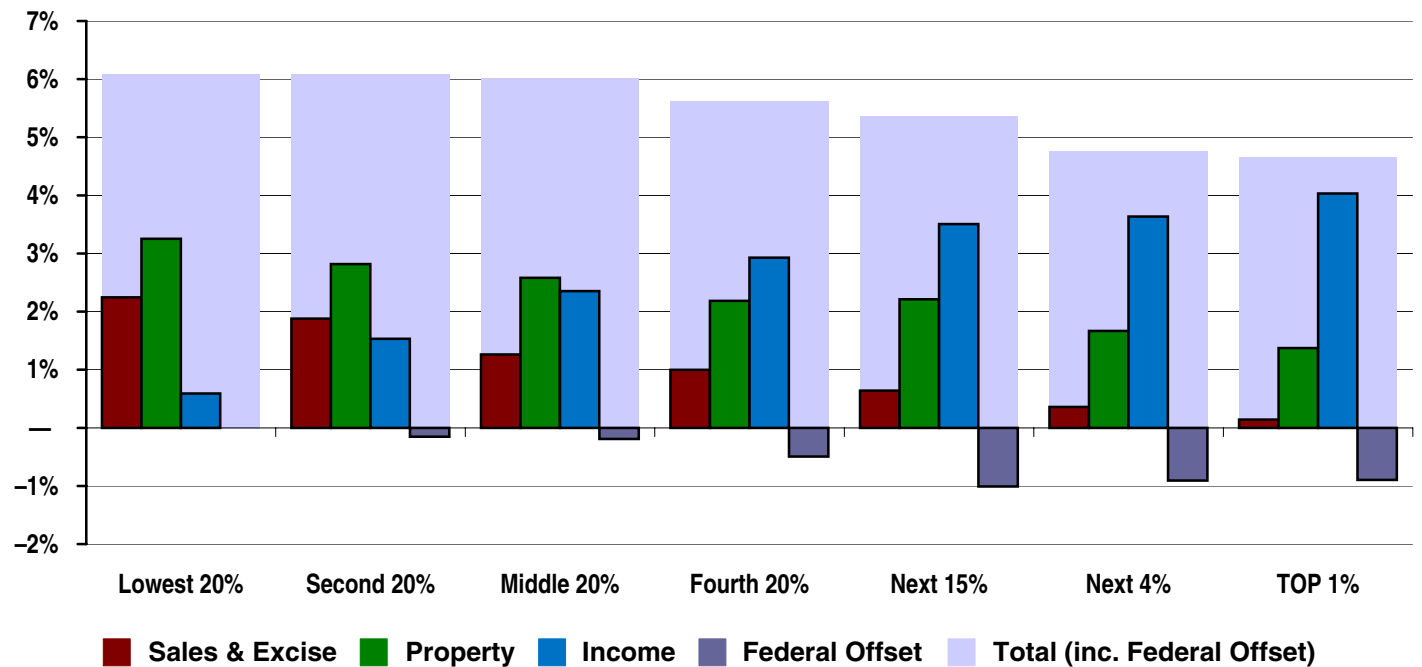


Montana

State & Local Taxes in 2007

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 \$16,000	\$16,000 – \$31,000	\$31,000 – \$47,000	\$47,000 – \$76,000	\$76,000 – \$151,000	\$151,000 – \$434,000	\$434,000 or more
Average Income in Group	\$8,700	\$22,500	\$37,500	\$60,300	\$101,900	\$231,900	\$1,097,200
Sales & Excise Taxes	2.2%	1.9%	1.3%	1.0%	0.6%	0.4%	0.1%
General Sales—Individuals	—	—	—	—	—	—	—
Other Sales & Excise—Ind.	1.9%	1.6%	1.0%	0.8%	0.5%	0.3%	0.1%
Sales & Excise on Business	0.3%	0.3%	0.2%	0.2%	0.1%	0.1%	0.0%
Property Taxes	3.3%	2.8%	2.6%	2.2%	2.2%	1.7%	1.4%
Property Taxes on Families	2.7%	2.3%	2.1%	1.8%	1.8%	1.1%	0.5%
Other Property Taxes	0.5%	0.5%	0.4%	0.4%	0.4%	0.6%	0.9%
Income Taxes	0.6%	1.5%	2.4%	2.9%	3.5%	3.6%	4.0%
Personal Income Tax	0.6%	1.5%	2.3%	2.9%	3.5%	3.5%	3.8%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%
TOTAL TAXES	6.1%	6.2%	6.2%	6.1%	6.4%	5.7%	5.5%
Federal Deduction Offset	—	-0.2%	-0.2%	-0.5%	-1.0%	-0.9%	-0.9%
TOTAL AFTER OFFSET	6.1%	6.1%	6.0%	5.6%	5.4%	4.8%	4.6%

Note: Table shows 2007 tax law updated to reflect permanent changes in law enacted through October 2009.

Montana

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

- ✓ Income tax uses a graduated rate structure
- ✓ No statewide sales tax

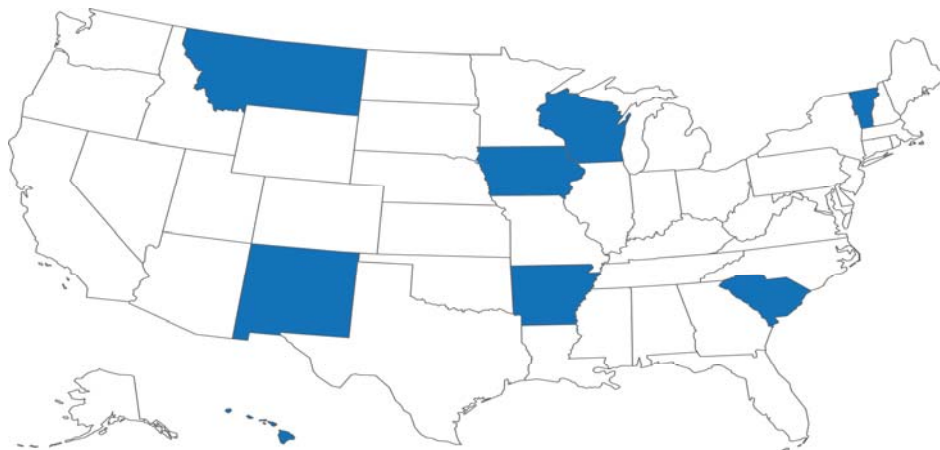
Regressive Features

- ✗ Offers a deduction for federal income taxes paid
- ✗ Provides an income tax credit based on capital gains income
- ✗ Property tax lacks adequate relief mechanisms for low- and middle-income taxpayers

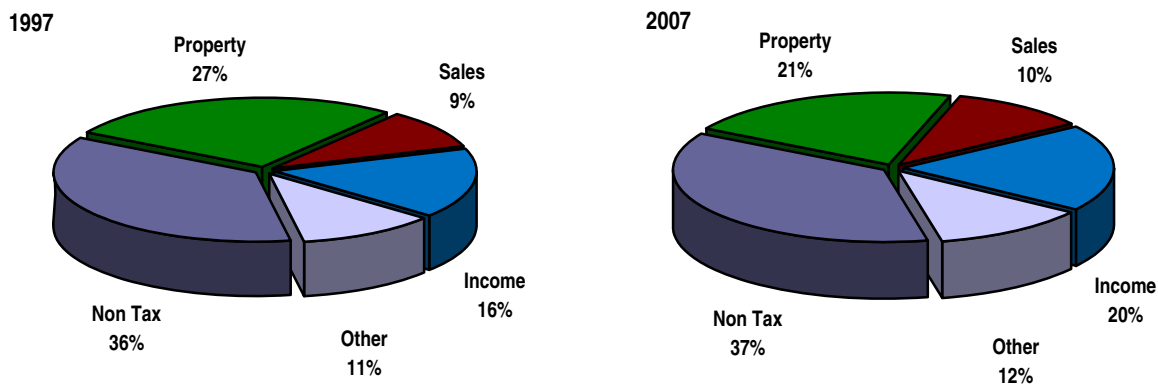
Recent Developments

- ▲ Made its personal income tax rate structure less progressive by reducing the number of brackets and lowering income tax rates
- ▲ Increased cigarette taxes

States with Notable Capital Gains Income Tax Preferences



Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances