MONTANA TAXPAYERS ASSOCIATION

Montana Taxpayers Association
SINCE 1921
montax.org

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INFRASTRUCTURE FINANCING

There several methods or combinations of methods that local governments can use to develop or improve infrastructure.

1. General obligation bonds—Bonds are sold and paid for with property tax assessments against all tax payers in the jurisdiction. They must be approved by a vote of the taxpayers.
2. Revenue bonds—these bonds are usually for a specific purpose such as water or sewer projects and are generally paid for with user fees.
3. Special improvement districts—these districts are formed to provide infrastructure such as streets, water, and sewer for new developments or to reconstruct existing infrastructure. They are paid by assessments to property owners in the district as an addition to all other taxes paid to local governments, schools and other taxing entities.
4. TIF financing—Infrastructure in a TIF are paid for by accumulating all the tax revenues on the new value in the TIF and using them to pay for infrastructure generally by using the revenue to make bond payments. If all the property in a TIF is new then almost no revenue would flow out of the TIF to existing taxing jurisdictions.

Bob Story

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