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Advisory Council Working Group on Local Government Issues

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2011 Legislative Session Update

The following are bills that were passed that have an impact on the department and its operational functions related to local governments:

1. **HB123** – Revise local government budgeting timelines
2. **SB372** – Reduce the business equipment tax
3. **SB29** – Mandatory alcohol server training (amendatory veto rejected)
4. **SB248** – Allow additional members of the County Tax Appeals Board (CTAB)
5. **HB618** – Exempt certain tribally owned property from taxation
6. **SB412** – Temporarily exempt tribal fee land in trust land process
7. **SB265** – Reduce property tax on new construction that installs gray water system
8. **SB266** – Revise local coal tax gross proceeds tax abatement
9. **SB329** – Generally revise K-12 laws (could have impact on local property tax)

The following are department agency bills that were passed and approved that have an impact on local governments:

1. **SB75** – Authority for DOR to reduce local property tax office hours
2. **HB132** – Improve and clarify property tax administration
3. **HB63** – Revise liquor laws related to non-profits and protest

The following are bills that were approved that have an impact on local governments:

1. **HB351** – Treasure State Endowment (TSEP) local government projects funded
2. **HB495** – Revise statutory appropriations and local government entitlement share
3. **HB316** – Redistribute certain income and revenue (includes some local government revenue distributions)
4. **SB288** – Provide administrative appeal for special district assessments
5. **HB391** – Prohibit local initiative from establishing local law enforcement priority of a state law (not signed by Governor)

The following are bills that were passed and approved or topics that working group members requested be discussed:

1. **Tax Increment Financing (TIF) –**
 - a. **SB358** – Generally revise tax increment financing districts (TIF)
 - b. **HB560** – Increase public involvement in urban renewal areas
 - c. **HB561** – Revise criteria for factors in urban renewal districts **HB562** – Require notification of county and schools of urban renewal district
2. **Business Equipment Tax (revenue to local government) –**
3. **Centrally assessed property –**
 - a. **SB406** – Central assessment mediation instead of dispute review or tax appeal board

The following are bills that were not passed and approved that the department supported that would have an impact on local governments:

1. **HB240** – Create annual reappraisal/revaluation and eliminate six-year cycle
2. **HB16 and SB22** – Allow public disclosure of real estate sales prices
3. **HB2** – Decision package to enhance department of revenue tax compliance
4. **HB222** – Withholding of taxes on non-resident real estate transactions
5. **SB70** – Eliminate net operating loss carrybacks
6. **SB77** -- Equalize deduction for fed taxes between trusts and individual income taxpayers
7. **SB94** – Revise water's edge provisions of corporation taxes
8. **SB273** – Extend statute of limitations for corporate tax assessments and refunds
9. **SB396** – Provide nonresident and resident tax equity on business interest sales

Discussion of the impacts of HB2, the state budget, on the department service level and on local governments.

1. Department budget status – \$3.6 million biennial reduction from the executive budget (\$1.8 million reduction each year) excluding one-time funding
2. Local government components –

During the session, the department was asked by a legislator about how to craft an option for property taxpayers to pay their property tax bill in installments or partial payments. Some type of payment plan option that would help low income taxpayers who cannot afford to pay their annual property tax bill in just two bi-annual payments. What might be some ideas for future legislation in this area? (note that for second consecutive session, the legislature considered but did not pass, a proposal for a “circuit-breaker” property tax program that would tie property tax level to the ability to pay – **See HB223**)