

SENATE JOINT RESOLUTION NO. 31

INTRODUCED BY J. COHENOUR

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A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF MONTANA REQUESTING A STUDY OF TAX INCREMENT FINANCING DISTRICTS AND TARGETED ECONOMIC DEVELOPMENT DISTRICTS.

WHEREAS, the State of Montana and our local governments appreciate the value of urban renewal in rejuvenating areas in need of infrastructure, structural rehabilitation, and building and restoring attractive and safe business, residential, and public spaces; and

WHEREAS, Montana statutes provide the framework for the redevelopment and rehabilitation of blighted areas with improvements that contribute to the public health and safety and to a robust economy and vibrant society; and

WHEREAS, local governments have few mechanisms by which to rehabilitate blighted areas or to encourage private enterprise to contribute to needed improvements for urban renewal; and

WHEREAS, two mechanisms by which local government can create the conditions for urban renewal are tax increment financing districts and targeted economic development districts; and

WHEREAS, local governments in Montana have created more than 40 TIF districts to date, each varying in size, extent of disrepair, and needs for redevelopment; and

WHEREAS, the tax increment collected by a district is used to pay for projects and improvements in the district with money that otherwise would be paid to local taxing jurisdictions; and

WHEREAS, after formation of a district, the governing boards of TIF districts and TED districts determine the projects and improvements in the districts, may make remittances from the district, may be party to interlocal agreements and contracts, bond for projects, and may extend the term of the district, and each board may function differently from others; and

WHEREAS, a TIF or TED district is expected to sunset after revitalizing an urban setting and building a higher taxable value, increasing taxable income to local taxing jurisdictions that sacrificed the tax increment for the benefit of the district.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE



1 STATE OF MONTANA:

2 That the Legislative Council be requested to designate an appropriate interim committee, pursuant to
3 section 5-5-217, MCA, or direct sufficient staff resources to study:

4 (1) the establishment, operation, and termination of tax increment financing districts and targeted
5 economic development districts, including the impacts on and authority of TIF district and TED district boards and
6 affected local governments;

7 (2) the impacts on local taxing jurisdictions and citizens who pay taxes;

8 (3) the role of state agencies, local governments, and TIF district and TED district boards in interpreting
9 statutes governing tax increment financing districts and targeted economic development districts;

10 (4) the mechanism for resolving conflicting interpretations of statutes among different state agencies;

11 (5) agreements to remit the unused portion of tax increments, including which entities receive
12 remittances, the frequency with which remittances are made, and the purposes for which the remittances are
13 used;

14 (6) the use of urban renewal policies authorized under state statutes;

15 (7) abuses by local governments or taxing jurisdictions or TIF district or TED district boards in approving
16 projects or policies contrary to the spirit and letter of state statutes or TIF district or TED district board governing
17 documents;

18 (8) recommendations to strengthen urban development statutes, including incentives and penalties to
19 ensure compliance, terms for the formation of districts, and time limits for the duration of the original district and
20 extensions; and

21 (9) other aspects of improving the effectiveness of tax increment financing districts and targeted
22 economic development districts.

23 BE IT FURTHER RESOLVED, that the interim committee solicit, hear, and consider perspectives from
24 affected state agencies, local governments, taxing jurisdictions, and TIF and TED district personnel, including
25 but not limited to:

26 (1) the Department of Revenue;

27 (2) the Office of Public Instruction;

28 (3) counties;

29 (4) municipalities; and

30 (5) school districts.

1 BE IT FURTHER RESOLVED, that, upon completion of the study, the committee make
2 recommendations, if appropriate:

3 (1) to revise or establish statutes governing targeted economic development districts;

4 (2) to clarify existing law to ensure that local governments impacted by targeted economic development
5 districts have methods to monitor compliance with targeted economic development district laws; and

6 (3) on how revisions to existing law apply to current targeted economic development districts and
7 projects developed or planned in relation to current districts.

8 BE IT FURTHER RESOLVED, that if the study is assigned to staff, any findings or conclusions be
9 presented to and reviewed by an appropriate committee designated by the Legislative Council.

10 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review
11 requirements, be concluded prior to September 15, 2016.

12 BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions,
13 comments, or recommendations of the appropriate committee, be reported to the 65th Legislature.

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