

HOUSE BILL NO. 495

INTRODUCED BY R. COOK

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING STATUTORY APPROPRIATIONS; REDUCING
5 STATUTORY APPROPRIATION DISTRIBUTIONS; CLARIFYING THE PROVISIONS OF THE LOCAL
6 GOVERNMENT ENTITLEMENT SHARE PAYMENT PROGRAM; ELIMINATING THE LOCAL GOVERNMENT
7 ENTITLEMENT SHARE ANNUAL GROWTH FACTOR FOR FISCAL YEARS 2012 AND 2013; REVISING THE
8 ENTITLEMENT SHARE GROWTH RATE; REDUCING THE LOCAL GOVERNMENT ENTITLEMENT SHARE
9 FOR TAX INCREMENT FINANCING DISTRICTS; ELIMINATING THE THREE-FIFTHS VOTE REQUIREMENT
10 FOR REVISION OF THE LOCAL GOVERNMENT ENTITLEMENT SHARE PAYMENTS; PROHIBITING AN
11 INCREASE IN THE NUMBER OF MILLS A LOCAL GOVERNMENT MAY LEVY FOR A REIMBURSED TAX
12 BASE DECREASE; AMENDING SECTIONS 15-1-121 AND 15-10-420, MCA; AND PROVIDING AN EFFECTIVE
13 DATE AND AN APPLICABILITY DATE."

14

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

16

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

18 **"15-1-121. Entitlement share payment -- purpose -- appropriation.** (1) As described in 15-1-120(3),
19 each local government is entitled to an annual amount that is the replacement for revenue received by local
20 governments for diminishment of property tax base and various earmarked fees and other revenue that, pursuant
21 to Chapter 574, Laws of 2001, amended by section 4, Chapter 13, Special Laws of August 2002, and later
22 enactments, were consolidated to provide aggregation of certain reimbursements, fees, tax collections, and other
23 revenue in the state treasury with each local government's share. The reimbursement under this section is
24 provided by direct payment from the state treasury rather than the ad hoc system that offset certain state
25 payments with local government collections due the state and reimbursements made by percentage splits, with
26 a local government remitting a portion of collections to the state, retaining a portion, and in some cases sending
27 a portion to other local governments. The amount calculated pursuant to this subsection, as adjusted pursuant
28 to subsection (3)(a)(i), is each local government's base entitlement share. The department shall estimate the total
29 amount of revenue that each local government received from the following sources for the fiscal year ending June
30 30, 2001:

- 1 (2) The sources of dedicated revenue that were relinquished by local governments in exchange for an
2 entitlement share of the state general fund were:
- 3 (a) personal property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter
4 584, Laws of 1999;
- 5 (b) vehicle, boat, and aircraft taxes and fees pursuant to:
- 6 (i) Title 23, chapter 2, part 5;
7 (ii) Title 23, chapter 2, part 6;
8 (iii) Title 23, chapter 2, part 8;
9 (iv) 61-3-317;
10 (v) 61-3-321;
11 (vi) Title 61, chapter 3, part 5, except for 61-3-509(3), as that subsection read prior to the amendment
12 of 61-3-509 in 2001;
- 13 (vii) Title 61, chapter 3, part 7;
14 (viii) 5% of the fees collected under 61-10-122;
15 (ix) 61-10-130;
16 (x) 61-10-148; and
17 (xi) 67-3-205;
- 18 (c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);
19 (d) district court fees pursuant to:
- 20 (i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);
21 (ii) 25-1-202;
22 (iii) 25-9-506; and
23 (iv) 27-9-103;
- 24 (e) certificate of title fees for manufactured homes pursuant to 15-1-116;
25 (f) financial institution taxes collected pursuant to the former provisions of Title 15, chapter 31, part 7;
26 (g) all beer, liquor, and wine taxes pursuant to:
- 27 (i) 16-1-404;
28 (ii) 16-1-406; and
29 (iii) 16-1-411;
- 30 (h) late filing fees pursuant to 61-3-220;

- 1 (i) title and registration fees pursuant to 61-3-203;
- 2 (j) veterans' cemetery license plate fees pursuant to 61-3-459;
- 3 (k) county personalized license plate fees pursuant to 61-3-406;
- 4 (l) special mobile equipment fees pursuant to 61-3-431;
- 5 (m) single movement permit fees pursuant to 61-4-310;
- 6 (n) state aeronautics fees pursuant to 67-3-101; and
- 7 (o) department of natural resources and conservation payments in lieu of taxes pursuant to Title 77,
- 8 chapter 1, part 5.

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

13 ~~(b)(3) The total amount estimated pursuant to subsections (1) and (2)(a) received by each local~~
 14 ~~government in fiscal year 2011 as an entitlement share payment under this section is the base component for~~
 15 ~~fiscal year 2012 and 2013 distributions, and in each subsequent year the prior year entitlement share payment,~~
 16 ~~including any reimbursement payments received pursuant to subsection (7), is each local government's base year~~
 17 ~~component. The sum of all local governments' base year components is the base fiscal year entitlement share~~
 18 ~~pool. For the purpose of calculating the sum of all local governments' base year components, the base year~~
 19 ~~component for a local government may not be less than zero.~~

20 ~~(3)(4) (a) The With the exception of fiscal years 2012 and 2103, the base year entitlement share pool~~
 21 ~~must be increased annually by a AN ENTITLEMENT SHARE growth rate as provided for in this subsection (3) (4). The~~
 22 ~~amount determined through the application of annual growth rates is the entitlement share pool for each fiscal~~
 23 ~~year, with the exception of fiscal years 2012 and 2013.~~

24 ~~(B) By October 1 of each even-numbered year, the department shall calculate the growth rate of the~~
 25 ~~entitlement share pool for each THE CURRENT year of the next biennium in the following manner:~~

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

29 Beaverhead		\$6,972
30 Big Horn		\$52,551

1	Blaine	\$13,625
2	Broadwater	\$2,564
3	Carbon	\$11,537
4	Carter	\$407
5	Cascade	\$100,000
6	Chouteau	\$3,536
7	Custer	\$7,011
8	Daniels	\$143
9	Dawson	\$3,893
10	Fallon	\$1,803
11	Fergus	\$9,324
12	Flathead	\$100,000
13	Gallatin	\$160,000
14	Garfield	\$91
15	Glacier	\$3,035
16	Golden Valley	\$2,282
17	Granite	\$4,554
18	Hill	\$31,740
19	Jefferson	\$5,700
20	Judith Basin	\$1,487
21	Lake	\$38,314
22	Lewis and Clark	\$160,000
23	Liberty	\$152
24	Lincoln	\$3,759
25	Madison	\$8,805
26	McCone	\$1,651
27	Meagher	\$2,722
28	Mineral	\$2,361
29	Missoula	\$200,000
30	Musselshell	\$23,275

1	Park	\$6,582
2	Petroleum	\$36
3	Phillips	\$653
4	Pondera	\$10,270
5	Powder River	\$848
6	Powell	\$5,146
7	Prairie	\$717
8	Ravalli	\$93,090
9	Richland	\$3,833
10	Roosevelt	\$9,526
11	Rosebud	\$19,971
12	Sanders	\$30,712
13	Sheridan	\$271
14	Stillwater	\$12,117
15	Sweet Grass	\$2,463
16	Teton	\$5,560
17	Toole	\$7,113
18	Treasure	\$54
19	Valley	\$6,899
20	Wheatland	\$918
21	Wibaux	\$72
22	Yellowstone	\$270,000
23	Anaconda-Deer Lodge	\$20,707
24	Butte-Silver Bow	\$53,057
25	Alberton	\$675
26	Bainville	\$258
27	Baker	\$2,828
28	Bearcreek	\$143
29	Belgrade	\$11,704
30	Belt	\$1,056

1	Big Sandy	\$1,130
2	Big Timber	\$2,910
3	Billings	\$163,499
4	Boulder	\$2,340
5	Bozeman	\$52,805
6	Bridger	\$1,303
7	Broadus	\$766
8	Broadview	\$258
9	Brockton	\$414
10	Browning	\$1,830
11	Cascade	\$1,374
12	Chester	\$1,430
13	Chinook	\$2,275
14	Choteau	\$3,050
15	Circle	\$1,018
16	Clyde Park	\$572
17	Colstrip	\$4,090
18	Columbia Falls	\$6,805
19	Columbus	\$3,245
20	Conrad	\$4,562
21	Culbertson	\$1,216
22	Cut Bank	\$5,316
23	Darby	\$1,348
24	Deer Lodge	\$5,708
25	Denton	\$503
26	Dillon	\$6,928
27	Dodson	\$194
28	Drummond	\$561
29	Dutton	\$661
30	East Helena	\$2,888

1	Ekalaka	\$689
2	Ennis	\$1,518
3	Eureka	\$1,733
4	Fairfield	\$1,120
5	Fairview	\$1,152
6	Flaxville	\$143
7	Forsyth	\$3,286
8	Fort Benton	\$2,579
9	Fort Peck	\$393
10	Froid	\$328
11	Fromberg	\$855
12	Geraldine	\$457
13	Glasgow	\$5,361
14	Glendive	\$8,099
15	Grass Range	\$254
16	Great Falls	\$96,422
17	Hamilton	\$7,148
18	Hardin	\$5,920
19	Harlem	\$1,422
20	Harlowton	\$1,678
21	Havre	\$16,223
22	Helena	\$45,877
23	Hingham	\$263
24	Hobson	\$397
25	Hot Springs	\$912
26	Hysham	\$482
27	Ismay	\$43
28	Joliet	\$1,006
29	Jordan	\$606
30	Judith Gap	\$263

1	Kalispell	\$28,144
2	Kevin	\$304
3	Laurel	\$10,804
4	Lavina	\$361
5	Lewistown	\$10,170
6	Libby	\$4,475
7	Lima	\$397
8	Livingston	\$12,145
9	Lodge Grass	\$889
10	Malta	\$3,389
11	Manhattan	\$2,485
12	Medicine Lake	\$410
13	Melstone	\$234
14	Miles City	\$14,152
15	Missoula	\$104,264
16	Moore	\$319
17	Nashua	\$536
18	Neihart	\$149
19	Opheim	\$180
20	Outlook	\$125
21	Philipsburg	\$1,612
22	Pinesdale	\$1,413
23	Plains	\$2,007
24	Plentywood	\$3,185
25	Plevna	\$225
26	Polson	\$7,722
27	Poplar	\$1,544
28	Red Lodge	\$3,903
29	Rexford	\$263
30	Richey	\$309

1	Ronan	\$3,262
2	Roundup	\$3,280
3	Ryegate	\$465
4	Saco	\$354
5	Scobey	\$1,798
6	Shelby	\$5,677
7	Sheridan	\$1,150
8	Sidney	\$7,747
9	Stanford	\$737
10	Stevensville	\$3,063
11	St. Ignatius	\$1,367
12	Sunburst	\$709
13	Superior	\$1,521
14	Terry	\$1,011
15	Thompson Falls	\$2,272
16	Three Forks	\$3,130
17	Townsend	\$3,286
18	Troy	\$1,654
19	Twin Bridges	\$695
20	Valier	\$817
21	Virginia City	\$223
22	Walkerville	\$1,183
23	West Yellowstone	\$2,083
24	Westby	\$263
25	White Sulphur Springs	\$1,734
26	Whitefish	\$9,932
27	Whitehall	\$1,889
28	Wibaux	\$893
29	Winifred	\$259
30	Winnett	\$314

1 Wolf Point _____ \$4,497

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

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

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

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

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

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

14 (b) (i) The entitlement share pool growth rate for the first year of the biennium must be the following
15 percentage of the average of the growth rates calculated in subsections (3)(a)(ii)(B) ~~(4)(a)(i)(B)~~ and (3)(a)(iii)(B)
16 ~~(4)(a)(ii)(B)~~;

17 _____ (A) for counties, 54%;

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

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

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

23 _____ (A) for counties, 54%;

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

25 _____ (C) for incorporated cities and towns, 70%. ENTITLEMENT SHARE GROWTH RATE BASED ON THE RATIO OF TWO

26 FACTORS OF STATE REVENUE SOURCES FOR THE FIRST, SECOND, AND THIRD MOST RECENTLY COMPLETED FISCAL YEARS

27 AS RECORDED ON THE STATEWIDE BUDGETING AND ACCOUNTING SYSTEM. THE FIRST FACTOR IS THE SUM OF THE

28 REVENUE FOR THE FIRST AND SECOND PREVIOUS COMPLETED FISCAL YEARS RECEIVED FROM THE SOURCES REFERRED

29 TO IN SUBSECTION (2)(B), (2)(C), AND (2)(G) DIVIDED BY THE SUM OF THE REVENUE FOR THE SECOND AND THIRD PREVIOUS

30 COMPLETED FISCAL YEARS RECEIVED FROM THE SAME SOURCES MULTIPLIED BY 0.75. THE SECOND FACTOR IS THE SUM

1 OF THE REVENUE FOR THE FIRST AND SECOND PREVIOUS COMPLETED FISCAL YEARS RECEIVED FROM INDIVIDUAL INCOME
 2 TAX AS PROVIDED IN TITLE 15, CHAPTER 30, AND CORPORATION INCOME TAX AS PROVIDED IN TITLE 15, CHAPTER 31,
 3 DIVIDED BY THE SUM OF THE REVENUE FOR THE SECOND AND THIRD PREVIOUS COMPLETED FISCAL YEARS RECEIVED FROM
 4 THE SAME SOURCES MULTIPLIED BY 0.25.

5 (II) EXCEPT AS PROVIDED IN SUBSECTION (4)(B)(III), THE ENTITLEMENT SHARE GROWTH RATE IS THE LESSER OF:

6 (A) THE SUM OF THE FIRST FACTOR PLUS THE SECOND FACTOR; OR

7 (B) 1.03 FOR COUNTIES, 1.0325 FOR CONSOLIDATED LOCAL GOVERNMENTS, AND 1.035 FOR CITIES AND TOWNS.

8 (III) IN NO INSTANCE CAN THE ENTITLEMENT GROWTH FACTOR BE LESS THAN 1. THE ENTITLEMENT SHARE GROWTH
 9 RATE IS APPLIED TO THE MOST RECENTLY COMPLETED FISCAL YEAR ENTITLEMENT PAYMENT TO DETERMINE THE
 10 SUBSEQUENT FISCAL YEAR PAYMENT.

11 ~~(4)(5)~~ As used in this section, "local government" means a county, a consolidated local government, an
 12 incorporated city, and an incorporated town. A local government does not include a tax increment financing
 13 district provided for in subsection (6) ~~(8)~~. ~~For purposes of calculating the base year component for a county or~~
 14 ~~consolidated local government, the department shall include the revenue listed in subsection (1) for all special~~
 15 ~~districts within the county or consolidated local government. The county or consolidated local government is~~
 16 responsible for making an allocation from the county's or consolidated local government's share of the entitlement
 17 share pool to each special district within the county or consolidated local government in a manner that reasonably
 18 reflects each special district's loss of revenue sources ~~listed in subsection (1) for which reimbursement is provided~~
 19 ~~in this section. The allocation for each special district that existed in 2002 must be based on the relative~~
 20 ~~proportion of the loss of revenue in 2002.~~

21 ~~(5)(6)~~ (a) The entitlement share pools calculated in this section and the ~~block grants~~ funding provided
 22 for in subsection ~~(6) (8)~~ are statutorily appropriated, as provided in 17-7-502, from the general fund to the
 23 department for distribution to local governments. ~~Each local government is entitled to a pro rata share of each~~
 24 ~~year's entitlement share pool based on the local government's base component in relation to the base year~~
 25 ~~entitlement share pool. The distributions must be made on a quarterly basis.~~

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

30 (A) counties;

1 (B) consolidated local governments; and

2 (C) incorporated cities and towns.

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

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

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

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

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

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

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

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

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

25 (v) In each fiscal year, the amount of the entitlement share pool ~~not represented by~~ before the growth
26 amount or adjustments made under subsection (7) are applied is to be distributed to each local government in
27 the same manner as the entitlement share pool was distributed in the prior fiscal year.

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

1 year, including distributions made pursuant to this subsection, equal the local fiscal year entitlement share pool.
 2 The ratio of each local government's distribution from the entitlement share pool must be recomputed to
 3 determine each local government's ratio to be used in the subsequent year's distribution determination under
 4 subsections (6)(b)(ii)(A), (6)(b)(iii)(A), and (6)(b)(iv)(A).

5 ~~(6)(8)~~ (a) If a tax increment financing district was not in existence during the fiscal year ending June 30,
 6 2000, then the tax increment financing district is not entitled to any ~~block grant funding~~. If a tax increment
 7 financing district referred to in subsection ~~(6)(b)~~ (8)(b) terminates, then the ~~block grant funding for the district~~
 8 provided for in subsection ~~(6)(b)~~ (8)(b) terminates.

9 (b) One-half of the payments provided for in this subsection ~~(6)(b)~~ (8)(b) must be made by November
 10 30 and the other half by May 31 of each year. Subject to subsection ~~(6)(a)~~ (8)(a), the entitlement share for tax
 11 increment financing districts is as follows:

12	Cascade	Great Falls - downtown	\$468,966
13	Deer Lodge	TIF District 1	3,148 <u>\$2,833</u>
14	Deer Lodge	TIF District 2	3,126 <u>2,813</u>
15	Flathead	Kalispell - District 1	758,359
16	Flathead	Kalispell - District 2	5,153 <u>4,638</u>
17	Flathead	Kalispell - District 3	41,368 <u>37,231</u>
18	Flathead	Whitefish District	164,660 <u>148,194</u>
19	Gallatin	Bozeman - downtown	34,620 <u>31,158</u>
20	Lewis and Clark	Helena - #2	731,614
21	Missoula	Missoula - 4-1B & 1-1C	1,100,507 <u>225,251</u>
22	Missoula	Missoula - 4-1C	33,343 <u>30,009</u>
23	Silver Bow	Butte - uptown	283,804 <u>255,421</u>
24	Yellowstone	Billings	436,815

25 ~~(7)(9)~~ The estimated ~~base~~ fiscal year entitlement share pool and any subsequent entitlement share pool
 26 for local governments do not include revenue received from tax increment financing districts, from countywide
 27 transportation block grants, or from countywide retirement block grants.

28 ~~(8)~~ (a) If revenue that is included in the sources listed in subsections ~~(1)(b)~~ through ~~(1)(c)~~ is significantly
 29 reduced, except through legislative action, the department shall deduct the amount of revenue loss from the
 30 entitlement share pool beginning in the succeeding fiscal year and the department shall work with local

1 governments to propose legislation to adjust the entitlement share pool to reflect an allocation of the loss of
2 revenue:

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

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

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

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

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

16

17 **Section 2.** Section 15-10-420, MCA, is amended to read:

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

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

29 (c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of
30 inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers, using

1 the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

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

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

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

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

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

9 (iv) subdivision of real property; and

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:
4 (a) may increase the number of mills to account for a decrease in reimbursements; and
5 (b) may not increase the number of mills to account for a loss of tax base because of legislative action
6 that is reimbursed under the provisions of 15-1-121(7).

7 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes
8 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
9 department may not exceed the mill levy limits established in those sections. The mill calculation must be
10 established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the
11 calculation must be rounded up to the nearest tenth of a mill.

12 (9) (a) The provisions of subsection (1) do not prevent or restrict:
13 (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;
14 (ii) a levy to repay taxes paid under protest as provided in 15-1-402;
15 (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;
16 (iv) a levy for the support of a study commission under 7-3-184;
17 (v) a levy for the support of a newly established regional resource authority; or
18 (vi) the portion that is the amount in excess of the base contribution of a governmental entity's property
19 tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703.

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

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

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

30 NEW SECTION. Section 3. Saving clause. [This act] does not affect rights and duties that matured,

1 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

2

3 NEW SECTION. **Section 4. Effective date.** [This act] is effective July 1, 2011.

4

5 NEW SECTION. **Section 5. Applicability.** [This act] applies to fiscal years beginning after June 30,
6 2011.

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- END -