

1 HOUSE BILL NO. 232

2 INTRODUCED BY J. FRENCH

3

4 A BILL FOR AN ACT ENTITLED: "AN ACT REMOVING STATE LAND EQUALIZATION PAYMENTS FROM THE
5 ENTITLEMENT SHARE AND PROVIDING FOR A SEPARATE STATE LAND EQUALIZATION PAYMENT TO
6 COUNTIES; PROVIDING FOR THE ALLOCATION OF THE PAYMENTS; PROVIDING A STATUTORY
7 APPROPRIATION; AMENDING SECTIONS 15-1-121, 17-7-502, AND 77-1-502, MCA; AND PROVIDING AN
8 EFFECTIVE DATE."

9

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

11

12 **Section 1.** Section 15-1-121, MCA, is amended to read:

13 **"15-1-121. Entitlement share payment -- appropriation.** (1) The amount calculated pursuant to this
14 subsection, ~~as adjusted pursuant to subsection (3)(a)(i),~~ is each local government's base entitlement share. The
15 department shall estimate the total amount of revenue that each local government received from the following
16 sources for the fiscal year ending June 30, 2001:

17 (a) personal property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter
18 584, Laws of 1999;

19 (b) vehicle, boat, and aircraft taxes and fees pursuant to:

20 (i) Title 23, chapter 2, part 5;

21 (ii) Title 23, chapter 2, part 6;

22 (iii) Title 23, chapter 2, part 8;

23 (iv) 61-3-317;

24 (v) 61-3-321;

25 (vi) Title 61, chapter 3, part 5, except for 61-3-509(3), as that subsection read prior to the amendment
26 of 61-3-509 in 2001;

27 (vii) Title 61, chapter 3, part 7;

28 (viii) 5% of the fees collected under 61-10-122;

29 (ix) 61-10-130;

30 (x) 61-10-148; and

- 1 (xi) 67-3-205;
- 2 (c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);
- 3 (d) district court fees pursuant to:
- 4 (i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);
- 5 (ii) 25-1-202;
- 6 (iii) 25-9-506; and
- 7 (iv) 27-9-103;
- 8 (e) certificate of title fees for manufactured homes pursuant to 15-1-116;
- 9 (f) financial institution taxes collected pursuant to the former provisions of Title 15, chapter 31, part 7;
- 10 (g) all beer, liquor, and wine taxes pursuant to:
- 11 (i) 16-1-404;
- 12 (ii) 16-1-406; and
- 13 (iii) 16-1-411;
- 14 (h) late filing fees pursuant to 61-3-220;
- 15 (i) title and registration fees pursuant to 61-3-203;
- 16 (j) veterans' cemetery license plate fees pursuant to 61-3-459;
- 17 (k) county personalized license plate fees pursuant to 61-3-406;
- 18 (l) special mobile equipment fees pursuant to 61-3-431;
- 19 (m) single movement permit fees pursuant to 61-4-310; and
- 20 (n) state aeronautics fees pursuant to 67-3-101; and
- 21 ~~———(o) department of natural resources and conservation payments in lieu of taxes pursuant to Title 77,~~
- 22 ~~chapter 1, part 5.~~

23 (2) (a) From the amounts estimated in subsection (1) for each county government, the department shall

24 deduct:

25 (i) fiscal year 2001 county government expenditures for district courts, less reimbursements for district

26 court expenses, and fiscal year 2001 county government expenditures for public welfare programs to be assumed

27 by the state in fiscal year 2002; and

28 (ii) fiscal year 2001 payments in lieu of taxes made pursuant to Title 77, chapter 1, part 5. The department

29 shall also deduct the amount attributable to the growth rate provided for in subsection (3) on the payments in lieu

30 of taxes.

1 (b) The amount estimated pursuant to subsections (1) and (2)(a) is each local government's base year
 2 component. The sum of all local governments' base year components is the base year entitlement share pool.
 3 For the purpose of calculating the sum of all local governments' base year components, the base year component
 4 for a local government may not be less than zero.

5 (3) (a) The base year entitlement share pool must be increased annually by a growth rate as provided
 6 for in this subsection (3). The amount determined through the application of annual growth rates is the entitlement
 7 share pool for each fiscal year. By October 1 of each even-numbered year, the department shall calculate the
 8 growth rate of the entitlement share pool for each year of the next biennium in the following manner:

9 (i) ~~Before applying the growth rate for fiscal year 2007 to determine the fiscal year 2007 entitlement share~~
 10 ~~payments, the department shall subtract from the fiscal year 2006 entitlement share payments the following~~
 11 ~~amounts:~~

12	Beaverhead	\$6,972
13	Big Horn	\$52,554
14	Blaine	\$13,625
15	Broadwater	\$2,564
16	Carbon	\$11,537
17	Carter	\$407
18	Cascade	\$100,000
19	Chouteau	\$3,536
20	Custer	\$7,011
21	Daniels	\$143
22	Dawson	\$3,893
23	Fallon	\$1,803
24	Fergus	\$9,324
25	Flathead	\$100,000
26	Gallatin	\$160,000
27	Garfield	\$91
28	Glacier	\$3,035
29	Golden Valley	\$2,282
30	Granite	\$4,554

1	Hill	\$31,740
2	Jefferson	\$5,700
3	Judith Basin	\$1,487
4	Lake	\$38,314
5	Lewis and Clark	\$160,000
6	Liberty	\$152
7	Lincoln	\$3,759
8	Madison	\$8,805
9	McCone	\$1,651
10	Meagher	\$2,722
11	Mineral	\$2,361
12	Missoula	\$200,000
13	Musselshell	\$23,275
14	Park	\$6,582
15	Petroleum	\$36
16	Phillips	\$653
17	Pondera	\$10,270
18	Powder River	\$848
19	Powell	\$5,146
20	Prairie	\$717
21	Ravalli	\$93,090
22	Richland	\$3,833
23	Roosevelt	\$9,526
24	Rosebud	\$19,971
25	Sanders	\$30,712
26	Sheridan	\$271
27	Stillwater	\$12,117
28	Sweet Grass	\$2,463
29	Teton	\$5,560
30	Toole	\$7,113

1	Treasure	\$54
2	Valley	\$6,899
3	Wheatland	\$918
4	Wibaux	\$72
5	Yellowstone	\$270,000
6	Anaconda-Deer Lodge	\$20,707
7	Butte-Silver Bow	\$53,057
8	Alberton	\$675
9	Bainville	\$258
10	Baker	\$2,828
11	Bearcreek	\$143
12	Belgrade	\$11,704
13	Belt	\$1,056
14	Big Sandy	\$1,130
15	Big Timber	\$2,910
16	Billings	\$163,499
17	Boulder	\$2,340
18	Bozeman	\$52,805
19	Bridger	\$1,303
20	Broadus	\$766
21	Broadview	\$258
22	Brockton	\$414
23	Browning	\$1,830
24	Cascade	\$1,374
25	Chester	\$1,430
26	Chinook	\$2,275
27	Choteau	\$3,050
28	Circle	\$1,018
29	Glyde Park	\$572
30	Colstrip	\$4,090

1	Columbia Falls	\$6,805
2	Columbus	\$3,245
3	Conrad	\$4,562
4	Culbertson	\$1,216
5	Cut Bank	\$5,316
6	Darby	\$1,348
7	Deer Lodge	\$5,708
8	Denton	\$503
9	Dillon	\$6,928
10	Dodson	\$194
11	Drummond	\$561
12	Dutton	\$661
13	East Helena	\$2,888
14	Ekalaka	\$689
15	Ennis	\$1,518
16	Eureka	\$1,733
17	Fairfield	\$1,120
18	Fairview	\$1,152
19	Flaxville	\$143
20	Forsyth	\$3,286
21	Fort Benton	\$2,579
22	Fort Peck	\$393
23	Froid	\$328
24	Fromberg	\$855
25	Geraldine	\$457
26	Glasgow	\$5,361
27	Glendive	\$8,099
28	Grass Range	\$254
29	Great Falls	\$96,422
30	Hamilton	\$7,148

1	Hardin	\$5,920
2	Harlem	\$1,422
3	Harlowton	\$1,678
4	Havre	\$16,223
5	Helena	\$45,877
6	Hingham	\$263
7	Hobson	\$397
8	Hot Springs	\$912
9	Hysham	\$482
10	Ismay	\$43
11	Joliet	\$1,006
12	Jordan	\$606
13	Judith Gap	\$263
14	Kalispell	\$28,144
15	Kevin	\$304
16	Laurel	\$10,804
17	Lavina	\$361
18	Lewistown	\$10,170
19	Libby	\$4,475
20	Lima	\$397
21	Livingston	\$12,145
22	Lodge Grass	\$889
23	Malta	\$3,389
24	Manhattan	\$2,485
25	Medicine Lake	\$410
26	Melstone	\$234
27	Miles City	\$14,152
28	Missoula	\$104,264
29	Moore	\$319
30	Nashua	\$536

1	Neihart	\$149
2	Opheim	\$180
3	Outlook	\$125
4	Philipsburg	\$1,612
5	Pinesdale	\$1,413
6	Plains	\$2,007
7	Plentywood	\$3,185
8	Plevna	\$225
9	Polson	\$7,722
10	Poplar	\$1,544
11	Red Lodge	\$3,903
12	Rexford	\$263
13	Richey	\$309
14	Ronan	\$3,262
15	Roundup	\$3,280
16	Ryegate	\$465
17	Saco	\$354
18	Scobey	\$1,798
19	Shelby	\$5,677
20	Sheridan	\$1,150
21	Sidney	\$7,747
22	Stanford	\$737
23	Stevensville	\$3,063
24	St. Ignatius	\$1,367
25	Sunburst	\$709
26	Superior	\$1,521
27	Terry	\$1,011
28	Thompson Falls	\$2,272
29	Three Forks	\$3,130
30	Townsend	\$3,286

1	Troy	\$1,654
2	Twin Bridges	\$695
3	Valier	\$817
4	Virginia City	\$223
5	Walkerville	\$1,183
6	West Yellowstone	\$2,083
7	Westby	\$263
8	White Sulphur Springs	\$1,734
9	Whitefish	\$9,932
10	Whitehall	\$1,889
11	Wibaux	\$893
12	Winifred	\$259
13	Winnett	\$314
14	Wolf Point	\$4,497

15 (ii)(i) The department shall calculate the average annual growth rate of the Montana gross state product,
 16 as published by the bureau of economic analysis of the United States department of commerce, for the following
 17 periods:

18 (A) the last 4 calendar years for which the information has been published; and

19 (B) the 4 calendar years beginning with the year before the first year in the period referred to in
 20 subsection ~~(3)(a)(iii)(A)~~ (3)(a)(i)(A).

21 (ii)(ii) The department shall calculate the average annual growth rate of Montana personal income, as
 22 published by the bureau of economic analysis of the United States department of commerce, for the following
 23 periods:

24 (A) the last 4 calendar years for which the information has been published; and

25 (B) the 4 calendar years beginning with the year before the first year in the period referred to in
 26 subsection ~~(3)(a)(iii)(A)~~ (3)(a)(ii)(A).

27 (b) (i) The entitlement share pool growth rate for the first year of the biennium must be the following
 28 percentage of the average of the growth rates calculated in subsections ~~(3)(a)(ii)(B)~~ (3)(a)(i)(B) and ~~(3)(a)(iii)(B)~~
 29 (3)(a)(ii)(B):

30 (A) for counties, 54%;

1 (B) for consolidated local governments, 62%; and

2 (C) for incorporated cities and towns, 70%.

3 (ii) The entitlement share pool growth rate for the second year of the biennium must be the following
 4 percentage of the average of the growth rates calculated in subsections ~~(3)(a)(iii)(A)~~ (3)(a)(i)(A) and ~~(3)(a)(iii)(A)~~
 5 (3)(a)(ii)(A):

6 (A) for counties, 54%;

7 (B) for consolidated local governments, 62%; and

8 (C) for incorporated cities and towns, 70%.

9 (4) As used in this section, "local government" means a county, a consolidated local government, an
 10 incorporated city, and an incorporated town. A local government does not include a tax increment financing
 11 district provided for in subsection (6). For purposes of calculating the base year component for a county or
 12 consolidated local government, the department shall include the revenue listed in subsection (1) for all special
 13 districts within the county or consolidated local government. The county or consolidated local government is
 14 responsible for making an allocation from the county's or consolidated local government's share of the entitlement
 15 share pool to each special district within the county or consolidated local government in a manner that reasonably
 16 reflects each special district's loss of revenue sources listed in subsection (1).

17 (5) (a) The entitlement share pools calculated in this section and the block grants provided for in
 18 subsection (6) are statutorily appropriated, as provided in 17-7-502, from the general fund to the department for
 19 distribution to local governments. Each local government is entitled to a pro rata share of each year's entitlement
 20 share pool based on the local government's base component in relation to the base year entitlement share pool.
 21 The distributions must be made on a quarterly basis.

22 (b) (i) The growth amount is the difference between the entitlement share pool in the current fiscal year
 23 and the entitlement share pool in the previous fiscal year. For the purposes of subsection (5)(b)(ii)(A), a county
 24 with a negative base year component has a base year component of zero. The growth factor in the entitlement
 25 share must be calculated separately for:

26 (A) counties;

27 (B) consolidated local governments; and

28 (C) incorporated cities and towns.

29 (ii) In each fiscal year, the growth amount for counties must be allocated as follows:

30 (A) 50% of the growth amount must be allocated based upon each county's percentage of the base year

1 entitlement share pool for all counties; and

2 (B) 50% of the growth amount must be allocated based upon the percentage that each county's
3 population bears to the state population not residing within consolidated local governments as determined by the
4 latest interim year population estimates from the Montana department of commerce as supplied by the United
5 States bureau of the census.

6 (iii) In each fiscal year, the growth amount for consolidated local governments must be allocated as
7 follows:

8 (A) 50% of the growth amount must be allocated based upon each consolidated local government's
9 percentage of the base year entitlement share pool for all consolidated local governments; and

10 (B) 50% of the growth amount must be allocated based upon the percentage that each consolidated local
11 government's population bears to the state's total population residing within consolidated local governments as
12 determined by the latest interim year population estimates from the Montana department of commerce as
13 supplied by the United States bureau of the census.

14 (iv) In each fiscal year, the growth amount for incorporated cities and towns must be allocated as follows:

15 (A) 50% of the growth amount must be allocated based upon each incorporated city's or town's
16 percentage of the base year entitlement share pool for all incorporated cities and towns; and

17 (B) 50% of the growth amount must be allocated based upon the percentage that each city's or town's
18 population bears to the state's total population residing within incorporated cities and towns as determined by the
19 latest interim year population estimates from the Montana department of commerce as supplied by the United
20 States bureau of the census.

21 (v) In each fiscal year, the amount of the entitlement share pool not represented by the growth amount
22 is distributed to each local government in the same manner as the entitlement share pool was distributed in the
23 prior fiscal year.

24 (6) (a) If a tax increment financing district was not in existence during the fiscal year ending June 30,
25 2000, then the tax increment financing district is not entitled to any block grant. If a tax increment financing district
26 referred to in subsection (6)(b) terminates, then the block grant provided for in subsection (6)(b) terminates.

27 (b) One-half of the payments provided for in this subsection (6)(b) must be made by November 30 and
28 the other half by May 31 of each year. Subject to subsection (6)(a), the entitlement share for tax increment
29 financing districts is as follows:

30 Cascade	Great Falls - downtown	\$468,966
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1	Deer Lodge	TIF District 1	3,148
2	Deer Lodge	TIF District 2	3,126
3	Flathead	Kalispell - District 1	758,359
4	Flathead	Kalispell - District 2	5,153
5	Flathead	Kalispell - District 3	41,368
6	Flathead	Whitefish District	164,660
7	Gallatin	Bozeman - downtown	34,620
8	Lewis and Clark	Helena - # 2	731,614
9	Missoula	Missoula - 1-1B & 1-1C	1,100,507
10	Missoula	Missoula - 4-1C	33,343
11	Silver Bow	Butte - uptown	283,801
12	Yellowstone	Billings	436,815

13 (7) The estimated base year entitlement share pool and any subsequent entitlement share pool for local
 14 governments do not include revenue received from countywide transportation block grants or from countywide
 15 retirement block grants.

16 (8) (a) If revenue that is included in the sources listed in subsections (1)(b) through ~~(1)(o)~~ (1)(n) is
 17 significantly reduced, except through legislative action, the department shall deduct the amount of revenue loss
 18 from the entitlement share pool beginning in the succeeding fiscal year and the department shall work with local
 19 governments to propose legislation to adjust the entitlement share pool to reflect an allocation of the loss of
 20 revenue.

21 (b) For the purposes of subsection (8)(a), a significant reduction is a loss that causes the amount of
 22 revenue received in the current year to be less than 95% of the amount of revenue received in the base year.

23 (9) A three-fifths vote of each house of the legislature is required to reduce the amount of the entitlement
 24 share for municipalities calculated pursuant to subsections (1) through (3).

25 (10) When there has been an underpayment of a local government's share of the entitlement share pool,
 26 the department shall distribute the difference between the underpayment and the correct amount of the
 27 entitlement share. When there has been an overpayment of a local government's entitlement share, the local
 28 government shall remit the overpaid amount to the department.

29 (11) A local government may appeal the department's estimation of the base year component, the
 30 entitlement share pool growth rate, or a local government's allocation of the entitlement share pool, according

1 to the uniform dispute review procedure in 15-1-211.

2 (12) A payment required pursuant to this section may not be offset by a debt owed to a state agency by
3 a local government in accordance with Title 17, chapter 4, part 1."

4

5 **Section 2.** Section 17-7-502, MCA, is amended to read:

6 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
7 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the
8 need for a biennial legislative appropriation or budget amendment.

9 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both
10 of the following provisions:

11 (a) The law containing the statutory authority must be listed in subsection (3).

12 (b) The law or portion of the law making a statutory appropriation must specifically state that a statutory
13 appropriation is made as provided in this section.

14 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;
15 5-11-407; 5-13-403; 7-4-2502; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314;
16 10-4-301; 15-1-121; 15-1-218; 15-23-706; 15-31-906; 15-35-108; 15-36-332; 15-37-117; 15-39-110; 15-65-121;
17 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-212; 17-3-222; 17-3-241; 17-6-101; 17-7-304;
18 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506;
19 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; 22-3-1004; 23-4-105; 23-4-202;
20 23-4-204; 23-4-302; 23-4-304; 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 37-43-204; 37-51-501;
21 39-71-503; 41-5-2011; 42-2-105; 44-1-504; 44-12-206; 44-13-102; 50-4-623; 53-1-109; 53-6-703; 53-24-108;
22 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 76-13-150; 77-1-108;
23 77-1-502; 77-2-362; 80-2-222; 80-4-416; 80-5-510; 80-11-518; 82-11-161; 87-1-513; 90-1-115; 90-1-205;
24 90-3-1003; and 90-9-306.

25 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
26 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
27 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
28 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
29 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
30 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion

1 of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is
 2 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates July 1, 2014;
 3 pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, and secs. 3 and 6, Ch. 481, L. 2003, the inclusion of 15-35-108
 4 terminates June 30, 2010; pursuant to sec. 17, Ch. 593, L. 2005, the inclusion of 15-31-906 terminates January
 5 1, 2010; pursuant to sec. 73, Ch. 44, L. 2007, the inclusion of 19-6-410 terminates upon the death of the last
 6 recipient eligible under 19-6-709(2) for the supplemental benefit provided by 19-6-709; and pursuant to sec. 6,
 7 Ch. 2, Sp. L. September 2007, the inclusion of 76-13-150 terminates June 30, 2009.)"

8

9 **Section 3.** Section 77-1-502, MCA, is amended to read:

10 **"77-1-502. Computation of state land equalization amount -- payment -- allocation.** (1) The
 11 department of revenue shall compute the amount of taxes that would be payable on the county assessments of
 12 state-owned ~~grazing, agricultural, or forest~~ property as if it were owned by and taxable to a taxpayer of the county.

13 (2) If the land is not classified as grazing, agricultural, or forest land, the sum must be determined by the
 14 average tax payment made on ~~like similar~~ property within the county in which the land is situated, ~~not to exceed~~
 15 ~~12 cents per grazing acre, 35 cents per agricultural acre, and 12 cents per forest acre.~~ The average tax may be
 16 derived from the most recent biennial report of the department of revenue. The total figure arrived at by this
 17 method must be called the gross assessment figure.

18 (3) The county exemption factor must be determined by dividing the percentage that the state-owned
 19 land bears to the total land area of the county into 6%. This quotient must be multiplied by the gross assessment
 20 figure, and the product is called the state exemption figure.

21 (4) The state exemption figure must be subtracted from the gross assessment to give the state land
 22 equalization amount.

23 (5) The department of administration, before December 1 of each year, shall approve and authorize a
 24 payment from the state general fund to each county in the amount provided for in subsection (4). The payments
 25 are statutorily appropriated, as provided in 17-7-502.

26 (6) Each county receiving a payment under subsection (5) shall allocate the payment to the taxing
 27 jurisdictions within the county in the same manner as property taxes are distributed."

28

29 **NEW SECTION. Section 4. Effective date.** [This act] is effective July 1, 2009.

30

- END -