

# ENTITLEMENT SHARE ORIGINS

## PURPOSE

1. TO INSTITUTIONALIZE THE REIMBURSEMENTS FOR LEGISLATIVE PROPERTY TAX REDUCTIONS
2. TO SIMPLIFY REVENUE EXCHANGES BETWEEN STATE AND LOCAL GOVERNMENTS

# TAX REDUCTIONS

- THE 1999 LEGISLATURE MADE THE FOLLOWING PROPERTY TAX RATE REDUCTIONS
  - ELECTRICAL GENERATION 12% --6%
  - TELECOM PROPERTY 12%--6%
  - BUSINESS EQUIPMENT 6%--3%
  - LIVESTOCK PHASE OUT 4%--0
- STATE REIMBURSED THESE CUTS (approx. \$76 million)

# REIMBURSEMENTS

- REIMBURSEMENTS WERE DOLLAR FOR DOLLAR TO ALL TAXING JURISDICTIONS
- REIMBURSEMENTS WERE MEANT TO BE ONGOING (previous business equipment reimbursements were phased out over 10 years)
- REIMBURSEMENTS WERE MEANT TO PREVENT IMMEDIATE PROPERTY TAX SHIFTS

# SIMPLIFICATION

- MANY SOURCES OF REVENUE WERE COLLECTED AND TRANSFERRED BETWEEN STATE AND LOCAL GOVERNMENTS
- STATE COLLECTED SOME REVENUES AND DISTRIBUTED THEM TO LOCAL GOVT. AND SCHOOLS
- COUNTIES COLLECTED SOME REVENUES AND DISTRIBUTED THEM TO SCHOOLS, LOCAL GOVT. AND STATE

# REVENUE COLLECTION PRE 2001

- STATE COLLECTED
  - GAMING REVENUE
  - ALCOHOL TAXES
  - FINANCIAL INSTITUTIONS
- STATE ALSO MADE PILT PAYMENTS TO JURISDICTIONS THAT HAD OVER 6% STATE LAND

# REVENUE COLLECTIONS PRE 2001

- COUNTY COLLECTED AND DISTRIBUTED
  - MOTOR VEHICLE TAXES
  - MOTOR VEHICLE FEES
  - COURT FEES

# AFTER 2001

- COUNTY COLLECTED MOTOR VEHICLE
- COUNTY COLLECTED DISTRICT COURT FEES
- ALL MONEY WAS SENT TO STATE
- STATE REDISTRIBUTED MONEY TO LOCAL GOVTS. AND SCHOOLS AS ENTITLEMENT SHARE

# AFTER 2001

- STATE STILL COLLECTED
  - GAMING REVENUE
  - ALCOHOL REVENUE
  - FINANCIAL INSTITUTION
  - FEDERAL PAYMENTS
- STATE DISTRIBUTED ENTITLEMENT SHARE PAYMENTS (ALMOST \$200 MILLION)



# ENTITLEMENT SHARE

- COMPONENTS
  - REIMBURSEMENTS
  - VEHICLE MONEYS
  - GAMING
  - ALCOHOL TAXES
  - PILT
  - FINANCIAL INSTITUTIONS

# AFTER 2001

- COUNTY COLLECTED MOTOR VEHICLE
- COUNTY COLLECTED DISTRICT COURT FEES
- ALL MONEY WAS SENT TO STATE
- STATE REDISTRIBUTED MONEY TO LOCAL GOVTS. AND SCHOOLS AS ENTITLEMENT SHARE

# OTHER CHANGES

- STATE ASSUMED DISTRICT COURTS AND ENTITLEMENTS TO COUNTIES WERE REDUCED
- STATE ASSUMED SOME HIGHWAYS THAT WERE LOCALLY MAINTAINED
- STATE ASSUMED WELFARE IN ALL COUNTIES
- STATE TOOK OVER PUBLIC DEFENDERS

# GROWTH FACTOR

- SEPARATE GROWTH FACTORS WERE DEVELOPED FOR EACH LEVEL OF LOCAL GOVERNMENT BASED ON THE HISTORIC GROWTH OF THE REVENUE CONTAINED IN THEIR ENTITLEMENT PAYMENT
- CITIES-BASED ON GAMING, ALCOHOL, VEHICLES
- COUNTIES—BASED ON VEHICLES, GAMING OTHER
- SCHOOLS—BASED ON VEHICLES FINANCIAL INST.

# RECENT CHANGES

- ADDITIONS MADE FOR BUSINESS EQUIPMENT REDUCTIONS IN 2011 AND 2013
- GROWTH FACTORS SUSPENDED OR CHANGED
- SCHOOL BLOCK GRANTS DIVERTED

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