



Mike Kadas
Director

Montana Department of Revenue



Steve Bullock
Governor

Memorandum

To: Revenue and Transportation Interim Committee
From: Mike Kadas
Date: September 14, 2017
Subject: Statewide Mills Levy for Fiscal Year 2018

The maximum statewide school equalization levy remains at 95 mills.

I have attached the maximum mill levy worksheet for the 95 mills. The worksheet performs the maximum mill calculation using the carry forward authority provided by 15-10-420(1)(b) MCA. The TY2016 maximum mill worksheet authorized \$272 million in property tax revenue. Using the \$272 million as the maximum authorized property tax revenue in the TY2017 worksheet, the maximum mills for the state calculates out to 99.8 mills.

Using the carry forward authority provided in 15-10-420(1)(b) MCA, the state mills remain at 95 mills with 4.8 mills in remaining authority.

DETERMINATION OF TAX REVENUE AND MILL LEVY LIMITATIONS UNDER SECTION 15-10-420, MCA

AGGREGATE OF ALL FUNDS/ _____ FUND

FYE JUNE 30, 2018

COUNTY/CITY/TOWN OF _____

NUMBERS APPEARING IN GREEN ARE ADDITIONS

NUMBERS APPEARING IN RED ARE SUBTRACTIONS

The form has the formulas which are contained in	SALMON SHADED CELLS
Enter amounts in	YELLOW SHADED CELLS

The tax revenue and mill levy limitations will be computed automatically.

**NOTE: WHEN ENTERING A NUMBER TO BE SUBTRACTED ENTER AS A NEGATIVE NUMBER
WHERE FORMULAS EXIST, NO ENTRY IS NECESSARY**

			EXPLANATION REFERENCE
MAXIMUM PROPERTY TAXES AUTHORIZED: (Note that appropriate statutes are referenced)			
Ad valorem tax revenue authorized to be assessed prior year		272,062,021	(1)
Add: FISCAL YEAR 2017 INFLATION ADJUSTMENT @ 0.59% (Section 15-10-420(1a)(1c), MCA)	1,605,168	1,605,166	(2)
Less: Property taxes authorized to be assessed in the prior year for Class 1 and 2 property (net and gross proceeds, county only) (Section 15-10-420(6), MCA (enter as negative number))	(2,235,768)	(2,235,768)	(3)
Less: FY14 SB372 Reimbursement through Entitlement Share (enter as a negative number)	0	0	(3a)
<u>*new line for FY2013</u>			
Adjusted ad valorem tax revenue		271,431,420	(4)
CURRENT YEAR LEVY COMPUTATION:			
Taxable value per mill		2,896,741	(5)
Less per mill incremental value of tax increment financing district (TIF) (enter as negative)	(58,171)		(5a)
Adjusted taxable value (adjusted for removal of TIF per mill incremental district value)		2,838,570	(5b)
Less: Newly taxable property per mill value, (enter as negative)	(85,847)		(5c)
Taxable value per mill of net and gross proceeds (county only) (enter as negative)	(21,874)	(107,721)	(5d)
Adjusted Taxable value per mill		2,730,850	(6)
Authorized mill levy under Section 15-10-420, MCA (includes floating mills)		99.39	(7)
Adjusted taxable value per mill		2,730,850	(8)
Add: Newly taxable property per mill value	85847		
Taxable value per mill of net and gross proceeds (county only)	21874	107,721	(5e)
Taxable value per mill (including newly taxable property but excluding TIF per mill incremental value)		2,838,570	(5b)
Authorized mill levy under Section 15-10-420, MCA (includes floating mills)		99.39	(7)
Current property tax revenue authorized limitation		282,138,244	(8a)
RECAPITULATION:			
Adjusted ad valorem tax revenue		271,431,420	(4)
Amount attributable to newly taxable property and net/gross proceeds		10,706,824	(9)
Current property tax revenue authorized limitation		282,138,244	(10)

EXPLANATIONS: Calculating Mill Levies--Section 15-10-420, MCA

(1) Ad valorem tax revenue authorized to be assessed is determined by multiplying the previous year authorized levy by the previous year taxable value. This amount should be the highest tax authority carried forward under Section 15-10-420, MCA Voted levies (15-10-420(2)), judgment levies (2-9-316, 7-6-4015, 7-7-2202), emergency levies (10-3-405), protested tax levies (15-1-402), levies imposed for health insurance premiums (2-9-212) and levies imposed for local government study commissions (7-3-184) are not be included. Use 95 mills or last years max mill if it was less than 95.

This will facilitate the carry forward provision of Section 15-10-420(1)(b).

***Note levies must be figured separately for funds that are not entity-wide, examples: road fund and rural districts.*

(2) The inflation adjustment is calculated using the three previous years, taking one half of the 3 year average. This adjustment will be recalculated annually by the Department of Revenue.

(3) Property taxes assessed for Class 1 and 2 property, (net and gross proceeds), is determined by multiplying the previous years mill levy times the previous years taxable value for net and gross proceeds. This deduction is required under Section 15-10-420(6), MCA

(3a) SB372 Reimbursement through State Entitlement from the Dept of Revenue for the reduction in the value of Class 8 property Input in line 3a the amount of the additional reimbursement you will receive (DOR will provide this information by letter)*new for FY13

FY08 was the last year for personal property tax reimbursements (HB20 and SB417).

(4) This amount is the net of items (1) through (3)

(5) This amount is taken from line 2 on the Certified Taxable Valuation Information sheet supplied by the Department of Revenue. The number should be entered as the per mill value. (Taxable value moving the decimal three digits to the left)

(5a) This amount is taken from the Certified Taxable Valuation Information sheet supplied by the Department of Revenue following line 4 in the far right column labeled "incremental value".

(5b) This amount is the computed mill value after removal of the tax increment financing district mill incremental value.

(5c) The per mill value of newly taxable property is taken from line 3 on the Certified Taxable Valuation Information sheet supplied by the Department of Revenue.

(5d) This amount appears on the Certified Taxable Valuation Information Sheet supplied by the Department of Revenue (county only) Represents the per mill value of the net and gross proceeds taxable value.

(5e) This amount represents the total of newly taxable property per mill value plus the taxable value per mill of net & gross proceeds (County only).

(6) This amount is the net amount of per mill taxable value less newly taxable property as defined in Section 15-10-420(3), MCA and Class 1 and 2 property (net and gross proceeds) taxable value and tax increment financing district mill incremental value.

(7) The floating mill is determined by dividing the adjusted taxable value per mill (Item 6) into the adjusted property tax revenue assessed (Item 4).

(8) Equals amount of Item 6. Refer to instructions for Item 6.

(8a) Determined by multiplying the mill levy (Item 7) by the current year taxable value inclusive of newly taxable property and net/gross proceeds (Item 5b). This represents the current authorized maximum amount of tax revenue which can be levied.

(9) Determined by multiplying the newly taxable property plus net/gross proceeds (Item 5e) by the calculated authorized mill levy (Item 7).