

1 H BILL NO. 332  
 2 INTRODUCED BY John B. White, Brandon Mark, Cooney  
 3 Moby, Kelly, Metcalf, Courtney, Vincent  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A TEMPORARY  
 5 ROLLBACK ON STATUTORY MILL LEVIES IN THE LAWS OF MONTANA  
 6 UNTIL 1979."  
 7

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:  
 9 Section 1. Statutory mill levy limits to be reduced  
 10 -- formula for computation. (1) Every grant of authority in  
 11 the Revised Codes of Montana, 1947, to levy a certain number  
 12 of mills or no more than a certain number of mills upon  
 13 taxable property is modified for the biennium ending June  
 14 30, 1979, as follows:  
 15 (a) The number of mills which may be levied is reduced  
 16 by multiplying such number by the fraction which represents  
 17 the total value of all taxable property in the state for the  
 18 year preceding the year the levy is to be collected, divided  
 19 into \$1,198,510,071, the total value of all taxable property  
 20 in the state in 1974.  
 21 (b) This number is then increased by an inflation  
 22 factor which is the average national wholesale price index  
 23 for 1974 divided into the average national wholesale price  
 24 index for the year preceding the year the levy is to be  
 25 collected.

1 (c) This number is then further increased by a factor  
 2 of 2% during the fiscal year ending June 30, 1978, and  
 3 thereafter by 4% to reflect new construction.  
 4 (2) The department of revenue shall publish a table in  
 5 the Montana Administrative Code indicating how each  
 6 statutory mill levy has been modified by the application of  
 7 this section.

-End-

## STATE OF MONTANA

REQUEST NO. 158-77

## FISCAL NOTE

Form BD-15

In compliance with a written request received January 24, 19 77, there is hereby submitted a Fiscal Note for House Bill 332 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION

This bill imposes a temporary rollback on statutory mill levies in the laws of Montana until 1979.

ASSUMPTIONS

1.	1974	1976	1977	1978
Total Taxable Value of State	1,198,510,071	1,392,057,913	1,476,776,000	1,635,563,000
Wholesale Price Index, all commodities	160.1	182.8	195.6	202.0

2. State mill levy is 6 mills, for purpose of discussing current law ceiling.

3. State property tax revenue in FY(t) =  $\frac{\text{State Mill Levy}(t)}{1000}$  . Total taxable Value of State(t-1)

FISCAL IMPACT

	<u>FY 78</u>	<u>FY 79</u>
State property tax under current law.	\$8,860,656	\$9,813,378
State property tax under proposed law.	<u>\$8,961,313</u>	<u>\$9,435,955</u>
INCREASE FY 78, DECREASE FY 79	<u>\$ 100,657</u>	<u>(\$ 377,423)</u>

EFFECT ON COUNTY OR OTHER LOCAL REVENUE

Local jurisdictions would be generating revenues from their all-purpose levies which would be 1.136% higher in 1978 and 3.846% lower in 1979 than would be the case without the change.

(Continued on page 2)

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: \_\_\_\_\_

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LONG-RANGE EFFECT

After 1979, property tax revenues will grow at a rate identical to the growth in the wholesale price index (lagged one year).

TECHNICAL NOTE

State property tax revenue(t) =

$$\frac{\text{statutory levy}}{1000} \cdot \frac{\text{txble. val. of st. (74)}}{\text{whsle. pr. ind. (74)}} \cdot \text{whsle. pr. ind}(t-1) \cdot [1+f(t)],$$

$$\text{where } f(t) = \begin{cases} 2\% & \text{if } t=1978 \\ 4\% & \text{if } t \geq 1979 \end{cases};$$

which says that property tax collections in any given year are independent of the taxable valuation of property in any current year.

PREPARED BY DEPARTMENT OF REVENUE

Richard P. L. Brown  
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-26-77