

Montana Budget and Policy Center

Montana Government Revenues

June 12 and 13, 2018

Mike Kadas

MONTANA DEPARTMENT OF REVENUE

BIENNIAL REPORT

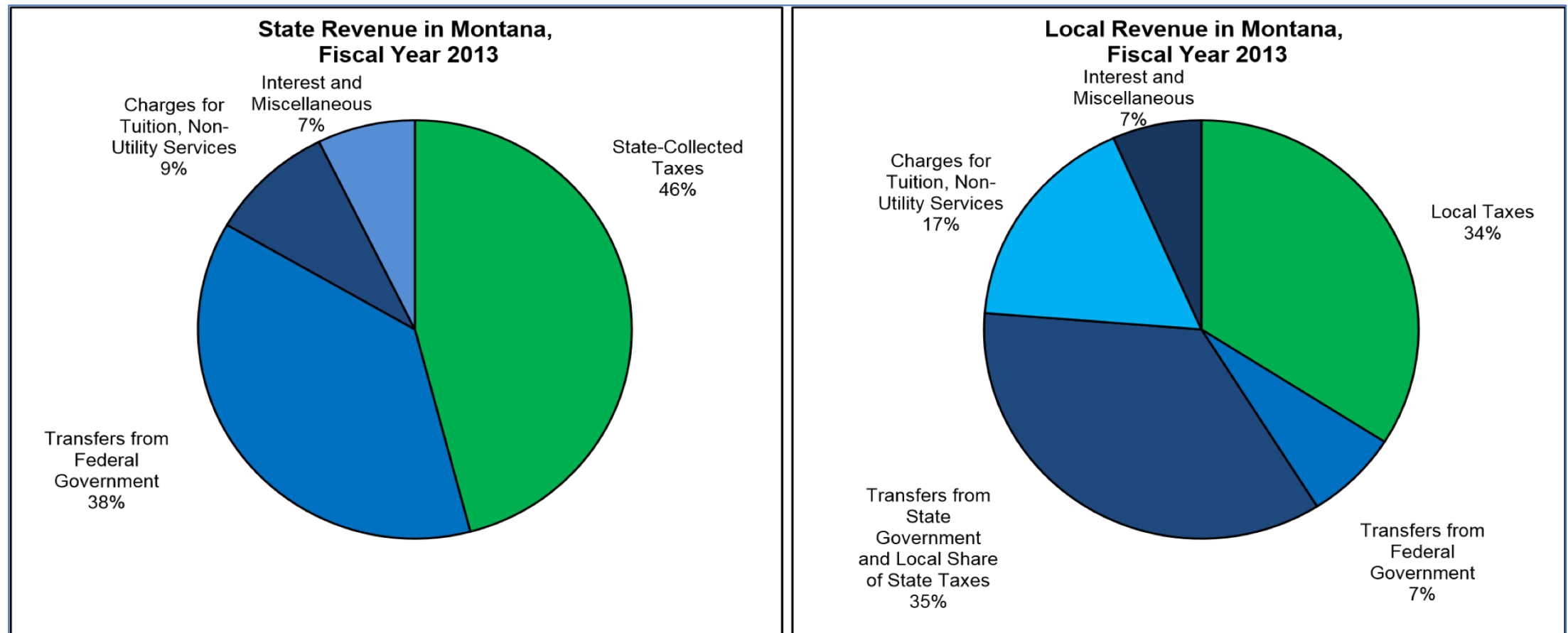
JULY 1, 2014 - JUNE 30, 2016

<https://mtrevenue.gov/publications>



Revenue, by Source, for State and Local

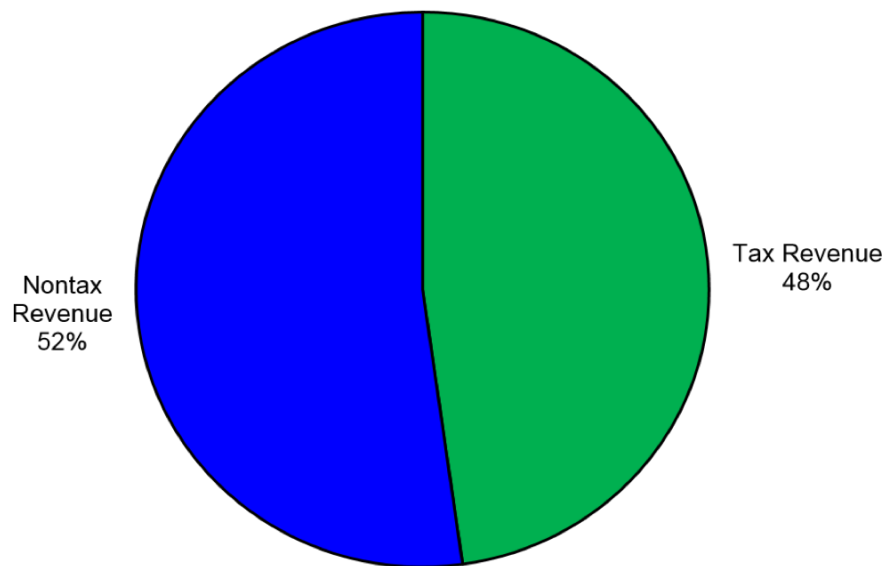
Federal funds as well as charges, such as tuition, comprise significant portion of overall state revenue.



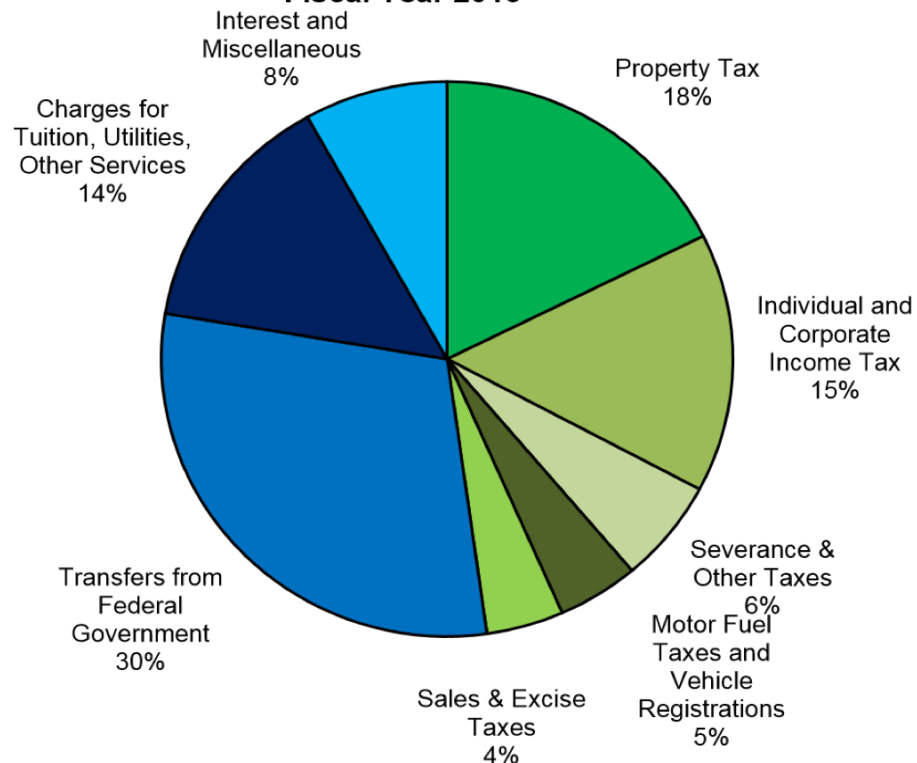
State and Local Revenue, by Source

Three largest sources of revenue to state and local government are federal funds, property tax, and individual/corporate income tax.

**Tax and Nontax State and Local Revenue in Montana,
Fiscal Year 2013**



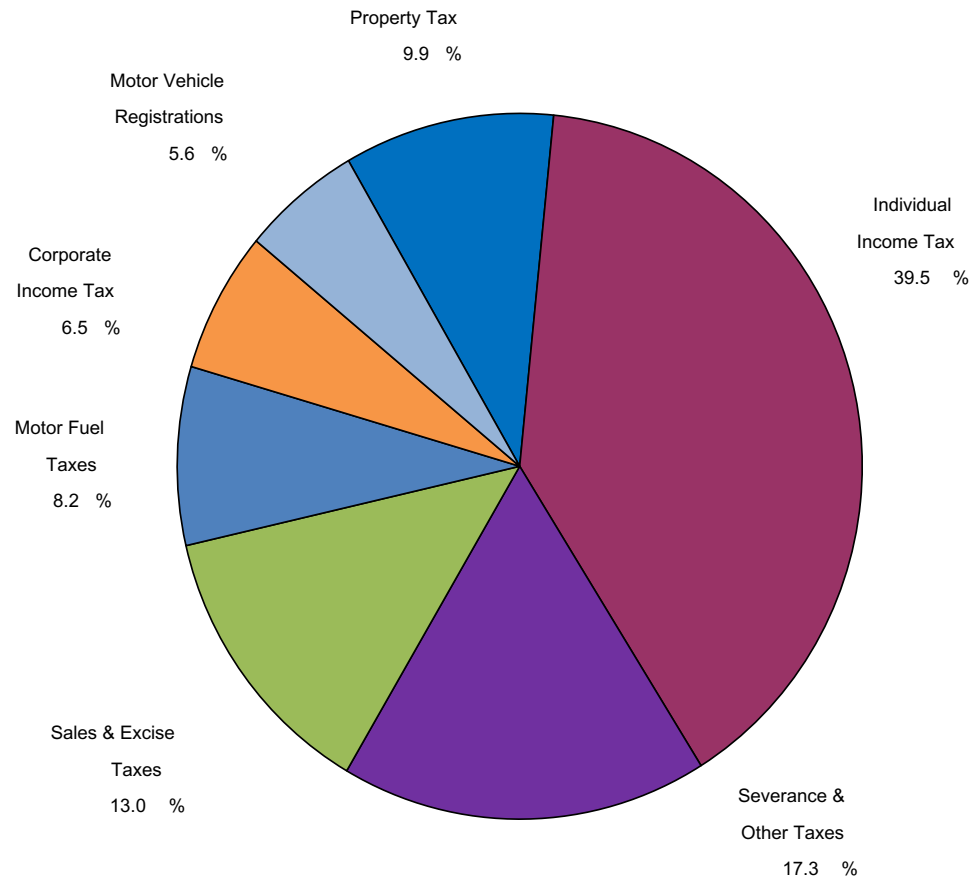
**Detailed State and Local Revenue in Montana,
Fiscal Year 2013**



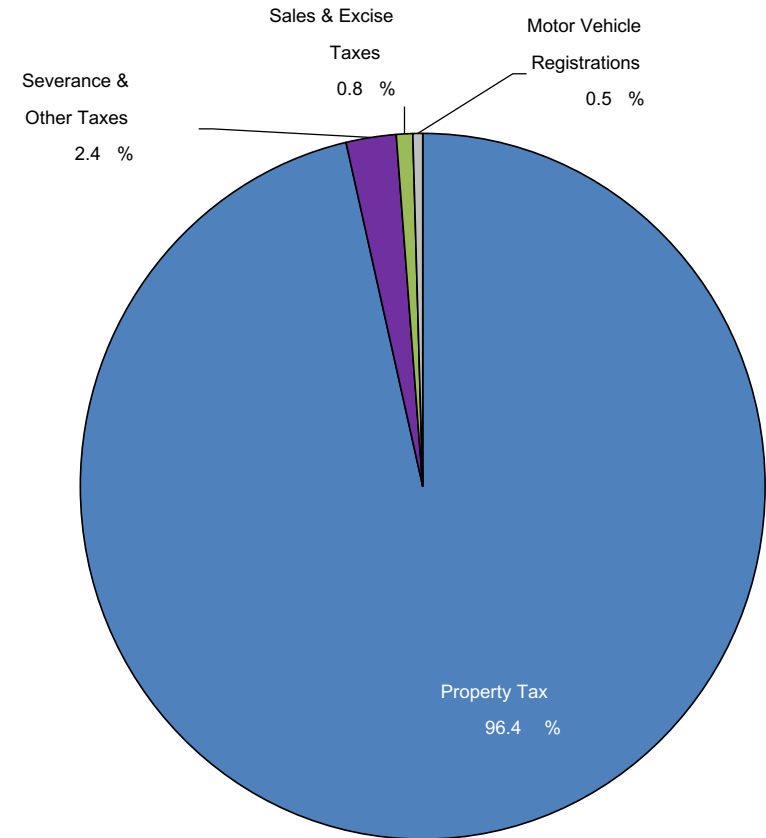
State and Local *Taxes*, by Source

Individual income tax is largest source of *tax revenue* to the state, while property tax is the largest source of *tax revenue* to local governments.

State Taxes in Montana,
Fiscal Year 2013

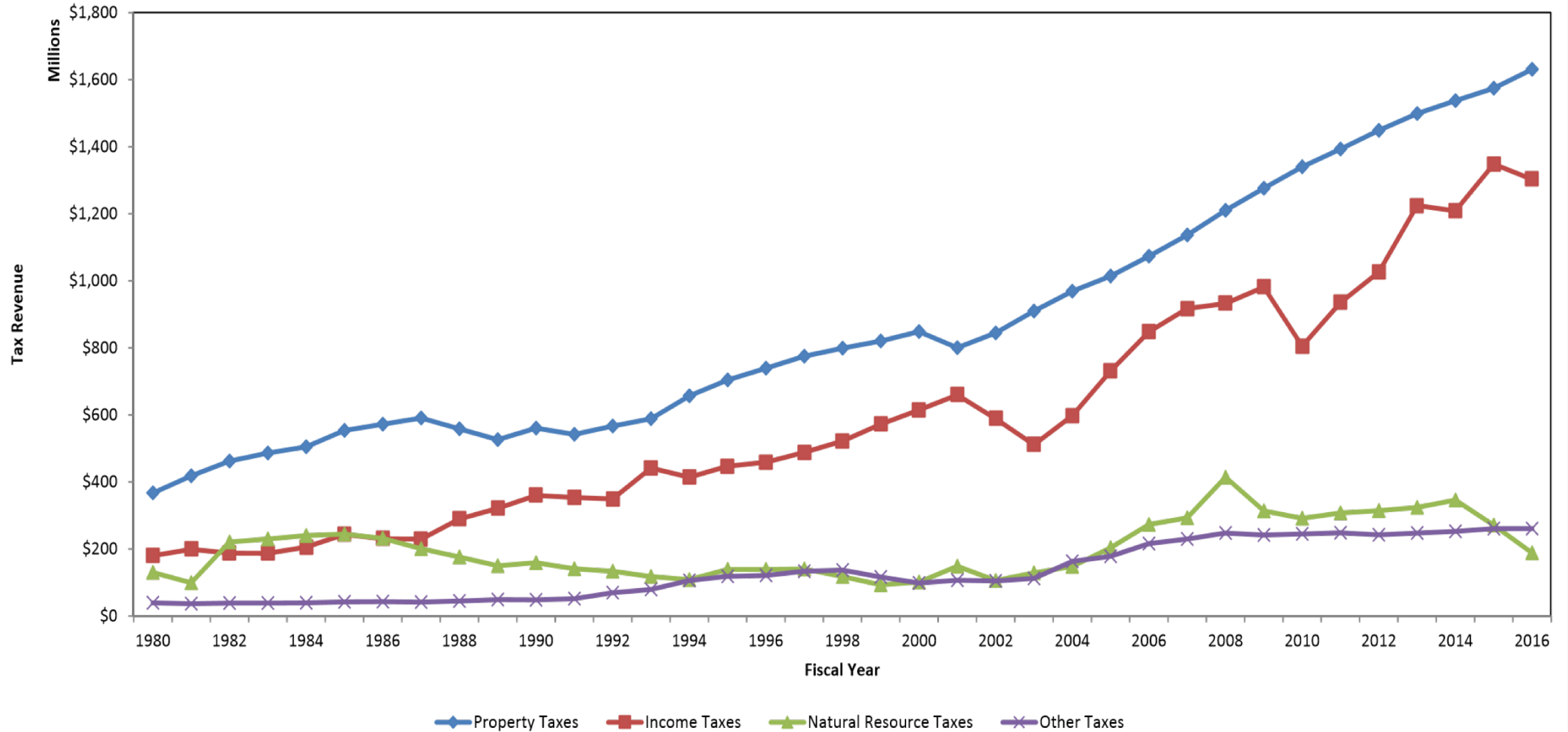


Local Taxes in Montana,
Fiscal Year 2013

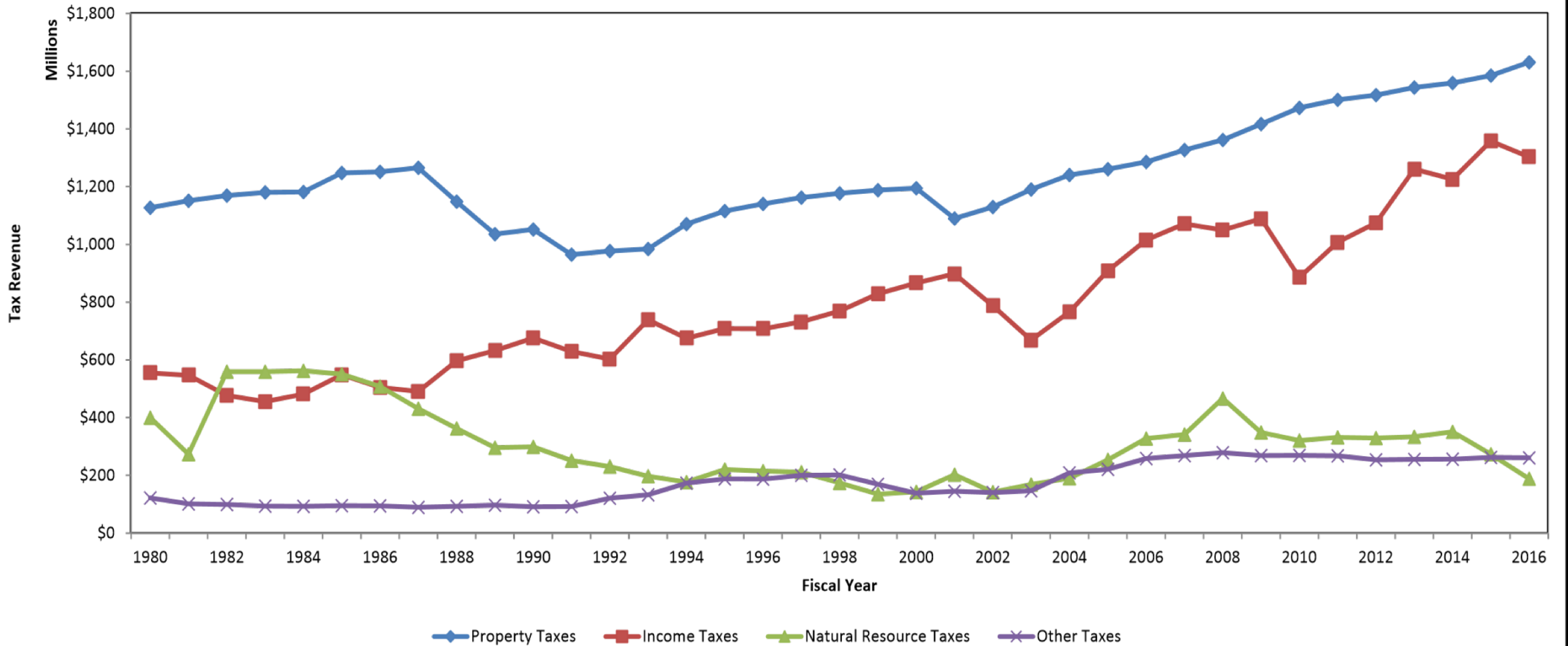


DOR State and Local Taxes in Montana 1980 - 2016

Four Types of Taxes Reported Separately

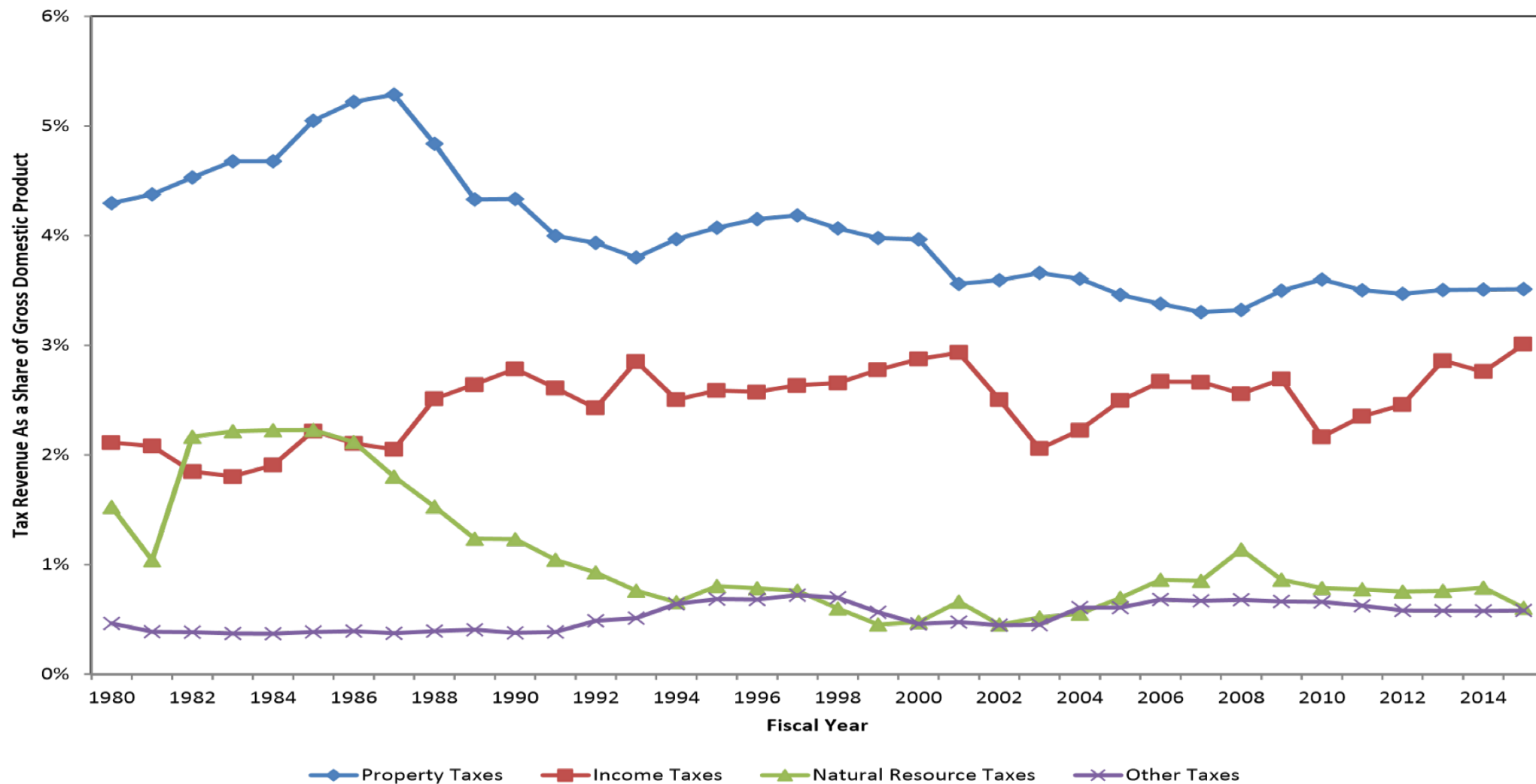


DOR State and Local Taxes in Montana 1980 - 2016
Four Types of Taxes Reported Separately
Adjusted for Inflation

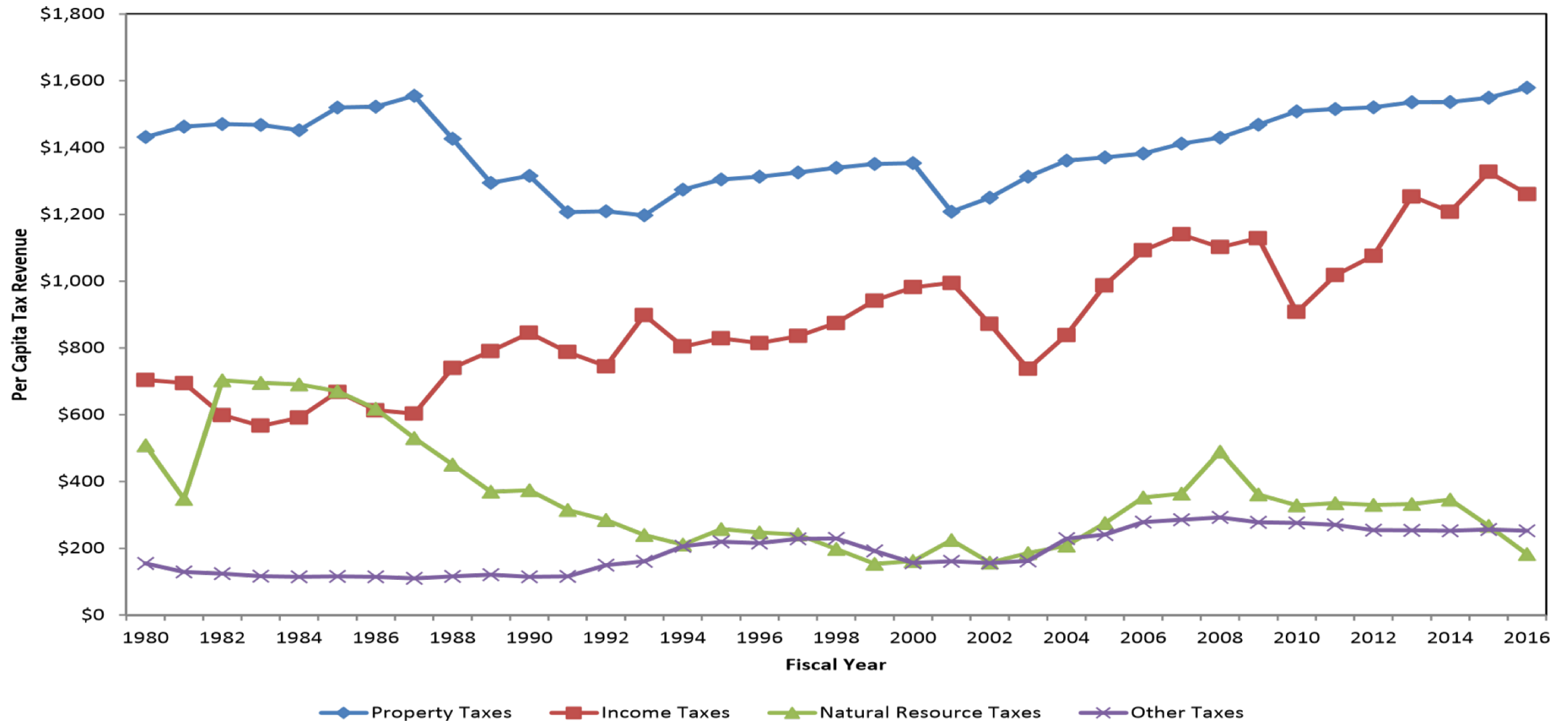


DOR State and Local Taxes as a Share of GDP in Montana 1980 - 2015

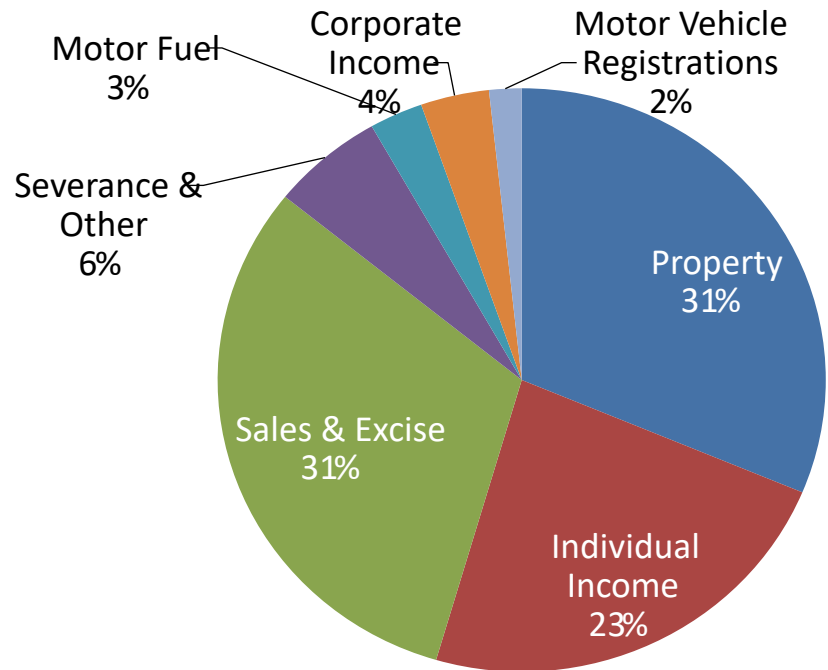
Four Types of Taxes Reported Separately



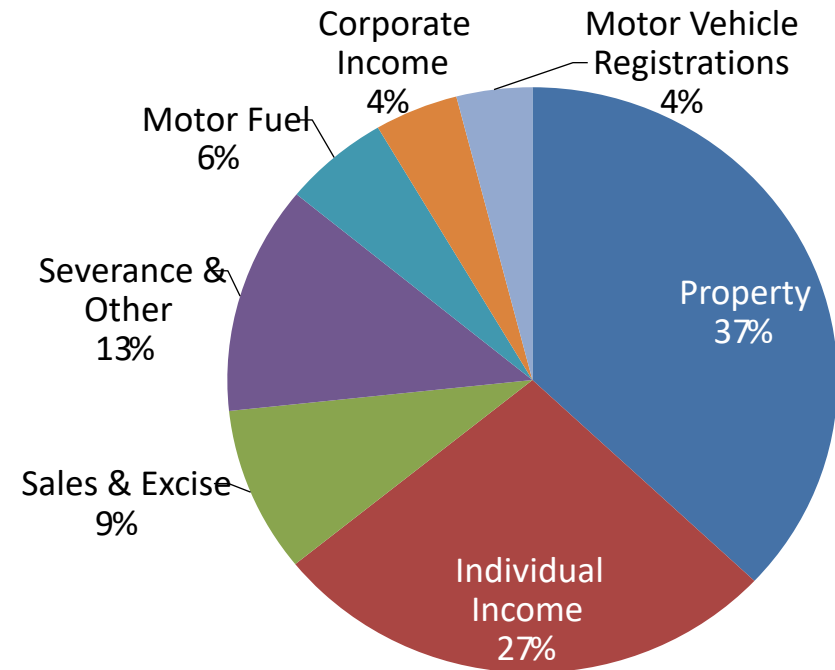
Per Capita DOR State and Local Taxes in Montana 1980 - 2016
Four Types of Taxes Reported Separately
Adjusted for Inflation



National Average to Montana Comparison



Average of all Fifty States

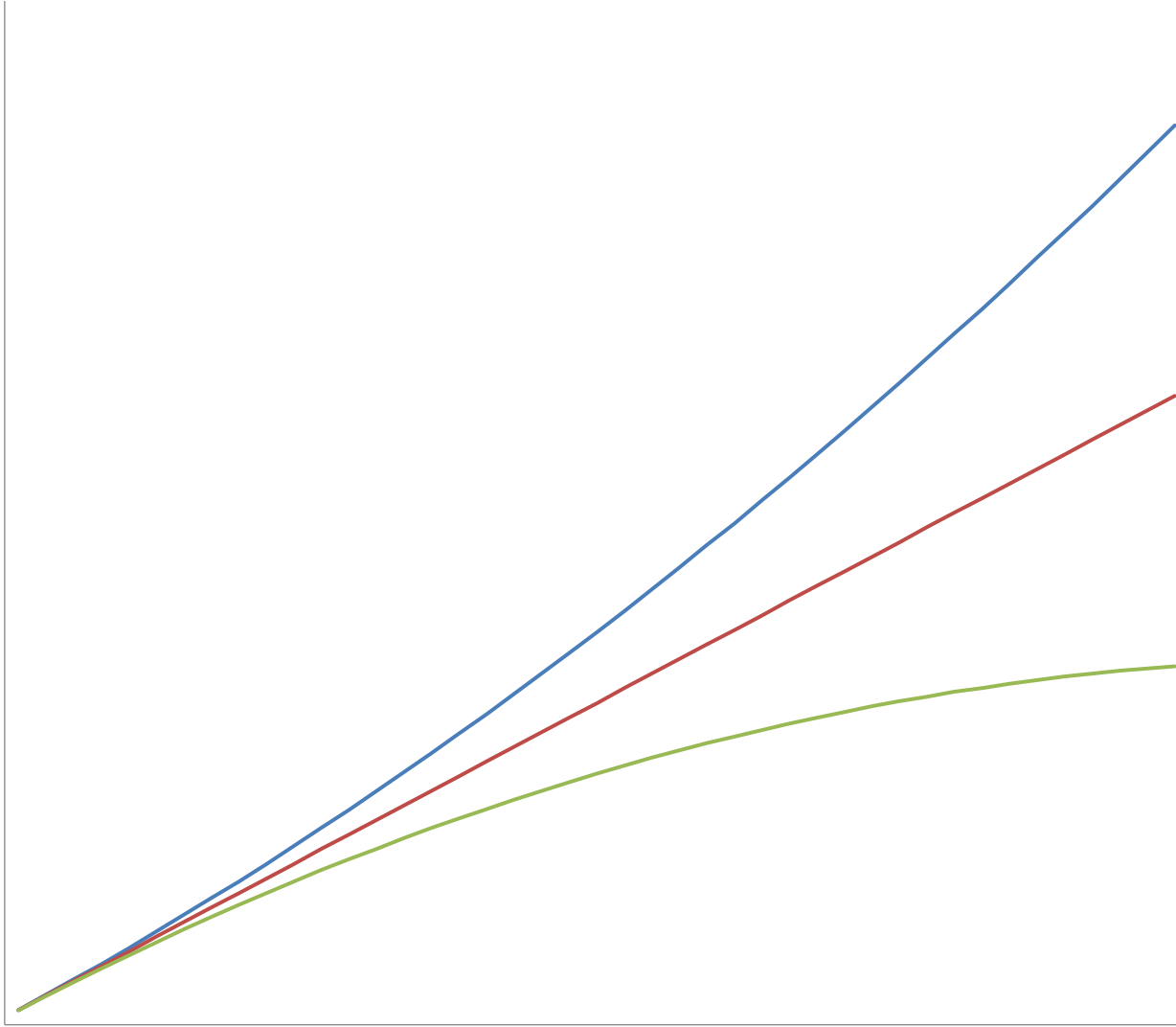


Montana

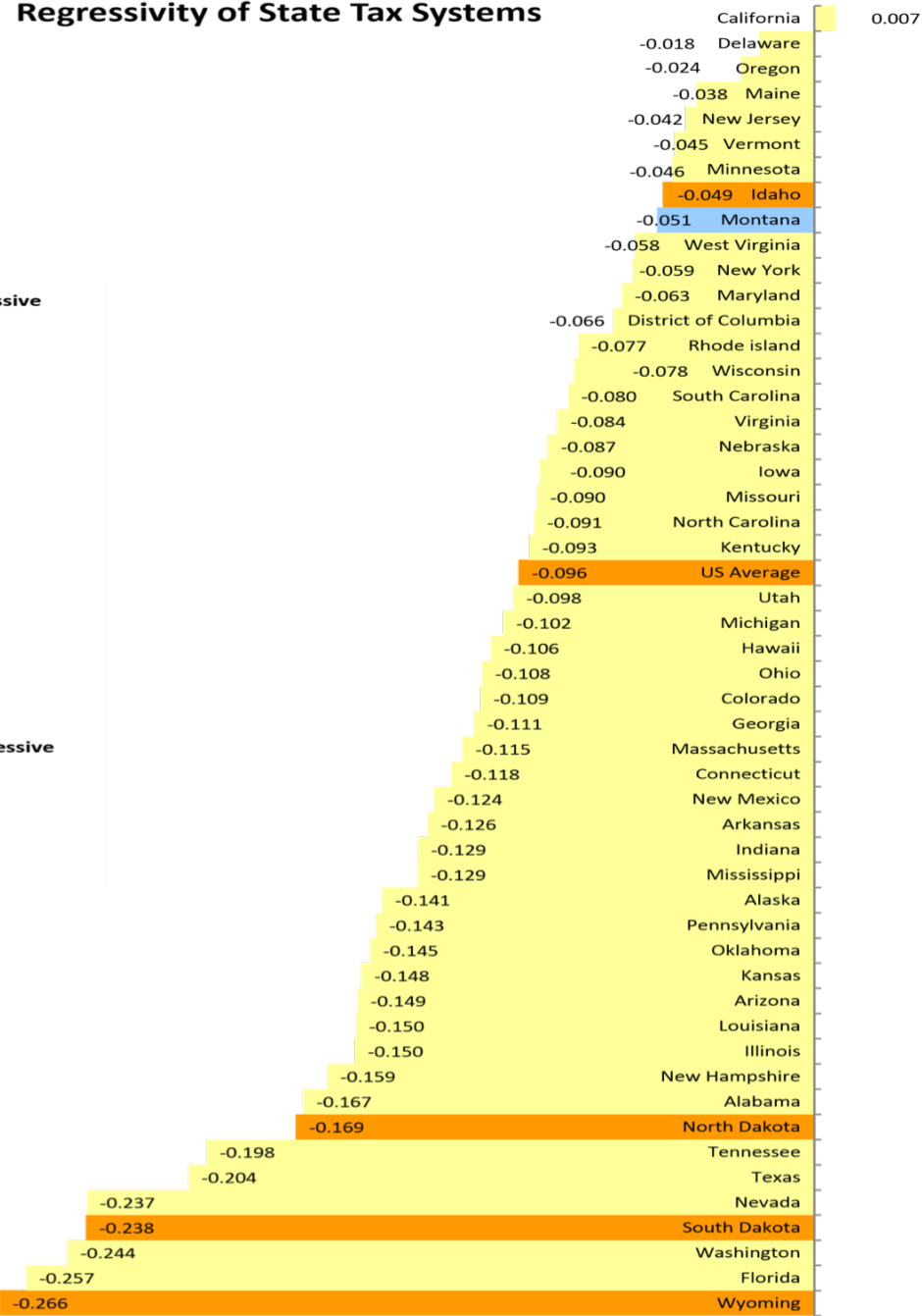
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Income

- Progressive Tax System
- Proportional Tax System
- Regressive Tax System



Regressivity of State Tax Systems

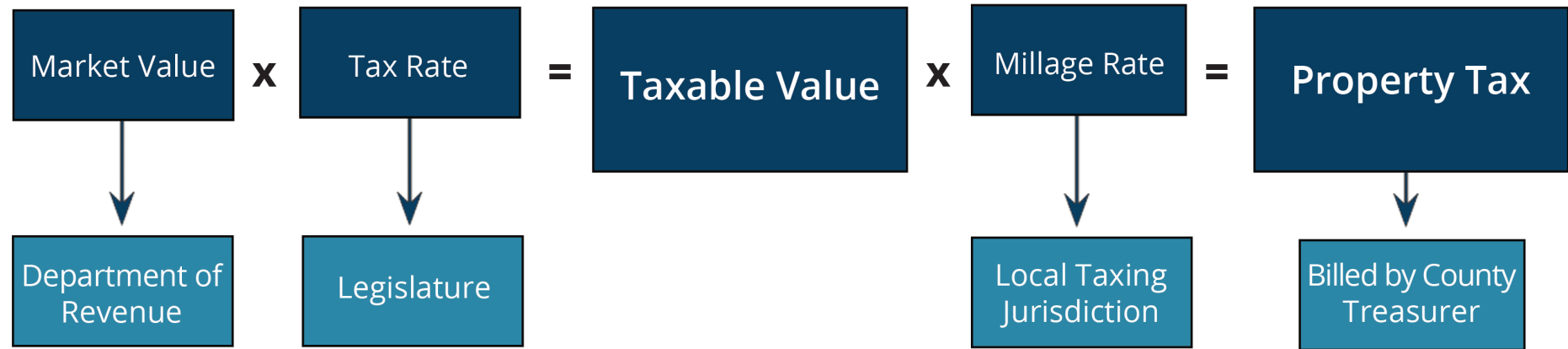


Suits Index, More Negative = More Regressive

			Taxes Per Person - FY 2013									
	Property Tax			Sales and Gross Receipts			Individual and Corporate Income Tax		Other Taxes		Total	
State	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	29		\$1,282	22		\$1,211	16	\$266	17	\$4,275	25

Property Taxes

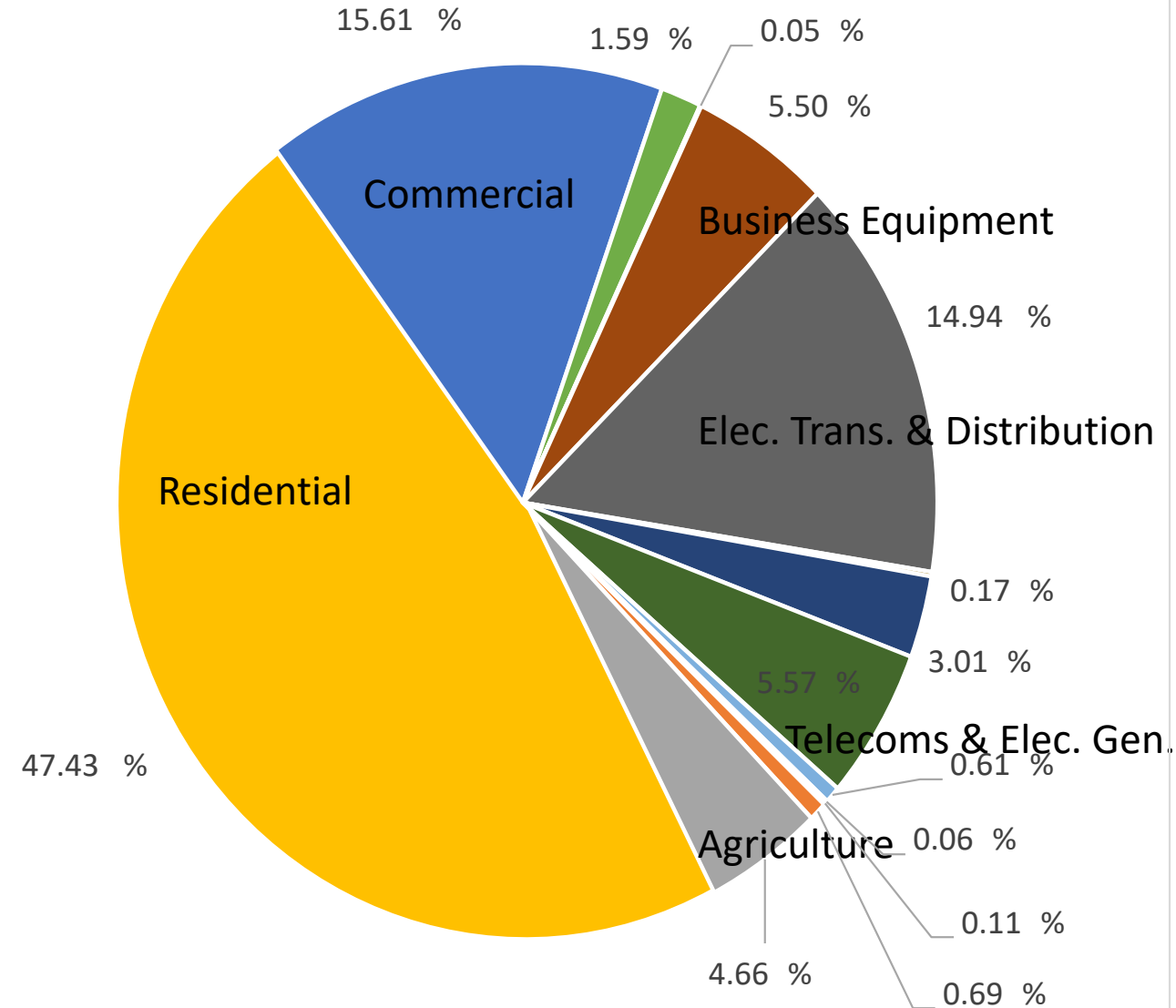
\$1.544 billion (FY 2017)



- State 18% (101 mills)
- Schools 40%
- Local Government 42%

Percent of Property Taxes Paid by Class in 2016

- Mine Net Proceeds
- Gross Proceeds Metal Mines
- Agricultural Land (2.16% of Productive Value)
- Residential (1.35%)
- Commercial (1.89%)
- Pollution Control Equipment (3%)
- Noncentrally Assessed Public Util. (8%)
- Business Personal Property (1.5-3%)
- Non-Elect. Gen. Prop. Of Electrical Util. (12%)
- Forest Land (0.37 of Productive Value)
- Railroad and Airline Property (3.04%)
- Telecommunication & Electric Property (6%)
- Commercial Wind Generation Facilities (3%)
- Carbon Dioxide and Liquid Pipeline (3%)



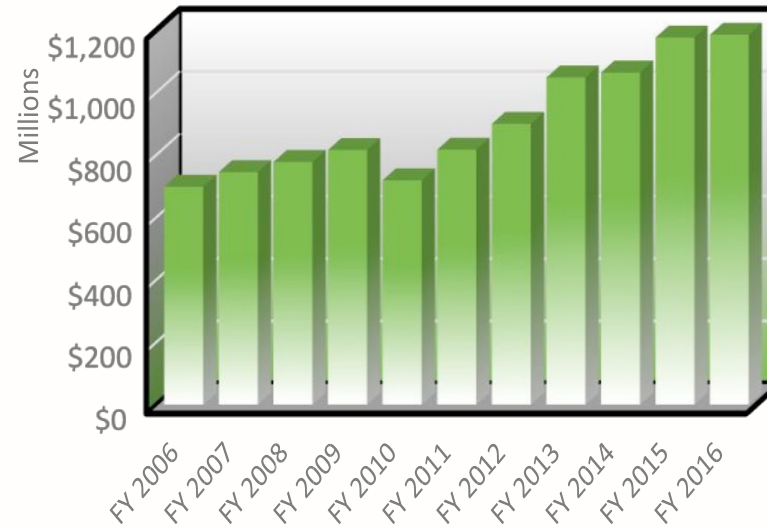
Personal Income Taxes

\$1.180 billion (FY 2017)

- $\text{FAGI} + \text{MT Additions} - \text{MT Subtractions} - \text{Deductions} = \text{MAGI}$
- $\text{MAGI} * \text{Tax Rate (1 to 6.9\%)} - \text{Credits} = \text{Montana Tax}$
- Pass-Through Entities

Individual Income Tax Collections

Fiscal Year	Total Revenue
FY 2006	\$697,024,118
FY 2007	\$743,940,547
FY 2008	\$776,574,977
FY 2009	\$815,138,193
FY 2010	\$717,834,371
FY 2011	\$816,089,973
FY 2012	\$898,851,201
FY 2013	\$1,047,789,985
FY 2014	\$1,063,284,408
FY 2015	\$1,175,744,881
FY 2016	\$1,184,827,762
FY 2017	\$1,180,344,000*
FY 2018	\$1,300,000,000*



Income Tax Returns and Refunds Timely Filed Current Year Returns

Calendar Year	Returns	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

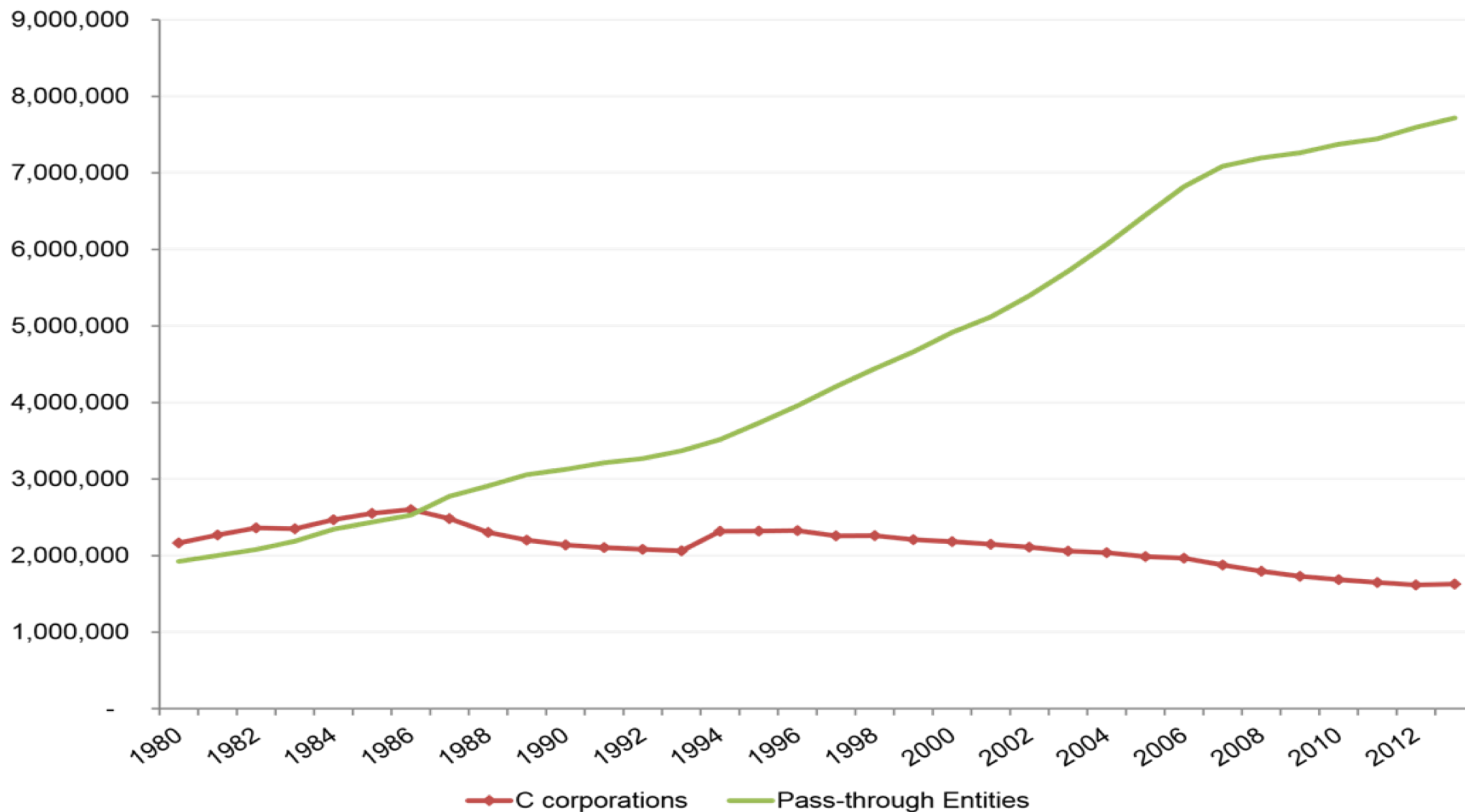
Taxable Income and Tax

Full Year Residents 2015

Income Group	Taxable Income			Tax Liability		
	\$ million	Average	% of Total	\$ million	Average	% of Total
1st Decile	\$0.40	\$8	0%	\$0.00	0	0%
2nd Decile	\$108.20	\$1,925	1%	\$1.40	\$24	0%
3rd Decile	\$318.30	\$5,665	2%	\$6.30	113	1%
4th Decile	\$574.40	\$10,223	3%	\$16.20	\$288	2%
5th Decile	\$889.40	\$15,828	5%	\$33.10	\$589	3%
6th Decile	\$1,241.80	\$22,100	7%	\$55.40	\$986	5%
7th Decile	\$1,609.90	\$28,650	9%	\$79.90	1422	8%
8th Decile	\$2,108.60	\$37,527	11%	\$113.60	\$2,021	11%
9th Decile	\$2,933.80	\$52,212	16%	\$169.20	\$3,011	17%
10th Decile	\$8,665.50	\$154,218	47%	\$543.40	\$9,671	53%
Top 5% *	\$6,551.80	\$233,201	36%	\$415.70	\$14,795	41%
Top 1% *	\$3,499.80	\$622,860	19%	\$224.10	\$39,874	22%
Top 0.1% *	\$1,377.70	\$2,451,412	7%	\$86.80	\$154,371	9%
All	\$18,450.30	\$32,836		\$1,018.50	\$1,813	

* Included in 10th Decile

Number of U.S. C-Corporation Returns Compared to the Sum of S-Corporation and Partnership Returns (Pass-through Entities), 1980-2013



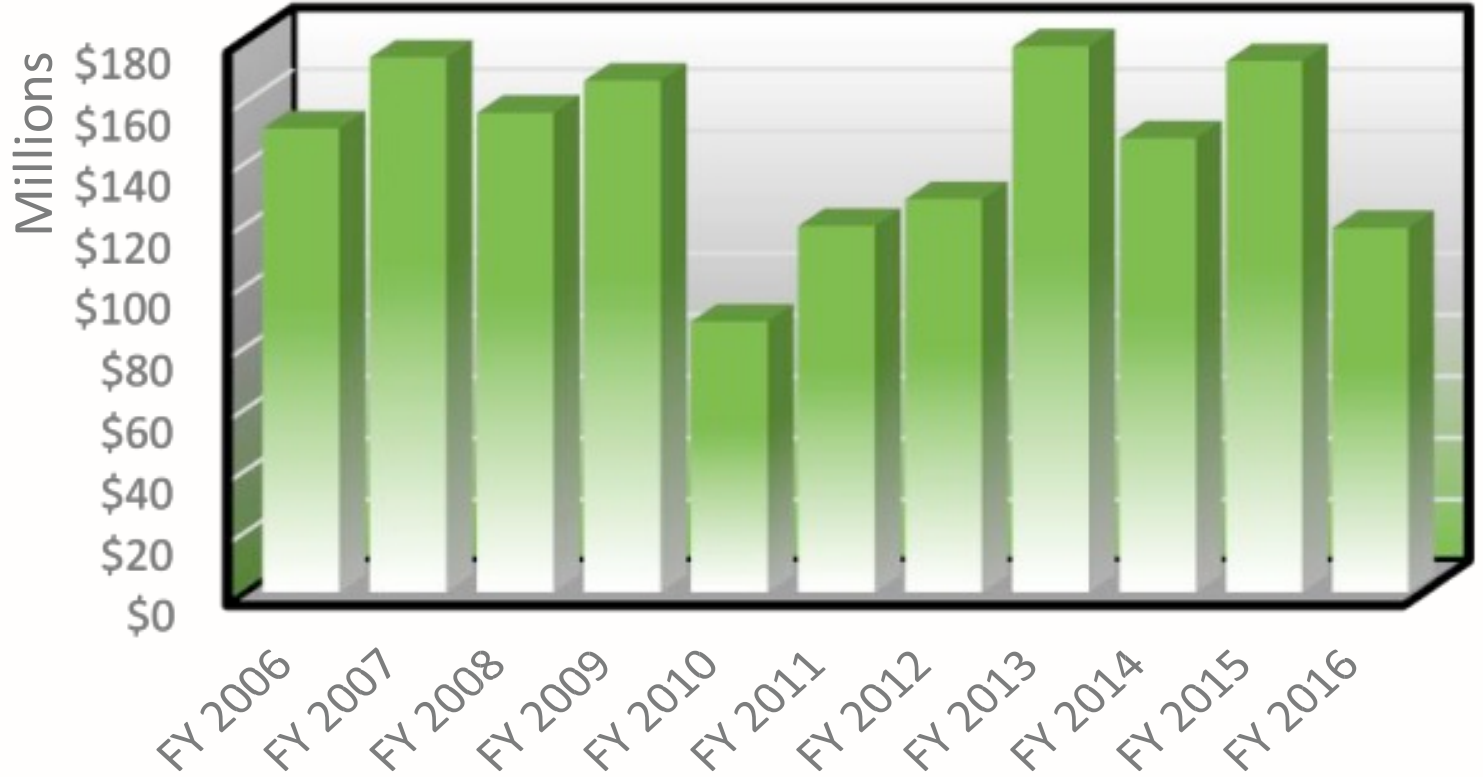
Corporate Income Taxes

\$118 million (FY 2016)

- Formulary—Global income x 3 factor formula = Montana Income
- 3 factor formula
 - $((\text{MT property}/\text{Global property}) + (\text{MT payroll}/\text{Global payroll}) + (\text{MT sales}/\text{Global sales}))/3$
- Tax rate 6.75% (Water's Edge Election 7%)
- Volatility
- Confidentiality

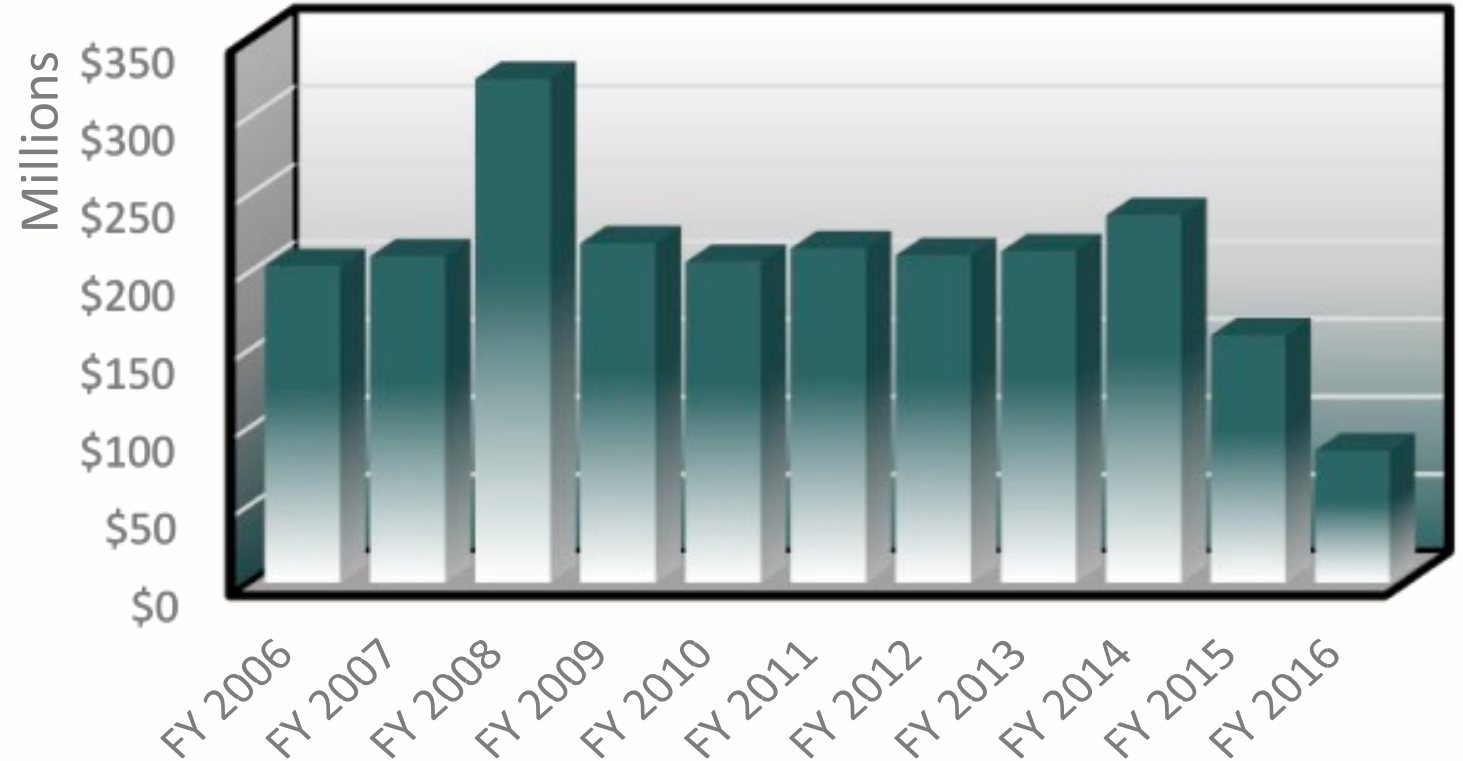
Corporate Income Tax

Fiscal Year	Total Revenue
FY 2006	\$150,801,693
FY 2007	\$173,896,433
FY 2008	\$155,890,705
FY 2009	\$166,352,453
FY 2010	\$87,906,411
FY 2011	\$119,045,890
FY 2012	\$127,774,092
FY 2013	\$177,500,421
FY 2014	\$147,550,091
FY 2015	\$172,731,561
FY 2016	\$118,386,603



Oil and Natural Gas Production Tax

Fiscal Year	Total Revenue
FY 2006	\$203,681,078
FY 2007	\$209,946,350
FY 2008	\$324,311,269
FY 2009	\$218,425,215
FY 2010	\$206,286,268
FY 2011	\$215,129,820
FY 2012	\$210,644,361
FY 2013	\$213,229,045
FY 2014	\$236,496,773
FY 2015	\$159,107,050
FY 2016	\$84,972,199



Questions?