SENATE BILL 274

Introduced by Meyer, et al.

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1/30	Fiscal Note Requested
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2/07	Hearing
	Died in Committee

Senate BILL NO. 274

INTRODUCED BY Meyer Simpkins [illegible signatures] Walker O'Connell Peck

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A LOCAL GOVERNMENT TO LEVY A TAX TO ESTABLISH A FUND TO PROMOTE, ESTABLISH, AND MAINTAIN ACTIVITIES FOR THE ELDERLY; PROVIDING AN EXCEPTION FOR THIS PURPOSE TO THE AMOUNT OF PROPERTY TAXES THAT MAY BE LEVIED BY A LOCAL GOVERNMENT; AMENDING SECTIONS 7-16-101 AND 15-10-412, MCA; AND PROVIDING AN APPLICABILITY DATE AND AN IMMEDIATE EFFECTIVE DATE."

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

Section 1. Section 7-16-101, MCA, is amended to read:

"**7-16-101. Creation of funds for recreational and other activities of elderly by local governments.** (1) The governing body of a city, county, town, or municipality ~~may in--its--discretion~~ <u>shall</u> establish a fund to promote, establish, and maintain recreational, educational, and other activities of the elderly by a levy of ~~up-to~~ 1 mill on each dollar of taxable property, which tax levy shall be in addition to all other tax levies.

(2) The governing body shall have the power, by resolution, to make expenditures from the fund as it may from time to time determine. Expenditures ~~shall~~ <u>must</u> be made for the promotion and development of recreational,

educational, and other activities of the elderly, including motivation of the use of the talents of the elderly.

(3) The governing body may make payment of expenditures to nonprofit corporations or associations engaged in aiding the activities."

Section 2. Section 15-10-412, MCA, is amended to read:

"**15-10-412. (Temporary) Property tax limited to 1986 levels -- clarification -- extension to all property classes.** Section 15-10-402 is interpreted and clarified as follows:

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

(2) The limitation on the amount of taxes levied is interpreted to mean that the actual tax liability for an individual property is capped at the dollar amount due in each taxing unit for the 1986 tax year. In tax years thereafter, the property must be taxed in each taxing unit at the 1986 cap or the product of the taxable value and mills levied, whichever is less for each taxing unit.

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

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

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

(c) transfer of property into a taxing unit;

(d) subdivision of real property;

(e) reclassification of property;

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

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

(h) revaluations caused by:

(i) cyclical reappraisal; or

(ii) expansion, addition, replacement, or remodeling of improvements.

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

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

(b) transfer of property into a taxing unit;

(c) reclassification of property;

(d) increases in the amount of production or the value of production for property described in 15-6-131 or 15-6-132;

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

(f) conversion of the individual property from tax-exempt to taxable status.

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

(a) new construction;

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

(c) annexed property; or

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

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

(7) The limitation on the amount of taxes, as clarified in this section, is intended to leave the property appraisal and valuation methodology of the department of revenue intact. Determinations of county classifications,

salaries of local government officers, and all other matters in which total taxable valuation is an integral component are not affected by 15-10-401 and 15-10-402 except for the use of taxable valuation in fixing tax levies. In fixing tax levies, the taxing units of local government may anticipate the deficiency in revenues resulting from the tax limitations in 15-10-401 and 15-10-402, while understanding that regardless of the amount of mills levied, a taxpayer's liability may not exceed the dollar amount due in each taxing unit for the 1986 tax year unless the taxing unit's taxable valuation decreases by 5% or more from the previous tax year. If a taxing unit's taxable valuation decreases by 5% or more from the previous tax year, it may levy additional mills to compensate for the decreased taxable valuation, but in no case may the mills levied exceed a number calculated to equal the revenue from property taxes for the 1986 tax year in that taxing unit.

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

(a) rural improvement districts;

(b) special improvement districts;

(c) levies pledged for the repayment of bonded indebtedness, including tax increment bonds;

(d) city street maintenance districts;

(e) tax increment financing districts;

(f) satisfaction of judgments against a taxing unit;

(g) electric company street lighting assessments; ~~and~~

(h) levies made under 7-16-101 for a fund to promote, establish, and maintain recreational, educational, and other activities of the elderly; and

~~(h)~~(i) revolving funds to support any categories specified in this subsection (8).

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

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

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

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

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

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

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

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

(10) The limitation on the amount of taxes levied does not apply to levies required to address the funding of relief of suffering of inhabitants caused by famine, conflagration, or other public calamity. (Terminates December 31, 1989--sec. 6, Ch. 654, L. 1987.)"

NEW SECTION. **Section 3.** **Extension of authority.** Any existing authority to make rules on the subject of the provisions of [this act] is extended to the provisions of [this act].

NEW SECTION. **Section 4.** **Effective date -- applicability.** [This act] is effective on passage and approval and applies to taxable years beginning after December 31, 1988.

-End-

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB274, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act requiring a local government to levy a tax to establish a fund to promote, establish, and maintain activities for the elderly; providing an exception for this purpose to the amount of property taxes that may be levied by a local government; and providing an applicability date and an immediate effective date.

ASSUMPTIONS:

1. The taxable value of the state will be $1,899,969,000 in FY90 and $1,869,831,000 in FY91 (REAC).
2. The taxable value of cities and towns was $455,231,172 for 1988 and will remain constant for the next biennium.
3. Under current law, the total revenue generated for this purpose by counties was $1,081,162 for 1988 (MACO) and is assumed to remain constant for each year of the biennium.
4. It is assumed that cities and towns are not collecting any revenue for this purpose under current law.

FISCAL IMPACT:

No impact at the state level.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Passage of this proposal would increase county revenues for elderly activities by approximately $818,807 in FY90 and $788,669 in FY91. Passage of this proposal would generate city and town revenues for elderly activities of approximately $455,231 in each year of the biennium.

Ray Shackleford 2/3/89
RAY SHACKLEFORD, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Darryl Meyer 2/4/89
DARRYL MEYER, PRIMARY SPONSOR DATE

Fiscal Note for SB274 as introduced

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