

Governor's Property Tax Advisory Council Recommendation

Subcommittee Recommendation Approved for Consideration by the Property Tax Advisory Council

Subject: State School Levy

Subcommittee Name: Education

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

Rationale: Current law with HB 587 in full effect will be providing significant reductions in local school property taxes, estimated to be \$53 million in FY 2025.

Barriers Addressed: The subcommittee considered the option of lowering the state levy to 79 mills in FY 2026 and thereafter allowing it to “float.” This option was rejected for two reasons. First, it would result in a significant tax shift to Montana income taxpayers. And second, it would disproportionately benefit out-of-state residential property owners at the expense of Montanans who pay both property tax and state income tax.

Key Strategies:

1. Coordinate as necessary with Homestead/Comstead exemptions being considered by the Tax Fairness Subcommittee.
2. Coordinate as necessary with changes to 15-10-420, which may be forthcoming from the Local Government Subcommittee.

Dissenting Opinions: None. (However, two subcommittee members were not present when the option was endorsed.)

Supporting Graphics, weblinks or other documentation:

1. [Recording of May 23 PTAC Education Subcommittee Meeting](#)
2. [Presentation on the State Levy](#)

Record of Vote

The Education Subcommittee considered this recommendation during its meeting held on May 23, 2024, at which five of seven subcommittee members were present. Those present unanimously endorsed bringing this option to the full Property Tax Advisory.

dfb 5/23/24