

SENATE BILL NO. 399

Introduced: 02/11/83

Referred to Committee on Taxation: 02/11/83

Hearing: 2/17/83

1 Hyatt BILL NO. 399
2 INTRODUCED BY Fuller
3
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO ADJUST PROPERTY TAX
5 MILL LEVIES TO COMPENSATE FOR INCREASES OR DECREASES IN
6 TAXABLE VALUE OF PROPERTY DUE TO LEGISLATIVE ACTION; AND
7 PROVIDING AN IMMEDIATE EFFECTIVE DATE."

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

10 Section 1. Mill levy adjustments. (1) Every
11 governmental entity within the state of Montana, including
12 the state, that levies property taxes and is restricted by
13 statute to a mill levy limit shall increase or decrease its
14 statutory mill levy limit by the adjustment factor provided
15 in subsection (2).

16 (2) The department of revenue shall prepare and
17 distribute by July 1 of each year a mill levy adjustment
18 factor. The adjustment factor is a number that when
19 multiplied by a statutory mill levy establishes the actual
20 maximum mill levy a governmental entity may use for levying
21 taxes against property in its taxing jurisdiction.

22 (3) The department shall determine all legislative
23 changes affecting taxable valuation after July 1 of the
24 current year and determine what effect those changes would
25 have had if they had been applied to the state taxable

1 valuation on the preceding December 31. The department shall
2 compute the percentage increase or decrease that the
3 legislative action would have had on that taxable valuation
4 and add it to such percentage increases or decreases, if
5 any, for all years prior to [the effective date of this
6 act]. The resulting figure, rounded to 1/2 of 1%, is the
7 mill levy adjustment factor for the ensuing tax year.

8 Section 2. Effective date. This act is effective on
9 passage and approval.

-End-

-2- INTRODUCED BILL

SB 399

STATE OF MONTANA

REQUEST NO. 379-83

FISCAL NOTE

Form BD-15

In compliance with a written request received February 14, 1983, there is hereby submitted a Fiscal Note for Senate Bill 399 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

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:

Senate Bill 399 adjusts property tax mill levies to compensate for increases or decreases in taxable value of property due to legislative action; and provides an immediate effective date.

FISCAL IMPACT:

The proposal will generate some revenue impact for the revenues with binding mill levy constraints. Ideally, the proposal will result in the generation of the same amount of property tax revenue when an act effects the property tax base as would be forthcoming without the legislation.

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

- 1) The July 1 deadline contained in the bill will require the department to use estimates of the changes in tax base on data from the previous year. County assessors are not required to file their reports with the department until the second Monday in July, therefore preventing the use of actual changes.
- 2) The heterogeneity of the tax bases of local taxing jurisdictions may necessitate developing more than one adjustment factor. An adjustment factor based on statewide effects may not be applicable to each jurisdiction.
- 3) The bill makes no provision for reimbursements, which affects the tax base but not collections.

FISCAL IMPACT 13:L/1



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-15-83