

SENATE BILL NO. 135

INTRODUCED BY T. JACOBSON

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A BILL FOR AN ACT ENTITLED: "AN ACT REVISING TAX INCREMENT FINANCING LAWS TO EXCLUDE SCHOOL DISTRICT MILL LEVIES FROM THE CALCULATION OF THE TAX INCREMENT AFTER THE 15TH YEAR FOLLOWING ADOPTION OF THE TAX INCREMENT PROVISION; AMENDING SECTION 7-15-4286, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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

**Section 1.** Section 7-15-4286, MCA, is amended to read:

**"7-15-4286. Procedure to determine and disburse tax increment.** (1) Mill rates of taxing bodies for taxes levied after the effective date of the tax increment provision must be calculated on the basis of the sum of the taxable value, as shown by the last equalized assessment roll, of all taxable property located outside the urban renewal area or targeted economic development district and the base taxable value of all taxable property located within the area or district. The mill rate determined must be levied against the sum of the actual taxable value of all taxable property located within as well as outside the area or district.

(2) (a) Except as provided in subsection (2)(b), the tax increment, if any, received in each year from the levy of the combined mill rates of all the affected taxing bodies against the incremental taxable value within the area or district must be paid into a special fund held by the treasurer of the local government and used as provided in 7-15-4282 through 7-15-4294.

(b) (i) The combined mill rates used to calculate the tax increment may not include mill rates for:

(i)(A) the university system mills levied pursuant to 15-10-108 and 20-25-439; and

(i)(B) a new mill levy approved by voters as provided in 15-10-425 after the adoption of a tax increment provision.

(ii) If the urban renewal area or targeted economic development district has extended the termination of the tax increment financing provision by pledging the tax increment to bonds pursuant to 7-15-4289 on or after [the effective date of this act], the combined mill rates used to calculate the tax increment may not include mill rates for school district levies after the 15th year following the adoption of the tax increment provision.

(c) The balance of the taxes collected in each year must be paid to each of the taxing bodies as



1 otherwise provided by law."

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3 NEW SECTION. **Section 2. Effective date.** [This act] is effective on passage and approval.

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5 NEW SECTION. **Section 3. Applicability.** [This act] applies to urban renewal districts and targeted  
6 economic development districts that pledge tax increment to bonds on or after [the effective date of this act].

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