



THIRD READING, CONCURRED IN.  
AYES, 53; NOES, 45.

RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 18, 1991

RECEIVED FROM HOUSE.

SECOND READING, AMENDMENTS  
CONCURRED IN.

APRIL 19, 1991

THIRD READING, AMENDMENTS  
CONCURRED IN.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Simple* BILL NO. *384* *Bob Piginich*  
 2 INTRODUCED BY *Spencer K. Hamington Jacobson*  
 3 *Bob Brown* *HARP V. Valtkeberg* *Good* *Seeger* *Magaud*  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A 2-MILL LEVY  
 5 UPON THE TAXABLE VALUE OF ALL REAL AND PERSONAL PROPERTY  
 6 SUBJECT TO TAXATION IN MONTANA FOR THE SUPPORT AND  
 7 MAINTENANCE OF VOCATIONAL AND TECHNICAL EDUCATION; REPLACING

8 REVENUE FROM THE SCHOOL DISTRICT LEVY FOR  
 9 VOCATIONAL-TECHNICAL CENTERS; PROVIDING FOR THE RESTRICTED  
 10 USE OF THE STATEWIDE MILL LEVY AT COMMUNITY COLLEGES;  
 11 AMENDING SECTIONS 15-10-402, 15-10-412, 20-15-311, AND  
 12 20-16-205, MCA; REPEALING SECTION 20-16-207, MCA; AND  
 13 PROVIDING AN EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY  
 14 DATE."

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

17 NEW SECTION. **Section 1.** Tax levy for vocational and  
 18 technical education. (1) There is levied annually upon the  
 19 taxable value of all real and personal property subject to  
 20 taxation in the state of Montana 2 mills for the support and  
 21 maintenance of vocational and technical education. The  
 22 revenue from the 2-mill levy must be distributed as follows:

23 (a) not more than 2% of the total revenue collected  
 24 from the mill levy to the center for vocational education  
 25 research, curriculum, and personnel development at northern

1 Montana college in Havre; and  
 2 (b) the remainder to the vocational-technical center  
 3 system and community college districts of Montana.

4 (2) The funds raised from the 2-mill levy are allocated  
 5 to the board of regents for the purposes set forth in  
 6 subsection (1).

7 **Section 2.** Section 15-10-402, MCA, is amended to read:

8 "15-10-402. Property tax limited to 1986 levels. (1)  
 9 Except as provided in subsections (2) and ~~(3)~~ through (4),  
 10 the amount of taxes levied on property described in  
 11 15-6-133, 15-6-134, 15-6-136, 15-6-142, and 15-6-144 may  
 12 not, for any taxing jurisdiction, exceed the amount levied  
 13 for taxable year 1986.

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

19 (3) The limitation contained in 15-10-411, 15-10-412,  
 20 or subsection (1) of this section does not apply to the  
 21 2-mill levy imposed in [section 1] for the support and  
 22 maintenance of vocational and technical education.

23 ~~(3)~~(4) New construction or improvements to or deletions  
 24 from property described in subsection (1) are subject to  
 25 taxation at 1986 levels.



INTRODUCED BILL  
 38 384

1       ~~(4)~~(5) 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 3.** 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) the satisfaction of judgments against a taxing  
 8 unit;  
 9 (g) street lighting assessments;  
 10 (h) revolving funds to support any categories specified  
 11 in this subsection (8);  
 12 (i) levies for economic development authorized pursuant  
 13 to 90-5-112(4); and  
 14 (j) the statewide levy for vocational and technical  
 15 education authorized in [section 1]; and  
 16 (k) elementary and high school districts.  
 17 (9) The limitation on the amount of taxes levied does  
 18 not apply in a taxing unit if the voters in the taxing unit  
 19 approve an increase in tax liability following a resolution  
 20 of the governing body of the taxing unit containing:  
 21 (a) a finding that there are insufficient funds to  
 22 adequately operate the taxing unit as a result of 15-10-401  
 23 and 15-10-402;  
 24 (b) an explanation of the nature of the financial  
 25 emergency;

1 (c) an estimate of the amount of funding shortfall  
2 expected by the taxing unit;

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

5 (e) a finding that there are no alternative sources of  
6 revenue;

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

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

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

15 (b) The limitation set forth in this chapter on the  
16 amount of taxes levied does not apply to levies to support a  
17 city-county board of health as provided in Title 50, chapter  
18 2, if the governing bodies of the taxing units served by the  
19 board of health determine, after a public hearing, that  
20 public health programs require funds to ensure the public  
21 health. A levy for the support of a local board of health  
22 may not exceed the 5-mill limit established in 50-2-111.

23 (11) The limitation on the amount of taxes levied by a  
24 taxing jurisdiction subject to a statutory maximum mill levy  
25 does not prevent a taxing jurisdiction from increasing its

1 number of mills beyond the statutory maximum mill levy to  
2 produce revenue equal to its 1986 revenue.

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

6 **Section 4.** Section 20-15-311, MCA, is amended to read:

7 **"20-15-311. Funding sources.** The annual operating  
8 budget of a community college district shall must be  
9 financed from the following sources:

10 (1) the estimated revenues to be realized from student  
11 tuition and fees, except those related to community service  
12 courses as defined by the board of regents;

13 (2) a mandatory mill levy on the community college  
14 district;

15 (3) the 1-mill adult education levy authorized under  
16 provisions of 20-15-305;

17 (4) the state general fund appropriation;

18 (5) an optional voted levy on the community college  
19 district that shall must be submitted to the electorate in  
20 accordance with general school election laws;

21 (6) all other income, revenue, balances, or reserves  
22 not restricted by a source outside the community college  
23 district to a specific purpose;

24 (7) income, revenue, balances, or reserves restricte  
25 by a source outside the community college district to

1 specific purpose. Student fees paid for community service  
 2 courses as defined by the board of regents ~~shall~~ and revenue  
 3 from the 2-mill levy imposed in [section 1] must be  
 4 considered restricted to a specific purpose;

5 (8) income from a political subdivision that is  
 6 designated a community college service region under  
 7 20-15-241."

8 **Section 5.** Section 20-16-205, MCA, is amended to read:

9 **"20-16-205. Tuition rates.** (1) Tuition may be charged  
 10 to any resident or nonresident of the state of Montana by  
 11 the director of any vocational-technical center at rates to  
 12 be determined by the board of regents ~~and the provisions of~~  
 13 ~~subsection--(3)~~. The board of regents shall prescribe  
 14 permissible uses for any tuition authorized.

15 (2) For the purposes of this section, the eligibility  
 16 of a student for resident status ~~shall~~ must be determined in  
 17 the same manner as that prescribed for use by the Montana  
 18 university system, except that those provisions referring to  
 19 "high school graduates" or "graduation from high school"  
 20 ~~shall~~ must be considered to refer to a person who has  
 21 attended school or who was in attendance at a school.

22 ~~(3) If an additional levy for a center is approved~~  
 23 ~~under 20-16-207, the board of regents may charge an~~  
 24 ~~additional tuition amount not to exceed \$40 a quarter to a~~  
 25 ~~student at the center who is a resident of Montana but who~~

1 ~~is not a property taxpayer of the county or an owner of a~~  
 2 ~~vehicle registered within the county where the center is~~  
 3 ~~located."~~

4 NEW SECTION. **Section 6.** Repealer. Section 20-16-207,  
 5 MCA, is repealed.

6 NEW SECTION. **Section 7.** Codification instruction.  
 7 [Section 1] is intended to be codified as an integral part  
 8 of Title 15, chapter 10, part 1, and the provisions of Title  
 9 15, chapter 10, part 1, apply to [section 1].

10 NEW SECTION. **Section 8.** Retroactive applicability.  
 11 [This act] applies retroactively, within the meaning of  
 12 1-2-109, to taxable years beginning after December 31, 1990.

13 NEW SECTION. **Section 9.** Effective date. [This act] is  
 14 effective July 1, 1991.

-End-



STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0384, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act imposing a 2-mill levy upon the taxable value of all real and personal property subject to taxation in Montana for the support and maintenance of vocational and technical education; replacing revenue from the school district levy for vocational-technical centers; providing for the restricted use of the statewide mill levy at community colleges; and providing an effective date and a retroactive applicability date.

ASSUMPTIONS:

1. Statewide taxable valuation will be \$1,605,342,000 in tax year 1991 (FY92), and \$1,635,684,000 in tax year 1992 (FY93) (OBPP).
2. The 2-mill levy will apply to all taxable property beginning January 1, 1991.
3. The revenue from the statewide 2-mill, vo-tech levy will be distributed 2% to the center for vocational education research, curriculum, and personnel development at Northern Montana College, with the balance to the vo-tech center system, and community colleges.

FISCAL IMPACT:

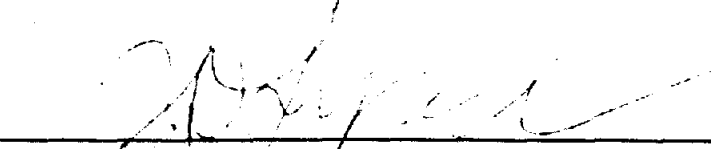
Revenues:

	FY '92			FY '93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Statewide Vo-Tech Levy	0	3,210,700	3,210,700	0	3,271,400	3,271,400

Fund Information:

	FY '92			FY '93		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Northern Montana College	0	64,200	64,200	0	65,400	65,400
Vo-techs/comm.colleges	0	3,146,500	3,146,500	0	3,206,000	3,206,000
Total	0	3,210,700	3,210,700	0	3,271,400	3,271,400

 3-18-91  
 ROD SUNDSTED, BUDGET DIRECTOR                      DATE  
 Office of Budget and Program Planning

 3/18/91  
 JOHN "J.D." LYNCH, PRIMARY SPONSOR                      DATE  
 Fiscal Note for SB0384, as introduced                      **SB 384**

APPROVED BY COMMITTEE  
ON TAXATION

1 *Senate* BILL NO. *384* *Bob Pignick*  
 2 INTRODUCED BY *Sen. R. Hamington, Jacobson, Struck*  
 3 *Bob Brown, HARP, VanValkenburg, Sred, Ferguson, Maynard*  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A 2-MILL LEVY  
 5 UPON THE TAXABLE VALUE OF ALL REAL AND PERSONAL PROPERTY  
 6 SUBJECT TO TAXATION IN MONTANA FOR THE SUPPORT AND  
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 11 AMENDING SECTIONS 15-10-402, 15-10-412, 20-15-311, AND  
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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,  
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24 unit that levied a tax in tax years 1983 through 1985 but  
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 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) the satisfaction of judgments against a taxing  
 8 unit;  
 9 (g) street lighting assessments;  
 10 (h) revolving funds to support any categories specified  
 11 in this subsection (8);  
 12 (i) levies for economic development authorized pursuant  
 13 to 90-5-112(4); and  
 14 (j) the statewide levy for vocational and technical  
 15 education authorized in [section 1]; and  
 16 (k) elementary and high school districts.  
 17 (9) The limitation on the amount of taxes levied does  
 18 not apply in a taxing unit if the voters in the taxing unit  
 19 approve an increase in tax liability following a resolution  
 20 of the governing body of the taxing unit containing:  
 21 (a) a finding that there are insufficient funds to  
 22 adequately operate the taxing unit as a result of 15-10-401  
 23 and 15-10-402;  
 24 (b) an explanation of the nature of the financial  
 25 emergency;

1 (c) an estimate of the amount of funding shortfall  
2 expected by the taxing unit;

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

5 (e) a finding that there are no alternative sources of  
6 revenue;

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

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

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

15 (b) The limitation set forth in this chapter on the  
16 amount of taxes levied does not apply to levies to support a  
17 city-county board of health as provided in Title 50, chapter  
18 2, if the governing bodies of the taxing units served by the  
19 board of health determine, after a public hearing, that  
20 public health programs require funds to ensure the public  
21 health. A levy for the support of a local board of health  
22 may not exceed the 5-mill limit established in 50-2-111.

23 (11) The limitation on the amount of taxes levied by a  
24 taxing jurisdiction subject to a statutory maximum mill levy  
25 does not prevent a taxing jurisdiction from increasing its

1 number of mills beyond the statutory maximum mill levy to  
2 produce revenue equal to its 1986 revenue.

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

6 **Section 4.** Section 20-15-311, MCA, is amended to read:  
7 "20-15-311. **Funding sources.** The annual operating  
8 budget of a community college district ~~shall~~ must be  
9 financed from the following sources:

10 (1) the estimated revenues to be realized from student  
11 tuition and fees, except those related to community service  
12 courses as defined by the board of regents;

13 (2) a mandatory mill levy on the community college  
14 district;

15 (3) the 1-mill adult education levy authorized under  
16 provisions of 20-15-305;

17 (4) the state general fund appropriation;

18 (5) an optional voted levy on the community college  
19 district that ~~shall~~ must be submitted to the electorate in  
20 accordance with general school election laws;

21 (6) all other income, revenue, balances, or reserves  
22 not restricted by a source outside the community college  
23 district to a specific purpose;

24 (7) income, revenue, balances, or reserves restricted  
25 by a source outside the community college district to a

1 specific purpose. Student fees paid for community service  
 2 courses as defined by the board of regents ~~shall~~ and revenue  
 3 from the 2-mill levy imposed in [section 1] must be  
 4 considered restricted to a specific purpose;

5 (8) income from a political subdivision that is  
 6 designated a community college service region under  
 7 20-15-241."

8 **Section 5.** Section 20-16-205, MCA, is amended to read:

9 **"20-16-205. Tuition rates.** (1) Tuition may be charged  
 10 to any resident or nonresident of the state of Montana by  
 11 the director of any vocational-technical center at rates to  
 12 be determined by the board of regents ~~and the provisions of~~  
 13 ~~subsection--{3}~~. The board of regents shall prescribe  
 14 permissible uses for any tuition authorized.

15 (2) For the purposes of this section, the eligibility  
 16 of a student for resident status ~~shall~~ must be determined in  
 17 the same manner as that prescribed for use by the Montana  
 18 university system, except that those provisions referring to  
 19 "high school graduates" or "graduation from high school"  
 20 ~~shall~~ must be considered to refer to a person who has  
 21 attended school or who was in attendance at a school.

22 ~~{3}--If--an--additional--levy--for--a-center--is--approved~~  
 23 ~~under--20-16-207,--the--board--of--regents--may--charge--an~~  
 24 ~~additional--tuition--amount--not--to--exceed--\$40--a--quarter--to--a~~  
 25 ~~student--at--the--center--who--is--a--resident--of--Montana--but--who~~

1 ~~is--not--a--property-taxpayer-of-the-county-or-an-owner-of-a~~  
 2 ~~vehicle-registered-within-the-county--where--the--center--is~~  
 3 ~~located."~~

4 NEW SECTION. **Section 6.** Repealer. Section 20-16-207,  
 5 MCA, is repealed.

6 NEW SECTION. **Section 7.** Codification instruction.  
 7 [Section 1] is intended to be codified as an integral part  
 8 of Title 15, chapter 10, part 1, and the provisions of Title  
 9 15, chapter 10, part 1, apply to [section 1].

10 NEW SECTION. **Section 8.** Retroactive applicability.  
 11 [This act] applies retroactively, within the meaning of  
 12 1-2-109, to taxable years beginning after December 31, 1990.

13 NEW SECTION. **Section 9.** Effective date. [This act] is  
 14 effective July 1, 1991.

-End-

1 *Smith* BILL NO. *384* *Bob Piginich*  
 2 INTRODUCED BY *Spink R. Hammon Jacobson*  
 3 *Bob Brown HARP VanValkenburg Sord*  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A 2-MILL LEVY  
 5 UPON THE TAXABLE VALUE OF ALL REAL AND PERSONAL PROPERTY  
 6 SUBJECT TO TAXATION IN MONTANA FOR THE SUPPORT AND  
 7 MAINTENANCE OF VOCATIONAL AND TECHNICAL EDUCATION; REPLACING  
 8 REVENUE FROM THE SCHOOL DISTRICT LEVY FOR  
 9 VOCATIONAL-TECHNICAL CENTERS; PROVIDING FOR THE RESTRICTED  
 10 USE OF THE STATEWIDE MILL LEVY AT COMMUNITY COLLEGES;  
 11 AMENDING SECTIONS 15-10-402, 15-10-412, 20-15-311, AND  
 12 20-16-205, MCA; REPEALING SECTION 20-16-207, MCA; AND  
 13 PROVIDING AN EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY  
 14 DATE."

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

17 NEW SECTION. **Section 1.** Tax levy for vocational and  
 18 technical education. (1) There is levied annually upon the  
 19 taxable value of all real and personal property subject to  
 20 taxation in the state of Montana 2 mills for the support and  
 21 maintenance of vocational and technical education. The  
 22 revenue from the 2-mill levy must be distributed as follows:

23 (a) not more than 2% of the total revenue collected  
 24 from the mill levy to the center for vocational education  
 25 research, curriculum, and personnel development at northern

1 Montana college in Havre; and  
 2 (b) the remainder to the vocational-technical center  
 3 system and community college districts of Montana.

4 (2) The funds raised from the 2-mill levy are allocated  
 5 to the board of regents for the purposes set forth in  
 6 subsection (1).

7 **Section 2.** Section 15-10-402, MCA, is amended to read:  
 8 "15-10-402. Property tax limited to 1986 levels. (1)  
 9 Except as provided in subsections (2) and ~~(3)~~ through (4),  
 10 the amount of taxes levied on property described in  
 11 15-6-133, 15-6-134, 15-6-136, 15-6-142, and 15-6-144 may  
 12 not, for any taxing jurisdiction, exceed the amount levied  
 13 for taxable year 1986.

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

19 (3) The limitation contained in 15-10-411, 15-10-412,  
 20 or subsection (1) of this section does not apply to the  
 21 2-mill levy imposed in [section 1] for the support and  
 22 maintenance of vocational and technical education.

23 ~~(3)(4)~~ New construction or improvements to or deletions  
 24 from property described in subsection (1) are subject to  
 25 taxation at 1986 levels.

THIRD READING

SB 384





1       ~~(4)~~(5) 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 3.** 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) the satisfaction of judgments against a taxing
- 8 unit;
- 9 (g) street lighting assessments;
- 10 (h) revolving funds to support any categories specified
- 11 in this subsection (8);
- 12 (i) levies for economic development authorized pursuant
- 13 to 90-5-112(4); and
- 14 (j) the statewide levy for vocational and technical
- 15 education authorized in [section 1]; and
- 16 (k) elementary and high school districts.
- 17 (9) The limitation on the amount of taxes levied does
- 18 not apply in a taxing unit if the voters in the taxing unit
- 19 approve an increase in tax liability following a resolution
- 20 of the governing body of the taxing unit containing:
- 21 (a) a finding that there are insufficient funds to
- 22 adequately operate the taxing unit as a result of 15-10-401
- 23 and 15-10-402;
- 24 (b) an explanation of the nature of the financial
- 25 emergency;

1 (c) an estimate of the amount of funding shortfall  
2 expected by the taxing unit;

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

5 (e) a finding that there are no alternative sources of  
6 revenue;

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

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

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

15 (b) The limitation set forth in this chapter on the  
16 amount of taxes levied does not apply to levies to support a  
17 city-county board of health as provided in Title 50, chapter  
18 2, if the governing bodies of the taxing units served by the  
19 board of health determine, after a public hearing, that  
20 public health programs require funds to ensure the public  
21 health. A levy for the support of a local board of health  
22 may not exceed the 5-mill limit established in 50-2-111.

23 (11) The limitation on the amount of taxes levied by a  
24 taxing jurisdiction subject to a statutory maximum mill levy  
25 does not prevent a taxing jurisdiction from increasing its

1 number of mills beyond the statutory maximum mill levy to  
2 produce revenue equal to its 1986 revenue.

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

6 **Section 4.** Section 20-15-311, MCA, is amended to read:

7 "20-15-311. **Funding sources.** The annual operating  
8 budget of a community college district shall must be  
9 financed from the following sources:

10 (1) the estimated revenues to be realized from student  
11 tuition and fees, except those related to community service  
12 courses as defined by the board of regents;

13 (2) a mandatory mill levy on the community college  
14 district;

15 (3) the 1-mill adult education levy authorized under  
16 provisions of 20-15-305;

17 (4) the state general fund appropriation;

18 (5) an optional voted levy on the community college  
19 district that shall must be submitted to the electorate in  
20 accordance with general school election laws;

21 (6) all other income, revenue, balances, or reserves  
22 not restricted by a source outside the community college  
23 district to a specific purpose;

24 (7) income, revenue, balances, or reserves restricted  
25 by a source outside the community college district to a

1 specific purpose. Student fees paid for community service  
2 courses as defined by the board of regents shall and revenue  
3 from the 2-mill levy imposed in [section 1] must be  
4 considered restricted to a specific purpose;

5 (8) income from a political subdivision that is  
6 designated a community college service region under  
7 20-15-241."

8 **Section 5.** Section 20-16-205, MCA, is amended to read:

9 "20-16-205. Tuition rates. (1) Tuition may be charged  
10 to any resident or nonresident of the state of Montana by  
11 the director of any vocational-technical center at rates to  
12 be determined by the board of regents ~~and the provisions of~~  
13 ~~subsection--(3)~~. The board of regents shall prescribe  
14 permissible uses for any tuition authorized.

15 (2) For the purposes of this section, the eligibility  
16 of a student for resident status shall must be determined in  
17 the same manner as that prescribed for use by the Montana  
18 university system, except that those provisions referring to  
19 "high school graduates" or "graduation from high school"  
20 shall must be considered to refer to a person who has  
21 attended school or who was in attendance at a school.

22 ~~(3)--if--an--additional--levy--for--a-center-is-approved~~  
23 ~~under--20-16-207--the--board--of--regents--may--charge--an~~  
24 ~~additional--tuition--amount--not--to--exceed--\$48--a--quarter--to--a~~  
25 ~~student--at--the--center--who--is--a--resident--of--Montana--but--who~~

1 ~~is--not--a--property-taxpayer-of-the-county-or-an-owner-of-a~~  
2 ~~vehicle-registered-within-the-county--where--the--center--is~~  
3 ~~located."~~

4 NEW SECTION. **Section 6.** Repealer. Section 20-16-207,  
5 MCA, is repealed.

6 NEW SECTION. **Section 7.** Codification instruction.  
7 [Section 1] is intended to be codified as an integral part  
8 of Title 15, chapter 10, part 1, and the provisions of Title  
9 15, chapter 10, part 1, apply to [section 1].

10 NEW SECTION. **Section 8.** Retroactive applicability.  
11 [This act] applies retroactively, within the meaning of  
12 1-2-109, to taxable years beginning after December 31, 1990.

13 NEW SECTION. **Section 9.** Effective date. [This act] is  
14 effective July 1, 1991.

-End-

HOUSE COMMITTEE OF THE WHOLE AMENDMENT  
Senate Bill 384  
Representative Bachini

April 13, 1991 8:47 am  
Page 1 of 1

Mr. Chairman: I move to amend Senate Bill 384 (reference copy -- salmon).

Signed: *Bob Bachini*  
Representative Bachini

And, that such amendments to Senate Bill 384 read as follows:

1. Page 2, line 3.  
Strike: "2%"  
Insert: "4%"

HOUSE COMMITTEE OF THE WHOLE AMENDMENT  
Senate Bill 384  
Representative Harrington

April 13, 1991 10:32 am  
Page 1 of 1

Mr. Chairman: I move to amend Senate Bill 384 (reference copy -- salmon).

Signed: *Alan Harrington*  
Representative Harrington

And, that such amendments to Senate Bill 384 read as follows:

1. Title, lines 18 and 19.  
Strike: from "A" on line 13 through "DATE" on line 14  
Insert: "THAT THE PROPOSED ACT BE SUBMITTED TO THE QUALIFIED ELECTORS OF MONTANA"
2. Page 12, lines 15 through 17.  
Strike: section 8 in its entirety  
Insert: "NEW SECTION. Section 8. Submission to electorate. The question of whether [this act] will become effective shall be submitted to the qualified electors of Montana at the primary election to be held in June 1992 by printing on the ballot the full title of this act and the following:  
FOR giving the legislature authority to levy 2 mills for the support and maintenance of vocational and technical education.  
AGAINST giving the legislature authority to levy 2 mills for the support and maintenance of vocational and technical education."
3. Page 12, line 18.  
Following: "date."  
Strike: remainder of lines 18 and 19  
Insert: "If approved by the electorate, [this act] is effective December 31, 1992, and applies to tax years beginning after December 31, 1992."

ADOPT

REJECT

*SB 384.2*  
790845CW.Hsf

ADOPT

REJECT

HOUSE

SB 384

HOUSE COMMITTEE OF THE WHOLE AMENDMENT  
Senate Bill 384  
Representative Mercer

April 17, 1991 11:30 am  
Page 1 of 1

Mr. Chairman: I move to amend Senate Bill 384 (reference copy -- salmon -- as amended by Rep. Harrington, dated April 13, 1991 10:32 a.m.).

Signed: MERCER  
Representative Mercer

And, that such amendments to Senate Bill 384 read as follows:

1. Amend Rep. Harrington's amendment #2 as follows:  
Strike: "giving the legislature authority to" in both places  
Insert: "imposing a"  
Following: "levy"  
Insert: "of"

ADOPT

REJECT

SB#384.5  
821130CW.HSF

1 SENATE BILL NO. 384

2 INTRODUCED BY LYNCH, HARRINGTON, JACOBSON, STIMATZ,

3 PIPINICH, B. BROWN, HARP, VAN VALKENBURG, SVRCEK,

4 JERGESON, MAZUREK, DOHERTY, KENNEDY, R. MANNING,

5 WILLIAMS, BIANCHI, FRANKLIN, YELLOWTAIL, NOBLE, T. BECK,

6 DAILY, PAVLOVICH, QUILICI, HOCKETT, FRITZ,

7 D. BROWN, HALLIGAN

8  
9 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A 2-MILL LEVY  
10 UPON THE TAXABLE VALUE OF ALL REAL AND PERSONAL PROPERTY  
11 SUBJECT TO TAXATION IN MONTANA FOR THE SUPPORT AND  
12 MAINTENANCE OF VOCATIONAL AND TECHNICAL EDUCATION; REPLACING  
13 REVENUE FROM THE SCHOOL DISTRICT LEVY FOR  
14 VOCATIONAL-TECHNICAL CENTERS; PROVIDING FOR THE RESTRICTED  
15 USE OF THE STATEWIDE MILL LEVY AT COMMUNITY COLLEGES;  
16 AMENDING SECTIONS 15-10-402, 15-10-412, 20-15-311, AND  
17 20-16-205, MCA; REPEALING SECTION 20-16-207, MCA; AND  
18 PROVIDING AN EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY  
19 DATE."  
20

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

22 NEW SECTION. **Section 1.** Tax levy for vocational and  
23 technical education. (1) There is levied annually upon the  
24 taxable value of all real and personal property subject to  
25 taxation in the state of Montana 2 mills for the support and

1 maintenance of vocational and technical education. The  
2 revenue from the 2-mill levy must be distributed as follows:

3 (a) not more than 2% of the total revenue collected  
4 from the mill levy to the center for vocational education  
5 research, curriculum, and personnel development at northern  
6 Montana college in Havre; and

7 (b) the remainder to the vocational-technical center  
8 system and community college districts of Montana.

9 (2) The funds raised from the 2-mill levy are allocated  
10 to the board of regents for the purposes set forth in  
11 subsection (1).

12 **Section 2.** Section 15-10-402, MCA, is amended to read:

13 "15-10-402. Property tax limited to 1986 levels. (1)  
14 Except as provided in subsections (2) and (3) through (4),  
15 the amount of taxes levied on property described in  
16 15-6-133, 15-6-134, 15-6-136, 15-6-142, and 15-6-144 may  
17 not, for any taxing jurisdiction, exceed the amount levied  
18 for taxable year 1986.

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

24 (3) The limitation contained in 15-10-411, 15-10-412,  
25 or subsection (1) of this section does not apply to the



1 2-mill levy imposed in [section 1] for the support and  
2 maintenance of vocational and technical education.

3 ~~3~~(4) New construction or improvements to or deletions  
4 from property described in subsection (1) are subject to  
5 taxation at 1986 levels.

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

14 **Section 3.** Section 15-10-412, MCA, is amended to read:

15 **"15-10-412. Property tax limited to 1986 levels --**  
16 **clarification -- extension to all property classes.** Section  
17 15-10-402 is interpreted and clarified as follows:

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

21 (2) The limitation on the amount of taxes levied is  
22 interpreted to mean that, except as otherwise provided in  
23 this section, the actual tax liability for an individual  
24 property is capped at the dollar amount due in each taxing  
25 unit for the 1986 tax year. In tax years thereafter, the

1 property must be taxed in each taxing unit at the 1986 cap  
2 or the product of the taxable value and mills levied,  
3 whichever is less for each taxing unit, except in a taxing  
4 unit that levied a tax in tax years 1983 through 1985 but  
5 did not levy a tax in 1986, in which case the actual tax  
6 liability for an individual property is capped at the dollar  
7 amount due in that taxing unit for the 1985 tax year.

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

- 11 (a) annexation of real property and improvements into a  
12 taxing unit;
- 13 (b) construction, expansion, or remodeling of  
14 improvements;
- 15 (c) transfer of property into a taxing unit;
- 16 (d) subdivision of real property;
- 17 (e) reclassification of property;
- 18 (f) increases in the amount of production or the value  
19 of production for property described in 15-6-131 or  
20 15-6-132;
- 21 (g) transfer of property from tax-exempt to taxable  
22 status;
- 23 (h) revaluations caused by:
- 24 (i) cyclical reappraisal; or
- 25 (ii) expansion, addition, replacement, or remodeling of

1 improvements; or

2 (i) increases in property valuation pursuant to

3 15-7-111(4) through (8) in order to equalize property values

4 annually.

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

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

7 valuation or in the actual tax liability on individual

8 property in each class as a result of:

9 (a) a revaluation caused by:

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

11 of improvements that adds value to the property; or

12 (ii) cyclical reappraisal;

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

14 (c) reclassification of property;

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

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

17 15-6-132;

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

19 taxing unit;

20 (f) conversion of the individual property from

21 tax-exempt to taxable status; or

22 (g) increases in property valuation pursuant to

23 15-7-111(4) through (8) in order to equalize property values

24 annually.

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

1 valued according to the procedures used in 1986, including

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

3 reappraisal cycle beginning January 1, 1986, is completed

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

5 base year designated, if the property is:

6 (a) new construction;

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

8 improvements;

9 (c) annexed property; or

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

11 status.

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

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

14 fourteen property is valued according to the procedures used

15 in 1986 but is also subject to the dollar cap in each taxing

16 unit based on 1986 mills levied.

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

18 in this section, is intended to leave the property appraisal

19 and valuation methodology of the department of revenue

20 intact. Determinations of county classifications, salaries

21 of local government officers, and all other matters in which

22 total taxable valuation is an integral component are not

23 affected by 15-10-401 and 15-10-402 except for the use of

24 taxable valuation in fixing tax levies. In fixing tax

25 levies, the taxing units of local government may anticipate

1 the deficiency in revenues resulting from the tax  
2 limitations in 15-10-401 and 15-10-402, while understanding  
3 that regardless of the amount of mills levied, a taxpayer's  
4 liability may not exceed the dollar amount due in each  
5 taxing unit for the 1986 tax year unless:

6 (a) the taxing unit's taxable valuation decreases by 5%  
7 or more from the 1986 tax year. If a taxing unit's taxable  
8 valuation decreases by 5% or more from the 1986 tax year, it  
9 may levy additional mills to compensate for the decreased  
10 taxable valuation, but in no case may the mills levied  
11 exceed a number calculated to equal the revenue from  
12 property taxes for the 1986 tax year in that taxing unit.

13 (b) a levy authorized under Title 20 raised less  
14 revenue in 1986 than was raised in either 1984 or 1985, in  
15 which case the taxing unit may, after approval by the voters  
16 in the taxing unit, raise each year thereafter an additional  
17 number of mills but may not levy more revenue than the  
18 3-year average of revenue raised for that purpose during  
19 1984, 1985, and 1986;

20 (c) a levy authorized in 50-2-111 that was made in 1986  
21 was for less than the number of mills levied in either 1984  
22 or 1985, in which case the taxing unit may, after approval  
23 by the voters in the taxing unit, levy each year thereafter  
24 an additional number of mills but may not levy more than the  
25 3-year average number of mills levied for that purpose

1 during 1984, 1985, and 1986.

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

- 6 (a) rural improvement districts;
- 7 (b) special improvement districts;
- 8 (c) levies pledged for the repayment of bonded  
9 indebtedness, including tax increment bonds;
- 10 (d) city street maintenance districts;
- 11 (e) tax increment financing districts;
- 12 (f) the satisfaction of judgments against a taxing  
13 unit;
- 14 (g) street lighting assessments;
- 15 (h) revolving funds to support any categories specified  
16 in this subsection (8);
- 17 (i) levies for economic development authorized pursuant  
18 to 90-5-112(4); and
- 19 (j) the statewide levy for vocational and technical  
20 education authorized in [section 1]; and
- 21 (k) elementary and high school districts.

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

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

4 (b) an explanation of the nature of the financial  
5 emergency;

6 (c) an estimate of the amount of funding shortfall  
7 expected by the taxing unit;

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

10 (e) a finding that there are no alternative sources of  
11 revenue;

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

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

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

20 (b) The limitation set forth in this chapter on the  
21 amount of taxes levied does not apply to levies to support a  
22 city-county board of health as provided in Title 50, chapter  
23 2, if the governing bodies of the taxing units served by the  
24 board of health determine, after a public hearing, that  
25 public health programs require funds to ensure the public

1 health. A levy for the support of a local board of health  
2 may not exceed the 5-mill limit established in 50-2-111.

3 (11) The limitation on the amount of taxes levied by a  
4 taxing jurisdiction subject to a statutory maximum mill levy  
5 does not prevent a taxing jurisdiction from increasing its  
6 number of mills beyond the statutory maximum mill levy to  
7 produce revenue equal to its 1986 revenue.

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

11 **Section 4.** Section 20-15-311, MCA, is amended to read:

12 **"20-15-311. Funding sources.** The annual operating  
13 budget of a community college district ~~shall~~ must be  
14 financed from the following sources:

15 (1) the estimated revenues to be realized from student  
16 tuition and fees, except those related to community service  
17 courses as defined by the board of regents;

18 (2) a mandatory mill levy on the community college  
19 district;

20 (3) the 1-mill adult education levy authorized under  
21 provisions of 20-15-305;

22 (4) the state general fund appropriation;

23 (5) an optional voted levy on the community college  
24 district that ~~shall~~ must be submitted to the electorate in  
25 accordance with general school election laws;

1 (6) all other income, revenue, balances, or reserves  
 2 not restricted by a source outside the community college  
 3 district to a specific purpose;

4 (7) income, revenue, balances, or reserves restricted  
 5 by a source outside the community college district to a  
 6 specific purpose. Student fees paid for community service  
 7 courses as defined by the board of regents ~~shall~~ and revenue  
 8 from the 2-mill levy imposed in [section 1] must be  
 9 considered restricted to a specific purpose;

10 (8) income from a political subdivision that is  
 11 designated a community college service region under  
 12 20-15-241."

13 **Section 5.** Section 20-16-205, MCA, is amended to read:

14 **"20-16-205. Tuition rates.** (1) Tuition may be charged  
 15 to any resident or nonresident of the state of Montana by  
 16 the director of any vocational-technical center at rates to  
 17 be determined by the board of regents ~~and the provisions of~~  
 18 ~~subsection--(3).~~ The board of regents shall prescribe  
 19 permissible uses for any tuition authorized.

20 (2) For the purposes of this section, the eligibility  
 21 of a student for resident status ~~shall~~ must be determined in  
 22 the same manner as that prescribed for use by the Montana  
 23 university system, except that those provisions referring to  
 24 "high school graduates" or "graduation from high school"  
 25 ~~shall~~ must be considered to refer to a person who has

1 attended school or who was in attendance at a school.

2 ~~(3)--if--an--additional--levy--for--a--center--is--approved~~  
 3 ~~under--20-16-207,--the--board--of--regents--may--charge--an~~  
 4 ~~additional--tuition--amount--not--to--exceed--\$40--a--quarter--to--a~~  
 5 ~~student--at--the--center--who--is--a--resident--of--Montana--but--who~~  
 6 ~~is--not--a--property--taxpayer--of--the--county--or--an--owner--of--a~~  
 7 ~~vehicle--registered--within--the--county--where--the--center--is~~  
 8 ~~located."~~

9 NEW SECTION. **Section 6.** Repealer. Section 20-16-207,  
 10 MCA, is repealed.

11 NEW SECTION. **Section 7.** Codification instruction.  
 12 [Section 1] is intended to be codified as an integral part  
 13 of Title 15, chapter 10, part 1, and the provisions of Title  
 14 15, chapter 10, part 1, apply to [section 1].

15 NEW SECTION. **Section 8.** Retroactive applicability.  
 16 [This act] applies retroactively, within the meaning of  
 17 1-2-109, to taxable years beginning after December 31, 1990.

18 NEW SECTION. **Section 9.** Effective date. [This act] is  
 19 effective July 1, 1991.

-End-

## 1 SENATE BILL NO. 384

2 INTRODUCED BY LYNCH, HARRINGTON, JACOBSON, STIMATZ,

3 PIPINICH, B. BROWN, HARP, VAN VALKENBURG, SVRCEK,

4 JERGESON, MAZUREK, DOHERTY, KENNEDY, MANNING,

5 WILLIAMS, BIANCHI, FRANKLIN, YELLOWTAIL, NOBLE, T. BECK,

6 DAILY, PAVLOVICH, QUILICI, HOCKETT, FRITZ,

7 D. BROWN, HALLIGAN

8  
9 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A 2-MILL LEVY  
10 UPON THE TAXABLE VALUE OF ALL REAL AND PERSONAL PROPERTY  
11 SUBJECT TO TAXATION IN MONTANA FOR THE SUPPORT AND  
12 MAINTENANCE OF VOCATIONAL AND TECHNICAL EDUCATION; REPLACING  
13 REVENUE FROM THE SCHOOL DISTRICT LEVY FOR  
14 VOCATIONAL-TECHNICAL CENTERS; SUBMITTING THE LEVY TO THE  
15 QUALIFIED ELECTORS OF MONTANA; PROVIDING FOR THE RESTRICTED  
16 USE OF THE STATEWIDE MILL LEVY AT COMMUNITY COLLEGES;  
17 AMENDING SECTIONS 15-10-402, 15-10-412, 20-15-311, AND  
18 20-16-205, MCA; REPEALING SECTION 20-16-207, MCA; AND  
19 PROVIDING AN EFFECTIVE DATE AND A--RETROACTIVE AN  
20 APPLICABILITY DATE."

21  
22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

23 NEW SECTION. Section 1. Tax levy for vocational and  
24 technical education. (1) There is levied annually upon the  
25 taxable value of all real and personal property subject to

1 taxation in the state of Montana 2 mills for the support and  
2 maintenance of vocational and technical education. The  
3 revenue from the 2-mill levy must be distributed as follows:

4 (a) not more than ~~2%~~ 4% of the total revenue collected  
5 from the mill levy to the center for vocational education  
6 research, curriculum, and personnel development at northern  
7 Montana college in Havre; and

8 (b) the remainder to the vocational-technical center  
9 system and community college districts of Montana.

10 (2) The funds raised from the 2-mill levy are allocated  
11 to the board of regents for the purposes set forth in  
12 subsection (1).

13 **Section 2.** Section 15-10-402, MCA, is amended to read:

14 **"15-10-402. Property tax limited to 1986 levels.** (1)  
15 Except as provided in subsections (2) ~~and (3)~~ through (4),  
16 the amount of taxes levied on property described in  
17 15-6-133, 15-6-134, 15-6-136, 15-6-142, and 15-6-144 may  
18 not, for any taxing jurisdiction, exceed the amount levied  
19 for taxable year 1986.

20 (2) The limitation contained in subsection (1) does not  
21 apply to levies for rural improvement districts, Title 7,  
22 chapter 12, part 21; special improvement districts, Title 7,  
23 chapter 12, part 41; elementary and high school districts,  
24 Title 20; or bonded indebtedness.

25 (3) The limitation contained in 15-10-411, 15-10-412,

1 or subsection (1) of this section does not apply to the  
 2 2-mill levy imposed in [section 1] for the support and  
 3 maintenance of vocational and technical education.

4 ~~†3†~~(4) New construction or improvements to or deletions  
 5 from property described in subsection (1) are subject to  
 6 taxation at 1986 levels.

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

15 **Section 3.** Section 15-10-412, MCA, is amended to read:

16 "15-10-412. Property tax limited to 1986 levels --  
 17 clarification -- extension to all property classes. Section  
 18 15-10-402 is interpreted and clarified as follows:

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

22 (2) The limitation on the amount of taxes levied is  
 23 interpreted to mean that, except as otherwise provided in  
 24 this section, the actual tax liability for an individual  
 25 property is capped at the dollar amount due in each taxing

1 unit for the 1986 tax year. In tax years thereafter, the  
 2 property must be taxed in each taxing unit at the 1986 cap  
 3 or the product of the taxable value and mills levied,  
 4 whichever is less for each taxing unit, except in a taxing  
 5 unit that levied a tax in tax years 1983 through 1985 but  
 6 did not levy a tax in 1986, in which case the actual tax  
 7 liability for an individual property is capped at the dollar  
 8 amount due in that taxing unit for the 1985 tax year.

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

12 (a) annexation of real property and improvements into a  
 13 taxing unit;

14 (b) construction, expansion, or remodeling of  
 15 improvements;

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

17 (d) subdivision of real property;

18 (e) reclassification of property;

19 (f) increases in the amount of production or the value  
 20 of production for property described in 15-6-131 or  
 21 15-6-132;

22 (g) transfer of property from tax-exempt to taxable  
 23 status;

24 (h) revaluations caused by:

25 (i) cyclical reappraisal; or

1 (ii) expansion, addition, replacement, or remodeling of  
2 improvements; or

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

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

10 (a) a revaluation caused by:

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

13 (ii) cyclical reappraisal;

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

15 (c) reclassification of property;

16 (d) increases in the amount of production or the value  
17 of production for property described in 15-6-131 or  
18 15-6-132;

19 (e) annexation of the individual property into a new  
20 taxing unit;

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

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

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

7 (a) new construction;

8 (b) expanded, deleted, replaced, or remodeled  
9 improvements;

10 (c) annexed property; or

11 (d) property converted from tax-exempt to taxable  
12 status.

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

18 (7) The limitation on the amount of taxes, as clarified  
19 in this section, is intended to leave the property appraisal  
20 and valuation methodology of the department of revenue  
21 intact. Determinations of county classifications, salaries  
22 of local government officers, and all other matters in which  
23 total taxable valuation is an integral component are not  
24 affected by 15-10-401 and 15-10-402 except for the use of  
25 taxable valuation in fixing tax levies. In fixing tax



1 levies, the taxing units of local government may anticipate  
 2 the deficiency in revenues resulting from the tax  
 3 limitations in 15-10-401 and 15-10-402, while understanding  
 4 that regardless of the amount of mills levied, a taxpayer's  
 5 liability may not exceed the dollar amount due in each  
 6 taxing unit for the 1986 tax year unless:

7 (a) the taxing unit's taxable valuation decreases by 5%  
 8 or more from the 1986 tax year. If a taxing unit's taxable  
 9 valuation decreases by 5% or more from the 1986 tax year, it  
 10 may levy additional mills to compensate for the decreased  
 11 taxable valuation, but in no case may the mills levied  
 12 exceed a number calculated to equal the revenue from  
 13 property taxes for the 1986 tax year in that taxing unit.

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

21 (c) a levy authorized in 50-2-111 that was made in 1986  
 22 was for less than the number of mills levied in either 1984  
 23 or 1985, in which case the taxing unit may, after approval  
 24 by the voters in the taxing unit, levy each year thereafter  
 25 an additional number of mills but may not levy more than the

1 3-year average number of mills levied for that purpose  
 2 during 1984, 1985, and 1986.

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

- 7 (a) rural improvement districts;
- 8 (b) special improvement districts;
- 9 (c) levies pledged for the repayment of bonded
- 10 indebtedness, including tax increment bonds;
- 11 (d) city street maintenance districts;
- 12 (e) tax increment financing districts;
- 13 (f) the satisfaction of judgments against a taxing
- 14 unit;
- 15 (g) street lighting assessments;
- 16 (h) revolving funds to support any categories specified
- 17 in this subsection (8);
- 18 (i) levies for economic development authorized pursuant
- 19 to 90-5-112(4); and
- 20 (j) the statewide levy for vocational and technical
- 21 education authorized in [section 1]; and
- 22 (k) elementary and high school districts.

23 (9) The limitation on the amount of taxes levied does  
 24 not apply in a taxing unit if the voters in the taxing unit  
 25 approve an increase in tax liability following a resolution

1 of the governing body of the taxing unit containing:

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

5 (b) an explanation of the nature of the financial  
6 emergency;

7 (c) an estimate of the amount of funding shortfall  
8 expected by the taxing unit;

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

11 (e) a finding that there are no alternative sources of  
12 revenue;

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

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

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

21 (b) The limitation set forth in this chapter on the  
22 amount of taxes levied does not apply to levies to support a  
23 city-county board of health as provided in Title 50, chapter  
24 2, if the governing bodies of the taxing units served by the  
25 board of health determine, after a public hearing, that

1 public health programs require funds to ensure the public  
2 health. A levy for the support of a local board of health  
3 may not exceed the 5-mill limit established in 50-2-111.

4 (11) The limitation on the amount of taxes levied by a  
5 taxing jurisdiction subject to a statutory maximum mill levy  
6 does not prevent a taxing jurisdiction from increasing its  
7 number of mills beyond the statutory maximum mill levy to  
8 produce revenue equal to its 1986 revenue.

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

12 **Section 4.** Section 20-15-311, MCA, is amended to read:

13 **"20-15-311. Funding sources.** The annual operating  
14 budget of a community college district ~~shall~~ must be  
15 financed from the following sources:

16 (1) the estimated revenues to be realized from student  
17 tuition and fees, except those related to community service  
18 courses as defined by the board of regents;

19 (2) a mandatory mill levy on the community college  
20 district;

21 (3) the 1-mill adult education levy authorized under  
22 provisions of 20-15-305;

23 (4) the state general fund appropriation;

24 (5) an optional voted levy on the community college  
25 district that ~~shall~~ must be submitted to the electorate in

1 accordance with general school election laws;

2 (6) all other income, revenue, balances, or reserves  
3 not restricted by a source outside the community college  
4 district to a specific purpose;

5 (7) income, revenue, balances, or reserves restricted  
6 by a source outside the community college district to a  
7 specific purpose. Student fees paid for community service  
8 courses as defined by the board of regents ~~shall~~ and revenue  
9 from the 2-mill levy imposed in [section 1] must be  
10 considered restricted to a specific purpose;

11 (8) income from a political subdivision that is  
12 designated a community college service region under  
13 20-15-241."

14 **Section 5.** Section 20-16-205, MCA, is amended to read:

15 **\*20-16-205. Tuition rates.** (1) Tuition may be charged  
16 to any resident or nonresident of the state of Montana by  
17 the director of any vocational-technical center at rates to  
18 be determined by the board of regents ~~and the provisions of~~  
19 ~~subsection---{3}~~. The board of regents shall prescribe  
20 permissible uses for any tuition authorized.

21 (2) For the purposes of this section, the eligibility  
22 of a student for resident status ~~shall~~ must be determined in  
23 the same manner as that prescribed for use by the Montana  
24 university system, except that those provisions referring to  
25 "high school graduates" or "graduation from high school"

1 ~~shall~~ must be considered to refer to a person who has  
2 attended school or who was in attendance at a school.

3 ~~{3}--if-an-additional-levy--for--a--center--is--approved~~  
4 ~~under---20-16-207--the-board--of--regents--may--charge--an~~  
5 ~~additional-tuition-amount-not-to-exceed-\$40-a-quarter--to--a~~  
6 ~~student--at--the-center-who-is-a-resident-of-Montana-but-who~~  
7 ~~is-not-a-property-taxpayer-of-the-county-or-an-owner--of--a~~  
8 ~~vehicle--registered--within--the--county-where-the-center-is~~  
9 ~~located."~~

10 NEW SECTION. Section 6. Repealer. Section 20-16-207,  
11 MCA, is repealed.

12 NEW SECTION. Section 7. Codification instruction.  
13 [Section 1] is intended to be codified as an integral part  
14 of Title 15, chapter 10, part 1, and the provisions of Title  
15 15, chapter 10, part 1, apply to [section 1].

16 ~~NEW-SECTION,--Section-8--Retroactive----applicability-~~  
17 ~~{This--act}--applies--retroactively,--within--the-meaning-of~~  
18 ~~1-2-1997--to-taxable-years-beginning-after-December-31,1990-~~

19 NEW SECTION. SECTION 8. SUBMISSION TO ELECTORATE. THE  
20 QUESTION OF WHETHER THIS ACT WILL BECOME EFFECTIVE SHALL BE  
21 SUBMITTED TO THE QUALIFIED ELECTORS OF MONTANA AT THE  
22 PRIMARY ELECTION TO BE HELD IN JUNE 1992 BY PRINTING ON THE  
23 BALLOT THE FULL TITLE OF THIS ACT AND THE FOLLOWING:

24  FOR GIVING THE LEGISLATURE AUTHORITY TO IMPOSING A  
25 LEVY OF 2 MILLS FOR THE SUPPORT AND MAINTENANCE OF

SB 0384/03

1 VOCATIONAL AND TECHNICAL EDUCATION.

2  AGAINST GIVING THE LEGISLATURE AUTHORITY TO IMPOSING  
3 A LEVY OF 2 MILLS FOR THE SUPPORT AND MAINTENANCE OF  
4 VOCATIONAL AND TECHNICAL EDUCATION.

5 NEW SECTION. Section 9. Effective date --  
6 APPLICABILITY. ~~{This act} is effective July 1, 1991. IF~~  
7 APPROVED BY THE ELECTORATE, [THIS ACT] IS EFFECTIVE DECEMBER  
8 31, 1992, AND APPLIES TO TAX YEARS BEGINNING AFTER DECEMBER  
9 31, 1992.

-End-