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 2 INTRODUCED BY *Senate* BILL NO. *319*
 3 *Mark Ellis HARP* *Factor*
 4 *Ed the Valleyburg* *Sam Kirk* *Maria*

5 A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE PROPERTY TAX LIMITATIONS IMPLEMENTING
 6 INITIATIVE MEASURE NO. 105 BY CHANGING THE EXCEPTIONS TO THE LIMITATIONS; PROVIDING THAT
 7 PROPERTY TAXES ARE CAPPED AT 1996 LEVELS; PROVIDING THAT THE ELECTORS OF A TAXING UNIT
 8 MAY AUTHORIZE MILL LEVIES THAT EXCEED THE LIMITATIONS OF TITLE 15, CHAPTER 10, PART 4,
 9 MCA; REVISING STATEWIDE MILL LEVIES AND CERTAIN MILL LEVIES FIXED BY LAW; AMENDING
 10 SECTIONS 7-6-2514, 15-10-106, 15-10-401, 15-10-402, 15-10-412, 15-36-323, 20-9-331, 20-9-333,
 11 20-9-360, 20-25-439, 53-2-801, 53-2-813, AND 90-5-112, MCA; REPEALING SECTION 15-10-411, MCA;
 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

12
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14
 15 **Section 1.** Section 7-6-2514, MCA, is amended to read:

16 **"7-6-2514. Tax limitation applicable.** The property tax limitation ~~to 1986 levels~~ under Title 15,
 17 chapter 10, part 4, applies to the county public safety levy authorized in 7-6-2513. The limitation is
 18 determined by the total tax levied for the county general fund. The first year a county public safety tax is
 19 levied, the public safety levy and the general fund levy may not exceed the prior year's county general fund
 20 levy. In subsequent years, any increases in the public safety levy and the general fund levy are limited
 21 under Title 15, chapter 10, part 4."

22
 23 **Section 2.** Section 15-10-106, MCA, is amended to read:

24 **"15-10-106. (Temporary) Tax levy for university system.** There is levied upon the taxable value
 25 of all real and personal property subject to taxation in the state of Montana ~~6 5.1 mills or so much thereof~~
 26 ~~as is the number of mills~~ necessary to raise the amount appropriated by the legislature from the state
 27 special revenue fund for the support, maintenance, and improvement of the Montana university system;
 28 ~~as provided in referendum measure No. 106 passed by vote of the people at the general election held~~
 29 ~~November 8, 1988.~~ The funds raised from the levy must be deposited in the state special revenue fund.
 30 (Terminates January 1, 1999--sec. 3, Ch. 588, L. 1989.)"

1 **Section 3.** Section 15-10-401, MCA, is amended to read:

2 "**15-10-401. Declaration of policy.** (1) The state of Montana's reliance on the taxation of property
3 to support education and local government has placed an unreasonable burden on the owners of all classes
4 ~~three, four, six, nine, twelve, and fourteen~~ of property, ~~as these classes are defined~~ described in Title 15,
5 chapter 6, part 1.

6 ~~(2) The legislature's failure to give local governments and local school districts the flexibility to~~
7 ~~develop alternative sources of revenue will only lead to increases in the tax burden on the already~~
8 ~~overburdened property taxpayer.~~

9 ~~(3) The legislature is the appropriate forum to make the difficult and complex decisions to develop:~~

10 ~~(a) a tax system that is fair to property taxpayers; and~~

11 ~~(b) a method of providing adequate funding for local government and education.~~

12 ~~(4) The legislature has failed in its responsibility to taxpayers, education, and local government to~~
13 ~~relieve the tax burden on property classes three, four, six, nine, twelve, and fourteen.~~

14 ~~(5)~~(2) The people of the state of Montana declare it is the policy of the state of Montana that no
15 further property tax increases be imposed on property ~~classes three, four, six, nine, twelve, and fourteen~~
16 as provided in 15-10-412."

17

18 **Section 4.** Section 15-10-402, MCA, is amended to read:

19 "**15-10-402. Property tax limited to ~~1986~~ 1996 levels.** ~~(1)~~ Except as provided in ~~subsections (2)~~
20 ~~and (3)~~ 15-10-412, the amount of taxes levied on property described in ~~15-6-133, 15-6-134, and 15-6-136~~
21 Title 15, chapter 6, part 1, may not, for any taxing jurisdiction, exceed the amount levied for taxable tax
22 year ~~1986~~ 1996.

23 ~~(2) The limitation contained in subsection (1) does not apply to levies for rural improvement~~
24 ~~districts, Title 7, chapter 12, part 21; special improvement districts, Title 7, chapter 12, part 41; elementary~~
25 ~~and high school districts, Title 20; juvenile detention programs authorized under 7-6-502; or bonded~~
26 ~~indebtedness.~~

27 ~~(3) New construction or improvements to or deletions from property described in subsection (1)~~
28 ~~are subject to taxation at 1986 levels.~~

29 ~~(4) As used in this section, the "amount of taxes levied" and the "amount levied" mean the actual~~
30 ~~dollar amount of taxes imposed on an individual piece of property, notwithstanding an increase or decrease~~

1 in value due to inflation, reappraisal, adjustments in the percentage multiplier used to convert appraised
 2 value to taxable value, changes in the number of mills levied, or increase or decrease in the value of a mill."

3
 4 **Section 5.** Section 15-10-412, MCA, is amended to read:

5 **"15-10-412. Property tax limited to 1986 1996 levels -- clarification -- extension to all property**
 6 **classes exceptions.** Section 15-10-402 is ~~interpreted and clarified~~ implemented as follows:

7 (1) ~~The limitation to 1986 levels is extended to apply to all classes of property described in Title~~
 8 ~~15, chapter 6, part 1.~~

9 ~~(2)~~ (2) The limitation on the amount of taxes levied is ~~is interpreted to mean~~ means that, except as
 10 otherwise provided in this section, the ~~actual tax liability for an individual property~~ total amount of taxes
 11 levied by each taxing unit is capped at the dollar amount ~~due~~ levied in each taxing unit for the ~~1986~~ 1996
 12 tax year. ~~In tax years thereafter, the property must be taxed in each taxing unit at the 1986 cap or the~~
 13 ~~product of the taxable value and mills levied, whichever is less for each taxing unit, except in a taxing unit~~
 14 ~~that levied a tax in tax years 1983 through 1985 but did not levy a tax in 1986, in which case the actual~~
 15 ~~tax liability for an individual property is capped at the dollar amount due in that taxing unit for the 1985~~
 16 ~~tax year~~ The governing body of a taxing unit shall adjust mill levies to compensate for any increase in
 17 taxable valuation to ensure that taxes levied do not exceed the amount levied in 1996.

18 ~~(3)~~ (2) The limitation on the amount of taxes levied does not prohibit ~~a further~~ an increase in the
 19 total ~~taxable valuation of~~ taxes levied by a taxing unit as a result of:

- 20 (a) annexation of real property and improvements into a taxing unit;
- 21 (b) construction, expansion, or remodeling of improvements classified under 15-6-134;
- 22 (c) transfer of property into a taxing unit;
- 23 (d) subdivision of real property;
- 24 (e) reclassification of property;
- 25 (f) increases in the amount of production or the value of production for property described in
 26 15-6-131 or 15-6-132; or
- 27 (g) transfer of property from tax-exempt to taxable status; ~~or~~
- 28 (h) ~~revaluations caused by:~~
- 29 ~~(i) cyclical reappraisal; or~~
- 30 ~~(ii) expansion, addition, replacement, or remodeling of improvements.~~

1 ~~(3) The limitation on the amount of taxes levied does not prohibit an increase in the total taxes~~
 2 ~~levied by a taxing unit in order to compensate the taxing unit for any loss in the total amount of nonlevy~~
 3 ~~revenue received in 1996 from taxes imposed under Title 15, chapter 23, part 7, and Title 15, chapter 36,~~
 4 ~~part 3.~~

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

7 ~~(a) a revaluation caused by:~~

8 ~~(i) construction, expansion, replacement, or remodeling of improvements that adds value to the~~
 9 ~~property; or~~

10 ~~(ii) cyclical reappraisal;~~

11 ~~(b) transfer of property into a taxing unit;~~

12 ~~(c) reclassification of property;~~

13 ~~(d) increases in the amount of production or the value of production for property described in~~
 14 ~~15-6-131 or 15-6-132;~~

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

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

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

20 ~~(a) new construction;~~

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

22 ~~(c) annexed property; or~~

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

24 ~~(6) Property described in subsections (5)(a) through (5)(d) that is not class four property is valued~~
 25 ~~according to the procedures used in 1986 but is also subject to the dollar cap in each taxing unit based on~~
 26 ~~1986 mills levied.~~

27 (7)(5) The limitation on the amount of taxes, as clarified in this section, is intended to leave the
 28 property appraisal and valuation methodology methodologies of the department of revenue intact.
 29 Determinations of county classifications, salaries of local government officers, and all other matters in
 30 which total taxable valuation is an integral component are not affected by 15-10-401 and 15-10-402 except

1 for the use of taxable valuation in fixing tax levies. In fixing tax levies, the taxing units of local government
 2 may anticipate the deficiency in revenues resulting from the tax limitations in 15-10-401 and 15-10-402,
 3 while understanding that regardless of the amount of mills levied, a taxpayer's liability may not exceed the
 4 dollar amount due in each taxing unit for the 1986 tax year unless:

5 (a) ~~except as provided in subsection (8)(a), the taxing unit's taxable valuation decreases by 5%~~
 6 ~~or more from the 1986 tax year. If a taxing unit's taxable valuation decreases by 5% or more from the~~
 7 ~~1986 tax year, it may levy additional mills to compensate for the decreased taxable valuation, but the mills~~
 8 ~~levied may not exceed a number calculated to equal the revenue from property taxes for the 1986 tax year~~
 9 ~~in that taxing unit.~~

10 (b) ~~a levy authorized under Title 20 raised less revenue in 1986 than was raised in either 1984 or~~
 11 ~~1985, in which case the taxing unit may, after approval by the voters in the taxing unit, raise each year~~
 12 ~~thereafter an additional number of mills but may not levy more revenue than the 3-year average of revenue~~
 13 ~~raised for that purpose during 1984, 1985, and 1986;~~

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

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

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

26 (9) (6) The limitation on the amount of taxes levied does not apply to the following levy or special
 27 assessment categories, whether or not they are based on commitments made before or after approval of
 28 15-10-401 and 15-10-402:

29 (a) ~~rural improvement districts;~~

30 (b) ~~special improvement districts;~~

- 1 ~~(c) levies pledged for the repayment of bonded indebtedness, including tax increment bonds;~~
 2 ~~(d) city street maintenance districts;~~
 3 ~~(e) tax increment financing districts;~~
 4 ~~(f) satisfaction of judgments against a taxing unit;~~
 5 ~~(g) street lighting assessments;~~
 6 ~~(h) revolving funds to support any categories specified in this subsection (9);~~
 7 ~~(i) levies for economic development authorized pursuant to 90-5-112(4);~~
 8 ~~(j) levies authorized under 7-6-502 for juvenile detention programs;~~
 9 ~~(k) levies authorized under 76-15-531 and 76-15-532 for conservation district special~~
 10 ~~administrative assessments;~~
 11 ~~(l) elementary and high school districts; and~~
 12 ~~(m) voted poor fund levies authorized under 53-2-322 general fund of a school district that has a~~
 13 ~~general fund budget less than the BASE budget under 20-9-308.~~

14 ~~(10)(7)~~ The limitation on the amount of taxes levied does not apply in a taxing unit if the voters in
 15 the taxing unit approve an increase in tax liability mill levies ~~following a resolution of the governing body~~
 16 ~~of the taxing unit containing~~ under one of the following methods:

17 (a) If the laws governing the taxing unit or a particular fund of the taxing unit specifically allow
 18 for a vote of the electorate to impose mill levies or to change mill levies, then mill levies may be imposed
 19 or increased after approval of the electorate of the taxing unit.

20 (b) If the taxing unit or a particular fund of the taxing unit does not have a statutory basis for
 21 holding an election on whether to impose or to change a mill levy, the governing body of the taxing unit
 22 may refer the question of whether to impose or to change the mill levy to the electorate of the taxing unit.

23 The resolution must contain:

24 (i) a finding that there are insufficient funds to adequately operate the taxing unit or applicable
 25 governmental function as a result of 15-10-401 and 15-10-402 the limitations of this part;

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

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

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

29 ~~(e) (ii) a finding that there are no alternative sources of revenue; and~~

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

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

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

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

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

10 ~~(ii)~~ county, city, or town ambulance services authorized by a vote of the electorate under
11 7-34-102(2); and

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

15 ~~(12) (8)~~ The limitation on the amount of taxes levied by a taxing jurisdiction subject to a statutory
16 maximum mill levy does not prevent a taxing jurisdiction from increasing its number of mills beyond the
17 statutory maximum mill levy to produce revenue equal to its ~~1986~~ 1996 revenue.

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

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

24 (9) If a taxing unit receives a reimbursement payment under 15-1-112, then the taxing unit may not
25 increase mill levies to compensate for a loss in taxable valuation associated with reducing the tax rate in
26 15-6-138.

27 (10) When each revaluation cycle takes effect pursuant to 15-7-111, mill levies must be reduced
28 in order to compensate for an increase in taxable valuation, for reasons other than those described in
29 subsection (2), in a taxing unit as a result of cyclical reappraisal."

30

1 **Section 6.** Section 15-36-323, MCA, is amended to read:

2 "**15-36-323. Calculation of unit value.** For the purposes of distribution of oil and natural gas
3 production taxes to county and school taxing units for production from pre-1985 wells, the department
4 shall determine the unit value of oil and natural gas for each taxing unit as follows:

5 (1) Subject to the conditions of subsection (3), the unit value for oil for each taxing unit is the
6 quotient obtained by dividing the net proceeds taxes calculated on oil produced and sold in that taxing unit
7 in calendar year 1988 by the number of barrels of oil produced in that taxing unit during 1988, excluding
8 post-1985 wells.

9 (2) Subject to the conditions of subsection (3), the unit value for natural gas is the quotient
10 obtained by dividing the net proceeds taxes calculated on natural gas produced and sold in that taxing unit
11 in calendar year 1988 by the number of cubic feet of natural gas produced in that taxing unit during 1988,
12 excluding post-1985 wells.

13 (3) The amount of net proceeds taxes calculated under subsections (1) and (2) may not include
14 the amount of taxes that are attributable to a financial emergency, as described in 15-10-412(10), as that
15 subsection read on December 31, 1996, for which additional mills were levied in fiscal year 1990."

16

17 **Section 7.** Section 20-9-331, MCA, is amended to read:

18 "**20-9-331. Basic county tax and other revenues for county equalization of the elementary district**
19 **BASE funding program.** (1) The county commissioners of each county shall levy an annual basic tax of ~~33~~
20 28.3 mills on the dollar of the taxable value of all taxable property within the county, except for property
21 subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and
22 67-3-204, for the purposes of local and state BASE funding program support. The revenue collected from
23 this levy must be apportioned to the support of the elementary BASE funding programs of the school
24 districts in the county and to the state general fund in the following manner:

25 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,
26 the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE
27 funding programs of all elementary districts of the county.

28 (b) If the basic levy and other revenue prescribed by this section produce more revenue than is
29 required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds
30 to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus

1 balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the
2 fiscal year for which the levy has been set.

3 (2) The revenue realized from the county's portion of the levy prescribed by this section and the
4 revenue from the following sources must be used for the equalization of the elementary BASE funding
5 program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue
6 by the county treasurer in accordance with 20-9-212(1):

7 (a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for
8 the common school fund under the provisions of 17-3-222;

9 (b) the portion of the federal flood control act funds distributed to a county and designated for
10 expenditure for the benefit of the county common schools under the provisions of 17-3-232;

11 (c) all money paid into the county treasury as a result of fines for violations of law, except money
12 paid to a justice's court, and the use of which is not otherwise specified by law;

13 (d) any money remaining at the end of the immediately preceding school fiscal year in the county
14 treasurer's accounts for the various sources of revenue established or referred to in this section;

15 (e) any federal or state money distributed to the county as payment in lieu of property taxation,
16 including federal forest reserve funds allocated under the provisions of 17-3-213;

17 (f) gross proceeds taxes from coal under 15-23-703;

18 (g) oil and natural gas production taxes;

19 (h) anticipated local government severance tax payments for calendar year 1995 production as
20 provided in 15-36-325; and

21 (i) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
22 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204."

23
24 **Section 8.** Section 20-9-333, MCA, is amended to read:

25 "**20-9-333. Basic special levy and other revenue for county equalization of high school district**
26 **BASE funding program.** (1) The county commissioners of each county shall levy an annual basic special tax
27 for high schools of ~~22~~ 18.8 mills on the dollar of the taxable value of all taxable property within the county,
28 except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527,
29 61-3-537, and 67-3-204, for the purposes of local and state BASE funding program support. The revenue
30 collected from this levy must be apportioned to the support of the BASE funding programs of high school

1 districts in the county and to the state general fund in the following manner:

2 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,
3 the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the
4 county's high school tuition obligation and the total of the BASE funding programs of all high school
5 districts of the county.

6 (b) If the basic levy and other revenue prescribed by this section produce more revenue than is
7 required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds
8 to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus
9 balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the
10 fiscal year for which the levy has been set.

11 (2) The revenue realized from the county's portion of the levy prescribed in this section and the
12 revenue from the following sources must be used for the equalization of the high school BASE funding
13 program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue
14 by the county treasurer in accordance with 20-9-212(1):

15 (a) any money remaining at the end of the immediately preceding school fiscal year in the county
16 treasurer's accounts for the various sources of revenue established in this section;

17 (b) any federal or state money distributed to the county as payment in lieu of property taxation,
18 including federal forest reserve funds allocated under the provisions of 17-3-213;

19 (c) gross proceeds taxes from coal under 15-23-703;

20 (d) oil and natural gas production taxes;

21 (e) anticipated local government severance tax payments for calendar year 1995 production as
22 provided in 15-36-325; and

23 (f) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
24 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204."

25

26 **Section 9.** Section 20-9-360, MCA, is amended to read:

27 "**20-9-360. State equalization aid levy.** (1) There is a levy of ~~40~~ 34.3 mills imposed by the county
28 commissioners of each county on all taxable property within the state, except property for which a tax or
29 fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204.
30 Except as provided in subsection (2), proceeds of the levy must be remitted to the state treasurer and must

1 be deposited to the credit of the state general fund for state equalization aid to the public schools of
2 Montana.

3 (2) For the benefit of each municipality that created an urban renewal area and adopted a tax
4 increment financing provision for the urban renewal area prior to July 1, 1990, the state treasurer shall
5 distribute each fiscal year from the state equalization aid levy to the municipality the amount, if any, equal
6 to the product of the incremental taxable value of the urban renewal area times the reduced school levy
7 for the area, each calculated for the fiscal year. The reduced school levy for a fiscal year is the difference
8 between the aggregate amount of all property tax levies for school purposes in the urban renewal area,
9 expressed in mills, in the fiscal year ended June 30, 1989, and the aggregate amount of all property tax
10 levies for school purposes in the area or the district, expressed in mills, in the fiscal year, including the state
11 equalization aid levy. The state treasurer shall distribute the amounts to municipalities in two equal
12 installments on December 31 and June 30 of the fiscal year."
13

14 **Section 10.** Section 20-25-439, MCA, is amended to read:

15 "**20-25-439. Vocational-technical education -- mill levy required.** (1) The boards of county
16 commissioners of Cascade, Lewis and Clark, Missoula, Silver Bow, and Yellowstone Counties shall in each
17 calendar year levy a tax of ~~4-1/2~~ 1.3 mills on the dollar value of all taxable property, real and personal,
18 located within the respective county.

19 (2) The funds from the mill levy must be deposited in the general fund and must be distributed for
20 vocational-technical education on the basis of budgets approved by the board of regents."
21

22 **Section 11.** Section 53-2-801, MCA, is amended to read:

23 "**53-2-801. Purpose.** The purpose of this part is to provide for the department of public health and
24 human services to assume all responsibilities for public assistance programs and for protective services for
25 children and adults that, ~~as of July 1, 1983,~~ are provided by the counties pursuant to Titles 41 and 53. The
26 assumption may become effective only at the option and with the express consent of each individual
27 county requesting state assumption. State assumption allows counties to pay the state the proceeds from
28 the ~~9 mill~~ 7.7 mill levy provided for in 53-2-813 rather than an amount based on the actual cost of
29 providing public assistance and protective services in the county. Counties that opt for state assumption
30 may provide other optional services for indigents with money available from funds derived from the

1 difference between the ~~9 mill~~ 7.7 mill levy and the maximum amount of 13.5 mills permitted by 53-2-322."

2

3 **Section 12.** Section 53-2-813, MCA, is amended to read:

4 **"53-2-813. Mill levy for counties transferring public assistance and protective services.** (1) For
5 the purpose of this part, ~~9~~ 7.7 mills must be levied annually in those counties opting for state assumption.

6 (2) For a county electing state assumption, the proceeds of the mill levy established in subsection
7 (1) must be deposited in the state special revenue fund in the state treasury to the credit of the department
8 of public health and human services."

9

10 **Section 13.** Section 90-5-112, MCA, is amended to read:

11 **"90-5-112. Economic development levy.** (1) The governing body of a city, county, or town is
12 ~~authorized to~~ may levy up to 1 mill upon the taxable value of all the property in the city, county, or town
13 subject to taxation for the purpose of economic development. The governing body ~~may~~ shall:

14 ~~(a)~~ submit the question of the mill levy to the qualified voters voting in a city, county, or town
15 election; ~~or~~

16 ~~(b) approve the mill levy by a vote of the governing body.~~

17 (2) Funds derived from this levy may be used for purchasing land for industrial parks, constructing
18 buildings to house manufacturing and processing operations, conducting preliminary feasibility studies,
19 promoting economic development opportunities in a particular area, and other activities generally associated
20 with economic development. These funds may not be used to directly assist an industry's operations by
21 loan or grant or to pay the salary or salary supplements of government employees.

22 (3) The governing body of the county, city, or town may use the funds derived from this levy to
23 contract with local development companies and other associations or organizations capable of implementing
24 the economic development function.

25 (4) A tax authorized by a vote of the electorate, as provided in subsection (1)~~(a)~~, may be levied
26 for a period not to exceed 6 years ~~and is not subject to the provisions of Title 15, chapter 10, part 4.~~"

27

28 NEW SECTION. **Section 14. Repealer.** Section 15-10-411, MCA, is repealed.

29

30 NEW SECTION. **Section 15. Saving clause.** [This act] does not affect rights and duties that

1 matured, penalties that were incurred, or proceedings that were begun before [the effective date of this
2 act].

3

4 NEW SECTION. **Section 16. Effective date -- retroactive applicability.** [This act] is effective on
5 passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after
6 December 31, 1996.

7

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0319, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act amending the property tax limitations implementing initiative measure no. 105 by changing the exceptions to the limitations; providing that property taxes are capped at 1996 levels; providing that the electors of a taxing unit may authorize mill levies that exceed the limitations of title 15, chapter 10, part 4, MCA; revising statewide mill levies and certain mill levies fixed by law; and providing an immediate effective date and a retroactive applicability date.

ASSUMPTIONS:

1. The proposal reduces the university mill levy from 6 mills to 5.1 mills beginning in FY98. This is expected to reduce revenues from this levy by \$2,400,000 in FY98 and by \$2,500,000 in FY99. (HJR2).
2. The proposal reduces the 95 mill levy to 81.4 mills beginning in FY98. This is expected to reduce revenues from this levy by \$33,400,000 in FY98 and by \$33,900,000 in FY99. (HJR2).
3. The proposal reduces the vo-tech mill levy from 1.5 mills to 1.3 mills beginning in FY98. This is expected to reduce revenues from this levy by \$170,000 in FY98 and by \$170,000 in FY99. (HJR2).
4. The proposal reduces the state assumption of county welfare mill levy from 9 mills to 7.7 mills beginning in FY98. This is expected to reduce revenues from this levy by \$1,300,000 in FY98 and by \$1,300,000 in FY99. (MDOR).
5. The proposal requires monitoring the taxable value of construction, expansion, and remodeling of improvements of class 4 property. Implementation of this monitoring would require changes to the property assessment division computer systems. The property system AS/400 computer will require \$75,000 in programming changes in FY98 (although some of this cost could occur in FY97). Additional FTE requirements would be one grade 15 position for 3 months in FY97 and also for three months in FY98. Finally, additional data storage costs will be \$22,500 in FY98. (MDOR)
6. Changes required in the property computer systems would cause delays in regularly scheduled computer operations which would cause a delay in certifying taxable values for tax year 1997(15-10-202,MCA), causing a delay in the county budget process.

FISCAL IMPACT:

Expenditures:

Expenditures are estimated to total \$106,110 in FY98. An additional expense of \$8,610 will be required in FY97.

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
Programming Costs	\$ 75,000	0
Additional FTE	8,610	0
Storage Costs	<u>22,500</u>	<u>0</u>
Total	\$106,110	0

Revenues:

.95 Mill	\$(33,400,000)	\$(33,900,000)
1.5 Vo-Tech Mill	<u>(170,000)</u>	<u>(170,000)</u>
Total	\$(33,570,000)	\$(34,070,000)

Net Impact to General Fund:

Total	\$(33,676,110)	\$(34,070,000)
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(Continued)

Dave Lewis 2-17-97
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Barry Stang
 BARRY STANG PRIMARY SPONSOR DATE
 Fiscal Note for SB0319, as introduced

SB 319

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
<u>Other Fund Impacts:</u>		
6 Mill University	(2,400,000)	(2,500,000)
9 Mill State Assumption	<u>(1,300,000)</u>	<u>(1,300,000)</u>
Other Fund Impact Total	(3,700,000)	(3,800,000)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Local government property tax revenues, unless raised under the exceptions listed in the proposed bill, will remain at the same level as in tax year 1996. Expenditures, to the extent dependent on property tax revenues, will also remain at the same levels as in tax year 1996.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Property tax revenues and expenditures dependent upon those revenues will remain at the tax year 1996 levels for local governments.

TECHNICAL NOTES:

1. The proposal does not address the status of taxing jurisdictions created after January 1, 1997.
2. There could be a problem when the state is required to lower it's mill levies but the legislature is not in session. The proposal does not address this issue.

SENATE BILL NO. 319

INTRODUCED BY STANG, ELLIS, HARP, HALLIGAN, FOSTER, ECK, VAN VALKENBURG, WYATT,
SIMPKINS, MERCER, JERGESON, COCCHIARELLA, COLE, BROOKE, WATERMAN

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE PROPERTY TAX LIMITATIONS IMPLEMENTING INITIATIVE MEASURE NO. 105 BY CHANGING THE EXCEPTIONS TO THE LIMITATIONS; PROVIDING THAT PROPERTY TAXES ARE CAPPED AT 1996 LEVELS; PROVIDING THAT THE ELECTORS OF A TAXING UNIT MAY AUTHORIZE MILL LEVIES THAT EXCEED THE LIMITATIONS OF TITLE 15, CHAPTER 10, PART 4, MCA; ~~REVISING~~ ALLOWING THE DEPARTMENT OF REVENUE TO ADJUST STATEWIDE MILL LEVIES AND CERTAIN MILL LEVIES FIXED BY LAW; AMENDING SECTIONS 7-6-2514, 15-10-106, 15-10-401, 15-10-402, 15-10-412, 15-36-323, 20-9-331, 20-9-333, 20-9-360, 20-25-439, 53-2-801, 53-2-813, AND 90-5-112, MCA; REPEALING SECTION 15-10-411, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

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

Section 1. Section 7-6-2514, MCA, is amended to read:

"7-6-2514. Tax limitation applicable. The property tax limitation ~~to 1986 levels~~ under Title 15, chapter 10, part 4, applies to the county public safety levy authorized in 7-6-2513. The limitation is determined by the total tax levied for the county general fund. The first year a county public safety tax is levied, the public safety levy and the general fund levy may not exceed the prior year's county general fund levy. In subsequent years, any increases in the public safety levy and the general fund levy are limited under Title 15, chapter 10, part 4."

Section 2. Section 15-10-106, MCA, is amended to read:

"15-10-106. (Temporary) Tax levy for university system. ~~There~~ SUBJECT TO THE CONDITIONS OF [SECTION 6], THERE is levied upon the taxable value of all real and personal property subject to taxation in the state of Montana ~~6~~ NOT MORE THAN 6 MILLS AND NOT LESS THAN 5.1 mills ~~or so much thereof as is the number of mills necessary~~ to raise the amount appropriated by the legislature from the state special revenue fund for the support, maintenance, and improvement of the Montana university system;

1 as provided in referendum measure No. 106 passed by vote of the people at the general election held
 2 November 8, 1988. The funds raised from the levy must be deposited in the state special revenue fund.
 3 (Terminates January 1, 1999--sec. 3, Ch. 588, L. 1989.)"

4
 5 **Section 3.** Section 15-10-401, MCA, is amended to read:

6 **"15-10-401. Declaration of policy.** (1) The state of Montana's reliance on the taxation of property
 7 to support education and local government has placed an unreasonable burden on the owners of all classes
 8 ~~three, four, six, nine, twelve, and fourteen~~ of property, ~~as those classes are defined~~ described in Title 15,
 9 chapter 6, part 1.

10 ~~(2) The legislature's failure to give local governments and local school districts the flexibility to~~
 11 ~~develop alternative sources of revenue will only lead to increases in the tax burden on the already~~
 12 ~~overburdened property taxpayer.~~

13 ~~(3) The legislature is the appropriate forum to make the difficult and complex decisions to develop:~~

14 ~~(a) a tax system that is fair to property taxpayers; and~~

15 ~~(b) a method of providing adequate funding for local government and education.~~

16 ~~(4) The legislature has failed in its responsibility to taxpayers, education, and local government to~~
 17 ~~relieve the tax burden on property classes three, four, six, nine, twelve, and fourteen.~~

18 ~~(5)~~(2) The people of the state of Montana declare it is the policy of the state of Montana that no
 19 further property tax increases be imposed on property ~~classes three, four, six, nine, twelve, and fourteen~~
 20 as provided in 15-10-412."

21
 22 **Section 4.** Section 15-10-402, MCA, is amended to read:

23 **"15-10-402. Property tax limited to ~~1986~~ 1996 levels.** (1) Except as provided in ~~subsections (2)~~
 24 ~~and (3)~~ 15-10-412, the amount of taxes levied on property described in ~~15-6-133, 15-6-134, and 15-6-136~~
 25 Title 15, chapter 6, part 1, may not, for any taxing jurisdiction, exceed the amount levied for taxable tax
 26 year ~~1986~~ 1996.

27 ~~(2) The limitation contained in subsection (1) does not apply to levies for rural improvement~~
 28 ~~districts, Title 7, chapter 12, part 21; special improvement districts, Title 7, chapter 12, part 41; elementary~~
 29 ~~and high school districts, Title 20; juvenile detention programs authorized under 7-6-502; or bonded~~
 30 ~~indebtedness.~~

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

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

7
 8 **Section 5.** Section 15-10-412, MCA, is amended to read:

9 **"15-10-412. Property tax limited to 1986 1996 levels -- clarification — extension to all property**
 10 **classes exceptions.** Section 15-10-402 is ~~interpreted and clarified~~ implemented as follows:

11 (1) ~~The limitation to 1986 levels is extended to apply to all classes of property described in Title~~
 12 ~~15, chapter 6, part 1.~~

13 ~~(2) The limitation on the amount of taxes levied is interpreted to mean~~ means that, except as
 14 otherwise provided in this section, the ~~actual tax liability for an individual property~~ total amount of taxes
 15 levied by each taxing unit is capped at the dollar amount ~~due~~ levied in each taxing unit for the ~~1986~~ 1996
 16 tax year. ~~In tax years thereafter, the property must be taxed in each taxing unit at the 1986 cap or the~~
 17 ~~product of the taxable value and mills levied, whichever is less for each taxing unit, except in a taxing unit~~
 18 ~~that levied a tax in tax years 1983 through 1985 but did not levy a tax in 1986, in which case the actual~~
 19 ~~tax liability for an individual property is capped at the dollar amount due in that taxing unit for the 1985~~
 20 ~~tax year~~ The governing body of a taxing unit shall adjust mill levies to compensate for any increase in
 21 taxable valuation to ensure that taxes levied do not exceed the amount levied in 1996.

22 ~~(3) (2)~~ (2) The limitation on the amount of taxes levied does not prohibit ~~a further~~ an increase in the
 23 total ~~taxable valuation of~~ taxes levied by a taxing unit as a result of:

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

25 (b) construction, expansion, or remodeling of improvements classified under 15-6-134;

26 (c) transfer of property into a taxing unit;

27 (d) subdivision of real property;

28 (e) reclassification of property;

29 (f) increases in the amount of production or the value of production for property described in
 30 15-6-131 or 15-6-132; or

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

2 ~~(h) revaluations caused by:~~

3 ~~(i) cyclical reappraisal; or~~

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

5 (3) The limitation on the amount of taxes levied does not prohibit an increase in the total taxes
 6 levied by a taxing unit in order to compensate the taxing unit for any loss in the total amount of nonlevy
 7 revenue received in 1996 from taxes imposed under Title 15, chapter 23, part 7, and Title 15, chapter 36,
 8 part 3.

9 (4) The limitation on the amount of taxes levied does not prohibit a further increase in the taxable
 10 valuation of the taxing unit or in the actual tax liability on individual property, ~~in each class as a result of:~~

11 ~~(a) a revaluation caused by:~~

12 ~~(i) construction, expansion, replacement, or remodeling of improvements that adds value to the~~
 13 ~~property; or~~

14 ~~(ii) cyclical reappraisal;~~

15 ~~(b) transfer of property into a taxing unit;~~

16 ~~(c) reclassification of property;~~

17 ~~(d) increases in the amount of production or the value of production for property described in~~
 18 ~~15-6-131 or 15-6-132;~~

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

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

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

24 ~~(a) new construction;~~

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

26 ~~(c) annexed property; or~~

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

28 ~~(6) Property described in subsections (5)(a) through (5)(d) that is not class four property is valued~~
 29 ~~according to the procedures used in 1986 but is also subject to the dollar cap in each taxing unit based on~~
 30 ~~1986 mills levied.~~

1 ~~(7)(5)~~ The limitation on the amount of taxes, as clarified in this section, is intended to leave the
 2 property appraisal and valuation ~~methodology~~ methodologies of the department of revenue intact.
 3 Determinations of county classifications, salaries of local government officers, and all other matters in
 4 which total taxable valuation is an integral component are not affected by 15-10-401 and 15-10-402 ~~except~~
 5 ~~for the use of taxable valuation in fixing tax levies. In fixing tax levies, the taxing units of local government~~
 6 ~~may anticipate the deficiency in revenues resulting from the tax limitations in 15-10-401 and 15-10-402,~~
 7 ~~while understanding that regardless of the amount of mills levied, a taxpayer's liability may not exceed the~~
 8 ~~dollar amount due in each taxing unit for the 1986 tax year unless:~~

9 ~~(a) except as provided in subsection (8)(a), the taxing unit's taxable valuation decreases by 5%~~
 10 ~~or more from the 1986 tax year. If a taxing unit's taxable valuation decreases by 5% or more from the~~
 11 ~~1986 tax year, it may levy additional mills to compensate for the decreased taxable valuation, but the mills~~
 12 ~~levied may not exceed a number calculated to equal the revenue from property taxes for the 1986 tax year~~
 13 ~~in that taxing unit.~~

14 ~~(b) a levy authorized under Title 20 raised less revenue in 1986 than was raised in either 1984 or~~
 15 ~~1985, in which case the taxing unit may, after approval by the voters in the taxing unit, raise each year~~
 16 ~~thereafter an additional number of mills but may not levy more revenue than the 3-year average of revenue~~
 17 ~~raised for that purpose during 1984, 1985, and 1986;~~

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

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

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

30 ~~(9) (6)~~ The limitation on the amount of taxes levied does not apply to the following levy or special

1 ~~assessment categories, whether or not they are based on commitments made before or after approval of~~
 2 ~~15-10-401 and 15-10-402: FOLLOWING LEVY CATEGORIES:~~

3 ~~(a) rural improvement districts;~~

4 ~~(b) special improvement districts;~~

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

6 ~~(d) city street maintenance districts;~~

7 ~~(e) tax increment financing districts;~~

8 ~~(f) satisfaction of judgments against a taxing unit;~~

9 ~~(g) street lighting assessments;~~

10 ~~(h) revolving funds to support any categories specified in this subsection (9);~~

11 ~~(i) levies for economic development authorized pursuant to 90-5-112(4);~~

12 ~~(j) levies authorized under 7-6-502 for juvenile detention programs;~~

13 ~~(k) levies authorized under 76-15-531 and 76-15-532 for conservation district special~~
 14 ~~administrative assessments;~~

15 ~~(l) elementary and high school districts; and~~

16 ~~(m) voted poor fund levies authorized under 53-2-322~~

17 (A) THE general fund BASE BUDGET LEVY of a school district that has a general fund budget less
 18 than the BASE budget under 20-9-308;

19 (B) THE COUNTY LEVY IN SUPPORT OF RETIREMENT OBLIGATIONS FOR ELEMENTARY AND
 20 HIGH SCHOOL DISTRICTS AS PROVIDED IN 20-9-501;

21 (C) THE COUNTY LEVY IN SUPPORT OF TRANSPORTATION OBLIGATIONS FOR ELEMENTARY
 22 AND HIGH SCHOOL DISTRICTS AS PROVIDED IN 20-10-146;

23 (D) THE SCHOOL DISTRICT LEVY FOR TRANSPORTATION AS PROVIDED IN 20-10-144;

24 (E) THE SCHOOL DISTRICT LEVY FOR TUITION AS PROVIDED IN 20-3-324; AND

25 (F) THE SCHOOL DISTRICT LEVY FOR THE NONOPERATING FUND AS PROVIDED IN 20-9-506.

26 ~~(4)(7)~~ The limitation on the amount of taxes levied does not apply in a taxing unit if the voters in
 27 the taxing unit approve an increase in tax liability mill levies following a resolution of the governing body
 28 of the taxing unit containing under one of the following methods:

29 (a) If the laws governing the taxing unit or a particular fund of the taxing unit specifically allow
 30 for a vote of the electorate to impose mill levies or to change mill levies, then mill levies may be imposed

1 or increased after approval of the electorate of the taxing unit.

2 (b) If the taxing unit or a particular fund of the taxing unit does not have a statutory basis for
 3 holding an election on whether to impose or to change a mill levy, the governing body of the taxing unit
 4 may refer the question of whether to impose or to change the mill levy to the electorate of the taxing unit.
 5 The resolution must contain:

6 (i) a finding that there are insufficient funds to adequately operate the taxing unit or applicable
 7 governmental function as a result of 15-10-401 and 15-10-402 the limitations of this part;

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

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

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

11 ~~(e) (ii) a finding that there are no alternative sources of revenue; and~~

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

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

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

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

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

22 ~~(ii) county, city, or town ambulance services authorized by a vote of the electorate under~~
 23 ~~7-34-102(2); and~~

24 ~~(iii) a rail authority, as provided in Title 7, chapter 14, part 16, authorized by a board of county~~
 25 ~~commissioners. A levy for the support of a rail authority may not exceed the 6 mill limit established in~~
 26 ~~7-14-1632.~~

27 ~~(12) (8) The limitation on the amount of taxes levied by a taxing jurisdiction subject to a statutory~~
 28 ~~maximum mill levy does not prevent a taxing jurisdiction from increasing its number of mills beyond the~~
 29 ~~statutory maximum mill levy to produce revenue equal to its 1986 1996 revenue.~~

30 ~~(13) The limitation on the amount of taxes levied does not apply to a levy increase to repay taxes~~

1 ~~paid under protest in accordance with 15-1-402.~~

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

6 (9) If a taxing unit receives a reimbursement payment under 15-1-112, then the taxing unit may not
 7 increase mill levies to compensate for a loss in taxable valuation associated with reducing the tax rate in
 8 15-6-138.

9 (10) When each revaluation cycle takes effect pursuant to 15-7-111, mill levies must be reduced
 10 in order to compensate for an increase in taxable valuation, for reasons other than those described in
 11 subsection (2), in a taxing unit as a result of cyclical reappraisal."

12

13 NEW SECTION. SECTION 6. DEPARTMENT TO ADJUST CERTAIN MILL LEVIES. (1) IN ORDER
 14 TO COMPLY WITH THE LIMITATIONS OF THIS PART, THE DEPARTMENT SHALL ADJUST MILL LEVIES
 15 IMPOSED UNDER 15-10-106, 20-9-331, 20-9-333, 20-9-360, 20-25-439, AND 53-2-813 TO
 16 COMPENSATE FOR AN INCREASE IN TAXABLE VALUE, IF ANY, FROM THE 1996 TAX YEAR DUE TO
 17 REAPPRAISAL OF CLASS FOUR PROPERTY. THE ADJUSTMENT MAY NOT TAKE INTO ACCOUNT AN
 18 INCREASE IN TAXABLE VALUE DUE TO NEW CONSTRUCTION.

19 (2) THE MILL LEVY ADJUSTMENT FOR EACH LEVY DESCRIBED IN SUBSECTION (1) MUST BE
 20 WITHIN THE MILL LEVY LIMITS SPECIFIED BY LAW FOR EACH OF THE LEVIES.

21 (3) THE DEPARTMENT SHALL NOTIFY THE GOVERNING BODY OF EACH COUNTY OF THE
 22 ADJUSTED MILL LEVIES BY THE STATUTORY DATE FOR SETTING MILL LEVIES.

23

24 **Section 7.** Section 15-36-323, MCA, is amended to read:

25 **"15-36-323. Calculation of unit value.** For the purposes of distribution of oil and natural gas
 26 production taxes to county and school taxing units for production from pre-1985 wells, the department
 27 shall determine the unit value of oil and natural gas for each taxing unit as follows:

28 (1) Subject to the conditions of subsection (3), the unit value for oil for each taxing unit is the
 29 quotient obtained by dividing the net proceeds taxes calculated on oil produced and sold in that taxing unit
 30 in calendar year 1988 by the number of barrels of oil produced in that taxing unit during 1988, excluding

1 post-1985 wells.

2 (2) Subject to the conditions of subsection (3), the unit value for natural gas is the quotient
3 obtained by dividing the net proceeds taxes calculated on natural gas produced and sold in that taxing unit
4 in calendar year 1988 by the number of cubic feet of natural gas produced in that taxing unit during 1988,
5 excluding post-1985 wells.

6 (3) The amount of net proceeds taxes calculated under subsections (1) and (2) may not include
7 the amount of taxes that are attributable to a financial emergency, as described in 15-10-412(10), as that
8 subsection read on December 31, 1996, for which additional mills were levied in fiscal year 1990."
9

10 **Section 8.** Section 20-9-331, MCA, is amended to read:

11 **"20-9-331. Basic county tax and other revenues for county equalization of the elementary district**
12 **BASE funding program.** (1) ~~The~~ SUBJECT TO THE CONDITIONS OF [SECTION 6], THE county
13 commissioners of each county shall levy an annual basic tax of ~~33~~ NOT MORE THAN 33 MILLS AND NOT
14 LESS THAN 28.3 mills on the dollar of the taxable value of all taxable property within the county, except
15 for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527,
16 61-3-537, and 67-3-204, for the purposes of local and state BASE funding program support. The revenue
17 collected from this levy must be apportioned to the support of the elementary BASE funding programs of
18 the school districts in the county and to the state general fund in the following manner:

19 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,
20 the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE
21 funding programs of all elementary districts of the county.

22 (b) If the basic levy and other revenue prescribed by this section produce more revenue than is
23 required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds
24 to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus
25 balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the
26 fiscal year for which the levy has been set.

27 (2) The revenue realized from the county's portion of the levy prescribed by this section and the
28 revenue from the following sources must be used for the equalization of the elementary BASE funding
29 program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue
30 by the county treasurer in accordance with 20-9-212(1):

1 (a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for
2 the common school fund under the provisions of 17-3-222;

3 (b) the portion of the federal flood control act funds distributed to a county and designated for
4 expenditure for the benefit of the county common schools under the provisions of 17-3-232;

5 (c) all money paid into the county treasury as a result of fines for violations of law, except money
6 paid to a justice's court, and the use of which is not otherwise specified by law;

7 (d) any money remaining at the end of the immediately preceding school fiscal year in the county
8 treasurer's accounts for the various sources of revenue established or referred to in this section;

9 (e) any federal or state money distributed to the county as payment in lieu of property taxation,
10 including federal forest reserve funds allocated under the provisions of 17-3-213;

11 (f) gross proceeds taxes from coal under 15-23-703;

12 (g) oil and natural gas production taxes;

13 (h) anticipated local government severance tax payments for calendar year 1995 production as
14 provided in 15-36-325; and

15 (i) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
16 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204."

17

18 **Section 9.** Section 20-9-333, MCA, is amended to read:

19 **"20-9-333. Basic special levy and other revenue for county equalization of high school district**
20 **BASE funding program.** (1) ~~The~~ SUBJECT TO THE CONDITIONS OF [SECTION 6], THE county
21 commissioners of each county shall levy an annual basic special tax for high schools of ~~22~~ NOT MORE
22 THAN 22 MILLS AND NOT LESS THAN 18.8 mills on the dollar of the taxable value of all taxable property
23 within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2),
24 61-3-521, 61-3-527, 61-3-537, and 67-3-204, for the purposes of local and state BASE funding program
25 support. The revenue collected from this levy must be apportioned to the support of the BASE funding
26 programs of high school districts in the county and to the state general fund in the following manner:

27 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,
28 the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the
29 county's high school tuition obligation and the total of the BASE funding programs of all high school
30 districts of the county.

1 (b) If the basic levy and other revenue prescribed by this section produce more revenue than is
 2 required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds
 3 to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus
 4 balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the
 5 fiscal year for which the levy has been set.

6 (2) The revenue realized from the county's portion of the levy prescribed in this section and the
 7 revenue from the following sources must be used for the equalization of the high school BASE funding
 8 program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue
 9 by the county treasurer in accordance with 20-9-212(1):

10 (a) any money remaining at the end of the immediately preceding school fiscal year in the county
 11 treasurer's accounts for the various sources of revenue established in this section;

12 (b) any federal or state money distributed to the county as payment in lieu of property taxation,
 13 including federal forest reserve funds allocated under the provisions of 17-3-213;

14 (c) gross proceeds taxes from coal under 15-23-703;

15 (d) oil and natural gas production taxes;

16 (e) anticipated local government severance tax payments for calendar year 1995 production as
 17 provided in 15-36-325; and

18 (f) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
 19 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204."

20
 21 **Section 10.** Section 20-9-360, MCA, is amended to read:

22 "**20-9-360. State equalization aid levy.** (1) ~~There~~ SUBJECT TO THE CONDITIONS OF SECTION
 23 6], THERE is a levy of ~~40~~ NOT MORE THAN 40 MILLS AND NOT LESS THAN 34.3 mills imposed by the
 24 county commissioners of each county on all taxable property within the state, except property for which
 25 a tax or fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and
 26 67-3-204. Except as provided in subsection (2), proceeds of the levy must be remitted to the state treasurer
 27 and must be deposited to the credit of the state general fund for state equalization aid to the public schools
 28 of Montana.

29 (2) For the benefit of each municipality that created an urban renewal area and adopted a tax
 30 increment financing provision for the urban renewal area prior to July 1, 1990, the state treasurer shall

1 distribute each fiscal year from the state equalization aid levy to the municipality the amount, if any, equal
 2 to the product of the incremental taxable value of the urban renewal area times the reduced school levy
 3 for the area, each calculated for the fiscal year. The reduced school levy for a fiscal year is the difference
 4 between the aggregate amount of all property tax levies for school purposes in the urban renewal area,
 5 expressed in mills, in the fiscal year ended June 30, 1989, and the aggregate amount of all property tax
 6 levies for school purposes in the area or the district, expressed in mills, in the fiscal year, including the state
 7 equalization aid levy. The state treasurer shall distribute the amounts to municipalities in two equal
 8 installments on December 31 and June 30 of the fiscal year."

9

10 **Section 11.** Section 20-25-439, MCA, is amended to read:

11 **"20-25-439. Vocational-technical education -- mill levy required.** (1) ~~The~~ SUBJECT TO THE
 12 CONDITIONS OF [SECTION 6], THE boards of county commissioners of Cascade, Lewis and Clark,
 13 Missoula, Silver Bow, and Yellowstone Counties shall in each calendar year levy a tax of ~~1-1/2~~ NOT MORE
 14 THAN 1.5 MILLS AND NOT LESS THAN 1.3 mills on the dollar value of all taxable property, real and
 15 personal, located within the respective county.

16 (2) The funds from the mill levy must be deposited in the general fund and must be distributed for
 17 vocational-technical education on the basis of budgets approved by the board of regents."

18

19 **Section 12.** Section 53-2-801, MCA, is amended to read:

20 **"53-2-801. Purpose.** The purpose of this part is to provide for the department of public health and
 21 human services to assume all responsibilities for public assistance programs and for protective services for
 22 children and adults that, ~~as of July 1, 1983,~~ are provided by the counties pursuant to Titles 41 and 53. The
 23 assumption may become effective only at the option and with the express consent of each individual
 24 county requesting state assumption. State assumption allows counties to pay the state the proceeds from
 25 the ~~9 mill~~ 7.7 mill levy provided for in 53-2-813 rather than an amount based on the actual cost of
 26 providing public assistance and protective services in the county. Counties that opt for state assumption
 27 may provide other optional services for indigents with money available from funds derived from the
 28 difference between the ~~9 mill~~ 7.7 mill levy PERMITTED BY 53-2-813 and the maximum amount of 13.5
 29 mills permitted by 53-2-322 PROVIDED THAT THE TOTAL AMOUNT LEVIED DOES NOT EXCEED THE
 30 AMOUNT LEVIED IN TAX YEAR 1996."

1 **Section 13.** Section 53-2-813, MCA, is amended to read:

2 **"53-2-813. Mill levy for counties transferring public assistance and protective services.** (1) For
3 the purpose of this part AND SUBJECT TO THE CONDITIONS OF [SECTION 6], 9 NOT MORE THAN 9
4 MILLS AND NOT LESS THAN 7.7 mills must be levied annually in those counties opting for state
5 assumption.

6 (2) For a county electing state assumption, the proceeds of the mill levy established in subsection
7 (1) must be deposited in the state special revenue fund in the state treasury to the credit of the department
8 of public health and human services."
9

10 **Section 14.** Section 90-5-112, MCA, is amended to read:

11 **"90-5-112. Economic development levy.** (1) The governing body of a city, county, or town is
12 ~~authorized to~~ may levy up to 1 mill upon the taxable value of all the property in the city, county, or town
13 subject to taxation for the purpose of economic development. The governing body ~~may~~ shall:

14 ~~(a)~~ submit the question of the mill levy to the qualified voters voting in a city, county, or town
15 election; ~~or~~

16 ~~(b) approve the mill levy by a vote of the governing body.~~

17 (2) Funds derived from this levy may be used for purchasing land for industrial parks, constructing
18 buildings to house manufacturing and processing operations, conducting preliminary feasibility studies,
19 promoting economic development opportunities in a particular area, and other activities generally associated
20 with economic development. These funds may not be used to directly assist an industry's operations by
21 loan or grant or to pay the salary or salary supplements of government employees.

22 (3) The governing body of the county, city, or town may use the funds derived from this levy to
23 contract with local development companies and other associations or organizations capable of implementing
24 the economic development function.

25 (4) A tax authorized by a vote of the electorate, as provided in subsection (1)~~(a)~~, may be levied
26 for a period not to exceed 6 years ~~and is not subject to the provisions of Title 15, chapter 10, part 4.~~"
27

28 NEW SECTION. **Section 15. Repealer.** Section 15-10-411, MCA, is repealed.

29
30 NEW SECTION. **Section 16. Saving clause.** [This act] does not affect rights and duties that

1 matured, penalties that were incurred, or proceedings that were begun before [the effective date of this
2 act].

3

4 NEW SECTION. SECTION 17. CODIFICATION INSTRUCTION. [SECTION 6] IS INTENDED TO BE
5 CODIFIED AS AN INTEGRAL PART OF TITLE 15, CHAPTER 10, PART 4, AND THE PROVISIONS OF TITLE
6 15, CHAPTER 10, PART 4, APPLY TO [SECTION 6].

7

8 NEW SECTION. Section 18. Effective date -- retroactive applicability. [This act] is effective on
9 passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after
10 December 31, 1996.

11

-END-

SENATE BILL NO. 319

INTRODUCED BY STANG, ELLIS, HARP, HALLIGAN, FOSTER, ECK, VAN VALKENBURG, WYATT,
SIMPKINS, MERCER, JERGESON, COCCHIARELLA, COLE, BROOKE, WATERMAN

A BILL FOR AN ACT ENTITLED: "AN ACT AMENDING THE PROPERTY TAX LIMITATIONS IMPLEMENTING
INITIATIVE MEASURE NO. 105 BY CHANGING THE EXCEPTIONS TO THE LIMITATIONS; PROVIDING THAT
PROPERTY TAXES ARE CAPPED AT 1996 LEVELS; PROVIDING THAT THE ELECTORS OF A TAXING UNIT
MAY AUTHORIZE MILL LEVIES THAT EXCEED THE LIMITATIONS OF TITLE 15, CHAPTER 10, PART 4,
MCA; ~~REVISING~~ ALLOWING THE DEPARTMENT OF REVENUE TO ADJUST STATEWIDE MILL LEVIES AND
CERTAIN MILL LEVIES FIXED BY LAW; PROVIDING AN ADJUSTMENT TO THE STATEWIDE ELEMENTARY
AND HIGH SCHOOL GUARANTEED TAX BASE RATIO; AMENDING SECTIONS 7-6-2514, 15-10-106,
15-10-401, 15-10-402, 15-10-412, 15-36-323, 20-9-331, 20-9-333, 20-9-360, 20-9-366, 20-25-439,
53-2-801, 53-2-813, AND 90-5-112, MCA; REPEALING SECTION 15-10-411, MCA; AND PROVIDING AN
IMMEDIATE EFFECTIVE DATE, ~~AND A RETROACTIVE APPLICABILITY DATE,~~ AND A TERMINATION
DATE."

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

Section 1. Section 7-6-2514, MCA, is amended to read:

"7-6-2514. Tax limitation applicable. The property tax limitation ~~to 1996 levels~~ under Title 15,
chapter 10, part 4, applies to the county public safety levy authorized in 7-6-2513. The limitation is
determined by the total tax levied for the county general fund. The first year a county public safety tax is
levied, the public safety levy and the general fund levy may not exceed the prior year's county general fund
levy. In subsequent years, any increases in the public safety levy and the general fund levy are limited
under Title 15, chapter 10, part 4."

Section 2. Section 15-10-106, MCA, is amended to read:

"15-10-106. (Temporary) Tax levy for university system. ~~There~~ SUBJECT TO THE CONDITIONS
OF [SECTION 6], THERE is levied upon the taxable value of all real and personal property subject to taxation
in the state of Montana ~~6 NOT MORE THAN 6 MILLS AND NOT LESS THAN 5.1 mills or so much thereof~~

1 as is ~~the number of mills necessary~~ to raise the amount appropriated by the legislature from the state
 2 special revenue fund for the support, maintenance, and improvement of the Montana university system,
 3 ~~as provided in referendum measure No. 106 passed by vote of the people at the general election held~~
 4 ~~November 8, 1988~~. The funds raised from the levy must be deposited in the state special revenue fund.
 5 (Terminates January 1, 1999--sec. 3, Ch. 588, L. 1989.)"

6

7 **Section 3.** Section 15-10-401, MCA, is amended to read:

8 "**15-10-401. Declaration of policy.** (1) The state of Montana's reliance on the taxation of property
 9 to support education and local government has placed an unreasonable burden on the owners of all classes
 10 ~~three, four, six, nine, twelve, and fourteen~~ of property, ~~as these classes are defined~~ described in Title 15,
 11 chapter 6, part 1.

12 ~~(2) The legislature's failure to give local governments and local school districts the flexibility to~~
 13 ~~develop alternative sources of revenue will only lead to increases in the tax burden on the already~~
 14 ~~overburdened property taxpayer.~~

15 ~~(3) The legislature is the appropriate forum to make the difficult and complex decisions to develop:~~
 16 ~~(a) a tax system that is fair to property taxpayers; and~~
 17 ~~(b) a method of providing adequate funding for local government and education.~~

18 ~~(4) The legislature has failed in its responsibility to taxpayers, education, and local government to~~
 19 ~~relieve the tax burden on property classes three, four, six, nine, twelve, and fourteen.~~

20 ~~(5)~~(2) The people of the state of Montana declare it is the policy of the state of Montana that no
 21 further property tax increases be imposed on property ~~classes three, four, six, nine, twelve, and fourteen~~
 22 as provided in 15-10-412."

23

24 **Section 4.** Section 15-10-402, MCA, is amended to read:

25 "**15-10-402. Property tax limited to ~~1986~~ 1996 levels.** (1) Except as provided in ~~subsections (2)~~
 26 ~~and (3)~~ 15-10-412, the amount of taxes levied on property described in ~~15-6-133, 15-6-134, and 15-6-136~~
 27 Title 15, chapter 6, part 1, may not, for any taxing jurisdiction, exceed the amount levied for taxable tax
 28 year ~~1986~~ 1996.

29 ~~(2) The limitation contained in subsection (1) does not apply to levies for rural improvement~~
 30 ~~districts, Title 7, chapter 12, part 21; special improvement districts, Title 7, chapter 12, part 41; elementary~~

1 and high school districts, Title 20; juvenile detention programs authorized under 7-6-502; or bonded
2 indebtedness.

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

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

9

10 **Section 5.** Section 15-10-412, MCA, is amended to read:

11 **"15-10-412. Property tax limited to 1986 1996 levels -- clarification — extension to all property**
12 **classes exceptions.** Section 15-10-402 is interpreted and clarified implemented as follows:

13 (1) ~~The limitation to 1986 levels is extended to apply to all classes of property described in Title~~
14 ~~15, chapter 6, part 1.~~

15 ~~(2) The limitation on the amount of taxes levied is interpreted to mean~~ means that, except as
16 otherwise provided in this section, the actual tax liability for an individual property total amount of taxes
17 levied by each taxing unit is capped at the dollar amount due levied in each taxing unit for the ~~1986~~ 1996
18 tax year. ~~In tax years thereafter, the property must be taxed in each taxing unit at the 1986 cap or the~~
19 ~~product of the taxable value and mills levied, whichever is less for each taxing unit, except in a taxing unit~~
20 ~~that levied a tax in tax years 1983 through 1985 but did not levy a tax in 1986, in which case the actual~~
21 ~~tax liability for an individual property is capped at the dollar amount due in that taxing unit for the 1985~~
22 ~~tax year~~ The governing body of a taxing unit shall adjust mill levies to compensate for any increase in
23 taxable valuation to ensure that taxes levied do not exceed the amount levied in 1996.

24 ~~(3) (2) The limitation on the amount of taxes levied does not prohibit a further an~~ an increase in the
25 ~~total taxable valuation of~~ taxes levied by a taxing unit as a result of:

- 26 (a) annexation of real property and improvements into a taxing unit;
- 27 (b) construction, expansion, or remodeling of improvements classified under 15-6-134;
- 28 (c) transfer of property into a taxing unit;
- 29 (d) subdivision of real property;
- 30 (e) reclassification of property;

- 1 (f) increases in the amount of production or the value of production for property described in
 2 15-6-131 or 15-6-132; or
- 3 (g) transfer of property from tax-exempt to taxable status; ~~or~~
- 4 ~~(h) revaluations caused by:~~
- 5 ~~(i) cyclical reappraisal; or~~
- 6 ~~(ii) expansion, addition, replacement, or remodeling of improvements.~~
- 7 (3) The limitation on the amount of taxes levied does not prohibit an increase in the total taxes
 8 levied by a taxing unit in order to compensate the taxing unit for any loss in the total amount of nonlevy
 9 revenue received in 1996 from taxes imposed under Title 15, chapter 23, part 7 and Title 15, chapter 36,
 10 part 3.
- 11 (4) The limitation on the amount of taxes levied does not prohibit a further increase in the taxable
 12 valuation of the taxing unit or in the actual tax liability on individual property, ~~in each class as a result of:~~
- 13 ~~(a) a revaluation caused by:~~
- 14 ~~(i) construction, expansion, replacement, or remodeling of improvements that adds value to the~~
 15 ~~property; or~~
- 16 ~~(ii) cyclical reappraisal;~~
- 17 ~~(b) transfer of property into a taxing unit;~~
- 18 ~~(c) reclassification of property;~~
- 19 ~~(d) increases in the amount of production or the value of production for property described in~~
 20 ~~15-6-131 or 15-6-132;~~
- 21 ~~(e) annexation of the individual property into a new taxing unit; or~~
- 22 ~~(f) conversion of the individual property from tax exempt to taxable status.~~
- 23 ~~(5) Property in class four is valued according to the procedures used in 1986, including the~~
 24 ~~designation of 1982 as the base year, until the reappraisal cycle beginning January 1, 1986, is completed~~
 25 ~~and new valuations are placed on the tax rolls and a new base year designated, if the property is:~~
- 26 ~~(a) new construction;~~
- 27 ~~(b) expanded, deleted, replaced, or remodeled improvements;~~
- 28 ~~(c) annexed property; or~~
- 29 ~~(d) property converted from tax exempt to taxable status.~~
- 30 ~~(6) Property described in subsections (5)(a) through (5)(d) that is not class four property is valued~~

1 according to the procedures used in 1986 but is also subject to the dollar cap in each taxing unit based on
2 1986 mills levied.

3 ~~(7)(5)~~ The limitation on the amount of taxes, as clarified in this section, is intended to leave the
4 property appraisal and valuation ~~methodology~~ methodologies of the department of revenue intact.
5 Determinations of county classifications, salaries of local government officers, and all other matters in
6 which total taxable valuation is an integral component are not affected by 15-10-401 and 15-10-402 ~~except~~
7 ~~for the use of taxable valuation in fixing tax levies. In fixing tax levies, the taxing units of local government~~
8 ~~may anticipate the deficiency in revenues resulting from the tax limitations in 15-10-401 and 15-10-402,~~
9 ~~while understanding that regardless of the amount of mills levied, a taxpayer's liability may not exceed the~~
10 ~~dollar amount due in each taxing unit for the 1986 tax year unless:~~

11 ~~(a) except as provided in subsection (8)(a), the taxing unit's taxable valuation decreases by 5%~~
12 ~~or more from the 1986 tax year. If a taxing unit's taxable valuation decreases by 5% or more from the~~
13 ~~1986 tax year, it may levy additional mills to compensate for the decreased taxable valuation, but the mills~~
14 ~~levied may not exceed a number calculated to equal the revenue from property taxes for the 1986 tax year~~
15 ~~in that taxing unit.~~

16 ~~(b) a levy authorized under Title 20 raised less revenue in 1986 than was raised in either 1984 or~~
17 ~~1985, in which case the taxing unit may, after approval by the voters in the taxing unit, raise each year~~
18 ~~thereafter an additional number of mills but may not levy more revenue than the 3-year average of revenue~~
19 ~~raised for that purpose during 1984, 1985, and 1986;~~

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

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

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

1 subsection ~~(7)(a)~~ are satisfied.

2 ~~(9) (6)~~ The limitation on the amount of taxes levied does not apply to the following levy or special
3 ~~assessment categories, whether or not they are based on commitments made before or after approval of~~

4 ~~15-10-401 and 15-10-402:~~ FOLLOWING LEVY CATEGORIES:

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

19 (A) THE general fund BASE BUDGET LEVY of a school district that has a general fund budget less
20 than the BASE budget under AS PROVIDED IN 20-9-308;

21 (B) FOR SCHOOL FISCAL YEAR BEGINNING JULY 1, 1997, AND ENDING JUNE 30, 1998, THE
22 OVER-BASE BUDGET LEVY OF A SCHOOL DISTRICT AS PROVIDED IN 20-9-308;

23 ~~(B)(C)~~ THE COUNTY LEVY IN SUPPORT OF RETIREMENT OBLIGATIONS FOR ELEMENTARY AND
24 HIGH SCHOOL DISTRICTS AS PROVIDED IN 20-9-501;

25 ~~(C)(D)~~ THE COUNTY LEVY IN SUPPORT OF TRANSPORTATION OBLIGATIONS FOR ELEMENTARY
26 AND HIGH SCHOOL DISTRICTS AS PROVIDED IN 20-10-146;

27 ~~(D)(E)~~ THE SCHOOL DISTRICT LEVY FOR TRANSPORTATION AS PROVIDED IN 20-10-144;

28 ~~(E)(F)~~ THE SCHOOL DISTRICT LEVY FOR TUITION AS PROVIDED IN 20-3-324; AND

29 ~~(F)(G)~~ THE SCHOOL DISTRICT LEVY FOR THE NONOPERATING FUND AS PROVIDED IN 20-9-506.

30 ~~(40)(7)~~ The limitation on the amount of taxes levied does not apply in a taxing unit if the voters in

1 the taxing unit approve an increase in ~~tax liability~~ mill levies following a resolution of the governing body
2 ~~of the taxing unit containing under one of the following methods:~~

3 (a) If the laws governing the taxing unit or a particular fund of the taxing unit specifically allow
4 for a vote of the electorate to impose mill levies or to change mill levies, then mill levies may be imposed
5 or increased after approval of the electorate of the taxing unit.

6 (b) If the taxing unit or a particular fund of the taxing unit does not have a statutory basis for
7 holding an election on whether to impose or to change a mill levy, the governing body of the taxing unit
8 may refer the question of whether to impose or to change the mill levy to the electorate of the taxing unit.

9 The resolution must contain:

10 (i) a finding that there are insufficient funds to adequately operate the taxing unit or applicable
11 governmental function as a result of 15-10-401 and 15-10-402 the limitations of this part;

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

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

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

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

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

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

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

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

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

26 (ii) ~~county, city, or town ambulance services authorized by a vote of the electorate under~~
27 ~~7-34-102(2); and~~

28 (iii) ~~a rail authority, as provided in Title 7, chapter 14, part 16, authorized by a board of county~~
29 ~~commissioners. A levy for the support of a rail authority may not exceed the 6 mill limit established in~~
30 ~~7-14-1632.~~

1 ~~(12) (8)~~ The limitation on the amount of taxes levied by a taxing jurisdiction subject to a statutory
 2 maximum mill levy does not prevent a taxing jurisdiction from increasing its number of mills beyond the
 3 statutory maximum mill levy to produce revenue equal to its ~~1986~~ 1996 revenue.

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

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

10 (9) If a taxing unit receives a reimbursement payment under 15-1-112, then the taxing unit may not
 11 increase mill levies to compensate for a loss in taxable valuation associated with reducing the tax rate in
 12 15-6-138.

13 (10) When each revaluation cycle takes effect pursuant to 15-7-111, mill levies must be reduced
 14 in order to compensate for an increase in taxable valuation, for reasons other than those described in
 15 subsection (2), in a taxing unit as a result of cyclical reappraisal."

16
 17 NEW SECTION. SECTION 6. DEPARTMENT TO ADJUST CERTAIN MILL LEVIES. (1) IN ORDER
 18 TO COMPLY WITH THE LIMITATIONS OF THIS PART, THE DEPARTMENT SHALL ADJUST MILL LEVIES
 19 IMPOSED UNDER 15-10-106, 20-9-331, 20-9-333, 20-9-360, 20-25-439, AND 53-2-813 TO
 20 COMPENSATE FOR AN INCREASE IN TAXABLE VALUE, IF ANY, FROM THE 1996 TAX YEAR DUE TO
 21 REAPPRAISAL OF CLASS FOUR PROPERTY. THE ADJUSTMENT MAY NOT TAKE INTO ACCOUNT AN
 22 INCREASE IN TAXABLE VALUE DUE TO NEW CONSTRUCTION.

23 (2) THE MILL LEVY ADJUSTMENT FOR EACH LEVY DESCRIBED IN SUBSECTION (1) MUST BE
 24 WITHIN THE MILL LEVY LIMITS SPECIFIED BY LAW FOR EACH OF THE LEVIES.

25 (3) THE DEPARTMENT SHALL NOTIFY THE GOVERNING BODY OF EACH COUNTY OF THE
 26 ADJUSTED MILL LEVIES BY THE STATUTORY DATE FOR SETTING MILL LEVIES.

27
 28 **Section 7.** Section 15-36-323, MCA, is amended to read:

29 **"15-36-323. Calculation of unit value.** For the purposes of distribution of oil and natural gas
 30 production taxes to county and school taxing units for production from pre-1985 wells, the department

1 shall determine the unit value of oil and natural gas for each taxing unit as follows:

2 (1) Subject to the conditions of subsection (3), the unit value for oil for each taxing unit is the
3 quotient obtained by dividing the net proceeds taxes calculated on oil produced and sold in that taxing unit
4 in calendar year 1988 by the number of barrels of oil produced in that taxing unit during 1988, excluding
5 post-1985 wells.

6 (2) Subject to the conditions of subsection (3), the unit value for natural gas is the quotient
7 obtained by dividing the net proceeds taxes calculated on natural gas produced and sold in that taxing unit
8 in calendar year 1988 by the number of cubic feet of natural gas produced in that taxing unit during 1988,
9 excluding post-1985 wells.

10 (3) The amount of net proceeds taxes calculated under subsections (1) and (2) may not include
11 the amount of taxes that are attributable to a financial emergency, as described in 15-10-412(10), as that
12 subsection read on December 31, 1996, for which additional mills were levied in fiscal year 1990."
13

13

14 **Section 8.** Section 20-9-331, MCA, is amended to read:

15 **"20-9-331. Basic county tax and other revenues for county equalization of the elementary district**
16 **BASE funding program.** (1) ~~The~~ SUBJECT TO THE CONDITIONS OF [SECTION 6], THE county
17 commissioners of each county shall levy an annual basic tax of ~~33~~ NOT MORE THAN 33 MILLS AND NOT
18 LESS THAN 28.3 mills on the dollar of the taxable value of all taxable property within the county, except
19 for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527,
20 61-3-537, and 67-3-204, for the purposes of local and state BASE funding program support. The revenue
21 collected from this levy must be apportioned to the support of the elementary BASE funding programs of
22 the school districts in the county and to the state general fund in the following manner:

23 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,
24 the sum of the estimated revenue identified in subsection (2) must be subtracted from the total of the BASE
25 funding programs of all elementary districts of the county.

26 (b) If the basic levy and other revenue prescribed by this section produce more revenue than is
27 required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds
28 to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus
29 balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the
30 fiscal year for which the levy has been set.

1 (2) The revenue realized from the county's portion of the levy prescribed by this section and the
2 revenue from the following sources must be used for the equalization of the elementary BASE funding
3 program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue
4 by the county treasurer in accordance with 20-9-212(1):

5 (a) the portion of the federal Taylor Grazing Act funds distributed to a county and designated for
6 the common school fund under the provisions of 17-3-222;

7 (b) the portion of the federal flood control act funds distributed to a county and designated for
8 expenditure for the benefit of the county common schools under the provisions of 17-3-232;

9 (c) all money paid into the county treasury as a result of fines for violations of law, except money
10 paid to a justice's court, and the use of which is not otherwise specified by law;

11 (d) any money remaining at the end of the immediately preceding school fiscal year in the county
12 treasurer's accounts for the various sources of revenue established or referred to in this section;

13 (e) any federal or state money distributed to the county as payment in lieu of property taxation,
14 including federal forest reserve funds allocated under the provisions of 17-3-213;

15 (f) gross proceeds taxes from coal under 15-23-703;

16 (g) oil and natural gas production taxes;

17 (h) anticipated local government severance tax payments for calendar year 1995 production as
18 provided in 15-36-325; and

19 (i) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
20 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204."

21
22 **Section 9.** Section 20-9-333, MCA, is amended to read:

23 **"20-9-333. Basic special levy and other revenue for county equalization of high school district**
24 **BASE funding program.** (1) ~~The~~ SUBJECT TO THE CONDITIONS OF [SECTION 6], THE county
25 commissioners of each county shall levy an annual basic special tax for high schools of ~~22~~ NOT MORE
26 THAN 22 MILLS AND NOT LESS THAN 18.8 mills on the dollar of the taxable value of all taxable property
27 within the county, except for property subject to a tax or fee under 23-2-517, 23-2-803, 61-3-504(2),
28 61-3-521, 61-3-527, 61-3-537, and 67-3-204, for the purposes of local and state BASE funding program
29 support. The revenue collected from this levy must be apportioned to the support of the BASE funding
30 programs of high school districts in the county and to the state general fund in the following manner:

1 (a) In order to determine the amount of revenue raised by this levy that is retained by the county,
 2 the sum of the estimated revenue identified in subsection (2) must be subtracted from the sum of the
 3 county's high school tuition obligation and the total of the BASE funding programs of all high school
 4 districts of the county.

5 (b) If the basic levy and other revenue prescribed by this section produce more revenue than is
 6 required to repay a state advance for county equalization, the county treasurer shall remit the surplus funds
 7 to the state treasurer for deposit to the state general fund immediately upon occurrence of a surplus
 8 balance and each subsequent month thereafter, with any final remittance due no later than June 20 of the
 9 fiscal year for which the levy has been set.

10 (2) The revenue realized from the county's portion of the levy prescribed in this section and the
 11 revenue from the following sources must be used for the equalization of the high school BASE funding
 12 program of the county as prescribed in 20-9-335, and a separate accounting must be kept of the revenue
 13 by the county treasurer in accordance with 20-9-212(1):

14 (a) any money remaining at the end of the immediately preceding school fiscal year in the county
 15 treasurer's accounts for the various sources of revenue established in this section;

16 (b) any federal or state money distributed to the county as payment in lieu of property taxation,
 17 including federal forest reserve funds allocated under the provisions of 17-3-213;

18 (c) gross proceeds taxes from coal under 15-23-703;

19 (d) oil and natural gas production taxes;

20 (e) anticipated local government severance tax payments for calendar year 1995 production as
 21 provided in 15-36-325; and

22 (f) anticipated revenue from property taxes and fees imposed under 23-2-517, 23-2-803,
 23 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and 67-3-204."

24
 25 **Section 10.** Section 20-9-360, MCA, is amended to read:

26 "**20-9-360. State equalization aid levy.** (1) ~~There~~ SUBJECT TO THE CONDITIONS OF [SECTION
 27 6], THERE is a levy of ~~40~~ NOT MORE THAN 40 MILLS AND NOT LESS THAN 34.3 mills imposed by the
 28 county commissioners of each county on all taxable property within the state, except property for which
 29 a tax or fee is required under 23-2-517, 23-2-803, 61-3-504(2), 61-3-521, 61-3-527, 61-3-537, and
 30 67-3-204. Except as provided in subsection (2), proceeds of the levy must be remitted to the state treasurer

1 and must be deposited to the credit of the state general fund for state equalization aid to the public schools
2 of Montana.

3 (2) For the benefit of each municipality that created an urban renewal area and adopted a tax
4 increment financing provision for the urban renewal area prior to July 1, 1990, the state treasurer shall
5 distribute each fiscal year from the state equalization aid levy to the municipality the amount, if any, equal
6 to the product of the incremental taxable value of the urban renewal area times the reduced school levy
7 for the area, each calculated for the fiscal year. The reduced school levy for a fiscal year is the difference
8 between the aggregate amount of all property tax levies for school purposes in the urban renewal area,
9 expressed in mills, in the fiscal year ended June 30, 1999, and the aggregate amount of all property tax
10 levies for school purposes in the area or the district, expressed in mills, in the fiscal year, including the state
11 equalization aid levy. The state treasurer shall distribute the amounts to municipalities in two equal
12 installments on December 31 and June 30 of the fiscal year."

13

14 **SECTION 11. SECTION 20-9-366, MCA, IS AMENDED TO READ:**

15 **"20-9-366. Definitions.** As used in 20-9-366 through 20-9-369, the following definitions apply:

16 (1) "County retirement mill value per elementary ANB" or "county retirement mill value per high
17 school ANB" means the sum of the taxable valuation in the previous year of all property in the county
18 divided by 1,000, with the quotient divided by the total county elementary ANB count or the total county
19 high school ANB count used to calculate the elementary school districts' and high school districts' current
20 year total per-ANB entitlement amounts.

21 (2) (a) "District guaranteed tax base ratio" for guaranteed tax base funding for the BASE budget
22 of an eligible district means the taxable valuation in the previous year of all property in the district divided
23 by the sum of the district's current year direct state aid and 40% of the special education allowable cost
24 payment.

25 (b) "District mill value per ANB", for school facility entitlement purposes, means the taxable
26 valuation in the previous year of all property in the district divided by 1,000, with the quotient divided by
27 the ANB count of the district used to calculate the district's current year total per-ANB entitlement amount.

28 (3) (a) "Statewide elementary guaranteed tax base ratio" or "statewide high school guaranteed tax
29 base ratio", for guaranteed tax base funding for the BASE budget of an eligible district, means:

30 (i) for the school fiscal year beginning July 1, 1997, the sum of the taxable valuation in the

1 previous year of all property in the state, multiplied by ~~175%~~ 194% and divided by the total sum of either
 2 the state elementary school districts' or the high school districts' current year total direct state aid and 40%
 3 of special education allowable cost amounts; and

4 (ii) for the school fiscal year beginning July 1, 1998, and for each school fiscal year thereafter, the
 5 sum of the taxable valuation in the previous year of all property in the state, multiplied by 182% and
 6 divided by the total sum of either the state elementary school districts' or the high school districts' current
 7 year total direct state aid and 40% of special education allowable cost amounts.

8 (b) "Statewide mill value per elementary ANB" or "statewide mill value per high school ANB", for
 9 school facility entitlement and retirement guaranteed tax base purposes, means the sum of the taxable
 10 valuation in the previous year of all property in the state, multiplied by 121% and divided by 1,000, with
 11 the quotient divided by the total state elementary ANB count or the total state high school ANB amount
 12 used to calculate the elementary school districts' and high school districts' current year total per-ANB
 13 entitlement amounts."

14

15 **Section 12.** Section 20-25-439, MCA, is amended to read:

16 **"20-25-439. Vocational-technical education -- mill levy required.** (1) ~~The~~ SUBJECT TO THE
 17 CONDITIONS OF [SECTION 6], THE boards of county commissioners of Cascade, Lewis and Clark,
 18 Missoula, Silver Bow, and Yellowstone Counties shall in each calendar year levy a tax of ~~1-1/2~~ NOT MORE
 19 THAN 1.5 MILLS AND NOT LESS THAN 1.3 mills on the dollar value of all taxable property, real and
 20 personal, located within the respective county.

21 (2) The funds from the mill levy must be deposited in the general fund and must be distributed for
 22 vocational-technical education on the basis of budgets approved by the board of regents."

23

24 **Section 13.** Section 53-2-801, MCA, is amended to read:

25 **"53-2-801. Purpose.** The purpose of this part is to provide for the department of public health and
 26 human services to assume all responsibilities for public assistance programs and for protective services for
 27 children and adults that, ~~as of July 1, 1983,~~ are provided by the counties pursuant to Titles 41 and 53. The
 28 assumption may become effective only at the option and with the express consent of each individual
 29 county requesting state assumption. State assumption allows counties to pay the state the proceeds from
 30 the ~~9 mill~~ 7.7 mill levy provided for in 53-2-813 rather than an amount based on the actual cost of

1 providing public assistance and protective services in the county. Counties that opt for state assumption
 2 may provide other optional services for indigents with money available from funds derived from the
 3 difference between the ~~9 mill~~ 7.7 mill levy PERMITTED BY 53-2-813 and the maximum amount of 13.5
 4 mills permitted by 53-2-322 PROVIDED THAT THE TOTAL AMOUNT LEVIED DOES NOT EXCEED THE
 5 AMOUNT LEVIED IN TAX YEAR 1996."

6
 7 **Section 14.** Section 53-2-813, MCA, is amended to read:

8 **"53-2-813. Mill levy for counties transferring public assistance and protective services.** (1) For
 9 the purpose of this part AND SUBJECT TO THE CONDITIONS OF [SECTION 53-2-322] NOT MORE THAN 9
 10 MILLS AND NOT LESS THAN 7.7 mills must be levied annually in those counties opting for state
 11 assumption.

12 (2) For a county electing state assumption, the proceeds of the mill levy established in subsection
 13 (1) must be deposited in the state special revenue fund in the state treasury to the credit of the department
 14 of public health and human services."

15
 16 **Section 15.** Section 90-5-112, MCA, is amended to read:

17 **"90-5-112. Economic development levy.** (1) The governing body of a city, county, or town is
 18 ~~authorized to~~ may levy up to 1 mill upon the taxable value of all the property in the city, county, or town
 19 subject to taxation for the purpose of economic development. The governing body ~~may~~ shall:

20 (a) submit the question of the mill levy to the qualified voters voting in a city, county, or town
 21 election; ~~or~~

22 (b) ~~approve the mill levy by a vote of the governing body.~~

23 (2) Funds derived from this levy may be used for purchasing land for industrial parks, constructing
 24 buildings to house manufacturing and processing operations, conducting preliminary feasibility studies,
 25 promoting economic development opportunities in a particular area, and other activities generally associated
 26 with economic development. These funds may not be used to directly assist an industry's operations by
 27 loan or grant or to pay the salary or salary supplements of government employees.

28 (3) The governing body of the county, city, or town may use the funds derived from this levy to
 29 contract with local development companies and other associations or organizations capable of implementing
 30 the economic development function.

1 (4) A tax authorized by a vote of the electorate, as provided in subsection (1)~~(a)~~, may be levied
2 for a period not to exceed 6 years ~~and is not subject to the provisions of Title 15, chapter 10, part 4.~~"

3
4 NEW SECTION. Section 16. Repealer. Section 15-10-411, MCA, is repealed.

5
6 NEW SECTION. Section 17. Saving clause. [This act] does not affect rights and duties that
7 matured, penalties that were incurred, or proceedings that were begun before [the effective date of this
8 act].

9
10 NEW SECTION. SECTION 18. CODIFICATION INSTRUCTION. [SECTION 6] IS INTENDED TO BE
11 CODIFIED AS AN INTEGRAL PART OF TITLE 15, CHAPTER 10, PART 4, AND THE PROVISIONS OF TITLE
12 15, CHAPTER 10, PART 4, APPLY TO [SECTION 6].

13
14 NEW SECTION. Section 19. Effective date -- retroactive applicability. [This act] is effective on
15 passage and approval and applies retroactively, within the meaning of 1-2-109, to tax years beginning after
16 December 31, 1996.

17
18 NEW SECTION. SECTION 20. TERMINATION. [SECTION 5(6)(B)] RELATING TO THE OVER-BASE
19 BUDGET LEVY OF A SCHOOL DISTRICT TERMINATES JUNE 30, 1998.

20 -END-