

SENATE BILL 454

Introduced by Doherty

2/21	Introduced
2/21	Fiscal Note Requested
2/21	Fiscal Note Requested
2/21	First Reading
2/21	Referred to Taxation
2/25	Fiscal Note Printed
2/25	Fiscal Note Received
3/20	Hearing
3/26	Committee Report--Bill Passed
3/27	2nd Reading Passed
3/28	3rd Reading Passed
	Transmitted to House
4/01	First Reading
2/01	Referred to Taxation
4/09	Hearing
4/13	Committee Report--Bill Concurred as Amended
4/16	2nd Reading Concur Motion Failed



1 (6) The grant received by the county shall be placed in  
2 the district court fund.

3 (7) After all grants are awarded, the department of  
4 commerce shall audit each approved grant request. The  
5 department shall charge each county receiving a grant an  
6 audit fee in the same amount as the costs incurred in  
7 conducting the audit.

8 (8) If the audit of a grant recipient discloses that  
9 the recipient received a grant in excess of the amount for  
10 which it was eligible, the recipient shall repay the excess  
11 to the department of commerce. The department shall  
12 redistribute any repaid excess amounts to the other counties  
13 that received grants from the appropriation from which the  
14 overpayment was made, on the same basis as the original  
15 awards. No county is eligible for a district court grant if  
16 it owes the department a refund of a prior year's  
17 overpayment.

18 (9) The department of commerce shall prescribe rules  
19 and forms necessary to effectively administer this section.  
20 The department may require a county to provide any  
21 information considered necessary for the administration of  
22 the program."

23 **Section 2.** Section 7-6-2511, MCA, is amended to read:

24 "7-6-2511. County levy for district court expenses. (1)  
25 The governing body of each county may each year levy and

1 collect a tax on the taxable property of the county for all  
2 district court costs, except those listed in 3-5-211,  
3 3-5-213, and 3-5-215. The Except as provided in subsection  
4 (2), the tax may not exceed 6 mills in the first- and  
5 second-class counties, 5 mills in third- and fourth-class  
6 counties, and 4 mills in fifth-, sixth-, and seventh-class  
7 counties. These expenses include but are not limited to  
8 salary and benefits for court clerks, court reporters, youth  
9 probation officers, and other employees of the district  
10 court.

11 (2) The governing body of a county may levy mills in  
12 addition to the number of mills authorized in subsection (1)  
13 if necessary to pay district court expenses for the current  
14 fiscal year or to redeem warrants registered to pay those  
15 expenses in previous fiscal years. To levy the additional  
16 mills, the board of county commissioners shall determine  
17 that the revenue from a levy of the number of mills  
18 authorized in subsection (1), state funding pursuant to  
19 Title 3, chapter 5, part 9, and state grants to district  
20 courts under 7-6-2352 will be insufficient to fund district  
21 court expenses or to redeem outstanding registered warrants  
22 used for district court expenses."

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

24 "15-10-412. Property tax limited to 1986 levels --  
25 clarification -- extension to all property classes. Section

1 15-10-402 is interpreted and clarified as follows:

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

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

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

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

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

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

25 (d) subdivision of real property;

1 (e) reclassification of property;

2 (f) increases in the amount of production or the value  
3 of production for property described in 15-6-131 or  
4 15-6-132;

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

7 (h) revaluations caused by:

8 (i) cyclical reappraisal; or

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

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

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

18 (a) a revaluation caused by:

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

21 (ii) cyclical reappraisal;

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

23 (c) reclassification of property;

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

1 15-6-132;

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

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

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

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

15 (a) new construction;

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

18 (c) annexed property; or

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

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

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

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

22 (b) a levy authorized under Title 20 raised less  
23 revenue in 1986 than was raised in either 1984 or 1985, in  
24 which case the taxing unit may, after approval by the voters  
25 in the taxing unit, raise each year thereafter an additional

1 number of mills but may not levy more revenue than the  
2 3-year average of revenue raised for that purpose during  
3 1984, 1985, and 1986;

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

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

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

1 to 90-5-112(4); and  
2 (j) levies for district court expenses pursuant to  
3 7-6-2511; and

4 {j}(k) elementary and high school districts.

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

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

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

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

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

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

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

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

24 (10) (a) The limitation on the amount of taxes levied  
25 does not apply to levies required to address the funding of

1 relief of suffering of inhabitants caused by famine,  
2 conflagration, or other public calamity.

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

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

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

19 NEW SECTION. **Section 4.** Effective date. [This act] is  
20 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 SB0454, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act authorizing a county to levy the number of mills necessary to pay district court expenses; providing that the district court mill levy is not subject to the property tax limitations of title 15, chapter 10, part 4; and providing an immediate effective date.

ASSUMPTIONS:

1. District Court grant applications represent those counties which are unable to fund their district court operations within the maximum mill levies authorized by 7-6-2511 (1), MCA.
2. Amounts eligible for grants to those counties defined in assumption # 1 represent total FY90 district court expenses, less state criminal reimbursements, non-tax district court fund revenues, and the product of the maximum authorized mill levy for district court purposes multiplied by the previous year's taxable valuation of the county.
3. Taxable valuations, total district court expenses, and June 30, 1990, deficits are projected throughout the FY93 biennium.
4. Only four counties had district court fund deficits as of June 30, 1990: Cascade (\$427,490), Lake (\$100,476), Missoula (\$106,869), and Mineral (\$18,133).

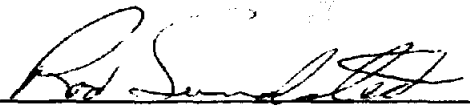
FISCAL IMPACT:

The proposal has no impact on state expenditures or revenues.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Nineteen counties could levy mills in addition to those authorized by 7-6-2511 (1), MCA, in order to completely fund their district court programs (See attachment).

ATTACHMENT: (1)

  
\_\_\_\_\_  
ROD SUNDSTED, BUDGET DIRECTOR                      DATE 2-23-91  
Office of Budget and Program Planning

  
\_\_\_\_\_  
STEVE DOHERTY, PRIMARY SPONSOR                      DATE 2/25/91  
Fiscal Note for SB0454, as introduced                      5B 454



COUNTY	AMOUNT ELIGIBLE FOR GRANT FOR FY'90	AMOUNT OF GRANT FOR FY'90	6/30/90 DEFICIT	TOTAL REQUIRED	1990 MILL VALUE	ADDITIONAL MILLS
BEAVERHEAD	95,924.90	9637.88	90.00	95,287.02	15,069	0.35
BROADWATER	0.00	0.00		0.00	12,166	0.00
BUTTE-SILVER BOW	262,325.70	28,242.19		234,083.51	47,052	4.97
CARTER	9,728.09	1,047.33		8,680.76	5,224	1.66
CASCADE	187,052.00	20,138.17	427,490.00	594,403.83	85,269	6.97
CUSTER	33,249.00	3,579.61		29,669.39	16,043	1.85
DANIELS	10,503.01	1,130.76		9,372.25	6,794	1.38
DEER LODGE/ANACONDA	89,430.54	9,628.16		79,802.38	8,641	9.24
FLATHEAD	0.00	0.00		0.00	90,200	0.00
GALLATIN	53,718.71	5,783.40		47,935.31	68,315	0.70
GOLDEN VALLEY	0.00	0.00		0.00	5,115	0.00
GRANITE	23,451.10	2,524.76		20,926.34	7,301	2.87
JUDITH BASIN	0.00	0.00		0.00	8,947	0.00
LAKE	0.00	0.00	100,476.00	100,476.00	28,868	3.48
LEWIS & CLARK	166,738.91	17,951.24		148,787.67	64,896	2.29
MC CONE	7,091.62	763.49		6,328.13	8,551	0.74
NEAGHER	1,374.00	147.93		1,226.07	7,917	0.15
MINERAL	0	0	18,133.00	18,133.00	28,868	0.63
MISSOULA	136,233.00	14,666.95	106,869.00	228,435.05	117,070	1.95
PARK	0.00	0.00		0.00	21,527	0.00
POWELL	11,182.00	1,203.86		9,978.14	12,515	0.80
PRAIRIE	0.00	0.00		0.00	4,537	0.00
RAVALLI	30,042.00	3,234.35		26,807.65	29,040	0.92
SWEET GRASS	2,483.87	267.42		2,216.45	7,723	0.29
WHEATLAND	9,503.67	1,023.17		8,480.50	7,383	1.15
	\$1,040,032.12	\$111,970.67	\$652,968.00	\$1,581,029.43	\$715,031.00	

APPROVED BY COMMITTEE  
ON TAXATION

SENATE BILL NO. 454

INTRODUCED BY

*Senate*  
*D. White*

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A COUNTY TO LEVY THE NUMBER OF MILLS NECESSARY TO PAY DISTRICT COURT EXPENSES; PROVIDING THAT THE DISTRICT COURT MILL LEVY IS NOT SUBJECT TO THE PROPERTY TAX LIMITATIONS OF TITLE 15, CHAPTER 10, PART 4, MCA; AMENDING SECTIONS 7-6-2352, 7-6-2511, AND 15-10-412, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 7-6-2352, MCA, is amended to read:

"7-6-2352. State grants to district courts -- rules.

(1) The department of commerce shall make grants, to the extent funds are available after expenses provided for in 3-5-901 are funded, to the governing body of a county for the district courts for assistance, as provided in this section.

(2) The governing body of a county may apply to the department of commerce for a grant by filing a written request on forms provided by the department by July 20 for the previous fiscal year unless the department grants a time extension upon request of the county. In its request for a grant, a county must certify that:

(a) all expenditures from the district court fund have

been lawfully made;

(b) no transfers from the district court fund have been or will be made to any other fund; and

(c) no expenditures have been made from the district court fund that are not specifically authorized by 7-6-2511 and 7-6-2351.

(3) To the extent funds are available, the department of commerce shall award a grant if the county's district court expenditures for the previous fiscal year exceeded the sum of:

(a) the product of the maximum mill levy authorized--by law specified in 7-6-2511(1) for district court purposes, whether or not assessed, multiplied by the previous year's taxable valuation of the county; and

(b) all revenues, except district court grants, required by law to be deposited in the district court fund for the previous fiscal year.

(4) Eligible court expenditures for grant purposes include all costs of the county associated with the operation and maintenance of the district court, from whatever fund paid, except costs for building and capital items and library maintenance, replacement, and acquisition.

(5) The department of commerce shall notify each eligible county as soon as possible of its intention to award a grant to that county and the amount of the award.

1 (6) The grant received by the county shall be placed in  
2 the district court fund.

3 (7) After all grants are awarded, the department of  
4 commerce shall audit each approved grant request. The  
5 department shall charge each county receiving a grant an  
6 audit fee in the same amount as the costs incurred in  
7 conducting the audit.

8 (8) If the audit of a grant recipient discloses that  
9 the recipient received a grant in excess of the amount for  
10 which it was eligible, the recipient shall repay the excess  
11 to the department of commerce. The department shall  
12 redistribute any repaid excess amounts to the other counties  
13 that received grants from the appropriation from which the  
14 overpayment was made, on the same basis as the original  
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9 probation officers, and other employees of the district  
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12 addition to the number of mills authorized in subsection (1)  
13 if necessary to pay district court expenses for the current  
14 fiscal year or to redeem warrants registered to pay those  
15 expenses in previous fiscal years. To levy the additional  
16 mills, the board of county commissioners shall determine  
17 that the revenue from a levy of the number of mills  
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9 unit for the 1986 tax year. In tax years thereafter, the  
10 property must be taxed in each taxing unit at the 1986 cap  
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23 improvements;
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- 5 (g) transfer of property from tax-exempt to taxable  
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8 of the governing body of the taxing unit containing:

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

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

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

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

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

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

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

24 (10) (a) The limitation on the amount of taxes levied  
25 does not apply to levies required to address the funding of

1 relief of suffering of inhabitants caused by famine,  
2 conflagration, or other public calamity.

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

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

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

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

-End-

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*Senate* BILL NO. *454*  
*Dineen*

INTRODUCED BY \_\_\_\_\_

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A COUNTY TO LEVY THE NUMBER OF MILLS NECESSARY TO PAY DISTRICT COURT EXPENSES; PROVIDING THAT THE DISTRICT COURT MILL LEVY IS NOT SUBJECT TO THE PROPERTY TAX LIMITATIONS OF TITLE 15, CHAPTER 10, PART 4, MCA; AMENDING SECTIONS 7-6-2352, 7-6-2511, AND 15-10-412, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

**Section 1.** Section 7-6-2352, MCA, is amended to read:

"7-6-2352. State grants to district courts -- rules.

(1) The department of commerce shall make grants, to the extent funds are available after expenses provided for in 3-5-901 are funded, to the governing body of a county for the district courts for assistance, as provided in this section.

(2) The governing body of a county may apply to the department of commerce for a grant by filing a written request on forms provided by the department by July 20 for the previous fiscal year unless the department grants a time extension upon request of the county. In its request for a grant, a county must certify that:

(a) all expenditures from the district court fund have

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been lawfully made;

(b) no transfers from the district court fund have been or will be made to any other fund; and

(c) no expenditures have been made from the district court fund that are not specifically authorized by 7-6-2511 and 7-6-2351.

(3) To the extent funds are available, the department of commerce shall award a grant if the county's district court expenditures for the previous fiscal year exceeded the sum of:

(a) the product of the maximum mill levy authorized--by law specified in 7-6-2511(1) for district court purposes, whether or not assessed, multiplied by the previous year's taxable valuation of the county; and

(b) all revenues, except district court grants, required by law to be deposited in the district court fund for the previous fiscal year.

(4) Eligible court expenditures for grant purposes include all costs of the county associated with the operation and maintenance of the district court, from whatever fund paid, except costs for building and capital items and library maintenance, replacement, and acquisition.

(5) The department of commerce shall notify each eligible county as soon as possible of its intention to award a grant to that county and the amount of the award.

THIRD READING

*SB 454*





1 (6) The grant received by the county shall be placed in  
2 the district court fund.

3 (7) After all grants are awarded, the department of  
4 commerce shall audit each approved grant request. The  
5 department shall charge each county receiving a grant an  
6 audit fee in the same amount as the costs incurred in  
7 conducting the audit.

8 (8) If the audit of a grant recipient discloses that  
9 the recipient received a grant in excess of the amount for  
10 which it was eligible, the recipient shall repay the excess  
11 to the department of commerce. The department shall  
12 redistribute any repaid excess amounts to the other counties  
13 that received grants from the appropriation from which the  
14 overpayment was made, on the same basis as the original  
15 awards. No county is eligible for a district court grant if  
16 it owes the department a refund of a prior year's  
17 overpayment.

18 (9) The department of commerce shall prescribe rules  
19 and forms necessary to effectively administer this section.  
20 The department may require a county to provide any  
21 information considered necessary for the administration of  
22 the program."

23 **Section 2.** Section 7-6-2511, MCA, is amended to read:

24 "7-6-2511. County levy for district court expenses. (1)  
25 The governing body of each county may each year levy and

1 collect a tax on the taxable property of the county for all  
2 district court costs, except those listed in 3-5-211,  
3 3-5-213, and 3-5-215. The Except as provided in subsection  
4 (2), the tax may not exceed 6 mills in the first- and  
5 second-class counties, 5 mills in third- and fourth-class  
6 counties, and 4 mills in fifth-, sixth-, and seventh-class  
7 counties. These expenses include but are not limited to  
8 salary and benefits for court clerks, court reporters, youth  
9 probation officers, and other employees of the district  
10 court.

11 (2) The governing body of a county may levy mills in  
12 addition to the number of mills authorized in subsection (1)  
13 if necessary to pay district court expenses for the current  
14 fiscal year or to redeem warrants registered to pay those  
15 expenses in previous fiscal years. To levy the additional  
16 mills, the board of county commissioners shall determine  
17 that the revenue from a levy of the number of mills  
18 authorized in subsection (1), state funding pursuant to  
19 Title 3, chapter 5, part 9, and state grants to district  
20 courts under 7-6-2352 will be insufficient to fund district  
21 court expenses or to redeem outstanding registered warrants  
22 used for district court expenses."

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

24 "15-10-412. Property tax limited to 1986 levels --  
25 clarification -- extension to all property classes. Section

1 15-10-402 is interpreted and clarified as follows:

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

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

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

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

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

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

25 (d) subdivision of real property;

1 (e) reclassification of property;

2 (f) increases in the amount of production or the value  
3 of production for property described in 15-6-131 or  
4 15-6-132;

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

7 (h) revaluations caused by:

8 (i) cyclical reappraisal; or

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

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

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

18 (a) a revaluation caused by:

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

21 (ii) cyclical reappraisal;

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

23 (c) reclassification of property;

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

1 15-6-132;

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

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

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

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

15 (a) new construction;

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

18 (c) annexed property; or

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

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

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

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

22 (b) a levy authorized under Title 20 raised less  
23 revenue in 1986 than was raised in either 1984 or 1985, in  
24 which case the taxing unit may, after approval by the voters  
25 in the taxing unit, raise each year thereafter an additional

1 number of mills but may not levy more revenue than the  
2 3-year average of revenue raised for that purpose during  
3 1984, 1985, and 1986;

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

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

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

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

2 (j) levies for district court expenses pursuant to  
3 7-6-2511; and

4 (j)(k) elementary and high school districts.

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

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

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

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

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

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

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

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

24 (10) (a) The limitation on the amount of taxes levied  
25 does not apply to levies required to address the funding of

1 relief of suffering of inhabitants caused by famine,  
2 conflagration, or other public calamity.

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

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

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

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

-End-

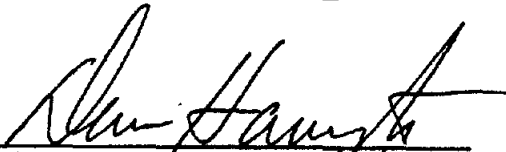
HOUSE STANDING COMMITTEE REPORT

April 12, 1991

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 454 (third reading copy -- blue) be concurred in as amended .

Signed: \_\_\_\_\_

  
Dan Harrington, Chairman

Carried by: Rep. Dolezal

And, that such amendments read:

1. Page 4, line 22.

Following: "expenses."

Insert: "[A county may not levy additional mills pursuant to this subsection if the county is receiving local option vehicle tax money under 61-3-537 for funding district court operations.]"

2. Page 21.

Following: line 18

Insert: "NEW SECTION. Section 4. Coordination instruction. If House Bill No. 312 is not passed and approved, then the bracketed language in [section 2(2) of this act] is void."

Renumber: subsequent section

HOUSE

SB454

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