

Table of Contents

About the Agency	5
Montana Department of Revenue	6
Tax Structure and Trends	7
Tax Structure and Trends	8
State and Local Government Finance in Montana	9
Department of Revenue Tax Collections	14
Montana Tax Trends	16
Taxes and Spending in Montana and Other States	18
Comparison of State Taxes	20
Individual and Corporate Income Tax	51
Overview of Individual Income Tax	52
Recent Legislative Changes to Individual Income Tax	54
Calculation of Individual Income Tax	55
Income, Deductions, Credits and Tax Liability	56
Taxation of Business Income	64
Overview of Pass-Through Entities	68
Pass-Through Entities - Ownership, Income, Deductions, and Credits	70
Overview of Corporate Income Tax	79
State Comparison of Corporate Tax Rate	88
Select History of Corporate Income (License) Tax	89
Natural Resources	91
Overview of Natural Resource Taxes	92
Coal, Oil and Natural Gas State Tax Comparison	93
Bentonite Production Tax	94
Cement and Gypsum Tax	95
Coal Gross Proceeds	96
Coal Severance Tax	98
Metal Mines Gross Proceeds Tax (Class 2 Property)	105
Metalliferous Mines License Tax	107
Micaceous Mines License Tax	110
Miscellaneous Mines Net Proceeds Tax (Class 1 Property)	111
Oil and Natural Gas Tax	113
Resource Indemnity and Ground Water Assessment Tax	119
Resource Indemnity Trust Fund Interest	122
U.S. Mineral Royalties	123
Other Taxes	125
911 Emergency Telephone System Fee	126
Cigarette License Fee	129
Cigarette Tax	130
Consumer Counsel Fee	132
Electrical Energy Producers' License Tax	133
Hospital Facility Utilization Fee	134
Inheritance and Estate Tax	135
Intermediate Care Facility Utilization Fee Distribution	136
Lodging Facility Use Tax	137
Nursing Facility Utilization Fee	139
Public Contractor's Gross Receipts Fees and Tax	140
Public Service Commission Fee	141
Rail Car Tax	142
Retail Telecommunications Excise Tax	143
Sales Tax - Accommodations	144
Sales Tax - Rental Vehicles	145
TDD Telecommunications Service Fee	146
Tobacco Products Tax	147
Unclaimed Property	150
Wholesale Energy Transaction Tax	151

Property Taxes.....	153
Property Tax Background	154
Classes of Property	156
Class 3, Class 4, and Class 10 Taxable Value	158
Mitigation History	160
Determining Taxes Paid.....	162
Tax Increment Financing	164
Taxes Levied.....	170
Property Taxes Paid By Class	171
Property Taxes By Taxing Jurisdiction Type	173
Property Tax and Property Value Summaries.....	175
Property Taxes Paid By County	188
Liquor Control Division	245
Liquor Control Division	246
Sales of Distilled Spirits	247
Overview of Liquor Licenses	248
Legislative History	249
Liquor Licensing - Manufacturers	251
Liquor Licensing - Distributors and Wholesalers	253
Liquor Licensing - Retail	254
Liquor Licensing - Quota System	255
Alcoholic Beverage Taxes	256
Beer Tax.....	257
Table Wine and Hard Cider Tax	258
Liquor Excise Tax.....	259
Liquor License Tax.....	260
State Comparison.....	261
Tax Expenditures.....	263
Introduction to Tax Expenditures	264
Personal Income Tax Expenditures	272
Definition of Adjusted Gross Income - Passive Expenditures.....	273
Definition of Adjusted Gross Income	277
Itemized Deduction Expenditures.....	290
Special Treatment for Certain Types of Income	300
Tax Credits.....	301
PIT - Tax Expenditures by Summary	330
Corporate Tax Expenditures	333
Corporate Tax Expenditures - Passive Expenditures	346
Property Tax Expenditures	347
Natural Resource Tax Expenditures	351
Transfers to Local Government	355
Transfers to Local Government	356
Oil and Natural Gas Revenue.....	359
Coal Gross Proceeds and Bentonite	362
Federal Mineral Royalties.....	363
Metalliferous Mines.....	364
Natural Resource Revenue	365
Entitlement Share Payments	366
One-Time Reimbursement Payments	387
Glossary	391
Acronyms.....	394