GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0020: Require voted levies to be in dollars rather than mills**

Primary Sponsor: Larry Brewster Status: As Introduced

☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☐ Significant Local Gov Impact

☒ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Expenditures				
General Fund (01)	$0	$0	$0	$0
Revenues				
General Fund (01)	$0	$0	$0	$0
Net Impact	$0	$0	$0	$0
General Fund Balance				

Description of fiscal impact

HB 20 changes the current practice of designating property tax levy votes as dollars requirements or as fixed mill rates, to levying for explicit dollar amounts, only. There is no fiscal impact to the state in the forecast window.

FISCAL ANALYSIS

Assumptions

Department of Revenue

1. Currently, taxing entities may pose new property tax levies to voters in the form of a dollar amount to be raised or a set number of mills to be levied.
2. HB 20 removes the option for newly voted tax levies to be established in fixed mills.
3. Establishing fixed mill levies can yield revenue authority increases for jurisdictions when taxable values increase.
4. Requiring mill levies to be established in dollar amounts means reappraisal will not result in automatically increased revenue authority.
5. Taxing entities may also specify that these new mills will be subject to 15-10-420, which allows the budget authority to grow by half the average rate of inflation over the three prior years, plus newly taxable property growth.
6. No new statewide levies are currently contemplated in present law so the changes due to HB 20 have no state fiscal impact.

Office of Public Instruction

7. Some districts have historically passed levies based on a set number of mills rather than dollars. HB0020 does not consider retroactivity in these situations and the OPI will assume that in these limited situations are permissible based on the historic nature of the levy.

Significant Long-Term Impacts

1. The university six-mill levy is set for a reauthorization vote by the electorate in November 2028, that vote would be the first state levy subject to the provisions of HB 20.

Technical Concerns

1. Under current law local school district and county-wide school levy limits are set in Title 20 and are not subject to the conditions of Title 15 (particularly not by 15-10-420 and 15-10-425 MCA). HB 20 as written, may generate new options for inflationary increases in conflict with the standard inflation rate factors for educational components under 20-9-326, MCA.
2. Current statute allows for voted levies in a district's general fund, in the over-BASE area (20-9-308, MCA), the technology fund (20-9-533, MCA), the debt service fund (20-9-438, MCA) and the voted transition levy sub-fund of the building reserve fund (20-9-502, MCA). Language in these sections of statute allows for the purposes within their respective sections of law. Statute for the debt service fund, building reserve voted transition levy sub-fund and the general fund over-BASE limit the collection of funds based on formulaic caps. Should districts be permitted to increase levies that surpass the formulaic budget authority the use of such funds would not be available to expend. However, for a school district's general fund over-BASE funding, providing the availability of a levy increase based on the amount of property taxes assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years conflicts with standard education inflation factors under 20-9-326, MCA.

Sponsor's Initials	Date	Budget Director's Initials	Date
	1-7-25		1/7/2025