

HOUSE BILL NO. 677

INTRODUCED BY BENEDICT, MCCAFFREE, ZOOK, PECK, SCHYE, THOMAS

IN THE HOUSE

FEBRUARY 7, 1991                   INTRODUCED AND REFERRED TO COMMITTEE  
ON TAXATION.

FEBRUARY 8, 1991                   FIRST READING.

MARCH 19, 1991                   COMMITTEE RECOMMEND BILL  
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 20, 1991                   PRINTING REPORT.

APRIL 2, 1991                   SECOND READING, DO PASS.

APRIL 3, 1991                   ENGROSSING REPORT.

APRIL 4, 1991                   THIRD READING, PASSED.  
AYES, 65; NOES, 33.

TRANSMITTED TO SENATE.

IN THE SENATE

APRIL 4, 1991                   INTRODUCED AND REFERRED TO COMMITTEE  
ON TAXATION.

FIRST READING.

APRIL 5, 1991                   COMMITTEE RECOMMEND BILL BE  
CONCURRED IN. REPORT ADOPTED.

APRIL 9, 1991                   SECOND READING, CONCURRED IN.

APRIL 10, 1991                   THIRD READING, CONCURRED IN.  
AYES, 39; NOES, 11.

RETURNED TO HOUSE.

IN THE HOUSE

APRIL 11, 1991                   RECEIVED FROM SENATE.

SENT TO ENROLLING.

APRIL 16, 1991                   REPORTED CORRECTLY ENROLLED.

APRIL 17, 1991                   SIGNED BY PRESIDENT.

SIGNED BY SPEAKER.

DELIVERED TO GOVERNOR.

APRIL 22, 1991

RETURNED FROM GOVERNOR WITH  
RECOMMENDED AMENDMENTS.

APRIL 23, 1991

SECOND READING, GOVERNOR'S  
AMENDMENTS CONCURRED IN.

IN THE SENATE

APRIL 23, 1991

SECOND READING, GOVERNOR'S  
AMENDMENTS CONCURRED IN.

APRIL 24, 1991

THIRD READING, GOVERNOR'S  
AMENDMENTS CONCURRED IN.

IN THE HOUSE

APRIL 24, 1991

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 HOUSE BILL NO. 677  
 2 INTRODUCED BY Benedict McLaughlin  
 3 for the

4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A COUNTY TO  
 5 LEVY UP TO 1 MILL FOR THE SUPPORT OF COUNTY LITERACY  
 6 PROGRAMS; PROVIDING THAT THE LEVY IN SUPPORT OF COUNTY  
 7 LITERACY PROGRAMS IS NOT SUBJECT TO LIMITATIONS ON PROPERTY  
 8 TAXES SET FORTH IN TITLE 15, CHAPTER 10, PART 4, MCA; AND  
 9 AMENDING SECTION 15-10-412, MCA."

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

12 NEW SECTION. Section 1. Authorization to levy tax and  
 13 establish fund for county literacy programs. (1) The  
 14 governing body of a county may, in its discretion, establish  
 15 a fund and levy up to 1 mill on each dollar of taxable  
 16 property in the county for the support of county literacy  
 17 programs. The tax levy is in addition to all other tax  
 18 levies.

19 (2) The governing body may, by resolution, make  
 20 expenditures from the fund solely for the support of  
 21 literacy programs within the county.

22 Section 2. Section 15-10-412, MCA, is amended to read:  
 23 "15-10-412. Property tax limited to 1986 levels --  
 24 clarification -- extension to all property classes. Section  
 25 15-10-402 is interpreted and clarified as follows:

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

4 (2) The limitation on the amount of taxes levied is  
 5 interpreted to mean that, except as otherwise provided in  
 6 this section, the actual tax liability for an individual  
 7 property is capped at the dollar amount due in each taxing  
 8 unit for the 1986 tax year. In tax years thereafter, the  
 9 property must be taxed in each taxing unit at the 1986 cap  
 10 or the product of the taxable value and mills levied,  
 11 whichever is less for each taxing unit, except in a taxing  
 12 unit that levied a tax in tax years 1983 through 1985 but  
 13 did not levy a tax in 1986, in which case the actual tax  
 14 liability for an individual property is capped at the dollar  
 15 amount due in that taxing unit for the 1985 tax year.

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

- 19 (a) annexation of real property and improvements into a
- 20 taxing unit;
- 21 (b) construction, expansion, or remodeling of
- 22 improvements;
- 23 (c) transfer of property into a taxing unit;
- 24 (d) subdivision of real property;
- 25 (e) reclassification of property;



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 NB 677

1 (f) increases in the amount of production or the value  
 2 of production for property described in 15-6-131 or  
 3 15-6-132;

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

6 (h) revaluations caused by:

7 (i) cyclical reappraisal; or

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

10 (i) increases in property valuation pursuant to  
 11 15-7-111(4) through (8) in order to equalize property values  
 12 annually.

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

17 (a) a revaluation caused by:

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

20 (ii) cyclical reappraisal;

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

22 (c) reclassification of property;

23 (d) increases in the amount of production or the value  
 24 of production for property described in 15-6-131 or  
 25 15-6-132;

1 (e) annexation of the individual property into a new  
 2 taxing unit;

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

5 (g) increases in property valuation pursuant to  
 6 15-7-111(4) through (8) in order to equalize property values  
 7 annually.

8 (5) Property in classes four, twelve, and fourteen is  
 9 valued according to the procedures used in 1986, including  
 10 the designation of 1982 as the base year, until the  
 11 reappraisal cycle beginning January 1, 1986, is completed  
 12 and new valuations are placed on the tax rolls and a new  
 13 base year designated, if the property is:

14 (a) new construction;

15 (b) expanded, deleted, replaced, or remodeled  
 16 improvements;

17 (c) annexed property; or

18 (d) property converted from tax-exempt to taxable  
 19 status.

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

25 (7) The limitation on the amount of taxes, as clarified

1 in this section, is intended to leave the property appraisal  
 2 and valuation methodology of the department of revenue  
 3 intact. Determinations of county classifications, salaries  
 4 of local government officers, and all other matters in which  
 5 total taxable valuation is an integral component are not  
 6 affected by 15-10-401 and 15-10-402 except for the use of  
 7 taxable valuation in fixing tax levies. In fixing tax  
 8 levies, the taxing units of local government may anticipate  
 9 the deficiency in revenues resulting from the tax  
 10 limitations in 15-10-401 and 15-10-402, while understanding  
 11 that regardless of the amount of mills levied, a taxpayer's  
 12 liability may not exceed the dollar amount due in each  
 13 taxing unit for the 1986 tax year unless:

14 (a) the taxing unit's taxable valuation decreases by 5%  
 15 or more from the 1986 tax year. If a taxing unit's taxable  
 16 valuation decreases by 5% or more from the 1986 tax year, it  
 17 may levy additional mills to compensate for the decreased  
 18 taxable valuation, but in no case may the mills levied  
 19 exceed a number calculated to equal the revenue from  
 20 property taxes for the 1986 tax year in that taxing unit.

21 (b) a levy authorized under Title 20 raised less  
 22 revenue in 1986 than was raised in either 1984 or 1985, in  
 23 which case the taxing unit may, after approval by the voters  
 24 in the taxing unit, raise each year thereafter an additional  
 25 number of mills but may not levy more revenue than the

1 3-year average of revenue raised for that purpose during  
 2 1984, 1985, and 1986;

3 (c) a levy authorized in 50-2-111 that was made in 1986  
 4 was for less than the number of mills levied in either 1984  
 5 or 1985, in which case the taxing unit may, after approval  
 6 by the voters in the taxing unit, levy each year thereafter  
 7 an additional number of mills but may not levy more than the  
 8 3-year average number of mills levied for that purpose  
 9 during 1984, 1985, and 1986.

10 (8) The limitation on the amount of taxes levied does  
 11 not apply to the following levy or special assessment  
 12 categories, whether or not they are based on commitments  
 13 made before or after approval of 15-10-401 and 15-10-402:

- 14 (a) rural improvement districts;
- 15 (b) special improvement districts;
- 16 (c) levies pledged for the repayment of bonded  
 17 indebtedness, including tax increment bonds;
- 18 (d) city street maintenance districts;
- 19 (e) tax increment financing districts;
- 20 (f) satisfaction of judgments against a taxing unit;
- 21 (g) street lighting assessments;
- 22 (h) revolving funds to support any categories specified  
 23 in this subsection (8);
- 24 (i) levies for economic development authorized pursuant  
 25 to 90-5-112(4); and

1 (j) elementary and high school districts.

2 (9) The limitation on the amount of taxes levied does  
3 not apply in a taxing unit if the voters in the taxing unit  
4 approve an increase in tax liability following a resolution  
5 of the governing body of the taxing unit containing:

6 (a) a finding that there are insufficient funds to  
7 adequately operate the taxing unit as a result of 15-10-401  
8 and 15-10-402;

9 (b) an explanation of the nature of the financial  
10 emergency;

11 (c) an estimate of the amount of funding shortfall  
12 expected by the taxing unit;

13 (d) a statement that applicable fund balances are or by  
14 the end of the fiscal year will be depleted;

15 (e) a finding that there are no alternative sources of  
16 revenue;

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

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

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

25 (b) The limitation set forth in this chapter on the

1 amount of taxes levied does not apply to levies to support:

2 (i) a city-county board of health as provided in Title  
3 50, chapter 2, if the governing bodies of the taxing units  
4 served by the board of health determine, after a public  
5 hearing, that public health programs require funds to ensure  
6 the public health. A levy for the support of a local board  
7 of health may not exceed the 5-mill limit established in  
8 50-2-111.

9 (ii) county literacy programs under [section 1].

10 (11) The limitation on the amount of taxes levied by a  
11 taxing jurisdiction subject to a statutory maximum mill levy  
12 does not prevent a taxing jurisdiction from increasing its  
13 number of mills beyond the statutory maximum mill levy to  
14 produce revenue equal to its 1986 revenue.

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

-End-

APPROVED BY COMMITTEE  
ON TAXATION

HOUSE BILL NO. 677

INTRODUCED BY BENEDICT, MCCAFFREE, ZOOK, PECK, SCHYE, THOMAS

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A COUNTY TO LEVY UP TO 1 MILL FOR THE SUPPORT OF COUNTY LITERACY PROGRAMS, ~~PROVIDING THAT THE LEVY IN SUPPORT OF COUNTY LITERACY PROGRAMS IS NOT~~ THAT GIVE FIRST PRIORITY TO PROVIDING DIRECT INSTRUCTION TO ADULTS, WHICH LEVY IS SUBJECT TO LIMITATIONS ON PROPERTY TAXES SET FORTH IN TITLE 15, CHAPTER 10, PART 4, MCA; ~~AND AMENDING SECTION 15-10-4127 MCA PROVIDING FOR THE ADMINISTRATION OF A COUNTY ADULT LITERACY FUND BY A COUNTY ADULT LITERACY BOARD; AND ESTABLISHING CONDITIONS FOR THE USE OF COUNTY LITERACY FUNDS."~~

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

NEW SECTION. Section 1. Authorization COUNTY ADULT LITERACY PROGRAMS -- AUTHORIZATION to levy tax and establish fund for county literacy programs. (1) (A) The governing body of a county may, in its discretion, establish a fund and levy up to 1 mill on each dollar of taxable property in the county for the support of county literacy programs THAT GIVE FIRST PRIORITY TO PROVIDING DIRECT INSTRUCTION TO ADULTS. The tax levy is in addition to all other tax levies.

(2) (B) The governing body may, by resolution, make

~~expenditures from the fund solely~~ MAY BE USED ONLY for the support of ADULT literacy programs within the county.

(2) (A) IF A COUNTY LEVIES A PROPERTY TAX FOR ADULT LITERACY PROGRAMS, THE COUNTY GOVERNING BODY SHALL APPOINT A COUNTY ADULT LITERACY BOARD TO ADMINISTER THE EXPENDITURE OF FUNDS FROM THE COUNTY ADULT LITERACY FUND ESTABLISHED IN SUBSECTION (1).

(B) THE COUNTY ADULT LITERACY BOARD SHALL COORDINATE ALL ADULT LITERACY PROGRAMS RECEIVING COUNTY ADULT LITERACY FUNDS. THE BOARD MAY ADOPT POLICIES CONCERNING PROGRAM STANDARDS AND FINANCIAL ACCOUNTABILITY FOR ORGANIZATIONS RECEIVING ADULT LITERACY FUNDS. THE BOARD MAY REQUIRE THAT ADULT LITERACY PROGRAMS MATCH ADULT LITERACY FUNDS WITH FEDERAL, STATE, OR PRIVATE MONEY. THE BOARD MAY, WITH THE CONCURRENCE OF THE APPROPRIATE COUNTY OFFICIALS, ARRANGE FOR COUNTY IN-KIND SERVICES TO SUPPORT ADULT LITERACY PROGRAMS.

(C) COUNTY ADULT LITERACY FUNDING MAY BE EXPENDED ONLY ON LITERACY PROGRAMS FOR PERSONS WHO ARE AT LEAST 19 YEARS OF AGE AND WHOSE HIGH SCHOOL CLASS HAS GRADUATED.

~~Section 27--Section 15-10-4127-MCA, is amended to read:  
"15-10-4127--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-157-chapter-67~~



1 part 1:

2 (2) The limitation on the amount of taxes levied is  
 3 interpreted to mean that, except as otherwise provided in  
 4 this section, the actual tax liability for an individual  
 5 property is capped at the dollar amount due in each taxing  
 6 unit for the 1986 tax year, in tax years thereafter, the  
 7 property must be taxed in each taxing unit at the 1986 cap  
 8 or the product of the taxable value and mills levied,  
 9 whichever is less for each taxing unit, except in a taxing  
 10 unit that levied a tax in tax years 1983 through 1985 but  
 11 did not levy a tax in 1986, in which case the actual tax  
 12 liability for an individual property is capped at the dollar  
 13 amount due in that taxing unit for the 1985 tax year.

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

- 17 (a) annexation of real property and improvements into a  
 18 taxing unit;
- 19 (b) construction, expansion, or remodeling of  
 20 improvements;
- 21 (c) transfer of property into a taxing unit;
- 22 (d) subdivision of real property;
- 23 (e) reclassification of property;
- 24 (f) increases in the amount of production or the value  
 25 of production for property described in 15-6-131 or

1 15-6-132;

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

- 4 (h) revaluations caused by:
- 5 (i) cyclical reappraisal; or
- 6 (ii) expansion, addition, replacement, or remodeling of  
 7 improvements; or
- 8 (j) increases in property valuation pursuant to  
 9 15-7-111(4) through (8) in order to equalize property values  
 10 annually;

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

- 15 (a) a revaluation caused by:
- 16 (i) construction, expansion, replacement, or remodeling  
 17 of improvements that adds value to the property; or
- 18 (ii) cyclical reappraisal;
- 19 (b) transfer of property into a taxing unit;
- 20 (c) reclassification of property;
- 21 (d) increases in the amount of production or the value  
 22 of production for property described in 15-6-131 or  
 23 15-6-132;
- 24 (e) annexation of the individual property into a new  
 25 taxing unit;



1 (f) conversion of the individual property from  
 2 tax-exempt to taxable status; or  
 3 (g) increases in property valuation pursuant to  
 4 15-7-111(4) through (8) in order to equalize property values  
 5 annually;

6 (5) Property in classes four, twelve, and fourteen is  
 7 valued according to the procedures used in 1986, including  
 8 the designation of 1982 as the base year, until the  
 9 reappraisal cycle beginning January 1, 1987, is completed  
 10 and new valuations are placed on the tax rolls and a new  
 11 base year designated, if the property is:

12 (a) new construction;  
 13 (b) expanded, deleted, replaced, or remodeled  
 14 improvements;  
 15 (c) annexed property; or  
 16 (d) property converted from tax-exempt to taxable  
 17 status;

18 (6) Property described in subsections (5)(a) through  
 19 (5)(d) that is not class four, class twelve, or class  
 20 fourteen property is valued according to the procedures used  
 21 in 1986 but is also subject to the dollar cap in each taxing  
 22 unit based on 1986 mills levied;

23 (7) The limitation on the amount of taxes, as clarified  
 24 in this section, is intended to leave the property appraisal  
 25 and valuation methodology of the department of revenue

1 intact. Determinations of county classifications, salaries  
 2 of local government officers, and all other matters in which  
 3 total taxable valuation is an integral component are not  
 4 affected by 15-10-401 and 15-10-402 except for the use of  
 5 taxable valuation in fixing tax levies, in fixing tax  
 6 levies, the taxing units of local government may anticipate  
 7 the deficiency in revenues resulting from the tax  
 8 limitations in 15-10-401 and 15-10-402, while understanding  
 9 that regardless of the amount of mills levied, a taxpayer's  
 10 liability may not exceed the dollar amount due in each  
 11 taxing unit for the 1986 tax year unless:

12 (a) the taxing unit's taxable valuation decreases by 5%  
 13 or more from the 1986 tax year, if a taxing unit's taxable  
 14 valuation decreases by 5% or more from the 1986 tax year, it  
 15 may levy additional mills to compensate for the decreased  
 16 taxable valuation, but in no case may the mills levied  
 17 exceed a number calculated to equal the revenue from  
 18 property taxes for the 1986 tax year in that taxing unit;

19 (b) a levy authorized under Title 20 raised less  
 20 revenue in 1986 than was raised in either 1984 or 1985, in  
 21 which case the taxing unit may, after approval by the voters  
 22 in the taxing unit, raise each year thereafter an additional  
 23 number of mills but may not levy more revenue than the  
 24 3-year average of revenue raised for that purpose during  
 25 1984, 1985, and 1986.

1       {c)--a-levy-authorized-in-50-2-111-that-was-made-in-1986  
 2 was-for-less-than-the-number-of-mills-levied-in-either--1984  
 3 or--1985--in-which-case-the-taxing-unit-may,after-approval  
 4 by-the-voters-in-the-taxing-unit,levy-each-year--thereafter  
 5 an-additional-number-of-mills-but-may-not-levy-more-than-the  
 6 3-year--average--number--of--mills--levied--for-that-purpose  
 7 during-1984,1985,-and-1986.

8       {d)--The-limitation-on-the-amount-of-taxes--levied--does  
 9 not--apply--to--the--following--levy--or--special-assessment  
 10 categories,whether-or-not-they--are--based--on--commitments  
 11 made-before-or-after-approval-of-15-10-401-and-15-10-402:

12       {a)--rural-improvement-districts;

13       {b)--special-improvement-districts;

14       {c)--levies---pledged---for---the--repayment--of--bonded  
 15 indebtedness,including-tax-increment-bonds;

16       {d)--city-street-maintenance-districts;

17       {e)--tax-increment-financing-districts;

18       {f)--satisfaction-of-judgments-against-a-taxing-unit;

19       {g)--street-lighting-assessments;

20       {h)--revolving-funds-to-support-any-categories-specified  
 21 in-this-subsection-{d)};

22       {i)--levies-for-economic-development-authorized-pursuant  
 23 to-90-5-112(4),-and

24       {j)--elementary-and-high-school-districts.

25       {k)--The-limitation-on-the-amount-of-taxes--levied--does

1       not--apply-in-a-taxing-unit-if-the-voters-in-the-taxing-unit  
 2 approve-an-increase-in-tax-liability-following-a--resolution  
 3 of-the-governing-body-of-the-taxing-unit-containing:

4       {a)--a--finding--that--there--are--insufficient-funds-to  
 5 adequately-operate-the-taxing-unit-as-a-result-of--15-10-401  
 6 and-15-10-402;

7       {b)--an--explanation--of--the--nature--of--the-financial  
 8 emergency;

9       {c)--an-estimate-of--the--amount--of--funding--shortfall  
 10 expected-by-the-taxing-unit;

11       {d)--a-statement-that-applicable-fund-balances-are-or-by  
 12 the-end-of-the-fiscal-year-will-be-depleted;

13       {e)--a--finding-that-there-are-no-alternative-sources-of  
 14 revenue;

15       {f)--a-summary-of-the-alternatives--that--the--governing  
 16 body-of-the-taxing-unit-has-considered,-and

17       {g)--a--statement--of-the-need-for-the-increased-revenue  
 18 and-how-it-will-be-used;

19       {i0)--{a)-The-limitation-on-the-amount--of--taxes--levied  
 20 does--not-apply-to-levies-required-to-address-the-funding-of  
 21 relief--of--suffering--of--inhabitants--caused--by--famine,  
 22 conflagration,-or-other-public-calamity.

23       {b)--The--limitation--set--forth--in-this-chapter-on-the  
 24 amount-of-taxes-levied-does-not-apply-to-levies-to-support;

25       {i1)--a-city-county-board-of-health-as-provided-in--Title

1 507--chapter--27--if--the--governing--bodies--of--the--taxing--units  
2 served--by--the--board--of--health--determine7--after--a--public  
3 hearing7--that--public--health--programs--require--funds--to--ensure  
4 the--public--health7--A--levy--for--the--support--of--a--local--board  
5 of--health--may--not--exceed--the--5--mill--limit--established--in  
6 50-2-1117

7 ~~{11}--county--literacy--programs--under--{section--1}7~~  
8 ~~{11}--The--limitation--on--the--amount--of--taxes--levied--by--a~~  
9 ~~taxing--jurisdiction--subject--to--a--statutory--maximum--mill--levy~~  
10 ~~does--not--prevent--a--taxing--jurisdiction--from--increasing--its~~  
11 ~~number--of--mills--beyond--the--statutory--maximum--mill--levy--to~~  
12 ~~produce--revenue--equal--to--its--1986--revenue7~~

13 ~~{12}--The--limitation--on--the--amount--of--taxes--levied--does~~  
14 ~~not--apply--to--a--levy--increase--to--repay--taxes--paid--under~~  
15 ~~protest--in--accordance--with--15-1-4027"~~

-End-

## HOUSE BILL NO. 677

INTRODUCED BY BENEDICT, MCCAFFREE, ZOOK, PECK, SCHYE, THOMAS

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A COUNTY TO LEVY UP TO 1 MILL FOR THE SUPPORT OF COUNTY LITERACY PROGRAMS, ~~PROVIDING THAT THE LEVY IN SUPPORT OF COUNTY LITERACY PROGRAMS IS NOT~~ THAT GIVE FIRST PRIORITY TO PROVIDING DIRECT INSTRUCTION TO ADULTS, WHICH LEVY IS SUBJECT TO LIMITATIONS ON PROPERTY TAXES SET FORTH IN TITLE 15, CHAPTER 10, PART 4, MCA; ~~AND AMENDING SECTION 15-10-412, MCA PROVIDING FOR THE ADMINISTRATION OF A COUNTY ADULT LITERACY FUND BY A COUNTY ADULT LITERACY BOARD; AND ESTABLISHING CONDITIONS FOR THE USE OF COUNTY LITERACY FUNDS.~~"

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

NEW SECTION. Section 1. Authorization COUNTY ADULT LITERACY PROGRAMS -- AUTHORIZATION to levy tax and establish fund for county literacy programs. (1) (A) The governing body of a county may, in its discretion, establish a fund and levy up to 1 mill on each dollar of taxable property in the county for the support of county literacy programs THAT GIVE FIRST PRIORITY TO PROVIDING DIRECT INSTRUCTION TO ADULTS. The tax levy is in addition to all other tax levies.

(2) (B) The governing body may, by resolution, make

~~expenditures from the fund solely~~ MAY BE USED ONLY for the support of ADULT literacy programs within the county.

(2) (A) IF A COUNTY LEVIES A PROPERTY TAX FOR ADULT LITERACY PROGRAMS, THE COUNTY GOVERNING BODY SHALL APPOINT A COUNTY ADULT LITERACY BOARD TO ADMINISTER THE EXPENDITURE OF FUNDS FROM THE COUNTY ADULT LITERACY FUND ESTABLISHED IN SUBSECTION (1).

(B) THE COUNTY ADULT LITERACY BOARD SHALL COORDINATE ALL ADULT LITERACY PROGRAMS RECEIVING COUNTY ADULT LITERACY FUNDS. THE BOARD MAY ADOPT POLICIES CONCERNING PROGRAM STANDARDS AND FINANCIAL ACCOUNTABILITY FOR ORGANIZATIONS RECEIVING ADULT LITERACY FUNDS. THE BOARD MAY REQUIRE THAT ADULT LITERACY PROGRAMS MATCH ADULT LITERACY FUNDS WITH FEDERAL, STATE, OR PRIVATE MONEY. THE BOARD MAY, WITH THE CONCURRENCE OF THE APPROPRIATE COUNTY OFFICIALS, ARRANGE FOR COUNTY IN-KIND SERVICES TO SUPPORT ADULT LITERACY PROGRAMS.

(C) COUNTY ADULT LITERACY FUNDING MAY BE EXPENDED ONLY ON LITERACY PROGRAMS FOR PERSONS WHO ARE AT LEAST 19 YEARS OF AGE AND WHOSE HIGH SCHOOL CLASS HAS GRADUATED.

~~Section 2. 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,~~

1 part-1-

2 {2}--The--limitation--on--the--amount--of--taxes--levied--is  
 3 interpreted--to--mean--that,--except--as--otherwise--provided--in  
 4 this--section,--the--actual--tax--liability--for--an--individual  
 5 property--is--capped--at--the--dollar--amount--due--in--each--taxing  
 6 unit--for--the--1986--tax--year,--in--tax--years--thereafter,--the  
 7 property--must--be--taxed--in--each--taxing--unit--at--the--1986--cap  
 8 or--the--product--of--the--taxable--value--and--mills--levied,  
 9 whichever--is--less--for--each--taxing--unit,--except--in--a--taxing  
 10 unit--that--levied--a--tax--in--tax--years--1983--through--1985--but  
 11 did--not--levy--a--tax--in--1986,--in--which--case--the--actual--tax  
 12 liability--for--an--individual--property--is--capped--at--the--dollar  
 13 amount--due--in--that--taxing--unit--for--the--1985--tax--year.

14 {3}--The--limitation--on--the--amount--of--taxes--levied--does  
 15 not--mean--that--no--further--increase--may--be--made--in--the--total  
 16 taxable--valuation--of--a--taxing--unit--as--a--result--of:

17 {a)--annexation--of--real--property--and--improvements--into--a  
 18 taxing--unit;

19 {b)--construction,--expansion,--or--remodeling--of  
 20 improvements;

21 {c)--transfer--of--property--into--a--taxing--unit;

22 {d)--subdivision--of--real--property;

23 {e)--reclassification--of--property;

24 {f)--increases--in--the--amount--of--production--or--the--value  
 25 of--production--for--property--described--in--15-6-131--or

1 15-6-132;

2 {g)--transfer--of--property--from--tax--exempt--to--taxable  
 3 status;

4 {h)--revaluations--caused--by:

5 {i)--cyclical--reappraisal;--or

6 {ii)--expansion,--addition,--replacement,--or--remodeling--of  
 7 improvements;--or

8 {j)--increases--in--property--valuation--pursuant--to  
 9 15-7-111(4)--through--(8)--in--order--to--equalize--property--values  
 10 annually;

11 {4}--The--limitation--on--the--amount--of--taxes--levied--does  
 12 not--mean--that--no--further--increase--may--be--made--in--the--taxable  
 13 valuation--or--in--the--actual--tax--liability--on--individual  
 14 property--in--each--class--as--a--result--of:

15 {a)--a--revaluation--caused--by:

16 {i)--construction,--expansion,--replacement,--or--remodeling  
 17 of--improvements--that--adds--value--to--the--property;--or

18 {ii)--cyclical--reappraisal;

19 {b)--transfer--of--property--into--a--taxing--unit;

20 {c)--reclassification--of--property;

21 {d)--increases--in--the--amount--of--production--or--the--value  
 22 of--production--for--property--described--in--15-6-131--or  
 23 15-6-132;

24 {e)--annexation--of--the--individual--property--into--a--new  
 25 taxing--unit;

1       (f) conversion of the individual property from  
2 tax-exempt-to-taxable-status, or  
3       (g) increases in property valuation pursuant to  
4 15-7-111(4) through (8) in order to equalize property values  
5 annually;

6       (5) Property in classes four, twelve, and fourteen is  
7 valued according to the procedures used in 1986, including  
8 the designation of 1982 as the base year, until the  
9 reappraisal cycle beginning January 1, 1986, is completed  
10 and new valuations are placed on the tax rolls and a new  
11 base year designated, if the property is:

12       (a) new construction;

13       (b) expanded, deleted, replaced, or remodeled  
14 improvements;

15       (c) annexed property; or

16       (d) property converted from tax-exempt to taxable  
17 status;

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

23       (7) The limitation on the amount of taxes, as clarified  
24 in this section, is intended to leave the property appraisal  
25 and valuation methodology of the department of revenue

1 intact. Determinations of county classifications, salaries  
2 of local government officers, and all other matters in which  
3 total taxable valuation is an integral component are not  
4 affected by 15-10-401 and 15-10-402 except for the use of  
5 taxable valuation in fixing tax levies. In fixing tax  
6 levies, the taxing units of local government may anticipate  
7 the deficiency in revenues resulting from the tax  
8 limitations in 15-10-401 and 15-10-402, while understanding  
9 that regardless of the amount of mills levied, a taxpayer's  
10 liability may not exceed the dollar amount due in each  
11 taxing unit for the 1986 tax year unless:

12       (a) the taxing unit's taxable valuation decreases by 5%  
13 or more from the 1986 tax year; if a taxing unit's taxable  
14 valuation decreases by 5% or more from the 1986 tax year, it  
15 may levy additional mills to compensate for the decreased  
16 taxable valuation, but in no case may the mills levied  
17 exceed a number calculated to equal the revenue from  
18 property taxes for the 1986 tax year in that taxing unit.

19       (b) a levy authorized under Title 20 raised less  
20 revenue in 1986 than was raised in either 1984 or 1985, in  
21 which case the taxing unit may, after approval by the voters  
22 in the taxing unit, raise each year thereafter an additional  
23 number of mills but may not levy more revenue than the  
24 3-year average of revenue raised for that purpose during  
25 1984, 1985, and 1986;

1        {c}--a levy authorized in 50-2-111 that was made in 1986  
 2 was for less than the number of mills levied in either 1984  
 3 or 1985, in which case the taxing unit may, after approval  
 4 by the voters in the taxing unit, levy each year thereafter  
 5 an additional number of mills but may not levy more than the  
 6 3-year average number of mills levied for that purpose  
 7 during 1984, 1985, and 1986.  
 8        {8}--The limitation on the amount of taxes levied does  
 9 not apply to the following levy or special assessment  
 10 categories, whether or not they are based on commitments  
 11 made before or after approval of 15-10-401 and 15-10-402:  
 12        {a}--rural improvement districts;  
 13        {b}--special improvement districts;  
 14        {c}--levies pledged for the repayment of bonded  
 15 indebtedness, including tax increment bonds;  
 16        {d}--city street maintenance districts;  
 17        {e}--tax increment financing districts;  
 18        {f}--satisfaction of judgments against a taxing unit;  
 19        {g}--street lighting assessments;  
 20        {h}--revolving funds to support any categories specified  
 21 in this subsection {8};  
 22        {i}--levies for economic development authorized pursuant  
 23 to 90-5-112(4); and  
 24        {j}--elementary and high school districts;  
 25        {9}--The limitation on the amount of taxes levied does

1 not apply in a taxing unit if the voters in the taxing unit  
 2 approve an increase in tax liability following a resolution  
 3 of the governing body of the taxing unit containing:  
 4        {a}--a finding that there are insufficient funds to  
 5 adequately operate the taxing unit as a result of 15-10-401  
 6 and 15-10-402;  
 7        {b}--an explanation of the nature of the financial  
 8 emergency;  
 9        {c}--an estimate of the amount of funding shortfall  
 10 expected by the taxing unit;  
 11        {d}--a statement that applicable fund balances are or by  
 12 the end of the fiscal year will be depleted;  
 13        {e}--a finding that there are no alternative sources of  
 14 revenue;  
 15        {f}--a summary of the alternatives that the governing  
 16 body of the taxing unit has considered; and  
 17        {g}--a statement of the need for the increased revenue  
 18 and how it will be used.  
 19        {10}--{a} The limitation on the amount of taxes levied  
 20 does not apply to levies required to address the funding of  
 21 relief of suffering of inhabitants caused by famine,  
 22 conflagration, or other public calamity;  
 23        {b}--The limitation set forth in this chapter on the  
 24 amount of taxes levied does not apply to levies to support  
 25        {11}--a city-county board of health as provided in Title

1 50,--chapter--2,--if--the--governing--bodies--of--the--taxing--units  
2 served--by--the--board--of--health--determine,--after--a--public  
3 hearing,--that--public--health--programs--require--funds--to--ensure  
4 the--public--health,--A--levy--for--the--support--of--a--local--board  
5 of--health--may--not--exceed--the--5--mill--limit--established--in  
6 50-2-111;

7 ~~{11} county literacy programs under {section 11}.~~

8 ~~{11} The--limitation--on--the--amount--of--taxes--levied--by--a  
9 taxing--jurisdiction--subject--to--a--statutory--maximum--mill--levy  
10 does--not--prevent--a--taxing--jurisdiction--from--increasing--its  
11 number--of--mills--beyond--the--statutory--maximum--mill--levy--to  
12 produce--revenue--equal--to--its--1986--revenue.~~

13 ~~{12} The--limitation--on--the--amount--of--taxes--levied--does  
14 not--apply--to--a--levy--increase--to--repay--taxes--paid--under  
15 protest--in--accordance--with--15-1-402.<sup>A</sup>~~

-End-



HOUSE BILL NO. 677

INTRODUCED BY BENEDICT, MCCAFFREE, ZOOK, PECK, SCHYE, THOMAS

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A COUNTY TO LEVY UP TO 1 MILL FOR THE SUPPORT OF COUNTY LITERACY PROGRAMS, PROVIDING THAT THE LEVY IN SUPPORT OF COUNTY LITERACY PROGRAMS IS NOT THAT GIVE FIRST PRIORITY TO PROVIDING DIRECT INSTRUCTION TO ADULTS, WHICH LEVY IS SUBJECT TO LIMITATIONS ON PROPERTY TAXES SET FORTH IN TITLE 15, CHAPTER 10, PART 4, MCA; AND AMENDING SECTION 15-10-412, MCA PROVIDING FOR THE ADMINISTRATION OF A COUNTY ADULT LITERACY FUND BY A COUNTY ADULT LITERACY BOARD; AND ESTABLISHING CONDITIONS FOR THE USE OF COUNTY LITERACY FUNDS."

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

NEW SECTION. Section 1. AUTHORIZATION COUNTY ADULT LITERACY PROGRAMS -- AUTHORIZATION to levy tax and establish fund for county literacy programs. (1) (A) The governing body of a county may, in its discretion, establish a fund and levy up to 1 mill on each dollar of taxable property in the county for the support of county literacy programs THAT GIVE FIRST PRIORITY TO PROVIDING DIRECT INSTRUCTION TO ADULTS. The tax levy is in addition to all other tax levies.

(2) (B) The governing body may by resolution, make

expenditures from the fund solely MAY BE USED ONLY for the support of ADULT literacy programs within the county.

(2) (A) IF A COUNTY LEVIES A PROPERTY TAX FOR ADULT LITERACY PROGRAMS, THE COUNTY GOVERNING BODY SHALL APPOINT A COUNTY ADULT LITERACY BOARD TO ADMINISTER THE EXPENDITURE OF FUNDS FROM THE COUNTY ADULT LITERACY FUND ESTABLISHED IN SUBSECTION (1).

(B) THE COUNTY ADULT LITERACY BOARD SHALL COORDINATE ALL ADULT LITERACY PROGRAMS RECEIVING COUNTY ADULT LITERACY FUNDS. THE BOARD MAY ADOPT POLICIES CONCERNING PROGRAM STANDARDS AND FINANCIAL ACCOUNTABILITY FOR ORGANIZATIONS RECEIVING ADULT LITERACY FUNDS. THE BOARD MAY REQUIRE THAT ADULT LITERACY PROGRAMS MATCH ADULT LITERACY FUNDS WITH FEDERAL, STATE, OR PRIVATE MONEY. THE BOARD MAY, WITH THE CONCURRENCE OF THE APPROPRIATE COUNTY OFFICIALS, ARRANGE FOR COUNTY IN-KIND SERVICES TO SUPPORT ADULT LITERACY PROGRAMS.

(C) COUNTY ADULT LITERACY FUNDING MAY BE EXPENDED ONLY ON LITERACY PROGRAMS FOR PERSONS WHO ARE AT LEAST 19 YEARS OF AGE AND WHOSE HIGH SCHOOL CLASS HAS GRADUATED.

Section 2. 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 67



1 part-1;

2 {2}--The--limitation--on--the--amount--of--taxes--levied--is

3 interpreted--to--mean--that,--except--as--otherwise--provided--in

4 this--section,--the--actual--tax--liability--for--an--individual

5 property--is--capped--at--the--dollar--amount--due--in--each--taxing

6 unit--for--the--1986--tax--year,--in--tax--years--thereafter,--the

7 property--must--be--taxed--in--each--taxing--unit--at--the--1986--cap

8 or--the--product--of--the--taxable--value--and--mills--levied,

9 whichever--is--less--for--each--taxing--unit,--except--in--a--taxing

10 unit--that--levied--a--tax--in--tax--years--1983--through--1985--but

11 did--not--levy--a--tax--in--1986,--in--which--case--the--actual--tax

12 liability--for--an--individual--property--is--capped--at--the--dollar

13 amount--due--in--that--taxing--unit--for--the--1985--tax--year;

14 {3}--The--limitation--on--the--amount--of--taxes--levied--does

15 not--mean--that--no--further--increase--may--be--made--in--the--total

16 taxable--valuation--of--a--taxing--unit--as--a--result--of:

17 (a)--annexation--of--real--property--and--improvements--into--a

18 taxing--unit;

19 (b)--construction,--expansion,--or--remodeling--of

20 improvements;

21 (c)--transfer--of--property--into--a--taxing--unit;

22 (d)--subdivision--of--real--property;

23 (e)--reclassification--of--property;

24 (f)--increases--in--the--amount--of--production--or--the--value

25 of--production--for--property--described--in--15-6-131--or

1 15-6-132;

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

3 status;

4 (h)--revaluations--caused--by:

5 (i)--cyclical--reappraisal;--or

6 (ii)--expansion,--addition,--replacement,--or--remodeling--of

7 improvements;--or

8 (i)--increases--in--property--valuation--pursuant--to

9 15-7-111(4)--through--(8)--in--order--to--equalize--property--values

10 annually;

11 {4}--The--limitation--on--the--amount--of--taxes--levied--does

12 not--mean--that--no--further--increase--may--be--made--in--the--taxable

13 valuation--or--in--the--actual--tax--liability--on--individual

14 property--in--each--class--as--a--result--of:

15 (a)--a--revaluation--caused--by:

16 (i)--construction,--expansion,--replacement,--or--remodeling

17 of--improvements--that--adds--value--to--the--property;--or

18 (ii)--cyclical--reappraisal;

19 (b)--transfer--of--property--into--a--taxing--unit;

20 (c)--reclassification--of--property;

21 (d)--increases--in--the--amount--of--production--or--the--value

22 of--production--for--property--described--in--15-6-131--or

23 15-6-132;

24 (e)--annexation--of--the--individual--property--into--a--new

25 taxing--unit;

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

3       (g)--increases--in--property--valuation--pursuant--to  
4 15-7-111(4)--through--(8)--in--order--to--equalize--property--values  
5 annually;

6       (5)--Property--in--classes--four, twelve, and--fourteen--is  
7 valued--according--to--the--procedures--used--in--1986, including  
8 the--designation--of--1982--as--the--base--year, until--the  
9 reappraisal--cycle--beginning--January--1, 1986, is--completed  
10 and--new--valuations--are--placed--on--the--tax--rolls--and--a--new  
11 base-year--designated, if--the--property--is:

12       (a)--new--construction;

13       (b)--expanded, deleted, replaced, or--remodeled  
14 improvements;

15       (c)--annexed--property; or

16       (d)--property--converted--from--tax-exempt--to--taxable  
17 status;

18       (6)--Property--described--in--subsections--(5)(a)--through  
19 (5)(d)--that--is--not--class--four, class--twelve, or--class  
20 fourteen--property--is--valued--according--to--the--procedures--used  
21 in--1986--but--is--also--subject--to--the--dollar--cap--in--each--taxing  
22 unit--based--on--1986--mills--levied;

23       (7)--The--limitation--on--the--amount--of--taxes, as--clarified  
24 in--this--section, is--intended--to--leave--the--property--appraisal  
25 and--valuation--methodology--of--the--department--of--revenue

1 intact; Determinations--of--county--classifications, salaries  
2 of--local--government--officers, and--all--other--matters--in--which  
3 total--taxable--valuation--is--an--integral--component--are--not  
4 affected--by--15-10-401--and--15-10-402--except--for--the--use--of  
5 taxable--valuation--in--fixing--tax--levies; in--fixing--tax  
6 levies, the--taxing--units--of--local--government--may--anticipate  
7 the--deficiency--in--revenues--resulting--from--the--tax  
8 limitations--in--15-10-401--and--15-10-402, while--understanding  
9 that--regardless--of--the--amount--of--mills--levied, a--taxpayer's  
10 liability--may--not--exceed--the--dollar--amount--due--in--each  
11 taxing--unit--for--the--1986--tax--year--unless:

12       (a)--the--taxing--unit's--taxable--valuation--decreases--by--5%  
13 or--more--from--the--1986--tax--year, if--a--taxing--unit's--taxable  
14 valuation--decreases--by--5%--or--more--from--the--1986--tax--year, it  
15 may--levy--additional--mills--to--compensate--for--the--decreased  
16 taxable--valuation, but--in--no--case--may--the--mills--levied  
17 exceed--a--number--calculated--to--equal--the--revenue--from  
18 property--taxes--for--the--1986--tax--year--in--that--taxing--unit;

19       (b)--a--levy--authorized--under--Title--20--raised--less  
20 revenue--in--1986--than--was--raised--in--either--1984--or--1985, in  
21 which--case--the--taxing--unit--may, after--approval--by--the--voters  
22 in--the--taxing--unit, raise--each--year--thereafter--an--additional  
23 number--of--mills--but--may--not--levy--more--revenue--than--the  
24 3-year--average--of--revenue--raised--for--that--purpose--during  
25 1984, 1985, and 1986;

1 (c)--a levy authorized in 50-2-111 that was made in 1986  
 2 was for less than the number of mills levied in either 1984  
 3 or 1985, in which case the taxing unit may, after approval  
 4 by the voters in the taxing unit, levy each year thereafter  
 5 an additional number of mills but may not levy more than the  
 6 3-year average number of mills levied for that purpose  
 7 during 1984, 1985, and 1986.

8 (8)--The limitation on the amount of taxes levied does  
 9 not apply to the following levy or special assessment  
 10 categories, whether or not they are based on commitments  
 11 made before or after approval of 15-10-401 and 15-10-402:

- 12 (a)--rural improvement districts;
- 13 (b)--special improvement districts;
- 14 (c)--levies pledged for the repayment of bonded  
 15 indebtedness, including tax increment bonds;
- 16 (d)--city street maintenance districts;
- 17 (e)--tax increment financing districts;
- 18 (f)--satisfaction of judgments against a taxing unit;
- 19 (g)--street lighting assessments;
- 20 (h)--revolving funds to support any categories specified  
 21 in this subsection (8);
- 22 (i)--levies for economic development authorized pursuant  
 23 to 98-5-112(4); and
- 24 (j)--elementary and high school districts;
- 25 (9)--The limitation on the amount of taxes levied does

1 not apply in a taxing unit if the voters in the taxing unit  
 2 approve an increase in tax liability following a resolution  
 3 of the governing body of the taxing unit containing:

4 (a)--a finding that there are insufficient funds to  
 5 adequately operate the taxing unit as a result of 15-10-401  
 6 and 15-10-402;

7 (b)--an explanation of the nature of the financial  
 8 emergency;

9 (c)--an estimate of the amount of funding shortfall  
 10 expected by the taxing unit;

11 (d)--a statement that applicable fund balances are or by  
 12 the end of the fiscal year will be depleted;

13 (e)--a finding that there are no alternative sources of  
 14 revenue;

15 (f)--a summary of the alternatives that the governing  
 16 body of the taxing unit has considered; and

17 (g)--a statement of the need for the increased revenue  
 18 and how it will be used;

19 (10)-(a)--The limitation on the amount of taxes levied  
 20 does not apply to levies required to address the funding of  
 21 relief of suffering of inhabitants caused by famine,  
 22 conflagration, or other public calamity;

23 (b)--The limitation set forth in this chapter on the  
 24 amount of taxes levied does not apply to levies to support:

25 (i)--a city-county board of health as provided in Title

1 50, chapter 27, if the governing bodies of the taxing units  
2 served by the board of health determine after a public  
3 hearing that public health programs require funds to ensure  
4 the public health. A levy for the support of a local board  
5 of health may not exceed the 5 mill limit established in  
6 50-2-111.

7 ~~(ii) county literacy programs under {section 1}.~~  
8 ~~(ii) The limitation on the amount of taxes levied by a~~  
9 ~~taxing jurisdiction subject to a statutory maximum mill levy~~  
10 ~~does not prevent a taxing jurisdiction from increasing its~~  
11 ~~number of mills beyond the statutory maximum mill levy to~~  
12 ~~produce revenue equal to its 1986 revenue.~~

13 ~~(i2) The limitation on the amount of taxes levied does~~  
14 ~~not apply to a levy increase to repay taxes paid under~~  
15 ~~protest in accordance with 15-1-402.~~

-End-

GOVERNOR'S AMENDMENTS TO  
HOUSE BILL 677  
(REFERENCE COPY, AS AMENDED)  
April 22, 1991

1. Page 1, line 24.

Following: "levies"

Insert: "and is subject to limitations on property taxes set  
forth in 15-10-402"

*Gov. Amend.  
HB 677*

## HOUSE BILL NO. 677

INTRODUCED BY BENEDICT, MCCAFFREE, ZOOK, PECK, SCHYE, THOMAS

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A COUNTY TO LEVY UP TO 1 MILL FOR THE SUPPORT OF COUNTY LITERACY PROGRAMS, ~~PROVIDING THAT THE LEVY IN SUPPORT OF COUNTY LITERACY PROGRAMS IS NOT~~ THAT GIVE FIRST PRIORITY TO PROVIDING DIRECT INSTRUCTION TO ADULTS, WHICH LEVY IS SUBJECT TO LIMITATIONS ON PROPERTY TAXES SET FORTH IN TITLE 15, CHAPTER 10, PART 4, MCA; ~~AND AMENDING SECTION 15-10-412, MCA PROVIDING FOR THE ADMINISTRATION OF A COUNTY ADULT LITERACY FUND BY A COUNTY ADULT LITERACY BOARD; AND ESTABLISHING CONDITIONS FOR THE USE OF COUNTY LITERACY FUNDS.~~"

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

NEW SECTION. Section 1. Authorization COUNTY ADULT LITERACY PROGRAMS -- AUTHORIZATION to levy tax and establish fund for county literacy programs. (1) (A) The governing body of a county may, in its discretion, establish a fund and levy up to 1 mill on each dollar of taxable property in the county for the support of county literacy programs THAT GIVE FIRST PRIORITY TO PROVIDING DIRECT INSTRUCTION TO ADULTS. The tax levy is in addition to all other tax levies AND IS SUBJECT TO LIMITATIONS ON PROPERTY TAXES SET FORTH IN

15-10-402.

~~(2) (B) The governing body may, by resolution, make expenditures from the fund solely~~ MAY BE USED ONLY for the support of ADULT literacy programs within the county.

(2) (A) IF A COUNTY LEVIES A PROPERTY TAX FOR ADULT LITERACY PROGRAMS, THE COUNTY GOVERNING BODY SHALL APPOINT A COUNTY ADULT LITERACY BOARD TO ADMINISTER THE EXPENDITURE OF FUNDS FROM THE COUNTY ADULT LITERACY FUND ESTABLISHED IN SUBSECTION (1).

(B) THE COUNTY ADULT LITERACY BOARD SHALL COORDINATE ALL ADULT LITERACY PROGRAMS RECEIVING COUNTY ADULT LITERACY FUNDS. THE BOARD MAY ADOPT POLICIES CONCERNING PROGRAM STANDARDS AND FINANCIAL ACCOUNTABILITY FOR ORGANIZATIONS RECEIVING ADULT LITERACY FUNDS. THE BOARD MAY REQUIRE THAT ADULT LITERACY PROGRAMS MATCH ADULT LITERACY FUNDS WITH FEDERAL, STATE, OR PRIVATE MONEY. THE BOARD MAY, WITH THE CONCURRENCE OF THE APPROPRIATE COUNTY OFFICIALS, ARRANGE FOR COUNTY IN-KIND SERVICES TO SUPPORT ADULT LITERACY PROGRAMS.

(C) COUNTY ADULT LITERACY FUNDING MAY BE EXPENDED ONLY ON LITERACY PROGRAMS FOR PERSONS WHO ARE AT LEAST 19 YEARS OF AGE AND WHOSE HIGH SCHOOL CLASS HAS GRADUATED.

~~Section 2. 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 (1)--The--limitation--to--1986--levels--is--extended--to--apply  
 2 to--all--classes--of--property--described--in--Title--15,--chapter--6,  
 3 part--1.

4 (2)--The--limitation--on--the--amount--of--taxes--levied--is  
 5 interpreted--to--mean--that,--except--as--otherwise--provided--in  
 6 this--section,--the--actual--tax--liability--for--an--individual  
 7 property--is--capped--at--the--dollar--amount--due--in--each--taxing  
 8 unit--for--the--1986--tax--year. In--tax--years--thereafter,--the  
 9 property--must--be--taxed--in--each--taxing--unit--at--the--1986--cap  
 10 or--the--product--of--the--taxable--value--and--mills--levied,  
 11 whichever--is--less--for--each--taxing--unit,--except--in--a--taxing  
 12 unit--that--levied--a--tax--in--tax--years--1983--through--1985--but  
 13 did--not--levy--a--tax--in--1986,--in--which--case--the--actual--tax  
 14 liability--for--an--individual--property--is--capped--at--the--dollar  
 15 amount--due--in--that--taxing--unit--for--the--1985--tax--year.

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

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

21 (b)--construction,--expansion,--or--remodeling--of  
 22 improvements;

23 (c)--transfer--of--property--into--a--taxing--unit;

24 (d)--subdivision--of--real--property;

25 (e)--reclassification--of--property;

1 (f)--increases--in--the--amount--of--production--or--the--value  
 2 of--production--for--property--described--in--15-6-131--or  
 3 15-6-132;

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

6 (h)--revaluations--caused--by:

7 (i)--cyclical--reappraisal; or

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

10 (j)--increases--in--property--valuation--pursuant--to  
 11 15-7-111(4)--through--(8)--in--order--to--equalize--property--values  
 12 annually;

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

17 (a)--a--revaluation--caused--by:

18 (i)--construction,--expansion,--replacement,--or--remodeling  
 19 of--improvements--that--adds--value--to--the--property; or

20 (ii)--cyclical--reappraisal;

21 (b)--transfer--of--property--into--a--taxing--unit;

22 (c)--reclassification--of--property;

23 (d)--increases--in--the--amount--of--production--or--the--value  
 24 of--production--for--property--described--in--15-6-131--or  
 25 15-6-132;



1        ~~{e}--annexation-of-the-individual-property--into--a--new~~  
2 ~~taxing-unit;~~  
3        ~~{f}--conversion---of---the---individual---property--from~~  
4 ~~tax-exempt-to-taxable-status;or~~  
5        ~~{g}--increases--in--property---valuation---pursuant---to~~  
6 ~~15-7-111(4)-through-(8)-in-order-to-equalize-property-values~~  
7 ~~annually;~~  
8        ~~{5}--Property--in--classes-four,twelve,and-fourteen-is~~  
9 ~~valued-according-to-the-procedures-used-in--1986,--including~~  
10 ~~the--designation--of--1982--as--the--base--year,--until--the~~  
11 ~~reappraisal--cycle--beginning--January-1,1986,--is-completed~~  
12 ~~and-new-valuations-are-placed-on-the-tax--rolls--and--a--new~~  
13 ~~base-year-designated,if-the-property-is:~~  
14        ~~{a}--new-construction;~~  
15        ~~{b}--expanded,---deleted,---replaced,---or---remodeled~~  
16 ~~improvements;~~  
17        ~~{c}--annexed-property;or~~  
18        ~~{d}--property--converted--from--tax-exempt--to---taxable~~  
19 ~~status;~~  
20        ~~{6}--Property--described--in--subsections-(5){a}-through~~  
21 ~~{5){d}-that-is--not--class--four,--class--twelve,--or--class~~  
22 ~~fourteen-property-is-valued-according-to-the-procedures-used~~  
23 ~~in-1986-but-is-also-subject-to-the-dollar-cap-in-each-taxing~~  
24 ~~unit-based-on-1986-mills-levied;~~  
25        ~~{7}--The-limitation-on-the-amount-of-taxes,as-clarified~~

1        ~~in-this-section,--is-intended-to-leave-the-property-appraisal~~  
2 ~~and--valuation--methodology--of--the--department--of-revenue~~  
3 ~~intact;-Determinations-of-county--classifications,--salaries~~  
4 ~~of-local-government-officers,--and-all-other-matters-in-which~~  
5 ~~total--taxable--valuation--is--an-integral-component-are-not~~  
6 ~~affected-by-15-10-401-and-15-10-402-except-for--the--use--of~~  
7 ~~taxable--valuation--in--fixing--tax--levies,--in--fixing-tax~~  
8 ~~levies,--the-taxing-units-of-local-government-may--anticipate~~  
9 ~~the---deficiency---in---revenues---resulting--from--the--tax~~  
10 ~~limitations-in-15-10-401-and-15-10-402,while--understanding~~  
11 ~~that--regardless-of-the-amount-of-mills-levied,--a-taxpayer's~~  
12 ~~liability-may-not-exceed--the--dollar--amount--due--in--each~~  
13 ~~taxing-unit-for-the-1986-tax-year-unless:~~  
14        ~~{a}--the-taxing-unit's-taxable-valuation-decreases-by-5%~~  
15 ~~or--more--from-the-1986-tax-year.--If-a-taxing-unit's-taxable~~  
16 ~~valuation-decreases-by-5%or-more-from-the-1986-tax-year,--it~~  
17 ~~may-levy-additional-mills-to-compensate--for--the--decreased~~  
18 ~~taxable--valuation,--but--in--no--case--may-the-mills-levied~~  
19 ~~exceed--a--number--calculated--to--equal--the--revenue--from~~  
20 ~~property-taxes-for-the-1986-tax-year-in-that-taxing-unit;~~  
21        ~~{b}--a--levy--authorized--under--Title--20--raised--less~~  
22 ~~revenue-in-1986-than-was-raised-in-either-1984-or--1985,--in~~  
23 ~~which-case-the-taxing-unit-may,--after-approval-by-the-voters~~  
24 ~~in-the-taxing-unit,--raise-each-year-thereafter-an-additional~~  
25 ~~number--of--mills--but--may--not--levy-more-revenue-than-the~~

1 3-year-average-of-revenue-raised--for--that--purpose--during  
2 1984, 1985, and 1986;

3 (c)--a-levy-authorized-in-50-2-111-that-was-made-in-1986  
4 was--for-less-than-the-number-of-mills-levied-in-either-1984  
5 or-1985, in-which-case-the-taxing-unit-may, after-approval  
6 by--the-voters-in-the-taxing-unit, levy-each-year-thereafter  
7 an-additional-number-of-mills-but-may-not-levy-more-than-the  
8 3-year-average-number--of--mills--levied--for--that--purpose  
9 during-1984, 1985, and-1986.

10 (8)--The--limitation--on-the-amount-of-taxes-levied--does  
11 not-apply--to--the--following--levy--or--special--assessment  
12 categories, whether--or--not--they-are-based-on-commitments  
13 made-before-or-after-approval-of-15-10-401-and-15-10-402:

- 14 (a)--rural-improvement-districts;
- 15 (b)--special-improvement-districts;
- 16 (c)--levies-pledged-for-the-repayment-of-bonded  
17 indebtedness, including-tax-increment-bonds;
- 18 (d)--city-street-maintenance-districts;
- 19 (e)--tax-increment-financing-districts;
- 20 (f)--satisfaction-of-judgments-against-a-taxing-unit;
- 21 (g)--street-lighting-assessments;
- 22 (h)--revolving-funds-to-support-any-categories-specified  
23 in-this-subsection-(8);
- 24 (i)--levies-for-economic-development-authorized-pursuant  
25 to-90-5-112(4); and

1 (j)--elementary-and-high-school-districts;  
2 (9)--The--limitation--on-the-amount-of-taxes-levied--does  
3 not-apply-in-a-taxing-unit-if-the-voters-in-the-taxing--unit  
4 approve--an-increase-in-tax-liability-following-a-resolution  
5 of-the-governing-body-of-the-taxing-unit-containing:

6 (a)--a-finding-that--there--are--insufficient--funds--to  
7 adequately--operate-the-taxing-unit-as-a-result-of-15-10-401  
8 and-15-10-402;

9 (b)--an-explanation--of--the--nature--of--the--financial  
10 emergency;

11 (c)--an--estimate--of--the--amount--of-funding-shortfall  
12 expected-by-the-taxing-unit;

13 (d)--a-statement-that-applicable-fund-balances-are-or-by  
14 the-end-of-the-fiscal-year-will-be-depleted;

15 (e)--a-finding-that-there-are-no-alternative-sources--of  
16 revenue;

17 (f)--a--summary--of--the-alternatives-that-the-governing  
18 body-of-the-taxing-unit-has-considered; and

19 (g)--a-statement-of-the-need-for-the-increased--revenue  
20 and-how-it-will-be-used.

21 (10)-(a)-The--limitation--on--the-amount-of-taxes-levied  
22 does-not-apply-to-levies-required-to-address-the-funding--of  
23 relief--of--suffering--of--inhabitants--caused--by--famine,  
24 conflagration, or-other-public-calamity;

25 (b)--The-limitation-set-forth-in--this--chapter--on--the

1 amount-of-taxes-levied-does-not-apply-to-levies-to-support;  
2 ~~{1}~~--a--city-county-board-of-health-as-provided-in-Title  
3 50; chapter-2; if-the-governing-bodies-of-the--taxing--units  
4 served--by--the--board--of--health-determine; after-a-public  
5 hearing; that-public-health-programs-require-funds-to-ensure  
6 the-public-health;-A-levy-for-the-support-of-a--local--board  
7 of--health--may--not--exceed-the-5-mill-limit-established-in  
8 50-2-111;

9 ~~{11}~~ county-literacy-programs-under-{section-1};  
10 ~~{11}~~-The-limitation-on-the-amount-of-taxes-levied--by--a  
11 taxing-jurisdiction-subject-to-a-statutory-maximum-mill-levy  
12 does--not--prevent-a-taxing-jurisdiction-from-increasing-its  
13 number-of-mills-beyond-the-statutory-maximum--mill--levy--to  
14 produce-revenue-equal-to-its-1986-revenue;

15 ~~{12}~~-The--limitation--on-the-amount-of-taxes-levied-does  
16 not-apply-to-a-levy--increase--to--repay--taxes--paid--under  
17 protest-in-accordance-with-15-1-402.\*

-End-