

Fire District Withdrawal Policy Matrix

LOCAL GOVERNMENT INTERIM COMMITTEE
MAXWELL PARSON – MAY 2026

BACKGROUND

[SB 20 \(2019\)](#) expanded the option for annexation to a rural fire district for second-class cities. Annexation was previously limited to third-class cities¹. The legislation also allowed a second-class city to remain within the rural fire district should its population increase sufficiently to warrant reclassification as a first-class city. However, the statute permitting withdrawal from a rural fire district was amended to permit only second- and third-class cities to exit a district. Currently, the sole method for a first-class city to withdraw from a rural fire district is through dissolution of the entire district.

POLICY OPTIONS MATRIX

Option	Description	Advantages	Challenges
Amended Belgrade Proposal	The draft proposal provided by the City of Belgrade ² permits withdrawal from a rural fire district upon a majority vote by its governing body, provides a two-year transition period, and attempts to provide additional taxing authority to prevent a funding “cliff.”	- Provides statutory guidance - Closes the current statutory loophole	- No public vote to withdraw may cause friction - May necessitate amending 15-10-420, MCA - Only provides guidance to first-class cities
Generally Applicable Withdrawal Section	There is no guiding statute for a city to terminate its annexation to a rural fire district beyond requiring 2-year notice. A generic withdrawal statute would apply to all cities annexed to a rural fire district.	- Provides statutory guidance to all cities for withdrawal - Closes the current statutory loophole	- Relying on a vote may result in the city remaining in the district even if there are ongoing issues with services - May necessitate amending 15-10-420, MCA
Amend 7-33-2101 (2)(b), MCA	Amend 7-33-2101 (2)(b), MCA to permit a first-class city to withdraw from a district.	Closes the current statutory loophole	- Provides no statutory guidance for withdrawal. - Cities may face a funding “cliff”

¹ https://mca.legmt.gov/bills/mca/title_0070/chapter_0010/part_0410/section_0110/0070-0010-0410-0110.html

² https://archive.legmt.gov/content/Committees/Interim/2025-2026/LGIC/11_20_2025/Potential-updates-to-exiting-a-rural-fire-district.pdf

KEY CONSIDERATIONS FOR LGIC

- Will withdrawal be voted on by the public or only by the governing body of the municipality?
 - If there is no vote, will there be an appeal process or a protest process?
- Will the withdrawal statute apply to all municipalities annexed into rural fire districts or only first-class cities?
- What level of guidance will the legislation provide?
 - Outline the entire process of withdrawal from a rural fire district;
 - Permit the process of withdrawal from a rural fire district; or
 - Outline the process of initiating withdrawal from a rural fire district.
- Will taxing restrictions from [15-10-420, MCA](#) be waived for the newly created municipal fire department?
 - If yes, what limits will be placed on the taxation?
 - Grant authority to levy mills equivalent to the previous base levy;
 - Grant authority to levy mills equivalent to the current mills, voted levies included; or
 - Grant authority to levy new mills.
- Others?