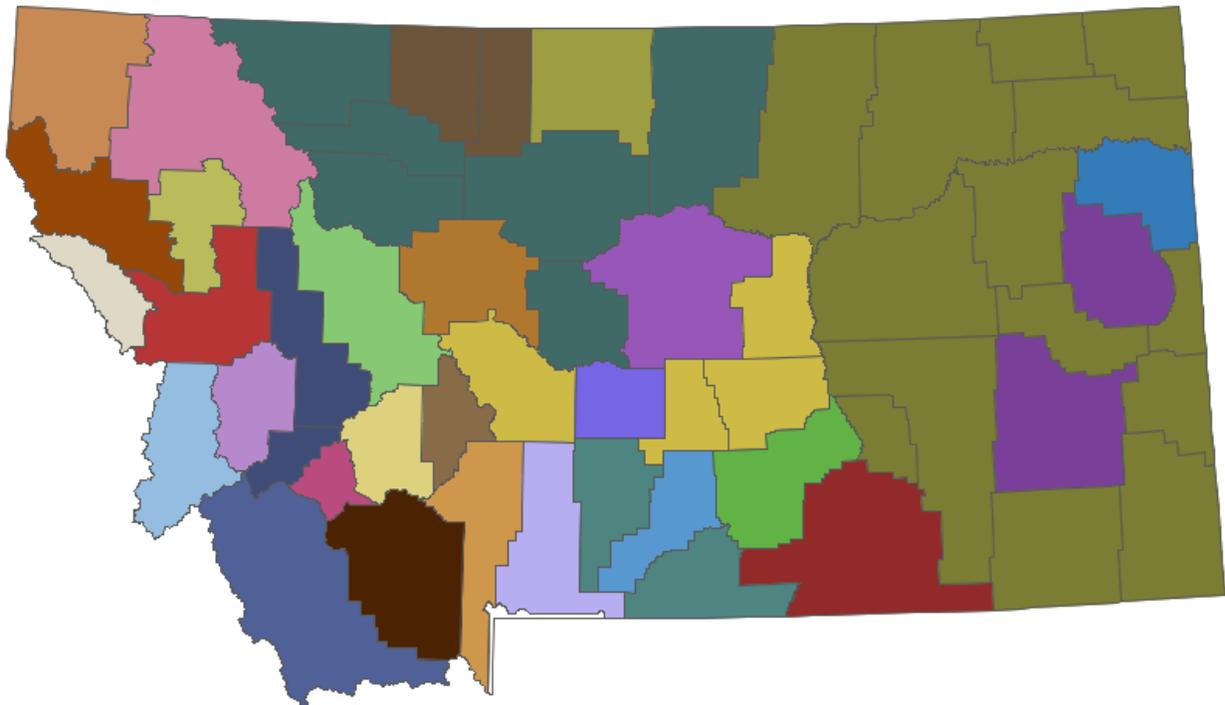


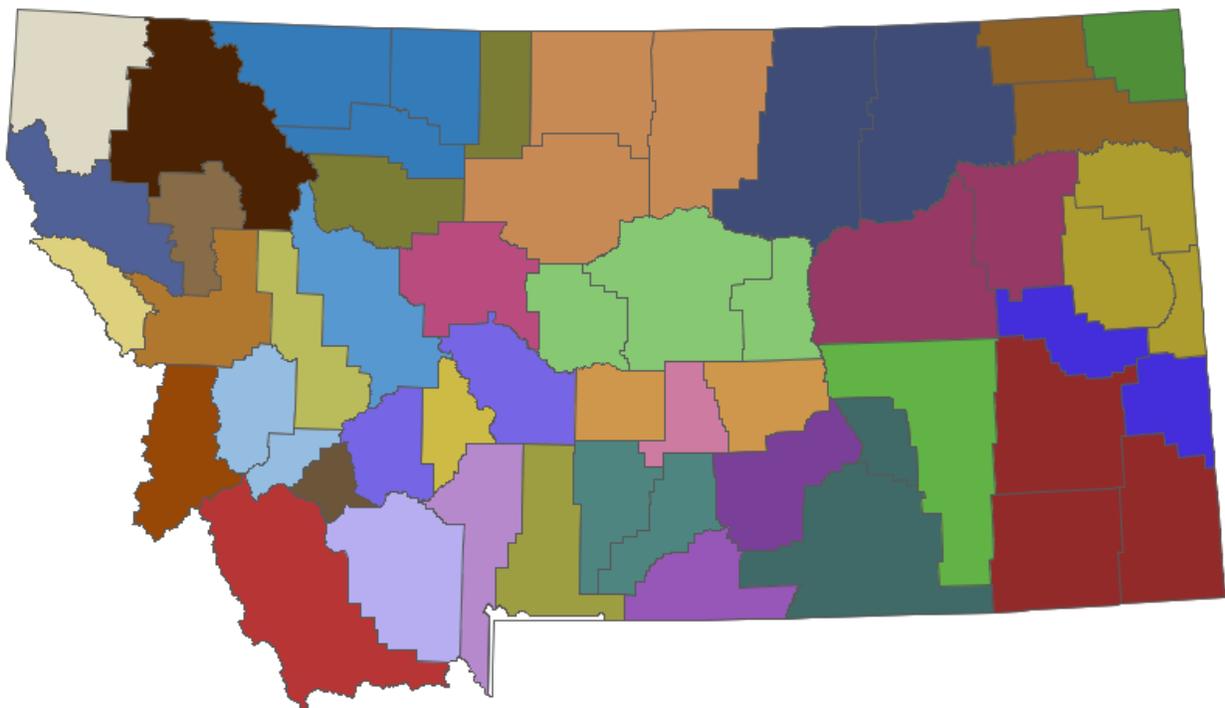
Market Value Assumptions

Ag Land-Agricultural land changes were calculated on a class code basis using the prices adopted by the Ag Land Advisory Committee and other statewide changes.

Residential-Regional models were developed by Bob Gloudemans and were the basis for the countywide residential growth estimates. The sales for multi-jurisdictional models were assumed to be evenly distributed between the counties in a given multi-jurisdictional model. A sales weighted average was then calculated for each county based on Gloudemans model growth rates. Below is a map attempting to show which counties are treated as a group (the colors only represent shared growth rates between counties and do not represent the magnitudes of growth). As the map shows, several of the Eastern Montana counties are grouped together, as well as a number of counties in the North Central region of the state.



Commercial-Changes in commercial property were estimated by comparing commercial sales data used for the annual class 12 calculations to the 2008 reappraisal value currently in the property tax database for those properties. Some counties were grouped together in a similar manner as the residential analysis above. The following map is an attempt to show those groupings in the same way as the previous map.



Forest land-Changes in forest valuations were calculated separately by DOR Property Assessment Division staff.

All other classes- All other classes of property were estimated to grow at rates determined by the Legislative Fiscal Division in their estimate of General Fund revenues.

Additionally, LFD forecasts for property growth for classes 3, 4, and 10 were applied as a proxy for underlying statewide growth.

Mill Levies and Budgets.

Mill levies were separated into three groups:

1. County and School Mills
2. City Mills
3. State Mills

Initial budgets were estimated based on the TY 2013 Taxes Levied Report and will be updated with TY 14 data shortly.

County and school budget growth is a weighted average growth rate of school and county governments.

County government budgets are assumed to grow at $\frac{1}{2}$ the prior three years' average inflation. Inflation is estimated to remain constant.

Estimated school budget growth rates were provided by the Governor's Office of Budget and Program Planning.

City government budgets are assumed to grow at the same rate as county governments.

State mills are assumed to stay the same over the forecast period.

Other Assumptions

TY 2014 property data was divided into city and "non-city" regions within each county in order to estimate the shift in mill levies for each city and rural area separately. This was done as the millage level in rural areas (where agricultural property is likely to be) tends to be lower than in incorporated areas.

TY 2014 estimates for median home value were calculated by summarizing the value of land and improvements by property number. Properties without improvements were excluded. Properties with less than \$35,000 worth of value were excluded. The midpoint of the remaining properties was chosen in each county.