

PROPERTY TAX PRIMER

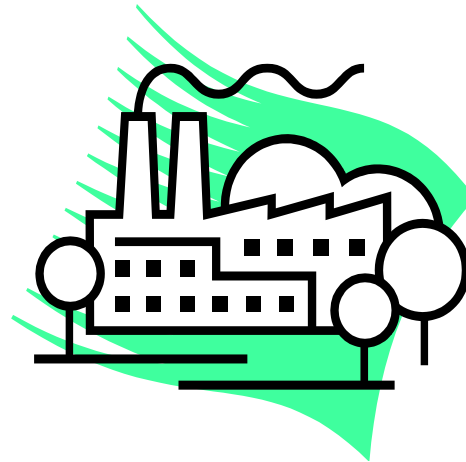
BOB STORY

EXECUTIVE DIRECTOR

MONTANA TAXPAYERS ASSOCIATION

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PROPERTY TAXES



PROPERTY APPRAISAL

- Montana Constitution requires State to appraise, assess and equalize all property
- All taxing jurisdictions must use state values
- Legislature can set rules for appraisal process

CLASSIFIED PROPERTY TAX SYSTEM

- MONTANA HAS 16 PROPERTY TAX CLASSES
- A CLASSIFIED SYSTEM ALLOWS FOR
 - Different tax rates
 - Different appraisal methods
 - Apportionment of tax burden
 - Different appraisal cycles

Property Tax Classes

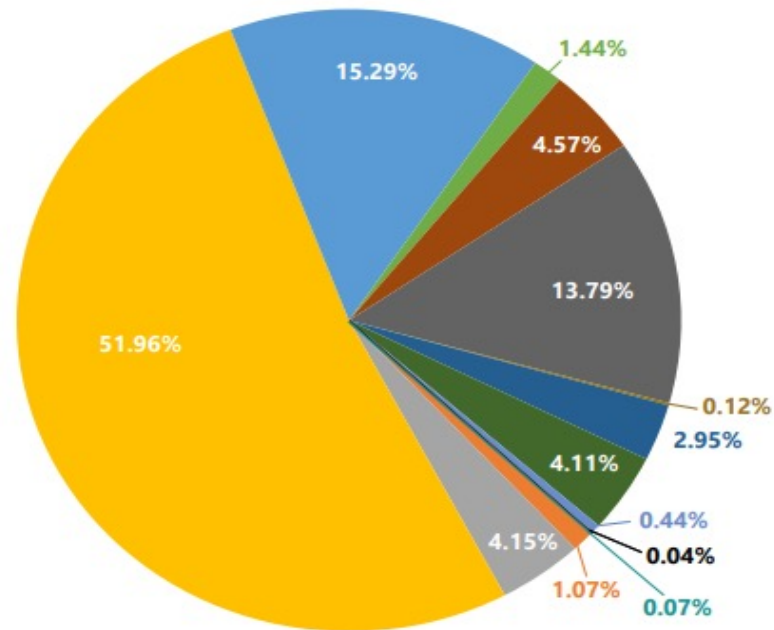
- | | |
|---------------------------------|-----------|
| 1. Net mining proceeds | 100% |
| 2. Gross metal mining proceeds | 3.0% |
| 3. Agriculture Land | 2.16 |
| 4. Residential | 1.35% |
| 4. Commercial 1.4x 1.35% | 1.89% |
| 5. Co-ops and Pollution Control | 3.0% |
| 7. Qualifying Rural Electrics | 8.0% |
| 8. Business Equipment | 1.5 to 3% |
| \$300,000 exempt | |

Property Tax Classes

9. Pipelines/Non-Electric Gen.	12.0%
10. Timber	0.37%
12. Railroads and Airlines	3.4%
13. Telecom and Electric Gen.	6.0%
14. Renewable Energy	3.0%
15. Carbon Sequestration	3.0%
16. High Voltage Current Conv.	2.25%
17. Data Centers	.90%
18. Green Hydrogen Facilities	1.50%

TAXES PAID BY CLASS

Percent of Property Taxes Paid by Class, Tax Year 2021



APPRAISAL METHODS

- MARKET VALUE APPRAISAL
 - Most Classes of property
 - Department of Revenue uses standard appraisal methods to determine value
- PRODUCTIVE VALUE APPRAISAL
 - Agricultural land
 - Forest land

APPRAISAL CYCLES

- **CYCLICAL APPRAISAL**
 - Classes 3, 4, and 10
 - 2 year cycle –Classes 3 and 4
 - 6 year cycle– Class 10
- **ANNUAL APPRAISAL**
 - All other classes

APPORTIONMENT OF TAX BURDEN

TAXES PAID PER \$1000 VALUE

Assessed value x tax rate x mills

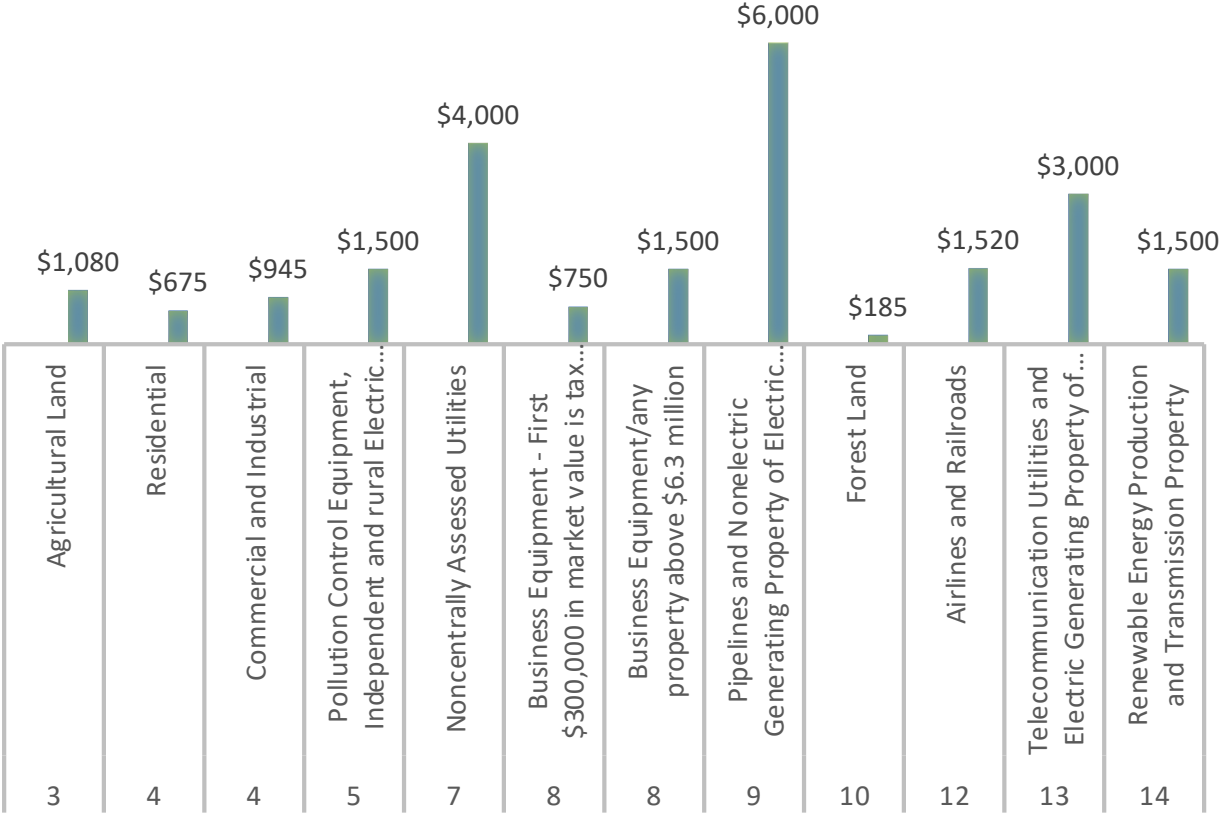
- CLASS 4 PROPERTY

- $\$1000 \times .0135 \times .600 = \8.10

- CLASS 9 PROPERTY

- $\$1000 \times .12 \times .600 = \72.00

**TAXES PAID PER \$100,000 OF PROPERTY
BY CLASS @ 500 MILLS**



TAX CALCULATION

- ASSESSED VALUE
 - Market Value
 - Productive value
 - Determined by Department of Revenue
- TAX RATE
 - Set by Legislature
- Mill levy
 - Set by local governments or State

Tax Calculation

RESIDENTIAL PROPERTY

- ASSESSED VALUE X TAX RATE X TOTAL LEVY
- \$200,000 X 1.35 % X 600 = TAXES OWED
- \$200,000 X .0135 X .600 = \$1620.00

TAX CALCULATION

BUSINESS EQUIPMENT

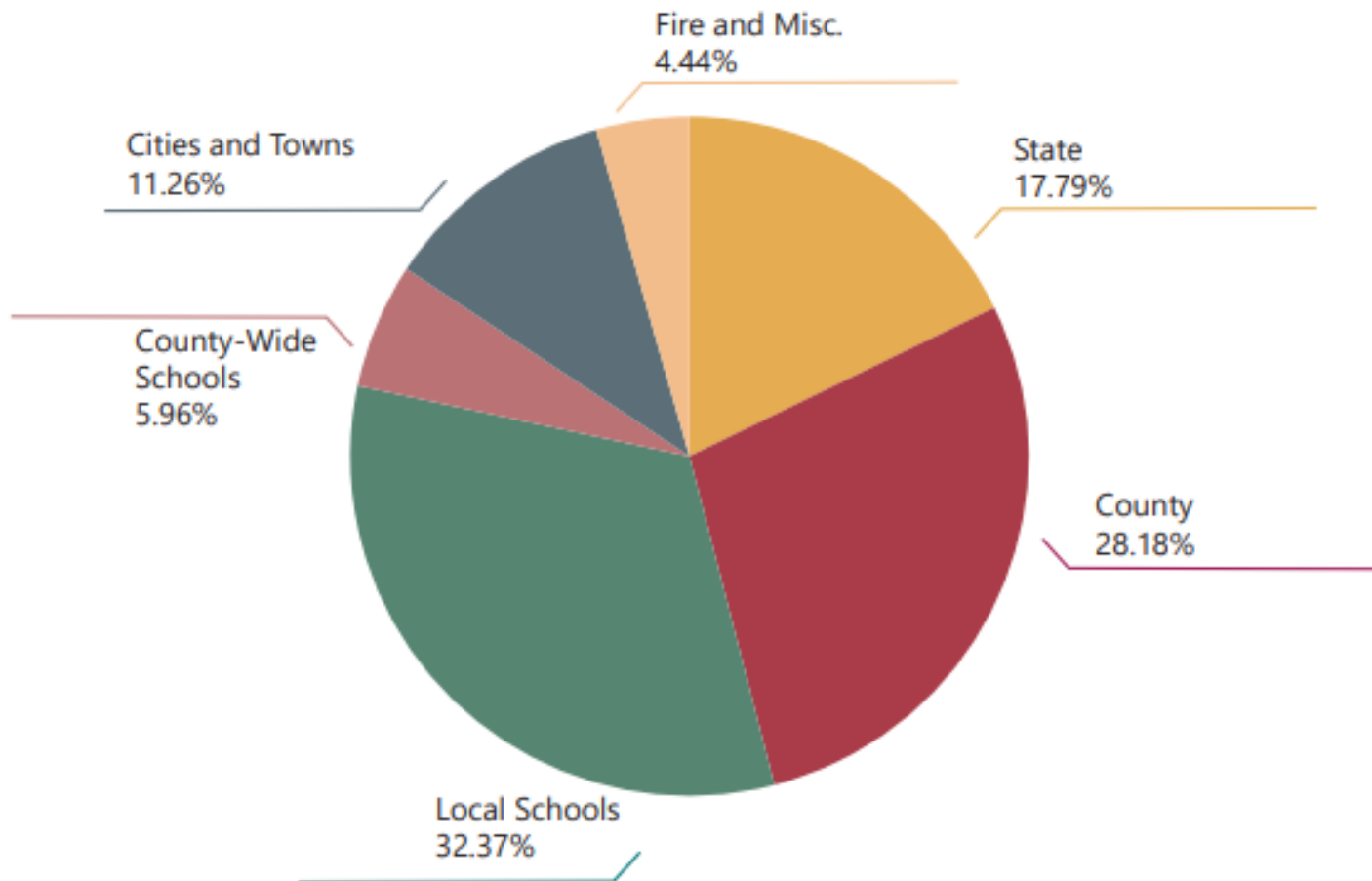
- ASSESSED VALUE- \$300,000 X 1.5% FOR FIRST 6 MILLION + 3% FOR OVER 6 MILLION

COMMERCIAL PROPERTY

- ASSESSED VALUE X 1.89% (1.35X 1.4) X MILLS

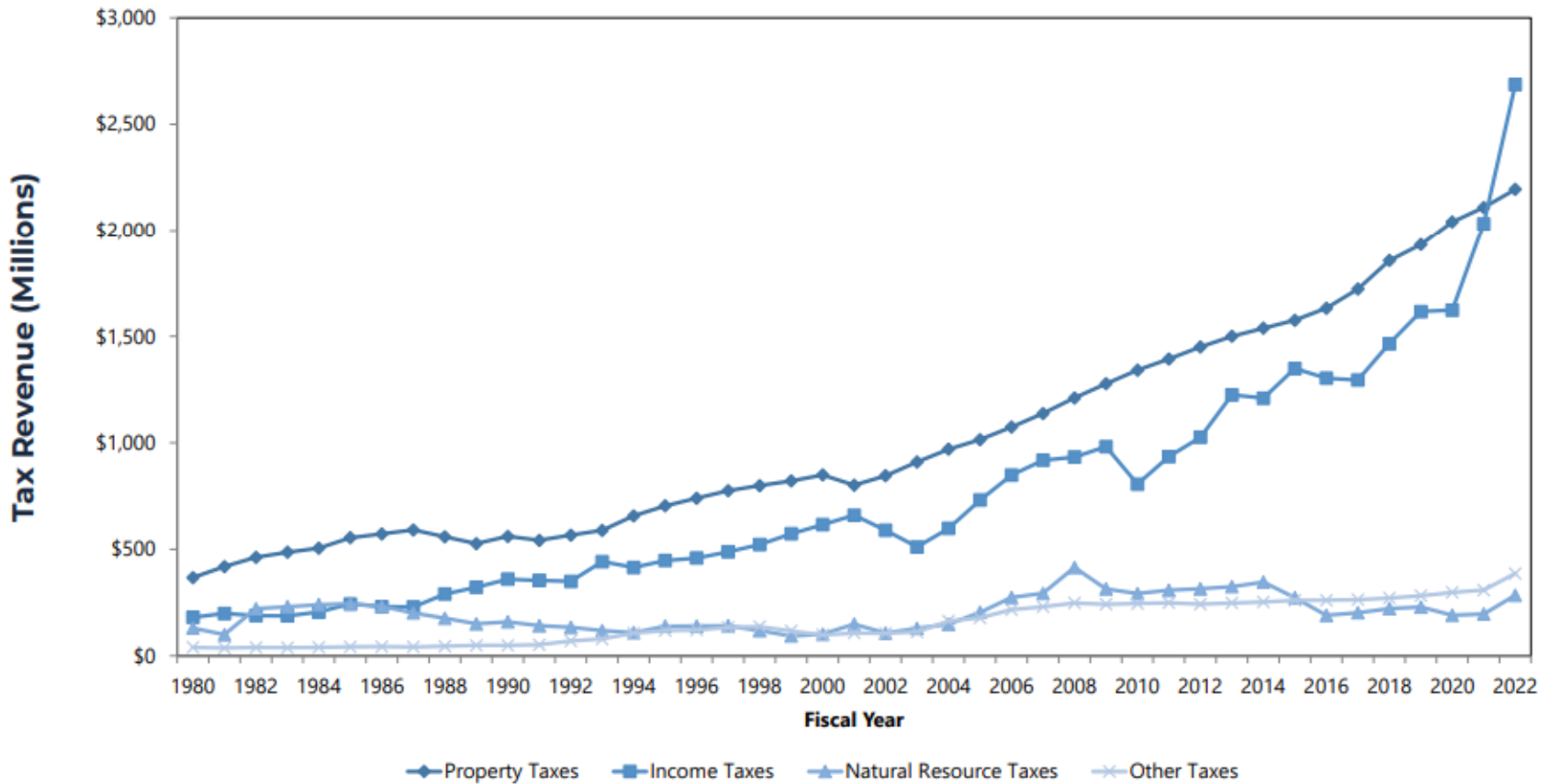
PROPERTY TAX USES

The following pie chart presents the allocation of property tax usage by each type of taxing jurisdiction for Fiscal Year 2023.

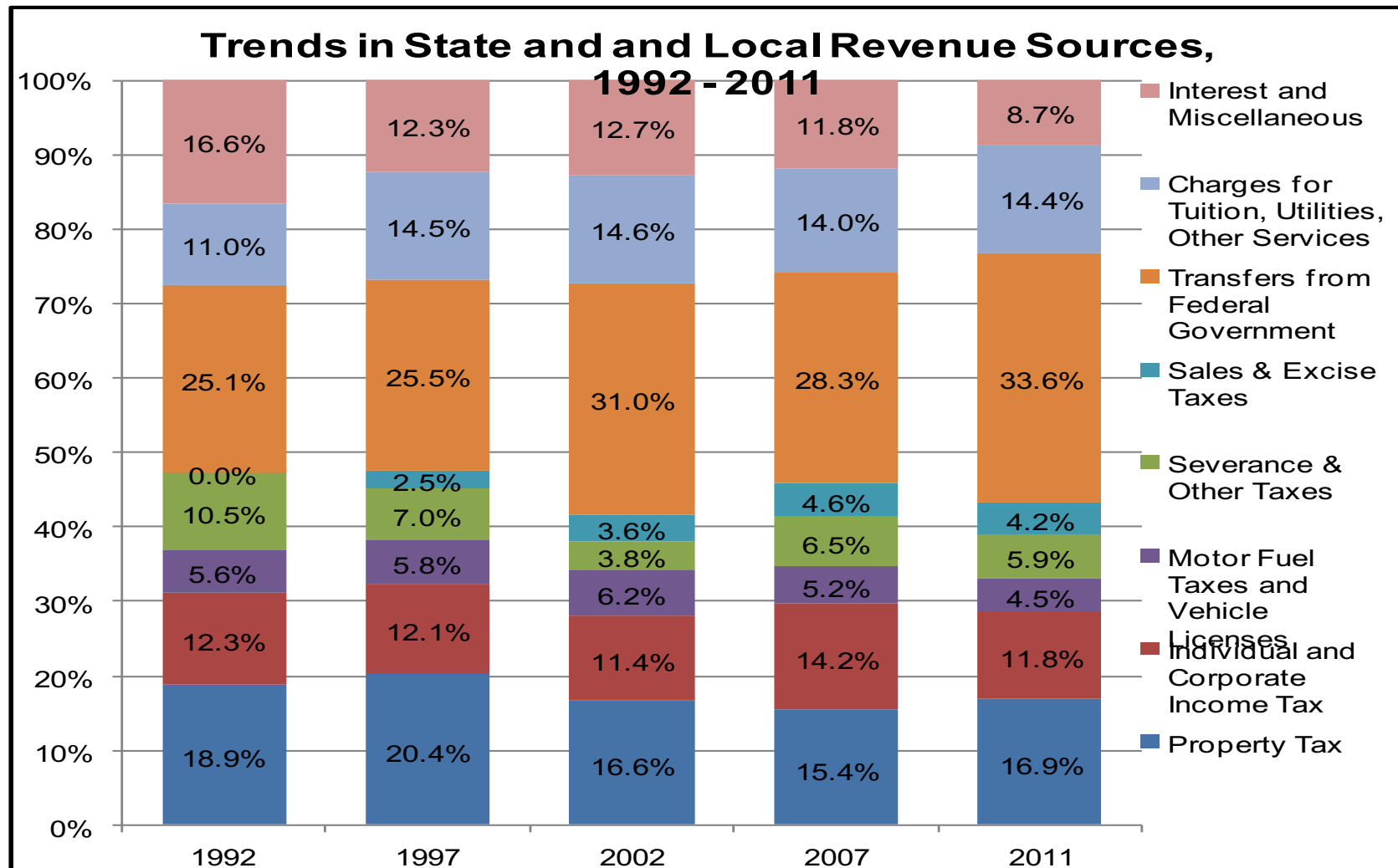


GROWTH IN TAX REVENUES

Department of Revenue (DOR) State and Local Taxes in Montana (FY 1980-2022)

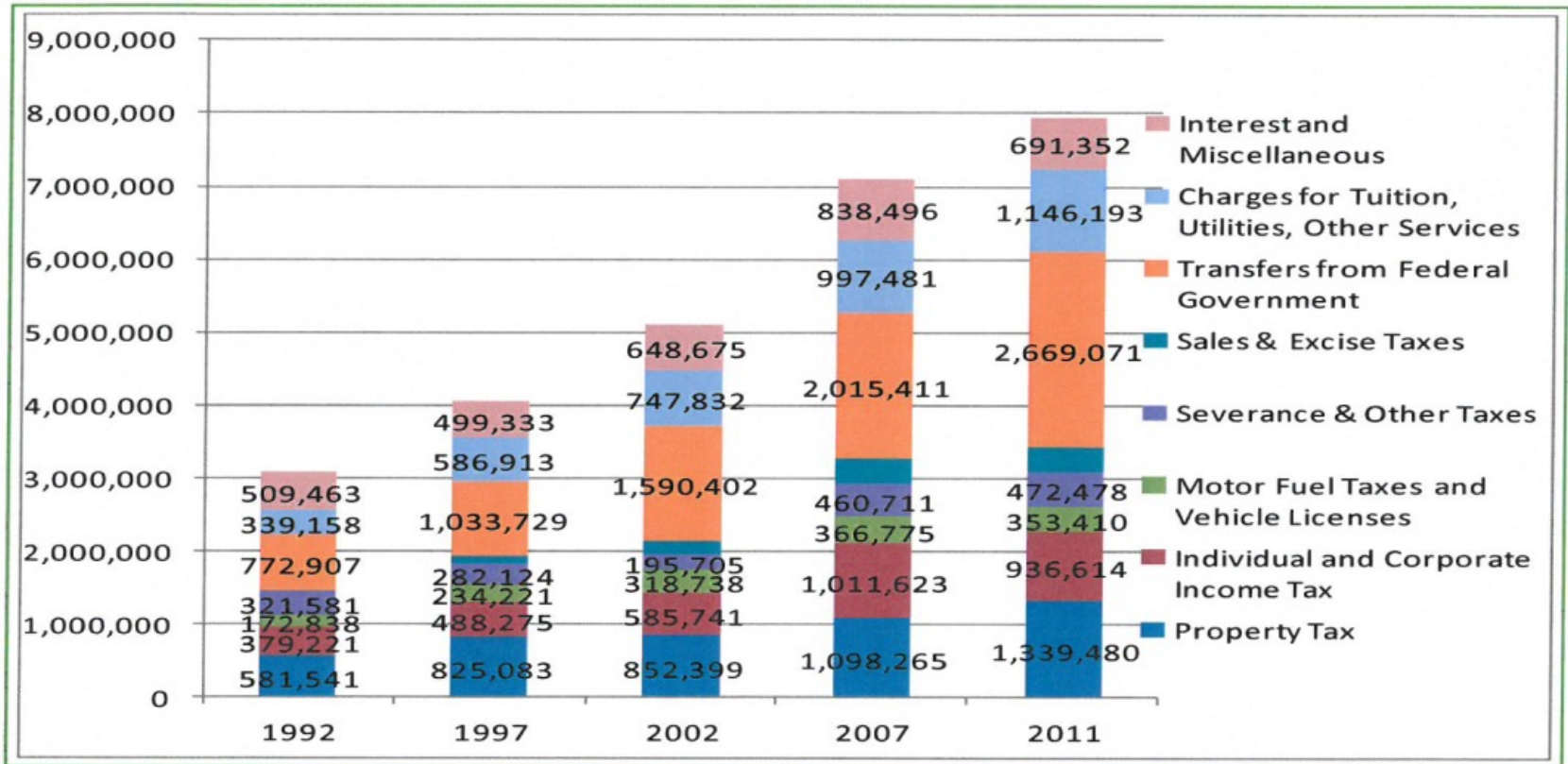


SPENDING TRENDS



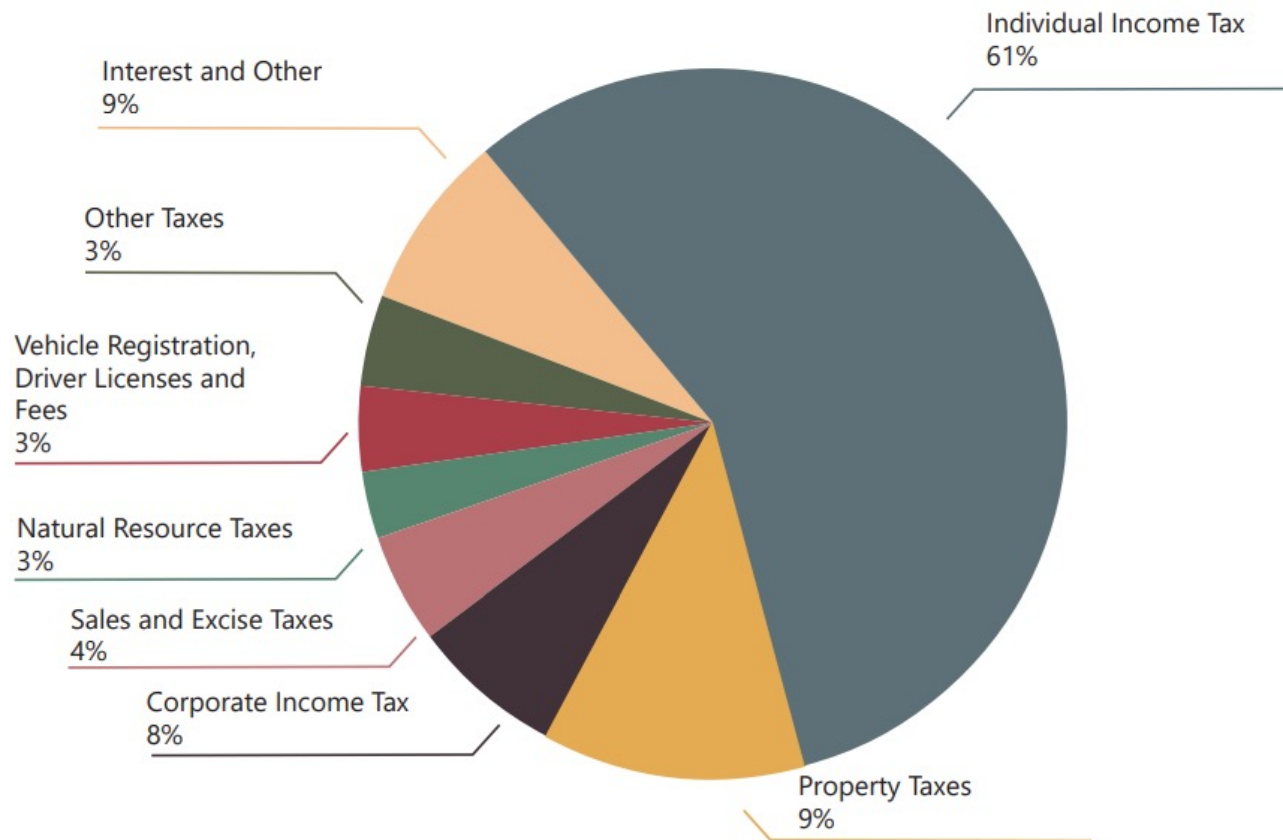
SPENDING TRENDS

Trends in State and Local Revenue Sources, 1992—2011



STATE REVENUE

State General Fund Revenue (FY 2022)
Total = \$3.891 Billion



PROPERTY TAX PRIMER

QUESTIONS?

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