

SENATE BILL 207

Introduced by Harp, et al.

1/26	Introduced
1/28	Referred to Taxation
1/28	First Reading
2/06	Hearing
2/08	Committee Report--Bill Not Passed
1/08	Adverse Committee Report Adopted

1 *Senate* BILL NO. *207*
 2 INTRODUCED BY *HARD UANZONARIO* *WAF Boharsky*
 3 *Kennedy* *Bob Brown* *NATH Lee* *Connolly*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING THAT THE
 5 PRESIDENT OF A UNIT OF THE UNIVERSITY SYSTEM MAY SUBMIT TO
 6 THE BOARD OF REGENTS A BUDGET IN EXCESS OF THE AMOUNT
 7 APPROPRIATED BY THE LEGISLATURE; ALLOWING FOR A VOTE FOR AN
 8 ADDITIONAL LEVY IN SUPPORT OF A UNIT OF THE UNIVERSITY
 9 SYSTEM; EXEMPTING THE ADDITIONAL LEVY FROM THE PROPERTY TAX
 10 FREEZE; AMENDING SECTION 15-10-412, MCA; AND PROVIDING A
 11 DELAYED EFFECTIVE DATE."

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

14 NEW SECTION. **Section 1.** Additional levy for unit of
15 university system -- procedure. (1) For fiscal year 1993 and
16 thereafter, the president of a unit of the university system
17 may propose to the board of regents that a budget for the
18 support, maintenance, and improvement of the unit be adopted
19 for the unit in excess of the amount appropriated by the
20 legislature.

21 (2) If the board of regents approves a budget for a
22 unit of the university system in excess of the appropriated
23 amount, the board of county commissioners in the county in
24 which the unit is located shall submit to the qualified
25 electors of the county the proposition of whether the board

1 of county commissioners may levy a tax of up to 10 mills
2 upon the taxable value of all the property in the county
3 subject to taxation for the support, maintenance, and
4 improvement of the unit of the university system located in
5 the county.

6 (3) The election must be held at the same time and in
7 the same manner as provided in 20-9-353. When the
8 proposition is presented to the electorate, the proposition
9 must be presented as a separate issue on the ballot.

10 (4) If a proposition for a levy for a unit of the
11 university system is approved by the electorate, the board
12 of regents shall request the establishment of an individual
13 account for the unit in the state treasury as determined by
14 the department of administration. The funds in each unit's
15 account are appropriated for approved expenditures for that
16 unit.

17 (5) The authorization to levy up to 10 mills in support
18 of a unit of the university system as provided in this
19 section is not subject to the provisions of Title 15,
20 chapter 10, part 4.

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

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

25 (1) The limitation to 1986 levels is extended to apply



1 to all classes of property described in Title 15, chapter 6,
2 part 1.

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

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

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

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

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

23 (d) subdivision of real property;

24 (e) reclassification of property;

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

1 of production for property described in 15-6-131 or
2 15-6-132;

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

5 (h) revaluations caused by:

6 (i) cyclical reappraisal; or

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

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

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

16 (a) a revaluation caused by:

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

19 (ii) cyclical reappraisal;

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

21 (c) reclassification of property;

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

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

1 taxing unit;

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

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

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

13 (a) new construction;

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

16 (c) annexed property; or

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

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

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

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

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

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

1 1984, 1985, and 1986;

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

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

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

1 (k) levies for a unit of the university system
2 authorized in [section 1].

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

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

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

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

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

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

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

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

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

1 (b) The limitation set forth in this chapter on the
2 amount of taxes levied does not apply to levies to support a
3 city-county board of health as provided in Title 50, chapter
4 2, if the governing bodies of the taxing units served by the
5 board of health determine, after a public hearing, that
6 public health programs require funds to ensure the public
7 health. A levy for the support of a local board of health
8 may not exceed the 5-mill limit established in 50-2-111.

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

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

17 NEW SECTION. Section 3. Codification instruction.
18 [Section 1] is intended to be codified as an integral part
19 of Title 20, chapter 25, part 4, and the provisions of Title
20 20, chapter 25, part 4, apply to [section 1].

21 NEW SECTION. Section 4. Effective date. [This act] is
22 effective January 1, 1992.

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