

HOUSE BILL NO. 76

INTRODUCED BY G. HERTZ

BY REQUEST OF THE REVENUE AND TRANSPORTATION INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING REMITTANCES OF UNUSED TAX INCREMENT TO BE MADE PROPORTIONALLY TO ALL AFFECTED TAXING JURISDICTIONS; AMENDING SECTION 7-15-4291, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

Section 1. Section 7-15-4291, MCA, is amended to read:

"7-15-4291. Agreements to remit unused portion of tax increments. (1) Subject to subsections (2) through (5), the local government may also enter into agreements with the other affected taxing bodies to remit to those taxing bodies A LOCAL GOVERNMENT MAY ENTER INTO AN AGREEMENT TO REMIT any portion of the annual tax increment not currently required for the payment of the costs listed in 7-15-4288 or pledged to the payment of the principal of premiums, if any, and interest on the bonds referred to in 7-15-4289. A local government that enters into an agreement to remit unused tax increment shall remit to each taxing jurisdiction for which the mill rates are included in the calculation of the tax increment as provided in 7-15-4286. The remittance must be proportional to the taxing jurisdiction's share of the total mills levied. THE REMITTANCE AGREEMENT MUST:

(A) PROVIDE FOR REMITTANCE TO EACH TAXING JURISDICTION FOR WHICH THE MILL RATES ARE INCLUDED IN THE CALCULATION OF THE TAX INCREMENT AS PROVIDED IN 7-15-4286; AND

(B) REQUIRE THAT THE REMITTANCE BE PROPORTIONAL TO THE TAXING JURISDICTION'S SHARE OF THE TOTAL MILLS LEVIED.

(2) Any portion of the increment remitted to a school district:

(a) must be used to reduce property taxes or designated as operating reserve pursuant to 20-9-104 for the fiscal year following the fiscal year in which the remittance was received;

(b) must be deposited in one or more of the following funds that has a mill levy for the current school year, subject to the provisions of Title 20 and this section:

(i) general fund;

(ii) bus depreciation reserve fund;



- 1 (iii) debt service fund;
- 2 (iv) building reserve fund;
- 3 (v) technology acquisition and depreciation fund; and
- 4 (c) may not be transferred to any fund.

5 (3) The remittance will not reduce the levy authority of the school district receiving the remittance in years
6 subsequent to the time period established by subsection (2)(a).

7 (4) Any portion of the increment remitted to a school district and deposited into the general fund must
8 be designated as operating reserve pursuant to 20-9-104 or used to reduce the BASE budget levy or the
9 over-BASE budget levy in the following fiscal year.

10 (5) If a school district does not utilize the remitted portion to reduce property taxes or designate the
11 remittance as operating reserve within the time period established by subsection (2)(a), the unused portion must
12 be remitted as follows:

13 (a) if the area or district is in existence at the time of the remittance, the portion is distributed to the
14 special fund in 7-15-4286(2)(a) and used as provided in 7-15-4282 through 7-15-4294; or

15 (b) if the area or district is not in existence at the time of the remittance, the portion is distributed pursuant
16 to 7-15-4292(2)(a)."

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18 **NEW SECTION. Section 2. Applicability.** [This act] applies to remittance agreements entered into on
19 or after [the effective date of this act].

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