

**Property Tax as a Portion of Local Government Revenue Analysis**  
Adequacy of Local Government Revenue Generating Capacity Study  
Prepared for the Revenue and Transportation Interim Committee  
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This briefing provides information requested at the last committee meeting on property taxes as a portion of local government revenue. A point of discussion at that meeting was the differences between county governments and city governments and their reliance on property taxes.

**Methodology**

The analysis includes data for six large cities and the counties in which the city is located. The consolidated government of Butte-Silver Bow is also included. Other cities and counties are not included due to time constraints and difficulty gathering data for both the county and its county seat.<sup>1</sup>

**What Is Included in “Taxes”?**

Financial reports and budget documents vary from local government to local government. Some identify “property taxes” or “taxes and assessments” while others identify the category of “tax revenues” and itemize sub-categories of tax revenues, which include property taxes, personal property taxes, penalty and interest on delinquent taxes, and local option motor vehicle tax. Though the names vary, it seems that the local governments are including the same types of revenue in the general category of taxes and the specific category of property taxes.

Other types of revenue listed in the local government financial reports include licenses and permits, charges for services, fines and forfeitures, investment earnings, intergovernmental, and investment income. Some local governments provide summary data that just shows total tax revenue and total non-tax revenue.

**Property Taxes as a Portion of Total Revenues**

The following table shows property taxes as a portion of general fund revenue and as a portion of revenue for all funds for selected cities and counties. The cities appear on the right and the county in which the city is located appears on the left so that a comparison may be made for the same region.

For most of the counties, property taxes comprise a larger portion of the county general fund budget than of the city general fund budget. Bozeman and Gallatin County are an exception: property tax revenue is a larger share of Bozeman’s general fund revenue than it is of Gallatin County’s general fund revenue. Property taxes account for 45% of the general fund revenue in both Missoula County and the City of Missoula.

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<sup>1</sup> Budget documents are readily available but some local governments do not present the data in a manner that fits easily with the above format. If the committee desires analysis for additional cities and counties, more work could be done to gather and format data for the next meeting.

When the revenue received by all funds is examined, property tax accounts for a smaller share of the revenue in all cities when compared with the county in which the city is located. In the counties examined, property taxes make up 30% to 52% of the revenue for all funds. For cities, the share ranges from 12% in Billings to 27% in Missoula.

County	General Fund			All Funds			City	General Fund			All Funds		
	Taxes	Total	%	Taxes	Total	%		Taxes	Total	%	Taxes	Total	%
Butte-Silver Bow	\$13,645,465	\$34,485,085	40%	\$22,923,273	\$55,503,054	41%							
Cascade	\$6,743,565	\$10,412,488	65%	\$23,144,055	\$64,842,129	36%	Great Falls	\$15,988,970	\$27,506,969	58%	\$17,746,404	\$101,466,249	18%
Gallatin	\$5,054,879	\$10,831,213	47%	\$41,629,048	\$84,256,175	49%	Bozeman	\$14,628,972	\$27,363,109	54%	\$20,522,610	\$93,048,881	22%
Lewis & Clark	\$5,886,752	\$10,562,565	56%	\$25,228,953	\$71,631,847	35%	Helena	\$9,767,548	\$15,453,698	63%	\$10,723,848	\$60,659,770	18%
Missoula	\$8,790,062	\$19,399,507	45%	\$39,405,161	\$132,408,430	30%	Missoula	\$23,631,667	\$52,233,505	45%	\$36,310,135	\$133,522,127	27%
Yellowstone	\$11,215,698	\$14,684,438	76%	\$43,071,107	\$83,356,040	52%	Billings	\$13,051,058	\$33,454,515	39%	\$34,372,910	\$297,761,109	12%