

## PROPERTY TAX

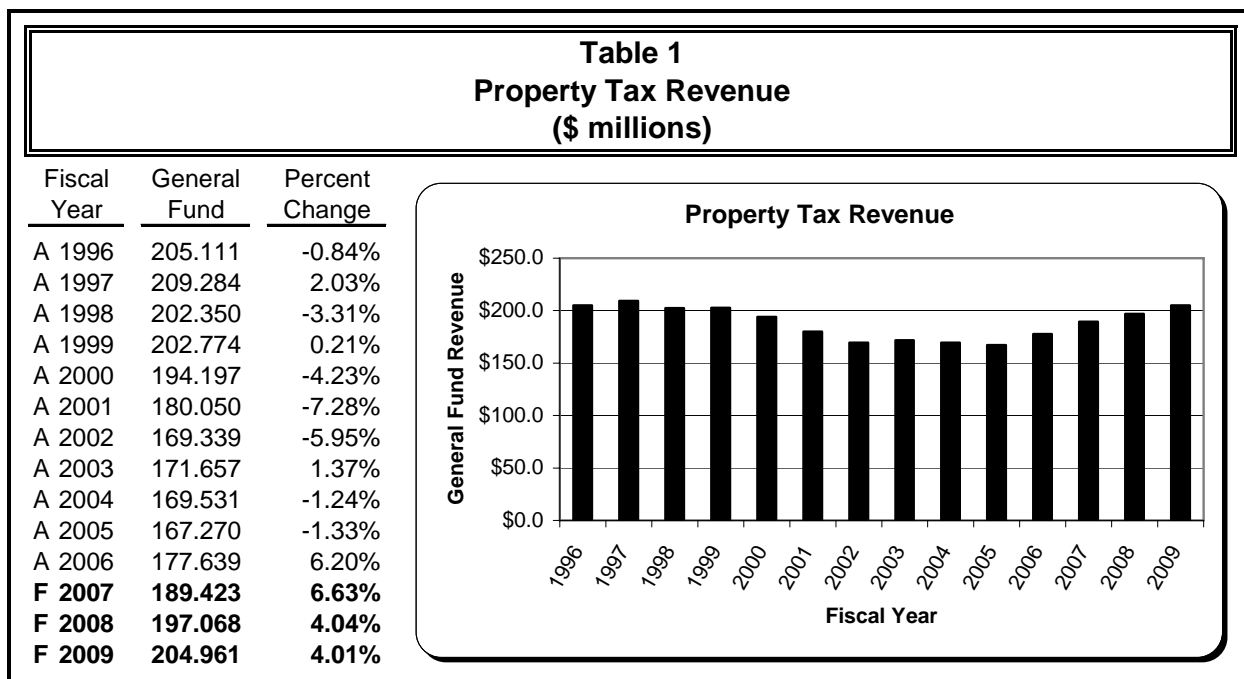
### Revenue Description

Total property tax revenue is collected directly from 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 (college of technology) 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 revenues consist of coal gross proceeds, federal forest receipts, and other smaller revenue sources.

### Historical and Projected Revenues

Table 1 shows actual general fund revenue from property tax for FY 1996 through FY 2006 and forecast revenue for FY 2007 through FY 2009.



From FY 1996 to the present, there have been many changes regarding property tax revenue. Some of these changes include certain property types being removed from taxable status, the removal of certain sources of non-levy revenue from property tax revenue, new property classes being created, and tax rates being revised. These changes have resulted in fluctuations of revenue since FY 1996. The 6.63% growth for FY 2007 is not forecast to be sustained. In fact, only three classes of property are forecast to have positive growth in FY 2008 and FY 2009, yielding property tax revenue growth rates of 4.04% in FY 2008 and 4.01% in FY 2009.

## **Forecast Methodology and Projection Calculation**

The property tax projection is a combination of several forecasts. The methodology used to forecast the revenue from the property tax mill levies involves estimating taxable values and making the 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 depends on estimates of each particular revenue source.

### **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 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 estimating property tax revenue is estimating the growth rates of the assessed 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 (DOR) appraisal staff. The adjustments depend primarily on future construction projects and the affects of changes in tax rates or depreciation factors. 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, 13, and 14.

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

This group of classes includes classes 1 and 2 (net and gross proceeds of mines), class 7 (non-centrally assessed utilities), and class 10 (forest land). Although the group comprises four of the twelve classes of property, it represents less than 1.7% of the total assessed value in CY 2006. As shown in Table 2, the collective value of class 1, 2, 7, and 10

property has fluctuated from CY 1998 to CY 2006. In CY 2005, the bentonite tax was removed from the property tax system, decreasing revenue in this group of property classes. In CY 2006, the total value of these combined property classes increased 37.3%. One-time investments due to the price of copper have greatly increased the taxable value of class 2 property. Excepting for this increase, the assessed value of these classes combined has remained stable. A 0% growth rate is used to project future assessed value for each class of property in this group.

<b>Table 2</b> <b>Assessed Value</b> <b>Classes 1, 2, 7, and 10</b>		
Cal. Year	Assessed Value	Annual % Chg.
1998	\$25,864,878.00	3.6%
1999	\$25,710,340.00	-0.6%
2000	\$22,504,656.00	-12.5%
2001	\$27,245,683.00	21.1%
2002	\$26,747,376.00	-1.8%
2003	\$24,392,016.00	-8.8%
2004	\$26,226,412.00	7.5%
2005	\$23,486,614.00	-10.4%
2006	\$32,242,309.60	37.3%

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

As Tables 3 and 4 indicate, reappraisal values for class 3 and class 4 property increased significantly in CY 2003. CY 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 forestland. All three classes of property affected by the new reappraisal saw considerable changes in reappraisal values in CY 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 can not increase due to reappraisal; only natural growth or decline may affect taxable values. The growth rates for class 3 and class 4 are projected using historical information excluding the CY 2003 reappraisal impacts.

### Growth Rate for Class 3 (Agricultural Land)

Logically, there should be no growth in the value of agricultural land. In fact, given the increasing 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 the assessed value of agricultural land in this estimate.

<b>Table 3</b> <b>Full Reappraisal Value</b> <b>Class 3</b>		
Cal. Year	Full Reappraisal	Annual % Chg.
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%
2005	\$4,457,023,294	-0.3%
2006	\$4,453,806,563	-0.1%

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

Table 4 shows the full reappraisal value of class 4 property from CY 1997 to CY 2006. Only new construction adds to the value of class 4 property during non-reappraisal years. New construction is measured using full reappraisal values. Full reappraisal values are only affected by two factors: 1) a new construction/destruction or 2) a reappraisal.

Historically, the growth in class 4 property, not including the CY 2003 reappraisal, varies little. As Table 4 shows, full reappraisal values over the last reappraisal cycle (CY 1997 to CY 2002) increased steadily, with an average annual growth rate of 4.0%. The post-reappraisal average annual growth rate, from CY 2004 to CY 2006, is 4.3%. The growth rate used for CY 2007 and CY 2008 is 4.15%, which is the average of the historical 4.0% growth rate and the more recent 4.3% growth rate.

<b>Table 4 Full Reappraisal Value Class 4</b>		
<u>Cal. Year</u>	<u>Full Reappraisal</u>	<u>Annual % Chg.</u>
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%
2005	\$54,886,911,650	4.5%
2006	\$57,425,839,592	4.6%

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

Table 5 shows the assessed value of class 5 property from CY 2002 to CY 2006. The average annual changes from CY 2002 through 2006 fluctuated from -7.6% in CY 2003 to 1.4% in CY 2006. However, over the long term, the value of class 5 property has remained relatively constant. Therefore, an annual growth rate of 0.0% is used for class 5 property.

<b>Table 5 Assessed Value - Class 5</b>		
<u>Cal. Year</u>	<u>Assessed Value</u>	<u>Annual % Chg.</u>
2002	\$1,180,181,662	
2003	\$1,090,984,237	-7.6%
2004	\$1,134,276,890	4.0%
2005	\$1,154,283,917	1.8%
2006	\$1,170,570,899	1.4%

### 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. Some property is no longer included in class 8 and other property is exempted.

SB 200 (1999 Session) exempted all class 8 property of any entities owning \$5,000 or less of property in that class. Owners of class 8 property with a market value of \$5,000 or less accounted for approximately \$50 million of the total market value of class 8 in CY 1999. SB 48 (2005 Session) increased the exemption amount from \$5,000 to \$20,000. As a result, \$160 million of the total market value of class 8 property is exempted in CY 2006. In this analysis and in Table 6, with the exception of the exemption allowed under SB 200,

property types are removed accordingly so each year only includes like property for comparison. The exemption allowed under SB 200 is not adjusted in this analysis because the actual value of those properties in years other than CY 1999 is unknown.

<b>Table 6</b>				
<b>Assessed Value - Class 8 Business Equipment</b>				
Cal. Year	Assessed Value	Attributed to Outlier	Net Assessed Value	Annual % Chg.
2000	\$3,727,546,491	\$351,528,681.00	\$ 3,376,017,810	0.9%
2001	\$3,943,691,027	\$375,349,663.00	\$ 3,568,341,364	5.7%
2002	\$4,012,212,828	\$351,473,759.00	\$ 3,660,739,069	2.6%
2003	\$3,995,585,302	\$352,776,622.00	\$ 3,642,808,680	-0.5%
2004	\$3,989,981,886	\$195,577,815.00	\$ 3,794,404,071	4.2%
2005	\$4,184,890,533	\$196,365,693.00	\$ 3,988,524,840	5.1%
2006	\$4,643,968,393	\$217,243,027.00	\$ 4,426,725,366	11.0%
Minus value attributed to one-time investments			(\$292,000,000)	
2006	(adjusted)		\$4,134,725,366	3.7%

When calculating the estimated growth of class 8 property, an adjustment to the historical comparison is made for the Ramsay tax increment finance district (TIF) in Silver Bow County. Beginning in 1998, a company in the Ramsay TIF district 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 makes the annual percent changes truer to the reality of statewide growth in the value of class 8 property.

The value of class 8 property increased 11.0% from CY 2005 to CY 2006. However, much of the increase is attributable to approximately \$292 million in one-time investments made in the natural resource sector of the economy. A refinery in Yellowstone County, oil production investments in Fallon County, and heavy corporate investments in Missoula County all contribute to this sum of \$292 million. If the one-time investments are removed the FY 2006 growth is 3.7%. Growth in the value of class 8 property is forecast to be 4.3%, which is the average annual growth rate from CY 2004 to CY 2006, using the adjusted CY 2006 growth rate.

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

Table 7 shows the assessed value of class 9 property from CY 2002 to CY 2006. The 8.6% growth in CY 2005 can be attributed to an outlier company that saw a 20% increase in assessed value in CY 2005. The average annual growth rate for class 9 property from CY 2002 to CY 2006, adjusting for the one time event in CY 2005, is 3.55%. This growth rate is used to project the value of class 9 property.

<b>Table 7</b>		
<b>Assessed Value - Class 9</b>		
<u>Cal. Year</u>	<u>Assessed Value</u>	<u>Annual % Chg.</u>
2002	\$1,719,851,111	
2003	\$1,767,716,825	2.8%
2004	\$1,833,334,211	3.7%
2005	\$1,990,999,093	8.6%
One-time 05	(\$100,000,000)	
Adjusted 05	\$1,890,999,093	3.1%
2006	\$2,070,804,959	4.0%

### Growth Rate for Class 12 (Railroad and Airline Property)

Table 8 shows the assessed value of class 12 property for CY 2002 through CY 2006. Since CY 2002, the average annual growth rate has been nearly 0%. A growth rate of 0% is therefore used to forecast the value of class 12 property in this estimate.

<b>Table 8</b>		
<b>Assessed Value - Class 12</b>		
<u>Cal. Year</u>	<u>Assessed Value</u>	<u>Annual % Chg.</u>
2002	\$ 1,161,404,952	
2003	\$ 1,176,037,585	1.3%
2004	\$ 1,183,046,155	0.6%
2005	\$ 1,183,615,589	0.0%
2006	\$ 1,171,178,046	-1.1%

### Growth Rate for Class 13 (Telecommunications and Electric Generation)

Telecommunications and electric generation businesses saw significant downturns in their respective industries in CY 2003 and CY 2004. However, both industries rebounded in CY 2005 and CY 2006. Two companies made large investments pursuant to 15-24-3001, MCA, which exempts all investments that meet the criteria of the law. A total of \$178.7 million of the growth in CY 2006 represents exempt property. When this amount is excluded, the annual percent change is 6.2% rather than 14.9% in CY 2006. There is a net decrease in the assessed value of class 13 property from

<b>Table 9</b>		
<b>Assessed Value - Class 13</b>		
<u>Cal. Year</u>	<u>Assessed Value</u>	<u>Annual % Chg.</u>
2002	\$ 2,286,414,106	
2003	\$ 2,041,207,238	-10.7%
2004	\$ 2,008,084,452	-1.6%
2005	\$ 2,048,766,060	2.0%
2006	\$ 2,354,748,573	14.9%
Exempt 06	(\$178,692,458)	
Adjusted 06	\$ 2,176,056,115	6.2%

CY 2002 to CY 2006 (adjusted). Consequently, a 0% growth rate is used to forecast the value of class 13 property in this estimate.

**Growth Rate for Class 14 (Wind Power Generation)**

Class 14, wind power generation, is a new class of property added in CY 2006. Only one wind power generation facility currently exists in Montana. As Table 10 shows, the assessed value of class 14 property in CY 2006 was \$170.4 million. No additional growth in wind power generation facilities is expected in FY 2008 or FY 2009. A 0% growth rate is therefore used to project future growth in this estimate.

<b>Table 10</b>		
<b>Assessed Value - Class 14</b>		
Cal. Year	Assessed Value	Annual % Chg.
2006	\$ 170,378,800	-

**Summary of Growth Rates for Each Property Class**

Table 11 shows the CY 2007, CY 2008, and CY 2009 estimated growth rate for each class of property. As highlighted in the table, classes 4, 8, and 9 are the only classes of property which are growing.

<b>Table 11</b>				
<b>Estimated Calendar Year 2007 and 2008 Growth Rates by Property Tax Class</b>				
Class	Description	-----Estimated Growth Rate-----		
		CY 2007	CY 2008	CY 2009
1	Net Proceeds of Mines	0.00%	0.00%	0.00%
2	Gross Proceeds of Mines	0.00%	0.00%	0.00%
3	Agricultural Land	-0.10%	-0.10%	-0.10%
4	Res./Comm. Real Property	4.15%	4.15%	4.15%
5	Rural Co-Op/Pollution Control	0.00%	0.00%	0.00%
7	Non-centrally Assessed Utilities	0.00%	0.00%	0.00%
8	Business Personal Property	4.30%	4.30%	4.30%
9	Utilities	3.55%	3.55%	3.55%
10	Forestland	0.00%	0.00%	0.00%
12	Airlines/Railroads	0.00%	0.00%	0.00%
13	Telecomm. & Electric Generation	0.00%	0.00%	0.00%
14	Wind Power Generation	0.00%	0.00%	0.00%

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

Tax rates for each class of property must be determined. Property tax rates for each class of property, set forth by law, are shown on the left-hand side of Table 12. Three classes of property require further calculations to determine the actual or applicable tax rate: class 3 agricultural land, class 4 residential and commercial, and class 12 railroads and airlines. Classes 3 and 4 have special rates which apply to sub-categories of property. Therefore, the annual tax rate is different than the standard tax rate specified in the law. The applicable tax rate is the actual overall tax rate for the class after considering the special tax rate provisions for certain property. The class 12 rate is impacted by the federal 4-R Act. The specific provisions are discussed in the next section under the appropriate class of property.

Property Tax Class	-----Standard Tax Rate-----			-----Applicable Tax Rate-----		
	FY 07	FY 08	FY 09	FY 07	FY 08	FY 09
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	3.14%	3.07%	3.01%	3.33%	3.24%	3.17%
Class 4 - Residential and Commercial	3.14%	3.07%	3.01%	3.11%	3.04%	2.98%
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	3.55%	Calculate	Calculate	3.55%	3.44%	3.35%
Class 13 - Telecom. & Electrical Generation	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Class 14 - Wind Power Generation	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

## **Step 3: Determine Taxable Value for Each Class of Property**

All property except classes 3, 4, and 10<sup>1</sup> have a full market value established January 1 of each year. Classes 3, 4, and 10 have 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 13, in conjunction with the six-year phase-in

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%

<sup>1</sup> Class 10 forestland is 0.4% of the total taxable value and has a tax rate of 0.35%. No adjustments are discussed or made for class 10 property in this revenue estimate as this amount is quite small.



provisions<sup>2</sup> of the law, mitigates the effects of reappraisal by decreasing the tax rate for classes 3 and 4 and increasing the tax-exempt percentage for class 4 residential and commercial property. 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 growth rates determined in step 1.

### 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 forestland. As seen in Table 14, since a growth rate of 0% has been estimated for these classes of property, the projected taxable value is held constant at their CY 2006, or FY 2007 level.

<b>Table 14</b>					
<b>Taxable Value - Classes 1, 2, 5, 7, and 10</b>					
Fiscal Year	-----Taxable Value -----				
	Class 1	Class 2	Class 5	Class 7	Class 10
A 2007	\$3,252,295	\$21,106,138	\$35,077,724	\$1,068,358	\$6,815,519
<b>F 2008</b>	<b>\$3,252,295</b>	<b>\$21,106,138</b>	<b>\$35,077,724</b>	<b>\$1,068,358</b>	<b>\$6,815,519</b>
F 2009	\$3,252,295	\$21,106,138	\$35,077,724	\$1,068,358	\$6,815,519

### Taxable Value for Class 3 (Agricultural Land)

Table 15 shows the combined impacts of the assessed value growth rate, the 6-year phase-in valuation effects of the 2003 reappraisal, and the reduced tax rate for class 3 property. Although the assessed value of class 3 increases due to phasing-in the 2003 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. Thus the taxable value of class 3 decreases -0.10% a year, which is the estimated growth rate.

<b>Table 15</b>						
<b>Taxable Value - Class 3</b>						
Fiscal Year	Assessed Value	% Chg.	Tax Rate	Applicable Tax Rate	Taxable Value	% Chg.
A 2007	\$4,241,065,540	-	3.14%	3.33%	\$141,002,419	-
<b>F 2008</b>	<b>\$4,343,084,032</b>	<b>2.41%</b>	<b>3.07%</b>	<b>3.24%</b>	<b>\$140,861,417</b>	<b>-0.10%</b>
F 2009	\$4,444,909,939	2.34%	3.01%	3.17%	\$140,720,555	-0.10%

The applicable tax rates for agricultural land are higher than the standard tax rates for class 3 property of 3.14% in FY 2007, 3.07% in FY 2008, and 3.01% in FY 2009. Some property

<sup>2</sup> 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.

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 seven times the standard agricultural land tax rate.

This causes the applicable tax rate to be higher than the standard rate. The agricultural land tax rate for revenue estimation purposes is 3.33% in FY 2007, 3.24% in FY 2008, and 3.17% in FY 2009.

### **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, as shown in Table 13, uses two adjustments to neutralize the increase in class 4 taxable value: 1) an increase in the exemption percent for residential and commercial property and 2) a reduction in the tax rate. Table 16 shows the net assessed value, which is 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. Since SB 461 mitigates the effects of reappraisal, the only projected change to taxable value is attributable to the estimated 4.15% growth rate for new construction.

<b>Table 16</b>					
<b>Taxable Value - Class 4</b>					
<u>Fiscal Year</u>	<u>Net Assessed Value (After Exemption)</u>	<u>% Chg.</u>	<u>Applicable Tax Rate</u>	<u>Taxable Value</u>	<u>% Chg.</u>
A 2007	\$38,042,562,762	-	3.112%	\$1,183,820,993	-
<b>F 2008</b>	<b>\$40,530,886,397</b>	<b>6.5%</b>	<b>3.042%</b>	<b>\$1,232,949,564</b>	<b>4.15%</b>
<b>F 2009</b>	<b>\$43,062,272,674</b>	<b>6.2%</b>	<b>2.982%</b>	<b>\$1,284,116,971</b>	<b>4.15%</b>

The applicable tax rates for class 4 property are 3.112% for FY 2007, 3.042% for FY 2008, and 2.982% for FY 2009. These tax rates are slightly lower than the standard tax rates for class 4 property of 3.14% in FY 2007, 3.07% in FY 2008, and 3.01% in FY 2009. This is due to: 1) residential property in the property tax assistance (low-income) program and the extended property tax assistance program having a lower tax rate; 2) golf courses being taxed at half the standard class 4 tax rate; and 3) commercial property included in local option abatement programs having a lower tax rate. As properties in these categories have a lower tax rate than the standard tax rate, the applicable tax rate is 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 4.30%. For all classes of property except class 8, property tax collected on the calendar year taxable value is the next fiscal year's revenue. (CY 2006 = FY 2007). For class 8 property, fiscal year tax payments are not based on the prior calendar year taxable value. Class 8 property

not liened to real property (38%) is taxed in the spring of the calendar year. Class 8 property liened to real property (62%) is collected in the following fiscal year when the normal property tax payments are made in November and May. Therefore FY 2008 taxable value is 62% of CY 2007 taxable value and 38% of CY 2008 taxable value. Table 17 shows the estimated total taxable value of class 8 for FY 2007 through FY 2009.

<b>Table 17</b>					
<b>Taxable Value - Class 8</b>					
<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>% Chg.</u>	<u>Tax Rate</u>	<u>Taxable Value</u>	<u>% Chg.</u>
A 2007	\$4,589,136,915	-	3.0%	\$137,674,107	-
<b>F 2008</b>	<b>\$4,772,702,392</b>	<b>4.30%</b>	<b>3.0%</b>	<b>\$143,181,072</b>	<b>4.30%</b>
<b>F 2009</b>	<b>\$4,963,610,487</b>	<b>4.30%</b>	<b>3.0%</b>	<b>\$148,908,315</b>	<b>4.30%</b>

### **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. As Table 18 shows, a 3.55% growth rate in the taxable value of class 9 property is forecast for FY 2008 and FY 2009.

<b>Table 18</b>					
<b>Taxable Value - Class 9</b>					
<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>% Chg.</u>	<u>Tax Rate</u>	<u>Taxable Value</u>	<u>% Chg.</u>
A 2007	\$2,069,334,900	-	12.0%	\$248,320,188	-
<b>F 2008</b>	<b>\$2,142,796,289</b>	<b>3.55%</b>	<b>12.0%</b>	<b>\$257,135,555</b>	<b>3.55%</b>
<b>F 2009</b>	<b>\$2,218,865,557</b>	<b>3.55%</b>	<b>12.0%</b>	<b>\$266,263,867</b>	<b>3.55%</b>

### **Taxable Value of Class 12 (Railroad and Airline Property)**

The projected taxable value for class 12 railroad and airline property is based on an annual growth rate of 0% and the estimated tax rate applied to class 12 property.

The tax rate for class 12 property is the average tax rate of all non-class 12 commercial and industrial property in the state. The applicable class 12 tax rate in FY 2007 is 3.55%. Historically, the class 12 tax rate decreases annually as the effective tax rates of all other commercial property decrease. Using the estimated assessed and taxable values for commercial and industrial property, as Table 19 shows, the class 12 rate is projected to be 3.44% in FY 2008 and 3.35% in FY 2009. This reduced tax rate results in a 3.1% taxable value decline in FY 2008 and a 2.6% decline in FY 2009.

<b>Table 19</b>					
<b>Taxable Value - Class 12</b>					
<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>% Chg.</u>	<u>Tax Rate</u>	<u>Taxable Value</u>	<u>% Chg.</u>
A 2007	\$1,171,178,046	-	3.55%	\$41,576,814	-
<b>F 2008</b>	<b>\$1,171,178,046</b>	<b>0.0%</b>	<b>3.44%</b>	<b>\$40,291,023</b>	<b>-3.1%</b>
<b>F 2009</b>	<b>\$1,171,178,046</b>	<b>0.0%</b>	<b>3.35%</b>	<b>\$39,232,188</b>	<b>-2.6%</b>

### Taxable Value for Class 13 (Telecommunication and Electrical Property)

Table 20 shows the estimated taxable value for class 13 property. The taxable rate for class 13 property is 6%. Taxable values for class 13 property are based on an annual growth rate of 0%.

<b>Table 20</b>					
<b>Taxable Value - Class 13</b>					
<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>% Chg.</u>	<u>Tax Rate</u>	<u>Taxable Value</u>	<u>% Chg.</u>
A 2007	\$2,354,748,573	-	6.0%	\$130,475,712	-
<b>F 2008</b>	<b>\$2,354,748,573</b>	<b>0.0%</b>	<b>6.0%</b>	<b>\$130,475,712</b>	<b>0.0%</b>
<b>F 2009</b>	<b>\$2,354,748,573</b>	<b>0.0%</b>	<b>6.0%</b>	<b>\$130,475,712</b>	<b>0.0%</b>

### Taxable Value for Class 14 (Wind Generation)

Table 21 shows the actual taxable value for class 14 wind generation property for FY 2007 and forecast taxable value for FY 2008 and FY 2009. Currently, all existing class 14 property qualifies for a 50% local abatement. The taxable value of class 14 property is forecast to remain the same for FY 2008 and FY 2009.

<b>Table 21</b>							
<b>Taxable Value - Class 14</b>							
<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Exempt Value</u>	<u>Net Assessed Value</u>	<u>% Chg.</u>	<u>Tax Rate</u>	<u>Taxable Value</u>	<u>% Chg.</u>
A 2007	\$170,378,800	\$85,189,400	\$85,189,400	-	3.0%	\$2,555,683	-
<b>F 2008</b>	<b>\$170,378,800</b>	<b>\$85,189,400</b>	<b>\$85,189,400</b>	<b>0.0%</b>	<b>3.0%</b>	<b>\$2,555,683</b>	<b>0.0%</b>
<b>F 2009</b>	<b>\$170,378,800</b>	<b>\$85,189,400</b>	<b>\$85,189,400</b>	<b>0.0%</b>	<b>3.0%</b>	<b>\$2,555,683</b>	<b>0.0%</b>

## Taxable Value Summary

Table 22 summarizes the taxable value for each class of property. The statewide total taxable value for FY 2006 is \$1.863 billion. Fiscal year taxable values are projected to be \$1.953 billion in FY 2007, \$2.015 billion in FY 2008, and \$2.080 billion in FY 2009. This is a taxable value growth of 4.84% in FY 2007, 3.18% in FY 2008, and 3.22% in FY 2009.

<b>Table 22</b>				
<b>Taxable Value Summary</b>				
Property Class Description	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009
1. Net Proceeds	\$2,694,216	\$3,252,295	\$3,252,295	\$3,252,295
2. Gross Proceeds	\$13,045,195	\$21,106,138	\$21,106,138	\$21,106,138
3. Agricultural Land	\$140,988,242	\$141,002,419	\$140,861,417	\$140,720,555
4. Res./Comm. Real Property	\$1,129,794,467	\$1,183,820,993	\$1,232,949,564	\$1,284,116,971
5. Rural Co-Op/Poll. Control	\$34,611,220	\$35,077,724	\$35,077,724	\$35,077,724
7. Non-centrally Assessed Util.	\$953,438	\$1,068,358	\$1,068,358	\$1,068,358
8. Business Equipment	\$127,826,928	\$137,674,107	\$143,181,072	\$148,908,315
9. Pipelines, Elec. Trans.	\$238,766,675	\$248,320,188	\$257,135,555	\$266,263,867
10. Forest Land	\$6,793,765	\$6,815,519	\$6,815,519	\$6,815,519
12. Airlines/Railroads	\$44,267,220	\$41,576,814	\$40,291,023	\$39,232,188
13. Telecomm./Elec Generation	\$122,845,989	\$130,475,712	\$130,475,712	\$130,475,712
14. Wind Power Generation	\$0	\$2,555,683	\$2,555,683	\$2,555,683
<b>Statewide Taxable Value</b>	<b>\$1,862,587,355</b>	<b>\$1,952,745,950</b>	<b>\$2,014,770,059</b>	<b>\$2,079,593,325</b>
Annual Change in Total Value		4.84%	3.18%	3.22%

### 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 22. Two adjustments must be made to the statewide taxable values before applying the 95 mills. The adjustments remove the taxable value associated with TIFs and add the taxable value from property receiving local abatements. After accounting for TIFs and local abatements, the 95 mills can be levied. Finally, a deduction is made to account for SB 417 (1995 Session) personal property tax reimbursement to local governments.

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

The taxable values in Table 22 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 23, the estimated incremental taxable value of all TIF districts is \$28,830,201 in FY 2007, \$28,497,681 in FY 2008, and \$24,873,460 in FY 2009. The estimated values for FY 2008 and FY 2009 reflect removing expired districts and projecting growth in each district individually.

**Table 23**  
**Statewide TIF Incremental Value - FY 2007 - FY 2009**

	<u>County</u>	<u>District</u>	<u>Fiscal 2007</u>	<u>Fiscal 2008</u>	<u>Fiscal 2009</u>	<u>Est. Growth</u>	
<u>College of Tech. Counties</u>	Cascade	Grt Falls-Downtown	\$3,832,568	<b>\$4,024,196</b>	<b>\$4,225,406</b>	5.0%	
	Cascade	Grt Falls-IMC	\$141,345	<b>\$148,412</b>	<b>\$155,833</b>	5.0%	
	Missoula	Msla-1-1d Renewal Dst III	\$705,908	<b>\$741,203</b>	<b>\$778,264</b>	5.0%	
	Missoula	Msla-20-3A Airport	\$1,684,954	<b>\$1,769,202</b>	<b>\$1,857,662</b>	5.0%	
	Missoula	Msla-1-1C Renewal Dst II	\$1,107,005	-	-	3.0%	
	Missoula	Msla-4-1c Renewal Dst II	\$270,856	-	-	-1.0%	
	Silver Bow	Butte-Up Tn	\$2,939,108	<b>\$3,086,063</b>	<b>\$3,240,367</b>	5.0%	
	Silver Bow	TIFID #2 (Ramsey)	\$7,289,652	<b>\$7,654,135</b>	<b>\$8,036,841</b>	5.0%	
	Yellowstone	Billings 2T1	\$4,773,037	<b>\$4,773,037</b>	-	0.0%	
	Yellowstone	Billings 2T12	\$48,097	<b>\$50,502</b>	<b>\$53,027</b>	5.0%	
			Subtotal	\$22,792,530	<b>\$22,196,249</b>	<b>\$18,294,372</b>	
	<u>Other Counties</u>	Lincoln	Riverside (Eureka)	\$10,968	<b>\$10,968</b>	<b>\$10,968</b>	0.0%
Chouteau		TIFD1 (Fort Benton)	\$16,422	<b>\$14,780</b>	<b>\$13,302</b>	-10.0%	
Deer Lodge		TID1	\$76,371	<b>\$77,555</b>	<b>\$78,757</b>	1.6%	
Deer Lodge		TID2	\$16,695	<b>\$20,034</b>	<b>\$24,041</b>	20.0%	
Gallatin		Bozeman Downtown	\$884,321	<b>\$928,537</b>	<b>\$974,964</b>	5.0%	
Flathead		Kalispell-B (2)	\$497,403	<b>\$497,403</b>	<b>\$497,403</b>	0.0%	
Flathead		Kalispell-C (3)	\$202,196	<b>\$202,196</b>	<b>\$202,196</b>	0.0%	
Flathead		Whitefish	\$4,206,878	<b>\$4,417,222</b>	<b>\$4,638,083</b>	5.0%	
Park		Livingston T-2	\$42,312	<b>\$44,428</b>	<b>\$46,649</b>	5.0%	
Park		Livingston T-1	\$84,105	<b>\$88,310</b>	<b>\$92,726</b>	5.0%	
			Subtotal	\$6,037,671	<b>\$6,301,432</b>	<b>\$6,579,088</b>	
			<b>Statewide Total</b>	<b>\$28,830,201</b>	<b>\$28,497,681</b>	<b>\$24,873,460</b>	

## 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 22 is stated at the reduced taxable value of property subject to a local abatement. When applying state mills, this abated taxable value is added to the statewide total. The amount of abated taxable value for FY 2007 is \$18,854,527, as shown in Table 24. For estimation purposes, the value of the abated property in FY 2008 and FY 2009 is held at the FY 2007 level.

**Table 24**  
**Abated Taxable Value**

<u>Fiscal Year</u>	<u>Taxable Value</u>
A 2007	\$18,854,527
<b>F 2008</b>	\$18,854,527
<b>F 2009</b>	\$18,854,527

## Deduction 1 - SB 417 Reimbursements

Table 25 shows SB 417 reimbursement amounts. SB 417 (1995 Session) reduced the tax rate applied to class 8 business equipment property 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 the county treasurer retaining part of the 95 mill property tax revenue. Thus SB 417 reimbursements are subtracted from the state estimate of the 95 mill property tax revenue which is remitted to the state. 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 25.

Table 25 SB 417 Reimbursement	
Fiscal Year	Amount
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	\$2,802,314
2008	\$1,415,586
2009	\$0

## Calculate State 95 Mill Levy Property Tax Revenue

Table 26 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 taxable value. Second, the adjusted statewide taxable value is multiplied by the 95 mills. Third, SB 417 reimbursements retained by local governments are deducted. Property tax revenue generated by 95 mills is forecast to be \$181.8 million in FY 2007, \$189.1 million in FY 2008, and \$197.0 million in FY 2009.

Table 26 Calculation of General Fund Revenue from 95 Mill Levy			
Calculation	FY 2007	FY 2008	FY 2009
Unadjusted Statewide Taxable Value	\$1,952,745,950	\$2,014,770,059	\$2,079,593,325
Subtract TIF Value	(\$28,830,201)	(\$28,497,681)	(\$24,873,460)
Add Abated Property Value	\$18,854,527	\$18,854,527	\$18,854,527
Taxable Value for 95 Mills	\$1,942,770,276	\$2,005,126,905	\$2,073,574,391
Apply 95 Mills	X 0.095	X 0.095	X 0.095
State 95 Mill Levy Revenue	\$184,563,176	\$190,487,056	\$196,989,567
Less SB 417 Reimbursements	(\$2,802,314)	(\$1,415,586)	\$0
<b>State Revenue from 95 Mills</b>	<b>\$181,760,862</b>	<b>\$189,071,470</b>	<b>\$196,989,567</b>

## 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 27 shows the actual FY 2007 taxable values and the FY 2008 and FY 2009 estimated taxable values of the five counties and the percent of statewide taxable value located in each county.

<b>Table 27</b>			
<b>Taxable Value of Counties with Colleges of Tech.</b>			
County	----- Actual -----	----- Projected -----	
	Fiscal 2007	Fiscal 2008	Fiscal 2009
Cascade	\$116,762,441	\$120,841,976	\$125,118,746
Lewis and Clark	\$95,689,867	\$99,033,152	\$102,538,077
Missoula	\$184,150,643	\$190,584,638	\$197,329,701
Silver Bow	\$62,093,086	\$64,262,541	\$66,536,885
Yellowstone	\$234,792,453	\$242,995,810	\$251,595,779
Col. of Tech. Cnty Total	<u>\$693,488,490</u>	<u>\$717,718,117</u>	<u>\$743,119,187</u>
Divide by Statewide Total	\$1,952,745,950	\$2,014,770,059	\$2,079,593,325
<b>Percent of Total</b>	<b><u>35.5%</u></b>	<b><u>35.6%</u></b>	<b><u>35.7%</u></b>
Growth Rate (plus 10%)		3.49%	3.54%

The taxable value of the five counties with a college of technology represents 35.6% of the statewide taxable value in FY 2007. 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 (shown in Table 22) for the next two years. For estimation purposes, the average growth applied to the 1.5 mill levy counties is increased 10% over the statewide average for each year, yielding growth rates of 3.49% in FY 2007 and 3.54% in FY 2008.

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

Table 28 shows the TIF value in the counties where the five colleges of technology are located. Those values are estimated to be \$22.8 million in FY 2007 and \$22.2 million in FY 2008. Prior to FY 2009, some TIF districts will expire in the five counties. After these TIF districts expire, the FY 2009 taxable value of the TIF districts is estimated to be \$18.3 million

<b>Table 28</b>	
<b>Value of TIFs</b>	
<b>1.5 Mill Levy Counties</b>	
Fiscal Year	Taxable Value
<b>F 2007</b>	<b>\$22,792,530</b>
<b>F 2008</b>	<b>\$22,196,249</b>
<b>F 2009</b>	<b>\$18,294,372</b>



## Taxable Value Adjustment 2 - Abated Property - 1.5 Mill Levy

Table 29 shows the actual taxable value of abated property in the five counties where colleges of technology are located. This value was \$5.06 million in FY 2007. For estimation purposes, abated taxable value of the five counties which have colleges of technology is held constant at the FY 2007 level in FY 2008 and FY 2009.

Table 29 Abated Value 1.5 Mill Levy Counties	
Fiscal Year	Taxable Value
A 2007	\$5,063,682
<b>F 2008</b>	<b>\$5,063,682</b>
<b>F 2009</b>	<b>\$5,063,682</b>

## Calculate 1.5 Mill Levy General Fund Revenue

To calculate the 1.5 mill levy taxable value, the total taxable value of the five counties which have colleges of technology is adjusted for the values of the TIFs and abated property. Then the 1.5 mill levy is applied to the adjusted taxable value. Table 30 shows the 1.5 mill levy calculation. The estimated property tax general fund revenue generated by the college of technology 1.5 mill levy is \$1,013,639 in FY 2007, \$1,050,878 in FY 2008, and \$1,094,833 in FY 2009.

Table 30 Property Tax 1.5 Mill Levy General Fund Revenue			
Calculation	FY 2007	FY 2008	FY 2009
Unadjusted Taxable Value	\$693,488,490	\$717,718,117	\$743,119,187
Adjustment for TIF Valuations	(\$22,792,530)	(\$22,196,249)	(\$18,294,372)
Adjustment for Abated Property	\$5,063,682	\$5,063,682	\$5,063,682
Adjusted Taxable Value	\$675,759,642	\$700,585,550	\$729,888,497
Apply the 1.5 Mill Levy	X 0.0015	X 0.0015	X 0.0015
<b>1.5 Mill Levy Revenue</b>	<b>\$1,013,639</b>	<b>\$1,050,878</b>	<b>\$1,094,833</b>

## Revenue Estimate – 95 Mill and 1.5 Mill Levy Revenue

Table 31 combines the 95 and the 1.5 mill levy property tax revenue. In CY 2005, \$2.527 million, which is 50% of the protested general fund property tax revenue, was deposited in the state protested property tax account. This amount is subtracted from the property tax revenue for FY 2007 through FY 2009. The property tax mill levy revenue estimate is \$180.2 million in FY 2007, \$187.6 million in FY 2008, and \$195.6 million in FY 2009.

Table 31 Property Tax 95 Mill and 1.5 Mill Levy Revenue Estimate			
Source	FY 2007	FY 2008	FY 2009
95 Mills Levied Statewide	\$181,760,862	\$189,071,470	\$196,989,567
1.5 Mill Levy	<u>\$1,013,639</u>	<u>\$1,050,878</u>	<u>\$1,094,833</u>
Property Tax before Protested Taxes	\$182,774,501	\$190,122,348	\$198,084,400
Protested Property Taxes	(\$2,526,724)	(\$2,526,724)	(\$2,526,724)
State Revenue - 95 and 1.5 Mill Levy	<u>\$180,247,777</u>	<u>\$187,595,624</u>	<u>\$195,557,676</u>

## 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 all other non-levy sources of revenue. Generally, non-levy revenue is distributed to a taxing jurisdiction 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, 15-23-703, MCA, prescribes that number of statewide mills in 1989 be used. This is significant because in 1989 the total state mills levied was 45, compared to the current total of 95 mills.

Table 32 shows the estimated coal gross proceeds and the 45 mill allocation for the general fund. In CY 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 in the coal severance tax revenue estimate), and CY 1989 mill levies, the state portion of non-levy revenue from coal gross proceeds is estimated to be \$5.3 million in FY 2007, \$5.5 million in FY 2008, and \$5.4 million in FY 2009.

<b>Table 32</b>			
<b>General Fund Non-Levy Revenue</b>			
<b>Coal Gross Proceeds</b>			
Fiscal Year	Total Proceeds	45 Mill Share	45 Mill Revenue
A 2006	\$11,952,541	41.7%	\$4,984,210
<b>F 2007</b>	<b>\$12,637,883</b>	<b>41.7%</b>	<b>\$5,269,997</b>
<b>F 2008</b>	<b>\$13,229,441</b>	<b>41.7%</b>	<b>\$5,516,677</b>
<b>F 2009</b>	<b>\$12,939,738</b>	<b>41.7%</b>	<b>\$5,395,871</b>

### Federal Forest Reserves

Table 33 shows general fund revenue from federal forest reserves. Federal forest reserve payments are made by the federal government to counties where revenues were generated on national forests.

Federal forest reserves are a non-levy revenue source based on the 22 and 33 statewide mill levies. By state law, the money derived from federal forest reserves must be allocated two-thirds to the county road fund, and the remaining third is distributed to countywide school levies. This includes any county mills levied for retirement and transportation, along with the 55 mills levied statewide. In FY 2005, it is estimated that the 55 mills represented

61.04% 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 20.35% (61.04% x 33.33% = 20.35%) to the total forest reserve payment.

For FY 2005 and FY 2006 the total payment increased 1.9% and 2.4% respectively. A 2.0% annual growth rate in the total payment is used to project total federal forest reserve payments for FY 2007 through FY 2009. General fund federal forest reserve revenue is forecast to be \$2.5 million in FY 2007, \$2.6 million in FY 2008, and \$2.6 in FY 2009.

<b>Table 33</b>				
<b>General Fund Non-Levy Revenue</b>				
<b>Federal Forest Reserves</b>				
<u>Fiscal Year</u>	<u>Total Payment</u>	<u>% Chg.</u>	<u>55 Mill Share</u>	<u>55 Mill Revenue</u>
A 2004	\$11,683,926	1.84%	20.35%	\$2,292,701
A 2005	\$11,906,450	1.90%	20.35%	\$2,422,963
A 2006	\$12,192,700	2.40%	20.35%	\$2,481,214
<b>F 2007</b>	<b>\$12,436,554</b>	<b>2.00%</b>	20.35%	<b>\$2,530,839</b>
<b>F 2008</b>	<b>\$12,685,285</b>	<b>2.00%</b>	20.35%	<b>\$2,581,455</b>
<b>F 2009</b>	<b>\$12,938,991</b>	<b>2.00%</b>	20.35%	<b>\$2,633,085</b>

### 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; federal payments in lieu of tax (PILT); county investment earnings; and other miscellaneous sources. In FY 2007 federal BLM grazing permits are no longer included in other non-levy revenue as per 17-3-222, MCA. The total state share of revenue from the remaining sources is forecast to remain steady at the FY 2006 level of \$1,374,099 for FY 2007 through FY 2009.

### General Fund Property Tax Revenue

The combined mill levy and non-levy revenue property tax estimate is shown in Table 34. Property tax revenue is estimated to be \$189 million in FY 2007, \$197 million in FY 2008, and \$205 million in FY 2009.

<b>Table 34</b>			
<b>Summary of General Fund Property Tax Revenue</b>			
	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Property Tax Mill Levy	\$180,247,777	\$187,595,624	\$195,557,676
Non-Levy Revenue:			
Coal Gross Proceeds	\$5,269,997	\$5,516,677	\$5,395,871
Federal Forest Reserves	\$2,530,839	\$2,581,455	\$2,633,085
All Other	\$1,374,099	\$1,374,099	\$1,374,099
Subtotal Non-Levy Revenue	\$9,174,935	\$9,472,231	\$9,403,055
<b>Total Property Tax Revenue</b>	<b>\$189,422,712</b>	<b>\$197,067,855</b>	<b>\$204,960,731</b>