



130 6TH STREET WEST
ROOM A
COLUMBIA FALLS, MT 59912

PHONE (406) 892-4391

FAX (406) 892-4413

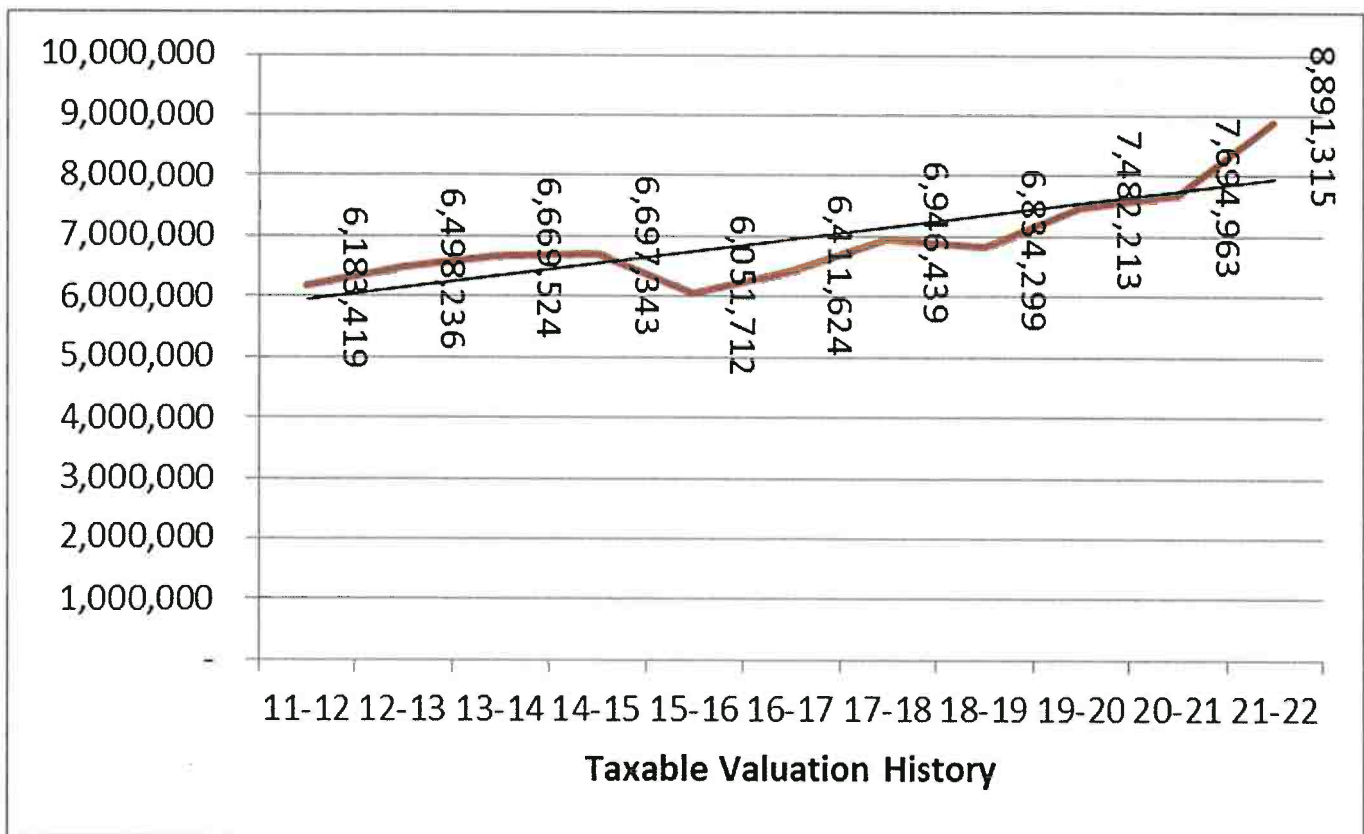
November 4, 2021

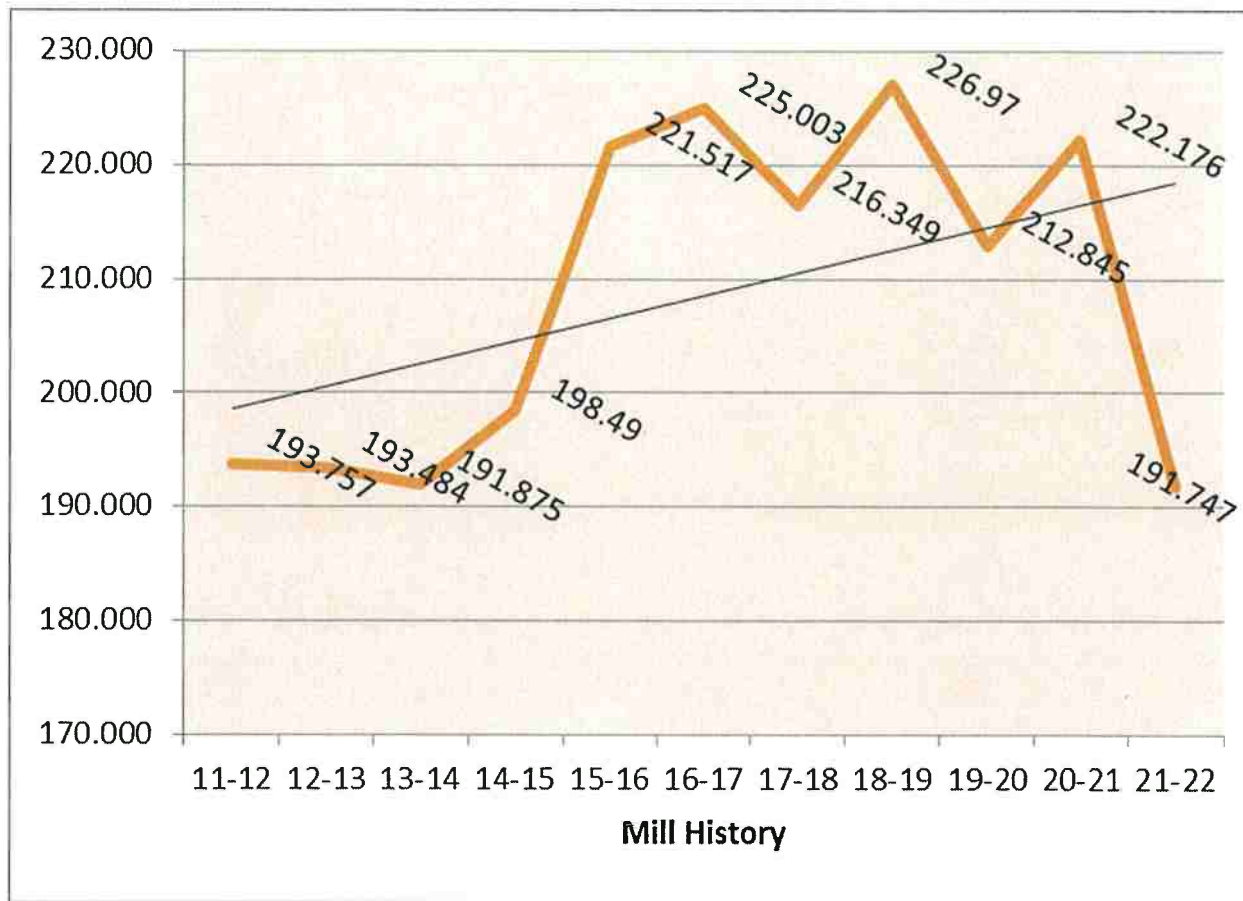
To the Members of the Revenue Interim Committee:

Thank you for this opportunity to discuss local government funding, particularly as it relates to property tax funding and state entitlement. The 15-10-420, MCA levy calculation and state entitlement program were created together via the "Big Bill" to address the following issues:

- Projected property tax increase due to the sunset of SB184
- Simplify billing, accounting, collection and distribution of all revenues
- Create a rational, dependable, stable funding structure for cities and counties

As reviewed with various legislative committees since the 2001 adoption of the "Big Bill," the system is primarily working as intended, set mill levies were replaced by the statutory formula found in 15-10-420, MCA, which sets a limit on the amount of tax dollars that can be raised. The formula provides for an inflation adjustment that was 0.93% for the 2022 FY, resulting in \$12,974 new tax dollars. The City can also levy mills on any newly taxable property, certified at \$327,326. The tax dollars generated on the newly taxable property equal \$51,668. The number of mills levied is directly influenced by the certified taxable valuation. As indicated on the charts below, when the taxable valuation increases, there is a corresponding decrease in mills levied:





This chart shows the effect of an increase/decrease in valuation on the number of mills levied for the last 5 years; revaluation years are 17-18, 19-20 and 21-22. The 2-year valuation cycle has proven to be more accurate and current than the previous 6-year cycle. The accuracy of the valuation system and certified values is dependent upon the timely reporting of newly taxable property.

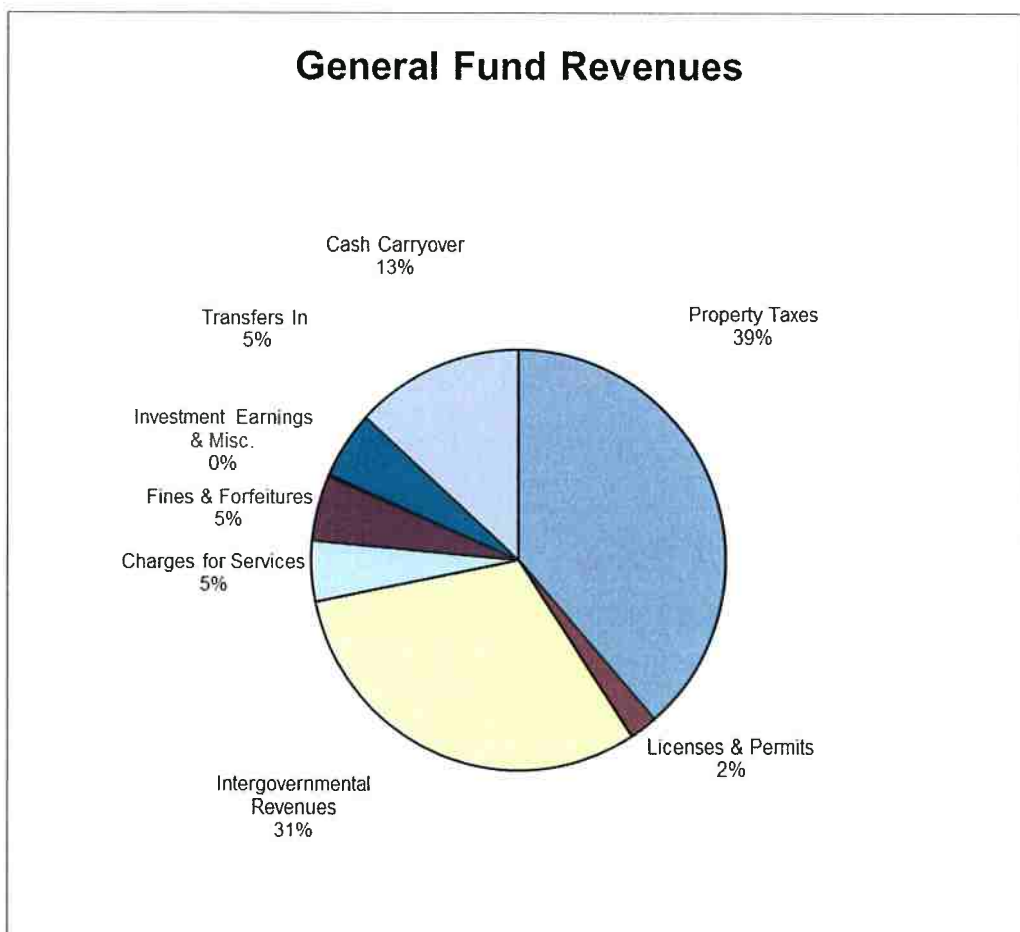
HISTORY AND ANALYSIS										
Fiscal Year	Taxable Valuation	Increase (Decrease) From Prior Year	Previous Year Levy	Current Year Authorized Levy	Floated Mill - Up-(Down)	Current Year Actual Levy	Carry Forward Mills Available	Permissive Mills Voted Levy	Med. Levy	Total Mills
17-18	6,946,439	8.34%	182.083	180.460	(1.623)	176.500	3.960	21.358	18.491	216.349
18-19	6,834,299	-1.61%	180.460	185.890	5.430	189.850	(3.960)	19.158	17.962	226.970
19-20	7,482,213	9.48%	185.890	178.380	(7.510)	178.380	0.000	11.634	22.831	212.845
20-21	7,694,963	2.84%	178.380	181.290	2.910	181.290	0.000	11.294	29.592	222.176
21-22	8,891,315	15.55%	181.290	164.410	(16.880)	157.854	6.556	8.574	25.319	191.747

Unfortunately, even with growth, the increase in the available tax revenue does not generate the funds needed to provide the necessary level of service. During the 2019 FY, the City Council added the first police officer position in over two decades, bringing the department up to 9 full-time officers. To provide the funding for this priority while staying within the available resources, the Council reduced funding for parks and capital projects. The City Council had also begun evaluating the needs of the Fire Department. The City's fire department consists of a full-time paid Chief, shared with the Columbia Falls Rural Fire Department, and 28 outstanding volunteer firemen. The Fire Department is experiencing significantly higher call loads, particularly during the day time hours when the firemen volunteers are not available.

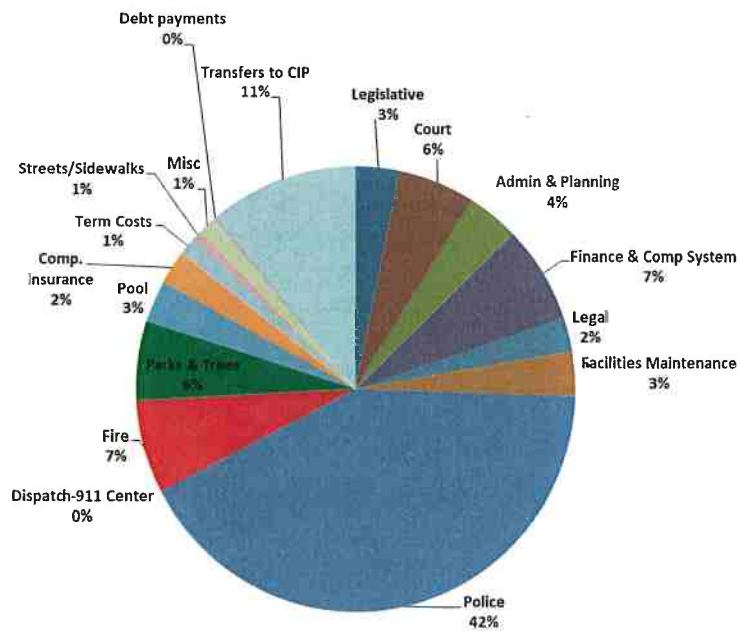
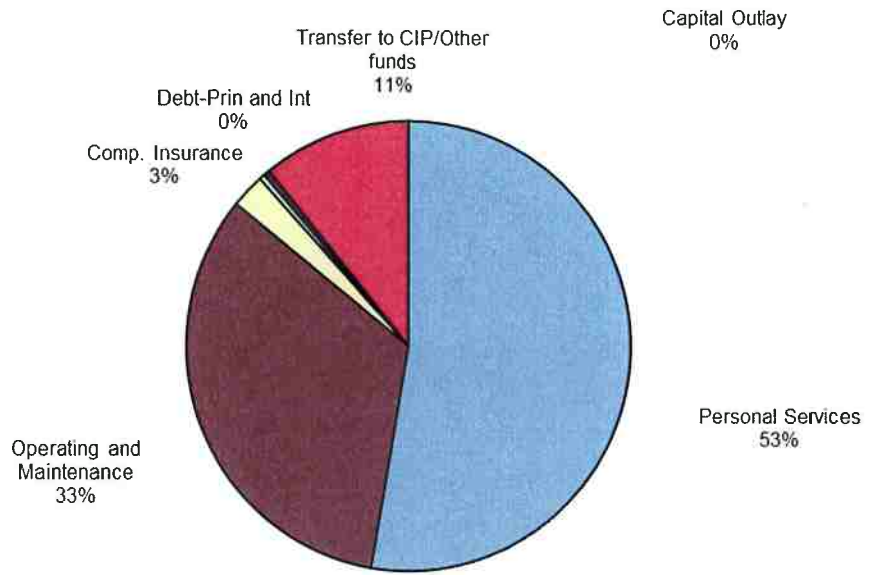
The City identified a significant short-fall in funding needed to properly staff the City’s police and fire departments. The City Council studied the pros and cons of funding avenues for public safety including a voted property tax levy and resort tax option (See attached Exhibit). After a thorough and detailed study, the City Council voted to submit the Resort Tax question to the electorate, passing the Resort Tax in June 2020. Due to the unknowns of the COVID-19 pandemic, the Council delayed the collection of the Resort Tax from October 2020 to October 2021. The October 2021 – June 2022 collections will be reflected in next year’s budget. The Resort tax will be used as follows: 55% Public Safety (police and fire), 25% Direct Property Tax Relief, 14% Infrastructure capital improvements such as parks, streets, water, and sewer, 5% to the business owners for their cost of administering the tax and finally, 1% for city administrative costs for software and audit (no additional administrative personnel will be added).

As shown above, the City’s certified taxable valuation for mill purposes increased 15.55% to a value of \$8,891,315 compared to last year’s value of \$7,694,963. Therefore, any taxpayer whose property valuation increased less than 15.55% saw a reduction in their City taxes as the levy was reduced 30.429 mills (including the 6.556 mills the Council chose not to levy). However, any taxpayer whose property valuation increased greater than the 15.55% had an increase in their City property taxes. As part of the budgeting process, the City Council always reviews the anticipated impact on the taxpayers, paying particular attention to the Class 4, residential and small business taxpayers.

The City’s General Fund is funded 61% by the 15-10-420 Property Tax Levy and the State Entitlement Program. The importance of these two revenue sources remaining stable and predictable cannot be overstated.



GENERAL FUND EXPENDITURES



One of the discussion points for today's meeting is the role of residential property tax for our government. The City tracks the makeup of the Taxable Valuation breakdown and the Class 4 residential taxpayers, \$6.5m, now make up approximately 2/3 of the City's total taxable value with Total Class 4 representing 86% of the total. (See attached 2018-2021 analysis). In 2008, the Class 4 total was \$4.6 million and represented 81% of the total taxable valuation. Fortunately, our city has had significant residential and commercial growth.

The "Big Bill" created a lasting partnership with Cities/Counties and the State Legislature/State agencies that require on-going cooperation and discussions. Two prominent issues that require discussion include the annual assessment notice and reported tax impact and the timely and accurate reporting of newly taxable property.

Sincerely,

A handwritten signature in blue ink, appearing to read "Susan M. Nicosia", with a long horizontal flourish extending to the right.

Susan M. Nicosia, CPA, MPA
City Manager



Determination of Tax Revenue and Mill Levy Limitations

Section 15-10-420, MCA

Aggregate of all Funds

FYE June 30, 2022

Entity Name: City of Columbia Falls

Reference Line	Enter amounts in yellow cells	Auto-Calculation (if completing manually enter amounts as instructed)
(1) Enter Ad valorem tax revenue ACTUALLY assessed in the prior year <i>Prior Year's form Line 17</i>	(from \$ 1,395,020	\$ 1,395,020
(2) Add: Current year inflation adjustment @ 0.93%		\$ 12,974
(3) Subtract: Ad valorem tax revenue ACTUALLY assessed in the prior year for Class 1 and 2 property, (net and gross proceeds) (from <i>Prior Year's form Line 20</i>)-(enter as negative)		\$ -
(4) Adjusted ad valorem tax revenue		\$ 1,407,994
= (1) + (2) + (3)		
<u>ENTERING TAXABLE VALUES</u>		
(5) Enter 'Total Taxable Value' - from Department of Revenue <i>Certified Taxable Valuation Information</i> form, line # 2	\$ 9,957,662	\$ 9,957,662
(6) Subtract: 'Total Incremental Value' of all tax increment financing districts (TIF Districts) - from Department of Revenue <i>Certified Taxable Valuation Information</i> form, line # 6 (enter as negative)	\$ 1,066,347	\$ (1,066,347)
(7) Taxable value per mill (after adjustment for removal of TIF per mill incremental district value)		\$ 8,891.315
= (5) + (6)		
(8) Subtract: 'Total Value of Newly Taxable Property' - from Department of Revenue <i>Certified Taxable Valuation Information</i> form, line # 3 (enter as negative)	\$ (327,326)	\$ (327,326)
(9) Subtract: 'Taxable Value of Net and Gross Proceeds, (Class 1 & 2 properties)' - from Department of Revenue <i>Certified Taxable Valuation Information</i> form, line # 5 (enter as negative)		\$ -
(10) Adjusted Taxable value per mill		\$ 8,563.989
= (7) + (8) + (9)		
(11) CURRENT YEAR calculated mill levy		164.41
= (4) / (10)		
(12) CURRENT YEAR calculated ad valorem tax revenue		\$ 1,461,821
= (7) x (11)		
<u>CURRENT YEAR AUTHORIZED LEVY/ASSESSMENT</u>		
(13) Enter total number of carry forward mills from prior year (from <i>Prior Year's form Line 22</i>)	0.00	0.00
(14) Total current year authorized mill levy, including Prior Years' carry forward mills		164.41
= (11) + (13)		
(15) Total current year authorized ad valorem tax revenue assessment		\$ 1,461,821
= (7) x (14)		
<u>CURRENT YEAR ACTUALLY LEVIED/ASSESSED</u>		
(16) Enter number of mills actually levied in current year (Number should equal total <u>non-voted</u> mills, which includes the number of carry forward mills, actually imposed per the final approved current year budget document. Do Not include voted or permissive mills imposed in the current year.)	157.85	157.85
(17) Total ad valorem tax revenue actually assessed in current year		\$ 1,403,494
= (7) x (16)		
<u>RECAPITULATION OF ACTUAL:</u>		
(18) Ad valorem tax revenue actually assessed		\$ 1,351,826
= (10) x (16)		
(19) Ad valorem tax revenue actually assessed for newly taxable property		\$ 51,668
(20) Ad valorem tax revenue actually assessed for Class 1 & 2 properties (net-gross proceeds)		\$ -
(21) Total ad valorem tax revenue actually assessed in current year		\$ 1,403,494
= (18) + (19) + (20)		
(22) Total carry forward mills that may be levied in a subsequent year (Number should be equal to or greater than zero. A (negative) number indicates an over levy.)		6.56
= (14) - (16)		

January 2020 Analysis of Property Tax Impact – Voted Levy vs Resort Tax:

Voted Levy - \$450,000:		Approx Mills		
Current Mill Value	7482.213	60.14		
Current Mills 19-20 FY		212.845		
		272.99	28%	increase
Resort Tax - Raising \$450,000 (From DOR codes)		Approx \$\$		
Property Relief	25%	\$ 112,500	15.036	
Admin back to business	5%	\$ 22,500		
Specified Use:				
Public Safety	55%	\$ 247,500		
Infrastructure-parks/water sewer/sidewalks/paths	14%	\$ 63,000		
City Admin (software/audit)	1%	\$ 4,500		
Total	100%	\$ 450,000		
How Property Tax Relief Works:				
On Flathead County Property Tax Statement				
City Property Mills	212.845			
Less: Resort Tax Mills	(15.036)			
Net City Property Mills	197.809			
Tax Effect of Alternatives:				
Voted Levy - additional 60.14 mills	MILLS	60.14	Tax Value	
Per \$100,000 Residential Value - 1.35% tax rate		\$ 81.19	1350	
Per \$100,000 Commerical Value - 1.89% tax rate		\$ 113.66	1890	
Property Tax Relief - 15.036 mill reduction	MILLS	-15.036		
Per \$100,000 Residential Value - 1.35% tax rate		\$ (20.30)	1350	
Per \$100,000 Commerical Value - 1.89% tax rate		\$ (28.42)	1890	

Tax Analysis - 2018 - 2021

Tax Value Breakdown - Columbia Falls:

		2018 Tax Value:				% of Total	Change 2017 - 2018	2019 Tax Value:				% of Total	Change 2018 - 2019	
Residential, Commercial and Industry (Residential Share)		Tax rates	1.35	\$ 6,028,251.00	\$ 4,405,916.00	73.1%	2.26%	Tax rates	1.35	\$ 6,899,460.00	\$ 5,192,766.00	75.3%	17.86%	
(Commercial Share)			1.89		\$ 1,522,408.00	25.3%	-1.53%		1.89		\$ 1,666,874.00	24.2%	9.49%	
(Industry Share)			1.89		\$ 99,927.00	1.7%	12.89%		1.89		\$ 39,820.00	0.6%	-60.15%	
Total Class 4					\$ 6,028,251.00		2.23%				\$ 6,899,460.00		14.45%	
Mobile Homes			1.35	\$ 12,871.00		0%	-3.11%		1.35	\$ 13,517.00		0.17%	5.02%	
Mach/Equip - Water Pollution/Rural Elec			3.00	\$ 11,047.00		0%	-4.65%		3.00	\$ 10,959.00		0.13%	-0.80%	
Business Equipment			1.05-1.35-3.0	\$ 246,618.00		3%	-15.07%		1.05-1.35-3.0	\$ 242,779.00		2.99%	-1.56%	
Utilities		Real/mileage	12.00	\$ 688,716.00	\$ 244,253.00	35.5%	9%	-6.00%	12.00	\$ 707,151.00	\$ 249,960.00	35.3%	8.70%	2.68%
		PERS			\$ 444,463.00	64.5%				\$ 457,191.00	\$ 457,191.00	64.7%		
Railroad/Telecommunications/Airline		Real/mileage	6.00	\$ 272,414.00	\$ 216,321.00	79.4%	4%	-5.97%	6.00	\$ 250,154.00	\$ 190,090.00	76.0%	3.08%	-8.17%
		PERS/mileage	3.12		\$ 56,093.00	20.6%			3.20		\$ 60,064.00	24.0%		
Non-qual AG Land Class 3			15.12	19.00					15.12	20.00				
Forest Land Class 1			0.37	15.00					0.37	15.00				
Total City-Wide Tax Value				\$ 7,259,951.00		100%	0.36%			\$ 8,124,055.00		100.00%	11.00%	
				\$ 25,686.00						\$ 864,104.00				
newly taxable		\$	184,536.00					newly taxable	\$	134,253.00				
change in tax value			(\$158,850.00)	\$131,635.00				change in tax value		\$729,851.00				



**FLATHEAD COUNTY
2021 REAL ESTATE TAX BILL**

Adele Krantz, Treasurer
935 1st Ave W Ste T Kalispell MT 59901
(406) 758-5680
https://flathead.mt.gov/property_tax



MICHAEL W & SUSAN MARIE NICOSIA JR
PO BOX 2241
COLUMBIA FALLS MT 59912

1 **ASSESSOR NUMBER: 0885846**
TAX BILL NUMBER: 202159829
SCHOOL DISTRICT: 76
GEO CODE: 07418608304010000

Parties with ownership interest as of January 1, 2021
Owner of Record: NICOSIA JR, MICHAEL W & SUSAN MARIE

Property Location:
635 7TH AVE W
COLUMBIA FALLS MT 59912
Property Description
08 30 20 RUTHERFORD ADD 2 LOT 9 EX N40' BLK 7 08 30 20
RUTHERFORD ADD 2 LOT 10 BLK 7

Type of Property	Market Value	Taxable Value
Real Estate	54,563	737.00
Improvements	252,837	3,413.00
Totals	307,400	4,150.00

Description	Percentage	Amount
County Functions	18.99%	630.73
Education	53.24%	1767.69
City Functions	27.45%	911.64
Other	0.29%	9.84

SUMMARY OF TAXES, LEVIES & FEES

COUNTY	.063010	261.49	COUNTY LIBRARY	.005660	23.49
SHERIFF	.030000	124.50	CO PERM MED LEVY	.012880	53.45
NOXIOUS WEEDS	.001270	5.27	COUNTYWIDE MOSQUITO	.000910	3.78
911 GENER OBLIG BOND	.001350	5.60	PERM SRS LEVY	.000640	2.66
BOARD OF HEALTH	.004990	20.71	FECC SPECIAL DIST	.011820	49.05 *
COUNTY LANDFILL		80.73			
SUBTOTAL - TAXES FOR COUNTY FUNCTIONS...			.132530		630.73
STATE - UNIVERSITY	.006000	24.90	GENERAL SCHOOLS	.101010	419.19
STATE - SCHOOL AID	.040000	166.00	FLAT VAL COM COLLEGE	.013230	54.90
COLUMBIA FALLS H.S.	.055990	232.36	COL FLS CITY ELEM 76	.204610	849.13
FVCC PERMIS MED LEVY	.005110	21.21			
SUBTOTAL - TAXES FOR EDUCATION.....			.425950		1767.69
COLUMBIA FALLS CITY	.166428	690.67	CF PERM MED LEVY	.025319	105.07
COL FLS LIGHT		28.43	COL FLS STREET MAINT		87.47
SUBTOTAL - TAXES FOR CITY FUNCTIONS.....			.191747		911.64
COL FALLS CEMETERY	.002370	9.84			
SUBTOTAL - OTHER TAXES AND FEES.....			.002370		9.84
Total Mills Levied	0.752597				
Taxes and Fees . . . 3319.90					

20891 **1st Installment due 11/30/2021 = 1659.97**
2nd Installment due 05/31/2022 = 1659.93

* - indicates newly voted levy

Tax paid receipts will be mailed only if a self-addressed stamped envelope is enclosed.
To pay or view taxes online, go to https://flathead.mt.gov/property_tax.
A 3% fee will be charged on all credit/debit card payments. There is no fee to pay by e-check.
Payments made after 5:00 pm or postmarked after the due date must include 2% penalty & monthly interest of 5/6 of 1% (0.008333).
Flathead County no longer accepts checks drawn on Canadian Banks

Keep upper portion for your records.

Return stub with payment. Payment must be hand delivered, paid online, or postmarked by 5:00 pm on:

MAY 31, 2022

Make checks payable to **FLATHEAD COUNTY TREASURER**

Please include your tax bill number on your check.

Pay by e-check, credit/debit card online at https://flathead.mt.gov/property_tax

DO NOT PAY THIS IF IT IS INCLUDED IN YOUR MORTGAGE PAYMENT

If your address has changed, please make corrections below.

MICHAEL W & SUSAN MARIE NICOSIA JR
PO BOX 2241
COLUMBIA FALLS MT 59912

ASSESSOR NUMBER: 0885846
TAX BILL NUMBER: 202159829
SCHOOL DISTRICT: 76

No additional notice will be sent for this installment.

Tax Amount Due: 1659.93

2ND 2021 REAL ESTATE



Return stub with payment. Payment must be hand delivered, paid online, or postmarked by 5:00 pm on:

NOVEMBER 30, 2021

Make checks payable to **FLATHEAD COUNTY TREASURER**

Please include your tax bill number on your check.

Pay by e-check, credit/debit card online at https://flathead.mt.gov/property_tax

DO NOT PAY THIS IF IT IS INCLUDED IN YOUR MORTGAGE PAYMENT

If your address has changed, please make corrections below.

MICHAEL W & SUSAN MARIE NICOSIA JR
PO BOX 2241
COLUMBIA FALLS MT 59912

Tax Amount Due: 1659.97

3319.90

1ST 2021 REAL ESTATE





FLATHEAD COUNTY 2020 REAL ESTATE TAX BILL

Adele Krantz, Treasurer
935 1st Ave W Ste T Kallispell MT 59901
(406) 758-5680
http://flathead.mt.gov/property_tax



1

ASSESSOR NUMBER: 0885846
TAX BILL NUMBER: 202058917
SCHOOL DISTRICT: 76
GEO CODE: 07418608304010000

MICHAEL W & SUSAN MARIE NICOSIA JR
PO BOX 2241
COLUMBIA FALLS MT 59912

Property Location:
635 7TH AVE W
COLUMBIA FALLS MT 59912
Property Description
08 30 20 RUTHERFORD ADD 2 LOT 9 EX N40' BLK 7 08 30 20
RUTHERFORD ADD 2 LOT 10 BLK 7

Parties with ownership interest as of January 1, 2020
Owner of Record.....NICOSIA JR, MICHAEL W & SUSAN MARIE

Type of Property	Market Value	Taxable Value
Real Estate	48,625	656.00
Improvements	212,875	2,874.00
Totals	261,500	3,530.00

Description	Percentage	Amount
County Functions	18.25%	564.73
Education	52.26%	1617.09
City Functions	29.18%	902.86
Other	0.29%	9.07

SUMMARY OF TAXES, LEVIES & FEES

COUNTY	.068630	242.27	COUNTY LIBRARY	.006260	22.10
SHERIFF	.038700	136.61	CO PERM MED LEVY	.012760	45.04
NOXIOUS WEEDS	.001280	4.52	COUNTYWIDE MOSQUITO	.000910	3.21
911 GENER OBLIG BOND	.001880	6.64	PERM SRS LEVY	.000700	2.47
BOARD OF HEALTH	.005990	21.14	COUNTY LANDFILL		80.73
SUBTOTAL - TAXES FOR COUNTY FUNCTIONS...			.137110	564.73	
STATE - UNIVERSITY	.006000	21.18	GENERAL SCHOOLS	.104120	367.54
STATE - SCHOOL AID	.040000	141.20	FLAT VAL COM COLLEGE	.014490	51.15
COLUMBIA FALLS H.S.	.061960	218.72	COL FLS CITY ELEM 76	.225490	795.98
FVCC PERMIS MED LEVY	.006040	21.32			
SUBTOTAL - TAXES FOR EDUCATION.....			.458100	1617.09	
COLUMBIA FALLS CITY	.192584	679.82	CF PERM MED LEVY	.029592	104.46
COL FLS LIGHT		28.44	COL FLS STREET MAINT		90.14
SUBTOTAL - TAXES FOR CITY FUNCTIONS.....			.222176	902.86	
COL FALLS CEMETERY	.002570	9.07			
SUBTOTAL - OTHER TAXES AND FEES.....			.002570	9.07	
Total Mills Levied	0.819956				
Total Taxes and Fees . . .			3093.75		

19979 **1st Installment due 11/30/2020 = 1546.88**
2nd Installment due 05/31/2021 = 1546.87

Tax paid receipts will be mailed only if a self-addressed stamped envelope is enclosed.
To pay or view taxes online, go to http://flathead.mt.gov/property_tax.
A 3% fee will be charged on all credit/debit card payments. There is no fee to pay by e-check.
Payments made after 5:00 pm or postmarked after the due date must include 2% penalty & monthly interest of 5/6 of 1% (0.008333).
Flathead County no longer accepts checks drawn on Canadian Banks

Keep upper portion for your records.

Return stub with payment. Payment must be hand delivered, paid online, or postmarked by 5:00 pm on: **MAY 31, 2021**

Make checks payable to **FLATHEAD COUNTY TREASURER**

Please include your tax bill number on your check.

Pay by e-check, credit/debit card online at http://flathead.mt.gov/property_tax

DO NOT PAY THIS IF IT IS INCLUDED IN YOUR MORTGAGE PAYMENT

If your address has changed, please make corrections below.

MICHAEL W & SUSAN MARIE NICOSIA JR
PO BOX 2241
COLUMBIA FALLS MT 59912

ASSESSOR NUMBER: 0885846
TAX BILL NUMBER: 202058917
SCHOOL DISTRICT: 76

No additional notice will be sent for this installment.

Tax Amount Due: 1546.87

2ND 2020 REAL ESTATE



Return stub with payment. Payment must be hand delivered, paid online, or postmarked by 5:00 pm on: **NOVEMBER 30, 2020**

Make checks payable to **FLATHEAD COUNTY TREASURER**

Please include your tax bill number on your check.

Pay by e-check, credit/debit card online at http://flathead.mt.gov/property_tax

DO NOT PAY THIS IF IT IS INCLUDED IN YOUR MORTGAGE PAYMENT

If your address has changed, please make corrections below.

MICHAEL W & SUSAN MARIE NICOSIA JR
PO BOX 2241
COLUMBIA FALLS MT 59912

Tax Amount Due: 1546.88

3093.75

1ST 2020 REAL ESTATE

