



FISCAL YEAR 2026 BUDGET

## LEGISLATIVE CHANGES TO TAX STRUCTURE

SB 542, together with HB 231, restructures Montana's property tax system into **value-based tiers**, offering relief to heartland homeowners while shifting more of the state's tax burden onto second homes, rental-heavy properties, and commercial or industrial assets. The design phases are expected to last over two years, begin with a rebate in 2025, and implement permanent tiering in 2026.

This change results in a decrease in the value of a mill and has an impact on the city's tax revenue.

Fiscal Year	Ag	Primary Residence								Long-Term Rental	Second Residence	Short-term Rental					
		SF Residential											Commercial and Industrial				
		All values	All values	<MHV	MHV to <\$400k	\$400k to <2x MHV	2x MHV to <4x MHV	4x MHV to \$1.5m	>\$1.5 million or >4x MHV				All values	All values			
2025	2.16%			1.35%	1.35%	1.35%	1.35%	1.35%	1.89%	Same as SF values	Same as SF values	Same as SF values	1.89%	1.89%			
2026	2.05%	\$400 Rebate	.76%	.76%	1.1%	1.1%	1.1%	2.2%	Same as SF value rates; if MF over \$2m 1.89%	Same as SF value rates; if MF over \$2m 1.89%	Same as SF value rates; if MF over \$2m 1.89%	1.4%	1.89%				
2027	2.05%		.76%	.9%	.9%	1.1%	1.9%	1.9%	SF same as value rates; MF 1.1%	1.9%	1.9%	1.9%	1.5%	1.9%			
2028	2.05%		.76%	.9%	.9%	1.1%	1.9%	1.9%	SF same as value rates; MF 1.1%	1.9%	1.9%	1.9%	1.5%	1.9%			

\* MWV means Statewide Median Home Value (as of July 2024 is \$375,000)

## LEGISLATIVE CHANGES TO TAX STRUCTURE

HB 231 also impacts existing mill levies by requiring local governments to choose between two options for converting fixed mill levies to decrease the impact of fixed levies on taxpayers.

Option 1: Convert to a dollar amount using FY25 dollars in FY 2026 and following inflation in 15-10-420 (1/2 inflation FY 26; then full inflation up to 4% beginning FY 27)

Option 2: In FY26, calculate the number of mills that raise the FY25 dollars, then freeze that FY26 mill count forever.

During the August 11, 2025 , City Council workshop, staff presented these options to the City Council, and it was determined that Option 1 would provide the best outcome for the city's revenue.

Resolutions converting the Public Safety Mill Levy (Resolution 2025-27) and the Library Operations Mill Levy (Resolution 2025-28) to dollars were adopted at the August 18<sup>th</sup> City Council Meeting.

Mill levy calculations on the next slides reflect these changes, and it should be noted that **a comparison of mill levy amounts for this year is not beneficial**, as the conversion to a dollar-based fixed levy kept the total taxes assessed the same, but significantly increased the number of mills required to reach that dollar amount with the decreased value of a mill.

## PROPERTY VALUES & MILL LEVY CALCULATIONS

	General Mill Levy	City Planning Mill Levy	Rural Planning Mill Levy	
Market Value	3,142,835,001.00	3,142,835,001.00	4,668,733,715.00	
Total Taxable Value	34,354,219.00	34,354,219.00	59,106,816.00	
Newly Taxable Value	3,728,268.00	3,728,268.00	3,016,139.00	
Tax Increment (TIF) Value	1,512,097.00	1,512,097.00	-	
Inflation Adjustment	2.11%	2.11%	2.11%	
	General	City Planning	Rural Planning	Total Mill Levies
Prior Year Revenue	2,308,670.00	72,237.00	108,828.00	
Inflation Adjustment	48,712.94	1,524.20	2,296.27	52,533.41
<b>Adjusted Ad Valorem</b>	<b>2,357,382.94</b>	<b>73,761.20</b>	<b>111,124.27</b>	
Total Taxable Value per Mill	34,354.22	34,354.22	59,106.82	
TIF Value per Mill	(1,512.10)	(1,512.10)	-	
<b>Taxable Value Per Mill</b>	<b>32,842.12</b>	<b>32,842.12</b>	<b>59,106.82</b>	
Newly Taxable	(3,728.27)	(3,728.27)	(3,016.14)	
<b>Adjusted Taxable Value per Mill</b>	<b>29,113.85</b>	<b>29,113.85</b>	<b>56,090.68</b>	
<b>Current Year Calculated Mill Levy</b>	<b>80.97</b>	<b>2.53</b>	<b>1.98</b>	<b>85.49</b>
<b>Current Year Ad Valorem Revenue Estimate</b>	<b>2,659,265.17</b>	<b>83,206.93</b>	<b>117,099.71</b>	<b>2,859,571.81</b>
	Mill Levy	CPI Adjustment	Prior Year Tax Revenue	
Library Mill Levy	9.45	6,414.80	304,019.00	310,433.80
Public Safety Mill Levy	80.34	54,525.84	2,584,163.00	2,638,688.84
<b>Total Fixed Mill Levy</b>	<b>89.80</b>	<b>60,940.64</b>	<b>2,888,182.00</b>	<b>2,949,122.64</b>
<b>Library Debt Service Levy</b>	<b>44.07</b>	-	-	<b>1,513,836.00</b>
<b>Permissive Medical Levy</b>	<b>18.36</b>	-	-	<b>602,984.31</b>
<b>Total Annual Mill Levy</b>	<b>237.71</b>			<b>7,925,514.76</b>

## FISCAL YEAR 2026 (TAX YEAR 2025) MILL LEVY COMPARISON

	FY 2026		FY 2025		Variance		
	Mills	Revenue	Mills	Revenue	Mills	Revenue	%
<b>Non-Voted Tax Levies</b>							
<b>General Fund</b>	<b>80.97</b>	<b>2,659,265</b>	<b>61.61</b>	<b>2,341,327</b>	19.36	317,938	14%
	<b>80.97</b>	<b>2,659,265</b>	<b>61.61</b>	<b>2,341,327</b>	<b>19.36</b>	<b>317,938</b>	<b>14%</b>
<b>Library</b>	-	-	<b>5.64</b>	<b>214,333</b>	(5.64)	(214,333)	-100%
<b>Permissive Medical Levy</b>	<b>18.36</b>	<b>602,981</b>	<b>10.43</b>	<b>409,098</b>	7.93	193,883	47%
<b>Total Non-Voted</b>	<b>99.33</b>	<b>3,262,247</b>	<b>77.68</b>	<b>2,964,759</b>	<b>21.65</b>	<b>(20,450)</b>	<b>-1%</b>
<b>Voted Levies</b>							
<b>Library Mill Levy</b>	<b>9.45</b>	<b>310,434</b>	<b>8.00</b>	<b>304,019</b>	1.45	6,415	2%
<b>Library Debt Service</b>	<b>44.07</b>	<b>1,513,836</b>	<b>30.13</b>	<b>1,144,969</b>	13.94	368,867	32%
<b>Public Safety Mill Levy</b>	<b>80.34</b>	<b>2,638,689</b>	<b>68.00</b>	<b>2,584,163</b>	12.34	54,526	2%
	<b>133.87</b>	<b>4,462,959</b>	<b>106.13</b>	<b>4,033,151</b>	<b>27.74</b>	<b>429,808</b>	<b>11%</b>
<b>Planning</b>							
<b>City Planning</b>	<b>2.53</b>	<b>83,207</b>	<b>2.10</b>	<b>79,805</b>	0.43	3,402	4%
<b>Rural Planning</b>	<b>1.98</b>	<b>117,100</b>	<b>1.76</b>	<b>114,156</b>	0.08	2,943	3%
<b>TOTAL MILLS</b>	<b>237.71</b>	<b>7,925,512</b>	<b>187.67</b>	<b>7,191,871</b>	<b>50.04</b>	<b>733,640</b>	<b>10%</b>

The City has three non-voted levies. The General Mill Levy supports the General Fund, the Library, and portions of other governmental funds as needed.

There are also three voted levies. The Public Safety Mill Levy, the Library Operations Mill Levy, and the Library Debt Service Levy. The Library Debt levy did not require conversion as it is already based on the dollar amount equal to the annual debt payments for the fiscal year.

The Permissive Medical Levy collects funds to cover the healthcare costs of employees funded by governmental sources.

In prior years, the City allocated a specific number of mills from the General Levy directly to the Library. There is no record of any official action requiring this, and all of the General Mill Levy will be recorded in the General Fund and only what is required to fund the library for the fiscal year will be transferred to the Library Fund.

## IMPACT OF MILL LEVY ON PROPERTY OWNERS

	Permanent Mill Levies	Voted Mill Levies	Permissive Medical Levy	Total Mill Levy
<b>FY 2025 Levy per \$100,000 of Value</b>	71.11	106.13	10.43	187.67
	<b>\$96.00</b>	<b>\$143.28</b>	<b>\$14.08</b>	<b>\$253.35</b>
<b>FY 2026 Levy per \$100,000 of Value</b>	85.49	133.86	18.36	237.71
	<b>\$94.03</b>	<b>\$147.25</b>	<b>\$20.20</b>	<b>\$261.48</b>
<b>Variance</b>	14.38	27.73	7.93	50.04
	<b>(\$1.96)</b>	<b>\$3.97</b>	<b>\$6.12</b>	<b>\$8.12</b>

The variance per \$100,000 includes both the tax rate and mill levy adjustments. These figures are accurate for single-family residential under \$1.5 million and vary for other property classifications.

### Permissive Medical Levy - Fiscal Year 2026

Market Value	3,142,835,001.00
Total Taxable Value	34,354,219.00
Newly Taxable Value	3,728,268.00
Tax Increment (TIF) Value	1,512,097.00
 Taxable Value less TIF	 32,842,122.00

	<b>Employer Contribution</b>	<b>Average Monthly Contribution</b>	<b>Actual # of Employees</b>
Fiscal Year 2011 - Base	215,769.00	485.97	37
Fiscal Year 2026	1,098,669.85	1,077.13	85
Increase from Base Year		591.16	
 Adjusted Base Contribution		495,685.54	
Increase in Employer Contribution from Base Year		602,984.31	

Mills Allowed	18.36
Total Tax Revenue Generated	602,984.31

## FISCAL YEAR 2026 BUDGET

	Beginning Balance	Revenue	Other Financing Sources	Expenses	Other Financing Uses	Restricted Fund Balance	Unrestricted Fund Balance
1000 General Fund	1,958,491	7,822,249	2,868,630	9,649,984	1,926,954	-	1,072,432
2210 Belgrade Parks, Trails & Recreation District	369,197	1,763,356	-	1,088,219	948,324	-	96,010
2225 Library Fund	140,482	624,022	524,694	830,347	458,851	-	0
2250 Planning Fund	381,814	439,607	252,944	674,605	399,760	-	(0)
2280 Senior Citizens	153,622	274,627	24,448	343,769	90,777	-	18,152
2300 Public Safety Mill Levy	-	-	-	-	-	-	-
2310 Urban Renewal District	2,989,590	1,041,337	-	1,149,192	176,164	-	2,705,571
2372 Permissive Medical Levy	-	602,984	-	-	602,984	-	(0)
2390 Drug Forfeiture	37,754	1,500	-	-	-	-	39,254
2397 CDBG 1993	495,321	-	-	-	490,000	-	5,321
2394 Building Code Fund	1,231,033	1,288,750	40,007	756,581	532,425	586,953	683,831
2399 Impact Fees	9,039,300	2,020,000	-	-	6,902,004	4,157,296	-
2550 Street Maintenance Fund	172,343	1,228,100	96,301	1,020,832	475,911	-	0
2820 Gas Tax	431,776	524,905	-	-	-	-	956,681
2917 Victims Advocates	1,406	-	-	-	-	-	1,406
3021 Library GO Debt	(488,279)	1,513,836	-	1,157,600	-	-	(132,043)
3400 SID Revolving Fund	93,556	-	-	-	-	-	93,556
3578 SID 78 Utilities	804,966	325,000	-	325,400	-	-	804,566
4010 Capital Improvement Program	1,800,402	28,819,132	10,336,728	41,002,397	135,624	-	(181,759)
4011 Parks District CIP	629,658	3,000	701,240	569,500	-	-	764,398
4020 Library - CIP	67,943	-	109,113	177,056	-	-	-
6009 Facilities Maintenance	116,001	-	1,077,171	1,085,624	-	-	107,548
6010 Fleet Services	833,531	20,476	918,734	918,734	-	-	854,007
7050 Fire Retirement Fund	1,063,061	47,000	32,842	86,356	-	-	1,056,547
	22,322,968	48,359,882	16,982,852	60,836,196	13,139,780	4,744,249	8,945,478
5210 Water Operations	8,868,978	5,549,131	142,297	3,485,487	2,373,213	8,487,269	214,437
5310 Wastewater Operations	15,226,701	5,864,014	355,433	3,381,336	1,967,590	9,310,442	6,786,780
	24,095,679	11,413,145	497,730	6,866,823	4,340,803	17,797,711	7,001,217
2400-2601 Lighting Districts	127,377	250,368	-	195,167	-	-	182,578
	46,546,024	60,023,395	17,480,583	67,898,186	17,480,583	22,541,960	16,129,273

The General Fund exceeds the required 10% reserve. The fund is budgeted at 11.11%.

## PRELIMINARY VS FINAL BUDGET

	Changes to Beginning Fund Balance	Changes to Revenue	Changes to Other Financing Sources	Changes to Expenses	Changes to Other Financing Uses	Changes to Ending Fund Balance
1000 General Fund	226,516	120,772	507,227	491,688	1,110,483	(747,655)
2210 Belgrade Parks, Trails & Recreation District	109,578	(2,000)	-	37,000	81,675	(11,098)
2225 Library Fund	(178,917)	-	279,595	2,100	98,579	0
2250 Planning Fund	56,048	(25,992)	62,745	14,489	78,313	(0)
2280 Senior Citizens	43,239	16,527	(10,688)	10,100	20,827	18,152
2300 Public Safety Mill Levy						
2310 Urban Renewal District	222,726	10,000	-	684,192	72,617	(524,083)
2372 Permissive Medical Levy	-	602,984	-	-	602,984	(0)
2390 Drug Forfeiture	37,754	1,500	-	-	-	39,254
2397 CDBG 1993	495,321	-	-	-	490,000	5,321
2394 Building Code Fund	638,648	173,750	(410)	15,428	54,134	742,427
2399 Impact Fees	9,039,300	2,020,000	-	-	6,902,004	4,157,296
2550 Street Maintenance Fund	39,069	248,100	21,814	157,925	151,056	0
2820 Gas Tax	431,776	524,905	-	-	-	956,681
2917 Victims Advocates	1,406	-	-	-	-	1,406
3021 Library GO Debt	(488,279)	1,513,836	-	1,157,600	-	(132,043)
3400 SID Revolving Fund	93,556	-	-	-	-	93,556
3578 SID 78 Utilities	804,966	325,000	-	325,400	-	-
4010 Capital Improvement Program	1,800,402	28,819,132	10,336,728	41,002,397	135,624	-
4011 Parks District CIP	629,658	3,000	701,240	569,500	-	-
4020 Library - CIP	67,943	-	109,113	177,056	-	-
6009 Facilities Maintenance	86,672	-	190,262	170,889	-	106,046
6010 Fleet Services	828,331	19,276	647,229	647,229	-	847,607
7050 Fire Retirement Fund	1,063,061	47,000	32,842	86,356	-	1,056,547
	<b>16,048,774</b>	<b>34,417,791</b>	<b>12,877,697</b>	<b>45,549,349</b>	<b>9,798,298</b>	<b>6,609,414</b>
5210 Water Operations	8,810,609	4,817,867	90,553	1,441,893	1,381,720	7,633,938
5310 Wastewater Operations	13,324,651	914,964	50,414	1,965,157	13,531	13,297,468
	<b>22,135,260</b>	<b>5,732,831</b>	<b>140,967</b>	<b>3,407,050</b>	<b>1,395,251</b>	<b>20,931,406</b>
2400-2601 Lighting Districts	127,377	250,368	-	195,167	-	182,578
	<b>38,311,411</b>	<b>40,400,989</b>	<b>13,018,665</b>	<b>49,151,566</b>	<b>11,193,549</b>	<b>27,723,398</b>

This chart reflects the changes made between the preliminary and the final budget. Only operating funds (highlighted in blue) are budgeted in the preliminary budget. Fund balances represent the fund's equity/net position and do not reflect cash balances. Between the preliminary and final budgets, the Water and Wastewater funds were combined to include operations, debt service, and impact fees.

# SUPPLEMENTAL REQUESTS

## New Personnel

Finance	Customer Service Representative
Police	Police Admin Specialist
Technology	Systems Administrator
Public Works	Equipment Mechanic
Wastewater	Wastewater Operator
Forestry	Foreperson
City Manager	Communications Manager

SUPPLEMENTAL BY TYPE		
	REQUESTED	APPROVED
<b>Capital Purchase</b>	2,100,639.00	707,256.00
<b>Capital Improvements</b>	20,588,075.00	791,790.00
<b>Facilities Projects</b>	163,500.00	63,500.00
<b>Fleet Purchases</b>	712,153.00	700,153.00
<b>IT Purchases</b>	273,869.00	180,617.00
<b>Park CIP</b>	525,000.00	525,000.00
<b>Personnel</b>	2,835,832.00	908,818.00
	\$ 27,199,068.00	\$ 3,877,134.00
SUPPLEMENTAL BY DEPARTMENT		
	REQUESTED	APPROVED
<b>Facilities</b>	316,702.00	63,500.00
<b>Fleet</b>	102,000.00	90,000.00
<b>City Manager</b>	123,634.00	123,634.00
<b>Finance</b>	102,986.00	102,986.00
<b>Planning</b>	800.00	800.00
<b>Technology</b>	341,752.00	140,973.00
<b>Police</b>	964,951.00	426,473.00
<b>Building Inspections</b>	30,497.00	3,599.00
<b>PW Administration</b>	4,400,587.00	371,480.00
<b>Streets</b>	6,436,411.00	336,653.00
<b>Water</b>	2,738,409.00	559,144.00
<b>Wastewater</b>	10,671,187.00	1,026,022.00
<b>Engineering</b>	379,152.00	41,870.00
<b>Parks</b>	590,000.00	590,000.00
	\$ 27,199,068.00	\$ 3,877,134.00

Final budget documents will be compiled and delivered at a later date. However, a full budget summary will be posted to the website for review.

Further information was needed to approve street projects, and a budget amendment proposal will be brought to the City Council at a later date to address those needs.

The Parks budget was working through the approval process, as some other changes were made that had minor impacts, and this budget will also need to be amended in the near future.