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BY ELECTRONIC DELIVERY

We respectfully submit the following comments on the proposed ballot statements for Ballot Initiative 9 released by your office on December 7, 2021.

We request the ballot statements be revised in the following ways.

**Statement of Purpose and Implication:**

CI [\*\*\*] establishes 2019 state valuations as the base year for the valuations of residential property and permits annual state reassessment. It limits annual decreases and increases in valuations of residential property to either 2% or the inflation rate (whichever is lower) when assessing property taxes if it is not newly constructed or significantly improved or had a change of ownership since January 1, 2019. ~~It establishes 2019 state valuations as the base year for the valuations. It provides for reassessment by the state if a residential property has been newly constructed or significantly improved or has a change of ownership.~~ It requires the Legislature to limit total ad valorem property taxes on residential property to 1% or less of the assessed valuation. It requires the Legislature to define “residential property” and provide for the application and implementation ~~of the provisions~~ of the initiative and permits the state Legislature to assess other real property based on acquisition value.

- YES on Constitutional Initiative CI-[\*\*\*]
- NO on Constitutional Initiative CI-[\*\*\*]

**Fiscal Statement:**

CI [\*\*\*] reduces ~~statewide property taxes~~ Montana state revenue by \$24 million in 2025, \$34 million in 2026, and \$29 million in 2027 ~~by capping allowable increases in residential property valuations.~~ CI [\*\*\*] will also have an ~~undetermined effect~~ unquantifiable, substantial, negative impact on local government and school district ~~property taxes funding, subject to legislative action.~~

Our rationale for these changes is as follows.

**Plain, Easily Understood Language**

According to MCA 13-27-312(4), “The ballot statements must express the true and impartial explanation of the proposed ballot issue in **plain, easily understood language** and may not be arguments or written so as to create prejudice for or against the issue.”

The statement is easier to understand if it begins by describing the base valuation and then how it may change moving forward, hence the movement of the original second sentence into the primary placement.

In the fiscal statement, the change to the use of the word “funding” is also to provide language that is easier for voters to understand.

## **Accurate Explanation of Purpose and Implication**

According to MCA 13-27-312(2), “The attorney general shall review the ballot statements to determine if they contain the following matters: (a) a statement of purpose and implication, not to exceed 135 words, **explaining the purpose and implication** of the issue”

Subsection 3 of the full text of the ballot issue makes it clear that Ballot Initiative 9 both limits annual decreases and increases in valuations and permits annual state reassessment (different than the current 2-year cycle). Both of these points should be clear in the ballot language for voters to understand the purpose and implication of the issue.

Voters should also understand from the ballot statement that this issue has disparate impacts on homeowners that sold their homes prior to or after January 1, 2019, so we have inserted that specific date.

Additionally, the Legislature does not assess property, so it is more accurate to reference the state in the final line of the statement of purpose rather than the Legislature.

## **Accurate Fiscal Statement Regarding Effect on Revenue**

According to MCA 13-27-312(3), “If the proposed ballot issue has an **effect on the revenue, expenditures, or fiscal liability of the state**, the attorney general shall order a fiscal note incorporating an estimate of the effect, the substance of which must substantially comply with the provisions of **5-4-205**.”

The fiscal statement should expressly address the impact on “revenue” of the state, which is why we have requested the change from “taxes” to “revenue” to be clear on the implications for the state. Prior fiscal statements have used “revenue” language as well.

While the state may not be able to fully anticipate the cost to local governments, the fiscal note prepared by the budget office does make it clear that Ballot Initiative 9 will have a substantial and negative impact on local government revenues (especially school districts) unless the legislature takes action. It is critical for voters to understand that the effect isn’t entirely unknown. It is a clear negative impact.

In addition to the proposed language changes to the ballot statements, **we further request that the Attorney General determine that this proposed issue will cause significant harm to one or more Montana businesses and notify the Montana Secretary of State to apply the associated warning to the final petition form, in accordance with MCA 13-27-312(9)**: “(a) The attorney general shall review the proposed ballot issue as to whether the proposed issue could cause a regulatory taking under Montana law or otherwise **will likely cause significant material harm to one or more business interests in Montana if approved by the voters**. (b) If the attorney general determines the proposed ballot issue will likely cause significant material harm to one or more business interests in Montana, the attorney general shall notify the secretary of state, which must include the finding set forth in 13-27-204(2) on the final form of the petition.” Based on a review of the impacts of California’s similar ballot issue (Proposition 13, passed in 1978), the fiscal note’s acknowledgement that commercial properties would see an increase in taxes of up to \$175M, and the inequitable treatment of business property by this initiative, **the Attorney General must invoke his new authority (granted by HB651) to apply the business impact warning or provide clear reasoning for his decision not to invoke MCA 13-27-312(9)**.

Thank you for your time and consideration,



**Amanda Curtis**  
President  
Montana Federation of Public Employees