

HB 287 INTRODUCED BY EUDAILY  
FREEZE VOTED SCHOOL TAX LEVY AUTHORIZATION AS IT  
EXISTED IN 1986

1/19 INTRODUCED  
1/19 REFERRED TO TAXATION  
1/19 FISCAL NOTE REQUESTED  
1/23 FISCAL NOTE RECEIVED  
2/10 HEARING  
2/20 TABLED IN COMMITTEE

1 *House* BILL NO. *287*  
 2 INTRODUCED BY *Embrey*  
 3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT TO FREEZE VOTED SCHOOL  
 5 DISTRICT PROPERTY TAXES AT THE SAME STATUS AS THEY EXISTED  
 6 IN 1986; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

7  
 8 WHEREAS, the people of the State of Montana have  
 9 expressed their dissatisfaction with property taxation in  
 10 passing Initiative No. 105 on November 4, 1986; and

11 WHEREAS, the Initiative freezes property taxes at "the  
 12 actual dollar amount of taxes imposed on an individual piece  
 13 of property" in 1986; and

14 WHEREAS, there are several taxing jurisdictions that  
 15 levy property taxes on each parcel of property in the state,  
 16 and it is beyond the administrative ability of most school  
 17 districts to determine whether a dollar amount of taxes it  
 18 may levy on each parcel of property differs from that of a  
 19 previous year; and

20 WHEREAS, because it depends upon qualifying legislative  
 21 action, it is uncertain whether a property tax freeze will  
 22 be imposed, and if it is imposed, whether it applies to  
 23 taxes set prior to the Initiative's contingent effective  
 24 date; and

25 WHEREAS, it is uncertain whether the dollar amount

1 restrictions of the Initiative apply to separate taxing  
 2 jurisdictions or whether at some point a county must  
 3 determine some type of aggregate proration of taxation by  
 4 different taxing jurisdictions relating to individual pieces  
 5 of property; and

6 WHEREAS, property taxes for schools levied under the  
 7 authority of 20-9-353, MCA, were adopted by the voters of a  
 8 school district in an election in 1986; and

9 WHEREAS, upon electoral approval of a dollar amount to  
 10 be raised by property taxation, the district transmitted the  
 11 number of mills to be levied on taxable property within the  
 12 district to the appropriate counties for the levy of such  
 13 taxation; and

14 WHEREAS, most school elections for the approval of  
 15 property taxation occur on school election day, which will  
 16 be April 2 in 1987, a date 3 weeks before the end of the  
 17 50th Legislature; and

18 WHEREAS, it is uncertain whether voter-imposed property  
 19 tax increases or even the reimposition of the same amount of  
 20 taxation by a vote of the electorate of a school district  
 21 would be in violation of Initiative No. 105; and

22 WHEREAS, the 50th Legislature must address the concerns  
 23 raised by Initiative No. 105, but whatever solution is  
 24 reached, when it is implemented and the revenue is  
 25 distributed, will arrive too late to operate Montana's



1 schools.

2       THEREFORE, in an effort to accommodate the intent of  
3 Initiative No. 105 by freezing property taxation at the 1986  
4 level and to operate the schools of Montana during a period  
5 of time when the ultimate resolution of the challenge  
6 presented by the Initiative is unknown, it is the intent of  
7 this act to freeze, for 1 school fiscal year, the outcome of  
8 those voted levies as they existed in 1986.

9

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

11       Section 1. Voted school levy authorized in 1986 --  
12 outcome frozen. (1) (a) Notwithstanding the single-year  
13 limitation set forth in 20-9-353(4), an authorization by the  
14 electorate of a district in 1986 to levy an additional tax  
15 for the use of the school district under the provisions of  
16 20-9-353 remains in effect as such an authorization for the  
17 school fiscal year beginning July 1, 1987.

18       (b) The number of mills levied pursuant to 20-9-353(3)  
19 by a board of county commissioners in 1986 is frozen at that  
20 amount for the fiscal year beginning July 1, 1987. The  
21 number of mills must be levied against the taxable property  
22 within the district by the appropriate boards of county  
23 commissioners for the use of the applicable school districts  
24 within their counties.

25       (c) No school district may conduct an election

1 pursuant to 20-9-353 to authorize property taxation or  
2 change the amount of property taxes.

3       (2) If this section or any part of this section  
4 conflicts with the provisions of Initiative No. 105, the  
5 provisions of this section prevail.

6       Section 2. Effective date. This act is effective on  
7 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 HB287, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to freeze voted school district property taxes at the same status as they existed in 1986.

ASSUMPTIONS:

Initiative 105 freezes property taxes at the actual dollar amount of taxes imposed on an individual piece of property in 1986. School districts could not raise additional revenue through an increased voted levy because of the above language.

Note: School districts may increase their budget over the 1986 level by using cash reserves, or by using additional revenue that may be generated due to increasing property valuation within a given district, due to new construction or improvement.

David L. Hunter DATE 1/23/87  
DAVID L. HUNTER, BUDGET DIRECTOR

Office of Budget and Program Planning

Ralph Eudaily DATE 1-26-87  
RALPH EUDAILY, PRIMARY SPONSOR

Fiscal Note for HB287, as introduced.

**HB-287**