

Local Sales Tax and The Economic Outlook for Fergus County

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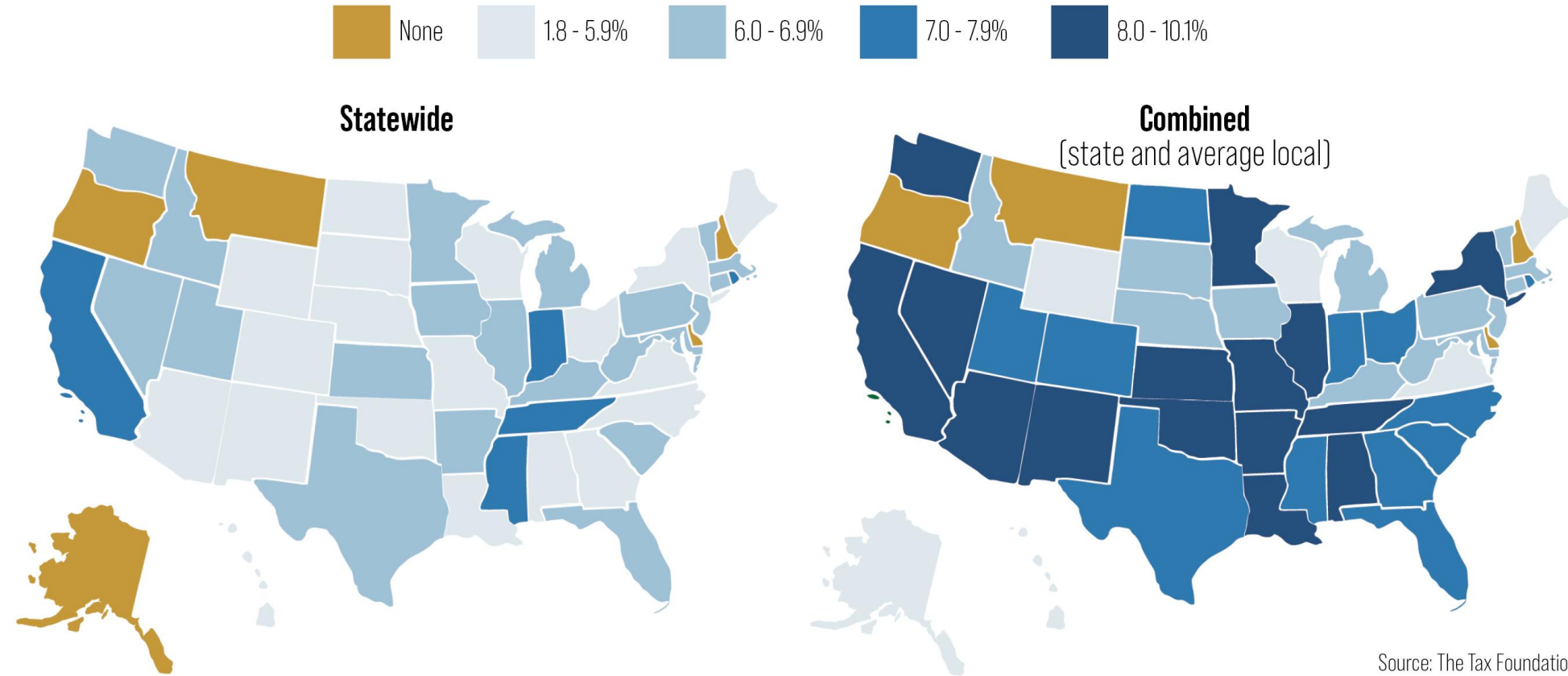
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Fergus Economic Outlook

In Many States, Local Sales Taxes Are Large: About $\frac{3}{4}$ of State's Allow Local Sales Tax.

Sales tax rates, July 2025



Local Option Sales Tax Problem 1: Large Inequities Across Areas

Illustrated With Former Home County:
All areas have the same sales tax rate.

Differences are due to

- 1) major highways/tourist traffic
- 2) location of shopping centers
(incentives)
- 3) housing (less is better!)

Jurisdictional competition for sales tax is not
economic development: a zero-sum regional game.

Placer County Communities	Sales Tax Revenue Per Capita
County Unincorporated	\$155.87
Auburn	\$550.70
Colfax	\$679.37
Lincoln	\$80.66
Loomis	\$182.52
Rocklin	\$222.49
Roseville	\$393.86

Source: California City Finance, 2018-19.



Local Option Sales Tax Problem 2: Negative Fiscal Incentives For Local Governments Especially When Paired With Property Tax Restrictions

Hospitality, Entertainment, & Recreation Incentive Program

The Hospitality, Entertainment & Recreation (HER) incentive offers a sales tax rebate or direct financial assistance, building and planning fee rebates, and/or transient occupancy tax rebates and is available to unique retailer(s) who offer a full-service establishment with hospitality, recreation, and entertainment venues. To qualify, a business must:

A minimum of \$10 million in annual sales qualifies for a 20% rebate of the portion of tax collected by the City, growing to a sales tax rebate of 50% for businesses generating \$30 million or more in annual sales.

Citywide Retail Incentive Program

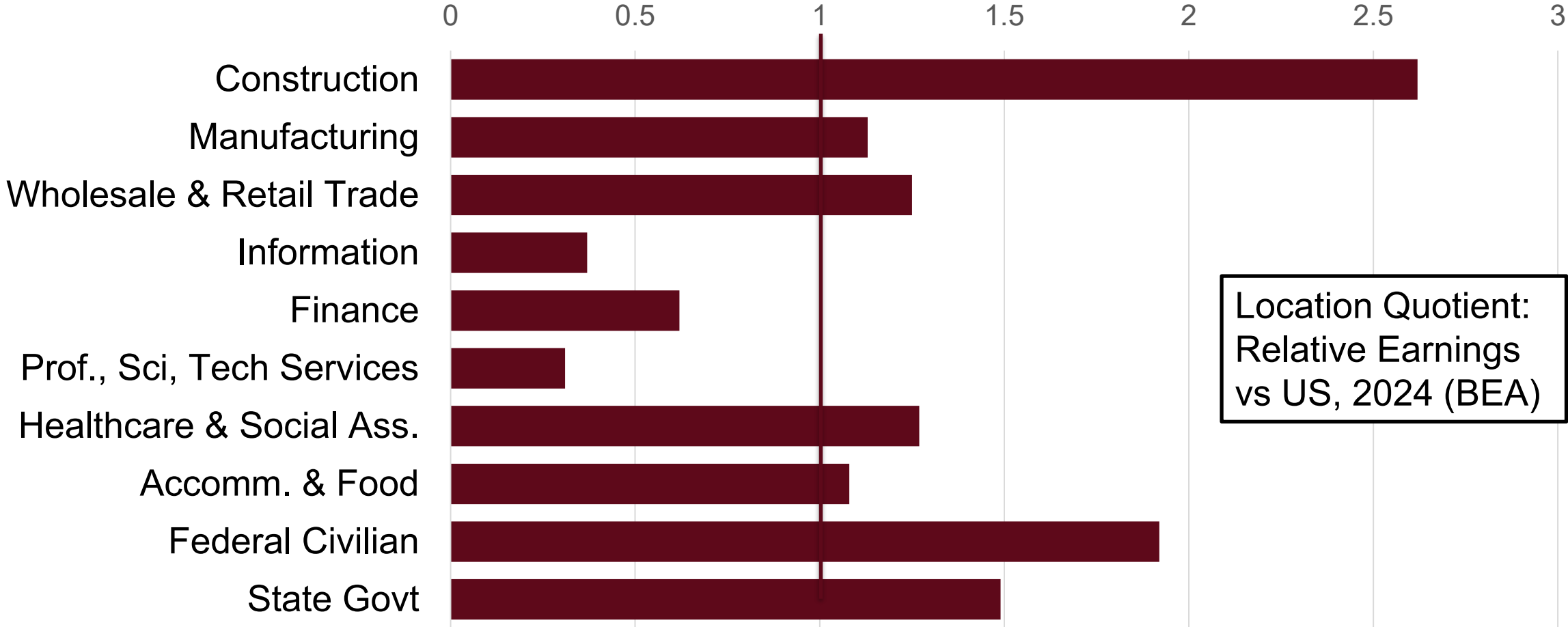
Sales Tax and Building & Plan Fee rebate incentives used to attract “unique business” to Tracy. Qualified businesses must:

- Engage in “retail sales” within the City limits of Tracy
- Classify as a “unique business”
- Provide 5 years of actual annual sales for its 2 closest locations
- Identify the City of Tracy as the point of sale

Example: City of Tracy Charges \$75,000 In Impact Fees On A New House But Rebates Up To 50% of Sales Taxes To Attract New Retail and Hospitality.



What Are the Most Prominent Non-Farm Industries in Fergus County?



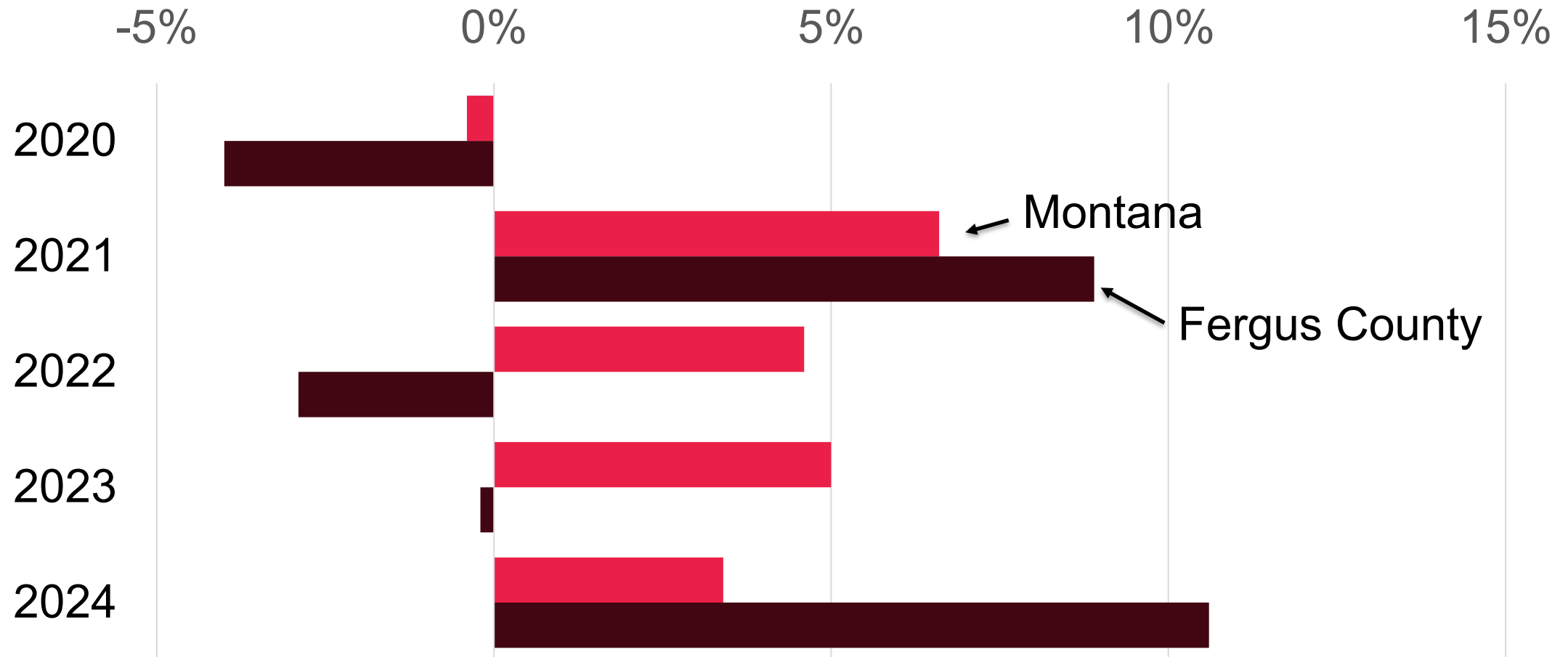
Notable Details in Fergus County 2024 Earnings Profile

- Construction: Heavy and Civil Engineering Works (LQ=8.4)
- Manufacturing: **Highest Concentration in Montana**
 - Fabricated Metal Over Half of Manufacturing Earnings (LQ=6.6)
- Real Estate Earnings Unusually High (2021-24, LQ=2.35)
- Farm Earnings Unusually Low in 2024
 - Negative net earnings reported

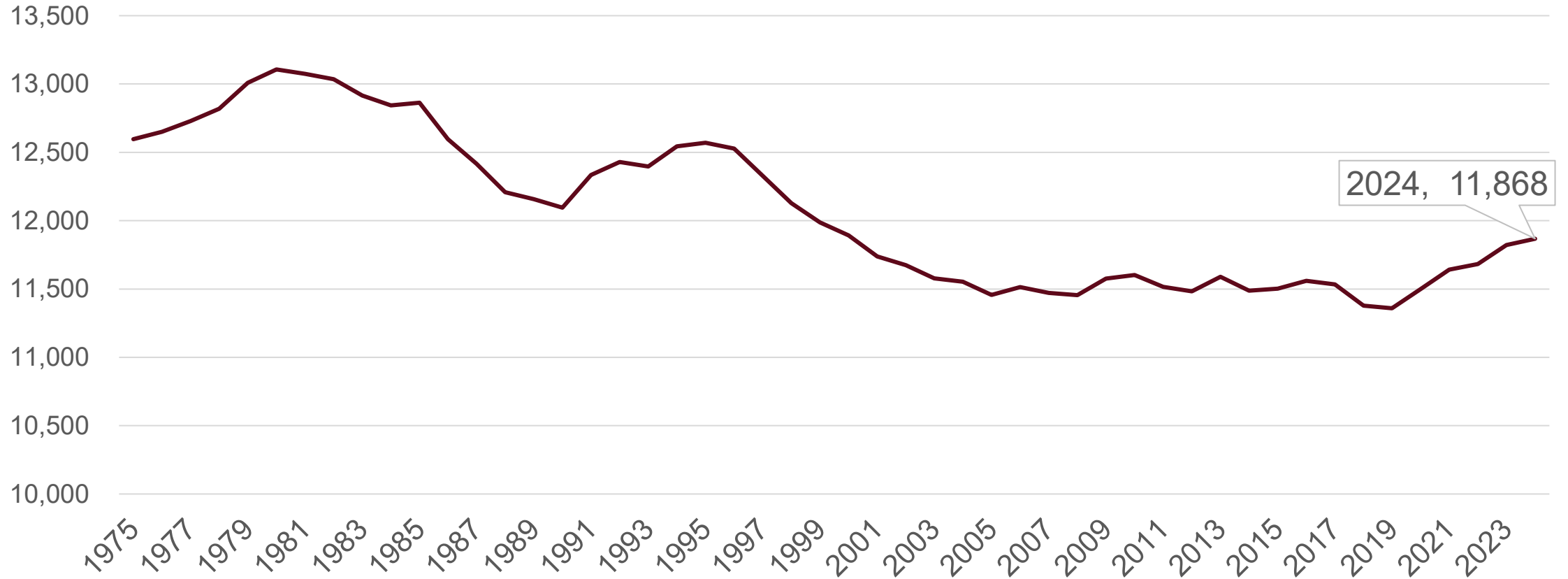


GDP Data Indicate Growth Volatility

Percent Change in Real Gross Domestic Product

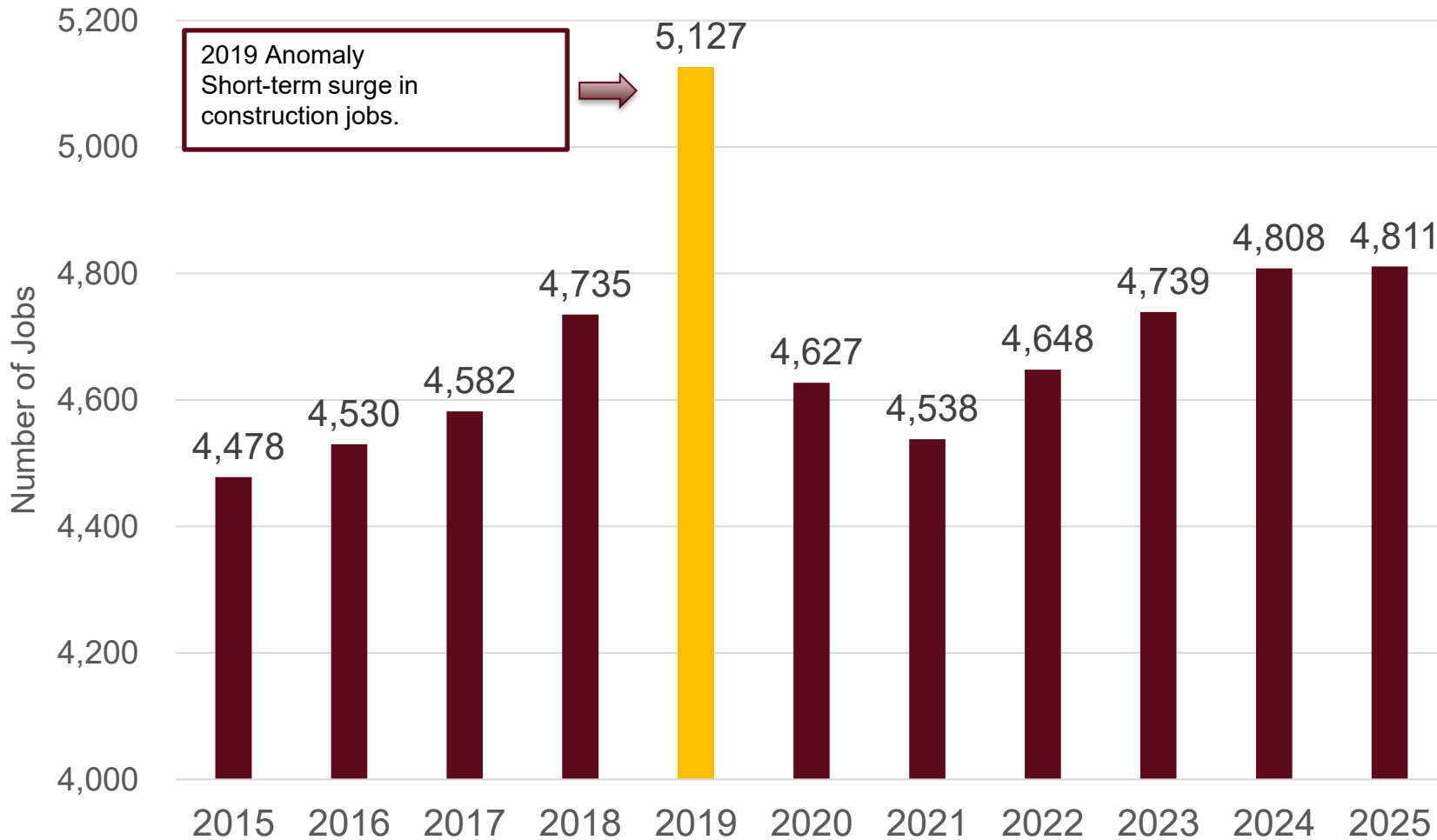


Fergus County Population Has Been Growing Since 2020, But Still Smaller Than The 1970s



Fergus County Employment

(Source: Bureau of Labor Statistics, QCEW. Data is June each year)



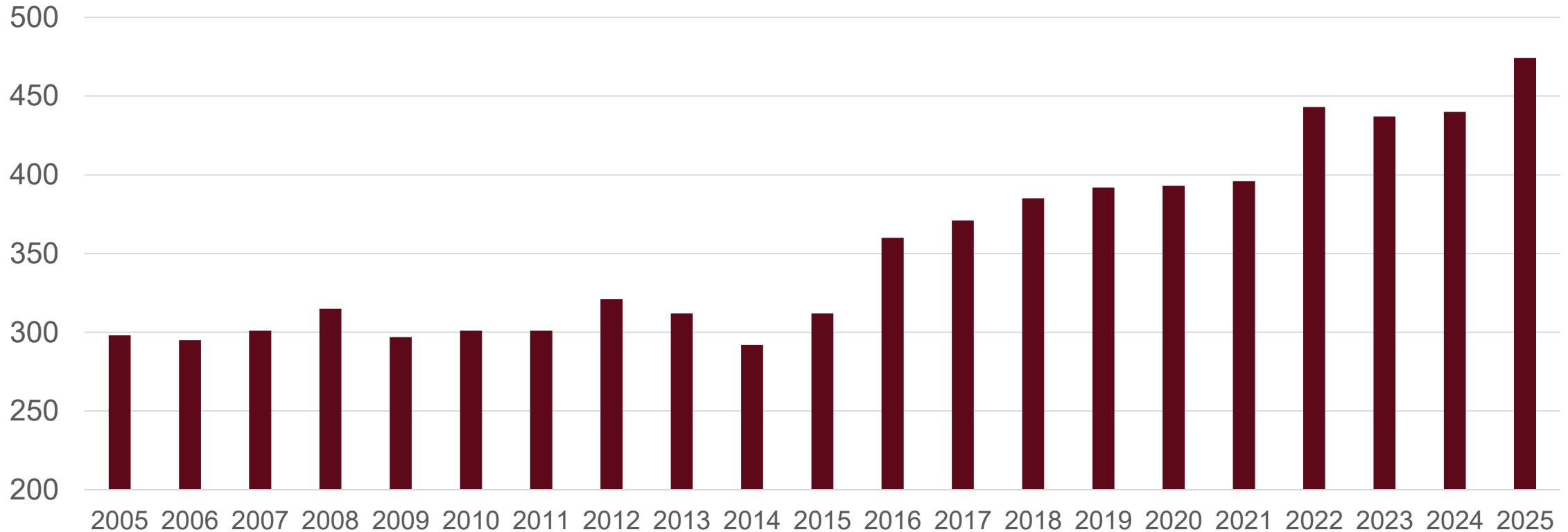
Employment Started Growing Ten Years Ago, Before Recent Population Growth

Total employment Steady in 2025, but some variation across industry sectors.

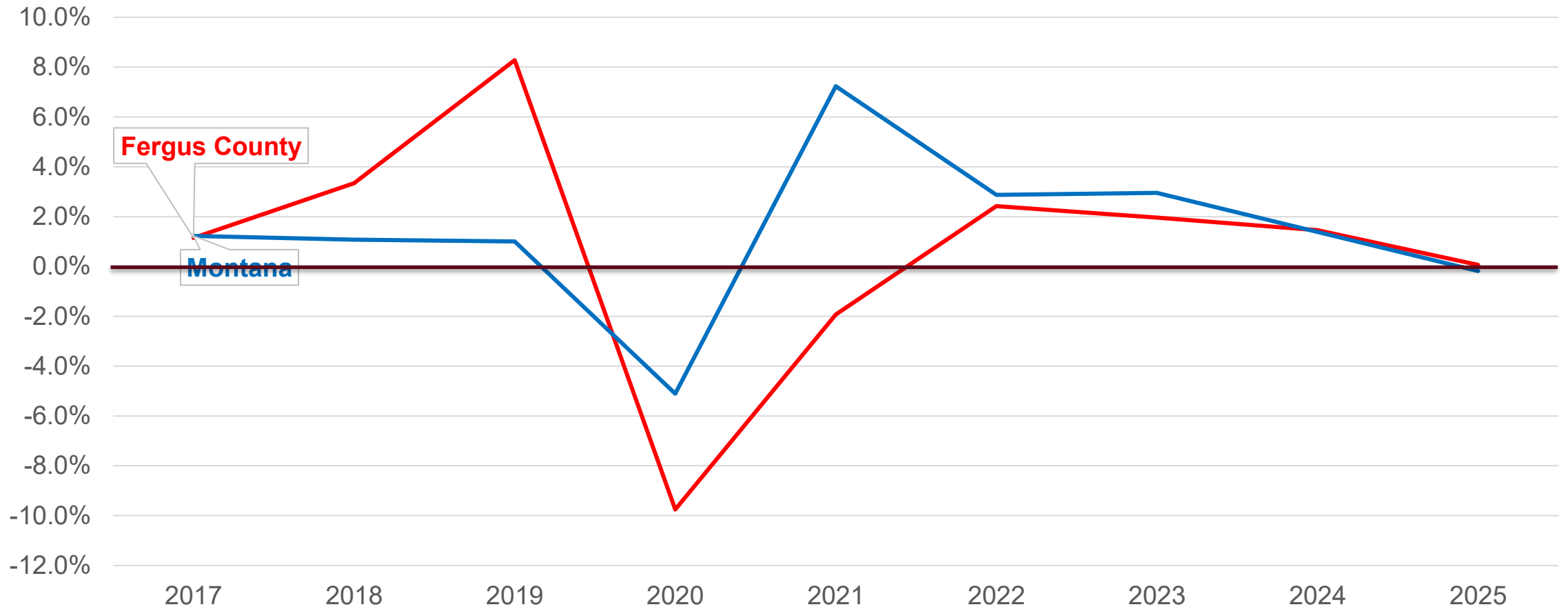


Manufacturing Has Accounted For Half of The Jobs Added In the Past Decade

Fergus County Manufacturing Jobs

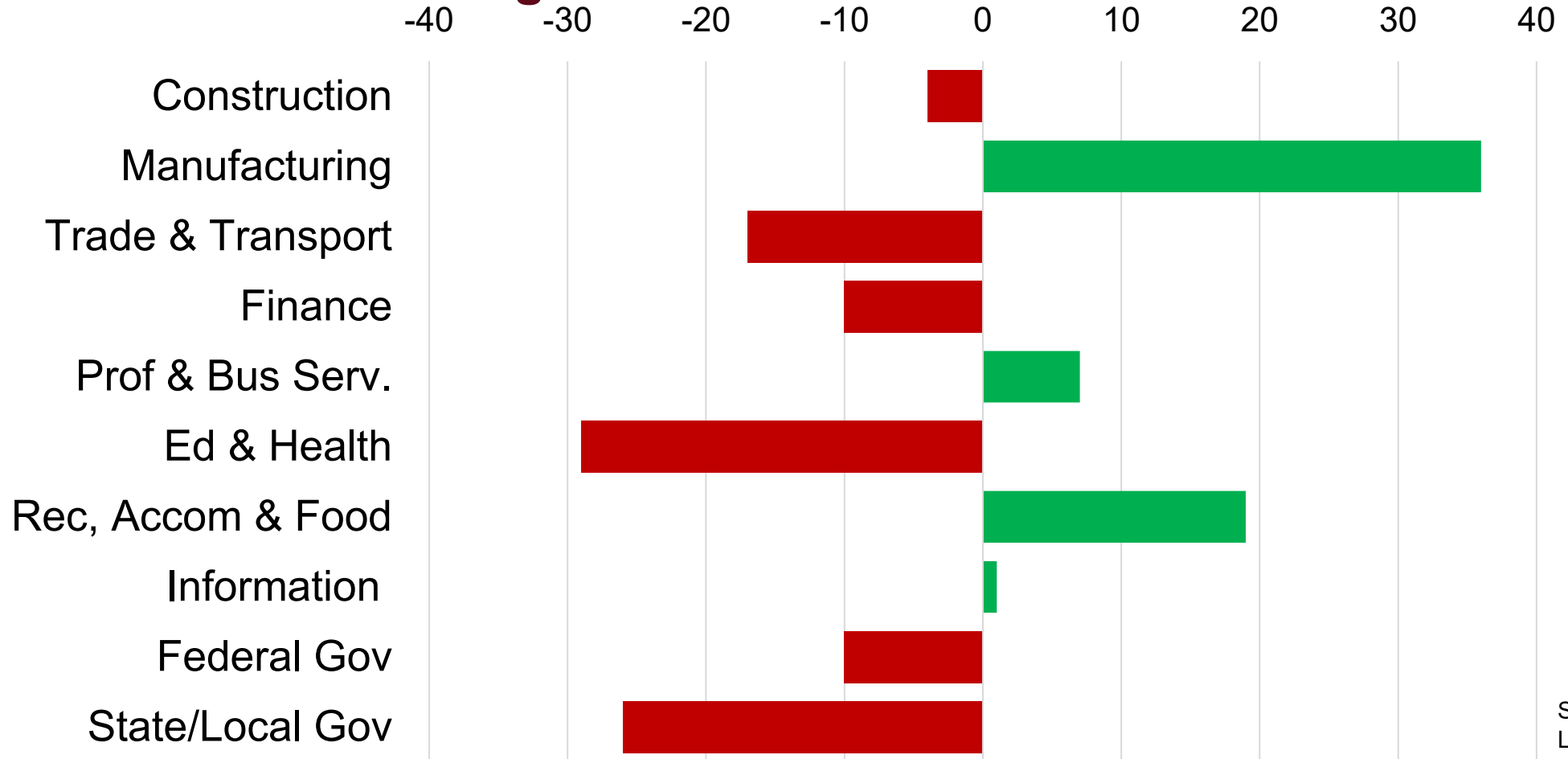


Annual % Change in Jobs – Fergus County



Manufacturing and Hospitality Lead Recent Gains, While Health and Government Lower

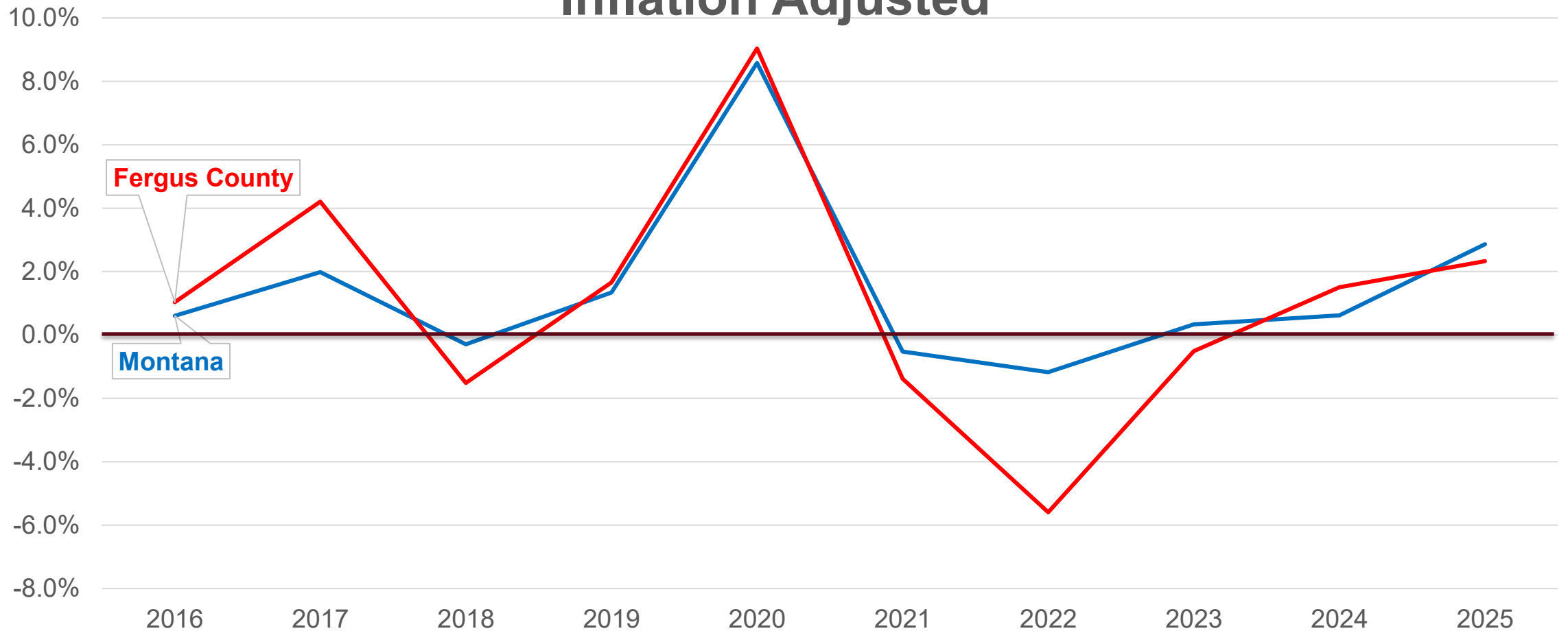
Change in Jobs: June 2025 – 2024



Source: U.S. Bureau of Labor Statistics



% Change in Average Weekly Wage – Fergus County Inflation Adjusted



Fergus County: A Growth Leader In Rural Montana

- Manufacturing Has Emerged As A Local Strength
 - Fabricated metals & now Vacom
- Sustained population growth for the first time since the mid-1990s.
- Future projects could drive additional growth
 - Vacom expansion
 - Project Sentinel: timing uncertain

