

## SENATE BILL NO. 102

INTRODUCED BY B. BEARD

A BILL FOR AN ACT ENTITLED: "AN ACT LIMITING THE GROWTH IN REVENUE FROM EDUCATION LEVIES; PROVIDING THAT THE STATE SCHOOL EQUALIZATION MILLS AND THE VOCATIONAL-TECHNICAL EDUCATION LEVY MAY NOT GENERATE GREATER THAN 3% MORE THAN THE REVENUE COLLECTED IN THE PRIOR YEAR; PROVIDING THAT THE AUTHORITY TO CARRY FORWARD MILLS DOES NOT APPLY TO CERTAIN STATE MILLS; AMENDING SECTION 15-10-420, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

**Section 1.** Section 15-10-420, MCA, is amended to read:

**"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the current year's newly taxable value, plus one-half of the average rate of inflation for the prior 3 years.

(b) (i) Except as provided in subsection (1)(b)(ii), a governmental entity that does not impose the maximum number of mills authorized under subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill authority carried forward may be imposed in a subsequent tax year.

(ii) The authority to carry forward mills provided for in subsection (1)(b)(i) does not apply to mills imposed under 20-9-331, 20-9-333, 20-9-360, or 20-25-439.

(c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers,

1 using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of  
2 labor.

3 (2) A governmental entity may apply the levy calculated pursuant to subsection (1)(a) plus any  
4 additional levies authorized by the voters, as provided in 15-10-425, to all property in the governmental unit,  
5 including newly taxable property.

6 (3) (a) For the purposes of this section, newly taxable property includes:

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

8 (ii) construction, expansion, or remodeling of improvements;

9 (iii) transfer of property into a taxing unit;

10 (iv) subdivision of real property; and

11 (v) transfer of property from tax-exempt to taxable status.

12 (b) Newly taxable property does not include an increase in value that arises because of an  
13 increase in the incremental value within a tax increment financing district.

14 (4) (a) For the purposes of subsection (1), the taxable value of newly taxable property includes the  
15 release of taxable value from the incremental taxable value of a tax increment financing district because of:

16 (i) a change in the boundary of a tax increment financing district;

17 (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or

18 (iii) the termination of a tax increment financing district.

19 (b) If a tax increment financing district terminates prior to the certification of taxable values as  
20 required in 15-10-202, the increment value is reported as newly taxable property in the year in which the tax  
21 increment financing district terminates. If a tax increment financing district terminates after the certification of  
22 taxable values as required in 15-10-202, the increment value is reported as newly taxable property in the  
23 following tax year.

24 (c) For the ~~purpose~~ purposes of subsection (3)(a)(ii), the value of newly taxable class four property  
25 that was constructed, expanded, or remodeled property since the completion of the last reappraisal cycle is the  
26 current year market value of that property less the previous year market value of that property.

27 (d) For the ~~purpose~~ purposes of subsection (3)(a)(iv), the subdivision of real property includes the  
28 first sale of real property that results in the property being taxable as class four property under 15-6-134 or as

1 nonqualified agricultural land as described in 15-6-133(1)(c).

2 (5) Subject to subsection (8), subsection (1)(a) does not apply to:

3 (a) school district levies established in Title 20; or

4 (b) a mill levy imposed for a newly created regional resource authority.

5 (6) For the purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds  
6 taxes received under 15-6-131 and 15-6-132.

7 (7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:

8 (a) may increase the number of mills to account for a decrease in reimbursements; and

9 (b) may not increase the number of mills to account for a loss of tax base because of legislative  
10 action that is reimbursed under the provisions of 15-1-121(7).

11 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for the  
12 purposes of ~~15-10-109, 20-9-331, 20-9-333, 20-9-360, and 20-25-439~~. However, the number of mills calculated  
13 by the department may not exceed the mill levy limits established in those sections, and the levy calculated  
14 pursuant to subsection (1) may not generate an amount of property taxes that exceeds the amount of property  
15 tax assessed in the prior year plus 3% of the property tax assessed in the prior year. The mill calculation must  
16 be established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the  
17 calculation must be rounded up to the nearest tenth of a mill.

18 (9) (a) The provisions of subsection (1) do not prevent or restrict:

19 (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;

20 (ii) a levy to repay taxes paid under protest as provided in 15-1-402;

21 (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;

22 (iv) a levy for the support of a study commission under 7-3-184;

23 (v) a levy for the support of a newly established regional resource authority;

24 (vi) the portion that is the amount in excess of the base contribution of a governmental entity's  
25 property tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703;

26 (vii) a levy for reimbursing a county for costs incurred in transferring property records to an  
27 adjoining county under 7-2-2807 upon relocation of a county boundary;

28 (viii) a levy used to fund the sheriffs' retirement system under 19-7-404(3)(b); or

(ix) a governmental entity from levying mills for the support of an airport authority in existence prior to May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past. The levy under this subsection (9)(a)(ix) is limited to the amount in the resolution creating the authority.

(b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes actually assessed in a subsequent year.

(10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating funds by a county or municipality during that time.

(11) The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable value in a governmental unit."

NEW SECTION. **Section 2. Applicability.** [This act] applies to property tax years beginning after December 31, 2025.

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