

COMBINING SCHOOL EQUALIZATION MILLS

REVENUE INTERIM COMMITTEE
MEGAN MOORE - MARCH 2024

JANUARY RECOMMENDATION ON COMBINING SCHOOL MILLS

As part of the January 2024 agenda item on policies to include in [15-10-420](#), the Montana Taxpayers Association [suggested](#) the Legislature consider combining the school equalization mills into one section of law that remains subject to [15-10-420](#).

SCHOOL EQUALIZATION MILLS SET IN THREE SECTIONS OF LAW

The school equalization mills are set in three separate sections of law. They total a maximum of 95 mills and are often referred to as “the 95 mills.”

The school equalization mills include:

- **33 mills** for county elementary equalization ([20-9-331](#))
- **22 mills** for county high school equalization ([20-9-333](#))
- **40 mills** for state equalization ([20-9-360](#)).

The two sections that provide for county elementary equalization and county high school equalization, [20-9-331](#) and [20-9-333](#), include provisions related to spending and accounting for non-levy revenue. Non-levy revenue includes federal or state payments in lieu of taxes, coal gross proceeds tax revenue, and oil and natural gas production tax revenue.

The sections also outline an accounting procedure in which the county keeps a portion of the revenue and transmits the excess to the Department of Revenue for deposit and payment of Basic Amount for School Equity (BASE) funding.

Before combining the statutes, the Legislature would need to address the above provisions that are not included in the section of law providing for state equalization, [20-9-360](#).

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Because the school equalization mill statutes include provisions related to the transfer and deposit of revenue used for school funding, the Education Interim Committee may be better qualified to consider combining the above sections of law. The Revenue Interim Committee could send a letter to the Education Interim Committee suggesting they consider the recommendation.