



CASCADE COUNTY

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Testimony by Cascade County Commissioner Joe Briggs to the Interim Revenue Committee regarding the implementation of SB 542 / HB 321 On November 12, 2025

Chairman Brewster and members of the Interim Revenue Committee,

Thank you for the opportunity to testify before you today on the implementation of SB 542 and HB 321 from the 2025 session. I would like to offer some brief background to better address the specific questions you have posed.

It is important to note that each county is unique in the mixture of revenue under which it functions so the passage of any changes in tax policy presents a different set of challenges and opportunities in each county.

To better illustrate this idea, I have attached a set of graphs that compare specific attributes of the six most populous counties in Montana. As you will see, with even just this limited set of comparisons, counties vary greatly in terms of the amount of revenue they can access to balance their budgets. In addition, many counties receive royalty payments due to oil and gas, hard rock mining and other resources specific to their county.

Cascade County is blessed in many ways, but we have no extractive industries, so our revenue is constrained to the more classic property taxes, fees for service, state grants, federal grants and in the past Federal Payments in Lieu of Taxes (PILT) and Secure Rural Schools payment (SRS). This year both the Federal PILT and SRS payments remain unfunded so cannot be relied on.

While these programs provide Cascade County with significant and important revenues, they are not as critical to us as they are to smaller population counties with significant National Forest and BLM land. Those counties are very dependent on PILT and SRS.

Turning to the questions at hand, Cascade County budgets very conservatively in that we only budget at the department level for known needs, we do not build a great deal of cushion into each Department budget. Instead, we have operational reserves deployed throughout the financial system that can only be released by the formal action of the Commission should emergency situations arise. This coupled with the ability to increase

mills annually to match the taxing authority of prior years provides stability except in a period of high inflation. Because of this method, we can substantially prepare our budget prior to knowing what the specific impacts of tax legislation will be.

If revenue estimates come in higher than expected, we can either reduce the levies to match the budgeted expenditure or if we were not able to budget as much into the capital and operating reserves as we feel is prudent, we will levy the maximum number of mills allowed.

1. Question: How did the passage of SB 542/HB 231 impact your taxation decisions this year?

Due to our method of budgeting as previously described, the new laws did not impact our taxation decisions to any significant level other than injecting some uncertainty for the future which favored us levying the maximum mills. Federal funding impacts were more impactful to our operations this year.

- a. Please identify any positive or negative aspects of the new laws

The passage of these two bills provided a reprieve from the rapid increases in residential property taxes. However, it is temporary in nature. These bills affected a burden shift from the residential property taxpayers to other classes of payers and did not inject any new payers into the system. The long-term impacts on commercial and industrial investment remain to be seen from this shift. Stability is important in the efforts to attract business investment into our state, and we have now altered the investment equation.

Passage of these bills was a necessary step in my opinion, but this problem cannot be viewed as "fixed". The current appraisal system all but guarantees continuing double digit increases in taxable value on residential property and over time the substantial rate decrease granted to residential property will continue to be eroded.

Using my own home as an example, with no improvements having occurred for over a decade, the market value of my house increased by 18.99% while the taxable value decreased by 30.42%. With no further changes occurring to the appraisal system or the tax rates and even without any increase in mill levy at the local, state or school level, my residential property taxes will likely exceed their 2024 level following the 2027 reappraisal cycle.

The other negative impact of any change in policy is that it creates revenue forecasting issues until a new pattern can be discerned. In this case the reduction in the percentage of

newly taxable revenue that counties will retain will negatively impact county revenues, however, should inflation remain relatively low, this may be offset by the removal of the ½ of the average rate of inflation that has been in effect for many years. The net result will vary each year with the amount of newly taxable and the annual rate of inflation. It will be difficult to project these offsets in revenue for several years.

2. Question: SB 542/HB 231 will revise tax rates for residential and commercial property again in 2026. How do you expect those changes to impact you?

Due to the budget methods that are utilized by Cascade County, I do not foresee any additional complications from phase 2 of the implementation. The exact amount of tax revenue that we have available will again drive decisions on whether we need to mill the maximum levy or not, but it is unlikely to cause major shifts in spending.

As with this year, our budget issues will likely be driven by State and Federal grants. Reductions in grant funding this fiscal year have already caused reductions in personnel in those departments that are grant driven.

3. Question: What was the impact of the requirement to recalculate fixed levies this year and what do you expect to happen next year?

Cascade County only has two voted perpetual levies, one for Search and Rescue and a Public Safety levy implemented in 2023. Both have enjoyed large annual increases due to the rising taxable valuations each year. This year the changes in residential valuation reversed that trend as our county wide taxable value decreased by \$25,825,349 or 11.5%.

Unfortunately, when the County Attorney and the Sheriff developed and sold the levy to the citizens, they tied the vast majority of the proceeds into compensation increases for their offices. As a result, the conversion of the levy to float with the rest of the County levies put a significant obstacle to future compensation increases to both of those offices.

Expectations for large annual compensation increases, however, have been set at a high level in those offices, making the lack of funds for raises a point of concern. As a result, the Commission this year froze the compensation for all elected officials and their deputies. This is not practical solution for the long term but it was necessary in the short run.

4. Question: Are there provisions in SB 542/HB 231 that you think should be changed or that the committee should look into this interim?

The issue of appropriately funding local government and schools is central to any discussion of property tax and yet usually schools have been viewed as external to the discussion. A more comprehensive solution is required that addresses both operating and infrastructure needs at the local government level.

As I mentioned earlier, SB 542/HB 231 are temporary solutions that have a relatively short shelf life. I believe the legislature needs to either develop a new revenue stream such as a well-crafted sales tax that impacts our visitors rather than our citizens and or utilize the Entitlement Share Statute to transfer State revenue on a routine basis to local governments as it currently does for schools.

Montana is changing whether we like it or not and we need to manage those changes at the local level. We need to be adaptive, responsive and transparent, but we need the resources to do so.

On the following pages are graphs that show some of the difference between the six "urban" counties. I would also note that I analyzed the tax appeals filed in Cascade County over the last 5 years, but the data shows no clear pattern as of yet that would indicate that these tax changes altered the nature of the appeals in a substantial manner.

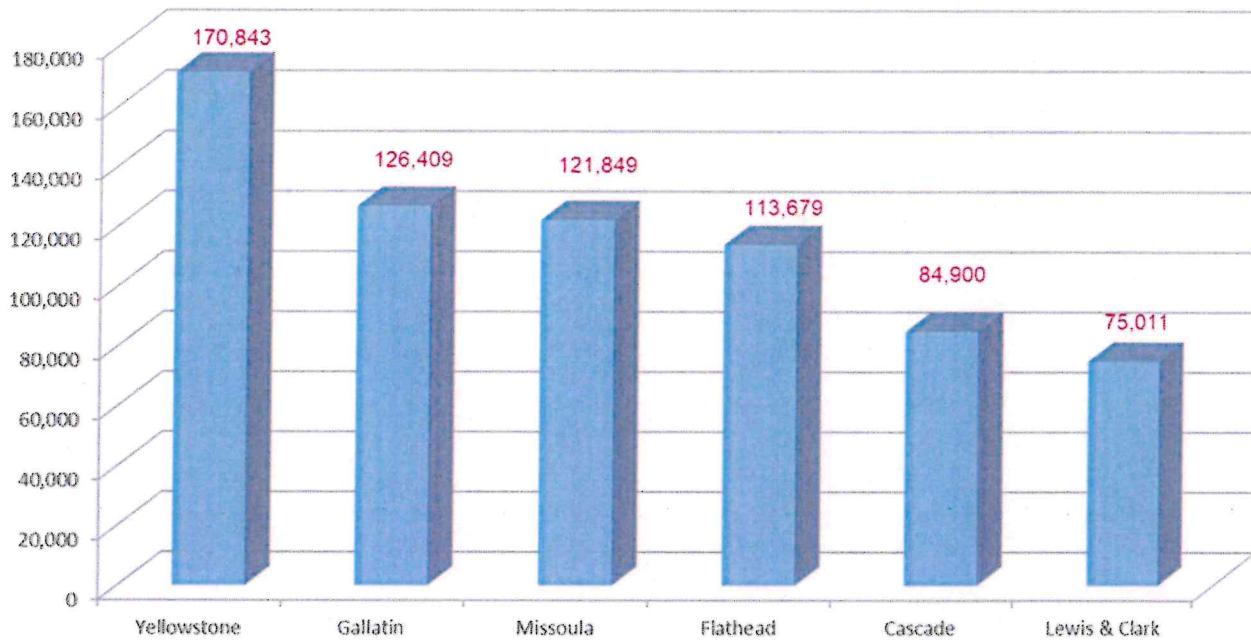
Thank you again for the opportunity to join you today.

Sincerely,

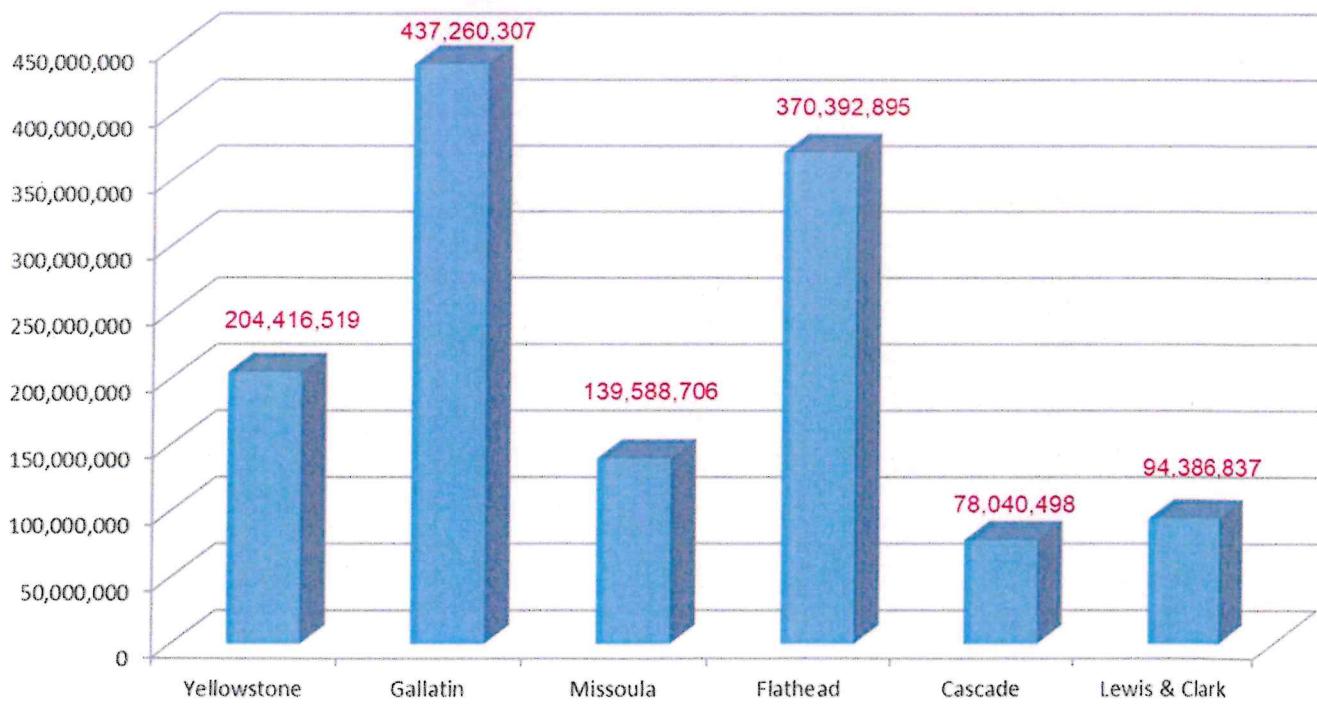


Joe Briggs
Cascade County Commissioner

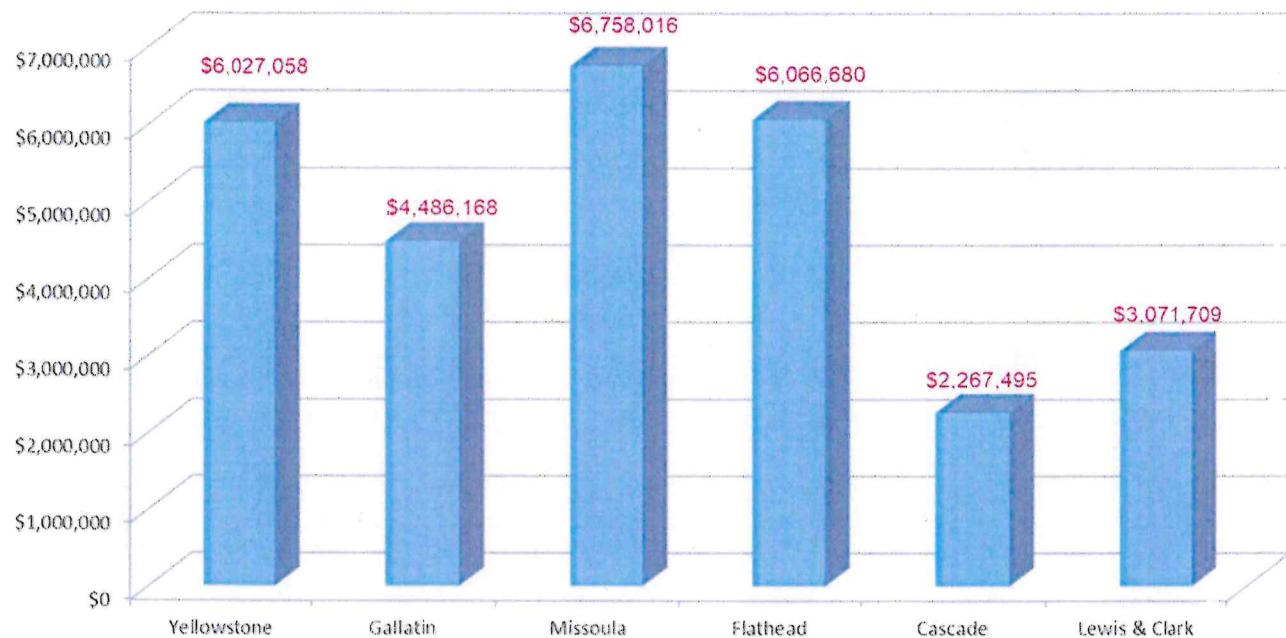
Comparison of Urban counties in Montana Population



Comparison of Urban counties in Montana Countywide Taxable Values



Comparison of Urban counties in State Direct Revenue Transfer (Entitlement Share)



Comparison of Urban counties in Montana Entitlement Share Support per person

