

PTAC Education Subcommittee: Report & Recommendations

Voter Approval of Property Tax Increases

- Apply turnout/supermajority requirements to mill levy elections, modeled after those in effect for bond elections in counties, municipalities, and school districts.

Subcommittee Action: Forward to the PTAC for approval.

- Move school elections to November to coincide with general elections.

Subcommittee Action: No further consideration of this option.

Equalization of School Property Taxes

- Replace school district BASE levies with a countywide levies, similar to countywide retirement levies that are currently in law.

Subcommittee Action: Forward to the PTAC for approval.

State School Levy

- Set state levy at a fixed value of 95 mills and leave in place equalization law, which includes HB 587—School Equalization and Property Tax Reduction (SEPTR).

Subcommittee Action: Forward to the PTAC for approval.

- Lower state levy to 79 mills in FY 2026 and float thereafter.

Subcommittee Action: No further consideration of this option.

Unfinished Business: Big Sky Relief Program (report at next PTAC meeting)

Current Law Thresholds for Bond Elections

Jurisdiction	Election	Bond Approval Conditions	MCA	Effective
County	any	If turnout of qualified electors voting divided by total qualified electors is: 40% or more simple majority >30% and <40% 60% <30% rejected	7-7-2237	1989
Municipality	any	simple majority	7-7-4235	1999
School District	regular school election or special school election	If turnout of qualified electors voting divided by total qualified electors is: 40% or more simple majority >30% and <40% 60% <30% rejected	20-9-428(1)(a) & (1)(b)	pre-1971
	conducted in conjunction with another mail ballot election or a primary or general election	simple majority	20-9-428(1)(c)	2005

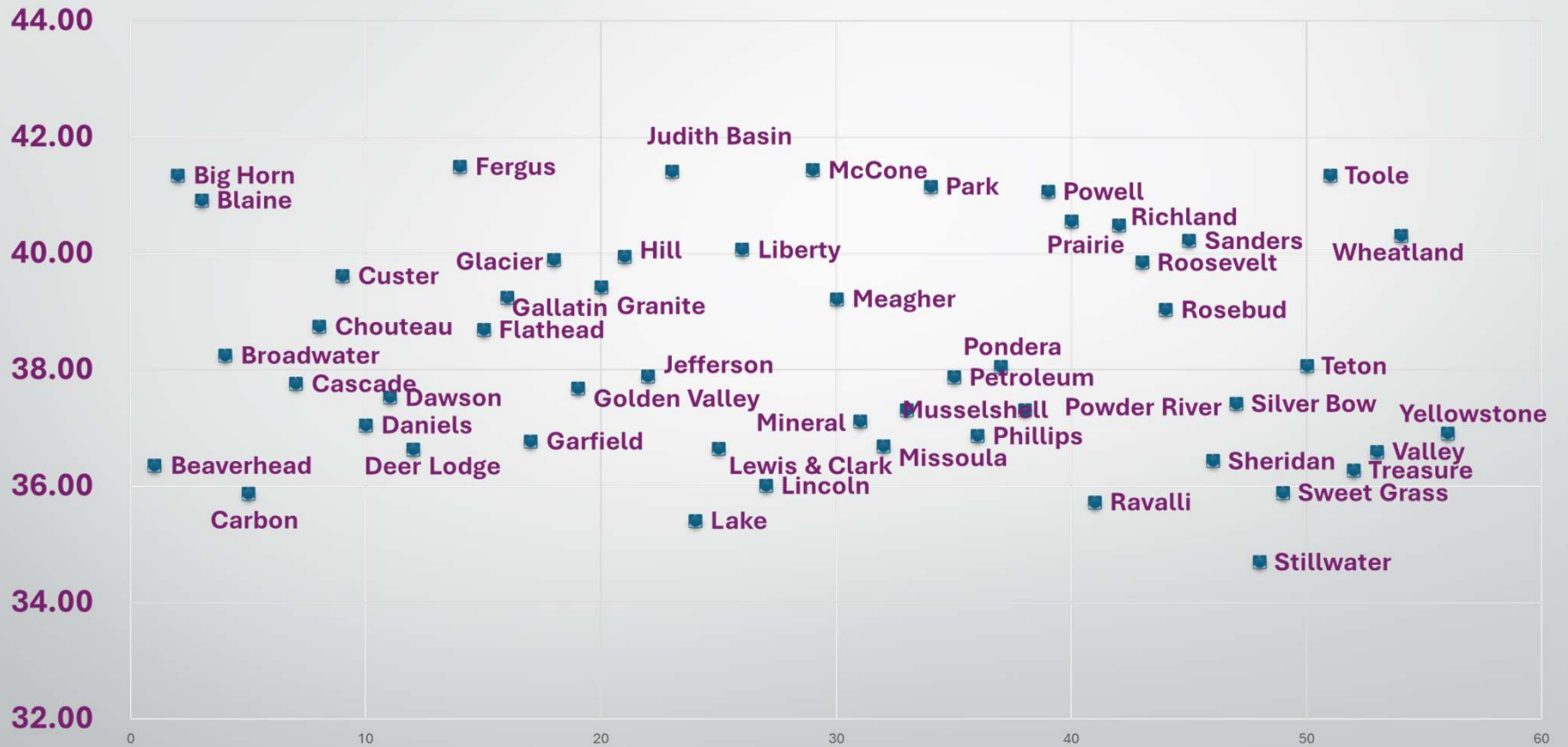
Some Considerations :

- Apply conditions to municipal bond elections?
- Adjust thresholds?
- Replace “qualified voters” with “active voters.”

Proposal to Replace Local Variable with County Equalized Mills

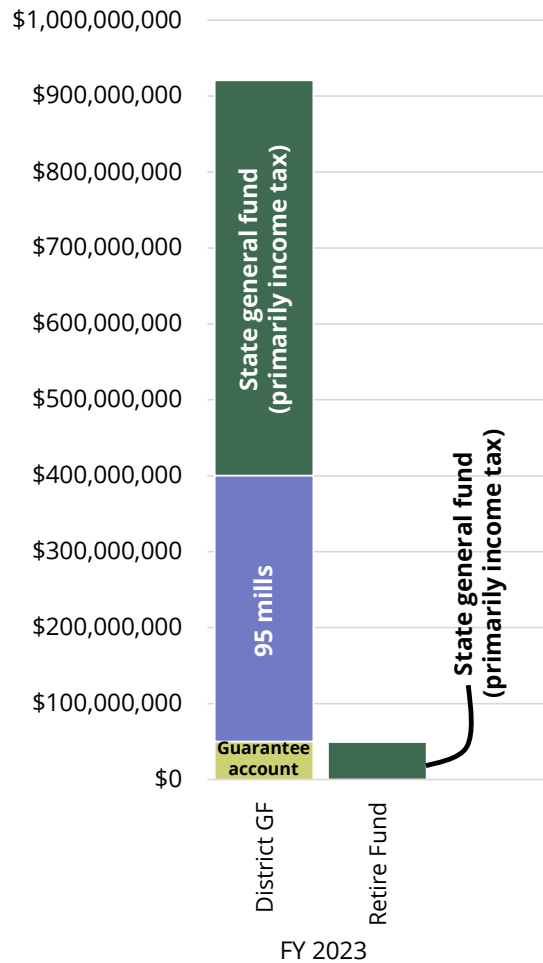
- 1. Assume \$278.5 million available for state GTB Support. This matches the FY25 GTB under current law in the model.**
- 2. Use countywide mill value per school district budget as the benchmark GTB is used to subsidize.**
- 3. Retaining tax assessment at the county level helps avoid harm to impact aid for schools with American Indian or federal trust lands.**
- 4. GTB provided on a sliding scale based on the extent to which actual countywide mill value falls short of the GTB subsidized value. GTB multiplier of 252%, comparable to the current general fund ratio.**
- 5. Resulting statewide BASE property taxes would remain level.**
- 6. Equalization in BASE mills at the county level would reduce taxes for 277 out of 399 districts educating 83% of the state's students.**
- 7. Disparity in mills by county would be significantly reduced (range of approx. 35-41mills with 4 high tax wealth outliers) compared to current disparity in mills by district (current range of 0-51).**

Total Countywide Equalized General Fund GTB-Subsidized BASE Mills





State funding of District General Fund and County Retirement Fund.



All revenue generated by the state-wide 95-mill levy is returned to school districts per law:

From 20-9-331 on the 33 mills:

The revenue collected from this levy must be apportioned to the support of the elementary BASE funding programs of the school districts in the county and to the school equalization and property tax reduction account established in 20-9-336

From 20-9-333 on the 22 mills:

The revenue collected from this levy must be apportioned to the support of the BASE funding programs of high school districts in the county and to the school equalization and property tax reduction account established in 20-9-336

From 20-9-360 on the 40 mills:

Proceeds of the levy must be remitted to the department of revenue, as provided in 15-1-504, and must be deposited to the credit of the school equalization and property tax reduction account established in 20-9-336 for state equalization aid to the public schools of Montana.

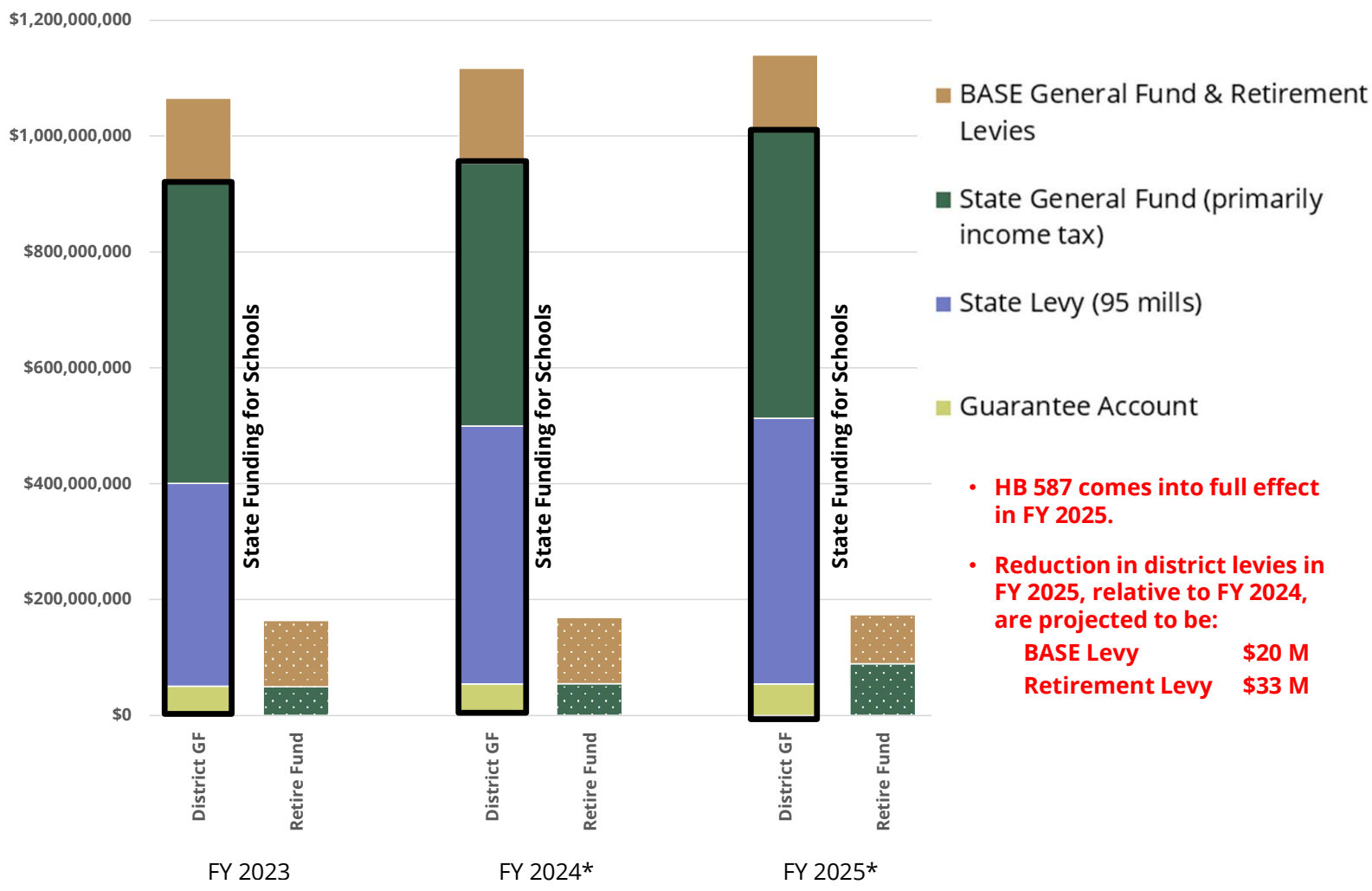
The 95-mill revenue is appropriated to schools in HB 2 (the main state funding bill):

General Fund	State Special Revenue	Fiscal 2024			Total
		Federal Special Revenue	Proprietary	Other	
OFFICE OF SUPERINTENDENT OF PUBLIC INSTRUCTION (35010)					
2. Distribution to Public Schools (09)					
0	750,000	155,735,391	0	0	156,485,391
a. K-12 BASE Aid (Restricted/Biennial)					
453,098,087	426,054,000	0	0	0	879,152,087



Revenue sources for the District GF BASE & Retirement Funds.

*FY 2024-2025 are estimated



- **HB 587 comes into full effect in FY 2025.**
- **Reduction in district levies in FY 2025, relative to FY 2024, are projected to be:**
 - BASE Levy \$20 M**
 - Retirement Levy \$33 M**

Effect of setting the state levy at 79 mills in FY 2026 and floating the mills thereafter.

Changes from Current Law (95 Mills)

	State Levy	State GF	Local Levies
FY 2026	(\$75M)	\$5M	\$69M
FY 2027	(\$85M)	\$13M	\$72M
FY 2028	(\$110M)	\$21M	\$89M
FY 2029	(\$121M)	\$29M	\$92M

Changes from FY 2025

	State Levy	State GF	Local Levies
FY 2026	(\$47M)	(\$15M)	\$117M
FY 2027	(\$43M)	\$14M	\$122M
FY 2028	(\$38M)	\$38M	\$134M
FY 2029	(\$33M)	\$70M	\$139M

