

MINUTES
MONTANA HOUSE OF REPRESENTATIVES
68th LEGISLATURE - REGULAR SESSION
COMMITTEE ON (H) LOCAL GOVERNMENT

Call to Order: Chair Rep. Larry Brewster-R, on February 9, 2023 at 3:09 PM, in 472

ROLL CALL

Members Present: Rep. Marta Bertoglio, Vice Chair (R)
Rep. Jill Cohenour, Vice Chair (D)
Rep. Laurie Bishop (D)
Rep. Sherry Essman (R)
Rep. Steven Galloway (R)
Rep. Steve Gist (R)
Rep. Steve Gunderson (R)
Rep. Scot Kerns (R)
Rep. Kelly Kortum (D)
Rep. Jennifer Lynch (D)
Rep. Linda Reksten (R)
Rep. Mark Thane (D)

Excused: Rep. Laurie Bishop (D)
Rep. Larry Brewster, Chair (R)
Rep. Scot Kerns (R)
Rep. Kerri Seekins-Crowe (R)

Staff Present: LuCinda Blair, Secretary
Laura Sankey Keip, Research Analyst

Audio Committees: These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

Committee Business Summary:

Hearing and Date Posted:
HB 324 02/06/2023
HB 360 02/06/2023
HB 369 02/06/2023

Executive Action:

HEARING ON HB 324 – Provide for a local government expenditure limitation

Opening Statement:

15:11:16 Rep. Caleb Hinkle (R), HD 68, opened the hearing on HB 324, Provide for a local government expenditure limitation.

Proponent Testimony:

15:14:20 Jesse Ramos, Americans for Prosperity Montana (AFP)
15:25:20 Kendall Cotton, Frontier Institute
15:28:00 Ann Hallowell, Self
15:29:00 Darin Gaub, Restore Liberty and Montana Freedom Caucus
15:30:13 Terry Nelson, Self
15:31:06 Alexis Chavarria, Self

Opponent Testimony:

15:32:10 Jason Strouf, Montana Association of Counties (MACo)
15:32:55 Eric Bryson, Montana Association of Counties (MACo)
15:44:50 Darryl James, Montana Infrastructure Coalition
15:54:15 Carter Marsh, Montana Firefighters Association
15:56:53 Kelly Lynch, Montana League of Cities and Towns (MTLCT)
16:00:20 Shelby DeMars, Montana Association of Oil, Gas, and Coal Counties and Montana Police Protective Association (MPPA)
16:04:50 Eric Hinebauch, Great Falls City Commission
16:05:40 Adrienne Cotton, AARP Montana
16:06:23 Eric Burke, Montana Federation of Public Employees

Chair Larry Brewster resumes the chair.

16:07:47 Brad Davis, Missoula Fire Department
16:10:05 Phillip Keating, Missoula Fire Department
16:10:52 Jennifer Hensley, County of Missoula
16:12:35 Rich Cowger, Montana Fire Alliance

Informational Witness Testimony:

16:14:20 Colleen Black, CPA

Questions from Committee:

16:15:55 Vice Chair Jill Cohenour

16:16:35 Eric Bryson, MACo

16:17:30 Rep. Steve Gunderson

16:17:45 Jesse Ramos, AFP

16:21:27 Rep. Mark Thane

16:25:15 Rep. Katie Zolnikov

16:29:10 Rep. Kerri Seekins-Crowe

16:30:20 Rep. Linda Reksten

16:32:15 Rep. Steven Galloway

16:33:15 Rep. Caleb Hinkle

16:35:23 Chair Larry Brewster

Closing Statement:

16:36:15 Rep. Caleb Hinkle (R), HD 68, closed the hearing on HB 324.

HEARING ON HB 360 – Revise election of county commissioners

Opening Statement:

16:39: Rep. Steven Galloway (R), HD 24, opened the hearing on HB 360, Revise election of county commissioners.

Proponent Testimony:

16:42:15 Eric Bryson, Montana Association of Counties (MACo)

Opponent Testimony:

None

Informational Witness Testimony:

None

Questions from Committee:

16:43:52 Rep. Mark Thane
16:44:04 Rep. Steve Galloway
16:44:40 Eric Bryson, MACo
16:45:13 Rep. Sherry Essmann
16:45:45 Rep. Kelly Kortum
16:49:30 Rep. Steve Gunderson
16:51:00 Chair Larry Brewster

Closing Statement:

16:51:20 Rep. Steven Galloway (R), HD 24, closed the hearing on HB 360.

HEARING ON HB 369 – Require referendum to adopt growth policy

Opening Statement:

16:53:55 Rep. Marty Malone (R), HD 59, opened the hearing on HB 369, Require referendum to adopt growth policy

Proponent Testimony:

16:56:10 Ann Hallowell, Self
16:58:25 Jeff Wagner, Self
17:03:35 Gwen O’Hair, Self

Opponent Testimony:

17:06:30 Kelly Lynch, Montana League of Cities and Towns (MTLCT)
17:08:10 Sam Sill, Montana Association of Realtors (MAR)
17:11:28 Jennifer Hensley, County of Missoula
17:14:26 Jake Brown, Shelter Whitefish
17:15:25 Robin Turner, City of Whitefish
17:17:35 Steve Turkiewicz, City of Billings
17:18:18 Sam Forstag, City of Missoula and City of Bozeman
17:18:45 Andrew Hagemeyer, Montana Association of Planners
17:20:59 Laval Means, City of Missoula

Informational Witness Testimony:

None

Questions from Committee:

17:23:35 Rep. Steve Gist

17:24:20 Kelly Lynch, MTLCT

Closing Statement:

17:24:45 Rep. Marty Malone (R), HD 59, closed the hearing on HB 369.

ADJOURNMENT

Adjournment: 17:26:48

LuCinda Blair, Secretary

Additional Documents: EXHIBIT(230209LOH)



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

LOCAL GOVERNMENT COMMITTEE

ROLL CALL

DATE: 2-9-2023

NAME	PRESENT	ABSENT/EXCUSED
VICE CHAIR BERTOGLIO	✓	
VICE CHAIR COHENOUR	✓	
REP. BISHOP		✓
REP. GALLOWAY	✓	
REP. GIST	✓	
REP. GUNDERSON	✓	
REP. KORTUM	✓	
REP. SPRUNGER	X ⁴³	XXXX
REP. ZOLNIKOV	✓	
REP. THANE	✓	
REP. REKSTEN	✓	
REP. SEEKINS-CROWE		✓
REP. LYNCH	✓	
REP. ESSMANN	✓	
REP. KERNS		✓
CHAIR BREWSTER		✓

16 MEMBERS



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

VISITOR REGISTER

LOCAL GOVERNMENT COMMITTEE

DATE 2-9-2023

BILL NO: HB324

SPONSOR(S): Rep. C. Hinkle

SHORT TITLE: provide local government expenditure limitation

Please leave prepared testimony with the clerk.

Witness Statement forms are available if you care to submit written testimony.

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

Name	Representing	Support	Oppose	Informt'l
DASON STROUF	MACO / Custer Co.		X	
Carter Marsh	Montana Firemen's Assoc.		X	
Ann Hollowell	self	X		
Ruth Rater	self	X		
MAYIS Chavarrin	self	X		
Doree Oaulb	MTFC + RL + SELF	X		
Eric Burke	MFPE		X	
Adrienne Cotton	AARP		X	
ERIC HINEBAUCH	City of Great Falls		X	
Laura Crist	Student of UM		X	
Eric Bryson	MACO		X	
Doree James	MT Inf. Conf.		X	
TERRA NELSON	self	X		
Jesse Ramos	Americans for Prosperity	X		
Kendall Cotton	Frontier Institute	X		
Amanda Frickie	MTAFL-CIO		X	
Shelby DeMars	MT Police Protective Assoc.		X	

+ MT Assoc. of Oil, Gas, and Coal Counties

JEN HENSLEY

COUNTY OF MISSOULA

X



The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

VISITOR REGISTER

LOCAL GOVERNMENT COMMITTEE

DATE 2-9-23

BILL NO: HB369

SPONSOR(S): Rep. Malone

SHORT TITLE: Require referendum to adopt growth policy

Please leave prepared testimony with the clerk.

Witness Statement forms are available if you care to submit written testimony.

PLEASE PRINT

PLEASE PRINT

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PLEASE PRINT

Table with 5 columns: Name, Representing, Support, Oppose, Informt1. Rows include Ann Harlowell, Susan O'Hair, Jeff Wegner, Adrienne Cotton, Sam Sid, Cory Shaw, Steve Turkiewicz, Robin Turney, Jake Brown, and Jen Hensley.

LOH Remote Participant List

		Date		Requester Name		Location		Email		Phone		Affiliation	
Date	Committee	H/S	Bill #	Position	Requester Name	Location	Location	Email	Phone	Affiliation			
2/9/2023	LOH	HB	324	Informational Witness	Colleen Black	Billings, MT	Billings, MT	colleen@cbblackstar.com	(406) 861-6040	N/A			
2/9/2023	LOH	HB	324	Opponent	Richard Cowger	Columbus, Montana	Columbus, Montana	rcowger@columbusfirerescue.com	(406) 321-1180	Montana Fire Alliance			
2/9/2023	LOH	HB	369	Opponent	Laval Means	Missoula, Montana	Missoula, Montana	lmeans@citymissoula.mt.us	(406) 552-6628	City of Missoula			
2/9/2023	LOH	HB	369	Opponent	Andrew Hagemeyer	Missoula, MT	Missoula, MT	mplanners.org@gmail.com	(406) 531-9762	Montana Association of Planners			

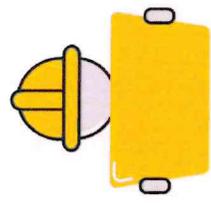


SPECIAL DISTRICTS OF MISSOULA

These special districts encompass every single taxable property in city limits. These districts are openly referred to as tools for "Cap Management" by localities.



■ Park District



■ Road District

\$7,500,000

\$7,500,000

\$5,000,000

\$5,000,000

\$2,500,000

\$2,500,000

\$0

\$0

2011 2015 2016 2017 2018 2019 2020 2021 2022

2011 2012 2013 2014 2016 2017 2018 2019 2020 2021 2022

3,500% Growth Rate

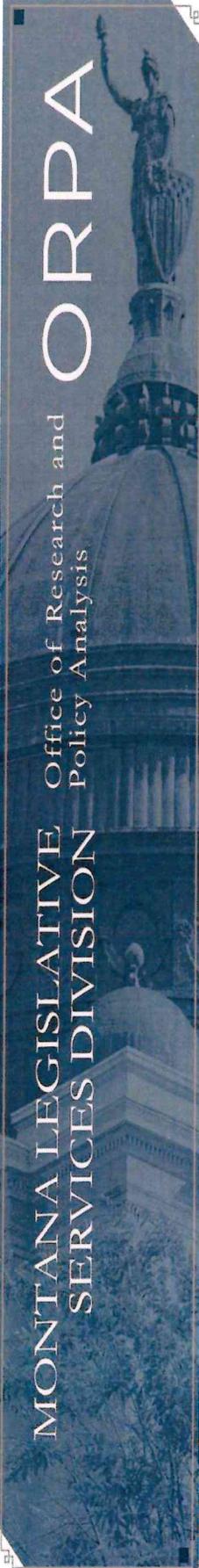
318% Annually!

- First assessed at \$200,000 in 2011
- Levied in 2022 at \$7,202,828

2,194% Growth Rate

199% Annually!

- First assessed at \$300,000
- Levied in 2022 at \$6,882,820



PROPERTY TAX LIMITS

INTRODUCTION

In 1986, Montana voters enacted I-105 to limit to 1986 levels the amount of taxes levied on certain classes of property. Many other states also limited property taxes around this time, following California voters' approval of Proposition 13 in 1978. Today, 46 states and the District of Columbia limit property taxes in some form.¹

TYPES OF LIMITS

There are three main types of property tax limits: assessment limits, rate limits, and levy limits.²

ASSESSMENT LIMITS

Limits on the assessed value of a property prevent taxes from increasing as property values increase. Even if tax rates and mill levies remain constant, taxes will increase as property values rise. Assessment limits prevent such increases. Eighteen states have assessment limits.

There are three types of property tax limits: assessment limits, rate limits, and levy limits.

Assessment limits may benefit taxpayers with limited incomes and introduce a notion of ability to pay into the property tax system. On the other hand, assessment limits may introduce inequity into the property tax system to the extent that they limit assessed values for some taxpayers and not others.

States vary in the level at which the assessment limits are set and to whom assessment limits apply. California's assessment limit is the lesser of 2 percent or the rate of inflation while Minnesota's is 15 percent. Assessment limits place a larger share of the property tax burden on new construction and can result in large variations in assessed value based on the length of ownership of the property. Property taxes levied in 2016 on a median-value new residence were

¹Significant Features of the Property Tax: <https://www.lincolninst.edu/research-data/data-toolkits/significant-features-property-tax/topics/property-tax-limits> Lincoln Institute of Land Policy and George Washington Institute of Public Policy. (Tax Limits; accessed: 12/22/2019 06:04:49 PM).

²Information in this section from: *Property Tax Limitation Regimes: A Primer*, <https://taxfoundation.org/property-tax-limitation-regimes-primer/>, Tax Foundation.

40% higher (\$1,947) in Long Beach, Calif. than those paid on a median-value residence owned for the average duration. The differences in New York City and Miami were 36.5% (\$2,036) and 28.5% (\$1,127), respectively.³

In some states the assessment limit applies to the property while it is under the same ownership and, upon sale, the property is reassessed. This reset of assessed value upon sale may create a “lock-in effect” in which homeowners do not sell their homes and buy new ones because of the property tax implications. The lock-in effect may distort the housing market if taxpayers remain in their homes to avoid property tax increases.

Some states with assessment limits have policies to address the lock-in effect. California allows the transfer of a principal residence to a relative without triggering reassessment, and people 55 years old or older can transfer the assessed value of their current home to a different property of the same or lower value within the county (and outside the county if approved by the other county). Florida allows anyone to transfer the difference between the market value and assessed value to a new home within the county or another county that offers the benefit.

Assessment limits only prevent property taxes from rising to the extent that mill levies and tax rates remain constant. If mill levies or assessment ratios increase, so will property taxes even if assessed values do not change.

RATE LIMITS

A rate limit is a limit on mill levies. The limit may apply to all levies collectively, to each taxing jurisdiction individually, or only to certain taxing jurisdictions. In addition, there may be a mechanism for voters to increase a rate cap. Thirty-six states have enacted rate limits.

Rate limits are more neutral than assessment limits because similar properties are assessed similar taxes. As with assessment limits, rate limits do not prevent property tax increases if property values increase. Policymakers wishing to skirt rate limits also could increase assessment ratios. Rate limits may result in the shifting of financial responsibilities. If rate limits do not apply to all taxing jurisdictions, the responsibility of a jurisdiction with a rate limit may shift to a jurisdiction that is not subject to a rate cap.

LEVY LIMITS

Levy limits cap revenue growth, usually by limiting growth to a certain percentage or linking the growth to inflation. With a levy limit, total revenue is limited but the impact on individual taxpayers varies based on a property’s assessed value. Adjustments to mill levies and assessment ratios under a levy limit may also have disparate effects. Thirty-six states have levy limits.

³ 50-State Property Tax Comparison Study for Taxes Paid in 2016, Lincoln Institute of Land Policy and Minnesota Center for Fiscal Excellence, <https://www.lincolninst.edu/sites/default/files/pubfiles/50-state-property-tax-comparison-for-2016-full.pdf>, p. 104.

PROPERTY TAX LIMITS BY STATE, 2018⁴

State	Assessment Limit	Rate Limit	Levy Limit	State	Assessment Limit	Rate Limit	Levy Limit
Alabama		✓	✓	Montana		✓	✓
Alaska		✓	✓	Nebraska		✓	✓
Arizona	✓	✓	✓	Nevada		✓	✓
Arkansas	✓	✓	✓	New Hampshire	No Limits		
California	✓	✓		New Jersey			✓
Colorado	✓	✓	✓	New Mexico	✓	✓	✓
Connecticut	✓			New York	✓		✓
Delaware		✓	✓	North Carolina		✓	
D.C.	✓	✓	✓	North Dakota		✓	✓
Florida	✓	✓		Ohio		✓	✓
Georgia	✓	✓		Oklahoma	✓	✓	
Hawaii	No Limits			Oregon	✓	✓	
Idaho		✓	✓	Pennsylvania		✓	✓
Illinois	✓	✓	✓	Rhode Island			✓
Indiana		✓	✓	South Carolina	✓	✓	
Iowa	✓	✓		South Dakota		✓	✓
Kansas			✓	Tennessee	No Limits		
Kentucky		✓	✓	Texas	✓	✓	✓
Louisiana		✓	✓	Utah		✓	✓
Maine			✓	Vermont	No Limits		
Maryland	✓			Virginia			✓
Massachusetts		✓	✓	Washington		✓	✓
Michigan	✓	✓	✓	West Virginia		✓	✓
Minnesota			✓	Wisconsin			✓
Mississippi			✓	Wyoming		✓	
Missouri		✓	✓				

⁴ Significant Features of the Property Tax. Does not include limits that apply only to a city.

PROPERTY TAX LIMITS IN MONTANA

Montana has a levy limit provided for in section 15-10-420, MCA. The levy limit holds the mill levy to “a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years.” The mill levy allowed under 15-10-420 is calculated excluding newly taxable property. The mill levy is then applied to existing and newly taxable property, which allows taxing jurisdictions some growth from newly taxable property in addition to the allowable inflationary adjustment. If a taxing jurisdiction does not levy the maximum authorized mills, the mills not levied may be carried forward to another tax year. Section 15-10-425, MCA, allows a taxing jurisdiction to exceed the levy limit upon an affirmative vote of the taxing jurisdiction. There are some exceptions to the levy limit, such as a judgment levy, an emergency levy, and a levy to repay taxes paid under protest.

In addition to the levy limit, Montana has a rate limit for the statewide education mill levies for state equalization, elementary equalization, high school equalization, the state university system, and vocational-technical education. Each mill levy is provided for in state law and may not be increased using the inflationary adjustment allowed for the levy limit in 15-10-420.

Montana does not have an assessment limit.

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AMERICANS FOR
PROSPERITY
MONTANA

Montana Property Taxes 101 2020

How a mill is calculated

How local governments raise your taxes while telling you they are lowering them

- 1. Identify Your DOR assessed Market Value**

This can be found on your property Tax Bill or the Cadastral

\$325,000

- 2. Multiply that number by .135**

1.35% is the residential percentage set by the state legislature.

\$325,000

X .0135

- 3. This Number Represents your "Taxable Value"**

\$4,387.50

This figure is used in all property tax calculations

- 4. Divide your taxable value by 1000**

The word "mill" literally means 1,000

\$4,387.50

÷ 1000

- 5. This is the value of one mill for your property**

\$4.38

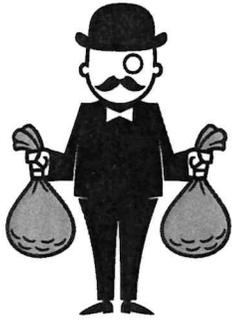
- 6. This is how local governments charge you annually**

- 7. Let's assume the local government charges you 100 mills**

100

X \$4.38

\$438.00



The Slight of Hand 2022

The below example depicts the tax rate at 2020 but with a higher valuation.

In 1986, Montana voters enacted I-105 to limit growth to one-half of the average rate of inflation for the prior 3 years

- 1. Identify Your DOR assessed Market Value**

This can be found on your property Tax Bill or the Cadastral

\$383,500

- 2. Multiply that number by .135**

1.35% is the residential percentage set by the state legislature.

\$383,500
X .0135

- 3. This Number Represents your "Taxable Value"**

\$5,177

This figure is used in all property tax calculations

- 4. Divide your taxable value by 1000**

The word "mill" literally means 1,000

\$5,177

÷ 1000

- 5. This is the value of one mill for your property**

\$5.17

- 6. This is how local governments charge you annually**

- 7. A city "lowers" your taxes by 3% down to 97 mills**

97 Mills

X \$5.17

\$501.49

The city "lowered" your taxes by 3% but your tax bill went up by 14.3%!

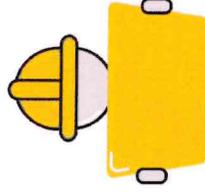


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■ Park District



■ Road District

\$7,500,000

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\$0

\$0

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3,500% Growth Rate

318% Annually!

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Local TABOR

Taxpayer Bill of Rights

Preventing local governments from taxing Montanans out of their homes

Background

If you live in a major city in Montana, you know that property taxes are out of control. Each year, your city or county continues to raise your rent in the form of property taxes. Even if you own your home outright, the government still wants its cut. This problem is exacerbated for our lowest-income earners and those who are retired and living on a fixed income.

The state legislature has tried for years to reign in local governments by placing restrictions on revenue and capping mills levied. This system has clearly failed as local governments always find ways to get more of your money.

The only way to give real relief to the residents of Montanas major cities is to restrict the spending of the cities.

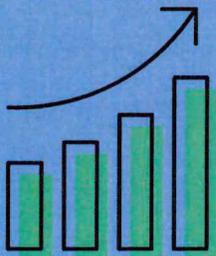
The Will of the Voters

In 1986, Montana voters enacted I-105 to limit the mills levied. The levy limit holds the mill levy to “a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years.”

The cities are exploiting a loophole with special districts, valuation increase, fines, fees, and hidden taxes.



**OUTRAGEOUS TAX
INCREASES
SINCE FY 2014**



35%

Kalispell, Missoula, and Bozeman's budget growth have exceeded the population + inflation metric by over 35%

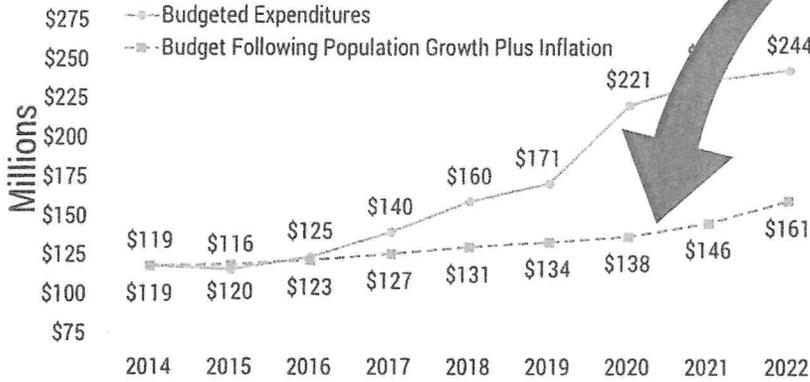
53%

Since FY 2014, the City of Missoula's budget has grown 51.98% faster than the growth of the economy, as measured by population growth plus inflation

\$126M

\$126 million more in spending during FY 2022 than if Bozeman and Gallatin County had increased their budgets each period since FY 2014

FIGURE 22: THE CITY OF MISSOULA'S BUDGET EXCEEDS POPULATION GROWTH PLUS INFLATION



Note: Data from Missoula City Budget publications (<http://www.ci.missoula.mt.us/109/Budget>)

Setting a Ceiling

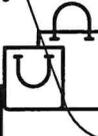
The bottom line is the only growth that WOULD be allowed in a city governed by TABOR without a popular vote from the taxpayers.

As you can see, from the graphic, the budget itself is restricted. This means that if the city wants more money they can't rely on sneaky taxes, valuation increases, or massive mill levy increases. If they need about the population + inflation metric, they must make their case to the voters.

PROBLEM	TODAY	FUTURE UNDER TABOR
My property appraisal goes up from the MT Department of revenue	Under the current system, governments tax advantage of rising property appraisals to enact double digit increases in taxes owed.	In order for the city to proportionally take more money from the residents than population+ inflation they MUST ask voters.
The city creates a "special district"	Under the current system local governments get around the mill levy cap set by the legislature by creating special districts and inflating them by millions every year	This can happen without a vote as long as it doesn't increase the budget by more than population + inflation.
The city collects excess taxes from increased valuations.	Unexpected "windfallss" from increased valuations are simply spent by local governments.	These unexpected windfallss would be refunded back to the taxpayer unless there was a vote by popular referendum that stated otherwise.

MISSOULA'S SPENDING SPREE

Montana's largest cities constantly claim they do not have enough money while making "essential" purchases like these....



Send two council members to New Zealand	\$5,100
Dog statue in a city park	\$25,000
Annual contract to Arts Missoula to pay for painting utility boxes.	\$200,000 +
Money to pay people to encourage them to take the bus and ride bikes.	\$320,000
"Incentive" to the AC Marriott	\$1,800,000 + 25 year interest
"Incentive" to the Residence Inn by Marriot	\$3,600,000 + 25 year interest
"Incentive" to Stockman Bank	\$1,500,000 + 25-year interest
"Incentive" to Wren Hotel	\$587,212
"Incentive" to Cabella's	\$1,000,000+
"Incentive" to the Southgate Mall	\$7,000,000+
"Incentive" to Stockman Bank (Brooks Street)	\$454,941
Heated walking bridge	\$5,000,000 + interest
Purchase the Sleepy Inn Hotel	\$1,100,000
Build a Private Baseball Stadium	\$2,222,019 + interest
"incentive" for the Missoulian	\$123,800
Parking for Roam Student Housing	\$3,200,000
First Security Bank "Incentive"	\$53,522



2023 REAL LOCAL BUDGETS

EXHIBIT #3

DATE Feb 9, 2023

HB HB 324

KEY POINTS:

- Over the last decade, major Montana local governments have grown their budgets faster than population growth plus inflation, burdening taxpayers with millions in excessive spending.
- The 2023 Real Local Budgets demonstrate the need for government spending restraint and an improved budget process to protect taxpayers.
- City and county officials should focus on holding the growth of expenditures to less than population growth plus inflation to ensure that the cost of government stays within the bounds of the average taxpayers' ability to pay for it.

Tracking Trends: 2014-22		
	Budget Growth	Spending Increase Over Pop + Inflation (+/-)
City		
Billings	78.9%	43.5%
Bozeman	110.4%	75.1%
Great Falls	7.8%	-27.6%
Helena	51.2%	15.9%
Kalispell	124.1%	88.8%
Missoula	105.7%	70.4%
County		
Gallatin	96.8%	61.5%
Cascade	25.7%	-9.7%
Flathead	46.6%	11.2%
Lewis & Clark	39.5%	4.2%
Missoula	53.8%	18.5%
Yellowstone	51.7%	16.4%

HOW THEY COMPARE

Many major local government budgets have grown faster than taxpayers' ability to pay for it over the last 10 years. Limiting local governments' budget growth, and even reducing it as many families have done with their budgets when faced with rising costs, will provide more opportunities to provide tax relief.

CITIES

FIGURE 22: THE CITY OF MISSOULA'S BUDGET EXCEEDS POPULATION GROWTH PLUS INFLATION

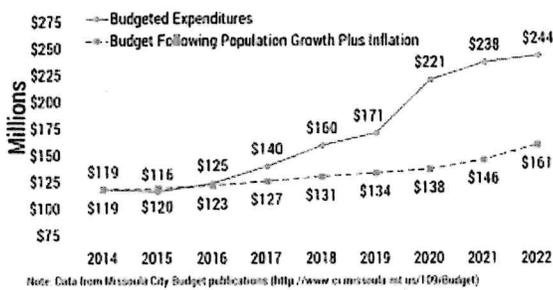


FIGURE 18: THE CITY OF BOZEMAN'S BUDGET EXCEEDS POPULATION GROWTH PLUS INFLATION

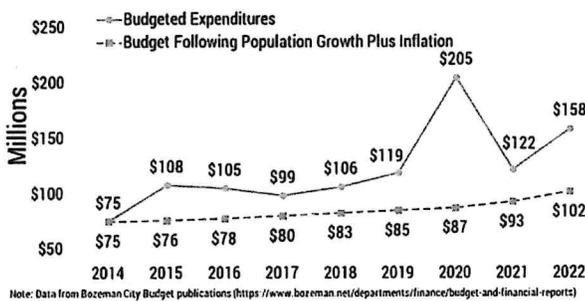
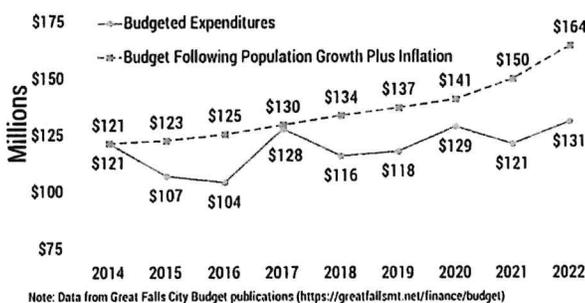


FIGURE 10: THE CITY OF GREAT FALLS' BUDGET DOES NOT EXCEED POPULATION GROWTH PLUS INFLATION



COUNTIES

FIGURE 21: MISSOULA COUNTY'S BUDGET EXCEEDS POPULATION GROWTH PLUS INFLATION

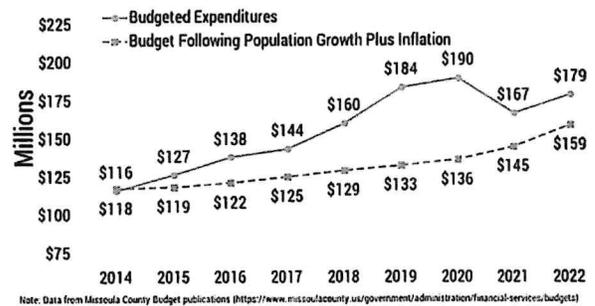


FIGURE 17: GALLATIN COUNTY'S BUDGET EXCEEDS POPULATION GROWTH PLUS INFLATION

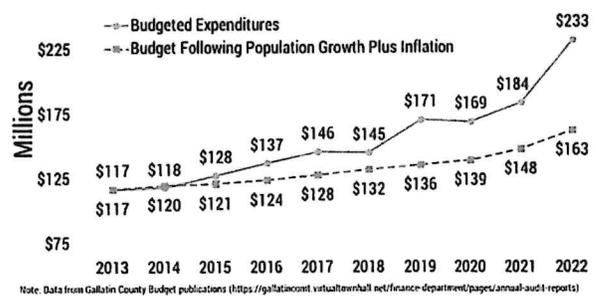
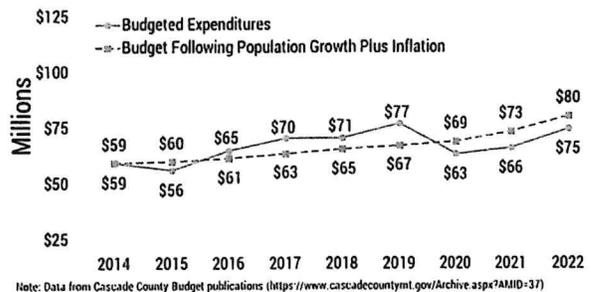
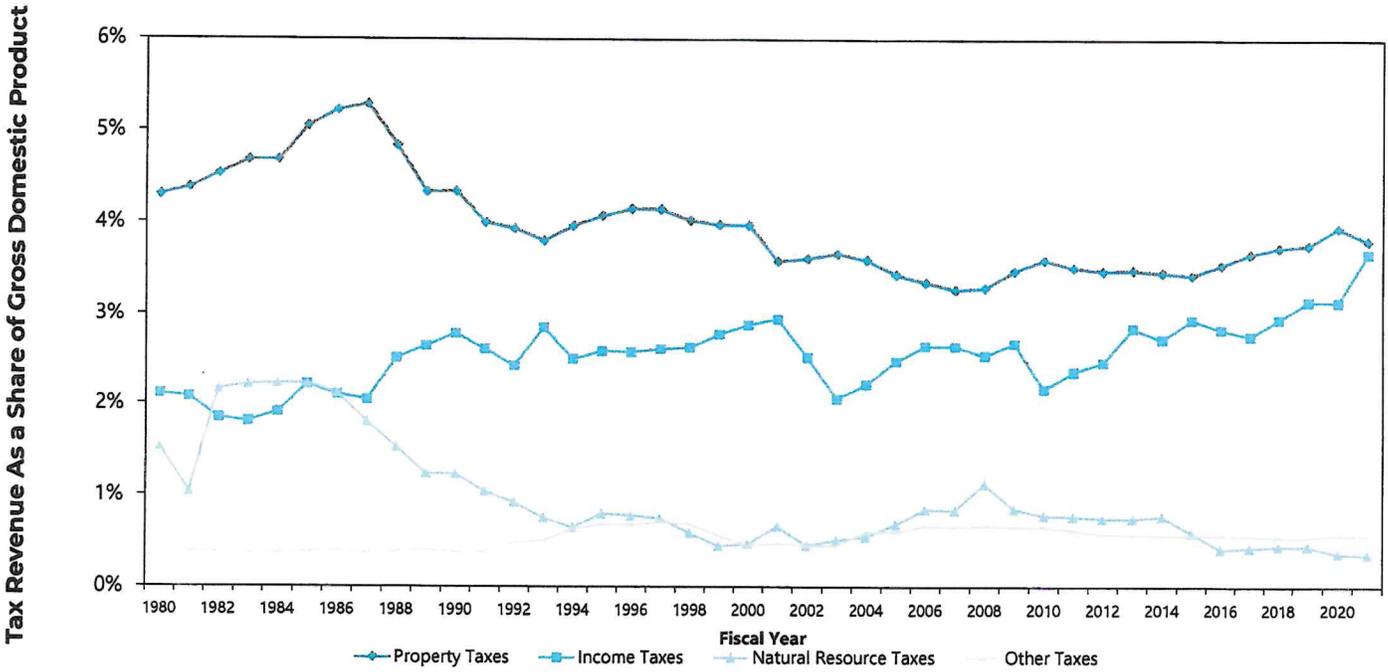


FIGURE 9: CASCADE COUNTY'S BUDGET DOES NOT EXCEED POPULATION GROWTH PLUS INFLATION

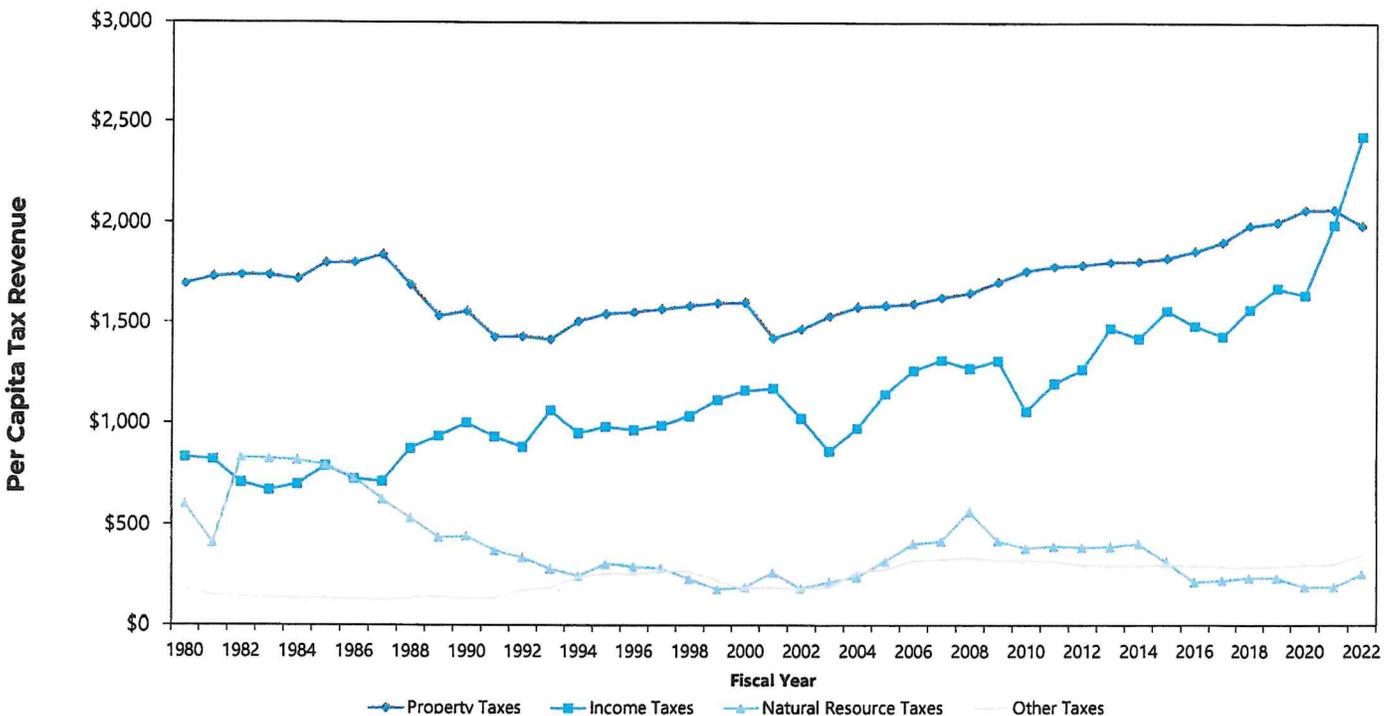


The two graphs below show the total collection of taxes in Montana, divided into the same four categories, for FY 1980 through 2022. The first graph shows the amount of collections for each tax type as a share of Montana's gross domestic product for the same period. The second shows the amount of revenue collected on a per capita basis. The second chart is also adjusted for inflation, with each year's collections shown in terms of their 2022 value.

DOR State and Local Taxes as a Share of GDP in Montana (FY 1980-2021) Four Types of Taxes Reported Separately



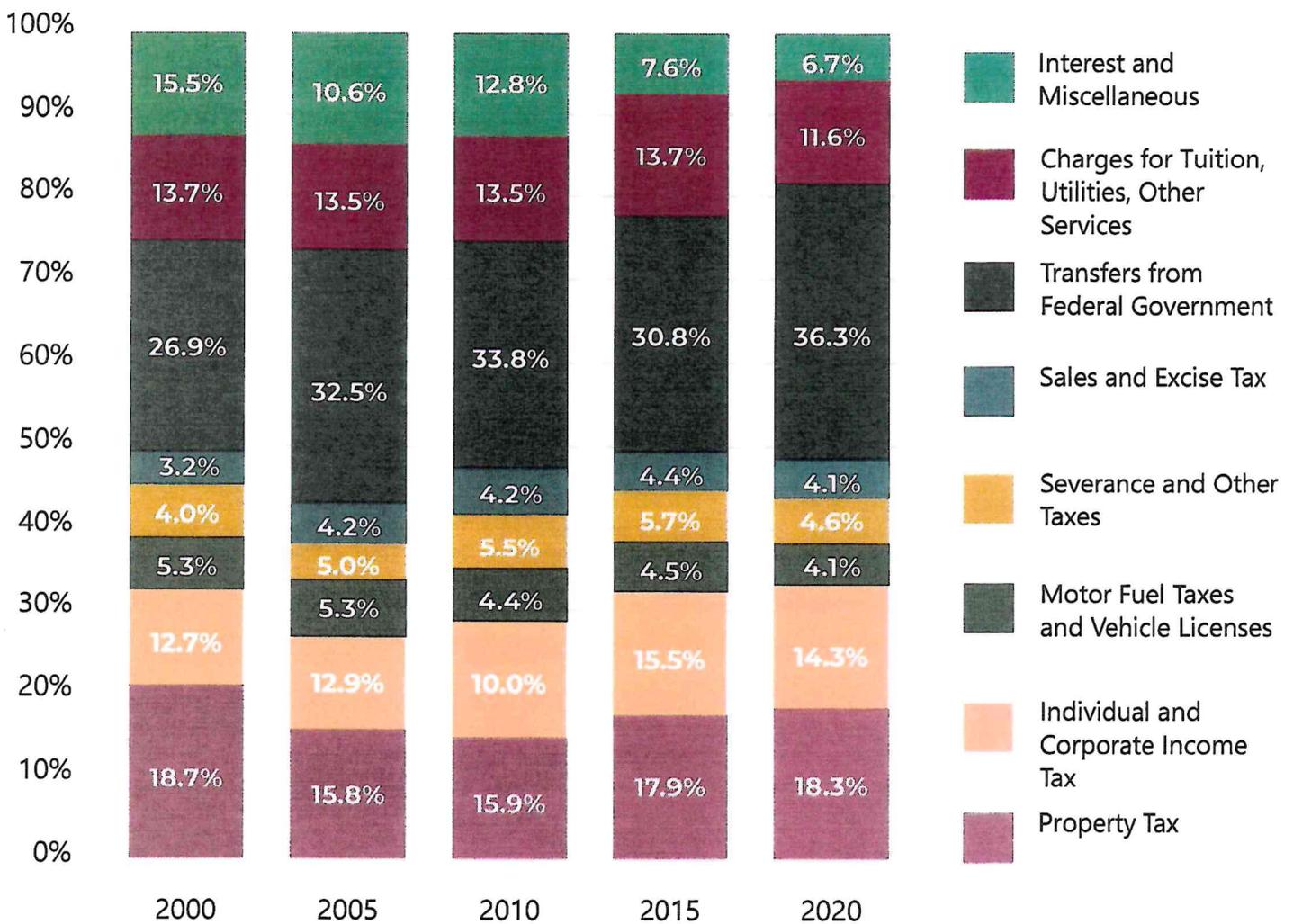
Per Capita DOR State and Local Taxes in Montana (FY 1980-2022) Four Types of Taxes Reported Separately (Adjusted for Inflation)



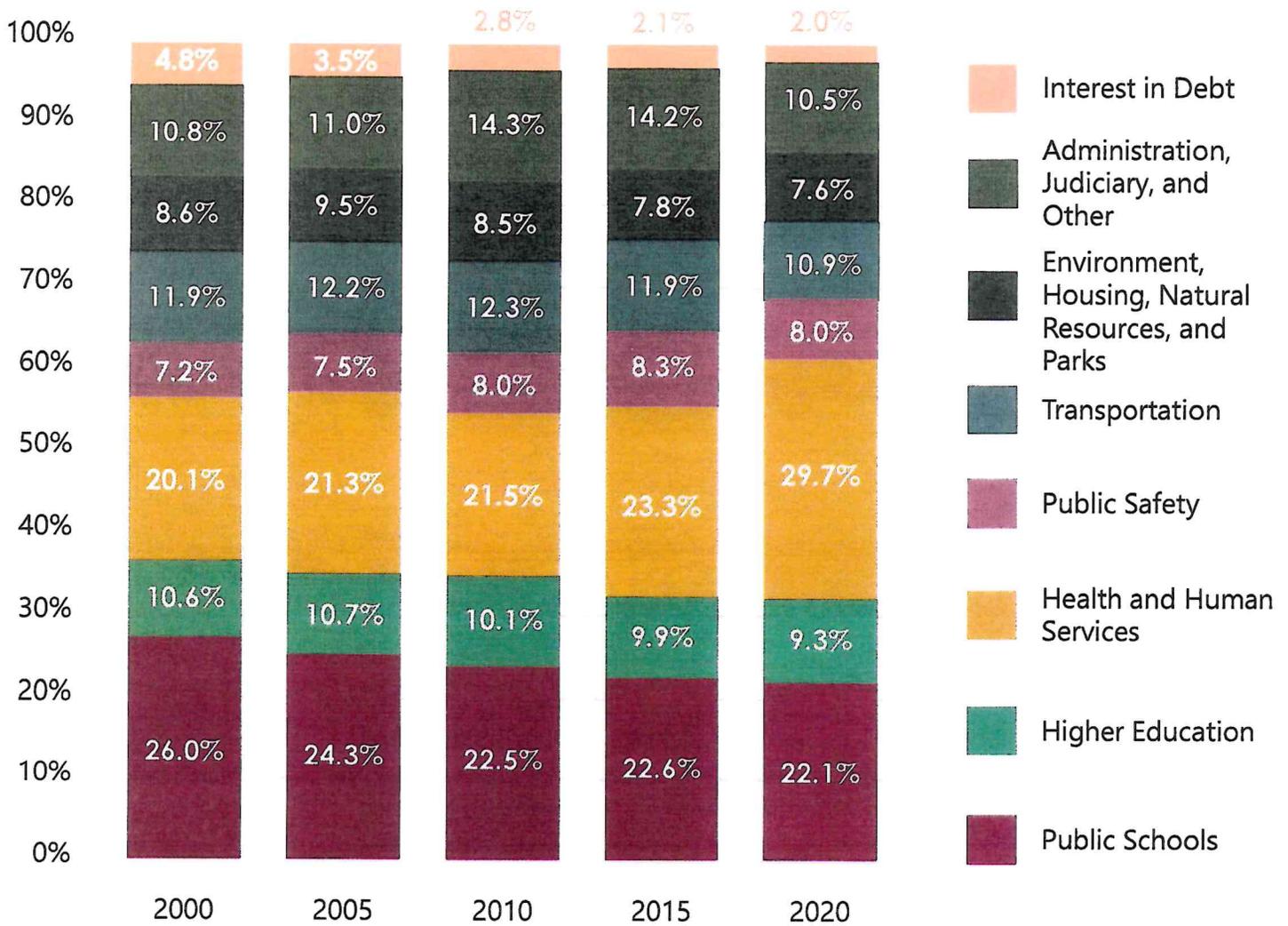
The sources of state and local revenue have changed in relative importance, as illustrated in the following graph. Transfers from the federal government have varied over time, partly because state revenue grows slowly or even decreases during a recession. The federal transfers to state and local governments have remained unchanged or have even increased. Between 2000 and 2020, the share of state and local revenue coming from the federal government has increased from 26.9 percent to 36.3 percent.

Changes in the other shares reflect changes in both the state economy and in the state and local legislative actions. For example, the share of severance and other taxes decreased from 1998 to 2002 due to low oil and gas prices causing falling production. This share increased from 2002 to 2008, as higher prices and new technology led to increased production. As another example, the share of sales and excise taxes increased between 1998 and 2018, due in part to new taxes on lodging and rental cars.

Trends in State and Local Revenue Sources FY 2000-2020



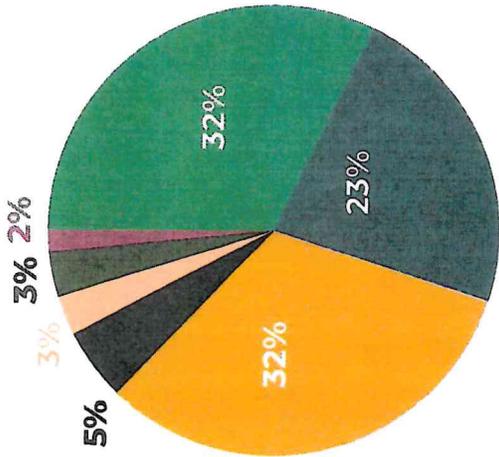
Trends in Types of State and Local Spending in Montana FY 2000-2020



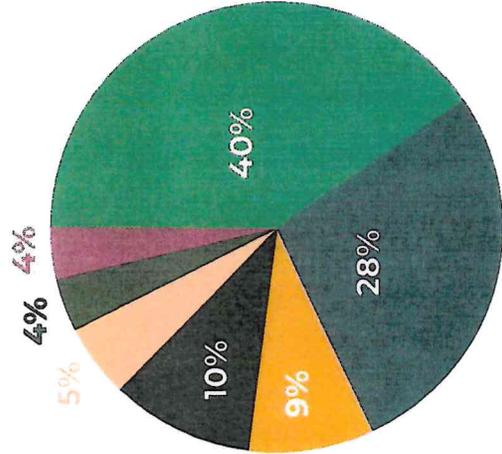
Over the past 20 years, spending at the state and local levels has shifted in several areas. The share of spending on public schools has declined, from 26 percent in FY 2000 to 22.5 percent in FY 2010 and to 22.1 percent in FY 2020. At the same time, the share of state and local government spending on public safety and health and human services has increased, from 27.3 percent in FY 2000 to 37.7 percent in FY 2020. The chart above shows the percentage of state and local spending in Montana for each of the eight general spending categories for FYs 2000, 2005, 2010, 2015, and 2020.

State and Local Taxes in FY 2020

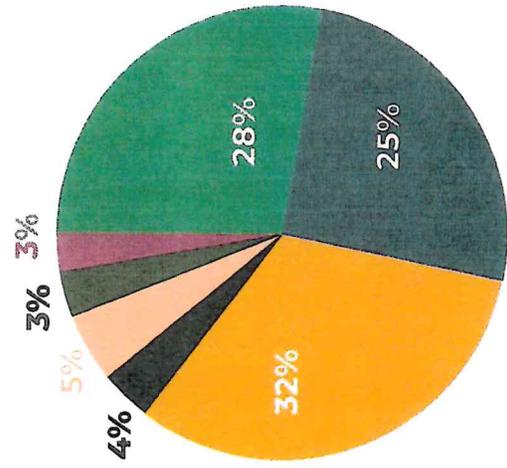
Average of all Fifty States



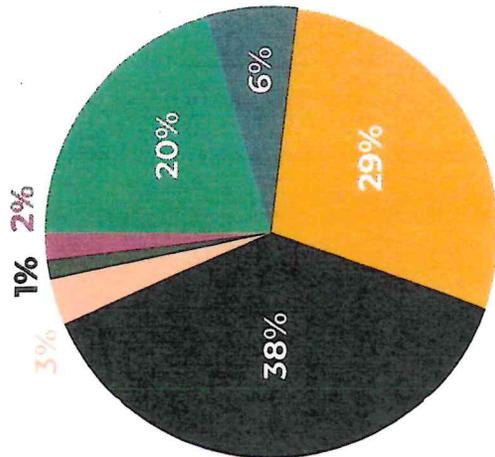
Montana



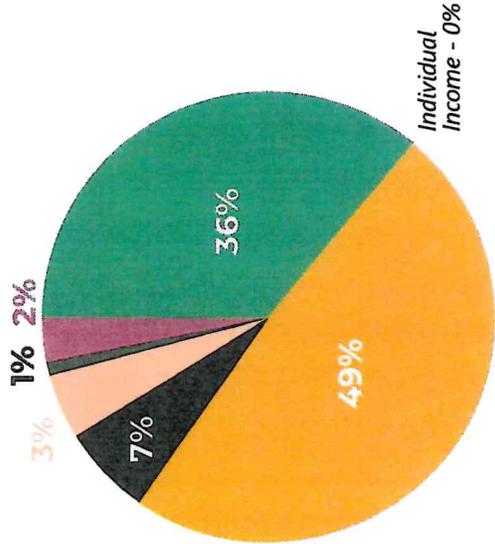
Idaho



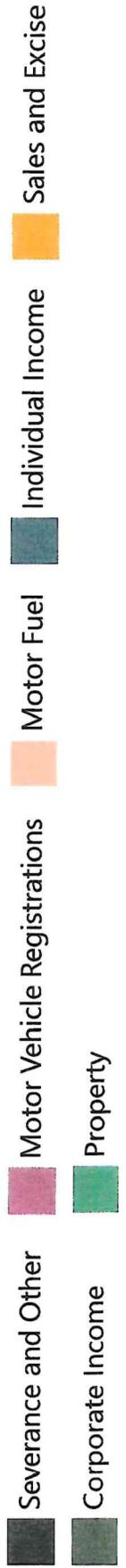
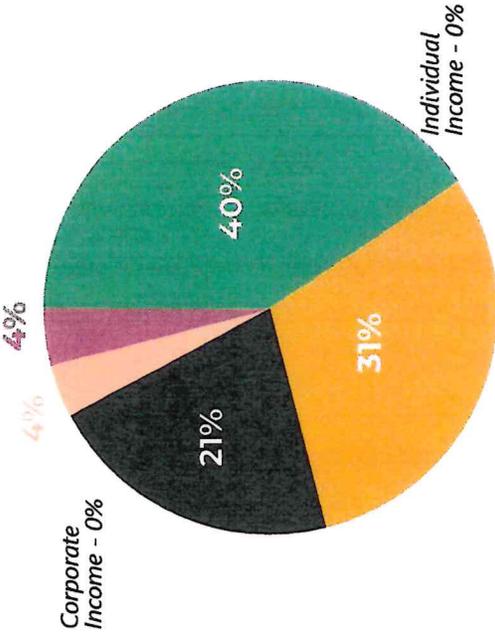
North Dakota



South Dakota

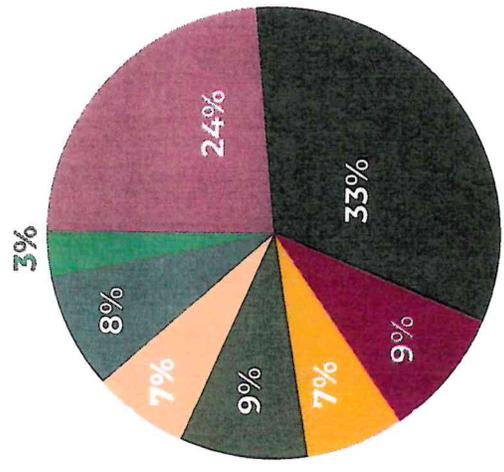


Wyoming

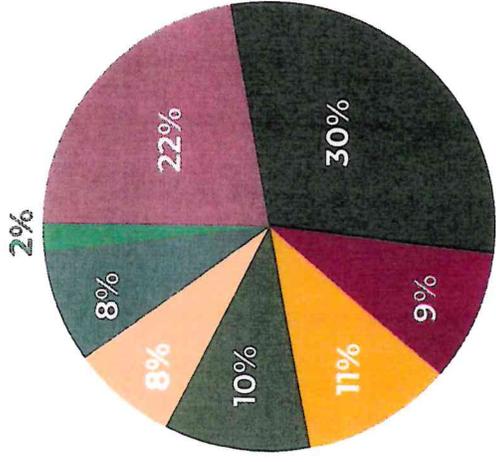


State and Local Spending in FY 2020

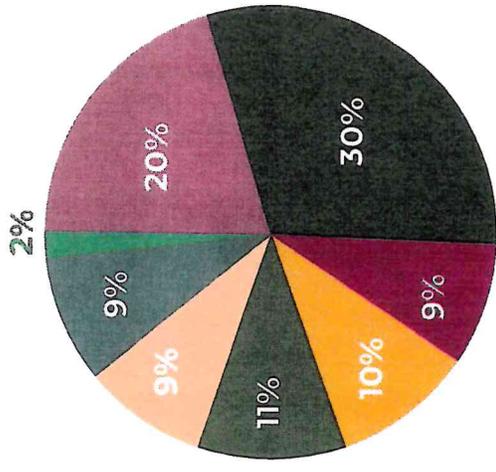
Average of all Fifty States



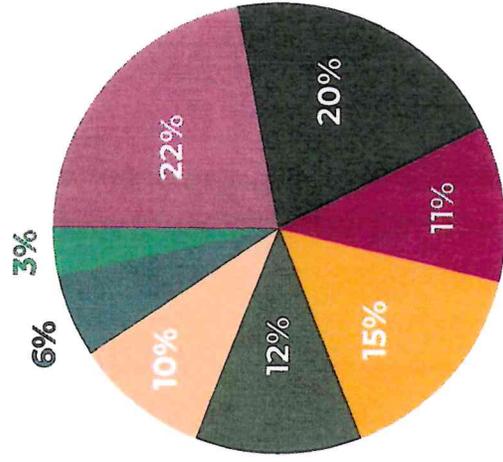
Montana



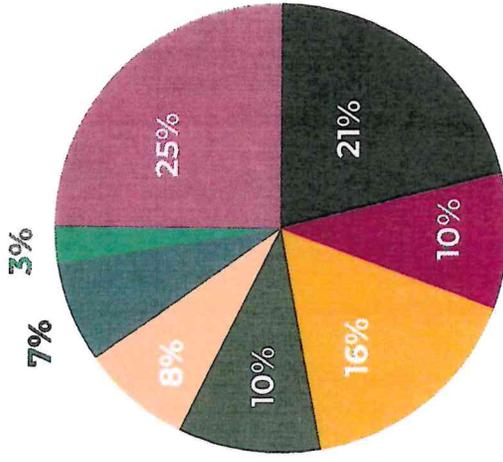
Idaho



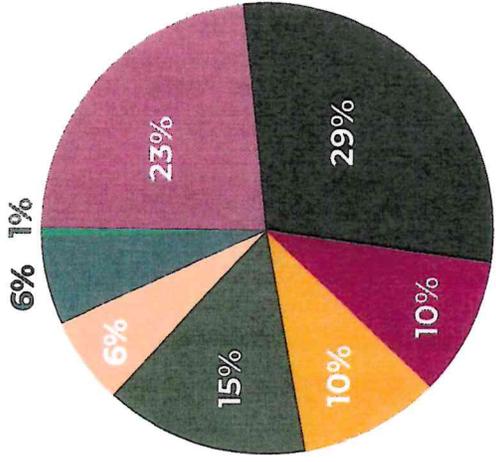
North Dakota



South Dakota



Wyoming



- Public Safety
- Public Schools
- Transportation
- Interest on Debt
- Administration, Judiciary, and Other
- Higher Education
- Environment, Housing, Natural Resources, Parks
- Health and Human Services

WITNESS STATEMENT

House Committee Local Government –hearing HB 369

February 9, 2023, Thursday 3pm, rm 472

Chairman Brewster and Committee Members,

The requirements for a Growth Policy have grown and grown over the years. This added complication has compelled cities and counties to use Community Development Block Grants to hire out-of-area and often out-of-state consultants to write these reports. What we end up with is precisely what the Montana Growth Policy Resource Book warns against, a complicated tomb collecting dust on the shelf.

What the people get is a rambling report of out-of-area opinions interspersed with facts justifying the consultants' billable hours rather than a local vision and achievable plan.

Many residents, due to work constraints, cannot go to the scheduled public meetings to give feedback. Is the out-of-town or out-of-state consultant's Growth Policy your vision for your family and county? Is it the future you want? Or, have the non-profits and special interests drowned you out?.

A referendum, the ability to vote up or down for the adoption, revision or rejection of a Growth Policy is the only real way citizens can have a respected voice in the matter. Your voice your vote.

A vote relieves us of the unpleasant conflict of interest when a commissioner votes for his own project.

A vote protects residents from unvetted amendments crafted by special interest groups, not citizens.

When we are allowed to vote we are more comfortable and vested in the outcome --- whatever that may be.

Give people a voice in their future. Give us a Growth Policy by referendum. Support HB 369.

Thank you,

Ann Hallowell

PO Box 1445
Livingston, Mt 59047

House Local Government hearing, February 9, Thursday, 3 pm, room 472

HB 324—An act limiting local government expenditure growth.

Chairman Brewster and committee members.

I support HB 324.

Anything we can do to reduce the percentage of the economy consumed by government is good.

I do however find Section 1 (6) on page two concerning. This bill promotes fiscal responsibility. Why would we want to undermine that goal by exempting smaller cities and counties from the same fiscal responsibility?

Please consider striking Section 1(6) and give the same good standards to all Montana cities and counties.

Thank you,

Ann Hallowell

PO Box 1445, Livingston, MT 59047