



Cascade County 2023 Legislative briefing

June 14, 2022

The following is an outline of some of the Cascade County Issues that we would like to see addressed in the 2023 legislative session.

1) Local government revenue:

Montana Counties have an overreliance on local property taxes that has been exasperated by increasing federal and state requirements on county operations as well as rising daily operating costs. Counties have for many years had a limit on our ability to raise property taxes that is one half the average rate of inflation for the prior three years.

While this creates an incentive for counties to increase the tax base through encouraging new businesses, most counties are not growing fast enough to maintain the purchasing power of their tax revenues.

The entitlement share was created to provide a mechanism for the state to share revenues with local government from sources such as the extractive industry and income taxes. It was also designed to offset the loss to local government from the transfer of some ad valorem taxes that were originally levied by the counties but taken over by the state. It is critical that the legislature utilize the Entitlement share as it was intended to share revenue with the counties rather than it being viewed as a source of funds to fix the State budget in the waning hours of the session.

2) Rising property valuations:

The current system of comparable valuation assessments being used for property tax valuation is creating significant issues for our residents. The artificially high values being created by the influx of out of state interests purchasing property have created significant issues for longtime residents throughout Montana. Not unlike the situation around Flathead Lake in prior reappraisal cycles, a legislative adjustment to the implementation of these new artificial values is in order on a statewide basis. The proposed CI-121 is an unworkable solution to a very real problem that is best examined and dealt with by the legislature by altering the current method of property appraisal.

3) Broadband deployment:

It is no secret that Montana lags in broadband deployment, what may surprise you is that according to the National Telecommunications and Information Administration, Montana is among the worst.

There are many reasons for this but now that the Federal Government is supplying substantial funding to address this issue, one of the primary roadblocks to moving forward are the restrictions on local governments involvement in broadband deployment.

Cascade County does not seek the ability to own and operate Internet Services, but we do need to be able to act as conduits for Federal funding to our local private providers. Currently there are billions of federal dollars flowing that Montana cannot tap due to the restriction on County involvement in Broadband deployment.

During the last session we were granted a very limited ability to be involved but it only applied to ARPA funds designated through HB 632 and SB 297. We are seeking broader authority to channel other Federal dollars to the problem of Broadband deployment in Montana. Additionally, we would like the uses of existing road and utility easements held by local governments to be expanded to include wired broadband equipment.

4) DOR informal taxable value changes:

In addition to the formal public Tax protest process that can be used by taxpayers to address what they believe are errors in DOR assessed values, there is a second process that is being used increasingly on high value centrally assessed properties.

Unlike the formal tax protest, the taxing jurisdictions (city, county, schools, special districts, etc) have no notice that a potential reduction in valuations is pending. Twice in recent years these "Informal Classification and appraisal reviews" have resulted in substantial decreases in property valuations of large industrial taxpayers AFTER the taxing jurisdictions have completed their mill setting processes.

In each instance this has resulted in School District #1 requesting that the countywide value certification process be redone by DOR which in turn triggers a redo of the mill setting process by each of the taxing jurisdictions. This review is entirely a DOR process over which the taxing jurisdictions have no authority nor knowledge of its occurring until we receive notification of the value change, yet it is the taxing jurisdictions and the County who are burdened with the cost of redoing the process. Taxpayers need to be able to utilize this method of reappraisal, but DOR must be responsible for having the process completed prior to the certification of taxable values in each county.

This past tax year the late changes by DOR not only caused the resetting of mills by some jurisdictions but also delayed tax bills by thirty days, caused confusion for taxpayers, reduced revenue for the county, city and special districts as well as overtime in the County Treasurer Office.

We would request a requirement that all valuation adjustments by DOR be completed prior to the issuing the Certified levies reports to the taxing jurisdiction or make the state responsible to replace any revenue lost to the jurisdictions by DOR's failure to complete their appraisal review work in advance of issuing the certified taxable valuation reports.