Tax Structure and Trends

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Introduction

The Department of Revenue collects state taxes and values property for state and local property taxes. These taxes provide funding for state and local governments, local schools, and the state university system. This section of the Biennial Report puts the department's tax-related activities in context by summarizing state and local government finance in Montana, and by comparing Montana's tax system to those of other states.

After a brief introduction to state and local government finance in Montana, the section presents:

- a breakdown of spending by state and local governments, including school districts, showing the sources of funds for that spending
- a summary of all the taxes the Department of Revenue collects or administers
- a history of tax collections, with taxes combined into four broad groups
- a comparison of state and local taxes in Montana to taxes in other states.

Government Functions and Revenue Sources

Governments provide services to individuals, businesses, and other entities in their jurisdictions. Governments also raise the revenue to pay for those services in a variety of ways.

In the United States, private businesses and non-profit groups provide many of the goods and services that people want. Businesses provide goods and services that can be sold to their customers at a profit. Nonprofit groups provide goods and services that donors and customers are willing to pay for or volunteers are willing to provide.

Governments provide other services that lawmakers have concluded their constituents want and are willing to finance. These services, such as police and fire protection, are designed to benefit everyone in the community. Governments also provide services, such as road systems, where the costs of charging individual users and excluding those who don't pay are prohibitive. In other cases, governments deliver services such as sewer systems, where benefits such as public health are obtained only if everyone participates. Governments also provide services, such as the education of children, to ensure that these services are available to everyone regardless of their ability to pay.

Governments pay for these services by raising revenue from various sources, such as the collection of taxes, user fees, interest, the selling of property, and transfers from other governments.

Taxes are payments to a government that are not made in exchange for a good or service. Examples are income and property taxes. The amount of the tax paid generally depends on certain characteristics of the taxpayer; for example, the result may be based on the taxpayer's income or property value. Tax revenue may be earmarked for specific uses or deposited into the government's general fund.

Fees are payments that are made in exchange for goods or services. Tuition at a state college and charges for filing legal documents are fees. The amount of the fee generally depends on the service received, not on the person receiving it.

Governments also receive revenue from normal business transactions. For example, governments earn interest on investments and from the sale of surplus property. Local governments often operate utilities that may sell water, electricity, or natural gas.

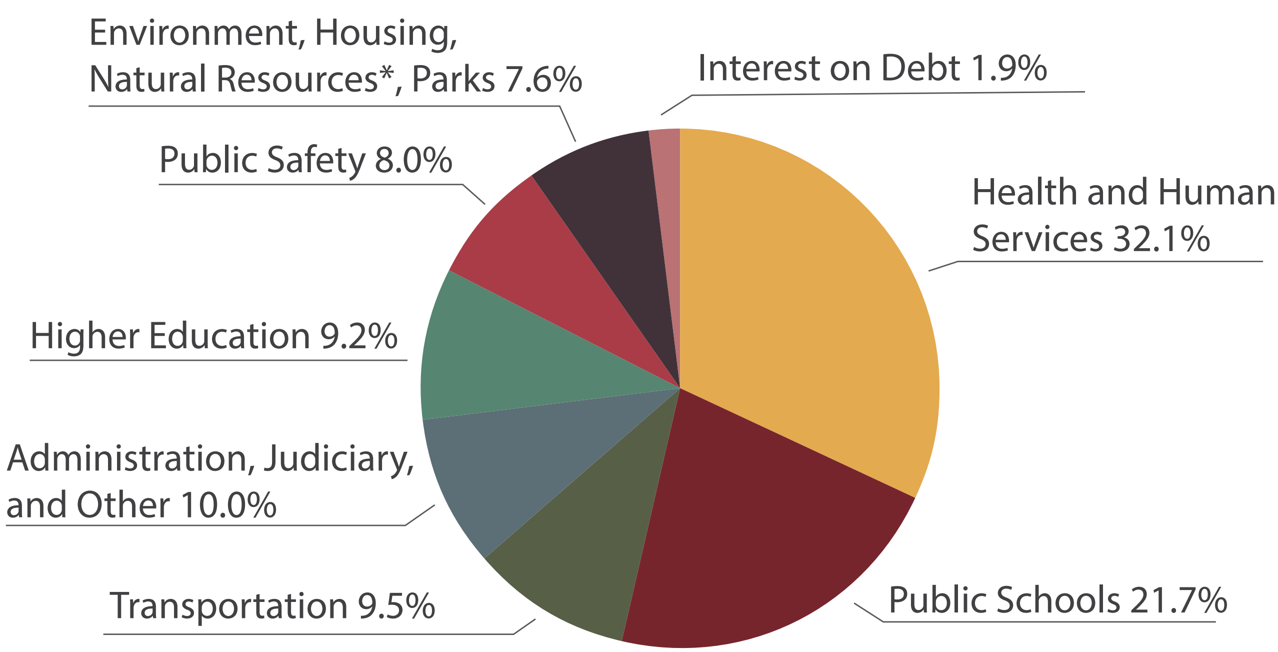
State and local governments receive intergovernmental transfers from the federal government, while local governments also receive transfers from state governments. These transfers include federal payments to states for Medicaid and state support for local school districts. In Montana, transfers include entitlement share payments from the state to local governments.

State and Local Government Finance in Montana

State and Local Spending

The chart below shows the percentage of state and local spending in Montana in each of eight general categories for the fiscal year (FY) ending June 30, 2022[1]. Education, including public schools and the university system, accounts for one-third of total spending. Health and Human Services accounts for a little less than one-third of total spending. This includes Medicaid, public health programs, and income support programs. Other categories make up smaller shares of total spending.

Figure 2.1 Detailed State and Local Spending in Montana, Fiscal Year 2022



** Natural Resources are aid for: forests and grasslands; soil, water, and energy conservation; flood prevention and drainage; fish and wildlife management; and mine reclamation and safety.*

1 In this section, information on combined state and local spending, and state and local revenue from all sources, is from the U.S. Census Bureau's annual survey of state and local governments. This is the only source for combined state and local data that is collected consistently across states. For comparisons between states, it is important to use combined state and local data because taxing and spending are divided differently between state and local governments in different states. The most recent fiscal year for which the Census Bureau has compiled data is 2022. Information on Montana state and local tax collections through Fiscal Year 2024 is from the state accounting system and Department of Revenue records.

More than half of total state and local government spending occurs at the state level, and less than half at the local level. Table 2.1, below shows the breakdown for Fiscal Year 2022. It shows direct spending to provide government services. It excludes state transfers of funds to local governments and school districts because those amounts are accounted for in local spending.

Table 2.1 State and Local Government Direct Expenditures on Government Services – FY 2022

	$ million	% of Total
State Direct Expenditures (Excludes Transfers to Local Governments and School Districts)	$6,699	58%
Local Expenditures	$4,811	42%
Total	**$11,510**	**100%**

The two charts on the following page (Figure 2.2 and Figure 2.3) show state and local spending separately. Figure 2.2, shows state spending, including transfers to local governments and school districts, as well as direct spending. Figure 2.3, shows local spending.

Nearly 20 percent of state spending is comprised of transfers to local governments, school districts, and public schools.

The transfers to local governments include the local share of state-collected taxes, primarily from the oil and gas production tax, and from Entitlement Share payments. The local share of oil and gas tax was originally classified as a local tax. In the 1990s, the legislature combined state and local taxes on oil and gas production into a single state-collected tax, with revenue split between the state and local taxing jurisdictions. Before 2001, many revenue sources, including gambling taxes and motor vehicle license fees, were divided between the state and local governments. HB 124, passed by the 2001 Legislature, moved the collection of most of these taxes and fees to the state and replaced the local revenue collection activity with formula-based Entitlement Share payments.

The transfers to school districts include direct state payments for education, along with school districts' shares of state-collected taxes.

Direct spending for public schools is primarily local, accounting for almost half of local spending. Higher education spending is almost all at the state level, accounting for 12.4 percent of state spending. Health and human services spending is significant at both the state and local level, accounting for 41.7 percent of state spending and 7.0 percent of local spending. Spending for other functions also occurs at both levels. This includes transportation, public safety, and general government administration.

Figure 2.2 State Spending in Montana FY 2022

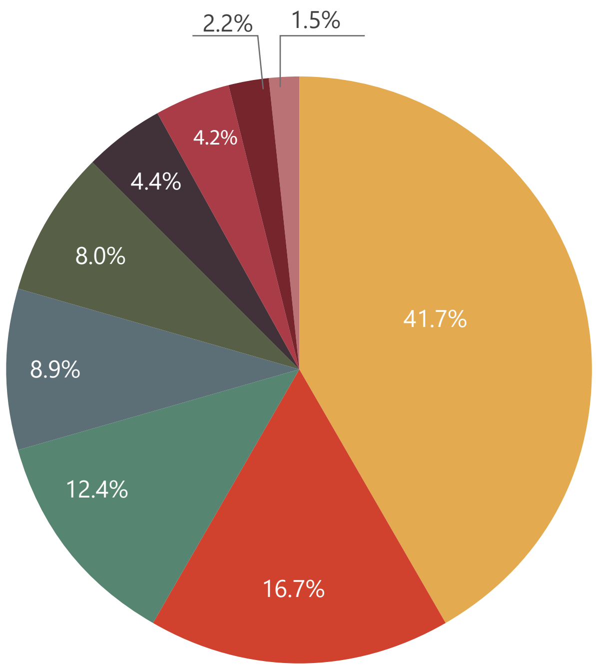
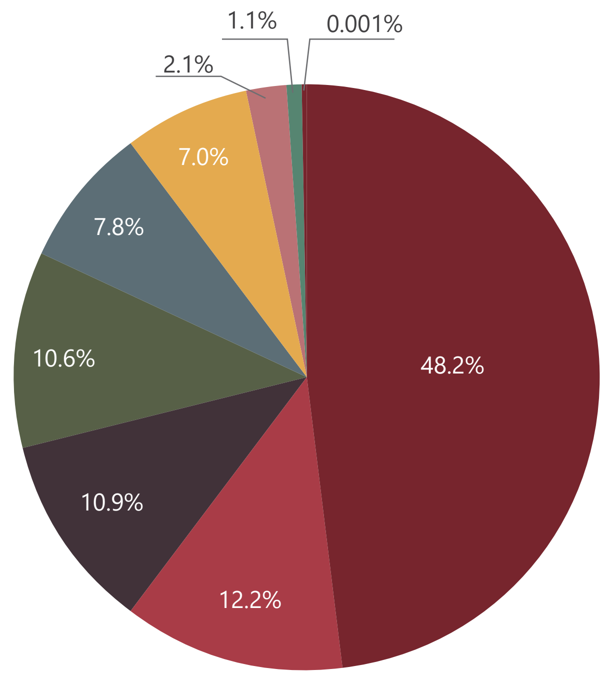
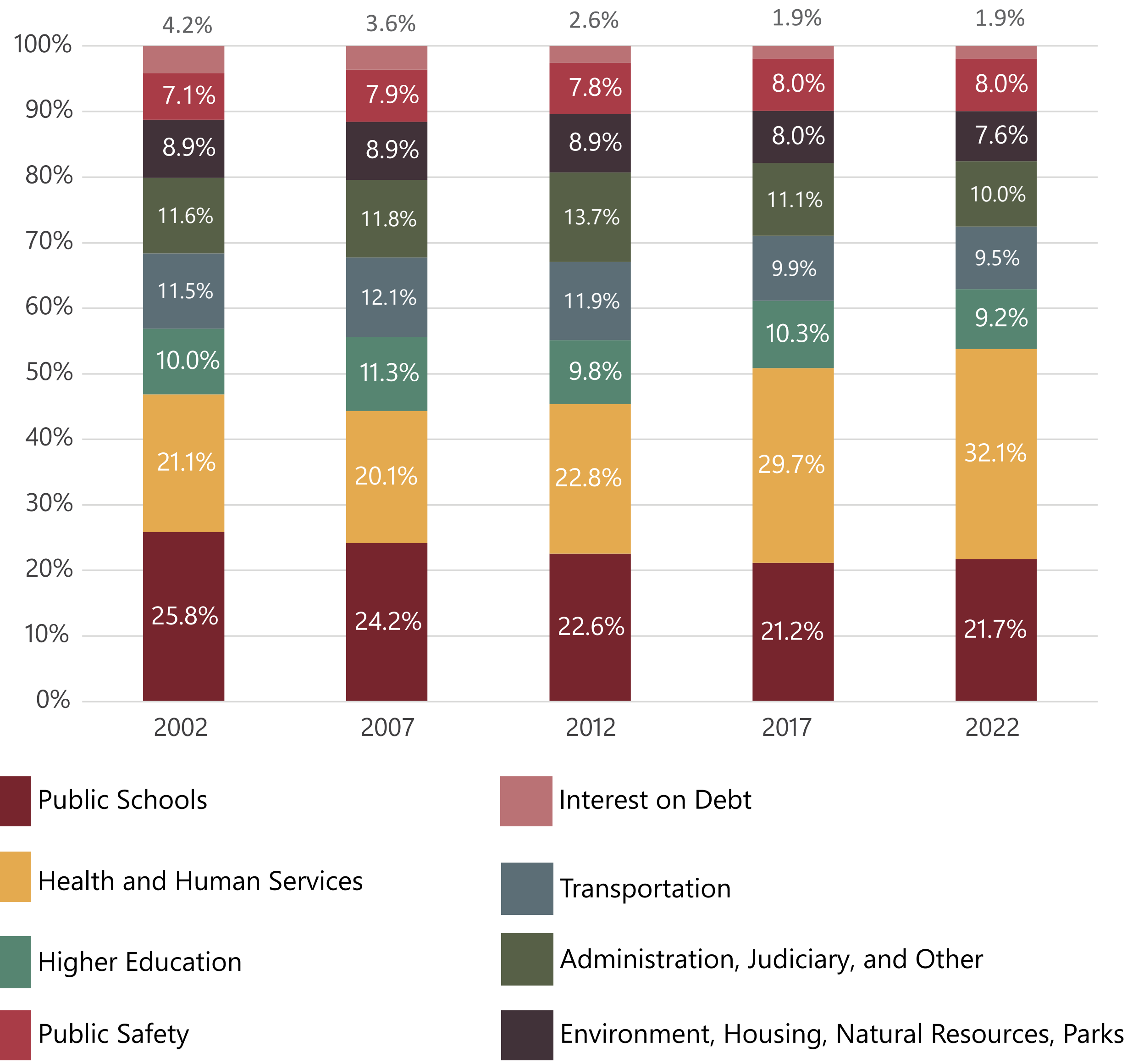


Figure 2.3 Local Spending in Montana FY 2022



Public Safety
Public Schools
Health and Human Services
Administration, Judiciary, and Other
Transportation
Interest on Debt
Higher Education
Environment, Housing, Natural Resources, Parks
Transfers to School Districts
Transfers to Local Governments
Transfers to Other Gov. & School Dist.

Figure 2.4 Trends in Types of State and Local Spending in Montana FY 2002 – 2022



Over the past 20 years, spending at the state and local levels has shifted in several areas. The share of spending on public schools has declined, from nearly 26 percent in Fiscal Year 2002 to 22.6 percent in Fiscal Year 2012 and to 21.7 percent in Fiscal Year 2022. At the same time, the share of state and local government spending on public safety and health and human services has increased, from 28.1 percent in Fiscal Year 2002 to 40.1 percent in Fiscal Year 2022. Figure 2.4, above shows the percentage of state and local spending in Montana for each of the eight general spending categories for Fiscal Years 2002, 2007, 2012, 2017, and 2022.

State and Local Revenue

The charts (Figure 2.5 through Figure 2.10) on the following page show the sources of funds to pay for state and local spending. Figure 2.5, shows state government revenue. Figure 2.8, shows revenue for local governments and school districts.

State-collected taxes are the largest source of state revenue, at 46 percent of the total. Transfers from the federal government are the second largest source of state revenue, making up 43 percent of the total. This includes federal funding for Medicaid and other state programs, as well as federal education funds that are passed on to school districts.

Charges and fees make up 6 percent of state revenue. Of the 6 percent in changes and fees, approximately 82.8 percent of the charges and fees are university system tuition and fees. This category also includes income from state lands.

The remaining 5 percent of state revenue is comprised of two sources: interest earnings on trust funds and other state accounts.

All additional transfers from the state government and local taxes make up 35 percent and 37 percent of local revenue, respectively. Charges for local services make up 15 percent of local revenue. Transfers from the federal government and revenue from miscellaneous sources each account for 7 percent.

The remaining four charts (Figure 2.6, 2.7, 2.9 and 2.10) show combined state and local revenue. Because state and local governments and school districts are combined in these charts, transfers between these levels of government are not shown. Figure 2.6, at the top middle of the page, shows that revenue is almost evenly split between taxes and all other sources. Figure 2.9 below shows total revenues, with taxes broken down into five types, and other revenue sources, broken down into three types.

Figure 2.7 shows state and local non-tax revenue, while Figure 2.10 shows state and local tax revenue.

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Figure 2.5 FY 2022 State Revenue

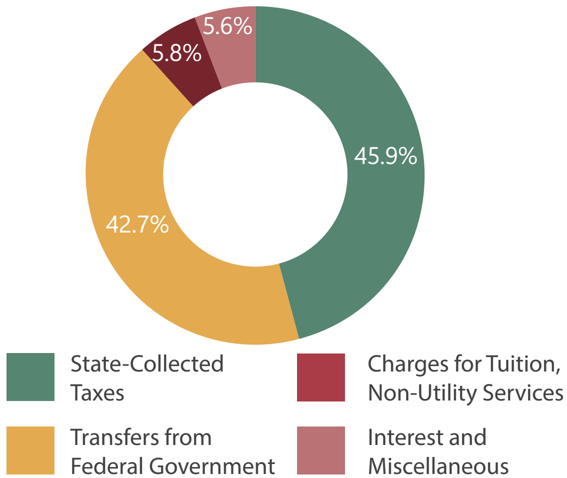


Figure 2.6 FY 2022 Tax and Nontax State and Local Revenue

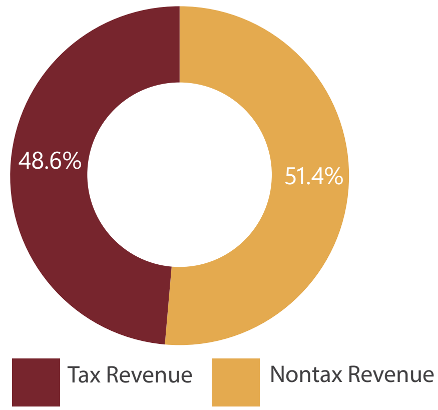


Figure 2.7 FY 2022 State and Local Nontax Revenue

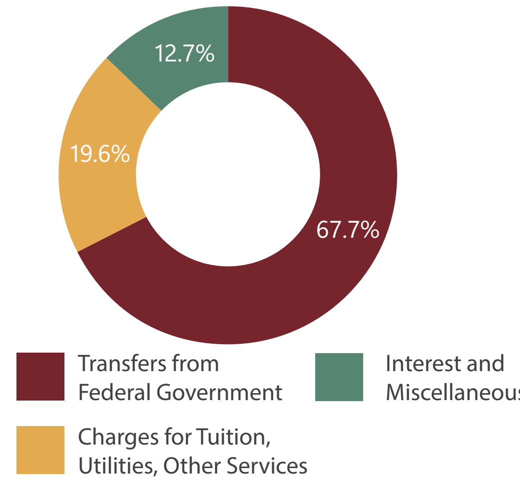


Figure 2.8 FY 2022 Local Revenue

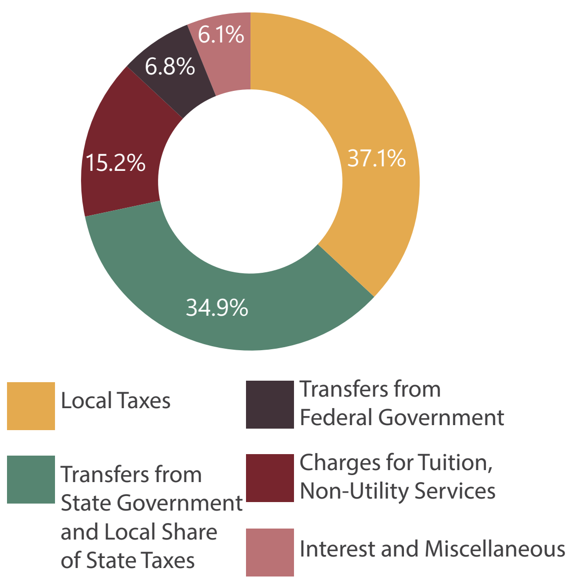


Figure 2.9 FY 2022 Detailed State and Local Revenue

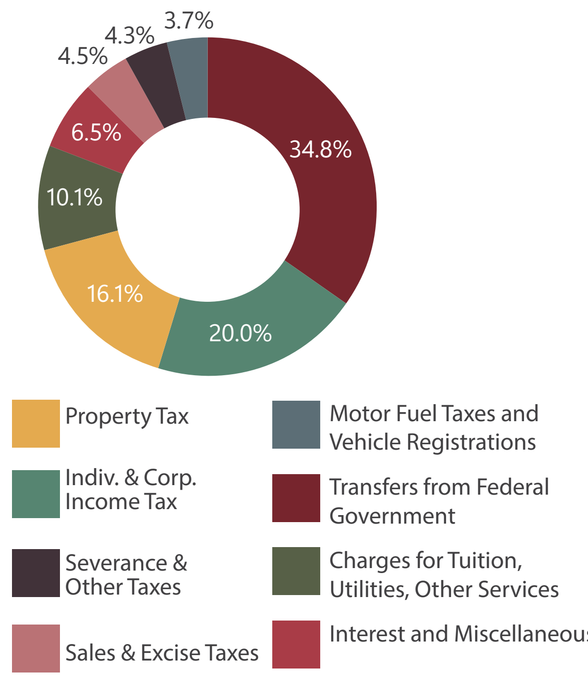
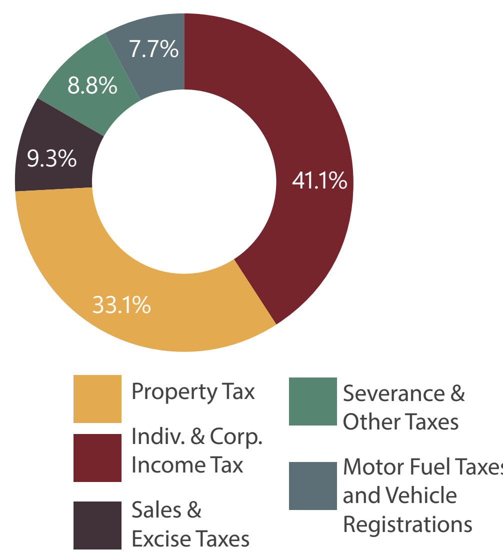


Figure 2.10 FY 2022 State and Local Tax Revenue



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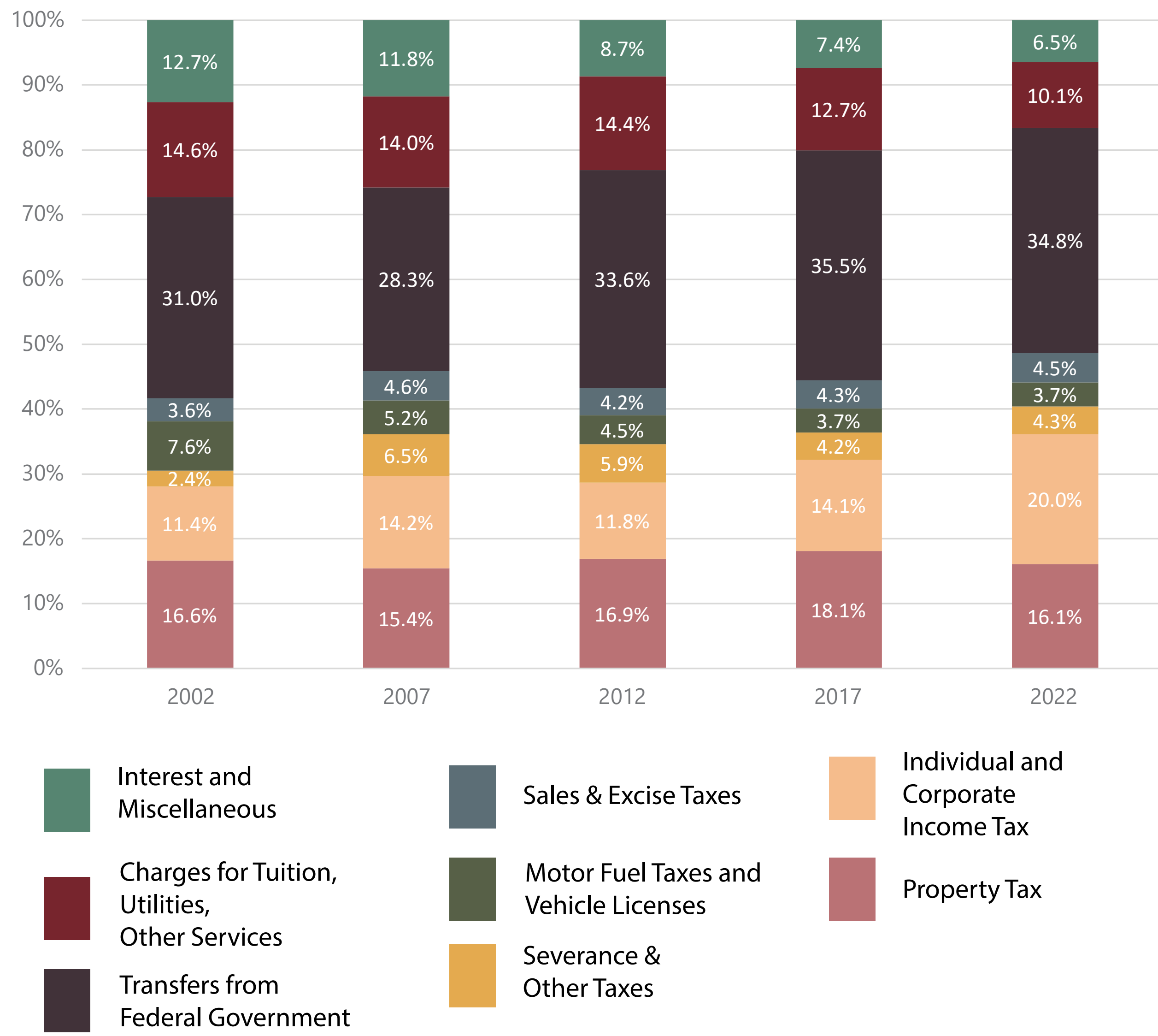
The sources of state and local revenue have changed in relative importance, as illustrated in Figure 2.11. Transfers from the federal government have varied over time, partly because state revenue grows slowly or even decreases during a recession. The federal transfers to state and local governments have remained unchanged or have even increased. Between 2002 and 2022, the share of state and local revenue coming from the federal government has increased from 31 percent to 34.8 percent.

Changes in the other shares reflect changes in both the state economy and in the state and local legislative actions. For example, the share of severance and other taxes decreased from 1998 to 2002 due to low oil and gas prices causing falling production. This share increased from 2002 to 2008, as higher prices and new technology led to increased production. As another example, the share of sales and excise taxes increased between 2002 and 2022, due in part to new taxes on lodging and rental cars.

Figure 2. 11 Trends in State and Local Revenue Sources FY 2002 – FY 2022



Department of Revenue Tax Collections

State and Local Taxes

The two figures (Figure 2.12 and 2.13) below show state and local tax revenue.

The state collects a wide variety of taxes. The largest source of state tax revenue is the individual income tax. In Fiscal Year 2022, sales and excise taxes made up the second largest category, generating more than 12.4 percent of state tax revenue. The share of state taxes generated by severance and other taxes decreased from 14.5 percent in 2020 to 11.6 percent in 2022.

Statewide property taxes, which comprised 7.8 percent of revenue in 2022, are earmarked for public schools and the university system. Revenue from the 95 mills levied for schools (see the State Mill Rates section in the Property Tax chapter of this report) is deposited in a state special revenue account for school equalization fund, and non-levy revenue associated with the 95 mills is deposited in the state general fund. Motor fuel taxes are earmarked for the highway system and other related uses.

Local government and school district tax collections come almost entirely from property taxes. Local option sales taxes collected by resort communities and local option vehicle taxes are each 1.5 percent and 0.6 percent of local tax collections.

Figure 2.12 State Taxes in Montana FY 2022

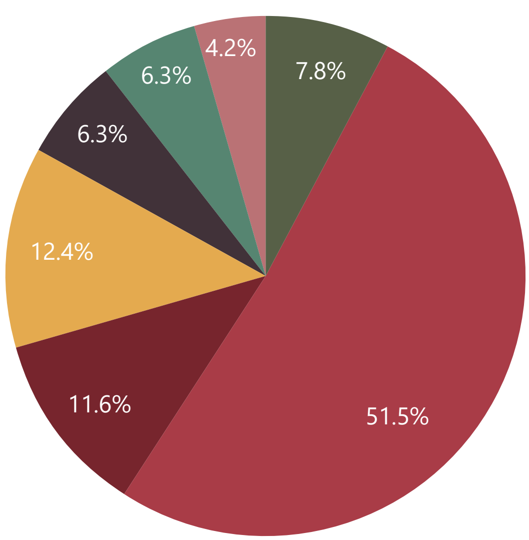
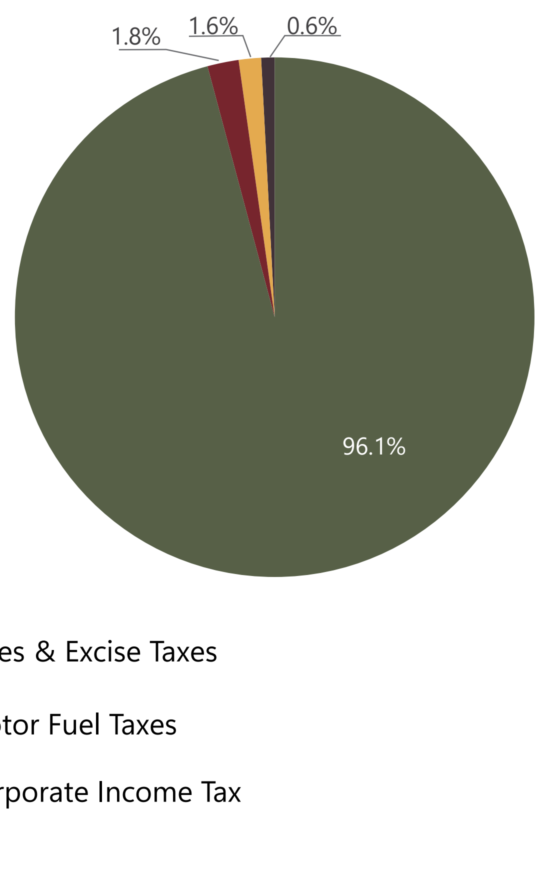


Figure 2.13 Local Taxes in Montana FY 2022



The following Table 2.2 shows how each type of tax was allocated between state and local governments in the fiscal year (FY) ending June 30, 2024. For the state share, the table shows the allocation between the state general fund and earmarked uses. Each table column shows the allocation of one type of tax. The bottom row shows the percentage of total state and local tax revenue from each type of tax. The rest of each column shows the percentage of collections of each type of tax that went to local governments, school districts, the state general fund, and various earmarked state funds in FY 2024.

Table 2.2 Allocation of Montana State and Local Taxes - FY 2024

	Property Tax	Individual Income Tax	Severance & Other Taxes	Sales & Excise Taxes	Motor Fuel Taxes	Corporate Income Tax	Motor Vehicle Licenses
Local							
Governments & Special Districts	42.76%	-	14.60%	0.36%	-	-	-
Schools	36.72%	-	16.19%	-	-	-	-
State							
General Fund	1.27%	100.00%	37.97%	39.67%	-	100.00%	66.49%
University System	1.26%	-	0.81%	0.92%	-	-	-
Health & Human Services	-	-	-	18.57%	-	-	-
Regulation & Agency Operations	-	-	1.81%	22.50%	-	-	6.99%
Public Safety	-	-	1.95%	1.71%	0.05%	-	-
Transportation	-	-	-	0.40%	96.10%	-	23.33%
Environment	-	-	5.66%	0.18%	3.85%	-	-
State Buildings	-	-	3.95%	1.30%	-	-	-
Trust Funds (inc. Retirement)	-	-	17.06%	-	-	-	0.12%
Parks, Recreation, Tourism	-	-	-	14.37%	-	-	3.08%
State Education Equalization	17.99%	-	-	-	-	-	-
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
% of Total from Each Tax	**35.93%**	**34.60%**	**3.64%**	**15.09%**	**3.13%**	**4.76%**	**2.84%**
Total From Each Tax ($ millions)	**$2,344.269**	**$2,257.087**	**$237.404**	**$984.641**	**$204.436**	**$310.515**	**$185.535**

Figure 2.14 below shows the breakdown of general fund revenue for the fiscal year (FY) ending June 30, 2024, including taxes and non-tax revenue. Individual income tax is by far the largest single source of revenue for the general fund, accounting for over half of state general fund revenue. The second largest single source of general fund revenue is the corporate income tax, accounting for 9 percent of general fund revenue.

Each of the other revenue categories accounts for less than 10 percent of general fund revenue. The Department of Revenue collects over 80 percent of state tax revenue. Other agencies that collect at least 1 percent of state tax revenue are the Department of Transportation (motor fuel taxes), the Commissioner of Securities and Insurance (insurance taxes), and the Department of Justice (gambling taxes).

In previous years, property tax collections from the 95 mills statewide school equalization levy were the second largest source of general fund revenue. However, beginning in FY 2024, most of the revenue generated by the 95 mills was no longer being deposited into the state's general fund, and instead began being deposited into the state's Education Equalization special revenue fund.

Figure 2.14 State General Fund Revenue Fiscal Year 2024 Total = $3.486 Billion

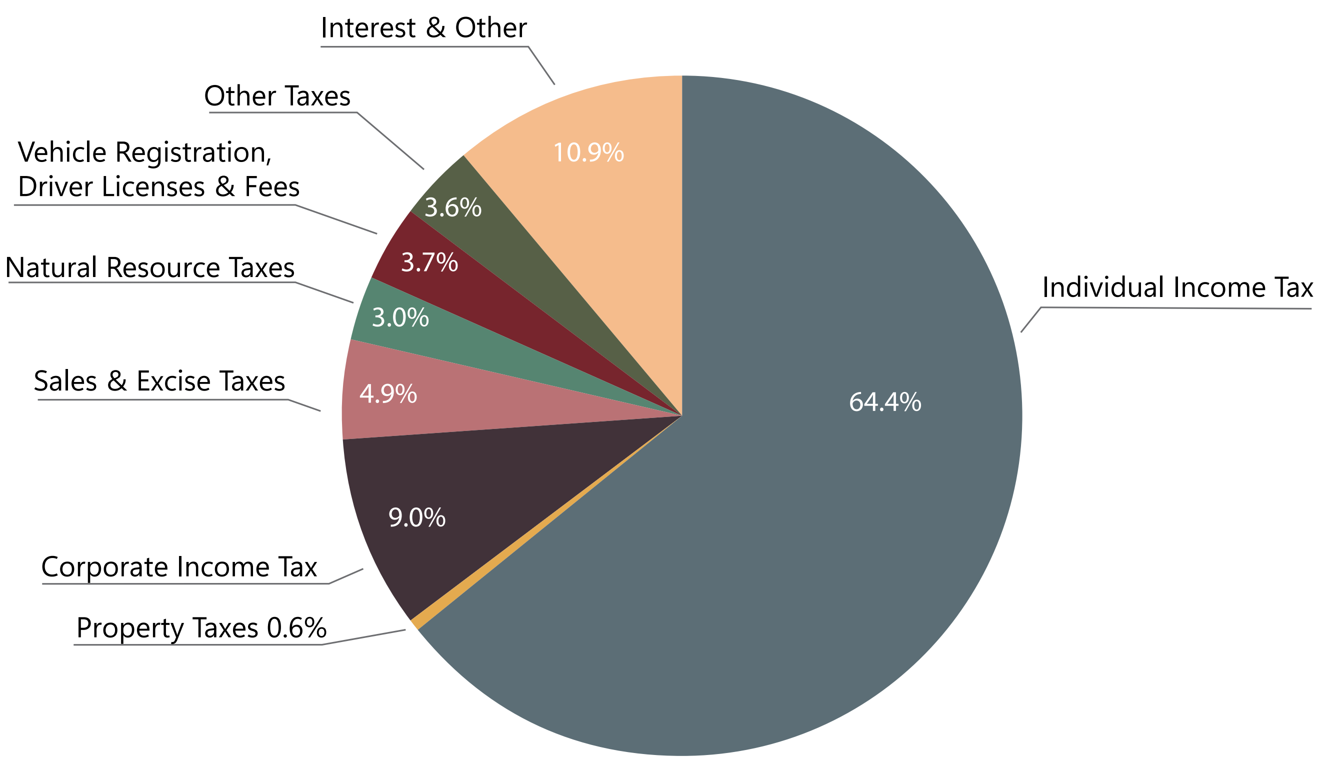


Table 2.3 shows Department of Revenue collections of state taxes for FY 2018 through 2024. This table only shows the state share for taxes where revenue is split between the state and local governments. Details on each tax can be found in later sections of this report.

Table 2.3 Department of Revenue State Collections - FY 2018 - 2024

	2018	2019	2020	2021	2022	2023	2024
Individual Income Tax							
Income Tax Withheld	$998,390,078	$1,063,441,499	$1,122,338,145	$1,245,358,454	$1,416,500,565	$1,521,233,638	$1,476,608,792
Pass-through Entities	36,422,032	42,002,629	44,874,531	74,824,347	122,266,716	150,332,288	424,594,807
Income Tax All Other	262,964,476	323,566,304	268,027,321	445,235,436	855,040,173	582,739,138	342,742,725
Subtotal	**1,297,776,586**	**1,429,010,433**	**1,435,239,997**	**1,765,418,237**	**2,393,807,454**	**2,254,305,063**	**2,243,946,324**
Corporation Income Tax	167,099,816	186,535,598	187,358,214	266,517,177	293,695,432	309,897,622	312,282,363
Property Tax	282,963,084	299,376,892	319,479,315	322,166,368	348,549,263	369,626,846	467,885,528
Natural Resources Taxes (State Portion)							
Bentonite Tax	291,255	261,049	180,636	103,183	173,986	126,374	481,940
Coal Severance Tax	60,097,399	60,028,161	46,754,498	43,256,347	65,338,834	88,442,499	77,151,301
Oil and Gas Production Tax	65,514,847	66,044,561	46,407,318	46,302,343	83,798,223	88,977,163	80,817,263
Resource Indemnity Trust Tax	2,531,336	2,923,403	2,269,192	1,870,702	2,470,720	4,443,778	5,052,738
Metalliferous Mines License Tax	8,700,599	9,551,676	12,065,538	16,783,517	16,885,939	10,028,321	9,090,082
Subtotal	137,135,436	138,808,850	107,677,182	108,316,092	168,667,703	192,018,135	172,593,324
Other Taxes, Licenses and Services							
Cigarette Tax	65,495,811	64,496,884	63,447,053	65,291,417	65,508,116	49,078,065	49,224,138
Telecommunications Excise Tax	13,725,924	13,223,885	11,788,418	8,814,228	8,570,714	8,435,920	8,138,595
Lodging Facility Use Tax	32,805,856	36,297,514	33,679,511	35,058,060	61,624,239	58,520,125	62,408,137
Inheritance/Estate Tax (Net)	-	-	735	24	-	-	-
Sales Tax - Accommodations	24,091,089	26,703,268	28,110,048	36,045,092	63,138,857	58,346,514	60,810,399
Nursing Facility Bed Tax	16,959,437	23,200,576	22,088,780	17,800,928	18,061,814	18,250,318	18,280,740
Hospital Utilization Fee	22,619,596	22,578,403	32,681,387	31,937,500	35,016,050	33,501,091	32,293,240
Emergency Telephone 911 System	13,003,639	13,558,898	13,752,387	14,140,568	14,408,215	13,838,168	14,469,578
Electrical Energy Production Tax	4,301,551	4,184,978	3,910,294	3,298,244	3,929,711	4,003,929	4,089,882
Abandoned Property	13,868,626	11,775,074	14,316,177	17,058,760	17,362,872	18,237,133	23,749,750
Tobacco Products Tax	12,864,522	12,702,208	12,185,252	11,882,493	11,768,474	11,316,428	10,797,346
Wholesale Energy Transaction Tax	3,628,180	3,490,244	3,350,982	2,981,105	3,352,254	3,455,287	3,545,160
Public Service Commission Tax	3,936,916	2,460,333	5,239,599	5,331,686	4,056,719	5,133,381	6,296,170
Sales Tax - Rental Vehicles Tax	4,958,598	5,907,633	5,572,444	5,455,846	9,529,671	10,140,631	9,796,532
Contractor's Gross Receipts Tax	4,266,687	3,597,205	6,728,555	3,897,240	2,840,073	6,733,045	9,124,961
Rail Car Tax	3,648,993	3,593,860	4,293,652	5,186,537	4,019,546	4,012,330	3,644,552
Consumer Counsel Tax	919,347	768,265	1,736,461	1,093,101	1,170,580	1,061,084	1,131,725
TDD Telecommunications Service Fee	1,365,782	1,386,037	1,421,675	1,502,526	1,541,544	1,577,788	1,623,531
Intermediate Care Utilization Fee	614,244	397,440	323,293	311,860	313,407	527,716	492,630
Other Taxes and Licenses	3,921,363	3,866,229	2,736,072	2,745,439	1,786,111	1,788,719	1,808,712
Subtotal	246,996,161	254,188,934	267,362,775	269,832,654	327,998,967	307,957,671	321,725,777
Cannabis Taxes							
Medical Cannabis Tax	1,836,085	1,626,805	3,871,936	6,319,828	5,595,671	3,061,340	2,067,613
Cannabis Licensing Fees	-	-	-	-	3,482,011	6,348,382	6,757,303
Adult Use Cannabis Tax	-	-	-	-	18,816,673	47,613,282	49,722,303
Subtotal	1,836,085	1,626,805	3,871,936	6,319,828	27,474,515	57,023,004	58,547,219
Liquor Taxes, Profits, and Licenses							
Liquor Profits and License Fees (to GF)	12,459,988	13,492,341	18,079,825	13,255,804	14,208,948	11,073,544	12,072,794
Liquor, Beer, and Wine Taxes	36,450,544	37,829,198	40,543,368	46,547,190	48,206,735	48,815,801	49,366,487
Subtotal	48,910,532	51,321,540	58,623,194	59,802,994	62,415,683	59,889,345	61,439,280
Total Collections	**$2,182,717,700**	**$2,360,869,051**	**$2,379,612,613**	**$2,798,373,349**	**$3,622,609,017**	**$3,550,717,686**	**$3,638,419,815**

**Data in this table was updated 01-29-2025*

Montana Tax Trends

The next two graphs show total collections of taxes, divided into four categories, for FY 1980 through 2024. Figure 2.15 shows the actual amount of collections each year. Figure 2.16 shows collections adjusted for inflation, with each year's collections shown in terms of their value in 2024.

Figure 2.15 DOR State and Local Taxes in Montana 1980 - 2024

Four Types of Taxes Reported Separately

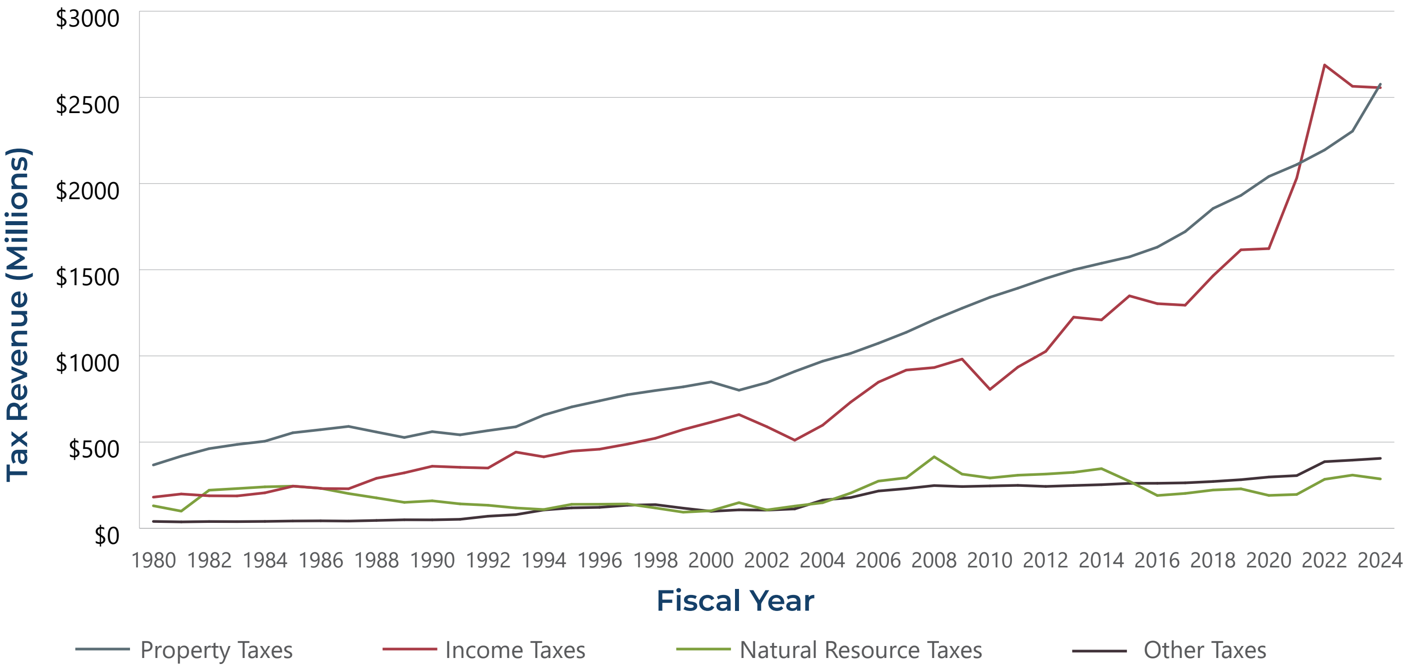
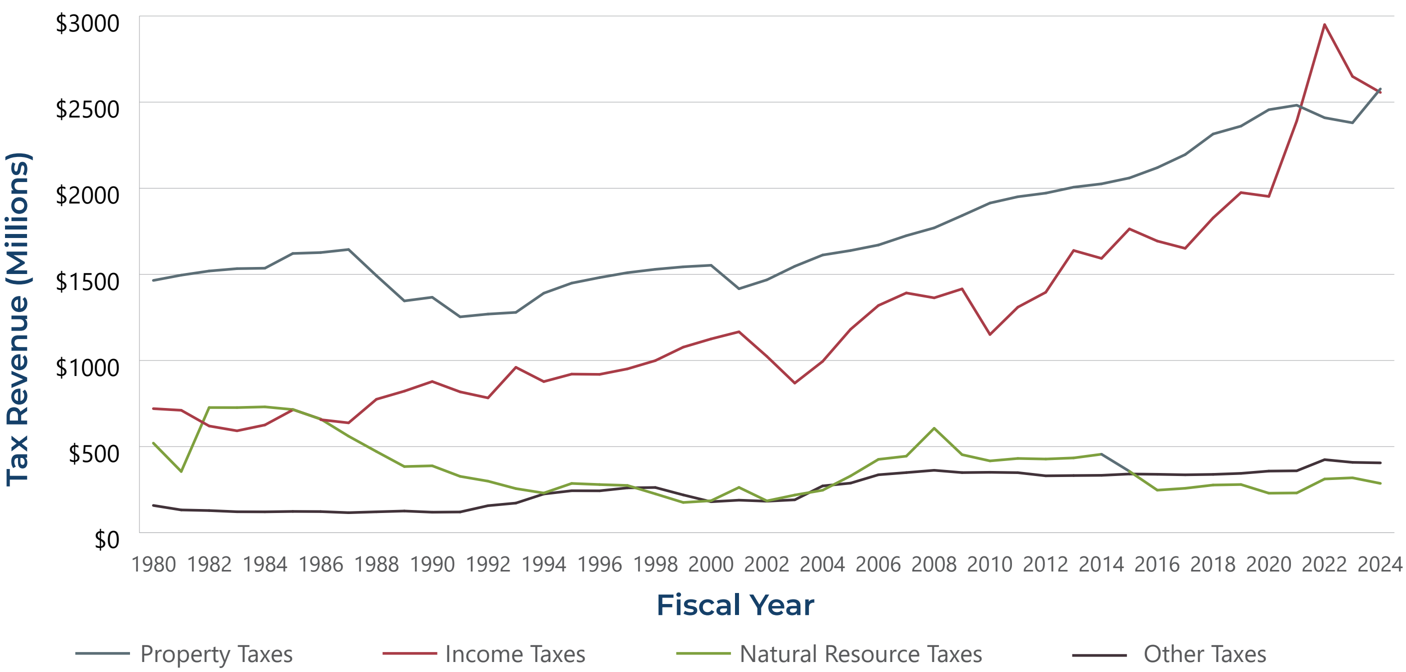


Figure 2.16 DOR State and Local Taxes in Montana 1980 - 2024

Four Types of Taxes Reported Separately (Adjusted for Inflation)



The two graphs below show the total collection of taxes in Montana, divided into the same four categories, for FY 1980 through 2024. Figure 2.17 shows the amount of collections for each tax type as a share of Montana's gross domestic product for the same period. The second shows the amount of revenue collected on a per capita basis. Figure 2.18 is also adjusted for inflation, with each year's collections shown in terms of their 2024 value.

Figure 2.17 DOR State and Local Taxes as a Share of GDP in Montana 1980 - 2023

Four Types of Taxes Reported Separately

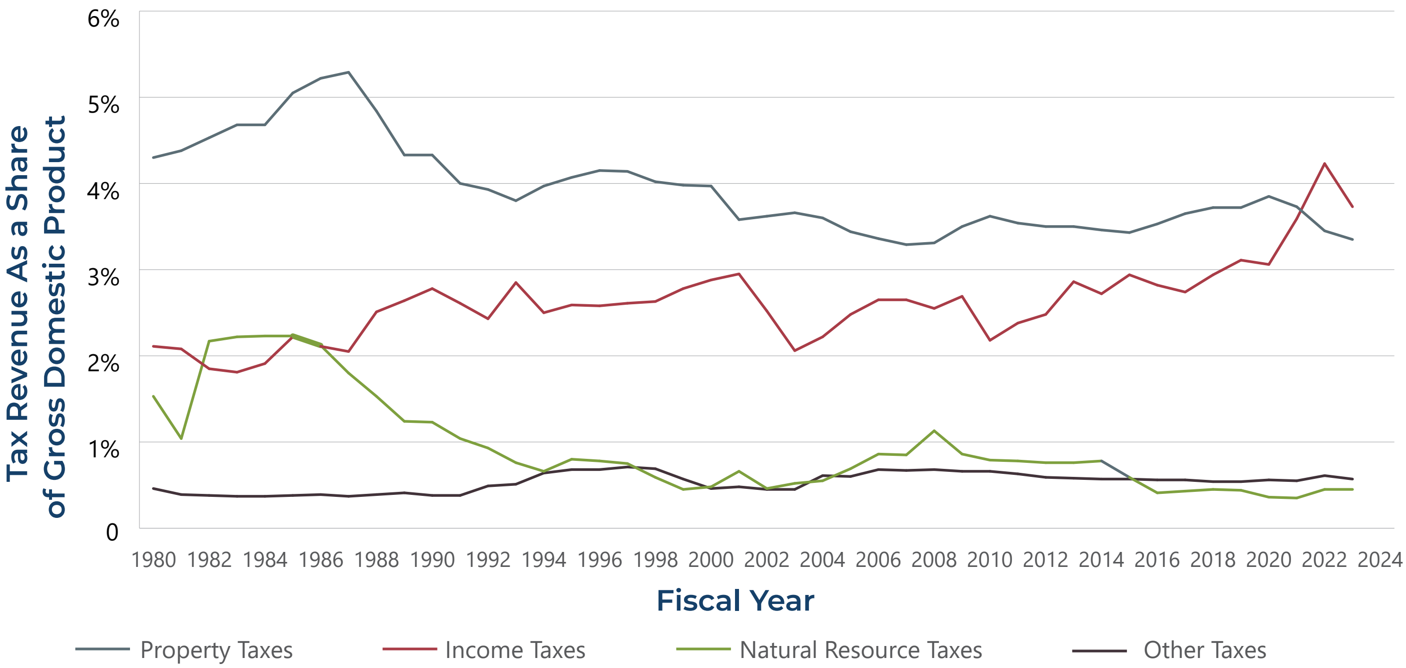
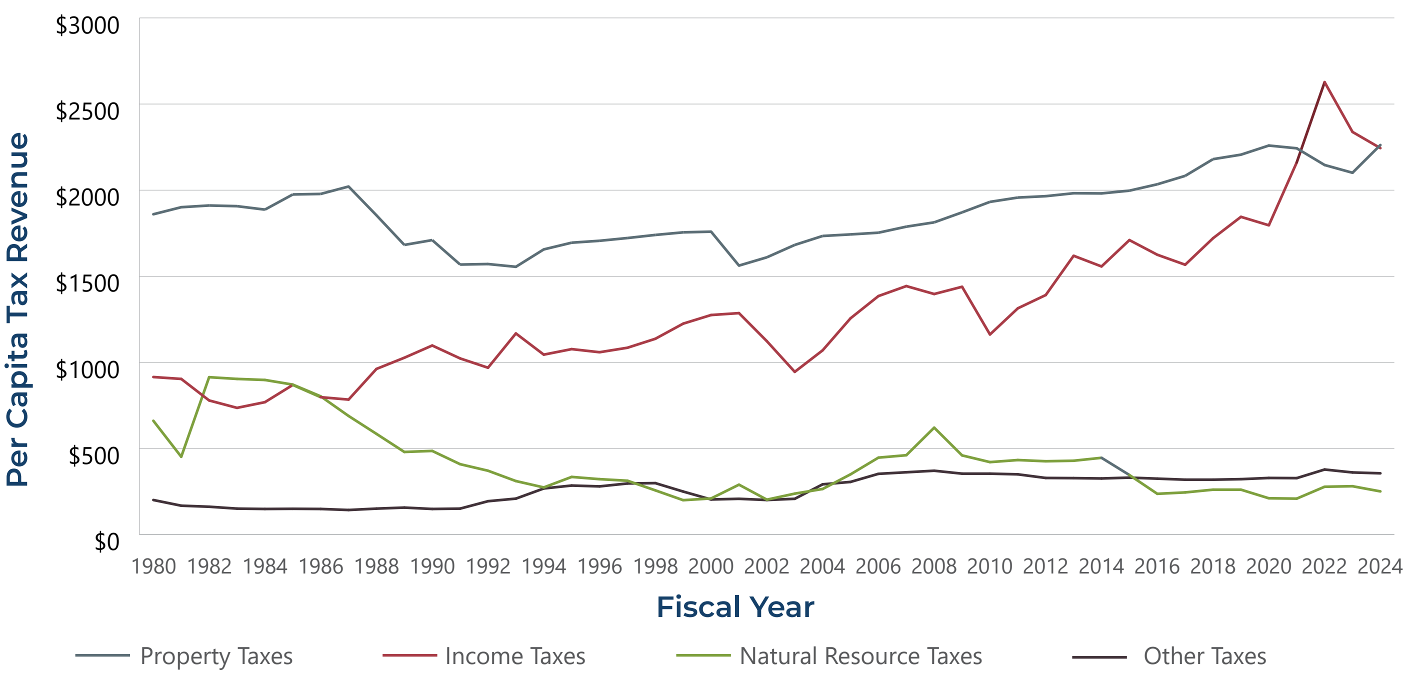


Figure 2.18 Per Capita DOR State and Local Taxes in Montana 1980 - 2024

Four Types of Taxes Reported Separately (Adjusted for Inflation)



Taxes and Spending in Montana and Other States

The following show how taxes are grouped in the previous graphs:

Property Tax

Taxes Based on Mill Levies
Special Improvement Districts (SID)
Rural Improvement Districts (RID)
Other Fees

Income Taxes

Individual Income Taxes
Corporate Income Taxes
Pass-through Entity Tax

Natural Resource Taxes

Coal Severance Tax	Miscellaneous Mines Net Proceeds Tax
Coal Gross Proceeds Tax	Bentonite Tax
Metal Mines License Tax	Oil and Natural Gas Severance Tax
Metal Mines Gross Proceeds Tax	Cement and Gypsum Taxes
Resource Indemnity and Groundwater Assessment Tax	

Other Taxes

Lodging Facility Use Tax	Alcoholic Beverage License Fees	Public Service Commission Tax
Accommodations Sales Tax	Cannabis - Recreational Sales Tax	Unclaimed Property
Rental Vehicle Tax	Cannabis - Medical Sales Tax	Public Contactor's Gross Receipts Tax
Cigarette Tax	Opioid License Fee	Inheritance and Estate Tax
Tobacco Product Tax	Telephone Company Tax and Retail Telecommunication Tax	Nursing Facility Bed Tax
Cigarette Seller Licenses	Emergency Telephone System Fee	Intermediate Care Facility Utilization Fee
Liquor License Tax	TDD Telecommunications Fee	Cannabis - License Fees
Liquor Excise Tax	Electrical Energy Producers' Tax	Invasive Species Fee
Beer Tax	Wholesale Energy Transaction Tax	Hospital Facility Utilization Fee
Wine Tax	Consumer Council Tax	Rail Car Tax

The charts on the next page (Figures 2.19) show the mix of taxes in FY 2022 for Montana, for the average of all 50 states, and for Idaho, North Dakota, South Dakota, and Wyoming. The charts on the following page (Figures 2.20) show the mix of state and local spending for the same states.

The chart in the upper left corner of the next page (Figure 2.19) shows the average percentage of tax revenue from each tax type for all states. Property taxes, sales taxes, and individual income taxes together account for 83 percent of state and local tax revenue. This combination of taxes is often referred to as the "three-legged stool" of state and local taxation.

Compared to the average, Montana gets a much smaller share of tax revenue from sales and excise taxes and a somewhat larger share from each of the other types. Of the four neighboring states, only Idaho looks like the average state. In North Dakota, severance and other taxes were over 43 percent of total collections in FY 2022. North Dakota's share of revenue from sales and excise taxes and property taxes was a little less than the 50-state average. South Dakota and Wyoming do not have individual income taxes, and Wyoming does not have a corporate income tax. South Dakota compensates by receiving a somewhat higher proportion of tax revenue from property taxes and a much higher proportion from the sales tax. Wyoming receives a much higher-than-average proportion of tax revenue from the severance and other categories.

The mix of spending shows much smaller differences between states. All the states in the region devote an average share of spending to public schools. Montana, Idaho, and Wyoming devote the same proportion to higher education as the average state, while the proportion is slightly higher in North Dakota. The Dakotas devote a smaller-than-average share of spending to health and human services, while Idaho is close to the average. Transportation's share of spending is higher than the US average in all the five states in the region.

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Figure 2.19 State and Local Taxes in FY 2022

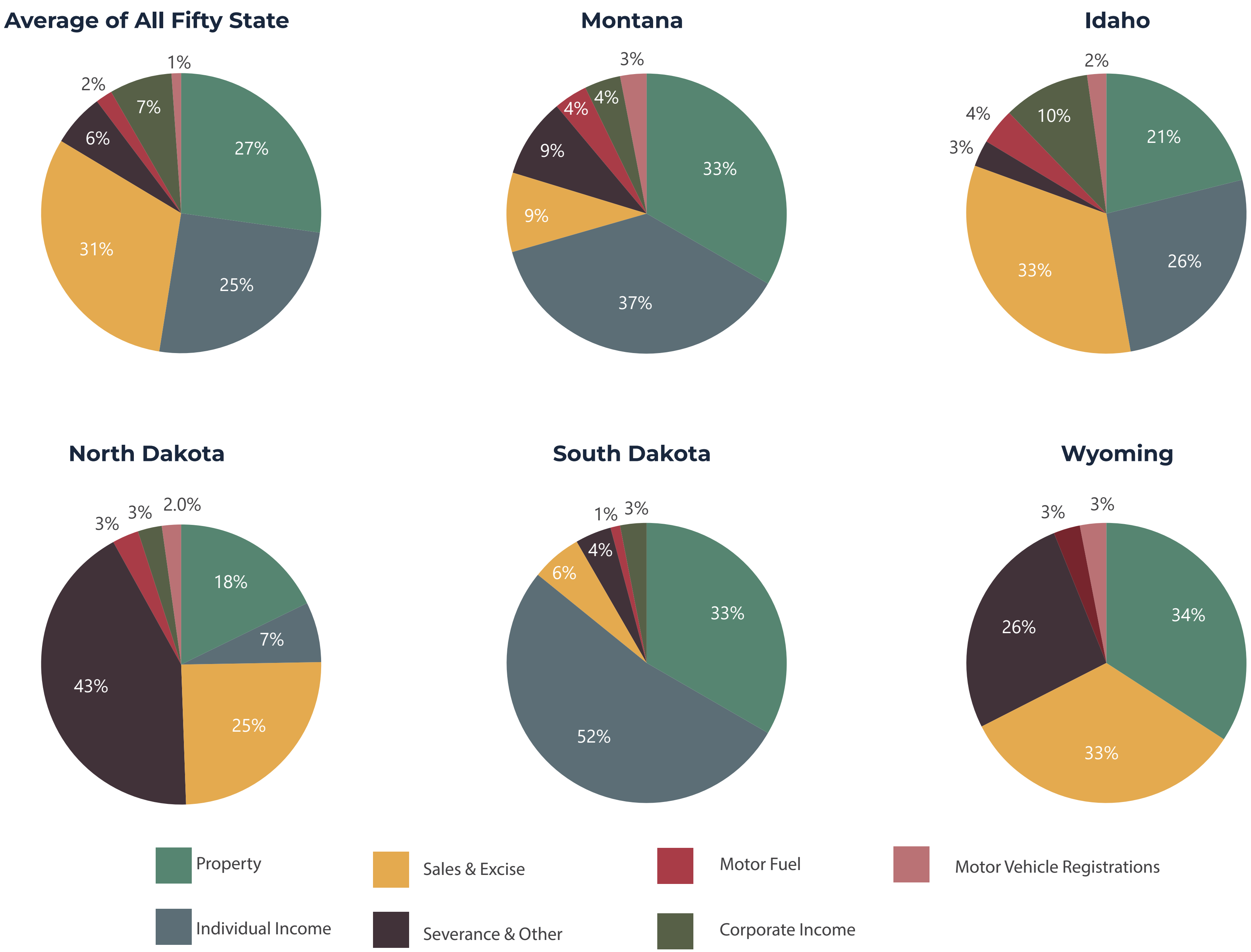
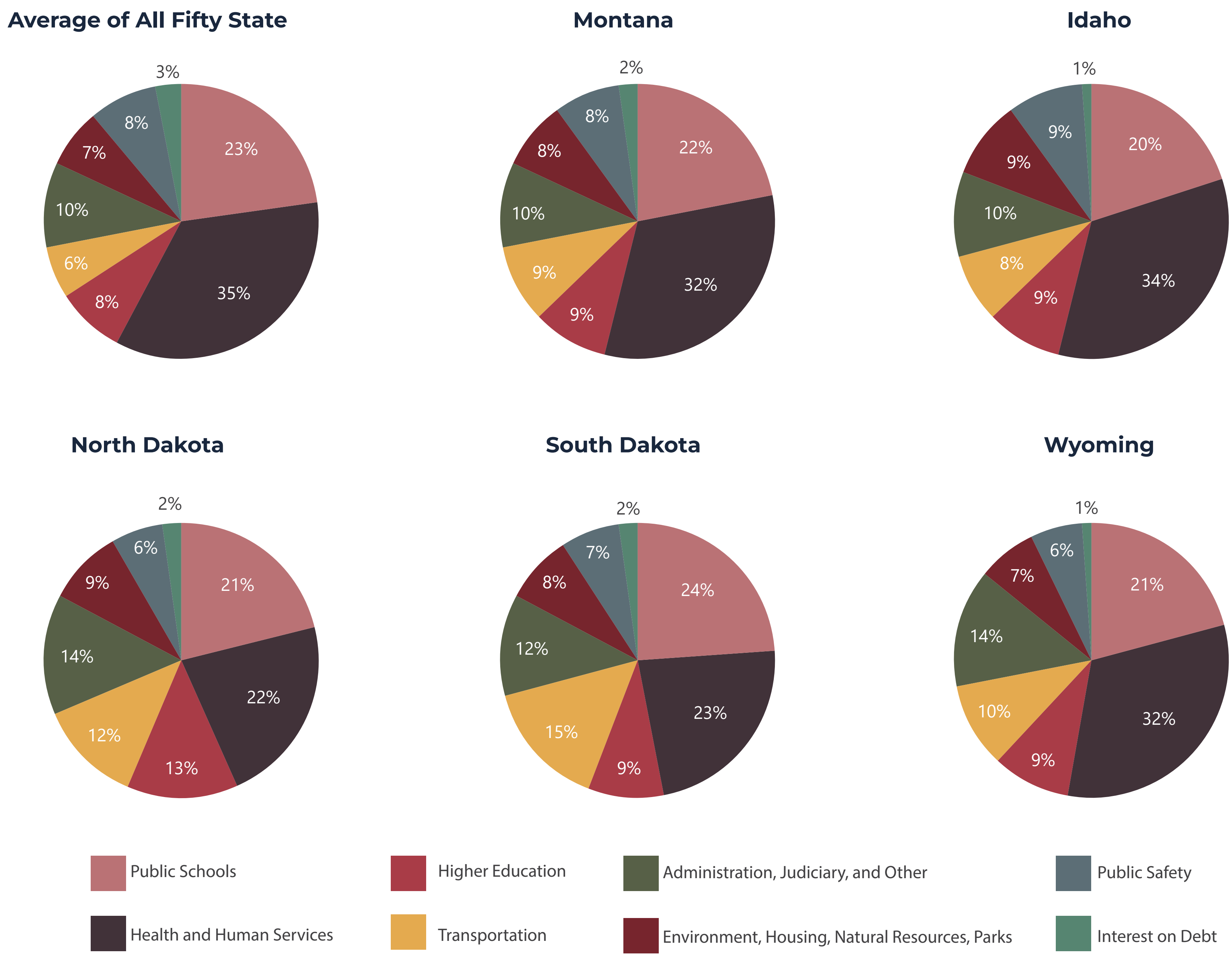


Figure 2.20 State and Local Spending in FY 2022



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How Does Montana's State and Local Revenue System Measure Up?

There are many ways to evaluate state and local revenue systems. People and business care about different aspects of revenue systems because state and local taxes affect them differently. For example, a family with a large mortgage may benefit from itemized deductions for property taxes and home mortgage interest, while a family who lives in an apartment would not. A business with large investment in buildings and fixed equipment may prefer a location with low property taxes even if it has a high sales tax, while a business with few fixed assets but large expenses for supplies may prefer the opposite.

To evaluate Montana's tax system, this report next examines Montana's tax structure, utilizing 10 principles that are generally considered important components of a high-quality tax system:

1. The elements of a tax system should be complementary to each other. This means individual state taxes should harmonize with each other, and state and local taxes should complement each other rather than conflict.

2. Revenue should be reliable at the state, local, and individual level. At the state and local level, revenue should be adequate for government functions. There should not be wide fluctuations in government revenue from one year to the next. Taxpayers should not face frequent and significant changes in tax rates, structures, or tax liabilities.

3. There should be a balanced mix of revenue sources. All taxes have strengths and weaknesses, and a system with multiple taxes is more likely to be able to offset the weaknesses of one with the strengths of another. Multiple taxes also allow lower rates for each tax.

4. Taxpayers in similar circumstances should pay similar taxes, a concept known as horizontal equity.

5. Lower-income taxpayers should not pay more in taxes than higher-income taxpayers, a concept known as vertical equity.

6. Taxes should be easy to understand and easy to comply with.

7. Taxes should be easy to administer in a fair, efficient, and effective manner.

8. A state's taxes should compete with taxes in other states and countries, while financing a competitive level of infrastructure and public services. Competitiveness should be measured by the state's entire package of taxes and public services, not by the special treatment given to a specific group of taxpayers.

9. The tax system should minimize its impacts on taxpayer decisions and state budgeting decisions; any such impacts should be explicit. Tax systems affect taxpayer decisions by imposing higher taxes on some activities than on others. Sometimes this is intentional, as with targeted tax credits, and sometimes it is a consequence of adopting certain types of taxes. Tax systems affect budgeting decisions primarily through earmarking of particular taxes.

10. The system of collecting revenue should be transparent and accountable to taxpayers. The processes for setting and changing taxes should be public and accessible. Taxpayers should know the taxes they pay and special provisions of the tax code should be reviewed regularly.

The rest of this section presents information on ways that Montana either conforms to or differs from each of the principles listed above. Where possible, it also compares Montana to the other states.

Complementary

There are several ways that state and local taxes can fail to be complementary:

- state and local governments may compete for the same tax base
- the state may impose spending mandates on local governments
- the state may impose limits on local governments' ability to raise revenue.

In Montana, both the state and local governments levy property taxes, so there is some degree of competition for tax base. In the past, the state and local governments shared a variety of taxes. The 2001 Legislature replaced this with a system where these taxes are collected by the state. Local governments receive fixed entitlement share payments. The oil and natural gas production tax continues to be shared. Before 2003, the state and local shares were partly determined by property tax mill levies; the 2003 Legislature made state and local shares fixed percentages.

The state mandates minimum and maximum spending levels for school districts, but also provides state funding.

The state imposes a limit some local jurisdiction's annual property tax revenue growth, but allows voter-approved levies to exceed the limit.

The state limits local government taxing authority to property taxes, a local sales tax in communities that qualify as resort areas, and a local option vehicle registration fee.

Reliable

For a tax system to be reliable, revenue collected should not fluctuate too much.

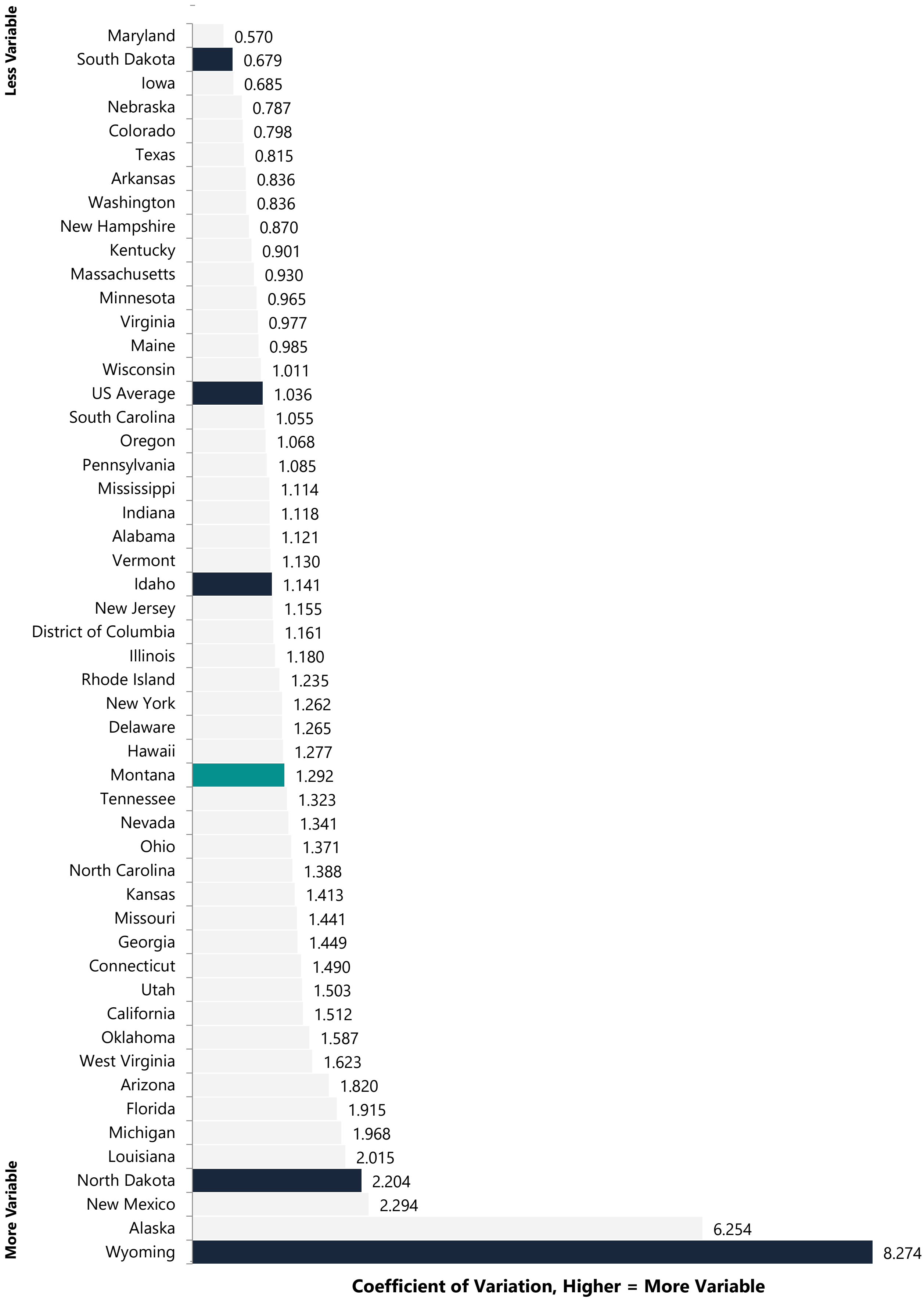
The next graph (Figure 2.21) compares states on the variability of state and local tax revenue. It shows all states, including the District of Columbia, ranked by a measure of the relative variability[2] of revenue growth over the period 2008 to 2022. Montana is highlighted in teal, and the four surrounding states and the U.S. average[3] are dark blue.

Montana ranks 32nd, with higher-than-average relative variability. The stability of a state's revenue depends on its tax structure and how that structure interacts with the state's economy. States with the most volatile taxes have less diverse tax structures and are more dependent on volatile taxes, such as corporation tax and severance taxes.

2 The coefficient of variation is a measure of relative variability. A higher CV indicates that the variation in annual growth rates is a larger percent of the average growth rate.

3 In this section, U.S. averages are calculated from total revenue for all 50 states, not the average of the 50 state numbers.

Figure 2.21 Variability of Revenue Growth (2008 - 2022)



Balance

A balanced tax structure would generate revenue from multiple sources, so that the weakness of each tax can be balanced against the strengths of the other taxes. This balancing should reduce revenue volatility and minimize the economic distortions caused by each tax. An unbalanced tax system relies on one or two taxes for most of its revenue. The next two graphs (Figure 2.22 and 2.23) compare states on their share of taxes from the largest tax type and from the two largest tax types.

The conventional view is that a balanced tax system would get most of its revenue from the "three-legged stool" of income, property, and sales taxes, but balance can be achieved in other ways. Despite not having a general sales tax, Montana has a relatively balanced tax system, as measured by the percent of revenue from one or two taxes, with 36.7 percent from one tax and 69.8 percent from two taxes. In the past, Montana's selective sales and excises taxes and severance taxes together made up about the same share of revenue as general sales taxes did for other states, although this has decreased in recent years.

Figure 2.22 Percent of Revenue From One Tax

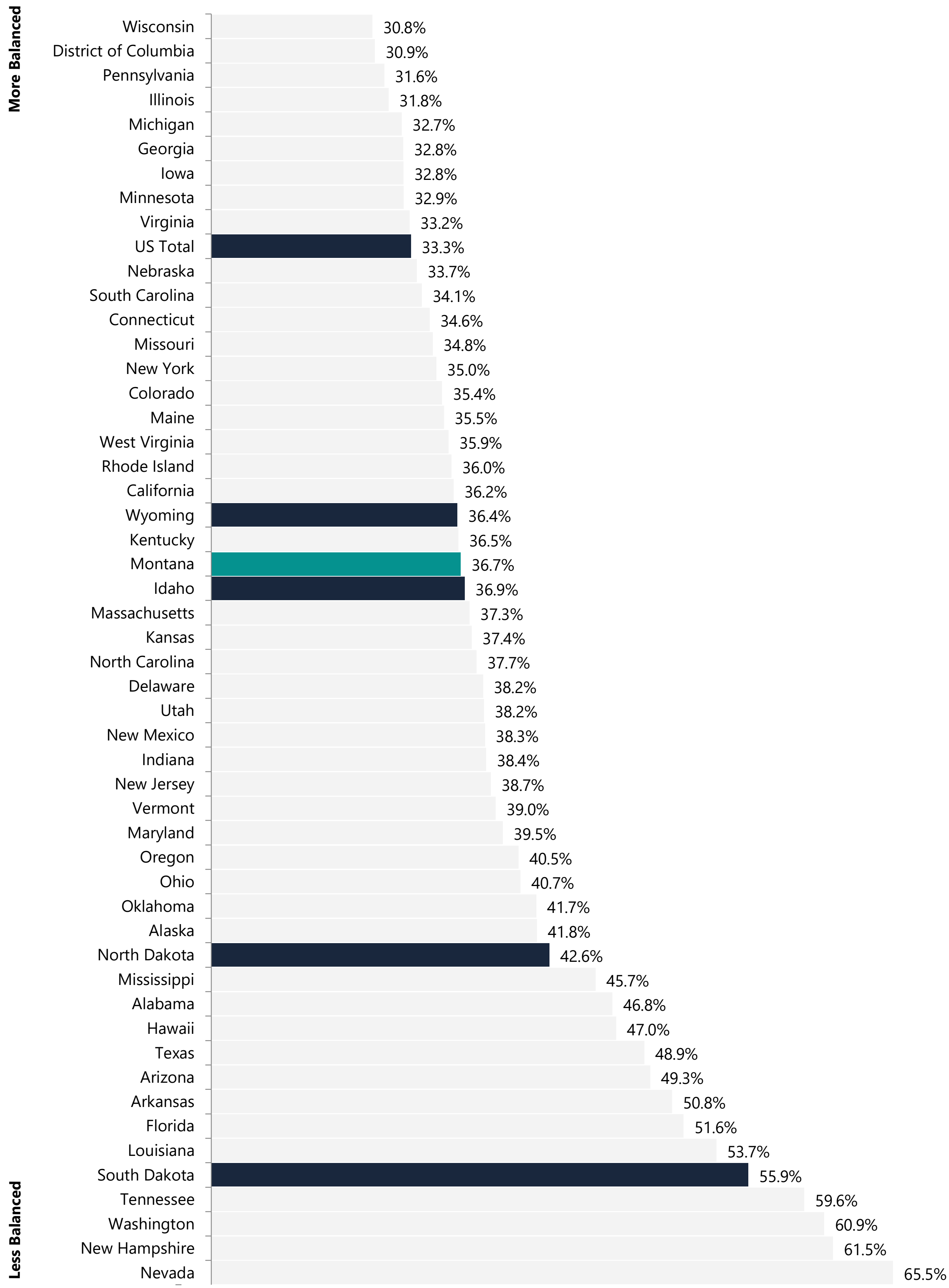
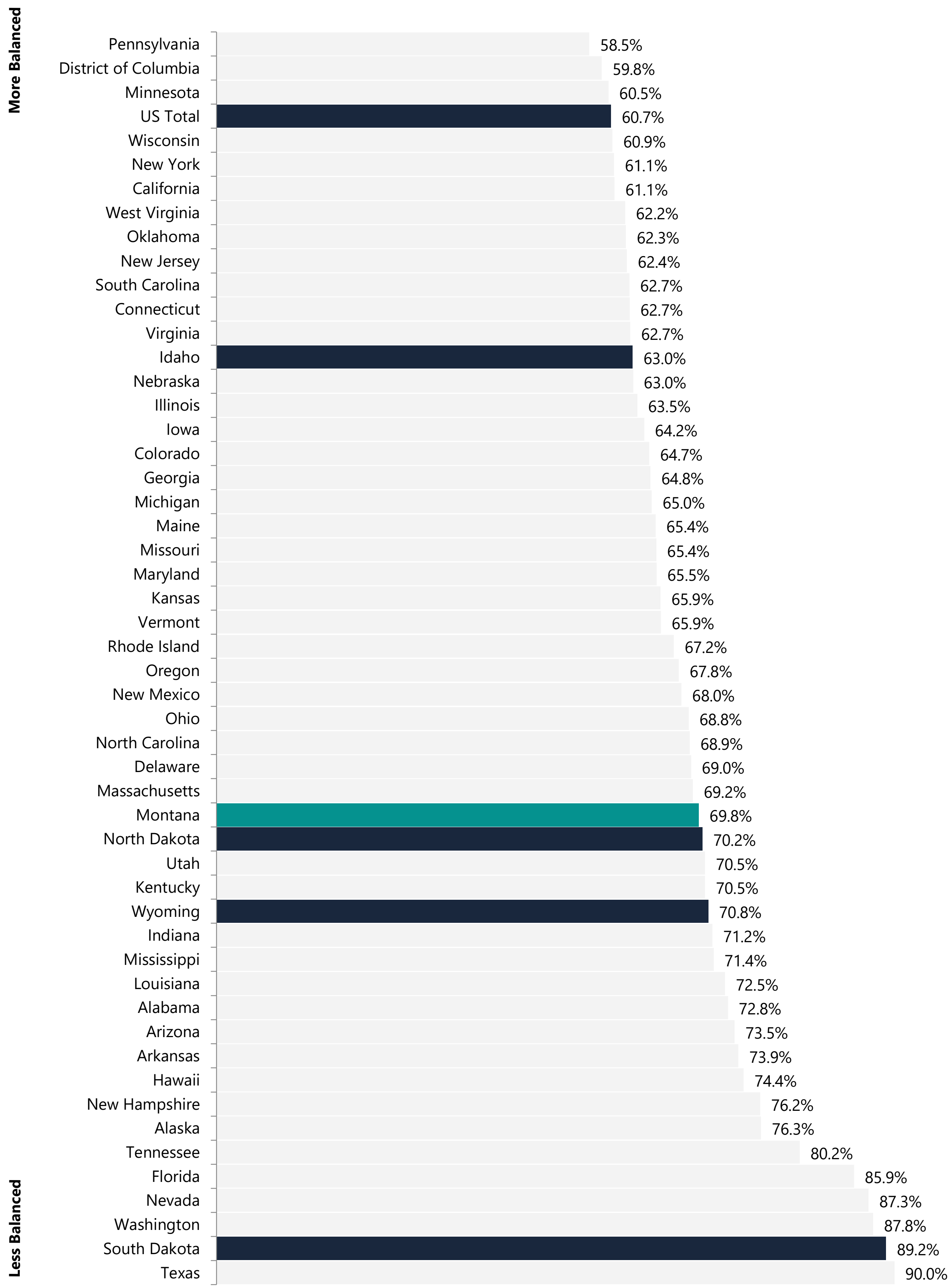


Figure 2.23 Percent of Revenue From Two Taxes



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Similar Circumstances and Similar Taxes

For most Montana taxes, taxpayers who have similar tax bases pay similar taxes. There are two exceptions. One exemption is income tax, where taxpayers with similar incomes may have very different tax liabilities if they differ in their ability to take advantage of the itemized deductions and tax credits allowed by the state. For example, a taxpayer with a mortgage on a house can claim itemized deductions for mortgage interest and property taxes. This is likely to result in this taxpayer having lower income tax liability than an otherwise identical taxpayer who rents and cannot claim these deductions.

In general, the Montana property tax system is designed so that similar properties will have similar taxable values, and any differences in taxes will be due to differences in local mills. Sometimes, differences in local mills reflect differences in local services. For example, if residents of one town choose to have more parks and recreation facilities than residents of a similar town, the first town is likely to have higher property taxes to pay for the additional facilities. Differences in local mills may also reflect differences in the costs of providing local services. If the cost of living is higher in one area than another, school districts in the higher cost area may have to levy more mills so they can pay teachers higher salaries to induce them to live and work in the higher-cost area.

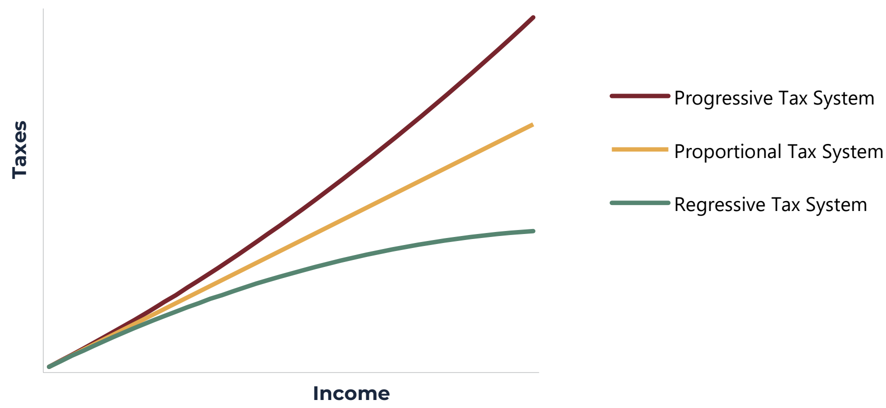
However, one of the main determinants of mill levies in a taxing jurisdiction is the amount of industrial and commercial property in the jurisdiction. Jurisdictions with large amounts of industrial and commercial property relative to the population tend to have low mill levies. In contrast, similar jurisdictions with little or no industrial or commercial property tend to have higher mill levies. This disparity can result in similar properties with similar taxable values, paying very different amounts of property tax for the same public services.

Taxes Paid Relative to Income

A tax system is determined to be proportional if the ratio of taxes to income is the same for taxpayers with different incomes. A tax system is considered progressive if the ratio of taxes to income is higher for taxpayers with higher incomes, and regressive if the ratio of taxes to income is lower for taxpayers with higher incomes.

The graph on the next page (Figure 2.24) illustrates these concepts. The yellow line shows a proportional tax system, where taxes are the same proportion of income at all income levels. The red line shows a progressive tax system where taxpayers with higher incomes pay a higher percentage of their incomes in taxes. The green line shows a regressive tax system where taxpayers with lower incomes pay a higher percentage of their incomes in taxes.

Figure 2.24 Different Types of Tax Systems



The graph on the following page (Figure 2.25) shows the measure of progressivity or regressivity, also called the Suits index, for each of the 50 states and the District of Columbia. The Suits index will be positive for a progressive tax system, zero for a proportional tax system, and negative for a regressive tax system. A larger negative number indicates a more regressive tax system. The Suits index is always between -1 and 1. If all taxes were paid by the person with the highest income, the Suits index would be equal to 1. If all of taxes were paid by the person with the lowest income, the Suits index would be equal to -1.[4]

As Figure 2.26, shows, most state tax systems are regressive—taxpayers with higher incomes pay a smaller portion of their income in taxes. While state income taxes often are progressive, property and sales taxes together generate more revenue than the income tax in most states.

Property taxes are regressive because, while higher-income individuals typically have more expensive houses, taxpayers' personal real estate holdings rarely increase proportionally with their income. Taxpayers with higher incomes are more likely to own business property, but property taxes, like other costs, generally are passed along to customers.

Sales taxes generally are regressive because (1) services and other non-taxable purchases make up a larger percentage of higher-income taxpayers' spending, and (2) higher-income taxpayers typically spend a smaller fraction of their income. Higher-income taxpayers are more likely to be accumulating wealth by spending less than they receive, both in any year and over their lifetimes. Montana has one of the least regressive tax systems as measured by the Suits index, due in part to our lack of a general statewide sales tax.

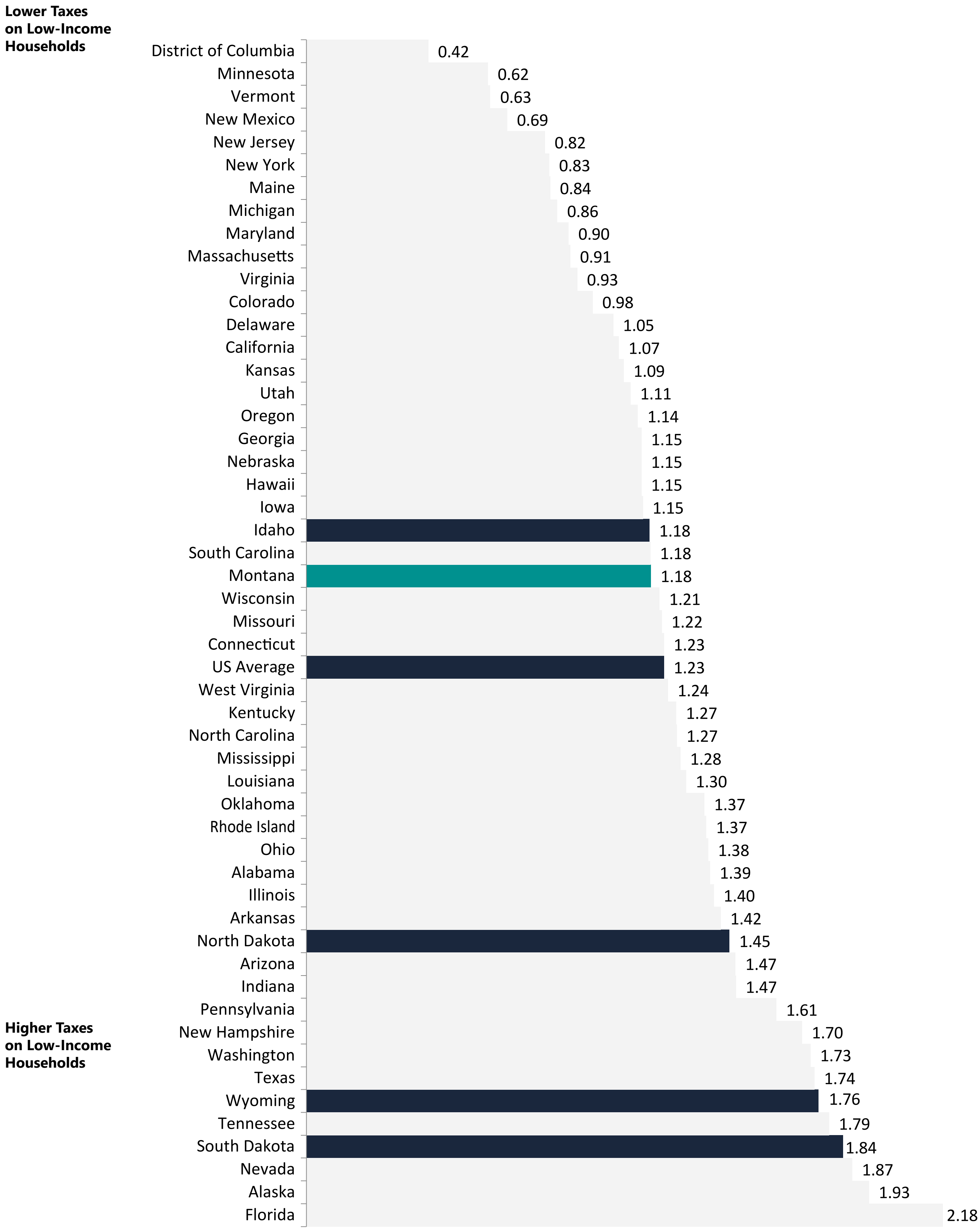
The second graph (Figure 2.36) compares the percentage of income going to state and local taxes for the fifth of taxpayers with the lowest incomes to the same percentage for all taxpayers. The number for a state is less than one if low-income taxpayers pay a smaller share of their income in state and local taxes than other taxpayers. It is more than one if low-income taxpayers pay a larger share of their income in state and local taxes.

Montana low-income taxpayers pay 1.18 times as large a share of their income in state and local taxes as taxpayers as a whole. This is one of the lower ratios, and well below the national average of 1.23. There are 12 states where the ratio is 1 or less.

4 Suits Indices in the graph are calculated from information in "Who Pays: A Distributional Analysis of the Tax Systems in All 50 States," 7th ed, Institute on Taxation and Economic Policy, 2024

Figure 2.25 Regressivity of State Tax Systems

Figure 2.26 Taxes as Percent of Income, Low-Income Households Compared to All Households



Easy to Understand and Comply

Ideally, paying for public services would be simple and straightforward. The taxpayer would receive a bill, verify that the amount was correct, and have a convenient way to pay.

Whether a state's tax system is easy to understand and easy to comply with depends on the types of taxes collected and on the details of the specific taxes. Some taxes are inherently harder to understand or harder to comply with. The way a tax is implemented can also make it easier or more difficult to understand and comply with. A state that relies more on taxes that are more complex will have a tax system that is harder to understand and comply with than a state that relies more on taxes that are less complex.

Characteristics of a tax that affects how easy it is easy to understand and comply with include:

- if the taxpayer receives a bill or self-assesses (files a return)
- if the tax is self-assessed, the ease or difficulty of the process if tax is billed and if the taxpayer can easily verify that the tax assessment is correct, and
- how the tax is paid.

The process for resolving disputes between the taxpayer and the taxing jurisdiction also affects the ease of complying with a tax; it is generally similar between taxes and across states. In general, the taxpayer can request an informal review, then proceed to a formal review first with the department, next to an appeal before a quasi-judicial body (such as the Montana Tax Appeals Board), and ultimately, to an appeal before state, and possibly federal, courts.

One difference between taxes is who initiates the process. With taxes that are billed, the process generally begins with the taxpayer disagreeing with the taxing authority's assessment. With taxes that are self-assessed, the process generally begins when the taxing authority audits the taxpayer's return, disagrees with the self-assessed tax, and assesses additional tax.

Billed or Self-Assessed

Property taxes are generally billed to taxpayers, though some types of property are self-reported.

Sales taxes and excise taxes generally are assessed by the vendor as part of the ultimate taxpayer's bill for the taxable good or service.

Individual and corporate income taxes are self-assessed, as well as severance taxes and most business taxes.

Unlike most states, Montana does not have a general sales tax. Because of this, a taxpayer in Montana self-assesses a larger proportion of tax transactions than a taxpayer in the typical state. However, the effort required to self-assess taxes depends on the number of returns a taxpayer must file and the effort each return requires, not on the tax due with each return. A taxpayer in a state with sales tax, income taxes, and property taxes will have to file about the same number of returns as they would in Montana.

Ease or Difficulty of Self-Assessment

How difficult it is for taxpayers to file returns for a tax depends on the length and complexity of the return, and on additional recordkeeping the tax requires.

Personal Income Tax

The income tax is self-assessed. Taxpayers are required to complete and file an annual return, necessitating some recordkeeping, organization and planning. The ease of filing returns differs between taxpayers. Filing a return is simple for taxpayers who report only wage and interest income on Forms W-2 or 1099, claim a standard deduction, and do not claim any credits. For taxpayers who have business income or claim a credit, there is a greater need to keep records; completing a return will thus take more time and effort.

Like most states, Montana has tied its income tax closely to federal income tax requirements. For taxpayers who are required to file a federal income tax return, the more the state return form resembles the federal return form, the easier it will be for taxpayers to file their state return. For many taxpayers, the income and deduction information they use to calculate their state income tax will be the same information they used for their federal returns. All states have some differences from the federal return, such as income exemptions, itemized deductions, and credits allowed. Until Tax Year 2024, Montana had more differences from federal law than its surrounding states. Starting in Tax Year 2024, however, Montana's personal income tax was changed to resemble federal tax law more closely.

Before Tax Year 2024

Before Tax Year 2024, Montana's personal income tax was based on Federal Adjusted Gross Income (AGI). Starting from Federal AGI required taxpayers in Montana to calculate a separate state standard or itemized deduction. This also means taxpayers who itemize deductions must keep track of deductible expenditures and fill out additional schedules on their Montana tax returns. As the table on the following page shows, Montana had more differences from federal itemized deductions than its surrounding states. Montana law also provided for a smaller standard deduction than federal law, which results in more taxpayers itemizing deductions on their state returns than on their federal returns.

Until 2024, one significant difference between Montana and other states was that Montana was one of a few states that did not require married couples to make the same filing choice on their state and federal income tax returns. At the same time, Montana had only one set of tax rates for all taxpayers. With only one rate table, most married couples in Montana with two incomes had a lower state tax liability if they filed separate tax returns. Because of this, a larger number of married couples in Montana filed a joint federal tax return, but separate state tax returns. This process of changing their filing status made Montana's filing process slightly more complex. In addition, many couples also calculated their state income taxes under both filing options in order to minimize their state tax liability. This significantly increased the time and effort required to file a Montana return.

Finally, all states with income taxes exempt some income from taxation at the state level that is considered taxable income at the federal level. Exempting more income sources makes the filing process more complex for taxpayers, as it requires additional steps to determine if a taxpayer's income is taxable at the state level. As can be seen in the Table 2.4 below, Montana exempted 36 different types of income taxed at the federal level from its income tax before Tax Year 2024, which is more than its surrounding states.

Federal law prohibits states from taxing some types of income that the federal government taxes and many states have chosen to exempt from taxation. States are allowed to tax some income that the federal government has chosen to exempt. All state income taxes have a definition of taxable income that has some differences from the federal definition. As Table 2.4, shows, Montana had more differences than its surrounding states before Tax Year 2024.

Table 2.4 State Income Tax Components

	Montana - Tax Year 2023	Montana - Tax Year 2024	Idaho	North Dakota	South Dakota	Wyoming
Federal Income Type Used	Federal Adjusted Gross Income	Federal Taxable Income	Federal Taxable Income	Federal Taxable Income	No Income Tax	No Income Tax
Additions to Federal Income	14	8	5	3		
Subtractions to Federal Income	36	17	22	18		
Itemized Deductions	Additional Deductions Allowed	Federal Itemized Deductions	Federal Itemized Deductions	Federal Itemized Deductions		
Credits	19	18	17	25		

Starting Tax Year 2024

Starting Tax Year 2024, Montana personal income tax was changed from being based on Federal AGI to Federal Taxable Income (TI). Beginning from Federal TI removes the requirement for taxpayers to estimate separate standard and itemized deduction amounts for the Montana income tax. The larger federal standard deduction also reduces the number of taxpayers who itemize their deductions. The move to Federal TI should reduce the complexity of Montana's personal income tax and should also reduce the time and effort required to file a Montana tax return.

The changes to Montana's personal income tax in 2024 also includes the creation of separate rate tables for taxpayers who file a single, joint, or head of household return. The creation of multiple tables eliminates the benefits of taxpayers filing separate returns instead of jointly. At the same time, the option to file a Montana tax return with a different filing status from the federal return was eliminated. The creation of separate rate tables, and the elimination of the alternative filing status option, will reduce the time and effort required of taxpayers when filing their returns.

Overall, the changes made to Montana's personal income tax starting in Tax Year 2024 reduced the complexity of the tax to match Montana's surrounding states and the federal income tax more closely. This reduced complexity should make it easier for taxpayers to file their state return.

Corporation Income Tax

The corporate income tax return also is tied to federal law. The Montana return begins with federal taxable income from the taxpayer's federal return. Montana has some adjustments to federal taxable income and most taxpayers are affected by at least one. In particular, taxpayers must add back any Montana corporation tax deducted while calculating federal taxable income. Montana also offers a large number of tax credits for corporations, but only about 1 percent of corporate returns claim a credit.

The most difficult state-specific aspect of the Montana return is the apportionment of the income of multi-state corporations to Montana. The form itself is not difficult, but filling it out requires keeping records of the location of the corporation's sales, payroll, and property. However, a multistate corporation has to make an apportionment calculation for each of the states where it pays corporation tax, so the extra recordkeeping is not all attributable to Montana.

Selective Sales, Excise Taxes and Severance Taxes

The returns for Montana's sales and excise taxes and severance taxes are relatively short and straightforward. Most returns are one page. The taxpayer lists either total or taxable sales, subtract a few deductions, and then multiply the net amount by a tax rate. However, having the information to fill out the forms may require significant recordkeeping for the taxpayer. Much of the information needed to fill out the tax forms is information most businesses would already track, such as total sales and various expenses, but some records may only be needed for taxes, such as which sales are taxable and which are exempt.

Ease of Payment

Property Tax

Before 2024, property tax payments were due for all taxpayers twice a year. The need to make two significant cash payments requires planning by the taxpayer. Most homeowners with a mortgage make monthly payments to a financial institution that then makes the biannual tax payments on the homeowner's behalf.

Starting in 2024, however, the owner of a primary residence in the state can apply to, and enter into an agreement with, their county treasurer to enroll in an alternative payment schedule. Under the alternative payment schedule, property tax payments are due seven times a year, instead of the normal two times. The ability to make seven payments instead of two larger payments should make it easier for many taxpayers to plan for and make payments on their property taxes.

Personal Income Tax

Taxpayers are required to make payments during the year of at least 90 percent of the current year's tax liability or 100 percent of the previous year's tax liability. Any excess payments are refunded when the taxpayer files a return, while any shortfall must be paid at the time of filing. Payments during the year may be made by withholding or quarterly estimated payments. Most taxpayers who receive periodic payments can choose to have income tax withheld from these payments. Taxpayers who make estimated payments generally have to keep track of their income, calculate the amount to pay each quarter, and make sure that funds are available to make the payments. Approximately eight in 10 individuals or couples have taxes withheld from wages or other periodic payments, while one in 10 makes estimated payments. One in 20 does both withholding and estimated payments.

Corporation Income Tax

Corporations are required to make quarterly estimated payments during a tax year. Any excess or deficiency is refunded or paid when the corporation files its return. Making periodic tax payments generally will not be significantly different from making payments to suppliers or employees or paying dividends to shareholders. These activities are things businesses do routinely; making four additional payments should have only minimal additional cost.

Selective Sales and Excise Taxes

Consumers pay these taxes as part of their point-of-sale payment for taxable goods and services. There is no additional effort required on the consumer's part.

Vendors who collect these taxes from their customers must calculate the tax, track the amount collected, and remit it to the state periodically. The tax calculation can be automated as part of the billing process and is done as part of a transaction the vendor would already be regularly making. Remitting sales and excise taxes are no different from making the other types of payments that a business makes routinely and should have only minimal additional cost.

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Severance Taxes

Severance tax payments are due with the taxpayer's periodic return. Making these periodic payments generally is no different than other payments regularly made by a business and should have only minimal additional costs.

Easy to Administer Fairly, Efficiently, and Effectively

A tax that is easy to administer fairly, efficiently, and effectively will have a low cost for the tax agency to either assess the tax or to process and verify tax returns. The tax return filing and payment process will have few opportunities for taxpayers to evade the tax and it will not create disparities in how taxpayers are treated.

Cost to Access or Process Returns

The tax agency's cost to administer a tax depends on the number of taxpayers and the time and effort the agency must expend per taxpayer. The number of taxpayers varies between types of taxes. Taxes that are paid directly by most individuals or businesses have many returns. Taxes that are paid by a few taxpayers or that are collected from many taxpayers by a few vendors have fewer returns to process.

The time spent by the agency per taxpayer depends on the length of the return and the amount of information that must be recorded. It will also depend on the time required to verify and correct a typical return.

To some extent, there may be a trade-off between taxpayers' ease of compliance and the tax agency's ease of administration. For example, having a tax billed rather than self-assessed shifts most of the effort of calculating the tax from the taxpayer to the tax agency. Conversely, requiring additional information regarding sales or income would increase the effort required of the taxpayer or third party to comply with the tax, but could reduce the tax agency's auditing effort required to administer a tax effectively.

Property Tax

The property tax is a relatively expensive tax to administer, primarily because it is billed rather than self-assessed. Montana's property tax has some complexities that make it more expensive to administer than property taxes in some states but does not have some complications found in other states.

The Department of Revenue assesses all property in the state, certifies the total taxable value for each taxing jurisdiction, and certifies the value of newly taxable property to be used in calculating each taxing jurisdiction's spending limits. Each local taxing jurisdiction calculates its mill levy or levies based on its budget and taxable value. The department calculates tax for each taxable property. The county treasurers then print and mail property tax bills to each property owner.

These functions are common to the property tax systems in all states. In Montana, more of these functions are performed by the state than by local jurisdictions than is common in other states. Montana is one of two states where all property assessment is a state function instead of a local function. In most states, a state agency oversees and supports local assessors. Property that crosses county lines, such as railroads or pipelines, is assessed by the state.

Property assessment became a state function in Montana for both historic and practical reasons. The 1972 Constitutional Convention made property assessment a state function after hearing widespread concerns about lack of uniformity in appraisals done by county assessors. In states with state-wide property taxes, such as Montana, it is important that assessments be uniform statewide as well as within local jurisdictions.

Identical properties need to have the same assessed value within a taxing jurisdiction to ensure that property owners pay the same taxes. However, the taxes on individual properties in a jurisdiction will be the same whether assessments are all at market value or are uniformly high or low. This occurs because property taxes are based on a taxpayer's share of taxable value in a jurisdiction, not on the absolute value of the taxpayer's property.

A taxpayer with 0.01 percent of the taxable value in a jurisdiction will pay property taxes equal to 0.01 percent of the taxing jurisdiction's revenue requirement. Millage rates are set by dividing a jurisdiction's revenue requirement by its taxable value. If, for example, all properties in a jurisdiction are over-assessed by 10 percent, the mills will be 10 percent lower than if assessments were at market value, and taxes will be the same as if assessments were at market value.

In other states with only local property taxes, assessments are required to be uniform within each local taxing jurisdiction, but do not need to be uniform across jurisdictions. For example: if assessments are 10 percent higher than market value in Town A and 10 percent lower than market in Town B, taxpayers in both jurisdictions pay the same taxes as if both towns assessed at market value.

When a state levies property taxes, assessments need to be uniform statewide or some adjustment needs to be made for differences between local assessment practices. Montana has made assessment a state function. Most of the other states with state property taxes provide state oversight for local assessors. Washington, for example, conducts annual sales-assessment ratio studies and uses the results to adjust state mills in each county to compensate for differences in local assessment practices.

While assessing property at the state level increases the state cost of administering the property tax, it eliminates most local costs. It is not known how state level assessment affects the total of state and local costs.

The basis for property taxation is the market value of property. Determining the tax this way can be simple or complex. In some states, all property is assessed at its market value and the tax equals market value multiplied by millage. In other states, property is assessed at a percent of its market value. The percentage may vary between classes of property. Some types of property may be assessed on something other than market value, resulting in part of a property's value being exempt from taxes or in different rates to different properties.

When property is assessed at less than full market value, the ratio of assessed value to market value is called the assessment ratio. Property tax rates give the ratio of tax to taxable value. In Montana, these rates are expressed in mills, or dollars of tax per thousand dollars of taxable value. Some states express rates as a percentage, or dollars of tax per hundred dollars of taxable value. Property tax rates may either be set by statute or determined annually by dividing a taxing jurisdiction's revenue requirement by its total taxable value.

The following Table 2.5 shows the number of states with uniform taxation of all property (except agricultural land, which is generally assessed on its value in its current use rather than its market value), and the number of states that treat classes of property differently either through different assessment ratios or different mill levies.

Table 2.5 States* With Uniform and Nonuniform Taxation of Property Classes

Categories	Data
One Assessment Ratio and Uniform Mills	16
One Assessment Ratio and Nonuniform Mills	13
Multiple Assessment Ratios and Uniform Mills	19 - Includes Montana
Multiple Assessment Ratios and Nonuniform Mills	3
Credits	19

** Includes Washington DC*

https://www.lincolninst.edu/data/significant-features-property-tax/access-database/property-tax-classification/

More than half of the states have some departure from uniform property taxation. The largest group, which includes Montana, has classes of property with different assessment ratios (multiple assessment ratios), but the same millage rates (uniform mills). Thirteen states have the same assessment ratio for all classes of property (one assessment ratio), but have at least one situation where a property class pays a different millage rate (nonuniform mills). Three states have classes with different assessment ratios and different millage rates. One state, California, does not base taxes on market value. Property taxes in California are based on a purchase price that has been partially adjusted for inflation. This practice is equivalent to having a different assessment ratio for property sold each year.

Montana's property tax does not have some features that make property tax administration more complex and costly in other states. Some states have mill levies that apply to some classes of property and not to others. For example, in some states, school district levies may apply to residential property but not commercial property, or public safety levies may apply to buildings but not land. This requires a layer of recordkeeping and a step in the tax calculation not required in Montana. Some states have caps on increases in the assessed value of individual properties. These caps take several forms. Sometimes, assessors are required to track several values for each property, such as current market value, purchase price adjusted for inflation, or purchase price adjusted by an arbitrary growth rate, and then apply the lowest value. This also requires additional layers of record keeping and additional steps in the tax calculation that are not required in Montana. States can also have limits on tax rates or levies.

Table 2.6 States with Limits on Property Tax Growth

	States With Limits on Assessed Value Growth	States Without Limits on Assessed Value Growth	Total
States With Limits on Tax Rates or Levies	17	28 (Including Montana)	45
States Without Limits on Tax Rates or Levies	3	3	6
Total	20	31	51

Personal Income Tax

The provisions of the Montana income tax that make it more difficult for taxpayers to file returns also generally make it more expensive for the department to process and audit returns. Building the abilities to both handle separate returns filed on the same form and the large number of line items into the department's data processing system required significant up-front costs. These changes also required considerable extra work when the system was upgraded and somewhat increased the cost of processing each return and storing the information on it.

The large number of state credits, and the differences from the federal definition of income and federal itemized deductions, created more line items on returns that must be verified and may need to be audited to ensure high compliance. Table 2.8 on the next page contains a list of the tax credits and other tax expenditures currently in Montana's personal income tax rules in Tax Year 2023. Additional information on each of the tax expenditures listed on the next two pages in Table 2.8, as well as tax expenditure information for other tax types, can be found in the Tax Expenditure section of this report.

The changes made to Montana's personal income tax starting Tax Year 2024 should reduce many of these additional compliance and processing costs. In addition, once the changes are implemented, the cost to the department's data processing system could be reduced in future years as well.

Increased electronic filing has improved the efficiency and reduced the cost of administration of the income tax return process. However, the cost of processing paper tax returns continues to be significant and time consuming. The table below contains a breakdown on the number of personal income tax returns that are filed by Montana taxpayers. The percentage of e-filed returns in Montana has increased from 55 percent of returns filed in Tax Year 2007 to more than 92 percent in Tax Year 2023.

Table 2.7 Income Tax returns File in Montana

Tax Year	Total	Paper	E-file	% E-file
2007	511,235	230,490	280,745	54.9%
2008	542,625	219,182	323,443	59.6%
2009	533,161	193,843	339,318	63.6%
2010	522,381	165,237	357,144	68.4%
2011	526,902	123,179	403,723	76.6%
2012	535,682	109,058	426,624	79.6%
2013	547,558	103,101	444,457	81.2%
2014	552,189	93,924	458,265	83.0%
2015	562,647	88,524	474,123	84.3%
2016	571,114	81,333	489,781	85.8%
2017	568,961	78,196	490,765	86.3%
2018	579,865	81,938	496,180	85.6%
2019	584,897	72,643	510,141	87.2%
2020	596,344	67,191	525,865	88.2%
2021	607,404	57,550	547,810	90.2%
2022	617,741	50,009	564,891	91.4%
2023	634,064	47,625	584,703	92.2%

Table 2.8 Individual Income Tax Expenditures – 2023

Individual Income Tax Expenditures - 2023	Number	$
Deductions for the Self-Employed	71,911	$21,173,733
Health Savings Account Deduction	12,609	$3,246,951
Individual Retirement Account Deduction	11,575	$3,929,463
Student Loan Interest Deduction	25,921	$1,080,645
Archer MSA Deduction	17	$2,887
ABLE Accounts	198	$23,993
Business Purchases of Recycled Material	88	$12,401
Mobile Home Park Capital Gain Exclusion	*	$39,602
Disability Retirement Income	14	$936
Exempt Tribal Income	5,506	$10,272,654
Medical Marijuana Provider Expenses	74	$392,294
Family Education Savings Account	5,675	$1,245,132
Farm and Ranch Risk Management Account	*	$0
First-Time Home buyer Account	186	$40,160
Highly Compensated Employee Health Benefits	105	$42,211
Interest on Federal Government Bonds	30,356	$9,698,094
Exempted Military Salary	4,706	$12,194,490
Montana Medical Care Savings Account	5,120	$1,419,950
National Guard Life Insurance Premiums	13	$5,836
Partial Interest Exclusion For Elderly Taxpayers	89,479	$2,705,958
Partial Pension Exemption	48,419	$5,453,272
Sales of Land to Beginning Farmers	0	$0
Small Business Investment Company Dividends	20	$2,380
Health Care Professional Student Loan Repayment	74	$116,904
Quality Educator Loan Assistance Program	597	$13,935
Tier I and Tier II Railroad Retirement Benefits	3,378	$3,885,600
Tip Income and Gratuities	22,109	$6,506,115
Unemployment Compensation	15,440	$4,981,818
Worker's Compensation	148	$39,832
Casualty and Theft Losses	35	$83,081
Charitable Contributions	146,635	$50,005,469
Child and Dependent Care Expenses	191	$2,179
Federal Income Tax	192,520	$64,106,417
Mortgage Interest and Insurance Premiums	124,193	$59,951,132
Light Vehicle Registration Fees	29,243	$443,463
Long-Term Care Insurance Premiums	8,357	$1,526,310
Medical and Dental Expenses	46,035	$12,257,288
Medical Insurance Premiums	104,011	$27,805,768
Per Capita Livestock Fees	495	$8,436
Political Contributions	5,951	$45,512
Other Deductible Taxes	5,404	$467,424
State and Local Taxes	190,195	$38,778,093
Adoption Credit	205	$1,906,579

Table 2.8 Individual Income Tax Expenditures – 2023 (continued)

Individual Income Tax Expenditures - 2023	Number	$
Apprenticeship Credit	424	$617,027
Capital Gains Credit	65,536	$77,730,688
Credit for Other States' Taxes	15,513	$69,814,800
Earned Income Tax Credit	56,502	$4,047,850
Elderly Homeowner / Renter Credit	15,195	$10,035,293
Historic Property Preservation Credit	*	$6,028
Infrastructure Users Fee Credit	*	$246,298
Innovative Educational Program Credit	54	$764,211
Qualified Endowment Credit	590	$2,948,736
Recycling Credit	78	$362,703
Student Scholarship Organization Credit	47	$1,470,326
Unlocking State Lands Credit	*	$2,215
Media Production Credit	22	$2,589,812
Trades Education and Training Credit	25	$25,101
Job Growth Incentive Credit	0	$0

** Not disclosed due to confidentiality concerns*

Sales and Excise Taxes

Not having a general sales tax significantly reduces the cost of administering Montana's tax system. In states that have both a general sales tax and an income tax, the costs of administering the two taxes generally are in the same range. Sales tax is collected by almost all businesses making retail sales and many businesses making wholesale sales. Thus, there are a large number of sales tax returns to process. Significant effort is required to verify that an individual taxpayer has applied the tax to the correct transactions and collected and remitted the correct amount of tax.

Montana's selective sales and excise taxes have a relatively small number of taxpayers, ranging from a few hundred to 10,000.

Severance Taxes

Most severance taxes have a small number of taxpayers and relatively simple returns. The Oil and Gas Production Tax is an exception. Part of the revenue from this tax is allocated to the county and school district where each well is located. This means that, besides the normal processing and verifying of returns, the department must calculate the distribution of revenue separately for each return.

Fairness of Administration

Whether a tax is administered fairly is a different question than whether the tax is fair. A tax may be unfair if, for example, it imposes wildly different taxes on taxpayers in similar circumstances. Administration of a tax may be unfair if, for example, the cost to comply is much higher for some taxpayers than for others, or if some group of taxpayers find it easy to evade the tax while others pay.

The property tax and the personal income tax are the two taxes that pose the greatest challenges for fairness in administration.

Property Tax

Two properties with the same value and in the same class should only have different property taxes if they face different local mill levies. This will be the case if the department's assessments of property value are uniform.

Assessing property values is a much more difficult and involved process than determining the tax base for other taxes. For most other taxes, the tax base is either the value of a market transaction, such as income earned or goods sold, or some physical quantity, such as tons of a mineral mined, or packs of cigarettes sold.

For property tax, there is an observable, current market transaction only for a fraction of properties every year. For properties that have not sold recently, the department must estimate the price at which they would sell. Even for properties that have sold recently, the department has to estimate how much the value changed between the date when it sold last and the reappraisal date.

The department has several tools for making these estimates. For residential property, the main tool is statistical modeling, which uses the prices and characteristics of homes that have sold recently to estimate the value of other similar homes in the same neighborhood. Another tool is direct comparison with a limited number of similar properties that have sold recently. Other tools include estimates of the cost of constructing a similar building, and estimating the present value of the stream of rent or other income that the property could produce.

For all these appraisal tools, there is a trade-off between the effort and cost that goes into appraisal and the accuracy of the estimated value of individual properties. For example, statistical models do a good job of estimating the average value of a certain type of house in a certain neighborhood, but may not pick up the unique features that make the value of a particular house higher or lower than average. Collecting additional information and using it to build more sophisticated models can lead to more accurate individual appraisals, but also may increase the cost of the appraisal process.

Personal Income Tax

The primary difficulty in administering the income tax fairly comes from differences in the ease of noncompliance for taxpayers in different circumstances. Taxpayers with income from wages and salaries, interest, corporate dividends, or pensions have their income reported to the IRS and the department and may have tax withheld from their payments. Taxpayers with income from a sole proprietor business or a pass-through entity do not have the same third-party reporting and withholding requirements. IRS research indicates that taxpayers whose income is not subject to third party reporting or withholding under-report income and under-pay tax at higher rates. Most credits and deductions also are based on information that is self-reported by the taxpayer with little or no third-party verification.

Maintaining acceptable compliance and fairness between taxpayers requires the department to audit and verify a sample of returns with items where there is no third-party verification and to search for non-filers. Increasing fairness of administration by reducing non-compliance by taxpayers with income, deduction, or credit items without third-party reporting is possible but only by imposing additional costs, either on the department for additional auditing or on taxpayers through additional reporting requirements.

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Competitive

People and businesses consider taxes and government services, among other factors, such as location to natural resources and employment, in deciding where to be located. State and local governments often compete for business presence in their communities or state by providing special tax treatment for specific industries or groups of residents. However, with the requirements to have a balanced budget, state and local governments can only cut taxes for one group by raising taxes for another or by reducing spending. Governments can compete by giving special treatment to favored groups at the cost of higher taxes or fewer services for someone else. They can also compete by efficiently providing a level of services that citizens want at the lowest possible cost.

Even without consciously competing, states make themselves more or less attractive to certain types of taxpayers because of their mix of taxes and the features of individual taxes. Taxpayers generally prefer the taxes they pay to be lower and may not care about taxes they do not pay. For example, retirees may be attracted by low property taxes, while young families may find large income tax exemptions for dependents attractive. Taxpayers may also be attracted by the quality of specific public services, such as schools or roads.

The next 12 tables show taxes per person and taxes per dollar of income received by state residents for the 50 states and the District of Columbia for the fiscal year ending June 30, 2022. The tables show property taxes, sales and gross receipts taxes, individual and corporate income taxes, other taxes, and the total of all taxes. These tables show state and local taxes adjusted for the size of each state's population and the size of its economy. They also show the relative importance of each type of tax in each state. These tables do not show taxes paid by a typical individual or the percent of income a typical individual pays in taxes. States differ in the shares of taxes paid by individuals and businesses and by residents and non-residents.

Accountability

In an accountable tax system, taxpayers know what they pay and what their taxes buy. Taxpayers also know how taxing and spending decisions are made and they have the opportunity to participate in and influence those decisions.

Taxes differ in how obvious they are to taxpayers and in how easy it is for taxpayers to compare the amount they are paying for public services to the amount they pay for other goods and services. With taxes that are billed or that require taxpayers to file a periodic return, taxpayers can easily see the total amount they pay for the period. With property taxes, the bill can also tell taxpayers what they are paying for particular public services, such as roads, schools, and public safety. With sales and excise taxes, it is much less obvious to a taxpayer how much they are paying. Even when excise taxes are stated on a bill, the customers paying the bill are likely to be only vaguely aware of the amount of tax. When businesses are taxed with the intention that they pass the tax on to customers, the point-of-sale taxpayers will often be unaware of the tax. When businesses are taxed to pay for public services that the businesses use, the cost will be passed on to customers in the same way as other costs of doing business.

In Montana, taxing and spending decisions are made by the state legislature, elected local officials, or by citizens voting for services they want. In addition, growth in local property taxes is often limited by Montana statute, but those limits can generally be modified by a vote of the electorate.

Provisions of the tax code that have aims other than raising revenue should be explicit and should be reviewed regularly. Tax preferences are an alternative to spending as a way to accomplish legislative goals and they should be given the same type of scrutiny. One tool of that scrutiny is a tax expenditure report. Such a report should explain each tax expenditure's purpose, if it has been explicitly defined, and how it works, measure its revenue cost, and evaluate its effectiveness as well as its cost-effectiveness in accomplishing its purpose. Montana is one of the states that produce a periodic tax expenditure report. It is the Tax Expenditure section of this Biennial Report.

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Table 2.9 Taxes Per Person - FY 2022

	Property Tax		Sales and Gross Receipts		Individual and Corporate Income Tax		Other Taxes		Total	
State	**%**	**Rank**	**%**	**Rank**	**%**	**Rank**	**%**	**Rank**	**%**	**Rank**
Average of All States	$1,947		$2,368		$2,281		$508		$7,104	
Alabama	$697	51	$2,205	25	$1,516	35	$294	39	$4,711	50
Alaska	$2,389	11	$1,012	48	$563	44	$2,961	3	$6,926	20
Arizona	$1,259	38	$2,566	15	$1,182	40	$196	49	$5,203	42
Arkansas	$860	50	$2,678	10	$1,492	36	$243	44	$5,273	39
California	$2,137	15	$2,578	13	$4,923	3	$708	12	$10,346	3
Colorado	$2,123	16	$2,569	14	$2,259	17	$301	38	$7,252	16
Connecticut	$3,364	4	$2,308	21	$3,743	5	$312	36	$9,727	4
Delaware	$1,156	42	$655	51	$2,857	10	$2,974	2	$7,643	14
District of Columbia	$4,334	1	$3,163	4	$6,123	1	$1,400	6	$15,020	1
Florida	$1,675	29	$2,517	16	$170	46	$521	20	$4,883	48
Georgia	$1,462	33	$1,720	45	$1,906	26	$150	51	$5,238	40
Hawaii	$1,607	32	$4,484	2	$2,831	11	$610	16	$9,531	5
Idaho	$1,076	45	$1,896	39	$1,875	27	$287	40	$5,135	43
Illinois	$2,611	8	$2,592	12	$2,569	12	$427	30	$8,199	9
Indiana	$1,259	39	$2,212	24	$2,121	20	$175	50	$5,766	32
Iowa	$1,999	18	$2,094	34	$1,856	28	$428	29	$6,377	24
Kansas	$1,802	25	$2,367	19	$1,943	25	$217	47	$6,329	25
Kentucky	$1,021	47	$1,908	38	$2,095	21	$201	48	$5,226	41
Louisiana	$1,039	46	$2,968	6	$1,203	39	$314	35	$5,524	34
Maine	$2,557	9	$2,145	29	$2,164	19	$327	33	$7,193	17
Maryland	$1,873	23	$2,099	32	$3,536	6	$569	18	$8,077	11
Massachusetts	$2,998	7	$1,758	42	$4,153	4	$471	24	$9,380	7
Michigan	$1,704	27	$1,731	44	$1,532	33	$322	34	$5,288	38
Minnesota	$1,916	21	$2,227	23	$3,476	7	$440	27	$8,058	12
Mississippi	$1,228	40	$2,181	28	$1,105	41	$262	42	$4,777	49
Missouri	$1,362	35	$1,732	43	$1,664	30	$219	46	$4,977	47
Montana	$1,922	20	$798	49	$2,385	14	$692	13	$5,797	31
Nebraska	$2,271	12	$1,972	36	$2,009	24	$480	22	$6,733	22
Nevada	$1,345	37	$4,041	3	$0	48	$780	8	$6,166	28
New Hampshire	$3,642	2	$690	50	$977	42	$610	15	$5,920	30
New Jersey	$3,631	3	$2,143	30	$3,163	9	$452	26	$9,389	6
New Mexico	$1,106	44	$2,971	5	$1,260	37	$2,422	4	$7,760	13
New York	$3,319	5	$2,730	9	$6,090	2	$612	14	$12,751	2
North Carolina	$1,169	41	$2,002	35	$1,805	29	$330	32	$5,306	37
North Dakota	$1,621	30	$2,477	17	$901	43	$3,969	1	$8,968	8
Ohio	$1,616	31	$2,337	20	$1,547	32	$247	43	$5,747	33
Oklahoma	$940	49	$2,097	33	$1,236	38	$753	9	$5,026	45

Table 2.9 Taxes Per Person - FY 2022 (continued)

	Property Tax		Sales and Gross Receipts		Individual and Corporate Income Tax		Other Taxes		Total	
State	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Oregon	$1,890	22	$1,106	47	$3,219	8	$724	10	$6,938	19
Pennsylvania	$1,719	26	$2,101	31	$2,238	18	$600	17	$6,658	23
Rhode Island	$2,534	10	$2,192	27	$2,036	22	$267	41	$7,029	18
South Carolina	$1,433	34	$1,708	46	$1,525	34	$347	31	$5,012	46
South Dakota	$1,683	28	$2,824	7	$68	47	$479	23	$5,053	44
Tennessee	$971	48	$2,806	8	$427	45	$503	21	$4,707	51
Texas	$2,234	13	$2,659	11	$0	48	$542	19	$5,434	35
Utah	$1,347	36	$2,387	18	$2,291	16	$221	45	$6,247	27
Vermont	$3,184	6	$2,196	26	$2,331	15	$453	25	$8,165	10
Virginia	$2,017	17	$1,888	40	$2,502	13	$432	28	$6,838	21
Washington	$1,995	19	$4,519	1	$0	48	$902	7	$7,417	15
West Virginia	$1,106	43	$1,919	37	$1,617	31	$709	11	$5,352	36
Wisconsin	$1,832	24	$1,794	41	$2,024	23	$305	37	$5,955	29
Wyoming	$2,149	14	$2,280	22	$0	48	$1,826	5	$6,255	26

Figure 2.27 Property Taxes Per Person FY 2022

Figure 2.28 Sales and Gross Receipts Taxes Per Person FY 2022

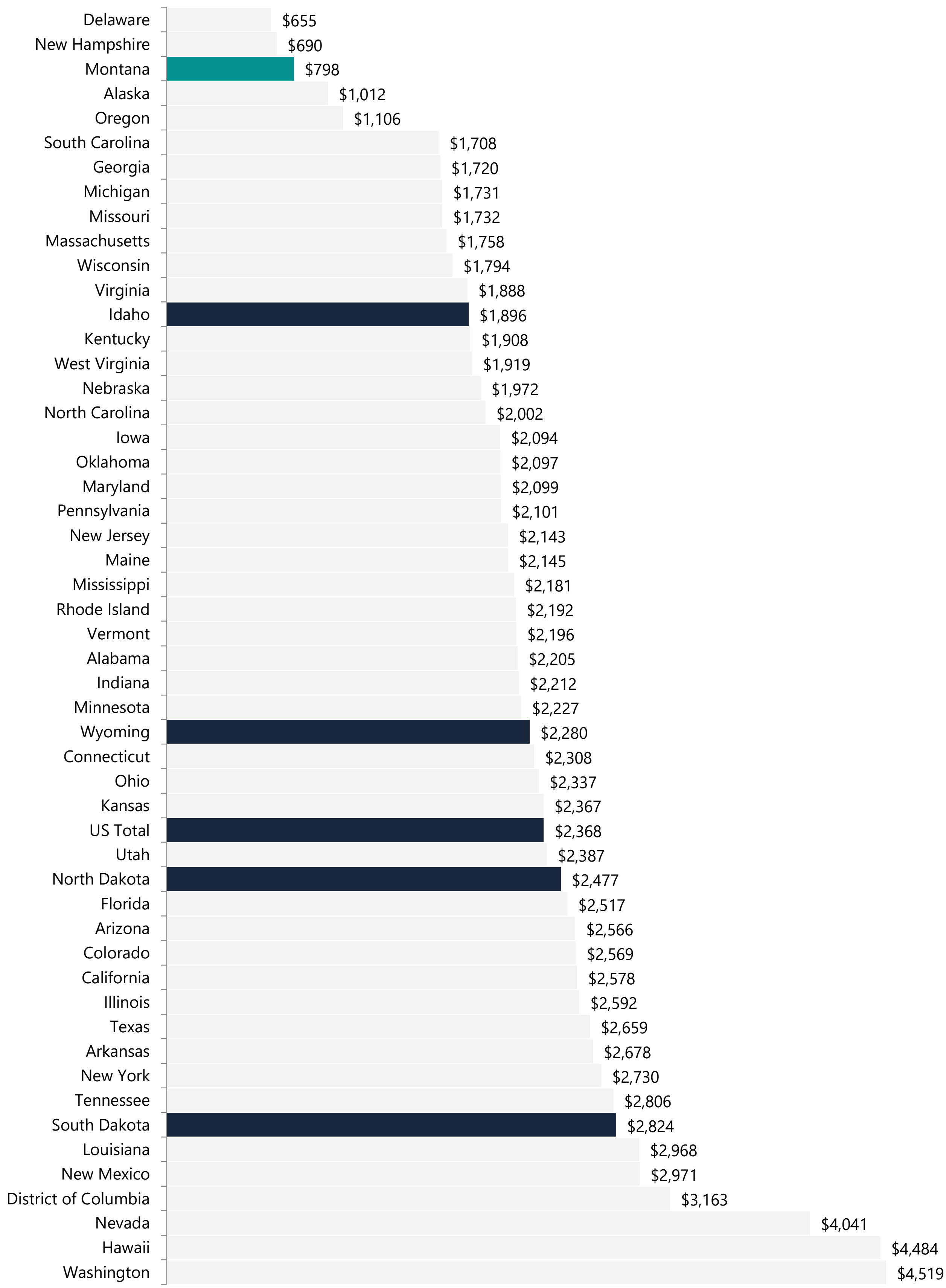

Figure 2.29 Individual and Corporate Income Taxes Per Person FY 2022

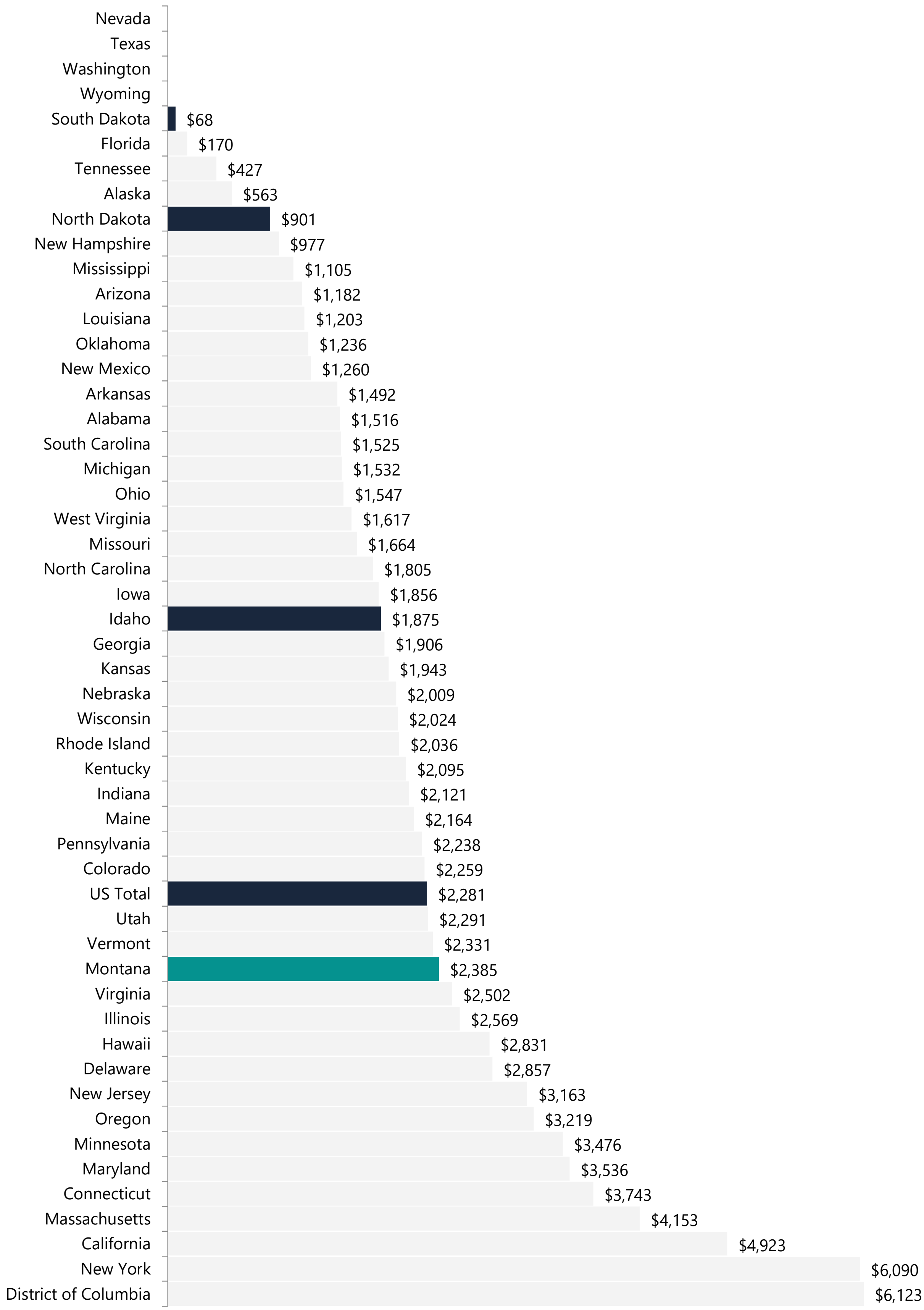

Figure 2.30 Natural Resource and Other Taxes Per Person FY 2022

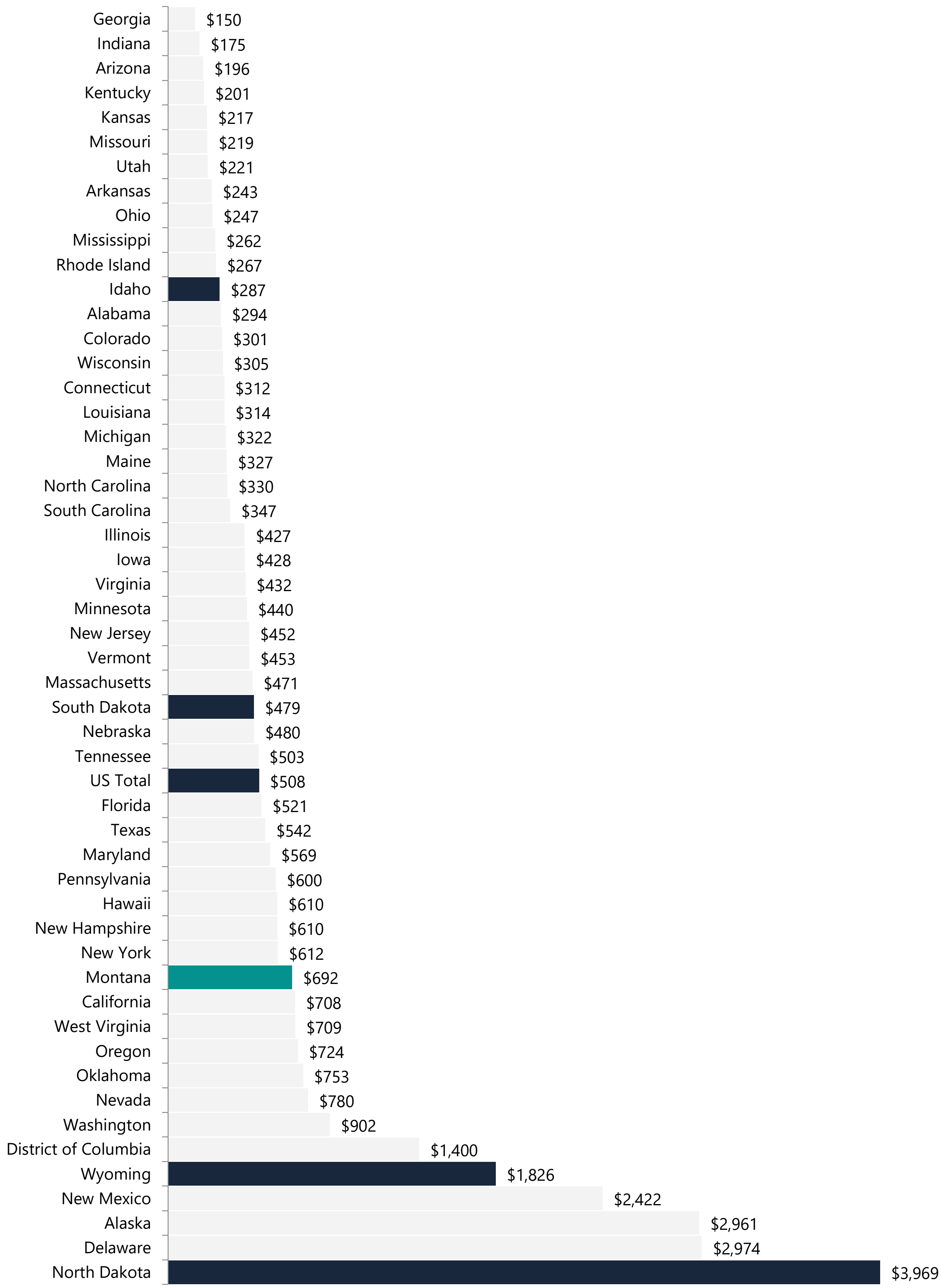

Figure 2.31 Total State and Local Taxes Per Person FY 2022

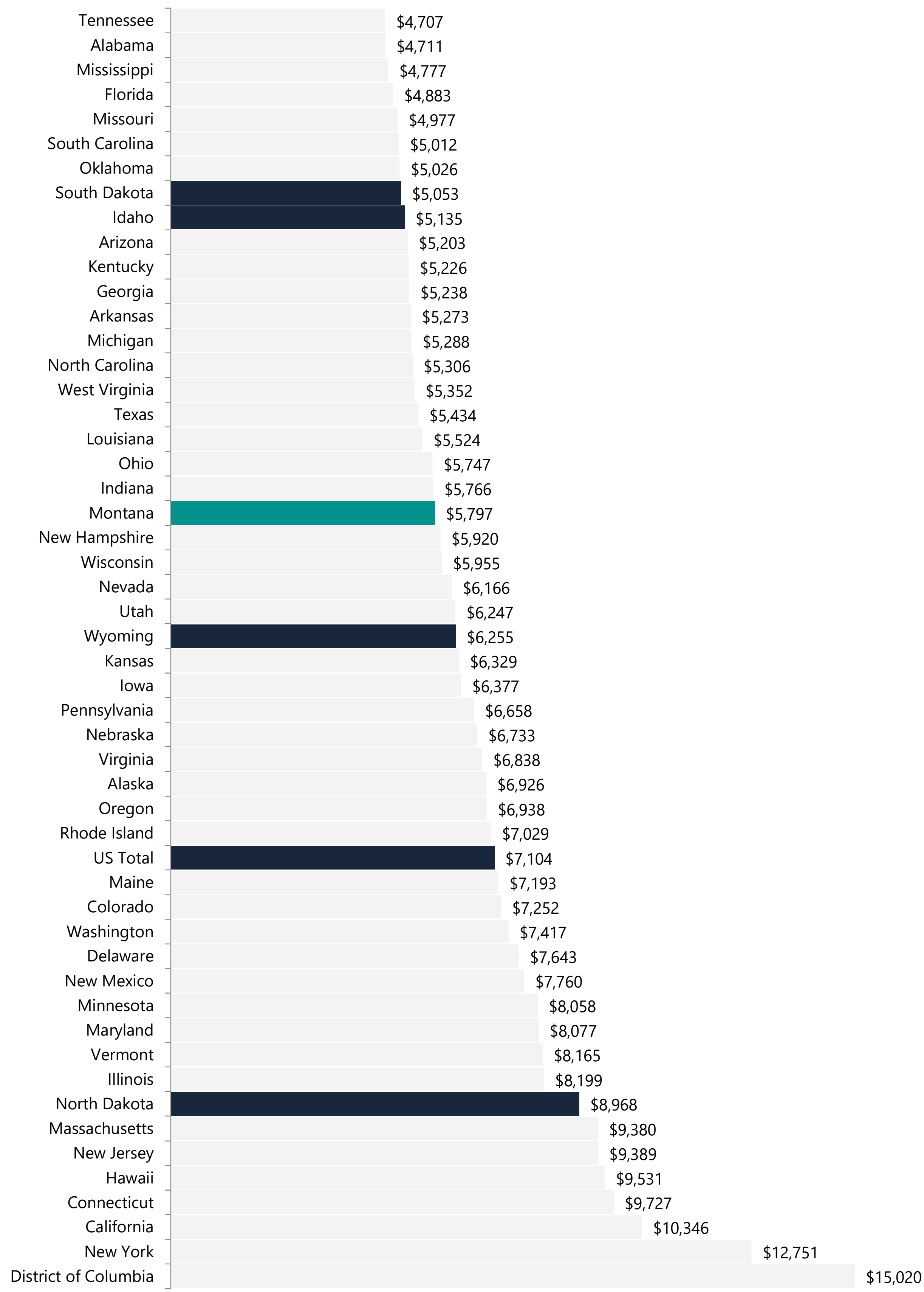

Table 2.10 Taxes as a Percent of Personal Income - FY 2022

	Property Tax		Sales and Gross Receipts		Individual and Corporate Income Tax		Other Taxes		Total	
State	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Average of All States	2.94%		3.57%		3.44%		0.77%		10.72%	
Alabama	1.35%	51	4.27%	10	2.93%	31	0.57%	31	9.12%	39
Alaska	3.46%	12	1.47%	48	0.82%	44	4.29%	4	10.04%	25
Arizona	2.14%	40	4.35%	9	2.00%	41	0.33%	49	8.82%	43
Arkansas	1.56%	50	4.84%	6	2.70%	34	0.44%	40	9.53%	34
California	2.78%	22	3.35%	29	6.40%	2	0.92%	14	13.45%	5
Colorado	2.77%	23	3.35%	30	2.95%	30	0.39%	43	9.46%	35
Connecticut	3.96%	7	2.72%	44	4.40%	10	0.37%	46	11.44%	13
Delaware	1.81%	47	1.02%	50	4.47%	9	4.65%	2	11.95%	10
District of Columbia	4.29%	4	3.13%	35	6.06%	3	1.39%	7	14.87%	3
Florida	2.59%	31	3.90%	15	0.26%	46	0.81%	19	7.56%	50
Georgia	2.55%	33	3.00%	36	3.33%	21	0.26%	51	9.14%	38
Hawaii	2.57%	32	7.17%	1	4.52%	8	0.97%	13	15.23%	2
Idaho	1.88%	45	3.32%	31	3.28%	22	0.50%	38	8.99%	42
Illinois	3.81%	9	3.78%	18	3.75%	15	0.62%	28	11.96%	9
Indiana	2.13%	41	3.75%	19	3.60%	17	0.30%	50	9.78%	32
Iowa	3.25%	14	3.40%	27	3.01%	28	0.69%	24	10.36%	19
Kansas	2.89%	20	3.80%	17	3.12%	26	0.35%	48	10.15%	22
Kentucky	1.94%	44	3.62%	20	3.98%	12	0.38%	44	9.91%	26
Louisiana	1.86%	46	5.33%	5	2.16%	39	0.56%	32	9.91%	27
Maine	4.14%	6	3.48%	23	3.51%	19	0.53%	37	11.66%	11
Maryland	2.63%	29	2.94%	39	4.96%	6	0.80%	20	11.32%	14
Massachusetts	3.48%	11	2.04%	46	4.82%	7	0.55%	36	10.88%	16
Michigan	2.94%	18	2.98%	37	2.64%	36	0.55%	35	9.12%	40
Minnesota	2.74%	25	3.19%	33	4.97%	5	0.63%	27	11.53%	12
Mississippi	2.60%	30	4.63%	8	2.35%	38	0.56%	34	10.13%	23
Missouri	2.31%	35	2.93%	41	2.82%	32	0.37%	45	8.44%	46
Montana	3.12%	15	1.30%	49	3.87%	13	1.12%	12	9.42%	36
Nebraska	3.39%	13	2.94%	40	3.00%	29	0.72%	22	10.04%	24
Nevada	2.15%	39	6.47%	2	0.00%	48	1.25%	9	9.87%	28
New Hampshire	4.87%	2	0.92%	51	1.31%	42	0.82%	18	7.91%	49
New Jersey	4.67%	3	2.76%	43	4.07%	11	0.58%	30	12.08%	8
New Mexico	2.08%	42	5.60%	4	2.37%	37	4.56%	3	14.62%	4
New York	4.28%	5	3.52%	22	7.86%	1	0.79%	21	16.45%	1
North Carolina	1.98%	43	3.40%	28	3.06%	27	0.56%	33	9.00%	41
North Dakota	2.28%	36	3.48%	24	1.27%	43	5.57%	1	12.59%	7
Ohio	2.77%	24	4.00%	13	2.65%	35	0.42%	41	9.84%	29
Oklahoma	1.62%	49	3.61%	21	2.13%	40	1.30%	8	8.66%	44
Oregon	2.95%	17	1.72%	47	5.02%	4	1.13%	11	10.82%	17

Table 2.10 Taxes as a Percent of Personal Income - FY 2022 (continued)

	Property Tax		Sales and Gross Receipts		Individual and Corporate Income Tax		Other Taxes		Total	
State	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Pennsylvania	2.63%	28	3.21%	32	3.42%	20	0.92%	15	10.18%	21
Rhode Island	3.93%	8	3.40%	26	3.16%	25	0.41%	42	10.91%	15
South Carolina	2.63%	27	3.14%	34	2.80%	33	0.64%	26	9.21%	37
South Dakota	2.41%	34	4.05%	12	0.10%	47	0.69%	25	7.25%	51
Tennessee	1.64%	48	4.74%	7	0.72%	45	0.85%	17	7.95%	48
Texas	3.55%	10	4.22%	11	0.00%	48	0.86%	16	8.63%	45
Utah	2.22%	37	3.93%	14	3.77%	14	0.36%	47	10.28%	20
Vermont	5.00%	1	3.45%	25	3.66%	16	0.71%	23	12.83%	6
Virginia	2.89%	19	2.71%	45	3.59%	18	0.62%	29	9.81%	30
Washington	2.64%	26	5.97%	3	0.00%	48	1.19%	10	9.80%	31
West Virginia	2.21%	38	3.83%	16	3.23%	24	1.42%	6	10.68%	18
Wisconsin	2.96%	16	2.89%	42	3.26%	23	0.49%	39	9.61%	33
Wyoming	2.81%	21	2.98%	38	0.00%	48	2.39%	5	8.18%	47

Figure 2.32 Property Taxes, % of Personal Income FY 2022

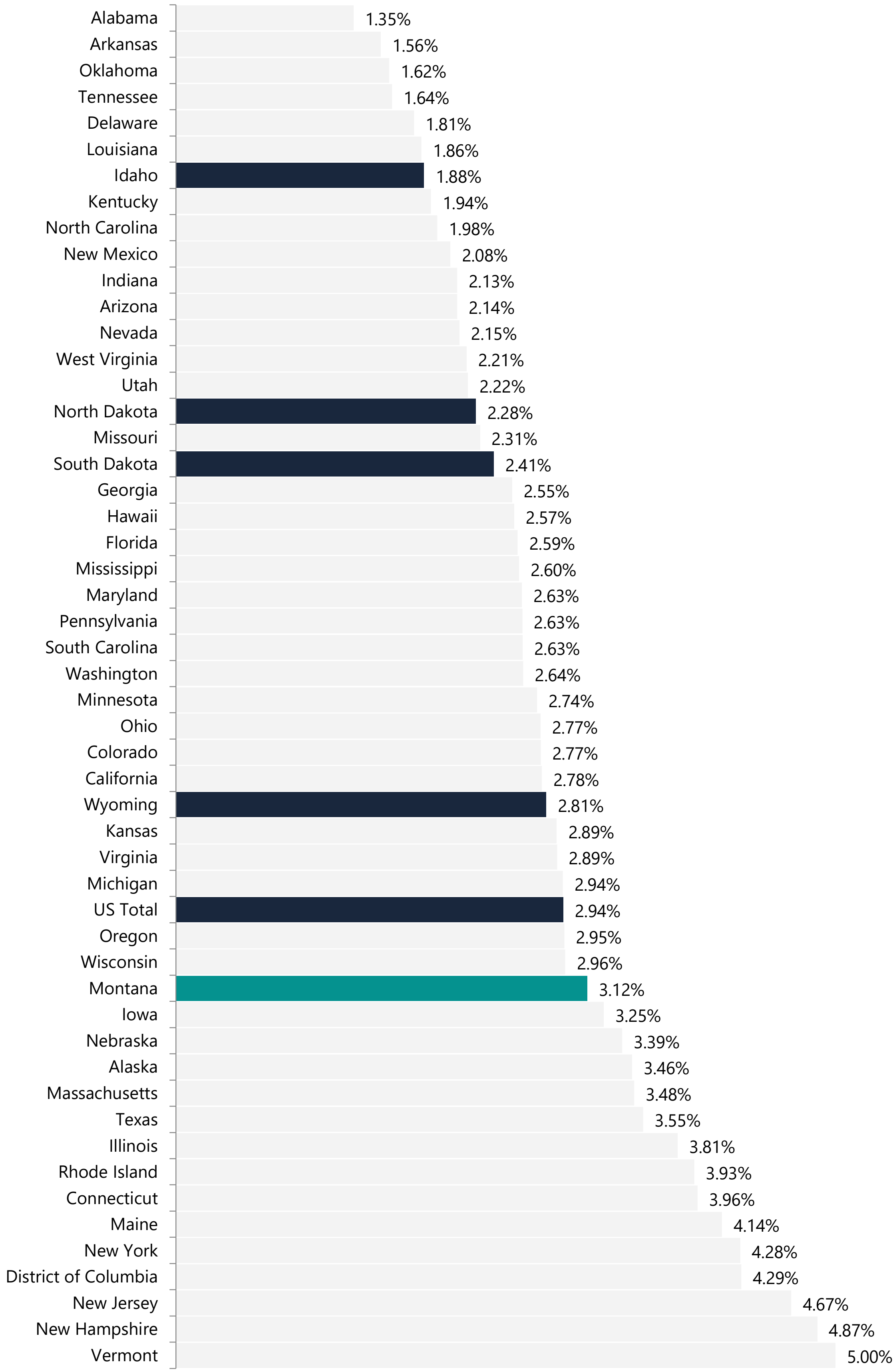

Figure 2.33 Sales and Gross Receipts Taxes, % of Personal Income

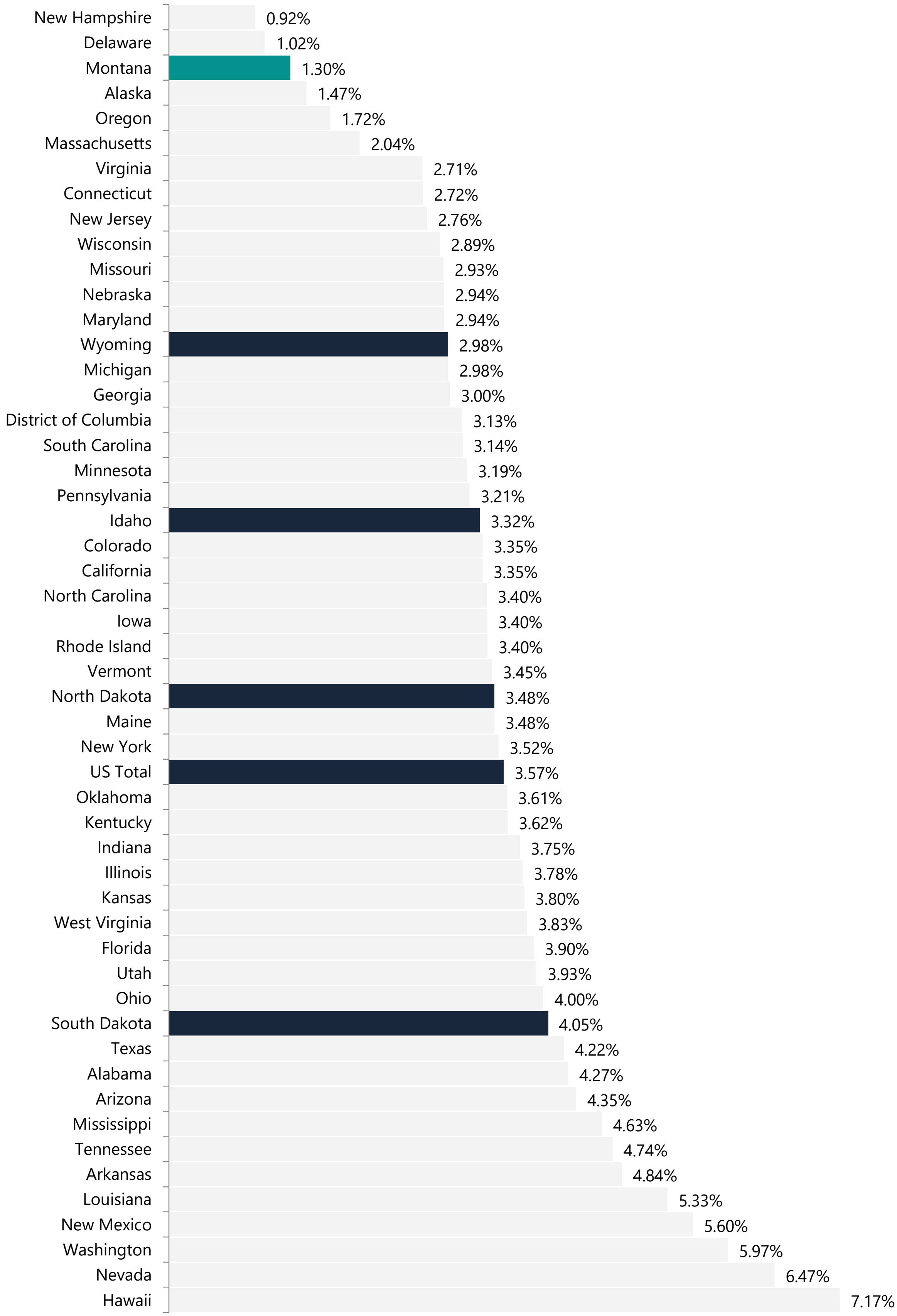

Figure 2.34 Individual and Corporate Income Taxes, % of Personal Income FY 2022

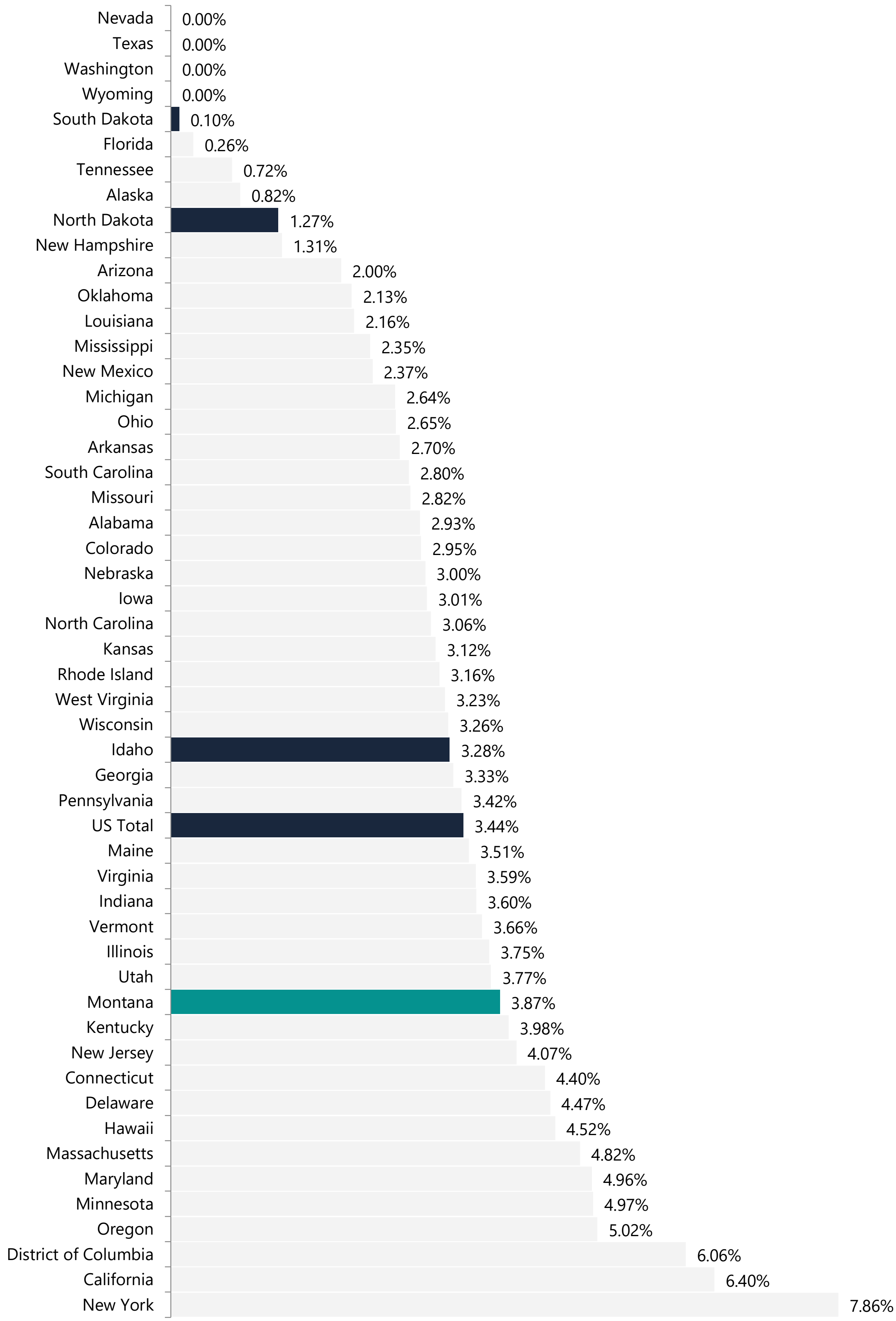

Figure 2.35 Natural Resource and Other Taxes, % of Personal Income, FY 2022

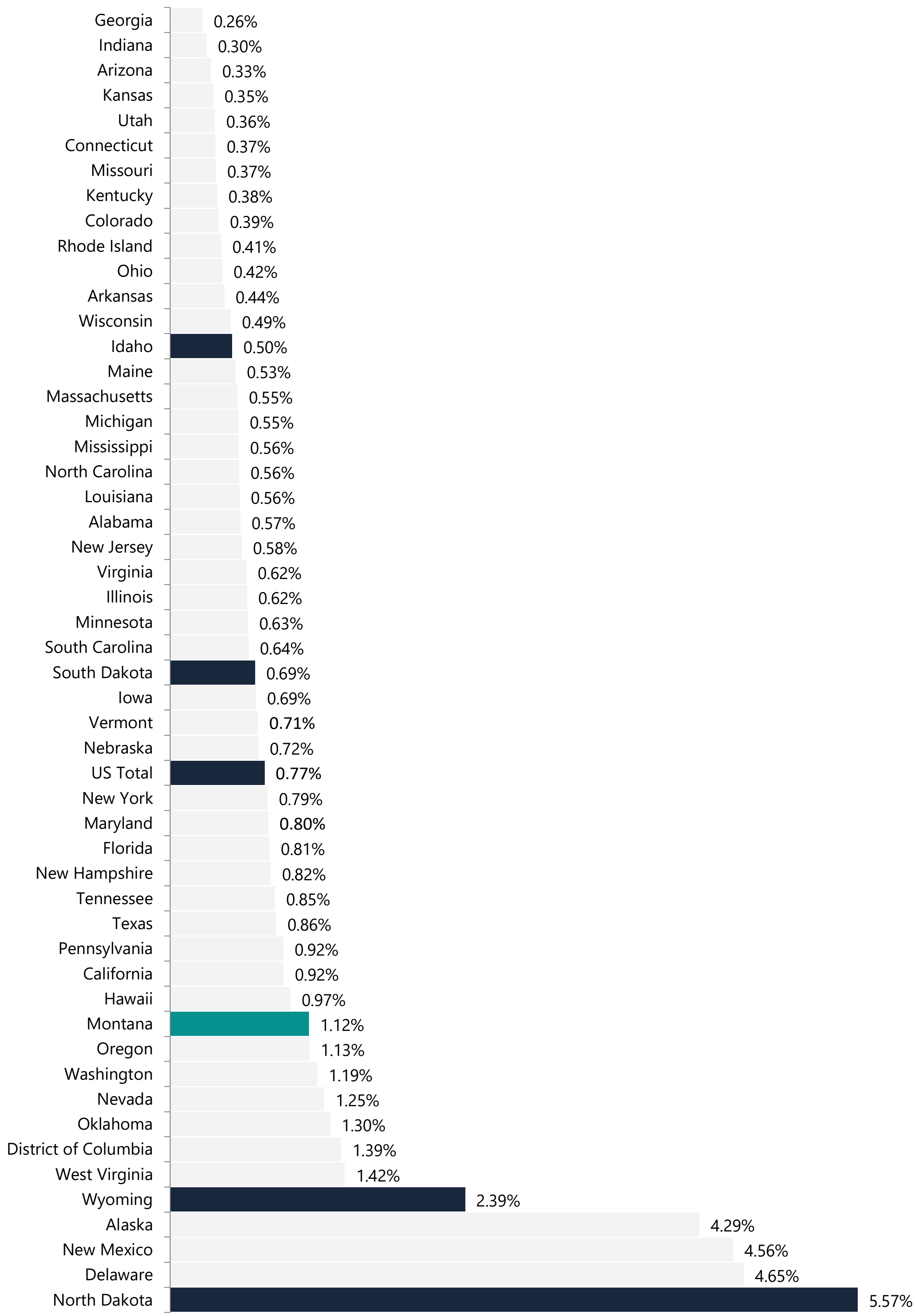

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Figure 2.36 State and Local Taxes, % of Personal Income., FY 2022