MONTANA

Sales Taxes

State Sales Tax: No general sales tax. A new 3% tax on accommodations and campgrounds is added to the 4% tax on rental vehicles.

Gasoline Tax: 27.8 cents/gallon
Diesel Fuel Tax: 28.6 cents/gallon
Cigarette Tax: $1.70 cents/pack of 20

Personal Income Taxes
Tax Rate Range: - 1%; High - 6.9%
Income Brackets: Lowest - $2,500; Highest - $15,600
Number of Brackets: 7

Personal Exemptions: Single - $2,140; Married - $4,280;
Dependents - $2,140

Additional Exemptions: 65 or older - $2,040

Standard Deduction: (2008) 20% of AGI. If single not less than $1,780 or more than $4,010; If married filing jointly not less than $3,560 or more than $8,020.

Medical/Dental Deduction: Federal amount

Federal Income Tax Deduction: Full

Retirement Income Taxes: Montana taxes all pension and retirement income received while residing in Montana to the extent it is taxable on the federal return. Tier I and Tier II Railroad Retirement benefits are 100% exempt from Montana income tax. The state allows a pension and annuity income exemption of up to $3,600 per individual, if certain income limitations are met. Early distributions from an IRA do not qualify for this exemption. Social Security benefits taxable in Montana may be different from what is taxable federally. You will need to complete Worksheet VIII - Taxable Social Security Benefits to determine your Montana taxable social security.

Regarding interest income earned, there is a partial interest exemption for taxpayers age 65 or older. If you are single and age 65 or older at the end of the calendar year, you can exempt up to $1,600 of the interest income that you reported in your federal adjusted gross income. If you are married and filing a joint return with your spouse and at least one of you is age 65 or older at the end of the calendar year, you can exempt up to $1,600 of the interest income that you reported in your federal adjusted gross income. If you are married and filing your return separately and are age 65 or older at the end of the calendar year, you can exempt up to $800 of the interest income that you reported in your federal adjusted gross income. Please note, however, that you are not allowed to exclude interest income earned by and reported by your spouse. For the purpose of this exclusion, when you determine the amount of your interest income, you should consider distributions commonly called dividends on deposits or share accounts as interest. Under no circumstances can you exclude more interest income than what you have reported in your federal adjusted gross income.

Montana taxes some retirement benefits. If you have reported taxable retirement income on the federal income tax return, you may be entitled to a partial exemption of this income. Tier I and Tier II Railroad Retirement benefits are 100% exempt from Montana taxation. Also, if you have received a disability pension, which is identified as a distribution code 3 on your 1099R, you should use the state's disability pension worksheet to determine your deduction instead of the retirement income exclusion.

If you have received retirement income other than Tier II Railroad benefits, you should complete state form W, Worksheet IV in order to determine the amount of your exclusion. Your retirement exclusion is limited to the lesser of your taxable retirement income that you received or $3,600, as long as your federal adjusted gross income is $30,000 or less and you are filing a single return, filing jointly with your spouse and only one of you have taxable retirement income, or you are filing as head of household. If both you and your spouse have received retirement income and you are filing jointly with your spouse,
and your federal adjusted gross income is $30,000 or less, you both can exclude the lesser of your taxable retirement income that you receive personally or $3,600 each for a maximum of $7,200. If you are filing your income tax return separately on the same form, or on separate forms, the lesser of your retirement income or $3,600 applies separately to both spouses as long as your separately state federal adjusted gross income is $30,000 or less.

**Retired Military Pay:** See above. Survivor benefits are taxed following federal tax rules.

**Military Disability Retired Pay:** Retirees who entered the military before Sept. 24, 1975, and members receiving disability retirements based on combat injuries or who could receive disability payments from the VA are covered by laws giving disability broad exemption from federal income tax. Most military retired pay based on service-related disabilities also is free from federal income tax, but there is no guarantee of total protection.

**VA Disability Dependency and Indemnity Compensation:** VA benefits are not taxable because they generally are for disabilities and are not subject to federal or state taxes.

**Military SBP/SSBP/RCSBP/RSFPP:** Generally subject to state taxes for those states with income tax. Check with state department of revenue office.

**Property Taxes**
All property (real or personal) is subject to state and local taxes. The assessed valuation of real property is based on 100% of its fair market value, then reduced by a phase-in factor and taxed as a percentage thereof. The state established the tax rate to determine the assessed valuation while local taxing units establish the mill levies to determine the property tax. Personal property is also taxed, the most common being motor vehicles. All residential properties receive a 34% exemption (for 2008) but residents must file for the exemption. Residential property of certain disabled veterans, and the spouses of deceased veterans, is exempt from property taxation. Montana property owners can have their property taxes reduced if they meet certain qualifications. Any homeowner or renter age 62 or over can apply for a credit if they have lived in Montana for 9 months, occupied a residence for 6 months, and had a gross household income of less than $45,000. For a better understanding of property taxes, click here.

**Inheritance and Estate Taxes**
There is no inheritance tax and no estate tax is due for deaths occurring in 2005 and thereafter.

For further information, visit the Montana Department of Revenue site or call 406-444-6900.

Note: The state has a statutory provision for automatic adjustment of tax brackets, personal exemptions or standard deduction.

**Federal Income Tax Deduction**
Only nine of the 41 states with broad-based income taxes permit taxpayers to deduct some or all of their federal income taxes. This is an advantage if you are deciding between two states with similar rate structures but only one allows you to deduct. The latter would give you a lower effective tax rate. The states are Alabama, Iowa, Louisiana, Missouri, Montana, North Dakota, Oklahoma, Oregon and Utah.
WASHINGTON

Sales Taxes

State Sales Tax: 6.5% (food and prescription drugs exempt) Local taxes may increase total tax to 9.5%. Tax is 6.8% on sales and leases of motor vehicles.

- Gasoline Tax: 37.5 cents/gallon
- Diesel Fuel Tax: 37.5 cents/gallon
- Cigarette Tax: $2.025/pack of 20

Personal Income Taxes
No state personal income tax
Retirement Income: Not taxed.

Property Taxes
Property taxes account for about 30% of Washington's total state and local taxes. Properties are appraised at 100% of fair market value. A property tax exemption program is available for persons age 61 or older, or persons unable to work due to a physical disability. The property, which can include up to an acre of land, must be owner/buyer occupied.

The state offers a property tax exemption program for those whose household income does not exceed $35,000. If your income is between $35,000 and $40,000, you may qualify for the tax deferral program. If your annual income for the application year does not exceed $35,000 your home will be exempt from all excess and special levies approved by voters. If your household income is between $25,001 and $30,000, you are exempt from regular levies on $50,000 or 35% of the assessed value, whichever is greater (but not more than 70,000 of the assessed value. For more information, call 360-570-5867. For senior exemptions and deferrals, click here.

The state's tax deferral program works in conjunction with the exemption program. A senior citizen or disabled person may defer property taxes or special assessments on their residence if they meet certain age, disability, ownership, occupancy and income requirements. The state pays the taxes on behalf of the claimant and files a lien on the property to indicate the state has an interest in the property. The deferred taxes must be repaid to the state plus 5% interest when the owner dies, sells or moves from the home, or doesn't have sufficient equity in the property. Qualified people may participate in both or one of these programs. For more information, click here.

For more details on property taxes, click here or call 800-647-7706.

Inheritance and Estate Taxes
Washington replaced the inheritance tax in 1982 with an estate tax. Effective January 1, 2009 the Washington State filing threshold is different from the federal filing threshold for completing the estate tax return. If the decedent has a gross estate or a taxable estate plus taxable gifts of $2,000,000 or more, the estate is required to file a Washington State estate tax return. If the decedent has a gross estate or taxable estate plus taxable gifts of $3,500,000 or more, the estate is required to file a Washington State estate tax return.

For further information, visit the Washington Department of Revenue site or call 800-647-7706
WYOMING

Sales Taxes

State Sales Tax: 4% (prescriptions and food for home consumption exempt); counties have the option of adding up to 1% in additional taxes. There is a county lodging tax that varies from 2% to 4% and is added to the other sales taxes.
- Gasoline Tax: 14 cents/gallon
- Diesel Fuel Tax: 14 cents/gallon
- Gasohol Tax: 14 cents/gallon
- Cigarette Tax: 60 cents/pack of 20

Personal Income Taxes
No state personal income tax

Retirement Income Taxes: Not taxed, including that received from other states.

Property Taxes
Tax rates are set by the various political entities with the legal power to levy taxes. These governmental entities include counties; school districts; cities and towns; and special taxing districts, such as water and sewer districts and cemetery districts. Once the taxing entities have adopted their budgets and tax rates, the tax rates cannot be appealed. However, obvious factual errors may still be corrected by the county.

Your tax notice indicates the amount you pay to each taxing entity.

Wyoming is a "fractional assessment" state. This means their property tax applies to only a fraction of the full market value of property. This fraction is the property's assessed value. For most property, only 9.5% of market value is subject to tax. Consequently, a home worth $100,000 on the market is only taxed on $9,500 in assessed value. The real effect of fractional assessments is to exempt $90,500 of the home's value from taxation. Citizens are legally protected from counties and municipalities increasing property tax rates. For county revenue, the rate is limited to 8 mills (.8%). With very few exceptions, state law limits the property tax rate for all governmental purposes. All Wyoming citizens benefit from property tax exemptions. Personal property held for personal use is tax exempt. Inventory, pollution control equipment, cash, accounts receivable, stocks, and bonds are also exempt.

The state has several property tax relief programs. If the value of certain assets (bank accounts, investments, real estate other than house, and motor vehicles in excess of one per household member) exceed $21,120, a resident cannot qualify. To be eligible for the main property tax relief program one must have a household income less than the greater of half the state or county median household income, and have other assets totaling less than $21,120 (see above). By meeting the eligibility rules, the tax relief is up to one-half of the median residential property tax or one-half of the property tax bill, whichever is less.

There is an exemption for veterans who qualify. Generally $210 or less per year is removed up to a lifetime maximum of $800. Those who have exhausted their lifetime benefit can reapply beginning in 2007. A surviving spouse may continue to collect benefits until he or she remarries.

A tax rebate is available to those age 65 and older who meet certain income requirements. They can receive a refund on property tax, utilities, and sales/use tax ranging from $100 to $800 if single and $100 to $900 if married. For details on property tax relief programs, click here. Call 307-777-5235 for details.

For general information on property tax and relief programs, click here.

Inheritance and Estate Taxes
There is no inheritance and the estate tax is limited and related to federal estate tax collection.
For more information, visit the Wyoming Department of Revenue site or call 307-777-5287.