



Item: Resolution 9750 – Intent to Increase Property Tax
From: Gregory T. Doyon, City Manager
Initiated By: Statutory Budget Requirements
Presented By: Melissa Kinzler, Budget Officer
Action Requested: Conduct the Public Hearing and Adopt the Tax Increase Resolution

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission adopt Resolution 9750.”

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

Staff Recommendation: Staff recommends the City Commission conduct the public budget hearing on the Intent to Increase Property Tax Revenue, and adopt Resolution 9750.

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

Section 15-10-203, MCA, requires the City to hold a public hearing before passing a resolution stating its intent to increase property tax revenues. Section 15-10-420, MCA, authorizes a property tax increase of “one-half of the average rate of inflation for the prior 3 years.” The Consumer Price Index showed a 3.34% average increase as provided by the Montana Department of Administration. Therefore the City is allowed and is proposing a 1.67% property tax increase.

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 2.16% property tax levy increase for health insurance premiums.

The total proposed allowable property tax levy increase is 3.83%.

The setting of the tax levies is scheduled for August 19, 2008 or when the Montana Department of Revenue has certified taxable values for the City of Great Falls.

Concurrences: The proposed Fiscal Year 2009 budget was presented by the City Manager on July 1, 2008 at the City Commission Work Session.

Fiscal Impact: The fiscal impact of the proposed increases for inflation and the permissive mill levy for a residential home with a taxable market value of \$100,000 would be approximately \$16.33 a year. The fiscal impact of not authorizing the increase for inflation and the permissive mills to the General Fund would result in a revenue shortfall of \$371,337 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 of \$371,337 from non-property tax sources. Other options include reducing proposed expenditures by \$371,337 or use General Fund fund balance of \$371,337. These options are not recommended by staff. The General Fund fund balance is projected to be \$2.4 million (11% of expenditures) at the end of Fiscal Year 2009 without any additional use of General Fund fund balance. This is below the recommended policy of 17%.

Attachments/Exhibits: Notice – Intent to Increase Property Taxes
Resolution 9750 – Intent to Increase Property Taxes