BIG SKY RESORT AREA DISTRICT

GOVERNANCE STUDY: FINAL REPORT

2025

ACKNOWLEDGMENTS

Big Sky Resort Area District

Meg O’Leary, President, M2O Group

Incorporation Exploration Subcommittee:
Sarah Blechta as the Chair
Sarah Gaither Bivins
Katie Grice
Michelle Horning
Matt Kidd
Tallie Lancey
Brad Niva
David O’Connor
Ennion Williams

Report Authors:
Dylan Pipinich, Land Planner, WGM Group, Inc.
Caitlin Frisbie, Land Planner, WGM Group, Inc.

Robert Parker, Senior Project Director, ECOnorthwest
Lee Ann Ryan, Senior Project Manager, ECOnorthwest

Sarah Emmans, Fiscal Analysis Lead, SME Consulting, LLC

TABLE OF CONTENTS

EXECUTIVE SUMMARY

PURPOSE & PROCESS

The Big Sky Governance Study was undertaken to clarify what different forms of local governance would mean for Big Sky in terms of function and economics. For decades, residents have asked whether Big Sky should incorporate, create a new county, or maintain its current system of special districts and county oversight. Those questions have persisted without clear, factual answers and this report is intended to answer those questions.

The study was developed through a combination of government framework research, fiscal modeling, and community engagement. Residents, service providers, and local leaders helped shape the evaluation criteria, identifying what matters most to Big Sky: representation, coordination of services, fiscal responsibility, and maintaining the effectiveness of existing districts and the resort tax. Every assumption and finding in this report is tied to Montana Code Annotated, state tax law, or fiscal data, ensuring the analysis is both transparent and replicable.

It is important to understand that this report does not suggest that any type of change should or should not be implemented. The study team issued an Existing Conditions Report, included as Appendix A to this report, that details how the community is served and represented today. This report is used as a "Baseline Scenario" for the final evaluation of options and should be considered the Current Service Deliver Scenario of governance. It is important to note that the community is not actively being asked to change. In fact, there is no call to action or implementation in this report. The objective is to provide clear data for residents to form their own opinion should a call to action arise from within the community.

Early in the community engagement efforts, it was requested that the study team present "pros" and "cons" of multiple scenarios. However, it became clear as the community engagement continued that there was not community consensus on what outcomes may be positive or negative. In short, a change perceived as a benefit to one individual was very much interpreted as a negative by another. Therefore, the current processes and predicted outcomes from scenarios are not listed as positive or negative; they are simply detailed for the reader to form their own opinion.

SUMMARY OF SCENARIOS

The nature of government systems makes evaluating change inherently complex. Governance functions are highly interdependent, meaning that assessing performance requires considering numerous interconnected aspects. A modification in one area often triggers changes in others, making consistent comparisons challenging. To address this, the study team established a baseline scenario (Current Service Delivery Scenario) and evaluated three distinct alternatives, as described below. This approach ensures consistency within each scenario and allows for clear, comparable differences between them.

Current Service Delivery Scenario: Under current conditions, Big Sky operates without a centralized municipal government. Instead, services are provided through a network of special districts, counties, nonprofits, and private entities. The Big Sky Resort Area District (BSRAD) serves as the financial and organizational centerpiece, allocating resort tax revenues to fund essential services such as fire protection, transportation, housing, and other community programs. These service districts are typically operated by elected or appointed board members from the community, giving the community representation although in a different form than other communities. The special districts and two counties levy taxes to pay for services, and rely on philanthropy, non-profit organizations, and private entities to provide the remaining services. Overall, the existing structure has been very successful in Big Sky as it continues to be a very large economic driver for the entire state. The intent of utilizing the Current Service Delivery Scenario as a baseline for evaluation is to provide an understanding of how Big Sky would continue to operate as it does today.

Basic Incorporation: Basic Incorporation establishes a small, efficient municipal government focused on planning, zoning, and limited public works. It provides a mayor–council structure accountable solely to Big Sky residents while maintaining existing service districts. This model is the most straightforward to implement.

However, it would introduce a new municipal tax in addition to existing county and district levies, and coordination between the two counties would still be required. In this scenario, the property tax liability for the average owner-occupied home within the incorporated boundary would be approximately $958 in 2026. The intent of this scenario is to provide more structured local decision making for the community.

Expanded Incorporation Scenario: Expanded Incorporation builds upon the same foundation but assumes that the city would provide additional services such as law enforcement and expanded public works. This model offers greater local autonomy but requires a significantly larger budget and administrative framework. In this scenario, the property tax liability for the average owner-occupied home within the incorporated boundary would be approximately $1,948 in 2026. The intent of this scenario is to provide more robust local control in government.

New County Scenario: Creation of a New County with Municipal Governance would localize nearly all major governmental functions, aligning decision-making and taxation entirely within the Big Sky region. It offers the highest degree of local control but also the most challenging implementation path, requiring legislative action, voter approval, and substantial administrative startup. In this scenario, the property tax liability for the average owner-occupied home within the incorporated boundary and new county would be approximately $1,513 in 2026. The intent of this scenario is to provide the most local control of financial and decision making abilities.

Alternatives within the Current Government Structure – Another option available under Montana law is the adoption of a county charter form of government. Authorized under Article XI, Section 5 of the Montana Constitution and MCA Title 7, Chapter 3, Part 7, a charter government allows a county to adopt a customized structure through local voter approval. A charter could modify the form of government, create local administrative boards, and assign specific powers or responsibilities unique to Big Sky, all while remaining within the existing counties. For example, Gallatin County or Madison County could, with voter approval, establish a locally administered district or sub-area board with enhanced decision-making authority specific to Big Sky. This approach offers flexibility and local control without the complexity of forming a new municipality or county. However, implementing a charter requires extensive legal drafting, public engagement, and ultimately, countywide voter approval, which may be difficult to achieve.

In all cases, the fiscal analysis found that Big Sky has the tax base to support its own government under conservative assumptions. The differences in cost between scenarios are tied primarily to the level of service, not inefficiency. Each model would maintain existing service districts, preserve the resort tax, and require continued coordination among local entities.

> ***Government, at its core, is an experiment. It is an ever-changing system shaped by people, values, and circumstances. No structure of government is entirely predictable, nor can it perfectly anticipate the needs of the future. It evolves through trial, adaptation, and the constant balance between representation, efficiency, and accountability. This study recognizes that reality. It does not attempt to define what Big Sky's government should be but instead presents what it could be. That question is grounded in Montana law, supported by fiscal analysis, and guided by the expressed values of the Big Sky community.***

1.0 INTRODUCTION

ABOUT THIS DOCUMENT

The question of incorporation in Big Sky, Montana, has been raised several times over the past two decades. In 2002, the Big Sky Owners Association (BSOA) initiated an effort to explore incorporation, followed by the Big Sky Chamber of Commerce's work beginning in 2004, which included public sentiment research and an assessment of statutory requirements. Those early efforts provided useful context, but since a community consensus was never reached, the conversations continued throughout the next decade with the same results.

In 2018, the Montana State University Local Government Center prepared a report that added depth to the community's understanding but again did not lead to consensus on a path forward.

Beginning in 2022, the grassroots group Big Sky Local Governance renewed the conversation, examining questions of boundaries, services, and fiscal feasibility. That work, along with growing public discussion and renewed media attention, highlighted the need for more formal analysis.

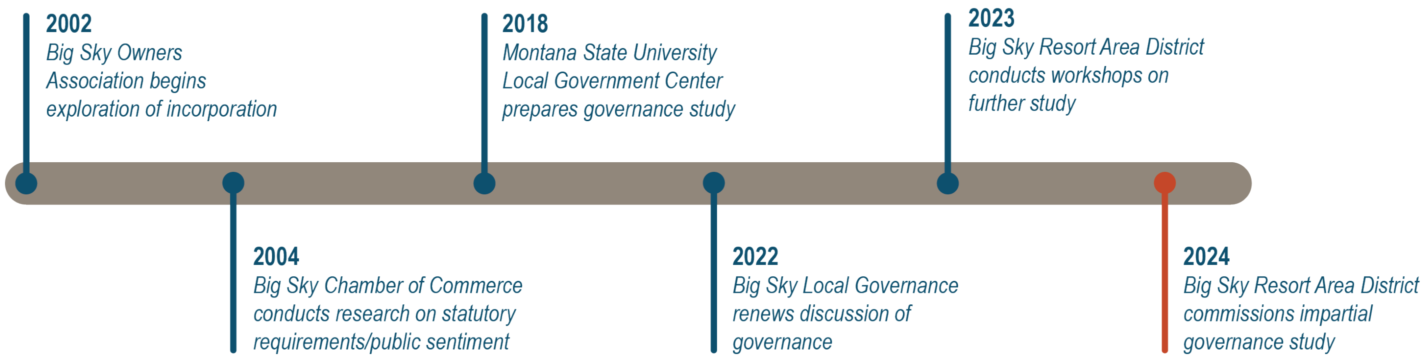
In 2023, the Big Sky Resort Area District (BSRAD) convened a group of community leaders for a facilitated series of workshops to determine whether incorporation should be studied further. That process reaffirmed that the community remained divided on the issue and the group's recommendation was to proceed with an impartial study of governance for all governance options, not solely incorporating as a municipality.

This document is the product of that recommendation and provides a neutral comparison of governance options to support informed community decision-making. No recommendations will be made as a result of this effort.

The methodology applied in this study is built around impartiality and transparency:

- **Grounded in Data:** Fiscal and demographic projections rely on state, county, and federal sources, supplemented by local parcel-level information. The study area is shown in Figure 1 on the following page.
- **Scenario-Based Analysis:** Incorporation, status quo, and alternative county arrangements are compared under consistent assumptions.
- **Independent Evaluation:** The study team does not advocate for any specific outcome but instead provides objective analysis of costs, benefits, and trade-offs.
- **Community Engagement:** Public surveys, stakeholder interviews, and outreach ensure that community perspectives inform the study.

This document recognizes the lessons of past efforts and provides the community with a clear, unbiased foundation from which to weigh its governance choices for the future.



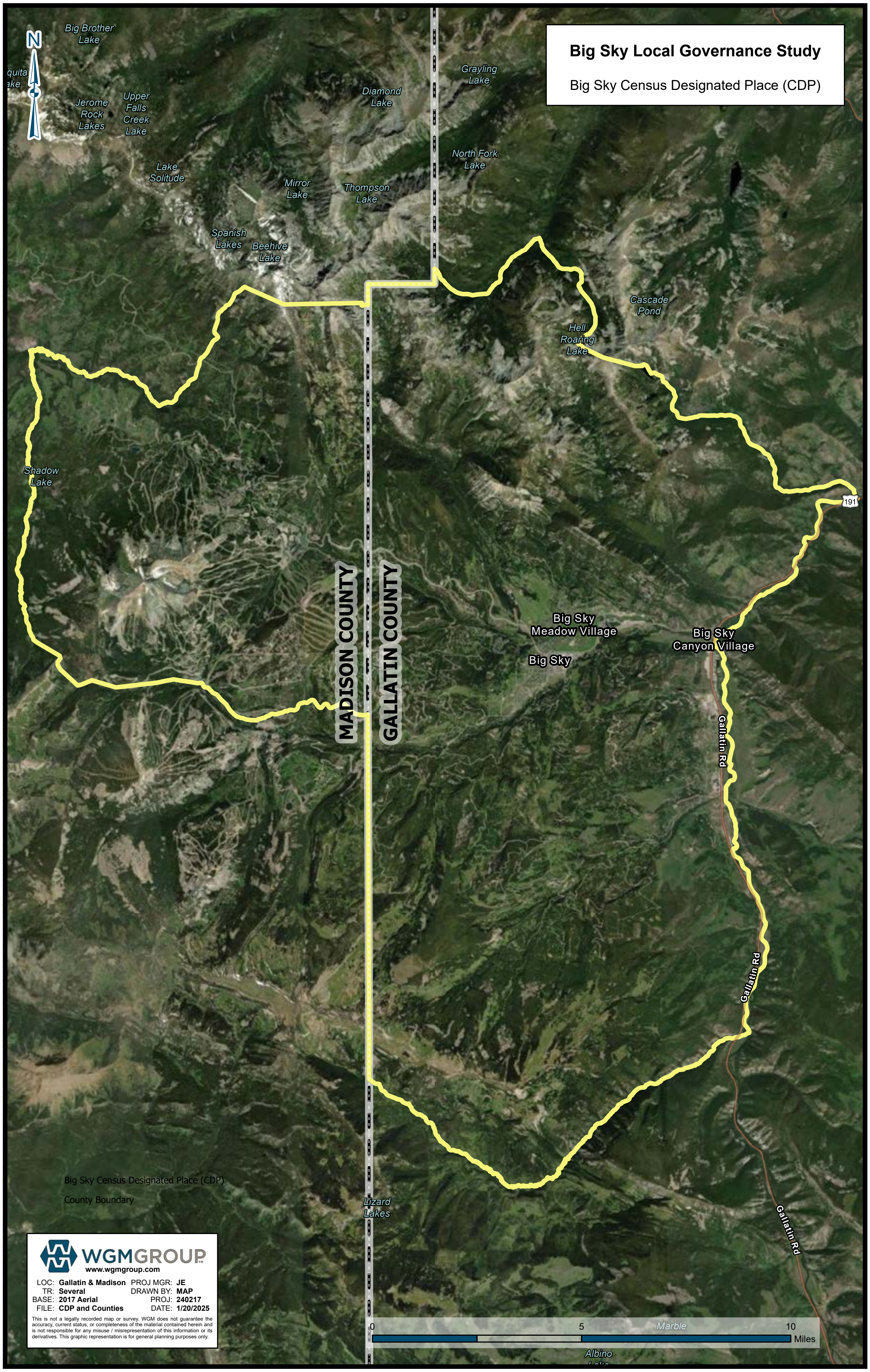


Figure 1. Study Area

PROCESS OVERVIEW

The study team, which was comprised of land planning consultants, engineers, financial analysts, and public engagement specialists, was assembled to address a fundamental, yet complex question:

How can Big Sky operate in a way that is representative of the whole community, supportive of its needs, and sustainable for the future?

Over the past year, residents, service providers, and local leaders helped shape the evaluation criteria through a rigorous community engagement process, identifying what matters most to Big Sky: representation, coordination of services, fiscal responsibility, and maintaining the effectiveness of existing districts and the resort tax. The study team then translated the priorities into workable governance structures, and narrowed six scenarios down to three for further analysis. Every assumption and finding in this report is tied to Montana Code Annotated, state tax law, or fiscal data, ensuring the analysis is both transparent and replicable. The legislative session in the middle of the project provided additional insights, and yielded changes that were incorporated into the analysis. The following pages outline the study team's process and provide a summary of the analysis. The appendices provide the supporting detail behind the analysis. They include fiscal data, technical tables, summaries of public meetings, survey results, website engagement data, and records of joint commission meetings. They also contain the full documentation of community engagement, ensuring that the input gathered throughout the process is transparent and available for reference.

HOW TO USE THIS REPORT

This report is intended as a resource for the Big Sky community. It is structured to present clear information about governance options and to allow readers to compare different approaches side by side. The body of the report contains the essential findings, beginning with the history and purpose of the study, then moving through existing conditions, governance scenarios, and the fiscal analysis. Each scenario is described with a detailed set of assumptions, the reasons those assumptions were applied, and a description of the fiscal and organizational implications. The report body is designed to be read sequentially for a full understanding, but sections can also be reviewed independently depending on the reader's interest and needs. It will be available to use as a reference document as governance questions arise in the future.

The primary purpose of this study was to help the community decide if there is a better way to provide governmental services to Big Sky and its residents. However, there is a very important ancillary benefit from this process. Outside of the scenario evaluation, this report captures residents' views, opinions, and concerns about Big Sky's government. The engagement process gave residents a forum to be heard, and the themes that emerged should inform policy decisions beyond the scope of this study.

Local decision-makers, service districts, and county governments should refer to the community engagement and themes section when shaping future policies.

Community's Voice

Representation

Local Decision-Making

Attentive to Tax Dollar Allocation

Ability to Leverage Tax Revenue

Report Organization

SECTION 2

EXISTING CONDITIONS

Determine Baseline:
Fiscal Capacity, Service Delivery, & Representation

SECTION 3

FORECASTING & TREND ANALYSIS

Capital Improvement Plan (CIP):
Analysis & Growth Projections

SECTION 4

COMMUNITY & STAKEHOLDER ENGAGEMENT

Community Theme Development:
Community Representation, Identification & Coordination of Service Gaps, Implementation Barriers, Impacts to Resort Tax, Fiscal Responsibility

SECTION 5

GOVERNANCE SCENARIO EVALUATION FRAMEWORK

Scenario Development:
Six governance scenarios with initial evaluation from Big Sky Resort Area District Committee

SECTION 6

SCENARIO ANALYSIS

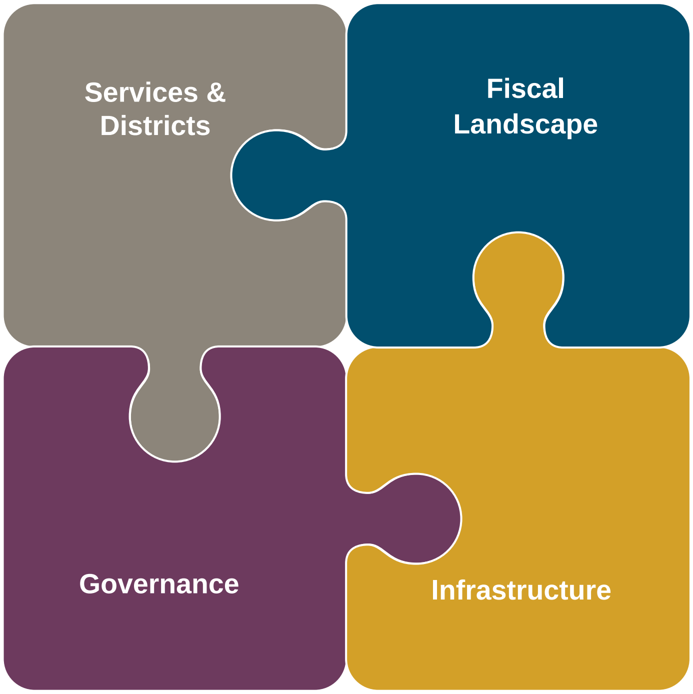
Analysis & Summary of Findings:
Basic Incorporation Scenario, Expanded Incorporation Scenario, & Creation of a New County Scenario

Appendices

- FISCAL DATA
- TECHNICAL TABLES
- SURVEY RESULTS
- SUMMARIES OF PUBLIC MEETINGS
- ENGAGEMENT DATA
- MEETING RECORDS
- DOCUMENTATION OF COMMUNITY ENGAGEMENT

2.0 DATA COLLECTION & EXISTING CONDITIONS ANALYSIS

The way Big Sky functions today is the product of decades of growth without a municipal government. Services have been layered together through counties, districts, nonprofits, and private providers, each stepping in to meet needs as they emerge. This patchwork has created a community that is both resilient and resourceful, but it has also produced gaps in accountability and limits in coordination. Understanding this current framework is essential to evaluating any future governance structure. This section draws on past studies and the 2025 Existing Conditions Report to describe the baseline conditions in Big Sky and to frame how services, infrastructure, and governance operate today.



Understanding the current, interconnected framework of how Big Sky functions today is essential to evaluating any future governance structure.

SERVICES & DISTRICTS

Public services in Big Sky are delivered through multiple entities. BSRAD collects and allocates resort tax revenues that fund services such as fire protection, transportation, recreation, housing, and community programs.

The Big Sky Fire District and Yellowstone Mountain Club Rural Fire District provide emergency response. Water and wastewater services are managed by the Big Sky County Water and Sewer District (BSCWSD), Gallatin Canyon County Water and Sewer District (GCCWSD), and the Firelight Meadows County Water and Sewer District (FLMCWSD). Other functions, including schools, health care, transportation, and recreation, are administered by separate districts.

Nonprofit organizations such as the Big Sky Community Organization (BSCO) and Wellness in Action (WIA) provide recreational and social services. Private developments, especially in Madison County, maintain internal systems for water, sewer, roads, and fire protection. A complete list of service providers is included in Appendix A.

FISCAL STRUCTURE

Big Sky's fiscal structure consists of property taxes, resort tax revenues, and special district assessments.

- Property taxes fund schools, fire protection, water and sewer systems, and county services. Because Big Sky spans two counties, revenue is split geographically.
- Resort tax revenues support transportation, recreation, housing, fire protection, and other public purposes.
- District assessments and fees fund operations

and capital improvements for water, sewer, and fire services.

Big Sky does not have the authority to levy general-purpose municipal taxes, so funding depends on coordinating multiple sources of funding.

INFRASTRUCTURE

Infrastructure maintenance and operations

- Roads: Highways 191 and 64 are the main transportation routes, supplemented by county roads, Rural Improvement Districts, and privately maintained systems.
- Water and Sewer: Centralized service is provided in the Meadow, Town Center, and Mountain Village areas through BSCWSD, Firelight Meadows with FLMCWSD, and GCCWSD extending service south along Highway 191. Outside these areas, properties rely on wells and septic systems.
- Other Systems: Stormwater management and solid waste disposal are handled by individual developments and private haulers. Recreational facilities are maintained by various entities and supported by BSRAD funding. Workforce housing remains limited, and new housing development continues to drive investment in related infrastructure.

GOVERNANCE

Big Sky is governed jointly by Gallatin and Madison Counties. Gallatin County oversees the Meadow and Town Center areas, while Madison County governs the mountain areas. Both pay for law enforcement, emergency management, and land use planning.

Local service districts including fire, water and sewer, school, transportation, and recreation are managed by elected or appointed boards. Nonprofit organizations supplement these efforts, and BSRAD coordinates funding through resort tax allocations.

Additionally, Coordination across counties and entities occurs through joint meetings and partnerships, but representation and accountability are distributed among many boards and jurisdictions.

EXISTING DOCUMENTS

Earlier studies questioned if the community technically qualified under Montana law, but rather than providing clarity, they largely underscored the complexity of the issue. Questions about fiscal capacity, overlapping services, and community support were raised but not fully resolved, leaving Big Sky without a clear direction.

Other documents and resources include:

- Montana State University Extension: Local Government Center (2020). Montana Municipal Officials Handbook (Third Edition)
- Gallatin Canyon/Big Sky Zoning Regulation (adopted 1996, updated 2024)
- Madison County Growth Policy (2012)(Web Based Version)
- Montana State University Extension: Local Government Center (2018). Exploration of Local Government Options for the Community of Big Sky, Montana
- Gallatin County Growth Policy (2021)
- Big Sky Economic Impact Report (2023)
- Governance & Community Engagement Exploration (2023) Wolfe Consulting
- Big Sky Community Capital Improvement Plan (2023) Tischler Bise
- Big Sky, Montana Resident and Tourism Industry Sentiment Survey (2023) Crosscurrent Collective, ECOnorthwest
- Montana Code Annotated

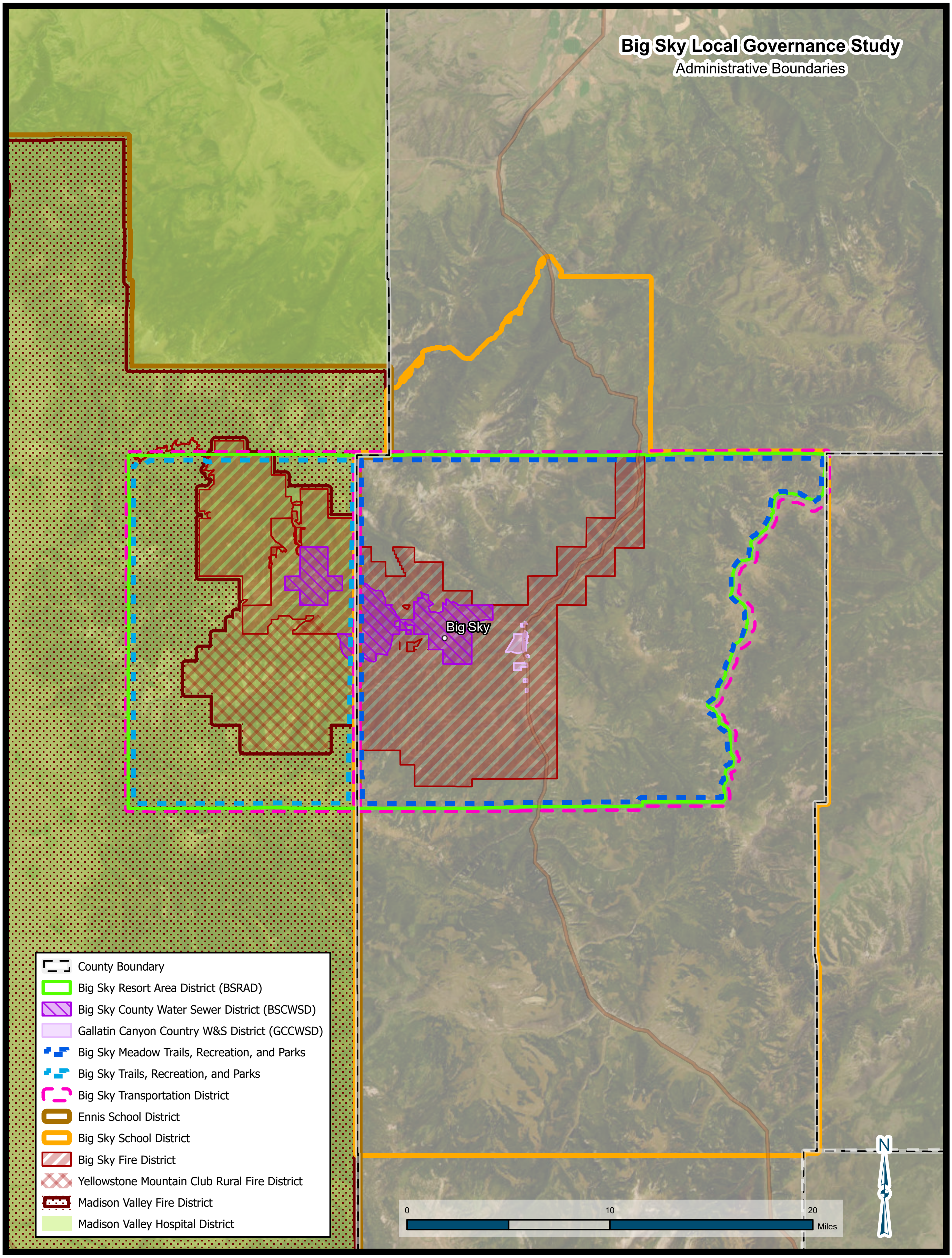


Figure 2. Administrative Boundaries

3.0 FORECASTING & TREND ANALYSIS

This section draws primarily from the Capital Improvements Plan (CIP), which is the most current planning document for Big Sky and is already being implemented. Using the CIP as the foundation ensures consistency across planning efforts and provides a common basis for evaluating growth and service demand. It is important to note that the CIP covers the entire census-designated place (CDP), which is larger than the boundaries used in the governance scenarios considered in this study. To address this difference, the population and related data from the CIP have been interpolated to align with the scenario boundaries developed here. The process for this interpolation is described in Section 6.0 Scenario Analysis of this report.

While not a perfect match, this approach provides a reliable framework for understanding the scale and direction of future change. The intent of this section is to interpret its projections through the lens of governance by examining what future needs may look like across population, density, services, economic development, health and safety, housing, public works, and recreation.

POPULATION

Big Sky's population is expected to grow substantially over the next decade, continuing a pattern of change that has already reshaped the community. In 2023, the CIP estimated a base population of just over 3,200 permanent residents, along with a nearly equal number of seasonal residents. Visitors added another 5,000 people during peak periods, bringing the total peak population to more than 11,000.

Nearly 2,000 additional housing units are projected over the next 10 years, which would add more than 1,500 new permanent residents, another 1,400 seasonal residents, and approximately 2,400 additional visitors. By 2033, Big Sky's peak population could reach more than 16,800 people, a nearly 50 percent increase from today.

Growth in Big Sky will not be distributed evenly and the CIP projects that by 2033, Madison County could account for more than 40 percent of Big Sky's peak population, compared to about one-third today. This shift is significant in the governance context, as it will require even greater coordination between the two counties and the districts that provide essential services.

Big Sky, MT	Base Year 2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	10-Year Increase
Population												
Permanent Population	3,268	3,612	3,749	3,885	4,022	4,159	4,296	4,432	4,569	4,706	4,841	1,574
Seasonal Population	3,053	3,375	3.503	3,631	3,758	3,886	4,014	4,141	4,269	4,397	4,524	1,470
Overnight Visitors	5,024	5,562	5,690	5,819	6,194	6,323	6,451	6,827	6,955	7,084	7,458	2,434
Peak Population	11,345	12,549	12,942	13,335	13,975	14,368	14,760	15,400	15,793	16,186	16,823	5,478
Percent Increase		*11%*	*3%*	*3%*	*5%*	*3%*	*3%*	*4%*	*3%*	*2%*	*4%*	*48%*
Housing Units												
Single Family	1,887	2,064	2,143	2,222	2,301	2,380	2,459	2,538	2,617	2,696	2,774	887
Multifamily	2,250	2,511	2,605	2,699	2,793	2,887	2,981	3,075	3,169	3,263	3,357	1,107
Total Units	4,137	4,575	4,748	4,921	5,094	5,267	5,440	5,613	5,786	5,959	6,131	1,994

Source: TischlerBise analysis of housing development pipeline to projected residential growth. Population projections are based on housing development and PPHH factors.

The residential housing development projections over the next 10 years indicates an additional 2,000 housing units, adding more than 1,500 new permanent residents.

Source: Big Sky Community Capital Improvement Plan (2023)

DENSITY/INTENSITY

The CIP anticipates that most new housing and nonresidential development will be concentrated in established growth nodes, including the Meadow, Town Center, and Mountain Village areas which will not only add more people but will also change the way development patterns shape the community. These areas are planned to accommodate higher levels of density and mixed-use intensity, reflecting both market demand and the efficiencies of locating development where infrastructure already exists.

Again, according to the CIP, by 2033, in addition to the nearly 2,000 housing units, more than 400,000 square feet of new nonresidential space are projected. Much of this new floor area will support lodging, retail, and recreation uses that are directly tied to the visitor economy. The concentration of this growth in defined nodes will reinforce Big Sky's pattern of having compact centers of activity surrounded by lower-density residential and rural areas.

This type of concentrated growth makes the provision of services such as water, sewer, fire protection, and transit more efficient, but it also increases the need for coordinated land use planning, infrastructure investment, and public safety coverage in those areas.

Again, while the boundaries of the CIP differ from those used in the governance scenarios, the trends are consistent. Big Sky's future will be defined not only by growth in numbers but by the intensification of activity in specific centers. These dynamics highlight the importance of governance structures that can anticipate and manage the impacts of denser, more complex development.

The governance scenario fiscal analyses rely on detailed assumptions about future development patterns, density, and intensity. These assumptions are derived from the CIP **but are modeled specifically for each** scenario to calculate revenue potential and service costs. While those detailed projections are not included in this section, they form a critical foundation **for the financial models presented later** in the report.

SERVICES

As Big Sky grows, the demand for core public services will increase across nearly every sector. Fire protection, emergency medical response, and law enforcement already contend with the challenges of geography, seasonal peaks, and a split jurisdiction. With peak population expected to increase by nearly 50% over the next decade, the scale and complexity of service delivery will expand accordingly. More concentrated development in Town Center and Mountain Village will improve response efficiency in some areas but will also heighten the need for additional staffing, equipment, and facilities to keep pace with demand.

The CIP projects that school enrollment will continue to rise as additional housing units are built, driving demand for classroom space and ongoing operating support. However, discussions with school officials during preparation of the Existing Conditions Report, contradict that assumption. Local educators noted that enrollment has recently declined, which they attribute to families leaving Big Sky due to the high cost and limited availability of family housing. This could also demonstrate how closely educational trends are tied to housing affordability and demographic change as well. Regardless, both viewpoints highlight the need for governance structures that can better anticipate and respond to the community's shifting population dynamics.

The Big Sky Transportation District already plays a critical role in linking residential areas, resort destinations, and employment centers and as employment and visitation increase, demand for expanded routes, greater frequency, and stronger connections to regional transit systems will follow. Road maintenance, spread across counties, RIDs, and private providers, will also require more consistent investment to match higher traffic volumes.

Big Sky's growth trajectory will require expanded capacity in nearly every service area. As with density and intensity, these assumptions have been modeled in greater detail within **the fiscal analyses for each governance scenario, which quantify the financial** implications of future service delivery.

ECONOMIC DEVELOPMENT

Big Sky's economy will continue to be shaped by its role as a resort community, with growth tied closely to tourism and recreation. The CIP projects steady increases in employment and nonresidential development, with most of that activity concentrated in Town Center and the resort areas. Retail, lodging, and recreation are expected to remain the dominant sectors, reinforcing the community's dependence on visitor spending while also supporting a range of secondary services such as transportation, health care, and construction.

The Big Sky Economic Impact Report (2023) places this growth in context by showing just how significant Big Sky has become within the regional economy. Local businesses employ thousands of workers, many of them seasonal, and the community generates substantial tax revenues that flow to Gallatin and Madison Counties as well as the State of Montana. Resort tax collections have grown into a primary fiscal tool, funding a wide array of services and amenities that would be difficult to sustain otherwise.

The governance scenario fiscal analyses rely on specific assumptions about future economic development, including employment growth and **the scale of new nonresidential floor** area. This approach ensures that each governance model is evaluated using consistent and representative economic projections.

HEALTH & SAFETY

As Big Sky grows, the demand for health and safety services will expand alongside population, employment, and visitation. Fire protection and emergency medical services are projected to experience steady increases in call volumes, reflecting not only more residents but also the seasonal influx of visitors and workers. Concentrated growth in Town Center and Mountain Village will make some response areas more efficient, but the overall increase in service demand will require additional staffing, facilities, and equipment over the next decade.

The Big Sky Medical Center provides essential local services, but it is limited in capacity and specialized care requires travel to Bozeman or beyond. Seasonal peaks, combined with the community's reliance on an active workforce and visitor population, create heightened demand for urgent care, injury treatment, and behavioral health resources. Mental health and substance abuse services, which have already been identified as community priorities, are likely to become more critical as the population grows and the workforce expands.

Law enforcement in Big Sky is provided through Gallatin County under an interlocal agreement that also includes Madison County and BSRAD. This agreement ensures coverage across the entire community, though deputies are based in Gallatin County. As Madison County's share of the population and economy increases, the interlocal arrangement will remain essential to providing consistent law enforcement and public safety services across jurisdictional lines.

The CIP provides a detailed picture of anticipated demand for fire, EMS, and health facilities and for this study, those projections have been interpreted to understand governance implications rather than repeated in full. The fiscal analysis of each governance scenario builds on those projections by modeling service costs under different structures. While the exact assumptions vary by scenario, they are derived from the CIP and calculated to align with the study boundaries, ensuring that future health and safety needs are consistently represented across the scenarios.

HOUSING

Housing remains one of the defining challenges for Big Sky's future and the CIP anticipates nearly 2,000 new housing units over the next decade, split between single-family and multifamily development. This level of construction will add permanent residents, seasonal workers, and visitor accommodation, helping to meet some of the projected demand. Yet the type and affordability of new housing will matter as much as the quantity.

Discussions with local stakeholders during the Existing Conditions Report highlighted a concern that recent declines in school enrollment may reflect families leaving Big Sky due to the lack of attainable family housing. Rising home prices and limited availability of workforce housing continue to push many employees and families to live outside the community, increasing reliance on commuting from Bozeman, Belgrade, and beyond which places additional pressure on transportation systems and complicates efforts to retain a stable year-round population.

Big Sky's economy depends on a large seasonal workforce, yet the long-term health of the community relies on the ability of families and year-round residents to remain. Addressing this balance will require a mix of housing types and price points, supported by a governance structure that can align land use, infrastructure, and fiscal tools to meet diverse housing needs.

The CIP and recent housing studies provide detailed projections and strategies for expanding housing supply. For the purposes of this report, those figures have been used as the basis for scenario-specific assumptions, interpolated to match the boundaries of each governance model.

PUBLIC WORKS

The CIP identifies significant public works needs over the next decade, reflecting both the pace of growth and the community's reliance on high-quality infrastructure. Central water and sewer systems are projected to require substantial investment to expand treatment capacity and extend service to new development areas. These projects are critical for accommodating nearly 2,000 new housing units and more than 400,000 square feet of commercial space, as well as for protecting environmental resources such as the Gallatin River.

While the numbers vary by scenario, the underlying trend is consistent: housing will remain a central factor in shaping Big Sky's future growth, service **demands, and fiscal capacity.**

Stormwater management is another area highlighted in the CIP. As development intensifies in Town Center, Mountain Village, and other growth nodes, site-by-site systems will need to be supplemented by more coordinated approaches to manage runoff and protect water quality. Similarly, solid waste capacity will need to scale with population and visitation growth, requiring more consistent hauling, disposal, and recycling solutions to keep pace with demand during peak seasons.

The needs identified in the CIP form the basis for the assumptions used in the fiscal modeling of governance scenarios. For each scenario, the projections have been interpolated to align with the study boundaries so that public works costs and capacity requirements are consistently represented. What is clear across all cases is that Big Sky's growth will depend on sustained investment in water, sewer, stormwater, and waste systems, and governance structures will play a critical role in determining how those investments are planned and delivered.

PROJECTED GROWTH-RELATED NEEDS

Based on growth projections and vehicle trip generation rates (Trip Generation, Institute of Transportation Engineers, 11th Edition) daily trips will increase by 22% over the next 10 years. However, this should be considered a conservative estimate. There are several factors that are not included in the trip projections. First, Big Sky is attracting more permanent households, occupying homes that were once for seasonal use only. Second, visitation to the Big Sky Resort and Yellowstone National Park have consistently increased over the years. Third, construction-related traffic is included in trip generation rates. These factors may flatten out as development in Big Sky reaches buildout; however, the growth projections indicate housing and commercial development will continue over the next 10-20 years.

RECREATION

Recreation is a defining part of Big Sky's identity, and the CIP recognizes that continued growth will increase demand for parks, trails, and community facilities. The CIP anticipates the need for expanded trail connections, additional parkland, and improvements to recreational amenities to serve both residents and visitors. These investments are not only about accommodating more people but also important for maintaining the quality of life that makes Big Sky unique.

Community facilities such as the BASE community center are already heavily used, and participation is expected to climb as the population grows. Expanded programming, additional indoor and outdoor spaces, and improved access to recreational opportunities are all identified needs. Similarly, trail use continues to rise, requiring ongoing maintenance as well as expansion to link residential neighborhoods with commercial and resort areas.

As Big Sky grows, recreation will remain central to community well-being, economic vitality, and identity. Ensuring adequate facilities and access will require governance structures that can coordinate funding, partnerships, and long-term planning.

4.0 COMMUNITY & STAKEHOLDER ENGAGEMENT

For the governance study community engagement process it was important to the study team to capture insight from a broad range of residents and let their insights and vision for the future guide the study. The conversations that took place throughout this study affirmed that Big Sky functions as one community, where decisions about governance, services, and representation affect everyone, regardless of where county or district boundaries fall and the study team wanted to honor that.

Engagement with the Big Sky community was built on transparency, accessibility, and consistency and whether through public meetings, workshops, community events, or one-on-one conversations the study team could not have completed this study without the community's effort and insight.

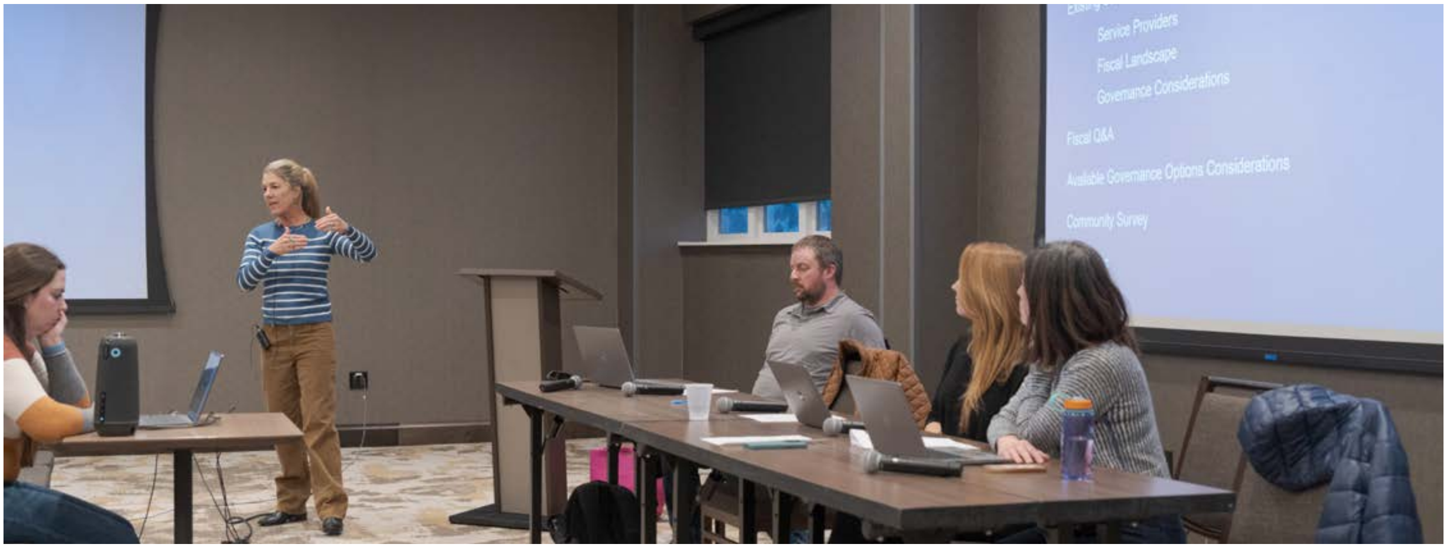
The following section highlights the many ways the study team and community came together through public engagement to shape and guide the study to this point.

ENGAGEMENT SUMMARY

The community themes for the Big Sky Governance Study emerged through a year-long engagement process designed to meet residents where they are and hear from as many perspectives as possible.

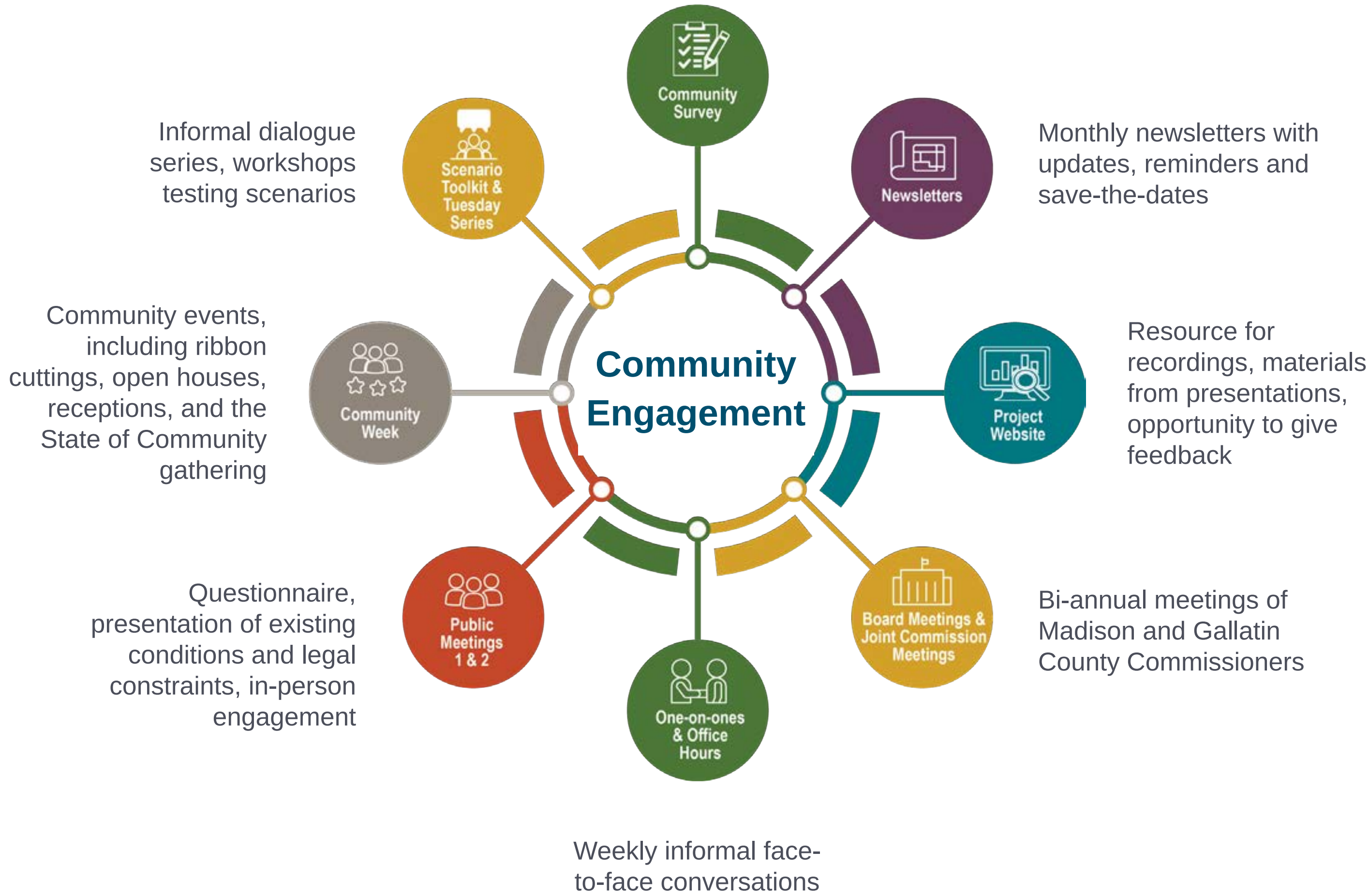
Engagement began with Big Sky Community Week, where informal conversations at community events revealed insights about residents' expectations for local government and their uncertainty about how to participate in decision-making which helped develop focus for future outreach.

Through a series of public meetings, workshops, and scenario development sessions, residents explored governance models, tested potential changes, and discussed tradeoffs between maintaining the current operations and pursuing alternative governance options. The study team also met with service providers, industry sectors, and community organizations to understand their function in the community, their priorities, and the role that resort tax funding plays in their operations.



Ongoing office hours, out-and-about conversations, and regular attendance at local board meetings helped capture valuable feedback from residents and gave the study team opportunity to further emphasize the intent of the study. Consistent updates through newsletters, local media, and the project website also kept the community informed and invited further participation.

Finally, the community survey, completed by 355 participants, reinforced insights gathered throughout the community engagement process. That, along with the public events, workshops, meetings, and surveys produced a community-driven set of themes reflecting Big Sky's shared priorities, concerns, and vision for future governance as summarized in the next section.



> *A primary goal of this project was to provide robust community engagement opportunities for gathering priorities from diverse community groups and insights to identify themes that help guide scenario development.*

ENGAGEMENT THEMES

COMMMUNITY REPRESENTATION

Representation and accountability came through as a top priority. Many residents feel that county governments, while responsible for a wide geographic area, do not adequately prioritize Big Sky's specific needs. There is strong interest in governance structures that give residents a more direct voice in decision-making and a better sense of transparency and accountability around decision making. Residents value local control and want decisions about growth, infrastructure, and services to reflect the priorities of Big Sky rather than broader county considerations. Highlights from the survey are included below.

1. Representation & Accountability

One of the strongest messages from the public engagement is the importance of local control and representation. Across multiple questions, residents ranked local control, service quality, and accountability as top priorities when evaluating governance options. With 67% agreeing that property tax dollars are not adequately reinvested locally, this gave the study team a concrete starting point when weighing the scenario options.

Many community members also expressed that, while they understand the responsibilities of Gallatin and Madison Counties, they sometimes feel that Big Sky's specific needs are not prioritized. Because the counties are rather removed from Big Sky and represent a wider geographic area with limited access, some residents perceive that decisions are occasionally made in favor of other communities rather than Big Sky. This perception has contributed to a growing interest in exploring governance structures that provide Big Sky with a stronger, more direct voice in shaping its future.

2. Community Cohesion

The support for including Mountain Village, Meadow Village, and Town Center in governance boundaries (with support ranging from 77 - 84%) shows a shared identity among core Big Sky communities. Many residents have an interest in governance models that improve coordination across services, planning, and better align leadership structures with the community's priorities, ensuring decisions are made with local input and accountability.

3. Change vs. Stability vs. Priorities

While 55% of respondents support a single elected government (and an additional 21% are neutral), there remains a strong contingent (24%) that is hesitant or opposed. Additionally, with the community's priorities being infrastructure, housing, public safety,

planning, and mental health services, the study team considered the tangible benefits to each of the scenarios highlighted in this report.

SERVICE DELIVERY & COORDINATION

Service delivery and coordination were also recurring themes. Big Sky has relied on a mix of special districts, nonprofits, and partnerships to fill service gaps, but residents question whether this patchwork approach is the most effective long term. Gaps in mental health services, housing, zoning enforcement, and transportation coordination were highlighted as areas needing improvement.

It is important to note the community supports these services and is less interested in creating entirely new ones; instead, the focus is on exploring options that could potentially improve coordination among them. Highlights from the survey are included below:

1. Service Gaps Identified

Residents identified several vital services that are either not provided or could be improved under the current structure. Throughout in-person engagement and through survey responses, the major gaps include:

- Mental health services
- Zoning enforcement
- Affordable housing
- Solid waste collection
- Emergency services coordination
- Public transportation coordination

These are services that significantly impact health, safety, and the community's ability to manage growth. While this study does not propose specific solutions, these needs have played an important role in shaping the governance scenarios that will be evaluated in the next phase of the project. Community feedback on these issues ensures that scenarios represent the ability of the community to create a more effective and responsive service delivery.

2. Complicated Service Framework

Big Sky's current governance model is a mix of special districts, two counties, and private sector roles that may contribute to challenges in coordinating service delivery. There's no single entity accountable for coordinating across systems, which residents feel contributes to inefficiencies in areas such as road maintenance, planning and zoning enforcement, and public safety.

This can also be related to the community's attention to stronger representation and accountability.

3. Support for Unified or Improved Coordination Structures

The community outreach indicates the community is open to governance change, as long as it leads to better-managed and more responsive service delivery. Governance scenarios should enhance delivery services and enforcement, which are two areas that currently fall between multiple entities. Regardless of any scenario that is pursued, the community desires to explore an option that may allow for a simpler way to serve the community.

IMPLEMENTATION

When it comes to governance change, residents are open but cautious and while many are willing to explore new structures, concerns about complexity, legal barriers, and costs are significant. Transparency, phased implementation, and clear communication about the process are critical to building trust. Some residents prefer stability or maintaining the status quo, while others see governance reform as an opportunity to better align services and representation with local priorities so if governance reform is decided on, finding a balance between stability and pursuing opportunity will be critical. Highlights from the survey are included below:

1. Moderate Support for Overcoming Significant Barriers

When asked directly about governance changes that might require major efforts including legal challenges, state law changes, or high upfront costs, the response shows mixed but cautiously supportive sentiment:

- 30% fully support pursuing change even if major barriers exist
- 37% support change only if barriers are reasonable

While there is concern with barriers and feasibility this shows that a majority (67%) of the community is at least open to change, but with a strong preference for manageable and justified efforts.

2. Transparency and Gradual Rollout

Importantly, the survey asked what would make people more likely to support high-barrier changes with the answers highlighting transparency, accountability, and gradual implementation.

These responses might indicate the community's hesitation is less about change and more about the process by which it happens. A clear implementation plan, steady pacing, and evidence of community voice in decision-making would be beneficial for any path forward.

3. Apprehension

Despite the openness to change, the survey results and feedback throughout this process indicate a level of skepticism:

- Residents expressed concern that drastic changes may not be welcome
- Feasibility, taxation, and representation were also flagged as concerns that must be addressed before pursuing any option
- There's a noted portion of the community that fears new governance structures could increase taxes or erode local character without delivering real benefits.

4. Flexible, Tiered Governance Scenarios are Key

Given this cautious sentiment, it's essential that proposed governance changes include tiered options, such as:

- Minimal and high options for change

- Clear cost/benefit breakdowns
- Legal and logistical implications
- Phased implementation strategies

FINANCIAL IMPACTS

Financial impacts and impacts on resort tax and property taxes are at the forefront of community concerns and residents place high value on preserving local control of the resort tax, which funds many of Big Sky's essential services. While some are open to modest property tax increases for improved services, support depends on transparent use of funds and clear evidence of local benefit. Many feel they already pay enough and want assurance that existing revenues are being reinvested effectively in Big Sky before new taxes are considered. Highlights from the survey are included below:

Impacts on Resort Tax

1. Resort Tax is Highly Valued

When asked how important maintaining the current flexibility, structure, and scope of the resort tax is in governance discussions:

- 38% said it's very important
- Another 27% said it's moderately important
- Many respondents specifically stated that they want more control over how the tax is used

This shows strong sentiment toward protecting the local authority over resort tax revenues, which have become essential for funding infrastructure, housing, recreation, and other community-driven priorities.

2. Governance Change Creates Opportunity & Risk

Different governance scenarios, such as incorporation into a municipality, moving the county line, or creating a new county, could shift who controls the resort tax or how it is allocated. Residents appear open to exploring governance change only if it preserves or enhances their ability to control this revenue source. Some concerns were:

- Losing local discretion over how resort tax funds are spent
- Legal or structural changes that might require the resort tax to be reauthorized or restructured

3. Accountability in Tax Use

There is a strong perception that property tax dollars are not reinvested locally with 67% of residents agreeing with that statement. This reinforces the desire to keep resort tax control local, regardless of how governance evolves. Any new governance model must show:

- Transparent budgeting processes
- Clear connections between resort tax revenues and community benefits
- Local input and oversight in spending decisions

4. Changes in Taxes

While many residents are willing to pay more in taxes for better services, that willingness is dependent on a resort tax that is seen as locally managed and well-utilized. If governance changes jeopardize that perception, they risk undermining community buy-in.

Impacts on Property Tax

1. Divided Willingness to Pay More

When asked how much additional cost per year residents would be willing to pay:

- About half are willing to pay more in property taxes for improved services or stronger representation
- 27% strongly oppose property tax increase
- The remaining respondents fall into a "it depends" middle ground

Additionally, based on in-person engagement the community showed that it is open but cautious. Residents want to see real value and accountability in exchange for higher taxes. Increases without clear benefits or transparency are likely to be not supported.

2. Cost is a Concern in Governance Scenarios

In multiple parts of the survey, limiting the tax burden is repeatedly emphasized as a priority:

- When asked how to balance goals, 55% said local control and cost must be balanced
- Only 22% prioritize local control even if it means higher taxes
- Many respondents directly cited excessive taxation as something governance should avoid

This sentiment reinforces the need for governance models that provide scalable service improvements and transparent costs.

3. Taxes without Local Benefit

Additionally, there is the perception that existing property tax dollars aren't benefiting the Big Sky community with 67% agreeing that "a significant portion of my tax dollars are not reinvested in the Big Sky community"

Residents feel they are already paying enough, and that governance reform should redirect existing revenue more effectively before asking for more.

4. Importance of Modeling Tax Impacts

Any proposed governance changes must include:

- Clear projections of how property taxes would be affected
- Options that do not involve creating new taxing authorities
- Comparisons between current tax levels and those under different scenarios
- Explanations of how increased taxes would directly fund priority services, such as housing, emergency services, or infrastructure

The information above is detailed in full in the Scenario Evaluation Memo included in Appendix F.

SUMMARY

The community's feedback highlights a desire for stronger representation, more coordinated service delivery, cautious but open-minded consideration of governance change, and transparent **allocation of financial resources. While there is an interest to explore governance options that strengthen accountability and efficiency** without compromising local identity or imposing undue burdens, any future scenarios must balance the community's appetite for improvement with its need for practicality, transparency, and trust.

5.0 GOVERNANCE SCENARIO EVALUATION FRAMEWORK

Evaluating governance options for Big Sky requires a clear and consistent framework that is rooted in the community's priorities. This study does not recommend a single solution; instead, it compares alternatives in a structured way so residents, service providers, and decision-makers can easily see the trade-offs. The framework combines fiscal modeling, statutory requirements, and lessons from other communities with key themes identified through Big Sky's community engagement process.

Because fiscal capacity, service delivery, and representation are closely connected, they must be evaluated together rather than separately. To handle this complexity, the study team used a scenario-based approach. Each scenario was built around a specific set of assumptions, and the outcomes were analyzed directly in relation to those assumptions. This avoids a confusing mix of "if this, then that" possibilities and instead provides clear, consistent comparisons between well-defined options.

Three scenarios were selected for detailed analysis, each reflecting a distinct set of community values and priorities. Together, they show a range of possible futures for Big Sky. By keeping the analysis focused on clear and consistent assumptions, the impacts of each scenario can be directly linked to its underlying structure, giving the community a transparent and tangible way to understand how different governance choices could shape Big Sky's future.

BASELINE

The baseline for this study is Big Sky's current system of governance and service delivery, as described in Section 2 and detailed further in the Existing Conditions Summary Report in Appendix A. The baseline operations are summarized below and also detailed in the Scenario Evaluation Section under the Current Services Delivery Scenario.

Authority in Big Sky is divided between Gallatin and Madison Counties, with day-to-day services provided through a mix of special districts, nonprofit organizations, and private entities. Resort tax revenues, administered by BSRAD, are a central feature of this framework, often funding projects and services that would otherwise go unmet.

The baseline matters because it provides a point of comparison and understanding of how things operate today, in 2025. Figures 3 and 4 show the current estimated levies for Galatin County and Madison County, respectively. Each governance scenario is evaluated against the existing structure that the community knows and depends on. To ensure fair comparisons, the baseline is modeled with the same level of fiscal detail as the alternative scenarios Revenues, expenditures, and service assumptions are applied here just as they are with the governance options, ensuring that differences across scenarios reflect governance choices rather than inconsistencies in analysis.

Figure 3. Estimated Levies Collected for State, County, and Local Property Tax Districts that Levy in the Big Sky Area, Gallatin County, FY2025

Source: ECOnorthwest analysis of Certified Taxable Values and County FY 2025 Levy Information

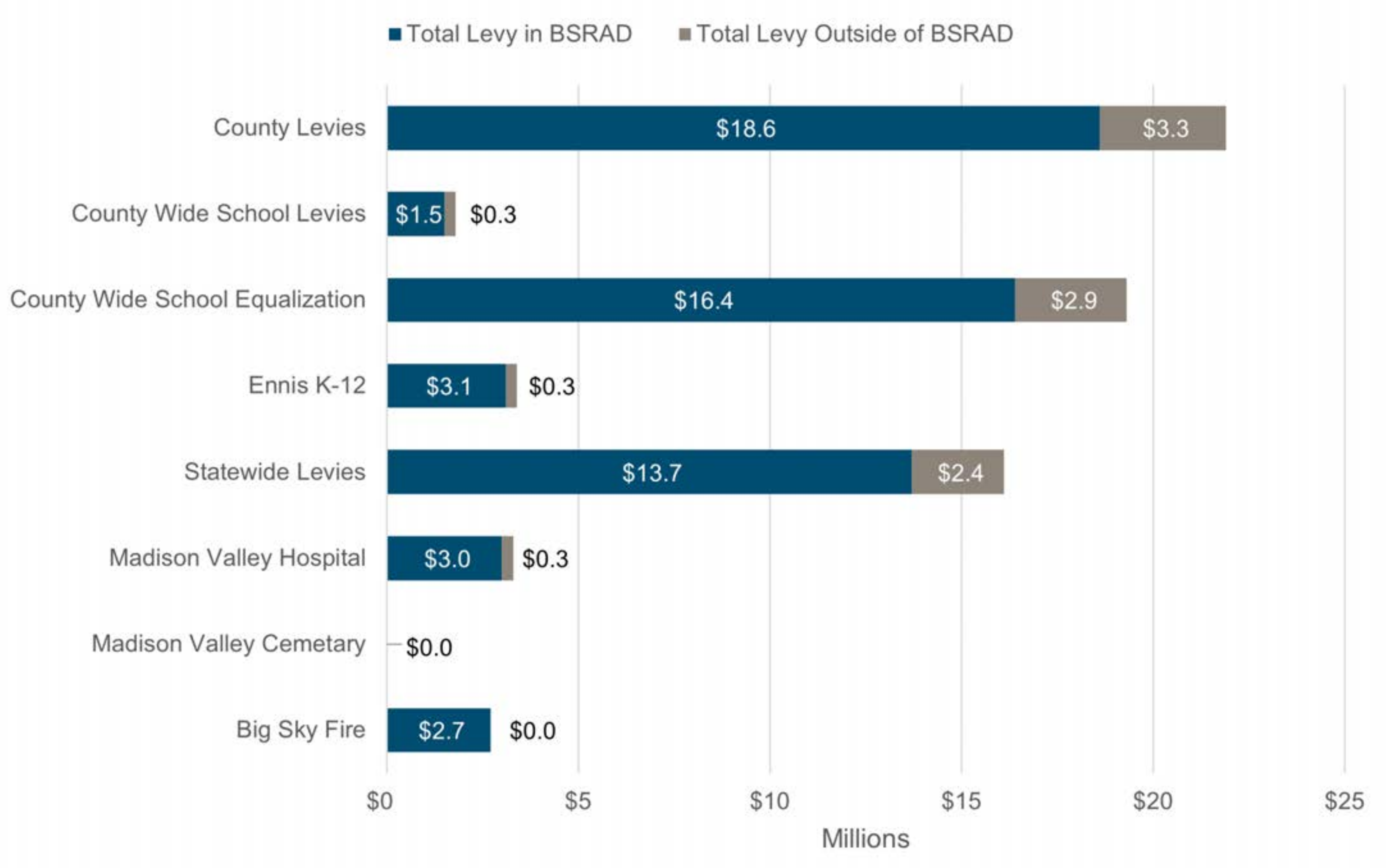


Figure 4. Estimated Levies Collected for State, County, and Local Property Tax Districts that Levy in the Big Sky Area, Madison County, FY2025

Source: ECOnorthwest analysis of Certified Taxable Values and County FY 2025 Levy Information

COMMUNITY THEMES AS EVALUATION CRITERIA

The criteria used to evaluate governance scenarios come directly from the community engagement process outlined in the previous section. Instead of relying on pre-determined definitions of success, the study team focused on what residents and stakeholders identified as most important for Big Sky's future. These community-defined themes guide the evaluation of each scenario, ensuring that the assessment aligns with local priorities. The following community priorities and themes were translated into evaluation criteria:

- **Community Representation**
- **Identification & Coordination of Service Gaps**
- **Implementation Barriers**
- **Impacts to Resort Tax**
- **Fiscal Responsibility**

COMMUNITY REPRESENTATION

Each scenario will be evaluated based on how it would change Big Sky's representation and decision-making processes. The evaluation will consider whether authority is more centralized or dispersed, whether elected officials are drawn from within the community, and how accessible and accountable governance becomes under each option.

IDENTIFICATION & COORDINATION OF SERVICE GAPS

The evaluation examines how effectively each scenario addresses fragmented service delivery. It will consider how well providers are aligned, duplication is reduced, and responsibilities are clearly defined. Scenarios that establish clearer authority or stronger coordination mechanisms will stand out from those that maintain a more dispersed approach to responsibility.

IMPLEMENTATION BARRIERS

Scenarios will also be evaluated for their practicality. This includes statutory requirements, administrative complexity, and political feasibility. A particular focus will be placed on whether a scenario could be implemented under current Montana law or if a legislative change would be required. The evaluation will also consider the level of administrative effort needed to establish the new structure, the timeline for implementation, and potential political or intergovernmental hurdles. This ensures that scenarios are measured not just by their conceptual benefits, but by how realistic it would be to put them into place.

IMPACTS TO RESORT TAX

Because resort tax revenues are critical to Big Sky, each scenario will be evaluated for how it affects the collection, allocation, and stability of these funds. A consistent message throughout engagement has been that resort tax should not change, given its importance to funding services and community priorities. The evaluation will therefore focus on whether a scenario maintains the existing framework or introduces risks to the stability and allocation of these revenues. Scenarios that preserve the current structure will be distinguished from those that create uncertainty or potential disruption.

FISCAL RESPONSIBILITY

Finally, each scenario will be tested for whether it is fiscally sustainable. Using detailed revenue and expenditure modeling, the evaluation will consider whether each option can responsibly fund the services it proposes, maintain balance over time, and adapt to growth. This ensures that scenarios are not only legally and structurally possible, but also financially realistic.

OPTION EVALUATION TO SCENARIO DEVELOPMENT

The study began by developing six governance scenarios in addition to current services delivery, each reflecting a different way Big Sky might address its long-term needs. These six scenarios were largely based on Montana statute and ranged from adjustments to the existing framework, to incorporation models, to altering county boundaries or forming a new county.

Each scenario was initially evaluated against the community values identified earlier in this process. The study team then prepared a memo describing all six scenarios, outlining their features, strengths, and challenges. This memo was provided to the Big Sky Governance Subcommittee (subcommittee) to support their review and selection and through that process, the subcommittee narrowed the scenarios from six to three for evaluation. These scenarios include incorporation, incorporation and implementation of a charter, and the creation of a new county. These were selected because they represent a range of governance choices, align with community themes, and reflect priorities expressed by the community throughout the public engagement process. The six identified scenarios are summarized below and included in the Scenario Evaluation Memo in Appendix F.

BASIC INCORPORATION OPTION (BASIC MUNICIPAL GOVERNMENT)

This scenario establishes a municipality for Big Sky with a limited set of core functions which include planning, public works, and finance while other services would continue to be provided by existing districts, counties, or private entities. The model is designed to increase community representation while keeping municipal responsibilities focused with less fiscal impact.

EXPANDED INCORPORATION OPTION

In addition to core municipal functions, the government could assume responsibility for areas such as public safety and community development. This option would require greater administrative capacity and higher expenditure but provides an expanded level of local control.

ANNEXATION INTO MADISON COUNTY OPTION

This scenario involves annexing the area within the BSRAD boundary into Madison County and using the county's existing Commission form of government without making structural changes. This approach would retain current service districts and delivery methods, with any services previously provided by Gallatin County continuing under interlocal agreements with Madison County.

ANNEXATION INTO GALLATIN COUNTY OPTION

This scenario builds on the existing reality that Gallatin County already provides most county related public services to the Big Sky area. By formally transferring the entire jurisdiction to Gallatin County, the county would assume full taxing authority and oversight while current services would continue without disruption under a single governing body. This scenario builds on the existing reality that Gallatin County already provides most county related public services to the Big Sky area. By formally transferring the entire jurisdiction to Gallatin County, the county would assume full taxing authority and oversight while current services would continue without disruption under a single governing body.

CREATING A NEW COUNTY OPTION

This scenario outlines the most ambitious and complex governance option. This scenario would first involve incorporating a municipality and then creating a new county that closely mirrors the BSRAD boundary. The main purpose behind this approach is to ensure that property tax revenue generated within the Big Sky community stays local and is used directly for the benefit of that community. In addition, the scenario aims to increase local control and representation. This scenario would create a municipality that is a City of the Third Class and a County Commission form of Government under Montana statute.

CHANGES TO CURRENT COUNTY FORM OF GOVERNMENT OPTION

This scenario strengthens local representation and addresses service gaps within Big Sky's existing county frameworks without creating a new municipality or adding significant new taxes. This approach would establish community councils to advise county commissioners and explore allowing Big Sky to elect its own commissioner, giving residents a stronger voice in county decisions and improving coordination and accountability in local governance.

The key elements of each scenario are summarized in Table 1 below.

Following review, the subcommittee selected three scenarios for detailed analysis: basic incorporation, enhanced incorporation, and creating a new county. These were chosen because the subcommittee felt they gave the broadest representation of community values and would provide the most accurate synopsis of the possibilities and their impacts moving forward. These scenarios are targeted for detailed analysis of the evaluation criteria in the following report sections.

Table 1. Community Theme Analysis and Summary by Scenario Type

Theme	Basic Incorporation Option	Expanded Incorporation Option	Annex-Madison Option	Annex-Gallatin Option	New County Option	Changes to Current County Form Option
Community Representation	Direct local control: Mayor, Council	Stronger local voice: broader elected body, charter powers	Limited: rely on Madison County commissioners	Similar to current: fully under Gallatin County	Highest: local officials at city, county level	Modest: community councils, district commissioner
Coordinate Service Gaps	Address core gaps: roads, planning, zoning	Broader services: law enforcement, parks, transit	Limited: depends on capacity	Better alignment	Full local design of services, staffing	Targets key gaps with existing systems
Implementation Barriers	Moderate: statutory thresholds, petitions, and vote	Higher: charter, larger staff, more complex setup	Moderate: petitions, county approval, boundary change, coordination		Highest: incorporation + new county creation, state approval	Low: uses existing framework, incremental adjustment
Maintain Effectiveness of Resort Tax	Maintainable with coordination	Maintainable with coordination	Unchanged		Requires restructuring for new county	Unchanged
Balance Property Tax Increase vs. **Benefits**	Low to moderate new taxes: focused services	Higher taxes: broader services and staff	Minimal new local taxes; relies on county	May equalize tax rates: limited new tax	Highest taxes, full local control	Low: targeted tax increase for service districts.

ANALYTICAL APPROACH

The evaluation of governance scenarios combines quantitative fiscal modeling with qualitative considerations to ensure a fair, transparent comparison. Each scenario is analyzed using consistent assumptions, shared data sources, and a framework that relates impacts to community priorities and feasibility.

- Fiscal Modeling: Revenue and expenditure assumptions were developed using data from the Capital Improvements Plan (CIP), county records, and other local sources to reflect existing conditions and projected growth within each scenario's boundaries
- Community Themes: Each scenario is evaluated against the themes of representation, coordination of service gaps, implementation barriers, impacts on resort tax, and fiscal responsibility
- Functional Impacts: The analysis examines how governance changes could affect existing systems such as zoning authority, resort tax administration, and liquor license allocation
- Statutory Requirements: The framework identifies which governance changes can occur under current law and which would require legislative action
- Administrative Feasibility: Each scenario is reviewed for practicality, capacity, and the ease of implementation within current institutional and staffing structures

By integrating fiscal, statutory, and community-based considerations, this approach provides consistency for comparing scenarios and understanding their implications for Big Sky's future governance.

LIMITATIONS & USE OF THE FRAMEWORK

While the evaluation framework allows for a consistent comparison of governance scenarios, it has several limitations. Factors such as political will, community identity, and the culture of collaboration among service providers influence outcomes but cannot be measured in the same way as revenues or expenditures.

The analysis is based on a defined set of assumptions for each scenario. This ensures consistency but means that results depend on those assumptions. If conditions change, such as growth occurring at a different pace, outcomes may differ from those shown here.

The framework focuses on statutory feasibility, fiscal responsibility, service coordination, and representation. It does not include detailed implementation planning or long-term administrative considerations, which would require further study if a governance change were pursued.

Overall, the framework is intended as a comparative tool, not a prescriptive one and provides a structured way to evaluate options and inform community discussion rather than to recommend a specific outcome.

Additional technical details, including fiscal assumptions and scenario modeling, is provided in Appendix C.

PEER COMMUNITY ENGAGEMENT

To provide context for evaluating potential governance options in Big Sky, the governance study team reviewed a set of peer Montana communities that share similar tourism-driven economies, seasonal population fluctuations, and local-option resort tax revenues. The study team analyzed budget data, staffing levels, service delivery models, and policy approaches from Whitefish, Columbia Falls, Red Lodge, West Yellowstone, and Butte–Silver Bow to understand how other communities manage fiscal capacity, visitor impacts, and local representation. These peer communities were selected to illustrate a range of municipal and consolidated governance structures that balance resident and visitor needs while maintaining fiscal stability and service quality.

KEY FINDINGS AND RELEVANCE TO BIG SKY

COMPARABLE FISCAL TOOLS: Resort tax, property tax, and user-fee funding structures used by peer communities are consistent with those already in place in Big Sky.

SHARED SERVICE CHALLENGES: All tourism-based communities face similar pressures related to visitor-driven service demands, housing availability, and workforce sustainability.

ADMINISTRATIVE EQUIVALENCE: The administrative practices and policy tools used elsewhere do not provide unique advantages over Big Sky’s existing coordination among service districts and resort tax program.

POLICY: While becoming a municipality could in theory allow the Big Sky community to pass policy, there weren’t any additional policy innovations from peer communities not already considered by Big Sky.

6.0 SCENARIO ANALYSIS

The purpose of this section is to apply the evaluation framework to the three scenarios selected by the subcommittee: basic incorporation, expanded incorporation, and the creation of a new county.

Each scenario is examined in detail to understand:

- How it would function in practice,
- How it compares to existing conditions, and
- How it aligns with the evaluation criteria established earlier in this report.

The analysis is structured so that each scenario can be considered on its own terms but also compared consistently across options. For each scenario, the description includes the form of government, the services and departments that would be provided, and a service delivery matrix showing how responsibilities would shift from the current structure. Boundaries are defined and paired with population and taxable value estimates, ensuring fiscal analysis is tied directly to the area included. Legal requirements are outlined with reference to applicable state statutes, including petition and election processes, as well as any legislative changes that would be required.

The scenarios are then evaluated against the criteria identified in the community engagement (representation, coordination of service gaps, implementation barriers, impacts on resort tax, and fiscal responsibility) followed by a fiscal analysis of projected revenues, expenditures, and long-term sustainability. The intent is not to recommend a single outcome, but to provide a clear picture of how different governance structures might perform, highlighting the trade-offs and implications associated with each option.

CURRENT SERVICES DELIVERY SCENARIO

The Current Services Delivery Scenario represents Big Sky's current governance framework, in which no single municipal government oversees local services or infrastructure. Instead, a combination of county governments, special districts, nonprofit organizations, and private entities share responsibility for service delivery and community planning. This structure has evolved over time to meet the needs of a growing resort community that spans two counties and multiple jurisdictions.

SERVICE DELIVERY

Funding for local services such as transportation, recreation, housing, and community programs is allocated and administered through BSRAD, The Big Sky Fire District, Yellowstone Mountain Club Rural Fire District, and three water and sewer districts (BSCWSD, GCCWSD, and FLMCWSD) provide essential utilities and emergency services within their respective boundaries. Other functions, such as schools, recreation, and transportation, are managed through their own districts or agencies while nonprofit organizations including the Big Sky Community Organization, Wellness in Action, and others support public oriented services. Additionally private developments, particularly in Madison County, maintain their own infrastructure systems.

Table 2: Service Delivery Matrix for Current Services Delivery Scenario

Service Area	Current Provider
Public Works	Counties
Law Enforcement	Gallatin County
Fire and EMS	Fire Districts
Water and Sewer	Water and Sewer Districts

Service Area	Current Provider
Schools	Big Sky School District
Parks and Recreation	BSCO/BSTRP
Planning and Zoning	Counties
Building Codes	State of Montana (commercial only)

FISCAL FRAMEWORK

Big Sky's fiscal system includes three primary revenue sources: property taxes, resort tax revenues, and special district assessments. Property taxes collected by Gallatin and Madison Counties support county operations, schools, fire protection, and utility districts, but the community's position across two counties results in differing fiscal capacities and administrative processes. The resort tax, administered by BSRAD is an essential source of funding for service and community priorities that would otherwise rely on private financial support. Additionally, special districts further sustain their operations through assessments and user fees, creating their own financial stability.

INFRASTRUCTURE & HOUSING

Transportation, utilities, and other infrastructure systems in Big Sky are similarly decentralized. Highways 191 and 64 provide primary access, while county roads, Rural Improvement Districts, and private road networks serve local circulation. Centralized water and sewer services are available in core areas such as the Meadow, Town Center, and Mountain Village, while outlying areas depend on wells and septic systems. Stormwater management and solid waste services are handled individually or by private providers. Recreational facilities and trail systems are supported through partnerships among BSRAD, special districts, and nonprofits. Workforce housing remains an area of focus, with new development requiring coordination of supporting infrastructure and utilities.

CURRENT GOVERNANCE

Authority in Big Sky is divided between Gallatin and Madison Counties, each of which provides services such as law enforcement, emergency management, and land use planning. Gallatin County encompasses most of the residential population, while Madison County includes major resort properties and related infrastructure. Local boards govern the various special districts, and BSRAD serves as a coordination point through its management of resort tax allocations. Counties, districts, and nonprofits also collaborate through formal and informal partnerships to plan for shared needs.

Under the Current Services Delivery Scenario, Big Sky's system of governance functions through cooperation among multiple jurisdictions and entities, rather than through a single, centralized authority. This structure provides flexibility and local control within each service area but requires significant coordination to maintain consistency in policy, funding, and long-term planning across the community.

SUMMARY

The current service delivery, representation, and allocation of tax dollars within the existing framework is quite complicated. Over the years, as community needs arise, the community has found many, and sometimes creative, ways to fill those needs. In many instances, the accomplishments of this community should be regarded as a good example of how to accomplish important community tasks and should be used by other communities as an example of such. A very detailed synopsis of how Big Sky currently operates can be found in the Existing Conditions Report in Appendix A. Many services are delivered by philanthropic and non-profit entities, service districts, and community advocacy. In many instances, its created the flexibility and nimbleness to accomplish large tasks without added bureaucracy. The community has been largely successful in establishing the types of services and amenities that other incorporated communities enjoy.

BASIC INCORPORATION SCENARIO

This scenario considers the incorporation of Big Sky as a general-purpose municipal government under Montana law. Based on current population estimates and anticipated boundaries, Big Sky would qualify as a city of the third class (MCA § 7-1-4111). This classification would establish a municipality with broad authority to adopt ordinances, regulate land use, levy property taxes, and provide municipal services.

For Big Sky, incorporation at this scale would mean creating a lean government focused on a small set of core functions. The most common structure in Montana is the mayor–council form of government (MCA Title 7, Chapter 3, Part 2), and that model is assumed here. It would include an elected mayor, council members, and a municipal judge. Administrative staff would carry out the day-to-day work of the municipality, including financial management, record keeping, planning and zoning, and basic public works. Legal support would likely be provided through contract with the applicable county attorney (MCA§ 7-4-4606).

Under this scenario, the municipality would assume authority over planning, zoning, subdivision review, and building codes, and functions currently managed by Gallatin and Madison Counties. It would also take on a basic level of public works, primarily related to local road maintenance and related infrastructure. Other specialized services such as fire protection, EMS, water and sewer utilities, schools, and parks and recreation, would continue under their existing districts or providers. Law enforcement would remain under county authority, most likely supported through continued interlocal agreements.

Incorporation at this level would give Big Sky residents a direct local governing body with authority over land use and municipal functions, while keeping the network of specialized districts and county services intact. It represents a practical first step into municipal governance, offering greater local representation and accountability without significantly altering how most public services are currently delivered. The following table describes the service delivery for the Basic Incorporation Scenario.

SERVICES & STAFFING

Table 3: Service Delivery Matrix for Basic Incorporation Scenario

Service Area	Scenario Provider	Current Provider
Public Works	Municipality (local roads only)	Counties
Law Enforcement	Unchanged	Gallatin County
Fire and EMS	Unchanged	Fire Districts
Water and Sewer	Unchanged	Water and Sewer Districts
Schools	Unchanged	Big Sky School District
Parks and Recreation	Unchanged	BSCO/BSTRP
Planning and Zoning	Municipality	Counties
Building Codes	Municipality	State of Montana (commercial only)

A newly incorporated municipality in Big Sky would begin with a modest staffing footprint, reflecting both statutory requirements and the practical need to focus on core governance functions. Montana law requires certain elected officials, including a mayor, council members, and a municipal judge, and also provides for key administrative officers such as a clerk/treasurer. To support day-to-day operations, additional staff would be added for finance, planning and zoning, and basic public works. Legal services could be provided either by appointing a city attorney or, as authorized under MCA § 7-4-4606, by contracting with the county attorney when appropriate. The result is a lean organization that emphasizes local representation and essential services while continuing to rely on existing districts and counties for specialized service delivery.

Table 4: Municipal Role/Department Summary for Basic Incorporation Scenario

Role/Department	Staffing Approach	Estimated FTEs	Description
Mayor	Elected	1	Serves as Chief Executive, presiding over council meetings and representing the municipality
Council Members	Elected	3	Legislative body responsible for enacting ordinances, approving budgets, and setting policy
Judge	Elected	1	Oversees municipal court matters, including misdemeanor cases, traffic violations, and ordinance enforcement
Clerk/Treasurer	Appointed	1	Maintains official records, manages elections, and handles financial transactions and reporting
Finance and Budget	Appointed (same as clerk/ treasurer	0	Prepares and administers budgets, manages payroll, accounts payable/ receivable, and financial compliance
City Attorney	Contracted	0	Provides legal counsel to the governing body, drafts ordinances, and ensures compliance with state law.
Public Works	Staff	4	Provides maintenance and report for local roads and basic municipal infrastructure
Planning & Zoning	Staff	2	Reviews development applications, administers zoning and subdivision regulations, and supports land-use planning

BOUNDARY

For the purposes of the Basic Incorporation Scenario, the incorporation boundary is drawn to include the Mountain Village, Meadow Village, and Town Center areas of Big Sky. These three hubs represent the primary centers of residential, commercial, and resort activity and together capture the majority of year-round and seasonal population. This boundary was identified during the community engagement phase of the project as the portion of Big Sky that resonates with community members as being a “town” and is the most straightforward option for evaluating a baseline incorporation, as it encompasses the developed core of Big Sky while excluding the more dispersed outlying areas.

The proposed boundary would consolidate much of the existing development into a single municipal jurisdiction. This approach reflects the pattern of growth in Big Sky, where services, infrastructure, and economic activity are already concentrated in the three core areas. It also aligns with practical considerations of density and service demand and aligns most closely with statutory requirements for incorporation under Montana law.

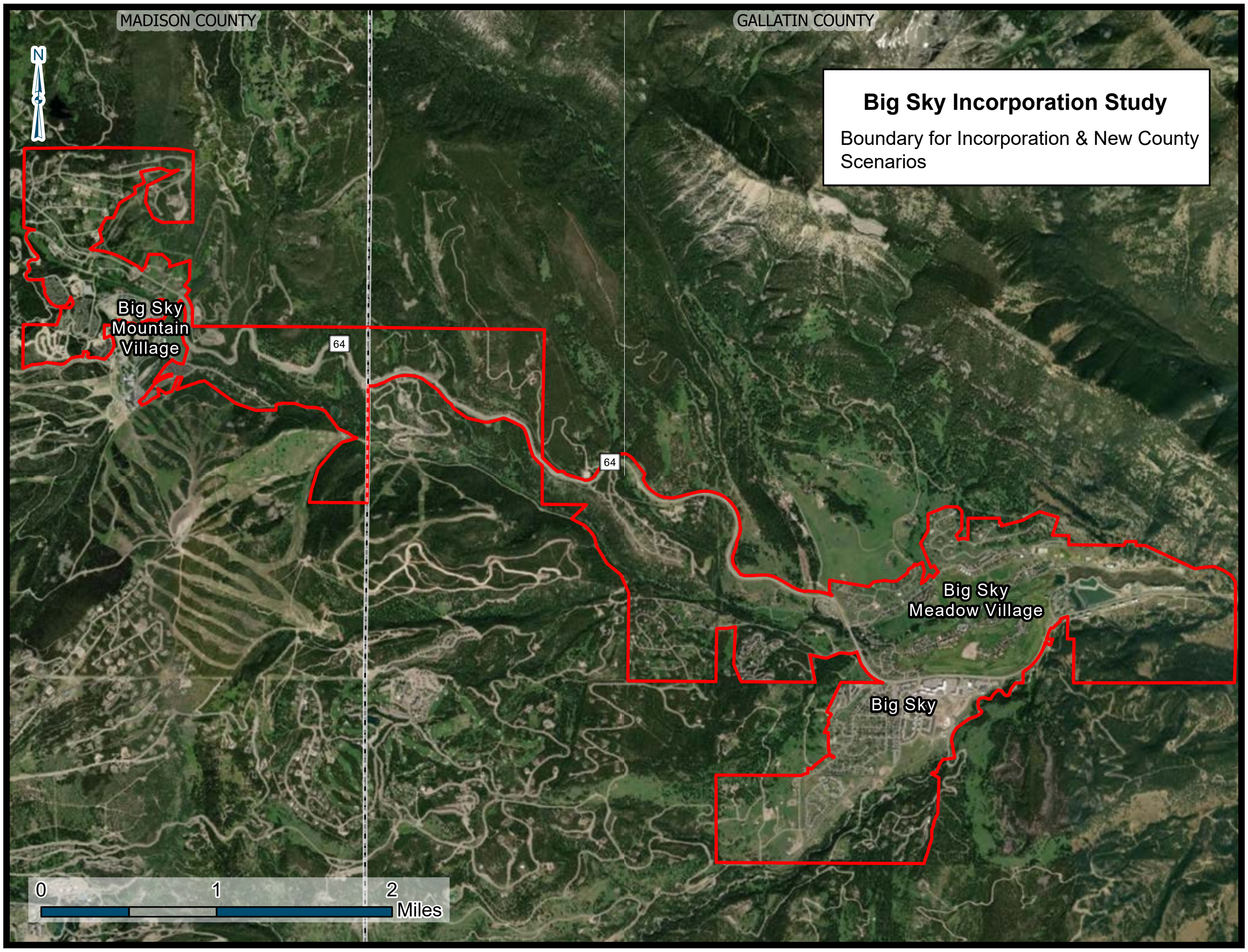


Figure 4: Incorporation Boundary for Scenarios

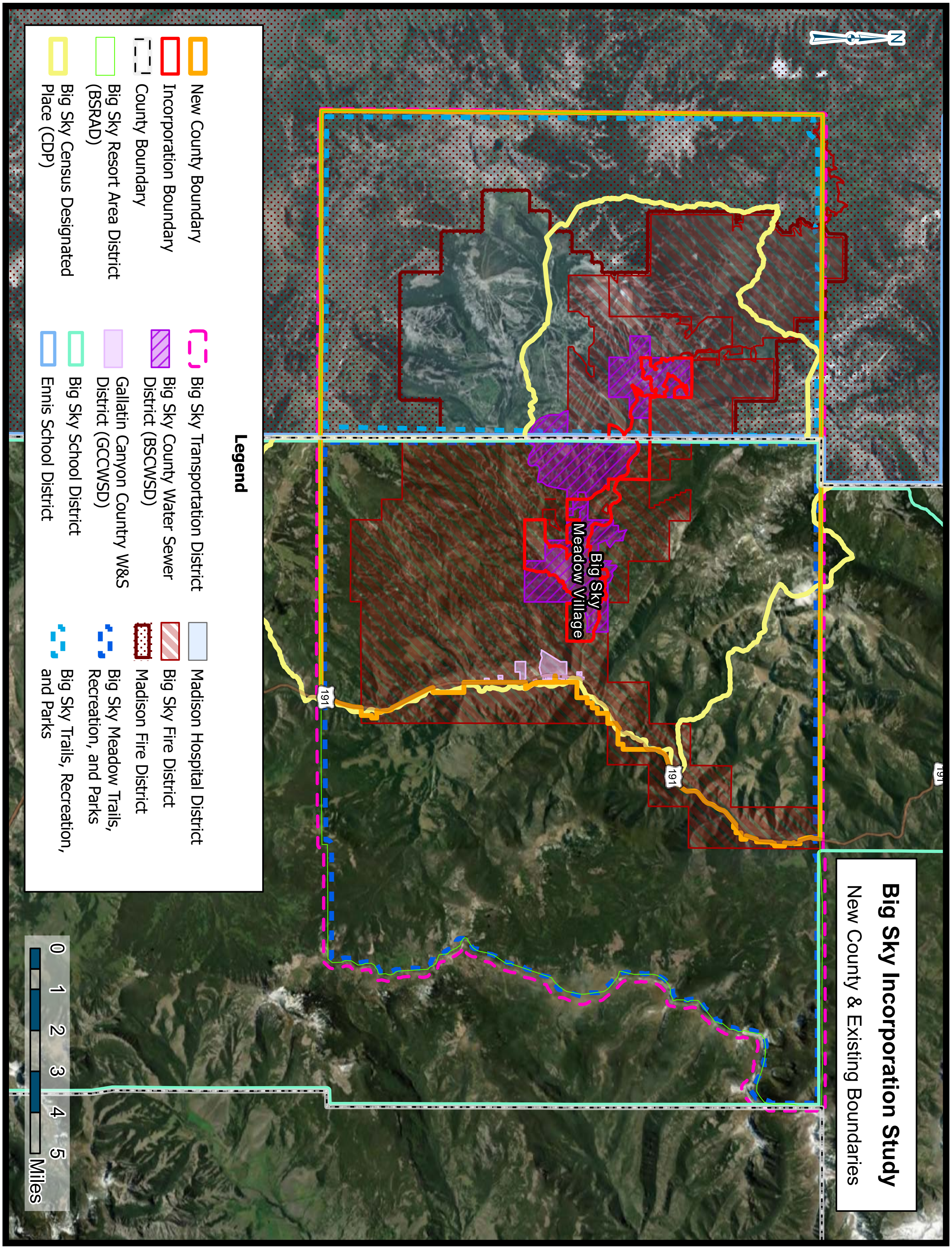


Figure 5: New and Existing Boundaries

INTERPOLATED POPULATION & TAXABLE VALUE

To evaluate the statutory requirements as well as the fiscal implications of incorporation, population and taxable value estimates must be tied directly to the proposed boundary. Because the incorporation boundary does not align with census geography or taxing jurisdictions, estimates have been interpolated from available data sources.

The following was calculated from the interpolations:

- Estimated resident population within the boundary according to the CIP: 2,357
- Number of housing units according to the CIP (occupied and seasonal): 2,044
- Total market value of taxable property: $5,712,570,872
- Total taxable value: $81,693,594

These figures will be referenced throughout the fiscal analysis to ensure that revenue assumptions and service costs are aligned with the geographic scope of the scenario.

LEGAL CONSTRAINTS

Incorporating Big Sky as a municipality is not only a question of community preference but also one of statutory compliance. Montana law establishes specific thresholds and processes that must be met before incorporation can occur, and these requirements shape both the feasibility and the form of any new municipality. Beyond the baseline criteria of population and density, the process involves petitions, hearings, and a community vote, ensuring that incorporation is initiated and approved locally. Once established, the new municipality must also navigate a series of legal considerations related to service delivery, overlapping districts, and state-level authorizations such as resort tax authority.

For Big Sky, these constraints are particularly important given the community's unique mix of year-round and seasonal population, the presence of multiple special districts, and the reliance on resort tax revenue. Understanding the statutory framework clarifies not only what incorporation would require procedurally, but also the areas where legislative action or interlocal agreements would be necessary to maintain continuity of services and funding.

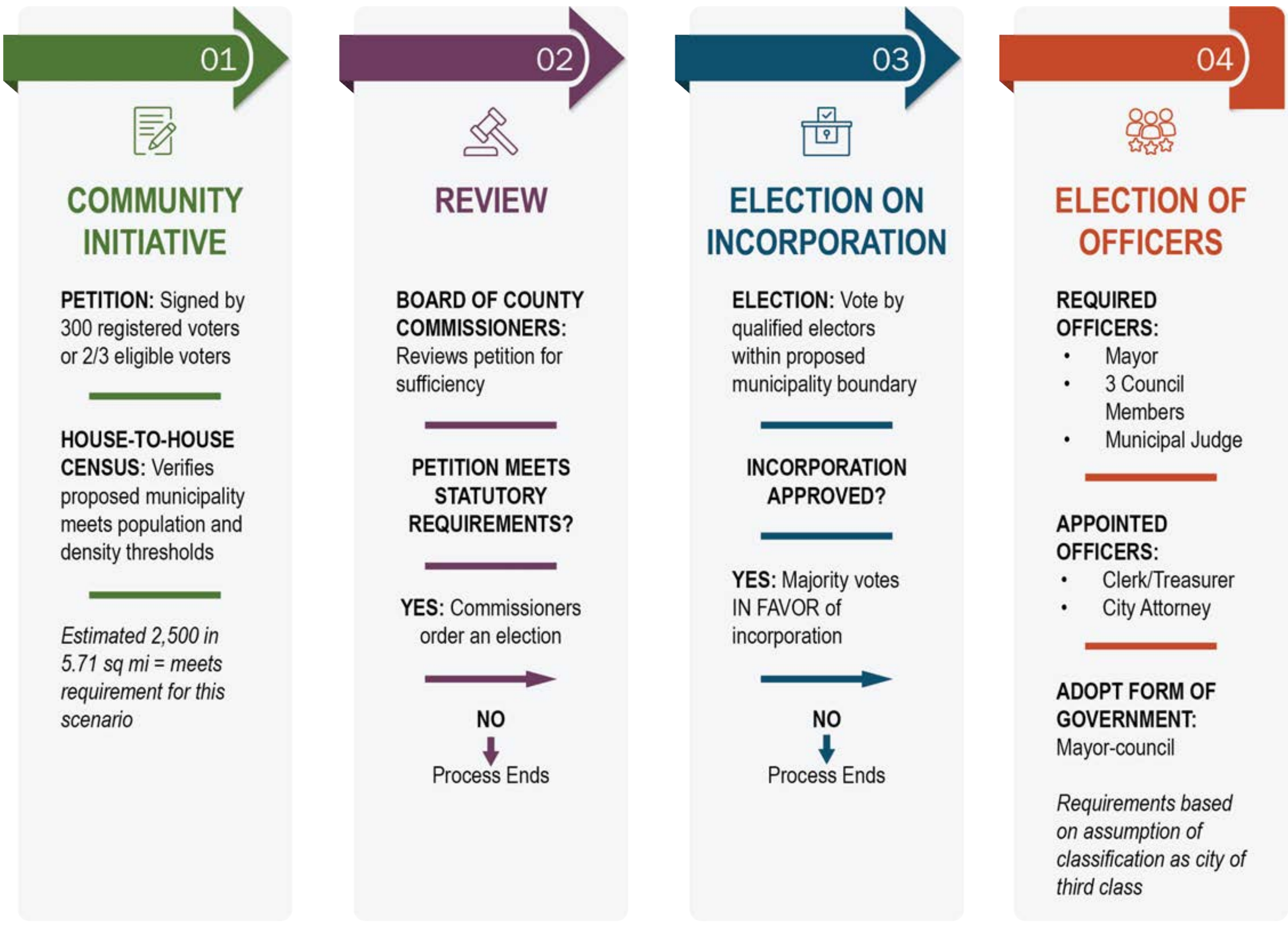
Statutory Authority

The authority to incorporate a municipality in Montana is established under MCA § 7-2-4101, which sets the baseline thresholds for eligibility. To qualify, the proposed area must contain at least 300 inhabitants and demonstrate a population density of 200 people per square mile. In addition, the area must contain a post office or contract postal unit. Big Sky already satisfies this latter requirement through its existing postal facilities. Based on current population estimates and the anticipated boundaries for incorporation, Big Sky would be expected to qualify as a city of the third class which includes cities with populations between 1,000 and 4,999.

Process Requirements

The process for incorporation in Montana is clearly defined in state law and is intended to balance statutory safeguards with community choice. Under [MCA § 7-2-4101](), [MCA § 7-2-4102](), [MCA § 7-2-4103]() and [MCA § 7-2-4104](), incorporation must begin with a petition signed by local electors.

This process ensures that incorporation is initiated locally, verified through census and petition requirements, reviewed by county commissioners, and ultimately approved at the ballot box. The requirement for a subsequent election of officers ensures that a new municipality begins with elected leadership accountable to its residents and organized in compliance with Montana law.



Special Considerations

The incorporation of Big Sky raises several issues not typically encountered by new municipalities in Montana. These “special cases” highlight areas where state law intersects with the community’s unique circumstances and where further coordination or, in some cases, legislative clarification would be required or advised.

One of the most significant considerations is that the proposed municipal boundary spans both Gallatin and Madison Counties. State law does not prohibit a city from crossing county lines, and the Attorney General has confirmed that such actions are legally permissible (AG Op. 51-18). Incorporation would not alter county boundaries or diminish county authority, but it would require two separate county election offices, assessors, and treasurers to coordinate closely on matters such as taxation and voting. While not insurmountable, this reality adds administrative complexity compared with communities contained within a single county.

Legal representation also presents a challenge. Cities of the third class are authorized to appoint a city attorney (MCA § 7-4-4102) or, alternatively, to contract with the county attorney of the county in which they are located (MCA § 7-4-4606). Because Big Sky lies in two counties, the statute does not neatly apply. In practice, appointing or contracting with a dedicated city attorney would likely be more reliable than depending on county attorneys whose jurisdiction is limited.

Incorporation would also have implications for Big Sky’s hospitality and gaming economy. Under MCA § 16-4-201, liquor license quotas shift from being calculated at the county level to being based on the population of the incorporated municipality. This change would not revoke any existing licenses, which remain renewable even if they exceed the new quota, but it would govern the issuance of any new licenses moving forward. As a result, incorporation constrains the number of future liquor licenses.

Because gambling in Montana is tied directly to liquor licensing, these quota shifts also affect gaming opportunities. State law defines eligible gambling operators as premises that hold a retail alcoholic beverage license issued under Title 23 (MCA § 23-5-119). In practice, this means that video gambling machine permits may only be issued to businesses that also hold a liquor license. As such, the liquor license quota effectively sets the ceiling for how many establishments in Big Sky can legally operate gambling machines.

For Big Sky, incorporation would not force existing establishments to surrender liquor or gambling licenses, but it could alter the landscape for future businesses. Since the municipal quota is lower than the current county allocation, the ability to add new licensed locations would be more limited, potentially raising the value of existing licenses.

Beer and wine licenses, by contrast, are regulated under separate provisions of Title 16 and are not subject to the same strict quota system as all-beverages licenses. However, they do not carry the same privileges, particularly with respect to gambling eligibility. This distinction means that the most significant licensing implications of incorporation relate to all-beverages licenses, which determine both liquor availability and gaming opportunities in the community.

The status of BSRAD is another key consideration. The Attorney General has determined that incorporation within a resort area district does not dissolve the district or remove property from it (AG Op. 53-1), meaning resort tax collections could continue. However, because the enabling statute (MCA § 7-6-1501) authorizes resort taxes only in unincorporated areas, there is some uncertainty. Although the 2009 Attorney General opinion states that the district could remain unchanged after incorporation, this interpretation carries potential risk and could be affected by future legislation, new attorney general opinions, or case law.

Beyond these challenges, incorporation also creates new opportunities. As a municipality, Big Sky would gain direct access to state and federal grant programs such as the Community Development Block Grant (MCA § 90-1-103), without relying on the counties as intermediaries. It would receive a direct allocation of state fuel tax revenues for road maintenance (MCA § 15-70-101), and it could form special improvement districts (MCA § 7-12-4102) and utilize tax increment financing (MCA § 7-15-4201) to reinvest in infrastructure. Cities also possess broader bonding authority under MCA Title 7, Chapter 7, enabling general obligation and revenue bond financing. Additionally, Montana's Entitlement Share program (MCA § 15-1-121) provides direct distributions to municipalities, giving Big Sky an ongoing state-shared revenue stream.

These examples illustrate that incorporation would introduce both added complexity and new opportunities. Big Sky's dual-county setting, existing resort tax district, and overlapping service providers create unique challenges, while incorporation could unlock new revenue sources and financing tools to better meet long-term infrastructure and service needs. This overview is not exhaustive, and additional statutory details may surface as the process is further explored.

Legislative Action

While Montana law clearly allows the incorporation of new municipalities, Big Sky's situation may raise issues that warrant future legislative clarification. The primary concern is that Big Sky spans two counties. Although Attorney General opinions confirm that cross-county incorporation is permissible, the Legislature has not established specific procedures for managing judicial jurisdiction, county service coordination, or revenue allocation in such cases. These gaps can likely be addressed through interlocal agreements, but they underscore areas where legislative direction could improve clarity.

Incorporation would also affect statutory systems tied to municipal status, such as liquor licensing, gambling eligibility, entitlement share payments, and state fuel tax distributions. These statutes were not designed for a cross-county resort community like Big Sky, and while they can be applied, inconsistencies could arise in practice.

Although incorporation itself does not require new legislation, Big Sky's unique context could prompt future legislative adjustments. Lawmakers might be asked to refine how entitlement payments are calculated for cross-county towns, how liquor license quotas apply in resort areas, or how judicial services are coordinated. These are not barriers under current law but represent opportunities for the Legislature to support a smoother and more consistent implementation statewide.

EVALUATION CRITERIA

REPRESENTATION

Under this scenario, Big Sky would establish a mayor–council form of government, with elected officials accountable solely to residents of the new municipality. This would represent a shift from the current system, where Gallatin and Madison County commissions make decisions that affect Big Sky as part of broader county responsibilities. A city council elected from within Big Sky would allow for more direct representation and responsiveness to community priorities, such as growth management, infrastructure, and land use. Representation would improve at the local level, but Big Sky residents would continue to be represented by two different counties for county services, meaning the dual-county context would still influence broader governance. It should be noted that many of the special districts in Big Sky have elected board members, and in fact, Big Sky residents have more elected officials than many communities their size. Their purview, however, tends to be much narrower.

COORDINATION OF SERVICES

Incorporation would give the municipality direct authority over services such as planning, zoning, code enforcement, and public works within its boundaries. This would address one of the most persistent community concerns: fragmented authority across multiple boards and districts. The city government could serve as a central point of coordination, aligning priorities for infrastructure, growth, and community services. At the same time, services such as law enforcement, fire protection, and schools would remain under county or special district control unless shifted through interlocal agreements. Thus, while incorporation would create a stronger framework for coordination, it would not eliminate overlapping jurisdictions. The only new service proposed with this scenario would be the implementation of a building codes program as that was the only prominent service gap identified during the community outreach phase.

IMPLEMENTATION BARRIERS

This scenario faces clear implementation hurdles. The statutory process for incorporation requires a successful petition and election, including majority approval by voters in Big Sky. Cross-county incorporation adds further complexity, as state law allows it but does not provide detailed procedures for handling judicial districts, elections, or county-based revenues. Beyond legal steps, the municipality would need to establish administrative offices, adopt a budget, and hire staff. The startup costs and organizational effort represent significant barriers, particularly given the community's concern about adding bureaucracy. These barriers are not insurmountable, but they are tied more to community values and political will than something defined and quantifiable.

IMPACTS ON RESORT TAX

BSRAD would continue to exist under this scenario, as state law requires separate action by voters to dissolve or alter it. The key change would be the introduction of a second general-purpose government alongside BSRAD. This would create the need for new mechanisms to coordinate how resort tax dollars are prioritized, particularly in relation to municipal services and infrastructure. Community feedback emphasized the importance of not disrupting the resort tax, and this scenario allows it to continue. However, it would require deliberate collaboration between the new municipality and BSRAD to avoid duplication of efforts and to maintain community confidence in how funds are spent.

FISCAL RESPONSIBILITY

The Basic Incorporation Scenario would give Big Sky access to direct revenue sources that are not currently available. The new municipality would qualify for entitlement share payments, receive a direct share of gas tax distributions, and be eligible for programs such as the Community Development Block Grants. These stable revenue streams would supplement existing resort tax collections. However, the city would also assume responsibility for municipal staffing, administrative costs, and infrastructure obligations. Whether incorporation strengthens fiscal responsibility depends on balancing these new revenues against the costs of running a city government. The fiscal analysis models these assumptions in detail, but at a high level, incorporation shifts more control of revenues to Big Sky while also increasing fiscal obligations.

BASIC INCORPORATION SCENARIO SUMMARY

The Basic Incorporation Scenario directly responds to many community concerns about representation and coordination, offering Big Sky a general-purpose government with the authority to act locally. It maintains the resort tax and adds new, stable state revenues, but at the cost of creating a new layer of government with associated startup and ongoing expenses. Overall, this scenario advances the community's goals of local representation **and coordination, while raising questions about administrative capacity and fiscal** sustainability that would need to be carefully managed.

FISCAL ANALYSIS

The fiscal analysis for the Basic Incorporation Scenario evaluates the potential cost and revenue implications of establishing a lean municipal government focused on core administrative, planning, and local public works responsibilities. The analysis is based on the interpolated taxable value within the proposed incorporation boundary and applies conservative growth assumptions consistent with the Big Sky CIP. The full technical model, including assumptions, data tables, and mill-levy calculations, is provided in Appendix C.

OVERVIEW & ASSUMPTIONS

The Basic Incorporation Scenario assumes a limited government structure responsible for administration, finance, planning and zoning, building code enforcement, and maintenance of local roads. Fire, EMS, schools, water and sewer, and parks and recreation would continue to operate under existing districts. Law enforcement would remain under county authority through an interlocal agreement with the Gallatin County Sheriff's Office.

The modeled organization includes approximately 10 to 12 full-time equivalent (FTE) positions—roughly 4 FTE per 1,000 residents—including elected officials, administrative staff, a small public works crew, and planning personnel. Contracted legal and law-enforcement services supplement staffing. Inflationary cost growth and population projections mirror those used in the CIP.

OPERATING COSTS & REVENUES

Estimated annual operating costs begin at approximately $3.8 million in 2026, increasing to about $5.6 million by 2033. The largest operating expenses are law enforcement (approximately 29 percent) and public works (approximately 24 percent), followed by administration and planning.

Under a property-tax-only funding scenario, revenues within the proposed boundary are projected between $4.0 million and $5.9 million over the same period, maintaining a balanced budget with a 5 percent contingency. In practice, the municipality could also receive entitlement-share payments, state fuel-tax distributions, user-fee revenues, and potentially resort-tax allocations for shared infrastructure priorities.

Table 5. Fiscal Summary of Cost and Revenue Basic Incorporation Scenario, Millions

	2026	2027	2028	2029	2030	2031	2032	2033
Costs	$3,8	$4.0	$4.2	$4.5	$4.7	$5.1	$5.3	$5.6
Property Tax Revenue	$4.1	$4.3	$4.6	$4.8	$5.1	$5.3	$5.6	$5.9

Source: ECOnorthwest Fiscal Analysis Memorandum (See Appendix C)

MUNICIPAL MILL LEVY & TAXPAYER IMPACT

To fund these operations, the fiscal model estimates that a newly incorporated City of Big Sky would require a municipal levy of approximately 43 mills in 2026.

In Montana, one mill represents one-tenth of one cent ($0.001) of tax per dollar of taxable value, not market value. Most residential properties have a taxable value equal to roughly 1.35% of their market value (depending on property classification and state formulas).

For example:

- The average owner-occupied home (market value of $1,687,344) would have a taxable value of about $22,547.
- At 43 mills, that property would pay roughly $958 per year in new city taxes.

This estimate illustrates the order of magnitude of the municipal levy, but actual amounts would vary depending on property classification and county appraisal data.

It is important to note that this municipal levy would be additive, not a replacement for existing taxes. Property owners within the incorporation boundary would continue paying Gallatin or Madison County levies, school district taxes, and all existing district assessments (e.g., fire, resort tax, parks, and utilities). None of those existing taxes are expected to decrease with incorporation. The new municipal levy would therefore increase total property-tax obligations for properties inside the boundary.

SERVICE & STAFFING IMPLICATIONS

Because most existing service districts would continue operating independently, the proposed municipal budget cannot be compared to a full-service city of similar population. Peer cities such as Whitefish or Columbia Falls maintain in-house police, fire, and utility departments, whereas Big Sky under the Basic Incorporation Scenario would continue to rely on existing providers. The resulting organization represents a partial layer of government focused on local governance, planning, and coordination and not a full-service municipality.

Start-up costs for facilities, equipment, and technology are excluded from annual operations but would still need to be addressed. These one-time expenses could be financed through resort-tax allocations, short-term borrowing, or general-obligation bonds authorized under state law.

FISCAL OBSERVATIONS

The Basic Incorporation Scenario maintains fiscal balance under conservative assumptions and demonstrates that a basic incorporation model is financially feasible. However, because the city levy would be added to existing taxes, total property-tax bills within the boundary would rise. The municipality would provide new representation and local control but limited new services. Fiscal sustainability would depend on continued coordination with the resort-tax district and special districts to ensure that community priorities are aligned and resources are not duplicated.

FISCAL ANALYSIS SUMMARY

The Basic Incorporation Scenario offers a fiscally balanced pathway to municipal incorporation. It would establish a small local government with independent taxing authority and access to new state-shared revenues, while maintaining most existing service structures. The tradeoff is an additional layer of local taxation to support a basic administrative and planning function. Compared with full-service municipalities of similar **size, the city's responsibilities and fiscal footprint would remain limited, emphasizing** governance and coordination over direct service delivery.

EXPANDED INCORPORATION SCENARIO

The Expanded Incorporation Scenario considers the incorporation of Big Sky as a municipality with self-governing powers under a voter-approved charter. While the process of incorporation would follow the same statutory framework as described in The Basic Incorporation Scenario, the critical distinction here is that, instead of organizing under the general powers of a city of the third class, the new municipality would adopt a charter and exercise self-government authority.

Under the Montana Constitution, self-governing powers allow municipalities to act with greater flexibility, except where specifically prohibited by law. This form of government is intended to give local residents more direct control over the scope of their municipal authority, rather than being limited to only those powers expressly delegated by the Legislature. For Big Sky, this could mean broader authority to address land use, taxation, and service delivery in ways that reflect the community's unique resort-based economy and dual-county location.

As in the Basic Incorporation Scenario, the form of government is assumed to be mayor–council, with elected leadership supported by appointed staff. However, the charter process allows voters to design the details of their government structure and operations, including specifying the number of council members, officer duties, and administrative organization. This flexibility provides an opportunity to tailor governance to Big Sky's specific needs and to resolve potential service gaps or overlaps more directly than in the basic incorporation model.

The enhanced incorporation model also assumes a broader scope of municipal service responsibilities. In addition to planning, zoning, subdivision review, and building codes, the municipality would likely take on a more proactive role in public works, recreation, and coordination of law enforcement. A dedicated city attorney would be appointed to support the expanded authority, and staff levels would grow accordingly. This approach envisions a municipality that is not only representative but also directly engaged in delivering services and addressing growth pressures, supported by the additional autonomy provided under self-governing powers.

SERVICES & STAFFING

Under enhanced incorporation, the municipality would assume a broader scope of service delivery than in the Basic Incorporation Scenario. While many specialized services would continue under existing districts (such as schools, fire protection, and water/sewer utilities), a self-governing municipality has the flexibility to expand its role where the community identifies persistent gaps or opportunities for greater local control.

Specifically, the Expanded Incorporation Scenario envisions the municipality directly overseeing planning, zoning, subdivision review, building codes, local public works, and parks and recreation. It would also establish a more formalized relationship with county law enforcement, potentially contracting for dedicated deputies or forming its own small police department over time. These steps reflect the community's expressed concerns about service coordination and representation, and they take advantage of the broader authority conferred by self-governing powers.

Table 6: Service Delivery Matrix for the Expanded Incorporation Scenario

Service Area	Scenario Provider	Current Provider
Public Works	Municipality	Counties
Law Enforcement	Municipality (contracted)	Gallatin County
Fire and EMS	Unchanged	Fire Districts
Water and Sewer	Unchanged	Water and Sewer Districts
Schools	Unchanged	Big Sky School District
Parks and Recreation	Municipality	BSCO/BSTRP
Planning and Zoning	Municipality	Counties
Building Codes	Municipality	State of Montana (commercial only)

The Expanded Incorporation Scenario in Big Sky would begin with a larger staffing footprint than the Basic Incorporation Scenario based on statutory requirements and focus on core governance functions while continuing to rely on existing districts and counties for specialized service delivery.

Table 7: Municipal Role/Department Summary for the Expanded Incorporation Scenario

Role/Department	Staffing Approach	Estimated FTEs	Description
Mayor	Elected	1	Serves as Chief Executive, presiding over council meetings and representing the municipality
Council Members	Elected	3	Legislative body responsible for enacting ordinances, approving budgets, and setting policy
Judge	Elected	1	Oversees municipal court matters, including misdemeanor cases, traffic violations, and ordinance enforcement
Clerk/Treasurer	Appointed	1	Maintains official records, manages elections, and handles financial transactions and reporting
Finance and Budget	Appointed (same as clerk/ treasurer)	0	Prepares and administers budgets, manages payroll, accounts payable/ receivable, and financial compliance
City Attorney	Appointed	1	Provides legal counsel to the governing body, drafts ordinances, and ensures compliance with state law.
Public Works	Staff	21	Provides maintenance and report for local roads and basic municipal infrastructure
Planning & Zoning	Staff		Reviews development applications, administers zoning and subdivision regulations, and supports land-use planning
Building Codes	Staff		
Parks and Recreation	Staff/Contract		
Law Enforcement	Staff		

In this structure, Big Sky would move beyond a “lean startup” municipality to a moderately staffed government capable of directly managing multiple service areas. The inclusion of a full-time city attorney, dedicated planning and building staff, and expanded public works capacity signals a municipality designed not only to represent local residents but to deliver services more comprehensively than under the basic incorporation model.

BOUNDARY

For the Expanded Incorporation Scenario, the proposed municipal boundary remains focused on the three core areas of Big Sky: Mountain Village, Meadow Village, and Town Center. Keeping the boundary consistent across scenarios allows for a meaningful comparison of governance models without introducing boundary-related variability into the analysis.

What distinguishes the Expanded Incorporation Scenario from the Basic Incorporation Scenario is not the geography, but the scope of municipal authority exercised within it. By incorporating under a charter with self-governing powers, the municipality would have broader discretion to manage services, levy fees, and coordinate planning within this defined area. This distinction emphasizes that the choice of governance structure affects how Big Sky operates inside its boundary, not where the line itself is drawn.

As with the Basic Incorporation Scenario, the population and taxable value for the Expanded Incorporation Scenario are based on interpolations from U.S. Census tract and block data and Montana Department of Revenue parcel data. Because the proposed boundary does not align neatly with census geography or taxing districts, estimates are derived by isolating the portions of tracts and parcels that fall within the Mountain Village, Meadow Village, and Town Center areas.

Population figures reflect both full-time residents and the significant seasonal housing stock that characterizes Big Sky. Taxable value estimates aggregate the Department of Revenue's 2025 assessed values for parcels within the boundary and are adjusted by property classification to ensure consistency with state reporting standards. These interpolations produce the baseline measures of population, housing units, market value, and taxable value that are used to evaluate fiscal responsibility.

The following assumptions lie within the Expanded Incorporation Scenario boundary

- Estimated resident population within the boundary according to the CIP: 2,357
- Number of housing units according to the CIP (occupied and seasonal): 2,044
- Total market value of taxable property: $5,712,570,872
- Total taxable value: $81,693,594

Together, these interpolations provide the foundation for fiscal modeling under this scenario, ensuring that revenue projections and service costs are directly tied to the actual geography under consideration.

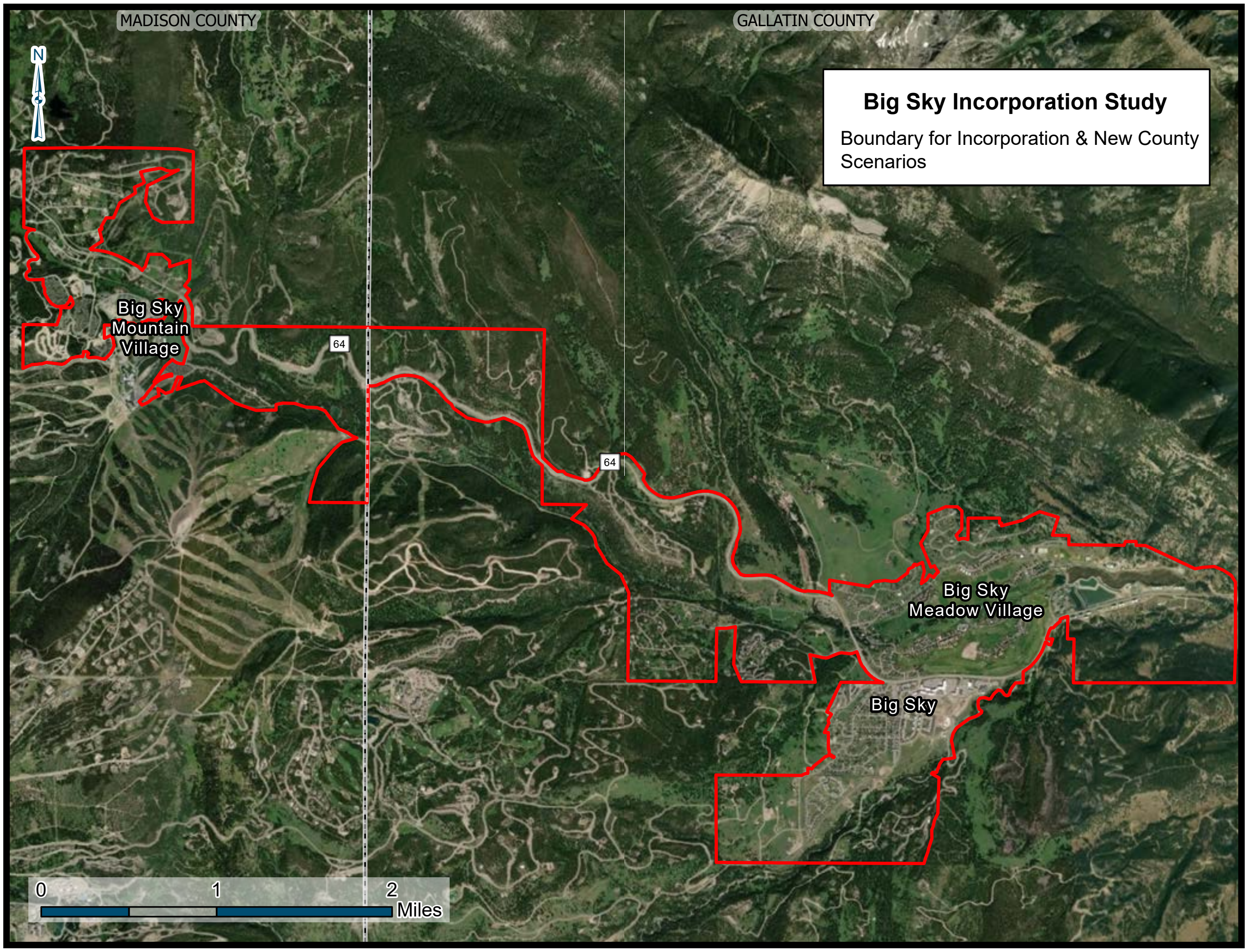


Figure 6: Incorporation Boundary for Basic Incorporation, Expanded Incorporation, and New County Scenarios

LEGAL CONSTRAINTS

The enhanced incorporation model carries the same statutory thresholds and procedural requirements for incorporation as the Basic Incorporation Scenario, but it diverges significantly in how the municipality would operate once formed. Montana law provides two distinct pathways for new municipalities: incorporation under general powers as defined by statute, or incorporation with self-governing powers under a charter authorized by Article XI of the Montana Constitution and MCA Title 7, Chapter 3, Part 7. The Expanded Incorporation Scenario assumes that Big Sky would follow the latter path, which creates additional opportunities as well as added legal complexity.

Statutory Authority

The authority to incorporate remains grounded in MCA § 7-2-4101 through 4104, which require a petition, population and density thresholds, and a majority vote in favor of incorporation. As with the Basic Incorporation Scenario, Big Sky meets the baseline criteria, and the process would be initiated locally through a petition and election.

The distinction arises after incorporation. Under Article XI, Section 5 of the Montana Constitution, municipalities may adopt a charter form of government and exercise any power not specifically prohibited by law. The implementing statutes in MCA Title 7, Chapter 3 outline the process for proposing and approving a charter, which must be adopted by majority vote. A charter municipality is not restricted to the statutory menu of powers listed for general-power cities and towns but instead operates with broad discretion to legislate and manage services within its boundary.

For Big Sky, this means the authority to:

- Establish new departments or offices beyond those enumerated in statute.
- Create local revenue mechanisms and fees not expressly authorized for general-power municipalities, provided they are not prohibited by law
- Restructure representation by determining the number of council members and ward boundaries
- Tailor administrative functions, such as defining officer duties or consolidating roles, to meet community needs

This framework allows Big Sky to address unique governance challenges like its dual-county location, reliance on resort tax, and seasonal population more directly than would be possible under general-power incorporation.

Process Requirements

The process for incorporating with a charter mirrors the baseline incorporation statutes but adds an additional step: drafting and adopting the charter itself. MCA § 7-3-701 et seq. establishes that a proposed charter must be placed before the voters, either through a study commission or by petition. The charter outlines the form, structure, and powers of the new government and must be approved by majority vote.

As with general incorporation, the first election would also require voters to choose officers, including a mayor, council members, and a municipal judge. However, the charter allows for flexibility in defining the size of the council and the specific responsibilities of officers, subject to constitutional and statutory limits.

This process ensures that the transition to municipal government is guided not only by statutory compliance but also by local choice. Residents of Big Sky would be responsible for approving both incorporation and the charter document that defines how their government will operate.

Special Considerations

As with the Basic Incorporation Scenario, Big Sky's cross-county geography raises unique questions. Attorney General opinions confirm that incorporation across county lines is permissible, but statutory guidance is limited on issues such as judicial districts, taxation, and county coordination. A charter would give Big Sky greater capacity to address these gaps through self-defined structures or interlocal agreements, though legislative clarification may still be advisable.

The interplay between incorporation and liquor licensing, gambling eligibility, and resort tax authority also remains relevant. Quotas for liquor licenses shift from county-based to municipality-based upon incorporation (MCA § 16-4-201), with downstream effects on gambling licensing (MCA § 23-5-119). Resort tax collections are authorized only in unincorporated areas (MCA § 7-6-1501), though Attorney General Opinion 53-1 has allowed them to continue when an incorporation occurs within an existing resort district. These provisions apply regardless of whether the municipality adopts a charter, but the flexibility of self-governing authority could give Big Sky greater ability to coordinate these revenue tools alongside municipal operations.

Finally, incorporation with a charter opens the door to new revenue programs and financing tools, including entitlement share payments (MCA § 15-1-121), direct gas tax distributions (MCA § 15-70-101), and eligibility for state and federal grant programs such as Community Development Block Grants (MCA § 90-1-103). Charter authority provides more latitude in how these revenues may be structured, allocated, or supplemented with local fees.

Legislative Action

While incorporation with a charter is explicitly authorized under both the Montana Constitution and state law, Big Sky's unique circumstances could still prompt the need for legislative clarification. The most immediate issue remains its cross-county boundary, where statutes provide no detailed guidance on matters such as judicial jurisdiction, allocation of county-based revenues, or coordination of county services once a municipality spans two jurisdictions. A charter gives Big Sky additional flexibility to design internal structures, but certain state-level systems such as liquor license quotas, gambling eligibility, and resort tax statutes may not fully anticipate the circumstances of a cross-county resort municipality.

Legislative refinement could also be requested to clarify how entitlement share distributions are calculated for municipalities spanning multiple counties, how state fuel tax allocations apply in such cases, and whether resort tax authority in incorporated areas should be expressly codified rather than reliant on Attorney General opinions. Although none of these issues prevent incorporation with a charter, they underscore the likelihood that Big Sky may, over time, require tailored legislative amendments to ensure its government functions seamlessly within Montana's broader legal framework.

EVALUATION CRITERIA

REPRESENTATION

Enhanced incorporation would establish a locally elected mayor and council, similar to the Basic Incorporation Scenario, but with the added flexibility of a charter government. This structure gives voters the ability to shape the size of the council, define ward boundaries, and tailor officer responsibilities to meet community preferences. Representation under this model is therefore both broader and more adaptable. Residents would not only gain direct authority over land use and municipal services but also the ability to design their government to reflect local priorities. While county governments would still retain authority for countywide services, the charter allows Big Sky to move toward a governance framework that more fully reflects its identity as a distinct community.

COORDINATION OF SERVICES

A self-governing municipality with expanded service responsibility would take on a stronger coordinating role than in the Basic Incorporation Scenario. In addition to planning, zoning, and public works, the municipality would assume direct responsibility for building codes and parks and recreation, and potentially establish a more formalized public safety presence. This broader scope would give Big Sky a more centralized framework for managing growth and aligning infrastructure, housing, and recreation with community goals.

The added value of a charter lies in the flexibility it provides. Unlike general-power municipalities, a charter city can define the structure of its departments, create new offices, and design processes for collaboration that respond directly to local conditions. This authority would allow Big Sky to negotiate interlocal agreements more proactively, integrate municipal operations with existing districts, or even establish joint service arrangements where appropriate. In practice, this means that the municipality could not only consolidate services under its own authority but also act as a more effective hub for coordinating the activities of overlapping districts and county governments.

While coordination challenges would remain, especially in a dual-county context, the charter framework would provide Big Sky with more tools to reduce duplication, address service gaps, and align investments with community priorities.

.

IMPLEMENTATION BARRIERS

This scenario carries greater implementation challenges than the Basic Incorporation Scenario. Beyond the petition and election process required for incorporation, adoption of a charter requires additional steps, including drafting the charter document and securing voter approval. Establishing a municipality with expanded service responsibilities also raises the stakes in terms of startup costs, staffing, and community expectations. These barriers may be mitigated by the flexibility of charter powers, which allow Big Sky to design its own government structure, but the added complexity of implementation makes this scenario more demanding in terms of both political will and organizational capacity.

IMPACTS ON RESORT TAX

The Big Sky Resort Area District would remain in place under this scenario, as incorporation does not dissolve the district absent separate voter action. The key issue is how a new charter municipality would interact with BSRAD in prioritizing resort tax expenditures. Because the Expanded Incorporation Scenario envisions the municipality taking on more services—such as recreation and public works—coordination with BSRAD would become even more important to avoid overlap and maintain community trust. Community feedback emphasized the importance of keeping resort tax intact, and this scenario allows for that continuity. However, the enhanced role of the municipality increases the need for clear agreements between the two entities on funding priorities.

FISCAL RESPONSIBILITY

The Expanded Incorporation Scenario gives Big Sky access to the same stable revenue streams as the Basic Incorporation Scenario, including entitlement share payments, gas tax distributions, and eligibility for grant programs. The difference lies in the expanded service responsibilities, which increase both revenue potential and expenditure obligations. Charter authority could allow for new revenue mechanisms not available to general-power municipalities, such as locally designed fees or financing tools, but it also creates higher expectations for fiscal management. Whether this scenario strengthens fiscal responsibility depends on the municipality's ability to balance its expanded powers with careful planning and accountability. The fiscal analysis that follows models these assumptions in greater detail, but at a high level, this scenario represents a more ambitious and resource-intensive form of governance than basic incorporation.

EXPANDED INCORPORATION SCENARIO SUMMARY

The Expanded Incorporation Scenario builds on the foundation of basic incorporation by giving Big Sky self-governing powers through a charter. This model strengthens **representation by allowing residents not only to elect their own officials but also to design** the structure of their government. It enhances coordination of services by expanding **municipal responsibilities and providing flexibility to create or adapt departments as community needs evolve. At the same time, it introduces more significant implementation** barriers, as the process of drafting and approving a charter adds complexity and requires strong community consensus. Resort tax authority would remain intact, but its coordination with an expanded municipal government would become even more critical. Fiscal responsibility under this model carries higher expectations: the municipality would **gain access to new revenues and financing tools, but it would also take on broader service** delivery and administrative obligations. Overall, the Expanded Incorporation Scenario represents a more ambitious governance option that offers Big Sky greater autonomy and **capacity but requires a stronger commitment to organization, collaboration, and fiscal** discipline.

FISCAL ANALYSIS

The Expanded Incorporation Scenario evaluates the fiscal and organizational implications of establishing an expanded municipal structure—a more comprehensive city government capable of providing a greater range of local services. Compared with the Basic Incorporation Scenario, this model adds an in-house police department, assumes responsibility for all roads within the incorporation boundary, and introduces additional administrative and community-development capacity. The analysis draws from interpolated taxable-value data and operating-cost estimates prepared for the governance study's fiscal model. Detailed assumptions and calculations are provided in Appendix C.

OVERVIEW & ASSUMPTIONS

The Expanded Incorporation Scenario envisions a city with five functional departments: administration and finance, planning and community development, public works, law enforcement, and legal services. The city would also maintain a municipal court and a city-manager form of government for professional administration.

Existing special districts such as the fire, water and sewer, parks, and school districts would continue to operate independently. The new city would coordinate with these entities but would not replace their existing tax structures.

The model assumes a staff of approximately 34 to 38 FTEs, or about 12 positions per 1,000 residents, consistent with Montana municipalities that provide police and full public-works services. Department directors and administrative staff account for much of the increase relative to the Basic Incorporation Scenario. Inflationary and population-growth factors are consistent with the baseline assumptions used in the fiscal model.

OPERATING COSTS & REVENUES

Annual operating costs for the expanded city are estimated at roughly $9.8 million in 2026, increasing to about $14.4 million by 2033. The largest expenditures are law enforcement (approximately 34 percent) and public works (approximately 28 percent), followed by general government, planning, and community development.

Revenues under a property-tax-only funding model are projected to balance expenditures with a municipal levy of approximately 86 mills in 2026, including a 5 percent contingency. In practice, this levy could be reduced through other revenue sources such as state entitlement-share distributions, gas-tax allocations, or resort-tax appropriations for capital projects.

MUNICIPAL MILL LEVY & TAXPAYER IMPACT

The 86-mill levy required to support this scenario would be applied in addition to all current county and district mill levies. Property owners within the city boundary would continue paying Gallatin or Madison County taxes, school district levies, and all existing district assessments (e.g., fire, parks). None of these are expected to decrease as a result of incorporation.

Because Montana property taxes are based on taxable value, not market value, it is important to clarify the relationship. Most residential properties have a taxable value equal to roughly 1.35 percent of their market value. For example:

- The average owner-occupied home (market value of $1,687,344) would have a taxable value of approximately $22,547
- At 86 mills, that property would pay about $1,948 per year in new municipal taxes

Actual amounts would vary depending on property classification and county appraisal data. While the per-property increase is moderate, the new city levy represents a significant additional layer of taxation for all properties within the boundary.

Table 8. Fiscal Summary of Cost and Revenue for Expanded Incorporation Scenario, Millions

	2026	2027	2028	2029	2030	203	2032	2033
Costs	$7.7	$8.2	$8.6	$9.1	$9.6	$10.1	$10.6	$11.2
Property Tax Revenue	$8.1	$8.6	$9.0	$9.5	$10.0	$10.5	$11.1	$11.7

Source: ECOnorthwest Fiscal Analysis Memorandum (See Appendix C)

SERVICE & STAFFING IMPLICATIONS

The expanded municipal structure would provide local control over law enforcement, full road maintenance, planning, and code enforcement. These functions would improve direct accountability and potentially streamline community coordination; however, they also increase annual operating costs by roughly 150 percent compared with the Basic Incorporation Scenario.

Because other key services such as fire, water and sewer, parks, and schools remain under separate district governance, the new city's responsibilities would still represent only a portion of Big Sky's overall service network. As such, its total budget cannot be directly compared with full-service municipalities of similar population, which typically provide utilities and emergency services in-house.

Start-up costs for facilities, vehicles, and equipment (e.g., a public-works yard or police facility) are not included in annual operations but would need to be addressed through resort-tax allocations, short-term borrowing, or general-obligation bonds authorized under state law.

FISCAL OBSERVATIONS

The Expanded Incorporation Scenario maintains fiscal balance under conservative assumptions but results in substantially higher operating costs and property-tax requirements relative to the Basic Incorporation Scenario. The 86-mill levy would nearly double the municipal tax rate of the lean model, producing a proportionate increase in the annual tax burden for residents and businesses inside the boundary.

The expanded organization would offer enhanced administrative capacity, improved coordination of local services, and direct control of police and road functions. However, because incorporation does not replace existing district or county levies, the overall tax bill for properties within the city would increase even as many existing providers remain unchanged. Fiscal sustainability would rely on careful coordination between the city and the resort-tax district to align priorities and avoid overlap in funding.

FISCAL ANALYSIS SUMMARY

The Expanded Incorporation Scenario presents a fiscally feasible but higher-cost model of incorporation. It would create a full-service municipal organization for planning, police, and public works while maintaining separate special-district systems for utilities, fire, and recreation. The resulting municipal budget projected at $9.8 million in 2026, increasing to $14.4 million by 2033 would require a new 86-mill city levy, resulting in higher total property-tax obligations within the incorporation boundary. The community would gain broader local control and enhanced administrative capacity but at a substantially greater annual cost.

NEW COUNTY SCENARIO

The New County Scenario considers a governance model in which Big Sky first incorporates as a city of the third class, as outlined in the Basic Incorporation Scenario, and then the broader area is organized into a new county with Big Sky serving as its county seat. This option represents the most ambitious form of local government reorganization, as it combines the establishment of a new municipality with the creation of an entirely new county government.

The incorporation component would follow the same statutory process and structure as the Basic Incorporation Scenario, establishing a lean municipal government under the mayor–council form. The municipality would provide direct authority over planning, zoning, subdivision review, building codes, and basic public works within its boundary.

The second step is the creation of a new county. This would shift a much larger set of governmental functions from Gallatin and Madison Counties to the new jurisdiction. Counties in Montana are general-purpose governments with constitutional authority to provide a wide range of services, including law enforcement, courts, elections, public health, road maintenance, property assessment, and financial administration. A new county centered on Big Sky would assume these responsibilities, creating a consolidated local government structure in which most day-to-day services and governance functions are provided locally rather than at the county seats in Bozeman or Virginia City.

Importantly, Montana law requires that a county seat be located in an incorporated city or town. [MCA § 7-2-2103] provides that no city, town, or village may serve as the temporary or permanent county seat unless it is incorporated. This means incorporation is not just a preliminary step for the New County Scenario, but a legal prerequisite: Big Sky must first establish itself as a municipality in order to qualify as the seat of a newly created county.

This dual structure would give Big Sky residents the highest level of local representation and control. During the public engagement, the study team continually heard that community members felt that their property tax dollars were not typically reinvested locally. Because taxes are collected at the County level, creating a county that's boundary is centered around the Big Sky area is the only way to achieve this. However, it would also require meeting statutory thresholds for county creation, electing a full slate of county officers, and establishing the administrative capacity to deliver services that are currently provided by two separate counties. The process would be complex, politically challenging, and resource-intensive, but it would also represent the most comprehensive shift toward local autonomy available under Montana law.

SERVICES & STAFFING

The New County Scenario creates two new layers of government in Big Sky: a city government with municipal authority (similar to the Basic Incorporation Scenario) and a county government that would assume the full range of statutory county responsibilities. The result is a shift of many services currently provided by Gallatin and Madison Counties to the new county, while specialized services such as schools, fire, and utilities remain under existing districts. The table below shows the broad range of government officers and staff for both newly established governments in this scenario.

Table 9. City and County Officers, Department and Staff for New County Scenario

Government Officers	
City	County
Mayor	Assessor
3 Council Members	Auditor
Judge	Clerk of District Court
City Clerk/Treasurer	Coroner
	County Attorney
	County Clerk
	Justice of the Peace
	Public Administrator
	Sheriff
	Superintendent of Schools
	Surveyor
	3 Commission Members
	Treasurer
Government Departments & Staff	
City	County
City Attorney	Emergency Management
Clerk/Treasurer	Human Resources
Finance and Budget	Planning/Zoning
Planning/Zoning/Building Codes	Public Health
Public Works Department	Public Works
	Weed Control
Boundary	
City	County
Mountain Village	BSRAD (excluding public land on the east)
Meadow Village	
Town Center	

Table 10. City and County Officers, Department and Staff Responsibilities for New County Scenario

Responsibilities & Services	
City	County
Mayor: Chief executive officer is the city, oversees day-to-day operations; presides over council meetings, signs contracts and ordinances	Board of County Commissioners: Sets county policy, approved budget, hires staff
Council Members: Legislative body, enacts ordinances and resolutions, approved budget and contracts, sets policy	Clerk and Recorder: Maintains land records, plats, resolutions, meeting minutes, and election records
Judge: Presides over municipal court, handles violations of city ordinances. Part time/contracted	County Attorney: Prosecutes criminal cases, advises county commission, reviews contracts and ordinances
Clerk and Treasurer: maintains official records, administers municipal elections, posts public notices, handles all receipts, disbursements, payroll, accounting	County Treasurer: Sends and collects property tax bills, manages county cash flow, disburses funds, vehicle registrations
Finance and Budget: Develops annual budget, revenue forecasting, financial reporting, grant tracking (same staff as clerk/treasurer)	Emergency Management: Prepares and coordinates disaster and emergency response
City Attorney: Draft/review ordinances, contracts, etc. advise mayor, council, staff on legal matters, represent city in litigation, interpret state law and municipal authority, code enforcement and interlocal agreements. Contracted	Finance/Management: Prepares and manages annual budget
Public Works: Maintain local roads, sidewalks, and signage, manage town-owned buildings, capital improvement planning, Right of Way issues and permits	Human Resources: Manages hiring, payroll, benefits, employee policy, legal compliance
Planning/Zoning/Building Codes: Administer zoning regulations and permits, review development applications, staff the Planning Board and Zoning Commission, Issue planning and building permits, enforce land use regulations	Justice of the Peace: Hears misdemeanor criminal cases, traffic offenses, small claims

BOUNDARY

The New County Scenario assumes two distinct boundaries: one for the incorporated municipality of Big Sky and one for the newly created county.

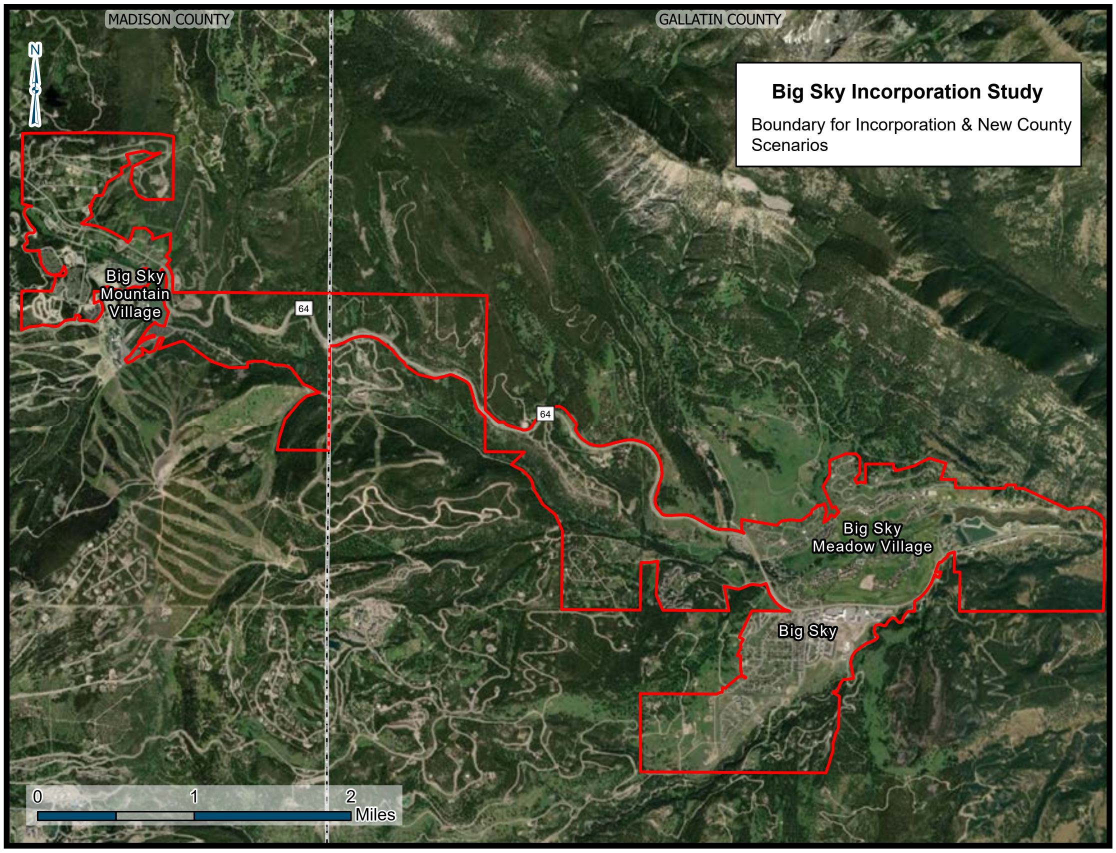


Figure 7: Incorporation Boundary for Scenarios

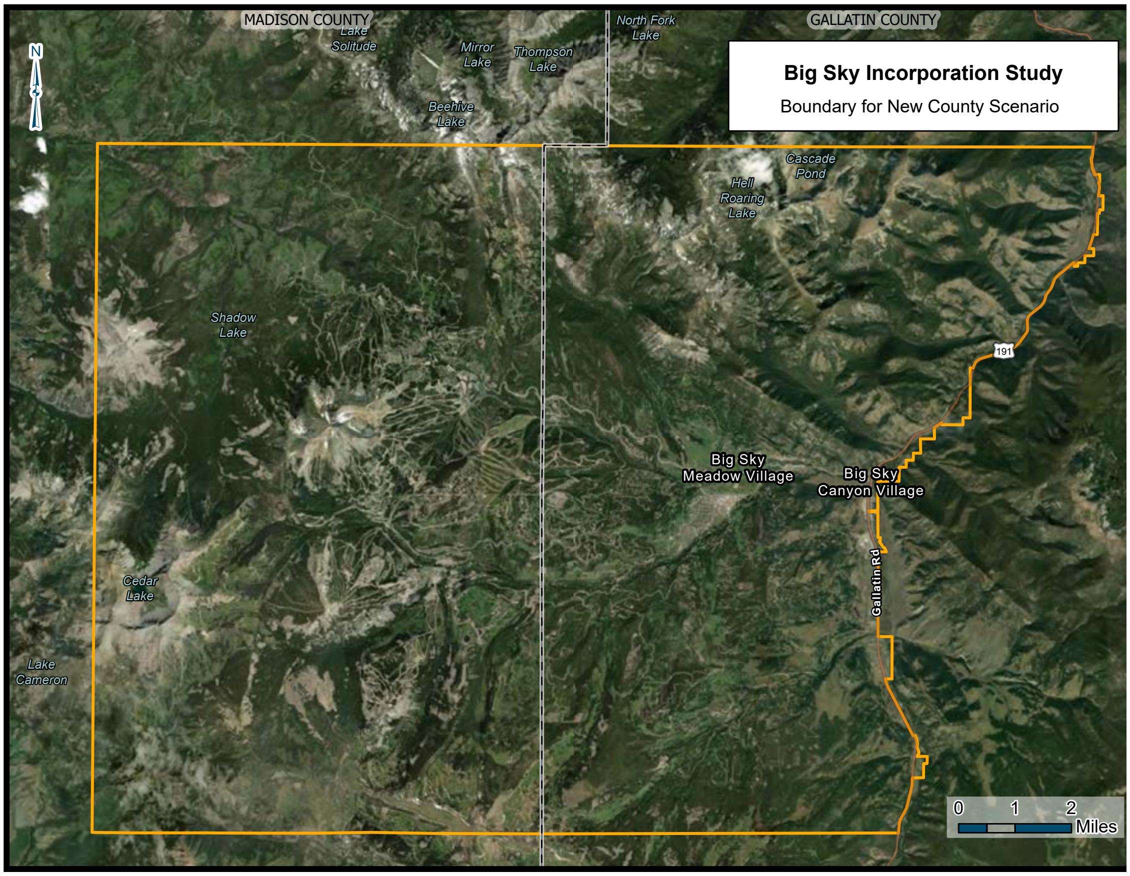


Figure 8: New County Boundary

Municipal Boundary

The city boundary mirrors that described in the Basic Incorporation Scenario. It encompasses the Mountain Village, Meadow Village, and Town Center areas. This captures the majority of year-round and seasonal population in Big Sky and provides the statutory foundation for establishing a municipal government. The incorporated city functions as the county seat, as required by law (MCA § 7-2-2103).

County Boundary

The new county boundary would extend beyond the city to include the broader Big Sky community. This would encompass the full extent of the existing BSRAD, except for the public land existing between the Gallatin River and the current Gallatin County boundary. The reason for this is that a newly developed county could not bisect the existing Gallatin County, which would create a non-continuous county to the north and south. By creating a county harmonious with the Big Sky community, the New County Scenario removes Big Sky from both Gallatin and Madison Counties, consolidating general-purpose authority into a single jurisdiction.

Relationship Between City & County Boundaries

The city boundary is nested within the larger county boundary, with the incorporated city serving as the required county seat. This structure allows for a layered approach: the municipality focuses on municipal functions (land use, local roads, administration), while the county provides county-level services (law enforcement, courts, elections, public health, tax collection).

As with the Basic Incorporation Scenario, the population and taxable value for the New County Scenario within the municipal boundary are based on interpolations from U.S. Census tract and block data and Montana Department of Revenue parcel data. Because the proposed boundary does not align neatly with census geography or taxing districts, estimates are derived by isolating the portions of tracts and parcels that fall within the Mountain Village, Meadow Village, and Town Center areas. For the population and taxable value within the County portion of the New County Scenario, the Census data was strictly used as the Census Designated Place (CDP) lies fully within the county scenario boundary.

Population figures reflect both full-time residents and the significant seasonal housing stock that characterizes Big Sky. Taxable value estimates aggregate the Department of Revenue's 2025 assessed values for parcels within the boundary and are adjusted by property classification to ensure consistency with state reporting standards. These interpolations produce the baseline measures of population, housing units, market value, and taxable value that are used to evaluate fiscal responsibility.

The following was calculated from the interpolations:

- Estimated resident population within the boundary
- Total market value of taxable property: $36,783,999,256
- Total taxable value: $704,839,814

LEGAL CONSTRAINTS

The creation of a new county in Montana is governed by Title 7, Chapter 2, Part 22, MCA. These statutes establish the requirements, procedures, and limitations for dividing existing counties and forming a new county government. The framework is designed to ensure that new counties are viable, with sufficient population and taxable value to provide services, while also protecting the fiscal stability of the parent counties. Note that these steps represent the requirements after a municipality is already formed as described in the Basic Incorporation Scenario.

Substantive Limitations

Under MCA § 7-2-2202, new counties must meet strict geographic and fiscal thresholds:

- A new county cannot reduce any existing county to less than $12 million in assessed valuation.
- A new county itself must contain at least $10 million in assessed valuation, based on the most recent county assessment.
- No existing county can be reduced to less than 500 square miles of surveyed land (excluding forest reserves and Indian reservations).
- A new county must contain at least 250 square miles of surveyed land.
- Except as provided under special provisions in Part 28, no territory smaller than 49 square miles may be transferred from one county to another.

These requirements ensure that both the proposed county and the counties from which it is formed remain fiscally and geographically viable. The following table shows how the area within the Scenario boundary correlates to these requirements.

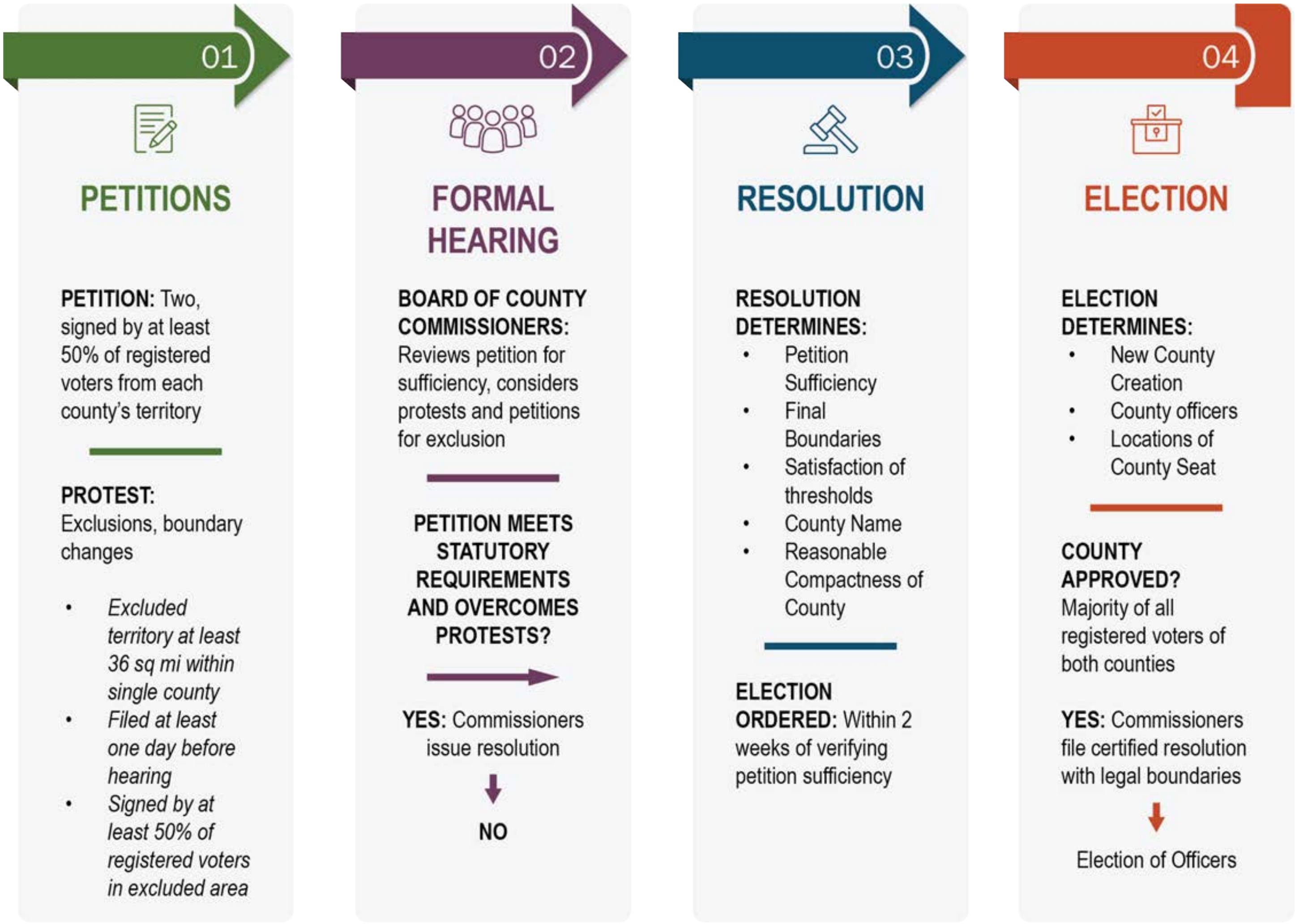
Table 11. Threshold Comparison to New County Scenario

Threshold	New County Scenario Data
At least $10M Assessed Valuation	$16,614,295,190 (new county assessed value from 2025 cadastral)
At least 250 square miles of surveyed land	97.3288 square miles

As shown here, the current size of the county does not meet the requirement of 250 square miles of developable land. This is discussed in more detail in the Legislative Action section later in this section.

Process Requirements

Once these limitations are met, the process moves to petitions under MCA § 7-2-2205.



Special Considerations

The creation of a new county from portions of Gallatin and Madison Counties raises several unique considerations not typically encountered in standard incorporations or boundary adjustments. These "special cases" highlight areas where statutory authority intersects with Big Sky's circumstances and where additional coordination or legislative clarification could be required.

Dual Transition: Municipality & County Seat

Because Montana law requires every new county to have an incorporated county seat (MCA § 7-2-2103), Big Sky would first need to incorporate as a municipality before qualifying as the seat of a new county. This dual transition—city formation followed by county creation—adds procedural steps and costs beyond those of incorporation alone.

Cross-County Division

Unlike incorporations that may span counties without altering county boundaries, county creation necessarily removes territory from existing counties. This process would significantly affect Gallatin and Madison, which would each lose assessed value and land area. Ensuring compliance with the valuation and acreage requirements of MCA § 7-2-2202 would be critical, and both counties would likely scrutinize potential impacts to their tax base and services. It should be noted that the assessed valuation requirements in this section are comparatively quite low, and even if the proposal meets the quantitative criteria, it would still likely create a very large financial impact to the existing county tax base.

Resort Tax District Status

BSRAD currently operates as a voter-approved resort tax district under MCA § 7-6-1501. The Attorney General has previously opined that incorporation of a municipality within a resort district does not dissolve the district. However, the creation of a new county encompassing the same geography would raise novel questions: would BSRAD continue as a district within the new county, or could statutory interpretation limit its authority? Without explicit precedent, this issue could prompt legal challenges or legislative clarification.

Judicial & Administrative Infrastructure

New counties must establish courts, a sheriff's office, treasurer, clerk and recorder, and other statutory offices (MCA Title 7, Chapter 4). While these requirements are standard, Big Sky's location spanning two counties, with services currently provided by Gallatin and Madison, raises transitional challenges. Determining judicial districts, law enforcement jurisdiction, and staffing for mandatory offices would require coordination with the state judicial branch, Department of Revenue, and other agencies.

Service Provider Overlap

Existing special districts like fire, school, water and sewer would continue to operate, but their governance and funding mechanisms would need to be reconciled with the new county structure. Questions include whether districts would remain cross-county or be re-formed under the new county's authority, and how representation would be adjusted.

Legislative Ambiguity

While Part 22 of Title 7 provides a detailed process for creating a new county, it does not directly address scenarios involving large resort communities with overlapping special districts and significant inter-county service arrangements. As with incorporation, the Legislature could be asked to provide clarifying amendments—particularly around resort tax continuity, cross-county service districts, and entitlement share distribution under MCA § 15-1-121.

Conclusion

Overall, the creation of a new county centered on Big Sky introduces a number of unprecedented challenges that extend beyond the mechanics of incorporation. While Montana law in MCA Title 7, Chapter 2, Part 22 provides a roadmap for petition, hearings, and elections, the practical realities of carving a new county out of Gallatin and Madison raise complex questions about overlapping service districts, resort tax authority, and judicial administration. These issues are not insurmountable, but they highlight the degree to which this scenario differs from historical county formations in Montana. This scenario evaluation focuses on the impacts from forming a County, but it should be expressly understood that there are significant implementation risks and hurdles for achieving this.

LEGISLATIVE ACTION

The most immediate legislative issue for the New County Scenario is compliance with MCA § 7-2-2202(5), which prohibits the creation of a new county containing less than 250 square miles of surveyed land (exclusive of national forests and other restricted lands). Based on preliminary mapping of the Big Sky area, much of the land within the proposed county boundary falls under Gallatin and Beaverhead-Deer Lodge National Forest jurisdiction or is otherwise undevelopable. The current developable land within the proposed boundary encompasses 97 square miles.

Because this limitation is set by statute, legislative action would be required to modify or waive the 250-square-mile requirement. Without such an amendment, the creation of a new county centered on Big Sky would not be legally permissible, regardless of petition signatures, valuation thresholds, or voter approval.

Beyond the land area issue, other statutory gaps remain (e.g., resort tax eligibility, distribution of entitlement share revenues) However, the land requirement presents the most clear-cut barrier. Any serious pursuit of county creation would therefore require the Legislature to directly amend Part 22 of Title 7, Chapter 2, or to enact special legislation recognizing Big Sky's unique circumstances.

EVALUATION CRITERIA

REPRESENTATION

The creation of a new county would fundamentally alter representation for Big Sky residents. Unlike municipal incorporation, which establishes local authority over a narrow set of services, counties in Montana are general-purpose governments with broad statutory obligations. A new county government would bring all major county-level functions from law enforcement, elections, courts, recordkeeping, road maintenance, tax collection, and land use regulation under the direct control of locally elected officials. This would eliminate the current dual-county arrangement, providing a single governing body solely accountable to Big Sky voters. Representation would be more streamlined and responsive, though residents would still retain representation at the state level and in regional entities such as school and special districts. This would establish a much clearer line of accountability for most local services, but it comes with the cost of building an entirely new layer of governance from the ground up.

COORDINATION OF SERVICES

As a county, Big Sky would gain full authority over services currently split between Gallatin and Madison Counties, reducing one of the most persistent challenges of overlapping jurisdiction. Law enforcement, elections, courts, public works, and planning would all be consolidated under a single administration. This would provide a high degree of coordination, aligning policy, service delivery, and fiscal decisions in one place. However, because county governments must serve both rural and urbanized areas, the new Big Sky County would need to reconcile diverse service expectations. Additionally, special districts such as fire, water and sewer, and parks would remain in place unless dissolved or consolidated. Coordination could improve dramatically, but it would depend on the new county's capacity to assume these functions and manage interlocal relationships with existing service providers.

IMPLEMENTATION BARRIERS

This criterion represents the most significant obstacle to the New County Scenario. The statutory process for county creation under MCA Title 7, Chapter 2, Part 22 establishes stringent requirements that very few areas in Montana are positioned to meet. These include:

- Geographic requirements: The new county must include at least 250 square miles of surveyed land (MCA § 7-2-2202(5)) and cannot reduce existing counties below 500 square miles (MCA § 7-2-2202(3)).
- Petition requirements: Petitions must be signed by at least 50% of registered electors in each affected county portion (MCA § 7-2-2205).
- Election and organization: A successful election must be held (MCA § 7-2-2215), followed by filing with the Secretary of State (MCA § 7-2-2223), before the county is legally established.

It should also be noted that all of these requirements are after a municipality is formed to become the county seat. It is also already known that a proposed county boundary would not meet the geographic requirements listed above. A legislative change would be required far before a vote would ever be proposed to the electors of both counties.

Beyond these statutory steps, the practical implementation challenges are immense. A new county would need to establish a courthouse, sheriff's office, jail facilities, election administration, district court, clerk and recorder's office, treasurer, assessor, and other statutory offices (MCA § 7-4) It is assumed that interlocal agreements would help ease the transition of services to a new county, but at some point the county must become self-sustaining. Politically, persuading neighboring counties to relinquish territory and voters to support such a fundamental restructuring adds another high barrier. These hurdles make this scenario far more difficult to achieve than either municipal incorporation or boundary adjustments.

IMPACTS ON RESORT TAX

BSRAD would remain in place unless separately dissolved or modified by local election. County creation does not automatically affect the district's legal authority. However, the relationship between a new county government and BSRAD would be complex. A new county would assume broad fiscal and service obligations that overlap with areas currently funded by resort tax dollars, particularly infrastructure and public works. Coordination mechanisms would be essential to ensure resort tax funds complement rather than duplicate county expenditures. Furthermore, because the enabling statute for resort tax districts applies to unincorporated areas, questions could arise as to whether its provisions apply cleanly to a community that is simultaneously a county and contains incorporated municipalities. This represents a legal gray area that could carry risk moving forward.

FISCAL RESPONSIBILITY

The reason for including this scenario in the evaluation is that it represents the only way to ensure that local tax dollars are fully invested in Big Sky. Under the current arrangement, property taxes collected in Big Sky flow to both Gallatin and Madison Counties, where they are pooled with countywide revenues and allocated to meet broader county obligations. Incorporation as a municipality would provide some new revenue streams, but most county-level revenues would still leave the community. By contrast, a new county would retain all of its locally generated county tax base, including property tax levies, entitlement share distributions, fuel tax allocations, and state-shared revenues.

This structure maximizes fiscal accountability by tying revenue collection directly to local decision-making. Residents and businesses would see a clearer connection between the taxes they pay and the services they receive, addressing a persistent theme from community engagement that "tax dollars should stay in Big Sky." Resort tax revenues could continue to supplement county expenditures, but unlike in other scenarios, the full weight of the county tax base would be directed toward local priorities.

NEW COUNTY SCENARIO SUMMARY

The New County Scenario offers the most direct path to eliminating the dual-county governance challenge, consolidating representation and service delivery into a single, locally accountable entity. However, this comes at extraordinary cost and complexity. Statutory requirements for county creation set high thresholds that Big Sky is unlikely to **meet without legislative changes, and the fiscal burdens of running a county government** would be substantial for a community of its size. While the promise of streamlined **representation and unified authority is attractive, the practical barriers including legal, financial, and political make this the most difficult scenario to implement**

FISCAL ANALYSIS

The New County Scenario evaluates the fiscal implications of creating both a new county government and a municipal government within the Big Sky area. Together, these entities would provide full local governance replacing Gallatin and Madison County oversight while establishing a city-level government within the developed core. These would function as two separate government with their own budget, elected officials, and distinct tax levies. Detailed assumptions and calculations are included in Appendix C.

OVERVIEW & ASSUMPTIONS

The New County Scenario assumes formation of a new county covering the Big Sky community (similar to the BSRAD area) and a municipality within its core (Mountain Village, Meadow Village, and Town Center).

- The county provides law enforcement through a sheriff's office, road and bridge maintenance for regional routes, elections, courts, finance and tax administration, emergency management, coroner.
- The city manages administration, planning and zoning, building codes, and local road maintenance.

Combined staffing is estimated at approximately 72 FTEs including both county and city functions, a number which grows to 83 FTEs due to forecasted CIP growth in population, housing units, and infrastructure.

OPERATING COSTS & REVENUES

Total annual operating costs for the municipality are estimated at $3.5 million in 2026, increasing to about $5.1 million by 2033 with population and other growth. The county operating costs are estimated at $18.3 million in 2026, increasing to about $26.6 million by 2033.

For conservative comparison and for simplicity, the fiscal model assumes all core operating costs are funded by property tax revenue alone. Additional revenues such as recording fees, fines, entitlement-share payments, and fuel-tax distributions would reduce the necessary levy and resulting tax rate. In general, many counties receive federal and state intergovernmental revenues that are attached to particular and complex service responsibilities such as public health, environment and conservation, and human services implementation and administration. These functions may also be supported by County general revenues, which would cause the necessary levy and resulting tax rate to increase.

Table 12. Fiscal Summary of Cost and Revenue for the New County Scenario, Millions

	2026	2027	2028	2029	2030	203	2032	2033
County								
Costs	$18.3	$19.5	$20.5	$21.5	$22.8	$24.0	$25.1	$26.6
Property Tax Revenue	$19.6	$20.7	$21.7	$22.9	$24.1	$25.3	$26.6	$28.0
Incorporation								
Costs	$3.4	$3.6	$3.8	$4.0	$4.2	$4.6	$4.8	$5.1
Property Tax Revenue	$3.7	$3.9	$4.1	$4.3	$4.5	$4.8	$5.0	$5.3
Combined Costs								
Costs	$21.7	$23.1	$24.3	$25.5	$27.1	$28.6	$30.0	$31.7
Property Tax Revenue	$23.3	$24.6	$25.8	$27.2	$28.6	$30.1	$31.7	$33.3

Source: ECOnorthwest Fiscal Analysis Memorandum (See Appendix C)

MILL LEVY & TAXPAYER IMPACT

The fiscal model estimates a mill levy of approximately 38 mills in 2026 for properties within the municipal boundary to pay for municipal government operations, and approximately 29 mills in 2026 for properties outside the municipal boundary to fund both the city and county operations. Property owners within the incorporated area would pay both county and incorporation mills, for a total levy of 67 per $1,000.

In practice:

- The county portion would replace existing Gallatin and Madison County mill levies.
- The city portion would be additive to the county for properties inside the incorporated boundary.

In the incorporated boundary, a primary residence has average market value of $1.6 million in 2025 and taxable value of about $22,550. This property owner would pay 67 mills per $1,000 of taxable value, for a property tax bill of $1,513. In the unincorporated area, average market value is higher. An average primary residence with market value of $2.7 million and taxable value of $43,800 would pay 29 mills per $1,000 of taxable value, or $1,241. All property owners would continue to pay all other state, school, and district assessments.

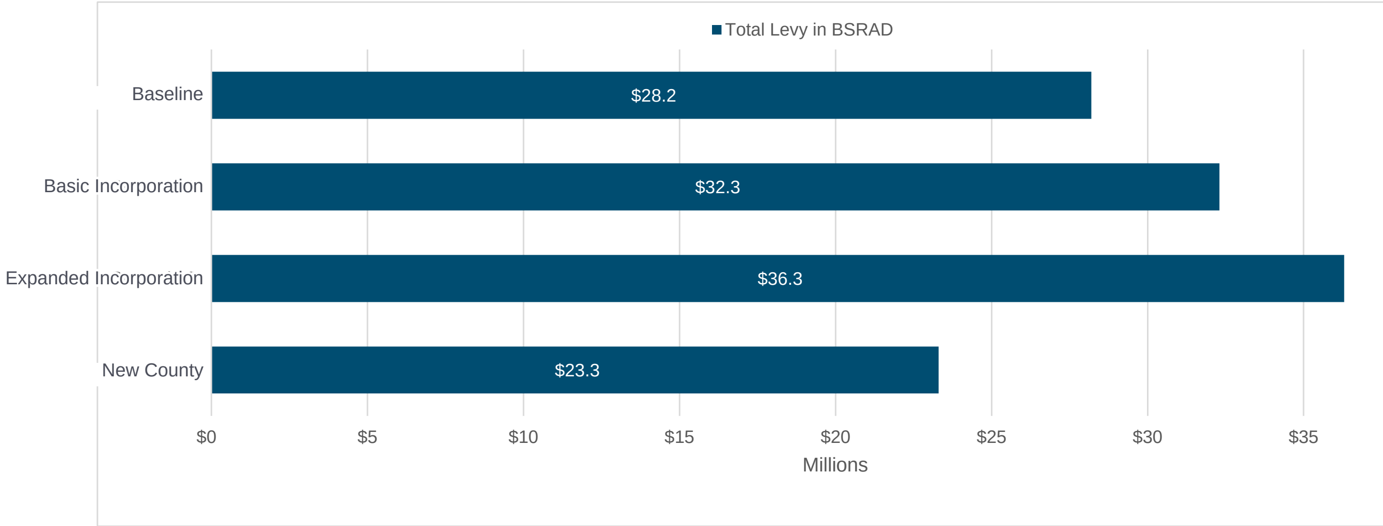


Figure 9. Comparison of Estimated Total Levies for Scenarios

Source: ECOnorthwest analysis of Certified Taxable Values and County FY 2025 Levy Information

SERVICE & STAFFING IMPLICATIONS

The New County Scenario establishes the most comprehensive local structure, unifying county-level services under a new local jurisdiction and providing municipal-level planning and administration within the core. While the structure maximizes local control, it also introduces the highest startup costs and administrative complexity, including the need for new offices, election systems, and recordkeeping infrastructure. One-time implementation costs are not included in annual operations but could be financed through bonding or resort-tax allocations.

FISCAL OBSERVATIONS

The New County Scenario is fiscally feasible under conservative assumptions. The total estimated cost of $22–32 million is supported by a 29-mill county-wide levy, replacing current county taxes (62 for Madison County in 2024 and 96 for Gallatin County in 2024) and adding a 38 mill levy to fund lean government operations within the city boundary. For most properties inside the city boundary on the Madison County side, overall taxes may increase slightly. For those in the unincorporated part of the new county, total taxes would likely decrease compared with today's combined Gallatin and Madison County rates.

NEW COUNTY SCENARIO FISCAL SUMMARY

The New County Scenario provides the highest level of local autonomy, combining municipal and county functions under local control while maintaining separate **governments. The fiscal analysis simplifies these costs into a total equivalent of 29 mills in the new county or 67 mill in the incorporated area to show overall tax effort and fiscal scale.** Residents should consider the tax implications of both the municipal and county levy when **evaluating the financial implications of this scenario**

ALTERNATIVES WITHIN CURRENT GOVERNMENT STRUCTURE

While this study focuses on incorporation scenarios and the creation of a new county, it is important to recognize that incorporation is not the only path available to Big Sky. Other options exist that could address some of the same concerns about representation, coordination, and fiscal control without creating a general-purpose municipal government. These approaches are outlined in detail in the *Exploration of Local Government Options for the Community of Big Sky, Montana* (Montana Department of Commerce, Local Government Center), and they provide valuable context for understanding the full range of governance choices available to the community.

STRENGTHENING SPECIAL DISTRICTS

Big Sky already relies on a complex web of special districts to deliver services, from fire protection and schools to water, sewer, and resort tax administration. One alternative to incorporation would be to expand or adjust the authority of these districts to address emerging needs. For example, BSRAD could broaden its funding priorities, or interlocal agreements could enable districts to play a greater role in coordinating infrastructure investment. While this would not provide the same centralized decision-making as a municipality, it could build on existing institutions that are familiar to the community and already supported by voter approval.

INCREMENTAL ENHANCEMENTS TO REPRESENTATION

There are smaller steps that could be taken within the current framework to improve representation and local voice without altering statutory structures. These include creating stronger advisory boards, expanding community engagement in county decision-making, or establishing dedicated staff positions within Gallatin and Madison Counties to coordinate Big Sky matters. While less transformative than incorporation or county creation, these incremental steps could offer more immediate improvements in accountability and responsiveness.

COUNTY CHARTER GOVERNMENTS

One alternative to incorporation is for Gallatin and Madison Counties to adopt charter forms of government under MCA Title 7, Chapter 3, Part 7. Montana law allows counties to establish a charter through local initiative and voter approval. A county charter provides broader self-governing powers and greater flexibility in designing government structure, similar in some respects to a municipal charter.

For Big Sky, county charter governments could represent a middle ground between maintaining the status quo and pursuing incorporation or county formation. With charter authority, Gallatin or Madison County could adjust their internal organization, create specialized representation mechanisms, and adopt innovative service delivery arrangements tailored to the unique circumstances of Big Sky. For example, a charter could provide for dedicated Big Sky representation on county boards, establish a service district with enhanced authority, or formalize cooperative structures with the Big Sky Resort Area District.

This option avoids the procedural and legal hurdles of creating a new municipality or county while still providing tools to improve local voice and coordination. However, it also has limitations. Because Big Sky is split between two counties, charter reform in only one county would not address the entire community. For charter governments to meaningfully change Big Sky’s governance structure, both Gallatin and Madison Counties would need to adopt charters, and those charters would need to be designed in a way that specifically recognizes Big Sky's cross-county identity.

Montana's Constitution (Article XI, § 5) and MCA § 7-3-701 provide the framework for adopting county charters, including requirements for voter approval and restrictions on powers that cannot be granted (such as the power to define criminal offenses other than ordinance violations). While this process is significant, it offers a pathway for structural change without creating entirely new jurisdictions.

In this sense, county charter governments could be seen as a more incremental step toward local empowerment that enhances flexibility and accountability but still relies on county-level institutions to provide general government functions.

7.0 CONCLUSION

The Big Sky Governance Study was undertaken to answer a question that has persisted for decades: what would it mean for Big Sky to change its form of local governance? The study does not recommend a specific path, but provides the community with factual, statutory, and fiscal information to clarify what each potential model of governance would entail. Each scenario presented in this report is grounded in Montana law and supported by detailed fiscal analysis, ensuring that the findings reflect not assumptions or opinions, but verifiable data and statutory authority.

Community engagement was a critical component of this study. Through interviews, meetings, workshops, and a survey, community members consistently emphasized the importance of local representation, coordination of services, fiscal responsibility, and maintaining the effectiveness of existing entities such as BSRAD and special service districts. These community values shaped the evaluation criteria and guided the analysis of each scenario, ensuring that the outcomes reflected local priorities over abstract administrative models.

Three distinct governance scenarios were developed and analyzed. Each provides a different level of local control, administrative complexity, and fiscal impact.

BASIC INCORPORATION SCENARIO

This scenario represents the most modest step toward local self-governance. It establishes Big Sky as a city of the third class under Montana law, creating a mayor–council form of government responsible for planning, zoning, building codes, and limited public works. Existing service districts such as those providing fire protection, water and sewer, schools, and parks would remain unchanged. Law enforcement would continue to be provided through county sheriff's offices under interlocal agreements.

Fiscal analysis shows that this model could operate with a balanced budget supported by a relatively small municipal levy. However, the municipal tax would be additive, meaning they would be layered on top of existing county and district taxes, not replacing them. While the additional cost would be modest, it would represent a new ongoing obligation for property owners within the incorporated boundary. The primary benefit would be the establishment of a local elected government focused on land use and basic municipal services, providing representation and accountability at the local level without restructuring existing service delivery. Implementation would require a successful incorporation petition and election, as well as coordination between two counties, which adds administrative complexity.

EXPANDED INCORPORATION SCENARIO

The Expanded Incorporation Scenario builds upon the same structure but assumes that the new municipality would assume broader responsibilities. In addition to planning, zoning, and administration, this scenario includes the creation of a municipal police department, expanded public works capacity, and additional administrative staffing to manage these functions. The resulting organization would resemble a small full-service city.

The fiscal model estimates that this structure would require roughly twice the revenue of the basic incorporation scenario, with a higher mill levy to support the expanded staffing and services. As with the Basic Incorporation Scenario, this levy would be in addition to existing county and district taxes. While the higher cost brings greater local control and operational independence, it also requires a stronger administrative foundation and more complex coordination with existing districts. Implementation barriers include startup costs for new facilities, equipment, and personnel, as well as the need to clearly define service boundaries and responsibilities to avoid duplication with the counties and districts.

NEW COUNTY SCENARIO

The third scenario envisions the formation of a new county encompassing the Big Sky area, along with an incorporated municipality within it. This structure would place all local decision-making under elected officials residing within the Big Sky region. It would also ensure that taxes generated in the Big Sky region are used for services within the region. It represents the most comprehensive form of local control, aligning governance, taxation, and service delivery within a single geographic area.

Fiscal analysis for this scenario combined county and municipal operations into a single model to simplify presentation, estimating that a total of 35 mills would be required to fund both levels of government. In practice, this would appear as two separate tax levies on a property tax bill, but the combined total represents the most complete picture of fiscal impact. While this scenario offers the highest level of local control and accountability, it also presents the greatest implementation challenges. The formation of a new county in Montana requires action by the Legislature, voter approval of both Madison and Gallatin Counties, and the establishment of comprehensive administrative systems for law enforcement, courts, elections, and records. It would also require careful transition planning to avoid disruption to existing services during the changeover.

Across all three scenarios, the analysis found that Big Sky has the fiscal capacity to support local government at varying levels of service. The differences between the models are not driven by inefficiency or lack of tax base, but by the scope of services each would provide and the degree of autonomy each would establish. In every case, coordination among the municipality or county, BSRAD, and existing special districts would

remain essential to ensure efficient service delivery and community confidence.

Importantly, none of these scenarios represent a recommendation or a prediction. The study's purpose is to give the community a clear and factual understanding of what each option would mean such as what powers it would grant, what responsibilities it would require, and what financial impact it would have, and how difficult it would be to achieve. The findings are substantiated by statutory citations, fiscal modeling, and direct comparison with other Montana communities, ensuring that residents have access to objective information rather than speculation.

The intent of this report is to provide Big Sky residents with a well-informed foundation should the question of governance change arise in the future. The community can now see what each potential form of government would provide, how much it would cost, and what would be required to implement it. Whether Big Sky chooses to pursue incorporation, explore county creation, or maintain its current structure, this report ensures that those decisions can be made with clarity, transparency, and an understanding rooted in Montana law and fiscal reality.

For more than two decades, questions about whether Big Sky should change its governance have surfaced without definitive answers. This study provides those answers not as advocacy, but as information. The path forward ultimately belongs to the community, but the findings presented here ensure that if and when the question of governance arises again, Big Sky will be better prepared, better informed, and fully equipped to make that decision for itself.

For more than two decades, questions about whether Big Sky **should change its governance have surfaced without definitive** answers. This study provides those answers not as advocacy, but as information. The path forward ultimately belongs to the **community, but the findings presented here ensure that if and** when the question of governance arises again, Big Sky will be better prepared, better informed, and fully equipped to make that decision for itself.