

## 1 HOUSE BILL NO. 275

2 INTRODUCED BY K. PETERSON

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4 A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THE POWERS OF A SELF-GOVERNING LOCAL  
5 GOVERNMENT THAT REQUIRE DELEGATION; CLARIFYING THE AUTHORITY OF SELF-GOVERNING  
6 LOCAL GOVERNMENTS TO IMPOSE TAXES; PLACING RESTRICTIONS ON SALES TAXES ADOPTED BY  
7 SELF-GOVERNING LOCAL GOVERNMENTS; REQUIRING TAXES OTHER THAN MILL LEVIES TO BE  
8 APPROVED BY THE VOTERS OF THE SELF-GOVERNING LOCAL GOVERNMENT IN ORDER TO BE  
9 EFFECTIVE; AMENDING SECTIONS 7-1-101 AND 7-1-112, MCA; AND PROVIDING AN IMMEDIATE  
10 EFFECTIVE DATE."

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

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14 **Section 1.** Section 7-1-101, MCA, is amended to read:

15 **"7-1-101. Self-government powers -- taxation.** (1) As provided by Article XI, section 6, of the  
16 Montana constitution, a local government unit with self-government powers may exercise any power not  
17 prohibited by the constitution, law, or charter. These powers include but are not limited to the powers  
18 granted to general power governments.

19 (2) A local government with self-government powers may impose property taxes and other taxes.

20 The power to impose taxes is limited as follows:

21 (a) A property tax is subject to 15-10-420.

22 (b) A sales tax may not:

23 (i) exceed 2% of the retail sales price of the goods or services upon which it is imposed; and

24 (ii) be imposed on necessities, including food, prescription drugs, and fuel and other goods or  
25 services that may be further defined as necessities by the local government imposing the tax.

26 (3) A tax, other than a mill levy, imposed pursuant to subsection (2), must be submitted to and  
27 approved by the voters of the local government unit in order to be effective."

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29 **Section 2.** Section 7-1-112, MCA, is amended to read:

30 **"7-1-112. Powers requiring delegation -- taxation delegation.** A local government with

1 self-government powers is prohibited the exercise of the following powers unless the power is specifically  
2 delegated by law:

3 (1) subject to 7-1-101, the power to ~~authorize a tax on income or the sale of goods or services,~~  
4 ~~except that, subject to 15-10-420, this section may not be construed to limit the authority of a local~~  
5 ~~government to levy any other tax or establish the rate of any other tax;~~

6 (2) the power to regulate private activity beyond its geographic limits;

7 (3) the power to impose a duty on another unit of local government, except that nothing in this  
8 limitation affects the right of a self-government unit to enter into and enforce an agreement on interlocal  
9 cooperation;

10 (4) the power to exercise any judicial function, except as an incident to the exercise of an  
11 independent self-government administrative power;

12 (5) the power to regulate any form of gambling, lotteries, or gift enterprises."

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14 NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

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