

Memorandum

REPORT TO: City Commission

FROM: Melissa Hodnett, Finance Director

SUBJECT: Resolution Establishing Fiscal Year 2026 (FY26) Property Tax Levies and Related Actions and Resolutions

MEETING DATE: August 26, 2025

AGENDA ITEM TYPE: Resolution

RECOMMENDATION: Consider each Motion:

1. *Adopt the resolution converting voted mills to dollars.*
2. *Adopt the resolution repealing section 3 of Resolution 3954.*
3. *Adopt the resolution establishing and affixing property tax mill levies for fiscal year 2026.*

STRATEGIC PLAN: 7.5. Funding and Delivery of City Services: Use equitable and sustainable sources of funding for appropriate City services, and deliver them in a lean and efficient manner.

BACKGROUND: Each year, the City Commission sets property tax rates, called mill levies, based on certified property values provided by the Montana Department of Revenue. For FY26, recent state law changes affect how much revenue the City can raise and how mill levies impact taxpayers.

Tonight's agenda includes three possible action items to address these changes. Presenting potential actions together allows the Commission and the public to see the full financial picture, including budgetary impacts, compliance with state law, and operational implications. See the attached memo titled "FY26 Property Tax Levies and Related Actions" for a detailed outline of the options and resolutions on the agenda tonight.

UNRESOLVED ISSUES: None.

ALTERNATIVES: Alternatives are outlined in the attached memo titled "FY26 Property Tax Levies and Related Actions".

FISCAL EFFECTS: Tonight's decisions will determine the budgetary shortfall in the General Fund in FY26 which likely require budget reductions by the City Manager. Regardless of Commission actions, the expected annual cost to the median single-family taxpayer in Bozeman is expected to decrease compared to the prior year, due to changes in tax rates by the Montana State Legislature. See attached memo titled "FY26 Property Tax Levies and Related Actions" for

more details.

Attachments:

[1a-Resolution to Convert Voted Mills to Dollars.docx](#)

[1b-Alternate Resolution to Reset Voted Mills.docx](#)

[2-Resolution Repealing Section 3 Resolution 3954.docx](#)

[3-ResolutionEstablishingMillLevies.docx](#)

[FY26 Property Tax Levies and Related Actions.pdf](#)

Report compiled on: August 21, 2024