



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

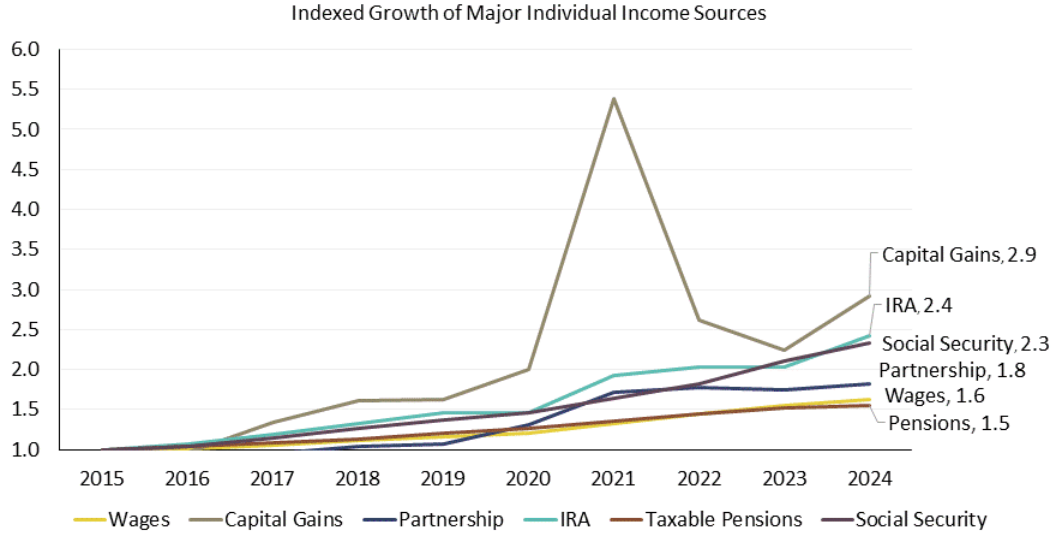
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Director
AMY CARLSON

DATE: May 28, 2026
TO: Revenue Interim Committee
FROM: Sam Schaefer
RE: Response to Capital Gains Questions

1. Is there an increased percentage of income from capital gains?

The figure below shows indexed growth of major individual income sources back to TY 2015. As the figure shows, capital gains income growth has surpassed other income sources, and as a result it now occupies a larger share of individual income in the state. In TY 2015, capital gains represented 6.4% of total individual income. It now represents 10.0% but can change materially year-over-year due to its inherent volatility.



2. What is the latest percentage of income tax collections through capital gains?

The most recent full-year resident tax return data is for TY 2024. In TY 2024, capital gains income totaled \$4.9 billion out of nearly \$49 billion in adjusted gross income statewide. This \$4.9 billion in capital gains income generated \$177 million in tax liability. For context, total full-year resident tax liability before credits totaled \$2.0 billion in TY 2024. Therefore, the capital gains liability represented approximately 8.9% of the total.

3. Does tax return data contain detail on the type of capital gains (i.e. stocks, property, etc.)?

No. The tax return data available to the LFD contains only the total capital gains claimed on a return, not the asset the gain came from.

4. If capital gains were aligned with the current income tax rate, how might that look?

In TY 2027 the following rate tables are scheduled to apply to ordinary income and capital gains income. The table below represents income thresholds for a married joint return.

Income Thresholds	Ordinary Income Rate	Capital Gains Rate
First \$130,000 of Taxable Income	4.7%	3.0%
Taxable Income exceeding \$130,000	5.4%	4.1%

If capital gains income was taxed at the same rates as other income, individual income tax collections would increase by an estimated \$60 million per year.