

HOUSE BILL 435

Introduced by Stang, et al.

1/29	Introduced
1/29	Referred to Education & Cultural Resources
1/29	First Reading
1/29	Fiscal Note Requested
2/04	Fiscal Note Received
2/05	Fiscal Note Printed
2/13	Hearing
2/20	Tabled in Committee

1 *Agrees* BILL NO. *435*  
 2 INTRODUCED BY *Lang NATHC Nelson*  
 3 *Scott Steppa Steve Hammond Yellowtail*

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO REVISE THE METHOD OF  
 5 CALCULATING GUARANTEED TAX BASE AID TO ELIGIBLE PUBLIC  
 6 SCHOOL DISTRICTS AND COUNTIES BY COMPARING A DISTRICT'S OR  
 7 COUNTY'S TAXABLE VALUATION PER FOUNDATION PROGRAM AMOUNT TO  
 8 THE STATEWIDE TAXABLE VALUATION PER STATEWIDE FOUNDATION  
 9 PROGRAM AMOUNT; AMENDING SECTIONS 15-23-607, 15-23-703,  
 10 20-9-366, 20-9-367, 20-9-368, AND 20-9-369, MCA; AND  
 11 PROVIDING AN EFFECTIVE DATE."

12  
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 **Section 1.** Section 15-23-607, MCA, is amended to read:

15 "15-23-607. County assessors to compute taxes. (1)  
 16 Immediately after the board of county commissioners has  
 17 fixed tax levies on the second Monday in August, the county  
 18 assessor shall, subject to the provisions of 15-23-612,  
 19 compute the taxes on net proceeds, as provided in subsection  
 20 (2) of this section, and royalty assessments and shall  
 21 deliver the book to the county treasurer on or before  
 22 September 15. The county treasurer shall proceed to give  
 23 full notice of the assessments to the operator and shall  
 24 collect the taxes as provided by law.

25 (2) For interim production or new production, as

1 defined in 15-23-601, the county assessor may not levy or  
 2 assess any mills against the value of the interim production  
 3 or new production, but shall instead levy a tax as follows:

4 (a) for interim production or new production of  
 5 petroleum or other mineral or crude oil, 7% of net proceeds,  
 6 as described in 15-23-603(2); or

7 (b) for interim production or new production of natural  
 8 gas, 12% of net proceeds, as described in 15-23-603(2).

9 (3) The amount of tax levied in subsections (2)(a) and  
 10 (2)(b), divided by the appropriate tax rate and multiplied  
 11 by 60%, must be treated as taxable value for county bonding  
 12 purposes.

13 (4) ~~The taxable value of net proceeds for the purpose~~  
 14 ~~of computing guaranteed tax base aid for schools is the~~  
 15 ~~amount of tax received by a district in the previous year~~  
 16 ~~divided by the number of mills levied by the district in the~~  
 17 ~~previous year, multiplied by 1,000. This amount must be~~  
 18 ~~added to the district, county, and statewide taxable value~~  
 19 ~~when computing guaranteed tax base aid under 20-9-368.~~

20 (5) The operator or producer is liable for the payment  
 21 of the taxes that, except as provided in 15-16-121, are  
 22 payable by and must be collected from the operators in the  
 23 same manner and under the same penalties as provided for the  
 24 collection of taxes upon net proceeds of mines. However, the  
 25 operator may at his option withhold from the proceeds of



1 royalty interest, either in kind or in money, an estimated  
2 amount of the tax to be paid by him upon the royalty or  
3 royalty interest. After the withholding, any deviation  
4 between the estimated tax and the actual tax may be  
5 accounted for by adjusting subsequent withholdings from the  
6 proceeds of royalty interests."

7 **Section 2.** Section 15-23-703, MCA, is amended to read:

8 "15-23-703. Taxation of gross proceeds -- taxable value  
9 for bonding and guaranteed tax base aid to schools. (1) The  
10 county assessor shall compute from the reported gross  
11 proceeds from coal a tax roll that he shall transmit to the  
12 county treasurer on or before September 15 each year. The  
13 county assessor may not levy or assess any mills against the  
14 reported gross proceeds of coal but shall levy a tax of 5%  
15 against the value of the reported gross proceeds as provided  
16 in 15-23-701(1)(d). The county treasurer shall proceed to  
17 give full notice to each coal producer of the taxes due and  
18 to collect the taxes as provided in 15-16-101.

19 (2) For bonding, county classification, and all nontax  
20 purposes, the taxable value of the gross proceeds of coal is  
21 45% of the contract sales price as defined in 15-35-102(5).

22 ~~(3) The taxable value of gross proceeds for the purpose~~  
23 ~~of computing guaranteed tax base aid for schools is the~~  
24 ~~amount of tax received by a district in the previous year~~  
25 ~~divided by the number of mills levied by the district in the~~

1 ~~previous year, multiplied by 1,000. This amount must be~~  
2 ~~added to the district, county, and statewide taxable value~~  
3 ~~when computing guaranteed tax base aid under 20-9-360.~~

4 ~~(4) The county treasurer shall credit all taxes~~  
5 ~~collected under this part:~~

6 (a) to the state and to the counties that levied mills  
7 against production in the relative proportions required by  
8 the levies for state and county purposes in the same manner  
9 as property taxes were distributed in the year 1989 in the  
10 taxing jurisdiction; and

11 (b) to school districts in the county that either  
12 levied mills against production or used nontax revenue, such  
13 as Public Law 81-874 money, in lieu of levying mills against  
14 production, in the same manner that property taxes collected  
15 or property taxes that would have been collected would have  
16 been distributed in 1989 in the school district."

17 **Section 3.** Section 20-9-366, MCA, is amended to read:

18 "20-9-366. Definitions. As used in 20-9-366 through  
19 20-9-369, the following definitions apply:

20 (1) "County mill value per elementary AND guaranteed  
21 tax base ratio for elementary districts" or "county mill  
22 value per high school AND guaranteed tax base ratio for high  
23 school districts" means the sum of the current taxable  
24 valuation of all property in the county plus the taxable  
25 value of oil and gas net proceeds determined under

1 15-23-607(4) for production occurring after March 31, 1990,  
 2 plus the taxable value of coal gross proceeds determined  
 3 under 15-23-703(3) plus all the taxable value of nonlevy  
 4 revenue for the support of schools, other than Public Law  
 5 81-874 funds, divided by 1,000, with the quotient divided by  
 6 the total county elementary ANB count or the total county  
 7 high school ANB count used to calculate the elementary  
 8 school districts' and high school districts' current year  
 9 foundation program amounts amount. The taxable value of  
 10 nonlevy revenue for the purpose of computing guaranteed tax  
 11 base aid for schools is the amount of nonlevy revenue  
 12 received by a district in the previous year, including for  
 13 fiscal year 1991 the revenue received in fiscal year 1990  
 14 from the net proceeds taxation of oil and natural gas and  
 15 including for fiscal year 1992 and thereafter the local  
 16 government severance tax, divided by the number of mills  
 17 levied by the district in the previous year, multiplied by  
 18 1,000.

19 (2) "District mill value per ANB guaranteed tax base  
 20 ratio" means the current taxable valuation of all property  
 21 in the district plus the taxable value of oil and gas net  
 22 proceeds determined under 15-23-607(4) for production  
 23 occurring after March 31, 1990, plus the taxable value of  
 24 coal gross proceeds determined under 15-23-703(3) plus all  
 25 the taxable value of nonlevy revenue for the support of

1 schools, other than Public Law 81-874 funds, divided by  
 2 1,000, with the quotient divided by the ANB count of the  
 3 district used to calculate the district's current year  
 4 foundation program schedule amount. The taxable value of  
 5 nonlevy revenue for the purpose of computing guaranteed tax  
 6 base aid for schools is the amount of nonlevy revenue  
 7 received by a district in the previous year, including for  
 8 fiscal year 1991 the revenue received in fiscal year 1990  
 9 from the net proceeds taxation of oil and natural gas and  
 10 including for fiscal year 1992 and thereafter the local  
 11 government severance tax, divided by the number of mills  
 12 levied by the district in the previous year, multiplied by  
 13 1,000.

14 (3) "Guaranteed overschedule general fund budget" means  
 15 that portion of a district's general fund budget in excess  
 16 of the foundation program amount for the district, as  
 17 provided in 20-9-316 through 20-9-321, but not exceeding  
 18 35% of the district's foundation program amount, and  
 19 which excess is authorized under the provisions of 20-9-145  
 20 and 20-9-353.

21 (4) "Statewide mill value per elementary ANB guaranteed  
 22 tax base ratio for elementary districts" or "statewide mill  
 23 value per high school ANB guaranteed tax base ratio for high  
 24 school districts" means the sum of the current taxable  
 25 valuation of all property in the state plus the taxable

1 value---of---oil---and---gas---net---proceeds---determined---under  
 2 15-23-607(4) for production occurring after March 31, 1990,  
 3 plus the taxable value of coal gross proceeds determined  
 4 under 15-23-703(3) plus all the taxable value of nonlevy  
 5 revenue for the support of schools, other than Public Law  
 6 81-874 funds, divided by 1,000, with the quotient divided by  
 7 the total state elementary ANB count or the total state high  
 8 school ANB count used to calculate the elementary school  
 9 districts' and or state high school districts' current year  
 10 foundation program amounts amount. The taxable value of  
 11 nonlevy revenue for the purpose of computing guaranteed tax  
 12 base aid for schools is the amount of nonlevy revenue  
 13 received by a district in the previous year, including for  
 14 fiscal year 1991 the revenue received in fiscal year 1990  
 15 from the net proceeds taxation of oil and natural gas and  
 16 including for fiscal year 1992 and thereafter the local  
 17 government severance tax, divided by the number of mills  
 18 levied by the district in the previous year, multiplied by  
 19 1,000."

20 **Section 4.** Section 20-9-367, MCA, is amended to read:

21 \*20-9-367. Eligibility to receive guaranteed tax base  
 22 aid. (1) If the district mill-value-per-ANB guaranteed tax  
 23 base ratio of any elementary or high school district is less  
 24 than the corresponding statewide mill-value-per-ANB  
 25 guaranteed tax base ratio, the district may receive

1 guaranteed tax base aid based on the number of mills levied  
 2 in the district in support of its guaranteed overschedule  
 3 permissive amount of the general fund budget.

4 (2) If the county mill-value-per-elementary-ANB-or-high  
 5 school-ANB guaranteed tax base ratio for elementary or high  
 6 school districts is less than the corresponding statewide  
 7 mill-value-per-ANB guaranteed tax base ratio, the county may  
 8 receive guaranteed tax base aid based on the number of mills  
 9 levied in the county in support of the retirement fund  
 10 budgets of the respective elementary or high school  
 11 districts in the county."

12 **Section 5.** Section 20-9-368, MCA, is amended to read:

13 \*20-9-368. Amount of guaranteed tax base aid --  
 14 reversion. (1) The amount of guaranteed tax base aid per-ANB  
 15 that a county may receive for each mill levied under the  
 16 provisions of 20-9-501 in support of the retirement fund  
 17 budgets of the elementary school districts in the county is  
 18 the difference between the county mill-value-per-elementary  
 19 ANB and the statewide mill-value-per-elementary-ANB,  
 20 multiplied by the number of mills levied in support of the  
 21 retirement fund budgets of the elementary districts in the  
 22 county calculated in the following manner:

23 (a) multiply the statewide guaranteed tax base ratio  
 24 for elementary districts by the total current year's  
 25 elementary district foundation program amount for the

1 county;

2 (b) subtract the taxable valuation of the county from  
3 the product obtained in subsection (1)(a); and

4 (c) divide the remainder by 1,000 to determine the  
5 equivalent to the dollar amount of guaranteed tax base aid  
6 for each mill levied.

7 (2) The amount of guaranteed tax base aid per-ANB that  
8 a county may receive for each mill levied under the  
9 provisions of 20-9-501 in support of the retirement fund  
10 budgets of the high school districts in the county is the  
11 ~~difference-between-the-county-mill-value-per-high-school-ANB~~  
12 ~~and-the-statewide-mill-value-per-high-school-ANB,~~ multiplied  
13 ~~by--the--number-of-mills-levied-in-support-of-the-retirement~~  
14 ~~fund-budgets-of-the-high--school--districts--in--the--county~~  
15 calculated in the following manner:

16 (a) multiply the statewide guaranteed tax base ratio  
17 for high school districts by the total current year's high  
18 school district foundation program amount for the county;

19 (b) subtract the taxable valuation of the county from  
20 the product obtained in subsection (2)(a); and

21 (c) divide the remainder by 1,000 to determine the  
22 equivalent to the dollar amount of guaranteed tax base aid  
23 for each mill levied.

24 (3) The amount of guaranteed tax base aid per-ANB that  
25 a district may receive for each mill levied under the

1 provisions of 20-9-141 and 20-9-145 in support of its  
2 guaranteed overschedule permissive amount of the general  
3 fund budget is ~~the--difference--between--the--district--mill~~  
4 ~~value-per-ANB-and-the-corresponding-statewide-mill-value-per~~  
5 ~~ANB,~~ multiplied by the number of mills levied in support of  
6 ~~the-district's-guaranteed-overschedule-permissive-amount--of~~  
7 ~~the-general-fund-budget~~ calculated in the following manner:

8 (a) multiply the district's current year foundation  
9 program amount by the corresponding statewide guaranteed tax  
10 base ratio;

11 (b) subtract the taxable valuation of the district from  
12 the product obtained in subsection (3)(a); and

13 (c) divide the remainder by 1,000 to determine the  
14 equivalent to the dollar amount of guaranteed tax base aid  
15 for each mill levied.

16 (4) Guaranteed tax base aid provided to any county or  
17 district under this section is earmarked to finance the fund  
18 or portion of the fund for which it is provided. If the  
19 actual expenditures from the fund or portion of the fund for  
20 which guaranteed tax base aid is earmarked are less than the  
21 amount budgeted, the guaranteed tax base aid reverts in  
22 proportion to the amount budgeted but not expended. If a  
23 county or district receives more guaranteed tax base aid  
24 than it is entitled to, the excess must be returned to the  
25 state as required by 20-9-344."

1       **Section 6.** Section 20-9-369, MCA, is amended to read:  
 2       "**20-9-369. Duties of superintendent of public**  
 3 **instruction and department of revenue.** (1) The  
 4 superintendent of public instruction shall administer the  
 5 distribution of guaranteed tax base aid by:  
 6       (a) providing each school district and county  
 7 superintendent, by June 15 of each year, with the  
 8 preliminary statewide and county ~~mill--values--per--~~ANB  
 9 guaranteed tax base ratios and, by July 15 of each year,  
 10 with the final statewide, district, and county ~~mill--values~~  
 11 per--ANB guaranteed tax base ratios, for use in calculating  
 12 the guaranteed tax base aid available for the ensuing school  
 13 fiscal year;  
 14       (b) requiring each county and district that qualifies  
 15 and applies for guaranteed tax base aid to report to the  
 16 county superintendent all budget and accounting information  
 17 required to administer the guaranteed tax base aid;  
 18       (c) keeping a record of the complete data concerning  
 19 appropriations available for guaranteed tax base aid and the  
 20 entitlements for such aid of the counties and districts that  
 21 qualify;  
 22       (d) distributing the guaranteed tax base aid  
 23 entitlement to each qualified county or district from the  
 24 appropriations for that purpose.  
 25       (2) The superintendent shall adopt rules necessary to

1       implement 20-9-366 through 20-9-369.  
 2       (3) The department of revenue shall provide the  
 3 superintendent of public instruction by June 1 of each year  
 4 a preliminary determination of the taxable value of property  
 5 within each school district and county of the state and  
 6 shall provide by July 1 of each year a final determination  
 7 of the taxable values."  
 8       NEW SECTION. **Section 7.** Effective date. [This act] is  
 9 effective July 1, 1991.

-End-

STATE OF MONTANA - FISCAL NOTE  
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0435, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to revise the method of calculating Guaranteed Tax Base aid to eligible public school districts and counties by comparing a district's or county's taxable valuation per foundation program amount to the statewide taxable valuation per statewide foundation program amount.

ASSUMPTIONS:

1. Foundation program schedules remain constant at the FY91 levels.
2. School district budget amounts remain constant at the FY91 levels.
3. School district and county taxable values remain constant at the FY91 levels.
4. School district non-levy revenues remain constant at the FY91 levels.

FISCAL IMPACT:

Office of Public Instruction

Expenditures:

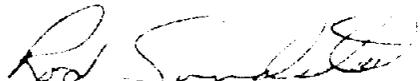
	FY '92			FY '93		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
FTE	0.00	1.00	1.00	0.00	0.00	0.00
Personal Services	0	24,592	24,592	0	0	
Operating Expenses	0	5,000	5,000	0	0	0
Local Assistance	Permissive GTB 30,800,000	19,700,000	(11,100,000)	30,800,000	19,700,000	(11,100,000)
	Retirement GTB <u>13,600,000</u>	<u>8,000,000</u>	<u>(5,600,000)</u>	<u>13,600,000</u>	<u>8,000,000</u>	<u>(5,600,000)</u>
Total	44,400,000	27,729,592	(16,670,408)	44,400,000	27,700,000	(16,700,000)
<u>Funding:</u>						
General Fund	44,400,000	27,729,592	(16,670,408)	44,400,000	27,700,000	(16,700,000)

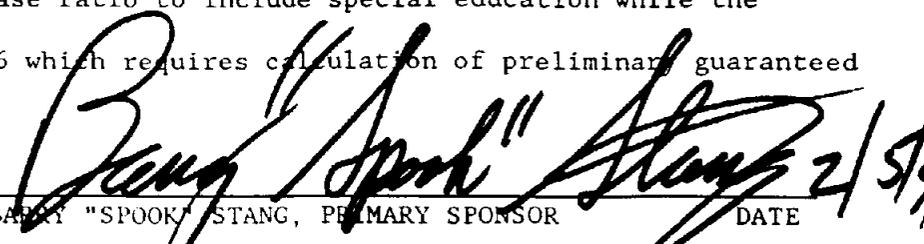
EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The reduction in state GTB aid will be offset by increases in district and county levies in those districts and counties who no longer qualify for GTB or qualify for a lesser amount.

TECHNICAL NOTES:

The bill provides for the calculation of statewide guaranteed tax base ratio to include special education while the calculation for districts excludes special education. The effective date of the act is after the June 15 date in section 6 which requires calculation of preliminary guaranteed tax base ratios.

  
 ROD SUNDSTED, BUDGET DIRECTOR      2-4-91      DATE  
 Office of Budget and Program Planning

  
 BARRY "SPOOK" STANG, PRIMARY SPONSOR      2/5/91      DATE  
 Fiscal Note for HB0435, as introduced

HB 435