

# Tax Increment Financing

## Tax Increment Financing Overview

Tax increment financing is authorized by section 7-15-4282, MCA and provides for the segregation of the taxable value, in a qualified district, into base and increment values. Qualified districts may include urban renewal districts, industrial districts, technology districts, and aerospace transportation and technology districts. Tax increment financing may be used to pay for a variety of development activities within the TIF, including: land acquisition, demolition and removal of structures, relocation of occupants, infrastructure costs, construction of publicly owned buildings and improvements, administration of urban renewal activities, and paying bonds that were issued to fund appropriate costs.

The idea behind tax increment financing is that revenue for local governments and the state will be held at the same level as when the tax increment financing district (TIF) was created. The additional tax revenue created from growth in the TIF over time is used by the TIF to pay for development activities within the TIF. The increment is released back to the local governments and the state when the TIF expires.

TIF districts expire upon the later of the 15th year following the TIFs adoption or the full payment of all bonds for which tax increment revenue have been pledged. TIFs may extend their expiration date by securing bonds that pledge post-15th-anniversary-increment as repayment. No term extensions are allowed for bonds secured after the 15th anniversary of tax increment provisions. For example, if a TIF was authorized January 1, 2000, it has until January 1, 2015 (its 15th anniversary) to pass bonds secured by future increment to extend the expiration date. Additional bonds may be passed after the 15th anniversary, But it will not extend the TIF district's expiration date.

Years From TIF Authorization	
Years	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29
Initial Term	15 Years Following Adoption
Term Extended by Bond Issuance	Bond Issuance Before 15th Year Anniversary
Additional Bond Issuance Term Limitation	Additional Extensions Limited

When TIF districts expire, the incremental taxable value of property within the TIF is returned from segregation and becomes a part of the tax base of local governments and the state.

TIF districts are allowed to collect the tax revenue from all of the local and state mills except the statewide six-mill levy that is used to fund the university system. In 2012, TIF's collected \$29,598,797 in revenue over an increment taxable value base of \$46,369,370, creating an average millage rate of 0.6427 (642.7 mills). In general, these mills come from the statewide school equalization mills (95 mills), Vo-Tech and Community College mills (0.85 avg.), county mills (187.3 avg.), city mills (91.6 avg.), school transportation and retirement (74.3 avg.) local schools (157.2 avg.), and miscellaneous local mills (36.6 avg.).

### An Example: TIF Increment

Incremental value is the amount by which the actual taxable value, at any time, exceeds the taxable value for the district at the time of the district's creation. For example, if in the year a TIF is created, the base year and current year taxable value are equal to \$1 million, there would be no incremental value and no TIF revenue.

TIF Taxable Value	Base Year
Current Year Taxable Value	\$1,000,000
Base Taxable Value	- \$1,000,000
Increment Taxable Value	\$0
Millage Rate	x 0.500
TIF Revenue	\$0

## Tax Increment Financing

If in the second year of a TIF's existence, the TIF's taxable value grew by \$100,000, the incremental value in that year would be \$100,000. If the TIF's millage rate was .500, the taxes generated from the increment (TIF revenue) would be \$50,000.

TIF Taxable Value	Base Year	Year 2
Current Year Taxable Value	\$1,000,000	\$1,100,000
Base Taxable Value	- \$1,000,000	- \$1,000,000
Increment Taxable Value	\$0	\$100,000
Millage Rate	x 0.500	x 0.500
TIF Revenue	\$0	\$50,000

If in the TIF's third year the taxable value shrinks to \$800,000, due to property devaluation, demolition, removal of structures, or the like, the incremental value would be negative (\$200,000), meaning there would be no incremental value for the third year. When a TIF's incremental value is less than zero, no revenue is provided to the TIF.

TIF Taxable Value	Base Year	Year 2	Year 3
Current Year Taxable Value	\$1,000,000	\$1,100,000	\$800,000
Base Taxable Value	- \$1,000,000	- \$1,000,000	- \$1,000,000
Increment Taxable Value	\$0	\$100,000	-\$200,000
Millage Rate	x 0.500	x 0.500	x 0.500
TIF Revenue	\$0	\$50,000	\$0

If in the fourth year the taxable value of the TIF grows from \$800,000 to \$1,200,000, due to redevelopment, or the like, the increment would increase to \$200,000. If the millage rate was 0.500, the TIF's revenue would be \$100,000 in this year.

TIF Taxable Value	Base Year	Year 2	Year 3	Year 4
Current Year Taxable Value	\$1,000,000	\$1,100,000	\$800,000	\$1,200,000
Base Taxable Value	- \$1,000,000	- \$1,000,000	- \$1,000,000	- \$1,000,000
Increment Taxable Value	\$0	\$100,000	-\$200,000	\$200,000
Millage Rate	x 0.500	x 0.500	x 0.500	x 0.500
TIF Revenue	\$0	\$50,000	\$0	\$100,000

# Tax Increment Financing

## Tax Increment Financing Districts (TIF) TY 2012 Taxable Value of Increment and Revenue Generated for the District

County	District	Year Created	Year Expected Expiration	2012 Total Taxable Value	Taxable Value of Base	Incremental Taxable Value
<b>Industrial Tax Increment Financing Districts</b>						
BigHorn	Hardin Industrial Infrastructure District	2004	2031	\$273,872	\$465,144	\$0
Cascade	International Malting	2005	2020	\$504,908	\$347,683	\$157,225
Cascade	Airport	2008	2023	\$113,482	\$107,149	\$6,333
Cascade	Manchester Exit	2008	2023	\$30,089	\$3,217	\$26,872
Cascade	GF West Bank	2007	2022	\$749,650	\$237,928	\$511,722
Cascade	GF West Bank	2007	2022	\$99,985	\$54,322	\$45,663
Cascade	Montana Milling	2008	2023	\$47,872	\$381	\$47,491
DeerLodge	TIO4	2008	2022	\$6,094,722	\$909,339	\$5,185,383
Flathead	Kalispell H	2005	2026	\$19,925	\$126	\$19,799
Gallatin	Mandeville Farm Industrial TIF	2006	2021	\$89,472	\$12,059	\$77,413
Jefferson	4FT - Sunlight TIF Industrial District	2009	2024	\$145	\$132	\$13
Jefferson	4RT - Sunlight TIF Industrial District	2009	2024	\$2,319	\$100	\$2,219
Jefferson	16RT - Sunlight TIF Industrial District	2009	2024	\$1,599,088	\$737,102	\$861,986
Lincoln	Lincoln Cnty Industrial (4)	2005	2015	\$225,906	\$83,275	\$142,631
Lincoln	Lincoln Cnty Industrial (4I)	2005	2015	\$2,153	\$982	\$1,171
Lincoln	Lincoln Cnty Industrial (4F)	2005	2015	\$2,255	\$1,409	\$846
Missoula	Airport Industrial	1991	2018	\$2,359,923	\$176,605	\$2,183,318
Park	West End Industrial	2004	2024	\$186,932	\$128	\$186,804
Ravalli	North Stevensville Ind District	2011	2025	\$121,986	\$109,850	\$12,136
SilverBow	Ramsey	1994	2022	\$12,037,315	\$1,721,230	\$10,316,085
<b>Technology Tax Increment Financing Districts</b>						
Flathead	Kalispell G	2005	2026	\$104,409	\$390	\$104,019
Missoula	Technology District	2005	2020	\$318,055	\$0	\$318,055
<b>Urban Renewal Tax Increment Financing Districts</b>						
Chouteau	1TID	2002	2014	\$196,652	\$160,843	\$35,809
Flathead	Kalispell B	1995	2020	\$1,386,714	\$453,612	\$933,102
Flathead	Kalispell C	1997	2037	\$8,390,756	\$7,932,918	\$457,838
Flathead	Whitefish A	1987	2020	\$11,761,200	\$4,185,352	\$7,575,848
Gallatin	Bozeman Downtown	1995	2010	\$3,724,988	\$1,328,695	\$2,396,293
Gallatin	N 7th Urban Renewal District	2006	2021	\$3,971,212	\$2,886,997	\$1,084,215
Gallatin	NE Urban Renewal District (NURD)	2006	2021	\$573,270	\$423,054	\$150,216
Jefferson	27BT - North Jefferson County TIF Ind Dist	2009	2024	\$4,766	\$6,785	\$0
Jefferson	127T - North Jefferson County TIF Ind Dist	2009	2024	\$68,392	\$11,805	\$56,587
Lake	Polson DT	2002	2017	\$1,664,355	\$1,436,002	\$228,353
Lincoln	Riverside	2001	2021	\$462,401	\$347,928	\$114,473
Missoula	Front St URD	2007	2022	\$1,987,146	\$1,413,035	\$574,111
Missoula	River Front URD	2008	2023	\$112,863	\$157,858	\$0
Missoula	URD II	1991	2021	\$631,995	\$313,637	\$318,358
Missoula	URD II	1991	2021	\$3,009,951	\$1,546,186	\$1,463,765
Missoula	URD III	2001	2016	\$9,179,048	\$7,004,346	\$2,174,702
Park	Livingston Urban Renewal District	2003	2019	\$1,907,212	\$1,604,273	\$302,939
SilverBow	Uptown TIFID	1980	2014	\$3,276,601	\$1,634,853	\$1,641,748
SilverBow	Eastside TIFID	2005	2020	\$534,694	\$286,251	\$248,443
Yellowstone	Expanded North 27th Street	2008	2023	\$5,927,107	\$3,328,807	\$2,598,300
Yellowstone	North 27th Street	2005	2020	\$1,149,052	\$783,431	\$365,621
Yellowstone	Laurel	2008	2023	\$1,737,119	\$1,169,223	\$567,896
Yellowstone	South Billings Blvd	2008	2023	\$9,088,627	\$7,046,472	\$2,042,155
Yellowstone	East Billings	2007	2022	\$2,316,424	\$1,800,794	\$515,630
<b>TOTAL</b>				<b>\$98,047,008</b>	<b>\$52,231,708</b>	<b>\$46,053,586</b>

# Tax Increment Financing

## Tax Increment Financing Districts (TIF) TY 2012 Taxable Value of Increment and Revenue Generated for the District

County	District	State Gen Fund	County	Countywide and Local Schools	Cities & Towns	Miscellaneous Districts	Total Revenue
<b>Industrial Tax Increment Financing Districts</b>							
BigHorn	Hardin Industrial Infrastructure District	\$0	\$0	\$0	\$0	\$0	\$0
Cascade	International Malting	\$15,172	\$20,600	\$36,556	\$26,591	\$4,195	\$103,114
Cascade	Airport	\$611	\$830	\$1,472	\$1,071	\$169	\$4,153
Cascade	Manchester Exit	\$2,593	\$3,521	\$6,248	\$0	\$1,214	\$13,576
Cascade	GF West Bank	\$49,381	\$67,046	\$118,980	\$86,548	\$22,741	\$344,696
Cascade	GF West Bank	\$4,406	\$5,983	\$10,617	\$7,723	\$2,132	\$30,861
Cascade	Montana Milling	\$4,583	\$6,222	\$11,042	\$0	\$2,145	\$23,992
DeerLodge	T104	\$492,611	\$1,449,678	\$1,218,202	\$0	\$177,599	\$3,338,090
Flathead	Kalispell H	\$1,881	\$2,326	\$4,763	\$3,308	\$842	\$13,120
Gallatin	Mandeville Farm Industrial TIF	\$7,354	\$6,766	\$18,945	\$12,754	\$155	\$45,974
Jefferson	4FT - Sunlight TIF Industrial District	\$1	\$2	\$2	\$0	\$1	\$6
Jefferson	4RT - Sunlight TIF Industrial District	\$211	\$339	\$360	\$0	\$81	\$990
Jefferson	16RT - Sunlight TIF Industrial District	\$81,889	\$131,539	\$93,965	\$0	\$31,325	\$338,717
Lincoln	Lincoln Cnty Industrial (4)	\$13,550	\$21,031	\$26,702	\$0	\$1,054	\$62,337
Lincoln	Lincoln Cnty Industrial (4I)	\$111	\$173	\$219	\$160	\$9	\$672
Lincoln	Lincoln Cnty Industrial (4F)	\$80	\$125	\$158	\$0	\$45	\$409
Missoula	Airport Industrial	\$210,690	\$316,668	\$531,594	\$0	\$298,481	\$1,357,434
Park	West End Industrial	\$17,746	\$20,139	\$44,007	\$40,561	\$93	\$122,547
Ravalli	North Stevensville Ind District	\$1,153	\$1,345	\$2,774	\$1,214	\$223	\$6,709
SilverBow	Ramsey	\$995,502	\$3,119,894	\$2,251,898	\$0	\$569,654	\$6,936,948
<b>Technology Tax Increment Financing Districts</b>							
Flathead	Kalispell G	\$4,161	\$12,218	\$25,026	\$17,382	\$4,423	\$63,209
Missoula	Technology District	\$30,692	\$46,131	\$77,440	\$0	\$43,481	\$197,744
<b>Urban Renewal Tax Increment Financing Districts</b>							
Chouteau	1TID	\$3,402	\$4,796	\$10,397	\$7,907	\$1,821	\$28,323
Flathead	Kalispell B	\$88,645	\$109,602	\$291,184	\$155,921	\$39,675	\$685,028
Flathead	Kalispell C	\$43,495	\$53,778	\$142,873	\$76,505	\$19,467	\$336,117
Flathead	Whitefish A	\$719,706	\$889,859	\$1,888,129	\$893,692	\$153,449	\$4,544,835
Gallatin	Bozeman Downtown	\$227,648	\$209,436	\$586,445	\$394,789	\$4,793	\$1,423,110
Gallatin	N 7th Urban Renewal District	\$103,000	\$94,760	\$265,340	\$178,624	\$2,168	\$643,894
Gallatin	NE Urban Renewal District (NURD)	\$14,271	\$13,129	\$36,762	\$24,748	\$300	\$89,210
Jefferson	27BT - North Jefferson County TIF Ind Dist	\$0	\$0	\$0	\$0	\$0	\$0
Jefferson	127T - North Jefferson County TIF Ind Dist	\$5,376	\$8,635	\$11,647	\$0	\$3,885	\$29,543
Lake	Polson DT	\$21,694	\$25,838	\$43,035	\$34,349	\$4,259	\$129,175
Lincoln	Riverside	\$10,875	\$16,879	\$20,351	\$17,147	\$2,906	\$68,158
Missoula	Front St URD	\$55,402	\$83,269	\$147,816	\$138,303	\$11,201	\$435,991
Missoula	River Front URD	\$0	\$0	\$0	\$0	\$0	\$0
Missoula	URD II	\$30,722	\$46,175	\$82,916	\$76,692	\$6,211	\$242,716
Missoula	URD II	\$141,253	\$212,304	\$376,876	\$352,621	\$28,558	\$1,111,612
Missoula	URD III	\$209,859	\$315,419	\$559,921	\$523,886	\$42,428	\$1,651,512
Park	Livingston Urban Renewal District	\$28,779	\$32,660	\$71,366	\$65,777	\$151	\$198,734
SilverBow	Uptown TIFID	\$158,429	\$496,514	\$391,343	\$0	\$150,401	\$1,196,687
SilverBow	Eastside TIFID	\$23,975	\$75,137	\$59,221	\$0	\$22,760	\$181,093
Yellowstone	Expanded North 27th Street	\$250,736	\$301,143	\$531,430	\$453,611	\$11,381	\$1,548,301
Yellowstone	North 27th Street	\$35,282	\$42,375	\$74,780	\$63,830	\$1,601	\$217,870
Yellowstone	Laurel	\$54,802	\$66,881	\$121,649	\$118,350	\$2,817	\$364,498
Yellowstone	South Billings Blvd	\$197,068	\$236,686	\$360,612	\$356,519	\$8,945	\$1,159,830
Yellowstone	East Billings	\$49,758	\$59,762	\$105,462	\$90,019	\$2,258	\$307,259
<b>TOTAL</b>		<b>\$4,408,555</b>	<b>\$8,627,610</b>	<b>\$10,660,530</b>	<b>\$4,220,604</b>	<b>\$1,681,498</b>	<b>\$29,598,797</b>