

**OFFICE OF THE GOVERNOR**  
**BUDGET AND PROGRAM PLANNING**  
STATE OF MONTANA

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DATE: November 2, 2005

TO: Quality Schools Interim Committee

FROM: Judy Paynter, Tax Policy and Revenue Manager  
Ryan Jose, Tax Policy and Revenue Analyst

SUBJECT: Property Tax Liability Impacts if Certain Revenues are Equalized Statewide or Allocated Through the School Funding Model.

As requested by the school-working group, this report examines alternative funding mechanisms for four school funding sources. The premise of this report is statewide revenue neutrality for total dollars and by revenue source. However, the alternative funding mechanisms examined in this report do change where the revenue source is utilized and who pays the property tax. This report illustrates the change in property tax liability for each class of property and for residential property taxpayers under the following six scenarios:

- 1) Replacing the current countywide retirement mill levy with an equal mill levy statewide for retirement.
- 2) Replacing the current countywide transportation mill levy with an equal mill levy statewide for transportation.
- 3) Eliminating the distribution of the current school general fund (BASE and over-BASE) HB 124 payment schedules to schools and using the funds to increase the state BASE GTB from 175% to 220%.
- 4) Eliminating the current coal, oil and gas non-levy revenue for all school funds and increase the BASE GTB from 175% to 183%.
- 5) Combining all of the above options, which result in the BASE GTB increasing from 175% to 228%.
- 6) Establish an equalized statewide mill levy for the property tax revenue for the BASE budget, countywide retirement, and countywide transportation, along with bringing the related budget amounts for local schools general fund HB 124 payments, oil and natural gas, and coal non-levy revenue to the state level to replace the current funding mechanisms. The material presented previously for the "required budget" is used to illustrate this option.

Information used in each scenario includes: calendar year 2004 taxable values; mill levies that applied in FY 2005; HB 124 revenue for FY 2004; and oil and natural gas and coal revenue budgeted in FY 2004. Although the information base will differ in the future, the overall impacts are representative of future years. In other words, impacts shown should not change significantly with more up to date information.

The analysis of each identified scenario will include the impacts to (1) each tax class statewide, (2) each county by tax class, and (3) the impacts to residential property taxpayers.

### Statewide Equalized Mill Levy for Retirement

With the exception of Fallon County, all counties have a countywide retirement mill levy. A county may have separate countywide retirement mill levies for elementary and high schools. Countywide retirement mills statewide generate approximately \$65.4 million, for an average mill levy statewide of 37.30.

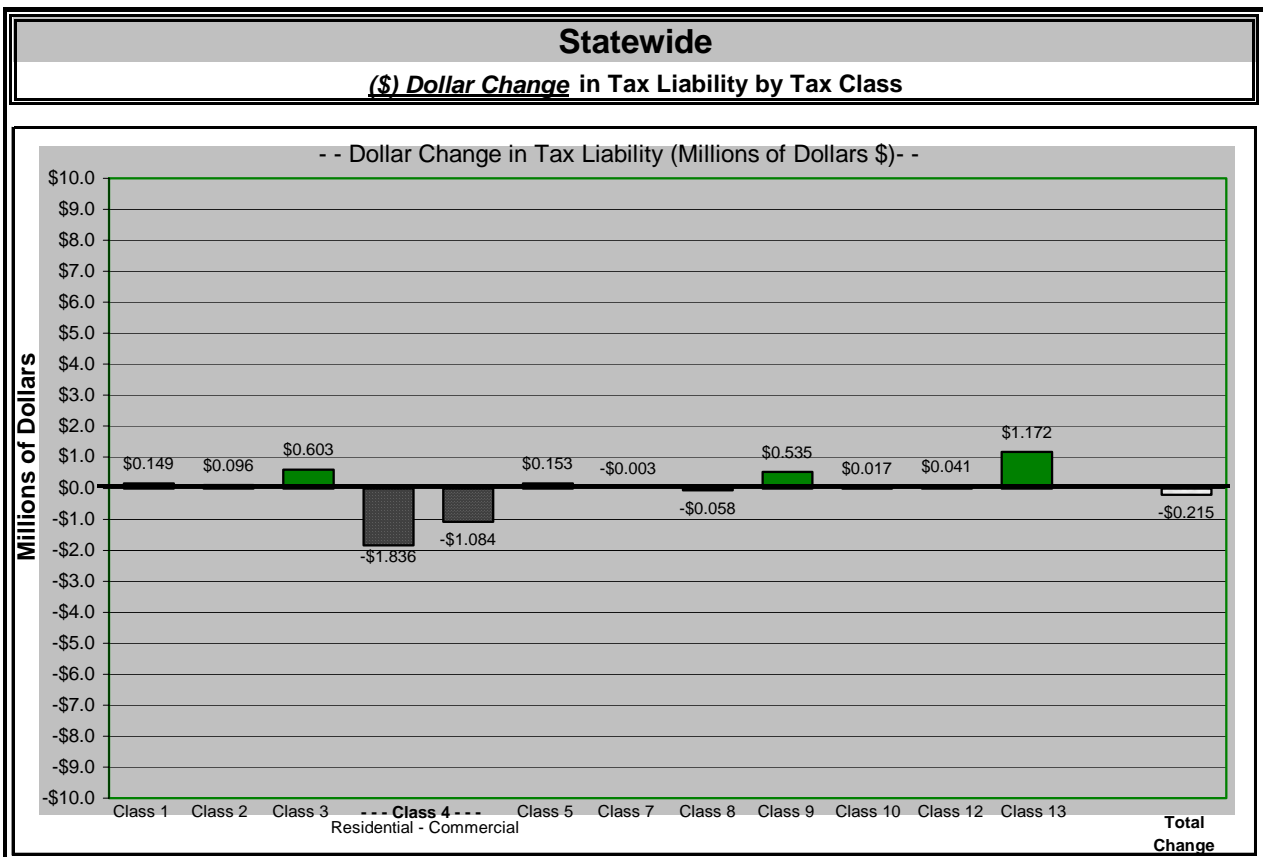
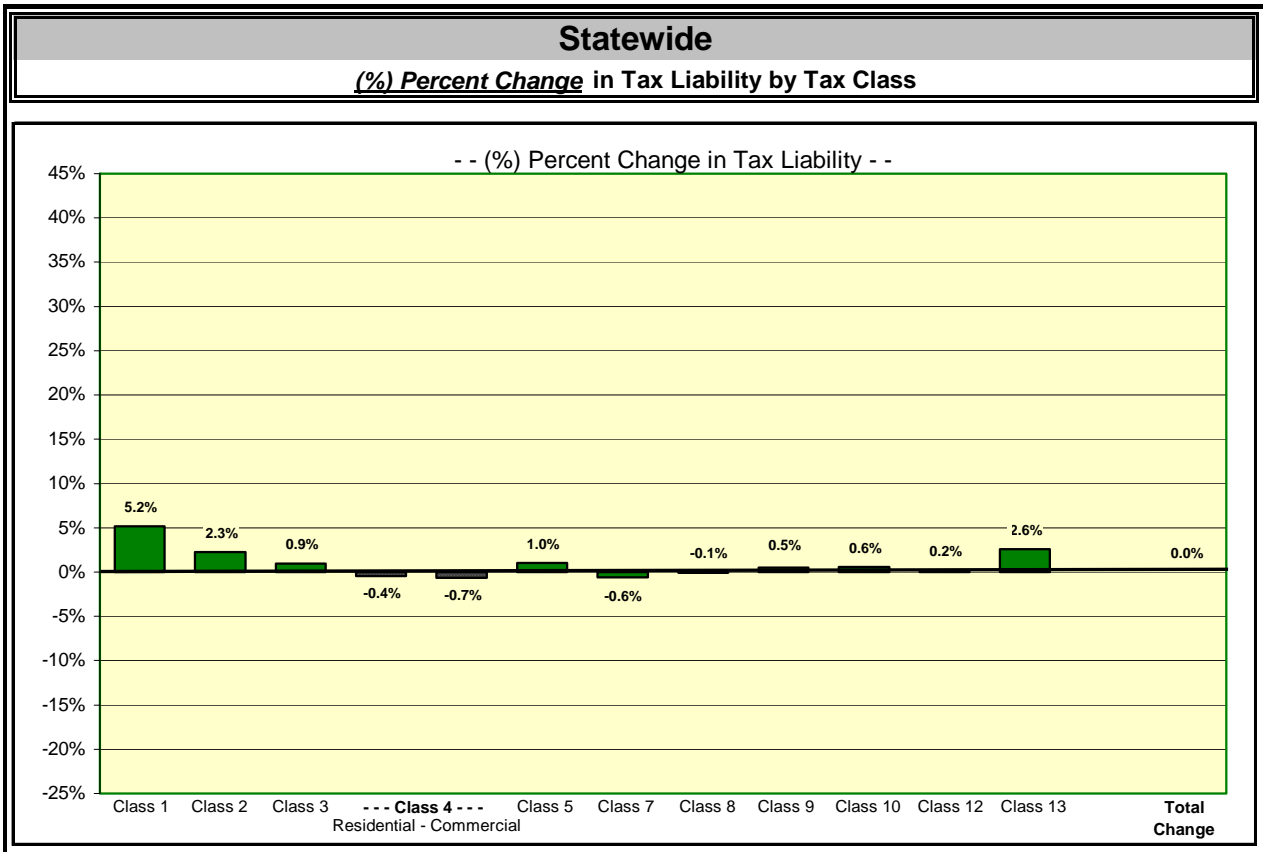
<b>Combined Elementary &amp; High School Countywide Retirement Mill Levies</b>	
Maximum	58.52
Minimum	0.00
Weighted Average	37.30

An equal mill levy statewide will affect taxpayers differently depending on whether the current countywide retirement mill levy is above or below the new equal statewide mill of 37.30. As Diagram 1 on page 3 shows, the tax burden paid by each class of property changes. The chart on the top of the page shows percent change statewide and the lower chart shows dollar changes. For example, class 13, telecommunication and electric generation property tax burden is increased by 2.6%, or by \$1.172 million, while both class 4 residential and commercial real property see declines of 0.4% (\$1.836 million) and 0.7% (\$1.084 million) respectively.

Diagram 2 on page 4 displays the change in tax liability by tax class by county; the table is sorted from largest decrease to largest increase by county. The table shows that Yellowstone County would see the largest decrease in tax burden statewide and Rosebud County would see the largest increase. Comparing current retirement mill levies for Yellowstone and Rosebud helps explain the large increases and decreases. Yellowstone currently levies over 52 mills for retirement, while Rosebud levies 15.55. Since Rosebud County has a large amount of class 13 property, this also explains the increase overall to class 13 property.

Diagram 3 on page 5 shows how an equal retirement mill would affect residential properties. The upper chart and table shows how residential dwellings would be impacted on a percentage basis, while the lower table and chart illustrate the impacts on a dollar basis. As the table and charts show, 98.8% of residential taxpayers would see a change between -5% and 5%. Shown in the lower table and chart, 98.9% of taxpayers would have a change between -\$50 and \$50. Focusing on the tail end of the lower table, 26 residential taxpayers have an increase of over \$700. A close examination of these properties revealed that they are high valued properties, mostly located in Madison County, with a percent change in tax liability of less than 4.5%.

**Diagram 1**  
**Change in Tax Liability With an Equal Statewide County Retirement Mill of 37.30**



**Diagram 2 - Change in Tax Liability With an Equal Statewide County Retirement Mill Levy of 37.30 Mills**

County	Class 1	Class 2	Class 3	Class 4 R	Class 4 C	Class 5	Class 7	Class 8	Class 9	Class 10	Class 12	Class 13	Total Change
	Net Proceeds	Gross Proceeds	Agric. Land	Residential Real	Commercial Real	Pollution Control	Non Central Pub. Util.	Business Equipment	Electric Utilities	Forest Land	Airlines Railroads	Telecom. & Elec. Gener.	
Yellowstone	0	0	(54,432)	(1,490,407)	(744,685)	(66,563)	0	(293,978)	(323,305)	(319)	(78,557)	(120,915)	(3,173,160)
Missoula	0	0	(2,561)	(322,303)	(170,783)	(5,117)	0	(36,491)	(39,997)	(3,473)	(8,177)	(12,797)	(601,699)
Silver Bow	0	(717)	(5,004)	(214,885)	(128,931)	(5,545)	0	(91,645)	(102,039)	(282)	(6,522)	(13,353)	(568,922)
Flathead	0	0	(4,199)	(304,294)	(90,749)	(10,045)	0	(23,371)	(10,633)	(3,265)	(6,378)	(9,482)	(462,417)
Lewis & Clark	0	0	(9,118)	(214,153)	(89,594)	(835)	0	(16,452)	(41,367)	(1,015)	(5,959)	(24,645)	(403,138)
Cascade	0	0	(16,949)	(187,397)	(83,958)	(1,506)	(3,459)	(20,334)	(28,932)	(215)	(7,602)	(40,926)	(391,280)
Park	0	0	(15,854)	(155,885)	(39,623)	(3,050)	0	(9,121)	(27,439)	(1,887)	(5,345)	(6,479)	(264,682)
Gallatin	(456)	0	(4,348)	(142,842)	(56,299)	(561)	0	(9,873)	(14,336)	(362)	(2,796)	(4,258)	(236,130)
Hill	0	0	(51,415)	(68,355)	(25,035)	(5,867)	0	(16,233)	(39,132)	(36)	(19,167)	(2,374)	(227,614)
Lake	0	0	(3,597)	(95,238)	(11,556)	(1,099)	0	(5,391)	(660)	(611)	(1,251)	(7,652)	(127,055)
Pondera	0	0	(35,516)	(29,868)	(8,821)	(3,147)	0	(9,438)	(17,857)	(16)	(4,214)	(1,102)	(109,980)
Custer	0	0	(18,756)	(37,152)	(15,421)	(1,809)	0	(6,787)	(10,693)	(175)	(4,831)	(3,254)	(98,877)
Broadwater	(965)	0	(10,010)	(28,340)	(5,362)	(767)	0	(6,426)	(23,695)	(321)	(4,553)	(2,735)	(83,173)
Musselshell	0	0	(18,826)	(25,667)	(3,625)	(4,108)	0	(5,967)	(12,006)	(1,112)	0	0	(71,311)
Glacier	0	0	(10,415)	(12,348)	(6,083)	(3,426)	(32)	(3,357)	(26,286)	(17)	(3,887)	(1,080)	(66,931)
Fergus	0	0	(16,169)	(21,698)	(5,095)	(1,063)	0	(4,242)	(11,397)	(245)	(753)	(1,125)	(61,788)
Beaverhead	0	0	(11,276)	(27,100)	(8,913)	(1,625)	0	(5,148)	(4,532)	(119)	(1,086)	(675)	(60,474)
Blaine	0	0	(19,009)	(9,759)	(2,077)	(1,294)	0	(4,766)	(12,553)	(9)	(3,748)	(557)	(53,771)
Petroleum	0	0	(21,482)	(6,014)	(411)	(2,217)	0	(2,899)	0	(30)	0	0	(33,052)
Sheridan	0	0	(8,139)	(4,283)	(1,224)	(619)	0	(3,101)	(1,473)	0	(1,384)	(287)	(20,510)
Teton	0	0	(6,004)	(5,440)	(1,121)	(811)	0	(1,224)	(3,013)	(23)	(845)	(74)	(18,556)
Daniels	0	0	(2,704)	(1,179)	(277)	(192)	0	(745)	(88)	0	(238)	(260)	(5,683)
Sanders	0	0	(103)	(1,360)	(279)	(87)	0	(146)	(618)	(102)	(258)	(1,161)	(4,114)
Powder River	0	0	4,766	1,946	290	469	0	1,138	735	27	0	1	9,373
Deer Lodge	0	0	893	8,869	1,908	210	0	494	2,961	133	229	434	16,131
Carbon	318	0	1,582	8,626	1,279	160	0	541	3,878	6	295	261	16,945
Prairie	0	0	7,101	2,821	478	589	0	1,767	2,608	2	4,151	673	20,190
Judith Basin	0	0	8,785	4,713	825	237	0	1,638	12,688	33	2,159	560	31,639
Treasure	0	0	9,272	3,666	647	816	0	2,047	16,925	96	6,197	679	40,346
Garfield	0	0	31,813	6,537	653	1,795	0	3,560	0	3	0	0	44,360
Dawson	0	0	11,779	13,892	3,945	1,772	0	3,504	11,770	0	5,450	3,528	55,639
Golden Valley	0	0	14,074	6,597	661	1,013	0	1,619	29,060	88	3,443	66	56,620
Powell	0	0	7,079	21,798	4,087	1,627	0	3,798	17,144	2,290	4,434	1,768	64,025
Mccone	0	0	39,134	10,807	1,714	4,201	0	7,921	1,983	0	1,344	70	67,173
Wibaux	0	0	24,925	9,455	1,457	2,368	0	7,772	15,710	0	5,377	1,426	68,490
Phillips	0	0	19,835	10,527	3,020	1,254	0	4,142	30,294	5	3,996	1,076	74,149
Jefferson	0	12,826	3,481	34,227	4,955	797	0	5,909	12,102	156	1,812	1,248	77,513
Granite	0	0	8,500	39,576	5,420	2,355	0	4,984	29,194	2,893	7,742	947	101,611
Mineral	0	0	1,132	40,826	11,948	2,723	0	3,660	34,601	2,321	8,340	1,168	106,719
Wheatland	0	0	17,621	13,806	1,655	355	0	3,208	63,917	108	2,741	3,886	107,297
Liberty	0	0	55,784	26,112	3,721	2,971	0	12,240	8,997	0	6,763	2,077	118,664
Meagher	0	0	29,387	32,811	4,810	292	0	6,083	55,074	2,944	0	3,597	134,997
Valley	0	0	33,327	26,596	9,121	2,643	0	7,647	89,704	0	8,152	3,624	180,815
Toole	0	0	63,955	41,811	26,875	4,995	0	17,500	28,356	0	16,927	2,095	202,514
Big Horn	0	0	45,246	37,094	39,949	8,601	0	42,181	49,305	619	10,289	1,871	235,156
Carter	115,250	0	52,049	12,509	1,288	2,019	0	10,664	48,150	338	0	0	242,268
Sweet Grass	0	44,065	26,809	70,304	18,025	6,072	0	56,662	20,422	959	7,959	3,119	254,396
Roosevelt	0	0	35,568	22,979	8,824	2,755	0	12,315	152,171	0	16,121	4,751	255,483
Chouteau	0	0	118,691	45,617	7,392	4,311	0	19,997	59,942	147	4,255	3,984	264,337
Stillwater	0	39,951	22,011	77,632	16,531	3,678	0	41,467	55,601	398	4,304	5,047	266,620
Ravalli	0	0	5,937	227,767	37,485	2,975	0	9,654	13,985	730	2,836	5,090	306,459
Richland	0	0	77,370	89,066	38,054	15,436	0	49,562	54,427	0	8,128	17,631	349,675
Lincoln	0	0	3,788	224,372	40,095	19,374	0	17,198	0	14,584	25,097	10,255	354,764
Fallon	0	0	54,676	40,444	13,185	6,042	0	71,085	241,949	15	11,820	290	439,505
Madison	34,828	0	40,042	300,571	63,752	5,366	0	24,499	34,398	1,565	7,192	7,754	519,968
Rosebud	0	0	72,190	55,735	42,243	164,184	0	62,834	89,243	647	20,906	1,337,888	1,845,870
<b>Change</b>	<b>148,975</b>	<b>96,125</b>	<b>602,716</b>	<b>(1,835,858)</b>	<b>(1,083,627)</b>	<b>153,101</b>	<b>(3,491)</b>	<b>(57,847)</b>	<b>535,242</b>	<b>17,473</b>	<b>40,910</b>	<b>1,171,678</b>	<b>(214,604)</b>

### Diagram 3 - Change in Tax Liability With an Equal Statewide County Retirement Mill

#### Statewide

This table and chart display the estimated impact on total property taxes paid on residences (dwelling and associated land).

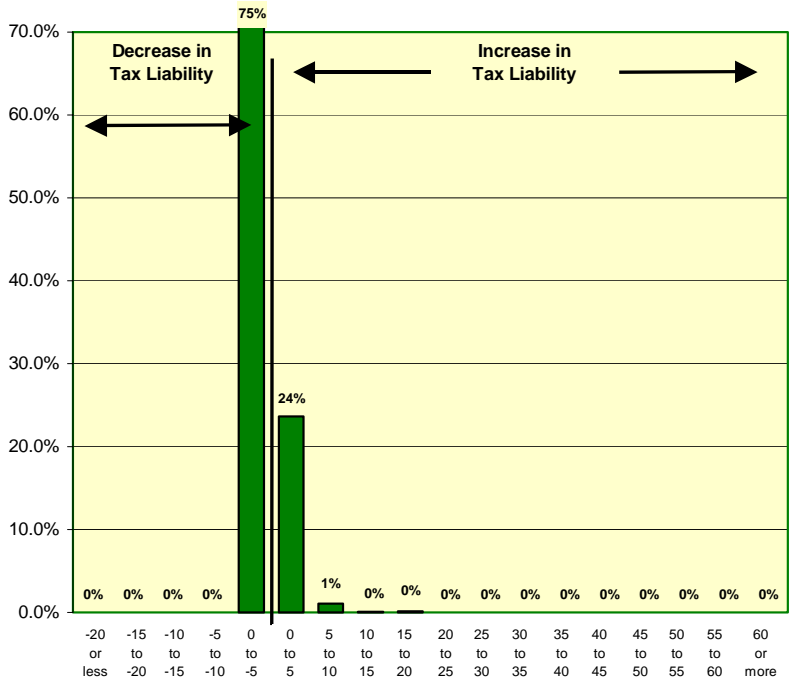
#### Distribution of Change in Property Tax

% Change Bracket	Number in Bracket	% in Bracket	Cumulative	
			Number	Percent
-20 or less	-	0.0%	-	0.0%
-15 to -20	-	0.0%	-	0.0%
-10 to -15	-	0.0%	-	0.0%
-5 to -10	-	0.0%	-	0.0%
0 to -5	250,615	75.1%	250,615	75.1%
0 to 5	78,959	23.7%	329,574	98.8%
5 to 10	3,446	1.0%	333,020	99.8%
10 to 15	138	0.0%	333,158	99.9%
15 to 20	474	0.1%	333,632	100.0%
20 to 25	-	0.0%	333,632	100.0%
25 to 30	-	0.0%	333,632	100.0%
30 to 35	-	0.0%	333,632	100.0%
35 to 40	-	0.0%	333,632	100.0%
40 to 45	-	0.0%	333,632	100.0%
45 to 50	-	0.0%	333,632	100.0%
50 to 55	-	0.0%	333,632	100.0%
55 to 60	-	0.0%	333,632	100.0%
60 or more	-	0.0%	333,632	100.0%

#### Tax Liability Summary

75% decrease in tax paid, 25% increase in tax paid.  
99% have a 5% or less change in taxes.

#### (%) Percent Change in Total Property Tax Liability - FY05 Residences - Estimated Change in Property Taxes Paid



For example, 23.7% of single family residences increased in taxes from 0% to 5%

#### Statewide

This table and chart display the estimated impact on total property taxes paid on residences (dwelling and associated land).

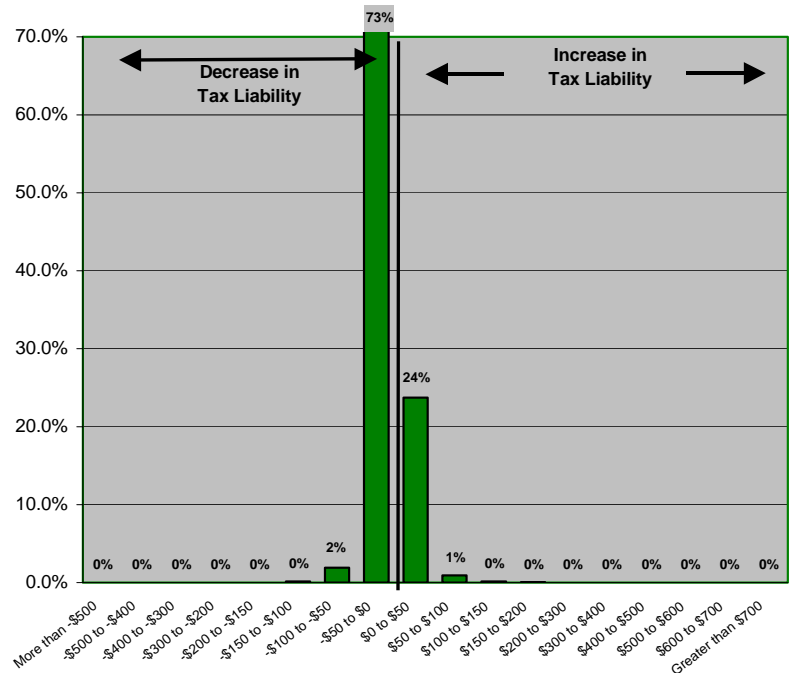
#### Distribution of Change in Property Tax

\$ Change Bracket	Number in Bracket	% in Bracket	Cumulative	
			Number	Percent
More than -\$500	6	0.0%	6	0.0%
-\$500 to -\$400	7	0.0%	13	0.0%
-\$400 to -\$300	12	0.0%	25	0.0%
-\$300 to -\$200	51	0.0%	76	0.0%
-\$200 to -\$150	102	0.0%	178	0.1%
-\$150 to -\$100	558	0.2%	736	0.2%
-\$100 to -\$50	6,351	1.9%	7,087	2.1%
-\$50 to \$0	243,528	73.0%	250,615	75.1%
\$0 to \$50	79,258	23.8%	329,873	98.9%
\$50 to \$100	2,978	0.9%	332,851	99.8%
\$100 to \$150	468	0.1%	333,319	99.9%
\$150 to \$200	140	0.0%	333,459	99.9%
\$200 to \$300	74	0.0%	333,533	100.0%
\$300 to \$400	38	0.0%	333,571	100.0%
\$400 to \$500	16	0.0%	333,587	100.0%
\$500 to \$600	11	0.0%	333,598	100.0%
\$600 to \$700	8	0.0%	333,606	100.0%
Greater than \$700	26	0.0%	333,632	100.0%

#### Tax Liability Summary

75% decrease in tax paid, 25% increase in tax paid.  
97% have a \$50 or less change in taxes.

#### (\$ Dollar Change in Total Property Tax Liability - FY05 Residences - Estimated Change in Property Taxes Paid



For example, 23.8% of single family residences increased in taxes from \$0 to \$50

## Statewide Equalized Mill Levy for Transportation

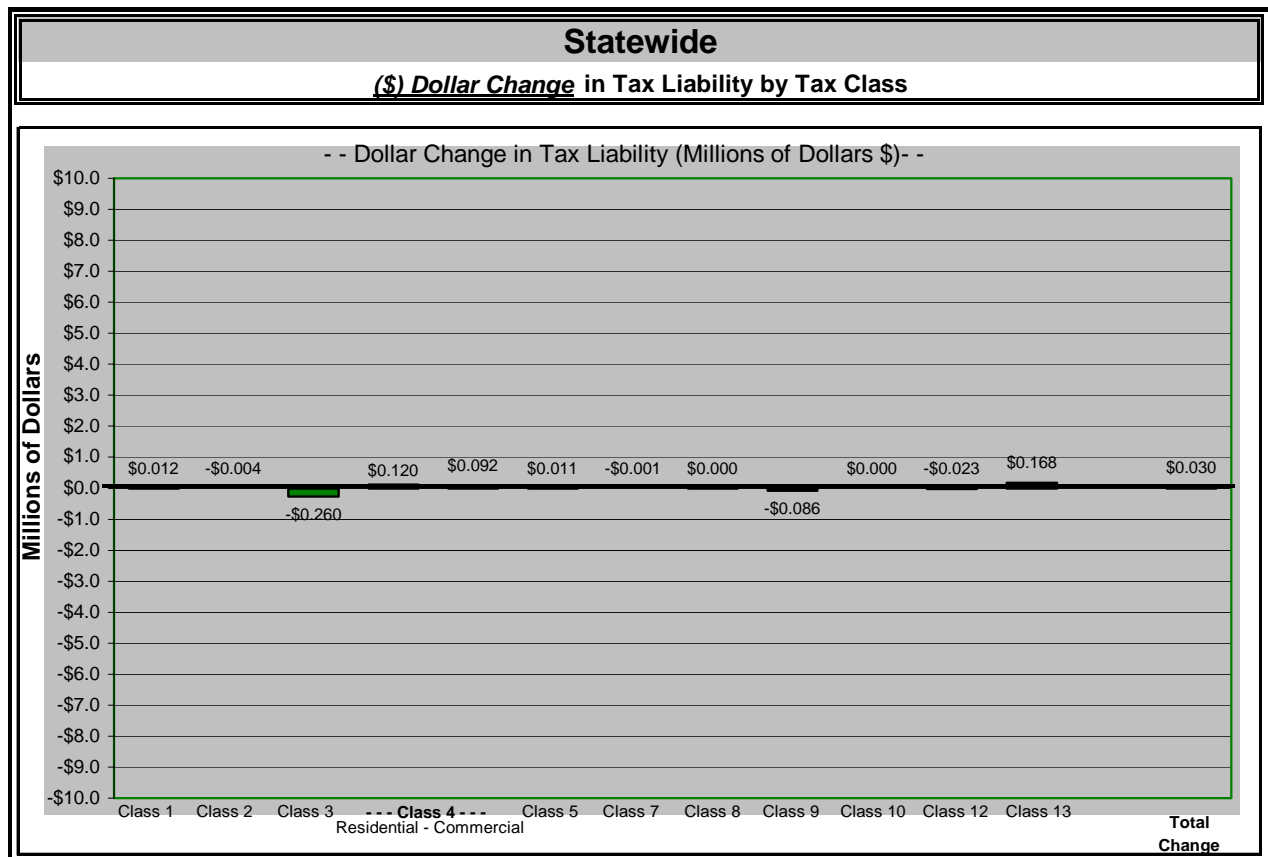
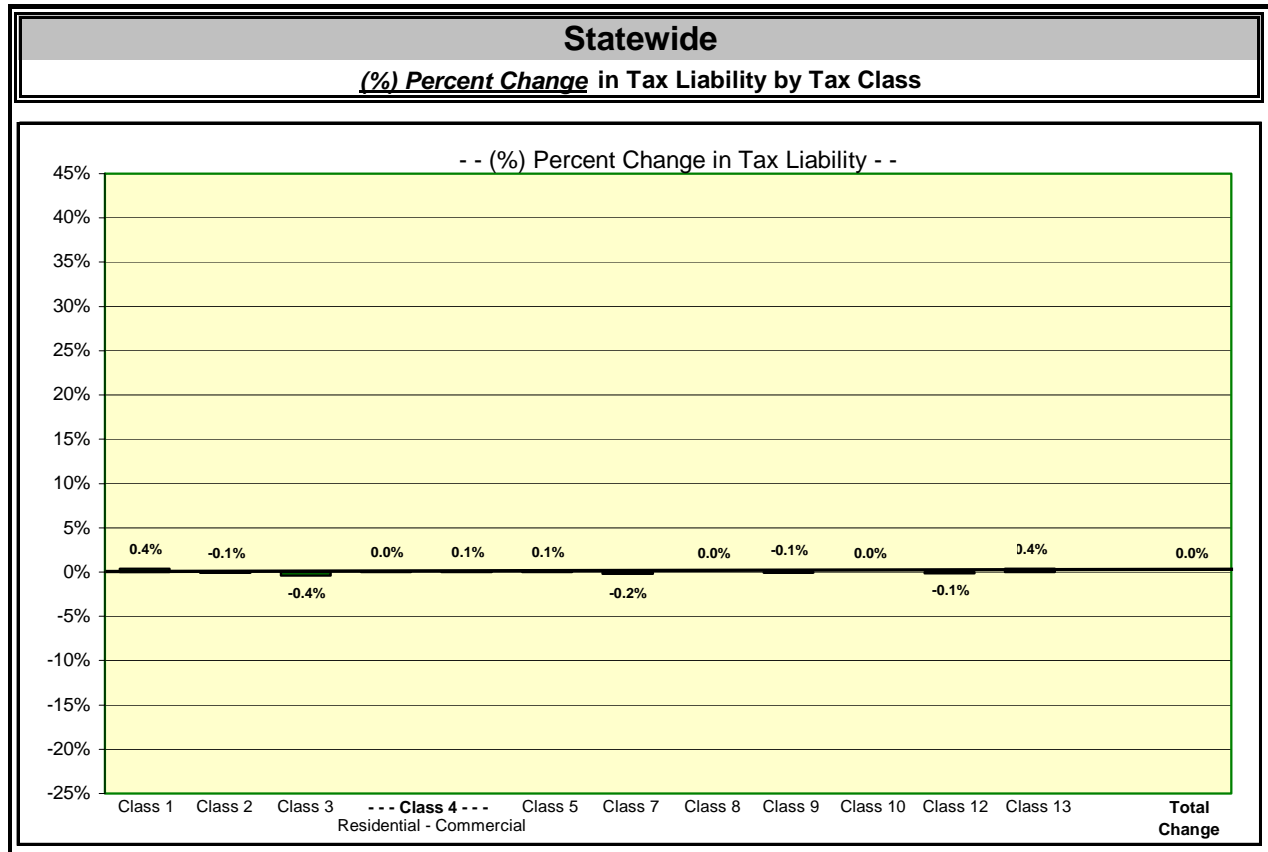
All counties, except Fallon, Wibaux, and Richland have a countywide transportation mill levy. Countywide transportation mills statewide generate approximately \$8.6 million per year, for an average mill levy statewide of 4.90.

Countywide Transportation Mill Levies	
Maximum	22.71
Minimum	0.00
Weighted Average	4.90

As Diagrams 4, 5, and 6 on the following pages show, the tax burden changes statewide are not as pronounced as was seen with an equal retirement mill in any one particular tax class or county. Property located in counties with a higher than average countywide transportation mill levy will have a reduction in their property tax liability, while properties located in counties with lower than average countywide transportation mills will see an increase in tax liability.

The largest change again is class 13 property in Rosebud County. Rosebud County currently has a countywide transportation mill levy of 1.71 mills. An equal mill levy of 4.90 mills would increase Rosebud County's mill by 3.19 mills.

## Diagram 4 Change in Tax Liability With an Equal Statewide County Transportation Mill of 4.90



**Diagram 5 - Change in Tax Liability With an Equal Statewide County Transoirtation Mill Levy of 4.90 Mills**

County	Class 1	Class 2	Class 3	Class 4 R	Class 4 C	Class 5	Class 7	Class 8	Class 9	Class 10	Class 12	Class 13	Total Change
	Net Proceeds	Gross Proceeds	Agric. Land	Residential Real	Commercial Real	Pollution Control	Non Central Pub. Util.	Business Equipment	Electric Utilities	Forest Land	Airlines Railroads	Telecom. & Elec. Gener.	
Lewis & Clark	0	0	(3,782)	(88,841)	(37,168)	(346)	0	(6,825)	(17,161)	(421)	(2,472)	(10,224)	(167,240)
Cascade	0	0	(5,350)	(59,151)	(26,501)	(475)	(1,092)	(6,418)	(9,132)	(68)	(2,399)	(12,918)	(123,505)
Fergus	0	0	(26,948)	(36,164)	(8,491)	(1,772)	0	(7,071)	(18,995)	(409)	(1,255)	(1,875)	(102,979)
Daniels	0	0	(39,805)	(17,347)	(4,077)	(2,829)	0	(10,960)	(1,301)	0	(3,503)	(3,821)	(83,643)
Lake	0	0	(2,028)	(53,694)	(6,515)	(620)	0	(3,039)	(372)	(345)	(705)	(4,314)	(71,632)
Phillips	0	0	(18,338)	(9,732)	(2,792)	(1,160)	0	(3,829)	(28,008)	(5)	(3,694)	(995)	(68,552)
Powder River	0	0	(32,367)	(13,214)	(1,969)	(3,187)	0	(7,728)	(4,993)	(184)	0	(5)	(63,646)
Judith Basin	0	0	(17,006)	(9,123)	(1,597)	(459)	0	(3,171)	(24,560)	(65)	(4,179)	(1,084)	(61,244)
Musselshell	0	0	(16,003)	(21,818)	(3,082)	(3,492)	0	(5,072)	(10,206)	(945)	0	0	(60,617)
Teton	0	0	(17,296)	(15,670)	(3,230)	(2,337)	0	(3,527)	(8,679)	(67)	(2,433)	(214)	(53,454)
Garfield	0	0	(35,577)	(7,310)	(730)	(2,008)	0	(3,981)	0	(3)	0	0	(49,609)
Jefferson	0	(6,939)	(1,883)	(18,516)	(2,681)	(431)	0	(3,197)	(6,547)	(84)	(980)	(675)	(41,933)
Carbon	(774)	0	(3,852)	(21,002)	(3,114)	(390)	0	(1,316)	(9,442)	(14)	(717)	(636)	(41,257)
Valley	0	0	(7,568)	(6,040)	(2,071)	(600)	0	(1,737)	(20,371)	0	(1,851)	(823)	(41,061)
Sanders	0	0	(1,014)	(13,417)	(2,755)	(859)	0	(1,438)	(6,099)	(1,008)	(2,548)	(11,452)	(40,589)
Hill	0	0	(8,086)	(10,751)	(3,937)	(923)	0	(2,553)	(6,154)	(6)	(3,015)	(373)	(35,798)
Golden Valley	0	0	(8,523)	(3,995)	(400)	(613)	0	(980)	(17,598)	(53)	(2,085)	(40)	(34,287)
Broadwater	(392)	0	(4,063)	(11,504)	(2,176)	(311)	0	(2,609)	(9,618)	(130)	(1,848)	(1,110)	(33,762)
Custer	0	0	(5,858)	(11,603)	(4,816)	(565)	0	(2,120)	(3,340)	(55)	(1,509)	(1,016)	(30,881)
Mccone	0	0	(16,142)	(4,458)	(707)	(1,733)	0	(3,267)	(818)	0	(554)	(29)	(27,708)
Pondera	0	0	(7,594)	(6,386)	(1,886)	(673)	0	(2,018)	(3,818)	(3)	(901)	(236)	(23,515)
Beaverhead	0	0	(4,382)	(10,531)	(3,463)	(631)	0	(2,001)	(1,761)	(46)	(422)	(262)	(23,500)
Petroleum	0	0	(14,456)	(4,047)	(277)	(1,492)	0	(1,951)	0	(20)	0	0	(22,243)
Liberty	0	0	(9,608)	(4,498)	(641)	(512)	0	(2,108)	(1,550)	0	(1,165)	(358)	(20,438)
Big Horn	0	0	(3,853)	(3,159)	(3,402)	(732)	0	(3,592)	(4,199)	(53)	(876)	(159)	(20,025)
Powell	0	0	(2,033)	(6,261)	(1,174)	(467)	0	(1,091)	(4,924)	(658)	(1,274)	(508)	(18,390)
Dawson	0	0	(3,821)	(4,506)	(1,280)	(575)	0	(1,137)	(3,818)	0	(1,768)	(1,145)	(18,049)
Glacier	0	0	(2,617)	(3,103)	(1,529)	(861)	(8)	(844)	(6,605)	(4)	(977)	(271)	(16,818)
Mineral	0	0	(114)	(4,129)	(1,208)	(275)	0	(370)	(3,499)	(235)	(843)	(118)	(10,793)
Chouteau	0	0	(4,274)	(1,643)	(266)	(155)	0	(720)	(2,158)	(5)	(153)	(143)	(9,518)
Deer Lodge	0	0	(447)	(4,434)	(954)	(105)	0	(247)	(1,481)	(66)	(115)	(217)	(8,066)
Prairie	0	0	(2,223)	(883)	(150)	(184)	0	(553)	(816)	(1)	(1,299)	(211)	(6,320)
Sheridan	0	0	(1,978)	(1,041)	(297)	(151)	0	(754)	(358)	0	(336)	(70)	(4,985)
Treasure	0	0	(1,121)	(443)	(78)	(99)	0	(247)	(2,045)	(12)	(749)	(82)	(4,876)
Roosevelt	0	0	(345)	(223)	(86)	(27)	0	(120)	(1,477)	0	(157)	(46)	(2,480)
Blaine	0	0	(404)	(208)	(44)	(28)	0	(101)	(267)	(0)	(80)	(12)	(1,144)
Toole	0	0	85	55	36	7	0	23	37	0	22	3	268
Lincoln	0	0	27	1,606	287	139	0	123	0	104	180	73	2,539
Ravalli	0	0	103	3,950	650	52	0	167	243	13	49	88	5,314
Sweet Grass	0	992	604	1,583	406	137	0	1,276	460	22	179	70	5,728
Meagher	0	0	2,277	2,542	373	23	0	471	4,267	228	0	279	10,460
Granite	0	0	1,188	5,532	758	329	0	697	4,081	404	1,082	132	14,205
Stillwater	0	2,160	1,190	4,196	894	199	0	2,241	3,005	22	233	273	14,412
Park	0	0	873	8,581	2,181	168	0	502	1,510	104	294	357	14,570
Wibaux	0	0	5,430	2,060	318	516	0	1,693	3,423	0	1,172	311	14,922
Carter	8,403	0	3,795	912	94	147	0	778	3,511	25	0	0	17,664
Wheatland	0	0	5,307	4,158	498	107	0	966	19,250	33	826	1,170	32,315
Fallon	0	0	7,183	5,313	1,732	794	0	9,338	31,784	2	1,553	38	57,737
Madison	4,325	0	4,973	37,326	7,917	666	0	3,042	4,272	194	893	963	64,571
Richland	0	0	17,552	20,205	8,633	3,502	0	11,243	12,347	0	1,844	4,000	79,324
Silver Bow	0	113	788	33,843	20,306	873	0	14,433	16,071	44	1,027	2,103	89,602
Yellowstone	0	0	1,702	46,607	23,287	2,082	0	9,193	10,110	10	2,457	3,781	99,229
Missoula	0	0	505	63,565	33,682	1,009	0	7,197	7,888	685	1,613	2,524	118,668
Gallatin	408	0	3,891	127,806	50,372	502	0	8,834	12,827	324	2,502	3,809	211,275
Rosebud	0	0	10,588	8,175	6,196	24,080	0	9,216	13,089	95	3,066	196,224	270,728
Flathead	0	0	3,189	231,136	68,931	7,630	0	17,753	8,077	2,480	4,844	7,202	351,243
<b>Change</b>	<b>11,971</b>	<b>(3,674)</b>	<b>(259,510)</b>	<b>120,309</b>	<b>92,004</b>	<b>10,884</b>	<b>(1,100)</b>	<b>497</b>	<b>(85,919)</b>	<b>(177)</b>	<b>(23,028)</b>	<b>167,958</b>	<b>30,214</b>



## Diagram 6 - Change in Tax Liability With an Equal Statewide County Transportation Mill

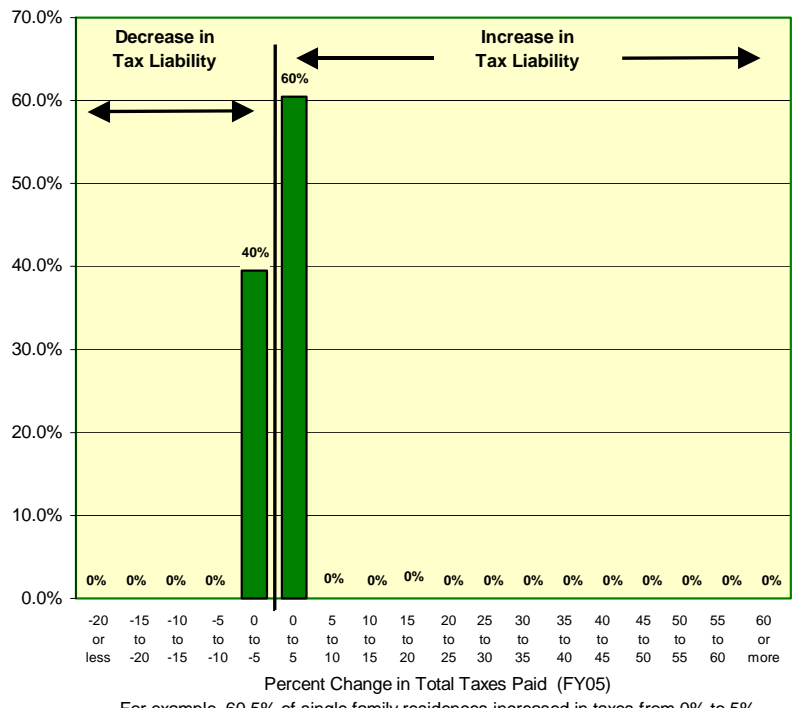
### Statewide

This table and chart display the estimated impact on total property taxes paid on residences (dwelling and associated land).

Distribution of Change in Property Tax				
% Change Bracket	Number in Bracket	% in Bracket	Cumulative	
			Number	Percent
-20 or less	-	0.0%	-	0.0%
-15 to -20	-	0.0%	-	0.0%
-10 to -15	-	0.0%	-	0.0%
-5 to -10	-	0.0%	-	0.0%
0 to -5	131,871	39.5%	131,871	39.5%
0 to 5	201,761	60.5%	333,632	100.0%
5 to 10	-	0.0%	333,632	100.0%
10 to 15	-	0.0%	333,632	100.0%
15 to 20	-	0.0%	333,632	100.0%
20 to 25	-	0.0%	333,632	100.0%
25 to 30	-	0.0%	333,632	100.0%
30 to 35	-	0.0%	333,632	100.0%
35 to 40	-	0.0%	333,632	100.0%
40 to 45	-	0.0%	333,632	100.0%
45 to 50	-	0.0%	333,632	100.0%
50 to 55	-	0.0%	333,632	100.0%
55 to 60	-	0.0%	333,632	100.0%
60 or more	-	0.0%	333,632	100.0%

**Tax Liability Summary**  
 40% decrease in tax paid, 60% increase in tax paid.  
 100% have a 5% or less change in taxes.

### (%) Percent Change in Total Property Tax Liability - FY05 Residences - Estimated Change in Property Taxes Paid



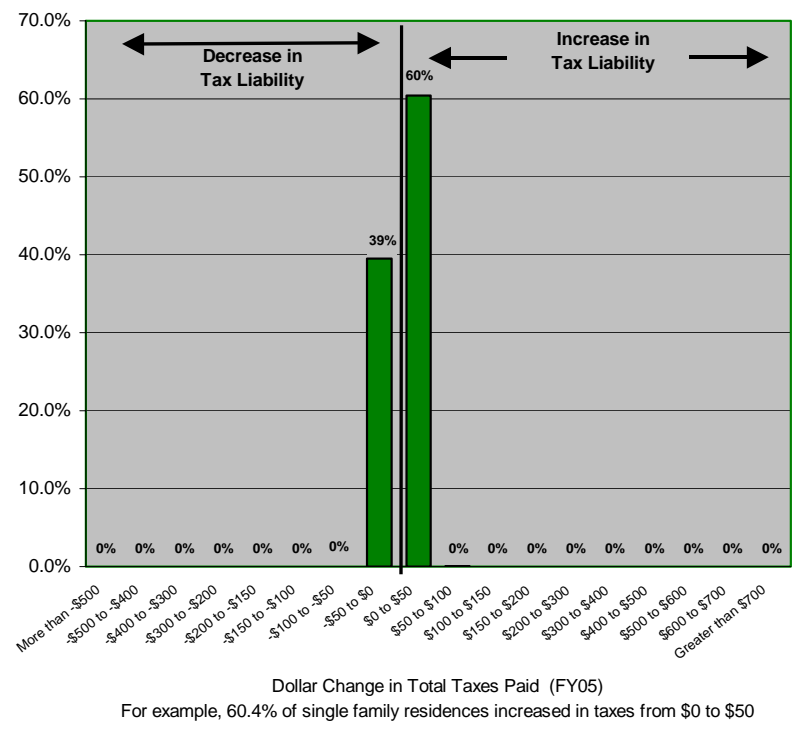
### Statewide

This table and chart display the estimated impact on total property taxes paid on residences (dwelling and associated land).

Distribution of Change in Property Tax				
\$ Change Bracket	Number in Bracket	% in Bracket	Cumulative	
			Number	Percent
More than -\$500	1	0.0%	1	0.0%
-\$500 to -\$400	-	0.0%	1	0.0%
-\$400 to -\$300	-	0.0%	1	0.0%
-\$300 to -\$200	2	0.0%	3	0.0%
-\$200 to -\$150	3	0.0%	6	0.0%
-\$150 to -\$100	11	0.0%	17	0.0%
-\$100 to -\$50	86	0.0%	103	0.0%
-\$50 to \$0	131,768	39.5%	131,871	39.5%
\$0 to \$50	201,579	60.4%	333,450	99.9%
\$50 to \$100	144	0.0%	333,594	100.0%
\$100 to \$150	29	0.0%	333,623	100.0%
\$150 to \$200	7	0.0%	333,630	100.0%
\$200 to \$300	2	0.0%	333,632	100.0%
\$300 to \$400	-	0.0%	333,632	100.0%
\$400 to \$500	-	0.0%	333,632	100.0%
\$500 to \$600	-	0.0%	333,632	100.0%
\$600 to \$700	-	0.0%	333,632	100.0%
Greater than \$700	-	0.0%	333,632	100.0%

**Tax Liability Summary**  
 40% decrease in tax paid, 60% increase in tax paid.  
 100% have a \$50 or less change in taxes.

### (\$ Dollar Change in Total Property Tax Liability - FY05 Residences - Estimated Change in Property Taxes Paid



## Alternative HB 124 Allocations

Under current law, school districts receive HB 124 entitlement payments. The HB 124 payments are made to each school fund based on schedules produced under HB 124 (2001 session). The payments are considered a source of non-levy revenue in the school funding formula.

The current HB 124 payment schedules to schools could be eliminated and the revenue could be reallocated via the school funding model. In FY 2004, if the HB 124 BASE and Over-BASE revenue were allocated based on the current funding model, these funds would increase the state BASE GTB from 175% to 220%. Under this scenario, HB 124 payments would be allocated through the GTB funding model. However, not all districts would be made whole by the revenue received from the state through the GTB model. Some school districts would receive more revenue and could lower mill levies, while some school districts with large amounts of non-levy HB 124 payments would be required to increase their mill levy revenue via increased mill levies to remain at current revenue levels. The following analysis assumes that districts would increase mill levies for any shortfall in current revenue levels attributable to the loss of non-levy revenue.

Diagram 7 on page 11 shows that class 13 (telecom. & electric generation property) would see the largest increase in tax liability of any tax class at 2.9%, or \$1.312 million. Class 4 residential and commercial property would realize tax liability reductions of \$2.194 million (0.5%) and \$0.687 million (0.4%) respectively. The more detailed by county chart on page 12, labeled as Diagram 8 lists tax liability changes by county from the largest reduction to the largest increase. As the chart shows, Cascade, Missoula, Flathead, and Ravalli Counties have the largest reductions in tax liability while Sanders, Fallon, and Rosebud have the most significant increases. Again, the class 13 property located in Rosebud County accounts for nearly all the increase in tax liability to class 13, telecommunication and electric generation property.

Diagram 9 on page 13 shows how residential properties would be affected by the change in HB 124 payment allocations. The upper chart and table shows how residential taxpayers would be impacted on a percentage basis, while the lower table and chart illustrate the impacts on a dollar basis. As the table and charts show, 98.8% of residential taxpayers would see a change between -5% and 5%. Shown in the lower table and chart, 97.3% of taxpayers would have a change between -\$50 and \$50.

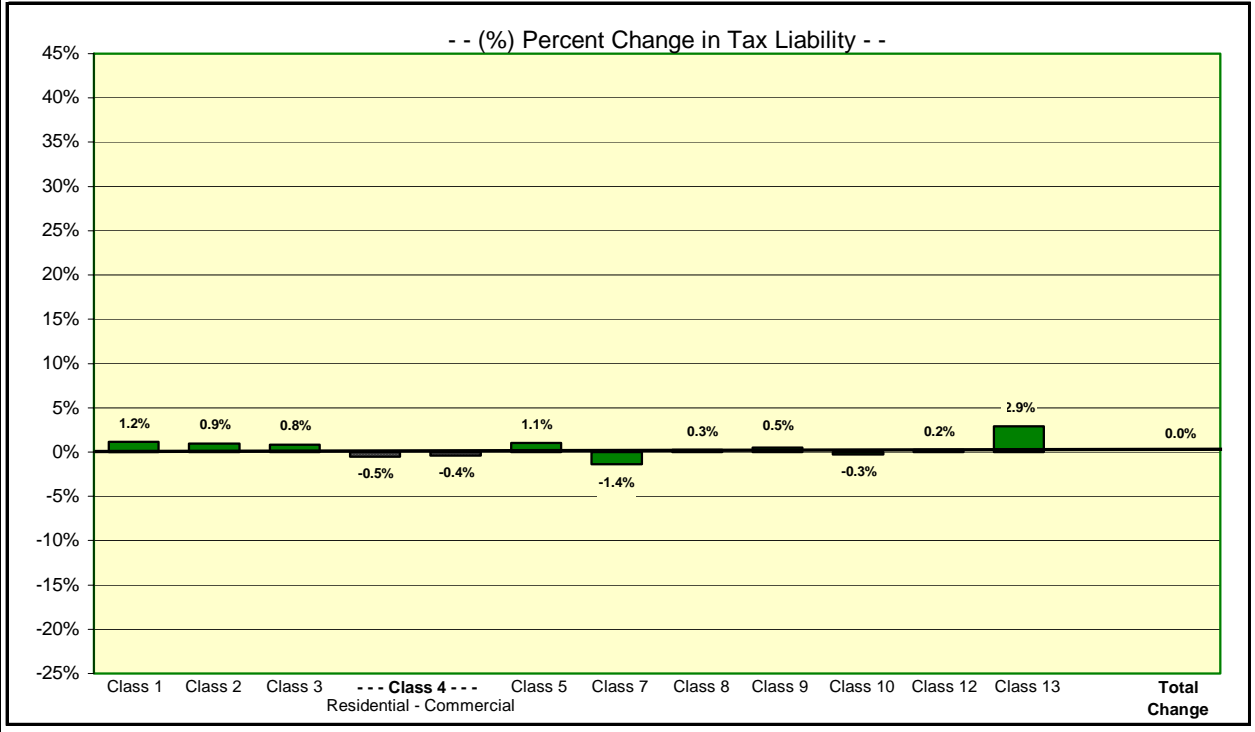
As the top table of Diagram 9 shows, there are 26 residential properties that saw an above average increase in tax liability of between 30% and 35% under this scenario. All 26 properties are located in Phillips County. The dollar change in tax liability for these properties ranges from \$2 to \$270, with 10 of the 26 properties having a change of less than \$20, while nine saw an increase of over \$100.

Focusing on the tail end of the lower table in Diagram 9, there are 23 residential taxpayers that have an increase of over \$500. A close examination of these properties reveals that they are high value properties with a range in reappraisal value (both land and improvement included) from \$550,000 to nearly \$8 million. As a percentage, 16 of the 23 residential properties will have an increase of less than 3.0%: the largest percent increase within the group is 14.8%.

## Diagram 7 Change in Tax Liability With Alternative HB124 Allocations

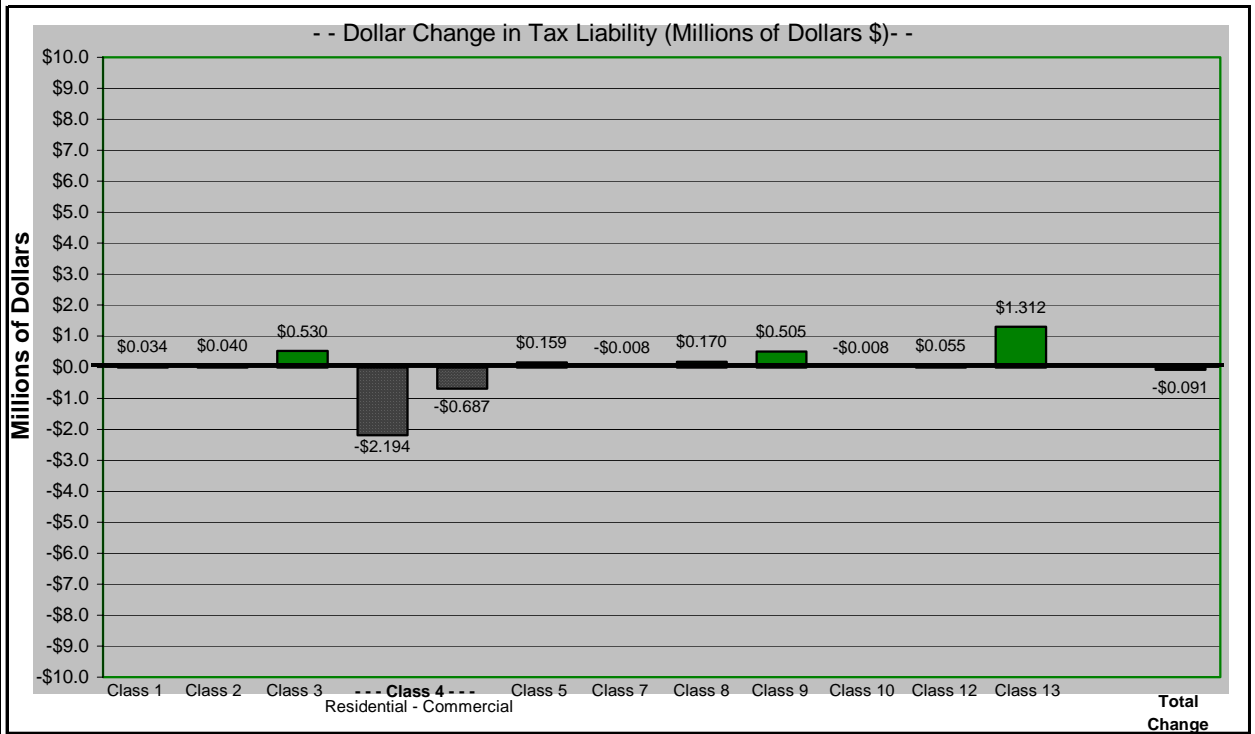
### Statewide

#### (%) Percent Change in Tax Liability by Tax Class



### Statewide

#### (\$ Dollar Change in Tax Liability by Tax Class



**Diagram 8 - Change in Tax Liability With Alternative HB124 Allocations**

County	Class 1	Class 2	Class 3	Class 4 R	Class 4 C	Class 5	Class 7	Class 8	Class 9	Class 10	Class 12	Class 13	Total Change
	Net Proceeds	Gross Proceeds	Agric. Land	Residential Real	Commercial Real	Pollution Control	Non Central Pub. Util.	Business Equipment	Electric Utilities	Forest Land	Airlines Railroads	Telecom. & Elec. Gener.	
Cascade	0	0	(37,756)	(427,335)	(189,892)	(3,405)	(7,923)	(45,810)	(63,919)	(570)	(17,463)	(94,681)	(888,756)
Missoula	0	0	(2,194)	(475,303)	(256,855)	(6,345)	0	(21,815)	(60,086)	(4,086)	(3,807)	(17,873)	(848,364)
Flathead	0	0	(9,068)	(535,563)	(143,548)	(19,044)	0	(43,248)	(16,490)	(6,228)	(5,956)	(13,055)	(792,202)
Ravalli	0	0	(11,460)	(436,390)	(69,252)	(5,605)	0	(17,717)	(26,642)	(1,294)	(5,206)	(9,283)	(582,849)
Lake	0	0	(15,187)	(251,346)	(44,812)	(2,138)	0	(22,937)	(2,828)	(218)	(6,003)	(31,267)	(376,735)
Yellowstone	0	0	(11,457)	(228,789)	(50,794)	(8,928)	0	(24,190)	(29,219)	(101)	(7,397)	(11,507)	(372,382)
Lewis & Clark	0	0	(8,783)	(187,474)	(69,707)	(1,381)	0	(14,044)	(36,641)	(1,234)	(2,838)	(14,139)	(336,240)
Gallatin	(718)	0	(5,042)	(121,077)	(14,019)	2,839	0	(6,766)	(13,570)	(430)	(7,826)	1,095	(165,515)
Roosevelt	0	0	(16,137)	(14,111)	(6,029)	(1,019)	0	(3,834)	(30,023)	0	(7,350)	(4,870)	(83,374)
Lincoln	0	0	(179)	(35,708)	(7,013)	(1,466)	0	(2,031)	0	(2,839)	(3,663)	(2,335)	(55,234)
Deer Lodge	0	0	(1,358)	(30,851)	(6,768)	(626)	0	(1,670)	(10,173)	(263)	(542)	(1,505)	(53,756)
Glacier	0	0	(15,177)	(5,616)	(3,915)	(5,074)	16	(1,835)	(10,176)	(17)	(3,614)	(542)	(45,949)
Mineral	0	0	(592)	(19,338)	(5,208)	(1,278)	0	(1,743)	(11,833)	(934)	(4,210)	(487)	(45,623)
Carbon	1,515	0	(3,786)	(34,743)	(5,974)	(314)	0	(1,231)	3,350	(23)	(136)	(1,437)	(42,779)
Custer	0	0	(1,316)	(16,111)	(7,297)	(512)	0	(1,639)	(3,907)	(7)	(1,522)	(1,418)	(33,730)
Musselshell	0	0	(6,219)	(12,221)	(1,930)	(1,882)	0	(1,829)	(3,963)	(398)	0	0	(28,441)
Teton	0	0	(681)	(12,412)	(1,575)	(3,585)	0	(1,582)	(5,685)	(26)	(987)	502	(26,031)
Broadwater	(215)	0	(2,260)	(6,410)	(1,228)	(172)	0	(1,443)	(5,331)	(71)	(1,013)	(615)	(18,758)
Park	0	0	(297)	(6,585)	(4,264)	60	0	(779)	(2,309)	100	(5)	(486)	(14,568)
Big Horn	0	0	(12,379)	(4,818)	5,524	(1,699)	0	4,504	847	(116)	(3,144)	(91)	(11,372)
Wheatland	0	0	(1,813)	(1,948)	(313)	(42)	0	(355)	(4,283)	(13)	(329)	(441)	(9,537)
Golden Valley	0	0	(4,130)	(1,584)	(71)	(314)	0	(235)	1,294	(75)	(1,560)	(65)	(6,740)
Powder River	0	0	(2,427)	(1,126)	(468)	(238)	0	(778)	(1,117)	0	0	(1)	(6,154)
Blaine	0	0	(6,970)	500	(170)	(1,142)	0	7	5,819	4	(2,728)	(1,332)	(6,011)
Fergus	0	0	(923)	(12,152)	(3,196)	(646)	0	(833)	11,711	(96)	585	23	(5,527)
Garfield	0	0	1,770	(179)	(177)	(159)	0	63	0	1	0	0	1,319
Silver Bow	0	(77)	830	(16,682)	1,110	2,103	0	26,175	(8,606)	29	513	(1,116)	4,278
Petroleum	0	0	7,162	2,005	137	739	0	967	0	10	0	0	11,020
Granite	0	0	1,474	5,382	787	307	0	820	4,213	379	861	65	14,287
Powell	0	0	1,416	7,184	989	1,039	0	740	5,094	998	1,071	699	19,232
Jefferson	0	13,453	(874)	2,926	403	575	0	3,012	1,502	30	(506)	(102)	20,418
Judith Basin	0	0	7,066	4,253	1,032	(24)	0	1,529	10,985	30	1,383	760	27,013
Pondera	0	0	11,509	9,005	1,289	517	0	2,392	2,060	44	702	212	27,730
Meagher	0	0	5,892	6,231	890	57	0	1,162	12,587	564	0	687	28,070
Dawson	0	0	10,015	5,586	1,471	873	0	2,379	5,542	0	2,209	1,106	29,181
Stillwater	0	14,539	2,416	5,474	(959)	1,087	0	1,527	7,036	(32)	(2,859)	1,394	29,623
Wibaux	0	0	10,978	4,165	642	1,043	0	3,423	6,920	0	2,369	628	30,167
Prairie	0	0	12,851	5,105	865	1,066	0	3,199	4,720	3	7,513	1,218	36,541
Mccone	0	0	21,932	6,006	916	2,300	0	4,448	1,205	0	716	40	37,562
Carter	18,995	0	10,295	2,293	207	362	0	2,060	10,466	60	0	0	44,738
Treasure	0	0	11,677	4,617	815	1,028	0	2,578	21,314	121	7,805	855	50,811
Sweet Grass	0	12,563	9,707	11,831	1,200	1,405	0	7,280	3,120	452	2,569	851	50,979
Liberty	0	0	34,159	15,579	2,175	1,814	0	7,254	5,122	0	4,272	1,120	71,493
Beaverhead	0	0	16,779	41,546	14,222	2,286	0	7,983	7,802	185	221	1,057	92,082
Richland	0	0	25,320	30,027	13,006	5,109	0	15,949	12,730	0	2,449	6,082	110,670
Toole	0	0	39,250	25,793	17,369	2,890	0	10,245	15,261	0	11,229	1,318	123,356
Daniels	0	0	74,952	21,557	3,476	4,496	0	24,426	710	0	2,216	1,935	133,768
Valley	0	0	30,870	17,229	5,472	2,135	0	5,697	71,098	0	4,728	2,203	139,432
Hill	0	0	45,619	44,929	16,945	2,421	0	12,734	20,172	20	14,652	1,358	158,850
Phillips	0	0	33,583	12,194	1,868	2,215	0	10,613	101,723	6	9,079	542	171,823
Chouteau	0	0	77,542	29,084	4,605	3,119	0	13,039	45,011	57	2,930	2,529	177,917
Madison	14,734	0	4,108	126,677	30,818	853	0	8,038	2,369	427	(633)	3,776	191,166
Sheridan	0	0	106,488	31,144	5,271	9,438	0	41,641	13,986	0	15,625	822	224,415
Sanders	0	0	2,073	131,194	19,615	10,903	0	14,604	79,069	7,403	23,599	205,068	493,528
Fallon	0	0	62,083	51,700	17,830	7,438	0	93,504	282,902	12	13,242	220	528,931
Rosebud	0	0	28,996	41,023	37,849	153,085	0	54,340	74,192	311	13,269	1,282,134	1,685,200
<b>Change</b>	<b>34,311</b>	<b>40,478</b>	<b>530,347</b>	<b>(2,193,634)</b>	<b>(686,638)</b>	<b>158,563</b>	<b>(7,907)</b>	<b>169,987</b>	<b>505,128</b>	<b>(7,821)</b>	<b>54,509</b>	<b>1,311,647</b>	<b>(91,030)</b>

## Diagram 9 - Change in Tax Liability With Alternative HB124 Allocations

### Statewide

This table and chart display the estimated impact on total property taxes paid on residences (dwelling and associated land).

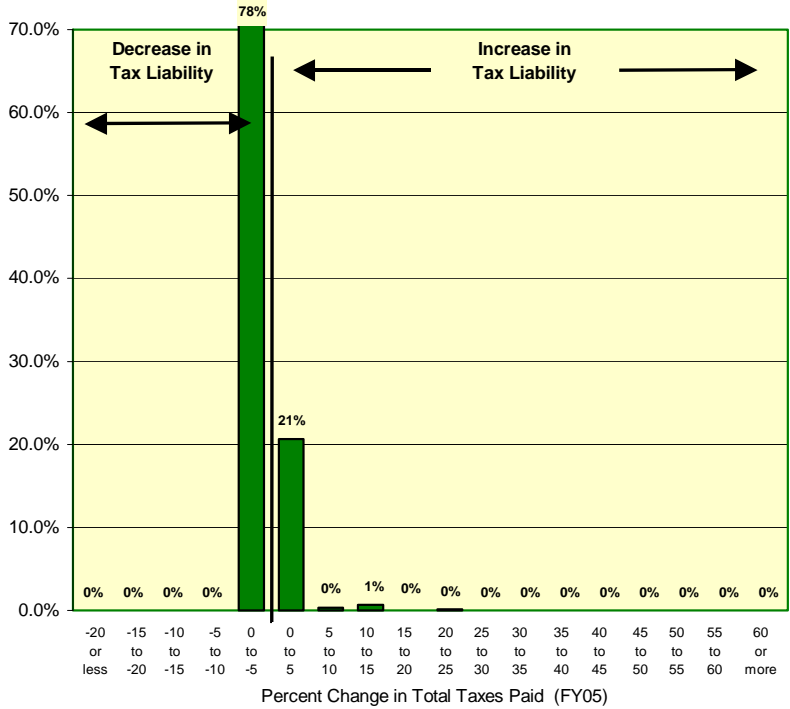
#### Distribution of Change in Property Tax

% Change Bracket	Number in Bracket	% in Bracket	Cumulative	
			Number	Percent
-20 or less	-	0.0%	-	0.0%
-15 to -20	-	0.0%	-	0.0%
-10 to -15	-	0.0%	-	0.0%
-5 to -10	32	0.0%	32	0.0%
0 to -5	260,957	78.2%	260,989	78.2%
0 to 5	68,765	20.6%	329,754	98.8%
5 to 10	1,203	0.4%	330,957	99.2%
10 to 15	2,212	0.7%	333,169	99.9%
15 to 20	91	0.0%	333,260	99.9%
20 to 25	346	0.1%	333,606	100.0%
25 to 30	-	0.0%	333,606	100.0%
30 to 35	26	0.0%	333,632	100.0%
35 to 40	-	0.0%	333,632	100.0%
40 to 45	-	0.0%	333,632	100.0%
45 to 50	-	0.0%	333,632	100.0%
50 to 55	-	0.0%	333,632	100.0%
55 to 60	-	0.0%	333,632	100.0%
60 or more	-	0.0%	333,632	100.0%

#### Tax Liability Summary

78% decrease in tax paid, 22% increase in tax paid.  
99% have a 5% or less change in taxes.

### (%) Percent Change in Total Property Tax Liability - FY05 Residences - Estimated Change in Property Taxes Paid



### Statewide

This table and chart display the estimated impact on total property taxes paid on residences (dwelling and associated land).

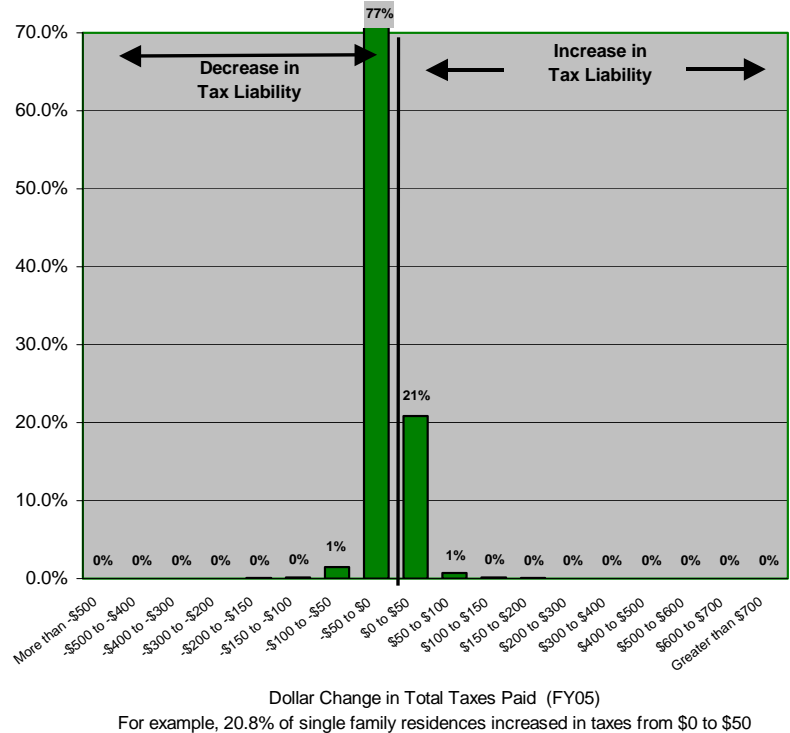
#### Distribution of Change in Property Tax

\$ Change Bracket	Number in Bracket	% in Bracket	Cumulative	
			Number	Percent
More than -\$500	15	0.0%	15	0.0%
-\$500 to -\$400	15	0.0%	30	0.0%
-\$400 to -\$300	34	0.0%	64	0.0%
-\$300 to -\$200	91	0.0%	155	0.0%
-\$200 to -\$150	135	0.0%	290	0.1%
-\$150 to -\$100	451	0.1%	741	0.2%
-\$100 to -\$50	4,939	1.5%	5,680	1.7%
-\$50 to \$0	255,309	76.5%	260,989	78.2%
\$0 to \$50	69,526	20.8%	330,515	99.1%
\$50 to \$100	2,344	0.7%	332,859	99.8%
\$100 to \$150	450	0.1%	333,309	99.9%
\$150 to \$200	163	0.0%	333,472	100.0%
\$200 to \$300	99	0.0%	333,571	100.0%
\$300 to \$400	26	0.0%	333,597	100.0%
\$400 to \$500	12	0.0%	333,609	100.0%
\$500 to \$600	12	0.0%	333,621	100.0%
\$600 to \$700	4	0.0%	333,625	100.0%
Greater than \$700	7	0.0%	333,632	100.0%

#### Tax Liability Summary

78% decrease in tax paid, 22% increase in tax paid.  
97% have a \$50 or less change in taxes.

### (\$) Dollar Change in Total Property Tax Liability - FY05 Residences - Estimated Change in Property Taxes Paid



## Alternative Coal, Oil and Gas Non-Levy Revenue Allocations

The two largest sources of non-levy revenue received by schools are coal and oil and natural gas production taxes. The payments are considered a source of non-levy revenue in the school funding formula. The following analysis is based on the \$7 million budgeted for FY 2004, and not the larger \$22 million actually received by districts (This difference between budgeted and actual amounts is considered in the report "History of School Budgeting for Oil & Natural Gas and Coal Revenue".)

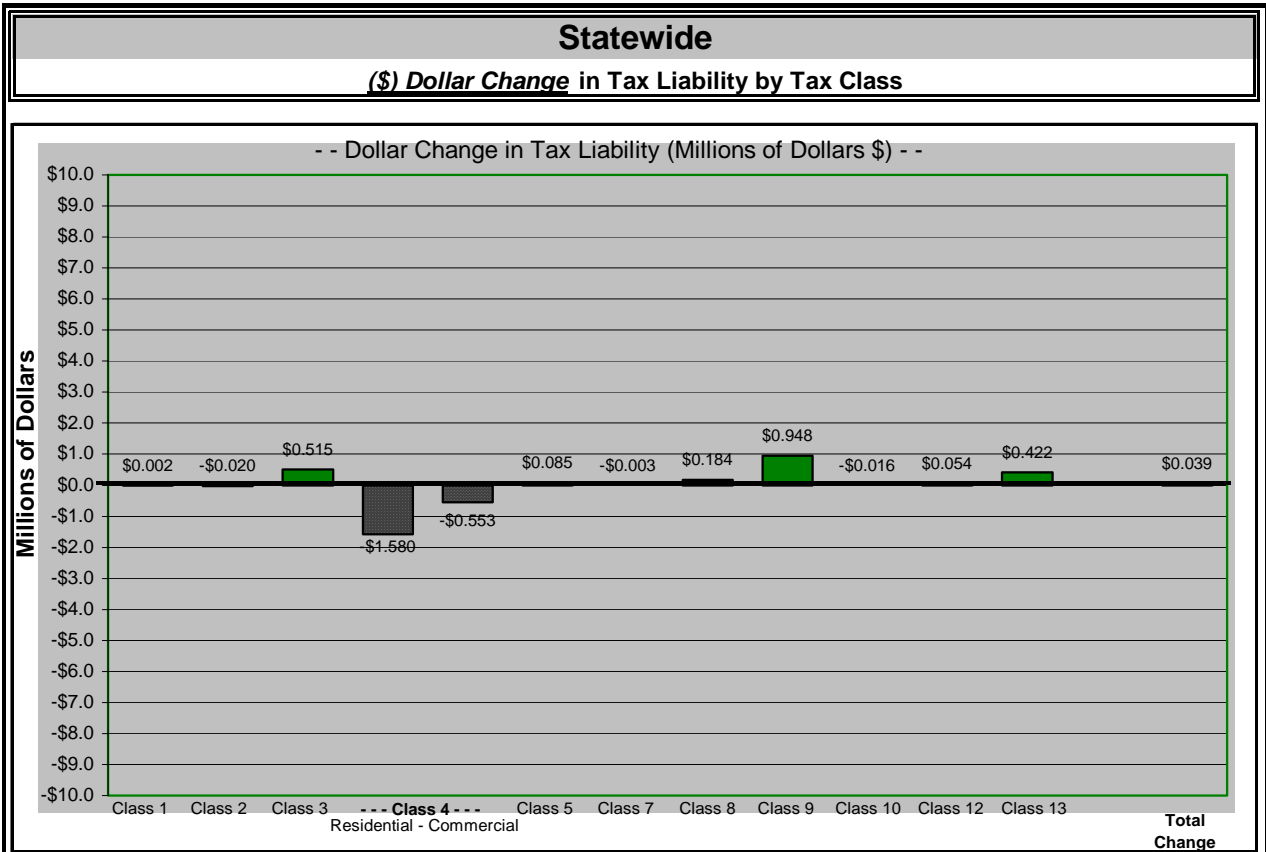
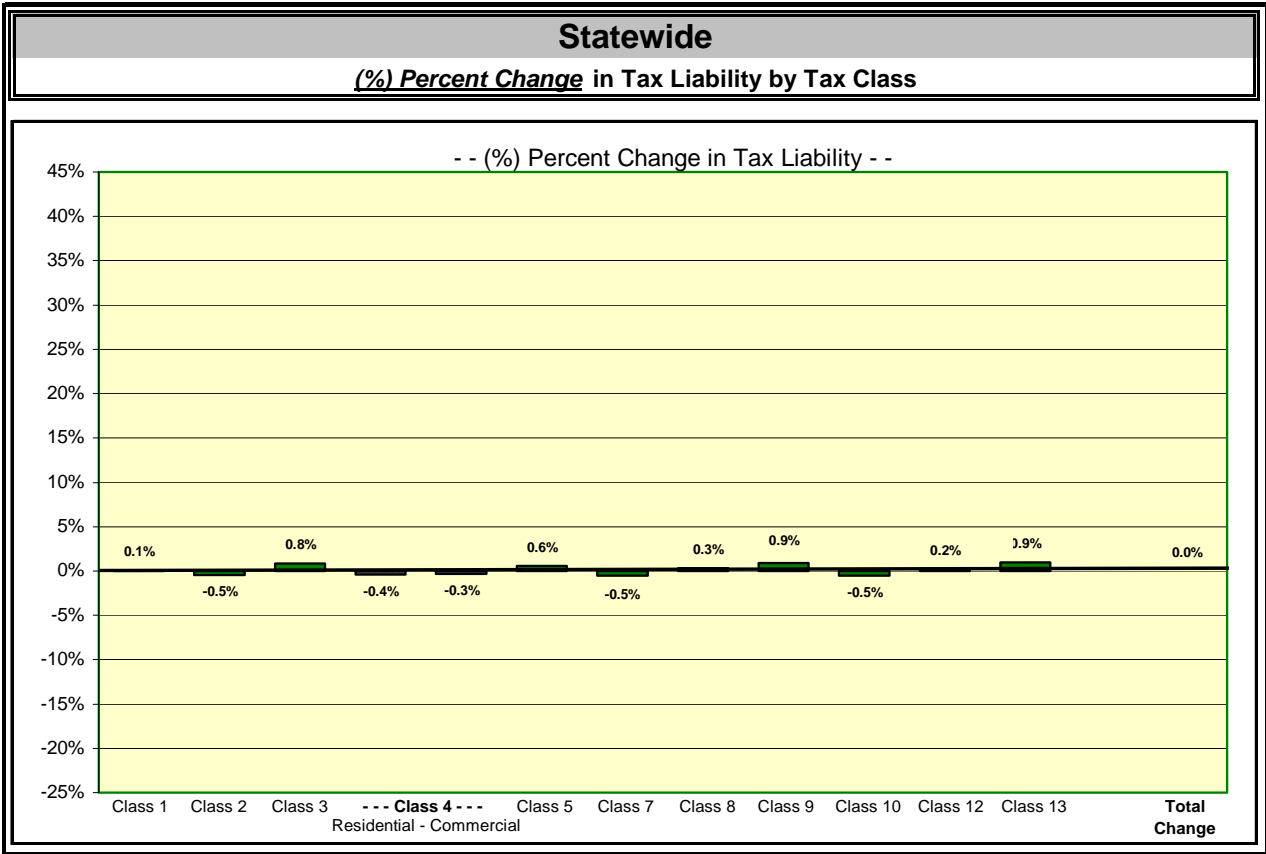
The current coal, oil and gas non-levy revenue amounts received by schools could be eliminated and the revenue could be reallocated via the school funding model. In FY 2004, if this revenue were allocated based on the current funding model, these funds would increase the state BASE GTB from 175% to 183%. Under this scenario all coal, oil and gas revenue amounts would be allocated through the GTB funding model. However, not all districts would be made whole by the revenue received from the state through the GTB model. In other words, school districts with large amounts of coal, or oil and gas non-levy revenue would be required to increase their mill levy revenue via increased mill levies to remain at current revenue levels. The following analysis assumes that districts would increase mill levies for any shortfall in current revenue levels attributable to the loss of non-levy revenue.

Diagram 10 on page 15 shows that class 9 (non-generating property of electric utilities) and class 13 (telecom. & electric generation property) would see the largest increases in their tax liability of any tax classes at \$0.948 and \$0.422 million respectively. Class 4 residential and commercial property would realize reductions of \$1.580 million (0.5%) and \$0.553 million (0.4%) correspondingly. The more detailed by county chart - Diagram 11 on page 16, lists tax liability changes by county from the largest reduction to largest increase. As the chart shows, Yellowstone, Missoula, and Flathead Counties have the largest reductions in tax liability while Fallon, Rosebud, and Richland have the most significant increases. The large change to class 9 property is found in Fallon County. As was seen in earlier scenarios, the class 13 property located in Rosebud County accounts for nearly all the increase in tax liability statewide to class 13.

Diagram 12 on page 17 shows how residential properties would be impacted by alternative coal, oil and gas allocations. The upper chart and table shows how residential dwellings would be impacted on a percentage basis, while the lower table and chart illustrate the impacts on a dollar basis. As the table and charts show, 98.7% of residential taxpayers would see a change between -5% and 5%. Shown in the lower table and chart, 99.2% of taxpayers would have a change between -\$50 and \$50.

Notice that in the top table of Diagram 12 there are 162 residential properties that saw an increase in tax liability of 60% or more under this scenario. A closer look at these 162 properties revealed that all of these properties are located in a single county (Fallon), and in a single school district. The dollar change in liability for these 162 properties ranges from \$2 to \$700, and since the change is due to a higher mill levy in this school district, the change in tax liability is dependent on the value of the property: the higher the value of the property the larger the dollar change in tax liability. To remain at the same revenue amount, this school district's mill levy would have to increase from zero to 134 mills.

## Diagram 10 Change in Tax Liability With Alternative Coal, Oil & Gas Allocations



**Diagram 11 - Change in Tax Liability With Alternative Coal, Oil & Gas Allocations**

County	Class 1	Class 2	Class 3	Class 4 R	Class 4 C	Class 5	Class 7	Class 8	Class 9	Class 10	Class 12	Class 13	Total Change
	Net Proceeds	Gross Proceeds	Agric. Land	Residential Real	Commercial Real	Pollution Control	Non Central Pub. Util.	Business Equipment	Electric Utilities	Forest Land	Airlines Railroads	Telecom. & Elec. Gener.	
Yellowstone	0	0	(9,949)	(306,399)	(136,752)	(13,565)	0	(56,959)	(54,394)	(66)	(15,536)	(24,134)	(617,754)
Missoula	0	0	(2,030)	(280,303)	(149,201)	(4,281)	0	(29,728)	(35,161)	(2,718)	(6,599)	(11,159)	(521,181)
Flathead	0	0	(4,399)	(307,830)	(95,166)	(10,525)	0	(25,152)	(11,147)	(3,262)	(5,779)	(9,042)	(472,302)
Cascade	0	0	(13,442)	(167,578)	(76,284)	(1,245)	(3,152)	(18,215)	(24,521)	(174)	(6,640)	(34,933)	(346,183)
Gallatin	(923)	0	(6,953)	(194,756)	(76,886)	(229)	0	(14,989)	(20,824)	(490)	(5,491)	(5,755)	(327,295)
Lewis & Clark	0	0	(4,998)	(141,891)	(61,042)	(577)	0	(11,073)	(26,872)	(535)	(3,166)	(13,060)	(263,212)
Ravalli	0	0	(3,886)	(149,161)	(24,478)	(1,929)	0	(6,275)	(9,190)	(462)	(1,817)	(3,305)	(200,503)
Lake	0	0	(4,824)	(95,494)	(14,830)	(837)	0	(7,194)	(881)	(231)	(1,765)	(10,466)	(136,521)
Silver Bow	0	(172)	(1,112)	(51,151)	(30,280)	(1,207)	0	(20,457)	(24,329)	(64)	(1,495)	(3,188)	(133,455)
Park	0	0	(4,526)	(43,710)	(12,235)	(809)	0	(2,766)	(8,453)	(479)	(1,538)	(1,952)	(76,468)
Lincoln	0	0	(779)	(47,172)	(8,524)	(4,047)	0	(3,598)	0	(3,092)	(5,372)	(2,196)	(74,780)
Stillwater	0	(10,464)	(2,700)	(19,822)	(4,899)	(616)	0	(11,649)	(2,441)	(99)	(1,543)	(1,004)	(55,237)
Sanders	0	0	(1,689)	(18,869)	(4,418)	(1,086)	0	(2,108)	(7,470)	(1,620)	(3,432)	(11,814)	(52,507)
Fergus	0	0	(12,561)	(20,277)	(4,972)	(940)	0	(3,508)	(7,110)	(204)	(422)	(955)	(50,948)
Jefferson	0	(5,184)	(2,414)	(24,598)	(3,302)	(393)	0	(3,674)	(7,567)	(108)	(1,150)	(885)	(49,276)
Beaverhead	0	0	(6,578)	(16,491)	(5,725)	(954)	0	(3,291)	(2,723)	(66)	(816)	(445)	(37,090)
Teton	0	0	(9,894)	(10,309)	(2,004)	(1,723)	0	(2,185)	(5,673)	(39)	(1,590)	(71)	(33,487)
Custer	0	0	(3,881)	(14,534)	(6,554)	(597)	0	(2,158)	(3,189)	(30)	(1,140)	(1,229)	(33,311)
Deer Lodge	0	0	(1,450)	(16,055)	(3,486)	(360)	0	(891)	(5,406)	(202)	(409)	(793)	(29,051)
Broadwater	(336)	0	(3,482)	(9,859)	(1,866)	(267)	0	(2,235)	(8,242)	(111)	(1,583)	(951)	(28,933)
Powell	0	0	(3,044)	(9,743)	(2,004)	(591)	0	(1,667)	(7,288)	(853)	(1,804)	(705)	(27,700)
Sweet Grass	0	(3,958)	(1,945)	(7,934)	(2,416)	(605)	0	(6,958)	(2,331)	(49)	(678)	(293)	(27,168)
Mineral	0	0	(285)	(10,186)	(2,960)	(680)	0	(913)	(8,481)	(579)	(2,093)	(289)	(26,465)
Dawson	0	0	(2,070)	(8,743)	(2,596)	(970)	0	(1,258)	(5,120)	0	(2,722)	(2,569)	(26,049)
Madison	(1,616)	0	(4,776)	(10,628)	(1,279)	(562)	0	(1,439)	(3,878)	(106)	(1,283)	(140)	(25,707)
Chouteau	0	0	(10,596)	(4,999)	(994)	(398)	0	(1,801)	(2,457)	(13)	(498)	(387)	(22,142)
Granite	0	0	(1,593)	(8,377)	(1,123)	(487)	0	(977)	(5,651)	(582)	(1,537)	(191)	(20,519)
Wheatland	0	0	(2,675)	(2,594)	(397)	(60)	0	(504)	(7,894)	(18)	(501)	(683)	(15,325)
Judith Basin	0	0	(4,159)	(2,140)	(306)	(158)	0	(724)	(5,659)	(16)	(1,079)	(207)	(14,448)
Golden Valley	0	0	(2,734)	(1,223)	(108)	(200)	0	(275)	(4,019)	(25)	(760)	(20)	(9,363)
Meagher	0	0	(2,238)	(2,983)	(483)	(23)	0	(548)	(1,474)	(258)	0	(324)	(8,331)
Garfield	0	0	(5,659)	(1,375)	(198)	(403)	0	(665)	0	(0)	0	0	(8,300)
McCone	0	0	(3,818)	(1,100)	(209)	(459)	0	(765)	(107)	0	(165)	(6)	(6,630)
Pondera	0	0	(2,929)	(1,021)	227	(334)	0	(609)	(932)	(2)	(33)	76	(5,557)
Daniels	0	0	(1,986)	(1,386)	(369)	(190)	0	(497)	(129)	0	(256)	(425)	(5,239)
Prairie	0	0	(1,681)	(668)	(113)	(139)	0	(418)	(617)	(0)	(983)	(159)	(4,780)
Carter	0	0	(1,943)	(626)	(84)	(102)	0	(418)	(1,336)	(13)	0	0	(4,522)
Valley	0	0	(111)	(5,942)	(2,751)	(208)	0	(765)	5,278	0	959	(928)	(4,468)
Treasure	0	0	(813)	(322)	(57)	(72)	0	(180)	(1,485)	(8)	(544)	(60)	(3,539)
Petroleum	0	0	(1,234)	(345)	(24)	(127)	0	(167)	0	(2)	0	0	(1,899)
Musselshell	0	0	1,623	(1,683)	(458)	(139)	0	983	814	52	0	0	1,194
Powder River	0	0	2,220	717	45	176	0	424	154	14	0	0	3,750
Carbon	4,804	0	7,815	(9,326)	(2,101)	652	0	3,018	36,656	(18)	1,992	(339)	43,153
Glacier	0	0	6,233	12,969	4,207	1,768	64	3,347	34,658	(12)	1,453	780	65,467
Wibaux	0	0	24,859	9,430	1,454	2,362	0	7,752	15,669	0	5,363	1,422	68,311
Liberty	0	0	37,827	18,284	2,753	1,938	0	8,276	6,843	0	4,689	1,719	82,329
Hill	0	0	14,036	40,353	16,029	2,420	0	6,789	12,006	25	8,486	1,658	101,802
Sheridan	0	0	68,736	19,394	3,467	7,518	0	38,045	1,799	0	4,474	817	144,251
Roosevelt	0	0	22,444	6,140	(397)	2,626	0	13,656	97,572	0	19,218	(412)	160,847
Toole	0	0	58,246	28,712	11,105	4,694	0	17,351	35,190	0	9,959	1,078	166,334
Phillips	0	0	24,987	7,759	674	1,580	0	6,748	139,055	(3)	9,524	81	190,404
Blaine	0	0	60,663	56,639	13,606	5,020	0	20,893	81,778	50	14,257	(334)	252,571
Big Horn	0	0	42,477	45,196	65,228	9,188	0	66,408	69,482	625	9,238	2,548	310,389
Richland	0	0	144,068	115,037	38,421	20,383	0	91,330	68,444	0	12,350	17,138	507,172
Rosebud	0	0	1,873	7,055	12,732	64,164	0	19,796	27,161	87	(587)	539,199	671,480
Fallon	0	0	155,008	82,050	21,239	13,868	0	129,322	639,780	68	34,516	1,443	1,077,295
<b>Change</b>	<b>1,929</b>	<b>(19,779)</b>	<b>515,276</b>	<b>(1,579,869)</b>	<b>(553,140)</b>	<b>85,260</b>	<b>(3,088)</b>	<b>184,487</b>	<b>947,889</b>	<b>(15,691)</b>	<b>53,674</b>	<b>422,155</b>	<b>39,105</b>



## Diagram 12 - Change in Tax Liability With Alternative Coal, Oil & Gas Allocations

### Statewide

This table and chart display the estimated impact on total property taxes paid on residences (dwelling and associated land).

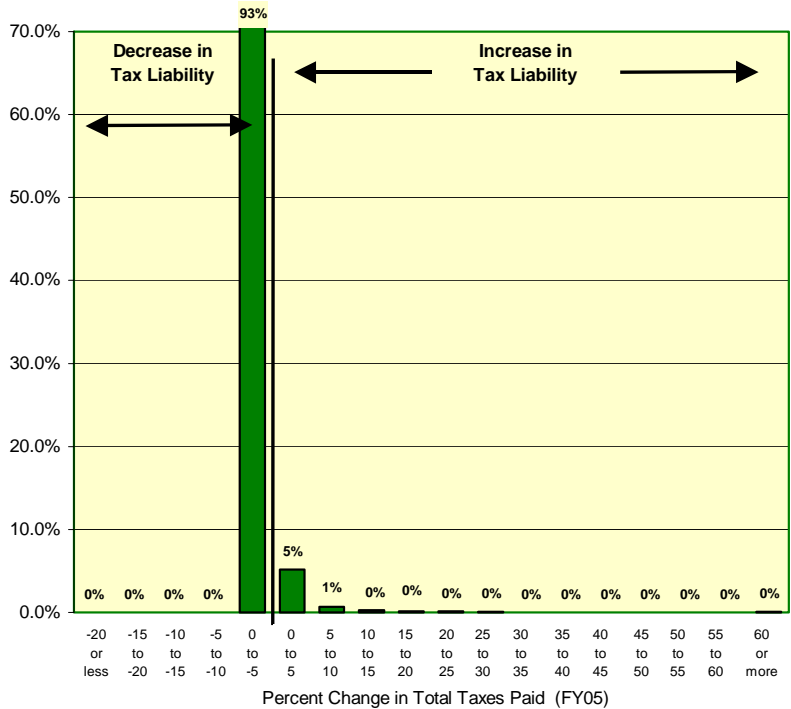
#### Distribution of Change in Property Tax

% Change Bracket	Number in Bracket	% in Bracket	Cumulative	
			Number	Percent
-20 or less	-	0.0%	-	0.0%
-15 to -20	-	0.0%	-	0.0%
-10 to -15	-	0.0%	-	0.0%
-5 to -10	-	0.0%	-	0.0%
0 to -5	311,819	93.5%	311,819	93.5%
0 to 5	17,228	5.2%	329,047	98.6%
5 to 10	2,272	0.7%	331,319	99.3%
10 to 15	956	0.3%	332,275	99.6%
15 to 20	540	0.2%	332,815	99.8%
20 to 25	346	0.1%	333,161	99.9%
25 to 30	306	0.1%	333,467	100.0%
30 to 35	3	0.0%	333,470	100.0%
35 to 40	-	0.0%	333,470	100.0%
40 to 45	-	0.0%	333,470	100.0%
45 to 50	-	0.0%	333,470	100.0%
50 to 55	-	0.0%	333,470	100.0%
55 to 60	-	0.0%	333,470	100.0%
60 or more	162	0.0%	333,632	100.0%

#### Tax Liability Summary

93% decrease in tax paid, 7% increase in tax paid.  
99% have a 5% or less change in taxes.

### (%) Percent Change in Total Property Tax Liability - FY05 Residences - Estimated Change in Property Taxes Paid



### Statewide

This table and chart display the estimated impact on total property taxes paid on residences (dwelling and associated land).

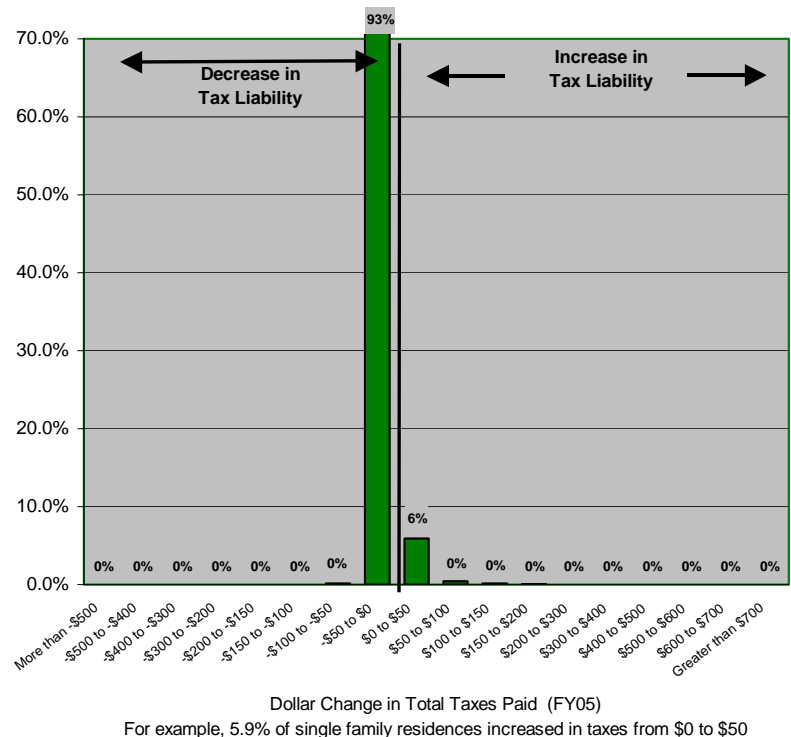
#### Distribution of Change in Property Tax

\$ Change Bracket	Number in Bracket	% in Bracket	Cumulative	
			Number	Percent
More than -\$500	-	0.0%	-	0.0%
-\$500 to -\$400	-	0.0%	-	0.0%
-\$400 to -\$300	1	0.0%	1	0.0%
-\$300 to -\$200	12	0.0%	13	0.0%
-\$200 to -\$150	27	0.0%	40	0.0%
-\$150 to -\$100	81	0.0%	121	0.0%
-\$100 to -\$50	422	0.1%	543	0.2%
-\$50 to \$0	311,276	93.3%	311,819	93.5%
\$0 to \$50	19,785	5.9%	331,604	99.4%
\$50 to \$100	1,389	0.4%	332,993	99.8%
\$100 to \$150	371	0.1%	333,364	99.9%
\$150 to \$200	148	0.0%	333,512	100.0%
\$200 to \$300	82	0.0%	333,594	100.0%
\$300 to \$400	22	0.0%	333,616	100.0%
\$400 to \$500	6	0.0%	333,622	100.0%
\$500 to \$600	2	0.0%	333,624	100.0%
\$600 to \$700	4	0.0%	333,628	100.0%
Greater than \$700	4	0.0%	333,632	100.0%

#### Tax Liability Summary

93% decrease in tax paid, 7% increase in tax paid.  
99% have a \$50 or less change in taxes.

### (\$) Dollar Change in Total Property Tax Liability - FY05 Residences - Estimated Change in Property Taxes Paid



**Combining the Four Separate Scenarios:**

**(1) Equal Retirement Mill, (2) Equal Transportation Mill, (3) Alternative HB 124 Allocations, and (4) Alternative Coal, Oil and Gas Allocations.**

Up to this point in the report, each scenario was examined separately from any other scenario. The following analysis combines the four separate scenarios.

An equal mill levy statewide will affect taxpayers differently depending on whether their current countywide retirement and transportation mill levies together are above or below the new equal mill that would total 42.20 (37.30 retirement + 4.90 transportation).

Reallocating HB 124, coal, and oil and gas payment to schools via the school funding model would increase the state BASE GTB from 175% to 228%. Under this scenario the HB 124 payments and coal, and oil and gas non-levy revenue amounts would be allocated through the GTB funding model. However, not all districts would be made whole by the revenue received from the state through the GTB model. Some school districts would receive more revenue and could lower mill levies, while some school districts with large amounts of non-levy revenue would be required to increase their mill levy revenue via increased mill levies to remain at current revenue levels. The following analysis assumes that districts would increase mill levies for any shortfall in current revenue levels attributable to the loss of non-levy revenue.

Diagram 13 on page 20 shows that class 13 (telecom. & electric generation property) would see the largest increase in their tax liability of any tax class at 6.9%, or \$3.080 million. Class 4 residential and commercial property would both realize reductions of 1.3%, or \$5.317 million and \$2.163 million respectively. The more detailed by county chart on page 21, Diagram 14 lists tax liability changes by county from the largest reduction to largest increase. As the chart shows, Yellowstone, Missoula, Cascade, and Flathead Counties have the largest reduction in tax liability while Rosebud, Fallon, and Richland have the most significant increases. The class 13 property located in Rosebud County accounts for a \$3.355 million increase in tax liability, while the remaining class 13 property tax liability, as a whole in the state, actually declines by \$0.276 million (\$3.355 million in Rosebud less the total change in tax liability for class 13 of \$3.080 million).

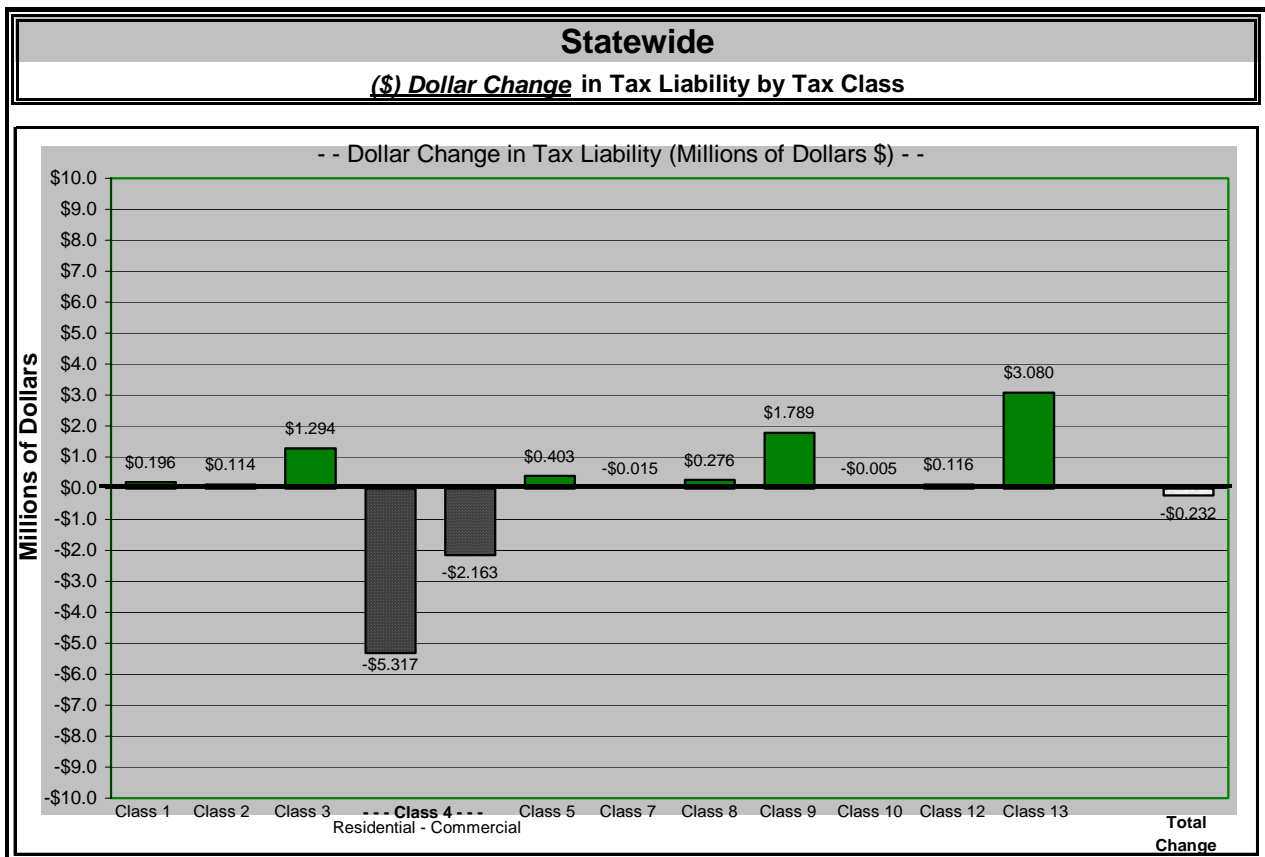
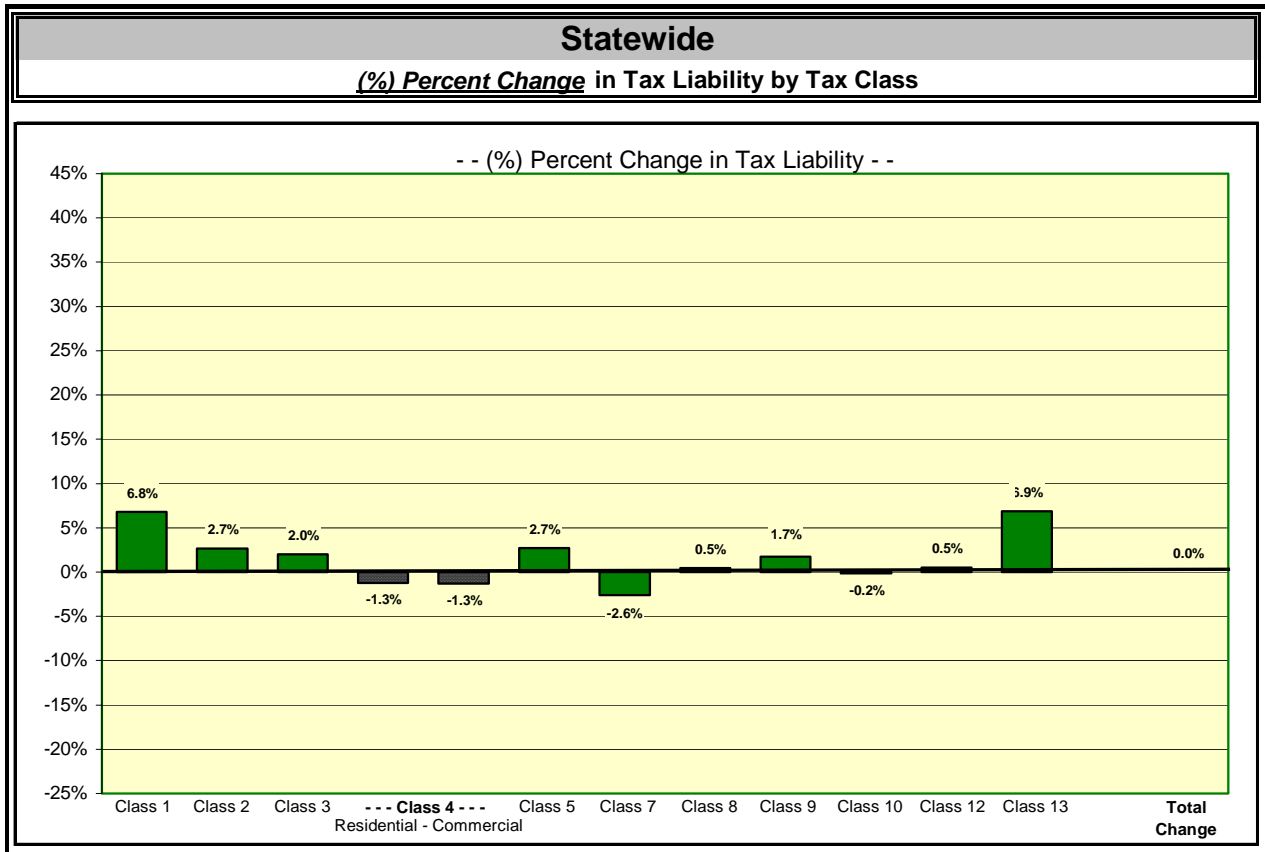
Diagram 15 on page 22 shows how residential properties would be affected by the change. The upper chart and table shows how residential dwellings would be impacted on a percentage basis, while the lower table and chart illustrate the impacts on a dollar basis. As the table and charts show, 93.9% of residential taxpayers would see a change between -5% and 5%. Shown in the lower table and chart, 87.9% of taxpayers would have a change between -\$50 and \$50.

In the top table of Diagram 15 there are 508 residential properties that saw an increase in tax liability of 60% or more under this scenario. A closer look at these 508 properties and it is observed that all of these properties are located in a single county (Fallon). There are only two K-12 school districts in Fallon County. The 508 residential taxpayers represent approximately half of the residential taxpayers in Fallon County. The dollar change in liability range from less than \$1 to over \$900, and since the change is due to a higher mill levy in this school district, the change in tax liability is dependent on the value of the property: the higher the value of the property the larger the dollar change in tax

liability. To remain at the same revenue amount under this scenario, these school districts in Fallon County would have to increase their mill levies from the zero mills currently levied to 148 and 240 mills.

Directing attention to the lower table in Diagram 15, there are 74 residential taxpayers that have an increase of over \$600. A close examination of these properties reveals that they are generally high value properties with all but 8 properties having a reappraisal value (both land and improvements included) of over \$1 million. As a percentage, 63 of the 74 residential properties in this group will have an increase in property taxes of less than 7.5%.

## Diagram 13 Change in Tax Liability With Alternative Allocations - Combined



**Diagram 14 - Change in Tax Liability With Equal Retirement and Transportation Mill and Alternative HB124, Coal, Oil & Gas Allocations**

County	Class 1	Class 2	Class 3	Class 4 R	Class 4 C	Class 5	Class 7	Class 8	Class 9	Class 10	Class 12	Class 13	Total Change
	Net Proceeds	Gross Proceeds	Agric. Land	Residential Real	Commercial Real	Pollution Control	Non Central Pub. Util.	Business Equipment	Electric Utilities	Forest Land	Airlines Railroads	Telecom. & Elec. Gener.	
Yellowstone	0	0	(72,304)	(1,930,144)	(888,098)	(84,847)	0	(357,342)	(387,896)	(464)	(96,675)	(149,133)	(3,966,901)
Missoula	0	0	(5,927)	(960,281)	(514,229)	(13,937)	0	(76,157)	(120,557)	(9,071)	(15,963)	(37,190)	(1,753,312)
Cascade	0	0	(71,414)	(805,679)	(359,688)	(6,438)	(14,918)	(86,856)	(121,999)	(1,001)	(32,788)	(177,224)	(1,678,005)
Flathead	0	0	(13,769)	(879,373)	(246,038)	(30,318)	0	(69,670)	(28,284)	(9,657)	(12,080)	(23,682)	(1,312,870)
Lewis & Clark	0	0	(25,659)	(606,437)	(246,835)	(3,010)	0	(46,402)	(117,074)	(3,084)	(13,869)	(59,773)	(1,122,144)
Lake	0	0	(24,504)	(492,143)	(74,868)	(4,855)	0	(36,873)	(4,562)	(1,521)	(9,277)	(51,425)	(700,028)
Silver Bow	0	(826)	(4,376)	(241,290)	(133,699)	(3,687)	0	(69,638)	(115,272)	(264)	(6,291)	(15,079)	(590,422)
Gallatin	(1,542)	0	(12,662)	(355,554)	(108,575)	2,276	0	(23,772)	(37,738)	(1,024)	(12,783)	(5,983)	(557,358)
Ravalli	0	0	(8,375)	(318,284)	(49,865)	(4,049)	0	(12,699)	(19,427)	(906)	(3,708)	(6,637)	(423,949)
Park	0	0	(19,751)	(197,128)	(52,729)	(3,689)	0	(11,980)	(35,867)	(2,217)	(6,346)	(8,392)	(338,099)
Fergus	0	0	(54,790)	(87,120)	(20,967)	(4,271)	0	(15,146)	(25,000)	(926)	(1,793)	(3,789)	(213,803)
Custer	0	0	(29,296)	(76,828)	(32,932)	(3,386)	0	(12,322)	(20,535)	(261)	(8,781)	(6,696)	(191,037)
Musselshell	0	0	(40,308)	(61,312)	(9,014)	(9,666)	0	(12,280)	(25,803)	(2,442)	0	0	(160,826)
Broadwater	(1,855)	0	(19,267)	(54,559)	(10,338)	(1,475)	0	(12,361)	(45,587)	(616)	(8,747)	(5,262)	(160,067)
Teton	0	0	(32,173)	(41,887)	(7,554)	(8,092)	0	(8,115)	(21,900)	(150)	(5,557)	150	(125,278)
Pondera	0	0	(35,760)	(28,937)	(9,462)	(3,683)	0	(9,918)	(21,089)	23	(4,618)	(1,097)	(114,541)
Glacier	0	0	(23,172)	(11,011)	(8,290)	(7,928)	26	(3,436)	(16,048)	(48)	(7,366)	(1,297)	(78,568)
Deer Lodge	0	0	(2,197)	(39,348)	(8,595)	(827)	0	(2,143)	(13,008)	(393)	(762)	(1,921)	(69,194)
Powder River	0	0	(28,865)	(12,022)	(2,118)	(2,871)	0	(7,155)	(5,278)	(153)	0	(6)	(58,469)
Petroleum	0	0	(30,178)	(8,449)	(578)	(3,115)	0	(4,073)	0	(42)	0	0	(46,434)
Carbon	4,413	0	(793)	(57,807)	(9,857)	(108)	0	62	24,366	(49)	782	(2,176)	(41,167)
Hill	0	0	(4,795)	(4,450)	(295)	(2,608)	0	(1,210)	(16,188)	(2)	(1,430)	(141)	(31,119)
Beaverhead	0	0	(5,050)	(12,207)	(3,652)	(876)	0	(2,309)	(1,173)	(45)	(2,003)	(304)	(27,620)
Judith Basin	0	0	(7,827)	(3,676)	(370)	(417)	0	(1,249)	(10,355)	(25)	(2,236)	(196)	(26,351)
Garfield	0	0	(6,830)	(2,120)	(419)	(724)	0	(924)	0	0	0	0	(11,016)
Golden Valley	0	0	(664)	83	107	(67)	0	192	9,621	(59)	(777)	(55)	8,380
Jefferson	0	14,820	(1,304)	(2,630)	(145)	601	0	2,511	619	8	(623)	(285)	13,572
Mineral	0	0	200	9,235	3,157	626	0	820	12,356	683	1,625	331	29,034
Daniels	0	0	29,231	1,341	(1,303)	1,221	0	11,880	(822)	0	(1,869)	(2,586)	37,094
Powell	0	0	3,842	14,235	2,134	1,700	0	1,997	10,883	1,906	2,650	1,332	40,679
Dawson	0	0	16,015	7,230	1,844	1,208	0	3,610	8,958	0	3,543	1,224	43,632
Prairie	0	0	15,811	6,281	1,064	1,312	0	3,935	5,807	4	9,244	1,499	49,957
McCone	0	0	40,921	11,201	1,703	4,285	0	8,300	2,259	0	1,332	75	70,077
Treasure	0	0	19,034	7,527	1,328	1,675	0	4,203	34,745	198	12,723	1,395	82,828
Granite	0	0	9,728	42,854	5,942	2,549	0	5,616	32,417	3,151	8,313	976	111,546
Wheatland	0	0	18,469	13,655	1,493	360	0	3,322	70,853	112	2,669	3,898	114,831
Blaine	0	0	22,804	35,933	8,586	1,593	0	11,992	58,399	35	4,990	(2,145)	142,186
Meagher	0	0	33,949	37,141	5,383	334	0	6,897	67,502	3,346	0	4,078	158,630
Wibaux	0	0	60,786	23,058	3,554	5,775	0	18,954	38,313	0	13,114	3,478	167,032
Liberty	0	0	109,952	51,463	7,395	5,794	0	23,856	17,873	0	13,541	4,163	234,036
Lincoln	0	0	2,970	150,792	26,255	14,604	0	12,254	0	9,279	17,105	6,180	239,438
Stillwater	0	46,738	22,792	69,594	12,201	4,336	0	34,884	61,830	301	444	5,806	258,926
Valley	0	0	55,677	32,098	9,948	3,938	0	10,829	143,558	0	11,750	4,116	271,913
Sweet Grass	0	52,859	34,554	74,784	17,053	6,916	0	57,389	21,417	1,352	9,773	3,673	279,770
Carter	142,648	0	64,320	15,146	1,515	2,436	0	13,119	60,498	410	0	0	300,094
Roosevelt	0	0	39,231	14,204	2,367	4,042	0	20,445	203,382	0	25,768	(395)	309,043
Sheridan	0	0	164,782	44,865	7,092	16,170	0	75,717	13,863	0	18,304	1,251	342,044
Phillips	0	0	57,990	20,240	2,780	3,758	0	17,089	230,596	4	18,109	719	351,284
Sanders	0	0	(733)	94,397	11,946	8,542	0	10,563	62,460	4,585	16,645	173,485	381,890
Chouteau	0	0	180,214	67,846	10,747	6,884	0	30,343	97,972	181	6,562	5,879	406,629
Toole	0	0	149,121	89,635	52,332	11,547	0	41,379	71,392	0	35,871	4,215	455,491
Big Horn	0	0	63,297	65,148	95,819	13,746	0	97,848	102,284	955	13,690	3,649	456,436
Madison	52,510	0	45,197	455,746	101,417	6,415	0	34,397	37,901	2,102	6,371	12,375	754,431
Richland	0	0	233,474	230,153	89,918	40,058	0	149,052	133,402	0	22,221	41,200	939,477
Fallon	0	0	269,771	176,681	53,734	27,524	0	300,093	1,161,408	92	59,024	1,867	2,050,193
Rosebud	0	0	112,504	111,518	98,912	405,547	0	146,013	203,416	1,133	36,525	3,355,454	4,471,021
<b>Change</b>	<b>196,175</b>	<b>113,591</b>	<b>1,293,890</b>	<b>(5,316,590)</b>	<b>(2,162,786)</b>	<b>402,829</b>	<b>(14,892)</b>	<b>275,529</b>	<b>1,788,885</b>	<b>(4,559)</b>	<b>116,345</b>	<b>3,079,598</b>	<b>(231,984)</b>

## Diagram 15 - Change in Tax Liability With Alternative Allocations - Combined

### Statewide

This table and chart display the estimated impact on total property taxes paid on residences (dwelling and associated land).

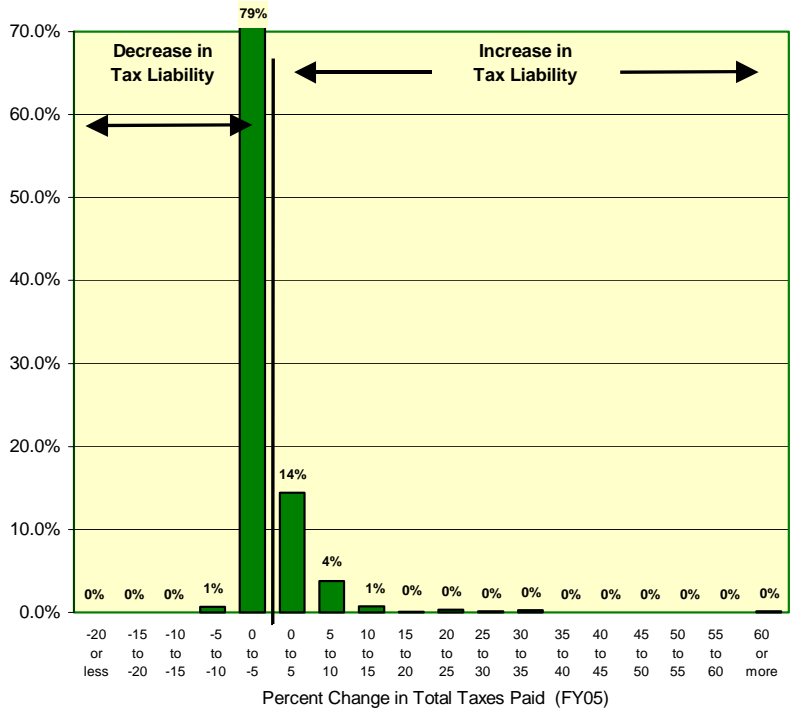
#### Distribution of Change in Property Tax

% Change Bracket	Number in Bracket	% in Bracket	Cumulative	
			Number	Percent
-20 or less	-	0.0%	-	0.0%
-15 to -20	-	0.0%	-	0.0%
-10 to -15	-	0.0%	-	0.0%
-5 to -10	2,121	0.6%	2,121	0.6%
0 to -5	265,230	79.5%	267,351	80.1%
0 to 5	48,094	14.4%	315,445	94.5%
5 to 10	12,689	3.8%	328,134	98.4%
10 to 15	2,490	0.7%	330,624	99.1%
15 to 20	245	0.1%	330,869	99.2%
20 to 25	1,019	0.3%	331,888	99.5%
25 to 30	379	0.1%	332,267	99.6%
30 to 35	854	0.3%	333,121	99.8%
35 to 40	3	0.0%	333,124	99.8%
40 to 45	-	0.0%	333,124	99.8%
45 to 50	-	0.0%	333,124	99.8%
50 to 55	-	0.0%	333,124	99.8%
55 to 60	-	0.0%	333,124	99.8%
60 or more	508	0.2%	333,632	100.0%

#### Tax Liability Summary

80% decrease in tax paid, 20% increase in tax paid.  
94% have a 5% or less change in taxes.

### (%) Percent Change in Total Property Tax Liability - FY05 Residences - Estimated Change in Property Taxes Paid



### Statewide

This table and chart display the estimated impact on total property taxes paid on residences (dwelling and associated land).

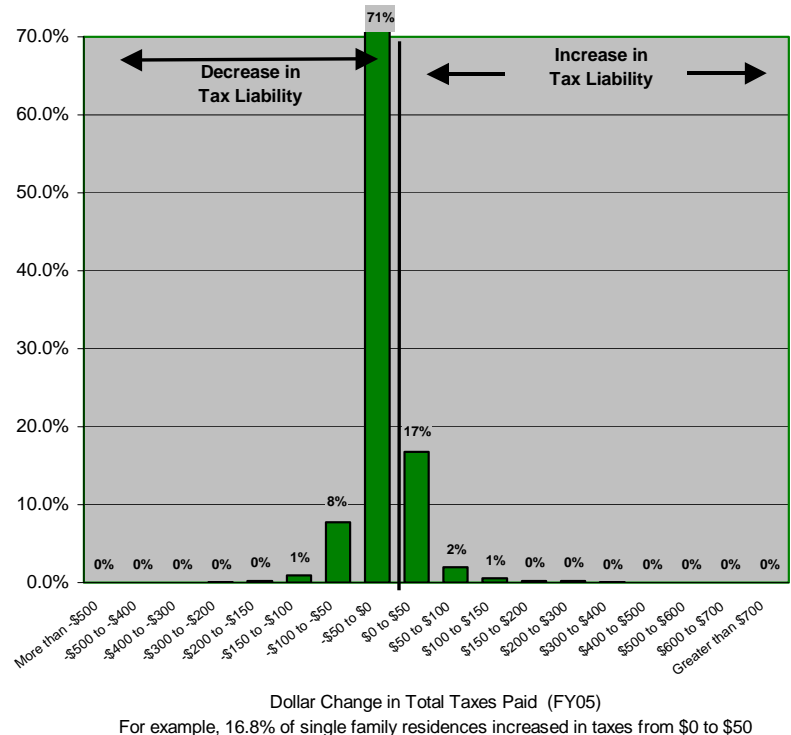
#### Distribution of Change in Property Tax

\$ Change Bracket	Number in Bracket	% in Bracket	Cumulative	
			Number	Percent
More than -\$500	49	0.0%	49	0.0%
-\$500 to -\$400	37	0.0%	86	0.0%
-\$400 to -\$300	83	0.0%	169	0.1%
-\$300 to -\$200	350	0.1%	519	0.2%
-\$200 to -\$150	675	0.2%	1,194	0.4%
-\$150 to -\$100	3,132	0.9%	4,326	1.3%
-\$100 to -\$50	25,768	7.7%	30,094	9.0%
-\$50 to \$0	237,257	71.1%	267,351	80.1%
\$0 to \$50	56,014	16.8%	323,365	96.9%
\$50 to \$100	6,676	2.0%	330,041	98.9%
\$100 to \$150	1,917	0.6%	331,958	99.5%
\$150 to \$200	782	0.2%	332,740	99.7%
\$200 to \$300	596	0.2%	333,336	99.9%
\$300 to \$400	135	0.0%	333,471	100.0%
\$400 to \$500	52	0.0%	333,523	100.0%
\$500 to \$600	35	0.0%	333,558	100.0%
\$600 to \$700	17	0.0%	333,575	100.0%
Greater than \$700	57	0.0%	333,632	100.0%

#### Tax Liability Summary

80% decrease in tax paid, 20% increase in tax paid.  
88% have a \$50 or less change in taxes.

### (\$) Dollar Change in Total Property Tax Liability - FY05 Residences - Estimated Change in Property Taxes Paid



## **Impact of Equalizing BASE, Countywide Retirement, and Countywide Transportation Mill Levies and Bringing HB 124, Coal, Oil and Gas Non-Levy Revenue for These Funds to the State.**

The premise of this scenario is to equalize statewide the mills levied for the BASE budget and the countywide retirement and transportation funds while not changing school districts' total revenue for budgeting purposes. For illustration purposes, the analysis requested by and presented to the Quality Schools Interim Committee on the September 23, 2005 in a report titled "Equalizing School Mills (K-12) Statewide" under the "Required Mills" scenario is shown. The information in the prior report is slightly different in that local transportation mills were also equalized. However, since local transportation mills are generally small in comparison to other mills equalized in this report, the actual analysis will not vary significantly from the prior report information.

Under current law, the mill levy levels for the BASE and countywide funds differ from district to district. As a result, there is a large variation in the number of mills applied to property across the state. Based on tax year 2004 information, levies range from a low of 0 mills to a high of 229 mills. Clearly some property taxpayers are paying much more to fund these areas of their budgets than other property taxpayers.

It is estimated that the collection of current mills levied for the BASE and countywide mills generates a statewide total of \$208.4 million in property tax dollars. An equalized mill levy of 119 mills levied statewide would generate the same amount of property tax dollars as the current collection of existing mill levies.

Because of the wide variation in the current mills levied for required funds, moving to an equalized mill levy of 119 mills would result in a reduction in property taxes for some property taxpayers and an increase in property taxes for other property taxpayers.

As was shown in the earlier report and now in Diagram 16 on page 25, class 13 (telecom. & electric generation property) would see the largest dollar increase in tax liability of any tax class at \$5.598 million, or 12.5%. Diagram 17 on page 26 lists tax liability changes by county and shows that the class 13 property located in Rosebud County accounts for a \$6.068 million increase in tax liability, while the remaining class 13 as a whole in the state actually declines by \$0.470 million (\$6.068 million in Rosebud less the total change in tax liability for class 13 of \$5.598 million).

Class 4 residential and commercial property would realize the largest reductions at \$8.408 million (2.0%) and \$3.454 million (2.1%) respectively. As Diagram 17 shows, Yellowstone, Missoula, Lewis & Clark, and Flathead Counties have the largest reductions in tax liability while Rosebud, Fallon, and Richland have the most significant increases. Rosebud, Fallon, and Richland are the same counties that saw the most significant increases when the first four scenarios in this report were combined. This results from these counties having lower than average mill levies for these specific funds, likely attributable to large concentrations of class 13 property, or large amounts of non-levy revenue.

Diagram 18 on page 27 shows how residential properties would be affected by the change. The upper chart and table shows how residential dwellings would be impacted

on a percentage basis, while the lower table and chart illustrate the impacts on a dollar basis. As the table and charts show, 80.7% of residential taxpayers would see a change between -5% and 5%. Shown in the lower table and chart, 67.0% of taxpayers would have a change between -\$50 and \$50.

Notice in the top table of Diagram 18 that there are 578 residential properties that saw an above average increase in tax liability between 50% and 55% under this scenario. All 578 properties are located in two counties: Fallon and Rosebud. The dollar change in liability for these 578 residential properties ranges from less than \$1 to over \$470.

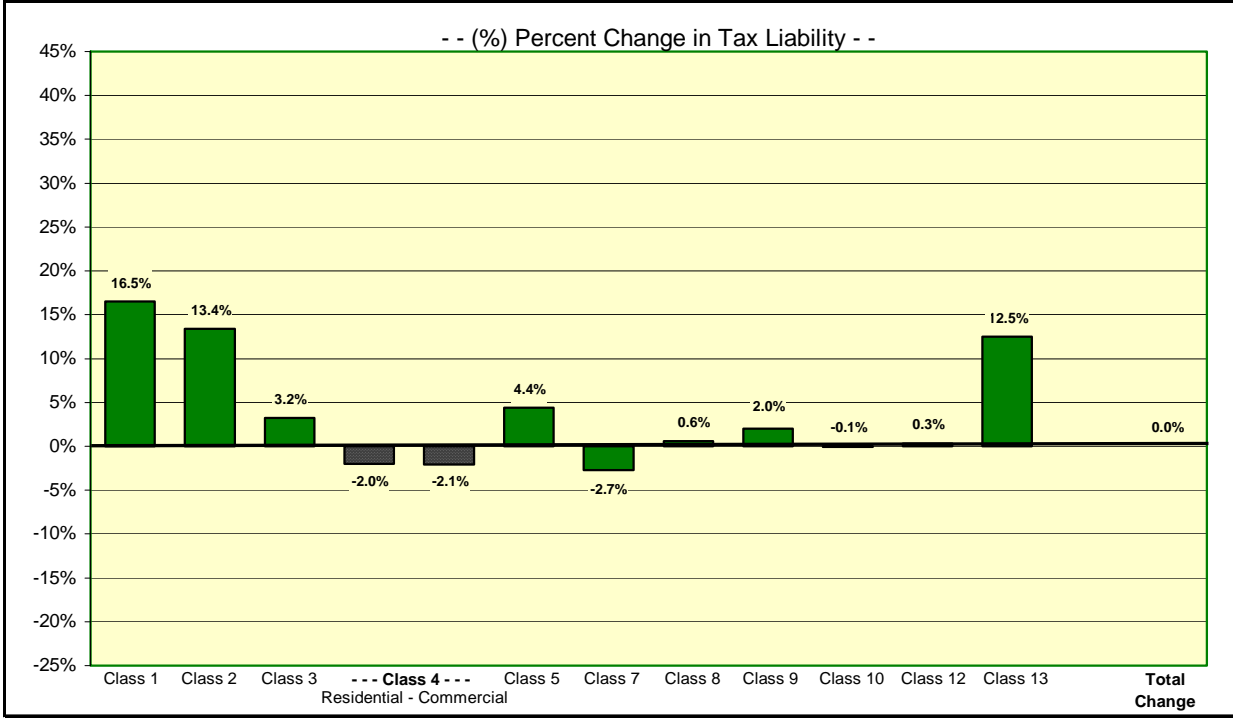
Focusing on the tail end of the lower table in Diagram 18, there are 161 residential taxpayers that have an increase of over \$700. A close examination of these properties reveals that they are generally high value properties with all but 1 property having a reappraisal value (both land and improvements included) of over \$600,000. Over half of the properties are located in a single county (Madison), and on a percentage change basis these properties would see a tax liability increase of between 8.5% and 12.5%.



## Diagram 16 Change in Tax Liability With Equalized BASE and Countywide Mills

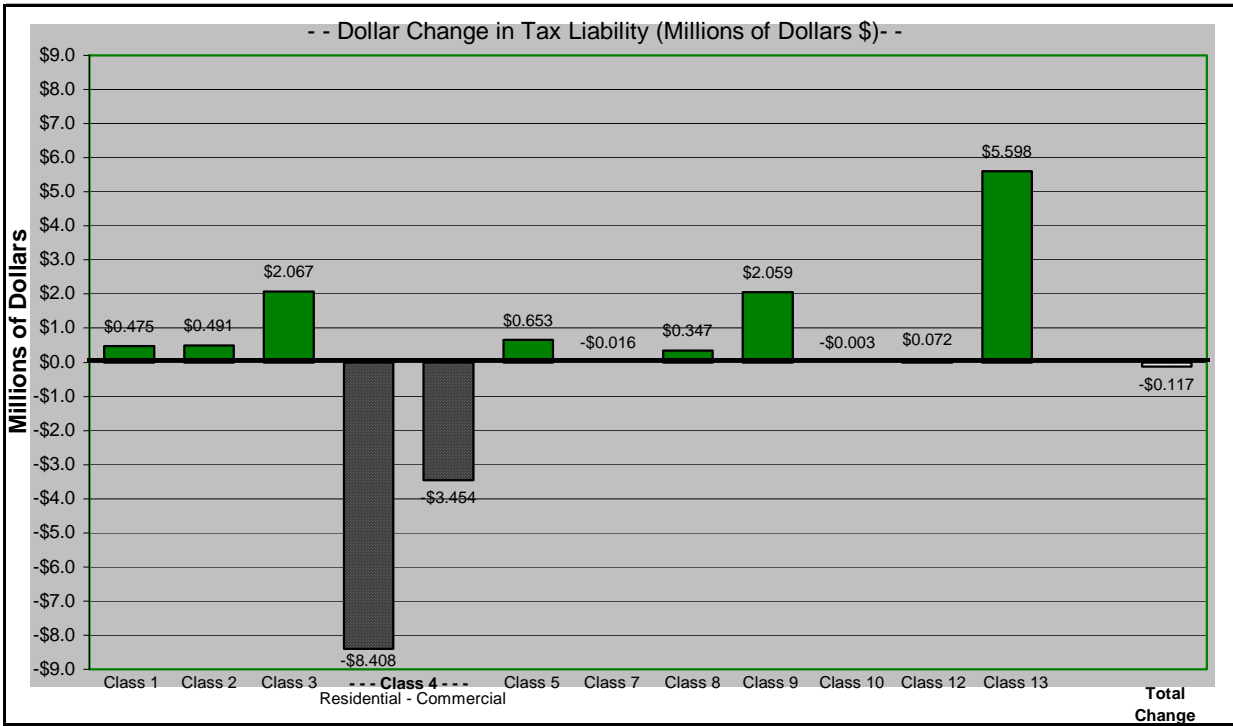
### Statewide

**(%) Percent Change in Tax Liability by Tax Class - Equalized 18.3% Rate**



### Statewide

**(\$ Dollar Change in Tax Liability by Tax Class - Equalized 18.3% Rate**



**Diagram 17 - Change in Tax Liability With Equalized BASE, Countywide Retirement, and Countywide Transportation Mill Levies**

<b>County</b>	<b>Class 1 Net Proceeds</b>	<b>Class 2 Gross Proceeds</b>	<b>Class 3 Agric. Land</b>	<b>Class 4 R Residential Real</b>	<b>Class 4 C Commercial Real</b>	<b>Class 5 Pollution Control</b>	<b>Class 7 Non Central Pub. Util.</b>	<b>Class 8 Business Equipment</b>	<b>Class 9 Electric Utilities</b>	<b>Class 10 Forest Land</b>	<b>Class 12 Airlines Railroads</b>	<b>Class 13 Telecom. &amp; Elec. Gener.</b>	<b>Total Change</b>
Yellowstone	0	0	(84,793)	(2,611,141)	(995,076)	(117,557)	0	(472,099)	(396,763)	(692)	(126,198)	(196,106)	(5,000,425)
Missoula	0	0	(11,300)	(2,204,127)	(1,194,198)	(24,737)	0	(149,405)	(290,050)	(14,174)	(37,061)	(93,396)	(4,018,448)
Lewis & Clark	0	0	(20,113)	(1,138,835)	(534,012)	(4,062)	0	(92,733)	(205,677)	8	(13,837)	(48,579)	(2,057,840)
Flathead	0	0	(19,428)	(1,311,111)	(441,186)	(44,207)	0	(114,253)	(47,403)	(12,805)	(413)	(43,311)	(2,034,117)
Cascade	0	0	(86,425)	(879,036)	(377,471)	(8,187)	(15,620)	(92,617)	(126,195)	(1,054)	(35,290)	(174,980)	(1,796,875)
Ravalli	0	0	(29,652)	(1,090,871)	(157,913)	(14,558)	0	(42,375)	(63,424)	(3,502)	(14,336)	(21,835)	(1,438,466)
Silver Bow	0	(1,910)	(9,023)	(556,659)	(324,957)	(10,818)	0	(199,427)	(266,397)	(501)	(14,606)	(35,143)	(1,419,441)
Lake	0	0	(54,054)	(374,109)	(103,697)	(9,241)	0	(75,616)	(9,925)	5,828	(25,758)	(43,631)	(690,203)
Glacier	0	0	(131,343)	(71,424)	(48,979)	(45,397)	64	(21,043)	(130,309)	(233)	(40,838)	(7,739)	(497,241)
Park	0	0	(19,635)	(149,229)	(42,768)	(3,351)	0	(11,547)	(31,023)	(1,618)	(2,854)	(6,945)	(268,971)
Musselshell	0	0	(54,346)	(115,850)	(18,576)	(17,026)	0	(16,034)	(37,119)	(3,472)	0	0	(262,422)
Beaverhead	0	0	(26,007)	(87,540)	(34,193)	(3,530)	0	(19,206)	(17,592)	(301)	(3,175)	(2,751)	(194,295)
Teton	0	0	(32,917)	(50,097)	(9,719)	(13,089)	0	(10,680)	(43,528)	109	(9,926)	(246)	(170,092)
Fergus	0	0	(12,080)	(109,649)	(32,963)	(1,850)	0	(10,416)	6,221	53	1,989	(5,072)	(163,766)
Broadwater	(1,636)	0	(15,460)	(43,172)	(7,459)	(1,244)	0	(10,255)	(37,407)	(543)	(7,714)	(4,322)	(129,213)
Mineral	0	0	(1,202)	(40,398)	(10,530)	(3,162)	0	(3,324)	(40,836)	(4,347)	(8,980)	(1,117)	(113,897)
Deer Lodge	0	0	(1,944)	(39,090)	(8,533)	(817)	0	(2,122)	(12,862)	(396)	(720)	(1,901)	(68,386)
Petroleum	0	0	(39,077)	(10,940)	(748)	(4,033)	0	(5,274)	0	(54)	0	0	(60,125)
Custer	0	0	31,279	(61,747)	(32,578)	(1,030)	0	(25)	8,186	543	6,871	(4,313)	(52,816)
Powder River	0	0	(23,963)	(10,420)	(2,130)	(2,471)	0	(6,205)	(5,245)	(140)	0	(6)	(50,581)
Sanders	0	0	(15,128)	(26,180)	(13,830)	1,009	0	(3,624)	8,550	(4,993)	(10,418)	82,316	17,701
Gallatin	1,646	0	(9,927)	60,361	(9,096)	6,346	0	(3,261)	2,214	315	(12,976)	142	31,336
Pondera	0	0	14,187	13,627	2,794	(34)	0	3,047	990	55	1,095	609	36,370
Carbon	4,369	0	4,827	(20,136)	(763)	914	0	4,149	72,688	(30)	266	(2,635)	63,649
Judith Basin	0	0	21,618	11,527	2,557	219	0	4,319	29,902	70	4,340	1,820	76,373
Treasure	0	0	19,555	7,732	1,365	1,721	0	4,318	35,695	203	13,071	1,433	85,093
Daniels	0	0	48,886	13,084	2,328	2,716	0	14,510	547	0	2,761	970	85,802
Prairie	0	0	30,249	12,017	2,036	2,510	0	7,529	11,110	7	17,685	2,867	86,012
Garfield	0	0	75,857	11,425	373	2,498	0	8,018	0	5	0	0	98,176
McCone	0	0	63,821	16,239	1,544	5,350	0	13,148	5,840	0	1,170	138	107,250
Roosevelt	0	0	2,858	2,148	(518)	2,869	0	13,605	93,722	0	19,577	(5,767)	128,492
Granite	0	0	12,455	58,582	8,224	2,975	0	7,682	33,312	3,240	5,571	76	132,117
Powell	0	0	15,572	40,742	1,414	6,886	0	7,369	35,393	9,223	12,007	4,603	133,209
Golden Valley	0	0	31,001	15,276	1,717	2,195	0	4,073	84,801	89	6,420	49	145,620
Jefferson	0	100,379	3,181	25,395	8,316	4,644	0	18,852	5,708	83	3,811	167	170,537
Lincoln	0	0	2,121	117,698	21,921	8,970	0	6,406	0	9,320	10,741	5,398	182,573
Hill	0	0	53,977	56,958	19,954	(538)	0	16,470	21,238	27	16,153	1,873	186,112
Sheridan	0	0	108,126	15,354	(1,413)	10,064	0	43,340	12,914	0	13,699	(884)	201,200
Wheatland	0	0	30,925	11,815	(1,253)	351	0	5,102	170,045	195	(904)	1,640	217,916
Liberty	0	0	131,179	63,208	9,028	7,024	0	29,895	22,292	0	15,302	5,341	283,270
Dawson	0	0	99,870	40,966	10,602	7,075	0	21,682	64,342	0	34,638	6,082	285,256
Phillips	0	0	17,154	9,501	781	1,919	0	10,610	242,461	(2)	8,959	(657)	290,726
Wibaux	0	0	115,391	43,772	6,747	10,963	0	35,981	72,730	0	24,895	6,602	317,081
Blaine	0	0	102,633	56,694	9,381	5,978	0	29,660	129,192	139	7,741	(3,381)	338,037
Meagher	0	0	67,103	65,989	8,850	644	0	12,340	175,316	6,100	0	7,295	343,637
Sweet Grass	0	150,100	61,555	117,211	36,412	11,740	0	180,932	28,547	2,503	15,568	6,017	610,585
Stillwater	0	242,678	35,669	67,053	19,686	9,553	0	120,138	125,369	208	(6,852)	10,159	623,660
Valley	0	0	152,150	56,521	11,452	10,421	0	29,070	360,738	0	27,462	6,069	653,883
Toole	0	0	245,367	127,337	65,566	17,235	0	65,425	113,552	0	56,432	5,395	696,308
Chouteau	0	0	337,771	114,861	16,251	12,351	0	57,716	188,840	370	11,699	9,273	749,132
Carter	410,523	0	145,569	32,649	3,209	5,191	0	30,133	138,745	914	0	1	766,935
Big Horn	0	0	95,473	103,283	215,210	25,348	0	219,257	221,816	1,973	14,654	6,187	903,201
Madison	60,468	0	29,300	673,143	158,418	3,726	0	44,289	37,345	2,876	(6,266)	18,614	1,021,915
Richland	0	0	262,982	242,966	94,144	43,222	0	163,621	164,871	0	25,497	42,500	1,039,803
Fallon	0	0	174,331	128,954	42,039	19,265	0	226,650	771,442	47	37,686	925	1,401,339
Rosebud	0	0	121,120	159,666	168,072	729,982	0	248,760	328,836	1,700	33,851	6,068,010	7,859,997
<b>Change</b>	<b>475,371</b>	<b>491,248</b>	<b>2,067,294</b>	<b>(8,408,005)</b>	<b>(3,454,170)</b>	<b>652,934</b>	<b>(15,555)</b>	<b>346,553</b>	<b>2,059,326</b>	<b>(2,653)</b>	<b>72,487</b>	<b>5,597,851</b>	<b>(117,319)</b>

## Diagram 18 - Change in Tax Liability With Equalized BASE and Countywide Mills

### Statewide

This table and chart display the estimated impact on total property taxes paid on residences (dwelling and associated land).

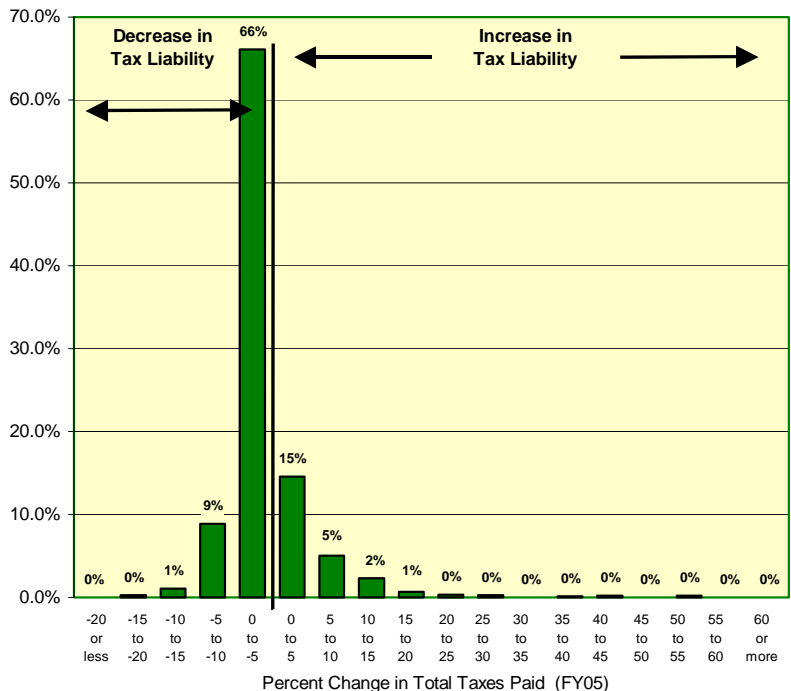
#### Distribution of Change in Property Tax

% Change Bracket	Number in Bracket	% in Bracket	Cumulative	
			Number	Percent
-20 or less	3	0.0%	3	0.0%
-15 to -20	972	0.3%	975	0.3%
-10 to -15	3,478	1.0%	4,453	1.3%
-5 to -10	29,552	8.9%	34,005	10.2%
0 to -5	220,600	66.1%	254,605	76.3%
0 to 5	48,652	14.6%	303,257	90.9%
5 to 10	16,886	5.1%	320,143	96.0%
10 to 15	7,638	2.3%	327,781	98.2%
15 to 20	2,313	0.7%	330,094	98.9%
20 to 25	1,000	0.3%	331,094	99.2%
25 to 30	816	0.2%	331,910	99.5%
30 to 35	46	0.0%	331,956	99.5%
35 to 40	339	0.1%	332,295	99.6%
40 to 45	759	0.2%	333,054	99.8%
45 to 50	-	0.0%	333,054	99.8%
50 to 55	578	0.2%	333,632	100.0%
55 to 60	-	0.0%	333,632	100.0%
60 or more	-	0.0%	333,632	100.0%

#### Tax Liability Summary

76% decrease in tax paid, 24% increase in tax paid.  
81% have a 5% or less change in taxes.

### (%) Percent Change in Total Property Tax Liability - FY05 Residences - Estimated Change in Property Taxes Paid



For example, 14.6% of single family residences increased in taxes from 0% to 5%

### Statewide

This table and chart display the estimated impact on total property taxes paid on residences (dwelling and associated land).

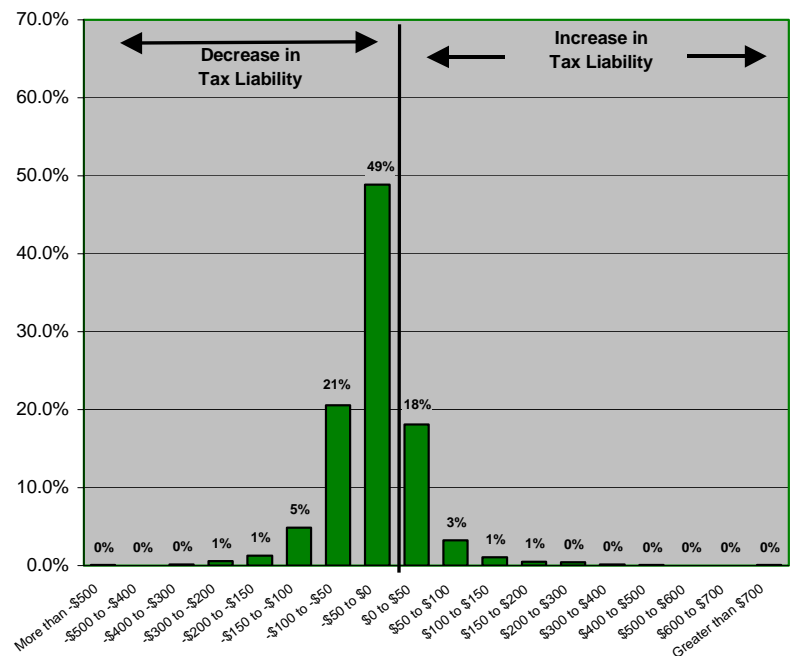
#### Distribution of Change in Property Tax

\$ Change Bracket	Number in Bracket	% in Bracket	Cumulative	
			Number	Percent
More than -\$500	145	0.0%	145	0.0%
-\$500 to -\$400	109	0.0%	254	0.1%
-\$400 to -\$300	370	0.1%	624	0.2%
-\$300 to -\$200	1,780	0.5%	2,404	0.7%
-\$200 to -\$150	4,214	1.3%	6,618	2.0%
-\$150 to -\$100	16,159	4.8%	22,777	6.8%
-\$100 to -\$50	68,697	20.6%	91,474	27.4%
-\$50 to \$0	163,131	48.9%	254,605	76.3%
\$0 to \$50	60,267	18.1%	314,872	94.4%
\$50 to \$100	10,826	3.2%	325,698	97.6%
\$100 to \$150	3,573	1.1%	329,271	98.7%
\$150 to \$200	1,762	0.5%	331,033	99.2%
\$200 to \$300	1,527	0.5%	332,560	99.7%
\$300 to \$400	515	0.2%	333,075	99.8%
\$400 to \$500	230	0.1%	333,305	99.9%
\$500 to \$600	117	0.0%	333,422	99.9%
\$600 to \$700	49	0.0%	333,471	100.0%
Greater than \$700	161	0.0%	333,632	100.0%

#### Tax Liability Summary

76% decrease in tax paid, 24% increase in tax paid.  
67% have a \$50 or less change in taxes.

### (\$) Dollar Change in Total Property Tax Liability - FY05 Residences - Estimated Change in Property Taxes Paid



For example, 18.1% of single family residences increased in taxes from \$0 to \$50