

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING TAX INCREMENT FINANCING LAWS RELATED TO
5 BONDING; PROVIDING THAT REFINANCED BONDS MAY NOT HAVE A MATURITY DATE LATER THAN 25
6 YEARS FROM THE ORIGINAL DATE OF ISSUE; AMENDING SECTIONS 7-15-4292 AND 7-15-4324, MCA;
7 AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

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9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

10
11 **Section 1.** Section 7-15-4292, MCA, is amended to read:

12 **"7-15-4292. Termination of tax increment financing -- exception.** (1) The tax increment provision
13 contained in an urban renewal plan or a targeted economic development district comprehensive development
14 plan terminates upon the later of:

15 (a) the 15th year following its adoption; or

16 (b) subject to 7-15-4324, the payment or provision for payment in full or discharge of all bonds for
17 which the tax increment has been pledged and the interest on the bonds.

18 (2) (a) Except as provided in subsection (2)(b), any amounts remaining in the special fund or any
19 reserve fund after termination of the tax increment provision must be distributed among the various taxing
20 bodies in proportion to their property tax revenue from the area or district.

21 (b) Upon termination of the tax increment provision, a local government may retain and use in
22 accordance with the provisions of the urban renewal plan:

23 (i) funds remaining in the special fund or a reserve fund related to a binding loan commitment,
24 construction contract, or development agreement for an approved urban renewal project or targeted economic
25 development district project that a local government entered into before the termination of a tax increment
26 provision;

27 (ii) loan repayments received after the date of termination of the tax increment provision from loans
28 made pursuant to a binding loan commitment; or

1 (iii) funds from loans previously made pursuant to a loan program established under an urban renewal
2 plan or targeted economic development district comprehensive development plan.

3 (3) After termination of the tax increment provision, all taxes must be levied upon the actual taxable
4 value of the taxable property in the urban renewal area or targeted economic development district and must be
5 paid to each of the taxing bodies as provided by law.

6 (4) Bonds secured in whole or in part by a tax increment provision may not be issued after the 15th
7 anniversary of tax increment provisions. However, if bonds secured by a tax increment provision are
8 outstanding on the applicable anniversary, additional bonds secured by the tax increment provision may be
9 issued if the final maturity date of the bonds is not later than the final maturity date of any bonds then
10 outstanding and secured by the tax increment provision."
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12 **Section 2.** Section 7-15-4324, MCA, is amended to read:

13 **"7-15-4324. Special bond provisions when tax increment financing is involved.** (1) Bonds issued
14 under this part for which a tax increment is pledged pursuant to 7-15-4282 through 7-15-4294 must be
15 designed to mature not later than 25 years from their date of issue and must mature in years and amounts so
16 that the principal and interest due on the bonds in each year may not exceed the estimated tax increment,
17 payments in lieu of taxes or other amounts agreed to be paid by the property owners in a district, and other
18 estimated revenue, including proceeds of the bonds available for payment of interest on the bonds, pledged to
19 their payment to be received in that year. Refinanced bonds may not have a maturity date later than 25 years
20 from their original date of issue.

21 (2) The governing body, in the resolution or ordinance authorizing the bonds, shall determine the
22 estimated tax increment, payments in lieu of taxes or other amounts agreed to be paid by the property owners
23 in an area or district, and other revenue, if any, for each year the bonds are to be outstanding. In calculating the
24 costs under 7-15-4288 for which the bonds are issued, the local government or municipality may include an
25 amount sufficient to pay interest on the bonds prior to receipt of tax increments pledged and sufficient for the
26 payment of the bonds and to fund any reserve fund in respect of the bonds."
27

28 NEW SECTION. **Section 3. Saving clause.** [This act] does not affect rights and duties that matured,

1 penalties that were incurred, or proceedings that were begun before [the effective date of this act].

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3 NEW SECTION. **Section 4. Effective date.** [This act] is effective on passage and approval.

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5 NEW SECTION. **Section 5. Applicability.** [This act] applies to bonds issued on or after [the effective
6 date of this act].

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