County official still looking into higher taxes from 'floating mill'

By Krista Nemeroff
Of the Tobacco Valley News

Concrete information was yet to be had at press time regarding whether three districts within the county have been illegally taxing their constituents over the past decade or so.

The question remains whether the mill limits originally approved by voters in these districts were legitimately allowed to "float" and rise under Montana's Initiative 105 and its amendments.

Through a review of county taxes, the Western News in Libby found in recent weeks that dispatch districts in Troy and Eureka, along with Troy's park district, had for years been levying more mills than voters had originally approved.

Considering the additional mills an overtax, the Libby newspaper reported that Troy dispatch had overtaxed by a total of $1 million, Eureka by $450,000, and the park district by $177,374.

In the case of Eureka Dispatch, an ordinance establishing a tax for the district in 1998 and signed by commissioners clearly states: "The maximum property tax mill levy for the property taxes in this District shall not exceed 11 mills."

Yet for at least the past 10 years, the mills levied by the district have been above 11, slowly climbing to reach 15.29 mills this year.

Dispatch board president Joyce Hudson says she's always budgeted for 11 mills, but years ago someone at the county told her simply to keep the extra funds – they were extra funds to be had. And they went to the district's capital improvement fund.

County Clerk and Recorder Tammy Lauer's theory is that an amendment to Initiative 105 allowed for the mills in these districts to "float," which causes the allowed maximum mills to vary incrementally each year in a set formula to allow for property value fluctuation, inflation, and other factors.

She's still waiting to hear back from the Montana Association of Counties executive director to verify whether she's correct.

A peek at her records indicates that the implementation of I-105 is exactly what happened – back when Coral Cummings was clerk and recorder, around the year 2000.

Lauer said that she had recently spoken to the retired clerk and recorder, who recalled working with the Montana Department of Administration to begin the process of

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floating mills for these districts under the new amendment.

"They walked her through it the first year," Lauer said. "It's a state-wide thing, and they decided to implement it, and she figured out how to do it through them."

Cummings did not return calls for comment before press time.

Lauer herself wasn't aware that voters had originally set mill limits for these districts until the Libby newspaper dug up the actual ordinances. Nowhere on her paperwork are the mill limits indicated. She follows a spreadsheet she receives from the state, plugging in taxable values from the Department of Revenue to come up with the allowable mills for the districts every year.

"We hadn't seen (the ordinances setting mill limits). The current commissioners hadn't seen them. And probably, most of these boards didn't know about them," Lauer said. "Nobody knew."

"Over the years, I just watch these mills climb slightly each year," she said. "But up until four weeks ago, I didn't know there was a voted mill."

This past year, she did notice when the maximum allowable mills for Troy Dispatch took a giant leap, and double-checked her work with another clerk and recorder, who confirmed her result.

Even if the floating mills are legitimate, Lauer still isn't quite sure why the maximum allowable mills for Troy Dispatch would "float" to allow for three times the tax funding the district required to operate for a year. "I'm guessing it had something to do with the mine losing money. But it shouldn't have adjusted that much," Lauer speculated.

Though the district didn't have to accept the maximum allowable mills, board members likely weren't aware of that, Lauer said. The volunteer Troy Dispatch board president hadn't realized how much the district was receiving in comparison to its operating costs, she said.

The board has now been discussing levying little-to-no mills in the coming years, instead operating from its flush capital improvement fund in an attempt to make up the difference, she said.

For the future, Lauer said that she plans to be proactive in communicating and discussing budget with the districts, which often see plenty of turnover in their volunteer positions. "My plan, instead of sending these budgets out to the districts, is to meet with them so they have a better understanding," she said. "I'm going to try to keep these people more informed, because now I'm more informed."

She's also developing an organized book in her office for her own successors, outlining all of the history and details she's scrounged up in recent weeks regarding these districts. "So that nobody has to go through this again," she said.

And regardless of whether these "floated" mills turn out to be legitimate and legal, perhaps the tax monies allotted to these districts should be re-evaluated, and the matter given back to the voters to decide, Lauer added.

"The underlying question is – is that what the voters intended? It's been years. Maybe it's time to say, go back to the voters and ask," she said.

"All we can do at this point is move forward. Maybe we can sit down (with the volunteer district boards), ask what's the minimum number you can make it on, and put that on the ballot," she added. "That might be the prudent thing to do at this point. As soon as we get all of our answers, we can make some decisions."