

1 HOUSE BILL NO. 176

2 INTRODUCED BY ORR

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A COUNTY, BY VOTE OF THE ELECTORATE, TO
5 LEVY NOT MORE THAN 2 MILLS FOR COUNTY SEARCH AND RESCUE ACTIVITIES; EXCLUDING A VOTED
6 LEVY FOR SEARCH AND RESCUE UNITS FROM PROPERTY TAX LIMITS; AMENDING SECTIONS 7-32-235
7 AND 15-10-412, MCA; AND PROVIDING AN EFFECTIVE DATE."

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10
11 **Section 1.** Section 7-32-235, MCA, is amended to read:

12 **"7-32-235. Search and rescue units authorized -- under control of county sheriff -- optional**
13 **funding.** (1) A county may establish or recognize one or more search and rescue units within the county.

14 (2) Except in time of martial rule as provided in 10-1-106, search and rescue units and their officers
15 are under the operational control and supervision of the county sheriff, or the sheriff's designee, having
16 jurisdiction and whose span of control would be considered within reasonable limits.

17 (3) A county may, after approval by a majority of the people voting on the question at an election
18 held throughout the county, levy an annual tax of not more than ~~1 mill~~ 2 mills on each dollar of taxable
19 value of all taxable property within the county to support one or more search and rescue units established
20 or recognized under subsection (1). The election must be held in conjunction with a regular or primary
21 election."

22
23 **Section 2.** Section 15-10-412, MCA, is amended to read:

24 **"15-10-412. Property tax limited to 1986 levels -- clarification -- extension to all property classes.**

25 Section 15-10-402 is interpreted and clarified as follows:

26 (1) The limitation to 1986 levels is extended to apply to all classes of property described in Title
27 15, chapter 6, part 1.

28 (2) The limitation on the amount of taxes levied is interpreted to mean that, except as otherwise
29 provided in this section, the actual tax liability for an individual property is capped at the dollar amount due
30 in each taxing unit for the 1986 tax year. In tax years thereafter, the property must be taxed in each taxing

1 unit at the 1986 cap or the product of the taxable value and mills levied, whichever is less for each taxing
2 unit, except in a taxing unit that levied a tax in tax years 1983 through 1985 but did not levy a tax in
3 1986, in which case the actual tax liability for an individual property is capped at the dollar amount due in
4 that taxing unit for the 1985 tax year.

5 (3) The limitation on the amount of taxes levied does not prohibit a further increase in the total
6 taxable valuation of a taxing unit as a result of:

- 7 (a) annexation of real property and improvements into a taxing unit;
- 8 (b) construction, expansion, or remodeling of improvements;
- 9 (c) transfer of property into a taxing unit;
- 10 (d) subdivision of real property;
- 11 (e) reclassification of property;
- 12 (f) increases in the amount of production or the value of production for property described in
13 15-6-131 or 15-6-132;
- 14 (g) transfer of property from tax-exempt to taxable status; or
- 15 (h) revaluations caused by:
 - 16 (i) cyclical reappraisal; or
 - 17 (ii) expansion, addition, replacement, or remodeling of improvements.

18 (4) The limitation on the amount of taxes levied does not prohibit a further increase in the taxable
19 valuation or in the actual tax liability on individual property in each class as a result of:

- 20 (a) a revaluation caused by:
 - 21 (i) construction, expansion, replacement, or remodeling of improvements that adds value to the
22 property; or
 - 23 (ii) cyclical reappraisal;
- 24 (b) transfer of property into a taxing unit;
- 25 (c) reclassification of property;
- 26 (d) increases in the amount of production or the value of production for property described in
27 15-6-131 or 15-6-132;
- 28 (e) annexation of the individual property into a new taxing unit; or
- 29 (f) conversion of the individual property from tax-exempt to taxable status.

30 (5) Property in class four is valued according to the procedures used in 1986, including the

1 designation of 1982 as the base year, until the reappraisal cycle beginning January 1, 1986, is completed
2 and new valuations are placed on the tax rolls and a new base year designated, if the property is:

- 3 (a) new construction;
- 4 (b) expanded, deleted, replaced, or remodeled improvements;
- 5 (c) annexed property; or
- 6 (d) property converted from tax-exempt to taxable status.

7 (6) Property described in subsections (5)(a) through (5)(d) that is not class four property is valued
8 according to the procedures used in 1986 but is also subject to the dollar cap in each taxing unit based on
9 1986 mills levied.

10 (7) The limitation on the amount of taxes, as clarified in this section, is intended to leave the
11 property appraisal and valuation methodology of the department of revenue intact. Determinations of
12 county classifications, salaries of local government officers, and all other matters in which total taxable
13 valuation is an integral component are not affected by 15-10-401 and 15-10-402 except for the use of
14 taxable valuation in fixing tax levies. In fixing tax levies, the taxing units of local government may anticipate
15 the deficiency in ~~revenues~~ revenue resulting from the tax limitations in 15-10-401 and 15-10-402, while
16 understanding that regardless of the amount of mills levied, a taxpayer's liability may not exceed the dollar
17 amount due in each taxing unit for the 1986 tax year unless:

18 (a) except as provided in subsection (8)(a), the taxing unit's taxable valuation decreases by 5%
19 or more from the 1986 tax year. If a taxing unit's taxable valuation decreases by 5% or more from the
20 1986 tax year, it may levy additional mills to compensate for the decreased taxable valuation, but the mills
21 levied may not exceed a number calculated to equal the revenue from property taxes for the 1986 tax year
22 in that taxing unit.

23 (b) a levy authorized under Title 20 raised less revenue in 1986 than was raised in either 1984 or
24 1985, in which case the taxing unit may, after approval by the voters in the taxing unit, raise each year
25 thereafter an additional number of mills but may not levy more revenue than the 3-year average of revenue
26 raised for that purpose during 1984, 1985, and 1986;

27 (c) a levy authorized in 50-2-111 that was made in 1986 was for less than the number of mills
28 levied in either 1984 or 1985, in which case the taxing unit may, after approval by the voters in the taxing
29 unit, levy each year thereafter an additional number of mills but may not levy more than the 3-year average
30 number of mills levied for that purpose during 1984, 1985, and 1986.

1 (8) (a) Except as provided in subsection (8)(b), if a taxing unit has levied additional mills under
 2 subsection (7)(a) to compensate for a decrease in taxable valuation, it may continue to levy additional mills
 3 to equal the revenue from property taxes for the 1986 tax year when the taxing unit's taxable valuation
 4 is greater than 95% but less than 100% of the taxing unit's taxable valuation in tax year 1986.

5 (b) When the taxable valuation of a taxing unit that levied additional mills under subsection (7)(a)
 6 or (8)(a) is equal to or greater than the taxing unit's taxable valuation in tax year 1986, it may not levy
 7 additional mills to compensate for a subsequent decrease in taxable valuation unless the conditions of
 8 subsection (7)(a) are satisfied.

9 (9) The limitation on the amount of taxes levied does not apply to the following levy or special
 10 assessment categories, whether or not they are based on commitments made before or after approval of
 11 15-10-401 and 15-10-402:

- 12 (a) rural improvement districts;
- 13 (b) special improvement districts;
- 14 (c) levies pledged for the repayment of bonded indebtedness, including tax increment bonds;
- 15 (d) city street maintenance districts;
- 16 (e) tax increment financing districts;
- 17 (f) satisfaction of judgments against a taxing unit;
- 18 (g) street lighting assessments;
- 19 (h) revolving funds to support any categories specified in this subsection (9);
- 20 (i) levies for economic development authorized pursuant to 90-5-112(4);
- 21 (j) levies authorized under 7-6-502 for juvenile detention programs;
- 22 (k) levies authorized under 76-15-531 and 76-15-532 for conservation district special
 23 administrative assessments;
- 24 (l) elementary and high school districts; ~~and~~
- 25 (m) voted poor fund levies authorized under 53-2-322; and
- 26 (n) voted levies for search and rescue units under 7-32-235.

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

- 30 (a) a finding that there are insufficient funds to adequately operate the taxing unit as a result of

1 15-10-401 and 15-10-402;

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

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

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

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

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

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

8 (11) (a) The limitation on the amount of taxes levied does not apply to levies required to address
9 the funding of relief of suffering of inhabitants caused by famine, conflagration, or other public calamity.

10 (b) The limitation set forth in this chapter on the amount of taxes levied does not apply to levies
11 to support:

12 (i) a city-county board of health, as provided in Title 50, chapter 2, if the governing bodies of the
13 taxing units served by the board of health determine, after a public hearing, that public health programs
14 require funds to ensure the public health. A levy for the support of a local board of health may not exceed
15 the 5-mill limit established in 50-2-111.

16 (ii) county, city, or town ambulance services authorized by a vote of the electorate under
17 7-34-102(2); and

18 (iii) a rail authority, as provided in Title 7, chapter 14, part 16, authorized by a board of county
19 commissioners. A levy for the support of a rail authority may not exceed the 6-mill limit established in
20 7-14-1632.

21 (12) The limitation on the amount of taxes levied by a taxing jurisdiction subject to a statutory
22 maximum mill levy does not prevent a taxing jurisdiction from increasing its number of mills beyond the
23 statutory maximum mill levy to produce revenue equal to its 1986 revenue.

24 (13) The limitation on the amount of taxes levied does not apply to a levy increase to repay taxes
25 paid under protest in accordance with 15-1-402.

26 (14) A taxing jurisdiction that included special improvement district revolving fund levies in the
27 limitation on the amount of taxes levied prior to April 22, 1993, may continue to include the amount of the
28 levies within the dollar amount due in each taxing unit for the 1986 tax year even if the necessity for the
29 revolving fund has diminished and the levy authority has been transferred."

30

1 NEW SECTION. **Section 3. Effective date.** [This act] is effective July 1, 1997.

2 -END-

APPROVED BY COM
ON TAXATION

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A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING A COUNTY, BY VOTE OF THE ELECTORATE, TO LEVY NOT MORE THAN 2 MILLS FOR COUNTY SEARCH AND RESCUE ACTIVITIES; EXCLUDING A VOTED LEVY FOR SEARCH AND RESCUE UNITS FROM PROPERTY TAX LIMITS; AMENDING SECTIONS 7-32-235 AND 15-10-412, MCA; AND PROVIDING AN EFFECTIVE DATE."

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

THERE ARE NO CHANGES IN THIS BILL AND IT WILL NOT BE REPRINTED. PLEASE REFER TO INTRODUCED COPY (WHITE) FOR COMPLETE TEXT.