

HOUSE BILL NO. 738
INTRODUCED BY ELLIOTT

IN THE HOUSE

FEBRUARY 9, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

FEBRUARY 11, 1991 FIRST READING.

MARCH 8, 1991 COMMITTEE RECOMMEND BILL
DO PASS. REPORT ADOPTED.

MARCH 9, 1991 PRINTING REPORT.

MARCH 11, 1991 ON MOTION, CONSIDERATION PASSED.

MARCH 12, 1991 ON MOTION, CONSIDERATION PASSED.

APRIL 2, 1991 SECOND READING, DO PASS.
AYES, 48; NOES, 49. MOTION FAILED.

 ON MOTION, SEGREGATED FROM COMMITTEE
OF WHOLE REPORT.

APRIL 3, 1991 SECOND READING, DO PASS.

 ON MOTION, RULES SUSPENDED. BILL
PLACED ON THIRD READING THIS DAY.

 THIRD READING, PASSED.
AYES, 57; NOES, 43.

APRIL 4, 1991 ENGROSSING REPORT.

 TRANSMITTED TO SENATE.

IN THE SENATE

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

 FIRST READING.

APRIL 10, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN AS AMENDED. REPORT
ADOPTED.

APRIL 15, 1991 SECOND READING, CONCURRED IN.

APRIL 16, 1991

THIRD READING, CONCURRED IN.
AYES, 49; NOES, 0.

RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 18, 1991

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 19, 1991

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 House BILL NO. 738
 2 INTRODUCED BY [Signature]
 3

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE A COUNTY,
 5 CITY, OR TOWN TO LEVY AN ADDITIONAL 2 MILLS FOR THE SUPPORT
 6 OF AMBULANCE SERVICES IF AUTHORIZED BY THE ELECTORATE;
 7 PROVIDING THAT THE ADDITIONAL MILLS AUTHORIZED BY THE
 8 ELECTORATE ARE NOT SUBJECT TO THE PROPERTY TAX LIMITATIONS
 9 OF TITLE 15, CHAPTER 10, PART 4; AND AMENDING SECTIONS
 10 7-34-102 AND 15-10-412, MCA."
 11

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

13 **Section 1.** Section 7-34-102, MCA, is amended to read:

14 "7-34-102. **Special mill levy permitted.** (1) In addition
 15 to all other levies authorized by law, each county, city, or
 16 town may levy an annual tax up to 1 mill on the dollar of
 17 the taxable value of all taxable property within the county,
 18 city, or town to defray the costs incurred in providing
 19 ambulance service.

20 (2) In addition to the levy authorized by subsection
 21 (1), a county, city, or town may levy an additional 2 mills
 22 for the support of ambulance services if, at a regularly
 23 scheduled election, the electorate of the county, city, or
 24 town approves the imposition of the additional levy."

25 **Section 2.** Section 15-10-412, MCA, is amended to read:

1 "15-10-412. Property tax limited to 1986 levels --
 2 clarification -- extension to all property classes. Section
 3 15-10-402 is interpreted and clarified as follows:

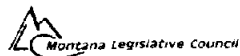
4 (1) The limitation to 1986 levels is extended to apply
 5 to all classes of property described in Title 15, chapter 6,
 6 part 1.

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

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

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

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



-2- INTRODUCED BILL
 HB 738

- 1 (c) transfer of property into a taxing unit;
- 2 (d) subdivision of real property;
- 3 (e) reclassification of property;
- 4 (f) increases in the amount of production or the value
- 5 of production for property described in 15-6-131 or
- 6 15-6-132;
- 7 (g) transfer of property from tax-exempt to taxable
- 8 status;
- 9 (h) revaluations caused by:
- 10 (i) cyclical reappraisal; or
- 11 (ii) expansion, addition, replacement, or remodeling of
- 12 improvements; or
- 13 (i) increases in property valuation pursuant to
- 14 15-7-111(4) through (8) in order to equalize property values
- 15 annually.
- 16 (4) The limitation on the amount of taxes levied does
- 17 not mean that no further increase may be made in the taxable
- 18 valuation or in the actual tax liability on individual
- 19 property in each class as a result of:
- 20 (a) a revaluation caused by:
- 21 (i) construction, expansion, replacement, or remodeling
- 22 of improvements that adds value to the property; or
- 23 (ii) cyclical reappraisal;
- 24 (b) transfer of property into a taxing unit;
- 25 (c) reclassification of property;

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

1 in 1986 but is also subject to the dollar cap in each taxing
2 unit based on 1986 mills levied.

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

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

24 (b) a levy authorized under Title 20 raised less
25 revenue in 1986 than was raised in either 1984 or 1985, in

1 which case the taxing unit may, after approval by the voters
2 in the taxing unit, raise each year thereafter an additional
3 number of mills but may not levy more revenue than the
4 3-year average of revenue raised for that purpose during
5 1984, 1985, and 1986;

6 (c) a levy authorized in 50-2-111 that was made in 1986
7 was for less than the number of mills levied in either 1984
8 or 1985, in which case the taxing unit may, after approval
9 by the voters in the taxing unit, levy each year thereafter
10 an additional number of mills but may not levy more than the
11 3-year average number of mills levied for that purpose
12 during 1984, 1985, and 1986.

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

- 17 (a) rural improvement districts;
- 18 (b) special improvement districts;
- 19 (c) levies pledged for the repayment of bonded
20 indebtedness, including tax increment bonds;
- 21 (d) city street maintenance districts;
- 22 (e) tax increment financing districts;
- 23 (f) satisfaction of judgments against a taxing unit;
- 24 (g) street lighting assessments;
- 25 (h) revolving funds to support any categories specified

1 in this subsection (8);

2 (i) levies for economic development authorized pursuant

3 to 90-5-112(4); and

4 (j) elementary and high school districts.

5 (9) The limitation on the amount of taxes levied does

6 not apply in a taxing unit if the voters in the taxing unit

7 approve an increase in tax liability following a resolution

8 of the governing body of the taxing unit containing:

9 (a) a finding that there are insufficient funds to

10 adequately operate the taxing unit as a result of 15-10-401

11 and 15-10-402;

12 (b) an explanation of the nature of the financial

13 emergency;

14 (c) an estimate of the amount of funding shortfall

15 expected by the taxing unit;

16 (d) a statement that applicable fund balances are or by

17 the end of the fiscal year will be depleted;

18 (e) a finding that there are no alternative sources of

19 revenue;

20 (f) a summary of the alternatives that the governing

21 body of the taxing unit has considered; and

22 (g) a statement of the need for the increased revenue

23 and how it will be used.

24 (10) (a) The limitation on the amount of taxes levied

25 does not apply to levies required to address the funding of

1 relief of suffering of inhabitants caused by famine,

2 conflagration, or other public calamity.

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

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

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

6 50, chapter 2, if the governing bodies of the taxing units

7 served by the board of health determine, after a public

8 hearing, that public health programs require funds to ensure

9 the public health. A levy for the support of a local board

10 of health may not exceed the 5-mill limit established in

11 50-2-111.

12 (ii) county, city, or town ambulance services authorized

13 by a vote of the electorate under 7-34-102(2).

14 (11) The limitation on the amount of taxes levied by a

15 taxing jurisdiction subject to a statutory maximum mill levy

16 does not prevent a taxing jurisdiction from increasing its

17 number of mills beyond the statutory maximum mill levy to

18 produce revenue equal to its 1986 revenue.

19 (12) The limitation on the amount of taxes levied does

20 not apply to a levy increase to repay taxes paid under

21 protest in accordance with 15-1-402."

-End-

APPROVED BY COMMITTEE
ON TAXATION

1
2 INTRODUCED BY ADRISE BILL NO. 738
3 Cliffett

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE A COUNTY,
5 CITY, OR TOWN TO LEVY AN ADDITIONAL 2 MILLS FOR THE SUPPORT
6 OF AMBULANCE SERVICES IF AUTHORIZED BY THE ELECTORATE;
7 PROVIDING THAT THE ADDITIONAL MILLS AUTHORIZED BY THE
8 ELECTORATE ARE NOT SUBJECT TO THE PROPERTY TAX LIMITATIONS
9 OF TITLE 15, CHAPTER 10, PART 4; AND AMENDING SECTIONS
10 7-34-102 AND 15-10-412, MCA."

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

13 **Section 1.** Section 7-34-102, MCA, is amended to read:

14 **"7-34-102. Special mill levy permitted.** (1) In addition
15 to all other levies authorized by law, each county, city, or
16 town may levy an annual tax up to 1 mill on the dollar of
17 the taxable value of all taxable property within the county,
18 city, or town to defray the costs incurred in providing
19 ambulance service.

20 (2) In addition to the levy authorized by subsection
21 (1), a county, city, or town may levy an additional 2 mills
22 for the support of ambulance services if, at a regularly
23 scheduled election, the electorate of the county, city, or
24 town approves the imposition of the additional levy."

25 **Section 2.** Section 15-10-412, MCA, is amended to read:

1 "15-10-412. Property tax limited to 1986 levels --
2 clarification -- extension to all property classes. Section
3 15-10-402 is interpreted and clarified as follows:

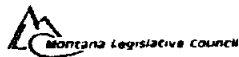
4 (1) The limitation to 1986 levels is extended to apply
5 to all classes of property described in Title 15, chapter 6,
6 part 1.

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

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

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

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



1 (c) transfer of property into a taxing unit;
 2 (d) subdivision of real property;
 3 (e) reclassification of property;
 4 (f) increases in the amount of production or the value
 5 of production for property described in 15-6-131 or
 6 15-6-132;
 7 (g) transfer of property from tax-exempt to taxable
 8 status;
 9 (h) revaluations caused by:
 10 (i) cyclical reappraisal; or
 11 (ii) expansion, addition, replacement, or remodeling of
 12 improvements; or
 13 (i) increases in property valuation pursuant to
 14 15-7-111(4) through (8) in order to equalize property values
 15 annually.
 16 (4) The limitation on the amount of taxes levied does
 17 not mean that no further increase may be made in the taxable
 18 valuation or in the actual tax liability on individual
 19 property in each class as a result of:
 20 (a) a revaluation caused by:
 21 (i) construction, expansion, replacement, or remodeling
 22 of improvements that adds value to the property; or
 23 (ii) cyclical reappraisal;
 24 (b) transfer of property into a taxing unit;
 25 (c) reclassification of property;

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

1 in 1986 but is also subject to the dollar cap in each taxing
2 unit based on 1986 mills levied.

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

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

24 (b) a levy authorized under Title 20 raised less
25 revenue in 1986 than was raised in either 1984 or 1985, in

1 which case the taxing unit may, after approval by the voters
2 in the taxing unit, raise each year thereafter an additional
3 number of mills but may not levy more revenue than the
4 3-year average of revenue raised for that purpose during
5 1984, 1985, and 1986;

6 (c) a levy authorized in 50-2-111 that was made in 1986
7 was for less than the number of mills levied in either 1984
8 or 1985, in which case the taxing unit may, after approval
9 by the voters in the taxing unit, levy each year thereafter
10 an additional number of mills but may not levy more than the
11 3-year average number of mills levied for that purpose
12 during 1984, 1985, and 1986.

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

- 17 (a) rural improvement districts;
18 (b) special improvement districts;
19 (c) levies pledged for the repayment of bonded
20 indebtedness, including tax increment bonds;
21 (d) city street maintenance districts;
22 (e) tax increment financing districts;
23 (f) satisfaction of judgments against a taxing unit;
24 (g) street lighting assessments;
25 (h) revolving funds to support any categories specified

1 in this subsection (8);
 2 (i) levies for economic development authorized pursuant
 3 to 90-5-112(4); and
 4 (j) elementary and high school districts.
 5 (9) The limitation on the amount of taxes levied does
 6 not apply in a taxing unit if the voters in the taxing unit
 7 approve an increase in tax liability following a resolution
 8 of the governing body of the taxing unit containing:
 9 (a) a finding that there are insufficient funds to
 10 adequately operate the taxing unit as a result of 15-10-401
 11 and 15-10-402;
 12 (b) an explanation of the nature of the financial
 13 emergency;
 14 (c) an estimate of the amount of funding shortfall
 15 expected by the taxing unit;
 16 (d) a statement that applicable fund balances are or by
 17 the end of the fiscal year will be depleted;
 18 (e) a finding that there are no alternative sources of
 19 revenue;
 20 (f) a summary of the alternatives that the governing
 21 body of the taxing unit has considered; and
 22 (g) a statement of the need for the increased revenue
 23 and how it will be used.
 24 (10) (a) The limitation on the amount of taxes levied
 25 does not apply to levies required to address the funding of

1 relief of suffering of inhabitants caused by famine,
 2 conflagration, or other public calamity.
 3 (b) The limitation set forth in this chapter on the
 4 amount of taxes levied does not apply to levies to support:
 5 (i) a city-county board of health as provided in Title
 6 50, chapter 2, if the governing bodies of the taxing units
 7 served by the board of health determine, after a public
 8 hearing, that public health programs require funds to ensure
 9 the public health. A levy for the support of a local board
 10 of health may not exceed the 5-mill limit established in
 11 50-2-111.
 12 (ii) county, city, or town ambulance services authorized
 13 by a vote of the electorate under 7-34-102(2).
 14 (11) The limitation on the amount of taxes levied by a
 15 taxing jurisdiction subject to a statutory maximum mill levy
 16 does not prevent a taxing jurisdiction from increasing its
 17 number of mills beyond the statutory maximum mill levy to
 18 produce revenue equal to its 1986 revenue.
 19 (12) The limitation on the amount of taxes levied does
 20 not apply to a levy increase to repay taxes paid under
 21 protest in accordance with 15-1-402."

-End-

1
 2 INTRODUCED BY House BILL NO. 738
 3 Ellis

4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE A COUNTY,
 5 CITY, OR TOWN TO LEVY AN ADDITIONAL 2 MILLS FOR THE SUPPORT
 6 OF AMBULANCE SERVICES IF AUTHORIZED BY THE ELECTORATE;
 7 PROVIDING THAT THE ADDITIONAL MILLS AUTHORIZED BY THE
 8 ELECTORATE ARE NOT SUBJECT TO THE PROPERTY TAX LIMITATIONS
 9 OF TITLE 15, CHAPTER 10, PART 4; AND AMENDING SECTIONS
 10 7-34-102 AND 15-10-412, MCA."

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

13 **Section 1.** Section 7-34-102, MCA, is amended to read:

14 **"7-34-102. Special mill levy permitted. (1)** In addition
 15 to all other levies authorized by law, each county, city, or
 16 town may levy an annual tax up to 1 mill on the dollar of
 17 the taxable value of all taxable property within the county,
 18 city, or town to defray the costs incurred in providing
 19 ambulance service.

20 **(2)** In addition to the levy authorized by subsection
 21 (1), a county, city, or town may levy an additional 2 mills
 22 for the support of ambulance services if, at a regularly
 23 scheduled election, the electorate of the county, city, or
 24 town approves the imposition of the additional levy."

25 **Section 2.** Section 15-10-412, MCA, is amended to read:

1 **"15-10-412. Property tax limited to 1986 levels --**
 2 **clarification -- extension to all property classes. Section**
 3 **15-10-402 is interpreted and clarified as follows:**

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

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

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

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

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



-2-
 THIRD READING
 HB 738

1 (c) transfer of property into a taxing unit;
 2 (d) subdivision of real property;
 3 (e) reclassification of property;
 4 (f) increases in the amount of production or the value
 5 of production for property described in 15-6-131 or
 6 15-6-132;
 7 (g) transfer of property from tax-exempt to taxable
 8 status;
 9 (h) revaluations caused by:
 10 (i) cyclical reappraisal; or
 11 (ii) expansion, addition, replacement, or remodeling of
 12 improvements; or
 13 (i) increases in property valuation pursuant to
 14 15-7-111(4) through (8) in order to equalize property values
 15 annually.
 16 (4) The limitation on the amount of taxes levied does
 17 not mean that no further increase may be made in the taxable
 18 valuation or in the actual tax liability on individual
 19 property in each class as a result of:
 20 (a) a revaluation caused by:
 21 (i) construction, expansion, replacement, or remodeling
 22 of improvements that adds value to the property; or
 23 (ii) cyclical reappraisal;
 24 (b) transfer of property into a taxing unit;
 25 (c) reclassification of property;

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

1 in 1986 but is also subject to the dollar cap in each taxing
2 unit based on 1986 mills levied.

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

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

24 (b) a levy authorized under Title 20 raised less
25 revenue in 1986 than was raised in either 1984 or 1985, in

1 which case the taxing unit may, after approval by the voters
2 in the taxing unit, raise each year thereafter an additional
3 number of mills but may not levy more revenue than the
4 3-year average of revenue raised for that purpose during
5 1984, 1985, and 1986;

6 (c) a levy authorized in 50-2-111 that was made in 1986
7 was for less than the number of mills levied in either 1984
8 or 1985, in which case the taxing unit may, after approval
9 by the voters in the taxing unit, levy each year thereafter
10 an additional number of mills but may not levy more than the
11 3-year average number of mills levied for that purpose
12 during 1984, 1985, and 1986.

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

- 17 (a) rural improvement districts;
18 (b) special improvement districts;
19 (c) levies pledged for the repayment of bonded
20 indebtedness, including tax increment bonds;
21 (d) city street maintenance districts;
22 (e) tax increment financing districts;
23 (f) satisfaction of judgments against a taxing unit;
24 (g) street lighting assessments;
25 (h) revolving funds to support any categories specified

1 in this subsection (8);
 2 (i) levies for economic development authorized pursuant
 3 to 90-5-112(4); and
 4 (j) elementary and high school districts.
 5 (9) The limitation on the amount of taxes levied does
 6 not apply in a taxing unit if the voters in the taxing unit
 7 approve an increase in tax liability following a resolution
 8 of the governing body of the taxing unit containing:
 9 (a) a finding that there are insufficient funds to
 10 adequately operate the taxing unit as a result of 15-10-401
 11 and 15-10-402;
 12 (b) an explanation of the nature of the financial
 13 emergency;
 14 (c) an estimate of the amount of funding shortfall
 15 expected by the taxing unit;
 16 (d) a statement that applicable fund balances are or by
 17 the end of the fiscal year will be depleted;
 18 (e) a finding that there are no alternative sources of
 19 revenue;
 20 (f) a summary of the alternatives that the governing
 21 body of the taxing unit has considered; and
 22 (g) a statement of the need for the increased revenue
 23 and how it will be used.
 24 (10) (a) The limitation on the amount of taxes levied
 25 does not apply to levies required to address the funding of

1 relief of suffering of inhabitants caused by famine,
 2 conflagration, or other public calamity.
 3 (b) The limitation set forth in this chapter on the
 4 amount of taxes levied does not apply to levies to support:
 5 (i) a city-county board of health as provided in Title
 6 50, chapter 2, if the governing bodies of the taxing units
 7 served by the board of health determine, after a public
 8 hearing, that public health programs require funds to ensure
 9 the public health. A levy for the support of a local board
 10 of health may not exceed the 5-mill limit established in
 11 50-2-111.
 12 (ii) county, city, or town ambulance services authorized
 13 by a vote of the electorate under 7-34-102(2).
 14 (11) The limitation on the amount of taxes levied by a
 15 taxing jurisdiction subject to a statutory maximum mill levy
 16 does not prevent a taxing jurisdiction from increasing its
 17 number of mills beyond the statutory maximum mill levy to
 18 produce revenue equal to its 1986 revenue.
 19 (12) The limitation on the amount of taxes levied does
 20 not apply to a levy increase to repay taxes paid under
 21 protest in accordance with 15-1-402."

-End-

SENATE STANDING COMMITTEE REPORT

Page 1 of 1
April 9, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration House Bill No. 738 (third reading copy -- blue), respectfully report that House Bill No. 738 be amended and as so amended be concurred in:

1. Title, line 9.

Strike: "AND"

2. Title, line 10.

Following: "MCA"

Insert: "; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE"

3. Page 8.

Following: line 21

Insert: "NEW SECTION. Section 3. Effective date. [This act] is effective on passage and approval."

Signed: _____


Mike Halligan, Chairman

SB 4/9/91
Amd. Cobrd.

SB 4/10 11:30
Sec. of Senate

SENATE
HB 738

1 HOUSE BILL NO. 738
2 INTRODUCED BY ELLIOTT

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE A COUNTY,
5 CITY, OR TOWN TO LEVY AN ADDITIONAL 2 MILLS FOR THE SUPPORT
6 OF AMBULANCE SERVICES IF AUTHORIZED BY THE ELECTORATE;
7 PROVIDING THAT THE ADDITIONAL MILLS AUTHORIZED BY THE
8 ELECTORATE ARE NOT SUBJECT TO THE PROPERTY TAX LIMITATIONS
9 OF TITLE 15, CHAPTER 10, PART 4; AND AMENDING SECTIONS
10 7-34-102 AND 15-10-412, MCA; AND PROVIDING AN IMMEDIATE
11 EFFECTIVE DATE."

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

14 **Section 1.** Section 7-34-102, MCA, is amended to read:

15 **"7-34-102. Special mill levy permitted.** (1) In addition
16 to all other levies authorized by law, each county, city, or
17 town may levy an annual tax up to 1 mill on the dollar of
18 the taxable value of all taxable property within the county,
19 city, or town to defray the costs incurred in providing
20 ambulance service.

21 (2) In addition to the levy authorized by subsection
22 (1), a county, city, or town may levy an additional 2 mills
23 for the support of ambulance services if, at a regularly
24 scheduled election, the electorate of the county, city, or
25 town approves the imposition of the additional levy."

1 **Section 2.** Section 15-10-412, MCA, is amended to read:

2 **"15-10-412. Property tax limited to 1986 levels --**
3 **clarification -- extension to all property classes.** Section
4 15-10-402 is interpreted and clarified as follows:

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

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

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

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

25 (b) construction, expansion, or remodeling of

1 improvements;

2 (c) transfer of property into a taxing unit;

3 (d) subdivision of real property;

4 (e) reclassification of property;

5 (f) increases in the amount of production or the value

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

7 15-6-132;

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

9 status;

10 (h) revaluations caused by:

11 (i) cyclical reappraisal; or

12 (ii) expansion, addition, replacement, or remodeling of

13 improvements; or

14 (i) increases in property valuation pursuant to

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

16 annually.

17 (4) The limitation on the amount of taxes levied does

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

19 valuation or in the actual tax liability on individual

20 property in each class as a result of:

21 (a) a revaluation caused by:

22 (i) construction, expansion, replacement, or remodeling

23 of improvements that adds value to the property; or

24 (ii) cyclical reappraisal;

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

1 (c) reclassification of property;

2 (d) increases in the amount of production or the value

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

4 15-6-132;

5 (e) annexation of the individual property into a new

6 taxing unit;

7 (f) conversion of the individual property from

8 tax-exempt to taxable status; or

9 (g) increases in property valuation pursuant to

10 15-7-111(4) through (8) in order to equalize property values

11 annually.

12 (5) Property in classes four, twelve, and fourteen is

13 valued according to the procedures used in 1986, including

14 the designation of 1982 as the base year, until the

15 reappraisal cycle beginning January 1, 1986, is completed

16 and new valuations are placed on the tax rolls and a new

17 base year designated, if the property is:

18 (a) new construction;

19 (b) expanded, deleted, replaced, or remodeled

20 improvements;

21 (c) annexed property; or

22 (d) property converted from tax-exempt to taxable

23 status.

24 (6) Property described in subsections (5)(a) through

25 (5)(d) that is not class four, class twelve, or class

1 fourteen property is valued according to the procedures used
2 in 1986 but is also subject to the dollar cap in each taxing
3 unit based on 1986 mills levied.

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

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

25 (b) a levy authorized under Title 20 raised less

1 revenue in 1986 than was raised in either 1984 or 1985, in
2 which case the taxing unit may, after approval by the voters
3 in the taxing unit, raise each year thereafter an additional
4 number of mills but may not levy more revenue than the
5 3-year average of revenue raised for that purpose during
6 1984, 1985, and 1986;

7 (c) a levy authorized in 50-2-111 that was made in 1986
8 was for less than the number of mills levied in either 1984
9 or 1985, in which case the taxing unit may, after approval
10 by the voters in the taxing unit, levy each year thereafter
11 an additional number of mills but may not levy more than the
12 3-year average number of mills levied for that purpose
13 during 1984, 1985, and 1986.

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

- 18 (a) rural improvement districts;
- 19 (b) special improvement districts;
- 20 (c) levies pledged for the repayment of bonded
- 21 indebtedness, including tax increment bonds;
- 22 (d) city street maintenance districts;
- 23 (e) tax increment financing districts;
- 24 (f) satisfaction of judgments against a taxing unit;
- 25 (g) street lighting assessments;

1 (h) revolving funds to support any categories specified
2 in this subsection (8);

3 (i) levies for economic development authorized pursuant
4 to 90-5-112(4); and

5 (j) elementary and high school districts.

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

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

13 (b) an explanation of the nature of the financial
14 emergency;

15 (c) an estimate of the amount of funding shortfall
16 expected by the taxing unit;

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

19 (e) a finding that there are no alternative sources of
20 revenue;

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

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

25 (10) (a) The limitation on the amount of taxes levied

1 does not apply to levies required to address the funding of
2 relief of suffering of inhabitants caused by famine,
3 conflagration, or other public calamity.

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

6 (i) a city-county board of health as provided in Title
7 50, chapter 2, if the governing bodies of the taxing units
8 served by the board of health determine, after a public
9 hearing, that public health programs require funds to ensure
10 the public health. A levy for the support of a local board
11 of health may not exceed the 5-mill limit established in
12 50-2-111.

13 (ii) county, city, or town ambulance services authorized
14 by a vote of the electorate under 7-34-102(2).

15 (11) The limitation on the amount of taxes levied by a
16 taxing jurisdiction subject to a statutory maximum mill levy
17 does not prevent a taxing jurisdiction from increasing its
18 number of mills beyond the statutory maximum mill levy to
19 produce revenue equal to its 1986 revenue.

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

23 NEW SECTION. SECTION 3. EFFECTIVE DATE. [THIS ACT] IS
24 EFFECTIVE ON PASSAGE AND APPROVAL.

-End-