



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0471	Title:	Revise local government property tax cap laws
Primary Sponsor:	Cook, Rob	Status:	As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Description of fiscal impact: HB 471 amends current property tax mill levy limitation law to allow local governments to add the full value of the average inflation for the prior three years, as opposed to one half of three-year average change in inflation.

FISCAL ANALYSIS

Assumptions:

- Under current law (15-10-420, MCA), increases in the number of mills levied by local governments are limited to the amount of property tax assessed in the prior year applied to the current taxable value, net of newly taxable property, plus one half the average rate of inflation for the prior three years. The bill would allow mills to rise by the full average of the prior three-year change in inflation.
- HB 471 would not apply to the statewide education levies.
- This legislation is not anticipated to have an impact on state revenues or expenditures.

Effect on County or Other Local Revenues or Expenditures:

- In FY 2015, local governments had authority to increase their budgets by an inflation factor of 1.03%. Had HB 471 been in effect, local governments could have increased budgets by an inflation factor of 2.06%. Local government authority to increase budgets, does not necessarily translate to an actual increase because

actual budgetary needs and revenue growth from new property (newly taxable property) may have been sufficient to meet local jurisdiction budgets approved by county commissioners, municipal councils or other authorized governing bodies. This may also decrease the number.

2. The inflation factor does not apply to permissive levies (15-10-420(5), MCA, and voted levies where voters have approved a specific number of mills.
3. HB 471 would not apply to local school mill levies set in the school funding formulas of Title 20, MCA.
4. The local impact of HB 471 cannot be determined.

Sponsor's Initials

Date

Budget Director's Initials

Date