MILL LEVIES: LOCAL CD FUNDING

CD LAW FOR MILL LEVIES

Supervisors must request that the county levy a tax on all real property within the CD district (MCA 15-10-420). CDs must submit an estimate of funding needed for operations to the county by the first Monday in July. The estimate does not have to be in a budget format, although many do choose to submit a budget.

HOW DOES IT WORK?

What is a Mill? A mill is one-thousandth (.001) of a dollar. You can determine the value of a mill by taking the total taxable value in a district (an amount provided to the district by the county as- sessor) and multiplying it by .001. For example:

Taxable Value = $13,000,000
$13,000,000 x .001 = $13,000
$13,000 is the value of one mill

Income generated from taxes will generally increase due to inflation and new developments within the district. Income should never go down because the CD is allowed to increase the mills levied if taxable values decrease (i.e. floating mill levy).

Exercise 1: Take 10-minutes to look at how much mill levy income you received in three previous years (prepare documentation prior to meeting). Often, this comes in increments, so be sure to examine the totals for each year. Be sure to note whether total revenue has gone down, which should not be the case.

Use the form titled Determination of Tax Revenues and Mill Levy Limitation form provided by the Department of Administration (DOA) to complete the mill levy determination form. You will need three figures from your county, which they may not have until August. You will need last year's income, the taxable value of the previous year, and the taxable value of newly taxable property. This form can be found on the Department of Administration website. The current forms are typically posted in May. Sometimes the county does this for you, but it is your responsibility.

Exercise 2: Take 10-minutes to look over the DOA form mentioned previously and determine the mill levy that the CD should receive. If there are any issues, discuss writing a letter to the county and invite a county commissioner to your board meeting.

BE SURE YOU ARE GETTING WHAT IS DUE TO YOU!

Remember, your boundaries do not change when a city annexes land. Make sure that taxes are levied properly, as this is a common mistake made by county assessors. Also, if you are expecting the entire assessment allowed by law, make sure to request it that way, such as through a letter ("the full amount under state law"). Otherwise, the county may reduce your levy if you have a carry over.

THE PERMISSIVE MILL LEVY

The permissive mill levy differs from the general mill levy in that it covers the increase in the CD's contribution for medical and life insurance that is in excess of a base contribution (MCA 2-9-212). This additional levy does not require voter approval. However, a public hearing must be held every year, and the board must approve the permissive mill levy after the public hearing.

This levy is only for filled positions, so those that are employed on July 1st. It is calculated each year after the base year has been established (MCA 2-18-703(4)(c)), or when the CD starts making contributions from July 1st. The next year is when the first permissive mill levy is implemented.

Once the base contribution or year is established, it is permanent. This is true even if there is a break in implementation of the permissive mill levy (e.g. a long-term vacancy).

MONTANA DNRC

CONSERVATION DISTRICTS BUREAU

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CD's only levy a tax on real property within the CD boundary.

- Real property includes land and improvements affixed to the land.
- Mill levies can be raised many ways, but all require a vote of the people affected.

A CD must submit a funding need estimate to the county by the first Monday in July.

- The county levies a tax on all real property within the district based on the supervisors' request (budget).
- April is a good time to start working on your budget for the next fiscal year, which can then be used for the mill levy request.

Historically, the 1.5 mill levy cap was eliminated in 2004, but due to a mistake, was not removed from CD law until the 2009 legislative session.

- Currently, the mill levied for CD's is a 'floating mill'. This means it can float up or down, pending total taxable valuations. However, your total revenue should not go down.

County Commissioners do not have authority to spend or treat how CD funds are spent.

A permissive mill levy is a separate mill levied solely for group medical benefits.

- This also does not require a vote but does require an annual public hearing.