

Types of Revenue

LEVIES

Dedicated Library Levy – a levy voted on by the people within a given service area. This levy must be used for library services.

Relevant pieces of code:

MCA 22-1-304 – Tax Levy – special library fund – bonds

MCA 15-10-420 – Procedure for calculating a levy

MCA 15-10-425 – Mill levy election

General Fund Levy – this levy may or may not have been voted on by the people in a given service area. It is used to fund all types of government services within an area. The city or county oversees this money and may give a portion of it to the library.

Relevant pieces of code:

MCA 7-6-2501 – Authorization for county mill levy

MCA 7-6-2521 – All-purpose levy authorized for counties

MCA 7-6-2522 – All-purpose levy

MCA 7-6-4401 – General taxing power of municipalities

MCA 7-6-4421 – Authorization for tax levy and collection by municipality

MCA 15-10-420 – Procedure for calculating a levy

MCA 15-10-425 – Mill levy election

Levy for Multijurisdictional Service Districts – a levy that supports a special district created by both a vote of the people within a specific area and an interlocal agreement between governing bodies. This levy can only be used for the services provided by the special district.

Relevant pieces of code:

MCA 7-11-1102 – Services that may be provided

MCA 7-11-1112 – Financing

MCA 15-10-420 – Procedures for calculating a levy

MCA 15-10-425 – Mill levy election

Levy for Independent Public Library Districts – This levy is voted on by the people within the boundaries of an independent public library district.

Relevant pieces of code:

MCA 22-1-703 – Election on creation of district

MCA 22-1-708 – Public library district budget – property tax levy

MCA 22-1-709 – Election to change maximum property tax levy

MCA 15-10-420 – Procedure for calculating a levy

MCA 15-10-425 – Mill levy election

STATE FUNDING SPECIFICALLY FOR LIBRARIES

State Aid Per Capita/Per Square Mile – Public libraries that are legally established and meet the public library standards receive a check from the Montana State Library that is based on number of people and square miles that the library serves.

Relevant Pieces of Code:

MCA 22-1-327 State aid -per capita- per square mile

Statewide Interlibrary Resource Sharing Program – this money does not go directly to libraries. It comes to the Montana State Library where at this time it is used to reduce the annual costs of OCLC (software used by libraries for cataloging, interlibrary loans, and more) and the ongoing costs of the Montana Shared Catalog (a consortium of 140+ libraries that provides automation services and more).

Relevant Pieces of Code:

MCA 22-1-328 – Statewide interlibrary resource-sharing program

Library Federations – the state is divided into 6 regions. These regions are called federations. All types of libraries can participate in the federation of their region. Typically only public libraries receive a small amount of funding through the federation. This funding comes from the legislature. The libraries within the federation determine how much funding each library will get and how that money can be spent.

Relevant Pieces of Code:

MCA 22-1-401 – Policy

MCA 22-1-402 – Library systems – definition

Coal Severance Tax Monies for Databases – this money is used to purchase databases (Ebsco, HomeworkMT) for all types of libraries within the state. The money goes to the Montana State Library who pays database vendors directly.

Relevant Pieces of Code:

MCA 15-1-308 (Temporary) Disposal of severance taxes

DONATIONS, GRANTS, AND LIBRARY FEES

Donations – money that has been received from supporters of the library. This includes money from the friends, foundation, library patrons, or even money that has been left to the library in a will or some other format.

Endowments – is a gift of money for a specific purpose. Usually the principal of endowment cannot be touched. The library can only spend interest earned on the investment of the money.

Fees/Fines – money collected directly from library patrons for either a special service (copy machines), to reimburse part of the library's costs (mailing fees for ILL), or to compensate the library for violating a policy (overdues).

Foundations – 501c3 organizations dedicated to supporting the library. These organizations are usually responsible for obtaining larger donations, setting up endowments, or assisting with larger library projects such as building a new library.

Friends Groups – these organizations may or may not be 501c3. They typically raise money on a smaller scale to be used for smaller projects and services like collection purchases or smaller equipment.

Grants – money that is received from another government agency, non-profit organization, or individual that generally must be used for a specific purpose.

Trusts/Wills – gifts to the library where an individual's assets are transferred to the library. In the case of a will the library is a beneficiary. In the case of a trust the individual may or may not be deceased. Trusts often require legal legwork to set up correctly and ensure that you are following the rules of the trust.

INTERLOCAL AGREEMENTS TO PROVIDE LIBRARY SERVICE

Interlocal agreement to provide library services – this is a contract between a library board and another entity (school, city, or county) to provide library services outside of the library's normal service area. Generally the entity receiving the library service will pay a fee to the library for providing these services. If the library is receiving funding through a mill levy please refer to the levy section of this handout.

Relevant Pieces of Code:

MCA 7-11-105 Detailed contents of interlocal agreements

MCA 7-11-107 Filing of interlocal agreement

MCA 7-11-108 Authorization to appropriate funds for purpose of interlocal agreement

STATE FUNDING THAT DOES NOT GO THROUGH THE MONTANA STATE LIBRARY

Oil/Gas Production Tax – a tax collected by the state and returned to the counties that produced the oil. The formula for distribution is found in the Montana Code Annotated.

Relevant Pieces of Code:

MCA 15-36-302 Legislative findings and declaration of purpose

MCA 15-36-331 Distribution of taxes

MCA 15-36-332 (Temporary) Distribution of taxes to taxing units - appropriation

State Entitlement Share – a financial partnership between the state and local governments where the local governments agree not to collect certain types of revenue. The state collects this revenue and then uses a formula to determine how much of the revenue to send to each county/city.

Relevant Pieces of Code:

MCA 15-1-120 Policy and purpose

MCA 15-1-121 Entitlement share payment – purpose – appropriation

Resort Tax – Small communities (see definition) that rely on tourism for the majority of its income may charge a tax of up to 3% on luxury items. Food, medicine, or other items that are basic necessities cannot be taxed.

Relevant Pieces of Code:

MCA 7-6-1501 Resort tax –definition

MCA 7-6-1502 Resort community taxing authority – specific delegation

MCA 7-6-1503 Limit of resort tax rate – goods and services subject to tax

MCA 7-6-1504 Resort tax – election required – procedure – notice

MCA 7-6-1505 Resort tax administration

MCA 7-6-1506 Use of resort community tax revenues – bond issue – pledge

FEDERAL MONEY

PILT (Payment in Lieu of Taxes) – This is money the federal government pays to the state for land it owns within a particular county or region of the state. Federal lands are not taxable, so this money could be considered a substitute for property taxes. It's not quite the same as a property tax levy, but it attempts to make up for some of the loss of funding because federal lands aren't taxable.

Relevant Pieces of Code:

MCA 7-6-102 Authorization to request in-lieu payments for taxes from United States
MCA 7-6-103 Computation of payment in-lieu of taxes
MCA 7-6-104 Procedure to file agreement and collect in-lieu payments
MCA 7-6-105 Establishment and use of government project fund
MCA 7-6-106 Political subdivisions to receive county warrants for share of in-lieu payments
MCA 17-3-302 Requests for sums in lieu of taxes and agreements to perform services
MCA 17-3-303 Basis for amount of payment
MCA 17-3-304 Duplicate of agreement – filing – receipt for tax
MCA 17-3-305 Disposal of moneys

Forest Reserve Money and Other Federal Funds – money paid in lieu of taxes for land that is part of forest service lands. Falls under federal code 16 U.S.C. 500, Public Law 106-393, Public Law 110-343

Relevant Pieces of Code:

MCA 17-3-211 Forest reserve money and other federal funds
MCA 17-3-212 Apportionment of forest reserve funds and other federal funds among counties
MCA 17-3-213 Allocation of forest reserve funds and other federal funds – options provided in federal law

Library Services and Technology Act (LSTA) – funding that goes to the Montana State Library and is administered by the Montana State Library Commission. This funding is used for statewide projects, the Talking Book Library, the Library Development Division, and the Montana Shared Catalog.

Telecommunications Discount Program (E-rate) - provides Montana libraries discounts on eligible telecommunications services ranging from 20 percent to 90 percent, depending on economic need and location. E-rate is administered through the Schools and Libraries Divisions of the nonprofit Universal Service Administrative Company.

Community Transportation Enhancement Program (CTEP) – administered by the Montana Department of Transportation these funds can be used for a variety of projects, so long as they fall under eligible CTEP activities.

Helpful resource: MDT CTEP Manual -

http://www.mdt.mt.gov/publications/docs/manuals/mdt_ctep_manual.pdf

