EXHIBIT NO. 1
DATE 3-10-2009

Current Law

Assumptions (as per decision point mapping document)

Phase In: Yes – 6 years

Tax Rates

Class 3 Tax Rate:	3.01%
Class 4 Residential Tax Rate:	3.01%
Class 4 Commercial Tax Rate:	3.01%
Class 10 Tax Rate:	0.35%

Exemptions

Homestead Exemption:	34.0%
Comstead Exemption:	15.0%

Circuit Breaker
Existing income-based property tax relief programs

Additional Features
The tax rates are not decoupled.
There are not staggered or fixed dollar exemptions.

Standards Used in Analysis by Department of Revenue – Tax Policy and Research

Mills
All mills float. The individual home examples and individual business examples use the average consolidated mills. This includes the 6 university mills, the 95 school mills, all mills levied by local jurisdictions and schools.

Growth
The analysis uses the OBPP growth rates for each class of property to estimate the growth in newly taxable property. Every proposal will show additional income in future years from revenue generated from mills on this new property and inflationary increases allowed under 15-10-420, MCA. The comparison between current law and the proposal will show the amount of mitigation.

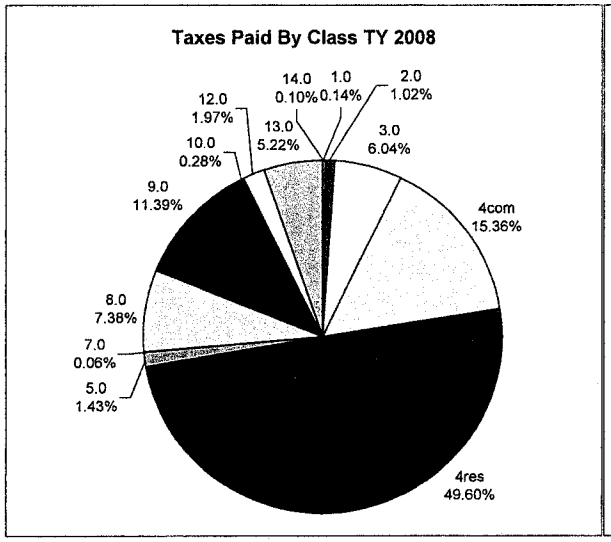
The impact on property in the reappraisal classes is based on properties whose percentage growth in value due to reappraisal is within the International Association of Assessing Officers' recommended limits. All properties existing in tax year 2008 are included, but the percentage applied to estimate the appreciation in value does not incorporate the extraordinary changes from properties outside these limits.

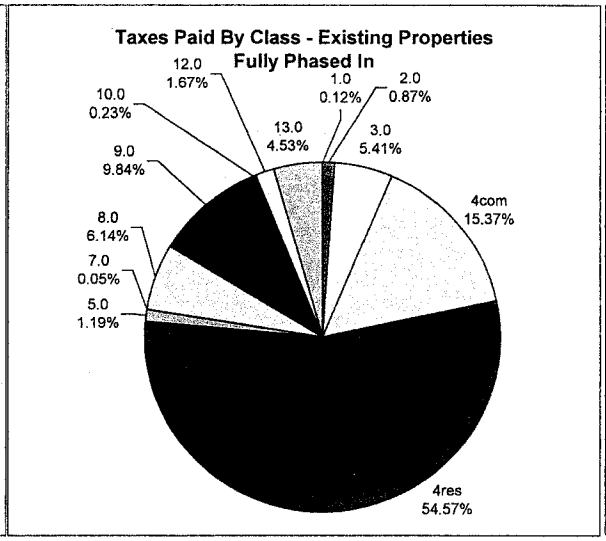
6 Year Phase In, With Priamry Residenc ›nd Associated Exemption

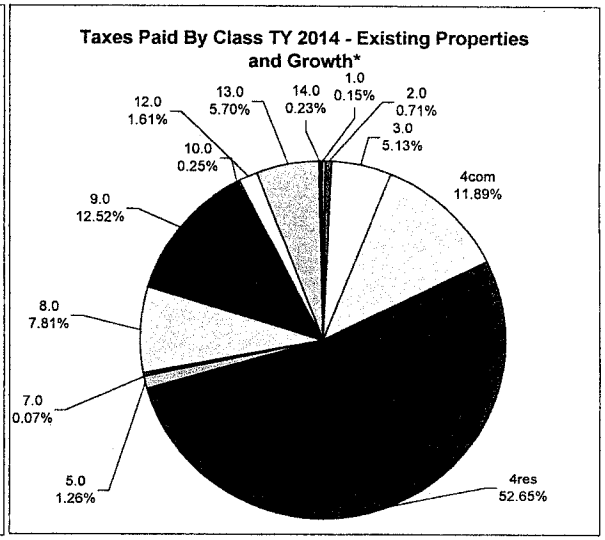
Current La.					
Class 3 Agricultural Tax Rate 3.01%	Class 4 Residential Tax Rate 3.01%	Class 4 Commercial Tax Rate 3.01%	Class 10 Forestland Tax Rate 0.35%	Class 4 Homestead 34.00%	Class 4 Comstead 15.00%
Proposed Mitigation					
Class 3 Agricultural Tax Rate 2.28%	Class 4 Residential Tax Rate 2.28%	Class 4 Commercial Tax Rate 2.28%	Class 10 Forestland Tax Rate 0.23%	Class 4 Homestead 44.00%	Class 4 Comstead 17.50%

		TY 2008		Fully Phased In - Existing Properties				TY 2014 Existing Properties and Growth*			
Tax Class	Description	Taxable Value	Taxes Paid	Taxable Value	Taxes Paid	% Change in Taxes Paid	$ Change in Taxes Paid	Taxable Value	Taxes Paid	% Change in Taxes Paid From TY 2008	$ Change in Taxes Paid From TY 2008
1.0	Mine Net Proceeds	4,013,187	1,651,471	4,013,187	1,373,251	-16.85%	(278,220)	4,089,168	2,034,319	23.18%	382,848
2.0	Gross Proceeds	24,540,432	11,627,140	24,540,432	9,909,934	-14.77%	(1,717,206)	21,116,736	9,445,786	-18.76%	(2,181,354)
3.0	Agricultural Land	142,098,658	68,908,193	144,186,193	61,672,251	-10.50%	(7,235,941)	145,364,834	67,813,458	-1.59%	(1,094,735)
4com	Commercial Property	289,796,019	175,206,000	395,147,522	175,205,386	0.00%	(614)	288,436,053	157,073,464	-10.35%	(18,132,536)
4res	Residential Property	1,006,798,601	565,830,038	1,559,557,275	621,914,476	9.91%	56,084,438	1,252,093,345	695,647,284	22.94%	129,817,246
5.0	Pollution Control Equipment	35,154,576	16,275,932	35,154,576	13,601,688	-16.43%	(2,674,243)	37,770,011	16,635,145	2.21%	359,213
7.0	Non-Centrally Assessed Utilities	1,214,360	734,443	1,214,360	621,307	-15.40%	(113,135)	1,494,245	953,317	29.80%	218,875
8.0	Business Personal Property	163,140,404	84,149,499	163,140,404	70,024,834	-16.79%	(14,124,665)	209,727,624	103,132,743	22.56%	18,983,244
9.0	Non-Electrical Generating Property of Electrical Utilities	263,086,175	129,940,878	263,086,175	112,118,864	-13.72%	(17,822,014)	354,294,467	165,458,861	27.33%	35,517,982
10.0	Forestland	6,815,620	3,241,315	6,899,675	2,583,841	-20.28%	(657,474)	6,848,355	3,368,217	3.92%	126,901
12.0	Railroad and Airline Property	43,567,384	22,475,586	43,567,384	18,995,142	-15.49%	(3,480,444)	44,555,474	21,208,834	-5.64%	(1,266,752)
13.0	Telecommunications & Electric Property	154,611,156	59,531,164	154,611,156	51,611,044	-13.30%	(7,920,120)	205,933,440	75,320,304	26.52%	15,789,140
14.0	Commercial Wind Generation Facilities	2,943,785	1,175,095	2,943,785	1,114,734	-5.14%	(60,361)	7,643,733	3,097,065	163.56%	1,921,969
Total		2,137,780,357	1,140,746,754	2,798,062,124	1,140,746,754	0.00%	0	2,579,367,486	1,321,188,796	15.82%	180,442,042

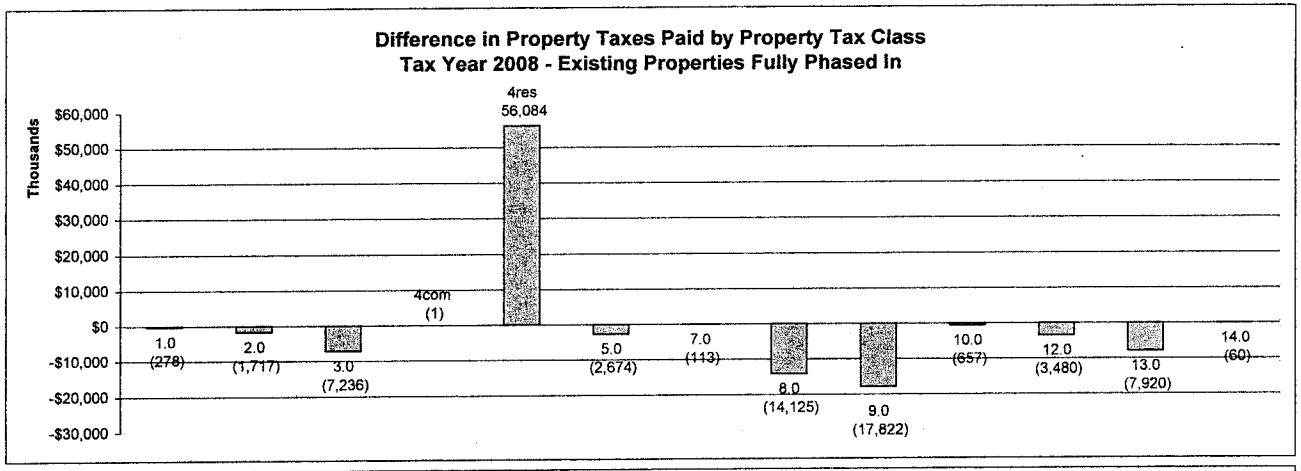
*Growth includes both new property and the inflation growth allowed by 15-10-420, MCA

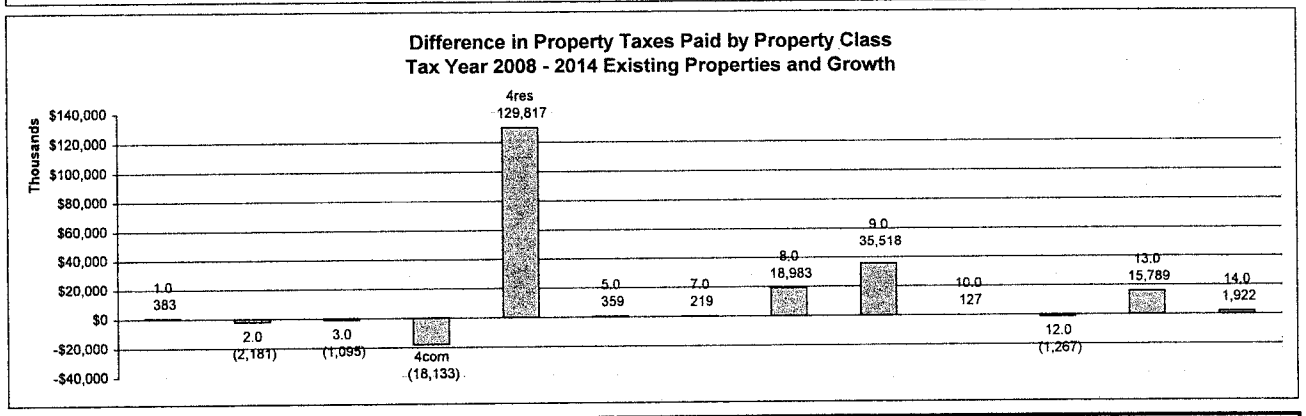






Current Law					
Class 3 Agricultural Tax Rate 3.01%	Class 4 Residential Tax Rate 3.01%	Class 4 Commercial Tax Rate 3.01%	Class 10 Forestland Tax Rate 0.35%	Class 4 Homestead 34.00%	Class 4 Comstead 15.00%
Proposed Mitigation					
Class 3 Agricultural Tax Rate 2.28%	Class 4 Residential Tax Rate 3.01%	Class 4 Commercial Tax Rate 3.01%	Class 10 Forestland Tax Rate 0.23%	Class 4 Homestead Varied	Class 4 Comstead 39.72%





Balance Sheet of Tax Changes Caused by This Mitigation Proposal (Tax Year 2008 - Existing Properties Fully Phased In)

Transfer to Class 4 Residential	$56,084,438
Amount in Circuit Breaker	$0
Transfer to Class 4 Commercial	-$614
Transfer from All Other Classes	$56,083,824
Total	**$0**

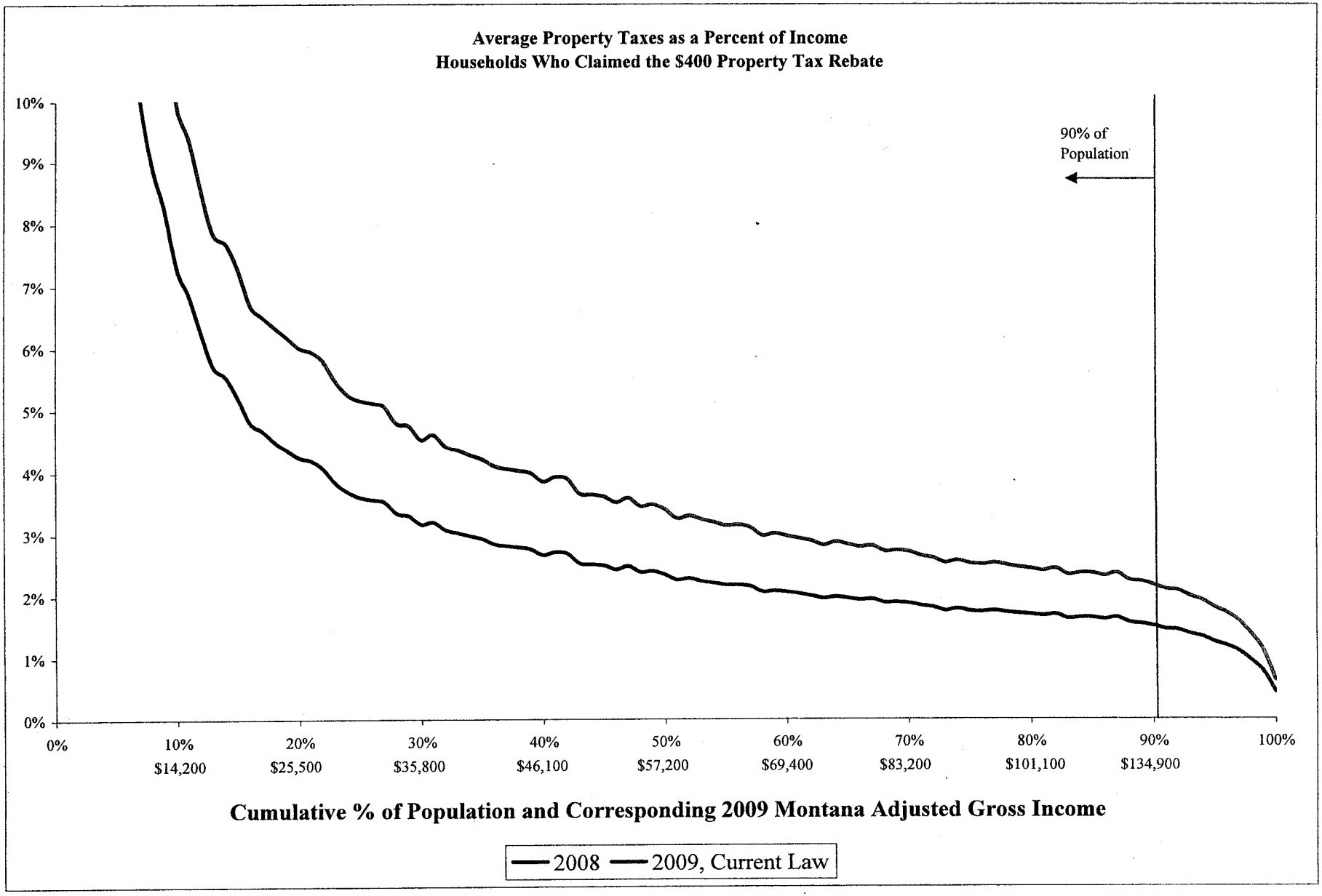
This balance sheet is calculated using the diffrence between the taxes paid in FY 2008 and the calculated amounts that existing properties will pay when fully phased in. Circuit breakers are included in the calculation, reducing the transfer to Class 4 residential property.

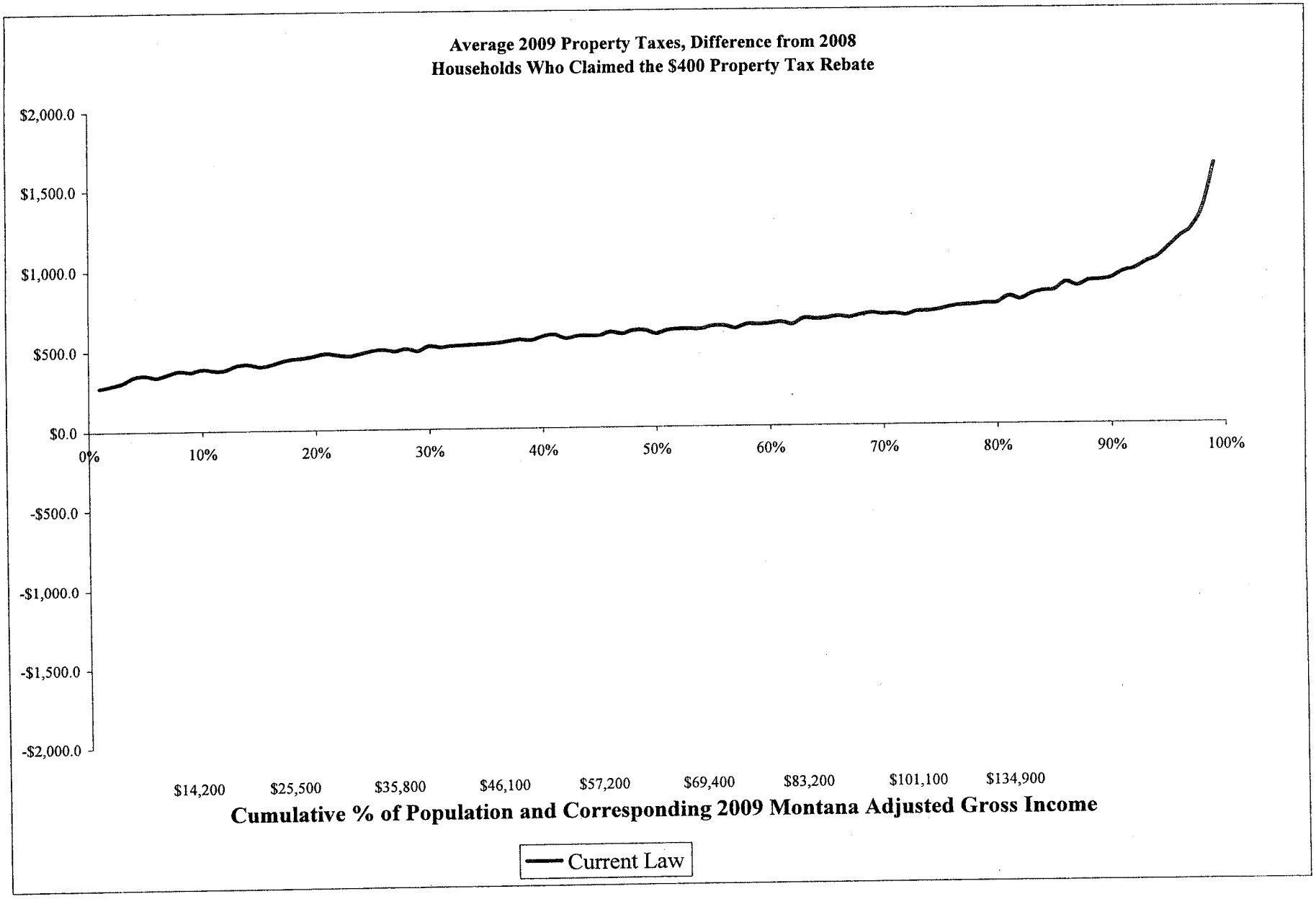
6 Year Phase In, with Primary Residences and Associated Exemption

Circuit Breaker
Current Law

Existing Elderly Homeowner/Renter Credit

Credit for Property Tax More Than This Percent of Income		varies, 0% to 5%
Maximum Credit		$1,000
Credit Begins to Phase-Out at This Income		$35,000
Credit is Completely Phased-Out at This Income		$45,000
	Number	Amount
Credits to Homeowners	14,514	$6,842,774
Credits to Renters	7,567	$2,967,852
Total	22,081	$9,810,626
Additional Mills to Fund Circuit Breaker		0.00


Average Property Taxes as a Percent of Income
Households Who Claimed the $400 Property Tax Rebate
10%
9%
8%
7%
6%
5%
4%
3%
2%
1%
0%
90% of Population
0%
10% $14,200
20% $25,500
30% $35,800
40% $46,100
50% $57,200
60% $69,400
70% $83,200
80% $101,100
90% $134,900
100%
Cumulative % of Population and Corresponding 2009 Montana Adjusted Gross Income
2008
2009, Current Law


Average 2009 Property Taxes, Difference from 2008
Households Who Claimed the $400 Property Tax Rebate
$2,000.0
$1,500.0
$1,000.0
$500.0
$0.0
-$500.0
-$1,000.0
-$1,500.0
-$2,000.0
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
$14,200
$25,500
$35,800
$46,100
$57,200
$69,400
$83,200
$101,100
$134,900
Cumulative % of Population and Corresponding 2009 Montana Adjusted Gross Income
Current Law

Current Law

Current Law					
Class 3 Agricultural Tax Rate	Class 4 Residential Tax Rate	Class 4 Commercial Tax Rate	Class 10 Forestland Tax Rate	Homestead	Comstead
3.01%	3.01%	3.01%	0.35%	34.00%	15.00%
Proposed Mitigation					
Class 3 Agricultural Tax Rate	Class 4 Residential Tax Rate	Class 4 Commercial Tax Rate	Class 10 Forestland Tax Rate	Homestead	Comstead
3.01%	3.01%	3.01%	0.35%	**34.00%**	15.00%

Assumptions: Homestead Exemption = 34% Homestead Exemption
15% Comstead Exemption

Calculation of Tax Liability

1. Market Value = 2008 Market Value + Phase In Amount
2. Market Value x (1 - Homestead) = Taxable Market Value
3. Taxable Market Value x Tax Rate = Taxable Value
4. Taxable Value x Mills / 1000 = Tax Liability

Example of the TY 2009 Median Value Home		
MV Before Reappraisal	$98,400	
MV After Reappraisal	$152,000	
Tax Year	**2008**	**2009**
Market Value	$98,400	$107,333
Homestead	34.00%	34.00%
Amount Exempt	$33,456	$36,493
Taxable Market Value	$64,944	$70,840
Tax Rate	3.01%	3.01%
Taxable Value	$1,955	$2,132
Average Mills	538.19	510.18
Tax Liability	$1,052	$1,088
2009 Income (MAGI)		$65,140
Percent of Income Paid		1.67%
Credit Amount		$0

Example of a TY 2009 Average Value Home		
MV Before Reappraisal	$116,900	
MV After Reappraisal	$178,920	
Tax Year	**2008**	**2009**
Market Value	$116,900	$127,237
Homestead	34.00%	34.00%
Amount Exempt	$39,746	$43,260
Taxable Market Value	$77,154	$83,976
Tax Rate	3.01%	3.01%
Taxable Value	$2,322	$2,528
Average Mills	538.19	510.18
Tax Liability	$1,250	$1,290
2009 Income (MAGI)		$74,759
Percent of Income Paid		1.72%
Credit Amount		$0

Example of a TY 2009 Median Value Resort Home		
MV Before Reappraisal	$150,450	
MV After Reappraisal	$326,600	
Tax Year	**2008**	**2009**
Market Value	$150,450	$179,808
Homestead	34.00%	34.00%
Amount Exempt	$51,153	$61,135
Taxable Market Value	$99,297	$118,674
Tax Rate	3.01%	3.01%
Taxable Value	$2,989	$3,572
Average Mills	538.19	510.18
Tax Liability	$1,609	$1,822
2009 Income (MAGI)		$59,297
Percent of Income Paid		3.07%
Credit Amount		$0

Example of a TY 2009 $500,000 Home		
MV Before Reappraisal	$300,000	
MV After Reappraisal	$500,000	
Tax Year	**2008**	**2009**
Market Value	$300,000	$333,333
Homestead	34.00%	34.00%
Amount Exempt	$102,000	$113,333
Taxable Market Value	$198,000	$220,000
Tax Rate	3.01%	3.01%
Taxable Value	$5,960	$6,622
Average Mills	538.19	510.18
Tax Liability	$3,207	$3,378
2009 Income (MAGI)		$200,547
Percent of Income Paid		1.68%
Credit Amount		$0

Example of a TY 2009 $1,000,000 Home		
MV Before Reappraisal	$650,000	
MV After Reappraisal	$1,000,000	
Tax Year	**2008**	**2009**
Market Value	$650,000	$708,333
Homestead	34.00%	34.00%
Amount Exempt	$221,000	$240,833
Taxable Market Value	$429,000	$467,500
Tax Rate	3.01%	3.01%
Taxable Value	$12,913	$14,072
Average Mills	538.19	510.18
Tax Liability	$6,950	$7,179
2009 Income (MAGI)		$477,527
Percent of Income Paid		1.50%
Credit Amount		$0

Example of a TY 2009 Business with $200,000 in Class 4 and $100,000 in Class 8		
MV Before Reappraisal	$150,000	
MV After Reappraisal	$200,000	
MV of Class 8	$100,000	
Tax Year	**2008**	**2009**
Class 4		
Market Value	$150,000	$158,333
Homestead	15.00%	15.00%
Amount Exempt	$22,500	$23,750
Taxable Market Value	$127,500	$134,583
Tax Rate	3.01%	3.01%
Taxable Value	$3,838	$4,051
Average Mills	538.19	510.18
Tax Liability	$2,065	$2,067
Class 8		
Market Value	$100,000	$100,000
Taxable Value	$3,000	$3,000
Mills	538.19	510.18
Tax Liability	$1,615	$1,531
Total Tax Liability	$3,680	$3,597

Example of a TY 2009 Business with $400,000 in Class 4 and $100,000 in Class 8		
MV Before Reappraisal	$300,000	
MV After Reappraisal	$400,000	
MV of Class 8	$100,000	
Tax Year	**2008**	**2009**
Class 4		
Market Value	$300,000	$316,667
Homestead	15.00%	15.00%
Amount Exempt	$45,000	$47,500
Taxable Market Value	$255,000	$269,167
Tax Rate	3.01%	3.01%
Taxable Value	$7,676	$8,102
Average Mills	538.19	510.18
Tax Liability	$4,131	$4,133
Class 8		
Market Value	$100,000	$100,000
Taxable Value	$3,000	$3,000
Mills	538.19	510.18
Tax Liability	$1,615	$1,531
Total Tax Liability	$5,745	$5,664