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PROPERTY TAX TASK FORCE
STATE OF MONTANA



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Subcommittee Recommendation

Subcommittee Name: Local Government

Recommendation: Modifications to 15-10-420, MCA, should be pursued with the 2023 Legislative Session Senate Bill 511 as the starting point. Population growth adjustments and elimination of banked mill authority should be considered.

Rationale: 15-10-420, MCA, places too much emphasis on newly taxable property as the mechanism to increase tax collections. By allowing full inflation with a population adjustment and then requiring some proportion of newly taxable property to reduce mill levies on existing property there will be more predictable growth in taxing authority.

Barriers Addressed: The automatic growth of taxing authority under 15-10-420, MCA, has no relief valve for existing property. By requiring a portion of newly taxable property to be included when setting mill values, growth in the tax base will partially reduce obligations from existing property in the jurisdiction.

Key Strategies: The Department of Revenue has developed a tool to estimate differences in outcome from several minor tweaks in the 15-10-420, MCA, formula. Members of the 2025 Legislature should familiarize themselves with the tool and understand how changing aspects of 15-10-420, MCA, causes differences in taxing authority.

Dissenting Opinions (if applicable): Some members felt 15-10-420, MCA, already worked sufficiently well and did not require any changes.

Supporting Graphics, Weblinks, or other documentation: The 15-10-420/SB 511(2023) model was presented at the Local Government subcommittee meeting on April 4th. The sensitivity of the model was presented for [newly taxable property](#), [inflation](#), [population](#), and a for a [combination of factors](#).

(Approved unanimously, without objection, by the Local Government Subcommittee on 7/1/2024)