

HB 833 INTRODUCED BY RAMIREZ, ET AL.  
CONSTITUTIONAL LIMITS ON STATE AND LOCAL GOVERNMENT  
TAXATION

2/18 INTRODUCED  
2/18 REFERRED TO TAXATION  
3/11 HEARING  
3/20 COMMITTEE REPORT--BILL PASSED AS AMENDED  
3/24 2ND READING NOT PASSED AS AMENDED 50 50

CONSTITUTIONAL AMENDMENT

1 House BILL NO. 833  
2 INTRODUCED BY Ramsey Howard

3  
4 A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE  
5 QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE VIII  
6 OF THE MONTANA CONSTITUTION TO SET LIMITATIONS, INCLUDING A  
7 LIMIT ON TOTAL STATE GOVERNMENT TAXATION IN EACH FISCAL  
8 BIENNIUM, ON STATE TAXATION; AND PROVIDING AN EFFECTIVE  
9 DATE."

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

12 Section 1. Article VIII of The Constitution of the  
13 State of Montana is amended by adding a new section 15 that  
14 reads:

15 Section 15. Limitations on state taxation. (1) As used  
16 in this section, "total base fiscal year state revenue"  
17 includes all general and special revenue for the fiscal year  
18 beginning July 1, 1988, but does not include federal funds;  
19 bond proceeds; gifts; and employer contributions, premiums,  
20 and other payments to the state under unemployment  
21 compensation and workers' compensation laws.

22 (2) For the fiscal year beginning July 1, 1989, and  
23 each succeeding fiscal year, the legislature shall not,  
24 except as provided by law, which may include a law  
25 establishing a procedure for exceeding the revenue limit

1 established under this subsection in the event a fiscal  
2 emergency arises as to a future fiscal year or fiscal  
3 biennium, impose taxes of any kind which, together with all  
4 other revenue of the state, except funds excluded from the  
5 definition in subsection (1), exceed the total base fiscal  
6 year state revenue, adjusted by the legislature to take into  
7 account changes in inflation, cost of living, economic  
8 activity, population, personal income, and similar factors,  
9 using, among other things, generally recognized indexes,  
10 principles, standards, and data. The legislature shall, for  
11 each fiscal year, anticipate the tax and other revenue for  
12 the year and provide for an ending balance. The legislature  
13 shall pass laws to implement this subsection.

14 (3) No general sales tax higher than 5% may be adopted  
15 by the legislature.

16 (4) Except for property and entities generally  
17 regarded as centrally assessed, such as airlines, railroads,  
18 and utilities, and except for minerals, total property taxes  
19 levied may not exceed 1 1/2% of the value of real property  
20 and 4.5% of the value of personal property.

21 (5) Laws passed after July 1, 1989, may transfer or  
22 allow the transfer of revenue, regardless of its source, to  
23 local governments for the replacement of local taxes and  
24 fees, or provide for a higher level of replacement than a  
25 level in effect on July 1, 1989, only if the revenue limit



1 established under subsection (2) is adjusted accordingly.

2 (6) The state government shall not impose increased  
3 expenditure requirements on local governments and other  
4 political subdivisions by a law of general application  
5 unless the legislature expressly designates the manner and  
6 means by which the increase will be funded, which may  
7 include cost-sharing by the state.

8 (7) If the state transfers responsibility for funding  
9 a program from one level of government to another, the  
10 revenue limit established under subsection (2) may be  
11 adjusted accordingly.

12 Section 2. Effective date. If approved by the  
13 electorate, this amendment is effective November 9, 1988.

14 Section 3. Submission to electorate. This amendment  
15 shall be submitted to the electors of Montana at the general  
16 election to be held November 8, 1988, by printing on the  
17 ballot the full title of this act and the following:

18  FOR setting a limit on total state government  
19 taxation during each fiscal year and placing other  
20 limits on state taxation.

21  AGAINST setting a limit on total state government  
22 taxation during each fiscal year and placing other  
23 limits on state taxation.

-End-

CONSTITUTIONAL AMENDMENT

APPROVED BY COMMITTEE  
ON TAXATION

HOUSE BILL NO. 833

INTRODUCED BY RAMIREZ, HANNAH

A BILL FOR AN ACT ENTITLED: "AN ACT TO SUBMIT TO THE QUALIFIED ELECTORS OF MONTANA AN AMENDMENT TO ARTICLE VIII OF THE MONTANA CONSTITUTION TO SET LIMITATIONS, INCLUDING A LIMIT ON TOTAL STATE GOVERNMENT TAXATION IN EACH FISCAL BIENNIAL, ON STATE TAXATION; AND PROVIDING AN EFFECTIVE DATE."

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

Section 1. Article VIII of The Constitution of the State of Montana is amended by adding a new section 15 that reads:

Section 15. Limitations on state taxation. (1) As used in this section, "total base fiscal year state revenue" includes all general and special revenue for the fiscal year beginning July 1, 1988, but does not include federal funds; bond proceeds; gifts; and employer contributions, premiums, and other payments to the state under unemployment compensation and workers' compensation laws.

(2) For the fiscal year beginning July 1, 1989 1990, and each succeeding fiscal year, the legislature shall not, except as provided by law, which may include a law establishing a procedure for exceeding the revenue limit

established under this subsection in the event a fiscal emergency arises as to a future fiscal year or fiscal biennium IN THIS SECTION, impose taxes of any kind which, together with all other revenue of the state, except funds excluded from the definition in subsection (1), exceed the total base fiscal year state revenue, adjusted by the legislature to take into account changes in inflation, cost of living, economic activity, population, personal income, and similar factors, using, among other things, generally recognized indexes, principles, standards, and data. The legislature shall, for each fiscal year, anticipate the tax and other revenue for the year and provide for an ending balance. The legislature shall pass laws to implement this subsection.

(3) No general sales tax higher than 5% may be adopted by the legislature.

(4) Except for property and entities generally regarded as centrally assessed, such as airlines, railroads, and utilities, and except for minerals, total property taxes levied may not exceed 1 1/2% of the value of real property and 4.5% of the value of personal property. THE LEGISLATURE SHALL ENACT LAWS THAT LIMIT THE MAXIMUM TAX THAT MAY BE IMPOSED ON EACH PIECE OF PROPERTY AND THE TOTAL TAXES IMPOSED IN EACH TAXING UNIT. THE PURPOSE OF THE TAX LIMIT IS TO MAINTAIN TO THE EXTENT PRACTICABLE A CONSTANT RATIO OF



1 TAX TO MARKET VALUE AS EXISTED IN THE BASE YEAR 1988.  
2 (5) THE STATE SHALL ADJUST THE BASE YEAR MARKET VALUE  
3 FOR EACH CLASS OF PROPERTY, BY COUNTY, BY THE AVERAGE  
4 INCREASES IN MARKET VALUE DETERMINED BY SALES DATA FROM  
5 SALES OF COMPARABLE PROPERTY. EXCEPT AS PROVIDED IN  
6 SUBSECTIONS (6) THROUGH (8), THE TAXES IN ANY TAXING UNIT  
7 MAY NOT EXCEED THE RATIO DETERMINED IN THE BASE YEAR.  
8 (6) THE LIMITATION ON TAXES LEVIED, IMPOSED PURSUANT  
9 TO SUBSECTION (4), PROVIDES THAT INCREASES MAY BE MADE IN  
10 THE TAXABLE VALUATION OF A TAXING UNIT AS A RESULT OF:  
11 (A) ANNEXATION OF REAL PROPERTY AND IMPROVEMENTS INTO  
12 A 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) TRANSFER OF PROPERTY FROM TAX-EXEMPT TO TAXABLE  
19 STATUS; OR  
20 (G) REVALUATIONS CAUSED BY:  
21 (I) CYCLICAL REAPPRAISAL; OR  
22 (II) EXPANSION, ADDITION, REPLACEMENT, OR REMODELING OF  
23 IMPROVEMENTS.  
24 (7) THE LIMITATION ON TAXES LEVIED MAY NOT EXCEED THE  
25 DOLLAR AMOUNT LEVIED IN EACH TAXING UNIT UNLESS THE TAXING

1 UNIT'S TAXABLE VALUATION DECREASES BY 5% OR MORE FROM THE  
2 PREVIOUS TAX YEAR. IF A TAXING UNIT'S TAXABLE VALUATION  
3 DECREASES BY 5% OR MORE FROM THE PREVIOUS TAX YEAR, IT MAY  
4 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 BASE TAX YEAR IN THAT TAXING UNIT.  
8 (8) THE REVENUE LIMIT ESTABLISHED IN SUBSECTION (2)  
9 MAY BE EXCEEDED IF:  
10 (A) THE LEGISLATURE DECLARES A FISCAL EMERGENCY BY A  
11 TWO-THIRDS VOTE OF EACH HOUSE;  
12 (B) THE DECLARATION IS SPECIFIC AS TO THE NATURE AND  
13 DOLLAR AMOUNT OF THE EMERGENCY AND THE METHOD BY WHICH THE  
14 EMERGENCY SHOULD BE FUNDED;  
15 (C) THE EMERGENCY IS DECLARED BEFORE ANY OF THE  
16 EXPENSES THAT CONSTITUTE THE EMERGENCY REQUEST ARE INCURRED;  
17 AND  
18 (D) THE REVENUE LIMIT IS EXCEEDED ONLY DURING THE  
19 FISCAL YEAR FOR WHICH THE EMERGENCY IS DECLARED.  
20 {5}(9) laws IF LAWS passed after July 1, 1989--may  
21 1990, transfer or allow the transfer of revenue, regardless  
22 of its source, to local governments for the replacement of  
23 local taxes and fees, or provide for a higher level of  
24 replacement than a level in effect on July 1, 1989--only--if  
25 the--revenue--limit--established--under--subsection--(2)--is

1 adjusted-accordingly 1990, THE REVENUE LIMIT ESTABLISHED  
2 UNDER SUBSECTION (2) MUST HAVE BEEN ADJUSTED BECAUSE OF THE  
3 FACTORS ENUMERATED IN SUBSECTION (2).

4 ~~(6)~~(10) The state government shall not impose increased  
5 expenditure requirements on local governments and other  
6 political subdivisions by a law of general application  
7 unless the legislature expressly designates the manner and  
8 means by which the increase will be funded, which may  
9 include cost-sharing by the state.

10 ~~(7)~~(11) If the state transfers responsibility for  
11 funding a program from one level of government to another,  
12 the revenue limit established under subsection (2) may be  
13 adjusted accordingly.

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-End-