

Glossary and Acronyms

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*We serve Montana by
providing high quality services,
ensuring equity and fairness, and
constantly improving efficiency.*

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Glossary

Terms	Description
Ad Valorem Tax	A tax based on the value of property, such as real estate or a particular good.
Adult-Use Cannabis	Marijuana or marijuana products that may be purchased from a dispensary by a person at least 21 years of age, without needing to be a medical cardholder.
Arms-Length Transaction	A transaction in which the buyer and seller are not related and act independently in their own self-interest, not subject to each other's influence.
British Thermal Unit (BTU)	The amount of energy needed to raise the temperature of one pound of water by one degree Fahrenheit. This is the standard for measuring the energy content of fuels.
Capital Gain	The profit an investor gains from selling an investment (property, stocks, bonds, mutual funds, etc.) that has increased in value over its purchase price.
Carryback	An accounting technique with which a company retroactively applies net operating losses to a preceding year's income to reduce tax liabilities present in that year.
Carryforward	To adjust an amount against succeeding amounts, or to transfer it to the next period.
Carryover	See Carryforward.
C Corporation	Any corporation that is, in general, taxed separately from its shareholders.
Centrally Assessed Properties	Large utilities, pipelines, airlines, and railroads, operating in more than one county or state, valued by the department.
Coal Severance Tax	State tax on coal extracted (or severed) from the earth, based on its value. Tax rate varies with the heat content of the coal and the type of mine (open pit or underground).
Comprehensive Environmental Response, Compensation, And Liability Act (CERCLA)	Commonly known as Superfund, a law that provided a tax on the chemical and petroleum industries and provided broad federal authority to clean up releases of hazardous substances.
Decedent	A person who has died.
Decile	A method of dividing a set of values or statistics into 10 equally large groups.
Empowerment Zone	A financially distressed area that receives tax credits, grants, and other advantages to help revitalize the area.
Estate Tax	A tax on the net value of the estate of a deceased person before transfer to person's heirs.
Excise Tax	A tax on the use or consumption of a certain products, such as gasoline, cigarettes, or alcohol.
Horizontal Well	A drilling method in which the drill turns and runs horizontally once it reaches the source of energy to be extracted, be it gas or oil.

Terms	Description
Inpatient Bed Day	A day of care provided to a patient in a hospital. A day begins at midnight and ends 24 hours later. Part of a day, including day of admission, counts as a full day. Day of discharge or death does not. If admission and discharge or death occur on the same day, that day is counted as one bed day.
License Tax	A fee paid to the government for the privilege of holding a license to conduct a certain trade, such as sell alcohol or practice medicine.
Limited Liability Company (LLC)	A hybrid company structure combining characteristics of both a corporation and a sole proprietorship (or partnership). Members of the company cannot be held personally liable for the company's debts or liabilities.
Market Value	The value at which property would change hands between a willing buyer and a willing seller.
Medical Cannabis	Marijuana or marijuana products that are purchased from a dispensary by registered cardholder.
Millage Rate	Tax per dollar of assessed value of property, where the rate is referred to in "mills. Ten mills is equal to 1%.
Mills	See Millage Rate.
Montana Disable Veterans Program (MDV)	Property tax relief program for 100% disabled veteran property owners who meet certain qualifications.
Net Operating Loss	Occurs when a company's allowable tax deductions are greater than its taxable income.
Offset	To hold a tax refund amount, or part of the amount, if an individual owes money to the State of Montana because of a delinquent debt. The department can offset that individual's state payment, or withhold part of a tax refund to satisfy the debt.
Orphan Share	Part of the liability of a Superfund site that belongs to insolvent or defunct parties that cannot pay their fair share of a site's cleanup cost.
Progressive	A tax is progressive if the average rate of taxation increases as incomes increase.
Proof Gallon	A gallon of spirits that is 50 percent alcohol by volume.
Property Tax Assistance Program (PTAP)	Property tax relief program for property owners who meet certain qualifications.
Pass-Through Entity	An entity that passes its income, loss, deductions or credits to its owners, who may include partners, shareholders, beneficiaries, and investors.
Regressive	A tax is regressive if the average rate of taxation decreases as incomes increase
State General Fund	The primary fund of the state, composed mainly of revenue from taxes and used to budget for state operations.
Sub-Jobber	An entity or a person who purchases tobacco products from a Montana licensed wholesaler with the cigarette tax insignia affixed, and sells or offers to sell those products to a licensed retailer or tobacco product vendor.
Resident Bed Day	Each 24-hour period that a resident in an intermediate care facility is present in the facility and receiving care or that a resident is on leave but a bed is being held for him or her.

Terms	Description
S Corporation	Any corporation that, in general, does not pay any federal income tax, but rather divides its income and losses among its shareholders, who are then subject to taxation.
Simplified Employee Pension (SEP) Plan	A Simplified Employee Pension plan. A SEP provides employers a simplified method to make contributions toward their employees' retirement and their own retirement. Contributions are made directly to an IRA set up for each employee (a SEP-IRA).
Savings Incentive Match Plan For Employees (SIMPLE) Plan	Savings Incentive Match Plan for Employees. It gives small employers a simplified method to make contributions toward their employees' retirement and their own retirement. Under a SIMPLE IRA plan, employees may choose to make salary reduction contributions and the employer makes matching or non-elective contributions. All contributions are made directly to an IRA set up for each employee (a SIMPLE-IRA).
Special Jurisdiction Or Special Taxing District	Single purpose jurisdictions—such as a school district, fire district, water district, etc.—that exist separately from local governments and are funded by special taxes outside of the normal mill-based tax system, such as a lighting district that charges each property a set, flat amount.
Stripper Well	An oil or gas well nearing the end of its economically useful life.
Statute	A written law passed by the legislature.
Suits Index	A measure of tax progressiveness.
Taxable Income	The income factored in calculating how much tax an individual or company owes, usually the gross income minus any deductions, exemptions, or other adjustments.
Taxable Value (Property Taxation)	A property's market value multiplied by the classification tax rate as provided for in statute.
Tax Expenditures	Any reduction in government revenue through provisions in tax laws, such as deductions, exclusions, deferrals, exemptions, and preferential tax rates.
Tax Gap	The difference between total amounts of taxes owed to the government and the amount it actually receives.
Tax Increment Financing (TIF)	A method of public financing used to encourage development and redevelopment in financially distressed areas.
Tax Liability	The total amount of tax an individual or entity owes the government after credits and advance payments (such as withholding and estimated payments).
Tax Rate (Property Taxation)	In Montana, the percentage of a property's market value subject to taxation, equal to taxable value divided by market value. What Montana statute refers to as a tax rate is commonly referred to as an assessment rate in other states.
Treasure State Endowment Program And Fund (TSEP And TSEF)	State program that awards matching grants to local governments for the construction of local infrastructure projects. TSEF is fed by the coal severance tax, the interest on which helps pay for the TSEP projects.
Valuation	The process of determining the current value of an asset, such as a home.
West Texas Intermediate (WTI)	A grade of crude oil used as a benchmark in oil pricing.

Acronyms

Acronyms	Description
ARM	Administrative Rules of the State of Montana
BBL	Barrel of oil, equal to 42 gallons
BTU	British Thermal Unit
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act of 1980
CTAB	County Tax Appeal Board
DOR	Department of Revenue
DPHHS	Department of Public Health and Human Services
FERC	Federal Energy Regulatory Commission
MCA	Montana Code Annotated
MCF	1,000 Cubic Feet of natural gas
MDV	Montana Disabled Veteran Property Tax Relief Program
MMHNCC	Montana Mental Health Nursing Care Center
MTAB	Montana Tax Appeal Board
NCSL	National Conference of State Legislatures
NOL	Net Operating Loss
PSC	Public Service Commission
PTAP	Property Tax Assistance Program
RIGWAT	Resource Indemnity and Groundwater Assessment Tax (also Know as RIT)
RIT	Resource Indemnity Tax (also know as RIGWAT)
TDD	Telecommunications Device for the Deaf
TIF	Tax Increment Financing
TSEF	Treasure State Endowment Fund
TSEP	Treasure State Endowment Program
WTI	West Texas Intermediate