Montana

#7

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
7 ▼ 2	18 ▲ 8	21 ▼ 8	3 –	20 ▼ 4	28 ▼ 3

IN THE 2027 *Index*

Montana's overall ranking fell two spots, from 5th to 7th. Although a lower top income tax rate of 5.65 percent and the elimination of the state's marriage penalty took effect this year, Montana's individual income tax ranking fell from 13th to 21st. Because Montana uses federal taxable income as the starting point for state income tax liability, newer federal provisions such as no tax on tips, overtime, and auto loans narrow the state's individual income tax base. Additionally, five states that climbed ahead of Montana on this component further reduced their flat and top marginal income tax rates (Georgia, Kentucky, Nebraska, North Carolina, and Oklahoma). Montana's conformity to full bonus depreciation under Section 168(k) and Section 174A contributed to its corporate income tax ranking improving from 26th to 18th. The continued phase-in of Montana's tiered-structure property tax reforms contributed to it falling from 16th to 20th on the property and wealth tax variable.

Since 2021, Montana has enacted multiple reforms aimed at reducing individual income tax burdens. Key reforms include the consolidation of the state's seven individual income tax brackets into two, the elimination of the marriage penalty, and the adoption of the federal standard deduction. The top marginal rate is 5.65 percent for 2026 and will decrease to 5.4 percent in 2027.

Montana's corporate taxpayers are subject to a single rate of 6.75 percent. Montana does not conform to federal net operating loss deductions and allows carryforwards for 10 years and carrybacks for 3 years. Montana is also among the minority of states that tax net CFC tested income (NCTI), which replaced global intangible low-taxed income (GILTI), with a 20 percent inclusion.

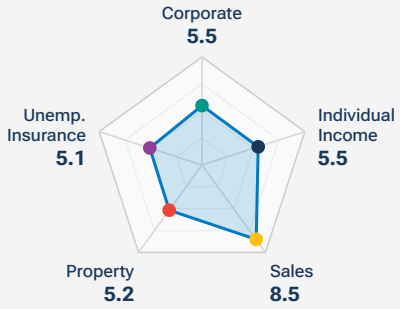
Montana has a generous $1 million de minimis exemption for tangible personal property, eliminating compliance costs for many smaller and mid-sized businesses.

The state applies a different formula to assess distinct property types, known as split roll taxation. This leads to higher property tax costs for businesses and for renters, since rental properties with four or more units are classified as commercial property.

Montana property owners have faced surging property valuations in recent years. In 2025, Montana lawmakers enacted changes to the property tax code. Property owners now face a tiered tax structure with different rates applying depending on the value and class of the property. The reforms were designed to provide relief to owner-occupied homes and long-term rentals, but as a result, a greater share of the property tax burden will be borne by higher-value homes, second homes, short-term rentals, and certain commercial properties.

Component scores

out of 10



Montana and its neighbors

Overall rank, 2027 Index, with change from 2026

Wyoming	#1	–
South Dakota	#2	–
Montana	**#7**	▼ 2
North Dakota	#12	▼ 2
Idaho	#13	▼ 4