

## 1 SENATE BILL NO. 501

2 INTRODUCED BY L. GROSFIELD, STORY, CHRISTIAENS, COBB, DEPRATU, MCKENNEY, SCHMIDT,  
3 SOMERVILLE

4  
5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE TAXATION OF PROPERTY;  
6 REVISING THE LIMIT ON PROPERTY TAXES; ALLOWING A GOVERNMENTAL ENTITY TO CARRY  
7 FORWARD MILL LEVY AUTHORITY; REQUIRING THE DEPARTMENT OF REVENUE TO PROVIDE  
8 CERTIFIED VALUES FOR NEWLY TAXABLE PROPERTY AND TOTAL TAXABLE VALUE, EXCLUSIVE OF  
9 NEWLY TAXABLE PROPERTY, OF CERTAIN CENTRALLY ASSESSED PROPERTY; REQUIRING THE  
10 DEPARTMENT OF REVENUE TO RECERTIFY THE TAXABLE VALUE OF CERTAIN CLASS THIRTEEN  
11 PROPERTY FOR TAX YEAR 2000; REQUIRING LOCAL GOVERNMENTS TO RECALCULATE PROPERTY  
12 TAXES THAT WOULD HAVE BEEN ACTUALLY ASSESSED BASED ON THE RECERTIFICATION OF  
13 CERTAIN CLASS THIRTEEN PROPERTY; REVISING THE REQUIREMENTS FOR REPORTING CERTIFIED  
14 TAXABLE VALUE BY THE DEPARTMENT OF REVENUE TO LOCAL TAXING AUTHORITIES; ELIMINATING  
15 THE REQUIREMENT THAT THE DEPARTMENT OF REVENUE REPORT CERTIFIED MILLAGE RATES TO  
16 LOCAL TAXING AUTHORITIES; ELIMINATING THE REQUIREMENT THAT LOCAL TAXING AUTHORITIES  
17 ADOPT A RESOLUTION TO INCREASE MILL LEVIES IN EXCESS OF THE CERTIFIED MILLAGE RATES;  
18 AMENDING SECTIONS 7-6-2522, 15-10-202, 15-10-206, AND 15-10-420, MCA; REPEALING SECTIONS  
19 15-10-204, 15-10-205, 15-10-207, AND 15-10-208, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE  
20 DATE, A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE."

21  
22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

23  
24 **Section 1.** Section 7-6-2522, MCA, is amended to read:

25 **"7-6-2522. All-purpose levy -- maximum.** (1) The all-purpose levy is an annual levy upon the  
26 taxable value of all property in the county subject to taxation for county purposes in lieu of the levies  
27 specified in 7-6-2523. Subject to 15-10-420, the all-purpose levy may not exceed the lesser of:

28 (a) 55 mills on the dollar; or

29 (b) the total number of mills levied in the prior year pursuant to the levies set forth in 7-6-2523

30 ~~as certified by the department of revenue under 15-10-202.~~

1 (2) If the county governing body determines that the interests of the county would be served by  
 2 an all-purpose levy, it shall specify its intent to impose the all-purpose levy in the resolution approving and  
 3 adopting the annual budget."

4

5 **Section 2.** Section 15-10-202, MCA, is amended to read:

6 **"15-10-202. Certification of taxable values and millage rates.** ~~By (1) Subject to subsections (2)~~  
 7 ~~and (3), by~~ the second Monday in July, the department shall certify to each taxing authority the total  
 8 taxable value within the jurisdiction of the taxing authority. The department shall also send to each taxing  
 9 authority a written statement of its best estimate of the total ~~assessed~~ taxable value of ~~all new~~  
 10 ~~construction and improvements not included on the previous property tax record and the value of deletions~~  
 11 ~~from the previous property tax record. Exclusive of new construction, improvements, and deletions, the~~  
 12 ~~department shall certify to each taxing authority a millage rate that will provide the same ad valorem~~  
 13 ~~revenue for each taxing authority as was levied during the prior year. For the purpose of calculating the~~  
 14 ~~certified millage, the department shall use 95% of the taxable value appearing on the property tax record,~~  
 15 ~~exclusive of properties appearing for the first time in the property tax record~~ newly taxable property, as  
 16 described in 15-10-420(3).

17 (2) For tax years beginning after December 31, 2000, if the ownership of centrally assessed  
 18 property has been transferred in whole or in part to a different owner AND THE TRANSFERRED PROPERTY HAS  
 19 A MARKET VALUE OF \$1 MILLION OR MORE AS DETERMINED BY THE DEPARTMENT, the department shall determine  
 20 separately the taxable value of newly taxable property and the taxable value associated with reappraisal  
 21 of centrally assessed property that is transferred to a different owner. The department shall certify to each  
 22 taxing authority, at the time specified in subsection (1), the taxable value of newly taxable property and  
 23 the total taxable value of centrally assessed property, exclusive of newly taxable property, that has been  
 24 transferred to a different owner.

25 (3) For tax year 2001, for property that was classified as class thirteen property in tax year 2000  
 26 and that was transferred in whole or in part to a different owner in tax year 1999, IF THE TRANSFERRED  
 27 PROPERTY HAS A MARKET VALUE OF \$1 MILLION OR MORE AS DETERMINED BY THE DEPARTMENT, the department shall  
 28 determine separately the taxable value of newly taxable property and the taxable value associated with  
 29 reappraisal of class thirteen property that was transferred to a different owner. The department shall  
 30 recertify, at the time specified in subsection (1), to each taxing authority that had class thirteen property

1 described in this subsection (3) in tax year 2000 the recertified total taxable value of newly taxable  
 2 property."

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4 **Section 3.** Section 15-10-206, MCA, is amended to read:

5 **"15-10-206. ~~Exceptions for~~ Notification of decisions of tax appeal boards.** The department shall  
 6 notify each taxing authority of any change in the property tax record that results from actions by the state  
 7 or county tax appeal boards. ~~An increase in the taxing authority's millage above the millage certified by~~  
 8 ~~the department or adopted by resolution or ordinance of the governing body of the taxing authority that~~  
 9 ~~is required solely by a reduction of the property tax record by the state or county tax appeal board may~~  
 10 ~~be adopted without further notice."~~

11

12 **Section 4.** 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,~~  
 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. The maximum number of mills that a governmental entity may impose is established  
 17 by calculating the number of mills required to generate the amount of property tax actually assessed in  
 18 the governmental unit in the prior year based on the current year taxable value, less the value of newly  
 19 taxable property.

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  
 22 between the actual number of mills imposed and the maximum number of mills authorized to be imposed.  
 23 The mill authority carried forward may be imposed in a subsequent tax year.

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

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

28 ~~(a)~~(i) annexation of real property and improvements into a taxing unit;

29 ~~(b)~~(ii) construction, expansion, or remodeling of improvements;

30 ~~(c)~~(iii) transfer of property into a taxing unit;

1           ~~(d)(iv)~~ subdivision of real property; and  
2           ~~(e)~~ reclassification of property;  
3           ~~(f)(v)~~ except as provided in subsection (3)(b), transfer of property from tax-exempt to taxable  
4 status; ~~and~~  
5           ~~(g)~~ revaluations caused by expansion, addition, replacement, or remodeling of improvements.  
6           (b) For the purposes of this section, newly taxable property does not include:  
7           (i) reclassification of property; or  
8           (ii) an increase in the appraised value of land that was previously valued at 75% of the value of  
9 improvements on the land as provided in 15-7-111(4) and (5), as those subsections applied on December  
10 31, 2001.  
11           ~~(4) (a) For purposes of subsection (3)(a)(iii), the transfer of property into a taxing unit does not~~  
12 ~~include the reduction in the boundary of or the elimination of a tax increment financing district.~~  
13           ~~(b) For the purposes of subsection (3)(a)(iv), the subdivision of real property includes the first sale~~  
14 ~~of real property that results in the property being taxable as class four property or as nonagricultural land~~  
15 ~~as described in 15-6-133(1)(c).~~  
16           ~~(4)(5)~~ Subsection (1) does not apply to school district general fund levies and the school district  
17 levy for tuition obligations established in 20-5-324(5).  
18           ~~(5)(6)~~ For purposes of subsection (1), taxes imposed:  
19           (a) include registration fees imposed on light vehicles under 61-3-561 and distributed under  
20 61-3-509(2); and  
21           (b) do not include net or gross proceeds taxes received under 15-6-131 and 15-6-132.  
22           ~~(6)(7) (a)~~ In determining the maximum number of mills in subsection (1), the governmental entity  
23 shall take into account any change from the prior year in the amount of statutory reimbursements for  
24 changes in the property tax laws.  
25           (b) The amount of motor vehicle disposition under 61-3-509(2), as that section read on December  
26 31, 2000, is an increased statutory reimbursement. It The governmental entity may increase the number  
27 of mills to account for a decrease in reimbursements and shall decrease the number of mills to fully  
28 account for any increase in reimbursements.  
29           ~~(7)(8)~~ The department shall calculate, on a statewide basis, the number of mills to be imposed for  
30 purposes of 15-10-107, 20-9-331, 20-9-333, 20-9-360, 20-25-423, 20-25-439, and 53-2-813. However,

1 the number of mills calculated by the department may not exceed the mill levy limits established in those  
2 sections.

3 (9) (a) The provisions of subsection (1) do not prevent or restrict:

4 (i) a judgment levy under 2-9-316, 7-6-4209, or 7-7-2202;

5 (ii) a levy to repay taxes paid under protest as provided in 15-1-402; or

6 (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326.

7 (b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes  
8 actually assessed in a subsequent year.

9 ~~(8)(10)~~ The department may adopt rules to implement this section. The rules may include a  
10 method for calculating the percentage of change in valuation for purposes of determining the elimination  
11 of property, new improvements, or newly taxable property in a governmental unit."  
12

13 NEW SECTION. Section 5. Certain governmental entities to recalculate mill levy. (1) (a) If the  
14 taxable value of all property, exclusive of the recertified value of newly taxable property as determined  
15 under 15-10-202(3), is more than ~~405%~~ 101% of the total taxable value of all property originally certified,  
16 exclusive of newly taxable property, by the department in tax year 2000 to the governmental entity  
17 authorized to impose mills, the governmental entity shall recalculate the mill levy under 15-10-420(1) for  
18 tax year 2000. THE GOVERNMENTAL ENTITY SHALL NOT RECALCULATE TAXES FOR TAX YEAR 2000.

19 (b) The governmental entity shall then multiply the total taxable value in tax year 2000 by the mill  
20 levy determined under subsection (1)(a). The governmental entity shall use that amount as the amount of  
21 property tax that was actually generated in tax year 2000.

22 (2) For the purpose of 15-10-420(1), the amount of property tax actually generated in tax year  
23 2000 as determined in subsection (1)(b) is the amount that must be used by the governmental entity for  
24 imposing mills in tax year 2001.

25

26 NEW SECTION. Section 6. Repealer. Sections 15-10-204, 15-10-205, 15-10-207, and  
27 15-10-208, MCA, are repealed.

28

29 NEW SECTION. Section 7. Effective date. [This act] is effective on passage and approval.

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1            NEW SECTION. **Section 8. Retroactive applicability.** [This act] applies retroactively, within the  
2 meaning of 1-2-109, to property tax years beginning after December 31, 2000.

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4            NEW SECTION. **Section 9. Termination.** [Sections 2(3) and 5] terminate January 1, 2002.

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