

EXHIBIT 1  
DATE 2-18-13  
HB 443

Chairman Miller and members of the Committee,

Good Morning, my name is Julie Foster; I'm the Director of the Ravalli County Economic Development Authority. This is my first time to testify. I want to be respectful of your time and will keep my comments brief.

This morning I would like to explain why HB 443 will spoil our work in Ravalli County to fund infrastructure and retain good paying jobs while working to raise the tax base in our communities. Establishing a new base at the end of the 15<sup>th</sup> anniversary is starting over. It defeats the ability to fund expensive infrastructure projects requiring low rate long term financing to be achieved.

We have a TIF District in Stevensville, population 1,820. This is the first TIF in Ravalli County, our TIF is the smallest in size in Montana and it has the smallest increment. What the TIF is accomplishing for our community however is huge. The district is working on two infrastructure projects. Stevensville is Montana's oldest community and some of the infrastructure is of that era.

Our first project is the replacement of a 100 year old crumbling clay waste water line and our second project is working to keep the Bitterroot Rail Line going. The first project, the waste water project, will cost about \$1,000,000. The second project, the rail infrasturcure, may cost up to \$20,000 per year for the next 3 years, one year has passed so a total commitment of about \$80,000. Total local costs will be up to \$150,000 for both projects. This does not include future road and additional infrastructure needs in the district.

HB 443 bill would limit our ability to fund these projects for a term longer than 14 years which would make the financing unaffordable. If we can't guarantee that we can afford to pay the local share the leveraged state and federal funds will not be available. Debt financing with TIF revenue is no slam dunk. For example the Montana Board of Investments can't participate in a loan whose repayment source is increment from a TIF. Those of us that work to put project funding together can't afford another obstacle which is what HB 443 brings to project funding.

The projects in Stevensville will retain jobs and tax base. **I want to emphasize retain.** Our community is struggling to keep what it has in tax base and jobs by utilizing small tax base increases from the existing companies. The TIF has enabled the Town to leverage the small private investments with public infrastructure dollars to improve the waste water line and work to retain our rail service. The school district supported our TIF.

One of our brightest, most amazing companies located in the district, with 20 employees, has had to use an outhouse due to this situation. The other company has been growing in its present location since 1976 and they now have over 125 employees. They provide some of the best paying jobs in the County and we were at risk of losing them to another area in Montana or even to another state that did have the infrastructure they need. The larger company uses the rail service. In order to retain the company we need adequate waste water and transportation. When we measure the time it took for the larger company to get where they are today, a strong employer of over 125, it took 50 years. It would certainly be fair to say that it would take our community over 50 years to recover from the loss of this company.

The TIF in Stevensville is an important financial participant for the Ravalli County businesses that are rail shippers and provide nearly 200 jobs with a total annual payroll of \$6.6 million and tax revenues of nearly \$100,000 per year.

We don't have a lot of options for funding infrastructure in rural communities, costs are high, and funds are scarce. The TIF is one tool for the local government to solve these difficult challenges and our community is proof that it works well for rural communities. The implementation of HB 443 would kill what is now working by making debt financing nearly impossible. And our TIF is working so well that another company has opened in the TIF district. Currently there are 41 active TIFS in Montana, 15 of which will sunset by 2020.

- Base Taxable Value of all Districts: \$49,962,179
- Incremental Taxable Value of all Districts: \$46,791,961 (representing \$1,559,732,033 in actual investment)

- Total Taxable Value of all property in the state of Montana \$2,296,258,803 (2011 fiscal year)
- The incremental taxable value state-wide constitutes 2% of the state's total taxable value
- Total incremental taxable value of Sunsetting Districts to date: \$13,696,481 (now part of the state's base)

The TIF law has been in existence since the 70's a lot of thoughtful work has gone in to the statutes in Montana and it works. **Long term thoughtful work** HB 443 has not been developed from long term thoughtful work and it is obvious that it will result in a cascading failure of all our hard work in Stevensville as well as the other TIF projects that are in the works in Ravalli County. You can be sure there are other communities large and small that will be affected in the same way that I am describing.

There may be improvements that could be made to the TIF law in Montana and to figure that out will take long term thoughtful work collaborating with those that use or administer the TIF. Hasty actions that are not well thought out often result in negative unintended consequences.

Our citizens elected you, our esteemed legislators to watch over us, the hard working citizens of your communities. Ravalli County legislators have been very involved and supportive of economic development in our county. I have great faith that this committee is like minded and will make decisions that will help us to retain and grow much needed jobs in our communities.

Thank you for working in service of the public and for your time this morning as well as the thoughtful time you will spend making the correct decision.

Julie Foster

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