

PROPERTY TAX

Revenue Description

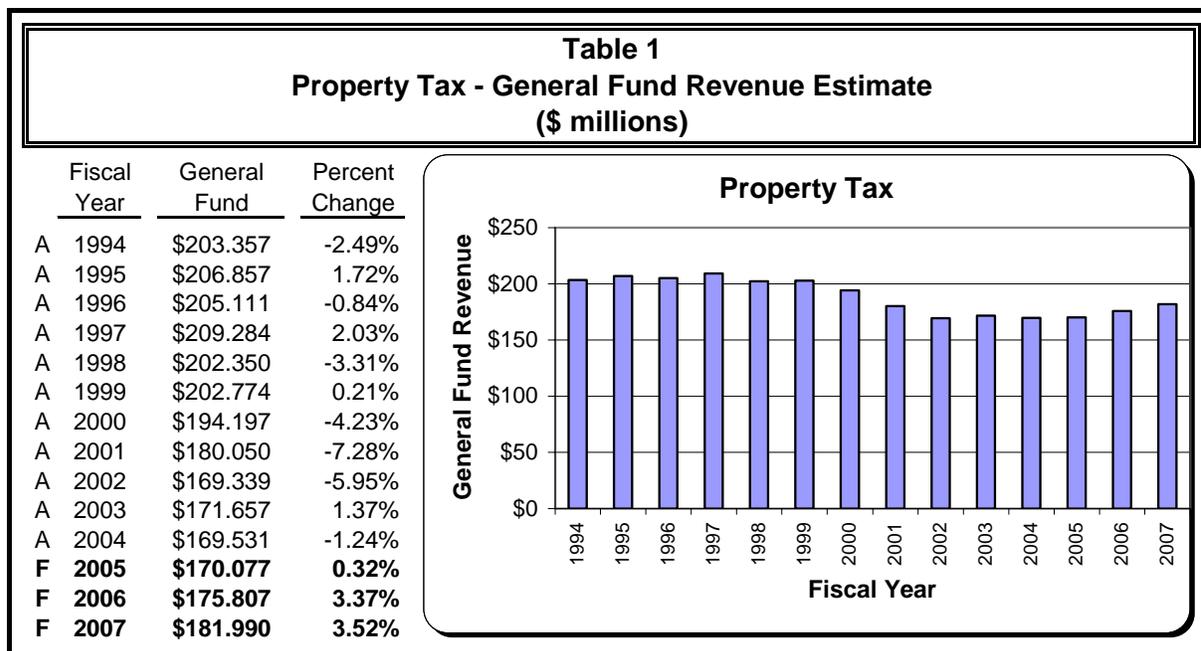
Total property tax revenue is collected directly from property tax revenues generated by mills levied on property, and indirectly from non-levy revenue sources.

Currently, the state general fund receives property tax revenue from mill levies of 22, 33, and 40 mills (95 mill levy) that are levied statewide, and 1.5 mills (vo-tech) levied on property in counties where colleges of technology reside (Silver Bow, Cascade, Yellowstone, Missoula, and Lewis and Clark). The 22, 33, 40, and 1.5 mill levies are subject to the property tax revenue limitations in 15-10-420, MCA. In general, the limitation states that property tax revenue for the current year cannot exceed property tax revenue generated in the prior year, plus an adjustment for one-half the rate of inflation and property tax from new construction.

Non-levy revenue is received from sources other than a direct property tax mill levy. Generally, non-levy revenues are distributed to taxing jurisdictions based on the relative share of the total mills levied by all affected taxing jurisdictions. Non-levy revenue is from coal gross proceeds, federal forest receipts, and other smaller revenue sources.

Historical and Projected Revenues

Table 1 shows historical and projected general fund property tax collections for FY 1994 through FY 2007.



From FY 1994 to present, numerous changes to property taxes have occurred where some property was removed from taxable status, some sources of non-levy revenue were removed and accounted for separately, new property classes created, tax rates revised, and so on.

More recently, SB 294 (2003 session) required the counties to forward the state's share of protested taxes; including prior year protested taxes that the counties were holding for centrally assessed companies, to the state. The majority of these protested taxes were received in FY 2003, some were received in FY 2004, and about \$500,000 will be received in FY 2005. These protested tax payments cause revenue to be higher for FY 2003 and FY 2004.

With all these changes from year to year, the revenue changes and percent changes shown in Table 1 do not reflect an actual trend in property tax growth. For instance, removing the prior year protested payment amounts from FY 2003 and FY 2004 would make the change from FY 2002 through FY 2007 more uniform.

Forecast Methodology and Projection Calculation

The property tax projection is a combination of several forecasts. As noted above, revenue for this source comes from property tax mill levies and from non-levy revenue sources. The methodology used to forecast the revenue from the property tax mill levies involves estimating taxable values and making appropriate adjustments. Since revenues are estimated on a fiscal year basis, the revenue estimates for property tax will be based on the taxable value available for each fiscal year. The methodology used to forecast revenue from non-levy revenue sources relies on estimates of each particular revenue source. A final adjustment is made for protested property tax refunds.

Property Tax Mill Levy Revenue

There are five steps to calculate the property tax revenue generated from the 95 total mill levy and the 1.5 mill levy. They are: 1) estimate the growth rate for each class of property; 2) determine the applicable tax rate; 3) calculate the statewide fiscal year taxable value for each class of property; 4) determine the appropriate taxable value for the 95 and 1.5 mill levies, and the revenue deductions to be made to the 95 mill property tax revenue; and 5) calculate the general fund property tax revenue for the 95 and 1.5 mill levies.

Step 1: Estimate the Growth Rate for Each Class of Property

The first step in the process is to estimate growth rates for the taxable value of each property class. Historical valuation trends are generally used as the foundation for estimating future growth; adjustments are then made with the assistance of the Department of Revenue's (DOR) appraisal staff. The adjustments consider knowledge

of future construction projects, the affects of changes in tax rates or depreciation factors, along with professional judgment. A single growth rate is determined for classes 1, 2, 7, and 10 as a group. Separate growth rates are determined for classes 3, 4, 5, 8, 9, 12, and 13. An explanation of how the growth rates are determined follows.

Growth Rate for Classes 1, 2, 7, and 10

Although this group comprises four of the eleven classes of property, it represents less than 1.5% of the total taxable valuation in tax year 2004. The classes included in this group are classes 1 and 2 (net and gross proceeds of mines), class 7 (non-centrally assessed utilities), and class 10 (forest land). The total valuation of this group of property has changed very little since 1996, as shown in Table 2. In tax year 1996, the taxable value of this group was \$25,794,176. In tax year 2004 the taxable value was \$26,226,412. From 1996 to present, the valuation of this group of property has an absolute change of 1.7%, decreasing five times and increasing three times. Considering that the value of these classes has remained at a near neutral level since 1996, a 0% growth rate will be used to project future taxable value for each class of property in this group.

Table 2 Combined Taxable Value Classes 1, 2, 7, and 10		
Tax Year	Taxable Value	Annual % Chg.
1996	\$ 25,794,176	
1997	\$ 24,970,912	-3.2%
1998	\$ 25,864,878	3.6%
1999	\$ 25,710,340	-0.6%
2000	\$ 22,504,656	-12.5%
2001	\$ 27,245,683	21.1%
2002	\$ 26,747,376	-1.8%
2003	\$ 24,392,016	-8.8%
2004	\$ 26,226,412	7.5%

The Effects of Reappraisal and SB 461 on Class 3 and Class 4 Growth

As Table 3 and 4 will show, reappraisal values for class 3 agricultural land and class 4 residential and commercial real property increased significantly in tax year 2003. Tax year 2003 was a reappraisal year in the six-year reappraisal cycle for class 3 agricultural land, class 4 residential and commercial real property, and class 10 forest land. All three classes of property affected by the new reappraisal saw considerable changes in reappraisal values in tax year 2003. However, SB 461 (2003 session) mitigated the impacts due to reappraisal by adjusting the tax rates and exemption levels for classes 3 and 4. Under the provisions of SB 461, the total taxable value for classes 3 and 4 will not increase due to reappraisal; only natural growth or decline should affect taxable values. The growth rates for class 3 and class 4 are projected using historical information without the tax year 2003 reappraisal impacts.

Growth Rate for Class 3 (Agricultural Land)

Logically, there should be no growth of agricultural land. In fact, given the subdivision of agricultural land into residential land, one could expect the growth rate of agricultural land to be slightly negative. Historical reappraisal values substantiate the notion that agricultural land is declining. As Table 3 indicates, agricultural land is declining at approximately -0.1% a year. This average change of -0.1% is used to project taxable values of agricultural land into future years.

Table 3 Full Reappraisal Value Class 3		
Tax Year	Full Reappraisal	Annual % Chg.
1999	\$3,884,767,572	
2000	\$3,851,609,063	-0.9%
2001	\$3,847,752,357	-0.1%
2002	\$3,845,602,698	-0.1%
2003	\$4,477,138,879	16.4%
2004	\$4,470,737,962	-0.1%

Growth Rate for Class 4 (Residential and Commercial Real Property)

New construction adds to the valuation of class 4 property. New construction is measured using full reappraisal values. Full reappraisal values can only change from one year to the next under two scenarios: the first being if there is new construction/destruction, and the second occurs when new property appraisals are determined by the department every six years (six-year reappraisal cycle).

As is evident in Table 4, tax year 2003 was a reappraisal year. Because new property appraisals include property appreciation as well as new construction, tax year 2003 full reappraisal values of class 4 are not included in the trend to estimate future growth. Historically, the growth in class 4 property has experienced little variation. As seen in Table 4, full reappraisal values over the last reappraisal cycle (1997 to 2002) increased steadily, with an average annual growth rate of 4.0%. The change from 2003 to 2004 was an increase of 3.7%; this growth rate is similar to the average annual rate observed during the last reappraisal cycle. The historical average annual growth rate of 4.0% is used to project class 4 residential and commercial real property.

Table 4 Full Reappraisal Value Class 4		
Tax Year	Full Reappraisal	Annual % Chg.
1997	\$ 33,202,404,844	
1998	\$ 34,489,060,057	3.9%
1999	\$ 35,837,770,990	3.9%
2000	\$ 37,354,345,936	4.2%
2001	\$ 38,622,120,375	3.4%
2002	\$ 40,339,606,380	4.4%
2003	\$ 50,621,939,423	25.5%
2004	\$ 52,506,359,937	3.7%

Growth Rate for Class 5 (Rural Co-operatives and Pollution Control)

Table 5 displays the assessed value of class 5 property over an eight-year period. SB 111 (1999 session) exempted all intangible personal property, phasing out intangible personal property valuations over a three-year period from tax year 2000 through 2002. SB 111 affected classes 5, 9, 12, and 13.

To project future growth in classes 5, 9, 12, and 13, the value of intangible personal property is included in the assessed values for tax years 2000, 2001, and 2002. Including the amount of exempt intangible property provides an annual change of comparable, or *like property* from tax year 1996 through 2002. The left-hand side of Table 5 displays the assessed value of class 5 property, and the annual change *including* exempt intangible property. The right-hand side of Table 5 shows actual assessed values of class 5 for tax years 2002 through 2004. Since tax year 2002 is the first year the exemption of intangible property is fully implemented, or phased-out, tax year 2002 and subsequent years do not include any intangible property values.

Table 5				
Assessed Value - Class 5				
Tax Year	Includes Intangibles		Without Intangibles	
	Assessed Value	Annual % Chg.	Assessed Value	Annual % Chg.
1996	\$1,080,500,187			
1997	\$1,155,932,959	7.0%		
1998	\$1,151,307,080	-0.4%		
1999	\$1,247,614,156	8.4%		
2000	\$1,260,687,133	1.0%		
2001	\$1,235,677,334	-2.0%		
2002	\$1,271,962,331	2.9%	\$1,180,181,662	
2003			\$1,090,984,237	-7.6%
2004			\$1,134,276,890	4.0%

The average annual change from tax year 1996 through 2002 was an increase of 2.7%. The annual change from 2002 through 2004 was a *decrease* of 2.0%. As Table 5 illustrates, the 7.6% decrease from 2002 to 2003 was somewhat offset by the 4.0% increase in value in tax year 2004. Because the value of class 5 co-operatives and pollution control property, over the long term, has remained nearly constant, an annual change of 0.0% is used to calculate value in subsequent years.

Growth Rate for Class 8 (Business Equipment)

When examining historical assessment levels of class 8 business equipment to estimate a growth rate, there are additional factors to account for beyond total assessment levels. For example, over the years some property has been removed from class 8, such as trucks, buses, and trailers.

SB 200 (1999 session) changed the composition of class 8 by exempting from property taxation the class 8 property of those entities owning \$5,000 or less of class 8 property. Owners of class 8 property with a market value of \$5,000 or less accounted for approximately 1.5%, or about \$50 million, of the total market value of class 8 in tax year 1999.

In this analysis and in Table 6, with the exception of the exemption allowed under SB 200, property types are removed over the years so each year only includes like property for comparison. The exemption allowed under SB200 is not adjusted in this analysis because the actual value of those properties in years other than tax year 1999 is unknown.

When calculating the estimated growth of class 8, an adjustment to the historical comparison is made for the Ramsay TIF in Silver Bow County. Beginning in 1998, one company in the Ramsay TIF district has made large investments in business equipment. There are two reasons to isolate this property when projecting class 8 growth. First, this event is highly unusual and can be considered an outlier. Second, the value of the property is in the incremental taxable value of a TIF district; and, therefore, the state does not receive the 95 mill levy property tax revenue from this investment. Excluding this property from the total statewide market value will be more reflective of the overall growth of class 8 property in the state. An additional explanation of TIF incremental taxable values is found later in this report.

Table 6				
Assessed Value - Class 8 Business Equipment				
<u>Tax Year</u>	<u>Assessed Value</u>	<u>Attributed to Outlier</u>	<u>Net Assessed Value</u>	<u>Annual % Chg.</u>
1991	\$ 2,444,920,187	-	\$ 2,444,920,187	
1992	\$ 2,490,280,289	-	\$ 2,490,280,289	1.9%
1993	\$ 2,654,915,833	-	\$ 2,654,915,833	6.6%
1994	\$ 2,855,329,678	-	\$ 2,855,329,678	7.5%
1995	\$ 2,965,921,272	-	\$ 2,965,921,272	3.9%
1996	\$ 2,977,378,990	-	\$ 2,977,378,990	0.4%
1997	\$ 3,081,704,585	-	\$ 3,081,704,585	3.5%
1998	\$ 3,507,976,378	\$ 276,936,268	\$ 3,231,040,110	4.8%
1999	\$ 3,703,236,176	\$ 358,985,202	\$ 3,344,250,974	3.5%
2000	\$ 3,727,546,491	\$ 351,528,681	\$ 3,376,017,810	0.9%
2001	\$ 3,943,691,027	\$ 375,349,663	\$ 3,568,341,364	5.7%
2002	\$ 4,012,212,828	\$ 351,473,759	\$ 3,660,739,069	2.6%
2003	\$ 3,995,585,302	\$ 352,776,622	\$ 3,642,808,680	-0.5%
2004	\$ 3,989,981,886	\$ 195,577,815	\$ 3,794,404,071	4.2%

The annual changes in the assessed value of business equipment, along with the value attributed to the outlier mentioned above, are shown in Table 6. Notice that the overall value of class 8 actually decreased from tax year 2003 to 2004. However, the outlier TIF district saw a significant decrease in value of over \$140 million that is not included in the state's portion of taxable property, or the anticipated growth rate. With the exception of tax year 2003, the change in assessed values net of the outlier is positive each year. The average annual change from tax year 1991 to 2004 is an average increase of 3.4%.

Federal bonus depreciation under sections '1938' through '1944' of the federal Internal Revenue Code sunsets January 1, 2005. It is expected that businesses will alter their buying patterns to take advantage of the final year of bonus depreciation by purchasing business equipment early in tax year (calendar) 2004, purchases that normally would have been made in the following year (2005). For purposes of this analysis, an adjustment of 15% is applied to the annual average growth rate of 3.4% to project future growth in class 8. Adjusting tax year 2005 by an additional 15% yields an estimated growth rate of 3.9% (3.4% x 115%). Adjusting tax year 2006 downward by 15% yields an estimated growth rate of 2.9% (3.4% x 85%). These growth rates are used to trend class 8 business equipment forward into tax years 2005 and 2006.

Growth Rate for Class 9 (Non-Electric Generation Property of Electric Utilities)

Beginning in tax year 2000, HB 128 and HB 174 (1999 session) removed telecommunication and electric generation property from class 9 and placed it into class 13. Table 7 displays the assessed value of class 9 property since HB 128 and HB 174 were implemented in tax year 2000.

SB 111 (1999 session) exempted all intangible personal property, phasing out intangible personal property valuations from tax year 2000 through 2002. To project future growth of class 9 property, the value of intangible personal property is included in the assessed values for tax years 2000, 2001, and 2002. Including the amount of exempt intangible property provides an annual change of comparable, or *like property* from tax year 2000 through 2002. The left-hand side of Table 7 displays the assessed value of class 9 property and the annual change *including* exempt intangible property. The right-hand side of Table 7 shows actual assessed values of class 9 in tax years 2002, 2003, and 2004.

Table 7 Assessed Value - Class 9				
Tax Year	Includes Intangibles		Without Intangibles	
	Assessed Value	Annual % Chg.	Assessed Value	Annual % Chg.
2000	\$1,940,196,519			
2001	\$1,938,781,826	-0.1%		
2002	\$1,872,507,744	-3.4%	\$1,719,851,111	
2003			\$1,767,716,825	2.8%
2004			\$1,833,334,211	3.7%

As shown in Table 7, the annual change from tax years 2002 to 2003, and 2003 to 2004, are increases of 2.8% and 3.7% respectively. However, these changes are artificially high due to one-time investments. When one-time investments are removed from the tax year 2003 and 2004 totals, there is little growth. In fact, when a single one-time investment is removed from tax year 2003, the change from 2002 to 2003 is actually a *decline* of 2.0%. This reduction in value is representative of prior years. Additionally, the DOR centrally assessed appraisers do not anticipate any additional value increases

in class 9 for tax year 2005 and 2006. Accounting for historical growth, less one-time investments, class 9 is anticipated to decline slightly in future years. A growth rate of -0.1% is used to project class 9 into the future.

Growth Rate for Class 12 (Railroad and Airline Property)

Table 8 shows the assessed value of class 12 railroad and airline property for tax years 1996 to 2004. The assessed values listed on the left-hand side of Table 8 for tax years 2000 through 2002 include the value of previously taxable intangible personal property of class 12. Including the amount of exempt intangible property provides an annual change of comparable property from tax year 1999 to 2002. The right-hand side of Table 8 shows actual assessed values of class 12 from 2002 through 2004 without intangible property values.

Tax Year	Includes Intangibles		Without Intangibles	
	Assessed Value	Annual % Chg.	Assessed Value	Annual % Chg.
1996	\$ 1,022,487,417			
1997	\$ 1,078,114,897	5.4%		
1998	\$ 1,057,796,998	-1.9%		
1999	\$ 1,121,329,900	6.0%		
2000	\$ 1,168,479,418	4.2%		
2001	\$ 1,200,209,266	2.7%		
2002	\$ 1,229,203,626	2.4%	\$ 1,161,404,952	
2003			\$ 1,176,037,585	1.3%
2004			\$ 1,183,046,155	0.6%

The average annual change from 1996 through 2002 was 3.1%. However, since tax year 2002, the first year intangible property was fully exempt, the average annual growth rate has been 0.9%. The more recent growth rate of 0.9% is the annual growth rate used to trend class 12 railroad and airline property forward.

Growth Rate for Class 13 (Telecommunications and Electric Generation)

Class 13 was created in tax year 2000 by HB 128 and HB 174 (1999 session). The legislation removed telecommunication and electric generation property from class 9 and placed it into class 13. Table 9 displays the assessed value of class 13 property since its creation in tax year 2000. The assessed values listed on the left-hand side of Table 9 for tax years 2000 through 2002 include the value of exempt intangible personal property of class 13. Including the amount of exempt intangible property provides an annual change of comparable property from tax year 2000 to 2002. The right-hand side of Table 9 shows actual assessed values of class 13 from tax years 2002 to 2004 without intangible property values.

Tax Year	Includes Intangibles		Without Intangibles	
	Assessed Value	Annual %Chg.	Assessed Value	Annual %Chg.
2000	\$2,494,795,228			
2001	\$2,608,834,775	4.6%		
2002	\$2,584,822,285	-0.9%	\$2,286,414,106	
2003			\$2,041,207,238	-10.7%
2004			\$2,008,084,452	-1.6%

Historically, telecommunications and electric generation property has increased in value. However, as shown in Table 9, class 13 value has declined since tax year 2002 by more than 13%.

Telecommunications and electric generation both saw significant downturns in their respective industries, which subsequently lowered their annual appraisals. Preliminary indications are that the value of class 13 has generally stabilized since the large decrease in tax year 2003. The annual change of -1.6% from tax year 2003 to 2004 is used to forecast future levels of class 13 telecommunication and electric generation property.

Summary of Growth Rates for Each Property Class

Table 10 shows the estimated growth rate for each class of property for tax year 2005 and 2006.

Table 10			
Estimated Tax Year 2005 and 2006 Growth Rates			
Class	Description	Estimated Growth Rate	
		TY 2005	TY 2006
1	Net Proceeds of Mines	0.0%	0.0%
2	Gross Proceeds of Mines	0.0%	0.0%
3	Agricultural Land	-0.1%	-0.1%
4	Res./Comm. Real Property	4.0%	4.0%
5	Rural Co-Op/Pollution Control	0.0%	0.0%
6	Livestock	0.0%	0.0%
7	Non-centrally Assessed Utilities	0.0%	0.0%
8	Business Personal Property	3.9%	2.9%
9	Utilities	-0.1%	-0.1%
10	Forest Land	0.0%	0.0%
12	Airlines/Railroads	0.9%	0.9%
13	Telecomm. & Electric Generation	-1.6%	-1.6%

Step 2: Determine the Applicable Tax Rate for Each Class of Property

Property tax rates for each class of property are set by the Legislature and are shown on the left-hand side of Table 11. Three classes of property require consideration of other factors to determine the applicable tax rate to use in revenue estimating: class 3 agricultural land, class 4 residential and commercial, and class 12 railroads and airlines. The applicable tax rate for revenue estimation purposes is also shown in the table. The tax rate variances are briefly explained for these three classes of property under the taxable value section for each tax class.

Property Tax Class	-----Standard Tax Rate-----			-----Applicable Tax Rate-----		
	FY 05	FY 06	FY 07	FY 05	FY 06	FY 07
Class 1 - Net Proceeds	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Class 2 - Gross Proceeds	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Class 3 - Agricultural Land	3.30%	3.22%	3.14%	3.46%	3.37%	3.29%
Class 4 - Residential and Commercial	3.30%	3.22%	3.14%	3.27%	3.19%	3.11%
Class 5 - Pollution Control	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Class 7 - Non-centrally Assessed Utilities	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Class 8 - Business Equipment	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Class 9 - Pipelines and Non-Elec. Generating	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Class 10 - Forestland	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
Class 12 - Airlines and Railroads	Calculate	Calculate	Calculate	3.81%	3.75%	3.69%
Class 13 - Telecom. & Electrical Generation	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

Step 3: Determine Taxable Value for Each Class of Property

All property except classes 3, 4, and 10¹ have a full market value established January 1 of each year. Classes 3, 4, and 10 have a full reappraisal value established every six years. SB 461 (2003 session) and 15-7-111, MCA, which phases in the reappraisal values for classes 3 and 4 property over six years, must be considered when calculating taxable values for class 3 and 4.

SB 461, as shown in Table 12, in conjunction with the six-year phase-in provisions² of the law, mitigates the effects of reappraisal by increasing the tax-exempt percent for class 4, and decreases the tax rate for classes 3 and 4. This analysis assumes that SB 461 holds classes 3 and 4 existing property taxable values neutral, and that the only change in taxable value is attributable to the normal (step 1) growth rates.

Fiscal Year	Class 4 Tax Rate	Class 4 Exemption Percent	
		Residential	Commercial
2003	3.46%	31.00%	13.00%
2004	3.40%	31.00%	13.00%
2005	3.30%	31.40%	13.30%
2006	3.22%	32.00%	13.80%
2007	3.14%	32.60%	14.20%
2008	3.07%	33.20%	14.60%
2009	3.01%	34.00%	15.00%

¹ Class 10 timberland is 0.4% of the total taxable value and has a tax rate of 0.35%. This is so small that no special adjustments are discussed or made for timberland in the revenue estimate.

² The new value is phased in over six years if it is an increase in value. If the new reappraisal value is less than the prior reappraisal value, then the new value is effective immediately.

Taxable Value for Class 1, 2, 5, 7, and 10

There are no statutory changes to class 1, net proceeds of all mines except coal and metal; class 2, gross proceeds from metal mines; class 5 rural co-operatives and pollution control; class 7 non-centrally assessed utilities; and class 10 timberland. As seen in Table 13, since a growth rate of 0% has been estimated for these classes of property, the projected taxable value is held constant at their tax year 2004, or fiscal year 2005 level.

Table 13					
Taxable Value - Classes 1, 2, 5, 7, and 10					
Fiscal Year	-----Taxable Value -----				
	Class 1	Class 2	Class 5	Class 7	Class 10
A 2005	\$8,032,414	\$10,428,300	\$34,024,275	\$974,316	\$45,074,061
F 2006	\$8,032,414	\$10,428,300	\$34,024,275	\$974,316	\$45,074,061
F 2006	\$8,032,414	\$10,428,300	\$34,024,275	\$974,316	\$45,074,061

Taxable Value for Class 3 (Agricultural Land)

The taxable value of class 3 agricultural land is the combination of the estimated -0.1% growth rate, phasing-in the 2003 reappraisal values, and the reduced tax rate each year. Table 14 shows the combined impacts of the growth rate, the effects of the 2003 reappraisal cycle, and the reduced tax rate on class 3 assessed and taxable values through FY 2007. Although the assessed value of class 3 increases due to phasing-in the increase in value due to reappraisal, the increase is offset by the tax rate reduction under SB 461. As previously explained, the tax rate reduction was designed to hold the taxable value of class 3 property neutral.

Table 14						
Taxable Value - Class 3						
Fiscal Year	Assessed Value	% Chg.	Tax Rate	Applicable Tax Rate	Taxable Value	% Chg.
A 2005	\$4,044,106,892	-	3.30%	3.46%	\$139,901,823	
F 2006	\$4,146,599,241	2.53%	3.22%	3.37%	\$139,761,921	-0.10%
F 2007	\$4,248,913,674	2.47%	3.14%	3.29%	\$139,622,159	-0.10%

The applicable tax rates for agricultural land are slightly *higher* than the standard tax rates for class 3 property of 3.30% in FY 2005, 3.22% in FY 2006, and 3.14% in FY 2007. Some property in class 3 is classified as non-qualified agricultural land. This land is valued at the average grade of grazing land and has a tax rate of seven times the standard agricultural land tax rate. This causes the effective tax rate to be higher than the standard rate. The agricultural land tax rate for revenue estimation purposes is 3.46% in FY 2005, 3.37% in FY 2006, and 3.29% in FY 2007.

Taxable Value for Class 4 (Residential and Commercial Real Property)

In conjunction with the current law six-year phase in of the reappraisal value, SB 461 mitigates the effects of reappraisal on class 4 residential and commercial real property. SB 461 uses two adjustments to neutralize the increase in class 4 taxable value: the first adjustment is an increase in the exemption percent for residential and commercial property; the second is a reduction in the tax rate (both adjustments are displayed in Table 12). Since SB 461 mitigates the effects of reappraisal, the only projected change to taxable value is attributable to the estimated 4% growth rate for new construction.

Table 15 shows the net assessed value, the phased-in market value after the homestead and comstead exemptions are applied, the applicable tax rate, the taxable value, and the percent change in taxable value. The percent change in taxable value is equal to the estimated 4% growth rate.

Table 15					
Taxable Value - Class 4					
Fiscal Year	Net Assessed Value (After Exemption)	% Chg.	Applicable Tax Rate	Taxable Value	% Chg.
A 2005	\$32,949,947,401		3.269%	\$1,076,984,542	-
F 2006	\$35,122,732,016	6.6%	3.189%	\$1,120,063,924	4.0%
F 2007	\$37,467,561,306	6.7%	3.109%	\$1,164,866,481	4.0%

The applicable tax rates for class 4 property are 3.27% for FY 2005, 3.19% for FY 2006, and 3.11% for FY 2007. These tax rates are slightly lower than the standard tax rates for class 4 property of 3.30% in FY 2005, 3.22% in FY 2006, and 3.14% in FY 2007. This is because some residential property is included in the property tax assistance (low-income) program, some residential property is included in the extended property tax assistance program provided for under SB 461, golf courses are half the standard class 4 rate, and some commercial property is included in various local option abatement programs. Properties in these programs are subject to a tax rate lower than the standard tax rate, which causes the applicable tax rate to be lower than the standard tax rate.

Taxable Value for Class 8 (Business Equipment)

Class 8 business equipment is projected using the estimated growth rate of 3.9% for *tax year 2005*, and 2.9% for *tax year 2006*. The estimated total taxable value of class 8 is listed in Table 16.

Table 16					
Taxable Value - Class 8					
Fiscal Year	Assessed Value	% Chg.	Tax Rate	Taxable Value	% Chg.
A 2005	\$3,965,949,846	-	3.0%	\$118,978,495	
F 2006	\$4,105,192,195	3.5%	3.0%	\$123,155,766	3.5%
F 2007	\$4,224,242,769	2.9%	3.0%	\$126,727,283	2.9%

Notice in Table 16 that the growth from *fiscal year 2005* to *fiscal year 2006* of 3.5% does not match the anticipated *tax year* growth rate of 3.9%. Property value is always established on January 1, of the calendar year. Generally the January 1st value results in property taxes being paid in November of that calendar year, and May of the next calendar year. These payment dates correspond to the following fiscal year. However, in contrast to the other classes of property, a portion of class 8 business equipment owners pay their taxes in the first six months of the calendar year, or one fiscal year earlier.

Under the provisions of 15-16-119, MCA, owners of personal property that is not-liable to real property, such as mobile equipment, pay property taxes 30 days after assessments are mailed. This means that instead of paying taxes in November and May of the following fiscal year, they will pay the tax sometime in the spring of the current fiscal year. As a general rule, approximately 38% of personal property is not-liable to real property. The adjustment in FY 2006 is made by multiplying 62% of personal property by the current year growth rate of 3.9%, while multiplying the remaining 38% of property by the following year growth rate of 2.9%. The formula is: FY2006 growth = ((62% x 3.9%)+(38% x 2.9%))= 3.5%.

There is a significant amount of class 8 property located in tax increment districts (TIFs). Although this TIF value is included in the total taxable value of class 8 property, it cannot be included as taxable property for state purposes. When a TIF is established, the increased amounts of taxable value are identified as incremental taxable value, and all property taxes levied on the incremental taxable value are paid to the TIF district, with the exception of the university system 6 mill levy. The total taxable value of class 8, including the TIF incremental taxable value is listed in Table 16. TIF incremental taxable value amounts are discussed and removed from the calculation of state property tax revenue later in the TIF section of this report.

Taxable Value of Class 9 (Utility Property)

Class 9 is the non-electric generation property of electric utilities and the property of centrally assessed pipelines. The results of applying the -0.1% annual growth rate to class 9 property is shown in Table 17.

Table 17					
Taxable Value - Class 9					
<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>% Chg.</u>	<u>Tax Rate</u>	<u>Taxable Value</u>	<u>% Chg.</u>
A 2005	\$1,833,273,533	-	12.0%	\$219,992,824	-
F 2006	\$1,831,440,260	-0.1%	12.0%	\$219,772,831	-0.1%
F 2007	\$1,829,608,820	-0.1%	12.0%	\$219,553,058	-0.1%

Taxable Value of Class 12 (Railroad and Airline Property)

The projected taxable value for class 12 railroad and airline property is based on two factors: an annual growth rate of 0.9%; and the estimated tax rate applied to class 12 property.

The tax rate for class 12 property is a calculated average taxable rate of all non-class 12 commercial and industrial property in the state. The applicable class 12 tax rate is 3.81% for FY 2005. Historically, the class 12 tax rate has decreased every year as the effective tax rates of all other commercial property decreases. Using the estimated assessed and taxable values for commercial and industrial property, the class 12 rate is projected to be 3.75% in FY 2006 and 3.69% in FY 2007.

Table 18					
Taxable Value - Class 12					
<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>% Chg.</u>	<u>Tax Rate</u>	<u>Taxable Value</u>	<u>% Chg.</u>
A 2005	\$1,183,046,155	-	3.81%	\$45,074,061	
F 2006	\$1,193,693,570	0.9%	3.75%	\$44,763,509	-0.7%
F 2007	\$1,204,436,813	0.9%	3.69%	\$44,443,718	-0.7%

Taxable Value for Class 13 (Telecommunication and Electrical Property)

Class 13 is a class of property created by HB 128 and HB 174, both passed by the 1999 legislature. HB 128 moved utility telecommunication property previously classified in class 9 into class 13. HB 174 moved utility electrical generation property that was previously classified in class 9 into class 13. The taxable rate for class 13 property is 6% as opposed to the taxable rate of 12% for class 9 property. Taxable values for class 13 property are based on an annual growth rate of -1.6%. Table 19 shows the estimated taxable value for class 13.

Table 19					
Taxable Value - Class 13					
<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>% Chg.</u>	<u>Tax Rate</u>	<u>Taxable Value</u>	<u>% Chg.</u>
A 2005	\$2,008,084,417	-	6.0%	\$120,485,065	
F 2006	\$1,975,955,066	-1.6%	6.0%	\$118,557,304	-1.6%
F 2007	\$1,944,339,785	-1.6%	6.0%	\$116,660,387	-1.6%

Taxable Value Summary

Table 20 summarizes the taxable value for each class of property. The statewide total taxable value for tax year 2004 is \$1,780 million. For revenue estimation, tax year class 8 taxable value is converted to a fiscal year basis. Fiscal year taxable values are projected at \$1.782 million for FY 2005, \$1.826 million for FY 2006, and \$1.872 million for FY 2007. These are annual statewide increases of approximately 2.51% a year.

Table 20				
Taxable Value Summary				
<u>Property Class Description</u>	<u>Tax Year 2004</u>	<u>Fiscal 2005</u>	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>
1. Net Proceeds	\$ 8,032,414	\$ 8,032,414	\$ 8,032,414	\$ 8,032,414
2. Gross Proceeds	\$ 10,428,300	10,428,300	10,428,300	10,428,300
3. Agricultural Land	\$ 139,901,823	139,901,823	139,761,921	139,622,159
4. Res./Comm. Real Property	1,076,984,542	1,076,984,542	1,120,063,924	1,164,866,481
5. Rural Co-Op/Poll. Control	34,024,275	34,024,275	34,024,275	34,024,275
7. Non-centrally Assessed Util.	974,316	974,316	974,316	974,316
8. Business Equipment	117,240,984	118,978,495	123,155,766	126,727,283
9. Pipelines, Elec. Trans.	219,992,824	219,992,824	219,772,831	219,553,058
10. Forest Land	6,791,382	6,790,921	6,790,921	6,790,921
12. Airlines/Railroads	45,074,061	45,074,061	44,763,509	44,443,718
13. Telecomm./Elec Generation	120,485,065	120,485,065	118,557,304	116,660,387
Statewide Taxable Value	<u>\$1,779,929,986</u>	<u>\$1,781,667,037</u>	<u>\$1,826,325,481</u>	<u>\$1,872,123,313</u>
Annual Change in Total Value			2.51%	2.51%

Step 3: Calculate the 95 Mill Levy Revenue

The 95 mill levy is levied statewide. However, it cannot be applied directly to the statewide taxable values in Table 20. Two adjustments must be made to statewide taxable values before applying the 95 mills. The adjustments account for the loss in taxable value associated with TIFs, and the addition of taxable value from property receiving local abatements. After accounting for TIFs and local abatements, the 95 mills can be levied. Finally, two deductions are made to the property tax revenue generated by the 95 mills. The first deduction is to account for SB 417 personal property tax reimbursement to local governments (passed by the 1995 legislature). The second deduction is for out-of-district tuition charges under 20-5-324,MCA.

Taxable Value Adjustment 1 - Tax Increment Finance Districts (TIFs)

The taxable values in Table 20 include the incremental taxable value of property in TIFs, which must be removed for the 95 mill revenue estimate. The TIF district, rather than the state, realizes the property tax revenue generated by 95 mills levied to the incremental taxable value of a TIF. There are currently 20 TIF districts in the state. As shown in Table 21, the incremental taxable value of all TIF districts for FY 2005 is \$27,766,903.

Table 21	
TIF Incremental Value	
<u>Fiscal Year</u>	<u>Taxable Value</u>
A 2005	\$27,766,903
F 2006	\$27,905,738
F 2007	\$23,270,153

Removing disbanded (expired) districts and one-time decreases, and estimating growth of each district individually, it is anticipated that the average annual growth rate for TIF districts in FY 2006 and FY 2007 will be approximately 0.5%. However, three large TIF districts expire prior to FY 2007, and the incremental value of these districts is removed from the property tax estimate for FY 2007.

Taxable Value Adjustment 2 - Abated Property

Under Montana law, local governments have the authority to reduce the taxable value of property subject to local mill levies. For example, the business equipment for a qualified new business may be subject to a tax rate of 1.5% instead of 3%. However, this abatement does not apply to the 95 mills levied statewide. The local property tax liability will be calculated at the lower, abated tax rate, but the state property tax will be calculated with the normal tax rate.

The summary of statewide total taxable values listed in Table 20 includes the reduced taxable value of property subject to a local abatement. The abated taxable value of this property is the taxable value of the property exempt from local mills, but not exempt from statewide mills. When applying state mills, this abated taxable

Table 22	
Abated Taxable Value	
<u>Fiscal Year</u>	<u>Taxable Value</u>
A 2005	\$4,088,317
F 2006	\$4,088,317
F 2007	\$4,088,317

value is added to the statewide total. Shown in Table 22 the amount of abated taxable value for FY 2005 is \$4,088,317. For estimation purposes, the value of the abated property in future years is held at the FY 2005 level.

Deduction 1 - SB 417 Reimbursements

SB 417 (1995 session) reduced the tax rate applied to class 8 property (business equipment) from 9% to 6% over a three-year period, with the first tax rate reduction in 1996. Local governments and school districts are compensated for the loss of property tax revenue associated with SB 417 by retaining part of the 95 mill property tax revenue. So the SB 417 reimbursements are subtracted from the state estimate of the 95 mill property tax revenue. Starting in FY 2000, the reimbursements are phased out for each taxing jurisdiction at 10% of the FY 1999 amount each year. The reimbursement for FY 2000 is 90% of the FY 1999 reimbursement. The FY 2001 reimbursement is 80% of the FY 1999 reimbursement, and so on until the last reimbursement in FY 2008. Taxing jurisdictions that expire do not continue to receive a reimbursement. The SB 417 reimbursement schedule for FY1996 through FY 2009 is listed in Table 23.

Table 23	
SB 417 Reimbursement	
<u>Fiscal Year</u>	<u>Amount</u>
1996	\$2,263,486
1997	\$7,881,301
1998	\$12,201,128
1999	\$14,125,466
2000	\$12,712,919
2001	\$11,300,373
2002	\$9,887,826
2003	\$8,439,377
2004	\$7,032,814
2005	\$5,626,250
2006	\$4,185,248
2007	\$2,788,859
2008	\$1,394,430
2009	\$0

Deduction 2 – Out of District Tuition Charges

Under 20-5-324, MCA, the state pays for tuition charges of students who attend a school outside their district if they are placed in a home or institution by a state agency or court. The state’s obligation is withheld at the local level from the remittance of the 40 mill levy revenue. It is estimated that the state’s obligation is approximately \$370,000 each year.

Calculate State General Fund Property Tax Revenue Generated by 95 Mills

Table 24 on the following page shows the calculation of the general fund revenue from the 95 mill levy. First, the statewide taxable value is adjusted for the TIFs and abated property. Second, the adjusted statewide taxable value is multiplied by 95 mills. Third, SB 417 reimbursements and out-of-district tuition payments retained by local governments are deducted. The forecast is \$166.7 million in FY 2006, and \$172.9 million in FY 2007.

Table 24
General Fund Revenue from 95 Mills

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Unadjusted Statewide Taxable Value	\$ 1,781,667,037	\$ 1,826,325,481	\$ 1,872,123,313
Adjustment for TIF Valuations	(27,766,903)	(27,905,738)	(23,270,153)
Adjustment for Abated Property	4,088,317	4,088,317	4,088,317
Subtotal	\$ 1,757,988,450	\$ 1,802,508,060	\$ 1,852,941,477
Apply 95 Mills	X 0.095	X 0.095	X 0.095
Subtotal	\$ 167,008,903	171,238,266	176,029,440
Less SB417 Reimbursements	(5,626,250)	(4,185,248)	(2,788,859)
Less Out-of-District Tuition	(370,000)	(370,000)	(370,000)
State Revenue from 95 Mills	\$ 161,012,652	\$ 166,683,018	\$ 172,870,581

Calculate the 1.5 Mill Levy Property Tax Revenue

A 1.5 mill is levied on property in five counties where colleges of technology reside (Silver Bow, Cascade, Yellowstone, Missoula, and Lewis and Clark).

Table 25 shows the actual FY 2005 taxable values, along with the FY 2006 and FY 2007 estimated taxable values of the five counties. The taxable value of the five counties represents 35.3% of the statewide taxable value in FY 2005. However, because there are multiple new, or expanding large commercial projects located in these counties, it is expected that these counties will have higher growth rates than the average statewide growth (from Table 20) for the next two years. For estimation purposes, the average growth applied to the 1.5 mill counties is increased 10% over the statewide average for each year, yielding growth rates of 2.76% (2.51% x 1.10%) in FY 2006 and FY 2007.

Table 25
Projected Taxable Value for the 1.5 Mill Levy

County	----- Actual -----	----- Projected -----	----- Projected -----
	Fiscal 2005	Fiscal 2006 2.76%	Fiscal 2007 2.76%
Cascade	\$ 109,296,050	\$ 112,309,571	\$ 115,406,181
Lewis and Clark	\$ 88,021,310	\$ 90,448,242	\$ 92,942,089
Missoula	\$ 167,138,567	\$ 171,746,927	\$ 176,482,349
Silver Bow	\$ 48,172,935	\$ 49,501,164	\$ 50,866,014
Yellowstone	\$ 215,714,493	\$ 221,662,193	\$ 227,773,884
Total Taxable Value	\$ 628,343,355	\$ 645,668,096	\$ 663,470,517
Total Statewide Value	\$ 1,781,667,037	\$ 1,826,325,481	\$ 1,872,123,313
Percent of Total	35.3%	35.4%	35.4%

The counties taxable value for the 1.5 mill levy is adjusted by subtracting the TIF districts incremental taxable value and adding the taxable value of abated property, both of which are explained below.

Taxable Value Adjustment 1 - Increment Finance District (TIF) - 1.5 Mill Levy

The valuation of the TIF districts in the five college of technology counties is \$23,650,909 for FY 2005. The FY 2005 taxable value is increased by 0.5% (the estimated average annual growth rate of TIF taxable values for FY 2006 to FY 2007) to project the incremental taxable valuation of the TIF districts in FY 2006 and FY 2007. Prior to FY 2007, multiple TIF districts will expire in the five counties. After these TIF districts expire, the FY 2007 taxable value of the TIF districts is estimated at \$18.7 million.

Table 26 Value of TIFs 1.5 Mill Levy Counties	
Fiscal Year	Taxable Value
2005	\$23,650,909
2006	\$23,769,164
2007	\$18,704,440

Taxable Value Adjustment 2 - Abated Property - 1.5 Mill Levy

The taxable value of abated property in the five 1.5 mill levy counties was \$2,482,838 in FY 2005. For estimation purposes, abated taxable value of the five college of technology counties is held constant at their FY 2005 level of \$2.48 million in FY 2006 and FY 2007.

Table 27 Abated Value 1.5 Mill Levy Counties	
Fiscal Year	Taxable Value
2005	\$2,482,838
2006	\$2,482,838
2007	\$2,482,838

Calculate the General Fund Revenue for the 1.5 Mill Levy

Given the aforementioned adjustments, the property tax revenue generated by the 1.5 mill levy can now be estimated. The first step is to adjust the total taxable value of the five 1.5 mill levy counties for the values of TIFs and abated property. Then apply the 1.5 mill levy to the adjusted taxable values. Table 28 on the following page shows the 1.5 mill levy calculation. The estimated property tax revenue generated by the college of technology 1.5 mill levy is \$910,763 in FY 2005, \$936,573 in FY 2006, and \$970,873 in FY 2007.

Table 28			
Property Tax 1.5 Mill Levy General Fund Revenue			
Calculation	FY 2005	FY 2006	FY 2007
Unadjusted Taxable Value	\$ 628,343,355	\$ 645,668,096	\$ 663,470,517
Adjustment for TIF Valuations	(23,650,909)	(23,769,164)	(18,704,440)
Adjustment for Abated Property	2,482,838	2,482,838	2,482,838
Adjusted Taxable Value	\$ 607,175,284	\$ 624,381,771	\$ 647,248,915
Apply the 1.5 Mill Levy	X 0.0015	X 0.0015	X 0.0015
1.5 Mill Levy Revenue	\$ 910,763	\$ 936,573	\$ 970,873

Revenue Estimate – 95 Mill and 1.5 Mill Levy Revenue

Table 29 combines the property tax mill levy revenue from the 95 mill levy with the 1.5 mill levy for a total mill levy revenue estimate of \$161.9 million in FY 2005, \$167.6 million in FY 2006, and \$173.8 million in FY 2007. This is the property tax mill levy revenue portion of the total general fund property tax revenue estimate.

Table 29			
Property Tax 95 Mill and 1.5 Mill Levy Revenue Estimate			
Source	FY 2005	FY 2006	FY 2007
95 Mills Levied Statewide	\$161,012,652	\$166,683,018	\$172,870,581
1.5 Mill Levy	\$910,763	\$936,573	\$970,873
State Revenue - 95 and 1.5 Mill Levy	\$161,923,415	\$167,619,591	\$173,841,454

The property tax mill levy revenue estimate will be combined with the non-levy revenue estimate to produce the total property tax general fund revenue estimate. The non-levy revenue estimate is described in the next section.

Forecast Methodology and Projection - Non-Levy Revenue

Non-levy revenue is revenue that gets paid as part of property taxes, but is not a direct levy on the ad-valorem value of property. These non-levy sources of revenue are taxes paid on coal gross proceeds, federal forest reserve payments, and an all other category.

Generally, non-levy revenue is distributed to taxing jurisdictions in which the revenue is collected. The share of the non-levy revenue for a taxing jurisdiction is based on the number of mills levied by that taxing jurisdiction, in relation to the total number of mills levied by all affected taxing jurisdictions. For example, if the total mill levy in a taxing jurisdiction was 350 mills, then the state general fund would receive 27.1% (95/350) of the non-levy revenue.

The non-levy revenue sources are categorized and explained in the following order: 1) coal gross proceeds, 2) federal forest reserves, and 3) all other.

Coal Gross Proceeds

Coal gross proceeds are distributed as non-levy revenue based on mill levies, with one significant nuance. In calculating the distribution of coal gross proceeds, the mills are based on tax year 1989 mill levies. This is significant because in 1989 the total state mills levied was 45, compared to the current total of 95 mills.

In tax year 1989, the average total mill levy in areas where coal was mined totaled 107.91 mills. The state share is calculated to be 41.7% (45/107.91). Based on estimated total coal gross proceeds (calculated under the coal severance tax revenue estimate), and tax year 1989 mill levies, the state portion of non-levy revenue from coal gross proceeds is estimated to be approximately \$4.692 million in FY 2005, \$4.402 million in FY 2006, and \$4.394 million in FY 2007. Table 30 shows the estimated total amount of coal gross proceeds, and the 45 mill allocation for the general fund.

Table 30			
General Fund Non-Levy Revenue			
Coal Gross Proceeds			
Fiscal Year	Total Proceeds	45 Mill Share	45 Mill Revenue
A 2004	\$11,057,326	41.7%	\$4,610,905
F 2005	\$11,253,028	41.7%	\$4,692,513
F 2006	\$10,555,574	41.7%	\$4,401,675
F 2007	\$10,536,766	41.7%	\$4,393,831

Federal Forest Reserves

Federal forest reserves are a non-levy revenue source allocated to the 22 and 33 statewide mill levies. These are payments made by the federal government to counties where revenues were generated on national forests. By state law, the money must be allocated two-thirds to the county road fund, and the remaining third to be distributed to countywide school levies. This would include county mills levied for retirement and transportation, along with the 55 mills levied statewide. In FY 2004, it is estimated that

the 55 mills represented 59.5% of the total countywide school levies for counties that receive federal forest funds. An estimate of the amount of federal forest reserves allocated to the 55 mills is made by applying 19.83% ($59.5\% \times 33.33\% = 19.83\%$) to the total forest reserve payment.

The federal forest reserve payment was \$11.564 million in FY 2004. Federal law requires that total payments be adjusted annually by 50% of the consumer price index for rural areas. This adjustment is estimated to be 0.8%. The 55 mill share declines each year because the 55 mills are fixed, but other countywide education mills are allowed to increase. It is assumed that the other countywide education mills will increase 2.2%, the rate of inflation. Table 31 shows the forecast revenue for FY 2004 through FY 2007.

Fiscal Year	Total Payment	% Chg.	55 Mill Share	55 Mill Revenue
F 2004	\$11,564,431		19.83%	\$2,292,701
F 2005	\$11,683,927		19.40%	\$2,266,528
F 2006	\$11,777,398	0.80%	18.98%	\$2,235,480
F 2007	\$11,871,618	0.80%	18.57%	\$2,204,857

All Other Non-Levy Revenue Category

The category all other non-levy revenue consists of a multitude of revenue sources, such as penalties and interest paid on late property tax payments; BLM grazing payments; federal payments in lieu of tax (PILT); county investment earnings; and other miscellaneous sources. The total state share of revenue from these sources is expected to be \$1,550,000 for FY 2005 to FY 2007.

Centrally Assessed Protest Property Taxes

SB 294 (2003 session) required the counties to send the 95 mill levy portion, and the 6 mill levy portion of protested property tax payments made by centrally-assessed companies to the state. As of fiscal year-end 2004, it was estimated that the counties still needed to remit about \$112,000 to the state, which would come in as FY 2005 revenue. It is estimated that approximately \$490,000 will be refunded to companies, which have resolved some of the prior year protests in FY 2005. Thus, the FY 2005 impact of the centrally assessed protested taxes is -\$378,000. Of the -\$378,000, the general fund portion is -\$355,545, and the remaining -\$22,455 impacts is to the state special revenue 6 mill levy account.

Total Property Tax Revenue Estimate

The combined mill levy, and non-levy revenue property tax estimate, adjusted for protested property tax payments and refunds, is shown in Table 32. Property tax revenue is estimated at \$170.1 million in FY 2005, \$175.8 million in FY 2006, and \$182.0 million in FY 2007.

Table 32			
Summary of General Fund Property Tax Revenue			
	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Property Tax Mill Levy	\$161,923,415	\$167,619,591	\$173,841,454
Non-Levy Revenue:			
Coal Gross Proceeds	4,692,513	4,401,675	4,393,831
Federal Forest Reserves	2,266,528	2,235,480	2,204,857
All Other	1,550,000	1,550,000	1,550,000
Subtotal Non-Levy Revenue	\$ 8,509,041	\$ 8,187,155	\$ 8,148,688
Protested Property Taxes	\$ (355,545)		
Total Property Tax Revenue	<u>\$170,076,911</u>	<u>\$175,806,746</u>	<u>\$181,990,142</u>