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SENATE TAXATION
EXHIBIT NO. 1
DATE 2-12-2013
BILL NO. SB 239
RESOLUTION 2010-19

STATUTORY CONTINUATION & IMPROVEMENT OF TAX INCREMENT FINANCING

It is the intent of the Montana Association of Counties to seek legislation that supports the statutory continuation and improvement of TIF laws through the merging of the various types of Tax Increment Financing into a single type useable by both municipalities and counties.

WHEREAS, tax increment financing has been an effective economic and community development tool for local governments, including counties; and

WHEREAS, the use of tax increment financing has been expanding to more rural areas of Montana where infrastructure resources are particularly limited; and

WHEREAS, current Tax Increment Financing regulation precludes the existence of different types of TIF districts to be in effect within a shared district boundary; and

WHEREAS, this restriction on multiple TIF types creates the need for redundant infrastructure; and

WHEREAS, the existing limitations of the use of TIF funds as well as the criteria specified for inclusion of a property into each type of TIF district could be retained while allowing the various types of districts to coexist within the same boundary; and

WHEREAS, MACO supports efforts to consolidate and simplify the TIF statutes by combining the Industrial Districts, Aero-space Districts, and Technology Districts into a single classification of Economic Development Districts which could be utilized by cities, towns and counties alike; and

WHEREAS, MACO opposes exempting the 95 state mills from the tax increment capture of future TIF districts due to the severe reduction it would cause in Economic Development activity. Additionally, MACO opposes any exempting of the 95 mills from current TIF Districts due to the impact on existing bonds secured by those mills; and

WHEREAS, inclusion in a Technology TIF district under current law requires at least 50% of the sales of the businesses or organizations engaged in technology-based operations within Montana to occur outside of Montana; and

WHEREAS, this 50% requirement is inconsistent with a similar eligibility rule in the Montana Board of Investments Infrastructure Loan Program that may be used in conjunction with a technology increment district;

NOW, THEREFORE, BE IT RESOLVED, that the Montana Association of Counties seek legislation that supports the statutory continuation and improvement of TIFs in such a manner as to:

- 1) Combine the Industrial, Technology, and Aerospace types of TIF districts into a single type that can be utilized by cities, towns and counties alike,

- 2) Maintains the capture of the 95 state mills for use in future and existing TIF districts,
- 3) Retains the current requirements for inclusive of an improvement into a TIF district with the exception of the 50% revenue requirement specified in MCA 7-15-4295 which we would like to see deleted,
- 4) Retains the same restrictions on the use of funds captured by the TIF district.

2010 ACTION

SPONSOR:	MACo Community, Economic Development & Labor Committee
REFERRED TO:	MACo Community, Economic Development & Labor Committee
ADOPTED:	Annual Conference, Billings, MT, September 29, 2010

2012 ACTION

RECOMMENDATION:	Do Pass as Amended
REFERRED TO:	MACo Community, Economic Development & Labor Committee
ADOPTED:	Annual Conference, Great Falls, MT, September 26, 2012