

HOUSE BILL NO. 56

INTRODUCED BY T. BELCOURT

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE GROWTH RATE USED TO DETERMINE THE ENTITLEMENT SHARE PAYMENTS OF LOCAL GOVERNMENTS; APPLYING AN ANNUAL GROWTH FACTOR OF 0.76% FOR EACH FISCAL YEAR STARTING WITH FISCAL YEAR 2012; ELIMINATING THE REQUIREMENT THAT A THREE-FIFTHS VOTE IN EACH HOUSE IS REQUIRED TO REDUCE THE AMOUNT OF THE ENTITLEMENT SHARE PAYMENTS; AMENDING SECTION 15-1-121, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

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

"15-1-121. Entitlement share payment -- appropriation. (1) The amount calculated pursuant to this subsection, as adjusted pursuant to ~~subsection (3)(a)(i)~~ section 1, Chapter 210, Laws of 2007, is each local government's base entitlement share. The department shall estimate the total amount of revenue that each local government received from the following sources for the fiscal year ending June 30, 2001:

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

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

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

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

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

(iv) 61-3-317;

(v) 61-3-321;

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

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

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

(ix) 61-10-130;
(x) 61-10-148; and
(xi) 67-3-205;
(c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);
(d) district court fees pursuant to:
(i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);
(ii) 25-1-202;
(iii) 25-9-506; and
(iv) 27-9-103;
(e) certificate of title fees for manufactured homes pursuant to 15-1-116;
(f) financial institution taxes collected pursuant to the former provisions of Title 15, chapter 31, part 7;
(g) all beer, liquor, and wine taxes pursuant to:
(i) 16-1-404;
(ii) 16-1-406; and
(iii) 16-1-411;
(h) late filing fees pursuant to 61-3-220;
(i) title and registration fees pursuant to 61-3-203;
(j) veterans' cemetery license plate fees pursuant to 61-3-459;
(k) county personalized license plate fees pursuant to 61-3-406;
(l) special mobile equipment fees pursuant to 61-3-431;
(m) single movement permit fees pursuant to 61-4-310;
(n) state aeronautics fees pursuant to 67-3-101; and
(o) department of natural resources and conservation payments in lieu of taxes pursuant to Title 77, chapter 1, part 5.

(2) (a) From the amounts estimated in subsection (1) for each county government, the department shall deduct fiscal year 2001 county government expenditures for district courts, less reimbursements for district court expenses, and fiscal year 2001 county government expenditures for public welfare programs to be assumed by the state in fiscal year 2002.

(b) The amount estimated pursuant to subsections (1) and (2)(a) is each local government's base year component. The sum of all local governments' base year components is the base year entitlement share pool.

For the purpose of calculating the sum of all local governments' base year components, the base year component for a local government may not be less than zero.

(3) ~~(a)~~ The base year entitlement share pool must be increased annually by a growth rate ~~as provided for in this subsection (3) of 0.76%~~. The amount determined through the application of the annual growth ~~rates~~ rate is the entitlement share pool for each fiscal year. By October 1 of each even-numbered year, the department shall calculate the ~~growth rate of the~~ entitlement share pool for each year of the next biennium, ~~in the following manner:~~

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

~~Beaverhead — \$6,972~~

~~Big Horn — \$52,551~~

~~Blaine — \$13,625~~

~~Broadwater — \$2,564~~

~~Carbon — \$11,537~~

~~Carter — \$407~~

~~Cascade — \$100,000~~

~~Chouteau — \$3,536~~

~~Custer — \$7,011~~

~~Daniels — \$143~~

~~Dawson — \$3,893~~

~~Fallon — \$1,803~~

~~Fergus — \$9,324~~

~~Flathead — \$100,000~~

~~Gallatin — \$160,000~~

~~Garfield — \$91~~

~~Glacier — \$3,035~~

~~Golden Valley — \$2,282~~

~~Granite — \$4,554~~

~~Hill — \$31,740~~

1	Jefferson	\$5,700
2	Judith Basin	\$1,487
3	Lake	\$38,314
4	Lewis and Clark	\$160,000
5	Liberty	\$152
6	Lincoln	\$3,759
7	Madison	\$8,805
8	McCone	\$1,651
9	Meagher	\$2,722
10	Mineral	\$2,361
11	Missoula	\$200,000
12	Musselshell	\$23,275
13	Park	\$6,582
14	Petroleum	\$36
15	Phillips	\$653
16	Pondera	\$10,270
17	Powder River	\$848
18	Powell	\$5,146
19	Prairie	\$717
20	Ravalli	\$93,090
21	Richland	\$3,833
22	Roosevelt	\$9,526
23	Rosebud	\$19,971
24	Sanders	\$30,712
25	Sheridan	\$271
26	Stillwater	\$12,117
27	Sweet Grass	\$2,463
28	Teton	\$5,560
29	Toole	\$7,113
30	Treasure	\$54

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

1	Columbus	\$3,245
2	Conrad	\$4,562
3	Culbertson	\$1,216
4	Cut Bank	\$5,316
5	Darby	\$1,348
6	Deer Lodge	\$5,708
7	Denton	\$503
8	Dillon	\$6,928
9	Dodson	\$194
10	Drummond	\$561
11	Dutton	\$661
12	East Helena	\$2,888
13	Ekalaka	\$689
14	Ennis	\$1,518
15	Eureka	\$1,733
16	Fairfield	\$1,120
17	Fairview	\$1,152
18	Flaxville	\$143
19	Forsyth	\$3,286
20	Fort Benton	\$2,579
21	Fort Peck	\$393
22	Froid	\$328
23	Fromberg	\$855
24	Geraldine	\$457
25	Glasgow	\$5,361
26	Glendive	\$8,099
27	Grass Range	\$254
28	Great Falls	\$96,422
29	Hamilton	\$7,148
30	Hardin	\$5,920

- 1 Harlem ~~\$1,422~~
- 2 Harlowton ~~\$1,678~~
- 3 Havre ~~\$16,223~~
- 4 Helena ~~\$45,877~~
- 5 Hingham ~~\$263~~
- 6 Hobson ~~\$397~~
- 7 Hot Springs ~~\$912~~
- 8 Hysham ~~\$482~~
- 9 Ismay ~~\$43~~
- 10 Joliet ~~\$1,006~~
- 11 Jordan ~~\$606~~
- 12 Judith Gap ~~\$263~~
- 13 Kalispell ~~\$28,144~~
- 14 Kevin ~~\$304~~
- 15 Laurel ~~\$10,804~~
- 16 Lavina ~~\$361~~
- 17 Lewistown ~~\$10,170~~
- 18 Libby ~~\$4,475~~
- 19 Lima ~~\$397~~
- 20 Livingston ~~\$12,145~~
- 21 Lodge Grass ~~\$889~~
- 22 Malta ~~\$3,389~~
- 23 Manhattan ~~\$2,485~~
- 24 Medicine Lake ~~\$410~~
- 25 Melstone ~~\$234~~
- 26 Miles City ~~\$14,152~~
- 27 Missoula ~~\$104,264~~
- 28 Moore ~~\$319~~
- 29 Nashua ~~\$536~~
- 30 Neihart ~~\$149~~

1	Opheim	\$180
2	Outlook	\$125
3	Philipsburg	\$1,612
4	Pinesdale	\$1,413
5	Plains	\$2,007
6	Plentywood	\$3,185
7	Plevna	\$225
8	Polson	\$7,722
9	Poplar	\$1,544
10	Red Lodge	\$3,903
11	Rexford	\$263
12	Richey	\$309
13	Ronan	\$3,262
14	Roundup	\$3,280
15	Ryegate	\$465
16	Saco	\$354
17	Scobey	\$1,798
18	Shelby	\$5,677
19	Sheridan	\$1,150
20	Sidney	\$7,747
21	Stanford	\$737
22	Stevensville	\$3,063
23	St. Ignatius	\$1,367
24	Sunburst	\$709
25	Superior	\$1,521
26	Terry	\$1,011
27	Thompson Falls	\$2,272
28	Three Forks	\$3,130
29	Townsend	\$3,286
30	Troy	\$1,654

- 1 ~~Twin Bridges — \$695~~
- 2 ~~Valier — \$817~~
- 3 ~~Virginia City — \$223~~
- 4 ~~Walkerville — \$1,183~~
- 5 ~~West Yellowstone — \$2,083~~
- 6 ~~Westby — \$263~~
- 7 ~~White Sulphur Springs — \$1,734~~
- 8 ~~Whitefish — \$9,932~~
- 9 ~~Whitehall — \$1,889~~
- 10 ~~Wibaux — \$893~~
- 11 ~~Winifred — \$259~~
- 12 ~~Winnett — \$314~~
- 13 ~~Wolf Point — \$4,497~~
- 14 ~~—— (ii) The department shall calculate the average annual growth rate of the Montana gross state product,~~
- 15 ~~as published by the bureau of economic analysis of the United States department of commerce, for the following~~
- 16 ~~periods:~~
- 17 ~~—— (A) the last 4 calendar years for which the information has been published; and~~
- 18 ~~—— (B) the 4 calendar years beginning with the year before the first year in the period referred to in~~
- 19 ~~subsection (3)(a)(ii)(A).~~
- 20 ~~—— (iii) The department shall calculate the average annual growth rate of Montana personal income, as~~
- 21 ~~published by the bureau of economic analysis of the United States department of commerce, for the following~~
- 22 ~~periods:~~
- 23 ~~—— (A) the last 4 calendar years for which the information has been published; and~~
- 24 ~~—— (B) the 4 calendar years beginning with the year before the first year in the period referred to in~~
- 25 ~~subsection (3)(a)(iii)(A).~~
- 26 ~~—— (b) (i) The entitlement share pool growth rate for the first year of the biennium must be the following~~
- 27 ~~percentage of the average of the growth rates calculated in subsections (3)(a)(ii)(B) and (3)(a)(iii)(B):~~
- 28 ~~—— (A) for counties, 54%;~~
- 29 ~~—— (B) for consolidated local governments, 62%; and~~
- 30 ~~—— (C) for incorporated cities and towns, 70%.~~

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

~~———— (A) for counties, 54%;~~

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

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

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

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

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

(A) counties;

(B) consolidated local governments; and

(C) incorporated cities and towns.

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

(A) 50% of the growth amount must be allocated based upon each county's percentage of the base year entitlement share pool for all counties; and

(B) 50% of the growth amount must be allocated based upon the percentage that each county's population bears to the state population not residing within consolidated local governments as determined by the

1 latest interim year population estimates from the Montana department of commerce as supplied by the United
2 States bureau of the census.

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

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

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

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

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

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

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

21 (6) (a) If a tax increment financing district was not in existence during the fiscal year ending June 30,
22 2000, then the tax increment financing district is not entitled to any block grant. If a tax increment financing district
23 referred to in subsection (6)(b) terminates, then the block grant provided for in subsection (6)(b) terminates.

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

27	Cascade	Great Falls - downtown	\$468,966
28	Deer Lodge	TIF District 1	3,148 <u>\$3,148</u>
29	Deer Lodge	TIF District 2	3,126
30	Flathead	Kalispell - District 1	758,359

1	Flathead	Kalispell - District 2	5,153
2	Flathead	Kalispell - District 3	41,368
3	Flathead	Whitefish District	164,660
4	Gallatin	Bozeman - downtown	34,620
5	Lewis and Clark	Helena - #2	731,614
6	Missoula	Missoula - 1-1B & 1-1C	1,100,507
7	Missoula	Missoula - 4-1C	33,343
8	Silver Bow	Butte - uptown	283,801
9	Yellowstone	Billings	436,815

10 (7) The estimated base year entitlement share pool and any subsequent entitlement share pool for local
 11 governments do not include revenue received from countywide transportation block grants.

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

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

19 ~~(9) A three-fifths vote of each house is required to reduce the amount of the entitlement share calculated~~
 20 ~~pursuant to subsections (1) through (3).~~

21 ~~(10)~~(9) When there has been an underpayment of a local government's share of the entitlement share
 22 pool, the department shall distribute the difference between the underpayment and the correct amount of the
 23 entitlement share. When there has been an overpayment of a local government's entitlement share, the local
 24 government shall remit the overpaid amount to the department.

25 ~~(11)~~(10) A local government may appeal the department's estimation of the base year component, the
 26 entitlement share pool growth rate, or a local government's allocation of the entitlement share pool, according
 27 to the uniform dispute review procedure in 15-1-211.

28 ~~(12)~~(11) A payment required pursuant to this section may not be offset by a debt owed to a state agency
 29 by a local government in accordance with Title 17, chapter 4, part 1."

30

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

2

3 NEW SECTION. **Section 3. Applicability.** [This act] applies to the fiscal year entitlement share
4 payments of local governments for the fiscal year ending June 30, 2012, and each succeeding fiscal year.

5 - END -