

SENATE BILL NO. 197INTRODUCED BY Sage

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE COMPUTATION OF THE STATE LAND EQUALIZATION PAYMENT TO FULLY REIMBURSE COUNTIES FOR LOST TAXES BECAUSE OF STATE LANDS WITHIN THE COUNTIES; REVISING THE LAND TO WHICH PAYMENTS APPLY; AMENDING SECTIONS 77-1-501, 77-1-502, AND 77-1-504, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

Section 1. Section 77-1-501, MCA, is amended to read:

"**77-1-501. List of state lands by county.** (1) The department shall, before the first Monday of April of ~~every~~ each year, prepare and transmit a statement to the department of revenue that designates each county in which the state has real property that is not excluded under subsection (2) in excess of 6% of the total land area of the county and from which the state derives grazing, agricultural, or forest income.

(2) Subsection (1) does not apply to land used for highway rights-of-way or to land occupied by an institution or a unit of the university system.

(3) The statement required under subsection (1) must contain the total number of acres of applicable land owned by the state in that county and list the acres separately as grazing, agricultural, or forest land to the type of land classification."

Section 2. Section 77-1-502, MCA, is amended to read:

"**77-1-502. Computation of state land equalization payment.** (1) The department of revenue shall compute the amount of taxes ~~which~~ that would be payable on the county assessments of ~~said property state land~~ as if it were owned by and taxable to a taxpayer of ~~such~~ the county in which the land is located.

(2) If the land is not classified, the ~~sum to be listed shall~~ amount must be determined by the average tax payment made on ~~like~~ similar property within the county where ~~said the~~ the land is ~~situated, not to exceed 12 cents per grazing acre, 35 cents per agricultural acre, and 12 cents per forest acre located.~~
The average tax may be derived from the most recent biennial report of the department of revenue. The

1 total figure arrived at ~~by this method shall be called the gross assessment figure.~~

2 ~~(3) The county exemption factor shall be determined by dividing the percentage the state owned~~
3 ~~land bears to the total land area of the county into 6%. This quotient shall be multiplied by the gross~~
4 ~~assessment figure, and the product is called the state exemption figure.~~

5 ~~(4) The state exemption figure shall be subtracted from the gross assessment to give~~ is ~~the state~~
6 land equalization payment."

7

8 **Section 3.** Section 77-1-504, MCA, is amended to read:

9 "77-1-504. **Processing of statements.** The department shall examine for accuracy the statement
10 returned by the department of revenue, ~~and the state land equalization payment may not be approved~~
11 ~~unless the state exemption figure is deducted from the gross assessment figure in the statement.~~ The
12 department shall, before November 1 of each year, prepare and file a claim with the department of
13 administration for all counties that are eligible for state land equalization payments, and this claim must
14 show the amount of money each eligible county will receive."

15

16 NEW SECTION. **Section 4. Applicability.** [This act] applies to tax years commencing on or after
17 January 1, 1996.

18

19 NEW SECTION. **Section 5. Effective date.** [This act] is effective on passage and approval.

20

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0197, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act revising the computation of the state land equalization payment to fully reimburse counties for lost taxes because of state lands within the counties; revising land to which payments apply; and providing an immediate effective date and an applicability date.

ASSUMPTIONS:

1. The amount appropriated for state land equalization payments for the biennium is not impacted by this proposal. The amount appropriated is \$265,000 per year. This is the amount that has been appropriated for state land equalization payments since 1986. Historically, the amount of money claimed by the counties as computed under current law exceeds the appropriation for payments. This has meant that the amount of money claimed by the counties has been prorated so that the total amount paid out has matched the appropriated amount.
2. Under assumption 1 (the appropriation is unchanged), the proposal results in redistributing the money appropriated for state land equalization payments to all counties with state lands.
3. For FY95 the amount of payment claimed by the counties receiving a state equalization payment averaged \$0.63 per acre. Given a total of 5,153,000 acres of state lands in all counties and an average claim of \$0.63 per acre, to fully reimburse all counties would require \$3,250,000 per year.

FISCAL IMPACT:

Expenditures:

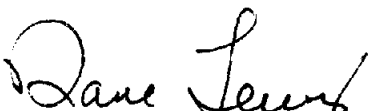
If the appropriation for state land equalization payments remains at \$265,000 (assumption 1), then the proposal has no impact on expenditures.


If the appropriation for state land equalization payments is made to fully reimburse counties (assumption 3), then the proposal results in a reduction of the general fund of \$2,985,000 in FY 97.

Revenues:

If the appropriation for state land equalization payments remains at \$265,000 (assumption 1), then the proposal has no impact on revenues other than to result in a redistribution of state land equalization payments to all counties.

(continued page 2)

 1-24-95
DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

 1-24-95
DELWYN GAGE, PRIMARY SPONSOR DATE
Fiscal Note for SB0197, as introduced
SB 197

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

If the appropriation for state land equalization payments remains at \$265,000 (assumption 1), then the proposal has no impact on revenues other than to result in a redistribution of state land equalization payments to all counties. Under current law, in FY95, twenty counties received a state land equalization payment. Under the proposal all counties with qualifying state lands would receive a payment. This will result in a reduction of revenues for those counties that have received payments in the past and an increase in revenues for those counties that have not received payments under current law.

If the appropriation for state land equalization payments is made to fully reimburse counties (assumption 3), then the proposal results in an increase \$2,985,000 in FY97 to be shared by elementary schools (60%) and county road funds (40%).

TECHNICAL NOTES:

In order for the Department of Revenue to compute the amount of state land equalization payment as provided in the proposal would require the location of state lands (for applicable mill levies) in addition to the total number of state land acres by classification already provided by the Department of State Lands (77-1-501, MCA).

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16 ~~the total land area of the county and from which the state derives grazing, agricultural, or forest income.~~

17 (2) Subsection (1) does not apply to land used for highway rights-of-way or to land occupied by
18 an institution, EXCEPT FOR LAND USED FOR THE MONTANA STATE PRISON RANCH, or a unit of the
19 university system.

20 (3) The statement required under subsection (1) must contain the total number of acres of
21 applicable land owned by the state in that county and list the acres separately as ~~grazing, agricultural, or~~
22 ~~forest land~~ to the type of land classification.
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24 **Section 2.** Section 77-1-502, MCA, is amended to read:

25 **"77-1-502. Computation of state land equalization payment.** (1) The department of revenue shall
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