

1 **** BILL NO. ****
2 INTRODUCED BY ****
3 BY REQUEST OF THE ****
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE DEPOSIT OF REVENUE ASSOCIATED
6 WITH SCHOOL EQUALIZATION LEVIES IN THE SCHOOL EQUALIZATION AND PROPERTY TAX
7 REDUCTION ACCOUNT; AMENDING SECTIONS 15-39-110, 17-3-222, 20-9-331, 20-9-332, AND 20-9-333,
8 MCA; AND PROVIDING AN EFFECTIVE DATE."

9
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
11

12 **Section 1.** Section 15-39-110, MCA, is amended to read:

13 **"15-39-110. Distribution of taxes.** (1) ~~(a)~~ For each semiannual period, the department shall
14 determine the amount of tax, late payment interest, and penalties collected under this part from bentonite mines
15 ~~that produced bentonite before January 1, 2005.~~ The tax is distributed as follows: ~~provided in subsections (2)~~
16 ~~through (9).~~

17 ~~(b)	For each semiannual period, the department shall determine the amount of tax, late payment~~
18 ~~interest, and penalties collected under this part from bentonite mines that first began producing bentonite after~~
19 ~~December 31, 2004. The tax is distributed as provided in subsection (10).~~

20 ~~(2)	The percentage of the tax determined under subsection (1)(a) and specified in subsections (3)~~
21 ~~through (9) is allocated according to the following schedule:~~

22 ~~(a)	2.33% to the state special revenue fund to be appropriated to the Montana university system for~~
23 ~~the purposes of the state tax levy as provided in 15-10-109;~~

24 ~~(b)	18.14% to the state general fund to be appropriated for the purposes of the tax levies as~~
25 ~~provided in 20-9-331, 20-9-333, and 20-9-360;~~

26 ~~(c)	3.35% to Carbon County to be distributed in proportion to current fiscal year mill levies in the~~
27 ~~taxing jurisdictions in which production occurs, except a distribution may not be made for county and state~~
28 ~~levies under 15-10-109, 20-9-331, 20-9-333, and 20-9-360; and~~

~~(d)	76.18% to Carter County to be distributed in proportion to current fiscal year mill levies in the taxing jurisdictions in which production occurs, except a distribution may not be made for county and state levies under 15-10-109, 20-9-331, 20-9-333, and 20-9-360.~~

~~(3)	For the production of bentonite occurring after December 31, 2008, and before January 1, 2010, 60% of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 40% must be distributed as provided in subsection (10).~~

~~(4)	For the production of bentonite occurring after December 31, 2009, and before January 1, 2011, 50% of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 50% must be distributed as provided in subsection (10).~~

~~(5)	For the production of bentonite occurring after December 31, 2010, and before January 1, 2012, 40% of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 60% must be distributed as provided in subsection (10).~~

~~(6)	For the production of bentonite occurring after December 31, 2011, and before January 1, 2013, 30% of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 70% must be distributed as provided in subsection (10).~~

~~(7)	For the production of bentonite occurring after December 31, 2012, and before January 1, 2014, 20% of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 80% must be distributed as provided in subsection (10).~~

~~(8)	For the production of bentonite occurring after December 31, 2013, and before January 1, 2015, 10% of the tax determined under subsection (1)(a) must be distributed as provided in subsection (2) and 90% must be distributed as provided in subsection (10).~~

~~(9)	For the production of bentonite occurring in tax years beginning after December 31, 2014, 100% of the tax determined under subsection (1)(a) must be distributed as provided in subsection (10).~~

~~(10)	For the production of bentonite, 100% of the tax determined under subsection (1)(b) and the distribution percentages determined under subsections (3) through (9) are allocated according to the following schedule:~~

(a) 1.30% to the state special revenue fund to be appropriated to the Montana university system for the purposes of the state tax levy as provided in 15-10-109;

1 (b) 20.75% to the ~~state general fund school equalization and property tax reduction account~~
 2 ~~established in 20-9-336~~ to be appropriated for the purposes of the tax levies as provided in 20-9-331, 20-9-333,
 3 and 20-9-360;

4 (c) 77.95% to the county in which production occurred to be distributed in proportion to current
 5 fiscal year mill levies in the taxing jurisdictions in which production occurs, except a distribution may not be
 6 made for county and state levies under 15-10-109, 20-9-331, 20-9-333, and 20-9-360.

7 ~~(11)(2)~~ Except as provided by subsection ~~(14)(5)~~, the department shall remit the amounts to be
 8 distributed in this section to the county treasurer by the following dates:

9 (a) On or before October 1 of each year, the department shall remit the county's share of bentonite
 10 production tax payments received for the semiannual period ending June 30 of the current year to the county
 11 treasurer.

12 (b) On or before April 1 of each year, the department shall remit the county's share of bentonite
 13 production tax payments received to the county treasurer for the semiannual period ending December 31 of the
 14 previous year.

15 ~~(12)(a)(3)(a)~~ The department shall also provide to each county the amount of gross yield of value
 16 from bentonite, including royalties, for the previous calendar year. Thirty-three and one-third percent of the
 17 gross yield of value must be treated as taxable value for determining school district debt limits under 20-9-406.

18 (b) The percentage amount of the gross yield of value determined under subsection ~~(12)(a)(3)(a)~~
 19 must be treated as assessed value under 15-8-111 for the purposes of local government debt limits and other
 20 bonding provisions as provided by law.

21 ~~(13)(4)~~ The bentonite tax proceeds are statutorily appropriated, as provided in 17-7-502, to the
 22 department for distribution as provided in this section.

23 ~~(14)(5)~~ A payment required pursuant to this section may be withheld if, for more than 90 days, a local
 24 government fails to:

25 (a) file a financial report required by 15-1-504;

26 (b) remit any amounts collected on behalf of the state as required by 15-1-504; or

27 (c) remit any other amounts owed to the state or another taxing jurisdiction."
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1 **Section 2.** Section 17-3-222, MCA, is amended to read:

2 **"17-3-222. Apportionment of money to counties.** (1) The state treasurer shall apportion the money
3 received under 17-3-221 to the appropriate counties and then allocate the money due each county as follows:

4 (a) to the county treasurer for deposit in the county general fund; and

5 (b) to the ~~state general fund school equalization and property tax reduction account established in~~
6 20-9-336 to be used for the elementary BASE funding programs of the school districts in the county.

7 (2) The payments from the state to the county treasurers provided for in subsection (1) are
8 statutorily appropriated as provided in 17-7-502."

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10 **Section 3.** Section 20-9-331, MCA, is amended to read:

11 **"20-9-331. Basic county tax for elementary equalization and other revenue for county**
12 **equalization of elementary BASE funding program.** (1) Subject to 15-10-420, the county commissioners of
13 each county shall levy an annual basic county tax of 33 mills on the dollar of the taxable value of all taxable
14 property within the county, except for property subject to a tax or fee under 61-3-321(2) or (3), 61-3-529, 61-3-
15 537, 61-3-562, 61-3-570, and 67-3-204, for the purposes of elementary equalization and state BASE funding
16 program support. The revenue collected from this levy must be apportioned to the support of the elementary
17 BASE funding programs of the school districts in the county and to the school equalization and property tax
18 reduction account established in 20-9-336 in the following manner:

19 (a)___ In order to determine the amount of revenue raised by this levy that is retained by the county,
20 the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE
21 funding programs of all elementary districts of the county.

22 (b)___ If the basic levy and other revenue prescribed by this section produce more revenue than is
23 required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to
24 the department of revenue, as provided in 15-1-504, for deposit to the ~~state general fund school equalization~~
25 and property tax reduction account established in 20-9-336 immediately upon occurrence of a surplus balance
26 and each subsequent month, with any final remittance due no later than June 20 of the fiscal year for which the
27 levy has been set.

28 (2)(a)___ The revenue realized from the county's portion of the levy prescribed by this section and the

1 revenue from the following sources must be deposited in the school equalization and property tax reduction
 2 account established in 20-9-336 and be used for the equalization of the elementary BASE funding program of
 3 the county as prescribed in 20-9-335, ~~and a separate accounting must be kept of the revenue by the county~~
 4 ~~treasurer in accordance with 20-9-212(1):~~

5 ~~(a)(i)~~ the portion of the federal Taylor Grazing Act funds designated for the elementary county
 6 equalization fund under the provisions of 17-3-222;

7 ~~(b)(ii)~~ the portion of the federal flood control act funds distributed to a county and designated for
 8 expenditure for the benefit of the county common schools under the provisions of 17-3-232;

9 ~~(c)(iii)~~ all money paid into the county treasury as a result of fines for violations of law under the
 10 provisions of 20-9-332, except money paid to a justice's court, and the use of which is not otherwise specified
 11 by law;

12 ~~(d)(iv)~~ any money remaining at the end of the immediately preceding school fiscal year in the county
 13 treasurer's accounts for the various sources of revenue established or referred to in this section;

14 ~~(e)(v)~~ any federal or state money distributed to the county as payment in lieu of property taxation,
 15 including federal forest reserve funds allocated under the provisions of 17-3-213; and

16 ~~(f)(vi)~~ gross proceeds taxes from coal under 15-23-703; ~~and~~

17 ~~(g)oil and natural gas production taxes.~~

18 (b) In accordance with 20-9-212(1), the county treasurer shall keep a separate accounting of the
 19 revenue provided for in subsection (2)(a)."

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21 **Section 4.** Section 20-9-332, MCA, is amended to read:

22 **"20-9-332. Fines and penalties proceeds for elementary county equalization.** All fines and
 23 penalties collected under the provisions of this title, except those collected by a justice's court, must be paid into
 24 the elementary county equalization fund as provided by 20-9-331~~(2)(c)(2)(a)(iii)~~. In order to implement this
 25 section and any other provision of law requiring the deposit of fines in the elementary county equalization fund,
 26 a report must be made to the county superintendent of the county, at the close of each term, by the clerk of
 27 each district court, reporting all fines imposed and collected during the term and indicating the type of violation
 28 and the date of collection."

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Section 5. Section 20-9-333, MCA, is amended to read:

"20-9-333. Basic county tax for high school equalization and other revenue for county equalization of high school BASE funding program. (1) Subject to 15-10-420, the county commissioners of each county shall levy an annual basic county tax of 22 mills on the dollar of the taxable value of all taxable property within the county, except for property subject to a tax or fee under 61-3-321(2) or (3), 61-3-529, 61-3-537, 61-3-562, 61-3-570, and 67-3-204, for the purposes of high school equalization and state BASE funding program support. The revenue collected from this levy must be apportioned to the support of the BASE funding programs of high school districts in the county and to the school equalization and property tax reduction account established in 20-9-336 in the following manner:

(a) In order to determine the amount of revenue raised by this levy that is retained by the county, the sum of the estimated revenue identified in subsection (2) must be subtracted ~~from the sum of the county's high school tuition obligation and~~ the total of the BASE funding programs of all high school districts of the county.

(b) If the basic levy and other revenue prescribed by this section produce more revenue than is required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds to the department of revenue, as provided in 15-1-504, for deposit to the ~~state general fund school equalization and property tax reduction account established in 20-9-336~~ immediately upon occurrence of a surplus balance and each subsequent month, with any final remittance due no later than June 20 of the fiscal year for which the levy has been set.

(2)(a) The revenue realized from the county's portion of the levy prescribed in this section and the revenue from the following sources must be deposited in the school equalization and property tax reduction account established in 20-9-336 and be used for the equalization of the high school BASE funding program of the county as prescribed in 20-9-335, ~~and a separate accounting must be kept of the revenue by the county treasurer in accordance with 20-9-212(1):~~

~~(a)~~(i) any money remaining at the end of the immediately preceding school fiscal year in the county treasurer's accounts for the various sources of revenue established in this section;

~~(b)~~(ii) any federal or state money distributed to the county as payment in lieu of property taxation,

1 including federal forest reserve funds allocated under the provisions of 17-3-213; and
2 ~~(e)(iii)~~ gross proceeds taxes from coal under 15-23-703; ~~and~~
3 ~~(d)oil and natural gas production taxes.~~
4 (b) In accordance with 20-9-212(1), the county treasurer shall keep a separate accounting of the
5 revenue provided for in subsection (2)(a)."
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7 NEW SECTION. Section 6. Effective date. [This act] is effective July 1, 2025.

8 - END -

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