

1 HOUSE BILL NO. 470

2 INTRODUCED BY J. KEANE

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING A LOCAL ECONOMIC DEVELOPMENT MILL LEVY
5 AND A PORT LEVY FROM THE LOCAL GOVERNMENT'S MILL LEVY LIMIT; AMENDING SECTIONS
6 7-14-1131, 15-10-420, 67-10-402, AND 90-5-112, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

9

10 **Section 1.** Section 7-14-1131, MCA, is amended to read:

11 **"7-14-1131. Municipal tax levy.** ~~Subject to 15-10-420, the~~ The port authority may request
12 annually from the governing bodies the amount of tax to be levied by each municipality participating in the
13 creation of the port authority, and the municipality may levy the amount requested, pursuant to provisions
14 of law authorizing cities and other political subdivisions of this state to levy taxes. The levy made may not
15 exceed the maximum levy permitted by 67-10-402 for port purposes or any lower limit that may have
16 been established by the municipality or municipalities in the resolution creating the authority. The
17 municipality shall collect the taxes requested by a port authority that it has authorized in the same manner
18 as other taxes are levied and collected and make payment to the port authority. The proceeds of the taxes
19 when and as paid to the port authority must be deposited in a special account or accounts in which other
20 revenue of the authority is deposited and may be expended by the authority as provided for in this part.
21 Prior to the issuance of bonds under 7-14-1133 and 7-14-1134, the port authority or the municipality may
22 by resolution covenant and agree that the total amount of taxes then authorized by law, or the portion of
23 the taxes that may be specified by the resolution, will be requested, levied, and deposited annually as
24 provided in this section until the bonds and interest are fully paid."

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26 **Section 2.** Section 15-10-420, MCA, is amended to read:

27 **"15-10-420. Procedure for calculating levy.** (1) A governmental entity that is authorized to impose
28 mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the
29 prior year, even if that levy is greater than the levy established by law. The maximum number of mills that
30 a governmental entity may impose is established by calculating the number of mills required to generate

1 the amount of property tax actually assessed in the governmental unit in the prior year based on the
2 current year taxable value, less the value of newly taxable property.

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

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

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

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

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

10 (d) subdivision of real property;

11 (e) reclassification of property;

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

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

14 (4) Subsection (1) does not apply to:

15 (a) school district general fund levies and the school district levy for tuition obligations established
16 in 20-5-324(5); or

17 (b) a port levy provided for in 7-14-1131 and 67-10-402 or an economic development levy
18 provided for in 90-5-112.

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

20 (a) include registration fees imposed on light vehicles under 61-3-561 and distributed under
21 61-3-509(2); and

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

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

29 (7) The department shall calculate the number of mills to be imposed for purposes of 15-10-107,
30 20-9-331, 20-9-333, 20-9-360, 20-25-423, 20-25-439, and 53-2-813. However, the number of mills

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

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

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6 **Section 3.** Section 67-10-402, MCA, is amended to read:

7 **"67-10-402. Tax levy.** (1) (a) Subject to 15-10-420 and for the purpose of establishing,
8 constructing, equipping, maintaining, and operating airports, and landing fields, ~~and ports~~ under the
9 provisions of this chapter ~~and as provided in Title 7, chapter 14, part 11~~, the county commissioners or the
10 city or town council may each year assess and levy, in addition to the annual levy for general
11 administrative purposes or the all-purpose levy authorized by 7-6-4451 and 7-6-4452, a tax on the dollar
12 of taxable value of the property of said county, city, or town:

13 ~~—— (a) not to exceed 2 mills for airports and landing fields, and~~

14 (b) A levy for the purpose of establishing, constructing, equipping, maintaining, and operating a
15 port as provided in Title 7, chapter 14, part 11, may not to exceed 2 mills for ports.

16 (2) In the event of a jointly established airport, landing field, or port, the county commissioners
17 and the council or councils involved shall determine in advance the levy necessary for those purposes and
18 the proportion each political subdivision joining in the venture is required to pay.

19 (3) Property within any political subdivision may not be subject to a tax pursuant to this section
20 at an annual rate in excess of 2 mills for airports, landing fields, or ports unless it is found that the levy
21 is insufficient for the purposes enumerated. In that case the commissioners and councils are authorized
22 and empowered to contract an indebtedness on behalf of the county, city, or town by borrowing money
23 or issuing bonds for those purposes. However, bonds may not be issued until the proposition has been
24 submitted to the qualified electors and approved by a majority vote, except as provided in subsection (4).

25 (4) For the purpose of establishing a reserve fund to resurface, overlay, or improve existing
26 runways, taxiways, and ramps, the governing bodies may set up annual reserve funds in their annual
27 budget if:

28 (a) the reserve is approved by the governing bodies during the normal budgeting procedure;

29 (b) the necessity to resurface or improve runways by overlays or similar methods every so many
30 years is based upon competent engineering estimates; and

1 (c) the funds are expended at least within each 10-year period.

2 (5) The reserve fund may not exceed at any time a competent engineering estimate of the cost
3 of resurfacing or overlaying the existing runways, taxiways, and ramps of any one airport for each fund.
4 The governing body of the airport or port, if in its judgment it considers it advantageous, may invest the
5 fund in any interest-bearing deposits in a state or national bank insured by the FDIC or obligations of the
6 United States of America, either short-term or long-term. Interest earned from the investments must be
7 credited to the operations and maintenance budget of the airport or port governing body. Due to the
8 uniqueness of the subject matter, the provisions of this section are declared necessary in the interests of
9 the public health and safety."

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11 **Section 4.** Section 90-5-112, MCA, is amended to read:

12 **"90-5-112. Economic development levy.** (1) ~~Subject to 15-10-420, the~~ The governing body of
13 a city, county, or town is authorized to levy up to 1 mill upon the taxable value of all the property in the
14 city, county, or town subject to taxation for the purpose of economic development. The governing body
15 may:

16 (a) submit the question of the mill levy to the qualified voters voting in a city, county, or town
17 election; or

18 (b) approve the mill levy by a vote of the governing body.

19 (2) Funds derived from this levy may be used for purchasing land for industrial parks, constructing
20 buildings to house manufacturing and processing operations, conducting preliminary feasibility studies,
21 promoting economic development opportunities in a particular area, and other activities generally
22 associated with economic development. These funds may not be used to directly assist an industry's
23 operations by loan or grant or to pay the salary or salary supplements of government employees.

24 (3) The governing body of the county, city, or town may use the funds derived from this levy to
25 contract with local development companies and other associations or organizations capable of
26 implementing the economic development function.

27 (4) A tax authorized by a vote of the electorate, as provided in subsection (1)(a), may be levied
28 for a period not to exceed 6 years."

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30 NEW SECTION. **Section 5. Effective date.** [This act] is effective July 1, 2001.

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