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TO: Gene Walborn, BIT

FROM: Emily Klungvedt, Tax Policy and Research

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RE: Tax Year 2014 Class 12 Taxable Percentage Rate

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The tax year 2014 taxable percentage rate for class 12 property is **3.28%**.

Per 15-6-145, MCA, the Department of Revenue shall calculate the taxable percentage rate for class 12 property annually by:

1. conducting a sales assessment ratio for class 4 commercial and industrial property;
2. multiplying this ratio by the total class 4 commercial and industrial taxable value;
3. adding this product to the taxable value of other non-class 12 commercial property; and
4. dividing this adjusted total taxable value by the total statewide market value of all non-class 12 commercial property.

The tax year 2013 sales assessment ratio of class 4 commercial and industrial property is 55.31%. The class 4 commercial and industrial taxable value is adjusted downwards to account for the statutory reduction in the taxable percentage rate from 2.54% in 2013 to 2.47% in 2014. This adjusted class 4 commercial and industrial taxable value is \$330,385,491. The sales ratio adjusted total class 4 commercial and industrial taxable value is \$182,736,215 (55.31% x \$330,385,491 = \$182,736,215).

Class of Property	Taxable Value Before Equalization	Class 4 Sales Ratio	Adjusted Taxable Value
Class 4 Commercial and Industrial	330,385,491	55.31%	182,736,215

The total adjusted taxable value of non-class 12 commercial property is \$919,792,573. The total market value of non-class 12 commercial property is \$28,056,210,818. The tax year 2014 taxable percentage for class 12 property is 3.28% ($\$919,792,573 / \$28,056,210,818 = 3.28\%$).

Because the certification of tax year 2014 property values occurs in August of 2014, the information used in this computation are certified tax year 2013 values. Once the 2014 certification is complete, the department will recalculate the class 12 percentage and if the

recalculated percentage differs from 3.28% by more than 5%, the department will provide notification of the new class twelve percentage by September 1, 2014.

The following table showing the contribution of each class of property to the class 12 taxable percentage rate:

Class 12 Tax Rate - Tax Year 2014			
Class of Property	Market Value	Taxable Value (with Class 4 Adj.)	Effective Tax Rate
Class 4 Commercial and Industrial	13,529,408,711	182,736,215	1.35%
Class 7	15,023,030	1,201,841	8.00%
Class 8	7,288,757,169	178,552,310	2.45%
Class 9	2,947,229,534	353,629,742	12.00%
Class 13	3,250,008,801	186,770,184	5.75%
Class 14	1,025,783,573	16,902,281	1.65%
Total	28,056,210,818	919,792,573	3.28%