

How to Read a Property Tax Bill

Taken from [Montana OPI "Understanding Montana School Finance - Winter 2022"](#)

Property taxes are based on the market value of the property and the taxable rate. The Montana Constitution places the responsibility for property tax values on the state. All taxing jurisdictions must use the assessed valuation of property established by the state (Article VIII, Sections 1 and 4). The Department of Revenue is responsible for the appraisal, assessment, and equalization of the value of all property in the state for taxation. The Legislature establishes various classes of property and the rate of tax on each class. Local governments (counties, cities, school districts, fire districts, etc.) determine the mill levy requirements for each taxing jurisdiction. By the later of the first Thursday in September or within 30 calendar days after receiving certified taxable values. (7-6-4036, MCA). Department of Revenue staff calculates the property tax liability for each property using the mill levies, including special district fees and charges. The county treasurer is responsible for the billing, collection, and reconciliation of property taxes.

Information about property taxes is available at the Department of Revenue's website at [Revenue - Property Assessment Division](#).

Q: What is property tax liability?

A: It is the amount of taxes a property owner must pay to the county treasurer each year. The first half is due in November and the second half is due in May. Property tax liability depends on the taxable value of property owned by the taxpayer and the number of mills levied.

Q: What is taxable value?

A: Taxable value is the market value of a piece of property times the tax rate for that property. Taxable value times the number of mills levied by the different taxing jurisdictions (i.e., school districts, cities, counties, state) will determine the property tax liability.

$$\text{Taxable Value} = \text{Market Value} \times \text{Tax Rate}$$

$$\text{Taxable Value} \times .001 = \text{Mill Value}$$

$$\text{Mill Value} \times \text{Mills} = \text{Property Tax Liability}$$

Q: What is a tax rate?

A: The tax rate is the percentage of market value of property that is considered taxable.

Q: Do all property owners pay the same tax rate?

A: Under state law, different types, or "classes," of property are taxed at different rates. The property classification system can be located at the Montana Department of Revenue website located at [Revenue - Classifications](#) or visit the [Revenue - Property Assessment Division](#).

Q: What is a mill?

A: A mill is one-thousandth (.001) of a dollar. School districts can determine how much a mill will raise by taking the total taxable value in a district (an amount provided to the school district by the county assessor) and multiplying it by .001. This result is equal to what one mill will raise.

Example: The taxable value of property in an elementary district is \$46,000,000. This amount multiplied by .001 equals \$46,000. In other words, the amount of money raised by levying one mill would be \$46,000. If this district needs to raise \$2,500,000, it would divide \$2,500,000 by \$46,000, thus determining that 54.34 mills are needed.

Q: How is a property tax bill calculated

A: An individual’s property tax bill is calculated using the market value of the property, the tax rate, and the mill value. Example: For a residential property owner whose house has an assessed market value of \$100,000, the taxable value in FY2023 would be \$1,350 and the mill value would be \$1.35 figured as follows:

<u>Taxable Value</u>	
Market value	\$100,000
Multiply by: Tax rate for Class 4 property	x 1.35%
FY2023 Taxable value	\$1,350.00
<u>Mill Value</u>	
Taxable Value	\$1,350.00
Multiply by:	x One mill .001
Mill Value	\$1.35
<u>Property Tax Liability</u>	
Mills (from example above)	54.34
Multiply by: Mill value	\$1.35
Property Tax Liability	\$73.36

Q: Are any properties exempt from property tax?

A: Several different properties are not subject to property taxes. Examples include:

- *Disabled Veterans’ Land*
- *School, City, Local Governments, and County Lands*
- *Churches*
- *U.S. Government Land*
- *Municipal Corporations*
- *Some Nonprofit Organizations (such as nonprofit health care facilities)*
- *Public Facilities (such as museums, art galleries, zoos, etc.)*

For a complete list of exempt properties, please visit MT DOR website [Revenue - Property Exemptions](#).

Q: In addition to the local school district property taxes, do property owners pay other property taxes for education?

A: In addition to county mill levy taxes for local schools, there is a statewide equalization mill levy of 40 mills. Taxpayers also pay 33 mills for elementary county equalization and 22 mills for high school county equalization, and 6 mills to support the university system. Counties also assess mills to support school retirement and county transportation expenditures.

Q: What is the purpose of state and county equalization levies?

A: Every property owner in the state is assessed a 40-mill state equalization levy and a 55-mill county equalization levy. Money raised by these levies goes to the State General Fund. The purpose of these levies is to support statewide funding of school districts in the form of direct state aid, guaranteed tax base (GTB) aid, state transportation aid, and state special education funding.

Q: How does business taxation affect a school district?

A: In districts where there are large industrial plants, high personal property valuation of business property increases the tax base of a district. This can assist greatly in raising tax dollars to support a school district.