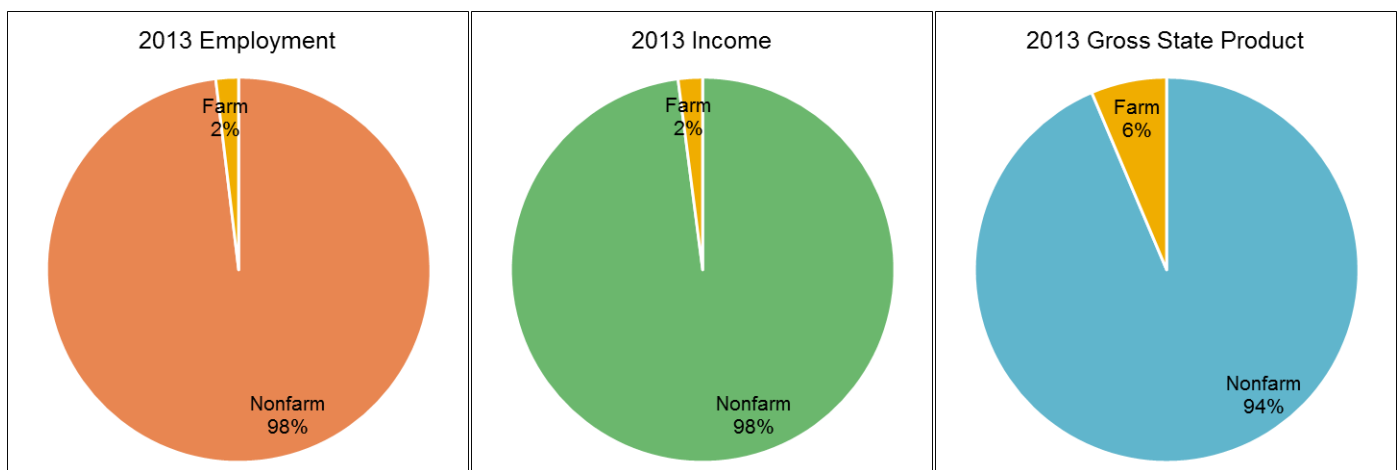
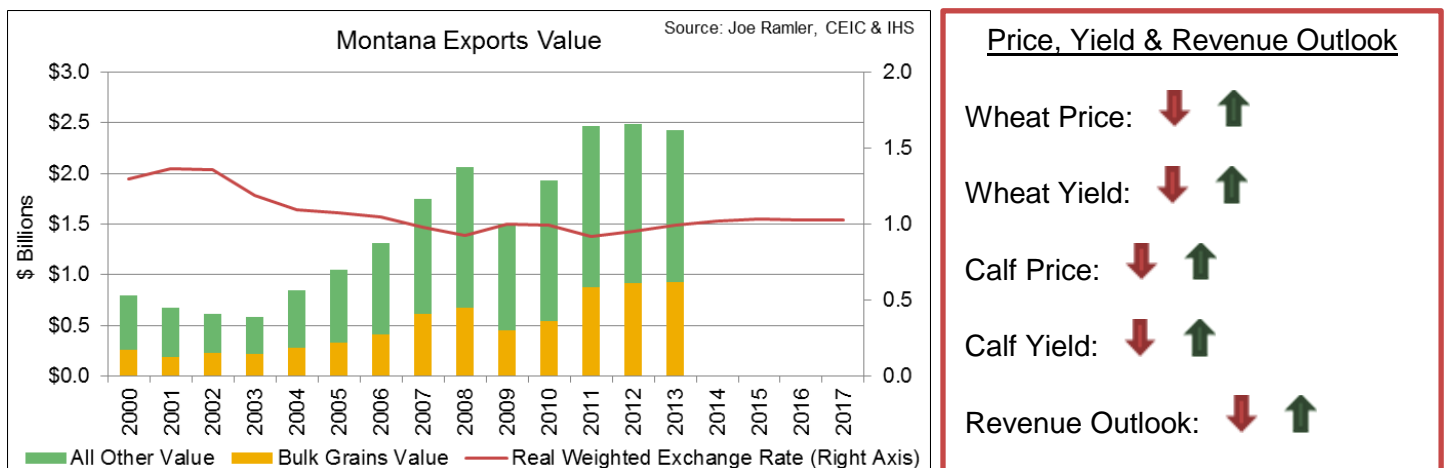


The agriculture industry in Montana plays an important role in rural economies and contributes to the overall state economy in several ways. Although the direct impact on corporation and individual income taxes is small, the indirect impacts are important, if less measurable. The Business Bureau of Economic Research (BBER) with the University of Montana estimates that labor income for agriculture and related industries accounts for about 11% of all labor income. Barbara Wagner, Chief Economist at the Department of Labor & Industry, just published a report on ways to measure industry contribution in the state: [Industries in Montana](#)

The pie charts show an approximate share of farm employment, income and gross state product (GSP) for calendar year 2013. The employment and GSP charts include forestry and fishing; although these sub-industries account for nearly 20% of the agricultural sector at the national level, it is assumed the proportion is much smaller in Montana.



One of the agricultural industry’s largest impacts on the Montana economy is through bulk grains exports. Key indicators for the potential export value are production, price, and exchange rates. The chart below shows bulk grains as a share of total Montana exports value, along with an inflation-adjusted major-trading partners weighted exchange rate. The forecast exchange rate suggests a healthy market for Montana exports.



Potential Question

- Due to the reappraisal cycle for Class 3 Agricultural Land, the November revenue estimates will include the increased values of ag land. Since ag land value is based on production and price, and prices—broadly speaking—have grown since the previous cycle, where do you see the most significant changes, both in crop type and in location?