

1 SENATE BILL NO. 125
2 INTRODUCED BY G. HERTZ

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT LIMITING THE DURATION OF CERTAIN MILL LEVIES
5 SUBMITTED TO VOTERS; LIMITING MILL LEVIES TO 5 YEARS WITHOUT VOTER REAPPROVAL;
6 AMENDING SECTIONS 7-15-4286, 15-10-425, AND 20-9-502, MCA; AND PROVIDING AN APPLICABILITY
7 DATE."

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

10
11 Section 1. Section 7-15-4286, MCA, is amended to read:

12 "7-15-4286. Procedure to determine and disburse tax increment -- remittance of excess portion
13 of tax increment for targeted economic development district. (1) Mill rates of taxing bodies for taxes levied
14 after the effective date of the tax increment provision must be calculated on the basis of the sum of the taxable
15 value, as shown by the last equalized assessment roll, of all taxable property located outside the urban renewal
16 area or targeted economic development district and the base taxable value of all taxable property located within
17 the area or district. The mill rate determined must be levied against the sum of the actual taxable value of all
18 taxable property located within as well as outside the area or district.

19 (2) (a) Except as provided in subsections (2)(b), (2)(c), and (3) and subject to subsection (6), the
20 tax increment, if any, received in each year from the levy of the combined mill rates of all the affected taxing
21 bodies against the incremental taxable value within the area or district must be paid into a special fund held by
22 the treasurer of the local government and used as provided in 7-15-4282 through 7-15-4294.

23 (b) For targeted economic development districts in existence prior to July 1, 2022, and urban
24 renewal areas, the combined mill rates used to calculate the tax increment may not include mill rates for:

- 25 (i) the university system mills levied pursuant to 15-10-109 and 20-25-439; and
26 (ii) a new mill levy approved by voters as provided in 15-10-425 after the adoption of a tax
27 increment provision.

28 (c) For targeted economic development districts created after June 30, 2022, the combined mill

1 15-10-425(2)(c) is not considered a new mill levy."

2

3 **Section 2.** Section 15-10-425, MCA, is amended to read:

4 **"15-10-425. Mill levy election.** (1) A county, consolidated government, incorporated city,
5 incorporated town, school district, or other taxing entity may impose a new mill levy, increase a mill levy that is
6 required to be submitted to the electors, or exceed the mill levy limit provided for in 15-10-420 by conducting an
7 election as provided in this section. This section does not apply to bond elections.

8 (2) An election pursuant to this section must be held in accordance with Title 13, chapter 1, part 4
9 or 5, or Title 20 for school elections, whichever is appropriate to the taxing entity. The governing body shall
10 pass a resolution, shall amend its self-governing charter, or must receive a petition indicating an intent to
11 impose a new levy, increase a mill levy, or exceed the current statutory mill levy provided for in 15-10-420 on
12 the approval of a majority of the qualified electors voting in the election. The resolution, charter amendment, or
13 petition must include:

14 (a) the specific purpose for which the additional money will be used;

15 ~~(b) either:~~

16 ~~(i)(b) the specific amount of money to be raised and the approximate number of mills to be imposed;~~

17 ~~or and~~

18 ~~(ii) the specific number of mills to be imposed and the approximate amount of money to be raised; and~~

19 (c) whether the levy is permanent or the durational limit on the levy, which may not exceed 5 years
20 except as provided in 20-9-308, 20-9-353, 20-9-502(2)(b), and 20-9-533. The governing body may submit to the
21 qualified electors for reapproval a levy that will expire before the next election.

22 (3) Notice of the election must be prepared by the governing body and given as provided in 13-1-
23 108. The form of the ballot must reflect the content of the resolution or charter amendment and must include a
24 statement of the impact of the election on a home valued at \$100,000 and a home valued at \$200,000 in the
25 district in terms of actual dollars in additional property taxes that would be imposed on residences with those
26 values if the mill levy were to pass. The ballot may also include a statement of the impact of the election on
27 homes of any other value in the district, if appropriate.

28 (4) If the majority voting on the question are in favor of the additional levy, the governing body is

1 authorized to impose the levy in either the amount or the number of mills specified in the resolution or charter
2 amendment.

3 (5) A governing body, as defined in 7-6-4002, may reduce an approved levy in any fiscal year
4 without losing the authority to impose in a subsequent fiscal year up to the maximum amount or number of mills
5 approved in the election. However, nothing in this subsection authorizes a governing body to impose more than
6 the approved levy in any fiscal year or to extend the duration of the approved levy."

7

8 **Section 3.** Section 20-9-502, MCA, is amended to read:

9 **"20-9-502. Purpose and authorization of building reserve fund -- subfund structure.** (1) The
10 trustees of any district may establish a building reserve fund to budget for and expend funds for any of the
11 purposes set forth in this section. Appropriate subfunds must be created to ensure separate tracking of the
12 expenditure of funds from voted and nonvoted levies and transfers for school safety pursuant to 20-9-236.

13 (2) (a) A voted levy may be imposed and a subfund must be created with the approval of the
14 qualified electors of the district for the purpose of raising money for the future construction, equipping, or
15 enlarging of school buildings or for the purpose of purchasing land needed for school purposes in the district. In
16 order to submit to the qualified electors of the district a building reserve proposition for the establishment of or
17 addition to a building reserve, the trustees shall pass a resolution that specifies:

18 (i) the purpose or purposes for which the new or addition to the building reserve will be used;

19 (ii) the duration of time over which the new or addition to the building reserve will be raised in
20 annual, equal installments;

21 (iii) the total amount of money that will be raised during the duration of time specified for the levy;

22 and

23 (iv) any other requirements under 15-10-425 and 20-20-201 for the calling of an election.

24 (b) Except as provided in subsection (4)(b), a building reserve tax authorization may not be for
25 more than 20 years.

26 (c) The election must be conducted in accordance with the school election laws of this title, and
27 the electors qualified to vote in the election must be qualified under the provisions of 20-20-301. The ballot for a
28 building reserve proposition must be substantially in compliance with 15-10-425.