

HOUSE BILL 408

Introduced by Schye, et al.

1/28	Introduced
1/28	Referred to Taxation
1/28	First Reading
2/07	Hearing
2/07	Committee Report--Bill Passed
4/02	2nd Reading Do Pass Motion Failed

HOUSE BILL NO. 408

INTRODUCED BY

*WANDZEWIED*  
*Wright*  
*Stark*

A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING MILL LEVIES FOR LIBRARIES AND MUSEUMS FROM THE PROPERTY TAX FREEZE; AMENDING SECTION 15-10-412, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-10-412, MCA, is amended to read:

"15-10-412. Property tax limited to 1986 levels -- clarification -- extension to all property classes. Section 15-10-402 is interpreted and clarified as follows:

(1) The limitation to 1986 levels is extended to apply to all classes of property described in Title 15, chapter 6, part 1.

(2) The limitation on the amount of taxes levied is interpreted to mean that, except as otherwise provided in this section, the actual tax liability for an individual property is capped at the dollar amount due in each taxing unit for the 1986 tax year. In tax years thereafter, the property must be taxed in each taxing unit at the 1986 cap or the product of the taxable value and mills levied, whichever is less for each taxing unit, except in a taxing unit that levied a tax in tax years 1983 through 1985 but

did not levy a tax in 1986, in which case the actual tax liability for an individual property is capped at the dollar amount due in that taxing unit for the 1985 tax year.

(3) The limitation on the amount of taxes levied does not mean that no further increase may be made in the total taxable valuation of a taxing unit as a result of:

(a) annexation of real property and improvements into a taxing unit;

(b) construction, expansion, or remodeling of improvements;

(c) transfer of property into a taxing unit;

(d) subdivision of real property;

(e) reclassification of property;

(f) increases in the amount of production or the value of production for property described in 15-6-131 or 15-6-132;

(g) transfer of property from tax-exempt to taxable status;

(h) revaluations caused by:

(i) cyclical reappraisal; or

(ii) expansion, addition, replacement, or remodeling of improvements; or

(i) increases in property valuation pursuant to 15-7-111(4) through (8) in order to equalize property values annually.



INTRODUCED BILL  
HB 408

1       (4) The limitation on the amount of taxes levied does  
 2 not mean that no further increase may be made in the taxable  
 3 valuation or in the actual tax liability on individual  
 4 property in each class as a result of:

5       (a) a revaluation caused by:

6       (i) construction, expansion, replacement, or remodeling  
 7 of improvements that adds value to the property; or

8       (ii) cyclical reappraisal;

9       (b) transfer of property into a taxing unit;

10       (c) reclassification of property;

11       (d) increases in the amount of production or the value  
 12 of production for property described in 15-6-131 or  
 13 15-6-132;

14       (e) annexation of the individual property into a new  
 15 taxing unit;

16       (f) conversion of the individual property from  
 17 tax-exempt to taxable status; or

18       (g) increases in property valuation pursuant to  
 19 15-7-111(4) through (8) in order to equalize property values  
 20 annually.

21       (5) Property in classes four, twelve, and fourteen is  
 22 valued according to the procedures used in 1986, including  
 23 the designation of 1982 as the base year, until the  
 24 reappraisal cycle beginning January 1, 1986, is completed  
 25 and new valuations are placed on the tax rolls and a new

1 base year designated, if the property is:

2       (a) new construction;

3       (b) expanded, deleted, replaced, or remodeled  
 4 improvements;

5       (c) annexed property; or

6       (d) property converted from tax-exempt to taxable  
 7 status.

8       (6) Property described in subsections (5)(a) through  
 9 (5)(d) that is not class four, class twelve, or class  
 10 fourteen property is valued according to the procedures used  
 11 in 1986 but is also subject to the dollar cap in each taxing  
 12 unit based on 1986 mills levied.

13       (7) The limitation on the amount of taxes, as clarified  
 14 in this section, is intended to leave the property appraisal  
 15 and valuation methodology of the department of revenue  
 16 intact. Determinations of county classifications, salaries  
 17 of local government officers, and all other matters in which  
 18 total taxable valuation is an integral component are not  
 19 affected by 15-10-401 and 15-10-402 except for the use of  
 20 taxable valuation in fixing tax levies. In fixing tax  
 21 levies, the taxing units of local government may anticipate  
 22 the deficiency in revenues resulting from the tax  
 23 limitations in 15-10-401 and 15-10-402, while understanding  
 24 that regardless of the amount of mills levied, a taxpayer's  
 25 liability may not exceed the dollar amount due in each

1 taxing unit for the 1986 tax year unless:

2 (a) the taxing unit's taxable valuation decreases by 5%  
3 or more from the 1986 tax year. If a taxing unit's taxable  
4 valuation decreases by 5% or more from the 1986 tax year, it  
5 may levy additional mills to compensate for the decreased  
6 taxable valuation, but in no case may the mills levied  
7 exceed a number calculated to equal the revenue from  
8 property taxes for the 1986 tax year in that taxing unit.

9 (b) a levy authorized under Title 20 raised less  
10 revenue in 1986 than was raised in either 1984 or 1985, in  
11 which case the taxing unit may, after approval by the voters  
12 in the taxing unit, raise each year thereafter an additional  
13 number of mills but may not levy more revenue than the  
14 3-year average of revenue raised for that purpose during  
15 1984, 1985, and 1986;

16 (c) a levy authorized in 50-2-111 that was made in 1986  
17 was for less than the number of mills levied in either 1984  
18 or 1985, in which case the taxing unit may, after approval  
19 by the voters in the taxing unit, levy each year thereafter  
20 an additional number of mills but may not levy more than the  
21 3-year average number of mills levied for that purpose  
22 during 1984, 1985, and 1986.

23 (8) The limitation on the amount of taxes levied does  
24 not apply to the following levy or special assessment  
25 categories, whether or not they are based on commitments

1 made before or after approval of 15-10-401 and 15-10-402:

- 2 (a) rural improvement districts;  
3 (b) special improvement districts;  
4 (c) levies pledged for the repayment of bonded  
5 indebtedness, including tax increment bonds;  
6 (d) city street maintenance districts;  
7 (e) tax increment financing districts;  
8 (f) satisfaction of judgments against a taxing unit;  
9 (g) street lighting assessments;  
10 (h) revolving funds to support any categories specified  
11 in this subsection (8);  
12 (i) levies for economic development authorized pursuant  
13 to 90-5-112(4); and  
14 (j) elementary and high school districts;  
15 (k) levies authorized for libraries as provided in  
16 7-11-1112, 22-1-304, and 22-1-316; and  
17 (l) levies authorized for museums as provided in  
18 7-16-2205 and 7-16-4105, except that a levy for a museum may  
19 not exceed 2 mills.

20 (9) The limitation on the amount of taxes levied does  
21 not apply in a taxing unit if the voters in the taxing unit  
22 approve an increase in tax liability following a resolution  
23 of the governing body of the taxing unit containing:

24 (a) a finding that there are insufficient funds to  
25 adequately operate the taxing unit as a result of 15-10-401

1 and 15-10-402;

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3 emergency;

4 (c) an estimate of the amount of funding shortfall  
5 expected by the taxing unit;

6 (d) a statement that applicable fund balances are or by  
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9 revenue;

10 (f) a summary of the alternatives that the governing  
11 body of the taxing unit has considered; and

12 (g) a statement of the need for the increased revenue  
13 and how it will be used.

14 (10) (a) The limitation on the amount of taxes levied  
15 does not apply to levies required to address the funding of  
16 relief of suffering of inhabitants caused by famine,  
17 conflagration, or other public calamity.

18 (b) The limitation set forth in this chapter on the  
19 amount of taxes levied does not apply to levies to support a  
20 city-county board of health as provided in Title 50, chapter  
21 2, if the governing bodies of the taxing units served by the  
22 board of health determine, after a public hearing, that  
23 public health programs require funds to ensure the public  
24 health. A levy for the support of a local board of health  
25 may not exceed the 5-mill limit established in 50-2-111.

1 (11) The limitation on the amount of taxes levied by a  
2 taxing jurisdiction subject to a statutory maximum mill levy  
3 does not prevent a taxing jurisdiction from increasing its  
4 number of mills beyond the statutory maximum mill levy to  
5 produce revenue equal to its 1986 revenue.

6 (12) The limitation on the amount of taxes levied does  
7 not apply to a levy increase to repay taxes paid under  
8 protest in accordance with 15-1-402."

9 NEW SECTION. Section 2. Effective date. [This act] is  
10 effective on passage and approval.

-End-

APPROVED BY COMMITTEE  
ON TAXATION

HOUSE BILL NO. 408

1  
2 INTRODUCED BY *John A. Wanzel*  
3 *Wanzel*  
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5 FOR LIBRARIES AND MUSEUMS FROM THE PROPERTY TAX FREEZE;  
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17 (2) The limitation on the amount of taxes levied is  
18 interpreted to mean that, except as otherwise provided in  
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15 of production for property described in 15-6-131 or  
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-2-  
SECOND READING  
HB 408

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 2 INTRODUCED BY *John Johnson*  
 3 *Reu* *Ward* *John Johnson*  
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7 not apply to a levy increase to repay taxes paid under  
8 protest in accordance with 15-1-402."

9 NEW SECTION. Section 2. Effective date. [This act] is  
10 effective on passage and approval.

-End-