



**TREASURE STATE**  
**RESOURCES ASSOCIATION**  
OF MONTANA

P.O Box 1700, Helena, Montana 59624

Phone: (406) 443-5541

**TREASURE STATE RESOURCES ASSOCIATION NEWS**

**April, 2022**

**TSRA Members Are Encouraged to Learn More About Ballot Measures That Could Impact Their Business**

While we don't yet know what measures may qualify for the November election ballot, our members may want to learn more about potential fiscal or regulatory impacts. Two measures TSRA is tracking closely are outlined in the following articles.

**CI-121 Could Affect Taxpayers and Local Governments Across Montana**

Source: Montana Legislative Services Division

By: Megan Moore, Legislative Staff, March 11, 2022

A new analysis by the Legislative Services Division shows how a proposed property tax initiative could shift taxes away from certain residential properties and result in lost revenue for local governments or additional tax shifts.

Proponents of [\*\*Constitutional Initiative 121\*\*](#) are currently gathering signatures to qualify it for the November general election ballot. CI-121 amends the Montana Constitution to revise the

property tax system in 2024 by reverting to 2019 base values for most residential property, by holding annual changes in certain residential property value to the lower of 2% or the consumer price index (CPI), and by limiting value-based residential property taxes to 1% of assessed property value.

The limit on annual value changes does not apply to newly constructed property or property with a change in ownership or significant improvement. These properties will be valued at fair market value for the year of construction, improvement, or change in ownership, and future annual changes in value will be limited to 2% or CPI.

Precise impacts of CI-121 are difficult to analyze because of differences in taxing jurisdictions' mix of property types and level of property taxes as well as unknown factors such as how the initiative would be implemented and when homeowners will sell their homes. However, absent changes to property tax rates or procedures by which local governments calculate their maximum property tax levies, a couple of outcomes may be expected.

Assuming local governments hold revenues constant, limiting value changes for many residential properties to 2% or CPI will shift property taxes from capped residential property to non-capped residential property and to non-residential property. Local governments are permitted to levy mills sufficient to raise the amount of revenue raised in the prior year plus a small inflationary adjustment. The annual limit on residential value changes will reduce the taxable value of some residential property and increase the mill levy required to raise the revenue target. A higher mill levy will shift taxes to taxpayers whose values are not limited. This shift will occur in all taxing jurisdictions but impact areas with a large share of residential property the most.

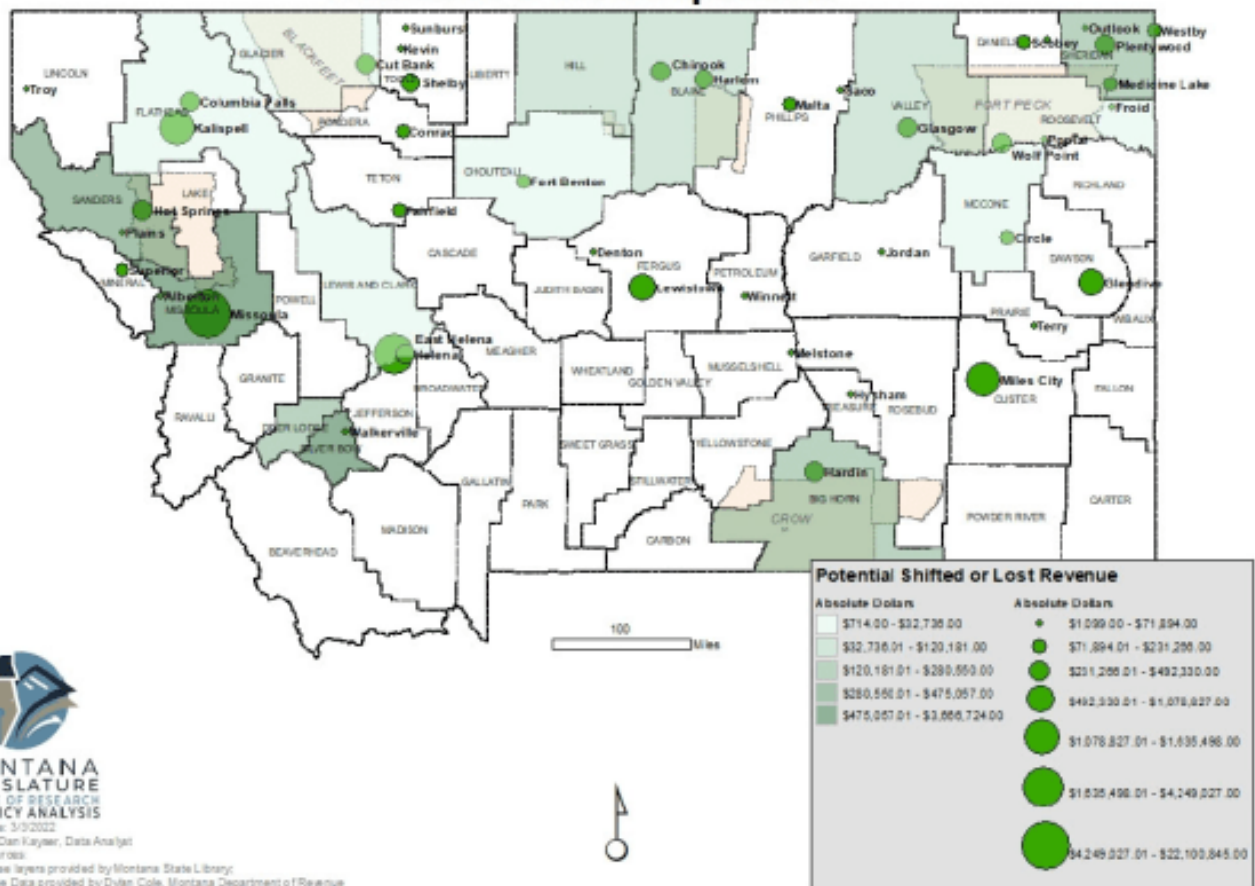
The communities affected by the 1% limit on ad valorem property taxes can be identified by looking at current property taxes. As outlined in the [CI-121 fiscal note](#), a 1% property tax limit on residential property taxed at the 1.35% statutory tax rate is equivalent to 740.74 mills. Most residential property subject to more than 740 mills will exceed the 1% property tax limit. (An exception is high-value homes: the value of dwellings above \$1.5 million is taxed at 1.89% so the mill rate at which the 1% limit is met is lower but varies depending on the total value of the land and dwelling.)

The following maps show potential lost or shifted revenue by city and county using data provided by the Department of Revenue. Levy districts with mill levies greater than 740.74 mills are grouped together by city or by county (if the levy district does not contain a city). The estimated lost or shifted revenue is calculated by applying the mills that exceed 740.74 mills to the residential property value of the levy district and totaling by city or county. (The estimated

lost or shifted revenue does not account for the lower mill rate at which the 1% limit impacts high-value dwellings so the numbers may be understated.)

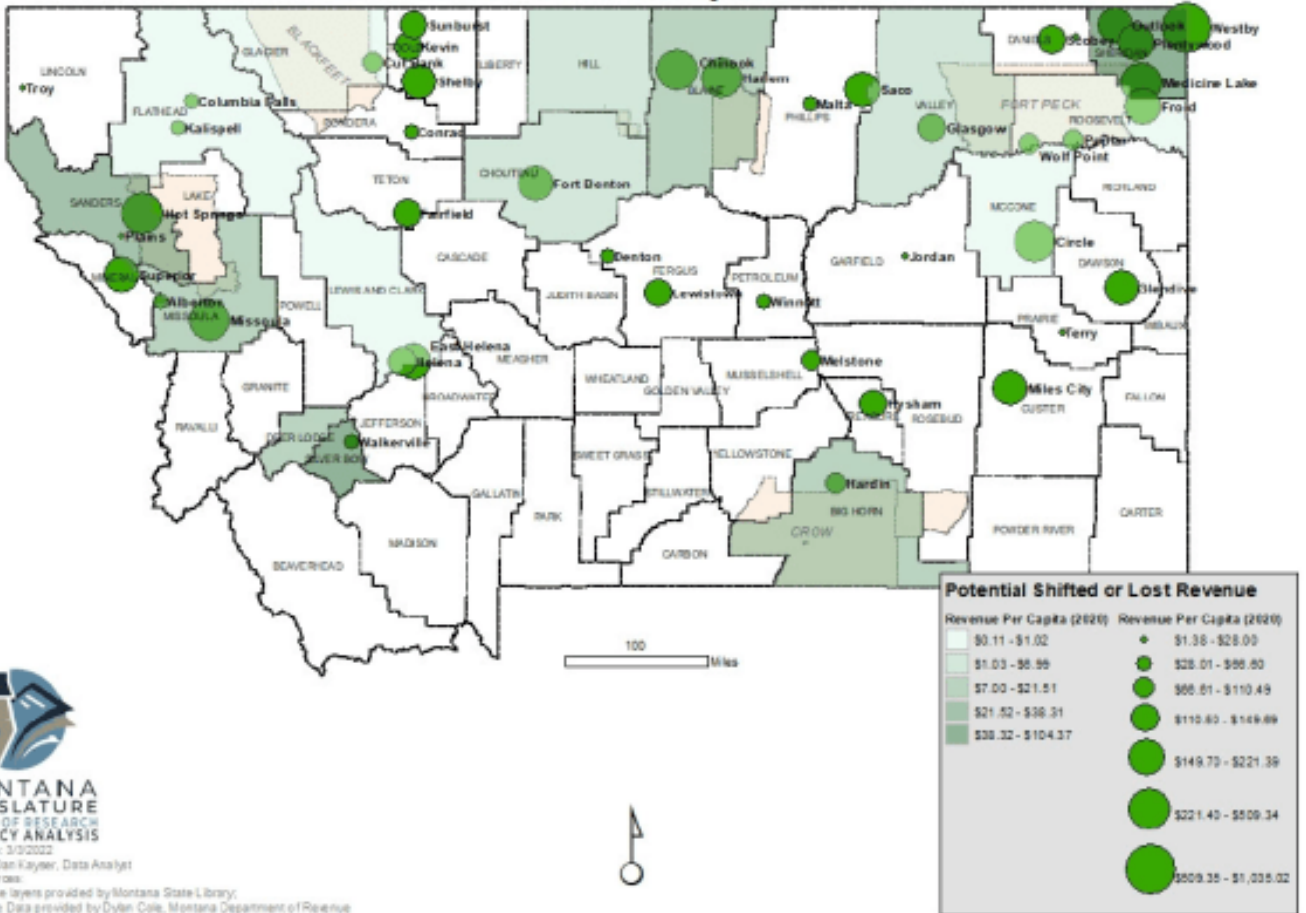
The first map shows the total potential lost or shifted revenue by city and county. The second map shows the same information but adjusts the potential lost or shifted revenue by the population of the city or county.

## Potential Revenue Change from CI-121 Counties & Municipalities



  
**MONTANA LEGISLATURE**  
 OFFICE OF RESEARCH & POLICY ANALYSIS  
 Map Date: 3/3/2022  
 Author: Dan Kayser, Data Analyst  
 Data Sources:  
 - GIS Base layers provided by Montana State Library;  
 - Revenue Data provided by Dylan Cole, Montana Department of Revenue

# Potential Revenue Change from CI-121 in \$ per Capita (2020) Counties & Municipalities



  
**MONTANA LEGISLATURE**  
 OFFICE OF RESEARCH & POLICY ANALYSIS  
 Map Date: 3/3/2022  
 Author: Dan Kayser, Data Analyst  
 Data Sources:  
 - GIS Base layers provided by Montana State Library;  
 - Revenue Data provided by Dylan Cole, Montana Department of Revenue

If CI-121 is enacted, the 2023 Legislature will have to make decisions about how to implement the new constitutional provisions. The limit on annual value changes will shift taxes away from capped residential properties. The effects of the limit on residential ad valorem property taxes are less certain and could include reductions in property tax revenue, regional shifting of property taxes, or new sources of revenue to replace property tax revenue. Regardless of what the Legislature decides, taxpayers and communities across the state would see changes to the property tax system under CI-121.

*Editor's Note: Legislative Committees have been receiving regular updates on this proposed initiative, including the Interim Revenue Committee. Additional information can be found at: <https://leg.mt.gov/committees/interim/ric/meeting-info/>*

## **Ballot Measure to Establish Outstanding Resource Water Designation for Parts of Gallatin and Madison Rivers Will Move Forward for Signature Gathering**

Last month we reported that TSRA, along with a host of groups representing agriculture, water, workforce housing, mining, tourism, recreation, wood products, business, road construction and local community interests had weighed in against a proposed ballot initiative that would grant outstanding resource water (ORW) status to 110 miles of the Gallatin and Madison rivers near Yellowstone National Park.

We first joined in submitting comments to the Department of Justice regarding concerns about the legal sufficiency of the draft measure, and then later submitted an Amicus Brief to the Montana Supreme Court in support of the Attorney General's findings after proponents challenged his determination. Unfortunately, the Supreme Court ruled in favor of the proponents, and Ballot Measure 24 – now I-191- will soon be cleared to begin the signature gathering effort that could place it on the November ballot.

The initiative would prevent even temporary changes in water quality from being authorized in an ORW – one of the most extreme restrictions ever considered for Montana waters. It would apply to all other ORW's in Montana, including those in the two national parks and 15 national wilderness areas; not just the Gallatin and Madison rivers.

There are already procedures in place for establishing an ORW, a process that requires development of an environmental impact statement and scrutiny from local governments, regulators and the Montana Legislature due to the far-reaching impacts. I-191 seeks to bypass those requirements.

There is one more step before signature gathering begins. On Tuesday, April 5<sup>th</sup> at 9 am. the Water Policy Interim Committee of the Montana Legislature will hold a public hearing on the proposal. After taking public testimony the Committee will vote to either support or not support the placement of I-191 on the ballot. The outcome of the vote must be included on the initiative petition in order to inform potential signers about the Committee's position.

The hearing will be held by Zoom only so those interested in testifying will have to sign up ASAP. Written comments will also be accepted. Information about the hearing can be found at: <https://leg.mt.gov/committees/interim/wpic/meeting-info>.



## **Sage Grouse Updates:**

### **Sage-grouse Rider Extended**

Top negotiators in Congress included the greater sage-grouse rider in this year's final FY2022 appropriations bill. The rider has prevented the U.S. Fish and Wildlife Service from considering the birds for protection under the Endangered Species Act since 2014. This is an annual effort. TSRA joined a diverse group of organizations requesting the extension.

### **Sage Grouse Team Says \$5.2M in Grants Available**

Source: Montana Sage Grouse Habitat Program

The Montana Sage Grouse Oversight Team has announced that nearly \$5.2 million in grants are available for conservation projects to benefit the sage grouse and its habitat.

"This is an exciting opportunity to fund projects that will help provide important uplift and restoration of sage grouse habitat," said Amanda Kaster, director of the Department of Natural Resources and Conservation.

Applicants must submit an online pre-proposal review no later than 5 p.m. on May 30, 2022. The review provides would-be applicants with feedback that may help them decide whether to submit a complete application. A full list of eligible conservation projects and details may be found at: <https://sagegrouse.mt.gov/Grants>

Applications must be submitted no later than 5 p.m. August 12, 2022. Applications are reviewed by the Sage Grouse Habitat Program and subject matter experts, as required by the Stewardship Act. The public will have the opportunity to review and provide comment on applications.

Potential project could include options such as the reduction of conifer encroachments, restoration or improvement of sagebrush health; restoration of cropland to grazing land; or term conservation leases with a 15-year minimum duration.

MSGOT has determined that conservation projects located within the Central or Southeastern Service Areas will be given preference. Projects with partnerships between public and private entities, as well as projects showing matching funds are encouraged. Conservation agencies and organizations are eligible to receive funds. Private citizens are not eligible unless they are

working with an agency or organization and the funds are provided directly to that qualified entity.

Eligible organizations and agencies must hold and maintain conservation easements or leases, or be directly involved in sage grouse conservation activities approved by MSGOT. Qualifying projects must be located partially on land in designated sage grouse habitats. Those interested can determine if a potential project is in a designated as sage grouse habitat by going to: <https://sage-grouse.mt.gov/ProgramMap> People may schedule a meeting with MSGOT staff to review the pre-proposal reviews by contacting: [thartman@mt.gov](mailto:thartman@mt.gov)

MSGOT will select grant recipients during a public meeting later this fall.

## **Upcoming Interim Legislative Committee Meeting Schedule**

The schedule of upcoming meetings for interim committees followed by TSRA is listed below. Agendas and other information will be available closer to the meeting date on the committee's website:

### **Energy and Telecommunications Interim Committee**

May 19-20, 2022                      State Capitol or via Zoom

Link to Committee Site: <https://leg.mt.gov/committees/interim/etic/meeting-info/>

### **Environmental Quality Council**

May 24-25, 2022                      State Capitol or via Zoom

Link to Committee Site: <https://leg.mt.gov/committees/interim/eqc/meeting-info/>

### **Revenue Committee**

April 18-19, 2022                      State Capitol or Via Zoom

Link to Committee Site: <https://leg.mt.gov/committees/interim/ric/>

### **Water Policy Committee**

May 17-18, 2022                      State Capitol or Via Zoom

Link to Committee Site: <https://leg.mt.gov/committees/interim/wpic/>

**TSRA Annual Meeting June 8-9<sup>th</sup> – Room Block is Open - Registration Information Coming Soon**

TSRA will be meeting June 8-9, 2022 at Fairmont Hot Springs Resort. Registration information will be coming soon, but those planning to attend are encouraged to make their room reservation before the TSRA room block is filled. June is a busy time of year for the resort so the sooner you make your arrangements the better. To make your reservation you can:

Call the reservation line at 800.332.3272 and ask for the Treasure State Resources Association block.

Room rates are \$134 plus tax and resort fee.

The Golf Scramble will be played at the Butte Country Club on Wednesday, the 8<sup>th</sup> beginning at 11:30 am.

The program will feature information on potential ballot issues, the regulatory reform effort initiated by the Gianforte Administration, updates on interim committee activities and a presentation on the progress being made in developing the Black Butte mining project. **TSRA's official Annual Business Meeting will take place at 8:45 am. on Thursday, June 9<sup>th</sup> at Fairmont.**

## **TSRA Would Like to Thank Our Early Bird Sponsors**

We couldn't hold our annual meeting without the help of our generous sponsors. A BIG "Thank You" to those who've signed up early to help us put on a successful event.

### **Trailblazer:**

BNSF, BP America, MDU Resources and NorthWestern Energy

### **Champion:**

Browning, Kaleczyc, Berry & Hoven, Enbridge Energy, Parsons, Behle & Latimer, Sandfire America, Weyerhaeuser, and The Washington Companies

### **Advocate:**

CHS, Denbury Resources, Energy Laboratories, F.H. Stoltze Land & Lumber Co., Melissa Lewis & Associates, Montana Coal Council and Montana Farm Bureau Federation

### **Groundbreaker Golf:**

Citizens for Balanced Use

IBEW #44

Sibanye Stillwater



## TSRA Legislative Showcase Planned for January 3, 2023

It's not too early to start thinking about participating in TSRA's popular Legislative Showcase scheduled for the evening of January 3<sup>rd</sup>, 2023. Over the years this event has been widely attended by legislators and other officials. It helps set the tone for the upcoming session by highlighting the importance of the various natural resource sectors of our economy, as well as the economic value of motorized recreation. Participants have the opportunity to "showcase" their companies or associations by reserving booth or table space. Others may choose to sponsor the event by helping with food and beverage costs.

Registration information will be available early this fall. If you have any questions about the event, please contact Peggy Trenk at 406-461-9945 or [ptrenk@tsria.net](mailto:ptrenk@tsria.net)

### Upcoming Events/Dates:

June 8-9, 2022

TSRA Annual Meeting

Fairmont Hot Springs Resort

August 29-31, 2022

Montana Petroleum Association Annual Meeting

Billings, MT

November 16-18, 2022

Legislative Caucus Training

State Capitol, Helena, MT

January 3, 2023

TSRA Legislative Showcase

Delta Colonial Hotel, Helena, MT

*If you don't want to receive the TSRA Newsletter, please let me know. If you want to share with others in your company or organization, please do so. The mission of the Treasure State Resources Association is to promote and enhance the Montana Way of Life through responsible resource development.*