From:	Allison Segal
To:	Jason Wiener; Sebastian Strauss; Darlene Craven; Lisa Sheppard; Jordan Hess
Subject:	RE: 20250925 MUTD Finance Committee Meeting Packet
Date:	Tuesday, September 23, 2025 9:33:31 AM
Attachments:	image005.png image006.png image007.png image008.png image009.png image010.png Missoula Urban Transportation District Taxable Value by Tax Class.pdf SB-542-HB-231-League-rate-chart.pdf image001.png image002.png

Thanks for the analysis, Jason. Line 19 is the negative of multiplying the current year actually levied/assessed mills (line 16) by the total value of newly taxable property (line 8). The mill levy transitions have been discussed with the financial advisor as well.

There are two additional items that I wanted to discuss during the meeting but since thread is going, I'll include them here for discussion as well. First is the Taxable Value by Tax Class which requested the projected tax base among the legislative changes and was provided because of a public records request. As you can see, Residential and Commercial land have been projected to be decreasing, first 10% then an additional 9%. This, and other factors, have resulted in an overall decrease in the taxable value over last year.

MONTANA DEPARTMENT OF REVENUE

MONTANA
Form AB-72T
Rev. 6-24

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Missoula County
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Versus 2025

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These total taxable values flow into the 15-10-420 calculation to determine the taxable value per mill. Year over year, this also fluctuates:

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FY23	1.77	$ 174,604.60
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In reviewing the actual 2024 property tax breakdown by parcel that was also provided from the records request, it shows that Residential City or Town Lots or Improvements on Residential City or Town Lots make up about 41% of the tax base. This is relevant to the second attachment, which shows the graduating rates that Jason alluded to on how property taxes will be calculated. MUTD's tax base is about 73% of the first bracket of <MHV, which shows a decrease in 2026, but remains throughout the next few years. While there hasn't been capacity to extrapolate for future years, based on the provided projection, it should be expected that taxable value decrease again.

I'd agree this is complicated but the recommendation for Option A has been echoed by peers as well. I look forward to our conversation on Thursday.

Thanks,
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Analysis

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The district's revenue over the duration of the perpetual levies could be higher under Option B than Option A because (1) higher tax rates are assessed for portions of value over the statewide median, which Missoula tends to be above, and (2) the district would get the full value of new construction as it contributes to the taxable value of the district.

The district's revenues could also decline under Option B, which would not be the case under Option A. Still, Option A is a reformulation of an existing system that already creates structural imbalances in the revenues of the local governments to which it applies, and SB 117 could make this worse by restricting the amount newly taxable value contributes while continuing to apply an inflationary factor based on consumer prices, which do not reflect the market basket of goods governments buy.

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Subject: Re: 20250925 MUTD Finance Committee Meeting Packet

Hello Darlene, Allison,

Thank you for providing the materials. Please see below corrections/comments:

- Minutes review
  - 9/4/25
    - 4.1 Debt Policy Draft Review
      - Change " Strauss suggested wording differentiating between assessed and taxable property values. " to "Strauss requested to clarify the terminology exactly related to the words 'assessed' and 'taxable' property values to avoid any ambiguities."
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      - Change "Strauss recommended supporting the revisions to the reserve policy, while noting that he would be more comfortable with keeping the Facilities Reserve horizon at minimum 15 years."
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    - 4.1 BTMA / DW Financing Options
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Kind regards,
Sebastian Strauss

Chair, Board of Directors
Missoula Urban Transportation District

From: Darlene Craven <dcraven@mountainline.com>
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Subject: 20250925 MUTD Finance Committee Meeting Packet

All: Attached are materials for review prior to next Thursday's meeting. Please do not hesitate to contact us should you have any questions, comments, or concerns. And make it a great weekend.

Sincerely,
Darlene

Darlene Craven
Executive Assistant
Mountain Line (MUTD)

406-543-8386 (office)
406-880-3304 (mobile)
dcraven@mountainline.com

From: Jason Wiener
To: Lisa Sheppard; Allison Segal; Sebastian Strauss; Darlene Craven; Jordan Hess
Subject: Re: 20250925 MUTD Finance Committee Meeting Packet
Date: Wednesday, September 24, 2025 11:40:31 AM
Attachments: image001.png
image002.png
image003.png
image004.png
image005.png
image006.png
image007.png
image008.png

Thank you, Lisa.

I appreciate you sharing the experience of MAS.

On this item — "staying with fixed mills at a new max rate means only ever receiving the same dollar amount as in FY 26" — I think the dollar amount for Option B could escalate as the value of a mill does. But that starting value in 2026 and the change over the future is highly variable.

From: Lisa Sheppard <lsheppard@missoulaagingservices.org>
Sent: Tuesday, September 23, 2025 5:27 PM
To: Allison Segal <asegal@mountainline.com>; Jason Wiener <jwiener@mountainline.com>; Sebastian Strauss <sstrauss@mountainline.com>; Darlene Craven <dcraven@mountainline.com>; Jordan Hess <jhess@mountainline.com>
Subject: RE: 20250925 MUTD Finance Committee Meeting Packet

[EXTERNAL EMAIL] CAUTION: This email originated from outside of the organization. Be cautious with any links or files contained within.

Hello All,

To add to the discussion, Missoula Aging Services has 5 voted mills and after doing our own research, we reached pretty much the same conclusion that Jason did. However, we asked the County for additional guidance, and this is what they said: Going with Option 1 (or A) and switching to dollar-based mills allows for capped growth over time subject to MCA 15-10-420 as Jason described. Going with Option 2 (or B) and staying with fixed mills at a new max rate means only ever receiving the same dollar amount as in FY 26. They said the only reason to choose Option 2(B) might be for debt service, if you didn't care that the amount never increased. That was not how we read Option 2 (B), but we would have chosen (and did choose) Option 1(A) anyway given what we perceived as the greater unknowns/risks with Option 2(B).

Lisa

Lisa Sheppard, MPAff, MSSW
Chief Executive Officer
lsheppard@missoulaagingservices.org
T 406.728.7682 **F** 406.728.7687
337 Stephens Ave. Missoula, MT 59801
MISSOULAAGINGSERVICES.ORG

We promote the independence, dignity and health of older adults and those who care for them.

From: Allison Segal <asegal@mountainline.com>
Sent: Tuesday, September 23, 2025 9:33 AM
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Subject: RE: 20250925 MUTD Finance Committee Meeting Packet

Missoula Aging Services
Warning: Sender @asegal@mountainline.com is not yet trusted by your organization.
Please be careful before replying or clicking/downloading the attachment and URLs.
Report Phishing Block as Spam Remove Banner
Powered by PTC

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dcraven@mountainline.com

From:	Jason Wiener
To:	Jordan Hess; Allison Segal; Sebastian Strauss; Darlene Craven; Lisa Sheppard
Subject:	Re: 20250925 MUTD Finance Committee Meeting Packet
Date:	Wednesday, September 24, 2025 11:44:54 AM
Attachments:	image005.png image006.png image007.png image008.png image009.png image010.png image001.png image002.png

Thank you all. This discussion has helped considerably with understanding the options.

From: Jordan Hess <jhess@mountainline.com>
Sent: Tuesday, September 23, 2025 5:35 PM
To: Allison Segal <asegal@mountainline.com>; Jason Wiener <jwiener@mountainline.com>; Sebastian Strauss <sstrauss@mountainline.com>; Darlene Craven <dcraven@mountainline.com>; Lisa Sheppard <lsheppard@missoulaagingservices.org>
Subject: Re: 20250925 MUTD Finance Committee Meeting Packet

Thanks for the thoughtful dialog on this, everyone.

In addition to the financial analysis, I'll add some additional practical and political considerations that informed the staff recommendation to pursue Option A:

1. Option A is a transparent choice for our voters. Wild swings in valuation (and a seeming lack of legislative appetite to maintain parity across tax classes) are a relatively new thing in our state. Valuations used to grow slowly (and step-wise over six-year reappraisal cycles). Large, steady growth in values is new, and our voters likely voted for our mill levies based more on the ballot statement about impact per $100k in value and less on the more opaque number of mills.
2. Of the 128 cities and towns in Montana, not a single one is pursuing Option B to the best of my knowledge. By electing Option A, we remain in a cohort of taxing jurisdictions that can band together as a lobbying bloc.
3. Anecdotally, there seems to be legislative appetite to continue to come after fixed-mill levies in future sessions. The property tax debates at the legislature—and the passage of HB 20 which mandates new mills be levied in dollars—indicate a continued uneasiness at the legislature toward fixed-mill levies.
4. As provided for in legislation adopted this year, tax rates on Class 4 properties will change next year. Next year is not a reappraisal cycle, and newly taxable property is treated differently in 15-10-420 moving forward, so we are guaranteed have a revenue decrease next year if we select Option B. That may rebound in future years, but we would almost certainly take a hit next year.
5. Values have gone down in the past and will go down again in the future. Values dropped dramatically 15 years ago, and based on how hard it suddenly seems to be to sell a house in Missoula right now, I wouldn't be surprised if there was a correction in values in the somewhat near future. Option A insulates against this.
6. Lastly, Matt Monforton is pursuing a Prop 13-style constitutional amendment again in 2026 and has qualified the measure for signature gathering. I have not read this in great detail, but my understanding is that, if adopted, values would grow at a maximum of 2% per year in all tax classes which would drive down the value of a mill. A dollar-based levy would be more resilient and reliable under these circumstances.

I'm sharing this as additional context for our meeting on Thursday, but this email thread definitely constitutes substantive discussion on a noticed meeting agenda topic, so I'll ask Darlene to post a copy of the thread along with the agenda so that it is available as a meeting record. I look forward to our meeting this week.

Best,
Jordan

From: Allison Segal <asegal@mountainline.com>
Sent: Tuesday, September 23, 2025 9:33 AM
To: Jason Wiener <jwiener@mountainline.com>; Sebastian Strauss <sstrauss@mountainline.com>; Darlene Craven <dcraven@mountainline.com>; Lisa Sheppard <lsheppard@missoulaagingservices.org>; Jordan Hess <jhess@mountainline.com>
Subject: RE: 20250925 MUTD Finance Committee Meeting Packet

Thanks for the analysis, Jason. Line 19 is the negative of multiplying the current year actually levied/assessed mills (line 16) by the total value of newly taxable property (line 8). The mill levy transitions have been discussed with the financial advisor as well.

There are two additional items that I wanted to discuss during the meeting but since thread is going, I'll include them here for discussion as well. First is the Taxable Value by Tax Class which requested the projected tax base among the legislative changes and was provided because of a public records request. As you can see, Residential and Commercial land have been projected to be decreasing, first 10% then an additional 9%. This, and other factors, have resulted in an overall decrease in the taxable value over last year.

MONTANA DEPARTMENT OF REVENUE

MONTANA
Form AB-72T
Rev. 6-24

2024 Certified Taxable Valuation Information
(15-10-202, MCA)
Missoula County
URBAN TRANSPORTATION

Certified values are now available online at property.mt.gov/cov

1. 2024 Total Market Value[1]	$	16,110,315,469
2. 2024 Total Taxable Value[2]	$	244,928,020
3. 2024 Taxable Value of Newly Taxable Property	$	5,625,493
4. 2024 Taxable Value less Incremental Taxable Value[3]	$	222,695,059
5. 2024 Taxable Value of Net and Gross Proceeds[4] (Class 1 and Class 2)	$	-
6. 2024 Tax Loss from HB212	$	(35,831)
7. TIF Districts		

Versus 2025

MONTANA DEPARTMENT OF REVENUE

MONTANA
Form AB-72T
Rev. 6-25

2025 Certified Taxable Valuation Information

(15-10-202, MCA)

Missoula County

URBAN TRANSPORTATION

Certified values are now available online at property.mt.gov/cov

1. 2025 Total Market Value[1]	$	20,161,939,702
2. 2025 Total Taxable Value[2]	$	237,025,086
3. 2025 Taxable Value of Newly Taxable Property	$	3,848,960
4. 2025 Taxable Value less Incremental Taxable Value[3]	$	211,830,809
5. 2025 Taxable Value of Net and Gross Proceeds[4] (Class 1 and Class 2)	$	-
6. 2025 Tax Loss from HB212	$	-
7. TIF Districts		

These total taxable values flow into the 15-10-420 calculation to determine the taxable value per mill. Year over year, this also fluctuates:

	Inflation	Per Mill Value
FY21	1.05	$ 151,509.30
FY22	0.93	$ 171,695.06
FY23	1.77	$ 174,604.60
FY24	2.46	$ 221,391.76
FY25	2.80	$ 222,695.06
FY26	2.11	$ 211,830.81

In reviewing the actual 2024 property tax breakdown by parcel that was also provided from the records request, it shows that Residential City or Town Lots or Improvements on Residential City or Town Lots make up about 41% of the tax base. This is relevant to the second attachment, which shows the graduating rates that Jason alluded to on how property taxes will be calculated. MUTD's tax base is about 73% of the first bracket of <MHV, which shows a decrease in 2026, but remains throughout the next few years. While there hasn't been capacity to extrapolate for future years, based on the provided projection, it should be expected that taxable value decrease again.

I'd agree this is complicated but the recommendation for Option A has been echoed by peers as well. I look forward to our conversation on Thursday.

Thanks,
Allison

From: Jason Wiener <jwiener@mountainline.com>
Sent: Monday, September 22, 2025 6:29 PM
To: Sebastian Strauss <sstrauss@mountainline.com>; Darlene Craven <dcraven@mountainline.com>; Lisa Sheppard <lsheppard@missoulaagingservices.org>; Jordan Hess <jhess@mountainline.com>; Allison Segal <asegal@mountainline.com>
Subject: Re: 20250925 MUTD Finance Committee Meeting Packet

Good afternoon.

@Sebastian Strauss, you ask the key question regarding the mill levy item. I will answer based on my own best efforts to understand the choice, and Allison will likely have additional input. @Allison Segal, I would also appreciate our financial advisor's response, in particular if they have modelling with respect to 2026 mill values.

Summary

Under both methodologies, future revenue is not clear. Option A provides a floor but also caps upside potential. Option B has a wider range of outcomes, including uncertainty created by provisions of the law yet to be implemented and material positive and negative variability.

Exposition

Revenue from Option A is higher in the current year because MUTD is permitted to raise the same dollar amount from the levies as we did last year and to add the existing inflationary factor [1] of the property tax cap to that previous year's dollar amount as well as to add in newly taxable value. [2]

Total Non-Voted Property Taxes	$	4,105,281.00	19.38
Permissive Medical Levy	$	804,598.00	3.80
1st Voted Mills	$	3,229,078.36	15.24
2nd Voted Mills	$	4,453,901.18	21.03
	$	12,592,858.54	59.45
Entitlement Share	$	441,344.75	

Using this method you would be restricted to using the same number of mills needed to generate the dollar value of the voted levies in FY 26 for the remaining life of the levy

Revenue from Option B equals the previous year's revenue because the methodology allows a one-time allowance to raise the number of mills assessed so they generate the same dollar amount as last year.

Total Non-Voted Property Taxes	$	4,105,281.00	19.38
Permissive Medical Levy	$	804,598.00	3.80
1st Voted Mills	$	3,357,518.00	16.01
2nd Voted Mills	$	4,632,740.00	22.08
	$	12,900,137.00	61.27
Entitlement Share	$	441,344.75	

If you convert mills to dollars from now on you would use the 15-10-420 method of calculating your voted mills benefited by the inflation factor

In these screenshots, you can see the first two lines are identical. Total Non-Voted Property Taxes are the original county-created levy for MUTD from the district's establishment; that has been governed by the property tax cap logic of Option A for decades. Permissive Medical Levy is set based on a formula of our insurance costs.

Under Option A, 1st Voted Mills raises $3.358 million with 16.01 mills and 2nd Voted Mills raises $4.633 million with 22.08 mills. Under Option B, 1st Voted Mills raises $3.229 million with 15.24 mills and 2nd Voted Mills raises $4.454 million with 21.03 mills.

The $7.991 million raised under Option A can increase in the future, under the amended provisions of the tax cap set by SB 117, by the average of three-year inflation not exceeding 4% and by some portion of the newly taxable value, which varies by class but will be lower than the current amount revenue increases due to newly taxable value. In addition, if the value of a mill falls, the district can increase the number of mills levied to raise the number of dollars the law allows.

The $7.683 million raised under Option B can increase in the future if the value of a mill increases, i.e. if the property in the district gets more valuable. Unlike Option A, the district will not have the option to increase the number of mills to continue to raise even the same amount of revenue in the event that the value of a mill decreases.

Analysis

Over the past few years, the district has benefited substantially from the rising value of a mill as the property in the district has gotten more valuable. That trend is, of course, not guaranteed to continue. In addition, the provisions of the property tax law changes that come into effect in 2026 create uncertainty about the value of a mill because the tax rate on properties will vary based on the value (graduating rates as values increase relative to the statewide median) and, for residential property, whether they are principal residences or long-term rentals. [3]

The district's revenue over the duration of the perpetual levies could be higher under Option B than Option A because (1) higher tax rates are assessed for portions of value over the statewide median, which Missoula tends to be above, and (2) the district would get the full value of new construction as it contributes to the taxable value of the district.

The district's revenues could also decline under Option B, which would not be the case under Option A. Still, Option A is a reformulation of an existing system that already creates structural imbalances in the revenues of the local governments to which it applies, and SB 117 could make this worse by restricting the amount newly taxable value contributes while continuing to apply an inflationary factor based on consumer prices, which do not reflect the market basket of goods governments buy.

Conclusion

This decision is considerably complicated by the value of a mill in 2026 being unknown. Some analysis of the current and future tax base could yield insight but we're faced with a choice between certain long-term ratcheting down of revenue and considerable near-term potential downside if we opt out of the property tax cap.

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[1] one-half the rate of inflation for the last three years

[2] @Allison Segal, in the spreadsheets for calculating the levy under the dollar-based formula, please explain line 19 (Ad valorem tax revenue actually assessed for newly taxable property). The derivation of the number is not explained and the link to the instructions don't work so I'm not sure if that would clarify things. I would like confirmation that line 19 reflects the existing methodology for assessing newly taxable value where the full amount is assessed rather than from SB 117, which I believe it does not since the implementation date for the bill refers to tax years after 2025.

[3] See the Legislative Services memo for details, in particular pages 3 and 4.

From: Sebastian Strauss <sstrauss@mountainline.com>
Sent: Monday, September 22, 2025 11:41 AM
To: Darlene Craven <dcraven@mountainline.com>; Jason Wiener <jwiener@mountainline.com>; Lisa Sheppard <lsheppard@missoulaagingservices.org>; Jordan Hess <jhess@mountainline.com>; Allison Segal <asegal@mountainline.com>
Subject: Re: 20250925 MUTD Finance Committee Meeting Packet

Hello Darlene, Allison,

Thank you for providing the materials. Please see below corrections/comments:

- Minutes review
  - 9/4/25
    - 4.1 Debt Policy Draft Review
      - Change " Strauss suggested wording differentiating between assessed and taxable property values. " to "Strauss requested to clarify the terminology exactly related to the words 'assessed' and 'taxable' property values to avoid any ambiguities."
    - 4.2 Board Reserve Policy Review
      - Change "Strauss recommended supporting the revisions to the reserve policy, while noting that he would be more comfortable with keeping the Facilities Reserve horizon at minimum 15 years."
  - 8/21/25
    - 4.1 BTMA / DW Financing Options
      - This section "Hess confirmed that the $3 million debt would be serviced by utility payments as an operating expense." does not match my recollection of events. It is my understanding that "Hess confirmed that the $3M debt would not be incurred if a Power Purchase Agreement was put in place."
      - I don't believe the last sentence is correctly reflecting the facts: "Strauss asked for clarification regarding the debt service payback the voters would need to approve. Ellis responded that a GO bond would entail more debt service than a revenue bond." while I didn't review the recording, I recall that a GO bond would entail roughly half the overall debt service cost of a revenue bond (over time). A revenue bond may result in a lower mill levy, but over a significantly longer duration.
      - Change this "Strauss the rural special improvement district for the shared infrastructure segment that did not require any election was an attractive resolution." to this: ""Strauss stated that the rural special improvement district for the shared infrastructure segment that did not require any election was an attractive option."

- 4.1 Debt Management Policy
  - I - General Provisions

        (H): @Allison Segal I think we should require a supermajority for making changes to the debt policy as an additional future safeguard.

- II - Limitations
    - E.4: Change "There is not a demonstrably feasible plan of finance that would allow MUTD to maintain a going concern upon the issuance of such obligations" to ""There is not a demonstrably feasible plan of finance that would allow MUTD to **continue as** a going concern upon the issuance of such obligations"
- IV Management:
    - C: Change "The details of such continuing disclosure undertaking shall be consistent with market practices and is determined at the time off issuance of bonds. " to "The details of such continuing disclosure undertaking shall be consistent with market practices and **are** determined at the time off issuance of bonds."

@Allison Segal, regarding the property tax changes I understand from the Board meeting materials that one option provides ~ $300k higher FY 26 revenue. I would like to understand better how the property tax revenue is projected over future years in both scenarios, is the same trend of option A being higher than B expected ?

Kind regards,
Sebastian Strauss

Chair, Board of Directors
Missoula Urban Transportation District

From: Darlene Craven <dcraven@mountainline.com>
Sent: Friday, September 19, 2025 4:53 PM
To: Jason Wiener <jwiener@mountainline.com>; Sebastian Strauss <sstrauss@mountainline.com>; Lisa Sheppard <lsheppard@missoulaagingservices.org>; Jordan Hess <jhess@mountainline.com>; Allison Segal <asegal@mountainline.com>; Teddy Mierze <tmierze@mountainline.com>; Jason Wiener <jwiener@mountainline.com>; Colin Woodrow <cwoodrow@mountainline.com>; Heather Halter <hhalter@mountainline.com>
Subject: 20250925 MUTD Finance Committee Meeting Packet

All: Attached are materials for review prior to next Thursday’s meeting. Please do not hesitate to contact us should you have any questions, comments, or concerns. And make it a great weekend.

Sincerely,
Darlene

Darlene Craven
Executive Assistant
Mountain Line (MUTD)

406-543-8386 (office)
406-880-3304 (mobile)
dcraven@mountainline.com