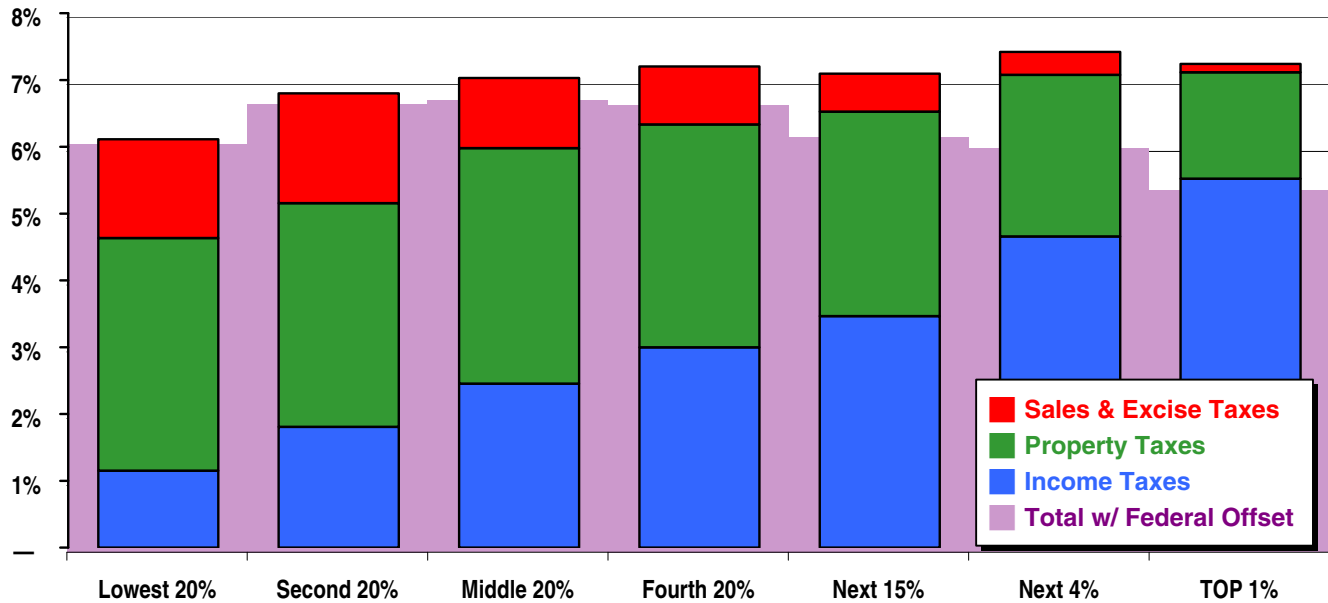


# Montana

## State & Local Taxes in 2002

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$12,000	\$12,000 – \$22,000	\$22,000 – \$35,000	\$35,000 – \$59,000	\$59,000 – \$102,000	\$102,000 – \$264,000	\$264,000 or more
Average Income in Group	\$7,400	\$16,400	\$28,600	\$45,500	\$72,600	\$146,400	\$573,400
<b>Sales &amp; Excise Taxes</b>	<b>1.5%</b>	<b>1.6%</b>	<b>1.1%</b>	<b>0.9%</b>	<b>0.6%</b>	<b>0.3%</b>	<b>0.1%</b>
General Sales—Individuals	—	—	—	—	—	—	—
Other Sales & Excise—Ind.	1.2%	1.4%	0.9%	0.7%	0.5%	0.3%	0.1%
Sales & Excise on Business	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.0%
<b>Property Taxes</b>	<b>3.5%</b>	<b>3.3%</b>	<b>3.5%</b>	<b>3.3%</b>	<b>3.1%</b>	<b>2.4%</b>	<b>1.6%</b>
Property Taxes on Families	3.2%	3.0%	3.2%	2.9%	2.4%	1.6%	0.9%
Other Property Taxes	0.3%	0.3%	0.3%	0.4%	0.6%	0.8%	0.7%
<b>Income Taxes</b>	<b>1.2%</b>	<b>1.8%</b>	<b>2.5%</b>	<b>3.0%</b>	<b>3.5%</b>	<b>4.7%</b>	<b>5.5%</b>
Personal Income Tax	1.1%	1.7%	2.4%	2.9%	3.4%	4.6%	5.3%
Corporate Income Tax	0.1%	0.1%	0.0%	0.1%	0.0%	0.1%	0.2%
<b>TOTAL TAXES</b>	<b>6.1%</b>	<b>6.8%</b>	<b>7.0%</b>	<b>7.2%</b>	<b>7.1%</b>	<b>7.4%</b>	<b>7.2%</b>
Federal Deduction Offset	—	-0.1%	-0.3%	-0.5%	-0.9%	-1.4%	-1.8%
<b>TOTAL AFTER OFFSET</b>	<b>6.1%</b>	<b>6.7%</b>	<b>6.8%</b>	<b>6.7%</b>	<b>6.2%</b>	<b>6.0%</b>	<b>5.4%</b>

Note: Table shows 2002 tax law at 2000 income levels.

# Montana Details

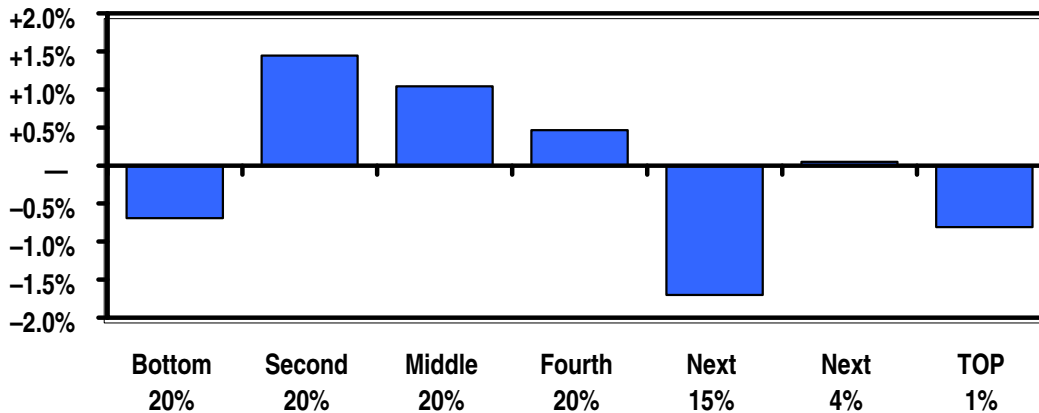
## Progressive Features

- ✓ No general sales tax
- ✓ Graduated rates
- ✓ Tax brackets, exemptions and standard deduction indexed

## Regressive Features

- ✗ Deduction for federal income taxes paid

Changes in Tax as Share of Income, 1989 - 2002

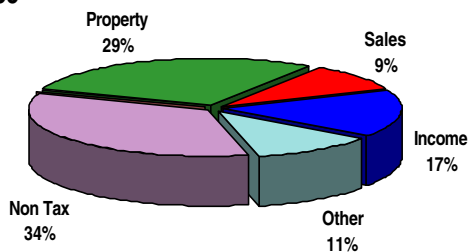


	Bottom 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
<b>Sales &amp; Excise</b>	+0.1%	+0.3%	+0.2%	+0.2%	+0.1%	+0.1%	+0.0%
<b>Property</b>	-1.2%	+0.9%	+0.9%	+0.3%	-1.7%	-0.6%	-0.7%
<b>Income</b>	+0.3%	+0.3%	+0.1%	+0.2%	+0.1%	+0.7%	+0.0%
<b>Federal Offset</b>	—	-0.1%	-0.1%	-0.2%	-0.2%	-0.1%	-0.1%
<b>Overall Change</b>	-0.7%	+1.4%	+1.0%	+0.5%	-1.7%	+0.0%	-0.8%

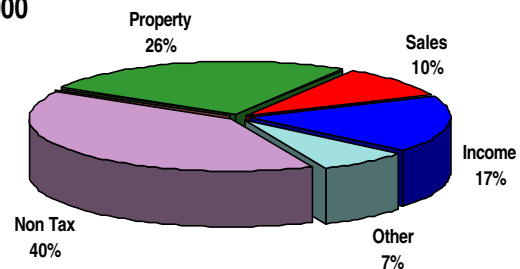
Changes in the federal tax structure have a direct effect on Montana because the state allows a deduction for federal income taxes paid. Because the federal tax burden decreased for all but the highest earning 1% in the 1990s, state income tax increased (slightly) for virtually all Montanans.

## Composition of Revenues

1989



2000



Source: Government Finances, US Department of Census