They are not the average of the fifty state numbers.

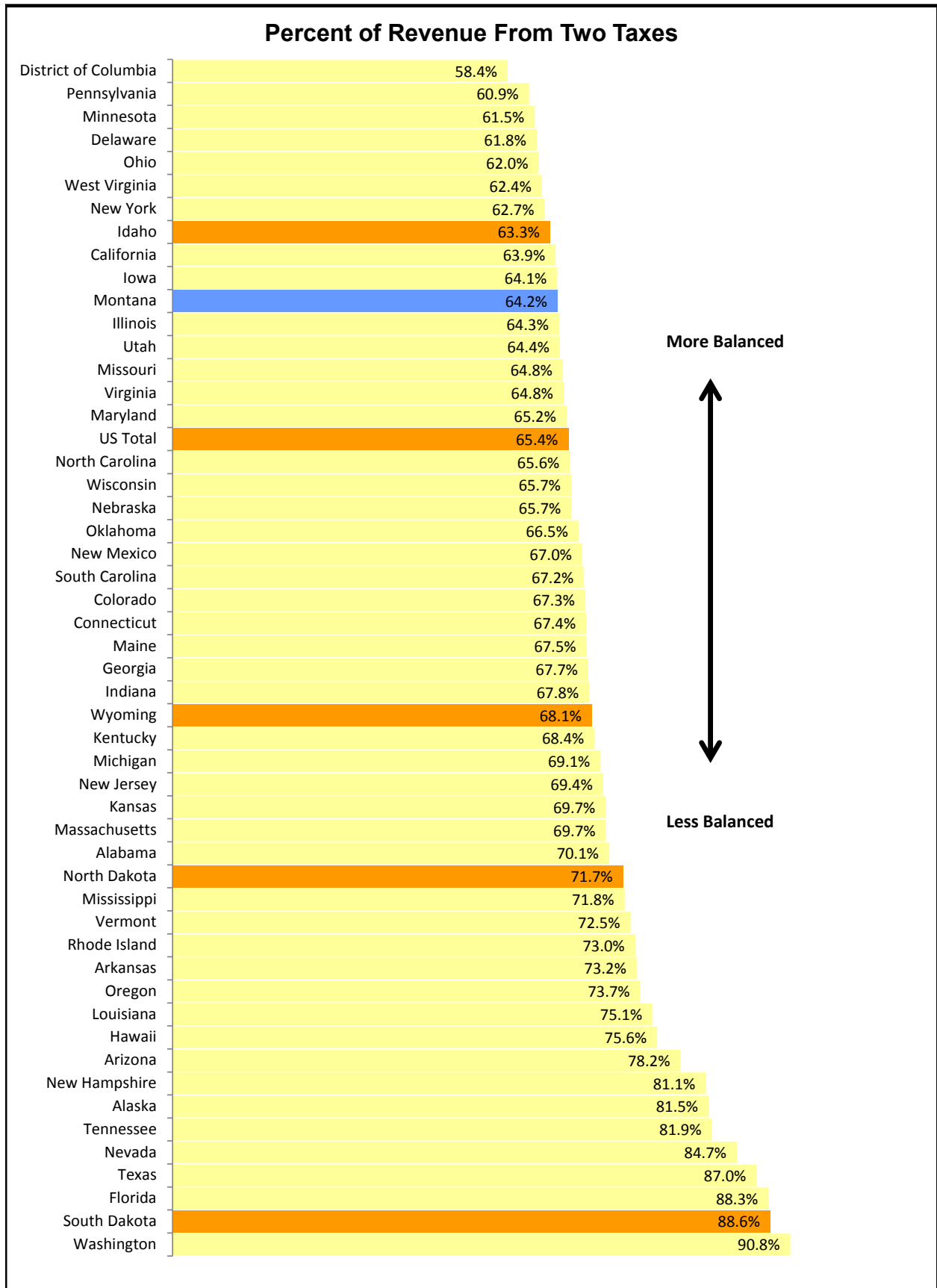
Comparison of State Taxes



Comparison of State Taxes



Comparison of State Taxes



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.

Similar Circumstances and Similar Taxes

For most Montana taxes, taxpayers who are similar, in terms of having similar tax bases, pay similar taxes. There are two exceptions. One is the income tax, where taxpayers with similar income may have very different tax liabilities if they differ in their ability to take advantage of the itemized deductions and tax credits that the state allows. For example, a taxpayer with a mortgage on a house can claim itemized deductions for mortgage interest and property taxes. This is likely to result in this taxpayer having lower income tax liability than an otherwise identical taxpayer who rents and cannot claim these deductions.

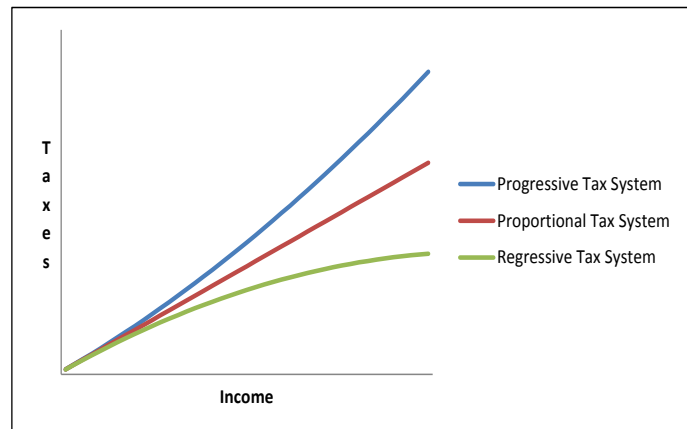
In general, the Montana property tax system is designed so that similar properties will have similar taxable values and any differences in taxes will be due to differences in local mills. In some cases, differences in local mills reflect differences in local services. For example, if residents of one 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.

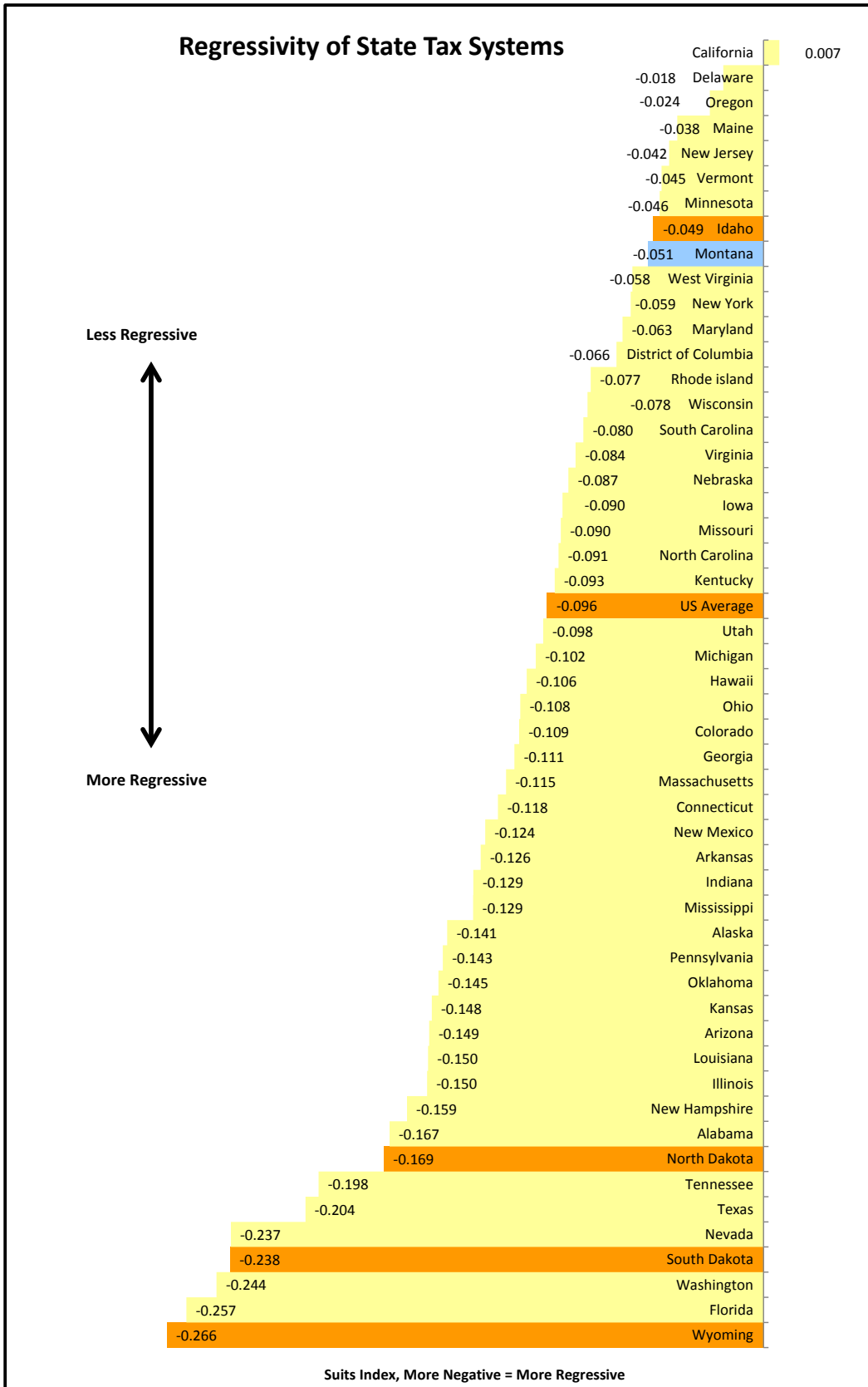
Taxes as a Proportion of Income

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 to the right illustrates these concepts. The red line shows a proportional tax system, where taxes are the same proportion of income at all income levels. The blue line shows a progressive tax system, where taxpayers with higher incomes pay a higher percentage of their 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 next page shows a measure of progressivity or regressivity, the Suits index, for each of the 50 states and the District of Columbia. 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. The Suits index is always between -1 and 1. If all taxes were paid by the person with the highest income, the Suits index would be equal to 1, and if all of taxes were paid by the person with the lowest income, the Suits index would be equal to -1.¹



¹ Suits Indices in the graph are calculated from information in Carl Davis, Kelly Davis, Matthew Gardner, Harley Heimovitz, Sebastian Johnson, Robert S. McIntyre, Richard Phillips, Alla Sapozhnikova and Meg Wiehe, Who Pays: A Distributional Analysis of the Tax Systems in All



50 States, 5th ed, Institute on Taxation & Economic Policy, 2015.

Comparison of State Taxes

As the graph shows, almost 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.

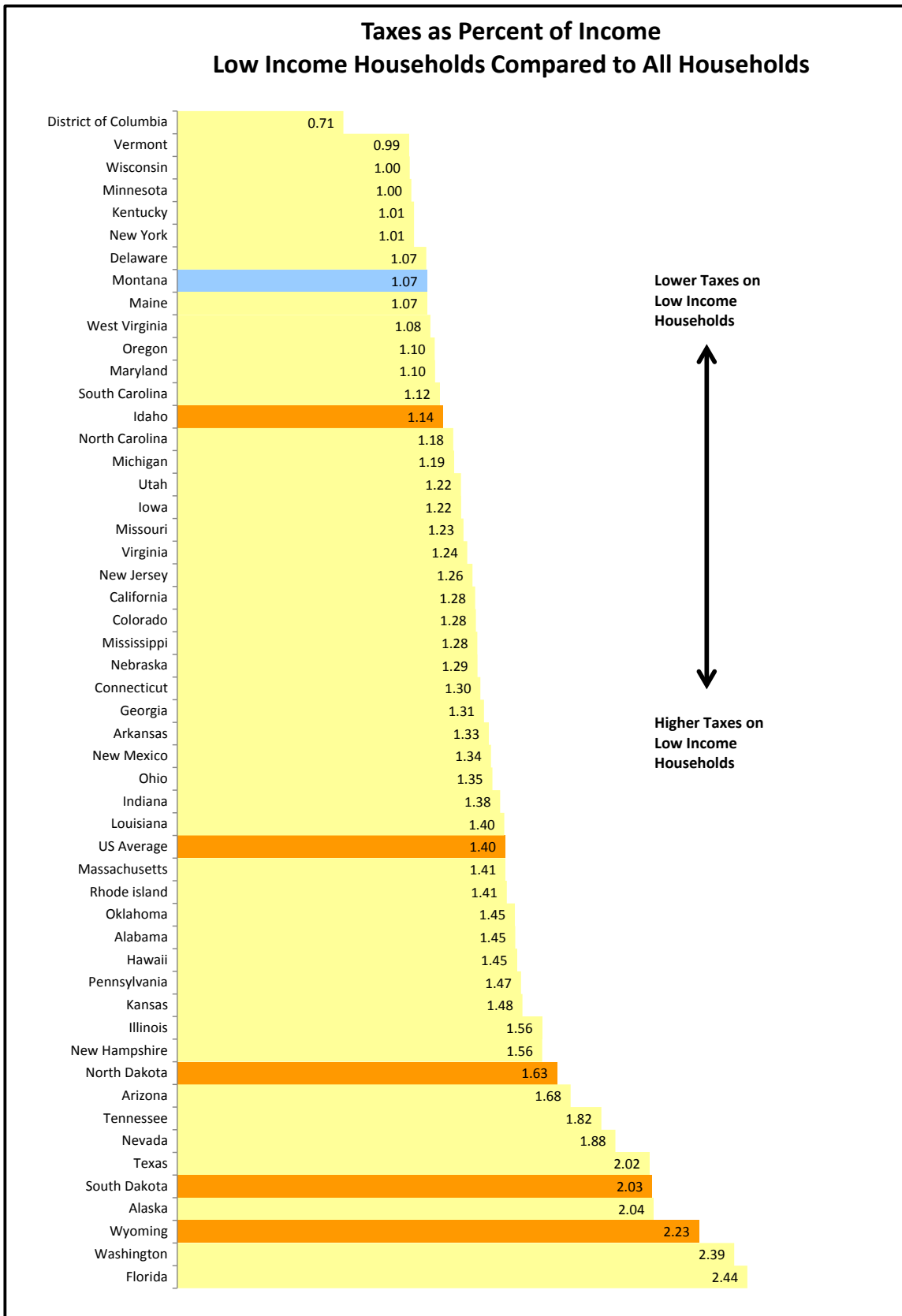
Sales taxes generally are regressive because services and other nontaxable purchases make up a larger percentage of higher-income taxpayers' spending and because higher-income taxpayers typically spend a smaller fraction of their income. Higher-income taxpayers are more likely to be accumulating wealth by spending less than they receive, both in any year and over their lifetimes.

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

Taxes on Low Income Households

The next graph compares the percentage of income going to state and local taxes for the fifth of taxpayers with the lowest incomes to the same 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 1.07 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 1.40. 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 simple and straightforward as possible. The taxpayer would receive a bill, be able to easily verify that the amount was correct, and have a convenient way to pay.

Whether a state's tax system is easy to understand and easy to comply with depends on the types of taxes collected, as well as on the details of the 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 the taxpayer receives a bill or self-assesses (files 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, appeal before a quasi-judicial body such as the state tax appeal board, and ultimately 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.

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

Comparison of State Taxes

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.¹

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.

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 table to the right shows, Montana has more differences from federal itemized deductions than any other state.

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

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 Deductions	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)

Montana law also provides for a smaller standard deduction than federal law, which results in more taxpayers itemizing deductions on their state returns than on their federal returns. Fifty-five percent of Montana income tax returns itemize deductions while only 28 percent of federal returns filed from Montana itemize.

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

¹ Comparisons in this section are based on a review of 2012 state tax returns and instructions and on information in Individual Income Tax Provisions in the States, Wisconsin Legislative Fiscal Bureau, January, 2011.

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

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.

For taxpayers who do not use them, these provisions 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. A little more than half of Montana married couples file separate returns on the same form while 95 percent of married couples file joint federal returns. A little more than half of Montana returns are subject to at least one of the state additions to or subtractions from federal adjusted gross income. About 55 percent itemize deductions and 8 percent claim at least one tax credit.

Corporation Income Tax

The corporate income 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 two percent of corporate returns claim a credit.

The most difficult state-specific aspect of the Montana return is the apportionment of the income of multi-state 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. However, a multi-state corporation has to make an apportionment calculation for each of the states where it pays corporation tax, so the extra record keeping is not all attributable to Montana.

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 most businesses would 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.

The ease of self-assessing can be partly judged by the fraction of returns with problems. 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, which differs between classes of property, is applied to give taxable value.

The tax on a property is calculated by multiplying the taxable value by state and local mill levies and adding any local fees. Few taxpayers understand the local budgeting processes that determine mill levies. This often leads taxpayers to expect a change in their property taxes based on their assessment notice which turns out to be quite different from any change that they see when they ultimately receive their tax bills.

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 eight 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 Income 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.

Comparison of State Taxes

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 payments a business makes and should have minimal additional costs.

Easy to Administer Fairly, Efficiently, and Effectively

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.

Cost to Assess or Process Returns

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 it does not have some complications found in 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 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 department's 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

Comparison of State Taxes

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 statewide 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. This is because property taxes are based on a taxpayer's share of taxable value in a jurisdiction, not on the absolute value of the taxpayer's property. A taxpayer with 0.01 percent of the taxable value in a jurisdiction will pay property taxes equal to 0.01 percent of the taxing jurisdiction's revenue requirement. 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 a percent, 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 its total taxable value.

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

More than half of states have some departure from uniform taxation. The largest group, which includes Montana, has classes of property with different assessment ratios, but uniform millage rates. Montana has the largest number of different assessment ratios – 12, including two for business equipment depending on how much the taxpayer owns. 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

Comparison of State Taxes

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.

State With Uniform and Nonuniform Taxation of Property Classes	
One Assessment Ratio and Uniform Mills	22
One Assessment Ratio and Nonuniform Mills	6
Multiple Assessment Ratios and Uniform Mills	19 - including Montana
Multiple Assessment Ratios and Nonuniform Mills	3
Tax Not Based on Market Value	1

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 principal 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

Comparison of State Taxes

Personal Income Tax

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.

Increasing electronic filing has affected the cost of administering the income tax in both positive and negative ways. The department has had to invest in additional data processing systems to allow taxpayers to file electronically. As more taxpayers have filed electronically, the department has been able to print fewer tax booklets. Electronic filing also greatly reduces the kind of mistakes in adding and copying numbers that taxpayers tend to make when filling out returns by hand.

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 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 processing and verifying of 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 noncompliance or gamesmanship, the more expensive it will be to administer fairly, efficiently, and effectively because the tax agency will have to spend more time auditing taxpayers, searching for nonfilers and nonpayers, 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 noncompliance 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.

Comparison of State Taxes

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 appeal 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 appeal 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 or do not remit tax they collect, 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 nontaxable.

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 noncompliance. 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.

The property tax and the personal income tax are the two taxes that pose the greatest challenges for fairness in administration.

Comparison of State Taxes

Property Tax

Two properties with the same value and in the same class should only have different property taxes if they face different local mill levies. This will be the case if the department's assessments of property value are uniform.

Assessing property values is a much more difficult and involved process than determining the tax base for other taxes. For most other taxes, the tax base is either the value of a market transaction, such as income earned or goods sold, or some physical quantity, such as tons of a mineral mined or packs of cigarettes sold.

For property tax, there is an observable, current market transaction only for a fraction of properties every year. For properties that have not sold recently, the department has to estimate the price at which they would sell. And even for properties that have sold recently, the department has to estimate how much, if any, the value changed between the date when it sold last and the reappraisal date.

The department has a number of tools for making these estimates. For residential property, the main tool is statistical modeling which uses the prices and characteristics of homes that have sold recently to estimate the contribution to a home's price of various characteristics such as location, size, age, number and type of rooms, type of construction, etc. Another tool is direct comparison with a limited number of similar properties that have sold recently. Other tools used for estimating the value of income-producing properties include estimates of the cost of constructing a similar building and estimating the present value of the stream of rent or other income that the property could produce.

For all of these appraisal tools, there is a tradeoff between the effort and cost that goes into appraisal and the accuracy of the estimated value of individual properties. For example, statistical models do a good job of estimating the average value of a certain type of house in a certain neighborhood, but may not pick up unique features that make the value of a particular house higher or lower than average. Collecting additional information and using it to build more sophisticated models can lead to more accurate individual appraisals, but increases the cost of the appraisal process.

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. Most credits and deductions also are based on information that is self-reported by the taxpayer with little or no third-party verification.

Maintaining acceptable compliance and fairness between taxpayers requires the department to audit and verify a sample of returns with items where there is no third-party verification and to search for non-filers. Increasing fairness of administration by reducing non-compliance by taxpayers with income, deduction, or credit items without third-party reporting can be done, but only by imposing additional costs, either on the department for additional auditing or on taxpayers through additional reporting requirements.

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.

Comparison of State Taxes

Even without consciously competing, states make themselves more or 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 table on page 40 and the graphs on pages 41 - 45 show taxes per person for the 50 states and the District of Columbia. The table shows property taxes, sales and gross receipts taxes, individual and corporate income taxes, other taxes, and the total, for states in alphabetic order. The graphs each show state rankings for a single tax. The table on page 46 and the graphs on pages 47 - 51 are organized the same way but show taxes per dollar of residents' income.

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 Foundation¹ attempts to adjust for taxes each state receives from out-of-state taxpayers. The District of Columbia² compares taxes for hypothetical families in each state. The Institute on Taxation and Economic Policy³ estimates taxes as a percent of income for income groups in each state.

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 begins on page 256 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.

1 <http://www.taxfoundation.org>

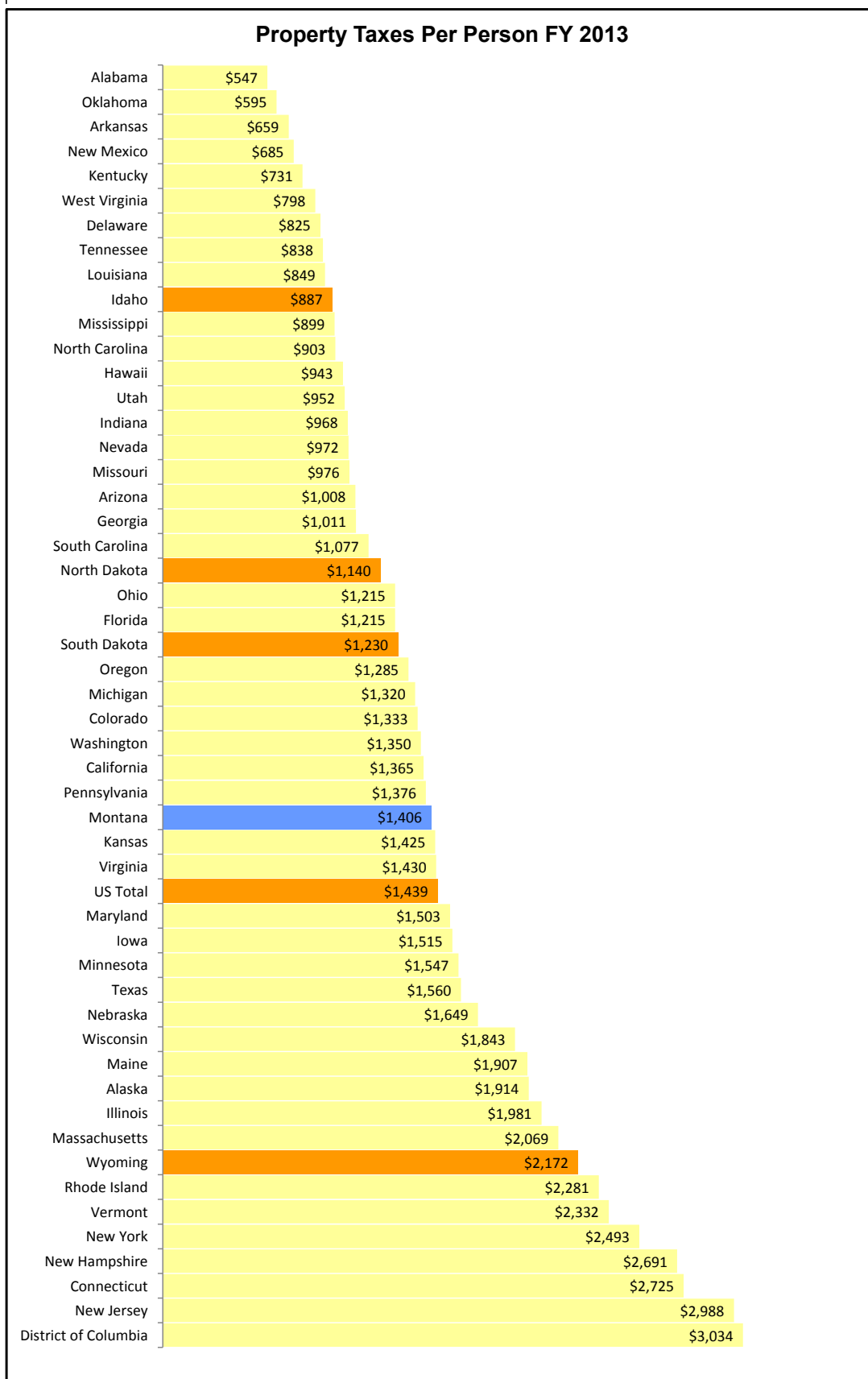
2 <http://cfo.dc.gov>

3 <http://www.itepnet.org>

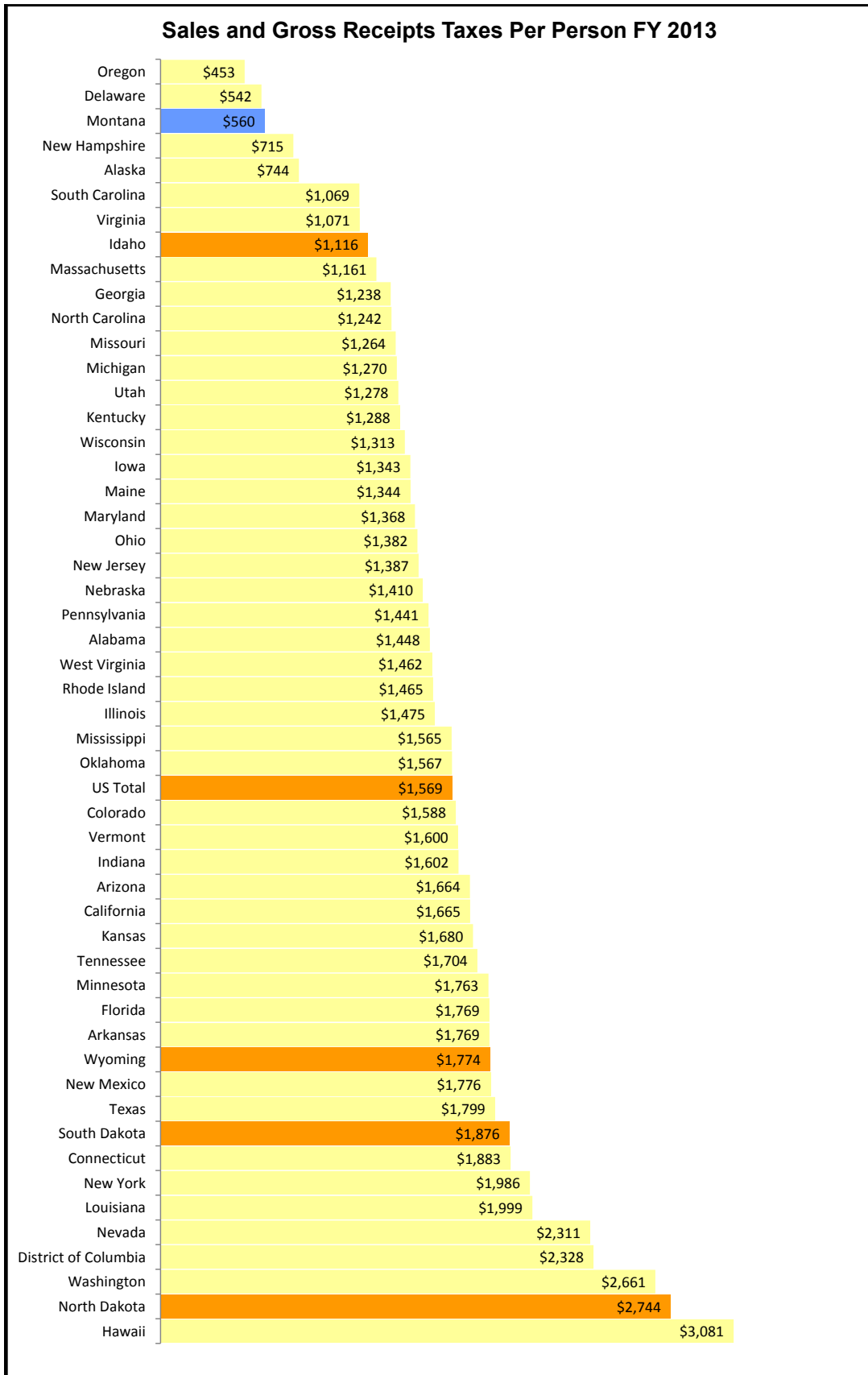
Comparison of State Taxes

Taxes Per Person - FY 2013										
State	Property Tax		Sales and Gross Receipts		Individual and Corporate Income Tax		Other Taxes		Total	
	\$	Rank	\$	Rank	\$	Rank	\$	Rank	\$	Rank
Average of All States	\$1,439		\$1,569		\$1,237		\$354		\$4,599	
Alabama	\$547	51	\$1,448	28	\$765	39	\$285	34	\$3,046	51
Alaska	\$1,914	11	\$744	47	\$856	37	\$5,700	1	\$9,214	2
Arizona	\$1,008	34	\$1,664	19	\$612	43	\$131	50	\$3,415	45
Arkansas	\$659	49	\$1,769	13	\$1,032	31	\$179	48	\$3,638	37
California	\$1,365	23	\$1,665	18	\$1,933	6	\$363	19	\$5,325	14
Colorado	\$1,333	25	\$1,588	22	\$1,172	25	\$245	37	\$4,338	24
Connecticut	\$2,725	3	\$1,883	8	\$2,329	3	\$322	25	\$7,258	5
Delaware	\$825	45	\$542	50	\$1,624	10	\$1,621	4	\$4,612	20
District of Columbia	\$3,034	1	\$2,328	4	\$3,226	1	\$932	5	\$9,520	1
Florida	\$1,215	29	\$1,769	14	\$106	46	\$288	32	\$3,377	46
Georgia	\$1,011	33	\$1,238	42	\$957	33	\$117	51	\$3,323	47
Hawaii	\$943	39	\$3,081	1	\$1,320	15	\$363	18	\$5,707	9
Idaho	\$887	42	\$1,116	44	\$926	35	\$236	39	\$3,165	49
Illinois	\$1,981	10	\$1,475	25	\$1,629	9	\$288	31	\$5,374	13
Indiana	\$968	37	\$1,602	20	\$1,060	30	\$163	49	\$3,793	34
Iowa	\$1,515	17	\$1,343	35	\$1,283	18	\$317	26	\$4,459	21
Kansas	\$1,425	20	\$1,680	17	\$1,155	27	\$196	46	\$4,456	22
Kentucky	\$731	47	\$1,288	37	\$1,286	17	\$202	45	\$3,508	41
Louisiana	\$849	43	\$1,999	6	\$646	42	\$300	28	\$3,795	33
Maine	\$1,907	12	\$1,344	34	\$1,282	19	\$285	33	\$4,819	16
Maryland	\$1,503	18	\$1,368	33	\$2,221	4	\$375	16	\$5,468	11
Massachusetts	\$2,069	9	\$1,161	43	\$2,201	5	\$292	30	\$5,723	8
Michigan	\$1,320	26	\$1,270	39	\$957	34	\$203	43	\$3,750	35
Minnesota	\$1,547	16	\$1,763	15	\$1,902	7	\$335	21	\$5,547	10
Mississippi	\$899	41	\$1,565	24	\$726	40	\$240	38	\$3,430	44
Missouri	\$976	35	\$1,264	40	\$1,016	32	\$203	44	\$3,459	43
Montana	\$1,406	21	\$560	49	\$1,199	23	\$632	6	\$3,796	32
Nebraska	\$1,649	14	\$1,410	30	\$1,272	20	\$323	24	\$4,654	18
Nevada	\$972	36	\$2,311	5	\$0	48	\$592	7	\$3,875	30
New Hampshire	\$2,691	4	\$715	48	\$493	44	\$299	29	\$4,197	27
New Jersey	\$2,988	2	\$1,387	31	\$1,615	11	\$317	27	\$6,306	6
New Mexico	\$685	48	\$1,776	11	\$723	41	\$490	10	\$3,673	36
New York	\$2,493	5	\$1,986	7	\$3,140	2	\$428	12	\$8,047	4
North Carolina	\$903	40	\$1,242	41	\$1,254	21	\$209	42	\$3,608	38
North Dakota	\$1,140	31	\$2,744	2	\$1,198	24	\$3,738	2	\$8,820	3
Ohio	\$1,215	30	\$1,382	32	\$1,311	16	\$366	17	\$4,275	25
Oklahoma	\$595	50	\$1,567	23	\$909	36	\$421	13	\$3,492	42
Oregon	\$1,285	27	\$453	51	\$1,726	8	\$445	11	\$3,909	28
Pennsylvania	\$1,376	22	\$1,441	29	\$1,402	14	\$408	14	\$4,627	19
Rhode Island	\$2,281	7	\$1,465	26	\$1,171	26	\$211	41	\$5,129	15
South Carolina	\$1,077	32	\$1,069	46	\$785	38	\$263	36	\$3,194	48
South Dakota	\$1,230	28	\$1,876	9	\$44	47	\$357	20	\$3,508	40
Tennessee	\$838	44	\$1,704	16	\$234	45	\$330	22	\$3,106	50
Texas	\$1,560	15	\$1,799	10	\$0	48	\$503	9	\$3,862	31
Utah	\$952	38	\$1,278	38	\$1,096	29	\$183	47	\$3,510	39
Vermont	\$2,332	6	\$1,600	21	\$1,226	22	\$264	35	\$5,423	12
Virginia	\$1,430	19	\$1,071	45	\$1,411	13	\$325	23	\$4,238	26
Washington	\$1,350	24	\$2,661	3	\$0	48	\$404	15	\$4,416	23
West Virginia	\$798	46	\$1,462	27	\$1,100	28	\$539	8	\$3,898	29
Wisconsin	\$1,843	13	\$1,313	36	\$1,425	12	\$223	40	\$4,804	17
Wyoming	\$2,172	8	\$1,774	12	\$0	48	\$1,848	3	\$5,794	7

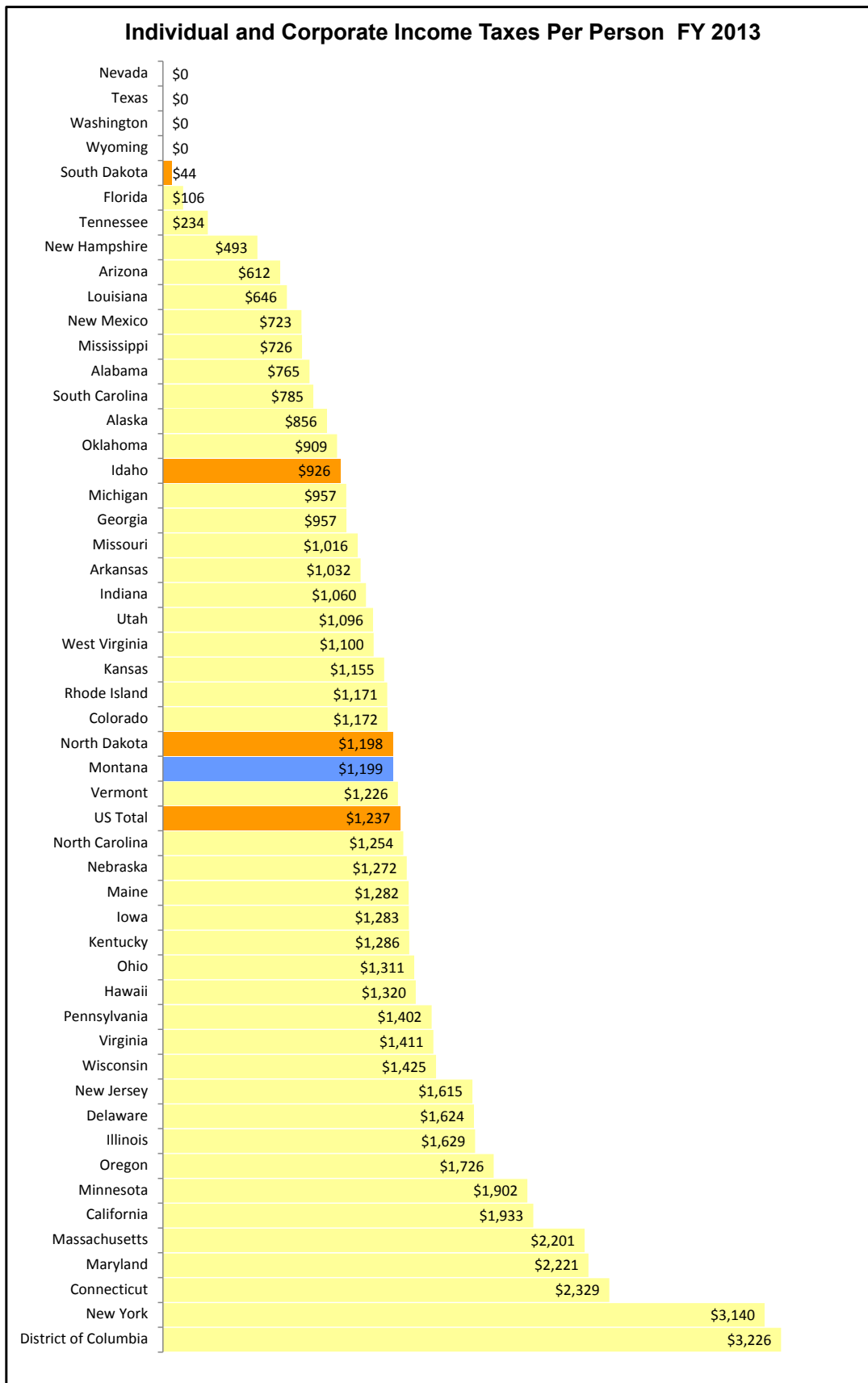
Comparison of State Taxes



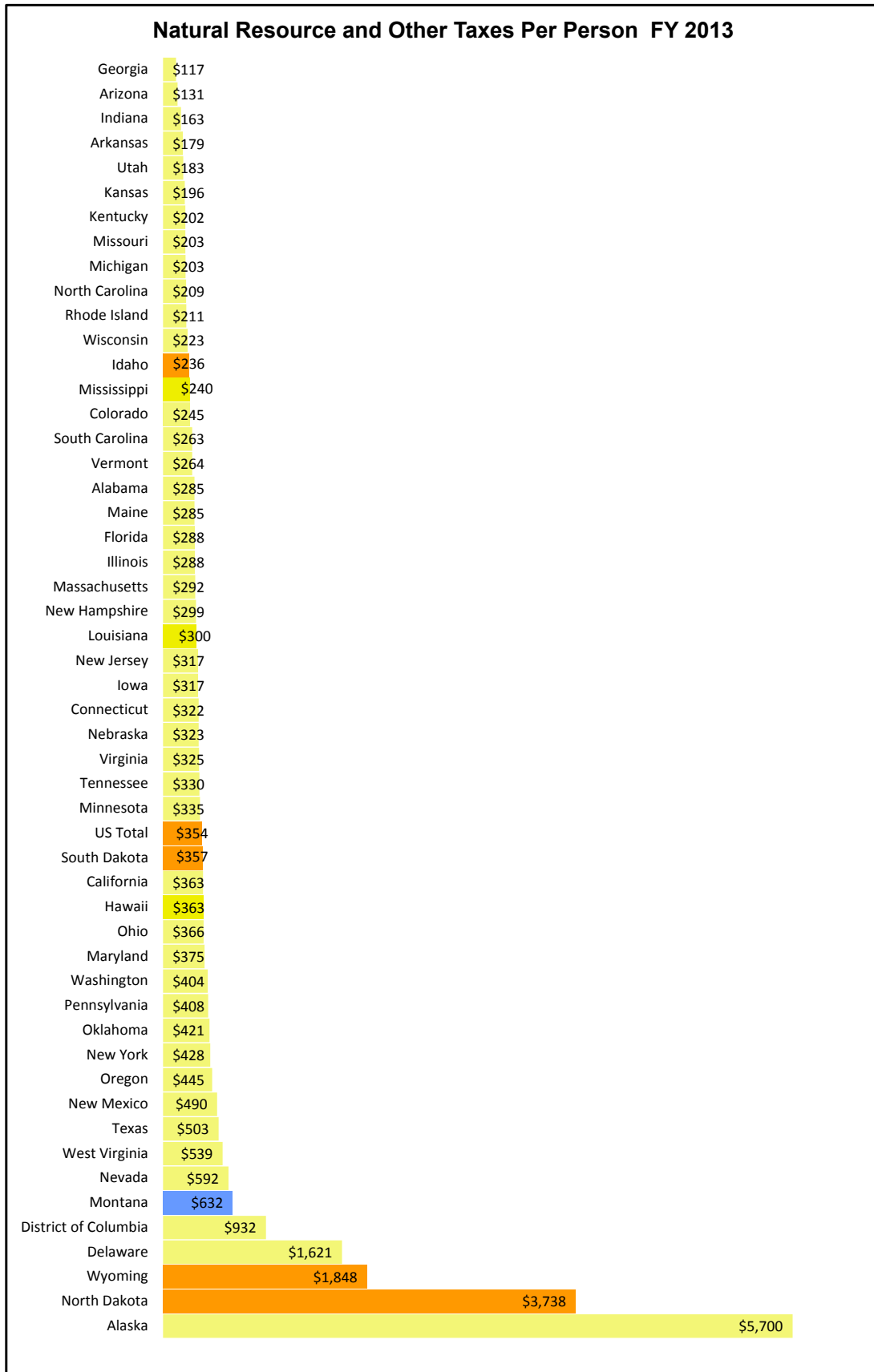
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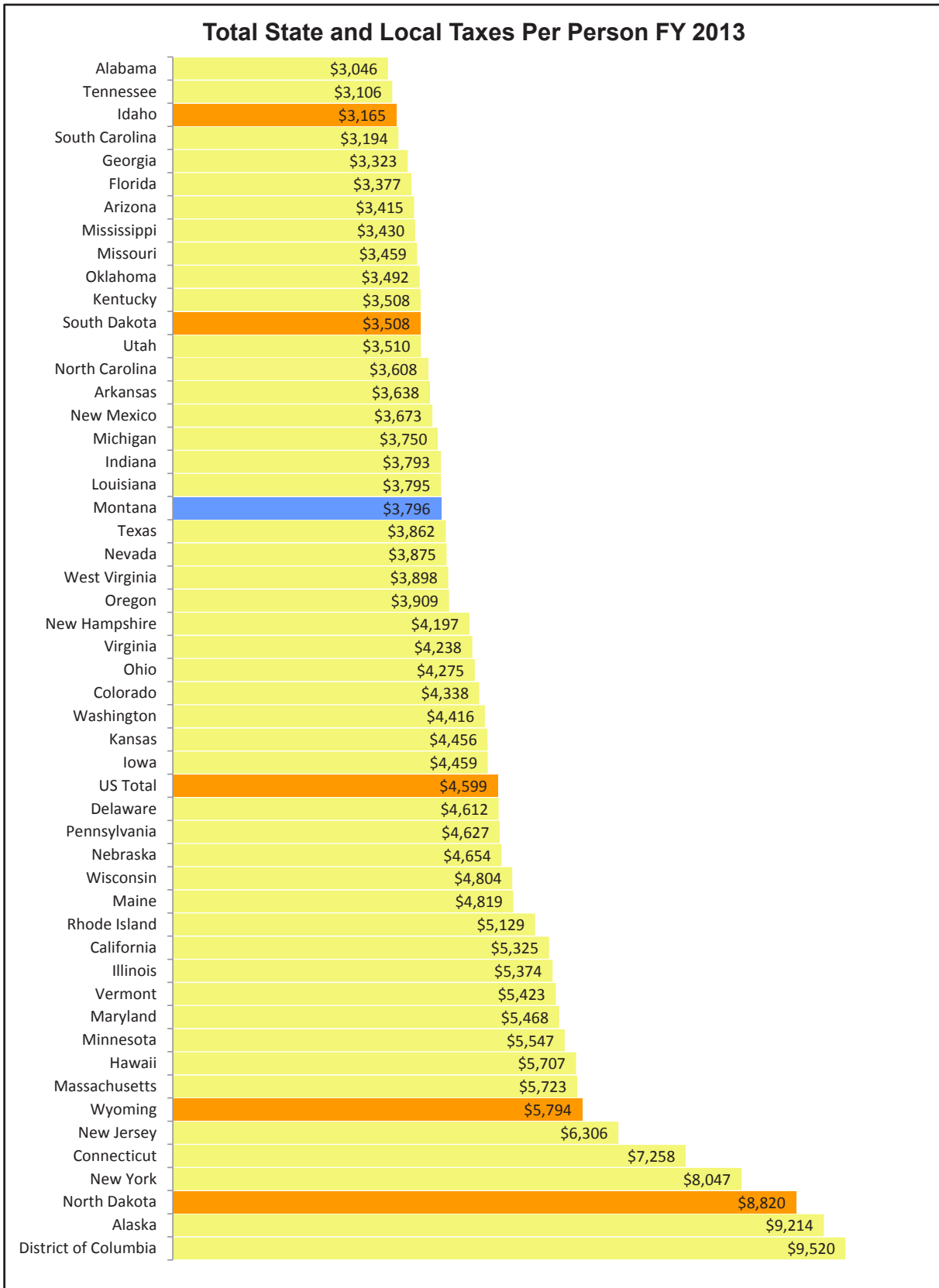
Comparison of State Taxes



Comparison of State Taxes



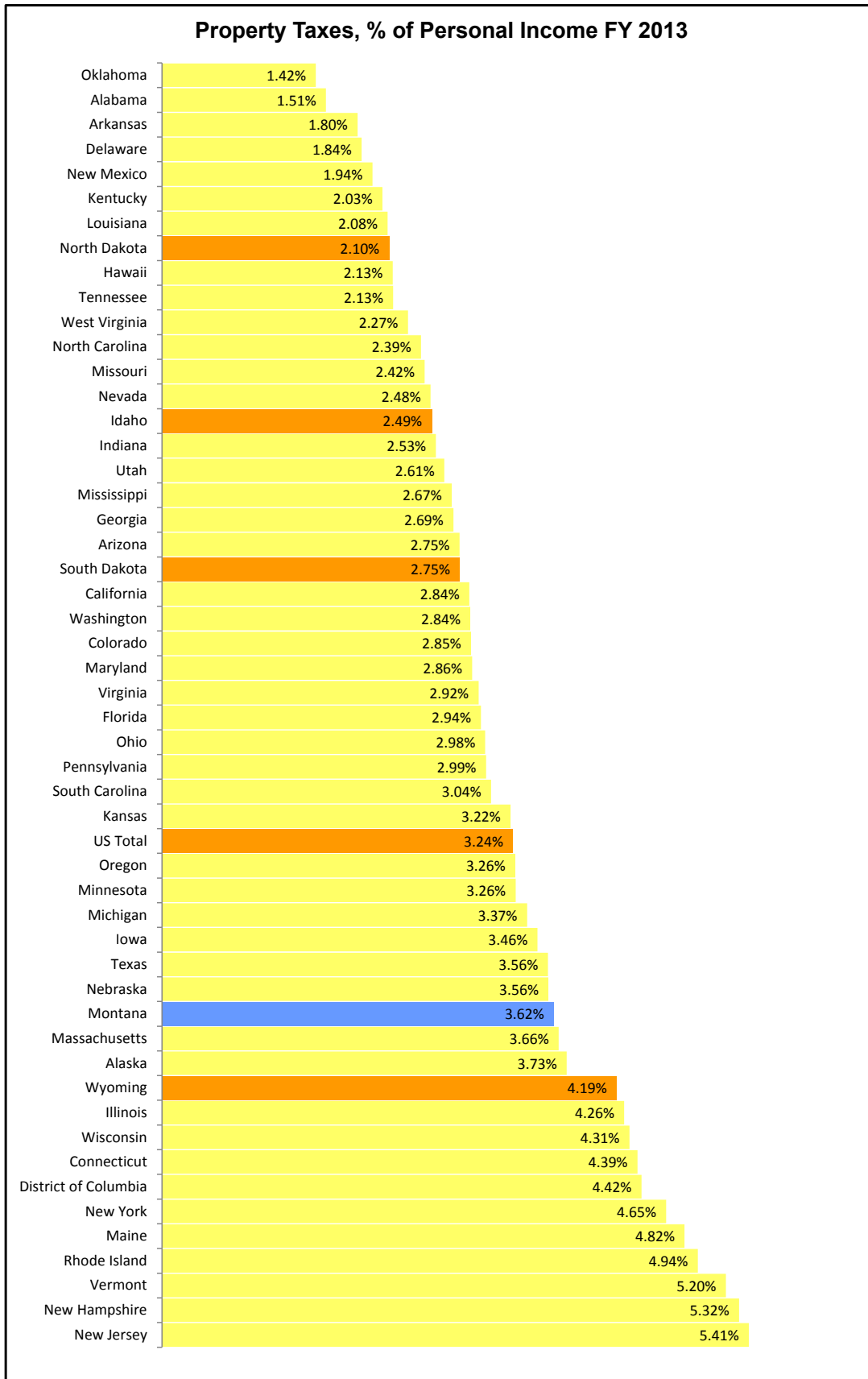
Comparison of State Taxes



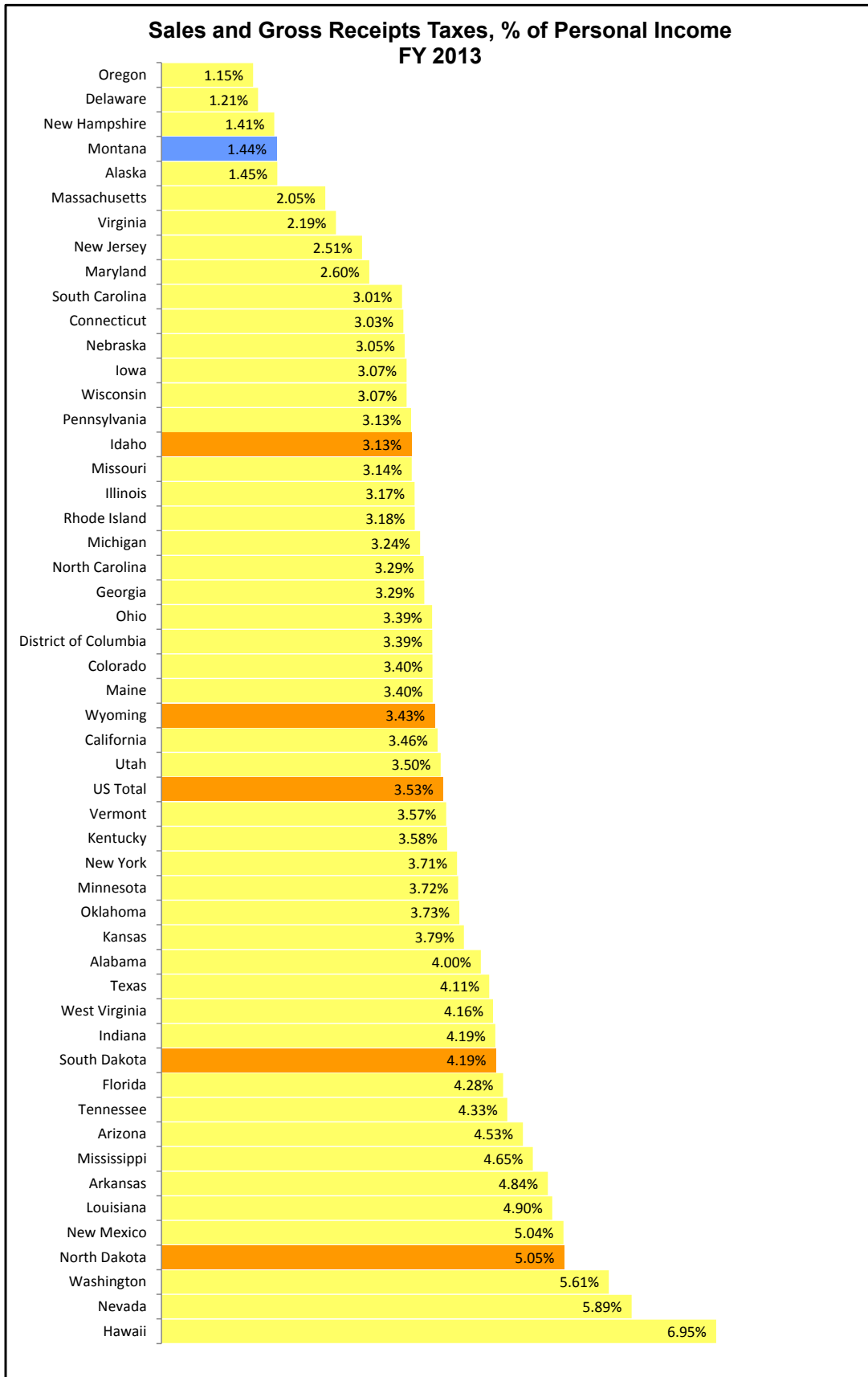
Comparison of State Taxes

Taxes as a Percent of Personal Income - FY 2013										
State	Property Tax		Sales and Gross Receipts		Individual and Corporate Income Tax		Other Taxes		Total	
	\$	Rank	\$	Rank	\$	Rank	\$	Rank	\$	Rank
Average of All States	3.24%		3.53%		2.78%		0.80%		10.35%	
Alabama	1.51%	50	4.00%	16	2.11%	39	0.79%	20	8.42%	46
Alaska	3.73%	12	1.45%	47	1.67%	41	11.12%	1	17.97%	1
Arizona	2.75%	32	4.53%	9	1.67%	42	0.36%	50	9.30%	37
Arkansas	1.80%	49	4.84%	7	2.82%	24	0.49%	46	9.96%	27
California	2.84%	30	3.46%	24	4.02%	5	0.75%	21	11.07%	16
Colorado	2.85%	28	3.40%	27	2.51%	33	0.52%	39	9.28%	39
Connecticut	4.39%	8	3.03%	41	3.75%	8	0.52%	41	11.69%	9
Delaware	1.84%	48	1.21%	50	3.62%	9	3.62%	3	10.29%	20
District of Columbia	4.42%	7	3.39%	28	4.70%	2	1.36%	9	13.88%	4
Florida	2.94%	25	4.28%	11	0.26%	46	0.70%	30	8.18%	49
Georgia	2.69%	33	3.29%	30	2.55%	30	0.31%	51	8.84%	42
Hawaii	2.13%	43	6.95%	1	2.98%	20	0.82%	17	12.88%	5
Idaho	2.49%	37	3.13%	36	2.60%	29	0.66%	32	8.88%	41
Illinois	4.26%	10	3.17%	34	3.51%	11	0.62%	33	11.56%	10
Indiana	2.53%	36	4.19%	13	2.77%	25	0.42%	49	9.90%	29
Iowa	3.46%	17	3.07%	39	2.93%	21	0.72%	24	10.19%	22
Kansas	3.22%	21	3.79%	17	2.61%	28	0.44%	48	10.06%	25
Kentucky	2.03%	46	3.58%	21	3.57%	10	0.56%	37	9.75%	32
Louisiana	2.08%	45	4.90%	6	1.58%	43	0.73%	23	9.30%	38
Maine	4.82%	5	3.40%	26	3.24%	14	0.72%	25	12.18%	6
Maryland	2.86%	27	2.60%	43	4.23%	4	0.71%	27	10.41%	19
Massachusetts	3.66%	13	2.05%	46	3.89%	7	0.52%	43	10.12%	23
Michigan	3.37%	18	3.24%	32	2.44%	34	0.52%	42	9.57%	34
Minnesota	3.26%	19	3.72%	19	4.01%	6	0.71%	28	11.70%	8
Mississippi	2.67%	34	4.65%	8	2.16%	38	0.71%	26	10.20%	21
Missouri	2.42%	39	3.14%	35	2.52%	32	0.50%	44	8.58%	45
Montana	3.62%	14	1.44%	48	3.08%	17	1.62%	5	9.76%	31
Nebraska	3.56%	15	3.05%	40	2.75%	26	0.70%	29	10.06%	24
Nevada	2.48%	38	5.89%	2	0.00%	48	1.51%	7	9.88%	30
New Hampshire	5.32%	2	1.41%	49	0.98%	44	0.59%	34	8.31%	48
New Jersey	5.41%	1	2.51%	44	2.93%	22	0.57%	36	11.43%	11
New Mexico	1.94%	47	5.04%	5	2.05%	40	1.39%	8	10.42%	18
New York	4.65%	6	3.71%	20	5.86%	1	0.80%	18	15.01%	3
North Carolina	2.39%	40	3.29%	31	3.32%	13	0.55%	38	9.55%	35
North Dakota	2.10%	44	5.05%	4	2.20%	36	6.87%	2	16.22%	2
Ohio	2.98%	24	3.39%	29	3.22%	15	0.90%	13	10.49%	17
Oklahoma	1.42%	51	3.73%	18	2.17%	37	1.00%	12	8.32%	47
Oregon	3.26%	20	1.15%	51	4.38%	3	1.13%	11	9.91%	28
Pennsylvania	2.99%	23	3.13%	37	3.05%	18	0.89%	14	10.05%	26
Rhode Island	4.94%	4	3.18%	33	2.54%	31	0.46%	47	11.11%	14
South Carolina	3.04%	22	3.01%	42	2.21%	35	0.74%	22	9.00%	40
South Dakota	2.75%	31	4.19%	12	0.10%	47	0.80%	19	7.83%	51
Tennessee	2.13%	42	4.33%	10	0.59%	45	0.84%	16	7.90%	50
Texas	3.56%	16	4.11%	15	0.00%	48	1.15%	10	8.82%	43
Utah	2.61%	35	3.50%	23	3.00%	19	0.50%	45	9.60%	33
Vermont	5.20%	3	3.57%	22	2.73%	27	0.59%	35	12.09%	7
Virginia	2.92%	26	2.19%	45	2.88%	23	0.66%	31	8.66%	44
Washington	2.84%	29	5.61%	3	0.00%	48	0.85%	15	9.30%	36
West Virginia	2.27%	41	4.16%	14	3.13%	16	1.53%	6	11.08%	15
Wisconsin	4.31%	9	3.07%	38	3.33%	12	0.52%	40	11.24%	12
Wyoming	4.19%	11	3.43%	25	0.00%	48	3.57%	4	11.19%	13

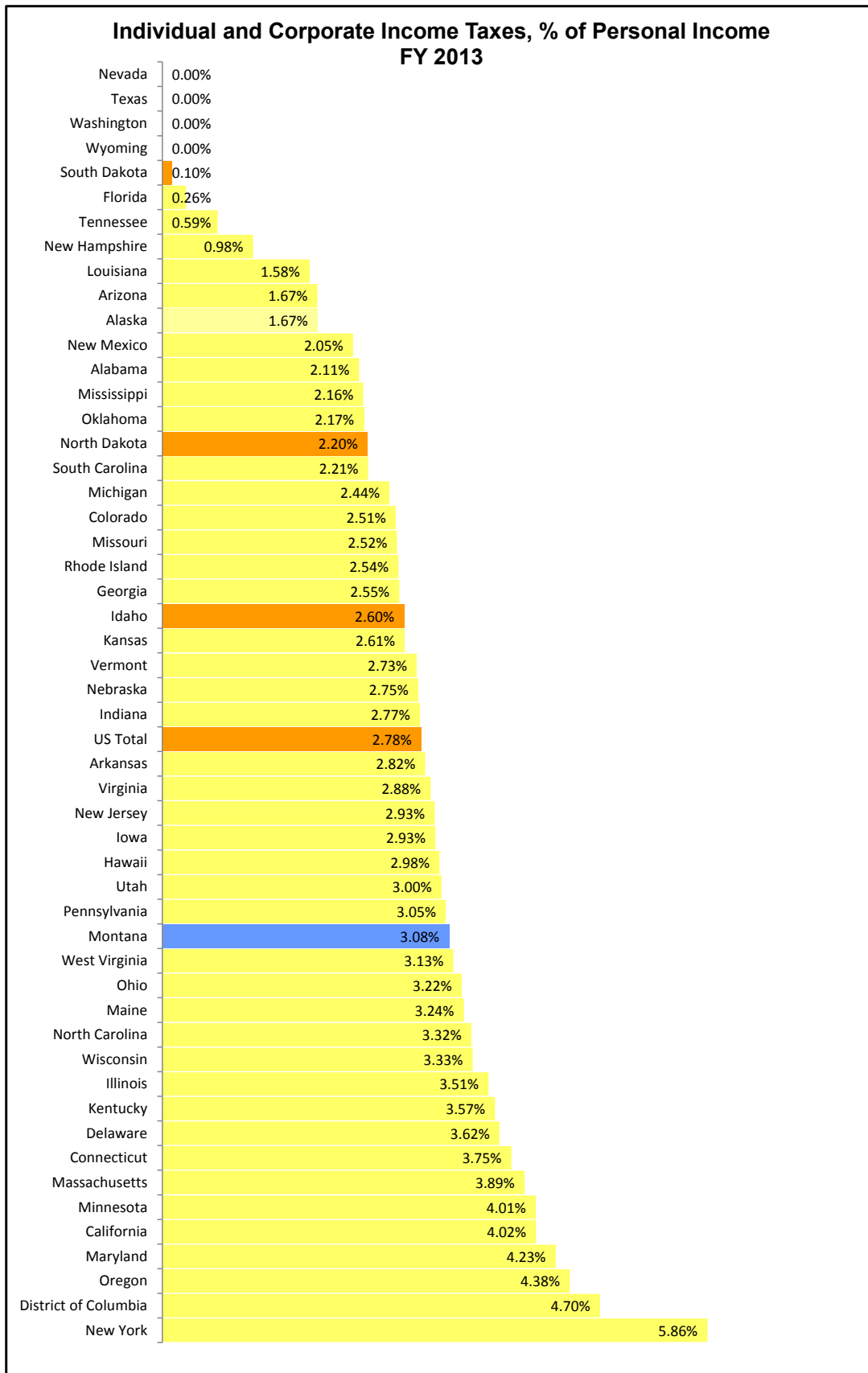
Comparison of State Taxes



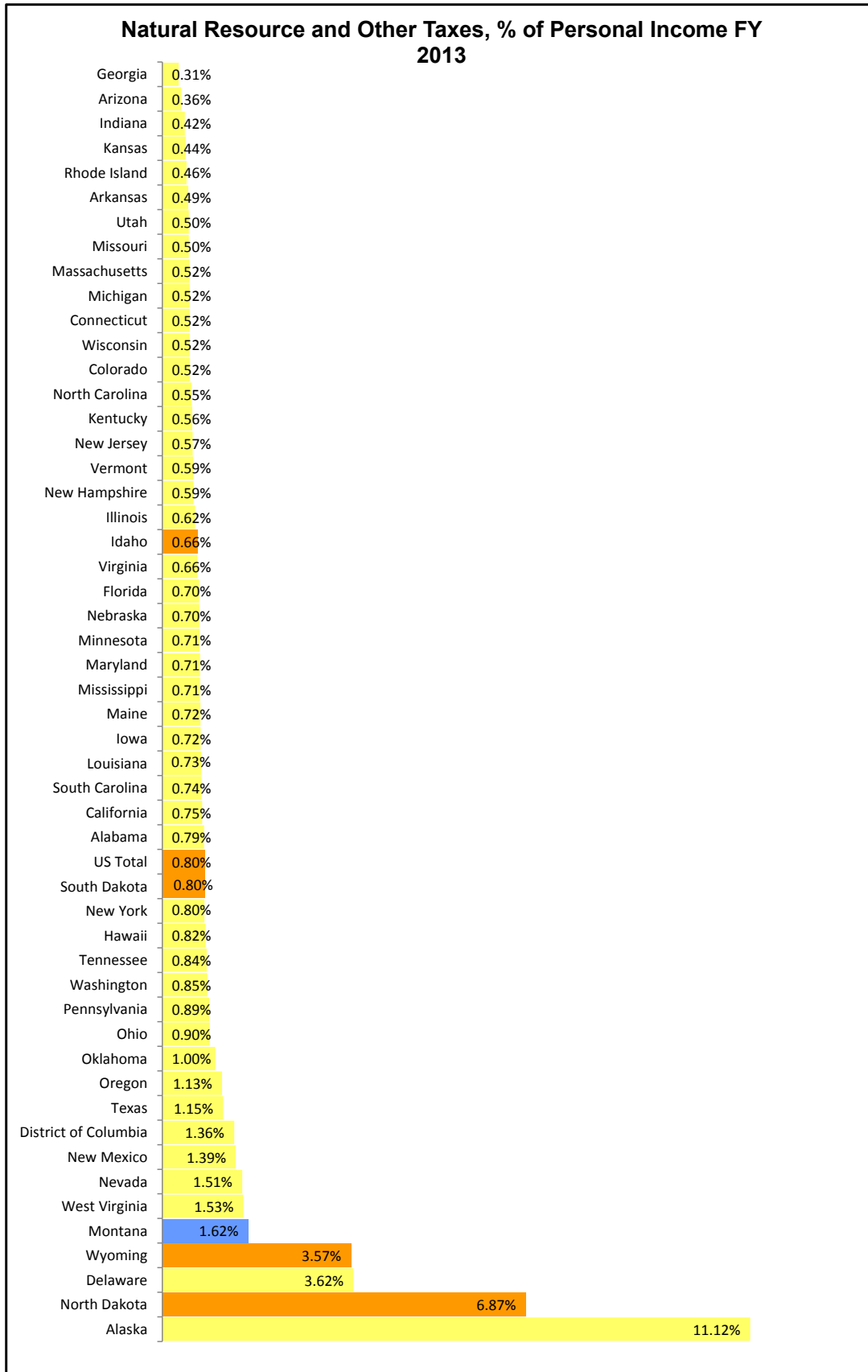
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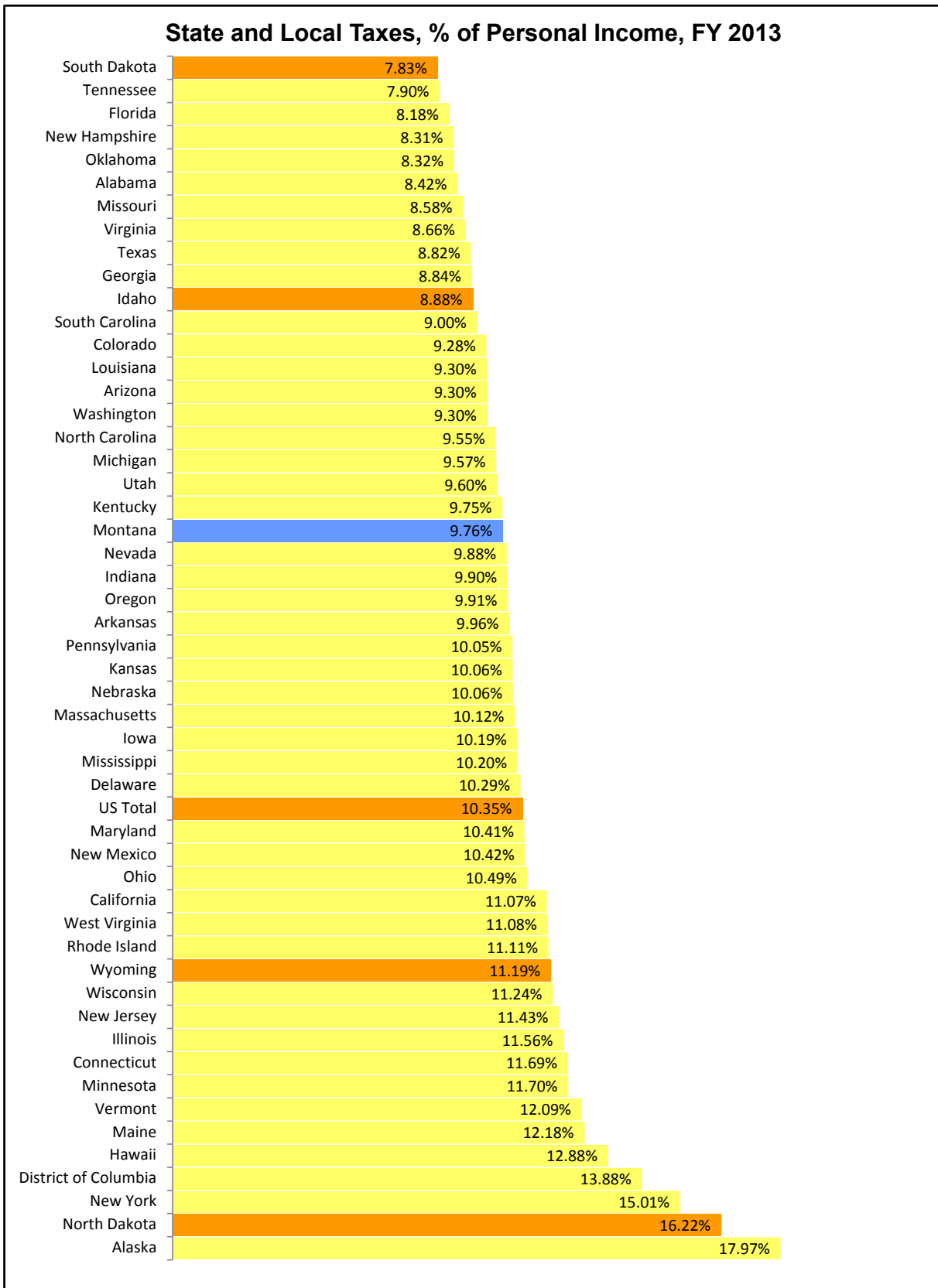
Comparison of State Taxes



Comparison of State Taxes



Comparison of State Taxes



INDIVIDUAL AND CORPORATE INCOME TAX BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE

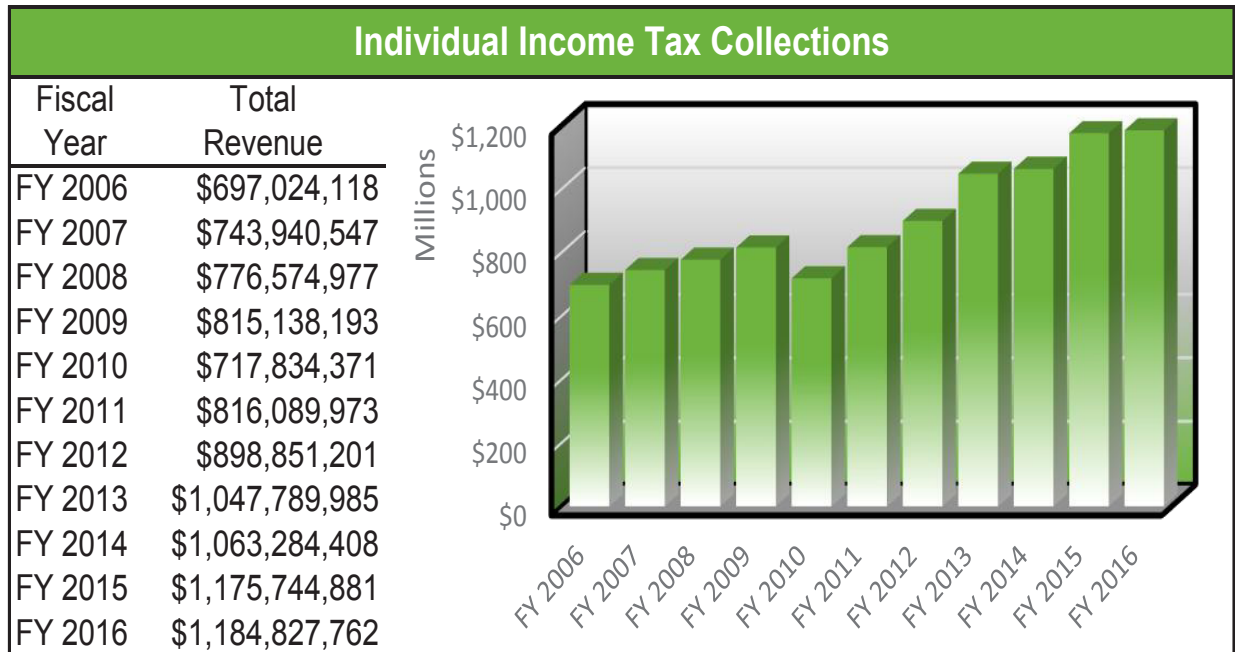


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Overview of Individual Income Tax

The individual income tax is the largest source of state tax revenue. All income tax revenue goes to the state general fund, accounting for 56 percent of general fund revenue for FY 2016. 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 following tables show income tax revenue and return filings. Income tax revenue is closely related to the state economy. The large drop in revenue for FY 2010, which corresponds to the lower number of returns in 2009, is due to the national recession.



Income Tax Returns and Refunds
Timely Filed Current Year Returns

Calendar Year	Returns	Returns with Refund	Percent with Refund	Average Refund
2004	547,623	294,025	66%	\$468
2005	554,224	297,993	66%	\$491
2006	572,256	311,789	66%	\$464
2007	591,874	345,972	71%	\$506
2008	601,078	345,172	70%	\$598
2009	587,425	337,714	70%	\$545
2010	596,021	335,904	68%	\$532
2011	604,758	341,057	68%	\$538
2012	611,360	343,678	68%	\$523
2013	626,655	348,137	67%	\$532
2014	635,045	350,760	67%	\$536
2015	647,329	357,902	67%	\$546

Overview of Individual Income Tax

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

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 five states that do not have at least one of these provisions. Because of this, most two-income married couples find their tax is lower if they file a joint federal return and separate Montana returns. This is because, when they file separately, each spouse has the first \$17,400 of taxable income subject to tax rates that are lower than the 6.9 percent top rate.

Montana also is one of only six states that allows 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.

Recent Legislative Changes to Individual Income Tax

The following bills passed by the 2013 Legislature affected the individual income tax:

House Bill 444 created a refundable credit to private landowners who grant access across their property to state land that was previously inaccessible by the public. The credit is \$500 per grant of access, with a maximum credit of \$2,000 per taxpayer. This credit was first available in 2014.

House Bill 545 allows taxpayers to exempt employer-paid premiums for disability insurance that are considered taxable compensation under federal law. Federal law treats employer-provided benefits as non-taxable fringe benefits only if the same benefits are available to all employees. If certain employees, such as company executives, part-owners, or the highest paid employees, receive benefits not available to all employees, the extra benefits must be counted as taxable compensation for federal income tax purposes. The legislature previously exempted employer-paid health insurance premiums for select employees. This bill extended that exemption to employer-paid disability insurance premiums for select employees.

Senate Bill 15 changed taxpayer confidentiality law so that when a married couple files separate returns on the same form, the department does not have to obtain explicit consent from one spouse to discuss the return with the other spouse.

Senate Bill 108 renewed the tax credit for contributions to a charitable endowment fund and extended the sunset date to the end of 2019.

Senate Bill 117 expanded the deduction for family education savings accounts to include other states' college savings programs.

Senate Bill 179 requires partnerships with more than 100 partners to file returns electronically. These entities already were required to file federal returns electronically.

The following bills passed by the 2015 Legislature affected the individual income tax:

House Bill 122 clarified that the wages of agricultural laborers are not subject to withholding.

House Bill 359 changed the schedule for inflation indexing of the rate table, personal exemption, standard deduction, and partial pension exemption. Beginning in 2016, these numbers will be known at the beginning of the tax year, rather than two-thirds of the way through the year, as in the past.

House Bill 379 changed penalties and interest for late returns, late payments, or intentionally filing an inaccurate return to be more consistent with federal penalties and interest. It also reduced the time when the department may audit a return from five years to three years.

Senate Bill 175 expanded the credit for providing emergency lodging to victims of domestic violence. Previously, the credit was available for providing emergency lodging to an individual. This bill changed the wording to allow the credit for providing emergency lodging to a family.

Senate Bill 309 expanded the credit for allowing access across private land to isolated parcels of state land. It allowed the credit to be claimed for allowing access to national forest or Bureau of Land Management parcels.

Senate Bill 378 clarified the language exempting the military salaries of National Guard and Reserve members when they are called up for active duty or for homeland defense activity or a contingency operation.

Senate Bill 386 made changes to the circumstances where a pass-through entity is required to make payments on behalf of its owners. It also reduced the maximum penalty for a pass-through entity failing to file a return.

Calculation of Individual Income Tax

Senate Bill 399 created a new type of tax-deferred savings account to be used by families to pay expenses of an individual with disabilities. Deposits of up to \$3,000 a year and earnings retained in the account would be exempt from state income tax.

Senate Bill 410 provides a tax credit for contributions to organizations that give scholarships to private school students or to a state account to fund grants to public schools for supplemental programs.

Calculation of Individual Income Tax

Calculation of Montana individual income tax begins with the taxpayer's Federal Adjusted Gross Income. Several adjustments are made to 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 added.

The values of the taxpayer's exemptions and either itemized or standard deductions are subtracted from Montana Adjusted Gross Income 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					
Year	Exemption Amount	Single and Separate Returns		Joint Returns	
		Min. Standard Deduction	Max. Standard Deduction	Min. Standard Deduction	Max. Standard Deduction
TY 2012	\$2,240	\$1,860	\$4,200	\$3,720	\$8,400
TY 2013	\$2,280	\$1,900	\$4,270	\$3,800	\$8,540
TY 2014	\$2,330	\$1,940	\$4,370	\$3,880	\$8,740
TY 2015	\$2,330	\$1,940	\$4,370	\$3,880	\$8,740
TY 2016	\$2,380	\$1,980	\$4,460	\$3,960	\$8,920

Tax liability is calculated from the rate table. The rate table shows tax rates to apply to taxable income, defined as income after making all federal and state adjustments and subtracting exemptions and deductions.

The rate table is adjusted for inflation each year: The following two tables show rate tables for the last five years. The top table shows the amount of income subject to each rate, and the bottom table shows the upper limit on taxable income subject to each rate.

Income, Deductions, Credits, and Tax Liability

Marginal Tax Rate Structure

Year	TY 2012	TY 2013	TY 2014	TY 2015	TY 2016
1% of the first	\$2,700	\$2,800	\$2,800	\$2,800	\$2,900
2% of the next	\$2,100	\$2,100	\$2,200	\$2,200	\$2,200
3% of the next	\$2,500	\$2,500	\$2,600	\$2,600	\$2,700
4% of the next	\$2,600	\$2,700	\$2,700	\$2,700	\$2,700
5% of the next	\$2,800	\$2,900	\$3,000	\$3,000	\$3,000
6% of the next	\$3,700	\$3,700	\$3,800	\$3,800	\$3,900
6.9% of remaining	NA	NA	NA	NA	NA

Marginal Tax Rate Income Limits

Year	TY 2012	TY 2013	TY 2014	TY 2015	TY 2016
1.0%	\$2,700	\$2,800	\$2,800	\$2,800	\$2,900
2.0%	\$4,800	\$4,900	\$5,000	\$5,000	\$5,100
3.0%	\$7,300	\$7,400	\$7,600	\$7,600	\$7,800
4.0%	\$9,900	\$10,100	\$10,300	\$10,300	\$10,500
5.0%	\$12,700	\$13,000	\$13,300	\$13,300	\$13,500
6.0%	\$16,400	\$16,700	\$17,100	\$17,100	\$17,400
6.9%	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited

Any credits the taxpayer may claim are subtracted from the tax liability to give the net tax. Nonrefundable credits can partially or completely offset a taxpayer's tax liability. Refundable credits can more than offset a taxpayer's tax liability so that the taxpayer receives a payment from the state general fund rather than paying tax. Taxpayers with capital gains income are allowed a non-refundable 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.

The next six tables show information about individual line items on timely-filed full-year residents' income tax returns for 2014 and 2015. 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. The total in each counts column is the number of returns with a number on at least one line. It is not the sum of the counts for individual lines.

Information in these tables is from unaudited returns as filed by taxpayers. It does not reflect changes or adjustments that taxpayers or the department may make after the extension filing deadline. It also does not include information from late-filed returns.

Income, Deductions, Credits, and Tax Liability

Montana Individual Income Tax Income Reported on Full-Year Residents' Returns 2014 and 2015				
	2014		2015	
	Count	Total	Count	Total
Income Items				
Wage and salary income	433,860	\$15,910,934,999	440,175	\$16,520,002,142
Taxable interest income	188,849	\$264,651,316	187,039	\$264,049,935
Ordinary dividend income	118,288	\$620,581,378	118,134	\$658,927,043
Taxable refunds of state/local income taxes	96,880	\$92,497,667	99,736	\$98,401,855
Alimony received	826	\$14,729,161	841	\$15,034,681
Business income (Schedule C)	76,027	\$832,531,763	76,826	\$883,855,134
Capital gains income	116,541	\$1,894,583,322	116,373	\$1,617,311,845
Ordinary income gains	17,556	\$115,716,046	16,685	\$118,248,411
IRA distributions - Taxable amount	52,606	\$678,714,872	54,851	\$728,900,774
Pension and annuity income - Taxable amount	102,662	\$2,049,981,285	104,003	\$2,138,800,830
Rent, royalty, partnership, etc. income	103,395	\$2,571,218,881	103,851	\$2,693,443,364
Farm income	18,621	-\$115,200,595	18,615	-\$150,769,162
Unemployment compensation	26,990	\$93,510,592	24,831	\$89,447,741
Taxable social security benefits	84,871	\$882,215,377	87,888	\$941,215,493
Other income	<u>39,067</u>	<u>-\$509,350,776</u>	<u>34,012</u>	<u>-\$513,477,324</u>
Total income	550,969	\$25,397,315,288	559,475	\$26,103,392,762
Federal Adjustments to Income				
Educator expenses	10,962	\$2,541,113	10,711	\$2,485,117
Business expenses	731	\$2,004,602	724	\$2,133,283
Health savings account deduction	9,459	\$30,938,095	10,274	\$34,820,388
Moving expenses	3,225	\$5,682,184	3,023	\$5,389,616
One-half self-employment tax	63,364	\$86,986,467	63,859	\$89,922,276
Self-employed SEP, SIMPLE, and qual. plans	2,785	\$48,366,605	2,779	\$49,414,662
Self-employed health insurance deduction	25,117	\$130,249,955	26,011	\$138,208,738
Penalty on early withdrawal of savings	2,382	\$327,070	1,989	\$296,791
Alimony paid	1,201	\$16,698,729	1,209	\$17,776,094
IRA deduction	15,582	\$65,989,731	15,410	\$65,361,123
Student loan interest deduction	46,450	\$43,632,382	47,936	\$46,402,195
Tuition & fees deduction	5,361	\$11,191,316	5,462	\$11,481,274
Domestic production activities deduction	6,632	\$47,706,540	6,760	\$55,835,207
Federal write-ins	<u>297</u>	<u>\$2,131,234</u>	<u>279</u>	<u>\$2,576,014</u>
Total adjustments to income	143,766	\$494,446,023	145,572	\$522,102,778
Federal Adjusted Gross Income	551,025	\$24,902,869,265	559,551	\$25,581,289,984

Income, Deductions, Credits, and Tax Liability

Montana Individual Income Tax Additions Reported on Full-Year Residents' Returns 2014 and 2015				
	2014		2015	
	Count	Total	Count	Total
Montana Additions to Federal Adjusted Gross Income				
Interest on other states' municipal bonds	17,688	\$81,908,740	18,832	\$86,104,788
Dividends not included in FAGI	2,047	\$3,075,020	1,045	\$458,974
Taxable federal refunds	83,547	\$113,016,677	82,262	\$110,952,071
Recoveries of amounts deducted in earlier years	148	\$171,099	156	\$256,948
Additions to federal taxable social security or railroad retirement	9,114	\$15,480,974	9,394	\$16,463,896
Allocation of compensation to spouse	503	\$8,295,571	439	\$7,711,808
Medical savings account nonqualified withdrawals	87	\$99,814	80	\$135,323
First-time homebuyer's account nonqualified withdrawals	*	\$4,177	12	\$29,261
Farm and ranch risk management account taxable distributions	*	\$2,200	*	\$993
Dependent care assistance credit adjustment	39	\$70,589	44	\$71,893
Smaller federal estate and trust taxable distributions	63	\$86,072	72	\$158,314
Federal net operating loss carryover	5,298	\$531,625,614	4,972	\$534,457,235
Federal taxes paid by your S. corporation	42	\$50,628	56	\$3,414,954
Title plant depreciation	*	\$725	*	\$3,709
Group health premiums reimbursed by Insure Montana credit	504	\$2,951,942	445	\$2,531,387
Other additions	<u>2,778</u>	<u>\$17,145,098</u>	<u>2,584</u>	<u>\$16,312,453</u>
Total Montana Additions	110,201	\$773,984,940	109,225	\$779,064,007

Montana Individual Income Tax Subtractions Reported on Full-Year Residents' Returns 2014 and 2015				
	2014		2015	
	Count	Total	Count	Total
Montana Subtractions from Federal Adjusted Gross Income				
Federal bonds exempt interest	18,287	\$20,115,632	17,738	\$20,245,070
Exempt tribal income	5,970	\$184,937,230	6,244	\$204,787,286
Exempt unemployment compensation	26,990	\$93,510,592	24,831	\$89,447,741
Exempt worker's comp benefits	121	\$852,638	138	\$998,080
Capital gains from small business investment companies	20	\$134,599	14	\$48,730
State tax refunds included in FAGI	101,027	\$95,370,321	99,736	\$98,401,855
Recoveries of amounts deducted in earlier years	23	\$121,364	15	\$147,057
Exempt active duty military salary	4,592	\$169,324,587	4,629	\$170,649,803
Nonresident exempt military income	157	\$5,918,182	142	\$5,379,138
Exempt life insurance premiums reimbursement (National Guard)	35	\$48,885	21	\$10,766
Exempt pension income	46,021	\$163,276,389	46,175	\$164,186,433
Elderly interest exclusion	71,846	\$29,772,557	73,739	\$30,087,414
Exempt retirement disability income (under age 65)	27	\$126,247	31	\$137,022
Exempt tip income	16,988	\$59,993,312	18,963	\$67,147,671
Exempt income of child taxed to parent	141	\$280,952	138	\$329,513
Exempt health insurance premiums taxed to employee	165	\$710,685	115	\$439,835
Student loan repayments taxed to health care professional	347	\$913,226	441	\$1,234,654
Medical care savings account exempt deposits	7,838	\$19,436,867	7,974	\$19,574,075
First-time homebuyer exempt savings account deposits	194	\$543,587	257	\$678,938
Family education savings account exempt deposits	4,317	\$10,075,735	4,504	\$10,525,352
ABLE account exempt deposits*		\$0	0	\$0
Farm and ranch risk management accounts exempt deposits	0	\$0	0	\$0
Subtraction to federal taxable social security/Tier 1 railroad retirement	38,836	\$164,080,079	40,859	\$178,175,443
Subtraction for federal taxable Tier II railroad retirement	3,057	\$45,197,719	3,028	\$46,343,176
Subtraction for spouse filing joint return: passive loss carryover	50	\$169,507	47	\$457,195
Subtraction for spouse filing joint return: capital loss adjustment	1,289	\$2,998,655	1,052	\$3,590,186
Allocation of compensation to spouse	518	\$8,665,520	441	\$7,724,717
Montana net operating loss carryover	3,607	\$334,904,229	3,425	\$352,681,058
40% capital gain exclusion on pre-1987 installment sales	36	\$155,285	32	\$134,842
Business expense of recycled material	114	\$296,108	114	\$240,929
Sales of land to beginning farmers	*	\$7,094	*	\$7,918
Larger federal estate and trust taxable distributions	208	\$795,003	246	\$844,234
Wage deduction reduced by federal targeted jobs credit	38	\$210,071	54	\$311,110
Certain gains recognized by liquidating corporation	*	\$6,182	*	\$9,121
Other subtractions	<u>3,926</u>	<u>\$176,308,440</u>	<u>3,958</u>	<u>\$162,354,531</u>
Total Montana Subtractions	245,200	\$1,589,257,479	246,238	\$1,637,330,893

* First available in 2015.

Income, Deductions, Credits, and Tax Liability

Montana Individual Income Tax Deductions Reported on Full-Year Residents' Returns 2014 and 2015

	2014		2015	
	Count	Total	Count	Total
Deductions				
Deductible medical expenses	57,345	\$278,443,929	57,479	\$284,136,157
Medical insurance premiums not deducted elsewhere	108,363	\$390,392,386	113,648	\$481,950,204
Long-term care insurance premiums	13,563	\$30,079,682	13,282	\$30,500,607
Federal Income Tax				
Federal income tax withheld*	273,324	\$1,926,973,266	279,246	\$2,073,133,444
Federal income tax estimated payments*	50,758	\$733,625,195	52,555	\$841,786,294
Last year's federal income tax paid (e.g. with return)*	66,513	\$441,240,323	73,199	\$626,451,252
Federal income tax from previous years*	4,177	\$19,351,145	4,277	\$20,252,661
Total federal income tax deduction	302,524	\$1,241,871,066	309,756	\$1,297,118,744
State or local sales tax	374	\$458,055	498	\$530,408
Local income taxes	185	\$122,793	409	\$447,040
Real estate taxes	211,187	\$438,433,548	217,088	\$461,824,346
Personal property taxes	168,364	\$55,086,743	171,030	\$56,198,651
Other deductible taxes	22,368	\$7,865,574	21,814	\$7,480,154
Home mortgage interest	159,325	\$881,049,492	163,415	\$900,243,023
Qualified mortgage insurance premiums	22,329	\$26,123,598	22,768	\$27,804,697
Investment interest	8,876	\$25,935,304	8,207	\$26,452,670
Contributions by cash or check	168,354	\$435,496,509	169,804	\$450,272,008
Contributions other than cash or check	77,747	\$79,790,146	80,273	\$90,062,103
Carryover of contributions from previous years	3,160	\$34,834,107	2,916	\$35,565,096
Child and dependent care expenses	590	\$1,189,970	516	\$1,050,416
Casualty and theft losses	502	\$5,096,735	357	\$5,334,806
Business Expenses				
Unreimbursed employee business expenses*	57,765	\$194,490,712	62,005	\$192,414,280
Other business expenses*	140,332	\$148,819,166	146,422	\$155,491,877
Total business expenses*	162,301	\$343,309,878	169,012	\$347,906,157
Net deductible unreimbursed business expenses	57,719	\$237,897,545	58,942	\$239,235,527
Political contributions	8,895	\$840,852	7,361	\$684,847
All other miscellaneous deductions not subject to 2% floor	2,565	\$3,898,851	2,103	\$4,876,198
Gambling losses	<u>1,515</u>	<u>\$20,429,134</u>	<u>1,639</u>	<u>\$22,570,063</u>
Total itemized deductions	326,193	\$4,195,336,019	332,811	\$4,424,337,765
Unallowed itemized deductions (due to income over threshold)	9,767	\$51,278,681	<u>9,739</u>	<u>\$55,925,179</u>
Allowable itemized deductions	326,193	\$4,144,057,338	332,811	\$4,368,412,586
Standard deductions	<u>204,979</u>	<u>\$814,878,021</u>	<u>207,581</u>	<u>\$830,313,297</u>
Total deductions	547,242	\$4,958,935,359	555,950	\$5,198,725,883

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

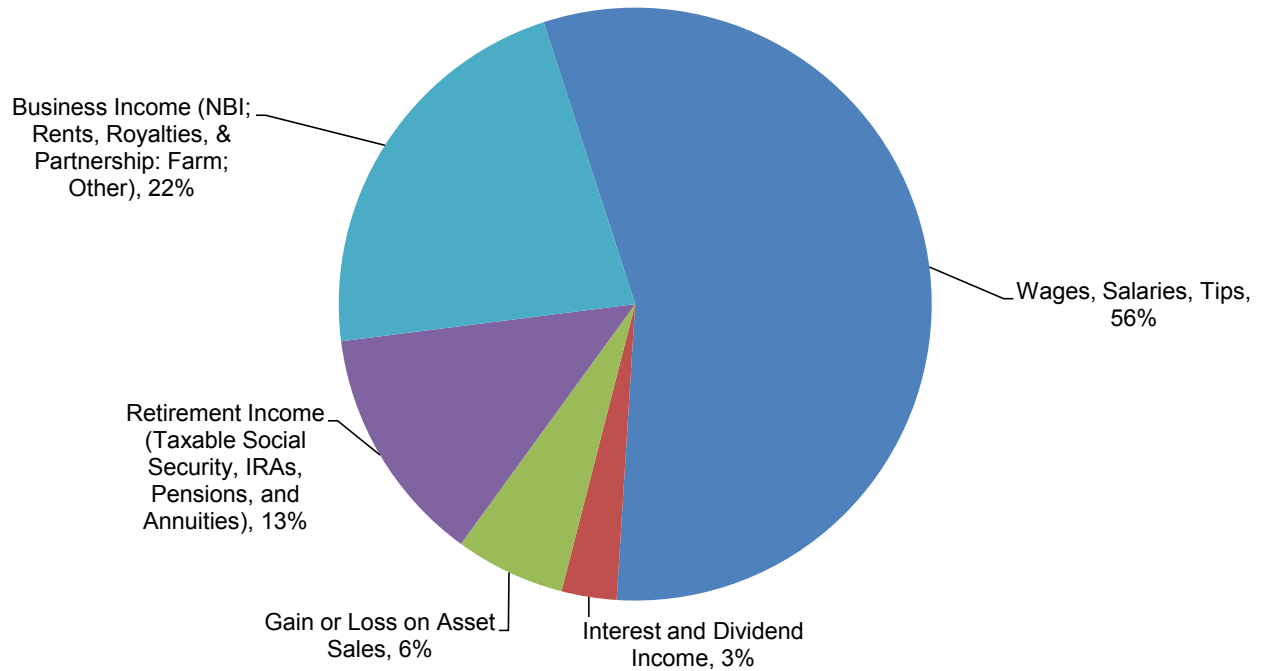
Income, Deductions, Credits, and Tax Liability

Montana Individual Income Tax Exemptions, Taxable Income, Tax, and Payments Reported on Full-Year Residents' Returns 2014 and 2015				
	2014		2015	
	Count	Total	Count	Total
Exemptions *				
Self Exemption		552,987		561,896
Self 65 and Over Exemption		106,840		111,289
Self Blind Exemption		1,060		1,097
Total Taxpayer Exemptions	552,987	660,880	561,896	674,248
Spouse Exemption		83,792		84,359
Spouse 65 and Over Exemption		22,784		23,818
Spouse Blind Exemption		237		231
Total Spouse Exemptions	83,792	106,812	84,359	108,391
Dependent Exemptions	129,682	233,850	131,172	237,033
Total Exemptions	552,979	1,001,541	561,862	1,019,648
Value of Exemptions		\$2,333,406,460		\$2,375,334,810
Taxable Income				
Federal Adjusted Gross Income	551,025	\$24,902,869,265	559,551	\$25,581,289,984
+Montana Additions	110,201	\$773,984,940	109,225	\$779,064,007
-Montana Subtractions	245,200	\$1,589,257,479	246,238	\$1,637,330,893
-Deductions	547,242	\$4,958,935,359	555,950	\$5,198,725,883
-Value of Exemptions	552,903	\$2,333,406,460	561,677	\$2,375,334,810
Montana Taxable Income	466,227	\$17,939,369,911	473,570	\$18,450,327,676
Tax from Tax Table	465,620	\$1,019,130,334	472,962	\$1,049,743,830
Capital Gains Credit	85,633	\$38,921,806	83,266	\$33,445,616
Tax before Credits & Adjustments	460,628	\$982,495,961	468,244	\$1,018,503,017
Tax on Lump Sum Distributions	38	\$11,683	30	\$7,539
Recapture of Credits Claimed Previously	10	\$3,720	8	\$1,570
Total Tax		\$982,511,364		\$1,018,512,126
Payments				
Montana income tax withheld from wages	438,851	\$767,277,059	446,704	\$807,033,685
Tax withheld from mineral royalties	2,927	\$4,765,736	3,094	\$2,374,281
Tax withheld by pass-through entities	293	\$793,166	267	\$377,157
Estimated tax payments	49,244	\$195,992,483	51,255	\$215,388,881
Extension payments	6,564	\$33,766,399	5,780	\$28,725,589
Total Payments		\$1,002,594,843		\$1,053,899,593
* Taxpayers claim exemptions for themselves and their spouses by checking boxes on the return. The counts for exemptions show the number of returns where the taxpayer claimed at least one exemption for themselves, their spouse, or dependents. The totals column shows the number and type of exemptions claimed. For the taxpayer and spouse, the totals column shows the numbers of basic exemptions and extra exemptions for being 65 or over or blind. For dependent exemptions, the count is the number of returns claiming at least one dependent, and the total is the number of dependents claimed.				

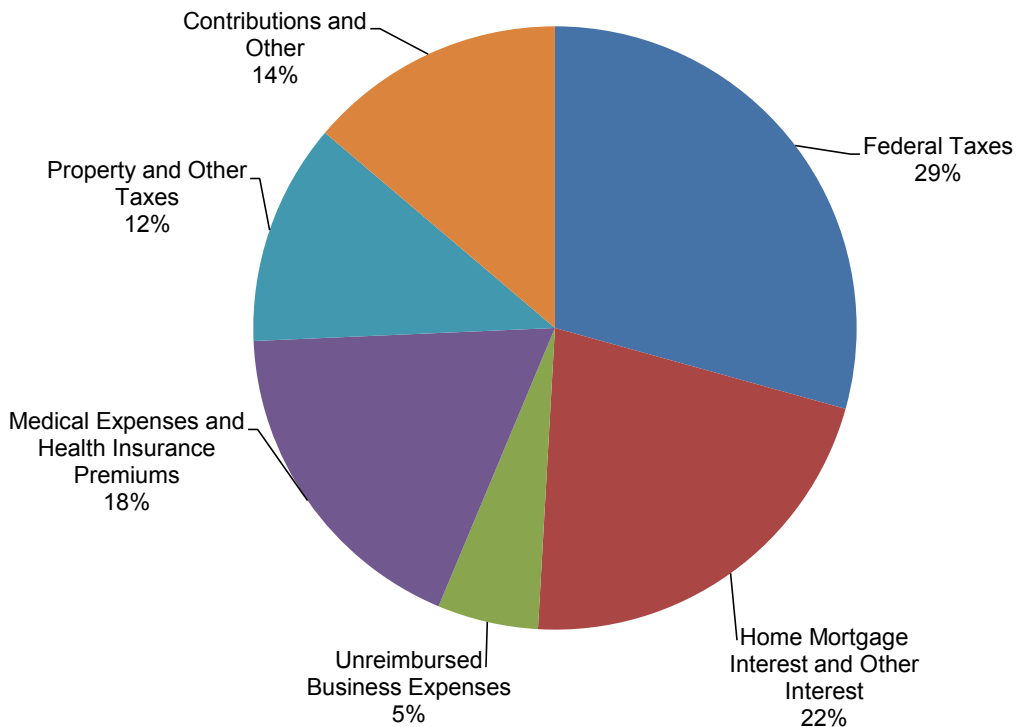
Income, Deductions, Credits, and Tax Liability

Montana Individual Income Tax Credits Reported on Full-Year Residents' Returns 2014 and 2015				
	2014		2015	
	Count	Total	Count	Total
Credits				
Non-Refundable and No Carryover				
Other states' income tax credit	13,763	\$31,205,001	14,268	\$31,375,448
College contribution tax credit	3,308	\$285,949	3,438	\$306,734
Qualified endowment tax credit	710	\$2,471,140	689	\$2,461,321
Energy conservation tax credit	11,514	\$4,360,886	10,776	\$4,176,132
Alternative fuel tax credit	17	\$9,905	13	\$8,189
Insurance for uninsured Montanan's credit	121	\$121,701	74	\$64,671
Elderly care tax credit	43	\$59,626	41	\$55,637
Recycling tax credit	104	\$548,118	78	\$279,657
Oil seed crushing/biodiesel facility credit	0	\$0	0	\$0
Biodiesel blending/storage tank credit	0	\$0	0	\$0
Non-Refundable but with Carryover				
Contractor's gross receipts tax credit	650	\$5,391,186	608	\$5,219,842
Geothermal systems tax credit	196	\$238,535	187	\$254,460
Alternative energy systems credit	525	\$298,795	588	\$258,247
Biomass alternative energy systems credit	579	\$319,154	436	\$195,343
Alternative energy production tax credit	*	\$1,310	*	\$11,597
Dependent care assistance credit	*	\$13,528	14	\$31,586
Historic property preservation tax credit	24	\$443,810	19	\$305,320
Infrastructure user fee credit	10	\$27,269	13	\$2,832,145
Empowerment zone credit	0	\$0	0	\$0
Research activities tax credit	*	\$72,474	*	\$72,462
Mineral exploration tax credit	0	\$0	0	\$0
Film production employment tax credit	*	\$31,804	0	\$0
Adoption credit	240	\$257,945	229	\$188,426
Total Non-Refundable Credits	30,246	\$46,158,136	29,963	\$48,097,217
Refundable Credits				
Elderly homeowner/renter tax credit				
Claimed with Income Tax Return	12,778	\$6,065,006	12,854	\$6,182,410
Claimed without Income Tax Return	3,922	\$1,717,104	3,594	\$1,560,728
Film production employment tax credit	*	\$5,849	0	\$0
Film qualified expenditure tax credit	*	\$25,687	0	\$0
Insure Montana small business health insurance credit	512	\$1,423,875	447	\$1,299,496
Emergency lodging credit	*	\$500	*	\$247
Unlocking state lands credit	*	\$1,086	*	\$1,239
Total Refundable Credits	13,295	\$9,239,107	13,304	\$7,483,239
Total Credits	42,408	\$55,397,243	42,152	\$55,580,456

Breakdown of Income Sources - Tax Year 2015



Breakdown of Itemized Deductions - Tax Year 2015



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. 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 are counted separately. Non-residents and part-year residents are not included because their tax depends on the fraction of income that is apportioned to Montana, which varies widely for these individuals.

Deciles of Montana Adjusted Gross Income Full-Year Residents 2014 and 2015									
Income Group	Returns	2014			2015			Montana Adjusted Gross Income \$ million % of total	
		Income Range	Montana Adjusted Gross Income		Returns	Income Range	Montana Adjusted Gross Income		
			\$ million	% of total			\$ million		% of total
1st Decile	55,298	less than \$4,330	-\$486.9	-2%	56,189	less than \$4,273	-\$546.8	-2%	
2nd Decile	55,299	\$4,330 to \$1,028	\$398.8	2%	56,190	\$4,273 to \$1,178	\$407.3	2%	
3rd Decile	55,299	\$1,029 to \$15,751	\$712.0	3%	56,189	\$1,179 to \$16,102	\$737.3	3%	
4th Decile	55,298	\$15,752 to \$21,831	\$1,036.4	4%	56,190	\$16,103 to \$22,475	\$1,081.6	4%	
5th Decile	55,299	\$21,832 to \$28,644	\$1,390.8	6%	56,190	\$22,476 to \$29,442	\$1,454.0	6%	
6th Decile	55,299	\$28,645 to \$36,942	\$1,807.7	8%	56,189	\$29,443 to \$37,785	\$1,883.7	8%	
7th Decile	55,298	\$36,943 to \$46,709	\$2,304.3	10%	56,190	\$37,786 to \$47,667	\$2,389.5	10%	
8th Decile	55,299	\$46,710 to \$59,840	\$2,922.0	12%	56,189	\$47,668 to \$60,920	\$3,026.1	12%	
9th Decile	55,299	\$59,841 to \$84,977	\$3,906.6	16%	56,190	\$60,921 to \$85,596	\$4,018.3	16%	
10th Decile	55,299	more than \$84,977	\$10,095.9	42%	56,190	more than \$85,596	\$10,272.1	42%	
Top 5% *	27,650	more than \$116,055	\$7,386.5	31%	28,095	more than \$116,795	\$7,502.7	30%	
Top 1% *	5,530	more than \$279,898	\$3,766.0	16%	5,619	more than \$283,345	\$3,799.4	15%	
Top 0.1% *	553	more than \$1,069,675	\$1,494.9	6%	562	more than \$1,066,999	\$1,466.7	6%	
All	552,987		\$24,087.6		561,896		\$24,723.0		

* Included in 10th Decile

Deductions by Decile Group Full-Year Residents 2014 and 2015										
Income Group	% Returns Itemize	2014				2015				
		Itemized Deductions		Standard Deductions		% Returns Itemize	Itemized Deductions		Standard Deductions	
		\$ million	average	\$ million	average		\$ million	average	\$ million	average
1st Decile	34%	\$131.8	\$7,108	\$84.6	\$2,301	34%	\$136.0	\$7,058	\$85.1	\$2,306
2nd Decile	30%	\$102.7	\$6,271	\$88.1	\$2,264	30%	\$106.0	\$6,337	\$89.4	\$2,264
3rd Decile	38%	\$145.4	\$6,986	\$99.0	\$2,871	38%	\$213.4	\$10,048	\$101.7	\$2,910
4th Decile	40%	\$175.1	\$7,863	\$125.5	\$3,800	40%	\$183.4	\$8,188	\$131.3	\$3,885
5th Decile	46%	\$213.5	\$8,416	\$135.7	\$4,535	46%	\$222.0	\$8,646	\$139.4	\$4,568
6th Decile	60%	\$303.7	\$9,087	\$110.2	\$5,036	61%	\$313.0	\$9,183	\$112.8	\$5,102
7th Decile	79%	\$464.2	\$10,674	\$73.3	\$6,207	79%	\$492.1	\$11,098	\$75.1	\$6,340
8th Decile	86%	\$602.6	\$12,616	\$51.9	\$6,885	87%	\$623.6	\$12,747	\$50.2	\$6,905
9th Decile	92%	\$768.9	\$15,191	\$32.5	\$6,941	92%	\$787.2	\$15,260	\$32.2	\$7,007
10th Decile	96%	\$1,236.2	\$23,236	\$14.1	\$6,709	97%	\$1,291.8	\$23,788	\$13.1	\$6,948
Top 5% *	97%	\$748.8	\$27,858	\$5.0	\$6,470	98%	\$791.4	\$28,801	\$4.2	\$6,768
Top 1% *	98%	\$246.6	\$45,414	\$0.6	\$6,224	98%	\$265.8	\$48,048	\$0.6	\$6,860
Top 0.1% *	99%	\$74.6	\$136,945	\$0.1	\$7,101	99%	\$85.7	\$153,617	\$0.0	\$7,648
All	60%	\$4,144.1	\$12,488	\$814.9	\$3,685	60%	\$4,368.4	\$12,904	\$830.3	\$3,718

* Included in 10th Decile

Income, Deductions, Credits, and Tax Liability

Deductions as Percent of Montana Adjusted Gross Income Full-Year Residents 2014 and 2015							
Income Group	Itemized Deductions	2014			2015		
		Standard Deductions	All	Itemized Deductions	Standard Deductions	All	
1st Decile	-36%	-73%	-44%	-32%	-69%	-40%	
2nd Decile	85%	32%	48%	85%	32%	48%	
3rd Decile	54%	22%	34%	76%	22%	43%	
4th Decile	42%	20%	29%	43%	20%	29%	
5th Decile	33%	18%	25%	33%	18%	25%	
6th Decile	28%	16%	23%	27%	15%	23%	
7th Decile	26%	15%	23%	26%	15%	24%	
8th Decile	24%	13%	22%	24%	13%	22%	
9th Decile	21%	10%	21%	21%	10%	20%	
10th Decile	13%	5%	12%	13%	5%	13%	
Top 5% *	10%	3%	10%	11%	3%	11%	
Top 1% *	7%	1%	7%	7%	1%	7%	
Top 0.1% *	5%	0.4%	5%	6%	0%	6%	
All	21%	20%	21%	21%	20%	21%	

* Included in 10th Decile

Taxable Income and Tax Full-Year Residents 2014 and 2015												
Income Group	2014						2015					
	Taxable Income			Tax Liability			Taxable Income			Tax Liability		
	\$ million	Average	% of Total	\$ million	Average	% of Total	\$ million	Average	% of Total	\$ million	Average	% of Total
1st Decile	\$0.5	\$9	0%	\$0.0	\$0	0%	\$0.4	\$8	0%	\$0.0	\$0	0%
2nd Decile	\$105.9	\$1,914	1%	\$1.3	\$24	0%	\$108.2	\$1,925	1%	\$1.4	\$24	0%
3rd Decile	\$306.2	\$5,537	2%	\$6.0	\$108	1%	\$318.3	\$5,665	2%	\$6.3	\$113	1%
4th Decile	\$547.1	\$9,893	3%	\$15.0	\$272	2%	\$574.4	\$10,223	3%	\$16.2	\$288	2%
5th Decile	\$839.2	\$15,176	5%	\$30.4	\$549	3%	\$889.4	\$15,828	5%	\$33.1	\$589	3%
6th Decile	\$1,181.6	\$21,368	7%	\$51.8	\$937	5%	\$1,241.8	\$22,100	7%	\$55.4	\$986	5%
7th Decile	\$1,541.1	\$27,869	9%	\$75.6	\$1,367	8%	\$1,609.9	\$28,650	9%	\$79.9	\$1,422	8%
8th Decile	\$2,027.6	\$36,667	11%	\$108.3	\$1,958	11%	\$2,108.6	\$37,527	11%	\$113.6	\$2,021	11%
9th Decile	\$2,842.9	\$51,410	16%	\$163.2	\$2,951	17%	\$2,933.8	\$52,212	16%	\$169.2	\$3,011	17%
10th Decile	\$8,547.2	\$154,564	48%	\$530.9	\$9,601	54%	\$8,665.5	\$154,218	47%	\$543.4	\$9,671	53%
Top 5% *	\$6,479.9	\$234,355	36%	\$406.2	\$14,691	41%	\$6,551.8	\$233,201	36%	\$415.7	\$14,795	41%
Top 1% *	\$3,486.9	\$630,534	19%	\$218.7	\$39,544	22%	\$3,499.8	\$622,860	19%	\$224.1	\$39,874	22%
Top 0.1% *	\$1,417.3	\$2,562,895	8%	\$85.5	\$154,574	9%	\$1,377.7	\$2,451,412	7%	\$86.8	\$154,371	9%
All	\$17,939.4	\$32,441		\$982.5	\$1,777		\$18,450.3	\$32,836		\$1,018.5	\$1,813	

* Included in 10th Decile

Tax as Percent of Adjusted Gross Income Full-Year Residents 2014 and 2015								
Income Group	2014				2015			
	Montana Adjusted Gross Income	Tax Liability	Tax / Income	Montana Adjusted Gross Income	Tax Liability	Tax / Income		
	\$ million	\$ million	%	\$ million	\$ million	%		
1st Decile	-\$486.9	\$0.0	0.0%	-\$546.8	\$0.0	0.0%		
2nd Decile	\$398.8	\$1.3	0.3%	\$407.3	\$1.4	0.3%		
3rd Decile	\$712.0	\$6.0	0.8%	\$737.3	\$6.3	0.9%		
4th Decile	\$1,036.4	\$15.0	1.5%	\$1,081.6	\$16.2	1.5%		
5th Decile	\$1,390.8	\$30.4	2.2%	\$1,454.0	\$33.1	2.3%		
6th Decile	\$1,807.7	\$51.8	2.9%	\$1,883.7	\$55.4	2.9%		
7th Decile	\$2,304.3	\$75.6	3.3%	\$2,389.5	\$79.9	3.3%		
8th Decile	\$2,922.0	\$108.3	3.7%	\$3,026.1	\$113.6	3.8%		
9th Decile	\$3,906.6	\$163.2	4.2%	\$4,018.3	\$169.2	4.2%		
10th Decile	\$10,095.9	\$530.9	5.3%	\$10,272.1	\$543.4	5.3%		
Top 5% *	\$7,386.5	\$406.2	5.5%	\$7,502.7	\$415.7	5.5%		
Top 1% *	\$3,766.0	\$218.7	5.8%	\$3,799.4	\$224.1	5.9%		
Top 0.1% *	\$1,494.9	\$85.5	5.7%	\$1,466.7	\$86.8	5.9%		
All	\$24,087.6	\$982.5	4.1%	\$24,723.0	\$1,018.5	4.1%		

* Included in 10th Decile

Business Structure and Taxation

A business's legal ownership structure generally determines how income from the business 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 of 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 the business's legal and financial liabilities. They 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 can also affect its ability to access capital markets. Most corporations and some types of partnerships can raise funds by issuing new shares, and existing shares can be bought and sold without requiring the other owners' consent. With other business structures, buying and selling ownership interests or raising funds by bringing in new owners may require the other owners' consent.

For taxation, the IRS code puts all businesses in one of three categories, and 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 tax reporting purposes. The owner of a sole proprietor business must be an individual or a married couple. Some formally organized businesses with a single owner are not sole proprietor businesses and are treated as separate from the owner for income tax reporting purposes. These businesses are called disregarded entities and are subject to filing a Montana information return and income tax withholding paid on behalf of the owner. The disregarded entity's income is still reported on the owner's tax return and is taxed as part of the owner's income. If the disregarded entity pays income tax on behalf of the owner, the owner can claim the payment as a refundable credit.

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 nonresident 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 a 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, each owner is taxed on 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 owner's 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 owners. The owners are then responsible for reporting this income on their tax returns and including it in the calculation of their taxable income. If a pass-through entity has a nonresident or second-tier pass-through entity owner, then the pass-through must include the owner in a composite return, withhold income tax on behalf of the owner, or obtain a waiver of these requirements.

A corporation that does not meet the requirements to be treated as a pass-through entity, or that does

Taxation of Business Income

not choose 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. A corporation's owners include dividends they receive in the calculation of their taxable incomes. A corporation may 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				
	Sole Proprietor	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's current net income.	Business pays dividends to shareholders. Dividends need not equal business's 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 income tax. Owners taxed on dividends.	Entity is ignored. business's 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's 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's

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.

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. 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 income¹ to attribute 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.

If lumber production in Montana and lumber sales in North Dakota were separate, unrelated businesses, 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. 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 that are 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 they 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 that should be taxed by Montana and not be taxed by the other state.

Montana law tries to address this problem by requiring pass-through 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 group of affiliated companies may make what is

¹ 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.

called a *water's-edge election*. When a 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% 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 one of the countries listed as tax havens in section 15-31-322(1)(f), MCA. A corporate group that makes the water's edge election is taxed at a rate of 7% rather than the normal rate of 6.75%.

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.

Some abusive tax shelters involve pretending that monetary payments are a loan or that in-kind compensation is actually a business investment. Others involve creating transactions with offsetting paper gains and losses and then recognizing the losses for tax purposes while claiming that recognition of the gains can be indefinitely deferred. 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. Some types of abusive tax shelters make use of complicated, multi-tiered business structures either to try to hide the mischaracterization of income or to shuffle gains and losses between related entities and then claim that they are not related.

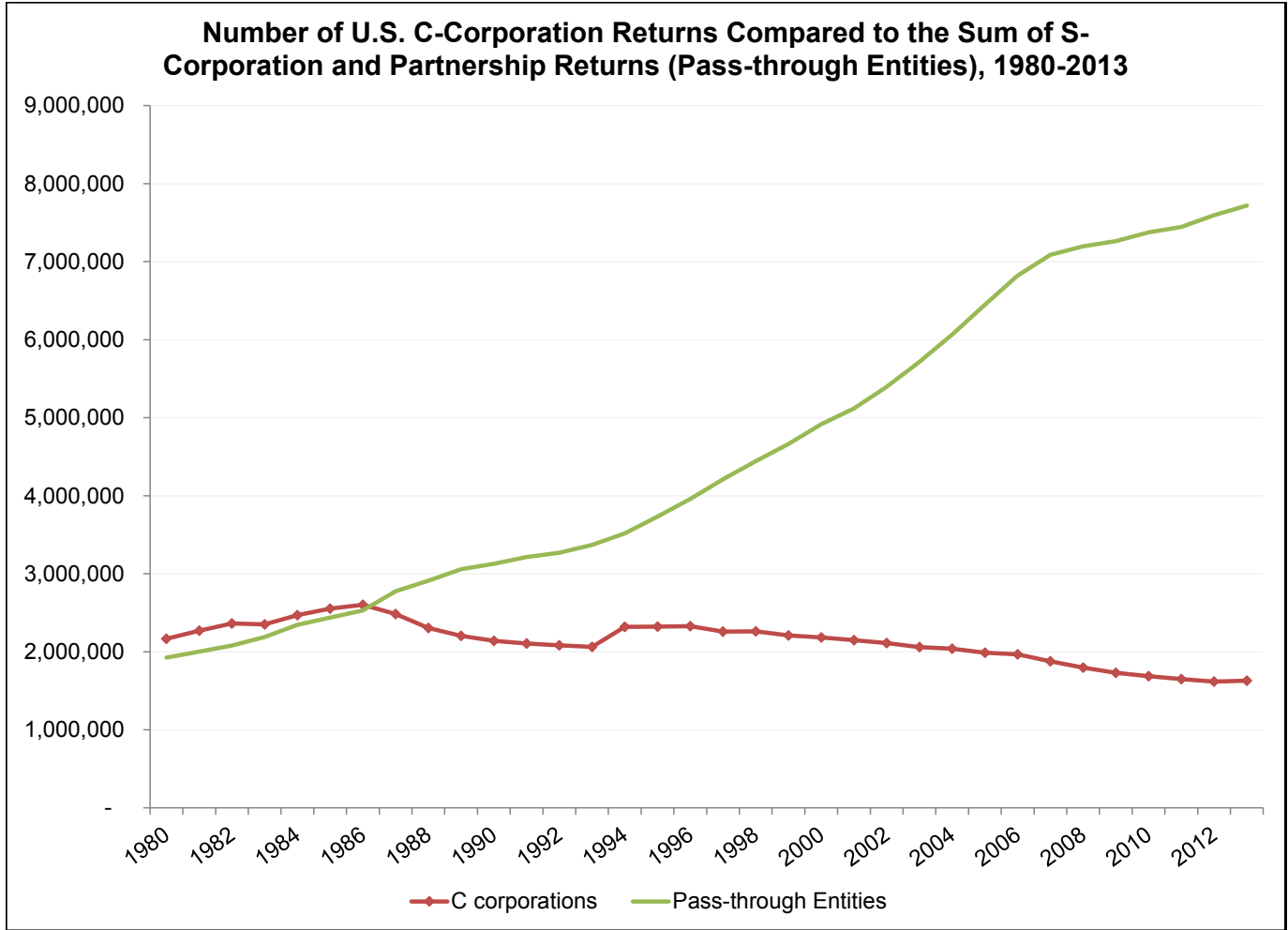
For example, one scheme involves creating a series of tiered business entities organized under the laws of several countries, with each passing its income to the next in line and the final entity paying the income to the owner but mischaracterizing it as a loan. The purpose of the tiered business structure in this case is just to make it too hard to track the money. In another scheme, 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 these types of sham transactions with no economic purpose other than evading taxes should be ignored for U.S. tax purposes.

Pass-Through Entities

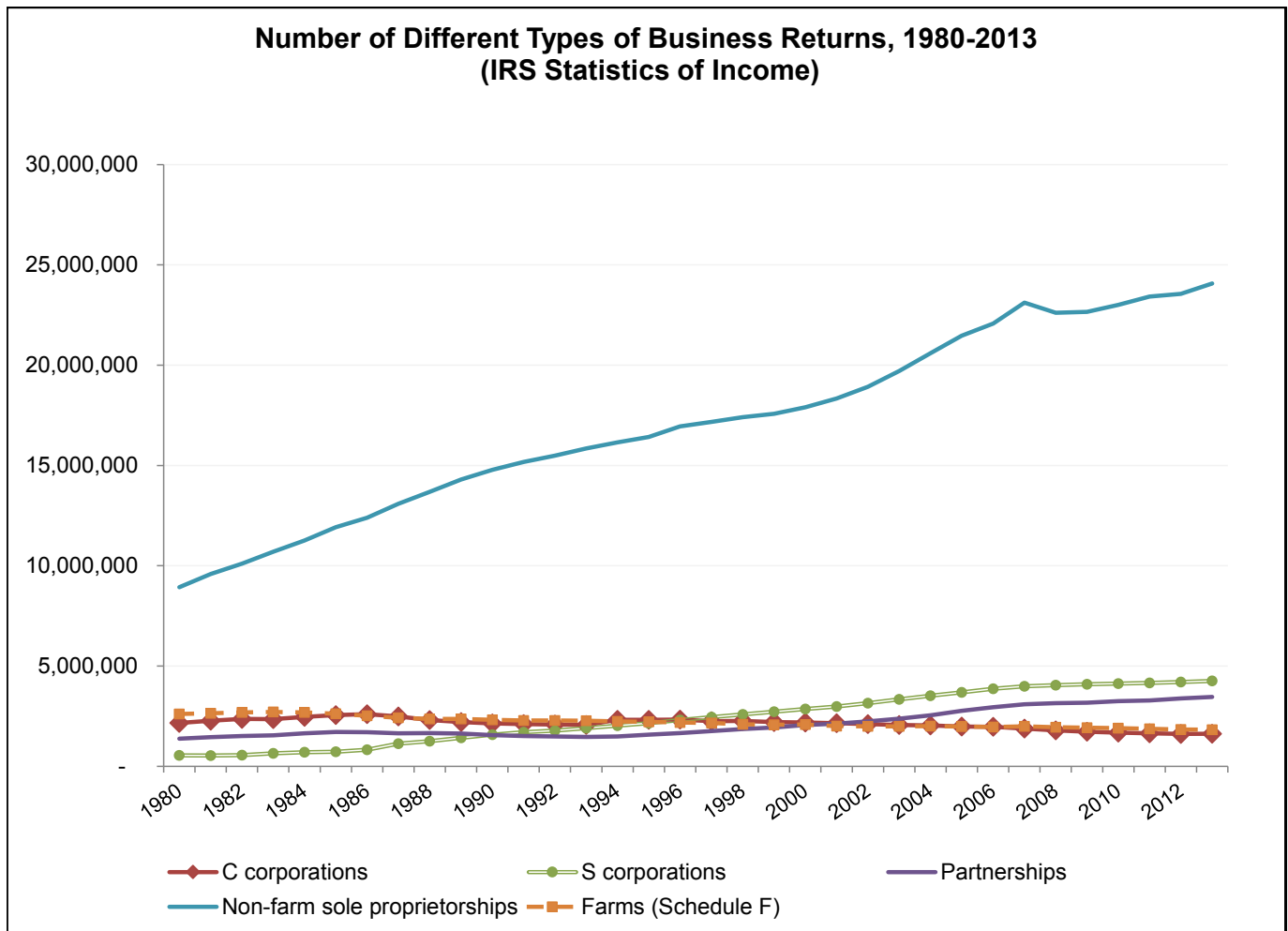
Growth of Pass-Through Entities

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 C corporations versus those filed by pass-through entities (partnerships, S corporations, and disregarded entities) from 1980 through 2013 (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; 2010, 2011, 2012, and 2013 data is from the IRS Statistics of Income Division).



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, 1980–2013, of all types of business organizations, including non-farm sole proprietorships, S corporations, partnerships, and farms filing 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 over 24 million in 2013.

Sole proprietorships, 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 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 U.S. filing Schedule F decreased from 2.6 million in 1980 to 1.8 million in 2013. However, it should be noted that farms can also operate as partnerships or be incorporated as S or C corporations.

During the same period, the number of C corporation returns declined, going from 2.2 million corporations in 1980 to 1.63 million in 2013. One thing to note is that C corporations in Montana seem to vary greatly in terms of size – there are 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 4.2 million in 2013; an annual average growth rate of 6.6 percent. Partnerships grew more slowly – increasing from 1.4 million in 1980 to 3.5 million in 2013.

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, rising from 1,691 returns in 1980 to 17,630 returns in 2012.

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

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.

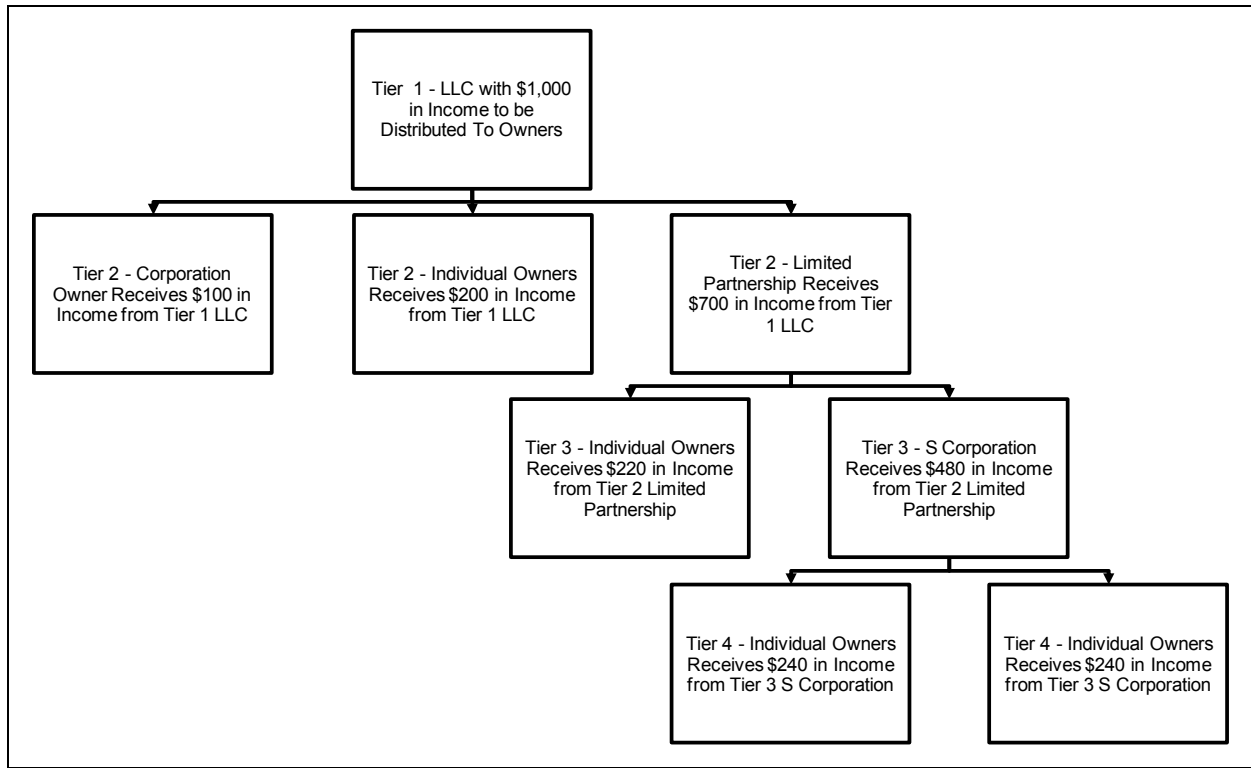
The most common type of pass-through entity today is the limited liability company (LLC). LLCs are actually a creation of the states since state law generally governs business structure. The first LLC statute was enacted in Wyoming in 1977 and now all states and the District of Columbia have LLC statutes. However, for federal tax purposes, federal law governs the tax treatment (states generally follow the federal treatment). For taxation purposes, LLCs with two or more members are generally treated as partnerships, unless the LLC elects to be treated as a C or S corporation. Unless it elects to be treated as a C or S corporation, a single-member LLC is generally 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's state filing must be consistent 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 taxed itself. 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, it creates a tiered business structure.

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 a corporation, individual, and/or another pass-through entity as a partner, owner, or shareholder, they represent a challenge for tax administration. The diagram on the following page shows how complex a set of ownership, or partnership, relationships can become.

Businesses of all sizes can be C corporations or pass-through entities. Sole proprietor businesses generally are small. For 2013, the IRS reports that average receipts were \$4.6 million for C corporations, \$1.5 million for partnerships, and \$1.6 million for S corporations, but only \$56,000 for sole proprietor businesses. Many sole-proprietor businesses are part-time or a sideline for the owner. For 2015, 93% of taxpayers whose Montana income tax returns showed income or loss from a sole-proprietor business reported more income from other sources.

Pass-Through Entities



Pass-through entities with Montana source income are required to file an information return each year. The pass-through entity is also required to withhold on behalf of any partner, shareholder, member, or other owner who is a nonresident individual, foreign C corporation, or a pass-through entity (also referred to as a second-tier pass-through entity). An owner for which withholding is required may file an agreement with the state to timely file a Montana return, pay taxes, and be subject to personal jurisdiction of the state with respect to the income from a pass-through entity. If an agreement is on file for an owner, the pass-through entity is not required to withhold on that owner's behalf. If this agreement is not met, the pass-through entity must in all subsequent tax years withhold the appropriate amount and pay the tax payment directly to the state (15-30-3313, MCA). As an alternative to the agreement, owners may elect to be included in a composite tax return. In a composite tax return, the pass-through entity pays tax on behalf of the owner and fulfills the owner's requirement to file their own tax return.

The pass-through 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 sourced 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. The table to the right shows the number of owners associated with Montana's pass-throughs

Shares of Pass-Through Owners by Residency Status		
Type of Owner	Number	%
Resident Individuals	83,923	22%
Nonresident Individuals	201,533	53%
Montana Business Entities	5,616	1%
<u>Non-Montana Business Entities</u>	<u>90,098</u>	<u>24%</u>
Total	381,170	100%

Pass-Through Entities

broken down by individuals and business entities. Based upon information provided in each pass-through's tax forms, this table also provides a breakdown of pass-throughs based on the residency status of the owner.

In tax year 2014, there were 381,170 owners associated with the 58,240 pass-throughs filing information returns in Montana. Of the approximately 381,000 owners, 22 percent reported being residents of Montana. Non-resident individuals are the largest group of Montana's pass-through owners, with 201,533 reported owners. Just over 5,600 Montana business entities were listed as owners of pass-throughs according to informational tax returns. More than 90,000 non-Montana business entities were owners of pass-throughs with Montana source income. Overall, individuals comprised 75 percent of the owners associated with Montana's pass-throughs, which is a slight increase from the previous year's 74 percent.

The following table shows owner information from the same group of pass-through returns as in the previous table but splits the ownership data into multi-state, as well as S corporation and partnership, status.

Montana Pass-Through Owners by Residency Status and Pass-Through Type								
Type of Owner	S Corporations				Partnerships			
	Montana		Multi-State		Montana		Multi-State	
	Owners	%	Owners	%	Owners	%	Owners	%
Resident Individuals	38,049	88%	1,851	7%	42,304	32%	1,719	1%
Nonresident Individuals	4,272	10%	22,799	81%	51,723	39%	122,739	69%
Montana Business Entities	691	2%	45	0%	4,537	3%	343	0%
Non-Montana Business Entities	247	1%	3,477	12%	33,504	25%	52,870	30%
Total	43,259	100%	28,172	100%	132,068	100%	177,671	100%

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 that 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 the previous two tables, 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 next table shows the number of returns, types of income, Montana adjustments to income, and deductions that were passed through to owners in tax year 2014. Income and other items passed through to two or more entities are only counted once.

Pass-Through Entities

Montana-Source Income Passed Through To Owners, 2014 Net of Distributions from First-Tier to Second-Tier Pass-Throughs				
	S Corporations		Partnerships	
	Montana	Multi-State	Montana	Multi-State
Returns	24,356	6,796	21,397	5,691
Income Items				
Salaries and Other Fixed Payments to Owners	\$0	\$0	\$1,495,227,931	\$273,969,689
Ordinary Business Income	\$1,534,226,992	-\$16,127,449,462	\$4,162,198,855	\$2,913,215,283
Rental Income				
Real Estate	\$34,844,580	-\$148,300,033	\$63,886,949	-\$159,542,438
Other	\$8,738,790	\$20,130,599	\$151,078,266	\$11,152,274
Interest	\$38,058,435	\$14,404,568	\$2,811,316,839	\$2,525,835,223
Dividends	\$41,500,128	\$53,504,802	\$3,456,367,521	\$2,430,310,058
Royalties	\$13,855,904	\$23,679,798	\$650,264,482	\$260,241,105
Capital Gains	\$243,760,789	\$102,550,417	\$24,126,235,028	\$19,148,982,887
Gains Taxed as Ordinary Income	\$197,827,421	-\$65,602,746	\$4,497,105,195	\$1,585,240,813
Other Income	\$19,374,355	\$14,282,310	\$6,542,623,207	\$6,268,558,928
Total	\$2,132,187,394	-\$16,112,799,746	\$47,956,304,273	\$35,257,963,822
Montana Additions to Federal Income				
Interest on Non-Montana Municipal Bonds	\$2,733,745	-\$5,027,888	\$32,097,310	\$49,987,772
State and Local Income Taxes	\$2,425,036	\$5,462,461	\$19,725,831	\$28,086,277
Other	\$4,375,049	\$505,382	\$149,810,497	\$12,837,326
Total	\$9,533,830	\$939,954	\$201,633,638	\$90,911,375
Montana Subtractions from Federal Income				
Interest on Federal Bonds	\$4,906,103	\$628,749	\$50,052,771	\$40,197,000
Purchases of Recycled Materials	\$319,609	\$175,121	\$12,437	\$0
Other	\$150,311,354	-\$16,428,662,167	\$260,278,411	-\$742,708,562
Total	\$155,537,066	-\$16,427,858,296	\$310,343,619	-\$702,511,562
Deductions				
Expensing of Capital Purchases	\$319,278,727	\$283,963,958	\$2,825,153,080	\$1,460,596,675
Contributions	\$26,960,496	-\$113,639,654	\$59,696,177	\$111,266,429
Interest on Funds Borrowed to Make Investments	\$16,427,977	\$12,575,101	\$1,332,631,096	\$1,370,684,760
Other	\$71,660,566	-\$526,103,527	\$5,881,817,168	\$4,230,112,566
Total	\$434,327,766	-\$343,204,122	\$10,099,297,521	\$7,172,660,430
Total Net Montana Source Income	\$1,551,856,392	\$659,202,627	\$37,748,296,771	\$28,878,726,329

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 next table shows credits reported on pass-through entity returns for tax year 2014. Credits actually claimed by owners are included in the credits claimed against individual income tax and corporate income tax.

Pass-Through Entities

Tax Credits Passed Through To Owners, 2014 Net of Distributions from First-Tier to Second-Tier Pass-Throughs				
Credit	S Corporations		Partnerships	
	Montana	Multi-State	Montana	Multi-State
Dependent Care Credit	\$0	\$0	\$0	\$0
College Contribution Credit	\$12,485	\$1,700	\$1,510	\$0
Insurance for Uninsured Montanans Credit	\$61,115	\$4,300	\$8,211	\$635
Credit for Investment in Recycling Equipment	\$580,991	\$51,259	\$148,901	\$1,042
Alternative Energy Production Credit	\$0	\$0	\$5,643	\$0
Contractor's Gross Receipts Credit	\$2,518,003	\$1,844,225	\$76,845	\$10,821
Alternative Fuel Credit	\$0	\$0	\$0	\$0
Infrastructure Users Fee Credit	\$0	\$0	\$35,548	\$0
Historic Building Preservation Credit	\$0	\$0	\$86,081	\$0
Mineral Exploration Credit	\$0	\$0	\$0	\$0
Empowerment Zone Credit	\$0	\$0	\$0	\$0
Film Production Credit	\$106,971	\$0	\$0	\$0
Biodiesel Blending Credit	\$0	\$0	\$0	\$0
Oilseed Crushing Credit	\$0	\$0	\$0	\$0
Insure Montana Credit	\$1,276,812	\$60,300	\$125,625	\$7,142
Temporary Emergency Lodging Credit	\$0	\$0	\$0	\$0
Total	\$4,556,377	\$1,961,784	\$488,364	\$19,640

Pass-Through Distributions and Credits by Industry

When preparing an informational tax return, pass-through entities are expected to provide information on the type of industry work the pass-through engages in.¹ The next table lists the Montana-source income that was distributed by Montana's S corporations in tax year 2014, broken down by industry sector type. As the tax return information shows, there is a significant amount of variation in the amount of income S corporations provided to their respective owners at the industry level. S corporations in the Trade, Transportation and Utilities industry generated the largest amount of Montana-source income for their owners, distributing approximately \$503 million in 2014. The Financial Activities and Professional and Business Services S corporations also provided a significant amount of income to their owners, passing through \$412 million and \$318 million in income respectively.

¹ Industry data on income tax returns are self-reported and are subject to some reporting error.

Pass-Through Entities

Montana-Source Income Passed Through to Owners, 2014 Net of Distributions from First-Tier to Second-Tier Pass-Throughs (\$ million)											
	S-Corporations										
	Natural Resources & Mining	Construction	Manufacturing	Trade, Transportation & Utilities	Information	Financial Activities	Professional & Business Services	Education & Health Services	Leisure & Hospitality	Other Services	Unknown / Public Admin
Returns	3,104	5,791	1,171	4,915	408	4,219	5,507	1,722	2,346	1,644	325
Income Items											
Salaries and Other Fixed Payments to Owners	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Ordinary Business Income	\$263.2	\$348.6	-\$3.1	-\$7,792.1	\$12.7	\$165.6	-\$7,924.1	\$142.9	\$96.6	\$92.8	\$3.5
Rental Income											
Real Estate	\$10.8	-\$2.6	\$0.5	\$6.3	\$0.3	-\$134.2	\$3.1	\$0.6	\$1.5	\$0.3	-\$0.1
Other	\$6.8	\$0.0	\$0.6	\$14.8	\$0.0	\$6.1	\$0.1	\$0.0	\$0.3	\$0.1	\$0.0
Interest	\$5.2	\$3.5	\$4.6	\$2.0	\$0.4	\$32.6	-\$1.0	\$1.7	\$1.8	\$1.7	\$0.1
Dividends	\$2.0	\$0.9	\$2.5	\$6.7	\$0.2	\$87.1	-\$7.7	\$0.3	\$0.3	\$2.7	\$0.0
Royalties	\$22.6	\$0.2	\$0.2	\$0.3	\$0.0	\$12.8	\$0.6	\$0.0	\$0.5	\$0.2	\$0.0
Capital Gains	\$15.5	\$12.5	\$5.2	-\$2.6	\$0.2	\$258.3	-\$13.2	\$1.6	\$5.3	\$62.8	\$0.6
Gains Taxed as Ordinary Income	\$99.1	\$3.3	\$7.8	\$21.1	\$0.7	-\$36.1	\$12.7	\$3.6	\$18.9	\$1.1	\$0.0
Other Income	\$9.0	\$1.1	\$4.1	\$1.5	\$0.0	\$16.6	\$1.0	\$0.0	\$0.2	\$0.1	\$0.0
Total	\$434.2	\$367.7	\$22.6	-\$7,742.0	\$14.5	\$408.8	-\$7,928.6	\$150.8	\$125.3	\$161.9	\$4.1
Montana Additions to Federal Income											
Interest on Non-Montana Municipal Bonds	\$0.7	\$0.2	\$0.0	-\$1.2	\$0.0	\$1.5	-\$3.5	\$0.0	\$0.0	\$0.0	\$0.0
State and Local Income Taxes	\$0.3	\$0.5	\$0.2	\$0.4	\$0.0	\$2.0	\$0.9	\$3.5	\$0.1	\$0.0	\$0.0
Other	\$0.3	\$0.9	\$0.1	\$0.6	\$0.5	\$0.5	\$1.2	\$0.3	\$0.2	\$0.3	\$0.0
Total	\$1.3	\$1.6	\$0.3	-\$0.2	\$0.5	\$4.0	-\$1.5	\$3.8	\$0.3	\$0.3	\$0.0
Montana Subtractions from Federal Income											
Interest on Federal Bonds	\$0.0	\$0.2	\$0.1	\$0.0	\$0.0	\$0.4	\$4.5	\$0.0	\$0.0	\$0.3	\$0.0
Purchases of Recycled Materials	\$0.0	\$0.1	\$0.3	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	\$6.9	\$1.2	\$2.5	-\$7,687.6	\$0.2	-\$146.5	-\$8,457.5	\$0.1	\$2.4	\$0.1	\$0.0
Total	\$6.9	\$1.5	\$2.9	-\$7,687.6	\$0.2	-\$146.1	-\$8,453.0	\$0.1	\$2.4	\$0.4	\$0.0
Deductions											
Expensing of Capital Purchases	\$132.3	\$74.0	\$14.7	\$60.9	\$2.2	\$32.3	\$245.6	\$12.1	\$16.7	\$12.1	\$0.4
Contributions	\$7.1	\$6.5	\$1.9	-\$54.2	\$0.5	\$5.3	-\$58.5	\$1.9	\$1.7	\$1.1	\$0.1
Interest on Funds Borrowed to Make Investments	\$0.1	\$0.3	\$0.0	\$0.2	\$0.0	\$20.6	\$7.7	\$0.0	\$0.1	\$0.0	\$0.0
Other	\$8.0	\$0.8	\$0.1	-\$564.8	\$0.0	\$88.7	\$10.5	\$0.5	\$0.4	\$1.3	\$0.1
Total	\$147.4	\$81.6	\$16.7	-\$557.9	\$2.7	\$146.9	\$205.2	\$14.4	\$18.9	\$14.5	\$0.6
Total Net Montana Source Income	\$281.2	\$286.2	\$3.3	\$503.3	\$12.2	\$412.0	\$317.7	\$140.1	\$104.3	\$147.3	\$3.5

As the next table shows, the amount of pass-through income also varies significantly for Montana's pass-through partnerships. In tax year 2014, the Financial Activity partnerships generated slightly more than \$64 billion in income within Montana, which is significantly higher than the income generated by any other pass-through industry sector. Unlike S corporations, one partnership sector reported negative pass-through income for their owners. In 2014, the Trade, Transportation and Utilities sector reported a net income loss of \$266 million.

Pass-Through Entities

Montana-Source Income Passed Through to Owners, 2014											
Net of Distributions from First-Tier to Second-Tier Pass-Throughs (\$ million)											
	Partnerships										
	Natural Resources & Mining	Construction	Manufacturing	Trade, Transportation & Utilities	Information	Financial Activities	Professional & Business Services	Education & Health Services	Leisure & Hospitality	Other Services	Unknown / Public Admin
Returns	3,896	1,312	495	1,828	285	14,586	1,929	417	1,327	632	381
Income Items											
Salaries and Other Fixed Payments to Owners	\$22.4	\$16.2	\$8.8	\$22.0	\$781.3	\$822.1	\$46.7	\$34.8	\$8.9	\$5.6	\$0.4
Ordinary Business Income	\$220.1	\$39.2	-\$6.3	-\$338.3	\$598.5	\$5,341.2	\$1,040.9	\$126.0	\$34.2	\$14.7	\$5.2
Rental Income											
Real Estate	\$16.3	\$1.0	\$0.7	\$7.5	\$0.2	-\$74.3	-\$49.6	\$1.8	-\$0.7	\$1.1	\$0.3
Other	\$3.9	\$0.1	\$0.2	-\$35.9	\$115.8	\$18.2	\$59.1	\$0.0	\$0.3	\$0.5	\$0.1
Interest	\$4.8	\$0.5	\$8.1	\$11.2	\$110.0	\$5,033.0	\$162.7	\$0.7	\$5.7	\$0.2	\$0.3
Dividends	\$3.6	\$0.1	\$1.6	\$1.0	\$38.8	\$5,562.2	\$271.9	\$0.0	\$6.2	\$0.3	\$0.9
Royalties	\$174.5	\$0.3	\$2.3	\$0.1	\$276.9	\$295.8	\$158.0	\$0.1	\$0.2	\$1.8	\$0.5
Capital Gains	\$30.3	\$4.3	\$0.4	\$37.8	-\$26.5	\$42,999.5	\$226.7	\$0.9	-\$4.2	\$0.9	\$5.1
Gains Taxed as Ordinary Income	\$214.1	\$2.0	\$3.8	\$3.5	-\$4.6	\$5,671.1	\$134.0	\$0.7	\$54.1	\$0.5	\$3.1
Other Income	\$16.3	\$3.3	\$0.0	\$19.7	\$128.9	\$12,511.5	\$132.4	\$0.0	-\$2.2	\$0.0	\$1.3
Total	\$706.2	\$67.0	\$19.7	-\$271.4	\$2,019.3	\$78,180.4	\$2,182.9	\$165.2	\$102.5	\$25.5	\$17.0
Montana Additions to Federal Income											
Interest on Non-Montana Municipal Bonds	\$0.7	\$0.1	\$0.0	\$0.0	\$0.0	\$80.6	\$0.4	\$0.0	\$0.0	\$0.2	\$0.0
State and Local Income Taxes	\$0.3	\$0.0	\$0.1	\$2.1	\$9.7	\$32.3	\$3.1	\$0.0	\$0.1	\$0.0	\$0.0
Other	\$1.3	\$0.0	\$0.0	\$37.4	\$2.6	\$116.6	\$4.5	\$0.0	\$0.1	\$0.0	\$0.0
Total	\$2.3	\$0.1	\$0.1	\$39.6	\$12.4	\$229.6	\$8.1	\$0.0	\$0.1	\$0.2	\$0.0
Montana Subtractions from Federal Income											
Interest on Federal Bonds	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$90.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Purchases of Recycled Materials	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other	\$142.7	\$0.1	\$0.0	\$4.5	\$3.6	-\$869.2	\$235.8	\$0.1	\$0.8	\$0.0	-\$0.8
Total	\$142.7	\$0.1	\$0.0	\$4.5	\$3.6	-\$779.1	\$235.8	\$0.1	\$0.8	\$0.0	-\$0.8
Deductions											
Expensing of Capital Purchases	\$231.0	\$9.7	\$4.6	\$9.8	\$0.8	\$3,883.2	\$133.7	\$4.2	\$5.8	\$2.0	\$1.0
Contributions	\$3.7	\$0.3	\$1.3	\$1.0	\$13.8	\$136.1	\$13.4	\$0.4	\$0.7	\$0.2	\$0.1
Interest on Funds Borrowed to Make Investments	\$1.0	\$0.0	\$1.1	\$0.9	\$0.0	\$2,675.6	\$21.0	\$2.8	\$0.6	\$0.1	\$0.1
Other	\$76.8	\$2.5	\$13.3	\$18.0	\$873.4	\$8,365.9	\$751.1	\$4.7	\$3.8	\$0.9	\$1.6
Total	\$312.5	\$12.6	\$20.3	\$29.6	\$887.9	\$15,060.7	\$919.2	\$12.2	\$10.9	\$3.1	\$2.7
Total Net Montana Source Income	\$253.3	\$54.4	-\$0.5	-\$266.0	\$1,140.1	\$64,128.4	\$1,036.0	\$152.9	\$90.8	\$22.6	\$15.1

The following two tables provide an industry-level breakdown of the credits claimed by Montana's S corporations and partnerships. For some credits, there is not a significant amount of variation in the use of credits by each industry sector. Nearly every pass-through industry sector claimed the Insure Montana, Health Insurance for Uninsured Montanans, and College Contributions credits. At the same time, no pass-through claimed the Mineral Exploration, Empowerment Zone, or Temporary Emergency Lodging credits. Some other credits were utilized, but only within a couple of industries. For example, nearly every S corporation industry sector had at least one pass-through claim the College Contribution credit, while only four of the 11 partnership industry sectors made a claim for this credit. At the same time, the Infrastructure Users Fee and Historic Building Preservation credits were only claimed by pass-throughs in one industry sector.

Pass-Through Entities

Tax Credits Passed Through to Owners, 2014, Net of Distributions from First-Tier to Second-Tier Pass Throughs											
Credit	S Corporations										
	Natural Resources & Mining	Construction	Manufacturing	Trade, Transportation & Utilities	Information	Financial Activities	Professional & Business Services	Education & Health Services	Leisure & Hospitality	Other Services	Unknown / Public Admin
Dependent Care Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
College Contribution Credit	\$800	\$1,281	\$418	\$3,167	\$200	\$1,973	\$5,730	\$408	\$208	\$0	\$0
Insurance for Uninsured Montanans Credit	\$1,950	\$12,912	\$1,411	\$7,052	\$1,513	\$5,567	\$13,426	\$7,830	\$650	\$5,978	\$7,126
Credit for Investment in Recycling Equipment	\$0	\$0	\$78,604	\$299,832	\$0	\$0	\$53,328	\$0	\$0	\$200,486	\$0
Alternative Energy Production Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Estate	\$8,801	\$4,125,258	\$25,962	\$34,233	\$0	\$537	\$134,934	\$0	\$11,421	\$21,082	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Infrastructure Users Fee Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Historic Building Preservation Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mineral Exploration Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Empowerment Zone Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Film Production Credit	\$0	\$0	\$0	\$0	\$63,608	\$0	\$31,536	\$0	\$11,827	\$0	\$0
Biodiesel Blending Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Oilseed Crushing Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insure Montana Credit	\$74,662	\$229,728	\$41,561	\$265,957	\$15,768	\$95,466	\$301,622	\$118,370	\$56,051	\$132,347	\$5,580
Temporary Emergency Lodging Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$86,213	\$4,369,179	\$147,956	\$610,241	\$81,089	\$103,543	\$540,576	\$126,608	\$80,157	\$359,893	\$12,706

Tax Credits Passed Through to Owners, 2014, Net of Distributions from First-Tier to Second-Tier Pass Throughs											
Credit	Partnerships										
	Natural Resources & Mining	Construction	Manufacturing	Trade, Transportation & Utilities	Information	Financial Activities	Professional & Business Services	Education & Health Services	Leisure & Hospitality	Other Services	Unknown / Public Admin
Dependent Care Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
College Contribution Credit	\$0	\$0	\$0	\$525	\$0	\$885	\$25	\$75	\$0	\$0	\$0
Insurance for Uninsured Montanans Credit	\$0	\$0	\$0	\$2,100	\$0	\$1,160	\$3,741	\$1,845	\$0	\$0	\$0
Credit for Investment in Recycling Equipment	\$0	\$0	\$88,833	\$60,068	\$0	\$1,042	\$0	\$0	\$0	\$0	\$0
Real Estate	\$0	\$0	\$0	\$0	\$0	\$5,643	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$75,070	\$2,196	\$0	\$0	\$0	\$10,400	\$0	\$0	\$0	\$0
Alternative Fuel Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Infrastructure Users Fee Credit	\$0	\$0	\$0	\$0	\$0	\$35,548	\$0	\$0	\$0	\$0	\$0
Historic Building Preservation Credit	\$0	\$0	\$0	\$0	\$0	\$86,081	\$0	\$0	\$0	\$0	\$0
Mineral Exploration Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Empowerment Zone Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Film Production Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Biodiesel Blending Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Oilseed Crushing Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insure Montana Credit	\$34,533	\$6,287	\$8,091	\$26,211	\$0	\$21,034	\$18,363	\$4,186	\$8,482	\$5,580	\$0
Temporary Emergency Lodging Credit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$34,533	\$81,357	\$99,120	\$88,904	\$0	\$151,393	\$32,529	\$6,106	\$8,482	\$5,580	\$0

Pass-Through Entities

Pass-Through Entities by Size - Number of Owners

Pass-through entities vary greatly in size. Approximately 48 percent of Montana's S corporation pass-throughs reported a single owner and 69 percent of partnerships with Montana source income had two to three owners. Overall, pass-throughs that operate in multiple states tend to have more owners than pass-throughs that only operate in Montana. Less than 10 percent of the S corporations that only operated in Montana in 2014 had more than eight reported owners, while nearly 14 percent of multi-state S corporations had at least nine owners. At the same time, 29 percent of Montana's multi-state partnerships had more than eight owners, which is approximately five times higher than the proportion of Montana-only partnerships with at least nine reported owners.

Pass-Through Entities - Number of Owners								
Number of Reported Owners	S Corporations				Partnerships			
	Montana		Multi-State		Montana		Multi-State	
	Number	%	Number	%	Number	%	Number	%
1	12,625	47.7%	448	9.9%	1,536	7.2%	98	1.7%
2 to 3	9,932	37.5%	2,432	53.8%	14,718	69.4%	2,554	44.0%
4 to 8	1,387	5.2%	1,024	22.6%	3,705	17.5%	1,479	25.5%
9 to 20	196	0.7%	374	8.3%	634	3.0%	605	10.4%
Over 20	2,314	8.7%	244	5.4%	620	2.9%	1,062	18.3%

Pass-Through Entities by Size - 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. As can be seen from the following table, many S corporations and approximately 40 percent 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. Forty-seven S corporations and 991 partnerships reported more than \$5 million in Montana source income.

Number of Pass Through Entities by Amount of Montana Source Income								
Montana - Source Income	S Corporations				Partnerships			
	Montana		Multi-State		Montana		Multi-State	
	Number	%	Number	%	Number	%	Number	%
\$0 or Negative	7,312	30.0%	2,766	40.7%	9,267	43.2%	2,139	37.5%
\$1 to \$10,000	3,734	15.3%	2,237	32.9%	3,362	15.7%	1,214	21.3%
\$10,001 to \$100,000	9,743	39.9%	1,148	16.9%	5,751	26.8%	920	16.1%
\$100,001 to \$1,000,000	3,391	13.9%	555	8.2%	2,184	10.2%	619	10.9%
\$1,000,001 to \$5,000,000	197	0.8%	82	1.2%	378	1.8%	320	5.6%
Over \$5,000,000	32	0.1%	15	0.2%	500	2.3%	491	8.6%

The next table shows Montana source income reported by pass-through entities for the same groups provided in the previous table. Most of the income generated by pass-through entities was from entities with over \$5 million in Montana source income. S corporations with over \$5 million in Montana source income generated approximately \$694 million in 2014, which is 31 percent of all the Montana source income generated by Montana's S corporations. Partnerships with over \$5 million in Montana source income generated \$69 billion in Montana source income in 2014.

Montana Source Income by Size of Pass-Through								
Montana - Source Income	S Corporations				Partnerships			
	Montana		Multi-State		Montana		Multi-State	
	\$ million	%	\$ million	%	\$ million	%	\$ million	%
\$0 or Negative	-\$384	-24.5%	-\$69	-10.0%	-\$2,962	-7.8%	-\$2,391	-8.3%
\$1 to \$10,000	\$16	1.0%	\$5	0.8%	\$13	0.0%	\$3	0.0%
\$10,001 to \$100,000	\$390	24.9%	\$41	5.9%	\$221	0.6%	\$35	0.1%
\$100,001 to \$1,000,000	\$854	54.5%	\$171	24.8%	\$594	1.6%	\$223	0.8%
\$1,000,001 to \$5,000,000	\$377	24.1%	\$162	23.5%	\$865	2.3%	\$797	2.8%
Over \$5,000,000	\$314	20.0%	\$380	55.1%	\$39,120	103.4%	\$30,308	104.6%

Taxation of Estates and Trusts

Estates and trusts are legal arrangements where one party holds assets on behalf of or for the benefit of one or more other parties. The details of these legal arrangements vary widely, because trusts can be set up to serve many purposes and because estates and trusts are created under state laws, which vary between states.

A trust generally is managed by one or more trustees. The estate of a decedent is managed by an executor. The manager of a bankruptcy estate is called a trustee or a debtor in possession depending on whether the estate is created under Chapter 7 or Chapter 11 of the bankruptcy code. Managers of trusts and estates are referred to as fiduciaries because of their legal obligation to act in the interest of another party rather than in their own interest.

When an estate or trust earns income, it may distribute part or all of the income to one or more beneficiaries or it may retain part or all of the income. Beneficiaries are taxed on income distributed to them, and the estate or trust is taxed on income that it retains.

A trust may also distribute part of the principal to one or more beneficiaries. All estates and many trusts are created with the intention of ultimately distributing all their assets. Distributions from the principal of an estate or trust are not taxable.

Montana taxes the income of a trust or estate as if the trust or estate were an individual, with the exception that a trust or estate is allowed a deduction for income distributed to beneficiaries. Some trusts are created for the purpose of providing funds for charity, and estates and trusts are allowed a deduction for charitable contributions.

Estates and trusts may file on a tax year that is different from the calendar year. In this section, information is reported based on the calendar year when the estate or trust's tax year started. Tax years numbered 2014 may have ended any time between December 30, 2014 and December 29, 2015. Returns are due by the 15th day of the fourth month after the end of the tax year, but taxpayers may receive a six-month filing extension. Thus, 2014 is the latest tax year for which all returns had been filed and processed by the time of publication.

Types of Estates and Trusts

The Montana return asks the fiduciary to indicate that the return is for one of eleven types of estate or trust. The table to the right shows the number of returns in each category for 2013 and 2014.

A simple trust is a trust where all income is to be distributed to the beneficiaries, no income is to be used for charitable purposes, none of the principal is to be distributed, and capital gains are to be allocated to the principal. A complex trust is a trust that does not qualify as a simple trust and does not fall into one of the other categories. A decedent's estate is charged with distributing assets in accordance with the decedent's will or state law and preserving assets until they are distributed.

Number of Estate and Trust Returns		
	<u>2013</u>	<u>2014</u>
Simple Trust	2,598	2,625
Complex Trust	4,565	4,702
Decedent's Estate	1,476	1,521
Grantor Trust	834	847
Electing Small Business Trust	61	18
Qualified Disability Trust	47	60
Bankruptcy Estate (Chapter 7)	23	22
Bankruptcy Estate (Chapter 11)	5	7
Qualified Funeral Trust	4	3
Pooled Income Fund	3	1
Other	<u>203</u>	<u>271</u>
Total	9,819	10,077

A grantor trust is a trust where the person who created the trust retains control of or an ownership interest in the trust's assets. For both federal and Montana taxes, a grantor trust is treated as a disregarded entity: Its income is treated as belonging to the grantor and its income and deduction line items should be reported on the grantor's tax return.

An electing small business trust is a trust that holds shares in an S corporation and for which the trustee has made an election to be taxed under a different section of federal law than generally applies to trusts.

Estates and Trusts

Montana taxes an electing small business trust in the same manner as other trusts.

A qualified disability trust is a trust whose beneficiaries are one or more disabled persons under the age of 65. A bankruptcy estate holds the assets of a bankrupt individual or business and is charged either with liquidating those assets to repay debts (Chapter 7) or with reorganizing the business (Chapter 11).

A qualified funeral trust is a type of grantor trust set up to pay the beneficiary's funeral expenses. A pooled income fund is an arrangement where individuals or businesses donate assets to a charity with the provision that the donor is to receive part or all of the earnings from the assets for a fixed period or for life.

Income of Estates and Trusts

Montana law considers a trust to be a resident trust if Montana is the primary place where the business of the trust is administered. If a primary place of business is not identifiable, the trust is a resident trust if the principal trustee's residence or usual place of business is in the state. A trust is classified as a part-year resident trust if the primary place of administration moves into or out of the state during a year. A trust or estate that is created during a year has a short tax year, but is considered either resident or nonresident, unless it moves.

All of a resident trust's income is taxable by Montana, but a trust with income that has its source in another state may claim a credit against Montana tax for tax paid to another state. Montana source income of a nonresident trust is taxable by Montana. As with a nonresident individual, a nonresident trust calculates tax on all its income and then multiplies this calculated tax by the share of its income that has a Montana source.

The following table shows the different types of income reported by trusts and estates. It shows income of resident estates and trusts and nonresident and part-year resident estates and trusts separately. For nonresident and part-year resident estates and trusts, it shows the average apportionment factor used in calculating their tax. This is the ratio of total Montana source income to total income from all sources.

Income Reported on Estate and Trust Returns (\$ million)				
Type of Income	2013		2014	
	Resident	Nonresident and Part-Year	Resident	Nonresident and Part-Year
Interest	\$13.533	\$208.039	\$12.607	\$156.666
Dividends	\$41.716	\$431.752	\$51.426	\$409.431
Sole Proprietor Business Income	\$4.767	-\$53.815	\$5.551	-\$8.647
Pass-Through Business, Rents, Royalties	\$63.303	\$126.030	\$73.452	\$224.425
Gain or Loss on Asset Sales				
Taxed as Capital Gains	\$97.891	\$1,497.484	\$79.715	\$1,917.130
Taxed as Ordinary Income	-\$0.874	\$57.219	-\$2.453	\$36.910
Other	\$14.876	\$27.373	\$16.022	\$103.279
Total	\$235.212	\$2,294.082	\$236.320	\$2,839.193
Average Apportionment Factor for Nonresident and Part-Year Resident Estates and Trusts		3.32%		0.71%

Deductions for Charitable Contributions and Distributions to Beneficiaries

Income earned by a trust or estate generally is put to one of four uses: it may be used to pay costs of the trust, it may be donated to charity, it may be distributed to a beneficiary, or it may be retained and added to

Estates and Trusts

the principal of the trust. In calculating taxable income, an estate or trust is allowed an itemized deduction for charitable contributions in the same way an individual is. Unlike an individual, an estate or trust is allowed a deduction for income distributed to a beneficiary. An estate or trust may also distribute part of the principal, but this is not deductible for the trust or taxable for the beneficiary. The following table shows deductions for charitable contributions and for distributions to beneficiaries.

Deductions for Charitable Contributions and Distributions to Beneficiaries				
	2013		2014	
	Entities with Deduction	\$ million	Entities with Deduction	\$ million
Charitable Contributions				
Resident Estates and Trusts	229	\$5.628	229	\$6.006
Nonresident and Part-Year	469	\$304.547	517	\$533.785
Distributions from Income				
Resident Estates and Trusts	3,463	\$123.930	3,371	\$127.350
Nonresident and Part-Year	1,006	\$305.362	1,035	\$344.918

Tax Paid by Estates and Trusts

Trusts and estates directly pay about \$5 million in tax per year. The following table shows tax paid by type of trust or estate. Categories with few returns are combined to protect taxpayer confidentiality.

Tax After Capital Gains Credit and Apportionment (\$ million)		
Entity Type	2013	2014
Bankruptcy Estates	\$0.000	\$0.007
Decedent Estates		
Resident	\$0.491	\$0.651
Nonresident and Part-Year	\$0.019	\$0.011
Electing Small Business Trusts		
Resident	\$0.002	\$0.000
Nonresident and Part-Year	\$0.000	\$0.015
Grantor Trusts	\$0.000	\$0.000
Simple Trusts		
Resident	\$0.485	\$0.554
Nonresident and Part-Year	\$0.020	\$0.021
Disability, Funeral, Pooled Income, and Other	\$0.001	\$0.019
Complex Trust Not in Another Category		
Resident	\$2.092	\$1.673
Nonresident and Part-Year	\$1.807	\$0.541
All Estates and Trusts	\$4.917	\$3.494

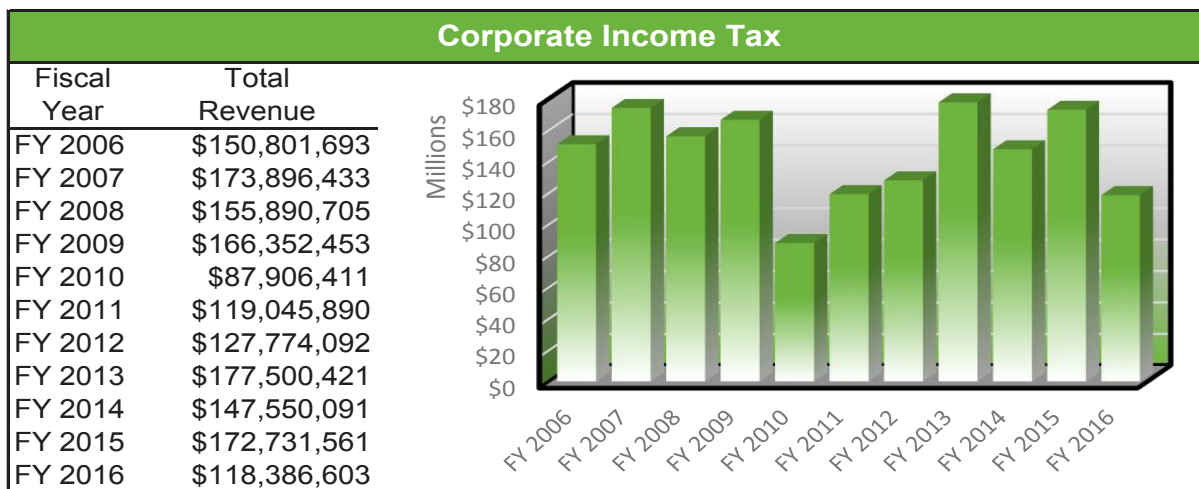
Corporate Income Tax

Montana's corporate income tax is a tax levied on C corporations for the "privilege of carrying on business in this state for the tax year in which the income was earned" (15-31-101(3), MCA). A corporation includes: an association, joint-stock company, common-law trust or business trust that does business in an organized capacity, all other corporations whether created, organized, or existing under and pursuant to the laws, agreements, or declarations of trust of any state, country or the United States, and any limited liability company, limited liability partnership, partnership or other entity that is treated as an association for federal income tax purposes and that is not a disregarded entity (15-31-101(1), MCA).

Every bank organized under the laws of the state of Montana, of any other state, or of the United States and a savings and loan association organized under the laws of this state or of the United States is subject to the Montana corporate income tax (15-31-101(4), MCA).

In the 2013 Legislature, SB 361 was passed revising the name of the corporate license tax to the corporate income tax. The change applies to tax years beginning after December 31, 2013.

The table below shows total corporate income tax collections for fiscal years 2006 through 2016 as recorded in the state accounting system. As a rule, corporate income tax collections in Montana follow the general national economy. Total collections in FY 2006 (which started on July 1, 2005) were \$150.8 million, increasing to \$173.9 million in FY 2007 and declining to \$87.9 million in FY 2010. Corporate tax revenues for FY 2015 and FY 2016 were \$172.7 million and \$118.4 million, respectively.



Corporate income taxes are deposited in the state general fund. However, the 2013 Legislature passed HB 354, which established a wildfire suppression fund and authorized certain general fund transfers to the fund. HB 354 required transfer of corporate tax revenues in excess of \$152.0 million in FY 2013 to the wildfire suppression account. The transfers are required by August 15th, after the end of the fiscal year. In FY 2013, total corporate income tax collections were \$177.5 million, which is over the \$152 million threshold, so the difference was transferred to the wildfire suppression account. HB 354 also required FY 2014 and FY 2015 revenues in excess of \$156.2 million and \$157.5 million, respectively, be transferred to the wildfire suppression account. FY 2014 revenues were below the threshold so no transfer was made. FY 2015 revenues exceeded the \$157.5 million threshold and the difference was transferred to the wildfire suppression account.

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

Corporate Income Tax

As the table shows, estimated quarterly payments are by far the largest source of corporate income tax collections, followed by payments with returns.

Average estimated payments over the past seven years were \$112.5 million. Average annual revenue for payments with returns over the same period was \$30.4 million. The seven-year average of revenues from audits, penalties, and interest was \$19.9 million. Refunds averaged about \$26.8 million per year.

Corporate Income Tax Collections and Refunds - General Fund					
Fiscal Year	Payments With Returns	Estimated Payments	Audits, Penalties, and Interest	Refunds	Total Collections
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
FY 2013	\$35,894,922	\$135,790,121	\$16,811,485	(\$10,999,107)	\$177,497,421
FY 2014	\$28,136,519	\$130,352,294	\$10,765,481	(\$21,706,704)	\$147,547,591
FY 2015	\$31,109,657	\$129,923,853	\$28,775,440	(\$17,972,938)	\$171,836,012
FY 2016	\$29,079,903	\$108,541,034	\$13,308,491	(\$31,390,463)	\$119,538,965
Average	\$30,379,339	\$112,454,908	\$19,863,298	(\$26,821,062)	\$135,876,483

Over the past seven years, total corporate tax collections averaged about \$135.9 million annually. However, there was wide variation in annual collections over that time period.

Who pays Corporate Income Taxes?

Only C corporations pay corporate income 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 income tax purposes. Despite the filing requirement, subchapter S corporations do not pay Montana corporate income taxes. Instead the owners or shareholders of the S corporation are subject to income tax on income received through the S corporation. The owner/shareholder therefore reports any taxable income on their individual income tax form. S corporations are discussed more in the section on pass-through entities.

Exemptions

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 income 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 nonprofit organizations.

Unrelated business taxable income, as defined by federal law, of exempt organizations that creates more than \$100 of federal tax liability is taxable as corporate income in the same manner as other taxable corporate income.

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

Corporate Income Tax

organized to engage in business for the first time in Montana do not have to pay the corporate income tax for the first five years of operation. In order to receive this tax exemption, the firm must apply to the Department of Revenue and be approved as meeting legal requirements (15-31-103, MCA).

Distribution of Corporate Income Taxes

The following table shows the distribution by Montana tax liability of the 16,572 corporate returns with a Montana tax liability filed in calendar years 2015 and 2016 reporting on tax year 2014. Note that the revenues from the return data will not match the fiscal year revenues in earlier tables because fiscal year revenue is based upon payments, including estimated payments and payments with returns, recorded in the state accounting system.

Altogether the top 100 returns constituted about 68 percent of total tax liability for the entire group of taxpayers. The top 500 returns accounted for 87 percent of total Montana tax liability for the group. The other 16,072 returns accounted for only 13 percent of the total Montana tax liability.

Returns Filed for Tax Year 2014	
Regular C Corporations	16,571
S Corporations	31,152
Total Corporations	47,723
C Corporations Paying Minimum Tax*	10,380
C Corporations Paying More Than Minimum Tax	6,191
Total C Corporations	16,571

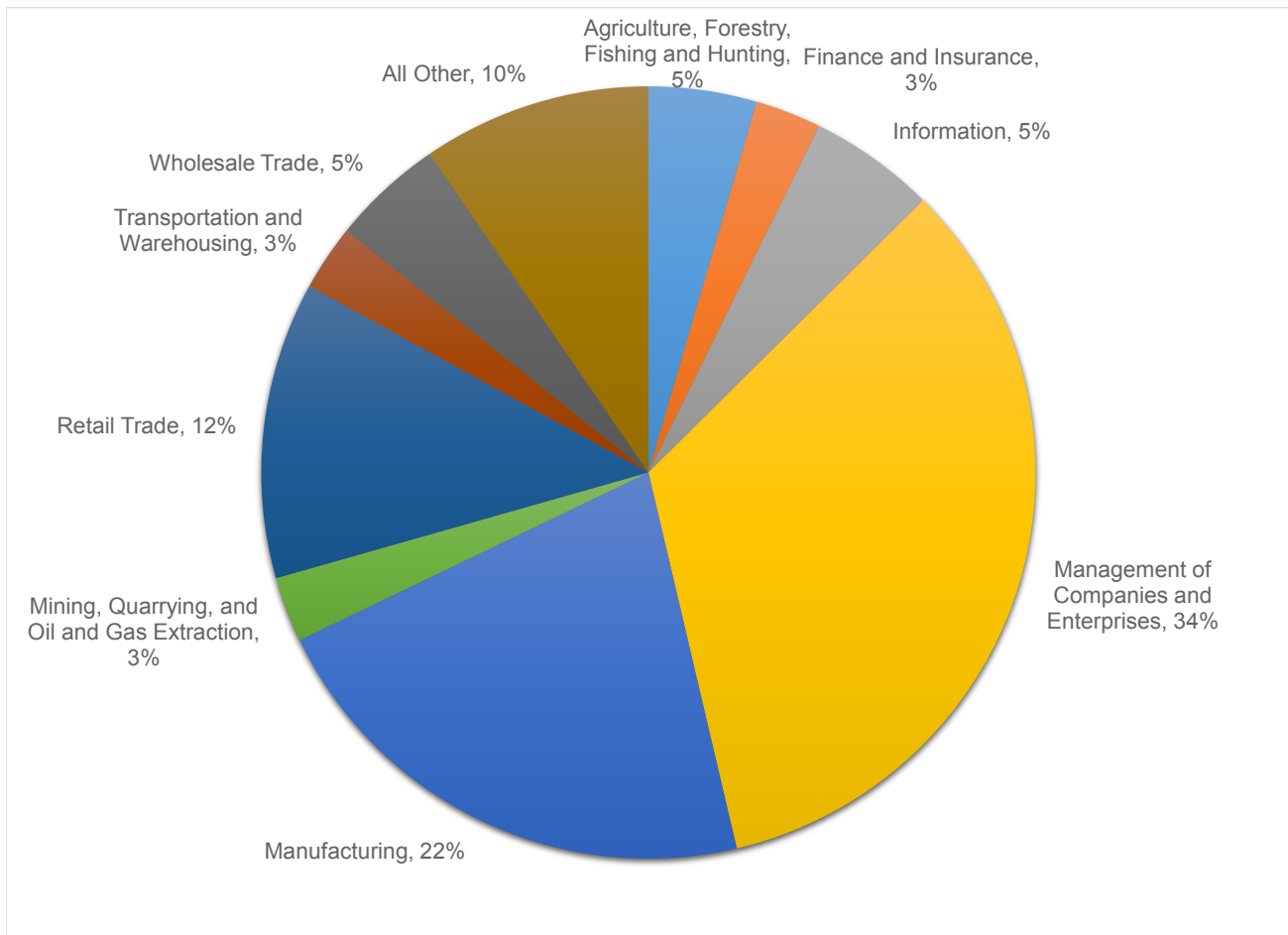
* Includes corporations filing a tax return, but claiming zero or negative taxable income

Corporate Returns Filed in CY 2015 - CY 2016 for Tax Year 2014 Distribution of Montana Tax Liability				
Regular Corporation Returns	Number	Tax Liability	Percent of Total Liability	Cumulative Percent of Total Liability
Top 100 returns	100	\$98,925,275	68%	68%
Second 100 returns	100	\$13,414,200	9%	77%
Third 100 returns	100	\$7,269,022	5%	82%
Fourth 100 returns	100	\$4,722,386	3%	85%
Fifth 100 returns	100	\$3,543,943	2%	87%
All other returns	16,072	\$18,352,335	13%	100%
Total	16,572	\$146,227,161	100%	n/a

Another way to look at the distribution of corporate income taxes is by economic sector. Starting with the 2009 tax returns, corporate taxpayers were asked to identify their primary industry just as identified on their federal tax forms. The following graph on the next page shows the distribution of corporate income taxes for the largest sectors.

The largest sector in terms of tax year 2014 tax liability was management of companies and enterprises. Corporations involved in the management of companies and enterprises that includes bank and other holding companies and corporate or regional headquarters paid about 34 percent of all the corporate income taxes.

Manufacturing was the second largest sector with 22 percent of all corporate income taxes in tax year 2014. The Census Bureau list of manufacturing activities includes food manufacturing, which includes



grain, oilseed, fruit and dairy processing; bakeries; beverages. Others include sawmills, millwork, and paper manufacturing; petroleum and chemical manufacturing; cement and concrete; and other activities.

Corporations primarily involved in retail trade paid 12 percent of corporate income taxes followed by all other (10 percent); information (5 percent); agriculture, forestry, fishing and hunting (5 percent); and wholesale trade (5 percent). Mining, quarrying, and oil and gas extraction, transportation and warehousing, and finance and insurance each made up 3 percent.

When looking at the graph it is important to remember that only businesses organized as C corporations pay corporate income taxes. Businesses can also be organized as partnerships, S corporations, or sole proprietorships. These businesses are called pass-through entities because the 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. Businesses in certain industries, such as agriculture or legal services, may be more likely to be structured as a pass-through entity, rather than as a C corporation.

Taxable Income and the Tax Rate

The starting point for calculating Montana corporate income 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.

After the additions and reductions to federal taxable income required by Montana law, income is then apportioned to Montana to produce Montana taxable income.

If the corporation conducts business that is taxable only in Montana, then all of the net taxable 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 with net taxable income generated by doing business both inside 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. Once the three factors are calculated, they are averaged together to create the overall apportionment factor. That factor is applied against adjusted federal taxable income to produce the net income apportioned to Montana, or Montana taxable income.

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

Following is an example of how a multi-state corporation doing business in Montana would calculate its Montana source income assuming the following facts:

- 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 owned by the corporation of \$125 million.
- The corporation 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 (see the calculations in the table to the right).

If this corporation had total taxable income of \$10,000,000, then its Montana taxable income is \$520,000 (\$10 million times 0.052 equals \$520,000), and its state income tax is \$35,100 before credits (\$520,000 times 6.75 percent).

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 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

Corporate Income Tax

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. Apportioning too much in sales or property or payroll to a non-income tax state 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 primarily 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. For corporations electing to file as water's edge corporations, there are some limits on exclusions under the water's edge election (see 15-31-322 and 15-31-324, MCA).

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 $\frac{1}{2}$ of 1 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 2013 earlier in this section shows that for those returns filed in tax year 2014 by corporations, the minimum tax or less was paid on 10,783 returns or 64 percent. If the corporation has no property, sales, or payroll in the state during the tax period, it is exempt from the minimum tax.

All states with a corporate income tax allow corporations a carry forward of net operating losses. These losses can be deducted against net taxable income in future years, although all states limit the number of years a corporation can carry forward losses. Some states, including Montana, allow carryback of net operating losses.

Montana net operating losses (NOL) of a corporation may be carried back for a period of three years and used to reduce prior years' taxable income, and may be carried forward for up to seven years to reduce taxable income in those future years. The table on the next page provides a comparison of Montana treatment of net operating loss deductions with that in other states.

In Montana, if a corporation has net operating losses, it can file an amended return and claim a refund of previously-paid taxes for any or all of the prior three years.

For example, a hypothetical Montana corporation had net taxable income of \$50,000 each year in years 1, 2, and 3. In year 4 it had losses of \$160,000 and in year 5 it is back to profitability and has taxable income of \$60,000. Based upon these assumptions, the corporation would have paid \$3,375 in corporate income taxes (\$50,000 times 0.0675) each year in years 1, 2, and 3. In year 4, it had net losses of \$160,000 so it paid no corporate income tax (actually it would likely pay the \$50 minimum tax unless it had credits). In year 4, the corporation could file amended returns for years 1, 2, and 3. On the amended returns, the taxpayer could claim \$150,000 of year 4 losses against income earned in those prior years, and obtain refunds of taxes paid, or \$10,125 (3 times \$3,375). The remaining \$10,000 of losses would be used as a deduction against year 5 income of \$60,000, reducing taxable income from \$60,000 to \$50,000, and reducing the corporation's tax liability by \$675.

Twenty-nine states do not allow carryback of net operating losses, but do allow carryforward of losses, from 5 years up to 20 years. Fourteen states allow the same carryforward and carryback periods as federal tax law has historically allowed (2 years back and 20 years forward). Louisiana, Montana, and Utah allow corporations with net operating losses to carry back these losses against the three prior years of income.

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	Arkansas Rhode Island		Kansas Michigan New Hampshire 6/ Vermont	Illinois 4/	Alabama Minnesota North Carolina Oregon Tennessee	Arizona Colorado Connecticut 11/ District of Columbia Florida Indiana Iowa Kentucky 11/ Maine 5/ Massachusetts Nebraska New Jersey New Mexico North Dakota Ohio Pennsylvania 8/ South Carolina Wisconsin
	2 years back						Alaska California 1/ Delaware 2/ Georgia Hawaii Idaho 3/ Maryland Mississippi Missouri Oklahoma Virginia West Virginia 10/
	3 years back		Montana			Louisiana Utah 9/	New York 7/

^{1/} California limited loss carrybacks to a percent of income in tax years 2013 and 2014.
^{2/} Delaware has a \$30,000 per year limit on carrybacks.
^{3/} Idaho limits carrybacks to \$100,000 in the preceding 2 years.
^{4/} Illinois suspended use of NOLs for tax years beginning in 2011-2012.
^{5/} Maine suspended certain carryforwards for tax years 2009-2011.
^{6/} New Hampshire limits carryforward of losses generated per year to \$10 million for tax years beginning in CY 2013.
^{7/} New York reformed corp tax for 2015 on; from 2014 NOLs cannot be carried back before 2015.
^{8/} Pennsylvania limits NOL deductions to the larger of \$5 million or 30% of Pennsylvania taxable income.
^{9/} Utah has a \$1 million limit on carrybacks.
^{10/} West Virginia limits carrybacks to \$300,000.
^{11/} Limits NOLs to 50% of a taxpayer's net income.

Source: 2015 State Tax Handbook, CCH, 2014.

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As can be seen in the footnotes to the Net Operating Loss table, a number of states have restricted the amounts of losses that can be carried back and used to obtain refunds or carried forward in any one year. For example, like Montana, Utah provides a three year carryback of net operating losses, but has a limit of \$1 million on carryback losses.

Idaho allows losses to be carried back against income for up to 2 years, but limits carryback losses to \$100,000. Idaho allows carry forward of losses for up to 20 years.

North Dakota allows carry forward of losses for up to 20 years, but does not allow carryback of losses.

Credits

As with individual income tax, corporations with expenditures that qualify under state law can claim tax credits. Tax credits are applied against the corporation's tax liability to reduce the amount the corporation owes.

For example, a corporation with Montana taxable income (income after deductions and additions) of \$3,000 has a tax liability of \$202.50 (\$3,000 times 6.75 percent). However if the corporation has expenditures that qualify under state law for a credit of \$150, its tax liability is reduced to \$52.50 from \$202.50. The table below shows what credits have been claimed in the last two tax years and the number of corporations claiming those credits. If the number of credits claimed on returns is less than 10, then the number is represented by an asterisk.

Montana Corporation Tax Credits				
Credit	--- Tax Year 2013 ---		--- Tax Year 2014 ---	
	Number of Credits	Total Credit Amounts	Number of Credits	Total Credit Amounts
Contractors Gross Receipts Tax Credit	103	\$613,274	96	\$645,615
Charitable Endowment Credit	26	\$50,704	17	\$32,561
Montana Recycling Credit	*	\$40,379	*	\$114,755
Credit for Increasing Research Activities	*	\$16,264	*	\$1,627
Credit for Contribution to MT University or Private College	28	\$6,173	31	\$19,300
Temporary Emergency Lodging Credit	0	\$0	0	\$0
Health Insurance for Uninsured Montanans Credit	15	\$11,741	*	\$5,581
Credit for Alternative Fuel Motor Vehicle Conversion	*	\$379	*	\$4,000
Alternative Energy Production Credit	*	\$100	0	\$0
Dependent Care Assistance Credit	0	\$0	0	\$0
New/Expanded Industry Credit	0	\$0	*	\$4,221
Historical Building Credit	0	\$0	*	\$85,520
Infrastructure Users Fee Credit	*	\$472,732	*	\$741,261
Mineral Exploration Incentive Credit	*	\$534	*	\$25
Film Production Credit	0	\$0	0	\$0
Film Employment Refundable Credit	0	\$0	*	\$25,468
Biodiesel Blending and Storage Credit	0	\$0	0	\$0
Oilseed Crushing and Biodiesel Production Credit	0	\$0	0	\$0
Geothermal System Credit	*	\$1,500	0	\$0
Insure Montana Credit	141	\$691,185	111	\$546,204
Empowerment Zone Credit	0	\$0	0	\$0
Total Credits	338	\$1,904,965	284	\$2,226,138

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 *.

Filing Requirements and Estimated Payments

Unlike individual income taxpayers who must file their federal and state returns based upon a calendar year, corporate taxpayers must file tax returns based upon their fiscal year. Corporate income taxpayers must use the same tax period for their state return as was used for the federal tax return (15-31-112, MCA).

As can be seen in the table to the right, about two-thirds of corporate taxpayers (68 percent) have a fiscal year/tax year that is based upon the calendar year. Tax returns for taxpayers using a calendar year as their fiscal year are due May 15th or November 15th under an automatic extension.

The next most-used fiscal year/tax year is the twelve months ending at the end of June; about 5 percent of corporate taxpayers filing in Montana used a fiscal year ending at the end of June. 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. So if a taxpayer's fiscal year ends at the end of June, the tax return is due November 15th or May 15th under an automatic extension.

Automatic extensions are allowed for up to six months following the prescribed filing date.

For example, a taxpayer with a fiscal year/tax year that is also a calendar year can use the automatic extension moving the due date of their return from May 15th to November 15th. So the TY 2014 return for a taxpayer whose fiscal year is calendar year 2014 would be due May 15th, 2015, but the taxpayer would have until November 15th to file under the automatic extension.

A taxpayer whose fiscal year/tax year ends June 30th can obtain an automatic six-month extension that moves the due date for its return from November 15th to May 15th of the following year. So the tax year 2014 return for a taxpayer whose fiscal year starts July 1st (in 2014) and goes through June 30th (of 2015) is due November 15th, 2015 but the taxpayer would have until May 15th, 2016 to file under automatic extension.

Companies with a tax liability of \$5,000 or more must make quarterly estimated payments. For a corporation operating with a calendar year as its fiscal year/tax year, the due dates for quarterly payments are April 15th, June 15th, September 15th, and December 15th. For a corporation using another 12-month period as its fiscal/tax year, the due dates for quarterly installments are the 15th day of the 4th month, the 15th day of the 6th month, the 15th day of the 9th month, and the 15th day of the 12th month (15-31-502, MCA).

Penalties and Interest

Corporations that do not pay taxes when due may be charged 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 1 percent per month or fraction of a month on the unpaid tax.

Corporate Income Tax Tax Year 2014		
Tax Year Period Ending	Number of Taxpayers	Percent
12/31/2014	11,197	68%
1/31/2015	370	2%
2/28/2015	254	2%
3/31/2015	804	5%
4/30/2015	228	5%
5/31/2015	235	5%
6/30/2015	902	5%
7/31/2015	158	5%
8/31/2015	216	5%
9/30/2015	823	5%
10/31/2015	864	5%
11/30/2015	520	5%
Total	16,571	100%

Maximum Corporate Tax Rate By State

Rank	State	Maximum Tax Rate
1	Iowa*	12.00%
2	Pennsylvania	9.99%
3	Minnesota	9.80%
4	District of Columbia	9.40%
4	Alaska*	9.40%
5	New Jersey	9.00%
6	Maine *	8.93%
7	California	8.84%
8	Delaware	8.70%
9	New Hampshire	8.50%
9	Vermont *	8.50%
10	Maryland	8.25%
11	Louisiana *	8.00%
11	Massachusetts	8.00%
12	Wisconsin	7.90%
13	Nebraska *	7.81%
14	Illinois	7.75%
15	Oregon	7.60%
16	Connecticut	7.50%
17	Idaho	7.40%
18	Rhode Island	7.00%
19	Montana	6.75%
20	New Mexico*	6.60%
21	Indiana	6.50%
21	New York	6.50%
21	West Virginia	6.50%
21	Alabama	6.50%
21	Arkansas *	6.50%
21	Tennessee	6.50%
22	Hawaii *	6.40%
23	Missouri	6.25%
24	Kentucky *	6.00%
24	Georgia	6.00%
24	Michigan	6.00%
24	Oklahoma	6.00%
24	Virginia	6.00%
25	Arizona	5.50%
25	Florida	5.50%
26	Mississippi *	5.00%
26	South Carolina	5.00%
26	Utah	5.00%
27	Colorado	4.63%
28	North Dakota*	4.31%
29	North Carolina	4.00%
29	Kansas	4.00%

* Graduated income tax

As of Jan. 1, 2016, Federation of Tax Administrators

Comparison of Corporate Tax Rate with Other States

Forty-four states and the District of Columbia have a tax on corporate income. The comparison table in this section uses data from the Federation of Tax Administrators (as of January 1, 2016) to show the maximum rates for states that have a corporate tax. These go from 12 percent down to 4 percent. A number of states have a graduated income tax which is indicated by an asterisk next to the state. The ranking is done by rate, so states with the same tax rate have the same ranking.

Of course, what is shown in the table is only the maximum rate for each state. The effective or average tax rate in different states can vary substantially, depending upon what the lower rates are and what income they apply to. Furthermore, state tax deductions, exemptions and credits, and other aspects of state taxation policy can substantially reduce the effective tax rate.

Nevada and Wyoming do not have corporate income taxes.

Texas does not have a corporate income tax, but imposes a franchise tax based on gross revenues.

Ohio has adopted a commercial activity tax which is a tax on gross receipts. Washington has a business and occupation tax which also is a tax on gross receipts.

Montana's tax rate is 6.75 percent. Idaho's tax rate is 7.4 percent and North Dakota's top corporate income tax rate is 4.31 percent.

South Dakota does not have a general corporate 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 earlier, Wyoming does not have a corporate income tax, but does have a corporate franchise tax 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.

Corporate Income Tax

Select History of Corporate Income (License) Tax

The corporate license tax was established in 1917. The tax rate was 1 percent and there was no minimum tax.

In 1933, the rate was raised to 2 percent with a minimum tax of \$5. In 1937, the rate was raised to 3 percent; the minimum tax remained \$5. Twenty years later in 1957, the rate was raised to 5 percent and the minimum tax changed to \$10. The tax rate was changed several times in the years between 1960 and 1971 and the minimum tax was increased from \$10 to \$50.

In 1987, the water's edge election, which includes a tax rate of 7 percent for corporations that elect to file as water's edge companies, was added.

Corporate Income Tax Historic Tax Rates and Minimum Tax			
Year	Tax Rate	Minimum Tax	Water's Edge
1987	6.75%	\$50	7%
1971	6.75%	\$50	--
1969	6.25%	\$50	--
1965	5.25%	\$10	--
1960	4.5%	\$10	--
1957	5%	\$10	--
1937	3%	\$5	--
1933	2%	\$5	--
1917	1%	--	--

NATURAL RESOURCES

BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



Montana Department of
REVENUE

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Overview of Natural Resource Taxes

Historically, Montana has relied on its natural resources as a primary source of tax revenue. This section covers the natural resource taxes levied in Montana. Generally, natural resource taxes are 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 2013 through FY 2016				
State Natural Resource Tax Revenue	FY 2013	FY 2014	FY 2015	FY 2016
Coal Severance Tax	\$53,292,536	\$54,067,610	\$59,125,563	\$56,923,643
Coal Gross Proceeds*	\$9,075,101	\$8,768,283	\$9,288,352	\$9,979,145
Oil and Natural Gas Production (Severance Tax)	\$116,916,507	\$129,023,504	\$90,830,859	\$44,725,511
Oil and Natural Gas Production (Privilege & License Tax)	\$2,152,702	\$2,505,508	\$1,671,506	\$812,294
Metalliferous Mine License Tax	\$13,222,539	\$10,457,348	\$10,947,952	\$5,691,074
Metal Mines Gross Proceeds*	\$3,162,135	\$3,178,007	\$2,593,448	\$2,690,657
Miscellaneous Mines Net Proceeds*	\$423,043	\$330,467	\$382,864	\$377,480
Resource Indemnity & Ground Water Assessment Tax	\$2,112,327	\$2,278,971	\$3,303,038	\$2,335,153
Bentonite Production Tax	\$352,050	\$172,039	\$219,172	\$286,081
Total State Collections	\$200,708,941	\$210,781,738	\$178,362,755	\$123,821,038
Local Natural Resource Tax Revenue	FY 2013	FY 2014	FY 2015	FY 2016
Coal Severance Tax	\$3,281,281	\$2,129,440	\$1,765,851	\$3,434,905
Coal Gross Proceeds*	\$10,369,234	\$10,043,732	\$10,569,130	\$10,777,732
Oil and Natural Gas Production (Severance Tax)	\$90,058,907	\$95,997,576	\$63,447,389	\$37,900,038
Oil and Natural Gas Production (Privilege & License Tax)	\$4,100,929	\$4,732,701	\$3,157,296	\$1,534,356
Metalliferous Mine License Tax	\$4,407,513	\$3,485,783	\$3,649,317	\$2,473,424
Metal Mines Gross Proceeds*	\$13,332,075	\$13,635,896	\$11,858,376	\$11,996,094
Miscellaneous Mine Net Proceeds*	\$1,029,717	\$1,067,152	\$1,187,778	\$1,246,618
Bentonite Production Tax	\$1,273,910	\$617,942	\$776,590	\$1,011,340
Total Local Government Collections	\$127,853,566	\$131,710,223	\$96,411,726	\$70,374,507
Subtotals by Tax	FY 2013	FY 2014	FY 2015	FY 2016
Coal Severance Tax	\$56,573,818	\$56,197,050	\$60,891,414	\$60,358,548
Coal Gross Proceeds*	\$19,444,335	\$18,812,015	\$19,857,482	\$20,756,877
Oil and Natural Gas Production (Total)	\$213,229,045	\$232,259,289	\$159,107,050	\$84,972,199
Metalliferous Mine License Tax	\$17,630,052	\$13,943,131	\$14,597,270	\$8,164,499
Metal Mines Gross Proceeds*	\$16,494,210	\$16,813,903	\$14,451,824	\$14,686,751
Miscellaneous Mines Net Proceeds*	\$1,452,760	\$1,397,619	\$1,570,642	\$1,624,098
Resource Indemnity & Ground Water Assessment Tax	\$2,112,327	\$2,278,971	\$3,303,038	\$2,335,153
Bentonite Production Tax	\$1,625,960	\$789,982	\$995,762	\$1,297,421
Total Collections	\$328,562,507	\$342,491,961	\$274,774,481	\$194,195,545

*Numbers may not always exactly match property summary data.

Coal, Oil, and Natural Gas State Tax Comparison

Individual states have different exemptions, deductions, and tax bases for their natural resources. Not only do these differences make it very difficult to compare tax structures between states, but differences in other taxes, such as sales and property tax, can skew the overall tax burden in a given state. The tables on the next page provides a brief description of taxes for coal and oil and gas producers in other states.

Coal, Oil, and Natural Gas State Tax Comparison

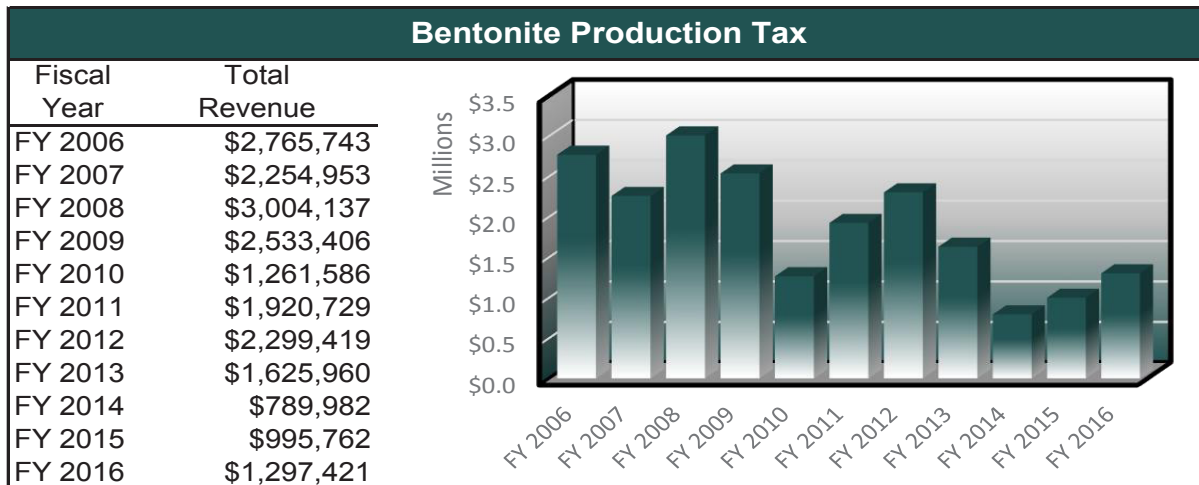
Montana DOR Coal Tax Comparison 2014						
Factors	Montana	Wyoming	North Dakota	Colorado	Utah	Units
Production Taxes	\$2.39	\$1.33	\$0.39	\$0.37	\$0.00	\$/Ton
Property Taxes	\$0.08	\$0.09	\$0.19	\$0.28	\$0.16	\$/Ton
Sales Taxes	\$0.00	\$0.08	\$0.00	\$0.00	\$0.09	\$/Ton
Income Taxes	\$0.06	\$0.00	\$0.04	\$0.04	\$0.05	\$/Ton
Access to Domestic Markets	11	30	1	13	6	Delivery Routes to other States
Average Rail Transport Cost	\$17.62	\$19.83	\$4.29	\$33.19	\$26.96	\$/short ton
Access to Export Markets	204,907	867	1,340	35,391	21,948	Value of exports (\$1,000)
Average BTU	8,277	9,782	7,239	10,799	11,349	BTU/lb
Average Sulfur Content	0.41	0.64	0.95	0.47	0.45	% by weight
Average Ash Content	6.36	5.04	6.92	9.48	10.18	% by weight
Sales Price per Ton	\$16.02	\$13.56	\$15.72	\$39.88	\$34.92	USD
Coal Reserves	118,851	59,951	8,797	15,832	5,091	million short tons

National Conference of State Legislatures Comparison of Oil and Natural Gas Tax Rates 2012 (Updated 2016)		
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 1.7 mills per \$1 of market value at wellhead, not to exceed 0.2 mill per \$1 of the market value of the well
Idaho	Oil and Gas Production Tax	2.5 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	\$0.20 per barrel of oil or 50,000 cubic feet of natural gas, as appropriate
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	Five 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, 2% on oil shale or any other fossil fuels
	Oil and Gas Conversion Charge	4/10 of a mill, may not exceed 8/10 of a mill.

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

Bentonite Production Tax

Statute: Title 15, Chapter 39, MCA



Tax Rate and History

Prior to tax year 2005, bentonite was subject to the mines net proceeds tax similar to other miscellaneous minerals. Since 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	2015 Tax (\$/Ton)	2016 Tax (\$/Ton)
0-20,000 Tons	\$0.00	\$0.00
20,001-100,000 Tons	\$1.70	\$1.71
100,001-250,000 Tons	\$1.64	\$1.65
250,001-500,000 Tons	\$1.53	\$1.54
500,001-1,000,000 Tons	\$1.36	\$1.37
Over 1 Million Tons	\$1.09	\$1.10
Royalty Revenue	15%	

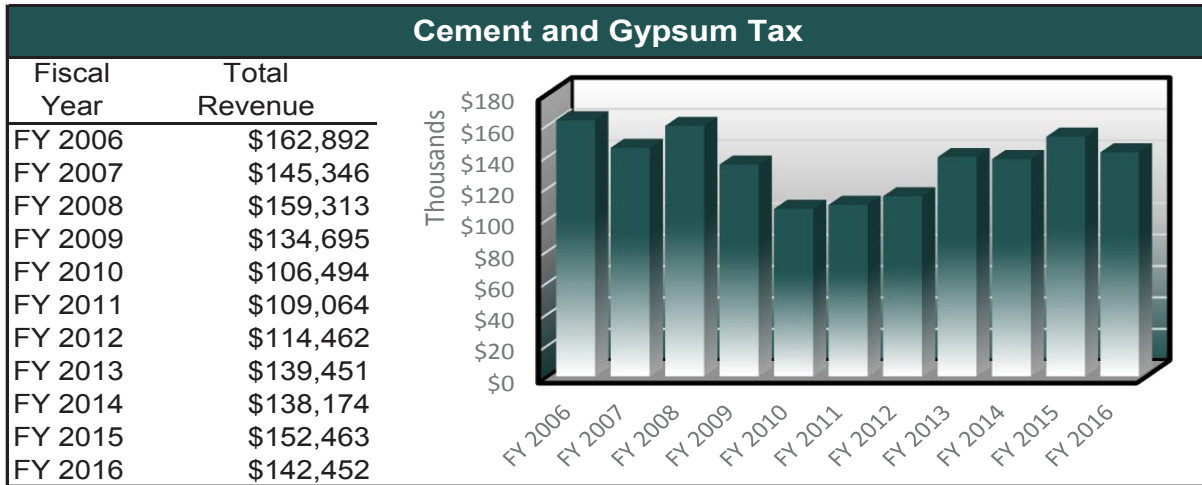
Distribution

The tax revenue is distributed according to a statutory formula that distributes the tax among state and local entities (15-39-110, MCA).

Distribution of Bentonite Tax				
	FY 2013	FY 2014	FY 2015	FY 2016
Counties with Production	\$1,273,910	\$617,942	\$776,590	\$1,011,340
General Fund	\$326,693	\$160,616	\$205,721	\$269,215
University Millage	\$25,358	\$11,423	\$13,451	\$16,866

Cement and Gypsum Tax

Statute: Title 15, Chapter 59, MCA



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 five cents, respectively, for every ton that had not been paid under any other law. The 1997 Legislature repealed the tax on retailers.

Cement and Gypsum Tax Rates	
<u>Product</u>	<u>Tax Per Ton</u>
Cement	\$0.22
Gypsum	\$0.05

Filing Requirements

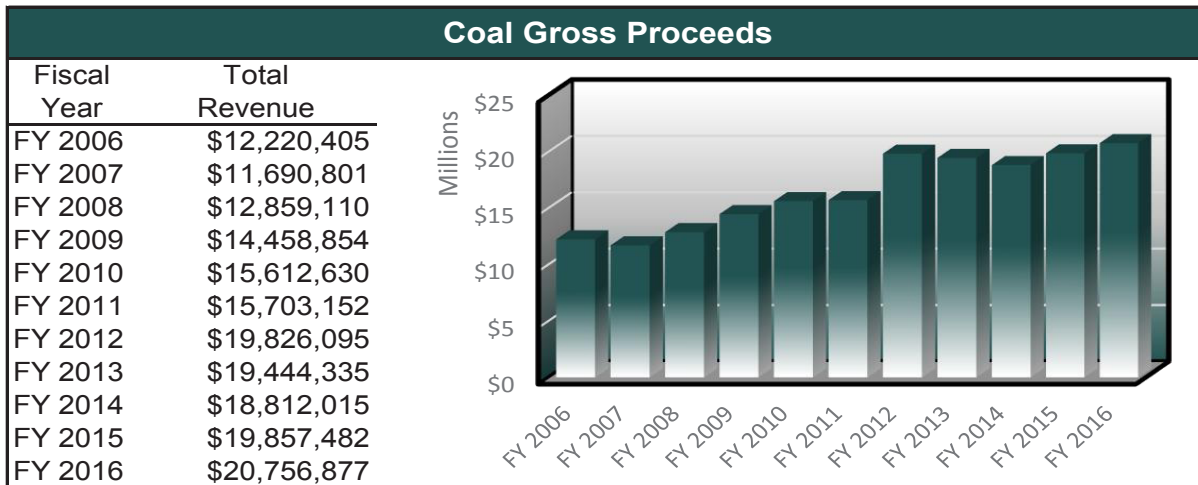
Producers, manufacturers and importers shall file quarterly statements showing the number of tons of cement or gypsum produced, manufactured, or imported into the state. These statements, along with the tax due, must be submitted within 30 days following the end of each calendar quarter.

Distribution

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

Coal Gross Proceeds

Statute: Title 15, Chapter 23, Part 7, MCA



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. Since the passage of SB 266 in the 2011 Legislature, new or expanding underground coal mines can be granted a local abatement by the county of up to one-half of the allowed rate, or 2.5 percent of the gross proceeds. The abatement, however, does not apply to the state share, and can be granted for up to 10 years of production.

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.

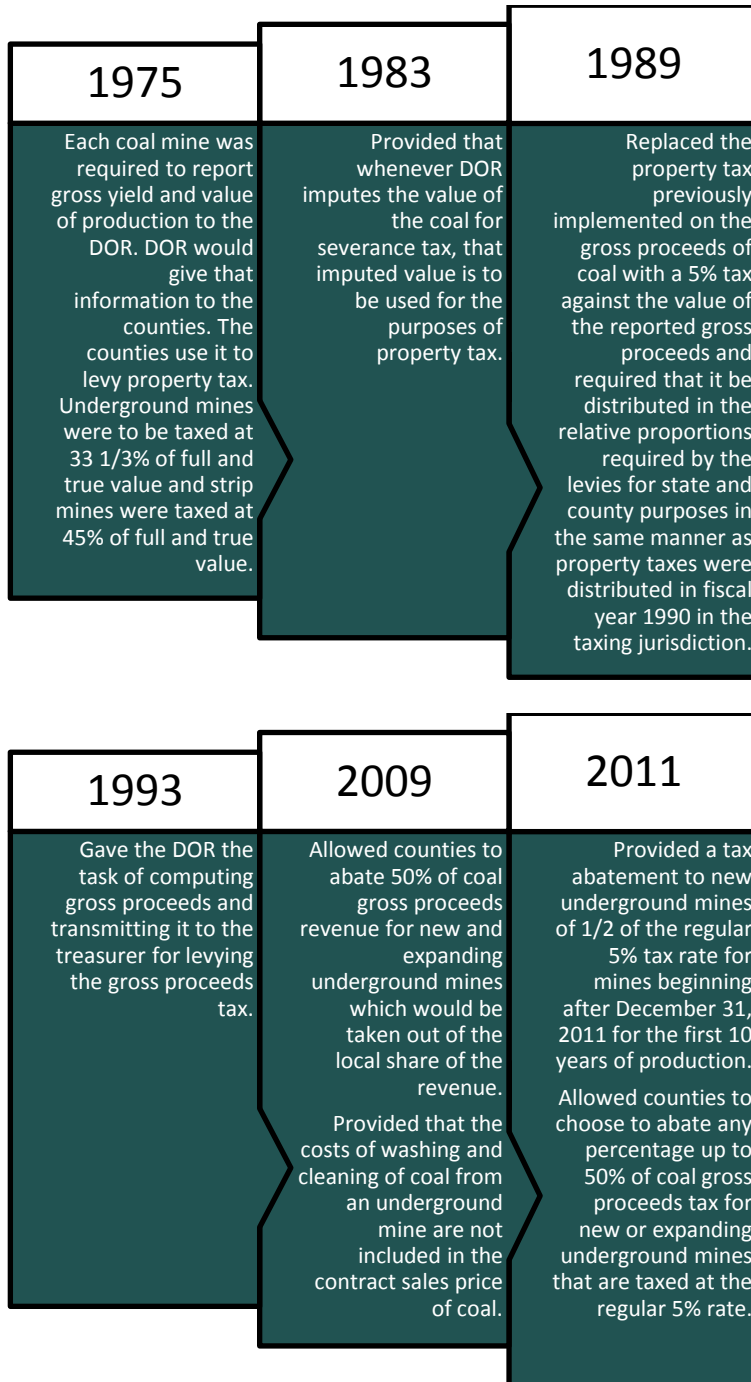
Distribution

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	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Tax Year	TY 2008	TY 2009	TY 2010	TY 2011	TY 2012	TY 2013	TY 2014
Tons produced	37,476,029	33,271,405	38,789,754	36,416,185	33,970,260	36,634,555	37,910,103
Gross Value	\$442,865,255	\$442,503,221	\$546,490,686	\$577,000,614	\$558,738,538	\$601,998,842	\$626,044,599
Gross Proceeds	\$312,252,594	\$314,063,017	\$396,521,885	\$424,029,484	\$411,533,834	\$450,748,472	\$478,443,474
Tax	\$15,612,630	\$15,703,152	\$19,826,095	\$19,444,335	\$18,812,015	\$19,857,482	\$20,756,877
Local Share	\$7,901,254	\$8,138,728	\$10,739,041	\$10,369,234	\$10,043,732	\$10,569,130	\$10,777,732
State Share	\$7,711,376	\$7,564,424	\$9,087,054	\$9,075,101	\$8,768,283	\$9,288,352	\$9,979,145

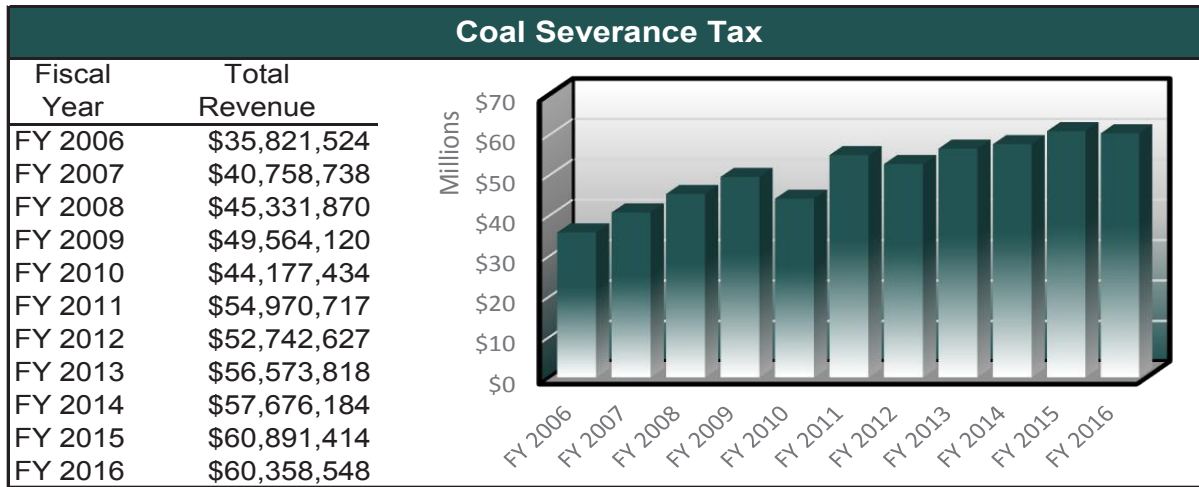
Coal Gross Proceeds History

The following figures show a select history behind the implementation and tax rate for coal gross proceeds tax.



Coal Severance Tax

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



Tax Rate

Surface mined coal is taxed at 15 percent of value if rated as having 7,000 British thermal units (BTU) per pound and over and is taxed at 10 percent of value if rated as having less than 7,000 BTU per pound. Coal mined underground is taxed at four percent if rated as having 7,000 BTU per pound and over, and is taxed at three percent if rated as having less than 7,000 BTU per pound.

Coal mined using auger technology is taxed at five percent of value if rated as having 7,000 BTU per pound and is taxed at 3.75 percent of value if rated as having under 7,000 BTU per pound.

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

Additional information on how other states tax coal production is available in the “Coal, Oil, and Natural Gas State Tax Comparison” subsection of this report.

Filing Requirements

Coal mine operators are required to file quarterly statements containing production and deduction amounts necessary 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 appropriated 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 are: Coal Tax Bond Fund, Treasure State Endowment Fund, Treasure State Endowment Regional Water Fund, Big Sky Economic Development Fund, and the Coal Severance Tax Permanent Fund.

All severance tax trust revenue is first deposited in the Coal Tax Bond Fund. However, only a small portion

Coal Severance Tax

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. 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.

Coal Trust Fund Balances	
Trust	FY 2016 Estimated Ending Balance (\$ millions)
Treasure State Endowment Trust	\$271.08
Treasure State Regional Water Trust	\$94.18
Big Sky Economic Development Trust	\$90.33
Coal Permanent Trust	\$532.72
Total	\$988.31

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 table above shows the balance of each of these trust funds as of the end of FY 2016.

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

General Fund Coal Interest Earnings Statutory Appropriations	
	FY 2015 - FY 2016
Cooperative Development Center	\$65,000
Growth Through Agriculture	\$625,000
Research and Commercialization	\$1,275,000
Public Employees Retirement System Defined Benefit Program	Up to \$21 million
Department of Commerce	
Small Business Development Center	\$125,000
Small Business Innovative Research	\$50,000
Certified Development Corporations	\$425,000
MT Manufacturing Center at MSU	\$200,000
Export Trade Enhancement	\$300,000

Also up to \$21 million of coal severance tax interest can be statutorily appropriated to the public employees' retirement system defined benefit plan trust fund. In FY 2015 and FY 2016 \$18.1 million and \$16.1 million, respectively, of coal severance interest was transferred.

Under state law in effect prior to the last legislative session, the Treasure State Endowment Regional Water Trust Fund and program would have terminated at the end of FY 2016. The funds in the regional water trust would have become part of the Permanent Trust and the any future interest earning generated by the trust would have gone to the general fund. The 2015 Legislature passed HB 180 extending the termination date

Coal Severance Tax

of the trust to the end of FY 2031 and allowing interest earnings to continue to be spent on TSEP (Treasure State Endowment Program) regional water activities. However HB 180 eliminated the distribution of coal severance tax to the TSEP Regional Water Trust Fund after FY 2016.

Under current state law, the distributions of coal severance tax to the Big Sky Economic Development Trust continue through FY 2025.

The 50 percent of revenue that is not constitutionally allocated is deposited according to 15-35-108, MCA. The following table shows how this revenue was distributed for the last six fiscal years in proportion to the total severance tax revenue. Although not shown in the table because the statutory allocation applies to the general fund, 15-35-108(9)(a), MCA, statutorily appropriates severance tax general fund revenue to the trust fund of the public employees' retirement system defined benefit plan. In FY 2015 and FY 2016, the respective statutory allocations were \$16.1 million and \$14.2 million.

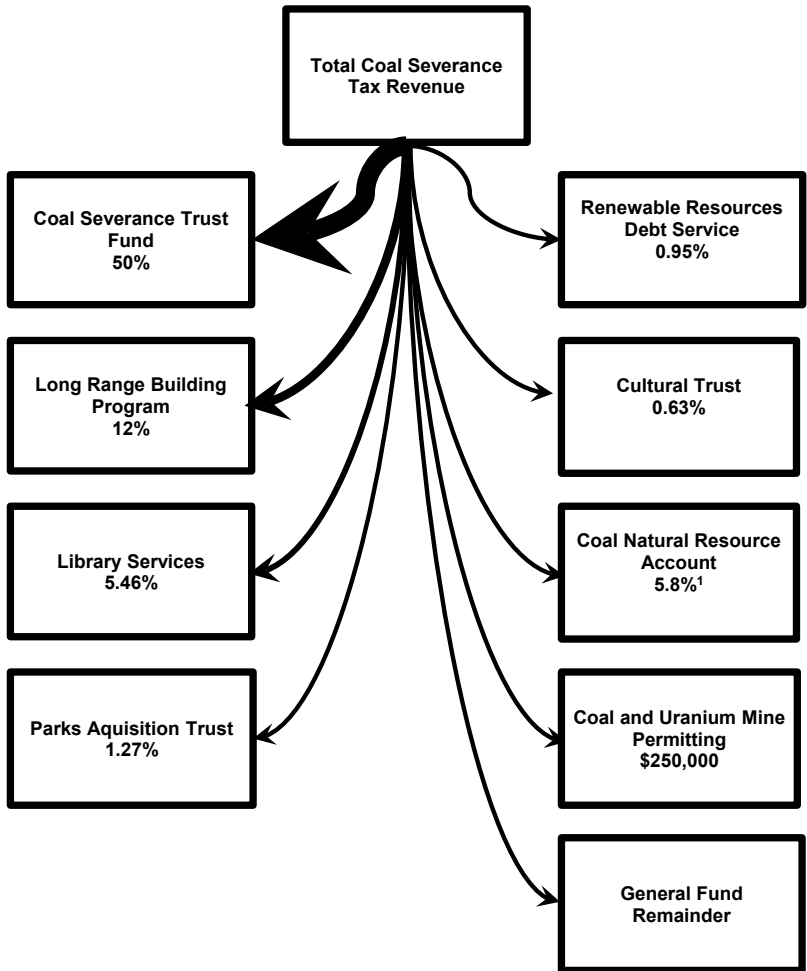
Distribution of Coal Severance Tax						
Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Coal Trust Fund (50%)	\$27,485,358	\$26,371,314	\$28,286,909	\$28,838,092	\$30,445,707	\$30,179,274
Long Range Building (12%)	\$6,596,486	\$6,329,115	\$6,788,858	\$6,921,142	\$7,306,970	\$7,243,026
Shared Account (5.46%)	\$3,001,401	\$2,879,748	\$3,088,930	\$3,149,120	\$3,324,671	\$3,295,577
Park Acquisition Trust (1.27%)	\$698,128	\$669,831	\$718,487	\$732,488	\$773,321	\$766,554
Renewable Res. Debt Service (0.95%)	\$522,222	\$501,055	\$537,451	\$547,924	\$578,468	\$573,406
Cultural and Aesthetic Proj. (0.63%)	\$346,316	\$332,279	\$356,415	\$363,360	\$383,616	\$380,259
Coal Board (5.8% or 2.9%)*	\$3,188,302	\$3,059,072	\$3,281,281	\$2,129,440	\$1,765,851	\$3,434,905
Coal & Uranium Program (\$250K)	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
General Fund (Remainder)	\$12,882,504	\$12,350,214	\$13,265,485	\$14,744,619	\$16,062,810	\$14,235,548

* Decreases to 2.9% beginning July 1, 2017

The following three charts illustrate the entire distribution of the coal severance tax revenue.

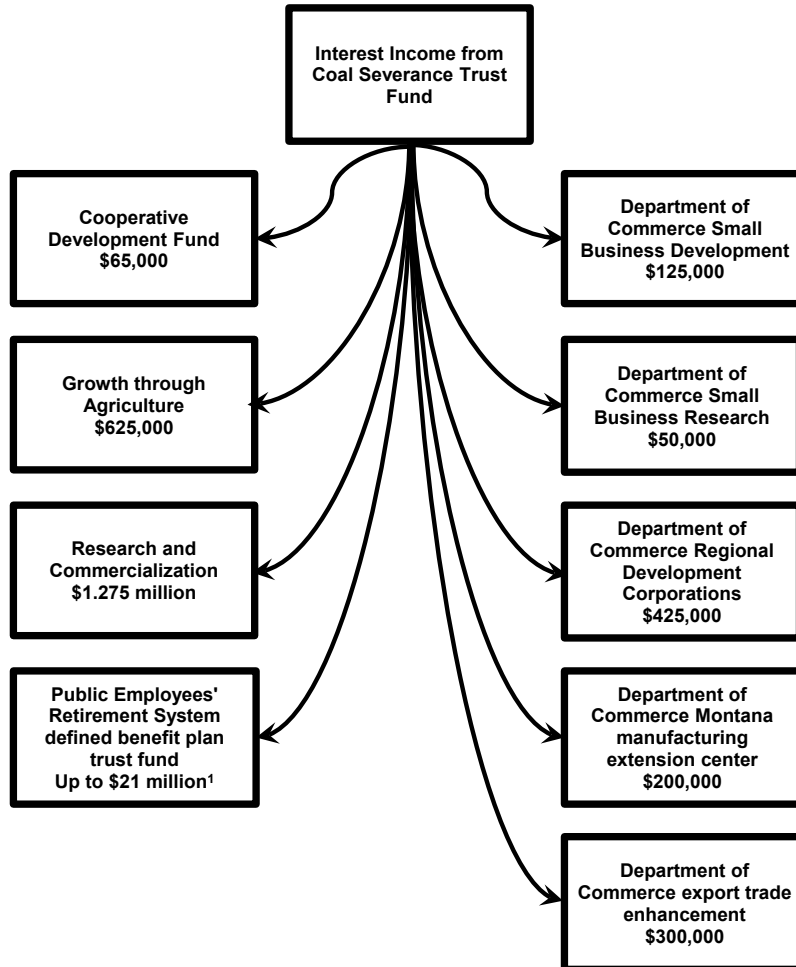
Following those charts is a select history of the coal severance tax rate and implementation.

Coal Severance Tax Revenue Distribution



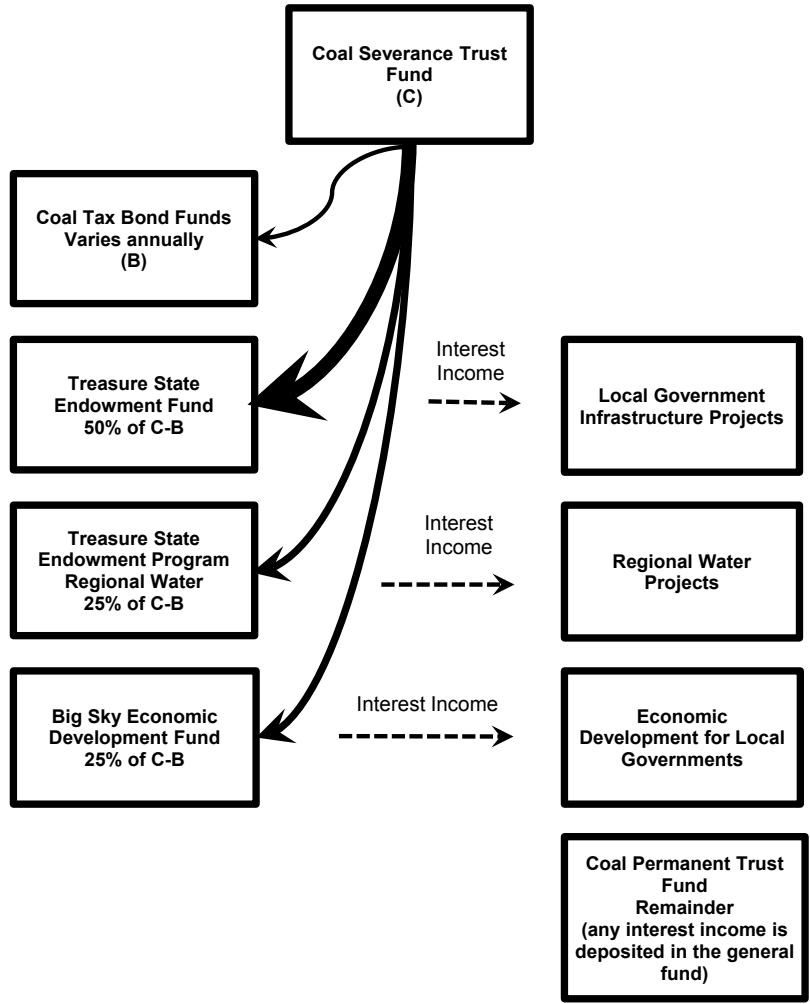
¹ Decreases to 2.9% beginning July 1, 2017.

Interest Income Coal Severance Trust Fund (terminates June 30, 2019)

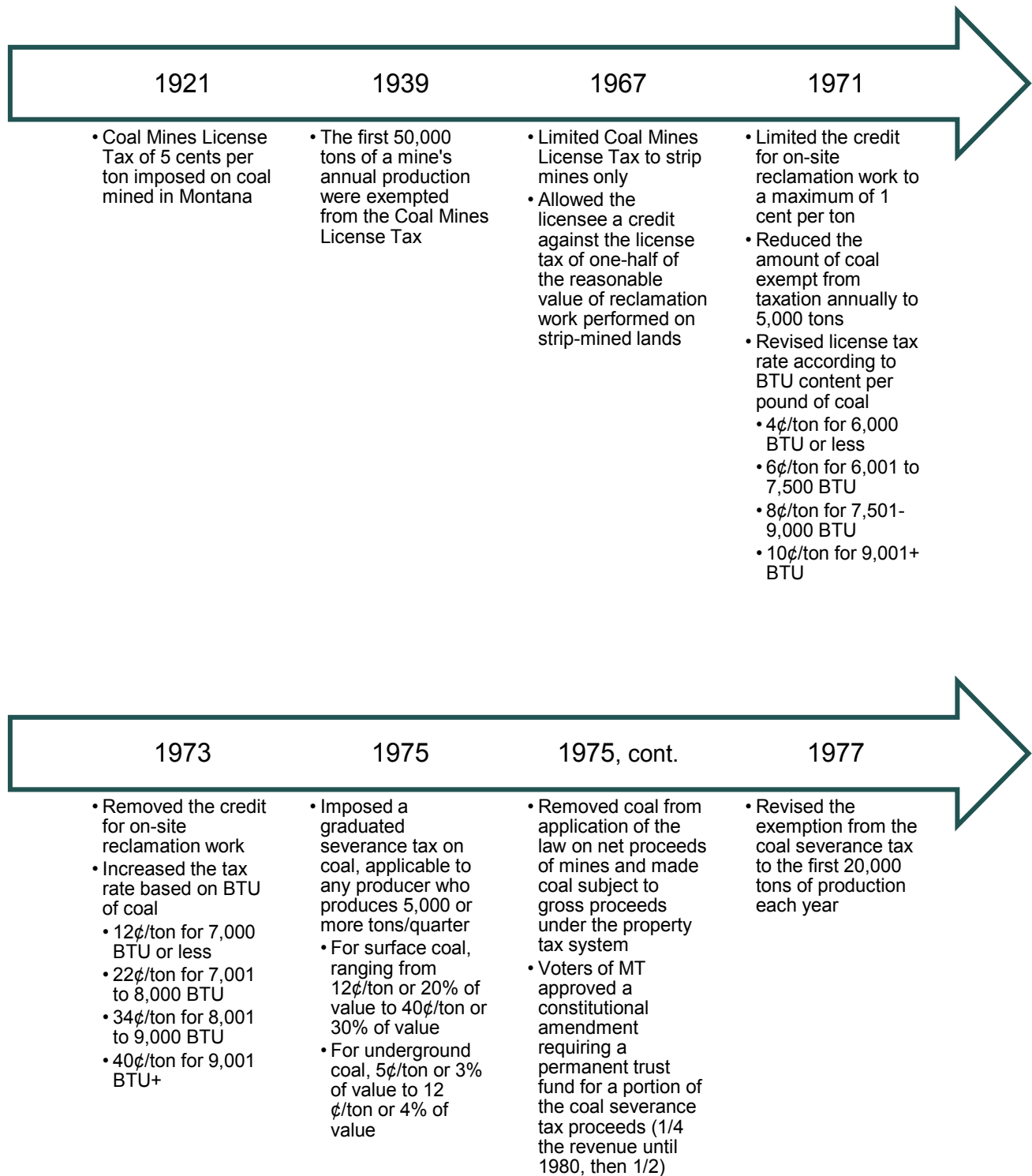


¹ This increases to \$24 million July 1, 2019. If the legislative finance committee determines that the public employees' retirement board has failed to provide a sufficient report, it shall recommend that \$5 million be subtracted from these amounts

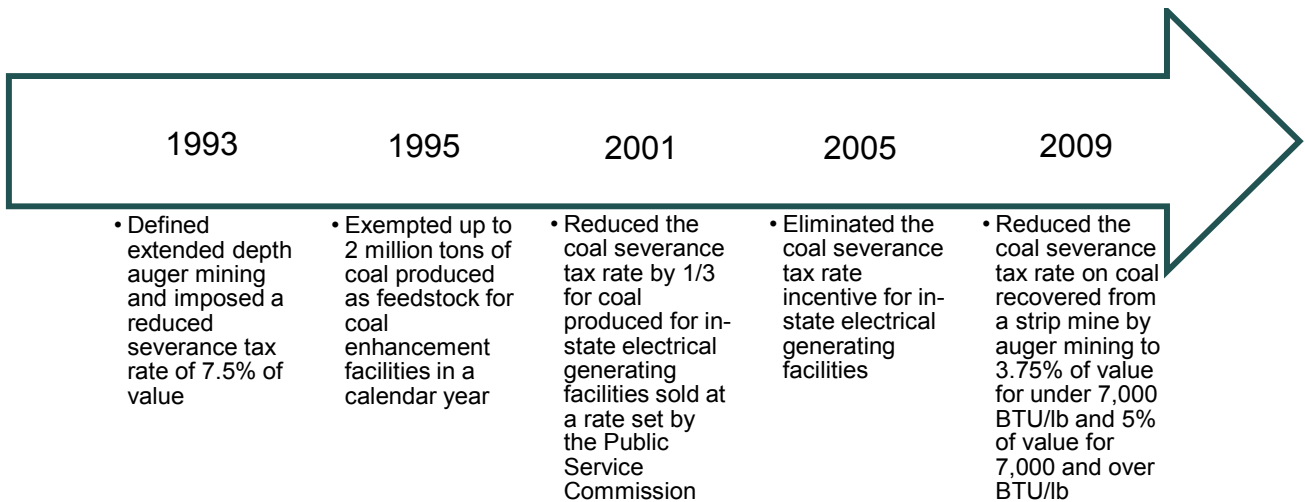
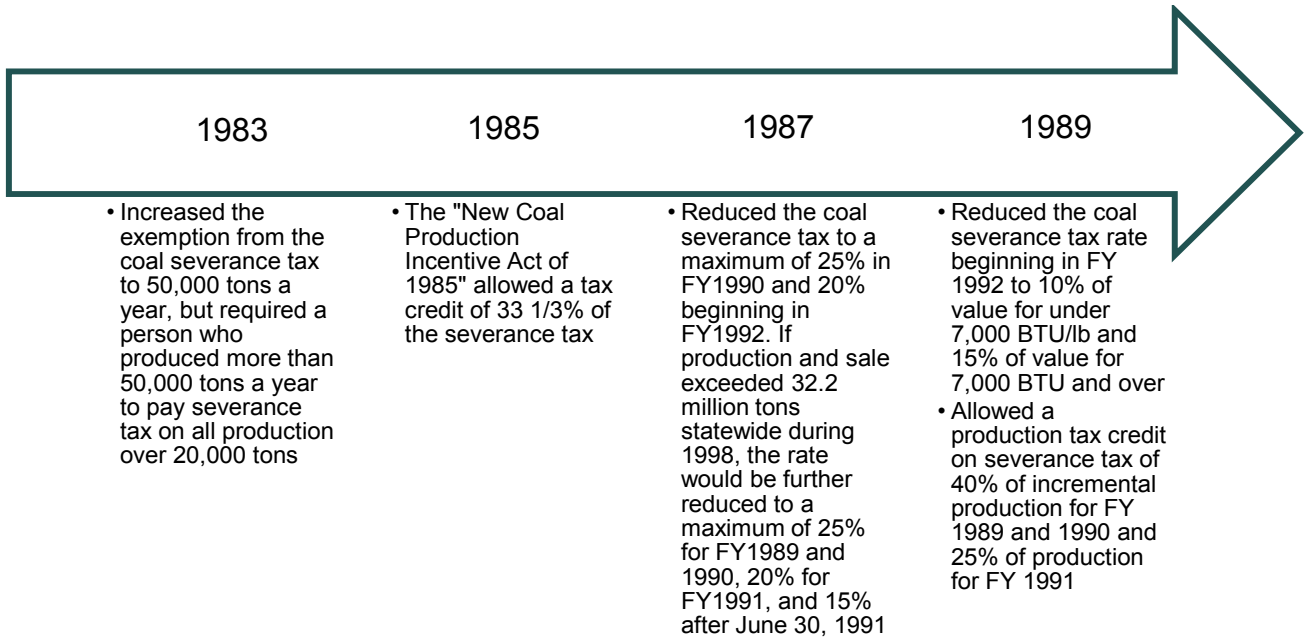
Coal Severance Trust Fund Distribution



Coal Severance Tax History

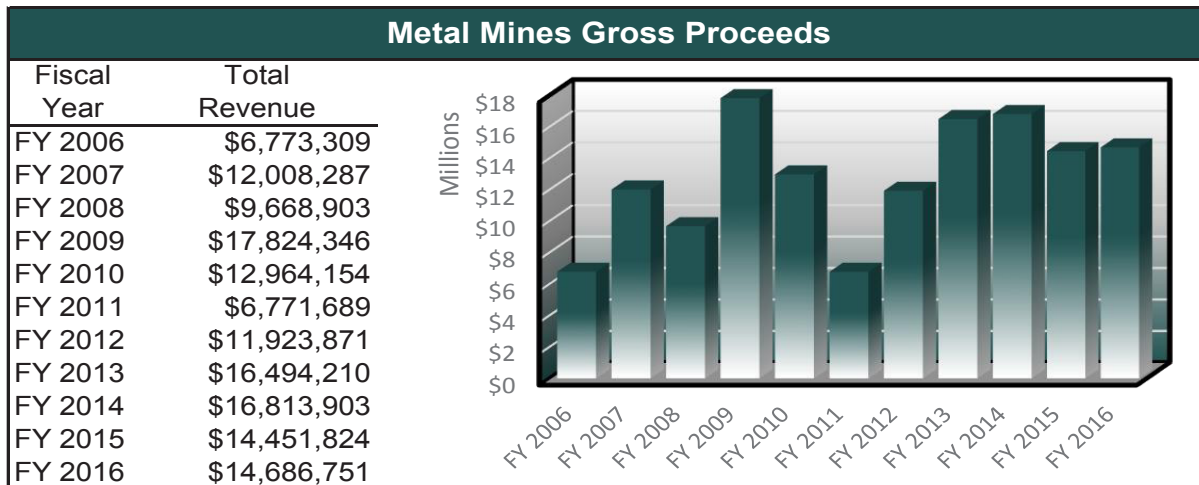


Coal Severance Tax History



Metal Mines Gross Proceeds Tax (Class 2 Property)

Statute: Title 15, Chapter 23, Part 8, MCA



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 class 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 the 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.

For example, imagine Best Metal Company has \$11 million in gross proceeds from gold and silver. They have a total of \$1 million in allowable deductions, including \$250,000 in treatment and refining and \$750,000 in transportation costs from the mine to the processor. Their merchantable value, or gross proceeds minus allowable deductions, is \$10 million. With 3 percent taxable as defined by law, they have a taxable value of \$300,000. The state and their county assess 500 mills on their taxable value resulting in \$150,000 tax due to the state and county.

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 half of 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

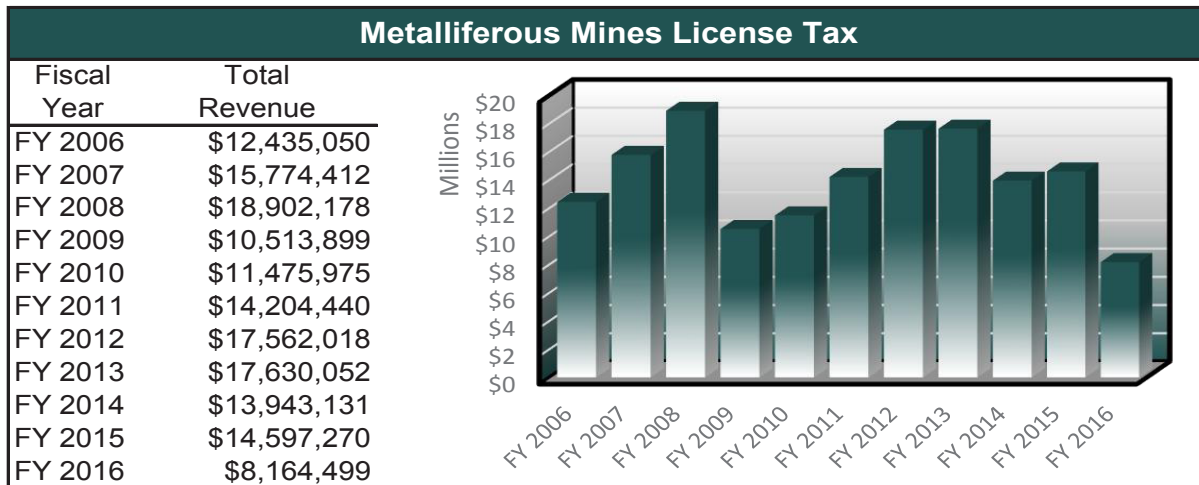
The taxable value of metal mines gross proceeds is allocated to the local jurisdictions where the mine mouth is located. The mills of these local jurisdictions and statewide mills are levied against the taxable value.

Metal Mines Gross and Taxable Value of Production				
<u>Production Year</u>	<u>Fiscal Year</u>	<u>Gross Value</u>	<u>Taxable Value for Local Mills</u>	<u>Taxable Value for State Mills</u>
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
2011	2013	\$1,037,736,476	\$29,970,925	\$31,132,094
2012	2014	\$1,043,487,747	\$31,304,631	\$31,304,632
2013	2015	\$851,842,256	\$25,555,274	\$25,555,268
2014	2016	\$883,888,082	\$26,516,643	\$26,516,642

Gross Proceeds Property Taxes Assessed			
<u>Fiscal Year</u>	<u>State Share</u>	<u>Local Share</u>	<u>Total Property Tax</u>
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
FY 2013	\$3,162,135	\$13,332,075	\$16,494,210
FY 2014	\$3,178,007	\$13,635,896	\$16,813,903
FY 2015	\$2,593,448	\$11,858,376	\$14,451,824
FY 2016	\$2,690,657	\$11,996,094	\$14,686,751

Metalliferous Mines License Tax

Statute: Title 15, Chapter 37, Part 1, MCA



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; subtracting basic treatment and refinery charges, quantity deductions, price deductions, interest, penalty metal, impurity and moisture deductions as specified by contract between the mining company and the receiving metal trader, smelter, roaster, or refinery. Deductions are also 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 annual price for these commodities since 2012. The variation in price over the years has had a large impact on the total amount of revenue the state has collected.

Metalliferous Mines License Tax

Select U.S. Commodity Prices				
Calendar Year	Copper \$/lb	Gold \$/oz	Palladium \$/oz	Platinum \$/oz
2012	\$3.61	\$1,668	\$643	\$1,549
2013	\$3.33	\$1,412	\$725	\$1,487
2014	\$3.11	\$1,266	\$803	\$1,385
2015	\$2.63	\$1,127	\$692	\$1,052
2016 (half)	\$2.65	\$1,220	\$548	\$959

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.¹

Distribution of Metalliferous Mine License Tax						
Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
General Fund (57% or 47%)	\$8,096,531	\$10,010,350	\$10,049,129	\$7,947,585	\$8,320,444	\$4,221,465
Hard Rock Mining (2.5%)	\$355,111	\$439,050	\$440,751	\$348,578	\$364,932	\$204,112
Hard Rock Debt Service (8.5%)	\$1,207,377	\$1,492,772	\$1,498,554	\$1,185,166	\$1,240,768	\$693,982
Natural Resources Operations (7%)	\$994,311	\$1,229,341	\$1,234,104	\$976,019	\$1,021,809	\$571,515
County Governments (25% or 35%)	\$3,551,110	\$4,390,504	\$4,407,513	\$3,485,783	\$3,649,317	\$2,473,424
Reclamation & Development	\$0	\$0	\$0	\$0	\$0	\$0

¹ The numbers in the table above are from the state accounting system (SABHRS). In FY 2016 there was an overpayment of metal mines revenues to the counties. The overpayment was refunded back to the state by the counties, but the correction is not reflected in the FY 2016 metal mines tax accounts. Had the overpayment not occurred, the FY 2016 distribution to the counties would have been \$2,041,125. The 2015 Legislature passed SB 20 which decreases the share of total revenue going to the state general fund from 57 percent to 47 percent and increases the share of revenue going to the counties from 25 percent to 35 percent as of July 1, 2016. The bill language was somewhat ambiguous as to whether the change applied to production periods or distributions after that date.

Metalliferous Mines License Tax History

Select History of Metalliferous Mines License Tax

The metalliferous mines license tax was enacted in 1925 at the following rates:

- \$1 + $\frac{1}{4}$ of 1% of gross value between \$100,000 and \$250,000
- \$1 + $\frac{1}{2}$ of 1% of gross value between \$250,001 and \$400,000
- \$1 + $\frac{3}{4}$ of 1% of gross value between \$400,001 and \$500,000
- \$1 + 1% of gross value over \$500,000

1958

Increased the tax rate on gross value exceeding \$500,000 to \$1 + 1 $\frac{1}{4}$ %

1969

For production years 1969 and 1970, increased the tax rate to:

- 0.15 of 1% of the first \$100,000 of gross value
- 0.575 of 1% of \$100,001-\$250,000 of gross value
- 0.86 of 1% of \$250,001-\$400,000 of gross value
- 1.15% of \$400,001-\$500,000 of gross value
- 1.438% of \$500,000 + of gross value

1971

Adopted the tax rates from 1969 for production years beginning January 1, 1970 and thereafter.

1983

Revised tax rates as follows:

- 0% on first \$250,000 of gross value
- 0.5% of gross value from \$250,001-\$500,000
- 1% of gross value from \$500,001-\$1,000,000
- 1.5% of gross value of more than \$1,000,000

1989

Revised tax rates as follows:

Concentrate shipped to a smelter, mill, or reduction work is taxed at the following rates:

- 0% on first \$250,000 of gross value
- 1.81% on gross value over \$250,000

Gold, silver, or any platinum-group metal that is dore, bullion, or matte and that is shipped to a refinery is taxed at the following rates:

- 0% on first \$250,000 of gross value
- 1.6% on gross value over \$250,000

2003

Added other forms of processed concentrate that are processed in a treatment facility owned or operated by the taxpayer and are sold or shipped to a refinery for final processing to the gold, silver, and platinum-group metal tax rates.

2009

Clarified that no more than \$250,000 in gross value in a calendar year can be exempt from metalliferous mines license tax.

2015

The distribution of tax revenues to the general fund was reduced from 57% to 47% and the revenue was distributed to impacted counties beginning with fiscal year 2017.

Micaceous Mines License Tax

Statute: Title 15, Chapter 37, Part 2, MCA

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 FY 1990 because there has been no production.

There is a tax of five cents per ton of concentrates mined, extracted, or produced.

Filing Requirements

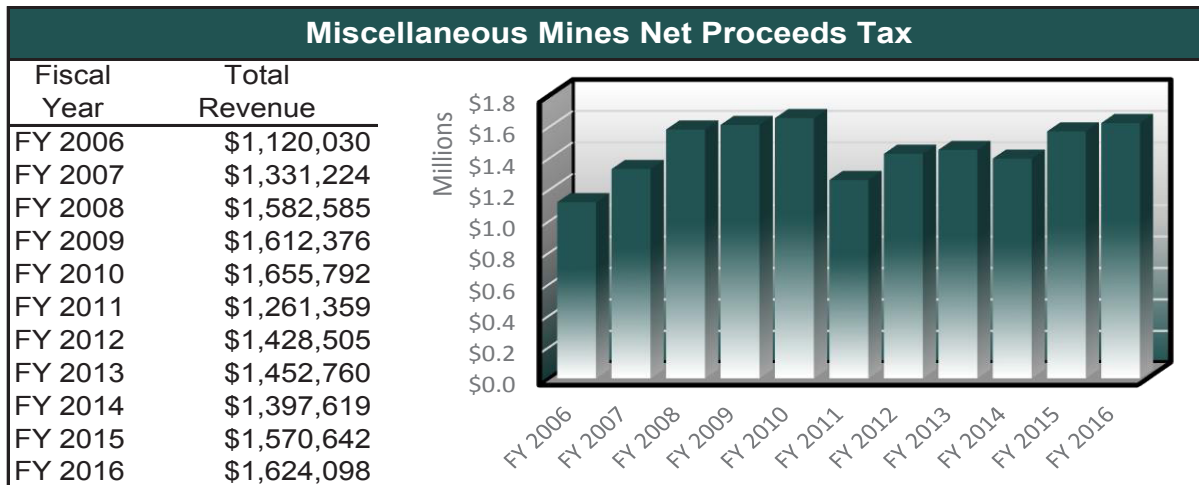
Operators of micaceous mineral mines are required to file quarterly statements showing the number of tons of micaceous minerals mined. Quarterly returns, along with the accompanying tax payment, are due within 30 days following the end of each calendar quarter.

Distribution

All proceeds from micaceous mines license tax are deposited in the state general fund (15-37-200, MCA).

Miscellaneous Mines Net Proceeds Tax (Class 1 Property)

Statute: Title 15, Chapter 23, Part 5, MCA



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 = $\$4.25 \times \text{current year price deflator} \div 1989 \text{ price deflator}$
- Vermiculite value = $\$27 \times \text{current year price deflator} \div 1991 \text{ price deflator}$
- Limestone value = $\$0.34 \times \text{current year price deflator} \div 1992 \text{ price deflator}$
- Industrial garnets value = $\$20 \times \text{current year price deflator} \div 1995 \text{ price deflator}$
- Byproducts of industrial garnets value = gross revenue $\times 30\%$

For all other class 1 mined products, the value is the gross value less certain allowable deductions that account for the cost of the 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 tax on the first 1,000 tons of production.

Filing Requirements

Miscellaneous mines tax reports are due by March 31 of each year, showing the total gross proceeds of minerals mined during the preceding calendar year, and information on costs associated with the mining operation sufficient to allow calculation of the net proceeds from the operation. By July 1 the department calculates the net value by subtracting allowable deductions and records the value in property tax records. The mine producer must pay half of the property tax levied and assessed by November 30 and the other half by May 31 of the following year.

Miscellaneous Mines Net Proceeds Tax (Class 1 Property)

Distribution of Miscellaneous Mines Net Proceeds Tax

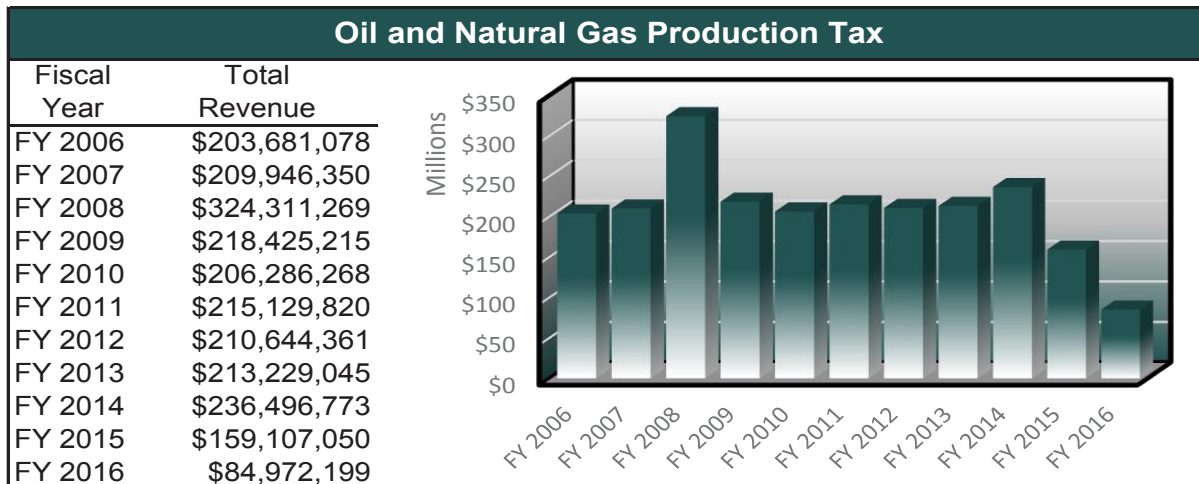
The taxable value of miscellaneous mines net proceeds is allocated to the local jurisdictions where the mine mouth is located. The mills of these local jurisdictions and statewide mills are levied against the taxable value.

Miscellaneous Mines Net Proceeds and Taxable Value			
Production Year	Fiscal Year	Tons	Net Proceeds
2005	2007	2,303,771	\$2,694,716
2006	2008	2,447,104	\$3,839,998
2007	2009	2,511,456	\$3,903,518
2008	2010	2,348,914	\$4,009,608
2009	2011	1,945,885	\$3,251,182
2010	2012	2,192,645	\$3,930,006
2011	2013	2,103,024	\$4,188,542
2012	2014	2,207,297	\$3,271,953
2013	2015	2,332,685	\$3,790,730
2014	2016	2,359,356	\$3,737,426

Net Proceeds Property Taxes Assessed			
Fiscal Year	State Share	Local Share	Total Property Tax
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
FY 2013	\$423,043	\$1,029,717	\$1,452,760
FY 2014	\$330,467	\$1,067,152	\$1,397,619
FY 2015	\$382,864	\$1,187,778	\$1,570,642
FY 2016	\$377,480	\$1,246,618	\$1,624,098

Oil and Natural Gas Tax

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



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.

In the most recent legislature in 2015, HB 411 was passed, increasing the stripper well exemption price threshold from \$38 per barrel to \$54 per barrel. Several other bills passed in 2015, including SB 252 and HB 260, which affected the use and distribution of the portion of this revenue which goes to school funding.

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 are equal to 9.26 percent for wells drilled on or after January 1, 1999, and 12.76 percent for wells drilled before that time. However, there are also several additional tax rates to incentivize production. New wells receive a preferential tax rate of 0.76 percent of 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 curve for a given well.

Low-producing wells may be classified as stripper or super-stripper wells and qualify for preferential tax

Oil and Natural Gas 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 qualify as a super-stripper well. Production from super-stripper wells is taxed at a preferential rate of 6.26 percent, and if the price of oil is below \$54 per barrel the rate is further reduced to 0.76 percent.

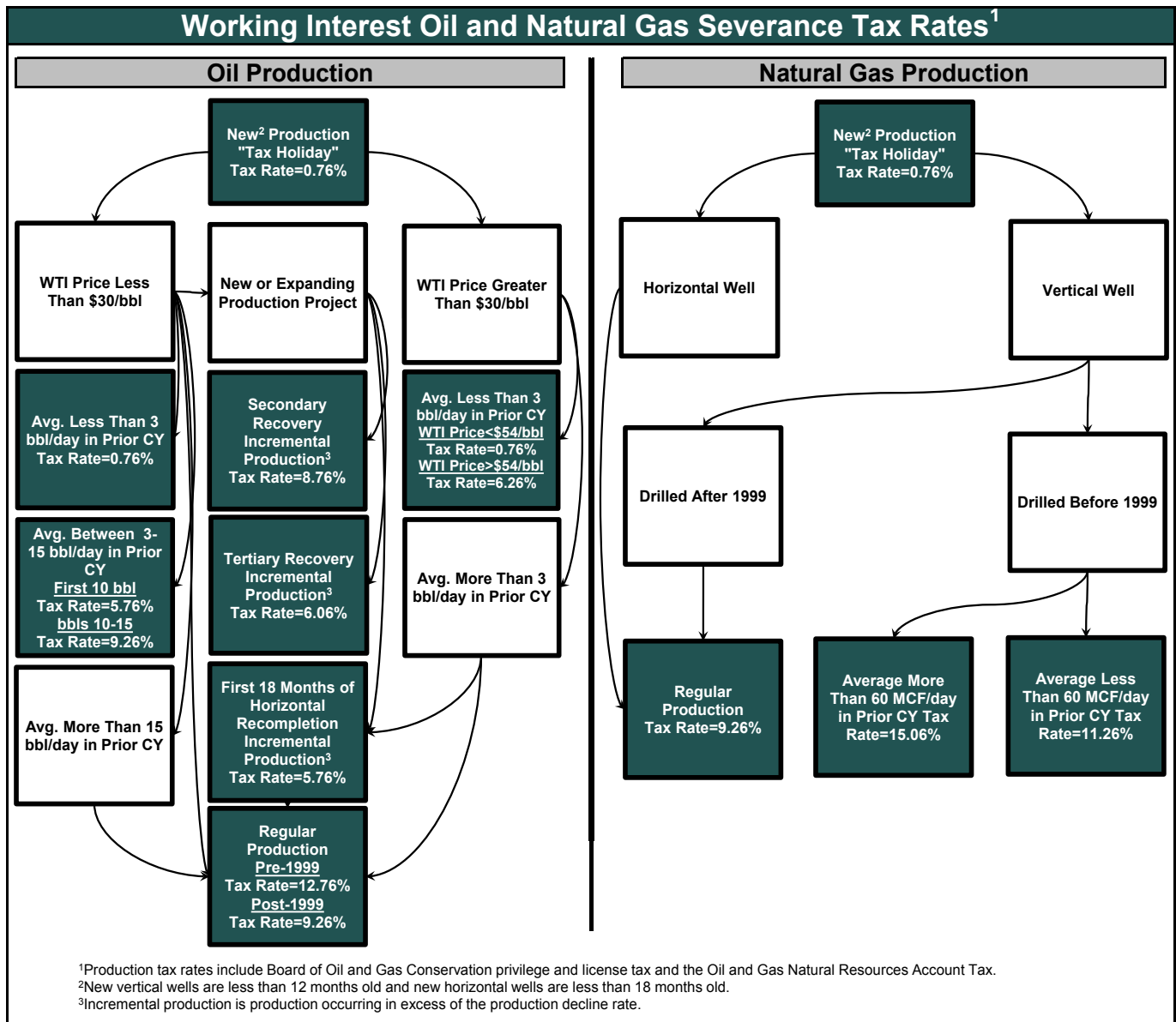
Natural gas producers receive the same holiday for new wells, and regular production is taxed at a rate of 9.26 percent after that if the well was drilled on or after January 1, 1999; 15.06 percent if drilled before.

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 11.6 percent if the well was drilled before 1999. The following table and chart illustrate how the varying tax rates apply in different scenarios.¹

Oil and Natural Gas Production Tax Rates			
OIL-Working Interest		NATURAL GAS- Working Interest	
Pre-1999 Wells (Regular Production)	12.76%	Pre-1999 Wells (Regular Production)	15.06%
Post-1999 Wells (Regular Production)	9.26%	Post-1999 Wells (Regular Production)	9.26%
Incremental Production From Secondary Recovery ^{††}	8.76%	Horizontally Completed Wells	9.26%
Incremental Production From Tertiary Recovery ^{††}	6.06%	Pre-1999 Wells Producing Less Than 60 MCF per Day	11.26%
Horizontally Recompleted Wells - First 18 Months	5.76%	The First 12 Months Of New Wells' Production	0.76%
Horizontally Completed Wells - First 18 Months	0.76%		
Stripper Wells - First 10 Barrels Per Day ^{††}	5.76%	† These rates apply if the price is under \$30 per barrel. Otherwise, the regular production rates apply.	
Stripper Wells - Production in Excess of 10 Barrels Per Day ^{††}	9.26%	‡ Oil price is the price for West Texas Intermediate Crude Oil.	
Super Stripper Wells - Oil Under \$54 Per Barrel [‡]	0.76%	-Stripper wells produce 3-15 barrels per day.	
Super Stripper Wells - Oil \$54 Per Barrel Or Higher [‡]	6.26%	-Super stripper wells produce less than 3 barrels per day.	
Vertically Completed Wells - First 12 Months	0.76%	-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%	

For a comparison of oil and gas production taxes to other states, please see the “Coal, Oil and Natural Gas State Tax Comparison” subsection of this report.

¹ As of October 1, 2016 all rates increase 0.04% due to an increase implemented by the Board of Oil and Gas Conservation.



Oil and Natural Gas Tax

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

Montana Oil and Gas Production Statistics					
Oil	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Total Gross Value	\$2,083,385,090	\$2,421,792,266	\$2,370,856,081	\$1,781,983,618	\$861,657,306
Volume (barrels)	24,386,922	28,765,438	26,745,751	30,439,036	25,116,621
Taxable Royalty Value	\$279,930,162	\$345,455,634	\$331,447,378	\$248,754,168	\$116,715,105
Tax on Royalty Owners	\$42,157,483	\$52,025,619	\$49,915,976	\$37,462,378	\$17,577,295
Working Interest Value	\$1,749,101,959	\$2,013,238,017	\$1,978,442,134	\$1,486,647,390	\$720,795,751
Tax on the Working Interest	\$149,487,428	\$148,894,334	\$149,584,469	\$111,050,328	\$61,591,918
Total Tax*	\$191,644,910	\$200,919,953	\$199,500,445	\$148,512,706	\$79,169,214
Gas					
Total Gross Value	\$198,561,931	\$176,940,120	\$197,750,332	\$126,521,563	\$57,601,774
Volume (MCF)	66,290,610	54,490,046	47,235,179	48,453,758	37,299,910
Taxable Royalty Value	\$24,380,224	\$22,285,298	\$24,673,094	\$15,270,716	\$7,160,384
Tax on Royalty Owners	\$3,671,662	\$3,356,166	\$3,715,768	\$2,299,770	\$1,078,354
Working Interest Value	\$166,151,509	\$147,966,145	\$165,561,020	\$106,083,551	\$48,123,382
Tax on the Working Interest	\$15,282,198	\$13,156,586	\$14,458,148	\$9,321,640	\$4,479,234
Total Tax*	\$18,953,860	\$16,512,752	\$18,173,916	\$11,621,410	\$5,557,587

*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.

Prior to HB 748 (2003 legislative 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 that they would receive.

The first distribution made is to the Board of Oil and Gas Conservation (BOGC) and the Oil and Gas Resource Account. During FY 2015 and FY 2016, the BOGC received 0.09 percent of the gross value of all taxable production in the state. The board sets the rate and by statute it cannot exceed three tenths of one percent or 0.3 percent. The rate the oil and gas natural resource account received depends on the rate adopted by the BOGC and was 0.17 percent of the gross value of taxable production in the state (15-36-304(7)(b), MCA).

The remaining revenue is then distributed between the state and county governments. The specific allocation is dependent on which county the production occurred in and is set in statute. For example, Custer County receives 69.53 percent of the revenue from production occurring in the county (the largest percentage of all the counties, while Rosebud County receives the least at 39.33 percent). The remainder is distributed to the state, and the state portion is distributed 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 is 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 legislative session, any individual school district was only allowed to

Oil and Natural Gas Tax

receive 130 percent of their maximum allowable budget. With the passage of SB 175 in the 2013 legislative session, for fiscal years 2014 through 2017, schools with budgets less than \$1.5 million can receive up to 150 percent of their maximum allowable budgets plus an additional \$45,000 per additional student, using an enrollment calculation from the previous year's attendance records. Funding in excess of that allotted amount is allocated to surrounding school districts (up to 130 percent of their maximum budgets). Remaining funding, if available, is to be distributed to school districts contiguous to districts in which oil and gas production originates (up to 130 percent of their max budgets). Any remaining funds, if available, are to be distributed as follows:

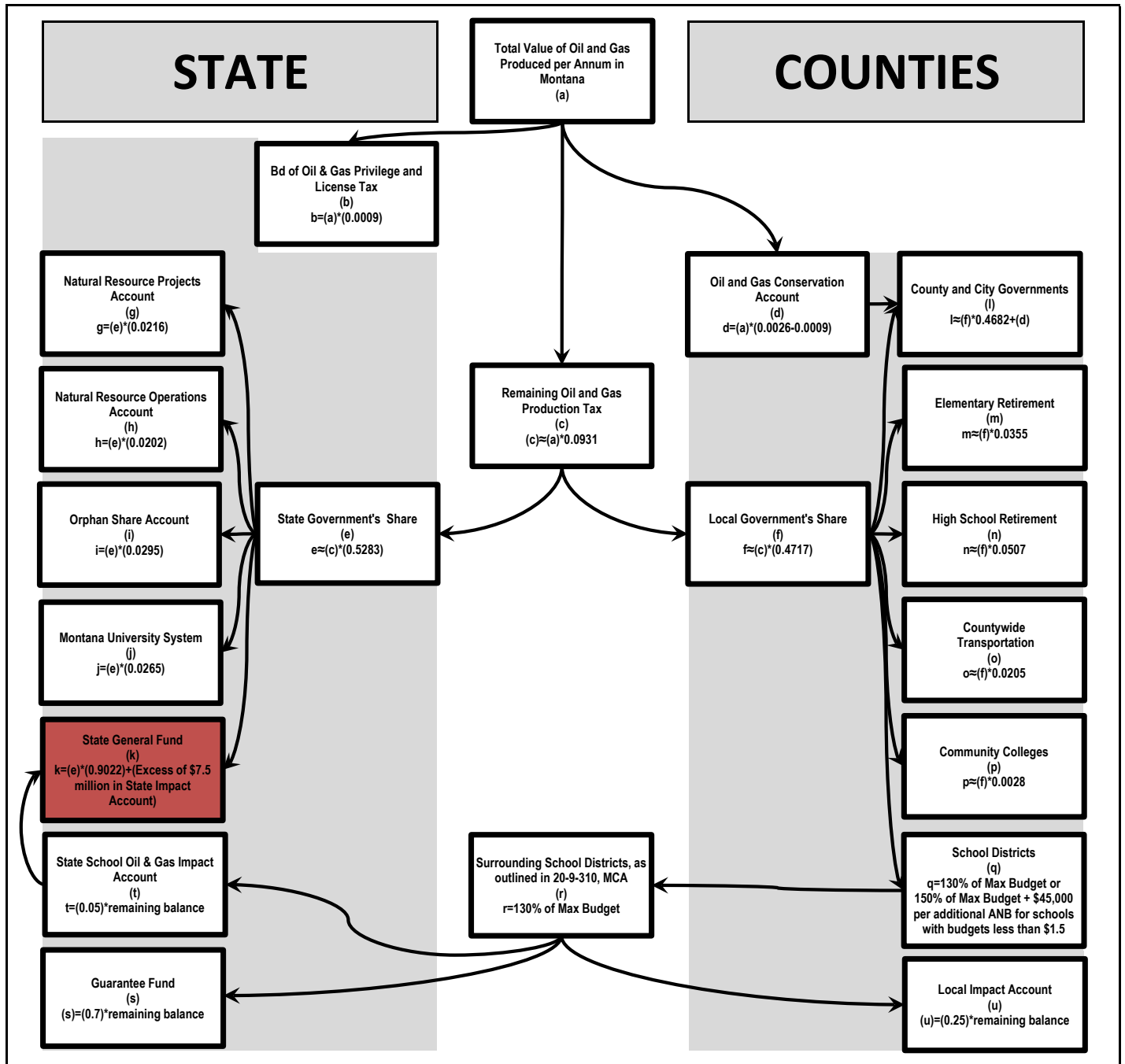
- 70 percent to the state guarantee account
- 5 percent to the state school oil and natural gas impact account
- 20 percent to the county school oil and natural gas impact account.

The total balance in the state school oil and natural gas account was not to exceed \$7.5 million, and any amount over \$7.5 million was to be deposited in the state general fund.

Many provisions of SB 329 and SB 175 expired at the end of FY 2016. The 2015 Legislature passed SB 252 and SB 260. SB 260 changes how distribution of remaining excess funding is to be made in FY 2017 through FY 2024. Instead of going to the state guarantee account and other distributions, excess funding will be distributed by the Office of Public Instruction based upon the results of negotiated rules recommended by two independent committees. SB 252 revised how schools could budget their oil and gas revenues and also statutorily appropriates the state school oil and natural gas distribution account and the state school oil and natural gas impact account beginning with FY 2017.

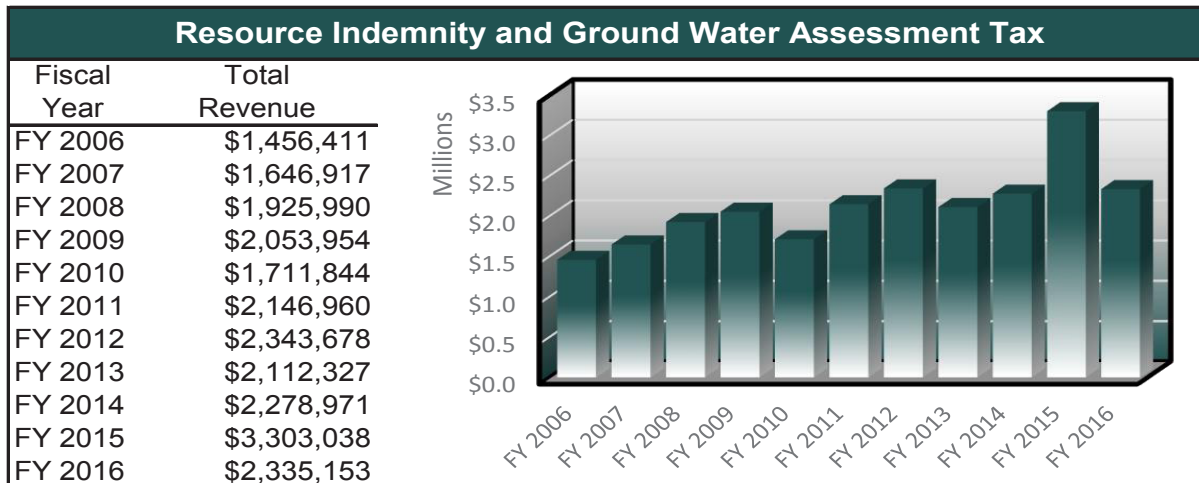
The following table and charts illustrate the distribution of oil and gas revenue in FY 2015 and FY 2016.

Distribution of Oil and Gas Tax						
Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Total Revenue	\$215,129,820	\$210,644,361	\$213,229,045	\$236,496,773	\$159,107,050	\$84,972,199
BOGC	\$1,963,032	\$1,987,666	\$2,152,702	\$2,505,508	\$1,671,506	\$812,294
Oil & Gas Natural Res. Acc.	\$3,698,516	\$3,754,061	\$4,100,929	\$4,732,701	\$3,157,296	\$1,534,356
Remainder	\$209,468,272	\$204,902,634	\$206,975,414	\$229,258,564	\$154,278,248	\$82,625,549
"County" Revenue	\$98,902,261	\$96,766,607	\$97,594,695	\$107,770,849	\$73,160,846	\$39,294,942
Counties and Schools	\$98,902,261	\$83,611,488	\$88,333,718	\$95,997,576	\$63,447,389	\$37,900,038
Guarantee Fund	\$0	\$12,335,596	\$4,830,529	\$0	\$0	\$0
County Impact Fund	\$0	\$682,935	\$1,725,189	\$0	\$0	\$0
State School Impact Fund	\$0	\$136,587	\$345,038	\$0	\$0	\$0
State School Oil & Gas Distrib	\$0	\$0	\$2,360,222	\$11,773,273	\$9,713,457	\$1,394,905
State Revenue	\$110,566,011	\$108,136,027	\$109,380,719	\$121,487,715	\$81,117,402	\$43,330,607
Natural Resources Projects (2.16%)	\$1,603,207	\$2,335,738	\$2,362,624	\$2,624,135	\$1,752,136	\$938,011
Natural Resources Operations (2.02%)	\$1,603,207	\$2,184,348	\$2,209,493	\$2,454,052	\$1,638,573	\$877,214
Orphan Share Fund (2.95%)	\$3,305,924	\$3,190,013	\$3,226,737	\$3,583,888	\$2,392,963	\$1,281,080
Montana University System (2.65%)	\$2,929,999	\$2,865,605	\$2,898,587	\$3,219,424	\$2,149,612	\$1,150,801
Coal Bed Methane Protection	\$1,359,962	\$0	\$0	\$0	\$0	\$0
General Fund (remainder)	\$99,763,712	\$97,560,324	\$98,683,277	\$109,606,216	\$73,184,119	\$39,083,500



Resource Indemnity and Ground Water Assessment Tax

Statute: Title 15, Chapter 38, Part 1, MCA



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, MCA.

Exemptions

- Metal production subject to the metal mines license tax is exempt from RIGWAT.
- The 2003 Montana 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 of RIGWAT

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

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

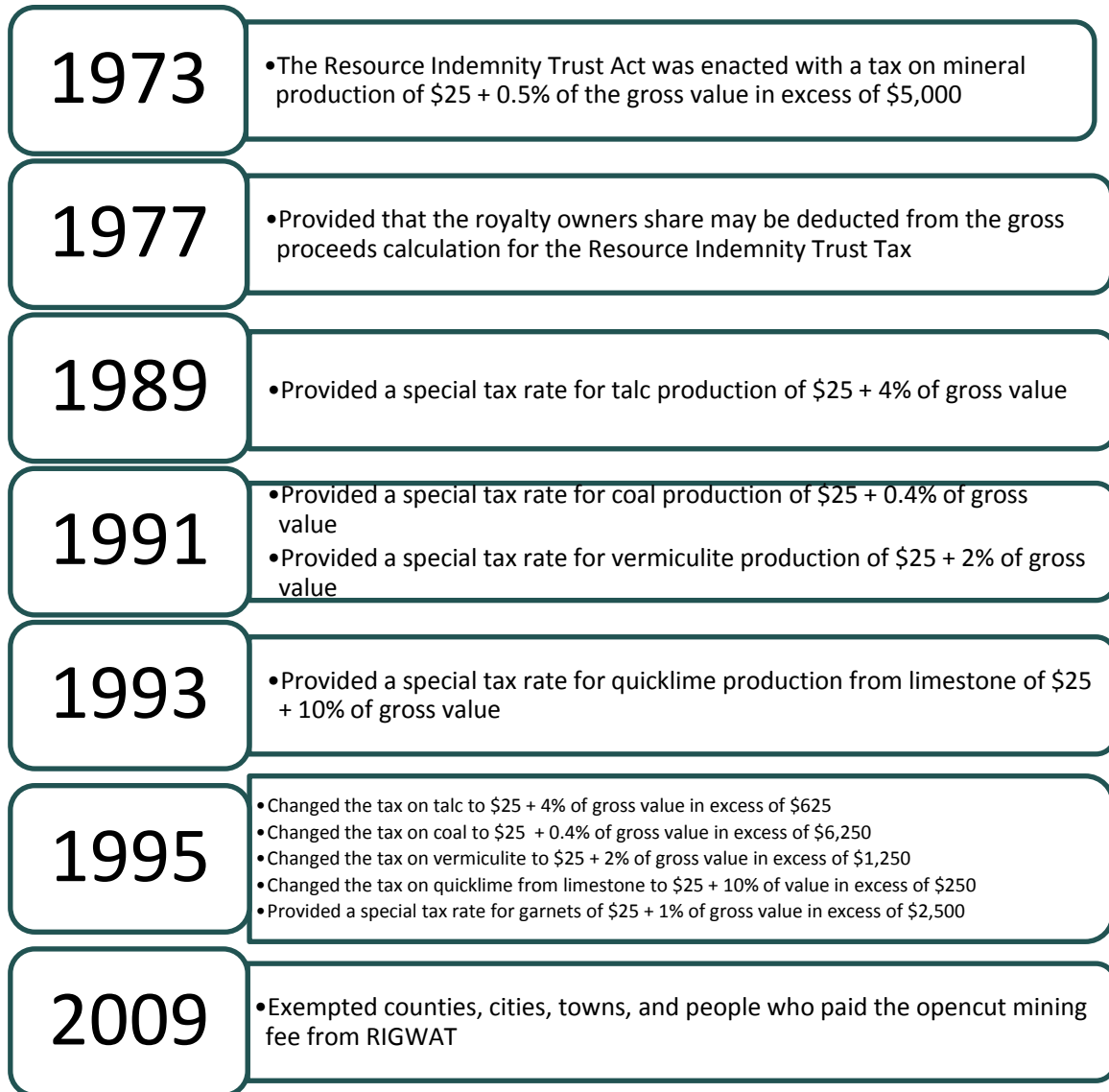
Resource Indemnity and Ground Water Assessment Tax

- \$366,000 is to be deposited in the ground water assessment account.
- \$150,000 is to be deposited in the water storage state special revenue account 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.

Distribution of RIGWA Tax						
Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Total Revenue	\$2,146,960	\$2,343,678	\$2,112,327	\$2,278,971	\$3,303,038	\$2,335,153
CERCLA Debt Service	\$274,338	\$267,150	\$269,875	\$272,106	\$268,275	\$270,425
Groundwater Assessment	\$366,000	\$366,000	\$366,000	\$366,000	\$366,000	\$366,000
Water Storage	\$0	\$150,000	\$0	\$150,000	\$0	\$150,000
Remainder	\$1,506,623	\$1,560,528	\$1,476,452	\$1,490,865	\$2,668,763	\$1,548,728
Hazardous Waste/CERCLA (25%)	\$376,656	\$390,132	\$369,113	\$372,716	\$667,191	\$387,182
Environmental Quality Protection (25%)	\$376,656	\$390,132	\$369,113	\$372,716	\$667,191	\$387,182
Natural Resources Projects (50%)	\$753,311	\$780,264	\$738,226	\$745,433	\$1,334,381	\$774,364

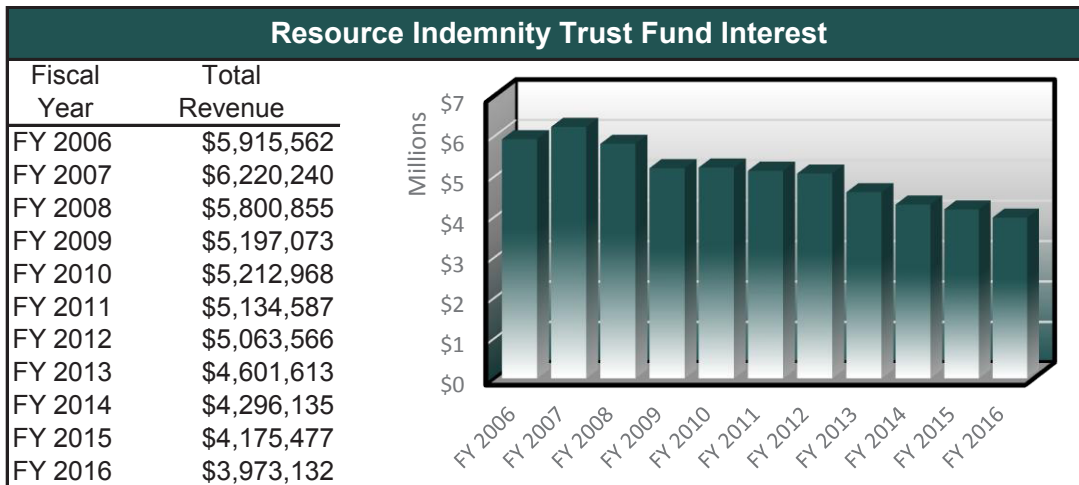
Resource Indemnity and Ground Water Assessment Tax History

The following figure shows a select history of the Resource Indemnity and Ground Water Assessment Tax.



Resource Indemnity Trust Fund Interest

Statute: Title 15, Chapter 38, Part 2, MCA



Distribution of Interest Income

In fiscal year 2002 the resource indemnity trust fund reached \$100 million. Net earnings, excluding unrealized gains and losses, and all receipts may be appropriated and expended by the legislature, so long as the balance of the trust is never less than \$100 million.

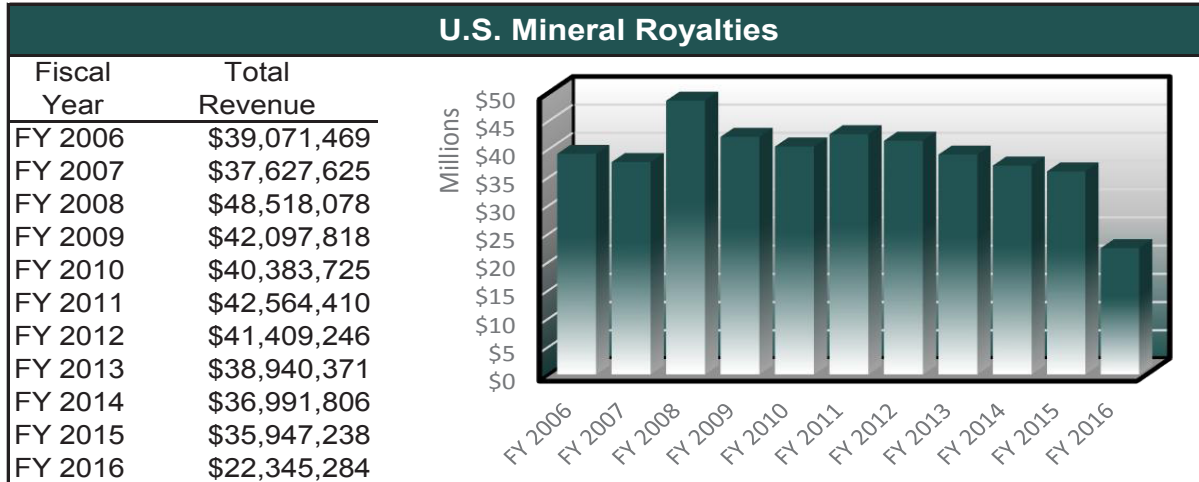
Interest from the resource indemnity trust is allocated in a two-stage process. First, several programs receive fixed allocations, and then the remaining funds are divided between four programs on a percentage basis. The HB 226 passed by the 2015 Legislature revised the distributions as of FY 2016, increasing the amount going to the oil and gas damage mitigation account and decreasing the amount going to the natural resource projects account. The amounts allocated are shown in the following table.

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 difference between the balance and \$750,000. This was the case during the period shown in the distribution table.

Distribution of Resource Indemnity Trust Fund Interest						
	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Annual Distributions						
Natural Resources Projects	\$3,500,000	\$3,500,000	\$3,500,000	\$3,022,407	\$3,398,644	\$2,415,617
Bureau of Mines Groundwater	\$300,000	\$300,000	\$300,000	\$259,063	\$291,312	\$226,464
RIT-Bull/Cutthroat Trout Enhanc.	\$500,000	\$500,000	\$500,000	\$431,772	\$485,521	\$377,440
Biennial Distribution						
Oil & Gas Damage Mitigation	\$0	\$50,000	\$0	\$0	\$0	\$490,672
Water Storage St. Sp. Rev. Acct.	\$0	\$500,000	\$0	\$431,772	\$0	\$377,440
Environmental Contingency RIT	\$0	\$28,136	\$0	\$151,120	\$0	\$85,499
Remainder						
Natural Resources Operations (65%)	\$542,481	\$120,530	\$196,048	\$0	\$0	\$0
Hazardous Waste-CERCLA (26%)	\$216,993	\$48,212	\$78,419	\$0	\$0	\$0
Environmental Quality Protection (9%)	\$75,113	\$16,689	\$27,145	\$0	\$0	\$0

U.S. Mineral Royalties

Statutes: 30 USC, Section 191
17-3-240, MCA



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 decreased from 50 percent in October 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 FY 2015, the department assessed \$602,976 on behalf of the federal government and assessed \$495,597 in FY 2016.

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 accurately pay 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.

Distribution of U.S. Mineral Royalties						
Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
General Fund (75%)	\$31,923,308	\$31,056,935	\$29,205,278	\$27,743,855	\$26,960,428	\$16,758,963
Impacted Counties (25%)	\$10,641,102	\$10,352,312	\$9,735,093	\$9,247,951	\$8,986,809	\$5,586,321

OTHER TAXES

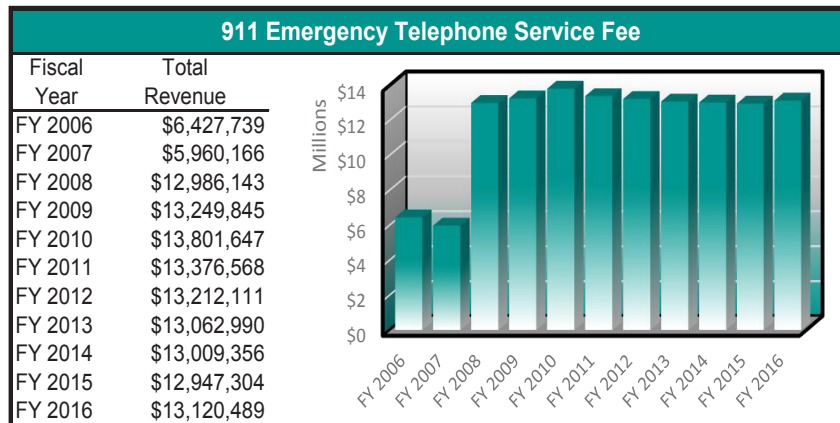
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911 Emergency Telephone System Fee

Statute: Title 10, Chapter 4



Fee Rate

Before FY 2008, the State of Montana imposed a fee of \$0.25 per month on telephone access lines to support basic 911 services. An additional fee of \$0.25 was applied to each access line within the state to support enhanced 911 services, resulting in a total fee of \$0.50 per access line. Starting in FY 2008, an additional fee of \$0.50 per month per access line, or subscriber, was added to the two other fees to support wireless enhanced 911 services. At this time, prepaid wireless cellular telephone services sold through third parties, such as retail and grocery stores, are not subject to Montana’s 911 emergency telephone system fees.

911 Emergency Telephone Fee Rates	
Purpose	Fee Per Month
Basic 911 Service	\$0.25
Enhanced 911 Service	\$0.25
Wireless Enhanced 911 Service	\$0.50
Total	\$1.00

Filing Requirements

The subscriber paying for exchange access line services is liable for the fees, but providers collect the fees and remit them 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

2.74 percent of the amount of fees collected must be deposited in the state special revenue fund and be used for the administration of the Emergency Telephone System Account. The remaining fee amount is paid to the state treasurer for deposit in the appropriate accounts (10-4-301, MCA).

Distribution of 911 Fees						
Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Emergency System Acct. (2.74%)	\$366,518	\$362,012	\$357,926	\$356,456	\$354,756	\$359,501
Basic 911 Emergency Program (24.315%)	\$3,252,514	\$3,212,523	\$3,176,426	\$3,163,224	\$3,148,299	\$3,190,248
Enhanced 911 Phone Program (24.315%)	\$3,252,514	\$3,212,523	\$3,176,426	\$3,163,224	\$3,148,299	\$3,190,248
Wireless Enhanced 911 Phone Program						
911 Jurisdictions (24.315%)	\$3,252,511	\$3,212,527	\$3,176,106	\$3,163,226	\$3,147,975	\$3,190,245
Wireless Providers (24.315%)	\$3,252,512	\$3,212,527	\$3,176,106	\$3,163,226	\$3,147,975	\$3,190,245

State Comparison

Montana places three fees on landline, wireless and Voice over Internet Protocol (VoIP) lines, resulting in a total fee of \$1.00 per month on each subscriber line within the state. The states surrounding Montana have similar fee structures. Wyoming charges between \$0.25 and \$0.75 per line, South Dakota charges \$1.25 per line, North Dakota charges between \$1.00 and \$1.50 per line and Idaho charges \$1.00 per line. West Virginia has some of the highest E911 fees on landlines and VoIP (\$0.98 to \$6.40) and post-paid wireless (\$3.00) lines in the country. Unlike a majority of states within the country, the state of Montana does not

911 Emergency Telephone System Fee

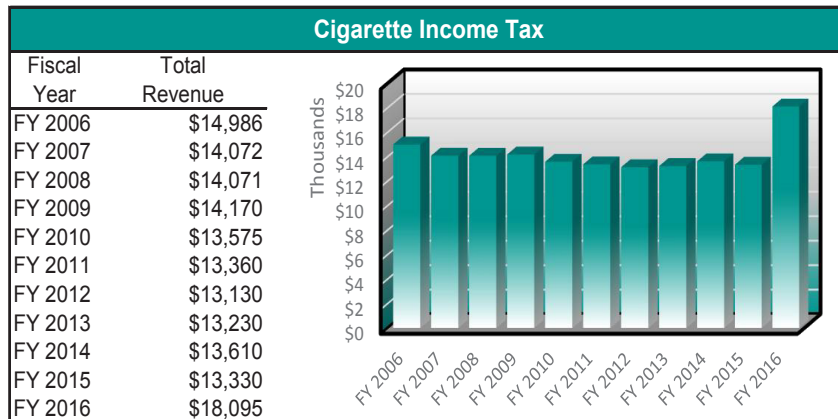
charge prepaid landline and wireless customers any of the 911 emergency telephone system fees.

Like several other states, E911 fees in Montana are collected, and standardized, by the state government, resulting in a uniform fee within the state. However, some states allow two, or more, governing bodies to collect E911 fees. For example, the State of Kentucky imposes a statewide fee on all access lines within the state, but also allows local jurisdictions to establish additional fees on landlines within the local jurisdiction's area. In addition, other states delegate the 911 and E911 funding process to counties and other local jurisdictions. The delegation of 911 and E911 funding sources to counties and local governments results in some states having 911 system fees that are not uniform across the state.

911 Emergency Telephone System Fee				
State	Landline	Wireless	Prepaid Wireless	Voice over Internet Protocol (VoIP)
Alabama	\$1.75	\$1.75	\$1.75	\$1.75
Alaska	\$0.00 - \$2.00	\$0.00 - \$2.00		
Arizona	\$0.20	\$0.20	0.8% of Prepaid Sale	\$0.20
Arkansas	5% - 12% of Tariff Rates	\$0.65	\$0.65	\$0.65
California	0.75% of Service Charges	0.75% of Service Charges	0.75% of Service Charges	0.75% of Service Charges
Colorado	\$0.43 - \$1.75	\$0.43 - \$1.75	1.4% of Prepaid Sale	\$0.43 - \$1.75
Connecticut	\$0.51	\$0.51	\$0.51 At Point of Sale	\$0.51
Delaware	\$0.60	\$0.60	\$0.60	\$0.60
Florida	\$0.40	\$0.40	\$0.04	\$0.40
Georgia	\$1.50	\$1.00 - \$1.50	\$0.75 Prepaid	\$1.50
Hawaii	\$0.27	\$0.66		\$0.66
Idaho	\$1.00	\$1.00	2.5% of Prepaid Retail Sale	\$1.00
Illinois	\$0.50 - \$5.00	\$0.73	1.5% of Prepaid Sale	\$0.50 - \$5.00
Indiana	\$0.90	\$0.90	\$0.50	\$0.90
Iowa	\$1.00	\$1.00	\$0.51	\$1.00
Kansas	\$0.53	\$0.53	1.06% of Prepaid Retail Sale	\$0.53
Kentucky	\$0.36 - \$4.50	\$0.70	\$0.70	\$0.36 - \$4.50
Louisiana	\$0.62 - \$1.00 Residential \$1.30 - \$2.00 Business	\$0.85 - \$1.50	2% of Prepaid Retail Sale	\$1.00
Maine	\$0.45	\$0.45	\$0.45	\$0.45
Maryland	\$1.00	\$1.00	\$0.60	\$1.00
Massachusetts	\$0.75	\$0.75	\$0.75	\$0.75
Michigan	\$0.19 - \$3.19	\$0.19 - \$3.19	1.92% Prepaid Point of Sale	\$0.19 - \$3.19
Minnesota	\$0.78	\$0.78	\$0.78	\$0.78
Mississippi	\$1.05 Residential \$2.05 Business	\$1.00	\$1.00	\$1.00
Missouri	2% - 15% Base Rate 0.125% - 0.75% of Sales Tax			
Montana	\$1.00	\$1.00		\$1.00
Nebraska	\$0.50 - \$1.00	\$0.45 - \$0.70	1.1% of Prepaid Retail Sale	
Nevada	Varies By Jurisdiction	Varies By Jurisdiction		
New Hampshire	\$0.57	\$0.57		\$0.57
New Jersey	\$0.90	\$0.90		\$0.90
New Mexico	\$0.51	\$0.51		
New York	\$0.35 - \$1.00	\$1.20		\$0.35
North Carolina	\$0.60	\$0.60	\$0.60	\$0.60
North Dakota	\$1.00 - \$1.50	\$1.00 - \$1.50	2% of Prepaid Sale	\$1.00 - \$1.50
Ohio	\$0.50	\$0.25	0.5% Prepaid Point of Sale	
Oklahoma	3% - 15% of Base Rate	\$0.50	\$0.50	\$0.50
Oregon	\$0.75	\$0.75	\$0.75	\$0.75
Pennsylvania	\$1.65	\$1.65	\$1.65	\$1.65
Rhode Island	\$1.00	\$1.26		\$1.26
South Carolina	\$0.30 - \$1.00	\$0.62	\$0.62	\$0.30 - \$1.00
South Dakota	\$1.25	\$1.25	2% Prepaid Point of Sale	\$1.25
Tennessee	\$1.16	\$1.16	\$1.16	\$1.16
Texas	\$0.50	\$0.50	2% of Prepaid Sale	\$0.50
Utah	\$0.70	\$0.70	1.9% Prepaid Point of Sale	\$0.70
Vermont	Universal Service Funding	Universal Service Funding		
Virginia	\$0.75	\$0.75	\$0.50	\$0.75
Washington	\$0.95	\$0.95		\$0.95
West Virginia	\$0.98 - \$6.40	\$3.00	6% Prepaid Point of Sale	\$0.98 - \$6.40
Wisconsin	\$0.16 - \$1.00			
Wyoming	\$0.25 - \$0.75	\$0.25 - \$0.75	1.5% of Prepaid Sale	\$0.25 - \$0.75

Cigarette License Fee

Statute: 16-11-122, MCA



Fee Rate

A license fee is imposed on tobacco, alternative nicotine, and vapor product dealers in Montana. As of January 2016, wholesalers, sub-jobbers and vendors (operating 10 or more machines) pay an annual license fee of \$50. Retailers and vendors (operating 9 or fewer machines) pay an annual license fee of \$5. The sale of alternative nicotine and vapor products also requires a 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
Alternative Tobacco or Vaping Products	\$5

Filing Requirements

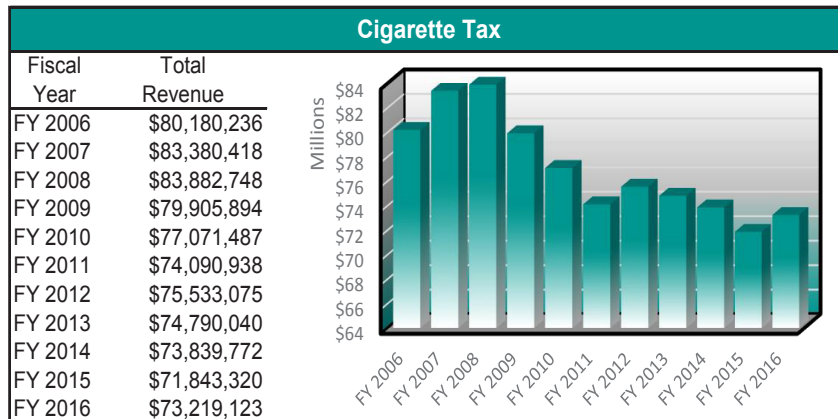
Licenses must be renewed annually on, or before, the anniversary date.

Distribution

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

Cigarette Tax

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



Tax Rate

The cigarette tax rate has increased twice since 2003. On May 1, 2003, the cigarette tax rate increased from \$0.18 to \$0.70 per pack of 20 cigarettes, as mandated by the 2003 Legislature. On January 1, 2005, the tax rate increased from \$0.70 per pack to \$1.70 per pack in compliance with Initiative 149 (I-149) in November 2004.

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 as follows:

- Department of Public Health and Human Services for maintenance and operation of state veterans' nursing homes.
 - Whichever is greater:
 - 8.3 percent of revenues
 - \$2 Million
- Long-Range Building Program Account.
 - 2.6 percent of revenues
- State special revenue fund for Health and Medicaid initiatives.
 - 44 percent of revenues
- State general fund (16-11- 119, MCA).
 - Remaining revenues

Distribution of Cigarette Tax						
Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Total Revenue	\$74,090,938	\$75,533,075	\$74,790,040	\$73,839,772	\$71,843,320	\$73,219,123
Tobacco and Cig. Tribal Agree.	\$3,495,106	\$3,818,164	\$4,149,377	\$4,083,458	\$4,407,522	\$4,254,158
Remainder	\$70,595,832	\$71,714,911	\$70,640,663	\$69,756,313	\$67,435,798	\$68,964,965
State Veterans' Home (8.3%)	\$5,859,454	\$5,952,337	\$5,863,175	\$5,789,774	\$5,597,171	\$5,724,092
SW State Veterans' Home (1.2%)	\$847,150	\$860,579	\$847,688	\$837,076	\$809,230	\$0
Long Range Building Program (2.6%)	\$1,835,492	\$1,864,588	\$1,836,657	\$1,813,664	\$1,753,331	\$1,793,089
DPHHS-Medicaid Initiatives (44%)	\$31,062,166	\$31,554,561	\$31,081,891	\$30,692,778	\$29,671,751	\$30,344,584
General Fund (remainder)	\$30,991,570	\$31,482,846	\$31,011,251	\$30,623,022	\$29,604,315	\$31,103,199

Cigarette Tax

From fiscal year 2012 through 2015, 1.2 percent of revenue of the revenue was distributed to a special revenue fund for the construction of state veteran's homes in southwestern Montana.

State Comparison

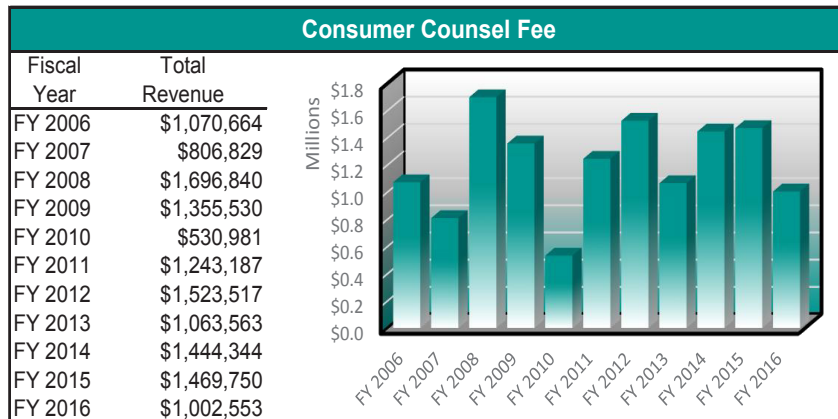
The state of New York has the highest excise tax on cigarettes at \$4.35 per pack, as of January 1, 2016. At \$0.17 per pack, Missouri has the lowest excise tax on cigarettes in the United States. With a tax of \$1.70 per pack of 20 cigarettes, Montana has the 19th highest cigarette excise tax in the United States. Montana places a large tax on the sales of cigarettes within the state relative to its surrounding states. For 2016, South Dakota's excise tax on cigarettes was similar to Montana's at \$1.53 per pack. However, the excise taxes for Wyoming, Idaho and North Dakota were significantly below Montana's, at \$0.60, \$0.57 and \$0.44 respectively.

Excise Tax Rates on Cigarettes by State			
State	Cigarette Tax Rate (\$ Per Pack)	State	Cigarette Tax Rate (\$ Per Pack)
Alabama	\$0.68	Montana	\$1.70
Alaska	\$2.00	Nebraska	\$0.64
Arizona	\$2.00	Nevada	\$1.80
Arkansas	\$1.15	New Hampshire	\$1.78
California	\$0.87	New Jersey	\$2.70
Colorado	\$0.84	New Mexico	\$1.66
Connecticut	\$3.65	New York	\$4.35
Delaware	\$1.60	North Carolina	\$0.45
Florida	\$1.34	North Dakota	\$0.44
Georgia	\$0.37	Ohio	\$1.60
Hawaii	\$3.20	Oklahoma	\$1.03
Idaho	\$0.57	Oregon	\$1.32
Illinois	\$1.98	Pennsylvania	\$1.60
Indiana	\$1.00	Rhode Island	\$3.75
Iowa	\$1.36	South Carolina	\$0.57
Kansas	\$1.29	South Dakota	\$1.53
Kentucky	\$0.60	Tennessee	\$0.62
Louisiana	\$0.86	Texas	\$1.41
Maine	\$2.00	Utah	\$1.70
Maryland	\$2.00	Vermont	\$3.08
Massachusetts	\$3.51	Virginia	\$0.30
Michigan	\$2.00	Washington	\$3.03
Minnesota	\$3.00	West Virginia	\$0.55
Mississippi	\$0.68	Wisconsin	\$2.52
Missouri	\$0.17	Wyoming	\$0.60

Source: Federation of Tax Administrators

Consumer Counsel Fee

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



Fee Rate

The tax rate 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	
<u>Fiscal Year*</u>	<u>Fee Rate</u>
Oct. 2005 - Sept. 2006	0.07% of Gross Revenue from Regulated Activities
Oct. 2006 - Sept. 2007	0.06% of Gross Revenue from Regulated Activities
Oct. 2007 - Sept. 2008	0.14% of Gross Revenue from Regulated Activities
Oct. 2008 - Sept. 2009	0.08% of Gross Revenue from Regulated Activities
Oct. 2009 - Sept. 2010	0.03% of Gross Revenue from Regulated Activities
Oct. 2010 - Sept. 2011	0.11% of Gross Revenue from Regulated Activities
Oct. 2011 - Sept. 2012	0.12% of Gross Revenue from Regulated Activities
Oct. 2012 - Sept. 2013	0.07% of Gross Revenue from Regulated Activities
Oct. 2013 - Sept. 2014	0.11% of Gross Revenue from Regulated Activities
Oct. 2014 - Sept. 2015	0.10% of Gross Revenue from Regulated Activities
Oct. 2015 - Sept. 2016	0.06% of Gross Revenue from Regulated Activities
Oct. 2016 - Sept. 2017	0.10% of Gross Revenue from Regulated Activities

Filing Requirements

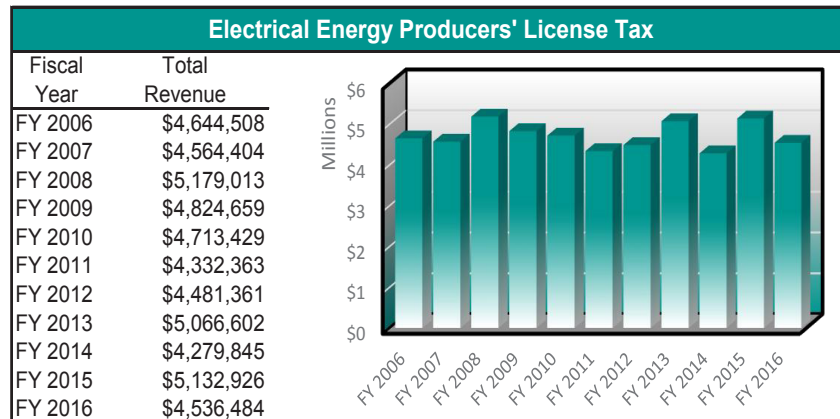
All companies providing services regulated by the Public Service Commission are subject to a quarterly Consumer Counsel Tax on gross operating revenue.

Distribution

All collections are deposited in a state special revenue account for the operation of the Office of Consumer Counsel (69-1-201; 223; 224, MCA).

Electrical Energy Producers' License Tax

Statute: Title 15, Chapter 51, MCA



Tax Rate

The tax was first enacted in 1933 and is \$.0002 per kilowatt hour of electrical energy generated, manufactured or produced in the state for barter, sale or exchange, other than plant use.

Filing Requirements

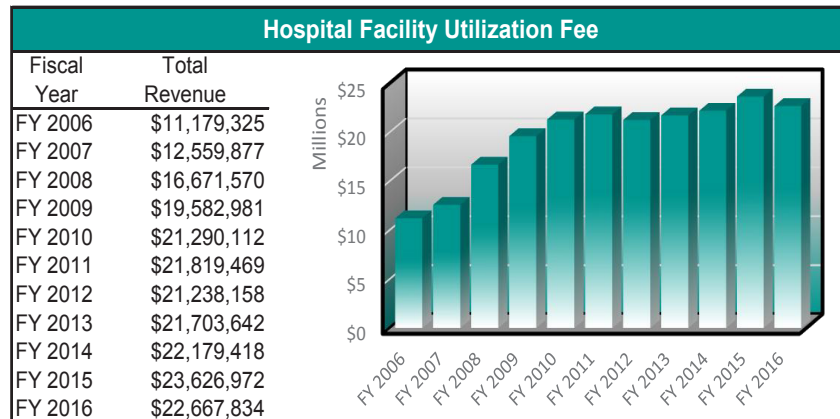
Businesses that produce electrical energy pay the electrical energy producers' license tax. The businesses must remit the license tax each calendar quarter to the department with a statement on or before the 30th day of the month after the end of the calendar quarter (15-51-102, MCA).

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



Fee Rate

Beginning in 2010, all hospitals licensed by the state (with the exception of the Montana State Hospital) are required to pay a \$50 utilization fee for each inpatient bed day.

Filing Requirements

The hospital must pay the fees for the preceding calendar year on all taxable inpatient bed days. The table below lists the fee per inpatient bed day since the fee was instituted.

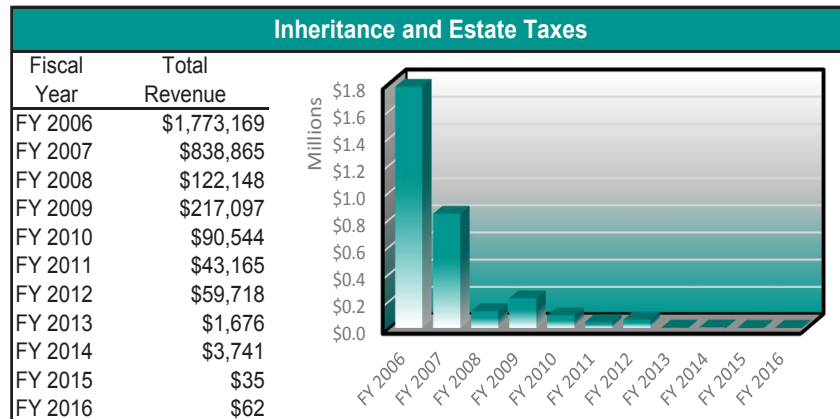
Hospital Facility Utilization Fee Schedule	
<u>Fee Applies to This Period</u>	<u>Fee Per Inpatient Bed Day</u>
January 1, 2004 - June 30, 2005	\$19.43
July 1, 2005 - December 31, 2005	\$29.75
January 1, 2006 - June 30, 2007	\$27.70
July 1, 2007 - December 31, 2007	\$47.00
January 1, 2008 - December 31, 2008	\$43.00
January 1, 2009 - 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 Public Health and Human Services to reimburse hospitals serving Medicaid patients (15-66-102, MCA).

Inheritance and Estate Tax

Statute: Title 72, Chapter 16, MCA



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 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 has an estate tax with a rate of zero.

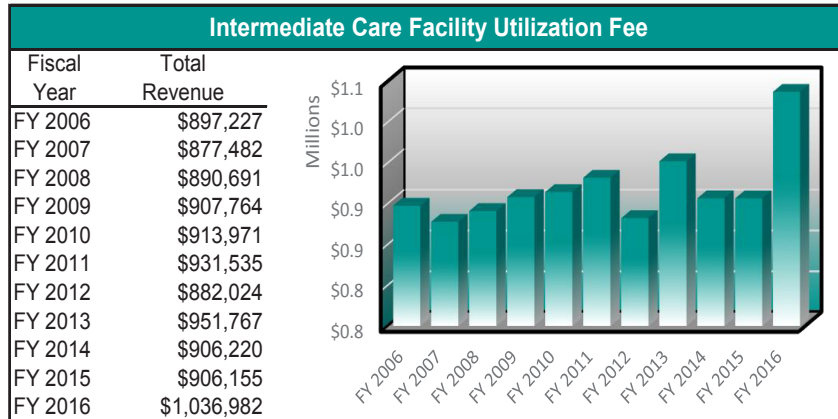
No Montana tax applies to the estates of people who died after January 1, 2005. All revenue received in FY 2006 through FY 2016 is from the estates of people who died before the end of 2004. The state continues to receive small amounts of revenue because it sometimes takes years for final settlement of all issues pertaining to an estate.

Distribution

All inheritance tax revenue is deposited in the state general fund.

Intermediate Care Facility Utilization Fee

Statute: Title 15, Chapter 67, MCA



Fee Rate

The Intermediate Care Facility Utilization Fee is collected at a rate of 6 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 5 percent. The 2005 Legislature changed the fee to a quarterly payment of 6 percent of the intermediate care facility's quarterly revenue divided by the resident bed days for the same period. For facilities operated by the state, the fee is calculated on total quarterly expenditures.

Filing Requirements

Payments are filed and paid quarterly.

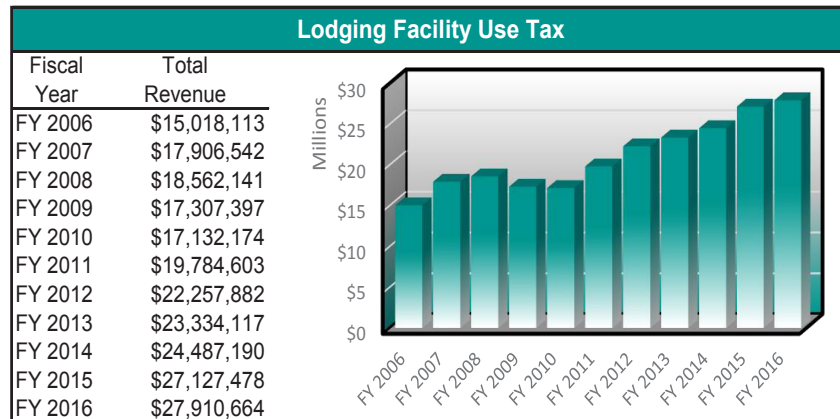
Distribution

Thirty percent of the revenue generated by this fee 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).

Distribution of Intermediate Care Facility Utilization Fees						
Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
General Fund (30%)	\$279,460	\$264,607	\$285,530	\$271,866	\$271,846	\$311,095
Prevention & Stabilization (70%)	\$652,074	\$617,417	\$666,237	\$634,354	\$634,308	\$725,888

Lodging Facility Use Tax

Statute: Title 15, Chapter 65, MCA



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 4 percent of the lodging charge.

Filing Requirements

The owner or operator of a facility collects the tax from customers and must pay the tax to the department quarterly. The tax is due on, or before, the last day of the month immediately following the end of the quarter. To simplify compliance, the department has lodging operators file a single return combining the lodging facility use tax and the lodging sales tax.

Distribution

The department's costs of administering the lodging facility use tax are paid out of receipts from the tax. This process is different from 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 deducted from tax collections.

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.

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 to the following accounts:

- Department of Commerce for statewide tourism promotion.
 - 64.9 percent of revenues
- Montana Historical Society for roadside historical signs and historic sites.
 - 1 percent of revenues
- Montana university system for the Montana Travel Research Program.
 - 2.5 percent of revenues
- Historical Society to cover costs of the state museum and the Robert Sriver sculpture collection.

Lodging Facility Use Tax

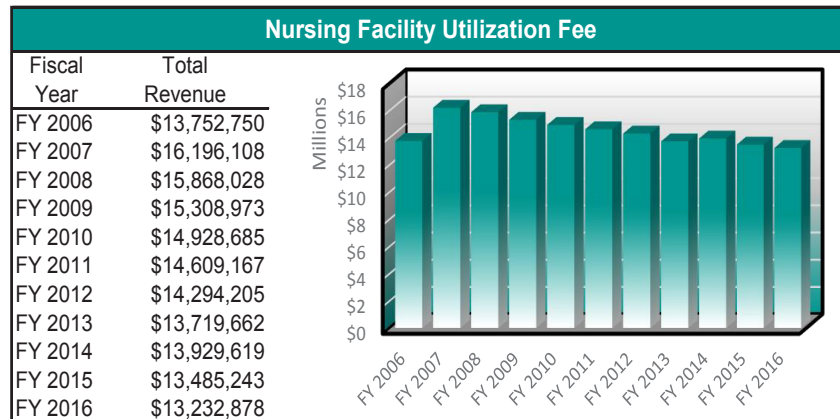
- 2.6 percent of revenues
- Department of Fish, Wildlife and Parks to maintain facilities in state parks.
 - 6.5 percent of revenues
- Regional nonprofit tourism corporations and local convention and visitors bureaus for local tourism promotion.
 - 22.5 percent of revenues
 - Each of the state's six 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, half of that amount goes to the local convention and visitors' bureau.

The 2011 Legislature (HB 477) created the allocation to the Historical Society and reduced the Department of Commerce's allocation by the same percentage (2.6 percent).

Distribution of Lodging Facility Use Tax						
Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Total Revenue	\$19,784,603	\$22,257,882	\$23,334,117	\$24,487,190	\$27,127,478	\$27,910,664
DOR Administration	\$132,416	\$135,675	\$136,459	\$144,317	\$147,793	\$147,821
Travel Reimbursements	\$215,859	\$140,183	\$134,921	\$152,886	\$127,527	\$113,724
MT Heritage Preservation Acct.	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Remainder	\$19,036,328	\$21,582,023	\$22,662,737	\$23,789,987	\$26,452,158	\$27,249,119
Department of Commerce (64.9%)	\$12,849,521	\$14,012,087	\$14,708,117	\$15,439,702	\$17,167,451	\$17,684,678
MT Historical Soc. Sites & Signs (1%)	\$190,363	\$215,820	\$226,627	\$237,900	\$264,522	\$272,491
MT University System (2.5%)	\$475,908	\$539,551	\$566,568	\$594,750	\$661,304	\$681,228
MT Historical Soc. Interpret. Acct. (2.6%)	\$0	\$555,779	\$589,231	\$618,540	\$687,756	\$708,477
Fish, Wildlife, and Parks (6.5%)	\$1,237,361	\$1,402,832	\$1,473,078	\$1,546,350	\$1,719,390	\$1,771,193
Regional Tourism (22.5%)	\$4,283,174	\$4,855,955	\$5,099,116	\$5,352,747	\$5,951,736	\$6,131,052

Nursing Facility Utilization Fee

Statute: Title 15, Chapter 60, MCA



Tax Rate

All facilities licensed by the Department of Public Health and Human Services (DPHHS) and the Montana Mental Health Nursing Care Center (MMHNCC) must pay a utilization fee of \$8.30 per resident day.

Filing Requirements

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

Distribution

For all facilities, with the exception of 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 (15-60-102, MCA).

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

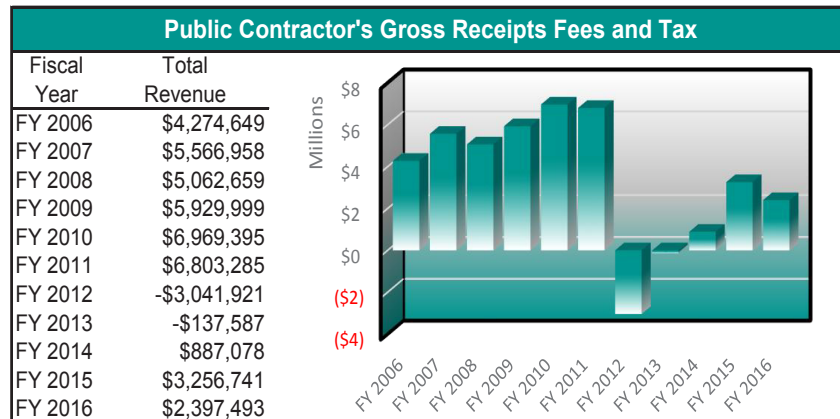
The revenue distributed into the nursing facility utilization account is used by DPHHS to increase the average price paid for Medicaid nursing facility services under the price-based reimbursement system used to establish Medicaid payment rates to nursing homes (15-60-211, MCA).

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

Distribution of Nursing Facility Utilization Fees						
	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Non-Montana Mental Health Nursing Care Center Facilities						
General Fund (≈33.73%)	\$4,838,119	\$4,735,765	\$4,580,152	\$4,615,142	\$4,455,861	\$4,370,397
Nursing Facility Util. Acct. Fee (≈66.27%)	\$9,505,548	\$9,304,451	\$8,931,529	\$9,067,461	\$8,754,519	\$8,586,606
Montana Mental Health Nursing Care Center Facilities						
General Fund (30%)	\$79,650	\$76,196	\$62,394	\$74,105	\$82,459	\$82,763
Prevention and Stabilization Fee (70%)	\$185,850	\$177,792	\$145,587	\$172,911	\$192,404	\$193,113

Public Contractor's Gross Receipts Fees and Tax

Statute: Title 15, Chapter 50, MCA.



Tax Rate

Prime contractors, or subcontractors, working on a publicly funded project in Montana are required to pay, or have withheld from their earnings, a license fee equal to 1 percent of the gross contract price of all government contracts over \$5,000.

Filing Requirements

Contractors can obtain part or all of the tax back by requesting refunds for business equipment and vehicle property taxes paid by their contracting business, and/or by claiming credit on their individual Montana income tax return or Montana corporation income tax return. These refunds often occur in a later year than the original payments.

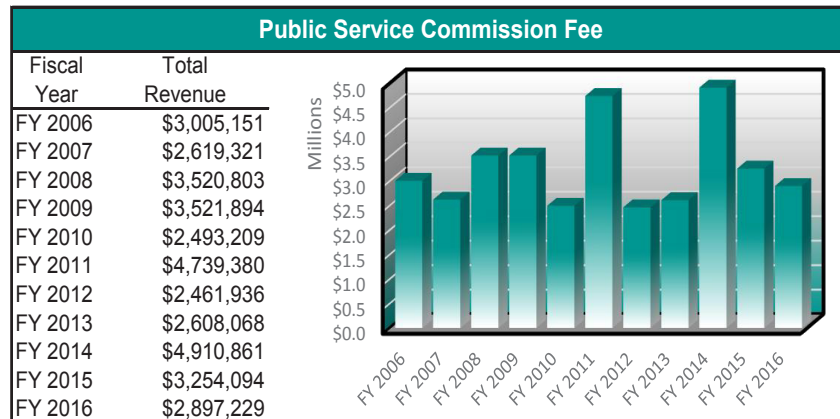
In FY 2012 and FY 2013, total refunds exceeded total payments and as a result, total contractor's gross receipts revenue was negative. The decline in revenue is due, in part, to a large decrease in the number of publicly-funded projects covered by the fee in FY 2012, FY 2013 and FY 2014. The revenue amounts are expected to return to a level closer to their historical levels, as the number of refunds claimed by contractors adjusts to the decreased number of qualified government contracts. In addition, upgrades to 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 finally posted. The upgrade, along with other efforts by the department, resulted in large, temporary, decreases in revenue over a short time period.

Distribution

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

Public Service Commission Fee

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



Tax Rate

All companies providing services that are regulated by the Public Service Commission are subject to a tax on gross operating revenue, excluding revenues from sales to other regulated companies for resale. However, motor carriers are not subject to the tax. The tax rate 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	
<u>Effective Dates</u>	<u>Rate</u>
Oct. 2005 - Sept. 2006	0.25%
Oct. 2006 - Sept. 2007	0.22%
Oct. 2007 - Sept. 2008	0.31%
Oct. 2008 - Sept. 2009	0.26%
Oct. 2009 - June 2010	0.21%
July 2010 - Sept. 2010	0.37%
Oct. 2010 - Sept. 2011	0.42%
Oct. 2011 - Sept. 2012	0.20%
Oct. 2012 - Sept. 2013	0.23%
Oct. 2013 - Sept. 2014	0.42%
Oct. 2014 - Sept. 2015	0.20%
Oct. 2015 - Sept. 2016	0.23%
Oct. 2016 - Sept. 2017	0.39%

Filing Requirements

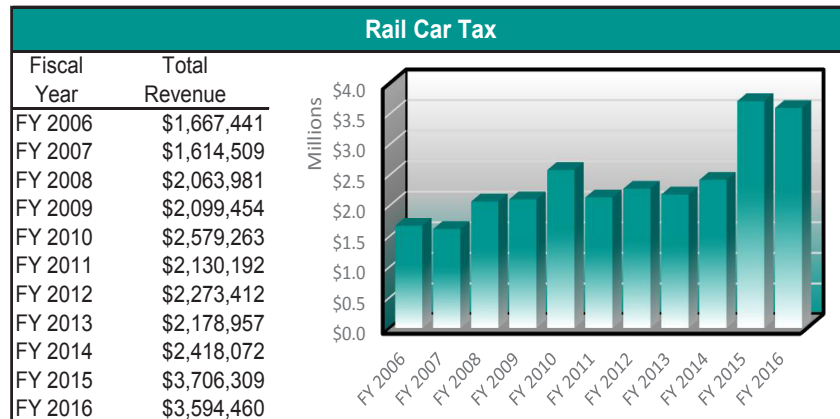
Taxpayers must file and pay the tax within 30 days of the end of the calendar quarter.

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



Tax Rate

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

As required by federal law, calculation of rail car tax is a three-step process. The first step is to determine the Montana market value of rail car companies. The second step is to calculate the taxable value by applying the class 12 taxable valuation rate to the Montana market value. The class 12 taxable value rate, which applies to railroad and airline property, is a composite rate reflective of the weighted average tax rate applied to all commercial and industrial property in the state. The third step is to apply the statewide average mill levy for commercial and industrial property to the taxable value. Section 15-23-211, MCA, provides a definition of the "average levy." Prior to fiscal year 2004, 95 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. The rail car tax general fund revenue is Montana's allocated rail car value multiplied by the class 12 taxable valuation rate, and then multiplied by the average statewide mill levy for commercial and industrial property. The calculated tax may differ from actual collections due to delinquent taxes.

Filing Requirements

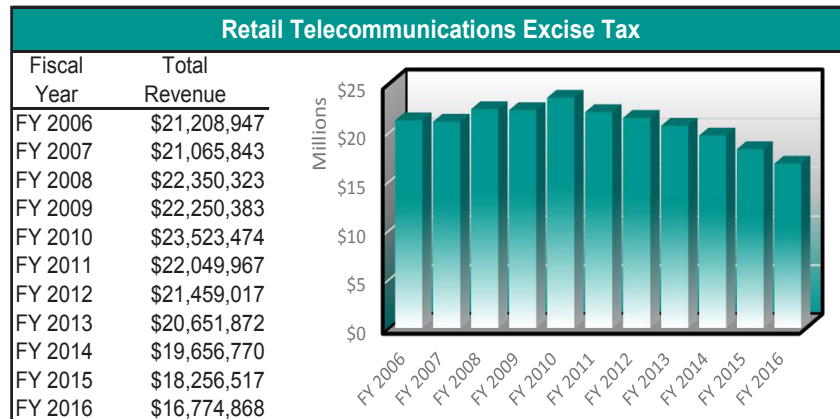
The department computes the rail car tax and sends the railroad car company a written notice with the amount of taxes due. This notice must include the taxable value of the property and the average levy used (15-23-214, MCA). One half of the rail car tax is due by November 30 of each year or within 30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

Rail car tax revenue is deposited in the state general fund (15-23-215, MCA).

Retail Telecommunications Excise Tax

Statute: Title 15, Chapter 53, MCA



Tax Rate

Prior to January 1, 2000, Montana levied a telephone company license tax of 1.8 percent on gross revenue telephone companies earned from in-state telephone calls. On January 1, 2000, the telephone company license tax was replaced by the retail telecommunications excise tax. The retail telecommunications tax is levied at a rate of 3.75 percent on retail sales of telecommunications service when the transmission either originates or terminates in Montana.

The sale of prepaid wireless cellular telephone services by third parties, such as retail and grocery stores, are not subject to Montana's retail telecommunications excise tax.

Filing Requirements

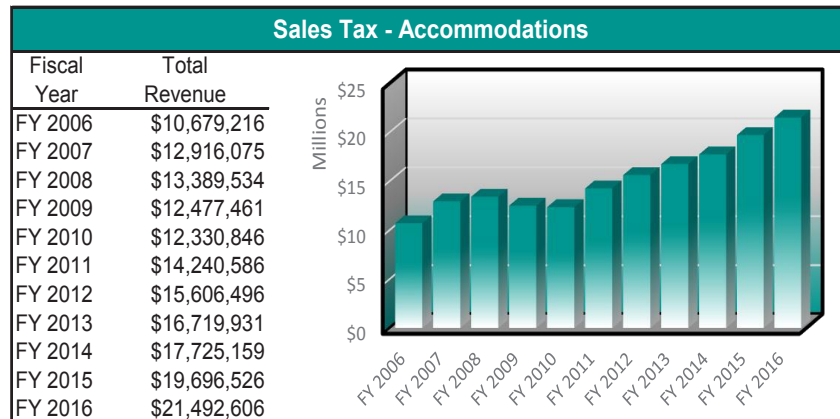
Each retail telecommunication service provider must file a quarterly return due 60 days after the end of the quarter.

Distribution

All receipts from the Retail Telecommunications Excise tax are deposited in the state general fund (15-53-156, MCA).

Sales Tax - Accommodations

Statute: Title 15, Chapter 68, MCA



Tax Rate

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

Filing Requirements

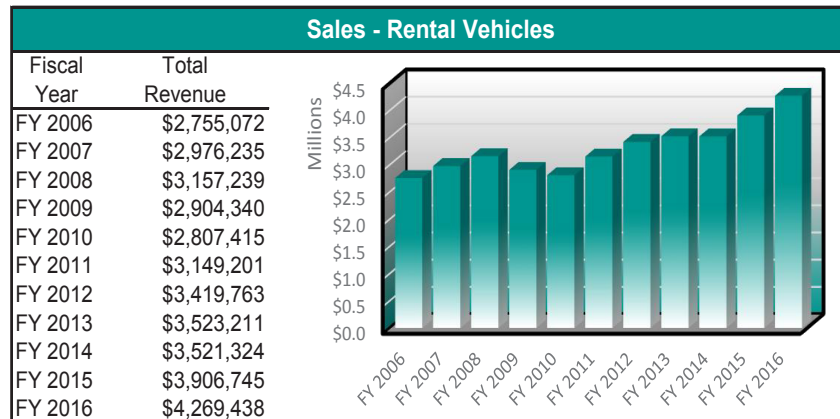
The sales tax is imposed on the purchaser, and collected and paid by the seller to the department. The tax is due on or before the last day of the month immediately following the end of the quarter. The seller who files a return and pays the tax on time is allowed to keep 5 percent of the tax collected, up to \$1,000 per facility, as compensation for collecting the tax. To simplify compliance, the department has the seller file a single return combining the lodging facility use tax and the lodging sales 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).

Sales Tax - Rental Vehicles

Statute: Title 15, Chapter 68, MCA



Tax Rate

The 2003 Legislature enacted a 4 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 charges based on time of use or mileage, 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 trucks, trailers and semis with GVW less than 22,000 lbs. 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

The sales tax is imposed on the purchaser, and collected and paid by the seller to the department. The tax is due on or before the last of the month immediately following the end of the quarter. A rental vehicle business that files a return and pays the tax on time is allowed to keep 5 percent of the tax collected, up to \$1,000 per location, as compensation for collecting the tax.

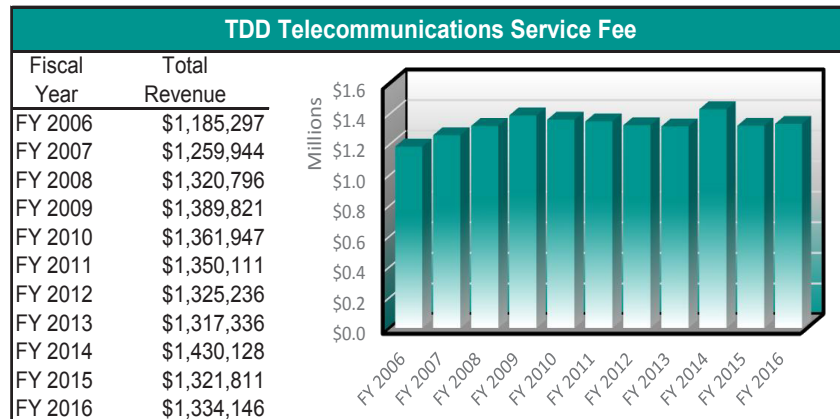
Distribution

Before 2016, all rental vehicle sales tax revenue was deposited into the state's general fund. After 2016, the distribution of rental vehicle sales tax revenue was changed to the following accounts (15-68-820, MCA):

- Senior citizen and persons with disabilities transportation services.
 - 25 percent of revenue
- State general fund.
 - 75 percent of revenue

TDD Telecommunications Service Fee

Statute: 53-19-301, MCA



Fee Rate

A monthly fee of \$0.10 per access line in the state is assessed from service subscribers to provide funding for a telecommunications relay service system that is designed to connect persons with disabilities to all public telecommunications 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 (VoIP) or prepaid wireless service, must collect the fee and remit the revenue to the state.

Filing Requirements

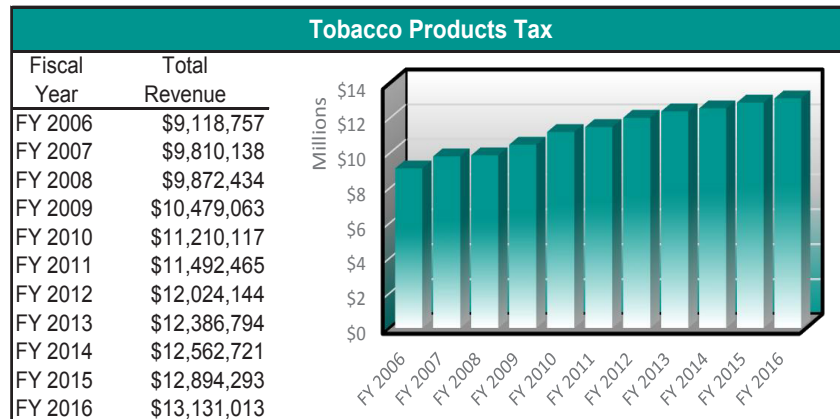
The fee is paid by the subscriber, but is collected and paid to the state by the service provider on a quarterly basis. The tax is due on the last day of the month immediately following the end of the quarter.

Distribution

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

Tobacco Products Tax

Statute: Title 16, Chapter 11, MCA



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 \$0.85 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). This increased the taxes on other tobacco products to 50 percent of the wholesale price and the tax on moist snuff to \$0.85 per ounce. This increase was effective January 1, 2005.

Tobacco Products Tax Rate	
Product	Tax Rate
Moist Snuff	\$0.85 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).

Distribution of Tobacco Products Tax						
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Total Revenue	\$11,492,465	\$12,024,144	\$12,386,794	\$12,562,721	\$12,894,293	\$13,131,013
Tobacco And Cig. Tribal Agree.	\$537,849	\$605,561	\$681,584	\$703,758	\$782,864	\$763,547
Remainder	\$10,954,616	\$11,418,583	\$11,705,210	\$11,858,963	\$12,111,429	\$12,367,466
General Fund (50%)	\$5,477,308	\$5,709,292	\$5,852,606	\$5,929,482	\$6,055,715	\$6,183,734
DPHHS (50%)	\$5,477,308	\$5,709,291	\$5,852,604	\$5,929,481	\$6,055,714	\$6,183,732

State Comparison

The tax rates associated with non-cigarette tobacco products vary significantly across the United States. A majority of states place a tax on the wholesale price of non-cigarette related tobacco products, with rates ranging from 6.6 percent of the wholesale price in Tennessee to 95 percent in several states. With a tax of 50 percent on the wholesale price of all non-cigarette and snuff tobacco products, the tax rate in Montana is similar to the national average. However, ten states tax the sale of non-cigarette tobacco products based

Tobacco Products Tax

on the manufacturer's, or factory list, price.

Montana is also one of several states that places a different tax on the sale of moist snuff. With a tax rate of \$0.85 per ounce, Montana had the seventh highest tax rate in the country. Vermont and Washington have the highest tax on moist snuff at \$2.57 and \$2.105 per ounce respectively.

Other Tobacco Product Taxes by State		
State	Type	Tax Rate
Alabama	Cigars	\$0.03 - \$0.405 Per 10 Cigars
	Tobacco / Snuff	\$0.02 - \$0.08 Per Ounce
Alaska	All Other Tobacco Products	75% Wholesale Price
Arizona	Cigars	\$0.2201 - \$2.18 Per 10 Cigars
	Tobacco / Snuff	\$0.223 Per Ounce
Arkansas	All Other Tobacco Products	68% Manufacturer's Price
California	All Other Tobacco Products	28.13% Wholesale Price
Colorado	All Other Tobacco Products	40% Manufacturer's Price
Connecticut	Snuff	\$1.00 Per Ounce
	All Other	50% Wholesale Price
Delaware	Snuff	\$0.54 Per Ounce
	All Other	15% Wholesale Price
Florida	Tobacco / Snuff	85% Wholesale Price
Georgia	Little Cigars	\$0.025 Per 10 Cigars
	Other Cigars	23% Wholesale Price
	Tobacco	10% Wholesale Price
Hawaii	Large Cigars	50% Wholesale Price
	Tobacco / Snuff	70% Wholesale Price
Idaho	All Other Tobacco Products	40% Wholesale Price
Illinois	Snuff	\$0.30 Per Ounce
	All Other	36% Wholesale Price
Indiana	All Other Tobacco Products	24% Wholesale Price
Iowa	All Other Tobacco Products	50% Wholesale Price
Kansas	All Other Tobacco Products	10% Wholesale Price
Kentucky	All Other Tobacco Products	15% Wholesale Price
Louisiana	Cigars	8% - 20% Manufacturer's Price
	Snuff / Smoking Tobacco	20% - 33% Manufacturer's Price
Maine	Chewing Tobacco / Snuff	\$2.02 Per Ounce
	Smoking Tobacco / Cigars	20% Wholesale Price
Maryland	Tobacco/Snuff	30% Wholesale Price
	Cigars	70% Wholesale Price

Tobacco Products Tax

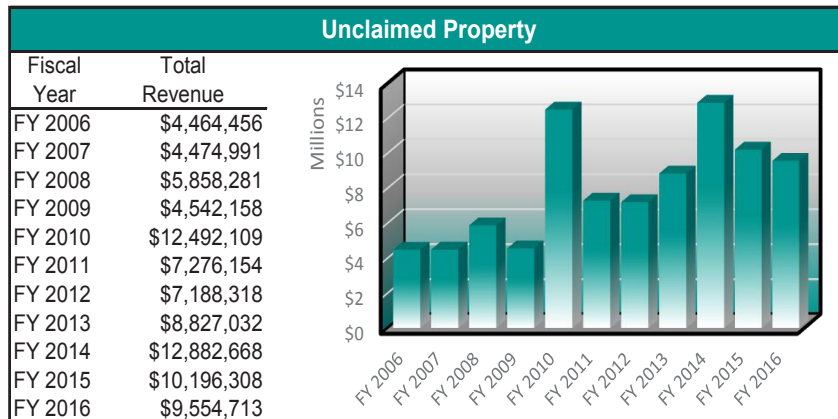
Other Tobacco Product Taxes by State

State	Type	Tax Rate
Massachusetts	Smoking Tobacco / Cigars	40% Wholesale Price
Michigan	All Other Tobacco Products	32% Wholesale Price
Minnesota	All Other Tobacco Products	95% Wholesale Price
Mississippi	All Other Tobacco Products	15% Manufacturer's Price
Missouri	All Other Tobacco Products	10% Manufacturer's Price
Montana	Snuff	\$0.85 Per Ounce
	All Other	50% Wholesale Price
Nebraska	Snuff	\$0.44 Per Ounce
	All Other	20% Wholesale Price
Nevada	All Other Tobacco Products	30% Wholesale Price
New Hampshire	All Other Tobacco Products	48% Wholesale Price
New Jersey	Snuff	\$0.75 Per Ounce
	All Other	30% Wholesale Price
New Mexico	All Other Tobacco Products	25% Product Value
New York	Snuff	\$2.00 Per Ounce
	All Other	75% Wholesale Price
North Carolina	All Other Tobacco Products	12.8% Wholesale Price
North Dakota	Cigars and Tobacco	28% Wholesale Price
	Chew Tobacco and Snuff	\$0.16 - \$0.60 Per Ounce
Ohio	All Other Tobacco Products	17% Wholesale Price
Oklahoma	Cigars (Little and Large)	\$1.20 Per 10 Cigars
	Snuff and Tobacco	60% - 80% Factory List Price
Oregon	Snuff	\$1.78 Per Ounce
	All Other Tobacco Products	65% Wholesale Price
Rhode Island	All Other Tobacco Products	80% Wholesale Price
South Carolina	All Other Tobacco Products	5% Manufacturer's Price
South Dakota	All Other Tobacco Products	35% Wholesale Price
Tennessee	All Other Tobacco Products	6.6% Wholesale Price
Texas	Cigar	\$0.01 - \$0.15 Per 10 Cigars
	Tobacco / Snuff	\$1.22 Per Ounce
Utah	Snuff	\$1.83 Per Ounce
	All Other	86% Manufacturer's Price
Vermont	Snuff	\$2.57 Per Ounce
	Cigar	\$20 - \$40 Per 10 Cigars
	All Other	92% Wholesale Price
Virginia	Snuff	\$0.18 Per Ounce
	All Other	10% Manufacturer's Price
Washington	Snuff	\$2.105 Per Ounce
	All Other Tobacco Products	95% Wholesale Price
West Virginia	All Other Tobacco Products	7% Wholesale Price
Wisconsin	All Other Tobacco Products	71% Manufacturer's Price
Wyoming	Snuff	\$0.60 Per Ounce
	All Other	20% Wholesale Price

Source: Federation of Tax Administrators

Unclaimed Property

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



Montana is considered a “custodial state,” which means the State of Montana holds any abandoned property on behalf of the rightful owners until the owner claims the property. 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. Intangible and tangible property covered by the act includes such items as money, uncashed checks, drafts, state warrants, uncashed payroll checks, utility deposits, interest dividends or income, savings and checking accounts, safe deposit box contents, credit balances, customer overpayments, gift certificates, unidentified remittances, stocks, bonds and uncashed coupons. 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. If the tangible abandoned property is not claimed within three years after the receipt of the property, the State of Montana shall sell the property to the highest bidder at a public sale within the state, with the proceeds from the sale being held on behalf of the owner in the state general fund.

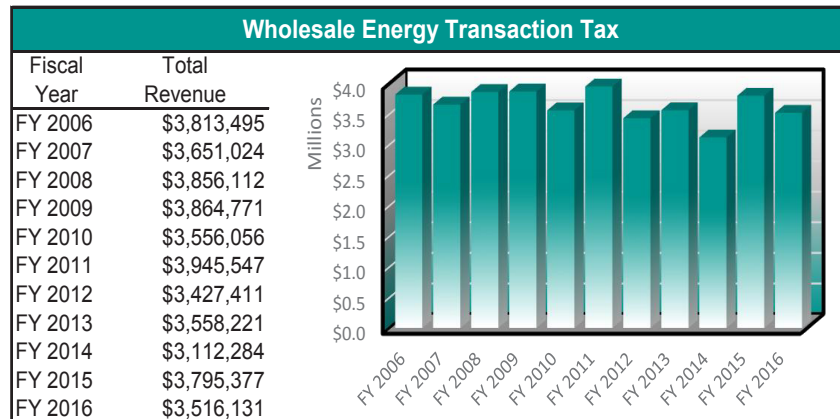
Since 1963, there has been approximately \$135,000,000 worth of unclaimed property turned over to the state. During that time, the department has returned nearly \$48,000,000 of the unclaimed property to its rightful owners.

Distribution

According to 70-9-813, MCA, 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.

Wholesale Energy Transaction Tax

Statute: Title 15, Chapter 72, MCA



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 5 percent exemption for electricity produced in the state to compensate for transmission line losses.

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 state general fund (15-72-106, MCA).

PROPERTY TAXES

BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



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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 ensure uniform valuation of similar properties throughout the state. The department was given this responsibility in the 1972 constitution.

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

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

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

Although the Department of Revenue is responsible for administering taxes and equalizing property throughout the state, it is the combination of the department, the legislature, and local governments and schools that set the level of taxes. The department determines the value of property throughout the state; the legislature sets the distribution of taxes by designating classes of property, establishing the tax rates and exemptions, and setting the basis of valuation; and local governments and other taxing jurisdictions set the level of taxes by their budgeting decisions and maximum mill levy limitations. Local governments also establish local special fees and assessment charges separate from ad valorem property taxes.

It is this interaction of the assessed value, tax rates, exemptions, mill rates, and special fees and charges that determine the property taxes paid by individual taxpayers.

Property taxes are not like other taxes in the state. 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. Therefore, reducing a tax rate or exempting a certain type of property from the tax base does not reduce the amount of taxes collected, but instead shifts the tax liability to other taxpayers in the affected jurisdiction.

Revenue collected from property taxes is statutorily limited. The legislature has placed limitations on the amount of property tax that can be collected. Local governments are subject to a maximum mill levy per 15-10-420, MCA. Property taxes levied by schools are limited by school budgeting laws. The state's mills are also subject to 15-10-420, MCA but may not exceed the mill levy limitations set out in law. Because of this, state mills have been fixed and property revenue can only grow as new value is added to the tax base.

The first part of this property tax section explains these underlying concepts of Montana's property tax in more detail. The second part focuses on the distribution of the tax burden and total revenue collected.

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

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

In general, taxable property in the state is appraised by the Department of Revenue at 100 percent of its market value. This 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 (15-8-111, MCA).

For residential property, this means using the sale price of comparable properties to establish the value of properties that 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, values will be determined by estimating the cost of the property, minus depreciation for both residential and commercial properties. The cost approach to value is generally used for unique property, multi-family property, mixed use property (property that contains both commercial and residential), improvements on agricultural land, and newly constructed property that is incomplete as of January 1.

Personal property and the value of gross proceeds and net proceeds of mines are reported annually by the taxpayer to the Department of Revenue.

Centrally assessed properties primarily consist of properties that cross county lines such as large utility companies and railroads. The department values the entire company and apportions the value among the counties and local jurisdictions by mileage or other basis that is judged to be reasonable and proper (15-23-105, MCA).

Forest and agricultural land are valued using productivity value of the land rather than market value. Forest productivity is determined by the College of Forestry and Conservation at the University of Montana in Missoula. Agricultural productivity is determined by using the soil surveys from the Natural Resource Conservation Service (NRCS), historical productivity measures, and a commodity price and capitalization rate set by the legislature.

The department has an office in each county. These county offices are responsible for the valuation of property with the exception of centrally assessed and large industrial properties. The county offices work with county treasurers, local officials, and the public to provide property tax information.

If a taxpayer disagrees with the valuation of property, the taxpayer can object to that value by submitting a Request for Informal Classification and Appraisal Review (form AB-26) with the department or filing an appeal directly with the County Tax Appeal Board (CTAB). If the taxpayer files an AB-26 and is not satisfied with the outcome of the informal classification and appraisal review, they can appeal to the CTAB. A taxpayer can challenge the ruling of the CTAB by appealing it to the State Tax Appeal Board (STAB). If the taxpayer is still not satisfied, they can bring it to district court and then to the Supreme Court.

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

Taxable value is the portion of the property's value subject to mill levies. It is calculated by applying the tax rate and any relevant exemptions to the market value. Therefore, taxable value is typically a fraction of the property's market value. For example, telecommunication property has a tax rate of 6 percent. If the telecommunication property's value is \$100,000, then its taxable value is \$6,000.

Taxable value is calculated differently for different types of property because all taxable property is classified into one of the 14 classes of property that the legislature determined. While each property within a class is valued in the same manner, not all classes of property are treated the same. Tax rates, exemptions, and valuations methods differ among classes of property as determined by the legislature.

The next table summarizes the differences in valuation by class. The following pages summarize the classes of property in more detail.

Classes of Property

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	2 Year
Class 4	Residential, Commercial, and Industrial (land and improvements)	Market Value	2 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	Noncentrally Assessed Utilities	Market Value	Annual
Class 8	Business Equipment	Market Value	Annual
Class 9	Pipelines and Nonelectric 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

Class 1 – net proceeds of mines and mining claims except for coal, bentonite, and metal mines. Class one property is reported to the department each year by the taxpayer. Taxable value is 100 percent of the market value.

Class 2 – gross proceeds of metal mines. The taxpayer reports new gross values to the department each year by the taxpayer. The tax rate for class two properties is three percent.

Class 3 – agricultural land, nonproductive patented mining claims, and nonqualified agricultural land. Class three property is reappraised on a two year cycle.

Agricultural land is valued based on the productivity of the land. There are four main sub-classes of agricultural land: grazing land; tillable irrigated land; non-irrigated land used for grain or other crops; and non-irrigated land used for continuous hay production. 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 tax rate is 2.16 percent for 2016.

Non-qualified agricultural land includes parcels of land that are between 20 and 160 acres under one ownership that are not eligible for valuation as agricultural land. These parcels are appraised at the average productivity of grazing land and are taxed at seven times the class three tax rate, or 15.12 percent for 2016.

Class 4 – residential, commercial, and industrial land and improvements. Class four property is the largest class as measured in both market value and the number of parcels.

Beginning in TY 2015, class four property is appraised on a biennial basis. The new appraisal values determined by the department are applied in odd number tax years. If a property does not change in a substantial way, then the prior year's reappraisal value is also used in the even number tax years.

The tax rate for residential property is 1.35 percent in 2016. The tax rate for commercial and industrial property is 1.4 times the residential property tax rate, or 1.89 percent in 2016.

The legislature provides three programs to assist taxpayers with property taxes: the Property Tax Assistance Program, the Montana Disabled Veterans Assistance Program, and the Elderly Homeowner/Renter Credit. These programs are discussed in more detail in the tax expenditure section of the Biennial Report.

Class 5 – pollution control equipment, independent and rural electric and telephone cooperatives, machinery and equipment used in electrolytic reduction facilities, real and personal property of research and development firms, and real and personal property used in production of gasohol. The market value of

Classes of Property

class five property is assessed each year by the department's industrial appraisers. The tax rate is three percent.

Class 7 – non-centrally assessed utilities. The market value is determined on an annual basis by the department's industrial appraisers. The tax rate is eight percent.

Class 8 – personal property used for business purposes. Class eight property is reported to the department annually. The total market value owned or controlled by a business or entity is taxed as follows: first \$100,000 in market value is tax exempt; next six million dollars of market value is taxed at 1.5%; any property above \$6.1 million has a tax rate of three percent.

Class 9 – 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 is twelve percent.

Class 10 – forest land. Forest land is reassessed every six years and is valued based on the productivity of each parcel of land. Productivity of each acre is determined by the University of Montana, College of Forestry and Conservation with input from the timber industry. 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 2016 tax rate is 0.37 percent.

Class 12 – 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. In 2016 the tax rate is 3.04 percent.

Class 13 – all property of telecommunication utilities and the electric generating property of electric utilities. The market value is determined on an annual basis by the department's centrally assessed appraisers. The tax rate is six percent.

Class 14 – renewable energy production and transmission property. This includes commercial wind generation, biodiesel production, biomass gasification, coal gasification, ethanol production, and geothermal energy property. The tax rate is three percent.

Class 15 – 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 is three percent.

Class 16 – high voltage DC converter station property located in a manner that the power can be directed to two different regional grids. The tax rate is 2.25 percent. Currently there is no class 16 property in the state.

Determining Taxes Paid

Determining Taxes Paid

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

$$\text{Property Tax} = \text{Taxable Value} \times \text{Cumulative Millage Rates}$$

The rate applied to taxable value to determine taxes paid is denoted as a mill. One mill is equal to 1/1000 of a dollar or 0.1 cent.

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

The total amount of mills that may be levied differs between the state and local governments. The state's mills are statutorily fixed while local governments set their mills based on the budgets of the individual taxing jurisdictions and their tax base.

State Mill Rate

The state levies 95 mills for school equalizations and six mills for the university system. There are also 1.5 mills levied for vocational and technical schools that are applied to property in Silver Bow, Cascade, Yellowstone, Missoula, and Lewis and Clark counties only. These mills generate revenue to fund part of the state's obligation to support local schools, universities, and technical colleges.

Prior to 1989, the elementary school equalization mills were set at 17 mills and the high school equalization mills were set at 28 mills. In 1989, the Montana Supreme Court found Montana schools were not adequately funded. In response, the legislature increased these levies by five mills each and created a new state equalization levy of 40 mills. For FY 2017, it is estimated that these 95 mills will generate approximately \$254 million in property taxes for the state general fund.

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

Local Government Mill Rate

Local governments set their mills based on the budgets of individual taxing jurisdictions and their tax base. A taxing jurisdiction is a governmental entity authorized to impose tax on property. The tax base is the total amount of taxable value contained within the physical boundary of the taxing jurisdiction as of January 1 of the current tax year.

Section 15-10-420, MCA, explains the law that local governments must follow for determining the 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, increases in value due to 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, then the inflationary adjustment would be an increase of \$500. This year's inflation-adjusted levy authority would increase to \$50,000.

Determining Taxes Paid

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

If the same taxing entity has a current tax base of \$10,200,000 but \$200,000 is newly taxable property, then the adjusted tax base used for setting mills would be \$10,000,000.

Taxing jurisdictions generally do this calculation in terms of taxable value per mill. A tax base of \$10,200,000 would equate to \$10,200 taxable value per mill (\$10,200,000 / \$1,000), \$200,000 in newly taxable property is \$200 newly taxable property per mill (\$200,000 / \$1,000), and the adjusted tax base of \$10,000,000 is \$10,000 taxable value per mill (\$10,000,000 / \$1,000).

Current Taxable Value per Mill	=	\$10,200
Newly Taxable Value per Mill	-	\$200
Adjusted Taxable Value per Mill	=	\$10,000

Therefore, when the adjusted levy authority of \$50,000 is divided into the adjusted taxable value per mill of \$10,000, the maximum millage authority afforded by the legislature to the taxing jurisdiction would be 5 mills.

Adjusted Budget Authority	=	\$50,000	=	Authorized Mill Levy	=	5.000
Adjusted Tax Base		\$10,000				

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. In instances when the cost of providing service increases faster than allowable property tax levels increase, a reduction in services takes place or the governing body can ask voters to approve an additional mill levy. On the other hand, if the allowable property tax revenue increases faster than the cost of providing services, property taxes are reduced.

Taxes Assessed by the Example Taxing Jurisdiction on the Example Residence

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 annual taxes that would be assessed by the example taxing authority on an example residence valued at \$100,000 would be equal to the taxable value of the residence, \$1,350 (100,000x1.35%) multiplied by the millage rate of the taxing jurisdiction in (0.005). This is \$6.75 in total taxes.

Levy Districts

Local taxing jurisdictions are allowed to levy mills to fund the services that they provide. Schools, cities and towns, 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. By definition, each property in a taxing district will have the same mills applied to their taxable values. An example levy district is 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

Tax Increment Financing

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 jurisdiction.

Tax Increment Financing

Tax increment financing (TIF) is authorized by 7-15-4282, MCA, and is an opportunity for qualifying districts to use property tax revenue to fund new development. It works by separating taxable value into base and increment values so that revenue from the base value continues to go to the regular taxing jurisdiction, but taxes on the increment go to the TIF to pay for development activities within the TIF.

As of July 1, 2013, qualifying districts include targeted economic development districts and urban renewal districts. Qualifying districts prior to this date included industrial districts, technology districts, and aerospace transportation and technology districts. The 2013 Legislature eliminated the option to create any of those three districts, but districts that were already in existence may remain in existence.

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 (7-15-4288, MCA).

Upon expiration of the TIF, the increment is released back to the local governments and the state. State and local governments use the released increment as newly taxable property for 15-10-420, MCA, purposes. Schools treat the released increment as an increase in their tax base and adjust their mill levies accordingly.

TIF districts expire on the latter of the 15th year following the TIF's adoption or the full payment of all bonds for which tax increment revenue has 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 these would not extend the life of a TIF.

	Years From TIF Authorization																												
Years	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
Initial Term	15 Years Following Adoption																												
Term Extended by Bond Issuance																Bond Issuance Before 15th Year Anniversary													
Additional Bond Issuance Term Limitation																Additional Extensions Limited													

TIF districts are allowed to collect the incremental 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 2016, TIFs collected \$35.687 million in revenue over an increment taxable value base of \$52.929 million. Therefore, the average mills for TIFs were 674.247 (\$35.687 million / \$52.929 million*1,000).

An Example: TIF Increment

Base taxable value is the total taxable value in the TIF district in the year prior to the TIF's existence. Incremental taxable value is the taxable value that exceeds the base taxable value for the district at any year. 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

Tax Increment Financing

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 total millage rate in the TIF 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 or 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

The following pages show a summary of the existing TIF districts.

Tax Increment Financing

Tax Increment Financing Districts (TIF) / Targeted Economic Development Districts (TEDD) TY 2015 Taxable Value of Increment and Revenue Generated for the District						
County	District	Year Created	Year Expected Expiration	2015 Total Taxable Value	Taxable Value of Base	Incremental Taxable Value
Industrial Tax Increment Financing Districts						
Big Horn	Hardin Industrial	2004	2031	1,838,719	465,144	1,373,575
Cascade	Airport TID	2008	2023	149,179	107,149	42,030
Cascade	East Industrial Park	2014	2029	6,444	0	6,444
Cascade	East Industrial Park	2014	2029	38,435	2,322	36,113
Cascade	Int'l Malting TID	2005	2020	866,920	362,124	504,796
Cascade	Manchester Exit	2008	2023	60,027	3,217	56,810
Cascade	Montana Milling	2008	2023	41,287	381	40,906
Deer Lodge	T104	2008	2022	7,480,165	909,339	6,570,826
Flathead	Kalispell H	2005	2026	20,890	126	20,764
Gallatin	Mandeville Farm	2006	2021	67,270	12,059	55,211
Hill	Hill Co Industrial	2013	2028	964	912	52
Jefferson	Sunlight Industrial (4FT)	2009	2024	83	132	0
Jefferson	Sunlight Industrial (4RT)	2009	2024	1,618	100	1,518
Jefferson	Sunlight Industrial (16RT)	2009	2024	1,762,510	737,102	1,025,408
Lincoln	Lincoln Co Industrial (4)	2005	2015	152,357	83,275	69,082
Lincoln	Lincoln Co Industrial (4F)	2005	2015	2,826	1,409	1,417
Lincoln	Lincoln Co Industrial (4I)	2005	2015	1,970	982	988
Missoula	Airport Industrial	1991	2018	2,388,249	176,605	2,211,644
Missoula	Bonner Mill Industrial	2013	2028	207,128	121,676	85,452
Park	West End Industrial	2004	2024	170,050	128	169,922
Ravalli	N Stevensville Industrial	2011	2025	108,923	109,850	0
Ravalli	Stevensville Airport	2013	2025	61,644	49,122	12,522
Silver Bow	Ramsey TIFID	1994	2022	8,009,800	1,721,230	6,288,570
Toole	Shelby Industrial	2013	2028	304,553	75,464	229,089
Technology Tax Increment Financing Districts						
Flathead	Kalispell G	2005	2026	96,254	390	95,864
Gallatin	S Bozeman Tech District	2013	2028	283	417	0
Missoula	Technology District	2005	2020	207,128	121,679	85,449
Urban Renewal Tax Increment Financing Districts						
Cascade	GF DT Urban Renewal	2013	2028	4,087,891	3,643,575	444,316
Cascade	GF West Bank	2007	2022	110,287	54,322	55,965
Cascade	GF West Bank	2007	2034	776,558	237,928	538,630
Chouteau	1TID	1998	2029	220,056	160,843	59,213
Chouteau	2TID	2012	2027	26,076	17,494	8,582
Deer Lodge	Ana - Downtown	2014	2030	911,052	856,215	54,837
Fergus	Lewistown Urban	2014	2029	1,554,022	1,482,192	71,830
Flathead	Kalispell B	1995	2020	1,337,249	453,612	883,637
Flathead	Kalispell C - amended 2011	1997	2037	6,663,338	7,932,918	0
Flathead	Whitefish A	1987	2020	12,686,717	4,185,352	8,501,365
Gallatin	Bozeman Downtown	1995	2021	4,227,246	1,328,695	2,898,551
Gallatin	N 7th Urban Renewal	2006	2021	3,942,382	2,886,997	1,055,385
Gallatin	NE Urban Renewal	2006	2021	637,524	423,054	214,470
Jefferson	Whitehall Urban Renewal	2014	2029	800,448	736,527	63,921
Lake	Polson	2002	2025	1,563,363	1,436,002	127,361
Lincoln	Riverside	2001	2021	413,988	347,928	66,060
Missoula	Front St URD	2007	2035	1,839,099	1,413,035	426,064
Missoula	Hellgate URD	2015	2030	960,528	1,025,448	0
Missoula	N Reserve Scott St. URD	2015	2030	309,996	295,864	14,132
Missoula	N. Reserve Scott St. URD	2015	2030	1,253,950	1,195,341	58,609
Missoula	River Front URD	2008	2023	132,883	157,858	0
Missoula	URD II	1991	2031	598,520	313,637	284,883
Missoula	URD II	1991	2031	3,293,062	1,546,186	1,746,876
Missoula	URD III	2000	2015	8,771,049	7,004,346	1,766,703
Park	Livingston Urban Renewal	2003	2019	1,788,161	1,604,273	183,888
Silver Bow	Butte Uptown URD	2014	2029	4,563,679	3,587,625	976,054
Silver Bow	Eastside TIFID	2005	2020	487,561	286,251	201,310
Yellowstone	2008 Expanded N 27th St	2008	2038	7,316,771	3,328,807	3,987,964
Yellowstone	East Billings	2007	2022	2,867,342	1,800,794	1,066,548
Yellowstone	Laurel	2007	2022	2,101,382	1,169,223	932,159
Yellowstone	North 27th St	2005	2038	1,755,734	783,431	972,303
Yellowstone	South Billings Blvd	2008	2023	11,068,058	7,046,472	4,021,586
Targeted Economic Development Districts (TEDD)						
Missoula	Bonner W Log Yard TEDD	2013	2030	69,513	0	69,513
Missoula	Bonner W Log Yard TEDD	2015	2030	49,802	1,148	48,654
Total				113,230,963	63,805,727	50,785,821

Tax Increment Financing

Tax Increment Financing Districts (TIF) / Targeted Economic Development Districts (TEDD) TY 2016 Taxable Value of Increment and Revenue Generated for the District						
County	District	Year Created	Year Expected Expiration	2016 Total Taxable Value	Taxable Value of Base	Incremental Taxable Value
Industrial Tax Increment Financing Districts						
Big Horn	Hardin Industrial	2004	2031	1,946,768	465,144	1,481,624
Cascade	Airport TID	2008	2023	150,866	107,149	43,717
Cascade	East Industrial Park	2014	2029	43,984	2,322	41,662
Cascade	Int'l Malting TID	2005	2020	874,495	362,124	512,371
Cascade	Manchester Exit	2008	2023	56,313	3,217	53,096
Cascade	Montana Milling	2008	2023	41,549	381	41,168
Deer Lodge	Mill Creek	2008	2022	8,748,597	909,339	7,839,258
Flathead	Kalispell H	2005	2026	20,890	126	20,764
Gallatin	Mandeville Farm	2006	2021	90,665	12,059	78,606
Hill	Hill Co Industrial	2013	2028	993	912	81
Jefferson	Sunlight Industrial (4FT)	2009	2024	1,706,422	737,334	969,088
Jefferson	North Jefferson Co Industrial			87,917	18,590	69,327
Missoula	Airport Industrial	1991	2018	2,533,283	176,605	2,356,678
Missoula	Bonner Mill Industrial	2013	2028	234,751	121,676	113,075
Park	West End Industrial	2004	2024	162,919	128	162,791
Ravalli	Hamilton Airport			107,793	107,624	169
Ravalli	N Stevensville Industrial	2011	2025	104,176	109,850	0
Ravalli	Stevensville Airport	2013	2025	60,763	49,122	11,641
Silver Bow	Ramsey TIFID	1994	2022	6,849,030	1,721,230	5,127,800
Technology Tax Increment Financing Districts						
Flathead	Kalispell G	2005	2026	95,241	390	94,851
Gallatin	S Bozeman Tech District	2013	2028	283	417	0
Missoula	Technology District	2005	2020	269,083	0	269,083
Urban Renewal Tax Increment Financing Districts						
Cascade	GF DT Urban Renewal	2013	2028	3,351,113	3,643,698	0
Cascade	GF West Bank	2007	2022	844,788	306,960	537,828
Custer	Miles City Downtown	2015		1,548,212	1,556,649	0
Chouteau	1TID	1998	2029	219,425	160,843	58,582
Chouteau	2TID	2012	2027	24,692	17,494	7,198
Deer Lodge	Ana - Downtown	2014	2030	949,823	856,215	93,608
Fergus	Lewistown Urban	2014	2029	1,539,184	1,482,192	56,992
Flathead	Columbia Falls URD	2015		2,019,516	1,896,297	123,219
Flathead	Kalispell B	1995	2020	1,149,211	453,612	695,599
Flathead	Kalispell C - amended 2011	1997	2037	8,332,869	7,932,918	399,951
Flathead	Whitefish A	1987	2020	12,671,897	4,185,352	8,486,545
Gallatin	Bozeman Downtown	1995	2021	4,397,597	1,328,695	3,068,902
Gallatin	Bozeman Midtown URD	2006	2021	4,505,181	3,512,246	992,935
Gallatin	NE Urban Renewal	2006	2021	616,335	423,054	193,281
Jefferson	Whitehall Urban Renewal	2014	2029	801,702	736,527	65,175
Lake	Polson	2002	2025	1,893,802	1,436,002	457,800
Lincoln	Riverside	2001	2021	420,265	347,928	72,337
Missoula	Front St URD	2007	2035	1,828,962	1,413,035	415,927
Missoula	Hellgate URD	2015	2030	985,733	1,025,448	0
Missoula	N Reserve Scott St. URD	2015	2030	1,301,542	1,195,341	106,201
Missoula	N. Reserve Scott St. URD	2015	2030	266,317	295,864	0
Missoula	River Front URD	2008	2023	112,904	157,858	0
Missoula	URD II	1991	2031	3,354,090	1,546,186	1,807,904
Missoula	URD II	1991	2031	594,423	313,637	280,786
Missoula	URD III	2000	2015	10,131,838	8,172,844	1,958,994
Park	Livingston Urban Renewal	2003	2019	1,780,557	1,604,273	176,284
Silver Bow	Butte Uptown URD	2014	2029	6,049,212	3,587,625	2,461,587
Silver Bow	Eastside TIFID	2005	2020	490,177	286,251	203,926
Yellowstone	2008 Expanded N 27th St	2008	2038	7,290,980	3,328,807	3,962,173
Yellowstone	East Billings	2007	2022	2,765,140	1,800,794	964,346
Yellowstone	Laurel	2007	2022	2,134,320	1,169,223	965,097
Yellowstone	North 27th St	2005	2038	1,457,129	783,431	673,698
Yellowstone	South Billings Blvd	2008	2023	11,033,154	7,046,472	3,986,682
Targeted Economic Development Districts (TEDD)						
Flathead	Columbia Falls Industrial Park TEDD					
Missoula	Bonner W Log Yard TEDD	2013	2030	84,186	0	84,186
Missoula	Bonner W Log Yard TEDD	2015	2030	57,491	1,148	56,343
Toole	Shelby Industrial	2013	2028	303,632	75,464	228,168
Total				121,494,180	68,565,076	52,929,104

Taxes Levied

Taxes Levied

The following sections of this report provide information about the value of property in Montana and the tax revenue collected by this property.

Taxes Levied – A Statewide Look

In TY 2016, the full market value of non-exempt property eligible for taxation in Montana was estimated at \$136.934 billion. Multiplying the applicable tax rates for each class of property by the taxable market value determines the taxable value. In TY 2016, the total taxable value of property in Montana was estimated at \$2.692 billion. This is an average tax rate of 1.97 percent.

Montana Property 2016			
	Taxable Market Value	Taxable Value	Average Tax Rate
Total	\$136,934,429,644	\$2,691,987,518	1.97%

In 2016, property taxes paid were estimated at \$1,544 billion. Therefore, the average mills levied were 573.83.

Montana Property 2014				
	Taxable Value	Taxes	Average Millage Rate	Average Mills
Total	\$2,691,987,518	\$1,544,731,454	0.57383	573.83

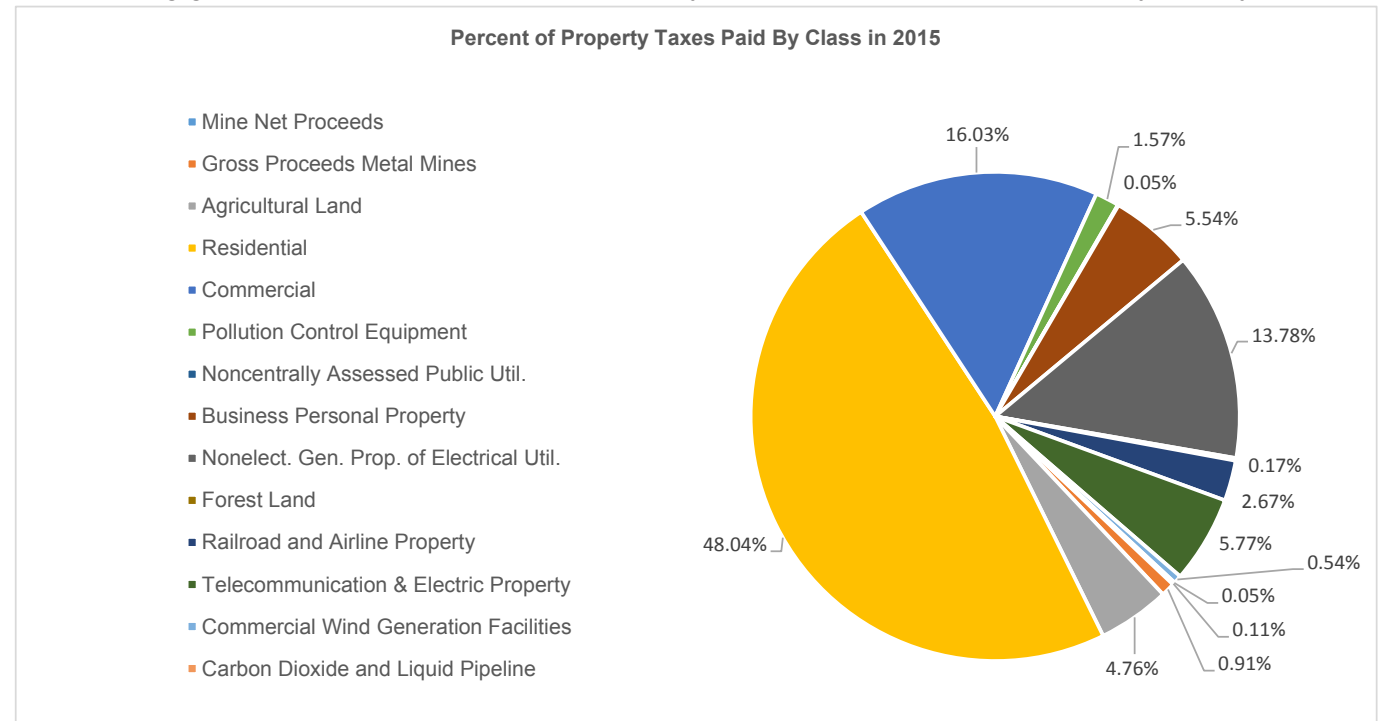
Property Taxes Paid by Class

Property Taxes Paid by Class of Property in 2015

The following table presents market value, taxable market value, and the taxes paid by class of property in the state in tax year 2015. In 2015, class four property provided 64.07 percent, class nine provided 13.78 percent, and class eight personal property paid 5.54 percent of total property taxes paid in the state.

Estimated Property Taxes Paid By Property Class Tax Year 2015 (Fiscal Year 2016)					
Tax Class	Description	Market Value	Taxable Value	Taxes Paid by Tax Class	Percent of Total Taxes
1	Mine Net Proceeds	\$3,907,430	\$3,907,430	\$1,641,268	0.11%
2	Gross Proceeds Metal Mines	\$883,888,082	\$26,516,643	\$13,461,900	0.91%
3	Agricultural Land	\$6,262,468,871	\$141,385,382	\$70,283,330	4.76%
4.1	Residential Improvements	\$63,264,910,506	\$846,330,818	\$513,116,014	34.72%
4.2	Residential Land	\$24,881,164,235	\$330,645,012	\$196,828,170	13.32%
4.8	Commercial Improvements	\$13,875,128,121	\$258,622,057	\$169,324,586	11.46%
4.9	Commercial Land	\$5,552,934,343	\$104,343,516	\$67,565,554	4.57%
Subtotal Class 4		\$107,574,137,205	\$1,539,941,403	\$946,834,324	64.07%
5	Pollution Control Equipment	\$1,561,538,940	\$45,554,504	\$23,198,910	1.57%
7	Noncentrally Assessed Public Util.	\$14,865,910	\$1,189,273	\$796,896	0.05%
8	Business Personal Property	\$7,400,853,443	\$154,083,933	\$81,821,289	5.54%
9	Nonelect. Gen. Prop. of Electrical Util.	\$3,587,140,566	\$430,456,634	\$203,593,509	13.78%
10	Forest Land	\$1,330,150,597	\$4,921,816	\$2,533,895	0.17%
12	Railroad and Airline Property	\$2,503,508,170	\$74,354,179	\$39,524,860	2.67%
13	Telecommunication & Electric Property	\$2,974,468,522	\$178,177,745	\$85,290,245	5.77%
14	Commercial Wind Generation Facilities	\$957,969,961	\$16,880,624	\$7,998,776	0.54%
15	Carbon Dioxide and Liquid Pipeline	\$165,687,487	\$2,352,256	\$800,403	0.05%
Total		\$135,220,585,184	\$2,619,721,822	\$1,477,779,605	

The following graph compares the percent of property tax paid for each class of property in tax year 2015.



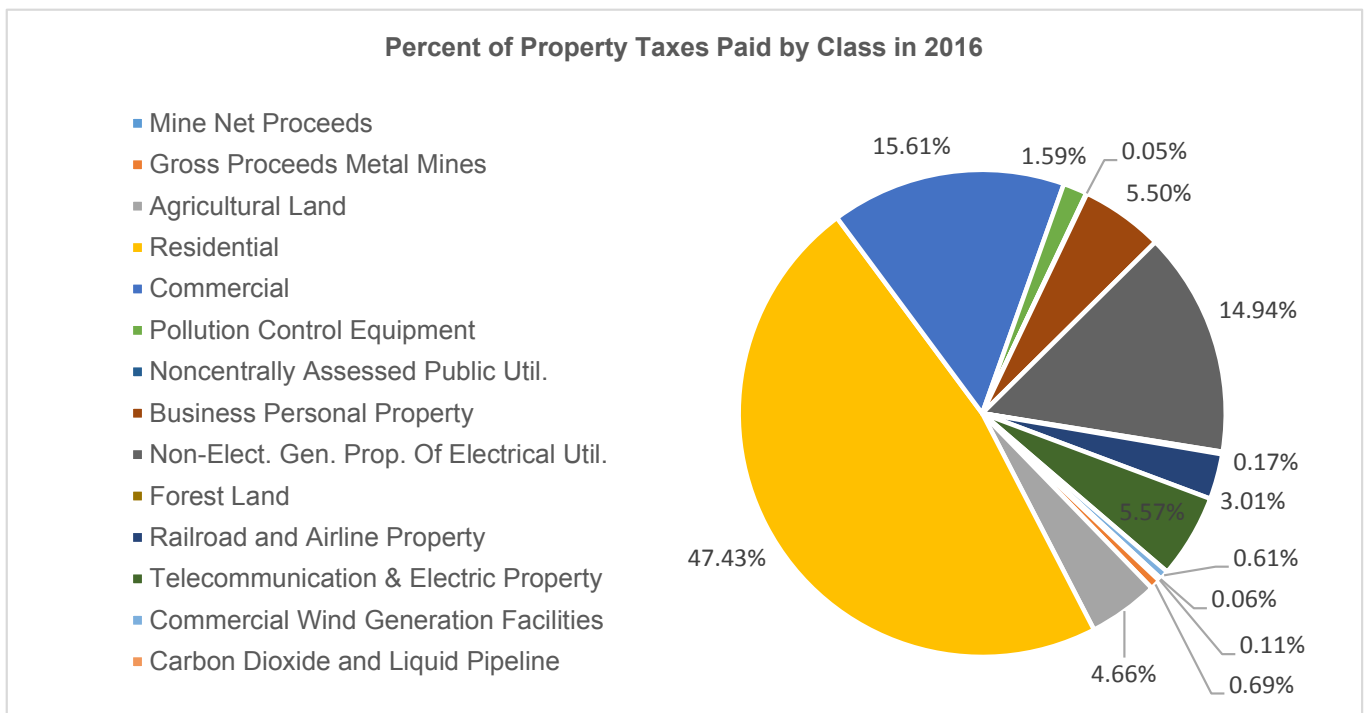
Property Taxes Paid by Class

Property Taxes Paid by Class of Property in 2016

The following table presents market value, taxable market value, and the taxes paid by class of property in the state in tax year 2016. In 2016, class four property provided 63.03 percent, class nine provided 14.94 percent, and personal property provided 5.50 percent of total property taxes paid in the state.

Estimated Property Taxes Paid By Property Class Tax Year 2016 (Fiscal Year 2017)					
<u>Tax Class</u>	<u>Description</u>	<u>Market Value</u>	<u>Taxable Value</u>	<u>Taxes Paid by Tax Class</u>	<u>Percent of Total Taxes</u>
1	Mine Net Proceeds	\$4,080,139	\$4,080,139	\$1,689,150	0.11%
2	Gross Proceeds Metal Mines	\$648,475,233	\$19,454,258	\$10,716,358	0.69%
3	Agricultural Land	\$6,305,449,825	\$142,282,081	\$72,022,587	4.66%
4.1	Residential Improvements	\$64,581,869,056	\$863,231,598	\$533,195,762	34.52%
4.2	Residential Land	\$24,814,514,443	\$327,999,437	\$199,407,675	12.91%
4.8	Commercial Improvements	\$13,864,159,845	\$258,050,785	\$172,940,031	11.20%
4.9	Commercial Land	\$5,464,151,776	\$102,749,060	\$68,154,728	4.41%
Subtotal Class 4		\$108,724,695,120	\$1,552,030,880	\$973,698,196	63.03%
5	Pollution Control Equipment	\$1,635,798,949	\$46,764,635	\$24,563,766	1.59%
7	Noncentrally Assessed Public Util.	\$14,241,366	\$1,139,308	\$771,098	0.05%
8	Business Personal Property	\$7,358,885,810	\$155,327,475	\$84,985,080	5.50%
9	Nonelect. Gen. Prop. of Electrical Util.	\$3,986,807,631	\$478,416,549	\$230,783,125	14.94%
10	Forest Land	\$1,329,606,808	\$4,919,796	\$2,566,305	0.17%
12	Railroad and Airline Property	\$2,843,525,264	\$85,934,399	\$46,543,425	3.01%
13	Telecommunication & Electric Property	\$3,030,509,903	\$181,613,787	\$86,022,960	5.57%
14	Commercial Wind Generation Facilities	\$880,903,896	\$17,670,019	\$9,438,024	0.61%
15	Carbon Dioxide and Liquid Pipeline	\$171,449,706	\$2,354,605	\$934,201	0.06%
Total		\$136,934,429,649	\$2,691,987,931	\$1,544,734,277	

The following graph compares the percent of property tax paid for each class of property in tax year 2016.



Property Taxes Paid by Taxing Jurisdiction Type

Property Taxes by Taxing Jurisdiction

The next table shows statewide property tax collections for different types of taxing jurisdictions for fiscal years 2014 through 2017.

Property Taxes Paid by Taxing Jurisdiction Type

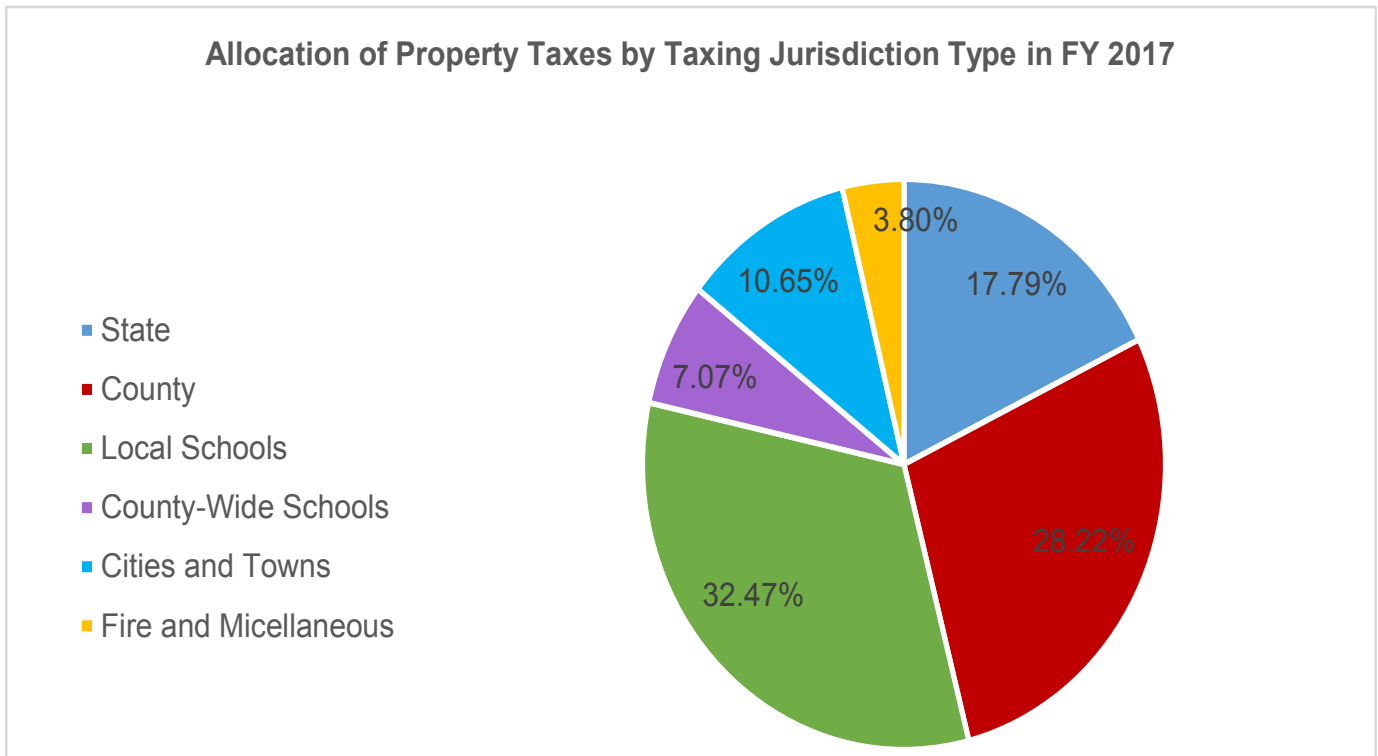
Taxes Levied on the Montana Property Tax Bill				
	FY 2014	FY 2015	FY 2016	FY 2017
Valuation¹				
Market Value of Taxable Property	85,855,922,758	88,724,503,451	135,220,585,424	136,934,429,644
Statewide Total Taxable Value	2,519,740,122	2,520,688,541	2,619,721,826	2,691,987,518
City/Town Taxable Value	861,062,874	842,804,189	899,768,492	919,157,377
Taxes Levied²				
State				
University	15,254,389	15,250,153	15,822,579	15,491,504
Vo-Tech (General Fund)	1,266,947	1,246,164	1,344,028	1,369,397
State General Fund	<u>241,541,623</u>	<u>241,477,506</u>	<u>250,553,092</u>	<u>257,908,937</u>
Subtotal State	258,062,959	257,973,822	267,719,699	274,769,838
County				
General	105,232,049	107,013,493	115,323,300	116,876,741
Road	45,889,895	48,390,293	53,799,325	55,615,371
Bridge	13,504,882	13,077,213	12,953,170	15,113,861
Entitlement	7,254,777	7,282,705	7,100,939	5,324,005
Bond Interest	0	0	0	0
County Fair	7,046,811	6,769,515	6,797,709	7,150,091
Library	11,890,965	11,800,526	11,986,772	12,965,969
Agricultural Extension	3,420,338	3,637,138	3,670,719	3,955,752
Planning	2,965,403	2,656,743	2,914,576	3,138,904
Health and Sanitation	9,050,669	9,576,882	10,008,092	10,842,902
Hospital	3,043,019	3,196,844	4,280,524	3,683,031
Airport	2,424,074	2,462,175	2,110,235	2,149,239
District Court	7,451,560	6,764,830	7,030,337	7,247,268
Weed Control	5,225,812	4,910,252	5,588,345	5,697,817
Senior Citizens	3,127,182	3,289,224	3,298,693	5,171,256
Public Safety	69,870,986	70,397,295	74,513,721	79,787,788
Other	<u>76,014,153</u>	<u>76,584,870</u>	<u>82,010,814</u>	<u>101,175,180</u>
Subtotal County	373,412,576	377,809,997	403,387,271	435,895,178
Local Schools				
Elementary	239,111,418	250,281,643	263,156,621	275,281,737
High School	143,871,334	144,380,239	150,851,960	155,434,923
K-12	54,794,544	56,494,280	58,935,893	63,852,009
Jr. College	<u>6,307,392</u>	<u>6,888,786</u>	<u>6,844,488</u>	<u>7,068,968</u>
Subtotal Local Schools	444,084,687	458,044,947	479,788,961	501,637,637
County-Wide Schools	104,952,586	104,903,248	103,985,844	109,143,305
Cities and Towns	147,060,028	149,494,727	159,503,534	164,529,140
Fire and Miscellaneous	64,170,266	65,093,090	67,292,732	58,756,356
Total Property Tax Based on Mills	\$1,391,743,102	\$1,413,319,832	\$1,481,678,040	\$1,544,731,454
S.I.D's and Fees	145,759,651	161,293,095	149,389,749	176,274,421
Total Property Taxes	\$1,537,502,753	\$1,574,612,927	\$1,631,067,789	\$1,721,005,875
¹ State taxable value include local abatements, Source: State Assessor's Report				
² Includes revenue distributed to TIFDs, Source: Taxes Levied Report				

Property Taxes Paid by Taxing Jurisdiction Type

In fiscal year 2017, state and local jurisdictions used approximately \$1.544 billion in property tax revenue. Of this amount, approximately 17.93 percent was budgeted by the state for educational purposes, 27.75 percent was budgeted for county services, 32.66 percent was used to fund local schools, 7.11 percent was used to fund educational retirement and transportation, 10.72 percent was budgeted for cities and towns services, and 3.83 percent was budgeted for fire and other miscellaneous services. As presented in the following table, the fiscal year 2016 distributions were similar.

Taxes Levied by Jurisdiction Type				
Taxing Jurisdiction	FY2016		FY2017	
	Tax Revenue	Percent of Total	Tax Revenue	Percent of Total
State	\$267,719,699	18.07%	\$274,769,838	17.79%
County	\$403,387,271	27.23%	\$435,895,178	28.22%
Local Schools	\$479,788,961	32.38%	\$501,637,637	32.47%
County-Wide Schools	\$103,985,844	7.02%	\$109,143,305	7.07%
Cities and Towns	\$159,503,534	10.77%	\$164,529,140	10.65%
Fire and Micellaneous	\$67,292,732	4.54%	\$58,756,356	3.80%
	\$1,481,678,040	100.00%	\$1,544,731,454	100.00%

The following pie chart shows the allocation of property tax usage by taxing jurisdiction type for fiscal year 2017.



Tax Revenue by County

The following two-page tables show property tax revenue collected for each county in tax year 2015 and tax year 2016 by each type of taxing jurisdiction.

Property Tax and Property Value Summaries

Property Taxes Levied and Average Mills - 2015

County	State Assessed Mills ¹ and Revenue		County Assessed Mills and Revenue		County Wide School Mills and Revenue	
	Mill Levy	Revenue	Mill Levy	Revenue	Mill Levy	Revenue
Beaverhead	101	2,042,164	160.70	3,246,853	47.77	965,178
Big Horn	101	2,529,570	113.33	2,838,496	67.98	1,702,560
Blaine	101	1,359,672	234.83	3,157,549	53.00	712,602
Broadwater	101	1,354,461	165.95	2,222,939	35.82	479,771
Carbon	101	3,684,390	123.78	4,483,054	31.85	1,153,447
Carter	101	4,830,500	98.91	4,730,454	4.45	213,008
Cascade	102.50	15,451,047	133.28	20,060,379	45.46	6,842,893
Chouteau	101	2,356,716	160.61	3,739,983	41.86	974,756
Custer	101	2,047,733	208.71	4,231,495	42.66	864,891
Daniels	101	726,808	179.73	1,293,344	52.72	379,379
Dawson	101	2,386,159	153.76	3,632,305	33.60	793,688
Deer Lodge	101	1,935,807	313.37	6,003,138	42.13	807,138
Fallon	101	4,316,638	155.31	6,593,099	0.00	0
Fergus	101	2,744,044	163.74	4,444,508	55.36	1,502,565
Flathead	101	23,456,026	160.86	37,283,424	45.50	10,546,323
Gallatin	101	24,457,089	117.42	28,419,350	51.74	12,523,970
Garfield	101	490,695	247.98	1,204,774	58.33	283,366
Glacier	101	2,822,832	234.50	6,198,370	54.05	1,428,616
Golden Valley	101	581,085	142.29	818,647	42.59	245,014
Granite	101	1,143,441	214.25	2,420,114	40.53	457,775
Hill	101	3,600,241	157.54	5,602,481	53.03	1,885,797
Jefferson	101	2,831,889	163.10	4,543,996	45.72	1,273,603
Judith Basin	101	1,632,895	107.17	1,660,094	28.73	445,047
Lake	101	6,562,171	186.31	12,105,077	54.58	3,545,960
Lewis & Clark	102.50	12,480,891	192.46	23,325,501	44.46	5,388,158
Liberty	101	891,828	224.86	1,985,465	15.38	135,798
Lincoln	101	3,204,140	142.91	4,533,847	33.62	1,066,475
Madison	101	8,320,030	111.06	9,144,663	14.29	1,176,923
McCone	101	723,659	241.80	1,729,315	35.02	250,433
Meagher	101	857,443	190.17	1,573,255	35.58	294,390
Mineral	101	971,941	230.71	2,208,891	40.99	392,450
Missoula	102.50	21,364,026	178.18	37,101,679	47.88	9,969,076
Musselshell	101	1,339,464	205.84	2,445,178	31.59	375,229
Park	101	4,004,379	123.79	4,908,062	44.67	1,771,100
Petroleum	101	151,323	148.87	223,039	36.62	54,871
Phillips	101	1,848,849	117.53	2,151,467	39.00	713,850
Pondera	101	1,588,603	224.55	3,502,262	41.67	649,964
Powder River	101	1,441,609	128.57	1,835,119	0.37	5,217
Powell	101	1,511,701	169.38	2,535,207	54.01	808,424
Prairie	101	470,968	259.32	1,209,230	34.47	160,737
Ravalli	101	7,470,449	144.46	10,685,308	34.56	2,556,433
Richland	101	6,303,484	141.23	8,811,986	0.00	0
Roosevelt	101	3,286,842	210.75	6,679,360	36.62	1,160,427
Rosebud	101	8,886,574	50.93	4,464,701	22.46	1,969,284
Sanders	101	3,350,741	127.84	4,241,082	38.21	1,267,588
Sheridan	101	1,827,492	193.41	3,456,794	35.86	640,939
Silver Bow	102.50	6,933,207	338.30	22,882,245	38.31	2,591,040
Stillwater	101	4,100,977	174.61	7,089,994	39.96	1,622,686
Sweet Grass	101	1,911,557	191.51	3,624,639	28.36	536,692
Teton	101	1,951,961	140.95	2,689,667	30.43	580,647
Toole	101	2,946,212	207.70	4,721,350	38.08	865,664
Treasure	101	480,033	160.52	762,909	24.62	117,014
Valley	101	2,966,021	129.51	3,803,211	49.16	1,443,545
Wheatland	101	1,710,986	134.38	2,152,241	21.55	345,202
Wibaux	101	1,465,480	134.59	1,952,841	13.23	191,989
Yellowstone	102.50	35,612,757	127.47	44,022,841	43.02	14,856,251
Statewide Total		267,719,699		403,387,270		103,985,844

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.

Property Taxes Levied and Average Mills - 2015

County	Local School Average Mills ² and Revenue		Misc. & Fire District Average Mills & Revenue		City Average Mills ³ and Revenue		SID's and Fees	Total of All Taxes and Fees
	Mill Levy	Revenue	Mill Levy	Revenue	Mill Levy	Revenue	Revenue	Revenue
Beaverhead	213.88	4,321,456	14.56	294,126	163.41	861,137	1,323,423	13,054,337
Big Horn	179.78	4,502,734	6.36	159,310	161.26	711,195	1,472,715	13,916,579
Blaine	174.12	2,341,161	7.86	105,726	292.99	615,822	2,222,133	10,514,666
Broadwater	186.78	2,502,008	33.36	446,879	85.08	151,749	815,733	7,973,539
Carbon	189.33	6,857,278	19.03	689,251	138.61	1,139,598	775,055	18,782,073
Carter	34.19	1,635,330	0.11	5,496	302.55	85,801	74,911	11,575,501
Cascade	196.11	29,518,068	22.03	3,315,214	189.70	17,079,892	9,968,415	102,235,908
Chouteau	167.96	3,911,249	32.92	766,502	189.52	522,877	447,587	12,719,670
Custer	244.67	4,960,494	0.91	18,394	198.75	1,725,515	2,309,916	16,158,438
Daniels	159.36	1,146,772	66.77	480,505	196.17	256,928	396,585	4,680,322
Dawson	242.78	5,735,187	13.02	307,611	195.39	1,488,791	2,679,677	17,023,417
Deer Lodge	182.35	3,493,235	66.93	1,282,206	34.56	166,271	2,236,789	15,924,583
Fallon	11.45	485,862	4.86	206,279	206.47	516,445	45,597	12,163,921
Fergus	219.24	5,950,975	14.52	394,090	223.25	1,585,642	1,410,238	18,032,063
Flathead	219.93	50,974,429	35.32	8,186,756	149.06	11,163,495	14,768,501	156,378,953
Gallatin	225.73	54,635,323	39.93	9,664,701	199.93	22,114,277	5,345,255	157,159,965
Garfield	138.41	672,459	1.56	7,566	165.44	46,028	86,440	2,791,327
Glacier	222.12	5,871,121	5.97	157,921	209.61	650,070	721,528	17,850,458
Golden Valley	171.40	986,105	2.57	14,799	90.97	32,778	30,819	2,709,247
Granite	163.49	1,846,776	64.87	732,717	165.26	247,672	536,925	7,385,420
Hill	197.76	7,033,109	6.45	229,432	232.90	2,398,979	3,476,748	24,226,786
Jefferson	173.28	4,827,516	32.46	904,233	158.63	333,611	1,318,725	16,033,573
Judith Basin	137.40	2,128,446	10.67	165,332	126.66	78,739	3,043	6,113,596
Lake	158.37	10,289,831	28.95	1,881,085	164.36	1,798,456	5,837,937	42,020,517
Lewis & Clark	230.02	27,878,010	17.07	2,068,276	167.11	10,612,817	16,188,602	97,942,254
Liberty	111.88	987,905	12.42	109,708	144.20	128,542	240,352	4,479,598
Lincoln	199.12	6,317,065	20.76	658,545	172.77	753,889	2,708,756	19,242,717
Madison	53.50	4,405,497	41.31	3,401,670	125.40	503,998	2,066,156	29,018,937
McCone	169.67	1,213,410	2.88	20,604	302.24	295,072	77,887	4,310,379
Meagher	163.29	1,350,860	10.99	90,953	144.48	169,250	82,528	4,418,680
Mineral	263.21	2,520,093	25.31	242,364	207.06	279,245	141,403	6,756,387
Missoula	224.00	46,642,712	66.53	13,852,770	252.67	29,258,279	8,920,229	167,108,771
Musselshell	195.00	2,316,413	13.11	155,770	159.52	278,999	466,711	7,377,765
Park	187.83	7,446,979	18.97	752,304	221.49	2,487,725	2,514,599	23,885,148
Petroleum	186.14	278,879	9.45	14,162	242.22	33,040	115,581	870,895
Phillips	170.74	3,125,561	4.56	83,446	188.03	533,928	1,630,959	10,088,058
Pondera	223.59	3,487,302	15.40	240,206	154.38	500,574	449,169	10,418,079
Powder River	93.07	1,328,354	2.78	39,644	149.69	67,146	315,435	5,032,524
Powell	207.53	3,106,176	14.44	216,095	134.74	378,625	979,023	9,535,250
Prairie	138.09	643,912	5.13	23,909	191.84	110,477	664,485	3,283,719
Ravalli	182.05	13,465,442	45.46	3,362,407	188.52	2,530,363	2,309,774	42,380,176
Richland	58.62	3,657,283	14.66	914,637	102.60	1,307,862	3,541,961	24,537,212
Roosevelt	145.12	4,599,216	12.50	396,071	206.90	794,214	586,643	17,502,772
Rosebud	57.86	5,072,590	30.83	2,703,063	67.93	4,102,789	1,254,125	28,453,125
Sanders	146.85	4,871,925	20.96	695,336	265.75	666,630	0	15,093,302
Sheridan	125.13	2,236,353	12.31	219,990	254.33	709,747	187,136	9,278,451
Silver Bow	195.17	13,201,526	54.81	3,707,309	77.86	33,983	10,283,669	59,632,980
Stillwater	135.18	5,488,809	13.49	547,926	170.62	1,335,936	856,421	21,042,749
Sweet Grass	112.60	2,131,137	9.07	171,659	136.02	505,116	22,409	8,903,210
Teton	212.35	4,052,107	22.78	434,750	126.62	448,990	2,707,998	12,866,120
Toole	149.92	3,407,879	7.48	170,071	253.39	1,035,405	544,240	13,690,821
Treasure	122.54	582,420	4.08	19,371	407.78	83,473	375,216	2,420,437
Valley	214.53	6,300,019	6.57	193,074	267.93	1,354,674	2,773,155	18,833,700
Wheatland	131.20	2,101,388	0.85	13,625	141.86	150,182	75,756	6,549,381
Wibaux	50.93	738,961	11.57	167,873	159.33	81,421	26,555	4,625,121
Yellowstone	226.45	78,205,853	3.44	1,189,013	160.27	32,199,375	27,978,121	234,064,211
Statewide Total		479,788,961		67,292,732		159,503,534	149,389,749	1,631,067,789

2. The mill levy represents an average of all local elementary and high school levies and includes the levy for Jr. Colleges where applicable.

3. Total taxes from mill levies of all cities/towns within a county divided by total taxable value of the cities/towns.

Property Tax and Property Value Summaries

Property Taxes Levied and Average Mills - 2016

County	State Assessed Mills ¹ and Revenue		County Assessed Mills and Revenue		County Wide School Mills and Revenue	
	Mill Levy	Revenue	Mill Levy	Revenue	Mill Levy	Revenue
Beaverhead	101	2,101,396	164.49	3,420,092	44.79	931,379
Big Horn	101	2,534,493	133.16	3,341,488	20.59	516,629
Blaine	101	1,390,488	261.64	3,593,947	58.61	805,010
Broadwater	101	1,477,672	163.65	2,392,470	17.35	253,675
Carbon	101	3,797,151	128.18	4,786,930	44.38	1,657,280
Carter	101	5,037,539	92.34	4,605,742	4.46	222,447
Cascade	102.50	15,997,474	138.38	21,571,315	47.18	7,355,025
Chouteau	101	2,411,844	162.21	3,862,012	46.65	1,110,708
Custer	101	2,074,079	216.42	4,442,169	44.58	915,072
Daniels	101	732,963	170.65	1,238,430	30.85	223,892
Dawson	101	2,479,314	154.26	3,786,461	0.00	0
Deer Lodge	101	2,013,554	306.71	6,111,582	32.08	639,176
Fallon	101	4,291,324	158.99	6,722,947	0.00	0
Fergus	101	3,101,218	164.25	4,961,803	52.07	1,572,920
Flathead	101	23,702,056	164.80	38,607,954	55.28	12,949,773
Gallatin	101	25,493,303	118.45	29,883,956	50.41	12,718,489
Garfield	101	496,409	245.06	1,204,478	63.12	310,219
Glacier	101	2,738,156	235.06	6,171,553	62.56	1,642,670
Golden Valley	101	593,152	148.69	873,246	44.14	259,254
Granite	101	1,241,668	214.87	2,636,691	29.71	364,542
Hill	101	3,660,822	159.74	5,779,983	60.48	2,188,191
Jefferson	101	3,040,843	160.78	4,813,191	40.46	1,211,223
Judith Basin	101	1,666,750	115.18	1,819,931	31.08	490,997
Lake	101	6,342,534	196.46	12,337,170	54.21	3,404,535
Lewis & Clark	102.50	12,785,052	195.32	24,291,408	48.93	6,085,283
Liberty	101	919,339	227.87	2,074,199	33.53	305,184
Lincoln	101	3,265,044	151.73	4,905,046	31.19	1,008,199
Madison	101	8,637,489	123.03	10,517,020	0.00	0
McCone	101	728,022	245.16	1,765,084	38.52	277,302
Meagher	101	850,204	191.51	1,572,483	27.16	222,988
Mineral	101	1,116,893	233.44	2,571,857	15.81	174,215
Missoula	102.50	21,776,772	183.57	38,943,944	48.40	10,267,607
Musselshell	101	1,275,826	210.00	2,431,059	28.46	329,462
Park	101	4,083,411	125.26	5,064,103	39.76	1,607,343
Petroleum	101	155,759	245.21	378,157	38.63	59,570
Phillips	101	1,881,195	128.65	2,396,195	41.53	773,449
Pondera	101	1,613,639	229.70	3,636,765	56.95	901,628
Powder River	101	1,457,402	181.46	2,618,423	7.42	107,037
Powell	101	1,718,414	171.71	2,921,499	42.78	727,785
Prairie	101	522,743	258.77	1,339,324	33.69	174,380
Ravalli	101	7,555,760	150.08	11,227,648	32.55	2,435,182
Richland	101	7,317,621	142.49	10,283,821	0.00	0
Roosevelt	101	3,518,158	206.77	7,045,810	42.35	1,442,945
Rosebud	101	9,274,388	57.17	5,183,896	19.81	1,796,579
Sanders	101	3,734,620	131.52	4,863,000	34.91	1,290,801
Sheridan	101	1,808,178	214.11	3,788,350	40.93	724,234
Silver Bow	102.50	6,709,194	341.48	22,351,558	39.68	2,596,962
Stillwater	101	3,960,034	166.61	6,532,510	39.28	1,539,981
Sweet Grass	101	1,804,522	196.77	3,515,604	37.68	673,292
Teton	101	1,988,772	134.75	2,624,510	40.69	792,460
Toole	101	2,822,991	199.92	4,759,848	39.70	945,129
Treasure	101	531,124	155.31	816,712	23.91	125,731
Valley	101	3,054,172	130.49	3,946,045	50.37	1,523,088
Wheatland	101	1,694,531	144.17	2,291,346	27.37	435,059
Wibaux	101	1,485,399	135.06	1,986,262	18.29	269,048
Yellowstone	102.50	36,306,970	132.64	46,777,933	50.44	17,788,278
Statewide Total		274,769,838		424,386,960		109,143,305

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.

Property Tax and Property Value Summaries

Property Taxes Levied and Average Mills - 2016

County	Local School Average Mills ² and Revenue		Misc. & Fire District Average Mills & Revenue		City Average Mills ³ and Revenue		SID's and Fees	Total of All Taxes and Fees
	Mill Levy	Revenue	Mill Levy	Revenue	Mill Levy	Revenue	Revenue	Revenue
Beaverhead	199.41	4,146,226	14.67	304,925	172.19	916,060	9,067	11,829,144
Big Horn	187.09	4,694,951	6.64	166,618	172.39	821,612	1,510,288	13,586,080
Blaine	175.26	2,407,372	7.89	108,319	342.96	722,633	1,798,262	10,826,030
Broadwater	177.54	2,595,465	32.16	470,181	85.99	152,214	815,135	8,156,813
Carbon	188.78	7,050,220	18.95	707,540	142.63	1,173,495	810,220	19,982,836
Carter	32.32	1,612,128	0.12	5,758	312.78	98,444	9,366	11,591,426
Cascade	196.99	30,707,531	22.07	3,440,734	197.10	18,306,427	9,793,271	107,171,777
Chouteau	169.05	4,024,781	33.62	800,380	210.99	568,473	428,543	13,206,741
Custer	248.39	5,098,370	0.92	18,923	220.72	1,905,640	2,429,858	16,884,110
Daniels	164.62	1,194,656	59.29	430,272	198.69	259,931	0	4,080,144
Dawson	249.67	6,128,324	63.91	1,568,715	195.64	1,519,683	2,751,094	18,233,591
Deer Lodge	166.96	3,326,892	65.99	1,314,995	35.16	169,147	2,277,020	15,852,366
Fallon	11.74	496,227	4.85	204,987	212.59	524,961	90,116	12,330,562
Fergus	198.31	5,990,440	13.92	420,503	230.04	1,678,638	1,396,469	19,121,991
Flathead	215.85	50,568,004	30.12	7,055,778	140.84	10,716,029	15,152,773	158,752,366
Gallatin	239.44	60,408,075	35.59	8,978,208	196.66	22,521,457	3,622,260	163,625,748
Garfield	144.14	708,453	3.06	15,032	165.72	46,356	44,859	2,825,806
Glacier	234.23	6,149,771	7.25	190,329	191.02	576,552	792,267	18,261,297
Golden Valley	162.58	954,780	2.60	15,274	93.94	33,885	1,862	2,731,453
Granite	147.34	1,808,023	24.48	300,420	172.62	311,641	607,004	7,269,989
Hill	200.21	7,244,261	6.42	232,318	225.76	2,348,385	2,282,167	23,736,128
Jefferson	160.46	4,803,432	31.99	957,655	158.70	336,850	111,034	15,274,228
Judith Basin	140.55	2,220,674	10.54	166,517	142.88	86,836	5,088,726	11,540,429
Lake	176.65	11,093,398	28.39	1,782,774	170.35	1,961,995	5,813,806	42,736,212
Lewis & Clark	227.86	28,337,840	17.19	2,138,103	169.54	10,919,519	4,467,919	89,025,123
Liberty	114.06	1,038,243	11.70	106,490	144.14	127,714	190,953	4,762,122
Lincoln	213.99	6,917,661	23.92	773,128	171.86	757,473	2,717,543	20,344,094
Madison	53.40	4,565,165	42.36	3,620,845	131.50	539,657	90,258	27,970,434
McCone	172.34	1,240,812	3.70	26,639	289.25	286,435	9,088	4,333,382
Meagher	227.31	1,866,413	11.12	91,275	170.19	188,369	62,035	4,853,766
Mineral	239.04	2,633,569	23.85	262,799	206.93	294,427	123,900	7,177,661
Missoula	252.24	53,512,972	77.56	16,454,984	259.92	30,468,034	9,280,822	180,705,136
Musselshell	204.35	2,365,614	13.00	150,465	162.97	289,590	32,342,236	39,184,251
Park	179.91	7,273,831	18.89	763,651	233.23	2,690,378	2,516,743	23,999,461
Petroleum	207.99	320,753	9.47	14,610	244.38	32,600	102,123	1,063,574
Phillips	172.45	3,211,986	4.72	87,835	196.22	609,807	1,776,829	10,737,295
Pondera	225.14	3,564,537	16.49	261,080	157.50	517,549	445,851	10,941,048
Powder River	96.06	1,386,150	0.86	12,416	144.42	65,286	245,202	5,891,917
Powell	202.04	3,437,539	14.44	245,681	135.90	373,617	960,284	10,384,820
Prairie	127.09	657,793	4.84	25,057	193.52	113,671	746,491	3,579,459
Ravalli	180.48	13,501,423	46.17	3,453,725	193.43	2,521,562	2,257,181	42,952,480
Richland	71.54	5,163,260	12.43	897,324	127.47	1,623,319	3,944,321	29,229,666
Roosevelt	143.88	4,902,754	11.79	401,903	207.51	807,569	576,266	18,695,406
Rosebud	50.73	4,600,223	28.02	2,540,517	72.86	4,396,475	1,190,459	28,982,536
Sanders	138.09	5,105,937	18.91	699,237	268.42	742,393	1,673,727	18,109,716
Sheridan	149.57	2,646,389	9.06	160,317	257.25	722,935	194,153	10,044,556
Silver Bow	190.05	12,439,885	59.86	3,918,113	79.53	35,311	10,534,469	58,585,493
Stillwater	141.56	5,550,137	14.97	587,066	172.20	1,247,008	855,346	20,272,083
Sweet Grass	125.33	2,239,284	18.59	332,116	138.98	494,519	5,038	9,064,374
Teton	214.04	4,168,860	1.71	33,263	132.89	472,335	2,834,573	12,914,772
Toole	162.33	3,864,887	7.19	171,151	249.20	991,643	559,669	14,115,317
Treasure	118.06	620,812	3.83	20,115	411.79	87,407	379,936	2,581,838
Valley	220.59	6,670,485	6.53	197,509	252.66	1,283,530	2,770,118	19,444,947
Wheatland	133.96	2,129,122	0.88	13,937	159.84	169,727	52,042	6,785,764
Wibaux	56.87	836,442	11.58	170,258	158.94	82,960	27,005	4,857,374
Yellowstone	225.25	79,434,407	5.60	1,975,808	161.56	32,818,976	34,706,372	249,808,743
Statewide Total		501,637,637		70,264,573		164,529,140	176,274,421	1,721,005,875

2. The mill levy represents an average of all local elementary and high school levies and includes the levy for Jr. Colleges where applicable.

3. Total taxes from mill levies of all cities/towns within a county divided by total taxable value of the cities/towns.

Property Tax and Property Value Summaries

Tax Base and Revenue for Cities and Towns in 2015 and 2016

The following table displays taxable value, mill rate, and estimated taxes levied for cities and towns. The cities listed are only those that 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. Property owners in these cities are levied other mills used to fund county governments, schools, miscellaneous districts, and the state.

Property Tax and Property Value Summaries

Valuation by City and Property Taxes Levied by City Governments								
County	City	TY 2015 (FY 2016)			TY 2016 (FY 2017)			
		Taxable Value	Mill Levy	Estimated Taxes	Taxable Value	Mill Levy	Estimated Taxes	
Beaverhead	Dillon	5,021,812	163.52	821,167	5,069,105	172.85	876,195	
Beaverhead	Lima	247,883	160.79	39,857	250,890	158.89	39,865	
Big Horn	Hardin	4,291,335	162.15	695,840	2,724,165	297.03	809,150	
Big Horn	Lodge Grass	118,966	107.34	12,770	116,100	107.34	12,462	
Blaine	Chinook	1,413,757	178.25	252,002	1,468,596	206.88	303,824	
Blaine	Harlem	688,096	524.01	360,569	638,478	655.95	418,809	
Broadwater	Townsend	1,783,599	85.08	151,749	1,770,180	85.99	152,214	
Carbon	Bearcreek	123,383	96.00	11,845	125,749	96.00	12,072	
Carbon	Bridger	776,286	213.31	165,590	706,124	237.51	167,710	
Carbon	Fromberg	300,813	172.83	51,990	308,106	172.83	53,250	
Carbon	Joliet	525,427	148.04	77,784	538,823	149.82	80,725	
Carbon	Red Lodge	6,495,786	128.15	832,435	6,548,848	131.28	859,738	
Carter	Ekalaka	283,597	292.52	82,958	314,744	312.78	98,444	
Cascade	Belt	442,857	184.89	81,880	453,562	185.58	84,171	
Cascade	Cascade	696,354	123.06	85,693	744,711	136.34	101,531	
Cascade	Great Falls	88,536,409	190.29	16,847,593	91,319,996	198.11	18,091,412	
Cascade	Neihart	360,644	78.77	28,408	362,947	80.77	29,314	
Chouteau	Big Sandy	560,046	127.20	71,238	544,187	134.66	73,278	
Chouteau	Fort Benton	1,942,038	205.90	399,866	1,895,635	229.91	435,821	
Chouteau	Geraldine	256,898	198.96	51,112	254,463	233.33	59,374	
Custer	Ismay	47,067	43.87	2,065	51,488	40.47	2,083	
Custer	Miles City	8,634,682	198.47	1,713,725	8,582,314	221.80	1,903,557	
Daniels	Flaxville	84,251	126.32	10,643	85,383	127.47	10,883	
Daniels	Scobey	1,225,498	199.60	244,609	1,222,829	203.66	249,047	
Dawson	Glendive	7,427,483	195.42	1,451,479	7,567,033	197.02	1,490,845	
Dawson	Richey	192,283	142.40	27,381	200,829	143.60	28,839	
Deer Lodge	Anaconda	4,811,205	34.52	166,083	4,810,227	35.16	169,147	
Fallon	Baker	2,361,868	208.75	493,040	2,327,477	220.30	512,750	
Fallon	Plevna	139,442	85.37	11,904	141,858	86.08	12,211	
Fergus	Denton	246,410	222.70	54,876	235,636	273.97	64,557	
Fergus	Grass Range	92,158	127.26	11,728	86,797	134.54	11,677	
Fergus	Lewistown	6,270,336	232.34	1,456,850	6,438,644	238.00	1,532,393	
Fergus	Moore	303,575	145.29	44,106	330,668	157.86	52,201	
Fergus	Winifred	190,023	86.20	16,380	205,386	86.72	17,810	
Flathead	Columbia Falls	6,052,551	199.01	1,204,518	6,517,612	205.38	1,338,596	
Flathead	Kalispell	38,964,430	182.60	7,114,905	39,145,423	186.60	7,304,464	
Flathead	Whitefish	29,874,926	95.78	2,861,420	30,428,008	68.13	2,072,970	
Gallatin	Belgrade	9,615,063	215.26	2,069,738	10,054,922	217.27	2,184,611	
Gallatin	Bozeman	90,678,108	208.16	18,875,555	93,669,979	203.37	19,049,575	
Gallatin	Manhattan	2,735,029	124.89	341,578	3,008,423	127.26	382,848	
Gallatin	Three Forks	2,085,372	175.43	365,837	2,253,586	174.77	393,861	
Gallatin	West Yellowstone	5,498,165	91.44	502,752	5,532,956	92.28	510,562	
Garfield	Jordan	278,213	162.61	45,240	279,731	165.72	46,356	
Glacier	Browning	550,659	149.93	82,560	545,783	3.97	2,165	
Glacier	Cut Bank	2,550,623	221.28	564,402	2,472,548	232.31	574,387	
Golden Valley	Lavina	164,697	85.72	14,118	166,954	88.88	14,839	
Golden Valley	Ryegate	195,636	94.90	18,566	193,770	98.29	19,046	
Granite	Drummond	349,001	188.91	65,930	631,785	193.02	121,947	
Granite	Philipsburg	1,149,692	158.01	181,663	1,173,577	161.64	189,694	
Hill	Havre	10,104,250	235.78	2,382,380	10,196,813	229.24	2,337,504	
Hill	Hingham	196,134	53.00	10,395	205,315	53.00	10,882	
Jefferson	Boulder	982,225	197.01	193,508	983,268	197.62	194,309	
Jefferson	Whitehall	1,120,855	124.54	139,591	1,139,339	125.11	142,541	
Judith Basin	Hobson	195,763	101.66	19,901	193,312	115.66	22,359	
Judith Basin	Stanford	425,869	137.61	58,604	414,456	155.57	64,477	
Lake	Polson	8,895,961	169.49	1,507,776	9,462,256	174.31	1,649,340	
Lake	Ronan	1,548,457	142.72	220,996	1,553,237	155.05	240,826	
Lake	St. Ignatius	497,522	143.51	71,399	502,063	143.07	71,829	
Lewis & Clark	East Helena	2,315,320	226.00	523,262	2,270,765	232.98	529,034	
Lewis & Clark	Helena	61,193,918	164.76	10,082,310	62,135,674	167.22	10,390,485	
Liberty	Chester	891,429	143.99	128,357	886,046	144.14	127,714	
Lincoln	Eureka	1,213,186	184.47	223,796	1,232,869	170.16	209,788	
Lincoln	Libby	2,472,228	161.68	399,710	2,482,121	163.42	405,635	

Property Tax and Property Value Summaries

Valuation by City and Property Taxes Levied by City Governments							
County	City	TY 2015 (FY 2016)			TY 2016 (FY 2017)		
		Taxable Value	Mill Levy	Estimated Taxes	Taxable Value	Mill Levy	Estimated Taxes
Lincoln	Troy	678,183	195.61	132,659	692,525	205.12	142,051
Madison	Ennis	2,195,697	142.27	312,382	2,276,476	149.88	341,205
Madison	Sheridan	899,929	108.77	97,885	905,473	110.79	100,316
Madison	Twin Bridges	477,601	133.45	63,736	478,612	140.88	67,428
Madison	Virginia City	445,896	67.31	30,013	443,404	69.26	30,709
McCone	Circle	976,298	300.00	292,889	990,252	289.25	286,435
Meagher	White Sulphur Springs	1,171,425	144.16	168,873	1,106,838	170.19	188,369
Mineral	Alberton	410,153	177.45	72,782	427,662	182.19	77,917
Mineral	Superior	938,478	220.69	207,113	995,173	217.56	216,510
Missoula	Missoula	115,797,456	252.81	29,274,755	117,220,060	259.92	30,468,034
Musselshell	Melstone	114,904	285.05	32,753	109,849	307.73	33,804
Musselshell	Roundup	1,634,133	149.97	245,071	1,667,156	153.43	255,785
Park	Clyde Park	321,221	79.12	25,415	321,273	79.12	25,419
Park	Livingston	10,910,743	225.90	2,464,737	11,214,165	237.64	2,664,959
Petroleum	Winnett	136,404	234.36	31,968	133,401	244.38	32,600
Phillips	Dodson	131,729	170.00	22,394	141,558	170.00	24,065
Phillips	Malta	2,287,005	192.00	439,105	2,231,404	204.87	457,145
Phillips	Saco	420,877	170.29	71,671	734,855	175.00	128,597
Pondera	Conrad	2,564,784	165.93	425,575	2,611,392	169.48	442,576
Pondera	Valier	677,721	106.51	72,184	674,716	111.12	74,973
Powder River	Broadus	448,574	145.75	65,380	452,045	144.42	65,286
Powell	Deer Lodge	2,810,097	134.63	378,323	2,749,269	135.90	373,617
Prairie	Terry	575,882	189.56	109,164	587,371	193.52	113,671
Ravalli	Darby	803,149	134.10	107,702	800,614	136.66	109,409
Ravalli	Hamilton	9,962,719	214.20	2,134,014	9,548,901	221.64	2,116,457
Ravalli	Pinesdale	287,805	82.00	23,600	305,965	82.00	25,089
Ravalli	Stevensville	2,368,386	113.77	269,451	2,380,419	113.68	270,608
Richland	Fairview	1,057,692	149.34	157,956	1,056,645	156.24	165,087
Richland	Sidney	11,689,045	94.87	1,108,940	11,677,973	124.87	1,458,233
Roosevelt	Bainville	343,536	153.76	52,822	315,869	174.96	55,266
Roosevelt	Brockton	100,882	0.00	0	0	0.00	0
Roosevelt	Culbertson	1,241,183	160.29	198,949	1,263,273	159.47	201,453
Roosevelt	Froid	187,670	159.62	29,956	201,177	162.34	32,659
Roosevelt	Poplar	348,005	344.05	119,731	344,563	352.79	121,558
Roosevelt	Wolf Point	1,617,281	236.93	383,182	1,657,056	239.36	396,635
Rosebud	Colstrip	58,409,717	62.01	3,621,987	58,360,071	67.10	3,916,091
Rosebud	Forsyth	1,988,299	241.44	480,055	1,977,467	242.93	480,384
Sanders	Hot Springs	366,558	358.00	131,228	356,203	372.91	132,831
Sanders	Plains	963,868	226.24	218,065	1,232,791	229.38	282,782
Sanders	Thompson Falls	1,178,026	270.52	318,680	1,176,802	277.69	326,780
Sheridan	Medicine Lake	247,713	375.61	93,043	247,746	385.37	95,475
Sheridan	Outlook	86,714	45.00	3,902	87,922	74.26	6,529
Sheridan	Plentywood	2,198,797	195.59	430,063	2,208,908	197.50	436,264
Sheridan	Westby	257,391	701.59	180,583	265,617	695.24	184,667
Silver Bow	Walkerville	436,492	77.84	33,977	443,973	79.53	35,311
Stillwater	Columbus	7,829,860	170.60	1,335,774	7,241,675	172.20	1,247,008
Sweet Grass	Big Timber	3,713,573	136.00	505,046	3,558,175	138.98	494,519
Teton	Choteau	2,019,848	78.50	158,558	2,019,044	85.95	173,531
Teton	Dutton	269,316	330.30	88,955	272,048	341.66	92,949
Teton	Fairfield	1,256,906	159.84	200,904	1,263,145	162.97	205,854
Toole	Kevin	101,452	379.59	38,510	104,834	379.59	39,794
Toole	Shelby	3,482,874	254.09	884,963	3,380,215	249.79	844,356
Toole	Sunburst	501,823	214.89	107,837	494,252	217.49	107,494
Treasure	Hysham	204,700	400.25	81,931	212,261	411.79	87,407
Valley	Fort Peck	479,525	62.75	30,090	473,293	65.17	30,844
Valley	Glasgow	4,166,247	301.23	1,254,999	4,191,576	283.36	1,187,716
Valley	Nashua	296,638	182.27	54,068	306,432	169.58	51,964
Valley	Opheim	113,703	113.79	12,938	108,769	119.57	13,006
Wheatland	Harlowton	903,189	144.18	130,222	906,260	161.10	146,001
Wheatland	Judith Gap	155,481	126.94	19,737	155,627	152.45	23,725
Wibaux	Wibaux	511,016	156.75	80,102	521,973	158.94	82,960
Yellowstone	Billings	192,225,030	158.84	30,533,024	194,300,748	160.37	31,159,633
Yellowstone	Broadview	284,534	151.57	43,127	301,297	151.57	45,668
Yellowstone	Laurel	8,399,111	188.35	1,581,973	8,541,243	188.93	1,613,676
Total		899,768,492		159,375,452	913,637,948		164,520,300

Property Taxes Paid by Type of Property

The final part of this 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. Identical properties in separate locations may have different taxes because they have different levels of services or different jurisdictions may have different costs of providing services and therefore 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 tables on the following pages show the distribution of taxes paid by each class of property, the average mill for individual classes, and the effective rate taxpayers pay on their assessed value.

The pages following the property value summary tables show property values by county. This includes quantity in acres, the assessed market value, and the taxable value of different types of property.

Property Tax and Property Value Summaries

Property Type	Valuation by Property Type				Taxes Levied by Levy Type			
	2016 Tax Rate	2016 Class	2016 Total Assessed Value	2016 Total Taxable Value	Assessed Value within Towns/Cities	Taxable Value within Towns/Cities	University (6 mills)	State General Fund (95 mills)
Proceeds								
Net Proceeds	100.00%	1.0	\$4,080,139	\$4,080,139	\$0	\$0	\$24,481	\$387,613
Gross Proceeds of Metal Mines	3.00%	2.0	\$648,475,233	\$19,454,258	\$64,372,218	\$1,931,166	\$116,726	\$1,855,921
Subtotal			\$652,555,372	\$23,534,397	\$64,372,218	\$1,931,166	\$141,206	\$2,243,534
Subtotal Percent of Column Statewide Total			0.48%	0.87%	0.12%	0.21%	0.87%	0.87%
Agricultural Land								
Tillable Irrigated	2.16%	3.0	\$1,029,572,073	\$22,238,823	\$1,802,686	\$38,936	\$133,433	\$2,115,829
Tillable Non-Irrigated	2.16%	3.0	\$3,470,168,518	\$74,955,629	\$932,686	\$20,149	\$449,734	\$7,125,325
Grazing Land	2.16%	3.0	\$1,462,510,713	\$31,593,117	\$460,655	\$10,031	\$189,559	\$3,005,041
Wild Hay	2.16%	3.0	\$235,673,266	\$5,090,654	\$146,078	\$3,150	\$30,544	\$484,293
Timber Land	0.37%	10.0	\$1,329,606,808	\$4,919,796	\$425,103	\$1,578	\$29,519	\$468,545
Subtotal			\$7,527,531,378	\$138,798,019	\$3,767,208	\$73,844	\$832,788	\$13,199,031
Subtotal Percent of Column Statewide Total			5.50%	5.16%	0.01%	0.01%	5.13%	5.11%
Residential Land								
Farmstead 1 Acre	1.35%	4.2	\$58,645,153	\$1,261,463	\$281,985	\$6,080	\$7,569	\$120,058
Non-Qualified Ag Land	15.12%	3.0	\$47,060,776	\$7,116,661	\$422,343	\$63,913	\$42,700	\$678,359
Non-Q Ag Land 1 Acre	1.35%	4.2	\$980,956,382	\$13,242,996	\$7,680,727	\$103,696	\$79,458	\$1,262,674
City/Town Lots Residential	1.35%	4.2	\$8,525,967,397	\$115,101,807	\$8,024,848,539	\$108,335,869	\$690,611	\$11,027,992
Suburban Tracts Residential	1.35%	4.2	\$14,497,589,308	\$195,718,808	\$144,380,185	\$1,949,158	\$1,174,313	\$18,659,283
Suburban Tracts - Low Income	varies	4.2	\$810,001,356	\$3,935,826	\$316,258,442	\$1,576,564	\$23,615	\$376,274
Subtotal			\$24,920,220,372	\$336,377,561	\$8,493,872,221	\$112,035,280	\$2,018,265	\$32,124,640
Subtotal Percent of Column Statewide Total			18.20%	12.50%	16.20%	12.26%	12.43%	12.43%
Residential Improvements								
Impr. on Ag and Timber Land	1.35%	4.1	\$5,359,691,103	\$73,054,933	\$11,927,560	\$161,023	\$438,330	\$6,953,364
Impr. on Disparately Owned Ag Land	1.35%	4.1	\$73,133,462	\$987,309	\$15,890,791	\$214,522	\$5,924	\$93,806
Impr. on Right of Way - Agricultural	1.35%	4.1	\$585,230	\$7,900	\$500,030	\$6,749	\$47	\$751
Impr. on Suburban Tracts Residential	1.35%	4.1	\$29,697,417,478	\$407,322,923	\$309,772,720	\$4,184,369	\$2,443,938	\$38,854,529
Impr. on City/Town Lots Residential	1.35%	4.1	\$26,790,013,513	\$361,939,622	\$25,216,510,643	\$340,697,242	\$2,171,638	\$34,691,680
Impr. on Tracts and Lots - Low Income	varies	4.1	\$1,801,095,416	\$8,870,773	\$916,076,541	\$4,571,493	\$53,225	\$848,447
Impr. on Right of Way - Residential	1.35%	4.1	\$566,810	\$7,652	\$256,350	\$3,461	\$46	\$728
Remodeled Residential Improvements	varies	4.1	\$1,696,631	\$17,257	\$1,696,631	\$17,257	\$137	\$2,205
Mobile Homes	1.35%	4.1	\$797,714,908	\$10,769,468	\$226,340,136	\$3,055,637	\$64,617	\$1,029,158
Mobile Homes - Low Income	varies	4.1	\$60,872,050	\$259,923	\$22,973,359	\$99,014	\$1,560	\$24,908
Subtotal			\$64,582,786,601	\$863,237,760	\$26,721,944,761	\$353,010,767	\$5,179,460	\$82,499,575
Subtotal Percent of Column Statewide Total			47.16%	32.07%	50.96%	38.64%	31.89%	31.91%
Commercial Land								
Suburban Tracts Commercial	1.89%	4.9	\$1,421,969,177	\$26,875,402	\$89,252,458	\$1,686,871	\$161,252	\$2,568,207
City/Town Lots Commercial	1.89%	4.9	\$3,740,438,784	\$70,694,314	\$3,601,643,565	\$68,071,120	\$424,166	\$6,779,622
Industrial Sites	1.89%	4.9	\$246,041,858	\$4,650,179	\$57,034,461	\$1,077,940	\$27,901	\$446,023
Qualified Golf Courses	0.95%	4.9	\$55,701,957	\$529,165	\$11,685,222	\$111,010	\$3,175	\$50,500
Locally Assessed Co-op Land	3.00%	5.0	\$57,449	\$1,723	\$4,340	\$130	\$10	\$164
Eligible Mining Claims	2.16%	3.0	\$901,781	\$19,572	\$16,410	\$358	\$117	\$1,870
Subtotal			\$5,465,111,006	\$102,770,355	\$3,759,636,456	\$70,947,429	\$616,622	\$9,846,385
Subtotal Percent of Column Statewide Total			3.99%	3.82%	7.17%	7.77%	3.80%	3.81%
Commercial Improvements								
Impr. on Suburban Tracts Commercial	1.89%	4.8	\$3,198,562,935	\$60,452,871	\$277,666,634	\$5,247,884	\$362,717	\$5,770,669
Impr. on City/Town Lots Commercial	1.89%	4.8	\$8,781,807,247	\$165,894,840	\$8,274,783,727	\$156,312,099	\$995,941	\$15,918,393
Impr. on Right of Way - Commercial	1.89%	4.8	\$37,636,668	\$711,338	\$29,490,474	\$557,374	\$4,268	\$67,817
Locally Assessed Co-op Improvements	3.00%	5.0	\$347,330	\$10,419	\$0	\$0	\$63	\$990
Impr. on Qualified Golf Courses	0.95%	4.8	\$203,952,685	\$1,936,709	\$36,058,630	\$342,556	\$11,620	\$184,839
Impr. on Industrial Sites	1.89%	4.8	\$1,372,430,116	\$25,938,928	\$400,237,511	\$7,564,492	\$155,634	\$2,482,203
New Industrial Improvements	varies	4.8	\$237,085,470	\$2,770,191	\$94,492,263	\$1,078,122	\$26,885	\$427,184
Improvements on Industrial Land	3.00%	5.0	\$11,280	\$338	\$0	\$0	\$2	\$32
Remodeled Commercial Improvements	varies	4.8	\$32,684,724	\$345,908	\$21,709,474	\$291,158	\$3,706	\$59,565
New and Expanding R & D Improvements	varies	5.0	\$209,060	\$5,017	\$0	\$0	\$38	\$605
Impr. for Pollution Control	3.00%	5.0	\$15,736,990	\$460,336	\$1,229,880	\$36,896	\$2,762	\$44,229
Subtotal			\$13,880,464,505	\$258,526,895	\$9,135,668,593	\$171,430,581	\$1,563,636	\$24,956,526
Subtotal Percent of Column Statewide Total			10.14%	9.60%	17.42%	18.76%	9.63%	9.65%

Property Tax and Property Value Summaries

Property Type	2016		Taxes levied by Levy Type					Totals and Summaries		
	Tax Rate	Class	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	100.00%	1.0	\$535,610	\$184,877	\$45,052	\$511,517	\$0	\$1,689,150	41.40%	413.99
Gross Proceeds of Metal Mines	3.00%	2.0	\$4,291,247	\$636,821	\$759,439	\$2,746,261	\$309,945	\$10,716,358	1.65%	550.85
Subtotal			\$4,826,857	\$821,698	\$804,491	\$3,257,778	\$309,945	\$12,405,508	1.90%	527.12
Subtotal Percent of Column Statewide Total			1.14%	1.17%	0.74%	0.65%	0.19%	0.80%		
Agricultural Land										
Tillable Irrigated	2.16%	3.0	\$3,800,483	\$469,226	\$840,193	\$4,370,412	\$6,654	\$11,736,230	1.14%	527.74
Tillable Non-Irrigated	2.16%	3.0	\$13,939,652	\$1,124,986	\$3,138,846	\$12,077,671	\$3,864	\$37,860,077	1.09%	505.10
Grazing Land	2.16%	3.0	\$5,532,774	\$411,478	\$1,131,277	\$5,212,288	\$1,849	\$15,484,265	1.06%	490.12
Wild Hay	2.16%	3.0	\$845,037	\$64,017	\$181,367	\$857,715	\$692	\$2,463,664	1.05%	483.96
Timber Land	0.37%	10.0	\$844,195	\$89,414	\$194,671	\$939,807	\$154	\$2,566,305	0.19%	521.63
Subtotal			\$24,962,140	\$2,159,121	\$5,486,353	\$23,457,893	\$13,213	\$70,110,541	0.93%	505.13
Subtotal Percent of Column Statewide Total			5.88%	3.07%	5.03%	4.68%	0.01%	4.54%		
Residential Land										
Farmstead 1 Acre	1.35%	4.2	\$217,139	\$27,708	\$48,408	\$227,999	\$755	\$649,636	1.11%	514.99
Non-Qualified Ag Land	15.12%	3.0	\$1,253,553	\$192,747	\$279,991	\$1,355,118	\$11,667	\$3,814,135	8.10%	535.94
Non-Q Ag Land 1 Acre	1.35%	4.2	\$2,195,122	\$468,462	\$561,531	\$2,569,540	\$13,815	\$7,150,602	0.73%	539.95
City/town Lots Residential	1.35%	4.2	\$16,621,513	\$2,832,787	\$5,415,207	\$26,155,654	\$20,091,044	\$82,834,807	0.97%	719.67
Suburban Tracts Residential	1.35%	4.2	\$32,892,873	\$8,208,777	\$8,451,071	\$37,159,754	\$355,776	\$106,901,847	0.74%	546.20
Suburban Tracts - Low Income	varies	4.2	\$635,321	\$147,341	\$175,333	\$860,955	\$301,579	\$2,520,419	0.31%	640.38
Subtotal			\$53,815,521	\$11,877,822	\$14,931,542	\$68,329,020	\$20,774,637	\$203,871,446	0.82%	606.08
Subtotal Percent of Column Statewide Total			12.68%	16.90%	13.68%	13.62%	12.63%	13.20%		
Residential Improvements										
Impr. on Ag and Timber Land	1.35%	4.1	\$12,436,193	\$1,795,721	\$2,850,636	\$13,188,463	\$30,185	\$37,692,892	0.70%	515.95
Impr. on Disparately Owned Ag Land	1.35%	4.1	\$155,049	\$21,721	\$37,379	\$165,917	\$18,063	\$497,860	0.68%	504.26
Impr. on Right of Way - Agricultural	1.35%	4.1	\$1,036	\$190	\$338	\$2,275	\$885	\$5,523	0.94%	699.06
Impr. on Suburban Tracts Residential	1.35%	4.1	\$67,245,676	\$16,996,472	\$16,916,598	\$79,013,810	\$824,676	\$222,295,697	0.75%	545.75
Impr. on City/Town Lots Residential	1.35%	4.1	\$52,015,632	\$7,933,473	\$16,887,808	\$82,710,576	\$63,890,924	\$260,301,731	0.97%	719.19
Impr. on Tracts and Lots - Low Income	varies	4.1	\$1,417,321	\$277,426	\$387,914	\$1,941,692	\$857,002	\$5,783,026	0.32%	651.92
Impr. on Right of Way - Residential	1.35%	4.1	\$1,152	\$240	\$246	\$1,600	\$696	\$4,709	0.83%	615.40
Remodeled Residential Improvements	varies	4.1	\$2,193	\$402	\$815	\$3,168	\$3,421	\$12,341	0.73%	715.14
Mobile Homes	1.35%	4.1	\$1,728,563	\$347,710	\$506,853	\$2,213,446	\$544,997	\$6,435,344	0.81%	597.55
Mobile Homes - Low Income	varies	4.1	\$41,948	\$11,104	\$14,335	\$57,981	\$18,152	\$169,988	0.28%	653.99
Subtotal			\$135,044,764	\$27,384,460	\$37,602,923	\$179,298,927	\$66,189,002	\$533,199,111	0.83%	617.67
Subtotal Percent of Column Statewide Total			31.82%	38.97%	34.45%	35.74%	40.23%	34.52%		
Commercial Land										
Suburban Tracts Commercial	1.89%	4.9	\$4,404,412	\$1,284,277	\$1,164,234	\$5,370,332	\$318,717	\$15,271,431	1.07%	568.23
City/town Lots Commercial	1.89%	4.9	\$9,555,558	\$1,465,870	\$3,407,026	\$15,648,452	\$12,595,224	\$49,875,918	1.33%	705.52
Industrial Sites	1.89%	4.9	\$753,042	\$144,816	\$207,957	\$936,660	\$195,316	\$2,711,715	1.10%	583.14
Qualified Golf Courses	0.95%	4.9	\$82,472	\$22,940	\$20,955	\$98,213	\$17,407	\$295,663	0.53%	558.74
Locally Assessed Co-op Land	3.00%	5.0	\$308	\$59	\$70	\$216	\$18	\$844	1.47%	490.11
Eligible Mining Claims	2.16%	3.0	\$4,210	\$726	\$578	\$3,701	\$29	\$11,231	1.25%	573.84
Subtotal			\$14,800,003	\$2,918,688	\$4,800,820	\$22,057,575	\$13,126,711	\$68,166,803	1.25%	663.29
Subtotal Percent of Column Statewide Total			3.49%	4.15%	4.40%	4.40%	7.98%	4.41%		
Commercial Improvements										
Impr. on Suburban Tracts Commercial	1.89%	4.8	\$9,896,000	\$2,737,224	\$2,650,016	\$12,735,587	\$1,047,425	\$35,199,639	1.10%	582.27
Impr. on City/Town Lots Commercial	1.89%	4.8	\$23,903,246	\$3,806,181	\$7,826,037	\$36,716,525	\$29,636,289	\$118,802,612	1.35%	716.13
Impr. on Right of Way - Commercial	1.89%	4.8	\$93,661	\$10,195	\$28,127	\$152,809	\$113,802	\$470,678	1.25%	661.68
Locally Assessed Co-op Improvements	3.00%	5.0	\$1,530	\$199	\$483	\$1,613	\$0	\$4,878	1.40%	468.17
Impr. on Qualified Golf Courses	0.95%	4.8	\$302,036	\$60,792	\$73,844	\$356,277	\$57,482	\$1,046,889	0.51%	540.55
Impr. on Industrial Sites	1.89%	4.8	\$4,419,850	\$640,777	\$1,066,466	\$4,973,444	\$1,595,559	\$15,333,933	1.12%	591.16
New Industrial Improvements	varies	4.8	\$460,114	\$51,209	\$116,474	\$522,858	\$231,548	\$1,836,271	0.77%	662.87
Improvements on Industrial Land	3.00%	5.0	\$51	\$4	\$0	\$41	\$0	\$130	1.15%	383.93
Remodeled Commercial Improvements	varies	4.8	\$43,295	\$2,342	\$17,199	\$76,325	\$47,577	\$250,010	0.76%	722.76
New and Expanding R & D Improvements	varies	5.0	\$1,714	\$356	\$199	\$987	\$0	\$3,899	1.87%	777.24
Impr. for Pollution Control	3.00%	5.0	\$88,323	\$3,724	\$19,041	\$86,236	\$8,598	\$252,914	1.61%	549.41
Subtotal			\$39,209,819	\$7,313,003	\$11,797,888	\$55,622,702	\$32,738,278	\$173,201,852	1.25%	669.96
Subtotal Percent of Column Statewide Total			9.24%	10.41%	10.81%	11.09%	19.90%	11.21%		

Property Tax and Property Value Summaries

					Valuation by Property Type		Taxes Levied by Levy Type		
Property Type	2016 Tax Rate	Class	2016 Total Assessed Value	2016 Total Taxable Value	Assessed Value within Towns/Cities	Taxable Value within Towns/Cities	University (6 mills)	State General Fund (95 mills)	
Personal Property									
Furniture and Fixtures	varies	8.0	\$860,920,703	\$13,101,786	\$675,196,761	\$10,124,631	\$78,611	\$1,256,019	
Machin. other than Farm, Min., Manuf.	varies	8.0	\$1,073,895,338	\$19,679,825	\$172,555,243	\$2,723,806	\$118,079	\$1,878,806	
Repair Tools	varies	8.0	\$1,903,757	\$30,088	\$1,077,958	\$17,340	\$181	\$2,877	
Manufacturing Machinery	varies	8.0	\$2,852,933,235	\$78,440,798	\$636,433,425	\$16,613,656	\$470,645	\$7,536,541	
Ski Lifts	varies	8.0	\$30,823,719	\$598,805	\$772	\$2	\$3,593	\$56,896	
Supplies and Materials	varies	8.0	\$235,674,828	\$6,481,585	\$34,491,814	\$765,565	\$38,890	\$620,181	
Rural Telephone Property	8.00%	7.0	\$14,241,366	\$1,139,308	\$14,116,852	\$1,129,347	\$6,836	\$109,943	
Air and H2O Pollution Control	3.00%	5.0	\$94,908,026	\$2,847,243	\$5,650,509	\$169,516	\$17,083	\$273,834	
Cable TV Systems	varies	8.0	\$21,890,102	\$340,562	\$12,005,676	\$197,242	\$2,043	\$32,469	
Theatre and Sound Equipment	varies	8.0	\$2,624,635	\$32,004	\$2,415,899	\$29,664	\$192	\$3,060	
Radio and TV Broadcasting Equip.	varies	8.0	\$12,776,913	\$168,344	\$5,233,780	\$71,286	\$1,010	\$16,165	
CB's and Mobile Phones	varies	8.0	\$2,210,008	\$43,693	\$651,042	\$10,581	\$262	\$4,178	
Rental Equipment	varies	8.0	\$17,234,935	\$256,689	\$5,837,464	\$81,623	\$1,540	\$24,535	
New & Expanding Ind- Mach & Eq	varies	8.0	\$453,983,891	\$9,715,139	\$32,088,132	\$474,127	\$76,169	\$1,220,173	
Oil & Gas Field Equipment	varies	8.0	\$394,730,494	\$8,851,300	\$5,046,812	\$67,065	\$53,108	\$840,896	
Oil & Gas Flow Lines	varies	8.0	\$132,834,383	\$3,393,810	\$645,632	\$8,834	\$20,363	\$322,412	
Ag Implements	varies	8.0	\$1,179,668,869	\$12,903,257	\$8,509,569	\$122,126	\$77,420	\$1,226,726	
Centrally Assessed Personal Property	varies	8.0	\$11,494,944	\$304,038	\$3,162,447	\$83,646	\$1,824	\$29,128	
Failure to Report Penalty	varies	8.0	\$73,285,056	\$985,751	\$16,201,290	\$221,265	\$5,915	\$94,039	
Subtotal			\$7,468,035,202	\$159,314,026	\$1,631,321,076	\$32,911,322	\$973,762	\$15,548,878	
Subtotal Percent of Column Statewide Total			5.45%	5.92%	3.11%	3.60%	7.24%	7.26%	
Utilities Real									
Rural Co-op companies Real	3.00%	5.0	\$85,340,710	\$2,559,097	\$23,496,208	\$704,891	\$15,361	\$243,828	
Independent Tele Companies Real	3.00%	5.0	\$1,887,064	\$56,610	\$224,448	\$6,733	\$340	\$5,415	
Electric Companies Real	12.00%	9.0	\$48,904,182	\$5,868,501	\$5,895,244	\$707,430	\$35,211	\$561,047	
Gas & Electric Companies Real	12.00%	9.0	\$97,701,228	\$11,724,135	\$20,652,353	\$2,478,269	\$70,345	\$1,123,153	
Pipelines Real	12.00%	9.0	\$114,394,263	\$13,727,317	\$5,065,281	\$607,831	\$82,364	\$1,304,947	
Class 15 Pipeline Real	3.00%	15.0	\$13,252,445	\$188,949	\$0	\$0	\$1,230	\$19,469	
Telecom Companies Real	6.00%	13.0	\$339,851,212	\$20,391,090	\$179,433,960	\$10,766,041	\$122,347	\$1,952,583	
Railroads Real	2.97%	12.0	\$87,507,099	\$2,658,823	\$35,877,906	\$1,090,679	\$15,961	\$254,038	
Airlines Real	2.97%	12.0	\$1,536,421	\$46,707	\$1,316,495	\$40,021	\$280	\$4,506	
Electric Generation Real Property	6.00%	13.0	\$1,543,570,673	\$92,614,238	\$827,548,267	\$49,652,896	\$555,685	\$8,821,918	
Subtotal			\$2,333,945,297	\$149,835,467	\$1,099,510,162	\$66,054,791	\$899,123	\$14,290,904	
Subtotal Percent of Column Statewide Total			1.70%	5.57%	2.10%	7.23%	5.54%	5.53%	
Utilities Personal									
Rural Co-op Companies Pers Prop	3.00%	5.0	\$409,194,434	\$11,593,753	\$83,245,867	\$2,497,388	\$73,655	\$1,168,205	
Independent Tele Companies Pers Prop	varies	5.0	\$8,255,528	\$247,674	\$1,059,280	\$31,779	\$1,486	\$23,654	
Electric Companies Pers Prop	12.00%	9.0	\$20,543,129	\$2,465,184	\$14,406,045	\$1,728,734	\$14,791	\$234,395	
Gas & Electric Companies Pers Prop	12.00%	9.0	\$1,140,134,237	\$136,815,721	\$455,469,257	\$54,656,254	\$820,894	\$13,099,973	
Pipelines Pers Prop	12.00%	9.0	\$430,223,616	\$51,626,841	\$9,216,276	\$1,105,956	\$309,761	\$4,911,197	
Class 15 Pipeline Personal	3.00%	15.0	\$148,313,150	\$2,017,394	\$0	\$0	\$12,104	\$191,652	
Telecom Companies Pers Prop	6.00%	13.0	\$390,867,948	\$23,452,033	\$263,809,044	\$15,828,512	\$140,712	\$2,246,437	
Railroads Pers Prop	2.97%	12.0	\$138,235,948	\$4,198,811	\$19,776,678	\$601,212	\$25,213	\$403,870	
Airlines Pers Prop	2.97%	12.0	\$16,153,992	\$491,082	\$11,400,445	\$346,572	\$2,946	\$47,231	
Electric Generation Personal Prop	6.00%	13.0	\$425,399,642	\$25,523,977	\$43,695,477	\$2,621,728	\$153,144	\$2,433,513	
Centrally Assessed Pollution Control	3.00%	5.0	\$239,061,729	\$5,565,142	\$151,379,717	\$3,719,141	\$43,031	\$681,326	
New & Exp Ind -Elect Gen/Tele Pers Prop	varies	13.0	\$10,837,074	\$433,420	\$0	\$0	\$5,202	\$62,103	
Subtotal			\$3,377,220,427	\$264,431,032	\$1,053,458,087	\$83,137,275	\$1,602,940	\$25,503,557	
Subtotal Percent of Column Statewide Total			2.47%	9.82%	2.01%	9.10%	9.87%	9.86%	
Utilities Mileage									
Rural Co-op Companies Mileage	3.00%	5.0	\$754,260,435	\$22,621,414	\$35,627,582	\$1,068,822	\$135,767	\$2,153,257	
Independent Tele Companies Mileage	3.00%	5.0	\$26,528,913	\$795,869	\$177,263	\$5,319	\$4,775	\$75,863	
Electric Companies Mileage	12.00%	9.0	\$219,749,011	\$26,369,882	\$13,260,600	\$1,591,272	\$158,219	\$2,512,481	
Gas & Electric Companies Mileage	12.00%	9.0	\$410,560,876	\$49,267,299	\$17,208,020	\$2,064,968	\$295,604	\$4,697,388	
Pipelines Mileage	12.00%	9.0	\$1,504,597,089	\$180,551,669	\$14,372,578	\$1,724,712	\$1,083,310	\$17,163,407	
Class 15 Pipeline Mileage	3.00%	15.0	\$9,884,111	\$148,262	\$0	\$0	\$890	\$14,085	
Telecom Companies Mileage	6.00%	13.0	\$319,983,354	\$19,199,029	\$120,456,396	\$7,227,394	\$115,194	\$1,838,448	
Railroads Mileage	2.97%	12.0	\$2,449,288,211	\$73,954,551	\$202,034,859	\$6,141,860	\$446,518	\$7,087,362	
Airlines Flight Property Mileage	2.97%	12.0	\$150,803,593	\$4,584,425	\$74,943,489	\$2,278,278	\$27,507	\$439,859	
Renewable Mileage	1.50%	14.0	\$124,176,000	\$1,862,640	\$0	\$0	\$11,176	\$177,383	
Subtotal			\$5,969,831,593	\$379,355,040	\$478,080,787	\$22,102,625	\$2,278,959	\$36,159,532	
Subtotal Percent of Column Statewide Total			4.36%	14.09%	0.91%	2.42%	14.03%	13.99%	
Wind Generation									
Wind Generation Impr. New&Exp	varies	14.0	\$3,238,550	\$76,942	\$0	\$0	\$583	\$9,230	
Wind Generation Personal Prop. New&Exp	varies	14.0	\$753,489,346	\$15,730,438	\$0	\$0	\$135,628	\$2,147,445	
Subtotal			\$756,727,896	\$15,807,379	\$0	\$0	\$136,211	\$2,156,675	
Subtotal Percent of Column Statewide Total			0.55%	0.59%	0.00%	0.00%	0.84%	0.83%	
Statewide Summaries									
Statewide Total			\$136,934,429,649	\$2,691,987,931	\$52,441,631,569	\$913,635,081	\$16,242,975	\$258,529,237	
Statewide Average Mill Levy							6.03	96.04	

Property Tax and Property Value Summaries

Property Type	2016 Tax Rate		Taxes levied by Levy Type					Totals and Summaries		
	Class	County	Miscellaneous and Fire	County Wide School Ref/Trans	Local Schools	Cities/Towns	Total Taxes Levied	Effective Rate	Average Mill Levy for Property Type	
Personal Property										
Furniture and Fixtures	varies	8.0	\$1,986,305	\$337,649	\$684,762	\$2,806,761	\$1,921,205	\$9,071,312	1.05%	692.37
Machin. other than Farm, Min., Manuf.	varies	8.0	\$3,190,928	\$531,136	\$715,941	\$3,216,740	\$518,833	\$10,170,464	0.95%	516.80
Repair Tools	varies	8.0	\$4,173	\$666	\$1,402	\$5,602	\$3,074	\$17,974	0.94%	597.37
Manufacturing Machinery	varies	8.0	\$13,377,640	\$1,198,941	\$3,565,044	\$15,306,278	\$3,176,498	\$44,631,587	1.56%	568.98
Ski Lifts	varies	8.0	\$82,277	\$21,813	\$12,041	\$55,197	\$1	\$231,818	0.75%	387.13
Supplies and Materials	varies	8.0	\$1,068,647	\$124,346	\$243,722	\$1,100,306	\$142,149	\$3,338,242	1.42%	515.03
Rural Telephone Property	8.00%	7.0	\$144,717	\$26,429	\$53,669	\$209,665	\$219,839	\$771,098	5.41%	676.81
Air and H2O Pollution Control	3.00%	5.0	\$454,098	\$24,927	\$132,838	\$549,117	\$33,292	\$1,485,189	1.56%	521.62
Cable TV Systems	varies	8.0	\$51,261	\$8,361	\$11,639	\$69,938	\$34,274	\$209,986	0.96%	616.59
Theatre and Sound Equipment	varies	8.0	\$4,804	\$842	\$1,815	\$7,364	\$5,691	\$23,769	0.91%	742.68
Radio and TV Broadcasting Equip.	varies	8.0	\$28,427	\$6,731	\$9,621	\$35,891	\$15,216	\$113,061	0.88%	671.61
CB's and Mobile Phones	varies	8.0	\$6,854	\$703	\$1,757	\$7,452	\$1,980	\$23,184	1.05%	530.62
Rental Equipment	varies	8.0	\$41,537	\$8,377	\$12,137	\$51,757	\$14,744	\$154,627	0.90%	602.39
New & Expanding Ind- Mach & Eq	varies	8.0	\$1,611,994	\$155,449	\$453,628	\$1,913,183	\$79,257	\$5,509,853	1.21%	567.14
Oil & Gas Field Equipment	varies	8.0	\$1,443,813	\$105,174	\$96,431	\$555,133	\$13,664	\$3,108,218	0.79%	351.16
Oil & Gas Flow Lines	varies	8.0	\$567,396	\$38,613	\$51,632	\$183,541	\$2,029	\$1,185,985	0.89%	349.46
Ag Implements	varies	8.0	\$2,309,154	\$215,426	\$492,692	\$2,141,821	\$20,799	\$6,484,037	0.55%	502.51
Centrally Assessed Personal Property	varies	8.0	\$52,088	\$18,900	\$13,551	\$63,018	\$15,592	\$194,100	1.69%	638.41
Failure to Report Penalty	varies	8.0	\$158,597	\$21,611	\$38,342	\$153,684	\$44,675	\$516,862	0.71%	524.33
Subtotal			\$26,584,710	\$2,846,095	\$6,592,664	\$28,432,447	\$6,262,810	\$87,241,367	1.17%	547.61
Subtotal Percent of Column Statewide Total			8.22%	5.65%	6.99%	6.99%	4.41%	7.04%		
Utilities Real										
Rural Co-op companies Real	3.00%	5.0	\$434,265	\$65,348	\$104,304	\$521,410	\$148,909	\$1,533,427	1.80%	599.21
Independent Tele Companies Real	3.00%	5.0	\$9,219	\$846	\$2,382	\$10,257	\$1,696	\$30,156	1.60%	532.69
Electric Companies Real	12.00%	9.0	\$888,923	\$97,097	\$207,218	\$556,943	\$48,192	\$2,394,631	4.90%	408.05
Gas & Electric Companies Real	12.00%	9.0	\$2,531,142	\$402,846	\$446,040	\$2,241,179	\$459,071	\$7,273,777	7.44%	620.41
Pipelines Real	12.00%	9.0	\$2,177,587	\$237,194	\$593,521	\$1,689,088	\$117,102	\$6,201,804	5.42%	451.79
Class 15 Pipeline Real	3.00%	15.0	\$34,628	\$659	\$2,141	\$22,732	\$0	\$80,859	0.61%	427.94
Telecom Companies Real	6.00%	13.0	\$3,325,063	\$464,455	\$914,142	\$4,425,931	\$1,988,393	\$13,192,914	3.88%	646.99
Railroads Real	2.97%	12.0	\$411,260	\$48,055	\$117,549	\$571,294	\$233,870	\$1,652,026	1.89%	621.34
Airlines Real	2.97%	12.0	\$6,460	\$975	\$2,244	\$9,625	\$7,447	\$31,538	2.05%	675.23
Electric Generation Real Property	6.00%	13.0	\$8,038,201	\$2,613,887	\$2,468,182	\$6,862,306	\$3,470,291	\$32,830,470	2.13%	354.49
Subtotal			\$17,856,749	\$3,931,362	\$4,857,722	\$16,910,767	\$6,474,973	\$65,221,601	2.79%	435.29
Subtotal Percent of Column Statewide Total			4.21%	5.60%	4.45%	3.37%	3.94%	4.22%		
Utilities Personal										
Rural Co-op Companies Pers Prop	3.00%	5.0	\$1,966,426	\$252,322	\$480,863	\$2,297,057	\$504,663	\$6,743,191	1.65%	581.62
Independent Tele Companies Pers Prop	varies	5.0	\$41,595	\$3,596	\$10,160	\$41,714	\$6,969	\$129,174	1.56%	521.55
Electric Companies Pers Prop	12.00%	9.0	\$351,509	\$54,687	\$115,630	\$515,425	\$289,819	\$1,576,256	7.67%	639.41
Gas & Electric Companies Pers Prop	12.00%	9.0	\$23,384,132	\$3,432,471	\$6,033,774	\$29,301,225	\$10,081,874	\$86,154,343	7.56%	629.71
Pipelines Pers Prop	12.00%	9.0	\$8,000,793	\$511,680	\$1,156,947	\$5,053,227	\$215,800	\$20,159,405	4.69%	390.48
Class 15 Pipeline Personal	3.00%	15.0	\$367,047	\$1,107	\$14,610	\$208,921	\$0	\$795,442	0.54%	394.29
Telecom Companies Pers Prop	6.00%	13.0	\$3,591,932	\$499,814	\$1,110,688	\$5,289,342	\$2,941,716	\$15,820,641	4.05%	674.60
Railroads Pers Prop	2.97%	12.0	\$659,331	\$64,100	\$196,187	\$832,098	\$126,386	\$2,307,185	1.67%	549.49
Airlines Pers Prop	2.97%	12.0	\$66,520	\$13,086	\$24,241	\$116,690	\$61,017	\$331,731	2.05%	675.51
Electric Generation Personal Prop	6.00%	13.0	\$4,278,034	\$588,834	\$754,025	\$3,329,225	\$176,408	\$11,713,183	2.75%	458.91
Centrally Assessed Pollution Control	3.00%	5.0	\$423,403	\$179,022	\$115,020	\$253,572	\$255,415	\$1,950,789	0.82%	350.54
New & Exp Ind -Elect Gen/Tele Pers Prop	varies	13.0	\$63,526	\$4,488	\$18,990	\$106,604	\$0	\$280,913	2.41%	601.99
Subtotal			\$43,194,248	\$5,605,206	\$10,031,134	\$47,345,100	\$14,660,068	\$147,942,252	4.38%	559.47
Subtotal Percent of Column Statewide Total			10.18%	7.98%	9.19%	9.44%	8.91%	9.58%		
Utilities mileage										
Rural Co-op Companies Mileage	3.00%	5.0	\$3,971,631	\$446,816	\$920,856	\$4,207,634	\$210,505	\$12,046,466	1.60%	532.52
Independent Tele Companies Mileage	3.00%	5.0	\$145,434	\$13,389	\$32,413	\$110,086	\$749	\$382,709	1.44%	480.87
Electric Companies Mileage	12.00%	9.0	\$4,529,484	\$388,043	\$862,661	\$4,767,133	\$237,606	\$13,455,626	6.12%	510.26
Gas & Electric Companies Mileage	12.00%	9.0	\$8,611,454	\$1,001,948	\$2,046,842	\$9,232,474	\$365,642	\$26,251,352	6.39%	532.84
Pipelines Mileage	12.00%	9.0	\$26,825,718	\$1,562,188	\$3,618,000	\$16,817,261	\$246,046	\$67,315,930	4.47%	372.83
Class 15 Pipeline Mileage	3.00%	15.0	\$27,345	\$52	\$1,121	\$14,408	\$0	\$57,901	0.59%	390.53
Telecom Companies Mileage	6.00%	13.0	\$3,157,239	\$555,547	\$901,568	\$4,280,868	\$1,355,976	\$12,204,840	3.81%	635.70
Railroads Mileage	2.97%	12.0	\$12,851,407	\$1,145,714	\$2,953,804	\$13,497,182	\$1,170,580	\$39,152,566	1.60%	529.41
Airlines Flight Property Mileage	2.97%	12.0	\$664,924	\$198,119	\$225,206	\$1,120,303	\$392,462	\$3,068,379	2.03%	669.31
Renewable Mileage	1.50%	14.0	\$383,648	\$22,032	\$100,687	\$377,700	\$0	\$1,072,626	0.86%	575.86
Subtotal			\$61,168,283	\$5,333,849	\$11,663,158	\$54,425,049	\$3,979,565	\$175,008,396	2.93%	461.33
Subtotal Percent of Column Statewide Total			14.41%	7.59%	10.69%	10.85%	2.42%	11.33%		
Wind Generation										
Wind Generation Impr. New&Exp	varies	14.0	\$12,327	\$531	\$29	\$1,056	\$0	\$23,756	0.73%	308.75
Wind Generation Personal Prop. New&Exp	varies	14.0	\$2,911,628	\$72,780	\$574,594	\$2,499,567	\$0	\$8,341,642	1.11%	530.29
Subtotal			\$2,923,955	\$73,311	\$574,623	\$2,500,624	\$0	\$8,365,398	1.11%	529.21
Subtotal Percent of Column Statewide Total			0.69%	0.10%	0.53%	0.50%	0.00%	0.54%		
Statewide Summaries										
Statewide Total			\$424,387,049	\$70,264,615	\$109,143,318	\$501,637,881	\$164,529,201	\$1,544,734,277	1.13%	573.83
Statewide Average Mill Levy			157.65	26.10	40.54	186.34	61.12	573.83		

State Total

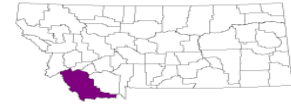
	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$3,907,430	\$3,907,430		\$4,080,139	\$4,080,139
CLASS 2 Gross Proceeds		\$883,888,082	\$26,516,643		\$648,475,233	\$19,454,258
CLASS 3 Agricultural Land:		\$0				
Tillable Irrigated (2.72%, 2.63%)	1,633,079	\$1,032,620,174	\$22,304,677	1,674,051	\$1,029,572,073	\$22,238,823
Tillable Non-Irrigated (2.72%, 2.63%)	12,152,986	\$3,482,616,268	\$75,224,511	12,171,479	\$3,470,168,518	\$74,955,629
Grazing (2.72%, 2.63%)	34,071,468	\$1,463,383,594	\$31,611,928	34,081,610	\$1,462,510,713	\$31,593,117
Wild Hay (2.72%, 2.63%)	1,091,906	\$235,800,547	\$5,093,408	1,109,394	\$235,673,266	\$5,090,654
Non-Qualified Ag Land (19.04%, 18.41%)	1,026,950	\$47,159,633	\$7,131,570	1,077,154	\$47,060,776	\$7,116,661
Eligible Mining Claims (2.72%, 2.63%)	17,361	\$888,655	\$19,288	23,895	\$901,781	\$19,572
Class 3 Subtotal	49,993,749	\$6,262,468,871	\$141,385,382	50,137,582	\$6,245,887,127	\$141,014,456
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$76,100,082,048	\$1,033,969,634		\$76,903,130,315	\$1,045,111,132
Residential Low Income (varies)		\$2,279,376,414	\$10,992,218		\$2,585,919,753	\$12,696,770
Mobile Homes (2.72%, 2.63%)		\$794,275,519	\$10,723,065		\$797,929,558	\$10,770,419
Mobile Homes Low Income (varies)		\$54,525,986	\$225,833		\$60,657,400	\$258,972
Commercial (2.72%, 2.63%)		\$26,340,670,727	\$450,310,497		\$26,286,656,574	\$448,251,057
Industrial (2.72%, 2.63%)		\$243,496,677	\$4,602,074		\$248,109,266	\$4,689,254
New Manufacturing (varies)		\$1,470,697,870	\$26,202,286		\$1,609,515,586	\$28,709,119
Qualified Golf Courses (1.36%, 1.32%)		\$271,477,534	\$2,579,030		\$259,654,642	\$2,465,874
Remodeled Commercial (varies)		\$19,534,430	\$336,766		\$32,684,724	\$345,908
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$107,574,137,205	\$1,539,941,403		\$108,784,257,818	\$1,553,298,505
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$1,212,013,298	\$35,585,213		\$1,285,871,864	\$37,886,559
Qualified New Industrial (3%)		\$111,280	\$338		\$111,280	\$338
Pollution Control (3%)		\$333,551,729	\$9,683,442		\$349,706,745	\$8,872,721
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (0%-3%)		\$12,953,930	\$195,250		\$209,060	\$5,017
Aluminum Electrolytic Equipment (3%)		\$3,008,703	\$90,261		\$0	\$0
Class 5 Subtotal		\$1,561,538,940	\$45,554,504		\$1,635,798,949	\$46,764,635
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$14,865,910	\$1,189,273		\$14,241,366	\$1,139,308
CLASS 8						
Machinery (3%, 2% and 3%)		\$4,526,989,686	\$110,623,043		\$4,498,044,192	\$111,483,048
Farm Implements (3%, 2% and 3%)		\$1,164,330,195	\$12,456,576		\$1,179,668,869	\$12,902,660
Furniture and Fixtures (3%, 2% and 3%)		\$875,479,137	\$13,106,063		\$860,920,703	\$13,084,153
Other Business Equipment (3%, 2% and 3%)		\$834,054,425	\$17,898,252		\$820,252,046	\$17,857,201
Class 8 Subtotal		\$7,400,853,443	\$154,083,933		\$7,358,885,810	\$155,327,062
CLASS 9						
Utilities (12%)		\$3,587,140,566	\$430,456,634		\$3,986,807,631	\$478,416,549
CLASS 10						
Timber Land (0.32%, 0.31%)	3,899,527	\$1,330,150,597	\$4,921,816	3,918,341	\$1,329,606,808	\$4,919,796
CLASS 12						
Railroads (3.45%, 3.45%)		\$2,336,058,538	\$69,380,923		\$2,675,031,258	\$80,812,185
Airlines (3.45%, 3.45%)		\$167,449,632	\$4,973,256		\$168,494,006	\$5,122,214
Class 12 Subtotal		\$2,503,508,170	\$74,354,179		\$2,843,525,264	\$85,934,399
CLASS 13						
Electrical Generation Property (6%)		\$1,895,195,050	\$113,711,707		\$1,968,970,315	\$118,138,215
Telecommunication Property (6%)		\$1,066,328,185	\$63,979,759		\$1,050,702,514	\$63,042,152
Elect Gen/Tele Real Prop New & Exp		\$12,945,287	\$486,279		\$10,837,074	\$433,420
Class 13 Subtotal		\$2,974,468,522	\$178,177,745		\$3,030,509,903	\$181,613,787
CLASS 14						
Wind Generation (3%)		\$156,271,866	\$4,688,155		\$144,123,066	\$4,323,693
Wind Generation New & Exp (varies)		\$801,698,095	\$12,192,469		\$736,780,830	\$13,346,326
Class 14 Subtotal		\$957,969,961	\$16,880,624		\$880,903,896	\$17,670,019
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$165,687,487	\$2,352,256		\$171,449,706	\$2,354,605
Total		\$135,220,585,184	\$2,619,721,822		\$136,934,429,649	\$2,691,987,518
ABATED PROPERTY						
Current Values of Abated Property		\$2,118,662,132	\$26,630,492		\$1,901,817,941	\$26,771,383
Values Without the Property Abatement		\$2,118,662,132	\$44,523,084		\$1,901,817,941	\$41,768,694
Difference (Property Value Abated)		\$0	-\$17,892,592		\$0	-\$14,997,311

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 PUGET SOUND ENERGY INC - ELECTRIC GENERATION	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 PUGET SOUND ENERGY INC - ELECTRIC GENERATION
2 BNSF RAILWAY CO	7 CHS INC	2 BNSF RAILWAY CO	7 CHS INC
3 NORTHWESTERN ENERGY - ELECTRIC GENERATION	8 EXPRESS PIPELINE LLC	3 NORTHWESTERN ENERGY - ELECTRIC GENERATION	8 EXPRESS PIPELINE LLC
4 ONEOK BAKKEN PIPELINE LLC	9 NORTHERN BORDER PIPELINE COMPANY	4 HILAND CRUDE LLC	9 NORTHERN BORDER PIPELINE COMPANY
5 HILAND CRUDE LLC	10 WBI ENERGY TRANSMISSION INC	5 ONEOK BAKKEN PIPELINE LLC	10 BISON PIPELINE LLC

Property Tax Paid by County

Beaverhead County



	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$398,936	\$11,968		\$526,268	\$15,788
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	119,690	\$69,467,466	\$1,500,494	120,149	\$68,654,464	\$1,482,930
Tillable Non-Irrigated (2.72%, 2.63%)	250	\$106,737	\$2,304	431	\$106,737	\$2,304
Grazing (2.72%, 2.63%)	909,002	\$44,156,941	\$953,809	908,819	\$44,278,733	\$956,435
Wild Hay (2.72%, 2.63%)	1,260	\$382,438	\$8,258	1,297	\$384,422	\$8,301
Non-Qualified Ag Land (19.04%, 18.41%)	18,637	\$865,889	\$130,929	19,680	\$876,184	\$132,486
Eligible Mining Claims (2.72%, 2.63%)	1,255	\$47,222	\$1,022	1,615	\$47,850	\$1,035
Class 3 Subtotal	1,050,094	\$115,026,693	\$2,596,816	1,051,991	\$114,348,390	\$2,583,491
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$547,794,840	\$7,405,844		\$549,209,574	\$7,416,889
Residential Low Income (varies)		\$25,998,081	\$118,368		\$28,588,380	\$139,502
Mobile Homes (2.72%, 2.63%)		\$10,849,239	\$146,471		\$10,833,260	\$146,253
Mobile Homes Low Income (varies)		\$623,460	\$2,600		\$617,430	\$2,620
Commercial (2.72%, 2.63%)		\$262,326,885	\$4,191,462		\$264,950,790	\$4,229,491
Industrial (2.72%, 2.63%)		\$986,861	\$18,653		\$810,815	\$15,325
New Manufacturing (varies)		\$7,614,940	\$143,922		\$7,898,310	\$149,278
Qualified Golf Courses (1.36%, 1.32%)		\$1,059,116	\$10,062		\$1,059,116	\$10,062
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$857,253,422	\$12,037,382		\$863,967,675	\$12,109,420
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$27,073,539	\$812,211		\$29,340,506	\$880,222
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$101,491	\$3,045		\$101,246	\$3,037
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		\$27,175,030	\$815,256		\$29,441,752	\$883,259
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$29,698,417	\$643,884		\$29,039,243	\$625,011
Farm Implements (3%, 2% and 3%)		\$16,301,945	\$169,986		\$16,268,526	\$174,877
Furniture and Fixtures (3%, 2% and 3%)		\$5,584,405	\$83,292		\$5,029,706	\$72,274
Other Business Equipment (3%, 2% and 3%)		\$3,090,258	\$59,136		\$3,670,423	\$70,796
Class 8 Subtotal		\$54,675,025	\$956,298		\$54,007,898	\$942,959
CLASS 9						
Utilities (12%)		\$24,403,073	\$2,928,366		\$27,941,137	\$3,352,932
CLASS 10						
Timber Land (0.32%, 0.31%)	29,745	\$5,699,555	\$21,094	29,899	\$5,726,306	\$21,192
CLASS 12						
Railroads (3.45%, 3.45%)		\$11,044,392	\$328,020		\$12,868,669	\$391,208
Airlines (3.45%, 3.45%)		\$1,206	\$36		\$1,172	\$36
Class 12 Subtotal		\$11,045,598	\$328,056		\$12,869,841	\$391,244
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$8,495,018	\$509,703		\$8,195,703	\$491,739
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$8,495,018	\$509,703		\$8,195,703	\$491,739
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$1,104,172,350	\$20,204,939		\$1,118,874,683	\$20,805,897
ABATED PROPERTY						
Current Values of Abated Property		\$1,930,526	\$14,448		\$1,849,713	\$13,873
Values Without the Property Abatement		\$1,930,526	\$28,958		\$1,849,713	\$27,746
Difference (Property Value Abated)		\$0	-\$14,510		\$0	-\$13,873

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 UNION PACIFIC RAILROAD CO	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 IDAHO POWER COMPANY
2 SPECIALTY MINERALS	7 VERIZON WIRELESS	2 SPECIALTY MINERALS	7 VERIZON WIRELESS
3 SOUTHERN MONTANA TELEPHONE CO	8 MATADOR CATTLE COMPANY	3 SOUTHERN MONTANA TELEPHONE CO	8 MATADOR CATTLE COMPANY
4 IDAHO POWER COMPANY	9 CLARK CANYON RANCH LLC	4 VIGILANTE ELEC COOP INC	9 CLARK CANYON RANCH LLC
5 VIGILANTE ELEC COOP INC	10 BRESNAN COMMUNICATIONS LLC	5 UNION PACIFIC RAILROAD CO	10 CHARTER COMMUNICATIONS INC

Property Tax Paid by County

Big Horn County



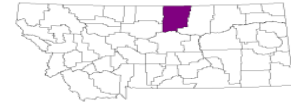
	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	48,572	\$32,483,837	\$701,663	51,161	\$32,432,694	\$700,556
Tillable Non-Irrigated (2.72%, 2.63%)	165,215	\$31,870,840	\$688,427	164,825	\$31,893,828	\$688,928
Grazing (2.72%, 2.63%)	1,382,388	\$50,270,277	\$1,086,122	1,379,960	\$50,289,908	\$1,086,548
Wild Hay (2.72%, 2.63%)	35,932	\$7,153,273	\$154,522	36,558	\$7,128,118	\$153,978
Non-Qualified Ag Land (19.04%, 18.41%)	9,120	\$416,454	\$62,977	9,876	\$428,207	\$64,753
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,641,228	\$122,194,681	\$2,693,711	1,642,380	\$122,172,755	\$2,694,763
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$173,948,208	\$2,358,661		\$175,017,777	\$2,372,135
Residential Low Income (varies)		\$4,950,518	\$20,871		\$5,890,069	\$26,105
Mobile Homes (2.72%, 2.63%)		\$12,938,168	\$175,763		\$13,476,798	\$181,932
Mobile Homes Low Income (varies)		\$105,130	\$625		\$189,780	\$874
Commercial (2.72%, 2.63%)		\$144,095,059	\$2,286,613		\$146,711,168	\$2,337,754
Industrial (2.72%, 2.63%)		\$5,191,066	\$98,108		\$5,181,013	\$97,918
New Manufacturing (varies)		\$76,996,215	\$1,455,227		\$71,331,046	\$1,348,156
Qualified Golf Courses (1.36%, 1.32%)		\$705,427	\$6,701		\$705,427	\$6,701
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$418,929,791	\$6,402,569		\$418,503,078	\$6,371,575
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$25,372,007	\$761,154		\$25,236,397	\$757,093
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$7,957,550	\$238,726		\$4,489,231	\$134,677
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		\$33,329,557	\$999,880		\$29,725,628	\$891,770
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$168,504,108	\$4,612,796		\$158,595,208	\$4,342,374
Farm Implements (3%, 2% and 3%)		\$30,914,004	\$358,778		\$31,556,261	\$383,274
Furniture and Fixtures (3%, 2% and 3%)		\$3,873,870	\$58,941		\$3,622,589	\$54,362
Other Business Equipment (3%, 2% and 3%)		\$43,135,627	\$1,173,656		\$38,852,659	\$1,015,119
Class 8 Subtotal		\$246,427,609	\$6,204,171		\$232,626,717	\$5,795,129
CLASS 9						
Utilities (12%)		\$45,602,461	\$5,472,291		\$47,384,550	\$5,686,146
CLASS 10						
Timber Land (0.32%, 0.31%)	29,875	\$3,106,018	\$11,498	29,887	\$3,106,029	\$11,498
CLASS 12						
Railroads (3.45%, 3.45%)		\$54,094,804	\$1,606,613		\$60,523,221	\$1,839,903
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$54,094,804	\$1,606,613		\$60,523,221	\$1,839,903
CLASS 13						
Electrical Generation Property (6%)		\$18,718,831	\$1,123,130		\$21,489,049	\$1,289,343
Telecommunication Property (6%)		\$8,856,341	\$531,385		\$8,564,453	\$513,867
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$27,575,172	\$1,654,515		\$30,053,502	\$1,803,210
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$951,260,093	\$25,045,248		\$944,095,480	\$25,093,994
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 SPRING CREEK COAL LLC	6 DECKER COAL COMPANY	1 SPRING CREEK COAL LLC	6 DECKER COAL COMPANY
2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 ROCKY MOUNTAIN POWER, LLC	2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 PACIFICORP - ELECTRIC TRANSMISSION
3 BNSF RAILWAY CO	8 PHILLIPS 66 PIPELINE LLC	3 BNSF RAILWAY CO	8 CENEX PIPELINE LLC
4 WESTMORELAND RESOURCES INC	9 CENEX PIPELINE LLC	4 WESTMORELAND RESOURCES INC	9 PHILLIPS 66 PIPELINE LLC
5 PACIFICORP - ELECTRIC TRANSMISSION	10 FIDELITY EXPLORATION & PRODUCTION	5 ROCKY MOUNTAIN POWER, LLC	10 WBI ENERGY TRANSMISSION INC

Property Taxes Paid by County

Blaine County

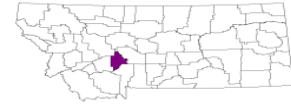


	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	52,237	\$38,973,619	\$841,831	54,831	\$38,946,899	\$841,255
Tillable Non-Irrigated (2.72%, 2.63%)	464,119	\$134,813,463	\$2,911,978	470,793	\$134,356,292	\$2,902,103
Grazing (2.72%, 2.63%)	997,295	\$44,096,833	\$952,523	996,619	\$44,188,344	\$954,499
Wild Hay (2.72%, 2.63%)	27,656	\$5,974,330	\$129,055	28,533	\$5,976,169	\$129,095
Non-Qualified Ag Land (19.04%, 18.41%)	3,521	\$149,994	\$22,680	3,581	\$149,613	\$22,622
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,544,829	\$224,008,239	\$4,858,067	1,554,357	\$223,617,317	\$4,849,574
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$93,933,721	\$1,276,610		\$92,460,290	\$1,256,320
Residential Low Income (varies)		\$2,498,295	\$12,812		\$3,081,405	\$15,975
Mobile Homes (2.72%, 2.63%)		\$3,273,650	\$44,193		\$3,150,025	\$42,524
Mobile Homes Low Income (varies)		\$92,240	\$249		\$92,240	\$249
Commercial (2.72%, 2.63%)		\$104,544,589	\$1,562,807		\$103,586,712	\$1,542,909
Industrial (2.72%, 2.63%)		\$63,094	\$1,194		\$63,094	\$1,194
New Manufacturing (varies)		\$6,435,260	\$105,563		\$8,010,581	\$121,092
Qualified Golf Courses (1.36%, 1.32%)		\$1,490,235	\$14,157		\$1,232,481	\$11,708
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$212,331,084	\$3,017,585		\$211,676,828	\$2,991,971
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$23,806,312	\$714,194		\$27,835,957	\$835,094
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		\$23,806,312	\$714,194		\$27,835,957	\$835,094
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$3,288,820	\$44,900		\$3,159,620	\$40,080
Farm Implements (3%, 2% and 3%)		\$33,140,518	\$367,880		\$32,828,236	\$368,995
Furniture and Fixtures (3%, 2% and 3%)		\$1,306,026	\$24,432		\$1,363,607	\$25,558
Other Business Equipment (3%, 2% and 3%)		\$8,483,625	\$130,037		\$7,505,594	\$115,739
Class 8 Subtotal		\$46,218,989	\$567,249		\$44,857,057	\$550,372
CLASS 9						
Utilities (12%)		\$18,045,990	\$2,165,511		\$19,661,559	\$2,359,388
CLASS 10						
Timber Land (0.32%, 0.31%)	8,729	\$2,748,331	\$10,171	12,976	\$2,539,818	\$9,398
CLASS 12						
Railroads (3.45%, 3.45%)		\$51,860,306	\$1,540,253		\$64,600,661	\$1,963,859
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$51,860,306	\$1,540,253		\$64,600,661	\$1,963,859
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$9,550,135	\$573,009		\$2,941,029	\$176,463
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$9,550,135	\$573,009		\$2,941,029	\$176,463
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$588,569,386	\$13,446,039		\$601,058,457	\$13,767,529
ABATED PROPERTY						
Current Values of Abated Property		\$1,708,863	\$16,234		\$3,328,231	\$31,410
Values Without the Property Abatement		\$1,708,863	\$32,298		\$3,328,231	\$62,499
Difference (Property Value Abated)		\$0	-\$16,064		\$0	-\$31,089

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 BNSF RAILWAY CO	6 HARTLAND COLONY INC	1 BNSF RAILWAY CO	6 HARTLAND COLONY INC
2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 NORTHWESTERN ENERGY BEAR PAW SOUTH GAS PRODUCTION	2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 HILL COUNTY ELECTRIC COOP INC
3 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	8 OMIMEX CANADA LTD	3 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	8 OMIMEX CANADA LTD
4 CENTRAL MONTANA COMMUNICATIONS	9 HILL COUNTY ELECTRIC COOP INC	4 NORTHWESTERN ENERGY - HAVRE PIPELINE	9 COLUMBIA GRAIN INC
5 NORTHWESTERN ENERGY - HAVRE PIPELINE	10 NORTH HARLEM HUTTERIAN BROTHERN INC	5 NORTHWESTERN ENERGY BEAR PAW SOUTH GAS PRODUCTION	10 TRIANGLE COMMUNICATION SYSTEM INC

Broadwater County



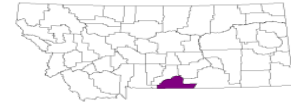
	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$244,212	\$244,212		\$311,710	\$311,710
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	40,438	\$23,770,105	\$513,435	41,470	\$23,753,495	\$513,076
Tillable Non-Irrigated (2.72%, 2.63%)	51,422	\$17,251,469	\$372,631	52,057	\$17,251,497	\$372,632
Grazing (2.72%, 2.63%)	283,364	\$12,382,000	\$267,449	282,657	\$12,329,640	\$266,321
Wild Hay (2.72%, 2.63%)	4,862	\$1,315,195	\$28,408	4,877	\$1,312,463	\$28,349
Non-Qualified Ag Land (19.04%, 18.41%)	17,438	\$800,855	\$121,091	18,850	\$821,930	\$124,281
Eligible Mining Claims (2.72%, 2.63%)	2,074	\$91,580	\$1,980	2,130	\$93,304	\$2,017
Class 3 Subtotal	399,597	\$55,611,204	\$1,304,994	402,042	\$55,562,329	\$1,306,676
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$348,760,775	\$4,713,740		\$351,465,826	\$4,752,089
Residential Low Income (varies)		\$14,380,037	\$63,364		\$15,805,432	\$68,234
Mobile Homes (2.72%, 2.63%)		\$5,196,990	\$70,163		\$5,427,410	\$73,279
Mobile Homes Low Income (varies)		\$265,260	\$744		\$281,650	\$789
Commercial (2.72%, 2.63%)		\$93,758,380	\$1,461,756		\$94,290,053	\$1,473,630
Industrial (2.72%, 2.63%)		\$54,185,180	\$14,085		\$714,645	\$13,508
New Manufacturing (varies)		\$8,142,169	\$141,272		\$7,675,239	\$135,403
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		\$471,248,791	\$6,465,124		\$475,660,255	\$6,516,932
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$4,105,210	\$123,158		\$4,656,885	\$139,701
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$400,180	\$12,005		\$399,213	\$11,976
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		\$4,505,390	\$135,163		\$5,056,098	\$151,677
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$32,313,788	\$676,868		\$29,922,559	\$675,162
Farm Implements (3%, 2% and 3%)		\$11,653,247	\$122,562		\$11,613,552	\$123,886
Furniture and Fixtures (3%, 2% and 3%)		\$1,147,905	\$16,608		\$1,045,710	\$15,307
Other Business Equipment (3%, 2% and 3%)		\$947,633	\$17,299		\$1,776,627	\$37,542
Class 8 Subtotal		\$46,062,573	\$833,337		\$44,358,448	\$851,897
CLASS 9						
Utilities (12%)		\$28,481,960	\$3,417,834		\$38,048,488	\$4,565,817
CLASS 10						
Timber Land (0.32%, 0.31%)	52,125	\$10,205,474	\$37,763	52,333	\$10,238,422	\$37,885
CLASS 12						
Railroads (3.45%, 3.45%)		\$20,407,857	\$606,115		\$18,221,104	\$553,921
Airlines (3.45%, 3.45%)		\$1,206	\$36		\$1,172	\$36
Class 12 Subtotal		\$20,409,063	\$606,151		\$18,222,276	\$553,957
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$5,850,234	\$351,012		\$5,375,427	\$322,526
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$5,850,234	\$351,012		\$5,375,427	\$322,526
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$642,618,901	\$13,395,590		\$654,403,119	\$14,636,239
ABATED PROPERTY						
Current Values of Abated Property		\$1,983,329	\$21,309		\$1,569,666	\$17,162
Values Without the Property Abatement		\$1,983,329	\$36,223		\$1,569,666	\$28,501
Difference (Property Value Abated)		\$0	-\$14,914		\$0	-\$11,339

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 AVISTA CORPORATION - ELECTRIC TRANSMISSION	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 YELLOWSTONE PIPELINE CO
2 GRAYMONT WESTERN US INC	7 YELLOWSTONE PIPELINE CO	2 GRAYMONT WESTERN US INC	7 AVISTA CORPORATION - ELECTRIC TRANSMISSION
3 MONTANA RAIL LINK	8 PACIFICORP - ELECTRIC TRANSMISSION	3 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	8 PACIFICORP - ELECTRIC TRANSMISSION
4 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	9 VERIZON WIRELESS	4 MONTANA RAIL LINK	9 VIGILANTE ELEC COOP INC
5 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	10 VIGILANTE ELEC COOP INC	5 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	10 VERIZON WIRELESS

Property Taxes Paid by County

Carbon County



	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$507,739	\$507,739		\$547,785	\$547,785
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	73,585	\$44,550,506	\$962,295	74,549	\$44,540,999	\$962,088
Tillable Non-Irrigated (2.72%, 2.63%)	37,227	\$8,277,146	\$178,792	36,993	\$8,247,692	\$178,156
Grazing (2.72%, 2.63%)	510,160	\$21,947,621	\$474,107	510,155	\$21,921,086	\$473,529
Wild Hay (2.72%, 2.63%)	12,822	\$2,872,370	\$62,048	12,809	\$2,869,456	\$61,986
Non-Qualified Ag Land (19.04%, 18.41%)	29,900	\$1,350,184	\$204,183	30,934	\$1,377,529	\$208,316
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	663,694	\$78,997,827	\$1,881,425	665,440	\$78,956,762	\$1,884,075
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$1,131,188,503	\$15,295,113		\$1,137,791,391	\$15,384,211
Residential Low Income (varies)		\$30,717,133	\$152,803		\$34,998,007	\$179,351
Mobile Homes (2.72%, 2.63%)		\$10,515,370	\$141,956		\$10,622,670	\$143,405
Mobile Homes Low Income (varies)		\$596,030	\$1,828		\$663,200	\$1,967
Commercial (2.72%, 2.63%)		\$277,540,488	\$4,363,416		\$279,804,962	\$4,393,491
Industrial (2.72%, 2.63%)		\$2,631,120	\$49,727		\$2,631,120	\$49,727
New Manufacturing (varies)		\$19,147,818	\$219,671		\$19,164,828	\$247,261
Qualified Golf Courses (1.36%, 1.32%)		\$4,413,241	\$41,924		\$4,413,241	\$41,924
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$1,476,749,703	\$20,266,438		\$1,490,089,419	\$20,441,337
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$11,605,531	\$348,167		\$12,483,098	\$374,490
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		\$11,605,531	\$348,167		\$12,483,098	\$374,490
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$21,460,143	\$274,961		\$26,381,075	\$376,364
Farm Implements (3%, 2% and 3%)		\$10,954,238	\$103,793		\$11,348,240	\$112,413
Furniture and Fixtures (3%, 2% and 3%)		\$3,163,564	\$39,491		\$3,055,663	\$41,636
Other Business Equipment (3%, 2% and 3%)		\$2,816,066	\$36,257		\$2,491,464	\$32,427
Class 8 Subtotal		\$38,394,011	\$454,502		\$43,276,442	\$562,840
CLASS 9						
Utilities (12%)		\$92,976,390	\$11,157,176		\$99,228,699	\$11,907,422
CLASS 10						
Timber Land (0.32%, 0.31%)	6,981	\$853,760	\$3,158	6,984	\$851,967	\$3,151
CLASS 12						
Railroads (3.45%, 3.45%)		\$27,968,473	\$830,665		\$31,340,838	\$952,762
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$27,968,473	\$830,665		\$31,340,838	\$952,762
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$12,830,718	\$769,842		\$11,196,896	\$671,816
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$12,830,718	\$769,842		\$11,196,896	\$671,816
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$1,740,884,152	\$36,219,112		\$1,807,152,186	\$37,750,056
ABATED PROPERTY						
Current Values of Abated Property		\$33,748,726	\$312,762		\$39,180,280	\$404,378
Values Without the Property Abatement		\$33,748,726	\$572,756		\$39,180,280	\$654,255
Difference (Property Value Abated)		\$0	-\$259,994		\$0	-\$249,877

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 EXPRESS PIPELINE LLC	6 EXXONMOBIL PIPELINE COMPANY	1 EXPRESS PIPELINE LLC	6 EXXONMOBIL PIPELINE COMPANY
2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 CENTURYLINK INC	2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 BEARTOOTH ELEC COOP INC
3 WBI ENERGY TRANSMISSION INC	8 BEARTOOTH ELEC COOP INC	3 WBI ENERGY TRANSMISSION INC	8 PACIFICORP - ELECTRIC TRANSMISSION
4 BNSF RAILWAY CO	9 VERIZON WIRELESS	4 BNSF RAILWAY CO	9 VERIZON WIRELESS
5 MONTANA LIMESTONE COMPANY	10 COLORADO INTERSTATE GAS CO	5 MONTANA LIMESTONE COMPANY	10 CENTURYLINK INC

Property Taxes Paid by County

Carter County

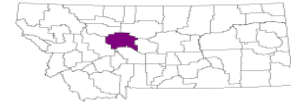


	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	125	\$71,548	\$1,545	125	\$71,548	\$1,545
Tillable Non-Irrigated (2.72%, 2.63%)	106,921	\$23,571,672	\$509,141	107,269	\$23,632,436	\$510,453
Grazing (2.72%, 2.63%)	1,185,785	\$41,947,688	\$906,105	1,186,633	\$41,977,752	\$906,756
Wild Hay (2.72%, 2.63%)	86,604	\$14,308,727	\$309,065	86,955	\$14,318,449	\$309,274
Non-Qualified Ag Land (19.04%, 18.41%)	2,206	\$104,347	\$15,775	2,475	\$110,227	\$16,665
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,381,641	\$80,003,982	\$1,741,631	1,383,457	\$80,110,412	\$1,744,693
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$21,716,454	\$299,838		\$21,930,949	\$302,715
Residential Low Income (varies)		\$225,433	\$1,734		\$280,333	\$1,230
Mobile Homes (2.72%, 2.63%)		\$4,465,335	\$60,283		\$4,749,515	\$64,119
Mobile Homes Low Income (varies)		\$15,900	\$151		\$15,900	\$43
Commercial (2.72%, 2.63%)		\$45,214,268	\$634,814		\$45,584,346	\$639,623
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		\$71,637,390	\$996,820		\$72,561,043	\$1,007,730
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$7,098,391	\$212,956		\$9,324,382	\$279,739
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		\$7,098,391	\$212,956		\$9,324,382	\$279,739
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$4,100,742	\$53,304		\$4,776,473	\$61,737
Farm Implements (3%, 2% and 3%)		\$18,568,933	\$173,452		\$19,838,694	\$191,550
Furniture and Fixtures (3%, 2% and 3%)		\$103,925	\$1,005		\$208,279	\$2,695
Other Business Equipment (3%, 2% and 3%)		\$1,632,681	\$18,843		\$1,534,543	\$17,905
Class 8 Subtotal		\$24,406,281	\$246,604		\$26,357,989	\$273,886
CLASS 9						
Utilities (12%)		\$371,578,012	\$44,589,358		\$387,757,176	\$46,530,860
CLASS 10						
Timber Land (0.32%, 0.31%)	10,532	\$1,241,844	\$4,593	10,538	\$1,240,514	\$4,588
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%)		\$579,592	\$34,775		\$585,518	\$35,131
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$579,592	\$34,775		\$585,518	\$35,131
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$556,545,492	\$47,826,737		\$577,937,034	\$49,876,627
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 BISON PIPELINE LLC	6 HILAND CRUDE LLC	1 BISON PIPELINE LLC	6 BELLE FOURCHE PIPELINE COMPANY
2 ONEOK BAKKEN PIPELINE LLC	7 BELLE FOURCHE PIPELINE COMPANY	2 ONEOK BAKKEN PIPELINE LLC	7 HILAND CRUDE LLC
3 BRIDGER PIPELINE LLC	8 BLACK HILLS POWER & LIGHT CO	3 BRIDGER PIPELINE LLC	8 BLACK HILLS POWER & LIGHT CO
4 BUTTE PIPE LINE CO	9 SOUTHEAST ELECTRIC COOPERATIVE INC	4 BUTTE PIPE LINE CO	9 SOUTHEAST ELECTRIC COOPERATIVE INC
5 WBI ENERGY TRANSMISSION INC	10 KITTELMANN SCOTT	5 WBI ENERGY TRANSMISSION INC	10 KITTELMANN SCOTT

Cascade County



	TY 2015			TY 2016		
	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%)	41,682	\$24,821,345	\$536,134	42,082	\$24,805,834	\$535,796
Tillable Non-Irrigated (2.72%, 2.63%)	339,110	\$95,128,332	\$2,054,795	337,632	\$94,661,492	\$2,044,716
Grazing (2.72%, 2.63%)	779,213	\$45,393,438	\$980,523	782,223	\$45,320,707	\$978,948
Wild Hay (2.72%, 2.63%)	57,417	\$14,101,338	\$304,588	58,740	\$14,367,938	\$310,348
Non-Qualified Ag Land (19.04%, 18.41%)	43,846	\$2,049,875	\$310,006	46,163	\$2,050,801	\$310,153
Eligible Mining Claims (2.72%, 2.63%)	317	\$14,137	\$308	317	\$14,137	\$308
Class 3 Subtotal	1,261,586	\$181,508,465	\$4,186,354	1,267,157	\$181,220,909	\$4,180,269
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$4,282,267,849	\$57,801,609		\$4,279,845,734	\$57,767,751
Residential Low Income (varies)		\$194,727,130	\$954,547		\$225,293,196	\$1,118,585
Mobile Homes (2.72%, 2.63%)		\$42,783,073	\$577,593		\$41,959,659	\$566,484
Mobile Homes Low Income (varies)		\$5,035,577	\$20,801		\$5,605,331	\$23,923
Commercial (2.72%, 2.63%)		\$1,885,167,066	\$33,001,585		\$1,859,047,020	\$32,366,559
Industrial (2.72%, 2.63%)		\$20,133,715	\$380,526		\$20,096,737	\$379,828
New Manufacturing (varies)		\$106,611,439	\$1,962,913		\$118,619,956	\$2,195,948
Qualified Golf Courses (1.36%, 1.32%)		\$6,121,808	\$58,158		\$5,257,489	\$49,947
Remodeled Commercial (varies)		\$3,560,009	\$63,300		\$1,048,423	\$19,815
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$6,546,407,666	\$94,821,032		\$6,556,773,545	\$94,488,840
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$21,884,897	\$656,545		\$15,904,752	\$477,147
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$3,049,821	\$91,495		\$3,041,897	\$91,257
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		\$24,934,718	\$748,040		\$18,946,649	\$568,404
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$14,865,910	\$1,189,273		\$14,241,366	\$1,139,308
CLASS 8						
Machinery (3%, 2% and 3%)		\$310,392,630	\$7,931,337		\$393,932,351	\$10,497,600
Farm Implements (3%, 2% and 3%)		\$21,696,063	\$246,011		\$21,733,508	\$258,526
Furniture and Fixtures (3%, 2% and 3%)		\$87,389,441	\$1,232,697		\$79,108,350	\$1,125,689
Other Business Equipment (3%, 2% and 3%)		\$16,590,134	\$269,646		\$13,620,282	\$190,805
Class 8 Subtotal		\$436,068,268	\$9,679,691		\$508,394,491	\$12,072,620
CLASS 9						
Utilities (12%)		\$121,651,642	\$14,598,208		\$133,446,677	\$16,013,583
CLASS 10						
Timber Land (0.32%, 0.31%)	71,818	\$15,545,605	\$57,514	73,003	\$15,681,838	\$58,016
CLASS 12						
Railroads (3.45%, 3.45%)		\$85,076,759	\$2,526,776		\$95,340,366	\$2,898,349
Airlines (3.45%, 3.45%)		\$26,954,447	\$800,548		\$26,418,081	\$803,108
Class 12 Subtotal		\$112,031,206	\$3,327,324		\$121,758,447	\$3,701,457
CLASS 13						
Electrical Generation Property (6%)		\$287,324,444	\$17,239,470		\$299,876,536	\$17,992,591
Telecommunication Property (6%)		\$68,596,691	\$4,115,816		\$66,384,381	\$5,183,051
Elect Gen/Tele Real Prop New & Exp		\$5,440,000	\$261,120		\$3,685,677	\$199,027
Class 13 Subtotal		\$361,361,135	\$21,616,406		\$389,946,594	\$23,374,669
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New & Exp (varies)		\$19,606,483	\$294,098		\$19,214,383	\$288,216
Class 14 Subtotal		\$19,606,483	\$294,098		\$19,214,383	\$288,216
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$7,833,981,098	\$150,517,940		\$7,979,341,446	\$156,200,975
ABATED PROPERTY						
Current Values of Abated Property		\$21,437,750	\$382,920		\$19,716,547	\$315,592
Values Without the Property Abatement		\$21,437,750	\$606,900		\$19,716,547	\$503,124
Difference (Property Value Abated)		\$0	-\$223,980		\$0	-\$187,532

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - ELECTRIC GENERATION	6 BRESNAN COMMUNICATIONS LLC	1 NORTHWESTERN ENERGY - ELECTRIC GENERATION	6 CHARTER COMMUNICATIONS INC
2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 ENERGY WEST MONTANA INC	2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 PHILLIPS 66 PIPELINE LLC
3 MONTANA REFINING COMPANY INC	8 PHILLIPS 66 PIPELINE LLC	3 MONTANA REFINING COMPANY INC	8 VERIZON WIRELESS
4 BNSF RAILWAY CO	9 LOENBRO EQUIPMENT INC	4 BNSF RAILWAY CO	9 GK HOLIDAY VILLAGE LLC
5 CENTURYLINK INC	10 GK HOLIDAY VILLAGE LLC	5 CENTURYLINK INC	10 FRONT RANGE PIPELINE LLC

Property Taxes Paid by County

Chouteau County



	TY 2015			TY 2016		
	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%)	9,744	\$5,638,630	\$121,799	9,732	\$5,638,630	\$121,799
Tillable Non-Irrigated (2.72%, 2.63%)	1,197,778	\$391,448,175	\$8,455,260	1,195,987	\$390,703,896	\$8,439,183
Grazing (2.72%, 2.63%)	803,163	\$38,505,198	\$831,686	805,793	\$38,555,210	\$832,765
Wild Hay (2.72%, 2.63%)	23,870	\$5,909,385	\$127,638	24,557	\$5,987,047	\$129,313
Non-Qualified Ag Land (19.04%, 18.41%)	4,797	\$239,831	\$36,267	5,571	\$259,759	\$39,279
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	2,039,351	\$441,741,219	\$9,572,650	2,041,640	\$441,144,542	\$9,562,339
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$138,350,773	\$1,883,898		\$134,196,052	\$1,827,731
Residential Low Income (varies)		\$6,013,509	\$26,742		\$6,248,406	\$30,184
Mobile Homes (2.72%, 2.63%)		\$3,612,980	\$48,777		\$3,609,490	\$48,730
Mobile Homes Low Income (varies)		\$26,070	\$177		\$26,070	\$177
Commercial (2.72%, 2.63%)		\$157,093,707	\$2,257,671		\$156,703,274	\$2,249,616
Industrial (2.72%, 2.63%)		\$786,612	\$14,868		\$786,612	\$14,868
New Manufacturing (varies)		\$34,923,616	\$582,333		\$35,017,235	\$591,133
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		\$340,807,267	\$4,814,466		\$336,587,139	\$4,762,439
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$24,569,053	\$737,067		\$37,178,283	\$1,115,356
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		\$24,569,053	\$737,067		\$37,178,283	\$1,115,356
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$6,448,459	\$93,274		\$6,271,104	\$92,910
Farm Implements (3%, 2% and 3%)		\$74,064,134	\$848,835		\$75,879,331	\$919,332
Furniture and Fixtures (3%, 2% and 3%)		\$882,981	\$11,357		\$838,279	\$12,660
Other Business Equipment (3%, 2% and 3%)		\$3,886,127	\$48,938		\$2,522,703	\$32,166
Class 8 Subtotal		\$85,281,701	\$1,002,404		\$85,511,417	\$1,057,068
CLASS 9						
Utilities (12%)		\$48,975,440	\$5,877,041		\$51,745,675	\$6,209,460
CLASS 10						
Timber Land (0.32%, 0.31%)	20,256	\$6,184,260	\$22,882	20,248	\$6,170,177	\$22,830
CLASS 12						
Railroads (3.45%, 3.45%)		\$20,637,224	\$612,924		\$28,180,795	\$856,695
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$20,637,224	\$612,924		\$28,180,795	\$856,695
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$30,372	\$1,822
Telecommunication Property (6%)		\$10,786,549	\$647,194		\$3,675,831	\$220,549
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$10,786,549	\$647,194		\$3,706,203	\$222,371
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$978,982,713	\$23,286,628		\$1,000,277,317	\$23,926,477
ABATED PROPERTY						
Current Values of Abated Property		\$10,099,487	\$110,721		\$10,053,086	\$117,919
Values Without the Property Abatement		\$10,099,487	\$189,701		\$10,053,086	\$189,006
Difference (Property Value Abated)		\$0	-\$78,980		\$0	-\$71,087

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 EXPRESS PIPELINE LLC	6 EGT LLC	1 EXPRESS PIPELINE LLC	6 PHILLIPS 66 PIPELINE LLC
2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 PHILLIPS 66 PIPELINE LLC	2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 HILL COUNTY ELECTRIC COOP INC
3 BNSF RAILWAY CO	8 HILL COUNTY ELECTRIC COOP INC	3 BNSF RAILWAY CO	8 3 RIVERS TELEPHONE COOPERATIVE INC
4 CENTRAL MONTANA COMMUNICATIONS	9 TWIN HILLS COLONY INC	4 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	9 TWIN HILLS COLONY INC
5 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	10 I X RANCH CO	5 EGT LLC	10 I X RANCH CO

Property Taxes Paid by County

Custer County



	TY 2015			TY 2016		
	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%)	29,396	\$20,028,070	\$432,604	30,073	\$20,163,636	\$435,532
Tillable Non-Irrigated (2.72%, 2.63%)	81,096	\$20,935,127	\$452,216	81,037	\$20,909,649	\$451,665
Grazing (2.72%, 2.63%)	1,645,047	\$65,664,215	\$1,418,346	1,644,715	\$65,647,950	\$1,417,991
Wild Hay (2.72%, 2.63%)	33,211	\$6,938,635	\$149,877	33,975	\$6,968,060	\$150,515
Non-Qualified Ag Land (19.04%, 18.41%)	20,530	\$916,496	\$138,546	20,740	\$922,633	\$139,475
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,809,279	\$114,482,543	\$2,591,589	1,810,540	\$114,611,928	\$2,595,178
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$466,484,370	\$6,304,391		\$463,742,370	\$6,266,397
Residential Low Income (varies)		\$17,799,945	\$81,716		\$20,277,048	\$93,887
Mobile Homes (2.72%, 2.63%)		\$9,464,410	\$127,778		\$9,567,257	\$129,169
Mobile Homes Low Income (varies)		\$556,270	\$2,148		\$569,960	\$2,233
Commercial (2.72%, 2.63%)		\$216,182,546	\$3,675,741		\$219,020,593	\$3,718,571
Industrial (2.72%, 2.63%)		\$2,002,418	\$37,848		\$2,002,418	\$37,848
New Manufacturing (varies)		\$15,571,895	\$294,308		\$15,675,605	\$296,268
Qualified Golf Courses (1.36%, 1.32%)		\$1,371,487	\$13,029		\$1,371,487	\$13,029
Remodeled Commercial (varies)		\$0	\$0		\$642,100	\$2,440
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$729,433,341	\$10,536,959		\$732,868,838	\$10,559,842
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$12,868,532	\$386,054		\$12,907,738	\$387,233
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		\$12,868,532	\$386,054		\$12,907,738	\$387,233
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$16,128,952	\$231,891		\$14,436,456	\$207,033
Farm Implements (3%, 2% and 3%)		\$13,329,333	\$121,113		\$12,974,346	\$124,417
Furniture and Fixtures (3%, 2% and 3%)		\$10,711,746	\$188,996		\$10,172,969	\$175,491
Other Business Equipment (3%, 2% and 3%)		\$1,880,901	\$22,834		\$2,629,029	\$33,728
Class 8 Subtotal		\$42,050,932	\$564,835		\$40,212,800	\$540,669
CLASS 9						
Utilities (12%)		\$35,690,058	\$4,282,808		\$36,185,494	\$4,342,259
CLASS 10						
Timber Land (0.32%, 0.31%)	31,694	\$3,467,430	\$12,830	31,697	\$3,462,055	\$12,810
CLASS 12						
Railroads (3.45%, 3.45%)		\$45,025,828	\$1,337,267		\$50,337,011	\$1,530,247
Airlines (3.45%, 3.45%)		\$47,403	\$1,408		\$492,912	\$14,985
Class 12 Subtotal		\$45,073,231	\$1,338,675		\$50,829,923	\$1,545,232
CLASS 13						
Electrical Generation Property (6%)		\$1,686,170	\$101,170		\$1,685,334	\$101,120
Telecommunication Property (6%)		\$7,661,063	\$459,667		\$7,356,623	\$441,396
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$9,347,233	\$560,837		\$9,041,957	\$542,516
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$992,413,300	\$20,274,587		\$1,000,762,833	\$20,528,179
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$642,100	\$2,440
Values Without the Property Abatement		\$0	\$0		\$642,100	\$12,136
Difference (Property Value Abated)		\$0	\$0		\$0	-\$9,696

Top 10 Property Owners by Taxable Value

TY 2015			TY 2016		
1 HILAND CRUDE LLC	6 MONTANA DAKOTA UTILITIES - GAS DISTRIBUTION		1 HILAND CRUDE LLC	6 MONTANA DAKOTA UTILITIES - GAS DISTRIBUTION	
2 BNSF RAILWAY CO	7 MONTANA DAKOTA UTILITIES - ELECTRIC TRANSMISSION		2 BNSF RAILWAY CO	7 MONTANA DAKOTA UTILITIES - ELECTRIC TRANSMISSION	
3 CENEX PIPELINE LLC	8 MID RIVERS TELEPHONE COOPERATIVE		3 CENEX PIPELINE LLC	8 MID RIVERS TELEPHONE COOPERATIVE	
4 MONTANA DAKOTA UTILITIES - ELECTRIC DISTRIBUTION	9 CENTURYLINK INC		4 MONTANA DAKOTA UTILITIES - ELECTRIC DISTRIBUTION	9 CENTURYLINK INC	
5 WBI ENERGY TRANSMISSION INC	10 WAL MART REAL ESTATE BUSINESS TRUST		5 WBI ENERGY TRANSMISSION INC	10 VERIZON WIRELESS	

Property Taxes Paid by County

Daniels County



	TY 2015			TY 2016		
	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	\$347,217	\$7,499	608	\$347,217	\$7,499
Tillable Non-Irrigated (2.72%, 2.63%)	439,948	\$138,821,668	\$2,998,505	439,878	\$138,671,314	\$2,995,255
Grazing (2.72%, 2.63%)	211,558	\$8,268,335	\$178,625	212,187	\$8,312,609	\$179,581
Wild Hay (2.72%, 2.63%)	6,192	\$1,108,827	\$23,954	6,005	\$1,061,252	\$22,927
Non-Qualified Ag Land (19.04%, 18.41%)	2,317	\$145,774	\$22,046	2,397	\$145,774	\$22,046
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	660,623	\$148,691,821	\$3,230,629	661,075	\$148,538,166	\$3,227,308
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$74,666,150	\$1,013,392		\$73,189,232	\$993,439
Residential Low Income (varies)		\$1,003,810	\$4,710		\$2,079,460	\$9,424
Mobile Homes (2.72%, 2.63%)		\$1,173,460	\$15,842		\$1,078,630	\$14,562
Mobile Homes Low Income (varies)		\$0	\$0		\$11,910	\$113
Commercial (2.72%, 2.63%)		\$59,222,976	\$890,919		\$59,923,354	\$900,592
Industrial (2.72%, 2.63%)		\$89,123	\$1,683		\$59,684	\$1,127
New Manufacturing (varies)		\$4,196,950	\$79,322		\$4,992,838	\$94,364
Qualified Golf Courses (1.36%, 1.32%)		\$149,610	\$1,421		\$149,610	\$1,421
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$140,502,079	\$2,007,289		\$141,484,718	\$2,015,042
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$16,112,668	\$483,381		\$15,247,293	\$457,421
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		\$16,112,668	\$483,381		\$15,247,293	\$457,421
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$2,032,184	\$21,737		\$2,126,044	\$22,009
Farm Implements (3%, 2% and 3%)		\$38,017,381	\$436,641		\$40,984,677	\$483,914
Furniture and Fixtures (3%, 2% and 3%)		\$606,519	\$6,969		\$628,818	\$7,800
Other Business Equipment (3%, 2% and 3%)		\$646,700	\$6,861		\$388,195	\$4,184
Class 8 Subtotal		\$41,302,784	\$472,209		\$44,127,734	\$517,907
CLASS 9						
Utilities (12%)		\$1,132,794	\$135,935		\$1,175,209	\$141,025
CLASS 10						
Timber Land (0.32%, 0.31%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.45%)		\$12,015,945	\$356,873		\$13,356,580	\$406,040
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$12,015,945	\$356,873		\$13,356,580	\$406,040
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$8,496,717	\$509,804		\$8,205,318	\$492,321
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$8,496,717	\$509,804		\$8,205,318	\$492,321
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$368,254,808	\$7,196,120		\$372,135,018	\$7,257,064
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NEMONT COMMUNICATIONS INC	6 TADE INC	1 BNSF RAILWAY CO	6 TADE INC
2 BNSF RAILWAY CO	7 MONTANA DAKOTA UTILITIES - ELECTRIC DISTRIBUTION	2 NEMONT COMMUNICATIONS INC	7 MONTANA DAKOTA UTILITIES - ELECTRIC DISTRIBUTION
3 NEMONT TELEPHONE COOPERATIVE INC	8 SAGEBRUSH CELLULAR INC	3 NEMONT TELEPHONE COOPERATIVE INC	8 SAGEBRUSH CELLULAR INC
4 SHERIDAN ELECTRIC CO OP INC	9 A BAR S PROPERTIES LLC	4 SHERIDAN ELECTRIC CO OP INC	9 A BAR S PROPERTIES LLC
5 PRO CO-OP	10 NORVAL ELECTRIC COOPERATIVE INC	5 PRO CO-OP	10 NORVAL ELECTRIC COOPERATIVE INC

Property Taxes Paid by County

Dawson County



	TY 2015			TY 2016		
	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%)	19,124	\$13,010,270	\$281,013	19,047	\$12,801,402	\$276,501
Tillable Non-Irrigated (2.72%, 2.63%)	383,674	\$98,295,202	\$2,123,170	380,552	\$97,373,126	\$2,103,256
Grazing (2.72%, 2.63%)	911,149	\$36,116,987	\$780,132	915,084	\$36,314,365	\$784,392
Wild Hay (2.72%, 2.63%)	11,271	\$2,040,283	\$44,072	11,324	\$2,036,023	\$43,980
Non-Qualified Ag Land (19.04%, 18.41%)	6,094	\$273,211	\$41,313	6,156	\$274,146	\$41,454
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,331,312	\$149,735,953	\$3,269,700	1,332,163	\$148,799,062	\$3,249,583
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$417,079,543	\$5,637,225		\$412,525,381	\$5,573,389
Residential Low Income (varies)		\$13,038,308	\$66,288		\$17,438,323	\$86,616
Mobile Homes (2.72%, 2.63%)		\$10,135,592	\$136,832		\$10,378,372	\$140,108
Mobile Homes Low Income (varies)		\$126,900	\$514		\$230,280	\$1,327
Commercial (2.72%, 2.63%)		\$159,453,648	\$2,596,646		\$161,722,712	\$2,630,830
Industrial (2.72%, 2.63%)		\$543,855	\$10,276		\$539,053	\$10,185
New Manufacturing (varies)		\$16,451,000	\$310,924		\$16,532,310	\$312,460
Qualified Golf Courses (1.36%, 1.32%)		\$0	\$0		\$0	\$0
Remodeled Commercial (varies)		\$130,223	\$495		\$130,223	\$495
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$616,959,069	\$8,759,200		\$619,496,654	\$8,755,410
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$16,317,621	\$489,525		\$16,784,597	\$503,542
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		\$16,317,621	\$489,525		\$16,784,597	\$503,542
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$25,998,781	\$514,170		\$23,872,045	\$492,209
Farm Implements (3%, 2% and 3%)		\$36,505,524	\$387,594		\$35,423,453	\$375,015
Furniture and Fixtures (3%, 2% and 3%)		\$5,950,369	\$84,475		\$5,355,189	\$78,365
Other Business Equipment (3%, 2% and 3%)		\$13,153,127	\$238,643		\$13,737,962	\$237,554
Class 8 Subtotal		\$81,607,801	\$1,224,881		\$78,388,649	\$1,183,142
CLASS 9						
Utilities (12%)		\$48,249,077	\$5,789,893		\$52,381,275	\$6,285,751
CLASS 10						
Timber Land (0.32%, 0.31%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.45%)		\$98,956,464	\$2,939,004		\$112,216,888	\$3,411,387
Airlines (3.45%, 3.45%)		\$290,624	\$8,632		\$804,460	\$24,455
Class 12 Subtotal		\$99,247,088	\$2,947,636		\$113,021,348	\$3,435,842
CLASS 13						
Electrical Generation Property (6%)		\$13,342,473	\$800,548		\$13,317,283	\$799,037
Telecommunication Property (6%)		\$5,699,643	\$341,983		\$5,556,520	\$333,391
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$19,042,116	\$1,142,531		\$18,873,803	\$1,132,428
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New & Exp (varies)		\$0	\$0		\$0	\$0
Class 14 Subtotal		\$0	\$0		\$0	\$0
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$1,031,158,725	\$23,623,366		\$1,047,875,611	\$24,546,193
ABATED PROPERTY						
Current Values of Abated Property		\$130,223	\$495		\$130,223	\$495
Values Without the Property Abatement		\$130,223	\$2,461		\$130,223	\$2,461
Difference (Property Value Abated)		\$0	-\$1,966		\$0	-\$1,966

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 BNSF RAILWAY CO	6 MONTANA DAKOTA UTILITIES - ELECTRIC TRANSMISSION	1 BNSF RAILWAY CO	6 MONTANA DAKOTA UTILITIES - ELECTRIC TRANSMISSION
2 WBI ENERGY TRANSMISSION INC	7 MONTANA DAKOTA UTILITIES - ELECTRIC DISTRIBUTION	2 WBI ENERGY TRANSMISSION INC	7 MONTANA DAKOTA UTILITIES - ELECTRIC DISTRIBUTION
3 BRIDGER PIPELINE LLC	8 MID RIVERS TELEPHONE COOPERATIVE	3 BRIDGER PIPELINE LLC	8 MID RIVERS TELEPHONE COOPERATIVE
4 CENEX PIPELINE LLC	9 MONTANA DAKOTA UTILITIES - GAS DISTRIBUTION	4 CENEX PIPELINE LLC	9 MONTANA DAKOTA UTILITIES - GAS DISTRIBUTION
5 MONTANA DAKOTA UTILITIES - ELECTRIC GENERATION	10 CHS INC	5 MONTANA DAKOTA UTILITIES - ELECTRIC GENERATION	10 CHS INC

Property Taxes Paid by County

Deer Lodge County



	TY 2015			TY 2016		
	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%)	9,458	\$5,678,902	\$122,665	9,845	\$5,799,834	\$125,277
Tillable Non-Irrigated (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Grazing (2.72%, 2.63%)	137,504	\$6,172,280	\$133,343	140,003	\$6,188,299	\$133,687
Wild Hay (2.72%, 2.63%)	1,454	\$503,701	\$10,883	1,503	\$504,606	\$10,902
Non-Qualified Ag Land (19.04%, 18.41%)	25,121	\$1,128,181	\$170,581	25,468	\$1,132,237	\$171,195
Eligible Mining Claims (2.72%, 2.63%)	294	\$5,390	\$117	308	\$5,390	\$117
Class 3 Subtotal	173,831	\$13,488,454	\$437,589	177,127	\$13,630,366	\$441,178
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$470,018,412	\$6,343,891		\$463,090,809	\$6,251,310
Residential Low Income (varies)		\$32,169,482	\$160,219		\$37,997,463	\$192,456
Mobile Homes (2.72%, 2.63%)		\$5,884,860	\$79,452		\$5,807,760	\$78,410
Mobile Homes Low Income (varies)		\$625,150	\$2,578		\$384,020	\$1,653
Commercial (2.72%, 2.63%)		\$79,556,226	\$1,369,038		\$79,103,011	\$1,357,730
Industrial (2.72%, 2.63%)		\$765,940	\$14,476		\$68,000	\$1,285
New Manufacturing (varies)		\$1,252,970	\$23,681		\$1,727,740	\$32,654
Qualified Golf Courses (1.36%, 1.32%)		\$1,021,912	\$9,708		\$1,021,912	\$9,708
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$591,294,952	\$8,003,043		\$589,200,715	\$7,925,206
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$1,260,636	\$37,820		\$1,241,333	\$37,239
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$12,131,951	\$363,959		\$15,349,040	\$460,472
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		\$13,392,587	\$401,779		\$16,590,373	\$497,711
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$12,134,349	\$189,305		\$11,814,972	\$160,039
Farm Implements (3%, 2% and 3%)		\$221,468	\$2,423		\$355,582	\$4,134
Furniture and Fixtures (3%, 2% and 3%)		\$10,567,406	\$163,482		\$9,959,560	\$212,940
Other Business Equipment (3%, 2% and 3%)		\$419,504	\$5,749		\$732,929	\$10,566
Class 8 Subtotal		\$23,342,727	\$360,960		\$22,863,043	\$387,679
CLASS 9						
Utilities (12%)		\$35,229,025	\$4,227,464		\$37,951,948	\$4,554,203
CLASS 10						
Timber Land (0.32%, 0.31%)	53,995	\$12,300,877	\$45,519	53,985	\$12,301,236	\$45,520
CLASS 12						
Railroads (3.45%, 3.45%)		\$10,808,281	\$321,006		\$11,897,372	\$361,680
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$10,808,281	\$321,006		\$11,897,372	\$361,680
CLASS 13						
Electrical Generation Property (6%)		\$81,685,599	\$4,901,136		\$87,954,943	\$5,277,297
Telecommunication Property (6%)		\$7,635,694	\$458,144		\$7,265,517	\$435,934
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$89,321,293	\$5,359,280		\$95,220,460	\$5,713,231
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$789,178,196	\$19,156,640		\$800,864,331	\$19,934,774
ABATED PROPERTY						
Current Values of Abated Property		\$1,208,818	\$8,368		\$1,208,818	\$8,365
Values Without the Property Abatement		\$1,208,818	\$18,132		\$1,208,818	\$18,132
Difference (Property Value Abated)		\$0	-\$9,764		\$0	-\$9,767

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - ELECTRIC GENERATION	6 IDAHO POWER COMPANY	1 NORTHWESTERN ENERGY - ELECTRIC GENERATION	6 BNSF RAILWAY CO
2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 BNSF RAILWAY CO	2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 IDAHO POWER COMPANY
3 RATTLESNAKE GAS GATE SUBSTATION	8 CENTURYLINK INC	3 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	8 CHARTER COMMUNICATIONS INC
4 ARCO ENVIRONMENTAL REMEDIATION LLC	9 BRESNAN COMMUNICATIONS LLC	4 RATTLESNAKE GAS GATE SUBSTATION	8 CENTURYLINK INC
5 PACIFICORP - ELECTRIC TRANSMISSION	10 VERIZON WIRELESS	5 ARCO ENVIRONMENTAL REMEDIATION LLC	9 CENTURYLINK INC
		5 PACIFICORP - ELECTRIC TRANSMISSION	10 VERIZON WIRELESS

Property Taxes Paid by County

Fallon County



	TY 2015			TY 2016		
	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%)	145,646	\$37,130,424	\$802,015	145,727	\$37,014,283	\$799,505
Grazing (2.72%, 2.63%)	632,316	\$26,195,341	\$565,842	631,861	\$26,200,555	\$565,955
Wild Hay (2.72%, 2.63%)	55,499	\$10,940,569	\$236,305	55,894	\$10,962,174	\$236,770
Non-Qualified Ag Land (19.04%, 18.41%)	3,790	\$599,184	\$90,596	3,968	\$176,672	\$26,713
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	837,251	\$74,865,518	\$1,694,758	837,449	\$74,353,684	\$1,628,943
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$118,576,609	\$1,605,537		\$120,730,922	\$1,634,674
Residential Low Income (varies)		\$864,730	\$6,671		\$1,028,030	\$3,760
Mobile Homes (2.72%, 2.63%)		\$7,794,450	\$105,219		\$8,404,980	\$113,462
Mobile Homes Low Income (varies)		\$97,290	\$905		\$97,290	\$281
Commercial (2.72%, 2.63%)		\$86,783,741	\$1,408,570		\$87,579,331	\$1,416,616
Industrial (2.72%, 2.63%)		\$1,129,462	\$21,347		\$1,130,423	\$21,366
New Manufacturing (varies)		\$8,331,857	\$157,468		\$9,064,697	\$171,319
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		\$223,578,139	\$3,305,717		\$228,035,673	\$3,361,478
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$6,597,508	\$197,925		\$6,964,197	\$208,926
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		\$6,597,508	\$197,925		\$6,964,197	\$208,926
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$42,888,854	\$941,473		\$41,733,020	\$902,398
Farm Implements (3%, 2% and 3%)		\$16,609,133	\$156,393		\$17,537,021	\$164,413
Furniture and Fixtures (3%, 2% and 3%)		\$1,570,127	\$22,680		\$1,396,412	\$18,979
Other Business Equipment (3%, 2% and 3%)		\$52,502,636	\$1,312,758		\$52,992,737	\$1,330,404
Class 8 Subtotal		\$113,570,750	\$2,433,304		\$113,659,190	\$2,416,194
CLASS 9						
Utilities (12%)		\$279,525,223	\$33,543,025		\$276,607,335	\$33,192,883
CLASS 10						
Timber Land (0.32%, 0.31%)	122	\$13,281	\$49	122	\$13,281	\$49
CLASS 12						
Railroads (3.45%, 3.45%)		\$20,637,504	\$612,931		\$23,109,950	\$702,544
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$20,637,504	\$612,931		\$23,109,950	\$702,544
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$665,511	\$39,932		\$670,831	\$40,248
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$665,511	\$39,932		\$670,831	\$40,248
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New & Exp (varies)		\$30,378,340	\$622,672		\$31,236,408	\$734,573
Class 14 Subtotal		\$30,378,340	\$622,672		\$31,236,408	\$734,573
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$749,831,774	\$42,450,313		\$785,886,957	\$43,020,411
ABATED PROPERTY						
Current Values of Abated Property		\$30,378,340	\$622,672		\$31,236,408	\$734,573
Values Without the Property Abatement		\$30,378,340	\$911,350		\$31,236,408	\$937,093
Difference (Property Value Abated)		\$0	-\$288,678		\$0	-\$202,520

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 WBI ENERGY TRANSMISSION INC	6 PLAINS PIPELINE LP	1 WBI ENERGY TRANSMISSION INC	6 PLAINS PIPELINE LP
2 ONEOK BAKKEN PIPELINE LLC	7 BISON PIPELINE LLC	2 ONEOK BAKKEN PIPELINE LLC	7 BISON PIPELINE LLC
3 BRIDGER PIPELINE LLC	8 DENBURY ONSHORE LLC	3 BRIDGER PIPELINE LLC	8 DENBURY ONSHORE LLC
4 BUTTE PIPE LINE CO	9 MONTANA DAKOTA UTILITIES - ELECTRIC TRANSMISSION	4 BUTTE PIPE LINE CO	9 MONTANA DAKOTA UTILITIES - ELECTRIC TRANSMISSION
5 HILAND CRUDE LLC	10 MONTANA DAKOTA UTILITIES - WIND GENERATION	5 HILAND CRUDE LLC	10 MONTANA DAKOTA UTILITIES - WIND GENERATION

Property Taxes Paid by County

Fergus County



	TY 2015			TY 2016		
	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%)	12,004	\$7,309,281	\$157,880	12,127	\$7,315,845	\$158,022
Tillable Non-Irrigated (2.72%, 2.63%)	372,385	\$93,532,240	\$2,020,294	372,495	\$93,421,133	\$2,017,890
Grazing (2.72%, 2.63%)	1,365,531	\$64,246,573	\$1,387,837	1,367,019	\$64,246,561	\$1,387,842
Wild Hay (2.72%, 2.63%)	156,483	\$36,188,505	\$781,663	157,418	\$36,225,202	\$782,458
Non-Qualified Ag Land (19.04%, 18.41%)	20,604	\$935,412	\$141,448	21,402	\$953,036	\$144,113
Eligible Mining Claims (2.72%, 2.63%)	19	\$853	\$18	19	\$853	\$18
Class 3 Subtotal	1,927,026	\$202,212,864	\$4,489,140	1,930,481	\$202,162,630	\$4,490,343
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$501,803,275	\$6,789,271		\$501,471,041	\$6,783,849
Residential Low Income (varies)		\$28,407,503	\$131,196		\$29,363,152	\$142,567
Mobile Homes (2.72%, 2.63%)		\$19,435,000	\$262,384		\$19,738,394	\$266,478
Mobile Homes Low Income (varies)		\$1,558,130	\$6,328		\$1,687,800	\$7,097
Commercial (2.72%, 2.63%)		\$299,116,098	\$4,727,972		\$299,869,201	\$4,725,670
Industrial (2.72%, 2.63%)		\$670,926	\$12,680		\$708,876	\$13,398
New Manufacturing (varies)		\$11,589,117	\$196,527		\$12,899,718	\$225,933
Qualified Golf Courses (1.36%, 1.32%)		\$2,906,289	\$27,609		\$2,510,109	\$23,845
Remodeled Commercial (varies)		\$307,361	\$4,289		\$471,720	\$3,292
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$865,793,699	\$12,158,256		\$868,720,011	\$12,192,129
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$25,188,050	\$755,649		\$30,324,940	\$909,755
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$17,899	\$537		\$16,356,730	\$33,219
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		\$25,205,949	\$756,186		\$46,681,670	\$942,974
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$29,365,685	\$395,635		\$31,920,782	\$426,514
Farm Implements (3%, 2% and 3%)		\$40,088,322	\$386,408		\$41,938,664	\$406,352
Furniture and Fixtures (3%, 2% and 3%)		\$4,640,414	\$72,925		\$4,138,543	\$65,050
Other Business Equipment (3%, 2% and 3%)		\$3,838,253	\$44,816		\$3,410,450	\$40,292
Class 8 Subtotal		\$77,932,674	\$899,785		\$81,408,439	\$938,208
CLASS 9						
Utilities (12%)		\$64,250,279	\$7,710,032		\$89,526,667	\$10,743,186
CLASS 10						
Timber Land (0.32%, 0.31%)	155,342	\$36,960,690	\$136,761	156,223	\$36,961,754	\$136,766
CLASS 12						
Railroads (3.45%, 3.45%)		\$9,983,806	\$296,519		\$11,153,660	\$339,071
Airlines (3.45%, 3.45%)		\$48,914	\$1,453		\$5,398	\$164
Class 12 Subtotal		\$10,032,720	\$297,972		\$11,159,058	\$339,235
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$11,595,551	\$695,732		\$6,822,050	\$409,328
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$11,595,551	\$695,732		\$6,822,050	\$409,328
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$1,066,100	\$15,992
Total		\$1,293,984,426	\$27,143,864		\$1,365,998,987	\$30,298,466
ABATED PROPERTY						
Current Values of Abated Property		\$4,375,897	\$57,813		\$21,490,608	\$90,305
Values Without the Property Abatement		\$4,375,897	\$82,704		\$21,490,608	\$587,274
Difference (Property Value Abated)		\$0	-\$24,891		\$0	-\$496,969

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 EXPRESS PIPELINE LLC	6 CENTRAL MONTANA COMMUNICATIONS	1 EXPRESS PIPELINE LLC	6 BNSF RAILWAY CO
2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 BNSF RAILWAY CO	2 PHILLIPS 66 PIPELINE LLC	7 WILKS RANCH MONTANA LTD
3 PHILLIPS 66 PIPELINE LLC	8 WILKS RANCH MONTANA LTD	3 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	8 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC
4 FERGUS ELECTRIC COOP	9 MID RIVERS TELEPHONE COOPERATIVE	4 FERGUS ELECTRIC COOP	9 VERIZON WIRELESS
5 FRONT RANGE PIPELINE LLC	10 CENTURYLINK INC	5 FRONT RANGE PIPELINE LLC	10 MID RIVERS TELEPHONE COOPERATIVE

Property Taxes Paid by County

Flathead County



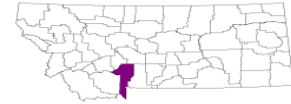
	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	19,845	\$11,835,247	\$255,624	20,499	\$11,695,833	\$252,613
Tillable Non-Irrigated (2.72%, 2.63%)	15,279	\$13,455,956	\$290,645	15,853	\$13,392,880	\$289,283
Grazing (2.72%, 2.63%)	52,817	\$2,461,162	\$53,329	53,229	\$2,565,693	\$55,583
Wild Hay (2.72%, 2.63%)	17,080	\$3,801,614	\$82,123	18,103	\$3,783,882	\$81,740
Non-Qualified Ag Land (19.04%, 18.41%)	52,293	\$2,425,845	\$366,843	55,521	\$2,451,309	\$370,692
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	157,313	\$33,979,824	\$1,048,564	163,204	\$33,889,597	\$1,049,911
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$11,421,397,448	\$155,085,315		\$11,487,873,800	\$155,941,080
Residential Low Income (varies)		\$241,114,713	\$1,153,287		\$281,578,192	\$1,400,125
Mobile Homes (2.72%, 2.63%)		\$69,894,194	\$943,684		\$69,913,880	\$943,943
Mobile Homes Low Income (varies)		\$5,063,096	\$22,201		\$5,975,500	\$24,912
Commercial (2.72%, 2.63%)		\$2,314,891,755	\$41,199,585		\$2,308,024,596	\$41,048,434
Industrial (2.72%, 2.63%)		\$16,410,710	\$310,161		\$16,609,501	\$313,918
New Manufacturing (varies)		\$91,026,643	\$1,635,405		\$80,551,088	\$1,448,285
Qualified Golf Courses (1.36%, 1.32%)		\$29,279,479	\$278,153		\$29,239,543	\$277,774
Remodeled Commercial (varies)		\$105,813	\$1,196		\$105,813	\$1,196
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$14,189,183,851	\$200,628,987		\$14,279,871,913	\$201,399,667
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$176,544,721	\$5,296,327		\$181,167,674	\$5,435,016
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$2,628,298	\$78,849		\$2,545,631	\$76,370
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (0%-3%)		\$0	\$0		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$3,008,703	\$90,261		\$0	\$0
Class 5 Subtotal		\$182,181,722	\$5,465,437		\$183,713,305	\$5,511,386
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$202,423,523	\$4,131,888		\$201,602,182	\$4,110,592
Farm Implements (3%, 2% and 3%)		\$8,723,405	\$84,123		\$8,003,950	\$78,227
Furniture and Fixtures (3%, 2% and 3%)		\$93,053,460	\$1,446,016		\$92,822,897	\$1,482,727
Other Business Equipment (3%, 2% and 3%)		\$37,581,261	\$731,036		\$36,097,646	\$710,642
Class 8 Subtotal		\$341,781,649	\$6,393,063		\$338,526,675	\$6,382,188
CLASS 9						
Utilities (12%)		\$52,263,933	\$6,271,652		\$55,547,465	\$6,665,695
CLASS 10						
Timber Land (0.32%, 0.31%)	478,916	\$214,110,556	\$792,216	481,031	\$214,588,594	\$793,986
CLASS 12						
Railroads (3.45%, 3.45%)		\$103,109,034	\$3,062,341		\$143,917,398	\$4,375,088
Airlines (3.45%, 3.45%)		\$12,745,904	\$378,555		\$14,985,613	\$455,567
Class 12 Subtotal		\$115,854,938	\$3,440,896		\$158,903,011	\$4,830,655
CLASS 13						
Electrical Generation Property (6%)		\$7,330,626	\$439,837		\$4,740,847	\$284,451
Telecommunication Property (6%)		\$121,586,604	\$7,295,206		\$122,498,556	\$7,349,918
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$128,917,230	\$7,735,043		\$127,239,403	\$7,634,369
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$159,288	\$2,389		\$82,653	\$1,239
Total		\$15,258,432,991	\$231,778,247		\$15,452,472,040	\$234,820,671
ABATED PROPERTY						
Current Values of Abated Property		\$68,015,939	\$618,184		\$60,109,424	\$551,575
Values Without the Property Abatement		\$68,015,939	\$1,077,820		\$60,109,424	\$956,302
Difference (Property Value Abated)		\$0	-\$459,636		\$0	-\$404,727

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 FLATHEAD ELECTRIC COOP INC.	6 BRESNAN COMMUNICATIONS LLC	1 FLATHEAD ELECTRIC COOP INC.	6 CHARTER COMMUNICATIONS INC
2 CENTURYLINK INC	7 PLUM CREEK MDF INC	2 BNSF RAILWAY CO	7 PLUM CREEK MDF INC
3 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	8 PLUM CREEK NORTHWEST PLYWOOD INC	3 CENTURYLINK INC	8 PLUM CREEK NORTHWEST PLYWOOD INC
4 BNSF RAILWAY CO	9 VERIZON WIRELESS	4 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	9 VERIZON WIRELESS
5 FLATHEAD ELECTRIC COOPERATIVE INC - CLASS 9	10 WINTER SPORTS INC	5 FLATHEAD ELECTRIC COOPERATIVE INC - CLASS 9	10 SEMITOOL INC

Property Taxes Paid by County

Gallatin County



	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$241,467	\$241,467		\$110,291	\$110,291
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	71,784	\$49,723,880	\$1,074,032	74,713	\$50,040,868	\$1,080,878
Tillable Non-Irrigated (2.72%, 2.63%)	76,021	\$32,599,341	\$704,136	78,022	\$32,635,070	\$704,905
Grazing (2.72%, 2.63%)	422,163	\$20,124,212	\$434,758	428,788	\$20,080,957	\$433,823
Wild Hay (2.72%, 2.63%)	15,882	\$5,106,890	\$110,316	17,148	\$5,244,163	\$113,282
Non-Qualified Ag Land (19.04%, 18.41%)	74,906	\$3,382,236	\$511,435	76,072	\$3,324,404	\$502,699
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	660,756	\$110,936,559	\$2,834,677	674,744	\$111,325,462	\$2,835,587
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$10,320,055,779	\$139,572,922		\$10,605,383,134	\$143,497,007
Residential Low Income (varies)		\$104,303,236	\$521,873		\$123,651,232	\$630,265
Mobile Homes (2.72%, 2.63%)		\$57,547,910	\$776,911		\$57,744,920	\$779,362
Mobile Homes Low Income (varies)		\$2,199,770	\$8,762		\$2,256,120	\$9,467
Commercial (2.72%, 2.63%)		\$3,620,158,033	\$63,402,801		\$3,728,791,613	\$65,156,889
Industrial (2.72%, 2.63%)		\$17,186,816	\$324,830		\$17,228,012	\$325,609
New Manufacturing (varies)		\$55,108,985	\$970,651		\$56,236,305	\$991,957
Qualified Golf Courses (1.36%, 1.32%)		\$42,994,238	\$408,448		\$36,162,870	\$343,549
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$14,219,554,767	\$205,987,198		\$14,627,454,206	\$211,734,105
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$18,053,867	\$541,614		\$18,992,559	\$569,774
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$35,009	\$1,050		\$266,211	\$1,043
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		\$18,088,876	\$542,664		\$19,258,770	\$570,817
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$149,059,564	\$2,794,041		\$167,684,393	\$3,176,516
Farm Implements (3%, 2% and 3%)		\$25,486,648	\$266,686		\$26,125,607	\$292,176
Furniture and Fixtures (3%, 2% and 3%)		\$94,882,219	\$1,335,327		\$92,645,632	\$1,301,737
Other Business Equipment (3%, 2% and 3%)		\$35,694,925	\$643,506		\$25,958,436	\$393,818
Class 8 Subtotal		\$305,123,356	\$5,039,560		\$312,414,068	\$5,164,247
CLASS 9						
Utilities (12%)		\$155,718,702	\$18,686,235		\$178,147,681	\$21,377,716
CLASS 10						
Timber Land (0.32%, 0.31%)	126,130	\$29,225,834	\$108,171	127,114	\$29,288,330	\$108,403
CLASS 12						
Railroads (3.45%, 3.45%)		\$41,003,476	\$1,217,803		\$75,011,883	\$2,280,354
Airlines (3.45%, 3.45%)		\$41,207,993	\$1,223,879		\$38,714,211	\$1,176,910
Class 12 Subtotal		\$82,211,469	\$2,441,682		\$113,726,094	\$3,457,264
CLASS 13						
Electrical Generation Property (6%)		\$28,941,888	\$1,736,512		\$33,331,569	\$1,999,893
Telecommunication Property (6%)		\$73,629,989	\$4,417,802		\$82,752,570	\$4,965,164
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$102,571,877	\$6,154,314		\$116,084,139	\$6,965,057
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$15,023,672,907	\$242,035,968		\$15,521,507,778	\$252,441,345
ABATED PROPERTY						
Current Values of Abated Property		\$13,090,427	\$112,483		\$13,698,737	\$117,858
Values Without the Property Abatement		\$13,090,427	\$225,910		\$13,698,737	\$235,035
Difference (Property Value Abated)		\$0	-\$113,427		\$0	-\$117,177

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 VERIZON WIRELESS	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 VERIZON WIRELESS
2 NORTHWESTERN ENERGY - ELECTRIC GENERATION	7 HOLCIM INC	2 MONTANA RAIL LINK	7 HOLCIM INC
3 CENTURYLINK INC	8 LUZENAC AMERICA INC	3 NORTHWESTERN ENERGY - ELECTRIC GENERATION	8 LUZENAC AMERICA INC
4 MONTANA RAIL LINK	9 WORLDMARK THE CLUB	4 CENTURYLINK INC	9 WORLDMARK THE CLUB
5 BRESNAN COMMUNICATIONS LLC	10 ZOOT PROPERTIES LLC	5 CHARTER COMMUNICATIONS INC	10 YELLOWSTONE PIPELINE CO

Property Taxes Paid by County

Garfield County



	TY 2015			TY 2016		
	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%)	1,423	\$824,124	\$17,803	1,439	\$833,097	\$17,997
Tillable Non-Irrigated (2.72%, 2.63%)	254,963	\$67,929,978	\$1,467,304	253,927	\$67,781,363	\$1,464,091
Grazing (2.72%, 2.63%)	1,836,498	\$76,227,382	\$1,646,497	1,835,170	\$76,144,725	\$1,644,709
Wild Hay (2.72%, 2.63%)	8,689	\$1,613,393	\$34,850	8,686	\$1,613,393	\$34,850
Non-Qualified Ag Land (19.04%, 18.41%)	4,375	\$195,967	\$29,629	4,481	\$199,529	\$30,167
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	2,105,948	\$146,790,844	\$3,196,083	2,103,703	\$146,572,107	\$3,191,814
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$30,491,329	\$416,778		\$30,333,981	\$414,716
Residential Low Income (varies)		\$180,518	\$488		\$546,502	\$2,804
Mobile Homes (2.72%, 2.63%)		\$5,051,100	\$68,187		\$5,429,970	\$73,303
Mobile Homes Low Income (varies)		\$106,220	\$287		\$102,140	\$312
Commercial (2.72%, 2.63%)		\$43,931,660	\$618,551		\$46,012,347	\$649,088
Industrial (2.72%, 2.63%)		\$19,550	\$369		\$19,550	\$369
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		\$79,780,377	\$1,104,660		\$82,444,490	\$1,140,592
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$9,213,689	\$276,413		\$9,416,601	\$282,502
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		\$9,213,689	\$276,413		\$9,416,601	\$282,502
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$1,391,282	\$16,987		\$1,796,529	\$20,738
Farm Implements (3%, 2% and 3%)		\$20,918,700	\$210,334		\$21,494,532	\$217,298
Furniture and Fixtures (3%, 2% and 3%)		\$340,453	\$2,798		\$379,212	\$3,355
Other Business Equipment (3%, 2% and 3%)		\$858,275	\$9,783		\$812,903	\$7,816
Class 8 Subtotal		\$23,508,710	\$239,902		\$24,483,176	\$249,206
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%)		\$688,471	\$41,310		\$847,064	\$50,824
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$688,471	\$41,310		\$847,064	\$50,824
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$259,982,091	\$4,858,368		\$263,763,438	\$4,914,938
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 MCCONE ELECTRIC COOP INC	6 MURRAY LIGE M & MARY ANN	1 MCCONE ELECTRIC COOP INC	6 MURRAY LIGE M & MARY ANN
2 HILLENBRAND JOHN	7 L O CATTLE COMPANY	2 HILLENBRAND JOHN	7 L O CATTLE COMPANY
3 MID RIVERS TELEPHONE COOPERATIVE	8 CHARANGUS RANCH INC	3 MID RIVERS TELEPHONE COOPERATIVE	8 CHARANGUS RANCH INC
4 C E CATTLE CO	9 LACOSTA LIVESTOCK CO	4 C E CATTLE CO	9 LACOSTA LIVESTOCK CO
5 SINGLETON FARMS	10 FLYING U, LLC & JF, LLC	5 SINGLETON FARMS	10 FLYING U, LLC & JF, LLC

Property Taxes Paid by County

Glacier County

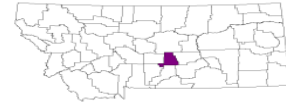


	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	13,197	\$8,424,409	\$181,971	15,262	\$8,423,537	\$181,953
Tillable Non-Irrigated (2.72%, 2.63%)	350,866	\$89,340,675	\$1,929,764	346,951	\$89,158,465	\$1,925,827
Grazing (2.72%, 2.63%)	415,686	\$22,115,730	\$477,970	412,960	\$22,131,996	\$478,276
Wild Hay (2.72%, 2.63%)	19,261	\$5,564,706	\$120,227	19,017	\$5,578,554	\$120,524
Non-Qualified Ag Land (19.04%, 18.41%)	29,720	\$604,578	\$91,443	29,984	\$607,498	\$91,881
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	828,730	\$126,050,098	\$2,801,375	824,174	\$125,900,050	\$2,798,461
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$203,160,365	\$2,745,875		\$199,715,467	\$2,701,552
Residential Low Income (varies)		\$6,195,718	\$23,384		\$7,335,636	\$34,493
Mobile Homes (2.72%, 2.63%)		\$8,692,677	\$117,349		\$8,636,477	\$116,592
Mobile Homes Low Income (varies)		\$201,510	\$544		\$182,360	\$492
Commercial (2.72%, 2.63%)		\$182,275,483	\$2,992,365		\$179,169,349	\$2,934,191
Industrial (2.72%, 2.63%)		\$913,753	\$17,272		\$913,753	\$17,272
New Manufacturing (varies)		\$5,434,040	\$102,702		\$5,237,150	\$98,981
Qualified Golf Courses (1.36%, 1.32%)		\$1,298,185	\$12,333		\$1,300,695	\$12,357
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$408,171,731	\$6,011,824		\$402,490,887	\$5,915,930
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$40,716,046	\$1,221,480		\$34,868,910	\$1,046,059
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		\$40,716,046	\$1,221,480		\$34,868,910	\$1,046,059
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$4,523,791	\$58,791		\$4,413,187	\$55,612
Farm Implements (3%, 2% and 3%)		\$23,434,751	\$289,633		\$21,434,584	\$261,694
Furniture and Fixtures (3%, 2% and 3%)		\$6,606,310	\$104,831		\$7,269,525	\$118,351
Other Business Equipment (3%, 2% and 3%)		\$11,137,078	\$171,330		\$10,374,842	\$158,276
Class 8 Subtotal		\$45,701,930	\$624,585		\$43,492,138	\$593,933
CLASS 9						
Utilities (12%)		\$93,526,202	\$11,223,137		\$88,606,217	\$10,632,739
CLASS 10						
Timber Land (0.32%, 0.31%)	4,730	\$1,159,271	\$4,296	4,837	\$1,159,272	\$4,296
CLASS 12						
Railroads (3.45%, 3.45%)		\$64,021,459	\$1,901,436		\$71,612,834	\$2,177,028
Airlines (3.45%, 3.45%)		\$2,843	\$85		\$267,261	\$8,124
Class 12 Subtotal		\$64,024,302	\$1,901,521		\$71,880,095	\$2,185,152
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$9,222,114	\$553,332		\$9,409,909	\$564,594
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$9,222,114	\$553,332		\$9,409,909	\$564,594
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New & Exp (varies)		\$139,365,210	\$2,090,477		\$131,049,741	\$2,514,555
Class 14 Subtotal		\$139,365,210	\$2,090,477		\$131,049,741	\$2,514,555
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$927,936,904	\$26,432,027		\$1,002,426,705	\$28,208,070
ABATED PROPERTY						
Current Values of Abated Property		\$101,120,114	\$1,516,801		\$93,569,486	\$1,952,351
Values Without the Property Abatement		\$101,120,114	\$3,033,603		\$93,569,486	\$2,807,084
Difference (Property Value Abated)		\$0	-\$1,516,802		\$0	-\$854,733

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 GLACIER ELECTRIC COOPERATIVE INC	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 ROCKY MOUNTAIN PIPELINE SYSTEM LLC
2 FRONT RANGE PIPELINE LLC	7 NATURENER GLACIER WIND ENERGY 2 LLC	2 FRONT RANGE PIPELINE LLC	7 GLACIER ELECTRIC COOPERATIVE INC
3 ROCKY MOUNTAIN PIPELINE SYSTEM LLC	8 OMIMEX CANADA LTD	3 BNSF RAILWAY CO	8 OMIMEX CANADA LTD
4 BNSF RAILWAY CO	9 MONTANA ALBERTA TIE LIMITED (M.A.T.L.)	4 PHILLIPS 66 PIPELINE LLC	9 MONTANA ALBERTA TIE LIMITED (M.A.T.L.)
5 PHILLIPS 66 PIPELINE LLC	10 NATURENER RIM ROCK WIND ENERGY LLC	5 NATURENER GLACIER WIND ENERGY 2 LLC	10 NATURENER RIM ROCK WIND ENERGY LLC

Golden Valley County



	TY 2015			TY 2016		
	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%)	8,221	\$5,820,842	\$125,735	8,528	\$5,804,726	\$125,387
Tillable Non-Irrigated (2.72%, 2.63%)	103,237	\$16,762,476	\$362,065	102,951	\$16,634,962	\$359,309
Grazing (2.72%, 2.63%)	516,992	\$20,465,866	\$442,079	519,563	\$20,505,337	\$442,931
Wild Hay (2.72%, 2.63%)	16,360	\$2,713,500	\$58,616	16,478	\$2,688,412	\$58,073
Non-Qualified Ag Land (19.04%, 18.41%)	3,461	\$154,215	\$23,321	3,179	\$141,577	\$21,411
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	648,272	\$45,916,899	\$1,011,816	650,699	\$45,775,014	\$1,007,111
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$17,401,845	\$237,695		\$17,487,964	\$238,842
Residential Low Income (varies)		\$1,479,031	\$6,505		\$1,471,691	\$6,425
Mobile Homes (2.72%, 2.63%)		\$1,298,780	\$17,532		\$1,378,860	\$18,613
Mobile Homes Low Income (varies)		\$42,100	\$114		\$42,100	\$114
Commercial (2.72%, 2.63%)		\$33,805,762	\$475,722		\$33,457,347	\$469,544
Industrial (2.72%, 2.63%)		\$14,307	\$271		\$14,307	\$271
New Manufacturing (varies)		\$574,305	\$10,854		\$574,305	\$10,854
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		\$54,616,130	\$748,693		\$54,426,574	\$744,663
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$3,486,045	\$104,577		\$3,339,210	\$100,174
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		\$3,486,045	\$104,577		\$3,339,210	\$100,174
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$860,420	\$11,016		\$880,744	\$10,002
Farm Implements (3%, 2% and 3%)		\$5,151,311	\$49,674		\$4,436,364	\$42,550
Furniture and Fixtures (3%, 2% and 3%)		\$154,935	\$1,737		\$184,418	\$1,988
Other Business Equipment (3%, 2% and 3%)		\$90,783	\$875		\$208,550	\$1,858
Class 8 Subtotal		\$6,257,449	\$63,302		\$5,710,076	\$56,398
CLASS 9						
Utilities (12%)		\$26,888,014	\$3,226,562		\$27,374,978	\$3,284,988
CLASS 10						
Timber Land (0.32%, 0.31%)	13,987	\$2,508,281	\$9,274	13,922	\$2,512,089	\$9,288
CLASS 12						
Railroads (3.45%, 3.45%)		\$19,476,173	\$578,443		\$21,809,523	\$663,008
Airlines (3.45%, 3.45%)		\$1,694	\$50		\$1,645	\$50
Class 12 Subtotal		\$19,477,867	\$578,493		\$21,811,168	\$663,058
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$176,707	\$10,602		\$118,517	\$7,111
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$176,707	\$10,602		\$118,517	\$7,111
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$159,327,392	\$5,753,319		\$161,067,626	\$5,872,791
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 PHILLIPS 66 PIPELINE LLC	6 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION
2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 FRONT RANGE PIPELINE LLC	2 PHILLIPS 66 PIPELINE LLC	7 AVISTA CORPORATION - ELECTRIC TRANSMISSION
3 BNSF RAILWAY CO	8 ROCKY MOUNTAIN PIPELINE SYSTEM LLC	3 BNSF RAILWAY CO	8 FRONT RANGE PIPELINE LLC
4 EXPRESS PIPELINE LLC	9 PACIFICORP - ELECTRIC TRANSMISSION	4 EXPRESS PIPELINE LLC	9 GOLDEN VALLEY COLONY INC
5 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	10 GOLDEN VALLEY COLONY INC	5 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	10 ROCKY MOUNTAIN PIPELINE SYSTEM LLC

Property Taxes Paid by County

Granite County



	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$93,866	\$2,816
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	26,908	\$16,016,551	\$345,960	27,908	\$16,048,527	\$346,651
Tillable Non-Irrigated (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Grazing (2.72%, 2.63%)	209,439	\$7,960,145	\$171,974	208,971	\$7,972,284	\$172,234
Wild Hay (2.72%, 2.63%)	974	\$342,929	\$7,407	1,166	\$342,929	\$7,407
Non-Qualified Ag Land (19.04%, 18.41%)	12,769	\$580,089	\$87,726	12,886	\$571,847	\$86,479
Eligible Mining Claims (2.72%, 2.63%)	127	\$5,651	\$125	127	\$5,651	\$125
Class 3 Subtotal	250,217	\$24,905,365	\$613,192	251,058	\$24,941,238	\$612,896
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$386,125,363	\$5,218,404		\$380,153,092	\$5,137,802
Residential Low Income (varies)		\$9,905,036	\$41,299		\$10,194,652	\$44,593
Mobile Homes (2.72%, 2.63%)		\$4,270,110	\$57,659		\$4,473,160	\$60,398
Mobile Homes Low Income (varies)		\$203,330	\$915		\$237,410	\$1,238
Commercial (2.72%, 2.63%)		\$72,865,806	\$1,131,274		\$73,268,051	\$1,134,792
Industrial (2.72%, 2.63%)		\$457,582	\$8,648		\$457,582	\$8,648
New Manufacturing (varies)		\$868,792	\$15,933		\$868,792	\$15,933
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		\$474,696,019	\$6,474,132		\$469,652,739	\$6,403,404
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$6,954,053	\$208,624		\$5,893,449	\$176,808
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		\$6,954,053	\$208,624		\$5,893,449	\$176,808
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$11,019,208	\$117,505		\$11,064,560	\$126,697
Farm Implements (3%, 2% and 3%)		\$2,705,020	\$24,706		\$2,483,347	\$24,377
Furniture and Fixtures (3%, 2% and 3%)		\$2,147,948	\$28,834		\$2,442,878	\$33,597
Other Business Equipment (3%, 2% and 3%)		\$2,073,743	\$28,565		\$1,406,817	\$19,332
Class 8 Subtotal		\$17,945,919	\$199,610		\$17,397,602	\$204,004
CLASS 9						
Utilities (12%)		\$22,851,102	\$2,742,132		\$29,878,730	\$3,585,438
CLASS 10						
Timber Land (0.32%, 0.31%)	118,887	\$30,892,438	\$114,329	120,436	\$31,007,790	\$114,754
CLASS 12						
Railroads (3.45%, 3.45%)		\$25,723,655	\$763,994		\$32,232,103	\$979,856
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$25,723,655	\$763,994		\$32,232,103	\$979,856
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$2,994,128	\$179,649		\$3,188,173	\$191,290
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$2,994,128	\$179,649		\$3,188,173	\$191,290
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$606,962,679	\$11,295,662		\$617,269,264	\$12,293,747
ABATED PROPERTY						
Current Values of Abated Property		\$3,291,645	\$24,041		\$2,983,574	\$22,481
Values Without the Property Abatement		\$3,291,645	\$49,577		\$2,983,574	\$44,956
Difference (Property Value Abated)		\$0	-\$25,536		\$0	-\$22,475

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 YELLOWSTONE PIPELINE CO
2 MONTANA RAIL LINK	7 BLACKFOOT TELEPHONE COOP INC	2 MONTANA RAIL LINK	7 ROCKING J RANCH LLC
3 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	8 ROCKING J RANCH LLC	3 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	8 BLACKFOOT TELEPHONE COOP INC
4 YELLOWSTONE PIPELINE CO	9 PACIFICORP - ELECTRIC TRANSMISSION	4 PACIFICORP - ELECTRIC TRANSMISSION	9 VERIZON WIRELESS
5 AVISTA CORPORATION - ELECTRIC TRANSMISSION	10 VERIZON WIRELESS	5 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	10 AVISTA CORPORATION - ELECTRIC TRANSMISSION

Property Taxes Paid by County

Hill County



	TY 2015			TY 2016		
	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%)	1,681	\$1,279,356	\$27,633	1,682	\$1,279,356	\$27,633
Tillable Non-Irrigated (2.72%, 2.63%)	1,134,210	\$344,785,034	\$7,447,361	1,134,895	\$344,763,677	\$7,446,900
Grazing (2.72%, 2.63%)	385,446	\$18,186,623	\$392,807	384,784	\$18,156,963	\$392,167
Wild Hay (2.72%, 2.63%)	5,551	\$1,317,306	\$28,449	5,821	\$1,358,808	\$29,345
Non-Qualified Ag Land (19.04%, 18.41%)	7,865	\$353,119	\$53,391	7,872	\$350,543	\$53,001
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,534,753	\$365,921,438	\$7,949,641	1,535,054	\$365,909,347	\$7,949,046
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$525,824,917	\$7,106,406		\$526,585,558	\$7,115,806
Residential Low Income (varies)		\$20,429,159	\$92,951		\$21,337,252	\$101,319
Mobile Homes (2.72%, 2.63%)		\$12,864,120	\$173,672		\$12,957,300	\$174,930
Mobile Homes Low Income (varies)		\$378,690	\$1,260		\$327,340	\$1,123
Commercial (2.72%, 2.63%)		\$346,220,343	\$5,691,540		\$336,337,960	\$5,510,964
Industrial (2.72%, 2.63%)		\$453,693	\$8,574		\$419,204	\$7,923
New Manufacturing (varies)		\$36,471,999	\$607,190		\$35,429,734	\$607,594
Qualified Golf Courses (1.36%, 1.32%)		\$2,479,984	\$23,559		\$2,479,984	\$23,559
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$945,122,905	\$13,705,152		\$935,874,332	\$13,543,218
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$43,952,053	\$1,318,563		\$36,184,694	\$1,085,554
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		\$43,952,053	\$1,318,563		\$36,184,694	\$1,085,554
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$13,906,905	\$202,139		\$12,665,766	\$176,278
Farm Implements (3%, 2% and 3%)		\$70,703,646	\$766,512		\$68,891,783	\$752,857
Furniture and Fixtures (3%, 2% and 3%)		\$8,841,516	\$138,727		\$9,131,871	\$140,031
Other Business Equipment (3%, 2% and 3%)		\$6,643,860	\$101,092		\$7,739,885	\$113,325
Class 8 Subtotal		\$100,095,927	\$1,208,470		\$98,429,305	\$1,182,491
CLASS 9						
Utilities (12%)		\$55,428,785	\$6,651,446		\$59,534,048	\$7,144,067
CLASS 10						
Timber Land (0.32%, 0.31%)	9,031	\$2,380,382	\$8,816	9,389	\$2,380,382	\$8,816
CLASS 12						
Railroads (3.45%, 3.45%)		\$129,310,339	\$3,840,515		\$145,638,803	\$4,427,419
Airlines (3.45%, 3.45%)		\$410,923	\$12,204		\$308,559	\$9,381
Class 12 Subtotal		\$129,721,262	\$3,852,719		\$145,947,362	\$4,436,800
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$14,475,509	\$868,535		\$13,889,001	\$833,331
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$14,475,509	\$868,535		\$13,889,001	\$833,331
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$1,657,098,261	\$35,563,342		\$1,672,924,398	\$36,399,932
ABATED PROPERTY						
Current Values of Abated Property		\$15,984,860	\$219,269		\$14,775,927	\$216,609
Values Without the Property Abatement		\$15,984,860	\$301,876		\$14,775,927	\$279,051
Difference (Property Value Abated)		\$0	-\$82,607		\$0	-\$62,442

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 BNSF RAILWAY CO	6 BRESNAN COMMUNICATIONS LLC	1 BNSF RAILWAY CO	6 CHARTER COMMUNICATIONS INC
2 EXPRESS PIPELINE LLC	7 WAL-MART REAL ESTATE BUSINESS TRUST	2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 NORTHWESTERN ENERGY - HAVRE PIPELINE
3 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	8 NORTHWESTERN ENERGY - HAVRE PIPELINE	3 EXPRESS PIPELINE LLC	8 HARVEST STATES COOPERATIVES
4 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	9 HARVEST STATES COOPERATIVES	4 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	9 WAL-MART REAL ESTATE BUSINESS TRUST
5 HILL COUNTY ELECTRIC COOP INC	10 CENTURYLINK INC	5 HILL COUNTY ELECTRIC COOP INC	10 NORTHWESTERN ENERGY-BEAR PAW - LODGE CREEK

Property Taxes Paid by County

Jefferson County



	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$232,834	\$232,834		\$242,266	\$242,266
CLASS 2 Gross Proceeds		\$105,837,247	\$3,175,117		\$92,854,839	\$2,785,645
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	19,818	\$12,022,554	\$259,689	20,848	\$11,912,751	\$257,320
Tillable Non-Irrigated (2.72%, 2.63%)	21,889	\$7,212,789	\$155,798	21,201	\$6,954,403	\$150,215
Grazing (2.72%, 2.63%)	284,878	\$9,384,477	\$202,771	285,429	\$9,418,392	\$203,509
Wild Hay (2.72%, 2.63%)	1,808	\$612,841	\$13,242	1,916	\$630,194	\$13,617
Non-Qualified Ag Land (19.04%, 18.41%)	35,962	\$1,623,675	\$245,536	36,692	\$1,629,002	\$246,338
Eligible Mining Claims (2.72%, 2.63%)	5,501	\$225,164	\$4,890	6,427	\$227,701	\$4,943
Class 3 Subtotal	369,857	\$31,081,500	\$881,926	372,513	\$30,772,443	\$875,942
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$923,038,790	\$12,457,502		\$939,238,408	\$12,682,184
Residential Low Income (varies)		\$26,131,197	\$113,341		\$28,248,937	\$135,928
Mobile Homes (2.72%, 2.63%)		\$8,633,486	\$116,609		\$8,351,011	\$112,736
Mobile Homes Low Income (varies)		\$443,430	\$1,742		\$557,010	\$2,639
Commercial (2.72%, 2.63%)		\$104,157,895	\$1,689,751		\$103,954,079	\$1,683,585
Industrial (2.72%, 2.63%)		\$10,818,637	\$204,479		\$10,905,519	\$206,121
New Manufacturing (varies)		\$21,768,680	\$407,979		\$21,386,950	\$400,764
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		\$1,094,992,115	\$14,991,403		\$1,112,641,914	\$15,223,957
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$3,255,027	\$97,650		\$3,678,625	\$110,360
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$6,420,364	\$192,611		\$6,619,782	\$193,763
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		\$9,675,391	\$290,261		\$10,298,407	\$304,123
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$99,730,746	\$2,332,817		\$102,965,692	\$2,403,259
Farm Implements (3%, 2% and 3%)		\$3,915,674	\$35,560		\$4,667,209	\$45,575
Furniture and Fixtures (3%, 2% and 3%)		\$1,604,220	\$28,081		\$1,590,134	\$28,921
Other Business Equipment (3%, 2% and 3%)		\$6,268,489	\$152,283		\$6,238,042	\$152,073
Class 8 Subtotal		\$111,519,129	\$2,548,741		\$115,461,077	\$2,629,827
CLASS 9						
Utilities (12%)		\$35,870,125	\$4,304,403		\$54,242,946	\$6,509,151
CLASS 10						
Timber Land (0.32%, 0.31%)	64,825	\$13,414,170	\$49,672	64,415	\$13,212,122	\$48,924
CLASS 12						
Railroads (3.45%, 3.45%)		\$19,168,272	\$569,298		\$17,027,156	\$517,624
Airlines (3.45%, 3.45%)		\$3,619	\$107		\$3,515	\$107
Class 12 Subtotal		\$19,171,891	\$569,405		\$17,030,671	\$517,731
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$13,593,844	\$815,628		\$13,305,140	\$798,306
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$13,593,844	\$815,628		\$13,305,140	\$798,306
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$1,435,388,246	\$27,859,390		\$1,482,833,317	\$30,107,392
ABATED PROPERTY						
Current Values of Abated Property		\$23,743,951	\$178,479		\$22,771,492	\$171,520
Values Without the Property Abatement		\$23,743,951	\$357,590		\$22,771,492	\$343,004
Difference (Property Value Abated)		\$0	-\$179,111		\$0	-\$171,484

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 GOLDEN SUNLIGHT MINES	6 MONTANA TUNNELS MINING INC	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 MONTANA RAIL LINK
2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	2 GOLDEN SUNLIGHT MINES	7 PACIFICORP - ELECTRIC TRANSMISSION
3 ASH GROVE CEMENT WEST INC	8 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	3 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	8 MONTANA TUNNELS MINING INC
4 AVISTA CORPORATION - ELECTRIC TRANSMISSION	9 VERIZON WIRELESS	4 ASH GROVE CEMENT WEST INC	9 ASH GROVE CEMENT COMPANY
5 MONTANA RAIL LINK	10 ASH GROVE CEMENT COMPANY	5 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	10 VERIZON WIRELESS

Property Taxes Paid by County

Judith Basin County



	TY 2015			TY 2016		
	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%)	8,053	\$5,597,342	\$120,900	8,206	\$5,603,114	\$121,024
Tillable Non-Irrigated (2.72%, 2.63%)	165,148	\$52,523,037	\$1,134,486	164,944	\$52,349,592	\$1,130,741
Grazing (2.72%, 2.63%)	506,514	\$35,923,160	\$775,973	508,936	\$35,966,562	\$776,908
Wild Hay (2.72%, 2.63%)	74,648	\$20,024,952	\$432,548	74,525	\$19,965,510	\$431,264
Non-Qualified Ag Land (19.04%, 18.41%)	3,596	\$179,080	\$27,082	4,043	\$180,047	\$27,240
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	19	\$854	\$18
Class 3 Subtotal	757,959	\$114,247,571	\$2,490,989	760,673	\$114,065,679	\$2,487,195
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$71,403,309	\$971,158		\$71,842,498	\$977,066
Residential Low Income (varies)		\$1,194,381	\$5,506		\$1,733,532	\$8,236
Mobile Homes (2.72%, 2.63%)		\$3,273,800	\$44,199		\$3,194,440	\$43,129
Mobile Homes Low Income (varies)		\$70,890	\$438		\$100,440	\$518
Commercial (2.72%, 2.63%)		\$75,826,911	\$1,076,679		\$76,815,311	\$1,092,323
Industrial (2.72%, 2.63%)		\$193,948	\$3,666		\$272,049	\$5,142
New Manufacturing (varies)		\$11,137,536	\$182,054		\$11,283,816	\$191,929
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		\$163,100,775	\$2,283,700		\$165,242,086	\$2,318,343
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$5,363,900	\$160,913		\$13,905,318	\$417,157
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		\$5,363,900	\$160,913		\$13,905,318	\$417,157
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$1,520,693	\$22,380		\$1,555,803	\$21,563
Farm Implements (3%, 2% and 3%)		\$21,266,758	\$241,886		\$22,956,421	\$276,869
Furniture and Fixtures (3%, 2% and 3%)		\$262,070	\$3,848		\$238,630	\$3,492
Other Business Equipment (3%, 2% and 3%)		\$925,399	\$10,303		\$846,408	\$9,579
Class 8 Subtotal		\$23,974,920	\$278,417		\$25,597,262	\$311,503
CLASS 9						
Utilities (12%)		\$64,944,318	\$7,793,306		\$66,243,374	\$7,949,189
CLASS 10						
Timber Land (0.32%, 0.31%)	16,124	\$3,349,948	\$12,400	16,015	\$3,340,747	\$12,366
CLASS 12						
Railroads (3.45%, 3.45%)		\$45,113,743	\$1,339,877		\$50,512,167	\$1,535,571
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$45,113,743	\$1,339,877		\$50,512,167	\$1,535,571
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$8,044,146	\$482,652		\$1,466,120	\$87,968
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$8,044,146	\$482,652		\$1,466,120	\$87,968
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New & Exp (varies)		\$43,219,210	\$648,288		\$45,394,867	\$680,923
Class 14 Subtotal		\$43,219,210	\$648,288		\$45,394,867	\$680,923
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$471,358,531	\$15,490,542		\$534,905,311	\$16,530,544
ABATED PROPERTY						
Current Values of Abated Property		\$46,962,034	\$690,582		\$49,137,691	\$730,328
Values Without the Property Abatement		\$46,962,034	\$1,367,316		\$49,137,691	\$1,432,585
Difference (Property Value Abated)		\$0	-\$676,734		\$0	-\$702,257

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 PHILLIPS 66 PIPELINE LLC	6 NORTHWESTERN ENERGY-SPION KOP WIND GENERATION	1 PHILLIPS 66 PIPELINE LLC	6 NORTHWESTERN ENERGY-SPION KOP WIND GENERATION
2 EXPRESS PIPELINE LLC	7 CENTRAL MONTANA COMMUNICATIONS	2 BNSF RAILWAY CO	7 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC
3 BNSF RAILWAY CO	8 ROCKY MOUNTAIN PIPELINE SYSTEM LLC	3 EXPRESS PIPELINE LLC	8 ROCKY MOUNTAIN PIPELINE SYSTEM LLC
4 FRONT RANGE PIPELINE LLC	9 UNITED GRAIN CORP	4 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	9 UNITED GRAIN CORP
5 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	10 BOS TERRA LP	5 FRONT RANGE PIPELINE LLC	10 BOS TERRA LP

Property Taxes Paid by County

Lake County

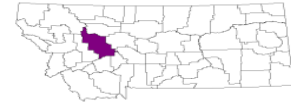


	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	72,502	\$42,324,735	\$914,231	71,454	\$41,322,081	\$892,571
Tillable Non-Irrigated (2.72%, 2.63%)	6,817	\$3,011,995	\$65,074	7,083	\$2,975,589	\$64,288
Grazing (2.72%, 2.63%)	119,232	\$4,268,947	\$92,487	118,461	\$4,247,064	\$92,010
Wild Hay (2.72%, 2.63%)	7,159	\$762,557	\$16,489	7,264	\$765,727	\$16,557
Non-Qualified Ag Land (19.04%, 18.41%)	40,166	\$1,898,498	\$287,107	45,380	\$2,013,993	\$304,569
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	245,877	\$52,266,732	\$1,375,388	249,642	\$51,324,454	\$1,369,995
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$3,474,004,419	\$47,199,936		\$3,483,819,358	\$47,326,205
Residential Low Income (varies)		\$91,946,666	\$419,801		\$100,436,331	\$483,763
Mobile Homes (2.72%, 2.63%)		\$23,898,730	\$322,666		\$23,946,439	\$323,309
Mobile Homes Low Income (varies)		\$2,301,180	\$9,472		\$2,448,230	\$10,511
Commercial (2.72%, 2.63%)		\$505,956,525	\$8,133,925		\$526,662,560	\$8,503,488
Industrial (2.72%, 2.63%)		\$2,030,385	\$38,372		\$2,030,385	\$38,372
New Manufacturing (varies)		\$15,398,528	\$291,034		\$15,390,932	\$290,889
Qualified Golf Courses (1.36%, 1.32%)		\$1,891,517	\$17,969		\$1,728,032	\$16,416
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$4,117,427,950	\$56,433,175		\$4,156,462,267	\$56,992,953
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$15,823,773	\$474,714		\$15,038,621	\$451,157
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		\$15,823,773	\$474,714		\$15,038,621	\$451,157
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$20,861,314	\$374,809		\$19,857,520	\$350,699
Farm Implements (3%, 2% and 3%)		\$6,126,755	\$55,302		\$5,798,804	\$52,630
Furniture and Fixtures (3%, 2% and 3%)		\$12,557,067	\$224,684		\$12,584,354	\$226,891
Other Business Equipment (3%, 2% and 3%)		\$2,238,060	\$25,860		\$1,646,778	\$19,743
Class 8 Subtotal		\$41,783,196	\$680,655		\$39,887,456	\$649,963
CLASS 9						
Utilities (12%)		\$3,762,297	\$451,475		\$4,345,893	\$521,502
CLASS 10						
Timber Land (0.32%, 0.31%)	61,497	\$33,987,072	\$125,755	62,408	\$33,868,442	\$125,314
CLASS 12						
Railroads (3.45%, 3.45%)		\$17,997,847	\$534,536		\$38,590,419	\$1,173,147
Airlines (3.45%, 3.45%)		\$3,619	\$107		\$3,515	\$107
Class 12 Subtotal		\$18,001,466	\$534,643		\$38,593,934	\$1,173,254
CLASS 13						
Electrical Generation Property (6%)		\$58,934,707	\$3,536,084		\$0	\$0
Telecommunication Property (6%)		\$22,668,222	\$1,360,099		\$25,220,383	\$1,513,231
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$81,602,929	\$4,896,183		\$25,220,383	\$1,513,231
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$4,364,655,415	\$64,971,988		\$4,364,741,450	\$62,797,369
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - ELECTRIC GENERATION	6 BRESNAN COMMUNICATIONS LLC	1 MONTANA RAIL LINK	6 LEE ROBERT M TRUSTEE
2 CENTURYLINK INC	7 WAL-MART STORES INC	2 CENTURYLINK INC	7 WAL-MART STORES INC
3 ABBEY/ LAND LLC	8 LEE ROBERT M TRUSTEE	3 SECOND STEP ASSET MANAGEMENT, CO	8 KOOTENAI LODGE ESTATES LLC
4 MONTANA RAIL LINK	9 FLATHEAD ELECTRIC COOP INC.	4 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	9 FLATHEAD ELECTRIC COOP INC.
5 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	10 BLACKFOOT TELEPHONE COOP INC	5 CHARTER COMMUNICATIONS INC	10 VERIZON WIRELESS

Lewis and Clark County



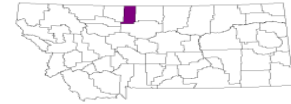
	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$107,111	\$3,213		\$3,750	\$113
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	33,595	\$20,342,334	\$439,388	33,691	\$20,054,589	\$433,172
Tillable Non-Irrigated (2.72%, 2.63%)	24,031	\$7,268,180	\$156,992	24,213	\$7,277,831	\$157,200
Grazing (2.72%, 2.63%)	585,837	\$27,472,440	\$593,475	585,277	\$27,460,629	\$593,222
Wild Hay (2.72%, 2.63%)	9,488	\$2,339,537	\$50,536	9,998	\$2,335,791	\$50,455
Non-Qualified Ag Land (19.04%, 18.41%)	58,422	\$2,662,527	\$402,635	60,760	\$2,703,444	\$408,828
Eligible Mining Claims (2.72%, 2.63%)	18	\$784	\$17	45	\$1,992	\$44
Class 3 Subtotal	711,391	\$60,085,802	\$1,643,043	713,983	\$59,834,276	\$1,642,921
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$4,517,265,845	\$60,981,142		\$4,540,346,064	\$61,272,329
Residential Low Income (varies)		\$100,914,850	\$516,864		\$118,685,286	\$620,658
Mobile Homes (2.72%, 2.63%)		\$51,518,721	\$695,759		\$51,597,760	\$695,863
Mobile Homes Low Income (varies)		\$3,557,359	\$15,332		\$4,109,060	\$19,751
Commercial (2.72%, 2.63%)		\$1,584,011,938	\$27,651,579		\$1,579,756,504	\$27,503,256
Industrial (2.72%, 2.63%)		\$5,421,471	\$102,464		\$5,421,471	\$102,464
New Manufacturing (varies)		\$32,770,380	\$503,502		\$32,886,510	\$514,663
Qualified Golf Courses (1.36%, 1.32%)		\$9,550,830	\$90,732		\$9,550,830	\$90,732
Remodeled Commercial (varies)		\$972,672	\$14,687		\$1,059,072	\$14,687
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$6,305,984,066	\$90,572,061		\$6,343,412,557	\$90,834,403
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$7,626,341	\$228,793		\$8,456,751	\$253,701
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$2,085,384	\$62,562		\$2,077,428	\$62,322
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		\$9,711,725	\$291,355		\$10,534,179	\$316,023
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$118,337,172	\$2,364,813		\$130,204,556	\$2,897,181
Farm Implements (3%, 2% and 3%)		\$5,360,455	\$55,631		\$5,586,672	\$58,811
Furniture and Fixtures (3%, 2% and 3%)		\$65,729,484	\$964,783		\$62,682,100	\$954,009
Other Business Equipment (3%, 2% and 3%)		\$6,881,748	\$94,589		\$8,177,836	\$129,509
Class 8 Subtotal		\$196,308,859	\$3,479,816		\$206,651,164	\$4,039,510
CLASS 9						
Utilities (12%)		\$113,903,827	\$13,668,454		\$126,625,469	\$15,195,055
CLASS 10						
Timber Land (0.32%, 0.31%)	215,856	\$55,491,537	\$205,332	216,686	\$55,505,542	\$205,382
CLASS 12						
Railroads (3.45%, 3.45%)		\$47,705,117	\$1,416,841		\$66,419,205	\$2,019,141
Airlines (3.45%, 3.45%)		\$8,148,427	\$242,007		\$6,172,826	\$187,652
Class 12 Subtotal		\$55,853,544	\$1,658,848		\$72,592,031	\$2,206,793
CLASS 13						
Electrical Generation Property (6%)		\$43,661,525	\$2,619,694		\$46,234,536	\$2,774,072
Telecommunication Property (6%)		\$117,607,347	\$7,056,422		\$119,217,134	\$7,153,015
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$161,268,872	\$9,676,116		\$165,451,670	\$9,927,087
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$6,958,715,343	\$121,198,238		\$7,100,757,502	\$124,967,730
ABATED PROPERTY						
Current Values of Abated Property		\$84,278,571	\$760,454		\$60,146,864	\$600,442
Values Without the Property Abatement		\$84,278,571	\$1,327,005		\$60,146,864	\$965,366
Difference (Property Value Abated)		\$0	-\$566,551		\$0	-\$364,924

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 THE BOEING COMPANY	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 BNSF RAILWAY CO
2 VERIZON WIRELESS	7 BNSF RAILWAY CO	2 VERIZON WIRELESS	7 CHARTER COMMUNICATIONS INC
3 NORTHWESTERN ENERGY - ELECTRIC GENERATION	8 MONTANA RAIL LINK	3 NORTHWESTERN ENERGY - ELECTRIC GENERATION	8 YELLOWSTONE PIPELINE CO
4 CENTURYLINK INC	9 YELLOWSTONE PIPELINE CO	4 CENTURYLINK INC	9 MONTANA RAIL LINK
5 BRESNAN COMMUNICATIONS LLC	10 HELENA FEDERAL OFFICE COMPLEX LLC	5 THE BOEING COMPANY	10 HELENA FEDERAL OFFICE COMPLEX LLC

Property Taxes Paid by County

Liberty County



	TY 2015			TY 2016		
	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%)	7,703	\$5,000,699	\$108,013	8,285	\$4,999,896	\$107,996
Tillable Non-Irrigated (2.72%, 2.63%)	564,722	\$167,683,919	\$3,621,993	564,711	\$167,712,753	\$3,622,615
Grazing (2.72%, 2.63%)	217,166	\$11,551,508	\$249,517	217,313	\$11,574,068	\$250,003
Wild Hay (2.72%, 2.63%)	6,082	\$1,749,009	\$37,777	6,284	\$1,749,009	\$37,777
Non-Qualified Ag Land (19.04%, 18.41%)	1,085	\$48,292	\$7,298	1,067	\$47,494	\$7,176
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	796,758	\$186,033,427	\$4,024,598	797,660	\$186,083,220	\$4,025,567
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$48,269,092	\$655,694		\$49,774,884	\$676,007
Residential Low Income (varies)		\$1,018,396	\$4,889		\$1,256,172	\$7,060
Mobile Homes (2.72%, 2.63%)		\$2,090,310	\$28,218		\$2,123,150	\$28,662
Mobile Homes Low Income (varies)		\$0	\$0		\$0	\$0
Commercial (2.72%, 2.63%)		\$79,755,819	\$1,146,612		\$80,055,351	\$1,149,606
Industrial (2.72%, 2.63%)		\$385,539	\$7,284		\$385,539	\$7,284
New Manufacturing (varies)		\$33,426,281	\$631,756		\$33,317,598	\$629,703
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		\$164,945,437	\$2,474,453		\$166,912,694	\$2,498,322
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$8,682,005	\$260,464		\$11,114,625	\$333,445
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		\$8,682,005	\$260,464		\$11,114,625	\$333,445
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$3,238,033	\$40,817		\$2,914,430	\$38,201
Farm Implements (3%, 2% and 3%)		\$38,912,124	\$422,285		\$36,822,123	\$401,953
Furniture and Fixtures (3%, 2% and 3%)		\$611,176	\$7,132		\$568,761	\$6,575
Other Business Equipment (3%, 2% and 3%)		\$5,821,292	\$82,642		\$5,647,724	\$80,478
Class 8 Subtotal		\$48,582,625	\$552,776		\$45,953,038	\$527,207
CLASS 9						
Utilities (12%)		\$5,032,487	\$603,898		\$5,409,560	\$649,146
CLASS 10						
Timber Land (0.32%, 0.31%)	722	\$160,026	\$592	727	\$160,026	\$592
CLASS 12						
Railroads (3.45%, 3.45%)		\$25,069,186	\$744,554		\$28,058,843	\$852,988
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$25,069,186	\$744,554		\$28,058,843	\$852,988
CLASS 13						
Electrical Generation Property (6%)		\$1,477,528	\$88,652		\$1,319,705	\$79,182
Telecommunication Property (6%)		\$1,333,129	\$79,989		\$2,265,239	\$135,916
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$2,810,657	\$168,641		\$3,584,944	\$215,098
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$441,315,850	\$8,829,976		\$447,276,950	\$9,102,365
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 BNSF RAILWAY CO	6 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	1 BNSF RAILWAY CO	6 EAGLE CREEK COLONY
2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 MEISSNER RANCHES INC	2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 RIVERVIEW COLONY
3 EGT LLC	8 COLUMBIA GRAIN INC	3 EGT LLC	8 SAGE CREEK COLONY
4 GAVILON GRAIN LLC	9 RIVERVIEW COLONY	4 GAVILON GRAIN LLC	9 COLUMBIA GRAIN INC
5 EAGLE CREEK COLONY	10 SAGE CREEK COLONY	5 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	10 TIBER MONTANA LLC

Property Taxes Paid by County

Lincoln County



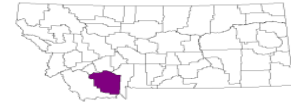
	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$1,893,109	\$56,793
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	2,195	\$1,578,195	\$34,092	2,381	\$1,549,092	\$33,464
Tillable Non-Irrigated (2.72%, 2.63%)	69	\$23,716	\$512	71	\$28,239	\$610
Grazing (2.72%, 2.63%)	28,077	\$654,134	\$14,301	27,821	\$639,430	\$13,974
Wild Hay (2.72%, 2.63%)	1,879	\$137,205	\$2,966	1,877	\$136,740	\$2,956
Non-Qualified Ag Land (19.04%, 18.41%)	23,642	\$1,061,856	\$160,569	24,339	\$1,080,474	\$163,384
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	55,862	\$3,455,106	\$212,440	56,490	\$3,433,975	\$214,388
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$1,483,780,608	\$20,029,452		\$1,486,165,940	\$20,058,363
Residential Low Income (varies)		\$116,578,618	\$525,469		\$128,941,695	\$575,174
Mobile Homes (2.72%, 2.63%)		\$18,759,370	\$253,256		\$18,412,500	\$248,572
Mobile Homes Low Income (varies)		\$1,983,640	\$7,138		\$2,453,520	\$8,999
Commercial (2.72%, 2.63%)		\$166,392,401	\$2,935,706		\$165,849,589	\$2,928,258
Industrial (2.72%, 2.63%)		\$4,093,783	\$77,372		\$4,011,538	\$75,818
New Manufacturing (varies)		\$11,468,340	\$216,753		\$8,693,955	\$164,317
Qualified Golf Courses (1.36%, 1.32%)		\$18,036,673	\$171,348		\$17,596,097	\$167,163
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$1,821,093,433	\$24,216,494		\$1,832,124,834	\$24,226,664
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$67,920,348	\$2,037,613		\$71,619,341	\$2,148,575
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$1,183,000	\$35,490		\$114,112	\$3,423
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		\$69,103,348	\$2,073,103		\$71,733,453	\$2,151,998
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$26,833,847	\$387,963		\$20,322,239	\$250,080
Farm Implements (3%, 2% and 3%)		\$835,082	\$8,493		\$766,617	\$7,693
Furniture and Fixtures (3%, 2% and 3%)		\$5,496,481	\$76,739		\$5,376,847	\$73,937
Other Business Equipment (3%, 2% and 3%)		\$1,015,163	\$11,816		\$1,371,648	\$17,799
Class 8 Subtotal		\$34,180,573	\$485,012		\$27,837,351	\$349,509
CLASS 9						
Utilities (12%)		\$0	\$0		\$0	\$0
CLASS 10						
Timber Land (0.32%, 0.31%)	415,606	\$274,087,606	\$1,014,127	416,317	\$273,960,817	\$1,013,645
CLASS 12						
Railroads (3.45%, 3.45%)		\$103,923,614	\$3,086,533		\$116,283,952	\$3,535,033
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$103,923,614	\$3,086,533		\$116,283,952	\$3,535,033
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$10,607,348	\$636,447		\$12,985,628	\$779,141
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$10,607,348	\$636,447		\$12,985,628	\$779,141
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$2,316,451,028	\$31,724,156		\$2,340,253,119	\$32,327,171
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 BNSF RAILWAY CO	6 FRONTIER COMMUNICATIONS	1 BNSF RAILWAY CO	6 LINCOLN ELECTRIC COOPERATIVE INC
2 INTERBEL TELEPHONE COOPERATIVE INC	7 TROY MINE INC	2 INTERBEL TELEPHONE COOPERATIVE INC	7 NORTHERN LIGHTS INC
3 PLUM CREEK TIMBERLANDS LP	8 NORTHERN LIGHTS INC	3 PLUM CREEK TIMBERLANDS LP	8 TROY MINE INC
4 FLATHEAD ELECTRIC COOP INC.	9 WILDERNESS PRESERVE US LP	4 FLATHEAD ELECTRIC COOP INC.	9 VERIZON WIRELESS
5 LINCOLN ELECTRIC COOPERATIVE INC	10 STIMSON LUMBER CO	5 FRONTIER COMMUNICATIONS	10 WILDERNESS PRESERVE US LP

Property Taxes Paid by County

Madison County



	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$2,681,178	\$2,681,178		\$2,868,087	\$2,868,087
CLASS 2 Gross Proceeds		\$2,503,810	\$75,115		\$1,363,307	\$40,900
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	83,199	\$51,866,059	\$1,120,304	87,565	\$51,378,564	\$1,109,772
Tillable Non-Irrigated (2.72%, 2.63%)	12,717	\$3,954,615	\$85,418	12,589	\$3,953,217	\$85,388
Grazing (2.72%, 2.63%)	805,534	\$36,090,618	\$779,663	805,533	\$36,183,973	\$781,689
Wild Hay (2.72%, 2.63%)	1,702	\$459,121	\$9,917	2,074	\$443,774	\$9,585
Non-Qualified Ag Land (19.04%, 18.41%)	50,310	\$2,465,592	\$372,907	56,396	\$2,457,242	\$371,647
Eligible Mining Claims (2.72%, 2.63%)	477	\$192,081	\$4,181	4,670	\$188,534	\$4,105
Class 3 Subtotal	953,940	\$95,028,086	\$2,372,390	968,827	\$94,605,304	\$2,362,186
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$4,048,733,780	\$59,261,008		\$4,234,268,351	\$62,039,112
Residential Low Income (varies)		\$28,810,547	\$149,222		\$30,543,669	\$152,386
Mobile Homes (2.72%, 2.63%)		\$7,604,910	\$102,670		\$7,414,860	\$100,104
Mobile Homes Low Income (varies)		\$211,860	\$701		\$217,070	\$652
Commercial (2.72%, 2.63%)		\$556,224,555	\$9,358,062		\$543,866,531	\$9,096,508
Industrial (2.72%, 2.63%)		\$3,018,921	\$57,057		\$3,018,921	\$57,057
New Manufacturing (varies)		\$7,986,810	\$142,033		\$7,943,500	\$141,214
Qualified Golf Courses (1.36%, 1.32%)		\$44,337,393	\$421,205		\$44,529,515	\$423,031
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$4,696,928,776	\$69,491,958		\$4,871,802,417	\$72,010,064
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$17,565,646	\$526,976		\$19,540,777	\$586,225
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		\$17,565,646	\$526,976		\$19,540,777	\$586,225
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$32,690,311	\$566,645		\$33,805,619	\$595,641
Farm Implements (3%, 2% and 3%)		\$14,135,004	\$146,387		\$15,011,065	\$159,600
Furniture and Fixtures (3%, 2% and 3%)		\$12,748,883	\$264,637		\$13,319,236	\$241,438
Other Business Equipment (3%, 2% and 3%)		\$25,264,623	\$582,499		\$24,678,844	\$534,827
Class 8 Subtotal		\$84,838,821	\$1,560,168		\$86,814,764	\$1,531,506
CLASS 9						
Utilities (12%)		\$25,370,967	\$3,044,499		\$27,929,954	\$3,351,586
CLASS 10						
Timber Land (0.32%, 0.31%)	77,394	\$17,360,968	\$64,250	79,143	\$17,211,325	\$63,705
CLASS 12						
Railroads (3.45%, 3.45%)		\$18,150,626	\$539,075		\$16,354,303	\$497,170
Airlines (3.45%, 3.45%)		\$2,413	\$72		\$2,344	\$71
Class 12 Subtotal		\$18,153,039	\$539,147		\$16,356,647	\$497,241
CLASS 13						
Electrical Generation Property (6%)		\$28,535,796	\$1,712,149		\$31,352,983	\$1,881,178
Telecommunication Property (6%)		\$4,507,921	\$270,477		\$4,858,279	\$291,496
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$33,043,717	\$1,982,626		\$36,211,262	\$2,172,674
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$4,993,475,008	\$82,338,307		\$5,179,198,723	\$85,519,782
ABATED PROPERTY						
Current Values of Abated Property		\$4,769,310	\$37,007		\$4,494,879	\$35,608
Values Without the Property Abatement		\$4,769,310	\$75,239		\$4,494,879	\$71,123
Difference (Property Value Abated)		\$0	-\$38,232		\$0	-\$35,515

Top 10 Property Owners by Taxable Value

TY 2015				TY 2016			
1	NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6	BARRETT'S MINERALS INC	1	NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6	BARRETT'S MINERALS INC
2	YELLOWSTONE DEVELOPMENT LLC	7	BIG SKY RESORT LLC	2	NORTHWESTERN ENERGY - ELECTRIC GENERATION	7	BIG SKY RESORT LLC
3	LUZENAC AMERICA INC	8	MB MT ACQUISITION LLC	3	LUZENAC AMERICA INC	8	MB MT ACQUISITION LLC
4	NORTHWESTERN ENERGY - ELECTRIC GENERATION	9	MONTANA RAIL LINK	4	YELLOWSTONE DEVELOPMENT LLC	9	3 RIVERS TELEPHONE COOPERATIVE INC
5	YELLOWSTONE MTN CLUB LLC &	10	3 RIVERS TELEPHONE COOPERATIVE INC	5	YELLOWSTONE MTN CLUB LLC &	10	MONTANA RAIL LINK

Property Taxes Paid by County

McCone County



	TY 2015			TY 2016		
	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%)	9,387	\$7,852,549	\$169,615	9,442	\$7,851,621	\$169,595
Tillable Non-Irrigated (2.72%, 2.63%)	491,710	\$132,229,061	\$2,856,137	492,639	\$132,059,473	\$2,852,471
Grazing (2.72%, 2.63%)	822,661	\$34,110,468	\$736,785	825,133	\$34,123,602	\$737,065
Wild Hay (2.72%, 2.63%)	5,681	\$1,122,230	\$24,246	5,851	\$1,148,989	\$24,824
Non-Qualified Ag Land (19.04%, 18.41%)	1,943	\$91,770	\$13,876	2,072	\$92,246	\$13,949
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,331,381	\$175,406,078	\$3,800,659	1,335,136	\$175,275,931	\$3,797,904
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$43,555,904	\$595,063		\$44,120,303	\$602,991
Residential Low Income (varies)		\$1,351,144	\$7,447		\$1,314,287	\$6,986
Mobile Homes (2.72%, 2.63%)		\$4,046,950	\$54,638		\$4,746,740	\$64,085
Mobile Homes Low Income (varies)		\$131,200	\$654		\$110,020	\$458
Commercial (2.72%, 2.63%)		\$70,684,602	\$1,010,216		\$71,910,880	\$1,026,202
Industrial (2.72%, 2.63%)		\$105,479	\$1,993		\$102,309	\$1,933
New Manufacturing (varies)		\$2,195,278	\$34,614		\$2,195,278	\$36,906
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		\$122,070,557	\$1,704,625		\$124,499,817	\$1,739,561
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$15,549,473	\$466,486		\$15,840,217	\$475,209
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		\$15,549,473	\$466,486		\$15,840,217	\$475,209
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$5,636,472	\$99,545		\$4,732,087	\$88,799
Farm Implements (3%, 2% and 3%)		\$40,876,698	\$446,983		\$40,028,947	\$434,699
Furniture and Fixtures (3%, 2% and 3%)		\$818,758	\$8,418		\$718,779	\$6,811
Other Business Equipment (3%, 2% and 3%)		\$2,261,304	\$28,912		\$1,576,642	\$18,883
Class 8 Subtotal		\$49,593,232	\$583,858		\$47,056,455	\$549,193
CLASS 9						
Utilities (12%)		\$1,591,121	\$190,934		\$1,596,948	\$191,634
CLASS 10						
Timber Land (0.32%, 0.31%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.45%)		\$7,525,861	\$223,518		\$8,415,140	\$255,819
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$7,525,861	\$223,518		\$8,415,140	\$255,819
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$3,028,316	\$181,697		\$3,172,661	\$190,359
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$3,028,316	\$181,697		\$3,172,661	\$190,359
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$374,764,638	\$7,151,777		\$378,354,757	\$7,233,390
ABATED PROPERTY						
Current Values of Abated Property		\$2,602,342	\$30,581		\$2,497,588	\$33,711
Values Without the Property Abatement		\$2,602,342	\$43,740		\$2,497,588	\$42,169
Difference (Property Value Abated)		\$0	-\$13,159		\$0	-\$8,458

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 MCCONE ELECTRIC COOP INC	6 PRAIRIE ELK HUTTERIAN BRETHEREN INC	1 BNSF RAILWAY CO	6 PRAIRIE ELK HUTTERIAN BRETHEREN INC
2 MID RIVERS TELEPHONE COOPERATIVE	7 CENEX HARVEST STATES CO OP	2 MCCONE ELECTRIC COOP INC	7 CENEX HARVEST STATES CO OP
3 BNSF RAILWAY CO	8 GREAT NORTHERN PROPERTIES LP	3 MID RIVERS TELEPHONE COOPERATIVE	8 GREAT NORTHERN PROPERTIES LP
4 WBI ENERGY TRANSMISSION INC	9 ARNSTON RANCH INC	4 WBI ENERGY TRANSMISSION INC	9 GACKLE MYRON L & PAULINE
5 CABLE & COMMUNICATIONS CORP	10 GACKLE MYRON L & PAULINE	5 CABLE & COMMUNICATIONS CORP	10 ARNSTON RANCH INC

Property Taxes Paid by County

Meagher County



	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$156,896	\$4,707		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	42,080	\$24,496,283	\$529,128	42,671	\$24,382,598	\$526,673
Tillable Non-Irrigated (2.72%, 2.63%)	23,851	\$5,849,886	\$126,359	24,203	\$5,821,266	\$125,741
Grazing (2.72%, 2.63%)	683,213	\$32,578,443	\$703,727	681,946	\$32,577,819	\$703,725
Wild Hay (2.72%, 2.63%)	9,611	\$2,733,606	\$59,049	9,681	\$2,731,037	\$58,992
Non-Qualified Ag Land (19.04%, 18.41%)	7,653	\$347,012	\$52,481	7,931	\$353,184	\$53,414
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	766,408	\$66,005,230	\$1,470,744	766,432	\$65,865,904	\$1,468,545
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$111,767,108	\$1,513,564		\$112,019,082	\$1,516,960
Residential Low Income (varies)		\$3,277,530	\$15,507		\$3,717,082	\$17,630
Mobile Homes (2.72%, 2.63%)		\$2,108,460	\$28,467		\$2,227,560	\$30,073
Mobile Homes Low Income (varies)		\$103,950	\$281		\$69,940	\$189
Commercial (2.72%, 2.63%)		\$67,975,051	\$1,015,390		\$69,567,718	\$1,035,605
Industrial (2.72%, 2.63%)		\$97,601	\$1,844		\$97,601	\$1,844
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		\$185,329,700	\$2,575,053		\$187,698,983	\$2,602,301
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$747,722	\$22,431		\$16,380,522	\$491,423
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		\$747,722	\$22,431		\$16,380,522	\$491,423
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$2,662,555	\$34,734		\$2,475,937	\$28,953
Farm Implements (3%, 2% and 3%)		\$7,697,377	\$75,995		\$9,226,913	\$97,038
Furniture and Fixtures (3%, 2% and 3%)		\$415,158	\$7,032		\$457,463	\$7,177
Other Business Equipment (3%, 2% and 3%)		\$633,218	\$7,274		\$497,368	\$5,723
Class 8 Subtotal		\$11,408,308	\$125,036		\$12,657,681	\$138,891
CLASS 9						
Utilities (12%)		\$24,602,820	\$2,952,341		\$25,800,354	\$3,096,037
CLASS 10						
Timber Land (0.32%, 0.31%)	179,602	\$40,926,902	\$151,431	179,325	\$40,601,662	\$150,229
CLASS 12						
Railroads (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Airlines (3.45%, 3.45%)		\$1,206	\$36		\$1,172	\$36
Class 12 Subtotal		\$1,206	\$36		\$1,172	\$36
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$12,575,304	\$754,528		\$943,183	\$56,591
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$12,575,304	\$754,528		\$943,183	\$56,591
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New & Exp (varies)		\$14,440,853	\$216,613		\$13,793,509	\$206,903
Class 14 Subtotal		\$14,440,853	\$216,613		\$13,793,509	\$206,903
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$356,194,941	\$8,272,920		\$377,536,479	\$8,417,859
ABATED PROPERTY						
Current Values of Abated Property		\$14,440,853	\$216,613		\$13,793,509	\$206,903
Values Without the Property Abatement		\$14,440,853	\$433,226		\$13,793,509	\$413,805
Difference (Property Value Abated)		\$0	-\$216,613		\$0	-\$206,902

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 AVISTA CORPORATION - ELECTRIC TRANSMISSION	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 PACIFICORP - ELECTRIC TRANSMISSION
2 CENTRAL MONTANA COMMUNICATIONS	7 GORDON BUTTE WIND LLC	2 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	7 GORDON BUTTE WIND LLC
3 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	8 GALT RANCH LP	3 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	8 GALT RANCH LP
4 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	9 SMITH RIVER RANCH LP	4 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	9 SMITH RIVER RANCH LP
5 PACIFICORP - ELECTRIC TRANSMISSION	10 CATLIN RANCH LP	5 AVISTA CORPORATION - ELECTRIC TRANSMISSION	10 CATLIN RANCH LP

Property Taxes Paid by County

Mineral County



	TY 2015			TY 2016		
	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%)	546	\$311,397	\$6,726	533	\$311,211	\$6,723
Tillable Non-Irrigated (2.72%, 2.63%)	263	\$135,253	\$2,921	263	\$135,253	\$2,921
Grazing (2.72%, 2.63%)	4,915	\$58,408	\$1,296	4,993	\$58,685	\$1,304
Wild Hay (2.72%, 2.63%)	1,326	\$46,523	\$1,005	1,373	\$46,300	\$1,000
Non-Qualified Ag Land (19.04%, 18.41%)	4,359	\$245,465	\$37,119	5,472	\$243,655	\$36,842
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	11,409	\$797,046	\$49,067	12,633	\$795,104	\$48,790
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$278,327,459	\$3,764,954		\$279,817,910	\$3,787,817
Residential Low Income (varies)		\$18,088,411	\$80,432		\$18,154,096	\$79,949
Mobile Homes (2.72%, 2.63%)		\$3,902,160	\$52,681		\$3,964,080	\$53,517
Mobile Homes Low Income (varies)		\$388,340	\$1,825		\$382,480	\$1,808
Commercial (2.72%, 2.63%)		\$54,133,003	\$936,953		\$54,914,153	\$951,614
Industrial (2.72%, 2.63%)		\$543,696	\$10,274		\$540,505	\$10,214
New Manufacturing (varies)		\$3,554,560	\$67,183		\$3,482,250	\$65,026
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		\$358,937,629	\$4,914,302		\$361,255,474	\$4,949,945
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$7,234,384	\$217,031		\$7,047,024	\$211,420
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		\$7,234,384	\$217,031		\$7,047,024	\$211,420
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$17,124,297	\$325,982		\$16,083,294	\$294,673
Farm Implements (3%, 2% and 3%)		\$198,475	\$1,133		\$180,449	\$850
Furniture and Fixtures (3%, 2% and 3%)		\$1,528,002	\$23,042		\$1,540,138	\$23,441
Other Business Equipment (3%, 2% and 3%)		\$275,418	\$2,858		\$216,782	\$2,564
Class 8 Subtotal		\$19,126,192	\$353,015		\$18,020,663	\$321,527
CLASS 9						
Utilities (12%)		\$23,829,293	\$2,859,506		\$36,171,646	\$4,340,587
CLASS 10						
Timber Land (0.32%, 0.31%)	87,737	\$41,667,474	\$154,165	88,115	\$41,653,832	\$154,116
CLASS 12						
Railroads (3.45%, 3.45%)		\$24,690,768	\$733,314		\$22,059,675	\$670,614
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$24,690,768	\$733,314		\$22,059,675	\$670,614
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$4,899,127	\$293,949		\$5,339,038	\$320,343
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$4,899,127	\$293,949		\$5,339,038	\$320,343
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$481,181,913	\$9,574,349		\$497,788,765	\$11,058,357
ABATED PROPERTY						
Current Values of Abated Property		\$6,482,781	\$48,410		\$5,446,309	\$41,015
Values Without the Property Abatement		\$6,482,781	\$97,242		\$5,446,309	\$82,023
Difference (Property Value Abated)		\$0	-\$48,832		\$0	-\$41,008

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 TRICON TIMBER LLC
2 MONTANA RAIL LINK	7 TRICON TIMBER LLC	2 PACIFICORP - ELECTRIC TRANSMISSION	7 AVISTA CORPORATION - ELECTRIC TRANSMISSION
3 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	8 VERIZON WIRELESS	3 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	8 VERIZON WIRELESS
4 AVISTA CORPORATION - ELECTRIC TRANSMISSION	9 BLACKFOOT TELEPHONE COOP INC	4 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	9 BLACKFOOT TELEPHONE COOP INC
5 PACIFICORP - ELECTRIC TRANSMISSION	10 AT&T MOBILITY LLC	5 MONTANA RAIL LINK	10 MISSOULA ELECTRIC COOPERATIVE INC

Property Taxes Paid by County

Missoula County



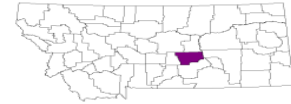
	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	13,733	\$8,363,457	\$180,657	13,881	\$8,336,328	\$180,071
Tillable Non-Irrigated (2.72%, 2.63%)	1,152	\$205,552	\$4,439	1,215	\$225,748	\$4,875
Grazing (2.72%, 2.63%)	78,367	\$2,408,512	\$52,102	78,453	\$2,392,181	\$51,753
Wild Hay (2.72%, 2.63%)	1,765	\$251,766	\$5,435	1,915	\$251,317	\$5,426
Non-Qualified Ag Land (19.04%, 18.41%)	27,123	\$1,339,166	\$202,503	30,569	\$1,353,011	\$204,593
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	122,141	\$12,568,453	\$445,136	126,033	\$12,558,585	\$446,718
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$8,414,881,886	\$113,644,265		\$8,479,340,822	\$114,503,413
Residential Low Income (varies)		\$241,005,647	\$1,176,483		\$264,799,507	\$1,297,389
Mobile Homes (2.72%, 2.63%)		\$81,144,430	\$1,095,247		\$80,367,870	\$1,084,760
Mobile Homes Low Income (varies)		\$10,862,945	\$45,644		\$11,431,110	\$48,968
Commercial (2.72%, 2.63%)		\$3,269,469,320	\$57,094,115		\$3,189,765,228	\$55,469,567
Industrial (2.72%, 2.63%)		\$23,047,538	\$435,598		\$25,839,528	\$488,367
New Manufacturing (varies)		\$48,145,880	\$874,766		\$145,018,538	\$2,719,071
Qualified Golf Courses (1.36%, 1.32%)		\$29,062,890	\$276,095		\$24,158,698	\$229,506
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$12,117,620,536	\$174,642,213		\$12,220,721,301	\$175,841,041
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$61,737,352	\$1,852,123		\$59,082,463	\$1,772,483
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$98,759	\$2,963		\$91,477	\$2,744
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		\$61,836,111	\$1,855,086		\$59,173,940	\$1,775,227
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$123,779,737	\$2,144,098		\$141,007,843	\$2,357,097
Farm Implements (3%, 2% and 3%)		\$886,692	\$6,768		\$894,621	\$7,161
Furniture and Fixtures (3%, 2% and 3%)		\$125,958,538	\$1,812,850		\$133,238,139	\$1,945,772
Other Business Equipment (3%, 2% and 3%)		\$19,881,100	\$289,186		\$23,628,934	\$354,482
Class 8 Subtotal		\$270,506,067	\$4,252,902		\$298,767,537	\$4,664,511
CLASS 9						
Utilities (12%)		\$146,589,378	\$17,590,714		\$169,202,659	\$20,304,274
CLASS 10						
Timber Land (0.32%, 0.31%)	361,552	\$128,129,383	\$474,077	361,902	\$128,120,854	\$474,045
CLASS 12						
Railroads (3.45%, 3.45%)		\$59,487,581	\$1,766,779		\$55,611,913	\$1,690,609
Airlines (3.45%, 3.45%)		\$22,319,758	\$662,897		\$22,961,901	\$698,041
Class 12 Subtotal		\$81,807,339	\$2,429,676		\$78,573,814	\$2,388,650
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$108,949,823	\$6,536,987		\$104,271,914	\$6,256,320
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$108,949,823	\$6,536,987		\$104,271,914	\$6,256,320
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$12,928,007,090	\$208,226,791		\$13,122,489,256	\$212,631,872
ABATED PROPERTY						
Current Values of Abated Property		\$39,704,165	\$423,662		\$51,098,652	\$481,086
Values Without the Property Abatement		\$39,704,165	\$626,392		\$51,098,652	\$786,617
Difference (Property Value Abated)		\$0	-\$202,730		\$0	-\$305,531

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 VERIZON WIRELESS	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 VERIZON WIRELESS
2 MONTANA RAIL LINK	7 MISSOULA ELECTRIC COOPERATIVE INC	2 MONTANA RAIL LINK	7 MISSOULA ELECTRIC COOPERATIVE INC
3 CENTURYLINK INC	8 RCHP BILLINGS MISSOULA LLC	3 CHARTER COMMUNICATIONS INC	8 RCHP BILLINGS MISSOULA LLC
4 BRESNAN COMMUNICATIONS LLC	9 SOUTHGATE MALL ASSOCIATES	4 MOUNTAIN WATER CO	9 SOUTHGATE MALL ASSOCIATES
5 MOUNTAIN WATER CO	10 ROSEBURG FOREST PRODUCTS CO	5 CENTURYLINK INC	10 ROSEBURG FOREST PRODUCTS CO

Property Taxes Paid by County

Musselshell County



	TY 2015			TY 2016		
	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%)	12,957	\$10,177,880	\$219,840	13,990	\$10,190,717	\$220,117
Tillable Non-Irrigated (2.72%, 2.63%)	84,482	\$12,910,753	\$278,870	84,423	\$12,898,330	\$278,603
Grazing (2.72%, 2.63%)	674,564	\$26,321,732	\$568,557	675,324	\$26,319,739	\$568,514
Wild Hay (2.72%, 2.63%)	18,584	\$3,200,980	\$69,149	18,524	\$3,189,847	\$68,909
Non-Qualified Ag Land (19.04%, 18.41%)	34,549	\$1,591,282	\$240,675	35,397	\$1,576,286	\$238,408
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	825,136	\$54,202,627	\$1,377,091	827,658	\$54,174,919	\$1,374,551
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$160,075,293	\$2,167,312		\$159,033,993	\$2,153,313
Residential Low Income (varies)		\$9,583,478	\$39,549		\$11,545,844	\$52,406
Mobile Homes (2.72%, 2.63%)		\$8,719,308	\$117,715		\$8,824,639	\$119,022
Mobile Homes Low Income (varies)		\$879,940	\$3,658		\$960,690	\$3,746
Commercial (2.72%, 2.63%)		\$75,885,562	\$1,162,511		\$76,591,685	\$1,169,085
Industrial (2.72%, 2.63%)		\$1,793,873	\$33,900		\$1,793,873	\$33,900
New Manufacturing (varies)		\$16,259,270	\$187,004		\$19,096,160	\$270,715
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		\$273,196,724	\$3,711,649		\$277,846,884	\$3,802,187
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$15,051,484	\$451,544		\$14,368,849	\$431,064
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		\$15,051,484	\$451,544		\$14,368,849	\$431,064
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$128,179,699	\$2,478,219		\$85,191,875	\$1,989,052
Farm Implements (3%, 2% and 3%)		\$6,859,551	\$70,506		\$8,639,437	\$106,408
Furniture and Fixtures (3%, 2% and 3%)		\$5,460,380	\$88,520		\$5,011,474	\$6,569
Other Business Equipment (3%, 2% and 3%)		\$8,942,186	\$156,275		\$9,389,173	\$201,288
Class 8 Subtotal		\$149,441,816	\$2,793,520		\$103,721,959	\$2,303,317
CLASS 9						
Utilities (12%)		\$14,280,817	\$1,713,690		\$18,059,952	\$2,167,184
CLASS 10						
Timber Land (0.32%, 0.31%)	163,495	\$15,905,302	\$58,843	163,450	\$15,895,021	\$58,807
CLASS 12						
Railroads (3.45%, 3.45%)		\$51,587,638	\$1,532,152		\$55,979,241	\$1,193,021
Airlines (3.45%, 3.45%)		\$1,206	\$36		\$1,172	\$36
Class 12 Subtotal		\$51,588,844	\$1,532,188		\$55,980,413	\$1,193,057
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$4,008,263	\$240,496		\$4,102,542	\$246,151
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$4,008,263	\$240,496		\$4,102,542	\$246,151
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$577,675,877	\$11,879,021		\$717,319,367	\$14,040,735
ABATED PROPERTY						
Current Values of Abated Property		\$226,114,863	\$2,070,296		\$173,168,828	\$2,464,417
Values Without the Property Abatement		\$226,114,863	\$3,453,293		\$173,168,828	\$3,520,035
Difference (Property Value Abated)		\$0	-\$1,382,997		\$0	-\$1,055,618

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 SIGNAL PEAK ENERGY LLP	6 MUSSELHELL RESOURCES LLC	1 SIGNAL PEAK ENERGY LLP	6 MUSSELHELL RESOURCES LLC
2 GLOBAL RAIL GROUP LLC	7 VERIZON WIRELESS	2 GLOBAL RAIL GROUP LLC	7 MID RIVERS TELEPHONE COOPERATIVE
3 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	8 FERGUS ELECTRIC COOP	3 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	8 VERIZON WIRELESS
4 PHILLIPS 66 PIPELINE LLC	9 WILKS RANCH MONTANA LTD	4 PHILLIPS 66 PIPELINE LLC	9 FERGUS ELECTRIC COOP
5 MID RIVERS TELEPHONE COOPERATIVE	10 TRANEL PROPERTIES LP	5 ROCKY MOUNTAIN PIPELINE SYSTEM LLC	10 WILKS RANCH MONTANA LTD

Property Taxes Paid by County

Park County



	TY 2015			TY 2016		
	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%)	50,016	\$29,875,992	\$645,324	50,496	\$29,896,760	\$645,773
Tillable Non-Irrigated (2.72%, 2.63%)	21,456	\$3,488,612	\$75,351	21,260	\$3,463,663	\$74,813
Grazing (2.72%, 2.63%)	514,500	\$31,311,301	\$676,344	516,131	\$31,318,404	\$676,496
Wild Hay (2.72%, 2.63%)	8,436	\$2,303,541	\$49,758	8,354	\$2,302,998	\$49,746
Non-Qualified Ag Land (19.04%, 18.41%)	48,040	\$2,262,533	\$342,117	50,839	\$2,262,298	\$342,077
Eligible Mining Claims (2.72%, 2.63%)	90	\$14,394	\$311	323	\$14,394	\$311
Class 3 Subtotal	642,537	\$69,256,373	\$1,789,205	647,404	\$69,258,517	\$1,789,216
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$1,560,274,859	\$21,111,600		\$1,579,350,173	\$21,369,573
Residential Low Income (varies)		\$65,674,989	\$331,221		\$71,352,056	\$367,778
Mobile Homes (2.72%, 2.63%)		\$11,489,088	\$155,104		\$11,655,290	\$157,349
Mobile Homes Low Income (varies)		\$775,272	\$2,908		\$1,021,610	\$3,664
Commercial (2.72%, 2.63%)		\$578,100,379	\$9,411,417		\$581,598,859	\$9,467,104
Industrial (2.72%, 2.63%)		\$1,549,418	\$29,283		\$1,549,418	\$29,283
New Manufacturing (varies)		\$2,678,250	\$50,618		\$2,678,250	\$50,618
Qualified Golf Courses (1.36%, 1.32%)		\$2,866,519	\$27,231		\$2,866,519	\$27,231
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$2,223,408,774	\$31,119,382		\$2,252,072,175	\$31,472,600
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$13,069,158	\$392,076		\$13,581,974	\$407,467
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		\$13,069,158	\$392,076		\$13,581,974	\$407,467
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$13,197,118	\$180,991		\$13,488,076	\$196,164
Farm Implements (3%, 2% and 3%)		\$7,209,189	\$60,886		\$8,071,561	\$73,042
Furniture and Fixtures (3%, 2% and 3%)		\$9,006,907	\$132,166		\$9,361,249	\$138,733
Other Business Equipment (3%, 2% and 3%)		\$2,207,647	\$27,620		\$1,502,583	\$18,892
Class 8 Subtotal		\$31,620,861	\$401,663		\$32,423,469	\$426,831
CLASS 9						
Utilities (12%)		\$34,442,432	\$4,133,085		\$38,042,886	\$4,565,141
CLASS 10						
Timber Land (0.32%, 0.31%)	134,953	\$31,014,747	\$114,768	135,875	\$31,085,489	\$115,032
CLASS 12						
Railroads (3.45%, 3.45%)		\$28,147,300	\$835,972		\$28,097,255	\$854,157
Airlines (3.45%, 3.45%)		\$1,206	\$36		\$1,172	\$36
Class 12 Subtotal		\$28,148,506	\$836,008		\$28,098,427	\$854,193
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$14,352,136	\$861,128		\$13,322,142	\$799,331
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$14,352,136	\$861,128		\$13,322,142	\$799,331
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$2,445,312,987	\$39,647,315		\$2,477,885,079	\$40,429,811
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 ROCK CREEK RANCH I LTD	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 PHILIP MORRIS INC
2 MONTANA RAIL LINK	7 YELLOWSTONE PIPELINE CO	2 MONTANA RAIL LINK	7 ROCK CREEK RANCH I LTD
3 CENTURYLINK INC	8 MOUNTAIN SKY GUEST RANCH LLC	3 CENTURYLINK INC	8 MOUNTAIN SKY GUEST RANCH LLC
4 PARK ELECTRIC CO OP INC	9 PRINTINGFORLESS.COM INC	4 PARK ELECTRIC CO OP INC	9 PRINTINGFORLESS.COM INC
5 PHILIP MORRIS INC	10 BRESNAN COMMUNICATIONS LLC	5 YELLOWSTONE PIPELINE CO	10 CHARTER COMMUNICATIONS INC

Petroleum County



	TY 2015			TY 2016		
	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%)	10,578	\$6,139,734	\$132,621	10,342	\$6,013,429	\$129,893
Tillable Non-Irrigated (2.72%, 2.63%)	57,383	\$8,834,532	\$190,815	72,316	\$10,875,266	\$234,894
Grazing (2.72%, 2.63%)	515,348	\$17,750,474	\$383,427	501,806	\$17,263,153	\$372,914
Wild Hay (2.72%, 2.63%)	13,156	\$2,223,443	\$48,032	13,495	\$2,209,342	\$47,729
Non-Qualified Ag Land (19.04%, 18.41%)	4,681	\$212,703	\$32,163	4,654	\$207,256	\$31,339
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	601,146	\$35,160,886	\$787,058	602,615	\$36,568,446	\$816,769
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$9,362,331	\$128,803		\$9,437,517	\$129,836
Residential Low Income (varies)		\$339,542	\$1,242		\$348,172	\$1,071
Mobile Homes (2.72%, 2.63%)		\$1,988,710	\$26,854		\$2,021,940	\$27,301
Mobile Homes Low Income (varies)		\$0	\$0		\$0	\$0
Commercial (2.72%, 2.63%)		\$20,145,438	\$279,264		\$20,841,868	\$288,695
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		\$31,836,021	\$436,163		\$32,649,497	\$446,903
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$5,266,240	\$157,987		\$5,252,744	\$157,581
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		\$5,266,240	\$157,987		\$5,252,744	\$157,581
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$1,435,415	\$16,220		\$740,851	\$7,914
Farm Implements (3%, 2% and 3%)		\$9,094,969	\$96,421		\$9,093,644	\$105,476
Furniture and Fixtures (3%, 2% and 3%)		\$15,221	\$204		\$22,277	\$263
Other Business Equipment (3%, 2% and 3%)		\$224,055	\$1,403		\$218,774	\$1,769
Class 8 Subtotal		\$10,769,660	\$114,248		\$10,075,546	\$115,422
CLASS 9						
Utilities (12%)		\$0	\$0		\$0	\$0
CLASS 10						
Timber Land (0.32%, 0.31%)	1,029	\$136,012	\$503	1,029	\$136,012	\$503
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%)		\$38,115	\$2,286		\$83,178	\$4,991
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$38,115	\$2,286		\$83,178	\$4,991
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$83,206,934	\$1,498,245		\$84,765,423	\$1,542,169
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 FERGUS ELECTRIC COOP	6 MCCONE ELECTRIC COOP INC	1 TWIN CREEKS FARM & RANCH LLC	6 MCCONE ELECTRIC COOP INC
2 TWIN CREEKS FARM & RANCH LLC	7 NEW VIEW INC	2 FLAT WILLOW FARM LLC	7 LEK RANCH LLC
3 MID RIVERS TELEPHONE COOPERATIVE	8 LEK RANCH LLC	3 FERGUS ELECTRIC COOP	8 NEW VIEW INC
4 FLAT WILLOW FARM LLC	9 LUND # RANCH INC	4 KLAMERT GENE J & RONNA	9 LUND # RANCH INC
5 KLAMERT GENE J & RONNA	10 WALKING SEVEN INC	5 MID RIVERS TELEPHONE COOPERATIVE	10 WALKING SEVEN INC

Property Taxes Paid by County

Phillips County



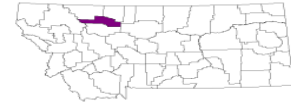
	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	42,865	\$25,290,090	\$546,266	44,164	\$25,170,096	\$543,670
Tillable Non-Irrigated (2.72%, 2.63%)	408,041	\$113,630,269	\$2,454,413	411,203	\$112,938,548	\$2,439,474
Grazing (2.72%, 2.63%)	1,100,938	\$43,059,122	\$930,077	1,103,448	\$43,163,159	\$932,324
Wild Hay (2.72%, 2.63%)	15,275	\$3,359,634	\$72,571	18,133	\$3,353,522	\$72,439
Non-Qualified Ag Land (19.04%, 18.41%)	3,990	\$194,265	\$29,373	4,429	\$197,226	\$29,821
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,571,108	\$185,533,380	\$4,032,700	1,581,377	\$184,822,551	\$4,017,728
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$125,632,159	\$1,702,745		\$125,758,318	\$1,704,473
Residential Low Income (varies)		\$8,596,827	\$38,879		\$8,530,869	\$38,754
Mobile Homes (2.72%, 2.63%)		\$4,274,315	\$57,702		\$4,190,247	\$56,568
Mobile Homes Low Income (varies)		\$169,280	\$1,010		\$164,390	\$997
Commercial (2.72%, 2.63%)		\$123,564,111	\$1,894,876		\$123,848,446	\$1,887,099
Industrial (2.72%, 2.63%)		\$57,191	\$1,082		\$57,191	\$1,082
New Manufacturing (varies)		\$2,611,365	\$49,354		\$2,628,817	\$49,684
Qualified Golf Courses (1.36%, 1.32%)		\$784,180	\$7,450		\$784,180	\$7,450
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$265,689,428	\$3,753,098		\$265,962,458	\$3,746,107
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$12,030,856	\$360,926		\$22,794,073	\$683,825
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		\$12,030,856	\$360,926		\$22,794,073	\$683,825
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$4,918,110	\$57,237		\$5,671,859	\$67,319
Farm Implements (3%, 2% and 3%)		\$37,780,908	\$400,512		\$37,498,173	\$403,105
Furniture and Fixtures (3%, 2% and 3%)		\$1,158,778	\$16,718		\$1,392,364	\$23,288
Other Business Equipment (3%, 2% and 3%)		\$10,449,002	\$192,391		\$9,409,366	\$164,846
Class 8 Subtotal		\$54,306,798	\$666,858		\$53,971,762	\$658,558
CLASS 9						
Utilities (12%)		\$58,960,348	\$7,075,234		\$60,541,811	\$7,265,014
CLASS 10						
Timber Land (0.32%, 0.31%)	2,350	\$316,777	\$1,172	2,351	\$316,328	\$1,170
CLASS 12						
Railroads (3.45%, 3.45%)		\$49,021,207	\$1,455,932		\$64,086,256	\$1,948,221
Airlines (3.45%, 3.45%)		\$22,056	\$655		\$1,006	\$31
Class 12 Subtotal		\$49,043,263	\$1,456,587		\$64,087,262	\$1,948,252
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$15,980,869	\$958,858		\$5,083,995	\$305,036
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$15,980,869	\$958,858		\$5,083,995	\$305,036
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$641,861,719	\$18,305,433		\$657,580,240	\$18,625,690
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 WBI ENERGY MIDSTREAM LLC	6 OMIMEX CANADA LTD	1 WBI ENERGY MIDSTREAM LLC	6 OMIMEX CANADA LTD
2 NORTHERN BORDER PIPELINE COMPANY	7 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	2 NORTHERN BORDER PIPELINE COMPANY	7 BIG FLAT ELECTRIC COOP INC
3 BNSF RAILWAY CO	8 TRIANGLE COMMUNICATION SYSTEM INC	3 BNSF RAILWAY CO	8 TRIANGLE COMMUNICATION SYSTEM INC
4 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	9 BIG FLAT ELECTRIC COOP INC	4 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	9 VERIZON WIRELESS
5 CENTRAL MONTANA COMMUNICATIONS	10 NOBLE ENERGY INC	5 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	10 MONTANA DAKOTA UTILITIES - GAS DISTRIBUTION

Property Taxes Paid by County

Pondera County



	TY 2015			TY 2016		
	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%)	74,739	\$44,268,850	\$956,229	77,270	\$44,555,146	\$962,412
Tillable Non-Irrigated (2.72%, 2.63%)	425,901	\$133,600,076	\$2,885,732	424,234	\$130,989,186	\$2,829,338
Grazing (2.72%, 2.63%)	235,831	\$11,441,536	\$247,194	234,708	\$11,372,296	\$245,699
Wild Hay (2.72%, 2.63%)	5,436	\$1,505,184	\$32,516	5,831	\$1,502,874	\$32,466
Non-Qualified Ag Land (19.04%, 18.41%)	3,176	\$139,217	\$21,046	3,336	\$138,606	\$20,953
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	745,082	\$190,954,863	\$4,142,717	745,378	\$188,558,108	\$4,090,868
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$163,794,793	\$2,217,381		\$164,624,848	\$2,230,035
Residential Low Income (varies)		\$9,378,502	\$45,395		\$9,478,806	\$45,650
Mobile Homes (2.72%, 2.63%)		\$4,562,500	\$61,590		\$4,438,650	\$59,916
Mobile Homes Low Income (varies)		\$151,570	\$513		\$136,520	\$370
Commercial (2.72%, 2.63%)		\$170,626,526	\$2,561,363		\$172,920,520	\$2,593,414
Industrial (2.72%, 2.63%)		\$701,070	\$13,251		\$672,486	\$16,492
New Manufacturing (varies)		\$25,984,581	\$359,669		\$26,400,961	\$355,074
Qualified Golf Courses (1.36%, 1.32%)		\$460,926	\$4,379		\$460,926	\$4,379
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$375,660,468	\$5,263,541		\$379,333,717	\$5,305,330
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$15,463,247	\$463,895		\$16,901,515	\$507,043
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		\$15,463,247	\$463,895		\$16,901,515	\$507,043
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$7,859,859	\$102,957		\$7,632,614	\$101,009
Farm Implements (3%, 2% and 3%)		\$38,980,321	\$425,935		\$41,164,663	\$466,458
Furniture and Fixtures (3%, 2% and 3%)		\$1,614,392	\$26,767		\$1,627,459	\$26,043
Other Business Equipment (3%, 2% and 3%)		\$1,990,831	\$23,103		\$2,325,855	\$27,334
Class 8 Subtotal		\$50,445,403	\$578,763		\$52,750,591	\$620,844
CLASS 9						
Utilities (12%)		\$28,167,961	\$3,380,146		\$28,575,504	\$3,429,059
CLASS 10						
Timber Land (0.32%, 0.31%)	1,354	\$211,231	\$790	1,321	\$186,317	\$698
CLASS 12						
Railroads (3.45%, 3.45%)		\$30,091,259	\$893,709		\$33,690,920	\$1,024,206
Airlines (3.45%, 3.45%)		\$1,206	\$36		\$2,344	\$71
Class 12 Subtotal		\$30,092,465	\$893,745		\$33,693,264	\$1,024,277
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$3,771,590	\$226,297		\$3,674,602	\$220,477
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$3,771,590	\$226,297		\$3,674,602	\$220,477
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New & Exp (varies)		\$43,120,843	\$646,813		\$42,258,494	\$633,877
Class 14 Subtotal		\$43,120,843	\$646,813		\$42,258,494	\$633,877
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$737,888,071	\$15,596,707		\$761,274,218	\$15,978,156
ABATED PROPERTY						
Current Values of Abated Property		\$14,049,405	\$133,240		\$15,342,106	\$145,683
Values Without the Property Abatement		\$14,049,405	\$265,274		\$15,342,106	\$289,836
Difference (Property Value Abated)		\$0	-\$132,034		\$0	-\$144,153

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 KINGSBURY COLONY A MT CORP	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 KINGSBURY COLONY A MT CORP
2 PHILLIPS 66 PIPELINE LLC	7 3 RIVERS TELEPHONE COOPERATIVE INC	2 PHILLIPS 66 PIPELINE LLC	7 3 RIVERS TELEPHONE COOPERATIVE INC
3 BNSF RAILWAY CO	8 SUN RIVER ELECTRIC COOP INC	3 BNSF RAILWAY CO	8 BIRCH CREEK COLONY INC
4 FRONT RANGE PIPELINE LLC	9 BIRCH CREEK COLONY INC	4 FRONT RANGE PIPELINE LLC	9 PONDERA COLONY INC
5 MONTANA ALBERTA TIE LIMITED (M.A.T.L.)	10 PONDERA COLONY INC	5 MONTANA ALBERTA TIE LIMITED (M.A.T.L.)	10 MIDWAY COLONY INC

Powder River County



	TY 2015			TY 2016		
	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%)	11,001	\$6,534,568	\$141,142	11,424	\$6,527,645	\$140,992
Tillable Non-Irrigated (2.72%, 2.63%)	43,865	\$10,916,462	\$235,799	43,709	\$10,885,795	\$235,137
Grazing (2.72%, 2.63%)	1,179,948	\$36,597,133	\$790,506	1,179,459	\$36,582,802	\$790,201
Wild Hay (2.72%, 2.63%)	76,852	\$12,575,550	\$271,630	77,105	\$12,582,630	\$271,785
Non-Qualified Ag Land (19.04%, 18.41%)	3,380	\$162,004	\$24,500	3,840	\$171,006	\$25,862
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,315,047	\$66,785,717	\$1,463,577	1,315,537	\$66,749,878	\$1,463,977
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$30,926,445	\$425,668		\$31,259,419	\$430,162
Residential Low Income (varies)		\$1,089,989	\$6,105		\$971,759	\$5,453
Mobile Homes (2.72%, 2.63%)		\$8,669,670	\$117,038		\$9,040,610	\$122,046
Mobile Homes Low Income (varies)		\$44,580	\$262		\$44,580	\$262
Commercial (2.72%, 2.63%)		\$64,695,589	\$930,006		\$66,483,868	\$954,532
Industrial (2.72%, 2.63%)		\$592,935	\$11,207		\$592,935	\$11,207
New Manufacturing (varies)		\$910,822	\$17,214		\$910,823	\$17,215
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		\$106,930,030	\$1,507,500		\$109,303,994	\$1,540,877
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$10,308,183	\$309,246		\$10,314,149	\$309,424
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		\$10,308,183	\$309,246		\$10,314,149	\$309,424
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$4,496,735	\$66,263		\$4,341,607	\$67,386
Farm Implements (3%, 2% and 3%)		\$18,461,398	\$155,345		\$20,067,938	\$177,457
Furniture and Fixtures (3%, 2% and 3%)		\$93,036	\$1,329		\$109,526	\$1,648
Other Business Equipment (3%, 2% and 3%)		\$8,025,545	\$203,413		\$7,649,912	\$203,445
Class 8 Subtotal		\$31,076,714	\$426,351		\$32,168,983	\$449,937
CLASS 9						
Utilities (12%)		\$67,963,028	\$8,155,564		\$68,880,336	\$8,265,643
CLASS 10						
Timber Land (0.32%, 0.31%)	42,442	\$4,776,369	\$17,671	42,508	\$4,776,431	\$17,671
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%)		\$726,415	\$43,584		\$746,990	\$44,819
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$726,415	\$43,584		\$746,990	\$44,819
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$165,528,199	\$2,349,867		\$170,300,953	\$2,337,374
Total		\$454,094,655	\$14,273,360		\$463,241,714	\$14,429,722
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 HILAND CRUDE LLC	6 TONGUE RIVER ELECTRIC COOP INC	1 HILAND CRUDE LLC	6 TONGUE RIVER ELECTRIC COOP INC
2 DENBURY ONSHORE LLC	7 WBI ENERGY TRANSMISSION INC	2 DENBURY ONSHORE LLC	7 DENBURY GREENCORE PIPELINE COMPANY LLC
3 BISON PIPELINE LLC	8 DENBURY GREENCORE PIPELINE COMPANY LLC	3 BISON PIPELINE LLC	8 WBI ENERGY TRANSMISSION INC
4 BELLE FOURCHE PIPELINE COMPANY	9 RANGE TELEPHONE COOP INC	4 BELLE FOURCHE PIPELINE COMPANY	9 RANGE TELEPHONE COOP INC
5 BLACK HILLS POWER & LIGHT CO	10 GAY RANCH INC	5 BLACK HILLS POWER & LIGHT CO	10 GAY RANCH INC

Property Taxes Paid by County

Powell County



	TY 2015			TY 2016		
	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%)	40,709	\$24,785,449	\$535,361	43,379	\$24,933,019	\$538,548
Tillable Non-Irrigated (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Grazing (2.72%, 2.63%)	348,810	\$14,073,256	\$304,026	348,977	\$14,051,452	\$303,548
Wild Hay (2.72%, 2.63%)	3,918	\$996,500	\$21,524	4,188	\$985,292	\$21,282
Non-Qualified Ag Land (19.04%, 18.41%)	19,610	\$896,026	\$135,543	20,293	\$898,845	\$135,971
Eligible Mining Claims (2.72%, 2.63%)	8	\$88	\$2	8	\$88	\$2
Class 3 Subtotal	413,055	\$40,751,319	\$996,456	416,845	\$40,868,696	\$999,351
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$356,725,246	\$4,847,190		\$356,911,877	\$4,851,038
Residential Low Income (varies)		\$19,811,973	\$90,100		\$22,879,175	\$112,897
Mobile Homes (2.72%, 2.63%)		\$5,627,630	\$75,972		\$5,572,700	\$75,233
Mobile Homes Low Income (varies)		\$488,130	\$1,911		\$451,980	\$2,380
Commercial (2.72%, 2.63%)		\$119,282,132	\$1,865,078		\$117,059,751	\$1,814,133
Industrial (2.72%, 2.63%)		\$324,250	\$6,129		\$324,250	\$6,129
New Manufacturing (varies)		\$3,380,920	\$63,899		\$3,346,620	\$63,251
Qualified Golf Courses (1.36%, 1.32%)		\$18,302,706	\$173,876		\$18,319,786	\$174,038
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$523,942,987	\$7,124,155		\$524,966,139	\$7,099,099
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$12,577,400	\$377,322		\$11,534,445	\$346,031
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		\$12,577,400	\$377,322		\$11,534,445	\$346,031
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$11,025,815	\$156,381		\$10,985,496	\$150,247
Farm Implements (3%, 2% and 3%)		\$5,043,594	\$46,098		\$6,020,104	\$54,353
Furniture and Fixtures (3%, 2% and 3%)		\$3,104,917	\$47,556		\$2,909,452	\$41,725
Other Business Equipment (3%, 2% and 3%)		\$709,576	\$8,667		\$647,100	\$8,038
Class 8 Subtotal		\$19,883,902	\$258,701		\$20,562,152	\$254,362
CLASS 9						
Utilities (12%)		\$37,744,791	\$4,529,370		\$53,879,120	\$6,465,484
CLASS 10						
Timber Land (0.32%, 0.31%)	196,484	\$56,825,348	\$210,264	196,549	\$56,755,280	\$210,000
CLASS 12						
Railroads (3.45%, 3.45%)		\$34,930,357	\$1,037,431		\$40,120,171	\$1,219,652
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$34,930,357	\$1,037,431		\$40,120,171	\$1,219,652
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$360,532	\$21,632
Telecommunication Property (6%)		\$7,227,189	\$433,636		\$6,639,717	\$398,385
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$7,227,189	\$433,636		\$7,000,249	\$420,017
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$733,883,293	\$14,967,335		\$755,686,252	\$17,013,997
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 ROCK CREEK CATTLE COMPANY LTD
2 MONTANA RAIL LINK	7 YELLOWSTONE PIPELINE CO	2 MONTANA RAIL LINK	7 BNSF RAILWAY CO
3 ROCK CREEK CATTLE COMPANY LTD	8 AVISTA CORPORATION - ELECTRIC TRANSMISSION	3 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	8 YELLOWSTONE PIPELINE CO
4 BNSF RAILWAY CO	9 MISSOULA ELECTRIC COOPERATIVE INC	4 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	9 MISSOULA ELECTRIC COOPERATIVE INC
5 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	10 BLACKFOOT TELEPHONE COOP INC	5 PACIFICORP - ELECTRIC TRANSMISSION	10 BLACKFOOT TELEPHONE COOP INC

Property Taxes Paid by County

Prairie County



	TY 2015			TY 2016		
	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%)	13,671	\$10,467,884	\$226,110	13,910	\$10,463,776	\$226,022
Tillable Non-Irrigated (2.72%, 2.63%)	81,311	\$21,192,099	\$457,747	81,286	\$21,186,778	\$457,633
Grazing (2.72%, 2.63%)	465,294	\$20,078,775	\$433,703	466,138	\$20,069,042	\$433,492
Wild Hay (2.72%, 2.63%)	11,972	\$2,180,703	\$47,099	11,996	\$2,182,266	\$47,133
Non-Qualified Ag Land (19.04%, 18.41%)	477	\$23,167	\$3,503	521	\$23,215	\$3,510
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	572,724	\$53,942,628	\$1,168,162	573,852	\$53,925,077	\$1,167,790
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$29,613,655	\$403,265		\$29,298,679	\$399,028
Residential Low Income (varies)		\$1,333,278	\$6,113		\$2,072,712	\$10,396
Mobile Homes (2.72%, 2.63%)		\$1,699,000	\$22,933		\$1,631,980	\$22,030
Mobile Homes Low Income (varies)		\$173,410	\$697		\$113,110	\$589
Commercial (2.72%, 2.63%)		\$26,630,039	\$382,277		\$29,504,164	\$421,853
Industrial (2.72%, 2.63%)		\$51,364	\$970		\$51,364	\$970
New Manufacturing (varies)		\$299,340	\$5,657		\$299,340	\$5,657
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		\$59,800,086	\$821,912		\$62,971,349	\$860,523
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$4,622,767	\$138,683		\$4,587,305	\$137,620
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		\$4,622,767	\$138,683		\$4,587,305	\$137,620
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$1,247,038	\$18,897		\$1,233,183	\$18,509
Farm Implements (3%, 2% and 3%)		\$14,648,560	\$143,854		\$14,433,908	\$138,878
Furniture and Fixtures (3%, 2% and 3%)		\$133,889	\$1,760		\$151,076	\$2,071
Other Business Equipment (3%, 2% and 3%)		\$380,230	\$8,794		\$376,037	\$8,219
Class 8 Subtotal		\$16,409,717	\$173,305		\$16,194,204	\$167,677
CLASS 9						
Utilities (12%)		\$6,835,312	\$820,237		\$9,048,275	\$1,085,796
CLASS 10						
Timber Land (0.32%, 0.31%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.45%)		\$48,094,592	\$1,428,407		\$54,104,404	\$1,644,774
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$48,094,592	\$1,428,407		\$54,104,404	\$1,644,774
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$1,872,302	\$112,339		\$1,858,218	\$111,497
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$1,872,302	\$112,339		\$1,858,218	\$111,497
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$191,577,404	\$4,663,045		\$202,688,832	\$5,175,677
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 BNSF RAILWAY CO	6 MID RIVERS TELEPHONE COOPERATIVE	1 BNSF RAILWAY CO	6 TONGUE RIVER ELECTRIC COOP INC
2 CENEX PIPELINE LLC	7 TONGUE RIVER ELECTRIC COOP INC	2 CENEX PIPELINE LLC	7 MID RIVERS TELEPHONE COOPERATIVE
3 WBI ENERGY TRANSMISSION INC	8 AT&T MOBILITY LLC	3 WBI ENERGY TRANSMISSION INC	8 BRIDGER PIPELINE LLC
4 MONTANA DAKOTA UTILITIES - ELECTRIC DISTRIBUTION	9 BRIDGER PIPELINE LLC	4 MONTANA DAKOTA UTILITIES - ELECTRIC DISTRIBUTION	9 SACKMAN INC
5 EATON FRANK & SONS	10 BEEFLAND INC	5 EATON FRANK & SONS	10 BEEFLAND INC

Property Taxes Paid by County

Ravalli County



	TY 2015			TY 2016		
	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%)	44,045	\$26,560,340	\$573,720	44,784	\$26,288,100	\$567,839
Tillable Non-Irrigated (2.72%, 2.63%)	3,751	\$1,023,646	\$22,111	3,286	\$889,120	\$19,204
Grazing (2.72%, 2.63%)	115,228	\$4,911,108	\$106,190	116,219	\$4,923,850	\$106,459
Wild Hay (2.72%, 2.63%)	484	\$95,814	\$2,069	560	\$106,517	\$2,300
Non-Qualified Ag Land (19.04%, 18.41%)	39,485	\$1,853,418	\$280,274	41,963	\$1,868,651	\$282,572
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	202,993	\$34,444,326	\$984,364	206,812	\$34,076,238	\$978,374
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$3,393,591,235	\$45,963,544		\$3,417,080,618	\$46,284,965
Residential Low Income (varies)		\$238,714,261	\$1,176,291		\$260,849,179	\$1,278,155
Mobile Homes (2.72%, 2.63%)		\$21,220,563	\$286,503		\$21,050,120	\$284,016
Mobile Homes Low Income (varies)		\$2,852,687	\$11,022		\$3,232,250	\$12,575
Commercial (2.72%, 2.63%)		\$880,846,997	\$14,160,179		\$893,391,282	\$14,343,788
Industrial (2.72%, 2.63%)		\$1,257,496	\$23,768		\$1,257,496	\$23,768
New Manufacturing (varies)		\$47,011,191	\$888,512		\$47,116,651	\$890,506
Qualified Golf Courses (1.36%, 1.32%)		\$8,740,921	\$83,039		\$8,740,921	\$83,039
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$4,594,235,351	\$62,592,858		\$4,652,718,517	\$63,200,812
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$24,287,428	\$728,623		\$24,677,003	\$740,310
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		\$24,287,428	\$728,623		\$24,677,003	\$740,310
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$77,152,328	\$1,805,051		\$61,063,611	\$1,342,508
Farm Implements (3%, 2% and 3%)		\$5,178,520	\$47,925		\$4,983,182	\$46,308
Furniture and Fixtures (3%, 2% and 3%)		\$15,482,850	\$244,661		\$14,114,257	\$217,068
Other Business Equipment (3%, 2% and 3%)		\$5,668,824	\$124,056		\$5,467,167	\$122,991
Class 8 Subtotal		\$103,482,522	\$2,221,693		\$85,628,217	\$1,728,874
CLASS 9						
Utilities (12%)		\$40,731,561	\$4,887,779		\$47,399,449	\$5,687,941
CLASS 10						
Timber Land (0.32%, 0.31%)	95,144	\$31,102,774	\$115,096	96,337	\$31,177,066	\$115,373
CLASS 12						
Railroads (3.45%, 3.45%)		\$21,095,275	\$626,530		\$18,738,611	\$569,653
Airlines (3.45%, 3.45%)		\$7,726	\$229		\$8,676	\$264
Class 12 Subtotal		\$21,103,001	\$626,759		\$18,747,287	\$569,917
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$30,127,781	\$1,807,671		\$29,798,344	\$1,787,902
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$30,127,781	\$1,807,671		\$29,798,344	\$1,787,902
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$4,879,514,744	\$73,964,843		\$4,924,222,121	\$74,809,503
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 VERIZON WIRELESS	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 CENTURYLINK INC
2 GLAXO SMITH KLINE BIOLOGICALS	7 BRESNAN COMMUNICATIONS LLC	2 GLAXO SMITH KLINE BIOLOGICALS	7 CHARTER COMMUNICATIONS INC
3 CENTURYLINK INC	8 FARMERS STATE BANK	3 RAVALLI COUNTY ELECTRIC COOP INC	8 FARMERS STATE BANK
4 RAVALLI COUNTY ELECTRIC COOP INC	9 STOCK FARM CLUB	4 VERIZON WIRELESS	9 STOCK FARM CLUB
5 MONTANA RAIL LINK	10 STOCK FARM LLC	5 MONTANA RAIL LINK	10 STOCK FARM LLC

Property Taxes Paid by County

Richland County



	TY 2015			TY 2016		
	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%)	50,856	\$33,988,984	\$734,170	50,841	\$33,786,107	\$729,786
Tillable Non-Irrigated (2.72%, 2.63%)	384,119	\$116,560,044	\$2,517,689	384,529	\$116,596,570	\$2,518,478
Grazing (2.72%, 2.63%)	720,827	\$28,319,880	\$611,699	720,619	\$28,315,127	\$611,598
Wild Hay (2.72%, 2.63%)	8,278	\$1,456,223	\$31,454	8,275	\$1,456,223	\$31,454
Non-Qualified Ag Land (19.04%, 18.41%)	11,238	\$655,416	\$99,109	12,352	\$663,273	\$100,297
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,175,318	\$180,980,547	\$3,994,121	1,176,616	\$180,817,300	\$3,991,613
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$705,175,167	\$9,529,441		\$702,567,226	\$9,494,215
Residential Low Income (varies)		\$7,866,746	\$28,587		\$11,642,261	\$47,200
Mobile Homes (2.72%, 2.63%)		\$23,702,980	\$319,983		\$25,360,050	\$342,354
Mobile Homes Low Income (varies)		\$90,740	\$305		\$165,780	\$568
Commercial (2.72%, 2.63%)		\$389,855,509	\$6,523,042		\$389,631,631	\$6,507,758
Industrial (2.72%, 2.63%)		\$2,616,193	\$49,443		\$4,426,607	\$83,657
New Manufacturing (varies)		\$48,685,763	\$916,955		\$78,825,505	\$1,210,663
Qualified Golf Courses (1.36%, 1.32%)		\$2,530,892	\$24,043		\$2,530,892	\$24,043
Remodeled Commercial (varies)		\$313,890	\$3,701		\$313,890	\$3,701
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$1,180,837,880	\$17,395,500		\$1,215,463,842	\$17,714,159
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$42,773,550	\$1,283,208		\$42,878,240	\$1,286,348
Qualified New Industrial (3%)		\$11,280	\$338		\$11,280	\$338
Pollution Control (3%)		\$2,399,059	\$71,972		\$2,169,905	\$65,097
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (0%-3%)		\$12,797,130	\$191,957		\$0	\$0
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$57,981,019	\$1,547,475		\$45,059,425	\$1,351,783
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$177,093,310	\$4,009,627		\$160,341,778	\$3,794,692
Farm Implements (3%, 2% and 3%)		\$33,104,032	\$338,720		\$33,035,917	\$342,620
Furniture and Fixtures (3%, 2% and 3%)		\$12,374,471	\$169,249		\$11,286,800	\$152,797
Other Business Equipment (3%, 2% and 3%)		\$236,443,104	\$5,606,034		\$223,927,276	\$5,374,710
Class 8 Subtotal		\$459,014,917	\$10,123,630		\$428,591,771	\$9,664,818
CLASS 9						
Utilities (12%)		\$227,417,254	\$27,290,091		\$294,948,636	\$35,393,836
CLASS 10						
Timber Land (0.32%, 0.31%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.45%)		\$24,086,339	\$715,361		\$26,959,460	\$819,569
Airlines (3.45%, 3.45%)		\$613,206	\$18,213		\$1,019,428	\$30,990
Class 12 Subtotal		\$24,699,545	\$733,574		\$27,978,888	\$850,559
CLASS 13						
Electrical Generation Property (6%)		\$15,655,568	\$939,334		\$47,410,267	\$2,844,615
Telecommunication Property (6%)		\$6,187,826	\$371,270		\$5,982,259	\$358,936
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$21,843,394	\$1,310,604		\$53,392,526	\$3,203,551
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$2,152,774,556	\$62,394,995		\$2,276,226,208	\$72,455,454
ABATED PROPERTY						
Current Values of Abated Property		\$13,416,480	\$198,225		\$29,973,820	\$285,135
Values Without the Property Abatement		\$13,416,480	\$395,620		\$29,973,820	\$566,505
Difference (Property Value Abated)		\$0	-\$197,395		\$0	-\$281,370

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 HILAND CRUDE LLC	6 TESORO HIGH PLAINS PIPELINE COMPANY	1 HILAND CRUDE LLC	6 HILAND PARTNERS LLC
2 PLAINS PIPELINE LP	7 XTO ENERGY INC	2 PLAINS PIPELINE LP	7 LOWER YELLOWSTONE RURAL ELEC
3 ONEOK BAKKEN PIPELINE LLC	8 BRIDGER PIPELINE LLC	3 ONEOK BAKKEN PIPELINE LLC	8 TESORO HIGH PLAINS PIPELINE COMPANY
4 CONTINENTAL RESOURCES	9 MONTANA DAKOTA UTILITIES - ELECTRIC GENERATION	4 MONTANA DAKOTA UTILITIES - ELECTRIC GENERATION	9 XTO ENERGY INC
5 HILAND PARTNERS LLC	10 LOWER YELLOWSTONE RURAL ELEC	5 CONTINENTAL RESOURCES INC	10 BRIDGER PIPELINE LLC

Property Taxes Paid by County

Roosevelt County



	TY 2015			TY 2016		
	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%)	18,708	\$11,896,718	\$256,976	18,632	\$11,834,881	\$255,640
Tillable Non-Irrigated (2.72%, 2.63%)	563,759	\$185,183,486	\$3,999,987	565,370	\$185,236,243	\$4,001,125
Grazing (2.72%, 2.63%)	434,638	\$14,277,527	\$308,614	435,155	\$14,314,339	\$309,413
Wild Hay (2.72%, 2.63%)	16,719	\$3,265,032	\$70,525	17,339	\$3,261,087	\$70,439
Non-Qualified Ag Land (19.04%, 18.41%)	15,195	\$619,611	\$93,703	15,275	\$614,612	\$92,947
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,049,019	\$215,242,374	\$4,729,805	1,051,771	\$215,261,162	\$4,729,564
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$153,184,289	\$2,074,347		\$153,581,258	\$2,082,096
Residential Low Income (varies)		\$2,778,044	\$12,029		\$2,823,966	\$13,911
Mobile Homes (2.72%, 2.63%)		\$11,124,915	\$150,183		\$11,036,485	\$148,991
Mobile Homes Low Income (varies)		\$116,460	\$315		\$151,930	\$493
Commercial (2.72%, 2.63%)		\$127,871,480	\$2,002,230		\$128,316,785	\$1,997,503
Industrial (2.72%, 2.63%)		\$1,212,266	\$22,912		\$1,247,571	\$23,579
New Manufacturing (varies)		\$43,836,118	\$753,395		\$43,735,684	\$758,694
Qualified Golf Courses (1.36%, 1.32%)		\$265,240	\$2,520		\$265,240	\$2,520
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$340,388,812	\$5,017,931		\$341,158,919	\$5,027,787
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$88,274,835	\$1,873,041		\$95,598,010	\$2,178,229
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		\$88,274,835	\$1,873,041		\$95,598,010	\$2,178,229
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$59,908,597	\$1,327,710		\$73,001,937	\$1,705,202
Farm Implements (3%, 2% and 3%)		\$48,520,669	\$571,361		\$46,374,028	\$544,383
Furniture and Fixtures (3%, 2% and 3%)		\$3,111,101	\$47,448		\$2,991,554	\$45,841
Other Business Equipment (3%, 2% and 3%)		\$49,781,360	\$1,099,748		\$45,165,472	\$1,017,397
Class 8 Subtotal		\$161,321,727	\$3,046,267		\$167,532,991	\$3,312,823
CLASS 9						
Utilities (12%)		\$113,956,668	\$13,674,792		\$124,239,697	\$14,908,762
CLASS 10						
Timber Land (0.32%, 0.31%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.45%)		\$99,939,538	\$2,968,206		\$111,889,948	\$3,401,458
Airlines (3.45%, 3.45%)		\$1,687,688	\$50,124		\$2,191,652	\$66,627
Class 12 Subtotal		\$101,627,226	\$3,018,330		\$114,081,600	\$3,468,085
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$5,541,097	\$332,463		\$7,505,935	\$450,361
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$5,541,097	\$332,463		\$7,505,935	\$450,361
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$1,026,352,739	\$31,692,629		\$1,130,081,093	\$35,178,829
ABATED PROPERTY						
Current Values of Abated Property		\$62,699,902	\$908,290		\$64,702,779	\$1,103,218
Values Without the Property Abatement		\$62,699,902	\$1,758,653		\$64,702,779	\$1,860,858
Difference (Property Value Abated)		\$0	-\$850,363		\$0	-\$757,640

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHERN BORDER PIPELINE COMPANY	6 SHERIDAN ELECTRIC CO OP INC	1 NORTHERN BORDER PIPELINE COMPANY	6 SHERIDAN ELECTRIC CO OP INC
2 BNSF RAILWAY CO	7 ONEOK BAKKEN PIPELINE LLC	2 BNSF RAILWAY CO	7 HILAND OPERATING LLC
3 BRIDGER PIPELINE LLC	8 NEMONT TELEPHONE COOPERATIVE INC	3 BASIN ELECTRIC POWER COOPERATIVE	8 ONEOK BAKKEN PIPELINE LLC
4 BASIN ELECTRIC POWER COOPERATIVE	9 MONTANA DAKOTA UTILITIES - ELECTRIC DISTRIBUTION	4 BRIDGER PIPELINE LLC	9 MONTANA DAKOTA UTILITIES - ELECTRIC DISTRIBUTION
5 HILAND OPERATING LLC	10 OASIS PETROLEUM NORTH AMERICAN LLC	5 OASIS PETROLEUM NORTH AMERICAN LLP	10 NEMONT TELEPHONE COOPERATIVE INC

Rosebud County



	TY 2015			TY 2016		
	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%)	31,927	\$23,624,567	\$510,280	32,076	\$23,653,558	\$510,907
Tillable Non-Irrigated (2.72%, 2.63%)	142,945	\$31,748,449	\$685,760	143,138	\$31,745,042	\$685,687
Grazing (2.72%, 2.63%)	2,170,821	\$75,300,805	\$1,626,492	2,168,695	\$75,299,439	\$1,626,459
Wild Hay (2.72%, 2.63%)	24,628	\$4,985,178	\$107,677	24,852	\$4,990,422	\$107,789
Non-Qualified Ag Land (19.04%, 18.41%)	12,970	\$584,940	\$88,453	13,043	\$585,520	\$88,539
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	2,383,291	\$136,243,939	\$3,018,662	2,381,804	\$136,273,981	\$3,019,381
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$205,011,723	\$2,777,418		\$203,288,913	\$2,752,164
Residential Low Income (varies)		\$3,138,643	\$15,717		\$3,604,027	\$15,475
Mobile Homes (2.72%, 2.63%)		\$10,704,115	\$144,501		\$10,658,695	\$143,884
Mobile Homes Low Income (varies)		\$92,320	\$369		\$85,130	\$327
Commercial (2.72%, 2.63%)		\$103,494,956	\$1,621,618		\$101,896,724	\$1,592,716
Industrial (2.72%, 2.63%)		\$4,856,362	\$91,788		\$4,908,196	\$92,768
New Manufacturing (varies)		\$31,498,410	\$595,320		\$31,768,120	\$600,418
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		\$358,796,529	\$5,246,731		\$356,209,805	\$5,197,752
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$15,297,328	\$458,918		\$14,472,221	\$434,159
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$210,752,611	\$5,999,466		\$212,153,990	\$5,215,393
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		\$226,049,939	\$6,458,384		\$226,626,211	\$5,649,552
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$104,689,658	\$2,812,589		\$107,485,931	\$2,905,776
Farm Implements (3%, 2% and 3%)		\$11,296,287	\$113,652		\$10,832,478	\$106,079
Furniture and Fixtures (3%, 2% and 3%)		\$2,911,992	\$49,886		\$2,966,507	\$48,966
Other Business Equipment (3%, 2% and 3%)		\$15,049,522	\$413,544		\$15,124,297	\$414,492
Class 8 Subtotal		\$133,947,459	\$3,389,671		\$136,409,213	\$3,475,313
CLASS 9						
Utilities (12%)		\$43,124,961	\$5,174,991		\$50,034,839	\$6,004,170
CLASS 10						
Timber Land (0.32%, 0.31%)	43,488	\$4,838,436	\$17,900	43,246	\$4,844,209	\$17,920
CLASS 12						
Railroads (3.45%, 3.45%)		\$63,115,757	\$1,874,537		\$71,398,167	\$2,170,504
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$63,115,757	\$1,874,537		\$71,398,167	\$2,170,504
CLASS 13						
Electrical Generation Property (6%)		\$1,035,895,975	\$62,153,757		\$1,080,228,357	\$64,813,701
Telecommunication Property (6%)		\$5,468,803	\$328,136		\$5,468,476	\$328,104
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$1,041,364,778	\$62,481,893		\$1,085,696,833	\$65,141,805
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$2,007,481,798	\$87,662,769		\$2,105,800,868	\$90,676,396
ABATED PROPERTY						
Current Values of Abated Property		\$10,770,364	\$0		\$38,307,610	\$0
Values Without the Property Abatement		\$10,770,364	\$323,111		\$38,307,610	\$1,149,228
Difference (Property Value Abated)		\$0	-\$323,111		\$0	-\$1,149,228

Top 10 Property Owners by Taxable Value			
TY 2015		TY 2016	
1	PUGET SOUND ENERGY INC - ELECTRIC GENERATION	6	WESTERN ENERGY CO
2	PORTLAND GENERAL ELECTRIC COMPANY - ELECTRIC GENERATION	7	TALEN MONTANA LLC
3	NORTHWESTERN ENERGY - ELECTRIC GENERATION	8	PUGET SOUND ENERGY INC - POLLUTION CONTROL
4	AVISTA CORPORATION - ELECTRIC GENERATION	9	NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION
5	PACIFICORP - ELECTRIC GENERATION	10	BNSF RAILWAY CO
1	PUGET SOUND ENERGY INC - ELECTRIC GENERATION	6	WESTERN ENERGY CO
2	AVISTA CORPORATION - ELECTRIC GENERATION	7	NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION
3	PORTLAND GENERAL ELECTRIC COMPANY - ELECTRIC GENERATION	8	TALEN MONTANA LLC
4	NORTHWESTERN ENERGY - ELECTRIC GENERATION	9	PUGET SOUND ENERGY INC - POLLUTION CONTROL
5	PACIFICORP - ELECTRIC GENERATION	10	BNSF RAILWAY CO

Sanders County



	TY 2015			TY 2016		
	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%)	11,718	\$7,377,924	\$159,363	12,196	\$7,296,646	\$157,609
Tillable Non-Irrigated (2.72%, 2.63%)	1,318	\$619,888	\$13,390	1,415	\$657,886	\$14,212
Grazing (2.72%, 2.63%)	121,219	\$5,423,546	\$117,176	122,133	\$5,408,566	\$116,854
Wild Hay (2.72%, 2.63%)	9,555	\$1,481,920	\$32,010	9,711	\$1,457,756	\$31,489
Non-Qualified Ag Land (19.04%, 18.41%)	22,451	\$1,062,134	\$160,623	24,130	\$1,065,773	\$161,180
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	166,262	\$15,965,412	\$482,562	169,586	\$15,886,627	\$481,344
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$723,964,503	\$9,778,559		\$726,433,035	\$9,808,872
Residential Low Income (varies)		\$62,406,088	\$261,218		\$70,106,642	\$305,902
Mobile Homes (2.72%, 2.63%)		\$5,268,220	\$71,115		\$5,471,160	\$73,853
Mobile Homes Low Income (varies)		\$482,440	\$1,634		\$632,060	\$2,144
Commercial (2.72%, 2.63%)		\$145,054,289	\$2,381,459		\$141,420,242	\$2,314,773
Industrial (2.72%, 2.63%)		\$813,902	\$15,382		\$813,902	\$15,382
New Manufacturing (varies)		\$4,014,360	\$75,871		\$4,079,720	\$77,107
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		\$942,003,802	\$12,585,238		\$948,956,761	\$12,598,033
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$18,666,951	\$560,012		\$19,067,153	\$572,016
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		\$18,666,951	\$560,012		\$19,067,153	\$572,016
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$11,529,717	\$141,830		\$11,311,012	\$143,000
Farm Implements (3%, 2% and 3%)		\$1,620,272	\$10,682		\$1,690,581	\$10,449
Furniture and Fixtures (3%, 2% and 3%)		\$1,767,767	\$28,047		\$2,397,923	\$39,809
Other Business Equipment (3%, 2% and 3%)		\$1,029,195	\$9,678		\$991,996	\$9,814
Class 8 Subtotal		\$15,946,951	\$190,237		\$16,391,512	\$203,073
CLASS 9						
Utilities (12%)		\$22,505,739	\$2,700,687		\$35,527,889	\$4,263,336
CLASS 10						
Timber Land (0.32%, 0.31%)	263,898	\$162,934,022	\$602,871	264,455	\$162,710,591	\$602,052
CLASS 12						
Railroads (3.45%, 3.45%)		\$68,644,885	\$2,038,757		\$73,945,229	\$2,247,931
Airlines (3.45%, 3.45%)		\$1,206	\$36		\$2,344	\$71
Class 12 Subtotal		\$68,646,091	\$2,038,793		\$73,947,573	\$2,248,002
CLASS 13						
Electrical Generation Property (6%)		\$227,371,082	\$13,642,264		\$260,056,825	\$15,603,409
Telecommunication Property (6%)		\$6,216,421	\$372,989		\$6,752,905	\$405,172
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$233,587,503	\$14,015,253		\$266,809,730	\$16,008,581
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$1,480,256,471	\$33,175,653		\$1,539,297,836	\$36,976,437
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 AVISTA CORPORATION - ELECTRIC GENERATION	6 YELLOWSTONE PIPELINE CO	1 AVISTA CORPORATION - ELECTRIC GENERATION	6 YELLOWSTONE PIPELINE CO
2 NORTHWESTERN ENERGY - ELECTRIC GENERATION	7 BLACKFOOT TELEPHONE COOP INC	2 NORTHWESTERN ENERGY - ELECTRIC GENERATION	7 BLACKFOOT TELEPHONE COOP INC
3 MONTANA RAIL LINK	8 VERIZON WIRELESS	3 AVISTA CORPORATION - ELECTRIC TRANSMISSION	8 NORTHERN LIGHTS INC
4 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	9 PLUM CREEK TIMBER CO LP	4 MONTANA RAIL LINK	9 PLUM CREEK TIMBER CO LP
5 AVISTA CORPORATION - ELECTRIC TRANSMISSION	10 NORTHERN LIGHTS INC	5 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	10 VERIZON WIRELESS

Property Taxes Paid by County

Sheridan County



	TY 2015			TY 2016		
	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%)	5,415	\$3,413,132	\$73,724	5,671	\$3,413,180	\$73,725
Tillable Non-Irrigated (2.72%, 2.63%)	598,328	\$206,919,166	\$4,469,449	597,189	\$200,775,977	\$4,336,752
Grazing (2.72%, 2.63%)	341,846	\$18,698,475	\$403,921	344,473	\$17,606,002	\$380,332
Wild Hay (2.72%, 2.63%)	4,947	\$1,081,630	\$23,366	4,942	\$1,081,630	\$23,366
Non-Qualified Ag Land (19.04%, 18.41%)	3,908	\$158,363	\$23,948	3,811	\$153,932	\$23,277
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	954,443	\$230,270,766	\$4,994,408	956,085	\$223,030,721	\$4,837,452
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$144,068,599	\$1,953,173		\$144,544,338	\$1,959,533
Residential Low Income (varies)		\$3,948,070	\$17,107		\$4,102,140	\$17,980
Mobile Homes (2.72%, 2.63%)		\$6,625,930	\$89,440		\$6,493,240	\$87,648
Mobile Homes Low Income (varies)		\$19,880	\$54		\$34,730	\$94
Commercial (2.72%, 2.63%)		\$108,590,800	\$1,645,416		\$111,366,034	\$1,682,943
Industrial (2.72%, 2.63%)		\$853,747	\$16,136		\$813,407	\$15,374
New Manufacturing (varies)		\$28,988,189	\$341,692		\$29,576,195	\$363,404
Qualified Golf Courses (1.36%, 1.32%)		\$0	\$0		\$174,808	\$822
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$293,095,215	\$4,063,018		\$297,104,892	\$4,127,798
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$31,821,977	\$954,672		\$30,845,807	\$925,380
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		\$31,821,977	\$954,672		\$30,845,807	\$925,380
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$10,085,414	\$157,353		\$9,871,464	\$160,450
Farm Implements (3%, 2% and 3%)		\$77,902,217	\$920,029		\$76,464,930	\$904,580
Furniture and Fixtures (3%, 2% and 3%)		\$1,339,136	\$14,386		\$1,229,358	\$13,353
Other Business Equipment (3%, 2% and 3%)		\$23,912,422	\$336,773		\$21,877,923	\$305,624
Class 8 Subtotal		\$113,239,189	\$1,428,541		\$109,443,675	\$1,384,006
CLASS 9						
Utilities (12%)		\$44,521,272	\$5,342,556		\$42,986,471	\$5,158,378
CLASS 10						
Timber Land (0.32%, 0.31%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.45%)		\$30,366,241	\$901,881		\$33,319,262	\$1,012,906
Airlines (3.45%, 3.45%)		\$772	\$23		\$750	\$23
Class 12 Subtotal		\$30,367,013	\$901,904		\$33,320,012	\$1,012,929
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$3,126,164	\$187,571		\$4,125,489	\$247,535
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$3,126,164	\$187,571		\$4,125,489	\$247,535
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$746,441,596	\$17,872,670		\$768,361,537	\$17,996,701
ABATED PROPERTY						
Current Values of Abated Property		\$27,070,305	\$282,379		\$27,504,470	\$303,223
Values Without the Property Abatement		\$27,070,305	\$503,690		\$27,504,470	\$512,496
Difference (Property Value Abated)		\$0	-\$221,311		\$0	-\$209,273

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 PLAINS PIPELINE LP	6 NEMONT TELEPHONE COOPERATIVE INC	1 PLAINS PIPELINE LP	6 BRIDGER PIPELINE LLC
2 BNSF RAILWAY CO	7 HILAND CRUDE LLC	2 BNSF RAILWAY CO	7 NEMONT TELEPHONE COOPERATIVE INC
3 SHERIDAN ELECTRIC CO OP INC	8 MONTANA DAKOTA UTILITIES - ELECTRIC DISTRIBUTION	3 SHERIDAN ELECTRIC CO OP INC	8 MONTANA DAKOTA UTILITIES - ELECTRIC DISTRIBUTION
4 NORTH DAKOTA PIPELINE COMPANY LLC	9 MONTANA DAKOTA UTILITIES - ELECTRIC TRANSMISSION	4 HILAND CRUDE LLC	9 SAGEBRUSH CELLULAR INC
5 BRIDGER PIPELINE LLC	10 USA IN TRUST	5 NORTH DAKOTA PIPELINE COMPANY LLC	10 MONTANA DAKOTA UTILITIES - ELECTRIC TRANSMISSION

Property Taxes Paid by County

Silver Bow County



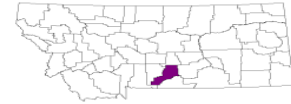
	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$277,129,953	\$8,313,899		\$172,573,717	\$5,177,212
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	3,038	\$2,175,248	\$46,981	3,187	\$2,013,427	\$43,485
Tillable Non-Irrigated (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Grazing (2.72%, 2.63%)	100,963	\$3,705,216	\$80,042	100,620	\$3,696,285	\$79,849
Wild Hay (2.72%, 2.63%)	895	\$336,498	\$7,270	900	\$329,217	\$7,113
Non-Qualified Ag Land (19.04%, 18.41%)	28,354	\$1,257,284	\$190,121	28,872	\$1,261,714	\$190,791
Eligible Mining Claims (2.72%, 2.63%)	7,181	\$291,311	\$6,317	7,885	\$301,033	\$6,529
Class 3 Subtotal	140,432	\$7,765,557	\$330,731	141,464	\$7,601,676	\$327,767
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$1,524,584,514	\$20,580,153		\$1,509,982,555	\$20,385,192
Residential Low Income (varies)		\$75,552,331	\$345,380		\$85,375,154	\$407,551
Mobile Homes (2.72%, 2.63%)		\$12,665,355	\$170,989		\$12,242,015	\$165,276
Mobile Homes Low Income (varies)		\$894,540	\$4,036		\$983,000	\$4,710
Commercial (2.72%, 2.63%)		\$595,897,159	\$10,623,814		\$560,848,545	\$9,969,672
Industrial (2.72%, 2.63%)		\$9,547,704	\$180,451		\$9,547,704	\$180,451
New Manufacturing (varies)		\$94,215,168	\$1,780,631		\$94,947,098	\$1,794,477
Qualified Golf Courses (1.36%, 1.32%)		\$3,621,200	\$34,400		\$4,035,745	\$38,338
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$2,316,977,971	\$33,719,854		\$2,277,961,816	\$32,945,667
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$3,985,301	\$119,556		\$4,529,532	\$135,890
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$4,163,132	\$124,894		\$4,502,807	\$135,085
Gasohol Related (3%)		\$0	\$0		\$0	\$0
Research and Development (0%-3%)		\$156,800	\$3,293		\$209,060	\$5,017
Aluminum Electrolytic Equipment (3%)		\$0	\$0		\$0	\$0
Class 5 Subtotal		\$8,305,233	\$247,743		\$9,241,399	\$275,992
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$324,884,621	\$9,061,733		\$288,009,019	\$7,982,137
Farm Implements (3%, 2% and 3%)		\$272,748	\$2,219		\$238,525	\$1,861
Furniture and Fixtures (3%, 2% and 3%)		\$34,691,476	\$567,228		\$33,809,192	\$594,147
Other Business Equipment (3%, 2% and 3%)		\$12,565,901	\$329,981		\$16,884,129	\$452,485
Class 8 Subtotal		\$372,414,746	\$9,961,161		\$338,940,865	\$9,030,630
CLASS 9						
Utilities (12%)		\$98,090,890	\$11,770,908		\$120,825,809	\$14,499,094
CLASS 10						
Timber Land (0.32%, 0.31%)	32,469	\$6,450,503	\$23,870	32,582	\$6,449,424	\$23,867
CLASS 12						
Railroads (3.45%, 3.45%)		\$17,832,497	\$529,629		\$19,943,853	\$606,295
Airlines (3.45%, 3.45%)		\$1,600,496	\$47,534		\$2,389,615	\$72,643
Class 12 Subtotal		\$19,432,993	\$577,163		\$22,333,468	\$678,938
CLASS 13						
Electrical Generation Property (6%)		\$14,517,154	\$871,029		\$12,780,787	\$766,847
Telecommunication Property (6%)		\$30,387,279	\$1,823,239		\$28,804,359	\$1,728,262
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$44,904,433	\$2,694,268		\$41,585,146	\$2,495,109
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$3,151,472,279	\$67,639,597		\$2,997,728,810	\$65,459,390
ABATED PROPERTY						
Current Values of Abated Property		\$163,230	\$3,378		\$215,490	\$5,114
Values Without the Property Abatement		\$163,230	\$4,826		\$215,490	\$6,394
Difference (Property Value Abated)		\$0	-\$1,448		\$0	-\$1,280

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 BRESNAN COMMUNICATIONS LLC	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 PRAXAIR INC
2 MONTANA RESOURCES	7 CENTURYLINK INC	2 MONTANA RESOURCES	7 CENTURYLINK INC
3 REC ADVANCED SILICON MATERIALS LLC	8 WILDER RESORTS INC	3 REC ADVANCED SILICON MATERIALS LLC	8 VERIZON WIRELESS
4 BASIN CREEK EQUITY PARTNERS LLC	9 WAL MART STORES INC	4 BASIN CREEK EQUITY PARTNERS LLC	9 BNSF RAILWAY CO
5 PRAXAIR INC	10 HYMAN ANNE, NORTHERN TRUST BANK OF	5 CHARTER COMMUNICATIONS INC	10 WAL MART STORES INC

Property Taxes Paid by County

Stillwater County

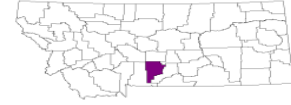


	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$294,271,458	\$8,828,144		\$208,333,545	\$6,250,006
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	18,441	\$11,050,150	\$238,683	19,182	\$11,028,413	\$238,215
Tillable Non-Irrigated (2.72%, 2.63%)	142,117	\$27,939,754	\$603,498	140,931	\$27,606,323	\$596,295
Grazing (2.72%, 2.63%)	583,639	\$25,747,571	\$556,212	583,717	\$25,790,473	\$557,140
Wild Hay (2.72%, 2.63%)	40,756	\$7,651,040	\$165,263	41,159	\$7,706,529	\$166,462
Non-Qualified Ag Land (19.04%, 18.41%)	29,654	\$1,335,471	\$201,974	30,856	\$1,374,034	\$207,804
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	814,608	\$73,723,986	\$1,765,630	815,845	\$73,505,772	\$1,765,916
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$674,893,020	\$9,118,751		\$679,492,343	\$9,181,795
Residential Low Income (varies)		\$24,331,841	\$123,846		\$30,054,988	\$152,083
Mobile Homes (2.72%, 2.63%)		\$8,666,890	\$115,658		\$8,336,610	\$112,550
Mobile Homes Low Income (varies)		\$249,620	\$1,245		\$380,810	\$1,976
Commercial (2.72%, 2.63%)		\$187,296,972	\$2,817,176		\$196,093,173	\$2,939,362
Industrial (2.72%, 2.63%)		\$2,952,478	\$55,804		\$2,952,478	\$55,804
New Manufacturing (varies)		\$34,374,960	\$649,686		\$34,691,490	\$655,668
Qualified Golf Courses (1.36%, 1.32%)		\$0	\$0		\$737,170	\$7,003
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$932,665,781	\$12,882,166		\$952,739,062	\$13,106,241
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$16,005,465	\$480,166		\$17,661,349	\$529,848
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$3,720,789	\$111,624		\$3,744,779	\$112,343
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		\$19,726,254	\$591,790		\$21,406,128	\$642,191
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$211,820,791	\$6,010,776		\$201,470,823	\$5,804,624
Farm Implements (3%, 2% and 3%)		\$8,675,789	\$81,793		\$8,891,323	\$88,093
Furniture and Fixtures (3%, 2% and 3%)		\$3,337,358	\$60,160		\$4,337,583	\$82,510
Other Business Equipment (3%, 2% and 3%)		\$24,385,678	\$683,193		\$18,940,034	\$518,758
Class 8 Subtotal		\$248,219,616	\$6,835,922		\$233,639,763	\$6,493,985
CLASS 9						
Utilities (12%)		\$59,540,975	\$7,144,904		\$69,152,389	\$8,298,260
CLASS 10						
Timber Land (0.32%, 0.31%)	57,751	\$6,615,286	\$24,497	57,652	\$6,586,925	\$24,387
CLASS 12						
Railroads (3.45%, 3.45%)		\$18,029,640	\$535,482		\$16,042,253	\$487,684
Airlines (3.45%, 3.45%)		\$1,206	\$36		\$1,172	\$36
Class 12 Subtotal		\$18,030,846	\$535,518		\$16,043,425	\$487,720
CLASS 13						
Electrical Generation Property (6%)		\$24,594,736	\$1,475,684		\$26,800,390	\$1,608,024
Telecommunication Property (6%)		\$8,658,139	\$519,482		\$8,858,713	\$531,525
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$33,252,875	\$1,995,166		\$35,659,103	\$2,139,549
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$1,686,047,077	\$40,603,737		\$1,617,066,112	\$39,208,255
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 STILLWATER MINING CO	6 FRONT RANGE PIPELINE LLC	1 STILLWATER MINING COMPANY	6 MONTANA RAIL LINK
2 STILLWATER MINING COMPANY	7 MONTANA RAIL LINK	2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY
3 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	8 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	3 EXPRESS PIPELINE LLC	8 YELLOWSTONE PIPELINE CO
4 EXPRESS PIPELINE LLC	9 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	4 NORTHWESTERN ENERGY - ELECTRIC GENERATION	9 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION
5 NORTHWESTERN ENERGY - ELECTRIC GENERATION	10 YELLOWSTONE PIPELINE CO	5 FRONT RANGE PIPELINE LLC	10 AVISTA CORPORATION - ELECTRIC TRANSMISSION

Sweet Grass County



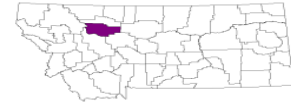
	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$203,482,671	\$6,104,480		\$170,832,832	\$5,124,985
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	31,456	\$18,937,699	\$409,051	33,082	\$18,924,774	\$408,770
Tillable Non-Irrigated (2.72%, 2.63%)	7,186	\$1,225,895	\$26,478	6,696	\$1,142,605	\$24,679
Grazing (2.72%, 2.63%)	668,854	\$41,408,301	\$894,428	668,228	\$41,430,113	\$894,902
Wild Hay (2.72%, 2.63%)	19,709	\$4,303,237	\$92,953	19,478	\$4,283,514	\$92,527
Non-Qualified Ag Land (19.04%, 18.41%)	10,288	\$464,399	\$70,228	10,526	\$468,744	\$70,885
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	737,493	\$66,339,531	\$1,493,138	738,010	\$66,249,750	\$1,491,763
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$219,151,843	\$2,962,700		\$220,881,836	\$2,989,952
Residential Low Income (varies)		\$13,304,230	\$58,242		\$13,356,088	\$60,765
Mobile Homes (2.72%, 2.63%)		\$3,407,390	\$45,997		\$3,404,620	\$45,960
Mobile Homes Low Income (varies)		\$114,080	\$342		\$107,690	\$325
Commercial (2.72%, 2.63%)		\$177,667,909	\$2,661,664		\$178,951,394	\$2,680,241
Industrial (2.72%, 2.63%)		\$2,027,841	\$38,325		\$2,027,841	\$38,325
New Manufacturing (varies)		\$11,368,690	\$214,868		\$11,368,690	\$214,867
Qualified Golf Courses (1.36%, 1.32%)		\$0	\$0		\$1,080,379	\$10,264
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$427,041,983	\$5,982,138		\$431,178,538	\$6,040,699
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$14,326,387	\$429,792		\$11,597,219	\$347,918
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		\$14,326,387	\$429,792		\$11,597,219	\$347,918
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$69,879,984	\$1,979,617		\$63,076,375	\$1,797,284
Farm Implements (3%, 2% and 3%)		\$7,719,573	\$62,531		\$7,986,874	\$67,718
Furniture and Fixtures (3%, 2% and 3%)		\$1,484,810	\$25,239		\$1,527,238	\$28,024
Other Business Equipment (3%, 2% and 3%)		\$6,057,368	\$175,682		\$5,173,037	\$145,697
Class 8 Subtotal		\$85,141,735	\$2,243,070		\$77,763,524	\$2,038,723
CLASS 9						
Utilities (12%)		\$15,119,373	\$1,814,321		\$16,764,310	\$2,011,709
CLASS 10						
Timber Land (0.32%, 0.31%)	96,613	\$12,642,058	\$46,793	96,773	\$12,635,345	\$46,767
CLASS 12						
Railroads (3.45%, 3.45%)		\$17,978,522	\$533,960		\$16,062,726	\$488,307
Airlines (3.45%, 3.45%)		\$1,206	\$36		\$1,172	\$36
Class 12 Subtotal		\$17,979,728	\$533,996		\$16,063,898	\$488,343
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$4,642,975	\$278,579		\$4,593,931	\$275,643
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$4,642,975	\$278,579		\$4,593,931	\$275,643
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$846,716,441	\$18,926,307		\$807,679,347	\$17,866,550
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 STILLWATER MINING CO	6 YELLOWSTONE PIPELINE CO	1 STILLWATER MINING COMPANY	6 CREMER RODEO LAND & LIVESTOCK
2 STILLWATER MINING COMPANY	7 CREMER RODEO LAND & LIVESTOCK	2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 PARK ELECTRIC CO OP INC
3 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	8 PARK ELECTRIC CO OP INC	3 MONTANA RAIL LINK	8 LEGACY RANCHES PARTNERS LP
4 MONTANA RAIL LINK	9 VERIZON WIRELESS	4 YELLOWSTONE PIPELINE CO	9 VERIZON WIRELESS
5 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	10 LEGACY RANCHES PARTNERS LP	5 TRIANGLE TELEPHONE COOPERATIVE ASSOC INC	10 BURCH ROBERT L & SUSAN S

Property Taxes Paid by County

Teton County



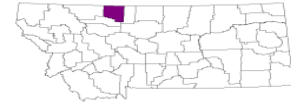
	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	116,389	\$72,808,776	\$1,572,669	120,525	\$73,602,766	\$1,589,822
Tillable Non-Irrigated (2.72%, 2.63%)	393,411	\$110,715,165	\$2,391,476	394,557	\$110,664,885	\$2,390,391
Grazing (2.72%, 2.63%)	487,300	\$26,247,076	\$566,969	484,227	\$26,179,085	\$565,505
Wild Hay (2.72%, 2.63%)	22,305	\$7,534,239	\$162,740	21,907	\$6,876,193	\$148,525
Non-Qualified Ag Land (19.04%, 18.41%)	8,531	\$390,792	\$59,100	8,967	\$399,308	\$60,390
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,027,936	\$217,696,048	\$4,752,954	1,030,182	\$217,722,237	\$4,754,633
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$251,728,039	\$3,410,234		\$250,523,204	\$3,393,833
Residential Low Income (varies)		\$10,908,557	\$53,034		\$12,635,466	\$59,539
Mobile Homes (2.72%, 2.63%)		\$5,661,810	\$76,429		\$5,657,030	\$76,362
Mobile Homes Low Income (varies)		\$240,520	\$973		\$397,360	\$1,847
Commercial (2.72%, 2.63%)		\$196,747,082	\$2,926,670		\$198,338,383	\$2,943,354
Industrial (2.72%, 2.63%)		\$1,405,455	\$26,563		\$1,416,805	\$26,778
New Manufacturing (varies)		\$45,481,508	\$842,541		\$45,645,226	\$845,635
Qualified Golf Courses (1.36%, 1.32%)		\$1,491,107	\$14,166		\$1,491,107	\$14,166
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$513,664,078	\$7,350,610		\$516,104,581	\$7,361,514
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$25,116,868	\$753,506		\$25,829,618	\$774,888
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		\$25,116,868	\$753,506		\$25,829,618	\$774,888
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$6,464,820	\$90,964		\$9,633,344	\$161,125
Farm Implements (3%, 2% and 3%)		\$33,564,254	\$341,948		\$36,035,703	\$381,152
Furniture and Fixtures (3%, 2% and 3%)		\$829,570	\$9,156		\$829,708	\$9,217
Other Business Equipment (3%, 2% and 3%)		\$2,882,784	\$31,422		\$2,077,918	\$22,602
Class 8 Subtotal		\$43,741,428	\$473,491		\$48,480,673	\$574,097
CLASS 9						
Utilities (12%)		\$26,337,423	\$3,160,473		\$27,294,435	\$3,275,304
CLASS 10						
Timber Land (0.32%, 0.31%)	5,846	\$1,275,677	\$4,715	5,887	\$1,275,958	\$4,716
CLASS 12						
Railroads (3.45%, 3.45%)		\$41,107,554	\$1,220,895		\$46,031,681	\$1,399,365
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$41,107,554	\$1,220,895		\$46,031,681	\$1,399,365
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$3,005,988	\$180,359		\$2,848,772	\$170,930
Elect Gen/Tele Real Prop New & Exp		\$7,505,287	\$225,159		\$7,151,397	\$234,393
Class 13 Subtotal		\$10,511,275	\$405,518		\$10,000,169	\$405,323
CLASS 14						
Wind Generation (3%)		\$19,118,781	\$573,563		\$18,293,717	\$548,812
Wind Generation New & Exp (varies)		\$25,737,580	\$386,064		\$25,222,868	\$378,343
Class 14 Subtotal		\$44,856,361	\$959,627		\$43,516,585	\$927,155
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$924,306,712	\$19,081,789		\$945,419,458	\$19,729,526
ABATED PROPERTY						
Current Values of Abated Property		\$9,553,371	\$243,562		\$9,163,521	\$252,531
Values Without the Property Abatement		\$9,553,371	\$488,117		\$9,163,521	\$466,345
Difference (Property Value Abated)		\$0	-\$244,555		\$0	-\$213,814

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 MILLERCOORS LLC	1 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	6 MILLERCOORS LLC
2 BNSF RAILWAY CO	7 MONTANA ALBERTA TIE LIMITED (M.A.T.L.)	2 BNSF RAILWAY CO	7 MONTANA ALBERTA TIE LIMITED (M.A.T.L.)
3 FAIRFIELD WIND OWNER, LLC	8 FRONT RANGE PIPELINE LLC	3 FAIRFIELD WIND OWNER LLC	8 FRONT RANGE PIPELINE LLC
4 PHILLIPS 66 PIPELINE LLC	9 MOUNTAIN VIEW CO-OP	4 3 RIVERS TELEPHONE COOPERATIVE INC	9 MOUNTAIN VIEW CO-OP
5 3 RIVERS TELEPHONE COOPERATIVE INC	10 SUN RIVER ELECTRIC COOP INC	5 PHILLIPS 66 PIPELINE LLC	10 SUN RIVER ELECTRIC COOP INC

Property Taxes Paid by County

Toole County



	TY 2015			TY 2016		
	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%)	1,982	\$1,205,453	\$26,035	2,110	\$1,205,453	\$26,035
Tillable Non-Irrigated (2.72%, 2.63%)	699,213	\$199,930,019	\$4,318,483	700,890	\$199,691,871	\$4,313,340
Grazing (2.72%, 2.63%)	364,311	\$17,982,689	\$388,418	363,457	\$18,035,885	\$389,645
Wild Hay (2.72%, 2.63%)	6,963	\$1,818,473	\$39,281	7,603	\$1,818,473	\$39,281
Non-Qualified Ag Land (19.04%, 18.41%)	6,111	\$284,946	\$43,086	6,105	\$283,993	\$42,942
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,078,579	\$221,221,580	\$4,815,303	1,080,164	\$221,035,675	\$4,811,243
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$142,150,433	\$1,924,295		\$138,720,506	\$1,877,494
Residential Low Income (varies)		\$3,516,387	\$14,842		\$4,423,744	\$18,685
Mobile Homes (2.72%, 2.63%)		\$2,758,130	\$37,234		\$2,614,480	\$35,293
Mobile Homes Low Income (varies)		\$82,470	\$293		\$93,050	\$394
Commercial (2.72%, 2.63%)		\$180,025,115	\$2,944,934		\$177,482,491	\$2,892,801
Industrial (2.72%, 2.63%)		\$375,841	\$7,101		\$375,841	\$7,101
New Manufacturing (varies)		\$25,208,391	\$382,565		\$25,827,718	\$394,272
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		\$354,116,767	\$5,311,264		\$349,537,830	\$5,226,040
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$16,796,127	\$503,886		\$17,392,625	\$521,781
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		\$16,796,127	\$503,886		\$17,392,625	\$521,781
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$10,658,588	\$138,149		\$9,624,317	\$133,518
Farm Implements (3%, 2% and 3%)		\$37,928,756	\$409,033		\$39,110,640	\$429,988
Furniture and Fixtures (3%, 2% and 3%)		\$3,990,943	\$70,903		\$3,445,202	\$59,990
Other Business Equipment (3%, 2% and 3%)		\$6,940,470	\$87,857		\$6,520,696	\$81,907
Class 8 Subtotal		\$59,518,757	\$705,942		\$58,700,855	\$705,403
CLASS 9						
Utilities (12%)		\$21,612,464	\$2,593,494		\$23,179,728	\$2,781,571
CLASS 10						
Timber Land (0.32%, 0.31%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.45%)		\$72,673,700	\$2,158,408		\$81,410,298	\$2,474,871
Airlines (3.45%, 3.45%)		\$2,900	\$86		\$2,817	\$86
Class 12 Subtotal		\$72,676,600	\$2,158,494		\$81,413,115	\$2,474,957
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$4,664,575	\$279,872		\$4,392,888	\$263,576
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$4,664,575	\$279,872		\$4,392,888	\$263,576
CLASS 14						
Wind Generation (3%)		\$0	\$0		\$0	\$0
Wind Generation New & Exp (varies)		\$424,212,737	\$6,363,191		\$369,666,706	\$7,024,778
Class 14 Subtotal		\$424,212,737	\$6,363,191		\$369,666,706	\$7,024,778
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$1,174,819,607	\$22,731,446		\$1,504,972,516	\$30,928,998
ABATED PROPERTY						
Current Values of Abated Property		\$434,199,124	\$6,458,062		\$379,653,093	\$7,119,649
Values Without the Property Abatement		\$434,199,124	\$12,915,125		\$379,653,093	\$11,278,745
Difference (Property Value Abated)		\$0	-\$6,457,063		\$0	-\$4,159,096

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NATURENER RIM ROCK WIND ENERGY LLC	6 CORRECTIONS CORP OF AMERICA	1 NATURENER RIM ROCK WIND ENERGY LLC	6 CORRECTIONS CORPORATION OF AMERICA
2 NATURENER GLACIER WIND ENERGY 1 LLC	7 FRONT RANGE PIPELINE LLC	2 NATURENER GLACIER WIND ENERGY 1 LLC	7 FRONT RANGE PIPELINE LLC
3 BNSF RAILWAY CO	8 MARIAS RIVER ELEC COOP	3 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	8 NORTHERN TELEPHONE COOPERATIVE INC
4 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	9 NORTHERN TELEPHONE COOPERATIVE INC	4 BNSF RAILWAY CO	9 MARIAS RIVER ELEC COOP
5 NATURENER GLACIER WIND ENERGY 2 LLC	10 CHS INC	5 NATURENER GLACIER WIND ENERGY 2 LLC	10 CHS INC

Treasure County



	TY 2015			TY 2016		
	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%)	22,086	\$17,725,996	\$382,880	22,056	\$17,754,377	\$383,493
Tillable Non-Irrigated (2.72%, 2.63%)	11,521	\$2,396,589	\$51,766	11,599	\$2,396,378	\$51,761
Grazing (2.72%, 2.63%)	524,176	\$18,851,905	\$407,214	524,554	\$18,852,328	\$407,225
Wild Hay (2.72%, 2.63%)	6,353	\$1,324,875	\$28,621	6,389	\$1,325,409	\$28,633
Non-Qualified Ag Land (19.04%, 18.41%)	1,427	\$64,661	\$9,777	1,399	\$62,302	\$9,419
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	565,564	\$40,364,026	\$880,258	565,998	\$40,390,794	\$880,531
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$13,976,454	\$191,889		\$14,548,017	\$199,619
Residential Low Income (varies)		\$354,595	\$2,410		\$390,295	\$2,205
Mobile Homes (2.72%, 2.63%)		\$1,809,250	\$24,425		\$1,809,519	\$24,428
Mobile Homes Low Income (varies)		\$0	\$0		\$0	\$0
Commercial (2.72%, 2.63%)		\$26,449,663	\$374,367		\$27,036,643	\$381,972
Industrial (2.72%, 2.63%)		\$44,266	\$837		\$44,266	\$837
New Manufacturing (varies)		\$1,244,917	\$23,529		\$1,244,917	\$23,529
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		\$43,879,145	\$617,457		\$45,073,657	\$632,590
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$4,346,304	\$130,396		\$4,451,377	\$133,542
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		\$4,346,304	\$130,396		\$4,451,377	\$133,542
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$1,032,077	\$11,835		\$1,008,857	\$12,096
Farm Implements (3%, 2% and 3%)		\$9,093,024	\$103,812		\$9,860,813	\$114,355
Furniture and Fixtures (3%, 2% and 3%)		\$102,266	\$1,227		\$113,404	\$1,336
Other Business Equipment (3%, 2% and 3%)		\$242,098	\$2,470		\$180,082	\$1,852
Class 8 Subtotal		\$10,469,465	\$119,344		\$11,163,156	\$129,639
CLASS 9						
Utilities (12%)		\$14,699,779	\$1,763,974		\$17,189,092	\$2,062,693
CLASS 10						
Timber Land (0.32%, 0.31%)	1,816	\$154,784	\$572	1,840	\$155,474	\$575
CLASS 12						
Railroads (3.45%, 3.45%)		\$39,791,037	\$1,181,794		\$44,804,107	\$1,362,043
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$39,791,037	\$1,181,794		\$44,804,107	\$1,362,043
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$983,405	\$59,004		\$950,607	\$57,036
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$983,405	\$59,004		\$950,607	\$57,036
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$154,687,945	\$4,752,799		\$164,178,264	\$5,258,649
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 BNSF RAILWAY CO	6 PACIFICORP - ELECTRIC TRANSMISSION	1 BNSF RAILWAY CO	6 AVISTA CORPORATION - ELECTRIC TRANSMISSION
2 CENEX PIPELINE LLC	7 AVISTA CORPORATION - ELECTRIC TRANSMISSION	2 CENEX PIPELINE LLC	7 PACIFICORP - ELECTRIC TRANSMISSION
3 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	8 CIRCLE B LLC	3 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	8 CIRCLE B LLC
4 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	9 MID YELLOWSTONE ELECTRIC COOP INC	4 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	9 MID YELLOWSTONE ELECTRIC COOP INC
5 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	10 PV RANCH COMPANY LLC	5 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	10 PV RANCH COMPANY LLC

Property Taxes Paid by County

Valley County



	TY 2015			TY 2016		
	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%)	44,834	\$27,434,470	\$592,603	44,982	\$27,434,168	\$592,597
Tillable Non-Irrigated (2.72%, 2.63%)	653,458	\$168,054,128	\$3,629,977	652,692	\$167,754,825	\$3,623,507
Grazing (2.72%, 2.63%)	745,950	\$34,355,897	\$742,144	747,888	\$34,485,653	\$744,946
Wild Hay (2.72%, 2.63%)	7,500	\$1,634,932	\$35,320	7,526	\$1,639,790	\$35,418
Non-Qualified Ag Land (19.04%, 18.41%)	7,567	\$326,682	\$49,403	7,776	\$332,362	\$50,259
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,459,310	\$231,806,109	\$5,049,447	1,460,864	\$231,646,798	\$5,046,727
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$353,810,394	\$4,788,882		\$351,021,882	\$4,751,194
Residential Low Income (varies)		\$6,888,070	\$27,996		\$10,756,665	\$51,104
Mobile Homes (2.72%, 2.63%)		\$3,900,050	\$52,649		\$4,080,420	\$55,082
Mobile Homes Low Income (varies)		\$81,900	\$568		\$88,900	\$587
Commercial (2.72%, 2.63%)		\$182,915,160	\$2,901,702		\$183,471,790	\$2,917,993
Industrial (2.72%, 2.63%)		\$512,711	\$9,691		\$512,711	\$9,691
New Manufacturing (varies)		\$17,813,886	\$336,682		\$18,657,397	\$352,625
Qualified Golf Courses (1.36%, 1.32%)		\$847,523	\$8,052		\$847,523	\$8,052
Remodeled Commercial (varies)		\$0	\$0		\$0	\$0
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$566,769,694	\$8,126,222		\$569,437,288	\$8,146,328
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$27,610,581	\$828,315		\$28,090,764	\$842,729
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		\$27,610,581	\$828,315		\$28,090,764	\$842,729
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$8,143,259	\$111,906		\$12,238,975	\$210,483
Farm Implements (3%, 2% and 3%)		\$48,686,767	\$540,541		\$47,518,846	\$530,391
Furniture and Fixtures (3%, 2% and 3%)		\$5,255,594	\$92,347		\$5,365,879	\$93,453
Other Business Equipment (3%, 2% and 3%)		\$4,805,661	\$67,109		\$3,836,482	\$53,446
Class 8 Subtotal		\$66,891,281	\$811,903		\$68,960,182	\$887,774
CLASS 9						
Utilities (12%)		\$96,361,397	\$11,563,367		\$99,278,523	\$11,913,417
CLASS 10						
Timber Land (0.32%, 0.31%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.45%)		\$74,395,419	\$2,209,543		\$83,238,540	\$2,530,452
Airlines (3.45%, 3.45%)		\$247,429	\$7,348		\$319,397	\$9,710
Class 12 Subtotal		\$74,642,848	\$2,216,891		\$83,557,937	\$2,540,162
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$12,839,983	\$770,404		\$14,369,929	\$862,192
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$12,839,983	\$770,404		\$14,369,929	\$862,192
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$1,076,921,893	\$29,366,549		\$1,095,341,421	\$30,239,329
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 NORTHERN BORDER PIPELINE COMPANY	6 NORVAL ELECTRIC COOPERATIVE INC	1 NORTHERN BORDER PIPELINE COMPANY	6 NORVAL ELECTRIC COOPERATIVE INC
2 BNSF RAILWAY CO	7 WBI ENERGY MIDSTREAM LLC	2 BNSF RAILWAY CO	7 NEMONT TELEPHONE COOPERATIVE INC
3 WBI ENERGY TRANSMISSION INC	8 NEMONT TELEPHONE COOPERATIVE INC	3 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	8 MONTANA AVIATION RESEARCH COMPANY
4 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	9 MONTANA AVIATION RESEARCH COMPANY	4 WBI ENERGY TRANSMISSION INC	9 EGT LLC
5 SAGEBRUSH CELLULAR INC	10 EGT LLC	5 SAGEBRUSH CELLULAR INC	10 WBI ENERGY MIDSTREAM LLC

Wheatland County



	TY 2015			TY 2016		
	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%)	24,949	\$14,626,957	\$315,942	25,805	\$14,769,498	\$319,021
Tillable Non-Irrigated (2.72%, 2.63%)	100,932	\$21,139,411	\$456,616	102,130	\$21,328,203	\$460,694
Grazing (2.72%, 2.63%)	582,457	\$28,029,439	\$605,445	582,992	\$27,965,243	\$604,053
Wild Hay (2.72%, 2.63%)	27,537	\$5,856,725	\$126,506	27,437	\$5,840,248	\$126,151
Non-Qualified Ag Land (19.04%, 18.41%)	6,290	\$280,799	\$42,462	6,243	\$277,994	\$42,037
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	742,165	\$69,933,331	\$1,546,971	744,606	\$70,181,186	\$1,551,956
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$53,181,643	\$721,180		\$52,968,243	\$717,596
Residential Low Income (varies)		\$2,756,061	\$14,939		\$3,036,310	\$16,689
Mobile Homes (2.72%, 2.63%)		\$962,020	\$12,986		\$952,310	\$12,854
Mobile Homes Low Income (varies)		\$21,520	\$58		\$30,540	\$82
Commercial (2.72%, 2.63%)		\$56,561,183	\$823,678		\$57,451,622	\$837,171
Industrial (2.72%, 2.63%)		\$75,463	\$1,426		\$76,395	\$1,444
New Manufacturing (varies)		\$432,830	\$8,180		\$325,210	\$6,146
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		\$113,990,720	\$1,582,447		\$114,840,630	\$1,591,982
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$1,749,547	\$52,486		\$8,881,487	\$266,456
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		\$1,749,547	\$52,486		\$8,881,487	\$266,456
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$4,229,790	\$55,436		\$3,716,108	\$48,435
Farm Implements (3%, 2% and 3%)		\$7,071,527	\$73,241		\$8,750,007	\$94,275
Furniture and Fixtures (3%, 2% and 3%)		\$833,126	\$10,041		\$527,885	\$5,678
Other Business Equipment (3%, 2% and 3%)		\$1,540,592	\$19,703		\$1,128,101	\$14,410
Class 8 Subtotal		\$13,675,035	\$158,421		\$14,120,101	\$162,798
CLASS 9						
Utilities (12%)		\$56,262,487	\$6,751,488		\$58,649,712	\$7,037,959
CLASS 10						
Timber Land (0.32%, 0.31%)	17,326	\$3,804,866	\$14,079	17,414	\$3,804,866	\$14,079
CLASS 12						
Railroads (3.45%, 3.45%)		\$14,977,872	\$444,843		\$16,772,362	\$509,880
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$14,977,872	\$444,843		\$16,772,362	\$509,880
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$7,110,407	\$426,625		\$1,653,834	\$99,230
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$7,110,407	\$426,625		\$1,653,834	\$99,230
CLASS 14						
Wind Generation (3%)		\$137,153,085	\$4,114,592		\$125,829,349	\$3,774,881
Wind Generation New & Exp (varies)		\$61,616,839	\$924,253		\$58,943,854	\$884,158
Class 14 Subtotal		\$198,769,924	\$5,038,845		\$184,773,203	\$4,659,039
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$480,274,189	\$16,016,205		\$532,621,235	\$16,777,537
ABATED PROPERTY						
Current Values of Abated Property		\$61,616,839	\$924,253		\$58,943,854	\$884,158
Values Without the Property Abatement		\$61,616,839	\$1,848,505		\$58,943,854	\$1,768,316
Difference (Property Value Abated)		\$0	-\$924,252		\$0	-\$884,158

Top 10 Property Owners by Taxable Value			
TY 2015		TY 2016	
1 INVENERGY LLC	6 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY	1 INVENERGY LLC	6 BNSF RAILWAY CO
2 EXPRESS PIPELINE LLC	7 BNSF RAILWAY CO	2 EXPRESS PIPELINE LLC	7 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY
3 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	8 PHILLIPS 66 PIPELINE LLC	3 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	8 PHILLIPS 66 PIPELINE LLC
4 MUSSELSHELL WIND PROJECT LLC	9 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION	4 MUSSELSHELL WIND PROJECT LLC	9 PORTLAND GENERAL ELECTRIC COMPANY - TRANSMISSION
5 FRONT RANGE PIPELINE LLC	10 CENTRAL MONTANA COMMUNICATIONS	5 FRONT RANGE PIPELINE LLC	10 AVISTA CORPORATION - ELECTRIC TRANSMISSION

Property Taxes Paid by County

Wibaux County

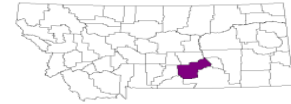


	TY 2015			TY 2016		
	Acres	Assessed	Taxable	Acres	Assessed	Taxable
CLASS 1 Net Proceeds		\$0	\$0		\$0	\$0
CLASS 2 Gross Proceeds		\$0	\$0		\$0	\$0
CLASS 3 Agricultural Land:						
Tillable Irrigated (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Tillable Non-Irrigated (2.72%, 2.63%)	95,090	\$30,427,774	\$657,246	95,436	\$30,377,732	\$656,165
Grazing (2.72%, 2.63%)	405,198	\$16,950,167	\$366,131	404,733	\$16,954,461	\$366,219
Wild Hay (2.72%, 2.63%)	1,403	\$553,388	\$11,953	2,402	\$553,388	\$11,953
Non-Qualified Ag Land (19.04%, 18.41%)	592	\$31,617	\$4,784	700	\$31,188	\$4,719
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	502,284	\$47,962,946	\$1,040,114	503,271	\$47,916,769	\$1,039,056
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$23,765,105	\$324,003		\$23,589,713	\$321,684
Residential Low Income (varies)		\$805,351	\$5,011		\$1,032,551	\$6,785
Mobile Homes (2.72%, 2.63%)		\$2,472,310	\$33,376		\$2,537,490	\$34,257
Mobile Homes Low Income (varies)		\$3,110	\$8		\$3,110	\$8
Commercial (2.72%, 2.63%)		\$34,057,287	\$491,559		\$35,399,944	\$510,698
Industrial (2.72%, 2.63%)		\$143,422	\$2,710		\$143,422	\$2,710
New Manufacturing (varies)		\$824,690	\$15,586		\$824,690	\$15,586
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		\$62,071,275	\$872,253		\$63,530,920	\$891,728
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$3,512,743	\$105,380		\$4,216,309	\$126,491
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		\$3,512,743	\$105,380		\$4,216,309	\$126,491
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$3,936,378	\$64,358		\$10,072,393	\$157,894
Farm Implements (3%, 2% and 3%)		\$11,729,423	\$116,049		\$11,961,092	\$127,253
Furniture and Fixtures (3%, 2% and 3%)		\$231,122	\$1,807		\$300,943	\$2,877
Other Business Equipment (3%, 2% and 3%)		\$8,072,439	\$180,507		\$8,550,822	\$185,655
Class 8 Subtotal		\$23,969,362	\$362,721		\$30,885,250	\$473,679
CLASS 9						
Utilities (12%)		\$96,784,495	\$11,614,144		\$96,614,056	\$11,593,690
CLASS 10						
Timber Land (0.32%, 0.31%)	0	\$0	\$0	0	\$0	\$0
CLASS 12						
Railroads (3.45%, 3.45%)		\$15,803,582	\$469,367		\$17,697,006	\$537,990
Airlines (3.45%, 3.45%)		\$0	\$0		\$0	\$0
Class 12 Subtotal		\$15,803,582	\$469,367		\$17,697,006	\$537,990
CLASS 13						
Electrical Generation Property (6%)		\$0	\$0		\$0	\$0
Telecommunication Property (6%)		\$762,055	\$45,724		\$738,154	\$44,289
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$762,055	\$45,724		\$738,154	\$44,289
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$250,866,458	\$14,509,703		\$261,598,464	\$14,706,923
ABATED PROPERTY						
Current Values of Abated Property		\$0	\$0		\$0	\$0
Values Without the Property Abatement		\$0	\$0		\$0	\$0
Difference (Property Value Abated)		\$0	\$0		\$0	\$0

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 ONEOK BAKKEN PIPELINE LLC	6 WBI ENERGY TRANSMISSION INC	1 ONEOK BAKKEN PIPELINE LLC	6 WBI ENERGY TRANSMISSION INC
2 HILAND CRUDE LLC	7 DENBURY ONSHORE LLC	2 HILAND CRUDE LLC	7 BUTTE PIPE LINE CO
3 BELLE FOURCHE PIPELINE COMPANY	8 BUTTE PIPE LINE CO	3 BELLE FOURCHE PIPELINE COMPANY	8 DENBURY ONSHORE LLC
4 BNSF RAILWAY CO	9 BERGER JEFFREY W & TAMI M	4 BNSF RAILWAY CO	9 BLACK DIAMOND ENERGY SERVICES INC
5 BRIDGER PIPELINE LLC	10 MONTANA DAKOTA UTILITIES - ELECTRIC TRANSMISSION	5 BRIDGER PIPELINE LLC	10 BERGER JEFFREY W & TAMI M

Yellowstone County



	TY 2015			TY 2016		
	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%)	58,162	\$42,422,504	\$916,349	59,163	\$41,715,851	\$901,083
Tillable Non-Irrigated (2.72%, 2.63%)	201,665	\$38,006,093	\$820,926	201,782	\$37,964,136	\$820,021
Grazing (2.72%, 2.63%)	939,897	\$35,134,701	\$759,039	941,422	\$35,141,738	\$759,196
Wild Hay (2.72%, 2.63%)	20,764	\$3,638,547	\$78,587	21,664	\$3,722,191	\$80,395
Non-Qualified Ag Land (19.04%, 18.41%)	57,417	\$2,673,234	\$404,266	59,849	\$2,663,391	\$402,801
Eligible Mining Claims (2.72%, 2.63%)	0	\$0	\$0	0	\$0	\$0
Class 3 Subtotal	1,277,905	\$121,875,079	\$2,979,167	1,283,879	\$121,207,307	\$2,963,496
CLASS 4 Land and Improvements:						
Residential (2.72%, 2.63%)		\$9,975,365,578	\$134,680,948		\$10,113,277,840	\$136,571,319
Residential Low Income (varies)		\$319,579,849	\$1,620,176		\$372,236,429	\$1,895,277
Mobile Homes (2.72%, 2.63%)		\$112,272,575	\$1,514,579		\$113,164,061	\$1,527,280
Mobile Homes Low Income (varies)		\$8,528,600	\$36,694		\$9,803,469	\$45,337
Commercial (2.72%, 2.63%)		\$4,749,616,851	\$84,934,361		\$4,690,635,036	\$83,815,401
Industrial (2.72%, 2.63%)		\$88,778,648	\$1,677,916		\$89,223,343	\$1,686,319
New Manufacturing (varies)		\$288,971,968	\$5,275,318		\$296,413,500	\$5,443,953
Qualified Golf Courses (1.36%, 1.32%)		\$33,396,006	\$317,263		\$32,852,310	\$312,097
Remodeled Commercial (varies)		\$14,144,462	\$249,098		\$28,913,483	\$300,282
Extended Prop Tax Relief Program (Res Only)		\$0	\$0		\$0	\$0
Class 4 Subtotal		\$15,590,654,537	\$230,306,353		\$15,746,519,471	\$231,597,265
CLASS 5						
Rural Electric and Telephone Co-Op (3%)		\$54,766,171	\$1,642,979		\$59,350,357	\$1,780,519
Qualified New Industrial (3%)		\$0	\$0		\$0	\$0
Pollution Control (3%)		\$76,406,432	\$2,292,194		\$75,683,265	\$2,270,500
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		\$131,172,603	\$3,935,173		\$135,033,622	\$4,051,019
CLASS 7						
Non-Centrally Assessed Public Util. (8%)		\$0	\$0		\$0	\$0
CLASS 8						
Machinery (3%, 2% and 3%)		\$1,732,764,783	\$47,114,436		\$1,692,819,354	\$46,602,203
Farm Implements (3%, 2% and 3%)		\$24,489,029	\$253,520		\$25,854,403	\$284,824
Furniture and Fixtures (3%, 2% and 3%)		\$195,892,659	\$2,912,390		\$196,583,705	\$2,939,690
Other Business Equipment (3%, 2% and 3%)		\$83,178,924	\$1,749,045		\$109,900,132	\$2,601,578
Class 8 Subtotal		\$2,036,325,395	\$52,029,392		\$2,025,157,594	\$52,428,295
CLASS 9						
Utilities (12%)		\$293,714,344	\$35,245,703		\$329,994,901	\$39,599,387
CLASS 10						
Timber Land (0.32%, 0.31%)	39,260	\$3,967,432	\$14,677	39,395	\$3,950,849	\$14,615
CLASS 12						
Railroads (3.45%, 3.45%)		\$254,353,933	\$7,554,304		\$277,997,076	\$8,451,111
Airlines (3.45%, 3.45%)		\$51,067,924	\$1,516,716		\$51,405,532	\$1,562,724
Class 12 Subtotal		\$305,421,857	\$9,071,020		\$329,402,608	\$10,013,835
CLASS 13						
Electrical Generation Property (6%)		\$5,520,948	\$331,257		\$0	\$0
Telecommunication Property (6%)		\$190,740,902	\$11,444,438		\$199,801,929	\$11,988,094
Elect Gen/Tele Real Prop New & Exp		\$0	\$0		\$0	\$0
Class 13 Subtotal		\$196,261,850	\$11,775,695		\$199,801,929	\$11,988,094
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
CLASS 15						
Carbon Dioxide and Liquid Pipeline Property (3%)		\$0	\$0		\$0	\$0
Total		\$18,679,393,097	\$345,357,180		\$19,470,980,839	\$359,966,262
ABATED PROPERTY						
Current Values of Abated Property		\$727,519,298	\$8,984,499		\$579,912,558	\$7,310,256
Values Without the Property Abatement		\$727,519,298	\$11,068,851		\$579,912,558	\$8,868,589
Difference (Property Value Abated)		\$0	-\$2,084,352		\$0	-\$1,558,333

Top 10 Property Owners by Taxable Value

TY 2015		TY 2016	
1 CHS INC	6 BRESNAN COMMUNICATIONS LLC	1 CHS INC	6 CHARTER COMMUNICATIONS INC
2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 MONTANA DAKOTA UTILITIES - GAS DISTRIBUTION	2 NORTHWESTERN ENERGY - TRANSMISSION & DISTRIBUTION	7 MONTANA DAKOTA UTILITIES - GAS DISTRIBUTION
3 PHILLIPS 66 COMPANY	8 CENTURYLINK INC	3 PHILLIPS 66 COMPANY	8 PHILLIPS 66 PIPELINE LLC
4 EXXON MOBIL CORPORATION	9 PHILLIPS 66 PIPELINE LLC	4 EXXON MOBIL CORPORATION	9 CENTURYLINK INC
5 BNSF RAILWAY CO	10 AT&T MOBILITY LLC	5 BNSF RAILWAY CO	10 PUGET SOUND ENERGY INC - TRANSMISSION PROPERTY



LIQUOR CONTROL DIVISION

BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



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Overview of the Liquor Control Division

The Department of Revenue's Liquor Control Division administers Montana's Alcoholic Beverage Code (Title 16, chapters 1 through 6, MCA). This division is responsible for licensing and regulating all liquor operations in the state. In addition, the Liquor Control Division is the only wholesaler of distilled spirits in the state.

At the end of Prohibition in 1933, individual jurisdictions were given the choice how to regulate the sale of alcohol. Two general systems arose from this: license states and control states. A license state regulates the industry by issuing licenses. A control state regulates by acting as the only wholesaler of alcoholic beverages in addition to issuing licenses. Montana is a control state.

Control states serve as wholesalers to try to control the consumption of alcoholic beverages rather than encourage or promote it. The details vary from state to state. For Montana, the state is in charge of wholesale operations for distilled spirits (this includes fortified wine). For other control states, the state may also be responsible for the wholesale operations of beer and wine and retailing.

Sixteen other states and two counties in Maryland also operate as a control state. These are: Alabama, Idaho, Iowa, Maine, Michigan, Mississippi, New Hampshire, North Carolina, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, West Virginia, Wyoming, MD-Montgomery County, and MD-Worcester County.

Liquor Distribution and Liquor Licensing Bureaus

Because the Liquor Control Division has two very different responsibilities, it is split into two divisions: Liquor Distribution and Liquor Licensing.

The Liquor Distribution Bureau is responsible for managing the entire wholesale process of distilled spirits and fortified wine. This includes:

- Operating the state liquor warehouse by ordering, maintaining, and managing liquor warehouse inventories.
- Establishing and posting statutorily-defined prices for all approved liquor products distributed through the warehouse.
- Establishing and maintaining agency contracts and supplying products to the 96 agency liquor stores.

The Liquor Licensing Bureau is responsible for administering liquor licensing laws in an effort to protect the welfare and safety of the public. This division oversees and enforces compliance with the state's liquor laws. This includes:

- Licensing all individuals and entities manufacturing, importing, distributing, or retailing alcoholic beverages in Montana.
- Verifying the suitability of liquor license applicants and premises to ensure they meet the relevant qualifications.
- Actively monitoring licensee premise activities to ensure compliance with state laws.
- Providing expert testimony in case of violation, revocation, and other regulatory proceedings.

Because Montana liquor laws may seem complex, this section of the Biennial Report gives a general overview of liquor laws in Montana in addition to information on revenue collections. For further information on license pricing, quota availability, and additional details see: <http://revenue.mt.gov/home/liquor>. Further resources include the Liquor Control Division's annual report on the Liquor Enterprise Fund. The most recent report is the [FY 2015 Liquor Enterprise Fund Report](#).

Legislative History of Liquor Licensing

The responsibilities of the Liquor Control Division have grown with the evolution of the liquor industry. Many legislative changes have affected the development of liquor licensing and tax rates over the past twenty

Legislative History

years. The following is a brief history of the major legislation that occurred during the past three legislative sessions. Additional legislative history is available in previous Biennial Reports, which are available on the Department of Revenue's website under publications.

2011

SB 29 – Required retail establishments licensed to serve or sell alcoholic beverages to train their employees on prohibiting the sale to underage or intoxicated persons and imposed a penalty for those establishments not in compliance (16-4-1006, MCA).

SB 215 – Reduced the liquor markup used in determining the price of liquor sold in Montana for distilleries that produce at the national level 25,000 gallons or less of liquor annually (16-2-211, MCA).

2013

SB 120 – Increased the number of all-beverage licenses that an individual may possess from one to three (16-4-205, MCA).

HB 402 – Created a direct shipment endorsement for wineries licensed or registered in Montana, allowing wineries to sell and ship up to 18 9-liter cases of wine annually to an individual for personal use (16-4-1101, MCA). This eliminated the wine connoisseur's license.

HB 524 – Eliminated the requirement that a retail licensee selling beer or wine for off-premise consumption be operated as a grocery store or a drugstore licensed as a pharmacy (16-4-115, MCA).

2015

HB 50 – Added domestic distillers, wine distributors, and importers to the list of liquor licensees subject to investigation by the Department of Justice (16-4-406, MCA).

HB 350 – Increased the maximum number of representatives that a liquor vendor may employ from three to five (16-3-107, MCA).

HB 506 – Allowed distilleries to deliver their product directly to an agency store if the distillery produces less than 25,000 gallons of product annually (16-4-311, MCA).

SB 193 – Increased the state markup on liquor from 40 percent to 40.5 percent. Also changed the method of calculating each agency liquor store's commission rate to one rate based on sales (16-2-101, MCA).

Sales of Distilled Spirits

Because Montana is a liquor control state, all distilled spirits sold in Montana are first shipped to the state liquor warehouse with the exception of micro distilleries that sell limited quantities of their product directly out of their distillery. From the liquor warehouse, liquor is distributed to the 96 agency liquor stores that the state maintains agency franchise contracts with. The agency liquor stores may then sell to the public for off-premise consumption and to Montana's all-beverage license holders.

The Department of Revenue sets a posted price that is the baseline price for sales to agency liquor stores and affects the sale price to retailers and to consumers. The posted price is calculated as follows:

$$\text{Posted Price} = \text{Base price} + \text{markup} + \text{liquor license tax} + \text{liquor excise tax} + \text{freight rate}$$

The base price is the price at which the department purchases liquor. The department sets the markup to cover its costs and provides profit for the general fund. Current markups are 40.5 percent for liquor, 51 percent for fortified wine, and 20 percent for sacramental wine. The law requires a lower markup for liquor from a small producer (under 25,000 gallons) (16-2-211, MCA). The department contracts with a shipping company to deliver spirits to the 96 agency stores. Shipping rates for 2015 were \$1.57 per case.

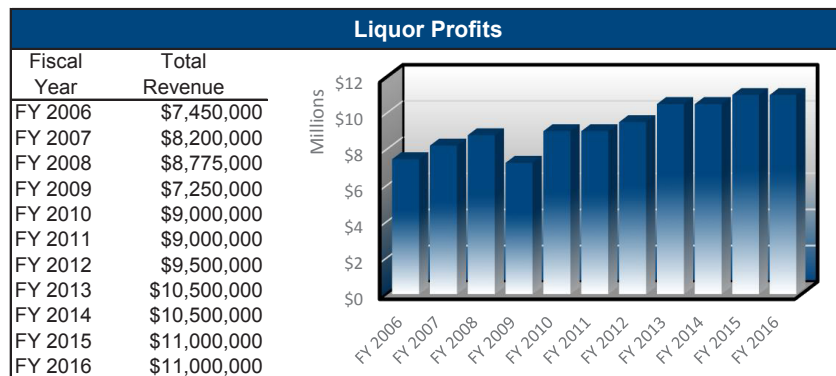
Overview of Liquor Licenses

As part of the agency franchise agreement, agency liquor stores purchase distilled spirits from the state liquor warehouse at a discount of this posted price. The discount is set out in law (16-2-101, MCA) and is a commission rate calculated based on yearly purchases by agency liquor stores.

Current law requires agency liquor stores to sell distilled spirits to all-beverage licensees at no more than the posted price, unless the spirits were purchased by the case. Case sales to all-beverage licensees are at the posted price with an 8 percent discount. Agency liquor stores and all-beverage licensees may sell spirits to the public at any price, as long as it does not fall below the posted price.

The state makes a profit from the sales of distilled spirits to agency liquor stores. Cost of goods, agent discounts, and state operating expenses are paid from this. The remainder is deposited in the general fund. Liquor profits transferred to the general fund have generally increased over time. In fiscal year 2009 the transfer was lower by \$1,750,000 because of a legislative appropriation for the liquor warehouse renovation project.

Wholesaling of beer and table wine (wine containing 16% alcohol by volume or less) is done by private businesses subject to Montana liquor licensing laws.



Overview of Liquor Licenses

All individuals and corporations manufacturing, importing, distributing, or retailing alcoholic beverages in Montana must be licensed. In general, there are four categories of licensees: manufacturers, wholesalers and distributors, on-premises retailers, and off-premises retailers.

The law places restrictions on ownership of multiple licenses. Retailers, manufacturers, importers, and wholesalers may not have an ownership interest in an agency liquor store. Retailers may not have any affiliation with a manufacturer, importer, or distributor of alcoholic beverages. And wholesalers/distributors may not be a manufacturer of any alcoholic beverage (16-4-401, MCA).

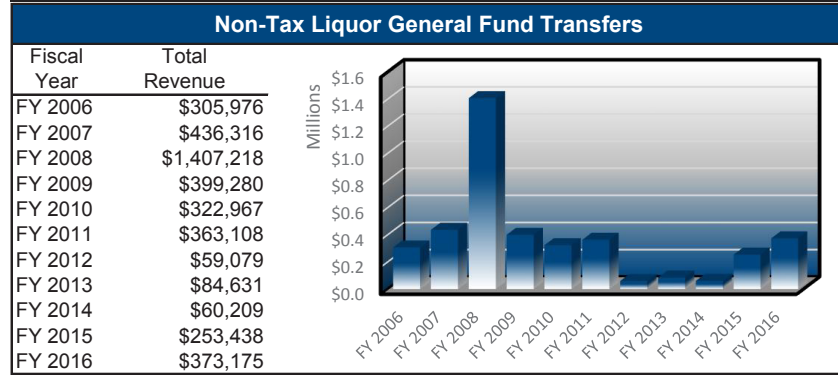
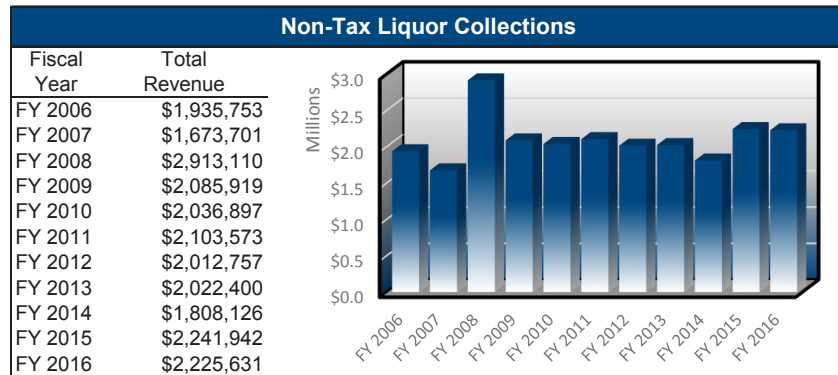
License holders are subject to an annual renewal fee. The fees set in law are described in the table to the right. These annual renewal fees and any initial license fee are deposited in the Liquor Enterprise Fund. Administrative and compliance expenses associated with enforcing the liquor laws of Montana by the Department of Revenue and Department of Justice are paid from this 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). Liquor collections and general fund information is available in the tables on the next page.

Annual License Fees (16-4-501, MCA)	
<u>On-Premise</u>	
All-beverage	Annual Fee \$400-800
Beer	\$200
Beer w/ Wine	\$400
Restaurant Beer and Wine	\$400
<u>Off-Premise</u>	
Agency Stores	Annual Fee No Fee
Beer	\$200
Wine	\$200
Beer and Wine	\$400
Sacramental Wine	\$50
<u>Manufacturers</u>	
Brewery	Annual Fee \$200-500
Winery	\$200
Distillery	\$600
<u>Wholesalers</u>	
Beer	Annual Fee \$400
Wine	\$400
Beer and Wine	\$800
Subwarehouse	\$400

Overview of Liquor Licenses

The table at the bottom of this page shows the number of licenses by type since the last Biennial Report (FY 2014 to FY 2016). The next section explains the types of licenses in more detail.



Number of Licensees by License Type

Fiscal Year 2014		Fiscal Year 2016	
<u>On-Premise</u>	<u>Licenses</u>	<u>On-Premise</u>	<u>Licenses</u>
All-beverage	1,583	All-beverage	1,569
Beer	64	Beer	57
Beer w/ Wine Amendment	471	Beer w/ Wine Amendment	480
Restaurant Beer and Wine	242	Restaurant Beer and Wine	244
Total On-Premise	2,360	Total On-Premise	2,350
<u>Off-Premise</u>	<u>Licenses</u>	<u>Off-Premise</u>	<u>Licenses</u>
Agency Liquor Stores	96	Agency Liquor Stores	96
Beer	81	Beer	81
Wine	9	Wine	7
Beer and Wine	785	Beer and Wine	807
Sacramental Wine	3	Sacramental Wine	3
Total Off-Premise	974	Total Off-Premise	994
<u>Manufacturers</u>	<u>Licenses</u>	<u>Manufacturers</u>	<u>Licenses</u>
Domestic Brewery	51	Domestic Brewery	71
Domestic Brewery Storage	2	Domestic Brewery Storage	5
Domestic Winery	19	Domestic Winery	18
Domestic Distiller	14	Domestic Distiller	21
Foreign Brewery/Importer	91	Foreign Brewery/Importer	94
Foreign Winery/Importer	1,024	Foreign Winery/Importer	1,102
Total Manufacturers	1,201	Total Manufacturers	1,311
<u>Wholesalers/Distributors</u>	<u>Licenses</u>	<u>Wholesalers/Distributors</u>	<u>Licenses</u>
Beer	2	Beer	2
Wine	11	Wine	6
Beer and Wine	20	Beer and Wine	20
Subwarehouse	12	Subwarehouse	11
Total Wholesalers	45	Total Wholesalers	39
Total Licenses	4,580	Total Licenses	4,694

Liquor Licensing

Manufacturers

The manufacturer's license applies to breweries, distilleries, and wineries. These licenses differ based on in-state versus out-of-state, production levels, and product being produced.

Manufacturers, Distilled Spirits

Distilleries located outside of Montana may not sell their products directly in the state. They must sell their product to the department. Distilleries located in Montana must sell their product to the department with exceptions for distilleries that have an annual production level of 25,000 gallons or less (16-4-311 and 16-4-312, MCA). The table below summarizes the differences in the two types of distilleries.

Distilleries by Production Level		
Production Level	<25,000 gallons	>25,001 gallons
On-Premises Consumption	Provide samples of distilled spirits that were distilled on the premises, with or without charge between 10am-8pm. 2 oz maximum	Sampling is not permitted
Off-Premises Consumption	Sell for off-premises consumption between 8am and 2am. Limit 1.75 liters/person	Selling for off-premises consumption is not permitted
Distribute	Deliver distilled spirits to the department and agency liquor stores	Deliver to the department
Sell	Sell to the department	
Common Carrier	May use a common carrier to sell to the department	
Special Permit	Not permitted to obtain a special permit	

Manufacturers, Beer

Like distilleries, breweries follow different laws based on their annual nationwide production level (16-3-213 and 16-3-214, MCA). The table below summarizes:

Brewers by Production Level				
Production Level	<100 Barrels	100-10,000 Barrels	10,001-60,000 Barrels	>60,000 Barrels
On-Premise Consumption	Provide samples without charge between 8am-2am. No limit	Provide samples w/ or w/out charge between 10am-8pm. Limit 48 oz	Provide samples without charge between 8am-2am. No limit	May not provide samples
Off-Premise Consumption	Sell for off-premise consumption between 8am-2am			May not sell for off-premise consumption
Distribute	Sell and deliver beer to wholesalers, licensed retailers (using own truck, equipment, employees) or the public			Must sell and deliver only to licensed beer wholesalers
Common Carrier	May not use a common carrier to deliver to the public or retailers			May not use a common carrier
Special Permit	Not permitted to obtain a special permit			

Manufacturers, Wine

There are three types of wineries – domestic wineries, foreign wineries, and out-of-state wineries (16-4-107 and 16-3-411, MCA). Unlike breweries and distilleries, overall production level does not determine what a winery can and cannot do. Instead, limitations for wineries are determined by whether or not the winery is licensed or registered.

Winery Licenses			
License Type	Domestic Winery (Licensed)	Out-of-State Winery (Licensed)	Foreign Winery (Registered)
Wholesale	Sells wine it produces at wholesale to table wine distributors	Ships product to licensed table wine distributors	
Retail	Sells wine it produces to licensed retailers	Ships product to licensed retailers	May not sell to licensed retailers
Consumers	Sells wine it produces at retail for on- or off-premises consumption, provides without charge wine it produces for consumption at the winery, ships directly to consumer if the winery holds a direct ship endorsement	May ship directly to a consumer if the winery holds a direct ship endorsement	
Special Permit	May obtain a special permit	Not permitted to obtain a special permit	

Like breweries and distilleries, domestic wineries have the option to provide, with or without charge, wine that was produced at the winery for consumption on the premises. Unlike breweries and distilleries, there are no restrictions on sample amounts and they may be open from 8 a.m. to 2 a.m. (16-3-411, MCA).

Wholesalers/Distributors/Importers

The Liquor Control Division is responsible for the wholesale operations of distilled spirits. The wholesale operation of beer and table wine is left up to the private sector. However, in order for a business to distribute at wholesale, they must be licensed by the department. They may be licensed as a beer wholesaler, table wine distributor, or both.

Beer importers are businesses outside of Montana that wish to import beer into Montana to a licensed beer wholesaler for sale to a licensed retailer.

Wine importers are businesses outside of Montana that wish to import wine into Montana to a licensed table wine distributor for sale to a licensed retailer.

Wholesaler/Distributor License		
License Type	Beer Wholesaler	Table Wine Distributor
Purchase From:	Licensed to receive product from licensed breweries or beer importers	Licensed to receive product from licensed/registered wineries or wine importers
Sell To:	May sell to other wholesalers or licensed retailers	May sell to other distributors or licensed retailers
Subwarehouse	May be issued a separate license for each of their subwarehouses located in Montana	May only be issued one subwarehouse license
Statute	16-4-103, MCA	16-4-108, MCA

Retail, Off-premises

There are four types of off-premises licenses: licenses used at a grocery store, licenses used at a drugstore licensed as a pharmacy, stand-alone off-premises licenses, and sacramental wine licenses. Off-premises retail licenses are specific to beer and table wine. The quota system does not apply to this license type and off-premises licensees cannot apply for a gambling license.

Off-Premise Retail License				
License Type	Convenience Store or Grocery Store	Pharmacy	Stand-alone	Sacramental Wine
General Requirements	The licensee must maintain at least \$3,000 worth of retail inventory	Must be located at a drugstore licensed as a pharmacy	95% of the business' annual gross income comes from the sale of beer, table wine, or both. This is typically a specialty beer/wine shop.	Used at an establishment located in or outside Montana that sells church supplies at retail to officials of churches or other established religious organizations and used exclusively for religious purposes
Statute	16-4-115, MCA	16-4-115, MCA	16-4-115, MCA	16-4-313, MCA

Retail, On-Premises

Licenses that can be used in bars, taverns, and restaurants are called on-premises licenses. The three most common types of on-premises licenses are the all-beverage license, beer license (with the option to add a wine amendment), and a restaurant beer and wine license. Major differences between these licenses include: type of alcohol that can be sold, the right to apply for a gambling license, whether or not alcohol can be served for off-premise consumption, allowable store hours, quota limitations, and various other regulations.

On-premises licenses are further categorized as city licenses (within the boundaries of an incorporated city or town or within a five mile radius of an incorporated city or town) and county licenses (anywhere in the

Liquor Licensing

county outside of a five mile radius of an incorporated city or town). Restaurant beer and wine licenses only exist within incorporated cities and towns and within a five mile radius of that city or town.

On-Premise Retail License					
License Type	County All-Beverage	City All-Beverage	County Beer (option to add wine amendment)	City Beer (option to add wine amendment)	Restaurant Beer and Wine (RBW)
Alcohol	Distilled spirits, beer, wine		Beer and table wine		
Gambling	Yes*			Yes, if issued prior to 1997	No
Off-Premise Sales	Yes				No
Sale Hours	8am-2am				11am-11pm
Quota Limitations	Yes	No	Yes		
Additional Requirements	May have ownership interest in a maximum of 3 all-beverage licenses		Must have food available to add a wine amendment		Must be used in conjunction with a restaurant
Statute	16-4-201, MCA		16-4-105, MCA		16-4-420, MCA

*All-beverage on-premise licenses that float do not allow gambling.

The five licenses listed above are the most common on-premises licenses issued. Other on-premises licenses include: veterans or fraternal license, golf course beer and wine license, resort all-beverage license, airport all-beverage license, passenger carrier license, and nonprofit arts organization beer and wine license.

Quota System

Most of the on-premises licenses are subject to the quota system. The quota system refers to the limited amount of licenses that may be issued in incorporated cities and towns and countywide. This limit is set in law and varies by license type. Before the quota is met, the initial price of a license is generally between \$200 and \$800. Once the quota is met, no new licenses may be issued until the incorporated city/town or county grows by an amount specific to that license type (16-4-502, MCA).

The following table lists the quota limitations by license type. Countywide beer is excluded because it is not subject to the quota system.

Quota Limitations		
	Population	Quota
County All-Beverage	--	1 license per 750 inhabitants
	<500	2 licenses max
City All-Beverage	501-3,000	3 licenses for the first 1,000 inhabitants, 1 license for each additional 1,000
	>3,000	5 licenses for the first 3,000 inhabitants, 1 license for each additional 1,500
City Beer (option to add wine amendment)	<500	1 license max
	501-2,000	1 license per 500 inhabitants
	>2,000	4 licenses for the first 2,000 inhabitants, 2 for the next 2,000 inhabitants, 1 license for each additional 2,000
Restaurant Beer and Wine (RBW)	<5,000	80% of the beer quota
	5,001-20,000	160% of the beer quota
	20,001-60,000	100% of the beer quota
	>60,000	80% of the beer quota

Once a quota is met, there are two ways of obtaining an alcoholic beverage license. The first option is to purchase a license from a current license holder at a price determined between the buyer and the seller. The second option is to wait until the population grows enough for the department to issue a new license which it distributes based on a lottery system.

Alcoholic Beverage Taxes

Some all-beverage licenses are allowed to float, which means that an all-beverage license purchased in one quota area may move to another quota area. An all-beverage license may float out of a quota area if the number of licenses issued in the original quota area exceeds the quota by at least 25 percent. An all-beverage license may float in to a quota area if the number of licenses issued in the new quota area does not exceed that area's quota by more than 33 percent (43 percent for incorporated cities of more than 10,000 inhabitants) (16-4-204, MCA).

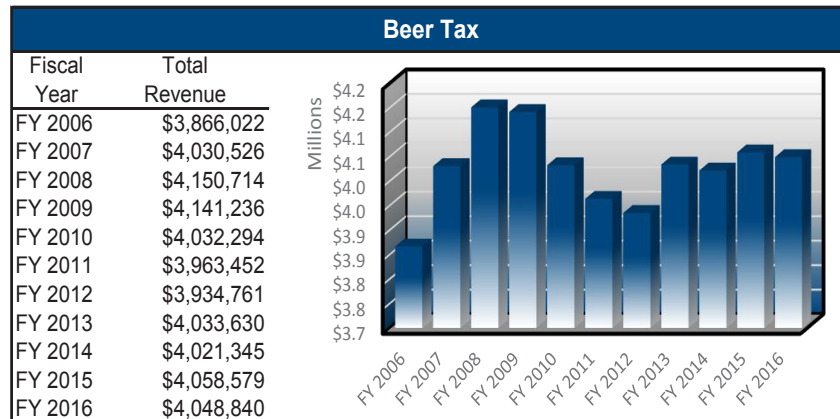
The [Quota Sheet](#) gives current information and availability of the licenses. License sales from the past several years can be seen on the [Purchase Price Report](#).

Alcoholic Beverage Taxes

There is an excise tax on all sales of liquor in Montana. Tax rates and distribution of taxes are different based on alcohol type. Like some license types, production level determines the tax rate on beer and distilled spirits. The following section provides a breakdown of each tax.

Beer Taxes

Statute: 16-1-406, MCA



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 ranging from \$1.30 to \$4.30 per 31-gallon barrel is levied on beer sold into Montana (16-1-406, MCA).

Beer Tax Rate	
<u>Annual Production Level</u>	<u>Tax Per Barrel</u>
0 - 5,000 Barrels	\$1.30
5,001 - 10,000 Barrels	\$2.30
10,001 to 20,000 Barrels	\$3.30
Over 20,000 Barrels	\$4.30

Filing Requirements

The beer tax is collected monthly from distributors and breweries. Taxpayers must submit returns to the department on or before the 15th day of the month.

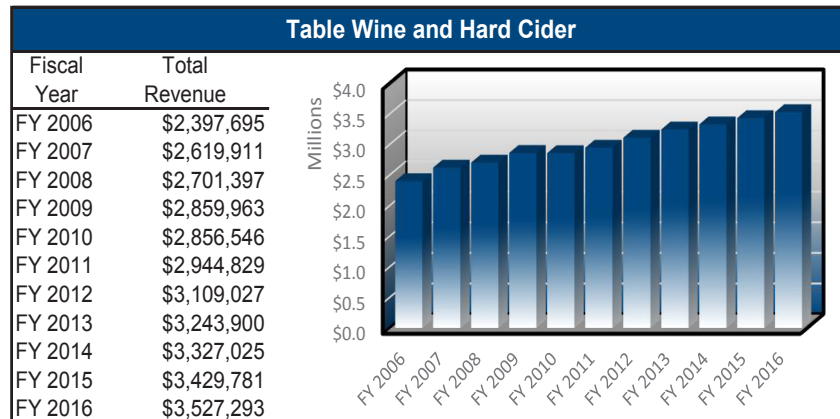
Distribution

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, Fort Belknap, and Confederated Salish and Kootenai tribes. The remainder of the revenue is deposited in the general fund.

Distribution of Beer Tax						
<u>Fund</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
DPHHS (23.26%)	\$921,899	\$915,225	\$938,222	\$935,365	\$944,025	\$941,760
Tribal	\$59,744	\$63,338	\$62,659	\$63,443	\$80,245	\$79,807
General Fund (remainder)	\$2,981,809	\$2,956,198	\$3,032,749	\$3,022,537	\$3,034,308	\$3,027,273

Table Wine and Hard Cider Tax

Statute: 16-1-411, MCA



Tax Rate

A tax of \$0.27 per liter on table wine and a tax of \$0.037 per liter on hard cider are levied on wine and cider sold into Montana. Additionally, there is an additional \$0.01 per liter tax applied if the wine is sold to an agency liquor store.

Table Wine and Hard Cider Tax Rate	
Product	Tax Per Liter
Table Wine	\$0.27
Table Wine Sold to Agency Liquor Stores	\$0.28
Hard Cider	\$0.037

Filing Requirements

The wine and hard cider tax is collected monthly from distributors 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, Fort Belknap, and Confederated Salish and Kootenai tribes.

The \$0.01 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.

Distribution of Table Wine and Hard Cider Taxes						
Fund	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Table Wine and Hard Cider	\$2,942,668	\$3,106,695	\$3,241,360	\$3,324,575	\$3,427,366	\$3,524,965
Tribal Revenue	\$38,943	\$41,662	\$44,066	\$46,035	\$59,858	\$61,056
General Fund (69% Less Tribal Amounts)	\$1,991,498	\$2,101,957	\$2,192,473	\$2,247,921	\$2,305,024	\$2,371,170
DPHHS (31%)	\$912,227	\$963,075	\$1,004,822	\$1,030,618	\$1,062,483	\$1,092,739
Agency Liquor Stores	\$2,161	\$2,333	\$2,540	\$2,450	\$2,415	\$2,328
General Fund (100%)	\$2,161	\$2,333	\$2,540	\$2,450	\$2,415	\$2,328

Liquor Excise Tax

Statute: 16-1-401, MCA.



Tax Rate

The Department of Revenue collects an excise tax on the retail selling price of all liquor sold by the state liquor warehouse. The tax rate ranges from 3 percent - 16 percent of the retail selling price depending on the number of proof gallons produced by the manufacturer nationwide.

Liquor Excise Tax Rate	
<u>Annual Production Level</u>	<u>Tax Rate</u>
Less than 20,000 Proof Gallons	3.0%
20,000 - 50,000 Proof Gallons	8.0%
50,001 - 200,000 Proof Gallons	13.8%
Over 200,000 Proof Gallons	16.0%

Filing Requirements

The department collects the tax at the time the agency liquor store pays the invoice (60 days after shipment).

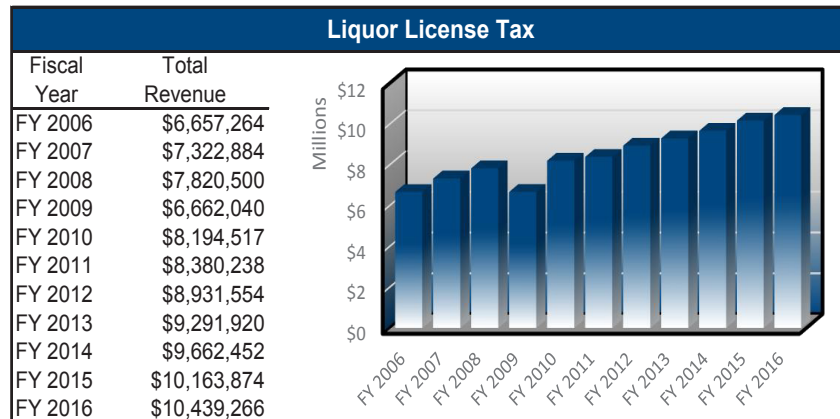
Distributions

The revenue collected from the tax is 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, Fort Belknap, and Confederated Salish and Kootenai tribes.

Distribution of Liquor Excise Tax						
<u>Fund</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
General Fund	\$13,098,298	\$13,955,649	\$14,517,835	\$15,084,184	\$15,750,727	\$16,174,180
Tribal	\$313,092	\$335,116	\$351,685	\$376,214	\$505,417	\$516,561

Liquor License Tax

Statute: 16-1-404, MCA



Tax Rate

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

Liquor License Tax Rate	
<u>Annual Production Level</u>	<u>Tax Rate</u>
Less than 50,000 Proof Gallons	2.0%
50,001 - 200,000 Proof Gallons	8.6%
Over 200,000 Proof Gallons	10.0%

Filing Requirements

The department collects the tax at the time the agency liquor store pays the invoice (60 days after shipment).

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 (16-1-404, MCA).

Distribution of Liquor License Tax						
<u>Fund</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
General Fund (34.5%)	\$2,891,182	\$3,081,386	\$3,205,712	\$3,333,546	\$3,506,537	\$3,601,547
DPHHS (65.5%)	\$5,489,056	\$5,850,168	\$6,086,207	\$6,328,906	\$6,657,338	\$6,837,719

State Comparison

Alcohol Excise Tax Rates As of January 1, 2016 (Dollars Per Gallon)

State	Table Wine	Beer
Alabama	\$1.70	\$0.53
Alaska	\$2.50	\$1.07
Arizona	\$0.84	\$0.16
Arkansas	\$0.75	\$0.23
California	\$0.20	\$0.20
Colorado	\$0.28	\$0.08
Connecticut	\$0.72	\$0.24
Delaware	\$0.97	\$0.16
Florida	\$2.25	\$0.48
Georgia	\$1.51	\$0.32
Hawaii	\$1.38	\$0.93
Idaho	\$0.45	\$0.15
Illinois	\$1.39	\$0.23
Indiana	\$0.47	\$0.12
Iowa	\$1.75	\$0.19
Kansas	\$0.30	\$0.18
Kentucky	\$0.50	\$0.08
Louisiana	\$0.11	\$0.32
Maine	\$0.60	\$0.35
Maryland	\$0.40	\$0.09
Massachusetts	\$0.55	\$0.11
Michigan	\$0.51	\$0.20
Minnesota	\$0.30	\$0.15
Mississippi	\$0.35	\$0.43
Missouri	\$0.42	\$0.06
Montana	\$1.06	\$0.14
Nebraska	\$0.95	\$0.31
Nevada	\$0.70	\$0.16
New Hampshire	(1)	\$0.30
New Jersey	\$0.88	\$0.12
New Mexico	\$1.70	\$0.41
New York	\$0.30	\$0.14
North Carolina	\$1.00	\$0.62
North Dakota	\$0.50	\$0.16
Ohio	\$0.32	\$0.18
Oklahoma	\$0.72	\$0.40
Oregon	\$0.67	\$0.08
Pennsylvania	(1)	\$0.08
Rhode Island	\$1.40	\$0.10
South Carolina	\$0.90	\$0.77
South Dakota	\$0.93	\$0.27
Tennessee	\$1.21	\$1.29
Texas	\$0.20	\$0.20
Utah	(1)	\$0.41
Vermont	\$0.55	\$0.27
Virginia	\$1.51	\$0.26
Washington	\$0.87	\$0.26
West Virginia	\$1.00	\$0.18
Wisconsin	\$0.25	\$0.06
Wyoming	(1)	\$0.02

(1): Liquor Control State. Revenue in these states is generated from various taxes, fees, price mark-ups, and net profits.

Source: Federation of Tax Administrators

The table to the left compares table wine and beer tax rates by state. Distilled spirits are not included, as it is difficult to compare tax rates between control states.

TAX EXPENDITURES

BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



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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 are Tax Expenditure and Why Measure Them?

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 through the taxes paid 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. This cost to the state budget, and ultimately to other taxpayers, is called a *tax expenditure*.

When the legislature creates tax expenditures, conventional accounting gives a distorted picture of the state budget. To see this, suppose that the legislature is considering two programs to provide \$10 million in assistance to private landowners who remove beetle-killed trees. One program provides grants to landowners based on their costs and the benefits to public safety. The other would make exactly the same payments to exactly the same people for cutting down and removing exactly the same trees, but, at the end of the program, the checks would be written by the Department of Revenue instead of the Department of Natural Resources and Conservation, and the money would be called a tax credit instead of a grant.

The two programs would have the same effect on the bottom line of the state budget. They would both reduce the ending general fund balance by \$10 million. In the first case, conventional accounting correctly shows how this has happened. The state spent an additional \$10 million with no change in revenue. In the second case, conventional accounting is misleading. The \$10 million spent disposing of beetle-killed trees is shown as a reduction of revenue, rather than as the expenditure it really is.

The distorted accounting allows legislators to propose new spending programs while portraying them as tax cuts. Accounting for tax expenditures gives legislators and the public a better picture of both the size and scope of state government and the tradeoffs between state programs.

How are Tax Expenditures Measured?

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

Since the introduction of the tax expenditure concept by the U.S. Treasury Department in 1967, there has been considerable controversy about what should be considered 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

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

be provisions of tax law that deliberately depart from the general structure of the tax, generally with the goal of influencing taxpayer behavior. Larger questions of tax policy, such as what should be taxed and at what rates, are outside the scope of tax expenditure analysis. These questions are important, but beyond the scope of this analysis.

For each tax considered, this chapter first identifies the general structure of the tax – the general rules defining the tax base and the normal rate structure. It then identifies exceptions to 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 chapter reports the amount of each tax expenditure based on information from 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 addressed 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 and its cost effectiveness.

Evaluating a tax expenditure's effectiveness requires 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 produces a large change in taxpayers' behavior for a small cost in lost revenue. An ineffective tax expenditure rewards 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 requires comparisons 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 table lists all of the tax expenditures in this report, as well as each expenditure's code reference, year of enactment, and bill and chapter reference.

Introduction to Tax Expenditures

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 and 15-30-2110(2)(a)			
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 Limited to Part Owners and Highly Compensated Employees	15-30-2110(2)(h)	1985	SB 72	Ch 682
Individual Income Tax	Employer-Paid Disability Insurance Limited to Part Owners and Highly Compensated Employees	15-30-2110(2)(h)	2013	HB 545	Ch 349
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 Pre-1987 Installment Sales	15-30-2110(13)	1987	HB 904	Ch 666
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			

Introduction to Tax Expenditures

Tax Source	Tax Expenditure	Law	Session/Year	Legislation	Chapter Number
Individual Income Tax	Property Taxes on Personal Property	Federal Provision			
Individual Income Tax	Light Vehicle Registration Fees	15-30-2131(1)(h)	1999	HB 540	Ch 515
Individual Income Tax	Livestock Fees	15-30-2131(1)(i)	2001	HB 124	Ch 574
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
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	Health Insurance for Uninsured Montanans Credit	15-30-2367	1991	HB 693	Ch 606
Individual Income Tax	Elderly Care Credit	15-30-2366	1989	HB 166	Ch 469
Individual Income Tax	Recycling Credit	15-32-601 to 604	1991	SB 111	Ch 712
Individual Income Tax	Oilseed Crushing and Biodiesel Production Facility Credit	15-32-701 to 702	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; 15-30-2368; 15-31-130	2005	HB 667	Ch 595
Individual Income Tax	Adoption Credit	15-30-2364	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	15-30-2381	2007	HB 240	Ch 375
Individual Income Tax	State Land Access Credit	15-30-2380	2013	HB 444	Ch 346

Introduction to Tax Expenditures

Tax Source	Tax Expenditure	Law	Session/Year	Legislation	Chapter Number
Corporate Income Tax	Water's Edge Election	15-31-322 to 15-31-324	1987	HB 703	Ch 616
Corporate Income Tax	Corporate Passive Deduction Expenditures				
Corporate Income Tax	Energy-Conservation Investment Deduction	15-32-103	1975	HB 663	Ch 548
Corporate Income Tax	Deduction for Purchasing Montana-Produced Organic Fertilizer Produced as a Byproduct	15-32-303	1981	SB 322	Ch 533
Corporate Income Tax	Deduction for Donation of Exploration Information	15-32-510	1999	SB 625	Ch 538
Corporate Income Tax	Deduction for Purchase of Recycled Material	15-32-609 and 610	1991	SB 111	Ch 712
Corporate Income Tax	Capital Gains Exclusion for Mobil Home Park	15-31-163	2009	HB 636	Ch 389
Corporate Income Tax	College Contributions Credit	15-30-2326	1991	HB 894	Ch 542
Corporate Income Tax	Contractor's Gross Receipts Tax Credit	15-50-207	1967	HB 530	Ch 195
Corporate Income Tax	Charitable Endowments Credit	15-31-161 and 162	1997	HB 434	Ch 537
Corporate Income Tax	Alternative Fuel Motor Vehicle Conversion Credit	15-30-2320	1993	HB 219	Ch 617
Corporate Income Tax	Health Insurance for Uninsured Montanans Credit	15-31-132	1989	HB 166	Ch 469
Corporate Income Tax	Insure Montana Small Businesses Health Insurance Credit	15-31-130 and 33-22-2006	2005	HB 667	Ch 595
Corporate Income Tax	Recycling Credit	15-32-601 to 611	1991	SB 111	Ch 712
Corporate Income Tax	Oilseed Crushing and Biodiesel Production Facility Credit	15-32-701 and 702	2005	HB 756	Ch 524
Corporate Income Tax	Biodiesel Blending and Storage Tank Credit	15-32-703	2005	HB 756	Ch 524
Corporate Income Tax	Geothermal Heating Credit	15-32-115	2005	SB 340	Ch 455
Corporate Income Tax	Alternative Energy Production Credit	15-32-401 to 407	1983	HB 755	Ch 648
Corporate Income Tax	Dependent Care Assistance Credit	15-31-131 and 133	1989	SB 282	Ch 706
Corporate Income Tax	Historic Property Preservation Credit	15-31-151	1997	HB 601	Ch 545
Corporate Income Tax	Infrastructure Users Fee Credit	17-6-316	1995	SB 100 & HB 602	Ch 2 & Ch 477
Corporate Income Tax	New and Expanded Industry Credit	15-31-124 to 127	1975	HB 593	Ch 435
Corporate Income Tax	Empowerment Zone New Employees Tax Credit	15-31-134	2003	SB 484	Ch 582
Corporate Income Tax	Qualified Research Credit	15-31-150	1999	HB 638	Ch 444
Corporate Income Tax	Mineral Exploration Incentive Credit	15-32-501 to 509	1999	SB 625	Ch 538
Corporate Income Tax	Film Employment Credit	15-31-901 to 911	2005	HB 584	Ch 393
Corporate Income 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 Completed 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

Introduction to Tax Expenditures

The following tables show the cost of tax expenditures by size. The tables showing income, corporate income, and property tax expenditures show only the cost to the general fund for these provisions. The fourth table showing natural resource expenditures shows the total cost of the tax expenditure to state and any local governments. Passive tax expenditures are not included in these tables.

Introduction to Tax Expenditures

Individual Income Tax Expenditures	2015
Federal Income Tax Deduction	\$66,669,202
Special Treatment for Capital Gains	\$35,433,700
Credit for Other States' Taxes	\$32,077,965
Medical Insurance Premium Deduction	\$18,365,328
Medical and Dental Expenses Deduction	\$9,511,257
Elderly Homeowner/Renter Credit	\$7,828,845
Exempt Military Salary	\$6,493,449
Unemployment Compensation Deduction	\$4,691,802
Energy Conservation Credit	\$3,636,827
Partial Pension Exemption	\$3,454,105
Exempt Tips	\$2,703,382
Qualified Endowment Credit	\$2,371,255
Infrastructure Users Fee Credit	\$1,621,555
Long Term Care Insurance Premium Deduction	\$1,511,852
Insure Montana Credit	\$1,337,288
Partial Interest Exclusion for Elderly Taxpayers	\$1,313,545
Montana Medical Care Savings Account Deduction	\$1,112,029
Family Education Savings Account Deduction	\$677,944
Alternative Energy Systems Credit	\$505,090
College Contribution Credit	\$292,149
Adoption Credit	\$167,182
Recycling Credit	\$161,426
Geothermal Heating System Credit	\$159,433
Historic Property Preservation Credit	\$99,411
Research Credit	\$72,509
Third-Party Repayment of Health Care Professional's Student Loans Deduction	\$70,626
Health Insurance for Uninsured Montanans Credit	\$59,840
Political Contribution Deduction	\$38,758
First Time Homebuyer Account Deduction	\$36,684
Health Benefits Limited to Highly-Compensated Employees Deduction	\$26,056
Worker's Compensation Deduction	\$25,945
Elderly Care Credit	\$16,553
Business Purchases of Recycled Material Deduction	\$14,965
Alternative Energy Production Credit	\$12,506
Child and Dependent Care Expenses Deduction	\$9,356
Partial Exclusion of Capital Gains on Pre-1987 Installment Sales	\$7,790
Dependent Care Assistance Credit	\$6,207
Alternative Fuel Credit	\$5,314
Small Business Investment Company Dividend Deduction	\$4,441
Exempt Disability Retirement Income Deduction	\$2,208
Unlocking State Lands Credit	\$1,239
Temporary Emergency Lodging Credit	\$517
National Guard Life Insurance Premiums Deduction	\$481
Sales of Land to Beginning Farmers Deduction	\$340
ABLE Account Deduction	\$0
Empowerment Zone Credit	\$0
Mineral Exploration Credit	\$0
Biodiesel Credits	\$0

Introduction to Tax Expenditures

Corporate Income Tax Expenditures	2014
Water's Edge Election*	\$8-\$13 million
Recycled Material Qualifying for Deduction	\$114,755
Infrastructure Users Fee Credit	\$741,261
Contractor's Gross Receipts	\$645,615
Insure Montana Small Business Health Insurance Credit	\$546,204
Recycling Credit	\$114,755
Historic Property Preservation Credit	\$85,520
Charitable Endowment Credit	\$32,561
College Contribution Credit	\$19,300
Health Insurance for Uninsured Montanans Credit	\$5,581
New/Expanded Industry Credit	\$4,221
Alternative Fuel Motor Vehicle Conversion Credit	\$4,000
Qualified Research Credit	\$1,627
Mineral Exploration Incentive Credit	\$25
Alternative Energy Production Credit	\$0
Oilseed Crushing & Biodiesel Production Credit	\$0
Biodiesel Blending and Storage Tank Credit	\$0
Geothermal Heating System Credit	\$0
Dependent Care Assistance Credit	\$0
Empowerment Zone New Employees Tax Credit	\$0
Short-term Temporary Lodging Credit	\$0
Energy Conserving Investments Deduction	--
Deduction for Purchasing Montana-Produced Organic Fertilizer and Inorganic Fertilizer Produced as a Byproduct	--
Deduction for Donation of Exploration Information	--
Capital Gain Exclusion for Mobile Home Park	--

*The water's edge election expenditure amount is an estimate based on audits

Property Tax Expenditures	2015
Tax Increment Financing Districts	\$4,871,444
Property Tax Assistance Program	\$2,082,193
Disabled American Veterans Program	\$499,854
Energy Production or Development Tax Abatement	\$429,985
Electrical Generation and Transmission Facility Exemption	\$0

Natural Resource Tax Expenditures	2015
Oil New Production Holiday (Oil and Gas Production Tax)	\$36,174,197
Natural Gas New Production Tax Holiday (Oil and Gas Production Tax)	\$1,134,169
Oil Stripper Well Production (Oil and Gas Production Tax)	\$941,373
Natural Gas Pre-1999 and Less than 60 MCF/day (Oil and Gas Production Tax)	\$959,104
Oil Horizontally Recompleted Wells (Oil and Gas Production Tax)	\$0
Reduced Gross Proceeds Tax Rate for New Underground Coal Mines (Coal Severance Tax)	\$0

Personal Income Tax Expenditures

Tax Expenditures: Individual Income Tax

The individual income tax is a tax on income a person or couple receives during a year. The income tax has three general 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).¹ The JCT's estimates of federal tax expenditures that create Montana passive tax expenditures total \$521 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, 17.4 percent, gives the following rough estimate of these passive tax expenditures:

Montana Passive Expenditures from Special Provisions in Federal Definition of Total Income (\$ million)
\$243

¹ "Estimates of Federal Tax Expenditures for Fiscal Years 2015-2019" by the staff of the Joint Committee on Taxation, January, 2015, Document JCX-141R-15.

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 2015 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 unreimbursed 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.

Student Loan Interest Deduction: 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. The deduction phases out for incomes between \$65,000 and \$80,000 (\$130,000 and \$160,000 for a joint return) and may not be claimed by a taxpayer who is claimed as someone else's dependent. 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 more 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 2007 through 2015. For 2015, the student loan interest deduction reduced income tax revenue to the state general fund by \$2,603,220, or \$4.12 per full-year resident taxpayer.

Student Loan Interest Deduction								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	43,380	\$38,303,590	3,033	\$2,913,781	3,880	\$3,864,992	50,293	\$45,082,363
2013	45,115	\$41,374,226	3,194	\$3,188,041	4,063	\$4,132,916	52,372	\$48,695,183
2014	43,530	\$43,632,382	3,318	\$3,501,763	4,244	\$4,555,024	51,092	\$51,689,169
2015	44,987	\$46,402,195	3,372	\$3,596,607	4,455	\$4,898,571	52,814	\$54,897,373

Tuition and Fees Deduction: 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. Taxpayers with incomes of \$65,000 or less (\$130,000 for a joint return) may take the full deduction. Taxpayers with incomes between \$65,000 and \$80,000 (\$160,000 for a joint return) are limited to a \$2,000 deduction, and taxpayers with higher incomes may not take the deduction.

Federal law also allows a tax credit for some higher education expenses, and a taxpayer may not take both the deduction and the credit. This deduction provides a subsidy for taxpayers who are pursuing their

Definition of Adjusted Gross Income - Passive Expenditures

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.

The following table shows tuition and fees deductions for tax years 2007 through 2015. For 2015, the tuition and fees deduction reduced income tax revenue to the state general fund by \$395,840, or \$0.63 per full-year resident taxpayer.

This deduction sunsets at the end of 2016 and, as of late 2016, Congress has not extended it.

Tuition and Fees Deduction								
	Residents		Nonresidents		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
2012	5,914	\$13,060,037	637	\$1,392,408	553	\$1,458,678	7,104	\$15,911,123
2013	5,496	\$12,198,697	623	\$1,359,370	531	\$1,388,396	6,650	\$14,946,463
2014	5,133	\$11,191,316	636	\$1,485,165	566	\$1,500,036	6,335	\$14,176,517
2015	5,230	\$11,481,274	617	\$1,431,365	560	\$1,436,247	6,407	\$14,348,886

Health Savings Account Deduction: 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 HSA deductions for tax years 2007 through 2015. For 2015, the HSA deduction reduced income tax revenue to the state general fund by \$2,148,867, or \$3.40 per full-year resident taxpayer.

Health Savings Account Deduction								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	7,785	\$25,616,255	1,063	\$4,751,936	221	\$552,963	9,069	\$30,921,154
2013	8,119	\$28,425,705	1,212	\$5,547,865	235	\$565,381	9,566	\$34,538,951
2014	8,968	\$30,938,095	1,414	\$6,267,767	305	\$750,963	10,687	\$37,956,825
2015	9,743	\$34,820,388	1,440	\$6,646,471	323	\$849,707	11,506	\$42,316,566

Definition of Adjusted Gross Income - Passive Expenditures

Individual Retirement Account Deduction: 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 \$5,500. 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 plans 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 IRA deductions for tax years 2007 through 2015. For 2015, the IRA deduction reduced income tax revenue to the state general fund by \$4,007,834, or \$6.34 per full-year resident taxpayer.

Individual Retirement Account Deduction								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	12,406	\$56,077,309	1,219	\$7,332,085	348	\$1,060,895	13,973	\$64,470,289
2013	12,909	\$62,060,097	1,403	\$9,118,826	392	\$1,451,143	14,704	\$72,630,066
2014	13,284	\$65,989,731	1,428	\$9,557,425	416	\$1,500,042	15,128	\$77,047,198
2015	13,176	\$65,361,123	1,425	\$9,379,560	417	\$1,544,536	15,018	\$76,285,219

Domestic Production Activities Deduction: 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 exemption was a subsidy, which violated international trade agreements signed by the United States. 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 and 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 tax years 2007 through 2015. For

Definition of Adjusted Gross Income - Passive Expenditures

2015, the domestic production activities deduction reduced individual income tax revenue to the general fund by \$3,840,995, or \$6.08 per full-year resident taxpayer. Most of the value of this deduction is claimed by nonresidents, but most nonresident 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		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	5,534	\$47,736,036	2,151	\$406,922,598	60	\$211,682	7,745	\$454,870,316
2013	6,088	\$50,133,423	2,541	\$390,432,012	82	\$704,680	8,711	\$441,270,115
2014	5,476	\$47,706,540	2,748	\$205,925,971	67	\$1,106,548	8,291	\$254,739,059
2015	5,608	\$55,835,207	2,651	\$219,485,481	73	\$539,829	8,332	\$275,860,517

Deductions for the Self-Employed: 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 an employer's payments for payroll taxes, health insurance benefits, and pension contributions that are not included in employees' adjusted gross income. The costs of the exclusions for employees are included in the figure for passive tax expenditures.

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 following tables show these deductions for tax years 2007 through 2015. For 2015, extending these exclusions to the self-employed reduced income tax revenue to the state general fund by \$15,890,802, or \$25.13 per full-year resident taxpayer.

One-Half of Self Employment Tax								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	57,264	\$77,679,329	8,375	\$32,192,253	2,115	\$2,006,523	67,754	\$111,878,105
2013	59,162	\$84,415,172	9,383	\$38,275,634	2,307	\$2,297,896	70,852	\$124,988,702
2014	60,013	\$86,986,043	9,765	\$43,015,696	2,382	\$2,399,186	72,160	\$132,400,925
2015	60,556	\$89,922,276	9,844	\$41,834,447	2,565	\$2,528,989	72,965	\$134,285,712

Definition of Adjusted Gross Income - Passive Expenditures

Contributions to Qualified Self-Employed Retirement Plans								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	2,443	\$41,584,610	1,088	\$33,441,775	49	\$997,520	3,580	\$76,023,905
2013	2,632	\$47,762,885	1,259	\$38,226,913	63	\$1,266,334	3,954	\$87,256,132
2014	2,637	\$48,366,605	1,350	\$42,009,219	73	\$1,371,546	4,060	\$91,747,370
2015	2,641	\$49,414,662	1,364	\$44,931,667	69	\$1,336,748	4,074	\$95,683,077

Self-Employed Health Insurance Premiums Deduction								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	20,848	\$116,803,202	4,265	\$38,252,152	399	\$1,581,816	25,512	\$156,637,170
2013	22,355	\$132,130,435	4,984	\$46,016,372	434	\$1,800,061	27,773	\$179,946,868
2014	23,572	\$130,249,955	5,265	\$50,754,610	488	\$2,064,756	29,325	\$183,069,321
2015	24,554	\$138,208,738	5,395	\$54,472,657	522	\$2,138,891	30,471	\$194,820,286

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 file 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.

Definition of Adjusted Gross Income

Interest on Federal Government Bonds: Federal Provision and 15-30-2110(2)(a), MCA
Legislation: NA

Federal law and court decisions prohibit states from taxing interest on federal government bonds. Montana law exempts interest on federal bonds from taxation. The following table shows exempt federal interest since 2007. If the state was able to tax this income, it would have increased income tax revenue to the general fund by \$1,124,912, or \$1.78 per full-year resident taxpayer for 2015.

Interest on Federal Government Bonds								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	16,211	\$22,275,353	2,844	\$58,400,464	451	\$850,448	19,506	\$81,526,265
2013	15,909	\$19,330,263	2,572	\$106,019,200	416	\$526,474	18,897	\$125,875,937
2014	15,155	\$20,115,632	2,899	\$50,869,732	449	\$525,881	18,503	\$71,511,245
2015	14,678	\$20,245,070	2,872	\$52,382,952	420	\$560,967	17,970	\$73,188,989

Exempt Tribal Income: Federal Provision
Legislation: NA

Indian tribes are sovereign governments and state taxation of tribes and their members is governed by federal law and treaties. The right to tax the income that 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. Therefore, 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 2007. If the state was able to tax this income, it would have increased income tax revenue to the general fund by \$6,078,604, or \$9.61 per full-year resident taxpayer for 2015.

Exempt Tribal Income								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	6,959	\$221,787,087	16	\$473,244	50	\$1,169,701	7,025	\$223,430,032
2013	5,620	\$170,919,136	22	\$539,535	44	\$978,101	5,686	\$172,436,772
2014	5,899	\$184,937,230	18	\$456,199	40	\$884,217	5,957	\$186,277,646
2015	6,172	\$204,787,286	17	\$349,962	41	\$1,281,013	6,230	\$206,418,261

Definition of Adjusted Gross Income

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

Federal law taxes unemployment compensation, but Montana exempts it from taxation. The following table shows additional state exemptions for unemployment compensation since 2007. For 2015, this exclusion reduced income tax revenue to the general fund by \$4,691,802, or \$7.42 per full-year resident taxpayer.

Unemployment Compensation								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	35,808	\$158,526,968	5,298	\$31,476,030	2,316	\$12,245,987	43,422	\$202,248,985
2013	32,374	\$129,933,369	4,756	\$26,765,431	2,171	\$10,499,700	39,301	\$167,198,500
2014	26,517	\$93,510,592	3,804	\$18,077,778	1,891	\$7,453,018	32,212	\$119,041,388
2015	24,456	\$89,447,741	3,933	\$20,533,636	1,752	\$7,791,931	30,141	\$117,773,308

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

Federal law exempts worker's compensation payments except payments that are reimbursement for 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 2007. For 2015, this exclusion reduced income tax revenue to the general fund by \$25,945, or \$0.04 per full-year resident taxpayer.

Exempt Workers Compensation								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	135	\$918,240	*	\$42,137	*	\$70,004	*	\$1,030,381
2013	137	\$1,009,272	*	\$29,361	*	\$9,979	*	\$1,048,612
2014	121	\$852,638	*	\$26,794	*	\$93,459	*	\$972,891
2015	136	\$998,080	16	\$82,565	*	\$4,750	*	\$1,085,395

Definition of Adjusted Gross Income

Small Business Investment Company Dividends: 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 2007. For 2015, this exclusion reduced income tax revenue to the general fund by \$4,441, or \$0.01 per full-year resident taxpayer.

Capital Gains from Small Business Investment Companies								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	15	\$47,868	*	\$24,814	0	\$0	*	\$72,682
2013	17	\$173,389	*	\$209,411	*	\$274	*	\$383,074
2014	20	\$134,599	*	\$35,179	0	\$0	*	\$169,778
2015	13	\$48,730	*	\$57,758	*	\$69,535	*	\$176,023

National Guard Life Insurance Premiums: 15-30-2117(3), MCA
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 2007. For 2015, this exclusion reduced income tax revenue to the general fund by \$481, or \$0.001 per full-year resident taxpayer.

National Guard Life Insurance Premium Reimbursement								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	41	\$17,001	*	\$324	*	\$549	*	\$17,874
2013	46	\$28,091	*	\$27	*	\$569	*	\$28,687
2014	32	\$48,885	*	\$402	*	\$1,322	*	\$50,609
2015	20	\$10,766	0	\$0	0	\$0	20	\$10,766

Definition of Adjusted Gross Income

Military Salary: 15-30-2117(2), MCA

Legislation: HB 152, 1979 Session; SB 378, 2015 Session

Montana exempts the military salary of residents who are on active duty in the armed forces. This includes members of the Montana National Guard who are serving in a homeland defense activity or contingency operation. The following table shows the amount of income subject to this exemption since 2007.

Active Duty Military Salary								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	4,520	\$158,404,853	93	\$4,059,101	150	\$4,931,370	4,763	\$167,395,324
2013	4,521	\$164,472,809	129	\$5,438,421	143	\$4,799,545	4,793	\$174,710,775
2014	4,511	\$169,324,587	100	\$4,198,055	148	\$5,234,548	4,759	\$178,757,190
2015	4,537	\$170,649,803	85	\$3,798,088	156	\$5,378,956	4,778	\$179,826,847

Federal law allows military personnel and their spouses to maintain residency in their home state and requires states to treat military salaries and some income of military spouses as if it were earned in the home state. This requires Montana to exempt military salaries and some other income that service members and their spouses earn in Montana. The following table shows income not counted as Montana income because of this requirement.

Nonresident Military Salary								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	107	\$3,862,257	626	\$25,020,849	207	\$5,980,079	940	\$34,863,185
2013	125	\$4,235,016	743	\$29,074,744	189	\$6,223,632	1,057	\$39,533,392
2014	152	\$5,918,182	751	\$32,081,547	215	\$6,793,661	1,118	\$44,793,390
2015	139	\$5,379,138	869	\$36,085,884	236	\$7,828,165	1,244	\$49,293,187

Together, the state exclusion of residents' military salaries and the federal requirement to exclude non-residents' military salaries reduced 2015 income tax revenue to the general fund by \$6,493,449, or \$10.27 per full-year resident taxpayer.

Definition of Adjusted Gross Income

Partial Pension Exemption: 15-30-2110(2)(c), MCA

Legislation: HB 232, 1963 Session; SB 226, 1991 Session

Taxpayers with federal adjusted gross 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 gross income exceeds the threshold. Both the threshold and the amount exempted are adjusted for inflation each year. For 2015, the amount exempted was \$3,980 and the threshold was \$33,190. Taxpayers with federal adjusted gross income between \$33,190 and \$35,180 were eligible for an exemption of less than \$3,980, and taxpayers with incomes over \$35,180 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 23 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 addition, Montana exempted the first \$3,600 of income from federal government pensions. In 1989, a group of federal government and military retirees sued states, including Montana, which exempted state pensions, arguing that states must give them the same exemption. The states lost.¹ The U.S. Supreme Court ruled that states may tax different types of income differently, but may not tax the same type of income differently depending on who paid it. The states that had exempted state employee pensions changed their laws in a variety of ways. The Montana Legislature eliminated the exemption for state employee pensions but extended the \$3,600 partial exemption to all pension income.

The following table shows pension income excluded from taxation since 2007. For 2015, this exclusion reduced income tax revenue to the general fund by \$3,454,105, or \$5.46 per full-year resident taxpayer.

Partial Pension Exemption								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	43,208	\$154,378,099	1,523	\$5,023,099	726	\$2,393,257	45,457	\$161,794,455
2013	43,546	\$158,597,172	1,634	\$5,502,608	775	\$2,596,220	45,955	\$166,696,000
2014	44,032	\$163,276,389	1,666	\$5,873,948	762	\$2,506,314	46,460	\$171,656,651
2015	44,197	\$164,186,433	1,852	\$6,551,278	855	\$2,833,101	46,904	\$173,570,812

Partial Interest Exclusion for Elderly Taxpayers: 15-30-2110(2)(b), MCA

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 2007. 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 2015, this exclusion reduced income tax revenue to the general fund by \$1,313,545, or \$2.08 per full-year resident taxpayer.

¹ The U.S. Supreme Court ruled against Michigan in *Davis v. Michigan Dep't of Treasury*, 489 U.S. 803, 109 S.Ct. 1500, 103 L.Ed.2d 891 (1989). Montana settled the similar case *Sheehy v. State Dep't of Revenue*, 250 Mont. 437, 820 P.2d 1257 (1991) and issued \$15.7 million in refunds for the years 1983 through 1989.

Definition of Adjusted Gross Income

Elderly Interest Exclusion								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	62,095	\$33,021,476	8,381	\$6,848,965	967	\$508,511	71,443	\$40,378,952
2013	62,720	\$31,301,899	9,134	\$7,311,575	1,111	\$492,669	72,965	\$39,106,143
2014	62,418	\$29,772,557	9,729	\$7,660,793	1,119	\$513,706	73,266	\$37,947,056
2015	64,139	\$30,087,414	10,135	\$7,973,410	1,172	\$550,550	75,446	\$38,611,374

Disability Retirement Income: 15-30-2110(10), MCA
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 2007. For 2015, this exclusion reduced income tax revenue to the general fund by \$2,208, or \$0.003 per full-year resident taxpayer.

Exempt Disability Retirement Income								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	60	\$276,606	*	\$36	*	\$9,916	*	\$286,558
2013	50	\$226,388	0	\$0	0	\$0	50	\$226,388
2014	27	\$126,247	0	\$0	0	\$0	27	\$126,247
2015	31	\$137,022	0	\$0	*	\$5,200	*	\$142,222

Tips: 15-30-2110(2)(f), MCA
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 should be considered voluntary gifts from a restaurant's patrons to its employees and gifts generally are not included in taxable income. Federal law considers tips to be taxable compensation for providing services. The following table shows tips excluded from income since 2007. For 2015, this exclusion reduced income tax revenue to the general fund by \$2,703,382, or \$4.28 per full-year resident taxpayer.

Definition of Adjusted Gross Income

Exempt Tips								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	15,251	\$52,275,624	728	\$2,117,166	1,283	\$3,840,659	17,262	\$58,233,449
2013	16,516	\$56,390,533	960	\$2,592,060	1,621	\$4,757,200	19,097	\$63,739,793
2014	16,836	\$59,993,312	1,148	\$3,576,755	1,705	\$5,124,973	19,689	\$68,695,040
2015	18,795	\$67,147,671	1,402	\$4,252,879	2,174	\$6,809,415	22,371	\$78,209,965

Health Benefits Limited to Highly-Compensated Employees: 15-30-2110(2)(h), MCA
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 2007. For 2015, this exclusion reduced income tax revenue to the general fund by \$26,056, or \$0.04 per full-year resident taxpayer.

Employer-Provided Health Insurance Not Available to All Employees								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	178	\$597,413	*	\$31,151	*	\$15,076	*	\$643,640
2013	160	\$791,972	*	\$14,924	*	\$7,318	*	\$814,214
2014	155	\$710,685	*	\$4,725	*	\$3,810	*	\$719,220
2015	103	\$439,835	10	\$49,135	*	\$5,000	*	\$493,970

Definition of Adjusted Gross Income

Third-Party Repayment of Health Care Professional's Student Loans: 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 healthcare 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 additional state exclusion since 2007.

Health Care Professional Student Loan Repayment Included in Federal AGI								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	281	\$789,081	*	\$8,465	25	\$53,831	*	\$851,377
2013	300	\$880,391	*	\$5,317	31	\$79,000	*	\$964,708
2014	341	\$913,226	*	\$14,191	34	\$95,392	*	\$1,022,809
2015	426	\$1,234,654	10	\$28,757	32	\$79,458	468	\$1,342,869

For 2015, this exclusion reduced income tax revenue to the general fund by \$70,626, or \$0.11 per full year resident taxpayer.

Montana Medical Care Savings Accounts: 15-61-101 through 15-61-205, 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.

Medical Savings Account Deposits								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	5,903	\$18,791,602	0	\$0	76	\$135,057	5,979	\$18,926,659
2013	6,181	\$19,801,670	*	\$3,000	77	\$118,532	*	\$19,923,202
2014	6,084	\$19,436,867	*	\$3,000	96	\$126,808	*	\$19,566,675
2015	6,233	\$19,574,075	0	\$0	98	\$138,910	6,331	\$19,712,985

Definition of Adjusted Gross 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 tables in this section show exempt medical savings account deposits and earnings and taxable withdrawals.

Medical Savings Account Nonqualified Withdrawals								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2007	83	\$103,693	0	\$0	*	\$4,555	*	\$108,248
2008	100	\$145,198	0	\$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
2012	94	\$144,311	0	\$0	*	\$1,185	*	\$145,496
2013	72	\$129,693	0	\$0	*	\$31,096	*	\$160,789
2014	78	\$99,814	*	\$23,279	*	\$6,091	*	\$129,184
2015	71	\$135,323	0	\$0	*	\$40,937	*	\$176,260

For 2015, this exclusion reduced income tax revenue to the general fund by \$1,112,029, or \$1.76 per full-year resident taxpayer.

First-Time Homebuyer Accounts: 15-63-101 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 2015, this exclusion reduced income tax revenue to the general fund by \$36,684, or \$0.06 per full-year resident taxpayer.

Definition of Adjusted Gross Income

First Time Homebuyer Account Deposits								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2007	182	\$538,547	*	\$12,004	*	\$19,148	*	\$569,699
2008	162	\$538,398	0	\$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
2012	158	\$501,379	0	\$0	*	\$12,160	*	\$513,539
2013	141	\$501,702	*	\$2,487	*	\$6,150	*	\$510,339
2014	161	\$543,587	0	\$0	*	\$22,890	*	\$566,477
2015	214	\$678,938	*	\$1,820	10	\$33,480	*	\$714,238

First Time Homebuyers Account Nonqualified Withdrawals								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2007	*	\$48,138	*	\$62	*	\$6,310	*	\$54,510
2008	*	\$35,384	0	\$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
2012	*	\$8,053	0	\$0	*	\$12,000	*	\$20,053
2013	*	\$50,177	*	\$2,322	0	\$0	*	\$52,499
2014	*	\$4,177	0	\$0	0	\$0	*	\$4,177
2015	11	\$29,261	0	\$0	0	\$0	11	\$29,261

Family Education Savings Accounts: 15-62-101 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, usually a child or grandchild. 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. The 2013 Legislature (SB 117) expanded the deduction to include deposits to other states' college savings plans.

This program encourages families to save for their children's college education by lowering the cost of saving any given amount.

The tax expenditure from the federal exclusion of account earnings is included in the estimate of passive tax expenditures. The state exclusion of deposits to an education savings account creates an additional tax expenditure. The following table shows deposits to Montana family education savings accounts since 2007. For 2015, this exclusion reduced income tax revenue to the general fund by \$677,944, or \$1.07 per full-year resident taxpayer.

Definition of Adjusted Gross Income

Family Education Savings Account Deposits								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	2,105	\$6,838,715	12	\$37,817	30	\$79,590	2,147	\$6,956,122
2013	2,955	\$9,385,280	81	\$319,193	60	\$145,956	3,096	\$9,850,429
2014	3,175	\$10,075,735	102	\$371,011	42	\$120,793	3,319	\$10,567,539
2015	3,311	\$10,525,352	110	\$405,000	63	\$181,822	3,484	\$11,112,174

Tier II Railroad Retirement: Federal Provision
Legislation: NA

Railroad retirement benefits are divided into Tier I and Tier II. Tier I is equivalent to Social Security, and Tier I benefits are taxed the same as Social Security benefits. Tier II benefits are taxed at the federal level, but federal law exempts them from state taxation. The table below shows Tier II railroad retirement benefits exempted from Montana taxation.

This exemption increases the after-tax income of railroad retirees.

Tier II Railroad Retirement								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	2,808	\$40,918,763	70	\$980,315	38	\$619,985	2,916	\$42,519,063
2013	2,863	\$43,719,325	81	\$1,064,303	28	\$413,587	2,972	\$45,197,215
2014	2,823	\$45,197,719	81	\$1,092,309	25	\$297,154	2,929	\$46,587,182
2015	2,820	\$46,343,176	80	\$1,383,942	18	\$235,919	2,918	\$47,963,037

For 2015, income tax revenue to the general fund would have been \$1,437,069 higher if Montana were allowed to tax Tier II railroad retirement. This is \$2.27 per full-year resident taxpayer.

Definition of Adjusted Gross Income

Farm and Ranch Risk Management Accounts: 15-30-3001 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 ranch risk management accounts has seen very little use. There have been fewer than 10 deposits to farm and ranch risk management accounts each year since 2004, and all of those have been made by non-residents. No deposits were made for 2012 through 2015. For 2015, this exclusion had no impact on income tax revenue to the general fund. The following tables show exempt deposits and taxable withdrawals since 2007.

Farm and Ranch Risk Management Account Deposits								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2007	0	\$0	0	\$0	0	\$0	0	\$0
2008	0	\$0	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
2012	0	\$0	0	\$0	0	\$0	0	\$0
2013	0	\$0	0	\$0	0	\$0	0	\$0
2014	0	\$0	0	\$0	0	\$0	0	\$0
2015	0	\$0	0	\$0	0	\$0	0	\$0

Farm and Ranch Risk Management Account Taxable Distributions								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2007	*	\$2	*	\$1,149	0	\$0	*	\$1,151
2008	*	\$200	0	\$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
2012	*	\$5,043	*	\$2,651	0	\$0	*	\$7,694
2013	*	\$1,003	*	\$13,106	0	\$0	*	\$14,109
2014	*	\$2,200	*	\$826	0	\$0	*	\$3,026
2015	*	\$993	*	\$132	0	\$0	*	\$1,125

Definition of Adjusted Gross Income

Partial Exclusion of Capital Gains on Pre-1987 Installment Sales: 15-30-2110(13), MCA Legislation: HB 904, 1987 Session

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 Congress 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. These gains also are eligible for the capital gains credit and therefore receive a double preference. 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 2015, this exclusion reduced income tax revenue to the general fund by \$7,790, or \$0.01 per full-year resident taxpayer.

40% Exclusion of Pre-1985 Capital Gains								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2007	104	\$425,236	21	\$162,733	0	\$0	125	\$587,969
2008	595	\$2,813,975	66	\$1,128,270	11	\$46,489	672	\$3,988,734
2009	239	\$1,124,567	12	\$494,528	*	\$52,108	*	\$1,671,203
2010	292	\$1,155,423	14	\$2,594,406	*	\$38	*	\$3,749,867
2011	45	\$123,493	15	\$14,022,194	0	\$0	60	\$14,145,687
2012	50	\$884,971	10	\$137,043	0	\$0	60	\$1,022,014
2013	40	\$148,686	10	\$55,695	*	\$23,161	*	\$227,542
2014	33	\$155,285	11	\$247,585	0	\$0	44	\$402,870
2015	29	\$134,842	*	\$24,087	0	\$0	*	\$158,929

Definition of Adjusted Gross Income

Business Purchases of Recycled Material: 15-32-609 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 2007. For 2015, this exclusion reduced income tax revenue to the general fund by \$14,965, or \$0.024 per full-year resident taxpayer.

Business Expense for Recycled Materials									
	Residents		Nonresidents		Part-Year Residents		Total		
	N	\$	N	\$	N	\$	N	\$	
2007	46	\$152,541	0	\$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	
2012	104	\$242,946	*	\$46,045	*	\$302	*	\$289,293	
2013	91	\$366,958	*	\$239	*	\$663	*	\$367,860	
2014	100	\$296,108	*	\$211	*	\$365	*	\$296,684	
2015	101	\$240,929	*	\$100	*	\$3,025	*	\$244,054	

Sales of Land to Beginning Farmers: 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 2007. Fewer than ten taxpayers have used the exclusion every year. For 2015, this exclusion reduced income tax revenue to the general fund by \$340, or \$0.001 per full-year resident taxpayer.

Sales of Land to Beginning Farmers									
	Residents		Nonresidents		Part-Year Residents		Total		
	N	\$	N	\$	N	\$	N	\$	
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	
2012	*	\$6,796	0	\$0	0	\$0	*	\$6,796	
2013	*	\$56,687	0	\$0	0	\$0	*	\$56,687	
2014	*	\$7,094	0	\$0	0	\$0	*	\$7,094	
2015	*	\$7,918	0	\$0	0	\$0	*	\$7,918	

Definition of Adjusted Gross Income

ABLE Accounts: 15-30-2110(12), MCA
Legislation: SB 399, 2015 Session

In 2014, Congress amended Section 529 of the Internal Revenue Code to create the Achieving a Better Life Experience (ABLE) account, which is a tax-advantaged savings account to be used for the benefit of a person with disabilities. Earnings on an ABLE account are exempt from federal tax as long as funds withdrawn from the account are used for eligible expenses related to the beneficiary's disability. More than one person can contribute to a single account, but total contributions in a year may not exceed \$14,000 (adjusted annually for inflation). As long as the balance in the account is \$100,000 or less, having an ABLE account will not affect the beneficiary's eligibility for Social Security or Medicaid.

Beginning in 2015, Montana exempts up to \$3,000 a taxpayer contributes to an ABLE account from income tax. More than one taxpayer can contribute to the same account as long as total deposits do not exceed the annual limit, and each taxpayer can exempt the amount of their deposit.

No taxpayers used this exclusion for 2015, and it had no impact on general fund revenue.

ABLE Account Deposits									
	Residents		Nonresidents		Part-Year Residents		Total		
	N	\$	N	\$	N	\$	N	\$	
2015	0	\$0	0	\$0	0	\$0	0	\$0	\$0

Itemized Deduction Expenditures

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 39.6 percent federal tax bracket. An additional \$100 deduction would reduce this person's state tax liability by \$6.90 and federal tax liability by \$39.60, for a total of \$46.50. The \$100 expenditure that was the basis of the deduction cost this taxpayer \$53.50 and cost the state and federal governments, and ultimately other taxpayers, \$46.50.

Montana generally allows itemized deductions allowed by federal law (15-30-2131(1)(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 unreimbursed 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 unreimbursed 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.

Medical and Dental Expenses: Federal Provision

Legislation: NA

Both federal and state law allow an itemized deduction for a portion of the taxpayer's unreimbursed medical and dental expenses. Expenses that are paid directly by another party or which are reimbursed by insurance are not deductible. Premiums for health insurance and long term care insurance are considered deductible medical expenses.

Through 2012, the deduction was for expenses that were more than 7.5 percent of adjusted gross income. Beginning in 2013, taxpayers younger than 65 can only deduct expenses that are more than 10 percent of adjusted gross income. Through 2016, taxpayers who are at least age 65 will still be able to deduct

Itemized Deduction Expenditures

expenses that are more than 7.5 percent of adjusted gross income. Beginning in 2017, the 10 percent threshold applies to all taxpayers. This deduction provides a partial reimbursement or subsidy for taxpayers who have high unreimbursed medical expenses in a year.

The following table shows itemized deductions for medical and dental expenses for tax years 2007 through 2015. For tax year 2015, this deduction reduced income tax revenue to the general fund by \$9,511,257, or \$15.04 per full-year resident taxpayer.

Medical Expenses								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	65,601	\$296,883,350	3,385	\$27,559,664	1,247	\$6,483,899	70,233	\$330,926,913
2013	57,445	\$289,795,563	3,170	\$29,067,040	1,126	\$5,858,508	61,741	\$324,721,111
2014	56,074	\$278,443,929	3,198	\$29,850,377	1,073	\$6,623,096	60,345	\$314,917,402
2015	56,183	\$284,136,157	3,007	\$29,160,349	1,024	\$6,375,164	60,214	\$319,671,670

Medical Insurance Premiums: 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 unreimbursed 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 2007 through 2015. For tax year 2015, this deduction reduced income tax revenue to the general fund by \$18,365,328, or \$29.05 per full-year resident taxpayer.

Medical Insurance Premiums Not Deducted Elsewhere								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	91,649	\$368,422,012	7,962	\$36,238,149	2,008	\$6,836,636	101,619	\$411,496,797
2013	92,845	\$388,204,675	8,475	\$40,764,387	2,213	\$7,808,160	103,533	\$436,777,222
2014	94,095	\$390,392,386	9,007	\$44,109,594	2,125	\$7,480,016	105,227	\$441,981,996
2015	98,528	\$481,950,204	9,085	\$46,594,292	2,275	\$8,162,208	109,888	\$536,706,704

Itemized Deduction Expenditures

Long Term Care Insurance Premiums: 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 2007 through 2015. For tax year 2015, this deduction reduced income tax revenue to the general fund by \$1,511,852 or \$2.39 per full-year resident taxpayer.

Long Term Care Insurance Premiums								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	10,966	\$27,571,088	1,327	\$3,902,607	211	\$469,625	12,504	\$31,943,320
2013	11,086	\$29,433,415	1,393	\$4,282,706	198	\$459,421	12,677	\$34,175,542
2014	10,995	\$30,079,682	1,427	\$4,713,851	210	\$533,442	12,632	\$35,326,975
2015	10,756	\$30,500,607	1,419	\$4,705,289	214	\$529,032	12,389	\$35,734,928

Sales Tax or Local Income Tax: 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.

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.

For example, suppose a taxpayer who lives in another state but has Montana income spends 90 percent of any extra income on purchases that are subject to their home state's 8 percent sales tax. For every \$100 of extra income, this person will have \$7.40 of extra sales tax deductions so that an extra \$100 of gross income is only \$92.80 of taxable income. If they are in the 6.9 percent top rate bracket, their effective marginal rate is 6.4 percent (6.9 percent x 92.8 percent).

The following tables show itemized deductions for sales tax or local income tax. The deduction for sales tax was first available for 2009. For tax year 2015, the deductions for sales tax or local income tax reduced income tax revenue to the general fund by \$103,303, or \$0.16 per full-year resident taxpayer. More than half of this tax expenditure goes to non-residents.

Itemized Deduction Expenditures

Sales Taxes								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2009	554	\$626,619	4,325	\$38,487,222	657	\$828,472	5,536	\$39,942,313
2010	†	†	†	†	†	†	†	†
2011	406	\$512,725	5,239	\$16,742,670	777	\$1,025,031	6,422	\$18,280,426
2012	381	\$346,741	5,208	\$12,695,689	691	\$860,975	6,280	\$13,903,405
2013	353	\$404,334	5,257	\$19,095,941	719	\$948,301	6,329	\$20,448,576
2014	358	\$458,055	5,259	\$11,803,026	693	\$1,009,380	6,310	\$13,270,461
2015	468	\$530,408	4,711	\$10,910,770	596	\$979,978	5,775	\$12,421,156

† This item did not have a separate line on 2010 returns.

Local Income Taxes								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	229	\$102,533	1,527	\$4,994,937	437	\$345,344	2,193	\$5,442,814
2013	190	\$136,620	1,544	\$5,573,760	513	\$346,018	2,247	\$6,056,398
2014	178	\$122,793	1,430	\$6,681,561	439	\$414,937	2,047	\$7,219,291
2015	393	\$447,040	1,518	\$23,818,385	452	\$418,285	2,363	\$24,683,710

Federal Income Tax: 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. The cap was introduced by SB 407 (2003 Session). The sponsors of this legislation had several goals, which included reducing income tax revenue, lowering the top marginal rate, reducing the number of rate brackets, making the brackets narrower, eliminating the itemized deduction for federal taxes, and having no income group pay more than under prior law. It proved impossible to fully meet all these goals, and the capped deduction was retained to keep the narrower rate brackets from increasing taxes on middle-income taxpayers. The 2003 Legislature chose not to index the cap for inflation, so that, in real terms, the cap will decrease over time.

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

Itemized Deduction Expenditures

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 5.9 percent rather than 6.9 percent.¹ For a taxpayer whose federal taxes are above the cap on the deduction, the effective marginal tax rate is 6.9 percent.

The following table shows itemized deductions for federal income tax for tax years 2007 through 2015. For tax year 2015, the deduction for federal income tax reduced income tax revenue to the general fund by \$66,669,202, or \$105.45 per full-year resident taxpayer.

Federal Income Tax								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	219,334	\$1,154,479,513	30,146	\$211,978,444	8,933	\$51,384,146	258,413	\$1,417,842,103
2013	224,818	\$1,206,775,407	32,250	\$229,764,838	9,500	\$54,613,668	266,568	\$1,491,153,913
2014	227,218	\$1,241,851,066	33,560	\$241,375,438	10,033	\$59,254,829	270,811	\$1,542,481,333
2015	232,979	\$1,297,118,744	33,646	\$245,467,280	10,148	\$61,093,726	276,773	\$1,603,679,750

Property Taxes on Real Estate: 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 and to own rather than rent.

The following table shows itemized deductions for real estate taxes for tax years 2007 through 2015. For tax year 2015, the deduction for real estate taxes reduced income tax revenue to the state general fund by \$25,529,128, or \$40.38 per full-year resident taxpayer.

¹ 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 Deduction Expenditures

Real Estate Taxes								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	187,722	\$407,127,118	19,198	\$115,915,969	4,713	\$11,434,342	211,633	\$534,477,429
2013	191,258	\$427,371,486	20,552	\$147,935,026	4,912	\$12,574,315	216,722	\$587,880,827
2014	190,500	\$438,431,688	20,935	\$145,442,935	5,036	\$13,080,649	216,471	\$596,955,272
2015	193,588	\$461,824,346	20,505	\$156,708,157	4,929	\$14,489,690	219,022	\$633,022,193

Property Taxes on Personal Property: Federal Provision and 15-30-2131(1)(h), MCA
Legislation: HB 540, 1999 Session (light vehicle fees)

Both federal and Montana law allows 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 registration 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 2007 through 2015. For tax year 2015, the deduction for personal property taxes reduced income tax revenue to the general fund by \$3,205,172, or \$5.07 per full-year resident taxpayer.

Personal Property Taxes								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	148,566	\$52,294,545	9,434	\$5,321,672	3,706	\$1,472,320	161,706	\$59,088,537
2013	152,201	\$54,011,758	10,082	\$5,899,666	4,135	\$1,724,377	166,418	\$61,635,801
2014	150,373	\$55,086,743	10,207	\$6,074,643	4,092	\$1,801,915	164,672	\$62,963,301
2015	150,616	\$56,198,651	9,878	\$6,163,518	3,755	\$1,730,465	164,249	\$64,092,634

Itemized Deduction Expenditures

Other Deductible Taxes: 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 2007 through 2015. For tax year 2015, the deduction for other taxes reduced income tax revenue to the state general fund by \$420,321, or \$0.66 per full-year resident taxpayer.

Other Deductible Taxes								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	22,435	\$8,398,699	1,450	\$2,280,780	358	\$206,848	24,243	\$10,886,327
2013	21,508	\$8,636,316	1,612	\$2,798,319	355	\$216,346	23,475	\$11,650,981
2014	20,734	\$7,865,574	1,526	\$2,901,792	358	\$216,468	22,618	\$10,983,834
2015	20,251	\$7,480,154	1,489	\$3,177,156	290	\$301,071	22,030	\$10,958,381

Home Mortgage Interest: Federal Provision Legislation: NA

Federal and state law allow an itemized deduction for home mortgage interest. Through 2012 this deduction was reported on three separate lines. The first was for reporting interest, including pre-paid interest called points, reported on a federal Form 1098. The second line was for reporting interest not reported on a federal Form 1098, and the third was for reporting points not reported on a federal Form 1098. Beginning in 2013, the three were combined in one line.

The deduction for home mortgage interest provides an incentive for home ownership and a disincentive for taxpayers to pay off their mortgages. The following table show itemized deductions for home mortgage interest. This deduction reduced income tax revenue to the state general fund for 2015 by \$50,335,003, or \$79.62 per full-year resident taxpayer.

Itemized Deduction Expenditures

Home Mortgage Interest								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	137,113	\$935,062,102	14,483	\$147,226,941	4,334	\$31,192,941	155,930	\$1,113,481,984
2013	141,696	\$907,271,882	15,609	\$151,307,187	4,583	\$32,308,778	161,888	\$1,090,887,847
2014	140,721	\$881,047,516	15,788	\$150,949,816	4,766	\$32,665,529	161,275	\$1,064,662,861
2015	142,562	\$900,243,023	15,218	\$146,760,981	4,664	\$32,888,662	162,444	\$1,079,892,666

Home Mortgage Insurance Premiums: Federal Provision Legislation: NA

Federal and state law allow an itemized deduction for mortgage insurance premiums for mortgage insurance issued after 2006. Federal law considers mortgage insurance premiums to be part of mortgage interest, and Montana law follows federal law on this point.

This deduction was set to sunset at the end of 2016. As of late 2016, Congress has not extended it.

The following table shows itemized deductions for mortgage insurance. For 2015, this deduction reduced general fund revenue by \$1,571,818, or \$2.49 per full-year resident taxpayer.

Qualified Mortgage Insurance Premiums								
	Residents		Nonresidents		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
2012	17,378	\$20,286,561	1,150	\$1,386,050	693	\$912,752	19,221	\$22,585,363
2013	21,297	\$29,921,640	1,453	\$1,906,673	948	\$1,488,023	23,698	\$33,316,336
2014	20,398	\$26,123,598	1,306	\$1,831,456	906	\$1,325,422	22,610	\$29,280,476
2015	20,738	\$27,804,697	1,177	\$1,782,136	843	\$1,322,613	22,758	\$30,909,446

Charitable Contributions: Federal Provision Legislation: NA

Federal and Montana law allows 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.

Itemized Deduction Expenditures

The following tables show itemized deductions for contributions for tax years 2007 through 2015. Itemized deductions for charitable contributions reduced 2015 income tax revenue to the state general fund by \$32,577,139, or \$51.53 per full-year resident taxpayer.

Contributions								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	147,981	\$458,318,428	16,737	\$1,356,904,314	4,012	\$11,644,667	168,730	\$1,826,867,409
2013	150,343	\$487,023,319	18,043	\$1,375,346,442	4,154	\$11,881,345	172,540	\$1,874,251,106
2014	149,283	\$435,494,624	18,516	\$515,994,391	4,163	\$11,867,165	171,962	\$963,356,180
2015	150,403	\$450,272,008	18,378	\$551,805,559	4,299	\$13,726,971	173,080	\$1,015,804,538

Noncash Contributions								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	65,204	\$68,366,539	8,708	\$177,502,381	2,780	\$5,131,176	76,692	\$251,000,096
2013	68,473	\$75,235,417	9,489	\$915,527,476	3,059	\$3,900,138	81,021	\$994,663,031
2014	68,964	\$79,790,146	9,759	\$371,406,540	3,092	\$5,645,390	81,815	\$456,842,076
2015	71,039	\$90,062,103	9,695	\$379,146,416	3,086	\$5,979,338	83,820	\$475,187,857

Carryover of Contributions from Previous Years								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	3,269	\$40,198,253	421	\$67,939,866	97	\$1,597,883	3,787	\$109,736,002
2013	3,314	\$36,604,717	534	\$444,543,991	94	\$321,170	3,942	\$481,469,878
2012	2,997	\$34,834,107	529	\$130,092,647	86	\$431,717	3,612	\$165,358,471
2013	2,778	\$35,565,096	481	\$122,379,344	75	\$362,590	3,334	\$158,307,030

Itemized Deduction Expenditures

Child and Dependent Care Expenses: 15-30-2131(1)(c), MCA **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 2007 through 2015. The itemized deduction for child and dependent care expenses reduced income tax revenue to the state general fund for 2015 by \$9,356, or \$0.01 per full-year resident taxpayer.

Child and Dependent Care Expenses								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	734	\$1,452,494	62	\$140,216	37	\$76,770	833	\$1,669,480
2013	703	\$1,447,271	70	\$145,804	49	\$109,360	822	\$1,702,435
2014	558	\$1,189,970	42	\$111,620	33	\$77,121	633	\$1,378,711
2015	484	\$1,050,416	27	\$46,766	33	\$73,996	544	\$1,171,178

Casualty and Theft Losses: Federal Provision **Legislation:** N/A

Federal and Montana law allows taxpayers an itemized deduction for the 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 expense 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 or protect property against theft, damage, or other losses.

The following table shows itemized deductions for casualty and theft losses for tax years 2007 through 2015. The itemized deduction for casualty and theft losses reduced income tax revenue to the state general fund for 2015 by \$182,112, or \$0.29 per full-year resident taxpayer.

Itemized Deduction Expenditures

Casualty and Theft Losses								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	337	\$7,131,478	27	\$648,528	15	\$92,764	379	\$7,872,770
2013	510	\$5,869,942	52	\$847,644	20	\$120,451	582	\$6,838,037
2014	475	\$5,096,735	52	\$1,670,297	22	\$471,616	549	\$7,238,648
2015	334	\$5,334,806	30	\$1,148,861	22	\$97,586	386	\$6,581,253

Political Contributions: 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 2007 through 2015. The itemized deduction for political contributions reduced income tax revenue to the general fund for 2015 by \$38,759, or \$0.06 per full-year resident taxpayer.

Political Contributions								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	8,774	\$1,082,429	296	\$39,241	121	\$14,181	9,191	\$1,135,851
2013	5,343	\$643,188	185	\$24,439	82	\$9,661	5,610	\$677,288
2014	6,683	\$840,852	208	\$27,772	97	\$10,767	6,988	\$879,391
2015	5,621	\$684,847	209	\$25,325	105	\$11,111	5,935	\$721,283

Special Treatment for Certain Types of Income

Special Treatment for Capital Gains: 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 and corporate dividends at lower rates than ordinary income. 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 of capital gains income 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 2007 through 2015. For 2015, the capital gains credit reduced income tax revenue to the general fund by \$35,433,670, or \$54.83 per full-year resident taxpayer. The reduction in revenue is less than the total amount of credits claimed because some taxpayers reach zero tax liability without using all of their credit.

Special Treatment for Certain Types of Income

Capital Gains Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2007	68,967	\$40,025,383	10,329	\$57,334,323	2,779	\$2,311,571	82,075	\$99,671,277
2008	41,242	\$26,151,925	8,031	\$165,782,551	1,442	\$1,354,969	50,715	\$193,289,445
2009	24,961	\$17,974,296	5,346	\$85,787,352	766	\$505,481	31,073	\$104,267,129
2010	31,812	\$19,642,186	7,340	\$296,606,874	1,043	\$1,073,029	40,195	\$317,322,089
2011	37,812	\$19,621,982	8,790	\$261,522,466	1,266	\$1,437,924	47,868	\$282,582,372
2012	50,139	\$31,235,460	10,891	\$267,092,173	1,615	\$1,285,846	62,645	\$299,613,479
2013	62,628	\$27,523,134	13,534	\$262,312,945	2,165	\$1,214,702	78,327	\$291,050,781
2014	68,897	\$38,921,806	15,472	\$333,043,375	2,476	\$1,404,501	86,845	\$373,369,682
2015	67,457	\$33,445,616	15,263	\$272,007,058	2,449	\$2,004,163	85,169	\$307,456,837

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.

Sometimes, a taxpayer will have a credit or combination of credits that is greater than their tax liability. If a credit is refundable, the taxpayer receives a direct subsidy equal to the difference between the credit and tax liability, and the cost to the general fund is the full amount of the credit. If a credit is non-refundable but has a carry-over provision, any excess of the credit over tax liability must be carried forward and applied against tax liability in a later year. The current cost to the general fund is limited to the tax liability of taxpayers claiming the credit, but some credits claimed one year may be carried forward and reduce general fund revenue in future years. Also, part of the credits claimed in the current year may have been carried forward from earlier years. If a credit is non-refundable and cannot be carried over, the cost to the general fund is limited by the current tax liability of taxpayers claiming the credit.

College Contribution Credit: 15-30-2301, 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 table to the left shows the portions of a \$100 contribution to an eligible college endowment fund that are ultimately paid by the donor, federal taxpayers, and state taxpayers, when the donor claims state and federal itemized deductions for the donation, when the donor claims the credit in addition to the federal deduction, and the difference due to the credit. The table assumes that the donor is in the top federal and state tax

\$100 Contribution to College Endowment Fund		
Taxpayer Claims Credit and Federal and State Deductions		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	\$32.91	\$33.83
State Tax Subsidy	\$16.90	\$14.57
Net Taxpayer Subsidy	\$49.81	\$48.40
Taxpayer Claims Federal and State Itemized Deductions		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	\$36.87	\$37.90
State Tax Subsidy	\$6.90	\$4.28
Net Taxpayer Subsidy	\$43.77	\$42.19
Difference Due to Credit		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	(\$3.96)	(\$4.07)
State Tax Subsidy	\$10.00	\$10.28
Net Taxpayer Subsidy	\$6.04	\$6.21

Tax Credits

brackets.

The itemized deductions reduce the donor's cost to about 55 percent of the donation, and the credit further reduces it to about 50 percent of the donation. The additional subsidy is less than the credit because claiming the credit reduces the itemized deductions that can be claimed for state taxes.

The following table shows college contribution credits claimed by individual taxpayers for tax years 2007 through 2015.

College Contribution Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	2,607	\$246,495	56	\$8,421	20	\$2,038	2,683	\$256,954
2013	2,662	\$269,473	51	\$6,142	24	\$1,872	2,737	\$277,487
2014	2,833	\$285,949	69	\$9,164	22	\$3,817	2,924	\$298,930
2015	2,942	\$306,734	60	\$10,230	26	\$5,649	3,028	\$322,613

In 2015, this credit cost the state general fund \$292,149. Taxpayers were unable to use \$30,464 of credits because the credit is non-refundable and cannot be carried forward. Without this credit, \$292,149 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 \$0.45 per full-year resident taxpayer.

Qualified Endowment Credit: 15-30-2327 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. The 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.

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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 Montana Code Annotated 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. Senate Bill 150 also extended the sunset date to the end of 2013. The 2013 Legislature (SB 108) extended the sunset date to the end of 2019.

The arrangements that can be used for planned gifts are defined in the IRS code, but there is no specific federal tax treatment of planned gifts 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 table below shows the portions of a \$100 contribution to an eligible endowment fund that are ultimately paid by a donor, and by federal and state taxpayers, when the donor claims state and federal itemized deductions for the donation, when the donor claims the state credit and the federal deduction, 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	\$23.76	\$24.43
State Tax Subsidy	\$40.00	\$38.31
Net Taxpayer Subsidy	\$63.76	\$62.74
Taxpayer Claims Federal and State Itemized Deductions		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	\$36.87	\$37.90
State Tax Subsidy	\$6.90	\$4.28
Net Taxpayer Subsidy	\$43.77	\$42.19
Difference Due to Credit		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	(\$13.11)	(\$13.48)
State Tax Subsidy	\$33.10	\$34.03
Net Taxpayer Subsidy	\$19.99	\$20.55

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 state credit and a federal itemized deduction receives a subsidy of a little more than 60 percent, with about two-thirds of the subsidy coming from state taxes.

The table on the next page shows qualified endowment credits claimed by individuals for tax years 2007 through 2015.

In 2015, credits claimed by individual taxpayers cost the state general fund \$2,371,255. Taxpayers were unable to use \$123,671 of credits because the credit is non-refundable and cannot be carried forward. Without the credit,

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\$2,371,255 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 \$3.67 per full-year resident taxpayer.

Qualified Endowment Contribution Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	578	\$2,049,386	10	\$23,368	0	\$0	588	\$2,072,754
2013	587	\$2,073,344	*	\$25,526	*	\$25,509	*	\$2,124,379
2014	613	\$2,471,140	10	\$30,592	*	\$9,279	*	\$2,511,011
2015	616	\$2,461,321	*	\$24,060	*	\$9,545	*	\$2,494,926

Energy Conservation Credit: 15-32-109 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 energy-conserving investments in a building. 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 seven 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 of Revenue began interpreting the limit of \$500 per taxpayer as allowing taxpayers who own a building together, such as a married couple, to each claim a credit for 25 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.

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 table below 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 Deductible		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	(\$9.90)	(\$10.18)
State Tax Subsidy	\$25.00	\$25.70
Net Taxpayer Subsidy	\$15.10	\$15.52

The table on the next page shows energy conservation credits from 2007 through 2015. The energy conservation credit is essentially a transfer from the state general fund to help a taxpayer purchase private property. In 2015, this credit cost the state general fund \$3,636,827.

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Taxpayers were unable to use \$592,787 of credits because the credit is non-refundable and cannot be carried forward. Without the credit, \$3,636,827 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 \$5.63 per full-year resident taxpayer.

Energy Conservation Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	9,464	\$4,510,918	0	\$0	96	\$51,064	9,560	\$4,561,982
2013	9,063	\$4,536,016	0	\$0	125	\$68,832	9,188	\$4,604,848
2014	8,499	\$4,360,886	0	\$0	116	\$71,689	8,615	\$4,432,575
2015	7,919	\$4,176,132	0	\$0	92	\$53,482	8,011	\$4,229,614

Use of the credit was higher in 2009 and 2010, when a 10 percent federal credit was available for many of the same expenditures that are eligible for this credit. Congress extended the credit, first through 2011 and then through 2012, but in both cases the extension was probably too late to have much of an effect on behavior.

Alternative Fuel Conversion Credit: 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 that is 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 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 no federal incentive for vehicle conversions, and a federal credit for the purchase of a new alternative fuel vehicle expired at the end of 2014.

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 itemizes, the credit will increase their federal taxes. This is because claiming the state credit will reduce the federal itemized deduction for state taxes. The table below shows the change in federal and state taxes 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 Deductible		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	(\$19.80)	(\$20.36)
State Tax Subsidy	\$50.00	\$51.40
Net Taxpayer Subsidy	\$69.80	\$68.95

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.

Tax Credits

The following table shows credits for tax years 2007 through 2015.

Alternative Fuel Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	22	\$14,778	0	\$0	*	\$500	*	\$15,278
2013	16	\$8,183	*	\$1,200	0	\$0	*	\$9,383
2014	16	\$9,905	*	\$3,880	*	\$909	*	\$14,694
2015	12	\$8,189	*	\$3,712	*	\$6,000	*	\$17,901

This credit is essentially a transfer from the state general fund to help a taxpayer purchase private property. In 2015, the individual income tax credit for alternative fuel vehicle conversion cost the state general fund \$5,314. Taxpayers were unable to use \$12,587 of credits because the credit is non-refundable and cannot be carried forward. Without the credit, either \$5,314 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 \$0.01 per full-year resident taxpayer.

Health Insurance for Uninsured Montanans Credit: 15-30-2367 and 15-31-132, MCA
Legislation: HB 693, 1991 Session

An employer with 20 or fewer employees may claim a credit against either income or corporate tax for paying at least 50 percent of the premium for up to ten 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

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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 2007 through 2015.

Health Insurance for Uninsured Montanans								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	162	\$171,365	*	\$269	0	\$0	*	\$171,634
2013	152	\$165,558	*	\$1,148	0	\$0	*	\$166,706
2014	101	\$121,701	*	\$11,119	0	\$0	*	\$132,820
2015	67	\$64,671	*	\$7,564	0	\$0	*	\$72,235

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 2015, the credit cost the state general fund \$59,840 in individual income tax revenue. Taxpayers were unable to use \$12,395 of credits because the credit is non-refundable and cannot be carried forward. Without the credit, \$59,840 would have been available for other programs or tax reductions. The cost of this credit was \$0.09 per full-year resident taxpayer.

Tax Credits

Elderly Care Credit: 15-30-2366, 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.

<u>Adjusted Gross Income</u>	<u>Credit</u>
\$25,000 or less	30% of qualifying expenses
\$25,001 to \$27,000	29% of qualifying expenses
\$27,001 to \$29,000	28% of qualifying expenses
\$29,001 to \$31,000	27% of qualifying expenses
\$31,001 to \$33,000	26% of qualifying expenses
\$33,001 to \$35,000	25% of qualifying expenses
\$35,001 to \$37,000	24% of qualifying expenses
\$37,001 to \$39,000	23% of qualifying expenses
\$39,001 to \$41,000	22% of qualifying expenses
\$41,001 to \$43,000	21% of qualifying expenses
\$43,001 to \$50,000	20% of qualifying expenses
Over \$50,000	20% of qualifying expenses - excess of MAGI over \$50,000

The family member being cared for must have income of \$15,000 or less if single or \$30,000 or less if married. The maximum credit is \$5,000 per family member and \$10,000 total. If a taxpayer's credit exceeds their tax liability, the excess is not refunded and may not be carried forward or backward to another tax year.

The credit was enacted by the 1989 Legislature (HB 166). The 1991 Legislature reduced the age for eligible family members from 70 to 65 and made other changes to the definitions of eligible family member and eligible costs (HB 750). Amendments by the 1995 Legislature (SB 345) merely updated references that changed with the creation of the Department of Public Health and Human Services.

This credit provides a partial subsidy for taxpayers with low or moderate income who are caring for a low-income elderly or disabled relative. Some costs that qualify for this credit could be claimed as itemized deductions, but taxpayers are not allowed to claim both the credit and an itemized deduction for the same costs. For costs that could not be claimed as an itemized deduction, the subsidy is the credit percentage found in the table above. For costs that could be claimed as an itemized deduction, the subsidy from the credit is the difference between the credit percentage and the taxpayer's marginal tax rate.

For example, a taxpayer with adjusted gross income of \$25,000, two exemptions, and taking the standard deduction would be in the top 6.9 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 percent 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 table on the following page shows use of the elderly care credit for tax years 2007 through 2015.

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 2015, this credit cost the state general fund \$16,553. Taxpayers were unable to use credits of \$39,174 because the credit is non-refundable and cannot be carried forward. Without the credit, \$16,553 would have been available to spend on other programs or to reduce taxes. The cost of this credit was \$0.03 per full-year resident taxpayer.

Elderly Care Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	47	\$52,714	0	\$0	0	\$0	47	\$52,714
2013	43	\$74,466	*	\$4,000	*	\$95	*	\$78,561
2014	41	\$59,626	0	\$0	*	\$4,500	*	\$64,126
2015	39	\$55,637	0	\$0	*	\$90	*	\$55,727

Recycling Credit: 15-32-601 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 in 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 more expensive investments, the percentage reduction is a declining function of the cost.

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 table on the next page 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	(\$9.90)	(\$10.18)
State Tax Subsidy	\$25.00	\$25.70
Net Taxpayer Subsidy	\$15.10	\$15.52

The following table shows use of the recycling credit by individuals for tax years 2007 through 2015. This credit is equivalent to a subsidy from the state general fund for the purchase of private property to be used in recycling. In 2015, the credit against individual income tax cost the state general fund \$161,426. Taxpayers were unable to use credits of \$120,493 because the credit is non-refundable and cannot be carried forward. Without the credit, \$161,426 would have been available to spend on other state programs or to reduce taxes. The cost to other taxpayers was \$0.25 per full-year resident taxpayer.

Recycling Credit									
	Residents		Nonresidents		Part-Year Residents		Total		
	N	\$	N	\$	N	\$	N	\$	
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
2012	85	\$368,940	*	\$9,606	*	\$400	*		\$378,946
2013	82	\$289,907	*	\$216	*	\$763	*		\$290,886
2014	97	\$548,118	*	\$14,872	*	\$285	*		\$563,275
2015	71	\$279,657	*	\$1,762	*	\$500	*		\$281,919

Oilseed Crushing and Biodiesel Production Facility Credit: 15-32-701 and 702, MCA
Legislation: HB 756, 2005 Session

Taxpayers are allowed a credit against individual income tax or corporate 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 bio-lubricants. 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 their tax liability, the excess credit will not be refunded, but may be carried forward for up to seven years as long as the facility continues to be used to crush oilseeds for biodiesel or lubricants or to produce biodiesel or bio-lubricants. If the facility ceases production for 12 months within five 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 2014, expanded the credit to include bio-lubricant 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.

Tax Credits

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 and the federal tax cost 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	(\$5.94)	(\$6.11)
State Tax Subsidy	\$15.00	\$15.42
Net Taxpayer Subsidy	\$9.06	\$9.31

Ten or fewer individuals have claimed the credit each year. The following table shows the total value of credits claimed by individuals for 2007 through 2015. No credits were claimed for 2009, 2010, 2012, 2014, and 2015.

Oilseed Crushing/Biodiesel Facility Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	0	\$0	0	\$0	0	\$0	0	\$0
2013	*	\$1	0	\$0	0	\$0	*	\$1
2014	0	\$0	0	\$0	0	\$0	0	\$0
2015	0	\$0	0	\$0	0	\$0	0	\$0

Biodiesel Blending and Storage Tank Credit: 15-32-703, MCA **Legislation: HB 776, 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 seven years as long as the facility continues to blend biodiesel. If the facility ceases production for 12 months within five 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.

Tax Credits

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.

\$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	(\$5.94)	(\$6.11)
State Tax Subsidy	\$15.00	\$15.42
Net Taxpayer Subsidy	\$9.06	\$9.31

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 table above shows the total state tax subsidy and the federal tax cost to a taxpayer in the top federal and state rate brackets for \$100 invested in biodiesel blending or storage facilities.

Fewer than ten individuals have claimed the credit each year. The following table shows the total value of credits taken by individuals in 2007 through 2015.

Biodiesel Blending/Storage Tank Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	0	\$0	0	\$0	0	\$0	0	\$0
2013	*	\$2,250	0	\$0	0	\$0	*	\$2,250
2014	0	\$0	0	\$0	0	\$0	0	\$0
2015	0	\$0	0	\$0	0	\$0	0	\$0

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. No credits were used or carried forward to future years in 2014 or 2015.

Tax Credits

Geothermal Heating System Credit: 15-32-115, MCA Legislation: SB 416, 1991 Session

Taxpayers are allowed a credit against individual income tax or corporate tax for up to \$1,500 of the 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 seven 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 language 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 in spec houses.

Through 2016, geothermal heating systems also are eligible for a federal tax credit of 30 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 30 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, which will partly offset the federal credit. This may result in a smaller state deduction for federal taxes. The following table shows the state and federal tax subsidies to a taxpayer in the top federal and state tax brackets who makes a \$5,000 investment in a geothermal heating system.

\$5,000 Expenditure for Geothermal Heating System		
Taxpayer Claims \$1,500 State Credit and 30% Federal Credit		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	\$906.00	\$931.45
State Tax Subsidy	\$1,500.00	\$1,435.73
Net Taxpayer Subsidy	\$2,406.00	\$2,367.18

The following table shows credit use in tax years 2007 through 2015.

Geothermal Energy System Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	224	\$344,548	0	\$0	*	\$14,752	*	\$359,300
2013	185	\$313,920	0	\$0	*	\$6,257	*	\$320,177
2014	156	\$238,535	0	\$0	*	\$12,000	*	\$250,535
2015	146	\$284,611	0	\$0	*	\$6,284	*	\$290,895

Tax Credits

This credit is equivalent to a transfer from the state general fund to taxpayers to pay part of the cost of residential heating systems. In 2015, this credit cost the state general fund \$159,433 and \$131,462 of credits were carried forward to future years. There were \$24,276 in credits carried forward from 2014 and claimed in 2015. Without the credit, \$159,433 would have been available to spend on other state programs or to reduce taxes. The credit cost \$0.25 per full-year resident taxpayer.

Alternative Energy Systems Credit: 15-32-201 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 below 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.

\$1,000 Alternative Energy System Expenditure		
Taxpayer Claims Credit, Expenses Not Deductible		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	\$102.00	\$104.87
State Tax Subsidy	\$500.00	\$492.76
Net Taxpayer Subsidy	\$602.00	\$597.63

Tax Credits

The following table shows credit use for tax year 2007 through 2015.

Alternative Energy System Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	858	\$642,288	0	\$0	15	\$11,800	873	\$654,088
2013	830	\$632,607	0	\$0	17	\$14,694	847	\$647,301
2014	800	\$617,949	0	\$0	22	\$19,904	822	\$637,853
2015	735	\$581,523	0	\$0	23	\$21,046	758	\$602,569

This credit is equivalent to a grant from the state general fund to pay part of the cost of private alternative energy systems. In 2015, the credit cost the state general fund \$505,090 and \$97,479 in credits were carried forward to future years. Fifty-five percent of credits were for wood and biomass systems, and 45 percent were for other types of systems. There were \$42,407 in credits carried forward from 2014 and claimed in 2015. Without the credit, \$505,090 would have been available to spend on other state programs or to reduce taxes. The cost was \$0.78 per full-year resident taxpayer.

Alternative Energy Production Credit: 15-32-401 through 15-32-407, MCA
Legislation: HB 780, 1983 Session

A taxpayer is allowed a credit against individual income tax or corporation income 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 seven 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

Tax Credits

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 following table 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.

\$1,000 Expenditure for Commercial Alternative Energy System		
Taxpayer Claims State and Federal Credits		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	\$161.40	\$165.93
State Tax Subsidy	\$350.00	\$338.55
Net Taxpayer Subsidy	\$511.40	\$504.48

The following table shows credit use for tax year 2007 through 2015.

Alternative Energy Production Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	*	\$11,684	0	\$0	0	\$0	*	\$11,684
2013	*	\$56	0	\$0	0	\$0	*	\$56
2014	*	\$1,310	0	\$0	0	\$0	*	\$1,310
2015	*	\$13,730	0	\$0	0	\$0	*	\$13,730

This credit is equivalent to a transfer from the state general fund to pay part of the cost of qualifying private property. In 2015, the credit against individual income tax cost the state general fund \$12,506. Credits of \$1,224 were carried forward to future years, but none of the credits claimed in 2015 were carried forward from 2014. The cost per full-year resident taxpayer is \$0.02.

Dependent Care Assistance Credit: 15-31-131 and 15-30-2373, MCA; 15-31-133 and 15-30-2365, MCA;
Legislation: SB 282, 1989 Session

Taxpayers may claim three related credits against individual income tax or corporation tax for providing daycare benefits to employees:

- 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 daycare or daycare 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.
- There is a credit for 25 percent of the cost of providing daycare information and referral services to employees.
- There is a credit for a portion of the cost of setting up a daycare 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 a ten-year period. The last year when this credit could be claimed was 2014.

Tax Credits

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 daycare 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 daycare 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 daycare assistance credit to 25 percent of costs with a limit of \$1,575 per employee and added the credits for daycare 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. With fewer deductions, the taxpayer's state taxes will be higher. 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 on a taxpayer in the top federal and state rate brackets.

\$100 Expenditure on Daycare 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	(\$7.17)	(\$7.37)
State Tax Subsidy	\$18.10	\$18.61
Net Taxpayer Subsidy	\$10.93	\$11.24

The following table shows the total value of credits claimed against individual income tax from tax years 2007 through 2015.

Dependent Care Assistance Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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	10	\$26,039	0	\$0	*	\$239	*	\$26,278
2012	10	\$95,590	*	\$122	*	\$253	*	\$95,965
2013	12	\$13,525	0	\$0	*	\$2,600	*	\$16,125
2014	*	\$13,528	0	\$0	0	\$0	*	\$13,528
2015	14	\$31,586	*	\$2,200	*	\$851	*	\$34,637

Tax Credits

This credit is equivalent to a transfer from the state general fund to taxpayers to cover part of the costs of providing daycare to employees' dependents. In 2015, credits against individual income tax cost the state general fund \$6,207, and \$28,430 in credits were carried forward to future years. None of the credits claimed in 2015 were carried forward from 2014. Without the credit, \$6,207 would have been available to spend on other state programs or to reduce taxes. The cost was \$0.01 per full-year resident taxpayer.

Historic Property Preservation Credit: 15-30-2342 and 15-31-151, MCA
Legislation: HB 601, 1997 Session

Taxpayers may take a credit against either individual income tax or corporate income 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 either be in the National Register of Historic Buildings or be in a designated historic district and have been certified by the Department of the 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.

\$1,000 Expenditure for Historic Building Rehabilitation		
Taxpayer Claims State and Federal Credits		
	Deduction for Federal Taxes	
	Capped	Not Capped
Federal Tax Subsidy	\$180.20	\$185.26
State Tax Subsidy	\$50.00	\$37.22
Net Taxpayer Subsidy	\$230.20	\$222.48

Tax Credits

The following table shows credits taken against individual income tax for tax years 2007 through 2015.

Historic Property Preservation Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	21	\$199,776	*	\$32,291	0	\$0	*	\$232,067
2013	32	\$492,477	13	\$63,320	0	\$0	45	\$555,797
2014	21	\$443,810	11	\$53,875	0	\$0	32	\$497,685
2015	16	\$363,789	46	\$241,925	0	\$0	62	\$605,714

This credit effectively is a subsidy from the state general fund for rehabilitation of privately-owned real estate. In 2015, credits against the individual income tax cost the state general fund \$99,411, and credits of \$506,303 were carried forward to be used in future years. There were \$342,278 in credits claimed for 2015 that had been carried forward from 2014. Without the credit, \$99,411 would have been available to spend on other programs or to reduce taxes. The cost was \$0.15 per full-year resident taxpayer.

Infrastructure Users Fee Credit: 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 also 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 table below shows the net change in federal and state taxes and the net subsidy 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	(\$39.60)	(\$40.71)
State Tax Subsidy	\$100.00	\$102.81
Net Taxpayer Subsidy	\$60.40	\$62.10

The following table shows credits against individual income tax for tax years 2007 through 2015.

Infrastructure User Fee Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	*	\$20,990	*	\$11,023	0	\$0	*	\$32,013
2013	*	\$21,203	*	\$17,211	0	\$0	*	\$38,414
2014	10	\$27,269	*	\$9,327	0	\$0	*	\$36,596
2015	13	\$2,832,145	*	\$10,755	0	\$0	*	\$2,842,900

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 select 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 2015, infrastructure users fee credits against individual income tax cost the state general fund \$1,621,555, and \$1,221,345 in credits were carried forward to be used in future years. There were \$8,442 in credits claimed for 2015 that had been carried forward from 2014. Without the credit, \$1,621,555 would have been available to spend on other state programs or to reduce taxes. The cost was \$2.51 per full-year resident taxpayer.

Empowerment Zone Credit: 15-30-2356 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 corporate income 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 7-21-3701 through 3704, MCA, and conditions to become certified to receive the credit are in 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.

Tax 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 tax years 2007 through 2015.

Empowerment Zone Credit									
	Residents		Nonresidents		Part-Year Residents		Total		
	N	\$	N	\$	N	\$	N	\$	
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	
2012	0	\$0	0	\$0	0	\$0	0	\$0	
2013	0	\$0	0	\$0	0	\$0	0	\$0	
2014	0	\$0	0	\$0	0	\$0	0	\$0	
2015	0	\$0	0	\$0	0	\$0	0	\$0	

No credits were claimed for 2015.

Research Credit (Expired): 15-31-150 and 15-30-2358, MCA
Legislation: HB 638, 1999 Session

Through 2010, Montana provided a 5 percent credit against individual income tax or corporate income tax for any increase in Montana research expenditures over the taxpayer's baseline. After 2010, no new credits may be claimed, but unused credits may be carried forward for up to 15 years.

The credit was tied to provisions of the federal research credit in Section 41 of the IRS code, which expired at the end of 2011.

The following table shows credits against individual income tax for tax years 2007 through 2015.

Research Activities Credit									
	Residents		Nonresidents		Part-Year Residents		Total		
	N	\$	N	\$	N	\$	N	\$	
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	
2012	*	\$125,170	*	\$5,253	0	\$0	*	\$130,423	
2013	*	\$73,983	*	\$5,240	0	\$0	*	\$79,223	
2014	*	\$72,474	*	\$5,240	0	\$0	*	\$77,714	
2015	*	\$72,462	*	\$5,235	0	\$0	*	\$77,697	

Tax Credits

The credit is essentially a transfer from the state general fund to pay 5 percent of a taxpayer's eligible research costs. In 2015, individuals claimed \$77,697 in credits that had been carried forward from previous years. The cost to the state general fund was \$72,509, and \$5,188 of these credits were carried forward to be used in future years. Without the credit, \$72,509 would have been available to spend on other state programs or to reduce taxes. The cost was \$0.01 per full-year resident taxpayer.

Mineral Exploration Credit: 15-32-501 through 15-32-510, MCA
Legislation: SB 265, 1999 Session

Taxpayers are allowed a credit against individual or corporate income tax for the full amount of solid mineral or coal exploration expenditures 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 deducted 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	(\$39.60)	(\$40.71)
State Tax Subsidy	\$100.00	\$102.81
Net Taxpayer Subsidy	\$60.40	\$62.10

Fewer than ten individuals claimed the credit in each of tax years 2005 through 2009 and 2011 through 2015. The table on the following page shows the total value of mineral exploration credits against individual income tax for tax years 2007 through 2015.

Tax Credits

With this credit, the state general fund will pay up to \$20 million of private exploration costs for a new mine.

Mineral Exploration Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	0	\$0	*	\$5,331,680	0	\$0	*	\$5,331,680
2013	*	\$684	0	\$0	0	\$0	*	\$684
2014	0	\$0	0	\$0	0	\$0	0	\$0
2015	0	\$0	0	\$0	0	\$0	0	\$0

No credits were claimed for 2015.

Film Employment and Expenditure Credits (Expired): 15-31-901 through 15-31-911, MCA
Legislation: HB 584, 2005 Session

Through 2014, taxpayers were allowed a credit against income or corporate income tax for 14 percent of the first \$50,000 of compensation paid to each Montana resident employed and for 9 percent of purchases in Montana for a state-certified film production. The credit for purchases was non-refundable, and no credits can be claimed on returns for 2015 and later. If a taxpayer claimed the credit for employment and it was more than their tax liability, they were required to make an irreversible election to either have the credit refunded or to carry it forward for up to four years. Thus, credits claimed for 2014 may be carried forward and claimed on returns for years through 2018.

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).

The following table shows credits claimed on timely-filed individual income tax returns for 2007 through 2014.¹ No credit carried over from earlier years were claimed in 2015.

Film Employment and Expenditure Credits								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
2007	31	\$43,292	*	\$2,046	0	\$0	*	\$45,338
2008	*	\$29,230	*	\$11,867	0	\$0	*	\$41,097
2009	*	\$19,047	*	\$6,188	0	\$0	*	\$25,235
2010	*	\$28,697	0	\$0	0	\$0	*	\$28,697
2011	*	\$25,383	*	\$2,389	0	\$0	*	\$27,772
2012	*	\$23,924	*	\$23,924	0	\$0	*	\$47,848
2013	*	\$70,541	0	\$0	0	\$0	*	\$70,541
2014	*	\$63,340	*	\$31,804	0	\$0	*	\$95,144

¹ Additional credits have been claimed on late returns.

Tax Credits

Insure Montana Small Business Health Insurance Credit: 15-30-2368; 15-31-130; 33-22-2006, MCA
Legislation: HB 667, 2005 Session

The Insure Montana credit used an appropriation from cigarette and tobacco tax revenue to fund a program of subsidies and income tax credits for small employers who provided group health insurance for their employees. The 2015 Legislature did not appropriate any funds for this program. Although the credit remains in law, no credits will be claimed after 2015 unless a future legislature chooses to appropriate funds for it.

There is a similar federal credit, but it may only be claimed for two years.

To have claimed the credit, an employer must have had between two and nine employees, have met other eligibility requirements, and have provided group health insurance for its employees through a state pool. An employer may have claimed a credit of a) up to 50 percent of total premiums the employer paid for the plan or b) up to \$100 per month per covered employee (\$125 if the average age was at least 45), up to \$100 per month per covered spouse, and up to \$40 per other covered dependent. An employer that had not offered group health insurance in the last two years may have taken premium assistance payments instead.

A taxpayer who claimed the credit may not also take the normal business expense deduction for employee health insurance costs.

An individual may have claimed the credit for insurance purchased by a sole-proprietor business or may have claimed a share of the credit for insurance purchases by a pass-through entity.

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 percent - 6.9 percent = 43.1 percent 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 cost 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	(\$17.07)	(\$17.55)
State Tax Subsidy	\$43.10	\$44.31
Net Taxpayer Subsidy	\$26.03	\$26.76

\$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

The following table shows credits claimed against individual income tax in tax years 2007 through 2015.

Insure Montana Small Business Health Insurance Credit								
	Residents		Nonresidents		Part-Year Residents		Total	
	N	\$	N	\$	N	\$	N	\$
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
2012	644	\$1,876,550	24	\$31,140	*	\$755	*	\$1,908,445
2013	585	\$2,028,400	25	\$31,182	*	\$13,782	*	\$2,073,364
2014	425	\$1,423,875	26	\$39,380	*	\$1,953	*	\$1,465,208
2015	373	\$1,299,496	24	\$35,248	*	\$2,544	*	\$1,337,288

The credit was paid to taxpayers from the general fund, but the general fund was 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 reduced funds available for other programs.

In 2015, taxpayers claimed credits of \$1,337,288 or \$2.07 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: 15-30-2364, 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 2015, the maximum federal adoption credit is \$13,400. A taxpayer who takes both the state and federal credits will be reimbursed for up to \$14,400 of the costs of adopting a child. If the actual costs are less than the federal credit, the state credit will provide a double reimbursement for \$1,000 of costs.

Tax Credits

There is no itemized deduction for adoption 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	\$12,574.00	\$12,927.22
State Tax Subsidy	\$1,000.00	\$108.02
Net Taxpayer Subsidy	\$11,574.00	\$12,819.20

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 tax years 2007 through 2015.

Adoption Credit								
	Residents		Nonresidents		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
2012	178	\$189,721	20	\$22,245	*	\$6,418	*	\$218,384
2013	186	\$210,765	22	\$23,320	10	\$9,998	218	\$244,083
2014	180	\$257,945	23	\$24,030	14	\$15,000	217	\$296,975
2015	183	\$219,789	23	\$27,367	10	\$10,594	216	\$257,750

In 2015, taxpayers used credits of \$167,182 and carried forward credits of \$90,568 to be used in future years. There were \$98,402 in credits claimed in 2015 that were carried forward from 2014. Without the credit, \$167,182 would have been available to spend on other state programs or to reduce taxes. The cost was \$0.26 per full-year resident taxpayer.

Elderly Homeowner/Renter Credit: 15-30-2337 through 15-30-2341, MCA
Legislation: SB 337, 1981 Session

Taxpayers who are age 62 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 credit refunds part or all of property taxes that are more than a smaller percent of income. For taxpayers with income between \$2,000 and \$2,999, the credit refunds part or all of property taxes that are more than 0.6 percent of income. 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.

Tax Credits

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 taxpayers' 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

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.

Tax Credits

The following table shows the credits claimed with income tax returns for 2007 through 2015.

Elderly Homeowner/Renter Credit									
	Residents		Nonresidents		Part-Year Residents		Total		
	N	\$	N	\$	N	\$	N	\$	
2007	16,071	\$7,589,205	*	\$2,725	30	\$14,580	*		\$7,606,510
2008	16,698	\$8,252,383	*	\$2,334	30	\$14,719	*		\$8,269,436
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
2012	14,906	\$7,183,795	*	\$2,109	21	\$8,283	*		\$7,194,187
2013	13,756	\$6,608,064	0	\$0	22	\$11,303	13,778		\$6,619,367
2014	12,660	\$6,065,006	*	\$1,026	16	\$5,740	*		\$6,071,772
2015	12,733	\$6,182,410	0	\$0	21	\$10,510	12,754		\$6,192,920

Additional credits were claimed by taxpayers who did not file income tax returns. For 2015, the elderly homeowner/ renter credit cost the state general fund \$7,824,163, or \$12.38 per full year resident taxpayer.

Credit for Other States' Taxes: 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 non-resident or part-year resident computes Montana income tax on their entire income and then multiplies that by the percentage of income earned in Montana to give Montana tax liability. A part-year resident is then allowed a credit for income tax paid to another state on income also taxed 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 tax years 2007 through 2015.

Other State's Tax Credit									
	Residents		Nonresidents		Part-Year Residents		Total		
	N	\$	N	\$	N	\$	N	\$	
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
2012	10,497	\$23,668,111	0	\$0	223	\$192,211	10,720		\$23,860,322
2013	12,202	\$27,082,006	0	\$0	268	\$217,481	12,470		\$27,299,487
2014	12,772	\$31,205,001	0	\$0	684	\$757,794	13,456		\$31,962,795
2015	13,301	\$31,375,448	0	\$0	925	\$855,861	14,226		\$32,231,309

Tax Credits

For 2015, the credit for other states' taxes cost the state general fund \$32,077,965, and \$153,344 in credits were unused because taxpayers had more credits than tax liability. The cost to the general fund was \$49.64 per full-year resident taxpayer.

Emergency Lodging Credit: 15-31-171 and 15-30-2381, 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. If the credit is more than the taxpayer's tax liability, the excess can be refunded.

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 2015 Legislature expanded the credit to cover lodging provided to families as well as individuals.

The following table shows income tax credits claimed in tax years 2008 through 2015. Fewer than 10 taxpayers have claimed the credit each year, and credits have only been claimed in 2008, 2011, 2014, and 2015.

Emergency Lodging Credit										
	Residents		Nonresidents		Part-Year Residents		Total			
	N	\$	N	\$	N	\$	N	\$	N	\$
2008	*	\$396	0	\$0	*	\$320	*		*	\$716
2009	0	\$0	0	\$0	0	\$0	0		0	\$0
2010	0	\$0	0	\$0	0	\$0	0		0	\$0
2011	*	\$863	*	\$150	0	\$0	*		*	\$1,013
2012	0	\$0	0	\$0	0	\$0	0		0	\$0
2013	0	\$0	0	\$0	0	\$0	0		0	\$0
2014	*	\$500	0	\$0	0	\$0	*		*	\$500
2015	*	\$247	*	\$180	*	\$90	*		*	\$517

Unlocking State Lands Credit: 15-30-2380, MCA
Legislation: HB 444, 2013 Session

A taxpayer is allowed a credit of \$750 for allowing recreational access across the taxpayer's property to an isolated parcel of state land or federal land managed by the Forest Service or the Bureau of Land Management. Access must be granted by a contract between the landowner and the Department of Fish, Wildlife, and Parks. A taxpayer granting access across multiple parcels is limited to a maximum of \$3,000 in credits. If a property has multiple owners, they are to share a single credit for granting access. If the credit is more than the taxpayer's tax liability, the excess is to be refunded.

Tax Credits

This credit was enacted by the 2013 Legislature, and was first available for 2014. Senate Bill 309, enacted by the 2015 Legislature, increased the maximum credit per taxpayer from \$2,000 to \$3,000 and expanded coverage to providing access to federal land. The credit sunsets at the end of 2020.

This credit is equivalent to an annual lease payment of \$750 for an easement across private land.

The following table shows credits claimed for 2014 and 2015. For 2015, this credit reduced general fund revenue by \$1,239, or \$0.002 per full-year resident taxpayer.

Unlocking State Lands Credit									
Residents		Nonresidents		Part-Year Residents		Total			
	<u>N</u>	<u>\$</u>	<u>N</u>	<u>\$</u>	<u>N</u>	<u>\$</u>	<u>N</u>	<u>\$</u>	
2014	*	\$1,086	0	\$0	0	\$0	*	\$1,086	
2015	*	\$1,086	*	\$153	0	\$0	*	\$1,239	

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. The table on the following page 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 federal law 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 following the Tax Expenditures by Function tables 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.

PIT - Tax Expenditures by Summary

Income Tax Expenditures by Function or Purpose Tax Year 2014 (\$ million)

Function	Federal Adjustment to Income	State Adjustments to Income	Itemized Deductions	Credits	Total
Required by Federal Law	\$0.0	\$9.3	\$0.0	\$0.0	\$9.3
Subsidize Tax to Another Level of Government	\$4.5	\$0.0	\$97.9	\$32.0	\$134.4
Subsidize Health Care and Other Human Services	\$10.1	\$1.2	\$29.9	\$2.0	\$43.2
Subsidize Retirement Saving	\$7.8	\$0.0	\$0.0	\$0.0	\$7.8
Subsidize Education	\$3.2	\$0.7	\$0.0	\$0.0	\$3.9
Subsidize Energy Conservation, Alternative Energy, Recycling	\$0.0	\$0.0	\$0.0	\$5.9	\$5.9
Subsidize Business Investment	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subsidize Home Ownership	\$0.0	\$0.0	\$55.0	\$0.0	\$55.0
Subsidize Charitable Giving	\$0.0	\$0.0	\$33.5	\$2.8	\$36.3
Subsidize Agriculture	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subsidize Specific Types of Business	\$3.5	\$0.0	\$1.7	\$6.4	\$11.7
Income Support	\$0.0	\$21.3	\$0.0	\$6.1	\$27.3
Other or Multiple Purpose	\$0.0	\$5.0	\$0.4	\$43.4	\$48.9
Total	\$29.1	\$37.6	\$218.4	\$98.6	\$383.7

Income Tax Expenditures by Function or Purpose Tax Year 2015 (\$ million)

Function	Federal Adjustment to Income	State Adjustments to Income	Itemized Deductions	Credits	Total
Required by Federal Law	\$0.0	\$8.6	\$0.0	\$0.0	\$8.6
Subsidize Tax to Another Level of Government	\$4.3	\$0.0	\$95.9	\$32.2	\$132.5
Subsidize Health Care and Other Human Services	\$10.4	\$1.2	\$29.4	\$1.8	\$42.7
Subsidize Retirement Saving	\$7.3	\$0.0	\$0.0	\$0.0	\$7.3
Subsidize Education	\$3.0	\$0.7	\$0.0	\$0.0	\$3.7
Subsidize Energy Conservation, Alternative Energy, Recycling	\$0.0	\$0.0	\$0.0	\$5.4	\$5.5
Subsidize Business Investment	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subsidize Home Ownership	\$0.0	\$0.0	\$51.9	\$0.0	\$51.9
Subsidize Charitable Giving	\$0.0	\$0.0	\$32.6	\$2.8	\$35.4
Subsidize Agriculture	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Subsidize Specific Types of Business	\$3.8	\$0.0	\$1.4	\$9.4	\$14.7
Income Support	\$0.0	\$18.7	\$0.0	\$6.2	\$24.9
Other or Multiple Purpose	\$0.0	\$3.3	\$0.4	\$38.7	\$42.5
Total	\$28.9	\$32.6	\$211.7	\$96.6	\$369.7

PIT - Tax Expenditures by Summary

Income Tax Expenditures by Household Income Tax Year 2014
(\$ million)

Residents	Returns		Total Household Income*		Tax		Passive Federal		State Adjustments		Itemized Deductions		Credits		Total	
	Income range	Taxpayers	\$ million	% of Total	\$ million	% of Total	Adjustments to Income	% of Total	\$ million	% of Total	\$ million	% of Total	\$ million	% of Total	\$ million	% of Total
Less than \$0	4,640	6,503	-\$181.3	-0.7%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%	\$1.1	1.1%	\$1.1	0.3%
\$0 to \$6,499	44,586	48,382	\$149.4	0.5%	\$0.1	0.0%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%	\$2.7	2.8%	\$2.7	0.7%
\$6,500 to \$12,735	44,584	49,809	\$428.7	1.5%	\$0.2	0.2%	\$0.1	0.3%	\$0.2	0.6%	\$0.1	0.0%	\$1.8	1.8%	\$1.8	0.6%
\$12,736 to \$19,200	44,585	51,955	\$710.1	2.5%	\$6.5	0.6%	\$0.2	0.7%	\$0.9	2.2%	\$0.5	0.3%	\$1.3	1.4%	\$3.0	0.8%
\$19,201 to \$26,472	44,585	53,849	\$1,013.4	3.6%	\$15.1	1.4%	\$0.4	1.5%	\$2.3	5.3%	\$1.8	0.9%	\$1.1	1.1%	\$5.6	1.5%
\$26,473 to \$35,447	44,586	56,611	\$1,370.6	4.9%	\$28.8	2.7%	\$0.9	3.0%	\$3.8	8.9%	\$5.6	2.7%	\$1.2	1.2%	\$11.4	3.0%
\$35,448 to \$47,530	44,585	61,507	\$1,836.9	6.6%	\$48.4	4.6%	\$1.5	5.1%	\$4.5	10.6%	\$13.3	6.4%	\$1.7	1.7%	\$21.0	5.6%
\$47,531 to \$63,142	44,584	67,842	\$2,451.7	8.8%	\$74.3	7.1%	\$2.3	7.8%	\$5.8	13.6%	\$22.1	10.7%	\$2.6	2.6%	\$32.8	8.7%
\$63,143 to \$83,952	44,585	75,774	\$3,256.7	11.7%	\$109.6	10.4%	\$3.0	10.5%	\$7.2	16.8%	\$33.9	16.4%	\$4.0	4.1%	\$48.2	12.8%
\$83,953 to \$116,885	44,583	81,399	\$4,392.3	15.8%	\$167.1	15.9%	\$4.4	15.0%	\$7.7	18.0%	\$47.1	22.8%	\$6.8	6.9%	\$65.9	17.5%
\$116,886 to \$138,988	14,861	27,810	\$1,885.2	6.8%	\$79.2	7.5%	\$2.2	7.5%	\$2.7	6.2%	\$18.9	9.2%	\$3.9	4.0%	\$27.7	7.3%
\$138,989 to \$192,196	14,861	27,778	\$2,385.6	8.6%	\$107.9	10.2%	\$3.2	11.1%	\$2.6	6.2%	\$21.5	10.4%	\$7.0	7.1%	\$34.4	9.1%
Over \$192,196	14,862	27,581	\$6,472.5	23.2%	\$343.5	32.6%	\$9.6	32.8%	\$2.8	6.5%	\$33.3	16.1%	\$5.4	5.8%	\$103.0	27.3%
Resident Total	450,488	636,800	\$26,171.8	93.9%	\$982.5	93.2%	\$27.7	95.2%	\$40.5	95.0%	\$198.2	95.9%	\$92.6	94.0%	\$359.1	95.3%
Nonresidents	50,454	77,560	\$1,099.0	3.9%	\$49.0	4.7%	\$1.0	3.4%	\$1.3	3.1%	\$5.2	2.5%	\$5.1	5.1%	\$12.5	3.3%
Part-Year Residents	24,563	32,635	\$600.8	2.2%	\$22.7	2.1%	\$0.4	1.4%	\$0.8	1.8%	\$3.2	1.6%	\$0.9	0.9%	\$5.3	1.4%
Total	525,505	746,995	\$27,871.6	100.0%	\$1,054.2	100.0%	\$29.1	100.0%	\$42.6	100.0%	\$206.6	100.0%	\$98.6	100.0%	\$376.9	100.0%

*Montana Source Income for Nonresidents and Part-Year Residents

Income Tax Expenditures by Household Income Tax Year 2015
(\$ million)

Residents	Returns		Total Household Income*		Tax		Passive Federal		State Adjustments		Itemized Deductions		Credits		Total	
	Income range	Taxpayers	\$ million	% of Total	\$ million	% of Total	Adjustments to Income	% of Total	\$ million	% of Total	\$ million	% of Total	\$ million	% of Total	\$ million	% of Total
Less than \$0	4,906	7,001	-\$215.4	-0.8%	\$0.0	0.0%	\$0.1	0.4%	\$0.3	1.0%	\$0.5	0.2%	\$1.1	1.2%	\$2.1	0.6%
\$0 to \$6,567	45,376	49,370	\$151.3	0.5%	\$0.1	0.0%	\$0.1	0.4%	\$0.2	0.7%	\$0.4	0.2%	\$2.8	2.9%	\$3.5	1.0%
\$6,568 to \$12,993	45,375	50,529	\$444.4	1.6%	\$2.1	0.2%	\$0.2	0.8%	\$0.6	1.9%	\$0.7	0.3%	\$1.9	1.9%	\$3.4	0.9%
\$12,994 to \$19,695	45,375	52,757	\$740.1	2.6%	\$7.1	0.6%	\$0.4	1.4%	\$1.2	3.6%	\$1.5	0.7%	\$1.4	1.4%	\$4.4	1.2%
\$19,696 to \$27,067	45,375	54,495	\$1,058.9	3.7%	\$16.4	1.5%	\$0.6	2.2%	\$2.0	6.2%	\$3.0	1.4%	\$1.0	1.1%	\$6.7	1.8%
\$27,068 to \$36,090	45,375	57,188	\$1,422.9	5.0%	\$31.1	2.9%	\$1.0	3.6%	\$2.7	8.4%	\$7.1	3.4%	\$1.1	1.2%	\$12.0	3.3%
\$36,091 to \$48,192	45,374	61,858	\$1,899.3	6.7%	\$51.5	4.7%	\$1.6	5.4%	\$3.2	9.8%	\$14.1	6.7%	\$1.5	1.5%	\$20.4	5.5%
\$48,193 to \$63,957	45,375	68,332	\$2,529.0	8.9%	\$78.1	7.2%	\$2.3	7.8%	\$3.8	11.7%	\$23.1	11.0%	\$2.4	2.5%	\$31.6	8.6%
\$63,958 to \$85,073	45,375	76,685	\$3,355.0	11.7%	\$114.2	10.5%	\$2.9	10.1%	\$4.6	14.2%	\$34.2	16.3%	\$4.1	4.2%	\$45.8	12.4%
\$85,074 to \$118,466	45,375	83,062	\$4,529.5	15.9%	\$173.0	15.9%	\$4.2	14.5%	\$4.9	15.1%	\$46.8	22.2%	\$6.4	6.6%	\$62.2	16.9%
\$118,467 to \$140,714	15,125	28,481	\$1,942.3	6.8%	\$81.7	7.5%	\$2.0	7.0%	\$1.8	5.8%	\$18.6	8.8%	\$3.4	3.5%	\$25.8	7.0%
\$140,715 to \$194,313	15,125	28,376	\$2,456.7	8.6%	\$111.5	10.2%	\$3.1	10.6%	\$1.9	5.7%	\$21.3	10.1%	\$6.9	7.1%	\$33.0	9.0%
Over \$194,313	15,125	28,123	\$6,570.6	23.0%	\$351.7	32.3%	\$9.1	31.4%	\$2.4	7.5%	\$32.2	15.3%	\$5.5	5.7%	\$99.2	26.9%
Resident Total	458,656	646,257	\$26,882.5	94.1%	\$1,018.5	93.4%	\$27.6	95.6%	\$29.8	91.3%	\$203.4	96.7%	\$89.5	92.6%	\$350.2	95.1%
Nonresidents	51,896	79,509	\$1,038.4	3.6%	\$47.6	4.4%	\$1.0	3.5%	\$2.3	7.0%	\$4.8	2.3%	\$5.7	5.9%	\$13.8	3.8%
Part-Year Residents	26,620	34,821	\$636.6	2.2%	\$24.2	2.2%	\$0.3	0.9%	\$0.5	1.7%	\$2.1	1.0%	\$1.4	1.4%	\$4.3	1.2%
Total	537,172	760,587	\$28,557.5	100.0%	\$1,090.4	100.0%	\$28.9	100.0%	\$32.6	100.0%	\$210.3	100.0%	\$96.6	100.0%	\$368.3	100.0%

*Montana Source Income for Nonresidents and Part-Year Residents

Following is a list of expenditures that reduce tax liability for corporate income 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 15-31-324, 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 income 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 424 in tax year 2014, 395 in tax year 2013, 365 in tax year 2012, 293 in tax year 2011, 230 in tax year 2010, and 221 in tax year 2009.

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:

- Requiring all domestically (U.S.) incorporated affiliates be included, even if less than 20 percent of their payroll and property is in the United States;
- 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 U.S.;
- 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
- Requiring all the income considered U.S. 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 fact that the number of water’s edge filers has almost doubled over the last six years.

Montana Deductions

Energy-Conserving Investments Deduction (15-32-103, MCA)

A corporate taxpayer may deduct a portion of expenditures on capital investment in a building for an energy conservation purpose from gross corporate income. If the building is a residential building, the taxpayer

may deduct 100 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 percent of \$1,000 plus 50 percent of \$1,000 plus 20 percent of \$1,000 plus 10 percent 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 percent of \$2,000 plus 50 percent 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 percent of \$2,000 plus 50 percent of \$2,000 plus 20 percent of \$2,000 plus 10 percent 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.

The deduction was established in 1975 in HB 663.

Deduction for Purchasing Montana-Produced Organic Fertilizer and Inorganic Fertilizer Produced as a Byproduct (15-32-303, MCA)

In addition to all the other allowed deductions from gross corporate income, a taxpayer may deduct expenditures for organic fertilizer and inorganic fertilizer produced as a byproduct, if the fertilizer was made and used in Montana. The purpose of this deduction is to promote the use of inorganic byproducts and organic matter produced by Montana industries. The deduction was established in 1981 by passage of SB 322.

Deduction for Donation of Exploration Information (15-32-510, MCA)

A taxpayer may deduct expenses from the donation of mineral exploration information to the Montana Tech Foundation to reside in the Montana Tech research library. Montana Tech has the right to limit what information is accepted and what deductions are granted. The documented expenses must be based on the cost of recreating the donated information. If the exploration incentive credit is also claimed by the taxpayer, then this deduction is limited to 20 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 (15-32-609 and 15-32-610, MCA)

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. The deduction originally began in 1991 through passage of SB 111.

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 \$15,121,827. At the general tax rate of 6.75 percent, this is a reduction in tax revenue of \$1,020,723.

Capital Gain Exclusion for Mobile Home Park (15-31-163, MCA)

A taxpayer may exclude a portion of the recognized gain from sale of a mobile home park from taxable corporate income or taxable individual income if the sale is to a tenants' association or a mobile home park residents' association; a nonprofit organization that purchases a mobile home park on behalf of a tenants' association or mobile home park residents' association; a county housing authority; or, a municipal housing authority. The exclusion of recognized capital gain is limited to 50 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, MCA, 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 income 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 income 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 seven 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 year and are on a tax year basis for the last six years shown.

The 2013 Legislature approved a new tax credit (HB 444) which provides a refundable individual income tax credit or a corporate income tax credit of \$500 for qualified access to state land that was previously not accessible to the public. The total of all of these credits that can be claimed by one taxpayer is not to exceed \$2,000. The credit can be claimed in tax years beginning after 2013, so there is not any information available yet on credits claimed by corporate income taxpayers. The credit terminates December 31, 2018.

College Contribution Credit (15-30-2326, MCA)

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 the donation was made in and no carry forward or carry back is allowed.

College Contribution Credit		
Year	Number of Credits Claimed	Total Credits Claimed
2008	28	\$6,265
2009	22	\$4,466
2010	25	\$5,605
2011	24	\$5,874
2012	28	\$9,020
2013	28	\$6,173
2014	31	\$19,300

The table shows credits claimed on corporate tax returns by fiscal year for 2008 and by tax year for 2009 through 2014.

The credit was established in the 1991 legislative session by passage of HB 894.

Contractor's Gross Receipts (15-50-207, MCA)

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 corporate income 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 2008 and by tax year for 2009 through 2014.

The credit was established in the 1967 legislative session by HB 530.

Charitable Endowment Credit (15-31-161 and 15-31-162, MCA)

A qualified endowment is a permanent fund held by or on behalf of a 501(c)(3) charitable organization. A planned gift is one of nine types of arrangements specified in the IRS code that generally provide income to the donor for life or a set period and then the remainder goes to the charity. Individual taxpayers are allowed a credit of 40 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.

The 2013 Legislature passed SB 108 which extends the credit through 2019. Among other changes, the legislation made the definition of a "permanent, irrevocable fund" which can accept donations eligible for the credit refer to the Uniform Prudent Management of Institutional Funds Act (Title 72, Chapter 30).

The table shows credits claimed on corporate tax returns by fiscal year for 2008 and by tax year for 2009 through 2014.

House Bill 434, which was passed in the 1997 legislative session, created the credit.

Alternative Fuel Motor Vehicle Conversion Credit (15-30-2320, MCA)

Taxpayers are allowed a credit against individual income tax or corporate income 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

Contractor's Gross Receipts		
Year	Number of Credits Claimed	Total Credits Claimed
2008	106	\$1,393,906
2009	90	\$1,318,876
2010	91	\$906,127
2011	110	\$531,807
2012	104	\$763,534
2013	103	\$613,274
2014	96	\$645,615

Charitable Endowment Credit		
Year	Number of Credits Claimed	Total Credits Claimed
2008	46	\$174,337
2009	30	\$94,889
2010	14	\$42,830
2011	15	\$45,913
2012	20	\$60,406
2013	26	\$50,704
2014	17	\$32,561

Alternative Fuel Motor Vehicle Conversion Credit		
Year	Number of Credits Claimed	Total Credits Claimed
2008	*	\$23,500
2009	*	\$6,004
2010	*	\$14,000
2011	*	\$6,479
2012	0	\$0
2013	*	\$379
2014	*	\$4,000

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 2008 and by tax years 2009 through 2014.

The credit was established in the 1993 legislative session by passage of HB 219.

Health Insurance for Uninsured Montanans Credit (15-31-132, MCA)

A corporation with 20 or fewer employees working at least 20 hours per week may claim a nonrefundable credit of up to \$3,000 against corporation income 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 prorated 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 2008 and by tax year for 2009 through 2014.

The credit was established in the 1989 legislative session by HB 166.

Insure Montana Small Business Health Insurance Credit (15-31-130, MCA)

This credit was enacted by the 2005 Legislature (HB 667) and was applicable beginning with tax year 2006. Sections 33-22-2006, 15-30-2368, and 15-31-130, MCA, establish the credit. The table shows credits claimed on corporate tax returns by fiscal year for 2008 and by tax year for 2009 through 2014.

The 2005 legislation established a voluntary small business health insurance pool with small employers composing the membership (33-22-2001, MCA). Members of the pool are eligible for premium assistance or incentives, or tax credits. An employer that has not offered group health insurance in the last two years may take premium assistance payments instead of claiming the credit.

The 2009 Legislature in Senate Bill 135 made some changes

Health Insurance for Uninsured Montanans

Year	Number of Credits Claimed	Total Credits Claimed
2008	126	\$111,786
2009	43	\$30,319
2010	42	\$31,753
2011	28	\$29,619
2012	19	\$15,220
2013	15	\$11,741
2014	*	\$5,581

Insure Montana Credit

Year	Number of Credits Claimed	Total Credits Claimed
2008	221	\$1,057,951
2009	177	\$1,002,347
2010	185	\$942,979
2011	167	\$753,856
2012	156	\$667,413
2013	141	\$691,185
2014	111	\$546,204

Corporate Tax Expenditures

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.

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 that decrease general funds available for other purposes. This credit is funded by the general fund, which is then reimbursed from cigarette and tobacco tax collections. Because these tax collections also fund programs to offset the health costs due to cigarette and tobacco use, the reimbursement of the general fund reduces the funding available for these health programs.

Recycling Credit (15-32-601-611, MCA)

Taxpayers are allowed a credit against individual income tax or corporate income 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 invests a total of \$1,000,000 in property that qualifies for the credit, the taxpayer can claim a credit of \$125,000. If the taxpayer invests \$250,000 in property qualifying for the credit, then the taxpayer can claim a credit of \$62,500. The credit was to end December 31, 2011, but the 2009 Legislature made the credit permanent (HB 21). An asterisk in the table indicates less than 10 corporate taxpayers claimed this credit.

Recycling Credits		
Year	Number of Credits Claimed	Total Credits Claimed
2008	10	\$102,037
2009	*	\$41,560
2010	*	\$47,884
2011	*	\$112,359
2012	*	\$79,815
2013	*	\$40,379
2014	*	\$114,755

The table shows credits claimed on corporate tax returns by fiscal year for 2008 and by tax year for 2009 through 2014.

The credit was originally established by the 1991 legislative session in SB 111.

Oilseed Crushing and Biodiesel Production Facility Credit (15-32-701 and 15-32-702, MCA)

Taxpayers are allowed a credit against individual income tax or corporate 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

Oilseed Crushing & Biodiesel Production Credit		
Year	Number of Credits Claimed	Total Credits Claimed
2008	*	\$500
2009	0	\$0
2010	0	\$0
2011	0	\$0
2012	0	\$0
2013	0	\$0
2014	0	\$0

Corporate Tax Expenditures

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 2008 and by tax year for 2009 through 2014.

Biodiesel Blending and Storage Tank Credit (15-32-703, MCA)

This credit was established in HB 756 passed by the 2005 Legislature.

Taxpayers can claim a credit of 15 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.

Biodiesel Blending and Storage Credit		
Year	Number of Credits Claimed	Total Credits Claimed
2008	0	\$0
2009	0	\$0
2010	0	\$0
2011	0	\$0
2012	0	\$0
2013	0	\$0
2014	0	\$0

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 2008 and by tax year for 2009 through 2014.

Geothermal Heating System Credit (15-32-115, MCA)

Taxpayers are allowed a credit against individual income tax or corporation tax for up to \$1,500 of costs of installing a geothermal heating system (ground-source heat pump) in the taxpayer's principal residence or in a residence the taxpayer constructs. Only one credit may be claimed per residence and any credit remaining after the year of installation can be carried forward and claimed in succeeding tax years.

This credit could not be claimed by corporate taxpayers, such as builders of residential units, until tax year 2006. The change was made by the 2005 Legislature (SB 340). The table shows credits claimed on corporate tax returns by fiscal year for 2008 and by tax year for 2009 through 2014.

Geothermal System Credit		
Year	Number of Credits Claimed	Total Credits Claimed
2008	*	\$500
2009	0	\$0
2010	0	\$0
2011	0	\$0
2012	0	\$0
2013	*	\$1,500
2014	0	\$0

Alternative Energy Production Credit (15-32-401 through 407, MCA)

Qualifying taxpayers that invest \$5,000 or more in a commercial system, or net metering system, that generates energy using alternative energy sources are allowed a credit against corporate income 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.

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.

Alternative Energy Production Credit		
Year	Number of Credits Claimed	Total Credits Claimed
2008	*	\$273
2009	*	\$50
2010	*	\$100
2011	*	\$50
2012	*	\$50
2013	*	\$100
2014	0	\$0

The table shows credits claimed on corporate tax returns by fiscal year for 2008 and by tax year for 2009 through 2014.

The credit was created in 1983 in HB 755.

Dependent Care Assistance Credit (15-31-131 and 15-31-133, MCA)

There are several employer costs for which dependent care credits can be claimed. If the employer provides day care services to employees' dependents or information and referral services to employees, then a credit against corporation tax can be claimed for a share of the costs. The allowed credit is 25% of the cost of the day care assistance with a limit of \$1,575 per employee receiving the assistance. The day care must be provided by a licensed or registered day care provider; it must meet IRS requirements and cannot be part of the employee's compensation. The employer can also claim a credit on 25% of the cost of providing day care information and referral services to employees (15-31-131, MCA).

Under 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.

Dependent Care Assistance Credit		
Year	Number of Credits Claimed	Total Credits Claimed
2008	0	\$0
2009	0	\$0
2010	0	\$0
2011	0	\$0
2012	0	\$0
2013	0	\$0
2014	0	\$0

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 2008 and by tax year for 2009 through 2014. The credit was created in 1989 by SB 282.

Historic Property Preservation Credit (15-31-151, MCA)

Corporate taxpayers may take a credit against corporate income 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 2008 and by tax year for 2009 through 2014. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

The credit was created in 1997 by HB 601.

Historic Property Preservation Credit		
Year	Number of Credits Claimed	Total Credits Claimed
2008	*	\$43,370
2009	0	\$0
2010	0	\$0
2011	0	\$0
2012	0	\$0
2013	0	\$0
2014	*	\$85,520

Infrastructure Users Fee Credit (17-6-316, MCA)

The Board of Investments may make loans to local governments to finance infrastructure to serve a new or relocated business that will result in 15 or more new full-time jobs. The infrastructure may serve as collateral for the loan and the local government may charge fees to the users for extending the infrastructure. The business may claim a credit against income or corporation tax for the amount of the fee it pays.

The total amount of the credit claimed may not exceed the amount of the loan. The credit can be carried forward for 7 years and used to reduce tax liability or carried back for 3 years.

The table shows credits claimed on corporate tax returns by fiscal year for 2008 and by tax year for 2009 through 2014. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

The credit was created in 1995 by SB 100 and HB 602.

New/Expanded Industry Credit (15-31-124 and 15-31-125, MCA)

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

Infrastructure Users Fee Credit		
Year	Number of Credits Claimed	Total Credits Claimed
2008	*	\$1,345,829
2009	*	\$520,271
2010	*	\$501,904
2011	*	\$45,913
2012	*	\$305,304
2013	*	\$472,732
2014	*	\$741,261

New and Expanded Industry Credit		
Year	Number of Credits Claimed	Total Credits Claimed
2008	*	\$4,311
2009	0	\$0
2010	0	\$0
2011	0	\$0
2012	0	\$0
2013	0	\$0
2014	*	\$4,221

Corporate Tax Expenditures

in manufacturing for the first time in Montana.

The table shows credits claimed on corporate tax returns by fiscal year for 2008 and by tax year for 2009 through 2014. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

The credit was created in 1975 by HB 593.

Empowerment Zone New Employees Tax Credit (15-31-134, MCA)

A local government may establish an empowerment zone in an area with chronic high unemployment (7-21-3710, MCA). Employers in an empowerment zone are eligible for a credit against either income tax or corporation income 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 2008 and by tax year for 2009 through 2014.

The credit was created in 2003 by SB 484.

Qualified Research Credit (15-31-150, MCA)

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, 26 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 income 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 2008 and by tax year for 2009 through 2014.

The credit was created in 1999 by HB 638.

Mineral Exploration Incentive Credit (15-32-501 through 15-31-509, MCA)

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

Empowerment Zone New Employees Tax Credit		
Year	Number of Credits Claimed	Total Credits Claimed
2008	0	\$0
2009	0	\$0
2010	0	\$0
2011	0	\$0
2012	0	\$0
2013	0	\$0
2014	0	\$0

Increased Research Activities Credits		
Year	Number of Credits Claimed	Total Credits Claimed
2008	10	\$102,037
2009	24	\$250,195
2010	21	\$372,491
2011	18	\$365,643
2012	14	\$47,394
2013	*	\$16,264
2014	*	\$1,627

Corporate Tax Expenditures

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 2008 and by tax year for 2009 through 2014. An asterisk indicates that fewer than 10 corporate taxpayers claimed the credit in the fiscal year.

The credit was created in 1999 by SB 625.

Short-term Temporary Lodging Credit (15-31-171, MCA)

The 2007 Legislature created a refundable individual and corporate income tax credit available to lodging establishments that provide free temporary lodging to individuals displaced from their homes due to domestic abuse (HB 240). The 2015 Legislature expanded the statutory definition to include families as well as individuals (SB 175). 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.

Unlocking Public Lands Credit (15-30-2380, MCA)

The 2013 Legislature created a refundable individual and corporate income tax credit for taxpayers that provide access to state land. The 2015 Legislature expanded the credit to those providing public access to any public land and increased the credit amount. The tax credit is equal to \$750 for each qualified access to public land that is provided. The maximum credit a taxpayer may claim in a year is \$3,000.

Contributions to Public and Private Schools Tax Credit (15-31-158 and 15-31-159, MCA)

The 2015 Legislature created a nonrefundable individual and corporate income tax credit for donations made to the educational improvement account provided for in 20-9-905, MCA, for the purpose of providing supplemental funding to public schools for innovative educational programs and technological deficiencies. The aggregate amount of tax credits allowed is \$3 million in TY 2016. If the \$3 million is met, that amount is increased by 10 percent each year.

The 2015 Legislature also created a nonrefundable individual and corporate income tax credit for donations made to student scholarship organizations. This credit is limited to \$150 per taxpayer. The aggregate amount of tax credits allowed is \$3 million in TY 2016. If the \$3 million is met, that amount is increased by 10 percent each year.

Mineral Exploration Credit

Year	Number of Credits Claimed	Total Credits Claimed
2008	*	\$1,831
2009	*	\$25
2010	*	\$25
2011	*	\$2,767
2012	*	\$25
2013	*	\$534
2014	*	\$25

Emergency Lodging Credit

Year	Number of Credits Claimed	Total Credits Claimed
2009	*	\$0
2010	*	\$0
2011	0	\$0
2012	0	\$0
2013	0	\$0
2014	0	\$0

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 income tax calculations rely 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.

One example of these federal tax credits is the accelerated depreciation of machinery and equipment listed in the table below. Depreciation is an income tax deduction that allows a taxpayer an annual allowance for the wear and tear, deterioration, or obsolescence of the property.

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.

Corporate Tax Expenditures - Passive Expenditures

Estimated Impact of Passive (Federal) Corporate Tax Expenditures on Montana Tax		
	2015	2016
Exemptions		
Deferral of income from controlled foreign corporations (normal tax method)	\$8,994,293	\$9,094,308
Exclusion of interest on life insurance savings	\$488,173	\$508,414
Excess of percentage over cost depletion, fuels and nonfuel minerals	\$77,393	\$90,491
Exemption of certain mutuals' and cooperatives' income	\$14,288	\$14,288
Exemption of credit union income	\$234,561	\$282,188
Inventory property sales source rules exception	\$463,169	\$502,461
Deferral of gain on sale of farm refiners	\$2,381	\$2,381
Deferral of tax on shipping companies	\$2,381	\$2,381
Deductions		
Accelerated depreciation of machinery and equipment (normal tax method)	\$963,249	\$2,651,614
Accelerated depreciation on rental housing (normal tax method)	\$48,817	\$59,533
Deductibility of charitable contributions (education)	\$98,825	\$103,588
Deduction for U.S. production activities	\$1,303,779	\$1,369,266
Empowerment zones, Enterprise communities, and Renewal communities	\$5,953	\$5,953
Expensing of exploration and development costs, fuels	\$51,199	\$58,343
Expensing of certain multiperiod production costs for farmers	\$1,191	\$1,191
Expensing of certain small investments (normal tax method)	-\$46,436	-\$19,051
Expensing of exploration and development costs, nonfuel minerals	\$5,953	\$7,144
Expensing of multiperiod timber growing costs	\$21,432	\$22,623
Expensing research and experimentation expenditures (normal tax method)	\$533,418	\$604,858
Small life insurance company deduction	\$488,173	\$508,414
Other		
Special alternative tax on small property and casualty insurance companies	\$1,191	\$1,191
Special ESOP rules	\$203,604	\$214,320
Special rules for certain film and TV production	\$11,907	\$7,144
Tax incentives for preservation of historic structures	\$60,724	\$61,915
<p>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 Executive Budget. The Montana estimates were developed using the ratio of total income subject to tax and 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, and from Montana data.</p>		

Property Tax Expenditures

Property Tax Expenditures

Property tax expenditures are provisions in the property tax laws that reduce taxes for properties that meet certain criteria.

The cost of property tax expenditures are the revenue losses from statewide mills that would have been collected if these programs did not reduce the properties' taxable value. Property tax expenditures can cost other property owners as well due to laws governing local governments' 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 subsequent increase in property tax to other taxpayers in the county is reported as a tax shift.

Residential Property Tax Expenditures

There are two major property tax programs that target homeowners: The Property Tax Assistance Program (PTAP) and the Montana Disabled Veteran Property Tax Relief Program (MDV).

The Elderly Homeowner/Renter credit provides a tax credit based on property taxes. However, it is administered through the income tax so it is classified as an income tax expenditure.

Property Tax Assistance Program (PTAP): 15-6-134, MCA Legislation: HB 398, 1979 Session

The Property Tax Assistance Program (PTAP) reduces property taxes for low-income households. The program works by reducing the class 4 tax rate by 80 percent, 50 percent, or 30 percent depending on the owners' income. To qualify for this program in tax year 2017, homeowners must report a household income below \$21,262 for one qualified homeowner and below \$28,349 for more than one qualified owner. To qualify for PTAP, homeowners must live in their home for at least seven months out of the year. PTAP applies to the first \$200,000 of the taxable market value of residential improvements and up to five acres of residential land.

The table below shows that in 2016 there were 22,277 property taxpayers who qualified for PTAP. This program reduced the taxable value of these properties by \$22.505 million, which reduced the state revenue collected with the 95 schools mills, 1.5 vo-tech mills, and the six university mills by \$2.287 million. Additionally, the reduction in taxable value increased local mills, effectively shifting \$12.138 million in taxes to other taxpayers.

Property Tax Expenditure - PTAP						
<u>Tax Year</u>	<u>Participants</u>	<u>Reduction in Taxable Value</u>	<u>Loss in State Revenue</u>	<u>Tax Shifts</u>	<u>Total Tax Benefit to Participants</u>	<u>Average Tax Benefit</u>
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	\$10,088,764	\$1,024,553	\$4,715,210	\$5,739,763	\$536
2010	11,583	\$10,691,795	\$1,086,019	\$5,139,997	\$6,226,016	\$538
2011	13,115	\$11,925,684	\$1,211,511	\$5,769,721	\$6,981,233	\$532
2012	14,013	\$13,130,717	\$1,333,840	\$6,450,295	\$7,784,135	\$555
2013	18,302	\$17,035,076	\$1,730,774	\$8,604,113	\$10,334,886	\$565
2014	19,446	\$18,075,495	\$1,836,544	\$9,333,585	\$11,170,129	\$574
2015	20,397	\$20,491,472	\$2,082,193	\$10,828,944	\$12,911,136	\$633
2016	22,277	\$22,505,062	\$2,286,843	\$12,138,262	\$14,425,104	\$648

Property Tax Expenditures

In 2016, PTAP participants paid a total of \$14.425 million less that they would have otherwise paid in taxes, an average benefit of \$648 per participant.

Disabled American Veterans Program (DAV): 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, or 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 who 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 who died from a service-connected disability qualifies for DAV benefits as well.

The table below shows that in 2016 there were 2,236 property taxpayers who qualified for DAV. This reduced the taxable value of these properties by \$5.333 million, which reduced the state revenue collected with 95 school equalization mills, 1.5 votech mills, and the six university mills by \$542,188. The reduction in taxable value increased the local mills effectively shifting \$2.771 million to other taxpayers.

In 2016, participants of DAV paid \$3.313 million less in taxes because of this program, an average benefit of \$1,482.

Property Tax Expenditure - DAV						
<u>Tax Year</u>	<u>Participants</u>	<u>Reduction in Taxable Value</u>	<u>Loss in State Revenue</u>	<u>Tax Shifts</u>	<u>Total Tax Benefit to Participants</u>	<u>Average Tax Benefit</u>
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	\$3,768,883	\$383,125	\$1,711,423	\$2,094,548	\$1,275
2010	1,800	\$4,001,902	\$406,865	\$1,904,963	\$2,311,828	\$1,284
2011	2,037	\$4,061,664	\$412,888	\$1,937,029	\$2,349,917	\$1,154
2012	2,095	\$4,230,522	\$429,951	\$2,024,742	\$2,454,693	\$1,172
2013	2,147	\$4,413,666	\$448,579	\$2,156,731	\$2,605,310	\$1,213
2014	2,199	\$4,562,601	\$463,708	\$2,268,044	\$2,731,752	\$1,242
2015	2,103	\$4,916,616	\$499,854	\$2,495,371	\$2,995,225	\$1,424
2016	2,236	\$5,333,122	\$542,188	\$2,771,292	\$3,313,480	\$1,482

Property Tax Expenditures

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. These expenditures are described below.

Energy Production or Development Tax Abatement: 15-24-3111, MCA

The energy production or development tax abatement provides a 50 percent rate reduction on a 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 properties using this abatement are class 14 and class 15, both of which are normally taxed at 3 percent. This program changes the tax rate to 1.5 percent for these properties.

In 2016, approximately \$294.560 million market value was reported in this program, providing for an abatement of approximately \$1.861 million in taxes. Approximately \$0.428 million of this amount is a reduction in state revenue; the remaining amount was shifted to other taxpayers.

Energy Production or Development State and Local Tax Abatement					
<u>Tax Year</u>	<u>Market Value</u>	<u>Reduction in Taxable Value</u>	<u>Loss in State Revenue</u>	<u>Tax Shifts</u>	<u>Total Tax Benefit to Participants</u>
2012	\$64,844,968	\$972,675	\$98,466	\$463,966	\$562,432
2013	\$176,656,421	\$2,649,846	\$268,027	\$1,137,804	\$1,405,831
2014	\$240,744,779	\$3,611,173	\$365,159	\$1,556,291	\$1,921,449
2015	\$292,397,489	\$4,252,907	\$429,985	\$1,450,428	\$1,880,413
2016	\$294,559,606	\$4,201,253	\$424,759	\$1,600,322	\$2,025,081

Electrical Generation and Transmission Facility Exemption: 15-24-3001, MCA

The electrical generation and transmission facility exemption provides a 10-year exemption from taxation for certain qualified property that was constructed in Montana between May 5, 2001 and January 1, 2006.

In 2016, this exemption was not claimed by any taxpayer.

Tax Increment Finance Districts: 7-15-4282, MCA

Tax increment financing (TIF) provides for the segregation of the taxable value in a qualified district into base and increment values. Qualified districts may include urban renewal districts and targeted economic development 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, refer to the property tax chapter of this report.

The 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 6 university mills.

The state only receives revenue for mills levied against TIF increment value from the 6 university mills, so the tax expenditure cost to the state is the revenue generated from the 95 and 1.5 statewide 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.

Property Tax Expenditures

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.

The following table presents the amount of revenue used by TIFs in Montana by type of jurisdictions for tax years 2009 through 2016. In 2016, the amount of TIF revenue that came from the 95 state education equalization mills and 1.5 votech mills was \$5.069 million.

TIF Districts Revenue Generated by Mill Type							
<u>Tax Year</u>	<u>Increment</u>	<u>Revenue From Statewide Mills</u>	<u>Revenue From County Mills</u>	<u>Revenue From School Mills</u>	<u>Revenue From City Mills</u>	<u>Revenue From Misc. Mills</u>	<u>Total From All Mills</u>
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
2013	\$48,039,378	\$4,652,871	\$8,694,981	\$9,843,858	\$4,525,461	\$1,873,798	\$29,590,969
2014	\$45,186,770	\$4,324,414	\$7,822,155	\$10,879,496	\$4,910,109	\$1,654,865	\$29,591,039
2015	\$50,785,821	\$4,871,444	\$9,031,894	\$12,909,760	\$5,823,421	\$1,498,020	\$34,134,539
2016	\$52,929,104	\$5,069,499	\$13,090,100	\$10,221,322	\$5,369,837	\$1,618,956	\$35,369,714

Oil and Gas Tax Expenditures

There are many tax rates for production from oil and natural gas wells, depending on the type of well, when they were drilled, and whether the production is owned by working interest or royalty owners. The following tax expenditures all apply to working interest owners, as production owned by royalty owners does not benefit from any tax expenditures.

Reduced Rates for New Oil and Gas Production

Code: 15-36-304, MCA

Legislation: HB 553, 1977 Session

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 is intended to provide 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. There has been no production reported from horizontally recompleted oil wells after FY 2012.

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.

Reduced Rates for Stripper Exemption and Stripper Oil Wells

Code: 15-36-304, MCA

Legislation: HB 661, 1999 Session; HB 658, 1999 Session; HB 535, 2005 Session; HB 411, 2015 Session

In any quarter the average price of WTI crude oil is less than \$54 per barrel, oil from wells on leases that produce less than three barrels per well per day is taxed at 0.76 percent (stripper exemption). If the price of WTI is equal to or greater than \$54 per barrel, this oil is taxed at 6.26 percent.

From wells on leases that produce between three 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 stripper exemption and stripper oil provide an incentive to keep low-volume wells in production.

The 2015 Legislature passed HB 411 changing one of the benchmarks for reduced rates from \$38 per barrel to \$54 per barrel (average quarterly WTI price). The change increased the revenue foregone by the state during FY 2016 after the change went into effect.

Natural Resource Tax Expenditures

Reduced Rates for Pre-1999 Stripper Gas Wells

Code: 15-36-304, MCA

Legislation: SB 530, 1999 Session

Gas wells drilled prior to January 1, 1999 that produced less than 60,000 cubic feet of natural gas a day during the previous year (stripper wells) receive a preferential tax rate of 11.26 percent.

Coal Tax Expenditures

While there are many tax rates for coal producers depending on the type of mining and the quality of coal, the following temporary tax rate reduction clearly meets the qualifications of a tax expenditure as defined under the Congressional Budget and Impoundment Control Act of 1974 (the Budget Act) as “revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability.”

Reduced Gross Proceeds Rate for New Underground Coal Mines

Code: 15-23-703, MCA

Legislation SB 266, 2011 Session

Provides a reduced coal gross proceeds tax rate of 2.5 percent for new and existing underground mines for the first 10 years of coal production.

Natural Resource Tax Expenditures

Oil and Natural Gas Severance Tax Expenditures

		New Production Tax Holiday					
Natural Gas Production	Fiscal Year	Working Interest Value	Actual Tax Rate	Tax Revenue	Normal Tax Rate	Normal Tax Revenue	Tax Expenditure
	2012	\$13,678,192	0.760%	\$103,954	9.260%	\$1,266,601	\$1,162,646
	2013	\$17,148,261	0.760%	\$130,327	9.260%	\$1,587,929	\$1,457,602
	2014	\$23,652,552	0.760%	\$179,759	9.260%	\$2,190,226	\$2,010,467
	2015	\$13,343,168	0.760%	\$101,408	9.260%	\$1,235,577	\$1,134,169
	2016	\$3,259,367	0.760%	\$24,771	9.260%	\$301,817	\$277,046
	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	
2012	\$33,595,799	11.260%	\$3,782,887	15.060%	\$5,059,527	\$1,276,640	
2013	\$32,345,250	11.260%	\$3,642,076	15.060%	\$4,871,195	\$1,229,119	
2014	\$33,768,347	11.260%	\$3,802,316	15.060%	\$5,085,513	\$1,283,197	
2015	\$25,239,595	11.260%	\$2,841,979	15.060%	\$3,801,083	\$959,104	
2016	\$12,426,517	11.260%	\$1,399,226	15.060%	\$1,871,433	\$472,207	
		New Production Tax Holiday					
Oil Production	Fiscal Year	Working Interest Value	Actual Tax Rate	Tax Revenue	Normal Tax Rate	Normal Tax Revenue	Tax Expenditure
	2012	\$334,866,575	0.760%	\$2,544,986	9.260%	\$31,008,645	\$28,463,659
	2013	\$624,632,195	0.760%	\$4,747,205	9.260%	\$57,840,941	\$53,093,737
	2014	\$657,251,544	0.760%	\$4,996,704	9.260%	\$60,861,493	\$55,864,789
	2015	\$425,578,790	0.760%	\$3,234,399	9.260%	\$39,408,596	\$36,174,197
	2016	\$107,543,080	0.760%	\$817,327	9.260%	\$9,958,489	\$9,141,162
	Horizontally Recompleted Wells						
Fiscal Year	Working Interest Value	Actual Tax Rate	Tax Revenue	Normal Tax Rate	Normal Tax Revenue	Tax Expenditure	
2012	\$294,160	5.760%	\$16,944	9.260%	\$27,239	\$10,296	
2013	\$0	5.760%	\$0	9.260%	\$0	\$0	
2014	\$0	5.760%	\$0	9.260%	\$0	\$0	
2015	\$0	5.760%	\$0	9.260%	\$0	\$0	
2016	\$0	5.760%	\$0	9.260%	\$0	\$0	
		Stripper Well Production					
Fiscal Year	Working Interest Value	Actual Tax Rate	Tax Revenue	Normal Tax Rate	Normal Tax Revenue	Tax Expenditure	
2012	\$47,730,292	6.260%	\$2,987,916	9.260%	\$4,419,825	\$1,431,909	
2013	\$45,766,201	6.260%	\$2,864,964	9.260%	\$4,237,950	\$1,372,986	
2014	\$45,552,890	6.260%	\$2,851,611	9.260%	\$4,218,198	\$1,366,587	
2015	\$31,379,118	6.260%	\$1,964,333	9.260%	\$2,905,706	\$941,373	
2016	\$17,747,394	0.765%	\$135,737	9.260%	\$1,643,409	\$1,507,672	
Total	Fiscal Year	Natural Gas Tax Expenditures	Oil Tax Expenditures	Oil and Natural Gas Tax Expenditures			
	2012	\$2,439,286	\$29,905,863	\$32,345,149			
	2013	\$2,686,721	\$54,466,722	\$57,153,443			
	2014	\$3,293,664	\$57,231,376	\$60,525,040			
	2015	\$2,093,274	\$37,115,571	\$39,208,844			
	2016	\$749,254	\$10,648,834	\$11,398,087			



TRANSFERS TO LOCAL GOVERNMENT BIENNIAL REPORT - THE MONTANA DEPARTMENT OF REVENUE



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Transfers to Local Government

The Department of Revenue is responsible for allocating certain revenue from the state to local governments. This includes revenue from natural resources and the Entitlement Share Payment. The summary table below describes the distributions.

Revenue Source	Share Provision	Share Cycle	FY2015 Shared Amount	FY2016 Shared Amount
Oil and natural gas production tax (15-36-332, MCA)	Local governments receive approximately half of all oil and natural gas production tax received by the state. The percentage for each county is based on the allocations under the pre-2003 mill-based system. 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.	August 1, November 1, February 1, May 1	\$73,368,028	\$39,739,912
Federal mineral royalties (17-3-240, MCA)	Twenty-five percent of the money received by the state for federal mineral royalties is dedicated to local governments. Distribution to eligible counties is based on the proportion that the total amount of revenue generated by mineral extraction in an eligible county bears to the total amount of money received by the state.	August 15	\$9,017,559	\$8,408,139
Coal Gross Proceeds Tax (15-23-703, MCA)	The revenue is proportionally distributed to the taxing jurisdictions in which production occurred based on the total number of mills levied in fiscal year 1990.	May 31, November 30	\$10,569,130	\$10,777,732
Bentonite Tax (15-39-110, MCA)	The tax is distributed according to a statutory formula that distributes the tax among state and local entities.	October 1, April 1	\$823,563	\$1,007,321
Metalliferous Mines License Tax (15-37-117, MCA)	Metalliferous mines license tax is distributed to various entities including 25 percent to the counties in which the mine is located or a county experiencing fiscal impacts from the mine, as indicated by an economic impact study.	60 days following August 15 and March 31	\$3,290,217	\$2,004,361
Fort Peck Tribes Oil and Natural Gas Production Tax Agreement (see: Fort Peck Tribes and State of MT Oil and Natural Gas Production Tax Agreement)	The tribes receive 50 percent of oil and gas production taxes each quarter on new oil and new natural gas production on the reservation, over which both the state and the tribes have taxation authority. The state collects the taxes and remits the tribe's share to it.	August 1, November 1, February 1, May 1	\$0	\$0
Entitlement Share Payment (15-1-121, MCA)	Local governments receive an annual payment from the state as a reimbursement due to permanent reductions in local revenue.	September, December, March, June	\$126,587,340	\$129,270,020

The next two tables show total combined revenue distributed within the county. Not all of this revenue stays at the county level. Natural resource revenue is shared with schools, cities, and towns. Over 50 percent of the Entitlement Share Payment is distributed to cities.

Transfers to Local Government

Shared Revenue by County, Fiscal Year 2016

County	Oil and Natural Gas Tax	Oil and Gas Resource Account	Coal Gross Proceeds Tax	Federal Mineral Royalties	Bentonite Tax	Metalliferous Mines License Tax	Entitlement Share Payments	Total Shared Revenue
Beaverhead	\$0	\$0	\$0	\$13,185	\$0	\$1,250	\$1,164,420	\$1,178,855
Big Horn	\$33,116	\$3,588	\$5,330,497	\$3,135,199	\$0	\$0	\$983,841	\$9,486,240
Blaine	\$562,461	\$25,129	\$0	\$148,513	\$0	\$0	\$841,934	\$1,578,036
Broadwater	\$0	\$0	\$0	\$483	\$0	\$987	\$813,132	\$814,602
Carbon	\$707,042	\$21,369	\$0	\$224,333	\$93,835	\$0	\$1,330,021	\$2,376,600
Carter	\$19,530	\$853	\$0	\$24,349	\$913,486	\$0	\$321,770	\$1,279,989
Cascade	\$0	\$0	\$0	\$0	\$0	\$0	\$9,662,459	\$9,662,459
Chouteau	\$26,727	\$1,884	\$0	\$13,334	\$0	\$0	\$1,358,789	\$1,400,734
Custer	\$1,979	\$96	\$0	\$2,311	\$0	\$0	\$1,911,704	\$1,916,089
Daniels	\$0	\$0	\$0	\$372	\$0	\$0	\$661,500	\$661,872
Dawson	\$1,046,152	\$35,970	\$0	\$164,783	\$0	\$0	\$2,155,696	\$3,402,601
Deer Lodge	\$0	\$0	\$0	\$16	\$0	\$0	\$1,465,532	\$1,465,549
Fallon	\$6,429,316	\$219,076	\$0	\$931,569	\$0	\$0	\$808,741	\$8,388,702
Fergus	\$906	\$16	\$0	\$3,729	\$0	\$0	\$1,622,567	\$1,622,218
Flathead	\$0	\$0	\$0	\$0	\$0	\$0	\$9,744,557	\$9,744,557
Gallatin	\$0	\$0	\$0	\$79	\$0	\$0	\$8,879,902	\$8,879,981
Garfield	\$19,356	\$752	\$0	\$2,469	\$0	\$0	\$372,492	\$395,068
Glacier	\$454,327	\$21,866	\$0	\$4,806	\$0	\$0	\$1,453,757	\$1,934,757
Golden Valley	\$8,492	\$223	\$0	\$512	\$0	\$0	\$114,613	\$123,840
Granite	\$0	\$0	\$0	\$0	\$0	\$0	\$573,978	\$573,978
Hill	\$174,386	\$8,894	\$0	\$13,236	\$0	\$0	\$2,425,125	\$2,621,640
Jefferson	\$0	\$0	\$0	\$217	\$0	\$197,710	\$1,336,940	\$1,534,867
Judith Basin	\$0	\$0	\$0	\$0	\$0	\$0	\$479,827	\$479,827
Lake	\$0	\$0	\$0	\$0	\$0	\$0	\$2,196,861	\$2,196,861
Lewis & Clark	\$0	\$0	\$0	\$90	\$0	\$0	\$6,947,339	\$6,947,429
Liberty	\$207,108	\$7,716	\$0	\$7,902	\$0	\$0	\$675,565	\$898,291
Lincoln	\$0	\$0	\$0	\$0	\$0	\$0	\$1,888,932	\$1,888,932
Madison	\$0	\$0	\$0	\$36	\$0	\$4,948	\$1,120,006	\$1,124,990
McCone	\$14,526	\$398	\$0	\$11,949	\$0	\$0	\$591,144	\$618,017
Meagher	\$0	\$0	\$0	\$18,964	\$0	\$0	\$339,566	\$358,530
Mineral	\$0	\$0	\$0	\$0	\$0	\$0	\$627,437	\$627,437
Missoula	\$0	\$0	\$0	\$0	\$0	\$0	\$14,309,316	\$14,309,316
Musselshell	\$239,900	\$6,835	\$1,324,769	\$27	\$0	\$0	\$579,575	\$2,151,106
Park	\$0	\$0	\$0	\$8,111	\$0	\$87,258	\$2,008,634	\$2,104,003
Petroleum	\$16,439	\$1,097	\$0	\$215,275	\$0	\$0	\$119,277	\$352,088
Phillips	\$567,326	\$13,911	\$0	\$3,841	\$0	\$0	\$683,637	\$1,268,715
Pondera	\$64,744	\$5,791	\$0	\$262,319	\$0	\$0	\$1,098,119	\$1,430,974
Powder River	\$2,698,741	\$70,476	\$0	\$4	\$0	\$0	\$558,556	\$3,327,776
Powell	\$0	\$0	\$0	\$0	\$0	\$0	\$732,718	\$732,718
Prairie	\$75,312	\$2,918	\$0	\$57,003	\$0	\$0	\$344,942	\$480,175
Ravalli	\$0	\$0	\$0	\$0	\$0	\$0	\$3,084,182	\$3,084,182
Richland	\$18,753,990	\$780,240	\$229,175	\$698,274	\$0	\$0	\$1,778,653	\$22,240,332
Roosevelt	\$4,087,082	\$187,530	\$0	\$293,016	\$0	\$0	\$1,520,066	\$6,087,694
Rosebud	\$308,092	\$11,261	\$3,286,268	\$1,701,796	\$0	\$0	\$3,900,743	\$9,208,160
Sanders	\$0	\$0	\$0	\$0	\$0	\$0	\$1,748,399	\$1,748,399
Sheridan	\$1,457,331	\$44,364	\$0	\$17,833	\$0	\$0	\$1,192,482	\$2,712,010
Silver Bow	\$0	\$0	\$0	\$232	\$0	\$737,060	\$4,909,958	\$5,647,250
Stillwater	\$19,293	\$1,009	\$0	\$7,852	\$0	\$643,728	\$1,447,707	\$2,119,589
Sweet Grass	\$1,577	\$29	\$0	\$883	\$0	\$331,420	\$611,931	\$945,840
Teton	\$46,585	\$2,969	\$0	\$263	\$0	\$0	\$987,706	\$1,037,523
Toole	\$449,296	\$23,982	\$0	\$44,084	\$0	\$0	\$1,336,687	\$1,854,049
Treasure	\$0	\$0	\$0	\$128,536	\$0	\$0	\$180,749	\$309,286
Valley	\$157,092	\$5,729	\$0	\$17,153	\$0	\$0	\$1,004,650	\$1,184,625
Wheatland	\$0	\$0	\$0	\$27	\$0	\$0	\$369,728	\$369,755
Wibaux	\$1,074,494	\$29,834	\$0	\$228,691	\$0	\$0	\$444,546	\$1,777,565
Yellowstone	\$17,195	\$693	\$607,023	\$481	\$0	\$0	\$19,446,912	\$20,072,304
Total	\$39,739,912	\$1,536,495	\$10,777,732	\$8,408,139	\$1,007,321	\$2,004,361	\$129,270,020	\$192,743,979

Transfers to Local Government

Shared Revenue by County, Fiscal Year 2015

County	Oil and Natural Gas Tax	Oil and Gas Resource Account	Coal Gross Proceeds Tax	Federal Mineral Royalties	Bentonite Tax	Metalliferous Mines License Tax	Entitlement Share Payments	Total Shared Revenue
Beaverhead	\$0	\$0	\$0	\$15,526	\$0	\$635	\$1,138,470	\$1,154,631
Big Horn	\$159,754	\$7,140	\$5,279,474	\$2,934,979	\$0	\$0	\$956,018	\$9,337,365
Blaine	\$1,276,840	\$49,290	\$0	\$272,229	\$0	\$0	\$825,955	\$2,424,314
Broadwater	\$0	\$0	\$0	\$396	\$0	\$0	\$798,602	\$798,998
Carbon	\$1,428,979	\$37,693	\$0	\$304,290	\$135,871	\$0	\$1,302,812	\$3,209,645
Carter	\$20,617	\$1,871	\$0	\$43,726	\$687,691	\$0	\$317,906	\$1,071,812
Cascade	\$0	\$0	\$0	\$0	\$0	\$0	\$9,383,122	\$9,383,122
Chouteau	\$62,999	\$3,672	\$0	\$25,131	\$0	\$0	\$1,339,691	\$1,431,493
Custer	\$6,108	\$226	\$0	\$2,017	\$0	\$0	\$1,867,703	\$1,876,054
Daniels	\$0	\$0	\$0	\$1,294	\$0	\$0	\$653,081	\$654,375
Dawson	\$1,875,635	\$67,042	\$0	\$238,643	\$0	\$0	\$2,120,488	\$4,301,808
Deer Lodge	\$0	\$0	\$0	\$0	\$0	\$0	\$1,433,924	\$1,433,924
Fallon	\$11,452,443	\$427,550	\$0	\$1,358,440	\$0	\$0	\$795,920	\$14,034,353
Fergus	\$2,262	\$69	\$0	\$3,626	\$0	\$0	\$1,586,308	\$1,592,264
Flathead	\$0	\$0	\$0	\$0	\$0	\$0	\$9,527,599	\$9,527,599
Gallatin	\$0	\$0	\$0	\$45	\$0	\$0	\$8,614,705	\$8,614,750
Garfield	\$29,027	\$1,100	\$0	\$6,459	\$0	\$0	\$368,153	\$404,739
Glacier	\$1,174,785	\$39,361	\$0	\$5,072	\$0	\$0	\$1,423,326	\$2,642,543
Golden Valley	\$16,199	\$455	\$0	\$2,650	\$0	\$0	\$112,210	\$131,514
Granite	\$0	\$0	\$0	\$0	\$0	\$21	\$564,792	\$564,813
Hill	\$437,096	\$18,941	\$0	\$25,450	\$0	\$0	\$2,371,304	\$2,852,791
Jefferson	\$0	\$0	\$0	\$0	\$0	\$413,290	\$1,313,828	\$1,727,117
Judith Basin	\$0	\$0	\$0	\$0	\$0	\$0	\$473,689	\$473,689
Lake	\$0	\$0	\$0	\$0	\$0	\$0	\$2,141,528	\$2,141,528
Lewis & Clark	\$0	\$0	\$0	\$2,863	\$0	\$0	\$6,769,798	\$6,772,661
Liberty	\$463,941	\$15,173	\$0	\$10,937	\$0	\$0	\$667,271	\$1,157,322
Lincoln	\$0	\$0	\$0	\$0	\$0	\$2,712	\$1,849,541	\$1,852,253
Madison	\$0	\$0	\$0	\$1,287	\$0	\$2,732	\$1,101,503	\$1,105,522
McCone	\$31,439	\$683	\$0	\$27,207	\$0	\$0	\$584,519	\$643,847
Meagher	\$0	\$0	\$0	\$0	\$0	\$250	\$333,582	\$333,832
Mineral	\$0	\$0	\$0	\$0	\$0	\$0	\$616,764	\$616,764
Missoula	\$0	\$0	\$0	\$0	\$0	\$0	\$13,962,331	\$13,962,331
Musselshell	\$492,219	\$13,829	\$1,424,710	\$9,392	\$0	\$0	\$567,342	\$2,507,492
Park	\$0	\$0	\$0	\$0	\$0	\$161,245	\$1,964,318	\$2,125,563
Petroleum	\$49,427	\$2,104	\$0	\$11,923	\$0	\$0	\$117,675	\$181,129
Phillips	\$1,156,477	\$43,505	\$0	\$319,199	\$0	\$0	\$670,196	\$2,189,378
Pondera	\$312,192	\$12,137	\$0	\$3,873	\$0	\$0	\$1,078,476	\$1,406,678
Powder River	\$3,159,515	\$86,929	\$0	\$192,381	\$0	\$0	\$552,379	\$3,991,205
Powell	\$0	\$0	\$0	\$0	\$0	\$0	\$714,946	\$714,946
Prairie	\$158,515	\$6,531	\$0	\$81,374	\$0	\$0	\$340,344	\$586,764
Ravalli	\$0	\$0	\$0	\$0	\$0	\$0	\$3,011,291	\$3,011,291
Richland	\$34,217,386	\$1,652,641	\$242,547	\$328,122	\$0	\$0	\$1,739,653	\$38,180,348
Roosevelt	\$8,004,646	\$422,165	\$0	\$145,840	\$0	\$0	\$1,488,232	\$10,060,883
Rosebud	\$628,020	\$22,959	\$3,096,112	\$1,998,179	\$0	\$0	\$3,856,501	\$9,601,769
Sanders	\$0	\$0	\$0	\$0	\$0	\$0	\$1,720,448	\$1,720,448
Sheridan	\$3,004,240	\$96,908	\$0	\$32,147	\$0	\$0	\$1,175,928	\$4,309,223
Silver Bow	\$0	\$0	\$0	\$0	\$0	\$992,077	\$5,085,183	\$6,077,259
Stillwater	\$92,483	\$4,330	\$0	\$14,850	\$0	\$1,174,201	\$1,425,804	\$2,711,668
Sweet Grass	\$3,767	\$67	\$0	\$1,004	\$0	\$543,056	\$601,030	\$1,148,925
Teton	\$126,084	\$5,679	\$0	\$325	\$0	\$0	\$969,892	\$1,101,980
Toole	\$1,205,810	\$43,106	\$0	\$64,528	\$0	\$0	\$1,314,417	\$2,627,861
Treasure Valley	\$0	\$0	\$0	\$168,307	\$0	\$0	\$178,318	\$346,625
Valley	\$395,458	\$15,998	\$0	\$26,903	\$0	\$0	\$982,015	\$1,420,375
Wheatland	\$0	\$0	\$0	\$216	\$0	\$0	\$362,907	\$363,123
Wibaux	\$1,872,798	\$57,531	\$0	\$335,992	\$0	\$0	\$439,164	\$2,705,485
Yellowstone	\$50,867	\$1,728	\$526,287	\$734	\$0	\$0	\$18,914,441	\$19,494,056
Total	\$73,368,028	\$3,158,413	\$10,569,130	\$9,017,559	\$823,563	\$3,290,217	\$126,587,340	\$226,814,250

Oil and Natural Gas Revenue

Over time, the legislature has converted natural resource taxation from a system where state and local taxing jurisdictions taxed mineral production and local revenues were based on property tax mill levies to a system where only the state taxes production and revenue is shared between the state and local jurisdictions in fixed proportions.

Oil and Natural Gas Production

Each county receives a fixed percentage of tax revenue from oil and natural gas production in the county. The percentage is based on the allocation under the pre-2003 system which distributed revenue based on mill levies. In FY 2016, the average share was 46.2 percent. Within each county, revenue is allocated to school districts, county-wide school funds, and the county in proportions based on pre-2003 distributions (15-36-332, MCA).

Shared revenue from oil and natural gas production is shown in the table on the next page. Richland County receives more than twice as much revenue as any other county at nearly \$19 million for FY 2016.

Oil and Gas Resource Distribution Account

In addition to production tax revenue from oil and gas production, counties, cities, and towns receive revenue from the oil and gas natural resource distribution account (90-6-1001, MCA). The rate for this tax is set by the Board of Oil and Gas Conservation to fund their operations with the rate between 0.08 and 0.3 percent (15-36-304(7)(b), MCA). If the Board of Oil and Gas Conservation sets the rate at less than 0.3 percent, the difference goes to the oil and gas distribution account for the oil and gas natural resource account. The current rate of the privilege and license tax and the oil and gas natural resource tax combined is 0.27 percent. The oil and gas natural resource tax, or remaining portion, is distributed to counties based on county oil and gas production. The county keeps one-third and gives two-thirds to incorporated cities and towns within the county. If there is more than one, the city and town allocation is distributed according to population (15-36-332(7), MCA).

The following two tables show the distribution of oil and gas production revenue by county and the distribution of the oil and gas natural resource distribution account by county over the past four years.

Oil and Natural Gas Revenue

Oil and Natural Gas Distribution				
County	FY 2013	FY 2014	FY 2015	FY 2016
Beaverhead	\$0	\$0	\$0	\$0
Big Horn	\$419,340	\$234,280	\$159,754	\$33,116
Blaine	\$1,775,005	\$1,554,683	\$1,276,840	\$562,461
Broadwater	\$0	\$0	\$0	\$0
Carbon	\$1,822,723	\$1,948,139	\$1,428,979	\$707,042
Carter	\$73,613	\$101,173	\$20,617	\$19,530
Cascade	\$0	\$0	\$0	\$0
Chouteau	\$127,467	\$120,050	\$62,999	\$26,727
Custer	\$7,527	\$7,993	\$6,108	\$1,979
Daniels	\$12,494	\$1,634	\$0	\$0
Dawson	\$2,631,545	\$3,171,768	\$1,875,635	\$1,046,152
Deer Lodge	\$0	\$0	\$0	\$0
Fallon	\$16,944,549	\$18,359,163	\$11,452,443	\$6,429,316
Fergus	\$3,591	\$3,716	\$2,262	\$906
Flathead	\$0	\$0	\$0	\$0
Gallatin	\$0	\$0	\$0	\$0
Garfield	\$42,136	\$46,578	\$29,027	\$19,356
Glacier	\$1,708,668	\$1,976,627	\$1,174,785	\$454,327
Golden Valley	\$22,524	\$23,231	\$16,199	\$8,492
Granite	\$0	\$0	\$0	\$0
Hill	\$803,507	\$748,095	\$437,096	\$174,386
Jefferson	\$0	\$0	\$0	\$0
Judith Basin	\$0	\$0	\$0	\$0
Lake	\$0	\$0	\$0	\$0
Lewis & Clark	\$0	\$0	\$0	\$0
Liberty	\$802,235	\$738,900	\$463,941	\$207,108
Lincoln	\$0	\$0	\$0	\$0
Madison	\$0	\$0	\$0	\$0
McCone	\$23,990	\$23,634	\$31,439	\$14,526
Meagher	\$0	\$0	\$0	\$0
Mineral	\$0	\$0	\$0	\$0
Missoula	\$0	\$0	\$0	\$0
Musselshell	\$635,473	\$782,786	\$492,219	\$239,900
Park	\$0	\$0	\$0	\$0
Petroleum	\$71,507	\$77,044	\$49,427	\$16,439
Phillips	\$1,200,487	\$1,726,523	\$1,156,477	\$567,326
Pondera	\$454,812	\$469,962	\$312,192	\$64,744
Powder River	\$2,061,207	\$2,366,869	\$3,159,515	\$2,698,741
Powell	\$0	\$0	\$0	\$0
Prairie	\$202,752	\$239,022	\$158,515	\$75,312
Ravalli	\$0	\$0	\$0	\$0
Richland	\$45,210,248	\$50,630,025	\$34,217,386	\$18,753,990
Roosevelt	\$9,375,857	\$10,637,132	\$8,004,646	\$4,087,082
Rosebud	\$990,975	\$986,692	\$628,020	\$308,092
Sanders	\$0	\$0	\$0	\$0
Sheridan	\$5,130,706	\$4,828,495	\$3,004,240	\$1,457,331
Silver Bow	\$0	\$0	\$0	\$0
Stillwater	\$157,342	\$143,228	\$92,483	\$19,293
Sweet Grass	\$7,905	\$7,136	\$3,767	\$1,577
Teton	\$189,807	\$186,767	\$126,084	\$46,585
Toole	\$1,561,235	\$1,692,763	\$1,205,810	\$449,296
Treasure	\$0	\$0	\$0	\$0
Valley	\$619,208	\$726,933	\$395,458	\$157,092
Wheatland	\$0	\$0	\$0	\$0
Wibaux	\$2,879,878	\$2,883,568	\$1,872,798	\$1,074,494
Yellowstone	\$49,744	\$66,146	\$50,867	\$17,195
Total	\$98,020,060	\$107,510,755	\$73,368,028	\$39,739,912

Oil and Natural Resource Distribution Account

Oil and Gas Natural Resource Distribution Account				
County	FY 2013	FY 2014	FY 2015	FY 2016
Beaverhead	\$0	\$0	\$0	\$0
Big Horn	\$21,369	\$13,494	\$7,140	\$3,588
Blaine	\$75,054	\$75,597	\$49,290	\$25,129
Broadwater	\$0	\$0	\$0	\$0
Carbon	\$55,915	\$61,570	\$37,693	\$21,369
Carter	\$2,961	\$36,396	\$1,871	\$853
Cascade	\$0	\$0	\$0	\$0
Chouteau	\$5,353	\$5,132	\$3,672	\$1,884
Custer	\$355	\$371	\$226	\$96
Daniels	\$0	\$0	\$0	\$0
Dawson	\$118,782	\$115,338	\$67,042	\$35,970
Deer Lodge	\$0	\$0	\$0	\$0
Fallon	\$654,935	\$686,572	\$427,550	\$219,076
Fergus	\$105	\$127	\$69	\$16
Flathead	\$0	\$0	\$0	\$0
Gallatin	\$0	\$0	\$0	\$0
Garfield	\$1,796	\$1,746	\$1,100	\$752
Glacier	\$60,762	\$63,214	\$39,361	\$21,866
Golden Valley	\$756	\$800	\$455	\$223
Granite	\$0	\$0	\$0	\$0
Hill	\$29,795	\$31,117	\$18,941	\$8,894
Jefferson	\$0	\$0	\$0	\$0
Judith Basin	\$0	\$0	\$0	\$0
Lake	\$0	\$0	\$0	\$0
Lewis & Clark	\$0	\$0	\$0	\$0
Liberty	\$26,417	\$25,790	\$15,173	\$7,716
Lincoln	\$0	\$0	\$0	\$0
Madison	\$0	\$0	\$0	\$0
McCone	\$905	\$777	\$683	\$398
Meagher	\$0	\$0	\$0	\$0
Mineral	\$0	\$0	\$0	\$0
Missoula	\$0	\$0	\$0	\$0
Musselshell	\$65,991	\$24,324	\$13,829	\$6,835
Park	\$0	\$0	\$0	\$0
Petroleum	\$3,227	\$3,349	\$2,104	\$1,097
Phillips	\$48,615	\$73,706	\$43,505	\$13,911
Pondera	\$20,982	\$19,099	\$12,137	\$5,791
Powder River	\$44,064	\$62,568	\$86,929	\$70,476
Powell	\$0	\$0	\$0	\$0
Prairie	\$7,845	\$10,231	\$6,531	\$2,918
Ravalli	\$0	\$0	\$0	\$0
Richland	\$1,943,287	\$2,321,944	\$1,652,641	\$780,240
Roosevelt	\$562,388	\$615,070	\$422,165	\$187,530
Rosebud	\$44,390	\$38,943	\$22,959	\$11,261
Sanders	\$0	\$0	\$0	\$0
Sheridan	\$224,412	\$184,978	\$96,908	\$44,364
Silver Bow	\$0	\$0	\$0	\$0
Stillwater	\$9,186	\$8,639	\$4,330	\$1,009
Sweet Grass	\$156	\$155	\$67	\$29
Teton	\$8,206	\$8,685	\$5,679	\$2,969
Toole	\$61,930	\$80,312	\$43,106	\$23,982
Treasure	\$0	\$0	\$0	\$0
Valley	\$25,726	\$26,593	\$15,998	\$5,729
Wheatland	\$0	\$0	\$0	\$0
Wibaux	\$90,304	\$92,732	\$57,531	\$29,834
Yellowstone	\$1,543	\$2,368	\$1,728	\$693
Total	\$4,217,512	\$4,691,738	\$3,158,413	\$1,536,495

Coal Gross Proceeds and Bentonite

Coal Gross Proceeds

All of the local share of revenue from coal gross proceeds is distributed to the taxing jurisdictions in which production occurred based on the number of mills levied in FY 1990 (15-23-703, MCA). Coal gross proceeds is currently distributed to five counties.

Coal Gross Proceeds Distribution				
County	FY 2013	FY 2014	FY 2015	FY 2016
Big Horn	\$5,929,563	\$5,615,368	\$5,279,474	\$5,330,497
Musselshell	\$824,540	\$1,189,676	\$1,424,710	\$1,324,769
Richland	\$191,782	\$175,048	\$242,547	\$229,175
Rosebud	\$2,897,513	\$2,845,322	\$3,096,112	\$3,286,268
Yellowstone	\$530,104	\$218,318	\$526,287	\$607,023
Total	\$10,373,501	\$10,043,732	\$10,569,130	\$10,777,732

Bentonite Revenue

Tax revenue from bentonite production is distributed according to a statutory formula (15-39-110, MCA). Distribution is currently to two counties, Carbon and Carter.

Bentonite Distribution				
County	FY 2013	FY 2014	FY 2015	FY 2016
Carbon	\$173,511	\$115,868	\$135,871	\$93,835
Carter	\$916,332	\$592,718	\$687,691	\$913,486
Total	\$1,089,843	\$708,586	\$823,563	\$1,007,321

Federal Mineral Royalties

Twenty-five percent of the revenue received by the state for federal mineral royalties is given to local governments. It is distributed based on mineral production in each county (17-3-240, MCA).

Metalliferous Mines License Tax

The metalliferous mines license tax is distributed to various entities including 25 percent to the counties in which the mine is located or a county experiencing fiscal impacts from the mine, as indicated by an economic impact study (15-37-117, MCA). Beginning with FY 2017, the distribution to the counties will increase to 35 percent (SB 20, 2015 Legislature).

Distribution for federal mineral royalties and metalliferous mines are on the following two pages.

Fort Peck Tribes Oil and Natural Gas Production Tax Agreement

There is also an agreement between the state of Montana and the Fort Peck tribe to share the oil and natural gas tax revenue the state collects equally between the state and the tribe on new oil and new natural gas production on the reservation, over which both the state and the tribes have taxation authority. New oil and natural gas production is production from wells drilled on or after March 25, 2008 that qualify under the agreement for revenue sharing.

Federal Mineral Royalties

Federal Mineral Royalties Distribution				
County	FY 2013	FY 2014	FY 2015	FY 2016
Beaverhead	\$18,378	\$16,658	\$15,526	\$13,185
Big Horn	\$4,093,023	\$3,497,845	\$2,934,979	\$3,135,199
Blaine	\$107,306	\$82,511	\$272,229	\$148,513
Broadwater	\$591	\$382	\$396	\$483
Carbon	\$332,071	\$303,610	\$304,290	\$224,333
Carter	\$45,632	\$37,556	\$43,726	\$24,349
Cascade	\$0	\$0	\$0	\$0
Chouteau	\$9,573	\$5,399	\$25,131	\$13,334
Custer	\$1,311	\$1,306	\$2,017	\$2,311
Daniels	\$28,472	\$2,999	\$1,294	\$372
Dawson	\$304,355	\$319,938	\$238,643	\$164,783
Deer Lodge	\$0	\$0	\$0	\$16
Fallon	\$1,739,585	\$1,376,504	\$1,358,440	\$931,569
Fergus	\$4,552	\$3,479	\$3,626	\$3,729
Flathead	\$0	\$1,017	\$0	\$0
Gallatin	\$103	\$44	\$45	\$79
Garfield	\$18,165	\$14,552	\$6,459	\$2,469
Glacier	\$6,644	\$5,490	\$5,072	\$4,806
Golden Valley	\$3,087	\$3,425	\$2,650	\$512
Granite	\$0	\$0	\$0	\$0
Hill	\$8,976	\$5,693	\$25,450	\$13,236
Jefferson	\$0	\$0	\$0	\$217
Judith Basin	\$0	\$0	\$0	\$0
Lake	\$0	\$0	\$0	\$0
Lewis & Clark	\$3,092	\$2,824	\$2,863	\$90
Liberty	\$18,763	\$6,380	\$10,937	\$7,902
Lincoln	\$0	\$0	\$0	\$0
Madison	\$1,314	\$1,303	\$1,287	\$36
McCone	\$518	\$402,890	\$27,207	\$11,949
Meagher	\$0	\$0	\$0	\$18,964
Mineral	\$0	\$0	\$0	\$0
Missoula	\$0	\$0	\$0	\$0
Musselshell	\$0	\$1,269,881	\$9,392	\$27
Park	\$29	\$0	\$0	\$8,111
Petroleum	\$40,864	\$12,421	\$11,923	\$215,275
Phillips	\$364,351	\$193,767	\$319,199	\$3,841
Pondera	\$8,299	\$4,184	\$3,873	\$262,319
Powder River	\$251,997	\$304,845	\$192,381	\$4
Powell	\$0	\$0	\$0	\$0
Prairie	\$94,662	\$74,177	\$81,374	\$57,003
Ravalli	\$0	\$0	\$0	\$0
Richland	\$625,872	\$375,000	\$328,122	\$698,274
Roosevelt	\$43,460	\$61,579	\$145,840	\$293,016
Rosebud	\$1,699,394	\$1,749,778	\$1,998,179	\$1,701,796
Sanders	\$0	\$0	\$0	\$0
Sheridan	\$25,125	\$130,038	\$32,147	\$17,833
Silver Bow	\$0	\$0	\$0	\$232
Stillwater	\$14,928	\$19,995	\$14,850	\$7,852
Sweet Grass	\$0	\$1,063	\$1,004	\$883
Teton	\$329	\$322	\$325	\$263
Toole	\$64,795	\$53,025	\$64,528	\$44,084
Treasure	\$385,583	\$389,184	\$168,307	\$128,536
Valley	\$27,514	\$12,772	\$26,903	\$17,153
Wheatland	\$215	\$214	\$216	\$27
Wibaux	\$378,362	\$305,484	\$335,992	\$228,691
Yellowstone	\$577	\$746	\$734	\$481
Total	\$10,771,868	\$11,050,277	\$9,017,559	\$8,408,139

Metalliferous Mines

Metalliferous Mines Distribution				
County	FY 2013	FY 2014	FY 2015	FY 2016
Beaverhead	\$0	\$0	\$635	\$1,250
Big Horn	\$0	\$0	\$0	\$0
Blaine	\$0	\$0	\$0	\$0
Broadwater	\$15,356	\$1,557	\$0	\$987
Carbon	\$0	\$0	\$0	\$0
Carter	\$0	\$0	\$0	\$0
Cascade	\$0	\$0	\$0	\$0
Chouteau	\$0	\$0	\$0	\$0
Custer	\$0	\$0	\$0	\$0
Daniels	\$0	\$0	\$0	\$0
Dawson	\$0	\$0	\$0	\$0
Deer Lodge	\$0	\$0	\$0	\$0
Fallon	\$0	\$0	\$0	\$0
Fergus	\$0	\$0	\$0	\$0
Flathead	\$0	\$0	\$0	\$0
Gallatin	\$0	\$0	\$0	\$0
Garfield	\$0	\$0	\$0	\$0
Glacier	\$0	\$0	\$0	\$0
Golden Valley	\$0	\$0	\$0	\$0
Granite	\$1,978	\$0	\$21	\$0
Hill	\$0	\$0	\$0	\$0
Jefferson	\$704,836	\$465,824	\$413,290	\$197,710
Judith Basin	\$0	\$0	\$0	\$0
Lake	\$0	\$0	\$0	\$0
Lewis & Clark	\$107,087	\$899	\$0	\$0
Liberty	\$0	\$0	\$0	\$0
Lincoln	\$114,475	\$527	\$2,712	\$0
Madison	\$8,159	\$8,542	\$2,732	\$4,948
McCone	\$0	\$0	\$0	\$0
Meagher	\$823	\$0	\$250	\$0
Mineral	\$0	\$0	\$0	\$0
Missoula	\$0	\$0	\$0	\$0
Musselshell	\$0	\$0	\$0	\$0
Park	\$0	\$0	\$161,245	\$87,258
Petroleum	\$0	\$0	\$0	\$0
Phillips	\$0	\$0	\$0	\$0
Pondera	\$0	\$0	\$0	\$0
Powder River	\$0	\$0	\$0	\$0
Powell	\$722	\$0	\$0	\$0
Prairie	\$0	\$0	\$0	\$0
Ravalli	\$0	\$0	\$0	\$0
Richland	\$0	\$0	\$0	\$0
Roosevelt	\$0	\$0	\$0	\$0
Rosebud	\$0	\$0	\$0	\$0
Sanders	\$0	\$0	\$0	\$0
Sheridan	\$0	\$0	\$0	\$0
Silver Bow	\$1,429,401	\$1,323,627	\$992,077	\$737,060
Stillwater	\$826,306	\$825,097	\$1,174,201	\$643,728
Sweet Grass	\$877,994	\$1,060,444	\$543,056	\$331,420
Teton	\$0	\$0	\$0	\$0
Toole	\$0	\$0	\$0	\$0
Treasure	\$0	\$0	\$0	\$0
Valley	\$0	\$0	\$0	\$0
Wheatland	\$0	\$0	\$0	\$0
Wibaux	\$0	\$0	\$0	\$0
Yellowstone	\$0	\$0	\$0	\$0
Total	\$4,087,136	\$3,686,516	\$3,290,217	\$2,004,361

Entitlement Share Payment

The Entitlement Share Payment is an annual payment from the state to local governments to provide funding for loss of revenue due to legislative action. It was enacted with HB 124 during the 2001 legislative session. As described in law:

15-1-121(1), MCA – “each local government is entitled to an annual amount that is the replacement for revenue received by local governments for diminishment of property tax base and various earmarked fees and other revenue that [...] were consolidated to provide aggregation of certain reimbursements, fees, tax collections, and other revenue in the state treasury with each local government’s share.”

Prior to FY 2002, revenue from motor vehicle fees, gaming, taxes on alcohol, financial institutions tax, and a variety of other revenue sources were collected by and/or shared with local governments. After FY 2002, this revenue was distributed to the state. During this time the state also assumed the full costs of public assistance and district courts. Prior to this, local governments shared in this cost. The sum of the gain and loss to each specific local government was the basis of their Entitlement Share Payment.

A growth rate is applied to the Entitlement Share Payments every year. This is calculated using the formula described in 15-1-121(4), MCA and is based on three years of revenue from: vehicle, boat, and aircraft fees; gaming revenue; beer, wine, and liquor revenue; individual income tax; and corporate income tax. The maximum growth rate is 1.03 for counties, 1.0325 for consolidated local governments, and 1.035 for cities and towns. Growth rates are not applied tax increment finance districts.

The growth rates are not applied to each local government’s individual Entitlement Share Payment. Instead, the county growth rate is applied to the sum of all of the counties’ Entitlement Share Payments; the city/town growth rate is applied to the sum of all of the cities’/towns’ Entitlement Share Payments; the consolidated local governments’ growth rate is applied to the sum of all of the consolidated local government Entitlement Share Payments. Fifty percent of the total growth is then distributed to each individual local government based on population and the other fifty percent is distributed based on the previous year’s Entitlement Share Payment.

Historically, legislation has also changed the amount distributed to Entitlement Share Payments. The most recent reduction of the Entitlement Share Payments was by \$1,049,904 in FY 2016 (HB33 in 2015). Two legislatures before that reduced the tax rate on business equipment (SB 372 in 2011 and SB 96 in 2013). Both of these bills reimbursed local governments for the loss in taxable value by requiring the Department of Revenue to add the estimated loss in revenue to the Entitlement Share Payments.

In the current year, FY 2017, total Entitlement Share Payments are \$133,424,240. The following tables show four years of payments.

County Entitlement Share Payment

County Entitlement Share Payment				
County	FY 2014	FY 2015	FY 2016	FY 2017
Beaverhead	\$456,385	\$562,125	\$573,030	\$589,162
Big Horn	\$109,511	\$208,941	\$220,674	\$234,695
Blaine	\$310,633	\$454,640	\$462,725	\$475,003
Broadwater	\$447,886	\$534,116	\$541,963	\$554,662
Carbon	\$587,008	\$682,496	\$694,995	\$713,806
Carter	\$193,973	\$256,067	\$258,617	\$263,439
Cascade	\$909,764	\$1,358,375	\$1,431,516	\$1,519,391
Chouteau	\$817,608	\$1,059,952	\$1,071,334	\$1,092,157
Custer	\$480,924	\$659,694	\$673,373	\$693,224
Daniels	\$386,216	\$518,227	\$522,940	\$532,230
Dawson	\$1,198,430	\$1,421,565	\$1,438,093	\$1,467,340
Fallon	\$424,136	\$540,714	\$546,600	\$557,305
Fergus	\$440,898	\$629,664	\$642,642	\$661,509
Flathead	\$3,957,517	\$4,619,442	\$4,723,251	\$4,870,647
Gallatin	\$2,635,643	\$3,113,516	\$3,209,578	\$3,336,192
Garfield	\$248,525	\$327,310	\$330,424	\$336,436
Glacier	\$613,868	\$768,928	\$784,560	\$807,373
Golden Valley	\$61,528	\$80,357	\$81,537	\$83,447
Granite	\$346,090	\$411,488	\$416,628	\$425,465
Hill	\$693,275	\$944,578	\$963,602	\$991,439
Jefferson	\$829,679	\$949,217	\$964,326	\$988,111
Judith Basin	\$336,473	\$392,648	\$396,713	\$404,269
Lake	\$1,007,078	\$1,139,119	\$1,169,174	\$1,210,177
Lewis and Clark	\$1,840,340	\$2,229,412	\$2,295,205	\$2,382,740
Liberty	\$415,953	\$560,083	\$565,506	\$575,891
Lincoln	\$848,073	\$1,002,407	\$1,023,780	\$1,054,560
Madison	\$723,371	\$849,483	\$861,028	\$880,250
McCone	\$360,293	\$501,016	\$505,540	\$514,490
Meagher	\$153,737	\$197,718	\$200,431	\$204,932
Mineral	\$340,069	\$390,019	\$395,842	\$405,212
Missoula	\$4,297,465	\$5,022,870	\$5,143,160	\$5,311,177
Musselshell	\$209,730	\$296,331	\$301,816	\$310,044
Park	\$668,607	\$763,715	\$781,024	\$805,545
Petroleum	\$68,467	\$92,787	\$93,759	\$95,557
Phillips	\$292,231	\$364,288	\$369,895	\$378,824
Pondera	\$526,531	\$703,662	\$713,023	\$728,733
Powder River	\$409,866	\$480,477	\$484,941	\$493,653
Powell	\$228,861	\$288,362	\$295,612	\$305,617
Prairie	\$192,834	\$256,932	\$259,471	\$264,289
Ravalli	\$1,426,441	\$1,608,276	\$1,650,667	\$1,708,514
Richland	\$564,971	\$846,743	\$861,212	\$883,465
Roosevelt	\$516,500	\$820,878	\$834,991	\$856,654
Rosebud	\$2,579,697	\$2,663,223	\$2,687,527	\$2,735,360
Sanders	\$1,058,224	\$1,132,177	\$1,148,302	\$1,174,691
Sheridan	\$638,074	\$856,267	\$864,627	\$880,577
Stillwater	\$878,530	\$995,116	\$1,008,742	\$1,031,365
Sweet Grass	\$330,742	\$396,201	\$401,600	\$410,580
Teton	\$522,155	\$660,019	\$668,980	\$683,905
Toole	\$626,234	\$780,713	\$789,729	\$805,728
Treasure	\$118,573	\$147,486	\$148,969	\$151,761
Valley	\$280,209	\$411,945	\$420,557	\$433,026
Wheatland	\$167,892	\$199,371	\$202,290	\$207,019
Wibaux	\$300,216	\$343,676	\$346,748	\$352,853
Yellowstone	\$3,092,394	\$4,080,584	\$4,228,485	\$4,417,417
Total	\$42,170,328	\$51,575,417	\$52,671,754	\$54,251,906

City/Town Entitlement Share Payment

City/Town Entitlement Share Payment					
County	City/Town	FY 2014	FY 2015	FY 2016	FY 2017
Beaverhead	Dillon	\$521,190	\$552,981	\$567,318	\$587,012
Beaverhead	Lima	\$22,280	\$23,364	\$24,071	\$25,011
Big Horn	Hardin	\$690,887	\$721,474	\$736,350	\$758,014
Big Horn	Lodge Grass	\$23,374	\$24,826	\$26,040	\$27,525
Blaine	Chinook	\$216,882	\$228,697	\$233,472	\$240,402
Blaine	Harlem	\$133,546	\$142,618	\$145,737	\$150,206
Broadwater	Townsend	\$253,742	\$264,486	\$271,169	\$280,405
Carbon	Bearcreek	\$4,830	\$5,090	\$5,320	\$5,605
Carbon	Bridger	\$164,257	\$170,414	\$173,560	\$178,290
Carbon	Fromberg	\$31,534	\$33,118	\$34,404	\$36,033
Carbon	Joliet	\$42,608	\$45,215	\$47,066	\$49,390
Carbon	Red Lodge	\$350,569	\$366,479	\$374,676	\$386,355
Carter	Ekalaka	\$57,633	\$61,839	\$63,153	\$65,052
Cascade	Belt	\$100,200	\$105,022	\$107,302	\$110,577
Cascade	Cascade	\$76,567	\$79,740	\$82,022	\$85,088
Cascade	Great Falls	\$7,251,868	\$7,819,768	\$8,021,241	\$8,298,406
Cascade	Neihart	\$5,036	\$5,244	\$5,404	\$5,617
Chouteau	Big Sandy	\$62,543	\$66,698	\$68,646	\$71,251
Chouteau	Fort Benton	\$176,271	\$187,821	\$192,815	\$199,635
Chouteau	Geraldine	\$17,813	\$19,144	\$19,920	\$20,895
Custer	Ismay	\$1,155	\$1,356	\$1,415	\$1,489
Custer	Miles City	\$1,130,918	\$1,206,652	\$1,236,915	\$1,278,815
Daniels	Flaxville	\$6,466	\$6,843	\$7,065	\$7,355
Daniels	Scobey	\$116,865	\$128,011	\$131,496	\$136,230
Dawson	Glendive	\$631,339	\$685,646	\$703,786	\$728,588
Dawson	Richey	\$11,445	\$13,276	\$13,816	\$14,495
Fallon	Baker	\$221,006	\$241,115	\$247,521	\$256,272
Fallon	Plevna	\$13,205	\$14,091	\$14,620	\$15,294
Fergus	Denton	\$28,751	\$30,860	\$31,688	\$32,816
Fergus	Grass Range	\$9,801	\$10,304	\$10,639	\$11,077
Fergus	Lewistown	\$834,226	\$883,541	\$904,481	\$933,877
Fergus	Moore	\$15,325	\$18,415	\$19,010	\$19,789
Fergus	Winifred	\$12,462	\$13,523	\$14,108	\$14,836
Flathead	Columbia Falls	\$627,644	\$666,137	\$683,038	\$706,374
Flathead	Kalispell	\$2,708,097	\$2,919,000	\$2,992,950	\$3,095,088
Flathead	Whitefish	\$741,457	\$785,300	\$807,597	\$837,603
Gallatin	Belgrade	\$675,680	\$725,182	\$749,033	\$780,174
Gallatin	Bozeman	\$3,762,172	\$4,089,350	\$4,218,677	\$4,388,845
Gallatin	Manhattan	\$143,365	\$154,336	\$159,214	\$165,633
Gallatin	Three Forks	\$155,035	\$164,286	\$169,994	\$177,369
Gallatin	West Yellowstone	\$257,492	\$272,706	\$278,076	\$286,000
Garfield	Jordan	\$37,610	\$40,843	\$42,068	\$43,696
Glacier	Browning	\$58,831	\$63,272	\$66,139	\$69,683
Glacier	Cut Bank	\$560,539	\$591,125	\$603,059	\$620,541
Golden Valley	Lavina	\$8,565	\$9,157	\$9,636	\$10,216
Golden Valley	Ryegate	\$21,635	\$22,696	\$23,440	\$24,413
Granite	Drummond	\$36,508	\$38,717	\$39,806	\$41,275
Granite	Phillipsburg	\$109,088	\$114,587	\$117,544	\$121,611
Hill	Havre	\$1,343,897	\$1,416,533	\$1,450,966	\$1,499,003
Hill	Hingham	\$9,085	\$10,193	\$10,556	\$11,023
Jefferson	Boulder	\$149,858	\$157,286	\$161,366	\$166,970
Jefferson	Whitehall	\$163,203	\$170,713	\$174,637	\$180,188
Judith Basin	Hobson	\$25,799	\$27,008	\$27,736	\$28,728
Judith Basin	Stanford	\$51,194	\$54,034	\$55,378	\$57,242
Lake	Polson	\$588,903	\$619,669	\$635,455	\$657,229
Lake	Ronan	\$302,764	\$317,552	\$324,679	\$334,824
Lake	St. Ignatius	\$48,442	\$52,107	\$54,472	\$57,396
Lewis and Clark	East Helena	\$530,785	\$567,253	\$576,883	\$591,742
Lewis and Clark	Helena	\$3,696,621	\$3,973,134	\$4,075,251	\$4,215,813
Liberty	Chester	\$102,668	\$107,188	\$110,060	\$113,974
Lincoln	Eureka	\$112,631	\$119,967	\$123,448	\$128,111
Lincoln	Libby	\$501,804	\$523,810	\$534,387	\$549,881
Lincoln	Rexford	\$16,273	\$16,873	\$17,351	\$17,995
Lincoln	Troy	\$149,482	\$155,603	\$159,085	\$164,045

City/Town Entitlement Share Payment

City/Town Entitlement Share Payment (Continued)					
County	City/Town	FY 2014	FY 2015	FY 2016	FY 2017
Madison	Ennis	\$124,948	\$132,251	\$135,369	\$139,752
Madison	Sheridan	\$52,755	\$56,230	\$58,200	\$60,743
Madison	Twin Bridges	\$36,274	\$38,398	\$39,600	\$41,186
Madison	Virginia City	\$24,293	\$25,143	\$25,808	\$26,717
McCone	Circle	\$74,209	\$83,503	\$85,604	\$88,510
Meagher	White Sulphur Springs	\$129,046	\$135,864	\$139,135	\$143,709
Mineral	Alberton	\$58,454	\$60,721	\$62,204	\$64,271
Mineral	Superior	\$158,414	\$166,024	\$169,391	\$174,316
Missoula	Missoula	\$7,273,323	\$7,975,811	\$8,202,506	\$8,507,515
Musselshell	Melstone	\$10,934	\$12,129	\$12,473	\$12,936
Musselshell	Roundup	\$247,767	\$258,883	\$265,286	\$274,181
Park	Clyde Park	\$37,591	\$39,086	\$40,091	\$41,475
Park	Livingston	\$1,042,451	\$1,107,361	\$1,133,364	\$1,169,952
Petroleum	Winnett	\$20,601	\$24,888	\$25,518	\$26,387
Phillips	Dodson	\$13,852	\$14,558	\$14,962	\$15,508
Phillips	Malta	\$255,786	\$270,145	\$276,941	\$286,344
Phillips	Saco	\$19,584	\$21,205	\$21,838	\$22,680
Pondera	Conrad	\$310,808	\$329,980	\$338,723	\$350,672
Pondera	Valier	\$41,001	\$44,834	\$46,374	\$48,367
Powder River	Broadus	\$68,407	\$71,901	\$73,615	\$76,018
Powell	Deer Lodge	\$409,325	\$426,584	\$437,106	\$451,732
Prairie	Terry	\$78,296	\$83,412	\$85,472	\$88,334
Ravalli	Darby	\$144,814	\$149,950	\$152,926	\$157,306
Ravalli	Hamilton	\$966,525	\$1,016,886	\$1,036,164	\$1,064,920
Ravalli	Pinesdale	\$30,035	\$32,956	\$35,332	\$38,108
Ravalli	Stevensville	\$170,981	\$181,513	\$187,382	\$195,071
Richland	Fairview	\$120,132	\$126,556	\$129,832	\$134,333
Richland	Sidney	\$711,817	\$766,354	\$787,609	\$816,361
Roosevelt	Bainville	\$44,537	\$46,696	\$47,778	\$49,305
Roosevelt	Brockton	\$11,879	\$12,664	\$13,396	\$14,271
Roosevelt	Culbertson	\$98,125	\$103,373	\$106,063	\$109,756
Roosevelt	Froid	\$19,983	\$22,141	\$22,790	\$23,659
Roosevelt	Poplar	\$120,493	\$126,708	\$129,788	\$134,085
Roosevelt	Wolf Point	\$335,135	\$355,772	\$365,260	\$378,208
Rosebud	Colstrip	\$861,486	\$882,271	\$895,265	\$916,288
Rosebud	Forsyth	\$292,561	\$311,007	\$317,951	\$327,849
Sanders	Hot Springs	\$42,129	\$44,916	\$46,545	\$48,633
Sanders	Plains	\$210,175	\$219,032	\$223,360	\$229,738
Sanders	Thompson Falls	\$312,212	\$324,324	\$330,192	\$339,069
Sheridan	Medicine Lake	\$21,934	\$23,370	\$24,125	\$25,114
Sheridan	Outlook	\$4,181	\$4,472	\$4,630	\$4,834
Sheridan	Plentywood	\$249,389	\$269,586	\$276,261	\$285,531
Sheridan	Westby	\$20,505	\$22,233	\$22,838	\$23,661
Silver Bow	Walkerville	\$29,936	\$31,884	\$33,730	\$35,939
Stillwater	Columbus	\$400,176	\$430,688	\$438,965	\$451,263
Sweet Grass	Big Timber	\$190,880	\$204,829	\$210,331	\$217,828
Teton	Choteau	\$160,786	\$169,293	\$174,587	\$181,569
Teton	Dutton	\$44,840	\$47,029	\$48,141	\$49,702
Teton	Fairfield	\$87,407	\$93,551	\$95,998	\$99,352
Toole	Kevin	\$19,164	\$20,493	\$21,003	\$21,710
Toole	Shelby	\$449,505	\$481,521	\$493,165	\$509,429
Toole	Sunburst	\$29,500	\$31,690	\$32,791	\$34,213
Treasure	Hysham	\$28,461	\$30,832	\$31,780	\$33,035
Valley	Fort Peck	\$13,680	\$14,495	\$15,182	\$16,026
Valley	Glasgow	\$473,547	\$511,088	\$523,170	\$540,142
Valley	Nashua	\$30,981	\$32,955	\$33,909	\$35,187
Valley	Opheim	\$10,677	\$11,531	\$11,832	\$12,245
Wheatland	Harlowton	\$142,851	\$150,276	\$153,784	\$158,728
Wheatland	Judith Gap	\$12,450	\$13,259	\$13,654	\$14,180
Wibaux	Wibaux	\$90,777	\$95,488	\$97,798	\$101,024
Yellowstone	Billings	\$12,276,847	\$13,236,893	\$13,597,465	\$14,087,186
Yellowstone	Broadview	\$25,447	\$26,616	\$27,288	\$28,217
Yellowstone	Laurel	\$830,715	\$883,478	\$906,806	\$938,715
Total		\$61,559,499	\$66,062,865	\$67,794,672	\$70,167,485

Consolidated Government and TIF Entitlement Share Payment

Consolidated Government Entitlement Share Payment				
<u>Consolidated Government</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Deer Lodge	\$1,307,395	\$1,433,924	\$1,465,532	\$1,510,695
Silver Bow	\$4,179,365	\$4,614,939	\$4,726,905	\$4,882,997
Total	\$5,486,760	\$6,048,863	\$6,192,437	\$6,393,692

Tax Increment Financing Entitlement Share Payment					
<u>County</u>	<u>TIF</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Big Horn	Hardin Industrial Infrastructure	\$777	\$777	\$777	\$777
Cascade	International Malting Plant	\$0	\$3,517	\$3,517	\$3,517
Cascade	Great Falls Urban Renewal	\$0	\$2,245	\$2,245	\$2,245
Cascade	Great Falls International Airport	\$0	\$23	\$23	\$23
Cascade	Manchester Exit Industrial	\$0	\$1,856	\$1,856	\$1,856
Cascade	Montana Milling Industrial	\$0	\$2,648	\$2,648	\$2,648
Cascade	West Bank Urban Renewal	\$0	\$4,684	\$4,684	\$4,684
Chouteau	1 TIFD	\$1,744	\$6,075	\$6,075	\$6,075
Gallatin	Bozeman Downtown	\$45,437	\$56,050	\$56,050	\$56,050
Gallatin	North-East Urban Renewal	\$201	\$1,353	\$1,353	\$1,353
Gallatin	North 7th Urban Renewal	\$19,067	\$37,926	\$37,926	\$37,926
Jefferson	16RT	\$8,914	\$36,612	\$36,612	\$36,612
Flathead	Old School Technology	\$724	\$3,057	\$3,057	\$3,057
Flathead	Kalispell B	\$14,831	\$42,671	\$42,671	\$42,671
Flathead	Kalispell C	\$95,142	\$243,128	\$243,128	\$243,128
Flathead	Whitefish	\$171,325	\$248,865	\$248,865	\$248,865
Lake	Polson	\$13,081	\$13,081	\$13,081	\$13,081
Lincoln	Lincoln Industrial (4)	\$5,503	\$22,733	\$22,733	\$22,733
Lincoln	Riverside	\$5,656	\$8,147	\$8,147	\$8,147
Missoula	Airport Industrial (20-3A)	\$73,016	\$150,568	\$150,568	\$150,568
Missoula	Urban Renewal District III (1-1D)	\$121,116	\$277,850	\$277,850	\$277,850
Missoula	Technology District (20-3E)	\$9,329	\$15,365	\$15,365	\$15,365
Missoula	Urban Renewal District II (1-1C)	\$283,040	\$400,286	\$400,286	\$400,286
Missoula	Urban Renewal District II (4-1C)	\$34,248	\$42,305	\$42,305	\$42,305
Missoula	Front Street URD (1-1F)	\$22,983	\$53,975	\$53,975	\$53,975
Missoula	River Front URD (1-1R)	\$4,494	\$9,316	\$9,316	\$9,316
Missoula	Bonner Mill Industrial District	\$0	\$13,986	\$13,986	\$13,986
Park	West End Industrial	\$13,189	\$13,189	\$13,189	\$13,189
Park	Livingston Urban Renewal	\$13,942	\$40,967	\$40,967	\$40,967
Ravalli	North Stevensville Industrial	\$12,030	\$21,710	\$21,710	\$21,710
Silver Bow	Ramsey TIFD	\$30,457	\$140,482	\$140,482	\$140,482
Silver Bow	Uptown TIFD	\$265,056	\$289,038	\$0	\$0
Silver Bow	Eastside TIFD	\$1,153	\$8,840	\$8,840	\$8,840
Yellowstone	North 27th Street	\$17,934	\$76,855	\$76,855	\$76,855
Yellowstone	East Billings	\$51,081	\$146,654	\$146,654	\$146,654
Yellowstone	South Billings Blvd	\$105,178	\$256,218	\$256,218	\$256,218
Yellowstone	Laurel	\$18,597	\$72,175	\$72,175	\$72,175
Yellowstone	Expanded North 27th Street	\$48,190	\$134,966	\$134,966	\$134,966
Total		\$1,537,855	\$2,900,195	\$2,611,157	\$2,611,157

Glossary

Glossary

Ad valorem tax: A tax based on the value of property, be it real estate or a particular good.

Arms-length transaction: A transaction in which the buyer and seller are not related and act independently in their own self-interest, not subject to each other's influence.

British thermal unit (Btu): The amount of energy needed to raise the temperature of one pound of water by one degree Fahrenheit. This is the standard for measuring the energy content in fuels.

Capital gain: The difference between the selling price of an asset and its book value. For financial assets, the book value generally is the purchase price. For other assets, the book value generally is the purchase price less depreciation.

Carryback: An accounting technique with which a company retroactively applies net operating losses to a preceding year's income to reduce tax liabilities present in that year.

Carryforward: To adjust an amount against succeeding amounts, or to transfer it to the next period.

Carryover: See carryforward.

C-corporation: Any corporation that is, in general, taxed separately from its shareholders.

Centrally assessed properties: Large utilities and railroads valued by the state.

Coal severance tax: State tax on coal extracted (or severed) from the earth, based on its value. Tax rate varies with the heat content of the coal and the type of mine (open pit or underground).

Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA): Commonly known as Superfund, a law that provides a tax on the chemical and petroleum industries and provided broad federal authority to clean up releases of hazardous substances.

Decile: A method of dividing a set of values or statistics into 10 equally large groups.

Empowerment zone: A financially distressed area that receives tax credits, grants, and other advantages to help revitalize the area.

Estate tax: A tax on the net value of the estate of a deceased person before transfer to person's heirs.

Excise tax: A tax on the use or consumption of a certain products, such as gasoline, cigarettes and alcohol.

Homestead exemption: An exemption from property tax of a percentage of the market value of residential property. It reduces the taxable value of residential property relative to property of a different type with the same market value.

Horizontal well: A drilling method in which the drill turns and runs horizontally once it reaches the source of energy to be extracted, be it gas or oil.

Indemnify: To compensate someone for harm or loss.

Inpatient bed day: A day of care provided to a patient in a hospital. A day begins at midnight and ends 24 hours later. Part of a day, including day of admission, counts as a full day. Day of discharge or death does not. If admission and discharge or death occur on the same day, that day is counted as one bed day.

License tax: A tax paid to the government for the privilege of holding a license to conduct a certain trade, such as sell alcohol or practice medicine.

Glossary

Limited liability company (LLC): A hybrid company structure combining characteristics of both a corporation and a sole proprietorship (or partnership). Members of the company cannot be held personally liable for the company's debts or liabilities.

Market value: The highest estimated amount that a buyer would pay for an item in the open market.

Mill(s): see "Millage rate".

Millage rate: Tax per thousand dollars of assessed value of property, whereby the rate is referred to as "mills," which is one-tenth of a cent.

Municipal bond: A security issued by or on behalf of a local authority.

Net operating loss: Occurs when a business entity has deductions for current expenses that are more than its current income. A net operating loss in one year generally can be used to offset income in other years.

Offset: To hold a tax refund amount, or part of the amount, if an individual owes money to the state of Montana because of a delinquent debt. The department can offset that individual's state payment, or withhold part of a tax refund to satisfy the debt.

Orphan share: Part of the liability of a Superfund site that belongs to insolvent or defunct parties that cannot pay their fair share of a site's cleanup cost.

Property Tax Assistance Program (PTAP): Property tax relief program for property owners who meet certain qualifications.

Resource Indemnity and Groundwater Assessment Tax (RIGWAT): A tax on mining and mineral extraction within the state of Montana created to secure its citizens against the loss of long-term value resulting from the depletion of natural resource bases and against environmental damage caused by mineral development.

RTIC: Revenue and Transportation Interim Committee

Pass-through entity: An entity that passes its income, loss, deductions or credits to its owners, who may include partners, shareholders, beneficiaries and investors.

State general fund: The primary fund of the state composed mainly of revenue from taxes and used to budget for state operations.

State special revenue fund: A state fund dedicated to a specific program or purpose, usually composed of revenue from one or a few sources.

Subjobber: An entity or a person who purchases tobacco products from a Montana licensed wholesaler with the cigarette tax insignia affixed and sells or offers to sell those products to a licensed retailer or tobacco product vendor.

Resident bed day: Each 24-hour period that a resident in an intermediate care facility is present in the facility and receiving care or that a resident is on leave but a bed is being held for him or her.

S-corporation: Any corporation that, in general, does not pay any federal income tax, but rather divides its income and losses among its shareholders, who are then subject to taxation.

Stripper well: An oil well that produces less than 15 barrels of oil a day, or a natural gas well producing less than 60,000 cubic feet of gas a day..

Statute: A written law passed by the legislature.

Glossary

Suits Index: A measure that compares taxes as a percent of income across all taxpayers. If all taxpayers pay the same percent of income in taxes, the Suits Index equals 0. If taxpayers with higher incomes pay a lower percent of their income in taxes, the Suits Index is negative. If taxpayers with higher incomes pay a higher percent of their income in taxes, the Suits Index is positive.

Taxable income: The income factored in calculating how much tax an individual or company owes, usually the gross income minus any deductions, exemptions or other adjustments.

Taxable value: A percentage of property value used to calculate property tax.

Tax expenditures: Any reduction in government revenue through provisions in tax laws, such as deductions, exclusions, deferrals, exemptions and preferential tax rates.

Tax gap: The difference between total amounts of taxes owed to the government and the amount it actually receives.

Tax increment financing (TIF): A method of public financing used to encourage development and redevelopment in financially distressed areas.

Tax liability: The total amount of tax an individual, or entity, owes, based on the individual, or entity's, tax base, such as income, value of property, or value of goods sold.

Taxing district: Single purpose jurisdictions—such as a school district, fire district, water district, etc.—that exist separately from local governments and are funded by special taxes.

Treasure State Endowment Program and Fund (TSEP and TSEF): State program that awards matching grants to local governments for the construction of local infrastructure projects. TSEF is fed by the coal severance tax, the interest on which helps pay for the TSEP projects.

Valuation: The process of determining the current value of an asset, such as a home.

West Texas Intermediate (WTI): A grade of crude oil used as a benchmark in oil pricing.

Acronyms

Acronyms

ARM: Administrative Rules of the State of Montana

Btu: British Thermal Unit

CERCLA: Comprehensive Environmental Response, Compensation, and Liability Act of 1980

DAV: The Disabled American Veterans Program

DOR: Department of Revenue

DPHHS: Montana Department of Public Health and Human Services

EPTAP: Extended Property Tax Assistance Program

FERC: Federal Energy Regulatory Commission

MCA: Montana Code Annotated

MDV: Montana Disabled Veteran Property Tax Relief Program

MMHNCC: Montana Mental Health Nursing Care Center

NCSL: National Conference of State Legislatures

NOL: Net operating loss

PSC: Public Service Commission

PTAP: Property Tax Assistance Program

RTIC: Revenue and Transportation Interim Committee

TDD: Telecommunications Device for the Deaf

TIF: Tax increment financing

TSEF: Treasure State Endowment Fund

TSEP: Treasure State Endowment Program

WTI: West Texas Intermediate