

Ravalli County Commissioners Office

From: MACO <MACO@mtcounties.org>
Sent: Wednesday, April 23, 2014 8:19 AM
To: MACO
Subject: Inflation Factor and Reimbursements for Mill Levy Calculation in 15-10-420, MCA for FY 2015
Attachments: levycomp FYE2015.xls

County Officials,

Attached is the Floating Mill calculation spreadsheet for FY-15. The inflation factor has been adjusted to reflect this year's allowable increase of 1.03%.

Also added this year is a new line to reflect the increase in each jurisdiction's Entitlement Share payment due to the passage of SB 96, which reduced the business equipment tax rate. In line 3(a), you need to enter the amount from the tables for each jurisdiction as discussed below.

The reimbursement calculations for SB96 are now online. Here is the link to navigate to that document on the DOR website: http://revenue.mt.gov/home/local_governments.aspx. You will find the information under the "Entitlement Share Payments" tab.

Since each taxing jurisdiction will be paid an amount equal to the lost property tax revenue via the Entitlement Share payments in FY-15 and future years, it is necessary to offset that amount in the calculation of the Floating Mill, otherwise you would be "double-dipping" which is prohibited by 15-10-420:

(7) In determining the maximum number of mills in subsection (1)(a), the governmental entity:
(a) may increase the number of mills to account for a decrease in reimbursements; and
(b) may not increase the number of mills to account for a loss of tax base because of legislative action that is reimbursed under the provisions of 15-1-121(7).

In the tables, you will find two sets of numbers, one for the Strict Class 8 Personal Property Reimbursement, which has a rose colored bar across the top as well as a table with the amount for the FY-15 Class 8 and Class 12 Property, which has a blue colored bar across the top. **For calculations for the FY-15 Floating Mill calculations, these are the amounts you need to use.**

For example, for the 01- Silver Bow pages, the FY-14 Strict Class 8 Personal Property page (Rose colored bar across the top) shows an amount of \$137,706.89 for the county-wide and an amount of \$233,782.64 on the page (Blue colored bar across the top) for the FY-15 Class 8 and Class 12 Property. Butte-Silver Bow would use the \$233,782.64 amount to insert in line 3(a) on the floating mill calculation spreadsheet. The pages are ordered by county license plate number. **Use the amounts shown on the page for each county that has a blue bar across the top and is labeled Fiscal Year 2015 - Class 8 and Class 12 Property**

The pages show each taxing jurisdiction separately but has all county-wide levies lumped together so it will be necessary for you to split that amount out to the separate funds if you calculate your

floating mill by each fund, rather than as an aggregate. That split would be done AFTER FY-15 levies are calculated.

For Example:

Your county-wide "aggregate" levy may include several funds, some of which you may calculate separately such as general, public safety, weed, district court, mental health, fair, comprehensive insurance, extension, library, bridge, etc.

Question:

If we only use the amounts shown in the blue pages for the FY-15 Class 8 and Class 12 pages, why are the rose pages showing an amount for FY-14 Strict Class 8 Personal Property included on the web pages we are being directed to?

Strict Personal Property Taxes, those not liened to real estate, are billed based on TY-14 values which are reduced due to the passage of SB 96. However, your FY-14 Taxable Value that was used to calculate levies was based on the value before the reduction was made so you will be short on Strict Personal Property Tax Revue in this fiscal year. You will be reimbursed for that lost revenue in your June 2014 Entitlement Share Payment.

When you receive your Entitlement Share Payment in June, BEFORE you do any other allocation, you need to take the amount shown on the FY-14 Strict Class 8 Personal Property pages (Rose Colored Bar) and record it as personal property revenue to EACH FUND. . In Butte-Silver Bow County's case, they will take \$137,706.89 of the June 15th Entitlement Share Payment for their county-wide levies and record that as Personal Property Tax Revenue. Once that allocation has been made, you can then distribute the remaining Entitlement Share Payment you receive as you would normally. Those dollar amounts are not used to calculate the floating mills for FY-15.

You will need to allocate that amount to each fund proportionately, based upon each fund's relative number of mills levied in FY-14 because each fund will be short personal property tax revenue.

For Example:

FUND	MILLS LEVIED	PERCENTAGE	Reimbursement Amount from DOR web page
			\$138,457.62
General	24.56	0.3784	\$52,396.29
Public Safety	18.69	0.2880	\$39,873.23
Noxious Weed	1.87	0.0288	\$3,989.46
District Court	1.20	0.0185	\$2,560.08
Mental Health	0.50	0.0077	\$1,066.70
Fair	0.60	0.0092	\$1,280.04
Comp Insurance	1.45	0.0223	\$3,093.43
Extension	0.35	0.0054	\$746.69
Library	3.20	0.0493	\$6,826.88
Bridge	12.48	0.1923	\$26,624.82

Total Aggregate	64.90	1.0000	\$138,457.62
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The Department of Administration, Local Government Services Bureau will also be sending information to each municipality and county explaining these changes. Hopefully, with this explanation and theirs, you will be able to do your calculations correctly but if you still have any questions, please contact me. It is a lot easier to make sure your calculations are correct now rather than six months from now!!

Harold

Harold Blattie, Executive Director
Montana Association of Counties
2715 Skyway Drive
Helena MT 59602
406.449.4360 (W)
406.698.0939 (C)
406.442.5238 (F)
hblattie@mtcounties.org
www.mtcounties.org