



# APPENDIX C: ECONORTHWEST FISCAL ANALYSIS SUMMARY

**DATE:** November 12, 2025  
**TO:** WGM  
**FROM:** Lee Ann Ryan & Sarah Emmans  
**SUBJECT:** FINAL Fiscal Analysis Memo

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This fiscal analysis memo presents ECONorthwest’s evaluation of three governance scenarios developed by WGM for the Big Sky Governance Study. The scenarios are intended to illustrate a range of potential governance structures and corresponding service delivery models for the Big Sky community.

- ◆ **Basic Incorporation Scenario (Lean Municipal Structure)** – a municipal government that advances local representation and maintains a small number of departments focused on delivering essential services such as public works, planning and zoning, and financial management.
- ◆ **Expanded Incorporation Scenario (Expanded Municipal Structure)** – a more comprehensive city government with broader administrative and service capacity, including additional departments such as law enforcement and community development, and that assumes responsibility for all public roads in its boundary. This model follows a charter form of government with self-governing powers with a city manager structure that oversees operations.
- ◆ **New County Scenario (City + County Structured)** – represents an incorporated city with the same boundaries as the Basic Incorporation and Expanded Incorporation scenarios, within a newly formed county whose boundaries align with the Big Sky Resort Area District (BSRAD). The governance model includes both municipal and county offices: a Mayor and City Council would oversee city functions such as public works, planning, and administration, while a Board of County Commissioners would be responsible for county-level services including law enforcement, courts, emergency management, public health, and tax collection. This structure provides full local control of services but would be the most complex and resource-intensive option to establish and maintain, though the tax base is broader and includes higher-value properties outside of the incorporated area.

## Role of the Fiscal Analysis

ECONorthwest’s role in this study is to assess the fiscal feasibility of each governance scenario through an independent analysis of projected revenues and expenditures. The analysis builds on WGM’s scenario definitions, boundary assumptions, and service responsibilities, applying a consistent fiscal modeling framework to estimate the annual operating costs of each potential governance structure.

The fiscal analysis is designed to provide a quantitative basis for comparing scenarios and to inform the broader evaluation of governance options being led by WGM. Results from this memo are summarized in the main report. This memo provides the underlying assumptions, peer comparisons, and fiscal model outputs that support those findings.

## Approach and Methodology

The fiscal analysis consists of two primary components:

- ◆ **Expenditure Model:** Estimates annual operating costs for each governance scenario based on departmental staffing, service responsibilities, and cost benchmarks drawn from peer communities.
- ◆ **Revenue Model:** Estimates the potential property tax revenue necessary to fund the expenditure models based on 2025 assessor data.

## Boundary and Service Assumptions

For modeling purposes, the following boundary assumptions were used:

- ◆ Incorporation Scenarios share the same municipal boundary, encompassing Meadow Village, Town Center, and Mountain Village.
- ◆ County Creation Scenario assumes boundaries consistent with the Big Sky Resort Area District (BSRAD). Within this county, there is an incorporated community with the same boundary as above.

Service responsibilities, staffing levels, and departmental structures were defined based on WGM's governance documentation and supplemented by peer city benchmarks. Detailed staffing assumptions are provided in the appendix to this memo.

## Property Tax and Growth Assumptions

Property tax forecasting is always complex, but there are several factors that made this projection even more complicated. This model required interacting assumptions related to the following, with more detail provided in the appendix to this memo

**Growth in population and housing units:** projections incorporate baseline growth trends from the Big Sky Capital Improvement Plan (2023), which anticipates a 48 percent increase in total population and housing units between 2023 and 2033. The property tax model used in this memo required additional assumptions regarding the shares of primary residential housing units and those that are second homes or short-term rentals; these assumptions derived from the CIP's projected numbers of residents, seasonal visitors, and overnight visitors.



**Growth in property values:** While recent years have shown exceptional growth in property values, the analysis assumes much more moderate future growth in market values. This approach is appropriate for two reasons: first, it allows for a conservative fiscal forecast for each scenario, and second, it is based on a national housing price forecast modified for the Gallatin County area.

**Legislative changes to property taxes:** The modeling also accounts for recent Montana property tax code changes, including HB 231 and SB 542, which created new classes of properties and introduced a tiered property tax rate structure that changes in 2025 and again in 2026, and SB 117 which modified allowable growth in property taxes.

## Analytical Steps

The fiscal analysis followed a comparative approach to estimate the revenues and service costs associated with each governance scenario. The key steps included:

1. **Expenditure Estimation:** Departmental expenditures were estimated using staffing and service assumptions from WGM’s scenario documentation, calibrated against peer city benchmarks for comparable resort and small-city governments. This benchmarking provided staffing ratios used to scale departmental budgets to Big Sky’s projected service area and population.
2. **Revenue Estimation:** Annual revenues were estimated under a property tax-only framework to establish a “high-water mark” for local revenue generation potential. This provides a consistent baseline for comparing fiscal capacity across scenarios.
3. **Expanded Funding Considerations:** Additional revenue sources—such as resort tax offsets—were evaluated qualitatively for their potential to supplement property tax revenues. These sources vary by governance structure, with incorporation scenarios assuming greater reliance on local-option revenues and the county creation scenario introducing expanded taxing authority and intergovernmental funding streams.

## Property Tax Base in Big Sky

The property tax base within the Big Sky area continues to be dominated by high-value residential and commercial development, with notable differences between the incorporation scenarios or the county scenario. Exhibit 1 and Exhibit 2 below illustrate the taxable value distribution and property mix within these scenarios, providing insight into what drives local revenue across governance scenarios.

The reliance on residential property, combined with the new legislative changes introducing a tiered rate and requiring primary residences to be taxed differently than second/vacation homes and short-term rentals, required assumptions regarding shares of market value and average market and taxable value by type of residence. These are listed in the appendix.



## INCORPORATION SCENARIOS

Within the proposed municipal boundary—covering Mountain Village, Meadow Village, and Town Center—residential property remains the overwhelming driver of taxable value. As shown in Exhibit 1, residential properties account for more than 90 percent of total parcels and approximately 89 percent of total taxable value. Commercial properties, while limited in number, represent roughly 10 percent of the total tax base, underscoring the influence of resort-oriented development.

This composition reinforces that property tax revenues under both incorporation scenarios are highly dependent on the continued strength of Big Sky’s residential and commercial real estate markets, particularly its luxury residential segment, which drives most of the area’s assessed value.

### Exhibit 1: Incorporation Scenario Properties, Market Value, and Taxable Value (2025)

PROPERTY TYPE	PROPERTIES	MARKET VALUE	TAXABLE VALUE
<b>Agricultural and Timber Properties</b>	26	\$23,099,806	\$399,061
<b>Commercial Property</b>	221	\$499,627,157	\$8,175,700
<b>Condo/Townhouse Master</b>	1	\$1,571,233	\$16,655
<b>Non-Qualified Ag</b>	15	\$16,785,713	\$317,545
<b>Residential Property</b>	2,865	\$5,171,486,963	\$72,784,633
<b>Total</b>	<b>3,128</b>	<b>\$5,712,570,872</b>	<b>\$81,693,594</b>

Source: EConorthwest GIS analysis of Montana Department of Revenue Data

## NEW COUNTY SCENARIO

In contrast, the county formation scenario—aligned with the BSRAD boundary—encompasses a more diverse property mix but remains similarly dominated by residential value. As shown in Exhibit 2, residential properties comprise approximately 90 percent of total taxable value and nearly 80 percent of total parcels, with commercial property accounting for around 4 percent of the tax base. Agricultural and timber lands contribute only about 3 percent of taxable value, primarily concentrated on the rural periphery of the district. In this scenario, there is assumed to be an incorporated boundary with the same tax base as in Exhibit 1, paying for solely municipal services in addition to county-wide services.

### Exhibit 2: New County Scenario Properties, Market Value, and Taxable Value (2025)

PROPERTY TYPE	PROPERTIES	MARKET VALUE	TAXABLE VALUE
<b>Agricultural and Timber Properties</b>	486	\$1,256,520,444	\$23,384,717
<b>Commercial Property</b>	513	\$1,826,289,533	\$30,257,809
<b>Government Property</b>	15	\$3,852,169	\$5,294



<b>Industrial Real Property</b>	4	\$9,703,192	\$175,626
<b>Manufactured Homes Attached to Real</b>	2	\$1,528,683	\$14,146
<b>Manufactured Homes not Attached to Real</b>	18	\$1,671,784	\$12,056
<b>Mixed Use - Res &amp; Comm</b>	3	\$7,367,744	\$115,693
<b>Non-Qualified Ag</b>	235	\$584,296,837	\$11,240,516
<b>Residential Property</b>	5,664	\$33,092,768,870	\$639,633,957
<b>Unknown</b>	231	\$-	\$-
<b>Grand Total</b>	<b>7,171</b>	<b>\$36,783,999,256</b>	<b>\$704,839,814</b>

Source: ECONorthwest GIS analysis of Montana Department of Revenue Data

Across the scenarios, Big Sky’s property tax base is overwhelmingly tied to residential real estate, with commercial properties providing a secondary but important source of revenue through resort and hospitality uses. This concentration in residential and high-value resort development means that property tax revenues are highly sensitive to changes in market demand and valuation trends. Under both incorporation and county structures, maintaining fiscal stability will depend on the continued performance of this luxury housing and tourism-driven tax base.

### **CONCENTRATION OF MARKET VALUE IN BIG SKY**

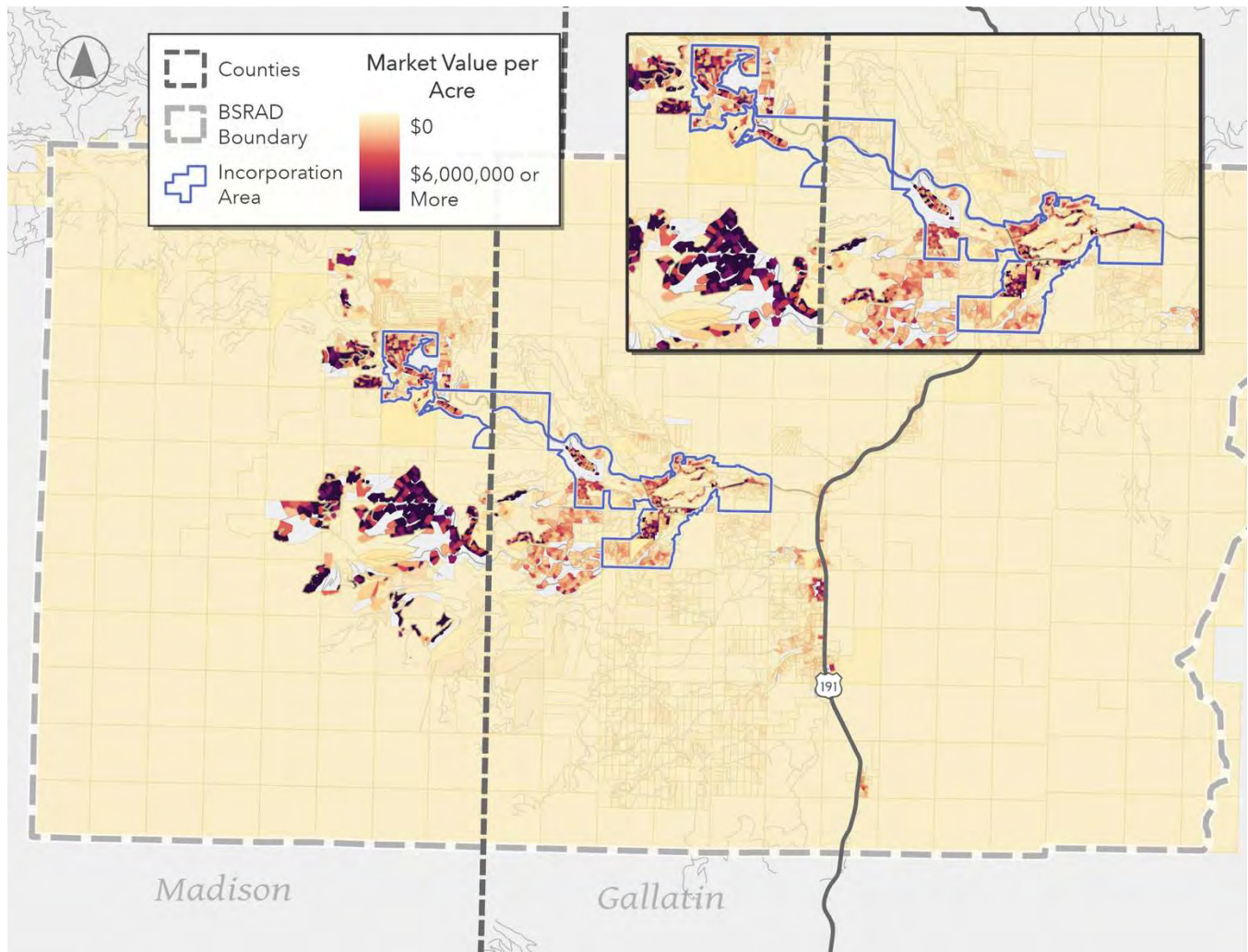
While the preceding tables describe the composition of Big Sky’s taxable base, the spatial distribution of market value provides further insight into where that value is concentrated and how it differs across potential governance boundaries.

Exhibit 3 below illustrates the distribution of market value across the BSRAD area, where the darkest color demonstrates properties that are \$6 million in total market value. The map shows that the highest-value properties are concentrated in Madison County, particularly within the Yellowstone Club, Moonlight Basin, and Big Sky Resort areas. These areas consist primarily of second and vacation homes and high-value commercial properties, which account for a disproportionately large share of the taxable base on the Madison County side of Big Sky. While these luxury properties represent a small portion of total parcels, they contribute significantly to both total market and taxable value within BSRAD.

The map also shows that a large share of these high-value properties lies outside the proposed incorporation boundary (with the exception of the Big Sky Resort), but within the larger BSRAD area. As a result, these properties would contribute to the revenue base only under the County Creation scenario.



### Exhibit 3: Market Value Per Acre, BSRAD, 2025



Source: ECONorthwest

## Peer City and City-County Department Comparison

To inform expenditure assumptions for each governance scenario, ECONorthwest benchmarked departmental spending, staffing, and service delivery approaches across a set of peer resort governments in Montana. The comparison provides a basis for estimating high-level service levels and cost expectations for a newly formed municipal or county government in Big Sky.

Peer communities were selected by BSRAD and WGM to offer relevant insights into both incorporated resort towns and consolidated city-county governments. These peers included Whitefish, Red Lodge, Columbia Falls, West Yellowstone, and Butte–Silver Bow. Together, they provide examples of communities that balance tourism-driven economies with local service responsibilities and varying levels of administrative capacity.



## Peer Government Staffing and Revenue Composition

The following table summarizes the organizational structure and estimates number of full-time equivalent (FTE) positions across the selected peer governments. The comparison highlights variations in departmental composition, staffing levels, and service delivery approaches, reflecting differences in population size, governance structure, and local service responsibilities.

These peer benchmarks were used to inform expenditure assumptions for each of the three governance scenarios modeled in this analysis. Specifically, departmental staffing, salaries, and the ratio of non-personnel costs to personnel costs were applied as reference points to estimate the scale and cost of operations that could be expected under each potential governance structure in Big Sky.

**Exhibit 4: City & Town Peer Governance Structure Overview**

DEPARTMENT / FUNCTION	WHITEFISH	RED LODGE	COLUMBIA FALLS	WEST YELLOWSTONE	NOTES
<b>Population</b>	<b>8,422</b>	<b>2,399</b>	<b>5,531</b>	<b>1,457</b>	ACS 2023 5-year
<b>Total FTEs</b>	121 FTE	29.5 FTE	41 FTE	39.25 FTE	
<b>FTEs/1000 residents</b>	14.37 FTE	12.3 FTE	7.41 FTE	27.28 FTE	
<b>Council Members</b>	6	6	6	5	
<b>Administration / Finance</b>	13 FTE	4.25 FTE	2 FTE	5 FTE	Whitefish, Columbia Falls, West Yellowstone have city managers
<b>Planning &amp; Building</b>	13 FTE	2.5 FTE	1 FTE (+1 contract planner)	0 FTE (+2 contract planners)	
<b>Parks &amp; Recreation</b>	13 FTE	2 FTE	4 FTE	4 FTE	
<b>Public Works</b>	29 FTE	7.75 FTE	15 FTE	11.5 FTE	Includes both road maintenance and utilities
<b>Social Services</b>				2 FTE	Social Services Director & Social Services Associate
<b>Law Enforcement</b>	23 FTE	8.5 FTE	13 FTE	13.5 FTE	
<b>Fire &amp; Ambulance</b>	21 FTE	N/A	4 FTE	N/A	
<b>Court</b>	3.5 FTE	2 FTE	2.5	0.75 FTE	
<b>Library</b>	5 FTE	2.5 FTE	N/A	2.5 FTE	



Source: City of Whitefish, Red Lodge, Columbia Falls, West Yellowstone; EConorthwest

**Exhibit 5: City/County Peer Governance Structure Overview**

DEPARTMENT/ FUNCTION	BUTTE/SILVERBOW	NOTES
Population	34,929	ACS 2023 5-year
Total FTEs	515 FTE	
FTEs/1000 residents	14.75 FTE	
County Council Members	12	
Administration/Central Services/Court	91.5 FTE	Key functions include Council Of Commissioners, Clerk And Recorders, Treasurer, County Attorney, Clerk of the Court
Intergovernmental Activities	38 FTE	Key functions include Finance & Budget and Human Resource Office
Housing & Community Development	8.5 FTE	Key functions include Neighborhood Improvement and Economic Development
Public Works	127 FTE	Key functions include Roads, bridges, water systems, sewer, stormwater, solid waste, parking, transit system among other
Public Safety	152.5 FTE	Key functions include Law Enforcement Agency, Disaster and Emergency Services, Code Enforcement, Fire
Public Health	52.5 FTE	Key functions include Animal Control, Health/Community Enrichment, Reclamation & Environmental Services, and Health Department
Culture & Recreation	45 FTE	Key functions include Public Library, Civic Center, Parks

Source: City and County of Butte-Silverbow; EConorthwest

Peer city budget data illustrate the diverse revenue structures that support municipal operations in comparable resort and small city governments. As shown in Exhibit 6, resort communities such as Red Lodge, Whitefish, and Columbia Falls rely heavily on resort tax revenues, which account for between 24 and 44 percent of total city revenues. These taxes serve as a critical offset to property taxes and provide flexible funding for general government operations, infrastructure, and community services.

In addition to resort taxes, these cities make substantial use of maintenance assessments to fund specific public works activities such as street lighting, snow removal, and roadway maintenance. Whitefish stands out among peers for its comparatively higher share of licensing, fine, and forfeiture revenues, reflecting its more robust administrative and enforcement capacity.

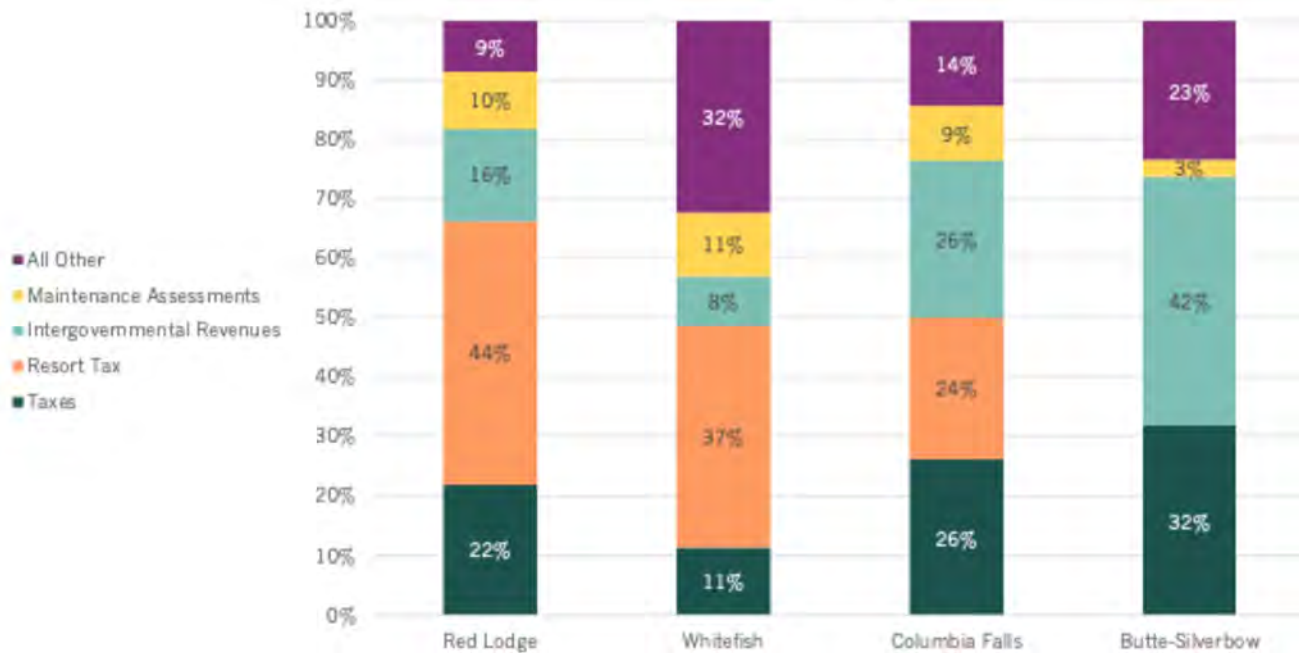


The City of Columbia Falls provides a notable example of how resort taxes can directly reduce property tax burdens. In FY 2024–25, the city applied a \$371,785 property tax offset against a general tax levy of \$1.52 million—effectively reducing property tax liability by 24 percent through dedicated resort tax revenue.

By contrast, Butte–Silver Bow, a consolidated city–county government without a resort tax, relies more heavily on intergovernmental transfers and traditional tax revenues, with state and federal funds accounting for roughly 42 percent of total revenues. (Butte-Silverbow was selected for this analysis because it has a dense economic center surrounded by rural areas; however its size, consolidated governance structure, and the fact that it is a Federal Superfund site make it an imperfect model for a Big Sky county.) In general, county intergovernmental revenues are attached to particular service responsibilities such as public health, environment and conservation, and human services implementation and administration. This fiscal analysis focused on the services and departments provided by WGM as assumptions for costing.

These examples demonstrate that resort communities consistently leverage diversified funding portfolios to reduce reliance on property taxes and sustain higher service levels aligned with tourism-driven economies.

**Exhibit 6: Shares of General Fund and Other Operating Revenues, FY 2024-2025 Budgets**



Source: City and county budget documents. City revenues exclude utility charges; County revenues exclude private grants and donations



## Fiscal Results by Scenario

The following section summarizes the fiscal results for each governance scenario, illustrating the annual cost of operations and corresponding property tax requirements to fund core local government services. For comparison purposes, each scenario assumes that all functions are fully funded by property tax revenues alone, without accounting for other typical revenue sources such as fees, charges, fines, intergovernmental transfers, or resort tax proceeds. In practice, these additional revenues would likely substantially reduce the level of property tax needed to maintain a balanced budget; similarly, expenditure growth or needs that exceed what is assumed here would require additional property tax (or other revenues) to maintain a balanced budget. Finally, one time purchases or major capital investments—such as new administrative facilities, vehicles, or technology systems—would require additional funding through an additional levy beyond what is modeled here.

### BASIC INCORPORATION SCENARIO

The Basic Incorporation Scenario represents a lean municipal government structure with a small administrative team and limited core departments. Services include general administration, finance, public works, and contracted legal and law enforcement functions. Staffing levels total roughly 10–12 FTEs over the projection period (2026–2033), equivalent to about 4 positions per 1,000 residents.

Law enforcement expenditures assume that the newly incorporated community would assume responsibility for two-thirds of the current intragovernmental agreement with the Gallatin County Sheriff, based on an assumption from WGM that 66% of the population within the current BSRAD boundary lives in the incorporated boundary. Public works is assumed to take responsibility for 25 percent of the public roads in the incorporation boundary, or about 14 miles of roads (WGM).

Exhibit 7 summarizes the modeled operating expenditures and property tax revenue estimates under this scenario.

Operating costs begin at approximately \$3.8 million in 2026, increasing gradually to \$5.6 million by 2033, driven by inflation and incremental staffing growth based on estimated growth in resident and visitor populations, per the CIP. The largest operating cost components include law enforcement (approximately 29 percent of the total cost) and public works maintenance (approximately 24 percent).

Revenues under a property tax-only funding structure are projected to generate between \$4 million and \$5.9 million over the same period to cover assumed baseline operations. The levy target in all scenarios is the estimated first year of expenditures, plus a 5 percent contingency. Actual fiscal balance would likely be moderated by the use of alternative funding sources such as resort tax allocations, interlocal cost-sharing, and user fees.



**Exhibit 7: Basic Incorporation Scenario Costs and Revenues, in Millions of USD, 2026 – 2033**

	2026	2027	2028	2029	2030	2031	2032	2033
<b>Costs</b>	\$3.8	\$4.0	\$4.2	\$4.5	\$4.7	\$5.1	\$5.3	\$5.6
<b>Property Tax Revenue</b>	\$4.1	\$4.3	\$4.6	\$4.8	\$5.1	\$5.3	\$5.6	\$5.9

Source: ECOnorthwest; Sarah Emmans

Start-up costs for incorporation, such as legal costs and administrative setup, and capital investments such as facility purchase, vehicle and equipment purchases, and technology investments, are one-time expenditures that could be financed through resort tax appropriations or loans, or by issuing additional bond levies for capital investments. These costs are not included in the annual operations model.

**EXPANDED INCORPORATION SCENARIO**

The Expanded Incorporation Scenario represents an expanded municipal structure with broader administrative and service capacity than the lean model. The city organization includes a city manager, more robust finance and central services, public works, law enforcement provided by a new police department, and contracted legal and judicial functions, along with a small administrative support team. Staffing levels grow from roughly 24 to 28 FTEs between 2026 and 2033—equivalent to about 9 positions per 1,000 residents, reflecting a more developed local government with dedicated public safety and service departments and greater internal controls.

In-house law enforcement is assumed to require ongoing expenditures above the lean incorporation scenario. Specifically, it is assumed that full-time contracted legal and municipal court functions are required. Additionally, this model assumes ongoing costs for leasing a jail or for a contract with Gallatin County Sheriff’s Office for criminal detention.

Exhibit 8 shows that annual operating costs start at approximately \$7.7 million in 2026, increasing to about \$11.2 million by 2033, driven by staffing growth, public works expansion, and higher service delivery expectations from an increase in departments. Law enforcement and public works remain the largest cost drivers, together accounting for about 55 percent of total annual expenditures.

Under a property tax-only funding scenario, estimated revenues range from \$8.1 million in 2026 to \$11.7 million by 2033, producing a modest annual surplus in most years. In practice, the city’s budget would be supported by additional revenues such as resort tax allocations, state-shared funds, and user fees, reducing reliance on property tax revenues alone.



**Exhibit 8: Expanded Incorporation Scenario Costs and Revenues, in Millions of USD, 2026 – 2033**

	2026	2027	2028	2029	2030	2031	2032	2033
<b>Costs</b>	\$7.7	\$8.2	\$8.6	\$9.1	\$9.6	\$10.1	\$10.6	\$11.2
<b>Property Tax Revenue</b>	\$8.1	\$8.6	\$9.0	\$9.5	\$10.0	\$10.5	\$11.1	\$11.7

Source: ECOnorthwest; Sarah Emmans

**NEW COUNTY SCENARIO**

The New County Scenario represents an incorporated city with the same boundaries as the Basic and Expanded Incorporation Scenarios, within a newly-formed county whose boundaries align with the BSRAD boundary. The structure includes both municipal and county offices, such as a Mayor and City Council for the incorporated city, and a Board of County Commissioners overseeing county functions including law enforcement, courts, emergency management, and public health.

This model is the most administratively complex of the three scenarios, with staffing at the city-level rising from roughly 10 to just under 11.5 FTE by 2033. The county positions would rise from just over 61 to almost 70.5 FTE by 2033, reflecting the extensive service responsibilities required to operate both levels of government.

Exhibit 9 below shows the annual operating costs begin at just under \$22 million in 2026, rising to just under \$32 million by 2033. Law enforcement and public works are the largest cost centers, together accounting for just over 70 percent of total expenditures, reflecting the addition of a county sheriff’s office and expanded road maintenance (273 miles of public roads). Administrative staffing and overhead costs also increase to support new county officials such as assessor, clerk of district court, treasurer, justice of the peace, public administrator, superintendent of schools, surveyor, coroner, and auditor. A more robust central service area (including city clerk, finance and budget, and human resources) is also assumed.

Law enforcement costs include a sheriff’s office, 24-hour detention staff, emergency management, and a contract with Gallatin County to provide dispatch services.

**Exhibit 9: New County and Incorporation Costs and Revenues, in Millions of USD, 2026 – 2033**

	2026	2027	2028	2029	2030	2031	2032	2033
<b>COUNTY</b>								
<b>Costs</b>	\$18.3	\$19.5	\$20.5	\$21.5	\$22.8	\$24.0	\$25.1	\$18.3
<b>Property Tax Revenue</b>	\$19.6	\$20.7	\$21.7	\$22.9	\$24.1	\$25.3	\$26.6	\$19.6
<b>INCORPORATED AREA</b>								



<b>Costs</b>	\$3.4	\$3.6	\$3.8	\$4.0	\$4.2	\$4.6	\$4.8	\$5.1
<b>Property Tax Revenue</b>	\$3.7	\$3.9	\$4.1	\$4.3	\$4.5	\$4.8	\$5.0	\$5.3
<b>COMBINED</b>								
<b>Costs</b>	\$21.7	\$23.1	\$24.3	\$25.5	\$27.1	\$28.6	\$30.0	\$31.7
<b>Property Tax Revenue</b>	\$23.3	\$24.6	\$25.8	\$27.2	\$28.6	\$30.1	\$31.7	\$33.3

Source: EConorthwest; Sarah Emmans

A county government would have access to additional revenue mechanisms, including:

- ◆ A property tax base that is seven times larger than the incorporated area, for the levy of county property taxes for general operations, law enforcement, and roads
- ◆ Fee-based revenues for recording, permitting, judicial, and other services.
- ◆ State-shared revenues and other intergovernmental revenues available to counties but not municipalities, though some of these would likely come attached to requirements for responsibilities not currently costed out in this analysis.

The incorporated community within the new county would have the ability to implement fees for planning and code enforcement, fines and penalties, and would have access to state-shared revenues and entitlement payments.

The fiscal model assumes property tax as the sole funding source to provide a conservative baseline; any supplementary revenues (such as user fees, court fees, grants, or interlocal cost-sharing) would reduce the effective tax rate.

## COMPARATIVE FISCAL SUMMARY

Across all three governance scenarios, each model is fiscally balanced when funded solely through property tax revenues, though the level of taxation required to achieve balance varies with the scale of government. In all three scenarios, a 5 percent contingency is assumed when calculating levy targets; in other words, the levy is assumed to be the first year of expenditures plus 5 percent. In practice, each scenario’s fiscal position would improve through potential use of resort tax proceeds as a property tax offset (as in Red Lodge and other resort communities), state and federal intergovernmental transfers, fines and penalties, and user-based revenues, all of which would reduce property tax reliance and provide greater flexibility to meet community service and infrastructure needs over time.

## CHANGE IN MILL LEVY CONTEXT

Exhibit 10 shows the estimated 2026 mill levy and resulting property tax liability for an average owner-occupied home under each governance scenario. These estimates reflect the millage rate required to fully fund core government operations in each model, excluding one-time start-up or capital costs.



Under the New County Scenario, the new county’s mill levy of 29 mills would replace existing county mill levies currently imposed by Madison (62.49 mills in 2024) and Gallatin (95.68 mills in 2024). In the incorporated area of this new county, property owners would also pay 38 mills for city government functions, for a total mill levy of 67. In both unincorporated and incorporated areas of this scenario, property owners would still pay state equalization levies, county school levies, and district taxes (e.g., fire, resort tax district, or park district), which remain unchanged.

For the Incorporation Scenarios, the new city mill levies—43 mills and 86 mills, respectively—would be added on top of existing county and district levies, since incorporation does not replace county government functions. These levies are therefore additive, increasing total property tax obligations.

It is important to note that these millage rates represent conservative overestimates of revenues needed in each expenditure scenario based on WGM assumptions, assuming 100 percent of operating costs are covered through property tax revenues. In practice, other funding sources, such as resort tax allocations, service fees, and intergovernmental revenues, would offset a portion of these costs, thereby reducing the effective tax rate for property owners.

**Exhibit 10: Scenario Mill Levy and Tax Liability, Owner-Occupied Homes of Average Value**

SCENARIO	2026 MILL LEVY	Average Owner-Occupied Home		SCENARIO TAX LIABILITY
		MARKET VALUE	TAXABLE VALUE	
<b>County (Total)</b>	29	\$2,735,008	\$42,828	\$1,241
<b>County (Incorporated Area Tax Rate)</b>	38	\$1,687,344	\$22,547	\$860
<b>County (Incorporated Area – Total Tax Rate)</b>	67	\$1,687,344	\$22,547	\$1,513
<b>Basic Incorporation</b>	43	\$1,687,344	\$22,547	\$958
<b>Expanded Incorporation</b>	86	\$1,687,344	\$22,547	\$1,948

Source: Sarah Emmans; EConorthwest GIS analysis of Montana Department of Revenue Data

Table notes:

- In the New County Scenario: In addition, a homeowner in the incorporated part of the new county would pay both the County mills, the incorporated community mills, and any other taxing district taxes, but would no longer pay Gallatin or Madison County taxes.
- Basic Incorporation: In addition to the mills listed here, this homeowner would pay Madison or Gallatin County property taxes and all applicable district taxes.
- Expanded Incorporation: In addition to the mills listed here, this homeowner would pay Madison or Gallatin County property taxes and all applicable district taxes.



The shift in tax burdens from primary residential taxpayers to second and short-term rental property owners will be dramatic in the Big Sky area. The incorporation scenario boundary area, which includes roughly two-thirds of Big Sky's permanent population, concentrates the property tax burden on a comparatively weaker base, where home values are lower and there are fewer second or vacation homeowners. In contrast, the county government scenario – which would allow the Big Sky area to retain and concentrate revenue derived from a high-value tax base on a locally-centered government – also comes with complex service requirements and additional layers of government, only some of which are accounted for in this expenditure model. The fiscal shifts in tax burden must be considered in the context of the mix of services and layers of government that are purchased – including representation, which is impossible to quantify in a fiscal analysis.



## Appendix: Revenue/Expenditure Summaries & Assumptions

### Exhibit 11: New County Scenario, Incorporated Community Positions & FTE Projections

Incorporated Community	2026	2027	2028	2029	2030	2031	2032	2033
Council	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Mayor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Clerk/Treasurer	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3
Finance	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3
Administrative Assistant	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Police	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Planning & Code Enforcement	2.1	2.1	2.2	2.3	2.4	2.4	2.5	2.6
Public Works	2.1	2.2	2.2	2.3	2.4	2.4	2.5	2.6
<b>Total</b>	<b>9.7</b>	<b>10.0</b>	<b>10.2</b>	<b>10.4</b>	<b>10.7</b>	<b>10.9</b>	<b>11.2</b>	<b>11.4</b>

### Exhibit 12: New County Scenario, County Positions & FTE Projections

County Government	2026	2027	2028	2029	2030	2031	2032	2033
<b>City Government Officials</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Council (part-time, stipend)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mayor (part-time, stipend)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City Clerk/Treasurer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>County Government Officials</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>
County Commissioners	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Assessor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Auditor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Clerk of District Court	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Coroner	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
County Attorney	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
County Clerk	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

County Government	2026	2027	2028	2029	2030	2031	2032	2033
Justice of the Peace	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Administrator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Superintendent of Schools	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Surveyor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Treasurer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Central Services</b>	<b>4.9</b>	<b>4.9</b>	<b>5.0</b>	<b>5.1</b>	<b>5.2</b>	<b>5.2</b>	<b>5.3</b>	<b>5.4</b>
Finance	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Human Resources	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3
City Attorney	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
City Official and Central Service Admin Support	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6
County Government Official Admin Support	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
<b>Law Enforcement</b>	<b>28.6</b>	<b>29.6</b>	<b>30.2</b>	<b>30.8</b>	<b>31.8</b>	<b>32.4</b>	<b>33.0</b>	<b>33.9</b>
Sheriff	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sergeants	3.1	3.2	3.3	3.4	3.6	3.7	3.8	3.9
Deputies	12.4	13.0	13.3	13.7	14.3	14.6	15.0	15.6
Detectives	2.1	2.2	2.2	2.3	2.4	2.4	2.5	2.6
Emergency Management	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Detention Security	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Admin Support	4.1	4.2	4.3	4.4	4.5	4.6	4.7	4.8
<b>Planning &amp; Code Enforcement</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Consolidated City and County Planning	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Code Enforcement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Public Works</b>	<b>11.3</b>	<b>11.8</b>	<b>12.2</b>	<b>12.5</b>	<b>13.0</b>	<b>13.4</b>	<b>13.7</b>	<b>14.2</b>
<b>Total</b>	<b>61.6</b>	<b>63.2</b>	<b>64.2</b>	<b>65.2</b>	<b>66.8</b>	<b>67.8</b>	<b>68.8</b>	<b>70.4</b>

Source: ECONorthwest; Sarah Emmans



### Exhibit 13: County Costs, Incorporated Community (including personnel)

Costs, Including Personnel	2026	2027	2028	2029	2030	2031	2032	2033
Legislative & Executive	\$149,350	\$153,831	\$158,445	\$163,199	\$168,095	\$173,138	\$178,332	\$183,682
Court & Attorney	\$247,200	\$254,616	\$262,254	\$270,122	\$278,226	\$286,573	\$295,170	\$304,025
Central Services	\$442,557	\$471,845	\$502,554	\$534,682	\$568,152	\$603,285	\$640,015	\$678,189
Law Enforcement (2/3 of Gallatin Sheriff Contract)	\$1,108,378	\$1,156,441	\$1,206,590	\$1,258,912	\$1,313,504	\$1,541,771	\$1,608,628	\$1,678,385
Planning & Code Enforcement	\$311,714	\$332,343	\$353,973	\$376,602	\$400,176	\$424,923	\$450,793	\$477,681
Public Works	\$557,489	\$601,729	\$637,256	\$674,327	\$724,624	\$765,410	\$808,040	\$864,982
Road Maintenance & Streetlights	\$397,448	\$428,988	\$454,316	\$480,745	\$516,603	\$545,680	\$576,073	\$616,668
Other Costs	\$231,750	\$238,703	\$245,864	\$253,239	\$260,837	\$268,662	\$276,722	\$285,023
<b>Total</b>	<b>\$3,445,886</b>	<b>\$3,638,496</b>	<b>\$3,821,253</b>	<b>\$4,011,829</b>	<b>\$4,230,217</b>	<b>\$4,609,441</b>	<b>\$4,833,773</b>	<b>\$5,088,636</b>

### Exhibit 14: County Costs, County Positions

Costs, Including Personnel	2026	2027	2028	2029	2030	2031	2032	2033
City Council and Mayor	\$103,000	\$106,090	\$109,273	\$112,551	\$115,927	\$119,405	\$122,987	\$126,677
County Officers	\$2,166,502	\$2,231,497	\$2,298,442	\$2,367,395	\$2,438,417	\$2,511,570	\$2,586,917	\$2,664,524
City Attorney	\$50,058	\$51,560	\$53,107	\$54,700	\$56,341	\$58,031	\$59,772	\$61,565
Central Services (Finance, HR, City Clerk, Admin)	\$626,639	\$652,575	\$679,456	\$707,276	\$735,984	\$765,788	\$796,641	\$828,442
Law Enforcement	\$3,797,268	\$4,042,746	\$4,247,581	\$4,460,848	\$4,738,433	\$4,971,654	\$5,214,842	\$5,527,639
Planning & Code Enforcement	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Public Works	\$3,852,357	\$4,158,067	\$4,403,563	\$4,659,732	\$5,007,294	\$5,289,130	\$5,583,714	\$5,977,196
Road Maintenance & Streetlights (273 miles of public roads)	\$6,217,227	\$6,710,605	\$7,106,807	\$7,520,231	\$8,081,153	\$8,536,002	\$9,011,424	\$9,646,455
Other Costs (Lease, Property & Liability Insurance)	\$1,465,175	\$1,509,130	\$1,554,404	\$1,601,036	\$1,649,067	\$1,698,539	\$1,749,496	\$1,801,980
<b>Total</b>	<b>\$18,278,226</b>	<b>\$19,462,270</b>	<b>\$20,452,632</b>	<b>\$21,483,769</b>	<b>\$22,822,617</b>	<b>\$23,950,119</b>	<b>\$25,125,793</b>	<b>\$26,634,479</b>

Source: ECONorthwest; Sarah Emmans



### Exhibit 15: County FTE Projections

<b>All positions per 1,000</b>	19.6	19.4	19.1	18.8	18.7	18.4	18.1	18.0
<b>FTE per 1,000</b>	25.0	24.9	24.6	24.4	24.3	24.1	23.9	23.9

Source: ECONorthwest; Sarah Emmans

### Exhibit 16: Basic Incorporation Scenario Positions & FTE Projections

<b>Positions</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
Council	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Mayor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Clerk/Treasurer	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3
Finance	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3
Administrative Assistant	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3
Police	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Planning & Code Enforcement	2.1	2.1	2.2	2.3	2.4	2.4	2.5	2.6
Public Works	2.1	2.2	2.2	2.3	2.4	2.4	2.5	2.6
<b>Total</b>	<b>10.2</b>	<b>10.5</b>	<b>10.8</b>	<b>11.0</b>	<b>11.3</b>	<b>11.5</b>	<b>11.8</b>	<b>12.1</b>

Source: ECONorthwest; Sarah Emmans

### Exhibit 17: Basic Incorporation Scenario Costs (including personnel)

<b>Costs</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
Legislative & Executive	\$149,000	\$154,000	\$158,000	\$163,000	\$168,000	\$173,000	\$178,000	\$184,000
Court & Attorney	\$247,000	\$255,000	\$262,000	\$270,000	\$278,000	\$287,000	\$295,000	\$304,000
Central Services	\$520,000	\$554,000	\$590,000	\$628,000	\$667,000	\$708,000	\$751,000	\$796,000
Law Enforcement (2/3 of Gallatin Sheriff Contract)	\$1,108,000	\$1,156,000	\$1,207,000	\$1,259,000	\$1,314,000	\$1,542,000	\$1,609,000	\$1,678,000
Planning & Code Enforcement	\$312,000	\$332,000	\$354,000	\$377,000	\$400,000	\$425,000	\$451,000	\$478,000
Public Works	\$557,000	\$602,000	\$637,000	\$674,000	\$725,000	\$765,000	\$808,000	\$865,000
Road Maintenance & Streetlights	\$397,000	\$429,000	\$454,000	\$481,000	\$517,000	\$546,000	\$576,000	\$617,000
Other Costs	\$550,000	\$567,000	\$584,000	\$601,000	\$619,000	\$638,000	\$657,000	\$676,000
<b>Total</b>	<b>\$3,841,000</b>	<b>\$4,048,000</b>	<b>\$4,246,000</b>	<b>\$4,453,000</b>	<b>\$4,687,000</b>	<b>\$5,083,000</b>	<b>\$5,325,000</b>	<b>\$5,598,000</b>



Source: ECONorthwest; Sarah Emmans

**Exhibit 18: Basic Incorporation Scenario FTE Projections**

<b>All positions per 1,000</b>	4.0	4.0	3.9	3.9	3.9	3.8	3.8	3.8
<b>FTE per 1,000</b>	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8

Source: ECONorthwest; Sarah Emmans

**Exhibit 19: Expanded Incorporation Scenario Positions & FTE Projections**

<b>Positions</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
Council (part-time, stipend)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Mayor (part-time, stipend)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Clerk/Treasurer	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3
Municipal Judge and City Attorney	contracted	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3
Administrative Assistant	2.1	2.1	2.2	2.3	2.4	2.4	2.5	2.6
Human Resources	1.0	1.1	1.1	1.1	1.2	1.2	1.3	1.3
Police (Chief, 2 sergeant, 4 deputies)	7.2	7.5	7.7	7.8	8.1	8.3	8.5	8.8
Planning & Code Enforcement	3.1	3.2	3.3	3.4	3.5	3.7	3.8	3.9
Public Works	4.1	4.3	4.4	4.6	4.8	4.9	5.0	5.2
<b>Total</b>	<b>23.6</b>	<b>24.4</b>	<b>25.0</b>	<b>25.6</b>	<b>26.4</b>	<b>27.0</b>	<b>27.5</b>	<b>28.3</b>

Source: ECONorthwest; Sarah Emmans

**Exhibit 20: Expanded Incorporation Scenario Costs (including personnel)**

<b>Costs</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>
Legislative & Executive	\$397,000	\$408,000	\$421,000	\$433,000	\$446,000	\$460,000	\$474,000	\$488,000
Court & Attorney	\$738,000	\$751,000	\$764,000	\$778,000	\$793,000	\$807,000	\$823,000	\$838,000
Central Services	\$1,069,000	\$1,139,000	\$1,213,000	\$1,291,000	\$1,372,000	\$1,457,000	\$1,545,000	\$1,638,000
Law Enforcement	\$1,325,000	\$1,419,000	\$1,496,000	\$1,576,000	\$1,683,000	\$1,771,000	\$1,863,000	\$1,984,000
Planning & Code Enforcement	\$568,000	\$606,000	\$645,000	\$687,000	\$730,000	\$775,000	\$822,000	\$871,000
Public Works	\$1,407,000	\$1,519,000	\$1,609,000	\$1,702,000	\$1,829,000	\$1,932,000	\$2,040,000	\$2,183,000



Road Maintenance & Streetlights (54.6 mi of public roads)	\$1,550,000	\$1,673,000	\$1,772,000	\$1,875,000	\$2,015,000	\$2,128,000	\$2,247,000	\$2,405,000
Other Costs	\$679,000	\$699,000	\$720,000	\$742,000	\$764,000	\$787,000	\$810,000	\$835,000
<b>Total</b>	<b>\$7,732,000</b>	<b>\$8,214,000</b>	<b>\$8,640,000</b>	<b>\$9,084,000</b>	<b>\$9,631,000</b>	<b>\$10,117,000</b>	<b>\$10,623,000</b>	<b>\$11,241,000</b>

Source: ECOnorthwest; Sarah Emmans

### Exhibit 21: Expanded Incorporation Scenario FTE Projections

<b>All positions per 1,000</b>	9.2	9.2	9.1	9.0	9.0	8.9	8.9	8.9
<b>FTE per 1,000</b>	7.6	7.7	7.6	7.6	7.6	7.6	7.6	7.6

Source: ECOnorthwest; Sarah Emmans

### Exhibit 22: Assumptions Related to Property Taxes and CIP Growth

	COUNTY	INCORPORATION
<b>General Tax Assumptions</b>		
Levy growth	3.0%	3.0%
Share new construction taxable, class 4	75.0%	75.0%
Growth in market value	3.5%	3.5%
New construction as a share of total market value	3.0%	3.0%
Base (2025) taxable value	\$704,839,814	\$81,693,594
<b>Shares of Total Market Value, Base</b>		
All residential	90.0%	90.5%
Primary and long-term rental	16.9%	31.0%
Vacation and short-term rentals	73.1%	58.5%
Commercial	5.0%	8.7%
Non-qualified Agriculture	1.6%	0.3%
Ag & Timber	3.4%	0.4%
Other	0.0%	0.1%
<b>Tax Rates</b>		
Primary Residential, 2025	1.6%	1.1%
Primary Residential, 2026	1.0%	1.1%



	COUNTY	INCORPORATION
Vacation, second home, short-term rentals, 2025	2.0%	1.9%
Vacation, second home, short-term rentals, 2026	1.5%	1.9%
Commercial, 2025	1.8%	1.8%
Commercial, 2026	1.7%	1.6%
<b>CIP Assumptions</b>		
<b>Housing Units by Year (CIP)</b>		
2025	4,748	3,134
2026	4,921	3,248
2027	5,094	3,362
2028	5,267	3,476
2029	5,440	3,590
2030	5,613	3,705
2031	5,786	3,819
2032	5,959	3,933
2033	6,131	4,046
<b>Average Value of Residential Properties (for CIP Growth Assumptions)</b>		
Primary owner-occupied residences	\$2,735,008	\$1,687,344
Long-term rentals	\$2,735,008	\$1,498,285
Second home	\$8,296,432	\$2,856,286
Short-term rental	\$1,496,663	\$1,498,285
<b>Shares of New Residential Housing Units</b>		
Primary owner-occupied residences, percent	28.0%	29.0%
Long-term rentals	4.9%	4.9%
Second home	38.1%	31.7%
Short-term rental	29.0%	34.5%
Persons per household	2.33	2.33
<b>Commercial Square Footage by Year (CIP)</b>		
2025	3,026,000	1,634,040
2026	3,071,000	1,658,340



	COUNTY	INCORPORATION
2027	3,114,000	1,681,560
2028	3,159,000	1,705,860
2029	3,202,000	1,729,080
2030	3,244,000	1,751,760
2031	3,288,000	1,775,520
2032	3,331,000	1,798,740
2033	3,375,000	1,822,500
<b>Average value and square feet of commercial properties (for CIP Growth Assumptions)</b>		
<b>Average Value</b>	\$3,553,599	\$2,462,733
<b>Square Foot Per Property</b>	5,571	5,475

Source: ECONorthwest; Sarah Emmans

Table notes:

- SB 117 allows for levy growth of the average rate of inflation over the past three years, up to 4 percent, and 75 percent of new construction.
- A conservative approach to growth in market value is assumed, based on ECONorthwest projection of home values in Gallatin County based on Fannie Mae national average annual growth rate for 2027.
- New construction as a share of total taxable value was 6 percent in the Big Sky K-12 district over the past five years. A more conservative growth rate is assumed based on SB 117 changes and to accommodate CIP growth assumptions.
- Shares of total market value and housing unit growth by type of residence were derived from assessor data and analysis of the BSRAD CIP (Tischler Bise) and from Census ACS data.
- Blended tax rates were derived from average home values and analysis of DOR information.
- Growth in housing units and commercial area are from the BSRAD CIP (New County Scenario) and WGM (incorporation scenarios).
- Growth in commercial square footage is from the BSRAD CIP (New County Scenario) and ECONorthwest/Sarah Emmans analysis of DOR assessor data (54 percent of commercial development is currently within the incorporation boundary).
- Average home values and average square footage and value of commercial properties are assumptions derived from analysis of BSRAD CIP, Census ACS, and DOR data.

