

March 15, 2005

House Taxation Committee

Dear Representatives:

On behalf of the City of Whitefish, I would ask for your support on HB 283 revising the annual tax levy requirements for the Volunteer Fire Pension and Disability Fund. Recently it was brought to the City of Whitefish's attention that the State Legislature changed section 18-18-503 and 504, MCA in 2001. To comply with this changed legislation the City of Whitefish would have to levy 51.68 mills subject to the overall cap as per 15-10-420. The City of Whitefish currently levies 87.069 mills of which 4 are levied for the Volunteer Fire Pension and Disability Fund.

For the City of Whitefish to levy 51.68 mills for the Volunteer Fire Pension Fund and still remain under the cap, the City would have to reduce the current General Fund mill levy of 87.06 by 51.68 mills. This would leave the City with 35.38 mills to levy for essential services. Obviously this would create a crisis situation for the City of Whitefish.

As of 6/30/2004, the Whitefish Volunteer Fire Pension has a balance of \$357,870. Historically, this fund has seen positive growth and has received more revenues than expenses paid out. In other words the fund is financially healthy. Under the current law as changed in 2001, the City of Whitefish is required to maintain the Volunteer Fire Pension Fund at \$1,042,566. It would be financially irresponsible to the taxpayers of Whitefish to levy \$692,566 in additional taxes, especially when it is not needed to meet pension obligations. Currently, demands of the City of Whitefish exceed the revenues it receives. With all of the demands on City services it does not make any sense to over levy for this fund by \$692,566.

A requirement for an actuarial valuation makes more sense. This way the City of Whitefish can make sure the Volunteer Fire Pension Fund is healthy for the volunteer retirees but yet not over tax the property owners of Whitefish.

Sincerely,

Michael J. Eve
Assistant to the City Manager / Finance Director