

MILL LEVIES: LOCAL CD FUNDING

WHAT IS A MILL LEVY?

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 and multiplying it by .001. For example:

$$\begin{aligned}\text{Taxable Value} &= \$13,000,000 \\ \$13,000,000 \times .001 &= \$13,000 \\ \$13,000 &\text{ is the value of one mill}\end{aligned}$$

The Department of Revenue posts all market and taxable values for each taxing jurisdiction on their website at: <https://svc.mt.gov/dor/property/cov>

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

Supervisors must request that the county levy a tax on all real property within the conservation district (CD), 15-10-420, MCA. 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 the form of a budget, although many CDs choose to submit it in that format.

10-MINUTE EXERCISES

Exercise 1: Take 10 minutes to review the CD's mill levy income the CD for three previous years (prep documentation prior). Often, this income 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.

Now, using the CDs mill levy data from above and the Department of Revenue's most recent taxable values complete the "Mill Levy Computation Form." The Montana Association of Counties updates this form, which is available on its website at: <https://www.mtcounties.org/resources-data/>. In addition to the mill levy received in the last three years, you will need last year's income, the taxable value of the previous year, and the taxable value of newly taxable property to complete the exercise.

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

Sometimes the county will complete the mill levy computation for a district, but it is the CD's responsibility.



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PERMISSIVE MILL

Montana counties use the permissive mill levy to assess annual property tax in amounts necessary to provide health insurance to their employees. As political subdivisions, conservation districts have the same authority to provide their employee(s) this benefit.

A permissive mill levy is restricted by purpose and use for group benefits such as group hospitalization, health, medical, surgical, life, and other similar and related group benefits provided to officers and employees of political subdivisions, including flexible spending account benefits and payments in lieu of group benefits. It is authorized to be levied without a taxpayer vote. However, taxpayers can participate and comment through required public meetings described below.

2-9-212, (2)(a) MCA, provides that if a political subdivision makes contributions for group benefits under 2-18-703, MCA, the amount more than the base contribution (established the first year of implementation) is not subject to the mill levy calculation limitation provided for in 15-10-420, MCA. Levies implemented must be calculated separately from the mill levies calculated under 15-10-420. The employer's contributions may exceed but may not be less than \$10 a month, 2-18-703, (4)(a).

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).

MILL LEVY AT-A-GLANCE

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 from 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).

January 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. Some counties request a formal letter requesting their mill levy in full.



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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 most CD's is a "floating mill." This means it can float up or down, pending total taxable valuations. However, the CD's total revenue should not go down.

County Commissioners do not have authority to spend or direct CD funding.

CDs are independent local government entities with their own taxing and spending authority under state law, managed by an elected board of supervisors rather than by the county commission.

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.

RESOURCES:

[Permissive Mill Levy Fact Sheet and Step-by-Step Process](#) – DNRC website

[Montana Association of Counties](#)

Local County Office

Disclaimer: This information is provided for general information purposes only and does not constitute legal advice. The information provided should not be used as a substitute for a legal opinion from your county attorney or otherwise retained and qualified legal counsel. If you need advice regarding a specific legal situation, contact your legal counsel.

