

**15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half of the average rate of inflation for the prior 3 years.

(b) A governmental entity, **including the State of Montana**, that does not impose the maximum number of mills authorized under subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill authority carried forward may be imposed in a subsequent tax year. **The governmental entity responsible for determining the use of carry forward authority is the governing body of the governmental entity and in the case of the State the power lies with the Governor (or legislature?).**

**(i) If the Governor issues a request that includes the use of carry forward mills to the County Treasurers, the request must first be presented to the Revenue Interim Committee and a vote made in favor or against. (this doesn't have weight but like an initiative it gives an indication of the legislators' views on the use of the carry forward mills).**

(c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers, using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

(2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any additional levies authorized by the voters, as provided in **15-10-425**, to all property in the governmental unit, including newly taxable property.

(3) (a) For purposes of this section, newly taxable property includes:

- (i) annexation of real property and improvements into a taxing unit;
- (ii) construction, expansion, or remodeling of improvements;
- (iii) transfer of property into a taxing unit;
- (iv) subdivision of real property; and
- (v) transfer of property from tax-exempt to taxable status.

(b) Newly taxable property does not include an increase in value that arises because of an increase in the incremental value within a tax increment financing district.

(4) (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the release of taxable value from the incremental taxable value of a tax increment financing district because of:

- (i) a change in the boundary of a tax increment financing district;
- (ii) an increase in the base value of the tax increment financing district pursuant to **7-15-4287**; or
- (iii) the termination of a tax increment financing district.

(b) If a tax increment financing district terminates prior to the certification of taxable values as required in **15-10-202**, the increment value is reported as newly taxable property in the year in which the tax increment financing district terminates. If a tax increment financing district terminates after the

certification of taxable values as required in **15-10-202**, the increment value is reported as newly taxable property in the following tax year.

(c) For the purpose of subsection (3)(a)(ii), the value of newly taxable class four property that was constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the current year market value of that property less the previous year market value of that property.

(d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of real property that results in the property being taxable as class four property under **15-6-134** or as nonqualified agricultural land as described in **15-6-133(1)(c)**.

(5) Subject to subsection (8), subsection (1)(a) does not apply to:

(a) **local (not the statewide)** school district levies established in Title 20; or

(b) a mill levy imposed for a newly created regional resource authority.

(6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received under **15-6-131** and **15-6-132**.

(7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:

(a) may increase the number of mills to account for a decrease in reimbursements; and

(b) may not increase the number of mills to account for a loss of tax base because of legislative action that is reimbursed under the provisions of **15-1-121(7)**.

(8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes of **15-10-109**, **20-9-331**, **20-9-333**, **20-9-360**, and **20-25-439**. However, the number of mills calculated by the department may not exceed the mill levy limits established in those sections. **The mills imposed may only exceed the calculated mill levy restriction derived in the calculation derived from (1)(a) in instances where carry forward mills are available and in accordance with (1)(b)**. The mill calculation must be established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the calculation must be rounded up to the nearest tenth of a mill.

(9) (a) The provisions of subsection (1) do not prevent or restrict:

(i) a judgment levy under **2-9-316**, **7-6-4015**, or **7-7-2202**;

(ii) a levy to repay taxes paid under protest as provided in **15-1-402**;

(iii) an emergency levy authorized under **10-3-405**, **20-9-168**, or **20-15-326**;

(iv) a levy for the support of a study commission under **7-3-184**;

(v) a levy for the support of a newly established regional resource authority;

(vi) the portion that is the amount in excess of the base contribution of a governmental entity's property tax levy for contributions for group benefits excluded under **2-9-212** or **2-18-703**;

(vii) a levy for reimbursing a county for costs incurred in transferring property records to an adjoining county under **7-2-2807** upon relocation of a county boundary;

(viii) a levy used to fund the sheriffs' retirement system under **19-7-404(3)(b)**; or

(ix) a governmental entity from levying mills for the support of an airport authority in existence prior to May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past. The levy under this subsection (9)(a)(ix) is limited to the amount in the resolution creating the authority.

(b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes actually assessed in a subsequent year.

(10) A governmental entity may levy mills for the support of airports as authorized in **67-10-402**, **67-11-301**, or **67-11-302** even though the governmental entity has not imposed a levy for the airport or the airport authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating funds by a county or municipality during that time.

(11) The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable value in a governmental unit.

**15-10-305. Clerk and recorder to report mill levy -- department to compute and enter taxes.** (1) (a) The county clerk and recorder, **after accumulating the mill levy requests by each eligible governing entity**, shall by the second Monday in September or within 30 calendar days after receiving certified taxable values notify the department of the number of mills ~~needed~~ **requested** to be levied for each taxing jurisdiction in the county. **All eligible governing entities must submit their mill levy requests by the Thursday preceding the second Monday in September or within 32 work days after receipt of certified taxable values.** Except as provided in subsection (1)(b), the department shall compute the taxes by multiplying the number of mills times the taxable value of the property to be taxed and shall add any fees or assessments required to be levied against a person owning property. All taxes, fees, and assessments must be itemized for the property listed in the property tax record.

(b) In conveyances that result in a land split, the taxes must be based on the property as assessed on January 1 preceding the conveyance. The department is not required to include the name of the new owner in the computation of the amount of taxes, fees, and assessments to be levied against property that is part of a land conveyance if including the new owner's name would cause the department to violate the deadline provided in subsection (2).

(2) The department shall complete the computation of the amount of taxes, fees, and assessments to be levied against the property and shall notify the county clerk and recorder and the county treasurer by the second Monday in October. Notwithstanding the provisions of **15-10-321**, if a county clerk and recorder fails to timely notify the department of the number of mills needed to be levied for each taxing jurisdiction in that county in accordance with subsection (1)(a), the department must have additional time to meet the notification requirement of this subsection (2) equal to the number of days that the notification required in subsection (1)(a) was received late by the department.