

HOUSE BILL 806

Introduced by Spring, et al.

2/13	Introduced
2/13	Referred to Taxation
2/13	First Reading
2/13	Fiscal Note Requested
2/18	Fiscal Note Received
2/19	Fiscal Note Printed
3/05	Hearing
3/05	Committee Report--Bill Passed
4/02	2nd Reading Do Pass Motion Failed

1 HOUSE BILL NO. 806
 2 INTRODUCED BY Spring
 3 Jerguson, T. Beck
 4 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING LEVIES FOR
 5 CONSERVATION DISTRICT SPECIAL ASSESSMENTS FROM THE PROPERTY
 6 TAX FREEZE; AMENDING SECTIONS 15-10-402 AND 15-10-412, MCA;
 7 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."
 8
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10 **Section 1.** Section 15-10-402, MCA, is amended to read:

11 "15-10-402. Property tax limited to 1986 levels. (1)
 12 Except as provided in subsections (2) and (3), the amount of
 13 taxes levied on property described in 15-6-133, 15-6-134,
 14 15-6-136, 15-6-142, and 15-6-144 may not, for any taxing
 15 jurisdiction, exceed the amount levied for taxable year
 16 1986.

17 (2) The limitation contained in subsection (1) does not
 18 apply to levies for rural improvement districts, Title 7,
 19 chapter 12, part 21; special improvement districts, Title 7,
 20 chapter 12, part 41; elementary and high school districts,
 21 Title 20; conservation district special assessments, Title
 22 76, chapter 15, part 5; or bonded indebtedness.

23 (3) New construction or improvements to or deletions
 24 from property described in subsection (1) are subject to
 25 taxation at 1986 levels.

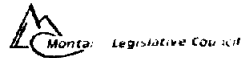
1 (4) As used in this section, the "amount of taxes
 2 levied" and the "amount levied" mean the actual dollar
 3 amount of taxes imposed on an individual piece of property,
 4 notwithstanding an increase or decrease in value due to
 5 inflation, reappraisal, adjustments in the percentage
 6 multiplier used to convert appraised value to taxable value,
 7 changes in the number of mills levied, or increase or
 8 decrease in the value of a mill."

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

10 "15-10-412. Property tax limited to 1986 levels --
 11 clarification -- extension to all property classes. Section
 12 15-10-402 is interpreted and clarified as follows:

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

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



1 liability for an individual property is capped at the dollar
2 amount due in that taxing unit for the 1985 tax year.

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

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

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

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

11 (d) subdivision of real property;

12 (e) reclassification of property;

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

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

18 (h) revaluations caused by:

19 (i) cyclical reappraisal; or

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

22 (i) increases in property valuation pursuant to
23 15-7-111(4) through (8) in order to equalize property values
24 annually.

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

1 not mean that no further increase may be made in the taxable
2 valuation or in the actual tax liability on individual
3 property in each class as a result of:

4 (a) a revaluation caused by:

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

7 (ii) cyclical reappraisal;

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

9 (c) reclassification of property;

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

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

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

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

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

1 (a) new construction;
 2 (b) expanded, deleted, replaced, or remodeled
 3 improvements;
 4 (c) annexed property; or
 5 (d) property converted from tax-exempt to taxable
 6 status.
 7 (6) Property described in subsections (5)(a) through
 8 (5)(d) that is not class four, class twelve, or class
 9 fourteen property is valued according to the procedures used
 10 in 1986 but is also subject to the dollar cap in each taxing
 11 unit based on 1986 mills levied.
 12 (7) The limitation on the amount of taxes, as clarified
 13 in this section, is intended to leave the property appraisal
 14 and valuation methodology of the department of revenue
 15 intact. Determinations of county classifications, salaries
 16 of local government officers, and all other matters in which
 17 total taxable valuation is an integral component are not
 18 affected by 15-10-401 and 15-10-402 except for the use of
 19 taxable valuation in fixing tax levies. In fixing tax
 20 levies, the taxing units of local government may anticipate
 21 the deficiency in revenues resulting from the tax
 22 limitations in 15-10-401 and 15-10-402, while understanding
 23 that regardless of the amount of mills levied, a taxpayer's
 24 liability may not exceed the dollar amount due in each
 25 taxing unit for the 1986 tax year unless:

1 (a) the taxing unit's taxable valuation decreases by 5%
 2 or more from the 1986 tax year. If a taxing unit's taxable
 3 valuation decreases by 5% or more from the 1986 tax year, it
 4 may levy additional mills to compensate for the decreased
 5 taxable valuation, but in no case may the mills levied
 6 exceed a number calculated to equal the revenue from
 7 property taxes for the 1986 tax year in that taxing unit.
 8 (b) a levy authorized under Title 20 raised less
 9 revenue in 1986 than was raised in either 1984 or 1985, in
 10 which case the taxing unit may, after approval by the voters
 11 in the taxing unit, raise each year thereafter an additional
 12 number of mills but may not levy more revenue than the
 13 3-year average of revenue raised for that purpose during
 14 1984, 1985, and 1986;
 15 (c) a levy authorized in 50-2-111 that was made in 1986
 16 was for less than the number of mills levied in either 1984
 17 or 1985, in which case the taxing unit may, after approval
 18 by the voters in the taxing unit, levy each year thereafter
 19 an additional number of mills but may not levy more than the
 20 3-year average number of mills levied for that purpose
 21 during 1984, 1985, and 1986.
 22 (8) The limitation on the amount of taxes levied does
 23 not apply to the following levy or special assessment
 24 categories, whether or not they are based on commitments
 25 made before or after approval of 15-10-401 and 15-10-402:

1 (a) rural improvement districts;
 2 (b) special improvement districts;
 3 (c) levies pledged for the repayment of bonded
 4 indebtedness, including tax increment bonds;
 5 (d) city street maintenance districts;
 6 (e) tax increment financing districts;
 7 (f) satisfaction of judgments against a taxing unit;
 8 (g) street lighting assessments;
 9 (h) revolving funds to support any categories specified
 10 in this subsection (8);
 11 (i) levies for economic development authorized pursuant
 12 to 90-5-112(4); and
 13 (j) elementary and high school districts; and
 14 (k) conservation district special assessments.
 15 (9) The limitation on the amount of taxes levied does
 16 not apply in a taxing unit if the voters in the taxing unit
 17 approve an increase in tax liability following a resolution
 18 of the governing body of the taxing unit containing:
 19 (a) a finding that there are insufficient funds to
 20 adequately operate the taxing unit as a result of 15-10-401
 21 and 15-10-402;
 22 (b) an explanation of the nature of the financial
 23 emergency;
 24 (c) an estimate of the amount of funding shortfall
 25 expected by the taxing unit;

1 (d) a statement that applicable fund balances are or by
 2 the end of the fiscal year will be depleted;
 3 (e) a finding that there are no alternative sources of
 4 revenue;
 5 (f) a summary of the alternatives that the governing
 6 body of the taxing unit has considered; and
 7 (g) a statement of the need for the increased revenue
 8 and how it will be used.
 9 (10) (a) The limitation on the amount of taxes levied
 10 does not apply to levies required to address the funding of
 11 relief of suffering of inhabitants caused by famine,
 12 conflagration, or other public calamity.
 13 (b) The limitation set forth in this chapter on the
 14 amount of taxes levied does not apply to levies to support a
 15 city-county board of health as provided in Title 50, chapter
 16 2, if the governing bodies of the taxing units served by the
 17 board of health determine, after a public hearing, that
 18 public health programs require funds to ensure the public
 19 health. A levy for the support of a local board of health
 20 may not exceed the 5-mill limit established in 50-2-111.
 21 (11) The limitation on the amount of taxes levied by a
 22 taxing jurisdiction subject to a statutory maximum mill levy
 23 does not prevent a taxing jurisdiction from increasing its
 24 number of mills beyond the statutory maximum mill levy to
 25 produce revenue equal to its 1986 revenue.

LC 0747/01

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

4 NEW SECTION. **Section 3.** Effective date. [This act] is
5 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB0806, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act exempting levies for conservation district special assessments from the property tax freeze; and providing an immediate effective date.

ASSUMPTIONS:


1. The proposal would increase property tax revenues in the conservation districts in counties where the board of county commissioners elect to increase the levy for conservation district special assessments (not to exceed 3 mills).

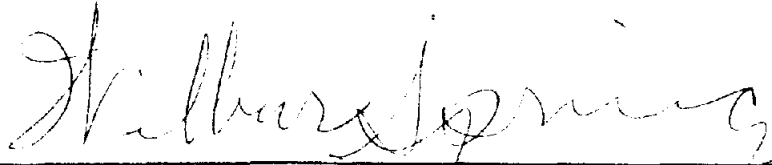
FISCAL IMPACT:

No impact on state expenditures or revenues.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

See assumption #1 above.


ROD SUNDSTED, BUDGET DIRECTOR 2-18-91 DATE
Office of Budget and Program Planning


WILBUR SPRING, PRIMARY SPONSOR 2/19/91 DATE
Fiscal Note for HB0806, as introduced HB 806

APPROVED BY COMMITTEE
ON TAXATION

1 *House* BILL NO. *806*
 2 INTRODUCED BY *Spring*
 3 *Gervason T. Beck*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT EXEMPTING LEVIES FOR
 5 CONSERVATION DISTRICT SPECIAL ASSESSMENTS FROM THE PROPERTY
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 15 jurisdiction, exceed the amount levied for taxable year
 16 1986.

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 18 apply to levies for rural improvement districts, Title 7,
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 21 Title 20; conservation district special assessments, Title
 22 76, chapter 15, part 5; or bonded indebtedness.

23 (3) New construction or improvements to or deletions
 24 from property described in subsection (1) are subject to
 25 taxation at 1986 levels.

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 2 levied" and the "amount levied" mean the actual dollar
 3 amount of taxes imposed on an individual piece of property,
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 18 this section, the actual tax liability for an individual
 19 property is capped at the dollar amount due in each taxing
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 21 property must be taxed in each taxing unit at the 1986 cap
 22 or the product of the taxable value and mills levied,
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 24 unit that levied a tax in tax years 1983 through 1985 but
 25 did not levy a tax in 1986, in which case the actual tax

SECOND READING
HB 806

1 liability for an individual property is capped at the dollar
2 amount due in that taxing unit for the 1985 tax year.

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4 not mean that no further increase may be made in the total
5 taxable valuation of a taxing unit as a result of:

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7 taxing unit;

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9 improvements;

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 14 1984, 1985, and 1986;

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LC 0747/01

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

4 NEW SECTION. **Section 3.** Effective date. [This act] is
5 effective on passage and approval.

-End-