

“Property Tax Tuesdays” Schedule

Oct. 1: Property Tax Basics

Oct. 8: How Non-School Levies Are Set

Oct. 15: School Funding

Oct. 22: Property Tax Assistance

Oct. 29: Property Tax & School Funding Tools



Property Tax Basics

October 1, 2024

Megan Moore

megan.moore@legmt.gov

406-444-4496

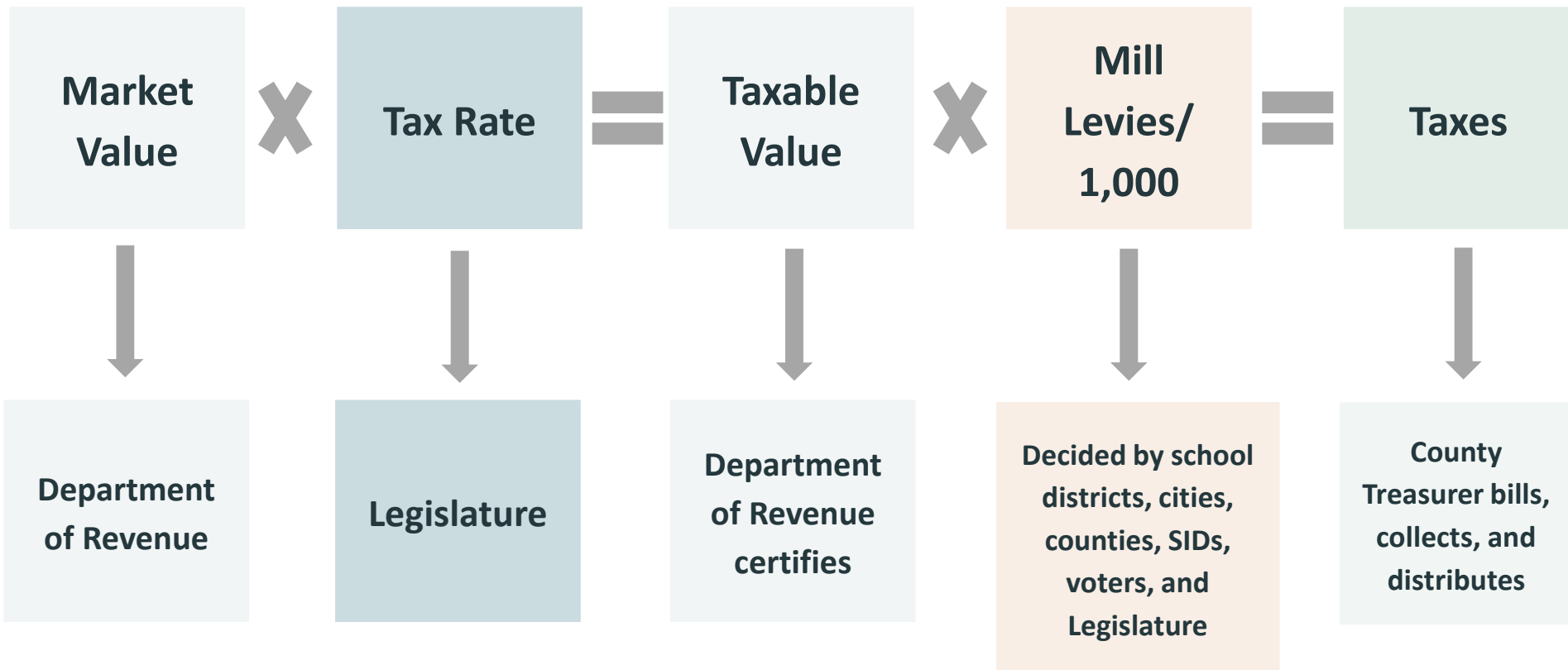
Kurt Swimley

kurt.swimley@legmt.gov

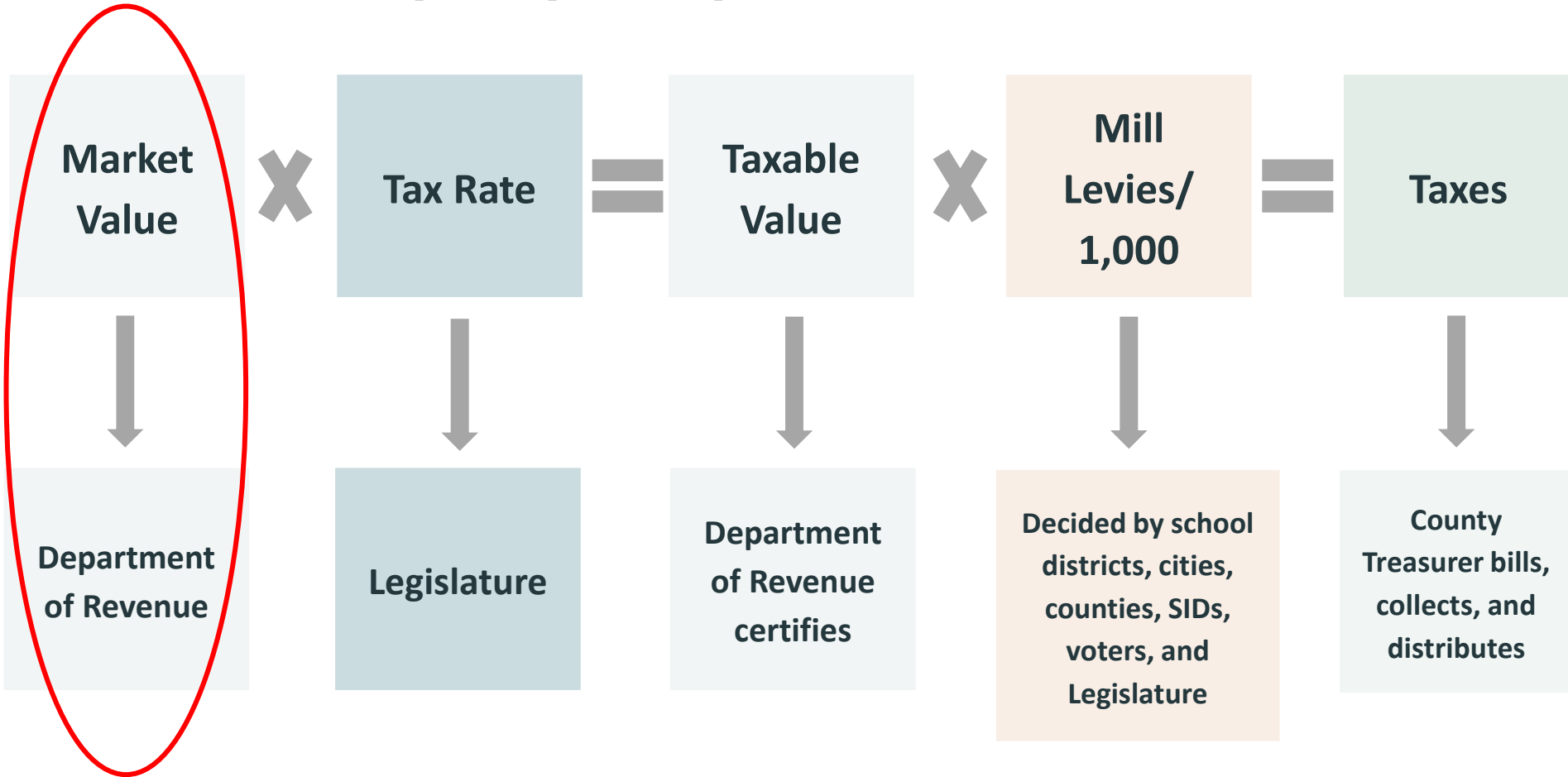
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How are property taxes calculated?



How are property taxes calculated?



Montana Constitution: State Values Property

Article VIII, Section 3

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

State Law: Methods

- Market value - except for agricultural, forest
- Reappraisal cycles
 - 2 year: residential, commercial, agricultural, certain centrally assessed in 2024, forest in 2025
 - 1 year: all other property

State Law: Approaches to Value

Sales Comparison

Residential, Commercial

Arm's length sales of like property with adjustments for property characteristics

Information from realty transfer certificates

Cost

Commercial, Industrial, Residential (if no sales data)

Original cost of the property less depreciation

Information from business records

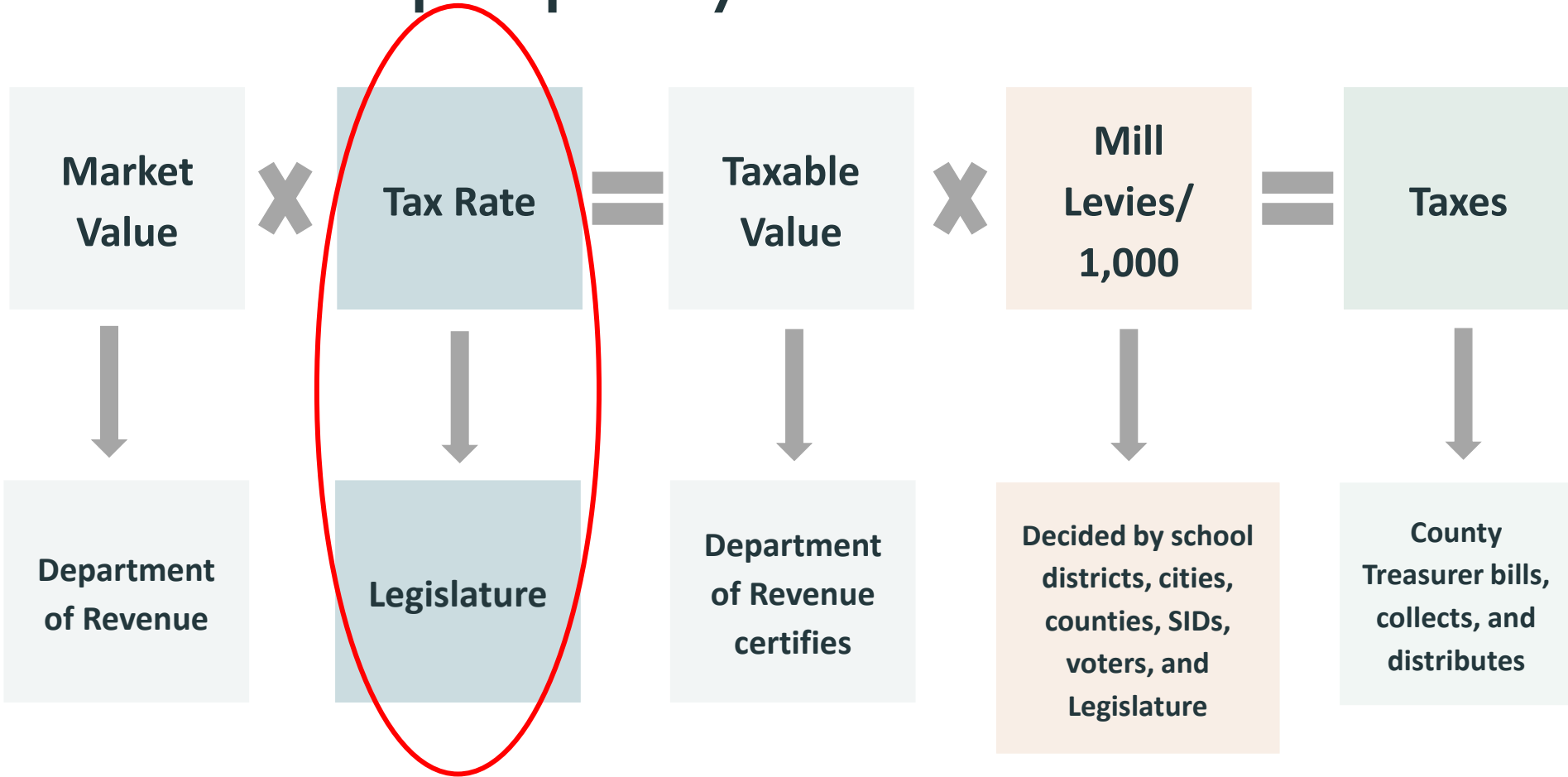
Income

Commercial, Industrial, modified for Agricultural and Forest

Income generated from property divided by the rate of return expected from investment property

Information from income statements and financial markets

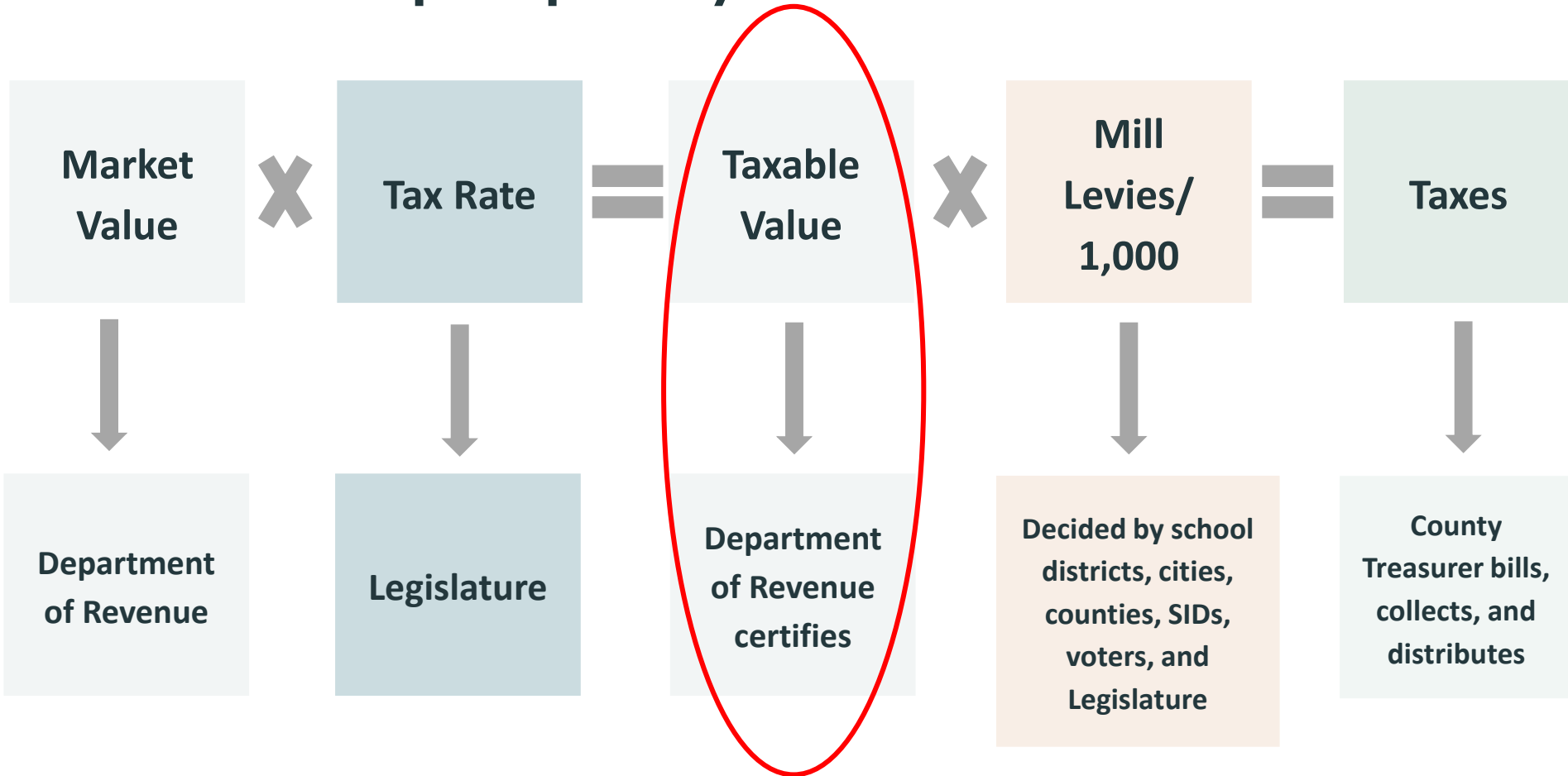
How are property taxes calculated?



Property Class Determines Tax Rate

Class	Description	Rate
3	Agricultural land	2.16%
	Non-qualified agricultural land	15.12%
4	Residential	1.35%
	Commercial	1.89%
8	Business personal property	First \$1M exempt Next \$6M, 1.5% Above \$6M, 3%
9	Non-electric generating property of electric utilities, pipelines	12%
12	Railroad and airline property	3.06% in 2023
13	Electric generating property, telecommunications utilities	6%

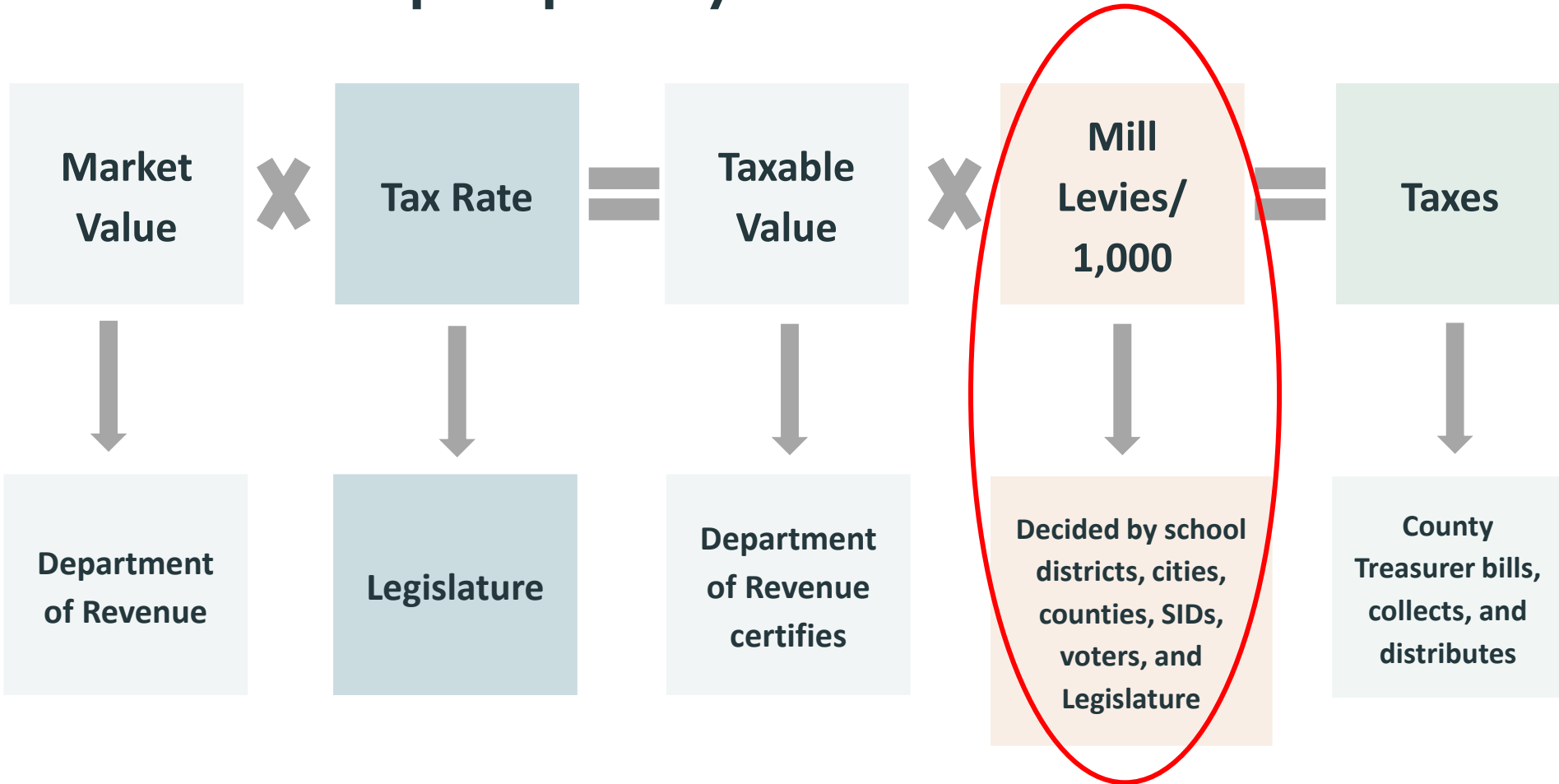
How are property taxes calculated?



DOR Certifies Taxable Values

- Due by first Monday in August
- Used by local governments to calculate mill levies
- Available on DOR website:
<https://svc.mt.gov/dor/property/cov>

How are property taxes calculated?



What is a mill?

- Unit of measuring property taxes owed
- Dollars owed per \$1,000 of taxable value
- $TV/1,000 = \text{dollars paid per mill}$
- Example for \$400,000 of market value
 - Taxable Value = $\$400,000 \times 1.35\% = \$5,400$
 - $5400/1000 = \$5.40$
 - \$5.40 paid per mill

How are mill levies set?

State

- Mills set in state law:
 - Up to 95 mills for state equalization
 - 6 mills for university system
 - Up to 1.5 mills for vo-tech (certain counties)

Local

- Authority in state law, mills set locally
 - Permissive vs. voted
 - Required or formulaic (schools)

County and City Levies Limited

- Limited to 1996 levels
- 15-10-420 allows inflationary adjustment, growth from newly taxable property
- Voted levies

Local School Levies Formula Driven

- Schools funded with federal, state, local revenue
- State and local revenue based on formula
 - Number of students
 - Amount of state aid
 - Availability of other revenue

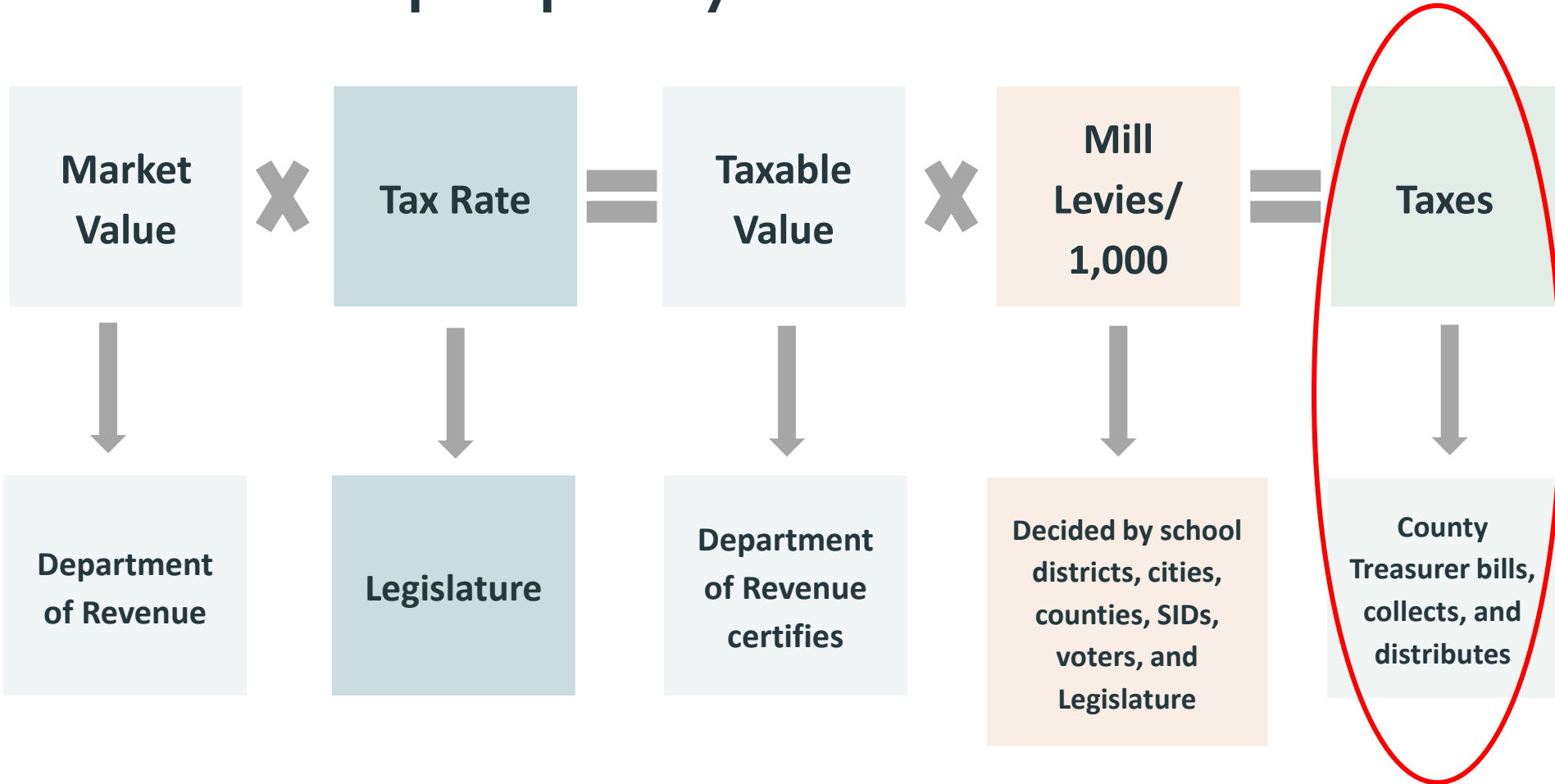


Countywide School Levies

- Fund school district employee retirement and part of pupil transportation
- State formulas determine expenditure amount and other revenues required to offset property tax



How are property taxes calculated?

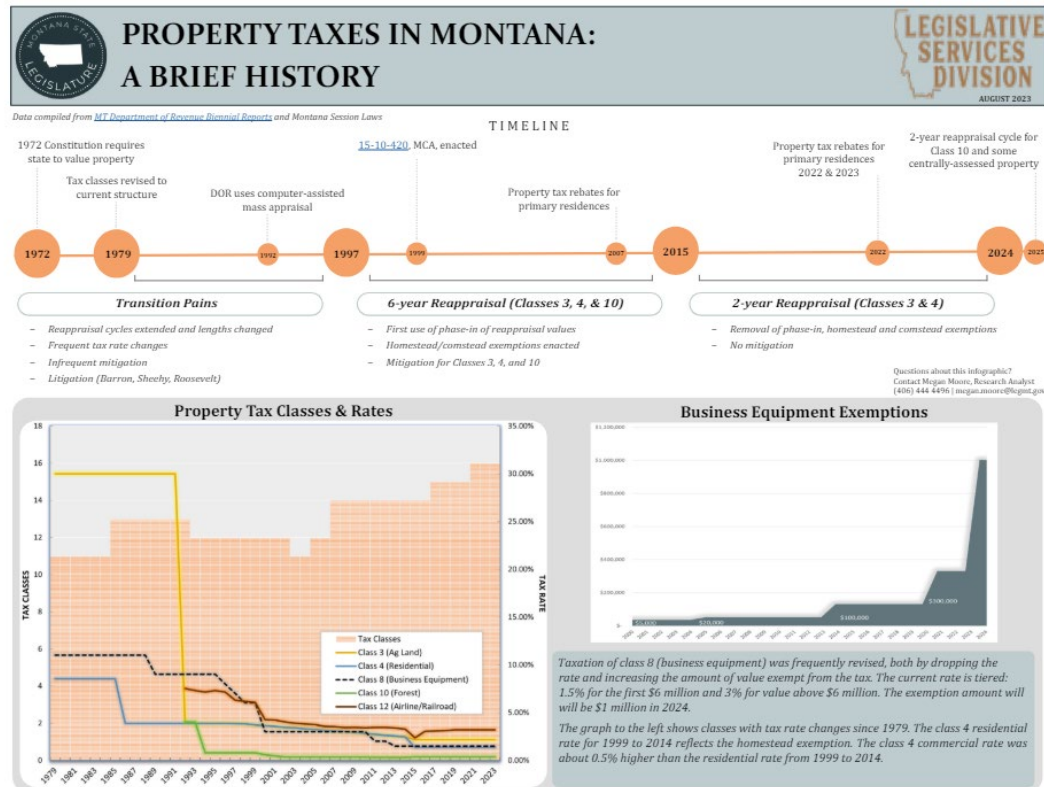


Taxes Due in Nov. and May

- County treasurers bill, collect, distribute
- Half due Nov. 30 and May 31
- Personal property not affixed to real property
 - Mobile homes: May 31 & Nov. 30
 - Other personal property: 30 days from billing date
- 2024: Optional alternative payment schedule for primary residences

Property Tax History

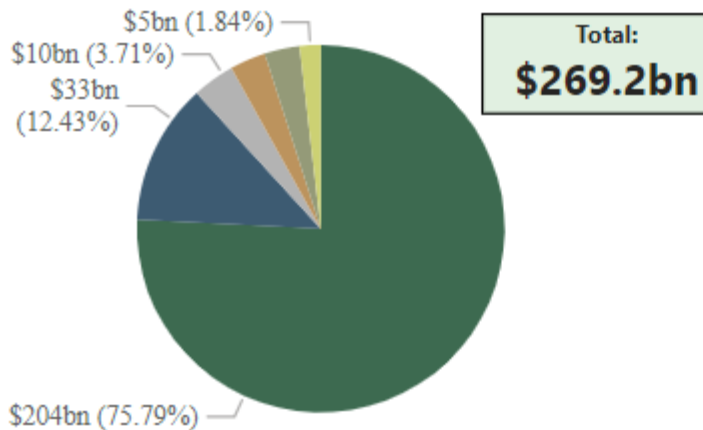
- Property Taxes in Montana: A Brief History



Who pays property taxes?

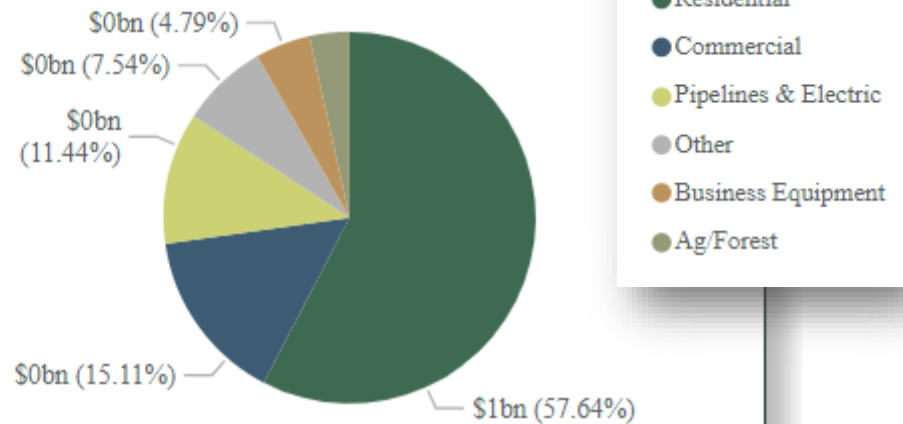
Assessed Value by Tax Class

The Property Assessment Division's estimate of value



Taxes Paid by Class

How much properties pay



Tax Class Group

- Residential
- Commercial
- Pipelines & Electric
- Other
- Business Equipment
- Ag/Forest

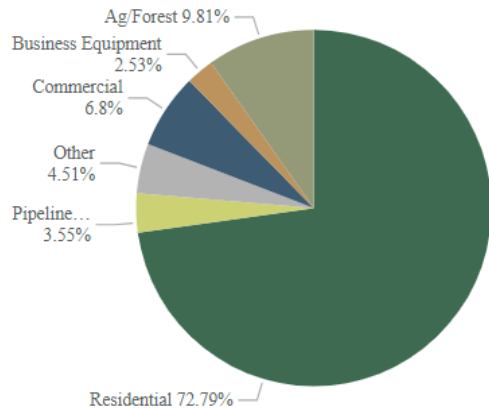
Statewide –
Fiscal Year 2024

Taxes Paid

\$2.3bn

Taxable Value Example

Assessed Value by Tax Class

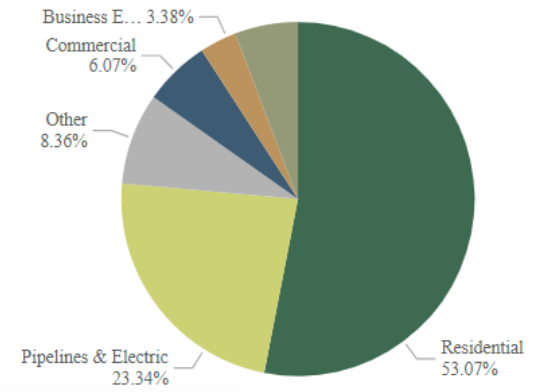


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Tax Class Name	Tax Rate (FY 2024)
Ag Land	2.16%
Business Equipment	1.50%
CO2/Qual Pipelines	3.00%
Commercial Improvements	1.89%
Commercial Land	1.89%
Data Centers	0.90%
Forest Land	0.31%
Mine Gross Proceeds	3.00%
Mine Net Proceeds	100.00%
Non Centrally Assessed	8.00%
Pipelines & Electric Utilities	12.00%
Pollution Control Equipment	3.00%
Railroads & Airlines	3.06%
Residential Improvements	1.35%
Residential Land	1.35%
Telecomm & Electric Generation	6.00%
Wind Generation	3.00%

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Taxable Value by Tax Class

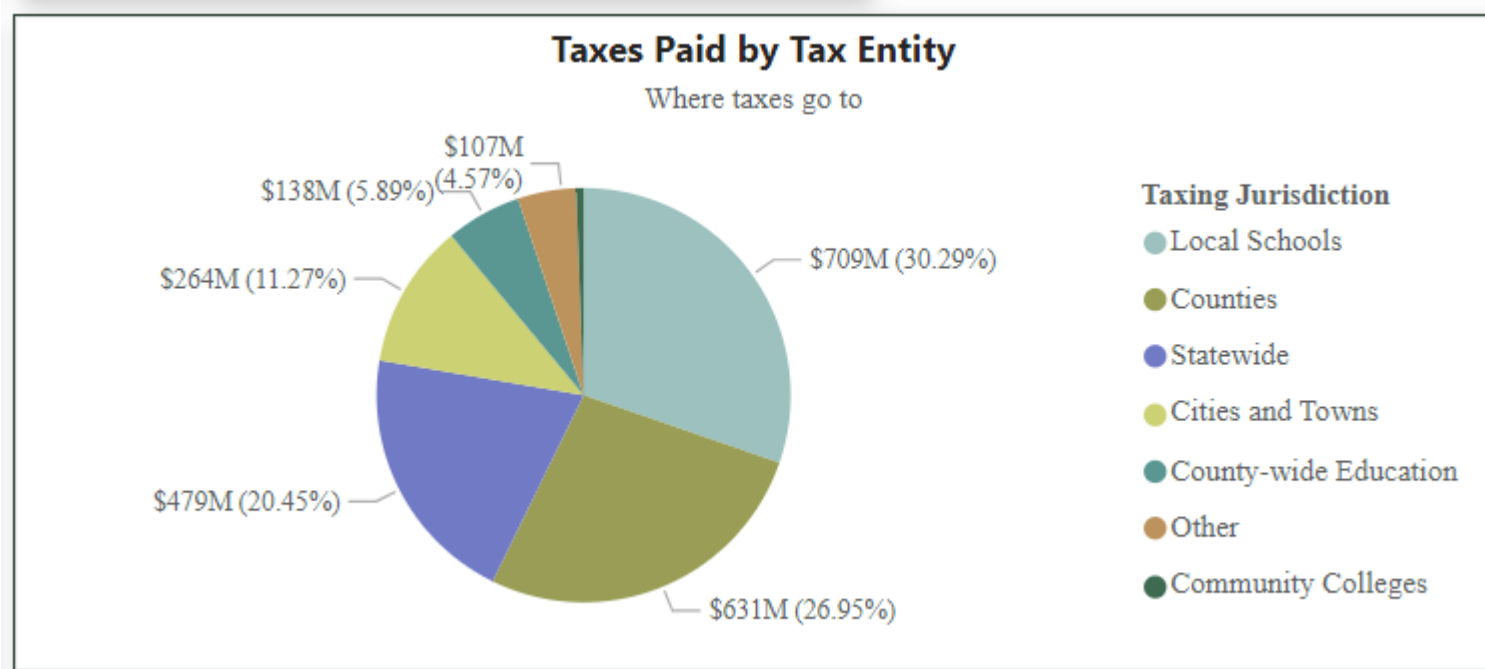


Tax Class Group

- Residential
- Commercial
- Pipelines & Electric
- Other
- Business Equipment
- Ag/Forest

Powell - FY 2024

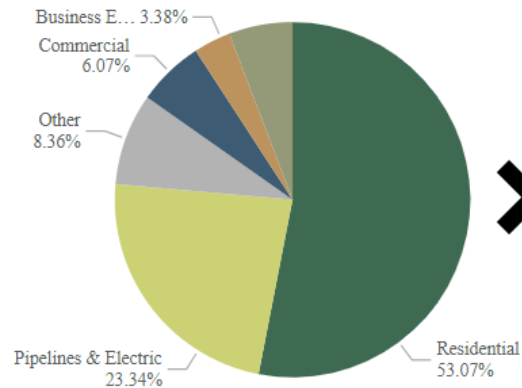
What do taxes go towards?



Statewide –
Fiscal Year 2024

Mill Calculation Example

Taxable Value by Tax Class

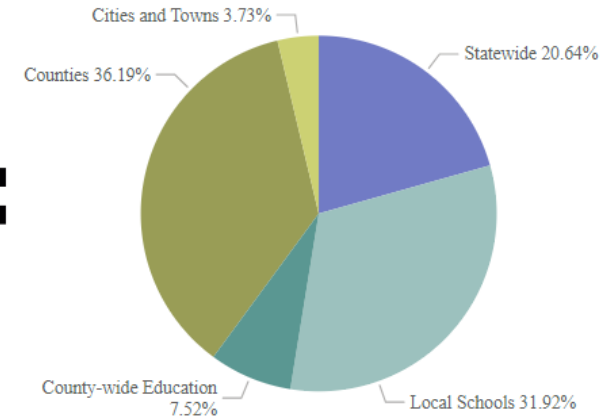


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Tax Jursisdiction	Mills
Avon Elem	50.57
COWDSCH COUNTY WIDE SCHOOL LEVIES	36.82
COWIDE COUNTY WIDE LEVIES	154.78
Deer Lodge Elem	108.72
DRLODGE CITY OF DEER LODGE	106.82
Elliston Elem	48.46
Garrison Elem	62.46
Helmville Elem	76.34
Ovando Elem	39.45
Powell County H S	75.60
ROAD COUNTY ROAD FUND	26.71
STSCHL STATE SCHOOL LEVIES	101.00

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Taxes Paid by Taxing Unit



Powell - FY 2024

Additional info at: <https://leg.mt.gov/lfd/property-tax/>
Click on "Quick View of Basic Property Tax Numbers"