

## 1 HOUSE BILL NO. 303

2 INTRODUCED BY J. KASSMIER, C. KNUDSEN

3 BY REQUEST OF THE GOVERNOR

4

5 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE CLASS EIGHT BUSINESS EQUIPMENT TAX  
 6 EXEMPTION; PROVIDING A REIMBURSEMENT TO LOCAL GOVERNMENTS AND TAX INCREMENT  
 7 FINANCING DISTRICTS UNDER THE ENTITLEMENT SHARE PROGRAM, TO SCHOOL DISTRICTS  
 8 THROUGH ~~THE BLOCK GRANT PROGRAM~~ GUARANTEED TAX BASE AID, AND TO THE MONTANA  
 9 UNIVERSITY SYSTEM FOR THE LOSS OF REVENUE; PROVIDING A STATUTORY APPROPRIATION;  
 10 AMENDING SECTIONS 15-1-121, 15-1-123, ~~AND 15-6-138, AND 20-9-366~~, MCA; AND PROVIDING AN  
 11 APPLICABILITY DATE EFFECTIVE DATES, APPLICABILITY DATES, AND TERMINATION DATES."

12

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

14

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

16 **"15-1-121. Entitlement share payment -- purpose -- appropriation.** (1) As described in 15-1-  
 17 120(3), each local government is entitled to an annual amount that is the replacement for revenue received by  
 18 local governments for diminishment of property tax base and various earmarked fees and other revenue that,  
 19 pursuant to Chapter 574, Laws of 2001, amended by section 4, Chapter 13, Special Laws of August 2002, and  
 20 later enactments, were consolidated to provide aggregation of certain reimbursements, fees, tax collections,  
 21 and other revenue in the state treasury with each local government's share. The reimbursement under this  
 22 section is provided by direct payment from the state treasury rather than the ad hoc system that offset certain  
 23 state payments with local government collections due the state and reimbursements made by percentage splits,  
 24 with a local government remitting a portion of collections to the state, retaining a portion, and in some cases  
 25 sending a portion to other local governments.

26 (2) The sources of dedicated revenue that were relinquished by local governments in exchange for an  
 27 entitlement share of the state general fund were:

28 (a) personal property tax reimbursements pursuant to sections 167(1) through (5) and 169(6),

- 1 Chapter 584, Laws of 1999;
- 2 (b) vehicle, boat, and aircraft taxes and fees pursuant to:
- 3 (i) Title 23, chapter 2, part 5;
- 4 (ii) Title 23, chapter 2, part 6;
- 5 (iii) Title 23, chapter 2, part 8;
- 6 (iv) 61-3-317;
- 7 (v) 61-3-321;
- 8 (vi) Title 61, chapter 3, part 5, except for 61-3-509(3), as that subsection read prior to the amendment
- 9 of 61-3-509 in 2001;
- 10 (vii) Title 61, chapter 3, part 7;
- 11 (viii) 5% of the fees collected under 61-10-122;
- 12 (ix) 61-10-130;
- 13 (x) 61-10-148; and
- 14 (xi) 67-3-205;
- 15 (c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);
- 16 (d) district court fees pursuant to:
- 17 (i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);
- 18 (ii) 25-1-202;
- 19 (iii) 25-9-506; and
- 20 (iv) 27-9-103;
- 21 (e) certificate of title fees for manufactured homes pursuant to 15-1-116;
- 22 (f) financial institution taxes collected pursuant to the former provisions of Title 15, chapter 31, part 7;
- 23 (g) all beer, liquor, and wine taxes pursuant to:
- 24 (i) 16-1-404;
- 25 (ii) 16-1-406; and
- 26 (iii) 16-1-411;
- 27 (h) late filing fees pursuant to 61-3-220;
- 28 (i) title and registration fees pursuant to 61-3-203;

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

8 (3) Except as provided in subsection (7)(b), the total amount received by each local government in the

9 prior fiscal year as an entitlement share payment under this section is the base component for the subsequent

10 fiscal year distribution, and in each subsequent year the prior year entitlement share payment, including any

11 reimbursement payments received pursuant to subsection (7), is each local government's base component.

12 The sum of all local governments' base components is the fiscal year entitlement share pool.

13 (4) (a) Except as provided in subsections (4)(b)(iv) and (7)(b), the base entitlement share pool must

14 be increased annually by an entitlement share growth rate as provided for in this subsection (4). The amount

15 determined through the application of annual growth rates is the entitlement share pool for each fiscal year.

16 (b) By October 1 of each year, the department shall calculate the growth rate of the entitlement share

17 pool for the next fiscal year in the following manner:

18 (i) The department shall calculate the entitlement share growth rate based on the ratio of two factors

19 of state revenue sources for the first, second, and third most recently completed fiscal years as recorded on the

20 statewide accounting, budgeting, and human resource system. The first factor is the sum of the revenue for the

21 first and second previous completed fiscal years received from the sources referred to in subsections (2)(b),

22 (2)(c), and (2)(g) divided by the sum of the revenue for the second and third previous completed fiscal years

23 received from the same sources multiplied by 0.75. The second factor is the sum of the revenue for the first and

24 second previous completed fiscal years received from individual income tax as provided in Title 15, chapter 30,

25 and corporate income tax as provided in Title 15, chapter 31, divided by the sum of the revenue for the second

26 and third previous completed fiscal years received from the same sources multiplied by 0.25.

27 (ii) Except as provided in subsections (4)(b)(iii) and (4)(b)(iv), the entitlement share growth rate is the

28 lesser of:

1 (A) the sum of the first factor plus the second factor; or

2 (B) 1.03 for counties, 1.0325 for consolidated local governments, and 1.035 for cities and towns.

3 (iii) In no instance can the entitlement growth factor be less than 1. Subject to subsection (4)(b)(iv), the  
4 entitlement share growth rate is applied to the most recently completed fiscal year entitlement payment to  
5 determine the subsequent fiscal year payment.

6 (iv) The entitlement share growth rate, as described in this subsection (4), is:

7 (A) for fiscal year 2018, 1.005;

8 (B) for fiscal year 2019, 1.0187;

9 (C) for fiscal year 2020 and thereafter, determined as provided in subsection (4)(b)(ii). The rate must  
10 be applied to the entitlement payment for the previous fiscal year as if the payment had been calculated using  
11 entitlement share growth rates for fiscal years 2018 and 2019 as provided in subsection (4)(b)(ii).

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

20 (6) (a) The entitlement share pools calculated in this section, the amounts ~~determined distributed~~  
21 under ~~15-1-123(2)~~ 15-1-123(4) for local governments, the funding provided for in subsection (8) of this section,  
22 and the amounts ~~determined distributed~~ under ~~15-1-123(3)~~ 15-1-123(6) 15-1-123(5) for tax increment financing  
23 districts are statutorily appropriated, as provided in 17-7-502, from the general fund to the department for  
24 distribution to local governments.

25 (b) (i) The growth amount is the difference between the entitlement share pool in the current fiscal  
26 year and the entitlement share pool in the previous fiscal year. The growth factor in the entitlement share must  
27 be calculated separately for:

28 (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 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  
8 the latest interim year population estimates from the Montana department of commerce as supplied by the  
9 United 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 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  
15 local government's population bears to the state's total population residing within consolidated local  
16 governments as determined by the latest interim year population estimates from the Montana department of  
17 commerce as 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  
19 follows:

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

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

26 (v) In each fiscal year, the amount of the entitlement share pool before the growth amount or  
27 adjustments made under subsection (7) are applied is to be distributed to each local government in the same  
28 manner as the entitlement share pool was distributed in the prior fiscal year.

1 (7) (a) If the legislature enacts a reimbursement provision that is to be distributed pursuant to this  
 2 section, the department shall determine the reimbursement amount as provided in the enactment and add the  
 3 appropriate amount to the entitlement share distribution under this section. The total entitlement share  
 4 distributions in a fiscal year, including distributions made pursuant to this subsection, equal the local fiscal year  
 5 entitlement share pool. The ratio of each local government's distribution from the entitlement share pool must  
 6 be recomputed to determine each local government's ratio to be used in the subsequent year's distribution  
 7 determination under subsections (6)(b)(ii)(A), (6)(b)(iii)(A), and (6)(b)(iv)(A).

8 (b) For fiscal year 2018 and thereafter, the growth rate provided for in subsection (4) does not apply  
 9 to the portion of the entitlement share pool attributable to the reimbursement provided for in ~~45-4-123(2)~~ 15-1-  
 10 123(1) and (2). The department shall calculate the portion of the entitlement share pool attributable to the  
 11 reimbursement in ~~45-4-123(2)~~ 15-1-123(1) and (2), including the application of the growth rate in previous fiscal  
 12 years, for counties, consolidated local governments, and cities and, for fiscal year 2018 and thereafter, apply  
 13 the growth rate for that portion of the entitlement share pool as provided in ~~45-4-123(2)~~ 15-1-123(3).

14 (c) The growth amount resulting from the application of the growth rate in ~~45-4-123(2)~~ 15-1-123(3)  
 15 must be allocated as provided in subsections (6)(b)(ii)(A), (6)(b)(iii)(A), and (6)(b)(iv)(A) of this section.

16 (8) (a) Except for a tax increment financing district entitled to a reimbursement under ~~45-4-123(3)~~ 15-  
 17 1-123(6) 15-1-123(5), if a tax increment financing district was not in existence during the fiscal year ending  
 18 June 30, 2000, then the tax increment financing district is not entitled to any funding. If a tax increment  
 19 financing district referred to in subsection (8)(b) terminates, then the funding for the district provided for in  
 20 subsection (8)(b) terminates.

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

Flathead	Kalispell - District 2	\$4,638
Flathead	Kalispell - District 3	37,231
Flathead	Whitefish District	148,194
Gallatin	Bozeman - downtown	31,158

Missoula	Missoula - 1-1C	225,251
Missoula	Missoula - 4-1C	30,009

1

2 (9) The estimated fiscal year entitlement share pool and any subsequent entitlement share pool for  
3 local governments do not include revenue received from tax increment financing districts.

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

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

11 (12) (a) Except as provided in 2-7-517, a payment required pursuant to this section may not be offset  
12 by a debt owed to a state agency by a local government in accordance with Title 17, chapter 4, part 1.

13 (b) A payment required pursuant to this section must be withheld if a local government:

14 (i) fails to meet a deadline established in 2-7-503(1), 7-6-611(2), 7-6-4024(3), or 7-6-4036(1); and

15 (ii) fails to remit any amounts collected on behalf of the state as required by 15-1-504 or as otherwise  
16 required by law within 45 days of the end of a month.

17 (c) A payment required pursuant to this section may be withheld if, for more than 90 days, a local  
18 government fails to:

19 (i) file a financial report required by 15-1-504;

20 (ii) remit any amounts collected on behalf of the state as required by 15-1-504; or

21 (iii) remit any other amounts owed to the state or another taxing jurisdiction."  
22

23 **Section 2.** Section 15-1-123, MCA, is amended to read:

24 **"15-1-123. Reimbursement for class eight rate reduction and exemption -- distribution --**

25 **appropriations.** (1) ~~For~~ Except as provided in subsection (2), for the tax rate reductions in 15-6-138(3), the  
26 increased exemption amount in 15-6-138(4), the effective tax rate reductions on property under 15-6-145

1 because of the rate reductions required by the amendments of 15-6-138 in section 2, Chapter 411, Laws of  
 2 2011, and section 2, Chapter 396, Laws of 2013, and the effective tax rate reductions on property under 15-6-  
 3 145 because of the increased exemption amount required by the amendment of 15-6-138 in section 2, Chapter  
 4 396, Laws of 2013, the department shall reimburse each local government, as defined in 15-1-121(5), each tax  
 5 increment financing district, and the 6-mill university levy for the purposes of 15-10-109 the difference between  
 6 property tax collections under 15-6-138 as amended by section 2, Chapter 411, Laws of 2011, and section 2,  
 7 Chapter 396, Laws of 2013, and under 15-6-145 and the property tax revenue that would have been collected  
 8 under 15-6-138 and 15-6-145 if 15-6-138 had not been amended by section 2, Chapter 411, Laws of 2011, and  
 9 section 2, Chapter 396, Laws of 2013. The difference plus the amount calculated in subsection (2) is the annual  
 10 reimbursable amount for each local government, each tax increment financing district, and the 6-mill levy for the  
 11 support of the Montana university system under 15-10-109.

12 (2) For the increased exemption amount in 15-6-138(4) provided FOR in [this act], the department  
 13 shall reimburse each local government, as defined in 15-1-121(5), each school district, each tax increment  
 14 financing district, and the 6-mill university levy for the purposes of 15-10-109 the difference between property  
 15 tax collections that would have been collected under 15-6-138(4) as amended by section 8, Chapter 361, Laws  
 16 of 2015, [THIS ACT] and THE PROPERTY TAX REVENUE THAT WOULD HAVE BEEN COLLECTED UNDER 15-6-138 IF IT HAD  
 17 NOT BEEN AMENDED BY [this act]. The difference calculated in this subsection is added to the annual  
 18 reimbursable amount for each local government, each tax increment financing district, and the 6-mill levy for the  
 19 support of the Montana university system under 15-10-109 calculated in subsection (1). THE DEPARTMENT SHALL  
 20 LOWER THE REIMBURSEMENT TO COMPENSATE FOR AN INCREASE IN PROPERTY TAX COLLECTIONS BASED ON [SECTION  
 21 14] DURING ANY TAX YEAR IN WHICH AN INCREASE IN VALUE OCCURS BY THE TERMINATION OF AN EXEMPTION DUE TO  
 22 THE AMERICAN RESCUE PLAN ACT, PUBLIC LAW 117-2, AND [SECTION 14].

23 (3) The growth rate applied to the reimbursements is:

24 (a) for the reimbursement calculated pursuant to subsection (1), one-half of the average rate of  
 25 inflation for the prior 3 years; and

26 (b) for the reimbursement calculated pursuant to subsection (2), 0%.

27 (2)(4) The department shall distribute the reimbursements calculated in ~~subsection-subsections~~ (1)  
 28 and (2) to local governments with the entitlement share payments under 15-1-121(7). ~~The growth rate applied~~



1 to the reimbursement is one-half of the average rate of inflation for the prior 3 years.

2 ~~(5) The office of public instruction shall distribute the reimbursements calculated in subsection (2) to~~  
 3 ~~school districts with the block grants provided for in section 41.~~

4 ~~(3)(6)~~ (5) The amount determined under ~~subsection~~ subsections (1) and (2) for each tax increment  
 5 financing district must be added to the reimbursement amount for the tax increment financing district as  
 6 provided in 15-1-121(8)(b) if the tax increment financing district is still in existence. If a tax increment financing  
 7 district that is entitled to a reimbursement under this section is not listed under 15-1-121(8)(b), the  
 8 reimbursement must be made to that tax increment financing district at the same time as other districts.

9 ~~(4)(7)~~ (6) (a) The amount determined under ~~subsection~~ subsections (1) and (2) for the 6-mill  
 10 university levy must be added to current collections and reimbursements for the support of the Montana  
 11 university system as provided in 15-10-109.

12 (b) The department of administration shall transfer the amount determined under this subsection ~~(4)~~  
 13 ~~(7)~~ (6) from the general fund to the state special revenue fund for the support of the Montana university system  
 14 as provided in 15-10-109."

15

16 **SECTION 3. SECTION 15-1-123, MCA, IS AMENDED TO READ:**

17 **"15-1-123. Reimbursement for class eight rate reduction and exemption -- distribution --**  
 18 **appropriations.** (1) ~~For~~ Except as provided in subsection (2), for the tax rate reductions in 15-6-138(3), the  
 19 increased exemption amount in 15-6-138(4), the effective tax rate reductions on property under 15-6-145  
 20 because of the rate reductions required by the amendments of 15-6-138 in section 2, Chapter 411, Laws of  
 21 2011, and section 2, Chapter 396, Laws of 2013, and the effective tax rate reductions on property under 15-6-  
 22 145 because of the increased exemption amount required by the amendment of 15-6-138 in section 2, Chapter  
 23 396, Laws of 2013, the department shall reimburse each local government, as defined in 15-1-121(5), each tax  
 24 increment financing district, and the 6-mill university levy for the purposes of 15-10-109 the difference between  
 25 property tax collections under 15-6-138 as amended by section 2, Chapter 411, Laws of 2011, and section 2,  
 26 Chapter 396, Laws of 2013, and under 15-6-145 and the property tax revenue that would have been collected  
 27 under 15-6-138 and 15-6-145 if 15-6-138 had not been amended by section 2, Chapter 411, Laws of 2011, and  
 28 section 2, Chapter 396, Laws of 2013. The difference plus the amount calculated in subsection (2) is the annual

1 reimbursable amount for each local government, each tax increment financing district, and the 6-mill levy for the  
2 support of the Montana university system under 15-10-109.

3 (2) For the increased exemption amount in 15-6-138(4) provided for in [this act], the department shall  
4 reimburse each local government, as defined in 15-1-121(5), each tax increment financing district, and the 6-  
5 mill university levy for the purposes of 15-10-109 the difference between property tax collections that would  
6 have been collected under 15-6-138 as amended by [this act] and the property tax revenue that would have  
7 been collected under 15-6-138 if it had not been amended by [this act]. The difference calculated in this  
8 subsection is added to the annual reimbursable amount for each local government, each tax increment  
9 financing district, and the 6-mill levy for the support of the Montana university system under 15-10-109  
10 calculated in subsection (1).

11 (3) The growth rate applied to the reimbursements is:

12 (a) for the reimbursement calculated pursuant to subsection (1), one-half of the average rate of  
13 inflation for the prior 3 years; and

14 (b) for the reimbursement calculated pursuant to subsection (2), 0%.

15 ~~(2)(4)~~ The department shall distribute the reimbursements calculated in ~~subsection~~ subsections (1)  
16 and (2) to local governments with the entitlement share payments under 15-1-121(7). ~~The growth rate applied~~  
17 ~~to the reimbursement is one-half of the average rate of inflation for the prior 3 years.~~

18 ~~(3)(5)~~ The amount determined under ~~subsection~~ subsections (1) and (2) for each tax increment  
19 financing district must be added to the reimbursement amount for the tax increment financing district as  
20 provided in 15-1-121(8)(b) if the tax increment financing district is still in existence. If a tax increment financing  
21 district that is entitled to a reimbursement under this section is not listed under 15-1-121(8)(b), the  
22 reimbursement must be made to that tax increment financing district at the same time as other districts.

23 ~~(4)(6)~~ (a) The amount determined under ~~subsection~~ subsections (1) and (2) for the 6-mill university  
24 levy must be added to current collections and reimbursements for the support of the Montana university system  
25 as provided in 15-10-109.

26 (b) The department of administration shall transfer the amount determined under this subsection ~~(4)~~  
27 ~~(6)~~ from the general fund to the state special revenue fund for the support of the Montana university system as  
28 provided in 15-10-109."

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

3           **"15-6-138. Class eight property -- description -- taxable percentage.** (1) Class eight property  
4 includes:

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

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

8           (c) for oil and gas production, all:

9           (i) machinery;

10           (ii) fixtures;

11           (iii) equipment, including flow lines and gathering lines, pumping units, oil field storage tanks, water  
12 storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers,  
13 gas metering shacks, treaters, gas separators, water flood units, and gas boosters, together with equipment  
14 that is skidable, portable, or movable;

15           (iv) tools that are not exempt under 15-6-219; and

16           (v) supplies except those included in class five;

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

20           (e) all goods and equipment that are intended for rent or lease, except goods and equipment that are  
21 specifically included and taxed in another class or that are rented under a purchase incentive rental program as  
22 defined in 15-6-202(4);

23           (f) special mobile equipment as defined in 61-1-101;

24           (g) furniture, fixtures, and equipment, except that specifically included in another class, used in  
25 commercial establishments as defined in this section;

26           (h) x-ray and medical and dental equipment;

27           (i) citizens band radios and mobile telephones;

28           (j) radio and television broadcasting and transmitting equipment;

- 1 (k) cable television systems;
- 2 (l) coal and ore haulers;
- 3 (m) theater projectors and sound equipment; and
- 4 (n) all other property that is not included in any other class in this part, except that property that is
- 5 subject to a fee in lieu of a property tax.

6 (2) As used in this section, the following definitions apply:

7 (a) "Coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that

8 are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying

9 environment.

10 (b) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or

11 service, wholesale, retail, or food-handling business.

12 (c) "Flow lines and gathering lines" means pipelines used to transport all or part of the oil or gas

13 production from an oil or gas well to an interconnection with a common carrier pipeline as defined in 69-13-101,

14 a pipeline carrier as defined in 49 U.S.C. 15102(2), or a rate-regulated natural gas transmission or oil

15 transmission pipeline regulated by the public service commission or the federal energy regulatory commission.

16 (3) Except as provided in 15-24-1402, class eight property is taxed at:

17 (a) for the first \$6 million of taxable market value in excess of the exemption amount in subsection (4),

18 1.5%; and

19 (b) for all taxable market value in excess of \$6 million, 3%.

20 (4) The first ~~\$100,000~~ ~~\$200,000~~ \$300,000 of market value of class eight property of a person or

21 business entity is exempt from taxation.

22 (5) The gas gathering facilities of a stand-alone gas gathering company providing gas gathering

23 services to third parties on a contractual basis, owning more than 500 miles of gas gathering lines in Montana,

24 and centrally assessed in tax years prior to 2009 must be treated as a natural gas transmission pipeline subject

25 to central assessment under 15-23-101. For purposes of this subsection, the gas gathering line ownership of all

26 affiliated companies, as defined in section 1504(a) of the Internal Revenue Code, 26 U.S.C. 1504(a), must be

27 aggregated for purposes of determining the 500-mile threshold."

28

1           ~~NEW SECTION. Section 4. — School district block grants.~~(1)(a) The office of public instruction shall  
2 provide a block grant to each school district based on the reimbursement to be made to a school district  
3 pursuant to 15-1-123.

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

7           ~~(2) — (a) — The reimbursement made under 15-1-123 must be added to all other distributions to the~~  
8 ~~school district in the fiscal year to determine the distribution for the subsequent fiscal year.~~

9           ~~(b) — If the legislature enacts a reimbursement provision that is to be distributed pursuant to this section,~~  
10 ~~the office of public instruction shall determine the reimbursement amount as provided in the enactment and add~~  
11 ~~the appropriate amount to block grant distributions under this section.~~

12           ~~(3) — Each year, 70% of each district's block grant must be distributed in November and 30% of each~~  
13 ~~district's block grant must be distributed in May at the same time that guaranteed tax base aid is distributed.~~

14           ~~(4) — The school district must deposit the block grant in a budgeted fund of the district.~~

15

16           **SECTION 5. SECTION 15-6-138, MCA, IS AMENDED TO READ:**

17           **"15-6-138. Class eight property -- description -- taxable percentage.** (1) Class eight property  
18 includes:

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

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

22           (c) for oil and gas production, all:

23           (i) machinery;

24           (ii) fixtures;

25           (iii) equipment, including flow lines and gathering lines, pumping units, oil field storage tanks, water  
26 storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers,  
27 gas metering shacks, treaters, gas separators, water flood units, and gas boosters, together with equipment  
28 that is skidable, portable, or movable;

1 (iv) tools that are not exempt under 15-6-219; and

2 (v) supplies except those included in class five;

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

6 (e) all goods and equipment that are intended for rent or lease, except goods and equipment that are  
7 specifically included and taxed in another class or that are rented under a purchase incentive rental program as  
8 defined in 15-6-202(4);

9 (f) special mobile equipment as defined in 61-1-101;

10 (g) furniture, fixtures, and equipment, except that specifically included in another class, used in  
11 commercial establishments as defined in this section;

12 (h) x-ray and medical and dental equipment;

13 (i) citizens band radios and mobile telephones;

14 (j) radio and television broadcasting and transmitting equipment;

15 (k) cable television systems;

16 (l) coal and ore haulers;

17 (m) theater projectors and sound equipment; and

18 (n) all other property that is not included in any other class in this part, except that property that is  
19 subject to a fee in lieu of a property tax.

20 (2) As used in this section, the following definitions apply:

21 (a) "Coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that  
22 are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying  
23 environment.

24 (b) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or  
25 service, wholesale, retail, or food-handling business.

26 (c) "Flow lines and gathering lines" means pipelines used to transport all or part of the oil or gas  
27 production from an oil or gas well to an interconnection with a common carrier pipeline as defined in 69-13-101,  
28 a pipeline carrier as defined in 49 U.S.C. 15102(2), or a rate-regulated natural gas transmission or oil

1 transmission pipeline regulated by the public service commission or the federal energy regulatory commission.

2 (3) Except as provided in 15-24-1402, class eight property is taxed at:

3 (a) for the first \$6 million of taxable market value in excess of the exemption amount in subsection (4),  
4 1.5%; and

5 (b) for all taxable market value in excess of \$6 million, 3%.

6 (4) The first ~~\$100,000~~ \$300,000 of market value of class eight property of a person or business entity  
7 is exempt from taxation.

8 (5) The gas gathering facilities of a stand-alone gas gathering company providing gas gathering  
9 services to third parties on a contractual basis, owning more than 500 miles of gas gathering lines in Montana,  
10 and centrally assessed in tax years prior to 2009 must be treated as a natural gas transmission pipeline subject  
11 to central assessment under 15-23-101. For purposes of this subsection, the gas gathering line ownership of all  
12 affiliated companies, as defined in section 1504(a) of the Internal Revenue Code, 26 U.S.C. 1504(a), must be  
13 aggregated for purposes of determining the 500-mile threshold."  
14

15 **SECTION 6. SECTION 15-6-138, MCA, IS AMENDED TO READ:**

16 **"15-6-138. Class eight property -- description -- taxable percentage.** (1) Class eight property  
17 includes:

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

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

21 (c) for oil and gas production, all:

22 (i) machinery;

23 (ii) fixtures;

24 (iii) equipment, including flow lines and gathering lines, pumping units, oil field storage tanks, water  
25 storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers,  
26 gas metering shacks, treaters, gas separators, water flood units, and gas boosters, together with equipment  
27 that is skidable, portable, or movable;

28 (iv) tools that are not exempt under 15-6-219; and

- 1 (v) supplies except those included in class five;
- 2 (d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools  
3 and personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk  
4 processors as provided in 15-6-220, and supplies except those included in class five;
- 5 (e) all goods and equipment that are intended for rent or lease, except goods and equipment that are  
6 specifically included and taxed in another class or that are rented under a purchase incentive rental program as  
7 defined in 15-6-202(4);
- 8 (f) special mobile equipment as defined in 61-1-101;
- 9 (g) furniture, fixtures, and equipment, except that specifically included in another class, used in  
10 commercial establishments as defined in this section;
- 11 (h) x-ray and medical and dental equipment;
- 12 (i) citizens band radios and mobile telephones;
- 13 (j) radio and television broadcasting and transmitting equipment;
- 14 (k) cable television systems;
- 15 (l) coal and ore haulers;
- 16 (m) theater projectors and sound equipment; and
- 17 (n) all other property that is not included in any other class in this part, except that property that is  
18 subject to a fee in lieu of a property tax.
- 19 (2) As used in this section, the following definitions apply:
- 20 (a) "Coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that  
21 are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying  
22 environment.
- 23 (b) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or  
24 service, wholesale, retail, or food-handling business.
- 25 (c) "Flow lines and gathering lines" means pipelines used to transport all or part of the oil or gas  
26 production from an oil or gas well to an interconnection with a common carrier pipeline as defined in 69-13-101,  
27 a pipeline carrier as defined in 49 U.S.C. 15102(2), or a rate-regulated natural gas transmission or oil  
28 transmission pipeline regulated by the public service commission or the federal energy regulatory commission.



- 1 (3) Except as provided in 15-24-1402, class eight property is taxed at:
- 2 (a) for the first \$6 million of taxable market value in excess of the exemption amount in subsection (4),
- 3 1.5%; and
- 4 (b) for all taxable market value in excess of \$6 million, 3%.
- 5 (4) The first ~~\$100,000~~ \$300,000 of market value of class eight property of a person or business entity
- 6 is exempt from taxation.
- 7 (5) The gas gathering facilities of a stand-alone gas gathering company providing gas gathering
- 8 services to third parties on a contractual basis, owning more than 500 miles of gas gathering lines in Montana,
- 9 and centrally assessed in tax years prior to 2009 must be treated as a natural gas transmission pipeline subject
- 10 to central assessment under 15-23-101. For purposes of this subsection, the gas gathering line ownership of all
- 11 affiliated companies, as defined in section 1504(a) of the Internal Revenue Code, 26 U.S.C. 1504(a), must be
- 12 aggregated for purposes of determining the 500-mile threshold."

13

14 **SECTION 7. SECTION 15-6-138, MCA, IS AMENDED TO READ:**

15 **"15-6-138. Class eight property -- description -- taxable percentage.** (1) Class eight property

16 includes:

- 17 (a) all agricultural implements and equipment that are not exempt under 15-6-207 or 15-6-220;
- 18 (b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-219, and supplies
- 19 except those included in class five under 15-6-135;
- 20 (c) for oil and gas production, all:
- 21 (i) machinery;
- 22 (ii) fixtures;
- 23 (iii) equipment, including flow lines and gathering lines, pumping units, oil field storage tanks, water
- 24 storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers,
- 25 gas metering shacks, treaters, gas separators, water flood units, and gas boosters, together with equipment
- 26 that is skidable, portable, or movable;
- 27 (iv) tools that are not exempt under 15-6-219; and
- 28 (v) supplies except those included in class five;

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

4 (e) all goods and equipment that are intended for rent or lease, except goods and equipment that are  
5 specifically included and taxed in another class or that are rented under a purchase incentive rental program as  
6 defined in 15-6-202(4);

7 (f) special mobile equipment as defined in 61-1-101;

8 (g) furniture, fixtures, and equipment, except that specifically included in another class, used in  
9 commercial establishments as defined in this section;

10 (h) x-ray and medical and dental equipment;

11 (i) citizens band radios and mobile telephones;

12 (j) radio and television broadcasting and transmitting equipment;

13 (k) cable television systems;

14 (l) coal and ore haulers;

15 (m) theater projectors and sound equipment; and

16 (n) all other property that is not included in any other class in this part, except that property that is  
17 subject to a fee in lieu of a property tax.

18 (2) As used in this section, the following definitions apply:

19 (a) "Coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that  
20 are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying  
21 environment.

22 (b) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or  
23 service, wholesale, retail, or food-handling business.

24 (c) "Flow lines and gathering lines" means pipelines used to transport all or part of the oil or gas  
25 production from an oil or gas well to an interconnection with a common carrier pipeline as defined in 69-13-101,  
26 a pipeline carrier as defined in 49 U.S.C. 15102(2), or a rate-regulated natural gas transmission or oil  
27 transmission pipeline regulated by the public service commission or the federal energy regulatory commission.

28 (3) Except as provided in 15-24-1402, class eight property is taxed at:

1 (a) for the first \$6 million of taxable market value in excess of the exemption amount in subsection (4),  
2 1.5%; and

3 (b) for all taxable market value in excess of \$6 million, 3%.

4 (4) The first ~~\$100,000~~ \$300,000 of market value of class eight property of a person or business entity  
5 is exempt from taxation.

6 (5) The gas gathering facilities of a stand-alone gas gathering company providing gas gathering  
7 services to third parties on a contractual basis, owning more than 500 miles of gas gathering lines in Montana,  
8 and centrally assessed in tax years prior to 2009 must be treated as a natural gas transmission pipeline subject  
9 to central assessment under 15-23-101. For purposes of this subsection, the gas gathering line ownership of all  
10 affiliated companies, as defined in section 1504(a) of the Internal Revenue Code, 26 U.S.C. 1504(a), must be  
11 aggregated for purposes of determining the 500-mile threshold."  
12

13 **SECTION 8. SECTION 15-6-138, MCA, IS AMENDED TO READ:**

14 **"15-6-138. Class eight property -- description -- taxable percentage.** (1) Class eight property  
15 includes:

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

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

19 (c) for oil and gas production, all:

20 (i) machinery;

21 (ii) fixtures;

22 (iii) equipment, including flow lines and gathering lines, pumping units, oil field storage tanks, water  
23 storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers,  
24 gas metering shacks, treaters, gas separators, water flood units, and gas boosters, together with equipment  
25 that is skidable, portable, or movable;

26 (iv) tools that are not exempt under 15-6-219; and

27 (v) supplies except those included in class five;

28 (d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools

1 and personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk  
2 processors as provided in 15-6-220, and supplies except those included in class five;

3 (e) all goods and equipment that are intended for rent or lease, except goods and equipment that are  
4 specifically included and taxed in another class or that are rented under a purchase incentive rental program as  
5 defined in 15-6-202(4);

6 (f) special mobile equipment as defined in 61-1-101;

7 (g) furniture, fixtures, and equipment, except that specifically included in another class, used in  
8 commercial establishments as defined in this section;

9 (h) x-ray and medical and dental equipment;

10 (i) citizens band radios and mobile telephones;

11 (j) radio and television broadcasting and transmitting equipment;

12 (k) cable television systems;

13 (l) coal and ore haulers;

14 (m) theater projectors and sound equipment; and

15 (n) all other property that is not included in any other class in this part, except that property that is  
16 subject to a fee in lieu of a property tax.

17 (2) As used in this section, the following definitions apply:

18 (a) "Coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that  
19 are primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying  
20 environment.

21 (b) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or  
22 service, wholesale, retail, or food-handling business.

23 (c) "Flow lines and gathering lines" means pipelines used to transport all or part of the oil or gas  
24 production from an oil or gas well to an interconnection with a common carrier pipeline as defined in 69-13-101,  
25 a pipeline carrier as defined in 49 U.S.C. 15102(2), or a rate-regulated natural gas transmission or oil  
26 transmission pipeline regulated by the public service commission or the federal energy regulatory commission.

27 (3) Except as provided in 15-24-1402, class eight property is taxed at:

28 (a) for the first \$6 million of taxable market value in excess of the exemption amount in subsection (4),

1 1.5%; and

2 (b) for all taxable market value in excess of \$6 million, 3%.

3 (4) The first ~~\$100,000~~ \$300,000 of market value of class eight property of a person or business entity  
4 is exempt from taxation.

5 (5) The gas gathering facilities of a stand-alone gas gathering company providing gas gathering  
6 services to third parties on a contractual basis, owning more than 500 miles of gas gathering lines in Montana,  
7 and centrally assessed in tax years prior to 2009 must be treated as a natural gas transmission pipeline subject  
8 to central assessment under 15-23-101. For purposes of this subsection, the gas gathering line ownership of all  
9 affiliated companies, as defined in section 1504(a) of the Internal Revenue Code, 26 U.S.C. 1504(a), must be  
10 aggregated for purposes of determining the 500-mile threshold."  
11

12 **SECTION 9. SECTION 15-10-420, MCA, IS AMENDED TO READ:**

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

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

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

28 (2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any

1 additional levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit,  
2 including newly taxable property.

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

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

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

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

7 (iv) subdivision of real property; and

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

9 (b) Newly taxable property does not include an increase in value:

10 (i) that arises because of an increase in the incremental value within a tax increment financing district;

11 or

12 (ii) caused by the termination of an exemption that occurs due to the American Rescue Plan Act,

13 Public Law 117-2, and [section 14].

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

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

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

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

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

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

27 (d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of  
28 real property that results in the property being taxable as class four property under 15-6-134 or as nonqualified

1 agricultural land as described in 15-6-133(1)(c).

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

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

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

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

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

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

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

11 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for  
12 purposes of 15-10-109, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated  
13 by the department may not exceed the mill levy limits established in those sections. The mill calculation must  
14 be established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the  
15 calculation must be rounded up to the nearest tenth of a mill.

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

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

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

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

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

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

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

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

26 (viii) a levy used to fund the sheriffs' retirement system under 19-7-404(2)(b); or

27 (ix) a governmental entity from levying mills for the support of an airport authority in existence prior to  
28 May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past.

1 The levy under this subsection (9)(a)(ix) is limited to the amount in the resolution creating the authority.

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

4 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-11-  
5 301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport  
6 authority in either of the previous 2 years and the airport or airport authority has not been appropriated  
7 operating funds by a county or municipality during that time.

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

12 **Section 10.** Section 20-9-366, MCA, is amended to read:

13 **"20-9-366. Definitions.** As used in 20-9-366 through 20-9-371, the following definitions apply:

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

19 (2) (a) "District guaranteed tax base ratio" for guaranteed tax base funding for the BASE budget of an  
20 eligible district means the taxable valuation in the previous year of all property in the district, except for property  
21 value disregarded because of protested taxes under 15-1-409(2) or property subject to the creation of a new  
22 school district under 20-6-326, divided by the district's prior year GTBA budget area.

23 (b) "District mill value per ANB", for school facility entitlement purposes, means the taxable valuation  
24 in the previous year of all property in the district, except for property subject to the creation of a new school  
25 district under 20-6-326, divided by 1,000, with the quotient divided by the ANB count of the district used to  
26 calculate the district's prior year total per-ANB entitlement amount.

27 (3) "Facility guaranteed mill value per ANB", for school facility entitlement guaranteed tax base  
28 purposes, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by



1 140% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state  
 2 high school ANB count used to calculate the elementary school districts' and high school districts' prior year  
 3 total per-ANB entitlement amounts.

4 (4) "Guaranteed tax base aid budget area" or "GTBA budget area" means the portion of a district's  
 5 BASE budget after the following payments are subtracted:

6 (a) direct state aid;

7 (b) the total data-for-achievement payment;

8 (c) the total quality educator payment;

9 (d) the total at-risk student payment;

10 (e) the total Indian education for all payment;

11 (f) the total American Indian achievement gap payment; and

12 (g) the state special education allowable cost payment.

13 (5) (a) "Statewide elementary guaranteed tax base ratio" or "statewide high school guaranteed tax  
 14 base ratio", for guaranteed tax base funding for the BASE budget of an eligible district, means the sum of the  
 15 taxable valuation in the previous year of all property in the state, multiplied by ~~193% for fiscal year 2018, 216%~~  
 16 ~~for fiscal year 2019, 224% for fiscal year 2020, and 232% for fiscal year 2021~~ 2021 2022 and 234 % 236% for fiscal  
 17 year 2023 and each succeeding fiscal year and divided by the prior year statewide GTBA budget area for the  
 18 state elementary school districts or the state high school districts. THE 236% MULTIPLIER FOR FISCAL YEAR 2023  
 19 AND EACH SUCCEEDING FISCAL YEAR MUST BE REDUCED TO 232% FOR ANY FISCAL YEAR IMPACTED BY THE  
 20 TERMINATION OF AN EXEMPTION DUE TO THE AMERICAN RECOVERY PLAN ACT, PUBLIC LAW 117-2, AND [SECTION 14].

21 (b) "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", for  
 22 school retirement guaranteed tax base purposes, means the sum of the taxable valuation in the previous year  
 23 of all property in the state, multiplied by 121% and divided by 1,000, with the quotient divided by the total state  
 24 elementary ANB count or the total state high school ANB amount used to calculate the elementary school  
 25 districts' and high school districts' prior year total per-ANB entitlement amounts."  
 26

27 ~~NEW SECTION. Section 5. Codification instruction. [Section 4] is intended to be codified as an~~  
 28 ~~integral part of Title 20, chapter 9, part 6, and the provisions of Title 20, chapter 9, part 6, apply to [section 4].~~

1  
 2           NEW SECTION. SECTION 11. SEVERABILITY. IF A PART OF [THIS ACT] IS INVALID, ALL VALID PARTS THAT  
 3 ARE SEVERABLE FROM THE INVALID PART REMAIN IN EFFECT. IF A PART OF [THIS ACT] IS INVALID IN ONE OR MORE OF ITS  
 4 APPLICATIONS, THE PART REMAINS IN EFFECT IN ALL VALID APPLICATIONS THAT ARE SEVERABLE FROM THE INVALID  
 5 APPLICATIONS.

6  
 7           NEW SECTION. SECTION 12. EFFECTIVE DATES -- APPLICABILITY. (1) EXCEPT AS PROVIDED IN  
 8 SUBSECTIONS (2) THROUGH (7), [THIS ACT] IS EFFECTIVE JULY 1, 2021.

9           (2) [SECTION 3] IS EFFECTIVE JANUARY 1, 2026.

10           (3) [SECTION 4] IS EFFECTIVE OCTOBER 1, 2021, AND APPLIES TO THE TAX YEAR BEGINNING AFTER  
 11 DECEMBER 31, 2021.

12           (4) [SECTION 5] IS EFFECTIVE OCTOBER 1, 2022, AND APPLIES TO THE TAX YEAR BEGINNING AFTER  
 13 DECEMBER 31, 2022.

14           (5) [SECTION 6] IS EFFECTIVE OCTOBER 1, 2023, AND APPLIES TO THE TAX YEAR BEGINNING AFTER  
 15 DECEMBER 31, 2023.

16           (6) [SECTION 7] IS EFFECTIVE OCTOBER 1, 2024, AND APPLIES TO THE TAX YEAR BEGINNING AFTER  
 17 DECEMBER 31, 2024.

18           (7) [SECTION 8] IS EFFECTIVE JULY 1, 2025, AND APPLIES TO THE TAX YEARS BEGINNING AFTER DECEMBER  
 19 31, 2025.

20  
 21           ~~NEW SECTION. Section 5. — Applicability. [This act] applies to tax years beginning after December~~  
 22 ~~31, 2024.~~

23  
 24           NEW SECTION. SECTION 13. TERMINATION. (1) [SECTION 4] TERMINATES DECEMBER 31, 2022.

25           (2) [SECTION 5] TERMINATES DECEMBER 31, 2023.

26           (3) [SECTION 6] TERMINATES DECEMBER 31, 2024.

27           (4) [SECTION 14] TERMINATES JANUARY 1, 2025.

28           (5) [SECTIONS 2, 7, AND 9] TERMINATE DECEMBER 31, 2025.

1

2 NEW SECTION. SECTION 14. CONTINGENT TERMINATION -- LEGISLATIVE INTENT -- SPECIFIC FINDINGS --  
3 REPORT TO THE LEGISLATIVE FINANCE COMMITTEE. (1) THE LEGISLATURE INTENDS TO PROVIDE THE TAX RELIEF  
4 PROVIDED BY [THIS ACT] WHILE ALSO PREVENTING THE LOSS OF FEDERAL FUNDS THAT ARE AVAILABLE TO THE STATE AS  
5 PART OF THE RECENTLY ENACTED AMERICAN RESCUE PLAN ACT, PUBLIC LAW 117-2. THE CONTINGENT TERMINATION  
6 PROVISIONS IN SUBSECTIONS (2) THROUGH (5) ARE LIMITED TO THE DURATION OF TIME ESTABLISHED BY EACH  
7 SUBSECTION AND ARE NECESSARY BASED ON THE LACK OF INFORMATION AVAILABLE TO THE LEGISLATURE FROM THE  
8 FEDERAL GOVERNMENT AT THE TIME OF ENACTMENT OF [THIS ACT].

9 (2) [SECTION 4] TERMINATES ON THE DATE THAT THE BUDGET DIRECTOR PROVIDES THE CERTIFICATION  
10 PROVIDED FOR IN SUBSECTION (7). IN ORDER TO BE EFFECTIVE, THE CERTIFICATION MUST BE MADE IN CALENDAR YEAR  
11 2021.

12 (3) [SECTION 5] TERMINATES ON THE DATE THAT THE BUDGET DIRECTOR PROVIDES THE CERTIFICATION  
13 PROVIDED FOR IN SUBSECTION (7). IN ORDER TO BE EFFECTIVE, THE CERTIFICATION MUST BE MADE BETWEEN OCTOBER  
14 1, 2022, AND DECEMBER 31, 2022.

15 (4) [SECTION 6] TERMINATES ON THE DATE THAT THE BUDGET DIRECTOR PROVIDES THE CERTIFICATION  
16 PROVIDED FOR IN SUBSECTION (7). IN ORDER TO BE EFFECTIVE, THE CERTIFICATION MUST BE MADE BETWEEN OCTOBER  
17 1, 2023, AND DECEMBER 31, 2023.

18 (5) [SECTION 7] TERMINATES ON THE DATE THAT THE BUDGET DIRECTOR PROVIDES THE CERTIFICATION  
19 PROVIDED FOR IN SUBSECTION (7). IN ORDER TO BE EFFECTIVE, THE CERTIFICATION MUST BE MADE BETWEEN OCTOBER  
20 1, 2024, AND DECEMBER 31, 2024.

21 (6) (A) THE BUDGET DIRECTOR SHALL CONTINUALLY EVALUATE WHETHER IMPLEMENTATION OF A SECTION OF  
22 [THIS ACT] WILL:

23 (I) RESULT IN A REDUCTION OF FUNDS FROM THE AMERICAN RESCUE PLAN ACT; OR

24 (II) REQUIRE THE STATE TO REPAY OR REFUND TO THE FEDERAL GOVERNMENT PURSUANT TO THE AMERICAN  
25 RESCUE PLAN ACT.

26 (B) THE BUDGET DIRECTOR SHALL CONSIDER GUIDANCE FROM:

27 (I) THE FEDERAL GOVERNMENT ABOUT THE AMERICAN RESCUE PLAN ACT;

28 (II) COURT DECISIONS ABOUT THE AMERICAN RESCUE PLAN ACT;

