

1 HOUSE JOINT RESOLUTION NO. 24

2 INTRODUCED BY J. BLYTON

3

4 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF
5 MONTANA REQUESTING A STUDY OF MONTANA'S PROPERTY TAX SYSTEM AND OPTIONS TO REVISE
6 THE PROPERTY TAX SYSTEM OR REPLACE IT WITH ANOTHER REVENUE SOURCE OR SOURCES.

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8 WHEREAS, the property tax system in the United States was structured on the principles of uniformity,
9 market value, and universality; and

10 WHEREAS, the property tax is imposed on property, not people, according to the property's value on a
11 specific day of the tax year;

12 WHEREAS, taxpayers generally support tax systems that are transparent, predictable, fair, and
13 consistent with constitutional provisions; and

14 WHEREAS, the property tax is the financial backbone of local governments in Montana and a significant
15 source of state funding for schools;

16 WHEREAS, the public acceptance of the property tax has eroded significantly in many states, including
17 Montana, since the 1970s because of volatility in property values, especially residential property values; and

18 WHEREAS, property in Montana is classified according to use and taxed at differential tax rates;

19 WHEREAS, the number of property tax classes has fluctuated markedly over the years;

20 WHEREAS, Montana's property tax laws contain several obsolete or ineffectual provisions, including
21 economic incentive provisions;

22 WHEREAS, Montana voters expressed their dissatisfaction with Montana's property tax structure by
23 approving Initiative Measure No. 105 in 1986 to "freeze" property tax increases for certain classes of property;
24 and

25 WHEREAS, to avoid constitutional challenges to the property tax freeze, the Montana Legislature
26 extended the property tax freeze to all classes of property; and

27 WHEREAS, the Montana Legislature has significantly reconstructed the property tax limitation provisions
28 contained in Initiative Measure No. 105 and subsequent amendments to the initiative;

29 WHEREAS, the Montana Legislature and the citizens of the state have considered a multitude of
30 proposals to revise the property tax system in the state.

1 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE
2 STATE OF MONTANA:

3 That the Legislative Council be requested to designate an appropriate interim committee or statutory
4 committee, pursuant to section 5-5-217, MCA, to:

5 (1) review the historical, constitutional, and public finance principles of the property tax in the United
6 States;

7 (2) develop a history of the property tax system in Montana, particularly since the adoption of the 1972
8 Montana Constitution;

9 (3) analyze the effects of significant legislative enactments and the passage of citizen initiatives affecting
10 the property tax structure in Montana, including but not limited to:

11 (a) changes in property classification and property tax rates;

12 (b) property tax limitations;

13 (c) the taxation of property other than by mill levies;

14 (d) special property tax applications, including but not limited to those contained in Title 15, chapter 24;

15 (e) property reappraisal mitigation;

16 (f) property tax exemptions;

17 (g) property tax relief for moderate and low-income individuals; and

18 (h) local option resort taxes;

19 (4) inventory obsolete and ineffectual property tax provisions;

20 (5) review legislative proposals and citizen initiatives that would have revised the state's property tax
21 system;

22 (6) analyze trends among property tax jurisdictions with respect to market values and taxable values,
23 classes of property, mill levies, nonlevy revenue and sources of revenue other than property taxes, and tax
24 burdens of the various classes of property;

25 (7) determine what programs, services, and functions are funded by the property tax and other sources
26 of revenue;

27 (8) compare Montana's property tax system with selected other states;

28 (9) evaluate the property tax system in terms of uniformity, adequacy, efficiency, transparency,
29 complexity, burden or incidence, costs and benefits, fairness, ability to be exported, stability, predictability, and
30 effect on economic behavior;

1 (10) consider options to revise or replace the property tax system, including but not limited to:
2 (a) revising the property tax classification system;
3 (b) revising valuation methods of property, including using valuation methods that do not rely on market
4 value as the primary determinant of value for property tax purposes;
5 (c) revising property tax limitation provisions;
6 (d) using other sources of revenue to reduce property tax burdens;
7 (e) revising property tax relief provisions;
8 (f) replacing the property tax system with another source or sources of revenue; and
9 (11) evaluate the advantages and disadvantages of revising or replacing the state's property tax system
10 and related property tax provisions according to the criteria described in subsection (9).

11 BE IT FURTHER RESOLVED, that the study consider the knowledge and advice of:

12 (1) property taxpayers, including individuals, businesses, industry, and agricultural taxpayers;
13 (2) taxpayer associations;
14 (3) local taxing jurisdictions and school districts;
15 (4) local government and education associations;
16 (5) the department of revenue; and
17 (6) tax policy experts and economic development organizations.

18 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review
19 requirements, be concluded before September 15, 2012.

20 BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions,
21 comments, or recommendations of the committee, be reported to the 63rd Legislature.

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