

1 SENATE BILL NO. 2
2 INTRODUCED BY G. HERTZ
3 BY REQUEST OF THE REVENUE INTERIM COMMITTEE
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT THE RELEASE OF INCREMENTAL TAXABLE
6 VALUE IS NOT CONSIDERED NEWLY TAXABLE PROPERTY FOR THE PURPOSE OF CALCULATING
7 LOCAL GOVERNMENT LEVIES; AMENDING SECTIONS 15-10-420 AND 20-9-336, MCA; AND PROVIDING
8 AN APPLICABILITY DATE."

9

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

11

12 **Section 1.** Section 15-10-420, MCA, is amended to read:

13 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a
14 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount
15 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3
16 years. The maximum number of mills that a governmental entity may impose is established by calculating the
17 number of mills required to generate the amount of property tax actually assessed in the governmental unit in
18 the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half
19 of the average rate of inflation for the prior 3 years.

20 (b) A governmental entity that does not impose the maximum number of mills authorized under
21 subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between
22 the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill
23 authority carried forward may be imposed in a subsequent tax year.

24 (c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average
25 rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers,
26 using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of
27 labor.

28 (2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any

1 superintendent to result in a decrease in the amount of guaranteed tax base aid distributed to eligible school
2 districts equal to 85% of the decrease in the calculated amount between the 2 years; and

3 (ii) decrease the multiplier used to calculate the statewide elementary and high school mill value
4 per ANB for school retirement guaranteed tax base purposes under 20-9-366 to the nearest whole number
5 determined by the superintendent to result in a decrease in the amount of retirement guaranteed tax base aid
6 distributed to eligible school districts equal to 15% of the decrease in the calculated amount between the 2
7 years;

8 (b) more, then the superintendent shall increase the multipliers used in the guaranteed tax base
9 formulas under 20-9-366 and in the formula for school major maintenance aid under 20-9-525 to the nearest
10 whole number by an amount calculated by the superintendent to result in an increase in the amount of
11 guaranteed tax base aid and school major maintenance aid distributed to eligible counties and school districts
12 equal to 55% of the increase in the calculated amount between the 2 years in the following order, with any
13 amount exceeding the caps under subsections (3)(b)(i) through (3)(b)(iii) flowing to the next mechanism:

14 (i) first, the multiplier used in calculating the statewide mill value per elementary and high school
15 ANB for retirement purposes, not to exceed 305%;

16 (ii) second, the multiplier used in calculating the amount of state school major maintenance aid
17 support for each dollar of local effort, not to exceed 365%; and

18 (iii) third, the multiplier used in calculating the facility guaranteed mill value per ANB for school
19 facility entitlement guaranteed tax base purposes, not to exceed 300%.

20 (4) (a) The adjustments to the multipliers under subsection (3) are applicable to state equalization
21 aid distributions in the fiscal year following the adjustment.

22 (b) Adjustments to the multipliers made under subsection (3) remain in effect in subsequent years
23 unless further changed under 20-9-366 or subsection (3) of this section or as otherwise provided by law."

24

25 **COORDINATION SECTION. Section 3. Coordination instruction.** If both Senate Bill No. 117 and
26 [this act] are passed and approved, then [this act] is void.

27

28 **NEW SECTION. Section 4. Applicability.** [This act] applies to property tax years beginning after