

# Montana Tax Structure

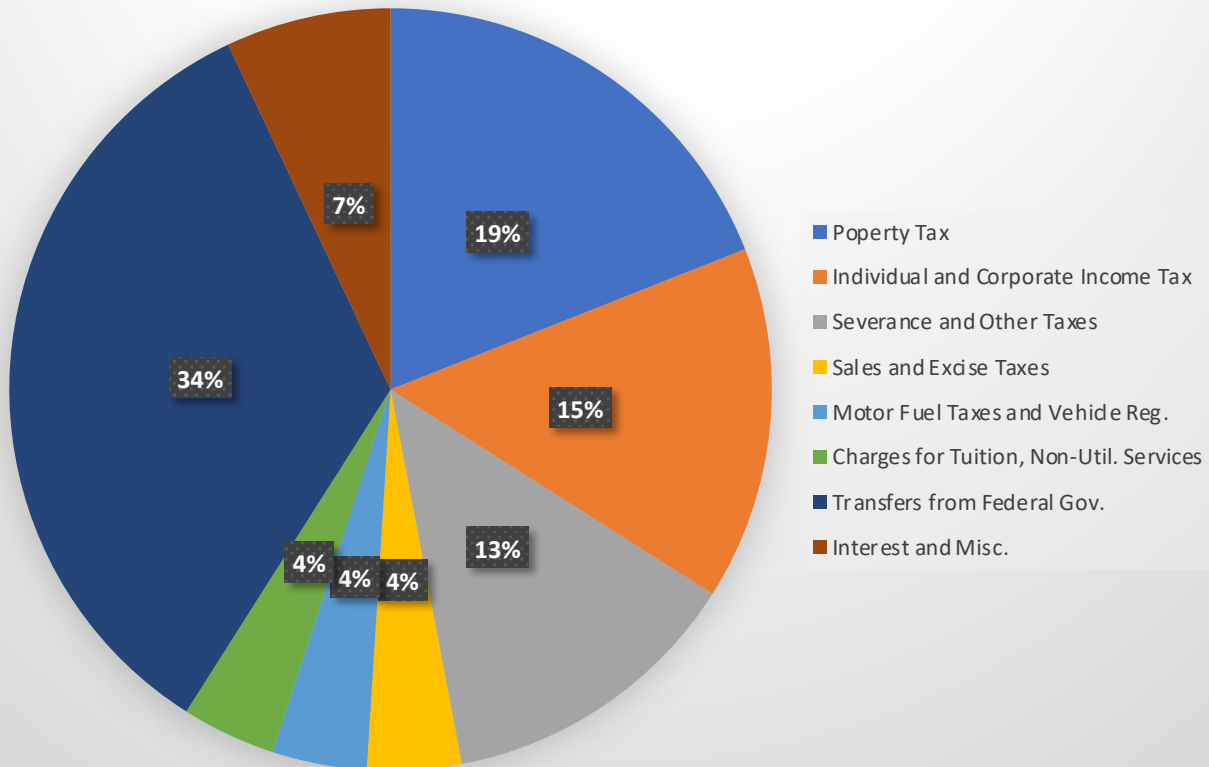
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- Candidate Education Sessions
- June 13, 2022

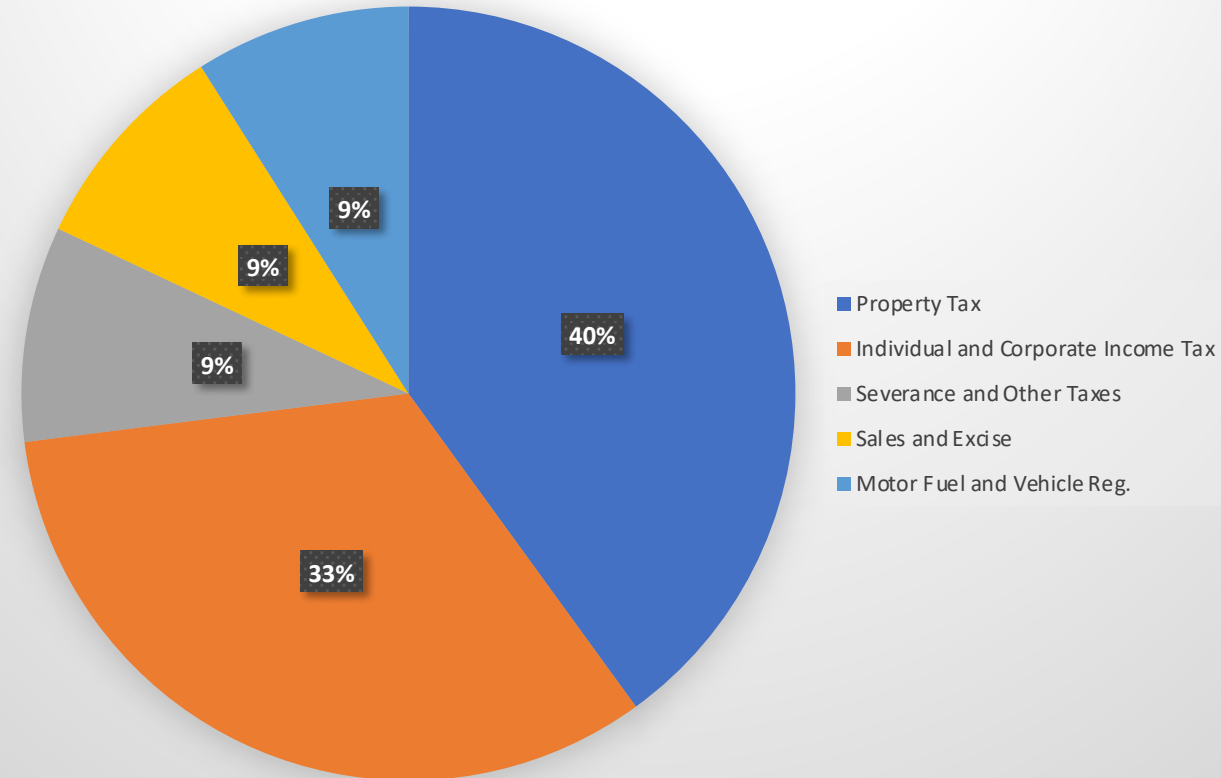


# 02 Combined State and Local Revenue

FY 2018 State and Local Revenue

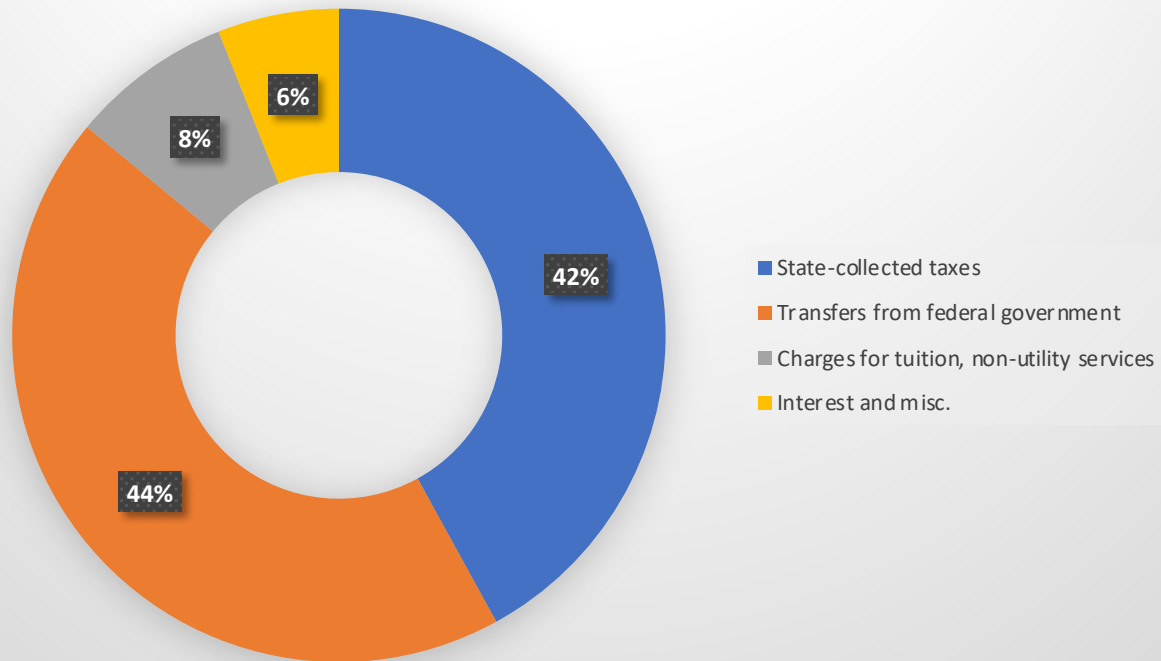


FY 2018 State and Local Tax Revenue

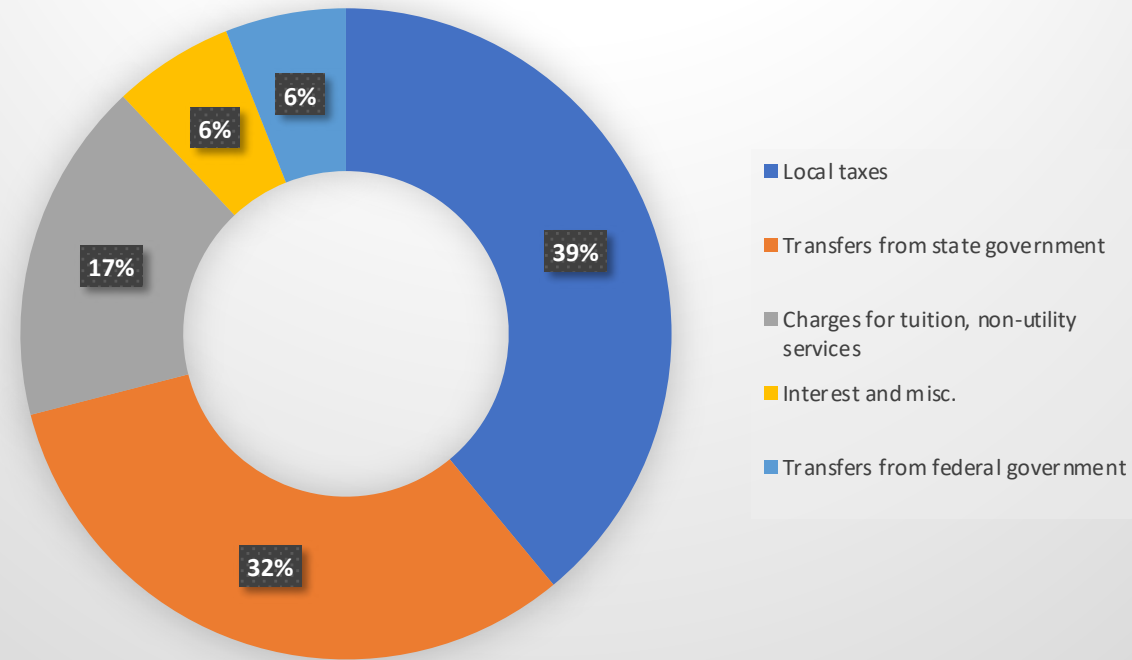


# State and Local Revenue

## FY 2018 State Revenue in Montana



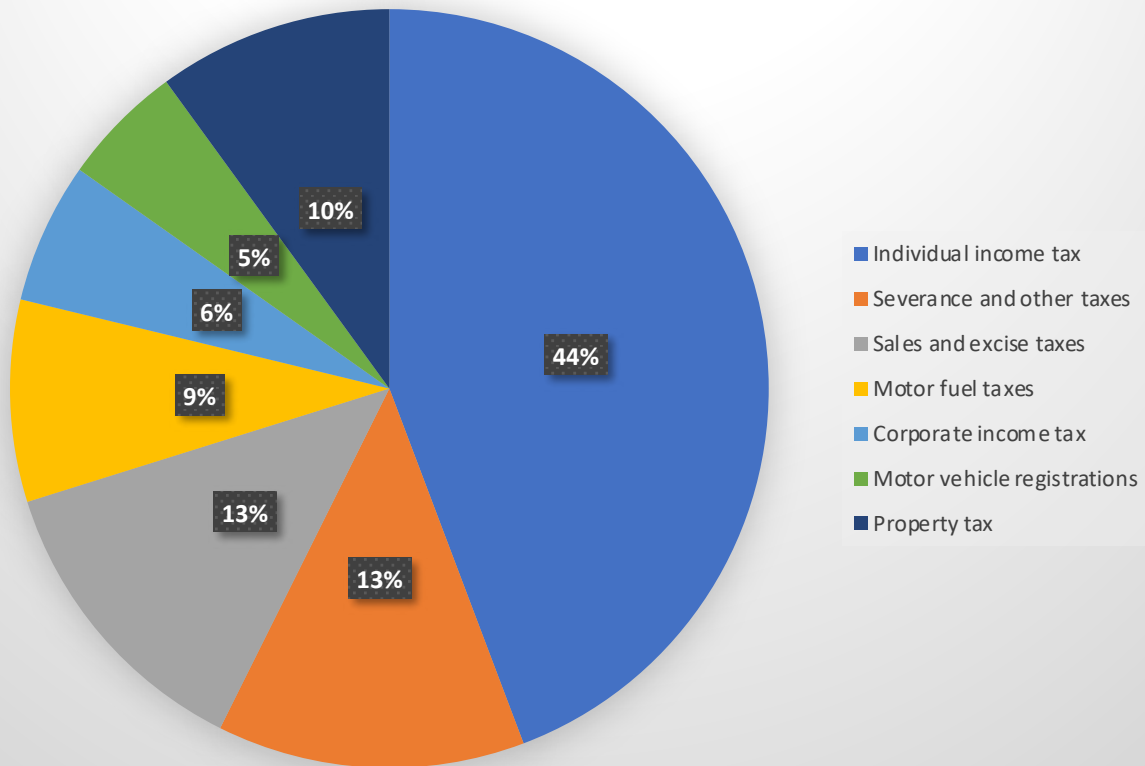
## FY 2018 Local Revenue in Montana



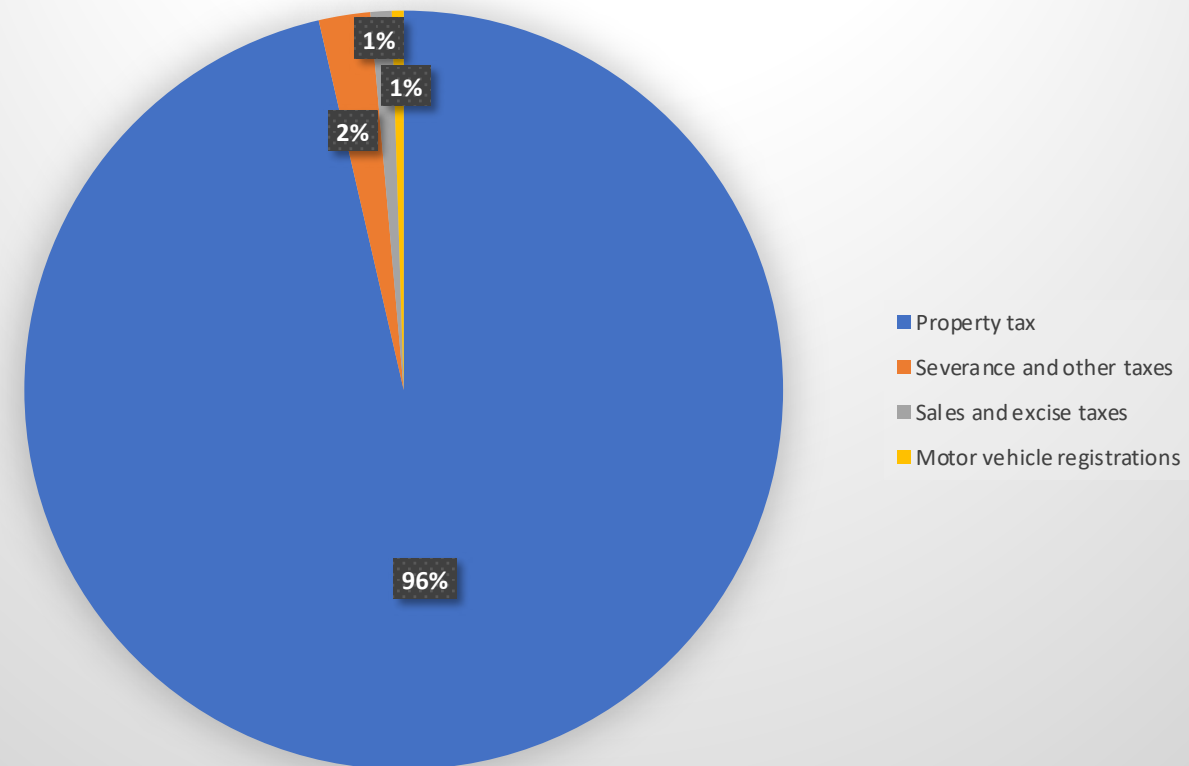
Source: Montana Department of Revenue

# State and Local Taxes

## State Taxes FY 2018

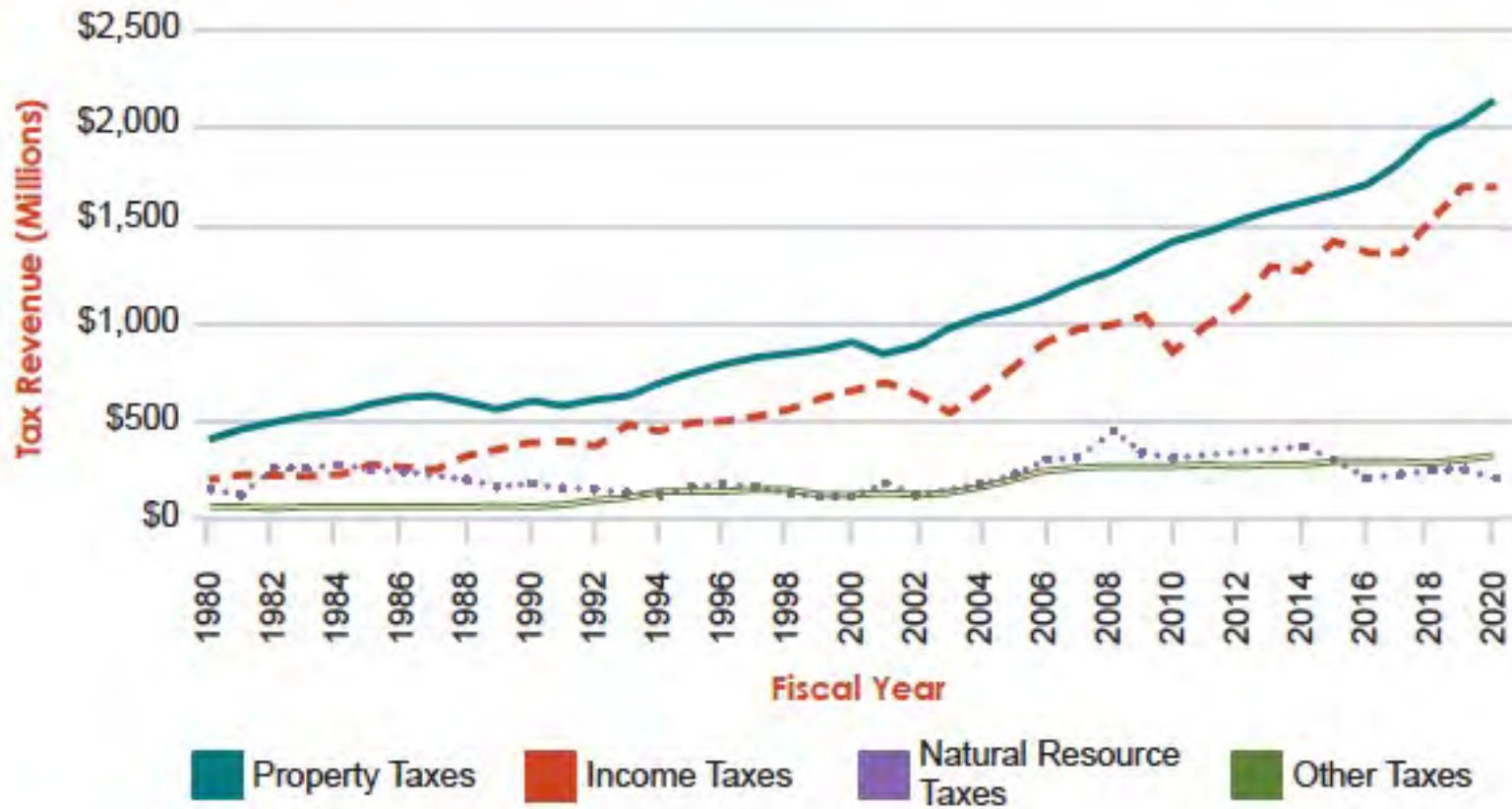


## Local Taxes FY 2018



# State Tax Trends

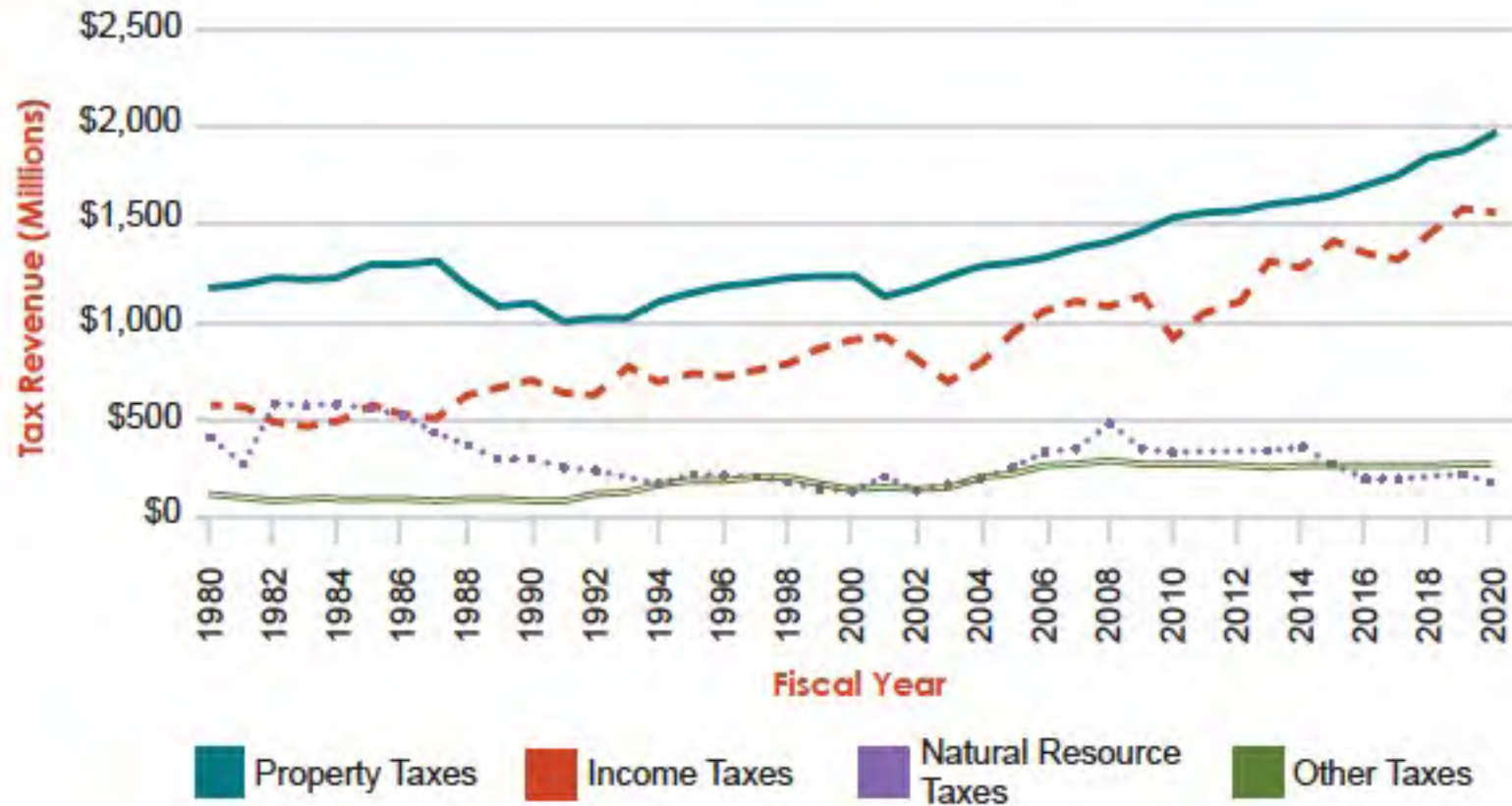
**DOR State and Local Taxes in Montana (1980-2020)**  
**Four Types of Taxes Reported Separately**





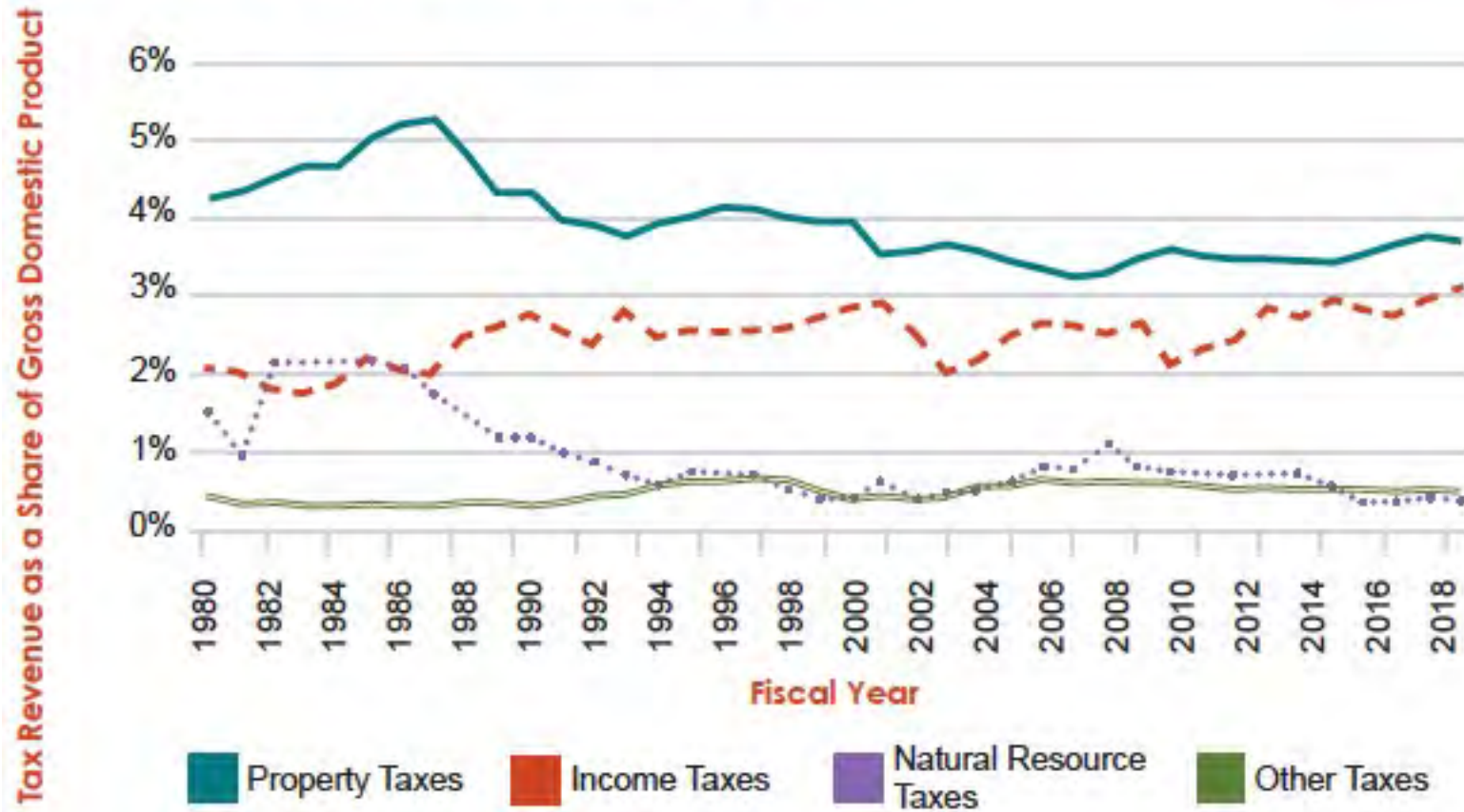
# State Tax Trends

**DOR State and Local Taxes in Montana (1980-2020)**  
**Four Types of Taxes Reported Separately - Adjusted for Inflation**



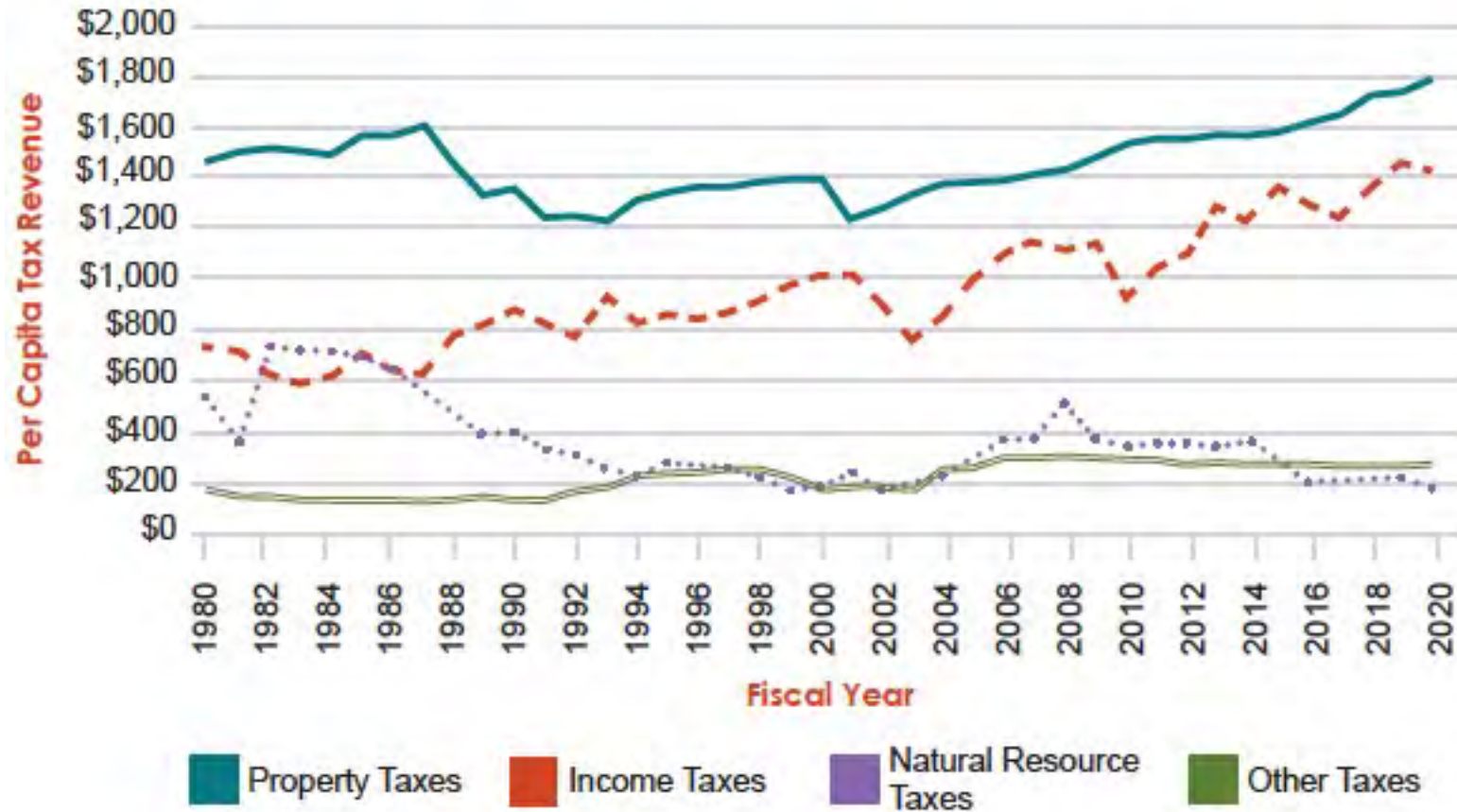
# State Tax Trends

**DOR State and Local Taxes as a Share of GDP in Montana (1980-2019)**  
**Four Types of Taxes Reported Separately**



# State Tax Trends

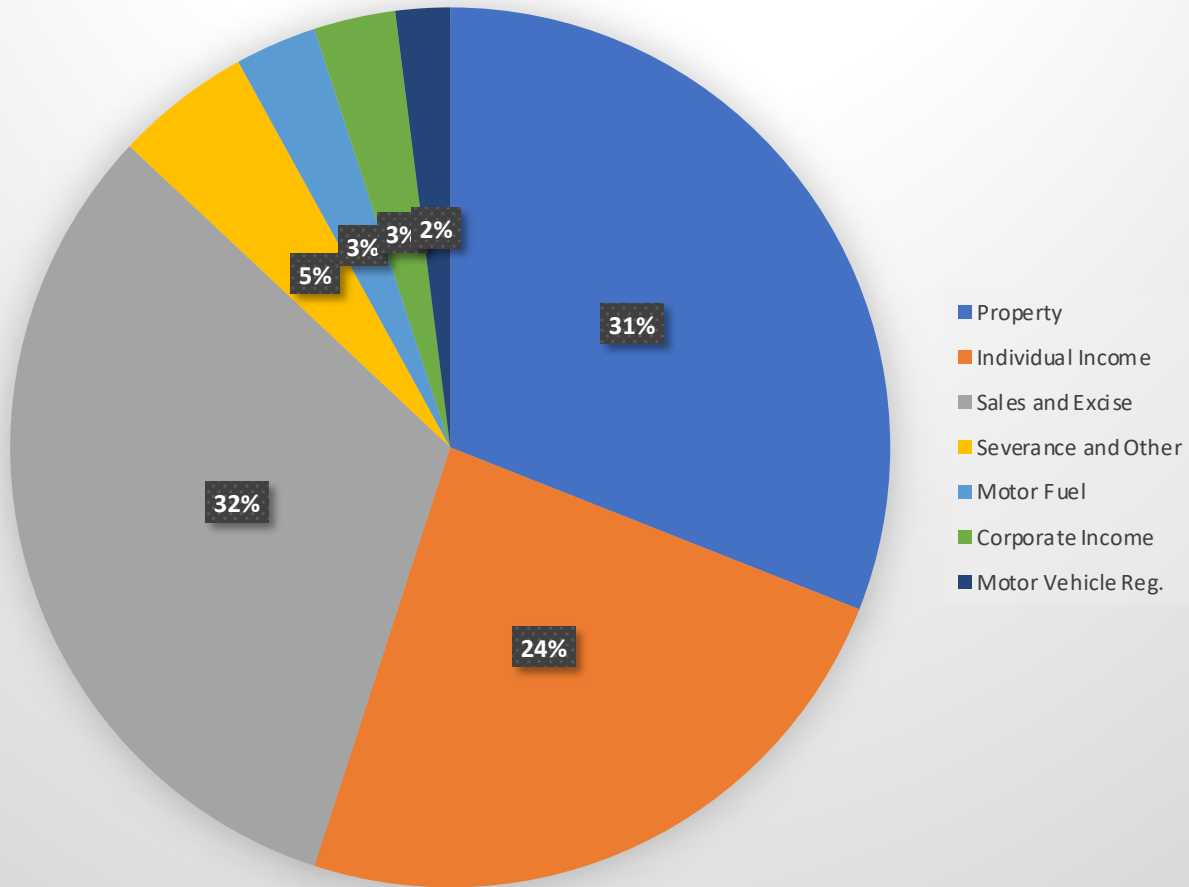
**Per Capita DOR State and Local Taxes in Montana (1980-2020)**  
**Four Types of Taxes Reported Separately - Adjusted for Inflation**



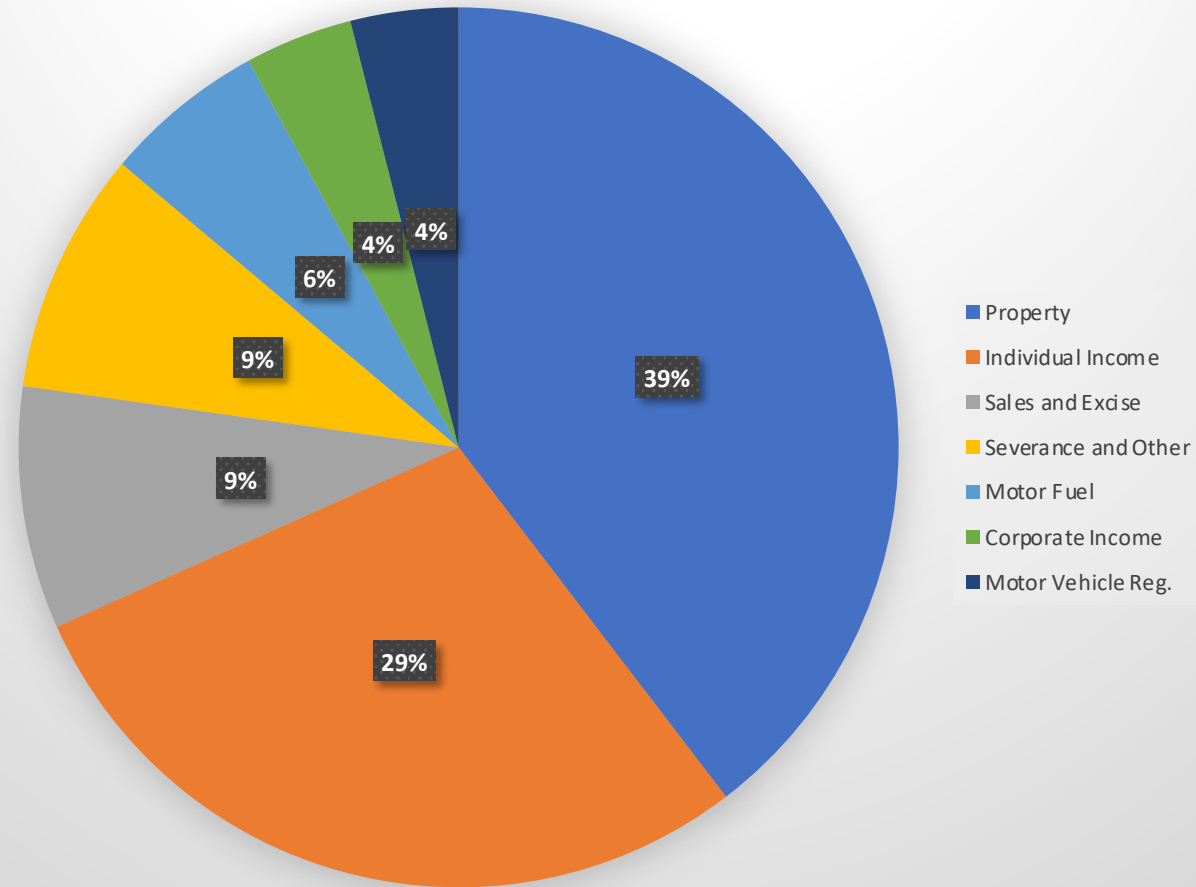


# State and Local Tax Comparison

## Average of All 50 States

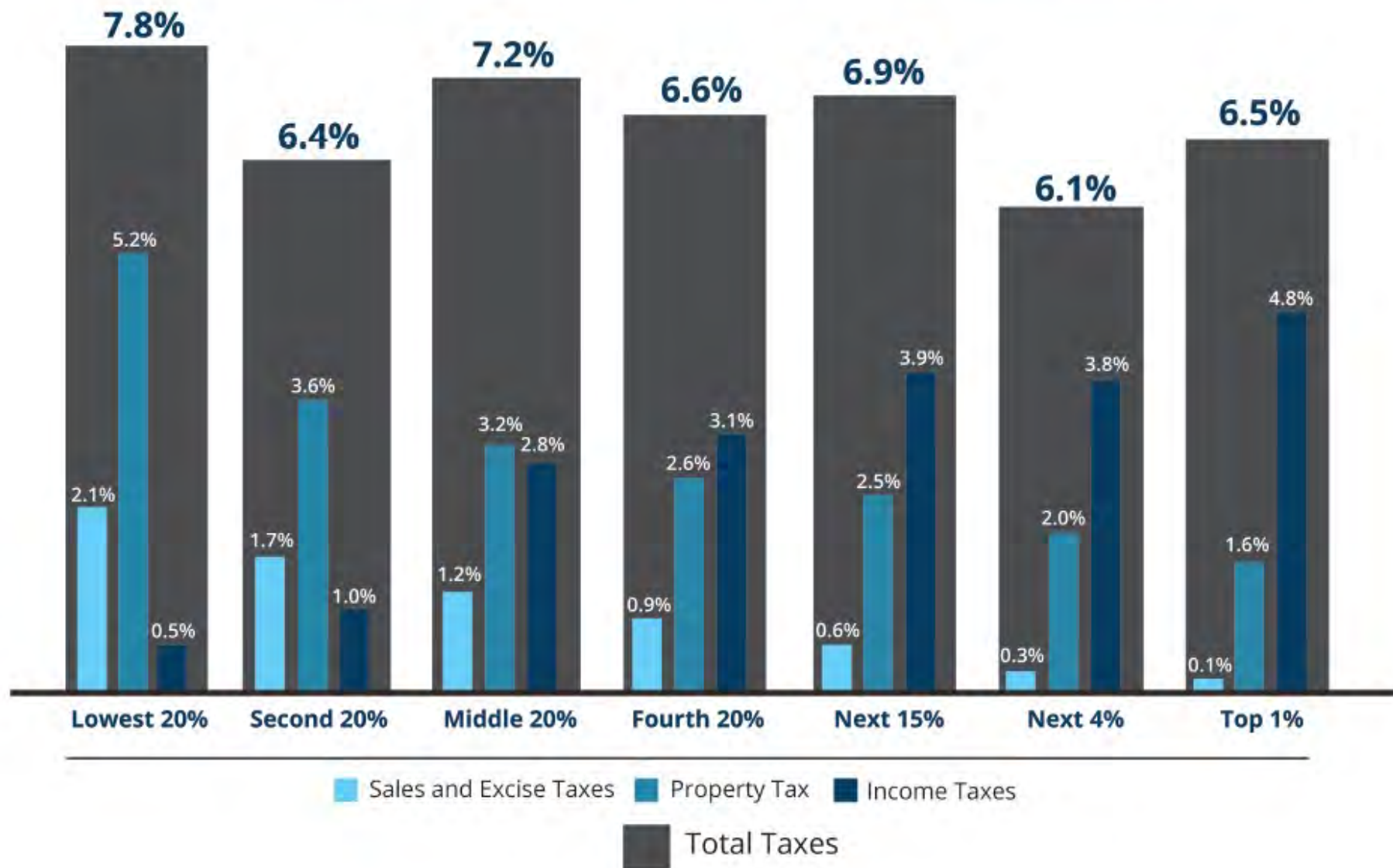


## Montana



# Montana's Low- and Moderate-Incomes Families Pay the Highest Tax Rate

State and local taxes as a share of family income for non-elderly taxpayers

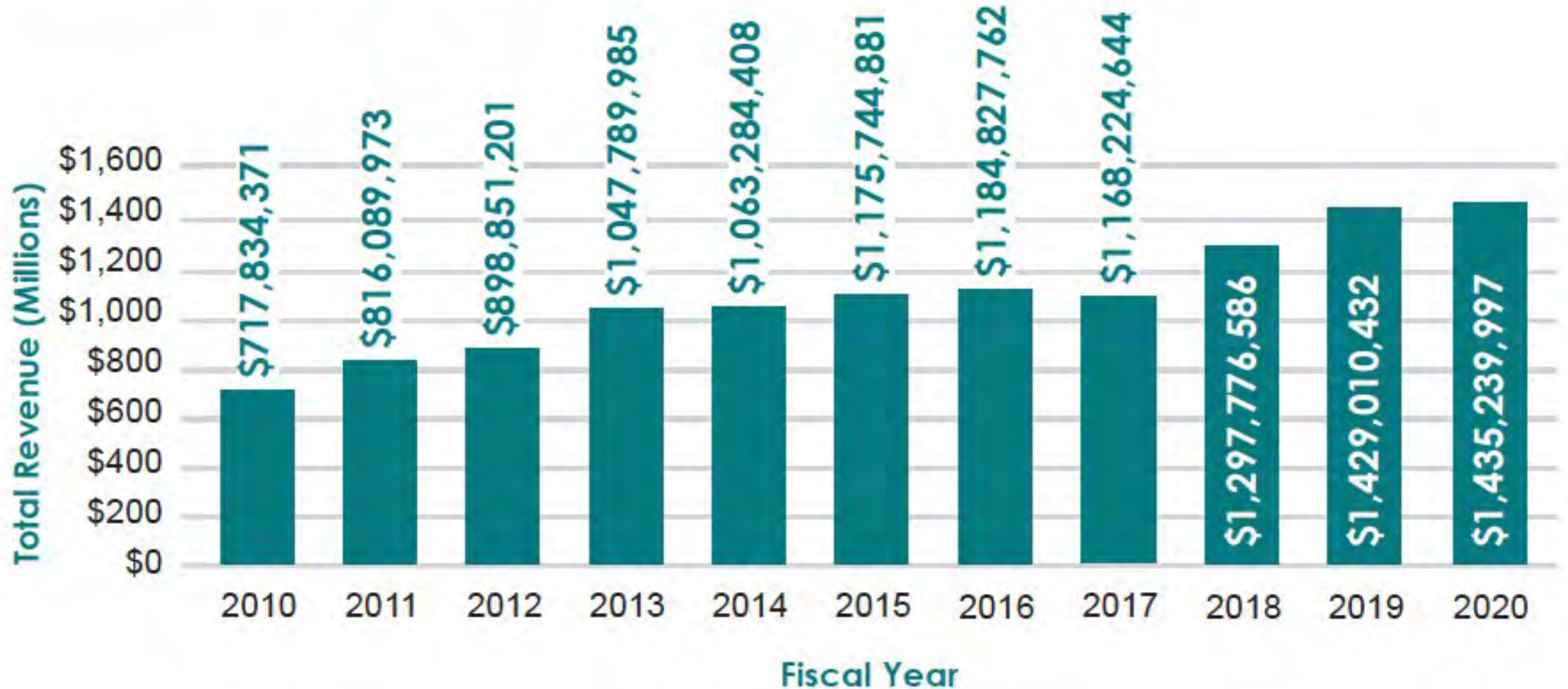


Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	TOP 20%		
					Next 15%	Next 4%	Top 1%
Income Range	0 - \$18,000	\$18,001- \$35,800	\$35,801- \$56,500	\$56,501 - \$92,200	\$92,201 - \$185,400	\$185,401 - \$448,500	\$448,501 +
Average Income in Group	\$9,700	\$26,800	\$42,800	\$73,600	\$123,200	\$261,900	\$1,126,400
Sales & Excise Taxes	2.1%	1.7%	1.2%	.9%	.6%	.3%	.1%
General Sales - Individual	0%	0%	0%	0%	0%	0%	0%
Other Sales & Excise Taxes - Ind.	1.7%	1.4%	0.9%	0.7%	0.4%	0.2%	0.1%
Sales & Excise on Business	0.4%	0.3%	0.3%	0.2%	0.1%	0.1%	0.0%
Property Taxes	5.2%	3.6%	3.2%	2.6%	2.5%	2.0%	1.6%
Home, Rent, Car - Individuals	4.5%	3.1%	2.6%	2.1%	2.0%	1.2%	0.4%
Other Property Taxes	0.6%	0.6%	0.6%	0.5%	0.5%	0.8%	1.2%
Income Taxes	0.5%	1.0%	2.8%	3.1%	3.9%	3.8%	4.8%
Personal Income Taxes	0.4%	1.0%	2.8%	3.1%	3.8%	3.7%	4.7%
Corporate Income Tax	0%	0%	0.1%	0%	0.1%	0.1%	0.1%
Total Taxes after Offset	7.8%	6.4%	7.2%	6.6%	6.9%	6.1%	6.5%

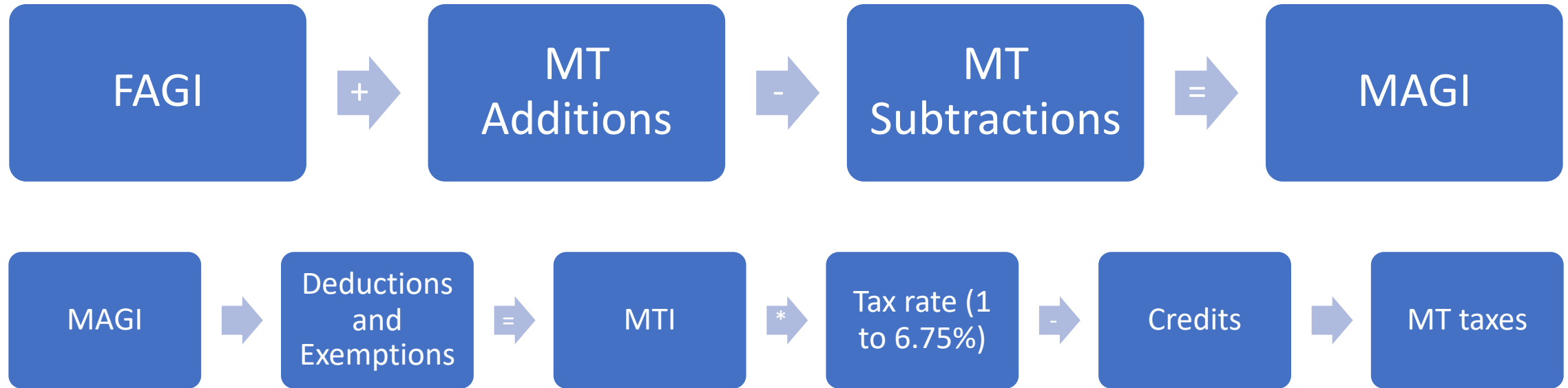
Source: Institute on Taxation and Economic Policy, "Update to Who Pays, 6th edition," January, 2021.



## Individual Income Tax Collections

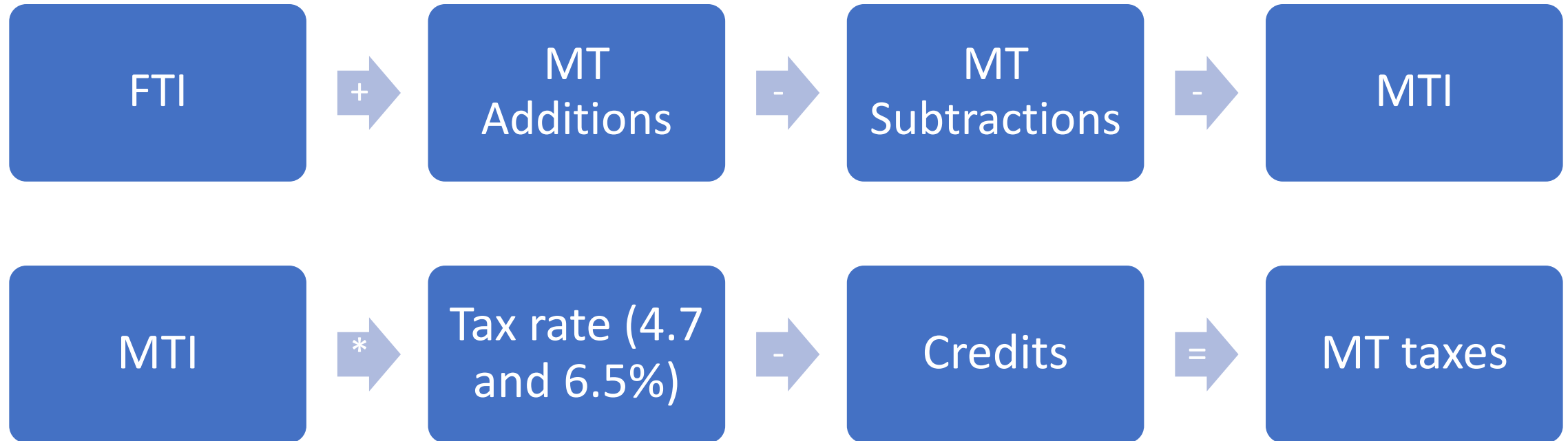


# 13 Calculation of Individual Income Tax Pre-SB 399 (current)

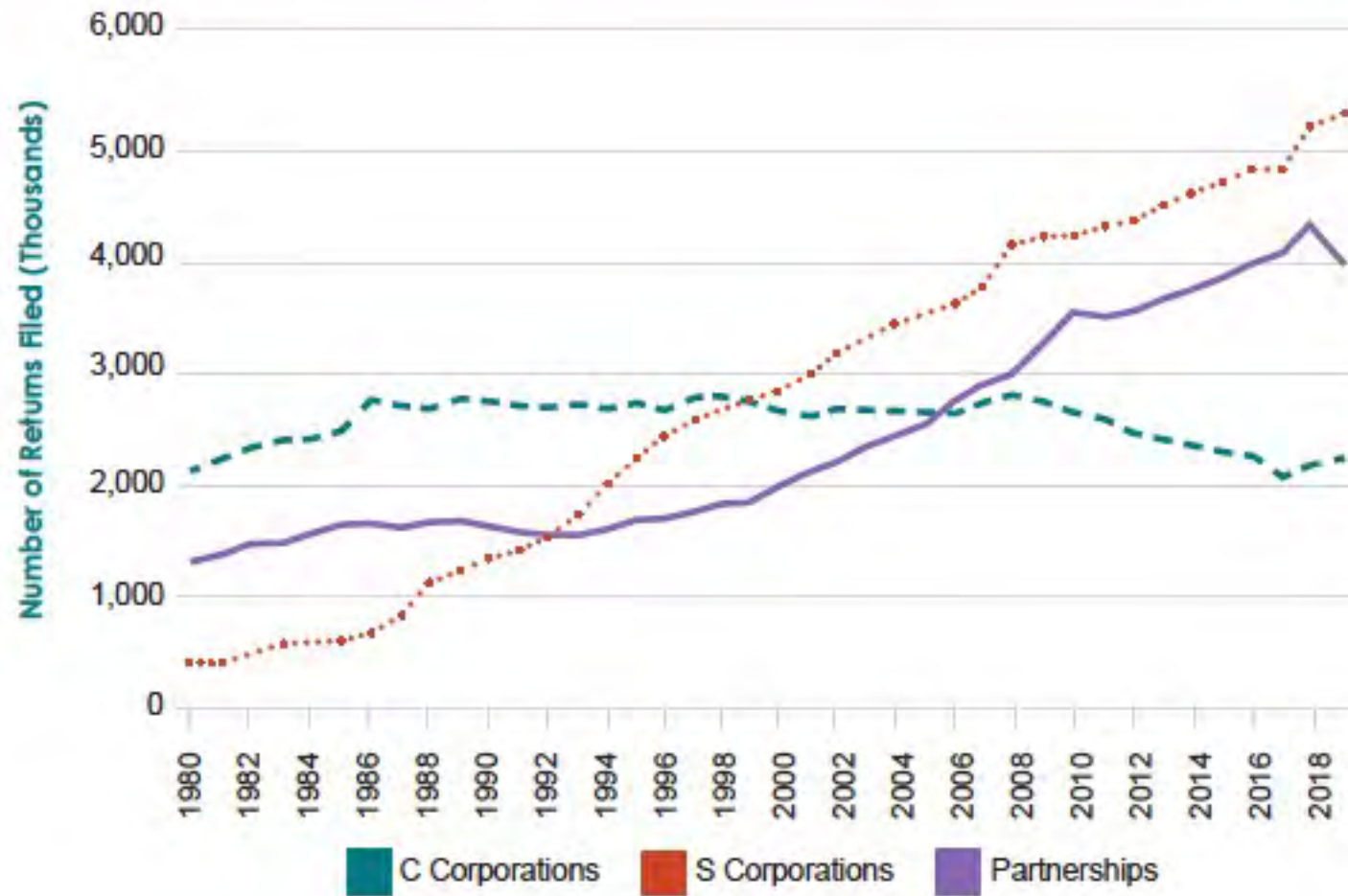


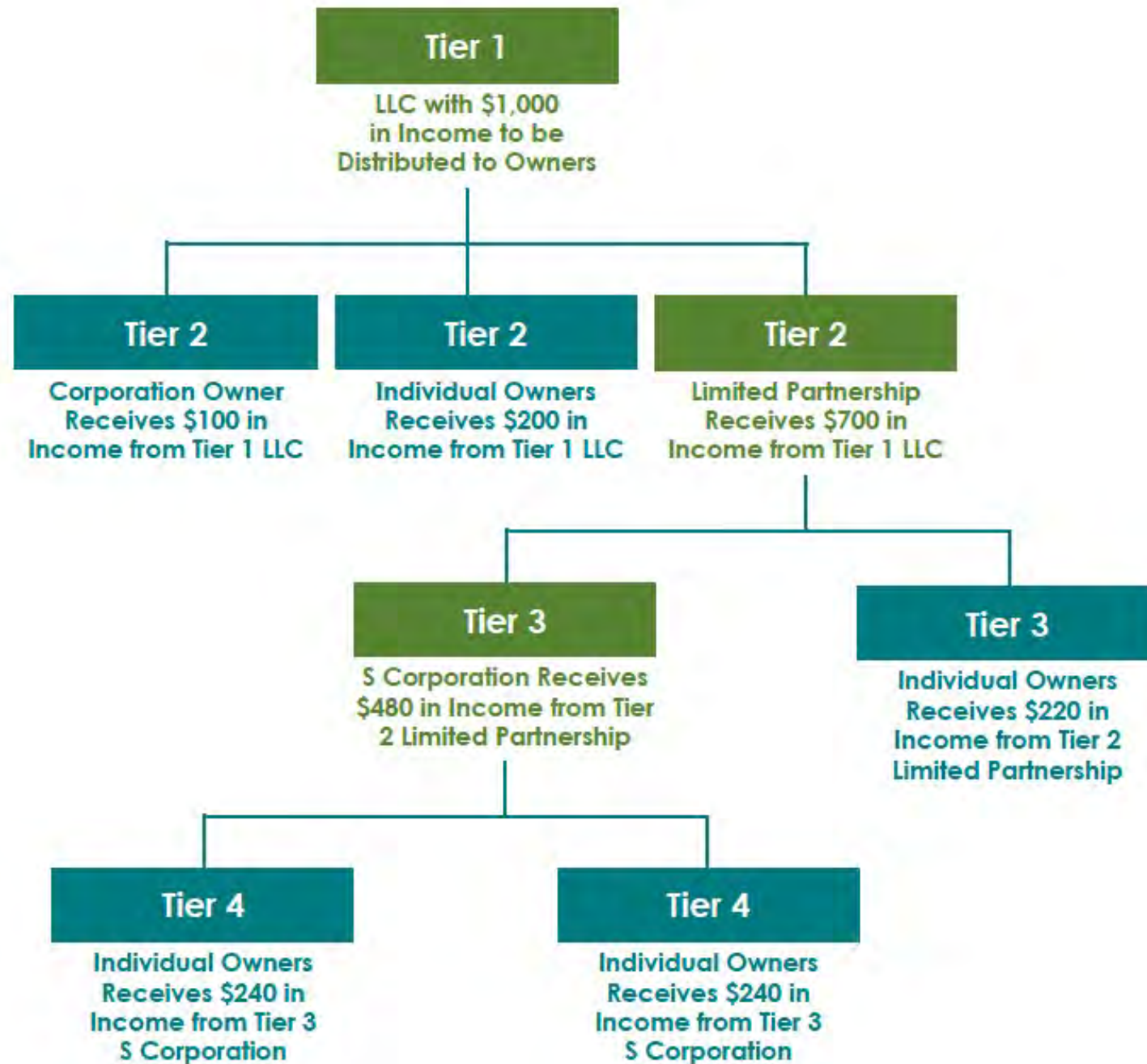


# 14 Calculation of Individual Income Tax Post-SB 399 (TY 2024+)

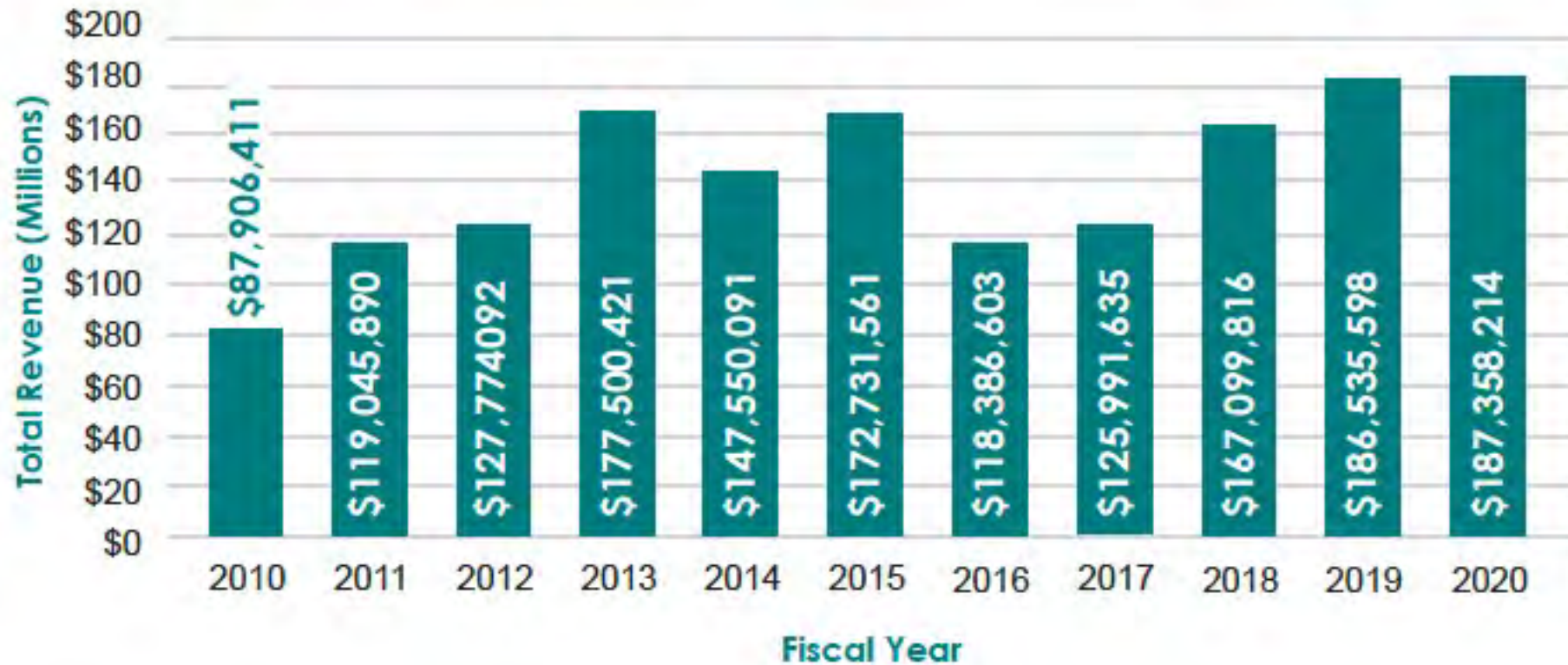


### Number of U.S. C Corporation Returns Compared to S Corporation and Partnership Returns (Pass-Through Entities), 1980-2019





## Corporate Income Tax

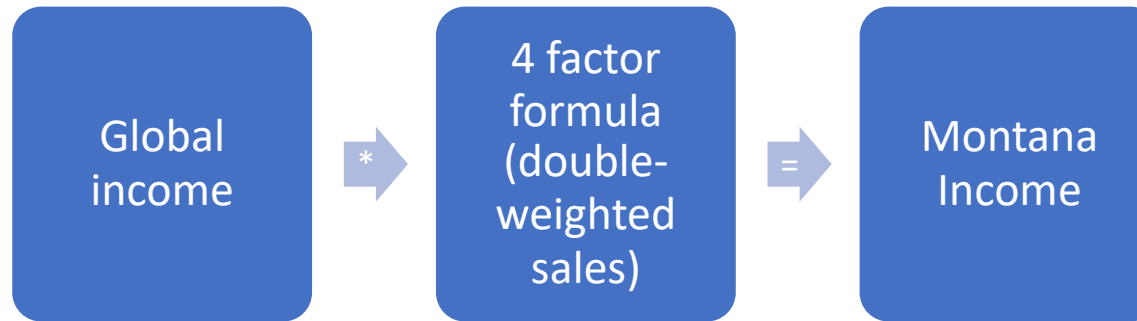


## Allowed years of carryforward

		5 years forward	10 years forward	12 years forward	15 years forward	20 years forward
Allowed years of carryback	0 years back	Arkansas Rhode Island	Kansas Michigan New Hampshire Vermont	Illinois	Alabama Minnesota North Carolina Oregon Tennessee	Arizona Colorado Connecticut District of Columbia Florida Indiana Iowa Kentucky Louisiana Maine Massachusetts Nebraska New Jersey New Mexico North Dakota Ohio Pennsylvania South Carolina Wisconsin
	2 years back					Alaska California Delaware Georgia Hawaii Idaho Maryland Mississippi Missouri Oklahoma Virginia West Virginia
	3 years back		Montana		Utah	New York



# Apportionment



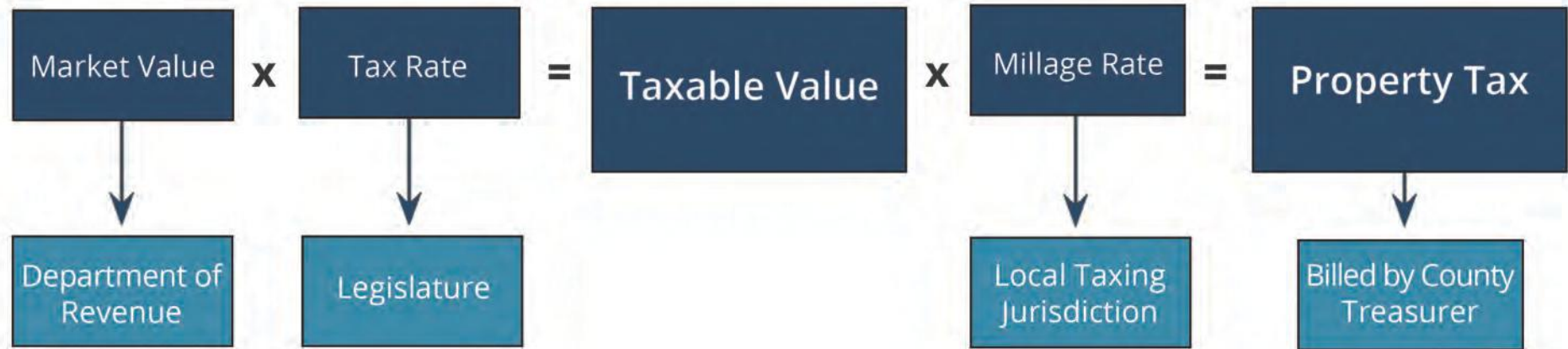
Double-weighted sales formula:

$$\left( \frac{MT \text{ Property}}{Global \text{ Property}} + 2 * \frac{MT \text{ Sales}}{Global \text{ Sales}} + \frac{MT \text{ Payroll}}{Global \text{ Payroll}} \right) / 4$$

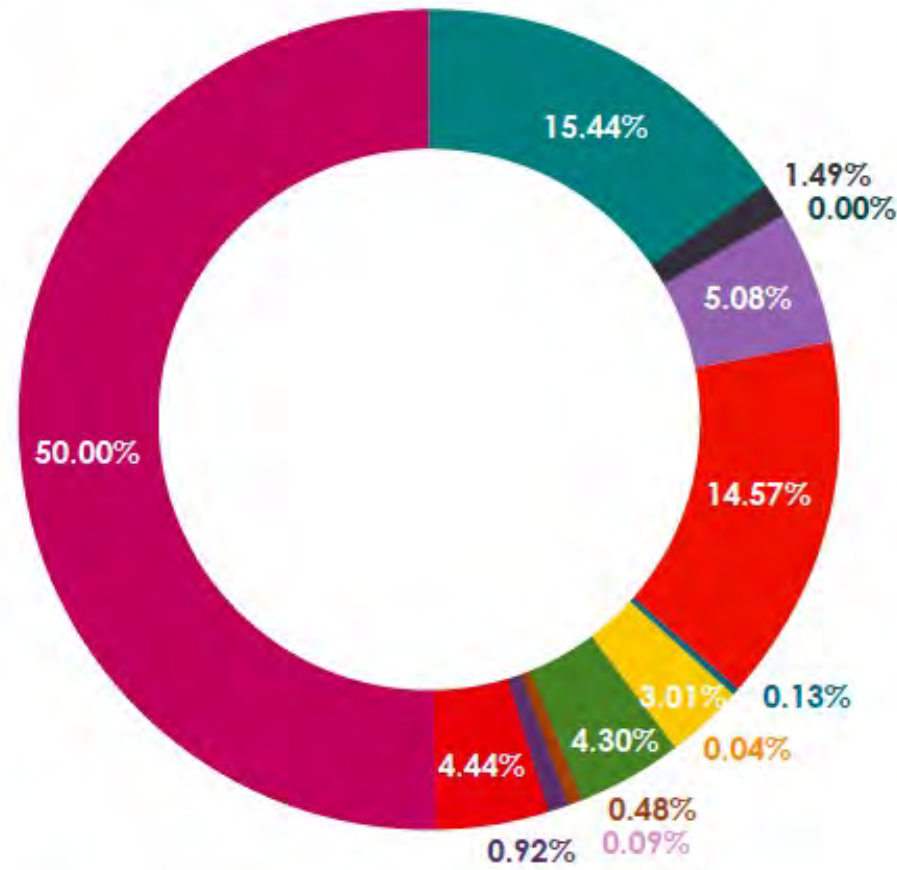
## Corporate Income Tax - Historic Tax Rates and Minimum Tax

Year	Tax Rate	Minimum Tax	Water's Edge
1987	6.75%	\$50	7%
1971	6.75%	\$50	-
1969	6.25%	\$50	-
1965	5.25%	\$10	-
1960	4.5%	\$10	-
1957	5%	\$10	-
1937	3%	\$5	-
1933	2%	\$5	-
1917	1%	-	-

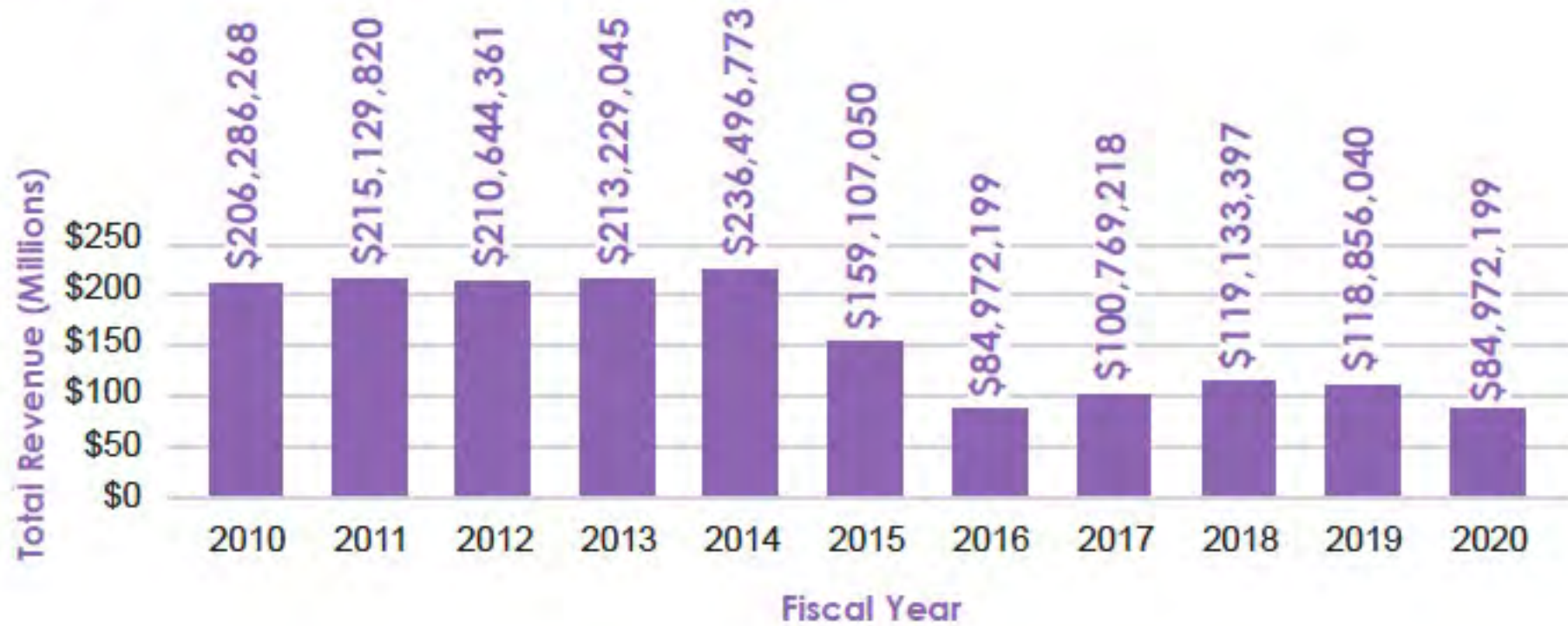
# Property Tax



# Percent of Property Taxes Paid by Class Tax Year 2020

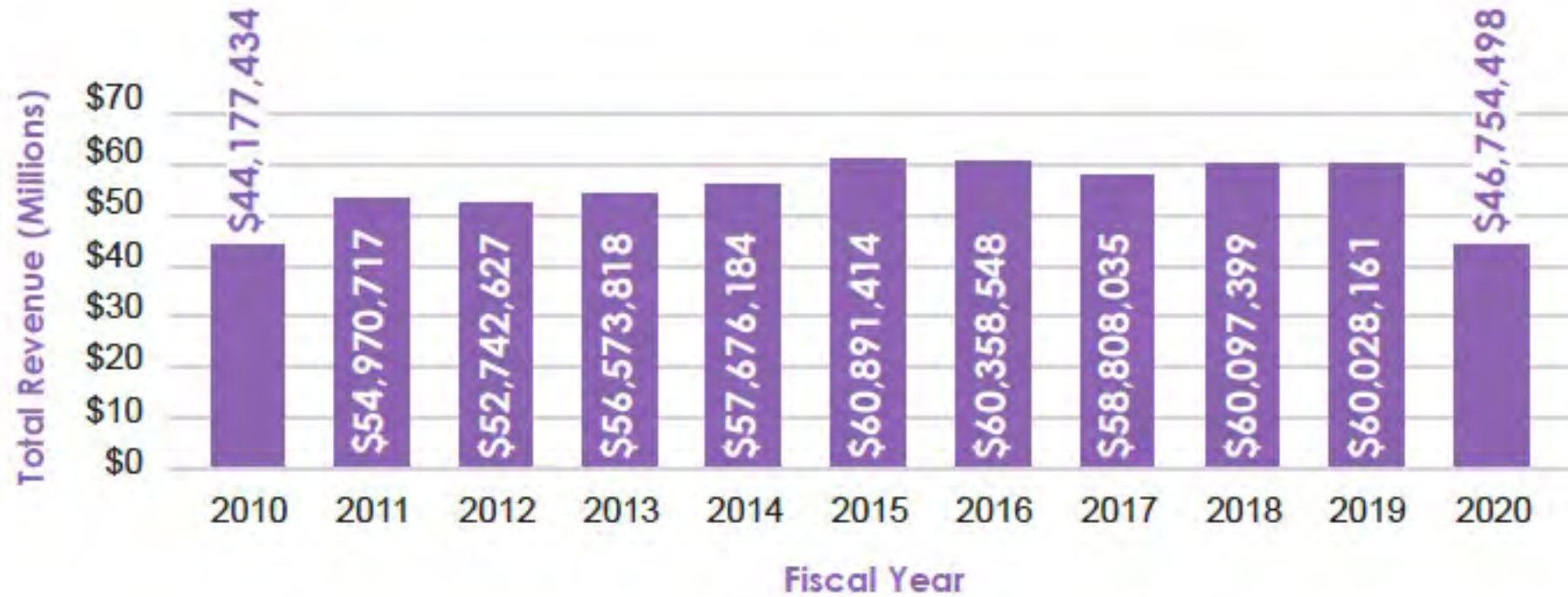


## Oil and Natural Gas Production Tax





## Coal Severance Tax





Questions?