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Montana Association of School Business Officials | Montana Federation of Public Employees | Montana Quality Education Coalition | Montana Rural Education Association | Montana School Boards Association | School Administrators of Montana

July 11, 2018

Revenue and Transportation Interim Committee  
Montana State Legislature  
PO Box 201706  
Helena, Montana 59620-1706

Dear Members of the Revenue and Transportation Interim Committee,

Funding Montana's public schools is a process that demands careful consideration of many factors from the local, state and federal level. Elected trustees work with administrators, business managers, teachers and taxpayers to identify and utilize revenue sources in a manner that best meets the needs of students in each school. This budgeting process is transparent to ensure the public's resources are managed carefully and in accordance with each community's expectations.

Those stakeholders involved in the budgeting process in each school district are represented at the state level by the partners of the Montana Public Education Center (MT-PEC). MT-PEC asks the Committee to exercise caution and careful consideration regarding tax increment financing (TIF) district proposals. Any change in the TIF district process that affects the 95 mills making up the school equalization levy will denigrate the revenue generating capacity of such mills. In turn, this reduced capacity will disrupt equalization and potentially create state revenue shortfalls.

School districts, as independent and distinct taxing and political subdivisions, are not directly involved in the creation of a TIF district but the interests of public education must be considered as part of TIF procedures. Revenue not generated by the 95 mills will inevitably result in funding through the appropriation process from a reduced funding stream. This would result in additional supplanting of revenue leading to a type of chain reaction that would ultimately result in school districts addressing revenue shortfalls at the local level. Simply put, this could result in fewer services and opportunities for students.

School district leaders rely on predictable and sustainable funding sources as part of their transparent and responsible budgeting process. Inserting uncertainty into this process through the adoption of changes in the tax increment financing process could have unintended adverse impacts on students, educators and taxpayers. The partners of MT-PEC encourage members of the Committee to exercise careful consideration to prevent any disruption or unpredictability that would result in burdening our local school districts and their taxpayers.

Sincerely,

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