



Item: Set Annual Budget Hearings on:
Resolution 9838 – Intent to Increase Property Tax
Resolution 9839 – Annual Budget Resolution

From: Gregory T. Doyon, City Manager

Initiated By: Statutory Budget Requirements

Presented By: Melissa Kinzler, Budget Officer

Action Requested: Set the Annual Budget Hearings

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission set the public budget hearings on Resolutions 9838 and 9839 for July 21, 2009.”

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

Staff Recommendation: Staff recommends the City Commission set the public budget hearings on Resolutions 9838 and 9839 for July 21, 2009, and provide notices for the Public Hearing on the Intent to Increase Property Tax Revenue, and the Public Hearing on the Preliminary Budget.

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.

The City started the Fiscal Year 2010 budget process with Initial Commission Budget Work Sessions on March 24 and March 25, 2009. These sessions allowed each department to present to the City Commission the top goals and challenges of each department. They also allowed the City Commission to set informal priorities for the Fiscal Year 2010 Budget. These sessions were open to the public.

The next step in the budget process was for each City department to develop their Fiscal Year 2010 Budgets. The Departments requested budgets were presented to the City Manager on April 14, 15 and 17, 2009. After these meetings, there was a projected shortfall in the General Fund for the Fiscal Year 2010 Budget. The City Manager through a memorandum requested that all City Departments reduce requested operating costs by 2%. The Budget Staff met with all Departments

about the requested reductions on May 6 and 8, 2009. From these meetings and through the City Managers direction, the Fiscal Year 2010 Budget was balanced.

The third step in the budget process, was to present the proposed Fiscal Year 2010 Budget to the City Commission at the June 16, 2009 City Commission Work Session. This session was opened to the public.

The annual public hearings on the budget are proposed for July 21, 2009. 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 2.2245% average increase as provided by the Montana Department of Administration. Therefore the City is allowed and is proposing a 1.112% property tax increase.

The total proposed allowable property tax levy increase is 1.112%.

The setting of the tax levies is scheduled for August 18, 2009 or when the Montana Department of Revenue has certified taxable values for the City of Great Falls.

Concurrences: The proposed Fiscal Year 2010 budget was presented by the City Manager on June 16, 2009 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 \$4.72 a year. The fiscal impact of not authorizing the increase for inflation mills to the General Fund would result in a revenue shortfall of \$112,728 for the proposed budget.

Alternatives: If the Fiscal Year 2010 Budget Hearing is not held on July 21, 2009 it could be delayed until up to the September 15, 2009 City Commission Meeting. State law requires that the City adopt a Fiscal Year 2010 Budget on or before the 2nd Monday in August or 45 days after receiving taxable valuation from the Montana Department of Revenue.

If the hearing on Intent to Increase Property Taxes is not held, the General Fund would need to determine alternative revenues of \$112,728 from non-property tax sources. Other options include reducing proposed expenditures by \$112,728 or use General Fund fund balance of \$112,728. These options are not recommended by staff. The General Fund fund balance is projected to be \$3.1 million (12% of expenditures) at the end of Fiscal Year 2010 without any additional use of General Fund fund balance. This is below the recommended policy of 17%.

Attachments/Exhibits: Proposed Notice – Intent to Increase Property Taxes
Resolution 9838 – Intent to Increase Property Taxes
Proposed Legal Notice – Budget Hearing
Resolution 9839 – Proposed Annual Budget Resolution