



Item: Resolution 10030 – Annual Tax Levy
From: Gregory T. Doyon, City Manager
Initiated By: Taxable Valuations from the Montana Department of Revenue
Presented By: Melissa Kinzler, Fiscal Services Director
Action Requested: Adopt Resolution No. 10030

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (adopt/deny) Resolution 10030.”

2. Mayor calls for a second, discussion, public comments, and calls the vote.

Staff Recommendation: Staff recommends adoption of Resolution 10030 to fix the annual tax levy.

Background: The City received the taxable valuation for the City of Great Falls from the Montana Department of Revenue on July 30, 2013. Accordingly, the City can now compute and set its annual mill levy.

During the FY 2014 Budget Adoption Process, the Fiscal Services Department projected the City’s newly taxable property revenue would be \$200,000. The actual newly taxable revenue from the Department of Revenue is \$135,678. This means that the City has a shortage of \$64,322 in newly taxable revenue due to the reduction in new improvement and development. All advertised and adopted inflationary rate increases should be taken. There is no recommended reduction in the General Fund appropriation budget at this time. The General Fund budget was adopted with balance of \$939,994 of revenue over expenses, which will help offset the lower than expected newly taxable property. This will leave .24% of total revenue needed to be made up for the shortage. General Fund revenues and expenses are monitored throughout the year.

The total mill levy for Tax Year 2013 (Fiscal Year 2014) is 198.74 mills totaling \$15,369,305. Included in the mills are the following:

Debt Service

- 2.57 mills for soccer park debt service payments (small increases from prior year)
- 3.92 mills for swimming pool debt service payments (small increases from prior year)

The annual soccer and park debt payments total \$475,863, which are included in the \$15,369,305 mill levy.

The soccer park bonds were issued June 14, 2004, for \$2,500,000 for twenty years. The outstanding balance of the soccer bonds as of June 30, 2013 was \$1,615,000. The swimming pool debt service bonds were issued May 5, 2007, for \$2,270,000 and for ten years. The outstanding balance of the swimming pool bonds as of June 30, 2013 was \$1,025,000.

Permissive Medical Levy

- 20.06 mills (increase of \$168,304 from last year)

Total Mill Levy Summary

Last year's mill levy for Tax Year 2012 (Fiscal Year 2013) generated revenue of \$14,930,774. The differences between the mill levy of \$14.9 million (what the City milled last year) and \$15.3 million (what the City will mill this year) include the following:

General

- \$135,678 for newly taxable property,
- \$168,304 for "Permissive Medical Levy",
- \$134,366 for inflationary factor for FY 2014
- \$(199) rounding adjustment,

Voted General Obligation Debt

- \$100 for the increase in the revenue needed for the soccer park debt, and,
- \$282 for the increase in the revenue needed for the swimming pool debt.

MCA Requirements

Section 15-10-202, MCA requires the Montana Department of Revenue to send certification to each taxing authority of the total taxable value within the jurisdiction of the taxing authority by the first Monday of August. The taxable value was received July 30, 2013. The certified millage is necessary for the City to determine compliance with MCA 15-10-420.

Section 7-6-4036, MCA, Fixing tax levy, provides:

- (1) The governing body shall fix the tax levy for each taxing jurisdiction within the county or municipality:

- (a) by the later of the first Thursday in September or within 30 calendar days after receiving certified taxable values;
- (b) after the approval and adoption of the final budget; and
- (c) at levels that will balance the budgets as provided in 7-6-4034.

(2) Each levy:

- (a) must be made in the manner provided by 15-10-201; and
- (b) except for a judgment levy under 2-9-316 or 7-6-4015, is subject to 15-10-420.

Concurrences: The Fiscal Year 2014 Budget was adopted July 16, 2013. Setting the mill levy for Tax Year 2013 (Fiscal Year 2014) is the last step in the adoption of the Fiscal Year 2014 City of Great Falls Budget.

Fiscal Impact: Staff had initially estimated a General Fund revenue increase of \$200,000 for newly taxable property in the adopted Fiscal Year 2014 Budget. The Montana Department of Revenue's value of newly taxable property was \$787,945, which equates to \$135,678 of revenue.

Alternatives: State law requires that the City adopt a Fiscal Year 2014 Budget which includes setting the annual mill levy amounts on or before the first Thursday in September or 30 days after receiving taxable valuation from the Montana Department of Revenue whichever is later.

Attachments/Exhibits:

1. Tax Levy Resolution 10030 with Appendix A.
2. Taxable Valuation History.
3. 2013 Certified Taxable Valuation Information (Montana Department of Revenue).

RESOLUTION NO. 10030
RESOLUTION TO FIX ANNUAL TAX LEVY

A RESOLUTION PROVIDING FOR THE ANNUAL TAX
LEVY IN MILLS FOR THE FISCAL YEAR BEGINNING
JULY 1, 2013 AND ENDING JUNE 30, 2014

WHEREAS, Montana Code Annotated (MCA), 7-1-114, states "(1) A local government with self-governing powers is subject to ...(g) except as provided in subsection (3), any law regulating the budget, finance, or borrowing procedures and powers of local governments...(3) (b) The provisions of 15-10-420 apply to self-governing local government units."

WHEREAS, The City of Great Falls, Montana adopted a self-governing charter in 1986. Article I, Section 3 of the Charter of the City of Great Falls, Montana states: "The total mill levy shall not exceed that allowed to general powers cities of the first class by Montana Law."

WHEREAS, Section 7-6-4036, MCA, requires the City Commission to fix the tax levy for each taxing jurisdiction by the later of the first Thursday in September or within 30 calendar days after receiving certified taxable values. Certified taxable values were received July 29, 2013.

WHEREAS, Section 15-10-420, MCA provides:

(1)(a) Subject to the provisions of this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the current year's value of newly taxable property plus one-half the average rate of inflation for the prior 3 years...

(2) ... plus any additional levies authorized by the voters ...

(7) In determining the maximum number of mills in subsection (1)(a), the governmental entity may increase the number of mills to account for a decrease in reimbursements.

(9) (a) The provisions of subsection (1) do not prevent or restrict...(vi) the portion that is the amount in excess of the base contribution of a governmental entity's property tax levy for contributions for group benefits excluded under 2-9-212 or 2-18-703.

WHEREAS, Section 15-10-201, MCA, requires the City Commission to fix its tax levy in mills and tenths and hundredths of mills.

WHEREAS, The Department of Revenue’s certified taxable value for the City of Great Falls is \$78,054,590 which equates to \$78,055 per mill; when the incremental value of the tax increment finance district is removed the value is \$77,328 per mill. This includes \$787,945, or \$788 per mill, of newly taxable property.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF GREAT FALLS, MONTANA:

Section 1. - Determination of Mill Levy Limit

- Appendix A shows the determination of the total mill levy limit of 172.19 mills.
- An additional 20.06 “Permissive Medical Levy” is allowed under 15-10-420(9)(a)(v) for increased health insurance premiums not included in the Appendix A calculation.
- An additional 2.57 mills is allowed under 15-10-420(2) for additional voter supported mills. On November 4, 2003, a \$2.5 million general obligation bond was approved by voters for construction of a soccer park. It has been determined that 2.57 mills for soccer park debt service payments is needed for Fiscal Year 2014.
- Lastly, an additional 3.92 mills is allowed under 15-10-420(2) for additional voter supported mills. On November 7, 2006, a \$2.27 million general obligation bond was approved by voters for repair and improvement of city pool facilities. It has been determined that 3.92 mills for swimming pool debt service payments is needed for Fiscal Year 2014.

Section 2. - Tax Levy Amounts

A 198.74 mill levy will generate:

- a. \$ 13,179,604 from the \$76,540 certified value per mill for Previously Taxable Property;
- b. \$ 135,678 from the \$788 certified value per mill for Newly Taxable Property;
- c. \$ 1,551,623 from the \$77,328 certified value per mill for increased Health Insurance premiums “Permissive Medical Levy”;
- d. \$ 198,900 from the \$77,328 certified value per mill for soccer park debt service payments, and,
- e. \$ 303,500 from the \$77,328 certified value per mill for swimming pool debt service payments.
- f. \$15,369,305 in total City tax for 2013 Tax Year from the \$77,328 total certified value per mill.

This does not reflect delinquent collections or tax increments withheld.

Section 3. - Tax Levy Required and Set

- a. The City Commission has determined a \$13,315,282 tax levy, requiring a 172.19 mill levy, is necessary to balance the General Fund Budget.
- b. The City Commission has determined a \$1,551,623 “Permissive Medical Levy”, requiring a 20.06 mill levy, is necessary for increased health premium costs to balance the General Fund Budget.
- c. The City Commission has determined a \$198,900 tax levy, requiring a 2.57 mill levy, is necessary for the soccer park debt service payment.
- d. The City Commission has determined a \$303,500 tax levy, requiring a 3.92 mill levy, is necessary for the swimming pool debt service payment.
- e. The City Commission of the City of Great Falls, Montana hereby fixes the tax levy for the fiscal year July 1, 2013 through June 30, 2014 at 198.74 mills.

PASSED AND ADOPTED by the City Commission of the City of Great Falls, Montana, August 20, 2013.

Michael J. Winters, Mayor

ATTEST:

Lisa Kunz, City Clerk

(Seal of the City)

APPROVED FOR LEGAL CONTENT:

Sara R. Sexe, City Attorney

**APPENDIX A. DETERMINATION OF TAX REVENUE AND MILL LEVY LIMITATIONS UNDER
SECTION 15-10-420, MCA
GENERAL FUND
FYE JUNE 30, 2014
CITY OF GREAT FALLS**

The tax revenue and mill levy limitations will be computed automatically.

**NOTE: WHEN ENTERING A NUMBER TO BE SUBTRACTED ENTER AS A NEGATIVE NUMBER
WHERE FORMULAS EXIST, NO ENTRY IS NECESSARY**

MAXIMUM PROPERTY TAXES AUTHORIZED: (Note that appropriate statutes are referenced)

Ad valorem tax revenue authorized to be assessed prior year		<u>13,045,238</u>
Add: FISCAL YEAR 2014 INFLATION ADJUSTMENT @ 1.03% (Section 15-10-420(1a)(1c), MCA)	134,366	<u>134,366</u>
Less: Property taxes authorized to be assessed in the prior year for Class 1 and 2 property (net and gross proceeds, county only) (Section 15-10-420(6), MCA (enter as negative number))		<u>0</u>
<small>*SB372 adjustment was an adjustment for the prior year only and is not applicable for FY2014</small>		
Adjusted ad valorem tax revenue		<u>13,179,604</u>

CURRENT YEAR LEVY COMPUTATION:

Taxable value per mill		<u>78,055</u>
Less per mill incremental value of tax increment financing district (TIF) (enter as negative)	(726)	<u>77,328</u>
Adjusted taxable value (adjusted for removal of TIF per mill incremental district value)		<u>77,328</u>
Less: Newly taxable property per mill value, (enter as negative)	(788)	<u>76,540</u>
Taxable value per mill of net and gross proceeds (county only) (enter as negative)		<u>76,540</u>
Adjusted Taxable value per mill		<u>76,540</u>
Authorized mill levy under Section 15-10-420, MCA (includes floating mills)		<u>172.19</u>
Adjusted taxable value per mill		<u>76,540</u>
Add: Newly taxable property per mill value	788	<u>77,328</u>
Taxable value per mill of net and gross proceeds (county only)	0	<u>77,328</u>
Taxable value per mill (including newly taxable property but excluding TIF per mill incremental value)		<u>77,328</u>
Authorized mill levy under Section 15-10-420, MCA (includes floating mills)		<u>172.19</u>
Current property tax revenue authorized limitation		<u>13,315,282</u>

RECAPITULATION:

Adjusted ad valorem tax revenue		13,179,604
Amount attributable to newly taxable property and net/gross proceeds		<u>135,678</u>
Current property tax revenue authorized limitation		<u><u>13,315,282</u></u>

Taxable Valuation History

Tax Levy Year	Fiscal Year	Total Taxable Value**	Tax Increment Districts					Net Taxable Value	% increase (decrease) prior year net taxable value	New Property Value	% increase (decrease) prior year newly taxable property	Levy in Mills	Net Property Taxes
			Downtown	Pasta MT/ General Mills	International Malting Co.	West Bank Urban Renewal Plan	Gt Falls Int'l Airport						
2001	FY 2002	\$ 65,437,840	\$ 4,511,569	\$ 552,276	NA	NA	NA	\$ 60,373,995	0.33%	\$ 1,011,770	-47.79%	111.32	\$ 6,720,833
2002	FY 2003	\$ 65,117,051	\$ 4,364,549	\$ 595,357	NA	NA	NA	\$ 60,157,145	-0.36%	\$ 1,302,597	28.74%	119.00	\$ 7,158,700
2003	FY 2004	\$ 65,328,553	\$ 4,102,725	\$ 700,009	NA	NA	NA	\$ 60,525,819	0.61%	\$ 1,041,336	-20.06%	124.33	\$ 7,525,175
2004	FY2005	\$ 66,377,650	\$ 3,343,580	NA	NA	NA	NA	\$ 63,034,070	4.14%	\$ 2,030,124	94.95%	131.64	\$ 8,297,805
2005	FY2006	\$ 68,609,562	\$ 3,402,127	NA	NA	NA	NA	\$ 65,207,435	3.45%	\$ 2,748,377	35.38%	138.27	\$ 9,486,705
2006	FY2007	\$ 70,990,415	\$ 3,832,568	NA	\$ 141,345	NA	NA	\$ 67,016,502	2.77%	\$ 2,873,541	4.55%	140.94	\$ 10,005,084
2007	FY2008	\$ 73,776,332	\$ 4,064,883	NA	\$ 225,476	NA	NA	\$ 69,485,973	3.68%	\$ 2,387,436	-16.92%	158.21	\$ 10,993,029
2008	FY2009	\$ 76,405,690	\$ 4,107,804	NA	\$ 294,210	\$ 30,733	NA	\$ 71,972,943	3.58%	\$ 2,138,961	-10.41%	162.68	\$ 11,708,306
2009	FY2010	\$ 76,862,700	NA	NA	\$ 309,168	\$ 205,857	NA	\$ 76,347,675	6.08%	\$ 6,947,574	224.81%	169.04	\$ 12,905,335
2010	FY 2011	\$ 78,275,702	NA	NA	\$ 195,477	\$ 574,725	\$ 728	\$ 77,504,772	1.52%	\$ 2,931,771	-57.80%	173.10	\$ 13,415,797
2011	FY 2012	\$ 78,709,035	NA	NA	\$ 176,312	\$ 553,480	\$ 6,659	\$ 77,972,584	0.60%	\$ 5,295,716	80.63%	183.24	\$ 14,288,148
2012	FY 2013	\$ 77,852,991	NA	NA	\$ 157,225	\$ 557,385	\$ 6,333	\$ 77,132,048	-1.08%	\$ 1,278,348	-76%	193.57	\$ 14,930,774
2013	FY 2014	\$ 78,054,590	\$ 105	NA	\$ 155,000	\$ 560,136	\$ 11,171	\$ 77,328,178	0.25%	\$ 787,945	-38%	198.74	\$ 15,369,305

Note 1: Starting in 1999 mill levies were "floated" in order to achieve the statutorily limited tax revenues.
 Voters approved a 2 mill increase for the Library in November, 2000.
 Voters approved a \$2.5 million general obligation bond for a soccer park November 4, 2003.
 Voters approved a \$2.27 million general obligation bond for repair and improvement of city pool facilities November 7,2006.

**Total taxable value at time of certification

General Fund Increases with Newly Taxable Property and Inflation

Fiscal Year	Total \$ Increase in mill levy due to newly taxable property	Taxable value of new property	Total \$ increase in mill levy due to inflationary factor	% increase of inflationary factor
2002	\$ 112,656	\$ 1,011,770	\$ 90,165	1.280%
2003	\$ 151,148	\$ 1,302,597	\$ 92,513	1.270%
2004	\$ 124,223	\$ 1,041,336	\$ 92,154	1.220%
2005	\$ 249,121	\$ 2,030,124	\$ 75,618	0.960%
2006	\$ 355,678	\$ 2,748,377	\$ 101,905	1.251%
2007	\$ 370,273	\$ 2,873,541	\$ 122,878	1.420%
2008	\$ 331,540	\$ 2,387,436	\$ 140,415	1.535%
2009	\$ 301,276	\$ 2,138,981	\$ 161,337	1.672%
2010	\$ 1,026,130	\$ 6,947,574	\$ 112,728	1.112%
2011	\$ 448,379	\$ 2,931,771	\$ -	0.000%
2012	\$ 869,937	\$ 5,295,716	\$ -	0.000%
2013	\$ 216,205	\$ 1,278,348	\$ 367,824	3.060%
2014	\$ 135,678	\$ 787,945	\$ 134,366	1.030%
Total	\$ 4,692,244		\$ 1,491,903	



2013 Certified Taxable Valuation Information
(15-10-202, MCA)

Cascade County
CITY OF GREAT FALLS

1. 2013 Total Market Value.....	\$ 2,879,134,430
2. 2013 Total Taxable Value.....	\$ 78,054,590
3. 2013 Taxable Value of Newly Taxable Property.....	\$ 787,945
4. 2013 Taxable Value less Incremental Taxable Value*.....	\$ 77,328,178
5. 2013 Taxable Value of Net and Gross Proceeds** (Class 1 and Class 2).....	\$ -

6. TIF Districts

Tax Increment District Name	Current Taxable Value	Base Taxable Value	Incremental Value
INT'L MALTING PLANT	502,683	347,683	155,000
WEST BANK URBAN RENEWAL	852,386	292,250	560,136
GF INT'L AIRPORT	118,320	107,149	11,171
DOWNTOWN URBAN RENEW	3,643,680	3,643,575	105

Total Incremental Value \$ 726,412

Preparer Brenda Ivers

Date 7/26/2013

*This value is the taxing jurisdiction's taxable value less total incremental value of all tax increment financing districts.

**The taxable value of class 1 and class 2 is included in the taxable value totals.

For Information Purposes Only

2013 taxable value of centrally assessed property having a market value of \$1 million or more, which has transferred to a different ownership in compliance with 15-10-202(2), MCA.

I. Value Included in "newly taxable" property	\$ (314)
II. Total value exclusive of "newly taxable" property	\$ 15,977