Property Taxes

Non Levy Revenue
Property Tax

Legislative Fiscal Division

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Legislative Fiscal Division

Revenue Estimate Profile

Non Levy Revenue

Non levy revenue includes federal forest receipts, vehicle revenue, oil and gas revenue, coal gross proceeds revenue, reimbursements from the state, and other revenue which is distributed to statewide and local mills in each county. The mills to which non levy revenue is distributed is unique for each county and each non levy revenue source. The state's portion of non levy revenue is remitted to the state as a portion of the appropriate property tax. For instance, statewide 40 mill revenue includes a property tax portion and a non levy portion.

A description for each individual source follows below.

FEDERAL FOREST RECEIPTS

Revenue Description: The federal government authorizes logging operations on forest lands located within the borders of Montana. Through federal fiscal year 2000, the sale of timber generated revenue that the federal government shared with the state in the following year. The state received 25 percent of the federal forest receipts and sent the money to the county treasurer of the county in which the receipts were generated. Within thirty days, the county treasurer distributes the money to various county and state accounts.

Beginning November 2000, HR 2389 (federal legislation) fixes the allocation to the state at the average of the highest three years of forest receipts in the state. Not more than 20 percent and not less than 15 percent may be used by county governments for special projects on federal lands. The remainder is distributed under state law as described below.

Applicable Tax Rate(s): N/A

Distribution: The county treasurer apportions federal forest receipts in the following manner. Not more than 20% and not less than 15% is distributed to county government for special projects on federal land. Of the remainder:

?? 66 2/3% goes to the general fund of the county
?? 33 1/3% goes to the following countywide accounts, based on the mill ratios of each to total mills in the current year:
county equalization accounts (55 mills)
county transportation account
county retirement accounts

Collection Frequency: Twice annually (usually October and December).

Applicable Assumptions and/or Relevant Indicators:

Federal Forest Timber Prices
Federal Board Feet Harvested
Mill Levies for County Transportation and Retirement Accounts

Data Source(s): U.S. Forest Service survey, SBAS, SABHRS

Contacts: U.S. Forest Service

Statute: Title 17, Chapter 3, MCA

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions.

The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source.

The applicable methodology (formulas) and assumptions are used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Before the passage of federal HR 2389, forest receipts were estimated using the following procedure. Forest receipts and harvest data in Montana are collected for the most recent year available, from which a statewide average price is derived. U.S. Forest Service officials are interviewed to estimate future board feet production based on known sales and other future considerations. Future timber prices are also elicited from U.S. Forest Service officials. Total revenue is derived by multiplying estimated board feet by the estimated price by the state's share of 25.0 percent. This amount is then distributed to the county equalization account (55 mills) based on last year's ratio.

With the passage of federal HR 2389, the level of forest receipts by the state as a whole will remain fixed. The general fund share (to the 55 mills) will only vary as the percentage the 55 mills represents of total levied mills varies. Total mills levied are forecast to increase by 5.7 percent in fiscal 2001, and 2 percent each year thereafter.

FINANCIAL CORPORATION TAX

Revenue Description: The corporation income tax is levied against a corporation's net income earned in Montana. Some of these corporations are banks, savings and loans, and financial corporations. Factors that affect financial corporation license tax receipts include the health of the state economy, the spread between interest rates, and loan default rates. Additional factors that affect corporation license tax receipts include tax credits and the audit efforts by the Department of Revenue.

Applicable Tax Rate(s): The tax rate is 6.75%, except for corporations making a "water's edge" election (see 15-31-322, MCA), who pay a 7.0% tax on their net income

Distribution: The corporation tax on financial institutions is collected by the state. Of this amount twenty percent is distributed to the general fund. The remaining 80.0 percent is sent to the county treasurer in the county in which the financial institution is located. The county treasurer distributes this amount of tax based on the relative proportions of mill levies for counties, school districts, and municipalities as these exist for the current fiscal year. For purposes of this distribution, the county equalization levy (55 mills), the welfare levy (9 mills) and the vo-tech levy (1.5 mills) are considered county levies and receive a portion of this revenue. The state equalization levy (40 mills) and the university levy (6 mills) do not receive distributions from this revenue source.

Collection Frequency: Monthly, Quarterly, and Annually

Applicable Assumptions and/or Relevant Indicators:

U.S. Corporate Pre-Tax Profits	Financials
Corporate Income Tax Audits	Interest and Penalty Assessments
Tax Credits	Statewide Average Mill Ratios

Data Source(s): SBAS, SABHRS, Wharton Econometrics, Department of Revenue

Contacts: Department of Revenue

Statute: Title 15, Chapter 31, MCA

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The LFD employs a statistical model using U.S. corporate pre-tax profits to forecast Montana corporate taxable income for all corporations. Other factors are then either added or subtracted from the estimate for taxable income, including: audit revenue, financial tax, interest and penalty assessments, and impacts of legislation. The financial tax portion of these revenue estimates is made by assuming that revenue from financial institutions is a fixed percentage of revenue from all corporations. Twenty percent of financial corporation tax receipts are deducted for deposit in the general fund. The remaining 80.0 percent is distributed across county, school and city mills utilizing an average statewide mill levy.

COAL GROSS PROCEEDS TAX

Revenue Description: The state imposes a gross proceeds tax of 5.0 percent of the gross value of coal produced by all the coal mines in the state. The gross value of coal is computed as the tonnage of coal produced and sold times the contract sales price. This is the same gross value as used in the calculation of the state coal severance tax.

The tax is applied to one year's worth of production and the producer is billed in the following year. The producer pays the tax to the county treasurer in which the mine is located in two equal installments. One is in November of the notice year and the other is in May of the following year. Once received by the county treasurer, the tax revenue is distributed one month after receipt.

Applicable Tax Rate(s): The amount of tax due is 5.0 percent of the value of production as measured by the contract sales price for production in the preceding calendar year.

Distribution: The county treasurer distributes the coal gross proceeds tax based on the relative proportions of mill levies for the state, counties, and school districts as these existed in tax year 1989. At that time the county equalization mill levy was 45 mills. However, coal gross proceeds from new mines (starting business after December 31, 1988) are distributed across mill levies in the previous fiscal year.

Collection Frequency: The coal gross proceeds tax is collected twice annually in November and May. The state receives the tax revenue in December and June.

Applicable Assumptions and/or Relevant Indicators:

Montana Coal Production
Montana Contract Sales Price
Statewide Average Mill Ratios

Data Source(s): Coal Company Surveys, Department of Revenue, County Treasurers

Contacts: Coal Company Representatives, Department of Revenue, County Treasurers

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

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgement, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

The LFD surveys major coal companies for anticipated production levels and general indications of coal prices. In addition, a review is performed of historical trends and current literature on coal prices. The taxable value is then computed for each company by taking anticipated production, and multiplying that number by the contract sales price. Taxable value is then multiplied by the applicable tax rate to determine tax revenue. The final step involves applying the mill ratio for the state county equalization levy to the average statewide levy for tax year 1989 for the counties in which mines are located.

OIL & NATURAL GAS PRODUCTION TAXES

Revenue Description: The oil production tax is imposed on the production of petroleum and other mineral or crude oil in the state. The natural gas production tax is imposed on the production of natural gas in the state. The revenue from these taxes is submitted to the state, from which the state draws its share for distribution to the general fund, the resource indemnity trust and the Oil and Gas Conservation Board (See *Oil Production Tax* and *Natural Gas Production Tax*). The remaining share is for local distribution and is sent to the county treasurer in the counties in which the production occurred. A portion of the local share is distributed to the statewide mill levies.

Applicable Tax Rate(s): The oil and natural gas production taxes have numerous tax rates and distribution percentages depending on several factors. These factors include whether the oil or natural gas is produced from a stripper well, a horizontal well, an incentive well, from a well initially drilled before July 1, 1999 or after, from a well newly drilled within the last year or 18 months, and whether the interest being taxed is the working interest or the royalty interest.

Distribution: The local share of the oil and gas production tax is distributed by the county treasurer based on the relative proportions of mill levies for the state, counties, and school districts. The distribution of 5 percent of the revenue from pre-99 wells is based on the mill ratios that existed in fiscal 1990 (which did not include the 40 mills). The distribution of the remaining revenue from pre-99 wells and all the revenue from post-99 wells is distributed on mill ratios that existed in the previous fiscal year.

Collection Frequency: Quarterly: The oil and natural gas production tax is due 60 days after the end of the production quarter.

Applicable Assumptions and/or Relevant Indicators:

Montana Oil Production
Montana Oil Price
Statewide Average Mill Ratios

Data Source(s): SBAS, SABHRS, Department of Revenue, Wharton Econometrics Forecasting Associates (WEFA), *Wall Street Journal*

Contacts: Department of Revenue, Oil Company Representatives

Statute: Title 15, Chapter 36, MCA

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgement, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Taxable value is calculated for each oil and natural gas type by multiplying anticipated production by the relevant oil and natural gas prices. Taxable value is then multiplied by the tax rate and allocated according to the local allocation percent for oil and natural gas type, to determine tax revenue. The next step consists of allocating the local share of pre-99 and post-99 oil and natural gas revenue to the appropriate taxing jurisdictions.

PERSONAL PROPERTY TAX REIMBURSEMENT

Revenue Description: The 6 mill university levy account, the 9 mill welfare levy account, and the 1.5 mill levy account (general fund), in addition to local governments and school districts, receive personal property reimbursements which were enacted during the June 1989 special legislative session in HB 20. These reimbursements are statutorily appropriated by the legislature and are designed to offset the revenue impacts of the reduction in personal property tax rates enacted in HB 20. The amount distributed to local jurisdictions and to the state accounts are fixed at levels which existed in fiscal 1994. These amounts will be reduced by 10.0 percent per year beginning in fiscal 2000 through fiscal 2009.

Applicable Tax Rate(s): N/A

Distribution: Half of the reimbursements are distributed in November and half in May of each fiscal year.

Collection Frequency: N/A

Applicable Assumptions and/or Relevant Indicators:
Reimbursements are known and fixed at fiscal 1994 amounts.

Data Source(s): Department of Revenue

Contacts: Department of Revenue

Statute: Title 15, Chapter 1, MCA

% of Total FY 2000 General Fund Revenue: Factored into total property tax contributions.

Revenue Estimate Methodology: The amount of personal property reimbursements to the various state accounts is fixed at fiscal 1994 amounts. Future reimbursements are estimated by reducing the known amounts by 10.0 percent per year.

OTHER REVENUE

Revenue Description:

The county equalization account receives other revenue in addition to the types listed elsewhere. These include penalties and interest, back taxes, investment earnings, recreational fees, tax title and property sales, various state grants and fees, district court fines, county rents and lease income, and various revenue from federal sources such as PILT, Taylor Grazing and Bankhead Jones payments.

Applicable Tax Rate(s): N/A

Distribution: Varies

Collection Frequency: Varies

Applicable Assumptions and/or Relevant Indicators: Because these sources are fairly stable in total, the last known year of collections is usually used to forecast future collections.

Data Source(s): County Collection Reports

Contacts: Office of Public Instruction

Statute: Various

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

Revenue Estimate Methodology: : Because these sources are fairly stable in total, the last known year of collections is usually used to forecast future collections. Data for the last know year are obtained from data provided to the Office of Public Instruction by the county treasurers.

VEHICLE TAX

Revenue Description: Before January 1, 2001, light vehicles (including vans and sport utility vehicles) are taxed at 1.4 percent of the depreciated value of the manufacturer's suggested retail price (MSRP). In addition, buses, trucks, truck tractor's having a manufacturer's rated capacity of more than 1 ton, and certain trailers, are be taxed under a fee schedule which varies by age and weight.

Effective January 1, 2001, light vehicles will be charged a registration fee as a result of the passage of LR 115 (HB540) by the electorate in November 2000. The fee is $195 for light vehicles of age between zero and four years, $65 for vehicles between five and ten years of age, and $6 for vehicles over tem years old. LR 115 also lowered the registration fees charged on motorcycles and quadricycles. Under the law before LR 115, motorcycles were charged a fee based on four age categories and three engine size categories. Under LR 115 and beginning January 1, 2001, the number of age categories is reduced to three and the number of engine size categories remains the same. The new motorcycles registration fees are reduced relative to those in existence before LR 115.

Applicable Tax Rate(s): Varies

Distribution: All registration fees from newly titled light vehicles are deposited into the highway restricted state special revenue account. Ten percent of the registration collected on light vehicles is distributed to a state special revenue account to fund certain district court expenses. The remaining 90 percent of light vehicle registrations fees and fees in lieu of taxes for motorcycles and quadricycles are distributed in the relative proportions required by the levies for county, school district, and municipal purposes in the same manner as personal property taxes are distributed. No registration fee revenue from light vehicles and motorcycles and quadricycles is distributed to state mills, nor to the 9 mill welfare levy. The vo-tech levy (1.5 mills) continues to receive a share of this revenue. All other registration fees and fees in lieu of taxes (on large trucks, trailers, motor homes, campers etc.) are distributed in the relative proportions required by the levies for state, county, school district, and municipal purposes based on prior year mills. This revenue source represents one component used to calculate total non levy property tax revenue.

Collection Frequency: Monthly

Applicable Assumptions and/or Relevant Indicators:

Base year revenues for light vehicles and trucks
Population growth for ages 16 and over
Statewide Average Mill Levy

Data Source(s): Department of Justice, SBAS, SABHRS

Contacts: Department of Justice

Statute: Title 61, Chapter 3, MCA

% of Total FY 2000 General Fund Revenue: Included in total property tax contribution.

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgment, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

Non Levy Revenue

Beginning January 1, 2001, total vehicle tax for the state is made up of revenue from light vehicles and revenue from trucks, buses and trailers (hereafter called trucks). The revenue from light vehicles is dependent upon growth in the number of light vehicles, and the revenue from trucks is dependent upon growth in the number of trucks. Since the growth in the revenue from light vehicles differs from the revenue growth from trucks, each component is estimated separately.

The revenue from light vehicles depends on the growth in the number of vehicles. In turn, the number of vehicles is expected to grow slightly faster than the population of drivers in the state. The percentage growth is applied to the base year revenue derived from light vehicles. The base year light vehicle value is inferred from the amount of revenue in the special revenue account. The allocations to the highway account, the special revenue account, and the property tax levies is then computed. The growth rate used for fiscal 2001 through fiscal 2003 is 1.5 percent per year.

The tax on trucks began on January 1, 1998. Before this time, these vehicles were taxed as part of the class 8 property tax base. Future truck revenue estimates are based on an historical growth rate in the number of trucks, buses, and trailers multiplied by the base revenue in calendar 1999. The growth rate applied to truck revenue during the 2003 biennium is 1.5 percent per year.

Ten percent of fees from both light vehicles and trucks is deposited in a special revenue account for district courts and the rest is distributed to state and local government accounts on the basis of property tax mill ratios in the preceding fiscal year.

Forecast and Distribution Methodology

APER its = (SM s / TM it)
---where
APER = Allocation Percent
SM = State Mills Levied
TM = Total Mills Levied
i = Non Levy Tax Source
t = Fiscal Year
s = State Mill Levy

NLR ts = CIT t * APER its + VT t * APER its + OVT t * APER its + OGT t * APER its
+CGP t *APER its +PPR t *APER its + FOR t * APER its + OTH t *APER its
---where
NLR = Non Levy Revenue
CIT = Corporation Income Tax
VT = Vehicle Tax
OVT = Other Vehicle Tax
OGT = Oil and Gas Tax
CGP = Coal Gross Proceeds
PPR = Personal Property Reimbursement
FOR = Federal Forest Revenue
OTH = Other Revenue
APER = Allocation Percent
i = Non Levy Tax Source
t = Fiscal Year
s = State Mill Levy

Legislative Fiscal Division

Revenue Estimate Profile

Non Levy Revenue

	t Fiscal	Total Tax Millions	40 Mill Millions	55 Mill Millions	6 Mill Millions	9 Mill Millions	1.5 Mill Millions	Total State Millions
Actual	2000	146.490030	10.568508	23.088655	2.544886	0.860822	0.121110	37.183981
Forecast	2001	148.762756	5.316907	18.030536	1.760509	0.318788	0.151804	25.578544
Forecast	2002	146.683456	4.812048	17.719979	1.626815	0.296452	0.146608	24.601902
Forecast	2003	143.355353	4.442486	17.351473	1.545886	0.273771	0.141578	23.755194

	t Fiscal	Corporate Millions	Vehicle Millions	Oil Millions	Gas Millions	Coal Millions
Actual	2000	8.406195	68.580047	21.496634	12.037218	10.785058
Forecast	2001	8.523000	61.724014	23.077766	15.942124	11.330157
Forecast	2002	8.652000	61.724903	19.694756	15.559839	11.016935
Forecast	2003	8.745000	61.726647	19.374031	13.176032	11.263531

	t Fiscal	Other Vehicles Millions	PPR Millions	Forest Millions	Other Millions
Actual	2000	4.770112	11.559045	6.283122	2.572599
Forecast	2001	6.821031	10.274706	7.436753	2.823148
Forecast	2002	6.923347	8.990368	10.713780	2.697874
Forecast	2003	7.027197	7.706030	10.856075	2.760511

Corporate	t Fiscal	40 Mill Millions	55 Mill Millions	6 Mill Millions	9 Mill Millions	1.5 Mill Millions
Actual	2000	0.000000	1.148824	0.000000	0.072211	0.010388
Forecast	2001	0.000000	1.185277	0.000000	0.079514	0.011279
Forecast	2002	0.000000	1.182850	0.000000	0.079349	0.011256
Forecast	2003	0.000000	1.175258	0.000000	0.078839	0.011182

Non Levy Revenue

Vehicle	t Fiscal	40 Mill Millions	55 Mill Millions	6 Mill Millions	9 Mill Millions	1.5 Mill Millions
Actual	2000	6.816308	9.372424	1.022460	0.589115	0.084749
Forecast	2001	0.000000	0.000000	0.000000	0.000000	0.108652
Forecast	2002	0.000000	0.000000	0.000000	0.000000	0.106366
Forecast	2003	0.000000	0.000000	0.000000	0.000000	0.104296

Other Vehicle	t Fiscal	40 Mill Millions	55 Mill Millions	6 Mill Millions	9 Mill Millions	1.5 Mill Millions
Actual	2000	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2001	0.671544	0.923370	0.100733	0.061944	0.008786
Forecast	2002	0.671516	0.923339	0.100728	0.061940	0.008785
Forecast	2003	0.671449	0.923240	0.100714	0.061935	0.008785

Oil & Gas	t Fiscal	40 Mill Millions	55 Mill Millions	6 Mill Millions	9 Mill Millions	1.5 Mill Millions
Actual	2000	3.752200	5.540622	0.613667	0.000000	0.000000
Forecast	2001	4.645363	6.831122	0.755987	0.000000	0.000000
Forecast	2002	4.140532	6.094173	0.674530	0.000000	0.000000
Forecast	2003	3.771037	5.555355	0.615022	0.000000	0.000000

Coal	t Fiscal	40 Mill Millions	55 Mill Millions	6 Mill Millions	9 Mill Millions	1.5 Mill Millions
Actual	2000	0.000000	4.454186	0.593890	0.000000	0.000000
Forecast	2001	0.000000	4.679310	0.623906	0.000000	0.000000
Forecast	2002	0.000000	4.549950	0.606659	0.000000	0.000000
Forecast	2003	0.000000	4.651793	0.620238	0.000000	0.000000

Pers. Property	t Fiscal	40 Mill Millions	55 Mill Millions	6 Mill Millions	9 Mill Millions	1.5 Mill Millions
Actual	2000	0.000000	0.000000	0.314869	0.199496	0.025973
Forecast	2001	0.000000	0.000000	0.279883	0.177330	0.023087
Forecast	2002	0.000000	0.000000	0.244898	0.155163	0.020201
Forecast	2003	0.000000	0.000000	0.209912	0.132997	0.017315

Forest	t Fiscal	40 Mill Millions	55 Mill Millions	6 Mill Millions	9 Mill Millions	1.5 Mill Millions
Actual	2000	0.000000	0.000000	0.000000	0.000000	0.000000
Forecast	2001	0.000000	1.588309	0.000000	0.000000	0.000000
Forecast	2002	0.000000	2.271793	0.000000	0.000000	0.000000
Forecast	2003	0.000000	2.285316	0.000000	0.000000	0.000000

Other	t Fiscal	40 Mill Millions	55 Mill Millions	6 Mill Millions	9 Mill Millions	1.5 Mill Millions
Actual	2000	0.000000	2.572599	0.000000	0.000000	0.000000
Forecast	2001	0.000000	2.823148	0.000000	0.000000	0.000000
Forecast	2002	0.000000	2.697874	0.000000	0.000000	0.000000
Forecast	2003	0.000000	2.760511	0.000000	0.000000	0.000000

Property Tax

Revenue Description: Montana law requires counties to levy a county equalization levy of 55 mills against all taxable value in a county. The state levies a statewide equalization levy of 40 mills against taxable value of all property in the state.

Taxable value is defined as the market value of statutorily defined property times a statutory tax rate. Property valued at market value includes personal property, utility property, railroad and airline property, livestock, and mineral net and gross proceeds. Property valued at assessed value includes residential and commercial real estate, agricultural land and timberland.

Residential and commercial real estate, agricultural land and timberland were reappraised in tax year 1997. SB184, passed during the 1999 session, required that appraised values be phased-in over four years. At the same time, a homestead exemption was created and phased-in for residential real estate, and a comstead exemption was phased-in for commercial real estate. In addition, the tax rates for residential and commercial real estate, agricultural and timberland are being phased-in. Agricultural land and timberland are valued on a productivity basis.

The revenue from the property tax depends on the underlying value of the property, legislated tax rates, as well as state and local mill levies. Prior to fiscal 1996, revenue from the county equalization levy and the statewide levy was deposited in the school equalization account (SEA) and used exclusively for support of public schools. Senate Bill 83, passed by the 1995 legislature, revised laws concerning dedicated revenue and appropriations. Beginning in fiscal 1996 property tax receipts, while still to be used for support of public schools, are deposited in the general fund.

Beginning in fiscal 1997, statute requires the boards of county commissioners in the five counties where colleges of technology reside, to levy 1.5 mills for deposit in the state general fund. In addition to the tax on property, this revenue component includes collections from "non-levy" sources that are distributed on the basis of mills levied by taxing jurisdictions. These non-levy sources include the local share of the oil and gas production tax (formerly the local government severance tax and net proceeds tax), vehicle fees, coal gross proceeds taxes, the local share of the state corporation license taxes, and other smaller revenue sources.

There are two additional property tax assessments, however they do not contribute to general fund income: 1) a statewide 6 mill university levy used to provide university system funding, and 2) a twelve-county 9 mill welfare levy.

Applicable Tax Rate(s): Varies according to property classification.

Distribution: All property tax receipts are deposited into the general fund, except revenue associated with the university and welfare levy.

Collection Frequency: Monthly with significant state deposits in December and June.

Applicable Assumptions and/or Relevant Indicators:

- Statewide Taxable Value
- Vehicle Taxes
- Coal Gross Proceeds Tax Collections
- Corporation License Tax Collections
- Natural Gas and Oil Production Tax Collections
- Personal Property Tax Reimbursements
- Total Federal Forest Receipts
- Other Non-Levy Receipts

Revenue collections for these sources are calculated under individual, separate processes.

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax

Data Source(s): Department of Revenue (DOR), Office of Public Instruction (OPI), County Assessor Offices, Montana Association of Counties (MACO)

Contacts: Department of Revenue

Statute: Title 15, Chapter 6, MCA

% of Total FY 2000 General Fund Revenue: 16.69%

Revenue Estimate Methodology: The LFD uses a number of analytical techniques to develop relevant assumptions for this source of revenue. Historical data trends, economic conditions, input from industry experts, company surveys, and etc., are examples of information used to formulate these assumptions. The techniques used to develop these assumptions may vary from biennium to biennium and are highly dependent on availability of information, professional intuition/judgement, and a detailed analysis of the revenue source. The applicable methodology (formulas) and assumptions used by the LFD to develop a revenue estimate for this source are provided in a subsequent section of this document. The following summarizes the LFD process used to develop the revenue estimate.

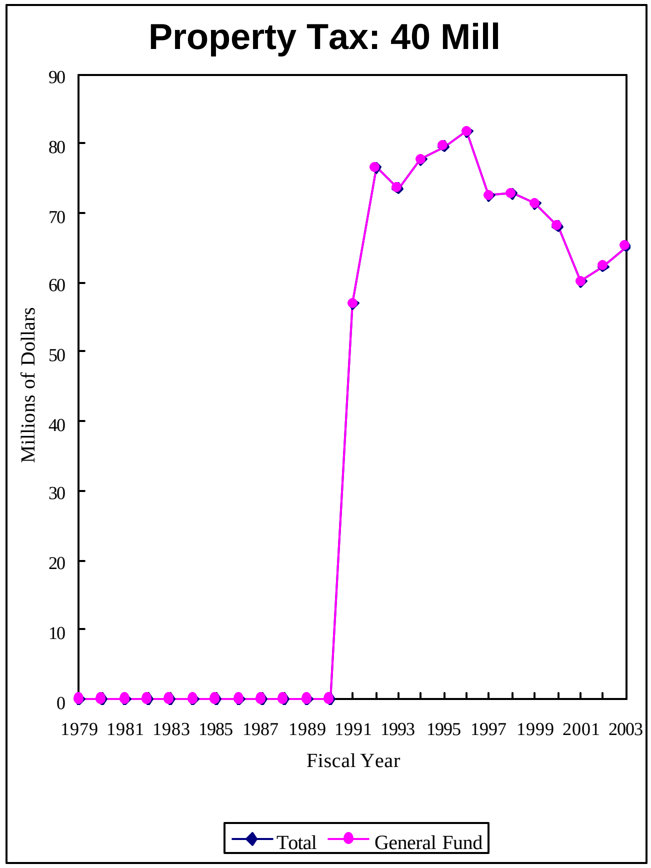
The first step in estimating property tax revenue requires calculating total statewide taxable value. This is done by taking the sum of all taxable value by class, each adjusted by a growth rate, less tax increment financing (TIF) district taxable value, and adding taxable value abatements. The estimates for the growth of taxable value in residential and commercial real estate, agricultural and timberland include the phasing in of reappraisal, the phasing in of assessed value exemptions, and the phasing in of tax rate reductions. In addition, an adjustment of 3.9 percent per year to the taxable value of residential and commercial real estate is made to adjust for the addition of new property to the tax base.

The next step involves estimating total non-levy revenue. The various components used in doing this calculation include: corporation income tax on financial institutes, motor vehicle tax, natural gas and oil production tax, coal gross proceeds, personal property reimbursements, and other revenue. Each of these variables is multiplied by the applicable allocation percent and the sum of those figures provides the estimate for total non-levy revenue. The applicable percentage is based on the ratio of the applicable state mill levy divided by the total mills assessed. The distribution of non-levy revenue sources varies according to the taxing jurisdiction, as shown in the following table. Forest receipts are added to the total property tax and non-levy revenue for the 55 state mill levy only.

Total property tax revenue is calculated by first taking the total statewide taxable value times the appropriate state mill levy. That figure is then added to the estimates for total non-levy revenue and forest receipts, less the estimate for Senate Bill 417 property reimbursement payments. Other adjustments attributable to changes in legislation are factored in.

Revenue Projection:

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.000000	0.000000	
A	1980	0.000000	0.000000	Not App.
A	1981	0.000000	0.000000	Not App.
A	1982	0.000000	0.000000	Not App.
A	1983	0.000000	0.000000	Not App.
A	1984	0.000000	0.000000	Not App.
A	1985	0.000000	0.000000	Not App.
A	1986	0.000000	0.000000	Not App.
A	1987	0.000000	0.000000	Not App.
A	1988	0.000000	0.000000	Not App.
A	1989	0.000000	0.000000	Not App.
A	1990	0.000000	0.000000	Not App.
A	1991	56.993458	56.993458	Not App.
A	1992	76.611683	76.611683	34.42%
A	1993	73.491444	73.491444	-4.07%
A	1994	77.685356	77.685356	5.71%
A	1995	79.576682	79.576682	2.43%
A	1996	81.753560	81.753560	2.74%
A	1997	72.560534	72.560534	-11.24%
A	1998	72.792875	72.792875	0.32%
A	1999	71.370740	71.370740	-1.95%
A	2000	68.119545	68.119545	-4.56%
F	2001	60.134000	60.134000	-11.72%
F	2002	62.312000	62.312000	3.62%
F	2003	65.202000	65.202000	4.64%



Forecast Methodology

TVAL t = Sum(i=1...n)(CLSS t)i * GRT it - TIF t + ABAT t
---where
TVAL = Statewide Taxable Value
CLSS = Taxable Value by Class
GRT it = Growth Rate for Each Class
TIF = Tax Increment Financing District Taxable Value
ABAT = Taxable Value Abatement
t = Fiscal Year
i = Property Class

APER its = (SM s / TM it)
---where
APER = Allocation Percent
SM = State Mills Levied
TM = Total Mills Levied
i = Non Levy Tax Source
t = Fiscal Year
s = State Mill Levy

NLR ts = CIT t * APER its + VT t * APER its + OVT t* APER its
+ OGT t * APER its + CGP t *APER its + PPR t *APER its
+ FOR t * APER its + OTH t *APER its
---where
NLR = Non Levy Revenue
CIT = Corporation Income Tax
VT = Vehicle Tax
OVT = Other Vehicle Tax
OGT = Oil and Gas Tax
CGP = Coal Gross Proceeds
FOR t = Federal Forest Revenue
PPR = Personal Property Reimbursement
OTH = Other Revenue
APER = Allocation Percent
t = Fiscal Year
i = Non Levy Tax Source
s = State Mill Levy

TTAX t = MILLS t * TVAL t + NLR ts + ADJ t
---where
TTAX = Total Property Tax
MILLS = 40 Mills / 1000
TVAL = Statewide Taxable Value
NLR = Non Levy Revenue
ADJ = Legislation/SB 417 Adjustments
t = Fiscal Year
s = State Mill Levy

Distribution Methodology

GFTAX t = TTAX t * 100%

--- where

GFTAX = General Fund Allocation of Tax

TTAX = Total Property Tax

t = Fiscal Year

	t Fiscal	Total Tax Millions	GF Tax Millions	Tax. Value Millions	Mills/1000 Applied	Non-Levy Millions	Adjustments Millions
Actual	2000	68.119545	68.119545	1863.986815	0.040000	10.568508	-12.712919
Actual	2001	60.134000	60.134000	1652.914459	0.040000	5.317000	-11.300000
Forecast	2002	62.312000	62.312000	1684.706087	0.040000	4.812000	-9.888000
Forecast	2003	65.202000	65.202000	1730.881675	0.040000	4.442000	-8.475000

	t Fiscal	Class 1 Millions	Class 2 Millions	Class 3 Millions	Class 4 Millions	Class 5 Millions	Class 6 Millions	Class 7 Millions
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Forecast	2002	5.178970	12.707624	139.250055	966.097204	39.774452	9.704690	0.151428
Forecast	2003	5.178970	14.719711	138.863636	1019.147534	41.120595	3.714140	0.148817

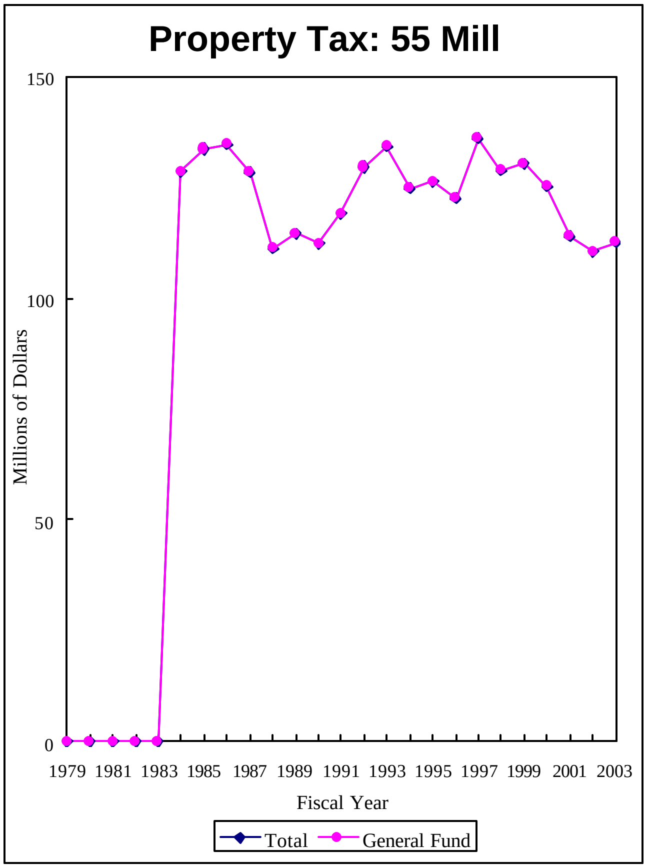
	t Fiscal	Class 8 Millions	Class 9 Millions	Class 10 Millions	Class 12 Millions	Class 13 Millions	TIF's Millions	Abatement Millions
Actual	2000	215.7480920	498.0302370	8.5200900	68.1925880	0.0000000	44.5355770	7.8747870
Actual	2001	112.7827340	230.8329780	8.7088490	49.6414440	147.1427500	28.4288400	3.8798300
Forecast	2002	117.1812610	223.7815800	8.3125960	49.1420080	139.0819540	29.5375650	3.8798300
Forecast	2003	121.7513300	221.0989970	7.3006620	49.4745740	135.1724090	30.6895300	3.8798300

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.000000	0.000000	
A	1980	0.000000	0.000000	Not App.
A	1981	0.000000	0.000000	Not App.
A	1982	0.000000	0.000000	Not App.
A	1983	0.000000	0.000000	Not App.
A	1984	128.445172	128.445172	Not App.
A	1985	133.608178	133.608178	4.02%
A	1986	134.707251	134.707251	0.82%
A	1987	128.225413	128.225413	-4.81%
A	1988	111.111138	111.111138	-13.35%
A	1989	114.444609	114.444609	3.00%
A	1990	112.374543	112.374543	-1.81%
A	1991	119.161125	119.161125	6.04%
A	1992	129.526346	129.526346	8.70%
A	1993	134.154928	134.154928	3.57%
A	1994	124.696589	124.696589	-7.05%
A	1995	126.265989	126.265989	1.26%
A	1996	122.329028	122.329028	-3.12%
A	1997	135.893657	135.893657	11.09%
A	1998	128.708743	128.708743	-5.29%
A	1999	130.388345	130.388345	1.30%
A	2000	125.145645	125.145645	-4.02%
F	2001	113.874824	113.875000	-9.01%
F	2002	110.379000	110.379000	-3.07%
F	2003	112.549000	112.549000	1.97%



Forecast Methodology

TVAL t = Sum(i=1...n)(CLSS t)i - TIF t + ABAT t
---where
TVAL = Statewide Taxable Value
CLSS = Taxable Value by Class
TIF = Tax Increment Financing District Taxable Value
ABAT = Taxable Value Abatement
t = Fiscal Year
i = Property Class

APER its = (SM s / TM it)
---where
APER = Allocation Percent
SM = State Mills Levied
TM = Total Mills Levied
i = Non Levy Tax Source
t = Fiscal Year
s = State Mill Levy

NLR ts = CIT t * APER its + VT t * APER its + OVT t* APER its
+ OGT t * APER its + CGP t *APER its + PPR t *APER its
+ FOR t * APER its + OTH t *APER its
---where
NLR = Non Levy Revenue
CIT = Corporation Income Tax
VT = Vehicle Tax
OVT = Other Vehicle Tax
OGT = Oil and Gas Tax
CGP = Coal Gross Proceeds
FOR t = Federal Forest Revenue
PPR = Personal Property Reimbursement
OTH = Other Revenue
APER = Allocation Percent
t = Fiscal Year
i = Non Levy Tax Source
s = State Mill Levy

TTAX t = MILLS t * TVAL t + NLR ts + ADJ t
---where
TTAX = Total Property Tax
MILLS = 55 Mills / 1000
TVAL = Statewide Taxable Value
NLR = Non Levy Revenue
ADJ = Legislation
t = Fiscal Year
s = State Mill Levy

Distribution Methodology

GFTAX t = TTAX t * 100%
---where
GFTAX = General Fund Allocation of Tax
TTAX = Total Property Tax
t = Fiscal Year

	t Fiscal	Total Tax Millions	GF Tax Millions	Tax. Value Millions	Mills/1000 Applied	Non-Levy Millions	Adjustments Millions
Actual	2000	125.145645	125.145645	1863.986815	0.055000	23.088655	0.274000
Actual	2001	113.874824	113.875000	1652.914459	0.055000	18.031000	4.933824
Forecast	2002	110.379000	110.379000	1684.706087	0.055000	17.720000	0.000000
Forecast	2003	112.549000	112.549000	1730.881675	0.055000	17.351000	0.000000

	t Fiscal	Class 1 Millions	Class 2 Millions	Class 3 Millions	Class 4 Millions	Class 5 Millions	Class 6 Millions	Class 7 Millions
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Forecast	2002	5.178970	12.707624	139.250055	966.097204	39.774452	9.704690	0.151428
Forecast	2003	5.178970	14.719711	138.863636	1019.147534	41.120595	3.714140	0.148817

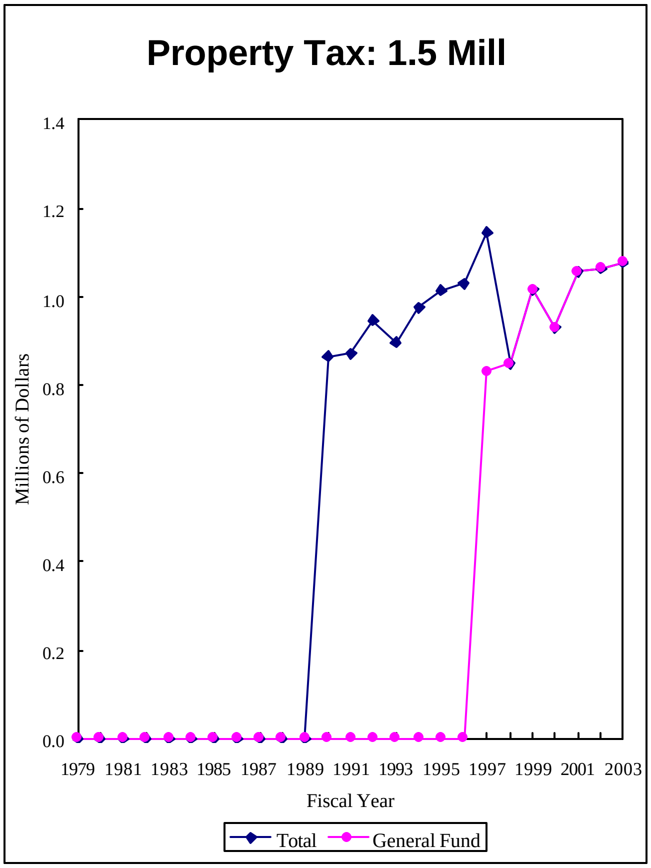
	t Fiscal	Class 8 Millions	Class 9 Millions	Class 10 Millions	Class 12 Millions	Class 13 Millions	TIF's Millions	Abatement Millions
Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	3.879830
Forecast	2002	117.181261	223.781580	8.312596	49.142008	139.081954	29.537565	3.879830
Forecast	2003	121.751330	221.098997	7.300662	49.474574	135.172409	30.689530	3.879830

Legislative Fiscal Division

Revenue Estimate Profile

Property Tax

	Fiscal Year	Total Collections Millions	General Fund Collections Millions	GF Percent Change
A	1979	0.000000	0.000000	
A	1980	0.000000	0.000000	Not App.
A	1981	0.000000	0.000000	Not App.
A	1982	0.000000	0.000000	Not App.
A	1983	0.000000	0.000000	Not App.
A	1984	0.000000	0.000000	Not App.
A	1985	0.000000	0.000000	Not App.
A	1986	0.000000	0.000000	Not App.
A	1987	0.000000	0.000000	Not App.
A	1988	0.000000	0.000000	Not App.
A	1989	0.000000	0.000000	Not App.
A	1990	0.863590	0.000000	Not App.
A	1991	0.870302	0.000000	Not App.
A	1992	0.945934	0.000000	Not App.
A	1993	0.895874	0.000000	Not App.
A	1994	0.974589	0.000000	Not App.
A	1995	1.013989	0.000000	Not App.
A	1996	1.028520	0.000000	Not App.
A	1997	1.144082	0.830174	Not App.
A	1998	0.848762	0.848762	2.24%
A	1999	1.015894	1.015894	19.69%
A	2000	0.930968	0.930968	-8.36%
F	2001	1.055500	1.056000	13.43%
F	2002	1.062688	1.063000	0.66%
F	2003	1.076875	1.077000	1.32%



Forecast Methodology

TVAL t = Sum(i=1...n)(CLSS t)i - TIF t + ABAT t
---where
TVAL = Statewide Taxable Value
CLSS = Taxable Value by Class
TIF = Tax Increment Financing District Taxable Value
ABAT = Taxable Value Abatement
t = Fiscal Year
i = Property Class

APER its = (SM s / TM it)
---where
APER = Allocation Percent
SM = State Mills Levied
TM = Total Mills Levied
i = Non Levy Tax Source
t = Fiscal Year
s = State Mill Levy

NLR ts = CIT t * APER its + VT t * APER its + OVT t* APER its
+ OGT t * APER its + CGP t *APER its + PPR t *APER its
+ FOR t * APER its + OTH t *APER its
---where
NLR = Non Levy Revenue
CIT = Corporation Income Tax
VT = Vehicle Tax
OVT = Other Vehicle Tax
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CGP = Coal Gross Proceeds
FOR t = Federal Forest Revenue
PPR = Personal Property Reimbursement
OTH = Other Revenue
APER = Allocation Percent
t = Fiscal Year
i = Non Levy Tax Source
s = State Mill Levy

TTAX t = MILLS t * TVAL t + NLR ts + ADJ t
---where
TTAX = Total Property Tax
MILLS = 1.5 Mills / 1000
TVAL = Statewide Taxable Value
NLR = Non Levy Revenue
ADJ = Legislation
t = Fiscal Year
s = State Mill Levy

Distribution Methodology

GFTAX t = TTAX t * 100%

---where

GFTAX = General Fund Allocation of Tax

TTAX = Total Property Tax

t = Fiscal Year

	t Fiscal	Total Tax Millions	GF Tax Millions	Tax. Value Millions	Mills/1000 Applied	Non-Levy Millions	Adjustments Millions
Actual	2000	0.930968	0.930968	618.047161	0.001500	0.121110	0.000000
Forecast	2001	1.055500	1.056000	576.691092	0.001500	0.152000	0.038500
Forecast	2002	1.062688	1.063000	587.782984	0.001500	0.147000	0.033688
Forecast	2003	1.076875	1.077000	603.893346	0.001500	0.142000	0.028875

	t Fiscal	Class 1 Millions	Class 2 Millions	Class 3 Millions	Class 4 Millions	Class 5 Millions	Class 6 Millions	Class 7 Millions
Actual	2000	7.026572	8.282057	139.192024	894.188310	37.015035	22.570979	1.881621
Actual	2001	5.178965	8.460976	139.318879	920.536186	39.008611	15.695230	0.155867
Forecast	2002	5.178970	12.707624	139.250055	966.097204	39.774452	9.704690	0.151428
Forecast	2003	5.178970	14.719711	138.863636	1019.147534	41.120595	3.714140	0.148817

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Actual	2000	215.748092	498.030237	8.520090	68.192588	0.000000	44.535577	7.874787
Actual	2001	112.782734	230.832978	8.708849	49.641444	147.142750	28.428840	3.879830
Forecast	2002	117.181261	223.781580	8.312596	49.142008	139.081954	29.537565	3.879830
Forecast	2003	121.751330	221.098997	7.300662	49.474574	135.172409	30.689530	3.879830