# **PROPERTY TAX MODEL**

### BACKGROUND

Property taxes are used to fund:

- State level K-12 school equalization, universities, and vocational technology colleges
- Local level district and countywide school funds, city and county services, and a variety of other services through the creation of special districts

School funding makes up the majority of property tax collections in the state of Montana. The city and county portions of property taxes are primarily used to fund local services such as roads, bridges, district courts, public safety, and others. There are also a number of special districts in Montana, which may levy mills or charge fees for search and rescue, local parks, water and sewer, and other similar functions.

Tax Increment Financing (TIF) is a method that allows a district to utilize property tax revenues to fund improvements or new developments to a specific area.

- Taxable values in the district are separated into a base amount and increment values
- Property tax revenue from the base amount is collected by the regular taxing jurisdiction

• As improvements are made in the district and property values increase, the incremental tax revenue is earmarked for further improvements within the TIF district

# PROPERTY TAX MODEL

### THE MODEL

Legislative staff created a master property tax model to better understand locally paid taxes and where the growth in property taxes has come from in the past. The model can also help to answer questions in greater detail and model certain proposed scenarios. This model is the result of new work on splitting out the amount of new tax burden from new property versus existing property

Data was compiled from the following sources:

- Department of Revenue property tax data base data, special district data, Tax Increment Financing (TIF) district data, and newly taxable property data
- Office of Public Instruction school budget and expenditure data
- Department of Administration local government ledger

This presentation includes select screen shots to illustrate key points, but the interactive model tool can be found here: <u>https://leg.mt.gov/lfd/mara-data-project/</u>. The interactive tool can show similar breakdowns from statewide down to the local municipality.

## DISCLAIMER

Due to the nature of these data, there are many calculated fields in this dashboard. If you have questions or concerns, please contact the Legislative Fiscal Division.

Percent Difference 
Percent Difference State

# **General Property Tax Growth**

0.0bn

FY17

FY18

FY19

FY20

FY21

FY22



Annual Growth in Taxes Paid



- Reset Filters All this data is taxes paid ٠ Slicer Options It includes all levied taxes, ٠ **Taxing Unit** including the state mills and  $\sim$ those for schools, counties,  $\sim$  $\sim$ cities, etc.  $\sim$ It does not include SIDs and •  $\checkmark$ fees which are not based on levies (about \$170M) Silver Bow Cascade Yellowstone Taxes Paid Residential and All Other Missoula Lewis and Clark All Other Gallatin 0.95bn 0.95b 1.0bn 0.92bn Municipality 0.88bn 0.86bn Anaconda 0.79bn **Beaverhead County Big Horn County** Blaine County 0.5bn Broadwater County Carbon County
  - Sources & Notes: Data from Montana Department of Revenue · Due to the nature of these

Cities and Towns

County-wide Ed...

Local Schools

Counties

Other

Statewide

County



## **General Property Tax Growth**



The first graphic is the taxes paid by taxing unit (state, city, county, county-wide education, school district, and other) from FY 2016 through FY 2022
The second chart shows the annual growth in taxes paid. When a slicer option is selected, this chart will also show the annual growth for the selection compared to the statewide growth you see here



Taxes Paid Residential and All Other



Sources & Notes: • Data from Montana Department of Revenue • Due to the nature of these

# General Property Tax Growth

- The charts to the right show the compound annual growth rate (CAGR) for the time period between FY 2016 and FY 2022, both by taxing unit and by property class (residential vs. other)
- The third graphic shows the taxes paid for **residential** property versus the taxes paid for all other types of property combined



Taxing_Unit	Compound Annual Growth Rate (CAC CAGR Taxes Paid (6 year)	GR)
Cities and Towr	4.56%	
Counties	5.50%	
County-wide Education	2.12%	
Local Schools	5.63%	
Other	6.41%	
Total	5.36%	~
Res/Other	CAGR Taxes Paid (6 year)	
All Other	4.01%	
Res	6.72%	
Total	5.36%	

#### Taxes Paid Residential and All Other

#### All Other





Sources & Notes: • Data from Montana Department of Revenue • Due to the nature of these

## **General Property Tax Growth**



In FY 2018, property taxes paid to school districts increased by a large amount, which was a combination of the elimination of the distribution of general fund block grants to school districts (HB 647, 2017 Legislative Session) and the anticipated growth for school construction projects

• Growth in property taxes paid alternates between years of large growth and years of smaller growth due to the residential property two-year reappraisal cycle







Silver Bow Cascade Yellowstone Missoula Lewis and Clark Gallatin

#### Municipality

- Anaconda Beaverhead County Big Horn County Blaine County Broadwater County Carbon County
- Sources & Notes: • Data from Montana Department of Revenue • Due to the nature of these



# **General Property Tax Growth**

1.0b

0.5b

0.0bn

FY17

FY18

FY19

FY20

FY21

FY22





	Taxing_Unit	Compound Annual Growth Rate (CAGR) CAGR Taxes Paid (6 year)	)
	Cities and Town	is 4.56%	
	Counties	5.50%	
	County-wide Education	2.12%	
	Local Schools	5.63%	
	Other	6.41%	
	Total	5.36%	
	Res/Other	CAGR Taxes Paid (6 year)	
	All Other	4.01%	
	Res	6.72%	$\[\]$
	Total	5.36%	
	Taxes Paid	Residential and All Other	
ll Oth	er 🖲 Res		
n	0.86bn 0.79bn 0.72bn	0.92bn 0.95bn 0.95t	on
n ····			



Taxes paid for residential property are increasing faster that taxes paid on all other types of property

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Sources & Notes: • Data from Montana Department of Revenue • Due to the nature of these





## New & Existing Property by Fiscal Year

## Statewide – Format of Graphics and Data









## **General Property Tax Growth**

## FY Taxes Paid by Taxing Unit Taxing\_Unit Cities and To... Counties County-wide ... Local Sch... Other Statewide 100M Local Schools 50M 50M 50M 2016 2018 2020 2022

#### Annual Growth in Taxes Paid

Percent Difference 
Percent Difference State



Taxing_Unit	Compound Annual Growth Rate (CAG CAGR Taxes Paid (6 year)	R) ^
Cities and Town	s 5.53%	
Counties	8.59%	
County-wide Education	4.40%	
Local Schools	8.13%	
Other	11.55%	
Total	8.28%	~
Res/Other	CAGR Taxes Paid (6 year)	
All Other	5.83%	
Res	9.58%	
Total	8.28%	

• When Gallatin County is selected under County, the Municipality option is filtered down to all the municipalities within Gallatin County

# Example High Growth County – Gallatin



Data from Montana
 Department of Revenue
 Due to the nature of these



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## **General Property Tax Growth**

# Example High Growth County – Gallatin



		Taxing_Unit	Compound Annual Growth Rate (CAGR CAGR Taxes Paid (6 year)	R) Reset Filters
		Cities and Towns	5.53%	
		Counties	8.59%	Slicer Options
The growth by tax class is not even. Residential property -		County-wide	4.40%	Taxing Unit
taxes are growing at a faster rate than all other classes		Education		Cities and Towns
Since the slicer option is selected for Gallatin County, the	N N	Local Schools	8.13%	✓ □ Counties
since the since option is selected for Collectin Country, the		Other	11.55%	🗡 🗌 County-wide Ed
as compared to the <b>statewide</b> growth		Total	8.28%	△ □ Local Schools
	$  \rangle \rangle$	Res/Other	CAGR Taxes Paid (6 year)	→ Other
		All Other	5.83%	County 🍸 🖬
0M		Res	9.58%	Cascade
2016 2018 2020 2022		Total	8.28%	Yellowstone
Annual Growth in Taxes Paid	י ר	Taxes Paid	Residential and All Other	Lewis and Clark
				Gallatin
ercent Difference • Percent Difference State	<ul> <li>All Oth</li> </ul>	her ekes		Flathead
<u> </u>	150M		140M 145M	163M1 Municipality
10% Percent Difference			122M	City of Belgrade
		111N	1	City of Bozeman
	100M	99101		City of Three Forks
			68M 72M 76	Town of Manhattan
		59M 60M	65M	Town of West Yello
5%	50M			
Percent Difference State				Sources & Notes:
				Data from Montana
FY16 FY17 FY18 FY19 FY20 FY21 FY22	0M ···	EY17 EY18	FY19 FY20 FY21	EY22 Department of Revenue Due to the nature of these





## General Property Tax Growth

0M

FY17

**FY18** 

FY19

FY20

FY21

## Example Low Growth County – Mineral

**Reset Filters** 





3.5N

FY22

Department of Revenue • Due to the nature of these





• Due to the nature of these



