

Montana League of Cities and Towns
Legislative Meetings
2008
Introduction

This paper provides background information on issues that are important to cities and towns across Montana as the League prepares for the 2009 Legislature. It is intended as a guide for the discussion during the District Legislative meetings that will be held in 13 locations across the state to solicit comments and suggestions from the largest cities and smallest towns on possible legislation and policy positions. The information gathered at these meetings will be presented to the Legislation-Resolutions Committee which will put together the 2009 Legislative Package. These positions will then be reviewed by the Board of Directors and approved by the membership at the fall meeting.

Economics and the State General Fund

The Montana economy continues to expand. The mortgage crisis and problems in the housing industry that are pounding the national economy are a distant thunder in our state. Summer is coming, and while the forecast calls for continued blue skies, there are looming clouds of economic doubt on the edge of the horizon.

There are bright prospects:

- commodity prices, particularly for copper, oil and grain, are at record levels
- nearly 15,000 new jobs were created last year
- salary and wage income increased more than 8% over the same period.

And reasons for concern:

- employment growth may have peaked last summer
- corporate income tax collections are falling
- the crisis in the credit and housing markets may yet hit the Montana construction industry, which is one of the sectors driving growth in Montana.

The prospects of new programs for local government or increased state transfers to cities and towns are directly linked to economic conditions. State revenues are driven by wage and salary income, corporate profits, commodity prices, interest rates and other conditions. The boom years that preceded the 2007 Legislature produced a general fund surplus of nearly \$1 billion. Those were good times and the Legislature increased funding for schools, the university system and state institutions and agencies while stabilizing public pension programs, increasing employee wages and sending \$400 checks to most Montana property owners.

These programs and promotions cost a lot of money, and the Legislature left town last May with a projected budget surplus of \$182 million. Since that time, revenue collections are exceeding estimates by more than \$60 million, and while there may never be another financial bonanza like 2007, the state should complete the current biennium in solid condition.

Spending Pressures

More money than most people can imagine sometimes is not enough, particularly when there is a hole in the bucket.

The competition for appropriations in the 2009 Legislature will be fierce.

School administrators estimate it will be necessary for the state to add \$260 million in state funding to comply with the constitutional provision that requires but does not define "a quality education".

At the end of April, state agencies asked for an additional \$403 million in the "wish list" phase of the state budget game. These requests will be whacked down to reason by the Governor's Budget Office and the Legislature, but they are indicative of the fantasies that are presented for consideration every time the state is sitting on a fat budget cushion.

There are other considerations like wild fires, court decisions, ballot measures and other disasters that will be part of the calculation of how much money is available and where it will be spent. Cities must be at the table for these discussions to protect the entitlement program and promote the possibility of a partnership with the state to finance desperately needed capital projects.

Municipal Finance and the Structural Imbalance

For many years, legislative budget analysts were concerned about a structural imbalance in the state general fund. They argued that each year the state was spending more than it collected. Budgets were balanced with accounting tricks and transfers from earmarked accounts and mysterious pots of money hidden deep in the treasury. This was a formula for financial disaster and while the boom years have eased the problem, it is a continuing concern.

Local governments now are the public agencies that are attempting to manage structural imbalances in their general funds. Revenues are limited by statute while costs are being jacked up by inflation, wage and salary pressures, service demands and state and federal mandates. Most cities are operating on subsistence budgets and digging into reserves to bring revenues and expenditures into alignment. The structural imbalance in municipal budgets is more serious and dangerous than the problem faced by the state, because local governments have very little authority to increase revenue.

The Wheel Horse of Public Finance

The property tax is the wheel horse of public finance in Montana. It supports cities, counties, schools, some special districts, the University System and a share of the state budget. It is stable, predictable, reasonably progressive, generally condemned and absolutely essential to maintain adequate services at all levels of government across the state.

There was a time when the property tax was balanced and fair. In those days, natural resource industries paid about 30 percent of total collections which reduced the pressure on residential and commercial property. Today, natural resources comprise about 10 percent of the base, business equipment taxes have been cut and the load has been shifted to homeowners.

Property tax reform bills have been introduced in every session of the Legislature since territorial days, and there have been measures on the ballot for the last 20 years to cap, limit or abolish assessments. There has been a lot of noise, but very little progress. True reform, laws that will actually balance or reduce assessments, depend on a simple understanding -- Montana needs another tax horse to help turn the wheel.

The Riddle of Options

For more than 20 years, the League of Cities has offered a practical answer to the many questions about the fairness and balance of the Montana tax system. The municipal association has proposed bills that would allow every city, town and county to enact resort taxes with the approval of local voters.

These tax proposals have been tested and proven in Whitefish, West Yellowstone and other resort towns and districts. They offer many advantages:

- tourists and other travelers who use municipal services pay a fair share of the costs instead of laying the entire bill off on local property owners
- a report by the Department of Revenue prepared for the 2003 Legislature indicated that nearly 48% of the collections from a statewide resort tax would come from nonresidents
- public support increases as people become accustomed to the benefits of the tax
- the tax is reasonably progressive because it relies on discretionary spending and does not apply to "the necessities of life"
- property taxes come down, which is affirmed by the fact that West Yellowstone and Whitefish have the lowest city levies in Western Montana
- businesses support these ordinances because of vendor allowances, community improvements and clear evidence that refutes the notion that a local tax will drive business out of town
- the resort tax raises money to cover the costs of services and facilities that are beyond the financial reach of most other cities.

The big question then is why has the Legislature refused to authorize option taxes for all local governments?

Many Republicans oppose local option authority because they believe it will be an impediment to the enactment of a general sales tax. This is a fallacious excuse because 10 years ago voters thumped a sales tax referendum by a 4-1 margin and there has not been genuine interest or serious discussion of this toxic issue during any subsequent session of the Legislature.

Some Democrats vote no because they have vowed to fight any and all sales tax propositions for the full measure of time they are allotted under term limits.

Those members representing rural areas see local sales taxes as a way for the big cities to reach out and touch their constituents. The provision to share some of the revenues with smaller towns and rural counties, included in recent local option bills, beat down some of this opposition but it wasn't enough to get anything more than a closer vote.

Cities have tried and failed to pass local tax bills in every session of the Legislature since 1981. This approach has not worked, and success will depend on support from a broader coalition of interests that includes Main Street businesses, the local Chambers of Commerce, police and fire unions, counties and public interest organizations that are concerned about declining services, deteriorating public works and increasing property taxes.

Cities may also want to consider other funding possibilities that could include:

- a local option accommodations tax that would raise more than \$12 million if it was imposed across the board at a rate of 3 percent. Under this approach, nonresidents would pay about 70% of the tax
- distribution to local governments of the 3% accommodations tax that was added to balance the state budget during the 2003 Legislature.

Entitlement Payments

The 2001 Legislature passed the "Big Bill" (HB-124) that provides a stable and predictable stream of revenue from the state to cities, towns, consolidated governments and counties. Under this measure, local governments relinquished claim to gambling, motor vehicle, wine, beer, liquor and financial institutions tax disbursements in exchange for payments that are geared to the performance of the state economy.

Since 2001, distributions from the entitlement account to cities and towns increased from **\$40.60 million to \$52.48 million**. This is a 29% increase which averages out to 3.65% in each of the eight years. A table showing estimated payments for FY09 is attached to this report.

Inflation Adjustment

Under Section 15-10-420, MCA, local governments are allowed to increase property tax collections by one half the rate of inflation averaged over the preceding three years. In 2007, the Senate passed a bill to allow collections to increase by the full rate of inflation. The House Taxation Committee tabled this measure for reasons that made very little sense. This is a fair proposal that may be resubmitted in 2009.

Capital Projects Funding

In the current two-year fiscal cycle, 56 capital improvement projects in cities, towns and counties across the state received grants from the Treasure State Endowment Program totaling more than \$32.6 million. The Department of Commerce initially approved 31 applicants for grants. The 2007 Legislature added an additional 25 projects at an estimated cost of \$14 million and ordered the department to borrow the money to cover the difference.

The department estimates that about \$19 million will be available for the 2009 biennium. This total could be cut if the program has to begin repaying the 2007 loan.

Grant applications for 2009 have been received from 65 local governments and special districts.

Cities attempted to persuade the 2007 Legislature to approve a one-time \$40 million public facilities funding package. This bill was based on the legitimate argument that a fair portion of the \$1 billion state surplus should be invested in capital projects. This proposal would have improved public safety, convenience and service while creating jobs and reducing pressure on mill levies and special assessments to finance these projects.

A similar proposal is less likely to be fairly considered in the coming session of the Legislature because a lot of the air has been let out of the \$1 billion state budget balloon.

Tax Increment Financing

The Department of Revenue recently conducted a hearing on proposed rules to clarify the intent and application of the tax increment financing statutes. There are differing legal opinions on the authority of the state to control local functions through rule making authority that really only applies to the general supervision of tax policy. This issue is likely to be decided by the next Legislature.

Special Improvement Districts

An interim legislative committee is working on a comprehensive revision of the special improvement district laws. This study was initiated by the Association of Counties to provide uniformity in the administration of special districts.

Municipal districts are generally used to generate revenue for special purposes like water and sewer systems and street construction and maintenance. These districts do not have administrative problems because they are managed by the city and routinely audited.

The committee appears to be focusing on county issues as this study proceeds and significant changes in the municipal SID laws will probably not be part of the package that is recommended to the full legislature.

Land Use

In the last 20 years, Missoula is the only city in Montana that grew at a faster rate than the unincorporated area of the county in which it is located. The explosive development surrounding cities has caused a lot of heat, friction and political fire. The consequences are obvious in the Legislature where land use issues burn up more time and lobbying effort than all of the bills in the other categories on the municipal "watch list".

In recent sessions we have worked for or against bills to:

- allow incorporation within three miles of an existing city as a method of preventing annexation
- reduce the protest provisions for sanitary sewer districts
- revise the density requirements for incorporation
- prohibit annexation across county boundaries
- revise planning, zoning and subdivision statutes
- continually revise the laws that apply to growth policies.

Many of these questions were left hanging without a conclusive answer. Most will show up again when the Legislature convenes next winter.

Water Quality

Water quality is among the most difficult, divisive and dangerous issues in our state, because the problems have been ignored forever and the state is just beginning to consider a fair and balanced regulatory approach.

Cities are regulated while many other sources of pollution, including septic systems and agriculture, are exempt from standards or simply ignored. The League is working through a special Water Quality Committee to assure that cities are not forced to comply with standards that cannot be justified by science or economics.

Municipal ratepayers should not be expected to compensate for the continuing failure to regulate or at least recognize other sources of pollution that threaten state waters. Cities are committed to water quality, but they cannot accept a regulatory regime that does not stand up to scientific inquiry, economic analysis, common sense or any basic test of fairness.

Public Safety and General Administration

Results from the last session of the Legislature and discussions with interest groups indicate that there is a reasonable prospect that the Legislature will be asked to deal with the following issues:

- firefighters may ask for a change in law to provide that overtime pay is included in the calculation of retirement benefits
- West Yellowstone may arrange for the introduction of a bill to remove the age limitation on paid firefighters
- there is continuing interest in legislation to require the payment of demolition costs on abandoned buildings from casualty insurance proceeds
- construction and maintenance contracts between the Department of Transportation and cities have opened up disagreements that may have to be referred to higher authority
- finally, any other good, bad or nonsensical idea that could be covered by the general assumption that "there ought to be a law".



Dan Bucks
Director

Montana Department of Revenue



Brian Schweitzer
Governor

TO: Tom Hayes, Department of Administration
FROM: Vern Fogle, Tax Policy Analyst
DATE: April 4, 2008
RE: Inflation Factor for Mill Levy Calculation in 15-10-420, MCA For **FY2009**

I have calculated the inflation factor to be used in the mill levy calculation as prescribed by 15-10-420, MCA for FY2009. Under that statute the Department of Revenue is required to

“calculate one-half of the average rate of inflation for the prior 3 years by using the consumer price index, U.S. city average, all urban consumers, using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States department of labor”.

The rate of inflation for the three years prior to 2008 can be measured from December 2004 to December 2007. The U.S. City average CPI-U, not seasonally adjusted, was 190.3 for December 2004 and 210.036 for December 2007. These values can be found at

<http://data.bls.gov>.

The average annual inflation rate over this period is 3.344%. That is, if you grow the value of 190.3 three times at 3.344% each time, the result will be 210.036.

| | |
|---|---------------------------|
| 1 | 190.3 x 1.03344 = 196.7 |
| 2 | 196.7 x 1.03344 = 203.2 |
| 3 | 203.2 x 1.03344 = 210.036 |

One-half of 3.344% is 1.672%. **The value to use in the mill levy calculation for fiscal year 2009 is 1.672%.**

This is an increase from the 1.535% value used in the mill levy calculation for fiscal year 2008.

If you have any other questions please contact me at 444-1821.

Cc: Harold Blattie, MACo
Alec Hansen, MLCT
Randy Wilke, DOR PAD

Series Id: CUUR0000SAD April 4, 2008
 Not Seasonally Adjusted
 Area: U.S. city average
 Kent: All Items
 Base Period: 1982-84=100

| Year | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Annual | HALF 1 | HALF 2 |
|------|---------|---------|---------|--------|--------|---------|---------|---------|--------|---------|---------|---------|--------|--------|--------|
| 1998 | 161.6 | 161.9 | 162.2 | 162.5 | 162.8 | 163 | 163.2 | 163.4 | 163.6 | 164 | 164 | 163.9 | 163 | 162.3 | 163.7 |
| 1999 | 164.3 | 164.5 | 165 | 166.2 | 166.2 | 166.2 | 166.7 | 167.1 | 167.9 | 168.2 | 168.3 | 168.3 | 166.6 | 165.4 | 167.8 |
| 2000 | 168.8 | 169.8 | 171.2 | 171.3 | 171.5 | 172.4 | 172.8 | 172.8 | 173.7 | 174 | 174.1 | 174 | 172.2 | 170.8 | 173.6 |
| 2001 | 175.1 | 175.8 | 176.2 | 176.9 | 177.2 | 178 | 177.5 | 177.5 | 178.3 | 177.7 | 177.4 | 176.7 | 177.1 | 176.6 | 177.5 |
| 2002 | 177.1 | 177.8 | 178.8 | 179.8 | 179.8 | 179.9 | 180.1 | 180.7 | 181 | 181.3 | 181.3 | 180.9 | 179.9 | 178.9 | 180.9 |
| 2003 | 181.7 | 183.1 | 184.2 | 183.8 | 183.5 | 183.7 | 183.9 | 184.6 | 185.2 | 185 | 184.5 | 184.3 | 184 | 183.3 | 184.6 |
| 2004 | 185.2 | 186.2 | 187.4 | 188 | 189.1 | 189.7 | 189.4 | 189.5 | 189.9 | 190.9 | 191 | 190.3 | 188.9 | 187.6 | 190.2 |
| 2005 | 190.7 | 191.8 | 193.3 | 194.6 | 194.4 | 194.5 | 195.4 | 196.4 | 198.8 | 199.2 | 197.6 | 196.8 | 195.3 | 193.2 | 197.4 |
| 2006 | 198.3 | 198.7 | 199.8 | 201.5 | 202.5 | 202.9 | 203.5 | 203.9 | 202.9 | 201.8 | 201.5 | 201.8 | 201.6 | 200.6 | 202.6 |
| 2007 | 202.416 | 203.499 | 205.352 | 206.69 | 207.95 | 208.352 | 208.299 | 207.917 | 208.49 | 208.936 | 210.177 | 210.036 | 207.34 | 205.71 | 208.98 |
| 2008 | 211.08 | 211.693 | | | | | | | | | | | | | |

CALCULATION OF HALF OF 3-YEAR AVERAGE:

CALCULATION OF HALF OF 3-YEAR AVERAGE: Simple Method

Iterative Method

| | | | |
|------------------------------------|------|-------|-----------------|
| Year 0 | 2004 | CPI-U | 190.3 |
| Year 3 | 2007 | | 210.036 |
| plus ratio | | | 3.343933 |
| /100 | | | 0.03343933 |
| plus: | | | 1 |
| Raised to the power: | | | 1.03343933 |
| | | | 3 |
| | | | 1.103709948 |
| X CPI-U _{yo} | | | 190.3 |
| = CPI-U _{yo} (calculated) | | | 210.0360031 |
| error | | | 0.000003 |
| CPI-U _{yo} (actual) | | | 210.036 |

| | | | |
|-----------------------------------|------|-------|----------------|
| Year 0 | 2004 | CPI-U | 190.3 |
| Year 3 | 2007 | | 210.036 |
| Calculate compound growth factor | | | 1.033439 |
| minus 1 = compound growth rate | | | 0.033439 |
| | | | 3.344% |
| half of 3 year growth rate | | | 0.01672 |
| | | | 1.672% |

VERIFICATION:
 Year 0 2004 190.3
 times: 1.03344
 Year 1 2005 196.7
 times: 1.03344
 Year 2 2006 203.2
 times: 1.03344
 Year 3 2007 210.036

3-yr rate of inflation 3.34393%
 half of 3-yr rate rounded to 3 places 1.67197%
half of 3-yr rate 1.672%

Department of Revenue
 Office of Tax Policy & Research
 Vern Fogle, economist

Table 3**Calculation of FY 2009 Entitlement Share Payment for Cities/Towns
preliminary**

| City | FY2008 Entitlement Share Payment | FY2009 City Share of Growth | FY2009 Entitlement Share Payment | FY2009 Quarterly Payment |
|----------------|---|--------------------------------------|---|--------------------------------|
| Alberton | 49,274.19 | 2,046.55 | 51,320.74 | 12,830.18 |
| Bainville | 38,707.52 | 1,212.69 | 39,920.21 | 9,980.05 |
| Baker | 177,022.42 | 7,428.68 | 184,451.10 | 46,112.77 |
| Bearcreek | 3,779.03 | 262.18 | 4,041.21 | 1,010.30 |
| Belgrade | 536,851.62 | 27,489.62 | 564,341.24 | 141,085.31 |
| Belt | 84,753.80 | 3,200.16 | 87,953.96 | 21,988.49 |
| Big Sandy | 51,530.24 | 2,485.45 | 54,015.69 | 13,503.92 |
| Big Timber | 155,304.10 | 7,216.05 | 162,520.15 | 40,630.04 |
| Billings | 9,965,273.44 | 436,617.35 | 10,401,890.79 | 2,600,472.70 |
| Boulder | 122,818.72 | 5,805.76 | 128,624.49 | 32,156.12 |
| Bozeman | 2,973,779.63 | 141,213.39 | 3,114,993.02 | 778,748.25 |
| Bridger | 140,392.21 | 4,801.80 | 145,194.01 | 36,298.50 |
| Broadus | 57,609.98 | 2,275.48 | 59,885.45 | 14,971.36 |
| Broadview | 21,666.00 | 810.62 | 22,476.62 | 5,619.15 |
| Brockton | 9,098.27 | 699.99 | 9,798.26 | 2,449.56 |
| Browning | 44,780.97 | 3,223.37 | 48,004.34 | 12,001.09 |
| Cascade | 63,355.52 | 3,071.72 | 66,427.24 | 16,606.81 |
| Chester | 86,847.56 | 3,548.02 | 90,395.57 | 22,598.89 |
| Chinook | 182,300.81 | 6,879.33 | 189,180.14 | 47,295.03 |
| Choteau | 131,951.84 | 6,529.01 | 138,480.85 | 34,620.21 |
| Circle | 60,930.33 | 2,568.71 | 63,499.04 | 15,874.76 |
| Clyde Park | 31,285.29 | 1,436.86 | 32,722.15 | 8,180.54 |
| Colstrip | 753,101.82 | 22,399.23 | 775,501.05 | 193,875.26 |
| Columbia Falls | 518,741.44 | 21,713.91 | 540,455.35 | 135,113.84 |
| Columbus | 335,498.37 | 11,781.87 | 347,280.25 | 86,820.06 |
| Conrad | 256,637.37 | 11,192.15 | 267,829.52 | 66,957.38 |
| Culbertson | 82,372.96 | 3,370.29 | 85,743.24 | 21,435.81 |
| Cut Bank | 474,295.95 | 17,526.74 | 491,822.69 | 122,955.67 |
| Darby | 123,290.80 | 4,628.68 | 127,919.48 | 31,979.87 |
| Deer Lodge | 341,083.38 | 14,664.42 | 355,747.81 | 88,936.95 |
| Denton | 23,417.78 | 1,123.76 | 24,541.54 | 6,135.38 |
| Dillon | 430,051.30 | 18,282.18 | 448,333.49 | 112,083.37 |
| Dodson | 11,697.82 | 488.42 | 12,186.24 | 3,046.56 |
| Drummond | 30,203.74 | 1,363.52 | 31,567.25 | 7,891.81 |
| Dutton | 37,587.85 | 1,609.70 | 39,197.55 | 9,799.39 |
| East Helena | 450,348.36 | 14,798.75 | 465,147.11 | 116,286.78 |
| Ekalaka | 48,424.77 | 1,930.38 | 50,355.15 | 12,588.79 |
| Ennis | 103,485.87 | 4,472.36 | 107,958.22 | 26,989.56 |
| Eureka | 92,667.40 | 4,245.90 | 96,913.29 | 24,228.32 |
| Fairfield | 72,840.33 | 2,985.80 | 75,826.13 | 18,956.53 |

Table 3**Calculation of FY 2009 Entitlement Share Payment for Cities/Towns
preliminary**

| City | FY2008 Entitlement Share Payment | FY2009 City Share of Growth | FY2009 Entitlement Share Payment | FY2009 Quarterly Payment |
|---------------|---|--------------------------------------|---|--------------------------------|
| Fairview | 101,442.84 | 3,740.84 | 105,183.68 | 26,295.92 |
| Flaxville | 5,315.83 | 276.52 | 5,592.35 | 1,398.09 |
| Forsyth | 245,282.27 | 9,574.76 | 254,857.03 | 63,714.26 |
| Fort Benton | 145,886.55 | 6,372.37 | 152,258.92 | 38,064.73 |
| Fort Peck | 10,823.43 | 700.75 | 11,524.17 | 2,881.04 |
| Froid | 15,608.17 | 772.17 | 16,380.33 | 4,095.08 |
| Fromberg | 25,167.86 | 1,568.01 | 26,735.87 | 6,683.97 |
| Geraldine | 14,267.80 | 845.24 | 15,113.04 | 3,778.26 |
| Glasgow | 394,157.46 | 15,178.86 | 409,336.32 | 102,334.08 |
| Glendive | 522,520.35 | 21,602.04 | 544,122.39 | 136,030.60 |
| Grass Range | 7,809.87 | 476.90 | 8,286.77 | 2,071.69 |
| Great Falls | 5,915,424.28 | 251,958.22 | 6,167,382.50 | 1,541,845.63 |
| Hamilton | 816,557.39 | 28,624.50 | 845,181.89 | 211,295.47 |
| Hardin | 589,418.91 | 20,924.43 | 610,343.35 | 152,585.84 |
| Harlem | 112,416.41 | 4,252.80 | 116,669.21 | 29,167.30 |
| Harlowton | 119,715.74 | 4,601.54 | 124,317.28 | 31,079.32 |
| Havre | 1,122,471.89 | 45,363.10 | 1,167,834.99 | 291,958.75 |
| Helena | 3,020,604.05 | 127,267.31 | 3,147,871.36 | 786,967.84 |
| Hingham | 6,748.54 | 463.80 | 7,212.34 | 1,803.08 |
| Hobson | 21,552.99 | 956.55 | 22,509.54 | 5,627.38 |
| Hot Springs | 33,592.19 | 1,908.00 | 35,500.19 | 8,875.05 |
| Hysham | 23,496.72 | 1,065.55 | 24,562.28 | 6,140.57 |
| Ismay | 836.37 | 69.86 | 906.23 | 226.56 |
| Joliet | 33,784.51 | 2,031.58 | 35,816.08 | 8,954.02 |
| Jordan | 30,856.88 | 1,434.78 | 32,291.66 | 8,072.92 |
| Judith Gap | 10,144.13 | 514.93 | 10,659.07 | 2,664.77 |
| Kalispell | 2,211,244.85 | 91,615.34 | 2,302,860.19 | 575,715.05 |
| Kevin | 16,118.44 | 664.45 | 16,782.89 | 4,195.72 |
| Laurel | 682,333.36 | 28,962.81 | 711,296.17 | 177,824.04 |
| Lavina | 6,250.35 | 619.96 | 6,870.31 | 1,717.58 |
| Lewistown | 693,388.65 | 28,542.66 | 721,931.31 | 180,482.83 |
| Libby | 425,056.46 | 15,343.74 | 440,400.20 | 110,100.05 |
| Lima | 18,337.44 | 883.71 | 19,221.15 | 4,805.29 |
| Livingston | 866,332.91 | 35,038.54 | 901,371.45 | 225,342.86 |
| Lodge Grass | 17,584.48 | 1,452.81 | 19,037.28 | 4,759.32 |
| Malta | 214,808.73 | 8,818.02 | 223,626.76 | 55,906.69 |
| Manhattan | 115,690.03 | 5,728.12 | 121,418.15 | 30,354.54 |
| Medicine Lake | 18,034.73 | 867.48 | 18,902.21 | 4,725.55 |
| Melstone | 7,169.28 | 448.47 | 7,617.75 | 1,904.44 |
| Miles City | 939,139.22 | 38,271.59 | 977,410.81 | 244,352.70 |

Table 3**Calculation of FY 2009 Entitlement Share Payment for Cities/Towns
preliminary**

| City | FY2008 Entitlement Share Payment | FY2009 City Share of Growth | FY2009 Entitlement Share Payment | FY2009 Quarterly Payment |
|------------------|---|--------------------------------------|---|--------------------------------|
| Missoula | 5,787,843.92 | 265,575.13 | 6,053,419.05 | 1,513,354.76 |
| Moore | 10,905.97 | 630.17 | 11,536.15 | 2,884.04 |
| Nashua | 25,709.89 | 1,195.99 | 26,905.88 | 6,726.47 |
| Neihart | 3,944.48 | 269.34 | 4,213.82 | 1,053.45 |
| Opheim | 8,281.45 | 396.57 | 8,678.02 | 2,169.50 |
| Outlook | 3,279.42 | 214.53 | 3,493.95 | 873.49 |
| Philipsburg | 90,844.86 | 4,026.37 | 94,871.23 | 23,717.81 |
| Pinesdale | 21,239.26 | 2,198.63 | 23,437.90 | 5,859.47 |
| Plains | 178,420.45 | 6,621.22 | 185,041.66 | 46,260.42 |
| Plentywood | 206,133.52 | 8,302.64 | 214,436.16 | 53,609.04 |
| Plevna | 10,841.22 | 517.56 | 11,358.78 | 2,839.69 |
| Polson | 485,868.80 | 21,468.96 | 507,337.76 | 126,834.44 |
| Poplar | 100,613.16 | 4,171.83 | 104,784.99 | 26,196.25 |
| Red Lodge | 293,989.18 | 11,875.32 | 305,864.50 | 76,466.13 |
| Rexford | 13,578.42 | 628.99 | 14,207.41 | 3,551.85 |
| Richey | 8,909.60 | 564.18 | 9,473.78 | 2,368.44 |
| Ronan | 253,142.08 | 10,005.23 | 263,147.31 | 65,786.83 |
| Roundup | 207,261.36 | 8,801.88 | 216,063.24 | 54,015.81 |
| Ryegate | 17,433.91 | 1,018.15 | 18,452.06 | 4,613.01 |
| Saco | 16,108.69 | 776.27 | 16,884.96 | 4,221.24 |
| Scobey | 95,511.59 | 4,155.65 | 99,667.24 | 24,916.81 |
| Shelby | 370,192.43 | 15,603.06 | 385,795.49 | 96,448.87 |
| Sheridan | 42,130.25 | 2,400.06 | 44,530.31 | 11,132.58 |
| Sidney | 591,434.72 | 23,588.70 | 615,023.41 | 153,755.85 |
| Stanford | 42,713.67 | 1,837.76 | 44,551.43 | 11,137.86 |
| Stevensville | 136,990.12 | 7,102.56 | 144,092.67 | 36,023.17 |
| St. Ignatius | 37,590.17 | 2,546.22 | 40,136.39 | 10,034.10 |
| Sunburst | 24,031.17 | 1,231.49 | 25,262.66 | 6,315.67 |
| Superior | 134,666.42 | 5,009.93 | 139,676.35 | 34,919.09 |
| Terry | 65,721.72 | 2,639.71 | 68,361.43 | 17,090.36 |
| Thompson Falls | 267,951.58 | 8,922.96 | 276,874.54 | 69,218.63 |
| Three Forks | 124,568.01 | 6,645.45 | 131,213.46 | 32,803.36 |
| Townsend | 212,346.42 | 8,969.63 | 221,316.06 | 55,329.01 |
| Troy | 126,473.42 | 4,974.95 | 131,448.37 | 32,862.09 |
| Twin Bridges | 29,450.49 | 1,547.33 | 30,997.82 | 7,749.45 |
| Valier | 31,693.69 | 1,684.80 | 33,378.49 | 8,344.62 |
| Virginia City | 20,721.73 | 763.15 | 21,484.88 | 5,371.22 |
| Walkerville | 22,347.39 | 1,912.47 | 24,259.85 | 6,064.96 |
| West Yellowstone | 213,874.68 | 7,506.37 | 221,381.05 | 55,345.26 |
| Westby | 17,137.75 | 689.36 | 17,827.11 | 4,456.78 |

Table 3

Calculation of FY 2009 Entitlement Share Payment for Cities/Towns preliminary

| City | FY2008 Entitlement Share Payment | | FY2009 City Share of Growth | | FY2009 Entitlement Share Payment | | FY2009 Quarterly Payment |
|-----------------------|---|---|--------------------------------------|---|---|-----|--------------------------------|
| White Sulphur Springs | 107,954.03 | - | 4,551.51 | = | 112,505.54 | /4= | 28,126.39 |
| Whitefish | 595,304.95 | - | 29,854.42 | = | 625,159.37 | /4= | 156,289.84 |
| Whitehall | 136,844.10 | - | 5,569.27 | = | 142,413.36 | /4= | 35,603.34 |
| Wibaux | 77,628.49 | - | 2,788.90 | = | 80,417.40 | /4= | 20,104.35 |
| Winifred | 10,034.98 | - | 536.86 | = | 10,571.84 | /4= | 2,642.96 |
| Winnett | 17,030.55 | - | 757.07 | = | 17,787.62 | /4= | 4,446.90 |
| Wolf Point | 279,397.84 | - | 11,809.22 | = | 291,207.06 | /4= | 72,801.77 |
| Totals | 50,328,545.14 | | 2,154,061.74 | | 52,482,606.88 | | 13,120,651.67 |