

SENATE BILL 451

Introduced by Gage, et al.

2/16	Introduced
2/16	Referred to Taxation
2/17	Fiscal Note Requested
2/27	Fiscal Note Received
2/28	Fiscal Note Printed
3/01	Hearing
	Died in Committee

1 *Senate* BILL NO. 451  
2 INTRODUCED BY *Rep. Ramsey*  
3 BY REQUEST OF THE GOVERNOR  
4

5 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING TO A SINGLE  
6 RATE, OVER A 4-YEAR PERIOD, THE TAX RATES ON PROPERTY IN  
7 CLASSES SEVEN THROUGH TEN AND ON PROPERTY FORMERLY IN CLASS  
8 SIXTEEN; COMBINING, IN 1993, PROPERTY IN SEVERAL CLASSES  
9 INTO ONE PROPERTY TAX CLASS; REVISING COUNTY CLASSIFICATIONS  
10 AND THE DEBT LIMITATIONS OF LOCAL GOVERNMENTS, INCLUDING  
11 SCHOOLS, TO REFLECT THE CHANGES IN TAX RATES; PROVIDING  
12 MECHANISMS TO REPLACE, WITH STATE GENERAL FUND REVENUES,  
13 REDUCTIONS IN REVENUES DUE TO REDUCTIONS IN PERSONAL  
14 PROPERTY TAX RATES; STATUTORILY APPROPRIATING FUNDS TO LOCAL  
15 GOVERNMENTS AND, THROUGH THE FOUNDATION PROGRAM, TO SCHOOLS  
16 TO REPLACE REDUCTIONS IN REVENUES DUE TO REDUCTIONS IN  
17 PERSONAL PROPERTY TAX RATES; AMENDING SECTIONS 7-1-2111,  
18 7-3-1321, 7-6-2211, 7-6-4121, 7-6-4254, 7-7-107, 7-7-108,  
19 7-7-2101, 7-7-2203, 7-7-4201, 7-7-4202, 7-13-4103, 7-14-236,  
20 7-14-2524, 7-14-2525, 7-14-4402, 7-16-2327, 7-16-4104,  
21 7-31-106, 7-31-107, 7-34-2131, 15-1-101, 15-6-137 THROUGH  
22 15-6-140, 15-6-201, 15-10-402, 15-16-613, 15-24-1102,  
23 15-24-1103, 17-7-502, 19-11-503, 19-11-504, 20-9-318,  
24 20-9-319, 20-9-343, 20-9-406, 20-9-407, 20-9-502, AND  
25 85-7-2001, MCA, FOR TAX YEARS 1990 TO 1992; REPEALING

1 SECTION 15-6-146, MCA, IN 1990, AND REPEALING SECTIONS  
2 15-6-136 AND 15-6-138 THROUGH 15-6-140, MCA, IN 1993; AND  
3 PROVIDING AN EFFECTIVE DATE AND APPLICABILITY DATES."  
4

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

6 **Section 1.** Section 7-1-2111, MCA, is amended to read:

7 **"7-1-2111. Classification of counties.** (1) For the  
8 purpose of regulating the compensation and salaries of all  
9 county officers, not otherwise provided for, and for fixing  
10 the penalties of officers' bonds, the several counties of  
11 this state shall be classified according to that percentage  
12 of the true and full valuation of the property therein in  
13 the county upon which the tax levy is made, except for  
14 vehicles subject to taxation under 61-3-504(2), as follows:

15 (a) first class--all counties having such a taxable  
16 valuation of \$50 million or over in taxable year 1989, \$49  
17 million or over in taxable year 1990, \$48 million or over in  
18 taxable year 1991, \$47 million or over in taxable year 1992,  
19 and \$46 million or over in taxable year 1993 and thereafter;

20 (b) second class--all counties having such a taxable  
21 valuation of more than \$30 million and less than \$50 million  
22 in taxable year 1989, more than \$29.4 million and less than  
23 \$49 million in taxable year 1990, more than \$28.8 million  
24 and less than \$48 million in taxable year 1991, more than  
25 \$28.2 million and less than \$47 million in taxable year

1 1992, and more than \$27.6 million and less than \$46 million  
 2 in taxable year 1993 and thereafter;

3 (c) third class--all counties having such a taxable  
 4 valuation of more than \$20 million and less than \$30 million  
 5 in taxable year 1989, more than \$19.6 million and less than  
 6 \$29.4 million in taxable year 1990, more than \$19.2 million  
 7 and less than \$28.8 million in taxable year 1991, more than  
 8 \$18.8 million and less than \$28.2 million in taxable year  
 9 1992, and more than \$18.4 million and less than \$27.6  
 10 million in taxable year 1993 and thereafter;

11 (d) fourth class--all counties having such a taxable  
 12 valuation of more than \$15 million and less than \$20 million  
 13 in taxable year 1989, more than \$14.7 million and less than  
 14 \$19.6 million in taxable year 1990, more than \$14.4 million  
 15 and less than \$19.2 million in taxable year 1991, more than  
 16 \$14.1 million and less than \$18.8 million in taxable year  
 17 1992, and more than \$13.8 million and less than \$18.4  
 18 million in taxable year 1993 and thereafter;

19 (e) fifth class--all counties having such a taxable  
 20 valuation of more than \$10 million and less than \$15 million  
 21 in taxable year 1989, more than \$9.8 million and less than  
 22 \$14.7 million in taxable year 1990, more than \$9.6 million  
 23 and less than \$14.4 million in taxable year 1991, more than  
 24 \$9.4 million and less than \$14.1 million in taxable year  
 25 1992, and more than \$9.2 million and less than \$13.8 million

1 in taxable year 1993 and thereafter;

2 (f) sixth class--all counties having such a taxable  
 3 valuation of more than \$5 million and less than \$10 million  
 4 in taxable year 1989, more than \$4.9 million and less than  
 5 \$9.8 million in taxable year 1990, more than \$4.8 million  
 6 and less than \$9.6 million in taxable year 1991, more than  
 7 \$4.7 million and less than \$9.4 million in taxable year  
 8 1992, and more than \$4.6 million and less than \$9.2 million  
 9 in taxable year 1993 and thereafter;

10 (g) seventh class--all counties having such a taxable  
 11 valuation of less than \$5 million in taxable year 1989, \$4.9  
 12 million or less in taxable year 1990, \$4.8 million or less  
 13 in taxable year 1991, \$4.7 million or less in taxable year  
 14 1992, and \$4.6 million or less in taxable year 1993 and  
 15 thereafter.

16 (2) As used in this section, taxable valuation means  
 17 the taxable value of taxable property in the county as of  
 18 the time of determination plus:

19 (a) that portion of the taxable value of the county on  
 20 December 31, 1981, attributable to automobiles and trucks  
 21 having a rated capacity of three-quarters of a ton or less;

22 (b) the amount of interim production and new  
 23 production taxes levied, as provided in 15-23-607, divided  
 24 by the appropriate tax rates described in 15-23-607(2)(a) or  
 25 (2)(b) and multiplied by 60%; and

(c) the amount of value represented by new production exempted from tax as provided in 15-23-612."

**Section 2.** Section 7-3-1321, MCA, is amended to read:

"7-3-1321. Authorization to incur indebtedness -- limitation. (1) The consolidated municipality may borrow money or issue bonds for any municipal purpose to the extent and in the manner provided by the constitution and laws of Montana for the borrowing of money or issuing of bonds by counties and cities and towns.

(2) The municipality may not become indebted in any manner or for any purpose to an amount, including existing indebtedness, in the aggregate exceeding 28% in taxable year 1989, 28.6% in taxable year 1990, 29.2% in taxable year 1991, 29.8% in taxable year 1992, 30.4% in taxable year 1993 and thereafter of the taxable value of the taxable property therein in the municipality, as ascertained by the last assessment for state and county taxes prior to incurring such the indebtedness. All warrants, bonds, or obligations in excess of such the amount in this section given by or on behalf of the municipality ~~shall--be~~ are void."

**Section 3.** Section 7-6-2211, MCA, is amended to read:

"7-6-2211. Authorization to conduct county business on a cash basis. (1) In case the total indebtedness of a county, lawful when incurred, exceeds the ~~limit-of-23%~~

limitation established in 7-7-2101 by reason of great diminution of taxable value, the county may conduct its business affairs on a cash basis and pay the reasonable and necessary current expenses of the county out of the cash in the county treasury derived from its current revenue and under ~~such~~ restrictions and regulations as may be imposed by the board of county commissioners of the county by a resolution duly adopted and included in the minutes of the board.

(2) Nothing in this section restricts the right of the board to make the necessary tax levies for interest and sinking fund purposes, and nothing in this section affects the right of any creditor of the county to pursue any remedy now given him by law to obtain payment of his claim."

**Section 4.** Section 7-6-4121, MCA, is amended to read:

"7-6-4121. Authorization to conduct municipal business on a cash basis. (1) In case the total indebtedness of a city or town has reached 17% in taxable year 1989, 17.4% in taxable year 1990, 17.7% in taxable year 1991, 18.1% in taxable year 1992, or 18.5% in taxable year 1993 and thereafter of the total taxable value of the property of the city or town subject to taxation, as ascertained by the last assessment for state and county taxes, the city or town may conduct its affairs and business on a cash basis as provided by subsection (2).

(2) (a) Whenever a city or town is conducting its business affairs on a cash basis, the reasonable and necessary current expenses of the city or town may be paid out of the cash in the city or town treasury and derived from its current revenues, under such restrictions and regulations as the city or town council may by ordinance prescribe.

(b) In the event that payment is made in advance, the city or town may require a cash deposit as collateral security and indemnity, equal in amount to such the payment, and may hold the same deposit as a special deposit with the city treasurer or town clerk, in package form, as a pledge for the fulfillment and performance of the contract or obligation for which the advance is made.

(c) Before the payment of the current expenses mentioned above, the city or town council shall first set apart sufficient money to pay the interest upon its legal, valid, and outstanding bonded indebtedness and any sinking funds therein provided for and shall be authorized to pay all valid claims against funds raised by tax especially authorized by law for the purpose of paying such those claims."

**Section 5.** Section 7-6-4254, MCA, is amended to read:

"7-6-4254. Limitation on amount of emergency budgets and appropriations. (1) The total of all emergency budgets

and appropriations made therein in any one year and to be paid from any city fund may not exceed 38% in taxable year 1989, 38.8% in taxable year 1990, 39.6% in taxable year 1991, 40.4% in taxable year 1992, or 41.3% in taxable year 1993 and thereafter of the total amount which could be produced for such the city fund by a maximum levy authorized by law to be made for such the fund, as shown by the last completed assessment roll of the county.

(2) The term "taxable property", as used herein in this section, means the percentage of the value at which such property is assessed and which percentage is used for the purposes of computing taxes and does not mean the assessed value of such the property as the-same it appears on the assessment roll."

**Section 6.** Section 7-7-107, MCA, is amended to read:

"7-7-107. Limitation on amount of bonds for city-county consolidated units. (1) Except as provided in 7-7-108, no a city-county consolidated local government may not issue bonds for any purpose which, with all outstanding indebtedness, may will exceed 39% in taxable year 1989, 39.8% in taxable year 1990, 40.7% in taxable year 1991, 41.5% in taxable year 1992, or 42.4% in taxable year 1993 and thereafter of the taxable value of the property therein in the local government subject to taxation as ascertained by the last assessment for state and county taxes.

(2) The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds is not the incurring of a new or additional indebtedness but is merely the changing of the evidence of outstanding indebtedness."

**Section 7.** Section 7-7-108, MCA, is amended to read:

"7-7-108. Authorization for additional indebtedness for water or sewer systems. (1) For the purpose of constructing a sewer system or procuring a water supply or constructing or acquiring a water system for a city-county consolidated government which ~~shall~~ will own and control ~~such the~~ water supply and water system and devote the revenues ~~therefrom~~ from the system to the payment of the debt, a city-county consolidated government may incur an additional indebtedness by borrowing money or issuing bonds.

(2) The additional indebtedness which may be incurred by borrowing money or issuing bonds for the construction of a sewer system or for the procurement of a water supply or for both ~~such~~ purposes may not in the aggregate exceed 10% over and above the ~~39%~~ limitation referred to in 7-7-107 of the taxable value of the property ~~therein~~ in the consolidated government subject to taxation as ascertained by the last assessment for state and county taxes."

**Section 8.** Section 7-7-2101, MCA, is amended to read:

"7-7-2101. Limitation on amount of county indebtedness. (1) No A county may not become indebted in any

manner or for any purpose to an amount, including existing indebtedness, in the aggregate exceeding 23% in taxable year 1989, 23.5% in taxable year 1990, 24% in taxable year 1991, 24.5% in taxable year 1992, or 25% in taxable year 1993 and thereafter of the total of the taxable value of the property therein in the county subject to taxation, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612, as ascertained by the last assessment for state and county taxes previous to the incurring of ~~such the~~ indebtedness.

(2) No A county may not incur indebtedness or liability for any single purpose to an amount exceeding \$500,000 without the approval of a majority of the electors ~~thereof~~ of the county voting at an election to be provided by law, except as provided in 7-21-3413 and 7-21-3414.

(3) Nothing in this section shall apply to the acquisition of conservation easements as set forth in Title 76, chapter 6."

**Section 9.** Section 7-7-2203, MCA, is amended to read:

"7-7-2203. Limitation on amount of bonded indebtedness. (1) Except as provided in subsections (2) through (4), no a county may not issue general obligation

bonds for any purpose which, with all outstanding bonds and warrants except county high school bonds and emergency bonds, will exceed 11.25% in taxable year 1989, 11.5% in taxable year 1990, 11.7% in taxable year 1991, 12% in taxable year 1992, or 12.25% in taxable year 1993 and thereafter of the total of the taxable value of the property ~~therein~~ in the county, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612, to be ascertained by the last assessment for state and county taxes prior to the proposed issuance of bonds.

(2) In addition to the bonds allowed by subsection (1), a county may issue bonds which, with all outstanding bonds and warrants, will not exceed 27.75% in taxable year 1989, 28.3% in taxable year 1990, 28.9% in taxable year 1991, 29.5% in taxable year 1992, or 30.2% in taxable year 1993 and thereafter of the total of the taxable value of the property in the county subject to taxation, plus the amount of interim production and new production taxes levied divided by the appropriate tax rates described in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the amount of value represented by new production exempted from tax as provided in 15-23-612, when necessary to do so, for

the purpose of acquiring land for a site for county high school buildings and for erecting or acquiring buildings thereon and furnishing and equipping the same for county high school purposes.

(3) In addition to the bonds allowed by subsections (1) and (2), a county may issue bonds for the construction or improvement of a jail which will not exceed 12.5% in taxable year 1989, 12.8% in taxable year 1990, 13% in taxable year 1991, 13.3% in taxable year 1992, or 13.6% in taxable year 1993 and thereafter of the taxable value of the property in the county subject to taxation.

(4) The limitation in subsection (1) ~~shall~~ does not apply to refunding bonds issued for the purpose of paying or retiring county bonds lawfully issued prior to January 1, 1932."

**Section 10.** Section 7-7-4201, MCA, is amended to read:

"7-7-4201. Limitation on amount of bonded indebtedness. (1) Except as otherwise provided, ~~no~~ a city or town may ~~not~~ issue bonds or incur other indebtedness for any purpose in an amount which with all outstanding and unpaid indebtedness will exceed 28% in taxable year 1989, 28.6% in taxable year 1990, 29.2% in taxable year 1991, 29.8% in taxable year 1992, or 30.4% in taxable year 1993 and thereafter of the taxable value of the property ~~therein~~ in the city or town subject to taxation, to be ascertained by

the last assessment for state and county taxes.

(2) The issuing of bonds for the purpose of funding or refunding outstanding warrants or bonds is not the incurring of a new or additional indebtedness but is merely the changing of the evidence of outstanding indebtedness."

**Section 11.** Section 7-7-4202, MCA, is amended to read:

"7-7-4202. Special provisions relating to water and sewer systems. (1) Notwithstanding the provisions of 7-7-4201, for the purpose of constructing a sewer system, procuring a water supply, or constructing or acquiring a water system for a city or town which owns and controls the water supply and water system and devotes the revenues therefrom to the payment of the debt, a city or town may incur an additional indebtedness by borrowing money or issuing bonds.

(2) The additional total indebtedness that may be incurred by borrowing money or issuing bonds for the construction of a sewer system, for the procurement of a water supply, or for both such purposes, including all indebtedness theretofore previously contracted which is unpaid or outstanding, may not in the aggregate exceed 55% over and above the 28% limitation referred to in 7-7-4201 of the taxable value of the property therein in the city or town subject to taxation as ascertained by the last assessment for state and county taxes."

**Section 12.** Section 7-13-4103, MCA, is amended to read:

"7-13-4103. Limitation on indebtedness for acquisition of natural gas system. The total amount of indebtedness authorized to be contracted in any form, including the then-existing indebtedness, must may not at any time exceed 17% in taxable year 1989, 17.4% in taxable year 1990, 17.7% in taxable year 1991, 18.1% in taxable year 1992, or 18.5% in taxable year 1993 and thereafter of the total taxable value of the property of the city or town subject to taxation as ascertained by the last assessment for state and county taxes."

**Section 13.** Section 7-14-236, MCA, is amended to read:

"7-14-236. Limitation on bonded indebtedness. The amount of bonds issued to provide funds for the district and outstanding at any time shall may not exceed 28% in taxable year 1989, 28.6% in taxable year 1990, 29.2% in taxable year 1991, 29.8% in taxable year 1992, or 30.4% in taxable year 1993 and thereafter of the taxable value of taxable property therein in the district as ascertained by the last assessment for state and county taxes previous to the issuance of such bonds."

**Section 14.** Section 7-14-2524, MCA, is amended to read:

"7-14-2524. Limitation on amount of bonds issued --



1 excess void. (1) Except as otherwise provided hereafter in  
 2 this part and in 7-7-2203 and 7-7-2204, no a county shall  
 3 may not issue bonds which, with all outstanding bonds and  
 4 warrants except county high school bonds and emergency  
 5 bonds, will exceed 11.25% in taxable year 1989, 11.5% in  
 6 taxable year 1990, 11.7% in taxable year 1991, 12% in  
 7 taxable year 1992, or 12.25% in taxable year 1993 and  
 8 thereafter of the total of the taxable value of the property  
 9 therein in the county, plus the amount of interim production  
 10 and new production taxes levied divided by the appropriate  
 11 tax rates described in 15-23-607(2)(a) or (2)(b) and  
 12 multiplied by 60%, plus the amount of value represented by  
 13 new production exempted from tax as provided in 15-23-612.  
 14 The taxable property and the amount of interim production  
 15 and new production taxes levied shall be ascertained by the  
 16 last assessment for state and county taxes prior to the  
 17 issuance of such the bonds.

18 (2) A county may issue bonds which, with all  
 19 outstanding bonds and warrants except county high school  
 20 bonds, will exceed 11.25% but will not exceed 22.5% in 1989,  
 21 will exceed 11.5% but will not exceed 23% in 1990, will  
 22 exceed 11.7% but will not exceed 23.5% in 1991, will exceed  
 23 12% but will not exceed 24% in 1992, and will exceed 12.25%  
 24 but will not exceed 24.5% in 1993 and thereafter of the  
 25 total of the taxable value of such the property, plus the

1 amount of interim production and new production taxes levied  
 2 divided by the appropriate tax rates described in  
 3 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the  
 4 amount of value represented by new production exempted from  
 5 tax as provided in 15-23-612, when necessary for the purpose  
 6 of replacing, rebuilding, or repairing county buildings,  
 7 bridges, or highways which have been destroyed or damaged by  
 8 an act of God, disaster, catastrophe, or accident.

9 (3) The value of the bonds issued and all other  
 10 outstanding indebtedness of the county, except county high  
 11 school bonds, shall may not exceed 22.5% in taxable year  
 12 1989, 23% in taxable year 1990, 23.5% in taxable year 1991,  
 13 24% in taxable year 1992, or 24.5% in taxable year 1993 and  
 14 thereafter of the total of the taxable value of the  
 15 property within the county, plus the amount of interim  
 16 production and new production taxes levied divided by the  
 17 appropriate tax rates described in 15-23-607(2)(a) or (2)(b)  
 18 and multiplied by 60%, plus the amount of value represented  
 19 by new production exempted from tax as provided in  
 20 15-23-612, as ascertained by the last preceding general  
 21 assessment."

22 **Section 15.** Section 7-14-2525, MCA, is amended to  
 23 read:

24 "7-14-2525. Refunding agreements and refunding bonds  
 25 authorized. (1) Whenever the total indebtedness of a county

1 exceeds 22.5% in taxable year 1989, 23% in taxable year  
 2 1990, 23.5% in taxable year 1991, 24% in taxable year 1992,  
 3 and 24.5% in taxable year 1993 and thereafter of the total  
 4 of the taxable value of the property therein in the county,  
 5 plus the amount of interim production and new production  
 6 taxes levied divided by the appropriate tax rates described  
 7 in 15-23-607(2)(a) or (2)(b) and multiplied by 60%, plus the  
 8 amount of value represented by new production exempted from  
 9 tax as provided in 15-23-612, and the board determines that  
 10 the county is unable to pay such the indebtedness in full,  
 11 the board may:

12 (a) negotiate with the bondholders for an agreement  
 13 whereby the bondholders agree to accept less than the full  
 14 amount of the bonds and the accrued unpaid interest ~~thereon~~  
 15 on the bonds in satisfaction thereof of the indebtedness;

16 (b) enter into ~~such the~~ agreement;

17 (c) issue refunding bonds for the amount agreed upon.

18 (2) These bonds may be issued in more than one series,  
 19 and each series may be either amortization or serial bonds.

20 (3) The plan agreed upon between the board and the  
 21 bondholders ~~shall~~ must be embodied in full in the resolution  
 22 providing for the issue of the bonds."

23 **Section 16.** Section 7-14-4402, MCA, is amended to  
 24 read:

25 "7-14-4402. Limit on indebtedness to provide bus

1 service. The total amount of indebtedness authorized under  
 2 7-14-4401(1) to be contracted in any form, including the  
 3 then-existing indebtedness, may not at any time exceed 28%  
 4 in taxable year 1989, 28.6% in taxable year 1990, 29.2% in  
 5 taxable year 1991, 29.8% in taxable year 1992, or 30.4% in  
 6 taxable year 1993 and thereafter of the total taxable value  
 7 of the property of the city or town subject to taxation as  
 8 ascertained by the last assessment for state and county  
 9 taxes. ~~No--money~~ Money may not be borrowed or bonds issued  
 10 for the purposes specified in 7-14-4401(1) until the  
 11 proposition has been submitted to the vote of the taxpayers  
 12 of the city or town and the majority vote cast in its  
 13 favor."

14 **Section 17.** Section 7-16-2327, MCA, is amended to  
 15 read:

16 "7-16-2327. Indebtedness for park purposes. (1)  
 17 Subject to the provisions of subsection (2), a county park  
 18 board, in addition to powers and duties now given under law,  
 19 shall have the power and duty to contract an indebtedness in  
 20 behalf of a county, upon the credit ~~thereof~~ of the county,  
 21 for the purposes of 7-16-2321(1) and (2).

22 (2) (a) The total amount of indebtedness authorized to  
 23 be contracted in any form, including the then-existing  
 24 indebtedness, ~~must~~ may not at any time exceed 13% in taxable  
 25 year 1989, 13.3% in taxable year 1990, 13.6% in taxable year

1 1991, 13.8% in taxable year 1992, or 14.1% in taxable year  
 2 1993 and thereafter of the total of the taxable value of  
 3 the taxable property in the county, plus the amount of  
 4 interim production and new production taxes levied divided  
 5 by the appropriate tax rates described in 15-23-607(2)(a) or  
 6 (2)(b) and multiplied by 60%, plus the amount of value  
 7 represented by new production exempted from tax as provided  
 8 in 15-23-612, ascertained by the last assessment for state  
 9 and county taxes previous to the incurring of such the  
 10 indebtedness.

11 (b) No-money Money may not be borrowed on bonds issued  
 12 for the purchase and improving of lands and--improving--same  
 13 for any such park purpose until the proposition has been  
 14 submitted to the vote of those qualified under the  
 15 provisions of the state constitution to vote at such an  
 16 election in the county affected thereby and a majority vote  
 17 is cast in favor thereof of incurring the indebtedness."

18 **Section 18.** Section 7-16-4104, MCA, is amended to  
 19 read:

20 "7-16-4104. Authorization for municipal indebtedness  
 21 for various cultural, social, and recreational purposes. (1)  
 22 A city or town council or commission may contract an  
 23 indebtedness on behalf of the city or town, upon the credit  
 24 thereof of the city or town, by borrowing money or issuing  
 25 bonds:

1 (a) for the purpose of purchasing and improving lands  
 2 for public parks and grounds;

3 (b) for procuring by purchase, construction, or  
 4 otherwise swimming pools, athletic fields, skating rinks,  
 5 playgrounds, museums, a golf course, a site and building for  
 6 a civic center, a youth center, or combination thereof; and

7 (c) for furnishing and equipping the same.

8 (2) The total amount of indebtedness authorized to be  
 9 contracted in any form, including the then-existing  
 10 indebtedness, may not at any time exceed 16.5% in taxable  
 11 year 1989, 16.8% in taxable year 1990, 17.2% in taxable year  
 12 1991, 17.6% in taxable year 1992, or 17.9% in taxable year  
 13 1993 and thereafter of the taxable value of the taxable  
 14 property of the city or town as ascertained by the last  
 15 assessment for state and county taxes previous to the  
 16 incurring of such the indebtedness. No-money Money may not  
 17 be borrowed on bonds issued for the purchase and improving  
 18 of lands and-improving-the-same for any such purpose under  
 19 subsection (1) until the proposition has been submitted to  
 20 the vote of the qualified electors of the city or town and  
 21 a majority vote is cast in favor thereof of incurring the  
 22 indebtedness."

23 **Section 19.** Section 7-31-106, MCA, is amended to read:

24 "7-31-106. Authorization for county to issue bonds --  
 25 election required. (1) If the petition is presented to the

1 board of county commissioners, it ~~shall-be~~ is the duty of  
 2 the board, for the purpose of raising money to meet the  
 3 payments under the terms and conditions of ~~said~~ the contract  
 4 and other necessary and proper expenses in and about the  
 5 ~~same smoke abatement contract~~ and for the approval or  
 6 disapproval ~~thereof of the contract~~:

7 (a) to ascertain, within 30 days after submission of  
 8 the petition, the existing indebtedness of the county in the  
 9 aggregate; and

10 (b) to submit, within 60 days after ascertaining the  
 11 same, to the electors of ~~such~~ the county the proposition to  
 12 approve or disapprove the contract and the issuance of bonds  
 13 necessary to carry out the ~~same contract~~.

14 (2) The amount of the bonds authorized by this section  
 15 may not exceed 22.5% in taxable year 1989, 23% in taxable  
 16 year 1990, 23.5% in taxable year 1991, 24% in taxable year  
 17 1992, or 24.5% in taxable year 1993 and thereafter of the  
 18 taxable value of the taxable property ~~therein in the county,~~  
 19 inclusive of the existing indebtedness ~~thereof of the~~  
 20 county, to be ascertained by the last assessment for state  
 21 and county taxes previous to the issuance of ~~said~~ the bonds  
 22 and incurring of ~~said~~ the indebtedness."

23 **Section 20.** Section 7-31-107, MCA, is amended to read:

24 "7-31-107. Authorization for municipality to issue  
 25 bonds -- election required. (1) If ~~said~~ the petition is

1 presented to the council of any incorporated city or town,  
 2 the council, for the purpose of raising money to meet the  
 3 payments under the terms and conditions of ~~said~~ the contract  
 4 and other necessary and proper expenses in and about the  
 5 ~~same contract~~ and for the approval or disapproval ~~thereof of~~  
 6 the contract:

7 (a) shall ascertain, within 30 days after submission  
 8 of the petition, the aggregate indebtedness of ~~such~~ the city  
 9 or town; and

10 (b) shall submit, within 60 days after ascertaining  
 11 the ~~same indebtedness~~, to the electors of ~~such~~ the city or  
 12 town the proposition to approve or disapprove ~~said~~ the  
 13 contract and the issuance of bonds necessary to carry out  
 14 the ~~same contract~~.

15 (2) The amount of the bonds authorized by this section  
 16 may not exceed 16.5% in taxable year 1989, 16.8% in taxable  
 17 year 1990, 17.2% in taxable year 1991, 17.6% in taxable year  
 18 1992, or 17.9% in taxable year 1993 and thereafter of the  
 19 taxable value of the taxable property ~~therein in the city or~~  
 20 town, inclusive of the existing indebtedness ~~thereof of the~~  
 21 city or town, to be ascertained in the manner provided in  
 22 this part."

23 **Section 21.** Section 7-34-2131, MCA, is amended to  
 24 read:

25 "7-34-2131. Hospital district bonds authorized. (1) A

hospital district may borrow money by the issuance of its bonds to provide funds for payment of part or all of the cost of acquisition, furnishing, equipment, improvement, extension, and betterment of hospital facilities and to provide an adequate working capital for a new hospital.

(2) The amount of bonds issued for such a purpose specified in subsection (1) and outstanding at any time may not exceed 22.5% in taxable year 1989, 23% in taxable year 1990, 23.5% in taxable year 1991, 24% in taxable year 1992, or 24.5% in taxable year 1993 and thereafter of the taxable value of the property therein in the district as ascertained by the last assessment for state and county taxes previous to the issuance of such the bonds.

(3) Such The bonds ~~shall~~ must be authorized, sold, and issued and provisions made for their payment in the manner and subject to the conditions and limitations prescribed for bonds of school districts by Title 20, chapter 9, part 4.

(4) Nothing herein-shall in this part may be construed to preclude the provisions of Title 50, chapter 6, part 1, allowing the state to apply for and accept federal funds."

**Section 22.** Section 15-1-101, MCA, is amended to read:

"15-1-101. Definitions. (1) Except as otherwise specifically provided, when terms mentioned in this section are used in connection with taxation, they are defined in the following manner:

(a) The term "agricultural" ~~refers--to~~ means the raising of livestock, poultry, bees, and other species of domestic animals and wildlife in domestication or a captive environment, and the raising of field crops, fruit, and other animal and vegetable matter for food or fiber.

(b) The term "assessed value" means the value of property as defined in 15-8-111.

(c) The term "average wholesale value" means the value to a dealer prior to reconditioning and profit margin shown in national appraisal guides and manuals or the valuation schedules of the department of revenue.

(d) (i) The term "commercial", when used to describe property, means any property used or owned by a business, a trade, or a nonprofit corporation as defined in 35-2-102 or used for the production of income, except that property described in subsection (ii).

(ii) The following types of property are not commercial:

(A) agricultural lands;

(B) timberlands;

(C) single-family residences and ancillary improvements and improvements necessary to the function of a bona fide farm, ranch, or stock operation;

(D) mobile homes used exclusively as a residence except when held by a distributor or dealer of trailers or

1 mobile homes as his stock in trade; and

2 (E) all property described in 15-6-135;

3 ~~(F) all property described in 15-6-136; and~~

4 ~~(G) all property described in 15-6-146.~~

5 (e) The term "comparable property" means property that  
6 has similar use, function, and utility; that is influenced  
7 by the same set of economic trends and physical,  
8 governmental, and social factors; and that has the potential  
9 of a similar highest and best use.

10 (f) The term "credit" means solvent debts, secured or  
11 unsecured, owing to a person.

12 (g) The term "improvements" ~~includes~~ means all  
13 buildings, structures, fences, and improvements situated  
14 upon, erected upon, or affixed to land. When the department  
15 of revenue or its agent determines that the permanency of  
16 location of a mobile home or housetrailer has been  
17 established, the mobile home or housetrailer is presumed to  
18 be an improvement to real property. A mobile home or  
19 housetrailer may be determined to be permanently located  
20 only when it is attached to a foundation which cannot  
21 feasibly be relocated and only when the wheels are removed.

22 (h) The term "leasehold improvements" means  
23 improvements to mobile homes and mobile homes located on  
24 land owned by another person. This property is assessed  
25 under the appropriate classification and the taxes are due

1 and payable in two payments as provided in 15-24-202.  
2 Delinquent taxes on such leasehold improvements are a lien  
3 only on such leasehold improvements.

4 (i) The term "livestock" means cattle, sheep, swine,  
5 goats, horses, mules, and asses.

6 (j) The term "mobile home" means forms of housing  
7 known as "trailers", "housetrainers", or "trailer coaches"  
8 exceeding 8 feet in width or 45 feet in length, designed to  
9 be moved from one place to another by an independent power  
10 connected to them, or any "trailer", "housetrailer", or  
11 "trailer coach" up to 8 feet in width or 45 feet in length  
12 used as a principal residence.

13 (k) The term "personal property" ~~includes~~ means  
14 everything that is the subject of ownership but that is not  
15 included within the meaning of the terms "real estate" and  
16 "improvements".

17 (l) The term "poultry" ~~includes~~ means all chickens,  
18 turkeys, geese, ducks, and other birds raised in  
19 domestication to produce food or feathers.

20 (m) The term "property" ~~includes~~ means moneys,  
21 credits, bonds, stocks, franchises, and all other matters  
22 and things, real, personal, and mixed, capable of private  
23 ownership. This definition must not be construed to  
24 authorize the taxation of the stocks of any company or  
25 corporation when the property of such company or corporation

1 represented by the stocks is within the state and has been  
2 taxed.

3 (n) The term "real estate" ~~includes~~ means:

4 (i) the possession of, claim to, ownership of, or  
5 right to the possession of land;

6 (ii) all mines, minerals, and quarries in and under the  
7 land subject to the provisions of 15-23-501 and Title 15,  
8 chapter 23, part 8; all timber belonging to individuals or  
9 corporations growing or being on the lands of the United  
10 States; and all rights and privileges appertaining thereto.

11 (o) "Research and development firm" means an entity  
12 incorporated under the laws of this state or a foreign  
13 corporation authorized to do business in this state whose  
14 principal purpose is to engage in theoretical analysis,  
15 exploration, and experimentation and the extension of  
16 investigative findings and theories of a scientific and  
17 technical nature into practical application for experimental  
18 and demonstration purposes, including the experimental  
19 production and testing of models, devices, equipment,  
20 materials, and processes.

21 (p) The term "taxable value" means the percentage of  
22 market or assessed value as provided for in ~~15-6-131 through~~  
23 ~~15-6-149~~ Title 15, chapter 6, part 1.

24 (q) The term "weighted mean assessment ratio" means  
25 the total of the assessed values divided by the total of the

1 selling prices of all area sales in the stratum.

2 (2) The phrase "municipal corporation" or  
3 "municipality" or "taxing unit" ~~shall-be-deemed-to-include~~  
4 means a county, city, incorporated town, township, school  
5 district, irrigation district, drainage district, or any  
6 person, persons, or organized body authorized by law to  
7 establish tax levies for the purpose of raising public  
8 revenue.

9 (3) The term "state board" or "board" when used  
10 without other qualification ~~shall-mean~~ means the state tax  
11 appeal board."

12 **Section 23.** Section 15-6-137, MCA, is amended to read:

13 "15-6-137. Class seven property -- description --  
14 taxable percentage. (1) Class seven property includes:

15 (a) all property used and owned by persons, firms,  
16 corporations, or other organizations that are engaged in the  
17 business of furnishing telephone communications exclusively  
18 to rural areas or to rural areas and cities and towns of 800  
19 persons or less; and

20 (b) all property owned by cooperative rural electrical  
21 and cooperative rural telephone associations that serve less  
22 than 95% of the electricity consumers or telephone users  
23 within the incorporated limits of a city or town;

24 ~~(c) electric transformers and meters; electric light~~  
25 ~~and power substation machinery; natural gas measuring and~~

1 regulating station equipment, meters, and compressor station  
2 machinery owned by noncentrally assessed public utilities,  
3 and tools used in the repair and maintenance of this  
4 property; and

5 (d) tools, implements, and machinery used to repair  
6 and maintain machinery not used for manufacturing and mining  
7 purposes.

8 (2) To qualify for this classification, the average  
9 circuit miles for each station on the telephone  
10 communication system described in subsection (1)(b) must be  
11 more than 1 mile.

12 (3) Class seven property is taxed at 8% of its market  
13 value the following rates:

- 14 (a) 8% of market value for taxable year 1989;
- 15 (b) 7% of market value for taxable year 1990;
- 16 (c) 6% of market value for taxable year 1991;
- 17 (d) 5% of market value for taxable year 1992;
- 18 (e) 4% of market value for taxable year 1993 and  
19 thereafter."

20 **Section 24.** Section 15-6-138, MCA, is amended to read:

21 "15-6-138. Class eight property -- description --  
22 taxable percentage. (1) Class eight property includes:

- 23 (a) all agricultural implements and equipment;
- 24 (b) all mining machinery, fixtures, equipment, tools,  
25 and supplies except:

1 (i) those included in class five; and

2 (ii) coal and ore haulers; and

3 (iii) drilling rigs and seismic equipment;

4 (c) all manufacturing machinery, fixtures, equipment,  
5 tools, and supplies except those included in class five;

6 (d) all trailers, including those prorated under  
7 15-24-102, except those subject to taxation under  
8 61-3-504(2);

9 (e) all goods and equipment intended for rent or  
10 lease, except goods and equipment specifically included and  
11 taxed in another class;

12 (f) trucks having a rated capacity of more than 1 1/2  
13 tons, including those prorated under 15-24-102; and

14 (g) all other machinery except that specifically  
15 included in another class; and

16 (h) all other property used for noncommercial purposes  
17 which is not real property or an improvement to real  
18 property and which is not included in another class or  
19 exempt from taxation under Title 15, chapter 6, part 2.

20 (2) Class eight property is taxed at 11% of its market  
21 value the following rates:

- 22 (a) 11% of market value for taxable year 1989;
- 23 (b) 9.25% of market value for taxable year 1990;
- 24 (c) 7.5% of market value for taxable year 1991;
- 25 (d) 5.75% of market value for taxable year 1992;



1 (e) 4% of market value for taxable year 1993 and  
2 thereafter."

3 **Section 25.** Section 15-6-139, MCA, is amended to read:

4 "15-6-139. Class nine property -- description --  
5 taxable percentage. (1) Class nine property includes:

6 (a) buses and trucks having a rated capacity of more  
7 than three-quarters of a ton but less than or equal to 1 1/2  
8 tons;

9 (b) truck toppers weighing more than 300 pounds;

10 (c) furniture, fixtures, and equipment, except that  
11 specifically included in another class, used in commercial  
12 establishments as defined in this section; and

13 (d) x-ray and medical and dental equipment; and

14 ~~(e) --citizens' band radios and mobile telephones.~~

15 (2) "Commercial establishment" includes any hotel;  
16 motel; office; petroleum marketing station; or service,  
17 wholesale, retail, or food-handling business.

18 (3) Class nine property is taxed at ~~13% of its market~~  
19 value the following rates:

20 (a) 13% of market value for taxable year 1989;

21 (b) 10.75% of market value for taxable year 1990;

22 (c) 8.5% of market value for taxable year 1991;

23 (d) 6.25% of market value for taxable year 1992;

24 (e) 4% of market value for taxable year 1993 and  
25 thereafter."

1 **Section 26.** Section 15-6-140, MCA, is amended to read:

2 "15-6-140. Class ten property -- description --  
3 taxable percentage. (1) Class ten property includes:

4 (a) radio and television broadcasting and transmitting  
5 equipment;

6 (b) cable television systems;

7 (c) coal and ore haulers;

8 (d) theater projectors and sound equipment; and

9 (e) all other property not included in any other class  
10 in this part except that property subject to a fee in lieu  
11 of a property tax.

12 (2) Class ten property is taxed at ~~16% of its market~~  
13 value the following rates:

14 (a) 16% of market value for taxable year 1989;

15 (b) 13% of market value for taxable year 1990;

16 (c) 10% of market value for taxable year 1991;

17 (d) 7% of market value for taxable year 1992;

18 (e) 4% of market value for taxable year 1993 and  
19 thereafter."

20 **Section 27.** Section 15-6-201, MCA, is amended to read:

21 "15-6-201. Exempt categories. (1) The following  
22 categories of property are exempt from taxation:

23 (a) the property of:

24 (i) the United States, the state, counties, cities,  
25 towns, school districts, except, if congress passes

1 legislation that allows the state to tax property owned by  
 2 an agency created by congress to transmit or distribute  
 3 electrical energy, the property constructed, owned, or  
 4 operated by a public agency created by the congress to  
 5 transmit or distribute electric energy produced at privately  
 6 owned generating facilities (not including rural electric  
 7 cooperatives);

8 (ii) irrigation districts organized under the laws of  
 9 Montana and not operating for profit;

10 (iii) municipal corporations; and

11 (iv) public libraries;

12 (b) buildings, with land they occupy and furnishings  
 13 therein, owned by a church and used for actual religious  
 14 worship or for residences of the clergy, together with  
 15 adjacent land reasonably necessary for convenient use of  
 16 such buildings;

17 (c) property used exclusively for agricultural and  
 18 horticultural societies, for educational purposes, and for  
 19 nonprofit health care facilities, as defined in 50-5-101,  
 20 licensed by the department of health and environmental  
 21 sciences and organized under Title 35, chapter 2 or 3. A  
 22 health care facility that is not licensed by the department  
 23 of health and environmental sciences and organized under  
 24 Title 35, chapter 2 or 3, is not exempt.

25 (d) property that meets the following conditions:

1 (i) is owned and held by any association or  
 2 corporation organized under Title 35, chapter 2, 3, 20, or  
 3 21;

4 (ii) is devoted exclusively to use in connection with a  
 5 cemetery or cemeteries for which a permanent care and  
 6 improvement fund has been established as provided for in  
 7 Title 35, chapter 20, part 3; and

8 (iii) is not maintained and operated for private or  
 9 corporate profit;

10 (e) institutions of purely public charity;

11 (f) evidence of debt secured by mortgages of record  
 12 upon real or personal property in the state of Montana;

13 (g) public art galleries and public observatories not  
 14 used or held for private or corporate profit;

15 (h) all household goods and furniture, including but  
 16 not limited to clocks, musical instruments, sewing machines,  
 17 and wearing apparel of members of the family, used by the  
 18 owner for personal and domestic purposes or for furnishing  
 19 or equipping the family residence;

20 (i) a truck canopy cover or topper weighing less than  
 21 300 pounds and having no accommodations attached. Such  
 22 property is also exempt from taxation under 61-3-504(2) and  
 23 61-3-537.

24 (j) a bicycle, as defined in 61-1-123, used by the  
 25 owner for personal transportation purposes;

1 (k) motor homes, travel trailers, and campers;  
 2 (l) all watercraft;  
 3 (m) land, fixtures, buildings, and improvements owned  
 4 by a cooperative association or nonprofit corporation  
 5 organized to furnish potable water to its members or  
 6 customers for uses other than the irrigation of agricultural  
 7 land;  
 8 (n) the right of entry that is a property right  
 9 reserved in land or received by mesne conveyance (exclusive  
 10 of leasehold interests), devise, or succession to enter land  
 11 whose surface title is held by another to explore, prospect,  
 12 or dig for oil, gas, coal, or minerals;  
 13 (o) property owned and used by a corporation or  
 14 association organized and operated exclusively for the care  
 15 of the developmentally disabled, mentally ill, or  
 16 vocationally handicapped as defined in 18-5-101, which is  
 17 not operated for gain or profit;  
 18 (p) all farm buildings with a market value of less  
 19 than \$500 and all agricultural implements and machinery with  
 20 a market value of less than \$100; and  
 21 (q) property owned by a nonprofit corporation  
 22 organized to provide facilities primarily for training and  
 23 practice for or competition in international sports and  
 24 athletic events and not held or used for private or  
 25 corporate gain or profit. For purposes of this subsection

1 (1)(q), "nonprofit corporation" means an organization exempt  
 2 from taxation under section 501(c) of the Internal Revenue  
 3 Code and incorporated and admitted under the Montana  
 4 Nonprofit Corporation Act;  
 5 (r) electric transformers and meters; electric light  
 6 and power substation machinery; natural gas measuring and  
 7 regulating station equipment, meters, and compressor station  
 8 machinery owned by noncentrally assessed public utilities;  
 9 and tools used in the repair and maintenance of this  
 10 property;  
 11 (s) tools, implements, and machinery used to repair  
 12 and maintain machinery not used for manufacturing and mining  
 13 purposes;  
 14 (t) seismic equipment and drilling rigs used in the  
 15 exploration or production of oil or natural gas;  
 16 (u) citizens' band radios and mobile telephones; and  
 17 (v) harness, saddlery, and other tack equipment.  
 18 (2) (a) The term "institutions of purely public  
 19 charity" includes organizations owning and operating  
 20 facilities for the care of the retired or aged or  
 21 chronically ill, which are not operated for gain or profit.  
 22 (b) The terms "public art galleries" and "public  
 23 observatories" include only those art galleries and  
 24 observatories, whether of public or private ownership, that  
 25 are open to the public without charge at all reasonable

1 hours and are used for the purpose of education only.

2 (3) The following portions of the appraised value of a  
3 capital investment made after January 1, 1979, in a  
4 recognized nonfossil form of energy generation, as defined  
5 in 15-32-102, are exempt from taxation for a period of 10  
6 years following installation of the property:

7 (a) \$20,000 in the case of a single-family residential  
8 dwelling;

9 (b) \$100,000 in the case of a multifamily residential  
10 dwelling or a nonresidential structure. (Subsection (1)(c)  
11 applicable to taxable years beginning after December 31,  
12 1987--sec. 4, Ch. 455, L. 1987.)"

13 **Section 28.** Section 15-10-402, MCA, is amended to  
14 read:

15 "15-10-402. Property tax limited to 1986 levels. (1)  
16 Except as provided in subsections (2) and (3), the amount of  
17 taxes levied on property described in 15-6-133, 15-6-134,  
18 ~~15-6-136~~, 15-6-139, 15-6-142, and 15-6-144 may not, for any  
19 taxing jurisdiction, exceed the amount levied for taxable  
20 year 1986.

21 (2) The limitation contained in subsection (1) does  
22 not apply to levies for rural improvement districts, Title  
23 7, chapter 12, part 21; special improvement districts, Title  
24 7, chapter 12, part 41; or bonded indebtedness.

25 (3) New construction or improvements to or deletions

1 from property described in subsection (1) are subject to  
2 taxation at 1986 levels.

3 (4) As used in this section, the "amount of taxes  
4 levied" and the "amount levied" mean the actual dollar  
5 amount of taxes imposed on an individual piece of property,  
6 notwithstanding an increase or decrease in value due to  
7 inflation, reappraisal, adjustments in the percentage  
8 multiplier used to convert appraised value to taxable value,  
9 changes in the number of mills levied, or increase or  
10 decrease in the value of a mill."

11 **Section 29.** Section 15-10-402, MCA, is amended to  
12 read:

13 "15-10-402. Property tax limited to 1986 levels. (1)  
14 Except as provided in subsections (2) and (3), the amount of  
15 taxes levied on property described in 15-6-133, 15-6-134,  
16 ~~15-6-136~~, ~~15-6-139~~, 15-6-142, and 15-6-144 may not, for any  
17 taxing jurisdiction, exceed the amount levied for taxable  
18 year 1986.

19 (2) The limitation contained in subsection (1) does  
20 not apply to levies for rural improvement districts, Title  
21 7, chapter 12, part 21; special improvement districts, Title  
22 7, chapter 12, part 41; or bonded indebtedness.

23 (3) New construction or improvements to or deletions  
24 from property described in subsection (1) are subject to  
25 taxation at 1986 levels.

(4) As used in this section, the "amount of taxes levied" and the "amount levied" mean the actual dollar amount of taxes imposed on an individual piece of property, notwithstanding an increase or decrease in value due to inflation, reappraisal, adjustments in the percentage multiplier used to convert appraised value to taxable value, changes in the number of mills levied, or increase or decrease in the value of a mill."

**Section 30.** Section 15-16-613, MCA, is amended to read:

"15-16-613. Refund of certain taxes paid in other states. Subject to the provisions of 15-16-601 and upon proof that tax was paid in another state, a taxpayer is entitled to a refund equal to the amount of tax paid in another state on a helicopter or property that was assessed in Montana under 15-6-138(1)(g) for taxable years 1987 through 1992 and [section 45(1)(p)] thereafter, on January 1 of the year for which the refund is due. The refund under this section may not exceed the tax that was paid in Montana on the same property for the same period of time."

**Section 31.** Section 15-24-1102, MCA, is amended to read:

"15-24-1102. Federal property held under contract of sale. When the property is held under a contract of sale or other agreement whereby upon payment the legal title is or

may be acquired by the person, the real property shall be assessed and taxed as defined provided in ~~15-6-131-through~~ 15-6-149 Title 15, chapter 6, part 1, and 15-8-111 without deduction on account of the whole or any part of the purchase price or other sum due on the property remaining unpaid. The lien for the tax may not attach to, impair, or be enforced against any interest of the United States in the real property."

**Section 32.** Section 15-24-1103, MCA, is amended to read:

"15-24-1103. Federal property held under lease. When the property is held under lease, other interest, or estate therein less than the fee, except under contract of sale, the property shall be assessed and taxed as for the value, as defined provided in ~~15-6-131-through-15-6-149~~ Title 15, chapter 6, part 1, of such leasehold, interest, or estate in the property and the lien for the tax shall attach to and be enforced against only the leasehold, interest, or estate in the property. When the United States authorizes the taxation of the property for the full assessed value of the fee thereof, the property shall be assessed for full assessed value as defined in 15-8-111."

**Section 33.** Section 17-7-502, MCA, is amended to read:

"17-7-502. Statutory appropriations -- definition -- requisites for validity. (1) A statutory appropriation is an

1 appropriation made by permanent law that authorizes spending  
2 by a state agency without the need for a biennial  
3 legislative appropriation or budget amendment.

4 (2) Except as provided in subsection (4), to be  
5 effective, a statutory appropriation must comply with both  
6 of the following provisions:

7 (a) The law containing the statutory authority must be  
8 listed in subsection (3).

9 (b) The law or portion of the law making a statutory  
10 appropriation must specifically state that a statutory  
11 appropriation is made as provided in this section.

12 (3) The following laws are the only laws containing  
13 statutory appropriations: 2-9-202; 2-17-105; 2-18-812;  
14 10-3-203; 10-3-312; 10-3-314; 10-4-301; 13-37-304;  
15 15-25-123; 15-31-702; 15-36-112; 15-65-121; 15-70-101;  
16 16-1-404; 16-1-410; 16-1-411; 17-3-212; 17-5-404; 17-5-424;  
17 17-5-804; 19-8-504; 19-9-702; 19-9-1007; 19-10-205;  
18 19-10-305; 19-10-506; 19-11-512; 19-11-513; 19-11-606;  
19 19-12-301; 19-13-604; 20-4-109; 20-6-406; 20-8-111;  
20 23-5-610; 23-5-1027; 33-31-212; 33-31-401; 37-51-501;  
21 39-71-2504; 53-6-150; 53-24-206; 67-3-205; 75-1-1101;  
22 75-7-305; 76-12-123; 80-2-103; 80-2-228; 82-11-136;  
23 90-3-301; 90-3-302; 90-3-412; 90-4-215; 90-9-306; 90-15-103;  
24 [section 45], [section 46], section 13, House Bill No. 861,  
25 Laws of 1985; and section 1, Chapter 454, Laws of 1987.

1 (4) There is a statutory appropriation to pay the  
2 principal, interest, premiums, and costs of issuing, paying,  
3 and securing all bonds, notes, or other obligations, as due,  
4 that have been authorized and issued pursuant to the laws of  
5 Montana. Agencies that have entered into agreements  
6 authorized by the laws of Montana to pay the state  
7 treasurer, for deposit in accordance with 17-2-101 through  
8 17-2-107, as determined by the state treasurer, an amount  
9 sufficient to pay the principal and interest as due on the  
10 bonds or notes have statutory appropriation authority for  
11 such payments. (In subsection (3): pursuant to sec. 15, Ch.  
12 607, L. 1987, the inclusion of 15-65-121 terminates June 30,  
13 1989; pursuant to sec. 10, Ch. 664, L. 1987, the inclusion  
14 of 39-71-2504 terminates June 30, 1991; and pursuant to sec.  
15 6, Ch. 454, L. 1987, the inclusion of sec. 1, Ch. 454, L.  
16 1987, terminates July 1, 1988.)"

17 **Section 34.** Section 19-11-503, MCA, is amended to  
18 read:

19 "19-11-503. Special tax levy for fund required. (1)  
20 The purpose of this section is to provide a means by which  
21 each disability and pension fund may be maintained at a  
22 level equal to 3% in taxable year 1989, 3.1% in taxable year  
23 1990 and 1991, 3.2% in taxable year 1992, and 3.3% in  
24 taxable year 1993 and thereafter of the taxable valuation of  
25 all taxable property within the limits of the city or town.

(2) Whenever the fund contains less than 3% in taxable year 1989, 3.1% in taxable year 1990 and 1991, 3.2% in taxable year 1992, or 3.3% in taxable year 1993 and thereafter of the taxable valuation of all taxable property within the limits of the city or town, the governing body of the city or town shall, at the time of the levy of the annual tax, levy a special tax as provided in 19-11-504. The special tax shall be collected as other taxes are collected and, when so collected, shall be paid into the disability and pension fund.

(3) If a special tax for the disability and pension fund is levied by a third-class city or town using the all-purpose mill levy, the special tax levy must be made in addition to the all-purpose levy."

**Section 35.** Section 19-11-504, MCA, is amended to read:

"19-11-504. Amount of special tax levy. Whenever the fund contains an amount which is less than 3% in taxable year 1989, 3.1% in taxable year 1990 and 1991, 3.2% in taxable year 1992, or 3.3% in taxable year 1993 and thereafter of the taxable valuation of all taxable property in the city or town, the city council shall levy an annual special tax of not less than 1 mill and not more than 4 mills on each dollar of taxable valuation of all taxable property within the city or town."

**Section 36.** Section 20-9-318, MCA, is amended to read:

"20-9-318. Elementary school maximum budget schedule for 1987-88 and succeeding years. (1) For Except as provided in subsections (3) and (4), for 1987-88 and succeeding school years, the elementary school maximum budget schedule is as follows:

(a) For each elementary school having an ANB of nine or fewer pupils, the maximum shall be \$20,158 if said school is approved as an isolated school.

(b) For schools with an ANB of 10 pupils but less than 18 pupils, the maximum shall be \$20,158 plus \$842.50 per pupil on the basis of the average number belonging over nine.

(c) For schools with an ANB of at least 14 pupils but less than 18 pupils that qualify for instructional aide funding under 20-9-322, the maximum shall be \$33,042 plus \$842.50 per pupil on the basis of the average number belonging over 14.

(d) For schools with an ANB of 18 pupils and employing one teacher, the maximum shall be \$27,741 plus \$842.50 per pupil on the basis of the average number belonging over 18, not to exceed an ANB of 25.

(e) For schools with an ANB of 18 pupils and employing two full-time teachers, the maximum shall be \$44,290 plus \$527.60 per pupil on the basis of the average

1 number belonging over 18, not to exceed an ANB of 50.

2 {6}(f) For schools having an ANB in excess of 40, the  
3 maximum on the basis of the total pupils (ANB) in the  
4 district for elementary pupils will be as follows:

5 {a}(i) For a school having an ANB of more than 40 and  
6 employing a minimum of three teachers, the maximum of \$1,957  
7 shall be decreased at the rate of \$1.90 for each additional  
8 pupil until the total number (ANB) shall have reached a  
9 total of 100 pupils.

10 {b}(ii) For a school having an ANB of more than 100  
11 pupils, the maximum of \$1,843 shall be decreased at the rate  
12 of \$1.74 for each additional pupil until the ANB shall have  
13 reached 300 pupils.

14 {c}(iii) For a school having an ANB of more than 300  
15 pupils, the maximum shall not exceed \$1,496 for each pupil.

16 {7}(2) The maximum per pupil for all pupils (ANB) and  
17 for all elementary schools shall be computed on the basis of  
18 the amount allowed herein on account of the last eligible  
19 pupil (ANB). All elementary schools operated within the  
20 incorporated limits of a city or town shall be treated as  
21 one school for the purpose of this schedule.

22 (3) The superintendent of public instruction shall,  
23 for school year 1990, increase by 0.45% the elementary  
24 maximum budget schedule as represented in subsections (1)(a)  
25 through (1)(f).

1 (4) After the increase in subsection (3) has been made  
2 for school year 1990, the superintendent of public  
3 instruction shall, for school year 1991, increase by 1.94%  
4 the elementary maximum budget schedule as represented in  
5 subsections (1)(a) through (1)(f)."

6 **Section 37.** Section 20-9-318, MCA, is amended to read:

7 "20-9-318. Elementary school maximum budget schedule  
8 for 1987-88 and succeeding years. (1) For Except as provided  
9 in subsections (3) and (4), for 1987-88 and succeeding  
10 school years, the elementary school maximum budget schedule  
11 is as follows:

12 {1}(a) For each elementary school having an ANB of  
13 nine or fewer pupils, the maximum shall be \$20,158 if said  
14 school is approved as an isolated school.

15 {2}(b) For schools with an ANB of 10 pupils but less  
16 than 18 pupils, the maximum shall be \$20,158 plus \$842.50  
17 per pupil on the basis of the average number belonging over  
18 nine.

19 {3}(c) For schools with an ANB of at least 14 pupils  
20 but less than 18 pupils that qualify for instructional aide  
21 funding under 20-9-322, the maximum shall be \$33,042 plus  
22 \$842.50 per pupil on the basis of the average number  
23 belonging over 14.

24 {4}(d) For schools with an ANB of 18 pupils and  
25 employing one teacher, the maximum shall be \$27,741 plus



1 \$842.50 per pupil on the basis of the average number  
2 belonging over 18, not to exceed an ANB of 25.

3 {5}(e) For schools with an ANB of 18 pupils and  
4 employing two full-time teachers, the maximum shall be  
5 \$44,290 plus \$527.60 per pupil on the basis of the average  
6 number belonging over 18, not to exceed an ANB of 50.

7 {6}(f) For schools having an ANB in excess of 40, the  
8 maximum on the basis of the total pupils (ANB) in the  
9 district for elementary pupils will be as follows:

10 {a}(i) For a school having an ANB of more than 40 and  
11 employing a minimum of three teachers, the maximum of \$1,957  
12 shall be decreased at the rate of \$1.90 for each additional  
13 pupil until the total number (ANB) shall have reached a  
14 total of 100 pupils.

15 {b}(ii) For a school having an ANB of more than 100  
16 pupils, the maximum of \$1,843 shall be decreased at the rate  
17 of \$1.74 for each additional pupil until the ANB shall have  
18 reached 300 pupils.

19 {c}(iii) For a school having an ANB of more than 300  
20 pupils, the maximum shall not exceed \$1,496 for each pupil.

21 {7}(2) The maximum per pupil for all pupils (ANB) and  
22 for all elementary schools shall be computed on the basis of  
23 the amount allowed herein on account of the last eligible  
24 pupil (ANB). All elementary schools operated within the  
25 incorporated limits of a city or town shall be treated as

1 one school for the purpose of this schedule.

2 {3} The superintendent of public instruction shall,  
3 for school year 1990, increase by 0.54% the elementary  
4 maximum budget schedule as represented in subsections (1)(a)  
5 through (1)(f).

6 {4} After the increase in subsection (3) has been made  
7 for school year 1990, the superintendent of public  
8 instruction shall, for school year 1991, increase by 2.3%  
9 the elementary maximum budget schedule as represented in  
10 subsections (1)(a) through (1)(f)."

11 **Section 38.** Section 20-9-319, MCA, is amended to read:

12 "20-9-319. High school maximum budget schedule for  
13 1987-88 and succeeding years. (1) For Except as provided in  
14 subsections (3) and (4), for 1987-88 and succeeding school  
15 years, the high school maximum budget schedule is as  
16 follows:

17 {1}(a) For each high school having an ANB of 24 or  
18 fewer pupils, the maximum shall be \$114,845.

19 {2}(b) For a secondary school having an ANB of more  
20 than 24 pupils, the maximum \$4,785 shall be decreased at the  
21 rate of \$26.10 for each additional pupil until the ANB shall  
22 have reached a total of 40 such pupils.

23 {3}(c) For a school having an ANB of more than 40  
24 pupils, the maximum of \$4,368 shall be decreased at the rate  
25 of \$26.10 for each additional pupil until the ANB shall have

1 reached 100 pupils.

2       †4†(d) For a school having an ANB of more than 100  
3 pupils, a maximum of \$2,802 shall be decreased at the rate  
4 of \$4.37 for each additional pupil until the ANB shall have  
5 reached 200 pupils.

6       †5†(e) For a school having an ANB of more than 200  
7 pupils, the maximum of \$2,365 shall be decreased by \$2.40  
8 for each additional pupil until the ANB shall have reached  
9 300 pupils.

10       †6†(f) For a school having an ANB of more than 300  
11 pupils, the maximum of \$2,125 shall be decreased at the rate  
12 of 44 cents until the ANB shall have reached 600 pupils.

13       †7†(g) For a school having an ANB over 600 pupils, the  
14 maximum shall not exceed \$1,993 per pupil.

15       †8†(2) The maximum per pupil for all pupils (ANB) and  
16 for all high schools shall be computed on the basis of the  
17 amount allowed herein on account of the last eligible pupil  
18 (ANB). All high schools and junior high schools which have  
19 been approved and accredited as junior high schools,  
20 operated within the incorporated limits of a city or town,  
21 shall be treated as one school for the purpose of this  
22 schedule.

23       (3) The superintendent of public instruction shall,  
24 for school year 1990, increase by 0.45% the high school  
25 maximum budget schedule as represented in subsections (1)(a)

1 through (1)(g).

2       (4) After the increase in subsection (3) has been made  
3 for school year 1990, the superintendent of public  
4 instruction shall, for school year 1991, increase by 1.94%  
5 the high school maximum budget schedule as represented in  
6 subsections (1)(a) through (1)(g)."

7       **Section 39.** Section 20-9-319, MCA, is amended to read:

8       "20-9-319. High school maximum budget schedule for  
9 1987-88 and succeeding years. (1) For Except as provided in  
10 subsections (3) and (4), for 1987-88 and succeeding school  
11 years, the high school maximum budget schedule is as  
12 follows:

13       †1†(a) For each high school having an ANB of 24 or  
14 fewer pupils, the maximum shall be \$114,845.

15       †2†(b) For a secondary school having an ANB of more  
16 than 24 pupils, the maximum \$4,785 shall be decreased at the  
17 rate of \$26.10 for each additional pupil until the ANB shall  
18 have reached a total of 40 such pupils.

19       †3†(c) For a school having an ANB of more than 40  
20 pupils, the maximum of \$4,368 shall be decreased at the rate  
21 of \$26.10 for each additional pupil until the ANB shall have  
22 reached 100 pupils.

23       †4†(d) For a school having an ANB of more than 100  
24 pupils, a maximum of \$2,802 shall be decreased at the rate  
25 of \$4.37 for each additional pupil until the ANB shall have

1 reached 200 pupils.

2       †5†(e) For a school having an ANB of more than 200  
3 pupils, the maximum of \$2,365 shall be decreased by \$2.40  
4 for each additional pupil until the ANB shall have reached  
5 300 pupils.

6       †6†(f) For a school having an ANB of more than 300  
7 pupils, the maximum of \$2,125 shall be decreased at the rate  
8 of 44 cents until the ANB shall have reached 600 pupils.

9       †7†(g) For a school having an ANB over 600 pupils, the  
10 maximum shall not exceed \$1,993 per pupil.

11       †8†(2) The maximum per pupil for all pupils (ANB) and  
12 for all high schools shall be computed on the basis of the  
13 amount allowed herein on account of the last eligible pupil  
14 (ANB). All high schools and junior high schools which have  
15 been approved and accredited as junior high schools,  
16 operated within the incorporated limits of a city or town,  
17 shall be treated as one school for the purpose of this  
18 schedule.

19       (3) The superintendent of public instruction shall,  
20 for school year 1990, increase by 0.54% the high school  
21 maximum budget schedule as represented in subsections (1)(a)  
22 through (1)(g).

23       (4) After the increase in subsection (3) has been made  
24 for school year 1990, the superintendent of public  
25 instruction shall, for school year 1991, increase by 2.3%

1 the high school maximum budget schedule as represented in  
2 subsections (1)(a) through (1)(g)."

3       **Section 40.** Section 20-9-343, MCA, is amended to read:

4       "20-9-343. Definition of and revenue for state  
5 equalization aid. (1) As used in this title, the term "state  
6 equalization aid" means those moneys deposited in the state  
7 special revenue fund as required in this section plus any  
8 legislative appropriation of money from other sources for  
9 distribution to the public schools for the purpose of  
10 equalization of the foundation program.

11       (2) The legislative appropriation for state  
12 equalization aid shall be made in a single sum for the  
13 biennium. The superintendent of public instruction has  
14 authority to spend such appropriation, together with the  
15 earmarked revenues provided in subsection (3), as required  
16 for foundation program purposes throughout the biennium.

17       (3) The following shall be paid into the state special  
18 revenue fund for state equalization aid to public schools of  
19 the state:

20       (a) 31.8% of all money received from the collection of  
21 income taxes under chapter 30 of Title 15;

22       (b) 25% of all money, except as provided in 15-31-702,  
23 received from the collection of corporation license and  
24 income taxes under chapter 31 of Title 15, as provided by  
25 15-1-501;

(c) 100% of the money allocated to state equalization from the collection of the severance tax on coal;

(d) 100% of the money received from the treasurer of the United States as the state's shares of oil, gas, and other mineral royalties under the federal Mineral Lands Leasing Act, as amended;

(e) interest and income money described in 20-9-341 and 20-9-342;

(f) the statutory appropriation made in [section 46];

(g) income from the education trust fund account; and

(h) in addition to these revenues, the surplus revenues collected by the counties for foundation program support according to 20-9-331 and 20-9-333.

(4) Any surplus revenue in the state equalization aid account in the second year of a biennium may be used to reduce the appropriation required for the next succeeding biennium."

**Section 41.** Section 20-9-406, MCA, is amended to read:

"20-9-406. Limitations on amount of bond issue. (1)

The maximum amount for which each school district may become indebted by the issuance of bonds, including all indebtedness represented by outstanding bonds of previous issues and registered warrants, is 45% in taxable year 1989, 46% in taxable year 1990, 47% in taxable year 1991, 48% in

taxable year 1992, and 49% in taxable year 1993 and thereafter of the taxable value of the property subject to taxation as ascertained by the last completed assessment for state, county, and school taxes previous to the incurring of such indebtedness. The 45% maximum indebtedness, however, may not pertain to indebtedness imposed by special improvement district obligations or assessments against the school district. All bonds issued in excess of such amount shall be null and void, except as provided in this section.

(2) When the total indebtedness of a school district has reached the 45% limitation prescribed in this section, the school district may pay all reasonable and necessary expenses of the school district on a cash basis in accordance with the financial administration provisions of this chapter.

(3) Whenever bonds are issued for the purpose of refunding bonds, any moneys to the credit of the debt service fund for the payment of the bonds to be refunded are applied towards the payment of such bonds and the refunding bond issue is decreased accordingly."

**Section 42.** Section 20-9-407, MCA, is amended to read:

"20-9-407. Industrial facility agreement for bond issue in excess of maximum. (1) In a school district within which a new major industrial facility which seeks to qualify for taxation as class five property under 15-6-135 is being

1 constructed or is about to be constructed, the school  
 2 district may require, as a precondition of the new major  
 3 industrial facility qualifying as class five property, that  
 4 the owners of the proposed industrial facility enter into an  
 5 agreement with the school district concerning the issuing of  
 6 bonds in excess of the ~~45%-~~limitation limitations prescribed  
 7 in 20-9-406. Under such an agreement, the school district  
 8 may, with the approval of the voters, issue bonds which  
 9 exceed the limitation prescribed in this section ~~by-a~~  
 10 ~~maximum-of--45%-of--the--estimated--taxable--value--of--the~~  
 11 ~~property--of--the--new--major-industrial-facility-subject-to~~  
 12 ~~taxation-when-completed.~~ The estimated taxable value of the  
 13 property of the new major industrial facility subject to  
 14 taxation shall be computed by the department of revenue when  
 15 requested to do so by a resolution of the board of trustees  
 16 of the school district. A copy of the department's statement  
 17 of estimated taxable value shall be printed on each ballot  
 18 used to vote on a bond issue proposed under this section.

19 (2) Pursuant to the agreement between the new major  
 20 industrial facility and the school district and as a  
 21 precondition to qualifying as class five property, the new  
 22 major industrial facility and its owners shall pay, in  
 23 addition to the taxes imposed by the school district on  
 24 property owners generally, so much of the principal and  
 25 interest on the bonds provided for under this section as

1 represents payment on an indebtedness in excess of the  
 2 ~~limitation~~ limitations prescribed in 20-9-406. After the  
 3 completion of the new major industrial facility and when the  
 4 indebtedness of the school district no longer exceeds the  
 5 limitation prescribed in this section, the new major  
 6 industrial facility shall be entitled, after all the current  
 7 indebtedness of the school district has been paid, to a tax  
 8 credit over a period of no more than 20 years. The credit  
 9 shall as a total amount be equal to the amount which the  
 10 facility paid the principal and interest of the school  
 11 district's bonds in excess of its general liability as a  
 12 taxpayer within the district.

13 (3) A major industrial facility is a facility subject  
 14 to the taxing power of the school district, whose  
 15 construction or operation will increase the population of  
 16 the district, imposing a significant burden upon the  
 17 resources of the district and requiring construction of new  
 18 school facilities. A significant burden is an increase in  
 19 ANB of at least 20% in a single year."

20 **Section 43.** Section 20-9-502, MCA, is amended to read:

21 "20-9-502. Purpose and authorization of a building  
 22 reserve fund by an election. (1) The trustees of any  
 23 district, with the approval of the qualified electors of the  
 24 district, may establish a building reserve for the purpose  
 25 of raising money for the future construction, equipping, or

enlarging of school buildings or for the purpose of purchasing land needed for school purposes in the district. In order to submit to the qualified electors of the district a building reserve proposition for the establishment of or addition to a building reserve, the trustees shall pass a resolution that specifies:

(a) the purpose or purposes for which the new or addition to the building reserve will be used;

(b) the duration of time over which the new or addition to the building reserve will be raised in annual, equal installments;

(c) the total amount of money that will be raised during the duration of time specified in subsection (1)(b); and

(d) any other requirements under 20-20-201 for the calling of an election.

(2) The total amount of building reserve when added to the outstanding indebtedness of the district ~~shall~~ may not be more than 45% in taxable year 1989, 46% in taxable year 1990, 47% in taxable year 1991, 48% in taxable year 1992, or 49% in taxable year 1993, and thereafter of the taxable value of the taxable property of the district. Such limitation shall be determined in the manner provided in 20-9-406. A building reserve tax authorization shall not be for more than 20 years.

(3) The election shall be conducted in accordance with the school election laws of this title, and the electors qualified to vote in the election shall be qualified under the provisions of 20-20-301. The ballot for a building reserve proposition shall be substantially in the following form:

#### OFFICIAL BALLOT

#### SCHOOL DISTRICT BUILDING RESERVE ELECTION

INSTRUCTIONS TO VOTERS: Make an X or similar mark in the vacant square before the words "BUILDING RESERVE--YES" if you wish to vote for the establishment of a building reserve (addition to the building reserve); if you are opposed to the establishment of a building reserve (addition to the building reserve) make an X or similar mark in the square before the words "BUILDING RESERVE--NO".

Shall the trustees be authorized to impose an additional levy each year for .... years to establish a building reserve (add to the building reserve) of this school district to raise a total amount of .... dollars (\$....), for the purpose(s) .... (here state the purpose or purposes for which the building reserve will be used)?

☐ BUILDING RESERVE--YES.

☐ BUILDING RESERVE--NO.

(4) The building reserve proposition shall be approved if a majority of those electors voting at the election

1 approve the establishment of or addition to such building  
 2 reserve. The annual budgeting and taxation authority of the  
 3 trustees for a building reserve shall be computed by  
 4 dividing the total authorized amount by the specified number  
 5 of years. The authority of the trustees to budget and  
 6 impose the taxation for the annual amount to be raised for  
 7 the building reserve shall lapse when, at a later time, a  
 8 bond issue is approved by the qualified electors of the  
 9 district for the same purpose or purposes for which the  
 10 building reserve fund of the district was established.  
 11 Whenever a subsequent bond issue is made for the same  
 12 purpose or purposes of a building reserve, the money in the  
 13 building reserve shall be used for such purpose or purposes  
 14 before any money realized by the bond issue is used."

15 **Section 44.** Section 85-7-2001, MCA, is amended to  
 16 read:

17 "85-7-2001. Limitations on debt-incurring power. (1)  
 18 The board of commissioners or other officers of the district  
 19 may not incur any debt or liability, either by issuing bonds  
 20 or otherwise, except as provided in this chapter. ~~No An~~  
 21 ~~irrigation district may not~~ become indebted, in any manner  
 22 or for any purpose in any one year, in an amount exceeding  
 23 18.75% in taxable year 1989, 19.1% in taxable year 1990,  
 24 19.5% in taxable year 1991, 20% in taxable year 1992, or  
 25 20.4% in taxable year 1993 and thereafter of the assessed

1 valuation of the district, except as provided in subsection  
 2 (2).

3 (2) (a) For the purpose of organization; for any of  
 4 the immediate purposes of this chapter; to make or purchase  
 5 surveys, plans, and specifications; for stream gauging and  
 6 gathering data; or to make any repairs occasioned by any  
 7 calamity or other unforeseen contingency, the board of  
 8 commissioners may, in any one year, incur the indebtedness  
 9 of as many dollars as there are acres in the district and  
 10 may cause warrants of the district to issue therefor.

11 (b) For the purpose of organization, for any of the  
 12 immediate purposes of this chapter, or to meet the expenses  
 13 occasioned by any calamity or other unforeseen contingency,  
 14 the board of commissioners may, in any one year, incur (in  
 15 addition to the ~~18.75%~~ limitation of subsection (1)) an  
 16 additional indebtedness not exceeding 12.5% of the assessed  
 17 valuation of the district and may cause warrants of the  
 18 district to issue therefor.

19 (c) The limitation of subsection (1) does not apply to  
 20 warrants issued for unpaid interest on the valid bonds of  
 21 any irrigation district.

22 (d) The limitation of subsection (1) does not apply to  
 23 any bonds issued under this chapter pursuant to a provision  
 24 which expressly supersedes the limitation.

25 (3) Any debt or liability incurred in excess of the

1 limitations provided by the irrigation district laws is  
2 void.

3 (4) The limitation of subsection (1) does not apply to  
4 state or federal bonds used for a project authorized by the  
5 legislature."

6 NEW SECTION. Section 45. Class six property --  
7 description -- taxable percentage. (1) Class six property  
8 includes:

9 (a) livestock and other species of domestic animals  
10 and wildlife raised in domestication or a captive  
11 environment and the unprocessed products of such animals and  
12 wildlife. However, this class does not include cats, dogs,  
13 or other household pets not raised for profit.

14 (b) all unprocessed agricultural products on the farm  
15 or in storage except:

16 (i) all perishable fruits and vegetables in farm  
17 storage and owned by the producer; and

18 (ii) all producer-held grain in storage;

19 (c) all agricultural implements and equipment;

20 (d) all machinery, fixtures, equipment, tools, and  
21 supplies except those specifically included in another class  
22 or exempt from taxation under 15-6-201;

23 (e) all trailers, including those prorated under  
24 15-24-102, except those subject to taxation under 15-6-142  
25 or 61-3-504(2);

1 (f) all goods and equipment intended for rent or  
2 lease, except goods and equipment specifically included and  
3 taxed in another class;

4 (g) all other machinery except that specifically  
5 included in another class;

6 (h) buses and trucks having a rated capacity of more  
7 than three-quarters of a ton;

8 (i) truck toppers weighing more than 300 pounds;

9 (j) furniture, fixtures, and equipment, except that  
10 specifically included in another class, used in commercial  
11 establishments as defined in this section;

12 (k) x-ray and medical and dental equipment;

13 (l) radio and television broadcasting and transmitting  
14 equipment;

15 (m) cable television systems;

16 (n) coal and ore haulers;

17 (o) theater projectors and sound equipment; and

18 (p) all other property not included in any other class  
19 in this part except that property exempt from taxation or  
20 subject to a fee in lieu of a property tax.

21 (2) "Commercial establishment" includes any hotel;  
22 motel; office; petroleum marketing station; or service,  
23 wholesale, retail, or food-handling business.

24 (3) Class six property is taxed at 4% of its market  
25 value.



**NEW SECTION. Section 46. Reimbursement to local governments for reduced tax on personal property -- duties of county assessors, the department, and county treasurers.**

(1) Prior to September 1, 1990, each county assessor shall supply to the department for each taxing jurisdiction, except school districts, within the county:

(a) the number of mills levied in the jurisdiction for taxable year 1989;

(b) the number of mills levied in the jurisdiction for taxable year 1990;

(c) the total taxable valuation for taxable years 1989 and 1990, reported separately for each year, of all personal property not secured by real property; and

(d) the total taxable valuation for taxable years 1989 and 1990, reported separately for each year, of all personal property secured by real property.

(2) (a) Subsequent to receipt of and based on the information supplied by the assessors, the department shall calculate the amount of revenue lost to each taxing jurisdiction, except school districts, within each county of the state due to the reduction in taxable valuation resulting from the reduction in personal property tax rates or from the exemptions pursuant to 15-6-137 through 15-6-140, 15-6-201, and [section 45]. For each county, the department shall total the amounts for all taxing

jurisdictions, except school districts, within the county.

(b) For the purposes of this section, the amount totalled by the department pursuant to subsection (2)(a) is considered to be the base amount of revenue reimbursable to each respective county.

(3) For taxable year 1990 (in which local government jurisdictions will begin fiscal year 1991), the department shall remit to the county treasurer in each county 80% of the base amount of revenue reimbursable to the county as follows:

(a) on or before November 30, 1990, the department shall remit 15% of the base amount of the revenue reimbursable to the county; and

(b) on or before May 31, 1991, the department shall remit 15% of the base amount of the revenue reimbursable to the county.

(4) For taxable year 1991 (in which local government jurisdictions will begin fiscal year 1992), the department shall remit to the county treasurer in each county 130% of the base amount of revenue reimbursable to the county as follows:

(a) on or before November 30, 1991, the department shall remit 65% of the base amount of the revenue reimbursable to the county; and

(b) on or before May 31, 1992, the department shall

1 remit 65% of the base amount of the revenue reimbursable to  
2 the county.

3 (5) For taxable year 1992 (in which local government  
4 jurisdictions will begin fiscal year 1993), the department  
5 shall remit to the county treasurer in each county 230% of  
6 the base amount of revenue reimbursable to the county as  
7 follows:

8 (a) on or before November 30, 1992, the department  
9 shall remit 115% of the base amount of the revenue  
10 reimbursable to the county; and

11 (b) on or before May 31, 1993, the department shall  
12 remit 115% of the base amount of the revenue reimbursable to  
13 the county.

14 (6) For taxable year 1993 (in which local government  
15 jurisdictions will begin fiscal year 1994), the department  
16 shall remit to the county treasurer in each county 330% of  
17 the base amount of revenue reimbursable to the county as  
18 follows:

19 (a) on or before November 30, 1993, the department  
20 shall remit 165% of the base amount of the revenue  
21 reimbursable to the county; and

22 (b) on or before May 31, 1994, the department shall  
23 remit 165% of the base amount of the revenue reimbursable to  
24 the county.

25 (7) For taxable year 1994 (in which local government

1 jurisdictions will begin fiscal year 1995), the department  
2 shall remit to the county treasurer in each county 400% of  
3 the base amount of revenue reimbursable to the county as  
4 follows:

5 (a) on or before November 30, 1994, the department  
6 shall remit 200% of the base amount of the revenue  
7 reimbursable to the county; and

8 (b) on or before May 31, 1995, the department shall  
9 remit 200% of the base amount of the revenue reimbursable to  
10 the county.

11 (8) For taxable years subsequent to taxable year 1994,  
12 the department shall remit the same amounts in the same  
13 manner calculated and remitted pursuant to subsections  
14 (7)(a) and (7)(b).

15 (9) Upon receipt of the remittance from the department  
16 pursuant to subsections (3) through (8), the county  
17 treasurer shall distribute to each taxing jurisdiction the  
18 appropriate proportionate amount of the funds received from  
19 the department.

20 NEW SECTION. **Section 47.** Appropriation for  
21 reimbursement to local governments. The following amounts  
22 are statutorily appropriated, as provided in 17-7-502, from  
23 the general fund to the department of revenue for the  
24 purpose of distributing personal property tax reduction  
25 reimbursements as provided in [section 46]:

(1) for fiscal year 1990, 30% of the amount calculated by the department in [section 46(2)(b)] as the base amount of revenue reimbursable to each respective county, but not to exceed \$1,145,000;

(2) for fiscal year 1991, 130% of the amount calculated by the department in [section 46(2)(b)] as the base amount of revenue reimbursable to each respective county, but not to exceed \$4,945,000;

(3) for fiscal year 1992, 230% of the amount calculated by the department in [section 46(2)(b)] as the base amount of revenue reimbursable to each respective county, but not to exceed \$8,748,000;

(4) for fiscal year 1993, 330% of the amount calculated by the department in [section 46(2)(b)] as the base amount of revenue reimbursable to each respective county, but not to exceed \$12,552,000; and

(5) for fiscal year 1994 and for each fiscal year thereafter, 400% of the amount calculated by the department in [section 46(2)(b)] as the base amount of revenue reimbursable for each respective county, but not to exceed \$15,266,000.

**NEW SECTION. Section 48. Appropriation for reimbursement to schools.** The following amounts are statutorily appropriated, as provided in 17-7-502, from the general fund to the state special revenue fund for state

equalization aid to public schools of the state, provided in 20-9-343, for the purpose of reimbursing schools for reductions in tax rates on personal property:

(1) for fiscal year 1990, \$1.5 million;

(2) for fiscal year 1991, \$6.4 million;

(3) for fiscal year 1992, an amount calculated by the department as the amount of revenue reimbursable to schools as a result of the reductions in tax rates applicable to personal property, but not to exceed \$11.5 million; and

(4) for fiscal year 1993 and for each fiscal year thereafter, an amount calculated by the department as the amount of revenue reimbursable to schools as a result of the reductions in tax rates applicable to personal property, but not to exceed \$16.5 million in 1993 or in any subsequent fiscal year.

**NEW SECTION. Section 49. Repealer.** (1) Sections 15-6-136, 15-6-138 through 15-6-140, MCA, are repealed.

(2) Section 15-6-146, MCA, is repealed.

**NEW SECTION. Section 50. Codification instruction.** [Section 45] is intended to be codified as an integral part of Title 15, chapter 6, part 1, and the provisions of Title 15, chapter 6, part 1, apply to [section 45].

**NEW SECTION. Section 51. Code commissioner instruction.** (1) The code commissioner is instructed to change the property class designations for sections in Title

1 15, chapter 6, part 1, as follows:

2 (a) property in [section 45] is designated as class  
3 six;

4 (b) property in 15-6-141 is redesignated as class  
5 eight;

6 (c) property in 15-6-142 is redesignated as class  
7 nine;

8 (d) property in 15-6-143 is redesignated as class ten;

9 (e) property in 15-6-144 is redesignated as class  
10 eleven;

11 (f) property in 15-6-145 is redesignated as class  
12 twelve;

13 (g) property in 15-6-147 is redesignated as class  
14 thirteen;

15 (h) property in 15-6-148 is redesignated as class  
16 fourteen;

17 (i) property in 15-6-149 is redesignated as class  
18 fifteen;

19 (j) property in 15-6-150 is redesignated as class  
20 sixteen.

21 (2) The code commissioner is instructed to change all  
22 property class references in the code to reflect the  
23 redesignations set forth in subsection (1).

24 **NEW SECTION. Section 52.** Extension of authority. Any  
25 existing authority to make rules on the subject of the

1 provisions of [this act] is extended to the provisions of  
2 [this act].

3 **NEW SECTION. Section 53.** Effective date --  
4 applicability. [This act] is effective July 1, 1989, and  
5 applies as follows:

6 (1) [Sections 1 through 21, 31, 32, 34, 35, 41 through  
7 44, 51, 52 and this section] apply retroactively, within the  
8 meaning of 1-2-109, to taxable years beginning after  
9 December 31, 1988.

10 (2) [Sections 33, 40, and 46 through 48] apply July 1,  
11 1989.

12 (3) [Sections 36 and 38] apply July 1, 1989, if \_\_\_\_  
13 Bill No. \_\_\_\_ [LC No. 1223] is passed and approved, and if  
14 \_\_\_\_ Bill No. \_\_\_\_ [LC No. 1223] is not passed and approved,  
15 [sections 36 and 38] are void.

16 (4) [Sections 37 and 39] apply July 1, 1989, if \_\_\_\_  
17 Bill No. \_\_\_\_ [LC No. 1223] is not passed and approved, and  
18 if \_\_\_\_ Bill No. \_\_\_\_ [LC No. 1223] is passed and approved,  
19 [sections 37 and 39] are void.

20 (5) [Sections 22 through 28 and 49(2)] apply January  
21 1, 1990, to taxable years beginning after December 31, 1989.

22 (6) [Sections 29, 45, 49(1), and 50] apply January 1,  
23 1993, to taxable years beginning after December 31, 1992.

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB451, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act reducing to a single rate, over a 4-year period, the tax rates on property in classes seven through ten and on property formerly in class sixteen; combining, in 1993, property in several classes into one property tax class; revising county classifications and the debt limitations of local governments, including schools, to reflect the changes in tax rates; providing mechanisms to replace, with state general fund revenues, reductions in revenues due to reductions in personal property tax rates; statutorily appropriating funds to local governments and, through the foundation program, to schools to replace reductions in revenues due to reductions in personal property tax rates; and providing an effective date and applicability dates.

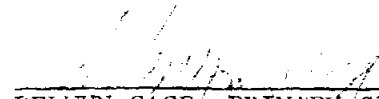
ASSUMPTIONS:

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 personal property in classes seven, eight, nine, ten and sixteen is \$252,785,659 in tax year 1988 and is assumed constant in future years under current law.
3. Under this proposal, the taxable valuation of personal property is reduced a total of \$46,100,535 in tax year 1990 and a total of \$86,170,733 in tax year 1991.
4. It is assumed that unsecured personal property represents 30 percent of all personal property.
5. Under this proposal, the taxable valuation of real property in class 7 is reduced a total of \$66,048 in tax year 1990 and a total of \$132,095 in tax year 1991.
6. Based on 1988 taxable values and mill levies, it is estimated the proposed reductions in property tax rates will reduce revenues from property taxation for county and city governments by \$1,260,927 in FY90 and \$5,283,267 in FY91.
7. Based on 1988 taxable values and mill levies, it is estimated that the base amount of revenue reimbursable to county and city governments (section 46 (2)(b) of the proposal) will be \$4,203,090.
8. It is estimated that the proposal will reimburse to county and city governments \$1,145,000 in FY90 and \$4,945,000 in FY91 for reduced tax on personal property.
9. Based on 1988 taxable values and mill levies, it is estimated the proposed reductions in property tax rates will reduce revenues from property taxation for local school districts by \$1,715,787 in FY90 and \$7,212,019 in FY91.
10. It is estimated that the proposal will reimburse to local school districts \$1,500,000 in FY90 and \$6,400,000 in FY91 for reduced tax on personal property.
11. Mill levies are 6 mills for universities and 45 mills for the school foundation program. The fiscal note itemizes the impact to both, although the proposal does not provide for any reimbursement.



DATE 2/23/89

RAY SHACKLEFORD, BUDGET DIRECTOR  
OFFICE OF BUDGET AND PROGRAM PLANNING

  
DELWYN GAGE, PRIMARY SPONSOR

DATE 2/27/89

Fiscal Note for SB451, as introduced**SB 451**

Fiscal Note Request, SB451 as introduced

Form BD-15

Page 2

FISCAL IMPACT:

Revenue Impact:

Impact on the University Levy and School Equalization:

	<u>FY90</u>			<u>FY91</u>		
	<u>Current</u>	<u>Proposed</u>		<u>Current</u>	<u>Proposed</u>	
	<u>Law</u>	<u>Law</u>	<u>Difference</u>	<u>Law</u>	<u>Law</u>	<u>Difference</u>
University Levy	\$11,400,000	\$11,316,900	(\$83,100)	\$11,219,000	\$10,869,755	(\$349,245)
School Equalization	85,499,000	84,875,751	(623,249)	84,142,000	81,522,664	(2,619,336)
Total	\$96,899,000	\$96,192,651	(\$706,349)	\$95,361,000	\$92,392,419	(\$2,968,581)

For FY92 it is estimated the proposal will reduce revenue for the universities and school foundation program by \$590,062 and \$4,425,467, respectively. For FY93, the proposal is expected to reduce revenues for universities and the school foundation program by \$830,876 and \$6,231,571, respectively. For FY94, and each subsequent fiscal year, the proposal is expected to reduce revenues for universities and the school foundation program by \$999,470 and \$7,495,799, respectively.

Impact on the General Fund:

<u>Fiscal Year</u>	<u>Reimbursement</u> <u>to Universities</u> <u>and SFP</u>	<u>* Reimbursement</u> <u>Counties</u> <u>and Cities</u>	<u>** Reimbursement</u> <u>Local</u> <u>Schools</u>	<u>Total Reduction</u> <u>to the</u> <u>General Fund</u>
1990	\$ 706,349	\$ 1,145,000	\$ 1,500,000	\$ 3,351,349
1991	\$ 2,968,580	\$ 4,945,000	\$ 6,400,000	\$14,313,580
1992	\$ 5,015,529	\$ 8,748,000	\$11,500,000	\$25,263,529
1993	\$ 7,062,447	\$12,552,000	\$16,500,000	\$36,114,447
1994 and beyond	\$ 8,495,239	\$15,266,000	\$16,500,000	\$40,261,239

\* Based on the estimated base amount of revenue reimbursable to county and city governments (section 46(2)(b) of the proposal) and the reimbursement schedule in section 47 of the proposal.

\*\* Based on the estimated amount of revenue loss to local school districts as a result of the reductions in tax rates applicable to personal property and the reimbursement schedule in section 48 of the proposal.

EFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

The impact on local governments is based on the expected reductions of property tax revenues as a result of rate reductions and exemptions included in the proposal, and the amount of reimbursement based on the reimbursement schedules in sections 47 and 48 of the proposal.

Impact on Counties and Cities:

<u>Fiscal Year</u>	<u>Estimated Reduction of Property Tax Revenues</u>	<u>Reimbursement from the General Fund</u>	<u>Net Change</u>
1990	\$ 1,260,927	\$ 1,145,000	(\$115,927)
1991	\$ 5,283,267	\$ 4,945,000	(\$338,267)
1992	\$ 8,860,308	\$ 8,748,000	(\$112,308)
1993	\$12,437,349	\$12,552,000	\$114,651
1994 and beyond	\$14,941,277	\$15,266,000	\$324,723

Impact on Local School Districts:

<u>Fiscal Year</u>	<u>Estimated Reduction of Property Tax Revenues</u>	<u>Reimbursement from the General Fund</u>	<u>Net Change</u>
1990	\$ 1,715,787	\$ 1,500,000	(\$215,787)
1991	\$ 7,212,019	\$ 6,400,000	(\$812,019)
1992	\$12,156,669	\$11,500,000	(\$656,669)
1993	\$17,101,319	\$16,500,000	(\$601,319)
1994 and beyond	\$20,562,574	\$16,500,000	(\$4,062,574)

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

The reimbursement schedule for county and city governments in section 46 does not match the appropriation schedule in section 47. The net change in revenue for county and city governments when using the schedule in section 47 is (\$115,927) for FY90 and (\$338,267) for FY91 (see the table Impact on Counties and Cities on this page). The net change in revenue for county and city governments when using the schedule in section 46 is (\$1,260,927) in FY90 and (\$4,022,340) in FY91.

In section 46 (3), the amount the department shall remit to the county treasurer in each county is stated to be "80%". It was assumed for the purposes of this note that the amount was intended to be 30%.

Section 53 sets the effective date of section 51 (reclassifying property classes) to be for taxable years beginning after December 31, 1988. This would cause reclassification of classes over existing classes for tax year 1989.

The proposal does not contain provisions addressing how the reimbursement funds are to be distributed in the case where the reimbursement funds are capped out (sections 47 and 48).

The proposal does not contain provisions for reimbursement to the statewide levies for universities (6 mills) and the School Foundation Program (45 mills).