



Agenda # 15
Commission Meeting Date: July 21, 2015
CITY OF GREAT FALLS
COMMISSION AGENDA REPORT

Item: Resolution 10115 – Intent to Increase Property Tax

From: Gregory T. Doyon, City Manager

Initiated By: Statutory Budget Requirements

Presented By: Melissa Kinzler, Fiscal Services Director

Action Requested: Conduct the Public Hearing and Adopt Resolution 10115 – Intent to Increase Property Tax

Public Hearing:

1. Mayor conducts public hearing, calling three times each for opponents and proponents.
2. Mayor closes public hearing and asks the will of the Commission.

Suggested Motion:

1. Commissioner moves:

“I move the City Commission (adopt /deny) Resolution 10115 – Intent to Increase Property Tax.”

2. Mayor calls for a second, discussion, and calls for the vote.
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Staff Recommendation: Staff recommends the City Commission conduct the public hearing and adopt Resolution 10115.

Background: Prior to the adoption of the City’s annual budget the City is required to hold public hearings on 1) the intent to increase revenue from property taxation, and 2) the proposed annual budget.

The City of Great Falls has a limited ability to increase property tax revenue because of a statewide property tax cap. Under Section 15-10-420, MCA, the City is authorized to increase property tax revenue by “one-half of the average rate of inflation for the prior 3 years.”

For Fiscal Year 2016 (Tax Year 2015) as provided by the Montana Department of Administration, the allowable inflationary adjustment is .67%. This amounts to \$88,387 of additional revenue.

Sections 15-10-420 and 2-9-212(2)(a), MCA, also allow property tax levy increases for premium contributions for group benefits. The City is proposing an additional 2.17% property tax levy increase for health insurance premiums. This would provide \$285,000 in additional revenue to help offset the health insurance increases in the General Fund. Health insurance premiums increased a total of 6.45% over the past two fiscal years.

The total proposed allowable property tax levy increase is 2.84%.

The hearing on Resolution 10115 is the Intent to Increase Property Tax, additional action by the City Commission will be needed in the future to set the increased mill levy. This will occur after the City receives its certified taxable value from the Montana Department of Revenue in August.

Concurrences: The proposed Fiscal Year 2016 budget was presented by the City Manager on July 7, 2015 at the City Commission Work Session. An additional meeting was held July 15, 2015.

Fiscal Impact: The fiscal impact of the proposed increase for inflation for a residential home with a taxable market value of \$100,000 would be approximately \$2.91 for Fiscal Year 2016. The fiscal impact of the proposed increase for the “Permissive Medical Levy” is \$9.36. The total impact on a residential home with a taxable market value of \$100,000 would be \$12.27 for the year. The fiscal impact of not authorizing the increase for inflation mills to the General Fund would result in a revenue shortfall of \$373,387 for the proposed budget.

Alternatives: If the hearing on Intent to Increase Property Taxes is not held, the General Fund would need to determine alternative revenues from non-property tax sources. Other options include reducing proposed expenditures by \$373,387 or using General Fund fund balance of \$373,387. The General Fund fund balance is projected to be \$4.6 million (17.3% of expenditures) at the end of Fiscal Year 2016 without any additional use of General Fund fund balance. The City of Great Falls fund balance policy set in the Annual Budget resolution is 17%.

Attachments/Exhibits: NOTICE OF BUDGET INCREASE FROM PROPERTY TAXES
RESOLUTION NO. 10115 –RESOLUTION OF INTENT TO
INCREASE PROPERTY TAX

NOTICE OF BUDGET INCREASE FROM PROPERTY TAXES

The City of Great Falls intends to budget an increase in revenue from property taxation by approximately 2.84%, as allowed by Section 15-10-420, MCA.

All concerned persons are invited and encouraged to attend a public hearing on budgeting the increased property tax revenue and on the budget as a whole to be held on July 21, 2015, at 7:00 p.m., City Commission Chambers, Civic Center Building.

A decision on budgeting the increased property tax revenue will be made after considering comments made at this hearing.

For further information, please contact: City Clerk's Office, Room 204, Civic Center, 455-8451.

Lisa Kunz
City Clerk

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Publication Dates: July 12, 2015
July 19, 2015

DISPLAY AD

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RESOLUTION NO. 10115
RESOLUTION OF INTENT TO INCREASE PROPERTY TAX
FOR THE FISCAL YEAR BEGINNING JULY 1, 2015 AND ENDING JUNE 30, 2016

WHEREAS, Section 15-10-203(1), MCA, requires the City to hold a public hearing and subsequently adopt a resolution of its intent to increase property tax revenue, prior to budgeting for any increase in property tax revenue from existing property, and

WHEREAS, Section 15-10-420(1)(a), MCA, allows the City to increase its annual property tax levy by "one-half of the average rate of inflation for the prior 3 years", and

WHEREAS, Section 15-10-420(1)(c), MCA, provides for the average rate of inflation to be calculated "using the consumer price index, U.S. City average, all urban consumers, using the 1982-1984 base of 100, as published by the bureau of labor Statistics of the United States Department of Labor", and

WHEREAS, the applicable consumer price indexes had a three year average of 1.34% and an allowed tax levy increase of **.67%** for Tax Year 2015, and

WHEREAS, MCA 2-9-212(2)(a) excludes a portion of a governmental entity's property tax levy for premium contributions for group benefits from the mill levy calculation limitation provided for in 15-10-420.

WHEREAS, MCA 2-9-212(2)(a) allows additional mill levy's for premium contributions for group benefits beyond the amount of contributions in effect.

WHEREAS, the applicable contributions increase allows the City to levy additional mills under MCA 2-9-212(2)(a), an allowed tax levy increase of **2.17%**.

WHEREAS, the notice of hearing on the City's intent to budget an increase in revenue from property taxation by **2.84%**, was published in accordance with Section 7-1-4127, MCA, as required by Section 15-10-203, MCA, and Section 2-9-212(2)(b), MCA, and

WHEREAS, the hearing on the City's intent to budget an increase in revenue from property taxation was held in accordance with Section 7-1-4131, MCA, and Section 15-10-203 MCA,

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

Intent to budget additional property tax revenue

The City Commission intends to budget the **2.84 percent** increase in property tax revenue

allowed by Section 15-10-420, MCA.

PASSED AND ADOPTED by the City Commission of the City of Great Falls, Montana,
July 21, 2015.

Michael J. Winters, Mayor

ATTEST:

Lisa Kunz, City Clerk

(Seal of the City)

APPROVED FOR LEGAL CONTENT:

Sara R. Sexe, City Attorney