

SENATE BILL NO. 372

INTRODUCED BY B. TUTVEDT

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3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REDUCING THE TAXATION FOR A PORTION OF THE TAXABLE
5 MARKET VALUE OF CLASS EIGHT BUSINESS EQUIPMENT OWNED BY A TAXPAYER; PROVIDING
6 FUTURE TAX REDUCTIONS CONTINGENT ON INCREASES IN STATE COLLECTIONS OF INDIVIDUAL
7 INCOME TAX AND CORPORATION LICENSE TAX ~~OVER THE REVENUE ESTIMATED AMOUNT~~; CHANGING
8 OTHER PROVISIONS RELATING TO TAXATION OF CLASS EIGHT PROPERTY; PROVIDING A PARTIAL
9 REIMBURSEMENT TO LOCAL GOVERNMENTS AND TAX INCREMENT FINANCING DISTRICTS UNDER THE
10 ENTITLEMENT SHARE PAYMENT, TO SCHOOL DISTRICTS THROUGH THE BLOCK GRANT PROGRAM,
11 AND TO THE MONTANA UNIVERSITY SYSTEM THROUGH SUPPORT OF PUBLIC EDUCATION
12 INSTITUTIONS FOR THE LOSS OF CLASS EIGHT AND CLASS TWELVE PROPERTY TAX REVENUE;
13 PROVIDING STATUTORY APPROPRIATIONS; AMENDING SECTIONS 15-1-121, 15-6-138, 15-6-141,
14 15-10-420, ~~AND~~ 15-23-101, 17-7-502, AND 20-9-630, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE
15 ~~DATE~~ DATES AND AN APPLICABILITY DATE."

16
17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

18
19 **SECTION 1.** SECTION 15-1-121, MCA, IS AMENDED TO READ:
20 **"15-1-121. Entitlement share payment -- purpose -- appropriation.** (1) As described in 15-1-120(3),
21 each local government is entitled to an annual amount that is the replacement for revenue received by local
22 governments for diminishment of property tax base and various earmarked fees and other revenue that, pursuant
23 to Chapter 574, Laws of 2001, amended by section 4, Chapter 13, Special Laws of August 2002, and later
24 enactments, were consolidated to provide aggregation of certain reimbursements, fees, tax collections, and other
25 revenue in the state treasury with each local government's share. The reimbursement under this section is
26 provided by direct payment from the state treasury rather than the ad hoc system that offset certain state
27 payments with local government collections due the state and reimbursements made by percentage splits, with
28 a local government remitting a portion of collections to the state, retaining a portion, and in some cases sending
29 a portion to other local governments. The amount calculated pursuant to this subsection, as adjusted pursuant
30 to subsection (3)(a)(i), is each local government's base entitlement share. The department shall estimate the total

1 amount of revenue that each local government received from the following sources for the fiscal year ending June
2 30, 2001:

3 (2) The sources of dedicated revenue that were relinquished by local governments in exchange for an
4 entitlement share of the state general fund were:

5 (a) personal property tax reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter
6 584, Laws of 1999;

7 (b) vehicle, boat, and aircraft taxes and fees pursuant to:

8 (i) Title 23, chapter 2, part 5;

9 (ii) Title 23, chapter 2, part 6;

10 (iii) Title 23, chapter 2, part 8;

11 (iv) 61-3-317;

12 (v) 61-3-321;

13 (vi) Title 61, chapter 3, part 5, except for 61-3-509(3), as that subsection read prior to the amendment
14 of 61-3-509 in 2001;

15 (vii) Title 61, chapter 3, part 7;

16 (viii) 5% of the fees collected under 61-10-122;

17 (ix) 61-10-130;

18 (x) 61-10-148; and

19 (xi) 67-3-205;

20 (c) gaming revenue pursuant to Title 23, chapter 5, part 6, except for the permit fee in 23-5-612(2)(a);

21 (d) district court fees pursuant to:

22 (i) 25-1-201, except those fees in 25-1-201(1)(d), (1)(g), and (1)(j);

23 (ii) 25-1-202;

24 (iii) 25-9-506; and

25 (iv) 27-9-103;

26 (e) certificate of title fees for manufactured homes pursuant to 15-1-116;

27 (f) financial institution taxes collected pursuant to the former provisions of Title 15, chapter 31, part 7;

28 (g) all beer, liquor, and wine taxes pursuant to:

29 (i) 16-1-404;

30 (ii) 16-1-406; and

- 1 (iii) 16-1-411;
- 2 (h) late filing fees pursuant to 61-3-220;
- 3 (i) title and registration fees pursuant to 61-3-203;
- 4 (j) veterans' cemetery license plate fees pursuant to 61-3-459;
- 5 (k) county personalized license plate fees pursuant to 61-3-406;
- 6 (l) special mobile equipment fees pursuant to 61-3-431;
- 7 (m) single movement permit fees pursuant to 61-4-310;
- 8 (n) state aeronautics fees pursuant to 67-3-101; and
- 9 (o) department of natural resources and conservation payments in lieu of taxes pursuant to Title 77,
- 10 chapter 1, part 5.

11 ~~———— (2) (a) From the amounts estimated in subsection (1) for each county government, the department shall~~
 12 ~~deduct fiscal year 2001 county government expenditures for district courts, less reimbursements for district court~~
 13 ~~expenses, and fiscal year 2001 county government expenditures for public welfare programs to be assumed by~~
 14 ~~the state in fiscal year 2002.~~

15 (b)(3) The total amount estimated pursuant to subsections (1) and (2)(a) received by each local
 16 government in fiscal year 2010 as an entitlement share payment under this section is the base component for
 17 the fiscal year 2011 distribution, and in each subsequent year the prior year entitlement share payment, including
 18 any reimbursement payments received pursuant to subsection (7). is each local government's base year
 19 component. The sum of all local governments' base year components is the base fiscal year entitlement share
 20 pool. For the purpose of calculating the sum of all local governments' base year components, the base year
 21 component for a local government may not be less than zero.

22 (3)(4) (a) The base year entitlement share pool must be increased annually by a growth rate as provided
 23 for in this subsection (3) (4). The amount determined through the application of annual growth rates is the
 24 entitlement share pool for each fiscal year. By October 1 of each even-numbered year, the department shall
 25 calculate the growth rate of the entitlement share pool for each year of the next biennium in the following manner:

26 ~~———— (i) Before applying the growth rate for fiscal year 2007 to determine the fiscal year 2007 entitlement share~~
 27 ~~payments, the department shall subtract from the fiscal year 2006 entitlement share payments the following~~
 28 ~~amounts:~~

29 Beaverhead		\$6,972
30 Big Horn		\$52,551

1	Blaine	\$13,625
2	Broadwater	\$2,564
3	Carbon	\$11,537
4	Carter	\$407
5	Cascade	\$100,000
6	Chouteau	\$3,536
7	Custer	\$7,011
8	Daniels	\$143
9	Dawson	\$3,893
10	Fallon	\$1,803
11	Fergus	\$9,324
12	Flathead	\$100,000
13	Gallatin	\$160,000
14	Garfield	\$91
15	Glacier	\$3,035
16	Golden Valley	\$2,282
17	Granite	\$4,554
18	Hill	\$31,740
19	Jefferson	\$5,700
20	Judith Basin	\$1,487
21	Lake	\$38,314
22	Lewis and Clark	\$160,000
23	Liberty	\$152
24	Lincoln	\$3,759
25	Madison	\$8,805
26	McCone	\$1,651
27	Meagher	\$2,722
28	Mineral	\$2,361
29	Missoula	\$200,000
30	Musselshell	\$23,275

1	Park	\$6,582
2	Petroleum	\$36
3	Phillips	\$653
4	Pondera	\$10,270
5	Powder River	\$848
6	Powell	\$5,146
7	Prairie	\$717
8	Ravalli	\$93,090
9	Richland	\$3,833
10	Roosevelt	\$9,526
11	Rosebud	\$19,971
12	Sanders	\$30,712
13	Sheridan	\$271
14	Stillwater	\$12,117
15	Sweet Grass	\$2,463
16	Teton	\$5,560
17	Toole	\$7,113
18	Treasure	\$54
19	Valley	\$6,899
20	Wheatland	\$918
21	Wibaux	\$72
22	Yellowstone	\$270,000
23	Anaconda-Deer Lodge	\$20,707
24	Butte-Silver Bow	\$53,057
25	Alberton	\$675
26	Bainville	\$258
27	Baker	\$2,828
28	Bearcreek	\$143
29	Belgrade	\$11,704
30	Belt	\$1,056

1	Big Sandy	\$1,130
2	Big Timber	\$2,910
3	Billings	\$163,499
4	Boulder	\$2,340
5	Bozeman	\$52,805
6	Bridger	\$1,303
7	Broadus	\$766
8	Broadview	\$258
9	Brockton	\$414
10	Browning	\$1,830
11	Cascade	\$1,374
12	Chester	\$1,430
13	Chinook	\$2,275
14	Choteau	\$3,050
15	Circle	\$1,018
16	Clyde Park	\$572
17	Colstrip	\$4,090
18	Columbia Falls	\$6,805
19	Columbus	\$3,245
20	Conrad	\$4,562
21	Culbertson	\$1,216
22	Cut Bank	\$5,316
23	Darby	\$1,348
24	Deer Lodge	\$5,708
25	Denton	\$503
26	Dillon	\$6,928
27	Dodson	\$194
28	Drummond	\$561
29	Dutton	\$661
30	East Helena	\$2,888

1	Ekalaka	\$689
2	Ennis	\$1,518
3	Eureka	\$1,733
4	Fairfield	\$1,120
5	Fairview	\$1,152
6	Flaxville	\$143
7	Forsyth	\$3,286
8	Fort Benton	\$2,579
9	Fort Peck	\$393
10	Froid	\$328
11	Fromberg	\$855
12	Geraldine	\$457
13	Glasgow	\$5,361
14	Glendive	\$8,099
15	Grass Range	\$254
16	Great Falls	\$96,422
17	Hamilton	\$7,148
18	Hardin	\$5,920
19	Harlem	\$1,422
20	Harlowton	\$1,678
21	Havre	\$16,223
22	Helena	\$45,877
23	Hingham	\$263
24	Hobson	\$397
25	Hot Springs	\$912
26	Hysham	\$482
27	Ismay	\$43
28	Joliet	\$1,006
29	Jordan	\$606
30	Judith Gap	\$263

1	Kalispell	\$28,144
2	Kevin	\$304
3	Laurel	\$10,804
4	Lavina	\$361
5	Lewistown	\$10,170
6	Libby	\$4,475
7	Lima	\$397
8	Livingston	\$12,145
9	Lodge Grass	\$889
10	Malta	\$3,389
11	Manhattan	\$2,485
12	Medicine Lake	\$410
13	Melstone	\$234
14	Miles City	\$14,152
15	Missoula	\$104,264
16	Moore	\$319
17	Nashua	\$536
18	Neihart	\$149
19	Opheim	\$180
20	Outlook	\$125
21	Philipsburg	\$1,612
22	Pinesdale	\$1,413
23	Plains	\$2,007
24	Plentywood	\$3,185
25	Plevna	\$225
26	Polson	\$7,722
27	Poplar	\$1,544
28	Red Lodge	\$3,903
29	Rexford	\$263
30	Richey	\$309

1	Ronan	\$3,262
2	Roundup	\$3,280
3	Ryegate	\$465
4	Saco	\$354
5	Scobey	\$1,798
6	Shelby	\$5,677
7	Sheridan	\$1,150
8	Sidney	\$7,747
9	Stanford	\$737
10	Stevensville	\$3,063
11	St. Ignatius	\$1,367
12	Sunburst	\$709
13	Superior	\$1,521
14	Terry	\$1,011
15	Thompson Falls	\$2,272
16	Three Forks	\$3,130
17	Townsend	\$3,286
18	Troy	\$1,654
19	Twin Bridges	\$695
20	Valier	\$817
21	Virginia City	\$223
22	Walkerville	\$1,183
23	West Yellowstone	\$2,083
24	Westby	\$263
25	White Sulphur Springs	\$1,734
26	Whitefish	\$9,932
27	Whitehall	\$1,889
28	Wibaux	\$893
29	Winifred	\$259
30	Winnett	\$314

1 ~~Wolf Point~~ _____ ~~\$4,497~~

2 ~~(ii)(i)~~ The department shall calculate the average annual growth rate of the Montana gross state product,
3 as published by the bureau of economic analysis of the United States department of commerce, for ~~the following~~
4 ~~periods:~~

5 ~~_____ (A) the last 4 calendar years for which the information has been published; and~~

6 ~~_____ (B) the 4 calendar years beginning with the year before the first year in the period referred to in~~
7 ~~subsection (3)(a)(ii)(A).~~

8 ~~(iii)(ii)~~ The department shall calculate the average annual growth rate of Montana personal income, as
9 published by the bureau of economic analysis of the United States department of commerce, for ~~the following~~
10 ~~periods:~~

11 ~~_____ (A) the last 4 calendar years for which the information has been published; and~~

12 ~~_____ (B) the 4 calendar years beginning with the year before the first year in the period referred to in~~
13 ~~subsection (3)(a)(iii)(A).~~

14 (b) ~~(i)~~ The entitlement share pool growth rate for ~~the first~~ each year of the biennium must be the following
15 percentage of the average of the growth rates calculated in subsections ~~(3)(a)(ii)(B)~~ (4)(a)(i) and ~~(3)(a)(iii)(B)~~
16 (4)(a)(ii):

17 ~~(A)(i)~~ (i) for counties, 54%;

18 ~~(B)(ii)~~ (ii) for consolidated local governments, 62%; and

19 ~~(C)(iii)~~ (iii) for incorporated cities and towns, 70%.

20 ~~(ii)~~ The entitlement share pool growth rate for ~~the second year of the biennium~~ must be the following
21 ~~percentage of the average of the growth rates calculated in subsections (3)(a)(ii)(A) and (3)(a)(iii)(A):~~

22 ~~_____ (A) for counties, 54%;~~

23 ~~_____ (B) for consolidated local governments, 62%; and~~

24 ~~_____ (C) for incorporated cities and towns, 70%.~~

25 ~~(4)(5)~~ As used in this section, "local government" means a county, a consolidated local government, an
26 incorporated city, and an incorporated town. A local government does not include a tax increment financing
27 district provided for in subsection ~~(6)~~ (8). For purposes of calculating the base year component for a county or
28 consolidated local government, the department shall include the revenue listed in subsection ~~(1)~~ for all special
29 districts within the county or consolidated local government. The county or consolidated local government is
30 responsible for making an allocation from the county's or consolidated local government's share of the entitlement

1 share pool to each special district within the county or consolidated local government in a manner that reasonably
 2 reflects each special district's loss of revenue sources ~~listed in subsection (1)~~ for which reimbursement is provided
 3 in this section.

4 ~~(5)(6)~~ (a) The entitlement share pools calculated in this section and the ~~block grants~~ funding provided
 5 for in subsection ~~(6)~~ (8) are statutorily appropriated, as provided in 17-7-502, from the general fund to the
 6 department for distribution to local governments. ~~Each local government is entitled to a pro rata share of each~~
 7 ~~year's entitlement share pool based on the local government's base component in relation to the base year~~
 8 ~~entitlement share pool.~~ The distributions must be made on a quarterly basis.

9 (b) (i) The growth amount is the difference between the entitlement share pool in the current fiscal year
 10 and the entitlement share pool in the previous fiscal year. ~~For the purposes of subsection (5)(b)(ii)(A), a county~~
 11 ~~with a negative base year component has a base year component of zero.~~ The growth factor in the entitlement
 12 share must be calculated separately for:

- 13 (A) counties;
- 14 (B) consolidated local governments; and
- 15 (C) incorporated cities and towns.

16 (ii) In each fiscal year, the growth amount for counties must be allocated as follows:

17 (A) 50% of the growth amount must be allocated based upon each county's percentage of the ~~base prior~~
 18 fiscal year entitlement share pool for all counties; and

19 (B) 50% of the growth amount must be allocated based upon the percentage that each county's
 20 population bears to the state population not residing within consolidated local governments as determined by the
 21 latest interim year population estimates from the Montana department of commerce as supplied by the United
 22 States bureau of the census.

23 (iii) In each fiscal year, the growth amount for consolidated local governments must be allocated as
 24 follows:

25 (A) 50% of the growth amount must be allocated based upon each consolidated local government's
 26 percentage of the ~~base prior~~ fiscal year entitlement share pool for all consolidated local governments; and

27 (B) 50% of the growth amount must be allocated based upon the percentage that each consolidated local
 28 government's population bears to the state's total population residing within consolidated local governments as
 29 determined by the latest interim year population estimates from the Montana department of commerce as
 30 supplied by the United States bureau of the census.

1 (iv) In each fiscal year, the growth amount for incorporated cities and towns must be allocated as follows:

2 (A) 50% of the growth amount must be allocated based upon each incorporated city's or town's
 3 percentage of the ~~base~~ prior fiscal year entitlement share pool for all incorporated cities and towns; and

4 (B) 50% of the growth amount must be allocated based upon the percentage that each city's or town's
 5 population bears to the state's total population residing within incorporated cities and towns as determined by the
 6 latest interim year population estimates from the Montana department of commerce as supplied by the United
 7 States bureau of the census.

8 (v) In each fiscal year, the amount of the entitlement share pool ~~not represented by~~ before the growth
 9 amount or adjustments made under subsection (7) are applied is to be distributed to each local government in
 10 the same manner as the entitlement share pool was distributed in the prior fiscal year.

11 (7) If the legislature enacts a reimbursement provision that is to be distributed pursuant to this section,
 12 the department shall determine the reimbursement amount as provided in the enactment and add the appropriate
 13 amount to the entitlement share distribution under this section. The total entitlement share distributions in a fiscal
 14 year, including distributions made pursuant to this subsection, equal the local fiscal year entitlement share pool.
 15 The ratio of each local government's distribution from the entitlement share pool must be recomputed to
 16 determine each local government's ratio to be used in the subsequent year's distribution determination under
 17 subsections (6)(b)(ii)(A), (6)(b)(iii)(A), and (6)(b)(iv)(A).

18 ~~(6)(8)~~ (a) If a tax increment financing district was not in existence during the fiscal year ending June 30,
 19 2000, then the tax increment financing district is not entitled to any ~~block grant~~ funding. If a tax increment
 20 financing district referred to in subsection ~~(6)(b)~~ (8)(b) terminates, then the ~~block grant~~ funding for the district
 21 provided for in subsection ~~(6)(b)~~ (8)(b) terminates.

22 (b) One-half of the payments provided for in this subsection ~~(6)(b)~~ (8)(b) must be made by November
 23 30 and the other half by May 31 of each year. Subject to subsection ~~(6)(a)~~ (8)(a), the entitlement share for tax
 24 increment financing districts is as follows:

25	Cascade	Great Falls - downtown	\$468,966
26	Deer Lodge	TIF District 1	3,148 \$3,148
27	Deer Lodge	TIF District 2	3,126
28	Flathead	Kalispell - District 1	758,359
29	Flathead	Kalispell - District 2	5,153
30	Flathead	Kalispell - District 3	41,368

1	Flathead	Whitefish District	164,660
2	Gallatin	Bozeman - downtown	34,620
3	Lewis and Clark	Helena - #2	731,614
4	Missoula	Missoula - 4-1B & 4-1C	1,100,507 250,279
5	Missoula	Missoula - 4-1C	33,343
6	Silver Bow	Butte - uptown	283,801
7	Yellowstone	Billings	436,815

8 ~~(7)~~(9) The estimated ~~base~~ fiscal year entitlement share pool and any subsequent entitlement share pool
 9 for local governments do not include revenue received from tax increment financing districts, from countywide
 10 transportation block grants, or from countywide retirement block grants.

11 ~~———(8) (a) If revenue that is included in the sources listed in subsections (1)(b) through (1)(c) is significantly~~
 12 ~~reduced, except through legislative action, the department shall deduct the amount of revenue loss from the~~
 13 ~~entitlement share pool beginning in the succeeding fiscal year and the department shall work with local~~
 14 ~~governments to propose legislation to adjust the entitlement share pool to reflect an allocation of the loss of~~
 15 ~~revenue.~~

16 ~~———(b) For the purposes of subsection (8)(a), a significant reduction is a loss that causes the amount of~~
 17 ~~revenue received in the current year to be less than 95% of the amount of revenue received in the base year.~~

18 ~~(9)~~(10) A three-fifths vote of each house of the legislature is required to reduce the amount of the
 19 entitlement share calculated pursuant to subsections (1) through ~~(3)~~ (4).

20 ~~(10)~~(11) When there has been an underpayment of a local government's share of the entitlement share
 21 pool, the department shall distribute the difference between the underpayment and the correct amount of the
 22 entitlement share. When there has been an overpayment of a local government's entitlement share, the local
 23 government shall remit the overpaid amount to the department.

24 ~~(11)~~(12) A local government may appeal the department's estimation of the base ~~year~~
 25 entitlement share pool growth rate, or a local government's allocation of the entitlement share pool, according
 26 to the uniform dispute review procedure in 15-1-211.

27 ~~(12)~~(13) A payment required pursuant to this section may not be offset by a debt owed to a state agency
 28 by a local government in accordance with Title 17, chapter 4, part 1."
 29

30 **Section 2.** Section 15-6-138, MCA, is amended to read:

- 1 **"15-6-138. Class eight property -- description -- taxable percentage.** (1) Class eight property
2 includes:
- 3 (a) all agricultural implements and equipment that are not exempt under 15-6-207 or 15-6-220;
4 (b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-219, and supplies
5 except those included in class five under 15-6-135;
6 (c) for oil and gas production, all:
7 (i) machinery;
8 (ii) fixtures;
9 (iii) equipment, including flow lines and gathering lines, pumping units, oil field storage tanks, water
10 storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas
11 metering shacks, treaters, gas separators, water flood units, and gas boosters, together with equipment that is
12 skidable, portable, or movable;
13 (iv) tools that are not exempt under 15-6-219; and
14 (v) supplies except those included in class five;
15 (d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools and
16 personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk processors
17 as provided in 15-6-220, and supplies except those included in class five;
18 (e) all goods and equipment that are intended for rent or lease, except goods and equipment that are
19 specifically included and taxed in another class or that are rented under a purchase incentive rental program as
20 defined in 15-6-202(4);
21 (f) special mobile equipment as defined in 61-1-101;
22 (g) furniture, fixtures, and equipment, except that specifically included in another class, used in
23 commercial establishments as defined in this section;
24 (h) x-ray and medical and dental equipment;
25 (i) citizens' band radios and mobile telephones;
26 (j) radio and television broadcasting and transmitting equipment;
27 (k) cable television systems;
28 (l) coal and ore haulers;
29 (m) theater projectors and sound equipment; and
30 (n) all other property that is not included in any other class in this part, except that property that is subject

1 to a fee in lieu of a property tax.

2 (2) As used in this section, the following definitions apply:

3 (a) "Coal and ore haulers" means nonhighway vehicles that exceed 18,000 pounds an axle and that are
4 primarily designed and used to transport coal, ore, or other earthen material in a mining or quarrying environment.

5 (b) "Commercial establishment" includes any hotel, motel, office, petroleum marketing station, or service,
6 wholesale, retail, or food-handling business.

7 (c) "Flow lines and gathering lines" means pipelines used to transport all or part of the oil or gas
8 production from an oil or gas well to an interconnection with a common carrier pipeline as defined in 69-13-101,
9 a pipeline carrier as defined in 49 U.S.C. 15102(2), or a rate-regulated natural gas transmission or oil
10 transmission pipeline regulated by the public service commission or the federal energy regulatory commission.

11 (3) Except as provided in 15-24-1402, ~~and 15-24-2101, and subsection (4) of this section~~ class eight
12 property is taxed at:

13 (a) AS DETERMINED PURSUANT TO SUBSECTION (4):

14 (i) for the first \$2 million of taxable market value, 2%; and OR

15 (ii) FOR THE FIRST \$3 MILLION OF TAXABLE MARKET VALUE, 1.5%; AND

16 (b) for all taxable market value in excess of \$2 million THE APPLICABLE AMOUNT OF TAXABLE MARKET VALUE
17 IN SUBSECTION (3)(A), 3% of its market value.

18 (4) (a) If THE ADJUSTED TAXABLE MARKET VALUE AND RATE IN SUBSECTION (3)(A)(I) APPLY FOR CLASS EIGHT
19 PROPERTY UNLESS in any year beginning with fiscal year 2011 2012 2013 the percentage growth in revenue
20 collected from individual income tax and corporation income tax exceeds the current law estimated revenues for
21 those taxes in the revenue estimating resolution under 5-5-227(2) for the same REVENUE COLLECTED FROM
22 INDIVIDUAL INCOME TAX AND CORPORATION INCOME TAX IN THE PREVIOUS fiscal year by more than 0.75%, then 4%.

23 IN THAT CASE, for tax years beginning after the next December 31:

24 —— (i) the tax rate for the first \$2 million in taxable class eight property is reduced by 0.5%; and

25 —— (ii) (A) if the tax rate decreases to 1%, the \$2 million bracket is increased to \$3 million; and

26 —— (B) if the tax rate decreases to 0%, the \$2 million bracket is increased to \$4 million, THE TAXABLE MARKET
27 VALUE AND RATE IN SUBSECTION (3)(A)(II) APPLY.

28 (b) For the purpose of making the determination required in subsection (4)(a), the department of
29 administration shall certify to the secretary of state, by August 1 of each year in which the tax rate for the first \$2
30 million in taxable class eight property exceeds 0% CLASS EIGHT PROPERTY IS NOT TAXED PURSUANT TO SUBSECTION

1 (3)(A)(II), the amount of unaudited individual income tax and corporation income tax revenue in the prior fiscal
 2 year as recorded when that fiscal year statewide accounting, budgeting, and human resource system records
 3 are closed in July.

4 ~~(4)(5)~~ The class eight property of a person or business entity that owns an aggregate of \$20,000 or less
 5 in market value of class eight property is exempt from taxation.

6 ~~(5)(6)~~ The gas gathering facilities of a stand-alone gas gathering company providing gas gathering
 7 services to third parties on a contractual basis, owning more than 500 miles of gas gathering lines in Montana,
 8 and centrally assessed in tax years prior to 2009 must be treated as a natural gas transmission pipeline subject
 9 to central assessment under 15-23-101. For purposes of this subsection, the gas gathering line ownership of all
 10 affiliated companies, as defined in section 1504(a) of the Internal Revenue Code, 26 U.S.C. 1504(a), must be
 11 aggregated for purposes of determining the 500-mile threshold."
 12

13 **NEW SECTION. Section 3. Partial-reimbursement REIMBURSEMENT for class eight rate reduction**
 14 **and exemption -- distribution -- APPROPRIATIONS.** (1) For the tax rate reductions in 15-6-138 and for the effective
 15 tax rate reductions on property under 15-6-145 because of the rate reductions required by the amendment of
 16 15-6-138 in [section 4 2], the department shall, by June 1, 2012, and for each calendar year that the tax rate is
 17 adjusted under 15-6-138(4), estimate for each local government, as defined in ~~[15-1-121(5) as amended by~~
 18 ~~House Bill No. 26]~~ 15-1-121(5), each school district, each tax increment financing district, and the 6-mill university
 19 levy for the purposes of 15-10-108, ~~90%~~ of the difference between property tax collections under 15-6-138, as
 20 amended by [section 4 2], and under 15-6-145 and the property tax revenue that would have been collected
 21 under 15-6-138 and 15-6-145 if 15-6-138 had not been amended by [section 4 2]. The difference is the annual
 22 reimbursable amount for each local government, each school district, each tax increment financing district, and
 23 the 6-mill levy for the support of the Montana university system under 15-10-108.

24 (2) (a) The department shall distribute the reimbursement to local governments with the entitlement share
 25 payments UNDER 15-1-121(7) for fiscal year 2012 and for all other fiscal years in which rate reductions occur
 26 ~~under [15-1-121(7) as amended by House Bill No. 26]~~. Local government reimbursements for subsequent years
 27 are made pursuant to the entitlement share recomputation as provided in ~~[15-1-121(6) as amended by House~~
 28 ~~Bill No. 26]~~ 15-1-121(6).

29 (b) For fiscal year 2012 and all other fiscal years in which rate reductions occur, the department shall
 30 determine from the amount calculated under subsection (1) the amount that is attributable to personal property

1 taxes that are not a lien on real property for each local government. By ~~June 15 of each of those~~ AUGUST 1
 2 FOLLOWING EACH OF THOSE FISCAL years, the department shall distribute the amount determined under this
 3 subsection (2)(b) for local governments as provided in ~~[15-1-121(6)(a) as amended by House Bill No. 26]~~
 4 15-1-121(6)(A).

5 (C) THE AMOUNTS DETERMINED UNDER THIS SUBSECTION (2) ARE STATUTORILY APPROPRIATED, AS PROVIDED
 6 IN 17-7-502, FROM THE GENERAL FUND TO THE DEPARTMENT FOR DISTRIBUTION TO LOCAL GOVERNMENTS UNDER
 7 15-1-121(6).

8 (3) (a) The office of public instruction shall distribute the reimbursement to school districts with the block
 9 grants pursuant to 20-9-630 for fiscal year 2012 and all other fiscal years in which rate reductions occur. School
 10 district reimbursements for subsequent fiscal years are made pursuant to 20-9-630.

11 (b) For fiscal year 2012 and all other fiscal years in which rate reductions occur, the department shall
 12 determine from the amount calculated under subsection (1) the amount that is attributable to personal property
 13 taxes that are not a lien on real property for each school district. By ~~June 15 of each of those~~ AUGUST 1
 14 FOLLOWING EACH OF THOSE FISCAL years, the office of public instruction shall distribute the amount determined
 15 under this subsection (3)(b) in the same manner as the block grant is distributed by fund under 20-9-630.

16 (C) THE AMOUNTS DETERMINED UNDER THIS SUBSECTION (3) ARE STATUTORILY APPROPRIATED, AS PROVIDED
 17 IN 17-7-502, FROM THE GENERAL FUND TO THE OFFICE OF PUBLIC INSTRUCTION FOR DISTRIBUTION TO SCHOOL DISTRICTS.

18 (4) (a) For each fiscal year beginning after fiscal year 2012 and all other fiscal years in which rate
 19 reductions occur, the amount determined under subsection (1) for each tax increment financing district must be
 20 added to the reimbursement amount for the tax increment financing district as provided in ~~[15-1-121(8)(b) as~~
 21 ~~amended by House Bill No. 26]~~ 15-1-121(8)(B) if the tax increment financing district is still in existence. If a tax
 22 increment financing district that is entitled to a reimbursement under this section is not listed under ~~[15-1-121(8)~~
 23 ~~as amended by House Bill No. 26]~~ 15-1-121(8)(B), the reimbursement must be made to that tax increment
 24 financing district at the same time as other districts.

25 (b) For fiscal year 2012 and all other fiscal years in which rate reductions occur, the department shall
 26 determine from the amount calculated under subsection (1) the amount that is attributable to personal property
 27 taxes that are not a lien on real property for each tax increment financing district. By ~~June 15, 2012~~ AUGUST 1
 28 FOLLOWING EACH OF THOSE FISCAL YEARS, the department shall distribute the amount determined under this
 29 subsection (4)(b) to each tax increment financing district as provided in ~~[15-1-121(8)(b) as amended by House~~
 30 ~~Bill No. 26]~~ 15-1-121(8) and to any other tax increment financing district that is entitled to a reimbursement under

1 this section.

2 (C) THE AMOUNTS DETERMINED UNDER THIS SUBSECTION (4) ARE STATUTORILY APPROPRIATED, AS PROVIDED
 3 IN 17-7-502, FROM THE GENERAL FUND TO THE DEPARTMENT FOR DISTRIBUTION TO TAX INCREMENT FINANCING DISTRICTS
 4 UNDER 15-1-121(8).

5 (5) (a) For fiscal year 2012 and all other fiscal years in which rate reductions occur, the amount
 6 determined under subsection (1) for the 6-mill university levy must be added to current collections and
 7 reimbursements for the support of the Montana university system as provided in 15-10-108.

8 (b) For fiscal year 2012 and all other fiscal years in which rate reductions occur, the department shall
 9 determine from the amount calculated under subsection (1) the amount that is attributable to personal property
 10 taxes that are not a lien on real property for the 6-mill university levy. By ~~June 15, 2012~~ AUGUST 1 FOLLOWING EACH
 11 OF THOSE FISCAL YEARS, the department shall distribute the amount determined under this subsection (5)(b) for
 12 the support of the Montana university system as provided in 15-10-108.

13 (C) THE AMOUNTS DETERMINED UNDER THIS SUBSECTION (5) ARE STATUTORILY APPROPRIATED, AS PROVIDED
 14 IN 17-7-502, FROM THE GENERAL FUND TO THE DEPARTMENT FOR DISTRIBUTION TO THE MONTANA BOARD OF REGENTS
 15 FOR THE SUPPORT OF THE MONTANA UNIVERSITY SYSTEM AS PROVIDED IN 15-10-108.

16

17 **Section 4.** Section 15-6-141, MCA, is amended to read:

18 **"15-6-141. Class nine property -- description -- taxable percentage.** (1) Class nine property includes:

19 (a) centrally assessed allocations of an electric power company or centrally assessed allocations of an
 20 electric power company that owns or operates transmission or distribution facilities or both, including, if congress
 21 passes legislation that allows the state to tax property owned by an agency created by congress to transmit or
 22 distribute electrical energy, allocations of properties constructed, owned, or operated by a public agency created
 23 by congress to transmit or distribute electrical energy produced at privately owned generating facilities, not
 24 including rural electric cooperatives. However, rural electric cooperatives' property, except wind generation
 25 facilities and biomass generation facilities classified under 15-6-157, used for the sole purpose of serving
 26 customers representing less than 95% of the electric consumers located within the incorporated limits of a city
 27 or town of more than 3,500 persons in which a centrally assessed electric power company also owns property
 28 or serving an incorporated municipality with a population that is greater than 3,500 persons formerly served by
 29 a public utility that after January 1, 1998, received service from the facilities of an electric cooperative is included.
 30 For purposes of this subsection (1)(a), "property used for the sole purpose" does not include a headquarters,

1 office, shop, or other similar facility.

2 (b) allocations for centrally assessed natural gas distribution utilities, rate-regulated natural gas
3 transmission or oil transmission pipelines regulated by either the public service commission or the federal energy
4 regulatory commission, a common carrier pipeline as defined in 69-13-101, a pipeline carrier as defined in 49
5 U.S.C. 15102(2), or the gas gathering facilities specified in 15-6-138~~(5)~~(6); and

6 (c) centrally assessed companies' allocations except:

7 (i) electrical generation facilities classified under 15-6-156;

8 (ii) all property classified under 15-6-157;

9 (iii) all property classified under 15-6-158 and 15-6-159;

10 (iv) property owned by cooperative rural electric and cooperative rural telephone associations and
11 classified under 15-6-135;

12 (v) property owned by organizations providing telephone communications to rural areas and classified
13 under 15-6-135;

14 (vi) railroad transportation property included in 15-6-145;

15 (vii) airline transportation property included in 15-6-145; and

16 (viii) telecommunications property included in 15-6-156.

17 (2) Class nine property is taxed at 12% of market value."
18

19 **SECTION 5. SECTION 15-10-420, MCA, IS AMENDED TO READ:**

20 **"15-10-420. Procedure for calculating levy.** (1) (a) Subject to the provisions of this section, a
21 governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount
22 of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3
23 years. The maximum number of mills that a governmental entity may impose is established by calculating the
24 number of mills required to generate the amount of property tax actually assessed in the governmental unit in the
25 prior year based on the current year taxable value, less the current year's value of newly taxable property, plus
26 one-half of the average rate of inflation for the prior 3 years.

27 (b) A governmental entity that does not impose the maximum number of mills authorized under
28 subsection (1)(a) may carry forward the authority to impose the number of mills equal to the difference between
29 the actual number of mills imposed and the maximum number of mills authorized to be imposed. The mill authority
30 carried forward may be imposed in a subsequent tax year.

1 (c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of
2 inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers, using
3 the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

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

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

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

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

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

11 (iv) subdivision of real property; and

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

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

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

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

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

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

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

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

27 (d) For the purpose of subsection (3)(a)(iv), the subdivision of real property includes the first sale of real
28 property that results in the property being taxable as class four property under 15-6-134 or as nonqualified
29 agricultural land as described in 15-6-133(1)(c).

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

- 1 (a) school district levies established in Title 20; or
- 2 (b) a mill levy imposed for a newly created regional resource authority.
- 3 (6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received
- 4 under 15-6-131 and 15-6-132.
- 5 (7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:
- 6 (a) may increase the number of mills to account for a decrease in reimbursements; and
- 7 (b) may not increase the number of mills to account for a loss of tax base because of legislative action
- 8 that is reimbursed under the provisions of 15-1-121(7).
- 9 (8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes
- 10 of 15-10-108, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated by the
- 11 department may not exceed the mill levy limits established in those sections. The mill calculation must be
- 12 established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the
- 13 calculation must be rounded up to the nearest tenth of a mill.
- 14 (9) (a) The provisions of subsection (1) do not prevent or restrict:
- 15 (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;
- 16 (ii) a levy to repay taxes paid under protest as provided in 15-1-402;
- 17 (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;
- 18 (iv) a levy for the support of a study commission under 7-3-184;
- 19 (v) a levy for the support of a newly established regional resource authority; or
- 20 (vi) the portion that is the amount in excess of the base contribution of a governmental entity's property
- 21 tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703.
- 22 (b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes
- 23 actually assessed in a subsequent year.
- 24 (10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402,
- 25 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport
- 26 authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating
- 27 funds by a county or municipality during that time.
- 28 (11) The department may adopt rules to implement this section. The rules may include a method for
- 29 calculating the percentage of change in valuation for purposes of determining the elimination of property, new
- 30 improvements, or newly taxable property in a governmental unit."

1

2 **Section 6.** Section 15-23-101, MCA, is amended to read:

3 **"15-23-101. Properties centrally assessed.** The department shall centrally assess each year:

4 (1) the railroad transportation property of railroads and railroad car companies operating in more than

5 one county in the state or more than one state;

6 (2) property owned by a corporation or other person operating a single and continuous property operated

7 in more than one county or more than one state including but not limited to:

8 (a) telegraph, telephone, microwave, and electric power or transmission lines;

9 (b) rate-regulated natural gas transmission or oil transmission pipelines regulated by the public service

10 commission or the federal energy regulatory commission;

11 (c) common carrier pipelines as defined in 69-13-101 or a pipeline carrier as defined in 49 U.S.C.

12 15102(2);

13 (d) natural gas distribution utilities;

14 (e) the gas gathering facilities specified in 15-6-138~~(5)~~(6);

15 (f) canals, ditches, flumes, or like properties; and

16 (g) if congress passes legislation that allows the state to tax property owned by an agency created by

17 congress to transmit or distribute electrical energy, property constructed, owned, or operated by a public agency

18 created by congress to transmit or distribute electrical energy produced at privately owned generating facilities,

19 not including rural electric cooperatives;

20 (3) all property of scheduled airlines;

21 (4) the net proceeds of mines, except bentonite mines;

22 (5) the gross proceeds of coal mines; and

23 (6) property described in subsections (1) and (2) that is subject to the provisions of Title 15, chapter 24,

24 part 12."

25

26 **SECTION 7. SECTION 17-7-502, MCA, IS AMENDED TO READ:**

27 **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory

28 appropriation is an appropriation made by permanent law that authorizes spending by a state agency without the

29 need for a biennial legislative appropriation or budget amendment.

30 (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply with both

1 of the following provisions:

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

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

5 (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 5-11-120;
6 5-11-407; 5-13-403; 7-4-2502; 10-1-108; 10-1-1202; 10-1-1303; 10-2-603; 10-3-203; 10-3-310; 10-3-312;
7 10-3-314; 10-4-301; 15-1-121; [section 3]; 15-1-218; 15-31-906; 15-35-108; 15-36-332; 15-37-117; 15-39-110;
8 15-65-121; 15-70-101; 15-70-369; 15-70-601; 16-11-509; 17-3-106; 17-3-112; 17-3-212; 17-3-222; 17-3-241;
9 17-6-101; 18-11-112; 19-3-319; 19-6-404; 19-6-410; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305;
10 19-19-506; 19-20-604; 19-20-607; 19-21-203; 20-8-107; 20-9-534; 20-9-622; 20-26-1503; 22-3-1004; 23-4-105;
11 23-5-306; 23-5-409; 23-5-612; 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 41-5-2011; 42-2-105;
12 44-4-1101; 44-12-206; 44-13-102; 50-4-623; 53-1-109; 53-9-113; 53-24-108; 53-24-206; 60-11-115; 61-3-415;
13 69-3-870; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-1-108; 77-2-362; 80-2-222; 80-4-416; 80-11-518;
14 81-10-103; 82-11-161; 87-1-230; 87-1-603; 87-1-621; 90-1-115; 90-1-205; 90-1-504; 90-3-1003; 90-6-331; and
15 90-9-306.

16 (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
17 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
18 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of Montana
19 to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as determined by the state
20 treasurer, an amount sufficient to pay the principal and interest as due on the bonds or notes have statutory
21 appropriation authority for the payments. (In subsection (3): pursuant to sec. 10, Ch. 360, L. 1999, the inclusion
22 of 19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is
23 10 years or less; pursuant to sec. 10, Ch. 10, Sp. L. May 2000, secs. 3 and 6, Ch. 481, L. 2003, and sec. 2, Ch.
24 459, L. 2009, the inclusion of 15-35-108 terminates June 30, 2019; pursuant to sec. 17, Ch. 593, L. 2005, and
25 sec. 1, Ch. 186, L. 2009, the inclusion of 15-31-906 terminates January 1, 2015; pursuant to sec. 73, Ch. 44, L.
26 2007, the inclusion of 19-6-410 terminates upon the death of the last recipient eligible under 19-6-709(2) for the
27 supplemental benefit provided by 19-6-709; pursuant to sec. 14, Ch. 374, L. 2009, the inclusion of 53-9-113
28 terminates June 30, 2015; pursuant to sec. 8, Ch. 427, L. 2009, the inclusion of 87-1-230 terminates June 30,
29 2013; and pursuant to sec. 5, Ch. 442, L. 2009, the inclusion of 90-6-331 terminates June 30, 2019.)"

30

1 **SECTION 8. SECTION 20-9-630, MCA, IS AMENDED TO READ:**

2 **"20-9-630. School district block grants.** (1) (a) The office of public instruction shall provide a block
3 grant to each school district based on:

4 (i) the revenue received by each district in fiscal year 2001 from vehicle taxes and fees, corporate license
5 taxes paid by financial institutions, aeronautics fees, state land payments in lieu of taxes, and property tax
6 reimbursements pursuant to sections 167(1) through (5) and 169(6), Chapter 584, Laws of 1999; and

7 (ii) any reimbursement to be made to a school district pursuant to subsection (2).

8 (b) Block grants must be calculated using the electronic reporting system that is used by the office of
9 public instruction and school districts. The electronic reporting system must be used to allocate the block grant
10 amount into each district's budget as an anticipated revenue source by fund.

11 ~~———— (c) With the exception of vehicle taxes and fees, the office of public instruction shall use the amount~~
12 ~~actually received from the sources listed in subsection (1)(a) in fiscal year 2001 in its calculation of the block grant~~
13 ~~for fiscal year 2002 budgeting purposes. For vehicle taxes and fees, the office of public instruction shall use~~
14 ~~93.4% of the amount actually received in fiscal year 2001 in calculating the block grant for fiscal year 2002.~~

15 ~~———— (2) If the fiscal year 2003 appropriation provided in section 248(1), Chapter 574, Laws of 2001, is~~
16 ~~insufficient to fund the school district block grants in fiscal year 2003 at the fiscal year 2002 level, the office of~~
17 ~~public instruction shall prorate the block grants to meet the remaining appropriation. School districts shall~~
18 ~~anticipate the prorated block grant amounts provided by the office of public instruction in their budgets for fiscal~~
19 ~~year 2003.~~

20 (2) If the legislature enacts a reimbursement provision that is to be distributed pursuant to this section,
21 the office of public instruction shall determine the reimbursement amount as provided in the enactment and add
22 the appropriate amount to block grant distributions under this section. The total of reimbursement distributions
23 made pursuant to this subsection in a fiscal year must be added to all other distributions to the school district in
24 the fiscal year to determine the distribution for the subsequent fiscal year. The block grant percentage increases
25 in subsections (4)(a) through (4)(c) do not apply to reimbursements made under this subsection for the fiscal year
26 of the first reimbursement but do apply to the block grant amounts in subsequent fiscal years that incorporate
27 reimbursements added in previous fiscal years. For the purpose of this subsection, the fiscal year of the first
28 reimbursement does not include the fiscal year in which the reimbursement under [section 3(3)(b)] is made.

29 (3) Each year, 70% of each district's block grant must be distributed in November and 30% of each
30 district's block grant must be distributed in May at the same time that guaranteed tax base aid is distributed.

1 (4) (a) The block grant for the district general fund is equal to the ~~average~~ amount received in fiscal years
 2 ~~2002 and 2003~~ year 2012, except for the amount received under [section 3(3)(b)], by the district general fund from
 3 the block grants provided for in ~~subsection~~ subsections (1) and (2). ~~The~~ Except as provided in subsection (2), the
 4 block grant must be increased by 0.76% in fiscal year ~~2004~~ 2013 and in each succeeding fiscal year.

5 (b) The block grant for the district transportation fund is ~~equal to one-half of the average~~ amount received
 6 in fiscal years ~~2002 and 2003~~ year 2012, except for the amount received under [section 3(3)(b)], by the district
 7 transportation fund from the block grants provided for in ~~subsection~~ subsections (1) and (2). ~~The~~ Except as
 8 provided in subsection (2), the block grant must be increased by 0.76% in fiscal year ~~2004~~ 2013 and in each
 9 succeeding fiscal year.

10 (c) (i) The combined fund block grant is equal to the ~~average~~ amount received in fiscal years ~~2002 and~~
 11 ~~2003~~ year 2012, except for the amount received under [section 3(3)(b)], by the district tuition, bus depreciation
 12 reserve, building reserve, nonoperating, and adult education funds from the block grants provided for in
 13 ~~subsection~~ subsections (1) and (2). ~~The~~ Except as provided in subsection (2), the block grant must be increased
 14 by 0.76% in fiscal year ~~2004~~ 2013 and in each succeeding fiscal year.

15 (ii) The school district may deposit the combined fund block grant into any budgeted fund of the district."
 16

17 **NEW SECTION. Section 9. Notification to tribal governments.** The secretary of state shall send a
 18 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
 19 Chippewa tribe.
 20

21 **NEW SECTION. Section 10. Codification instruction.** [Section 2 3] is intended to be codified as an
 22 integral part of Title 15, chapter 1, part 1, and the provisions of Title 15, chapter 1, part 1, apply to [section 2 3].
 23

24 **COORDINATION SECTION. Section 11. Coordination instruction.** ~~If House Bill No. 26 is not passed~~
 25 ~~and approved, then [this act] is void. IF HOUSE BILL NO. 495 IS PASSED AND APPROVED AND IF IT INCLUDES A SECTION~~
 26 ~~THAT AMENDS 15-1-121, THEN [SECTION 1 OF THIS ACT], AMENDING 15-1-121, IS VOID.~~
 27

28 **NEW SECTION. SECTION 12. SAVING CLAUSE.** [THIS ACT] DOES NOT AFFECT RIGHTS AND DUTIES THAT
 29 MATURED, PENALTIES THAT WERE INCURRED, OR PROCEEDINGS THAT WERE BEGUN BEFORE [THE EFFECTIVE DATE OF THIS
 30 ACT].

1

2 NEW SECTION. Section 13. Effective date DATES. (1) ~~[This act]~~ EXCEPT AS PROVIDED IN SUBSECTION

3 (2), [THIS ACT] is effective on passage and approval JULY 1, 2011.

4 (2) [SECTIONS 2 THROUGH 8] ARE EFFECTIVE OCTOBER 1, 2011.

5

6 NEW SECTION. Section 14. Applicability. [This act] applies to tax years beginning after December

7 31, 2011.

8

- END -