

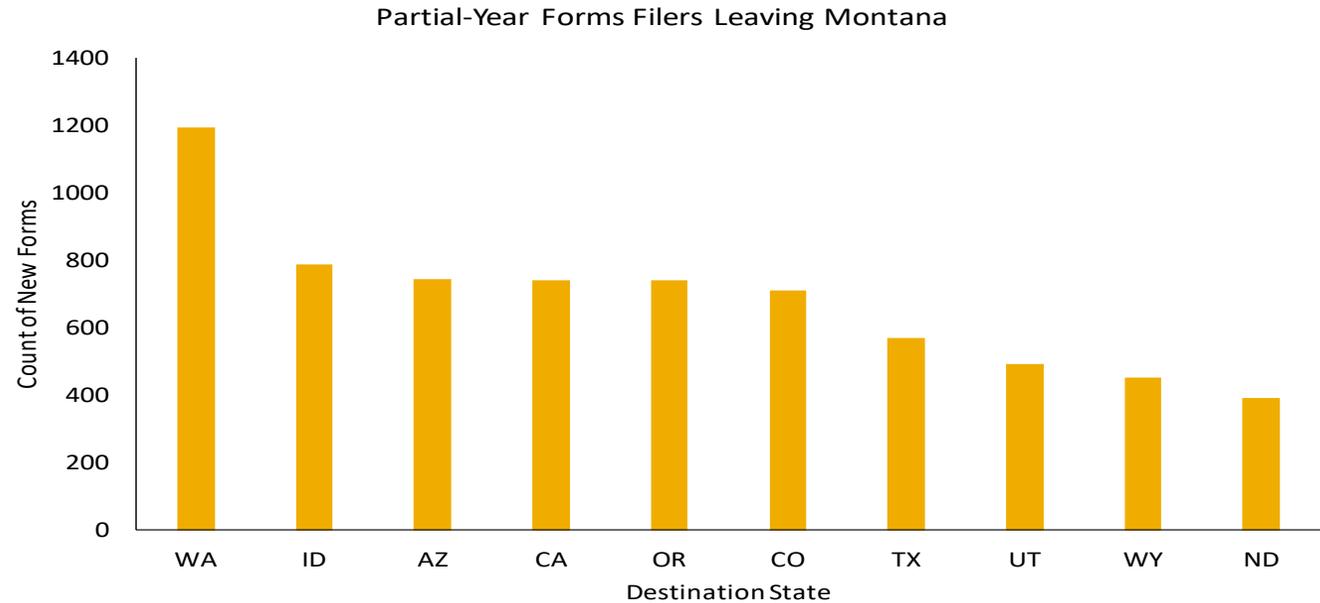
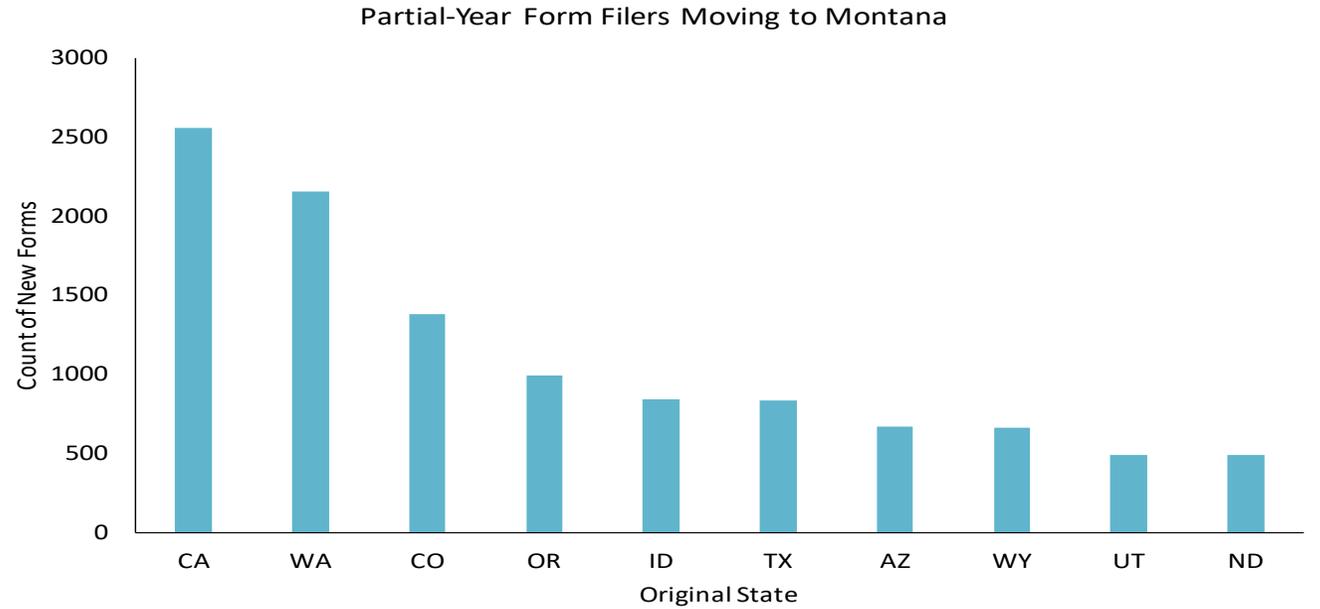
INDIVIDUAL INCOME TAX: ANALYSIS OF CY 2020 NEW RESIDENTS, AND INCOME TRENDS AFTER MOVING

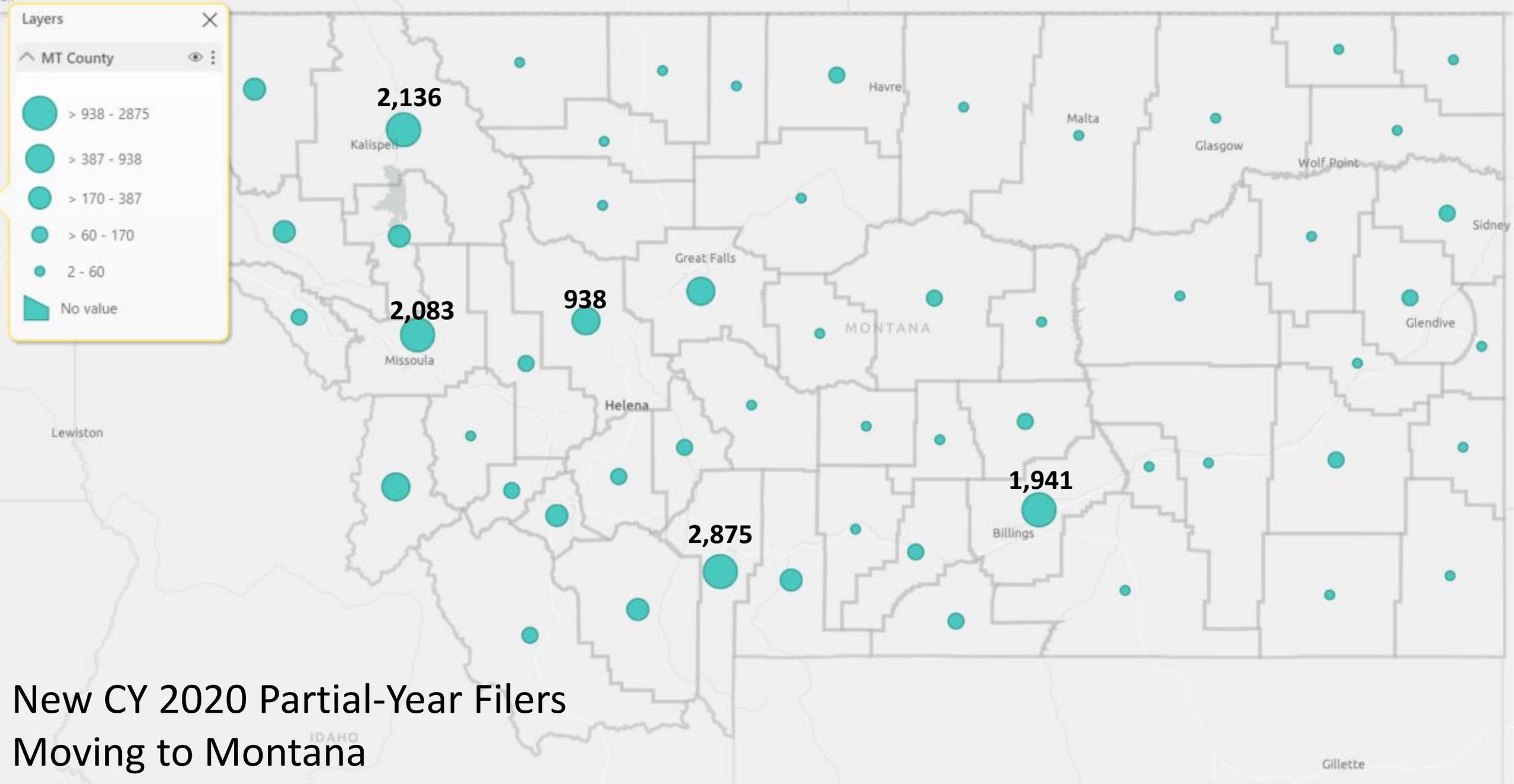
Financial Modernization & Risk Assessment (MARA)
Study

Sam Schaefer
March 7, 2022

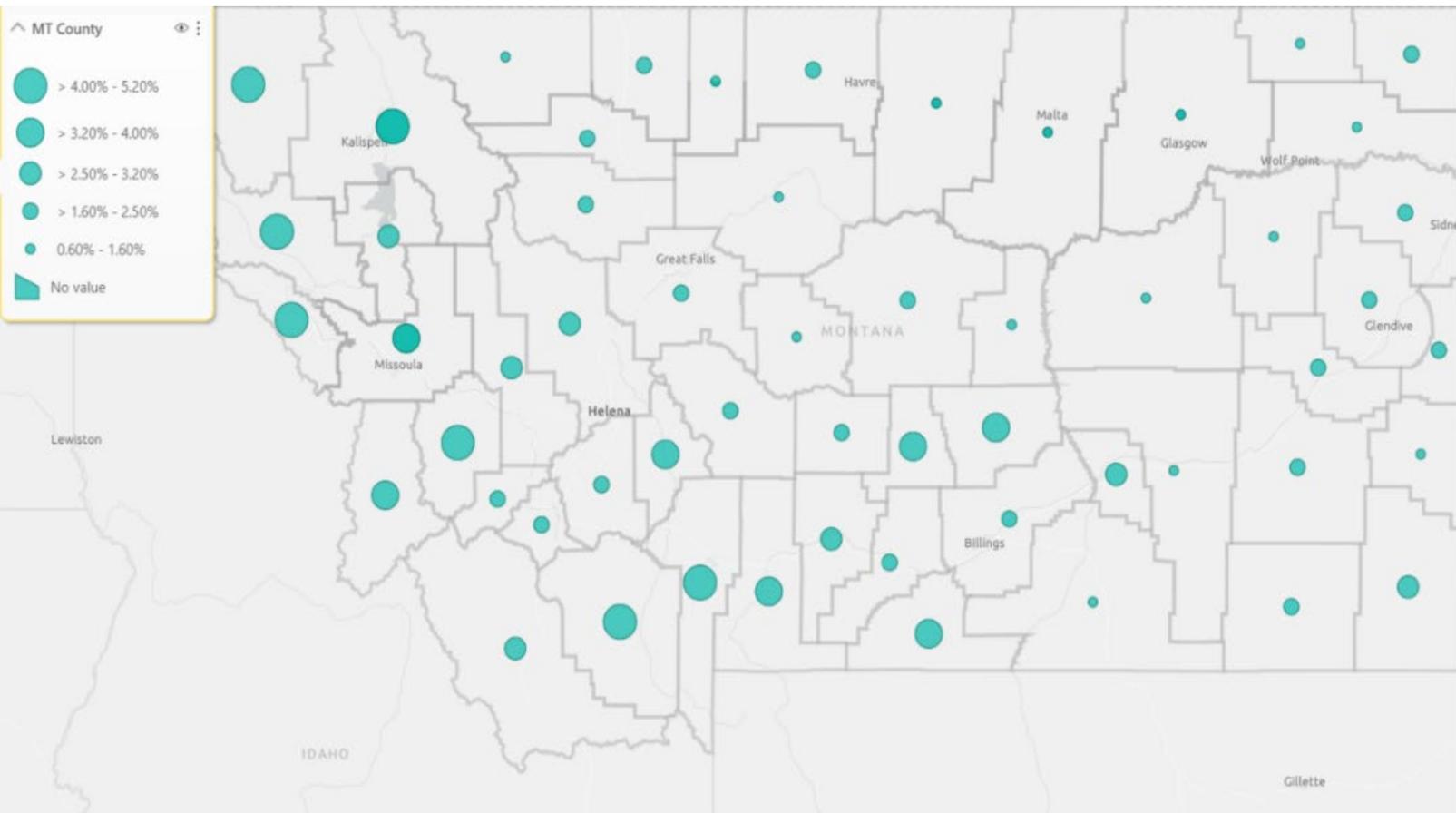
CY 2020 Partial-Year Residents

- 18,077 partial-year forms of new filers moving to Montana
- 11,416 partial-year forms of tax filers leaving Montana
- Net positive of 6,661 partial-year form filers





New CY 2020 Partial-Year Filers Moving to Montana



MT County	Total Growth
Gallatin County, MT	5.20%
Madison County, MT	4.80%
Flathead County, MT	4.50%
Sanders County, MT	4.40%
Lincoln County, MT	4.30%
Mineral County, MT	4.30%
Granite County, MT	4.20%
Park County, MT	4.00%
Ravalli County, MT	3.90%
Broadwater County, MT	3.80%

New CY 2020 Partial-Year Filers Growth Rates by County

MT County	Growth under 65
Gallatin County, MT	6.00%
Madison County, MT	5.90%
Granite County, MT	5.60%
Golden Valley County, MT	5.30%
Flathead County, MT	5.20%
Lincoln County, MT	5.20%
Sanders County, MT	5.20%
Mineral County, MT	5.00%
Park County, MT	4.70%
Broadwater County, MT	4.60%

MT County	Growth over 65
Sanders County, MT	2.80%
Mineral County, MT	2.60%
Lincoln County, MT	2.50%
Ravalli County, MT	2.30%
Prairie County, MT	2.20%
Meagher County, MT	2.10%
Flathead County, MT	2.00%
Park County, MT	1.90%
Carbon County, MT	1.80%
Petroleum County, MT	1.80%

New CY 2020 Partial-Year Filers Growth Rates by County by Age

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CY 2020 New Resident Income

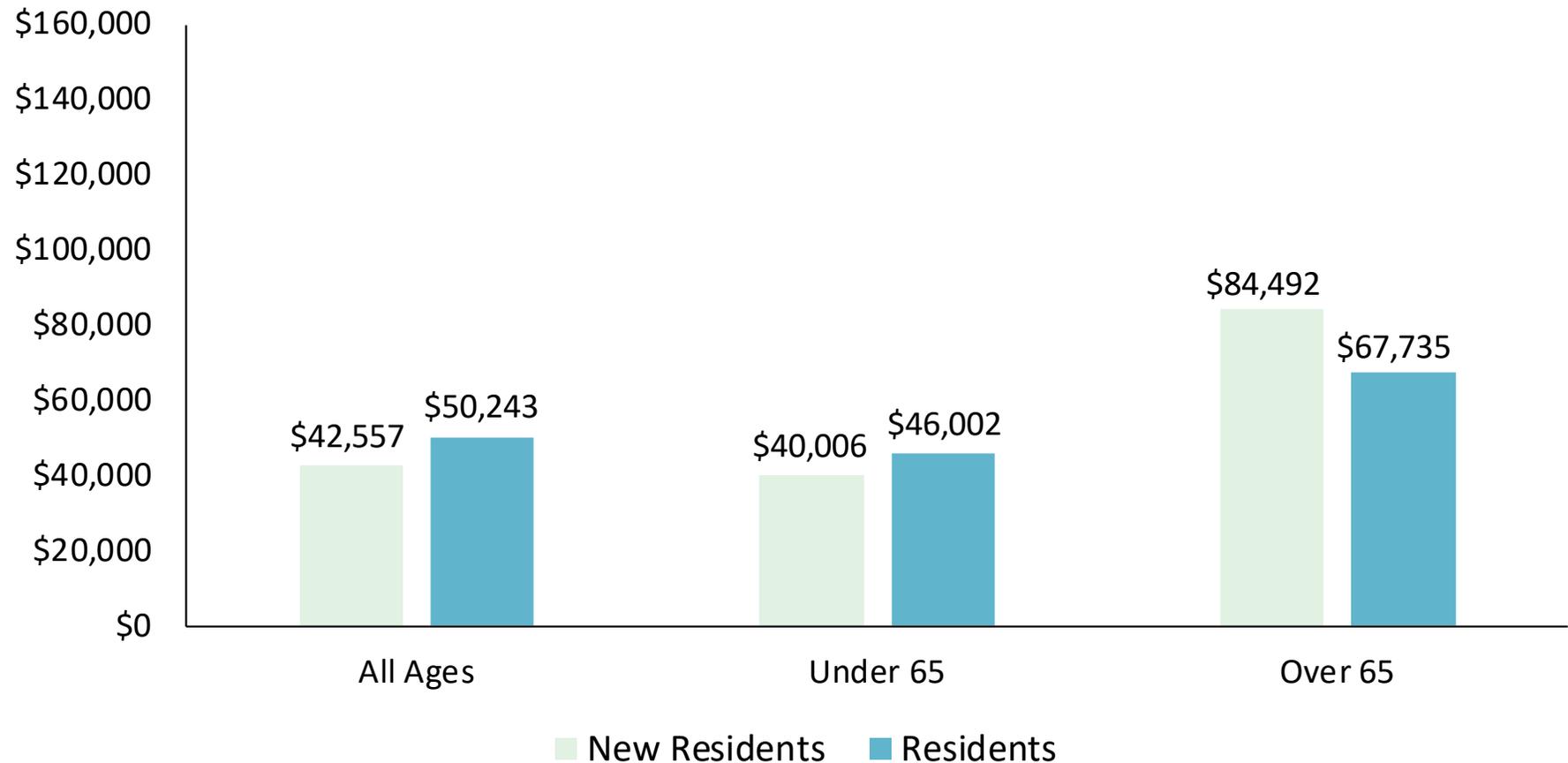
For the remaining analysis, income levels will be analyzed for those partial year residents who moved to Montana in CY 2020. It does not include those partial year residents who left the state. In addition, it only analyzes taxpayers that had a positive tax liability in CY 2020.

- In CY 2020, Montana residents' median Federal Adjusted Gross Income (FAGI) of \$50,243, up 6.3% from \$47,249 in CY 2019.
- For those residents under 65, median FAGI was \$46,002, a 7.5% increase from CY 2019 levels.
- Residents over the age of 65 saw median FAGI increase to \$67,735 in CY 2020, an increase of 1.5% from CY 2019.
- Note that the median is a good approximation of a “*typical*” tax filer, as the median represents the middle value in a series of data.

Comparison of Median FAGI (New Residents vs Full-Year Residents)

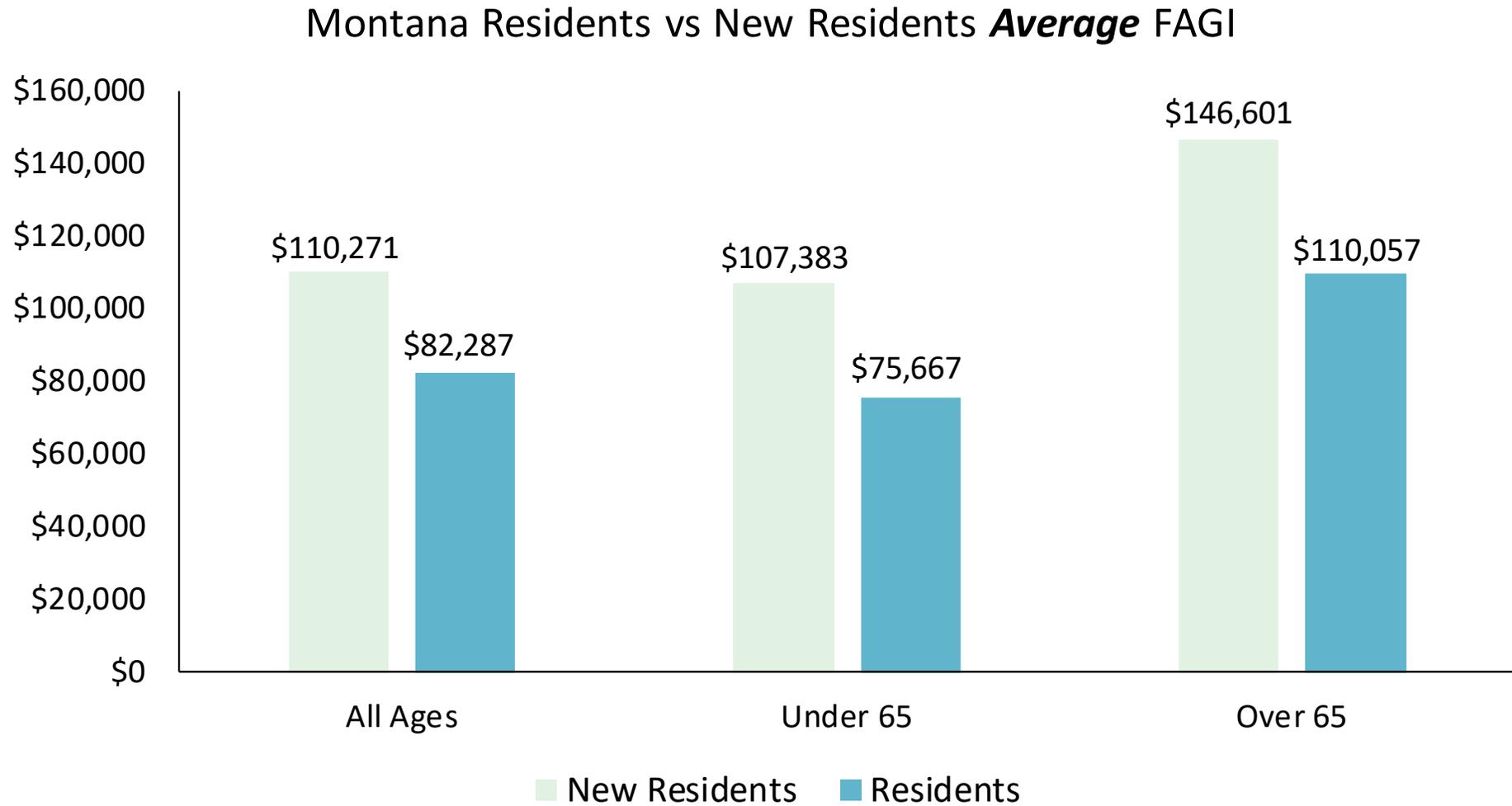
- For all ages combined, and those under 65, full-year residents had a larger median FAGI than new residents.
- New residents over 65 had a higher median FAGI than full-year residents by approximately 25%.
- These patterns are consistent from a previous [analysis](#) analyzing CY 2019 data.
- Using the median, however, fails to capture whether or not high income individuals are moving to the state.

Montana Residents vs New Residents **Median** FAGI



Comparison of Average FAGI (New Residents vs Full-Year Residents)

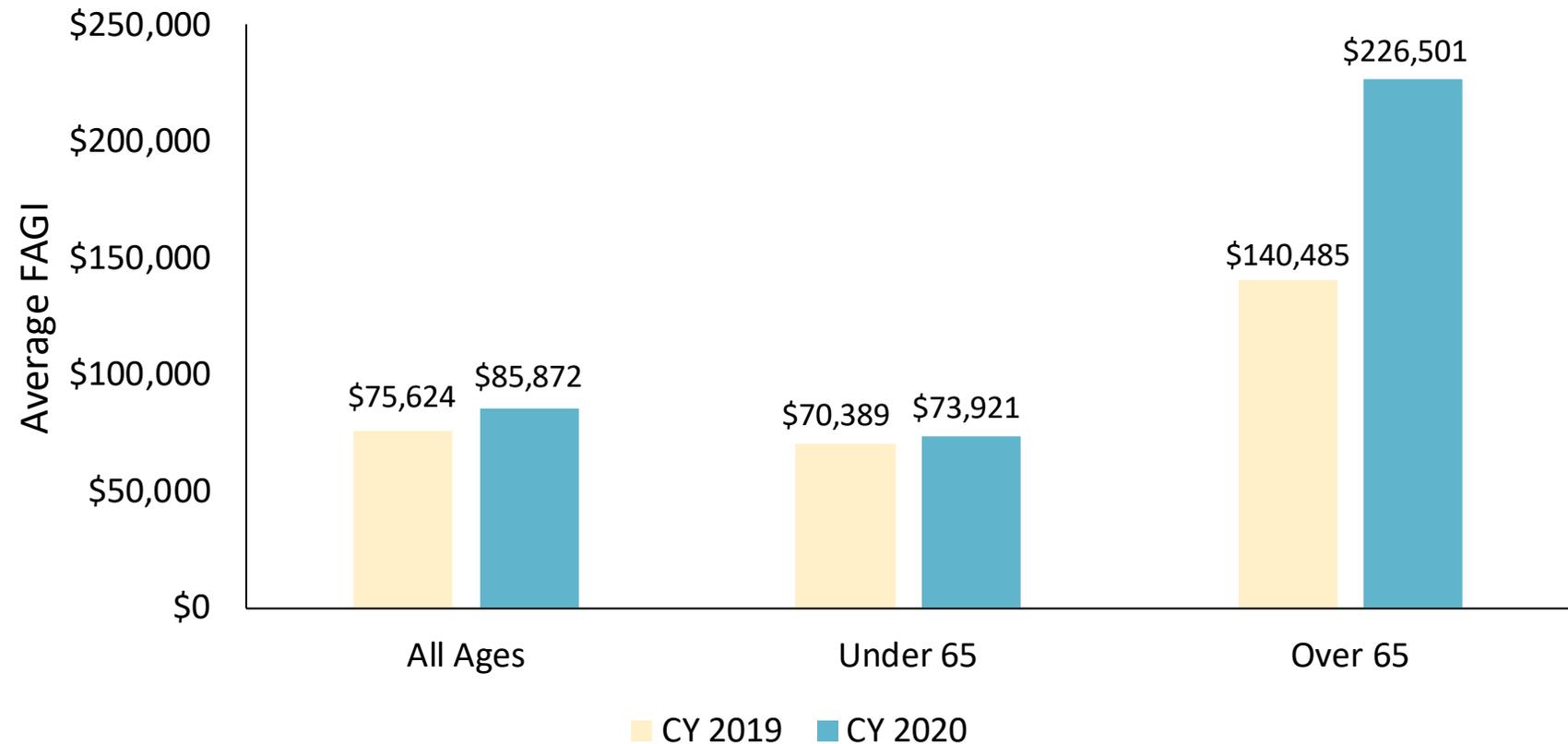
- Across every age demographic, new resident filers in CY 2020 had a larger average FAGI than full-year resident filers.
- This is due to the amount and magnitude of very large incomes from new CY 2020 filers.
- The top 10% of new resident filers had an average FAGI of \$598,737, compared to \$312,759 for the top 10% of full-year resident filers.
- Income levels by county can be found in the [Appendix of the full report](#).



CY 2019 Partial-Year Residents and Succeeding CY 2020 Income

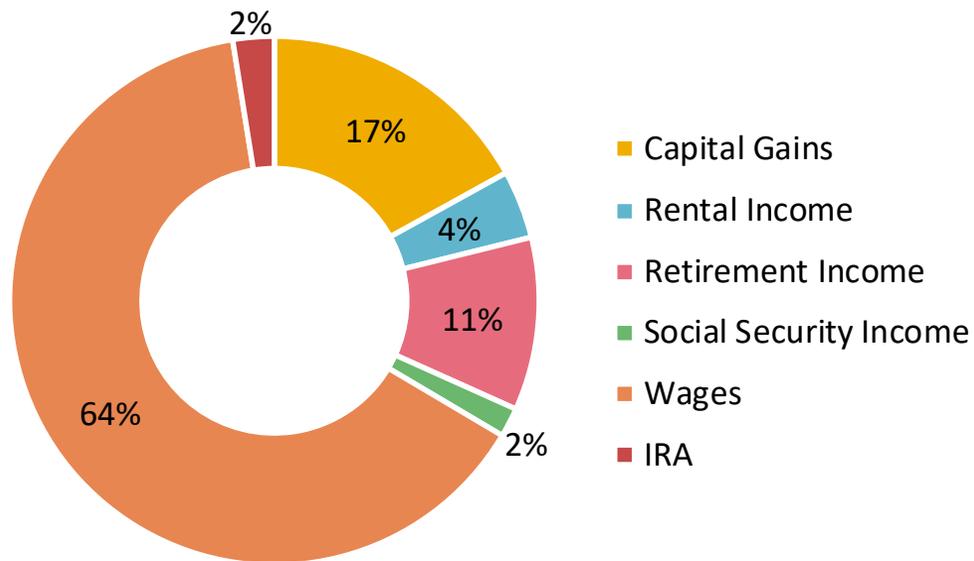
- Partial-year filers who moved to Montana in CY 2019 were tracked into CY 2020.
- On average, the FAGI increased across all ages and for both age cohorts.
- The growth was especially pronounced for those over the age of 65, with growth of 61.2%.
- Working-age individuals saw growth of 5.0%, indicating that *it is likely that these filers brought their jobs with them or found similar paying jobs in Montana.*

Those taxpayers who moved to Montana in CY 2019 saw their income increase in CY 2020, and was especially pronounced for those over the age of 65.

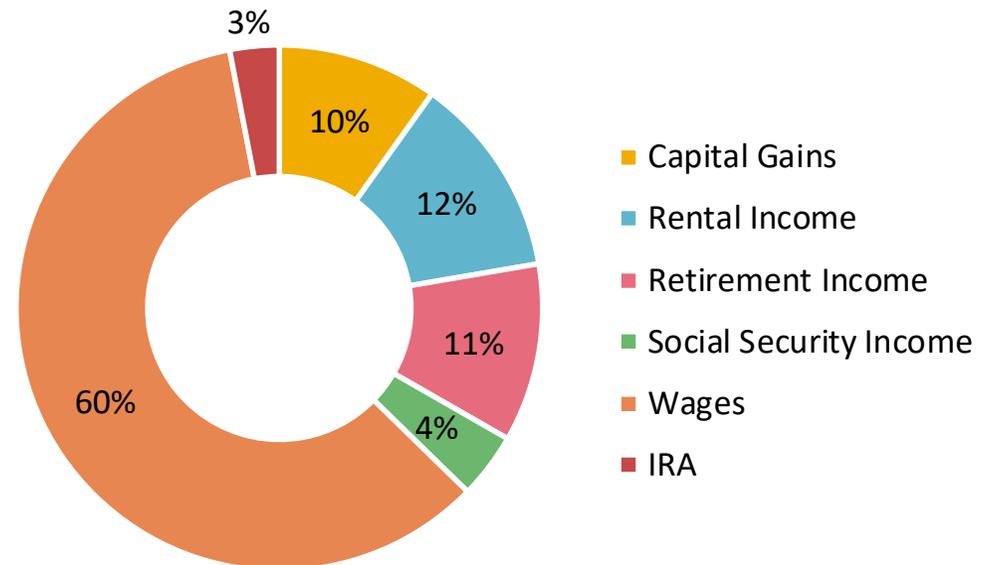


CY 2020 Income Distribution of CY 2019 New Residents Compared to Full-Year Residents

New 2019 Residents' Full CY 2020 Income Distribution

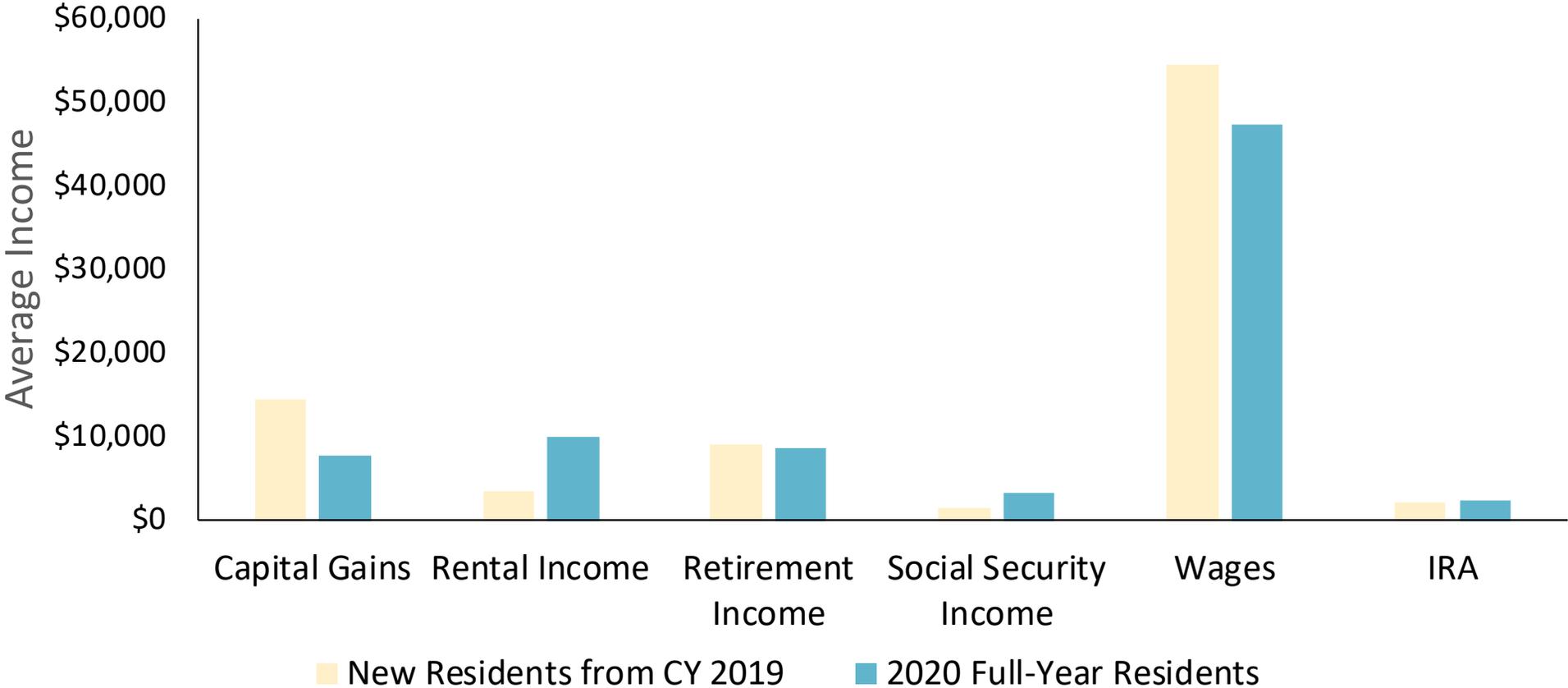


CY 2020 Full-Year Residents' Income Distribution



Comparison of Income Types

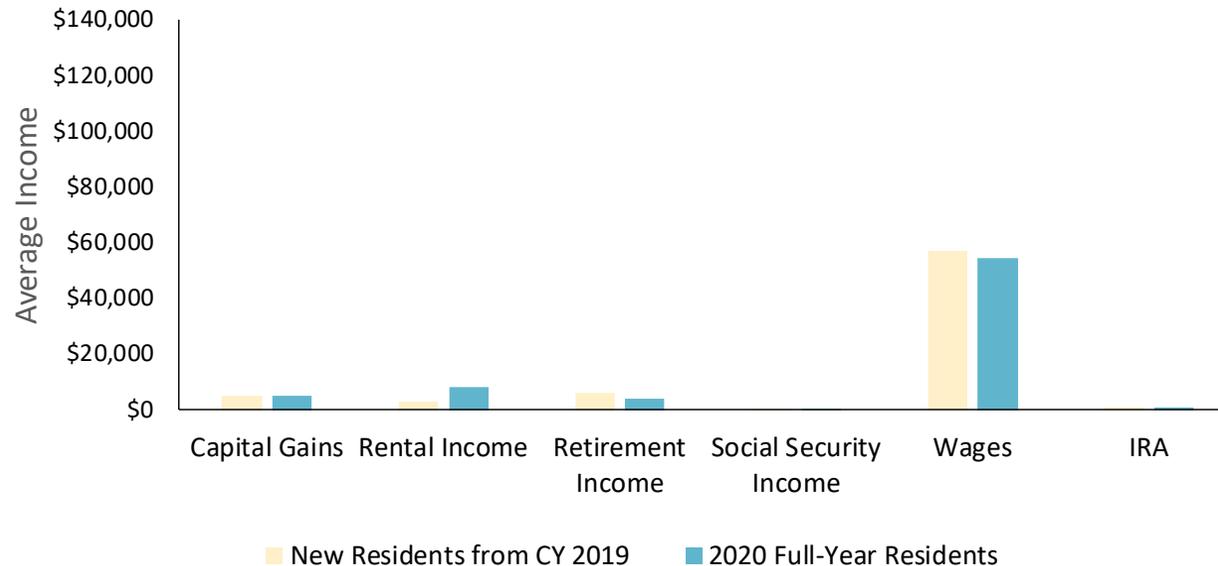
Taxpayers who moved to Montana in CY 2019 had larger CY 2020 average incomes than CY 2020 residents as a whole, and was driven by larger capital gains and wage income.



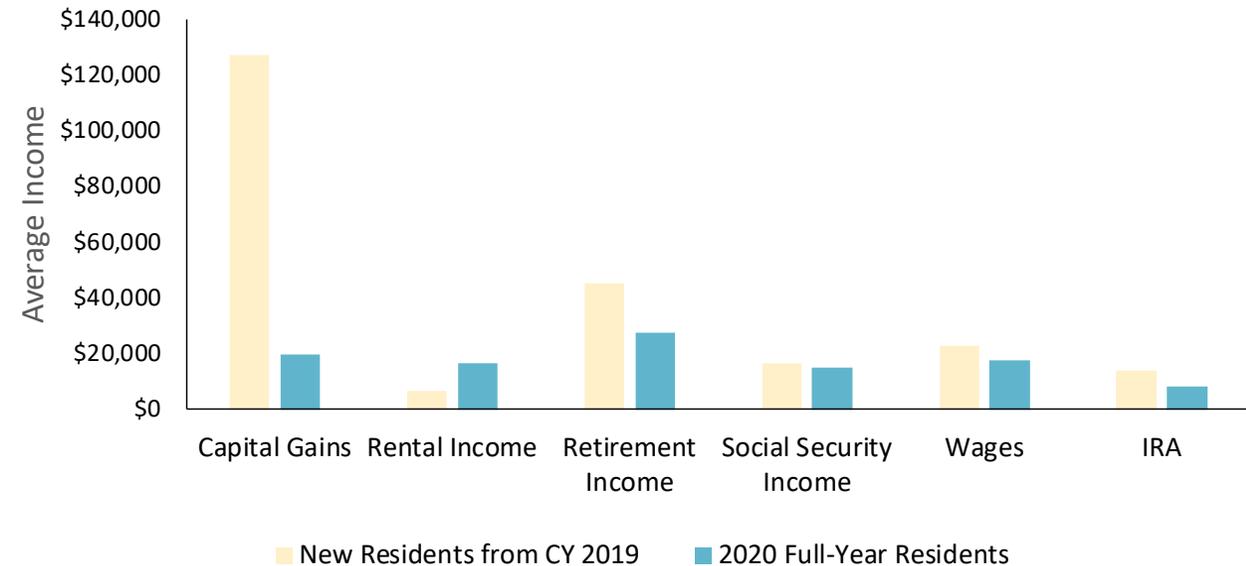
Comparison of Income Types by Age

- There are many filers who do not have incomes in all the categories analyzed below. As a result, median calculations often return a 0. For this reason the average was analyzed to compare income types.
- Incomes were dominated by wages for those under 65. Those filers who moved in CY 2019 had CY 2020 wage income that averaged \$57,108, 4.8% larger than CY 2020 full-year residents (\$54,479).
- For those new CY 2019 residents, average incomes were higher than full-year CY 2020 residents across all categories except rental income. The capital gains average was far higher, and driven by a few select filers with significant capital gains income.

Under 65 CY 2020 Income Distribution

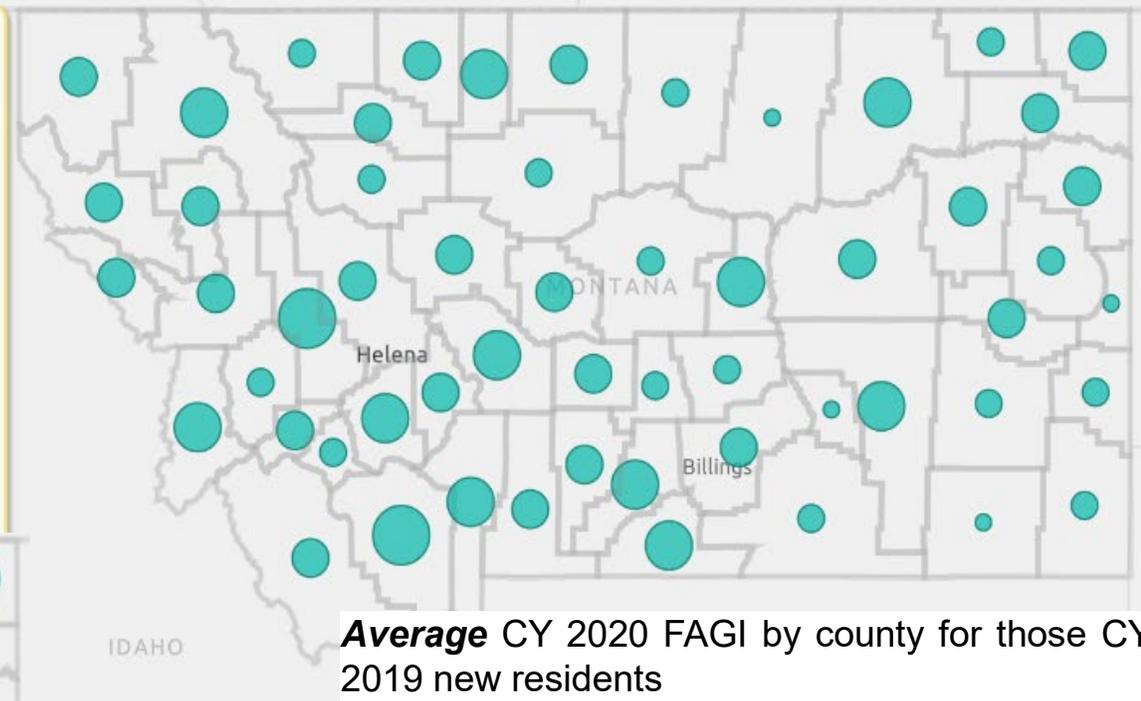
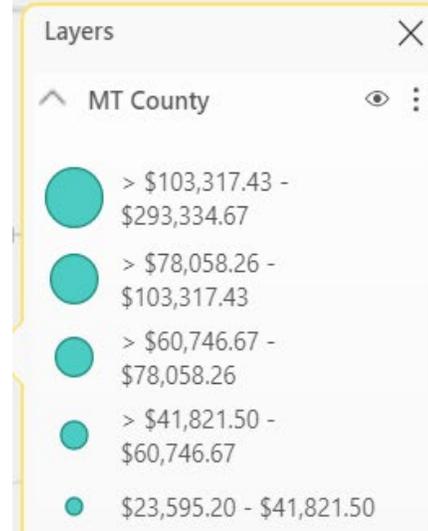


Over 65 CY 2020 Income Distribution

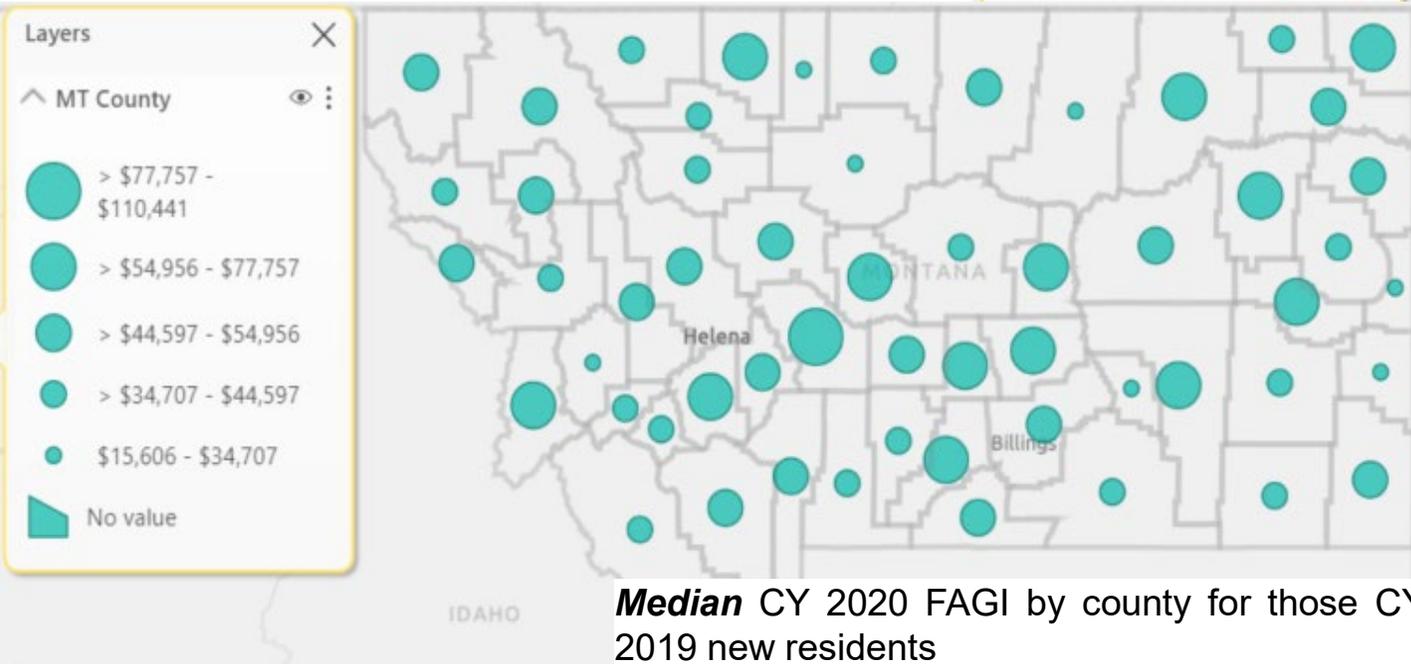


Wealth from CY 2019 New Residents was Widespread in CY 2020

- When looking at both the average and median FAGI's, it can be seen that the wealth was not necessarily concentrated to a few select counties, but was fairly widespread.
- As mentioned earlier, a single large filer can influence the average of a county with few new filers.



Average CY 2020 FAGI by county for those CY 2019 new residents



Median CY 2020 FAGI by county for those CY 2019 new residents

- As noted earlier, the median may be a better representation of a “typical” new filer in a given county, but may given less information on revenue impacts.

Where are the Wealthiest New Filers Residing?

Under 65 Average FAGI

County	New Residents	Full-Year Residents	% Difference
Madison County	\$282,720	\$111,953	153%
Powell County	\$226,226	\$72,570	212%
Jefferson County	\$93,255	\$89,965	4%
Flathead County	\$91,328	\$79,943	14%
Stillwater County	\$89,878	\$86,575	4%

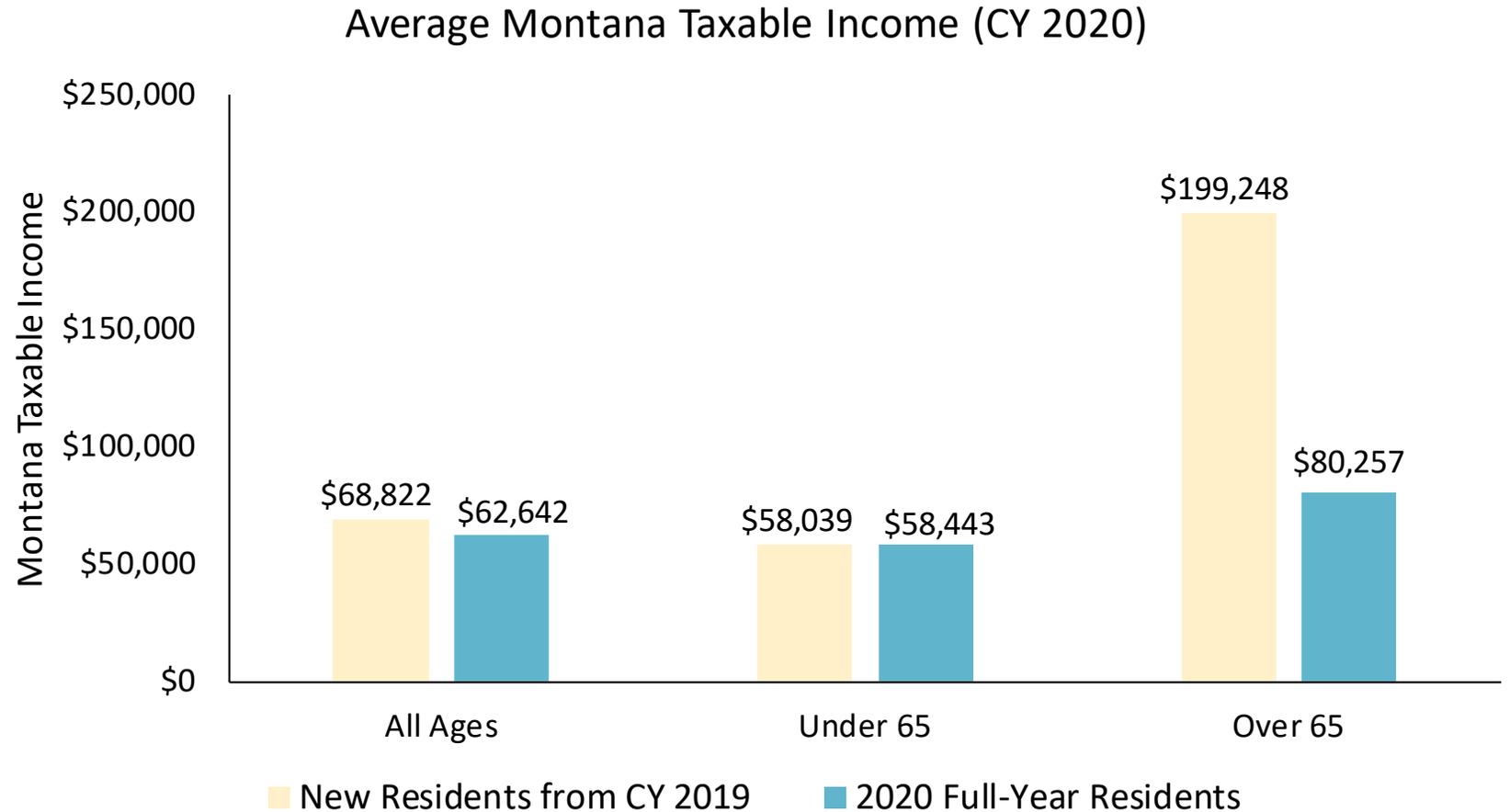
Over 65 Average FAGI

County	New Residents	Full-Year Residents	% Difference
Madison County	\$428,062	\$145,130	195%
Flathead County	\$156,995	\$114,807	37%
Gallatin County	\$141,653	\$165,197	-14%
Ravalli County	\$115,897	\$97,469	19%
Missoula County	\$114,711	\$144,490	-21%

- The two tables above show the top five average FAGI's in CY 2020 of new filers who moved there in CY 2019, adjusted for age.
- Counties are only listed for those which experienced at least ten new filers for each age category.

Taxable Income in CY 2020 of CY 2019 New Residents

- Ultimately, taxpayers pay final taxes based upon their Montana Taxable Income (MTI), not FAGI, though FAGI is utilized in the calculation.
- Across all ages, MTI was nearly 10% larger in CY 2020 for those filers who moved to Montana in CY 2019 compared to CY 2020 full-year residents.



Future Work

- In CY 2020, Montana's population grew by an estimated 1.1%.
- In CY 2021, it is estimated that Montana's population grew by 1.6%
- A similar analysis will be conducted for those residents who moved in CY 2021, once data becomes available in November.
- New filers' income will continue to be analyzed in the years after moving to Montana.
- In addition to monitoring and tracking new filers' income, analyze what percent of them leave Montana in the near-term or whether or not they move from county to county