

# **“THE PACKET”**

## **95 Mills Information**

### **CURRENT SITUATION...**

There is a current legal question posed by Beaverhead County about the State's ability to request that a county issue 95 mills. The Attorney General has declined to issue an opinion. At least one lawsuit has been filed to challenge the 95-mill levy authority position taken by the State of Montana.

The Department of Revenue has provided a calculation of their actual mill levy authority (see the attachment named “4 - DOR Email with Attachment Shows - 77.89 Mills” – it’s an email that includes a spreadsheet for the 95 mill levy calculation showing the current levy authority is 77.89 mills).

### **POSSIBLE NEXT STEPS...**

**MACo is not taking a position on this issue. Each County must decide what to levy.**

- 1. If you choose to levy 95 mills,** any taxpayer in your jurisdiction may protest the difference between the 77.89 levy authority calculated by DOR and the 95 mills you have imposed, but he/she must register that protest in writing in advance of paying the tax bill AND must then file an action in District Court to benefit from any decision limiting the levy authority. Each and every taxpayer must protest and file to be eligible for relief. If a court determines the levy authority is less than what you milled, ONLY THOSE filing a written protest and suing in court will receive the benefit of such a ruling.
- 2. Alternatively, you may levy 77.89 mills** (broken down as 18, 27, and 32.9 for the 22, 33, and 40 standard levy authority). That is the number provided by DOR, officially, as their current levy authority. This will likely trigger some court action, but the determination by a court will impact all property tax payers rather than just those that protest and file in court. Should you choose to levy a different amount than you have already certified and submitted to DOR, you will need to agenda an action item amending your original resolution OR issuing a new resolution replacing the original resolution setting your mills. Then you must resubmit it to DOR.

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Simple facts about the 95 mills.

**95 Mills Comparison with Float Difference..... Pages 3-4**

Includes new amount to levy for 77.9 mills.

**Email from Mike Waterman, Executive Director of Bozeman Public Schools..... Page 5**

Indicates that the 95 mills are only a part of funding that schools receive, not the full amount. Any reduction in the 95 mills has NO IMPACT on the current funding formula for any school in Montana; it only impacts the ending fund balance of excess cash reserves for the State of Montana.

**Legal Opinion from Jaret Coles, a Legislative Staff Attorney .....Pages 6-12**

Legal Opinion on whether the State has the ability to bank the 95 mills. Synopsis: No. The state does not have the authority to bank the mills.

**Email from DOR Staff with Spreadsheet Showing 77.89 Mills .....Pages 13-14**

Email from DOR staff to a commissioner—containing a spreadsheet that shows the state has 77.89 mills—but telling the county to levy the full 95.

**Presentation: Revenue Interim Committee – Sept. 18<sup>th</sup> Meeting Regarding HB 587.....Pages 15-33**

HB 587 has an implementation date of 2025; however, the presentation has several beneficial graphs for how these 95 mills are used and funded.



# FACT SHEET

## 95 Mills Made Simple

1. The “95 mills” were established by the Legislature in 2001 to satisfy the State’s responsibility for equality in education (originating from a lawsuit against the State).
2. The 95 mills have been levied at 95 since authorized in 2001.
3. The authority to levy the 95 mills comes from three separate statutes in the Montana Code Annotated (MCA) Title 20 to be levied subject to MCA 15-10-420:
  - 33 mills for elementary schools; and
  - 22 mills for high schools; and
  - 40 mills for a state equalization levy.
4. All of the revenue from the 95 mills goes to the State General Fund. None of the money is directed to schools.
5. No reduction in the 95 mills will impact the schools—instead it may impact the State General Fund’s ending balance. Again, it has no impact on school funding.
6. Every year the Department of Revenue is required to perform the calculation determining the levy authority for those equalization mills. Just like county and city mills, making them subject to MCA 15-10-420 means that they are revenue-limited to half the three-year average rate of inflation.
7. This year, the Department of Revenue shared their calculation and determined that the levy authority is 77.89 mills. They seemed to indicate they have mills “in reserve” in their request to have counties levy 95 mills. (This is the question currently at hand.)
8. Beaverhead County has challenged the State’s ability to generate reserved mills, especially since they have consistently asked counties to levy 95 mills. Beaverhead County requested an Attorney General Opinion, and the AG has declined because the issue is ripe for litigation. Many counties supported the request and are now unsure how and what to levy on behalf of the State’s 95 mills.
9. If a property taxpayer doesn’t believe the state has the authority to levy 95 mills, they must file a written protest (and know how to do that) in advance of paying their tax bill. Additionally, they must file for a declaratory judgement action in District Court. If you don’t protest the difference between the 77.89 mills and the requested 95 mills under protest and file in District Court, you won’t be a party to any judicial determination.
10. Counties that don’t agree with the State’s position that they have mills in reserve have no direct recourse. If they levy what DOR has established as the mill levy limitation (77.89), they will likely get sued. If they levy the 95 mills and educate their property taxpayers to pay under protest, they are encouraging taxpayers to sue the county.



**95 Mills Comparison Between FY 2023 & FY 2024**  
**And Difference Between 95 Mills and 77.9 Mills for FY 2024**  
 By County

CO #	County	95 Mills - FY23	95 Mills - FY24	Difference	77.9 Mills - FY24	Difference
6	Gallatin	\$ 42,930,897	\$ 68,401,995	\$ 25,471,098	\$ 56,082,436	\$ 12,319,559
7	Flathead	\$ 32,017,239	\$ 47,335,479	\$ 15,318,240	\$ 38,810,110	\$ 8,525,369
25	Madison	\$ 19,802,136	\$ 32,485,571	\$ 12,683,435	\$ 26,634,749	\$ 5,850,822
3	Yellowstone	\$ 38,555,507	\$ 46,584,752	\$ 8,029,244	\$ 38,194,593	\$ 8,390,159
4	Missoula	\$ 26,735,291	\$ 34,192,420	\$ 7,457,129	\$ 28,034,185	\$ 6,158,235
5	Lewis & Clark	\$ 15,685,404	\$ 20,204,663	\$ 4,519,259	\$ 16,565,697	\$ 3,638,966
2	Cascade	\$ 17,060,061	\$ 20,659,720	\$ 3,599,660	\$ 16,938,796	\$ 3,720,924
13	Ravalli	\$ 10,177,248	\$ 13,663,841	\$ 3,486,593	\$ 11,202,912	\$ 2,460,930
15	Lake	\$ 7,314,534	\$ 10,410,865	\$ 3,096,331	\$ 8,535,813	\$ 1,875,052
49	Park	\$ 6,347,908	\$ 8,708,174	\$ 2,360,266	\$ 7,139,786	\$ 1,568,388
56	Lincoln	\$ 4,003,938	\$ 5,671,097	\$ 1,667,159	\$ 4,649,702	\$ 1,021,394
1	Silver Bow	\$ 8,026,348	\$ 9,551,868	\$ 1,525,521	\$ 7,831,527	\$ 1,720,342
30	Deer Lodge	\$ 1,509,672	\$ 2,690,617	\$ 1,180,945	\$ 2,206,023	\$ 484,594
10	Carbon	\$ 5,214,512	\$ 6,280,919	\$ 1,066,407	\$ 5,149,692	\$ 1,131,227
51	Jefferson	\$ 3,154,295	\$ 4,161,756	\$ 1,007,461	\$ 3,412,202	\$ 749,554
8	Fergus	\$ 4,456,697	\$ 5,339,620	\$ 882,923	\$ 4,377,927	\$ 961,694
18	Beaverhead	\$ 2,483,321	\$ 3,346,251	\$ 862,930	\$ 2,743,574	\$ 602,677
43	Broadwater	\$ 1,911,957	\$ 2,573,874	\$ 661,917	\$ 2,110,306	\$ 463,568
46	Granite	\$ 1,474,807	\$ 2,072,020	\$ 597,213	\$ 1,698,838	\$ 373,182
31	Teton	\$ 2,060,879	\$ 2,445,979	\$ 385,100	\$ 2,005,445	\$ 440,534
28	Powell	\$ 1,909,496	\$ 2,291,470	\$ 381,974	\$ 1,878,764	\$ 412,706
35	Sanders	\$ 4,323,963	\$ 4,692,214	\$ 368,251	\$ 3,847,122	\$ 845,093
27	Richland	\$ 5,375,031	\$ 5,712,346	\$ 337,315	\$ 4,683,523	\$ 1,028,824
38	Glacier	\$ 2,778,861	\$ 3,114,153	\$ 335,292	\$ 2,553,278	\$ 560,875
12	Hill	\$ 4,162,575	\$ 4,465,462	\$ 302,887	\$ 3,661,209	\$ 804,253
26	Pondera	\$ 1,668,577	\$ 1,956,009	\$ 287,432	\$ 1,603,722	\$ 352,288
32	Stillwater	\$ 6,246,461	\$ 6,524,913	\$ 278,452	\$ 5,349,742	\$ 1,175,171
50	Garfield	\$ 711,940	\$ 967,415	\$ 255,475	\$ 793,178	\$ 174,236
23	Musselshell	\$ 1,211,369	\$ 1,414,436	\$ 203,067	\$ 1,159,688	\$ 254,747
19	Chouteau	\$ 2,826,732	\$ 3,029,712	\$ 202,980	\$ 2,484,045	\$ 545,667
22	Big Horn	\$ 2,070,220	\$ 2,252,198	\$ 181,978	\$ 1,846,565	\$ 405,633
36	Judith Basin	\$ 2,111,064	\$ 2,277,492	\$ 166,428	\$ 1,867,304	\$ 410,188
14	Custer	\$ 2,235,877	\$ 2,400,581	\$ 164,705	\$ 1,968,224	\$ 432,357
54	Mineral	\$ 1,168,706	\$ 1,331,836	\$ 163,130	\$ 1,091,965	\$ 239,871
47	Meagher	\$ 941,053	\$ 1,079,093	\$ 138,039	\$ 884,742	\$ 194,350
44	Wheatland	\$ 1,667,000	\$ 1,787,116	\$ 120,116	\$ 1,465,247	\$ 321,869
24	Blaine	\$ 1,418,649	\$ 1,536,374	\$ 117,725	\$ 1,259,665	\$ 276,709
48	Liberty	\$ 889,488	\$ 996,067	\$ 106,579	\$ 816,670	\$ 179,397
17	Roosevelt	\$ 3,015,871	\$ 3,102,685	\$ 86,814	\$ 2,543,875	\$ 558,810
20	Valley	\$ 2,819,792	\$ 2,905,769	\$ 85,977	\$ 2,382,425	\$ 523,344



CO #	County	95 Mills - FY23	95 Mills - FY24	Difference	77.9 Mills - FY24	Difference
52	Wibaux	\$ 3,255,452	\$ 3,332,200	\$ 76,748	\$ 2,732,053	\$ 600,147
16	Dawson	\$ 2,414,292	\$ 2,482,654	\$ 68,362	\$ 2,035,515	\$ 447,139
40	Sweet Grass	\$ 3,107,296	\$ 3,160,872	\$ 53,575	\$ 2,591,582	\$ 569,290
21	Toole	\$ 2,111,253	\$ 2,154,389	\$ 43,136	\$ 1,766,372	\$ 388,017
41	McCone	\$ 760,109	\$ 800,409	\$ 40,300	\$ 656,251	\$ 144,158
11	Phillips	\$ 1,476,851	\$ 1,508,489	\$ 31,638	\$ 1,236,802	\$ 271,687
34	Sheridan	\$ 1,376,676	\$ 1,396,539	\$ 19,864	\$ 1,145,015	\$ 251,524
55	Petroleum	\$ 163,518	\$ 182,563	\$ 19,046	\$ 149,683	\$ 32,881
37	Daniels	\$ 644,795	\$ 655,980	\$ 11,185	\$ 537,834	\$ 118,145
53	Golden Valley	\$ 716,794	\$ 723,468	\$ 6,675	\$ 593,168	\$ 130,300
45	Prairie	\$ 520,538	\$ 525,431	\$ 4,892	\$ 430,798	\$ 94,633
33	Treasure	\$ 500,058	\$ 493,339	\$ (6,720)	\$ 404,486	\$ 88,853
9	Powder River	\$ 1,080,068	\$ 1,037,265	\$ (42,803)	\$ 850,448	\$ 186,817
39	Fallon	\$ 6,094,695	\$ 5,875,075	\$ (219,620)	\$ 4,816,943	\$ 1,058,132
42	Carter	\$ 7,259,508	\$ 6,982,162	\$ (277,346)	\$ 5,724,638	\$ 1,257,524
29	Rosebud	\$ 6,171,504	\$ 5,450,390	\$ (721,114)	\$ 4,468,746	\$ 981,644
	<b>Totals</b>	<b>\$ 338,128,784</b>	<b>\$ 437,380,050</b>	<b>\$ 99,251,266</b>	<b>\$ 358,605,601</b>	<b>\$ 78,774,449</b>

## New Amount to Levy

95 Mills		77.9 mills	
40	42.11%	32.90	State Equalization
33	34.74%	27.00	County Elementary
22	23.16%	18.00	County High School
95	100.00%	77.90	
1.5 mills		1.3 Vocational & Technical Education	
Only 6 Counties			



**From:** Michael McGinley <mmcginley@beaverheadcounty.org>  
**Date:** September 22, 2023 at 7:36:30 PM MDT  
**To:** "Waterman, Michael" <mike.waterman@bsd7.org>  
**Subject:** Re: 95 mill article in Bozeman Chronicle

How right you are. I have tried to stress that these 95 mills go straight to the general fund of the state  
Local school funding is the same regardless  
This is the issue of a \$20 million increase if floated. Or \$95 million if they do it their way.  
Try to explain that much increase of revenue to the taxpayers  
Thanks  
Mike McGinley

Sent from my iPhone

**On Sep 22, 2023, at 5:13 PM, Waterman, Michael <mike.waterman@bsd7.org> wrote:**

Commissioner McGinley--

In the Bozeman Chronicle yesterday, an [article](#) appeared regarding the controversy surrounding the 95 mills. In it, the reporter shared an interview in which you reportedly said the reappraisal 'produced a windfall for schools'.

To be clear, I have absolutely no issue with the counties challenging the 95 mills calculation. However, I wanted to reach out because the notion that schools received any more money from the state's calculation of the 95 mills simply isn't correct.

The "state" funding that schools receive is defined in statute, and those amounts are not tied in any way to the amount of revenue generated by the 95 mills. In fact, the 95 mills only fund a portion of the "state" funding that schools receive--not all of it. The increased property tax revenue just means the state will have to contribute less money from its other revenue sources to fund the school payments defined in statute.

Here are the numbers: according to HB2, K-12 base aid (aka our "state" funding) totals about \$930 million statewide for FY24 (see page 41 [here](#)). The 95 mills will generate about \$405 million statewide of that amount--this after the most recent reappraisal (see labelled page 183 [here](#)). The balance--roughly \$525 million--comes from other state funding sources, most notably income tax.

In your area, Dillon Elementary and Beaverhead County High School will see base (state) aid increases of about \$216,000 and \$57,000 this year, respectively--even though my calculations show those taxpayers will pay almost \$800,000 more for the 95 mills than they did last year.

I don't know what was actually said in the interview - I've been misquoted in the paper before myself, so I know that kind of thing happens. I'm just reaching out so you have correct information on the school impacts as you continue to pursue this issue.

Again, I very much appreciate your advocacy on the 95-mill issue. I'm glad to discuss more if you have any questions, and I know my counterparts in your area are highly competent and would be glad to provide more information on their budgets as well. Thank you for reading and for your service!

Mike Waterman  
Executive Director of Business & Operations  
Bozeman Public Schools  
522-6097





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August 21, 2020

TO: HJ 35 Tax Study Subcommittee

FR: Jaret Coles, Legislative Staff Attorney

RE: Carry Forward Authority for State Mill Levies -- Section 15-10-420, MCA

**INTRODUCTION**

At the request of the HJ 35 Tax Study subcommittee of the Revenue Interim Committee, I was asked to analyze carry forward authority under section 15-10-420(1)(b), MCA, as applied toward the statewide mill levies listed in section 15-10-420(8), MCA.

Before I provide you with my opinion and analysis, a few caveats are necessary. Due to the constitutional constraints inherent in the separate powers of each branch of state government, a legal opinion provided to you by a Legislative Branch attorney is obviously not binding on the Executive Branch.

**QUESTIONS PRESENTED**

Does section 15-10-420, MCA, permit a carry forward of statewide mill levy authority to subsequent tax years?

**BRIEF ANSWER**

Not likely. Section 15-10-420, MCA, is not a model of clarity. Under the plain language of the statute, the key inquiry is whether the statewide mill levy limits are included in the prior year's assessment plus inflation calculation. If not, then a carry forward may be present. However, if the statewide mill levy limits are considered in the calculation, then a carry forward is most likely not present. These concepts are addressed in the plain language section of the analysis.

In the event a court were to consider legislative history, then it would most likely determine that a carry forward is only available for mills imposed by a local government and not statewide mills. This concept is addressed in the legislative intent section of the analysis.

It should be noted that great deference and respect must be given to interpretations of a statute by persons and agencies charged with its administration. *Mont. Contractors' Ass'n, Inc. v. Dept. of Highways*, 220 Mont. 392, 395, 715 P.2d 1056, 1058 (1986). There are legitimate arguments on both sides of the question at issue.



## **STATUTORY BACKGROUND**

Section 15-10-420(1)(a), MCA, allows a governmental entity that is authorized to levy mills to impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. This authority is often referred to as “floating” mills. Section 15-10-420(1)(b), MCA, allows a governmental entity that does not impose the maximum number of mills to carry forward the authority to a future year.

Education in Montana is funded through a combination of local and statewide property tax levies. The statewide levies include funding for the K-12 system, the university system, and vocational-technical education. The K-12 levies are often referred to as the “95 mills” but they actually consist of three different mill levies, including: 33 mills for county elementary equalization provided for in section 20-9-331, MCA; 22 mills for county high school equalization provided for in section 20-9-333, MCA; and 40 mills for state equalization provided for in section 20-9-360, MCA. The university system levy is a temporary levy of 6 mills provided for in section 15-10-109, MCA. The current levy terminates December 31, 2028. The vocational-technical education levy is provided for in section 20-25-439, MCA. Unlike the K-12 and university system levies, which are levied on all property in the state, the vocational-technical levy is only levied on property in certain counties that have vocational-technical schools. Those counties are Cascade County, Lewis and Clark County, Missoula County, Silver Bow County, and Yellowstone County. The statewide mills are referenced in section 15-10-420(8), MCA. All of the statewide mill levies provide that they are subject to section 15-10-420, MCA, with the exception of the university levy.

The full text of section 15-10-420, MCA, for reference purposes, is as follows:

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

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

(c) For the purposes of subsection (1)(a), the department shall calculate one-half of the average rate of inflation for the prior 3 years by using the consumer price index,



U.S. city average, all urban consumers, using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor.

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

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

- (i) annexation of real property and improvements into a taxing unit;
- (ii) construction, expansion, or remodeling of improvements;
- (iii) transfer of property into a taxing unit;
- (iv) subdivision of real property; and
- (v) transfer of property from tax-exempt to taxable status.

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

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

- (i) a change in the boundary of a tax increment financing district;
- (ii) an increase in the base value of the tax increment financing district pursuant to 7-15-4287; or
- (iii) the termination of a tax increment financing district.

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

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

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

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

- (a) school district levies established in Title 20; or
- (b) a mill levy imposed for a newly created regional resource authority.

(6) For purposes of subsection (1)(a), taxes imposed do not include net or gross proceeds taxes received under 15-6-131 and 15-6-132.

(7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:

- (a) may increase the number of mills to account for a decrease in reimbursements; and



(b) may not increase the number of mills to account for a loss of tax base because of legislative action that is reimbursed under the provisions of 15-1-121(7).

(8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes of 15-10-109, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, the number of mills calculated by the department may not exceed the mill levy limits established in those sections. The mill calculation must be established in tenths of mills. If the mill levy calculation does not result in an even tenth of a mill, then the calculation must be rounded up to the nearest tenth of a mill.

(9) (a) The provisions of subsection (1) do not prevent or restrict:

- (i) a judgment levy under 2-9-316, 7-6-4015, or 7-7-2202;
- (ii) a levy to repay taxes paid under protest as provided in 15-1-402;
- (iii) an emergency levy authorized under 10-3-405, 20-9-168, or 20-15-326;
- (iv) a levy for the support of a study commission under 7-3-184;
- (v) a levy for the support of a newly established regional resource authority;
- (vi) the portion that is the amount in excess of the base contribution of a governmental entity's property tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703;
- (vii) a levy for reimbursing a county for costs incurred in transferring property records to an adjoining county under 7-2-2807 upon relocation of a county boundary;
- (viii) a levy used to fund the sheriffs' retirement system under 19-7-404(2)(b); or
- (ix) a governmental entity from levying mills for the support of an airport authority in existence prior to May 7, 2019, regardless of the amount of the levy imposed for the support of the airport authority in the past. The levy under this subsection (9)(a)(ix) is limited to the amount in the resolution creating the authority.

(b) A levy authorized under subsection (9)(a) may not be included in the amount of property taxes actually assessed in a subsequent year.

(10) A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating funds by a county or municipality during that time.

(11) The department may adopt rules to implement this section. The rules may include a method for calculating the percentage of change in valuation for purposes of determining the elimination of property, new improvements, or newly taxable value in a governmental unit.

## **ANALYSIS**

### **I. Plain Language -- Section 15-10-420, MCA**

When interpreting the meaning of a statute, courts first look to its plain language. *Mont. Sports Shooting Ass'n, Inc. v. State*, 2008 MT 190, ¶ 11, 344 Mont. 1, 185 P.3d 1003, citing *State v.*



*Letasky*, 2007 MT 51, ¶ 11, 336 Mont. 178, 152 P.3d 1288. The statute is read as a whole “without isolating specific terms from the context in which they are used by the Legislature”. *City of Great Falls v. Morris*, 2006 MT 93, ¶ 19, 332 Mont. 85, 134 P.3d 692. When a general and particular provision are inconsistent, the latter is paramount to the former, so a particular intent will control a general one that is inconsistent with it. Section 1-2-102, MCA.

Section 15-10-420, MCA, read as a whole, is somewhat complex. As applied, subsection (1)(b) allows a governmental entity that does not impose the maximum number of mills “**authorized**” to carry forward the mill authority to another year. Subsection (1)(b) provides as follows:

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

Statewide mills are imposed by a “governmental entity”. Consequently, the carry forward provision arguably applies to statewide mills under the section (1)(b) language. Given that the carry forward provision likely applies to statewide mills, the next step is to determine the amount of the carry forward. In order to have a carry forward, subsection (1)(b) requires that the government entity “not impose ***the maximum number of mills authorized by subsection (1)(a)***.” Subsection (1)(a), in turn, provides as follows:

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

The formula for the maximum mill levy calculation in subsection (1)(a) does not specifically mention statewide mills. However, the beginning language of the subsection states that it is “subject to the provisions of” the section. One of the provisions of the section regarding statewide mills is subsection (8), which provides as follows:

(8) The department shall calculate, on a statewide basis, the number of mills to be imposed for purposes of 15-10-109, 20-9-331, 20-9-333, 20-9-360, and 20-25-439. However, ***the number of mills calculated by the department may not exceed the mill levy limits established in those sections***. The mill calculation must be



established in tenths of mills. ***If the mill levy calculation does not result in an even tenth of a mill, then the calculation must be rounded up to the nearest tenth of a mill.***

Given the interplay of subsections (1)(a), (1)(b), and (8), there appears to be one primary question. Does the authorized mill levy limit in subsection (1)(a) include the statewide mill levy limits (i.e., 95 mills) or exclude the limits?

If a court were to determine that the plain language of subsections (1)(a) does not include the statewide mill levy limits, then mill levy authority could be carried forward to future years when the prior year assessment plus inflation calculation in subsection (1)(a) exceeds the mill levy limits. For example, if the prior year assessment plus inflation calculation for the education levy is 100 mills, there would be 5 mills to use in a future year given that the maximum number of mills available is 95 ( $100 - 95 = 5$ ). This appears to be the approach that is followed on the [worksheets](#) that are prepared by the Department of Revenue.

If a court were to determine that the plain language of subsections (1)(a) includes the imposition of the statewide mill levy limits, then the potential for mill levy authority to be carried forward to future years would not exist. Using the example in the previous paragraph, if the prior year plus inflation calculation is 100 mills, but the "subject to the provisions of this section" language requires a reduction for the 5 mills that cannot be imposed, then the mills would be capped at 95 for that tax year.

Reading the statute as a whole, one could reasonably argue for the usage of either approach. I favor the approach that considers the statewide mill levy limits referenced in subsection (8) as part of the subsection (1)(a) calculation given that the beginning language in subsection (1)(a) references the other provisions of section 15-10-420, MCA. An approach that allows for the carry forward of mills that could not be legally imposed during the tax year seems to defeat the intent of allowing mills to float downward to an amount less than the maximum levy and would typically result in levy amounts equal to the maximum amount.

## **II. Legislative Intent**

It is certainly arguable that section 15-10-420, MCA, is not a model of clarity to understand. When a statute may have some ambiguities due to a large variety of possible situations that are covered, a court is not required under due process standards to find vagueness in the terms used in a statute so as to destroy an act; rather, it is the court's duty to construe a statute so as to be consistent with the will of the Legislature and to comport with constitutional limitations. *In re Mont. Pac. Oil & Gas Co.*, 189 Mont. 11, 18, 614 P.2d 1045, 1049 (1980). Legislative intent may be determined in a number of ways when a statute is ambiguous. A court presumes that the Legislature would not pass a meaningless statute, and the court must harmonize statutes relating to the same subject so as to give each effect. The court can look to the legislative history of the statute. Great deference and respect must be given to interpretation of the statute by persons and



agencies charged with its administration. *Mont. Contractors' Ass'n, Inc. v. Dept. of Highways*, 220 Mont. 392, 395, 715 P.2d 1056, 1058 (1986).

The subsection regarding carry forward authority was enacted by [Senate Bill No. 265 \(2001\)](#) during the 57th Legislative Session. The subsection reads the same today as when it was enacted nearly 20 years ago. The title of the bill was:

AN ACT ALLOWING A LOCAL GOVERNMENTAL ENTITY TO IMPOSE LESS THAN THE MAXIMUM NUMBER OF MILLS AUTHORIZED AND TO CARRY FORWARD THE AUTHORITY TO IMPOSE THE MAXIMUM NUMBER OF MILLS IN A SUBSEQUENT TAX YEAR; AND AMENDING SECTIONS 7-6-2531, 7-6-4431, AND 15-10-420, MCA.

[Senate Bill No. 265](#) was debated in the [Senate Committee on Local Government](#) and the [House Committee on Local Government](#). The legislation had a variety of proponents representing local governments and no opponents. Sen. Hargrove sponsored the legislation. In the [Senate Committee on Local Government](#), the sponsor stated there was a "use it" or "lose it" system, and that if "the maximum mills authorized were not used, they could not be used the next time around."<sup>1</sup> In the [House Committee on Local Government](#), a question was raised as to whether a local government that assesses fewer mills can "bank those" and use them in addition to the cap and the response was "no."<sup>2</sup> The totality of the testimony supported the idea that a local government could voluntarily levy fewer mills than the maximum for any tax year and then get back to where the local government would have been had it not levied less than the maximum amount (the cap concept).

Based on the legislative history, the subsection at issue regarding carry forward authority was limited to allowing a local government entity to carry forward mills and it did not pertain to statewide mill levies. There was no fiscal note attached to the bill indicating a statewide revenue impact, the legislation was never received by a tax committee, and no one mentioned the impacts on statewide mills in the local government committees. Consequently, there is a strong argument that the legislature did not intend to carry forward statewide levy authority to a future tax year.

In conclusion, it is my opinion that there is no carry forward of statewide mill levy authority when the section 15-10-420, MCA, calculation creates a mill levy that is greater than the statutory statewide mill levy limits. However, it should be noted that great deference and respect must be given to interpretations of a statute by persons and agencies charged with its administration. *Mont. Contractors' Ass'n, Inc. v. Dept. of Highways*, 220 Mont. 392, 395, 715 P.2d 1056, 1058 (1986). There are certainly arguments that cut both ways.

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<sup>1</sup> Minutes of the Montana Senate Committee on Local Government, 57th Legislature, p. 16 (Feb. 8, 2001), available at [https://leg.mt.gov/bills/2001/MinutesPDF/Senate/010208LOS\\_Sm1.pdf](https://leg.mt.gov/bills/2001/MinutesPDF/Senate/010208LOS_Sm1.pdf)

<sup>2</sup> Minutes of the Montana House Committee on Local Government, 57th Legislature, p. 4 (March 13, 2001), available at [https://leg.mt.gov/bills/2001/MinutesPDF/House/010313LOH\\_Hm1.pdf](https://leg.mt.gov/bills/2001/MinutesPDF/House/010313LOH_Hm1.pdf)



From: Todd Devlin <mtdevlin@gmail.com>  
Date: 9/14/23 10:35 AM (GMT-05:00)  
To: Eric Bryson <ebryson@mtcounties.org>, Jason Rittal <jrittal@mtcounties.org>  
Subject: [External]Fwd: [EXTERNAL] New Web Comment: State wide school mill levies

----- Forwarded message -----

From: **Cole, Dylan** <[Dylan.Cole@mt.gov](mailto:Dylan.Cole@mt.gov)>  
Date: Wed, Sep 13, 2023 at 5:59 PM  
Subject: RE: [EXTERNAL] New Web Comment: State wide school mill levies  
To: [mtdevlin@gmail.com](mailto:mtdevlin@gmail.com) <[mtdevlin@gmail.com](mailto:mtdevlin@gmail.com)>  
CC: Dale, Eric <[EDale@mt.gov](mailto:EDale@mt.gov)>, Rude, Robin <[rrude@mt.gov](mailto:rrude@mt.gov)>, Adamson, Sherry <[Sherry.Adamson@mt.gov](mailto:Sherry.Adamson@mt.gov)>, Zammit, Tony <[AZammit@mt.gov](mailto:AZammit@mt.gov)>, Mendenhall, Scott <[Scott.Mendenhall@mt.gov](mailto:Scott.Mendenhall@mt.gov)>, Beatty, Brendan <[bbeatty@mt.gov](mailto:bbeatty@mt.gov)>

Hi Todd,

I've attached the 15-10-420 calculation worksheets for the 95, 6, and 1.5 mills. We incorrectly used "may" instead of "shall" in the memo. The language in statute directs county commissioners to levy these taxes on all taxable property in the county and the DOR is certifying that the revenue authority exists.

Cheers,

**Dylan Cole**

Economist

Montana Department of Revenue

[Dylan.Cole@mt.gov](mailto:Dylan.Cole@mt.gov)

406-444-6634

[MTRevenue.gov](http://MTRevenue.gov)

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**From:** MTRevenue.Gov Contact Form <[webforms@mtrevenue.gov](mailto:webforms@mtrevenue.gov)>  
**Sent:** Monday, September 11, 2023 3:44 PM  
**To:** DOR Customer Assistance <[DORCustomerAssistance@mt.gov](mailto:DORCustomerAssistance@mt.gov)>  
**Subject:** [EXTERNAL] New Web Comment: State wide school mill levies

Name: Todd Devlin

Phone: 4068520019

Email: [mtdevlin@gmail.com](mailto:mtdevlin@gmail.com)

Subject: State wide school mill levies

Message: Todd Devlin, chairman of Prairie County. Please show us the final spreadsheet(s) used by DOR to calculate each of the mill levies being authorized by DOR as the State wide, school levy caps. And why do say "may" rather than "shall" levy? Thanks



Determination of Tax Revenue and Mill Levy Limitations

Section 15-10-420, MCA

Aggregate of all Funds/or Fund

FYE June 30, 2024

Entity Name:

Reference Line		Enter amounts in yellow cells	Auto-Calculation (If completing manually enter amounts as instructed)
(1)	Enter Ad valorem tax revenue <u>ACTUALLY</u> assessed in the prior year <i>Year's form Line 17)</i>	<div><div>(from Prior</div><div>\$338,345,008</div></div>	<div>\$338,345,008</div>
(2)	Add: Current year inflation adjustment @ 2.46%		<div>\$8,323,287</div>
(3)	Subtract: Ad valorem tax revenue <u>ACTUALLY</u> assessed in the prior year for Class 1 and 2 property, (net and gross proceeds) <i>(from Prior Year's form Line 20)- (enter as negative)</i>	<div><div></div><div>\$(4,930,633)</div></div>	<div>\$(4,930,633)</div>
(4) = (1) + (2) + (3)	Adjusted ad valorem tax revenue		<div>\$341,737,662</div>
<u>ENTERING TAXABLE VALUES</u>			
(5)	Enter 'Total Taxable Value' - from Department of Revenue <i>Certified Taxable Valuation Information</i> form, line # 2	<div>\$4,701,869,793</div>	<div>\$4,701,869.793</div>
(6)	Subtract: 'Total Incremental Value' of all tax increment financing districts (TIF Districts) - from Department of Revenue <i>Certified Taxable Valuation Information</i> form, line # 6 <i>(enter as negative)</i>	<div><div></div><div>\$(99,816,016)</div></div>	<div>\$(99,816.016)</div>
(7) = (5) + (6)	Taxable value per mill (after adjustment for removal of TIF per mill incremental district value)		<div>\$4,602,053.777</div>
(8)	Subtract: 'Total Value of Newly Taxable Property' - from Department of Revenue <i>Certified Taxable Valuation Information</i> form, line # 3 <i>(enter as negative)</i>	<div><div></div><div>\$(176,716,662)</div></div>	<div>\$(176,716.662)</div>
(9)	Subtract: 'Taxable Value of Net and Gross Proceeds, (Class 1 & 2 properties)' - from Department of Revenue <i>Certified Taxable Valuation Information</i> form, line # 5 <i>(enter as negative)</i>	<div><div></div><div>\$(38,101,781)</div></div>	<div>\$(38,101.781)</div>
(10) = (7) + (8) + (9)	Adjusted Taxable value per mill		<div>\$4,387,235.334</div>
(11) =(4) / (10)	CURRENT YEAR calculated mill levy		<div>77.89</div>
(12) = (7) x (11)	CURRENT YEAR calculated ad valorem tax revenue		<div>\$358,453,969</div>
<u>CURRENT YEAR AUTHORIZED LEVY/ASSESSMENT</u>			
(13)	Enter total number of carry forward mills from prior year <i>(from Prior Year's form Line 22)</i>	<div>26.49</div>	<div>26.49</div>
(14) =(11) + (13)	Total current year authorized mill levy, including Prior Years' carry forward mills		<div>104.38</div>
(15) =(7) x (14)	Total current year authorized ad valorem tax revenue assessment		<div>\$480,362,373</div>
<u>CURRENT YEAR ACTUALLY LEVIED/ASSESSED</u>			
(16)	Enter number of mills actually levied in current year (Number should equal total <u>non-voted</u> mills, which includes the number of carry forward mills, actually imposed per the final approved current year budget document. <u>Do Not</u> include voted or permissive mills imposed in the current year.)	<div>95.00</div>	<div>95.00</div>
(17) =(7) x (16)	Total ad valorem tax revenue actually assessed in current year		<div>\$437,195,109</div>
<u>RECAPITULATION OF ACTUAL:</u>			
(18) '= (10) x (16)	Ad valorem tax revenue actually assessed		<div>\$416,787,357</div>
(19)	Ad valorem tax revenue actually assessed for newly taxable property		<div>\$16,788,083</div>
(20)	Ad valorem tax revenue actually assessed for Class 1 & 2 properties (net-gross proceeds)		<div>\$3,619,669</div>
(21) =(18) + (19) + (20)	Total ad valorem tax revenue actually assessed in current year		<div>\$437,195,109</div>
(22) =(14) - (16)	Total carry forward mills that may be levied in a subsequent year (Number should be equal to or greater than zero. A (negative) number indicates an over levy.)		<div>9.38</div>



# School Equalization and Property Tax Reduction Account (HB 587, 2023 Session)

Pad McCracken, LSD and Julia Pattin, LFD

Revenue Interim Committee

September 18, 2023



# State Sources of School Funding

as of July 1, 2023

## Guarantee Account

**1<sup>st</sup> Source** of State  
School Funding

*Unchanged*

Statutory Appropriation  
**~\$50 M**

## School Equalization and Property Tax Reduction Account (SEPTR)

**2<sup>nd</sup> Source** of State  
School Funding

*New (HB 587; 2023)*

**Receives \$ from the 95 mills**  
(the 95 mills do not support the full amount of K-12  
funding)

HB 2 State Special Revenue Appropriation  
**~\$430 M**

## State General Fund

**3<sup>rd</sup> and Final Source** of State  
School Funding (ultimate backfill)

*Update (HB 587; 2023) - no longer  
receives revenue from the 95 mills*

HB 2 General Fund Appropriation  
**~\$500 M**

(School funding is appropriated from  
the general fund in HB 2 as always, but  
will require less general fund due to  
the movement of the 95 mills to  
SEPTR)

State sources of school funding total \$1.0 billion for FY 2024 and include:

- \$880 million for BASE Aid
- \$12 million for state transportation reimbursements
- \$12 million for major maintenance aid
- \$15 million for debt service assistance



**New SEPTR Account**  
**(School Equalization and**  
**Property Tax Reduction)**

Receives revenue from the 95 mill  
statewide equalization levies, with 55%  
of increased revenue over prior year  
triggering a reduction in local property  
taxes through equalization mechanisms

2<sup>nd</sup> Source of State School Funding;  
any remaining state obligation  
comes from the  
general fund

55% of  $\Delta$



Each equalization mechanism is “dialed up”  
until the ratio of state to local revenue  
reaches approximately 70:30 (debt service  
20:80) then the revenue increase from the 95  
mills flows to next mechanism

Increase  
countywide school  
retirement GTB to  
lower county  
property taxes

Increase state  
major  
maintenance aid  
to lower school  
district property  
taxes

Increase debt  
service  
assistance  
to lower school  
district property  
taxes

If there is a reduction in revenue brought in by the  
95 mills from the prior year, BASE GTB and  
countywide retirement GTB are “dialed down” by  
the full amount of the decrease, shifting costs back  
onto local taxpayers [Page 17 of 33](#)



**New SEPTR Account**  
**(School Equalization and**  
**Property Tax Reduction)**

Receives revenue from the 95 mill statewide equalization levies, with 55% of increased revenue over prior year triggering a reduction in local property taxes through equalization mechanisms

2<sup>nd</sup> Source of State School Funding;  
any remaining state obligation  
comes from the  
general fund

The SEPTR account also helps maintain a balance  
between state and local funding for K-12.

Historically, during Montana budget shortfalls K-12  
costs have shifted onto local taxpayers.

When K-12 leans harder on local property taxes,  
the more the Legislature's constitutional duty to  
"distribute [K-12 funding] in an equitable manner"  
can be questioned.

55% of  $\Delta$



Utilizing a portion of the 95 mill increase  
means that the remaining increase can be  
used to fund annual increases in the  
existing K-12 formula. This maintains a  
balance between property tax and other  
taxes in the state general fund (largely  
income) in funding K-12.



Each equalization mechanism is "dialed up"  
until the ratio of state to local revenue  
reaches approximately 70:30 (debt service  
20:80) then the revenue increase from the 95  
mills flows to next mechanism

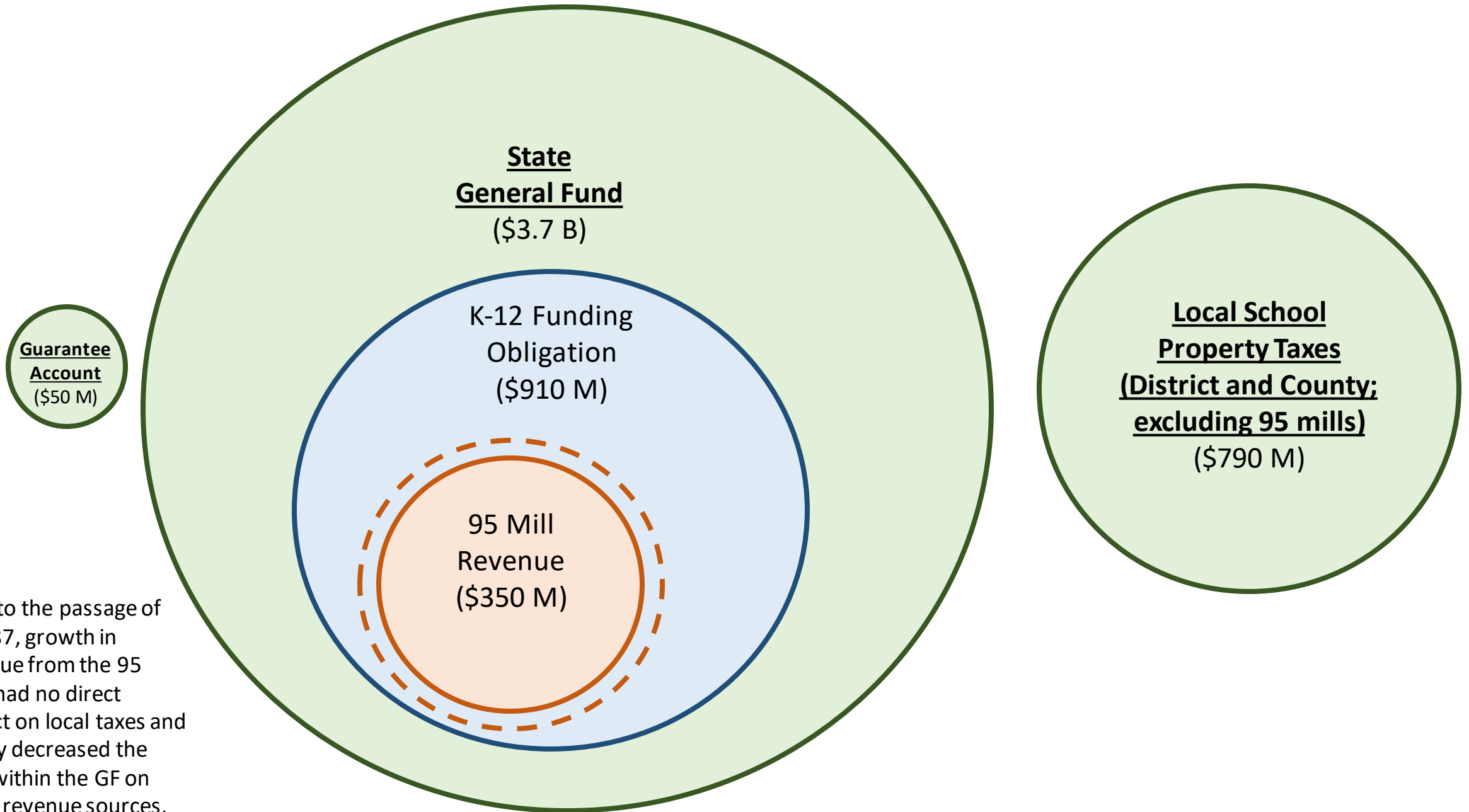
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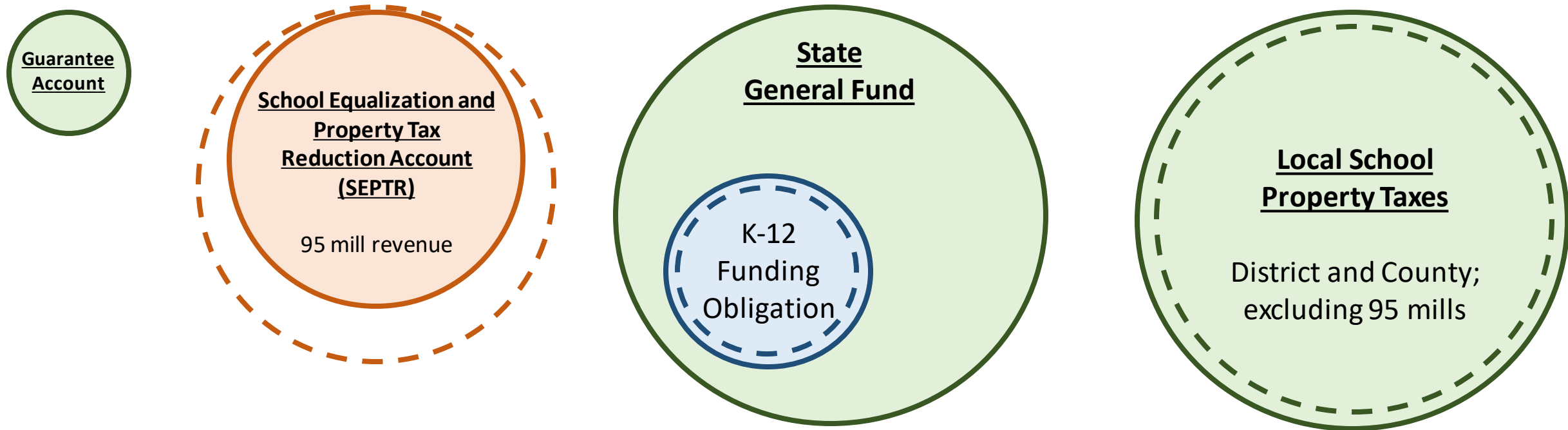




Prior to the passage of HB 587, growth in revenue from the 95 mills had no direct impact on local taxes and simply decreased the load within the GF on other revenue sources, like income tax



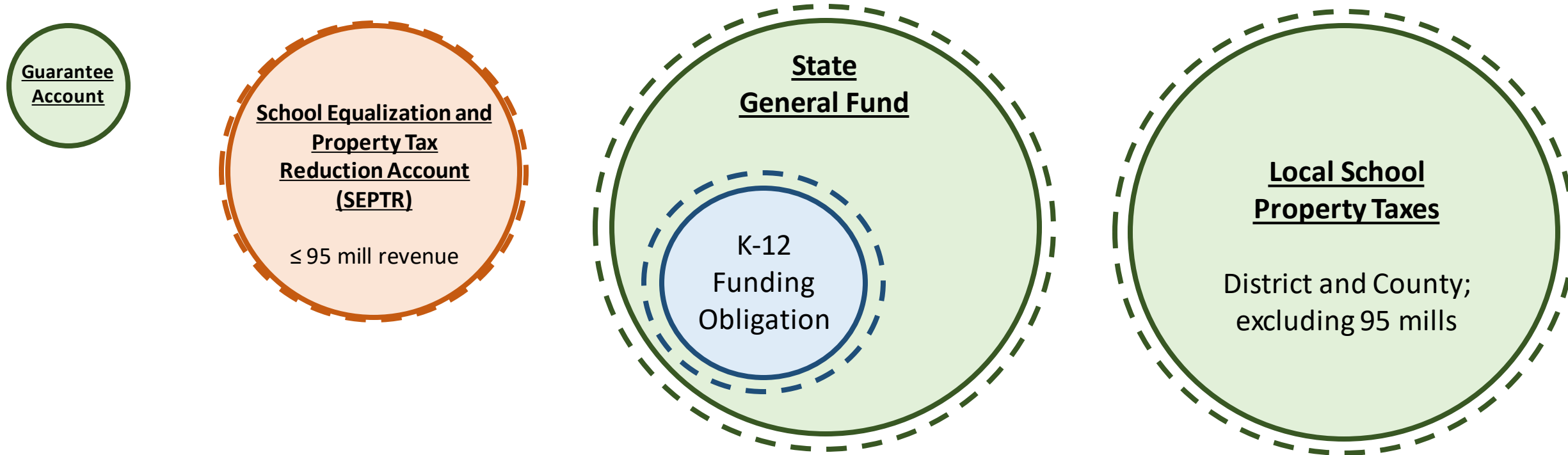
## ➤ “Static” 95 mills



Under HB 587 as designed with “static” 95 mills, as the 95 bring in more \$, the “load” on the state GF and local taxes will decrease



## ➤ “Floating” 95 mills

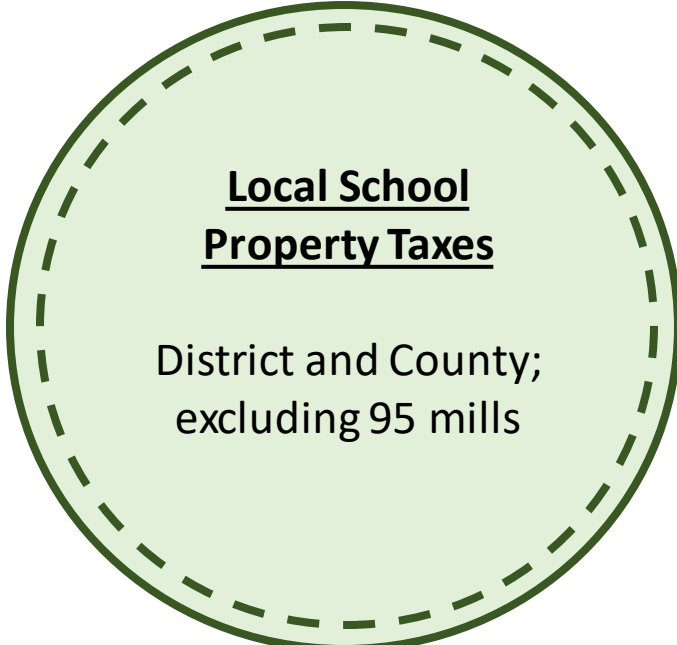
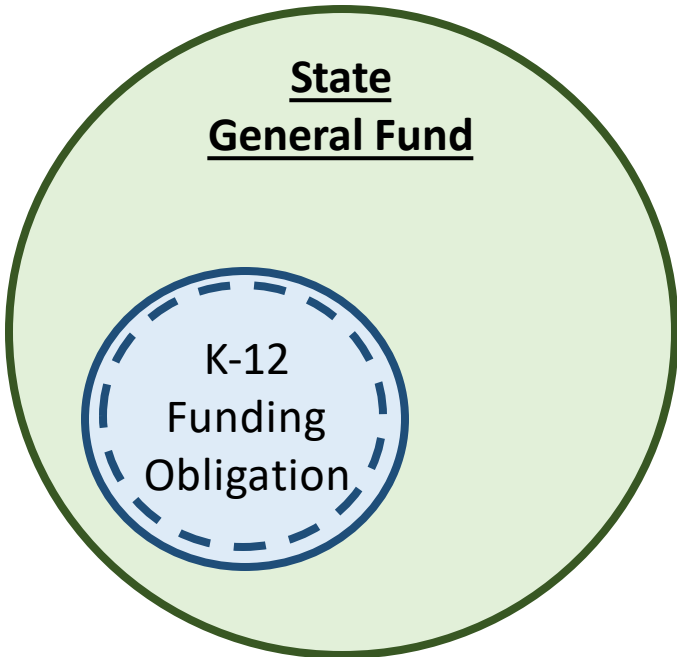
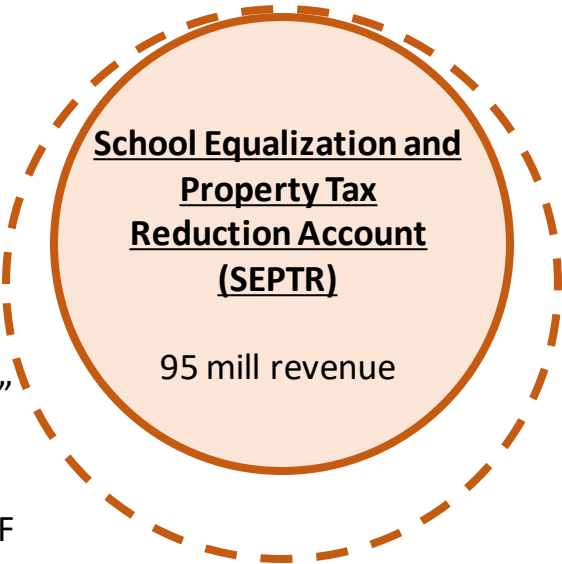


Under HB 587 if the 95 “float down” under 15-10-420(1)(a), the SEPTR will grow very slowly and the “load” from the state’s K-12 funding obligation will have to shift; possibly requiring tax increases for the state GF and/or local taxes

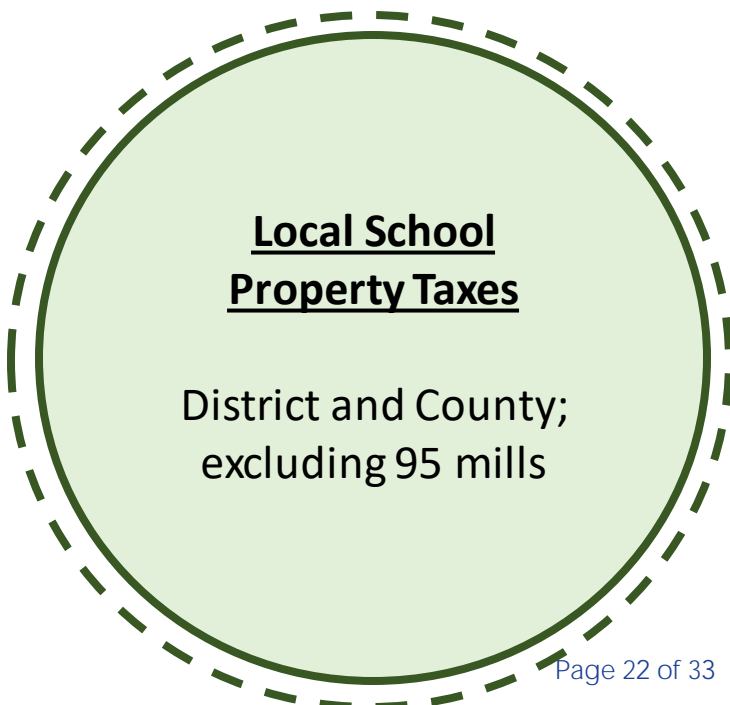
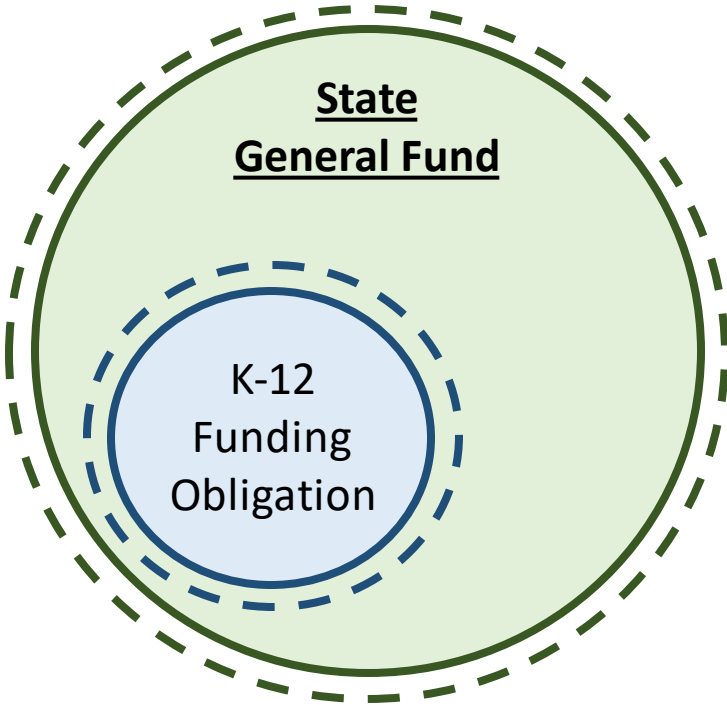
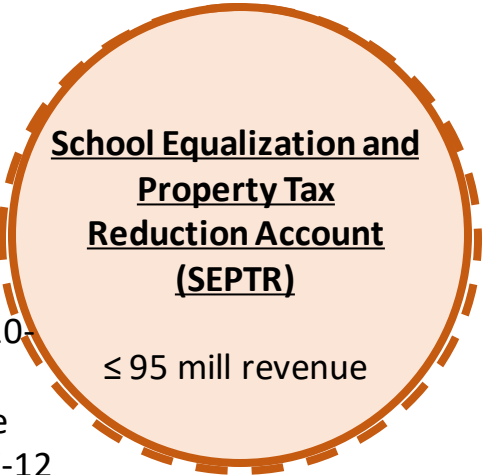




**“Static” 95 mills**  
Under HB 587 as designed with “static” 95 mills, as the 95 bring in more \$, the “load” on the state GF and local taxes will decrease



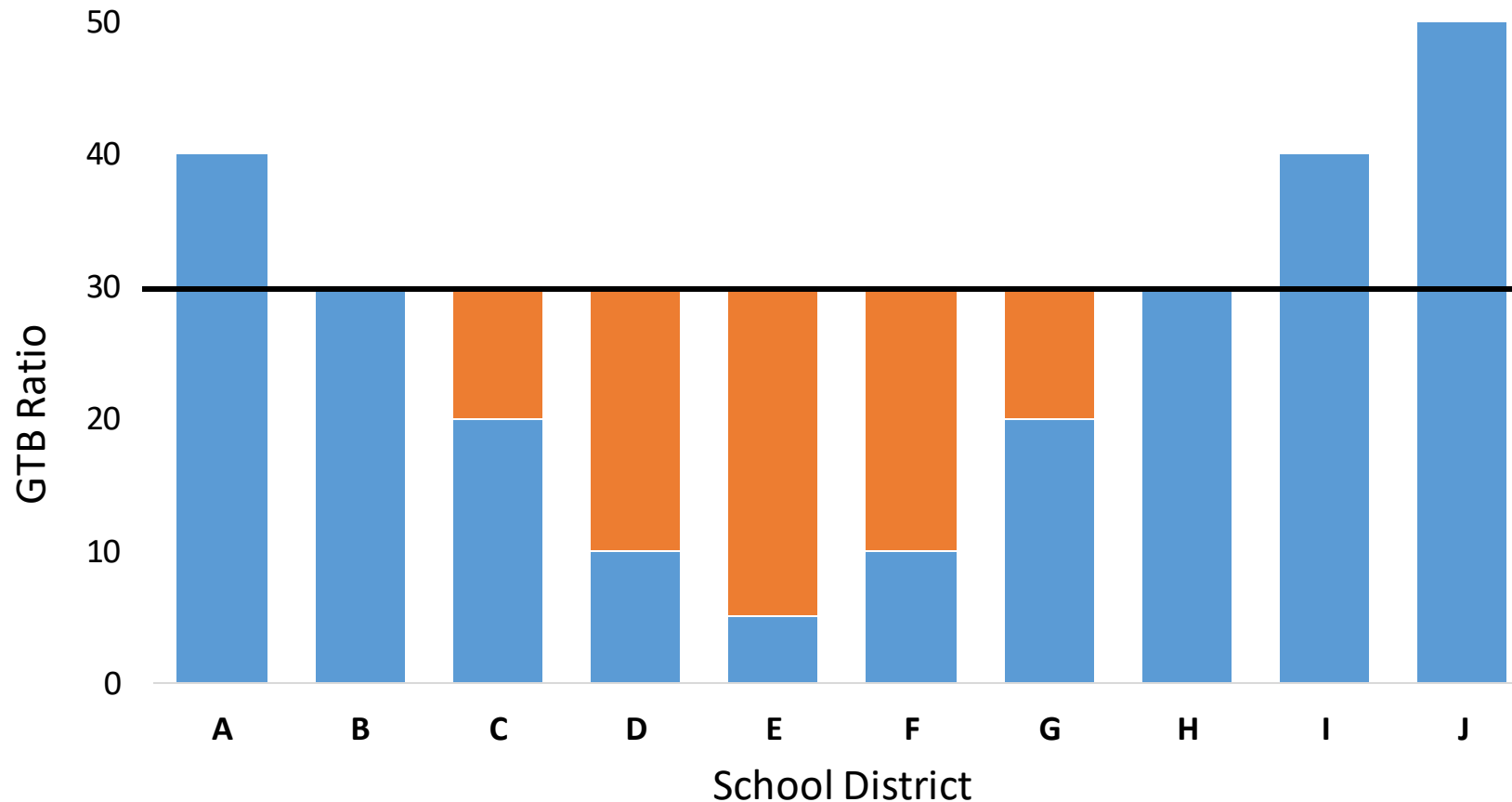
**“Floating” 95 mills**  
Under HB 587 if the 95 “float down” under 15-10-420(1)(a), the SEPTR will grow very slowly and the “load” from the state’s K-12 funding obligation will have to shift; possibly requiring tax increases for the state GF and/or local taxes





# GTB Aid

GTB aid equalizes districts' revenue-generating capacity by providing a **state GTB aid subsidy** for districts with less property tax wealth to bring their **revenue-generating capacity (based on the district GTB ratio)** to a **guaranteed amount**



A district's **revenue-generating capacity** is measured as a ratio of the district's property wealth (taxable value) to its local funding needs and costs.



# GTB Aid

GTB Aid provides support for school districts (and counties for school retirement) with low tax value and/or high student areas. When combined with the school funding formula, this promotes base level equal opportunities for students across Montana.

For example, due to the difference in tax bases for these districts, Ennis K-12 and Superior K-12 school districts have relatively comparable enrollment (ANB), and Superior K-12 receives GTB aid while Ennis K-12 does not.

School District	ANB	Taxable Value	GTB	BASE Levy Revenue	Mill Value	Number of Mills
Ennis K-12	425	\$191.4M	\$0	\$1,217,878	\$191,381	6.36
Superior K-12	351	\$5.2M	\$791,827	\$249,824	\$5,196	48.08

The number of mills it would take to raise \$1.0 million for those two districts WITHOUT the per-mill GTB subsidy are calculated below. It would take Superior K-12 192.46 mills to collect \$1.0 million, while Ennis K-12 would need only 5.23 mills to do the same. GTB aid helps equalizes the tax burden for education between different areas.

School District	ANB	Taxable Value	GTB	Levy Revenue	Mill Value	Number of Mills
Ennis K-12	425	\$191.4M	\$0	\$1,000,000	\$191,381	5.23
Superior K-12	351	\$5.2M	\$0	\$1,000,000	\$5,196	192.46



# How does HB 587 affect local mills for retirement?

- Generally, high-mill counties with a higher numbers of kids compared to their taxable values will receive the largest reduction in their retirement mills (because they will receive additional retirement GTB aid from the state that will offset local property taxes for retirement)

County	Countywide Education Retirement Mills FY 2024	Countywide Education Retirement Mills FY 2025	Countywide Education Retirement Mills FY 2026	Countywide Education Retirement Mills FY 2027	Change in Retirement Mills FY 2024-2027
Prairie	41.45	17.47	9.73	4.62	(36.83)
Petroleum	33.79	16.01	13.81	9.97	(23.82)
Powell	35.57	22.74	19.01	12.92	(22.65)
Hill	35.85	22.75	19.61	14.03	(21.82)
Fergus	36.70	23.10	20.52	15.26	(21.44)
Sheridan	29.51	13.54	11.77	8.24	(21.27)
Blaine	35.68	23.33	21.47	16.78	(18.90)
Teton	33.64	21.63	19.56	14.91	(18.73)
McCone	34.00	22.57	20.54	15.83	(18.17)
Lewis & Clark	30.86	19.94	17.47	12.69	(18.17)
Flathead	30.51	19.41	17.12	12.52	(17.99)
Treasure	26.07	29.38	32.72	8.19	(17.88)
Lake	32.17	20.87	18.91	14.45	(17.72)
Missoula	30.54	19.60	17.38	12.83	(17.71)
Golden Valley	35.80	35.55	35.57	18.10	(17.70)
Yellowstone	30.81	19.88	17.71	13.22	(17.59)
Broadwater	23.26	10.40	8.69	5.74	(17.52)
Cascade	29.84	19.22	17.04	12.44	(17.40)
Dawson	31.16	20.24	18.29	13.95	(17.21)
Beaverhead	29.76	19.26	17.10	12.59	(17.17)
Meagher	21.85	11.54	8.67	4.77	(17.08)
Silver Bow	28.02	18.03	15.87	11.50	(16.52)
Roosevelt	29.96	19.45	17.84	13.67	(16.29)
Deer Lodge	27.29	17.87	15.85	11.22	(16.07)
Custer	29.34	19.12	17.42	13.29	(16.05)
Rosebud	33.33	22.77	21.40	17.30	(16.03)
Pondera	29.64	18.80	17.19	13.61	(16.03)



# How does HB 587 affect local mills for retirement?

- Generally, low-mill counties with lower ratios of kids to taxable values will receive the smallest reduction to their retirement mills. Since these counties generally receive very little retirement GTB aid from the state or no GTB aid at all, they will receive a smaller reduction of retirement mills (if any)

County	Countywide Education Retirement Mills FY 2024	Countywide Education Retirement Mills FY 2025	Countywide Education Retirement Mills FY 2026	Countywide Education Retirement Mills FY 2027	Change in Retirement Mills FY 2024-2027
Carbon	27.55	19.37	16.84	12.16	(15.39)
Sanders	26.79	17.21	15.37	11.56	(15.23)
Big Horn	28.41	18.53	16.98	13.26	(15.15)
Park	28.10	23.25	19.29	13.03	(15.07)
Glacier	26.50	17.16	15.51	12.01	(14.49)
Phillips	23.26	13.53	12.33	9.55	(13.71)
Valley	23.48	14.46	13.13	10.31	(13.17)
Jefferson	26.64	17.64	16.80	13.87	(12.77)
Liberty	23.97	18.39	15.68	11.49	(12.48)
Mineral	16.47	7.75	6.31	3.99	(12.48)
Toole	19.19	11.86	10.05	6.74	(12.45)
Gallatin	23.22	19.64	16.44	11.20	(12.02)
Lincoln	21.06	13.81	12.37	9.41	(11.65)
Garfield	25.82	23.65	20.31	14.36	(11.46)
Daniels	17.09	8.77	7.84	5.65	(11.44)
Ravalli	19.90	12.66	11.20	8.57	(11.33)
Musselshell	18.53	11.61	10.40	7.79	(10.74)
Chouteau	30.57	24.98	25.32	20.62	(9.95)
Granite	21.10	19.89	18.26	12.96	(8.14)
Stillwater	18.65	16.78	15.29	11.88	(6.77)
Wheatland	25.37	25.33	24.26	22.31	(3.06)
Sweet Grass	19.54	18.88	17.92	16.77	(2.77)
Judith Basin	19.75	19.60	18.94	18.25	(1.50)
Wibaux	7.20	7.11	6.97	6.83	(0.37)
Fallon	0.00	0.00	0.00	0.00	-
Richland	0.00	0.00	0.00	0.00	-
Madison	3.80	3.98	3.75	3.90	0.10
Carter	3.28	3.42	3.59	3.74	0.46
Powder River	0.00	0.00	0.06	0.48	0.48
<b>Statewide Average</b>	<b>24.85</b>	<b>17.03</b>	<b>15.35</b>	<b>11.20</b>	<b>(13.65)</b>



# HB 587

## Scenario:

What would happen  
if the 95 mills begin  
to “float” in FY 2026?

### ➤ Assumptions:

- The retirement GTB ratio is 1.89 for FY 2025 (current law)
- If the 95 mills “float” down:
  - The 95 mills would remain static for FY 2024 and FY 2025, and hypothetically the 2025 legislature could make a change in statute such that the 95 mills would float down
  - The 95 mills would “float” to 93.15 in FY 2026 and 94.87 in FY 2027
  - The retirement GTB ratio would remain at 1.89 for FY 2026
- If the 95 mills are “static,” the retirement GTB ratio would be 2.03 for FY 2026 and 2.76 for FY 2027 (per the HB 587 fiscal note)



# What would happen if the 95 mills begin to “float” in FY 2026?

- Generally, high-mill counties with a higher numbers of kids compared to their taxable values would receive an increase in mills (retirement mills + the 95) if the 95 mills were to “float,” compared to if the 95 mills are “static”
  - These counties will receive additional retirement GTB aid from the state in the “static” scenario, and that GTB aid will offset local property taxes for retirement
  - These counties would not receive the additional retirement GTB aid from the state in the “floating” scenario, and that GTB aid would not be available to offset local property taxes for retirement
- The counties that receive **higher GTB aid** from the state would have a relatively large increase retirement mills in the “floating” scenario, which would be only minimally offset by the same small reduction to the 95 mills for all counties

County	Countywide Education Retirement Mills + the 95 Mills FY 2025	Countywide Education Retirement Mills + the "95 Mills" FY 2026	Countywide Education Retirement Mills + the "95 Mills" FY 2027	Change in Retirement Mills + the "95 Mills" (Float) FY 2025-2027	Change in Retirement Mills + the 95 Mills (Static) FY 2025-2027	Difference
Treasure	124.38	125.87	121.20	(3.18)	(21.19)	18.02
Golden Valley	130.55	128.72	128.90	(1.65)	(17.45)	15.80
Rosebud	117.77	116.15	120.18	2.42	(5.47)	7.89
Blaine	118.33	116.22	119.41	1.08	(6.55)	7.63
McCone	117.57	115.27	118.28	0.71	(6.74)	7.44
Fergus	118.10	115.25	117.44	(0.67)	(7.84)	7.18
Teton	116.63	114.18	116.77	0.14	(6.72)	6.86
Garfield	118.65	115.03	116.13	(2.53)	(9.29)	6.77
Petroleum	111.01	108.43	111.72	0.71	(6.03)	6.75
Lake	115.87	113.48	116.05	0.17	(6.42)	6.59
Pondera	113.80	111.68	115.06	1.25	(5.19)	6.44
Jefferson	112.64	111.21	115.19	2.55	(3.77)	6.32
Hill	117.75	114.21	115.35	(2.40)	(8.72)	6.32
Dawson	115.24	112.79	115.22	(0.02)	(6.29)	6.28
Roosevelt	114.45	112.31	114.82	0.36	(5.79)	6.15
Custer	114.12	111.87	114.30	0.18	(5.82)	6.00
Big Horn	113.53	111.38	114.21	0.68	(5.27)	5.96
Yellowstone	114.88	112.17	114.17	(0.71)	(6.65)	5.94
Chouteau	119.98	120.32	121.54	1.56	(4.36)	5.92
Powell	117.74	113.58	113.78	(3.97)	(9.83)	5.86
Carbon	114.37	111.35	112.99	(1.38)	(7.21)	5.82
Sheridan	108.54	106.25	109.06	0.53	(5.29)	5.82
Missoula	114.60	111.82	113.64	(0.96)	(6.77)	5.81
Park	118.25	113.84	113.82	(4.43)	(10.21)	5.78
Beaverhead	114.26	111.54	113.35	(0.91)	(6.67)	5.76
Flathead	114.41	111.57	113.26	(1.15)	(6.90)	5.74
Cascade	114.22	111.46	113.06	(1.16)	(6.78)	5.62



# What would happen if the 95 mills begin to “float” in FY 2026? (cont.)

- Generally, low-mill counties with lower ratios of kids to taxable values would experience minimal change to their in mills (retirement mills + the 95) if the 95 mills were to “float,” compared to if the 95 mills are “static”
  - The counties that receive **no GTB aid** from the state would have equal retirement mills in both the “static” and “floating” scenarios, and these counties would receive the same small reduction to the 95 mills for all counties
  - The counties that receive **minimal GTB aid** from the state would have a relatively small increase retirement mills in the “floating” scenario, which would be offset by the same small reduction to the 95 mills for all counties

County	Countywide Education Retirement Mills + the 95 Mills FY 2025	Countywide Education Retirement Mills + the "95 Mills" FY 2026	Countywide Education Retirement Mills + the "95 Mills" FY 2027	Change in Retirement Mills + the "95 Mills" (Float) FY 2025-2027	Change in Retirement Mills + the 95 Mills (Static) FY 2025-2027	Difference
Lewis & Clark	114.94	111.88	113.27	(1.67)	(7.24)	5.58
Liberty	113.39	110.09	112.01	(1.38)	(6.90)	5.52
Glacier	112.16	109.80	112.38	0.22	(5.14)	5.37
Silver Bow	113.03	110.19	111.66	(1.36)	(6.53)	5.16
Granite	114.89	111.81	113.07	(1.82)	(6.93)	5.11
Deer Lodge	112.87	110.19	111.32	(1.55)	(6.65)	5.11
Gallatin	114.64	110.83	111.30	(3.34)	(8.44)	5.10
Stillwater	111.78	109.55	111.91	0.13	(4.90)	5.03
Sanders	112.21	109.60	111.32	(0.89)	(5.65)	4.76
Phillips	108.53	106.41	108.68	0.15	(3.97)	4.12
Valley	109.46	107.21	109.42	(0.04)	(4.14)	4.11
Lincoln	108.81	106.37	108.22	(0.59)	(4.40)	3.81
Daniels	103.77	101.80	104.24	0.47	(3.13)	3.60
Meagher	106.54	103.00	103.36	(3.18)	(6.77)	3.59
Musselshell	106.61	104.33	106.31	(0.29)	(3.82)	3.52
Toole	106.86	104.02	105.01	(1.85)	(5.11)	3.26
Ravalli	107.66	105.10	106.74	(0.92)	(4.09)	3.17
Prairie	112.47	104.18	102.77	(9.71)	(12.86)	3.15
Broadwater	105.40	102.71	103.88	(1.52)	(4.66)	3.14
Mineral	102.75	100.10	101.34	(1.41)	(3.76)	2.35
Wheatland	120.33	117.45	118.82	(1.51)	(3.02)	1.51
Sweet Grass	113.88	111.07	112.17	(1.70)	(2.11)	0.40
Powder River	95.00	93.21	95.57	0.57	0.48	0.09
Carter	98.42	96.74	98.61	0.19	0.32	(0.13)
Fallon	95.00	93.15	94.87	(0.13)	-	(0.13)
Richland	95.00	93.15	94.87	(0.13)	-	(0.13)
Madison	98.98	96.90	98.77	(0.21)	(0.08)	(0.13)
Judith Basin	114.60	112.09	113.12	(1.48)	(1.35)	(0.13)
Wibaux	102.11	100.12	101.70	(0.41)	(0.28)	(0.13)
<b>Statewide Average</b>	<b>112.03</b>	<b>109.48</b>	<b>111.17</b>	<b>(0.86)</b>	<b>(5.83)</b>	<b>4.97</b>



# Blaine County



County	Countywide Education Retirement Mills + the 95 Mills FY 2025	Countywide Education Retirement Mills + the "95 Mills" FY 2026	Countywide Education Retirement Mills + the "95 Mills" FY 2027	Change in Retirement Mills + the "95 Mills" (Float) FY 2025-2027	Change in Retirement Mills + the 95 Mills (Static) FY 2025-2027	Difference
Blaine	118.33	116.22	119.41	1.08	(6.55)	7.63

## ➤ Blaine County would pay **7.63 more** mills if the 95 mills “float” than if they are “static”

- In the “floating” scenario, Blaine County would have a 1.21 mill increase for retirement, which would be only minimally offset by the 0.13 mill reduction to the “95 mills,” resulting in a net **1.08 mill increase**
- In the “static” scenario, Blaine County would have a **6.55 mill decrease** for retirement due primarily to the local property tax offset from state retirement GTB aid

# Richland County



County	Countywide Education Retirement Mills + the 95 Mills FY 2025	Countywide Education Retirement Mills + the "95 Mills" FY 2026	Countywide Education Retirement Mills + the "95 Mills" FY 2027	Change in Retirement Mills + the "95 Mills" (Float) FY 2025-2027	Change in Retirement Mills + the 95 Mills (Static) FY 2025-2027	Difference
Richland	95.00	93.15	94.87	(0.13)	-	(0.13)

## ➤ Richland County would pay **0.13 less** mills if the 95 mills “float” than if they are “static”

- In the “floating” scenario, Richland County would have no changes to retirement mills since the county pays 0.00 mills for retirement, which would be combined with the 0.13 mill reduction to the “95 mills,” resulting in a net **0.13 mill decrease**
- In the “static” scenario, Richland County would have the same **0 mill decrease** for retirement since the county does not pay any retirement mills and does receive retirement GTB aid from the state in either scenario



# Mineral County



County	Countywide Education Retirement Mills + the 95 Mills FY 2025	Countywide Education Retirement Mills + the "95 Mills" FY 2026	Countywide Education Retirement Mills + the "95 Mills" FY 2027	Change in Retirement Mills + the "95 Mills" (Float) FY 2025-2027	Change in Retirement Mills + the 95 Mills (Static) FY 2025-2027	Difference
Mineral	102.75	100.10	101.34	(1.41)	(3.76)	2.35

## ➤ Mineral County would pay **2.35 more mills** if the 95 mills “float” than if they are “static”

- In the “floating” scenario, Mineral County would have a 1.28 mill decrease for retirement (due to increased taxable value from the 2026 reappraisal cycle), which would be combined with the 0.13 mill reduction to the “95 mills,” resulting in a net **1.41 mill decrease**
- In the “static” scenario, Mineral County would have a **3.76 mill decrease** for retirement due primarily to the local property tax offset from state retirement GTB aid

# Madison County



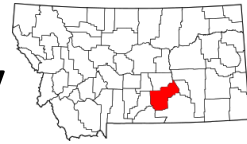
County	Countywide Education Retirement Mills + the 95 Mills FY 2025	Countywide Education Retirement Mills + the "95 Mills" FY 2026	Countywide Education Retirement Mills + the "95 Mills" FY 2027	Change in Retirement Mills + the "95 Mills" (Float) FY 2025-2027	Change in Retirement Mills + the 95 Mills (Static) FY 2025-2027	Difference
Madison	98.98	96.90	98.77	(0.21)	(0.08)	(0.13)

## ➤ Madison County would pay **0.13 less mills** if the 95 mills “float” than if they are “static”

- In the “floating” scenario, Madison County would have a 0.08 mill decrease increase for retirement (due to increased taxable value from the 2026 reappraisal cycle), which would be combined with the 0.13 mill reduction to the “95 mills,” resulting in a net **0.21 mill decrease**
- In the “static” scenario, Madison County would have the same **0.08 mill decrease** for retirement since the county does not receive GTB aid in either scenario to offset local property taxes for retirement



# Yellowstone County



County	Countywide Education Retirement Mills + the 95 Mills FY 2025	Countywide Education Retirement Mills + the "95 Mills" FY 2026	Countywide Education Retirement Mills + the "95 Mills" FY 2027	Change in Retirement Mills + the "95 Mills" (Float) FY 2025-2027	Change in Retirement Mills + the 95 Mills (Static) FY 2025-2027	Difference
Yellowstone	114.88	112.17	114.17	(0.71)	(6.65)	5.94

## ➤ Yellowstone County would pay **5.94 more mills** if the 95 mills “float” than if they are “static”

- In the “floating” scenario, Yellowstone County would have a 0.58 mill decrease for retirement (due to increased taxable value from the 2026 reappraisal cycle), which would be combined with the 0.13 mill reduction to the “95 mills,” resulting in a net **0.71 mill decrease**
- In the “static” scenario, Yellowstone County would have a **6.65 mill decrease** for retirement due primarily to the local property tax offset from state retirement GTB aid

# Carter County



County	Countywide Education Retirement Mills + the 95 Mills FY 2025	Countywide Education Retirement Mills + the "95 Mills" FY 2026	Countywide Education Retirement Mills + the "95 Mills" FY 2027	Change in Retirement Mills + the "95 Mills" (Float) FY 2025-2027	Change in Retirement Mills + the 95 Mills (Static) FY 2025-2027	Difference
Carter	98.42	96.74	98.61	0.19	0.32	(0.13)

## ➤ Carter County would pay **0.13 less mills** if the 95 mills “float” than if they are “static”

- In the “floating” scenario, Carter County would have a 0.32 mill increase increase for retirement (due to increased taxable value from the 2026 reappraisal cycle), which would be only minimally offset by the 0.13 mill reduction to the “95 mills,” resulting in a net **0.19 mill decrease**
- In the “static” scenario, Carter County would have the same **0.32 mill increase** for retirement since the county does not receive GTB aid in either scenario to offset local property taxes for retirement





Questions?