



Item: Resolution 9840 – Annual Tax Levy
From: Gregory T. Doyon, City Manager
Initiated By: Taxable Valuations from the Montana Department of Revenue
Presented By: Melissa Kinzler, Budget Officer
Action Requested: Adopt Resolution

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (adopt/deny) Resolution 9840.”

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

Staff Recommendation: Staff recommends adoption of Resolution 9840 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. Accordingly, the City can now compute and set its annual mill levy.

The public hearing on our Intent to Increase Property Taxes by 1.112% was held on July 21, 2009, in accordance with MCA 15-10-203.

The total mill levy for the Tax Year 2009 (Fiscal Year 2010) is 169.04 mills totaling \$12,905,335. This includes mill levies of 2.12 mills for soccer park debt service payments and 5.01 mills for swimming pool debt service payments which is \$544,442 of the \$12.9 million. This soccer park bonds were issued June 14, 2004, for \$2,500,000 and are for twenty years. The outstanding balance of the soccer bonds as of June 30, 2008 was \$2,045,000. The swimming pool debt service bonds were issued May 5, 2007, for \$2,270,000 and are for ten years. The outstanding balance of the swimming pool bonds as of June 30, 2008 was \$1,905,000.

No new health insurance mills for Tax Year 2009 (Fiscal Year 2010) were levied. The increase in the mill levy value, decreased the number of mills the City levied, from 15.07 in Tax Year 2008 to 14.21 in Tax Year 2009. In the 2009 Montana Legislature, Senate Bill (SB) 491, was passed that changed how the Permissive Health Insurance Mill levy was calculated. There is a

transition period allowed in the bill for fiscal year 2010 through 2014 for a political subdivision to levy mills for the greater of: (a) the dollar amount levied in 2009; or the (b) the amount determined in 2-18-703. The City of Great Falls did not increase health insurance premiums for Fiscal Year 2010, and is levying the amount levied in Fiscal Year 2009.

The total mill levy for 2008 (Fiscal Year 2009) generated revenue of \$11,714,330. The differences between the mill levy of \$11.7 million and \$12.9 million are:

- \$1,026,130 for newly taxable property (this includes the amount from the release of the Downtown Urban Renewal Tax Increment District),
- \$112,728 for inflation, and,
- \$ 52,147 for the increase in the revenue needed for the swimming pool debt payment.

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. But, due to the state wide property reappraisal the certification of taxable value was not received until August 27, 2009. 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 second Monday in August or within 45 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 2010 Budget was adopted July 21, 2009, with the 1.112% increase in property tax increase included. Setting the mill levy for Tax Year 2009 (Fiscal Year 2010) is the last step in the adoption of the Fiscal Year 2010 City of Great Falls Budget.

Fiscal Impact: The fiscal impact of the increase for inflation for a residential home with a taxable market value of \$100,000 would be approximately \$4.72 a year. The General Fund had an estimated increase of \$780,000 for newly taxable property (which included the release of the Downtown Urban Renewal Tax Increment District) in the adopted Fiscal Year 2010 Budget. The Montana Department of Revenue's value of newly taxable property was \$6,947,574, which translates into \$1,026,130 of revenue. The collection rate of all taxable property is 90%.

Alternatives: State law requires that the City adopt a Fiscal Year 2010 which includes setting the annual mill levy amounts on or before the 2nd Monday in August or 45 days after receiving taxable valuation from the Montana Department of Revenue.

Attachments/Exhibits:

- Tax Levy Resolution 9840 with Appendix A showing the tax calculation worksheet.
- Taxable Valuation History, showing the ten year history of taxable value, newly taxable property and specific General Fund Revenue increases.