

HOUSE BILL NO. 529  
INTRODUCED BY B. LAKE

A BILL FOR AN ACT ENTITLED: "AN ACT ~~REDUCING THE TAX RATE FOR CLASS EIGHT BUSINESS EQUIPMENT; REVISING THE EXEMPTION AMOUNT OF CLASS EIGHT PROPERTY; PROVIDING FOR THE ALLOCATION OF EXEMPT CLASS EIGHT PROPERTY BY LOCATION; PROVIDING A REIMBURSEMENT TO LOCAL TAXING JURISDICTIONS GOVERNMENTS AND TAX INCREMENT FINANCING DISTRICTS UNDER THE ENTITLEMENT SHARE PAYMENT AND TO SCHOOL DISTRICTS UNDER THE SCHOOL DISTRICT BLOCK GRANTS THROUGH GUARANTEED TAX BASE FUNDING FOR THE LOSS OF CLASS EIGHT AND CLASS TWELVE PROPERTY TAX REVENUE; PROVIDING THAT THE REIMBURSEMENT BE CONSIDERED PROPERTY TAXES ACTUALLY ASSESSED IN CALCULATING THE MILL LEVY FOR FISCAL YEAR 2009; PROVIDING APPROPRIATIONS AND A STATUTORY APPROPRIATION; AMENDING SECTIONS 7-1-2111, 15-1-121, ~~15-6-138~~, 15-6-219, 15-8-301, 15-10-420, 17-7-502, ~~AND 20-9-406, AND 20-9-630~~ 20-9-366, MCA; AND PROVIDING A ~~DELAYED~~ EFFECTIVE DATE DATES AND AN APPLICABILITY DATE."~~

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

NEW SECTION. **Section 1. Reimbursement for class eight exemption and rate reduction -- distribution.** (1) For the exemption amount and tax rate reduction in 15-6-138 UNDER [SECTION 55, HOUSE BILL No. 833], effective January 1, 2008, AND FOR THE EFFECTIVE TAX RATE REDUCTION IN CALENDAR YEAR 2008 ON PROPERTY UNDER 15-6-145 BECAUSE OF THE RATE ADJUSTMENT REQUIRED BY THE AMENDMENT OF 15-6-138 IN [SECTION 55, HOUSE BILL No. 833], the department shall, by June 1, 2008, for calendar year 2008 estimate for each ~~taxing jurisdiction~~ LOCAL GOVERNMENT, AS DEFINED IN 15-1-121(4), EACH SCHOOL DISTRICT, AND EACH TAX INCREMENT FINANCING DISTRICT the difference between property tax collections under 15-6-138 as amended by [section ~~3~~ 4 55, HOUSE BILL No. 833] AND UNDER 15-6-145 and the property tax revenue that would have been collected UNDER 15-6-138 AND 15-6-145 if 15-6-138 had not been amended by [section ~~3~~ 4 55, HOUSE BILL NO. 833]. THE DIFFERENCE IS THE REIMBURSABLE AMOUNT FOR EACH TAXING JURISDICTION LOCAL GOVERNMENT, SCHOOL DISTRICT, AND TAX INCREMENT FINANCING DISTRICT.

~~———— (2) Subject to subsection (5), for each fiscal year beginning after June 30, 2008, the department shall remit to each county treasurer 50% of the amount of revenue reimbursable, determined pursuant to subsection (1), on or before November 30 and the remaining 50% on or before May 31.~~

~~———— (3) Upon receipt of the reimbursement from the department, the county treasurer shall distribute the reimbursement to each taxing jurisdiction as calculated by the department.~~

~~———— (4) (a) For purposes of this section, "taxing jurisdiction" means a jurisdiction that levied mills against property described in 15-6-138 AND, IF APPLICABLE, IN 15-6-145 in tax year 2007 and includes but is not limited to a county, incorporated city and town, consolidated county and city government, elementary and high school district, miscellaneous taxing district, special district, and tax increment financing district. The term includes countywide mills levied for equalization of school retirement or transportation.~~

~~———— (b) The term does not include county or state school equalization levies provided for in 20-9-331, 20-9-333, and 20-9-360, the 6-mill university levy provided for in 15-10-107 and 20-25-423, or vocational-technical education levies provided for in 20-25-439.~~

~~———— (5) The following apply to taxing jurisdictions that were altered after tax year 2007:~~

~~———— (a) A taxing jurisdiction that existed in tax year 2007 and that no longer exists is not entitled to reimbursement under this section.~~

~~———— (b) A taxing jurisdiction that existed in tax year 2007 and that is split into two or more taxing jurisdictions or that is annexed to or is consolidated with another taxing jurisdiction is entitled to reimbursement based on the portion of 2007 taxable value within each new taxing jurisdiction. The department shall determine the portion of 2007 taxable value located in each taxing jurisdiction.~~

~~———— (c) A taxing jurisdiction that did not exist in tax year 2007 is not entitled to reimbursement under this section unless the jurisdiction was created as described in subsection (5)(b).~~

~~———— (6) The reimbursements calculated in this section are statutorily appropriated, as provided in 17-7-502, from the general fund to the department to reimburse eligible taxing jurisdictions:~~

~~(2) (A) THE DEPARTMENT SHALL DISTRIBUTE THE REIMBURSEMENT TO LOCAL GOVERNMENTS WITH THE ENTITLEMENT DISTRIBUTIONS FOR FISCAL YEAR 2009 TO LOCAL GOVERNMENTS UNDER 15-1-121(6), AND THE OFFICE OF PUBLIC INSTRUCTION SHALL DISTRIBUTE THE REIMBURSEMENT TO SCHOOL DISTRICTS WITH BLOCK GRANTS PURSUANT TO 20-9-630(2). LOCAL GOVERNMENT REIMBURSEMENTS FOR SUBSEQUENT YEARS ARE MADE PURSUANT TO THE ENTITLEMENT SHARE RECOMPUTATION AS PROVIDED IN 15-1-121(6).~~

~~(B) FOR FISCAL YEAR 2008, THE DEPARTMENT SHALL DETERMINE FROM THE AMOUNT CALCULATED UNDER SUBSECTION (1) THE AMOUNT THAT IS ATTRIBUTABLE TO PERSONAL PROPERTY TAXES THAT ARE NOT A LIEN ON REAL PROPERTY FOR EACH LOCAL GOVERNMENT AND FOR EACH SCHOOL DISTRICT. BY JUNE 15, 2008, THE DEPARTMENT SHALL DISTRIBUTE THE AMOUNT DETERMINED UNDER THIS SUBSECTION (2)(B) FOR LOCAL GOVERNMENTS AS PROVIDED IN 15-1-121(5)(A). BY JUNE 15, 2008, THE OFFICE OF PUBLIC INSTRUCTION SHALL DISTRIBUTE THE AMOUNT DETERMINED~~

~~UNDER THIS SUBSECTION (2)(B) AS A BLOCK GRANT UNDER 20-9-630:~~

~~(3) (A) THE AMOUNT DETERMINED UNDER SUBSECTION (1) FOR EACH TAX INCREMENT FINANCING DISTRICT MUST BE ADDED TO THE ENTITLEMENT SHARE AMOUNT FOR THE TAX INCREMENT FINANCING DISTRICT AS PROVIDED IN 15-1-121(7)(B) IF THE TAX INCREMENT FINANCING DISTRICT IS STILL IN EXISTENCE. IF A TAX INCREMENT FINANCING DISTRICT THAT IS ENTITLED TO A REIMBURSEMENT UNDER THIS SECTION IS NOT LISTED UNDER 15-1-121(7), THE REIMBURSEMENT MUST BE MADE TO THAT TAX INCREMENT FINANCING DISTRICT AT THE SAME TIME AS OTHER DISTRICTS.~~

~~(B) FOR FISCAL YEAR 2008, THE DEPARTMENT SHALL DETERMINE FROM THE AMOUNT CALCULATED UNDER SUBSECTION (1) THE AMOUNT THAT IS ATTRIBUTABLE TO PERSONAL PROPERTY TAXES THAT ARE NOT A LIEN ON REAL PROPERTY FOR EACH TAX INCREMENT FINANCING DISTRICT. BY JUNE 15, 2008, THE DEPARTMENT SHALL DISTRIBUTE THE AMOUNT DETERMINED UNDER THIS SUBSECTION (3)(B) TO EACH TAX INCREMENT FINANCING DISTRICT AS PROVIDED IN 15-1-121(7)(B) AND TO ANY OTHER TAX INCREMENT FINANCING DISTRICT THAT IS ENTITLED TO A REIMBURSEMENT UNDER THIS SECTION.~~

~~Section 2. Section 7-1-2111, MCA, is amended to read:~~

~~"7-1-2111. Classification of counties. (1) For the purpose of regulating the compensation and salaries of all county officers, not otherwise provided for, and for fixing the penalties of officers' bonds, the counties of this state must be classified according to the taxable valuation of the property in the counties upon which the tax levy is made as follows:~~

- ~~(a) first class--all counties having a taxable valuation of \$50 million or more;~~
- ~~(b) second class--all counties having a taxable valuation of \$30 million or more and less than \$50 million;~~
- ~~(c) third class--all counties having a taxable valuation of \$20 million or more and less than \$30 million;~~
- ~~(d) fourth class--all counties having a taxable valuation of \$15 million or more and less than \$20 million;~~
- ~~(e) fifth class--all counties having a taxable valuation of \$10 million or more and less than \$15 million;~~
- ~~(f) sixth class--all counties having a taxable valuation of \$5 million or more and less than \$10 million;~~
- ~~(g) seventh class--all counties having a taxable valuation of less than \$5 million.~~

~~(2) As used in this section, "taxable valuation" means the taxable value of taxable property in the county as of the time of determination plus:~~

- ~~(a) that portion of the taxable value of the county on December 31, 1981, attributable to automobiles and trucks having a rated capacity of three-quarters of a ton or less;~~
- ~~(b) that portion of the taxable value of the county on December 31, 1989, attributable to automobiles and trucks having a manufacturer's rated capacity of more than three-quarters of a ton but less than or equal to 1 ton;~~

- ~~—— (c) that portion of the taxable value of the county on December 31, 1997, attributable to buses, trucks having a manufacturer's rated capacity of more than 1 ton, and truck tractors;~~
- ~~—— (d) that portion of the taxable value of the county on December 31, 1997, attributable to trailers, pole trailers, and semitrailers with a declared weight of less than 26,000 pounds;~~
- ~~—— (e) the value provided by the department of revenue under 15-36-332(7);~~
- ~~—— (f) 50% of the taxable value of the county on December 31, 1999, attributable to telecommunications property under 15-6-141;~~
- ~~—— (g) 50% of the taxable value in the county on December 31, 1999, attributable to electrical generation property under 15-6-141;~~
- ~~—— (h) 34% of the taxable value in the county on December 31, 2007, attributable to personal property under 15-6-138 AND THE AMOUNT OF PERSONAL PROPERTY REPORTED UNDER 15-6-219;~~
- ~~—— (h)(i) the value provided by the department of revenue under 15-24-3001;~~
- ~~—— (i)(j) 6% of the taxable value of the county on January 1 of each tax year; and~~
- ~~—— (j)(k) 45% of the contract sales price of the gross proceeds of coal in the county as provided in 15-23-703 and as reported under 15-23-702."~~

**SECTION 2. SECTION 15-1-121, MCA, IS AMENDED TO READ:**

**"15-1-121. Entitlement share payment -- appropriation.** (1) As described in 15-1-120(3), each local government is entitled to an annual amount that is the replacement for revenue received by local governments for diminishment of property tax base and various earmarked fees and other revenue that, pursuant to Chapter 574, Laws of 2001, amended by section 4, Chapter 13, Special Laws of August 2002, and later enactments, was consolidated to provide aggregation of certain reimbursements, fees, tax collections, and other revenue in the state treasury with each local government's share. The reimbursement under this section is provided by direct payment from the state treasury rather than the ad hoc system that offset certain state payments with local government collections due the state and reimbursements made by percentage splits, with a local government remitting a portion of collections to the state, retaining a portion, and in some cases sending a portion to other local governments. The amount calculated pursuant to this subsection, as adjusted pursuant to subsection (3)(a)(i), 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, 2004:

- ~~—— (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) 25-1-1103;~~
- ~~\_\_\_\_\_ (iv) 25-9-506; and~~
- ~~\_\_\_\_\_ (v) 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)(2) The total amount estimated pursuant to subsections (1) and (2)(a) received in fiscal year 2007 as an entitlement share payment under this section is the base component for the fiscal year 2008 distribution, and in each subsequent year the prior year entitlement share payment, including any reimbursement payments received pursuant to subsection (6), is each local government's base year component. The sum of all local governments' base year components is the base fiscal 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). The amount determined through the application of annual growth rates 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 — \$157,151~~

~~Chouteau — \$3,536~~

~~Custer — \$7,011~~

Daniels ~~————~~ \$143  
Dawson ~~————~~ \$3,893  
Fallon ~~————~~ \$1,803  
Fergus ~~————~~ \$9,324  
Flathead ~~————~~ \$33,655  
Gallatin ~~————~~ \$222,029  
Garfield ~~————~~ \$91  
Glacier ~~————~~ \$3,035  
Golden Valley ~~————~~ \$2,282  
Granite ~~————~~ \$4,554  
Hill ~~————~~ \$31,740  
Jefferson ~~————~~ \$5,700  
Judith Basin ~~————~~ \$1,487  
Lake ~~————~~ \$38,314  
Lewis and Clark ~~————~~ \$247,886  
Liberty ~~————~~ \$152  
Lincoln ~~————~~ \$3,759  
Madison ~~————~~ \$8,805  
McCone ~~————~~ \$1,651  
Meagher ~~————~~ \$2,722  
Mineral ~~————~~ \$2,361  
Missoula ~~————~~ \$172,600  
Musselshell ~~————~~ \$23,275  
Park ~~————~~ \$6,582  
Petroleum ~~————~~ \$36  
Phillips ~~————~~ \$653  
Pondera ~~————~~ \$10,270  
Powder River ~~————~~ \$848  
Powell ~~————~~ \$5,146  
Prairie ~~————~~ \$717  
Ravalli ~~————~~ \$93,090

Richland — \$3,833  
Roosevelt — \$9,526  
Rosebud — \$19,971  
Sanders — \$30,712  
Sheridan — \$271  
Stillwater — \$12,117  
Sweet Grass — \$2,463  
Teton — \$5,560  
Toole — \$7,113  
Treasure — \$54  
Valley — \$6,899  
Wheatland — \$918  
Wibaux — \$72  
Yellowstone — \$266,644  
Anaconda-Deer Lodge — \$20,707  
Butte-Silver Bow — \$53,057  
Alberton — \$675  
Bainville — \$258  
Baker — \$2,828  
Bearcreek — \$143  
Belgrade — \$11,704  
Belt — \$1,056  
Big Sandy — \$1,130  
Big Timber — \$2,910  
Billings — \$163,499  
Boulder — \$2,340  
Bozeman — \$52,805  
Bridger — \$1,303  
Broadus — \$766  
Broadview — \$258  
Brockton — \$414



Browning — \$1,830  
Cascade — \$1,374  
Chester — \$1,430  
Chinook — \$2,275  
Choteau — \$3,050  
Circle — \$1,018  
Glyde Park — \$572  
Colstrip — \$4,090  
Columbia Falls — \$6,805  
Columbus — \$3,245  
Conrad — \$4,562  
Culbertson — \$1,216  
Cut Bank — \$5,316  
Darby — \$1,348  
Deer Lodge — \$5,708  
Denton — \$503  
Dillon — \$6,928  
Dodson — \$194  
Drummond — \$561  
Dutton — \$661  
East Helena — \$2,888  
Ekalaka — \$689  
Ennis — \$1,518  
Eureka — \$1,733  
Fairfield — \$1,120  
Fairview — \$1,152  
Flaxville — \$143  
Forsyth — \$3,286  
Fort Benton — \$2,579  
Fort Peck — \$393  
Froid — \$328

Fromberg — \$855  
Geraldine — \$457  
Glasgow — \$5,361  
Glendive — \$8,099  
Grass Range — \$254  
Great Falls — \$96,422  
Hamilton — \$7,148  
Hardin — \$5,920  
Harlem — \$1,422  
Harlowton — \$1,678  
Havre — \$16,223  
Helena — \$45,877  
Hingham — \$263  
Hobson — \$397  
Hot Springs — \$912  
Hysham — \$482  
Ismay — \$43  
Joliet — \$1,006  
Jordan — \$606  
Judith Gap — \$263  
Kalispell — \$28,144  
Kevin — \$304  
Laurel — \$10,804  
Lavina — \$361  
Lewistown — \$10,170  
Libby — \$4,475  
Lima — \$397  
Livingston — \$12,145  
Lodge Grass — \$889  
Malta — \$3,389  
Manhattan — \$2,485

Medicine Lake ~~\$410~~  
Melstone ~~\$234~~  
Miles City ~~\$14,152~~  
Missoula ~~\$104,264~~  
Moore ~~\$319~~  
Nashua ~~\$536~~  
Neihart ~~\$149~~  
Opheim ~~\$180~~  
Outlook ~~\$125~~  
Philipsburg ~~\$1,612~~  
Pinesdale ~~\$1,413~~  
Plains ~~\$2,007~~  
Plentywood ~~\$3,185~~  
Plevna ~~\$225~~  
Polson ~~\$7,722~~  
Poplar ~~\$1,544~~  
Red Lodge ~~\$3,903~~  
Rexford ~~\$263~~  
Richey ~~\$309~~  
Ronan ~~\$3,262~~  
Roundup ~~\$3,280~~  
Ryegate ~~\$465~~  
Saco ~~\$354~~  
Scobey ~~\$1,798~~  
Shelby ~~\$5,677~~  
Sheridan ~~\$1,150~~  
Sidney ~~\$7,747~~  
Stanford ~~\$737~~  
Stevensville ~~\$3,063~~  
St. Ignatius ~~\$1,367~~  
Sunburst ~~\$709~~

Superior ————— \$1,521  
 Terry ————— \$1,011  
 Thompson Falls ————— \$2,272  
 Three Forks ————— \$3,130  
 Townsend ————— \$3,286  
 Troy ————— \$1,654  
 Twin Bridges ————— \$695  
 Valier ————— \$817  
 Virginia City ————— \$223  
 Walkerville ————— \$1,183  
 West Yellowstone ————— \$2,083  
 Westby ————— \$263  
 White Sulphur Springs ————— \$1,734  
 Whitefish ————— \$9,932  
 Whitehall ————— \$1,889  
 Wibaux ————— \$893  
 Winifred ————— \$259  
 Winnett ————— \$314  
 Wolf Point ————— \$4,497

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

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

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

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

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

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

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

~~(A)(i)~~ for counties, 54%;

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

~~(C)(iii)~~ 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)~~ (7). 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) for which reimbursement is provided~~ in this section.

(5) (a) The entitlement share pools calculated in this section, the amounts determined under [section 1(2)(b)] for local governments, and the ~~block grants~~ funding provided for in subsection ~~(6)~~ (7), including the amounts determined under [section 1(3)(b)], 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~~ Except for the distribution made under [section 1(2)(b)], 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 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 prior fiscal 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 latest interim year population estimates from the Montana department of commerce as supplied by the United States bureau of the census.

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

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

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

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

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

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

(v) In each fiscal year, the amount of the entitlement share pool ~~not represented by~~ before the growth amount or adjustments are made under subsection (6) are applied is to be distributed to each local government in the same manner as the entitlement share pool was distributed in the prior fiscal year.

(6) If the legislature enacts a reimbursement provision that is to be distributed pursuant to this section, the department shall determine the reimbursement amount as provided in the enactment and add the appropriate amount to the entitlement share distribution under this section. The total entitlement share distributions in a fiscal

year, including distributions made pursuant to this subsection, equal the local fiscal year entitlement share pool. The ratio of each local government's distribution from the entitlement share pool must be recomputed to determine each local government's ratio to be used in the subsequent year's distribution determination under subsections (5)(b)(ii)(A), (5)(b)(iii)(A), and (5)(b)(iv)(A).

~~(6)(7)~~ (a) If a tax increment financing district was not in existence during the fiscal year ending June 30, 2000, then the tax increment financing district is not entitled to any block grant funding. If a tax increment financing district referred to in subsection ~~(6)(b)~~ (7)(b) terminates, then the block grant funding for the district provided for in subsection ~~(6)(b)~~ (7)(b) terminates.

(b) ~~One-half~~ Except for the reimbursement made under [section 1(3)(b)], one-half of the payments provided for in this subsection ~~(6)(b)~~ (7)(b) must be made by November 30 and the other half by May 31 of each year. Subject to subsection ~~(6)(a)~~ (7)(a), the entitlement share for tax increment financing districts is as follows:

Cascade	Great Falls - downtown	\$468,966
Deer Lodge	TIF District 1	3,148
Deer Lodge	TIF District 2	3,126
Flathead	Kalispell - District 1	758,359
Flathead	Kalispell - District 2	5,153
Flathead	Kalispell - District 3	41,368
Flathead	Whitefish District	164,660
Gallatin	Bozeman - downtown	34,620
Lewis and Clark	Helena - #2	731,614
Missoula	Missoula - 4-1B & 1-1C	1,100,507 <u>250,279</u>
Missoula	Missoula - 4-1C	33,343
Silver Bow	Butte - uptown	283,801
Yellowstone	Billings	436,815

~~(7)(8)~~ The estimated ~~base~~ fiscal year entitlement share pool and any subsequent entitlement share pool for local governments do not include revenue received from tax increment financing districts, from countywide transportation block grants, or from countywide retirement block grants.

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

revenue:

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

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

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

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

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

~~—— **Section 4.** Section 15-6-138, MCA, is amended to read:~~

~~—— **"15-6-138. Class eight property -- description -- taxable percentage -- exemption.** (1) Class eight property includes:~~

~~—— (a) all agricultural implements and equipment that are not exempt under 15-6-207 or 15-6-220;~~

~~—— (b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-219, and supplies except those included in class five 15-6-135;~~

~~—— (c) all oil and gas production machinery, fixtures, equipment, including pumping units, oil field storage tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas metering shacks, treaters, gas separators, water flood units, gas boosters, and similar equipment that is skidable, portable, or movable, tools that are not exempt under 15-6-219, and supplies except those included in class five 15-6-135;~~

~~—— (d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools and personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk processors as provided in 15-6-220, and supplies except those included in class five 15-6-135;~~

~~—— (e) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;~~



- ~~\_\_\_\_\_ (f) special mobile equipment as defined in 61-1-101;~~
- ~~\_\_\_\_\_ (g) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;~~
- ~~\_\_\_\_\_ (h) x-ray and medical and dental equipment;~~
- ~~\_\_\_\_\_ (i) citizens' band radios and mobile telephones;~~
- ~~\_\_\_\_\_ (j) radio and television broadcasting and transmitting equipment;~~
- ~~\_\_\_\_\_ (k) cable television systems;~~
- ~~\_\_\_\_\_ (l) coal and ore haulers;~~
- ~~\_\_\_\_\_ (m) theater projectors and sound equipment; and~~
- ~~\_\_\_\_\_ (n) all other property that is not included in any other class in this part, except that property that is subject to a fee in lieu of a property tax:~~
- ~~\_\_\_\_\_ (2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.~~
- ~~\_\_\_\_\_ (3) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or service, wholesale, retail, or food-handling business.~~
- ~~\_\_\_\_\_ (4) Class eight property is taxed at 3% 2% of its market value.~~
- ~~\_\_\_\_\_ (5) The first \$100,000 or less in market value of class eight property of a person not otherwise exempt from property taxation owned directly or indirectly by an individual or business entity that owns an aggregate of \$20,000 or less in market value of class eight property is exempt from taxation AS PROVIDED IN 15-6-219.~~

**Section 3.** Section 15-6-219, MCA, is amended to read:

**"15-6-219. Personal and other property exemptions -- ALLOCATION OF CERTAIN EXEMPTIONS. (1)** The following categories of property are exempt from taxation:

- ~~(1)~~(A) harness, saddlery, and other tack equipment;
- ~~(2)~~(B) the first \$15,000 or less of market value of tools owned by the taxpayer that are customarily hand-held and that are used to:
  - ~~(a)~~(I) construct, repair, and maintain improvements to real property; or
  - ~~(b)~~(II) repair and maintain machinery, equipment, appliances, or other personal property;
  - ~~(3)~~(C) all household goods and furniture, including but not limited to clocks, musical instruments, sewing

machines, and wearing apparel of members of the family, used by the owner for personal and domestic purposes or for furnishing or equipping the family residence;

~~(4)(D)~~ a bicycle, as defined in 61-8-102, used by the owner for personal transportation purposes;

~~(5)(E)~~ items of personal property intended for rent or lease in the ordinary course of business if each item of personal property satisfies all of the following:

~~(a)(I)~~ the acquired cost of the personal property is less than \$15,000;

~~(b)(II)~~ the personal property is owned by a business whose primary business income is from rental or lease of personal property to individuals and no one customer of the business accounts for more than 10% of the total rentals or leases during a calendar year; and

~~(c)(III)~~ the lease of the personal property is generally on an hourly, daily, or weekly basis;

~~(6)(F)~~ the first \$100,000 SPECIFIED AMOUNT or less of market value of class eight property EXEMPT under 15-6-138(5) not otherwise exempt from PROPERTY taxation owned directly or indirectly by an individual or business entity THAT IS IDENTIFIED BY A UNIQUE TAXPAYER IDENTIFICATION NUMBER;

~~(6)(7)(G)~~ space vehicles and all machinery, fixtures, equipment, and tools used in the design, manufacture, launch, repair, and maintenance of space vehicles that are owned by businesses engaged in manufacturing and launching space vehicles in the state or that are owned by a contractor or subcontractor of that business and that are directly used for space vehicle design, manufacture, launch, repair, and maintenance; and

~~(7)(8)(H)~~ a title plant owned by a title insurer or a title insurance producer, as those terms are defined in 33-25-105.

(2) (A) FOR DETERMINING THE AMOUNT OF A TAXPAYER'S CLASS EIGHT PROPERTY THAT IS SUBJECT TO TAXATION, THE DEPARTMENT SHALL ALLOCATE THE MARKET VALUE OF CLASS EIGHT BUSINESS EQUIPMENT THAT IS EXEMPT FROM TAXATION UNDER SUBSECTION (1)(F) AS PROVIDED IN THIS SUBSECTION (2).

(B) IF THE CLASS EIGHT BUSINESS EQUIPMENT OF THE TAXPAYER IS USED IN A SINGLE LOCATION, THE MARKET VALUE OF THE EXEMPT PROPERTY IS ALLOCATED TO THAT LOCATION.

(C) IF THE CLASS EIGHT BUSINESS EQUIPMENT OF THE TAXPAYER IS USED IN MORE THAN ONE LOCATION, THE MARKET VALUE OF THE EXEMPT PROPERTY MUST BE ALLOCATED TO EACH LOCATION IN THE RATIO THAT THE TOTAL MARKET VALUE OF CLASS EIGHT PROPERTY AT THAT LOCATION BEARS TO THE TOTAL MARKET VALUE OF CLASS EIGHT PROPERTY OF THE TAXPAYER AT ALL LOCATIONS.

(D) THE ALLOCATIONS DETERMINED UNDER SUBSECTIONS (2)(B) AND (2)(C) MUST BE CONVERTED TO TAXABLE VALUE USING THE TAX RATE UNDER 15-6-138 AND MUST BE REPORTED TO COUNTIES FOR THE PURPOSE OF DETERMINING

COUNTY CLASSIFICATION UNDER 7-1-2111."

**Section 4.** Section 15-8-301, MCA, is amended to read:

**"15-8-301. Statement -- what to contain.** (1) The department may require from a person a statement under oath setting forth specifically all the real and personal property owned by, in possession of, or under the control of the person at midnight on January 1. The statement must be in writing, showing separately:

(a) all property belonging to, claimed by, or in the possession or under the control or management of the person;

(b) all property belonging to, claimed by, or in the possession or under the control or management of any firm of which the person is a member;

(c) all property belonging to, claimed by, or in the possession or under the control or management of any corporation of which the person is president, secretary, cashier, or managing agent;

(d) the county in which the property is situated or in which the property is liable to taxation and, if liable to taxation in the county in which the statement is made, also the city, town, school district, road district, or other revenue districts in which the property is situated;

(e) an exact description of all lands, improvements, and personal property;

(f) all depots, shops, stations, buildings, and other structures erected on the space covered by the right-of-way and all other property owned by any person owning or operating any railroad within the county.

(2) The department shall notify the taxpayer in the statement for reporting personal property owned by a business or used in a business that the statement is for reporting business equipment and other business personal property described in Title 15, chapter 6, part 1. ~~A~~ EXCEPT AS PROVIDED IN SUBSECTION (3), A taxpayer owning exempt business equipment is subject to limited reporting requirements; however, all new businesses shall report their class eight property so that the department can determine the market value of the property. The department shall by rule develop reporting requirements for business equipment to limit the annual reporting of exempt business equipment to the extent feasible.

(3) In the reporting of exempt business equipment under ~~15-6-138(5)~~ 15-6-219(1)(F), the department shall, by rule, establish reporting requirements that would prevent the use of multiple business identities to obtain multiple exemptions for what are functionally single businesses. The rules ~~may~~ MUST require individual and taxpayer identification numbers for pass-through entities, as defined in 15-30-101, and their owners, partners, and officers A UNIQUE TAXPAYER IDENTIFICATION NUMBER FOR AN INDIVIDUAL AND BUSINESS ENTITY to allow the department to track exemptions through the OF ALL INDIVIDUALS AND BUSINESS entities. THE DEPARTMENT SHALL USE

THE INFORMATION OBTAINED UNDER THIS SUBSECTION TO ALLOCATE THE MARKET VALUE OF EXEMPT BUSINESS EQUIPMENT AS PROVIDED IN 15-6-219.

~~(3)~~(4) Whenever one member of a firm or one of the proper officers of a corporation has made a statement showing the property of the firm or corporation, another member of the firm or another officer is not required to include the property in that person's statement but the statement must show the name of the person or officer who made the statement in which the property is included.

~~(4)~~(5) The fact that a statement is not required or that a person has not made a statement, under oath or otherwise, does not relieve the person's property from taxation."

**Section 5.** Section 15-10-420, MCA, is amended to read:

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

~~(ii) For the purpose of calculating the mill levy in subsection (1)(a)(i) for tax year 2008, the amount of property taxes actually assessed in the prior year must be reduced by the amount to be reimbursed as provided in [section 1] for fiscal year 2009.~~

(b) A governmental entity that does not impose the maximum number of mills authorized under subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill authority carried forward may be imposed in a subsequent tax year.

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

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

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

- (i) annexation of real property and improvements into a taxing unit;
- (ii) construction, expansion, or remodeling of improvements;
- (iii) transfer of property into a taxing unit;
- (iv) subdivision of real property; and
- (v) transfer of property from tax-exempt to taxable status.

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

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

- (i) a change in the boundary of a tax increment financing district;
- (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or
- (iii) the termination of a tax increment financing district.

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

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

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

- (a) school district levies established in Title 20; or
- (b) the portion of a governmental entity's property tax levy for premium contributions for group benefits excluded under 2-9-212 or 2-18-703.

(6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received under 15-6-131 and 15-6-132.

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

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

(B) SHALL DECREASE MAY NOT INCREASE THE NUMBER OF MILLS TO ACCOUNT FOR A NEW REIMBURSEMENT LOSS OF TAX BASE BECAUSE OF LEGISLATIVE ACTION THAT IS REIMBURSED UNDER THE PROVISIONS OF 15-1-121(6) THAT IS ADDED TO THE ENTITLEMENT SHARE PAYMENT TO OFFSET A REDUCTION IN PROPERTY TAX REVENUE. THE DECREASE IN MILLS APPLIES IN THE FIRST FISCAL YEAR IN WHICH THE NEW REIMBURSEMENT IS RECEIVED.

(8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes of 15-10-107, 20-9-331, 20-9-333, 20-9-360, 20-25-423, and 20-25-439. However, the number of mills calculated by the department may not exceed the mill levy limits established in those sections. The mill calculation must be established in whole mills. If the mill levy calculation does not result in a whole number of mills, then the calculation must be rounded up to the nearest whole mill.

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

- (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;
- (ii) a levy to repay taxes paid under protest as provided in 15-1-402; or
- (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326.

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

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

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

**Section 6.** Section 17-7-502, MCA, is amended to read:

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

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

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

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

(3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-407; 5-13-403; 10-2-603; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; ~~section 11~~; [SECTION 9]; 15-1-111; 15-1-113; 15-1-121; 15-23-706; 15-31-906; 15-35-108; 15-36-332; 15-37-117; 15-38-202; 15-65-121; 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; 18-11-112; 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; 19-20-604; 20-8-107; 20-9-534; 20-9-622; ~~20-9-630~~; 20-26-1503; 22-3-1004; 23-4-105; 23-4-202; 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; 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; 53-24-206; 60-11-115; 61-3-415; 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 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; 90-3-1003; and 90-9-306.

(4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing, paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to Ch. 422, L. 1997, the inclusion of 15-1-111 terminates on July 1, 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates July 1, 2014; 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 terminates June 30, 2010; pursuant to sec. 7, Ch. 314, L. 2005, the inclusion of 23-4-105, 23-4-202, 23-4-204, 23-4-302, and 23-4-304 becomes effective July 1, 2007; and pursuant to sec. 17, Ch. 593, L. 2005, the inclusion of 15-31-906 terminates January 1, 2010.)"

————— **Section 9.** Section 20-9-406, MCA, is amended to read:

————— **"20-9-406. Limitations on amount of bond issue -- definition of federal impact aid basic support payment.** (1)(a) Except as provided in subsection (1)(d), the maximum amount for which an elementary district or a high school district may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants, outstanding obligations under 20-9-471 and 20-9-502, and any other loans or notes payable that are held as general obligations of the district, is 45% of the taxable value of the property subject to taxation, as ascertained by the last assessment for state, county, and school taxes previous to the incurring of the indebtedness plus an additional 50% of the taxable value of property classified under 15-6-138, multiplied by 45%.

————— (b) Except as provided in subsection (1)(d), the maximum amount for which a K-12 school district, as

~~formed pursuant to 20-6-701, may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants, outstanding obligations under 20-9-471 and 20-9-502, and any other loans or notes payable that are held as general obligations of the district, is up to 90% of the taxable value of the property subject to taxation, as ascertained by the last assessment for state, county, and school taxes previous to the incurring of the indebtedness plus an additional 50% of the taxable value of property classified under 15-6-138, multiplied by 90%.~~

~~———(c) The total indebtedness of the high school district with an attached elementary district is limited to the sum of 45% of the taxable value of the property for elementary school program purposes and 45% of the taxable value of the property for high school program purposes, adjusted as provided in this section.~~

~~———(d) (i) The maximum amount for which an elementary district or a high school district with a district mill value per elementary ANB or per high school ANB that is less than the facility guaranteed mill value per elementary ANB or high school ANB under 20-9-366 may become indebted by the issuance of general obligation bonds, including all indebtedness represented by outstanding general obligation bonds of previous issues, registered warrants, outstanding obligations under 20-9-471 and 20-9-502, and any other loans or notes payable that are held as general obligations of the district, is 45% of the corresponding facility guaranteed mill value per ANB times 1,000 times the ANB of the district. For a K-12 district, the maximum amount for which the district may become indebted is 45% of the sum of the facility guaranteed mill value per elementary ANB times 1,000 times the elementary ANB of the district and the facility guaranteed mill value per high school ANB times 1,000 times the high school ANB of the district.~~

~~———(ii) If mutually agreed upon by the affected districts, for the purpose of calculating its maximum bonded indebtedness under this subsection (1)(d), a district may include the ANB of the district plus the number of students residing within the district for which the district or county pays tuition for attendance at a school in an adjacent district. The receiving district may not use out-of-district ANB for the purpose of calculating its maximum indebtedness if the out-of-district ANB has been included in the ANB of the sending district pursuant to the mutual agreement.~~

~~———(2) The maximum amounts determined in subsection (1) do not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district or to general obligation bonds issued for the repayment of tax protests lost by the district. All general obligation bonds issued in excess of the amount are void, except as provided in this section.~~

~~———(3) The maximum amount of impact aid revenue bonds that an elementary district, high school district,~~



or K-12 school district may issue may not exceed a total aggregate amount equal to three times the average of the school district's annual federal impact aid basic support payments for the 5 years immediately preceding the issuance of the bonds. However, at the time of issuance of the bonds, the average annual payment of principal and interest on the impact aid bonds each year may not exceed 35% of the total federal impact aid basic support payments of the school district for the current year.

~~———— (4) When the total indebtedness of a school district has reached the limitations prescribed in this section, the school district may pay all reasonable and necessary expenses of the school district on a cash basis in accordance with the financial administration provisions of this chapter.~~

~~———— (5) Whenever bonds are issued for the purpose of refunding bonds, any money to the credit of the debt service fund for the payment of the bonds to be refunded is applied toward the payment of the bonds and the refunding bond issue is decreased accordingly.~~

~~———— (6) As used in this part, "federal impact aid basic support payment" means the annual impact aid revenue received by a district under 20 U.S.C. 7703(b) but excludes revenue received for impact aid special education under 20 U.S.C. 7703(d) and impact aid construction under 20 U.S.C. 7707."~~

~~———— **SECTION 10. SECTION 20-9-630, MCA, IS AMENDED TO READ:**~~

~~———— **"20-9-630. School district block grants.** (1) (a) The office of public instruction shall provide a block grant to each school district based on:~~

~~———— (i) the revenue received by each district in fiscal year 2001 from vehicle taxes and fees, corporate license taxes paid by financial institutions, aeronautics fees, state land payments in lieu of taxes, and property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999; and~~

~~———— (ii) any reimbursement to be made to a school district pursuant to subsection (2).~~

~~———— (b) Block grants must be calculated using the electronic reporting system that is used by the office of public instruction and school districts. The electronic reporting system must be used to allocate the block grant amount into each district's budget as an anticipated revenue source by fund.~~

~~———— (c) With the exception of vehicle taxes and fees, the office of public instruction shall use the amount actually received from the sources listed in subsection (1)(a) in fiscal year 2001 in its calculation of the block grant for fiscal year 2002 budgeting purposes. For vehicle taxes and fees, the office of public instruction shall use 93.4% of the amount actually received in fiscal year 2001 in calculating the block grant for fiscal year 2002.~~

~~———— (2) If the fiscal year 2003 appropriation provided in section 248(1), Chapter 574, Laws of 2001, is insufficient to fund the school district block grants in fiscal year 2003 at the fiscal year 2002 level, the office of~~

public instruction shall prorate the block grants to meet the remaining appropriation. School districts shall anticipate the prorated block grant amounts provided by the office of public instruction in their budgets for fiscal year 2003.

~~——— (2) If the legislature enacts a reimbursement provision that is to be distributed pursuant to this section, the office of public instruction shall determine the reimbursement amount as provided in the enactment and add the appropriate amount to block grant distributions under this section. The total of reimbursement distributions made pursuant to this subsection in a fiscal year must be added to all other distributions to the school district in the fiscal year to determine the distribution for the subsequent fiscal year. The block grant percentage increases in subsections (4)(a) and (4)(c) do not apply to reimbursements made under this subsection for the fiscal year of the first reimbursement, but do apply to the block grant amounts in subsequent fiscal years that incorporate reimbursement added in previous fiscal years. For the purpose of this subsection, the "fiscal year of the first reimbursement" does not include the fiscal year in which the reimbursement under [section 1(2)(b)] is made.~~

~~——— (3) Each Except for the reimbursement made under [section 1(2)(b)], each year, 70% of each district's block grant must be distributed in November and 30% of each district's block grant must be distributed in May at the same time that guaranteed tax base aid is distributed.~~

~~——— (4) (a) The block grant for the district general fund is equal to the average amount received in fiscal years 2002 and 2003 by the district general fund from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.~~

~~——— (b) The block grant for the district transportation fund is equal to one-half of the average amount received in fiscal years 2002 and 2003 by the district transportation fund from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.~~

~~——— (c) (i) The combined fund block grant is equal to the average amount received in fiscal years 2002 and 2003 by the district tuition, bus depreciation reserve, building reserve, nonoperating, and adult education funds from the block grants provided for in subsection (1). The block grant must be increased by 0.76% in fiscal year 2004 and in each succeeding fiscal year.~~

~~——— (ii) The school district may deposit the combined fund block grant into any budgeted fund of the district.~~

~~——— (5) The funding for block grants provided for in this section, including the reimbursement under [section 1(2)(b)], is statutorily appropriated, as provided in 17-7-502, from the general fund to the office of public instruction for distribution to school districts."~~

**SECTION 7. SECTION 20-9-366, MCA, IS AMENDED TO READ:**

**"20-9-366. Definitions.** As used in 20-9-366 through 20-9-371, the following definitions apply:

(1) "County retirement mill value per elementary ANB" or "county retirement mill value per high school ANB" means the sum of the taxable valuation in the previous year of all property in the county divided by 1,000, with the quotient divided by the total county elementary ANB count or the total county high school ANB count used to calculate the elementary school districts' and high school districts' current year total per-ANB entitlement amounts.

(2) (a) "District guaranteed tax base ratio" for guaranteed tax base funding for the BASE budget of an eligible district means the taxable valuation in the previous year of all property in the district divided by the sum of the district's current year BASE budget amount less direct state aid and the state special education allowable cost payment.

(b) "District mill value per ANB", for school facility entitlement purposes, means the taxable valuation in the previous year of all property in the district divided by 1,000, with the quotient divided by the ANB count of the district used to calculate the district's current year total per-ANB entitlement amount.

(3) "Facility guaranteed mill value per ANB", for school facility entitlement guaranteed tax base purposes, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by ~~140%~~ 142% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state high school ANB count used to calculate the elementary school districts' and high school districts' current year total per-ANB entitlement amounts.

(4) (a) "Statewide elementary guaranteed tax base ratio" or "statewide high school guaranteed tax base ratio", for guaranteed tax base funding for the BASE budget of an eligible district, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by ~~175%~~ 181% 183% and divided by the total sum of either the state elementary school districts' or the high school districts' current year BASE budget amounts less total direct state aid.

(b) "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", for school retirement guaranteed tax base purposes, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by ~~124%~~ 123% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state high school ANB amount used to calculate the elementary school districts' and high school districts' current year total per-ANB entitlement amounts."

**NEW SECTION. SECTION 8. APPROPRIATION.** (1) THERE IS APPROPRIATED TO THE DEPARTMENT OF REVENUE \$1,028,863 FROM THE GENERAL FUND FOR THE ADMINISTRATION OF THE PROPERTY TAX REBATE PROVIDED IN [HOUSE

BILL NO. 833].

(2) THERE IS APPROPRIATED TO THE OFFICE OF PUBLIC INSTRUCTION ~~\$9,340,700~~ \$6,050,000 FROM THE GENERAL FUND FOR THE PURPOSE OF PAYING THE INCREASE IN GUARANTEED TAX BASE PAYMENTS ESTABLISHED IN ~~20-9-366(4)(A)~~ AS AMENDED BY [SECTION 7] K-12 BASE AID AND \$400,000 FROM THE GENERAL FUND FOR THE PURPOSE OF PAYING STATE REIMBURSEMENTS FOR SCHOOL FACILITIES.

NEW SECTION. **SECTION 9. STATUTORY APPROPRIATION.** THE MONEY NECESSARY FOR THE PAYMENT OF THE TAX REBATES ESTABLISHED IN [SECTION ~~55~~ 10, HOUSE BILL NO. 833] ARE STATUTORILY APPROPRIATED, AS PROVIDED IN 17-7-502, FROM THE GENERAL FUND TO THE DEPARTMENT OF REVENUE FOR DISTRIBUTION TO TAXPAYERS.

NEW SECTION. **Section 10. Codification instruction.** [Section 1] is intended to be codified as an integral part of Title 15, chapter 1, part 1, and the provisions of Title 15, chapter 1, part 1, apply to [section 1].

NEW SECTION. **Section 11. Effective date DATES.** [This (1) EXCEPT AS PROVIDED IN SUBSECTIONS (2) AND (3), [THIS act] is effective January 1, 2008.

(2) [SECTION 8(1) AND THIS SECTION ] ARE EFFECTIVE ON PASSAGE AND APPROVAL.

(3) [SECTION 8(2)] IS EFFECTIVE JULY 1, 2008.

NEW SECTION. **Section 12. Applicability.** [This act] applies to property tax years beginning after December 31, 2007.

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