

1 SENATE BILL NO. 232

2 INTRODUCED BY D. MAHLUM

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE MILL LEVY CALCULATION FOR PROPERTY
5 TAXES ACTUALLY ASSESSED IN A PRIOR YEAR; LIMITING THE AMOUNT OF GROWTH IN PROPERTY
6 TAXES TO THE ACTUAL VALUE OF NEW CONSTRUCTION OR THE AVERAGE RATE OF INFLATION
7 OVER THE PRIOR 2 YEARS; AMENDING SECTION 15-10-420, MCA; AND PROVIDING AN IMMEDIATE
8 EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

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

13 **"15-10-420. Procedure for calculating levy.** (1) (a) A Subject to the provisions of this section,
14 a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the
15 amount of property taxes actually assessed in the prior year, even if that levy is greater than the levy
16 established by law plus the growth factor provided for in subsection (1)(b). The maximum number of mills
17 that a governmental entity may impose is established by calculating the number of mills required to
18 generate the amount of property tax actually assessed in the governmental unit in the prior year based on
19 the current year taxable value, less the current year's value of newly taxable property, plus the growth
20 factor provided for in subsection (1)(b).

21 (b) A governmental entity may include a growth factor in the number of mills calculated pursuant
22 to subsection (1)(a) in an amount that is no more than the greater of:

23 (i) the average rate of inflation for the prior 2 years; or24 (ii) the amount of taxable value of newly taxable property in the governmental entity.

25 (c) For the purposes of subsection (1)(b), the department shall calculate the average rate of
26 inflation for the prior 2 years by using the consumer price index, U.S. city average, all urban consumers
27 (CPI-U), using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States
28 department of labor.

29 (2) A governmental entity may apply the levy calculated pursuant to subsection (1) plus any
30 additional levies authorized by the voters to all property in the governmental unit, including newly taxable

1 property.

2 (3) For purposes of this section, newly taxable property includes:

3 (a) annexation of real property and improvements into a taxing unit;

4 (b) construction, expansion, or remodeling of improvements;

5 (c) transfer of property into a taxing unit;

6 (d) subdivision of real property;

7 (e) reclassification of property;

8 (f) transfer of property from tax-exempt to taxable status; and

9 (g) revaluations caused by expansion, addition, replacement, or remodeling of improvements.

10 (4) Subsection (1) does not apply to school district general fund levies and the school district levy
11 for tuition obligations established in 20-5-324(5).

12 (5) For purposes of subsection (1), taxes imposed:

13 (a) include registration fees imposed on light vehicles under 61-3-561 and distributed under
14 61-3-509(2); and

15 (b) do not include net or gross proceeds taxes received under 15-6-131 and 15-6-132.

16 (6) In determining the maximum number of mills in subsection (1), the governmental entity shall
17 take into account any change from the prior year in the amount of statutory reimbursements for changes
18 in the property tax laws. The amount of motor vehicle disposition under 61-3-509(2), as that section read
19 on December 31, 2000, is an increased statutory reimbursement. It may increase the number of mills to
20 account for a decrease in reimbursements and shall decrease the number of mills to fully account for any
21 increase in reimbursements.

22 (7) The department shall calculate the number of mills to be imposed for purposes of 15-10-107,
23 20-9-331, 20-9-333, 20-9-360, 20-25-423, 20-25-439, and 53-2-813. However, the number of mills
24 calculated by the department may not exceed the mill levy limits established in those sections.

25 (8) The department may adopt rules to implement this section. The rules may include a method
26 for calculating the percentage of change in valuation for purposes of determining the elimination of
27 property, new improvements, or newly taxable property in a governmental unit."

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29 **NEW SECTION. Section 2. Effective date.** [This act] is effective on passage and approval.

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