

HOUSE BILL NO. 373

INTRODUCED BY S. REICHNER

1
2
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING LAWS RELATED TO THE CALCULATION OF
5 PROPERTY TAX LEVIES FOR PUBLIC SCHOOLS, THE UNIVERSITY SYSTEM, AND
6 VOCATIONAL-TECHNICAL SCHOOLS; AMENDING SECTION 15-10-420, MCA; AND PROVIDING AN
7 IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

10
11 **Section 1.** Section 15-10-420, MCA, is amended to read:

12 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a
13 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount
14 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3
15 years. The maximum number of mills that a governmental entity may impose is established by calculating the
16 number of mills required to generate the amount of property tax actually assessed in the governmental unit in the
17 prior year based on the current year taxable value, less the current year's value of newly taxable property, plus
18 one-half of the average rate of inflation for the prior 3 years.

19 (b) (i) ~~Except as provided in subsection (1)(b)(ii),~~ a governmental entity that does not impose the
20 maximum number of mills authorized under subsection (1)(a) may carry forward the authority to impose the
21 number of mills equal to the difference between the actual number of mills imposed and the maximum number
22 of mills authorized to be imposed. The mill authority carried forward may be imposed in a subsequent tax year.

23 (ii) The authority to carry forward to a subsequent tax year the difference between the number of mills
24 sufficient to generate the amount of property taxes actually assessed in the prior tax year plus one-half of the
25 average rate of inflation for the prior 3 years and the maximum number of mills authorized to be imposed under
26 15-10-108, 20-9-331, 20-9-333, 20-9-360, and 20-25-439 does not extend to the mills imposed under 15-10-108,
27 20-9-331, 20-9-333, 20-9-360, and 20-25-439.

28 (c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of
29 inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers, using
30 the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

1 (2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any additional
2 levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit, including newly
3 taxable property.

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

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

6 (ii) construction, expansion, or remodeling of improvements;

7 (iii) transfer of property into a taxing unit;

8 (iv) subdivision of real property; and

9 (v) transfer of property from tax-exempt to taxable status.

10 (b) Newly taxable property does not include an increase in value that arises because of an increase in
11 the incremental value within a tax increment financing district.

12 (4) (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the
13 release of taxable value from the incremental taxable value of a tax increment financing district because of:

14 (i) a change in the boundary of a tax increment financing district;

15 (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or

16 (iii) the termination of a tax increment financing district.

17 (b) If a tax increment financing district terminates prior to the certification of taxable values as required
18 in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax increment
19 financing district terminates. If a tax increment financing district terminates after the certification of taxable values
20 as required in 15-10-202, the increment value is reported as newly taxable property in the following tax year.

21 (c) For the purpose of subsection (3)(a)(ii), the value of newly taxable class four property that was
22 constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current
23 year market value of that property less the previous year market value of that property.

24 (d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of real
25 property that results in the property being taxable as class four property under 15-6-134 or as nonqualified
26 agricultural land as described in 15-6-133(1)(c).

27 (5) Subject to subsection (8), subsection (1)(a) does not apply to:

28 (a) school district levies established in Title 20; or

29 (b) a mill levy imposed for a newly created regional resource authority.

30 (6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received

1 under 15-6-131 and 15-6-132.

2 (7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:

3 (a) may increase the number of mills to account for a decrease in reimbursements; and

4 (b) may not increase the number of mills to account for a loss of tax base because of legislative action
5 that is reimbursed under the provisions of 15-1-121(7).

6 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes
7 of 15-10-108, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated by the
8 department may not exceed the mill levy limits established in those sections. The mill calculation must be
9 established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the
10 calculation must be rounded up to the nearest tenth of a mill.

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

12 (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;

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

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

15 (iv) a levy for the support of a study commission under 7-3-184;

16 (v) a levy for the support of a newly established regional resource authority;

17 (vi) the portion that is the amount in excess of the base contribution of a governmental entity's property
18 tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703; or

19 (vii) a levy for reimbursing a county for costs incurred in transferring property records to an adjoining
20 county under 7-2-2807 upon relocation of a county boundary.

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

23 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402,
24 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport
25 authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating
26 funds by a county or municipality during that time.

27 (11) The department may adopt rules to implement this section. The rules may include a method for
28 calculating the percentage of change in valuation for purposes of determining the elimination of property, new
29 improvements, or newly taxable property in a governmental unit."
30

