



Fiscal History of the 1999 Retail Telecommunication Excise Tax Act

July 19, 2012

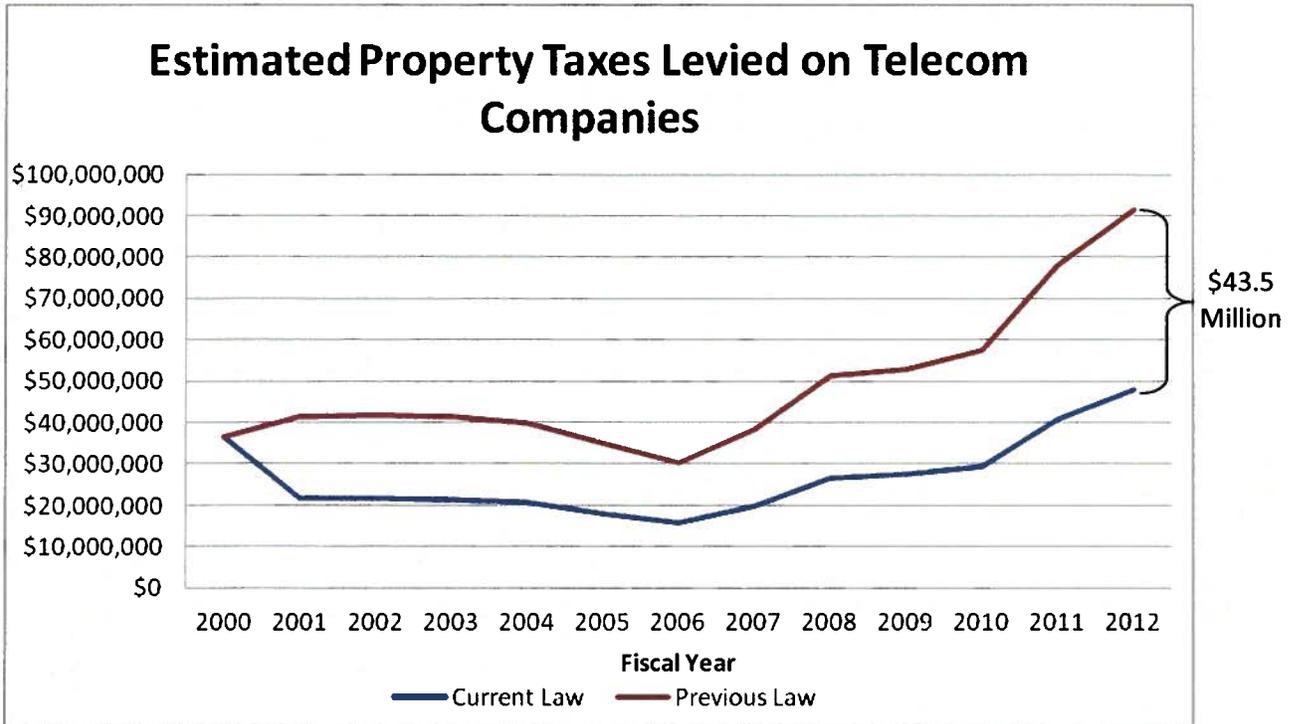
The attached charts display the impact on telecommunication companies by the "Retail Telecommunications Excise Tax Act" (HB 128) passed by the 1999 legislature.

HB 128 moved centrally assessed telecommunication property from class 9 to class 13, which reduced the property tax rate from 12% of market value to 6% of market value. HB 128 also created the retail telecommunication excise tax to replace the telephone company license tax.

Estimated Property Taxes Levied on Telecom Property Under Current and Previous Law

Fiscal Year	Current Law		Previous Law	
	Taxable Value	Taxes Levied	Taxable Value	Taxes Levied
2000	\$81,865,820	\$36,574,520	\$81,865,806	\$36,574,520
2001	\$45,908,429	\$21,564,533	\$91,816,850	\$41,492,489
2002	\$43,476,700	\$21,653,896	\$86,953,383	\$41,664,433
2003	\$40,666,778	\$21,453,035	\$81,333,560	\$41,277,955
2004	\$37,072,768	\$20,686,322	\$74,145,537	\$39,802,717
2005	\$31,923,688	\$18,077,737	\$63,847,380	\$34,783,518
2006	\$27,527,167	\$15,781,443	\$55,054,313	\$30,365,199
2007	\$33,982,354	\$19,859,231	\$67,964,747	\$38,211,303
2008	\$46,124,526	\$26,573,320	\$92,249,070	\$51,129,936
2009	\$46,945,445	\$27,375,633	\$93,890,886	\$52,673,674
2010	\$50,078,112	\$29,521,248	\$100,156,205	\$57,329,977
2011	\$66,515,352	\$40,698,604	\$133,030,676	\$78,080,819
2012	\$77,730,637	\$47,765,825	\$155,461,191	\$91,319,665
Total	-	\$347,585,347	-	\$634,706,204

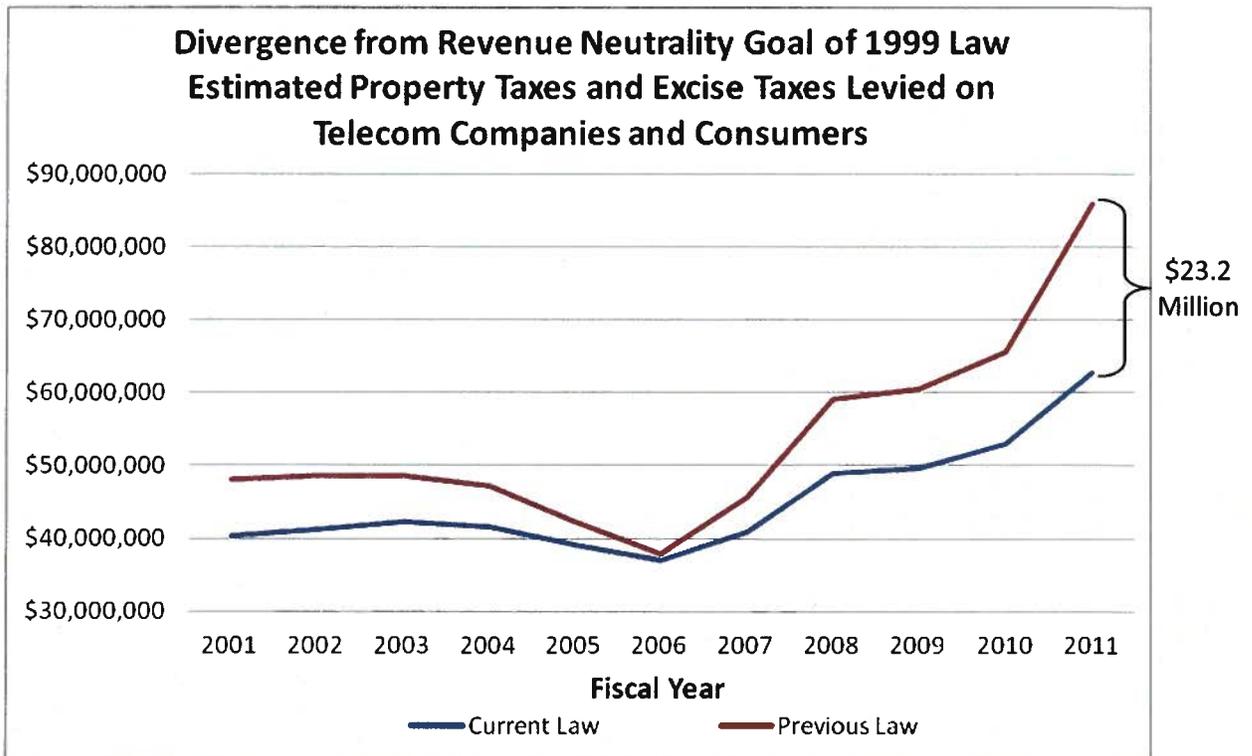
Estimated telecom property tax change = (\$287,120,857)



**Estimated Property Taxes and Excise Taxes Levied on Telecom Companies and Consumers
Under Current and Previous Law**

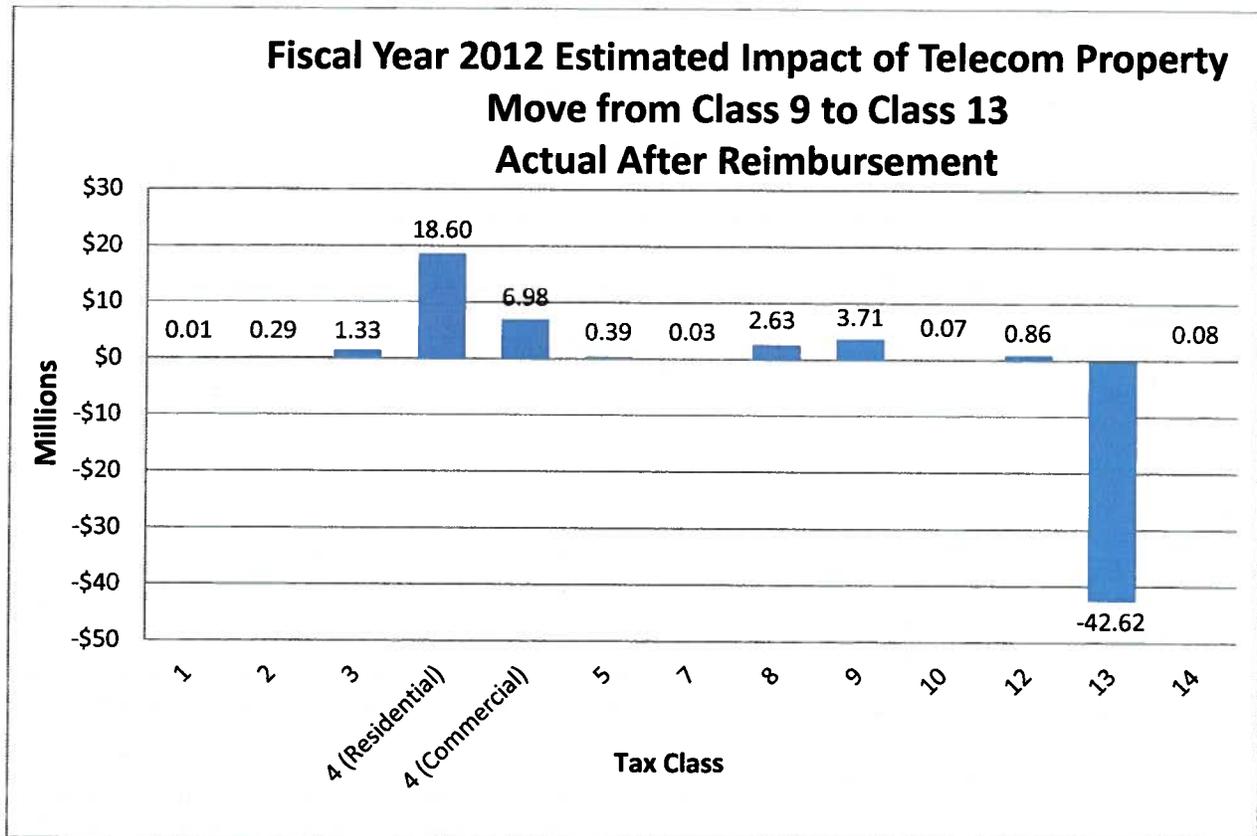
Fiscal Year	Current Law Collections			Previous Law Collections		
	RTET Actual Collections	Property Taxes Levied	Current Law	TCLT		Previous Law
				Estimated Collections	Property Taxes Levied	
2001	\$18,838,200	\$21,564,533	\$40,402,733	\$6,650,000	\$41,492,489	\$48,142,489
2002	\$19,593,501	\$21,653,896	\$41,247,397	\$6,916,626	\$41,664,433	\$48,581,059
2003	\$20,804,524	\$21,453,035	\$42,257,559	\$7,344,124	\$41,277,955	\$48,622,079
2004	\$20,890,335	\$20,686,322	\$41,576,657	\$7,374,416	\$39,802,717	\$47,177,133
2005	\$21,144,420	\$18,077,737	\$39,222,157	\$7,464,110	\$34,783,518	\$42,247,628
2006	\$21,208,947	\$15,781,443	\$36,990,390	\$7,486,888	\$30,365,199	\$37,852,088
2007	\$21,065,843	\$19,859,231	\$40,925,074	\$7,436,372	\$38,211,303	\$45,647,675
2008	\$22,350,323	\$26,573,320	\$48,923,643	\$7,889,801	\$51,129,936	\$59,019,736
2009	\$22,250,383	\$27,375,633	\$49,626,016	\$7,854,522	\$52,673,674	\$60,528,195
2010	\$23,523,474	\$29,521,248	\$53,044,722	\$8,303,930	\$57,329,977	\$65,633,907
2011	\$22,049,967	\$40,698,604	\$62,748,571	\$7,783,773	\$78,080,819	\$85,864,593
Total	\$233,719,917	\$263,245,002	\$496,964,919	\$82,504,562	\$506,812,019	\$589,316,582

Estimated cumulative tax change = (\$92,351,663)



**Estimated Property Tax Shift Caused by Moving Telecom Property From
Class 9 to Class 13 - Fiscal Year 2012 Impact**

Tax Class	Property Tax Current Law	Property Tax Previous Law	Tax Effect of Class Change	Percent Change Due to Law Change
1	\$1,579,743	\$1,565,592	\$14,151	0.9%
2	\$12,030,116	\$11,740,953	\$289,163	2.5%
3	\$71,507,755	\$70,176,872	\$1,330,883	1.9%
4 (Residential)	\$612,902,102	\$594,306,527	\$18,595,574	3.1%
4 (Commercial)	\$197,085,356	\$190,107,135	\$6,978,221	3.7%
5	\$18,521,336	\$18,129,531	\$391,805	2.2%
7	\$750,269	\$725,182	\$25,087	3.5%
8	\$91,839,479	\$89,206,393	\$2,633,087	3.0%
9	\$145,055,278	\$141,349,329	\$3,705,949	2.6%
10	\$3,050,325	\$2,978,750	\$71,575	2.4%
12	\$35,449,191	\$34,586,326	\$862,864	2.5%
13	\$85,242,441	\$127,860,131	-\$42,617,690	-33.3%
14	\$4,246,785	\$4,168,919	\$77,866	1.9%





Montana Department of Revenue

Estimated Total Cumulative Cost of RTET and Property Tax Shift Caused by 1999 Tax Reduction : TY 2000 - TY 2011

Tax Change	<u>Cost Per Homeowner</u>	<u>Cost Per Main Street Business Owner</u>
1999 Property Tax Shift	\$390	\$1,396
1999 RTET	<u>\$514</u>	<u>\$60</u>
Total	\$904	\$1,455