SENATE BILL NO. 29

INTRODUCED BY D. FERN

BY REQUEST OF THE REVENUE INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: “AN ACT REVISING LAWS RELATED TO BALLOT OR RESOLUTION LANGUAGE ESTIMATING ADDITIONAL PROPERTY TAXES ON A RESIDENCE RESULTING FROM LEVIES AND BONDS; AND AMENDING SECTIONS 7-7-111, 15-10-425, 20-9-116, AND 20-9-426, MCA.”

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 7-7-111, MCA, is amended to read:

"**7-7-111. Bond election -- impact on value.** (1) Except as provided in subsection (2), the form of the ballot for a bond election must include:

(a) the statement that "an increase in property taxes may lead to an increase in rental costs"; and

(b) the median market value in the county for a principal residence that qualifies for the homestead reduced tax rate and an estimate of the impact of the election ~~on homes valued at $100,000, $300,000, and $600,000~~ in terms of actual dollars in additional property taxes that would be imposed in the first year ~~on residences with those values~~ if the bond were to pass. ~~The ballot may also include an estimate of the impact of the election on homes of any other value in the district, if appropriate.~~ If the election impacts principal residences in more than one county, the estimate of the impact must include the average of the median market values in each county for principal residences that qualify for the homestead reduced tax rate.

(2) The department of revenue shall develop, publish on its website, and provide to taxing jurisdictions a tool for calculating the impact of a bond election on a residence. The taxing jurisdiction conducting the bond election ~~may replace the estimate of the impact of the election on a home valued at $600,000 with an estimate of the impact of the election on a home of a different value~~ shall publish the tool on its website."

Section 2. Section 15-10-425, MCA, is amended to read:

"**15-10-425. Mill levy election.** (1) A county, consolidated government, incorporated city, incorporated town, school district, or other taxing entity may impose a new mill levy, increase a mill levy that is required to be submitted to the electors, or exceed the mill levy limit provided for in 15-10-420 by conducting an election as provided in this section.

(2) An election pursuant to this section must be held in accordance with Title 13, chapter 1, part 4 or 5, or Title 20 for school elections, whichever is appropriate to the taxing entity. The governing body shall pass a resolution, shall amend its self-governing charter, or must receive a petition indicating an intent to impose a new levy, increase a mill levy, or exceed the current statutory mill levy provided for in 15-10-420 on the approval of a majority of the qualified electors voting in the election.

(a) The resolution, charter amendment, or petition must include:

(i) the specific purpose for which the additional money will be used;

(ii) the specific amount of money to be raised and the approximate number of mills to be imposed; and

(iii) whether the levy is permanent or the durational limit on the levy.

(b) Except for a school district levy established in Title 20, the resolution, charter amendment, or petition may provide that the mill levy is subject to the provisions of 15-10-420(1)(a).

(3) Notice of the election must be prepared by the governing body and given as provided in 13-1-108. The form of the ballot must reflect the content of the resolution or charter amendment and must include:

(a) the statement that "an increase in property taxes may lead to an increase in rental costs"; and

(b) ~~a statement~~ the median market value in the county for a principal residence that qualifies for the homestead reduced tax rate and an estimate of the impact of the election ~~on homes valued at $100,000, $300,000, and $600,000 in the district~~ in terms of actual dollars in additional property taxes that would be imposed ~~on residences with those values~~ if the mill levy were to pass. ~~The ballot may also include a statement of the impact of the election on homes of any other value in the district, if appropriate.~~ If the election impacts principal residences in more than one county, the estimate of the impact must include the average of the median market values in each county for principal residences that qualify for the homestead reduced tax rate.

(4) The department of revenue shall develop, publish on its website, and provide to governing bodies a tool for calculating the impact of a mill levy increase on a residence. A governing body holding a mill

levy election shall publish the tool on its website.

(5) The department of revenue shall calculate the median market value of principal residences in each county every 2 years as part of the periodic reappraisal.

~~(4)~~ (6) If the majority of voters voting on the question are in favor of the additional levy, the governing body is authorized to impose the levy in the amount specified in the resolution or charter amendment.

~~(5)~~ (7) A governing body, as defined in 7-6-4002, may reduce an approved levy in any fiscal year without losing the authority to impose in a subsequent fiscal year up to the maximum amount approved in the election. However, nothing in this subsection authorizes a governing body to impose more than the approved levy in any fiscal year or to extend the duration of the approved levy."

Section 3. Section 20-9-116, MCA, is amended to read:

"**20-9-116. Resolution of intent to increase nonvoted levy -- notice.** (1) The trustees of a school district shall adopt a resolution no later than ~~June 1 in fiscal year 2017 only and no later than March 31 in fiscal year 2018 and subsequent fiscal years~~ March 31 of each fiscal year and provide notice pursuant to subsection (2) whenever the trustees intend to impose an increase in a nonvoted levy in the ensuing school fiscal year for the purposes of funding any of the funds listed below:

(a) the tuition fund under 20-5-324;

(b) the adult education fund under 20-7-705;

(c) the transportation fund under 20-10-143 and 20-10-144; and

(d) the bus depreciation reserve fund under 20-10-147.

(2) The trustees shall provide notice of intent to impose an increase in a nonvoted levy for the ensuing school fiscal year by:

(a) adopting a resolution of intent to impose an increase in a nonvoted levy that includes, at a minimum, the estimated number of increased or decreased mills to be imposed and the estimated increased or decreased revenue to be raised compared to nonvoted levies under subsections (1)(a) through (1)(d) imposed in the current school fiscal year and, based on the district's taxable valuation most recently certified by the department of revenue under 15-10-202, ~~the estimated impacts of the increase or decrease on homes valued at $100,000, $300,000, and $600,000; and~~ the median market value in the county for a principal residence that

qualifies for the homestead reduced tax rate and an estimate of the impact of the resolution in terms of actual dollars in additional property taxes that would be imposed if the resolution is adopted. If the resolution impacts principal residences in more than one county, the estimate of the impact must include the average of the median market values in each county for principal residences that qualify for the homestead reduced tax rate.

(b) publishing in a newspaper that will give notice to the largest number of people of the district as determined by the trustees and posting to the school district's website:

(i) the resolution under subsection (2)(a); and

(ii) the resolution under 20-9-502(3)(a)(i) if adopted by the trustees.; and

(c) posting to the school district's website the tool developed by the department of revenue that calculates the impact of a mill levy increase on a residence."

Section 4. Section 20-9-426, MCA, is amended to read:

"**20-9-426. Preparation and form of ballots for bond election.** (1) The school district shall cause ballots to be prepared for all bond elections.

(2) All ballots must be substantially in the following form:

OFFICIAL BALLOT

SCHOOL DISTRICT BOND ELECTION

INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words "BONDS--YES" if you wish to vote for the bond issue; if you are opposed to the bond issue, make an X or similar mark in the square before the words "BONDS--NO".

Shall the board of trustees be authorized to issue and sell (state type of bonds here: general obligation, oil and natural gas revenue, oil and natural gas revenue for which a tax deficiency is pledged, or impact aid revenue) bonds of this school district in the amount of..... dollars ($.....), payable semiannually, during a period not more than..... years, for the purpose..... (here state the purpose the same way as in the notice of election)?

If this bond is passed, based on the taxable value of the school district, the property taxes on a ~~home with an assessed market value for tax purposes of $100,000 would increase by $..... in the first year, of $300,000 would increase by $..... in the first year, and of $600,000~~ principal residence that qualifies for the

homestead reduced tax rate with an assessed market value of $..... (here state the median market value in the county or, if the election impacts principal residences in more than one county, the average of the median market values in each county) would increase by $..... (here state the impact for a principal residence that qualifies for the homestead reduced tax rate) in the first year. An increase in property taxes may lead to an increase in rental costs.

☐ BONDS -- YES.

☐ BONDS -- NO.

(3) The department of revenue shall develop, publish on its website, and provide to school districts a tool for calculating the impact of a bond election on a residence. The school district conducting the bond election ~~may replace the estimate of the impact of the election on a home valued at $600,000 with an estimate of the impact of the election on a home of a different value~~ shall publish the tool on its website."

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