

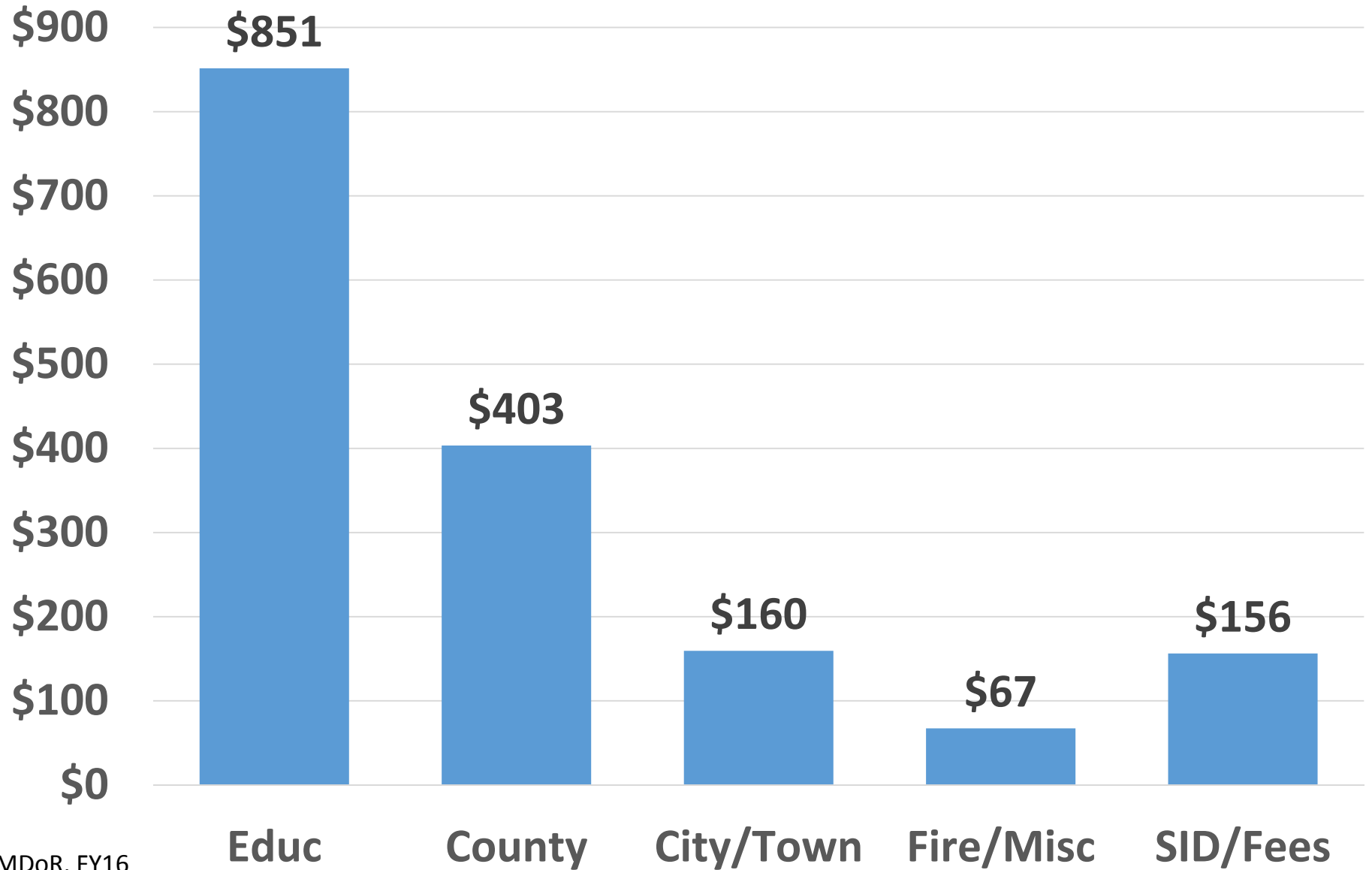
Rising Property Taxes: What You Should Know



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Professor Emeritus
MSU- Bozeman

Where Property Taxes Go

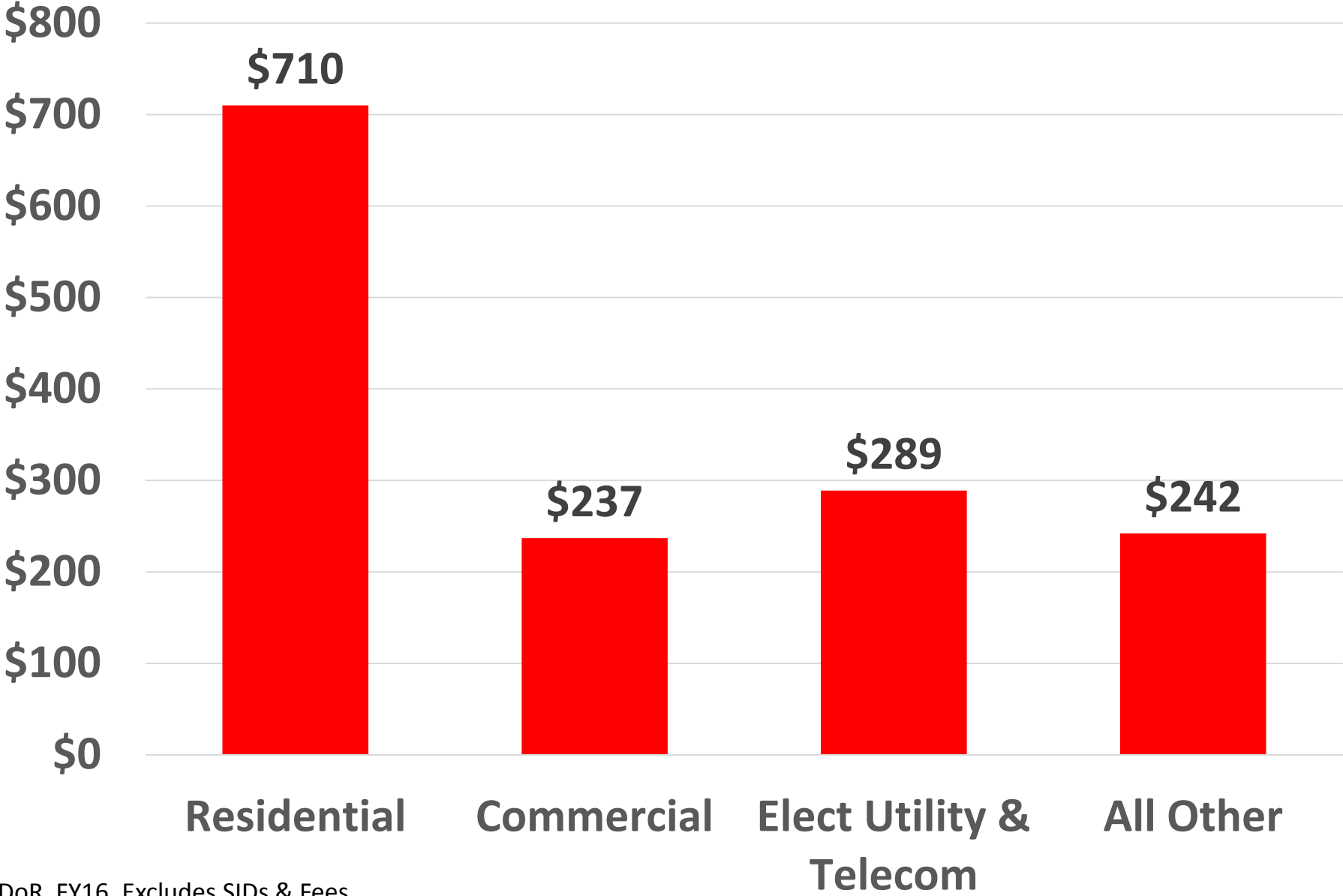
Millions of Dollars



MDoR, FY16

Where Property Taxes Come From

Millions of Dollars



MDoR, FY16, Excludes SIDs & Fees

How Property Taxes are Calculated – Three Steps

Step

**1. Taxable Value =
Market Value
x Tax Rate**

Example

**1. Taxable Value =
\$200,000
x 1.3% = \$2,600**

How Property Taxes are Calculated – Three Steps

Step

1. Taxable Value =
Market Value

x Tax Rate

**2. Tax = Taxable
Value**

x Mill Rate/1,000

Example

1. Taxable Value =
\$200,000

x 1.3% = \$2,600

2. Tax = \$2,600

x 606/1,000

= \$1,575.60

Mill Rate Example: Helena FY 2013

<u>Function</u>	<u>Mills</u>
Education	387
City	159
County	177
<u>Special Districts</u>	<u>3</u>
TOTAL	726

Mill Rate Example: Great Falls

FY 2013

<u>Function</u>	<u>Mills</u>
Education	335
City	194
County	131
<u>Special Districts</u>	<u>20</u>
TOTAL	680

Mill Rate Example: Missoula

FY 2013

<u>Function</u>	<u>Mills</u>
Education	360
City	241
County	145
<u>Special Districts</u>	<u>20</u>
TOTAL	765

Mill Rate Example: Billings

FY 2013

<u>Function</u>	<u>Mills</u>
Education	359
City	175
County	117
<u>Special Districts</u>	<u>3</u>
TOTAL	654

Mill Rate Example: Bozeman

FY 2013

<u>Function</u>	<u>Mills</u>
Education	346
City	165
County	92
<u>Special Districts</u>	<u>0</u>
TOTAL	603

Mill Rate Example: Butte

FY 2013

<u>Function</u>	<u>Mills</u>
Education	341
City + County	375
<u>Special Districts</u>	<u>19</u>
TOTAL	735

Mill Rate Example: Kalispell FY 2013

<u>Function</u>	<u>Mills</u>
Education	374
City	187
County	126
<u>Special Districts</u>	<u>0</u>
TOTAL	687

Mill Rate Example: Lewistown

FY 2013

<u>Function</u>	<u>Mills</u>
Education	431
City	242
County	115
<u>Special Districts</u>	<u>4</u>
TOTAL	792

Mill Rate Example: Havre

FY 2013

<u>Function</u>	<u>Mills</u>
Education	420
City	256
County	141
<u>Special Districts</u>	<u>0</u>
TOTAL	816

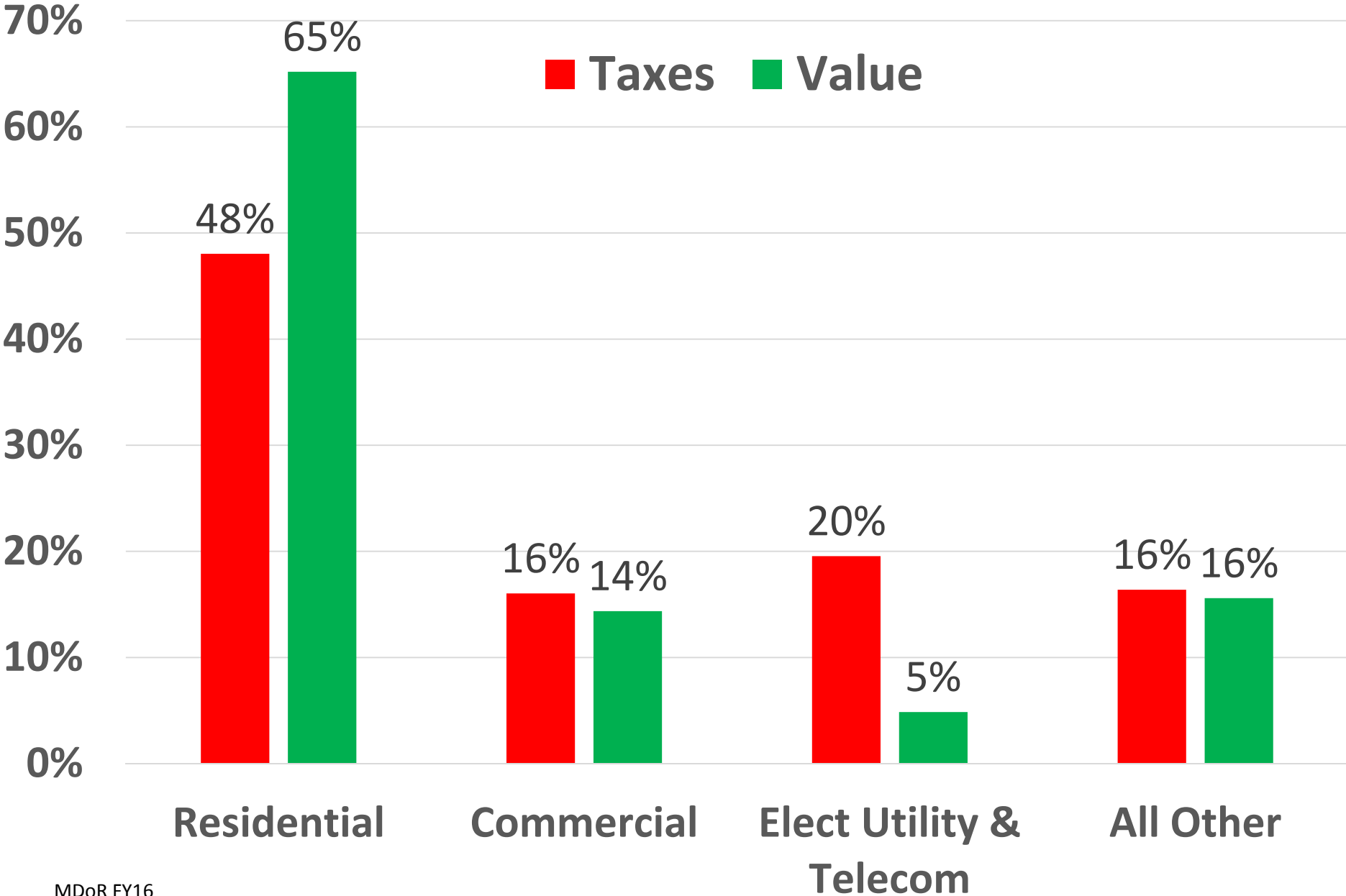
How Property Taxes are Calculated – Three Steps

<u>Step</u>	<u>Example</u>
1. Taxable Value = Market Value x Tax Rate	1. Taxable Value = \$200,000 x 1.3% = \$2,600
2. Tax = Taxable Value x Mill Rate/1000	2. Tax = \$2,600 x 606/1,000 = \$1,575.60
3. Add SIDs & Fees (if any)	3. Add \$0 - \$1,000

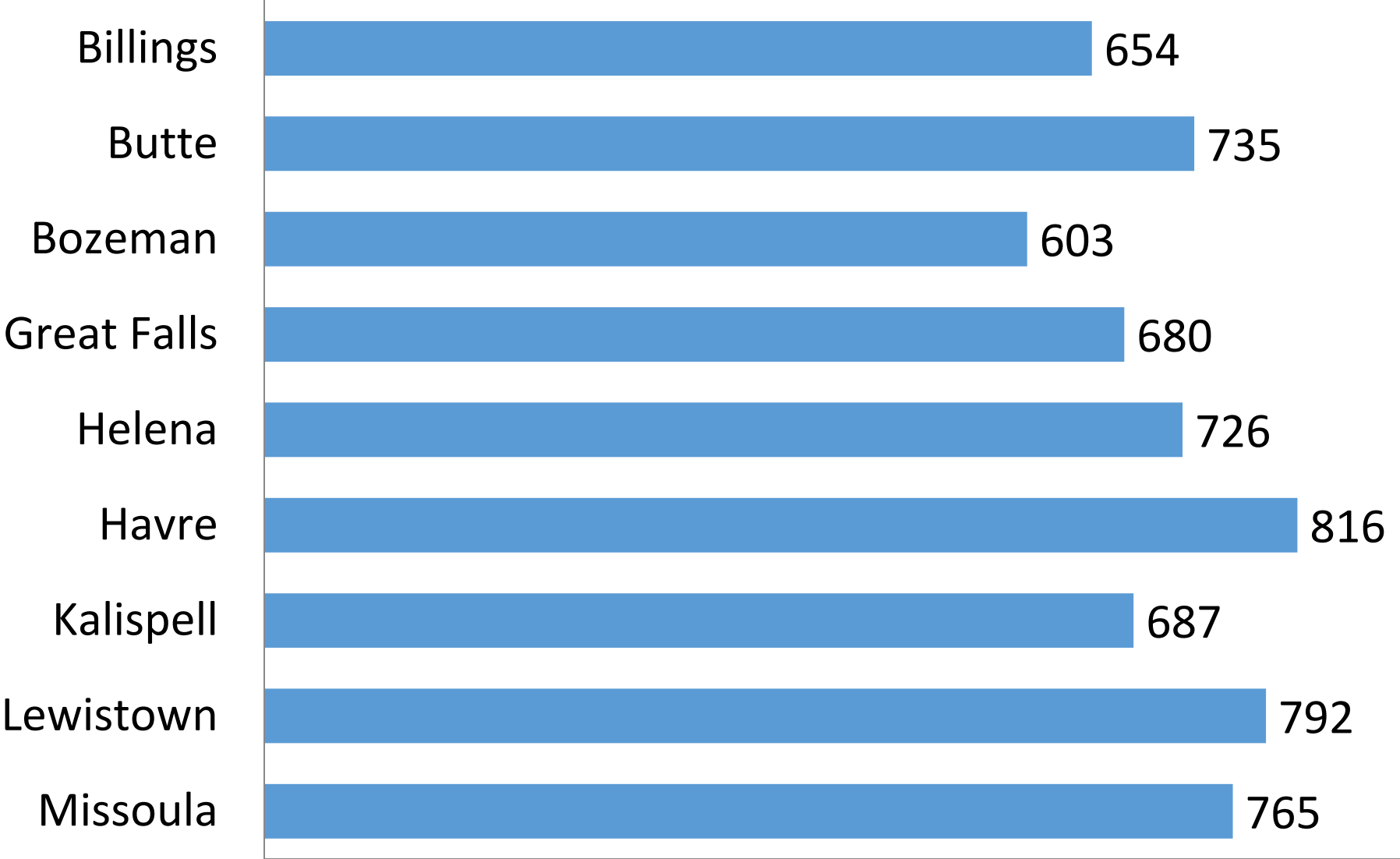
Classification System

- **13 Classes of Property**
- **14 Different Tax Rates**
- **Range:**
 - **from 0.4%% on Forest Land**
 - **to 12.0% on Non-Electrical Generating Property of Electric Utilities**

Shares of Taxes and Market Value



Mills Levied FY 2013

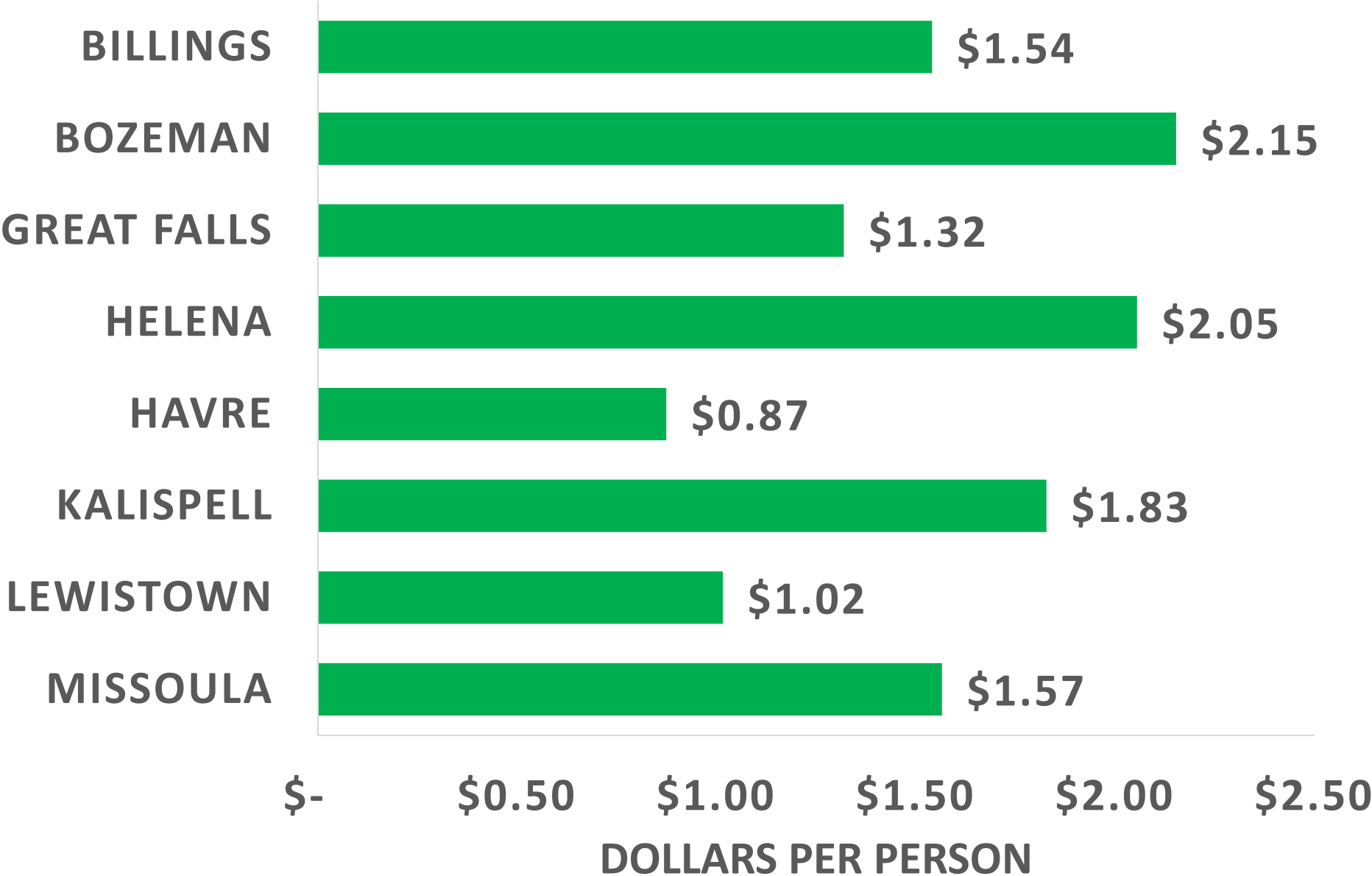


Why Do Mill Levies Vary?

Three Reasons why Mill Levies Vary are:

- 1. Tax Base (aka Mill Value: How many dollars are generated when one mill is levied?)**

City Mill Value FY 2014

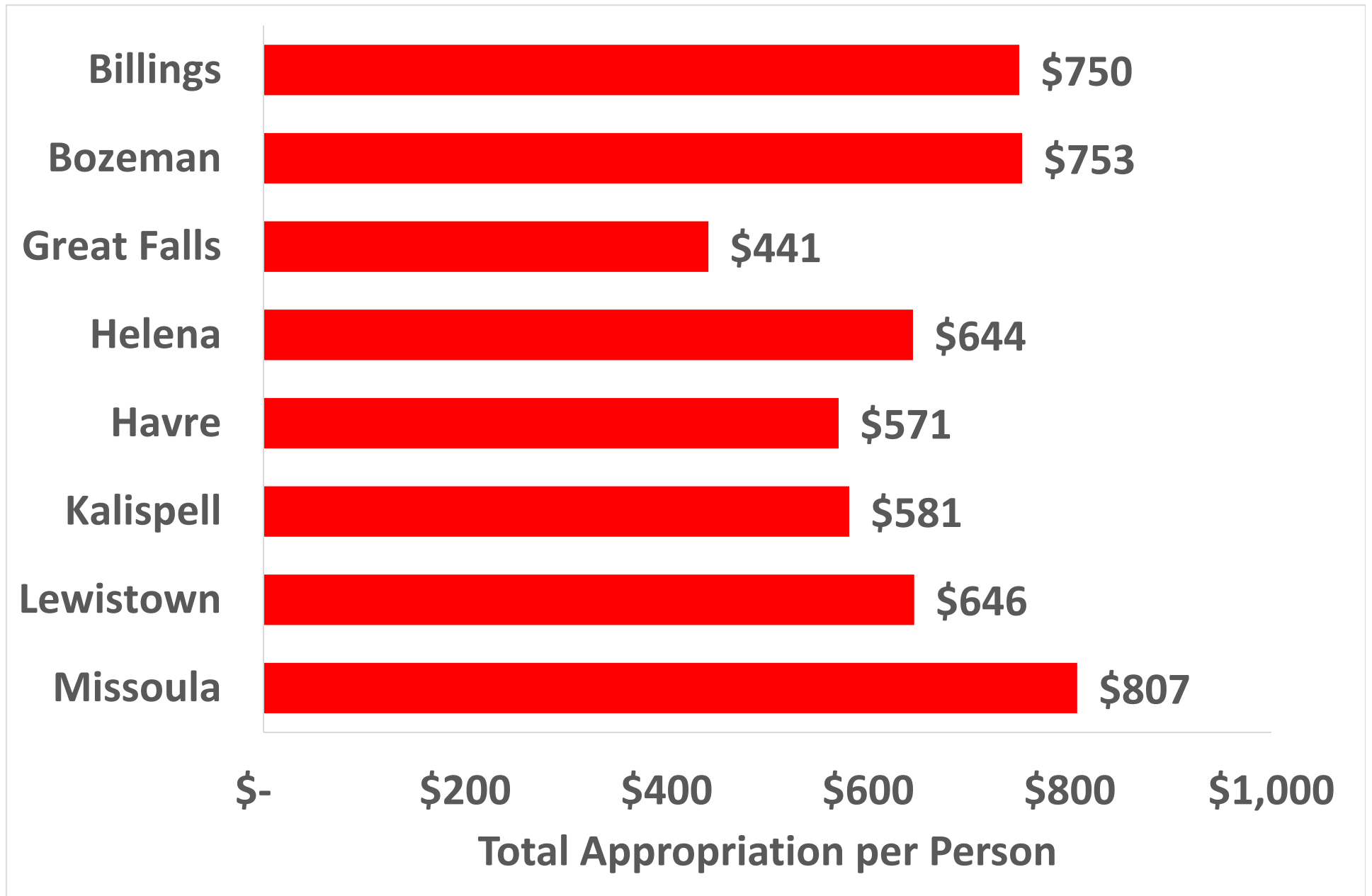


Why Do Mill Levies Vary?

Three Reasons why Mill Levies Vary are:

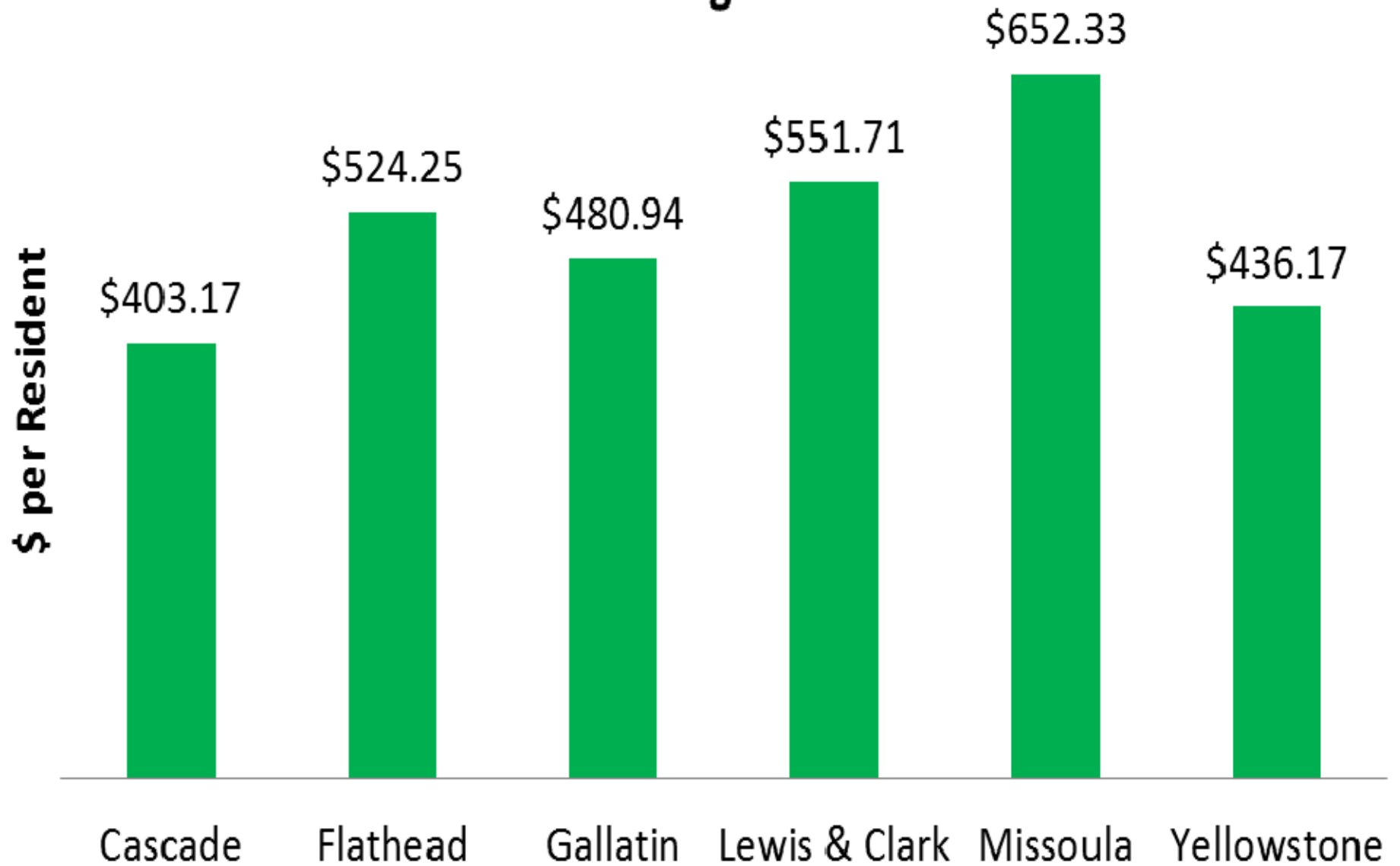
- 1. Tax Base**
- 2. Government Spending**

City Spending FY 2014



Total Appropriated Funds per Person: Counties

3-Year Average 2011-13

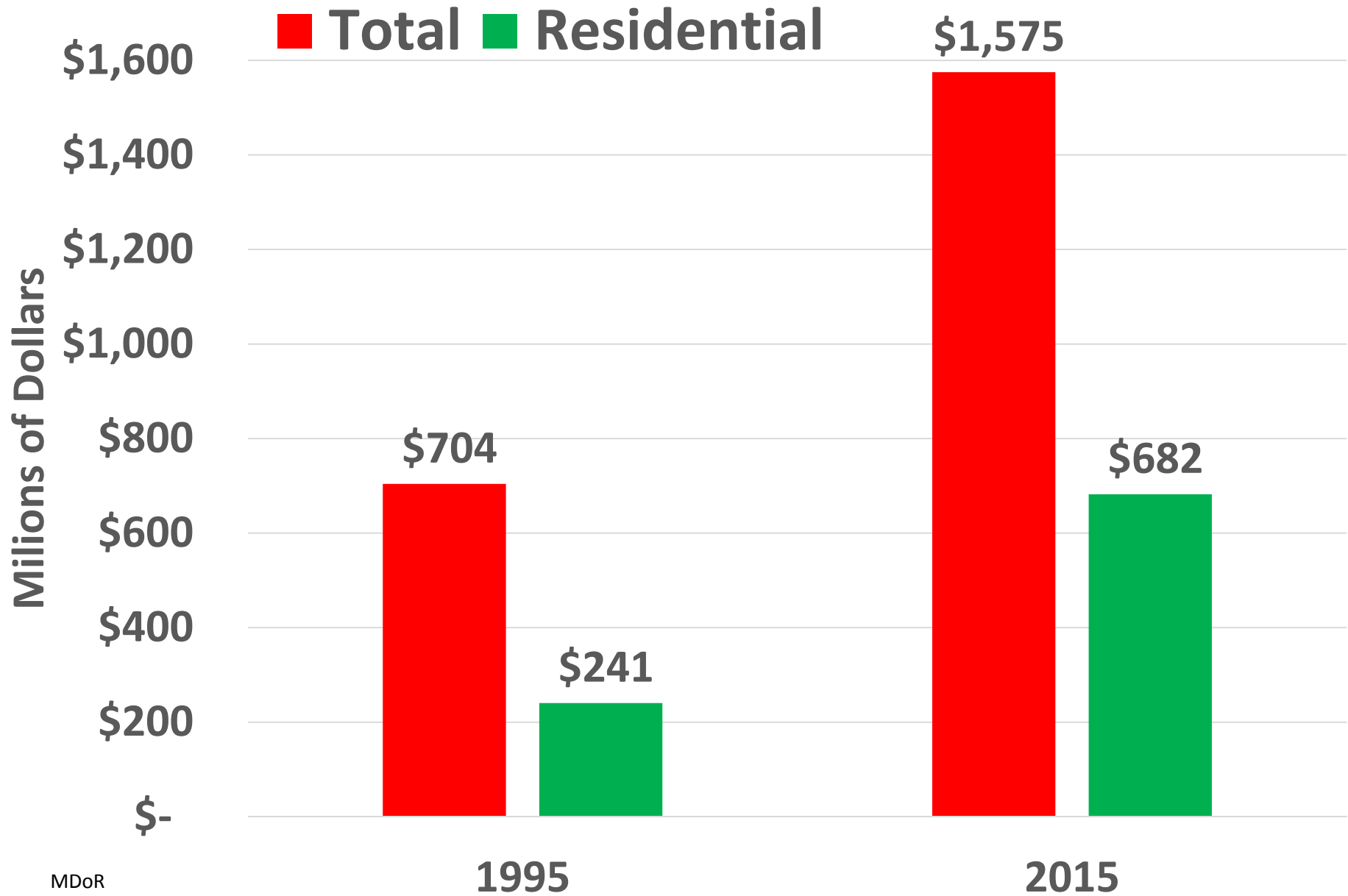


Why Do Mill Levies Vary?

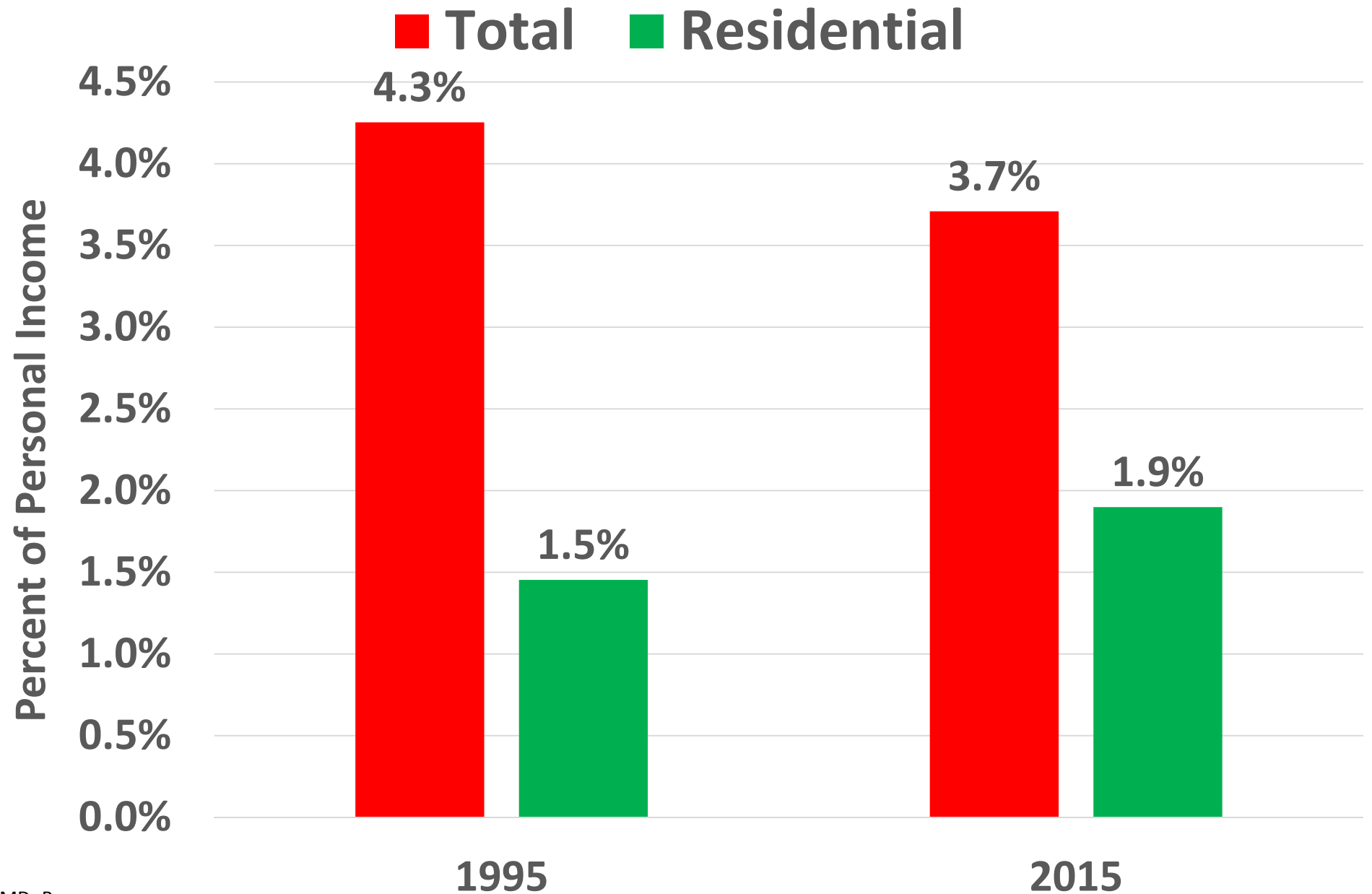
Three Reasons why Mill Levies Vary are:

- 1. Tax Base**
- 2. Government Spending**
- 3. Other Revenue Sources**

Property Taxes over 20 Years

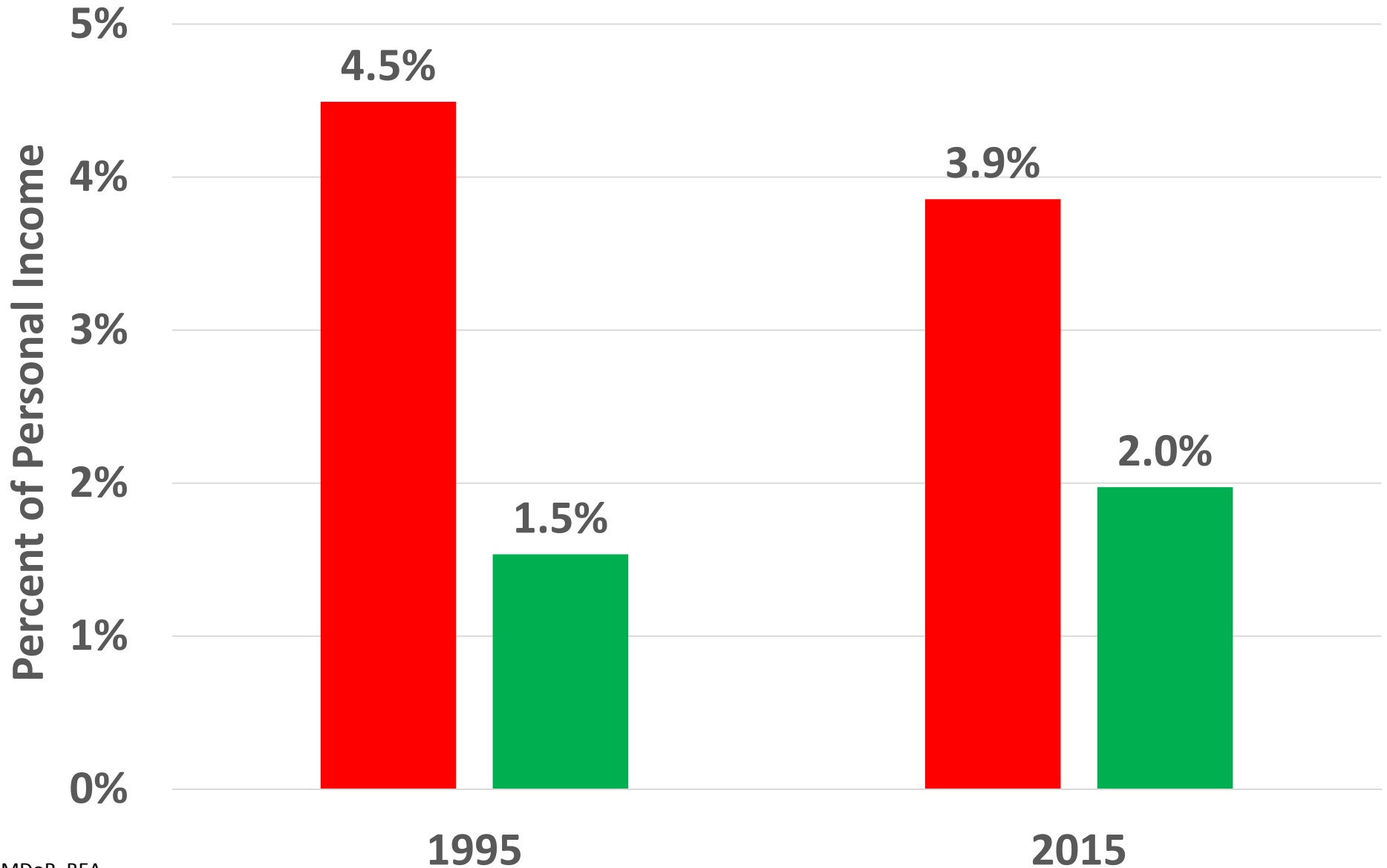


Property Taxes and Income

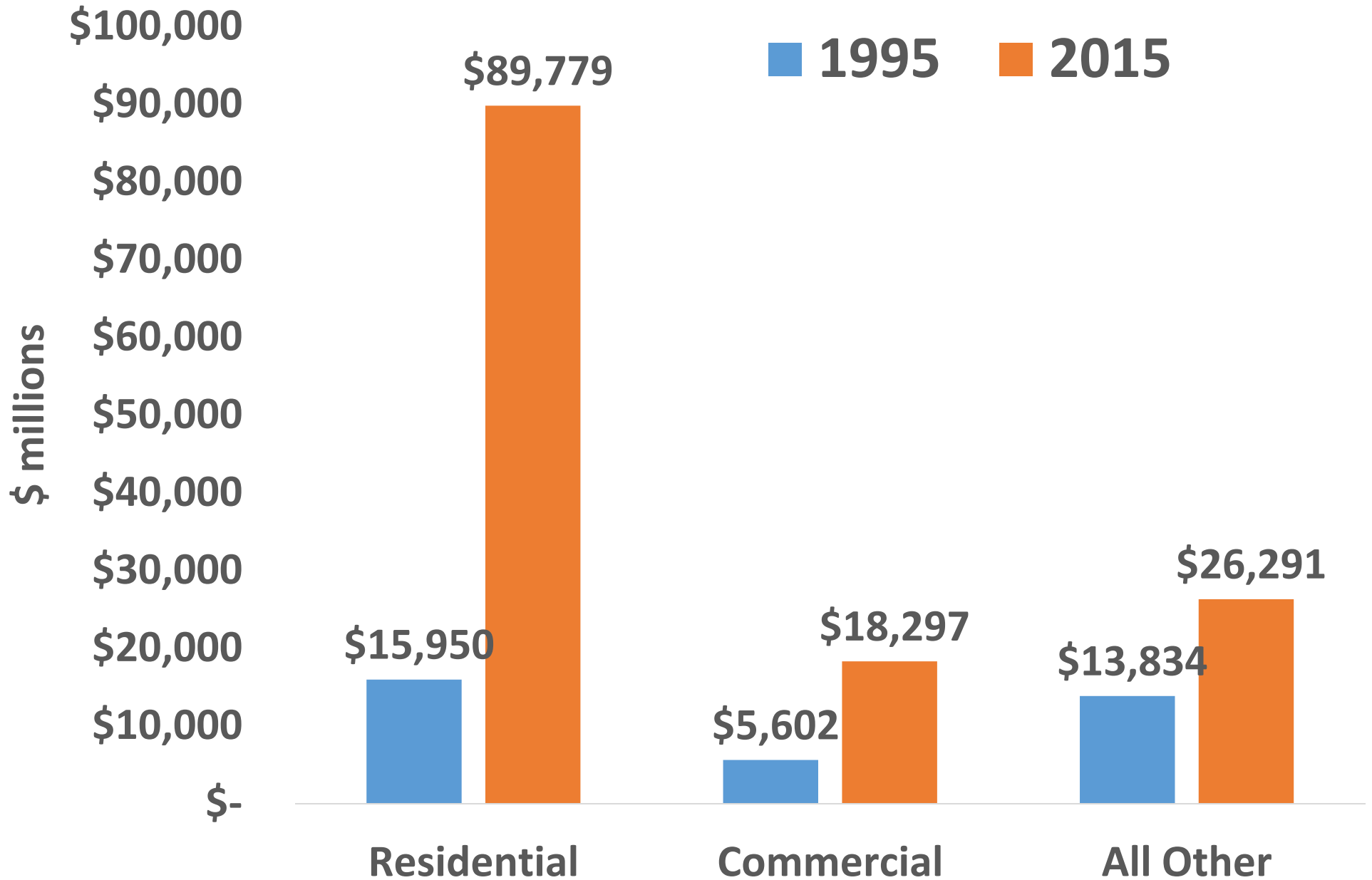


Property Taxes and Income

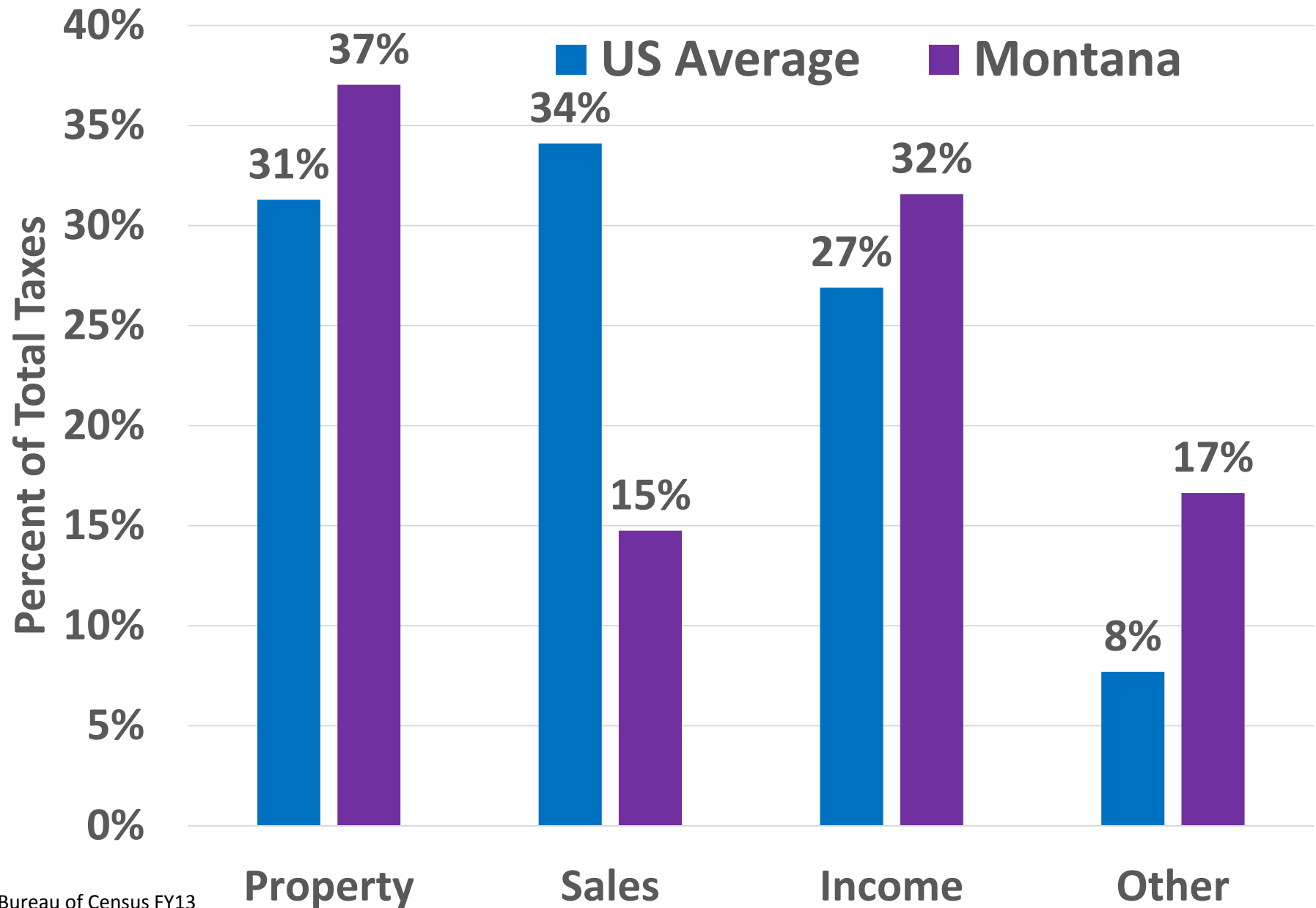
■ Total ■ Residential



Market Value of Property



Too Much Property Tax?



Effective Property Tax Rates Owner-Occupied Housing

State	Rate	Rank
Montana	0.86%	31
Idaho	0.75%	39
N Dakota	1.11%	21
S Dakota	1.32%	16
Wyoming	0.61%	44
US Median	1.04%	

Future/Continuing Issues

- 1. Growth in SIDs and Fees, OR...**
- 2. How to Finance How Much Local Government, including Schools**
- 3. Classification System**
- 4. Transparency of Property Tax Bill**
- 5. Elderly Renter/Homeowner Tax Credit**
- 6. Reappraisal**
- 7. Tax Increment Financing Districts**
- 8. ...**