



**Item:** Set Public Hearing on Resolution 10150 – 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:** Set Public Hearing on Resolution 10150 – Intent to Increase Property Tax

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**Suggested Motion:**

1. Commissioner moves:

“I move that the City Commission (set/not set) the public hearing on Resolution 10150 – Intent to Increase Property Tax for July 19, 2016.”

2. Mayor requests a second to the motion, Commission discussion, public comment, and calls for the vote.

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**Staff Recommendation:** Staff recommends the City Commission set the public budget hearing on Resolution 10150 for July 19, 2016, and provide notices for the public hearing on the Intent to Increase Property Tax.

**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. This action would schedule the public hearing on the intent to increase revenue from property taxation.

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 2017 (Tax Year 2016) as provided by the Montana Department of Administration, the allowable inflationary adjustment is .50%. This amounts to \$70,515 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 2.48% property tax levy increase for health insurance premiums. This would provide \$350,000 in additional revenue to

help offset the health insurance increases in the General Fund. Health insurance premiums increased 12.8% for Fiscal Year 2017.

The total proposed allowable property tax levy increase is 2.98%.

The hearing on Resolution 10150 is 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 2017 budget was presented by the City Manager on June 28, 2016, June 30, 2016 and July 5, 2016 at the City Commission Budget Work Sessions and City Commission Work Session.

**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 \$1.09 for Fiscal Year 2017. The fiscal impact of the proposed increase for the “Permissive Medical Levy” is \$5.58. The total impact on a residential home with a taxable market value of \$100,000 would be \$6.67 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 \$420,515 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 \$420,515 or using General Fund fund balance of \$420,515. The General Fund fund balance is projected to be \$5.9 million (21% of expenditures) at the end of Fiscal Year 2017 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:** 1) NOTICE OF BUDGET INCREASE FROM PROPERTY TAXES  
2) RESOLUTION NO. 10150 –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 2.98%, 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 19, 2016, 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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**FOR OFFICE USE ONLY**

Publication Dates: July 10, 2016  
July 17, 2016

**LEGAL AD**

**RESOLUTION NO. 10150**  
**RESOLUTION OF INTENT TO INCREASE PROPERTY TAX**  
**FOR THE FISCAL YEAR BEGINNING JULY 1, 2016 AND ENDING JUNE 30, 2017**

**WHEREAS,** Section 2-9-212(2)(b), 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 1.00% and an allowed tax levy increase of **.5%** for Tax Year 2016, 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 **2.48%**.

**WHEREAS,** the notice of hearing on the City's intent to budget an increase in revenue from property taxation by **2.98%**, was published in accordance with Section 7-1-4127, MCA, as required by 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

**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 **2.98 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 19, 2016.

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Bob Kelly, Mayor

ATTEST:

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Lisa Kunz, City Clerk

(Seal of the City)

APPROVED FOR LEGAL CONTENT:

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Sara R. Sexe, City Attorney