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HOUSE BILL NO. 212

INTRODUCED BY J. KASSMIER, M. MALONE, T. WELCH, C. KNUDSEN, M. STROMSWOLD, G. NIKOLAKAKOS, P. FIELDER, L. BREWSTER, M. BINKLEY, B. LER, E. BUTTREY, R. FITZGERALD, J. SMALL, S. FITZPATRICK, R. LYNCH, D. SALOMON, R. TEMPEL, M. LANG, P. GREEN, B. BARKER, J. ETCHART, R. MINER, B. BEARD, T. SMITH

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE CLASS EIGHT BUSINESS EQUIPMENT TAX EXEMPTION; PROVIDING A REIMBURSEMENT TO LOCAL GOVERNMENTS AND TAX INCREMENT FINANCING DISTRICTS UNDER THE ENTITLEMENT SHARE PROGRAM, TO SCHOOL DISTRICTS THROUGH GUARANTEED TAX BASE AID, AND TO THE MONTANA UNIVERSITY SYSTEM FOR THE LOSS OF REVENUE; AMENDING SECTIONS 15-1-123, 15-6-138, 15-10-420, AND 20-9-366, MCA; AMENDING SECTIONS 12 AND 13, CHAPTER 506, LAWS OF 2021; REPEALING SECTIONS 2, 6, 7, 8, AND 14, CHAPTER 506, LAWS OF 2021; AND PROVIDING AN APPLICABILITY DATE."

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

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

~~" 15-1-123. (Temporary) Reimbursement for class eight rate reduction and exemption -- distribution -- appropriations. (1) Except as provided in subsection (2), for the tax rate reductions in 15-6-138(3), the increased exemption amount in 15-6-138(4), the effective tax rate reductions on property under 15-6-145 because of the rate reductions required by the amendments of 15-6-138 in section 2, Chapter 411, Laws of 2011, and section 2, Chapter 396, Laws of 2013, and the effective tax rate reductions on property under 15-6-145 because of the increased exemption amount required by the amendment of 15-6-138 in section 2, Chapter 396, Laws of 2013, the department shall reimburse each local government, as defined in 15-1-121(5), each tax increment financing district, and the 6-mill university levy for the purposes of 15-10-109 the difference between property tax collections under 15-6-138 as amended by section 2, Chapter 411, Laws of 2011, and section 2, Chapter 396, Laws of 2013, 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 2, Chapter 411, Laws of~~

1 (ix) a governmental entity from levying mills for the support of an airport authority in existence prior
2 to May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past.
3 The levy under this subsection (9)(a)(ix) is limited to the amount in the resolution creating the authority.

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

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

10 (11) The department may adopt rules to implement this section. The rules may include a method for
11 calculating the percentage of change in valuation for purposes of determining the elimination of property, new
12 improvements, or newly taxable value in a governmental unit. (~~Subsection (3)(b)(ii) terminates December 31,~~
13 ~~2025—sec. 13(5), Ch. 506, L. 2021.~~)"

14
15 **Section 4.** Section 20-9-366, MCA, is amended to read:

16 **"20-9-366. —Definitions.** As used in 20-9-366 through 20-9-371, the following definitions apply:

17 (1) "County retirement mill value per elementary ANB" or "county retirement mill value per high
18 school ANB" means the sum of the taxable valuation in the previous year of all property in the county divided by
19 1,000, with the quotient divided by the total county elementary ANB count or the total county high school ANB
20 count used to calculate the elementary school districts' and high school districts' prior year total per-ANB
21 entitlement amounts.

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

26 (b) "District mill value per ANB", for school facility entitlement purposes, means the taxable
27 valuation in the previous year of all property in the district, except for property subject to the creation of a new
28 school district under 20-6-326, divided by 1,000, with the quotient divided by the ANB count of the district used

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1 to calculate the district's prior year total per-ANB entitlement amount.

2 (3) "Facility guaranteed mill value per ANB", for school facility entitlement guaranteed tax base
3 purposes, means the sum of the taxable valuation in the previous year of all property in the state, multiplied by
4 140% and divided by 1,000, with the quotient divided by the total state elementary ANB count or the total state
5 high school ANB count used to calculate the elementary school districts' and high school districts' prior year
6 total per-ANB entitlement amounts.

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

- 9 (a) direct state aid;
- 10 (b) the total data-for-achievement payment;
- 11 (c) the total quality educator payment;
- 12 (d) the total at-risk student payment;
- 13 (e) the total Indian education for all payment;
- 14 (f) the total American Indian achievement gap payment; and
- 15 (g) the state special education allowable cost payment.

16 (5) (a) ~~Except as provided in subsection (6),~~ "Statewide elementary guaranteed tax base ratio" or
17 "statewide high school guaranteed tax base ratio", for guaranteed tax base funding for the BASE budget of an
18 eligible district, means the sum of the taxable valuation in the previous year of all property in the state,
19 multiplied by ~~250% for fiscal year 2022 and 254% for fiscal year 2023-2024~~ and by ~~255%~~ 259% for fiscal year
20 2025 and each succeeding fiscal year and divided by the prior year statewide GTBA budget area for the state
21 elementary school districts or the state high school districts. For fiscal year 2024 and subsequent fiscal years,
22 the superintendent of public instruction shall increase the multiplier in this subsection (5)(a) as follows:

23 (i) for fiscal years 2024 through 2031, if the revenue transferred to the state general fund pursuant
24 to 16-12-111 in the prior fiscal year is at least \$1 million more than the revenue transferred in the fiscal year 2
25 years prior, then:

26 (A) multiply the amount of increased revenue transferred to the state general fund pursuant to 16-
27 12-111 in the prior fiscal year above the amount of revenue transferred in the fiscal year 2 years prior by 0.25,
28 divide the resulting product by \$500,000, and round to the nearest whole number; and

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1 (B) add the number derived in subsection (5)(a)(i)(A) as a percentage point increase to:

2 ~~(I) if the prior year was not affected by a contingency under subsection (6), the multiplier used for the~~
3 ~~prior fiscal year; or~~

4 ~~(II) if the prior year was affected by a contingency under subsection (6), the multiplier for the prior fiscal~~
5 ~~year had the prior fiscal year not been affected by a contingency under subsection (6);~~

6 (ii) for fiscal years 2024 through 2031, if the revenue transferred to the state general fund pursuant
7 to 16-12-111 in the prior fiscal year is less than \$1 million more than the revenue transferred in the fiscal year 2
8 years prior, then the multiplier is equal to:

9 ~~(A) if the prior year was not affected by a contingency under subsection (6), the multiplier used for the~~
10 ~~prior fiscal year; or and~~

11 ~~(B) if the prior year was affected by a contingency under subsection (6), the multiplier for the prior~~
12 ~~fiscal year had the prior fiscal year not been affected by a contingency under subsection (6); and~~

13 (iii) for fiscal years 2032 and subsequent fiscal years, the multiplier is equal to the multiplier used
14 for fiscal year 2031.

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

20 ~~(6) The guaranteed tax base multiplier under subsection (5)(a) must be reduced by 4 percentage~~
21 ~~points following certification by the budget director of a contingency pursuant to Chapter 506, Laws of 2021:~~

22 ~~(a) for fiscal year 2023 if the certification is made during calendar year 2021;~~

23 ~~(b) for fiscal year 2024 if the certification is made during calendar year 2022;~~

24 ~~(c) for fiscal year 2025 if the certification is made during calendar year 2023; and~~

25 ~~(d) for fiscal year 2026 if the certification is made during calendar year 2024."~~

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27 **Section 5.** Section 12, Chapter 506, Laws of 2021, is amended to read:

28 **"Section 12. Effective dates – applicability.** (1) Except as provided in ~~subsections (2) through (7)~~