

COUNCIL INITIATIVE PROPOSAL FORM

City Code Sec. 2-214(14). *Council Initiatives. This section of the agenda is reserved for individual councilmember requests for future legislative or staff action. These shall be limited to giving direction to staff to assist in formulating policies, work plans, etc. for future consideration of the city council. An initiative moves forward by majority vote of the city council.*

City Charter Sec. 3.08. *Interference with Administration. Except for the purposes of inquiries and investigations, the Council, its members and the Mayor shall deal with the City officers and employees who are subject to the direction and supervision of the City Administrator solely through the City Administrator.*

COUNCIL MEMBER PROPOSING INITIATIVE: RUPSIS

SHORT NAME OF INITIATIVE: CODIFY HB 231 (2025) LEVY ADJUSTMENTS

TERMS OF MOTION PROPOSING LEGISLATIVE OR STAFF ACTION: (Please be as specific as possible. Indicate if action is to be divided into steps or phases. Use separate sheet if needed.)

I move to instruct staff to bring forth an ordinance that describes the adjustments required under HB 231 (2025) and ensures the relative allocation of those adjustments across the various City funds remains consistent with voter-intent in future budget years.

CITY STAFF OR DEPARTMENT POTENTIALLY IMPACTED BY INITIATIVE: Legal, Finance

HAS COUNCIL MEMBER COMMUNICATED WITH CITY ADMINISTRATOR ABOUT THE INITIATIVE? YES
NO

ESTIMATE OF APPROXIMATE STAFF AND COUNCIL TIME REQUIRED: 2 hours

APPROXIMATE TIMELINE FOR STAFF/DEPARTMENT ACTION: NEXT AVAILABLE BUSINESS MEETING

COSTS OTHER THAN STAFF TIME, IF ANY: None

PRIORITY RELATIVE TO EXISTING INITIATIVES (SEE LIST AVAILABLE FROM CITY ADMINISTRATOR):

ADDITIONAL INFORMATION OR COMMENTS:

PROPOSED LANGUAGE OF THE ORDINANCE FOLLOWS....

Resolution Amending Billings City Code Article 13-400

Whereas:

- The Billings City Charter, adopted in 1976, caps the general-purpose mill levy at 74 mills, requiring voter approval for any increase (Charter Article I, Section 1.02).
- Voters approved up to 10 mills for transit purposes in 1980 (Charter Article I, Section 1.03).
- Voters approved up to 5 mills in 1994 for the Parmly Billings Library (Charter Article I, Section 1.04).
- In 1998, voters phased in up to 20 mills for fire and police services (Charter Article I, Section 1.05).
- In 2020, voters authorized a 60mill levy for fire, police, and related public safety needs (Charter Article I, Section 1.05.1).
- In 2021, voters authorized 34 mills for police, fire, prosecution services, code enforcement, municipal court, mental health/substance abuse services, and related public safety (Charter Article I, Section 1.05.2).
- The 2025 Montana Legislature enacted property tax relief for residential property owners via HB 231 and SB 542, revising taxable rates for residential, commercial, and agricultural properties.
- The revised tax rates reduced the amount of tax generated by each levied mill from \$269,424 to \$228,938.
- The lower mill value would have reduced revenues under the voter-authorized levies by approximately \$8.5M, requiring catastrophic reductions in City services.
- Section 29 of HB 231 modifies SB 542’s provisions, specifically addressing Billings by requiring an override of mill levy caps to maintain revenue neutrality in FY 2026 while still providing property tax relief to residential property owners.
- In compliance, the Council will levy the required additional mills in FY 2026 to raise equivalent revenue to FY 2025, per the state law’s override clause.
- The Council intends to uphold voter intent by maintaining the relative allocations of voter-authorized revenue across City functions in future budget years while not preempting future electoral decisions.

Now, therefore, be it resolved that:

Billings City Code—Article 13-400, Division 1, is hereby amended to read as follows:

Section 13-401. City Compliance with HB 231 (2025)

(a) To comply with the charter override provisions of HB 231 (2025), the City increases the voter-authorized mill levy maximums under Article I of the City Charter by the following amounts:

Charter Section	Charter Authorized Levy	HB 231 Increase
1.02 (General Purpose)	74 mills	+12.71 mills
1.03 (Transit)	10 mills	+1.71 mills
1.04 (Library)	5 mills	+0.86 mills
1.05 (Fire & Police)	20 mills	+3.41 mills

1.05.1 (Fire, Police & Public Safety)	60 mills	+10.22 mills
1.05.2 (Police, Fire, Prosecution, etc.)	34 mills (including 2 mills dedicated to crime prevention services)	+5.80 mills (including 0.34 mills dedicated to crime prevention services)
Total Mills	203 mills	34.71 mills

(b) After FY 2026, these additional mills are permissive, not mandatory, and the City is not required to levy the full amounts of either the Charter-authorized or the HB 231 required mills. If not fully levied in any year, the City may levy the full mills in future years.

(c) Any future voter-approved levy that amends the authorized amounts under Charter Sections 1.02, 1.03, 1.04, 1.05, 1.05.1, or 1.05.2 shall immediately nullify the corresponding increases under subsection (a).

Sections 13-402 through 13-410. Reserved