

To: Montana public library directors
From: Karen Strege, Montana State Librarian
Re: The "Big Bill" and the FY 02 budget process
Date: July 10, 2001

The Montana Association of Counties (MACO) sponsored workshops on implementing the requirements of HB 124 or the "big bill" in June. Because some of you could not attend these workshops, the Montana State Library is offering the following summary and advice.

The changes in local government funding affect each of Montana's special districts and levy funds. This summer, local governments are facing new requirements and deadlines as they attempt to implement these complex changes. To best understand the implications of the big bill, MSL suggests that library directors review the following information before contacting your local officials. You can obtain more information by accessing the web sites cited below. For further assistance, please call a member of MSL's Library Development Department or other contacts listed at the end of this memo.

What will the library receive from the library levy in FY 2002?

MACO suggests that local governments use a worksheet to compute each separate levy. The worksheet, "FY 2002 Levy Computation Worksheet", is available on MACO's site <http://www.state.mt.us/maco/>. Local government officials will use this worksheet or one similar to determine the library's property tax for FY 2002. The computation of the library levy for FY 2002 will establish a base to calculate property tax amounts for subsequent years. Therefore, library directors should contact officials to discuss the worksheet.

In general, if your library is funded by a separate levy, your library will receive the same dollar amount from property taxes as in FY 2001, plus an inflationary factor of 1.28%. However, to determine the exact amount, you must use the worksheet and values used by your county. Again, working with your officials is the key to successfully understanding the new procedures regarding the library's levy.

What is the entitlement pool?

Before the passage of HB 124, counties divided non-property tax revenue, such as motor vehicle license fees, among special districts and funds according to a set formula. Under the provisions of HB 124, the Department of Revenue (DOR) will collect almost all of these revenues, which the DOR will return to the counties and cities in the form of a share of the entitlement pool.

How will local governments divide the share of the entitlement pool?

Local governments are responsible for making an allocation from the base entitlement share pool to each special district and each fund levy within the county. This distribution should reasonably reflect each special district's loss of revenue associated with HB 124.

MACO recommends that each local government establish a list of all special districts and fund levies for purposes of determining their proportionate share of the entitlement pool. The DOR will provide local governments with a worksheet by the end of July. Local governments will return these reports to the DOR by the middle of August, so that the state can make the first payment from the entitlement pool by September 15. The amount calculated will become the base for determining the library's share of the entitlement fund in subsequent years. Therefore, it is very important that library directors contact county and/or city officials to review the entitlement share worksheet for the library.

For more information, please call Brad Simshaw, 444-2715 or Larry Finch, 444-3526, at the Department of Revenue, or Norm Klein, 245-2747, at the Department of Commerce.